

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re: ) Chapter 11  
)  
FEDERAL-MOGUL GLOBAL INC., )  
T&N LIMITED, et al.,<sup>1</sup> ) Case No. 01-10578 (RTL)  
) (Jointly Administered)  
)  
Debtors. )

**THIRD AMENDED JOINT PLAN OF REORGANIZATION**

**ARTICLE IX OF THIS PLAN PROVIDES FOR THE ISSUANCE OF A CHANNELING  
INJUNCTION UNDER SECTIONS 105(a) AND 524(g) OF THE BANKRUPTCY CODE  
THAT PERMANENTLY ENJOINS ALL PERSONS HOLDING ASBESTOS PERSONAL  
INJURY CLAIMS FROM PURSUING A REMEDY AGAINST THE PROTECTED PARTIES  
AND CHANNELS THEM TO THE TRUST FOR RESOLUTION AND PAYMENT**

<sup>1</sup> The U.S. Debtors (collectively, the "U.S. Debtors") are Carter Automotive Company, Inc., Federal-Mogul Corporation, Federal-Mogul Dutch Holdings Inc., Federal-Mogul FX, Inc., Federal-Mogul Global Inc., Federal-Mogul Global Properties, Inc., Federal-Mogul Ignition Company, Federal-Mogul Machine Tool, Inc., Federal-Mogul Mystic, Inc., Federal-Mogul Piston Rings, Inc., Federal-Mogul Powertrain, Inc., Federal-Mogul Products, Inc., Federal-Mogul Puerto Rico, Inc., Federal-Mogul U.K. Holdings, Inc., Federal-Mogul Venture Corporation, Federal-Mogul World Wide, Inc., Felt Products Manufacturing Co., FM International LLC, Ferodo America, Inc., Gasket Holdings Inc., J.W.J. Holdings, Inc., McCord Sealing, Inc., and T&N Industries Inc.

The U.K. Debtors (collectively, the "U.K. Debtors") are AE Dayton Services Limited, AE Group Machines Limited, AE Holdings Limited, AE International Limited, AE Limited, AE Piston Products Limited, AE Sales (Africa) Limited, Aeroplane & Motor Aluminium Castings Limited, Amber Supervision Limited, Ashburton Road Services Limited, Associated Engineering Group Limited, Awncast Limited, Bearings (North-Western) Limited, Brake Linings Limited, Colvan Rubber Co. Limited, Contact 100 Limited, Cosmid Limited, Cranhold Limited, Dealings Limited, Dumplington Services Limited, Duron Limited, E W Engineering Limited, Edmunds, Walker & Co. Limited, Engineering Components Limited, Federal-Mogul Acquisition Company Limited, Federal-Mogul Aftermarket UK Limited, Federal-Mogul Bradford Limited, Federal-Mogul Brake Systems Limited, Federal-Mogul Bridgwater Limited, Federal-Mogul Camshaft Castings Limited, Federal-Mogul Camshafts Limited, Federal-Mogul Engineering Limited, Federal-Mogul Eurofriction Limited, Federal-Mogul Export Services Limited, Federal-Mogul Friction Products Limited, Federal-Mogul Global Growth Limited, Federal-Mogul Ignition (U.K.) Limited, Federal-Mogul Powertrain Systems International Limited, Federal-Mogul Sealing Systems (Cardiff) Limited, Federal-Mogul Sealing Systems (Rochdale) Limited, Federal-Mogul Sealing Systems (Slough) Limited, Federal-Mogul Sealing Systems Limited, Federal-Mogul Shoreham Limited, Federal-Mogul Sintered Products Limited, Federal-Mogul Systems Protection Group Limited, Federal-Mogul Technology Limited, Federal-Mogul U.K. Limited, Ferodo Caernarfon Limited, Ferodo Limited, FHE Technology Limited, Fleetside Investments Limited, F-M UK Holding Limited, FP Diesel Limited, Friction Materials Limited, G.B. Tools & Components Exports Limited, Genthope Limited, Greet Limited, Halls Gaskets Limited, Hepworth & Grandage Limited, High Precision Equipment Limited, Inblot Limited, Instantwonder Limited, J.W. Roberts Limited, Kings Park Housing Limited, Lalton Limited, Lanoth Limited, Lanoth Precision Equipment Limited, Leeds Piston Ring & Engineering Co. Limited, M.T.A. (Kettering) Limited, Mantro Engineering Co. Limited, Mobile Distributing (Spares) Limited, Moores Plastic Units Limited, Newalls Insulation Company Limited, Ontall Limited, Payen (Europe) Limited, Pecal Limited, Presswork-Components Limited, Sintration Limited, Sourcelook Limited, Specialloid, Limited, STS (1996) Limited, TAF International Limited, T&N Holdings Limited, T&N International Limited, T&N Investments Limited, T&N Limited, T&N Materials Research Limited, T&N Piston Products Group Limited, T&N Properties Limited, T&N Shelf Eight Limited, T&N Shelf Eighteen Limited, T&N Shelf Fifteen Limited, T&N Shelf Five Limited, T&N Shelf Four Limited, T&N Shelf Fourteen Limited, T&N Shelf Nine Limited, T&N Shelf Nineteen Limited, T&N Shelf One Limited, T&N Shelf Seven Limited, T&N Shelf Six Limited, T&N Shelf Sixteen Limited, T&N Shelf Ten Limited, T&N Shelf Thirteen Limited, T&N Shelf Thirty Limited, T&N Shelf Thirty-One Limited, T&N Shelf Thirty-Three Limited, T&N Shelf Three Limited, T&N Shelf Twenty Limited, T&N Shelf Twenty-Eight Limited, T&N Shelf Twenty-Five Limited, T&N Shelf Twenty-Four Limited, T&N Shelf Twenty-Nine Limited, T&N Shelf Twenty-One Limited, T&N Shelf Twenty-Six Limited, T&N Shelf Twenty-Two Limited, T&N Shelf Two Limited, T&N Trade Marks Limited, T&N Welfare Trust Limited, TBA Belting Limited, TBA Belting (Residual) Limited, TBA Industrial Products Limited, Telford Rubber Processors Limited, Telford Technology Supplies Limited, The British Piston Ring Company Limited, The Washington Chemical Company Limited, Tinblo Limited, Touchdown Adhesive Products Limited, Turner & Newall Limited, Turner Brothers Asbestos Company Limited, Tynoda Limited, Vanwall Cars Limited, Wellworthy Limited, Wellworthy Property Developments Limited, and William C. Jones (Polymers) Limited. Unlike all the other U.K. Debtors, T&N Investments Limited is a Scottish rather than English company and commenced administration in Scotland in April 2002.

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Pursuant to 11 U.S.C. § 1121, the Debtors, the Unsecured Creditors Committee, the Asbestos Claimants Committee, the Future Claimants Representative, the Administrative Agent and the Equity Committee hereby jointly propose the following Third Amended Joint Plan of Reorganization in accordance with the provisions of Chapter 11, Title 11 of the United States Code:

## ARTICLE I DEFINITIONS, CONSTRUCTION OF TERMS, AND EXHIBITS

As used herein, the following terms shall have the respective meanings specified below, unless the context otherwise requires:

**1.1.1. 1997 Flexitallic Asset Purchase Agreement** means that certain Asset Purchase Agreement, dated as of April 11, 1997, by and among T&N plc, Flexitallic Limited, Flexitallic Sealing Materials Ltd., Flexitallic, Inc., Goetze Vermögenswertungen, GmbH, Flexitallic Canada Ltd., Ferodo a.s., Dan=Loc Corporation, Dan=Loc Limited, Delta 72 Unternehmenswertungen GmbH, Frederique s.r.o., Dan=Loc (Canada) Ltd. and Dan=Loc Transitional, L.P.

**1.1.2. Administrative Agent** means JPMorgan Chase Bank (formerly The Chase Manhattan Bank) as administrative agent under the Bank Credit Agreement.

**1.1.3. Administration Claim** means, in relation to a U.K. Debtor, any Claim that ranks in the administration of that U.K. Debtor under the laws of the relevant part of the United Kingdom as an administration expense, including, without limitation, (a) the remuneration and expenses of the Administrators properly incurred by them as administrators of that U.K. Debtor as referred to in subsection 19(4) of the IA 1986; (b) any sums payable in respect of debts or liabilities incurred, while they were Administrators, under contracts entered into by them in carrying out their functions as administrators of that U.K. Debtor as referred to in subsection 19(5) of the IA 1986; and (c) any sums payable in respect of liabilities incurred, while they were Administrators, under contracts of employment adopted by the Administrators of that U.K. Debtor in carrying out their functions as administrators, to the extent that the liabilities are qualifying liabilities, for the purposes of subsection 19(6) of the IA 1986.

**1.1.4. Administrative Claim** means any Claim for the payment of an Administrative Expense.

**1.1.5. Administrative Expense** means (a) any cost or expense of administration of the Reorganization Cases under Section 503(b) of the Bankruptcy Code including, but not limited to (1) any actual and necessary postpetition cost or expense of preserving the Estates or operating the businesses of the Debtors, (2) any payment to be made under the Plan to cure a default on an assumed executory contract or unexpired lease, (3) any postpetition cost, indebtedness or contractual obligation duly and validly incurred or assumed by the Debtors in the ordinary course of business, (4) any valid and allowed reclamation claims in accordance with Section 546(c) of the Bankruptcy Code, (5) compensation or reimbursement of expenses of professionals to the extent allowed by the Bankruptcy Court under Sections 328, 330(a) or 331 of the Bankruptcy Code, (6) the Indenture Trustee fees and expenses under the

terms of the respective Indentures and pursuant to Section 8.15.6 of this Plan; (7) all Claims arising under the DIP Facility; and (8) all Claims for adequate protection authorized and entitled to administrative expense status pursuant to the DIP Facility; and (b) any fee or charge assessed against the Estates under 28 U.S.C. § 1930.

**1.1.6. Administrators** means, in relation to a U.K. Debtor, the administrators appointed by the U.K. Court from time to time in respect of that U.K. Debtor.

**1.1.7. Affiliate** shall have the meaning ascribed to such term in Section 101(2) of the Bankruptcy Code, and when used with reference to any Debtor, shall include, but not be limited to, each of the entities listed in Exhibit 1.1.7 to the Plan.

**1.1.8. Affiliate Claims** means all prepetition Claims against any of the Debtors held by a Debtor or non-debtor Affiliate, or any interest held by such entities in any property of the Debtors, but excluding Equity Interests and the Convertible Subordinated Debentures.

**1.1.9. Affiliated Subsidiaries** means the subsidiaries of the Debtors or their Affiliates in which the Debtors or their Affiliates own greater than 5% but less than 20% of the outstanding voting securities of such entity, each of which is listed in Exhibit 1.1.9 of the Plan.

**1.1.10. Allowed** means:

**1.1.9.1.** With respect to any Claim (other than an Administrative Claim, an Administration Claim, an Asbestos Personal Injury Claim, a Bonded Claim or an Other U.K. Claim), (a) any Claim that is specifically designated as Allowed under this Plan, (b) any Claim that has been, or hereafter is, listed in the Schedules as liquidated in amount and not disputed or contingent or (c) any Claim, proof of which was timely filed in a liquidated non-contingent amount with the Bankruptcy Court or its duly appointed claims agent, or, in compliance with any order of the Bankruptcy Court regarding the filing of a proof of claim and with respect to which either (i) no objection to the allowance thereof has been filed within the applicable period of limitation fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules or the Bankruptcy Court or (ii) the Claim has been allowed by a Final Order (but only to the extent so allowed).

**1.1.9.2.** With respect to an Asbestos Personal Injury Claim other than a Bonded Claim, the amount of any such Claim that is determined pursuant to the procedures set forth in the Asbestos Personal Injury Trust Distribution Procedures or, if applicable, pursuant to a Final Order of the Bankruptcy Court or the U.K. Court. An Asbestos Personal Injury Claim that is Allowed in accordance with the foregoing, shall be, and be deemed to be, a judgment determining the legal liability against the Trust in the Allowed Amount of such Asbestos Personal Injury Claim.

**1.1.9.3.** With respect to any Bonded Claim, any Claim that qualifies as a Bonded Claim under the applicable definitions of the Plan, with respect to which the Bankruptcy Court or other court of competent jurisdiction determines by Final Order, or the applicable Debtor or Reorganized Debtor and the holder of such Claim agree, that such holder is entitled to some or all of the proceeds of the applicable supersedeas bond or other payment assurance (but only to the extent so ordered or agreed). A Bonded Claim that is "Allowed" shall

constitute a final, non-appealable judgment determining the legal liability of the Debtors or their Estates, as applicable.

**1.1.9.4.** With respect to any Claim that is asserted to constitute an Administrative Expense (a) a Claim that represents an actual and necessary expense of preserving the estate or operating the business of the Debtors, to the extent such Claim is determined by the Plan Proponents to constitute an Administrative Expense; (b) other than with respect to a Claim of a professional person employed under Sections 327, 328 or 1103 of the Bankruptcy Code that is required to apply to the Bankruptcy Court for the allowance of compensation and reimbursement of expenses pursuant to Section 330 of the Bankruptcy Code, a Claim that the Plan Proponents do not believe constitutes an Administrative Expense, and such Claim is allowed in whole or in part by a Final Order of the Bankruptcy Court and only to the extent that such allowed portion is determined pursuant to a Final Order to constitute a cost or expense of administration under Sections 503(b) and 507(a)(1) of the Bankruptcy Code; or (c) that represents a Claim of a professional person employed under Sections 327, 328 or 1103 of the Bankruptcy Code that is required to apply to the Bankruptcy Court for the allowance of compensation or reimbursement of expenses pursuant to Section 330 of the Bankruptcy Code, to the extent such Claim is allowed by a Final Order of the Bankruptcy Court under Section 330 of the Bankruptcy Code.

**1.1.9.5.** With respect to any Claim that is asserted to constitute an Administration Claim, a Claim that is non-contingent and (i) is properly and reasonably accepted as an Administration Claim by the Administrators or (ii) to the extent that it is determined to be an Administration Claim by a Final Order of the U.K. Court having competent jurisdiction over the matter.

**1.1.9.6.** With respect to any Other U.K. Claim, the amount of such Claim that is non-contingent and (i) is properly and reasonably accepted by the Administrators or Voluntary Arrangement Supervisors, as applicable, of the relevant U.K. Debtor as owing by that U.K. Debtor, (ii) is accepted by the relevant Reorganized U.K. Debtor as owing by that U.K. Debtor or (iii) that is determined to be such by Final Order of the U.K. Court pursuant to the terms of the Scheme of Arrangement and/or Voluntary Arrangement, as applicable, for such U.K. Debtor.

**1.1.9.7.** With respect to any Equity Interest, the shares of common and/or preferred stock of the Debtors held by any Person as of the Record Date.

**1.1.11.** *Allowed Amount* means, with respect to any Claim, the amount in which that Claim is Allowed, denominated in dollars (in the case of a U.S. Debtor) or pounds sterling (in the case of a U.K. Debtor).

**1.1.12.** *Asbestos Claimants Committee* means the Official Committee of Asbestos Claimants appointed in the Reorganization Cases by the United States Trustee.

**1.1.13.** *Asbestos In-Place Insurance Coverage* means any insurance coverage available for the payment or reimbursement of liability, indemnity or defense costs arising from

or related to Asbestos Personal Injury Claims or Trust Expenses under any Asbestos Insurance Policy or any Asbestos Insurance Settlement Agreement.

**1.1.14. *Asbestos Insurance Action*** means any claim, cause of action, or right of the Debtors or any of them, under the laws of any jurisdiction, against any Asbestos Insurance Company, arising from or related to: (a) any such Asbestos Insurance Company's failure to provide or pay under Asbestos In-Place Insurance Coverage, (b) the refusal of any Asbestos Insurance Company to compromise and settle any Asbestos Personal Injury Claim under or pursuant to any Asbestos Insurance Policy, or (c) the interpretation or enforcement of the terms of any Asbestos Insurance Policy with respect to any Asbestos Personal Injury Claim; provided, however, Asbestos Insurance Action shall not include any claim, cause of action, or right of the Debtors or any of them, under the laws of any jurisdiction against any Asbestos Insurance Company for reimbursement, indemnity, breach of contract for insurance, statutory and common law bad faith or otherwise arising from or relating to any payments made by the Debtors on account of Asbestos Personal Injury Claims prior to the Petition Date.

**1.1.15. *Asbestos Insurance Action Recoveries*** means (a) Cash derived from and paid pursuant to Asbestos Insurance Settlement Agreements entered into prior to the Confirmation Hearing, (b) the right to receive proceeds of Asbestos In-Place Insurance Coverage and (c) the right to receive the proceeds or benefits of any Asbestos Insurance Action.

**1.1.16. *Asbestos Insurance Company*** means any insurance company, insurance broker or syndicate insurance broker, guaranty association or any other Entity with liability under an Asbestos Insurance Policy, including any reinsurers with respect to claims covered by an Asbestos Insurance Policy.

**1.1.17. *Asbestos Insurance Entity Injunction*** means the injunction described in Section 9.3.3 of the Plan.

**1.1.18. *Asbestos Insurance Policy*** means (a) any insurance policy (other than the Hercules Policy and the EL Policy) in effect at any time on or before the Effective Date naming the Debtors (or any predecessor, subsidiary, or past or present Affiliate of the Debtors) as an insured, or otherwise affording the Debtors indemnity or insurance coverage, upon which any claim has been or may be made with respect to any Asbestos Personal Injury Claim or (b) any reinsurance agreement relating to an Asbestos Insurance Policy as defined in (a) above to which an Asbestos Insurance Company is a party.

**1.1.19. *Asbestos Insurance Settlement Agreement*** means any settlement agreement with a Settling Asbestos Insurance Company relating to any Asbestos Personal Injury Claim.

**1.1.20. *Asbestos Personal Injury Claim*** means a liquidated or unliquidated claim against one or more of the Debtors or their non-Debtor Affiliates, or their present or former officers, directors or employees of any of them, whether asserted by agents or employees of the Debtors or their non-Debtor Affiliates or any other Person or Entity, whether in the nature of or sounding in tort, contract, warranty, employer liability or any other theory of law, equity or admiralty, whatsoever, for, attributable to or arising under the laws of any jurisdiction, by reason



of, directly or indirectly, physical, emotional or other personal injuries or other damages caused, or allegedly caused, in whole or in part, directly or indirectly, by the presence of, or exposure to, asbestos – including, but not limited to, asbestos-containing products, automotive or industrial parts and components, equipment, manufacturing processes, improvements to real property or materials manufactured, sold, supplied, produced, specified, selected, distributed or in any way marketed by one or more of the Debtors or their non-Debtor Affiliates or the predecessors of any of them – and arising or allegedly arising, directly or indirectly, from acts or omissions of one or more of the Debtors, their non-Debtor Affiliates or the predecessors of any of them, including, but not limited to, all claims, debts, obligations or liabilities for compensatory damages (such as, without limitation, loss of consortium, medical monitoring, personal or bodily injury, wrongful death, survivorship, proximate, consequential, general and special damages) and punitive damages. Asbestos Personal Injury Claims shall include, without limitation, (i) Indirect Asbestos Personal Injury Claims, (ii) Asbestos Personal Injury Demands, (iii) any Claim or Demand based upon, arising under or attributable to an asbestos personal injury settlement agreement or protocol entered into by CCR on behalf of one or more of the Debtors, (iv) any Claims asserted by CCR against the Debtors or their non-Debtor Affiliates excluding any Claim asserted by the CCR for postpetition fees and expenses incurred in connection with these bankruptcy cases and (v) any Claim or Demand by an EL Insurer or Hercules Insurer or any of their reinsurers for premium, indemnity, reimbursement, contribution, fees, expenses or otherwise in connection with their respective policies or Asbestos Personal Injury Claims. Notwithstanding the foregoing, Asbestos Personal Injury Claims shall not include Bonded Asbestos Personal Injury Claims or the CCR Bond Claim, but shall include the unsecured deficiency, if any, of any Bonded Asbestos Personal Injury Claim or the CCR Bond Claim. For purposes of this Section 1.1.20 only, the term non-Debtor Affiliates shall mean Affiliates of the Debtors on or prior to the Effective Date that are not Debtors.

**1.1.21. *Asbestos Personal Injury Demand or Demand*** means a demand as such term is used and defined in Section 524(g)(5) of the Bankruptcy Code, including a demand for payment, present or future, that (i) was not a Claim prior to the Effective Date; (ii) arises out of the same or similar conduct or events that gave rise to an Asbestos Personal Injury Claim or the Claims addressed by the Supplemental Injunction, the Third Party Injunction or the Asbestos Insurance Entity Injunction; and (iii) pursuant to the Plan, is to be satisfied exclusively by the Trust.

**1.1.22. *Asbestos Personal Injury Expenses*** means all costs, taxes and expenses of or imposed on the Trust attributable or allocable to Asbestos Personal Injury Claims, including, but not limited to, trustee compensation, employee compensation, insurance premiums, legal, accounting and other professional fees and expenses, overhead, disbursements, and expenses relating to the implementation of the Asbestos Personal Injury Trust Distribution Procedures, but excluding payments to holders of Asbestos Personal Injury Claims on account of such Claims or Demands, or reimbursements of such payments.

**1.1.23. *Asbestos Personal Injury Trust Distribution Procedures*** means the Asbestos Personal Injury Trust Distribution Procedures substantially in the form attached to the Trust Agreement, or as subsequently modified or amended.

**1.1.24. *Asbestos Property Damage Claim*** means a liquidated or unliquidated Claim against, or any debt, obligation or liability of one or more of the Debtors, arising under the laws of any jurisdiction, whether in the nature of or sounding in tort, contract, warranty or any other theory of law, equity or admiralty, for, attributable to or arising by reason of, directly or indirectly, property damages, including, but not limited to, diminution in the value thereof, or environmental damage or economic loss caused or allegedly caused, directly or indirectly, by asbestos - including, but not limited to, asbestos-containing products, automotive or industrial parts and components, equipment, manufacturing processes, improvements to real property or materials manufactured, sold, supplied, produced, specified, selected, distributed or in any way marketed by one or more of the Debtors or their predecessors – and arising or allegedly arising, directly or indirectly, from acts or omissions of one or more of the Debtors, or their predecessors, including, but not limited to, all claims, debts, obligations or liabilities for compensatory and punitive damages, and also including, without limitation, any claim for contribution, reimbursement, subrogation or indemnity, whether contractual or implied by law, attributable to Asbestos Property Damage Claims. Asbestos Property Damage Claims shall exclude all Asbestos Personal Injury Claims.

**1.1.25. *Asbestos Property Damage Claimants Committee*** means the Official Committee of Asbestos Property Damage Claimants appointed in the Reorganization Cases by the United States Trustee.

**1.1.26. *Avoidance Litigation*** means the adversary proceeding filed or to be filed which seeks or will seek to, among other things, avoid the Liens securing the Surety Claims.

**1.1.27. *Bank Claims*** means any and all obligations, rights, claims or interests, whether secured or unsecured, matured or unmatured, fixed or contingent, including, but not limited to, principal, accrued and unpaid interest, charges, costs, breakage fees, counsel fees, contingent reimbursement obligations under unfunded or partially drawn letters of credit, and any and all other rights to payment of money arising under, based upon or related to the Bank Credit Agreement.

**1.1.28. *Bank Credit Agreement*** means that certain Fourth Amended and Restated Credit Agreement and related Loan Documents as therein defined, dated as of December 29, 2000, as such Agreement has been amended, supplemented or otherwise modified from time to time thereafter among Federal-Mogul Corporation, certain Affiliate Debtors and non-Debtor Affiliates, a syndicate of lenders and the Administrative Agent.

**1.1.29. *Bankruptcy Code*** means title 11 of the United States Code, 11 U.S.C. §§ 101, et seq., as in effect on the Petition Date, together with all amendments and modifications thereto that were subsequently made applicable to the Reorganization Cases.

**1.1.30. *Bankruptcy Court*** means the United States Bankruptcy Court for the District of Delaware.

**1.1.31. *Bankruptcy Rules*** means the Federal Rules of Bankruptcy Procedure and the local rules of the Bankruptcy Court, as in effect on the Petition Date, together with all

amendments and modifications thereto that were subsequently made applicable to the Reorganization Cases.

**1.1.32. *Bonded Asbestos Personal Injury Claim*** means an Asbestos Personal Injury Claim evidenced by a judgment as to which, but only to the extent that, a supersedeas bond or equivalent form of payment assurance was posted by a Debtor as security for such Claim, and only to the extent that the Bankruptcy Court or other court of competent jurisdiction determines by Final Order, or the applicable Reorganized Debtor and the holder of such Bonded Asbestos Personal Injury Claim agree, that such holder is entitled to some or all of the proceeds of the supersedeas bond or other payment assurance. Bonded Asbestos Personal Injury Claims shall not include the CCR Bond Claim.

**1.1.33. *Bonded Claim*** means any Bonded Asbestos Personal Injury Claim, Bonded Non-Asbestos Claim or the CCR Bond Claim, but shall not include the unsecured deficiency, if any, of any such Claims.

**1.1.34. *Bonded Non-Asbestos Claim*** means any Claim, other than an Asbestos Personal Injury Claim or a CCR Bond Claim, evidenced by a judgment as to which, but only to the extent that, a supersedeas bond or equivalent form of payment assurance was posted by a Debtor as security for such Claim, and only to the extent that the Bankruptcy Court or other court of competent jurisdiction determines by Final Order, or the applicable Reorganized Debtor and the holder of such Bonded Non-Asbestos Claim agree, that such holder is entitled to some or all of the proceeds of the supersedeas bond or other payment assurance.

**1.1.35. *Business Day*** means any day other than a Saturday, Sunday or legal holiday (as such term is defined in Bankruptcy Rule 9006(a)) or any public holiday in the U.K.

**1.1.36. *Cash*** means lawful currency of the United States of America and its equivalents as to the U.S. Debtors, and pounds sterling and its equivalents as to the U.K. Debtors.

**1.1.37. *CCR*** means the Center for Claims Resolution, a Delaware non-profit corporation.

**1.1.38. *CCR Bond Claim*** means any claim in favor of CCR as obligee under or with respect to the CCR Surety Bonds, but only to the extent that the Bankruptcy Court or other court of competent jurisdiction determines by Final Order, or the applicable Debtors or Reorganized Debtors, CCR and the Plan Proponents agree that CCR is entitled to some or all of the proceeds of the CCR Surety Bonds.

**1.1.39. *CCR Litigation*** means Adversary Proceeding 01-8885 and the claims asserted therein to, among other things, determine the CCR's rights, if any, to draw on the CCR Surety Bonds.

**1.1.40. *CCR Surety Bonds*** means Performance Bond No. 6066092 issued by Safeco in favor of CCR, Performance Bond Nos. 103529126 and 103529229 REL issued by Travelers in favor of CCR, and Performance Bond No. 929182983 issued by National Fire in favor of CCR.

**1.1.41.** *Claim* shall have the meaning ascribed to such term in Section 101(5) of the Bankruptcy Code, and shall include, but not be limited to, Asbestos Personal Injury Claims and interests other than Equity Interests.

**1.1.42.** *Class* means a category of Claims or Equity Interests pursuant to the Plan, as such term is used and described in Section 1122 of the Bankruptcy Code.

**1.1.43.** *Collateral Trustee* means the Persons serving as trustees of collateral pledged as security for the Bank Claims, Noteholder Claims and Surety Claims, as applicable, pursuant to, among other things, the Bank Credit Agreement and related documents.

**1.1.44.** *Company Specific Distribution Ratio* means, with respect to a U.K. Debtor, a ratio, the numerator of which shall be: (i) the value of the referenced U.K. Debtor's assets as estimated on Exhibit L of the Disclosure Statement if the Consensual Marketing Procedures are not performed for the referenced U.K. Debtor or (ii) the Market Value of the referenced U.K. Debtor's assets if the Consensual Marketing Procedures are performed for the referenced U.K. Debtor, and the denominator of which shall be the tort system value (as reflected in the Asbestos Personal Injury Trust Distribution Procedures) of all Asbestos Personal Injury Claims against the referenced U.K. Debtor and the Allowed Amount of all other Claims against the referenced U.K. Debtor.

**1.1.45.** *Confirmation or Confirmation of the Plan* means the entry of an order approving the Plan in accordance with Section 1129 of the Bankruptcy Code.

**1.1.46.** *Confirmation Date* means the date on which the Confirmation Order is entered on the docket of the Bankruptcy Court.

**1.1.47.** *Confirmation Hearing* means the hearing(s) which will be held before the Bankruptcy Court and/or District Court, as applicable, in which the Plan Proponents will seek Confirmation of the Plan.

**1.1.48.** *Confirmation Order* means the order confirming the Plan pursuant to Section 1129 and other applicable sections of the Bankruptcy Code.

**1.1.49.** *Consensual Marketing Procedures* means the process by which Federal-Mogul Corporation, by agreement with the Administrators, shall retain those businesses and/or assets of the U.K. Debtors that are valuable to Federal-Mogul Corporation and its customers and by which those businesses and/or assets of the U.K. Debtors that are not valuable to Federal-Mogul Corporation and its customers may be marketed and sold to third-party purchasers as more fully described in Section 8.16.1 of the Plan.

**1.1.50.** *Convertible Subordinated Debentures* means the 7% Convertible Junior Subordinated Debentures due 2027 in the original aggregate principal amount of \$575,000,000 issued by Federal-Mogul Corporation on December 1, 1997, and sold to Federal-Mogul Financing Trust, the indenture trustee for which is currently The Bank of New York.

**1.1.51.** *CRU* means the Compensation Recovery Unit under the U.K. Social Security (Recovery of Benefits) Act 1997.

**1.1.52. *Dan=Loc Deed of Guarantee*** means that certain Deed of Guarantee, dated as of April 11, 1997, by and among T&N plc, and Dan=Loc Corporation, Dan=Loc, Inc., Dan=Loc Limited, Delta 72 Unternehmenswerwaltungs GmbH, Frederique s.r.o., Dan=Loc (Canada) Ltd., Dan=Loc Investments, Inc. and Dan=Loc Transitional, L.P.

**1.1.53. *Dan=Loc Deed of Special Indemnity*** means that certain Deed of Special Indemnity, dated as of April 11, 1997, by and among T&N plc, Flexitallic Limited, Flexitallic Sealing Materials Ltd., Flexitallic, Inc., Goetze Vermögenswerwaltungs, GmbH, Flexitallic Canada Ltd., Ferodo a.s., Dan=Loc Corporation, Dan=Loc Limited, Delta 72 Unternehmenswerwaltungs GmbH, Frederique s.r.o., Dan=Loc (Canada) Ltd. and Dan=Loc Transitional, L.P.

**1.1.54. *Dan=Loc Group*** means Dan=Loc Corporation and its subsidiaries or affiliates and their respective successors, including but not limited to, The Flexitallic Group, Inc. and its subsidiaries and affiliates.

**1.1.55. *Dan=Loc Indemnified Indirect Asbestos Personal Injury Claims and Demands*** means any Asbestos Personal Injury Claim or Demand that is both: (A)(i) based upon exposure, occurring at any time, to an asbestos containing product which was manufactured, distributed, or sold prior to April 11, 1997 by GHI or any other Debtor, that has been, is or could be asserted against the Dan=Loc Group or (ii) based upon exposure, prior to April 11, 1997, to asbestos present in the internal or external fabric of any building owned or leased by GHI or any other Debtor and which was acquired or leased by the Dan=Loc Group from GHI or any other Debtor under the terms of the 1997 Flexitallic Asset Purchase Agreement, that has been, is or could be asserted against the Dan=Loc Group; and (B) is an "Asbestos Related Claim" (as such term is defined in the Dan=Loc Deed of Special Indemnity) subject to indemnification by GHI under Section 2.2 of the Dan=Loc Deed of Special Indemnity and Section 2.2 of the Dan=Loc Deed of Guarantee (copies of which are attached hereto as Exhibit 1.1.55). Dan=Loc/GHI Indemnified Asbestos Personal Injury Claims and Demands shall also include any Asbestos Personal Injury Claims and Demands asserted in connection with any asbestos containing product manufactured, distributed or sold by GHI or any other Debtor prior to April 11, 1997, which Asbestos Personal Injury Claim also alleges exposure to any asbestos containing product manufactured, distributed or sold by the Dan=Loc Group on or after April 11, 1997, and which Asbestos Personal Injury Claim is based upon exposure to asbestos from such product during a period of time both prior to and after April 11, 1997, but only to the extent of the percentage allocable to GHI or any other Debtor pursuant to and in accordance with the sharing provisions set forth in Section 2.5 of the Dan=Loc Deed of Special Indemnity; provided, however, that in no event shall Dan=Loc Indemnified Indirect Asbestos Personal Injury Claims and Demands include any Claims or Demands made against the Dan=Loc Group at any time after April 11, 2024.

**1.1.56. *Debtors*** means Federal-Mogul Corporation and its affiliated U.S. Debtors and U.K. Debtors (or any of them as the context may require).

**1.1.57. *Debtors in Possession*** means the Debtors (or any of them as the context may require) in their capacities as debtors in possession in the Reorganization Cases.

**1.1.58. *DIP Facility*** means that certain Revolving Credit, Term Loan and Guaranty Agreement, by, between and among the U.S. Debtors and a syndicate of lenders, with The Chase Manhattan Bank as administrative agent, and those certain Tranche C Loans (as defined in the Final Order approving the DIP Facility), which the Bankruptcy Court authorized through a Final Order issued on November 21, 2001, and as amended and restated on or about August 7, 2003.

**1.1.59. *Disbursing Agent*** means Reorganized Federal-Mogul or any Person selected by Reorganized Federal-Mogul (with approval of the Bankruptcy Court) to hold and distribute the consideration to be distributed to the holders of Allowed Claims (other than Allowed Asbestos Personal Injury Claims) or Allowed Equity Interests under the Plan. Disbursing Agent does not include any Indenture Trustee relating to the Notes or the Indentures.

**1.1.60. *Discharge Injunction*** means the injunction described in Section 1141 of the Bankruptcy Code and contained in Section 9.1.2 of the Plan.

**1.1.61. *Disclosure Statement*** means the Disclosure Statement Describing Third Amended Joint Plan Of Reorganization, dated May \_\_, 2004, including all exhibits, appendices, schedules and annexes attached thereto, as submitted by the Plan Proponents pursuant to Section 1125 of the Bankruptcy Code and approved by the Bankruptcy Court, as such Disclosure Statement may be further amended, supplemented or modified from time to time.

**1.1.62. *Distribution Date*** when used with respect to an Allowed Claim (other than an Asbestos Personal Injury Claim that is not a Bonded Asbestos Personal Injury Claim), means the date which is as soon as reasonably practicable after the later of: (a) the Effective Date, and (b) the first Business Day of the next calendar quarter after the date upon which the Claim becomes Allowed, unless the Claim becomes Allowed within fifteen Business Days before the first Business Day of the next calendar quarter, in which case the Distribution Date shall be the first Business Day of the next succeeding calendar quarter.

**1.1.63. *District Court*** means the United States District Court for the District of Delaware, or the unit thereof having jurisdiction over the matter in question.

**1.1.64. *Effective Date*** means, and shall occur on, the first Business Day immediately following the first day upon which all of the conditions precedent to occurrence of the Effective Date contained in Article 7.2 of the Plan have been satisfied or waived, and on which date all acts, events, terms and conditions contemplated under the Plan to occur on the Effective Date or as soon as practicable thereafter shall be deemed to have occurred simultaneously.

**1.1.65. *EL Coverage*** means insurance policies held on account of the ELA that afford or may afford T&N Limited and any applicable U.K. Debtors with rights of indemnity or insurance coverage with respect to, among other things, any Asbestos Personal Injury Claim asserted by an employee or former employee relating to exposure to asbestos in the course of such individual's employment.

**1.1.66.** *EL Coverage Expiry Date* has the meaning set forth in Section 4.5.1 of the Plan (but subject to Section 8.16.3).

**1.1.67.** *EL Insurer* means any insurer with respect to the EL Coverage.

**1.1.68.** *EL Policy* means any insurance policy with respect to EL Coverage.

**1.1.69.** *ELA* means the Employers Liability Act 1969 of the United Kingdom, as amended from time to time.

**1.1.70.** *Employee Benefit Plan* means any employment, compensation, pension, healthcare (including, but not limited to, medical, surgical, hospital, dental and counseling), bonus, incentive compensation, sick leave and other leaves (including, but not limited to, jury duty, child-bearing and military service), vacation pay, expense reimbursement, dependent care, retirement, savings, workers compensation, life insurance, disability, dependent care, dependent healthcare, education, car allowance, miscellaneous executive benefits, severance or other benefit plan or arrangement for the benefit of the directors, officers or employees (whether salaried or hourly, active or retired) of the applicable Debtor, but excluding (i) the New Employment Agreements and (ii) that portion of the Debtors' non-tax qualified pension plans giving rise to Excluded Non-Qualified Pension Claims.

**1.1.71.** *Entity* means any Person, estate, trust, Governmental Unit, or the United States Trustee.

**1.1.72.** *Environmental Claim* means any Claim, other than an Asbestos Personal Injury Claim, asserted by any Governmental Unit or Person, arising out of, related to, or based upon any Environmental Law, including, but not limited to, any Claim (a) to restrict or enjoin, or recover damages, costs or expenses to remedy any release or threatened release of any environmental pollution, contamination or nuisance or to require the Debtors or their non-debtor Affiliates to remedy or to reimburse, pay or incur costs to remedy any release or threatened release of any environmental pollution, contamination or any nuisance; (b) to remedy, reimburse, compensate or pay any damage, penalty, fine or forfeiture for, or to restrict or enjoin any violation of, or alleged violation of, any Environmental Law; (c) to pay any contractual claim with respect to any Environmental Law; or (d) to pay or reimburse any such Entity for personal injury (including workers compensation, sickness, disease or death), tangible or intangible property damage or natural resource damage arising out of, relating to, or based upon any release or threatened release of any environmental pollution, contamination or nuisance, whether or not contemplated in subsections (a) through (c) above, including, but not limited to, any related Asbestos Property Damage Claim. For purposes of the Plan, prepetition Environmental Claims fall into one of two categories – (x) Claims arising from or related to property either never owned or occupied, or formerly but no longer owned or occupied by the Debtors (“Off-Site Environmental Claims”), and (y) Claims arising from or related to property currently owned or occupied, and that will continue to be owned or occupied by the Debtors after Confirmation of the Plan, excluding, however, any Claims arising from or relating to wastes or other materials which were shipped or were arranged to be shipped for disposal to a site that was never owned or occupied, or was formerly owned or occupied but is no longer owned or occupied by the Debtors

(“On-Site Environmental Claims”). A schedule of all known On-Site Environmental Claims is set forth in Exhibit 1.1.72 to the Plan.

**1.1.73. *Environmental Laws*** means (a) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C., §§ 9601, et seq., (b) the Resource Conservation and Recovery Act, as amended by the Hazardous and Solid Waste Amendment of 1984, 42 U.S.C. §§ 6901, et seq., (c) the Clean Air Act, 42 U.S.C. §§ 7401, et seq., (d) the Clean Water Act of 1977, 33 U.S.C. §§ 1251, et seq., (e) the Toxic Substances Control Act, 15 U.S.C. §§ 2601, et seq., (f) the Environmental Protection Act of 1990, the Environment Act 1995, the Control of Pollution Act 1974, the Planning (Hazardous Substances) Act 1990, the Radioactive Substances Act 1993, the Clean Air Act 1993, the Water Resources Act 1991, the Water Industry Act 1991, the Health and Safety at Work, etc. Act 1974 and the Public Health Act 1936 (all of the United Kingdom) as the same may from time to time be amended or reenacted, and all orders and regulations from time to time made thereunder, (g) all statutes, laws, rules or regulations issued or promulgated by any Governmental Unit or court (including, without limitation, the common law), as they may be amended from time to time, relating to the protection and/or prevention of harm, contamination or pollution of or to the environment (including, without limitation, ecological systems and living organisms including humans and the following media whether alone or in combination: air (including air within buildings), water (including water under or within land or in pipe or sewage systems), land, buildings and soil) and (h) the ordinances, rules, regulations, orders, notices of violation, requests, demands and requirements issued or promulgated by any Governmental Unit in connection with such statutes or laws.

**1.1.74. *Equity Committee*** means the Official Committee of Equity Security Holders of Federal-Mogul Corporation appointed in the Reorganization Cases by the United States Trustee.

**1.1.75. *Equity Interest*** means any equity interest in the Debtors represented by (a) existing Federal-Mogul common or preferred stock as classified in Classes 1M and 1O below or (b) shares of capital stock in the remaining Debtors, whether or not issued.

**1.1.76. *Estate*** means, as to each Debtor, the estate created for that Debtor under Section 541 of the Bankruptcy Code upon the commencement of its Reorganization Case.

**1.1.77. *Excluded Non-Qualified Pension Claims*** means any Claims based upon or arising out of the Debtors’ non-tax qualified pension plans in which the existing or prior employee was entitled to receive more than \$3,500 per month, but for which such employee has received or will receive only \$3,500 per month pursuant to the Bankruptcy Court’s order entered on April 30, 2002 (Docket No. 1655), all of which Claims shall be classified and treated as Unsecured Claims; provided, however, that the claims of James Zamoyski, Wilhelm Schmelzer and Richard Randazzo, respectively, based upon the Supplemental Key Executive Pension Plan of Federal-Mogul Corporation shall not be subject to the aforementioned \$3,500 per month limitation as provided in the Bankruptcy Court’s order entered on August 9, 2002 (Docket No. 582591721).



**1.1.78. *Exit Facilities*** means the agreements described in Section 8.12 below providing for one or more credit facilities in an amount not to exceed \$1 billion, exclusive of amounts used, if any, to refinance the Tranche C portion of the DIP Facility including, without limitation, amounts on any draws prior to the Effective Date on letters of credit outstanding under the Tranche C Loans, which shall be used to repay obligations under the DIP Facility on the Effective Date, make cash payments required under the Plan and/or provide working capital for the business operations of the Reorganized Debtors.

**1.1.79. *Final Order*** means an order or judgment of any court of competent jurisdiction, the implementation, operation or effect of which has not been stayed and as to which order (or any revision, modification or amendment thereof) the time to appeal or seek review, rehearing or writ of certiorari has expired and as to which no appeal or petition for review, rehearing or certiorari has been taken and is pending.

**1.1.80. *FM Ignition Pension Plan*** means the pension scheme known as the Champion Pension Scheme, a defined benefit plan operated by Federal-Mogul Ignition (U.K.) Limited for eligible employees.

**1.1.81. *FM Ignition Pension Plan Trustees*** means the trustees for the time being of the FM Ignition Pension Plan and, as of the date hereof, being Ann Hearn Associates Limited, Joseph Breitenbeck, Ian Emery, Christine Goffogg, Nigel Reid and Richard Green.

**1.1.82. *Future Claimants Representative*** means Eric D. Green (or any court-appointed successor) who was appointed by the Bankruptcy Court in the Reorganization Cases pursuant to an Order dated February 11, 2002 as the legal representative of any and all persons described in Section 524(g)(4)(B)(i) of the Bankruptcy Code who may assert demands for asbestos-related personal injuries, as that term is defined in Section 524(g)(5) of the Bankruptcy Code.

**1.1.83. *GHI*** means Gasket Holdings Inc. (f/k/a Flexitallic, Inc.).

**1.1.84. *Governmental Unit*** means any domestic, foreign, provincial, federal, state, local or municipal (a) government, or (b) governmental agency, commission, department, bureau, ministry or other governmental entity.

**1.1.85. *Hercules Insurance Recoveries*** means all such amounts as are referred to in clauses (b) and (c) of the definition of "Hercules Policy Expiry Date".

**1.1.86. *Hercules Insurers*** means Curzon Insurance Limited in its capacity as insurer under the Hercules Policy.

**1.1.87. *Hercules Policy*** means the Asbestos Liability Policy number CZ 7/96 ASB/096 dated December 30, 1996 and made among T&N Limited (then known as "T&N plc") and Curzon Insurance Limited.

**1.1.88. *Hercules Policy Expiry Date*** means (subject to Section 8.16.3) the date that is the earlier of (i) the date that (a) the £690 million retention has been satisfied, (b) the £500 million layer of coverage under the Hercules Policy has been exhausted or is otherwise

determined by agreement, judicial proceedings or otherwise, to be unavailable and (c) all other amounts under or with respect to the Hercules Policy including, without limitation, amounts recoverable as a result of any breach by the Hercules Insurers of their obligations under or with respect to the Hercules Policy, to the extent they exceed the £500 million layer of coverage, are recovered or are otherwise determined to be unavailable, or (ii) the date that the Hercules Policy ceases to have effect, whether by commutation or otherwise.

**1.1.89. *Hercules-Protected Entities*** means (a) Reorganized T&N Limited, (b) the Debtors listed as subsidiaries or subsidiary undertakings of T&N Limited in Schedule B to the Hercules Policy as reorganized under and pursuant to the Plan and (c) the non-Debtor companies listed as subsidiaries or subsidiary undertakings of T&N Limited in Schedule B to the Hercules Policy. Reorganized Hercules-Protected Entities means the companies identified in (a) and (b) above and Non-Debtor Hercules-Protected Entities means the companies identified in (c) above.

**1.1.90. *IA 1986*** means the Insolvency Act 1986 of the United Kingdom, as amended from time to time.

**1.1.91. *Inactive Debtor Subsidiaries*** means the affiliated Debtors listed on Exhibit 1.1.91 to the Plan, which may, at the discretion of their respective boards of directors and corporate parent companies, be liquidated, dissolved, wound-up, struck off and/or left in existence after Confirmation.

**1.1.92. *Indenture Trustees*** means the Persons serving as trustees under the Indentures for the Notes and for the Convertible Subordinated Debentures.

**1.1.93. *Indentures*** means the indenture agreements entered into between and among Federal-Mogul Corporation, the Indenture Trustees and certain other parties relating to each series of Notes and to the Convertible Subordinated Debentures, as amended, modified or supplemented from time to time.

**1.1.94. *Indirect Asbestos Personal Injury Claim*** means any Asbestos Personal Injury Claim for contribution, reimbursement, subrogation or indemnity, whether contractual or implied by law (as those terms are defined by the applicable non-bankruptcy law of the relevant jurisdiction), and any other derivative or indirect Asbestos Personal Injury Claim of any kind whatsoever, whether in the nature of or sounding in contract, tort, warranty or any other theory of law, equity or admiralty, whatsoever. Without limitation, Indirect Asbestos Personal Injury Claims include (i) Claims or Demands held or asserted by CCR against the Debtors or their Affiliates on its own behalf or on behalf of current or former members of CCR with respect to Asbestos Personal Injury Claims; (ii) Claims or Demands held or asserted by current or former members of CCR with respect to Asbestos Personal Injury Claims; (iii) Claims or Demands with respect to asbestos personal injury claims arising from or attributable to the 1998 acquisition by Federal-Mogul Products, Inc. ("F-M Products") of the stock of Moog Automotive, Inc. from Cooper Industries, Inc. ("Cooper"), and F-M Products' assumption of Cooper's pre-existing indemnity obligation in favor of Pneumo Abex Corporation in connection with such acquisition; (iv) Dan=Loc Indemnified Indirect Asbestos Personal Injury Claims and

Demands; (v) Claims or Demands held or asserted by any EL Insurer or the Hercules Insurers or any of their reinsurers; and (vi) Claims or Demands held or asserted by the CRU.

**1.1.95. *Injunctions*** means the Discharge Injunction, the Supplemental Injunction, the Third Party Injunction, the Asbestos Insurance Entity Injunction and any other injunctions entered by Order of the Bankruptcy Court in the Reorganization Cases.

**1.1.96. *IR 1986*** means the Insolvency Rules 1986 of the United Kingdom, as amended from time to time.

**1.1.97. *IRC*** means the Internal Revenue Code of 1986, as amended.

**1.1.98. *Lien*** means, with respect to any asset or property, any mortgage, lien, pledge, charge, security interest, encumbrance or other security device of any kind pertaining to or affecting such asset or property.

**1.1.99. *Market Value*** means the value of certain or all of the U.K. Debtors as may be determined in accordance with the Consensual Marketing Procedures.

**1.1.100. *New Employment Agreements*** means collectively, the new employment agreements and/or equity-based compensation and pension plans to be implemented by the Reorganized Debtors on and after the Effective Date.

**1.1.101. *Non-Priority Employee Benefit Claim*** means any Claim that (i) arises from or relates to an Employee Benefit Plan or otherwise to the performance of service by an employee to the Debtors and (ii) is neither secured nor entitled to priority or preference to other Claims under the Bankruptcy Code or U.K. insolvency laws. For the avoidance of doubt, Non-Priority Employee Benefit Claims include claims described in Section 1114 of the Bankruptcy Code, except to the extent such retiree benefit claims (a) are entitled to priority under Section 503 of the Bankruptcy Code or (b) arise in connection with the termination or modification of any retiree benefit plan in accordance with Section 1114 of the Bankruptcy Code. Non-Priority Employee Benefit Claims shall not include: (w) Excluded Non-Qualified Pension Claims, (x) Non-Priority T&N Pension Plan Employee Benefit Claims, (y) Non-Priority FM Ignition Pension Plan Employee Benefit Claims or (z) any Claims arising out of the rejection of a collective bargaining agreement in accordance with Section 1113 of the Bankruptcy Code.

**1.1.102. *Non-Priority FM Ignition Pension Plan Employee Benefit Claim*** means any Claim that arises from or relates to the FM Ignition Pension Plan and is neither secured nor entitled to priority or preference to other Claims under the Bankruptcy Code or U.K. insolvency laws. For the avoidance of doubt, Non-Priority FM Ignition Employee Benefit Claims include claims described in Section 1114 of the Bankruptcy Code except to the extent such retiree benefit claim is entitled to priority under Section 503 of the Bankruptcy Code.

**1.1.103. *Non-Priority T&N Pension Plan Employee Benefit Claim*** means any Claim that arises from or relates to the T&N Pension Plan and is neither secured nor entitled to priority or preference to other Claims under the Bankruptcy Code or U.K. insolvency laws. For the avoidance of doubt, Non-Priority T&N Pension Plan Employee Benefit Claims include

claims described in Section 1114 of the Bankruptcy Code except to the extent such retiree benefit claim is entitled to priority under Section 503 of the Bankruptcy Code.

**1.1.104. *Noteholder*** means each Person holding or having a beneficial interest in any of the Notes as of the Record Date.

**1.1.105. *Noteholder Claims*** means all Claims of the Noteholders against Federal-Mogul Corporation arising under or evidenced by the Notes or the Indentures for the Notes and related documents. Notwithstanding the foregoing, Noteholder Claims shall not include any Convertible Subordinated Debenture Claims or Subordinated Securities Claims.

**1.1.106. *Notes*** means Federal-Mogul Corporation's 7.5% Notes due 2009, 7.375% Notes due 2006, 7.75% Notes due 2006, 7.875% Notes due 2010, 7.5% Notes due 2004, 8.8% Senior Notes due 2007, 8.37% Medium Term Notes due 2001, 8.25% Medium Term Notes due 2005, 8.33% Medium Term Notes due 2001, 8.12% Medium Term Notes due 2003, 8.16% Medium Term Notes due 2003 and 8.46% Medium Term Notes due 2002.

**1.1.107. *Official Committees*** means the Asbestos Claimants Committee, the Unsecured Creditors Committee, the Asbestos Property Damage Claimants Committee and the Equity Committee (or, in the singular, any of them).

**1.1.108. *Other U.K. Claim*** means Asbestos Property Damage Claims, if any, and any other Claims asserted against a U.K. Debtor other than an Administrative Claim, an Administration Claim, an Asbestos Personal Injury Claim, Bank Claims, Noteholder Claims and any Secured portion of the Surety Claims.

**1.1.109. *Person*** means any person, individual, partnership, corporation, limited liability company, joint venture company, association or other entity or being of whatever kind, whether or not operating or existing for profit, including, but not limited to, any "person" as such term is defined in Section 101(41) of the Bankruptcy Code, but excluding any Governmental Unit.

**1.1.110. *Petition Date*** means October 1, 2001 for all of the Debtors; provided, however, that for purposes of determining Administration Claims in the administration of T&N Investments Limited, or under such Debtor's Scheme of Arrangement and/or Voluntary Arrangement, Petition Date shall mean April 5, 2002.

**1.1.111. *PIK Notes Trustee*** means, as the context requires, the trustee or trustees under those certain Indentures of Trust pursuant to which the Reorganized Federal-Mogul Junior Secured PIK Notes and/or Junior Secured Surety PIK Notes are to be issued.

**1.1.112. *Plan*** means this Third Amended Joint Plan of Reorganization filed by the Plan Proponents, as the same may be amended or modified from time to time pursuant to Section 1127 of the Bankruptcy Code.

**1.1.113. *Plan Documents*** means all documents, attachments and exhibits related to the Plan, including, but not limited to, the Trust Documents, that aid in effectuating the

Plan, which documents, attachments and exhibits shall be filed by the Plan Proponents with the Bankruptcy Court on or before the Plan Documents Filing Date.

**1.1.114. *Plan Documents Repository*** means the offices of Sidley Austin Brown & Wood LLP, counsel to the Debtors, at the address set forth in Section 1.4 of the Plan, at which any party in interest may review all of the Plan Documents after such Plan Documents have been filed with the Bankruptcy Court.

**1.1.115. *Plan Documents Filing Date*** means the date for the filing of the Plan Documents (or any of them) which shall be either (a) the date, as determined by the Plan Proponents, that is as soon as practicable, but in no event later than 14 Business Days before the deadline for filing objections to Confirmation of the Plan or (b) such other date (or dates) as determined by the Bankruptcy Court.

**1.1.116. *Plan Proponents*** means, collectively, the Debtors, the Unsecured Creditors Committee, the Asbestos Claimants Committee, the Future Claimants Representative, the Administrative Agent and the Equity Committee.

**1.1.117. *Preferential Claims*** means, with respect to each U.K. Debtor, all Claims and liabilities which would have been preferential under Section 386 of and schedule 6 to the IA 1986, had an order for the compulsory winding-up of the Debtor been made on the Petition Date. To the extent that a Priority Tax Claim against a U.K. Debtor is included within the definition of Preferential Claims, such Claim or portion thereof, shall be treated as a Preferential Claim.

**1.1.118. *Priority Claim*** means any Claim (other than an Administrative Claim or a Priority Tax Claim) to the extent such Claim is entitled to a priority in payment under Section 507(a) of the Bankruptcy Code.

**1.1.119. *Priority Tax Claim*** means any Claim to the extent that such Claim is entitled to a priority in payment under Section 507(a)(8) of the Bankruptcy Code.

**1.1.120. *Pro Rata*** means the proportion that a Claim in a particular Class bears to the aggregate amount of all Claims in such Class except in cases where Pro Rata is used in reference to multiple classes in which case Pro Rata means the proportion that a Claim in a particular Class bears to the aggregate amount of all Claims in such multiple Classes.

**1.1.121. *Proof of Claim*** means any proof of claim filed with the Bankruptcy Court or its duly appointed claims agent with respect to the Debtors pursuant to Bankruptcy Rules 3001 or 3002, unless and to the extent that the Bankruptcy Court has ordered the use of a special or customized form for the particular type of claim at issue, and in such case, the special or customized form proof of claim.

**1.1.122. *Protected Party*** means any and all of the following parties:

**1.1.122.1** the Debtors, their non-Debtor Affiliates (excluding, however, any person or Entity that may qualify as an Affiliate, but that is not commonly owned or controlled by the Debtors), the Affiliated Subsidiaries, Reorganized Federal-Mogul and the other

Reorganized Debtors and all of their respective past and present officers, directors and employees;

**1.1.122.2** the Noteholders and the holders of Bank Claims, together with their respective successors, past and present officers, directors and employees;

**1.1.122.3** any Entity which, pursuant to the Plan or after the Effective Date, becomes a direct or indirect transferee of, or successor to, any assets of the Debtors, Reorganized Federal-Mogul or the Trust, but only to the extent that a claim or liability is asserted against such Entity on account of its status as such transferee or successor;

**1.1.122.4** any Entity that, pursuant to the Plan or after the Effective Date, makes a loan to the Debtors, Reorganized Federal-Mogul, or the Trust, or to a successor to, or transferee of, any assets of the Debtors, Reorganized Federal-Mogul, or the Trust, but only to the extent that liability is asserted to exist by reason of such lending relationship or to the extent any Lien created in connection with such a loan is sought to be challenged or impaired;

**1.1.122.5** each Settling Asbestos Insurance Company named in the Confirmation Order and each contributor of funds, proceeds or other consideration to the Trust, but only to the extent specified in the Confirmation Order; and

**1.1.122.6** the Dan=Loc Group, but only to the extent specified in the Confirmation Order.

**1.1.123.** *Record Date* means the date that is five business days after the entry of the Bankruptcy Court's order approving the Disclosure Statement with respect to the Plan.

**1.1.124.** *Released Party* means each of (a) the Debtors, their non-Debtor Affiliates (excluding, however, any person or Entity that may qualify as an Affiliate, but that is not commonly owned or controlled by the Debtors), the Affiliated Subsidiaries, the Reorganized Debtors, and their respective present and former agents, attorneys, accountants, financial advisors, restructuring consultants and investment bankers (but specifically excluding Rothschild Inc.) and their respective successors or assigns, (b) the officers and directors of the Debtors, their non-Debtor Affiliates (excluding, however, any person or Entity that may qualify as an Affiliate, but that is not commonly owned or controlled by the Debtors), and the Affiliated Subsidiaries, who were serving as officers or directors on or after the Petition Date, (c) the Official Committees and their respective members, agents, attorneys, accountants, financial advisors, restructuring consultants and investment bankers, (d) the Future Claimants Representative and his agents, attorneys, accountants, financial advisors, restructuring consultants and investment bankers and (e) the holders of Noteholder Claims, holders of Bank Claims and the Administrative Agent, together in each case with all of their respective successors, officers, directors, employees, agents, attorneys, accountants, financial advisors, restructuring consultants and investment bankers.

**1.1.125.** *Reorganization Cases* means the cases currently pending under Chapter 11 of the Bankruptcy Code of Federal-Mogul Corporation and its affiliated Debtors before the Bankruptcy Court.

**1.1.126. *Reorganized Federal-Mogul*** means Federal-Mogul Corporation on and after the Effective Date, as reorganized pursuant to the Plan. ***Reorganized Debtor*** or ***Reorganized [name of Debtor]*** shall have the same meaning with reference to the particular Debtor identified. In each instance, and unless a successor entity is specified, the Reorganized Debtor shall consist of the same legal entity as the corresponding Debtor, but subject to the terms and conditions of the Plan, including, without limitation, the discharge, release and Injunctions under Article IX of the Plan, and, except as provided in Article IV of the Plan, each Reorganized Debtor shall have and incur no successor liability with respect to Claims or Demands that may have existed prior to Confirmation of the Plan.

**1.1.127. *Reorganized Federal-Mogul Class A Common Stock*** shall have the meaning set forth in the Amended and Restated Certificate of Incorporation of Federal-Mogul Corporation which is attached as Exhibit 8.3.9(1) to the Plan.

**1.1.128. *Reorganized Federal-Mogul Class B Common Stock*** shall have the meaning set forth in the Amended and Restated Certificate of Incorporation of Federal-Mogul Corporation which is attached as Exhibit 8.3.9(1) to the Plan.

**1.1.129. *Reorganized Federal-Mogul Common Stock*** means the shares of Reorganized Federal-Mogul Class A Common Stock and Reorganized Federal-Mogul Class B Common Stock to be distributed pursuant to the Plan.

**1.1.130. *Reorganized Federal-Mogul Junior Secured PIK Notes*** means the junior secured PIK notes to be issued by Reorganized Federal-Mogul pursuant to the Plan on account of the Allowed Class B Bank Claims, in the original principal amount of \$300,000,000.00. The principal terms and conditions of the Reorganized Federal-Mogul Junior Secured PIK Notes are set forth in Exhibit 1.1.130 to the Plan.

**1.1.131. *Reorganized Federal-Mogul Secured Term Loan Agreement*** means the loan agreement among Reorganized Federal-Mogul, the holders of Allowed Class 1B Bank Claims and the Administrative Agent, in the principal amount of (i) \$1,303,897,117.90 (as adjusted as of the Effective Date to convert any foreign currencies to U.S. dollars) plus the amount of any draws prior to the Effective Date on letters of credit outstanding under the Bank Credit Agreement and (ii) the amount, if any, of the Tranche C portion of the DIP Facility restructured pursuant to Section 2.2 of the Plan. The principal terms and conditions of the Reorganized Federal-Mogul Secured Term Loan Agreement are set forth in Exhibit 1.1.131 of the Plan. A form of the Reorganized Federal-Mogul Secured Term Loan Agreement shall be filed with the Bankruptcy Court prior to the hearing on the adequacy of Disclosure Statement.

**1.1.132. *Schedules*** means the Schedules, Statements and Lists filed by the Debtors with the Bankruptcy Court pursuant to Bankruptcy Rule 1007, as they have been and may be amended or supplemented from time to time.

**1.1.133. *Scheme of Arrangement*** means the Section 425 Scheme or Section 425 Schemes relating to those of the U.K. Debtors that are listed in Exhibit 1.1.133, together with any modifications thereof which are approved by the U.K. Court.

**1.1.134. *Section 425 Scheme*** means any scheme of arrangement under Section 425 of the Companies Act 1985 of the United Kingdom.

**1.1.135. *Secured*** means, with respect to any Claim, including, without limitation, Bank Claims and Surety Claims, a Claim that is (a) secured in whole or in part as of the Petition Date, by a Lien which is valid, perfected and enforceable under applicable law and is not subject to avoidance under the Bankruptcy Code, the IA 1986 or other applicable law, or (b) subject to setoff under Section 553 of the Bankruptcy Code or other applicable law, but, with respect to both (a) and (b) above, only to the extent of the value of the holder of such Claim's interest in the particular Estate's interest in the property securing any such Claim or the amount subject to setoff, as the case may be.

**1.1.136. *Secured Surety Notes and Junior Secured Surety PIK Notes*** means the secured notes and junior secured PIK notes, if any, to be issued by Reorganized Federal-Mogul pursuant to the Plan on account of Allowed Surety Claims. The principal terms and conditions of the Secured Surety Notes and Junior Secured Surety PIK Notes are set forth in Exhibit 1.1.136. The Secured Surety Notes, Junior Secured Surety PIK Notes and any related documents will be filed with the Bankruptcy Court on or before the earlier of (i) 30 days before the deadline for casting votes on the Plan or (ii) 45 days before the deadline for filing objections to confirmation of the Plan.

**1.1.137. *Settling Asbestos Insurance Company*** means any Asbestos Insurance Company that enters into an Asbestos Insurance Settlement Agreement that is sufficiently comprehensive in the determination of the Plan Proponents.

**1.1.138. *Small Company*** means a U.K. Debtor with assets having a value, as set forth in Exhibit L to the Disclosure Statement, of less than £1,000,000 or liabilities to unaffiliated creditors (excluding holders of Asbestos Personal Injury Claims other than those that have been asserted in lawsuits filed in the United Kingdom on or before the date this Plan was filed with the Bankruptcy Court) having a value of less than £1,000,000.

**1.1.139. *Small Company Specific Distribution Ratio*** means, with respect to a Small Company, a ratio, the numerator of which shall be (i) the value of the referenced Small Company's assets as estimated on Exhibit L to the Disclosure Statement if the Consensual Marketing Procedures are not performed or (ii) the Market Value of the referenced U.K. Debtor's assets if the Marketing Procedures are performed and the denominator of which shall be the Allowed Claims against the referenced U.K. Debtor excluding Asbestos Personal Injury Claims other than those that have been asserted in lawsuits filed in the United Kingdom on or before April 22, 2004.

**1.1.140. *Stock Repayment Obligation*** shall have the meaning set forth in Section 4.5.2.

**1.1.141. *Subordinated Securities Claim*** means a Claim subject to subordination under Section 510(b) of the Bankruptcy Code, including, without limitation, any Claim that arises from the rescission of a purchase or sale of a security of any of the Debtors (including, without limitation, the Notes and the existing Federal-Mogul common and preferred



stock classified below in Classes 1M and 1O), or for damages arising from the purchase or sale of such a security, or for reimbursement, indemnification, or contribution allowed under Section 502 of the Bankruptcy Code on account of such Claim.

**1.1.142. *Subordination Deed*** means an agreement wherein certain of the Debtors or their Affiliates holding Affiliate Claims against a U.K. Debtor consensually agree to (i) subordinate their Claims so that the legal right and priority of payment on their Claim is subordinate to all non-Affiliate Claims against the applicable U.K. Debtor, (ii) extinguish and discharge their Claims in whole or in part or (iii) leave unaltered the legal, equitable and contractual rights to which such Claims entitled the holder; provided, however, that prior to such discharge and extinguishment such Affiliate Claims may be contributed to capital, transferred, setoff or subject to any other arrangement at the option of the Plan Proponents. The Subordination Deed shall be filed with the Bankruptcy Court at least 30 days prior to the deadline for casting votes on the Plan.

**1.1.143. *Supersedes Bond Action*** means any rights, defenses, counterclaims or affirmative causes of action of the Debtors, Reorganized Federal-Mogul, or the other Reorganized Debtors with respect to a Bonded Claim, or with respect to any supersedeas bond or other form of security or payment assurance issued in connection with a Bonded Claim, or against the issuer or insurer of any payment assurance issued in connection with a Bonded Claim.

**1.1.144. *Supplemental Injunction*** means the injunction described in Section 9.3.1 of the Plan.

**1.1.145. *Sureties*** means Travelers Casualty and Surety Company of America (“Travelers”), SAFECO Insurance Company of America (“Safeco”) and National Fire Insurance Company of Hartford and Continental Casualty Company (“National Fire”) as issuers of the CCR Surety Bonds.

**1.1.146. *Surety Claims*** means the secured, unsecured (as in the cases of T&N Limited, Gasket Holdings, Inc. and their respective Estates), or partially secured and unsecured contingent reimbursement obligations arising under and related to any indemnity contract or guarantee between certain of the Debtors signatory thereto and the Sureties relating to the CCR Surety Bonds issued by the Sureties in favor of CCR.

**1.1.147. *T&N Distribution Ratio 1*** means a ratio, the numerator of which shall be 79% of the value of the Reorganized Federal-Mogul Class B Common Stock as determined at the Confirmation Hearing and the denominator of which shall be the tort system value (as reflected in the Asbestos Personal Injury Trust Distribution Procedures) of all Asbestos Personal Injury Claims against T&N Limited.

**1.1.148. *T&N Distribution Ratio 2*** means a ratio, the numerator of which shall be the value of T&N Limited's assets as determined at the Confirmation Hearing either in accordance with the Consensual Marketing Procedures or as otherwise determined by the Court and the denominator of which shall be the sum of (i) the tort system value (as reflected in the Asbestos Personal Injury Trust Distribution Procedures) of all Asbestos Personal Injury Claims

against T&N Limited and (ii) the Allowed Amount of all other Claims against T&N Limited including, without limitation, Affiliate Claims against T&N Limited.

**1.1.149.** *T&N Pension Plan* means the T&N Retirement Benefits Scheme (1989), a defined benefit plan operated by certain of the U.K. Debtors for eligible employees.

**1.1.150.** *T&N Pension Plan Trustees* means the trustees for the time being of the T&N Pension Plan and, as of the date hereof, being Alexander Forbes Trustee Services Limited and T&N Pension Trustee Limited.

**1.1.151.** *Third Party Injunction* means the injunction described in Section 9.3.2 of the Plan.

**1.1.152.** *Trust* means the trust or trusts established pursuant to the Trust Agreement and in accordance with Section 524(g) of the Bankruptcy Code, which is a "qualified settlement fund" pursuant to Section 468B of the IRC and the regulations issued pursuant thereto.

**1.1.153.** *Trust Advisory Committee or TAC* means that committee appointed and serving in accordance with Section 4.10.1 of the Plan and having the powers, duties and obligations set forth in the Trust Agreement.

**1.1.154.** *Trust Agreement* means that certain Asbestos Personal Injury Trust Agreement, effective as of the Confirmation of the Plan, substantially in the form of Exhibit 1.1.154 to the Plan.

**1.1.155.** *Trust Assets* means the following assets and any income, profits and proceeds derived from such assets subsequent to the transfer of such assets to the Trust: (a) the Reorganized Federal-Mogul Class B Common Stock to be distributed to the Trust pursuant to the Plan, (b) the Asbestos Insurance Actions and the Asbestos Insurance Action Recoveries attributable to any Asbestos Personal Injury Claims, (c) the Asbestos Insurance Settlement Agreements attributable to any Asbestos Personal Injury Claims, other than such agreements attributable to the Hercules Policy, (d) the Trust Causes of Action and (e) any and all other funds, proceeds or other consideration otherwise contributed to the Trust pursuant to the Confirmation Order.

**1.1.156.** *Trust Causes of Action* means any and all of the actions, claims, rights, defenses, counterclaims, suits and causes of action of the Debtors (other than, prior to the Hercules Policy Expiry Date, the Hercules-Protected Entities and other than any such actions, claims, rights, defenses, counterclaims, suits and causes of action with respect to the EL Coverage), whether known or unknown, in law, at equity or otherwise, whenever and wherever arising under the laws of any jurisdiction attributable to: (a) all defenses to any Asbestos Personal Injury Claim, including, but not limited to, all defenses under Section 502 of the Bankruptcy Code, (b) with respect to any Asbestos Personal Injury Claim, all rights of setoff, recoupment, contribution, reimbursement, subrogation or indemnity (as those terms are defined by the non-bankruptcy law of any relevant jurisdiction) and any other indirect claim of any kind whatsoever, whenever and wherever arising or asserted, and (c) subject to the provisions of the Plan, any other claims or rights with respect to Asbestos Personal Injury Claims that the Debtors

(other than, prior to the Hercules Policy Expiry Date, the Hercules-Protected Entities and other than any such claims or rights with respect to the EL Coverage) would have had under applicable law if the Reorganization Cases had not occurred and the holder of such Asbestos Personal Injury Claim had asserted it by initiating civil litigation against any such Debtor. Notwithstanding the foregoing, Trust Assets and Trust Causes of Action shall not include (x) any of the Debtors' rights arising under or attributable to the Supersedeas Bond Actions (y) the property, rights or assets, if any, of the Debtors which were previously used to secure or obtain a supersedeas bond with respect to any Allowed Bonded Claim and which are recoverable or recovered by the Debtors after the full satisfaction of such claim or (z) any claim, cause of action, or right of the Debtors or any of them, under the laws of any jurisdiction, for reimbursement, indemnity, contribution, breach of contract or otherwise arising from or relating to any payments made by the Debtors on account of Asbestos Personal Injury Claims prior to the Petition Date.

**1.1.157.** *Trust Claim* shall have the meaning set forth in Section 4.5.4.

**1.1.158.** *Trust Documents* means the Trust Agreement, the Asbestos Personal Injury Trust Distribution Procedures and all other agreements, instruments and documents governing the establishment, administration and operation of the Trust, which shall be substantially in the form set forth in the Plan, as they may be amended or modified from time to time in accordance with the Plan and the Trust Agreement.

**1.1.159.** *Trust Expenses* means any Asbestos Personal Injury Expenses and any other liabilities, costs or expenses of, or imposed upon, or in respect of, the Trust (except for payments to holders of Asbestos Personal Injury Claims on account of such Claims). Trust Expenses shall also expressly include (a) any and all liabilities, costs and expenses incurred subsequent to the Confirmation of the Plan in connection with any and all Asbestos Insurance Actions, or any similar claim, cause of action or right of Reorganized T&N against the Hercules Insurers, or of the Trust against the EL Insurers, in each case whether or not any such action results in a recovery for the Trust and (b) any and all liabilities, costs and expenses incurred by the Reorganized Debtors in taking any action on behalf of or at the direction of the Trustees, if any, including, without limitation, any costs and expenses incurred by the Reorganized Debtors in being named as a defendant in any Asbestos Insurance Action or other actions relating to the Hercules Policy or any EL Policy.

**1.1.160.** *Trustees* means the Persons appointed pursuant to Section 4.9 of the Plan for the purpose of acting as trustees of the Trust in accordance with the terms and conditions contained in the Trust Documents, the Plan and the Confirmation Order.

**1.1.161.** *U.K. Court* means any court of competent jurisdiction in any part of the United Kingdom.

**1.1.162.** *U.K. Debtors* means those Debtors so listed in footnote 1 of the Plan.

**1.1.163.** *United States Trustee* means the Office of the United States Trustee for the District of Delaware.

**1.1.164. *Unsecured Claim*** means any Claim (regardless of whether such Claim is covered by insurance), not specifically included in a separately identified Class of Claims or Equity Interests, and to the extent that such Claim is neither secured nor entitled to priority under applicable law. Unsecured Claims shall expressly include, without limitation, (a) any claim arising from the rejection of an executory contract or unexpired lease under Section 365 of the Bankruptcy Code, (b) any portion of a Claim to the extent the value of the holder's interest in the applicable Estate's interest in the property securing such Claim is less than the amount of the Claim, or to the extent that the amount of the Claim subject to setoff is less than the amount of the Claim, as determined pursuant to Section 506(a) of the Bankruptcy Code, (c) Surety Claims against T&N Limited and/or Gasket Holdings Inc., (d) Other U.K. Claims (including, specifically, Off-Site Environmental Claims and Asbestos Property Damage Claims against any U.K. Debtors to the extent that the Allowed Amounts of such Claims are not otherwise satisfied by any applicable insurance coverage), (e) any unsecured deficiency claims held by the holders of Bonded Non-Asbestos Claims and/or Surety Claims, (f) Asbestos Property Damage Claims against any U.S. Debtors to the extent that the Allowed Amounts of such Claims are not otherwise satisfied by any applicable insurance coverage, and to the extent that such Claims are not Bonded Claims; (g) Excluded Non-Qualified Pension Claims, (h) Off-Site Environmental Claims, (i) Claims arising from the provision of goods or services to the Debtors prior to the Petition Date, including the Claims of commercial trade creditors and (j) Affiliate Claims against the U.K. Debtors which are not subject to the Subordination Deed. Unless otherwise specifically provided in an applicable provision of the Plan, Unsecured Claims shall not include (i) Administrative Claims, (ii) Administration Claims, (iii) Priority Claims, (iv) Preferential Claims, (v) Secured Bank Claims, (vi) Secured Surety Claims, (vii) Noteholder Claims, (viii) Other Secured Claims, (ix) On-Site Environmental Claims, (x) Non-Priority Employee Benefit Claims, (xi) Asbestos Personal Injury Claims, (xii) Bonded Claims, (xiii) Affiliate Claims against U.K. Debtors which are subject to the Subordination Deed and (xiv) Equity Interests.

**1.1.165. *Unsecured Creditors Committee*** means the Official Committee of Unsecured Creditors of the Debtors appointed in the Reorganization Cases by the United States Trustee.

**1.1.166. *U.S. Debtors*** means those Debtors so listed in footnote 1 of the Plan.

**1.1.167. *Valuation Proceedings*** means the contested matter to be initiated, if necessary, under Section 506(a) of the Bankruptcy Code and Rule 3012 of the Federal Rules of Bankruptcy Procedure for the purpose of determining the Allowed Amount of the Secured portions of the Surety Claims.

**1.1.168. *Voluntary Arrangement*** means the company voluntary arrangement or company voluntary arrangements proposed under Part I of the IA 1986 and Part I of the IR 1986 relating to those of the U.K. Debtors that are listed in Exhibit 1.1.168 to the Plan and any modifications thereto which may be approved by the requisite proportion of creditors of the relevant U.K. Debtor.

**1.1.169. *Voluntary Arrangement Supervisors*** means, in relation to a U.K. Debtor, the joint supervisors of the Voluntary Arrangement over the U.K. Debtor or their duly appointed successors.

**1.1.170. *Warrants*** means the warrants for the purchase of Reorganized Federal-Mogul Common Stock which are to be issued by Reorganized Federal-Mogul pursuant to the Plan and the warrant agreement attached hereto as Exhibit 1.1.170 to the Plan.

**1.2. Other Terms**. Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine and neuter. The word "herein," "hereof," "hereto," "hereunder," and other words of similar import refer to the Plan as a whole and are not limited to any particular article, section, subsection, or clause contained in the Plan. Any capitalized term used herein that is not defined herein shall have the meaning ascribed to such term, if any, in the Bankruptcy Code, unless the context shall otherwise require. The rules of construction set forth in Section 102 of the Bankruptcy Code shall also apply in construing and interpreting the provisions of the Plan.

**1.3. Deemed Acts**. Whenever an act or event is expressed under the Plan to have been deemed done or to have occurred, it shall be deemed to have been done or to have occurred without any further act by any party, by virtue of the Plan and the Confirmation Order.

**1.4. Exhibits**. All Plan Documents, to the extent not annexed hereto, shall be contained in a separate Appendix of Plan Documents, which shall be filed with the Clerk of the Bankruptcy Court not later than the Plan Documents Filing Date. The Plan Documents shall be made available for review, inspection, and copying at the expense of the party in interest, either (a) through posting on an appropriate website or (b) during normal business hours at the office of Debtors' counsel, as follows:

Sidley Austin Brown & Wood LLP  
10 South Dearborn Street  
Chicago, Illinois 60603  
Telephone: (312) 853-7000

## ARTICLE II TREATMENT OF ADMINISTRATIVE CLAIMS, ADMINISTRATION CLAIMS AND PRIORITY TAX CLAIMS

**2.1. Allowed Administrative Claims and Administration Claims**. Except to the extent that any holder agrees to different treatment, on the Distribution Date, each holder of an Allowed Administrative Claim or an Allowed Administration Claim against any of the Debtors shall receive Cash equal to the Allowed Amount of its Administrative Claim, or, as the case may be, Administration Claim, in full satisfaction, settlement, release, extinguishment and discharge of such Claim; provided, however, that Allowed Administrative Claims or Allowed Administration Claims representing (a) liabilities incurred on or after the Petition Date in the ordinary course of business by the Debtors and (b) postpetition contractual liabilities arising

under loans or advances to the Debtors, including, but not limited to the DIP Facility, whether or not incurred in the ordinary course of business, shall be paid by Reorganized Federal-Mogul or the applicable Reorganized Debtor, in accordance with the terms and conditions of the particular transactions relating to such liabilities and any agreements relating thereto, subject to the provisions set forth in Section 2.2 of the Plan. Each Allowed Administrative Claim or Allowed Administration Claim shall be paid from, and to the extent of available assets of, the respective Debtor's Estate to which such Claim applies or has been allocated, and thereafter to the extent of any insufficiency, from funds advanced to the relevant Debtor by the Estate of Federal-Mogul Corporation. To the extent that an Administrative Claim or Administration Claim is Allowed against the Estate of more than one Debtor, there shall be only a single recovery on account of such Allowed Claim.

**2.2. Treatment of Tranche C Portion of DIP Facility.** On the Effective Date, the Tranche C Loans portion of the DIP Facility consisting of (a) loans in the approximate amount of \$328.1 million plus (b) the amount of any draws prior to the Effective Date on letters of credit outstanding under the Tranche C Loans portion of the DIP Facility shall either be refinanced, in whole or in part, as part of the Exit Facilities or, for any non-refinanced portion, if any, restructured on market terms as a separate tranche of (and secured by liens senior to the liens securing the balance of the obligations to be evidenced by) the Reorganized Federal-Mogul Secured Term Loan Agreement; provided, however, the Debtors shall use their reasonable best efforts to seek to refinance the Tranche C Loans portion of the DIP Facility as part of the Exit Facilities.

**2.3. Priority Tax Claims.** Except to the extent that any holder agrees to different treatment, each holder of an Allowed Priority Tax Claim shall receive on account of such Claim deferred cash payments, over a period not exceeding six years after the date of assessment of each such Claim, of a value, as of the Effective Date of the Plan, equal to the Allowed amount of such Priority Tax Claim. Each Allowed Priority Tax Claim shall be paid from, and to the extent of available assets of, the respective Debtor's Estate against which such Claim is asserted, and thereafter to the extent of any insufficiency, from funds advanced to the relevant Debtor by the Estate of Federal-Mogul Corporation; provided, however, the Estate of Federal-Mogul Corporation shall not be obligated to advance funds for the payment of Priority Tax Claims, if any, of any of the Inactive Debtor Subsidiaries.

### **ARTICLE III CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS**

**Summary.** Pursuant to Sections 1122 and 1123 of the Bankruptcy Code, Claims and Equity Interests are classified for all purposes, including, without express or implied limitation, voting, confirmation and distribution pursuant to the Plan, as set forth herein below. A Claim or Equity Interest shall be deemed classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class, and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Equity Interest qualifies within the description of such different Class. A Claim or Equity Interest is in a particular Class only to the extent that such Claim or Equity Interest is Allowed in that Class and has not been

paid or otherwise settled prior to the Effective Date. **NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE PLAN, NO RATIO WHICH IS TO BE CALCULATED AS PROVIDED HEREIN FOR THE PURPOSES OF DETERMINING DISTRIBUTIONS TO HOLDERS OF CLAIMS OR EQUITY INTERESTS SHALL BE GREATER THAN 1.0 TO 1.**

**THE PLAN PROPONENTS RESERVE THE RIGHT TO SEEK AT OR PRIOR TO THE CONFIRMATION HEARING TO HAVE THE ESTATES OF THE DEBTORS OBLIGATED ON THE SURETY CLAIMS (EXCLUDING T&N LIMITED) SUBSTANTIVELY CONSOLIDATED FOR PLAN CLASSIFICATION, TREATMENT, VOTING AND CONFIRMATION PURPOSES ONLY. IF THE PLAN PROPONENTS DO NOT ELECT TO SEEK TO HAVE THE ESTATES OF SUCH DEBTORS SUBSTANTIVELY CONSOLIDATED, THEN NONE OF THE DEBTORS' ESTATES SHALL BE SUBSTANTIVELY CONSOLIDATED FOR PLAN PURPOSES OR OTHERWISE.**

**TO THE EXTENT THAT THE ESTATES OF ANY DEBTORS ARE NOT SUBSTANTIVELY CONSOLIDATED PURSUANT TO THE PLAN, ALLOWED CLAIMS HELD AGAINST ONE DEBTOR WILL BE SATISFIED SOLELY FROM THE CASH AND ASSETS OF SUCH DEBTOR AND ITS ESTATE, PROVIDED THAT, TO THE EXTENT OF ANY INSUFFICIENCY, FUNDS MAY BE ADVANCED TO THE RELEVANT DEBTORS BY THE ESTATE OF FEDERAL-MOGUL CORPORATION. EXCEPT AS SPECIFICALLY SET FORTH HEREIN, NOTHING IN THE PLAN OR THE DISCLOSURE STATEMENT SHALL CONSTITUTE OR BE DEEMED TO CONSTITUTE AN ADMISSION THAT ANY ONE OF THE DEBTORS IS SUBJECT TO OR LIABLE FOR ANY CLAIM AGAINST ANY OTHER DEBTOR. A CLAIM AGAINST MULTIPLE DEBTORS, TO THE EXTENT ALLOWED IN EACH DEBTOR'S CASE, WILL BE TREATED AS A SEPARATE CLAIM AGAINST EACH DEBTOR'S ESTATE FOR ALL PURPOSES (INCLUDING, BUT NOT LIMITED TO, VOTING AND DISTRIBUTION, PROVIDED, HOWEVER, THAT THERE SHALL BE ONLY A SINGLE RECOVERY ON ACCOUNT OF SUCH CLAIMS AND ANY DISTRIBUTION FROM A DEBTOR ON ACCOUNT OF SUCH CLAIMS SHALL TAKE INTO ACCOUNT THE DISTRIBUTIONS TO BE MADE BY OTHER DEBTORS ON ACCOUNT OF SUCH CLAIMS PURSUANT TO THE PLAN), AND SUCH CLAIMS WILL BE ADMINISTERED AND TREATED IN THE MANNER PROVIDED IN THE PLAN.**

**NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE PLAN, ALL DISTRIBUTIONS ON ACCOUNT OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE U.K. DEBTORS SHALL BE SUBJECT TO SECTION 8.16 OF THE PLAN, INCLUDING, WITHOUT LIMITATION, SUBSECTIONS 8.16.3, 8.16.4 AND 8.16.5 OF THE PLAN.**

The classification and treatment of Claims against and Equity Interests in the primary five (5) U.S. Debtors and fifteen (15) U.K. Debtors that are contemplated to have ongoing business operations after Confirmation of the Plan are set forth in detail in the text of the Plan which follows. For purposes of brevity and convenience, but with the same legal force and

effect as if set forth at length herein, the classification and treatment of Claims against and Equity Interests in all remaining U.S. Debtors and U.K. Debtors is set forth in Exhibit 3.21 to the Plan and the explanatory notes accompanying Exhibit 3.21.<sup>2</sup>

### **3.1. Federal-Mogul Corporation (Classes 1A through 1O)**

#### **3.1.1. Class 1A – Priority Claims.**

(a) Classification: Class 1A consists of all Priority Claims against Federal-Mogul Corporation.

(b) Treatment: On the Distribution Date, each holder of a Class 1A Allowed Priority Claim shall receive either (I) Cash equal to the Allowed Amount of such Priority Claim or (II) such other treatment as may be agreed upon in writing by such holder and Reorganized Federal-Mogul.

(c) Voting: Class 1A is impaired and each holder of an Allowed Class 1A Claim is entitled to vote to accept or reject the Plan.

#### **3.1.2. Class 1B – Secured Bank Claims.**

(a) Classification: Class 1B consists of all Secured Bank Claims against Federal-Mogul Corporation.

(b) In full and complete satisfaction of the Allowed Class 1B Claims, including, without limitation, any subordination or turnover rights relating to the Convertible Subordinated Debentures, the holders of such Claims shall receive the following treatment:

(i) Claims arising under the Bank Credit Agreement (including certain letter of credit obligations) shall be deemed fully Secured and Allowed in the amount of \$1,646,681,464.00 (as adjusted as of the Effective Date to convert any foreign currencies to U.S. dollars);

(ii) Reorganized Federal-Mogul shall (y) enter into, execute and deliver the Reorganized Federal-Mogul Secured Term Loan Agreement which shall provide for, among other things, the issuance to the holders of Allowed Class 1B Claims, in accordance with each such holder's rights under the Bank Credit Agreement, of term loans in the aggregate principal amount of (A) \$1,303,897,117.90 (as adjusted as of the Effective Date to convert any foreign currencies to U.S. dollars) plus the amount of any draws prior to the Effective Date on letters of credit outstanding under the Bank Credit Agreement and (B) the amount, if any, of the Tranche C portion of the DIP Facility restructured pursuant to Section 2.2 of the Plan and (z) replace with the Exit Facilities any letters of credit not drawn as of the Effective Date;

<sup>2</sup> One of the fifteen U.K. Debtors listed in this Article III of the Plan is TBA Industrial Products Limited ("TBA-IP"). TBA-IP's assets were sold during the course of these Reorganization Cases and, as a result, TBA no longer has any material operations. Due to the timing of these events, however, TBA remains classified as Debtor 19 in Article III of the Plan and has not been moved to Exhibit 3.21 of the Plan.



(iii) Reorganized Federal-Mogul shall issue and deliver to the PIK Notes Trustee, for ultimate distribution to the holders of Allowed Class 1B Claims in accordance with each such holder's rights under the Bank Credit Agreement, the Reorganized Federal-Mogul Junior Secured PIK Notes in the amount of \$300,000,000.00; and

(iv) All adequate protection payments to the holders of Bank Claims authorized under the Final Order approving the DIP Facility shall continue until and cease on the Effective Date and all accrued and unpaid adequate protection payments as of the Effective Date will be paid in Cash on the Effective Date. The holders of Bank Claims shall retain all adequate protection payments made during these Reorganization Cases without any diminution of the treatment set forth above.

All Claims arising under the Bank Credit Agreement are deemed fully Secured. As a result, there are no unsecured Bank Claims and the holders of Bank Claims do not have or hold any Class H Unsecured Claims against any of the Debtors.

(c) Voting: Class 1B is impaired and each holder of an Allowed Class 1B Claim is entitled to vote to accept or reject the Plan.

### **3.1.3. Class 1C – Secured Surety Claims**

(a) Classification: Class 1C consists of all Secured Surety Claims against Federal-Mogul Corporation.

(b) Treatment: All Claims and interests arising under and related to any indemnity contract or guarantee between Federal-Mogul Corporation and the Sureties relating to the CCR Surety Bonds, and all Liens on any property of Federal-Mogul Corporation in favor of the Sureties shall be released, extinguished and discharged, and the following shall occur:

(i) On account of that portion of the Surety Claims that is determined, as a result of the CCR Litigation, the Avoidance Litigation and/or the Valuation Proceedings, to constitute Allowed Secured Surety Claims, the holders of Surety Claims shall receive the Secured Surety Notes and Junior Secured Surety PIK Notes that (x) shall have principal amounts, collectively, equal to the amount of the Allowed Secured Surety Claims, (y) are secured by Liens on the same property that secured the Allowed Secured Surety Claims prior to the Petition Date (subject to the liens securing the Exit Facilities) and (z) provide deferred cash payments, collectively, of a present value, as of the Effective Date, equal to the Allowed Amount of the Allowed Secured Surety Claims; and

(ii) On account of that portion of the Surety Claims that is determined, as a result of the CCR Litigation, the Avoidance Litigation and/or the Valuation Proceedings, not to constitute Allowed Secured Surety Claims, the holders of Surety Claims shall hold an Allowed Unsecured Claim against Federal-Mogul Corporation and the other Debtors, if any, obligated on the Allowed Surety Claims; or

(iii) Such other treatment as agreed to by the Sureties and the Plan Proponents or as otherwise required to obtain confirmation of the Plan over the objection of the Sureties.

(c) Adequate Protection Payments: All adequate protection payments to the Sureties authorized under the Final Order approving the DIP Facility shall cease on the Effective Date. If the amount of the Allowed Surety Claims exceeds the value, as of the Confirmation Date, of all non-avoidable collateral securing such Claims, then the amount of the adequate protection payments paid to the Sureties during these Reorganization Cases shall be offset against and reduce the amounts to be distributed to the Sureties pursuant to the Plan on account of the Allowed Surety Claims. If, however, the amount of the Allowed Surety Claims is less than the value, as of the Confirmation Date, of all non-avoidable collateral securing such Claims, then (i) the Sureties shall retain the adequate protection payments, if any, up to the amount by which the value of the non-avoidable collateral exceeds the amount of the Allowed Surety Claims without any diminution of the treatment set forth above and (ii) the amount of any additional adequate protection payments shall be offset against and reduce the amounts to be distributed to the Sureties pursuant to the Plan.

(d) Voting: Class 1C is impaired, and each holder of an Allowed Class 1C Claim is entitled to vote to accept or reject the Plan.

#### **3.1.4. Class 1D – Noteholder Claims.**

(a) Classification: Class 1D consists of all secured and unsecured Noteholder Claims against Federal-Mogul Corporation, which shall be deemed Allowed as follows:

(1) Claims arising under Federal-Mogul Corporation's 7.5% Notes due 2009 shall be deemed Allowed in the aggregate amount of \$572,812,500.00;

(2) Claims arising under Federal-Mogul Corporation's 7.375% Notes due 2006 shall be deemed Allowed in the aggregate amount of \$401,069,010.50;

(3) Claims arising under Federal-Mogul Corporation's 7.75% Notes due 2006 shall be deemed Allowed in the aggregate amount of \$399,595,000.10;

(4) Claims arising under Federal-Mogul Corporation's 7.875% Notes due 2010 shall be deemed Allowed in the aggregate amount of \$347,713,437.50;

(5) Claims arising under Federal-Mogul Corporation's 7.5% Notes due 2004 shall be deemed Allowed in the aggregate amount of \$244,500,000.00;

(6) Claims arising under Federal-Mogul Corporation's 8.8% Senior Notes due 2007 shall be deemed Allowed in the aggregate amount of \$107,663,379.80;

(7) Claims arising under Federal-Mogul Corporation's 8.37% Medium Term Notes due 2001 shall be deemed Allowed in the aggregate amount of \$32,788,640.00;

(8) Claims arising under Federal-Mogul Corporation's 8.25% Medium Term Notes due 2005 shall be deemed Allowed in the aggregate amount of \$15,364,375.00;

(9) Claims arising under Federal-Mogul Corporation's 8.33% Medium Term Notes due 2001 shall be deemed Allowed in the aggregate amount of \$12,294,326.67;

(10) Claims arising under Federal-Mogul Corporation's 8.12% Medium Term Notes due 2003 shall be deemed Allowed in the aggregate amount of \$10,239,088.89;

(11) Claims arising under Federal-Mogul Corporation's 8.16% Medium Term Notes due 2003 shall be deemed Allowed in the aggregate amount of \$10,240,266.67;

(12) Claims arising under Federal-Mogul Corporation's 8.46% Medium Term Notes due 2002 shall be deemed Allowed in the aggregate amount of \$5,124,550.00.

(b) Treatment: On the Distribution Date, the Disbursing Agent shall issue and deliver to the indenture trustees for the Notes, to be allocated Pro Rata among those indenture trustees based upon the deemed Allowed Amounts of the Claims in Class 1D as set forth above, and for ultimate distribution to or for the account of each Person holding an Allowed Class 1D Claim in accordance with such holder's rights and interests under the applicable Notes and their respective indentures, a Pro Rata portion of the Reorganized Federal-Mogul Class A Common Stock. Such Pro Rata portion to be distributed to each particular indenture trustee shall be determined by multiplying the total number of shares representing such Class A Common Stock times a fraction, the numerator of which equals the Allowed Amount of all Class 1D Claims represented by a particular indenture pertaining to the Notes, and the denominator of which equals the Allowed Amount of all Class 1D and 1J Claims. If Classes 1D and 1J vote to accept the Plan, and at least one of Classes 1M, 1N or 1O votes to accept the Plan, then Class 1D shall also receive 50% of the Warrants to be issued and distributed under the Plan; provided, however, Class 1D has agreed to distribute any and all such Warrants to the holders of Class 1M, 1N and/or 1O Claims and/or interests in accordance with Sections 3.1.13, 3.1.14 and 3.1.15 of the Plan; provided, further, however, the distribution of the Warrants shall be subject to the requirements of Section 8.3.5 of the Plan.

(c) Adequate Protection Payments: All adequate protection payments to the holders of Class 1D Noteholder Claims authorized under the Final Order approving the DIP Facility shall continue until and cease on the Effective Date and any such adequate protection payments that are unpaid as of the Effective Date will be paid in Cash on the Effective Date. The holders of Class 1D Noteholder Claims shall retain any and all such adequate protection payments made and/or authorized in connection with the DIP Facility without any diminution of the treatment set forth above.

(d) Voting: Class 1D is impaired and each holder of an Allowed Class 1D Claim is entitled to vote to accept or reject the Plan.

### **3.1.5. Class 1E – Other Secured Claims**

(a) Classification: Class 1E consists of all Secured Claims other than Bank Claims, Surety Claims, Noteholder Claims or Bonded Claims. Each Secured Claim shall

constitute a separate sub-class (designated, for example, as Class 1E-1) for purposes of voting and distribution.

(b) Treatment: At the option of the Debtor or the Reorganized Debtor and in accordance with Section 1124 of the Bankruptcy Code, all Allowed Secured Claims in Class 1E, and each sub-class thereof, will be treated pursuant to one of the following alternatives: (I) the Plan will leave unaltered the legal, equitable and contractual rights to which each Secured Claim in Class 1E entitles the holder; (II) the Debtor shall cure any default that occurred before or after the Petition Date; the maturity of such Secured Claim shall be reinstated as such maturity existed prior to any such default; the holder of such Secured Claim shall be compensated for any damages incurred as a result of any reasonable reliance by the holder on any right to accelerate its claim; and the legal, equitable and contractual rights of such holder will not otherwise be altered; (III) an Allowed Secured Claim shall receive such other treatment as the Debtor and the holder shall agree; or (IV) all of the collateral for such Secured Claim will be surrendered by the Debtor to the holder of such Claim on the Effective Date or as soon as practicable thereafter.

(c) Voting: To the extent any Allowed Secured Claims are treated in the manner set forth in clauses (I), (II), (III) or (IV) of the immediately preceding subsection, Class 1E or the particular sub-class is unimpaired and such holders are not entitled to vote to accept or reject the Plan.

### **3.1.6. Class 1F - Convertible Subordinated Debenture Claims**

(a) Classification: Class 1F consists of all Allowed Claims arising under, evidenced by, or based upon the Convertible Subordinated Debentures, which shall be deemed Allowed in the total amount of \$211,042,367.00; provided, however, to the extent that holders of Convertible Subordinated Debentures convert such securities to Federal-Mogul Corporation common stock on or before the Record Date or are deemed to have so converted such securities pursuant to Section 8.3.2, then such holders will be treated as holders of Class 1O Federal-Mogul Corporation common stock and receive the distribution, if any, to be made on account of such Class 1O Equity Interests under the Plan.

(b) Treatment: On the Distribution Date, in full and complete satisfaction of the Allowed Class 1F Claims (including, without limitation, any guarantees related to or arising from the Convertible Subordinated Debentures) the Disbursing Agent shall issue and deliver to the indenture trustee for the Convertible Subordinated Debentures, a Pro Rata portion of the Reorganized Federal-Mogul Class A Common Stock, which portion shall be determined by multiplying the total number of shares representing such Class A Common Stock times a fraction, the numerator of which equals the Allowed Amount of all Class 1F Claims, and the denominator of which equals the Allowed Amount of all Class 1D and 1F Claims, provided, however, to the extent necessary to comply with the contractual subordination provisions in the indentures for the Convertible Subordinated Debentures, the Disbursing Agent shall hold in trust and cause all distributions allocable to the Allowed Convertible Subordinated Debenture Claims to be paid directly to the applicable Indenture Trustees on behalf of the Allowed Class 1D Noteholder Claims in accordance with the formula set forth in Section 3.1.4.(b). Solely for purposes of the Declaration of Trust of Federal-Mogul Financing Trust regarding the Convertible Subordinated Debentures, the bankruptcy of Federal-Mogul Corporation shall be deemed to have

occurred on the Effective Date, and the Federal-Mogul Financing Trust shall thereupon be deemed dissolved as provided in such Declaration of Trust.

(c) Voting: Class 1F is impaired and each holder of an Allowed Class 1F Claim is entitled to vote to accept or reject the Plan.

### **3.1.7. Class 1G – On-Site Environmental Claims**

(a) Classification: Class 1G consists of all On-Site Environmental Claims against Federal-Mogul Corporation.

(b) Treatment: Each holder of an Allowed On-Site Environmental Claim in Class 1G shall retain unaltered, the legal, equitable and contractual rights to which such Allowed On-Site Environmental Claim entitles the holder.

(c) Voting: Class 1G is unimpaired and holders of Class 1G Claims are thus not entitled to vote to accept or reject the Plan.

### **3.1.8. Class 1H – Unsecured Claims**

(a) Classification: Class 1H consists of all Unsecured Claims against Federal-Mogul Corporation, other than any unsecured portion of Noteholder Claims, any unsecured portion of Bonded Asbestos Personal Injury Claims, the Convertible Subordinated Debenture Claims or other Claims specifically included in any other Class.

(b) Treatment: Subject to Section 8.17 of the Plan, each holder of an Allowed Class 1H Unsecured Claim shall receive a total Cash payment equal to 35% of such holder's Allowed Unsecured Claim, with such total amount to be paid in three equal, annual installments, the first of which shall be paid on the Distribution Date and the second and third on the first and second anniversaries of the Distribution Date, respectively.

(c) Voting: Class 1H is impaired and each holder of an Allowed Class 1H Claim is entitled to vote to accept or reject the Plan.

### **3.1.9. Class 1I – Non-Priority Employee Benefit Claims**

(a) Classification: Class 1I consists of all Non-Priority Employee Benefit Claims against Federal-Mogul Corporation.

(b) Treatment: On the Effective Date, Reorganized Federal-Mogul shall continue, automatically and without further act, deed or Court order, the Employee Benefit Plans maintained by Federal-Mogul Corporation, and each holder of an Allowed Non-Priority Employee Benefit Claim shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Non-Priority Employee Benefit Claim entitles such holder.

(c) Voting: Class 1I is unimpaired and holders of Class 1I Claims are thus not entitled to vote to accept or reject the Plan.

### **3.1.10. Class 1J – Asbestos Personal Injury Claims**

(a) Classification: Class 1J consists of all Asbestos Personal Injury Claims against Federal-Mogul Corporation.

(b) Treatment: As of the Effective Date, liability for all Class 1J Asbestos Personal Injury Claims shall be automatically and without further act, deed or Court order, transferred to, vested in and assumed by the Trust. Each Asbestos Personal Injury Claim in Class 1J shall be addressed (i.e., Allowed or disallowed, and if Allowed, then paid) solely by the Trust pursuant to and in accordance with the Asbestos Personal Injury Trust Distribution Procedures. If Classes 1D and 1J vote to accept the Plan, and at least one of Classes 1M, 1N or 1O votes to accept the Plan, then Class 1J shall also receive 50% of the Warrants to be issued and distributed under the Plan; provided, however, Class 1J has agreed to distribute any and all such Warrants to the holders of Class 1M, 1N and/or 1O Claims and/or interests in accordance with Sections 3.1.13 , 3.1.14 and 3.1.15 of the Plan; provided, further, however, the distribution of the Warrants shall be subject to the requirements of Section 8.3.5 of the Plan.

(c) Voting: Class 1J is impaired and each holder of an Allowed Class 1J Claim is entitled to vote to accept or reject the Plan.

### **3.1.11. Class 1K – Bonded Claims**

(a) Classification: Class 1K consists of all Bonded Claims against Federal-Mogul Corporation.

(b) Treatment: Each holder of an Allowed Bonded Claim in Class 1K shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Bonded Claim entitles the holder.

(c) Voting: Class 1K is unimpaired and holders of Class 1K Claims are thus not entitled to vote to accept or reject the Plan.

### **3.1.12. Class 1L - Affiliate Claims**

(a) Classification: Class 1L consists of all Affiliate Claims against Federal-Mogul Corporation.

(b) Treatment: On the Effective Date, at the option of the Plan Proponents, all Affiliate Claims in Class 1L shall either be (a) reinstated, in full or in part, or (b) discharged and extinguished, in full or in part, in which case such discharged and extinguished portion shall be eliminated and the holders thereof shall not be entitled to, and shall not receive or retain, any property or interest on account of such portion under the Plan; provided, however, that prior to such discharge and extinguishment such Affiliate Claims may be contributed to capital, transferred, setoff or subject to any other arrangement at the option of the Plan Proponents. If any such Class 1L Claim is reinstated, in full or in part, such reinstated Claim may, at the option of the Plan Proponents, be subordinated in legal right and priority of payment to all non-Affiliate Claims against Federal-Mogul Corporation. Any and all Class 1L Claims, or portions thereof,

being reinstated and, to the extent, if any, that such Claims are being subordinated to non-Affiliate Claims, are set forth in Exhibit 3.1.12.

(c) Voting: Class 1L is impaired and each holder of an Allowed Class 1L Claim is entitled to vote to accept or reject the Plan.

### **3.1.13. Class 1M - Federal-Mogul Corporation Preferred Stock**

(a) Classification: Class 1M consists of all shares of the Series C ESOP Convertible Preferred Stock of Federal-Mogul Corporation, having a liquidation preference of \$63.75 per share, of which there are 439,937 shares outstanding.

(b) Treatment: All existing shares of outstanding Federal-Mogul Corporation preferred stock and all rights related to such stock shall be cancelled, annulled and extinguished on the Effective Date. If Classes 1D, 1J and 1M all vote to accept the Plan, then each holder of Class 1M interest shall receive, in exchange for and in full satisfaction of its Class 1M interest, Warrants calculated as follows: for each outstanding share of Federal-Mogul Corporation preferred stock held as of the Record Date, the holder shall receive Warrants in an amount equal to (A)(i) two, divided by (ii) the sum of (a) two times the total number of outstanding shares of Federal-Mogul Corporation preferred stock plus (b) the total number of shares of Federal-Mogul Corporation common stock deemed held by holders of Allowed Class 1N Claims (but only if Class 1N accepts the Plan) plus (c) the total number of outstanding shares of Federal-Mogul Corporation common stock, including any shares deemed issued pursuant to Section 8.3.2 (but only if Class 1O accepts the Plan), times (B) the total number of Warrants. If Class 1M rejects the Plan, then no distributions shall be made on account of Class 1M interests. Notwithstanding the foregoing or anything to the contrary in this Plan, the distribution of the Warrants shall be subject to the requirements of Section 8.3.5 of the Plan.

(c) Voting: Class 1M is impaired and each holder of an allowed Class 1M Equity Interest is entitled to vote to accept or reject the Plan.

### **3.1.14. Class 1N - Subordinated Securities Claims**

(a) Classification: Class 1N consists of all Subordinated Securities Claims, if any, against Federal-Mogul Corporation.

(b) Treatment: If Classes 1D, 1J and 1N all vote to accept the Plan, each holder of a Subordinated Securities Claim shall receive, in exchange for and in full satisfaction of its Class 1N Subordinated Securities Claim, its Pro Rata share of any applicable insurance and, with respect to any deficiency, the holder shall receive Warrants calculated as follows: for each share of Federal-Mogul Corporation common stock deemed held, the holder shall receive Warrants in an amount equal to (A)(i) one, divided by (ii) the sum of (a) two times the total number of outstanding shares of Federal-Mogul Corporation preferred stock (but only if Class 1M accepts the Plan) plus (b) the total number of shares of Federal-Mogul Corporation common stock deemed held by holders of Allowed Class 1N Claims plus (c) the total number of outstanding shares of Federal-Mogul Corporation common stock, including any shares deemed issued pursuant to Section 8.3.2 (but only if Class 1O accepts the Plan), times (B) the total number of Warrants. For purposes of calculating such distributions of Warrants, the holder of a

Subordinated Securities Claim shall be deemed to hold one share of Federal-Mogul Corporation common stock for each \$28.00 of (i) its Subordinated Securities Claim minus (ii) any insurance proceeds actually received in respect of such Subordinated Securities Claim. If, however, Class 1N rejects the Plan, then no distributions of Warrants shall be made on account of such Class 1N Claims. Notwithstanding the foregoing or anything to the contrary in this Plan, the distribution of the Warrants shall be subject to the requirements of Section 8.3.5 of the Plan.

(c) Voting: Class 1N is impaired and each holder of an allowed Class 1N Subordinated Securities Claim is entitled to vote to accept or reject the Plan.

### **3.1.15. Class 1O – Federal-Mogul Corporation Common Stock**

(a) Classification: Class 1O consists of all outstanding shares of Federal-Mogul common stock, of which there were 87,131,298 shares outstanding as of November 3, 2003, and shall also include up to 4,097,910 additional shares which may be deemed to be issued pursuant to Section 8.3.2.

(b) Treatment: All existing shares of outstanding Federal-Mogul Corporation common stock and all rights related to such stock shall be cancelled, annulled and extinguished on the Effective Date. If Classes 1D, 1J, and 1O all vote to accept the Plan, then each holder of a Class 1O interest shall receive, in exchange for and in full satisfaction of its Class 1O interest, Warrants calculated as follows: for each outstanding share of Federal-Mogul common stock held as of the Record Date, the holder shall receive Warrants in an amount equal to (A)(i) one, divided by (ii) the sum of (a) two times the total number of outstanding shares of Federal-Mogul Corporation preferred stock (but only if Class 1M accepts the Plan) plus (b) the total number of shares of Federal-Mogul Corporation common stock deemed held by holders of Allowed Class 1N Claims (but only if Class 1N accepts the Plan) plus (c) the total number of outstanding shares of Federal-Mogul Corporation common stock, including shares deemed issued pursuant to 8.3.2, times (B) the total number of Warrants. If Class 1O rejects the Plan, then no distribution shall be made on account of Class 1O interests. Notwithstanding the foregoing or anything to the contrary in this Plan, the distribution of the Warrants shall be subject to the requirements of Section 8.3.5 of the Plan.

(c) Voting: Class 1O is impaired and each holder of an Allowed Class 1O Equity Interest is entitled to vote to accept or reject the Plan.

## **3.2. Federal-Mogul Piston Rings, Inc. ("FMPRI") (Classes 2A through 2P)**

### **3.2.1. Class 2A – Priority Claims**

(a) Classification: Class 2A consists of all Priority Claims against FMPRI.

(b) Treatment: On the Distribution Date, each holder of a Class 2A Allowed Priority Claim shall receive either (I) Cash equal to the Allowed Amount of such Priority Claim or (II) such other treatment as may be agreed upon in writing by such holder and Reorganized FMPRI.



(c) Voting: Class 2A is impaired and the each holder of an Allowed Class 2A Claim is entitled to vote to accept or reject the Plan.

### **3.2.2. Class 2B – Secured Bank Claims**

(a) Classification: Class 2B consists of all Secured Bank Claims against FMPRI.

(b) Treatment: In full and complete satisfaction of all Allowed Class 2B Claims, Claims arising under the Bank Credit Agreement (including certain letter of credit obligations) shall be deemed Allowed in the amount of \$1,646,681,464.00 (as adjusted as of the Effective Date to convert any foreign currencies to U.S. dollars) and FMPRI shall guarantee on a secured basis Reorganized Federal-Mogul's obligations under (y) the Reorganized Federal-Mogul Secured Term Loan Agreement and (z) the Reorganized Federal-Mogul Junior Secured PIK Notes.

(c) Voting: Class 2B is impaired and each holder of an Allowed Class 2B Claim is entitled to vote to accept or reject the Plan.

### **3.2.3. Class 2C – Secured Surety Claims**

(a) Classification: Class 2C consists of all Secured Surety Claims against FMPRI.

(b) Treatment: On the Effective Date, all Claims and interests arising under and related to any indemnity contract or guarantee between FMPRI and any of the Sureties relating to the CCR Surety Bonds, if any, and all Liens on any property of FMPRI in favor of the Sureties, shall be released, extinguished and discharged. In full and complete satisfaction of all such Class 2C Claims, FMPRI shall guarantee on a secured basis Reorganized Federal-Mogul's obligations, if any, under the Secured Surety Notes and Junior Secured Surety PIK Notes.

(c) Voting: Class 2C is impaired and each holder of an Allowed Class 2C Claim is entitled to vote to accept or reject the Plan.

### **3.2.4. Class 2D – Noteholder Claims**

(a) Classification: Class 2D consists of all secured and unsecured Noteholder Claims against FMPRI.

(b) Treatment: In full and complete satisfaction of all Class 2D Noteholder Claims, the holders of Class 2D Noteholder Claims shall receive 100 percent of the equity of Reorganized FMPRI; provided, however, in consideration of the treatment accorded to Noteholder Claims elsewhere in this Plan, the holders of Class 2D Noteholder Claims shall be deemed to have automatically transferred 100 percent of the common stock of Reorganized FMPRI to Reorganized Federal-Mogul Powertrain, Inc. as of the Effective Date.

(c) Voting: Class 2D is impaired and each holder of an Allowed Class 2D Claim is entitled to vote to accept or reject the Plan.

### **3.2.5. Class 2E – Other Secured Claims**

(a) Classification: Class 2E consists of all Secured Claims against FMPRI, other than Bank Claims, Surety Claims, Noteholder Claims or Bonded Claims. Each Secured Claim shall constitute a separate sub-class (designated, for example, as Class 2E-1) for purposes of voting and distribution.

(b) Treatment: At the option of the Debtor or the Reorganized Debtor and in accordance with Section 1124 of the Bankruptcy Code, all Allowed Secured Claims in Class 2E, and each sub-class thereof, will be treated pursuant to one of the following alternatives: (I) the Plan will leave unaltered the legal, equitable and contractual rights to which each Secured Claim in Class 2E entitles the holder; (II) the Debtor shall cure any default that occurred before or after the Petition Date; the maturity of such Secured Claim shall be reinstated as such maturity existed prior to any such default; the holder of such Secured Claim shall be compensated for any damages incurred as a result of any reasonable reliance by the holder on any right to accelerate its claim; and the legal, equitable and contractual rights of such holder will not otherwise be altered; (III) an Allowed Secured Claim shall receive such other treatment as the Debtor and the holder shall agree; or (IV) all of the collateral for such Secured Claim will be surrendered by the Debtor to the holder of such Claim on the Effective Date or as soon as practicable thereafter.

(c) Voting: To the extent any Allowed Secured Claims are treated in the manner set forth in clauses (I), (II), (III) or (IV) of the immediately preceding subsection, Class 2E or the particular sub-class is unimpaired and such holders are not entitled to vote to accept or reject the Plan.

### **3.2.6. Class 2G – On-Site Environmental Claims**

(a) Classification: Class 2G consists of all On-Site Environmental Claims against FMPRI.

(b) Treatment: Each holder of an Allowed On-Site Environmental Claim in Class 2G shall retain unaltered, the legal, equitable and contractual rights to which such Allowed On-Site Environmental Claim entitles the holder.

(c) Voting: Class 2G is unimpaired and holders of Class 2G Claims are thus not entitled to vote to accept or reject the Plan.

### **3.2.7. Class 2H – Unsecured Claims**

(a) Classification: Class 2H consists of all Unsecured Claims against FMPRI, other than any unsecured portion of Noteholder Claims, any unsecured portion of Bonded Asbestos Personal Injury Claims or other Claims specifically included in any other Class.

(b) Treatment: Subject to Section 8.17 of the Plan, each holder of an Allowed Class 2H Unsecured Claim shall receive a total Cash payment equal to 35% of such holder's Allowed Unsecured Claim, with such total amount to be paid in three equal, annual installments, the first of which shall be paid on the Distribution Date and the second and third on the first and second anniversaries of the Distribution Date, respectively.

(c) Voting: Class 2H is impaired and each holder of an Allowed Class 2H Claim is entitled to vote to accept or reject the Plan.

### **3.2.8. Class 2I – Non-Priority Employee Benefit Claims**

(a) Classification: Class 2I consists of all Non-Priority Employee Benefit Claims against FMPRI.

(b) Treatment: On the Effective Date, Reorganized FMPRI shall continue, automatically and without further act, deed or Court order, the Employee Benefit Plans maintained by FMPRI, and each holder of an Allowed Class 2I Non-Priority Employee Benefit Claim shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Non-Priority Employee Benefit Claim entitles such holder.

(c) Voting: Class 2I is unimpaired and holders of Class 2I Claims are thus not entitled to vote to accept or reject the Plan.

### **3.2.9. Class 2K – Bonded Claims**

(a) Classification: Class 2K consists of all Bonded Claims against FMPRI.

(b) Treatment: Each holder of an Allowed Bonded Claim in Class 2K shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Bonded Claim entitles the holder.

(c) Voting: Class 2K is unimpaired and holders Class 2K Claims are thus not entitled to vote to accept or reject the Plan.

### **3.2.10. Class 2L - Affiliate Claims**

(a) Classification: Class 2L consists of all Affiliate Claims against FMPRI.

(b) Treatment: On the Effective Date, at the option of the Plan Proponents, all Affiliate Claims in Class 2L shall either be (a) reinstated, in full or in part, or (b) discharged and extinguished, in full or in part, in which case such discharged and extinguished portion shall be eliminated and the holders thereof shall not be entitled to, and shall not receive or retain, any property or interest on account of such portion under the Plan; provided, however, that prior to such discharge and extinguishment such Affiliate Claims may be contributed to capital, transferred, setoff or subject to any other arrangement at the option of the Plan Proponents. If any such Class 2L Claim is reinstated, in full or in part, such reinstated Claim may, at the option of the Plan Proponents, be subordinated in legal right and priority of payment to all non-Affiliate Claims against FMPRI. Any and all Class 2L Claims, or portions thereof, being reinstated and, to the extent, if any, that such Claims are being subordinated to non-Affiliate Claims, are set forth in Exhibit 3.1.12.

(c) Voting: Class 2L is impaired and each holder of an Allowed Class 2L Claim is entitled to vote to accept or reject the Plan.

**3.2.11. Class 2N – Subordinated Securities Claims**

(a) Classification: Class 2N consists of all Subordinated Securities Claims against FMPRI.

(b) Treatment: No distributions shall be made on account of Subordinated Securities Claims against FMPRI. All such Claims against FMPRI shall be discharged and extinguished on the Effective Date.

(c) Voting: Class 2N is impaired and does not receive or retain any Property under the Plan. Accordingly, the holders of Class 2N Claims are conclusively presumed to reject this Plan and the votes of such holders will not be solicited.

**3.2.12. Class 2P – Equity Interests**

(a) Classification: Class 2P consists of all Equity Interests in FMPRI.

(b) Treatment: No distributions shall be made on account of Equity Interests in FMPRI. All Equity Interests in FMPRI shall be cancelled, annulled and extinguished on the Effective Date.

(c) Voting: Class 2P is impaired and does not receive or retain any Property under the Plan. Accordingly, the holders of Class 2P Equity Interests are conclusively presumed to reject this Plan and the votes of such holders will not be solicited.

**3.3. Federal-Mogul Powertrain, Inc. (“FMPI”) (Classes 3A through 3P)**

**3.3.1. Class 3A – Priority Claims**

(a) Classification: Class 3A consists of all Priority Claims against FMPI.

(b) Treatment: On the Distribution Date, each holder of a Class 3A Allowed Priority Claim shall receive either (I) Cash equal to the Allowed Amount of such Priority Claim or (II) such other treatment as may be agreed upon in writing by such holder and Reorganized FMPI.

(c) Voting: Class 3A is impaired and each holder of an Allowed Class 3A Claim is entitled to vote to accept or reject the Plan.

**3.3.2. Class 3B – Secured Bank Claims**

(a) Classification: Class 3B consists of all Secured Bank Claims against FMPI.

(b) In full and complete satisfaction of the Allowed Class 3B Claims, Claims arising under the Bank Credit Agreement (including certain letter of credit obligations) shall be deemed Allowed in the amount of \$1,646,681,464.00 (as adjusted as of the Effective Date to convert any foreign currencies to U.S. dollars) and FMPI shall guarantee on a secured basis

Reorganized Federal-Mogul's obligations under (y) the Reorganized Federal-Mogul Secured Term Loan Agreement and (z) the Reorganized Federal-Mogul Junior Secured PIK Notes.

(c) Voting: Class 3B is impaired and each holder of an Allowed Class 3B Claim is entitled to vote to accept or reject the Plan.

### **3.3.3. Class 3C – Secured Surety Claims**

(a) Classification: Class 3C consists of all Secured Surety Claims against FMPI.

(b) Treatment: On the Effective Date, all Claims and interests arising under and related to any indemnity contract or guarantee between FMPI and any of the Sureties relating to the CCR Surety Bonds, if any, and all Liens on any property of FMPI in favor of the Sureties, shall be released, extinguished and discharged. In full and complete satisfaction of all such Class 3C Claims, FMPI shall guarantee on a secured basis Reorganized Federal-Mogul's obligations, if any, under the Secured Surety Notes and Junior Secured Surety PIK Notes.

(c) Voting: Class 3C is impaired and each holder of an Allowed Class 3C Claim is entitled to vote to accept or reject the Plan.

### **3.3.4. Class 3D – Noteholder Claims**

(a) Classification: Class 3D consists of all secured and unsecured Noteholder Claims against FMPI.

(b) Treatment: On the Distribution Date, all Claims arising under FMPI's Guaranty of the Noteholder Claims shall be released, extinguished and discharged. In consideration of the treatment accorded Class 1D, holders of Class 3D Noteholder Claims shall receive no additional distribution under the Plan on account of such Class 3D Noteholder Claims.

(c) Voting: Class 3D is impaired and each holder of an Allowed Class 3D is entitled to vote to accept or reject the Plan.

### **3.3.5. Class 3E – Other Secured Claims**

(a) Classification: Class 3E consists of all Secured Claims against FMPI, other than Bank Claims, Surety Claims, Noteholder Claims or Bonded Claims. Each Secured Claim shall constitute a separate sub-class (designated, for example, as Class 3E-1) for purposes of voting and distribution.

(b) Treatment: At the option of the Debtor or the Reorganized Debtor and in accordance with Section 1124 of the Bankruptcy Code, all Allowed Secured Claims in Class 3E, and each sub-class thereof, will be treated pursuant to one of the following alternatives: (I) the Plan will leave unaltered the legal, equitable and contractual rights to which each Secured Claim in Class 3E entitles the holder; (II) the Debtor shall cure any default that occurred before or after the Petition Date; the maturity of such Secured Claim shall be reinstated as such maturity existed

prior to any such default; the holder of such Secured Claim shall be compensated for any damages incurred as a result of any reasonable reliance by the holder on any right to accelerate its claim; and the legal, equitable and contractual rights of such holder will not otherwise be altered; (III) an Allowed Secured Claim shall receive such other treatment as the Debtor and the holder shall agree; or (IV) all of the collateral for such Secured Claim will be surrendered by the Debtor to the holder of such Claim on the Effective Date or as soon as practicable thereafter.

(c) Voting: To the extent any Allowed Secured Claims are treated in the manner set forth in clauses (I), (II), (III) or (IV) of the immediately preceding subsection, Class 3E or the particular sub-class is unimpaired and such holders are not entitled to vote to accept or reject the Plan.

### **3.3.6. Class 3G – On-Site Environmental Claims**

(a) Classification: Class 3G consists of all On-Site Environmental Claims against FMPI.

(b) Treatment: Each holder of an Allowed On-Site Environmental Claim in Class 3G shall retain unaltered, the legal, equitable and contractual rights to which such Allowed On-Site Environmental Claim entitles the holder.

(c) Voting: Class 3G is unimpaired and holders of Class 3G Claims are thus not entitled to vote to accept or reject the Plan.

### **3.3.7. Class 3H – Unsecured Claims**

(a) Classification: Class 3H consists of all Unsecured Claims against FMPI, other than any unsecured portion of Noteholder Claims, any unsecured portion of Bonded Asbestos Personal Injury Claims, or other Claims specifically included in any other Class.

(b) Treatment: Subject to Section 8.17 of the Plan, each holder of an Allowed Class 3H Unsecured Claim shall receive a total Cash payment equal to 35% of such holder's Allowed Unsecured Claim, with such total amount to be paid in three equal, annual installments, the first of which shall be paid on the Distribution Date and the second and third on the first and second anniversaries of the Distribution Date, respectively.

(c) Voting: Class 3H is impaired and each holder of an Allowed Class 3H Claim is entitled to vote to accept or reject the Plan.

### **3.3.8. Class 3I – Non-Priority Employee Benefit Claims**

(a) Classification: Class 3I consists of all Non-Priority Employee Benefit Claims against FMPI.

(b) Treatment: On the Effective Date, Reorganized FMPI shall continue, automatically and without further act, deed or Court order, the Employee Benefit Plans maintained by FMPI, and each holder of an Allowed Class 3I Non-Priority Employee Benefit

Claim shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Non-Priority Employee Benefit Claim entitles such holder.

(c) Voting: Class 3I is unimpaired and holders of Class 3I Claims are thus not entitled to vote to accept or reject the Plan.

### **3.3.9. Class 3K – Bonded Claims**

(a) Classification: Class 3K consists of all Bonded Claims against FMPI.

(b) Treatment: Each holder of an Allowed Bonded Claim in Class 3K shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Bonded Claim entitles the holder.

(c) Voting: Class 3K is unimpaired and holders of Class 3K Claims are thus not entitled to vote to accept or reject the Plan.

### **3.3.10. Class 3L - Affiliate Claims**

(a) Classification: Class 3L consists of all Affiliate Claims against FMPI.

(b) Treatment: On the Effective Date, at the option of the Plan Proponents, all Affiliate Claims in Class 3L shall either be (a) reinstated, in full or in part, or (b) discharged and extinguished, in full or in part, in which case such discharged and extinguished portion shall be eliminated and the holders thereof shall not be entitled to, and shall not receive or retain, any property or interest on account of such portion under the Plan; provided, however, that prior to such discharge and extinguishment such Affiliate Claims may be contributed to capital, transferred, setoff or subject to any other arrangement at the option of the Plan Proponents. If any such Class 3L Claim is reinstated, in full or in part, such reinstated Claim may, at the option of the Plan Proponents, be subordinated in legal right and priority of payment to all non-Affiliate Claims against FMPI. Any and all Class 3L Claims, or portions thereof, being reinstated and, to the extent, if any, that such Claims are being subordinated to non-Affiliate Claims, are set forth in Exhibit 3.1.12.

(c) Voting: Class 3L is impaired and each holder of an Allowed Class 3L Claim is entitled to vote to accept or reject the Plan.

### **3.3.11. Class 3P – Equity Interests**

(a) Classification: Class 3P consists of all Equity Interests in FMPI.

(b) Treatment: Each holder of an Allowed Equity Interest in Class 3P shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Equity Interest entitles the holder.

(c) Voting: Class 3P is unimpaired and holders of Class 3P Equity Interests are thus not entitled to vote to accept or reject the Plan.

### **3.4. Federal-Mogul Ignition Company (“FMIC”) (Classes 4A through 4P)**

#### **3.4.1. Class 4A – Priority Claims**

(a) Classification: Class 4A consists of all Priority Claims against FMIC.

(b) Treatment: On the Distribution Date, each holder of a Class 4A Allowed Priority Claim shall receive either (I) Cash equal to the Allowed Amount of such Priority Claim or (II) such other treatment as may be agreed upon in writing by such holder and Reorganized FMIC.

(c) Voting: Class 4A is impaired and each holder of an Allowed Class 4A Claim is entitled to vote to accept or reject the Plan.

#### **3.4.2. Class 4B – Secured Bank Claims**

(a) Classification: Class 4B consists of all Secured Bank Claims against FMIC.

(b) In full and complete satisfaction of all Allowed Class 4B Claims, Claims arising under the Bank Credit Agreement (including certain letter of credit obligations) shall be deemed Allowed in the amount of \$1,646,681,464.00 (as adjusted as of the Effective Date to convert any foreign currencies to U.S. dollars) and FMIC shall guarantee on a secured basis Reorganized Federal-Mogul’s obligations under (y) the Reorganized Federal-Mogul Secured Term Loan Agreement and (z) the Reorganized Federal-Mogul Junior Secured PIK Notes.

(c) Voting: Class 4B is impaired and each holder of an Allowed Class 4B Claim is entitled to vote to accept or reject the Plan.

#### **3.4.3. Class 4C – Secured Surety Claims**

(a) Classification: Class 4C consists of all Secured Surety Claims against FMIC.

(b) Treatment: On the Effective Date, all Claims and interests arising under and related to any indemnity contract or guarantee between FMIC and any of the Sureties relating to the CCR Surety Bonds, if any, and all Liens on any property of FMIC in favor of the Sureties, shall be released, extinguished and discharged. In full and complete satisfaction of all such Class 4C Claims, FMIC shall guarantee on a secured basis Reorganized Federal-Mogul’s obligations, if any, under the Secured Surety Notes and Junior Secured Surety PIK Notes.

(c) Voting: Class 4C is impaired and each holder of an Allowed Class 4C Claim is entitled to vote to accept or reject the Plan.

#### **3.4.4. Class 4D – Noteholder Claims**

(a) Classification: Class 4D consists of all secured and unsecured Noteholder Claims against FMIC.



(b) Treatment: On the Distribution Date, all Claims arising under FMIC's Guaranty of the Noteholder Claims shall be released, extinguished and discharged. In consideration of the treatment accorded Class 1D, holders of Class 4D Noteholder Claims shall receive no additional distribution under the Plan on account of such Class 4D Noteholder Claims.

(c) Voting: Class 4D is impaired and each holder of an Allowed Class 4D Claim is entitled to vote to accept or reject the Plan.

### **3.4.5. Class 4E – Other Secured Claims**

(a) Classification: Class 4E consists of all Secured Claims against FMIC, other than Bank Claims, Surety Claims, Noteholder Claims or Bonded Claims. Each Secured Claim shall constitute a separate sub-class (designated, for example, as Class 4E-1) for purposes of voting and distribution.

(b) Treatment: At the option of the Debtor or the Reorganized Debtor and in accordance with Section 1124 of the Bankruptcy Code, all Allowed Secured Claims in Class 4E, and each sub-class thereof, will be treated pursuant to one of the following alternatives: (I) the Plan will leave unaltered the legal, equitable and contractual rights to which each Secured Claim in Class 4E entitles the holder; (II) the Debtor shall cure any default that occurred before or after the Petition Date; the maturity of such Secured Claim shall be reinstated as such maturity existed prior to any such default; the holder of such Secured Claim shall be compensated for any damages incurred as a result of any reasonable reliance by the holder on any right to accelerate its claim; and the legal, equitable and contractual rights of such holder will not otherwise be altered; (III) an Allowed Secured Claim shall receive such other treatment as the Debtor and the holder shall agree; or (IV) all of the collateral for such Secured Claim will be surrendered by the Debtor to the holder of such Claim on the Effective Date or as soon as practicable thereafter.

(c) Voting: To the extent any Allowed Secured Claims are treated in the manner set forth in clauses (I), (II), (III) or (IV) of the immediately preceding subsection, Class 4E or the particular sub-class is unimpaired and such holders are not entitled to vote to accept or reject the Plan.

### **3.4.6. Class 4G – On-Site Environmental Claims**

(a) Classification: Class 4G consists of all On-Site Environmental Claims against FMIC.

(b) Treatment: Each holder of an Allowed On-Site Environmental Claim in Class 4G shall retain unaltered, the legal, equitable and contractual rights to which such Allowed On-Site Environmental Claim entitles the holder.

(c) Voting: Class 4G is unimpaired and holders of Class 4G Claims are thus not entitled to vote to accept or reject the Plan.

#### **3.4.7. Class 4H – Unsecured Claims**

(a) Classification: Class 4H consists of all Unsecured Claims against FMIC, other than any unsecured portion of Noteholder Claims, any unsecured portion of Bonded Asbestos Personal Injury Claims, or other Claims specifically included in any other Class.

(b) Treatment: Subject to Section 8.17 of the Plan, each holder of an Allowed Class 4H Unsecured Claim shall receive a total Cash payment equal to 35% of such holder's Allowed Unsecured Claim, with such total amount to be paid in three equal, annual installments, the first of which shall be paid on the Distribution Date and the second and third on the first and second anniversaries of the Distribution Date, respectively.

(c) Voting: Class 4H is impaired and each holder of an Allowed Class 4H Claim is entitled to vote to accept or reject the Plan.

#### **3.4.8. Class 4I – Non-Priority Employee Benefit Claims**

(a) Classification: Class 4I consists of all Non-Priority Employee Benefit Claims against FMIC.

(b) Treatment: On the Effective Date, Reorganized FMIC shall continue, automatically and without further act, deed or Court order, the Employee Benefit Plans maintained by FMIC, and each holder of an Allowed Class 4I Non-Priority Employee Benefit Claim shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Non-Priority Employee Benefit Claim entitles such holder.

(c) Voting: Class 4I is unimpaired and holders of Class 4I Claims are thus not entitled to vote to accept or reject the Plan.

#### **3.4.9. Class 4K – Bonded Claims**

(a) Classification: Class 4K consists of all Bonded Claims against FMIC.

(b) Treatment: Each holder of an Allowed Bonded Claim in Class 4K shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Bonded Claim entitles the holder.

(c) Voting: Class 4K is unimpaired and holders of Class 4K Claims are thus not entitled to vote to accept or reject the Plan.

#### **3.4.10. Class 4L - Affiliate Claims**

(a) Classification: Class 4L consists of all Affiliate Claims against FMIC.

(b) Treatment: On the Effective Date, at the option of the Plan Proponents, all Affiliate Claims in Class 4L shall either be (a) reinstated, in full or in part, or (b) discharged and extinguished, in full or in part, in which case such discharged and extinguished portion shall be eliminated and the holders thereof shall not be entitled to, and shall not receive or retain, any

property or interest on account of such portion under the Plan; provided, however, that prior to such discharge and extinguishment such Affiliate Claims may be contributed to capital, transferred, setoff or subject to any other arrangement at the option of the Plan Proponents. If any such Class 4L Claim is reinstated, in full or in part, such reinstated Claim may, at the option of the Plan Proponents, be subordinated in legal right and priority of payment to all non-Affiliate Claims against FMIC. Any and all Class 4L Claims, or portions thereof, being reinstated and, to the extent, if any, that such Claims are being subordinated to non-Affiliate Claims, are set forth in Exhibit 3.1.12.

(c) Voting: Class 4L is impaired and each holder of an Allowed Class 4L Claim is entitled to vote to accept or reject the Plan.

#### **3.4.11. Class 4P – Equity Interests**

(a) Classification: Class 4P consists of all Equity Interests in FMIC.

(b) Treatment: Each holder of an Allowed Equity Interest in Class 4P shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Equity Interest entitles the holder.

(c) Voting: Class 4P is unimpaired and holders of Class 4K Equity Interests are thus not entitled to vote to accept or reject the Plan.

### **3.5. Federal-Mogul Products, Inc. (“F-M Products”) (Classes 5A through 5P)**

#### **3.5.1. Class 5A – Priority Claims**

(a) Classification: Class 5A consists of all Priority Claims against F-M Products.

(b) Treatment: On the Distribution Date, each holder of a Class 5A Allowed Priority Claim shall receive either (I) Cash equal to the Allowed Amount of such Priority Claim or (II) such other treatment as may be agreed upon in writing by such holder and Reorganized F-M Products.

(c) Voting: Class 5A is impaired and each holder of an Allowed Class 5A Claim is entitled to vote to accept or reject the Plan.

#### **3.5.2. Class 5B – Secured Bank Claims**

(a) Classification: Class 5B consists of all Secured Bank Claims against F-M Products.

(b) In full and complete satisfaction of all Allowed Class 5B Bank Claims, Claims arising under the Bank Credit Agreement (including certain letter of credit obligations) shall be deemed Allowed in the amount of \$1,646,681,464.00 (as adjusted as of the Effective Date to convert any foreign currencies to U.S. dollars) and F-M Products shall guarantee on a secured basis Reorganized Federal-Mogul’s obligations under (y) the Reorganized

Federal-Mogul Secured Term Loan Agreement and (z) the Reorganized Federal-Mogul Junior Secured PIK Notes.

(c) Voting: Class 5B is impaired and each holder of an Allowed Class 5B Claim is entitled to vote to accept or reject the Plan.

### **3.5.3. Class 5C - Secured Surety Claims**

(a) Classification: Class 5C consists of all Secured Surety Claims against F-M Products.

(b) Treatment: On the Effective Date, all Claims and interests arising under and related to any indemnity contract or guarantee between F-M Products and any of the Sureties relating to the CCR Surety Bonds, if any, and all Liens on any property of F-M Products in favor of the Sureties, shall be released, extinguished and discharged. In full and complete satisfaction of all such Class 5C Claims, F-M Products shall guarantee on a secured basis Reorganized Federal-Mogul's obligations, if any, under the Secured Surety Notes and Junior Secured Surety PIK Notes.

(c) Voting: Class 5C is impaired and each holder of an Allowed Class 5C Claim is entitled to vote to accept or reject the Plan.

### **3.5.4. Class 5D – Noteholder Claims**

(a) Classification: Class 5D consists of all secured and unsecured Noteholder Claims against F-M Products.

(b) Treatment: On the Distribution Date, all Claims arising under FM Product's Guaranty of the Noteholder Claims shall be released, extinguished and discharged. In consideration of the treatment accorded Class 1D, holders of Class 5D Noteholder Claims shall receive no additional distribution under the Plan on account of such Class 5D Noteholder Claims.

(c) Voting: Class 5D is impaired and each holder of an Allowed Class 5C Claim is entitled to vote to accept or reject the Plan.

### **3.5.5. Class 5E – Other Secured Claims**

(a) Classification: Class 5E consists of all Secured Claims against FM Products, other than Bank Claims, Surety Claims, Noteholder Claims or Bonded Claims. Each Secured Claim shall constitute a separate sub-class (designated, for example, as Class 5E-1) for purposes of voting and distribution.

(b) Treatment: At the option of the Debtor or the Reorganized Debtor and in accordance with Section 1124 of the Bankruptcy Code, all Allowed Secured Claims in Class 5E, and each sub-class thereof, will be treated pursuant to one of the following alternatives: (I) the Plan will leave unaltered the legal, equitable and contractual rights to which each Secured Claim in Class 5E entitles the holder; (II) the Debtor shall cure any default that occurred before or after

the Petition Date; the maturity of such Secured Claim shall be reinstated as such maturity existed prior to any such default; the holder of such Secured Claim shall be compensated for any damages incurred as a result of any reasonable reliance by the holder on any right to accelerate its claim; and the legal, equitable and contractual rights of such holder will not otherwise be altered; (III) an Allowed Secured Claim shall receive such other treatment as the Debtor and the holder shall agree; or (IV) all of the collateral for such Secured Claim will be surrendered by the Debtor to the holder of such Claim on the Effective Date or as soon as practicable thereafter.

(c) Voting: To the extent any Allowed Secured Claims are treated in the manner set forth in clauses (I), (II), (III) or (IV) of the immediately preceding subsection, Class 5E or the particular sub-class is unimpaired and such holders are not entitled to vote to accept or reject the Plan.

### **3.5.6. Class 5G – On-Site Environmental Claims**

(a) Classification: Class 5G consists of all On-Site Environmental Claims against F-M Products.

(b) Treatment: Each holder of an Allowed On-Site Environmental Claim in Class 5G shall retain unaltered, the legal, equitable and contractual rights to which such Allowed On-Site Environmental Claim entitles the holder.

(c) Voting: Class 5G is unimpaired and holders of Class 5G Claims are thus not entitled to vote to accept or reject the Plan.

### **3.5.7. Class 5H – Unsecured Claims**

(a) Classification: Class 5H consists of all Unsecured Claims against F-M Products, other than any unsecured portion of Noteholder Claims, any unsecured portion of Bonded Asbestos Personal Injury Claims or other Claims specifically included in any other Class.

(b) Treatment: Subject to Section 8.17 of the Plan, each holder of an Allowed Class 5H Unsecured Claim shall receive a total Cash payment equal to 35% of such holder's Allowed Unsecured Claim, with such total amount to be paid in three equal, annual installments, the first of which shall be paid on the Distribution Date and the second and third on the first and second anniversaries of the Distribution Date, respectively.

(c) Voting: Class 5H is impaired and each holder of an Allowed Class 5H Claim is entitled to vote to accept or reject the Plan.

### **3.5.8. Class 5I – Non-Priority Employee Benefit Claims**

(a) Classification: Class 5I consists of all Non-Priority Employee Benefit Claims against F-M Products.

(b) Treatment: On the Effective Date, Reorganized F-M Products shall continue, automatically and without further act, deed or Court order, the Employee Benefit Plans

maintained by F-M Products, and each holder of an Allowed Class 5I Non-Priority Employee Benefit Claim shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Non-Priority Employee Benefit Claim entitles such holder.

(c) Voting: Class 5I is unimpaired and holders of Class 5I Claims are thus not entitled to vote to accept or reject the Plan.

### **3.5.9. Class 5J – Asbestos Personal Injury Claims**

(a) Classification: Class 5J consists of all Asbestos Personal Injury Claims against F-M Products.

(b) Treatment: As of the Effective Date, liability for all Class 5J Asbestos Personal Injury Claims shall be automatically and without further act, deed or Court order, transferred to, vested in and assumed by the Trust. Each Asbestos Personal Injury Claim in Class 5J shall be addressed (i.e., Allowed or disallowed, and if Allowed, then paid) solely by the Trust pursuant to and in accordance with the Asbestos Personal Injury Trust Distribution Procedures.

(c) Voting: Class 5J is impaired and each holder of an Allowed Class 5J Claim is entitled to vote to accept or reject the Plan.

### **3.5.10. Class 5K – Bonded Claims**

(a) Classification: Class 5K consists of all Bonded Claims against F-M Products.

(b) Treatment: Each holder of an Allowed Bonded Claim in Class 5K shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Bonded Claim entitles the holder.

(c) Voting: Class 5K is unimpaired and holders of Class 5K Claims are thus not entitled to vote to accept or reject the Plan.

### **3.5.11. Class 5L - Affiliate Claims**

(a) Classification: Class 5L consists of all Affiliate Claims against F-M Products.

(b) Treatment: On the Effective Date, at the option of the Plan Proponents, all Affiliate Claims in Class 5L shall either be (a) reinstated, in full or in part, or (b) discharged and extinguished, in full or in part, in which case such discharged and extinguished portion shall be eliminated and the holders thereof shall not be entitled to, and shall not receive or retain, any property or interest on account of such portion under the Plan; provided, however, that prior to such discharge and extinguishment such Affiliate Claims may be contributed to capital, transferred, setoff or subject to any other arrangement at the option of the Plan Proponents. If any such Class 5L Claim is reinstated, in full or in part, such reinstated Claim may, at the option of the Plan Proponents, be subordinated in legal right and priority of payment to all non-Affiliate

Claims against F-M Products. Any and all Class 5L Claims, or portions thereof, being reinstated and, to the extent, if any, that such Claims are being subordinated to non-Affiliate Claims, are set forth in Exhibit 3.1.12.

(c) Voting: Class 5L is impaired and each holder of an Allowed Class 5L Claim is entitled to vote to accept or reject the Plan.

### **3.5.12. Class 5P – Equity Interests**

(a) Classification: Class 5P consists of all Equity Interests in F-M Products.

(b) Treatment: Each holder of an Allowed Equity Interest in Class 5P shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Equity Interest entitles the holder.

(c) Voting: Class 5P is unimpaired and holders of Class 5P Equity Interests are thus not entitled to vote to accept or reject the Plan.

## **3.6. T&N Limited (“T&N”) (Classes 6A – 6P)**

### **3.6.1. Class 6A – Priority and Preferential Claims**

(a) Classification: Class 6A consists of all Priority and Preferential Claims against T&N. Class 6A Priority and Preferential Claims shall include, without limitation, all Priority and Preferential Claims against other U.K. Debtors for which T&N is liable under applicable non-bankruptcy law as a result of agency agreements entered into with such Affiliate prior to the Petition Date; provided, however, to ensure that there shall be no double recovery to any holder on account of the inclusion in Class 6A of any Priority or Preferential Claim against T&N as a result of such agency agreements, such holder shall be required to make an election as to whether such Priority or Preferential Claim shall be asserted against T&N as principal, or against the relevant Affiliate of T&N which was acting as the agent of T&N.

(b) Treatment: Each holder of a Class 6A Allowed Claim shall retain unaltered the legal, equitable and contractual rights to which such Claim entitles the holder.

(c) Voting: Class 6A is unimpaired and holders of Class 6A Claims are thus not entitled to vote to accept or reject the Plan.

### **3.6.2. Class 6E – Other Secured Claims**

(a) Classification: Class 6E consists of all Secured Claims against T&N, other than Bonded Claims. Each Secured Claim shall constitute a separate sub-class (designated, for example, as Class 6C-1) for purposes of Voting and distribution.

(b) Treatment: In accordance with Section 1124 of the Bankruptcy Code, the Plan will leave unaltered the legal, equitable and contractual rights to which each Allowed Secured Claim in Class 6E entitles the holder.

(c) Voting: Class 6E or the particular sub-class is unimpaired, and holders of Claims in such Class or sub-class are thus not entitled to vote to accept or reject the Plan.

### **3.6.3. Class 6H – Unsecured Claims**

(a) Classification: Class 6H consists of all Unsecured Claims against T&N other than any Claims that are specifically included in any other Class. Class 6H shall expressly include, without limitation, all Surety Claims against T&N. Class 6H shall also expressly include, without limitation, all Unsecured Claims against other U.K. Debtors or non-Debtor Affiliates of T&N for which T&N is liable under applicable non-bankruptcy law as a result of agency agreements entered into with such Affiliate prior to the Petition Date; provided that, to ensure that there shall be no double recovery to any holder on account of the inclusion in Class 6H of any Claim against T&N as a result of such agency agreements, such holder shall be required to make an election as to whether such Claim shall be asserted against T&N as principal, or against the relevant Affiliate of T&N which was acting as the agent of T&N. Additionally, if the T&N Pension Plan Trustees do not vote in favor of acceptance of all of the Plans for the U.K. Debtors that have obligations under or relating to the T&N Pension Plan and have not given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote in favor of approving any relevant Voluntary Arrangements for such U.K. Debtors and/or if the Consensual Marketing Procedures are performed with respect to T&N, then Class 6H shall also include all Class 6I Non-Priority T&N Pension Plan Employee Benefit Claims against T&N.

(b) Treatment: Each holder of an Allowed Class 6H Claim shall receive, on the Distribution Date, a Cash payment equal to the Allowed Amount of such holder's Class 6H Claim multiplied by: (i) T&N Distribution Ratio 1 if the Consensual Marketing Procedures have not been performed or (ii) T&N Distribution Ratio 2 if the Consensual Marketing Procedures have been performed.

(c) Voting: Class 6H is impaired and each holder of an Allowed Class 6H Claim is entitled to vote to accept or reject the Plan.

### **3.6.4. Class 6I – Non-Priority T&N Pension Plan Employee Benefit Claims**

(a) Classification: Class 6I consists of all Non-Priority T&N Pension Plan Employee Benefit Claims against T&N.

(b) Treatment A: If the T&N Pension Plan Trustees vote in favor of acceptance of all of the Plans of the U.K. Debtors that have any obligations under or relating to the T&N Pension Plan and have given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote to approve any relevant Voluntary Arrangements for such U.K. Debtors and if the Consensual Marketing Procedures are not performed with respect to T&N, then the following shall occur in full satisfaction of all Non-Priority T&N Pension Plan Employee Benefit Claims.

(i) The T&N Pension Plan shall continue as modified herein.



(ii) The T&N Pension Plan contribution rate from the Effective Date to April 30, 2012 shall be limited to the annual maintenance cost with respect to services rendered after the Effective Date by current active employees and participants of T&N and other U.K. Debtors with obligations under or relating to the T&N Pension Plan that choose to remain in the T&N Pension Plan (provided such amount is lower than the current annual funding). No annual contributions will be made to the T&N Pension Plan to amortize the underfunding that relates to prior service by retired, deferred, current and active members.

(iii) To moderate the impact of post-Effective Date redundancies on the T&N Pension Plan, T&N shall pay an amount -- over a period of not more than two years after a redundancy action -- equal to the additional liability crystallized by each redundancy action (job elimination of less than twenty people at a given site in any one year will be disregarded).

(iv) Reorganized T&N shall have the right to terminate the T&N Pension Plan at any time on and after April 30, 2012. If Reorganized T&N does so terminate the T&N Pension Plan, then the T&N Pension Plan Trustees shall receive a Cash payment equal to the Allowed Amount of the Non-Priority T&N Pension Plan Employee Benefit Claims against all U.K. Debtors calculated as of the Petition Date multiplied by T&N Distribution Ratio 1 plus interest at market rate from the Effective Date through the date the T&N Pension Plan is terminated. Such treatment shall be in full and complete satisfaction of all Non-Priority T&N Pension Plan Employee Benefit Claims against all U.K. Debtors having obligations under or relating to the T&N Pension Plan.

(v) The contingent obligation of Reorganized T&N to pay the dividend set forth above will be embodied in either, at the option of the Plan Proponents, a contingent promissory note from Reorganized T&N or an amendment to the Trust Deed of the T&N Pension Plan. The note will be delivered to the T&N Pension Plan Trustee or, if applicable, the amendment to the Trust Deed shall take effect on the Effective Date.

(vi) The T&N Pension Plan Trustees shall, to the extent permitted by applicable law, continue the current investment strategy in consultation with Reorganized T&N and shall not change such investment strategy without approval of Reorganized T&N.

(vii) As an alternative to (i) through (vi) above, such other treatment as may be agreed to by the T&N Pension Plan Trustees and the Plan Proponents.

(c) Treatment B: If the conditions for Treatment A as set forth above are not met, then all obligations with respect to the T&N Pension Plan shall be compromised and discharged and all Class 6I Non-Priority T&N Pension Plan Employee Benefit Claims shall be included with and treated as Class 6H Claims.

(d) Voting: Class 6I is impaired and each holder of an Allowed Class 6I Claim is entitled to vote to accept or reject the Plan.

### **3.6.5. Class 6J – Asbestos Personal Injury Claims**

(a) Classification: Class 6J consists of all Asbestos Personal Injury Claims against T&N, and shall also include, without limitation, all Asbestos Personal Injury Claims against other U.K. Debtors or non-Debtor Affiliates of T&N for which T&N is liable under applicable non-bankruptcy law as a result of agency agreements entered into with such Affiliates before the Petition Date, to the extent that the holders of such Claims against the Affiliates of T&N so elect. To ensure that there shall be no double recovery to any holder on account of the inclusion in Class 6J of any Asbestos Personal Injury Claim against T&N as a result of such agency agreements, each holder of such Claim against a T&N Affiliate shall be required to make an election as to whether such Asbestos Personal Injury Claim shall be asserted against T&N as principal, or against the relevant Affiliate of T&N which was acting as the agent of T&N.

(b) Treatment: As of the Effective Date, liability for all Class 6J Asbestos Personal Injury Claims shall automatically and without further act, deed or Court order, be assumed by the Trust in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan and the provisions relating to the Hercules Policy and any EL Policy. Additionally, on the Effective Date, the liability of Reorganized T&N for each Class 6J Claim shall continue but recourse to the assets of Reorganized T&N in respect of such liability shall, by operation of the Plan, the Scheme of Arrangement and/or the Voluntary Arrangement and the Confirmation Order, be limited in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan and the provisions relating to the Hercules Policy and any EL Policy. Upon the Hercules Policy Expiry Date and/or the EL Coverage Expiry Date, Reorganized T&N shall be, without further order of Court, released and discharged from Class 6J Asbestos Personal Injury Claims in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan.

(c) Voting: Class 6J is impaired and each holder of an Allowed Class 6J Claim is entitled to vote to accept or reject the Plan.

### **3.6.6. Class 6L - Affiliate Claims**

(a) Classification: Class 6L consists of all Affiliate Claims against T&N which are subject to the Subordination Deed. Class 6L Affiliate Claims shall include, without limitation, all Affiliate Claims against other U.K. Debtors or non-Debtor Affiliates of T&N which are subject to the Subordination Deed and for which T&N is liable under applicable non-bankruptcy law as a result of agency agreements entered into with such Affiliate prior to the Petition Date; provided that, to ensure that there shall be no double recovery to any holder on account of the inclusion in Class 6L of any Affiliate Claim against T&N as a result of such agency agreements, such holder shall be required to make an election as to whether such Affiliate Claim shall be asserted against T&N as principal, or against the relevant Affiliate of T&N which was acting as the agent of T&N.

(b) Treatment: All Affiliate Claims in Class 6L shall be subject to the Subordination Deed which shall become effective on the Effective Date, but not as a result of the provisions of the Plan, the Confirmation Order, the Voluntary Arrangement and/or the Scheme of Arrangement or the order of the U.K. Court sanctioning the Scheme of Arrangement.

(c) Voting: Class 6L is unimpaired and holders of Class 6L Claims are thus not entitled to vote to accept or reject the Plan.

### **3.6.7. Class 6P – Equity Interests**

(a) Classification: Class 6P consists of all Equity Interests in T&N.

(b) Treatment: Each holder of an Allowed Equity Interest in Class 6P shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Equity Interest entitles the holder.

(c) Voting: Class 6P is unimpaired and holders of Class 6P Equity Interests are thus not entitled to vote to accept or reject the Plan.

## **3.7. Federal-Mogul Ignition (U.K.) Limited (“FM Ignition”)(Classes 7A – 7P)**

### **3.7.1. Class 7A - Priority and Preferential Claims**

(a) Classification: Class 7A consists of all Priority and Preferential Claims against FM Ignition.

(b) Treatment: Each holder of a Class 7A Allowed Claim shall retain unaltered the legal, equitable and contractual rights to which such Claim entitles the holder.

(c) Voting: Class 7A is unimpaired and holders of Class 7A Claims are thus not entitled to vote to accept or reject the Plan.

### **3.7.2. Class 7H – Unsecured Claims**

(a) Classification: Class 7H consists of all Unsecured Claims against FM Ignition other than any Claims that are specifically included in any other Class. Additionally, if the FM Ignition Pension Plan Trustees do not vote in favor of acceptance of the Plan for FM Ignition and have not given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote in favor of approving any relevant Voluntary Arrangement for FM Ignition and/or if the Consensual Marketing Procedures are performed with respect to FM Ignition, then Class 7H shall also include all Class 7I Non-Priority FM Ignition Pension Plan Employee Benefit Claims against FM Ignition.

(b) Treatment: Each holder of an Allowed Class 7H Claim shall receive, on the Distribution Date, a Cash payment equal to the greater of (i) the Allowed Amount of such holder’s Class 7H Claim multiplied by either (y) T&N Distribution Ratio 1 if the Consensual Marketing Procedures are not performed or (z) T&N Distribution Ratio 2 if the Consensual

Marketing Procedures are performed and (ii) the Allowed Amount of such holder's Class 7H Claim multiplied by the Company Specific Distribution Ratio for FM Ignition.

(c) Voting: Class 7H is impaired and each holder of an Allowed Class 7H Claim is entitled to vote to accept or reject the Plan.

**3.7.3. Class 7I – Non-Priority FM Ignition Pension Plan Employee Benefit Claims**

(a) Classification: Class 7I consists of all Non-Priority FM Ignition Pension Plan Employee Benefit Claims against FM Ignition.

(b) Treatment A: If the FM Ignition Pension Plan Trustees vote in favor of acceptance of the Plan for FM Ignition and have given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote to approve any relevant Voluntary Arrangement for FM Ignition and if the Consensual Marketing Procedures are not performed with respect to FM Ignition, then the FM Ignition Pension Plan Trustee may elect either the "Let It Run" treatment or the "Alternate Payout" treatment, each as described below.

1. The following shall occur if the FM Ignition Pension Plan Trustees elect the "Let It Run" Treatment:

(A) The FM Ignition Pension Plan shall continue as modified herein. Current active employees who are part of the FM Ignition Pension Plan shall be offered a choice with respect to pension benefits relating to services performed post-Effective Date.

(B) The FM Ignition contribution rate from the Effective Date to April 30, 2012 shall be limited to the annual maintenance cost with respect to services rendered after the Effective Date by current active employee participants of the FM Ignition Pension Plan that choose to remain in the FM Ignition Pension Plan (provided such amount is lower than the current annual funding). No annual contributions will be made to the FM Ignition Pension Plan to amortize the underfunding that relates to prior service by retired, deferred, current and active members.

(C) Reorganized FM Ignition shall have the right to elect to terminate the FM Ignition Pension Plan at any time on and after April 30, 2012. If Reorganized FM Ignition does so terminate the FM Ignition Pension Plan, then the FM Ignition Pension Plan Trustees shall receive a Cash Payment equal to the Allowed Amount of the Non-Priority FM Ignition Pension Plan Employee Benefit Claims calculated as of the Petition Date multiplied by the greater of T&N Distribution Ratio 1 and the Company Specific Distribution Ratio plus interest at market rate from the Effective Date through the date the FM Ignition Pension Plan is terminated. Such treatment shall be in full and complete satisfaction of all Non-Priority FM Ignition Pension Plan Employee Benefit Claims.

(D) The contingent obligation of Reorganized FM Ignition to pay the dividend set forth above will be embodied in either, at the option of the Plan Proponents, a contingent promissory note from Reorganized FM Ignition or an amendment to the Trust Deed for the FM Ignition Pension Plan. The note will be delivered to the FM Ignition Pension Trustee or, if applicable, the amendment to the Trust Deed shall take effect on the Effective Date.

(E) The FM Ignition Pension Plan Trustees shall, to the extent permitted by applicable law, continue the current investment strategy in consultation with Reorganized FM Ignition and shall not change such investment strategy without approval from Reorganized FM Ignition.

2. The following shall occur if the FM Ignition Pension Plan Trustees elect the "Alternate Payout" treatment:

(A) On the Effective Date, the FM Ignition Pension Plan shall pay the FM Ignition Pension Plan Trustees an amount sufficient to purchase annuities to secure the benefits of all participants retired and currently receiving pension payments.

(B) Actuarially equivalent transfer values would be provided to non-pensioner participants (assuming no cost of living adjustments). Actuarial assumptions will be the same as used in that certain August 2003 Transfer Value change assumption calculation.

(C) Contributions by Reorganized FM Ignition to fund (A) and (B) above shall be limited to no more than £9 million.

(c) Treatment B: If the conditions for Treatment A as set forth above are not met, then all obligations with respect to the FM Ignition Pension Plan shall be compromised and discharged and all Class 7I Non-Priority FM Ignition Pension Plan Employee Benefit Claims shall be included with and treated as Class 7H Claims.

(d) Voting: Class 7I is impaired and each holder of an Allowed Class 7I Claim is entitled to vote to accept or reject the Plan.

#### **3.7.4. Class 7J - Asbestos Personal Injury Claims**

(a) Classification: Class 7J consists of all Asbestos Personal Injury Claims against FM Ignition as to which the holder has not made an election to assert such Claim against T&N as principal and to have such Claim included in Class 6J.

(b) Treatment: As of the Effective Date, liability for all Class 7J Asbestos Personal Injury Claims shall automatically and without further act, deed or Court order, be assumed by the Trust in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan and the provisions relating to the Hercules Policy and any EL Policy. Additionally, on the Effective Date, the liability of Reorganized FM Ignition for each Class 7J Claim shall continue but recourse to the assets of

Reorganized FM Ignition in respect of such liability shall, by operation of the Plan, the Scheme of Arrangement and/or the Voluntary Arrangement and the Confirmation Order, be limited in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan and the provisions relating to the Hercules Policy and any EL Policy. Upon the Hercules Policy Expiry Date and/or the EL Coverage Expiry Date, Reorganized FM Ignition shall be, without further order of Court, released and discharged from Class 7J Asbestos Personal Injury Claims in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan.

(c) Voting: Class 7J is impaired and each holder of an Allowed Class 7J Claim is entitled to vote to accept or reject the Plan.

### **3.7.5. Class 7L - Affiliate Claims**

(a) Classification: Class 7L consists of all Affiliate Claims against FM Ignition which are subject to the Subordination Deed.

(b) Treatment: All Affiliate Claims in Class 7L shall be subject to the Subordination Deed which shall become effective on the Effective Date, but not as a result of the provisions of the Plan, the Confirmation Order, the Voluntary Arrangement and/or the Scheme of Arrangement or the order of the U.K. Court sanctioning the Scheme of Arrangement.

(c) Voting: Class 7L is unimpaired and holders of Class 7L Claims are thus not entitled to vote to accept or reject the Plan.

### **3.7.6. Class 7P – Equity Interests**

(a) Classification: Class 7P consists of all Equity Interests in FM Ignition.

(b) Treatment: Each holder of an Allowed Equity Interest in Class 7P shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Equity Interest entitles the holder.

(c) Voting: Class 7P is unimpaired and holders of Class 7P Equity Interests are thus not entitled to vote to accept or reject the Plan.

## **3.8. Federal-Mogul Systems Protection Group Limited (FMSPG”) (Classes 8A - 8P)**

### **3.8.1. Class 8A - Priority and Preferential Claims**

(a) Classification: Class 8A consists of all Priority and Preferential Claims against FMSPG other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6A.

(b) Treatment: Each holder of a Class 8A Allowed Claim shall retain unaltered the legal, equitable and contractual rights to which such Claim entitles the holder.

(c) Voting: Class 8A is unimpaired and holders of Class 8A Claims are thus not entitled to vote to accept or reject the Plan.

### **3.8.2. Class 8H – Unsecured Claims**

(a) Classification: Class 8H consists of all Unsecured Claims against FMSPG other than any Claims that are specifically included in any other Class and other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6H. Additionally, if the T&N Pension Plan Trustees do not vote in favor of acceptance of all of the Plans for the U.K. Debtors that have obligations under or relating to the T&N Pension Plan and have not given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote in favor of approving any relevant Voluntary Arrangements for such U.K. Debtors and/or if the Consensual Marketing Procedures are performed with respect to T&N, then Class 8H shall also include all Class 8I Non-Priority T&N Pension Plan Employee Benefit Claims against FMSPG.

(b) Treatment: Each holder of an Allowed Class 8H Claim shall receive, on the Distribution Date, a Cash payment equal to the greater of: (i) the Allowed Amount of such holder's Class 8H Claim multiplied by either (y) T&N Distribution Ratio 1 if the Consensual Marketing Procedures are not performed or (z) T&N Distribution Ratio 2 if the Consensual Marketing Procedures are performed; (ii) the Allowed Amount of such holder's Class 8H Claim multiplied by the Company Specific Distribution Ratio for FMSPG; or (iii) if FMSPG is a Small Company, the Allowed Amount of such holder's Class 8H Claim multiplied by the Small Company Specific Distribution Ratio for FMSPG.

(c) Voting: Class 8H is impaired and each holder of an Allowed Class 8H Claim is entitled to vote to accept or reject the Plan.

### **3.8.3. Class 8I – Non-Priority T&N Pension Plan Employee Benefit Claims**

(a) Classification: Class 8I consists of all Non-Priority T&N Pension Plan Employee Benefit Claims against FMSPG.

(b) Treatment A: If the T&N Pension Plan Trustees vote in favor of acceptance of all of the Plans of the U.K. Debtors that have any obligations under or relating to the T&N Pension Plan and have given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote to approve any relevant Voluntary Arrangements for such U.K. Debtors and if the Consensual Marketing Procedures are not performed with respect to T&N, then the Class 8I Claims shall be deemed fully satisfied by virtue of the treatment afforded to the Non-Priority T&N Pension Plan Employee Benefit Claims in Class 6I.

(c) Treatment B: If the conditions for Treatment A as set forth above are not met, then all obligations with respect to the T&N Pension Plan will be compromised and discharged and all Class 8I Non Priority T&N Pension Plan Employee Benefit Claims against FMSPG shall be included in and treated as Class 8H Claims.

(d) Voting: Class 8I is impaired and each holder of an Allowed Class 8I Claim is entitled to vote to accept or reject the Plan.

#### **3.8.4. Class 8L - Affiliate Claims**

(a) Classification: Class 8L consists of all Affiliate Claims against FMSPG which are subject to the Subordination Deed, other than any such Affiliate Claims in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6L.

(b) Treatment: All Affiliate Claims in Class 8L shall be subject to the Subordination Deed which shall become effective on the Effective Date, but not as a result of the provisions of the Plan, the Confirmation Order, the Voluntary Arrangement and/or the Scheme of Arrangement or the order of the U.K. Court sanctioning the Scheme of Arrangement.

(c) Voting: Class 8L is unimpaired and holders of Class 8L Claims are thus not entitled to vote to accept or reject the Plan.

#### **3.8.5. Class 8P – Equity Interests**

(a) Classification: Class 8P consists of all Equity Interests in FMSPG.

(b) Treatment: Each holder of an Allowed Equity Interest in Class 8P shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Equity Interest entitles the holder.

(c) Voting: Class 8P is unimpaired and holders of Class 8P Equity Interests are thus not entitled to vote to accept or reject the Plan.

### **3.9. Federal-Mogul Aftermarket UK Limited (“FMAUK”)(Classes 9A – 9P)**

#### **3.9.1. Class 9A - Priority and Preferential Claims**

(a) Classification: Class 9A consists of all Priority and Preferential Claims against FMAUK other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6A.

(b) Treatment: Each holder of a Class 9A Allowed Claim shall retain unaltered the legal, equitable and contractual rights to which such Claim entitles the holder.

(c) Voting: Class 9A is unimpaired and holders of Class 9A Claims are thus not entitled to vote to accept or reject the Plan.

#### **3.9.2. Class 9H – Unsecured Claims**

(a) Classification: Class 9H consists of all Unsecured Claims against FMAUK other than any Claims that are specifically included in any other Class and other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as



principal, under Class 6H. Additionally, if the T&N Pension Plan Trustees do not vote in favor of acceptance of all of the Plans for the U.K. Debtors that have obligations under or relating to the T&N Pension Plan and have not given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote in favor of approving any relevant Voluntary Arrangements for such U.K. Debtors and/or if the Consensual Marketing Procedures are performed with respect to T&N, then Class 9H shall also include all Class 9I Non-Priority T&N Pension Plan Employee Benefit Claims against FMAUK.

(b) Treatment: Each holder of an Allowed Class 9H Claim shall receive, on the Distribution Date, a Cash payment equal to the greater of: (i) the Allowed Amount of such holder's Class 9H Claim multiplied by either (y) T&N Distribution Ratio 1 if the Consensual Marketing Procedures are not performed or (z) T&N Distribution Ratio 2 if the Consensual Marketing Procedures are performed; (ii) the Allowed Amount of such holder's Class 9H Claim multiplied by the Company Specific Distribution Ratio for FMAUK; or (iii) if FMAUK is a Small Company, the Allowed Amount of such holder's Class 9H Claim multiplied by the Small Company Specific Distribution Ratio for FMAUK.

(c) Voting: Class 9H is impaired and each holder of an Allowed Class 9H Claim is entitled to vote to accept or reject the Plan.

### **3.9.3. Class 9I – Non-Priority T&N Pension Plan Employee Benefit Claims**

(a) Classification: Class 9I consists of all Non-Priority T&N Pension Plan Employee Benefit Claims against FMAUK.

(b) Treatment A: If the T&N Pension Plan Trustees vote in favor of acceptance of all of the Plans of the U.K. Debtors that have any obligations under or relating to the T&N Pension Plan and have given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote to approve any relevant Voluntary Arrangements for such U.K. Debtors and if the Consensual Marketing Procedures are not performed with respect to T&N, then the Class 9I Claims shall be deemed fully satisfied by virtue of the treatment afforded to the Non-Priority T&N Pension Plan Employee Benefit Claims in Class 6I.

(c) Treatment B: If the conditions for Treatment A as set forth above are not met, then all obligations with respect to the T&N Pension Plan will be compromised and discharged and all Class 9I Non Priority T&N Pension Plan Employee Benefit Claims against FMAUK shall be included in and treated as Class 9H Claims.

(d) Voting: Class 9I is impaired and each holder of an Allowed Class 9I Claim is entitled to vote to accept or reject the Plan.

### **3.9.4. Class 9L - Affiliate Claims**

(a) Classification: Class 9L consists of all Affiliate Claims against FMAUK which are subject to the Subordination Deed, other than any such Affiliate Claims in respect of which the holder has elected to assert the Claim against T&N, as principal, under Class 6L.

(b) Treatment: All Affiliate Claims in Class 9L shall be subject to the Subordination Deed which shall become effective on the Effective Date, but not as a result of the provisions of the Plan, the Confirmation Order, the Voluntary Arrangement and/or the Scheme of Arrangement or the order of the U.K. Court sanctioning the Scheme of Arrangement.

(c) Voting: Class 9L is unimpaired and holders of Class 9L Claims are thus not entitled to vote to accept or reject the Plan.

### **3.9.5. Class 9P – Equity Interests**

(a) Classification: Class 9P consists of all Equity Interests in FMAUK.

(b) Treatment: Each holder of an Allowed Equity Interest in Class 9P shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Equity Interest entitles the holder.

(c) Voting: Class 9P is unimpaired and holders of Class 9P Equity Interests are thus not entitled to vote to accept or reject the Plan.

## **3.10. Federal-Mogul Sintered Products Limited (“FMSP”) (Classes 10A – 10P)**

### **3.10.1. Class 10A - Priority and Preferential Claims**

(a) Classification: Class 10A consists of all Priority and Preferential Claims against FMSP, other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6A.

(b) Treatment: Each holder of a Class 10A Allowed Claim shall retain unaltered the legal, equitable and contractual rights to which such Claim entitles the holder.

(c) Voting: Class 10A is unimpaired and holders of Class 10A Claims are thus not entitled to vote to accept or reject the Plan.

### **3.10.2. Class 10H – Unsecured Claims**

(a) Classification: Class 10H consists of all Unsecured Claims against FMSP other than any Claims that are specifically included in any other Class and other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6H. Additionally, if the T&N Pension Plan Trustees do not vote in favor of acceptance of all of the Plans for the U.K. Debtors that have obligations under or relating to the T&N Pension Plan and have not given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote in favor of approving any relevant Voluntary

Arrangements for such U.K. Debtors and/or if the Consensual Marketing Procedures are performed with respect to T&N, then Class 10H shall also include all Class 10I Non-Priority T&N Pension Plan Employee Benefit Claims against FMSP.

(b) Treatment: Each holder of an Allowed Class 10H Claim shall receive, on the Distribution Date, a Cash payment equal to the greater of: (i) the Allowed Amount of such holder's Class 10H Claim multiplied by either (y) T&N Distribution Ratio 1 if the Consensual Marketing Procedures are not performed or (z) T&N Distribution Ratio 2 if the Consensual Marketing Procedures are performed; (ii) the Allowed Amount of such holder's Class 10H Claim multiplied by the Company Specific Distribution Ratio for FMSP; or (iii) if FMSP is a Small Company, the Allowed Amount of such holder's Class 10H Claim multiplied by the Small Company Specific Distribution Ratio for FMSP.

(c) Voting: Class 10H is impaired and each holder of an Allowed Class 10H Claim is entitled to vote to accept or reject the Plan.

### **3.10.3. Class 10I – Non-Priority T&N Pension Plan Employee Benefit Claims**

(a) Classification: Class 10I consists of all Non-Priority T&N Pension Plan Employee Benefit Claims against FMSP.

(b) Treatment A: If the T&N Pension Plan Trustees vote in favor of acceptance of all of the Plans of the U.K. Debtors that have any obligations under or relating to the T&N Pension Plan and have given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote to approve any relevant Voluntary Arrangements for such U.K. Debtors and if the Consensual Marketing Procedures are not performed with respect to T&N, then the Class 10I Claims shall be deemed fully satisfied by virtue of the treatment afforded to the Non-Priority T&N Pension Plan Employee Benefit Claims in Class 6I.

(c) Treatment B: If the conditions for Treatment A as set forth above are not met, then all obligations with respect to the T&N Pension Plan will be compromised and discharged and all Class 10I Non Priority T&N Pension Plan Employee Benefit Claims against FMSP shall be included in and treated as Class 10H Claims.

(d) Voting: Class 10I is impaired and each holder of an Allowed Class 10I Claim is entitled to vote to accept or reject the Plan.

### **3.10.4. Class 10L - Affiliate Claims**

(a) Classification: Class 10L consists of all Affiliate Claims against FMSP which are subject to the Subordination Deed, other than any such Affiliate Claim in respect of which the holder has made an election to assert the Claim against T&N, as principal, under Class 6L.

(b) Treatment: All Affiliate Claims in Class 10L shall be subject to the Subordination Deed which shall become effective on the Effective Date, but not as a result of the provisions of the Plan, the Confirmation Order, the Voluntary Arrangement and/or the Scheme of Arrangement or the order of the U.K. Court sanctioning the Scheme of Arrangement.

(c) Voting: Class 10L is unimpaired and holders of Class 10L Claims are thus not entitled to vote to accept or reject the Plan.

### **3.10.5. Class 10P – Equity Interests**

(a) Classification: Class 10P consists of all Equity Interests in FMSP.

(b) Treatment: Each holder of an Allowed Equity Interest in Class 10P shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Equity Interest entitles the holder.

(c) Voting: Class 10P is unimpaired and holders of Class 10P Equity Interests are thus not entitled to vote to accept or reject the Plan.

## **3.11. Federal-Mogul Sealing Systems (Slough) Limited (“FMSS-Slough”) (Classes 11A – 11P)**

### **3.11.1. Class 11A - Priority and Preferential Claims**

(a) Classification: Class 11A consists of all Priority and Preferential Claims against FMSS-Slough, other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6A.

(b) Treatment: Each holder of a Class 11A Allowed Claim shall retain unaltered the legal, equitable and contractual rights to which such Claim entitles the holder.

(c) Voting: Class 11A is unimpaired and holders of Class 11A Claims are thus not entitled to vote to accept or reject the Plan.

### **3.11.2. Class 11G -- On-Site Environmental Claims**

(a) Classification: Class 11G consists of all On-Site Environmental Claims against FMSS-Slough.

(b) Treatment: Each holder of an Allowed On-Site Environmental Claim in Class 11G shall retain unaltered, the legal, equitable and contractual rights to which such Allowed On-Site Environmental Claim entitles the holder.

(c) Voting: Class 11G is unimpaired and holders of Class 11G Claims are thus not entitled to vote to accept or reject the Plan.

### **3.11.3. Class 11H – Unsecured Claims**

(a) Classification: Class 11H consists of all Unsecured Claims against FMSS-Slough other than any Claims that are specifically included in any other Class and other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6H. Additionally, if the T&N Pension Plan Trustees do not vote in favor of acceptance of all of the Plans for the U.K. Debtors that have obligations under or relating to the T&N Pension Plan and have not given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote in favor of approving any relevant Voluntary Arrangements for such U.K. Debtors and/or if the Consensual Marketing Procedures are performed with respect to T&N, then Class 11H shall also include all Class 11I Non-Priority T&N Pension Plan Employee Benefit Claims against FMSS-Slough.

(b) Treatment: Each holder of an Allowed Class 11H Claim shall receive, on the Distribution Date, a Cash payment equal to the greater of: (i) the Allowed Amount of such holder's Class 11H Claim multiplied by either (y) T&N Distribution Ratio 1 if the Consensual Marketing Procedures are not performed or (z) T&N Distribution Ratio 2 if the Consensual Marketing Procedures are performed; (ii) the Allowed Amount of such holder's Class 11H Claim multiplied by the Company Specific Distribution Ratio for FMSS-Slough; or (iii) if FMSS-Slough is a Small Company, the Allowed Amount of such holder's Class 11H Claim multiplied by the Small Company Specific Distribution Ratio for FMSS-Slough.

(c) Voting: Class 11H is impaired and each holder of an Allowed Class 11H Claim is entitled to vote to accept or reject the Plan.

### **3.11.4. Class 11I – Non-Priority T&N Pension Plan Employee Benefit Claims**

(a) Classification: Class 11I consists of all Non-Priority T&N Pension Plan Employee Benefit Claims against FMSS-Slough.

(b) Treatment A: If the T&N Pension Plan Trustees vote in favor of acceptance of all of the Plans of the U.K. Debtors that have any obligations under or relating to the T&N Pension Plan and have given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote to approve any relevant Voluntary Arrangements for such U.K. Debtors and if the Consensual Marketing Procedures are not performed with respect to T&N, then the Class 11I Claims shall be deemed fully satisfied by virtue of the treatment afforded to the Non-Priority T&N Pension Plan Employee Benefit Claims in Class 6I.

(c) Treatment B: If the conditions for Treatment A as set forth above are not met, then all obligations with respect to the T&N Pension Plan will be compromised and discharged and all Class 11I Non Priority T&N Pension Plan Employee Benefit Claims against FMSS-Slough shall be included in and treated as Class 11H Claims.

(d) Voting: Class 11I is impaired and each holder of an Allowed Class 11I Claim is entitled to vote to accept or reject the Plan.

### **3.11.5. Class 11J - Asbestos Personal Injury Claims**

(a) Classification: Class 11J consists of all Asbestos Personal Injury Claims against FMSS-Slough as to which the holder has not made an election to assert such Claim against T&N as principal and to have such Claim included in Class 6J.

(b) Treatment: As of the Effective Date, liability for all Class 11J Asbestos Personal Injury Claims shall automatically and without further act, deed or Court order, be assumed by the Trust in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan and the provisions relating to the Hercules Policy and any EL Policy. Additionally, on the Effective Date, the liability of Reorganized FMSS-Slough for each Class 11J Claim shall continue but recourse to the assets of Reorganized FMSS-Slough in respect of such liability shall, by operation of the Plan, the Scheme of Arrangement and/or the Voluntary Arrangement and the Confirmation Order, be limited in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan and the provisions relating to the Hercules Policy and any EL Policy. Upon the Hercules Policy Expiry Date and/or the EL Coverage Expiry Date, Reorganized FMSS-Slough shall be, without further order of Court, released and discharged from Class 11J Asbestos Personal Injury Claims in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan.

(c) Voting: Class 11J is impaired and each holder of an Allowed Class 11J Claim is entitled to vote to accept or reject the Plan.

### **3.11.6. Class 11L - Affiliate Claims.**

(a) Classification: Class 11L consists of all Affiliate Claims against FMSS-Slough which are subject to the Subordination Deed, other than any such Affiliate Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6L.

(b) Treatment: All Affiliate Claims in Class 11L shall be subject to the Subordination Deed which shall become effective on the Effective Date, but not as a result of the provisions of the Plan, the Confirmation Order, the Voluntary Arrangement and/or the Scheme of Arrangement or the order of the U.K. Court sanctioning the Scheme of Arrangement.

(c) Voting: Class 11L is unimpaired and holders of Class 11L Claims are thus not entitled to vote to accept or reject the Plan.

### **3.11.7. Class 11P – Equity Interests**

(a) Classification: Class 11P consists of all Equity Interests in FMSS-Slough.

(b) Treatment: Each holder of an Allowed Equity Interest in Class 11P shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Equity Interest entitles the holder.

(c) Voting: Class 11P is unimpaired and holders of Class 11P Equity Interests are thus not entitled to vote to accept or reject the Plan.

### **3.12. Federal-Mogul Friction Products Limited ("FMFP") (Classes 12A – 12P)**

#### **3.12.1. Class 12A - Priority and Preferential Claims**

(a) Classification: Class 12A consists of all Priority and Preferential Claims against FMFP, other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6A.

(b) Treatment: Each holder of a Class 12A Allowed Claim shall retain unaltered the legal, equitable and contractual rights to which such Claim entitles the holder.

(c) Voting: Class 12A is unimpaired and holders of Class 12A Claims are thus not entitled to vote to accept or reject the Plan.

#### **3.12.2. Class 12G -- On-Site Environmental Claims**

(a) Classification: Class 12G consists of all On-Site Environmental Claims against FMFP.

(b) Treatment: Each holder of an Allowed On-Site Environmental Claim in Class 12G shall retain unaltered, the legal, equitable and contractual rights to which such Allowed On-Site Environmental Claim entitles the holder.

(c) Voting: Class 12G is unimpaired and holders of Class 12G Claims are thus not entitled to vote to accept or reject the Plan.

#### **3.12.3. Class 12H – Unsecured Claims**

(a) Classification: Class 12H consists of all Unsecured Claims against FMFP other than any Claims that are specifically included in any other Class and other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6H. Additionally, if the T&N Pension Plan Trustees do not vote in favor of acceptance of all of the Plans for the U.K. Debtors that have obligations under or relating to the T&N Pension Plan and have not given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote in favor of approving any relevant Voluntary Arrangements for such U.K. Debtors and/or if the Consensual Marketing Procedures are performed with respect to T&N, then Class 12H shall also include all Class 12I Non-Priority T&N Pension Plan Employee Benefit Claims against FMFP.

(b) Treatment: Each holder of an Allowed Class 12H Claim shall receive, on the Distribution Date, a Cash payment equal to the greater of: (i) the Allowed Amount of such holder's Class 12H Claim multiplied by either (y) T&N Distribution Ratio 1 if the Consensual Marketing Procedures are not performed or (z) T&N Distribution Ratio 2 if the Consensual Marketing Procedures are performed; (ii) the Allowed Amount of such holder's Class 12H Claim multiplied by the Company Specific Distribution Ratio for FMFP; or (iii) if FMFP is a Small

Company, the Allowed Amount of such holder's Class 12H Claim multiplied by the Small Company Specific Distribution Ratio for FMFP.

(c) Voting: Class 12H is impaired and each holder of an Allowed Class 12H Claim is entitled to vote to accept or reject the Plan.

**3.12.4. Class 12I – Non-Priority T&N Pension Plan Employee Benefit Claims**

(a) Classification: Class 12I consists of all Non-Priority T&N Pension Plan Employee Benefit Claims against FMFP.

(b) Treatment A: If the T&N Pension Plan Trustees vote in favor of acceptance of all of the Plans of the U.K. Debtors that have any obligations under or relating to the T&N Pension Plan and have given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote to approve any relevant Voluntary Arrangements for such U.K. Debtors and if the Consensual Marketing Procedures are not performed with respect to T&N, then the Class 12I Claims shall be deemed fully satisfied by virtue of the treatment afforded to the Non-Priority T&N Pension Plan Employee Benefit Claims in Class 6I.

(c) Treatment B: If the conditions for Treatment A as set forth above are not met, then all obligations with respect to the T&N Pension Plan will be compromised and discharged and all Class 12I Non Priority T&N Pension Plan Employee Benefit Claims against FMFP shall be included in and treated as Class 12H Claims.

(d) Voting: Class 12I is impaired and each holder of an Allowed Class 12I Claim is entitled to vote to accept or reject the Plan.

**3.12.5. Class 12J – Asbestos Personal Injury Claims**

(a) Classification: Class 12J consists of all Asbestos Personal Injury Claims against FMFP as to which the holder has not made an election to assert such Claim against T&N as principal and to have such Claim included in Class 6J.

(b) Treatment: As of the Effective Date, liability for all Class 12J Asbestos Personal Injury Claims shall automatically and without further act, deed or Court order, be assumed by the Trust in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan and the provisions relating to the Hercules Policy and any EL Policy. Additionally, on the Effective Date, the liability of Reorganized FMFP for each Class 12J Claim shall continue but recourse to the assets of Reorganized FMFP in respect of such liability shall, by operation of the Plan, the Scheme of Arrangement and/or the Voluntary Arrangement and the Confirmation Order, be limited in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan and the provisions relating to the Hercules Policy and any EL Policy. Upon the Hercules Policy Expiry Date and/or the EL Coverage Expiry Date, Reorganized FMFP shall be, without further order of Court, released and discharged from Class



12J Asbestos Personal Injury Claims in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan.

(c) Voting: Class 12J is impaired and each holder of an Allowed Class 12J Claim is entitled to vote to accept or reject the Plan.

#### **3.12.6. Class 12L - Affiliate Claims**

(a) Classification: Class 12L consists of all Affiliate Claims against FMFP which are subject to the Subordination Deed, other than any such Affiliate Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6L.

(b) Treatment: All Affiliate Claims in Class 12L shall be subject to the Subordination Deed which shall become effective on the Effective Date, but not as a result of the provisions of the Plan, the Confirmation Order, the Voluntary Arrangement and/or the Scheme of Arrangement or the order of the U.K. Court sanctioning the Scheme of Arrangement.

(c) Voting: Class 12L is unimpaired and holders of Class 12L Claims are thus not entitled to vote to accept or reject the Plan.

#### **3.12.7. Class 12P – Equity Interests**

(a) Classification: Class 12P consists of all Equity Interests in FMFP.

(b) Treatment: Each holder of an Allowed Equity Interest in Class 12P shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Equity Interest entitles the holder.

(c) Voting: Class 12P is unimpaired and holders of Class 12P Equity Interests are thus not entitled to vote to accept or reject the Plan.

### **3.13. Federal-Mogul Sealing Systems (Rochdale) Limited (“FMSS-Rochdale”) (Classes 13A – 13P)**

#### **3.13.1. Class 13A - Priority and Preferential Claims**

(a) Classification: Class 13A consists of all Priority and Preferential Claims against FMSS-Rochdale, other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6A.

(b) Treatment: Each holder of a Class 13A Allowed Claim shall retain unaltered the legal, equitable and contractual rights to which such Claim entitles the holder.

(c) Voting: Class 13A is unimpaired and holders of Class 13A Claims are thus not entitled to vote to accept or reject the Plan.

### **3.13.2. Class 13H – Unsecured Claims**

(a) **Classification:** Class 13H consists of all Unsecured Claims against FMSS-Rochdale other than any Claims that are specifically included in any other Class and other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6H. Additionally, if the T&N Pension Plan Trustees do not vote in favor of acceptance of all of the Plans for the U.K. Debtors that have obligations under or relating to the T&N Pension Plan and have not given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote in favor of approving any relevant Voluntary Arrangements for such U.K. Debtors and/or if the Consensual Marketing Procedures are performed with respect to T&N, then Class 13H shall also include all Class 13I Non-Priority T&N Pension Plan Employee Benefit Claims against FMSS-Rochdale.

(b) **Treatment:** Each holder of an Allowed Class 13H Claim shall receive, on the Distribution Date, a Cash payment equal to the greater of: (i) the Allowed Amount of such holder's Class 13H Claim multiplied by either (y) T&N Distribution Ratio 1 if the Consensual Marketing Procedures are not performed or (z) T&N Distribution Ratio 2 if the Consensual Marketing Procedures are performed; (ii) the Allowed Amount of such holder's Class 13H Claim multiplied by the Company Specific Distribution Ratio for FMSS-Rochdale; or (iii) if FMSS-Rochdale is a Small Company, the Allowed Amount of such holder's Class 13H Claim multiplied by the Small Company Specific Distribution Ratio for FMSS-Rochdale.

(c) **Voting:** Class 13H is impaired and each holder of an Allowed Class 13H Claim is entitled to vote to accept or reject the Plan.

### **3.13.3. Class 13I – Non-Priority T&N Pension Plan Employee Benefit Claims**

(a) **Classification:** Class 13I consists of all Non-Priority T&N Pension Plan Employee Benefit Claims against FMSS-Rochdale.

(b) **Treatment A:** If the T&N Pension Plan Trustees vote in favor of acceptance of all of the Plans of the U.K. Debtors that have any obligations under or relating to the T&N Pension Plan and have given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote to approve any relevant Voluntary Arrangements for such U.K. Debtors and if the Consensual Marketing Procedures are not performed with respect to T&N, then the Class 13I Claims shall be deemed fully satisfied by virtue of the treatment afforded to the Non-Priority T&N Pension Plan Employee Benefit Claims in Class 6I.

(c) **Treatment B:** If the conditions for Treatment A as set forth above are not met, then all obligations with respect to the T&N Pension Plan will be compromised and discharged and all Class 13I Non Priority T&N Pension Plan Employee Benefit Claims against FMSS-Rochdale shall be included in and treated as Class 13H Claims.

(d) **Voting:** Class 13I is impaired and each holder of an Allowed Class 13I Claim is entitled to vote to accept or reject the Plan.

### **3.13.4. Class 13J - Asbestos Personal Injury Claims**

(a) Classification: Class 13J consists of all Asbestos Personal Injury Claims against FMSS-Rochdale as to which the holder has not made an election to assert such Claim against T&N as principal and to have such Claim included in Class 6J.

(b) Treatment: As of the Effective Date, liability for all Class 13J Asbestos Personal Injury Claims shall automatically and without further act, deed or Court order, be assumed by the Trust in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan and the provisions relating to the Hercules Policy and any EL Policy. Additionally, on the Effective Date, the liability of Reorganized FMSS-Rochdale for each Class 13J Claim shall continue but recourse to the assets of Reorganized FMSS-Rochdale in respect of such liability shall, by operation of the Plan, the Scheme of Arrangement and/or the Voluntary Arrangement and the Confirmation Order, be limited in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan and the provisions relating to the Hercules Policy and any EL Policy. Upon the Hercules Policy Expiry Date and/or the EL Coverage Expiry Date, Reorganized FMSS-Rochdale shall be, without further order of Court, released and discharged from Class 13J Asbestos Personal Injury Claims in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan.

(c) Voting: Class 13J is impaired and each holder of an Allowed Class 13J Claim is entitled to vote to accept or reject the Plan.

### **3.13.5. Class 13L - Affiliate Claims**

(a) Classification: Class 13L consists of all Affiliate Claims against FMSS-Rochdale which are subject to the Subordination Deed, other than any such Affiliate Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6L.

(b) Treatment: All Affiliate Claims in Class 13L shall be subject to the Subordination Deed which shall become effective on the Effective Date, but not as a result of the provisions of the Plan, the Confirmation Order, the Voluntary Arrangement and/or the Scheme of Arrangement or the order of the U.K. Court sanctioning the Scheme of Arrangement.

(c) Voting: Class 13L is unimpaired and holders of Class 13L Claims are thus not entitled to vote to accept or reject the Plan.

### **3.13.6. Class 13P – Equity Interests**

(a) Classification: Class 13P consists of all Equity Interests in FMSS-Rochdale.

(b) Treatment: Each holder of an Allowed Equity Interest in Class 13P shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Equity Interest entitles the holder.

(c) Voting: Class 13P is unimpaired and holders of Class 13P Equity Interests are thus not entitled to vote to accept or reject the Plan.

### **3.14. Federal-Mogul Camshaft Castings Limited (“FMCC”) (Classes 14A – 14P)**

#### **3.14.1. Class 14A - Priority and Preferential Claims**

(a) Classification: Class 14A consists of all Priority and Preferential Claims against FMCC, other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6A.

(b) Treatment: Each holder of a Class 14A Allowed Claim shall retain unaltered the legal, equitable and contractual rights to which such Claim entitles the holder.

(c) Voting: Class 14A is unimpaired and holders of Class 14A Claims are thus not entitled to vote to accept or reject the Plan.

#### **3.14.2. Class 14H – Unsecured Claims**

(a) Classification: Class 14H consists of all Unsecured Claims against FMCC other than any Claims that are specifically included in any other Class and other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6H. Additionally, if the T&N Pension Plan Trustees do not vote in favor of acceptance of all of the Plans for the U.K. Debtors that have obligations under or relating to the T&N Pension Plan and have not given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote in favor of approving any relevant Voluntary Arrangements for such U.K. Debtors and/or if the Consensual Marketing Procedures are performed with respect to T&N, then Class 14H shall also include all Class 14I Non-Priority T&N Pension Plan Employee Benefit Claims against FMCC.

(b) Treatment: Each holder of an Allowed Class 14H Claim shall receive, on the Distribution Date, a Cash payment equal to the greater of: (i) the Allowed Amount of such holder’s Class 14H Claim multiplied by either (y) T&N Distribution Ratio 1 if the Consensual Marketing Procedures are not performed or (z) T&N Distribution Ratio 2 if the Consensual Marketing Procedures are performed; (ii) the Allowed Amount of such holder’s Class 14H Claim multiplied by the Company Specific Distribution Ratio for FMCC; or (iii) if FMCC is a Small Company, the Allowed Amount of such holder’s Class 14H Claim multiplied by the Small Company Specific Distribution Ratio for FMCC.

(c) Voting: Class 14H is impaired and each holder of an Allowed Class 14H Claim is entitled to vote to accept or reject the Plan.

#### **3.14.3. Class 14I – Non-Priority T&N Pension Plan Employee Benefit Claims**

(a) Classification: Class 14I consists of all Non-Priority T&N Pension Plan Employee Benefit Claims against FMCC.

(b) Treatment A: If the T&N Pension Plan Trustees vote in favor of acceptance of all of the Plans of the U.K. Debtors that have any obligations under or relating to the T&N Pension Plan and have given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote to approve any relevant Voluntary Arrangements for such U.K. Debtors and if the Consensual Marketing Procedures are not performed with respect to T&N, then the Class 14I Claims shall be deemed fully satisfied by virtue of the treatment afforded to the Non-Priority T&N Pension Plan Employee Benefit Claims in Class 6I.

(c) Treatment B: If the conditions for Treatment A as set forth above are not met, then all obligations with respect to the T&N Pension Plan will be compromised and discharged and all Class 14I Non Priority T&N Pension Plan Employee Benefit Claims against FMCC shall be included in and treated as Class 14H Claims.

(d) Voting: Class 14I is impaired and each holder of an Allowed Class 14I Claim is entitled to vote to accept or reject the Plan.

#### **3.14.4. Class 14J - Asbestos Personal Injury Claims**

(a) Classification: Class 14J consists of all Asbestos Personal Injury Claims against FMCC as to which the holder has not made an election to assert such Claim against T&N as principal and to have such Claim included in Class 6J.

(b) Treatment: As of the Effective Date, liability for all Class 14J Asbestos Personal Injury Claims shall automatically and without further act, deed or Court order, be assumed by the Trust in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan and the provisions relating to the Hercules Policy and any EL Policy. Additionally, on the Effective Date, the liability of Reorganized FMCC for each Class 14J Claim shall continue but recourse to the assets of Reorganized FMCC in respect of such liability shall, by operation of the Plan, the Scheme of Arrangement and/or the Voluntary Arrangement and the Confirmation Order, be limited in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan and the provisions relating to the Hercules Policy and any EL Policy. Upon the Hercules Policy Expiry Date and/or the EL Coverage Expiry Date, Reorganized FMCC shall be, without further order of Court, released and discharged from Class 14J Asbestos Personal Injury Claims in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan.

(c) Voting: Class 14J is impaired and each holder of an Allowed Class 14J Claim is entitled to vote to accept or reject the Plan.

#### **3.14.5. Class 14L - Affiliate Claims**

(a) Classification: Class 14L consists of all Affiliate Claims against FMCC which are subject to the Subordination Deed, other than any such Affiliate Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6L.

(b) Treatment: All Affiliate Claims in Class 14L shall be subject to the Subordination Deed which shall become effective on the Effective Date, but not as a result of the provisions of the Plan, the Confirmation Order, the Voluntary Arrangement and/or the Scheme of Arrangement or the order of the U.K. Court sanctioning the Scheme of Arrangement.

(c) Voting: Class 14L is unimpaired and holders of Class 14L Claims are thus not entitled to vote to accept or reject the Plan.

#### **3.14.6. Class 14P – Equity Interests**

(a) Classification: Class 14P consists of all Equity Interests in FMCC.

(b) Treatment: Each holder of an Allowed Equity Interest in Class 14P shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Equity Interest entitles the holder.

(c) Voting: Class 14P is unimpaired and holders of Class 14P Equity Interests are thus not entitled to vote to accept or reject the Plan.

### **3.15. Federal-Mogul Bradford Limited (“Bradford”) (Classes 15A – 15P)**

#### **3.15.1. Class 15A - Priority and Preferential Claims**

(a) Classification: Class 15A consists of all Priority and Preferential Claims against Bradford, other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6A.

(b) Treatment: Each holder of a Class 15A Allowed Claim shall retain unaltered the legal, equitable and contractual rights to which such Claim entitles the holder.

(c) Voting: Class 15A is unimpaired and holders of Class 15A Claims are thus not entitled to vote to accept or reject the Plan.

#### **3.15.2. Class 15H – Unsecured Claims**

(a) Classification: Class 15H consists of all Unsecured Claims against Bradford other than any Claims that are specifically included in any other Class and other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6H. Additionally, if the T&N Pension Plan Trustees do not vote in favor of acceptance of all of the Plans for the U.K. Debtors that have obligations under or relating to the T&N Pension Plan and have not given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote in favor of approving any relevant Voluntary Arrangements for such U.K. Debtors and/or if the Consensual Marketing Procedures are performed with respect to T&N, then Class 15H shall also include all Class 15I Non-Priority T&N Pension Plan Employee Benefit Claims against Bradford.

(b) Treatment: Each holder of an Allowed Class 15H Claim shall receive, on the Distribution Date, a Cash payment equal to the greater of: (i) the Allowed Amount of such

holder's Class 15H Claim multiplied by either (y) T&N Distribution Ratio 1 if the Consensual Marketing Procedures are not performed or (z) T&N Distribution Ratio 2 if the Consensual Marketing Procedures are performed; (ii) the Allowed Amount of such holder's Class 15H Claim multiplied by the Company Specific Distribution Ratio for Bradford; or (iii) if Bradford is a Small Company, the Allowed Amount of such holder's Class 15H Claim multiplied by the Small Company Specific Distribution Ratio for Bradford.

(c) Voting: Class 15H is impaired and each holder of an Allowed Class 15H Claim is entitled to vote to accept or reject the Plan.

### **3.15.3. Class 15I – Non-Priority T&N Pension Plan Employee Benefit Claims**

(a) Classification: Class 15I consists of all Non-Priority T&N Pension Plan Employee Benefit Claims against Bradford.

(b) Treatment A: If the T&N Pension Plan Trustees vote in favor of acceptance of all of the Plans of the U.K. Debtors that have any obligations under or relating to the T&N Pension Plan and have given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote to approve any relevant Voluntary Arrangements for such U.K. Debtors and if the Consensual Marketing Procedures are not performed with respect to T&N, then the Class 15I Claims shall be deemed fully satisfied by virtue of the treatment afforded to the Non-Priority T&N Pension Plan Employee Benefit Claims in Class 6I.

(c) Treatment B: If the conditions for Treatment A as set forth above are not met, then all obligations with respect to the T&N Pension Plan will be compromised and discharged and all Class 15I Non Priority T&N Pension Plan Employee Benefit Claims against Bradford shall be included in and treated as Class 15H Claims.

(d) Voting: Class 15I is impaired and each holder of an Allowed Class 15I Claim is entitled to vote to accept or reject the Plan.

### **3.15.4. Class 15J - Asbestos Personal Injury Claims**

(a) Classification: Class 15J consists of all Asbestos Personal Injury Claims against Bradford as to which the holder has not made an election to assert such Claim against T&N as principal and to have such Claim included in Class 6J.

(b) Treatment: As of the Effective Date, liability for all Class 15J Asbestos Personal Injury Claims shall automatically and without further act, deed or Court order, be assumed by the Trust in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan and the provisions relating to the Hercules Policy and any EL Policy. Additionally, on the Effective Date, the liability of Reorganized Bradford for each Class 15J Claim shall continue but recourse to the assets of Reorganized Bradford in respect of such liability shall, by operation of the Plan, the Scheme of Arrangement and/or the Voluntary Arrangement and the Confirmation Order, be limited in accordance with and to the extent set forth in Article IV of the Plan, including specifically,

without limitation, Section 4.5 of the Plan and the provisions relating to the Hercules Policy and any EL Policy. Upon the Hercules Policy Expiry Date and/or the EL Coverage Expiry Date, Reorganized Bradford shall be, without further order of Court, released and discharged from Class 15J Asbestos Personal Injury Claims in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan.

(c) Voting: Class 15J is impaired and each holder of an Allowed Class 15J Claim is entitled to vote to accept or reject the Plan.

### **3.15.5. Class 15L - Affiliate Claims**

(a) Classification: Class 15L consists of all Affiliate Claims against Bradford which are subject to the Subordination Deed, other than any such Affiliate Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6L.

(b) Treatment: All Affiliate Claims in Class 15L shall be subject to the Subordination Deed which shall become effective on the Effective Date, but not as a result of the provisions of the Plan, the Confirmation Order, the Voluntary Arrangement and/or the Scheme of Arrangement or the order of the U.K. Court sanctioning the Scheme of Arrangement.

(c) Voting: Class 15L is unimpaired and holders of Class 15L Claims are thus not entitled to vote to accept or reject the Plan.

### **3.15.6. Class 15P – Equity Interests**

(a) Classification: Class 15P consists of all Equity Interests in Bradford.

(b) Treatment: Each holder of an Allowed Equity Interest in Class 15P shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Equity Interest entitles the holder.

(c) Voting: Class 15P is unimpaired and holders of Class 15P Equity Interests are thus not entitled to vote to accept or reject the Plan.

## **3.16. Federal-Mogul Camshafts Limited (“FM Camshafts”) (Classes 16A – 16P)**

### **3.16.1. Class 16A - Priority and Preferential Claims**

(a) Classification: Class 16A consists of all Priority and Preferential Claims against FM Camshafts, other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6A.

(b) Treatment: Each holder of a Class 16A Allowed Claim shall retain unaltered the legal, equitable and contractual rights to which such Claim entitles the holder.

(c) Voting: Class 16A is unimpaired and holders of Class 16A Claims are thus not entitled to vote to accept or reject the Plan.



### **3.16.2. Class 16H – Unsecured Claims**

(a) Classification: Class 16H consists of all Unsecured Claims against FM Camshafts other than any Claims that are specifically included in any other Class and other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6H. Additionally, if the T&N Pension Plan Trustees do not vote in favor of acceptance of all of the Plans for the U.K. Debtors that have obligations under or relating to the T&N Pension Plan and have not given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote in favor of approving any relevant Voluntary Arrangements for such U.K. Debtors and/or if the Consensual Marketing Procedures are performed with respect to T&N, then Class 16H shall also include all Class 16I Non-Priority T&N Pension Plan Employee Benefit Claims against FM Camshafts.

(b) Treatment: Each holder of an Allowed Class 16H Claim shall receive, on the Distribution Date, a Cash payment equal to the greater of: (i) the Allowed Amount of such holder's Class 16H Claim multiplied by either (y) T&N Distribution Ratio 1 if the Consensual Marketing Procedures are not performed or (z) T&N Distribution Ratio 2 if the Consensual Marketing Procedures are performed; (ii) the Allowed Amount of such holder's Class 16H Claim multiplied by the Company Specific Distribution Ratio for FM Camshafts; or (iii) if FM Camshafts is a Small Company, the Allowed Amount of such holder's Class 16H Claim multiplied by the Small Company Specific Distribution Ratio for FM Camshafts.

(c) Voting: Class 16H is impaired and each holder of an Allowed Class 16H Claim is entitled to vote to accept or reject the Plan.

### **3.16.3. Class 16I – Non-Priority T&N Pension Plan Employee Benefit Claims**

(a) Classification: Class 16I consists of all Non-Priority T&N Pension Plan Employee Benefit Claims against FM Camshafts.

(b) Treatment A: If the T&N Pension Plan Trustees vote in favor of acceptance of all of the Plans of the U.K. Debtors that have any obligations under or relating to the T&N Pension Plan and have given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote to approve any relevant Voluntary Arrangements for such U.K. Debtors and if the Consensual Marketing Procedures are not performed with respect to T&N, then the Class 16I Claims shall be deemed fully satisfied by virtue of the treatment afforded to the Non-Priority T&N Pension Plan Employee Benefit Claims in Class 6I.

(c) Treatment B: If the conditions for Treatment A as set forth above are not met, then all obligations with respect to the T&N Pension Plan will be compromised and discharged and all Class 16I Non Priority T&N Pension Plan Employee Benefit Claims against FM Camshafts shall be included in and treated as Class 16H Claims.

(d) Voting: Class 16I is impaired and each holder of an Allowed Class 16I Claim is entitled to vote to accept or reject the Plan.

### **3.16.4. Class 16L - Affiliate Claims**

(a) Classification: Class 16L consists of all Affiliate Claims against FM Camshafts which are subject to the Subordination Deed, other than any such Affiliate Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6L.

(b) Treatment: All Affiliate Claims in Class 16L shall be subject to the Subordination Deed which shall become effective on the Effective Date, but not as a result of the provisions of the Plan, the Confirmation Order, the Voluntary Arrangement and/or the Scheme of Arrangement or the order of the U.K. Court sanctioning the Scheme of Arrangement.

(c) Voting: Class 16L is unimpaired and holders of Class 16L Claims are thus not entitled to vote to accept or reject the Plan.

### **3.16.5. Class 16P – Equity Interests**

(a) Classification: Class 16P consists of all Equity Interests in FM Camshafts.

(b) Treatment: Each holder of an Allowed Equity Interest in Class 16P shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Equity Interest entitles the holder.

(c) Voting: Class 16P is unimpaired and holders of Class 16P Equity Interests are thus not entitled to vote to accept or reject the Plan.

## **3.17. Federal-Mogul Eurofriction Limited (“FMEL”) (Classes 17A – 17P)**

### **3.17.1. Class 17A - Priority and Preferential Claims**

(a) Classification: Class 17A consists of all Priority and Preferential Claims against FMEL, other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6A.

(b) Treatment: Each holder of a Class 17A Allowed Claim shall retain unaltered the legal, equitable and contractual rights to which such Claim entitles the holder.

(c) Voting: Class 17A is unimpaired and holders of Class 17 Claims are thus not entitled to vote to accept or reject the Plan.

### **3.17.2. Class 17G -- On-Site Environmental Claims**

(a) Classification: Class 17G consists of all On-Site Environmental Claims against FMEL.

(b) Treatment: Each holder of an Allowed On-Site Environmental Claim in Class 17G shall retain unaltered, the legal, equitable and contractual rights to which such Allowed On-Site Environmental Claim entitles the holder.

(c) Voting: Class 17G is unimpaired and holders of Class 17G Claims are thus not entitled to vote to accept or reject the Plan.

### **3.17.3. Class 17H – Unsecured Claims**

(a) Classification: Class 17H consists of all Unsecured Claims against FMEL other than any Claims that are specifically included in any other Class and other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6H. Additionally, if the T&N Pension Plan Trustees do not vote in favor of acceptance of all of the Plans for the U.K. Debtors that have obligations under or relating to the T&N Pension Plan and have not given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote in favor of approving any relevant Voluntary Arrangements for such U.K. Debtors and/or if the Consensual Marketing Procedures are performed with respect to T&N, then Class 17H shall also include all Class 17I Non-Priority T&N Pension Plan Employee Benefit Claims against FMEL.

(b) Treatment: Each holder of an Allowed Class 17H Claim shall receive, on the Distribution Date, a Cash payment equal to the greater of: (i) the Allowed Amount of such holder's Class 17H Claim multiplied by either (y) T&N Distribution Ratio 1 if the Consensual Marketing Procedures are not performed or (z) T&N Distribution Ratio 2 if the Consensual Marketing Procedures are performed; (ii) the Allowed Amount of such holder's Class 17H Claim multiplied by the Company Specific Distribution Ratio for FMEL; or (iii) if FMEL is a Small Company, the Allowed Amount of such holder's Class 17H Claim multiplied by the Small Company Specific Distribution Ratio for FMEL.

(c) Voting: Class 17H is impaired and each holder of an Allowed Class 17H Claim is entitled to vote to accept or reject the Plan.

### **3.17.4. Class 17I – Non-Priority T&N Pension Plan Employee Benefit Claims**

(a) Classification: Class 17I consists of all Non-Priority T&N Pension Plan Employee Benefit Claims against FMEL.

(b) Treatment A: If the T&N Pension Plan Trustees vote in favor of acceptance of all of the Plans of the U.K. Debtors that have any obligations under or relating to the T&N Pension Plan and have given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote to approve any relevant Voluntary Arrangements for such U.K. Debtors and if the Consensual Marketing Procedures are not performed with respect to T&N, then the Class 17I Claims shall be deemed fully satisfied by virtue of the treatment afforded to the Non-Priority T&N Pension Plan Employee Benefit Claims in Class 6I.

(c) Treatment B: If the conditions for Treatment A as set forth above are not met, then all obligations with respect to the T&N Pension Plan will be compromised and discharged and all Class 17I Non Priority T&N Pension Plan Employee Benefit Claims against FMEL shall be included in and treated as Class 17H Claims.

(d) Voting: Class 17I is impaired and each holder of an Allowed Class 17I Claim is entitled to vote to accept or reject the Plan.

### **3.17.5. Class 17J– Asbestos Personal Injury Claims**

(a) Classification: Class 17J consists of all Asbestos Personal Injury Claims against FMEL as to which the holder has not made an election to assert such Claim against T&N as principal and to have such Claim included in Class 6J.

(b) Treatment: As of the Effective Date, liability for all Class 17J Asbestos Personal Injury Claims shall automatically and without further act, deed or Court order, be assumed by the Trust in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan and the provisions relating to the Hercules Policy and any EL Policy. Additionally, on the Effective Date, the liability of Reorganized FMEL for each Class 17J Claim shall continue but recourse to the assets of Reorganized FMEL in respect of such liability shall, by operation of the Plan, the Scheme of Arrangement and/or the Voluntary Arrangement and the Confirmation Order, be limited in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan and the provisions relating to the Hercules Policy and any EL Policy. Upon the Hercules Policy Expiry Date and/or the EL Coverage Expiry Date, Reorganized FMEL shall be, without further order of Court, released and discharged from Class 17J Asbestos Personal Injury Claims in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan.

(c) Voting: Class 17J is impaired and each holder of an Allowed Class 17J Claim is entitled to vote to accept or reject the Plan.

### **3.17.6. Class 17L - Affiliate Claims**

(a) Classification: Class 17L consists of all Affiliate Claims against FMEL which are subject to the Subordination Deed, other than any such Affiliate Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6L.

(b) Treatment: All Affiliate Claims in Class 17L shall be subject to the Subordination Deed which shall become effective on the Effective Date, but not as a result of the provisions of the Plan, the Confirmation Order, the Voluntary Arrangement and/or the Scheme of Arrangement or the order of the U.K. Court sanctioning the Scheme of Arrangement.

(c) Voting: Class 17L is unimpaired and holders of Class 17L Claims are thus not entitled to vote to accept or reject the Plan.

### **3.17.7. Class 17P – Equity Interests**

(a) Classification: Class 17P consists of all Equity Interests in FMEL.

(b) Treatment: Each holder of an Allowed Equity Interest in Class 17P shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Equity Interest entitles the holder.

(c) Voting: Class 17P is unimpaired and holders of Class 17P Equity Interests are thus not entitled to vote to accept or reject the Plan.

**3.18. Federal-Mogul Powertrain Systems International Limited (“Powertrain”)  
(Classes 18A – 18P)**

**3.18.1. Class 18A - Priority and Preferential Claims**

(a) Classification: Class 18A consists of all Priority and Preferential Claims against Powertrain, other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6A.

(b) Treatment: Each holder of a Class 18A Allowed Claim shall retain unaltered the legal, equitable and contractual rights to which such Claim entitles the holder.

(c) Voting: Class 18A is unimpaired and holders of Class 18A Claims are thus not entitled to vote to accept or reject the Plan.

**3.18.2. Class 18H – Unsecured Claims**

(a) Classification: Class 18H consists of all Unsecured Claims against Powertrain other than any Claims that are specifically included in any other Class and other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6H. Additionally, if the T&N Pension Plan Trustees do not vote in favor of acceptance of all of the Plans for the U.K. Debtors that have obligations under or relating to the T&N Pension Plan and have not given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote in favor of approving any relevant Voluntary Arrangements for such U.K. Debtors and/or if the Consensual Marketing Procedures are performed with respect to T&N, then Class 18H shall also include all Class 18I Non-Priority T&N Pension Plan Employee Benefit Claims against Powertrain.

(b) Treatment: Each holder of an Allowed Class 18H Claim shall receive, on the Distribution Date, a Cash payment equal to the greater of: (i) the Allowed Amount of such holder’s Class 18H Claim multiplied by either (y) T&N Distribution Ratio 1 if the Consensual Marketing Procedures are not performed or (z) T&N Distribution Ratio 2 if the Consensual Marketing Procedures are performed; (ii) the Allowed Amount of such holder’s Class 18H Claim multiplied by the Company Specific Distribution Ratio for Powertrain; or (iii) if Powertrain is a Small Company, the Allowed Amount of such holder’s Class 18H Claim multiplied by the Small Company Specific Distribution Ratio for Powertrain.

(c) Voting: Class 18H is impaired and each holder of an Allowed Class 18H Claim is entitled to vote to accept or reject the Plan

**3.18.3. Class 18I – Non-Priority T&N Pension Plan Employee Benefit Claims**

(a) Classification: Class 18I consists of all Non-Priority T&N Pension Plan Employee Benefit Claims against Powertrain.

(b) Treatment A: If the T&N Pension Plan Trustees vote in favor of acceptance of all of the Plans of the U.K. Debtors that have any obligations under or relating to the T&N Pension Plan and have given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote to approve any relevant Voluntary Arrangements for such U.K. Debtors and if the Consensual Marketing Procedures are not performed with respect to T&N, then the Class 18I Claims shall be deemed fully satisfied by virtue of the treatment afforded to the Non-Priority T&N Pension Plan Employee Benefit Claims in Class 6I.

(c) Treatment B: If the conditions for Treatment A as set forth above are not met, then all obligations with respect to the T&N Pension Plan will be compromised and discharged and all Class 18I Non Priority T&N Pension Plan Employee Benefit Claims against Powertrain shall be included in and treated as Class 18H Claims.

(d) Voting: Class 18I is impaired and each holder of an Allowed Class 18I Claim is entitled to vote to accept or reject the Plan.

**3.18.4. Class 18L - Affiliate Claims**

(a) Classification: Class 18L consists of all Affiliate Claims against Powertrain which are subject to the Subordination Deed, other than such Affiliate Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6L.

(b) Treatment: All Affiliate Claims in Class 18L shall be subject to the Subordination Deed which shall become effective on the Effective Date, but not as a result of the provisions of the Plan, the Confirmation Order, the Voluntary Arrangement and/or the Scheme of Arrangement or the order of the U.K. Court sanctioning the Scheme of Arrangement.

(c) Voting: Class 18L is unimpaired and holders of Class 18L Claims are thus not entitled to vote to accept or reject the Plan.

**3.18.5. Class 18P – Equity Interests**

(a) Classification: Class 18P consists of all Equity Interests in Powertrain.

(b) Treatment: Each holder of an Allowed Equity Interest in Class 18P shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Equity Interest entitles the holder.

(c) Voting: Class 18P is unimpaired and holders of Class 18P Equity Interests are thus not entitled to vote to accept or reject the Plan.

**3.19. TBA Industrial Products Limited (“TBA-IP”) (Classes 19A – 19P)**

**3.19.1. Class 19A - Priority and Preferential Claims**

(a) Classification: Class 19A consists of all Priority and Preferential Claims against TBA-IP, other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6A.

(b) Treatment: Each holder of a Class 19A Allowed Claim shall retain unaltered the legal, equitable and contractual rights to which such Claim entitles the holder.

(c) Voting: Class 19A is unimpaired and holders of Class 19A Claims are thus not entitled to vote to accept or reject the Plan.

**3.19.2. Class 19H – Unsecured Claims.**

(a) Classification: Class 19H consists of all Unsecured Claims against TBA-IP other than any Claims that are specifically included in any other Class and other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6H. Additionally, if the T&N Pension Plan Trustees do not vote in favor of acceptance of all of the Plans for the U.K. Debtors that have obligations under or relating to the T&N Pension Plan and have not given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote in favor of approving any relevant Voluntary Arrangements for such U.K. Debtors and/or if the Consensual Marketing Procedures are performed with respect to T&N, then Class 19H shall also include all Class 19I Non-Priority T&N Pension Plan Employee Benefit Claims against TBA-IP.

(b) Treatment: Each holder of an Allowed Class 19H Claim shall receive, on the Distribution Date, a Cash payment equal to the greater of: (i) the Allowed Amount of such holder’s Class 19H Claim multiplied by either (y) T&N Distribution Ratio 1 if the Consensual Marketing Procedures are not performed or (z) T&N Distribution Ratio 2 if the Consensual Marketing Procedures are performed; (ii) the Allowed Amount of such holder’s Class 19H Claim multiplied by the Company Specific Distribution Ratio for TBA-IP; or (iii) if TBA-IP is Small Company, the Allowed Amount of such holder’s Class 19H Claim multiplied by the Small Company Specific Distribution Ratio for TBA-IP.

(c) Voting: Class 19H is impaired and each holder of an Allowed Class 19H Claim is entitled to vote to accept or reject the Plan.

**3.19.3. Class 19I – Non-Priority T&N Pension Plan Employee Benefit Claims**

(a) Classification: Class 19I consists of all Non-Priority T&N Pension Plan Employee Benefit Claims against TBA-IP.

(b) Treatment A: If the T&N Pension Plan Trustees vote in favor of acceptance of all of the Plans of the U.K. Debtors that have any obligations under or relating to the T&N Pension Plan and have given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote to approve any relevant Voluntary Arrangements for such U.K. Debtors and if the Consensual Marketing Procedures are not performed with respect to T&N, then the Class 19I Claims shall be deemed fully satisfied by virtue of the treatment afforded to the Non-Priority T&N Pension Plan Employee Benefit Claims in Class 6I.

(c) Treatment B: If the conditions for Treatment A as set forth above are not met, then all obligations with respect to the T&N Pension Plan will be compromised and discharged and all Class 19I Non Priority T&N Pension Plan Employee Benefit Claims against TBA-IP shall be included in and treated as Class 19H Claims.

(d) Voting: Class 19I is impaired and each holder of an Allowed Class 19I Claim is entitled to vote to accept or reject the Plan.

#### **3.19.4. Class 19J – Asbestos Personal Injury Claims**

(a) Classification: Class 19J consists of all Asbestos Personal Injury Claims against TBA-IP as to which the holder has not made an election to assert such Claim against T&N as principal and to have such Claim included in Class 6J.

(b) Treatment: As of the Effective Date, liability for all Class 19J Asbestos Personal Injury Claims shall automatically and without further act, deed or Court order, be assumed by the Trust in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan and the provisions relating to the Hercules Policy and any EL Policy. Additionally, on the Effective Date, the liability of Reorganized TBA-IP for each Class 19J Claim shall continue but recourse to the assets of Reorganized TBA-IP in respect of such liability shall, by operation of the Plan, the Scheme of Arrangement and/or the Voluntary Arrangement and the Confirmation Order, be limited in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan and the provisions relating to the Hercules Policy and any EL Policy. Upon the Hercules Policy Expiry Date and/or the EL Coverage Expiry Date, Reorganized TBA-IP shall be, without further order of Court, released and discharged from Class 19J Asbestos Personal Injury Claims in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan.

(c) Voting: Class 19J is impaired and each holder of an Allowed Class 19J Claim is entitled to vote to accept or reject the Plan.

#### **3.19.5. Class 19L - Affiliate Claims**

(a) Classification: Class 19L consists of all Affiliate Claims against TBA-IP which are subject to the Subordination Deed, other than any such Affiliate Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6L.



(b) Treatment: All Affiliate Claims in Class 19L shall be subject to the Subordination Deed which shall become effective on the Effective Date, but not as a result of the provisions of the Plan, the Confirmation Order, the Voluntary Arrangement and/or the Scheme of Arrangement or the order of the U.K. Court sanctioning the Scheme of Arrangement.

(c) Voting: Class 19L is unimpaired and holders of Class 19L Claims are thus not entitled to vote to accept or reject the Plan.

### **3.19.6. Class 19P – Equity Interests**

(a) Classification: Class 19P consists of all Equity Interests in TBA-IP.

(b) Treatment: Each holder of an Allowed Equity Interest in Class 19P shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Equity Interest entitles the holder.

(c) Voting: Class 19P is unimpaired and holders of Class 19P Equity Interests are thus not entitled to vote to accept or reject the Plan.

## **3.20. Federal-Mogul Export Services Limited (“FM Export”) (Classes 20A – 20P)**

### **3.20.1. Class 20A - Priority and Preferential Claims**

(a) Classification: Class 20A consists of all Priority and Preferential Claims against FM Export, other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6A.

(b) Treatment: Each holder of a Class 20A Allowed Claim shall retain unaltered the legal, equitable and contractual rights to which such Claim entitles the holder.

(c) Voting: Class 20A is unimpaired and holders of Class 20A Claims are thus not entitled to vote to accept or reject the Plan.

### **3.20.2. Class 20H – Unsecured Claims.**

(a) Classification: Class 20H consists of all Unsecured Claims against FM Export other than any Claims that are specifically included in any other Class and other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6H.

(b) Treatment: Each holder of an Allowed Class 20H Claim shall receive, on the Distribution Date, a Cash payment equal to the greater of: (i) the Allowed Amount of such holder’s Class 20H Claim multiplied by either (y) T&N Distribution Ratio 1 if the Consensual Marketing Procedures are not performed or (z) T&N Distribution Ratio 2 if the Consensual Marketing Procedures are performed; (ii) the Allowed Amount of such holder’s Class 20H Claim multiplied by the Company Specific Distribution Ratio for FM Export; or (iii) if FM-Export is a Small Company, the Allowed Amount of such holder’s Class 20H Claim multiplied by the Small Company Specific Distribution Ratio for FM-Export.

(c) Voting: Class 20H is impaired and each holder of an Allowed Class 20H Claim is entitled to vote to accept or reject the Plan.

### **3.20.3. Class 20L - Affiliate Claims**

(a) Classification: Class 20L consists of all Affiliate Claims against FM Export which are subject to the Subordination Deed, other than any such Affiliate Claims in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6L.

(b) Treatment: All Affiliate Claims in Class 20L shall be subject to the Subordination Deed which shall become effective on the Effective Date, but not as a result of the provisions of the Plan, the Confirmation Order, the Voluntary Arrangement and/or the Scheme of Arrangement or the order of the U.K. Court sanctioning the Scheme of Arrangement.

(c) Voting: Class 20L is unimpaired and holders of Class 20L Claims are thus not entitled to vote to accept or reject the Plan.

### **3.20.4. Class 20P – Equity Interests**

(a) Classification: Class 20P consists of all Equity Interests in FM Export.

(b) Treatment: Each holder of an Allowed Equity Interest in Class 20P shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Equity Interest entitles the holder.

(c) Voting: Class 20P is unimpaired and holders of Class 20P Equity Interests are thus not entitled to vote to accept or reject the Plan.

## **3.21. Remaining Debtors**

The remaining U.S. Debtors and U.K. Debtors not listed above in Sections 3.1 through 3.20, inclusive, of the Plan, are either holding companies or Inactive Debtor Subsidiaries. Accordingly, in the interest of brevity and convenience, the Classification of Claims against and Equity Interests in such remaining Debtors, as well as the treatment of such claims and interests, are set forth in summary fashion in Exhibit 3.21 to the Plan with the same legal force and effect as if such Classification and Treatment terms and provisions were set forth at length herein.

## **ARTICLE IV THE TRUST**

**4.1. Establishment Of Trust.** On the Effective Date, the Trust shall be established pursuant to Section 524(g) of the Bankruptcy Code. The provisions of Sections 4.2, 4.3 and 4.4 hereof which follow shall take effect subject to, and only to the extent not inconsistent with, the provisions of Section 4.5 hereof.

**4.2. Purpose of Trust.** The Trust shall on the Effective Date assume liability for all Asbestos Personal Injury Claims. The Trust shall, in accordance with the Trust Documents, hold

and administer the Trust Assets, liquidate such Claims, and make distributions to holders of Allowed Asbestos Personal Injury Claims from the Trust Assets. The Trust is a “qualified settlement fund” within the meaning of Section 468B of the IRC and the regulations promulgated thereunder. The Asbestos Personal Injury Trust Distribution Procedures provide, among other things, for the allowance and payment, or disallowance, of Asbestos Personal Injury Claims pursuant to the terms of the Trust Documents, and that resolution of an Asbestos Personal Injury Claim by the Trust will result in a full release of such Claim against the Trust. The Trust shall pay Allowed Asbestos Personal Injury Claims in accordance with the Trust Documents. While Indirect Asbestos Personal Injury Claims against the Debtors may be disallowed pursuant to Section 502(e)(1)(B) of the Bankruptcy Code, any right of a holder of such disallowed Claim under applicable non-bankruptcy law, to setoff payments by the Trust against such holder’s liability to an asbestos personal injury claimant, shall be preserved. Additionally, the Trust shall advocate in any and all actions and proceedings brought against the Debtors and/or Reorganized Debtors which involve Asbestos Personal Injury Claims, that Asbestos Personal Injury Claims shall be channeled to the Trust, and the Trust Documents shall provide that the Trust shall cooperate with the Debtors and/or Reorganized Debtors in any and all such actions and proceedings.

**4.3. Receipt Of Trust Assets.** On the Effective Date, all Trust Assets shall be automatically and without further act or deed, transferred to, vested in and assumed by the Trust, subject to the notification requirements contained in Sections 10.3 and 10.5 of the Plan; provided, however, that to the extent that certain Trust Assets, because of their nature or because such assets will accrue or become transferable subsequent to the Effective Date, cannot be transferred to, vested in and assumed by the Trust on the Effective Date, such Trust Assets shall be automatically, and without further act or deed, transferred to, vested in and assumed by the Trust as soon as practicable after the Effective Date.

**4.4. Discharge Of Liabilities To Holders Of Asbestos Personal Injury Claims.** Except as provided in the Plan (including, without limitation, the exceptions provided in Section 4.5 hereof and Sections 9.3.1(b)(v) and 9.3.2(b)(v) of the Plan concerning non-Debtor Affiliates), the transfer to, vesting in and assumption by the Trust of the Trust Assets as contemplated by the Plan shall, as of the Effective Date, discharge all obligations and liabilities of and bar recovery or any action against the Released Parties and their respective estates, Affiliates and subsidiaries, for or in respect of all Asbestos Personal Injury Claims and Demands, including, but not limited to, all Indirect Asbestos Personal Injury Claims and Demands, against the Debtors, the Reorganized Debtors, and their respective Estates, Affiliates and subsidiaries (and the Confirmation Order shall so provide for such discharge). Except as provided in Section 4.5 hereof, the Trust shall as of the Effective Date assume sole and exclusive responsibility and liability for all Asbestos Personal Injury Claims, including, but not limited to, Indirect Asbestos Personal Injury Claims, against the Debtors, the Reorganized Debtors, and their respective Estates, Affiliates and subsidiaries and such Claims, to the extent Allowed, shall be paid solely by the Trust from the Trust Assets. Additionally, the Trust shall indemnify and hold the Reorganized Debtors and their non-Debtor Affiliates harmless from and against any and all Asbestos Personal Injury Claims, as well as all associated costs and expenses, to the extent set forth in Section 4.11 below; provided, however, any indemnity by the Trust in favor of the Hercules-Protected Entities shall only apply after the later of (a) the Hercules Policy Expiry Date and (b) the EL Coverage Expiry Date; provided, further, however, pending the occurrence of the

later of such two dates, Reorganized Federal-Mogul shall be conclusively deemed to have suffered a loss in the amount of indemnity that would have come due to the Reorganized Hercules-Protected Entities under Section 4.11 of the Plan but for the immediately preceding provision and the Trust shall indemnify Reorganized Federal-Mogul in respect of such loss to the extent set forth in Section 4.11 below. Additionally, notwithstanding the foregoing and anything to the contrary in the Plan or the Trust Documents, Reorganized Federal-Mogul shall also be conclusively deemed to have suffered a loss (y) in the amount of any and all fees, costs and expenses incurred by the Reorganized Hercules-Protected Entities in defending against Asbestos Personal Injury Claims (to the extent such fees, costs and expenses are not recovered by the Hercules-Protected Entities from the Hercules Insurers under the Hercules Policy) and (z) in the amount of any fees, costs, expenses, indemnity payments, reimbursement amounts, additional premiums or other amounts paid by the Hercules-Protected Entities related to the Hercules Policy or the EL Coverage and the Trust shall indemnify Reorganized Federal-Mogul in respect of such loss in full (without regard to any limitation in Section 4.11 below) on a semi-annual basis in Cash or more frequently as may be reasonably requested by Reorganized Federal-Mogul.

**4.5. Special Provisions Applicable to the Reorganized Debtors that are Hercules-Protected Entities.** Notwithstanding any other provisions of the Plan to the contrary, the following provisions regarding the Trust and certain Asbestos Personal Injury Claims shall apply to the Reorganized Debtors that are Hercules-Protected Entities.

**4.5.1.** On the Effective Date, the Trust will assume all liability for Asbestos Personal Injury Claims against the Reorganized Hercules-Protected Entities in excess of both (i) the £690 million retention and the £500 million layer of coverage under the Hercules Policy and (ii) all other sums as are attributable to or otherwise represent the Hercules Insurance Recoveries to the extent such amounts exceed the £500 million layer of coverage; provided, however, the Trust shall not assume liability for Asbestos Personal Injury Claims to the extent such Claims are covered by the indemnity provisions of the EL Coverage. From and after the Hercules Policy Expiry Date, the Trust will assume sole and exclusive liability for all remaining Asbestos Personal Injury Claims against the Reorganized Hercules-Protected Entities (other than Claims covered by the indemnity provisions of the EL Coverage, to the extent so covered) and the Reorganized Hercules-Protected Entities shall be discharged and released from any and all liability with respect to Asbestos Personal Injury Claims (other than Claims covered by the indemnity provisions of the EL Coverage, to the extent so covered). From and after the Hercules Policy Expiry Date, all rights of the Reorganized Hercules-Protected Entities to assert any defenses, counterclaims, offsets, rights of contribution or similar rights and remedies for the purpose of reducing or defeating any Asbestos Personal Injury Claim (other than Claims covered by the indemnity provisions of the EL Coverage, to the extent so covered) shall be transferred from the Reorganized Hercules-Protected Entities to the Trust. From and after the date on which all of the obligations of the EL Insurers with respect to all Asbestos Personal Injury Claims cease to have effect, whether by commutation or otherwise (the "EL Coverage Expiry Date"), the Trust will assume sole and exclusive liability for all remaining Asbestos Personal Injury Claims against the Reorganized Hercules-Protected Entities in excess of both (i) the £690 million retention and the £500 million layer of coverage under the Hercules Policy and (ii) all other sums as are attributable to or otherwise represent the Hercules Insurance Recoveries to the extent such amounts exceed the £500 million layer of coverage, and the Reorganized Hercules-Protected Entities shall be discharged and released from any and all liability with respect to Asbestos

Personal Injury Claims in excess of both (i) the £690 million retention and the £500 million layer of coverage under the Hercules Policy and (ii) all other sums as are attributable to or otherwise represent the Hercules Insurance Recoveries to the extent such amounts exceed the £500 million layer of coverage. Upon the occurrence of the later of (i) the EL Coverage Expiry Date and (ii) the Hercules Policy Expiry Date, all rights of the Reorganized Hercules-Protected Entities to assert any defenses, counterclaims, offsets, rights of contribution, or similar rights and remedies for the purpose of reducing or defeating any Asbestos Personal Injury Claim shall be transferred from the Reorganized Hercules-Protected Entities to the Trust.

**4.5.2.** On the Effective Date, the Trust will subscribe for 72% of the Reorganized Federal-Mogul Class B Common Stock for the subscription price of £361,802,160.00, such sum being left outstanding as a debt owing by the Trust to Reorganized Federal-Mogul. Immediately following such subscription and the issue to the Trust (specifically, the T&N Worldwide Fund within the Trust), Reorganized Federal-Mogul shall be deemed to have assigned and transferred to Reorganized T&N by way of capital contribution all of its right, title and interest in and to such debt (the "Stock Repayment Obligation"). The Stock Repayment Obligation shall be payable by offset, in whole or in part, as provided in Section 4.5.7 hereof, upon notice by Reorganized T&N to the Trust, or otherwise payable 20 years after the Effective Date.

**4.5.3.** Subject to Section 4.5.8 hereof, the Hercules Policy and the EL Coverage shall remain in full force and effect following the Effective Date. On and from the Effective Date, the liability of the Reorganized Hercules-Protected Entities for Asbestos Personal Injury Claims and for any costs and interest awarded in relation thereto shall continue in full, but recourse to the assets of the respective Reorganized Debtors in respect of such liability shall, automatically and by operation of the Plan, the Scheme of Arrangement and/or Voluntary Arrangement and the Confirmation Order, be limited in and to (i) all amounts actually recovered by Reorganized T&N under or with respect to the Hercules Policy (including all amounts actually recovered to the extent of the £500m layer of coverage under the Hercules Policy), (ii) the outstanding amount of the Stock Repayment Obligation and (iii) such sums as may have been provided to the relevant Reorganized Hercules-Protected Entity by the Trust or any other person, whether by loan or otherwise, for the purpose of enabling Asbestos Personal Injury Claims to be paid, and shall otherwise be without recourse as to the applicable Reorganized Hercules-Protected Entities and all of their property and interests in property. From and after the Hercules Policy Expiry Date, the discharge of T&N Limited and the other Debtors that are Hercules-Protected Entities under Article IX of the Plan shall automatically and without further order of Court become full and complete (other than with respect to Claims covered by the indemnity provisions of the EL Coverage and for which indemnity is actually recoverable under the EL Coverage, to the extent so recoverable).

**4.5.4.** On the Effective Date, and pursuant to the Plan, the Scheme of Arrangement and/or the Voluntary Arrangement, each holder of an Asbestos Personal Injury Claim will be deemed to have assigned to the Trust his/her rights to the proceeds of his/her Asbestos Personal Injury Claim. Similarly, on the Effective Date, each holder of an Asbestos Personal Injury Claim will be deemed to have assigned to (i) Reorganized T&N, any rights respecting the Hercules Policy, and (ii) the Trust any rights respecting the EL Coverage, in each case being rights transferred to him/her by operation of law under the Third Parties (Rights

Against Insurers) Act 1930 of the United Kingdom. For the avoidance of doubt, no such holder will be entitled after the Effective Date to commence or continue any proceedings against the Hercules Insurers or the EL Insurers in exercise or purported exercise of its rights under the Third Parties (Rights Against Insurers) Act 1930 of the United Kingdom. Reorganized T&N shall hold the benefit of this undertaking on trust for itself and for the Hercules Insurers and the Trust shall hold the benefit of this undertaking on trust for itself and for the relevant EL Insurers such that the Hercules Insurers or the relevant EL Insurers (as the case may be) shall be entitled to enforce this undertaking directly against each of such holders. In consideration of the assignments deemed to have been made by the holder of each Asbestos Personal Injury Claim pursuant to this Section 4.5.4 and the appointment and undertaking contained in Section 4.5.5 hereof, such holder shall be entitled to a claim against the Trust (a "Trust Claim") which shall be separate and distinct from the Asbestos Personal Injury Claim itself (which, subject to Section 4.5.1 hereof, is a claim against the relevant Reorganized Hercules-Protected Entity). The Trust Claim shall confer on the holder thereof the right to elect either (i) to receive any payment that is offered by the Trust in satisfaction of the Trust Claim or (ii) to pursue alternative remedies against the Trust in respect of the Trust Claim in either case in accordance with and subject to the terms of the Asbestos Personal Injury Trust Distribution Procedures and the other Trust Documents. The Trust Claim shall be a sum payable by the Trust for the right to assert, as the agent of the relevant asbestos personal injury claimant, Asbestos Personal Injury Claims against the Reorganized Hercules-Protected Entities and for the right of the claimant to assert claims under the Third Parties (Rights Against Insurers) Act 1930 of the United Kingdom against the EL Insurers.

**4.5.5.** From and after the Effective Date, each holder of an Asbestos Personal Injury Claim irrevocably appoints the Trust as its agent, in the name of such holder or otherwise, to assert such Asbestos Personal Injury Claim against the Reorganized Hercules-Protected Entities in any appropriate forum, and such holder shall not be entitled to assert such Asbestos Personal Injury Claim except through the agency of the Trust (unless the Trust otherwise agrees). The Trust shall indemnify each holder of an Asbestos Personal Injury Claim against any costs that may be awarded against such holder in any legal proceedings brought by the Trust on behalf of such holder. The Trust Claim shall be separate and distinct from the Asbestos Personal Injury Claim. Accordingly, if the holder of an Asbestos Personal Injury Claim against the Reorganized Hercules-Protected Entity elects to receive any payment that is offered by the Trust in satisfaction of the Trust Claim, or elects to pursue alternative remedies against the Trust in respect of the Trust Claim in accordance with the terms of the Asbestos Personal Injury Trust Distribution Procedures and the other Trust Documents as mentioned in Section 4.5.4 hereof, such process shall be separate and distinct from and without prejudice to the Trust's assertion on behalf of the claimant of his/her rights against the applicable Reorganized Hercules-Protected Entity in respect of that claimant's particular Asbestos Personal Injury Claim, and no sum received in respect of a Trust Claim shall reduce or extinguish the liability of the applicable Reorganized Hercules-Protected Entity in respect of the Asbestos Personal Injury Claim. Subject to the claims handling rights of the Hercules Insurers (whatever they may be), the Reorganized Hercules-Protected Entities shall retain the right to assert any defenses, counterclaims, offsets, rights of contribution or similar rights and remedies for the purpose of reducing or defeating their liability on any Asbestos Personal Injury Claim; provided, however, that none of the Reorganized Hercules-Protected Entities shall assert a defense to a claim based upon the Trust's prosecution of such claim as an agent of the holder of the Asbestos

Personal Injury Claim or based upon the assignment of the rights to the proceeds of any such claim as provided in Section 4.5.4 hereof. In recognition of the Hercules Insurers' asserted claim handling rights: (i) the Reorganized Hercules-Protected Entities will, to the extent required by the Hercules Policy, refer Asbestos Personal Injury Claims to the Hercules Insurers or their appointed claims handling designee for their further administration, defense and disposition and the Hercules Insurers will be entitled to exercise all claims handling rights under the Hercules Policy in relation to such proceedings, including defense or settlement of the Claim; and (ii) the claimant's action against the Reorganized Hercules-Protected Entities shall be allowed to proceed to judgment or settlement, but the claimant will not be permitted to enforce any judgment or settlement except in accordance with the provisions of this Section 4.5 hereof, including the claimant's assignment of his/her rights to proceeds from such claim to the Trust. The rights of the holder of an Asbestos Personal Injury Claim to payment from the Trust in respect of a Trust Claim shall be determined solely under and in accordance with the Asbestos Personal Injury Trust Distribution Procedures and other Trust Documents.

**4.5.6.** An Asbestos Personal Injury Claim is established for the purpose of this Section 4.5 when it is established as owing by a Reorganized Hercules-Protected Entity by final judgment or award of a court or arbitrator of competent jurisdiction or when (to the extent required by the Hercules Policy, with the consent of the Hercules Insurers) an agreement is entered into between the claimant and the applicable Reorganized Hercules-Protected Entity under which the Asbestos Personal Injury Claim is so established.

**4.5.7.** Once an Asbestos Personal Injury Claim has been established as set forth in Section 4.5.6, the liability of any Reorganized Hercules-Protected Entity concerned in respect of that Claim, if and to the extent not recovered from an EL Insurer under an EL Policy, may be satisfied and discharged by payment or deemed payment to the Trust as agent of the holder of the Claim, as follows: (a) (at the option of either the Trust or Reorganized T&N, and notwithstanding that the obligation to the Trust is in its capacity as agent of the holder of that Claim against the Hercules-Protected Entity) by setting off against that liability an equivalent amount of the Stock Repayment Obligation (and for this purpose Reorganized T&N shall be deemed, if necessary, to have assigned, for no consideration at the time the option is exercised, to the applicable Reorganized Hercules-Protected Entity an equivalent amount of the Stock Repayment Obligation); (b) by the Trust repaying part of the Stock Repayment Obligation to Reorganized T&N for the purpose of enabling Reorganized T&N to satisfy, or arrange for the relevant Hercules-Protected Entity to satisfy, the liability (any such sum to be received and held by Reorganized T&N in trust for that purpose), (c) by payment by Reorganized T&N out of funds received under the Hercules Policy or (d) by payment by Reorganized T&N or the relevant Reorganized Hercules-Protected Entity out of funds made available, by loan or otherwise, for the specific purpose of satisfying Asbestos Personal Injury Claims, by the Trust, Reorganized T&N or any third party. To the extent that any Asbestos Personal Injury Claim has been established and is payable to the Trust in a currency other than British Pounds Sterling, and that liability is to be satisfied by setting off the sum due against the outstanding Stock Repayment Obligation, such Asbestos Personal Injury Claim shall be converted at the London Spot Mid-Point Rate prevailing on the date when the set-off is made or, if such date is not a business day, on the previous business day, as published in the Financial Times of London. Any loan made by the Trust to a Reorganized Hercules-Protected Entity shall be free of interest and recourse to that Reorganized Hercules-Protected Entity in respect of such loan shall be limited to 94.25% of the amount

recovered in respect of the relevant Asbestos Personal Injury Claim under the Hercules Policy (disregarding for this purpose any reduction in that amount caused by the Hercules Insurers setting off any sum to which they are entitled from Reorganized T&N under any other agreement).

**4.5.8.** Reorganized T&N will hold any amount received from the Hercules Insurers in respect of an established Asbestos Personal Injury Claim (including any amount received by virtue of the reassignment to it of the holder's rights under the Third Parties (Rights Against Insurers) Act 1930 of the United Kingdom pursuant to Section 4.5.4 hereof) in trust to meet any claims handling costs or expenses incurred by or on behalf of Reorganized T&N or any other Reorganized Hercules Protected Entity. Subject to that, Reorganized T&N will hold all amounts received from the Hercules Insurers in respect of an Asbestos Personal Injury Claim in trust to repay to the Trust the amount borrowed by Reorganized T&N or other Reorganized Hercules-Protected Entity to fund the payment of that Asbestos Personal Injury Claim pursuant to Section 4.5.7 hereof. Reorganized T&N will hold any balance of the amounts received from the Hercules Insurers in trust, at the direction of the Trust, to pay further Asbestos Personal Injury Claims established by settlement or judgment. Until the Hercules Policy Expiry Date, all such amounts received from the Hercules Insurers under the Hercules Policy shall be kept in a separately designated bank account in the name of Reorganized T&N pending application in accordance with the trusts established under this Section 4.5.8. Upon (i) the occurrence of the Hercules Policy Expiry Date and (ii) satisfaction of the payments to be made under the foregoing trusts established under this Section 4.5.8, Reorganized T&N shall be entitled to any outstanding balance received from the Hercules Insurers absolutely; in that event Reorganized T&N will pay to the Trust a sum equivalent to the amount of the outstanding balance retained by Reorganized T&N (but without creating any trust affecting such outstanding balance). Any payment by the Hercules Insurers under the Hercules Policy or by any EL Insurer under an EL Policy to the holder of an Asbestos Personal Injury Claim pursuant to judgment or settlement of a Claim shall be held by the holder of the relevant Claim in trust for the sole and exclusive benefit of (in the case of a payment by the Hercules Insurers under the Hercules Policy) Reorganized T&N and (in the case of a payment by any EL Insurers under an EL Policy) the Trust (specifically, the T&N Worldwide Fund as defined within the Trust Documents), and paid to Reorganized T&N or, as the case may be, the Trust at its request, and the holder's recovery against the Trust shall be determined solely under and in accordance with the Asbestos Personal Injury Trust Distribution Procedures and other Trust Documents.

**4.5.9.** Notwithstanding anything to the contrary in this Plan or the Trust Documents, to the extent that any Non-Debtor Hercules-Protected Entity is sued or otherwise pursued on a liability or alleged liability for which coverage is provided under the Hercules Policy or any EL Policy, Reorganized T&N shall be entitled to seek and obtain coverage for such liability under or with respect to the Hercules Policy or any EL Policy and retain any and all proceeds, if any, paid on account of such liability by the Hercules Insurers or any EL Insurer.

**4.6. Investment Guidelines.** Pursuant to Section 3.2 of the Trust Agreement, all monies held in the Trust shall be invested, subject to the investment limitations and provisions enumerated in the Trust Agreement, and shall not be limited to the types of investments described in Section 345 of the Bankruptcy Code.



**4.7. Excess Trust Assets.** To the extent there are any Trust Assets remaining at such time as the Trust is terminated, such excess Trust Assets shall be transferred to such charitable purposes as the Trustees, in their reasonable discretion, shall determine, provided that, if practicable, the charity or charities to which such excess Trust Assets are transferred shall be related to the treatment of, research on, or the relief of suffering of individuals suffering from asbestos-related lung disorders.

**4.8. Trust Expenses.** The Trust shall pay all Trust Expenses from the Trust Assets, including proceeds of applicable Asbestos Insurance Policies. Neither the Debtors' Estates nor the Reorganized Debtors shall have any obligation to pay any Trust Expenses. Additionally, the Trust shall promptly pay all Trust Expenses of Reorganized Debtors for any and all liabilities, costs or expenses incurred in taking any action on behalf of or at the direction of the Trustees.

**4.9. Selection Of The Initial Trustees.** The three initial Trustees of the Trust shall be the persons identified in the Trust Agreement. All successor Trustees shall be appointed in accordance with the terms of the Trust Agreement. For purposes of performing their duties and fulfilling their obligations under the Trust Agreement and the Plan, each Trustee shall be deemed to be (and the Confirmation Order shall so provide) a "party in interest" within the meaning of Section 1109(b) of the Bankruptcy Code.

#### **4.10. Advising The Trust**

**4.10.1. The Trust Advisory Committee.** The Trust Advisory Committee shall be established pursuant to the Trust Agreement. The TAC shall have four members and shall have the functions, duties and rights provided in the Trust Agreement. On or before the Confirmation Date, the four initial members of the TAC shall be selected by the Asbestos Claimants Committee.

**4.10.2. Successor Committee Members.** Each member of the Trust Advisory Committee shall serve in accordance with the terms and conditions contained in the Trust Agreement.

**4.10.3. Future Claimants Representative.** From and after the Effective Date, the Future Claimants Representative shall continue to serve in that capacity as an advisor to the Trust.

**4.10.4. U.K. Legal Advisors.** As required by the Trust Agreement, the Trustees shall retain U.K. legal advisors and consult with such advisors with respect to issues involving those aspects of U.K. law that would affect the processing, liquidation or payment of U.K. claims. Such U.K. legal advisors shall include at least one expert in English law and one expert in Scottish law.

**4.11. Trust Indemnity Obligations.** Notwithstanding anything to the contrary in the Trust Documents, the Trust shall have the indemnification obligations set forth in Article IV of the Plan, including, without limitation, the indemnification obligations set forth below.

**4.11.1.** Except as provided in 4.11.2 below with respect to Non-Debtor Asbestos Claims, if, on or after the Effective Date, the Reorganized Debtors and/or any of their

non-Debtor Affiliates are held liable for any Asbestos Personal Injury Claim that is not successfully channeled to the Trust, for any reason, whether such Asbestos Personal Injury Claim is asserted in the U.S., the U.K. or anywhere else in the world, the Trust shall indemnify the Reorganized Debtors and/or any of their non-Debtor Affiliates, as applicable, in an amount equal to (i) the value of such Asbestos Personal Injury Claim as determined by settlement or judgment times (ii) the applicable payment percentage under the Asbestos Personal Injury Trust Distribution Procedures. For purposes of determining the amount of indemnification due under this Section 4.11 and only for such purpose, the value of such Asbestos Personal Injury Claim as set forth in (i) shall be the amount of any settlement or judgment plus all costs of defenses and expenses related to such Asbestos Personal Injury Claim. Notwithstanding anything to the contrary, if the Asbestos Personal Injury Claim for which indemnity is due under this Section 4.11 is an Other Asbestos Disease (Disease Level I – Cash Discount Payment) as defined in the Asbestos Personal Injury Trust Distribution Procedures, then the Trust shall indemnify the Reorganized Debtors and/or any of their non-Debtor Affiliates, as applicable, in an amount equal to the Scheduled Value for such Asbestos Personal Injury Claim.

**4.11.2.** If, on or after the Effective Date, the Reorganized Debtors and/or any of their non-Debtor Affiliates are held liable for any claim attributable to, directly or indirectly, injuries or other damages caused or allegedly caused by the presence of, or exposure to, asbestos and arising or allegedly arising, in whole or in part, directly or indirectly, from acts or omissions of one or more of the non-Debtor Affiliates, whether such claim is asserted in the U.S., the U.K. or anywhere else in the world (a “Non-Debtor Asbestos Claim”), the Trust shall indemnify the Reorganized Debtors and/or any of their non-Debtor Affiliates in an amount equal to the lesser of (i) the amount actually paid on such Non-Debtor Asbestos Claim by the Reorganized Debtors and/or the non-Debtor Affiliates, as applicable, plus fees and costs related to such Non-Debtor Asbestos Claim, times the applicable payment percentage under the Asbestos Personal Injury Trust Distribution Procedures and (ii) what the holder of such Non-Debtor Asbestos Claim would have received from the applicable sub-fund if the Non-Debtor Asbestos Claim had been channeled to the Trust and did not proceed to judgment. In the event the Asbestos Personal Injury Trust Distribution Procedures do not contain a matrix for any such Non-Debtor Asbestos Claim, the amount of indemnity due under this Section 4.11.2 shall be determined by using the T&N/U.S. Claims matrix set forth in the Asbestos Personal Injury Trust Distribution Procedures.

**4.11.3.** Notwithstanding Sections 4.11.1 and 4.11.2 above, if, on or after the Effective Date, the Reorganized Debtors and/or any of their non-Debtor Affiliates are sued on account of an Asbestos Personal Injury Claim or a Non-Debtor Asbestos Claim that relates to a stream of liability for which there is no applicable payment percentage and such Asbestos Personal Injury Claims and/or Non-Debtor Asbestos Claims may be tendered to an insurance company for handling and payment, the applicable Reorganized Debtor and/or non-Debtor Affiliate shall tender such Asbestos Personal Injury Claim or Non-Debtor Asbestos Claim, as applicable, to the Trust so the Trust can properly access any available insurance. The Trust shall use its best efforts to have such Asbestos Personal Injury Claim and/or Non-Debtor Asbestos Claim paid by any applicable insurance and, if the Trust obtains any insurance proceeds on account of such claims, the Trust shall remit such proceeds to the applicable Reorganized Debtor and/or non-Debtor Affiliate.

**4.11.4.** The Trust shall indemnify Reorganized Federal-Mogul on an after-tax basis for all and any adverse tax consequences suffered by any of the Hercules - Protected Entities arising (either directly or indirectly) as a result of or attributable to the implementation of Article IV of the Plan. For this purpose, Reorganized Federal-Mogul shall be conclusively deemed to have suffered a loss in an amount equal to the adverse tax consequences suffered by the relevant Hercules-Protected Entity.

**4.11.5.** Notwithstanding anything in the Trust Agreement, including, without limitation, Section 3.1 of the Trust Agreement, the Trust shall (i) be obligated to pay the indemnification as required under the Plan without regard to which stream of asbestos liability the indemnification relates to and (ii) pay such indemnification from any and all available assets in any of the Funds (as such term is defined in the Trust Agreement) without regard to which Fund or stream of asbestos liability such indemnification relates to.

**4.11.6.** For the avoidance of doubt, any indemnity due to the Hercules-Protected Entities under this Section 4.11 shall be subject to the limitations set forth in Section 4.4 above.

**4.11.7.** Notwithstanding anything to the contrary in the Plan or the Trust Documents, the Trust shall not assume any agency obligation with respect to any Asbestos Personal Injury Claims against the Reorganized Debtors on behalf of the EL Insurers, the Hercules Insurers and/or the CRU and these Entities may only assert any such Asbestos Personal Injury Claims they may hold, if any, against the Trust. Additionally, if the EL Insurers, the Hercules Insurers and/or the CRU assert any Claim against the Reorganized Debtors and such Claim is not successfully channeled to the Trust, then the Trust shall indemnify the Reorganized Debtors the full amount of any and all damages, losses, fees and expenses incurred with respect to such Claim.

## **ARTICLE V EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

### **5.1. Assumption And Rejection Of Unexpired Leases And Executory Contracts**

**5.1.1. Assumption.** All unexpired leases and executory contracts that (a) have not been expressly rejected by the U.S. Debtors with approval of the Bankruptcy Court on or prior to the Effective Date or (b) are not rejected pursuant to Section 5.1.2. below shall, as of the Effective Date (and subject to the occurrence of the Effective Date), be assumed by the Debtors. Not later than ninety (90) days prior to the scheduled date for the Confirmation Hearing, the Debtors will file with the Bankruptcy Court an exhibit (the "Cure Exhibit") setting forth those unexpired leases and executory contracts which are being assumed by the U.S. Debtors and as to which the U.S. Debtors believe that cure amounts are owing, together with the respective cure amounts due for each such assumed lease or executory contract. With respect to any unexpired leases or executory contracts which are being assumed by the U.S. Debtors but as to which the U.S. Debtors contend that no cure amounts are due, such unexpired leases and executory contracts will not be included on the Cure Exhibit. The U.S. Debtors may modify,

supplement or amend the Cure Exhibit up to and including the Confirmation Date. Not later than the earlier of (i) sixty (60) days prior to the scheduled Confirmation Hearing or (ii) if the proposed cure amount for any particular unexpired lease or executory contract is amended by any U.S. Debtor following the filing of the initial Cure Exhibit, thirty (30) days after such amendment is filed by the U.S. Debtors with the Bankruptcy Court, the non-Debtor party to any such unexpired lease or executory contract which the U.S. Debtors propose to assume may dispute the cure amount, if any, set forth by the U.S. Debtors with respect to the assumption of such unexpired lease or executory contract by filing an appropriate objection with the Bankruptcy Court.

**5.1.2. Rejection.** Notwithstanding Section 5.1.1 above, the U.S. Debtors shall reject each and all of the executory contracts and unexpired leases designated in the list of rejected contracts (as such list may be amended or supplemented up to and including the Confirmation Date) that will be included in Exhibit 5.1.2 of the Plan filed with the Bankruptcy Court prior to the Plan Confirmation hearing.

**5.1.3. Reservation.** Notwithstanding Sections 5.1.1 and 5.1.2 above, Section 5.2 shall not apply to any unexpired lease or executory contract that is specifically identified and dealt with otherwise under the Plan.

**5.2. Rejected Unexpired Leases And Executory Contracts.** Notwithstanding anything to the contrary set forth in Section 5.1 hereof, the U.S. Debtors hereby expressly reject, pursuant to Section 365 of the Bankruptcy Code, the following executory contracts and unexpired leases: (a) all product warranties, indemnity agreements and similar agreements of the U.S. Debtors (including any obligation of the U.S. Debtors to pay any costs or expenses related to such product warranties) which relate to asbestos or asbestos-related products that were made, mined, manufactured, produced, distributed, sold, marketed or supplied by the U.S. Debtors, whether or not the liabilities or obligations resulting thereunder constitute or will be treated as Asbestos Personal Injury Claims pursuant to the Plan; (b) all product warranties of the U.S. Debtors (including any obligation to pay any costs or expenses related to such warranties), which relate to products no longer made, manufactured, produced, distributed, sold, marketed or supplied by the U.S. Debtors; and (c) the Dan=Loc Deed of Special Indemnity and the Dan=Loc Deed of Guarantee except as set forth in Section 8.20 of the Plan.

**5.3. Continuation Of Product Warranties.** The Reorganized U.S. Debtors may elect to honor any product warranty as to non-asbestos products rejected pursuant to Section 5.2 of the Plan if honoring such product warranty would, in the judgment of the Reorganized U.S. Debtors confer a reasonably comparable benefit upon the Reorganized U.S. Debtors.

**5.4. Collective Bargaining Agreements and Retiree Benefit Plans.** Notwithstanding any other provisions of the Plan or of this Article V, the Plan Proponents reserve the right to seek to reject, modify and or terminate any collective bargaining agreements with respect to which any of the Debtors is a party in accordance with Section 1113 of the Bankruptcy Code, any retiree benefit plans of any or all of the Debtors in accordance with Section 1114 of the Bankruptcy Code and any other employee benefit programs in accordance with applicable law.

**5.5. Damages Upon Rejection.** The Bankruptcy Court shall determine the dollar amount, if any, of the Claim of the non-Debtor party for damages resulting from the rejection of any executory contract or unexpired lease; provided, however, that any such Entity that holds or asserts a Claim against a U.S. Debtor or its Estate, must file a Proof of Claim with the Bankruptcy Court within thirty (30) calendar days following the Confirmation Date, or as otherwise ordered by the Bankruptcy Court. To the extent any such Claim is Allowed by the Bankruptcy Court by Final Order, such Claim shall become, and shall be treated for all purposes under the Plan as an Unsecured Claim, or, as applicable, an Asbestos Personal Injury Claim, in the Reorganization Case of the particular U.S. Debtor which is a party to such contract or lease, and the holder thereof shall receive distributions under the Plan as a holder of an Allowed Unsecured Claim or Asbestos Personal Injury Claim. The Plan shall constitute notice to Entities which may assert a Claim for damages from the rejection of an executory contract or unexpired lease of the bar date for filing a Proof of Claim in connection therewith; provided, however, that the U.S. Debtors shall have no obligation to notify such Entities that Confirmation has occurred.

**5.6. Corporate Indemnities**

**5.6.1 Prepetition Indemnification and Reimbursement Obligations.** For purposes of the Plan, the respective obligations of Federal-Mogul and its Affiliated Debtors to indemnify and reimburse Persons who are or were directors, officers or employees of the Debtors on the Petition Date or at any time thereafter, against and for any obligations pursuant to the articles of incorporation, codes of regulation, bylaws (including, without limitation, the obligations of Federal-Mogul Corporation pursuant to Article IV of the By-Laws of Federal-Mogul Corporation), applicable state or non-bankruptcy law, or specific agreement or any combination of the foregoing, shall survive confirmation of the Plan, remain unaffected thereby, and not be discharged under Section 1141 of the Bankruptcy Code, irrespective of whether indemnification or reimbursement is owed in connection with any event occurring before, on or after the Petition Date. In furtherance of, and to implement the foregoing, the Reorganized Debtors shall maintain insurance (also referred to as tail coverage) for the benefit of each and all of the above-indemnified directors, officers and employees, at levels no less favorable than those existing as of the date of entry of the Confirmation Order, and for a period of no less than three years following the Effective Date.

**5.6.2. Plan Indemnity.** In addition to the matters set forth in Section 5.5.1 and not by way of limitation thereof, the Reorganized Debtors shall indemnify and hold harmless all Persons who are or were officers or directors of the Debtors on the Petition Date or thereafter on account of and with respect to any claim, cause of action, liability, judgment, settlement, cost or expense (including attorney's fees) on account of claims or causes of action threatened or asserted by any third party against such officers or directors that seek contribution, indemnity, equitable indemnity, or any similar claim, based upon or as the result of the assertion of primary claims against such third party by any representative of the Debtors' Estates.

**5.6.3. Limitation on Indemnification.** Notwithstanding anything to the contrary set forth in this Plan or elsewhere, the Reorganized Debtors shall not be obligated to indemnify and hold harmless any Person or Entity for any claim, cause of action, liability, judgment, settlement, cost or expense that results primarily from such Person's or Entity's bad faith, gross negligence or willful misconduct.

## **ARTICLE VI ACCEPTANCE OR REJECTION OF THE PLAN**

**6.1. Each Impaired Class Entitled To Vote Separately.** The holders of Claims or Equity Interests in each impaired Class of Claims or Equity Interests that receive or retain property pursuant to the Plan shall be entitled to vote separately to accept or reject the Plan; provided, however, holders of Claims in impaired Classes against multiple Debtors must vote the same way with respect to each Debtor.

**6.2. Acceptance By Impaired Classes Of Claims.** Pursuant to Section 1126(c) of the Bankruptcy Code, but subject to Section 6.3 below, an impaired Class of Claims shall have accepted the Plan if, after excluding any Claims held by any holder designated pursuant to Section 1126(e) of the Bankruptcy Code, (a) the holders of at least two-thirds in dollar amount of the Allowed Claims actually voting in such Class have voted to accept the Plan, and (b) more than one-half in number of such Allowed Claims actually voting in such Class have voted to accept the Plan.

**6.3. Acceptance Pursuant To Section 524 Of The Bankruptcy Code.** Pursuant to Section 524(g)(2)(B)(ii)(IV)(bb) of the Bankruptcy Code, the respective Classes of Asbestos Personal Injury Claims shall have accepted the Plan only if the holders of at least 75 percent of the Claims entitled to vote in such Classes have voted to accept the Plan.

**6.4. Presumed Acceptance Of Plan.** Classes of Claims or Equity Interests designated as unimpaired are conclusively presumed to have voted to accept the Plan pursuant to Section 1126(f) of the Bankruptcy Code.

**6.5. Presumed Rejection Of Plan.** Impaired Classes of Claims or Equity Interests that do not receive or retain any property under the Plan are conclusively presumed to have voted to reject the Plan pursuant to Section 1126(g) of the Bankruptcy Code.

**6.6. Votes With Respect to U.K. Debtors.** In addition to voting on the Plan as set forth in Section 6.1 above, holders of Claims against the U.K. Debtors shall also determine whether to demand that the Administrators summon meetings of creditors of the U.K. Debtors pursuant to Section 17(3) of IA 1986 for the purposes of considering and voting on the following resolutions: (a) that the Administrators (i) immediately propose Schemes of Arrangement and/or Voluntary Arrangements substantially similar to the forms attached to the Disclosure Statement and take all necessary steps to summon meetings of creditors and members to consider and vote on such Schemes of Arrangement and/or Voluntary Arrangements or (ii) apply to the U.K. Court for discharge of the U.K. administration orders and give the Plan Proponents fourteen (14) days notice of such application; and (b) that the expenses of summoning and holding any such meetings of creditors are to be payable out of the estates of the U.K. Debtors as an expense of the

administration proceedings (collectively, "the Resolutions"). The holders of Claims against the U.K. Debtors shall also be entitled to appoint [Joseph F. Rice] or in the alternative [Steven Kazan] to be the agent and proxy holder of such holders at the meetings of creditors or at any adjournment of those meetings to vote in favor of the Resolutions or any modifications with respect thereto that the agent and proxy holder deems appropriate. Additionally, the Plan Proponents shall be authorized, as agents of the holders of Claims voting in favor of making the demand set forth above, to take all steps that the Plan Proponents consider necessary or desirable in order to facilitate the Consensual Marketing Procedures including, without limitation, issuing proceedings and/or making applications to the U.K. Court.

## **6.7. Confirmability And Severability Of The Plan.**

**6.7.1. Consensual Confirmation.** The Confirmation requirements of Section 1129(a) of the Bankruptcy Code must be satisfied separately with respect to each Debtor. Therefore, notwithstanding the combination of the separate plans of reorganization of all U.S. Debtors and U.K. Debtors in this Plan for purposes of, among other things, economy and efficiency, the Plan shall be deemed a separate Chapter 11 plan for each such Debtor.

**6.7.2. Cramdown.** With respect to any impaired Class of Claims or Equity Interests that fails to accept the Plan in accordance with Section 1129(a) of the Bankruptcy Code, including such classes as may be created pursuant to amendments to the Plan, the Plan Proponents request that the Court confirm the Plan in accordance with Section 1129(b) of the Bankruptcy Code with respect to such non-accepting classes, in which case or cases, the Plan shall constitute a motion for such relief.

### **6.7.3. Reservation of Rights**

(a) The Plan Proponents reserve the right to modify or withdraw the Plan, any other plan, or the Plan in its entirety, for any reason, including, without limitation, in the event that any separate plan for a particular Debtor is not confirmed. In addition, should the Plan, or any individual Debtor's plan, fail to be accepted by the requisite number and amount of Claims and Equity Interests voting, as required to satisfy Sections 524(g) (in the case of any Debtor subject to Asbestos Personal Injury Claims) and 1129 of the Bankruptcy Code, and notwithstanding any other provision of the Plan to the contrary, the Plan Proponents reserve the right to amend, modify or withdraw such plan or the Plan in its entirety. Also, in the event the Plan of a U.K. Debtor is confirmed over the objection of a Class of creditors of such U.K. Debtor pursuant to Section 1129(b) of the Bankruptcy Code but the Scheme of Arrangement and/or Voluntary Arrangement for such U.K. Debtor is not approved, the Plan Proponents reserve the right to seek the dismissal of the U.K. administration proceedings for such U.K. Debtor or to have the Confirmation Order recognized by the U.K. Court as a matter of comity.

(b) In the event that the conditions to effectiveness set out in Sections 7.2.5 and 7.2.6 are not satisfied in relation to all or any of the U.K. Debtors, the Plan Proponents may waive each of the conditions in whole or in part, and/or impose any new condition or conditions to the effectiveness of the Plan, and, in any such event, the Plan Proponents reserve the right to amend or modify the Plan and/or to propose any substitute Section 425 Scheme and/or Voluntary Arrangement.

**ARTICLE VII**  
**CONDITIONS TO CONFIRMATION AND EFFECTIVENESS**

**7.1. Conditions To Confirmation.** Confirmation of the Plan shall not occur unless each of the following conditions has been satisfied or waived by the Plan Proponents. These conditions to confirmation, which are designed, among other things, to ensure that the Injunctions, releases and discharges set forth in Article IX shall be effective, binding and enforceable, are as follows:

**7.1.1. Findings of Fact.** The Bankruptcy Court and/or the District Court, as applicable, shall have made the following findings in substantially the following form:

(a) The Supplemental Injunction, the Third Party Injunction and the Asbestos Insurance Entity Injunction are to be implemented in connection with the Trust;

(b) As of the Petition Date, certain of the Debtors had been named as defendants in personal injury, wrongful death or property damage actions seeking recovery for damages allegedly caused by the presence of, or exposure to, asbestos or asbestos-containing products;

(c) Subject to Article IV of the Plan, upon Confirmation, the Trust shall assume the liabilities of the Debtors with respect to Asbestos Personal Injury Claims;

(d) The Trust will be funded in part by the Reorganized Federal-Mogul Class B Common Stock, and all rights to receive dividends or other distributions on account of such Class B Common Stock;

(e) On the Effective Date, the Trust will own a majority of the voting shares of Reorganized Federal-Mogul;

(f) The Trust will use its assets or income to pay Asbestos Personal Injury Claims;

(g) The Debtors are likely to be subject to substantial future Demands for payment arising out of the same or similar conduct or events that gave rise to the Asbestos Personal Injury Claims, that are addressed by the Supplemental Injunction, the Third Party Injunction and the Asbestos Insurance Entity Injunction;

(h) The actual amounts, numbers and timing of future Demands cannot be determined;

(i) Pursuit of Asbestos Personal Injury Claims, including Demands, outside the procedures prescribed by the Plan is likely to threaten the Plan's purpose to deal equitably with Claims and future Demands;

(j) The terms of the Supplemental Injunction, the Third Party Injunction and the Asbestos Insurance Entity Injunction, including any provisions barring actions against third parties, are set out in conspicuous language in the Plan and in the Disclosure Statement;



(k) Pursuant to court orders or otherwise, the Trust shall operate through mechanisms such as structured, periodic or supplemental payments, Pro Rata distributions, matrices or periodic review of estimates of the numbers and values of Asbestos Personal Injury Claims or other comparable mechanisms, that provide reasonable assurance that the Trust will value, and be in a financial position to pay, present Asbestos Personal Injury Claims and future Asbestos Personal Injury Claims and Demands that involve similar Claims in substantially the same manner;

(l) The Future Claimants Representative was appointed by the Bankruptcy Court as part of the proceedings leading to the issuance of the Supplemental Injunction, the Third Party Injunction and the Asbestos Insurance Entity Injunction for the purpose of, among other things, protecting the rights of persons that might subsequently assert Demands of the kind that are addressed in the Supplemental Injunction, the Third Party Injunction and the Asbestos Insurance Entity Injunction, and transferred to and assumed by the Trust;

(m) The inclusion of each Debtor or beneficiary within the protection afforded by the Supplemental Injunction, the Third Party Injunction and the Asbestos Insurance Entity Injunction, as applicable, is fair and equitable with respect to the persons that might subsequently assert Demands against each such Debtor or beneficiary in light of the benefits provided, or to be provided, to the Trust on behalf of such Debtor or such beneficiary;

(n) The Plan complies with Section 524(g) of the Bankruptcy Code in all respects;

(o) The receipt of Trust Assets in accordance with Article IV of the Plan does not violate any obligation of the Debtors or breach any terms, obligations, or duties under any applicable Asbestos Insurance Policy, including any obligation of the Debtors to cooperate, any management of claims provisions, any consent to assignment provisions, or any consent to settlement in any provision of any Asbestos Insurance Policy;

(p) The assignment of rights under the Asbestos Insurance Policies to the Trust do not materially increase any Asbestos Insurance Company's risk in providing coverage for Asbestos Personal Injury Claims compared to the risk that was otherwise being borne by the Asbestos Insurance Companies prior to the Effective Date;

(q) Upon confirmation and consummation of this Plan, the Trust shall have access to the Asbestos Insurance Policies for the purpose of meeting the Trust's obligations to defend, resolve, and satisfy Asbestos Personal Injury Claims and to satisfy existing or future obligations of the Trust for Asbestos Personal Injury Claims in the same manner the Debtors have had access to the Asbestos Insurance Policies to respond to Asbestos Personal Injury Claims prior to the Effective Date; and

(r) The Supplemental Injunction, the Third Party Injunction and the Asbestos Insurance Entity Injunction are essential to this Plan and the Debtors' reorganization efforts.

**7.1.2. Confirmation Order.** The Bankruptcy Court and/or District Court, as applicable, shall have made such findings and determinations regarding the Plan as shall enable

the entry of the Confirmation Order and any other order entered in conjunction therewith in form and substance acceptable to the Plan Proponents.

**7.1.3. Exit Facilities.** The Debtors shall have obtained a binding commitment(s) for the Exit Facilities on terms reasonably acceptable to the Plan Proponents.

**7.2. Conditions To Effectiveness.** Notwithstanding any other provision of the Plan or the Confirmation Order, the Effective Date of the Plan shall not occur unless and until each of the following conditions has been satisfied or waived by the Plan Proponents:

**7.2.1. Confirmation Order.** The Confirmation Order shall have been issued or affirmed by the District Court, and the Confirmation Order shall have become a Final Order; provided, however, that the Effective Date may occur at a point in time when the Confirmation Order is not a Final Order at the sole option of the Plan Proponents unless the effectiveness of the Confirmation Order has been stayed or vacated, in which case the Effective Date may be, again at the sole option of the Plan Proponents, the first Business Day immediately following the expiration or other termination of any stay of effectiveness of the Confirmation Order.

**7.2.2. Trust.** The Trust Assets shall have been transferred to, vested in and assumed by the Trust in accordance with Section 4.3 of the Plan, other than any Trust Assets to be transferred to, vested in and assumed by the Trust after the Effective Date.

**7.2.3. Corporate Documents.** The Trust Documents and the other applicable corporate documents necessary or appropriate to implement the Plan shall have been executed, delivered and, where applicable, filed with the appropriate governmental authorities.

**7.2.4. United States Trustee's Fees.** The fees of the United States Trustee then owing by the Debtors shall have been paid in full.

**7.2.5. Sanctioning of Scheme of Arrangement.** If and to the extent that the Plan Proponents determine that there should be a Scheme of Arrangement in respect of all or any of the U.K. Debtors, (i) the U.K. Court shall have sanctioned the Scheme(s) of Arrangement, and an office copy of the Order of the U.K. Court sanctioning the Scheme(s) of Arrangement shall have been delivered for registration to the Registrar of Companies as required by Section 425(3) of the Companies Act 1985 of the United Kingdom and (ii) all of the conditions to such Scheme(s) of Arrangement shall have been satisfied in accordance with the terms of the respective Scheme(s) of Arrangement except with respect to any conditions relating to the effectiveness of the Plan, provided however, in respect of any or all of the U.K. Debtors, if the relevant Scheme of Arrangement fails to be sanctioned in accordance with the provisions set out above, the Plan Proponents shall have the right to waive this provision in its entirety or in relation to any individual U.K. Debtor.

**7.2.6. Approval of Voluntary Arrangement.** If and to the extent that the Plan Proponents determine that there should be a Voluntary Arrangement in respect of all or any of the U.K. Debtors, (i) the requisite approval for the Voluntary Arrangement(s) (in accordance with the IA 1986 and the IR 1986), if applicable, shall have been obtained, the chairperson of the relevant meetings shall have reported the results of the meetings to the U.K. Court pursuant to Section 4(6) of the IA 1986 and, within the period of 28 days beginning with the first day on

which such reports are made to the U.K. Court, no challenge or appeal shall have been made against the decision of the chairperson of the relevant meetings under Rule 1.17 of the IR 1986 or against the Voluntary Arrangement(s) under Section 6 of the IA 1986 and (ii) all conditions to such Voluntary Arrangement(s) have been satisfied in accordance with the terms of the respective Voluntary Arrangement, except with respect to any conditions relating to the effectiveness of the Plan, provided however, that with respect to any or all of the U.K. Debtors, if the relevant Voluntary Arrangement fails to be approved in accordance with the provisions set forth above, the Plan Proponents shall have the right to waive this provision in its entirety or in relation to any such individual U.K. Debtor.

**7.2.7. Other Assurances.** The Plan Proponents shall have obtained tax rulings, decisions, opinions or other assurances regarding certain tax consequences of the Plan, as they deem satisfactory.

**7.2.8. Exit Facilities.** The Reorganized Debtors shall have entered into agreements with respect to the Exit Facilities and the Closing Date, as to be defined in the Exit Facilities, shall have occurred.

## **ARTICLE VIII IMPLEMENTATION OF THE PLAN**

### **8.1. Matters Involving U.K. Debtors**

**8.1.1. Schemes of Arrangement and/or Voluntary Arrangements.** Attached to the Disclosure Statement as Exhibits D and E thereto are forms of Schemes of Arrangement and/or Voluntary Arrangements that parallel, to the extent possible under English and/or Scottish law, the provisions of the Plan with respect to the classification and treatment of certain Claims against the U.K. Debtors listed in Exhibits 1.1.133 and 1.1.168 to the Plan. In the event the Administrators propose the Schemes of Arrangement and/or Voluntary Arrangements, the Administrators will seek approval of such Schemes of Arrangement and/or Voluntary Arrangements in accordance with English and/or Scottish insolvency laws. If the Administrators do not propose, or in the opinion of the Plan Proponents are unlikely to propose, the Schemes of Arrangement or Voluntary Arrangements, then the Plan Proponents will attempt to reach an agreement on Consensual Marketing Procedures with the Administrators in accordance with and as set forth in Section 8.16.1 of the Plan. In the event no agreement with the Administrators can be reached, then one or more of the following may occur with respect to each U.K. Debtor: (a) meetings of creditors shall be convened in accordance with the demands of creditors given pursuant to Section 6.6 of the Plan in order to resolve, pursuant to the proxies given pursuant to Section 6.6 of the Plan, that the Administrators either (i) propose Schemes of Arrangement and/or Voluntary Arrangements substantially similar to the forms attached to the Disclosure Statement and summon meetings of creditors and members to consider and vote on such Schemes of Arrangements and/or Voluntary Arrangements or (ii) seek the discharge of the U.K. administration orders so that the Schemes of Arrangement and/or Voluntary Arrangements can thereafter be proposed by the U.K. Debtors as appropriate; (b) the U.K. Debtors and the Plan Proponents may ask the U.K. Court to approve the Plan with respect to the U.K. Debtors as a

matter of comity; or (c) the Non-Consensual Marketing Procedures set forth in Section 8.16.3 of the Plan may be performed.

**8.1.2. Chapter 11 Plans of Reorganization.** While Confirmation of the Plan is not conditioned upon sanctioning each Scheme of Arrangement by the U.K. Court and/or approval of each Voluntary Arrangement, the Effective Date of the Plan shall not occur unless and until the U.K. Court has sanctioned the applicable Schemes of Arrangement as set out in Section 7.2.5 and/or the conditions set out in Section 7.2.6 in relation to the applicable Voluntary Arrangements have been fulfilled, subject to the right of the Plan Proponents to waive these requirements as set forth in Section 6.7.3(b). Conversely, confirmation of the Plan is a condition precedent to effectiveness of the Schemes of Arrangement and/or Voluntary Arrangements, subject, however, to the right of the Plan Proponents to waive this condition.

**8.2. Continued Corporate Existence.** Each of the Reorganized Debtors, other than such Inactive Debtor Subsidiaries as may be dissolved, liquidated, wound-up and/or struck off, shall continue to exist after the Effective Date as a separate corporate entity in accordance with the applicable law in the jurisdiction in which it is incorporated, under its respective certificate of incorporation and bylaws or other organizational documents in effect before the Effective Date, except as its certificate of incorporation, bylaws or other organizational documents are amended by the Plan.

### **8.3. Federal-Mogul Corporation Securities and Corporate Governance**

**8.3.1. Cancellation Of Existing Stock In Federal-Mogul Corporation.** On the Effective Date, the Federal-Mogul common and preferred stock classified in Classes 1M and 1O, and all unexercised rights, warrants and options relating to such stock and any other rights attached to the ownership of any equity securities of Federal-Mogul Corporation, shall be deemed cancelled and of no further force and effect. The holders of such cancelled instruments, securities and other documentation shall have no rights arising from or relating to such instruments, securities or other documentation or the cancellation thereof, except the rights provided pursuant to the Plan.

**8.3.2. Conversion of Convertible Subordinated Debentures.** On the Effective Date, all holders of Convertible Subordinated Debentures, except those who have affirmatively elected not do so in connection with their vote on the Plan, will be deemed to have exercised their rights to convert their Convertible Subordinated Debentures into Federal-Mogul common stock on the terms provided for in the indenture governing those debentures. For purposes of the classification and treatment of Claims and Equity Interests under the Plan, such conversion shall be deemed to have occurred on the Record Date, and the resulting common stock interests arising from such conversion shall be included in and treated as Equity Interests under Class 1O.

**8.3.3. Cancellation of Notes, Other Debt Securities and Indentures.** On the Effective Date, (i) the Notes, the Convertible Subordinated Debentures and any other debt securities issued by the Debtors shall be deemed cancelled and of no further force and effect and (ii) the obligations of the Debtors under any agreements governing such Notes, the Convertible Subordinated Debentures or other debt securities, including, without limitation, the Indentures,

shall be cancelled and discharged. Except as provided in this section and the Plan, the holders of any such cancelled instruments, debt securities and related documentation shall have no rights arising from or relating to such instruments, securities or other documentation or the cancellation thereof. Notwithstanding the foregoing, each Indenture and Note shall continue in effect solely for the purposes of (a) allowing the Indenture Trustees to make distributions on account of Noteholder Claims under the Plan and (b) permitting the Indenture Trustees to maintain any rights or Liens they may have for unpaid fees, costs and expenses under such Indentures; provided, however, such rights and Liens are limited to the distributions, if any, to Noteholders. Notwithstanding the preceding sentence, clauses (a) and (b) of this section shall not represent exceptions to the discharge of the Debtors' liabilities under the Bankruptcy Code and the Confirmation Order. Additionally, upon payment in full of the fees and expenses of the Indenture Trustees pursuant to Section 8.15.6 of the Plan, any such rights or Liens of the Indenture Trustees shall terminate.

**8.3.4. Issuance Of Reorganized Federal-Mogul Common Stock.** On the Effective Date, Reorganized Federal-Mogul shall issue 49.9 million shares of Reorganized Federal-Mogul Class A Common Stock and 50.1 million shares of Reorganized Federal-Mogul Class B Common Stock. Concurrently with such issuance, Reorganized Federal-Mogul shall distribute (i) all of the shares of the Class B Common Stock (less the shares of Class B Common Stock issued pursuant to Section 4.5 hereof) to the Trustees of the Trust as part of the consideration to be paid for the Trust's assumption of all Asbestos Personal Injury Claims (which shall then be allocated to the sub-Trusts created under the Trust Documents as provided therein), (ii) the Class B Common Stock issued under Section 4.5 of the Plan to the Trustees of the Trust and (iii) all of the shares of the Class A Common Stock to the Disbursing Agent for further distribution Pro Rata to the holders of Allowed Noteholder Claims and Allowed Convertible Subordinated Debenture Claims. For the purpose of distributions to the holders of Allowed Noteholder Claims, the Indenture Trustee under each series of Notes shall be deemed to be the sole holder of the Allowed Noteholder Claim for all Allowed Noteholder Claims for such series of Notes. Accordingly, all distributions of Reorganized Federal-Mogul Class A Common Stock on account of Allowed Noteholder Claims shall be distributed to the Indenture Trustees for further distribution to the Noteholders pursuant to the terms of the respective Indentures. Distribution of such Reorganized Federal-Mogul Class A Common Stock shall be deemed complete upon delivery of one or more share certificates representing such shares to the Indenture Trustees, on behalf of the Noteholders. The Disbursing Agent shall not be entitled to vote any shares of Reorganized Federal-Mogul Class A Common Stock.

### **8.3.5. Issuance of Warrants**

**8.3.5.1.** Subject to Section 8.3.5.2 below, on the Effective Date, if Classes 1D and 1J have both voted to accept the Plan, and if at least one of Classes 1M, 1N or 1O has also voted to accept the Plan, Reorganized Federal-Mogul shall issue Warrants for the purchase of shares of Reorganized Federal-Mogul Class A Common Stock in an amount calculated in accordance with Sections 3.1.13, 3.1.14 and/or 3.1.15, as applicable. Concurrently with such issuance, Reorganized Federal-Mogul shall distribute such warrants to the Disbursing Agent for further distribution consistent with the terms and provisions of the Plan. The Disbursing Agent shall not be entitled to exercise any of the Warrants.

**8.3.5.2.** If the Bankruptcy Court and/or District Court, as applicable, holds, determines or rules that the Plan is not confirmable due to the gifting, issuance or distribution of the Warrants, then (a) no Warrants shall be issued or distributed pursuant to the Plan and (b) Classes 1M, 1N and 1O shall receive no distributions under the Plan.

**8.3.6. Surrender of Securities or Instruments.** On or before the Effective Date, or as soon as practicable thereafter, each holder of an instrument (a "Certificate") evidencing the Notes, the Convertible Subordinated Debentures or any other debt securities (but excluding securities representing Bank Claims) shall surrender such Certificate to the Disbursing Agent, or, with respect to indebtedness that is governed by an Indenture, to the Indenture Trustee. The surrender of any global certificate held by an Indenture Trustee shall constitute surrender of the Notes or other debt securities pertaining to such global certificate for purposes of this provision. No distribution of property hereunder shall be made to or on behalf of any such holder unless and until such Certificate is received by the Disbursing Agent or the respective Indenture Trustee, or evidence of the loss, theft, mutilation or destruction of such Certificate is established to the reasonable satisfaction of the Disbursing Agent or the respective Indenture Trustee. Any such holder who fails to (a) surrender or cause to be surrendered such Certificate, or (b) execute and deliver an affidavit of loss, theft, mutilation or destruction and indemnity to the reasonable satisfaction of the Disbursing Agent or the respective Indenture Trustee prior to the second anniversary of the Effective Date, (i) shall be deemed to have forfeited all rights and Claims or interests in respect of such Certificate, (ii) shall not participate in any distribution hereunder, and (iii) all property in respect of such forfeited distribution, including interest accrued thereon, shall be distributed Pro Rata to and among holders of the same securities, and in accordance with legal rights and priorities of, those holders who properly surrendered such Certificates pursuant to the Plan.

**8.3.7. Registration of Certain Reorganized Federal-Mogul Securities.** On the Effective Date, Reorganized Federal-Mogul shall execute and deliver registration rights agreements substantially in the form set forth in Exhibit 8.3.7 hereto obligating Reorganized Federal-Mogul to register for resale, to the extent required by federal and state securities laws, the Reorganized Federal-Mogul Common Stock, the Reorganized Federal-Mogul Junior Secured PIK Notes and the Warrants under the Securities Act of 1933 in accordance with the terms set forth in such registration rights agreements. The holders of Reorganized Federal-Mogul Common Stock, Reorganized Federal-Mogul Junior Secured PIK Notes and Warrants entitled to enter into such registration rights agreements are those that (i) are issued 10% or more of the Reorganized Federal-Mogul Common Stock, (ii) would otherwise qualify as an "underwriter" as defined in Section 1145(b) of the Bankruptcy Code or (iii) reasonably request to do so.

**8.3.8. Transfer Restrictions.** On the Effective Date, Reorganized Federal-Mogul, the Trust and certain Noteholders shall enter into a Lockup Agreement substantially in the form set forth in Exhibit 8.3.8 hereto. The Trust and such Noteholders shall be bound by certain restrictions on transfer of their shares of Reorganized Federal-Mogul Common Stock as set forth in such Lockup Agreement.

**8.3.9. Certificate Of Incorporation and Bylaws.** The Certificate of Incorporation of Reorganized Federal-Mogul shall, as of the Effective Date, be amended in its entirety substantially in the form set forth in Exhibit 8.3.9(1) hereto, and the Bylaws of

Reorganized Federal-Mogul shall be amended in their entirety substantially in the form set forth in Exhibit 8.3.9(2) hereto. Consistent with Section 1123(a)(6) of the Bankruptcy Code, the amended Certificate of Incorporation of Reorganized Federal-Mogul shall, among other things, prohibit the issuance of non-voting equity securities. The amended Certificate of Incorporation of Reorganized Federal-Mogul shall provide that the board of directors of Reorganized Federal-Mogul shall consist of seven members, that the holders of Reorganized Federal-Mogul Class A Common Stock shall initially be entitled to nominate four directors and the holders of Reorganized Federal-Mogul Class B Common Stock shall initially be entitled to nominate three directors. Additionally, the amended Certificate of Incorporation shall provide that certain major transactions by Reorganized Federal-Mogul shall require the approval of a majority of both the directors elected by the holders of Reorganized Federal-Mogul Class A Common Stock and the directors elected by the holders of Reorganized Federal-Mogul Class B Common Stock.

**8.3.10. Initial Board of Directors of Reorganized Federal-Mogul.** On and after the Effective Date, the business and affairs of Reorganized Federal-Mogul shall become the general responsibility of its board of directors, subject to, and in accordance with, the Certificate of Incorporation and the Bylaws of Reorganized Federal-Mogul. The initial board of directors shall consist of the seven individuals identified in Exhibit 8.3.10 hereto.

**8.3.11. New Employment Agreements.** The New Employment Agreements shall be implemented by Reorganized Federal-Mogul on the Effective Date and shall become binding, effective and operative as of the Effective Date.

#### **8.4. Ownership and Management of Affiliated Debtors**

**8.4.1.** Except as provided in 8.4.2 below, from and after the Effective Date, each Debtor shall retain its Equity Interest in any other Debtor. The boards of directors of the Affiliated Debtors shall be established by Reorganized Federal-Mogul. The initial boards of directors for the Affiliated Debtors are set forth in Exhibit 8.4.1 hereto.

**8.4.2.** On the Effective Date, all outstanding common stock of Debtor Federal-Mogul Piston Rings, Inc. and any other equity securities in, or claims of entitlement to, or rights attached to the ownership of, any equity securities of Federal-Mogul Piston Rings, Inc., shall be deemed cancelled and of no further force or effect. The holders of such cancelled securities, rights or claims shall not receive or retain under the Plan any property on account thereof or on account of the cancellation thereof. On the Effective Date, Reorganized Federal-Mogul Piston Rings, Inc. shall issue 1,000 shares of Reorganized Federal-Mogul Piston Rings, Inc. common stock and shall distribute such shares to Reorganized Federal-Mogul Powertrain, Inc., on account of the Noteholder Claims and as the deemed transferee of the holders of Allowed Class 2D Noteholder Claims, as provided in Section 3.2.4 of the Plan.

**8.5. Dissolution Of Inactive Debtor Subsidiaries.** On or subsequent to the Effective Date, in the discretion of the new board of directors, Reorganized Federal-Mogul, or the applicable parent company, may take such actions as may be necessary or appropriate to effect the liquidation, dissolution, winding-up, striking off, or other disposition, if any, of some or all of the Inactive Debtor Subsidiaries.

**8.6. Corporate Action.** All matters provided for under the Plan involving the corporate structure of the Debtors, or any corporate action to be taken by, or required of the Debtors, shall be deemed to have occurred and be effective as provided herein, and shall be authorized and approved in all respects without any requirement for further action or vote by the stockholders or directors of any of such entities.

**8.7. Vesting of Assets.** On the Effective Date, all property of the estate of each Debtor shall revert in the applicable Reorganized Debtor free and clear of all Claims, Liens, encumbrances and other interests, except as provided in the Plan and the Confirmation Order. As of the Effective Date, each Reorganized Debtor may operate its business, and may use, acquire, and dispose of property free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than those restrictions expressly imposed by the Plan and the Confirmation Order.

**8.8. Preservation of Rights Of Action.** Except for the Trust Causes of Action and except as provided in Section 11.5 of the Plan or as otherwise provided in the Plan or the Confirmation Order, the Reorganized Debtors shall retain and have the exclusive right, in their sole discretion, to enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all claims, rights, causes of action, suits and proceedings, including rights and causes of action arising under the Bankruptcy Code which are commenced prior to the closing of the Reorganization Cases, that the Debtors or their Estates may hold against any Entity. Notwithstanding any other provision of the Plan to the contrary and without limiting the foregoing, the Reorganized Debtors, with the consent of the Trustees, may retain, prosecute and enforce any Asbestos Insurance Action in their own name, for the benefit of the Trust and the holders of Asbestos Personal Injury Claims, provided that any costs and expenses to be incurred by the Reorganized Debtors in any such Asbestos Insurance Action shall be reimbursed to the Reorganized Debtors by the Trust as Trust Expenses as soon as practically possible.

**8.9. Setoffs.** Each Reorganized Debtor (or the Trust to the extent it pertains to an Asbestos Personal Injury Claim) may, pursuant to the applicable provisions of the Bankruptcy Code, the IA 1986 or applicable non-bankruptcy law, setoff against any applicable Allowed Claim (before any distribution is made on account of such Claim) any and all claims, rights, causes of action, debts or liabilities of any nature that the applicable Reorganized Debtor (or the Trust to the extent it pertains to an Asbestos Personal Injury Claim) may hold against the holder of such Allowed Claim; provided, however, that the failure to effect such a setoff shall not constitute a waiver or release of any such claims, rights, causes of action, debts or liabilities.

**8.10. Reorganized Federal-Mogul Secured Term Loan Agreement.** On the Effective Date Reorganized Federal-Mogul, as borrower, the other Reorganized U.S. Debtors and F-M UK Holding Limited, as guarantors, the holders of Class 1B Bank Claims, as lenders, and JPMorgan Chase Bank, as Administrative Agent for the lenders, shall become parties to the Reorganized Federal-Mogul Secured Term Loan Agreement regardless of whether any such party actually executes the Reorganized Federal-Mogul Secured Term Loan Agreement. The Reorganized Federal-Mogul Secured Term Loan Agreement shall provide for, among other things, the issuance to the holders of Allowed Class 1B Bank Claims, in accordance with each such holder's previously existing rights under the Bank Credit Agreement, of term loans in the principal amount of \$1,303,897,117.90 (as adjusted as of the Effective Date to convert any



foreign currencies to U.S. dollars) plus the amount of any draws prior to the Effective Date on letters of credit outstanding under the Bank Credit Agreement (but excluding draws prior to the Effective Date on letters of credit outstanding under the Tranche C Loans portion of the DIP Facility), repayable in periodic installments maturing six and a half years after the Effective Date, at a rate of interest based on rates in the London interbank market or, at Reorganized Federal-Mogul's option, an alternate base rate. The obligations of the Reorganized U.S. Debtors with respect to the Reorganized Federal-Mogul Secured Term Loan Agreement shall be secured by Liens on substantially all domestic assets of the Reorganized U.S. Debtors and on 65% of the equity in the first tier foreign subsidiaries owned by the Reorganized U.S. Debtors and Reorganized F-M UK Holding Limited. Except as otherwise provided in the Reorganized Federal-Mogul Secured Term Loan Agreement, such Liens shall be junior only to the Liens securing the Exit Facilities and the portion, if any, of the Tranche C Loans restructured pursuant to Section 2.2 of the Plan, and shall be pari passu with the Liens that secure the Secured Surety Notes, if any.

**8.11. Issuance of Reorganized Federal-Mogul Junior Secured PIK Notes.** On the Effective Date, Reorganized Federal-Mogul shall issue and distribute to the PIK Notes Trustee, on behalf of all holders of Class 1B Bank Claims, and for ultimate distribution to each such holder in accordance with such holder's previously existing rights under the Bank Credit Agreement, the Reorganized Federal-Mogul Junior Secured PIK Notes. The Federal-Mogul Junior Secured PIK Notes shall have an aggregate original principal amount of \$300,000,000.00, shall mature on the eleventh anniversary of the Effective Date and shall bear interest at a fixed rate, initially payable partially in cash and partially in kind. The obligations of Reorganized Federal-Mogul with respect to the Reorganized Federal-Mogul Junior Secured PIK Notes shall be secured by Liens on substantially all domestic assets of the Reorganized U.S. Debtors and on 65% of the equity in foreign subsidiaries owned by the Reorganized U.S. Debtors and Reorganized F-M UK Holding Limited. Except as otherwise provided in the indenture for the Reorganized Federal-Mogul Junior Secured PIK Notes, such Liens shall be junior only to the Liens securing the Exit Facilities, the portion, if any, of the Tranche C Loans restructured pursuant to Section 2.2 of the Plan, the Reorganized Federal-Mogul Secured Term Loan Agreement and the Secured Surety Notes, if any, and shall be pari passu with the Liens securing the Junior Secured Surety PIK Notes, if any.

**8.12. Exit Facilities.** On the Effective Date, Reorganized Federal-Mogul shall enter into the Exit Facilities. The proceeds of the Exit Facilities shall be used to (a) repay obligations under the DIP Facility on the Effective Date, (b) make cash payments required under the Plan and/or (c) provide working capital for the business operations and general corporate purposes of the Reorganized Debtors.

**8.13. Issuance of Secured Surety Notes, Junior Secured Surety PIK Notes and Related Guarantees.** If and to the extent required under Section 3.1.3 of the Plan, Reorganized Federal-Mogul shall issue the Secured Surety Notes and Junior Secured Surety PIK Notes. If and as required under the applicable Surety Claims treatment sections of the Plan, and if the applicable guarantees or liens are not avoided as a result of the Avoidance Litigation, the Reorganized Debtors that were parties to any guarantee with any of the Sureties relating to the CCR Surety Bonds and that pledged any of their assets to secure their obligations under such agreements shall issue guarantees of Reorganized Federal-Mogul's obligations under the Secured

Surety Notes and Junior Secured Surety PIK Notes, if any, and grant Liens in favor of the Sureties to collateralize such guarantees on the same or substantially all of the collateral that secured their prepetition obligations under their respective agreements with the Sureties. The Liens securing the obligations under the Secured Surety Notes shall be pari passu with the Liens securing the Reorganized Federal-Mogul Secured Term Loan Agreement, and the Liens securing the Junior Secured Surety PIK Notes shall be pari passu with the Liens securing the Reorganized Federal-Mogul Junior Secured PIK Notes.

**8.14. Effectuating Documents And Further Transactions.** The Chief Executive Officer, President, or any Vice President of each Debtor shall be authorized to execute, deliver, file or record such contracts, instruments, releases and other agreements or documents and take or direct such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

**8.15. Distributions Under the Plan**

**8.15.1. General Matters.** The Disbursing Agent shall make all distributions required under the Plan (other than distributions to holders of Asbestos Personal Injury Claims). Distributions shall be made on the Distribution Date (unless otherwise provided herein or ordered by the Bankruptcy Court) with respect to all Claims except Asbestos Personal Injury Claims. Distributions with respect to Asbestos Personal Injury Claims shall be made in accordance with the Asbestos Personal Injury Trust Distribution Procedures. Distributions to be made on the Distribution Date shall be deemed actually made on the Distribution Date if made either (a) on the Distribution Date or (b) as soon as practicable thereafter, but in no event later than ten Business Days after the Distribution Date, except as otherwise provided for herein, or except as may be ordered by the Bankruptcy Court. Except where the Plan contemplates deferred payment or delivery of property or securities, payments to be made by the Disbursing Agent pursuant to the Plan shall be made in Cash or by check drawn on a domestic bank or by wire transfer from a domestic bank.

**8.15.2. Withholding Of Taxes.** The Disbursing Agent or the Trust, as applicable, shall withhold from any assets or property distributed under the Plan any assets or property which must be withheld for foreign, federal, state and local taxes payable with respect thereto or payable by the Person entitled to such assets to the extent required by applicable law.

**8.15.3. Allocation of Consideration.** To the extent that any Allowed Claim entitled to a distribution under the Plan is comprised of indebtedness and accrued but unpaid interest thereon, such distribution shall, for tax purposes, be allocated to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

**8.15.4. Unclaimed Property.** Except as provided in Section 8.3.4 of the Plan with respect to distributions of Reorganized Federal-Mogul Class A Common Stock to or for the benefit of Noteholders, and Sections 8.3.3 and 8.10 of the Plan with respect to distributions on account of Bank Claims, any Cash, assets, and other property to be distributed under the Plan, but excluding any distributions from the Trust, that remain unclaimed (including by an Entity's failure to negotiate a check issued to such Entity) or otherwise not deliverable to the Entity

entitled thereto before the later of (a) one year after the Distribution Date, or (b) six months after an order allowing such Entity's Claim becomes a Final Order, shall become vested in, and shall be transferred to, the applicable Reorganized Debtor whose Estate owed or paid the Claim, notwithstanding state or other escheat or similar laws to the contrary. In such event, such Entity's Claim shall no longer be deemed to be Allowed and such Entity shall be deemed to have waived its rights to such payments or distributions under the Plan pursuant to Section 1143 of the Bankruptcy Code, shall have no further Claim in respect of such distribution and shall not participate in any further distributions under the Plan with respect to such Claim.

**8.15.5. Transfer Taxes.** Pursuant to Section 1146 of the Bankruptcy Code, and to the fullest extent permitted by law, no stamp tax, transfer tax or other similar tax shall be imposed or assessed by any taxing authority on account of (i) the issuance, transfer or exchange of any securities issued under the Plan; (ii) the transfer of any assets or property pursuant to the Plan, or (iii) the making or delivery of an instrument of transfer under the Plan.

**8.15.6. Indenture Trustee Compensation.** The Indenture Trustees shall receive reasonable compensation and reimbursement of actual and necessary expenses pursuant to the Indentures and pursuant to the procedures set forth herein.

**8.15.6.1.** Not later than five (5) days after the Confirmation Date, the Indenture Trustees shall submit to Reorganized Federal-Mogul reasonably detailed statements of the fees and expenses incurred by the Indenture Trustees through such date along with any estimated fees and expenses for services to be rendered after such date in effectuating the distribution of Reorganized Federal-Mogul Class A Common Stock to the Noteholders and the surrender and cancellation of the Notes as contemplated by the Plan (the "Statements").

**8.15.6.2.** Reorganized Federal-Mogul shall pay all undisputed Statements submitted by the Indenture Trustees in Cash on the Effective Date. If Reorganized Federal-Mogul disputes any Statement, Reorganized Federal-Mogul shall notify the applicable Indenture Trustee of the basis for the dispute in writing on or prior to ten (10) days after the Effective Date. Such notice shall also set forth the amount Reorganized Federal-Mogul believes is due and owing, if any, to the applicable Indenture Trustee. If the applicable Indenture Trustee and Reorganized Federal-Mogul thereafter reach an agreement with regard to the disputed Statement, Reorganized Federal-Mogul shall promptly pay the agreed-upon amount to the applicable Indenture Trustee. If the parties are unable to reach an agreement as to any disputed Statement, the applicable Indenture Trustee shall file a request for allowance and payment of an Administrative Expense with the Bankruptcy Court on or before thirty (30) days after the Effective Date (the "Request"). If no Request is filed by such date, the applicable Indenture Trustee shall be deemed to have consented to the amount of fees and expenses agreed to by Reorganized Federal-Mogul. Reorganized Federal-Mogul shall be given notice and an opportunity to respond to any and all Requests. Upon the entry of a Final Order with respect to any Request, Reorganized Federal-Mogul shall pay the applicable Indenture Trustee the amount allowed in such Final Order in Cash.

**8.15.6.3.** Upon payment of the Indenture Trustees' fees and expenses in accordance with the foregoing paragraphs, the charging liens of the Indenture Trustees upon distributions to the Noteholders, if any, will be discharged.

**8.15.7. Record Ownership Date.** Only Persons who hold Notes, Convertible Subordinated Debentures or Equity Interests of record as of the Record Date will be entitled to receive distributions payable on account of such Claims or Equity Interests under the Plan. The Disbursing Agent and any transfer or distribution agent shall be entitled to treat the record holder of a registered security as the sole holder of any Equity Interest evidenced thereby for purposes of all notices, payments or distributions under the Plan. No notice of any transfer of any such security shall be binding on the Disbursing Agent or any transfer or distribution agent unless such transfer has been properly registered in accordance with the provisions of the governing indenture or agreement at least ten Business Days prior to any Distribution Date. If there is any dispute regarding the identity of the Entity entitled to receive a distribution in respect of a Claim or Equity Interest under the Plan, no distribution need be made in respect of such Claim or Equity Interest until such dispute has been resolved.

**8.15.8. Transfer of Claim.** In the event that the holder of any Claim shall transfer such Claim on or after the Effective Date, it shall immediately advise the Disbursing Agent or the Trust, as the case may be, in writing of such transfer. The Disbursing Agent or the Trust, as the case may be, shall be entitled to assume that no transfer of any Claim has been made by any holder unless and until written notice of a transfer has been actually received by the Disbursing Agent or the Trust. Each transferee of any Claim shall take such Claim subject to the provisions of the Plan, and, except as provided in a notice of transfer, the Disbursing Agent or the Trust, as the case may be, shall be entitled to assume conclusively that the transferee named in any notice of transfer shall thereafter be vested with all rights and powers of the transferor of such Claim. The provisions of this Section 8.15.8 shall not apply to holders or transferees of Bank Claims or Noteholder Claims.

**8.15.9. Cash Payments.** Cash payments on account of Allowed Claims of creditors of the U.S. Debtors located in the United States of America shall be paid in U.S. dollars. Cash payments on account of Allowed Claims of creditors of the U.S. Debtors located outside the United States of America, and cash payments on account of Allowed Claims of the U.K. Debtors, shall be paid under the currency in which the Claim is denominated in the invoice or under the currency in which the Claim is otherwise payable under applicable non-bankruptcy law.

**8.16. The Administrators, Possible Marketing Procedures with Respect to Certain U.K. Businesses/Assets and Claims Against and Equity Interests in the U.K. Debtors.**

**8.16.1. Efforts to Reach Agreement with the Administrators.** The Administrators have not agreed to recommend the Schemes of Arrangement and Voluntary Arrangements that parallel the Plan. The Plan Proponents, however, are working towards an agreement with the Administrators to recommend parallel Schemes of Arrangement and Voluntary Arrangements. Alternatively, if such an agreement cannot be achieved, the Plan Proponents will work towards an agreement on Consensual Marketing Procedures with the Administrators to retain those U.K. businesses that are valuable to Federal-Mogul Corporation and its customers and to jointly market those U.K. businesses that are not valuable to Federal-Mogul Corporation and its customers (this process is similar to what Federal-Mogul Corporation has been doing for several years now as it integrates the acquisitions that it has accomplished over the last several years).

**8.16.2. Directions to the Administrators.** In case negotiations with the Administrators to reach an agreement as set forth in Section 8.16.1 above do not result in a consensual resolution, the Plan Proponents are, contemporaneously with soliciting votes on the Plan and conducting such negotiations with the Administrators, implementing the procedures described in Sections 6.6 and 8.1.1 of the Plan so as to be able, if necessary, to direct the Administrators to recommend the parallel Schemes of Arrangement and Voluntary Arrangements or discharge the U.K. administration proceedings.

**8.16.3. Non-Consensual Marketing Procedures.** If the Plan Proponents are not able to reach agreement with the Administrators either to recommend parallel Schemes of Arrangement and Voluntary Arrangements or on Consensual Marketing Procedures as discussed in Section 8.16.1 above, and if the efforts to direct the Administrators to recommend the parallel Schemes of Arrangement and Voluntary Arrangements or discharge the U.K. administration proceedings as set forth in Section 8.16.2 above are not successful, then Federal-Mogul Corporation shall bid for those U.K. businesses and assets that are valuable to Federal-Mogul Corporation and its customers. Additionally, Federal-Mogul Corporation and any actual or deemed transfer of businesses and/or assets to Federal-Mogul Corporation in connection therewith shall be entitled to the benefits and protections of the Injunctions and other provisions of the Plan, including, without limitation, the injunction pursuant to Section 524(g) of the Bankruptcy Code, and any and all Claims and Demands against Federal-Mogul Corporation and its Affiliates relating to such businesses and assets shall be channeled to the Trust to the extent set forth and in accordance with Article IV of the Plan. Any remaining assets shall be liquidated. If Federal-Mogul Corporation is not the successful bidder, the Injunctions and other protective provisions of the Plan shall not apply to the purchaser of any such assets and Claims and Demands against such purchaser shall not be transferred and channeled to the Trust.

**8.16.4. Distributions on Account of Claims Against and Equity Interests in U.K. Debtors.** In the event that Federal-Mogul Corporation bids and purchases some or all of the assets or businesses of the U.K. Debtors as provided in Section 8.16.3 above, then Federal-Mogul Corporation shall pay to the relevant U.K. Debtors only that portion of the bid that is to be distributed to holders of Claims against the U.K. Debtors other than holders of Asbestos Personal Injury Claims against the U.K. Debtors. In such event, notwithstanding anything to the contrary in the Plan, the holders of Claims against and Equity Interests in the U.K. Debtors, other than holders of Asbestos Personal Injury Claims, shall receive no distributions under the Plan, but instead shall receive any and all distributions on account of their respective Claims and/or Equity Interests pursuant to the U.K. administration proceedings in accordance with U.K. insolvency laws. Additionally, all of the Reorganized Federal-Mogul Class B Common Stock will, as provided in the Plan, be delivered to the Trust to fund distributions to the holders of Asbestos Personal Injury Claims in accordance with the Plan and the Asbestos Personal Injury Trust Distribution Procedures. If, however, Federal-Mogul Corporation is required to pay the full amount of its bid to the relevant U.K. Debtors, then all distributions to be paid to the holders of Asbestos Personal Injury Claims in, or arising out of, the U.K. administration proceedings shall be paid to the Trust and the Trust shall remit all such recoveries (other than insurance recoveries) to Federal-Mogul Corporation or Reorganized Federal-Mogul, as applicable. Any other distributions which are available to be paid to the holders of Asbestos Personal Injury Claims in, or arising out of, the U.K. administration proceedings shall also be paid to the Trust and the Trust shall also remit all such recoveries

(other than insurance recoveries) to Federal-Mogul Corporation or Reorganized Federal-Mogul, as applicable. Neither the Hercules Policy Expiry Date nor the EL Coverage Expiry Date shall occur until all such distributions have been made. Additionally, notwithstanding anything to the contrary in this Plan, in the event the non-consensual marketing procedures set forth in this Section 8.16 of the Plan are implemented and Federal-Mogul Corporation is required to pay the full amount of any bid in connection therewith, neither the issuance of the Reorganized Federal-Mogul Class B Common Stock to the Trust nor any distributions made by the Trust to holders of Asbestos Personal Injury Claims against the U.K. Debtors shall relieve or otherwise limit the obligations of the U.K. Debtors on account of such Claims in the U.K. administration proceedings or any subsequent insolvency proceedings under applicable U.K. law.

**8.16.5. Affiliate Claims Against the U.K. Debtors.** If the Plan Proponents do not reach an agreement with the Administrators as set forth in 8.16.1 above and the procedures set forth in Sections 6.6 and 8.1.1 of the Plan do not result in approval of the Schemes of Arrangement and/or Voluntary Arrangements for the U.K. Debtors, then the U.S. Debtors shall assert any and all Affiliate Claims against the U.K. Debtors, including, without limitation, claims for reimbursement, indemnification and/or contribution with respect to Asbestos Personal Injury Claims, in the U.K. administration proceedings.

**8.17. Distributions to Holders of Unsecured Claims Against U.S. Debtors and F-M UK Holding Limited.** In the event that the total amount of Allowed Unsecured Claims against the U.S. Debtors and FM U-K Holding Limited is determined by the Plan Proponents or by the Reorganized Debtors, as applicable, to be in excess of \$258.0 million, then the amount of the Cash distributions to holders of Allowed Unsecured Claims against such Debtors will be adjusted so that each such holder will receive, on account of its Allowed Unsecured Claim, total Cash payments equal to such holder's Pro Rata portion of \$90.3 million. In the event the Claims allowance and reconciliation process for Unsecured Claims against the U.S. Debtors and F-M UK Holding Limited is not completed on or prior to the second anniversary of the Distribution Date, then Reorganized Federal-Mogul shall make a determination as to whether it is likely that such Claims will exceed \$258.0 million. If it is determined that such Claims will exceed \$258.0 million, then Reorganized Federal-Mogul shall adjust all remaining payments to be made on account of such Claims so that the holders of such Claims will receive a Pro Rata portion of \$90.3 million and Reorganized Federal-Mogul shall take any and all necessary steps to facilitate the distributions in accordance with this Section 8.17 including, without limitation, setting reasonable reserves, if necessary, and withholding portions of any distributions pending the completion of the Claims allowance and reconciliation process for the applicable Debtors.

**8.18. Implementation of Federal-Mogul Bradford Limited Plan.** The Plan, as it relates to Federal-Mogul Bradford Limited ("Bradford"), will be implemented in part pursuant to an agreement dated as of December 17, 2003, by and among T&N Limited, Bradford, the T&N Administrators, the Bradford Administrators, Federal-Mogul Gorzyce, S.A. ("F-M Gorzyce") and Federal-Mogul Holding Deutschland GmbH, which agreement provides for (i) the lease of certain of Bradford's plant, tooling and machinery and (ii) the license of certain of Bradford's know-how utilized in its piston-manufacturing operations to F-M Gorzyce, a non-Debtor Affiliate of the Debtors located in Poland. That agreement further provides for the sale of such leased and licensed assets, together with Bradford's customer goodwill, to F-M Gorzyce pursuant to a purchase option to be exercised by F-M Gorzyce through the Plan, pursuant to

Section 524(g)(3)(A)(ii) of the Bankruptcy Code. Accordingly, the Confirmation Order shall provide that F-M Gorzyce shall exercise the purchase option described in this paragraph as part of the implementation of the Plan and that pursuant to Section 524(g)(3)(A)(ii) of the Bankruptcy Code F-M Gorzyce shall have no liability with respect to any Asbestos Personal Injury Claim or Demand that may be made against it by reason of its status as the transferee of and/or successor to the assets of Bradford.

**8.19. Objections to Claims.** After the Effective Date, only the applicable Reorganized Debtor against whose Estate a Claim was filed or deemed filed, or the Trust in the case of Asbestos Personal Injury Claims, may object to the allowance of any Claim, except that the Unsecured Creditors Committee, the Asbestos Claimants Committee and the Future Claimants Representative shall also have standing and capacity to object to (i) the Administrative Expense Claims of professionals employed or retained in these Reorganization Cases and (ii) the Secured or unsecured Surety Claims. After the Effective Date, the applicable Reorganized Debtor against whose Estate a Claim was filed or deemed filed, or the Trust in the case of Asbestos Personal Injury Claims, shall be accorded the power and authority to allow or settle and compromise any Claim, except for the Administrative Expense Claims of professionals employed by or on behalf of the Estates, without notice to any other party or approval of or notice to the Bankruptcy Court. Unless otherwise ordered by the Bankruptcy Court, and except as to any (a) late-filed Claims, or (b) Asbestos Personal Injury Claims, all objections to Claims against the U.S. Debtors shall be filed with the Bankruptcy Court on or before six months following the Effective Date. Objections to late-filed Claims against the U.S. Debtors shall be filed not later than the later of (a) six months following the Effective Date or (b) sixty (60) days after the Reorganized Debtor receives actual notice of the filing of such Claim. Objections to Asbestos Personal Injury Claims shall be handled by the Trust in accordance with the Asbestos Personal Injury Trust Distribution Procedures.

**8.20. Release by Dan=Loc Group.** On the Effective Date, each of the Dan=Loc Deed of Special Indemnity and the Dan=Loc Deed of Guarantee shall be deemed terminated by agreement and the Dan=Loc Group shall release any and all Claims, obligations and liabilities (including, but not limited to, Environmental Claims) whatsoever against any and all of the Debtors, their non-Debtor Affiliates and the Released Parties (i) under the Deed of Special Indemnity, (ii) under the Deed of Guarantee (iii) or otherwise, except that Asbestos Property Damage Claims against the Debtors that the Dan=Loc Group had under the Dan=Loc Deed of Special Indemnity and Dan=Loc Deed of Guarantee as of the Petition Date shall, to the extent that any such Claims are Allowed, be treated as Unsecured Claims under the Plan. In addition to releasing any Environmental Claims against the Debtors, Dan=Loc is also waiving and releasing any and all claims against four non-Debtor Affiliates that are parties to the 1997 Dan=Loc Asset Purchase Agreement.

**ARTICLE IX  
INJUNCTIONS, RELEASES AND DISCHARGE**

**9.1. Discharge**

**9.1.1. Discharge of Claims and Termination of Interests**

(a) As of the Effective Date, except as provided in the Plan or the Confirmation Order, the distributions and rights afforded under this Plan and the treatment of Claims and Interests under this Plan shall be in exchange for, and in complete satisfaction, discharge and release of, all Claims and satisfaction and termination of all Interests, including any interest accrued on Claims from and after the Petition Date. Accordingly, except as otherwise provided in the Plan or the Confirmation Order, Confirmation of the Plan shall, as of the Effective Date (i) discharge the Debtors from all Claims or other debts that arose before the Effective Date, and all debts of the kind specified in Sections 502(g) or 502(i) of the Bankruptcy Code, whether or not (x) a proof of claim based on such debt is filed or deemed filed pursuant to Section 501 of the Bankruptcy Code, (y) a Claim based on such debt is Allowed pursuant to Section 502 of the Bankruptcy Code, or (z) the holder of a Claim based on such debt has accepted the Plan; and (ii) satisfy, terminate or cancel all Interests and other rights of equity security holders in the Debtors.

(b) As of the Effective Date, except as provided in the Plan or the Confirmation Order, all Persons shall be precluded from asserting against the Debtors or the Reorganized Debtors, or their respective successors or property, any other or further Claims, Demands, debts, rights, causes of action, liabilities or equity interests based upon any act, omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date. In accordance with the foregoing, except as provided in the Plan or the Confirmation Order, the Confirmation Order shall constitute a judicial determination, as of the Effective Date, of the discharge of all such Claims and other debts and liabilities of the Debtors, pursuant to Sections 524 and 1141 of the Bankruptcy Code, and such discharge shall void and extinguish any judgment obtained against the Debtors or the Reorganized Debtors at any time, to the extent such judgment is related to a discharged Claim.

**9.1.2. Discharge Injunction**

(a) Except as provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons that hold, have held, or may hold a Claim, Demand or other debt or liability that is discharged, or an Interest or other right of an equity security holder that is terminated pursuant to the terms of the Plan, are permanently enjoined from taking any of the following actions on account of, or on the basis of, such discharged Claims, debts or liabilities, or terminated Interests or rights: (i) commencing or continuing any action or other proceeding against the Debtors, the Reorganized Debtors, the Trust or their respective property; (ii) enforcing, attaching, collecting or recovering any judgment, award, decree or order against the Debtors, the Reorganized Debtors, the Trust or their respective property; (iii) creating, perfecting or enforcing any lien or encumbrance against the Debtors, the Reorganized Debtors, the Trust or their respective property; (iv) asserting any setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due the Debtors, the Reorganized



Debtors, the Trust or their respective property; and (v) commencing or continuing any judicial or administrative proceeding, in any forum, that does not comply with or is inconsistent with the provisions of the Plan.

(b) Except as provided in the Plan or the Confirmation Order, as of the Effective Date all Persons that hold, have held, or may hold a Claim, Demand, or other debt, right, cause of action or liability that is released pursuant to the provisions of the Plan are permanently enjoined from taking any of the following actions on account of or based upon such released Claims, Demands, debts, rights, causes of action or liabilities: (i) commencing or continuing any action or other proceeding against the Released Parties or their respective property; (ii) enforcing, attaching, collecting or recovering any judgment, award, decree or order against the Released Parties or their respective property; (iii) creating, perfecting or enforcing any lien or encumbrance against the Released Parties or their respective property; (iv) asserting any setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due the Released Parties or against their respective property; and (v) commencing or continuing any judicial or administrative proceeding, in any forum, that does not comply with or is inconsistent with the provisions of the Plan.

## **9.2. Releases**

**9.2.1. Releases by Debtors and Estates.** Except as otherwise expressly provided in the Plan or the Confirmation Order, on the Effective Date the Reorganized Debtors on their own behalf and as representatives of their respective estates, release unconditionally, and are hereby deemed to release unconditionally, each and all of (i) the Debtors' and their non-Debtor Affiliates' officers and directors who were serving in such capacity on or after the Petition Date, (ii) the attorneys, accountants, investment bankers, restructuring consultants and financial advisors of each of the Debtors (but specifically excluding Rothschild Inc.), (iii) the holders of Noteholder Claims, the holders of Bank Claims, and the Administrative Agent and their respective attorneys, accountants, investment bankers and advisers of and from any and all claims, obligations, suits, judgments, damages, rights, causes of action and liabilities of any nature whatsoever (including, without limitation, those arising under the Bankruptcy Code), whether known or unknown, foreseen or unforeseen, matured or unmatured, existing or hereafter arising, in law, equity, or otherwise, based in whole or in part upon any act, omission, transaction, event or other occurrence taking place before the Petition Date in connection with the Debtors or any of them, or their respective property. The releases contained in this Section shall not apply to or otherwise affect the obligations of any of Debtors' officers or directors to repay loans or advances of money or other property owed to the Debtors or their Estates.

**9.2.2. Releases by Holders of Claims and Interests.** Except as otherwise expressly provided in the Plan or the Confirmation Order, on the Effective Date each holder of a Claim or Interest that has voted to accept the Plan, shall be deemed to have unconditionally released each and all of (i) the non-Debtor Affiliates, (ii) the Debtors' and their non-Debtor Affiliates' officers and directors who were serving in such capacity on or after the Petition Date, (iii) the attorneys, accountants, investment bankers, restructuring consultants and financial advisors of each of the Debtors (but specifically excluding Rothschild Inc.) and (iv) the holders of Noteholder Claims, the holders of Bank Claims and the Administrative Agent and their respective successors, attorneys, accountants, investment bankers and advisers of and from any

and all claims, obligations, suits, judgments, damages, rights, causes of action and liabilities of any nature whatsoever (including, without limitation, those arising under the Bankruptcy Code), whether known or unknown, foreseen or unforeseen, matured or unmatured, existing or hereafter arising, in law, equity, or otherwise, based in whole or in part upon any act, omission, transaction, event or other occurrence taking place before the Petition Date in connection with the Debtors or any of them, or their respective property; provided, however, that each holder of a Claim or Interest that has voted on the Plan may elect, by checking the appropriate box on its Ballot, not to grant the releases set forth in this Section 9.2.2.

**9.3. The Supplemental Injunction, The Third Party Injunction and The Asbestos Insurance Entity Injunction.** *In order to supplement the injunctive effect of the Discharge Injunction, and pursuant to Sections 524(g) and 105(a) of the Bankruptcy Code, the Confirmation Order shall provide for the following injunctions to take effect as of the Effective Date.*

**9.3.1. Supplemental Injunction**

**(a) Terms.** *In order to preserve and promote the settlements contemplated by and provided for in the Plan, and to supplement, where necessary, the injunctive effect of the discharge as provided in Sections 1141 and 524 of the Bankruptcy Code and as described in this Article, and further pursuant to the exercise of the equitable jurisdiction and power of the Bankruptcy Court under Sections 524(g) and 105(a) of the Bankruptcy Code, all Entities which have held or asserted, which hold or assert or which may in the future hold or assert any claim, demand or cause of action (including, but not limited to, any Asbestos Personal Injury Claim, or any claim or demand for or respecting any Trust Expense) against the Released Parties (or any of them) based upon, attributable to, or arising out of any Claim, Demand, or Equity Interest, whenever and wherever arising or asserted, whether in the U.S., the U.K. or anywhere else in the world, whether sounding in tort, contract, warranty or any other theory of law, equity or admiralty, shall be permanently stayed, restrained and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering or receiving payments or recovery with respect to any such claim, demand or cause of action, including, but not limited to:*

**(i)** *commencing or continuing in any manner any action or other proceeding of any kind with respect to any such claim, demand or cause of action against any of the Released Parties, or against the property of any Released Party;*

**(ii)** *enforcing, attaching, collecting or recovering, by any manner or means, any judgment, award, decree or order against any of the Released Parties or against the property of any Released Party with respect to any such claim, demand or cause of action;*

**(iii)** *creating, perfecting or enforcing any Lien of any kind against any Released Party or the property of any Released Party with respect to any such claim, demand or cause of action;*

(iv) *except as otherwise provided in the Plan, asserting, implementing or effectuating any setoff, right of subrogation, indemnity, contribution or recoupment of any kind against any obligation due any Released Party or against the property of any Released Party with respect to any such claim, demand or cause of action; and*

(v) *taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan, the Plan Documents or the Trust Documents relating to such claim, demand or cause of action.*

(b) *Reservations. Notwithstanding anything to the contrary in Section 9.3.1(a), this Supplemental Injunction shall not apply to or otherwise affect the assertion against the Released Parties of any claim, demand or cause of action that is not released pursuant to the provisions of Sections 9.2.1 or 9.2.2 of this Plan, and shall further not impair:*

(i) *the rights of holders of Asbestos Personal Injury Claims to assert such Asbestos Personal Injury Claims solely against the Trust or the Trust Assets in accordance with the Asbestos Personal Injury Trust Distribution Procedures;*

(ii) *the rights of holders of Asbestos Personal Injury Claims to assert such Asbestos Personal Injury Claims solely against Hercules-Protected Entities in accordance with Article IV of the Plan;*

(iii) *the rights of Entities to assert any Claim, debt, obligation or liability for payment of Trust Expenses solely against the Trust or the Trust Assets;*

(iv) *the rights of the Trust or the Reorganized Debtors to prosecute any Asbestos Insurance Action or any similar claim, cause of action or right of Reorganized T&N against the Hercules Insurers or of the Trust against the EL Insurers; or*

(v) *the rights of any Entity to assert an Asbestos Personal Injury Claim against a non-Debtor Affiliate where such Claim is based upon exposure to asbestos or asbestos-containing products resulting solely from the acts, conduct or omissions of such non-Debtor Affiliate.*

(c) *Bankruptcy Rule 3016 Compliance. The Plan Proponents' compliance with the formal requirements of Bankruptcy Rule 3016(c) shall not constitute an admission that the Plan provides for an injunction against conduct not otherwise enjoined under the Bankruptcy Code.*

### **9.3.2. Third Party Injunction**

(a) *Terms. In order to preserve and promote the settlements contemplated by and provided for in the Plan and agreements previously or concurrently approved by the Bankruptcy Court, and pursuant to the exercise of the equitable jurisdiction and power of the Bankruptcy Court under Sections 524(g) and 105(a) of the Bankruptcy Code, all Entities which have held or asserted, which hold or assert or which may in the future hold or assert any claim, demand or cause of action (including, but not limited to, any Asbestos Personal*

*Injury Claim or Demand, or any claim or demand for or respecting any Trust Expense) against the Protected Parties (or any of them) based upon, attributable to, or arising out of any Asbestos Personal Injury Claim or Demand, whenever and wherever arising or asserted, whether in the U.S., the U.K. or anywhere else in the world, whether sounding in tort, contract, warranty or any other theory of law, equity or admiralty (a "Third Party Claim"), shall be permanently stayed, restrained and enjoined, from taking any action for the purpose of directly or indirectly collecting, recovering or receiving payments or recovery with respect to any such Third Party Claim, including, but not limited to:*

(i) *commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Third Party Claim against any Protected Party or against the property of any Protected Party with respect to any such Third Party Claim;*

(ii) *enforcing, attaching, collecting or recovering, by any manner or means, any judgment, award, decree or order against any Protected Party or against the property of any Protected Party with respect to any such Third Party Claim;*

(iii) *creating, perfecting or enforcing any Lien of any kind against any Protected Party or the property of any Protected Party on the basis of such Third Party Claim;*

(iv) *commencing any action or other proceeding of any kind or enforcing, attaching, collecting or recovering, by any manner or means, any judgment, award, decree or order, with respect to a Third Party Claim against a Protected Party that pursuant to the Plan or after the Effective Date makes a loan to any of the Released Parties, or challenging, upsetting or impairing any Lien granted in connection with such loan by reason of any such Third Party Claim;*

(v) *except as otherwise provided in the Plan, asserting, implementing or effectuating any setoff, right of subrogation or contribution or recoupment of any kind against any obligation due any Protected Party or against the property of any Protected Party with respect to any such Third Party Claim; and*

(vi) *taking any act relating to such Third Party Claim in any manner, and in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan, the Plan Documents or the Trust Documents.*

(b) *Reservations. Notwithstanding anything to the contrary in Section 9.3.2(a) above, this Third Party Injunction shall not impair:*

(i) *the rights of holders of Asbestos Personal Injury Claims to assert such Asbestos Personal Injury Claims solely against the Trust or the Trust Assets in accordance with the Asbestos Personal Injury Trust Distribution Procedures;*

(ii) *the rights of holders of Asbestos Personal Injury Claims to assert such Asbestos Personal Injury Claims solely against Hercules-Protected Entities in accordance with Article IV of the Plan;*

(iii) *the rights of Entities to assert any Claim, debt, obligation or liability for payment of Trust Expenses solely against the Trust or the Trust Assets;*

(iv) *the rights of the Trust or the Reorganized Debtors to prosecute any Asbestos Insurance Action or any similar claim, cause of action or right of Reorganized T&N against the Hercules Insurers or of the Trust against the EL Insurers; or*

(v) *the rights of any Entity to assert an Asbestos Personal Injury Claim against a non-Debtor Affiliate where such Claim is based upon exposure to asbestos or asbestos-containing products resulting solely from the acts, conduct or omissions of such non-Debtor Affiliate.*

(c) *Bankruptcy Rule 3016 Compliance. The Plan Proponents' compliance with the formal requirements of Bankruptcy Rule 3016(c) shall not constitute an admission that the Plan provides for an injunction against conduct not otherwise enjoined under the Bankruptcy Code.*

### **9.3.3. Asbestos Insurance Entity Injunction**

(a) *Purpose. In order to protect the Trust and to preserve the Trust Assets, pursuant to the equitable jurisdiction and power of the Bankruptcy Court under Section 105(a) of the Bankruptcy Code, the Bankruptcy Court shall issue the Asbestos Insurance Entity Injunction; provided, however, that (i) the Trust shall have the sole and exclusive authority at any time to terminate, or reduce or limit the scope of, the Asbestos Insurance Entity Injunction with respect to any Asbestos Insurance Company upon express written notice to such Asbestos Insurance Company; and (ii) the Asbestos Insurance Entity Injunction is not issued for the benefit of any Asbestos Insurance Company, and no Asbestos Insurance Company is a third-party beneficiary of the Asbestos Insurance Entity Injunction.*

(b) *Terms. Subject to the provisions of 9.3.3.(a) of this Plan, all Entities (excluding, however, the Trust, the Asbestos Insurance Companies and the Reorganized Debtors to the extent they are permitted or required to pursue claims relating to the Hercules Policy, any EL Policy, any Asbestos Insurance Actions and/or the Asbestos Insurance Action Recoveries) that have held or asserted, that hold or assert, or that may in the future hold or assert any Claim, Demand or cause of action (including any Asbestos Personal Injury Claim or Demand or any Claim or Demand for or respecting any Trust Expense) against any Asbestos Insurance Company based upon, attributable to, arising out of, or in any way connected with any such Asbestos Personal Injury Claim or Demand, whenever and wherever arising or asserted, whether in the U.S., the U.K. or anywhere else in the world, whether sounding in tort, contract, warranty, or any other theory of law, equity, or admiralty, shall be stayed, restrained, and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering, or receiving payments, satisfaction, or recovery with respect to any such Claim, Demand, or cause of action including, without limitation:*

(i) *commencing, conducting, or continuing, in any manner, directly or indirectly, any suit, action, or other proceeding of any kind (including a judicial,*

*arbitration, administrative, or other proceeding) in any forum with respect to any such Claim, Demand, or cause of action against any Asbestos Insurance Company, or against the property of any Asbestos Insurance Company, with respect to any such Claim, Demand, or cause of action;*

(ii) *enforcing, levying, attaching, collecting, or otherwise recovering, by any means or in any manner, whether directly or indirectly, any judgment, award, decree, or other order against any Asbestos Insurance Company, or against the property of any Asbestos Insurance Company, with respect to any such Claim, Demand, or cause of action;*

(iii) *creating, perfecting, or enforcing in any manner, directly or indirectly, any encumbrance against any Asbestos Insurance Company, or the property of any Asbestos Insurance Company, with respect to any such Claim, Demand, or cause of action; and*

(iv) *except as otherwise specifically provided in this Plan, asserting or accomplishing any setoff, right of subrogation, indemnity, contribution, or recoupment of any kind, directly or indirectly, against any obligation of any Asbestos Insurance Company, or against the property of any Asbestos Insurance Company, with respect to any such Claim, Demand or cause of action;*

*provided, however, that (a) the Asbestos Insurance Entity Injunction shall not impair in any way any actions brought by the Trust and/or the Reorganized Debtors against any Asbestos Insurance Company; (b) the Trust shall have the sole and exclusive authority at any time to terminate, or reduce or limit the scope of, the Asbestos Insurance Entity Injunction with respect to any Asbestos Insurance Company upon express written notice to such Asbestos Insurance Company; and (c) the Asbestos Insurance Entity Injunction is not issued for the benefit of any Asbestos Insurance Company, and no Asbestos Insurance Company is a third-party beneficiary of the Asbestos Insurance Entity Injunction.*

(c) *Reservations. Notwithstanding anything to the contrary above, this Asbestos Insurance Entity Injunction shall not enjoin:*

(i) *the rights of Entities to the treatment accorded them under this Plan, as applicable, including the rights of holders of Asbestos Personal Injury Claims to assert such Claims, as applicable, in accordance with the Asbestos Personal Injury Trust Distribution Procedures;*

(ii) *the rights of Entities to assert any claim, debt, obligation, cause of action or liability for payment of Trust Expenses against the Trust;*

(iii) *the rights of the Trust, and the Reorganized Debtors (to the extent permitted or required under this Plan) to prosecute any action based on or arising from the Asbestos Insurance Policies; and*

(iv) *the rights of the Trust, and the Reorganized Debtors to assert any claim, debt, obligation, cause of action or liability for payment against an Asbestos Insurance Company based on or arising from the Asbestos Insurance Policies.*

**9.4. Reservation Of Rights.** Notwithstanding any other provision of the Plan to the contrary, the satisfaction, release and discharge and the Injunctions set forth in this Article IX, shall not be deemed or construed to satisfy, discharge, release or enjoin claims by the Trust, the Reorganized Debtors, or (subject to Article IV) any other Entity, as the case may be, against (a) the Trust for payment of Allowed Asbestos Personal Injury Claims in accordance with the Asbestos Personal Injury Trust Distribution Procedures, (b) the Trust for the payment of Trust Expenses, (c) any Asbestos Insurance Company that has not performed under an Asbestos Insurance Policy or an Asbestos Insurance Settlement Agreement, (d) the Hercules Insurers under the Hercules Policy or any settlement agreement with the Hercules Insurers relating to any Asbestos Personal Injury Claim, (e) the EL Insurers under any EL Policy or any settlement agreement with the EL Insurers relating to any Asbestos Personal Injury Claim, or (f) the issuer of a Supersedeas Bond or other assurance of payment with respect to an Allowed Bonded Asbestos Claim that has not performed thereunder.

**9.5. Disallowed Claims And Disallowed Equity Interests.** On and after the Effective Date, the Debtors and the Reorganized Debtors shall be fully and finally discharged of any and all liability or obligation on a disallowed Claim or a disallowed Equity Interest, and any Order disallowing a Claim or an Equity Interest which is not a Final Order as of the Effective Date solely because of an Entity's right to move for reconsideration of such Order pursuant to Section 502 of the Bankruptcy Code or Bankruptcy Rule 3008 shall nevertheless become and be deemed to be a Final Order on the Effective Date. The Confirmation Order, except as otherwise provided herein, shall constitute an Order: (a) in relation to each U.S. Debtor, disallowing all Claims (other than Asbestos Personal Injury Claims) and Equity Interests to the extent such Claims and Equity Interests are not allowable under any provision of Section 502 of the Bankruptcy Code, including, but not limited to, time-barred Claims and Equity Interests, and Claims for unmaturing interest and (b) in relation to each U.S. Debtor, disallowing or subordinating to all other Claims, as the case may be, any Claims for penalties, punitive damages or any other damages not constituting compensatory damages.

**9.6. Exculpation.** None of the Debtors, the Reorganized Debtors, the members of the Unsecured Creditors Committee, the members of the Asbestos Claimants Committee, the Future Claimants Representative, the members of the Equity Committee, the Collateral Trustee, the holders of Noteholder Claims, the holders of Bank Claims, the Administrative Agent nor any of their respective successors, officers, directors, employees, members, agents, attorneys, accountants, investment bankers, financial advisors or restructuring professionals, nor any other professional Person employed by any of them, shall have or incur any liability to any Person or Entity for any act or omission in connection with, relating to, or arising out of the Reorganization Cases, the administration proceedings of the U.K. Debtors, the negotiation of the Plan, the Schemes of Arrangement or the Voluntary Arrangements, pursuit of confirmation of the Plan, sanction of the Schemes of Arrangement and/or approval of the Voluntary Arrangements, the administration, consummation and implementation of the Plan or Schemes of Arrangement and/or the Voluntary Arrangements or the property to be distributed under the Plan or the Schemes and/or the Voluntary Arrangements, the Disclosure Statement, the Plan Documents, the

releases and Injunctions, or the management or operation of the Debtors (except for any liability that results primarily from such Person's or Entity's bad faith or willful misconduct); provided, however, that (i) with respect to officers and directors of the Debtors, this exculpation provision shall apply only to officers or directors who were serving in such capacity on or after the Petition Date and (ii) this exculpation provision shall not apply to Rothschild Inc. In all respects each and all of such Persons, firms and Entities shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under, or in connection with, the Reorganization Cases, the Plan, the Schemes of Arrangement, the Voluntary Arrangements, the administration proceedings of the U.K. Debtors, and the administration of each of them.

## ARTICLE X MATTERS INCIDENT TO PLAN CONFIRMATION

**10.1. No Liability For Tax Claims.** Unless a taxing authority in the United States has asserted a Claim against the Debtors prior to the bar date established therefor, no Claim of such authority shall be Allowed against the Debtors or the Reorganized Debtors for taxes, penalties, interest, additions to tax or other charges arising out of the failure, if any of the Debtors, or the non-Debtor Affiliates, or any other Entity to have paid tax or to have filed any tax return (including, but not limited to, any income tax return or franchise tax return) in or for any prior year or arising out of an audit of any return for a period before the Petition Date.

**10.2. No Successor Liability.** Except as otherwise expressly provided in the Plan, Reorganized Federal-Mogul and the other Reorganized Debtors do not, pursuant to the Plan or otherwise, assume, agree to perform, pay or indemnify any Entity, or otherwise have any responsibility for any liabilities or obligations of the Debtors relating to or arising out of the operations of or assets of the Debtors, whether arising prior to, on or after the Effective Date. Except as provided in Article IV of the Plan, neither the Plan Proponents, Reorganized Federal-Mogul, the other Reorganized Debtors nor the Trust is, or shall be deemed to be, a successor to any of the Debtors by reason of any theory of law or equity, and none shall have any successor or transferee liability of any kind or character; provided, however, Reorganized Federal-Mogul, the other Reorganized Debtors and the Trust shall assume and remain liable for their respective obligations specified in the Plan and the Confirmation Order.

**10.3. Asbestos Insurance Actions.** Any Asbestos Insurance Action, or the claims and causes of action asserted or to be asserted therein, shall be preserved for the benefit of the Trust, for prosecution either by Reorganized Federal-Mogul, the other applicable Reorganized Debtors, or the Trustees (as mutually agreed by such parties) subsequent to Confirmation of the Plan and in accordance with the Trust Agreement. As of the date subsequent to the Effective Date on which the Trustees confirm in writing to the Reorganized Debtors that the Trust is in a position to assume such responsibility, such actions, along with the rights and obligations of the Debtors and the Reorganized Debtors with respect to Asbestos Insurance Policies and claims thereunder, to the extent that such Policies and claims relate to Asbestos Personal Injury Claims but not as to any other claims covered thereby and subject to the assignability without prejudice of such claims and Policies, shall be assigned to and vested in the Trust as the representative of the Debtors' Estates, each being appointed by the Bankruptcy Court in accordance with Section 1123(b)(3) of the Bankruptcy Code without any further action by the Debtors or Reorganized Debtors, the Trust or the Bankruptcy Court. Such Asbestos Insurance Actions shall be so vested



free and clear of all Liens, security interests and other Claims or causes of action, except as otherwise provided in the Plan. Until such time as the Asbestos Insurance Actions have become vested in the Trust, Reorganized Federal-Mogul and the other Reorganized Debtors, as the case may be, shall be entitled to compromise or settle any Asbestos Insurance Action; provided, however, that any such compromise or settlement shall require the consent of the Future Claimants Representative and the Asbestos Claimants Committee or the Trust Advisory Committee, as applicable, and the approval of the Bankruptcy Court. Upon vesting in the Trust, the Asbestos Insurance Actions shall be governed by the Trust Documents. Notwithstanding anything to the contrary contained herein, the Trust shall not compromise or resolve insurance coverage under any Asbestos Insurance Policy except with respect to Asbestos Personal Injury Claims and Trust Expenses.

#### **10.4. Supersedeas Bond Actions**

**10.4.1. Preserved Actions.** All Supersedeas Bond Actions and the rights and claims asserted or to be asserted therein, shall be preserved and shall be prosecuted or defended, as the case may be, by the Reorganized Debtors subsequent to Confirmation of the Plan.

**10.4.2. Assumption By The Trust.** As of the Effective Date, the Trust shall assume, and shall have exclusive liability for, any unsecured portion of Bonded Asbestos Personal Injury Claims remaining after crediting any Supersedeas Bond proceeds or other payment assurances to which the holder of such Claim is determined by Final Order or agreement of the parties, to be entitled. To the extent that the Reorganized Debtors successfully prosecute or defend against a Supersedeas Bond Action resulting in the discharge or release of the Supersedeas Bond or other payment assurance provided in connection therewith, any such recoveries shall inure to the benefit of the Reorganized Debtors.

**10.4.3. Reservation of Rights of Issuers and Insurers of Payment Assurances.** Notwithstanding anything to the contrary contained herein, nothing in the Plan shall be deemed to impair, prejudice, compromise or otherwise affect any defense or counterclaim asserted by any issuer or insurer of payment assurances issued on behalf of the Debtors, or any other defendant in the Supersedeas Bond Actions, to any claim of the Debtors, including, but not limited to, any defense based upon an asserted right of setoff or recoupment, or other defense under applicable non-bankruptcy law. Any right of setoff or recoupment shall be satisfied out of the assets in the possession of the Bond Sureties/Insurers and any claims or liabilities including, but not limited to, claims for premiums for bonds provided by any such issuers or insurers.

**10.4.4. Compromising and Settling.** Reorganized Federal-Mogul and the other Reorganized Debtors shall be entitled to compromise or settle any Supersedeas Bond Actions; provided, however, that any such compromise or settlement shall require the consent of the Future Claimants Representative and the Asbestos Claimants Committee, to the extent the compromise or settlement results in there being any unsecured portion of the Bonded Asbestos Personal Injury Claim after applying any Supersedeas Bond proceeds or other payment assurances.

**10.5. Institution And Maintenance Of Legal And Other Proceedings.** As of the date subsequent to the Effective Date on which the Trustees confirm in writing to the Reorganized Debtors that the Trust is in a position to assume the responsibility, the Trust shall be empowered to initiate, prosecute, defend and resolve all legal actions and other proceedings related to any asset, liability or responsibility of the Trust, including Asbestos Insurance Actions, Indirect Asbestos Personal Injury Claims, or other Trust Causes of Action. The Trust shall be empowered to initiate, prosecute, defend and resolve all such actions in the name of Federal-Mogul Corporation, any other Debtor or any Reorganized Debtor if deemed necessary or appropriate by the Trust. The Trust shall be responsible for the payment of all damages, awards, judgments, settlements, expenses, costs, fees and other charges incurred subsequent to the Effective Date arising from or associated with any legal action or other proceeding which is the subject of this Section 10.5 and shall pay or reimburse all deductibles, retrospective premium adjustments or other charges (not constituting Indirect Asbestos Personal Injury Claims) which may arise from the receipt of any insurance proceeds by the Trust.

**10.6. Retention And Enforcement Of Trust Causes Of Action.** Pursuant to Section 1123(b)(3)(B) of the Bankruptcy Code, except as otherwise provided in the Plan, the Trust shall retain and have the exclusive right to enforce against any Entity any and all of the Trust Causes of Action, with the proceeds of the recoveries of any such actions to be deposited in the Trust; provided, however, that nothing herein shall alter, amend or modify the Injunctions, Releases, discharges or Supersedeas Bond Action provisions contained elsewhere in the Plan.

**10.7. Preservation Of Insurance Claims.** The discharge and release of the Debtors, Reorganized Debtors and the Released Parties from all Claims, and the injunctive protection provided to the Debtors, Reorganized Debtors, Released Parties and Protected Parties with respect to Demands as provided herein shall neither diminish nor impair the enforceability of any of the Asbestos Insurance Policies. Except as provided in Article IV of the Plan, the Trust shall be deemed to be the successor to the applicable Debtors with respect to all Asbestos Personal Injury Claims and the indemnitee under any Asbestos Insurance Policy to the extent there is no prejudice to coverage under such Asbestos Insurance Policies. The opportunity to participate in the resolution and defense of such Claim shall be in all respects subject to the Asbestos Personal Injury Trust Distribution Procedures provided for in the Trust Agreement and limited to contentions that the Claim should not be Allowed or should be Allowed in a lesser amount under such procedures. Except as provided in Article IV of the Plan, an Allowed Asbestos Personal Injury Claim shall be, and shall be deemed to be, a judgment against the Trust (as successor for all purposes to the liabilities of the applicable Debtors in respect of Asbestos Personal Injury Claims) in the Allowed Amount of such Claim for purposes of determining the liability of any insurer or indemnitor in respect of such Allowed Asbestos Personal Injury Claim.

## **ARTICLE XI MISCELLANEOUS**

**11.1. Jurisdiction.** Until the Reorganization Cases are closed, the Bankruptcy Court shall retain the fullest and most extensive jurisdiction that is permissible, including the jurisdiction necessary to ensure that the purposes and intent of the Plan are carried out. Except as otherwise provided in the Plan or the Trust Documents, the Bankruptcy Court shall retain jurisdiction to hear and determine all Claims against and Equity Interests in the Debtors, and to

adjudicate and enforce the Asbestos Insurance Actions, the Supersedeas Bond Actions, and all other causes of action which may exist on behalf of the Debtors. Nothing contained herein shall prevent the Reorganized Debtors or the Trust from taking such action as may be necessary in the enforcement of any Asbestos Insurance Action, Supersedeas Bond Action or other cause of action which the Debtors have or may have and which may not have been enforced or prosecuted by the Debtors, which actions or other causes of action shall survive Confirmation of the Plan and shall not be affected thereby except as specifically provided herein. Nothing contained herein shall prejudice or affect the sole and exclusive jurisdiction and power of the U.K. Court in relation to the conduct of the administration of any U.K. Debtor under the laws of the relevant part of the United Kingdom and in relation to any Scheme of Arrangement or Voluntary Arrangement affecting any of the U.K. Debtors.

**11.2. General Retention.** Following Confirmation of the Plan, the administration of the Reorganization Cases will continue until the Reorganization Cases are closed by an Order of the Bankruptcy Court. The Bankruptcy Court shall also retain jurisdiction for the purpose of classification of any Claims and the re-examination of Claims which have been Allowed for purposes of voting, and the determination of such objections as may be filed with the Bankruptcy Court with respect to any Claims. The failure by the Plan Proponents to object to, or examine, any Claim for the purposes of voting, shall not be deemed a waiver of the rights of the Debtors, the Reorganized Debtors or the Trust, as the case may be, to object to or re-examine such Claim in whole or part.

**11.3. Specific Purposes.** In addition to the foregoing, the Bankruptcy Court shall retain jurisdiction for each of the following specific purposes after Confirmation of the Plan, which, in the case of the U.K. Debtors, shall be exercised subject to the concurrent jurisdiction of the U.K. Court:

**11.3.1.** to modify the Plan after Confirmation, pursuant to the provisions of the Bankruptcy Code and the Bankruptcy Rules, and, in the case of any U.K. Debtor, subject to corresponding modification, if necessary, of such Debtor's Scheme of Arrangement and/or Voluntary Arrangement, as applicable, in accordance with applicable law;

**11.3.2.** to correct any defect, cure any omission, reconcile any inconsistency or make any other necessary changes or modifications in or to the Plan, the Trust Documents or the Confirmation Order as may be necessary to carry out the purposes and intent of the Plan, including the adjustment of the date(s) of performance under the Plan in the event the Effective Date does not occur as provided herein so that the intended effect of the Plan may be substantially realized thereby;

**11.3.3.** to assure the performance by the Disbursing Agent and the Trust of their respective obligations to make distributions under the Plan;

**11.3.4.** to enforce and interpret the terms and conditions of the Plan, the Plan Documents, and the Trust Documents; to enter such orders or judgments, including, but not limited to, injunctions (i) as are necessary to enforce the title, rights and powers of the Reorganized Debtors and the Trust, and (ii) as are necessary to enable holders of Claims to

pursue their rights against any Entity that may be liable therefor pursuant to applicable law or otherwise, including, but not limited to, Court Orders;

**11.3.5.** to hear and determine any motions or contested matters involving taxes, tax refunds, tax attributes, tax benefits and similar or related matters, including without limitation contested matters involving the deduction of interest accrued after the Petition Date on Noteholder Claims, with respect to the Debtors, the Reorganized Debtors or the Trust arising on or prior to the Effective Date, arising on account of transactions contemplated by the Plan, or relating to the period of administration of the Reorganization Cases;

**11.3.6.** to hear and determine all applications for compensation of professionals and reimbursement of expenses under Sections 330, 331 or 503(b) of the Bankruptcy Code;

**11.3.7.** to hear and determine any causes of action arising during the period from the Petition Date through the Effective Date, or in any way related to the Plan or the transactions contemplated hereby, against the Debtors, the Reorganized Debtors, the Plan Proponents, the Trust, the Trustees, the Official Committees or the Future Claimants Representative and their respective officers, directors, stockholders, employees, members, attorneys, accountants, financial advisors, representatives and agents;

**11.3.8.** to determine any and all motions pending as of Confirmation for the rejection, assumption or assignment of executory contracts or unexpired leases and the allowance of any Claims resulting therefrom;

**11.3.9.** to determine such other matters and for such other purposes as may be provided in the Confirmation Order;

**11.3.10.** to determine the allowance and/or disallowance of any Claims against or Equity Interests in the Debtors or their Estates, including, without limitation, any objections to any such Claims and/or Equity Interests, and the compromise and settlement of any Claim against or Equity Interest in the Debtors or their Estates including, without limitation, any compromise or settlement of the Avoidance Litigation and the Valuation Proceedings;

**11.3.11.** to determine all questions and disputes regarding title to the assets of the Debtors or their Estates or the Trust;

**11.3.12.** to construe, enforce and resolve all questions and disputes relating to collective bargaining or employment agreements existing or approved by the Bankruptcy Court at or before Confirmation.

**11.3.13.** to hear and determine the Asbestos Insurance Actions, any similar claims, causes of action or rights of Reorganized T&N against the Hercules Insurers or rights of the Trust against the EL Insurers and the Supersedeas Bond Actions, to construe and take any action to enforce any Asbestos Insurance Settlement Agreement or any settlement with the Hercules Insurers or the EL Insurers or of any Supersedeas Bond Action and the releases executed and exchanged in connection therewith, and to issue such orders as may be necessary for the execution, consummation and implementation of any Asbestos Insurance Settlement

Agreement or settlement of any Supersedeas Bond Action, and to determine all questions and issues arising thereunder;

**11.3.14.** to hear and determine any matters related to the Trust's indemnification obligations under Article IV of the Plan and the Trust Documents;

**11.3.15.** to hear and determine any other matters related hereto, including the implementation and enforcement of all orders entered by the Bankruptcy Court in these Reorganization Cases; and

**11.3.16.** to enter in aid of implementation of the Plan such orders as are necessary, including but not limited to the implementation and enforcement of the Releases, the Injunctions and the other injunctions described herein.

**11.4. Interpretation of Certain Terms.** When used in the Plan, the term "Claim" shall be broadly construed to include all manner and types of claim, whenever and wherever such claim may arise, anywhere in the world, and shall include, but not be limited to, Asbestos Personal Injury Claims. Likewise, when used in the Plan, the terms "Asbestos Personal Injury Claim" and "Asbestos Property Damage Claim" shall be broadly construed and shall include, but not be limited to, claims that may or may not presently constitute "claims" within the meaning of Section 101(5) of the Bankruptcy Code, and "demands" within the meaning of Section 524(g)(5) of the Bankruptcy Code.

**11.5. The Official Committees And The Future Claimants Representative.** Except as set forth below, the Official Committees and the Future Claimants Representative shall continue in existence until the Effective Date; the Administrators of the U.K. Debtors shall continue in office until orders are made by the U.K. Court discharging the Administration orders. The Debtors shall pay the reasonable fees and expenses incurred by the Official Committees and the Future Claimants Representative through the Effective Date, in accordance with the fee and expense procedures promulgated during the Reorganization Cases (but only to the extent such fees and expenses are not Trust Expenses, in which case those portions of such fees and expenses shall be paid as Trust Expenses in accordance with the Trust Agreement, with the remainder to be paid by the Debtors). After the Effective Date, the rights, duties and responsibilities of the Future Claimants Representative shall be as set forth in the Trust Agreement. On the Effective Date, the Official Committees shall be dissolved (except that the Unsecured Creditors Committee, the Asbestos Claimants Committee and the Future Claimants Representative shall continue in existence and have standing and capacity to (i) prosecute the Avoidance Litigation or otherwise object to the Surety Claims and/or seek to avoid and recover some portion or all of the security for the Surety Claims; (ii) commence and prosecute the Valuation Proceedings; (iii) prosecute their pre-Effective Date intervention in any other adversary proceedings; (iv) object to any proposed modification of the Plan; (v) object to or defend the Administrative Expense Claims of professionals employed by or on behalf of the Estates; (vi) participate in any appeals of the Confirmation Order; (vii) participate as a party in interest in any proceeding involving Section 524(g) of the Bankruptcy Code and (viii) participate as a party in interest in any proceeding relating to the Trust) and the members thereof released and discharged of and from all further authority, duties, responsibilities, liabilities and obligations related to, or arising from, the Reorganization Cases. The Administrators of the U.K. Debtors shall be discharged by

order of the U.K. Court as soon as reasonably practicable after the Effective Date. The Reorganized Debtors shall pay the reasonable fees and expenses incurred by the Unsecured Creditors Committee, the Asbestos Claimants Committee and the Future Claimants Representative relating to any post-Effective Date activities authorized hereunder. Nothing in this Section 11.5 shall purport to limit or otherwise affect the rights of the United States Trustee under Section 502 of the Bankruptcy Code or otherwise to object to Claims or requests for allowance of Administrative Expenses.

**11.6. Revocation Of Plan.** The Plan Proponents reserve the right to revoke and withdraw the Plan as to any Debtor prior to entry of the Confirmation Order. If the Plan Proponents revoke or withdraw the Plan, or if Confirmation of the Plan as to such Debtor or Debtors does not occur, then, with respect to such Debtor or Debtors, the Plan shall be deemed null and void and nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against such Debtor or Debtors, or any other Entity (including the Plan Proponents), or to prejudice in any manner the rights of such Debtor or Debtors, or such Entity (including the Plan Proponents) in any further proceedings involving such Debtor or Debtors.

**11.7. Modification Of Plan.** The Plan Proponents may propose amendments to or modifications of the Plan under Section 1127 of the Bankruptcy Code at any time prior to the Confirmation Date. After Confirmation, the Plan Proponents (or, as the case may be, the Reorganized Debtors after the Effective Date) may remedy any defects or omissions or reconcile any inconsistencies in the Plan, or the Confirmation Order or any other order entered for the purpose of implementing the Plan in such manner as may be necessary to carry out the purposes and intent of the Plan, so long as the interests of the holders of Allowed Claims are not materially and adversely affected thereby, and, in the case of the U.K. Debtors, make corresponding changes, reconciliations or modifications in the Scheme of Arrangement and/or Voluntary Arrangement, as applicable, for such Debtor if required. Anything in the Plan or in any Plan Document to the contrary notwithstanding, following Confirmation, no Plan Document shall be modified, supplemented, changed or amended in any material respect except with the consent of all Plan Proponents or, in the absence of such consent, with the approval of the Bankruptcy Court on notice to all Plan Proponents and such other Entities as the Bankruptcy Court may require and a hearing. In the event of a conflict between the terms or provisions of the Plan and the Trust Documents, the terms of the Plan shall control the Trust Documents.

**11.8. Certain Provisions Regarding High River Limited Partnership.** High River Limited Partnership or its affiliated designee shall have the same rights and powers that the Plan Proponents are provided under the Plan or Plan Documents, including, but not limited to, with respect to any modifications or amendments to the Plan or the Plan Documents, any waiver of conditions to confirmation or consummation of the Plan, the classification and/or treatment of any creditor or equity class in the U.S. and/or U.K. proceedings and any rights regarding the U.K. Debtors (including as to Schemes of Arrangement, Voluntary Arrangements, liquidation, the Administrators, and the T&N Limited and FM Ignition pension plans), the cramdown of the Plan, the Plan's tax consequences, the corporate governance of Reorganized Federal-Mogul, the Exit Facilities and any and all other rights reserved for, or afforded to, the Plan Proponents under the Plan and Plan Documents (including as set forth in Section 6.7.3 of the Plan).

**11.9. Modification Of Payment Terms.** The Reorganized Debtors reserve the right to modify the treatment of any Allowed Claim, as provided in Section 1123(a)(4) of the Bankruptcy Code, at any time after the Effective Date upon the consent of the holder of such Allowed Claim.

**11.10. Entire Agreement.** The Plan Documents set forth the entire agreement and undertakings relating to the subject matter thereof and supersede all prior discussions, negotiations, understandings and documents. No Entity shall be bound by any terms, conditions, definitions, warranties, understandings, or representations with respect to the subject matter hereof, other than as expressly provided for in the Plan or the other Plan Documents or as may hereafter be agreed to by the affected parties in writing.

**11.11. Headings.** Headings are utilized in the Plan for convenience and reference only and shall not constitute a part of the Plan for any other purpose.

**11.12. Administrative Claims Bar Date.** Unless otherwise ordered by the Bankruptcy Court, except for Administrative Claims for amounts incurred by the U.S. Debtors in the ordinary course of business during these Reorganization Cases, the Confirmation Order shall operate to set a bar date for Administrative Claims against the U.S. Debtors (the "Administrative Claims Bar Date"), which bar date shall be the first Business Day that is at least 120 days after the Effective Date. Claimants holding Administrative Claims against the Debtors not paid prior to the Administrative Claims Bar Date may submit a Request for Payment of Administrative Expense on or before such bar date. The notice of Confirmation to be served and delivered pursuant to Bankruptcy Rules 2002 and 3020(c) will set forth such date and constitute notice of the Administrative Claims Bar Date. The Reorganized Debtors and any other party in interest will have ninety days after the Administrative Claims Bar Date to review and object to such Claims before a hearing for determination of such Administrative Claims is held by the Bankruptcy Court, provided that such ninety-day period of review may be extended by the Bankruptcy Court upon the request of any of the Plan Proponents. Nothing herein shall be deemed or construed to prejudice, or establish a bar date for, any Administrative Claim or Administration Claim against the U.K. Debtors or their Estates.

**11.13. Governing Law.** Except to the extent that federal law (including, but not limited to, the Bankruptcy Code and the Bankruptcy Rules) is applicable or where the Plan provides otherwise, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without giving effect to the principles of conflicts of law thereof.

**11.14. No Interest.** Except with respect to unimpaired Allowed Claims, or as expressly stated in the Plan or otherwise Allowed by Final Order of the Bankruptcy Court, no interest, penalty or late charge arising after the Petition Date shall be Allowed on any Claim or Equity Interest.

**11.15. Limitation On Allowance.** No attorneys' fees, punitive damages, penalties, exemplary damages, or interest shall be paid with respect to any Claim or Equity Interest except as specified herein or as Allowed by a Final Order of the Bankruptcy Court.

**11.16. Estimated Claims.** To the extent any Claim is estimated for any purpose other than for voting, then in no event shall such Claim be Allowed in an amount greater than the estimated amount.

**11.17. Consent To Jurisdiction.** Upon default under the Plan, the Reorganized Debtors, the Trust and the Trustees, the Future Claimants Representative, and the Trust Advisory Committee, respectively, consent to the jurisdiction of the Bankruptcy Court, or any successor thereto, and agree that it shall be the preferred forum for all proceedings relating to any such default, except for matters pertaining solely to the U.K. Debtors or their Schemes of Arrangement and/or Voluntary Arrangements, as applicable, in which respect, all such parties consent to the jurisdiction of the U.K. Court.

**11.18. Successors And Assigns.** The rights, duties and obligations of any Entity named or referred to in the Plan shall be binding upon, and shall inure to the benefit of, the successors and assigns of such Entity.

**11.19. Non-Debtor Waiver of Rights.** Non-debtor parties shall have the right to voluntarily waive any rights, benefits or protections that are afforded to them under the provisions of the Plan or any order issued in furtherance of the Plan, and such waiver shall supersede such rights, benefits or protections. Any such waiver shall only be effective if such party expressly and specifically waives in writing one or more of such rights, benefits or protections. Any such Entity which waives its rights under the Plan shall nonetheless remain subject to and bound by all other provisions of the Plan, including, but not limited to the discharge, the Releases, the Injunctions and all other injunctions thereunder.

**11.20. Notices.** All notices, requests and demands required or permitted to be provided to the Debtors, Reorganized Debtors or the Plan Proponents under the Plan, in order to be effective, shall be in writing, and unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, to the addresses set forth below:

**THE DEBTORS:**

FEDERAL-MOGUL CORPORATION  
Attention: General Counsel  
26555 Northwestern Highway  
Southfield, MI 48034  
Telephone: (248) 354-7055  
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### ARTICLE XII POTENTIAL COMPROMISE AND SETTLEMENT WITH PNEUMO ABEX PARTIES

#### **12.1. Introduction and Contingent Nature of Provisions Contained in this Article**

**XII.** As set forth in this Article, the Plan may also implement, on the Effective Date, an agreement, if one is reached, between all of the Plan Proponents and the so-called Pneumo Abex Parties (the "*Pneumo Abex Transaction*") that would result in the Pneumo Abex Parties receiving the benefits of an injunction pursuant to Sections 524(g) and 105 of the Bankruptcy Code channeling Pneumo Abex Asbestos Claims to a Pneumo Abex Subfund, which would be established within the FMP Fund, which FMP Fund comprises part of the Asbestos Personal Injury Trust Distribution Procedures. This Article XII contains a number of draft potential provisions that describe, and would, if accepted, effect the proposal made to the Plan Proponents by the Pneumo Abex Parties (the "*Draft PA Transaction Proposal*").

The insertion of the provisions describing the Draft PA Transaction Proposal into this Article XII of the Plan is expressly conditioned upon, among other things, the waiver by Cooper Industries, Inc. ("*Cooper*") of any objection to Confirmation of the Plan (including any rights Cooper may have as subrogee to the rights of the Pneumo Abex Parties). The Plan Proponents understand and understood such Confirmation objection waiver to have been made by Cooper on behalf of not just Cooper but all of the other Pneumo Abex Parties in all respects; Cooper and the other Pneumo Abex Parties dispute this understanding and contention and believe that the Confirmation objection waiver was solely on behalf of Cooper (including on behalf of Cooper as subrogee to the rights of the Pneumo Abex Parties).

As of the date of solicitation of votes on the Plan, the proposed Pneumo Abex Transaction has not been accepted by the Plan Proponents and there are aspects of the Draft PA Transaction Proposal with which the Plan Proponents do not agree. Inclusion of this Article XII in the Plan shall in no way constitute agreement with or admissions respecting any of the provisions thereof on the part of any of the Plan Proponents.

In the event agreement on the Pneumo Abex Transaction between each of the Plan Proponents and the Pneumo Abex Parties is not reached at least [30] days before the Bankruptcy Court-established deadline for voting on the Plan, or if such agreement is reached but approval of

the Pneumo Abex Transaction by the required number of holders of Pneumo Abex Claims is not obtained by the Bankruptcy Court-established deadline for voting on the Plan, then none of the provisions of this Article XII of the Plan shall be effective, and such provisions shall be deemed removed from the Plan on the Confirmation Date; provided, however, that Cooper's withdrawal of any objection to Confirmation (whether on its own behalf or as subrogee to the rights of any of the Pneumo Abex Parties) shall nonetheless remain effective.

Except as set forth in the preceding paragraph, and notwithstanding any provisions in this Plan to the contrary, changes or revisions to the Plan or Disclosure Statement relating to the provisions of the Draft PA Transaction Proposal and/or the Pneumo Abex Transaction must be approved in writing by all of the Plan Proponents.

## **12.2. Draft PA Transaction Proposal Provisions.**

**12.2.1.** Section 1.1.20 of the Plan would be modified to include "(vi) any Pneumo Abex Asbestos Claim."

**12.2.2.** The following definition would be added to the Plan: "***Pneumo Abex*** means Pneumo Abex Corporation."

**12.2.3.** The following definition would be added to the Plan: "***Pneumo Abex Asbestos Claim*** means any and all asbestos-related personal injury claims and demands (as those terms are defined in the Bankruptcy Code), including contribution and indemnity claims, whenever or however asserted, against Pneumo Abex or any other Pneumo Abex Party, whether asserted by agents or employees of any of the Pneumo Abex Parties or any other person or entity, whether in the nature of or sounding in tort, contract, warranty, conspiracy or any other theory of law, equity or admiralty, whatsoever, for, attributable to or arising under the laws of any jurisdiction, by reason of, directly or indirectly, physical, emotional or other personal injuries (including death resulting therefrom) caused, or allegedly caused, in whole or in part, directly or indirectly, by Pneumo Abex, any of its predecessors, or any of the Pneumo Abex Parties on behalf of Pneumo Abex or any of its predecessors, and due to the presence of or exposure to asbestos or asbestos-containing products manufactured, sold, supplied, produced, specified, selected, distributed or in any way marketed by Pneumo Abex or any of its predecessors, or by any actions, omissions or activities, direct or indirect, of Pneumo Abex or any of its predecessors, including all claims or demands, debts, obligations or liabilities for compensatory damages (such as, without limitation, loss of consortium or support, medical monitoring, personal or bodily injury, wrongful death, survivorship, proximate, consequential, general and special damages) and punitive damages. A holder of a Pneumo Abex Asbestos Claim shall be referred to as a "***Pneumo Abex Asbestos Claimant***.""

**12.2.4.** The following definition would be added to the Plan: "***Pneumo Abex Parties*** means Cooper Industries, Inc., Cooper Industries, Ltd., Pneumo Abex Corporation, and certain other entities that may be named with the consent of the Plan Proponents as part of the agreement by the Plan Proponents to the Pneumo Abex Transaction, together with any of their respective past, present or future affiliates, predecessors, successors or assigns, or the past, present or future officers, directors, employees, agents, affiliates, shareholders, lenders, attorneys, accountants, financial advisors, consultants or representatives of any of the foregoing."

**12.2.5.** The following definition would be added to the Plan: “*Pneumo Abex Transaction* means a settlement between the Pneumo Abex Parties, on the one hand, and all of the Plan Proponents, on the other hand, as generally described in Section V.Y. of the Disclosure Statement, but only if and to the extent that such settlement is finalized and agreed to (as evidenced by definitive documentation) by all of the Plan Proponents and Pneumo Abex Parties at least [30] days prior to the Bankruptcy Court-established deadline for voting to accept or reject the Plan and approved by the requisite number of holders of Pneumo Abex Asbestos Claims no later than the Bankruptcy Court-established deadline for voting to accept or reject the Plan.”

**12.2.6.** The following definition would be added to the Plan: “*Pneumo Abex Subfund* means the segregated subtrust of the FMP Fund (which FMP Fund is established as part of the Asbestos Personal Injury Trust Distribution Procedures) to be established to pay Pneumo Abex Asbestos Claims if the Pneumo Abex Transaction is approved by all of the Plan Proponents and the Pneumo Abex Parties and is consummated.”

**12.2.7.** The following language would be added as Section 1.1.122.7: “if the Pneumo Abex Transaction is approved by all of the Plan Proponents and the Pneumo Abex Parties and is consummated, the Pneumo Abex Parties.”

**12.2.8.** The following language would be added to Section 1.1.155: “(f) if the Pneumo Abex Transaction is approved by all of the Plan Proponents and the Pneumo Abex Parties and is consummated, the cash, stock, insurance rights and proceeds, guarantees and other forms of financial assurances provided to the Pneumo Abex Subfund by the Pneumo Abex Parties.”

**12.2.9.** The following language would be added as a new Section 4.11.4 (and the remaining subsections in Section 4.11 would be renumbered accordingly): **4.11.4.** “If the Pneumo Abex Transaction is approved by all of the Plan Proponents and the Pneumo Abex Parties and is consummated, Pneumo Abex and the Pneumo Abex Subfund will jointly and severally defend, indemnify and hold harmless the Pneumo Abex Parties and Reorganized Federal-Mogul Corporation and its affiliates (as well as their respective past, present or future affiliates, predecessors, successors or assigns, or past, present or future officers, directors, employees, agents, affiliates, shareholders, lenders, attorneys, accountants, financial advisors, consultants or representatives of any of the foregoing) from any and all claims, including without limitation, attorneys’ fees, arising from or on account of any Pneumo Abex Asbestos Claims.”

**12.2.10.** The following language would be added as a new Section 7.1.1(n) (and the remaining subsections in Section 7.1.1 would be renumbered accordingly): **7.1.1(n).** “The Pneumo Abex Parties are alleged to be directly or indirectly liable for the Pneumo Abex Asbestos Claims for which the Pneumo Abex Parties allege F-M Products is liable and the Pneumo Abex Parties assert that such alleged liability of the Pneumo Abex Parties arises by reason of one or more of the reasons set forth in section 524(g)(4)(A)(ii) of the Bankruptcy Code.”

**12.2.11.** The following language would be added as a new Section 8.21:

“Subject to continued negotiations and approval by all of the Plan Proponents and the Pneumo Abex Parties, and provided that final documentation is executed, on the Effective Date, the Pneumo Abex Transaction will be consummated and the parties thereto will engage in the transactions contemplated therein.

Prior to the Confirmation Hearing, this Plan, and its incorporated Third Party Injunction, will be further modified as necessary to incorporate and implement the terms of the Pneumo Abex Transaction. In addition, the Asbestos Personal Injury Trust Distribution Procedures will be amended to create a matrix and claims resolution process for Pneumo Abex Asbestos Claims that will be similar to the matrix and claims resolution process applicable to the FMP (Wagner) Claims described in the Asbestos Personal Injury Trust Distribution Procedures. Pneumo Abex Asbestos Claims shall become "TDP Valued Claims" under the Asbestos Personal Injury Trust Distribution Procedures and claimants will be able to submit their claims for resolution via an administrative process and will not be required to liquidate the claims in the tort system (as would be the case in the absence of the implementation of the proposed transaction). The claims criteria and values for the Pneumo Abex Asbestos Claims will be similar to those set forth in the Asbestos Personal Injury Trust Distribution Procedures relative to the FMP (Wagner) Claims described therein.

**IN THE EVENT THE PNEUMO ABEX TRANSACTION IS APPROVED AND THE PLAN IS CONFIRMED, THE PNEUMO ABEX PARTIES WILL BE BENEFICIARIES OF THE THIRD PARTY INJUNCTION AND THE SUPPLEMENTAL INJUNCTION CONTAINED IN THE PLAN.”**

**12.2.12.** The following language would be added as the second sentence of Section 11.7 of the Plan: “If the proposed Pneumo Abex Transaction is approved by all of the Plan Proponents and the Pneumo Abex Parties and is documented, the Plan Proponents specifically reserve the right to incorporate in or attach to the Plan additional language or documents to implement the terms of that transaction.”

Dated: 6/4, 2004

FEDERAL-MOGUL CORPORATION (for itself and on behalf of  
the Affiliated Debtors, as Debtors and Debtors in Possession)

By: *Anthony Sherl*

OFFICIAL COMMITTEE OF UNSECURED CREDITORS

By: \_\_\_\_\_

OFFICIAL COMMITTEE OF ASBESTOS CLAIMANTS

By: \_\_\_\_\_

JPMORGAN CHASE BANK, AS ADMINISTRATIVE AGENT

By: \_\_\_\_\_

ERIC D. GREEN, as THE FUTURE CLAIMANTS  
REPRESENTATIVE

By: \_\_\_\_\_

OFFICIAL COMMITTEE OF EQUITY SECURITY HOLDERS


By: \_\_\_\_\_

Dated: 6/4, 2004

FEDERAL-MOGUL CORPORATION (for itself and on behalf of  
the Affiliated Debtors, as Debtors and Debtors in Possession)

By: \_\_\_\_\_

OFFICIAL COMMITTEE OF UNSECURED CREDITORS

By:  \_\_\_\_\_

OFFICIAL COMMITTEE OF ASBESTOS CLAIMANTS

By: \_\_\_\_\_

JPMORGAN CHASE BANK, AS ADMINISTRATIVE AGENT

By: \_\_\_\_\_

ERIC D. GREEN, as THE FUTURE CLAIMANTS  
REPRESENTATIVE

By: \_\_\_\_\_

OFFICIAL COMMITTEE OF EQUITY SECURITY HOLDERS

By: \_\_\_\_\_

Dated: 6/4, 2004

FEDERAL-MOGUL CORPORATION (for itself and on behalf of  
the Affiliated Debtors, as Debtors and Debtors in Possession)

By: \_\_\_\_\_

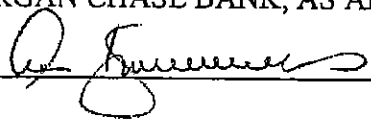
OFFICIAL COMMITTEE OF UNSECURED CREDITORS

By: \_\_\_\_\_

OFFICIAL COMMITTEE OF ASBESTOS CLAIMANTS

By: \_\_\_\_\_

JPMORGAN CHASE BANK, AS ADMINISTRATIVE AGENT

By: 

ERIC D. GREEN, as THE FUTURE CLAIMANTS  
REPRESENTATIVE

By: \_\_\_\_\_

OFFICIAL COMMITTEE OF EQUITY SECURITY HOLDERS

By: \_\_\_\_\_



Dated: 6/3, 2004

FEDERAL-MOGUL CORPORATION (for itself and on behalf of  
the Affiliated Debtors, as Debtors and Debtors in Possession)

By: \_\_\_\_\_

OFFICIAL COMMITTEE OF UNSECURED CREDITORS

By: \_\_\_\_\_

OFFICIAL COMMITTEE OF ASBESTOS CLAIMANTS

By: \_\_\_\_\_

JPMORGAN CHASE BANK, AS ADMINISTRATIVE AGENT

By: \_\_\_\_\_

ERIC D. GREEN, as THE FUTURE CLAIMANTS  
REPRESENTATIVE

By: E. Himon \_\_\_\_\_

OFFICIAL COMMITTEE OF EQUITY SECURITY HOLDERS

By: \_\_\_\_\_

Dated:   cd4  , 2004

FEDERAL-MOGUL CORPORATION (for itself and on behalf of  
the Affiliated Debtors, as Debtors and Debtors in Possession)

By: \_\_\_\_\_

OFFICIAL COMMITTEE OF UNSECURED CREDITORS

By: \_\_\_\_\_

OFFICIAL COMMITTEE OF ASBESTOS CLAIMANTS

By:   Joseph P. ...  

JPMORGAN CHASE BANK, AS ADMINISTRATIVE AGENT

By: \_\_\_\_\_

ERIC D. GREEN, as THE FUTURE CLAIMANTS  
REPRESENTATIVE

By: \_\_\_\_\_

OFFICIAL COMMITTEE OF EQUITY SECURITY HOLDERS

By: \_\_\_\_\_

Dated: 6/14, 2004

FEDERAL-MOGUL CORPORATION (for itself and on behalf of  
the Affiliated Debtors, as Debtors and Debtors in Possession)

By: \_\_\_\_\_

OFFICIAL COMMITTEE OF UNSECURED CREDITORS

By: \_\_\_\_\_

OFFICIAL COMMITTEE OF ASBESTOS CLAIMANTS

By: \_\_\_\_\_

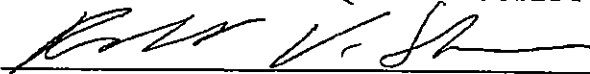
JPMORGAN CHASE BANK, AS ADMINISTRATIVE AGENT

By: \_\_\_\_\_

ERIC D. GREEN, as THE FUTURE CLAIMANTS  
REPRESENTATIVE

By: \_\_\_\_\_

OFFICIAL COMMITTEE OF EQUITY SECURITY HOLDERS

By: 

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**GENTILOTTI**

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## EXHIBITS TO THE PLAN

- 1.1.7 Schedule of Affiliates
- 1.1.9 Schedule of Affiliated Subsidiaries
- 1.1.55 Dan=Loc Deed of Special Indemnity and Dan=Loc Deed of Guarantee
- 1.1.72 Schedule of Known On-Site Environmental Claims
- 1.1.91 Schedule of Inactive Debtor Subsidiaries
- 1.1.130 Principal Terms and Conditions of the Reorganized Federal-Mogul Junior Secured PIK Notes
- 1.1.131 Principal Terms and Conditions of the Reorganized Federal-Mogul Secured Term Loan Agreement
- 1.1.133 Schedule of U.K. Debtors Subject to Schemes of Arrangement
- 1.1.136 Principal Terms and Conditions of the Secured Surety Notes and Junior Secured Surety PIK Notes
- 1.1.154 Form of Asbestos Personal Injury Trust Agreement and Asbestos Personal Injury Trust Distribution Procedures
- 1.1.168 Schedule of U.K. Debtors Subject to Voluntary Arrangements
- 1.1.170 Warrant Agreement
- 3.1.12 Schedule of Affiliate Claims Treatment
- 3.21 Classification and Treatment of Claims Against and Equity Interests in all Remaining U.S. Debtors and U.K. Debtors
- 5.1.2 Schedule of Rejected Contracts
- 8.3.7 Form of Registration Rights Agreement
- 8.3.8 Form of Lockup Agreement
- 8.3.9(1) Proposed Certificate of Incorporation of Reorganized Federal-Mogul Corporation
- 8.3.9(2) Proposed Bylaws of Reorganized Federal-Mogul Corporation
- 8.3.10 Initial Board of Directors of Reorganized Federal-Mogul Corporation
- 8.4.1 Initial Boards of Directors for the Affiliated Debtors of Reorganized Federal-Mogul Corporation

**EXHIBIT 1.1.7 TO THIRD AMENDED PLAN OF REORGANIZATION**

**SCHEDULE OF AFFILIATES**

<b>Country of Origin</b>	<b>Name of Affiliate</b>	<b>Ownership Interest</b>
Argentina	Federal Mogul Argentina SA (fka In-De-Co H. Minoli S.A.I.C.)	96%
	Federal-Mogul Plasticos Puntanos, S.A. (formerly Plasticos Puntanos, S.A).	96%
	Neoprint SA	96%
	Farloc Argentina SAIC Y F	23.9%
Australia	Federal-Mogul Automotive Pty Ltd. (formerly Federal-Mogul Pty. Limited)	100%
	Federal-Mogul Pty Ltd (formerly Cooper Automotive Pty. Ltd).	100%
	Federal-Mogul Friction Products Pty. Ltd. (formerly Ferodo (Pty) Australia)	100%
Barbados	Federal-Mogul World Trade Ltd. ("FSC")	100%
	International Global Services SRL	100%
Belgium	Antwerp Branch	100%
	Federal-Mogul Ignition S.A. (fka Champion Spark Plug Belgium)	100%
	Federal-Mogul S.A. (fka Cooper Automotive S.A.)	100%
Bermuda	Coventry Assurance, Ltd.	100%
Brazil	Federal Mogul do Brazil Ltda. (formerly Federal-Mogul Comercio Internacional, Ltda.)	100%
	Federal Mogul Electrical do Brazil Ltda. (formerly Cooper Automotive Electrical do Brasil Ltda)	100%
	Federal Mogul Materiais de Friccao Ltda (fka Varga-Ferodo SA)	100%
	Federal-Mogul Automotive de Brasil, Ltda (formerly Cooper Automotive do Brasil Ltda).	100%
British Virgin Islands	Federal-Mogul Investment Ltd.	50%
Canada	Federal-Mogul Canada Limited	100%
	2000635 Ontario Ltd.	100%
Cayman Islands	Federal-Mogul Ltd. (formerly Moog Automotive Ltd.)	100%
China	Guangzhou Champion Spark Plug Co Ltd.	100%
	Federal-Mogul Qingdao Piston Co. Ltd.	61.5%
	Federal-Mogul Shanghai Bearings Co. Ltd.	60%
	Anqing TP Goetze Piston Ring Co. Ltd.	35.7%
	Federal-Mogul Friction Products Co. Ltd (fka Central China Ferodo Friction Materials Co.)	70%

	Federal-Mogul Sealing Systems Company (formerly Nanchang Payen Ltd. Liability Co).	83%
	Federal-Mogul Qingdao Automotive Company Limited	100%
	Federal-Mogul (Shanghai) Automotive Co. Ltd	100%
Costa Rica	Federal-Mogul de Costa Rica, S.A.	100%
Czech Rep.	Federal-Mogul Friction Products A.S. (formerly Ferodo A.S.)	100%
France	Federal-Mogul, S.A.	100%
	Federal-Mogul Operations France SAS	100%
	Federal-Mogul Financial Services SAS	100%
	Federal Mogul Aftermarket France SAS (formerly AE Curty SAS)	100%
	Federal-Mogul Systems Protection Group, SAS, (formerly Bentley-Harris SAS)	100%
	Federal-Mogul Sealing System SAS (formerly Curty Payen SAS)	100%
	Federal-Mogul Friction Products SAS (formerly Ferodo Abex SAS)	100%
	Federal-Mogul Services EURL (fka T&N Services EURL)	100%
	FM Industrie S.A.S,	100%
	Isomoules EURL	100%
	Federal-Mogul Automotive France, S.A. (formerly Cooper Automotive France S.A).	100%
Germany	Federal-Mogul Holding Deutschland GmbH (formerly Federal-Mogul Motorenteile Holding GmbH (FMMH))	100%
	Federal-Mogul Nurenberg GmbH	100%
	Oberflächentechnik Schmidt GmbH OFT	22.642%
	Federal-Mogul Wiesbaden GmbH & Co. KG (sub of FM Wiesbaden under FM Wiesbaden Verwaltungs)	100%
	Federal-Mogul Wiesbaden Verwaltungs GmbH	100%
	Federal-Mogul Wiesbaden GmbH & Co. KG	100%
	Federal-Mogul Sealing Systems Europe GmbH (formerly Federal-Mogul Karosserieteile GmbH) (US Partnership)	100%
	FM Sealing Systems Europe GmbH (formerly Federal-Mogul Karosserieteile GmbH) (US Partnership)	100%
	Federal-Mogul Sealing Systems Bretten GmbH & Co. KG(FKA Glockler KG)	100%
	Federal-Mogul Sealing Systems Bretten Verwaltungs GmbH (formerly Glockler Verw. GmbH)	100%
	Federal-Mogul Burscheid GmbH	100%
	Federal-Mogul Friedberg GmbH (formerly AE Goetze Friedberg GmbH)	100%
	Federal-Mogul Powertrain Russia GmbH	100%
	Federal-Mogul TP Piston Rings GmbH	66.8%



	Federal-Mogul TP Europe GmbH & Co. KG - JV	66.670%
	Federal-Mogul Burscheid Beteiligungs GmbH	100%
	Federal-Mogul Sealing Systems GmbH (formerly Goetze Payen GmbH)	100%
	Federal-Mogul Vermögensverwaltungs GmbH (FMVG) (formerly Goetze Vermögensverwaltungs)	100%
	Federal-Mogul Friction Products GmbH (formerly Ferodo Beral GmbH)	100%
	Goetze Wohnungsbau GmbH	100%
	Goetze Betriebsgrundstücke GmbH & Co.- Werk Burscheid KG (aka Goetze Burscheid KG)	100%
	Goetze Betriebsgrundstücke GmbH & Co. Zentrallager Massiefen KG i.L. (aka Goetze Massiefen KG)	100%
	Federal-Mogul Verwaltungs und Beteiligungs-GmbH (formerly Glacier IHG-Gleitlager Verwaltungs-GmbH )	100%
	Federal-Mogul Burscheid GmbH	100%
	Weyburn-Bartel GmbH	100%
	Federal-Mogul Deva GmbH (formerly Glacier GmbH - Deva - Werke)	100%
	Federal-Mogul Sollinger Hutte GmbH (formerly Glacier GmbH - Sollinger Hütte)	100%
	Federal-Mogul Vermögensverwaltungs-GmbH (FMVG) (formerly Goetze Vermögensverwaltungs-GmbH)	100%
	Federal Mogul Ignition Company (formerly Champion Zunderzen Deutschland Niederlassung Deutschland der Champion Spark Plug Company)	100%
	Federal-Mogul Automotive Holding GmbH	100%
Guatemala	Federal-Mogul de Guatemala, S.A.	100%
	Federal-Mogul de Guatemala, S.A.	100%
Guernsey	Curzon Insurance Ltd.	100%
Hong Kong	Federal-Mogul Trade (Asia) Limited (formerly AE Components Eastern Ltd).	100%
Hungary	Federal-Mogul Sealing Systems Hungaria Bt. (fka AGVS KG)	100%
	Federal-Mogul Sealing Systems Kunsziget Hungaria KFT (formerly AGS Verw. GmbH)	100%
India	Indian Liason Office (New Delhi)	100%
	Federal-Mogul Products (India ) Private Ltd. (formerly Cooper Automotive Products (India) Private Limited)	98%
	Goetze (India) Ltd.	25.46%
	Goetze India Financial Ltd.	25.46%
	Goetze TP (India) Ltd.	37.48%
	AFM India, Ltd.	50%
	Federal-Mogul Friction Products Ltd.	100%
	AEIP Precision Products	65%

	India Pistons Ltd	30%
	AEIP Precision Products	65%
Iran	Pars Washar Ltd (fka Pars Washar (Iran))	40%
Ireland	Irish branch d/b/a Federal-Mogul Ireland (formerly Cooper Automotive Ireland)	100%
	Federal Mogul Ireland Ltd. (fka Federal-Mogul Ignition (Ireland) Ltd.)	
Italy	Federal-Mogul Holding Italy Spa, fka Federal-Mogul S.P.A.	100%
	Federal-Mogul Operations Italy Srl, fka Federal-Mogul Holding Srl	100%
	ATAI SRL	20%
	Catai SRL	20%
	Federal-Mogul Ignition S.r.l. (fka Federal-Mogul Ignition S.p.A.)	100%
	Federal-Mogul Filtration Products S.r.l.(fka Federal-Mogul Filtration S.p.A.)	100%
	Federal-Mogul Ignition S.r.l. (fka Federal-Mogul Ignition S.p.A.)	100%
	Federal-Mogul Ignition S.r.l. (fka Federal-Mogul Ignition S.p.A.)	100%
Japan	Nippon National Seal Company, Ltd.	40%
	Federal-Mogul Systems Protection Group KK (formerly Bentley Harris K.K.)	100%
	Federal Mogul K.K. (formerly Cooper Automotive K.K.)	100%
	Osaka Branch	100%
	Federal-Mogul Technical Center, LLC	100%
	KFM Bearing Co., Ltd.	100%
Korea	Dongsuh Industrial Co. Ltd.	50%
	Korea Beral	22.9%
Malaysia	Federal-Mogul World Trade, Sdn Bhd	100%
Mauritius Island	Federal-Mogul Holdings, Ltd.	100%
Mexico	Servicios de Componentes Automotrices, S.A. ("Sedeca")	100%
	Federal-Mogul Camshafts Castings de Mexico S. de R.L. (formerly Weyburn Lydmet de Mexico SA de CV)	100%
	Servicios de Componentes Automotrices, S.A. ("Sedeca")	100%
	Servicios Administrativos Industriales, S.A. ("Saisa")	100%
	Frenos Hidraulicos Automotrices, S.A. de C.V.	49%
	Servicio de Componentes Automotrices (SEDECA)	100%
	Servicios Administrativos Industriales, S.A. ("Saisa")	100%
	McCord Payen de Mexico, fka Fel-Pro Mexico S de R.L. de C.V.,	100%

	Federal-Mogul Camshafts Castings de Mexico S. de R.L. (formerly Weyburn Lydmet de Mexico SA de CV)	100%
	Federal-Mogul S.A. de C.V. (fka Federal Mogul Pistones, SA de CV (fka Femosa Mexico, S.A.))	100%
	Raimsa, S.A. de C.V. (Mfg.)	100%
	McCord Payen de Mexico, fka Fel-Pro Mexico S de R.L. de C.V.	100%
	T&N de Mexico S.de R.L	100%
	Subensambles Internacionales, S.A. de S.V.	100%
	Federal-Mogul de Matamoros S.A. de C.V. (formerly Federal-Mogul Automotive S.A. de C.V.)	100%
	Federal-Mogul de Mexico, S.A. de C.V.	97.7%
	Productos de Frenos Automotrices de Calidad s.A. de C.V.	100%
	Crucetas Mexicanas S.A. de C.V.	40%
Netherlands	Federal-Mogul Global B.V	100%
	Federal-Mogul Growth B.V.	100%
	Federal-Mogul Holdings B.V.	100%
	Federal-Mogul Investments B.V.	100%
	Federal-Mogul Netherlands B.V. (formerly Cooper Automotive Netherlands B.V )	100%
Poland	Federal-Mogul Gorzyce S.A. (formerly WSK Gorzyce SA)	92.546%
	Federal-Mogul Bimet Spolka Akcyjna (fka Invest - Bimet SA)	94.96%
Puerto Rico	Puerto Rico Branch	100%
Singapore	Federal-Mogul World Trade Pte., Ltd.	100%
South Africa	Federal Mogul of South Africa (Pty) Ltd (formerly Cooper Automotive of South Africa (Pty) Limited	100%
	Federal Mogul Aftermarket Southern Africa (Pty) Ltd, fka AE Engine Parts (Pty) Ltd.	100%
	Federal Mogul Pistons (Pty) Ltd, fka AE Goetze (Pty) Ltd.	100%
	Federal Mogul Powertrain Systems (SA) (Pty) Ltd, fka AE Liners (Pty) Ltd.	100%
	Federal Mogul Valves (Pty) Ltd, fka AE Valves (Pty) Ltd.	100%
	AE Properties (Windhoek) (Pty) Ltd.	100%
	Federal Mogul Sinter Products (Pty) Ltd, fka AE Sinterline Products (Pty) Ltd.	100%
	Belaco-Beral (Pty) Ltd.	100%
	Ferobrake (Pty) Ltd.	100%
	Ferodo (Pty) Ltd.	100%

	Federal Mogul Ignition (Pty) Ltd, fka Industrial Gaskets (Pty) Ltd.	100%
	Federal Mogul Friction Products (Pty) Ltd	100%
	Federal Mogul Large Bearings (Pty) Ltd	100%
	Federal Mogul Sealing Systems (Pty) Ltd	100%
	Glacier Bearings (Pty) Ltd (fka Federal-Mogul Acquisition (Pty) Ltd)	100%
	Federal Mogul (Pty) Ltd	100%
	Federal Mogul Engine Bearings (Pty) Ltd.	100%
	The Beetle Products Company (Pty) Ltd.	100%
	AE Engine Parts (Botswana) (Pty) (Ltd)	100%
Spain	Federal-Mogul Aftermarket Espana, SA (formerly Federal-Mogul Distribucion, S.A. - Spain)	51%
	Federal-Mogul Friction Products SA (formerly Ferodo Necto SA)	100%
	Federal-Mogul Iberica, S.L. (formerly Federal-Mogul Automotive Iberica S.A).	100%
Swaziland	Ferodo Swaziland (Pty) Ltd. (fka Beral Swaziland (Pty) Ltd)	100%
	Beral Swaziland Properties (Pty) Ltd.	100%
Switzerland	Federal-Mogul SARL (fka Federal-Mogul, S.A.)	100%
Taiwan	Taiwan Branch	100%
	Federal-Mogul Taiwan Inc.	100%
Thailand	Federal-Mogul Friction Products (Thailand) Ltd.	92.1%
	Federal-Mogul Friction Products (Thailand) Ltd.	92.1%
Turkey	Federal-Mogul TP Liner Europe Otomotiv Ltd. Sti (fka Federal-Mogul TP Liner Europe Ltd. Sti	50%
	Aegean Auto Parts Ticaret ve Sanayi Limited Sirketi (JV with Automotive Components Investments Limited)	50%
	Federal-Mogul Dereli Holdings AS (fka T&N Dereli Holding SA)	50%
	Federal-Mogul Sapanca Segman ve Gomlek Uretim Tesisleri (fka AE Goetze - Istanbul Segman ve Gomlek Sanayi Ticaret AS)	50%
	Federal-Mogul Izmit Piston ve Pim Uretim Tesisleri A.S. (fka Istanbul Motor Piston ve Pim Sanayi AS)	42.5%
UK	Federal-Mogul UK Ltd. (formerly Federal-Mogul Ltd.)	100%
	Federal-Mogul Global Growth Ltd. (formerly Designsome Limited)	100%
	Federal-Mogul Global Growth Ltd. (formerly Designsome Limited)	100%
	Federal-Mogul Ignition (U.K.) Ltd. (formerly Champion Automotive (U.K.) Ltd)	100%
	Champion Pensions Limited	100%

Federal-Mogul Sunderland Ltd. (fka Federal-Mogul TP Sunderland Ltd.)	100%
T&N Limited	100%
Greet Limited	100%
Dumplington Services LTD	100%
Federal-Mogul Export Services Limited (formerly T&N Export Services Ltd.)	100%
T&N Holdings Ltd.	100%
AE Limited	100%
AE International Ltd.	100%
Wellworthy (Ireland) Ltd.	100%
T&N International Ltd.	100%
T&N Investments Ltd.	100%
T&N Properties Ltd.	100%
T&N Shelf Four Ltd. (f. Jonylon Ltd.)	100%
T&N Shelf Five Ltd. (f. BIP Specialty Resins Ltd)	100%
T&N Shelf Six Ltd. (f. BIP Plastics Ltd.)	100%
William C. Jones (Polymers) Ltd.	100%
T&N Shelf Eight Ltd. (f. BIP Organics Ltd)	100%
T&N Shelf Nine Ltd (f. Hydra-Tight Ltd)	100%
T&N Shelf Ten Ltd (f. Bolting Technology Ltd)	100%
T&N Shelf Twelve Ltd (f. Pilgrim Engineering Developments Ltd)	100%
TAF International Ltd	100%
Turner & Newall Limited	100%
Turner Brothers Asbestos Company Ltd.	100%
Wellworthy Ltd.	100%
Fleetside Investments Ltd.	100%
AE Sales (Africa) Limited	100%
Leeds Piston Ring - Eng. Co. Ltd.	100%
Federal-Mogul Aftermarket UK Limited (formerly AE Auto Parts Limited)	100%
Federal-Mogul Powertrain Systems International Limited (formerly AE Export Services Ltd).	100%
Federal-Mogul Bridgwater Limited (formerly AE Goetze Special Products. Limited)	100%
Ashburton Road Services Limited	100%
Eurocomponents Limited	100%
Touchdown Adhesive Products Ltd	100%
Brake Linings Limited	100%
Federal-Mogul Brake Systems Ltd	100%
Federal-Mogul Sintered Products Limited (formerly Brico Engineering Limited)	100%
Turner & Newall (Hourly Paid) Pension Trustees Ltd.	100%
Turner & Newall (Staff) Pension Trustees Ltd.	100%

F-M Sealing Systems (Slough) Ltd. (fka Coopers Payen Limited)	100%
Duron Limited	100%
Federal-Mogul Frictions Products Limited (formerly Ferodo Limited)	100%
Friction Materials Limited	100%
Glass Fabrics Limited	100%
Hepworth & Grandage Limited	100%
J. W. Roberts Limited	100%
Newalls Insulation Company Limited	100%
Payen (Europe) Limited	100%
Federal-Mogul Sealing Systems Ltd. (formerly Payen International Ltd.)	100%
Engineering Components Ltd	100%
T&N Shelf Thirteen Ltd. (f. Pilgrim Moorside Ltd)	100%
Cork Manufacturing Co. Limited	100%
Sibex (Constructions) Ltd.	100%
Halls Gaskets Ltd.	100%
Presswork Components Limited	100%
Federal-Mogul Sealing Systems (Rochdale) Ltd. (f. Federal-Mogul Composites Ltd., f. T&N Composites Limited)	100%
Federal-Mogul Technology Ltd. (formerly T&N Technology Ltd.)	100%
T&N Properties Ltd.	100%
T&N Welfare Trust Limited	100%
TBA Belting (Residual) Ltd.	100%
TBA Belting Limited	100%
TBA Industrial Products Ltd.	100%
Dealings Limited (formerly Mawson Triton Mouldings Ltd)	100%
Federal-Mogul Camshaft Castings Limited (formerly Weyburn Lydmet Ltd)	100%
AE Holdings Ltd	100%
Wellworthy Property Developments Ltd.	100%
Wellworthy Services Ltd.	100%
Wellworthy Athletic & Social Properties Ltd.	100%
Kings Park Housing Ltd.	100%
Aeroplane & Motor Aluminium Castings Ltd	100%
Bearings (North Western) Ltd.	100%
Ferodo Caernarfon Ltd.	100%
Genthope Ltd.	100%
High Precision Equipment Ltd.	100%
Sintration Ltd.	100%
Specialloid Ltd.	100%

T&N Shelf One Ltd. (f. The Universal Metallic Packing Co. Ltd.)	100%
T&N Shelf Three Ltd. (f. British Industrial Plastics Ltd.)	100%
T&N Shelf Seven Ltd. (f. BIP Chemicals Ltd.)	100%
Urethane Industries International Ltd.	100%
T&N Shelf Fourteen Ltd (f. HDT Ltd.)	100%
T&N Shelf Seventeen Ltd (f. AE Turbine Components Ltd)	100%
T&N Shelf Eighteen Ltd (f. AE Turbine Components (Leicester) Ltd)	100%
T&N Shelf Nineteen Ltd. (f. AE Turbine Components No. 2 (Leicester) Ltd)	100%
T&N Shelf Twenty Ltd (f. Flexitallic Ltd)	100%
T&N Shelf Twenty One Ltd (f. TBA Sealing Materials Ltd.)	100%
T&N Shelf Twenty Two Ltd (f. Flexitallic International Valve Engineering Ltd.)	100%
T&N Shelf Twenty Four Ltd (f. Flexicarb Graphite Products Ltd)	100%
T&N Shelf Twenty Five Ltd (f. Flexitallic Engineering Ltd)	100%
T&N Shelf Twenty Six Ltd (f. Tenmat Ltd)	100%
T&N Shelf Thirty One Ltd. (f. Vandervell Ltd)	100%
T&N Shelf Thirty Three Ltd	100%
Telford Rubber Processors Ltd	100%
Telford Technology Supplies Ltd	100%
The Washington Chemical Company Ltd.	100%
Vanwall Cars Ltd.	100%
AE Limited	100%
Federal-Mogul Bradford Ltd. (formerly AE Goetze Automotive Ltd).	100%
Federal-Mogul Engineering Limited (formerly The Glacier Metal Co. Ltd.)	100%
GB Tools & Components Exports Ltd.	100%
Edmunds Walker & Co. Ltd.	100%
G.I.M. Ltd.	100%
Ontall Limited	100%
Pumesome Ltd	100%
T&N Trade Marks Ltd.	100%
T&N Pensions Trustee Ltd.	100%
A.E. Group Machines Ltd.	100%
Associated Engineering Group Ltd.	100%
AE Dayton Services Ltd.	100%
Awncast Ltd.	100%
Cosmid Ltd.	100%

E W Engineering Ltd	100%
Mantro Engineering Ltd.	100%
Inblot Ltd.	100%
Lalton Ltd.	100%
MTA (Kettering) Ltd.	100%
Mobile Distribution (Spares) Ltd.	100%
Pecal Ltd.	100%
T&N Shelf Two Ltd (f. A.C.E. Ltd.)	100%
Tinblo Ltd.	100%
Tynoda Ltd.	100%
Granama Ltd.	100%
Lanoth Ltd	100%
Lanoth Precision Equipment Ltd	100%
The Lanoth Motor Fittings Company Ltd	100%
AE Piston Products Ltd	100%
Contact 100 Ltd.	100%
Amber Supervision Ltd.	100%
T&N Piston Product Group Limited	100%
FHE Technology Ltd.	100%
T&N Shelf Fifteen Ltd (f. Tempered Group Developments Ltd.)	100%
Federal-Mogul Systems Protection Group Limited (formerly Bentley-Harris Limited)	100%
T&N Shelf Sixteen Ltd. (f. Tempered Group Ltd)	100%
T&N Shelf Twenty Eight Ltd (f. Tech Textiles International Ltd)	100%
T&N Shelf Twenty Nine Ltd (f. Glacier Ltd)	100%
T&N Shelf Thirty Ltd (f. Glacier RPB Ltd)	100%
Ferodo Ltd (f. Butlers Leap Successors Ltd)	100%
T&N Shelf Thirty-Four (fka Federal-Mogul Sunderland Ltd.)	100%
The British Piston Ring Company Ltd.	100%
Beetle Refractory Fibres Limited	100%
Federal-Mogul Eurofriction Limited (formerly Eurofriction Ltd)	100%
Federal-Mogul Shoreham Ltd. (fka Federal-Mogul RPB Ltd.)	100%
Mawson Taylor Ltd.	100%
Aegis Control Systems Limited	100%
Colvan Rubber Co. Limited	100%
Coopers AP Filters Limited	100%
Cranhold Limited	100%
Federal-Mogul Camshafts Limited (formerly Weyburn-Bartel Ltd)	100%
Instantwonder Limited	100%



	Moore Plastics Co. Limited	100%
	Moore's Plastic Units Limited	100%
	Sourcelook Limited	100%
	T&N Materials Research Limited	100%
	T&N Pension Managements Limited	100%
	F-M UK Holding Ltd. (formerly Superglory Limited)	100%
	FP Diesel Limited	100%
	Federal-Mogul Acquisition Company Ltd.	100%
	Federal-Mogul Sealing Systems (Cardiff) Ltd. (formerly Seal Technology Systems, Ltd.)	100%
	STS Pension Trustee Ltd.	100%
	STS (1996) Ltd.	100%
	Federal-Mogul Global Growth Ltd. (formerly Designsome Limited)	100%
Uruguay	Federal Mogul Uruguay SA	100%
	Federal Mogul Uruguay SA (Dormant)	100%
	Bromley Inversora SA	96%
USA	Federal-Mogul Machine Tool, Inc, fka Federal-Mogul Tri-Way, Inc.	100%
	J.W.J. Holdings, Inc.	100%
	Carter Automotive Company, Inc.	100%
	Federal-Mogul FX, Inc.	100%
	Federal-Mogul Venture Corporation	100%
	F-M Global Properties, Inc.	100%
	Federal-Mogul World Wide, Inc.	100%
	Felt Products Mfg. Co.	100%
	FM International, LLC	100%
	Federal-Mogul U.K. Holdings Inc.	100%
	Federal-Mogul Global Inc.	100%
	T&N Industries Inc.	100%
	Ferodo America, Inc. (dba Federal-Mogul Friction Products)	100%
	Ferodo Holdings Inc.	87.5%
	Federal-Mogul FAP Inc (formerly Ferodo Automotive Products Inc.)	70%
	Gasket Holdings Inc.	100%
	Federal-Mogul Mystic, Inc. (fka Federal-Mogul RPB, Inc)	100%
	Federal-Mogul Powertrain Inc. (formerly AE Clevite Inc)	100%
	Federal-Mogul Piston Rings, Inc.	75.1%
	United Piston Ring, Inc.	49%
	Federal-Mogul TP Liners, Inc.	46.2%
	Federal-Mogul Assembled Camshafts, Inc. (formerly Weyburn Assembled Camshafts Inc.)	80%
	McCord Sealing Inc.	100%

	McCord Leakless Sealing Co.	50%
	Federal-Mogul Dutch Holdings Inc.	100%
	Federal-Mogul Ignition Company (formerly Champion Spark Plug Company)	100%
	Federal-Mogul Products, Inc. (formerly Moog Automotive Products, Inc)	100%
	TF Global Gaskets LLC	50%
Venezuela	Federal-Mogul de Venezuela, C.A.	100%
Zimbabwe	Tenzim (Pvt) Ltd	100%
	Ferobrake (Pvt) Ltd.	100%
	Payen Zimbabwe (Pvt) Ltd.	100%
	Ferodo Zimbabwe (Pvt) Ltd	100%

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# Exhibit 1.1.72

Site / Case Name	State	Site / Case Status	Claim Filed (Yes / No)	Claim #	Name of Claimant
Frankfort, IN	IN	Owned Site	Yes	6125	Indiana Dept of Environmental Management
Greenville, MI	MI	Owned Site	Yes	5350	State of MI Natural Resources
Michigan City, IN	IN	Owned Site	Yes	6129	Indiana Dept of Environmental Management
Michigan City, IN	IN	Owned Site	Yes	6128	Indiana Dept of Environmental Management
Muskegon, MI	MI	Owned Site	Yes	5353	Michigan Dept of Environmental Quality
Scottsville, KY	KY	Owned Site	Yes	5220	KY Dept of Environmental Protection
Sparta, MI	MI	Only as applies to the currently owned portion of the Sparta property	Yes	5353	Michigan Dept of Environmental Quality
St. Johns, MI	MI	Owned Site	Yes	5350	State of MI Natural Resources
Chapel-en-le-Frith, Derbyshire, England	UK				
Kilmarnock, Hurlford, Scotland	UK				
Slough, England	UK				

**EXHIBIT 1.1.9 TO THIRD AMENDED PLAN OF REORGANIZATION**

**SCHEDULE OF AFFILIATED SUBSIDIARIES**

<b>Country of Origin</b>	<b>Name of Affiliated Subsidiary</b>	<b>Ownership Interest</b>
India	Gabriel India	5%
Japan	Japan Brake Industries Ltd.	12.2%
UK	Daido Industrial Bearings Europe Limited (fka Federal-Mogul Daido HWB Ltd., UK)	10%

EXHIBIT 1.1.130  
Summary of Terms and Conditions of the  
Reorganized Federal-Mogul Junior Secured PIK Notes<sup>1</sup>

Issuer ..... Reorganized Federal-Mogul.

Principal Amount ..... \$300,000,000.

Maturity ..... December 31, 2015, or eleven years after the Effective Date.

Closing ..... Effective Date.

Interest ..... Interest will initially be paid semi-annually 2.0% in cash and 8.0% through the issuance of additional Junior Secured PIK Notes. After the earlier of December 31, 2009 or the end of any fiscal quarter in which certain financial targets are achieved, interest will be payable quarterly at the rate of 7.0 % in cash.

Optional Prepayment ..... Prepayable at par any time at the Company's option, subject to the terms of the Exit Facility and the Reorganized Federal-Mogul Secured Term Loan Agreement.

Trustee ..... [To be selected]

Collateral ..... Secured by liens on all assets of Reorganized Federal-Mogul and its domestic subsidiaries and 65% of stock in foreign subsidiaries owned by such entities. Such liens will be junior to the liens securing the Exit Facilities, the portion, if any, of the Tranche C Loans restructured pursuant to Section 2.2 of the Plan, the Reorganized Federal-Mogul Secured Term Loan Agreement and the Secured Surety Notes, and *pari passu* with the liens securing the Junior Secured Surety PIK Notes.

Covenants ..... Customary covenants, including without limitation, restrictions on incurrence of additional debt, liens, acquisitions, dividends, and investments, subject to certain exceptions to be set forth in the

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<sup>1</sup> This term sheet is a summary of only certain terms and conditions and does not purport to be a complete description of the provisions of the Junior Secured PIK Notes. Reference should be made to the definitive documentation for a comprehensive understanding of the terms thereof. All dates in this term sheet are based on the assumption that the Effective Date will occur on or about December 31, 2004. The Plan Proponents have agreed that all dates would be adjusted if the Effective Date were to occur later than March 31, 2005.

definitive documentation.

- Defaults ..... Customary defaults, including without limitation, nonpayment of principal, interest, fees or other amounts; violation of covenants; cross-default; bankruptcy events; material judgments; and actual or asserted invalidity of any guarantee or security document, or security interest; each as more fully set forth in the definitive documentation.
- Trading ..... The Junior Secured PIK Notes will be eligible to settle through The Depository Trust Company on a T + 3 basis.

EXHIBIT 1.1.131  
 Summary of Terms and Conditions of the  
 Reorganized Federal-Mogul Secured Term Loan Agreement<sup>1</sup>

Issuer ..... Reorganized Federal-Mogul.

Principal Amount ..... \$1,305,352,118 (subject to adjustment to reflect the conversion of foreign currencies to U.S. Dollars and the inclusion of pre-petition secured hedge obligations, if any), plus the reimbursement obligations arising from any drawings prior to the Effective Date on Letters of Credit issued and outstanding under the Bank Credit Agreement.

Maturity ..... June 30, 2011, or six and one-half years after the Effective Date.

Closing ..... Effective Date.

Amortization..... Quarterly beginning March 31, 2006:

03/31/06 through 12/31/06	\$5,700,000
03/31/07 through 12/31/08	\$11,400,000
03/31/09 through 03/31/11	\$56,900,000
Maturity	Outstanding balance

Interest..... Interest will be payable quarterly at the following rates:

Through 12/31/06	LIBOR + 3.0%
1/1/07 through 12/31/07	LIBOR + 3.25%
1/1/08 through maturity	LIBOR + 5.0%

Optional Prepayment..... Prepayable at par any time at the Company's option, except at any time when the Tranche C Loans remain outstanding without having been refinanced as part of the Exit Facilities.

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<sup>1</sup> This term sheet is a summary of only certain terms and conditions and does not purport to be a complete description of the provisions of the Secured Term Loan Agreement. Reference should be made to the definitive documentation for a comprehensive understanding of the terms thereof. All dates in this term sheet are based on the assumption that the Effective Date will occur on December 31, 2004. The Plan Proponents have agreed that all dates would be adjusted if the Effective Date were to occur later than March 31, 2005.



Mandatory Prepayment..... Reorganized Federal-Mogul will prepay the loans under the Reorganized Federal-Mogul Secured Term Loan Agreement each year with 75% of "Excess Cash Flow" and 33% of "Positive EBITDA Variance", with the first such payments to be made in respect of Excess Cash Flow or Positive EBITDA Variance, as applicable, generated in 2005, subject to certain limitations to be set forth in the definitive documentation.

Subject to the terms of the Exit Facility, Net Cash Proceeds from the sale of assets of Reorganized Federal-Mogul and its subsidiaries, subject to various baskets to be set forth in the definitive documentation, which are not reinvested will be used to prepay the Reorganized Federal-Mogul Secured Term Loan Agreement.

All optional and mandatory prepayments will be applied pro rata to the outstanding amortization installments (including the payment due at maturity), except that any voluntary pre-payments made within 60 days after the Effective Date shall be applied to such installments in direct order of maturity.

Administrative Agent .... JPMorgan Chase Bank.

Collateral ..... Secured by liens on all assets of Reorganized Federal-Mogul and its domestic subsidiaries and 65% of stock in foreign subsidiaries owned by such entities. Such liens will be junior to the Exit Facility and the liens securing the portion, if any, of the Tranche C Loans restructured pursuant to Section 2.2 of the Plan and pari passu with the liens securing the Secured Surety Notes.

Covenants ..... Minimum quarterly EBITDA, Senior Leverage Ratio, Minimum Debt Service Coverage Ratio requirements, and restrictions on annual capital expenditures, to be set forth in the definitive documentation.

Customary covenants, including without limitation, restrictions on incurrence of additional debt, liens, acquisitions, dividends, and investments, subject to certain exceptions to be set forth in the definitive documentation.

Events of Default..... Customary events of default, including without limitation, nonpayment of principal, interest, fees or other amounts; violation of covenants; cross-default; bankruptcy events; certain ERISA events; material judgments; and actual or asserted invalidity of any guarantee or security document, subordination provisions or security interest; each as more fully set forth in the definitive documentation.

## APPENDIX IV

### EXHIBIT 1.1.133 TO THIRD AMENDED PLAN OF REORGANIZATION

#### SCHEDULE OF U.K. DEBTORS SUBJECT TO SCHEMES OF ARRANGEMENT

1. Aeroplane & Motor Aluminium Castings Limited
2. Ashburton Road Services Limited
3. Brake Linings Limited
4. Duron Limited
5. Federal-Mogul Bradford Limited
6. Federal-Mogul Camshaft Castings Limited
7. Federal-Mogul Engineering Limited
8. Federal-Mogul Eurofriction Limited
9. Federal-Mogul Friction Products Limited
10. Federal-Mogul Sealing Systems (Rochdale) Limited
11. Federal-Mogul Sealing Systems (Slough) Limited
12. Federal-Mogul Sealing Systems Limited
13. Ferodo Caernarfon Limited
14. Ferodo Limited
15. Fleetside Investments Limited
16. Friction Materials Limited
17. Halls Gaskets Limited
18. J.W. Roberts Limited
19. Lanoth Limited
20. Newalls Insulation Company Limited
21. TAF International Limited
22. T&N Holdings Limited
23. T&N International Limited
24. T&N Limited
25. T&N Materials Research Limited
26. T&N Shelf One Limited
27. T&N Shelf Seven Limited
28. T&N Shelf Twenty Limited
29. T&N Shelf Twenty-One Limited
30. T&N Shelf Twenty-Six Limited
31. TBA Belting Limited
32. TBA Industrial Products Limited
33. Telford Technology Supplies Limited
34. The Washington Chemical Company Limited
35. Turner & Newall Limited
36. Turner Brothers Asbestos Company Limited
37. Wellworthy Limited
38. Federal-Mogul Global Growth Limited
39. Federal-Mogul Ignition (U.K.) Limited

EXHIBIT 1.1.136  
 Summary of Terms and Conditions of the  
 Secured Surety Notes and the Junior Secured Surety PIK Notes<sup>1</sup>

Securities / Principal Amount ..... The Sureties will receive new securities with an aggregate principal amount equal to the Allowed Amounts of the Allowed Secured Surety Claims. The new securities will be allocated in such proportions as will provide for deferred cash payments of a present value equal to the Allowed Amounts of the Allowed Secured Surety Claims.

**Secured Surety Notes**

Issuer ..... Reorganized Federal-Mogul.

Maturity ..... June 30, 2011, or six and one-half years after the Effective Date.

Closing ..... The Effective Date.

Amortization ..... Quarterly, beginning March 31, 2006, a percentage of the initial principal amount, as follows:

03/31/06 through 12/31/06	0.4%
03/31/07 through 12/31/08	0.9%
03/31/09 through 03/31/11	4.4%
Maturity	Outstanding balance

Interest ..... Interest will be payable quarterly at the following rates:

Through 12/31/06	LIBOR + 3.0%
1/1/07 through 12/31/07	LIBOR + 3.25%
1/1/08 through maturity	LIBOR + 5.0%

Optional Prepayment ..... Prepayable at par any time at the issuer's option.

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<sup>1</sup> This term sheet is a summary of only certain terms and conditions and does not purport to be a complete description of the provisions of the Secured Surety Notes and Junior Secured Surety PIK Notes. Reference should be made to the definitive documentation for a comprehensive understanding of the terms thereof. All dates in this term sheet are based on the assumption that the Effective Date will occur on December 31, 2004.

Collateral..... Secured by liens on all assets of Reorganized Federal-Mogul and its domestic subsidiaries and 65% of stock in foreign subsidiaries owned by such entities. Such liens will be junior to the Exit Facilities and the liens securing the portion, if any, of the Tranche C Loans restructured pursuant to Section 2.2 of the Plan, and pari passu with the liens securing the Reorganized Federal-Mogul Secured Term Loan Agreement.

Defaults ..... Customary events of default, including, without limitation, nonpayment of principal, interest, fees or other amounts; violation of covenants; cross-default; bankruptcy events; material judgments; and actual or asserted invalidity of any guarantee or security document, or security interest; each as more fully set forth in the definitive documentation.

Transferrability ..... The Secured Surety Notes will not be transferrable, except in a transaction exempt from registration under state and federal securities laws.

**Junior Secured Surety  
PIK Notes**

Issuer..... Reorganized Federal-Mogul.

Maturity ..... December 31, 2015, or eleven years after the Effective Date.

Closing..... The Effective Date.

Interest ..... Interest will initially be paid semi-annually 2.0% in cash and 8.0% through the issuance of additional Junior Secured Surety PIK Notes. After the earlier of December 31, 2009 or the end of any fiscal quarter in which certain financial targets are achieved, interest will be payable quarterly at the rate of 7.0% in cash.

Optional Prepayment ..... Prepayable at par any time at the issuer's option.

Collateral..... Secured by liens on all assets of Reorganized Federal-Mogul and its domestic subsidiaries and 65% of stock in foreign subsidiaries owned by such entities. Such liens will be junior to the Exit Facilities, the liens securing the portion, if any, of the Tranche C Loans restructured pursuant to Section 2.2 of the Plan, the Reorganized Federal-Mogul Secured Term Loan Agreement and the Secured Surety Notes, and pari passu with the liens securing the Junior Secured PIK Notes.

- Defaults ..... Customary defaults, including without limitation, nonpayment of principal, interest, fees or other amounts; violation of covenants; cross-default; bankruptcy events; material judgments; and actual or asserted invalidity of any guarantee or security document, or security interest as more fully set forth in the definitive documentation.
- Transferrability ..... The Junior Secured Surety PIK Notes will not be transferrable, except in a transaction exempt from registration under state and federal securities laws.

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**EXHIBIT 1.1.154**

**FEDERAL-MOGUL**  
**FORM OF**  
**ASBESTOS PERSONAL INJURY TRUST AGREEMENT**

**FEDERAL-MOGUL**

**ASBESTOS PERSONAL INJURY SETTLEMENT TRUST AGREEMENT**

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**FEDERAL-MOGUL**  
**ASBESTOS PI TRUST AGREEMENT**

This Federal-Mogul Personal Injury Trust Agreement (“PI Trust Agreement”), dated the date set forth on the signature page hereof and effective as of the Effective Date, is entered into by Federal-Mogul Corporation (“Federal-Mogul”), the Debtor and debtor-in-possession, on behalf of itself and its subsidiaries, in jointly-administered cases docketed under Case No. 01-10578 RTL in the United States Bankruptcy Court for the District of Delaware; the Future Claimants’ Representative; the Official Committee of Asbestos Creditors (“Committee”); the Trustees (“Trustees”) and the members of the PI Trust Advisory Committee (“TAC”), who are further identified on the signature pages hereof and appointed at Confirmation pursuant to the Federal-Mogul Plan of Reorganization under Chapter 11 of the United States Bankruptcy Code, as such Plan may be amended, modified or supplemented from time to time (“Plan”). All capitalized terms not otherwise defined herein shall have their respective meanings as set forth in the Plan, and such definitions are incorporated herein by reference. All capitalized terms not defined herein or defined in the Plan, but defined in the Bankruptcy Code or Rules, shall have the meanings ascribed to them by the Bankruptcy Code and Rules, and such definitions are incorporated herein by reference.

WHEREAS, at the time of the entry of the order for relief in the Chapter 11 case, Federal-Mogul and the other Asbestos Protected Parties were named as defendants in actions involving PI Trust Claims (as defined in the Plan); and

WHEREAS, the Plan has been confirmed by the Bankruptcy Court; and

WHEREAS, a corresponding scheme of arrangement has been approved by an English Bankruptcy Court; and

WHEREAS, the Plan and scheme of arrangement provide, *inter alia*, for the creation of the Federal-Mogul Personal Injury Trust (“PI Trust”); and

WHEREAS, pursuant to the Plan and scheme of arrangement, Federal-Mogul will make certain contributions to the PI Trust; and

WHEREAS, pursuant to the Plan and scheme of arrangement, the PI Trust will use the Federal-Mogul contributions to pay all Asbestos Personal Injury Claims (as defined in the Plan and hereinafter for all purposes of this TDP referred to as “PI Trust Claims”), caused by exposure to asbestos-containing products for which Federal-Mogul and/or its wholly owned direct or indirect subsidiaries (Turner & Newell (“T&N”) and its direct or indirect subsidiaries, Gasket Holdings Inc. (“Flexitallic”) and Ferodo America Inc. (“Ferodo”) (collectively the “T&N Entities”); Federal-Mogul Products Inc. (“FMP”); Felt Products Mfg. Co. (“Fel-Pro”); and its former division Vellumoid (“Vellumoid”); and their successors, and assigns (each a “Federal-Mogul Entity,” and collectively the “Federal-Mogul Entities”)) have legal responsibility under applicable tort law, as provided in and by the Plan and the PI Trust Agreement; and

WHEREAS, the Core Objective of the PI Trust is to enable each claimant to receive a payment from the PI Trust of Federal-Mogul’s several share of the unpaid portion of the liquidated value of PI Trust Claims that is at a level proportionate to payments to other claimants and that is calculated by reference to the level of settlements or awards which claimants have historically received in their respective tort systems; and

WHEREAS, pursuant to the Plan and scheme of arrangement, the PI Trust furthers the Core Objective by processing and paying all PI Trust Claims pursuant to the provisions of the Federal-Mogul Person Injury Trust Distribution Procedures (“TDP”) with the intention of paying all claimants over time as equivalent a share as possible of the value of their claims based on historical values for substantially similar claims in the relevant tort system; and

WHEREAS, pursuant to the Plan and scheme of arrangement, this Trust Agreement and the TDP further the Core Objective by prohibiting amendments that are inconsistent with or contrary to the Core Objective; and

WHEREAS, pursuant to the Plan and scheme of arrangement, the PI Trust shall establish four separate PI Trust Funds (the “Funds”), which shall include the T&N Worldwide Fund, which shall process, liquidate and make payments pursuant to this TDP to holders of PI Trust Claims for which T&N has legal liability as provided in the Plan, and the FMP Fund, the Fel-Pro Fund and the Vellumoid Fund, which shall pay claims from proceeds of insurance available to the corresponding Federal-Mogul Entity; and

WHEREAS, pursuant to the Plan and scheme of arrangement, one of the categories of PI Trust Claims that may be asserted against the T&N Worldwide Fund are T&N/U.K. Claims, which are based on exposure within the United Kingdom (“U.K.”) to asbestos or asbestos-containing products manufactured or distributed by T&N; and

WHEREAS, because liquidation of the T&N/U.K. Claims under the TDP will require knowledge of how such claims would be resolved in the U.K. tort system, and are expected to raise substantive and procedural U.K. legal issues, the Trustees are required in Section 2.1(g) below to retain U.K. legal advisers, who shall include at least one expert in English law and one

expert in Scottish law, and to consult with such advisers with respect to issues involving those aspects of U.K. law that would affect the processing, liquidation or payment of U.K. claims; and

WHEREAS, pursuant to the Plan, the PI Trust is intended to qualify as a “qualified settlement fund” within the meaning of Section 1.468B-1 *et seq.* of the Treasury Regulations promulgated under Section 468B of the Internal Revenue Code (“IRC”); and

WHEREAS, the Bankruptcy Court has determined that the PI Trust and the Plan satisfy all the prerequisites for injunctions pursuant to Section 524(g) and Section 105 of the Bankruptcy Code, and such injunctions have been entered in connection with the Confirmation Order.

NOW, THEREFORE, it is hereby agreed as follows:

## SECTION 1

### AGREEMENT OF TRUST

**1.1 Creation and Name.** Federal-Mogul as Settlor hereby creates a trust known as the “Federal-Mogul Asbestos Personal Injury Trust,” which is the PI Trust provided for and referred to in the Plan. The Trustees of the PI Trust may transact the business and affairs of the PI Trust in the name of the PI Trust.

**1.2 Purpose.** The purpose of the PI Trust is to assume all liabilities for and with respect to all PI Trust Claims (as defined in the Plan), and to use the assets contributed by Federal-Mogul to the PI Trust pursuant to the Plan and any other assets that may be contributed to or acquired by the PI Trust from time to time and the proceeds and income from such assets

(collectively, the “PI Trust Assets”) to pay the holders of all PI Trust Claims in accordance with this PI Trust Agreement and the TDP in such a way that such holders of PI Trust Claims are treated fairly, equitably and reasonably in light of the limited assets available to satisfy such claims, and to otherwise comply in all respects with the requirements of a trust set forth in Section 524(g)(2)(B) of the Bankruptcy Code.

**1.3 Transfer of Assets.** Pursuant to the Plan, the Plan consideration will be transferred and assigned to the PI Trust to settle and discharge all Asbestos PI Claims. Pursuant to the Plan, Federal-Mogul, its successors in interest thereto, from and after the Effective Date, and others may also transfer and assign additional assets to the PI Trust from time to time to be added to the PI Trust Assets described above. In all events, any and all assets transferred to the PI Trust shall be free and clear of any liens or other claims by Federal-Mogul, Reorganized Federal-Mogul, any creditor, or other entity. Federal-Mogul, Reorganized Federal-Mogul, and any other transferors shall also execute and deliver such documents to the PI Trust as the Trustees reasonably request to transfer and assign the PI Trust Assets to the PI Trust.

**1.4 Acceptance of Assets and Assumption of Liabilities**

(a) In furtherance of the purposes of the PI Trust, the Trustees, on behalf of the PI Trust, hereby expressly accept the transfer and assignment to the PI Trust of the PI Trust Assets in the time and manner contemplated in the Plan.

(b) In furtherance of the purposes of the PI Trust, the Trustees, on behalf of the PI Trust, expressly assume all liability for all PI Trust Claims. Subject to and as otherwise provided in the Plan and exhibits thereto, the PI Trust shall have all defenses, cross-claims, offsets, and recoupments, as well as rights of indemnification, contribution, subrogation, and

similar rights, regarding such claims that Federal-Mogul has or would have had under applicable law. Regardless of the foregoing, however, a claimant must meet otherwise applicable federal, state and foreign statutes of limitations and repose, except as otherwise provided in Section 5.1(a)(2) of the TDP.

(c) No provision herein or in the TDP shall be construed to mandate distributions on any claims or other actions that would contravene the PI Trust's compliance with the requirements of a qualified settlement fund within the meaning of section 1.468B-1 *et seq.* of the Treasury Regulations promulgated under section 468B of the IRC.

(d) Federal-Mogul and Reorganized Federal-Mogul shall be entitled to indemnification from the PI Trust for any expenses, costs, and fees (including attorneys' fees and costs, but excluding any such expenses, costs, and fees incurred prior to the Effective Date), judgments, settlements, or other liabilities arising from or incurred in connection with any action related to PI Trust Claims, including, but not limited to, indemnification or contribution for such claims prosecuted against Reorganized Federal-Mogul.

(e) Nothing in this PI Trust Agreement shall be construed in any way to limit the scope, enforceability, or effectiveness of the Section 524(g) or Section 105 injunctions issued in connection with the Plan or the PI Trust's assumption of all liability for PI Trust Claims, subject to the provisions of Section 1.4(b) above.

## SECTION 2

## POWERS AND TRUST ADMINISTRATION

### 2.1 Powers.

(a) The Trustees are and shall act as the fiduciaries to the PI Trust in accordance with the provisions of this PI Trust Agreement and the Plan. The Trustees shall, at all times, administer the PI Trust and the PI Trust Assets in accordance with the purposes set forth in Section 1.2 above. Subject to the limitations set forth in this PI Trust Agreement, the Trustees shall have the power to take any and all actions that, in the judgment of the Trustees, are necessary or proper to fulfill the purposes of the PI Trust, including, without limitation, each power expressly granted in this Section 2.1, any power reasonably incidental thereto, and any trust power now or hereafter permitted under the laws of the State of Delaware.

(b) Except as required by applicable law or otherwise specified herein, the Trustees need not obtain the order or approval of any court in the exercise of any power or discretion conferred hereunder.

(c) Without limiting the generality of Section 2.1(a) above, and except as limited below, the Trustees shall have the power to:

(i) receive and hold the PI Trust Assets, vote the Reorganized Federal-Mogul common stock, and exercise all rights with respect to, and sell, any securities issued by Reorganized Federal-Mogul that are included in the PI Trust Assets, subject to any restrictions set forth in the Restated Certificate of Reorganized Federal-Mogul;



(ii) allocate all PI Trust Assets, including insurance proceeds, received as of the Effective Date and thereafter, to the various PI Trust Funds that are liable for the PI Trust Claims payable from those assets.

(iii) invest the monies held from time to time by the PI Trust;

(iv) sell, transfer, or exchange any or all of the PI Trust Assets at such prices and upon such terms as the Trustees may consider proper, consistent with the other terms of this PI Trust Agreement;

(v) enter into leasing and financing agreements with third parties to the extent such agreements are reasonably necessary to permit the PI Trust to operate;

(vi) pay liabilities and expenses of the PI Trust, including, but not limited to, PI Trust expenses;

(vii) establish the T&N Fund, the FMP Fund, the Fel-Pro Fund and the Vellumoid Fund and such other funds, reserves and accounts with the PI Trust Assets, as deemed by the Trustees to be useful in carrying out the purposes of the PI Trust;

(viii) sue and be sued and participate, as a party or otherwise, in any judicial, administrative, arbitrate, or other proceeding;

(ix) establish, supervise and administer the PI Trust in accordance with the TDP and the terms thereof;

(x) appoint such officers and hire such employees and engage such legal, financial, accounting, investment, auditing and forecasting, and other consultants and agents as

the business of the PI Trust requires, and delegate to such persons such powers and authorities as the fiduciary duties of the Trustees permit and as the Trustees, in their discretion, deem advisable or necessary in order to carry out the terms of the PI Trust;

(xi) pay employees, legal, financial, accounting, investment, auditing, and forecasting, and other consultants, advisors, and agents, including those engaged by the PI Trust in connection with its alternative dispute resolution activities, reasonable compensation;

(xii) compensate the Trustees, the TAC members, and the Future Claimants' Representative as provided below, and their employees, legal, financial, accounting, investment and other advisors, consultants, independent contractors, and agents, and reimburse the Trustees, the TAC members and the Future Claimants' Representative all reasonable out-of-pocket costs and expenses incurred by such persons in connection with the performance of their duties hereunder;

(xiii) execute and deliver such instruments as the Trustees consider proper in administering the PI Trust;

(xiv) enter into such other arrangements with third parties as are deemed by the Trustees to be useful in carrying out the purposes of the PI Trust, provided such arrangements do not conflict with any other provision of this PI Trust Agreement;

(xv) in accordance with Section 4.6 below, defend, indemnify and hold harmless (and purchase insurance indemnifying) (A) the Trustees and (B) the TAC, the Future Claimants' Representative, the officers and employees of the PI Trust, and any agents, advisors and consultants of the PI Trust, the TAC or the Future Claimants' Representative (the

“Additional Indemnitees”), to the fullest extent that a corporation or trust organized under the law of the PI Trust’s situs is from time to time entitled to indemnify and/or insure its directors, trustees, officers, employees, agents, advisors and representatives;

(xvi) indemnify Reorganized Federal-Mogul by reason of any present or future PI Trust Claims against all expenses, costs, fees (including attorneys’ fees), judgments, awards, settlements, and other liabilities incurred in connection therewith;

(xvii) delegate any or all of the authority herein conferred with respect to the investment of all or any portion of the PI Trust Assets to any one or more reputable individuals or recognized institutional investment advisors or investment managers without liability for any action taken or omission made because of any such delegation, except as provided in Section 4.4 below;

(xviii) consult with Reorganized Federal-Mogul, the TAC and the Future Claimants’ Representative at such times and with respect to such issues relating to the conduct of the PI Trust as the Trustees consider desirable; and

(xix) make, pursue (by litigation or otherwise), collect, compromise or settle, in the name of the PI Trust or in the name of Reorganized Federal-Mogul any claim, right, action, or cause of action included in the PI Trust Assets including, but not limited to, insurance recoveries, before any court of competent jurisdiction; provided that settlement of actions before the Bankruptcy Court require the approval of the Bankruptcy Court after notice to Reorganized Federal-Mogul as the case may be.

(d) The Trustees shall not have the power to guarantee any debt of other persons.

(e) The Trustees shall give the TAC, the Future Claimants' Representative, and Reorganized Federal-Mogul prompt notice of any act performed or taken pursuant to Sections 2.1(c)(i), (iii), (vii), or (xv) above, and any act proposed to be performed or taken pursuant to Section 2.2(f) below.

(f) The Trustees shall have the power to seek or sue for insurance coverage proceeds only in connection with the rights transferred to the PI Trust pursuant to the Plan.

(g) The Trustees shall have the power to allocate the administrative expenses of the PI Trust among the various PI Trust Funds on a reasonable basis that takes into account the relative assets and liabilities of each such Fund with the consent of the TAC and the Future Claimants Representative. The Trustees may also advance funds from one PI Trust Fund to another PI Trust Fund to pay the latter Fund's administrative expenses, including the costs of insurance litigation; provided, however, that the PI Trust Fund that received the advance shall reimburse the PI Trust Fund that made the advance as soon as the monies are available for such reimbursement.

(g) Because resolution of T&N/U.K. Claims are expected to raise substantive and procedural U.K. legal issues, the Trustees shall retain U.K. legal advisers, who shall include at least one expert in English law and one expert in Scottish law, and shall consult with such advisers with respect to issues involving those aspects of U.K. law that would affect the processing, liquidation or payment of U.K. claims. The PI Trust shall select its initial U.K. legal advisers in consultation with the Administrator of the U.K. bankruptcy, and shall consult thereafter with the Chairman of the Personal Injury Bar Association with respect to the

replacement of the English law expert and with the Chairman of the Advocates Personal Injury Group with respect to the replacement of the Scottish law expert.

## **2.2 General Administration.**

(a) The Trustees shall adopt and act in accordance with the PI Trust Bylaws. To the extent not inconsistent with the terms of this PI Trust Agreement, the PI Trust Bylaws shall govern the affairs of the PI Trust. In the event of an inconsistency between the PI Trust Bylaws and this PI Trust Agreement, the PI Trust Agreement shall govern.

(b) The Trustees shall (i) timely file such income tax and other returns and statements and shall timely pay all taxes required to be paid, (ii) comply with all withholding obligations, as required under the applicable provisions of the IRC and of any state law and the regulations promulgated thereunder, (iii) meet without limitation all requirements necessary to qualify and maintain qualification of the PI Trust as a qualified settlement fund within the meaning of Section 1.468B-1 *et seq.* of the Treasury Regulations promulgated under Section 468B of the IRC, and (iv) take no action that could cause the PI Trust to fail to qualify as a qualified settlement fund within the meaning of Section 1.468B-1 *et seq.* of the Treasury Regulations promulgated under Section 468B of the IRC.

(c) The Trustees shall timely account to the Bankruptcy Court as follows:

(i) The Trustees shall cause to be prepared and filed with the Bankruptcy Court, as soon as available, and in any event within one hundred and twenty (120) days following the end of each fiscal year, an annual report containing *inter alia* financial statements of the PI Trust (including, without limitation, a balance sheet of the PI Trust as of the

end of such fiscal year and a statement of operations for such fiscal year) audited by a firm of independent certified public accountants selected by the Trustees and accompanied by an opinion of such firm as to the fairness of the financial statements' presentation of the cash and investments available for the payment of claims and as to the conformity of the financial statements with generally accepted accounting principles. The Trustees shall provide a copy of such report to the TAC, the Future Claimants' Representative, and Reorganized Federal-Mogul when such reports are filed with the Bankruptcy Court.

(ii) Simultaneously with delivery of each set of financial statements referred to in Article 2.2(c)(i) above, the Trustees shall cause to be prepared and filed with the Bankruptcy Court a report containing a summary regarding the number and type of claims disposed of during the period covered by the financial statements. The Trustees shall provide a copy of such report to the TAC, the Future Claimants' Representatives, and Reorganized Federal-Mogul when such report is filed.

(iii) All materials required to be filed with the Bankruptcy Court by this Section 2.2(c) shall be available for inspection by the public in accordance with procedures established by the Bankruptcy Court and shall be filed with the Office of the United States Trustee for the District of Delaware.

(d) The Trustees shall cause to be prepared as soon as practicable prior to the commencement of each fiscal year a budget and cash flow projections covering such fiscal year and the succeeding four fiscal years. The budget and cash flow projections shall include determining the Maximum Annual Payment pursuant to Section 2.4 of the TDP, and the Claims

Payment Ratio pursuant to Section 2.5 of the TDP. The Trustees shall provide a copy of the budget and cash flow projections to the TAC and the Future Claimants' Representative.

(e) The Trustees shall consult with the TAC and the Future Claimants' Representative (i) on the general implementation and administration of the PI Trust; (ii) on the general implementation and administration of the TDP; and (iii) on such other matters as may be required under this PI Trust Agreement and the TDP.

(f) The Trustees shall be required to obtain the consent of the TAC and the Future Claimants' Representative pursuant to the Consent Process set forth in Section 5.7(b) and 6.6(b) below, in addition to any other instances elsewhere enumerated, in order:

(i) To change the Claims Payment Ratio described in Section 2.5 of the TDP in the event that the requirements for such a change as set forth in said provision have been met;

(ii) to change the Disease Levels, Medical/Exposure Criteria set forth in Section 5.3(a)(1)(C) of the TDP, and/or the Scheduled, Average and/or Maximum Values set forth in Sections 5.3(a)(3) of the TDP;

(iii) to change the Payment Percentage described in Section 4.2 of the TDP;

(iv) to establish and/or to change the Proof of Claim Forms and other claims materials to be provided holders of PI Trust Claims under Section 6.1 of the TDP;

(v) to require that claimants provide additional kinds of medical or exposure evidence pursuant to Section 5.7 of the TDP;

(vi) to change the form of release to be provided pursuant to Section 7.8 of the TDP, provided that the release must be consistent with the requirements of the Plan;

(vii) to terminate the PI Trust pursuant to Section 7.2 below;

(viii) to settle the liability of any insurer under any insurance policy or legal action related thereto;

(ix) to change the compensation of the members of the TAC, the Future Claimants' Representative or Trustees, other than to reflect cost-of-living increases or changes approved by the Bankruptcy Court as otherwise provided herein;

(x) to take structural or other actions to minimize any tax on the PI Trust Assets;

(xi) to amend the PI Trust Bylaws in accordance with the terms thereof;

(xii) to amend any provision of the PI Trust Agreement or the TDP in accordance with the terms thereof;

(xiii) to vote the shares of Reorganized Federal-Mogul Common Stock held by the PI Trust for purposes of electing members of the Board of Directors of Reorganized Federal-Mogul and such other matters as may be submitted to shareholders; and



(xiv) to merge any asbestos claims resolution organization formed by the PI Trust with another asbestos claims resolution organization that is not specifically created by this PI Trust Agreement or the TDP, or to contract with another asbestos claims resolution organization or other entity that is not specifically created by this PI Trust Agreement or the TDP, or permit any other party to join in any asbestos claims resolution organization that is formed by the PI Trust pursuant to the PI Trust Agreement or the TDP; provided that such merger, contract or joinder shall not (a) subject Reorganized Federal-Mogul or the other Asbestos Protected Parties or any successors in interest thereto, to any risk of having any PI Trust Claim asserted against it or them, or (b) otherwise jeopardize the validity or enforceability of the Section 524(g) and/or the Section 105 injunctions; and provided further that the terms of such merger will require the surviving organization to make decisions about the allowability and value of claims in accordance with Section 2.1 of the TDP which requires that such decisions be based on the provisions of the TDP.

(g) The Trustees shall meet with the TAC and the Future Claimants' Representative no less often than quarterly. The Trustees shall meet in the interim with the TAC and the Future Claimants' Representative when so requested by either.

(h) The Trustees, upon notice from either the TAC or the Future Claimants' Representative, if practicable in view of pending business, shall at their next meeting with the TAC or the Future Claimants' Representative consider issues submitted by the TAC or the Future Claimants' Representative.

(i) Periodically, but not less often than once a year, the Trustees shall make available to claimants and other interested parties the number of claims by disease levels that

have been resolved both by individual review and by arbitration, as well as by trial, indicating the amounts of the awards and the averages of the awards by jurisdiction pursuant to Section 7.10 of the TDP.

**2.3 Claims Administration.**

The Trustees shall promptly proceed to implement the TDP.

**SECTION 3**

**ACCOUNTS, INVESTMENTS, AND PAYMENTS**

**3.1 Funds and Accounts.** The Trustees shall create the T&N Fund, the FMP Fund, the Fel-Pro Fund and the Vellumoid Fund as provided above, and may, from time to time, create such other funds, accounts and reserves within the PI Trust estate as they may deem necessary, prudent, or useful in order to provide for the payment of expenses and payment of PI Trust Claims, and may, with respect to any such fund, account or reserve, restrict the use of monies therein. The assets of each such Fund shall be held by the Trustees as a separate, segregated account, shall not be co-mingled with the assets of any other Fund, and shall not be used for any purpose other than paying claims asserted against such Fund, as well as expenses incurred by the PI Trust in the administration of the Fund.

**3.2 Investments.** Investment of monies held in the PI Trust shall be administered in the manner in which individuals of ordinary prudence, discretion, and judgment would act in the management of their own affairs, subject to the following limitations and provisions:

(a) The PI Trust shall not acquire, directly or indirectly, equity in any entity (other than Reorganized Federal-Mogul or any successor to Reorganized Federal-Mogul) or business enterprise if, immediately following such acquisition, the PI Trust would hold more than 5% of the equity in such entity or business enterprise. The PI Trust shall not hold, directly or indirectly, more than 10% of the equity in any entity (other than Reorganized Federal-Mogul or any successor to Reorganized Federal-Mogul) or business enterprise.

(b) The PI Trust shall not acquire or hold any long-term debt securities unless (i) such securities are included in the PI Trust Assets under the Plan, (ii) such securities are rated "Baa" or higher by Moody's, "BBB" or higher by Standard & Poor's ("S&P's"), or have been given an equivalent investment grade rating by another nationally recognized statistical rating agency, or (iii) have been issued or fully guaranteed as to principal and interest by the United States of America or any agency or instrumentality thereof.

(c) The PI Trust shall not acquire or hold for longer than ninety (90) days any commercial paper unless such commercial paper is rated "Prime-1" or higher by Moody's or "A-1" or higher by S&P's or has been given an equivalent rating by another nationally recognized statistical rating agency.

(d) Excluding any securities of the Debtor or Reorganized Federal-Mogul, the PI Trust shall not acquire or hold any common or preferred stock or convertible securities unless such stock or securities are rated "A" or higher by Moody's or "A" or higher by S&P's or have been given an equivalent investment grade rating by another nationally recognized statistical rating agency.

(e) The PI Trust shall not acquire any debt securities or other instruments issued by any entity (other than debt securities or other instruments issued or fully guaranteed as to principal and interest by the United States of America or any agency or instrumentality thereof) if, following such acquisition, the aggregate market value of all debt securities and instruments issued by such entity held by the PI Trust would exceed 2% of the aggregate value of the PI Trust Assets. The PI Trust shall not hold any debt securities or other instruments issued by any entity (other than debt securities or other instruments issued or fully guaranteed as to principal and interest by the United States of America or any agency or instrumentality thereof and other than debt securities or other instruments of Reorganized Federal-Mogul or any successor to Reorganized Federal-Mogul) to the extent that the aggregate market value of all securities and instruments issued by such entity held by the PI Trust would exceed 5% of the aggregate value of the PI Trust Assets.

(f) The PI Trust shall not acquire or hold any certificates of deposit unless all publicly held, long-term debt securities, if any, of the financial institution issuing the certificate of deposit and the holding company, if any, of which such financial institution is a subsidiary, meet the standards set forth in Section 3.2(b) above.

(g) The PI Trust may acquire and hold any securities or instruments issued by Reorganized Federal-Mogul or any successor to Reorganized Federal-Mogul, or obtained as proceeds of litigation or otherwise to resolve disputes, without regard to the limitations set forth in Subsections (a)-(f) above.

(h) The PI Trust shall not acquire or hold any repurchase obligations unless, in the opinion of the Trustees, they are adequately collateralized.

- (i) The PI Trust shall not acquire or hold any options.

**3.3 Source of Payments.** All PI Trust expenses and all liabilities with respect to PI Trust Claims shall be payable solely by the Trustees out of the PI Trust Assets. Neither the debtor, Reorganized Federal-Mogul or their subsidiaries, any successor in interest, or the present or former shareholders, directors, officers, employees or agents of the debtor or Federal-Mogul, or their subsidiaries, nor the Trustees, the TAC or Future Claimants' Representative, or any of their officers, agents, advisors, or employees shall be liable for the payment of any PI Trust expense or any other liability of the PI Trust.

## **SECTION 4**

### **TRUSTEES**

**4.1 Number.** There shall be three (3) Trustees. The initial Trustees shall be those persons named on the signature page hereof. At their first meeting, the initial Trustees shall designate one of their number to serve as the Managing Trustee of the PI Trust, with such administrative duties as the Trustees may determine. The Trustees may change the designation of the individual to serve as Managing Trustee from time to time as circumstances warrant.

**4.2 Term of Service.**

(a) The initial Trustees named pursuant to Article 4.1 above shall serve the staggered terms of three (3), four (4) and five (5) years as shown on the signature page hereof. Thereafter each term of service shall be five (5) years. The initial Trustees shall serve from the Effective Date until the earlier of (i) the end of his or her term, (ii) his or her death, (iii) his or her

resignation pursuant to Section 4.2(b) below, (iv) his or her removal pursuant to Section 4.2(c) below, or (v) the termination of the PI Trust pursuant to Section 7.2 below.

(b) A Trustee may resign at any time by written notice to the remaining Trustees, the TAC and the Future Claimants' Representative. Such notice shall specify a date when such resignation shall take place, which shall not be less than 90 days after the date such notice is given, where practicable.

(c) A Trustee may be removed by unanimous vote of the remaining Trustees in the event that he or she becomes unable to discharge his or her duties hereunder due to accident or physical or mental deterioration, or for other good cause. Good cause shall be deemed to include, without limitation, any substantial failure to comply with the general administration provisions of Section 2.2 above, a consistent pattern of neglect and failure to perform or participate in performing the duties of the Trustees hereunder, or repeated non-attendance at scheduled meetings. Such removal shall require the approval of the Bankruptcy Court and shall take effect at such time as the Bankruptcy Court shall determine.

#### **4.3 Appointment of Successor Trustees.**

(a) In the event of a vacancy in the position of a Trustee, whether by death, term expiration, resignation or removal, the remaining Trustees shall consult with the TAC and the Future Claimants' Representative concerning appointment of a successor Trustee (a "Successor Trustee"). The vacancy shall be filled by the unanimous vote of the remaining Trustees unless a majority of the TAC or the Future Claimants' Representative vetoes the appointment. In the event that the remaining Trustees cannot agree on a Successor Trustee, or a majority of the TAC or the Future Claimants' Representative vetoes the appointment of the

proposed successor Trustee, the Bankruptcy Court shall make the appointment. Nothing shall prevent the reappointment of a Trustee for an additional term or terms.

(b) Immediately upon the appointment of any Successor Trustee, all rights, titles, duties, powers and authority of the predecessor Trustee hereunder shall be vested in, and undertaken by, the Successor Trustee without any further act. No Successor Trustee shall be liable personally for any act or omission of his or her predecessor Trustees.

(c) Each Successor Trustee shall serve until the earlier of (i) the end of a full term of five (5) years if the predecessor Trustee completed his or her term, (ii) the end of the remainder of the term of the Trustee whom he or she is replacing if said predecessor Trustee did not complete said term, (iii) his or her death, (iv) his or her resignation pursuant to Section 4.2(b) above, (v) his or her removal pursuant to Section 4.2(c) above, or (vi) the termination of the PI Trust pursuant to Section 7.2 below.

**4.4 Liability of Trustees, Officers and Employees.** The Trustees and the individuals identified as Additional Indemnites in Section 2.1(c)(xiv) above shall not be liable to the PI Trust, to any individual holding an asbestos claim, or to any other person, except for such individual's own breach of trust committed in bad faith or willful misappropriation. In addition, the Trustees and the Additional Indemnites shall not be liable for any act or omission of any other Trustee or Additional Indemnitee unless such person acted with bad faith in the selection or retention of such other Trustee or Additional Indemnitee.

#### **4.5 Compensation and Expenses of Trustees.**

(a) The Trustees shall receive compensation from the PI Trust for their services as Trustees in the amount of \$75,000 per annum for the Managing Trustee and \$60,000 per annum for the other Trustees, plus a per diem allowance for meetings or other PI Trust business performed in the amount of \$1,500. For purposes of the per diem allowance, PI Trust business includes, but is not limited to, attendance at meetings of Reorganized Federal-Mogul's Board of Directors. For purposes of Section 7.4 below, the Trustees shall determine the scope and duration of activities that constitute a meeting and, if the Trustees elect to provide for payment for activities of less than a full day's duration, may provide for partial payment of per diem amounts on a proportional basis for activities of less than a full day's duration. The per annum and per diem compensation payable to the Trustees hereunder shall be reviewed every three (3) years and appropriately adjusted for changes in the cost of living. Any other changes in compensation of the Trustees shall be made subject to the approval of the Bankruptcy Court.

(b) The PI Trust will promptly reimburse the Trustees for all reasonable out-of-pocket costs and expenses incurred by the Trustees in connection with the performance of their duties hereunder.

(c) The PI Trust shall include a description of the amounts paid under this Section 4.5 in the accounts to be filed with the Bankruptcy Court and provided to the TAC, the Future Claimants' Representative, and Reorganized Federal-Mogul pursuant to Section 2.2(c)(i).



#### **4.6 Indemnification of Trustees and Additional Indemnitees.**

(a) The PI Trust shall indemnify and defend the Trustees, as well as the Additional Indemnitees in the performance of their duties hereunder to the fullest extent that a corporation or trust organized under the laws of the PI Trust's situs is from time to time entitled to indemnify and defend such persons against any and all liabilities, expenses, claims, damages or losses incurred by them in the performance of their duties. Notwithstanding the foregoing, the Trustees and the Additional Indemnitees shall not be indemnified or defended in any way for any liability, expense, claim, damage, or loss for which he or she is ultimately held liable under Section 4.4 above. The PI Trust shall also indemnify all entities described in Section 4.11 of the Plan for such liabilities as are described in such Plan provision.

(b) Reasonable expenses, costs and fees (including attorneys' fees and costs) incurred by or on behalf of a Trustee or Additional Indemnitee in connection with any action, suit, or proceeding, whether civil, administrative or arbitral from which they are indemnified by the PI Trust pursuant to Section 4.6(a) above, shall be paid by the PI Trust in advance of the final disposition thereof upon receipt of an undertaking, by or on behalf of such Trustee or Additional Indemnitee, to repay such amount in the event that it shall be determined ultimately by final order that such Trustee or Additional Indemnitee is not entitled to be indemnified by the PI Trust.

(c) The Trustees may purchase and maintain reasonable amounts and types of insurance on behalf of an individual who is or was a Trustee or Additional Indemnitee including against liability asserted against or incurred by such individual in that capacity or arising from

his or her status as a Trustee, TAC member, Future Claimants' Representative, or officer, employee, agent or other representative of the Trustees or Additional Indemnitees.

**4.7 Trustees' Lien.** The Trustees and the Additional Indemnitees shall have a first priority lien upon the PI Trust Assets to secure the payment of any amounts payable to them pursuant to Section 4.6 above.

**4.8 Trustees' Employment of Experts.** The Trustees may, but shall not be required to, retain and/or consult with counsel, accountants, appraisers, auditors and forecasters, and other parties deemed by the Trustees to be qualified as experts on the matters submitted to them, and the written opinion of or information provided by any such parties on any matters submitted to them by the Trustees shall be full and complete authorization and protection in respect of any action taken or not taken by the Trustees hereunder in good faith and in accordance with the written opinion of or information provided by any such party.

**4.9 Trustees' Independence.** The Trustees shall not, during the term of their service, hold a financial interest in, act as attorney or agent for, or serve as any other professional for Reorganized Federal-Mogul. Notwithstanding the foregoing, any Trustee may serve, without any additional compensation other than the per diem compensation to be paid by the PI Trust pursuant to Section 4.5(a) above, as a director of Reorganized Federal-Mogul. No Trustee shall act as an attorney for any person who holds an asbestos claim.

**4.10 Bond.** The Trustees shall not be required to post any bond or other form of surety or security unless otherwise ordered by the Bankruptcy Court.

## SECTION 5

### TRUST ADVISORY COMMITTEE

**5.1 Members.** The TAC shall consist of four (4) members, who shall initially be the persons named on the signature page hereof.

**5.2 Duties.** The members of the TAC shall serve in a fiduciary capacity representing all holders of present PI Trust Claims. The Trustees must consult with the TAC on matters identified in Section 2.2(e) above and in other provisions herein, and must obtain the consent of the TAC on matters identified in Section 2.2(f) above. Where provided in the TDP, certain other actions by the Trustees are also subject to the consent of the TAC.

**5.3 Term of Office.**

(a) A member of the TAC shall serve until the earlier of (i) his or her death, (ii) his or her resignation pursuant to Section 5.3(b) below, (iii) his or her removal pursuant to Section 5.3(c) below, or (iv) termination of the PI Trust pursuant to Section 7.2 below.

(b) A member of the TAC may resign at any time by written notice to the other members of the TAC, the Trustees and the Future Claimants' Representative. Such notice shall specify a date when such resignation shall take effect, which shall not be less than ninety (90) days after the date such notice is given, where practicable.

(c) A member of the TAC may be removed in the event that he or she becomes unable to discharge his or her duties hereunder due to accident, physical deterioration, mental incompetence, or a consistent pattern of neglect and failure to perform or to participate in

performing the duties of such member hereunder, such as repeated non-attendance at scheduled meetings, or other good cause. Such removal shall be made at the recommendation of the remaining members of the TAC with the approval of the Bankruptcy Court.

**5.4 Appointment of Successor.**

(a) In the event of a vacancy caused by the resignation or death of a TAC member, his or her successor shall be pre-selected by the resigning or deceased TAC member, or by his or her law firm in the event that such member has not pre-selected a successor. If neither the member nor the law firm exercises the right to make such a selection, the successor shall be chosen by a majority vote of the remaining TAC members. If a majority of the remaining members cannot agree, the Bankruptcy Court shall appoint the successor. In the event of a vacancy caused by the removal of a TAC member, the remaining members of the TAC by majority vote shall name the successor. If the majority of the remaining members of the TAC cannot reach agreement, the Bankruptcy Court shall appoint the successor.

(b) Each successor TAC member shall serve until the earlier of (i) his or her death, (ii) his or her resignation pursuant to Section 5.3(b) above, (iii) his or her removal pursuant to Section 5.3(c) above, or (iv) the termination of the PI Trust pursuant to Section 7.2 below.

## **5.5 TAC's Employment of Professionals.**

(a) The TAC may but is not required to retain and/or consult counsel, accountants, appraisers, auditors, forecasters, experts, and financial and investment advisors, and such other parties deemed by the TAC to be qualified as experts on matters submitted to the TAC (the "Professionals"). The TAC and its Professionals shall at all times have complete access to the PI Trust's officers, employees and agents, as well as to the Professionals retained by the PI Trust, and shall also have complete access to all information generated by them or otherwise available to the PI Trust or the Trustees. In the absence of gross negligence, the written opinion of or information provided by any Professional deemed by the TAC to be qualified as an expert on the particular matter submitted to the TAC shall be full and complete authorization and protection in support of any action taken or not taken by the TAC in good faith and in accordance with the written opinion of or information provided by the Professional.

(b) The PI Trust shall promptly reimburse, or pay directly if so instructed, the TAC for all reasonable fees and costs associated with the TAC's employment of legal counsel pursuant to this provision in connection with the TAC's performance of its duties hereunder. The PI Trust shall also promptly reimburse, or pay directly if so instructed, the TAC for all reasonable fees and costs associated with the TAC's employment of any other Professional pursuant to this provision in connection with the TAC's performance of its duties hereunder; provided, however, that (i) the TAC has first submitted to the PI Trust a written request for such reimbursement setting forth the reasons (A) why the TAC desires to employ such Professional, and (B) why the TAC cannot rely on Professionals retained by the Trust to meet the need of the TAC for such expertise or advice, and (ii) the PI Trust has approved the TAC's request for reimbursement in writing. If the PI Trust agrees to pay for the TAC Professional, such

reimbursement shall be treated as an PI Trust Expense. If the PI Trust declines to pay for the TAC Professional, it must set forth its reasons in writing. If the TAC still desires to employ such Professional at the PI Trust's expense, the TAC and the Trustees shall resolve their dispute pursuant to Section 7.13 below.

#### **5.6 Compensation and Expenses of TAC.**

The members of the TAC shall receive compensation from the PI Trust for their services as TAC members in the form of a reasonable hourly rate set by the Trustees for attendance at meetings or other conduct of PI Trust business. The members of the TAC shall also be reimbursed promptly for all reasonable out-of-pocket costs and expenses incurred by the TAC members in connection with the performance of their duties hereunder. Such reimbursement or direct payment shall be deemed an PI Trust expense. The PI Trust shall include a description of the amounts paid under this Section 5.6 in the accounts to be filed with the Bankruptcy Court and provided to the Trustees, the Future Claimants' Representative, and Reorganized Federal-Mogul pursuant to Section 2.2(c)(i).

#### **5.7 Procedures for Consultation with and Obtaining the Consent of the TAC.**

##### **(a) Consultation Process.**

(i) In the event the Trustees are required to consult with the TAC pursuant to Section 2.2(e) above or on other matters as provided herein, the Trustees shall provide the TAC with written advance notice of the matter under consideration, and with all relevant information concerning the matter as is reasonably practicable under the circumstances. The Trustees shall also provide the TAC with such reasonable access to Professionals and other

experts retained by the PI Trust and its staff (if any) as the TAC may reasonably request during the time that the Trustees are considering such matter, and shall also provide the TAC the opportunity, at reasonable times and for reasonable periods of time, to discuss and comment on such matter with the Trustees.

(ii) The Trustees shall take into consideration the time required for the TAC, if its members so wish, to engage and consult with its own independent financial or investment advisors as to such matter.

(b) **Consent Process.**

(i) In the event the Trustees are required to obtain the consent of the TAC pursuant to Section 2.2(f) above, the Trustees shall provide the TAC with a written notice stating that their consent is being sought pursuant to that provision, describing in detail the nature and scope of the action the Trustees propose to take, and explaining in detail the reasons why the Trustees desire to take such action. The Trustees shall provide the TAC as much relevant additional information concerning the proposed action as is reasonably practicable under the circumstances. The Trustees shall also provide the TAC with such reasonable access to Professionals and other experts retained by the PI Trust and its staff (if any) as the TAC may reasonably request during the time that the Trustees are considering such action, and shall also provide the TAC the opportunity, at reasonable times and for reasonable periods of time, to discuss and comment on such action with the Trustees.

(ii) The TAC must consider in good faith and in a timely fashion any request for its consent by the Trustees, and must in any event advise the Trustees in writing of its consent or its objection to the proposed action within 30 days of receiving the original request for

consent from the Trustees. The TAC may not withhold its consent unreasonably. If the TAC decides to withhold its consent, it must explain in detail its objections to the proposed action. If the TAC does not advise the Trustees in writing of its consent or its objections to the action within 30 days of receiving notice regarding such request, the TAC's consent to the proposed actions shall be deemed to have been affirmatively granted.

(iii) If, after following the procedures specified in this Section 5.7(b), the TAC continues to object to the proposed action and to withhold its consent to the proposed action, the Trustees and/or the TAC shall resolve their dispute pursuant to Section 7.13. However, the burden of proof with respect to the validity of the TAC's objection and withholding of its consent shall be on the TAC.

## SECTION 6

### THE FUTURE CLAIMANTS' REPRESENTATIVE

**6.1 Duties.** The Future Claimants' Representative shall be the individual identified on the signature pages hereto. He or she shall serve in a fiduciary capacity, representing the interests of the holders of future PI Trust Claims for the purpose of protecting the rights of such persons. The Trustees must consult with the Future Claimants' Representative on matters identified in Section 2.2(e) above and on certain other matters provided herein, and must obtain the consent of the Future Claimants' Representative on matters identified in Section 2.2(f) above. Where provided in the TDP, certain other actions by the Trustees are also subject to the consent of the Future Claimants' Representative.

**6.2 Term of Office.**



(a) The Future Claimants' Representative shall serve until the earlier of (i) his or her death, (ii) his or her resignation pursuant to Section 6.2(b) below, (iii) his or her removal pursuant to Section 6.2(c) below, or (iv) the termination of the PI Trust pursuant to Section 7.2 below.

(b) The Future Claimants' Representative may resign at any time by written notice to the Trustees. Such notice shall specify a date when such resignation shall take effect, which shall not be less than ninety (90) days after the date such notice is given, where practicable.

(c) The Future Claimants' Representative may be removed by the Bankruptcy Court in the event he or she becomes unable to discharge his or her duties hereunder due to accident, physical deterioration, mental incompetence, or a consistent pattern of neglect and failure to perform or to participate in performing the duties hereunder, such as repeated non-attendance at scheduled meetings.

**6.3 Appointment of Successor.** A vacancy caused by death or resignation shall be filled with an individual nominated prior to the effective date of the resignation or the death by the resigning or deceased Future Claimants' Representative, and a vacancy caused by removal of the Future Claimants' Representative shall be filled with an individual nominated by the Trustees in consultation with the TAC, subject to the approval of the Bankruptcy Court.. In the event a majority of the Trustees cannot agree, or a nominee has not been pre-selected, the successor shall be chosen by the Bankruptcy Court.

**6.4 Future Claimants' Representative's Employment of Professionals.**

(a) The Future Claimants' Representative may but is not required to retain and/or consult counsel, accountants, appraisers, auditors, forecasters, experts, and financial and investment advisors, and such other parties deemed by the Future Claimants' Representative to be qualified as experts on matters submitted to the Future Claimants' Representative (the "Professionals"). The Future Claimants' Representative and his or her experts shall at all times have complete access to the PI Trust's officers, employees and agents, as well as to the Professionals retained by the PI Trust, and shall also have complete access to all information generated by them or otherwise available to the PI Trust or the Trustees. In the absence of gross negligence, the written opinion of or information provided by any Professional deemed by the Future Claimants' Representative to be qualified as an expert on the particular matter submitted to the Future Claimants' Representative shall be full and complete authorization and protection in support of any action taken or not taken by the Future Claimants' Representative in good faith and in accordance with the written opinion of or information provided by the Professional.

(b) The PI Trust shall promptly reimburse, or pay directly if so instructed, the Future Claimants' Representative for all reasonable fees and costs associated with the Future Claimants' Representative's employment of legal counsel pursuant to this provision in connection with the Future Claimants' Representative's performance of his or her duties hereunder. The PI Trust shall also promptly reimburse, or pay directly if so instructed, the Future Claimants' Representative for all reasonable fees and costs associated with the Future Claimants' Representative's employment of any other Professionals pursuant to this provision in connection with the Future Claimants' Representative's performance of his or her duties hereunder; provided, however, that (i) the Future Claimants' Representative has first submitted to the PI Trust a written request for such reimbursement setting forth the reasons (A) why the

Future Claimants' Representative desires to employ the Professional, and (B) why the Future Claimants' Representative cannot rely on Professionals retained by the PI Trust to meet the need of the Future Claimants' Representative for such expertise or advice, and (ii) the PI Trust has approved the Future Claimants' Representative's request for reimbursement in writing. If the PI Trust agrees to pay for the Future Claimants' Representative's Professional, such reimbursement shall be treated as an PI Trust Expense. If the PI Trust declines to pay for the Future Claimants' Representative's Professional, it must set forth its reasons in writing. If the Future Claimants' Representative still desires to employ the Professional at PI Trust expense, the Future Claimants' Representative and the Trustees shall resolve their dispute pursuant to Section 7.13 below.

**6.5 Compensation and Expenses of the Future Claimants' Representative.**

(a) The Future Claimants' Representative shall receive compensation from the PI Trust in the form of the Future Claimants' Representative's normal hourly rate for services performed. The PI Trust will promptly reimburse the Future Claimants' Representative for all reasonable out-of-pocket costs and expenses incurred by the Future Claimants' Representative in connection with the performance of his or her duties hereunder. Such reimbursement or direct payment shall be deemed an PI Trust expense. The PI Trust shall include a description of the amounts paid under this Section 6.5 in the accounts to be filed with the Bankruptcy Court and provided to the Trustees, the Future Claimants' Representative, and Reorganized Federal-Mogul pursuant to Section 2.2(c)(i).

**6.6 Procedures for Consultation with and Obtaining the Consent of the Future Claimants' Representative.**

(a) **Consultation Process.**

(i) In the event the Trustees are required to consult with the Future Claimants' Representative pursuant to Section 2.2(e) above or on any other matters specified herein, the Trustees shall provide the Future Claimants' Representative with written advance notice of the matter under consideration, and with all relevant information concerning the matter as is reasonably practicable under the circumstances. The Trustees shall also provide the Future Claimants' Representative with such reasonable access to Professionals and other experts retained by the PI Trust and its staff (if any) as the Future Claimants' Representative may reasonably request during the time that the Trustees are considering such matter, and shall also provide the Future Claimants' Representative the opportunity, at reasonable times and for reasonable periods of time, to discuss and comment on such matter with the Trustees.

(ii) The Trustees shall take into consideration the time required for the Future Claimants' Representative, if he or she so wishes, to engage and consult with his or her own independent financial or investment advisors as to such matter.

(b) **Consent Process.**

(i) In the event the Trustees are required to obtain the consent of the Future Claimants' Representative pursuant to Section 2.2(f) above, the Trustees shall provide the Future Claimants' Representative with a written notice stating that his or her consent is being sought pursuant to that provision, describing in detail the nature and scope of the action the Trustees propose to take, and explaining in detail the reasons why the Trustees desire to take such action. The Trustees shall provide the Future Claimants' Representative as much relevant additional information concerning the proposed action as is reasonably practicable under the

circumstances. The Trustees shall also provide the Future Claimants' Representative with such reasonable access to Professionals and other experts retained by the PI Trust and its staff (if any) as the Future Claimants' Representative may reasonably request during the time that the Trustees are considering such action, and shall also provide the Future Claimants' Representative the opportunity, at reasonable times and for reasonable periods of time, to discuss and comment on such action with the Trustees.

(ii) The Future Claimants' Representative must consider in good faith and in a timely fashion any request for his or her consent by the Trustees, and must in any event advise the Trustees in writing of his or her consent or objection to the proposed action within 30 days of receiving the original request for consent from the Trustees. The Future Claimants' Representative may not withhold his or her consent unreasonably. If the Future Claimants' Representative decides to withhold consent, he or she must explain in detail his or her objections to the proposed action. If the Future Claimants' Representative does not advise the Trustees in writing of his or her consent or objections to the proposed action within 30 days of receiving the notice from the Trustees regarding such consent, the Future Claimants' Representative's consent shall be deemed to have been affirmatively granted.

(iii) If, after following the procedures specified in this Section 5.7(b), the Future Claimants' Representative continues to object to the proposed action and to withhold its consent to the proposed action, the Trustees and/or the Future Claimants' Representative shall resolve their dispute pursuant to Section 7.13. However, the burden of proof with respect to the validity of the Future Claimants' Representative's objection and withholding of his or her consent shall be on the Future Claimants' Representative.

## SECTION 7

### GENERAL PROVISIONS

7.1 **Irrevocability.** The PI Trust is irrevocable.

7.2 **Termination.**

(a) The PI Trust shall automatically terminate on the date ninety (90) days after the first to occur of the following events (the "Termination Date"):

(i) the Trustees decide to terminate the PI Trust because (A) they deem it unlikely that new Asbestos PI Claims will be filed against the PI Trust, (B) all PI Trust Claims duly filed with the PI Trust have been liquidated and paid to the extent provided in this PI Trust Agreement and the TDP or disallowed by a final, non-appealable order, to the extent possible based upon the funds available through the Plan, and (C) twelve (12) consecutive months have elapsed during which no new Asbestos PI Claim has been filed with the PI Trust; or

(ii) if the Trustees have procured and have in place irrevocable insurance policies and have established claims handling agreements and other necessary arrangements with suitable third parties adequate to discharge all expected remaining obligations and expenses of the PI Trust in a manner consistent with this PI Trust Agreement and the TDP, the date on which the Bankruptcy Court enters an order approving such insurance and other arrangements and such order becomes a Final Order; or

(iii) to the extent that any rule against perpetuities shall be deemed applicable to the PI Trust, twenty-one (21) years less ninety-one (91) days pass after the death of

the last survivor of all of the descendants of Joseph P. Kennedy, Sr., of Massachusetts, father of the late President John F. Kennedy, living on the date hereof.

(b) On the Termination Date, after payment of all the PI Trust's liabilities have been provided for, all monies remaining in the PI Trust estate shall be given to such organization(s) exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, which tax-exempt organization(s) shall be selected by the Trustees using their reasonable discretion; provided, however, that (i) if practicable, the activities of the selected tax-exempt organization(s) shall be related to the treatment of, research on, or the relief of suffering of individuals suffering from asbestos related lung disorders, and (ii) the tax-exempt organization(s) shall not bear any relationship to Reorganized Federal-Mogul within the meaning of Section 468B(d)(3) of the Internal Revenue Code. Notwithstanding any contrary provision of the Plan and related documents, this Section 7.2(b) cannot be modified or amended.

**7.3 Amendments.** The Trustees, after consultation with the TAC and the Future Claimants' Representative, and subject to the consent of the TAC and the Future Claimants' Representative, may modify or amend this PI Trust Agreement, provided that the modification or amendment is consistent with the Core Objective of the PI Trust set forth above. The Trustees, after consultation with the TAC and the Future Claimants' Representative, and subject to the consent of the TAC and the Future Claimants' Representative, may also modify or amend the TDP, provided, however, that no amendment to the TDP shall be inconsistent with the Core Objective or the other limitations on amendments provided therein, and, in particular, the provisions limiting amendment of the Claims Payment Ratio set forth in Section 2.5 of the TDP and of the Payment Percentage set forth in Section 4.2 of the TDP. The Trustees shall also consult with the PI Trust's U.K. legal advisers concerning any amendments or other changes to

this Trust Agreement or the TDP to insure that said amendments or changes do not prejudice the interests of U.K. claimants. Any modification or amendment made pursuant to this Article must be done in writing, and must be described in the annual report to be filed by the PI Trust with the Bankruptcy Court pursuant to Section 2.2(c)(i). Notwithstanding anything contained in this PI Trust Agreement to the contrary, neither this PI Trust Agreement, the PI Trust Bylaws, the TDP, nor any document annexed to the foregoing shall be modified or amended in any way that could jeopardize, impair, or modify the applicability of Section 524(g) or Section 105 of the Bankruptcy Code, the efficacy or enforceability of the injunction entered thereunder, or the PI Trust's qualified settlement fund status under Section 468B of the Internal Revenue Code.

**7.4 Meetings.** The Trustees, the TAC, and the Future Claimants' Representative, shall be deemed to have attended a meeting in the event such person spends at least four hours of the day conferring, in person or by telephone conference call, on PI Trust matters with the TAC, the Future Claimants' Representative, or Trustees, as applicable. A Trustee shall also be deemed to have attended a meeting in the event he or she spends at least four hours of the day engaging in activities related to Reorganized Federal-Mogul, including attendance at its Board of Directors meetings. The Trustees, the TAC and the Future Claimants' Representative shall have discretion to determine whether a meeting, as described herein, occurred for purposes of Sections 4.5, 5.6, and 6.5 above.

**7.5 Severability.** Should any provision in this PI Trust Agreement be determined to be unenforceable, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of this PI Trust Agreement.



**7.6 Notices.** Notices to persons asserting claims shall be given by first class mail, postage prepaid, at the address of such person, or, where applicable, such person's Future Claimants' Representative, in each case as provided on such person's claim form submitted to the PI Trust with respect to his or her PI Trust Claim.

(a) Any notices or other communications required or permitted hereunder to the following parties shall be in writing and delivered at the addresses designated below, or sent by telex, telecopy or facsimile pursuant to the instructions listed below, or mailed by registered or certified mail, return receipt requested, postage prepaid, addressed as follows, or to such other address or addresses as may hereafter be furnished in writing to each of the other parties listed below in compliance with the terms hereof.

To the PI Trust through the Trustees:

To Reorganized Federal-Mogul:

To the TAC:

To the Future Claimants' Representative:

(b) All such notices and communications if mailed shall be effective when physically delivered at the designated addresses or, if electronically transmitted, when the communication is received at the designated addresses and confirmed by the recipient by return transmission.

**7.7 Successors and Assigns.** The provisions of this PI Trust Agreement shall be binding upon and inure to the benefit of Federal-Mogul, the other Asbestos Protected Parties, the PI Trust, the Trustees and Reorganized Federal-Mogul, and their respective successors and assigns, except that neither the debtor, the PI Trust, the Trustees nor Reorganized Federal-Mogul may assign or otherwise transfer any of its, or their, rights or obligations under this PI Trust Agreement except, in the case of the PI Trust and the Trustees, as contemplated by Section 2.1 above.

**7.8 Limitation on Claim Interests for Securities Laws Purposes.** PI Trust Claims, and any interests therein (a) shall not be assigned, conveyed, hypothecated, pledged or otherwise transferred, voluntarily or involuntarily, directly or indirectly, except by will or under the laws of descent and distribution; (b) shall not be evidenced by a certificate or other instrument; (c) shall not possess any voting rights; and (d) shall not be entitled to receive any dividends or interest; provided, however, that clause (a) of this Section 7.8 shall not apply to the holder of a claim that is subrogated to a PI Trust Claim as a result of its satisfaction of such PI Trust Claim.

**7.9 Entire Agreement; No Waiver.** The entire agreement of the parties relating to the subject matter of this PI Trust Agreement is contained herein and in the documents referred to herein, and this PI Trust Agreement and such documents supersede any prior oral or written

agreements concerning the subject matter hereof. No failure to exercise or delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any further exercise thereof or of any other right, power or privilege. The rights and remedies herein provided are cumulative and are not exclusive of rights under law or in equity.

**7.10 Headings.** The headings used in this PI Trust Agreement are inserted for convenience only and do not constitute a portion of this PI Trust Agreement, nor in any manner affect the construction of the provisions of this PI Trust Agreement.

**7.11 Governing Law.** This PI Trust Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to Delaware conflict of law principles.

**7.12 Settlor's Representations and Cooperation.** Federal-Mogul is hereby irrevocably designated as the Settlor, and is hereby authorized to take any action required of the Settlor in connection with the PI Trust Agreement. The debtor and Reorganized Federal-Mogul agree to cooperate in implementing the goals and objectives of this PI Trust.

**7.13 Dispute Resolution.** Any disputes that arise under this PI Trust Agreement or under the TDP shall be resolved by submission of the matter to an alternative dispute resolution ("ADR") process mutually agreeable to the parties involved. Should any party to the ADR process be dissatisfied with the decision of the arbitrator(s), that party may apply to the Bankruptcy Court for a judicial determination of the matter. In either case, if the dispute arose pursuant to the consent provision set forth in Section 5.7(b) (in the case of the TAC) or Section 6.6(b) (in the case of the Future Claimants' Representative), the burden of proof shall be on the

party or parties who withheld consent to show that the objection was valid. Should the dispute not be resolved by ADR process within thirty (30) days after submission, the parties are relieved of the requirement to pursue ADR prior to application to the Bankruptcy Court. Notwithstanding anything else herein contained, to the extent any provision of this PI Trust Agreement is inconsistent with any provision of the Plan or the TDP, the Plan or the TDP shall control.

**7.14 Enforcement and Administration.** The provisions of this PI Trust Agreement and the TDP attached hereto shall be enforced by the Bankruptcy Court pursuant to the Plan. The parties hereby further acknowledge and agree that the Bankruptcy Court shall have exclusive jurisdiction over the settlement of the accounts of the Trustees and over any disputes hereunder not resolved by alternative dispute resolution in accordance with Section 7.13 above.

**7.15 Effectiveness.** This PI Trust Agreement shall not become effective until it has been executed and delivered by all the parties hereto.

**7.16 Counterpart Signatures.** This PI Trust Agreement may be executed in any number of counterparts, each of which shall constitute an original, but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this PI Trust Agreement this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

SETTLOR: Federal-Mogul

By: \_\_\_\_\_

Name and Title: \_\_\_\_\_

TRUSTEES

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

ASBESTOS CREDITORS COMMITTEE

By: \_\_\_\_\_

TRUST ADVISORY COMMITTEE

\_\_\_\_\_  
Russell W. Budd

\_\_\_\_\_  
Steven Kazan

---

Joseph F. Rice

---

Perry Weitz

FUTURE CLAIMANTS' REPRESENTATIVE

---

Eric D. Green

**FEDERAL-MOGUL**  
**FORM OF**  
**ASBESTOS PERSONAL INJURY TRUST**  
**DISTRIBUTION PROCEDURES**

**FEDERAL-MOGUL**  
**ASBESTOS PERSONAL INJURY SETTLEMENT**  
**TRUST DISTRIBUTION PROCEDURES**

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## **FEDERAL-MOGUL**

### **ASBESTOS PERSONAL INJURY TRUST DISTRIBUTION PROCEDURES**

The Federal-Mogul Asbestos Personal Injury Trust Distribution Procedures (“TDP”) contained herein provide for resolving in accordance with the terms of the Federal-Mogul Joint Plan of Reorganization (“Plan”) and the Federal-Mogul Personal Injury Trust Agreement (“PI Trust Agreement”) all Asbestos Personal Injury Claims (as defined in the Plan and hereinafter for all purposes of this TDP referred to as “PI Trust Claims”), caused by exposure to asbestos-containing products for which Federal-Mogul and/or its wholly owned direct or indirect subsidiaries (Turner & Newell (“T&N”) and its direct or indirect subsidiaries, Gasket Holdings Inc. (“Flexitallic”) and Ferodo America Inc. (“Ferodo”) (collectively the “T&N Entities”); Federal-Mogul Products Inc. (“FMP”); Felt Products Mfg. Co. (“Fel-Pro”); and its former division Vellumoid (“Vellumoid”); and their successors, and assigns (each a “Federal-Mogul Entity,” and collectively the “Federal-Mogul Entities”)) have legal responsibility under applicable tort law, as provided in and by the Plan and the PI Trust Agreement.

The Plan and PI Trust Agreement establish the Federal-Mogul Asbestos Personal Injury Trust (“PI Trust”). The Trustees of the PI Trust (“Trustees”) shall implement and administer this TDP in accordance with the PI Trust Agreement. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Plan and the PI Trust Agreement.

## SECTION I

### Introduction

**1.1 Purpose.** This TDP has been adopted pursuant to the PI Trust Agreement. It is designed to provide fair, equitable, and substantially similar treatment for all PI Trust Claims that may presently exist or may arise in the future.

**1.2 Interpretation.** Nothing in this TDP shall be deemed to create a substantive right for any claimant.

## SECTION II

### Overview

#### **2.1 PI Trust Goals and Funds.**

**2.1(a) Core Objective.** The Core Objective of the PI Trust is to enable each claimant to receive a payment from the PI Trust of Federal-Mogul's several share of the unpaid portion of the liquidated value of his or her PI Trust Claim that is at a level proportionate to payments to other claimants and that is calculated by reference to the level of settlements, verdicts or judgments, which claimants have historically received in their respective tort systems. To achieve that Core Objective, the PI Trust creates four separate funds (each a "PI Trust Fund" and collectively the "PI Trust Funds" or "Funds"), which are described below. This TDP furthers the Core Objective of the PI Trust by setting forth procedures for processing and paying all PI Trust Claims from their respective Funds on an impartial, first-in-first-out ("FIFO") basis, with the intention of paying all claimants over time as equivalent a share as possible of the value of

their claims based on historical values for substantially similar claims in the relevant tort system. This TDP also prohibits amendments to these procedures that are inconsistent with or contrary to the Core Objective.

**2.1(b) PI Trust Funds.** As described above, the PI Trust shall establish four PI Trust Funds pursuant to the Plan and the PI Trust Agreement to compensate PI Trust claimants. One such fund shall be the T&N Worldwide Fund, which shall process, liquidate and make payments pursuant to this TDP to holders of PI Trust Claims as provided in Article IV of the Plan (“T&N Claims”). The other three funds shall be the FMP Fund, the Fel-Pro Fund and the Vellumoid Fund, which shall pay claims from proceeds of insurance available to the corresponding Federal-Mogul Entity (“Insured PI Trust Claims”).

A claimant may assert separate PI Trust Claims against more than one PI Trust Fund based on exposure to asbestos or asbestos-containing products manufactured or distributed by more than one of the Federal-Mogul Entities identified above (“Multiple Exposure Claims”). A claimant may also assert separate Multiple Exposure Claims against the T&N Worldwide Fund based on exposure to asbestos or asbestos-containing products produced or manufactured by more than one T&N Entity. To the extent any PI Trust Fund or Funds have separate liabilities to a single claimant based on Multiple Exposure Claims, each such Fund shall pay the claimant its several share of the liquidated value of the separate claim or claims for which it is liable, subject to the applicable Payment Percentage, Maximum Annual Payment, Maximum Available Payment and Claims Payment Ratio limitations, if any, set forth below.

**2.1(b)(1) T&N Worldwide Fund.** As provided in the Plan and PI Trust Agreement, the T&N Worldwide Fund shall be liable for five separate streams of

asbestos-related personal injury liabilities based on (A) exposure within the United States (“U.S.”) or Canada to asbestos and asbestos-containing products produced, marketed, distributed, sold or utilized by T&N, including asbestos-containing products produced, marketed, distributed, sold or utilized by Keasbey & Mattison, a former affiliate of T&N (collectively “T&N/U.S. Claims”); (B) exposure within the United Kingdom (“U.K.”) to asbestos and asbestos-containing products produced, marketed, distributed, sold or utilized by T&N, including asbestos-containing products produced, marketed, distributed, sold or utilized by Keasbey & Mattison (collectively “T&N/U.K. Claims”); (C) exposure throughout the rest of the world (*i.e.*, other than in the U.S., the U.K. or Canada) to asbestos and asbestos-containing products produced, marketed, distributed, sold or utilized by T&N, including asbestos-containing products produced, marketed, distributed, sold or utilized by Keasbey & Mattison (collectively “T&N/R.O.W. Claims”); (D) exposure within or outside the U.S. to asbestos-containing products produced, marketed, distributed, sold or utilized by Flexitallic (collectively “Flexitallic Claims”); and (E) exposure within or outside of the U.S. to asbestos-containing products produced, marketed, distributed, sold or utilized by Ferodo (collectively “Ferodo Claims”).

Pursuant to the Plan and the PI Trust Agreement, as of the Effective Date, all claimants holding T&N Claims shall be deemed to have assigned to the PI Trust their rights to certain insurance proceeds (referred to in the Plan as the “Hercules Insurance Recoveries”), as well as to have appointed the PI Trust as their agent to assert their T&N Claims against T&N and its insurers in the relevant tort system. Pursuant to said assignments and appointments, the PI Trust shall prosecute the claimants’ claims against T&N and their rights to the Hercules Insurance Recoveries in the relevant tort system. At such time as a T&N Claim is liquidated in the relevant

tort system, whether by settlement or judgment, the claim shall be deemed to be assigned to the T&N Worldwide Fund, and all payments with respect to said claim from either T&N or its insurers shall be paid to the T&N Worldwide Fund.

Meanwhile, in consideration of said assignments and appointments, the PI Trust shall process, liquidate and pay claimants holding T&N Claims the liquidated value of their claims solely from the assets of the T&N Worldwide Fund pursuant to the provisions in this TDP including the applicable Payment Percentage described in Section 4.2 below (hence, such claims are referred to below as “TDP Valued Claims”). No claimant holding a T&N Claim shall be entitled to prosecute such claim directly against T&N or its insurers in the tort system or otherwise, or to receive any payment in respect of such claim from a source other than the T&N Worldwide Fund.

In addition, claimants holding T&N Claims who are or have been employed by T&N or an affiliate of T&N may be entitled to receive additional payments with respect to such claims from the proceeds of employer liability insurance policies issued to T&N that are the subject of a coverage dispute. Should such insurance proceeds become available, the PI Trust shall establish procedures for distributing such proceeds on a pro-rata basis to eligible claimants.

All provisions in this TDP and the Plan regarding treatment of T&N Claims shall be read in accordance with and subject to the provisions of this Section 2.1(b)(1) and Article IV of the Plan.

**2.1(b)(2) Insured PI Trust Funds.** The other three PI Trust Funds shall be liable for Insured PI Trust Claims based on exposure within or outside the U.S. to asbestos-containing products produced, marketed, distributed, sold or utilized by (i) FMP,

including asbestos-containing products manufactured or distributed by its predecessors, the Wagner Electric Corporation and Moog Automotive Inc. (collectively “FMP Claims”), (ii) Fel-Pro and (iii) Vellumoid. The assets of these PI Trust Funds (collectively, the “Insured PI Trust Funds”) shall consist primarily of rights to obtain indemnity payments and costs of defense pursuant to insurance policies providing coverage for the asbestos-related liabilities payable from the respective Funds. Claimants holding Insured PI Trust Claims shall be paid from the proceeds of those insurance policies, and shall liquidate their claims against the PI Trust and/or against the insurer in the relevant tort system as provided below.

Claims payable from the FMP Fund shall be treated as TDP Valued Claims inasmuch as they will be processed, liquidated and paid pursuant to the provisions of this TDP. Accordingly, holders of FMP Claims shall be eligible to elect to have their claims liquidated pursuant to the PI Trust’s Expedited Review process, in which case the claims shall be eligible for the matrix values for FMP Claims set forth in Section 5.3(a)(3) below. Alternatively, holders of FMP Claims may elect the PI Trust’s Individual Review Process as also described below.

Because of a lack of data concerning historical verdicts and settlement values for Fel-Pro and Vellumoid Claims, PI Trust Claims payable from the Fel-Pro and Vellumoid Funds shall be liquidated in the tort system as described in Section 5.3(b) below. However, the PI Trust may in appropriate circumstances, with the approval of the Trust Advisory Committee (the “TAC”) and the Legal Representative for Future Asbestos Claimants (“Future Claimants Representative”), establish pursuant to Section 5.3(a)(1)(C) below Disease Levels, Medical/Exposure Criteria, and Scheduled, Average and/or Maximum Values (“matrix values”) for those Fel-Pro and Vellumoid Claims.



## **2.2 Claims Liquidation Procedures.**

**2.2(a) In General.** All claimants holding a PI Trust Claim must file the claim with the PI Trust in accordance with the proof of claim provisions of Section 6.1. As discussed above, a claimant may assert more than one PI Trust Claim based on exposure to asbestos or asbestos-containing products produced, marketed, distributed, sold or utilized by more than one Federal-Mogul Entity; however, all such Multiple Exposure Claims must be filed by the claimant at the same time. Upon filing of the PI Trust Claim or Claims, the claimant will be placed in a FIFO processing Queue to be established by the PI Trust pursuant to Section 5.1(a) below, and the claim or claims shall be processed, liquidated and paid as set forth below.

### **2.2(b) TDP Valued Claims.**

The PI Trust shall take all reasonable steps to resolve TDP Valued Claims payable from the limited resources of the T&N Worldwide and FMP Funds as efficiently and expeditiously as possible at each stage of claims processing and arbitration. To this end, the PI Trust, in its sole discretion, may conduct settlement discussions with claimants' representatives with respect to more than one claim at a time, provided that the claimants' respective positions in the relevant FIFO processing and Payment Queues are maintained, and each claim is individually evaluated pursuant to the valuation factors set forth in Section 5.3(a)(2)(C) below. The PI Trust shall also make every effort to resolve each year at least that number of TDP Valued Claims required to exhaust the Maximum Annual Payment and the Maximum Available Payment for "Category A Claims" and "Category B Claims" for the relevant Fund, as those terms are defined below.

In general, to be eligible for payment, a TDP Valued Claim must involve one of the eight asbestos-related diseases ("Disease Levels") described in Section 5.3(a)(1)(C) below,

seven of which have presumptive medical and exposure requirements (“Medical/Exposure Criteria”) and established liquidated values. Because TDP Valued Claims involve separate streams of asbestos-related liabilities, separate matrices of liquidated values have been established for those separate streams of liabilities (except T&N/R.O.W. Claims) in Section 5.3(a)(3) below.

Because TDP Valued Claims of individuals exposed in Canada who were resident in Canada when such claims were filed were routinely litigated and resolved in the courts of the U.S., and because the resolution history of these claims has been included in developing the Expedited Review Process for such claims, such claims shall be eligible for liquidation under the Expedited Review Process and for the matrix values provided for T&N/U.S., Flexitallic, Ferodo and FMP Claims. Accordingly, the definition of T&N/U.S. Claims described in Section 2.1(b)(1) expressly includes claims with respect to which the claimant’s exposure to an asbestos-containing product for which T&N has legal responsibility occurred in Canada, and the T&N R.O.W. Claims described in that same section expressly excludes claims based on such Canadian exposure.

With respect to T&N/U.K. Claims, two sets of Scheduled, Average and Maximum Values are provided, which take into account (i) the settlement history in the U.K. tort system of (A) T&N/U.K. Claims with respect to which the claimant’s exposure to T&N asbestos or asbestos-containing products was ninety percent (90%) or more of the claimant’s total exposure to asbestos or asbestos-containing products (“T&N-Only U.K. Claims), and (B) T&N/U.K. Claims with respect to which the claimant’s exposure to T&N asbestos or asbestos-containing products was less than ninety percent (90%) of the claimant’s total exposure to asbestos or asbestos-containing products (“T&N Shared Liability U.K. Claims”), (ii) other applicable

valuations factors under relevant U.K. law, and (iii) a twenty percent (20%) increase in these values to make provision for attorneys' fees and costs under the U.K. legal system.

No Scheduled or Maximum Values have been set for T&N/R.O.W. Claims because of the lack of settlement and valuation data available. Thus, the liquidated values of T&N/R.O.W. Claims shall be determined on a claim-by-claim basis pursuant to the PI Trust's Individual Review process described in Section 5.3(a)(2) below. However, the PI Trust is authorized to create matrices for some or all of these T&N/R.O.W. Claims, and to allow such claims to be liquidated pursuant to its Expedited Review process, at such time as the PI Trust has had sufficient settlement and/or litigation experience with these claims to create such matrices.

The Disease Levels, Medical/Exposure Criteria, Scheduled Values, Average Values and Maximum Values set forth in the matrices for TDP Valued Claims have all been derived with the intention of achieving a fair allocation of the assets held by the T&N Worldwide and FMP Funds as among their respective claimants suffering from different disease processes in light of the best information available, considering historical settlement data and the rights that each group of claimants would have in the relevant tort system absent the debtors' bankruptcies.

If the claimant so elects, the PI Trust shall liquidate TDP Valued Claims (except T&N/R.O.W. Claims) that meet the presumptive Medical/Exposure Criteria of Disease Levels I – V, VII and VIII efficiently and expeditiously under the Expedited Review process described in Section 5.3(a)(1) below. TDP Valued Claims involving Disease Levels I – V, VII and VIII that do not meet the presumptive Medical/Exposure Criteria for the relevant Disease Level, as well as all Disease Level VI – Lung Cancer 2 and T&N/R.O.W. Claims, shall undergo the PI Trust's Individual Review process described in Section 5.3(a)(2) below. In such a case, notwithstanding that the claim does not meet the presumptive Medical/Exposure Criteria for the relevant Disease

Level, the PI Trust can offer the claimant an amount up to the Scheduled Value of that Disease Level if the PI Trust is satisfied that the claimant has presented a claim that would be cognizable and valid in the relevant tort system. PI Trust Claims involving Disease Level VI – Lung Cancer 2 and T&N/R.O.W. Claims shall be subject to the PI Trust’s Individual Review process.

Claimants holding TDP Valued Claims involving Disease Levels II – V and VII - VIII, as well as all claimants holding Disease Level VI – Lung Cancer 2 and T&N/R.O.W. Claims, may also seek to establish liquidated values for their claims that are greater than their Scheduled Values by electing the PI Trust’s Individual Review process. However, the liquidated values of TDP Valued Claims that undergo the Individual Review process for valuation purposes may be determined to be less than the Scheduled Values. Further, the liquidated value of any TDP Valued Claims shall not exceed the Maximum Values for the Disease Levels set forth below, unless the claim qualifies as an Extraordinary Claim as defined in Section 5.4(a) below, in which case its liquidated value cannot exceed the Maximum Value for Extraordinary Claims specified in that provision.

The Scheduled Values and Maximum Values set forth below have been established for each of the Disease Levels that are eligible for Individual Review in light of applicable relevant tort law and current projections of present and future unliquidated claims, with the expectation that the combination of settlements at the Scheduled Values and those resulting from the Individual Review process will result in the Average Values also set forth below. In any event, all payments to a claimant from the T&N Worldwide or FMP Fund shall be subject to the Payment Percentage, Maximum Annual Payment, Maximum Available Payment and Claim Payment Ratio limitations that are in effect at the time of payment.

If a claimant elects to process Multiple Exposure Claims against the T&N Worldwide Fund, the claimant shall be notified when each such claim comes up in the FIFO processing Queue. If the Expedited Review process is selected for any such claim, and the claim meets the presumptive Medical/Exposure Criteria for the T&N Entity for which exposure is asserted, the claimant shall be paid the Scheduled Value for the relevant Disease Level for each of the T&N Entities for which qualifying exposure is established. If the claimant seeks to process one or more Multiple Exposure Claims against the T&N Worldwide Fund under the PI Trust's Individual Review process, the claimant shall be paid the Fund's separate liability for the liquidated value of the claim or claims determined under that process.

All unresolved disputes over a claimant's medical condition, exposure history and/or the liquidated value of a TDP Valued Claim, except T&N/U.K. Claims, shall be subject to the Alternative Dispute Resolution ("ADR") Procedures to be adopted by the Trustees with the consent of the TAC and the Future Claimants' Representative. The PI Trust in consultation with its U.K. legal advisers shall develop separate arbitration procedures to be used for disputes involving T&N/U.K. Claims. Any TDP Valued Claim that is the subject of a dispute with the PI Trust that cannot be resolved by non-binding arbitration may enter the relevant tort system as provided in Sections 5.11(a) and 7.6(a) below. However, if and when a holder of a TDP Valued Claim obtains a judgment in the tort system, the judgment will be payable (subject to the Payment Percentage, Maximum Available Payment, and Claims Payment Ratio provisions set forth below) only as provided in Section 7.7(a) below.

**2.2(c) Insured PI Trust Claims.** All PI Trust Claims payable solely from insurance proceeds to be recovered by the PI Trust for the benefit of the Fel-Pro and/or Vellumoid Funds (collectively "Insured PI Trust Claims") shall be processed pursuant to the

procedures set forth in Section 5.3(b) below. If the insurer or insurers deny liability for the Insured PI Trust Claim, the holder of the claim may proceed to sue the PI Trust in the relevant tort system pursuant to Sections 5.11(b) and 7.6(b) below. In such a case, it is anticipated that the insurer or insurers shall either assume the defense of the claim or reimburse the PI Trust for its costs of defense. In any event, all final judgments for money damages relating to an Insured PI Trust Claim shall be paid by the insurer or the corresponding Insured PI Trust Fund pursuant to Section 7.7(b) below.

**2.3 Application of Payment Percentages.** The assets of the T&N Worldwide and FMP Funds over their lives are estimated to be substantially less than the aggregate liquidated values of the PI Trust Claims anticipated to be asserted against them. Accordingly, holders of such TDP Valued Claims payable from the T&N Worldwide and FMP Funds, other than claims involving Other Asbestos Disease (Disease Level I – Cash Discount Payment) as defined below, shall receive a pro-rata share of the liquidated values of their claims based on a Payment Percentage that shall be set for such claims from time to time.

The Initial Payment Percentages for all TDP Valued Claims, including Pre-Petition Liquidated Claims as provided in Section 5.2 below, shall be set by the Trustees, the TAC and the Future Claimants Representative after the PI Trust is established pursuant to the Plan, and sufficient information is available concerning the assets and liabilities of the respective Funds. The Initial Payment Percentages shall be calculated on the assumption that the Average Values set forth in Section 5.3(a)(3) for T&N and FMP Claims will be achieved with respect to existing present claims and projected future claims involving Disease Levels II – VIII. However, the Payment Percentage applicable to any PI Trust Fund may be adjusted upwards or downwards from time to time pursuant to Section 4.2 below by the PI Trust with the consent of

the TAC and the Future Claimants Representative to reflect then-current estimates of the assets and liabilities allocable to the Fund.

The Initial Payment Percentages shall apply to all Federal-Mogul PI Trust Voting Claims payable from the T&N Worldwide and FMP Funds that are accepted as valid by the PI Trust, unless adjusted by the PI Trust with the consent of the TAC and the Future Claimants Representative (who are described in Section 3.1 below) pursuant to Section 4.2 below.

The term "PI Voting Trust Claims" includes: (i) all Pre-Petition Liquidated Claims payable from the T&N Worldwide or FMP Funds; (ii) all TDP Valued Claims filed against any Federal-Mogul Entity in the tort system or actually submitted to a Federal-Mogul Entity pursuant to an administrative settlement agreement entered into prior to the Petition Date of October 6, 2001; and (iii) all TDP Valued Claims filed against another defendant in the tort system prior to the date the Plan was filed with the Bankruptcy Court (March 6, 2003, the "Plan Filing Date"), provided, however, that the holder of a claim described in subsection (i), (ii) or (iii) above, or his or her authorized agent, actually voted to accept or reject the Plan pursuant to the voting procedures established by the U.S. Bankruptcy Court and/or voted to accept or reject the corresponding Scheme of Arrangement and/or Company Voluntary Arrangement before the English Court pursuant to the voting procedures established by the English Court, and provided further that the claim was subsequently filed with the PI Trust pursuant to Section 6.1 below by the Initial Claims Filing Date as defined in Section 5.1(a) below.

Because neither the exact number or severity of claims by people who will submit claims in the future, nor the ultimate amount of the PI Trust's assets, can be calculated, no guarantee can be made of any Payment Percentage for any TDP Valued Claims. If the Payment Percentage is

increased over time, claimants whose claims were liquidated and paid in prior periods under the TDP will not receive additional payments, except as provided in Section 4.2 below relating to circumstances in which the PI Trust has received a substantial recovery of insurance proceeds.

Because it is anticipated that the insurance available to the Fel-Pro and Vellumoid Funds will be adequate to pay the Fel-Pro and Vellumoid Claims in full, no Initial Payment Percentage(s) for such claims have been set. However, the PI Trust, with the consent of the TAC and the Future Claimants Representative, may subsequently adopt a Payment Percentage for one or more of such Funds in appropriate circumstances pursuant to Section 4.2 below.

**2.4 Determination of the Maximum Annual Payment and Maximum Available Payment.** Because the assets in the T&N Worldwide and FMP Funds are estimated to be insufficient to pay the full liquidated value of all the PI Trust Claims that are expected to be asserted against them, the PI Trust shall calculate the amount of cash flow anticipated to be necessary over the entire life of the Funds to ensure that amounts will be available to treat all holders of present and future T&N and FMP Claims as similarly as possible, given the assets and liabilities allocable to each Fund. In each year, the PI Trust will be empowered to pay out all of the interest earned during the year by the respective Funds, together with a portion of the Fund's principal, calculated so that the application of the Fund's assets over its life shall correspond with the needs created by the anticipated flow of claims to the Fund (the "Maximum Annual Payment"), taking into account the Payment Percentage provisions set forth in Sections 2.3 above and 4.2 below. The PI Trust's distributions from the T&N Worldwide and FMP Funds to all holders of claims against such Funds for that year shall not exceed the Maximum Annual Payment determined for that year.



In distributing the Maximum Annual Payment from the T&N Worldwide and FMP Funds, the PI Trust shall first allocate the amount in question to outstanding Pre-Petition Liquidated Claims payable from the respective Funds and to liquidated T&N and FMP Claims involving Disease Level I (Cash Discount Payment), in proportion to the aggregate value of each group of claims. The remaining portion of the Maximum Annual Payment (the "Maximum Available Payment"), if any, shall then be allocated and used to satisfy all other previously liquidated T&N and FMP Claims, respectively, subject to the Claims Payment Ratio for the particular Fund set forth in Section 2.5 below.

In the event there are insufficient amounts in the T&N Worldwide or FMP Fund in any year to pay the total number of outstanding Pre-Petition Liquidated Claims and/or previously liquidated Disease Level I Claims, the available amounts allocated to that group of claims shall be paid to the maximum extent to claimants in the particular group based on their place in the respective Fund's FIFO Payment Queue. Claims in either group for which there are insufficient amounts in the Fund shall be carried over to the next year and placed at the head of the FIFO Payment Queue for that Fund.

Because the insurance assets and cash flows available to the Fel-Pro and Vellumoid Funds are estimated to be sufficient to pay the full liquidated values of the claims as those claims are liquidated in the tort system, the PI Trust does not anticipate setting a Maximum Annual Payment or Maximum Available Payment for such Funds. However, should the insurance assets or cash flows of one or both of those Funds prove insufficient to meet their liabilities as they come due, the PI Trust with the consent of the TAC and the Future Claimant's Representative may set such payment limitations for the Fund or Funds in question.

**2.5 Claims Payment Ratio.** Because the assets available to pay T&N and FMP Claims are limited, a Claims Payment Ratio has been determined for the T&N Worldwide and FMP Funds based on T&N's and FMP's claims settlement history and an estimate of present and future T&N and FMP Claims that were unliquidated as of the Petition Date. For PI Trust Claims payable from the T&N Worldwide Fund, this Claims Payment Ratio as of the Effective Date, has been set at 60% for Category A claims, which consist of T&N Claims involving severe asbestosis and malignancies (Disease Levels IV – VIII) that were unliquidated as of the Petition Date, and at 40% for Category B claims, which are T&N Claims involving non-malignant Asbestosis or Pleural Disease (Disease Levels II and III) that were similarly unliquidated as of the Petition Date. For PI Trust Claims payable from the FMP Fund, the Claims Payment Ratio as of the Effective Date has been set at 79% for Category A claims and 21 % for Category B Claims. The Claims Payment Ratios for the T&N Worldwide and FMP Funds shall not apply to any Pre-Petition Liquidated Claims or to any claims for Other Asbestos Disease (Disease Level I - Cash Discount Payment).

In each year, after the determination of the Maximum Available Payment described in Section 2.4 above, 60% and 79% of that amount will be available to pay Category A claims payable from the T&N Worldwide Fund and the FMP Fund, respectively, and 40% and 21% shall be available to pay Category B claims payable from the T&N Worldwide Fund and the FMP Fund, respectively. In the event there are insufficient amounts in any year in the T&N Worldwide and or FMP Fund to pay the liquidated claims within either or both of the Categories, the available amounts allocated to the particular Category shall be paid to the maximum extent to claimants in that Category based on their place in the Fund's FIFO Payment Queue described in Section 5.1(c) below, which will be based upon the date of claim liquidation. Claims for which

there are insufficient amounts available shall be carried to the next year where they will be placed at the head of the Fund's FIFO Payment Queue. If there are excess amounts in either or both Categories, because there is an insufficient amount of liquidated claims to exhaust the Maximum Available Payment amount for that Category or Categories, the excess amounts for either or both Categories will be rolled over and remain dedicated to the respective Category to which they were originally allocated for the particular Fund.

The 60%/40% Claims Payment Ratio for T&N Worldwide Claims and the 79%/21% Claims Payment Ratio for the FMP Fund, together with this rollover provision, shall not be amended until the fifth anniversary of the Effective Date. Thereafter, these Claims Payment Ratios and their rollover provision shall be continued absent circumstances, such as a significant change in law or medicine, necessitating amendment to avoid a manifest injustice. However, the accumulation, rollover and subsequent delay of claims against the T&N Worldwide or FMP Funds resulting from the application of the Claims Payment Ratios, shall not, in and of itself, constitute such circumstances. Nor may an increase in the numbers of Category B claims against either Fund beyond those predicted or expected be considered as a factor in deciding whether to reduce the percentage allocated to Category A claims.

No Claims Payment Ratio has been set for the Fel-Pro and Vellumoid Funds because the assets and cash flows available to those Funds are anticipated to be sufficient to pay the full value of the claims expected to be asserted against them as those claims are liquidated in the tort system. However, should the assets and cash flows of any one or both of those Funds prove insufficient to meet its liabilities as they come due, the PI Trust with the consent of the TAC and the Future Claimants Representative may establish a Claims Payment Ratio for such one or both Insured PI Trust Funds.

In considering whether to make any amendments to the Claims Payment Ratio and/or its rollover provisions for any PI Trust Fund, the Trustees shall also consider the reasons for which the Claims Payment Ratio and its rollover provisions were adopted, the settlement histories that gave rise to its calculation, and the foreseeability or lack of foreseeability of the reasons why there would be any need to make an amendment. In that regard, the Trustees should keep in mind the interplay between the Payment Percentage and the Claims Payment Ratio as it affects the net cash actually paid to claimants from either Category.

In any event, no amendment to the Claims Payment Ratio for any Fund may be made without the consent of the TAC and the Future Claimants Representative pursuant to the consent process set forth in Sections 5.7(b) and 6.6(b) of the PI Trust Agreement. However, the Trustees, with the consent of the TAC and the Future Claimants Representative, may offer the option of a reduced Payment Percentage to holders of claims in either Category A or Category B against a Fund in return for prompter payment by the Fund (the "Reduced Payment Option").

**2.6 Indemnity and Contribution Claims.** As set forth in Section 5.6 below, PI Trust Claims for indemnity and contribution ("Indirect PI Trust Claims") against the PI Trust Funds shall be subject to the same processing, liquidation, and payment provisions under this TDP that the claim would have been subject to if it had been brought by the original claimant against the Fund in question.

## SECTION III

### TDP Administration

#### **3.1 PI Trust Advisory Committee and Future Claimants Representative.**

Pursuant to the Plan and the PI Trust Agreement, the PI Trust and this TDP shall be administered by the Trustees in consultation with the TAC, which represents the interests of holders of present PI Trust Claims against the PI Trust, and the Future Claimants Representative, who represents the interests of holders of PI Trust Claims that will be asserted in the future against the PI Trust. The Trustees shall obtain the consent of the TAC and the Future Claimants Representative on any amendments to these Procedures pursuant to Section 8.1 below, and on such other matters as are otherwise required below and in Section 2.2(f) of the PI Trust Agreement. The Trustees shall also consult with the TAC and the Future Claimants Representative on such matters as are provided below and in Section 2.2(e) of the PI Trust Agreement. The initial members of the TAC and the initial Future Claimants Representative are identified in the PI Trust Agreement.

#### **3.2 Consent and Consultation Procedures.**

**3.2(a) TAC and Future Claimants Representative.** In those circumstances in which consultation or consent of the TAC and Future Claimants Representative is required, the Trustees will provide written notice to the TAC and the Future Claimants Representative of the specific amendment or other action that is proposed. The Trustees will not implement such amendment nor take such action unless and until the parties have engaged in the Consultation process described in Sections 5.7(a) and 6.6(a), or the Consent process described in Sections 5.7(b) and 6.6(b) of the PI Trust Agreement, respectively.

**3.2(b) U.K. Legal Advisers.** As described above, one of the categories of PI Trust Claims that may be asserted against the T&N Worldwide Fund are T&N/U.K. Claims, which are based on exposure within the U.K. to asbestos or asbestos-containing products manufactured or distributed by T&N. Liquidation of these claims under the TDP will require knowledge of how such claims would be resolved in the U.K. tort system. For example, valuation of U.K. claims pursuant to the PI Trust's Individual Review process, application of U.K. statutes of limitation, and development of arbitration procedures for U.K. claims are expected to raise substantive and procedural U.K. legal issues. Accordingly, the PI Trust Agreement requires the Trustees to retain U.K. legal advisers, who shall include at least one expert in English law and one expert in Scottish law, and to consult with such advisers with respect to issues involving those aspects of U.K. law that would affect the processing, liquidation or payment of U.K. claims.

The PI Trust shall select its initial U.K. legal advisers in consultation with the Administrator of the U.K. bankruptcy, and shall consult thereafter with the Chairman of the Personal Injury Bar Association with respect to the replacement of the English law expert and with the Chairman of the Advocates Personal Injury Group with respect to the replacement of the Scottish law expert.

## SECTION IV

### Payment Percentage; Periodic Estimates

**4.1 Uncertainty of T&N's and FMP's Personal Injury Asbestos Liabilities.** As discussed above, neither the exact amount of T&N's and FMP's total asbestos-related liabilities nor the total amount of assets that will be available to the PI Trust to pay those liabilities can be calculated with certainty. Consequently, there is inherent uncertainty regarding the amounts that holders of TDP Valued Claims will receive. To seek to ensure substantially equivalent treatment of all present and future claims against the T&N Worldwide and FMP Funds, the Trustees must determine from time to time the percentage of full liquidated value that holders of claims against the Funds will be likely to receive, i.e., the "Payment Percentages" described in Section 2.3 above and Section 4.2 below.

**4.2 Computation of Payment Percentage.** As described in Section 2.3 above, the Initial Payment Percentages for TDP Valued Claims to be paid from the T&N Worldwide and FMP Funds shall be set by the Trustees with the consent of the TAC and the Future Claimants Representative after the Trust is established and more information is available concerning the liabilities and assets of the two Funds. The Initial Payment Percentages shall apply to all TDP Valued Claims that qualify as PI Trust Voting Claims (except Other Asbestos Disease Claims (Disease Level I - Cash Discount Payment) as defined in Section 2.3 above.

Except with respect to claims to which the Initial Payment Percentage applies, the Payment Percentages for the T&N Worldwide and FMP Funds shall be subject to change pursuant to the terms of this TDP and the PI Trust Agreement if the Trustees determine that an adjustment is required. In addition, the Trustees may adopt a Payment Percentage for any one or

more of the other PI Trust Funds, with the consent of the TAC and the Future Claimants Representative, if circumstances so warrant. No less frequently than once every three years, commencing with the first day of January occurring after the Plan is consummated, the Trustees shall reconsider the then applicable Payment Percentage(s) to assure that each percentage is based on accurate, current information and may, after such reconsideration, and shall change the percentage for any Fund if necessary with the consent of the TAC and the Future Claimants Representative.

The Trustees shall also reconsider the then applicable Payment Percentage for any PI Trust Fund at shorter intervals if they deem such reconsideration to be appropriate or if requested to do so by the TAC or the Future Claimants Representative. The Trustees must base their determination of the Payment Percentage(s) on current estimates of the number, types, and values of present and future PI Trust Claims against the various Funds, the value of the assets then available to the Funds for their payment, all anticipated administrative and legal expenses of the Funds, and any other material matters that are reasonably likely to affect the sufficiency of a Fund's assets to pay a comparable percentage of full value to all holders of claims against the Fund.

When making these determinations, the Trustees shall exercise common sense and flexibly evaluate all relevant factors. The Payment Percentage(s) applicable to Category A or Category B claims asserted against any PI Trust Fund for which a Claims Payment Ratio has been adopted may not be reduced to alleviate delays in payments of claims in the other Category; both Categories will receive the same Payment Percentage, but the payment from any Fund may be deferred as needed pursuant to Section 7.3 below, and a Reduced Payment Option may be instituted for any Fund as described in Section 2.5 above.



The uncertainty surrounding the amount of the PI Trust's future assets is due in significant part to the fact that the estimates of those assets do not take into account the possibility that a PI Trust Fund may receive substantial additional monies from successful recoveries of insurance proceeds that have been assigned or made available to the Fund with respect to which the coverage is presently in dispute or the solvency of the carrier is in doubt. If a PI Trust Fund successfully resolves an insurance coverage dispute or otherwise receives the benefit of a substantial recovery of insurance proceeds, the PI Trust shall use those proceeds first to maintain the Payment Percentage then in effect.

If the insurance recovery exceeds the amount estimated to be reasonably necessary to maintain the Payment Percentage then in effect, the PI Trust, with the consent of the TAC and the Future Claimants Representative, shall adjust the Payment Percentage upward to reflect the increase in available assets in the Fund, and shall also make supplemental payments to claimants who previously liquidated their claims against the PI Trust and received payments based on a lower Payment Percentage. The amount of any such supplemental payment shall be the liquidated value of the claim in question times the newly adjusted Payment Percentage, less all amounts previously paid the claimant with respect to the claim.

Because it is anticipated that the insurance available to the Fel-Pro and Vellumoid Funds will be adequate to pay the Insured PI Trust Claims in full, no Initial Payment Percentages for those Funds have been set. However, the PI Trust may subsequently, with the consent of the TAC and the Future Claimants Representative, adopt a Payment Percentage for one or both Funds in appropriate circumstances.

**4.3 Applicability of the Payment Percentages.** No holder of a TDP Valued Claim that qualifies as a PI Trust Voting Claim, other than a PI Trust Claim for Other Asbestos Disease

(Disease Level I - Cash Discount Payment) as defined in Section 5.3(a)(1)(C)), below shall receive a payment that exceeds the Payment Percentage for the T&N Worldwide or FMP Funds, times the liquidated value of the claim. Except as otherwise provided in Section 5.1(c) below for PI Trust Claims involving deceased or incompetent claimants for which approval of the PI Trust's offer by a court or through a probate process is required, no holder of any other TDP Valued Claim, other than a claim for Other Asbestos Disease (Disease Level I - Cash Discount Payment), shall receive a payment that exceeds the liquidated value of the claim times the Payment Percentage in effect at the time of payment. TDP Valued Claims involving Other Asbestos Disease (Disease Level I - Cash Discount Payment) shall not be subject to a Payment Percentage, but shall instead be paid the full amount of their Scheduled Values as set forth in Section 5.3(a)(3) below.

If a redetermination of any Fund's Payment Percentage has been proposed in writing by the Trustees to the TAC and the Future Claimants Representative but has not yet been adopted, the claimant shall receive the lower of the Fund's current Payment Percentage or the proposed Payment Percentage. However, if the proposed Payment Percentage for the Fund was the lower amount but was not subsequently adopted, the claimant shall thereafter receive the difference between the lower proposed amount and the higher current amount. Conversely, if the proposed Payment Percentage for the Fund was the higher amount and was subsequently adopted, the claimant shall thereafter receive the difference between the lower current amount and the higher adopted amount.

## SECTION V

### Resolution of PI Trust Claims

#### 5.1 Ordering, Processing and Payment of PI Trust Claims.

##### 5.1(a) Ordering of PI Trust Claims.

**5.1(a)(1) Establishment of FIFO Processing Queue.** The PI Trust will order separately all PI Trust Claims sufficiently complete to be reviewed that are payable from any PI Trust Fund on a FIFO basis except as otherwise provided herein (the “FIFO Processing Queues”). For all such claims filed on or before the date six months after the Effective Date (the “Initial Claims Filing Date”), a claimant’s position in the relevant Fund’s FIFO Processing Queue shall be determined as of the earlier of (i) the date prior to the Petition Date (if any) that the specific claim was either filed against any Federal-Mogul Entity in the relevant tort system or was actually submitted to any Federal-Mogul Entity or its agent pursuant to an administrative settlement agreement; (ii) the date before the Petition Date that the claim was filed against another defendant in the relevant tort system if at the time the claim was subject to a tolling agreement with any Federal-Mogul entity; (iii) the date after the Petition Date but before the Effective Date that the claim was filed against another defendant in the relevant tort system; (iv) the date after the Petition Date but before the Effective Date a proof of claim was filed against Federal-Mogul in its Chapter 11 case; (v) the date a ballot was submitted by the claimant or his or her authorized agent in Federal-Mogul’s Chapter 11 case for purposes of voting on the Plan in accordance with the voting procedures adopted by the U.S. Bankruptcy Court and/or voted to accept or reject the corresponding Scheme of Arrangement and/or Company Voluntary Arrangement before the English Court pursuant to the voting procedures

established by the English Court, or (vi) the date after the Effective Date but on or before the Initial Claims Filing Date that the claim was filed with the PI Trust.

Following the Initial Claims Filing Date, a claimant's position in the Fund's Processing Queue shall be determined by the date the claim or claims were filed with the PI Trust. If any claims are filed on the same date, the claimant's position in the FIFO Processing Queue shall be determined by date of the claimant's diagnosis of asbestos-related disease. If any claims are filed and diagnosed on the same date, the claimant's position in the relevant FIFO Processing Queue shall be determined by the date of the claimant's birth, with older claimants given priority over younger claimants.

**5.1(a)(2) Effect of Statutes of Limitation and Repose.** To be eligible for a place in the FIFO Processing Queue, a PI Trust Claim must meet either (i) for claims first filed in the relevant tort system against any Federal-Mogul Entity prior to the Petition Date, the applicable federal, state or foreign statute of limitation or repose that was in effect at the time of the filing of the claim in the relevant tort system, or (ii) for claims that were not filed against any Federal-Mogul Entity in the relevant tort system prior to the Petition Date, the applicable statute of limitation that was in effect at the time of the filing with the PI Trust. The PI Trust shall consult with its U.K. legal advisers concerning the applicability of any U.K. statute of limitation or repose on T&N/U.K. Claims.

However, the running of the relevant statute of limitation shall be tolled as of the earliest of (A) the actual filing of the claim against any Federal-Mogul Entity prior to the Petition Date, whether in the relevant tort system or by submission of a claim to a Federal-Mogul Entity or its agent pursuant to an administrative settlement agreement; (B) the filing of the claim against

another defendant in the relevant tort system prior to the Petition Date if the claim was tolled against any Federal-Mogul Entity at the time by an agreement or otherwise; (C) the filing of the claim after the Petition Date but prior to the Effective Date against another defendant in the relevant tort system; (D) the filing of a proof of claim form in Federal-Mogul's Chapter 11 proceeding; (E) the filing of a ballot by the claimant or his or her authorized agent in the U.S. Bankruptcy Court for purposes of voting on the Plan in accordance with the voting procedures adopted by the U.S. Bankruptcy Court and/or voted to accept or reject the corresponding scheme of arrangement before the English Court pursuant to the voting procedures established by the English Court; and (F) the filing of a proof of claim with the requisite supporting documentation with the PI Trust after the Effective Date.

If a PI Trust Claim meets any of the tolling provisions described in the preceding sentence and was not barred by the applicable statute of limitation at the time of the tolling, it will be treated as timely filed if it is actually filed with the PI Trust within three (3) years after the Effective Date. Also, any claims that were first diagnosed after the Petition Date, irrespective of any relevant statute of limitation or repose applicable in the United States, may be filed with the PI Trust within three (3) years after the date of diagnosis, or within three (3) years after the Effective Date, whichever occurs later. However, the processing of any PI Trust Claim by the PI Trust may be deferred at the election of the claimant pursuant to Section 6.3 below.

**5.1(b) Processing of PI Trust Claims.** As a general practice, the PI Trust will review its claims files on a regular basis and notify all claimants whose PI Trust Claims are likely to come up in the Trust's applicable FIFO Processing Queue in the near future. However, PI Trust Claims that were not filed (i) against any Federal-Mogul Entity in the relevant tort system or actually submitted to a Federal-Mogul Entity or its agent pursuant to an administrative

settlement agreement prior to the Petition Date, or (ii) against another defendant in the relevant tort system prior to the Plan Filing Date, shall not be processed until after the Initial Claims Filing Date.

The proof of claim form shall require the claimant to assert his or her claim for the highest Disease Level for which the claim qualifies at the time of filing. Irrespective of the Disease Level alleged on the proof of claim form, all claims filed with the PI Trust shall be deemed to be a claim for the highest Disease Level for which the claim qualifies at the time of filing, and all lower Disease Levels for which the claim may also qualify at the time of filing or in the future shall be subsumed into the higher Disease Level for both processing and payment purposes.

**5.1(c) Payment of PI Trust Claims.** TDP Valued Claims that have been liquidated by the Expedited Review process as provided in Section 5.3(a)(1) below, by the Individual Review process as provided in Section 5.3(a)(2) below, by arbitration as provided in Section 5.10 below, or by litigation in the relevant tort system provided in Section 5.11(a) below, shall be paid in FIFO order from the relevant Fund based on the date their liquidation became final (the "FIFO Payment Queue"), all such payments being subject to the applicable Payment Percentages, the Maximum Available Payment, and the Claims Payment Ratio, except as otherwise provided herein. Insured PI Trust Claims that are to be liquidated in the tort system shall also be placed in FIFO Payment Queues to be established for each of the Insured PI Trust Funds, and paid pursuant to Section 7.7(b). The date of liquidation for such claims shall be the date of the final judgment or settlement.

Where a holder of a PI Trust Claim payable from the T&N Worldwide or FMP Fund is deceased or incompetent, and the settlement and payment of his or her claim must be approved by a court of competent jurisdiction or probate process prior to acceptance of the claim by the claimant's representative, an offer made by the PI Trust on the claim shall remain open so long as proceedings in that court or probate process remain pending, provided that the PI Trust has been furnished with evidence that the settlement offer has been submitted to such court or probate process for approval. If the offer is ultimately approved by the court or probate process and is accepted by the claimant's representative, the PI Trust shall pay the claim from the relevant Fund in the amount so offered subject to the Payment Percentages in effect for the Fund at the time the offer was first made. The date of liquidation for such claims shall be the date the claimant first accepted the offer by the PI Trust that was approved by the court or probate process.

If any claims are liquidated on the same date, the claimant's position in a PI Trust Fund's FIFO Payment Queue shall be determined by the date of the diagnosis of the claimant's asbestos-related disease. If any claims are liquidated on the same date and the respective holders' asbestos-related diseases were diagnosed on the same date, those claimants' positions in a Fund's FIFO Payment Queue shall be determined by the PI Trust based on the dates of the claimants' birth, with older claimants given priority over younger claimants.

## **5.2 Resolution of Pre-Petition Liquidated Claims.**

**5.2(a) Processing and Payment – In General.** As soon as practicable after the Effective Date, the PI Trust shall pay from the relevant PI Trust Fund, upon submission by the claimant of the applicable PI Trust proof of claim form for claims, together with all

documentation required thereunder, all PI Trust Claims that were liquidated by (i) a binding settlement agreement for the particular claim entered into prior to the Petition Date with a Federal-Mogul Entity or its agent that is judicially enforceable by the claimant, (ii) a jury verdict or non-final judgment in the relevant tort system obtained against a Federal-Mogul Entity prior to the Petition Date, or (iii) by a judgment against a Federal-Mogul Entity that became final and non-appealable prior to the Petition Date (collectively "Pre-Petition Liquidated Claims").

The liquidated value of a Pre-Petition Liquidated T&N Claim shall be the unpaid portion of the amount agreed to in the binding settlement agreement, the unpaid portion of the amount awarded by the jury verdict or non-final judgment, or the unpaid portion of the amount of the final judgment, as the case may be, plus interest, if any, that has accrued on that amount in accordance with the terms of the agreement or under applicable state or foreign law for settlements or judgments as of the Petition Date. However, the liquidated value of a Pre-Petition Liquidated Claim shall not include any punitive or exemplary damages except as otherwise provided in Section 7.4 below.

In the absence of a Final Order of the Bankruptcy Court determining whether a settlement agreement is binding and judicially enforceable, a dispute between the claimant and the PI Trust over this issue shall be resolved pursuant to the same procedures in this TDP that are provided for resolving the validity and/or liquidated value of a PI Trust Claim (i.e., arbitration and litigation in the tort system as set forth in Sections 5.10 and 5.11 below).

If any Pre-Petition Liquidated Claims are filed with the PI Trust on the same date, the claimant's position in the PI Trust's FIFO Queue for such claims shall be determined by the date on which the claim was liquidated. If any Pre-Petition Liquidated T&N Claims are filed and



liquidated on the same date, the position of the claimants in the FIFO queue shall be based on the dates of the claimants' birth, with older claimants given priority over younger claimants.

**5.2(a)(1) Pre-Petition Liquidated T&N and FMP Claims.** Pre-Petition Liquidated T&N and FMP Claims shall be processed and paid from the T&N Worldwide or FMP Funds in accordance with their order in separate FIFO queues to be established by the PI Trust for each such Fund based on the date the PI Trust received a completed proof of claim form with all required documentation for the particular claim or claims. However, the amounts payable with respect to such claims shall not be subject to or taken into account in consideration of the Claims Payment Ratio, but shall be subject to the Maximum Annual Payment and Payment Percentage provisions set forth above.

**5.2(a)(2) Insured Pre-Petition Liquidated Claims.** Pre-Petition Liquidated Claims payable from the Fel-Pro or Vellumoid Funds shall be tendered by the PI Trust to the relevant insurer or insurers for payment.

**5.2(b) Marshalling of Security.** Holders of Pre-Petition Liquidated Claims that are secured by letters of credit, appeal bonds, or other security or sureties shall first exhaust their rights against any applicable security or surety before making a claim against the PI Trust. Only in the event that such security or surety is insufficient to pay the Pre-Petition Liquidated Claim in full shall the deficiency be processed and paid as a Pre-Petition Liquidated Claim.

### **5.3 Resolution of Unliquidated PI Trust Claims.**

**5.3(a) TDP Valued Claims.** Within six months after the establishment of the PI Trust, the Trustees with the consent of the TAC and the Future Claimants Representative shall

adopt procedures for reviewing and liquidating all unliquidated TDP Valued Claims, which shall include deadlines for processing such claims. Such procedures shall also require claimants seeking resolution of unliquidated TDP Valued Claims to first file a proof of claim form, together with the required supporting documentation, in accordance with the provisions of Sections 6.1 and 6.2 below.

The PI Trust shall provide the claimant with six-months notice of the date by which it expects to reach the claim in the FIFO Queue, following which the claimant shall promptly (i) advise the PI Trust whether the claim should be liquidated under the PI Trust's Expedited Review Process described in Section 5.3(a)(1) below or, in certain circumstances, under the PI Trust's Individual Review Process described in Section 5.3(a)(2) below; (ii) provide the PI Trust with any additional medical and/or exposure evidence that was not provided with the original claim submission; and (iii) advise the PI Trust of any change in the claimant's Disease Level. If a claimant fails to respond to the PI Trust's notice prior to the reaching of the claim in the FIFO Queue, the PI Trust will process and liquidate the claim under the Expedited Review Process based upon the medical/exposure evidence previously submitted by the claimant, although the claimant shall retain the right to request Individual Review as described in Section 5.3(a)(2) below.

**5.3(a)(1) Expedited Review Process.**

**5.3(a)(1)(A) In General.** The PI Trust's Expedited Review process is designed primarily to provide an expeditious, efficient and inexpensive method for liquidating all TDP Valued Claims, except those claims involving Disease Level VI - Lung Cancer 2 and T&N/R.O.W. Claims, in cases in which the claim can easily be verified by the PI Trust as meeting the presumptive Medical/Exposure Criteria for the relevant Disease Level. Expedited

Review thus provides qualifying claimants with a substantially less burdensome process for pursuing TDP Valued Claims than does the Individual Review process. Expedited Review is also intended to provide qualifying claimants a fixed and certain claims payment.

All Disease Level VI - Lung Cancer 2 and T&N/R.O.W. Claims must be liquidated pursuant to the PI Trust's Individual Review process described in Section 5.3(a)(2) below. Because TDP Valued Claims of individuals exposed in Canada who were resident in Canada when such claims were filed were routinely litigated and resolved in the courts of the U.S., and because the resolution history of these claims has been included in developing the Expedited Review Process for T&N U.S., Flexitallic, Ferodo and FMP Claims, such claims shall be eligible for liquidation under the Expedited Review Process and for the matrix values provided such claims in Section 5.3(a)(3) below. Accordingly, the definition of T&N U.S. Claims set forth in Section 2.1(b)(1) expressly includes claims with respect to which the claimant's exposure to an asbestos-containing product for which T&N has legal responsibility occurred in Canada, and the T&N R.O.W. Claims in that same section expressly excludes claims based on such Canadian exposure.

TDP Valued Claims, including Multiple Exposure Claims, that undergo Expedited Review and meet the presumptive Medical/Exposure Criteria for the relevant Disease Level shall be liquidated at the Scheduled Value for such Disease Level set forth in Section 5.3(a)(3) below for the particular T&N Entity. However, except for TDP Valued Claims involving Other Asbestos Disease (Disease Level I), all claims liquidated by Expedited Review shall be subject to the applicable Payment Percentage, and the Maximum Annual Payment, the Maximum Available Payment, and the Claims Payment Ratio limitations. Claimants holding TDP Valued Claims that cannot be liquidated by Expedited Review because they do not meet the presumptive

Medical/Exposure Criteria for the relevant Disease Level may elect the PI Trust's Individual Review process set forth in Section 5.3(a)(2) below. Claimants holding T&N Multiple Exposure Claims may also elect Expedited Review for one or more of those claims.

**5.3(a)(1)(B) Claims Processing Under Expedited Review.** All claimants seeking liquidation of their TDP Valued Claims pursuant to Expedited Review shall file the PI Trust's proof of claim forms. As the proof of claim form is reached in the FIFO Processing Queue, the PI Trust shall determine whether the claim or claims described therein meets the Medical/Exposure Criteria for one of the seven Disease Levels eligible for Expedited Review, and shall advise the claimant of its determination. If a Disease Level is determined, the PI Trust shall tender to the claimant an offer of payment from the T&N Worldwide Fund of the Scheduled Value (or Values in the case of Multiple Exposure Claims) for the relevant Disease Level multiplied by the applicable Payment Percentage, together with a form of release approved by the PI Trust. If the claimant accepts the Scheduled Value (as adjusted by the Payment Percentage) and returns the release properly executed, the claim shall be placed in the Fund's FIFO Payment Queue, following which the PI Trust shall disburse payment subject to the limitations of the Maximum Annual Payment, the Maximum Available and the Claims Payment Ratio, if any.

**5.3(a)(1)(C) Disease Levels and Medical/Exposure Criteria.** The eight Disease Levels covered by this TDP, together with the Medical/Exposure Criteria for each, are set forth below. The separate Scheduled Values for the seven Disease Levels eligible for Expedited Review, together with the other matrix values for all Disease Levels, are set forth in Section 5.3(a)(3) below. These Disease Levels, Scheduled Values, and Medical/Exposure Criteria shall apply to all PI Trust Voting Claims (except Pre-Petition Liquidated Claims) that are

filed with the PI Trust on or before the Initial Claims Filing Date provided in Section 5.1(a)(1) above.

Thereafter, for all PI Trust Claims, with the consent of the TAC and the Future Claimants Representative, the Trustees may add to, change or eliminate Disease Levels, Scheduled Values, or Medical/Exposure Criteria; develop subcategories of Disease Levels, Scheduled Values or Medical/Exposure Criteria; or determine that a novel or exceptional asbestos personal injury claim is compensable even though it does not meet the Medical/Exposure Criteria for any of the then current Disease Levels. In the case of changes in the Disease Levels, Scheduled Values or Medical/Exposure Criteria that would affect T&N/U.K. Claims, the PI Trust shall also consult with its U.K. legal advisers.

#### **Disease Levels and Presumptive Medical/Exposure Criteria**

##### **Disease Level**

##### **Presumptive Medical/Exposure Criteria**

Mesothelioma (Level VIII)

(1) Diagnosis<sup>1</sup> by a qualified physician<sup>2</sup> of mesothelioma; and (2) credible evidence of Federal-Mogul Exposure (as defined in Section 5.7(b)(3)).

Lung Cancer 1 (Level VII)

(1) Diagnosis of a primary lung cancer plus evidence of an underlying Bilateral Asbestos-

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<sup>1</sup> The requirements for a diagnosis of an asbestos-related disease that may be compensated under the provisions of this TDP are set forth in Section 5.7 of this TDP.

<sup>2</sup> The PI Trust shall recognize that the standards and terminology for determining physician qualifications in the U.K. are different than those in the U.S, and shall make appropriate allowances for those differences. For example, U.K. physicians who have attained the level of "consultant" shall be treated as qualified specialists in their respective areas of expertise for all purposes of this TDP.

Related Nonmalignant Disease<sup>3</sup>, (2) six months Federal-Mogul Exposure prior to December 31, 1982, (3) Significant Occupational Exposure to asbestos,<sup>4</sup> and (4) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the lung cancer in question.

#### Lung Cancer 2 (Level VI)

(1) Diagnosis of a primary lung cancer; (2) Federal-Mogul Exposure prior to December 31, 1982, and (3) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the lung cancer in question.

Lung Cancer 2 (Level VI) claims are claims that do not meet the more stringent medical and/or exposure requirements of Lung Cancer (Level VII) claims. All claims in this Disease Level will be individually evaluated.

Level VI claims that show no evidence of either an underlying Bilateral Asbestos-Related Non-malignant Disease or Significant Occupational Exposure may be individually evaluated, although it is not expected that such claims will be treated as having any significant value, especially if the

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<sup>3</sup> Evidence of "Bilateral Asbestos-Related Nonmalignant Disease" for purposes of meeting the criteria for establishing Disease Levels I, II, III, V, and VII, means either (i) a chest X-ray read by a qualified B-reader of 1/0 or higher on the ILO scale or, (ii) (x) a chest X-ray read by a qualified B reader (or in the case of a U.K. claimant, a chest X-ray read by a consultant chest physician or radiologist), (y) a CT scan read by a qualified physician, or (z) pathology, in each case showing bilateral interstitial fibrosis, bilateral pleural plaques, bilateral pleural thickening, or bilateral pleural calcification. Solely for claims filed against Federal-Mogul or another asbestos defendant in the tort system prior to the Petition Date, if an ILO reading is not available, either (i) a chest x-ray or a CT scan read by a qualified physician, or (ii) pathology, in each case showing bilateral interstitial fibrosis, bilateral pleural plaques, bilateral pleural thickening, or bilateral pleural calcification consistent with, or compatible with, a diagnosis of asbestos-related disease shall be evidence of a Bilateral Asbestos-Related Nonmalignant Disease for purposes of meeting the presumptive medical requirements of Disease Levels I,II, III, V and VII. Proof of asbestosis may be based on the pathological grading system for asbestosis described in the Special Issue of the Archives of Pathology and Laboratory Medicine, "Asbestos-associated Diseases," Vol. 106, No. 11, App. 3 (October 8, 1982).

<sup>4</sup> "Significant Occupational Exposure" is defined in Section 5.7 below.

claimant is also a Smoker.<sup>5</sup> In any event, no presumption of validity will be available for any claims in this category

Other Cancer (Level V)

(1) Diagnosis of a primary colo-rectal, laryngeal, esophageal, pharyngeal, or stomach cancer, plus evidence of an underlying Bilateral Asbestos-Related Nonmalignant Disease, (2) six months Federal-Mogul Exposure prior to December 31, 1982, (3) Significant Occupational Exposure to asbestos, and (4) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the other cancer in question.

Severe Asbestosis (Level IV)

(1) Diagnosis of asbestosis with ILO of 2/1 or greater based on X-rays read by a certified B-reader (or in the case of U.K. claimants, X-rays read by a consultant chest physician or radiologist), or asbestosis determined by pathological evidence of asbestos, plus either (i) TLC less than 65%, or (ii) FVC less than 65% and FEV1/FVC ratio greater than 65%, (2) six months Federal-Mogul Exposure prior to December 31, 1982, (3) Significant Occupational Exposure to asbestos, and (4) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the pulmonary disease in question.

Asbestosis/Pleural Disease (Level III)

(1) Diagnosis of a Bilateral Asbestos-Related Non-malignant Disease, plus (a) TLC less than 80%, or (b) FVC less than 80% and FEV1/FVC ratio greater than or equal to 65%, (2) six months Federal-Mogul Exposure prior to December 31, 1982, (3) Significant Occupational Exposure to asbestos, and (4) supporting medical documentation establishing

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<sup>5</sup> There is no distinction between Non-Smokers and Smokers for either Lung Cancer (Level VII) or Lung Cancer (Level VI), although a claimant who meets the more stringent requirements of Lung Cancer (Level VII) (evidence of an underlying Bilateral Asbestos-Related Nonmalignant Disease plus Significant Occupational Exposure), and who is also a Non-Smoker, may wish to have his or her claim individually evaluated by the PI Trust. In such a case, it is anticipated that the liquidated value of the claim might well exceed the Scheduled Value for Lung Cancer 1 (Level VII) claims shown in the matrix set forth in Section 5.4(b)(4). "Non-Smoker" means a claimant who either (a) never smoked or (b) has not smoked during any portion of the twelve (12) years immediately prior to the diagnosis of the lung cancer.

asbestos exposure as a contributing factor in causing the pulmonary disease in question.

Asbestosis/Pleural Disease (Level II)

(1) Diagnosis of a Bilateral Asbestos-Related Nonmalignant Disease, (2) six months Federal-Mogul Exposure prior to December 31, 1982, and (3) five years cumulative occupational exposure to asbestos.

Other Asbestos Disease (Level I)

(1) Diagnosis of a Bilateral Asbestos-Related Nonmalignant Disease or an asbestos-related malignancy other than mesothelioma, and (2) Federal-Mogul Exposure prior to December 31, 1982.

### **5.3(a)(2) Individual Review Process**

**5.3(a)(2)(A) Review of Medical/Exposure Criteria.** The PI Trust's Individual Review process provides a claimant with an opportunity for individual consideration and evaluation of a TDP Valued Claim or Claims, that fail to meet the presumptive Medical/Exposure Criteria for Disease Levels I – V, and VII-VIII. The medical and exposure evidence relating to all T&N/R.O.W. Claims shall also be subject to the Individual Review process. In any such case, the PI Trust shall either deny the claim, or, if the PI Trust is satisfied that the claimant has presented a claim that would be cognizable and valid in the tort system, the PI Trust can offer the claimant a liquidated value amount up to the Scheduled Value for that Disease Level, unless the claim qualifies as an Extraordinary Claim as defined in Section 5.4(a) below, in which case its liquidated value cannot exceed the Maximum Value for such a claim.

In reviewing T&N/R.O.W. Claims, the PI Trust shall take into account all relevant procedural and substantive legal rules to which the claims would be subject in the Claimant's Jurisdiction as defined in Section 5.3(a)(2)(B) below. The PI Trust shall determine the liquidated value of such claims based on historical settlements and verdicts in the Claimant's Jurisdiction as well as the other valuation factors set forth in Section 5.3(a)(2)(B) below.



For purposes of the Individual Review process, the Trustees, with the consent of the TAC and the Future Claimants Representative, may develop separate Medical/Exposure Criteria and standards, as well as separate requirements for physician and other professional qualifications, which shall be applicable to foreign claims; however, that such criteria, standards or requirements shall not effectuate substantive changes to the claims eligibility requirements under this TDP, but rather shall be made only for the purpose of adapting those requirements to the particular licensing provisions and/or medical customs or practices of the foreign country in question.

At such time as the PI Trust has sufficient historical settlement, verdict and other valuation data for T&N/R.O.W. Claims from a particular foreign jurisdiction, the Trustees, with the consent of the TAC and the Future Claimants Representative, may also establish a separate valuation matrix for such claims based on that data.

**5.3(a)(2)(B) Review of Liquidated Value.** Claimants holding TDP Valued Claims involving Disease Levels II – VIII, as well as all claimants holding T&N/R.O.W. Claims shall also be eligible to seek Individual Review of the liquidated value of their claims. The Individual Review process is intended to result in payments from the PI Trust Funds equal to the full liquidated value for each claim multiplied by the applicable Payment Percentage; however, the liquidated value of any TDP Valued Claim that undergoes Individual Review may be determined to be less than the Scheduled Value the claimant would have received under Expedited Review.

Moreover, the liquidated value for a TDP Valued Claim involving Disease Levels II – VIII, as well as for a T&N/R.O.W. Claim, shall not exceed the Maximum Value for the

relevant Disease Level set forth in Section 5.3(a)(3) below, unless the claim meets the requirements of an Extraordinary Claim described in Section 5.4(a) below, in which case its liquidated value cannot exceed the Maximum Value set forth in that provision for such claims. Because the detailed examination and valuation process pursuant to Individual Review requires substantial time and effort, claimants electing to undergo the Individual Review process will ordinarily be paid the liquidated value of their TDP Valued Claims later than would have been the case had the claimant elected the Expedited Review process.

**5.3(a)(2)(C) Valuation Factors to Be Considered in Individual**

**Review.** The PI Trust shall liquidate the value of each TDP Valued Claim that undergoes Individual Review based on the historic liquidated values of other similarly situated claims in the relevant tort system for the same Disease Level. The PI Trust will thus take into consideration all the factors that affect the severity of damages and values within the relevant tort system including, but not limited to (i) the degree to which the characteristics of a claim differ from the presumptive Medical/Exposure Criteria for the Disease Level in question; (ii) factors such as the claimant's age, disability, employment status, disruption of household, family or recreational activities, dependencies, special damages, and pain and suffering; (iii) evidence that the claimant's damages were (or were not) caused by asbestos exposure, including exposure to one or more asbestos-containing products of any Federal-Mogul Entity prior to December 31, 1982 (for example, alternative causes, alternative sources of exposure, and the strength of documentation of injuries); (iv) the industry of exposure; (v) settlements, verdicts, and the claimant's and other law firms' experience in the Claimant's Jurisdiction for similarly situated claims and (vi) in the case of T&N/U.K. Claims, valuation factors uniquely relevant in the U.K.

tort system, including whether the claim is subject to English or Scottish law and whether the claimant was living or dead at the time the claim was filed.

For these purposes, the "Claimant's Jurisdiction" is the jurisdiction in which the claim was filed (if at all) against a T&N or FMP Entity in the relevant tort system prior to the Petition Date. If the claim was not filed against a T&N or FMP Entity in the relevant tort system prior to the Petition Date, the claimant may elect as the Claimant's Jurisdiction either (i) the jurisdiction in which the claimant resides at the time of diagnosis; (ii) the jurisdiction in which the claimant resides at the time the claim is filed with the PI Trust; or (iii) a jurisdiction in which the claimant was exposed to asbestos or an asbestos-containing product manufactured or distributed by a T&N or FMP Entity.

**5.3(a)(2)(D) Processing and Payment Limitations for TDP Valued Claims Involving Disease Levels III and II.** The PI Trust shall administer Individual Review for Disease Levels III and II so that Individual Review does not reduce payments to claimants electing the Scheduled Value for TDP Valued Claims under Expedited Review. As one means of implementing this requirement, the following shall apply for Disease Levels III and II claims:

**5.3(a)(2)(D)(i) Disease Level III Claims.** No more than 9% of Disease Level III claims paid in any year from the T&N Worldwide Fund or 10% of such claims from the FMP Fund shall be allowed under Individual Review, and the total payments to such Disease Level III claims allowed under Individual Review shall be no more than 15% of payments to all Disease Level III claimants from the T&N Worldwide Fund and 15% of such payments from the FMP Fund during any year.

**5.3(a)(2)(D)(ii) Disease Level II Claims.** No more than 6% of Disease Level II claims paid in any year from the T&N Worldwide Fund or 20% of such claims from the FMP Fund shall be allowed under Individual Review, and the total payments to such Disease Level II claims allowed under Individual Review shall be no more than 8% of payments to all Disease Level II claimants from the T&N Worldwide Fund and 17% of such payments from the FMP Fund during any year.

**5.3(a)(3) Scheduled, Average and Maximum Values.** Scheduled, Average and Maximum Values for all categories of TDP Valued Claims, except T&N/R.O.W. Claims, are set forth below. Two sets of Scheduled, Average and Maximum Values for T&N/U.K. Claims are provided, which take into account (i) the settlement history in the U.K. tort system of (A) T&N/U.K. Claims with respect to which the claimant's exposure to T&N asbestos-containing products was ninety percent (90%) or more ("T&N-Only U.K. Claims), and (B) T&N/U.K. Claims with respect to which the claimant's exposure to T&N asbestos-containing products was less than ninety percent (90%) ("T&N Shared Liability U.K. Claims"), (ii) other applicable valuations factors under relevant U.K. law, and (iii) a twenty percent (20%) increase in these values to make provision for attorneys' fees and costs under the U.K. legal system. No Scheduled or Maximum Values have been set for T&N/R.O.W. Claims because of the lack of settlement and valuation data available. However, the PI Trust may set such values at a later date when it has more experience in resolving these claims.

**T&N/U.S. CLAIMS**

<b><u>Scheduled Disease</u></b>	<b><u>Scheduled Value</u></b>	<b><u>Average Value</u></b>	<b><u>Maximum Value</u></b>
Mesothelioma (Level VIII)	\$200,000	\$250,000	\$600,000
Lung Cancer1 (Level VII)	\$ 42,500	\$ 60,000	\$125,000
Lung Cancer 2 (Level VI)	None	\$ 12,000	\$ 40,000
Other Cancer (Level V)	\$ 14,750	\$ 19,500	\$ 90,000
Severe Asbestosis (Level IV)	\$ 42,500	\$ 54,500	\$125,000
Asbestosis/Pleural Disease (Level III)	\$ 12,700	\$ 13,500	\$ 25,000
Asbestosis/Pleural Disease (Level II)	\$ 5,700	\$ 5,800	\$ 8,000
Other Asbestos Disease Cash Discount Payment (Level I)	\$ 400	None	None

**T&N-ONLY U.K. CLAIMS**

<b><u>Scheduled Disease</u></b>	<b><u>Scheduled Value</u></b>	<b><u>Average Value</u></b>	<b><u>Maximum Value</u></b>
Mesothelioma (Level VIII)	£106,750	£ 118,100	£190,000
Lung Cancer 1 (Level VII)	£ 78,500	£ 84,200	£139,500
Lung Cancer 2 (Level VI)	None	£ 44,500	£ 80,000
Other Cancer (Level V)	£ 52,500	£ 64,600	£ 95,000
Severe Asbestosis (Level IV)	£ 80,000	£ 99,450	£142,500
Asbestosis/Pleural Disease (Level III)	£ 36,500	£ 45,200	£ 71,250
Asbestosis/Pleural Disease			

(Level II)	£ 17,000	£ 17,600	£ 26,250
Other Asbestos Disease Cash Discount Payment (Level I)	£ 500	None	None

**T&N SHARED LIABILITY U.K. CLAIMS**

<u>Scheduled Disease</u>	<u>Scheduled Value</u>	<u>Average Value</u>	<u>Maximum Value</u>
Mesothelioma (Level VIII)	£ 42,700	£ 47,200	£ 76,000
Lung Cancer 1 (Level VII)	£ 31,400	£ 35,300	£ 55,800
Lung Cancer 2 (Level VI)	None	£ 17,800	£ 32,000
Other Cancer (Level V)	£ 21,000	£ 25,400	£ 38,000
Severe Asbestosis (Level IV)	£ 32,000	£ 36,200	£ 57,000
Asbestosis/Pleural Disease (Level III)	£ 14,600	£17,500	£ 28,500
Asbestosis/Pleural Disease (Level II)	£ 6,800	£ 7,400	£ 10,500
Other Asbestos Disease Cash Discount Payment (Level I)	£ 200	None	None

**T&N FLEXITALLIC CLAIMS/T&N FERODO CLAIMS**

<u>Scheduled Disease</u>	<u>Scheduled Value</u>	<u>Average Value</u>	<u>Maximum Value</u>
Mesothelioma (Level VIII)	\$ 50,000	\$ 62,500	\$150,000
Lung Cancer 1 (Level VII)	\$ 10,625	\$ 15,000	\$ 31,250
Lung Cancer 2 (Level VI)	None	\$ 3,000	\$ 10,000

Other Cancer (Level V)	\$ 3,700	\$ 4,900	\$ 22,500
Severe Asbestosis (Level IV)	\$ 10,625	\$ 13,625	\$ 31,250
Asbestosis/Pleural Disease (Level III)	\$ 3,175	\$ 3,375	\$ 6,250
Asbestosis/Pleural Disease (Level II)	\$ 1,425	\$ 1,450	\$ 2,000
Other Asbestos Disease Cash Discount Payment (Level I)	\$ 100	None	None

**FMP (WAGNER) CLAIMS**

<b><u>Scheduled Disease</u></b>	<b><u>Scheduled Value</u></b>	<b><u>Average Value</u></b>	<b><u>Maximum Value</u></b>
Mesothelioma (Level VIII)	\$100,000	\$125,000	\$300,000
Lung Cancer 1 (Level VII)	\$ 21,250	\$ 30,000	\$ 62,500
Lung Cancer 2 (Level VI)	None	\$ 6,000	\$ 20,000
Other Cancer (Level V)	\$ 7,375	\$ 9,750	\$ 45,000
Severe Asbestosis (Level IV)	\$ 21,250	\$ 27,250	\$ 62,500
Asbestosis/Pleural Disease (Level III)	\$ 4,000	\$ 4,250	\$ 7,000
Asbestosis/Pleural Disease (Level II)	\$ 2,000	\$ 2,100	\$ 2,500
Other Asbestos Disease Cash Discount Payment (Level I)	\$ 150	None	None

These Scheduled Values, Average Values and Maximum Values shall apply to all the respective categories of PI Trust Voting Claims that are TDP Valued Claims (other than Pre-Petition Liquidated Claims) filed with the PI Trust on or before the Initial Claims Filing Date as

provided in Section 5.1(a)(1) above. Thereafter, the PI Trust, with the consent of the TAC and the Future Claimants Representative pursuant to Sections 5.7(b) and 6.6(b) of the PI Trust Agreement, may change these valuation amounts, create additional matrices (such as for the T&N/R.O.W., Fel-Pro or Vellumoid Claims), or eliminate existing matrices, for good cause and consistent with other restrictions on the PI Trust's amendment powers.

**5.3(b) Processing and Payment of Insured PI Trust Claims.** Insured PI Trust Claims shall be filed with the PI Trust at the same time the claimant files any TDP Valued Claims on such proof of claim form or forms as the PI Trust shall require. The PI Trust shall place the claimant in its FIFO Processing Queue, and shall promptly tender the Insured PI Trust Claim or Claims to the insurer or insurers who have liability for the claim for settlement or litigation in the relevant tort system, unless the PI Trust and the insurer or insurers have reached an agreement authorizing the PI Trust to establish an administrative process for claims handling and resolution.

For any Insured PI Trust Claims tendered to insurer(s), including Pre-Petition Liquidated Claims, for which the tender is accepted by the insurer(s), the insurer(s) will serve the function of the Trustees related to the determination of the liquidated value of the claim. For all Insured PI Trust Claims for which tender is accepted, the insurer(s) will also undertake the defense of the claim if the claimant chooses to exercise his or her rights to litigate the claim in the tort system pursuant to Sections 5.11(b) and 7.6(b) below.

Upon agreement between the insurer(s) handling the tendered claim and the claimant on the liquidated value of an Insured PI Trust Claim that is covered by any available insurance coverage, the insurer(s) shall pay to the PI Trust that liquidated value, subject to the terms of the



relevant insurance policy. An insurer's payment of the claim's agreed liquidated value to the PI Trust shall satisfy all of such insurer's obligations under its policy or policies to the claimant, and shall constitute payment of the entire claim by the insurer regardless of the actual payment the claimant receives from the PI Trust in accordance with this TDP. The PI Trust shall in turn pay the claimant either the full amount received from the insurer(s) or such other amount as may be due the claimant under this TDP, including amendments hereof. In any event, the PI Trust shall be entitled to recover from the claimant its reasonable costs of prosecuting the claim against any insurer(s), as well as a reasonable amount to cover the administrative expenses incurred in processing, liquidating and paying the claim, whether or not the claim is ultimately paid by one or more insurer(s).

#### **5.4 Categorizing TDP Valued Claims as Extraordinary and/or Exigent**

**5.4(a) Extraordinary Claims.** "Extraordinary Claim" means a TDP Valued Claim other than a T&N/U.K. Claim that otherwise satisfies the Medical Criteria for Disease Levels II - VIII, and that is held by a claimant whose exposure to asbestos (i) occurred predominately as the result of working in a manufacturing facility of a T&N or FMP Entity during a period in which the T&N or FMP Entity was manufacturing asbestos-containing products at that facility, or (ii) was at least 75% the result of exposure to asbestos or to an asbestos-containing product manufactured by a T&N or FMP Entity, and there is little likelihood of a substantial recovery elsewhere.

T&N U.K. Claims shall not be eligible for Extraordinary Claim treatment because holders of such claims whose exposure was primarily (ninety percent (90%)) to asbestos-containing products manufactured by a T&N entity shall be entitled to the higher Scheduled and

Maximum Values in the matrix for T&N-Only Claims set forth in Section 5.3(a)(3), which matrix already takes into account the substantially higher values such claims historically received in the U.K. tort system.

All Extraordinary Claims shall be liquidated pursuant to the Individual Review process and, if valid, shall be entitled to an award of up to a Maximum Value of five (5) times the Scheduled Value for claims qualifying for Disease Levels II – V, VII and VIII, and five (5) times the Average Value for claims in Disease Level VI, multiplied by the applicable Payment Percentage.

Any dispute as to Extraordinary Claim status shall be submitted to a special Extraordinary Claims Panel to be established by the PI Trust with the consent of the TAC and the Future Claimants Representative. All decisions of the Extraordinary Claims Panel shall be final and not subject to any further administrative or judicial review. An Extraordinary Claim, following its liquidation, shall be placed in the T&N Worldwide or FMP Fund's FIFO Payment Queue based on its date of liquidation ahead of all other liquidated claims payable from that Fund except Pre-Petition Liquidated Claims, Disease Level I (Other Asbestos Disease) Claims, and Exigent Hardship Claims, which in that order shall be first in such queues and shall be subject to the Maximum Available Payment and Claims Payment Ratio described above.

**5.4(b) Exigent Hardship Claims.** At any time the PI Trust may liquidate and pay TDP Valued Claims that qualify as Exigent Hardship Claims. Such claims may be considered separately no matter what the order of processing otherwise would have been under this TDP. An Exigent Hardship Claim, following its liquidation, shall be placed first in the FIFO Payment Queue for the T&N Worldwide or FMP Fund ahead of all other liquidated claims

payable from the Fund except Pre-Petition Liquidated Claims and Disease Level I (Other Asbestos Disease Claims) which shall be paid first in that order, and shall be subject to the Maximum Available Payment and Claims Payment Ratio described above. A TDP Valued Claim qualifies for payment as an Exigent Hardship Claim if the claim involves Severe Asbestosis (Disease Level IV) or an asbestos-related malignancy (Disease Levels V-VIII), and the PI Trust, in its sole discretion, determines (i) that the claimant needs financial assistance on an immediate basis based on the claimant's expenses and all sources of available income, and (ii) that there is a causal connection between the claimant's dire financial condition and the claimant's asbestos-related disease.

**5.5 Secondary Exposure Claims.** If a claimant asserting a TDP Valued Claim alleges an asbestos-related disease resulting solely from exposure to an occupationally exposed person, such as a family member, the claimant may seek either Expedited or Individual Review of his or her claim pursuant to Section 5.3(a) above. If the claimant elects to proceed under Expedited Review pursuant to Section 5.3(a)(1) above, he or she must establish that the occupationally exposed person would have met the presumptive exposure requirements under this TDP that would have been applicable had that person filed a direct claim against the PI Trust, and that the claimant with secondary exposure is suffering from one of the eight Disease Levels described in the presumptive medical criteria set forth in Section 5.3(a)(1)(C) above. In the case of Individual Review, the claimant must satisfy the PI Trust that his or her claim would be cognizable and valid in the tort system pursuant to Section 5.3(a)(2) above. In all cases, the claimant must show that his or her own exposure to the occupationally exposed person occurred within the same time frame as the occupationally exposed person was exposed to asbestos products produced by the relevant Federal-Mogul Entity, and that such secondary exposure was a

cause of the claimed disease. The PI Trust's proof of claim form shall contain an additional section for Secondary Exposure Claims. All other liquidation and payment rights and limitations under this TDP shall be applicable to such Secondary Exposure Claims.

**5.6 Indirect PI Trust Claims.** Indirect PI Trust Claims asserted against the PI Trust based upon theories of contribution or indemnification under applicable law, shall be treated as presumptively valid and paid by the PI Trust subject to the applicable Payment Percentage if (a) such claim satisfied the requirements of the Bar Date for such claims established by the Bankruptcy Court, if applicable, and is not otherwise disallowed by Section 502(e) of the Code, and (b) the holder of such claim (the "Indirect Claimant") establishes to the satisfaction of the Trustees that (i) the Indirect Claimant has paid in full the liability and obligation of the Trust to the individual claimant to whom the PI Trust would otherwise have had a liability or obligation under these Procedures (the "Direct Claimant"), (ii) the Direct Claimant and the Indirect Claimant have forever and fully released the Trust from all liability to the Direct Claimant, and (iii) the claim is not otherwise barred by a statute of limitation or repose or by other applicable law. In no event shall any Indirect Claimant have any rights against the PI Trust superior to the rights of the related Direct Claimant against the PI Trust, including any rights with respect to the timing, amount or manner of payment. In addition, no Indirect Claim may be liquidated and paid in an amount that exceeds what the Indirect Claimant has actually paid the related Direct Claimant.

To establish a presumptively valid Indirect PI Trust Claim, the Indirect Claimant's aggregate liability for the Direct Claimant's claim must also have been fixed, liquidated and paid fully by the Indirect Claimant by settlement (with an appropriate full release in favor of the PI Trust) or a Final Order (as defined in the Plan) provided that such claim is valid under the

applicable state law. In any case where the Indirect Claimant has paid the claim of a Direct Claimant against the PI Trust under applicable law by way of a settlement, the Indirect Claimant shall obtain for the benefit of the PI Trust a release in form and substance satisfactory to the Trustees.

If an Indirect Claimant cannot meet the presumptive requirements set forth above, including the requirement that the Indirect Claimant provide the PI Trust with a full release of the Direct Claimant's claim, the Indirect Claimant may request that the PI Trust review the Indirect PI Trust Claim individually to determine whether the Indirect Claimant can establish under applicable federal, state or foreign law that the Indirect Claimant has paid a liability or obligation that the PI Trust would otherwise have to the Direct Claimant. If the Indirect Claimant can show that it has paid such a liability or obligation, the PI Trust shall reimburse the Indirect Claimant the amount of the liability or obligation so paid, times the then applicable Payment Percentage. However, in no event shall such reimbursement to the Indirect Claimant be greater than the amount to which the Direct Claimant would have otherwise been entitled. Further, the liquidated value of any Indirect PI Trust Claim paid by the PI Trust to an Indirect Claimant shall be treated as an offset to or reduction of the full liquidated value of any PI Trust Claim that might be subsequently asserted by the Direct Claimant against the PI Trust.

The PI Trust shall also process, liquidate and pay Indirect PI Trust Claims based on contract or other legal theories that have been specifically channeled to the PI Trust pursuant to express provisions of the Plan. In such a case, the PI Trust shall consider the particular contract or other legal basis upon which the claim has been asserted, as well as whether the claim has been channeled to the PI Trust under the terms of the Plan. If the PI Trust determines that the

claim is valid, the PI Trust shall pay the Indirect Claimant the full liquidated value of the claim, multiplied by the applicable Payment Percentage.

Any dispute between the PI Trust and an Indirect Claimant over whether the Indirect Claimant has a right to reimbursement for any amount paid to a Direct Claimant, or whether the claim is a valid Indirect PI Trust Claim that has been channeled to the PI Trust under the terms of the Plan, shall be subject to the ADR procedures provided in Section 5.10 below. If such dispute is not resolved by said ADR procedures, the Indirect Claimant may litigate the dispute in the tort system pursuant to Sections 5.11 above and 7.6 below.

The Trustees may develop and approve a separate proof of claim form for Indirect PI Trust Claims. Indirect PI Trust Claims that have not been disallowed, discharged, or otherwise resolved by prior order of the Bankruptcy Court shall be processed in accordance with procedures to be developed and implemented by the Trustees consistent with the provisions of this Section 5.6, which procedures (a) shall determine the validity, allowability and enforceability of such claims; and (b) shall otherwise provide the same liquidation and payment procedures and rights to the holders of such claims as the PI Trust would have afforded the holders of the underlying valid PI Trust Claims. Nothing in this TDP is intended to preclude a trust to which asbestos-related liabilities are channeled from asserting an Indirect PI Trust Claim against the PI Trust subject to the requirements set forth herein.

## **5.7 Evidentiary Requirements for TDP Valued Claims**

### **5.7(a) Medical Evidence.**

**5.7(a)(1) In General.** For TDP Valued Claims, all diagnoses of a Disease Level shall be accompanied by either (i) a statement by the physician providing the diagnosis that at least 10 years have elapsed between the date of first exposure to asbestos or asbestos-containing products and the diagnosis, or (ii) a history of the claimant's exposure sufficient to establish a 10-year latency period. A finding by a physician after the Petition Date that a claimant's disease is "consistent with" or "compatible with" asbestosis will not alone be treated by the PI Trust as a diagnosis. However, a certification from a U.K. medical board that administers the U.K. statutory workers compensation system that a claimant has an asbestos-related disease shall be treated by the PI Trust as a presumptively valid diagnosis of the disease in question; however, that presumption may be rebutted by the PI Trust.

**5.7(a)(1)(A). Disease Levels I-IV.** Except for claims filed against T&N, FMP or any other asbestos defendant in the tort system prior to the Petition Date, all diagnoses of a non-malignant asbestos-related disease (Disease Levels I-IV) shall be based in the case of a claimant who was living at the time the claim was filed, upon a physical examination of the claimant by the physician providing the diagnosis of the asbestos-related disease. In addition, all living claimants must provide (i) for Disease Levels I-III, evidence of Bilateral Asbestos-Related Nonmalignant Disease (as defined in Footnote 3 above); (ii) for Disease Level IV, an ILO reading of 2/1 or greater or pathological evidence of asbestosis, and (iii) for Disease Levels III and IV, pulmonary function testing.

In the case of a claimant who was deceased at the time the claim was filed, all diagnoses of a non-malignant asbestos-related disease (Disease Levels I-IV) shall be based upon either (i) a physical examination of the claimant by the physician providing the diagnosis of the asbestos-related disease; or (ii) pathological evidence of the non-malignant asbestos-related disease; or (iii) in the case of Disease Levels I-III, evidence of Bilateral Asbestos-Related Nonmalignant Disease (as defined in Footnote 3 above), and for Disease Level IV, either an ILO reading of 2/1 or greater or pathological evidence of asbestosis; and (iv) for either Disease Level III or IV, pulmonary function testing.

**5.7(a)(1)(B). Disease Levels V – VIII.** All diagnoses of an asbestos-related malignancy (Disease Levels V – VIII) shall be based upon either (i) a physical examination of the claimant by the physician providing the diagnosis of the asbestos-related disease, or (ii) on a diagnosis of such a malignant Disease Level by a board-certified pathologist.

**5.7(a)(1)(C). Exception to the Exception for Certain Pre-Petition Claims.** If the holder of a PI Trust Claim that was filed against T&N, FMP or any other defendant in the tort system prior to the Petition Date has not provided the PI Trust with a diagnosis of the asbestos-related disease by a physician who conducted a physical examination of the holder as described in Section 5.7(a)(1)(A) above, but the holder has available such a diagnosis by an examining physician engaged by the holder, or if the holder has filed such a diagnosis with another asbestos-related personal injury settlement trust that requires such evidence, the holder shall provide such diagnosis to the PI Trust notwithstanding the exception in Sections 5.7(a)(1)(A).



**5.7(a)(2) Credibility of Medical Evidence.** Before making any payment to a claimant on a TDP Valued Claim, the PI Trust must have reasonable confidence that the medical evidence provided in support of the claim is credible and consistent with recognized medical standards. The PI Trust may require the submission of X-rays, CT scans, detailed results of pulmonary function tests, laboratory tests, tissue samples, results of medical examination or reviews of other medical evidence, and may require that medical evidence submitted comply with recognized medical standards regarding equipment, testing methods and procedure to assure that such evidence is reliable. Medical evidence (i) that is of a kind shown to have been received in evidence by a state or federal judge at a trial in the claimant's Jurisdiction, (ii) that is consistent with evidence submitted to any Federal-Mogul Entity to settle for payment similar disease cases prior to Federal-Mogul's bankruptcy, or (iii) a diagnosis by a physician shown to have previously qualified as a medical expert with respect to the asbestos-related disease in question before a state, federal or foreign judge, is presumptively reliable, although the PI Trust may seek to rebut the presumption.

In addition, claimants who otherwise meet the requirements of this TDP for payment of a TDP Valued Claim shall be paid irrespective of the results in any litigation at anytime between the claimant and any other defendant in the relevant tort system. However, any relevant evidence submitted in a proceeding in the relevant tort system involving another defendant, other than any findings of fact, a verdict, or a judgment, may be introduced by either the claimant or the PI Trust in any Individual Review proceeding conducted pursuant to Section 5.3(a)(2) or any Extraordinary Claim proceeding conducted pursuant to Section 5.4(a).

**5.7(b) Exposure Evidence**

**5.7(b)(1) In General.** To qualify for any Disease Level, holders of

TDP Valued Claims, including Multiple Exposure Claims, must demonstrate a minimum exposure to an asbestos-containing product manufactured or distributed by the particular Federal-Mogul Entity to which the claim relates. Claims based on conspiracy theories that involve no exposure to an asbestos-containing product manufactured or distributed by a Federal-Mogul Entity are not compensable under this TDP. To meet the presumptive exposure requirements of Expedited Review set forth in Section 5.3(a)(1)(C) above, the claimant must show (i) for all Disease Levels, Federal-Mogul Exposure as defined below prior to December 31, 1982; (ii) for Asbestos/Pleural Disease Level II, six months Federal-Mogul Exposure prior to December 31, 1982, plus five years cumulative occupational asbestos exposure; and (iii) for Asbestosis/Pleural Disease (Disease Level III), Severe Asbestosis (Disease Level IV), Other Cancer (Disease Level V) or Lung Cancer 1 (Disease Level VII), the claimant must show six months Federal-Mogul Exposure prior to December 31, 1982, plus Significant Occupational Exposure to asbestos as defined below. If the claimant cannot meet the relevant presumptive exposure requirements for a Disease Level eligible for Expedited Review, the claimant may seek Individual Review of his or her exposure to an asbestos-containing product manufactured or distributed by the relevant Federal-Mogul Entity pursuant to Section 5.3(a)(2) above.

**5.7(b)(2) Significant Occupational Exposure.** "Significant Occupational Exposure" means employment for a cumulative period of at least five years, with a minimum of two years prior to December 31, 1982, in an industry and an occupation in which the claimant (a) handled raw asbestos fibers on a regular basis; (b) fabricated asbestos-containing products so that the claimant in the fabrication process was exposed on a regular basis to raw asbestos fibers; (c) altered, repaired or otherwise worked with an asbestos-containing product such that the claimant was exposed on a regular basis to asbestos fibers; or (d) was employed in

an industry and occupation such that the claimant worked on a regular basis in close proximity to workers engaged in the activities described in (a), (b) and/or (c).

**5.7(b)(3) Federal-Mogul Exposure.** Claimants holding TDP Valued Claims must demonstrate meaningful and credible exposure, which occurred prior to December 31, 1982, to asbestos or asbestos-containing products supplied, specified, manufactured, installed, maintained, or repaired by the relevant Federal-Mogul Entity, and/or any entity, including any contracting unit, for which the particular Federal-Mogul Entity has legal responsibility. That meaningful and credible exposure evidence may be established by an affidavit of a living claimant; by an affidavit of a co-worker or family member in the case of a deceased claimant (providing the PI Trust finds such evidence reasonably reliable); by invoices, employment, construction or similar records; or by other credible evidence. The specific exposure information required by the PI Trust to process a claim under either Expedited or Individual Review is set forth on the proof of claim form to be used by the PI Trust. The PI Trust can also require submission of other or additional evidence of exposure when it deems such to be necessary.

**5.8 Claims Audit Program.** The PI Trust with the consent of the TAC and the Future Claimants Representative may develop methods for auditing the reliability of medical evidence, including additional reading of x-rays and CT scans as well as verification of pulmonary function tests, as well as the reliability of evidence of exposure to asbestos, including exposure to asbestos-containing products manufactured or distributed by any Federal-Mogul Entity prior to December 31, 1982. In the event that the PI Trust reasonably determines that any individual or entity has engaged in a pattern or practice of providing unreliable medical evidence to the Trust, it may decline to accept additional evidence from such provider in the future.

Further, in the event that an audit reveals that fraudulent information has been provided to the PI Trust, the PI Trust may penalize any claimant or claimant's attorney by disallowing the PI Trust Claim or by other means including, but not limited to, requiring the source of the fraudulent information to pay the costs associated with the audit and any future audit or audits, reordering the priority of payment of all affected claimants' PI Trust Claims, raising the level of scrutiny of additional information submitted from the same source or sources, refusing to accept additional evidence from the same source or sources, seeking the prosecution of the claimant or claimant's attorney for presenting a fraudulent claim in violation of 18 U.S.C. §152, and seeking sanctions from the Bankruptcy Court.

**5.9 Second Disease (Malignancy) Claims.** The holder of a PI Trust Claim involving a non-malignant asbestos-related disease (Disease Levels I through IV) may assert a new PI Trust Claim against the PI Trust for a malignant disease (Disease Levels V – VIII) that is subsequently diagnosed. Any additional payments to which such claimant may be entitled with respect to such malignant asbestos-related disease shall not be reduced by the amount paid for the nonmalignant asbestos-related disease, provided that the malignant disease had not been diagnosed by the time the claimant was paid with respect to his or her original claim involving the nonmalignant disease.

**5.10 Arbitration of TDP Valued Claims.**

**5.10(a) Establishment of ADR Procedures.** The PI Trust, with the consent of the TAC and the Future Claimants Representative, shall institute binding and non-binding arbitration procedures in accordance with Alternative Dispute Resolution ("ADR") Procedures for TDP Valued Claims (i.e., T&N/U.S., Flexitallic, Ferodo and FMP Claims) for resolving disputes concerning whether a pre-petition settlement agreement with or on behalf of any

Federal-Mogul Entity is binding and judicially enforceable in the absence of a Final Order of the Bankruptcy Court determining the issue, whether the PI Trust's outright rejection or denial of a TDP Valued Claim was proper, or whether the claimant's medical condition or exposure history meets the requirements of this TDP for purposes of categorizing a TDP Valued Claim involving Disease Levels II – VIII. Binding and non-binding arbitration shall also be available for resolving disputes over the liquidated value of a TDP Valued Claim involving Disease Levels II – VIII, as well as disputes over a Fund's share of the unpaid portion of a Pre-Petition Liquidated Claim described in Section 5.2 above, and the validity of an Indirect PI Trust Claim described in Section 5.6 above.

In the case of T&N/U.K. Claims, binding and non-binding arbitration procedures shall be developed by the PI Trust in consultation with its U.K. legal advisers, and shall provide for arbitration of U.K. claims in the U.K. by U.K. arbitrators applying U.K. legal principles. The PI Trust shall select its U.K. arbitrators in consultation with its U.K. legal advisers, and shall have separate panels of English and Scottish arbitrators if necessary to resolve disputes concerning the proper treatment of PI Trust Claims held by English and Scottish claimants, respectively. As is the case with respect to T&N-U.S. Claims, the matters to be resolved by binding and non-binding arbitration with respect to T&N U.K. Claims shall include, without limitation, any disputes as to whether a pre-petition settlement agreement with or on behalf of any Federal-Mogul Entity is binding and judicially enforceable by the relevant claimant, whether the PI Trust's outright rejection or denial of a TDP Valued Claim was proper, or whether the claimant's medical condition or exposure history meets the requirements of this TDP for purposes of categorizing a TDP Valued Claim involving Disease Levels II – VIII. These binding and non-binding arbitration procedures shall also be available in the case of T&N/UK Claims for resolving disputes over the

liquidated value of a TDP Valued Claim involving Disease Levels II – VIII, as well as disputes over T&N's share of the unpaid portion of a Pre-Petition Liquidated Claim described in Section 5.2 above or the validity of an Indirect PI Trust Claim described in Section 5.6 above.

In all arbitrations where relevant, the arbitrator shall consider the same medical and exposure evidentiary requirements that are set forth in Section 5.7 above. In the case of an arbitration involving the liquidated value of a claim involving Disease Levels II – VIII, the arbitrator shall consider the same valuation factors that are set forth in Section 5.3(a)(2)(C) above. With respect to all TDP Valued Claims eligible for arbitration, the claimant, but not the PI Trust, may elect either non-binding or binding arbitration. The ADR Procedures for TDP Valued Claims may be modified by the PI Trust with the consent of the TAC and the Future Claimants Representative. The ADR Procedures for T&N U.K. Claims may be modified by the Trust with the consent of the TAC and the Future Claimants Representative after consultation with the Trust's U.K. legal advisors.

**5.10(b) TDP Valued Claims Eligible for Arbitration.** In order to be eligible for arbitration, claims must first complete the Individual Review process set forth in Section 5.3(a)(2) above and, except for T&N/U.K. Claims, must also complete either the Pro-Bono Evaluation or Mediation processes set forth the ADR Procedures to be established by the PI Trust with respect to the disputed issue. T&N/U.K. Claims shall not be required to undergo either Pro Bono Evaluation or Mediation. Individual Review will be treated as completed for these purposes when the TDP Valued Claim has been individually reviewed by the PI Trust, the PI Trust has made an offer on the claim, the claimant has rejected the liquidated value resulting from the Individual Review, and the claimant has notified the PI Trust of the rejection in writing. Individual Review shall also be treated as completed if the PI Trust has rejected the claim.

**5.10(c) Limitations on and Payment of Arbitration Awards.** In the case of a non-Extraordinary TDP Valued Claim involving Disease Levels II – VIII, the arbitrator shall not return an award in excess of the Maximum Value for the appropriate Disease Level as set forth in Section 5.3(a)(3) above, and for an Extraordinary TDP Valued Claim involving one of those Disease Levels, the arbitrator shall not return an award greater than the Maximum Extraordinary Value for such a claim as set forth in Section 5.4(a) above. A claimant who submits to arbitration and who accepts the arbitral award will receive payments in the same manner as one who accepts the Trust's original valuation of the claim.

**5.11 Litigation.** Holders of Asbestos PI Trust Claims may litigate their claims in the tort system only as provided below. In each such case, the claimant may seek to recover only the relevant PI Trust Fund's separate share of the liquidated value of the claim.

**5.11(a) Litigation of TDP Valued Claims.** Claimants holding TDP Valued Claims who elect non-binding arbitration and then reject their arbitral awards retain the right to institute a lawsuit against the PI Trust in the Claimant's Jurisdiction pursuant to Section 7.6(a) below. However, all lawsuits brought against the PI Trust involving TDP Valued Claims must be filed by the claimant in her or her own right and name and not as a member or representative of a class; no such lawsuit may be consolidated with any other lawsuit; and a claimant shall be eligible for payment of a judgment for monetary damages obtained in the tort system from the PI Trust's available cash only as provided in Section 7.7(a) below.

**5.11(b) Litigation of Insured PI Trust Claims.** Claimants holding Insured PI Trust Claims that are not TDP Valued Claims may also sue the PI Trust in the relevant tort system pursuant to Section 7.6(b) below if they fail to reach a settlement of the claim with either

the PI Trust or an insurer that is liable for such claims. In such a case, the PI Trust shall tender the claim to the insurer or insurers who have provided coverage for claims arising out of such exposure. It is anticipated that the insurer or insurers that has accepted the tender of the claim will defend the PI Trust against the claim or reimburse the PI Trust for its costs of defense. All settlements or final judgments against the PI Trust resulting from litigation of an insured claim shall be paid initially by the responsible insurer(s) to the PI Trust and then by the PI Trust on behalf of the corresponding Fund pursuant to Section 7.7(b) below.

Any such lawsuit involving an Insured PI Trust Claim that is not a TDP Valued Claim may be brought by the claimant in the federal, state or foreign court of his or her choosing as permitted under applicable federal, state, or foreign law. Where no action against a Federal-Mogul Entity or another asbestos product manufacturer is pending on behalf of the claimant, the claimant may institute a lawsuit against the PI Trust by filing an appropriate legal pleading in a venue permitted by applicable federal, state or foreign law. Where an action against a Federal-Mogul Entity alone, against a Federal-Mogul Entity and another asbestos product manufacturer, or against another asbestos product manufacturer alone, is pending, the PI Trust, within 15 days of receiving notice of the claimant's election to file an action in that forum, shall execute appropriate legal documents stipulating to either the substitution of the PI Trust as a party defendant for the Federal-Mogul Entity, or the joinder of the PI Trust as a party defendant in any federal, state or foreign action pending against any other defendant as permitted by applicable law.



## SECTION VI

### Claims Materials

**6.1 Claims Materials.** The PI Trust shall prepare suitable and efficient claims materials (“Claims Materials”) for all PI Trust Claims, and shall provide such Claims Materials upon a written request for such materials to the PI Trust. The proof of claim form to be submitted to the PI Trust shall require the claimant to assert the highest Disease Level for which the claim qualifies at the time of filing. The proof of claim form shall also include a certification by the claimant or his or her attorney sufficient to meet the requirements of Rule 11(b) of the Federal Rules of Civil Procedure. The proof of claim forms may be changed by the PI Trust with the consent of the TAC and the Future Claimants Representative.

**6.2 Content of Claims Materials for TDP Valued Claims.** The Claims Materials shall include a copy of this TDP, such instructions as the Trustees shall approve, and a detailed proof of claim form. If feasible, the form used by the PI Trust to obtain claims information shall be the same or substantially similar to those used by other asbestos claims resolution organizations. Instead of collecting some or all of the claims information from a claimant or the claimant’s attorney, the PI Trust may also obtain such information from electronic data bases maintained by any other asbestos claims resolution organization. However, the PI Trust shall inform the claimant that it plans to obtain information as available from such other organizations and may do so unless the claimant objects in writing or provides such information directly to the PI Trust. If requested by the claimant, the PI Trust shall accept information provided electronically. The claimant may, but will not be required to, provide the PI Trust with evidence of a prior recovery from another asbestos defendant and/or claims resolution organization.

However, the claimant shall be required to provide the PI Trust with evidence of any prior recovery from any Federal-Mogul Entity.

**6.3 Withdrawal or Deferral of Claims.** A claimant may withdraw a PI Trust Claim at any time upon written notice to the PI Trust and file another such claim subsequently without affecting the status of the claim for statute of limitations purposes, but any such claim filed after withdrawal shall be given a place in the FIFO processing Queue based on the date of such subsequent filing. A claimant can also request that the processing of his or her PI Trust Claim by the PI Trust be deferred for a period not to exceed three (3) years without affecting the status of the claim for statute of limitation purposes, in which case the claimant shall also retain his or her original place in the FIFO processing Queue.

Except for TDP Valued held by representatives of deceased or incompetent claimants for which court or probate approval of the PI Trust's offer is required, or a claim for which deferral status has been granted, a claim will be deemed to have been withdrawn if the claimant neither accepts, rejects, nor initiates arbitration within six months of the PI Trust's offer of payment or rejection of the claim. Upon written request and good cause, the PI Trust may extend either the deferral or withdrawal period for additional six month periods.

**6.4 Filing Requirements and Fees.** The Trustees shall have the discretion to determine, with the consent of the TAC and the Futures Representative, (a) whether a claimant must have previously filed a PI Trust Claim in the relevant tort system to be eligible to file the claim with the PI Trust and (b) whether a filing fee should be required for any PI Trust Claims.

## SECTION VII

### General Guidelines for Liquidating and Paying TDP Valued Claims

**7.1 Showing Required.** To establish a valid TDP Valued Claim, a claimant must meet the requirements set forth in this TDP. The PI Trust may require the submission of X-rays, CT scans, laboratory tests, medical examinations or reviews, other medical evidence, or any other evidence to support or verify the claim, and may further require that medical evidence submitted comply with recognized U.S. or U.K. medical standards regarding equipment, testing methods, and procedures to assure that such evidence is reliable.

**7.2 Costs Considered.** Notwithstanding any provisions of this TDP to the contrary, the Trustees shall always give appropriate consideration to the cost of investigating and uncovering invalid PI Trust Claims so that the payment of valid PI Trust Claims is not further impaired by such processes with respect to issues related to the validity of the medical evidence supporting a PI Trust Claim. The Trustees shall also have the latitude to make judgments regarding the amount of transaction costs to be expended by the PI Trust so that valid PI Trust Claims are not unduly further impaired by the costs of additional investigation. Nothing herein shall prevent the Trustees, in appropriate circumstances, from contesting the validity of any TDP Valued Claim against the PI Trust whatever the costs, or to decline to accept medical evidence from sources that the Trustees have determined to be unreliable pursuant to the Claims Audit Program described in Section 5.7 above.

**7.3 Discretion to Vary the Order and Amounts of Payments in Event of Limited Liquidity.** Consistent with the provisions hereof and subject to the PI Trust's FIFO processing and Payment Queues, the Maximum Annual Payment, the Maximum Available Payment and

the Claims Payment Ratio requirements for TDP Valued Claims set forth above, the Trustees shall proceed as quickly as possible to liquidate and pay all PI Trust Claims, and shall make payments to holders of such claims in accordance with this TDP as insurance proceeds and other monies become available and as claims are liquidated, while maintaining sufficient assets within the Fund to pay future valid claims in substantially the same manner.

Because the PI Trust's income over time remains uncertain, and decisions about payments must be based on estimates that cannot be done precisely, they may have to be revised in light of experiences over time, and there can be no guarantee of any specific level of payment for claims against any particular Fund. However, the Trustees shall use their best efforts to treat similar claims in substantially the same manner, consistent with the Core Objective of this TDP, their duties as Trustees, the purposes of the PI Trust, the established allocation of monies to claims in Categories A and B for the Fund or Funds for which a Claims Payment Ratio has been established, and the practical limitations imposed by the inability to predict the future with precision. In the event that any of the PI Trust Funds face temporary periods of limited liquidity, the Trustees may, with the consent of the TAC and the Future Claimants Representative, suspend the normal order of payment from such Fund, may temporarily limit or suspend payments from such Fund altogether, and may offer a Reduced Payment Option for the Fund as described in Section 2.5 above.

**7.4 Punitive Damages.** In determining the value of any TDP Valued Claim, punitive or exemplary damages, *i.e.*, damages other than compensatory damages, shall not be considered or allowed, notwithstanding their availability in the tort system. Similarly, no punitive or exemplary damages will be payable with respect to any claim litigated against the PI Trust in the tort system pursuant to Sections 5.11 above and 7.6 below. This prohibition against payment of

punitive damages shall not apply, however, to any judgment arising in any action or cause of action, or to any present or future TDP Valued Claim to be valued under the PI Trust's Individual Review process, with respect to which the applicable law of the Claimant's Jurisdiction pursuant to Section 5.3(b)(2) is determined to be the Alabama Wrongful Death Statute; provided, however, that damages based on wanton, reckless, gross, outrageous or intentional misconduct or acts shall be treated as punitive damages and shall not be paid. The only causes of action or claims recoverable under the Alabama Wrongful Death Statute pursuant to this TDP shall be negligence, product liability (the Alabama Extended Manufacturers Liability Doctrine) and breach of warranty. No jury or court shall be allowed to impose a multiplier for punitive damages against the PI Trust for causes of action or claims under the Alabama Wrongful Death Act. This provision regarding treatment of TDP Valued Claims asserted pursuant to the Alabama Wrongful Death Statute shall only govern the rights of the claimant against the PI Trust and not against any third parties, including suits in the tort system pursuant to Section 7.6(a)(a).

## **7.5 Interest.**

**7.5(a) In General.** Interest shall be paid on all Pre-Petition Liquidated Claims payable from the T&N Worldwide and FMP Funds as well as on all TDP Valued Claims if the claimant has had to wait a year or more for payment, provided, however, that no claimant shall receive interest for a period in excess of seven (7) years. The initial interest rate shall be six percent (6%) simple interest per annum for each of the first five (5) years after the Effective Date. Thereafter, the PI Trust shall have the discretion to change the annual interest rate with the consent of the TAC and the Future Claimants Representative.

**7.5(b) Liquidated Pre-Petition Claims.** Interest shall be payable on the liquidated value of all Pre-Petition Liquidated Claims described in Section 5.2(a) above that are payable from the T&N Worldwide and FMP Funds. In the case of Pre-Petition Liquidated Claims liquidated by verdict or judgment, interest shall be measured from the date of payment back to the date that is one year after the date that the verdict or judgment was entered. In the case of Pre-Petition Liquidated Claims liquidated by a binding, judicially enforceable settlement, interest shall be measured from the date of payment back to the date that is one year after the Petition Date.

**7.5(c) Unliquidated TDP Valued Claims.** Interest shall be payable on the Scheduled Value of any TDP Valued Claim that meets the requirements of Disease Levels II – V, VII and VIII, whether the claim is liquidated under Expedited or Individual Review, or by arbitration. Interest on a TDP Valued Claim that meets the requirements of Disease Level VI shall be based on the Average Value of such a claim. Interest on all such TDP Valued Claims shall be measured from the date of payment back to the earliest of the date that is one year after the date on which (i) the claim was filed against a Federal-Mogul Entity prior to the Petition Date; (ii) the claim was filed against another defendant in the relevant tort system on or after the Petition Date but before the Effective Date; or (iii) the claim was filed with the PI Trust after the Effective Date.

**7.5(d) Unliquidated Insured PI Trust Claims.** In the case of Insured PI Trust Claims payable from the Fel-Pro or Vellumoid Funds that are liquidated by final judgment or settlement in the tort system pursuant to Section 5.11(b) above, interest shall be paid only to the extent required by applicable statute or by the express terms of a settlement agreement.

## **7.6 Litigation in the Tort System.**

**7.6(a) Litigation Involving TDP Valued Claims.** If the holder of a disputed TDP Valued Claim disagrees with the PI Trust's determination regarding the Disease Level of the claim, the claimant's exposure history or the liquidated value of the claim, and if the holder has first submitted the claim to non-binding arbitration as provided in Section 5.10 above, the holder may file a lawsuit in the Claimant's Jurisdiction as defined in Section 5.3(a)(2) above. As provided in Section 5.11(a) above, all lawsuits brought against the PI Trust involving TDP Valued Claims must be filed by the claimant in her or her own right and name and not as a member or representative of a class, and no such lawsuit may be consolidated with any other lawsuit.

All defenses (including with respect to the PI Trust) all defenses that could have been asserted by the relevant Federal-Mogul Entity) shall be available to both sides at a trial involving any PI Trust Claim; however, the PI Trust may waive any defense and/or concede any issue of fact or law. If the claimant was alive at the time a Pre-Petition complaint was filed or on the date the proof of claim form was filed with the PI Trust, the case will be treated as a personal injury case and will be valued on the basis that the claimant is still alive, even if the claimant has died during the pendency of the claim.

**7.6(b) Litigation of Insured PI Trust Claims.** Insured PI Trust Claims shall be litigated in the tort system pursuant to Sections 5.3(b) and 5.11(b) above.

## **7.7 Payment of Judgments for Money Damages.**

**7.7(a) Judgments Relating to TDP Valued Claims.** If and when a claimant obtains a judgment in the tort system relating to a TDP Valued Claim, the claim shall be placed in the FIFO Payment Queue established by the T&N Worldwide or FMP Fund based on the date on which the judgment became final. Thereafter, the claimant shall receive from the relevant Fund an initial payment (subject to the applicable Payment Percentage, the Maximum Available Payment, and the Claims Payment Ratio provisions set forth above) of an amount equal to one-hundred percent (100%) of the greater of (i) the PI Trust's last offer to the claimant or (ii) the award that the claimant declined in non-binding arbitration. The claimant shall receive the balance of the judgment, if any, in five equal installments in years six (6) through ten (10) following the year of the initial payment (also subject to the applicable Payment Percentage, the Maximum Available Payment and the Claims Payment Ratio provisions set forth above).

In the case of non-Extraordinary TDP Valued Claims involving Disease Levels II - VIII, the total amounts paid with respect to such claims shall not exceed the Maximum Values for such Disease Levels set forth in Section 5.3(a)(3). In the case of Extraordinary TDP Valued Claims, the total amounts paid with respect to such claims shall not exceed the Maximum Value for such claims set forth in Section 5.4(a) above. Under no circumstances shall interest be paid on any judgments obtained in the tort system with respect to TDP Valued Claims, nor shall any punitive damages, i.e., damages that are not compensatory damages, be paid with respect to any claims liquidated in the tort system except as otherwise provided in Section 7.4 above.

### **7.7(b) Settlements and Judgments Relating to Insured PI Trust Claims.**

Claimants who hold settlements or final judgments against the PI Trust arising out of litigation



in the tort system of Fel-Pro or Vellumoid Claims shall have those settlements or judgments paid by or on behalf of the applicable Insured PI Trust Fund based on their place in the respective Fund's FIFO Payment Queue. Payments of such settlements and final judgments shall be made as insurance proceeds or other monies become available to the Fund in question, and shall be subject to such other provisions of this TDP as may be applicable to that Fund (e.g., the Payment Percentage provisions as well as other limitations such as the Maximum Annual Payment, Maximum Available Payment and the Claims Payment Ratio). Interest shall be paid on those settlements or judgments only as provided by the express terms of a settlement agreement or by applicable statute, and no punitive damages shall be paid in any case.

**7.8 Releases.** The Trustees shall have the discretion to determine the form and substance of the releases to be provided to the PI Trust in order to maximize recovery for claimants against other tortfeasors without increasing the risk or amount of claims for indemnification or contribution from the PI Trust. As a condition to making any payment to a claimant, the PI Trust shall obtain a separate general, partial, or limited release as appropriate in accordance with the applicable state or other law with respect to each claim paid. If allowed by state law, the endorsing of a check or draft for payment by or on behalf of a claimant shall constitute such a release.

In the case of U.K. claimants who are represented with respect to their claims against the PI Trust by an attorney, because the liquidated values of TDP Valued Claims held by those claimants have been increased by twenty percent (20%) to make provision for attorneys' fees and costs under the U.K. legal system, the PI Trust shall not only obtain an appropriate release from each individual U.K. claimant, but shall also

obtain a release in form and substance satisfactory to the PI Trust in favor of both the PI Trust and the U.K. claimant from the each such claimant's attorney.

**7.9 Third-Party Services.** Nothing in this TDP shall preclude the PI Trust from contracting with another asbestos claims resolution organization to provide services to the PI Trust so long as decisions about the categorization and liquidated value of TDP Valued Claims are based on the relevant provisions of this TDP, including the Disease Levels, Scheduled Values, Average Values, Maximum Values, and Medical/Exposure Criteria set forth above.

**7.10 PI Trust Disclosure of Information.** Periodically, but not less often than once a year, the Trust shall make available to claimants and other interested parties, the number of TDP Valued Claims by disease levels that have been resolved both by the Individual Review process and by arbitration, as well as the number of all PI Trust claims that have been resolved by litigation in the relevant tort systems, indicating the amounts of the awards and the averages of the awards by jurisdiction.

## SECTION VIII

### Miscellaneous

**8.1 Amendments.** Except as otherwise provided herein, the Trustees may amend, modify, delete, or add to any provisions of this TDP (including, without limitation, amendments to conform this TDP to advances in scientific or medical knowledge or other changes in circumstances) for the purpose of insuring that all PI Trust Claims are treated in accordance with the Core Objective of this TDP, which is set forth above in Section 2.1(a) above, provided, however, that the right to amend the Claims Payment Ratio is governed by the restrictions in

Section 2.5 above, and the right to adjust the Payment Percentage is governed by Section 4.2 above. In making any amendments, modification deletions or additions to the provisions of this TDP, the Trustees shall first obtain the consent of the TAC and the Future Claimants Representative pursuant to the Consent process set forth in Sections 5.7(b) and 6.6(b) of the PI Trust Agreement. The Trustees shall also consult with the PI Trust's U.K. legal advisers concerning any amendments or other changes to this document to insure that said amendments or changes do not prejudice the interests of U.K. claimants.

**8.2 Severability.** Should any provision contained in this TDP be determined to be unenforceable, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of this TDP. Should any provision contained in this TDP be determined to be inconsistent with or contrary to any Federal-Mogul Entity's or the PI Trust's obligations to any insurance company providing insurance coverage to such Federal-Mogul Entity in respect of claims for personal injury based on exposure to asbestos-containing products manufactured or distributed by such Federal-Mogul Entity, the PI Trust with the consent of the TAC and the Future Claimants Representative may amend this TDP and/or the PI Trust Agreement to make the provisions of either or both documents consistent with the duties and obligations of such Federal-Mogul Entity to said insurance company.

**8.3 Governing Law.** Except for purposes of determining the liquidated value of any PI Trust Claim, administration of this TDP shall be governed by, and construed in accordance with, the laws of the State of Delaware. The law governing the liquidation of all TDP Valued Claims (except T&N/U.K. Claims) in the case of Individual Review, arbitration or litigation in the tort system shall be the law of the Claimant's Jurisdiction as described in Section 5.3(b)(2) above. The law governing the liquidation in the tort system of FMP, Fel-Pro, and Vellumoid

Claims shall be determined based on applicable federal or state choice of law rules. The law governing the liquidation of all T&N/U.K. Claims shall be applicable English or Scottish law as appropriate.

## EXHIBIT 1.1.168 TO THIRD AMENDED PLAN OF REORGANIZATION

### SCHEDULE OF U.K. DEBTORS SUBJECT TO VOLUNTARY ARRANGEMENTS

1. T&N Limited\*
2. Federal-Mogul Friction Products Limited\*
3. Federal-Mogul Sealing Systems (Rochdale) Limited\*
4. Federal-Mogul Sealing Systems (Slough) Limited\*
5. TBA Industrial Products Limited\*
6. Federal-Mogul Ignition (U.K.) Limited
7. Federal-Mogul Aftermarket UK Limited
8. Federal-Mogul Bradford Limited\*
9. Federal-Mogul Bridgwater Limited
10. Federal-Mogul Camshaft Limited
11. Federal-Mogul Camshafts Castings Limited\*
12. Federal-Mogul Engineering Limited\*
13. Federal-Mogul Export Services Limited
14. Federal-Mogul Powertrain Systems International Limited
15. Federal-Mogul Sealing Systems (Cardiff) Limited
16. Federal-Mogul Sintered Products Limited
17. Federal-Mogul Technology Limited
18. T&N Investments Limited
19. AE Dayton Services Limited
20. AE Group Machines Limited
21. AE Holdings Limited
22. AE International Limited
23. AE Limited
24. AE Piston Products Limited
25. AE Sales (Africa) Limited
26. Aeroplane & Motor Aluminium Castings Limited\*
27. Amber Supervision Limited
28. Ashburton Road Services Limited\*
29. Associated Engineering Group Limited
30. Awncast Limited
31. Bearings (North-Western) Limited
32. Brake Linings Limited\*
33. Colvan Rubber Co. Limited
34. Contact 100 Limited
35. Cosmid Limited
36. Cranhold Limited
37. Dealings Limited
38. Dumplington Services Limited
39. Duron Limited\*
40. E W Engineering Limited
41. Edmunds, Walker & Co. Limited
42. Engineering Components Limited

43. Federal-Mogul Acquisition Company Limited
44. Federal-Mogul Brake Systems Limited [Agency]
45. Federal-Mogul Bridgwater Limited
46. Federal-Mogul Eurofriction Limited ("FMEL")\*
47. Federal-Mogul Global Growth Limited\*
48. Federal-Mogul Sealing Systems Limited\*
49. Federal-Mogul Shoreham Limited
50. Federal-Mogul Systems Protection Group Limited ("FMSPG")
51. Federal-Mogul U.K. Limited
52. Ferodo Caernarfon Limited\*
53. Ferodo Limited
54. FHE Technology Limited
55. Fleetside Investments Limited\*
56. F-M U.K. Holding Limited ("FMUK Holding")
57. FP Diesel Limited
58. Friction Materials Limited\*
59. G.B. Tools & Components Exports Limited
60. Genthope Limited
61. Greet Limited\*
62. Halls Gaskets Limited\*
63. Hepworth & Grandage Limited
64. High Precision Equipment Limited
65. Inblot Limited
66. Instantwonder Limited
67. J.W. Roberts Limited\*
68. Kings Park Housing Limited
69. Lalton Limited
70. Lanoth Limited\*
71. Lanoth Precision Equipment Limited
72. Leeds Piston Ring & Engineering Co. Limited
73. M.T.A. (Kettering) Limited
74. Mantro Engineering Co. Limited
75. Mobile Distributing (Spares) Limited
76. Moores Plastic Units Limited
77. Newalls Insulation Company Limited\*
78. Ontall Limited
79. Payen (Europe) Limited
80. Pecal Limited
81. Presswork-Components Limited
82. Sintration Limited
83. Sourcelook Limited
84. Specialloid, Limited
85. STS (1996) Limited
86. T&N Holdings Limited\*
87. T&N International Limited\*
88. T&N Materials Research Limited\*

89. T&N Piston Products Group Limited
90. T&N Properties Limited
91. T&N Shelf Eight Limited
92. T&N Shelf Eighteen Limited\*
93. T&N Shelf Fifteen Limited
94. T&N Shelf Five Limited
95. T&N Shelf Four Limited
96. T&N Shelf Fourteen Limited
97. T&N Shelf Nine Limited
98. T&N Shelf Nineteen Limited\*
99. T&N Shelf One Limited\*
100. T&N Shelf Seven Limited\*
101. T&N Shelf Six Limited
102. T&N Shelf Sixteen Limited
103. T&N Shelf Ten Limited
104. T&N Shelf Thirteen Limited
105. T&N Shelf Thirty Limited
106. T&N Shelf Thirty-One Limited\*
107. T&N Shelf Thirty-Three Limited
108. T&N Shelf Three Limited
109. T&N Shelf Twenty Limited\*
110. T&N Shelf Twenty-Five Limited
111. T&N Shelf Twenty-Four Limited
112. T&N Shelf Twenty-Nine Limited
113. T&N Shelf Twenty-One Limited\*
114. T&N Shelf Twenty-Six Limited\*
115. T&N Shelf Twenty-Two Limited
116. T&N Shelf Two Limited
117. T&N Trade Marks Limited
118. T&N Welfare Trust Limited
119. TAF International Limited\*
120. TBA Belting (Residual) Limited
121. TBA Belting Limited\*
122. Telford Rubber Processors Limited
123. Telford Technology Supplies Limited\*
124. The British Piston Ring Company Limited
125. The Washington Chemical Company Limited\*
126. Tinblo Limited
127. Touchdown Adhesive Products Limited
128. Turner & Newall Limited\*
129. Turner Brothers Asbestos Company Limited
130. Tynoda Limited
131. Vanwall Cars Limited
132. Wellworthy Limited
133. Wellworthy Property Developments Limited
134. William C. Jones (Polymers) Limited

EXHIBIT 1.1.170  
Form of Warrant Agreement

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WARRANT AGREEMENT

between

FEDERAL-MOGUL CORPORATION

and

[\_\_\_\_\_]

as Warrant Agent

Warrants to Purchase 6,951,871 Shares of Class A Common Stock

Dated as of [ ], 200[ ]

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THIS WARRANT AGREEMENT (this "Warrant Agreement"), dated as of \_\_\_\_\_, 200\_\_, is made by and between Federal-Mogul Corporation, a Michigan corporation (the "Company"), and \_\_\_\_\_, as warrant agent (the "Warrant Agent").

W I T N E S S E T H :

WHEREAS, the Company proposes to issue warrants (the "Warrants") to purchase Common Stock (as defined below) pursuant to the Company's Second Amended Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code (the "Plan of Reorganization"), as confirmed pursuant to the order, dated [ ], 2004, of the United States Bankruptcy Court for the District of Delaware, and the terms and conditions of this Warrant Agreement; and

WHEREAS, the Company has requested the Warrant Agent to act on behalf of the Company, and the Warrant Agent is willing so to act, in connection with the issuance, division, transfer, exchange and exercise of Warrants pursuant to the terms and conditions of this Warrant Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereto agree as follows:

1. Definitions. As used in this Warrant Agreement, the following capitalized terms have the respective meanings set forth below:

"Applicable Procedures" means, with respect to any transfer or exchange of or for beneficial interests in any Global Warrant, the rules and procedures of the Depository that apply to such transfer or exchange.

"Business Day" shall mean any day that is not a Saturday or Sunday or a day on which banks are required or permitted to be closed in the State of New York or the State of Michigan.

"Common Stock" shall mean the Class A Common Stock of the Company.

"Company" has the meaning specified in the preamble hereof.

"Definitive Warrants" means Warrants issued in definitive form as set forth in Section 5.1 hereof.

"Depository" shall mean the Person specified in Section 3.2 hereof as the Depository with respect to the Warrants and any and all successors thereto appointed as Depository hereunder.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exercise Price" shall be equal to \$45.815<sup>1</sup> per share of Common Stock, as such price may be adjusted pursuant to Section 6 of this Agreement.

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<sup>1</sup> Representing a pro forma equity value for Reorganized Federal-Mogul of \$4.9 billion.

"Expiration Date" shall mean \_\_\_\_\_, 2011.<sup>2</sup> After the Expiration Date, the Warrants will become void and of no value.

"Global Warrants" means a global Warrant substantially in the form of Exhibit A hereto bearing the Global Warrant Legend and deposited with or on behalf of, and registered in the name of, the Depositary or its nominee.

"Global Warrant Legend" means the legend set forth in Section 5.4, which is required to be placed on all Global Warrants issued under this Warrant Agreement.

"Holder" shall mean the Person in whose name a Warrant is registered in the warrant register of the Company maintained by or on behalf of the Company for such purpose.

"Officer" shall mean the President, any Vice-President or the Treasurer of the Company.

"Other Property" shall have the meaning set forth in Section 6.3.

"Person" shall mean any individual, sole proprietorship, partnership, joint venture, trust, incorporated organization, association, corporation, limited liability company, limited liability partnership, institution, public benefit corporation, entity or government (whether federal, state, county, city, municipal or otherwise, including, without limitation, any instrumentality, division, agency, body or department thereof).

"Transaction" shall have the meaning set forth in Section 6.3.

"Warrants" has the meaning specified in the recitals hereto, and shall include all Warrants issued upon registration of transfer, division or combination of, or in substitution for, any thereof. All Warrants shall be issued in the form of a Global Warrant.

"Warrant Agent" has the meaning specified in the preamble hereof and shall include any successor Warrant Agent hereunder.

"Warrant Agent's Principal Office" shall mean the principal office of the Warrant Agent at \_\_\_\_\_ (or such other office of the Warrant Agent or any successor thereto hereunder acceptable to the Company as set forth in a written notice provided to the Company and the Holders).

"Warrant Agreement" has the meaning specified in the preamble hereof.

"Warrant Price" shall mean an amount equal to (i) the number of shares of Common Stock being purchased upon exercise of a Warrant pursuant to Section 4.1, multiplied by (ii) the Exercise Price.

"Warrant Stock" shall mean the shares of Common Stock purchased by the Holders of the Warrants upon the exercise thereof.

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<sup>2</sup> The 7th anniversary of the Effective Date.

2. Appointment of Warrant Agent. The Company hereby appoints the Warrant Agent to act as agent for the Company in accordance with the instructions set forth in this Warrant Agreement, and the Warrant Agent hereby accepts such appointment.

3. Issuance; Registration; Form and Execution of Warrants.

3.1. Issuance. The Company hereby authorizes the Warrants and issues and grants to the Holders listed on Schedule A hereto the number of Warrants set forth opposite the name of such Holder on Schedule A attached hereto. The aggregate number of Warrants to be issued under this Agreement is 6,951,871.<sup>3</sup> Each Warrant shall entitle the Holder, subject to the satisfaction of the conditions to exercise set forth in Section 4 hereof, to purchase from and after the date hereof and until 5:00 p.m., New York City time, on the Expiration Date, one share of Common Stock at the Exercise Price. The number of Warrants issued to the Holders pursuant to this Warrant Agreement, the number of shares of Common Stock issuable on exercise of each Warrant and the Exercise Price are all subject to adjustment pursuant to Section 6 hereof.

3.2. Warrant Registrar and Depository. A register of the Warrants and of their transfer shall be maintained at the Warrant Agent's Principal Office by the Warrant Agent (the "Warrant Register").

The Company initially appoints the Warrant Agent to act as the registrar with respect to the Global Warrants (the "Warrant Registrar").

The Company initially appoints The Depository Trust Company to act as Depository with respect to the Global Warrants.

3.3. Form of Warrant.

(a) General. The Warrants shall be issued in global form and shall be substantially in the form of Exhibit A hereto (including the Global Warrant Legend thereon and the "Schedule of Exchanges of Interests in the Global Warrant" attached thereto). The Warrants may have notations, legends or endorsements required by law, stock exchange rule or usage. Warrants shall be dated the date of the countersignature.

The terms and provisions contained in the Warrants shall constitute, and are hereby expressly made, a part of this Warrant Agreement. The Company and the Warrant Agent, by their execution and delivery of this Warrant Agreement, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Warrant conflicts with the express provisions of this Warrant Agreement, the provisions of this Warrant Agreement shall govern and be controlling.

(b) Global Warrants. Each Global Warrant shall represent such of the outstanding Warrants as shall be specified therein and shall provide that it shall represent the number of outstanding Warrants from time to time endorsed thereon and that the number of

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<sup>3</sup> 6.5% of the number of shares of Common Stock and Class B Common Stock of the Company to be outstanding on the Effective Date on a fully-diluted basis.

outstanding Warrants represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions.

3.4. Execution of Warrants. An Officer shall sign the Warrants on behalf of the Company by manual or facsimile signature.

If the Officer whose signature is on a Warrant no longer holds that office at the time a Warrant is countersigned, the Warrant shall nevertheless be valid.

A Warrant shall not be valid until countersigned by the manual signature of the Warrant Agent. The signature shall be conclusive evidence that the Warrant has been properly issued under this Warrant Agreement.

The Warrant Agent shall, upon a written order of the Company signed by an Officer, countersign Warrants for original issue up to the number stated in Section 3.1 hereof. The Warrant Agent may appoint an agent acceptable to the Company to countersign Warrants. Such an agent may countersign Warrants whenever the Warrant Agent may do so. Each reference in this Warrant Agreement to a countersignature by the Warrant Agent includes a countersignature by such agent. Such agent shall have the same rights as the Warrant Agent in dealing with the Company.

4. Exercise of Warrants.

4.1. Manner of Exercise. In order to exercise all or any of the Warrants, the exercising Holder whose name appears on a securities position listing of the Depository as the holder of such book-entry interest must comply with the Depository's procedures relating to the exercise of such book-entry interest in such Global Warrant. In addition, the Holder shall deliver to the Company at the Warrant Agent's Principal Office (i) the Form of Election to Purchase substantially in the form included in the form of Warrant Certificate attached hereto as Exhibit A duly executed by such Holder or its agent or attorney and (ii) payment of the Warrant Price to the Warrant Agent for the account of the Company.

4.2. Payment of Taxes. The Company shall pay all expenses and costs in connection with the issuance or delivery of the Warrants. The Holder shall be responsible for any taxes or other governmental charges imposed on such Holder with respect to the issuance or delivery of the Warrants or any transfer thereof.

4.3. Fractional Shares. The Company shall not issue fractional shares of Common Stock upon exercise of any Warrant. Whenever any distribution of Warrants exercisable into fractional shares of Common Stock would otherwise be called for, the actual distribution thereof shall be rounded as follows: (i) fractions of  $\frac{1}{2}$  or greater shall be rounded to the next higher whole number and (ii) fractions of less than  $\frac{1}{2}$  shall be rounded to the next lower whole number.

5. Transfer and Exchange.

5.1. Transfer and Exchange of Global Warrants. A Global Warrant may not be transferred as a whole except by the Depository to a nominee of the Depository, by a nominee of

the Depositary to the Depositary or to another nominee of the Depositary, or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. All Global Warrants will be exchanged by the Company for Definitive Warrants if (i) the Company delivers to the Warrant Agent notice from the Depositary that it is unwilling or unable to continue to act as Depositary or that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depositary is not appointed by the Company within 120 days after the date of such notice from the Depositary or (ii) the Company in its sole discretion determines that the Global Warrants (in whole but not in part) should be exchanged for Definitive Warrants and delivers a written notice to such effect to the Warrant Agent. Upon the occurrence of either of the preceding events, Definitive Warrants shall be issued in such names as the Depositary shall instruct the Warrant Agent. Global Warrants may also be exchanged or replaced, in whole or in part, as provided in Section 11 hereof. A Global Warrant may not be exchanged for another Warrant other than as provided in this Section 5.1; however, beneficial interests in a Global Warrant may be transferred and exchanged as provided in Section 5.2 hereof.

5.2. Transfer and Exchange of Beneficial Interests in the Global Warrants.

The transfer and exchange of beneficial interests in the Global Warrants shall be effected through the Depositary, in accordance with the Applicable Procedures.

5.3. Transfer and Exchange of Definitive Warrants for Definitive Warrants.

Upon request by a holder of Definitive Warrants and such holder's compliance with the provisions of this Section 5.3, the Warrant Registrar shall register the transfer or exchange of Definitive Warrants on the Warrant Register. Prior to such registration of transfer or exchange, the requesting holder shall present or surrender to the Warrant Registrar the Definitive Warrants duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Warrant Registrar duly executed by such holder or by its attorney, duly authorized in writing.

5.4. Global Warrant Legend. Each Global Warrant shall bear a legend in substantially the following form:

"THIS GLOBAL WARRANT IS HELD BY THE DEPOSITARY (AS DEFINED IN THE WARRANT AGREEMENT GOVERNING THIS WARRANT) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE WARRANT AGENT MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 5 OF THE WARRANT AGREEMENT, (II) THIS GLOBAL WARRANT MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 5.1 OF THE WARRANT AGREEMENT, (III) THIS GLOBAL WARRANT MAY BE DELIVERED TO THE WARRANT AGENT FOR CANCELLATION PURSUANT TO SECTION 13.5 OF THE WARRANT AGREEMENT AND (IV) THIS GLOBAL WARRANT MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY."

5.5. General Provisions Relating to Transfers and Exchanges.

(a) To permit registrations of transfers and exchanges, the Company shall execute and the Warrant Agent shall countersign Global Warrants and Definitive Warrants upon the Company's order or at the Warrant Registrar's request.

(b) No service charge shall be made to a holder of a beneficial interest in a Global Warrant or to a holder of a Definitive Warrant for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or governmental charge payable in connection therewith.

(c) All Global Warrants and Definitive Warrants issued upon any registration of transfer or exchange of Global Warrants or Definitive Warrants shall be duly authorized, executed and issued Warrants for Common Stock of the Company, not subject to any preemptive rights, and entitled to the same benefits under this Warrant Agreement, as the Global Warrants or Definitive Warrants surrendered upon such registration of transfer or exchange.

(d) Prior to due presentment for the registration of a transfer of any Warrant, the Warrant Agent, and the Company may deem and treat the Person in whose name any Warrant is registered as the absolute owner of such Warrant for all purposes and neither the Warrant Agent nor the Company shall be affected by notice to the contrary.

(e) The Warrant Agent shall countersign Global Warrants and Definitive Warrants in accordance with the provisions of Section 3.4 hereof.

5.6. Facsimile Submissions to Warrant Agent. All instructions required to be submitted to the Warrant Registrar, pursuant to this Section 5 to effect a registration of transfer or exchange may be submitted by facsimile.

6. Adjustments. The number of shares of Common Stock for which a Warrant is exercisable, and the Exercise Price shall be subject to adjustment from time to time as set forth in this Section 6.

6.1. Stock Dividends Subdivisions and Combinations. If at any time the Company shall: (i) take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend payable in, or other, distribution of, additional shares of Common Stock; (ii) subdivide its outstanding shares of Common Stock into a larger number of shares of Common Stock, or (iii) combine its outstanding shares of Common Stock into a smaller number of shares of Common Stock, then (a) the number of shares of Common Stock for which a Warrant is exercisable immediately after the occurrence of any such event shall be adjusted to equal the number of shares of Common Stock that a record holder of the same number of shares of Common Stock for which a Warrant is exercisable immediately prior to the occurrence of such event would own or be entitled to receive after the happening of such event and (b) the Exercise Price shall be adjusted to equal (1) the Exercise Price prior to such adjustment multiplied by the number of shares of Common Stock for which a Warrant is exercisable immediately prior to the adjustment divided by (2) the number of shares for which a Warrant is exercisable immediately after such adjustment.

6.2. Other Provisions Applicable to Adjustments under this Section. The following provisions shall be applicable to the making of adjustments of the number of shares of Common Stock for which a Warrant is exercisable and the Exercise Price provided for in this Section 6:

(a) When Adjustments to Be Made. The adjustments required by this Section 6 shall be made whenever and as often as any specified event requiring an adjustment shall occur, except that any adjustment of the number of shares of Common Stock for which a Warrant is exercisable that otherwise would be required may be postponed (except in the case of a subdivision or combination of shares of Common Stock, as provided for in Section 6.1) up to, but not later than the date of exercise if such adjustment either by itself or with other adjustments not previously made would result in an increase or decrease, as the case may be, of less than 1% of the shares of Common Stock for which a Warrant is exercisable immediately prior to the making of such adjustment. Any adjustment representing a change of less than such minimum amount (except as aforesaid) which is postponed shall be carried forward and made as soon as such adjustment, together with other adjustments required by this Section 6 and not previously made, would result in a minimum adjustment or on the date of exercise. For the purpose of any adjustment, any specified event shall be deemed to have occurred at the close of business on the date of its occurrence.

(b) Fractional Interests. In computing adjustments pursuant to this Section 6 (but subject to Section 4.3), fractional interests in Common Stock shall be taken into account to the nearest 1/1000th of a share,

6.3. Reorganization, Reclassification, Merger, Consolidation or Sale of Substantially all Assets of the Company. If the Company (or any other entity, the stock or other securities of which are at the time receivable on the exercise of the Warrants) shall reorganize its capital, reclassify its capital stock, consolidate or merge with or into another Person (where the Company is not the surviving corporation or resulting entity or where there is a change in or distribution with respect to the Common Stock of the Company), other than as a result of a stock dividend, stock split, reverse stock split, recapitalization or the like provided for in Section 6.1 above (each such event hereinafter referred to as a "Transaction"), and pursuant to the terms of any such Transaction, the consideration to be paid or distributed to or otherwise received by the holders of Common Stock consists of shares of common stock of the surviving corporation or resulting entity and/or any cash, shares of stock (not constituting common stock) or other securities or property of any nature whatsoever (including warrants or other subscription or purchase rights) (such non-common stock property hereinafter referred to as "Other Property"), then each Holder shall have the right thereafter to receive, upon exercise of a Warrant, solely the number of shares of common stock of the surviving corporation or resulting entity and/or such amount of Other Property receivable pursuant to such Transaction by a holder of the number of shares of Warrant Stock for which a Warrant is exercisable immediately prior to the effective time of such Transaction. In the case of any Transaction of the type described in the preceding sentence, it shall be a condition precedent to consummation of the Transaction that the surviving corporation or resulting entity assume the due and punctual observance and performance of each and every covenant and condition of this Warrant Agreement and the Warrants to be performed and observed by the Company and all the obligations and liabilities hereunder, subject to such modifications as may be deemed appropriate (as determined by resolution of the Board of

Directors of the Company) in order to provide for adjustments of shares of the Warrant Stock for which a Warrant is exercisable which shall be as nearly equivalent as practicable to the adjustments provided for in this Section 6.3. For purposes of this Section 6.3, "common stock of the surviving corporation or resulting entity" shall include stock of such corporation of any class which does not have a preference as to dividends or assets over any other class of stock of such corporation and which is not subject to redemption and shall also include any evidences of indebtedness, shares of stock or other securities which are convertible into or exercisable or exchangeable for any such stock, either immediately or after the lapse of any prescribed time period or the occurrence of a specified event, and any warrants or other rights to subscribe for or purchase any such stock. The foregoing provisions of this Section 6.3 shall similarly apply to successive Transactions.

6.4. Certain Limitations. Notwithstanding anything herein to the contrary, the Company agrees not to enter into any transaction which, by reason of any adjustment hereunder, would cause the Exercise Price to be less than the par value per share of Common Stock (if any) unless the Company shall take such corporate action in order that the Company may validly and legally issue fully paid and nonassessable shares of such Common Stock at such adjusted Exercise Price.

7. Notice to Warrant Holders. Whenever the number of shares of Common Stock for which a Warrant is exercisable, or whenever the Exercise Price shall be adjusted pursuant to Section 6, the Company shall forthwith prepare a certificate setting forth, in reasonable detail, the event requiring the adjustment and the method by which such adjustment was calculated, specifying the number of shares of Common Stock for which a Warrant is exercisable and describing the number and kind of any other shares of stock or Other Property for which a Warrant is exercisable, and any change in the purchase price or prices thereof, after giving effect to such adjustment or change. The Company shall promptly cause a signed copy of such certificate to be delivered to the Warrant Agent in accordance with Section 14.2. The Company shall keep at its office or agency designated by the Company pursuant to Section 12 copies of all such certificates and cause the same to be available for inspection at said office during normal business hours by any Holder or any prospective purchaser of a Warrant designated by a Holder thereof.

8. No Impairment. The Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant Agreement or any Warrant. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any shares of Common Stock receivable upon the exercise of a Warrant above the amount payable therefor upon such exercise immediately prior to such increase in par value and (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of any Warrant.

9. Reservation and Authorization of Common Stock. From and after the date hereof, the Company shall at all times reserve and keep available for issue upon the exercise of Warrants such number of its authorized but unissued shares of Common Stock as will be sufficient to permit the exercise in full of all outstanding Warrants. All shares of Common Stock which shall



be so issuable, when issued upon exercise of any Warrant and payment therefor in accordance with the terms of this Warrant Agreement and such Warrant, shall be duly and validly issued and fully paid and nonassessable, and not subject to preemptive rights.

10. Stock and Warrant Transfer Books. The Company will not at any time, except upon dissolution, liquidation or winding up of the Company, close its stock transfer books or Warrant transfer books so as to result in preventing or delaying the exercise or transfer of any Warrant.

11. Loss or Mutilation. Upon receipt by the Company and the Warrant Agent from any Holder of evidence reasonably satisfactory to them of the ownership of and the loss, theft, destruction or mutilation of such Holder's Warrant and indemnity reasonably satisfactory to them, and in case of mutilation upon surrender and cancellation thereof, the Company will execute and the Warrant Agent will countersign and deliver in lieu hereof a new Warrant of like tenor and representing an equal number of Warrants to such Holder; provided, in the case of mutilation, no indemnity shall be required if such Warrant in identifiable form is surrendered to the Company or the Warrant Agent for cancellation.

12. Office of Company. As long as any of the Warrants remain outstanding, the Company shall maintain an office or agency (which may be the principal executive offices of the Company) where the Warrants may be presented for exercise, registration of transfer, division or combination as provided in this Warrant Agreement. The Company shall initially maintain such an agency at the Warrant Agent's Principal Offices.

13. Warrant Agent.

13.1. Merger or Consolidation or Change of Name of Warrant Agent. Any Person into which the Warrant Agent may be merged or with which it may be consolidated, or any Person resulting from any merger or consolidation to which the Warrant Agent shall be a party, or any Person succeeding to all or substantially all of the corporate trust business of the Warrant Agent, shall be the successor to the Warrant Agent hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto. If, at the time such successor by merger or consolidation to the Warrant Agent shall succeed to the agency created by this Warrant Agreement, any of the Warrants shall have been countersigned but not delivered, any such successor to the Warrant Agent may adopt the countersignature of the predecessor Warrant Agent and deliver such Warrants so countersigned; and if at that time any of the Warrants shall not have been countersigned, any successor to the Warrant Agent may countersign such Warrants either in the name of the predecessor Warrant Agent or in the name of the successor Warrant Agent; and in all such cases Warrants shall have the full force provided in the Warrants and in this Warrant Agreement. If at any time the name of the Warrant Agent shall be changed and at such time any of the Warrants shall have been countersigned but not delivered, the Warrant Agent may adopt the countersignatures under its prior name and deliver such Warrants so countersigned; and if at that time any of the Warrants shall not have been countersigned as provided in Section 3.4, the Warrant Agent may countersign such Warrants either in its prior name or in its changed name; and in all such cases such Warrants shall have the full force provided in the Warrants and in this Warrant Agreement.

13.2. Certain Terms and Conditions Concerning the Warrant Agent. The Warrant Agent undertakes the duties and obligations imposed by this Warrant Agreement upon the following terms and conditions, by all of which the Company and the Holders, by their acceptance of Warrants, shall be bound:

(a) Correctness of Statements. The statements contained herein and in the Warrants shall be taken as statements of the Company, and the Warrant Agent assumes no responsibility for the correctness of any of the same. The Warrant Agent assumes no responsibility with respect to the distribution of the Warrants except as herein expressly provided.

(b) Breach of Covenants. The Warrant Agent shall not be responsible for any failure of the Company to comply with any of the covenants contained in this Warrant Agreement or in the Warrants to be complied with specifically by the Company.

(c) Performance of Duties. The Warrant Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents (which shall not include its employees) and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) Reliance on Counsel. The Warrant Agent may consult at any time with legal counsel satisfactory to it, and the Warrant Agent shall incur no liability or responsibility to the Company or to any Holder in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with the opinion or the advice of such counsel provided that such counsel shall have been selected with due care.

(e) Compensation and Indemnification. The Company agrees to pay to the Warrant Agent reasonable compensation for all services rendered by the Warrant Agent in the performance of this Warrant Agreement, to reimburse the Warrant Agent for all expenses, taxes and governmental charges and other charges of any kind and nature incurred by the Warrant Agent in the performance of this Warrant Agreement to indemnify the Warrant Agent and save it harmless against any and all liabilities, including judgments, costs and counsel fees, for anything done or omitted by the Warrant Agent in the performance of its duties and powers under this Warrant Agreement, except for such liabilities that arise as a result of the Warrant Agent's negligence, willful misconduct or bad faith.

(f) Legal Proceedings. The Warrant Agent shall be under no obligation to institute any action, suit or legal proceeding or to take any other action likely to involve expense unless the Company or one or more Holders shall furnish the Warrant Agent with reasonable security and indemnity for any costs and expenses that may be incurred, but this provision shall not affect the power of the Warrant Agent to take such action as the Warrant Agent may consider proper, whether with or without any such security or indemnity. All rights of action under this Warrant Agreement or under any of the Warrants may be enforced by the Warrant Agent without the possession of any of the Warrants or the production thereof at any trial or other proceeding relative thereto, and any such action, suit or proceeding instituted by the Warrant Agent shall be brought in its name as Warrant Agent, and any recovery of judgment shall be for the ratable benefit of the Holders, as their respective rights or interests may appear.

(g) Other Transactions in Securities of the Company. Except as prohibited by law, the Warrant Agent and any stockholder, director, officer or employee of the Warrant Agent may buy, sell or deal in any of the Warrants or other securities of the Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not Warrant Agent under this Warrant Agreement. Nothing herein shall preclude the Warrant Agent from acting in any other capacity for the Company or for any other legal entity.

(h) Liability of Warrant Agent. The Warrant Agent shall act hereunder solely as agent, and its duties shall be determined solely by the provisions hereof. The Warrant Agent shall not be liable for anything that it may do or refrain from doing in connection with this Warrant Agreement except for its own gross negligence or bad faith.

(i) Reliance on Documents. The Warrant Agent will not incur any liability or responsibility to the Company or to any Holder for any action taken in reliance on any notice, resolution, waiver, consent, order, certificate, or other paper, document or instrument reasonably believed by it to be genuine and to have been signed, sent or presented by the proper party or parties.

(j) Validity of Agreements. The Warrant Agent shall not be under any responsibility in respect of the validity of this Warrant Agreement or the execution and delivery hereof (except the due execution and delivery hereof by the Warrant Agent) or in respect of the validity or execution of any Warrant (except its countersignature and delivery thereof); nor shall the Warrant Agent by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any Common Stock (or other stock or other property) to be issued pursuant to this Warrant Agreement or any Warrant, or as to whether any Common Stock (or other stock or other property) will, when issued, be validly issued, fully paid and nonassessable, or as to the Warrant Price or the number or amount of Common Stock or other securities or other property issuable upon exercise of any Warrant.

(k) Instructions from Company. The Warrant Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from the President, a Vice President, the Secretary or any Assistant Secretary of the Company, and to apply to such officers for advice or instructions in connection with its duties, and shall not be liable for, any action taken or suffered to be taken by it in good faith in accordance with instructions of any such officer or officers.

13.3. Change of Warrant Agent. The Warrant Agent may resign and be discharged from its duties under this Warrant Agreement by giving to the Company 30 days' advance notice in writing. The Warrant Agent may be removed by like notice to the Warrant Agent from the Company. If the Warrant Agent shall resign or be removed or shall otherwise become incapable of acting, the Company shall appoint a successor to the Warrant Agent. If the Company shall fail to make such appointment within a period of 30 days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Warrant Agent, then any Holder, may apply to a court of competent jurisdiction for the appointment of a successor to the Warrant Agent. Pending the appointment of the successor warrant agent, the Company shall perform the duties of the Warrant Agent. After appointment, the successor warrant agent shall be vested with the same powers, rights, duties and

responsibilities as if it had been originally named as Warrant Agent without further act or deed; provided, however, the former Warrant Agent shall be required to deliver and transfer to the successor warrant agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Failure to file any notice provided for in this Section 13.3, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Warrant Agent or the appointment of the successor warrant agent, as the case may be. In the event of such resignation or removal, the successor warrant agent shall mail, first class, to each Holder, written notice of such removal or resignation and the name and address of such successor warrant agent.

13.4. Disposition of Proceeds on Exercise of Warrants Inspection of Warrant Agreement. The Warrant Agent shall account promptly to the Company with respect to Warrants exercised and concurrently pay to the Company in immediately available funds all amounts received by the Warrant Agent for the purchase of the Warrant Stock through the exercise of such Warrants. The Warrant Agent shall, upon request of the Company from time to time, deliver to the Company such complete reports of registered ownership of the Warrants and such complete records of transactions with respect to the Warrants as the Company may request. The Warrant Agent shall also make available to the Company for inspection by the Company's agents or employees, from time to time as the Company may request, such original books of accounts and records maintained by the Warrant Agent in connection with the issuance and exercise of Warrants hereunder, such inspections to occur at the Warrant Agent's Principal Office. The Warrant Agent shall keep copies of this Warrant Agreement and any notices given or, received hereunder available for inspection by the Company or the Holders at the Warrant Agent's Principal Office. The Company shall supply the Warrant Agent from time to time with such numbers of copies of this Warrant Agreement as the Warrant Agent may request.

13.5. Cancellation. The Warrant Agent shall cancel all Warrant certificates properly surrendered for exercise, exchange, substitution, or transfer. The Warrant Agent shall destroy all cancelled Warrant certificates and, if requested, deliver a certificate of such destruction to the Company.

13.6. Survival. This Section 13 shall survive the resignation or removal of the Warrant Agent and the termination of this Warrant Agreement.

#### 14. Miscellaneous.

14.1. Rights of Holders. Holders of unexercised Warrants are not entitled to (i) receive dividends or other distributions, (ii) receive notice of or vote at any meeting of the stockholders, (iii) consent to any action of the stockholders, (iv) exercise any preemptive right, or (v) exercise any other right whatsoever granted to stockholders of the Company.

14.2. Notice Generally. Any notice, demand, request, consent, approval, declaration, delivery or other communication hereunder to be made pursuant to the provisions of this Warrant Agreement shall be sufficiently given or made if in writing and either delivered in person with receipt acknowledged or sent by registered or certified mail, return receipt requested, postage prepaid or by facsimile, addressed as follows:

If to any Holder or holder of Warrant Stock, at its last known address appearing on the Warrant Register of the Company maintained for such purpose.

If to the Company at:

Federal-Mogul Corporation  
26555 Northwestern Highway  
Southfield, Michigan 48034  
Attention: General Counsel  
Telephone: (248) 354-7055  
Fax: (248) 354-8103

If to the Warrant Agent at:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention:  
Telephone:  
Fax:

or at such other address as may be substituted by notice given as herein provided. The giving of any notice required hereunder may be waived in writing by the party entitled to receive such notice. Every notice, demand, request, consent, approval, declaration, delivery or other communication hereunder shall be deemed to have been duly given or served on the date on which personally delivered, the first Business Day after delivery by facsimile, receipt acknowledged, or the third Business Day after deposit in the United States mail, whichever is earliest.

14.3. Successors and Assigns. All covenants and provisions of this Warrant Agreement by or for the benefit of the Company or the Warrant Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

14.4. Supplements and Amendment. This Warrant Agreement constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof and may not be amended, except in a writing signed by both of them.

The Company and the Warrant Agent may from time to time supplement or amend this Warrant Agreement (a) without the approval of any Holders of Warrants in order to cure any ambiguity, manifest error or other mistake in this Warrant Agreement, or to correct or supplement any provision contained herein that may be defective or inconsistent with any other provision herein, or to make any other provisions in regard to matters or questions arising hereunder that the Company and the Warrant Agent may deem necessary or desirable and that shall not adversely affect, alter or change the interests of the Holders of the Warrants or (b) with the prior written consent of Holders of the Warrants exercisable for a majority of the Common Stock then issuable upon exercise of the Warrants then outstanding; provided, however, that each

amendment or supplement that decreases the Warrant Agent's rights or increases its duties and responsibilities hereunder shall also require the prior written consent of the Warrant Agent.

14.5. Third-Party Beneficiaries. All covenants and provisions of this Warrant Agreement shall inure to the benefit of each Holder from time to time of Warrants.

14.6. Severability. Wherever possible, each provision of this Warrant Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Warrant Agreement.

14.7. Headings. The headings used in this Warrant Agreement are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant Agreement.

14.8. Governing Law. This Warrant Agreement and the Warrants shall be governed by the laws of the State of Michigan, without regard to the provisions thereof relating to conflict of laws.

14.9. Counterparts. This Warrant Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, each of the Company and the Warrant Agent has caused this Warrant Agreement to be executed by its duly authorized officers as of the date first above written.

FEDERAL-MOGUL CORPORATION

By: \_\_\_\_\_

Name:

Title:

\_\_\_\_\_  
as Warrant Agent

By: \_\_\_\_\_

Name:

Title:

Schedule A

Holder

Aggregate Number of Warrants

Exhibit A

[Form of Face of Warrant Certificate]

**WARRANT  
TO PURCHASE CLASS A COMMON STOCK  
OF  
FEDERAL-MOGUL CORPORATION**

Certificate No.: \_\_\_\_\_

Number of Warrants: \_\_\_\_\_

Exercisable from and after the date hereof until 5:00 p.m., New York City time on \_\_\_\_\_, 20\_\_ (the "Expiration Date").

THIS GLOBAL WARRANT IS HELD BY THE DEPOSITARY (AS DEFINED IN THE WARRANT AGREEMENT GOVERNING THIS WARRANT) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE WARRANT AGENT MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 5.1 OF THE WARRANT AGREEMENT, (II) THIS GLOBAL WARRANT MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 3.5(A) OF THE WARRANT AGREEMENT, (III) THIS GLOBAL WARRANT MAY BE DELIVERED TO THE WARRANT AGENT FOR CANCELLATION PURSUANT TO SECTION 13.5 OF THE WARRANT AGREEMENT AND (IV) THIS GLOBAL WARRANT MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.

**The sale, encumbrance or other disposition of the Warrants and any securities acquired upon exercise of the Warrants is subject to the provisions of the Warrant Agreement (as defined below), a copy of which may be inspected at the principal office of the Warrant Agent or obtained from the Company without charge. No registration or transfer of the securities issuable pursuant to the Warrant will be recorded on the books of the Company until such provisions have been complied with.**

Thus Warrant Certificate certifies that \_\_\_\_\_, or its registered assigns, is the registered holder ("Holder") of the number of Warrants set forth above expiring at 5:00 p.m., New York City time, on the Expiration Date (the "Warrants") to purchase Class A Common Stock (the "Common Stock") of Federal-Mogul Corporation, a Michigan corporation (the "Company"). The Common Stock issuable upon exercise of the Warrants is hereinafter referred to as the "Warrant Stock." Each Warrant entitles the Holder, upon exercise thereof, to purchase from the Company at any time from and after the date hereof until 5:00 p.m., New York City time, on the Expiration Date, one (1) share of Common Stock at the purchase price of [\$\_\_\_\_\_] per share subject to adjustment and the other terms and conditions set forth herein and in the Warrant Agreement dated as of \_\_\_\_\_, \_\_\_\_ (the "Warrant Agreement") by and between the Company and \_\_\_\_\_ as warrant agent (the



"Warrant Agent"). Such purchase shall be payable in lawful money of the United States of America by certified or official bank check or any combination thereof to the order of the Warrant Agent for the account of the Company at the principal office of the Warrant Agent, subject to the conditions set forth herein and in the Warrant Agreement. The number of shares of Common Stock for which each Warrant is exercisable, and the price at which such shares may be purchased upon exercise of each Warrant, are subject to adjustment upon the occurrence of certain events as set forth in the Warrant Agreement. Whenever the number of shares of Common Stock for which a Warrant is exercisable, or the price at which a share of such Common Stock may be purchased upon exercise of the Warrants, is adjusted pursuant to the Warrant Agreement, the Company shall cause written notice of such adjustment to be given to each Holder at such Holder's address appearing on the Warrant register by first class mail postage pre-paid.

No Warrant may be exercised after 5:00 p.m., New York City time, on the Expiration Date, and to the extent not exercised by such time such Warrants shall be void,

Reference is hereby made to the further provisions of this Warrant Certificate set forth on the reverse side hereof, and such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Warrant Certificate is not valid unless countersigned by the Warrant Agent.

**THIS WARRANT CERTIFICATE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF MICHIGAN, WITHOUT REGARD TO THE PROVISIONS THEREOF RELATING TO CONFLICT OF LAWS**

In witness whereof, the undersigned, duly authorized officer of the Company has caused this Warrant Certificate to be signed as of this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

FEDERAL-MOGUL CORPORATION

By: \_\_\_\_\_

Name:

Title:

COUNTERSIGNED:

\_\_\_\_\_  
as Warrant Agent

By: \_\_\_\_\_

Name:

Title:

[Form of Reverse of Warrant Certificate]

The Warrants evidenced by this Warrant Certificate are part of a duly authorized issue of up to \_\_\_\_\_ Warrants expiring at 5:00 p.m., New York City time, on the Expiration Date, entitling the Holder, on exercise, to purchase shares of Class A Common Stock of the Company, and are issued or to be issued pursuant to the Warrant Agreement, which Warrant Agreement is hereby incorporated by reference and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Warrant Agent, the Company and the Holders. A copy of the Warrant Agreement may be obtained by the Holder hereof upon written request to the Company or the Warrant Agent at the addresses set forth below.

Warrants may be exercised by surrendering this Warrant Certificate, with the Election to Purchase set forth hereon properly completed and executed, together with payment of the purchase price by certified or official bank check payable to the order of the Warrant Agent for the account of the Company. In the event that the number of Warrants exercised shall be less than the total number of Warrants evidenced hereby, there shall be issued to the Holder hereof or the Holder's assignee a new Warrant Certificate evidencing the number of Warrants not exercised.

The Warrant Agreement provides that the number of shares of Common Stock for which each Warrant is exercisable, and the price at which such shares may be purchased upon exercise of each Warrant, are subject to adjustment upon the occurrence of certain events as set forth in the Warrant Agreement. The Company shall not issue fractional shares of Common Stock upon the exercise of any Warrant, and the Company shall round up or down, as the case may be, to the nearest share of Common Stock as provided in the Warrant Agreement.

Warrant Certificates, when surrendered at the office of the Warrant Agent by the registered Holder thereof in person or by legal representative or attorney duly authorized in writing, may be exchanged, in the manner and subject to the limitations provided in the Warrant Agreement for another Warrant Certificate or Warrant Certificates of like tenor evidencing in the aggregate a like number of Warrants.

Upon due presentation for registration of transfer of this Warrant Certificate at the office of the Warrant Agent, a new Warrant Certificate or Warrant Certificates of like tenor and evidencing in the aggregate a like number of Warrants shall be issued to the transferee in exchange for this Warrant Certificate, subject to the limitations provided in the Warrant Agreement.

\* \* \* \*

COMPANY:

Federal-Mogul Corporation  
26555 Northwestern Highway  
Southfield, Michigan 48034

WARRANT AGENT:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\*\*\*\*\*

ELECTION TO PURCHASE

The undersigned registered owner of this Warrant irrevocably exercises this Warrant for the purchase of \_\_\_\_\_ shares of Class A Common Stock of Federal-Mogul Corporation and herewith makes payment therefor, all at the price and on the terms and conditions specified in this Warrant and the Warrant Agreement and requests that certificates for the shares of Class A Common Stock hereby purchased (and any securities or other property issuable upon such exercise) be issued in and delivered to the name and address specified below and, if such shares of Class A Common Stock shall not include all of the shares of Class A Common Stock issuable as provided in this Warrant, that a new Warrant of like tenor and date for the balance of the shares of Class A Common Stock issuable hereunder be delivered to the undersigned

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature of Registered Owner\*

\_\_\_\_\_  
Name Common Stock to be Registered Under

\_\_\_\_\_  
Address Common Stock to be Registered Under

\* \* \* \* \*

SCHEDULE OF EXCHANGES OF INTERESTS OF GLOBAL WARRANTS

The following exchanges of a part of this Global Warrant have been made:

<u>Date of Exchange</u>	<u>Amount of decrease in number of warrants in this Global Warrant</u>	<u>Amount of increase in number of Warrants in this Global Warrant</u>	<u>Number of Warrants in this Global Warrant following such decrease or increase</u>	<u>Signature of authorized officer of Warrant Agent</u>
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**EXHIBIT 3.21**

**EXHIBIT 3.21**

**CLASSIFICATION AND TREATMENT: OTHER DEBTORS**

**U.S. Debtor Non-Operating Companies that Pledged Assets to Banks, Sureties and Noteholders and Have Known Asbestos Liabilities**

The following U.S. Debtors are non-operating companies that have pledged certain assets to secure (a) their guarantees of the Bank Credit Agreement, (b) the Surety Claims and (c) the Noteholder Claims, and against which known Asbestos Personal Injury Claims had been asserted prior to the Petition Date or are likely to be asserted subsequent to the Petition Date:

- 21. Ferodo America, Inc.**
- 22. Felt Products Manufacturing Co.**

The classification of the Claims against and Equity Interests in these Debtors and the treatment and voting rights afforded to the holders of such Claims and Equity Interests under the Plan are set forth below. The class headings number the Classes in accordance with the numbers set forth above beside the name of the Debtor.

**Classes 21A-22A – Priority Claims**

(a) Classification: Classes 21A-22A consist of all Priority Claims against these Debtors.

(b) Treatment: On the Distribution Date, each holder of a Class 21A-22A Allowed Priority Claim shall receive either (I) Cash equal to the Allowed Amount of such Priority Claim or (II) such other treatment as may be agreed upon in writing by such holder and the Reorganized Debtor.

(c) Voting: Classes 21A-22A are impaired and each holder of an Allowed Claim in Class 21A-22A is entitled to vote to accept or reject the Plan.

**Classes 21B-22B – Secured Bank Claims**

(a) Classification: Classes 21B-22B consist of all Secured Bank Claims against these Debtors.

(b) In full and complete satisfaction of all Allowed Claims in Classes 21B-22B, Claims arising under the Bank Credit Agreement (including certain letter of credit obligations) shall be deemed Allowed in the amount of \$1,646,681,464.00 (as adjusted as of the Effective Date to convert any foreign currencies to U.S. dollars) and the Debtors in these Classes shall guarantee on a secured basis Reorganized Federal-Mogul's obligations under (y) the Reorganized Federal Mogul Secured Term Loan Agreement and (z) the Reorganized Federal Mogul Junior Secured PIK Notes.

(c) Voting: Classes 21B-22B are impaired and each holder of an Allowed Class 21B-22B Claim is entitled to vote to accept or reject the Plan.

### **Classes 21C-22C – Secured Surety Claims**

(a) **Classification:** Classes 21C-22C consist of all Secured Surety Claims against these Debtors.

(b) **Treatment:** On the Effective Date, all Claims and interests arising under and related to any indemnity contract or guarantee between these Debtors and the Sureties, if any, and all Liens on any property of these Debtors in favor of the Sureties, shall be released, extinguished and discharged. In full and complete satisfaction of all such Class 21C-22C Claims, these Debtors shall guarantee on a secured basis Reorganized Federal-Mogul's obligations, if any, under the Secured Surety Notes and Junior Secured Surety PIK Notes.

(c) **Voting:** Classes 21C-22C are impaired and each holder of an Allowed Class 21C-22C Claim is entitled to vote to accept or reject the Plan.

### **Classes 21D-22D – Noteholder Claims**

(a) **Classification:** Classes 21D-22D consist of all secured and unsecured Noteholder Claims against these Debtors.

(b) **Treatment:** On the Distribution Date, all Claims arising under each Debtor's Guaranty of the Noteholder Claims shall be released, extinguished and discharged. In consideration of the treatment accorded Class 1D, holders of Class 21D-22D Noteholder Claims shall receive no additional distribution under the Plan on account of such Class 21D-22D Noteholder Claims.

(c) **Voting:** Classes 21D-22D are impaired and each holder of an Allowed Class 21D-22D Claim is entitled to vote to accept or reject the Plan.

### **Classes 21H-22H – Unsecured Claims**

(a) **Classification:** Classes 21H-22H consist of all Unsecured Claims against these Debtors, other than any unsecured portion of Noteholder Claims or other Claims specifically included in any other Class.

(b) **Treatment:** Subject to 8.17 of the Plan, each holder of an Allowed Unsecured Claim in Class 21H or Class 22H shall receive a total Cash payment equal to 35% of such holder's Allowed Unsecured Claim, with such total amount to be paid in three equal, annual installments, the first of which shall be paid on the Distribution Date and the second and third on the first and second anniversaries of the Distribution Date, respectively.

(c) **Voting:** Classes 21H-22H are impaired and each holder of an Allowed Class 21H-22H Claim is entitled to vote to accept or reject the Plan.

### **Class 21J – Asbestos Personal Injury Claims**

(a) **Classification:** Class 21J Consists of all Asbestos Personal Injury Claims against Ferodo.

(b) Treatment: As of the Effective Date, liability for all Class 21J Asbestos Personal Injury Claims shall automatically and without further act, deed or Court order, be assumed by the Trust in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan and the provisions relating to the Hercules Policy and any EL Policy. Additionally, on the Effective Date, the liability of Reorganized Ferodo for each Class 21J Claim shall continue but recourse to the assets of Reorganized Ferodo in respect of such liability shall, by operation of the Plan, the Scheme of Arrangement and/or the Voluntary Arrangement and the Confirmation Order, be limited in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan and the provisions relating to the Hercules Policy and any EL Policy. Upon the Hercules Policy Expiry Date and/or the EL Coverage Expiry Date, Reorganized Ferodo shall be, without further order of Court, released and discharged from Class 21J Asbestos Personal Injury Claims in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan.

(c) Voting: Class 21J is impaired and each holder of an Allowed Class 21J Claim is entitled to vote to accept or reject the Plan.

#### **Class 22J – Asbestos Personal Injury Claims**

(a) Classification: Class 22J consists of all Asbestos Personal Injury Claims against Felt Products.

(b) Treatment: As of the Effective Date, liability for all Class 22J Asbestos Personal Injury Claims shall be automatically and without further act, deed or Court order, transferred to, vested in and assumed by the Trust. Each Asbestos Personal Injury Claim in these Classes shall be addressed (i.e., Allowed or disallowed, and if Allowed, then paid) solely by the Trust pursuant to and in accordance with the Asbestos Personal Injury Trust Distribution Procedures.

(c) Voting: Class 22J is impaired and each holder of an Allowed Class 22J Claim is entitled to vote to accept or reject the Plan.

#### **Classes 21L-22L - Affiliate Claims**

(a) Classification: Classes 21L-22L consist of all Affiliate Claims against these Debtors.

(b) Treatment: On the Effective Date, at the option of the Plan Proponents, all Affiliate Claims in these Classes shall either be (a) reinstated, in full or in part, or (b) discharged and extinguished, in full or in part, in which case such discharged and extinguished portion shall be eliminated and the holders thereof shall not be entitled to, and shall not receive or retain, any property or interest on account of such portion under the Plan; provided, however, that prior to such discharge and extinguishment such Affiliate Claims may be contributed to capital, transferred, setoff or subject to any other arrangement at the option of the Plan Proponents. If any such Claims are reinstated, in full or in part, such reinstated Claim may, at the option of the Plan Proponents, be subordinated in legal right and priority of payment to all non-Affiliate Claims against these Debtors, as applicable. Any and all Claims in these Classes, or portions

thereof, being reinstated and, to the extent, if any, that such Claims are being subordinated to non-Affiliate Claims, are set forth in Exhibit 3.1.12.

(c) Voting: Classes 21L-22L are impaired and each holder of an Allowed Class 21L-22L Claim is entitled to vote to accept or reject the Plan.

#### **Classes 21P-22P – Equity Interests**

(a) Classification: Classes 21P-22P consist of all Equity Interests in these Debtors.

(b) Treatment: Each holder of an Allowed Equity Interest in Classes 21P-22P shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Equity Interest entitles the holder.

(c) Voting: Classes 21P-22P are unimpaired and holders of Class 21P-22P Equity Interests are thus not entitled to vote to accept or reject the Plan.

#### **U.S. Debtor Non-Operating Company that Have Known Asbestos Liabilities**

The following U.S. Debtor is a non-operating company against which known Asbestos Personal Injury Claims had been asserted prior to the Petition Date or are likely to be asserted subsequent to the Petition Date:

#### **23. Gasket Holdings Inc. (“GHI”)**

The classification of the Claims and Equity Interests in against GHI and the treatment and voting rights afforded to the holders of such Claims and Equity Interests under the Plan are set forth below.

#### **Class 23A – Priority Claims.**

(a) Classification: Class 23A consists of all Priority Claims against GHI.

(b) Treatment: On the Distribution Date, each holder of a Class 23A Allowed Priority Claim shall receive either (I) Cash equal to the Allowed Amount of such Priority Claim or (II) such other treatment as may be agreed upon in writing by such holder and Reorganized GHI.

(c) Voting: Class 23A is impaired and each holder of an Allowed Class 6A Claim is entitled to vote to accept or reject the Plan.

#### **Class 23H – Unsecured Claims**

(a) Classification: Class 23H consists of all Unsecured Claims against GHI, other than any unsecured portion of Bonded Asbestos Claims or other Claims specifically included in any other Class. Class 23H Unsecured Claims shall include, without limitation, all Unsecured Claims asserted by the Sureties against GHI.



(b) Treatment: Subject to 8.17 of the Plan, each holder of an Allowed Unsecured Claim in Class 23H shall receive a total Cash payment equal to 35% of such holder's Allowed Unsecured Claim, with such total amount to be paid in three equal, annual installments, the first of which shall be paid on the Distribution Date and the second and third on the first and second anniversaries of the Distribution Date, respectively.

(c) Voting: Class 23H is impaired and each holder of an Allowed Class 23H Claim is entitled to vote to accept or reject the Plan.

#### **Class 23J – Asbestos Personal Injury Claims**

(a) Classification: Class 23J consists of all Asbestos Personal Injury Claims against GHI.

(b) Treatment: As of the Effective Date, liability for all Class 23J Asbestos Personal Injury Claims shall automatically and without further act, deed or Court order, be assumed by the Trust in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan and the provisions relating to the Hercules Policy and any EL Policy. Additionally, on the Effective Date, the liability of Reorganized GHI for each Class 23J Claim shall continue but recourse to the assets of Reorganized GHI in respect of such liability shall, by operation of the Plan, the Scheme of Arrangement and/or the Voluntary Arrangement and the Confirmation Order, be limited in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan and the provisions relating to the Hercules Policy and any EL Policy. Upon the Hercules Policy Expiry Date and/or the EL Coverage Expiry Date, Reorganized GHI shall be, without further order of Court, released and discharged from Class 23J Asbestos Personal Injury Claims in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan.

(c) Voting: Class 23J is impaired and each holder of an Allowed Class 23J Claim is entitled to vote to accept or reject the Plan.

#### **Class 23L – Affiliate Claims**

(a) Classification: Class 23L consists of all Affiliate Claims against GHI.

(b) Treatment: On the Effective Date, at the option of the Plan Proponents, all Affiliates Claims in Class 23L shall either be (a) reinstated, in full or in part, or (b) discharged and extinguished, in full or in part, in which case such discharged and extinguished portion shall be eliminated and the holders thereof shall not be entitled to, and shall not receive or retain, any property or interest on account of such portion under the Plan; provided, however, that prior to such discharge and extinguishment such Affiliate Claims may be contributed to capital, transferred, setoff or subject to any other arrangement at the option of the Plan Proponents. If any Class 23L Claims are reinstated, in full or in part, such reinstated Claim may, at the option of the Plan Proponents, be subordinated in legal right and priority of payment to all non-Affiliate Claims against GHI. Any and all Class 23L Claims, or portions thereof, being reinstated and, to the extent, if any, that such Claims are being subordinated to non-Affiliate Claims, are set forth in Exhibit 3.1.12.

(c) Voting: Class 23L is impaired and each holder of an Allowed Class 23L Claim is entitled to vote to accept or reject the Plan.

**Class 23P – Equity Interests**

(a) Classification: Class 23P consists of all Equity Interests in GHI.

(b) Treatment: Each holder of an Allowed Equity Interest in Class 23P shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Equity Interest entitles the holder.

(c) Voting: Class 23P is unimpaired and holders of Class 23P Equity Interests are thus not entitled to vote to accept or reject the Plan.

**U.S. Debtor Holding Companies that Pledged Assets to Banks and Noteholders**

The following U.S. Debtors are holding companies that have pledged certain assets to secure (a) their guarantees of the Bank Credit Agreement, (b) the Surety Claims, and (c) the Noteholder Claims, but against whom no known Asbestos Personal Injury Claims were pending as of the Petition Date:

24. Carter Automotive Company, Inc.
25. Federal-Mogul Dutch Holdings Inc.
26. Federal-Mogul Global Inc.
27. Federal-Mogul Global Properties, Inc.
28. Federal-Mogul Mystic, Inc.
29. Federal-Mogul U.K. Holdings, Inc.
30. Federal-Mogul Venture Corporation
31. Federal-Mogul World Wide, Inc.
32. McCord Sealing, Inc.
33. T&N Industries Inc.

The classification of the Claims against and Equity Interests in these Debtors, and the treatment and voting rights afforded to the holders of such Claims and Equity Interests under the Plan are set forth below. The class headings number the Classes in accordance with the numbers set forth above beside the name of the Debtor.

**Classes 24A-33A – Priority Claims**

(a) Classification: Classes 24A-33A consist of all Priority Claims against these Debtors.

(b) Treatment: On the Distribution Date, each holder of a Class 24A-33A Allowed Priority Claim shall receive either (I) Cash equal to the Allowed Amount of such Priority Claim or (II) such other treatment as may be agreed upon in writing by such holder and the Reorganized Debtor.

(c) Voting: Classes 24A-33A are impaired and each holder of an Allowed Class 24A-33A Claim is entitled to vote to accept or reject the Plan.

#### **Classes 24B-33B – Secured Bank Claims**

(a) Classification: Classes 24B-33B consist of all Secured Bank Claims against these Debtors.

(b) In full and complete satisfaction of the Allowed Claims in Classes 24B-33B, Claims arising under the Bank Credit Agreement (including certain letter of credit obligations) shall be deemed Allowed in the amount of \$1,646,681,464.00 (as adjusted as of the Effective Date to convert any foreign currencies to U.S. dollars) and the Debtors in these Classes shall guarantee on a secured basis Reorganized Federal Mogul's obligations under (y) the Reorganized Federal Mogul Secured Term Loan Agreement and (z) the Reorganized Federal Mogul Junior Secured PIK Notes.

(c) Voting: Classes 24B-33B are impaired and each holder of an Allowed Class 24B-33B Claim is entitled to vote to accept or reject the Plan.

#### **Classes 24C-33C – Secured Surety Claims**

(a) Classification: Classes 24C-33C consist of all Secured Surety Claims against these Debtors.

(b) Treatment: On the Effective Date, all Claims and interests arising under and related to any indemnity contract or guarantee between these Debtors and the Sureties, if any, and all Liens on any property of these Debtors in favor of the Sureties, shall be released, extinguished and discharged. In full and complete satisfaction of all such Class 24C-33C Claims, these Debtors shall guarantee on a secured basis Reorganized Federal-Mogul's obligations, if any, under the Secured Surety Notes and Junior Secured Surety PIK Notes.

(c) Voting: Classes 24C-33C are impaired, and each holder of a Class 24C-33C Claim is entitled to vote to accept or reject the Plan.

#### **Classes 24D-33D – Noteholder Claims**

(a) Classification: Classes 24D-33D consist of all secured and unsecured Noteholder Claims against these Debtors.

(b) Treatment: On the Distribution Date, all Claims arising under each Debtor's Guaranty of the Noteholder Claims shall be released, extinguished and discharged. In consideration of the treatment accorded Class 1D, holders of Class 24D-33D Noteholder Claims shall receive no additional distribution under the Plan on account of such Class 24D-33D Noteholder Claims.

(c) Voting: Classes 24D-33D are impaired and each holder of an allowed Class 24D-33D Claim is entitled to vote to accept or reject the Plan.

#### **Classes 24E-33E – Other Secured Claims**

(a) Classification: Classes 24E-33E consist of all Secured Claims against these Debtors, other than Bank Claims, Surety Claims or Noteholder Claims. Each Secured

Claim shall constitute a separate sub-class (designated, for example, as Class 24E-1 or 33E-1) for purposes of voting and distribution.

(b) Treatment: At the option of each Debtor or the Reorganized Debtor and in accordance with Section 1124 of the Bankruptcy Code, all Allowed Secured Claims in Classes 24E-33E, and each sub-class thereof, will be treated pursuant to one of the following alternatives: (I) the Plan will leave unaltered the legal, equitable and contractual rights to which each Secured Claim in Classes 24D-33D entitles the holder; (II) the Debtor shall cure any default that occurred before or after the Petition Date; the maturity of such Secured Claim shall be reinstated as such maturity existed prior to any such default; the holder of such Secured Claim shall be compensated for any damages incurred as a result of any reasonable reliance by the holder on any right to accelerate its claim; and the legal, equitable and contractual rights of such holder will not otherwise be altered; (III) an Allowed Secured Claim shall receive such other treatment as the Debtor and the holder shall agree; or (IV) all of the collateral for such Secured Claim will be surrendered by the Debtor to the holder of such Claim on the Effective Date or as soon as practicable thereafter.

(c) Voting: To the extent any Allowed Secured Claims are treated in the manner set forth in clauses (I), (II), (III) or (IV) of the immediately preceding subsection, Classes 24E-33E or the particular sub-class are unimpaired and are not entitled to vote to accept or reject the Plan.

#### **Classes 24H-33H – Unsecured Claims**

(a) Classification: Classes 24H-33H consist of all Unsecured Claims against these Debtors, other than any unsecured portion of portion of Noteholder Claims or other Claims specifically included in any other Class.

(b) Treatment: Subject to 8.17 of the Plan, each holder of an Allowed Unsecured Claim in Classes 24H – 33H shall receive a total Cash payment equal to 35% of such holder's Allowed Unsecured Claim, with such total amount to be paid in three equal, annual installments, the first of which shall be paid on the Distribution Date and the second and third on the first and second anniversaries of the Distribution Date, respectively.

(c) Voting: Classes 24H – 33H are impaired and each holder of an Allowed Class 24H-33H Claim is entitled to vote to accept or reject the Plan.

#### **Classes 31G and 33G – On-Site Environmental Claims**

(a) Classification: Classes 31G and 33G consist of all On-Site Environmental Claims against Federal-Mogul World Wide, Inc. and T&N Industries Inc., respectively.

(b) Treatment: Each holder of an Allowed On-Site Environmental Claim in Classes 31G and 33G shall retain unaltered, the legal, equitable and contractual rights to which such Allowed On-Site Environmental Claim entitles the holder.

(c) Voting: Classes 31G and 33G are unimpaired and holders of Class 31G or 33G Claims are thus not entitled to vote to accept or reject the Plan.

#### **Classes 24L-33L – Affiliate Claims**

(a) Classification: Classes 24L-33L consist of all Affiliate Claims against these Debtors.

(b) Treatment: On the Effective Date, at the option of the Plan Proponents, all Affiliate Claims in these Classes shall either be (a) reinstated, in full or in part, or (b) discharged and extinguished, in full or in part, in which case such discharged and extinguished portion shall be eliminated and the holders thereof shall not be entitled to, and shall not receive or retain, any property or interest on account of such portion under the Plan; provided, however, that prior to such discharge and extinguishment such Affiliate Claims may be contributed to capital, transferred, setoff or subject to any other arrangement at the option of the Plan Proponents. If any such Claims are reinstated, in full or in part, such reinstated Claim may, at the option of the Plan Proponents, be subordinated in legal right and priority of payment to all non-Affiliate Claims against these Debtors, as applicable. Any and all Claims in these Classes, or portions thereof, being reinstated and, to the extent, if any, that such Claims are being subordinated to non-Affiliate Claims, are set forth in Exhibit 3.1.12.

(c) Voting: Classes 24L-33L are unimpaired and holders of Class 24L-33L Claims are thus not entitled to vote to accept or reject the Plan.

#### **Classes 24P-33P – Equity Interests**

(a) Classification: Classes 24P-33P consist of all Equity Interests in these Debtors.

(b) Treatment: Each holder of an Allowed Equity Interest in Classes 24P-33P shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Equity Interest entitles the holder.

(c) Voting: Classes 24P-33P are unimpaired and holders of Class 24P-33P Equity Interests are thus not entitled to vote to accept or reject the Plan.

#### **U.K. Debtor Holding Company that Pledged Assets to Banks, Sureties and Noteholders**

The following U.K. Debtor is a holding company that has pledged certain assets to secure (a) its guaranty of the Bank Credit Agreement, (b) the Surety Claims, and (c) its guaranty of the Noteholder Claims, but against which no known Asbestos Personal Injury Claims were pending as of the Petition Date:

#### **34. F-M UK Holding Limited (“FMUK Holding”)**

The classification of the Claims against and Equity Interests in this Debtor, and the treatment and voting rights afforded to the holders of these Claims and Equity Interests under the Plan are set forth below.

**Class 34A – Priority and Preferential Claims**

- (a) Classification: Class 34A consists of all Priority and Preferential Claims against FMUK Holding.
- (b) Treatment: Each holder of a Class 34A Allowed Claim shall retain unaltered the legal, equitable and contractual rights to which such Claim entitles the holder.
- (c) Voting: Class 34A is unimpaired and holders of Class 34A Claims are thus not entitled to vote to accept or reject the Plan.

**Class 34B – Secured Bank Claims**

- (a) Classification: Class 34B consists of all Secured Bank Claims against FMUK Holding.
- (b) In full and complete satisfaction of all Allowed Class 34B Claims, Claims arising under the Bank Credit Agreement (including certain letter of credit obligations) shall be deemed Allowed in the amount of \$1,646,681,464.00 (as adjusted as of the Effective Date to convert any foreign currencies to U.S. dollars) and FMUK Holding shall guarantee on a secured basis Reorganized Federal-Mogul's obligations under (y) the Reorganized Federal-Mogul Secured Term Loan Agreement and (z) the Reorganized Federal-Mogul Junior Secured PIK Notes.
- (c) Voting: Class 34B is impaired and each holder of an Allowed Class 34B Claim is entitled to vote to accept or reject the Plan.

**Class 34C – Secured Surety Claims**

- (a) Classification: Class 34C consists of all Secured Surety Claims against FMUK Holding.
- (b) Treatment: On the Effective Date, all Claims and interests arising under and related to any indemnity contract or guarantee between FMUK Holding and the Sureties, if any, and all Liens on any property of FMUK Holding in favor of the Sureties, shall be released, extinguished and discharged. In full and complete satisfaction of all such Class 34C Claims, FMUK Holding shall guarantee on a secured basis Reorganized Federal-Mogul's obligations, if any, under the Secured Surety Notes and Junior Secured Surety PIK Notes.
- (c) Voting: Class 34C is impaired and each holder of an Allowed Class 34C Claim is entitled to vote to accept or reject the Plan.

**Class 34D – Noteholder Claims**

- (a) Classification: Class 34D consists of all secured and unsecured Noteholder Claims against FMUK Holding.
- (b) Treatment: On the Distribution Date, all Claims arising under FMUK Holding's Guaranty of the Noteholder Claims shall be released, extinguished and discharged. In consideration of the treatment accorded Class 1D, holders of Class 34D Noteholder Claims shall

receive no additional distribution under the Plan on account of such Class 34D Noteholder Claims.

(c) Voting: Class 34D is impaired and each holder of an Allowed Class 34D Claim is entitled to vote to accept or reject the Plan.

#### **Class 34H – Unsecured Claims**

(a) Classification: Class 34H consists of all Unsecured Claims against FMUK Holding, other than any Claims that are specifically included in any other Class.

(b) Treatment: Subject to 8.17 of the Plan, each holder of an Allowed Unsecured Claim in Class 34H shall receive a total Cash payment equal to 35% of such holder's Allowed Unsecured Claim, with such total amount to be paid in three equal, annual installments, the first of which shall be paid on the Distribution Date and the second and third on the first and second anniversaries of the Distribution Date, respectively.

(c) Voting: Class 34H is impaired and each holder of an Allowed Class 34H Claim is entitled to vote to accept or reject the Plan.

#### **Class 34L – Affiliate Claims**

(a) Classification: Class 34L consists of all Affiliate Claims against FMUK Holding.

(b) Treatment: On the Effective Date, at the option of the Plan Proponents, all Affiliate Claims in Class 34L shall either be (a) reinstated, in full or in part, or (b) discharged and extinguished, in full or in part, in which case such discharged and extinguished portion shall be eliminated and the holders thereof shall not be entitled to, and shall not receive or retain, any property or interest on account of such portion under the Plan; provided, however, that prior to such discharge and extinguishment such Affiliate Claims may be contributed to capital, transferred, setoff or subject to any other arrangement at the option of the Plan Proponents. If any Class 34L Claims are reinstated, in full or in part, such reinstated Claim may, at the option of the Plan Proponents, be subordinated in legal right and priority of payment to all non-Affiliate Claims against FMUK Holding. Any and all Class 34 Claims, or portions thereof, being reinstated and, to the extent, if any, that such Claims are being subordinated to non-Affiliate Claims, are set forth in Exhibit 3.1.12.

(c) Voting: Class 34L is unimpaired and holders of Class 34L Claims are thus not entitled to vote to accept or reject the Plan.

#### **Class 34P – Equity Interests**

(a) Classification: Class 34P consists of all Equity Interests in FMUK Holding.

(b) Treatment: Each holder of an Allowed Equity Interest in Class 34P shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Equity Interest entitles the holder.

(c) Voting: Class 34P is unimpaired and holders of Class 34P Equity Interests are thus not entitled to vote to accept or reject the Plan.

**U.S. Debtor Holding Companies and Non-Operating Companies**

The following U.S. Debtors are holding companies or non-operating companies that have not guaranteed the Bank Claims, the Surety Claims or the Noteholder Claims, or pledged any assets to secure payment of any Bank Claims, the Surety Claims or the Noteholder Claims, and against which no known Asbestos Personal Injury Claims were pending as of the Petition Date:

- 35. Federal-Mogul FX, Inc.
- 36. Federal-Mogul Puerto Rico, Inc.
- 37. Federal-Mogul Machine Tool, Inc.
- 38. FM International LLC
- 39. J.W.J. Holdings, Inc.

The classification of the Claims against and Equity Interests in these Debtors, and the treatment and voting rights afforded to the holders of such Claims and Equity Interests under the Plan are set forth below. The class headings number the classes in accordance with the numbers set forth above beside the name of the Debtor.

**Classes 35A-39A – Priority Claims**

(a) Classification: Classes 39A-43A consist of all Priority Claims against these Debtors.

(b) Treatment: On the Distribution Date, each holder of a Class 35A-39A Allowed Priority Claim shall receive either (I) Cash equal to the Allowed Amount of such Priority Claim or (II) such other treatment as may be agreed upon in writing by such holder and the Reorganized Debtor.

(c) Voting: Classes 35A-39A are impaired and each holder of an Allowed Class 35A-39A Claim is entitled to vote to accept or reject the Plan.

**Classes 35H-39H – Unsecured Claims**

(a) Classification: Classes 35H-39H consist of all Unsecured Claims against these Debtors, or other Claims specifically included in any other Class.

(b) Treatment: Subject to 8.17 of the Plan, each holder of an Allowed Unsecured Claim in Classes 35H – 39H shall receive a total Cash payment equal to 35% of such holder's Allowed Unsecured Claim, with such total amount to be paid in three equal, annual installments, the first of which shall be paid on the Distribution Date and the second and third on the first and second anniversaries of the Distribution Date, respectively.

(c) Voting: Classes 35H-39H are impaired and each holder of an Allowed Class 35H-39H Claim is entitled to vote to accept or reject the Plan.



#### **Classes 35L-39L – Affiliate Claims**

(a) Classification: Classes 35L-39L consist of all Affiliate Claims against these Debtors.

(b) Treatment: On the Effective Date, at the option of the Plan Proponents, all Affiliate Claims in these Classes shall either be (a) reinstated, in full or in part, or (b) discharged and extinguished, in full or in part, in which case such discharged and extinguished portion shall be eliminated and the holders thereof shall not be entitled to, and shall not receive or retain, any property or interest on account of such portion under the Plan; provided, however, that prior to such discharge and extinguishment such Affiliate Claims may be contributed to capital, transferred, setoff or subject to any other arrangement at the option of the Plan Proponents. If any such Claims are reinstated, in full or in part, such reinstated Claim may, at the option of the Plan Proponents, be subordinated in legal right and priority of payment to all non-Affiliate Claims against these Debtors, as applicable. Any and all Claims in these Classes, or portions thereof, being reinstated and, to the extent, if any, that such Claims are being subordinated to non-Affiliate Claims, are set forth in Exhibit 3.1.12.

(c) Voting: Classes 35L-39L are unimpaired and holders of Class 35L-39L Claims are thus not entitled to vote to accept or reject the Plan.

#### **Classes 35P-39P – Equity Interests**

(a) Classification: Classes 35P-39P consist of all Equity Interests in these Debtors.

(b) Treatment: Each holder of an Allowed Equity Interest in Classes 35P-39P shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Equity Interest entitles the holder.

(c) Voting: Classes 35P-39P are unimpaired and holders of Class 35P-39P Equity Interests are thus not entitled to vote to accept or reject the Plan.

#### **U.K. Debtor Companies That Are Terminating or Have Terminated Operations**

The following U.K. Debtors are companies that are terminating or have recently terminated their operations. Accordingly, the Plan, as it relates to these U.K. Debtors, is a liquidating plan of reorganization with respect to which the provisions of Section 1141(d)(3) of the Bankruptcy Code apply. The proceeds of the sale or liquidation of these U.K. Debtors' assets shall be distributed to the holders of Allowed Claims through a CVA, a Section 425 Scheme or a liquidation.

40. **Federal-Mogul Sealing System (Cardiff) Limited**
41. **Federal-Mogul Bridgwater Limited**
42. **Federal-Mogul Engineering Limited**
43. **Federal-Mogul Technology Limited**

The classification of the Claims against and Equity Interests in these Debtors, and the treatment and voting rights afforded to the holders of such Claims and Equity Interests under the Plan are

set forth below. The class headings number the classes in accordance with the numbers set forth above beside the name of the Debtor.

The Plan, as it relates to Federal-Mogul Sealing System (Cardiff) Limited ("FMSS") will be implemented pursuant to an agreement (the "Cardiff Agreement") dated August 8, 2002 providing for the sale and purchase of substantially all of FMSS-Cardiff's assets, entered into between (i) FMSS (acting by and through its Administrators), as Seller, (ii) the Administrators of FMSS and (iii) Federal-Mogul Operations Italy SRL, as Purchaser. The Plan, as it relates to Federal-Mogul Bridgwater Limited ("Bridgwater") will be implemented pursuant to an agreement (the "Bridgwater Agreement") dated December 31, 2002 providing for the sale and purchase of substantially all of Bridgwater's assets, entered into between (i) T&N, as seller of beneficial title, (ii) Bridgwater, as seller of legal title, (iii) the Administrators of T&N, (iv) the Administrators of Bridgwater and (v) Federal-Mogul Nürnberg GmbH, as Purchaser.

#### **Classes 40A-43A – Priority and Preferential Claims**

(a) Classification: Classes 40A-43A consist of all Priority and Preferential Claims against these Debtors, other than, with respect to Classes 41A-43A, any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6A.

(b) Treatment: Each holder of a Class 40A-43A Allowed Claim shall retain unaltered the legal, equitable and contractual rights to which such Claim entitles the holder.

(c) Voting: Classes 40A-43A are unimpaired and holders of Class 40A-43A Claims are thus not entitled to vote to accept or reject the Plan.

#### **Classes 40H – Unsecured Claims**

(a) Classification: Class 40H consists of all Unsecured Claims against Federal-Mogul Sealing Systems (Cardiff) Limited, other than any Claims that are specifically included in any other Class and other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6H.

(b) Treatment: Holders of Allowed Claims in Class 40H shall receive, on the Distribution Date, a Cash payment equal to the greater of (i) the Allowed Amount of such holder's Claim multiplied by either (y) T&N Distribution Ratio 1 if the Consensual Marketing Procedures are not performed or (z) T&N Distribution Ratio 2 if the Consensual Marketing Procedures are performed, (ii) the Allowed Amount of such holder's Claim multiplied by the Company Specific Distribution Ratio for Federal-Mogul Sealing System (Cardiff) Limited or (iii) if Federal-Mogul Sealing System (Cardiff) Limited is a Small Company, the Allowed Amount of such holder's Claim multiplied by the Small Company Specific Distribution Ratio for Federal-Mogul Sealing System (Cardiff) Limited.

(c) Voting: Class 40H is impaired and holders of Allowed Claims in Class 40H are entitled to vote to accept or reject the Plan.

**Classes 41H-43H – Unsecured Claims.**

(a) **Classification:** Classes 41H-43H consist of all Unsecured Claims against Federal-Mogul Bridgwater Limited, Federal-Mogul Engineering Limited and Federal-Mogul Technology Limited, respectively, other than any Claims that are specifically included in any other Class and other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6H. Additionally, if the T&N Pension Plan Trustees do not vote in favor of acceptance of all of the Plans for the U.K. Debtors that have obligations under or relating to the T&N Pension Plan and have not given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote in favor of approving any relevant Voluntary Arrangements for such U.K. Debtors and/or if the Consensual Marketing Procedures are performed with respect to T&N, then Classes 41H, 42H and 43H shall also include all Class 41I, 42I and 43I Non-Priority T&N Pension Plan Employee Benefit Claims against Federal-Mogul Bridgwater Limited, Federal-Mogul Engineering Limited and Federal-Mogul Technology Limited, respectively.

(b) **Treatment:** Holders of Allowed Claims in Classes 41H-43H shall receive, on the Distribution Date, a Cash payment equal to the greater of (i) the Allowed Amount of such holder's Claim multiplied by either (y) T&N Distribution Ratio 1 if the Consensual Marketing Procedures are not performed or (z) T&N Distribution Ratio 2 if the Consensual Marketing Procedures are performed, (ii) the Allowed Amount of such holder's Claim multiplied by the Company Specific Distribution Ratio for the respective Debtor against which the Claim is Allowed or (iii) if Federal-Mogul Bridgwater Limited, Federal-Mogul Engineering Limited or Federal-Mogul Technology Limited are Small Companies, the Allowed Amount of such holder's Claim multiplied by the Small Company Specific Distribution Ratio for the respective Debtor against which the Claim is Allowed.

(c) **Voting:** Classes 41H-43H are impaired and holders of Allowed Claims in these Classes are entitled to vote to accept or reject the Plan.

**Classes 41I-43I – Non-Priority T&N Pension Plan Employee Benefit Claims**

(a) **Classification:** Classes 41I and 43I consist of all Non-Priority T&N Pension Plan Employee Benefit Claims against Federal-Mogul Bridgwater Limited, Federal-Mogul Engineering Limited and Federal-Mogul Technology Limited, respectively.

(b) **Treatment A:** If the T&N Pension Plan Trustees vote in favor of acceptance of all of the Plans of the U.K. Debtors that have any obligations under or relating to the T&N Pension Plan and have given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote to approve any relevant voluntary arrangements for such U.K. Debtors and if the Consensual Marketing Procedures are not performed with respect to T&N, then the Class 41I-43I Claims shall be deemed fully satisfied by virtue of the treatment afforded to the Non-Priority T&N Pension Plan Employee Benefit Claims in Class 6I.

(c) **Treatment B:** If the conditions for Treatment A as set forth above are not met, then all obligations with respect to the T&N Pension Plan will be compromised and discharged and all Class 41I-43I Non-Priority T&N Pension Plan Employee Benefit Claims against Federal-Mogul Bridgwater Limited, Federal Mogul Engineering Limited and

Federal-Mogul Technology Limited shall be included in and treated as Class 41H, 42H and 43H Claims, respectively.

(d) Voting: Classes 41H-43H are impaired and holders of Allowed Claims in these Classes are entitled to vote to accept or reject the Plan.

**Class 42J – Asbestos Personal Injury Claims.**

(a) Classification: Class 42J consists of all Asbestos Personal Injury Claims against Federal-Mogul Engineering Limited as to which the holder has not made an election to assert such Claim against T&N as principal and to have such Claim included in Class 6J.

(b) Treatment: As of the Effective Date, liability for all Class 42J Asbestos Personal Injury Claims shall automatically and without further act, deed or Court order, be assumed by the Trust in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan and the provisions relating to the Hercules Policy and any EL Policy. Additionally, on the Effective Date, the liability of Reorganized Federal-Mogul Engineering Limited for each Class 42J Claim shall continue but recourse to the assets of Reorganized Federal-Mogul Engineering Limited in respect of such liability shall, by operation of the Plan, the Scheme of Arrangement and/or the Voluntary Arrangement and the Confirmation Order, be limited in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan and the provisions relating to the Hercules Policy and any EL Policy. Upon the Hercules Policy Expiry Date and/or the EL Coverage Expiry Date, Reorganized Federal-Mogul Engineering Limited shall be, without further order of Court, released and discharged from Class 42J Asbestos Personal Injury Claims in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan.

(c) Voting: Class 42J is impaired and each holder of an Allowed Class 42J Claim is entitled to vote to accept or reject the Plan.

**Classes 40L-43L – Affiliate Claims**

(a) Classification: Classes 40L-43L consist of all Affiliate Claims against these Debtors which are subject to the Subordination Deed, other than any such Affiliate Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6L.

(b) Treatment: All Affiliate Claims in Classes 40L-43L shall be subject to the Subordination Deed which shall become effective on the Effective Date, but not as a result of the provisions of the Plan, the Confirmation Order, the Voluntary Arrangement and/or the Scheme of Arrangement or the order of the U.K. Court sanctioning the Scheme of Arrangement.

(c) Voting: Classes 40L-43L are unimpaired and holders of Class 40L-43L Claims are thus not entitled to vote to accept or reject the Plan.

### **Classes 40P-43P – Equity Interests**

- (a) Classification: Classes 40P-43P consist of all Equity Interests in these Debtors.
- (b) Treatment: Each holder of an Allowed Equity Interest in Classes 40P-43P shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Equity Interest entitles the holder.
- (c) Voting: Classes 40P-43P are unimpaired and holders of Class 40P-43P Equity Interests are thus not entitled to vote to accept or reject the Plan.

### **U.K. Debtor Holding and Non-Operating Companies**

The following U.K. Debtors are holding companies or non-operating companies that have neither guaranteed the Bank Claims or Noteholder Claims, nor given indemnities in respect of the Surety Claims, nor pledged any assets to secure any of the Bank Claims, Surety Claims or Noteholder Claims, and against which no known Asbestos Personal Injury Claims were pending as of the Petition Date:

44. AE Dayton Services Limited
45. AE Group Machines Limited
46. AE Holdings Limited
47. AE International Limited
48. AE Limited
49. AE Piston Products Limited
50. AE Sales (Africa) Limited
51. Amber Supervision Limited
52. Associated Engineering Group Limited
53. Awncast Limited
54. Bearings (North-Western) Limited
55. Colvan Rubber Co. Limited
56. Contact 100 Limited
57. Cosmid Limited
58. Cranhold Limited
59. Dealings Limited
60. Dumplington Services Limited
61. E W Engineering Limited
62. Edmunds, Walker & Co. Limited
63. Engineering Components Limited
64. Federal-Mogul Acquisition Company Limited
65. Federal-Mogul Brake Systems Limited [Agency]
66. Federal Mogul Shoreham Limited
67. Federal-Mogul U.K. Limited
68. FHE Technology Limited
69. FP Diesel Limited
70. G.B. Tools & Components Exports Limited
71. Genthope Limited
72. Greet Limited

73. Hepworth & Grandage Limited
74. High Precision Equipment Limited
75. Inblot Limited
76. Instantwonder Limited
77. Kings Park Housing Limited
78. Lalton Limited
79. Lanoth Precision Equipment Limited
80. Leeds Piston Ring & Engineering Co. Limited
81. M.T.A. (Kettering) Limited
82. Mantro Engineering Co. Limited
83. Mobile Distributing (Spares) Limited
84. Moores Plastic Units Limited
85. Ontall Limited
86. Payen (Europe) Limited
87. Pecal Limited
88. Presswork-Components Limited
89. Sintration Limited
90. Sourcelook Limited
91. Specialloid, Limited
92. STS (1996) Limited
93. T&N Investments Limited
94. T&N Piston Products Group Limited
95. T&N Properties Limited
96. T&N Shelf Eight Limited
97. T&N Shelf Eighteen Limited
98. T&N Shelf Fifteen Limited
99. T&N Shelf Five Limited
100. T&N Shelf Four Limited
101. T&N Shelf Fourteen Limited
102. T&N Shelf Nine Limited
103. T&N Shelf Nineteen Limited
104. T&N Shelf Six Limited
105. T&N Shelf Sixteen Limited
106. T&N Shelf Ten Limited
107. T&N Shelf Thirteen Limited
108. T&N Shelf Thirty Limited
109. T&N Shelf Thirty-One Limited
110. T&N Shelf Thirty-Three Limited
111. T&N Shelf Three Limited
112. T&N Shelf Twenty-Eight Limited
113. T&N Shelf Twenty-Five Limited
114. T&N Shelf Twenty-Four Limited
115. T&N Shelf Twenty-Nine Limited
116. T&N Shelf Twenty-Two Limited
117. T&N Shelf Two Limited
118. T&N Trade Marks Limited
119. T&N Welfare Trust Limited
120. TBA Belting (Residual) Limited

- 121. Telford Rubber Processors Limited
- 122. The British Piston Ring Company Limited
- 123. Tinblo Limited
- 124. Touchdown Adhesive Products Limited
- 125. Tynoda Limited
- 126. Vanwall Cars Limited
- 127. Wellworthy Property Developments Limited
- 128. William C. Jones (Polymers) Limited

The classification of the Claims against and Equity Interests in these Debtors, and the treatment and voting rights afforded to the holders of such Claims and Equity Interests under the Plan are set forth below. The class headings number the classes in accordance with the numbers set forth above beside the name of the Debtor.

**Classes 44A-128A – Priority and Preferential Claims**

(a) Classification: Classes 44A-128A consist of all Priority and Preferential Claims against these Debtors, other than, with respect to Class 65A, any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6A.

(b) Treatment: Each holder of a Class 44A-128A Allowed Claim shall retain unaltered the legal, equitable and contractual rights to which such Claim entitles the holder.

(c) Voting: Classes 44A-128A are unimpaired and holders of Class 44A-128A Claims are thus not entitled to vote to accept or reject the Plan.

**Classes 44H-54H, 56H-58H, 61H-108H and 110H-128H – Unsecured Claims**

(a) Classification: Classes 44H-54H, 56H-58H, 61H-108H and 110H-128H consist of all Unsecured Claims against these Debtors other than any Claims that are specifically included in any other Class and other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6H.

(b) Treatment: Holders of Allowed Claims in these Classes shall receive, on the Distribution Date, a Cash payment equal to the greater of (i) the Allowed Amount of such holder's Claim multiplied by either (y) T&N Distribution Ratio 1 if the Consensual Marketing Procedures are not performed or (z) T&N Distribution Ratio 2 if the Consensual Marketing Procedures are performed, (ii) the Allowed Amount of such holder's Claim multiplied by the Company Specific Distribution Ratio for the respective Debtor against which the Claim is Allowed or (iii) if the respective Debtor is a Small Company, the Allowed Amount of such holder's Claim multiplied by the Small Company Specific Distribution Ratio for the respective Debtor against which the Claim is Allowed.

(c) Voting: These Classes are impaired and holders of Allowed Claims in these Classes are entitled to vote to accept or reject the Plan.

### **Classes 55H, 59H, 60H and 109H – Unsecured Claims**

(a) **Classification:** Classes 55H, 59H, 60H and 109H consist of all Unsecured Claims against Colvan Rubber Co. Limited, Dealings Limited, Dumplington Services Limited and T&N Shelf Thirty-One Limited, respectively, other than any Claims that are specifically included in any other Class and other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6H. Additionally, if the T&N Pension Plan Trustees do not vote in favor of acceptance of all the Plans of the U.K. Debtors with obligations under or relating to the T&N Pension Plan and have not given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote in favor of approving any relevant Voluntary Arrangements for such U.K. Debtors and/or if the Consensual Marketing Procedures are performed with respect to T&N, then Classes 55H, 59H, 60H and 109H shall also include all Non-Priority T&N Pension Plan Employee Benefit Claims in Classes 55I, 59I, 60I and 109I.

(b) **Treatment:** Holders of Allowed Claims in these Classes shall receive, on the Distribution Date, a Cash payment equal to the greater of (i) the Allowed Amount of such holder's Claim multiplied by either (y) T&N Distribution Ratio 1 if the Consensual Marketing Procedures are not performed or (z) T&N Distribution Ratio 2 if the Consensual Marketing Procedures are performed, (ii) the Allowed Amount of such holder's Claim multiplied by the Company Specific Distribution Ratio for the respective Debtor against which the Claim is Allowed or (iii) if the respective Debtor is a Small Company, the Allowed Amount of such holder's Claim multiplied by the Small Company Specific Distribution Ratio for the respective Debtor against which the Claim is Allowed.

(c) **Voting:** These Classes are impaired and holders of Allowed Claims in these Classes are entitled to vote to accept or reject the Plan.

### **Classes 55I, 59I, 60I and 109I – Non-Priority T&N Pension Plan Employee Benefit Claims.**

(a) **Classification:** Classes 55I, 59I, 60I and 109I consist of all Non-Priority Employee Benefit Claims against Colvan Rubber Co. Limited, Dealings Limited, Dumplington Services Limited and T&N Shelf Thirty-One Limited, respectively, under or relating to the T&N Pension Plan.

(b) **Treatment A:** If the T&N Pension Plan Trustees vote in favor of acceptance of all of the Plans of the U.K. Debtors that have obligations under or relating to the T&N Pension Plan and have given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote in favor of approving any relevant Voluntary Arrangements for such U.K. Debtors and if the Consensual Marketing Procedures are not performed with respect to T&N, then the Class 55I, 59I, 60I and 109I Claims shall be deemed fully satisfied by virtue of the treatment afforded to the Non-Priority T&N Pension Plan Employee Benefit Claims in Class 6I.

(c) **Treatment B:** If the conditions for Treatment A as set forth above are not met, then all obligations with respect to the T&N Pension Plan will be compromised and discharged and the Non-Priority T&N Pension Plan Employee Benefit Claims in Classes 55I,



59I, 60I and 109I shall be included in and treated as Class 55H, 59H, 60H and 109H Claims, respectively.

(d) Voting: These Classes are impaired and holders of Allowed Claims in these Classes are entitled to vote to accept or reject the Plan.

#### **Classes 44L-128L -- Affiliate Claims**

(a) Classification: Classes 44L-128L consist of all Affiliate Claims against these Debtors which are subject to the Subordination Deed, other than any such Affiliate Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6L.

(b) Treatment: All Affiliate Claims in Classes 44L-128L shall be subject to the Subordination Deed which shall become effective on the Effective Date, but not as a result of the provisions of the Plan, the Confirmation Order, the Voluntary Arrangement and/or the Scheme of Arrangement or the order of the U.K. Court sanctioning the Scheme of Arrangement.

(c) Voting: Classes 44L-128L are unimpaired and holders of Class 44L-128L Claims are thus not entitled to vote to accept or reject the Plan.

#### **Classes 44P-128P -- Equity Interests**

(a) Classification: Classes 44P-128P consist of all Equity Interests in these Debtors.

(b) Treatment: Each holder of an Allowed Equity Interest in Classes 44P-128P shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Equity Interest entitles the holder.

(c) Voting: Classes 44P-128P are unimpaired and holders of Class 44P-128P Equity Interests are thus entitled to vote to accept or reject the Plan.

#### **U.K. Debtor Non-Operating Companies with Asbestos Personal Injury Claims**

The following U.K. Debtors are holding companies or non-operating companies that have neither guaranteed the Bank Claims or the Noteholder Claims, nor given indemnities in respect of the Surety Claims, nor pledged any assets to secure any of the Bank Claims, Surety Claims or Noteholder Claims, but against which known Asbestos Personal Injury Claims had been asserted prior to the Petition Date or may be asserted subsequent to the Petition Date:

129. **Aeroplane & Motor Aluminium Castings Limited**
130. **Ashburton Road Services Limited**
131. **Brake Linings Limited**
132. **Duron Limited**
133. **Federal Mogul Global Growth Limited**
134. **Federal Mogul Sealing Systems Limited**
135. **Ferodo Caernarfon Limited**
136. **Ferodo Limited**

137. Fleetside Investments Limited
138. Friction Materials Limited
139. Halls Gaskets Limited
140. J.W. Roberts Limited
141. Lanoth Limited
142. Newalls Insulation Company Limited
143. T&N Holdings Limited
144. T&N International Limited
145. T&N Materials Research Limited
146. T&N Shelf One Limited
147. T&N Shelf Seven Limited
148. T&N Shelf Twenty Limited
149. T&N Shelf Twenty-One Limited
150. T&N Shelf Twenty-Six Limited
151. TAF International Limited
152. TBA Belting Limited
153. Telford Technology Supplies Limited
154. The Washington Chemical Company Limited
155. Turner & Newall Limited
156. Turner Brothers Asbestos Company Limited
157. Wellworthy Limited

The classification of Claims against and Equity Interests in these Debtors, and the treatment and voting rights afforded to the holders of such Claims and Equity Interests under the Plan are set forth below. The class headings number the classes in accordance with the numbers set forth above beside the name of the Debtor.

**Classes 129A-157A – Priority and Preferential Claims**

(a) Classification: Classes 129A-157A consist of all Priority and Preferential Claims against these Debtors.

(b) Treatment: Each holder of an Allowed Claim in Classes 129A-157A shall retain unaltered the legal, equitable and contractual rights to which such Claim entitles the holder.

(c) Voting: Classes 129A-157A are unimpaired and holders of Class 129A-157A Claims are thus not entitled to vote to accept or reject the Plan.

**Classes 129H-130H, 132H-134H, 136H-148H, 150H, 151H and 153H-157H – Unsecured Claims**

(a) Classification: Classes 129H-130H, 132H-134H, 136H-148H, 150H, 151H and 153H-157H consist of all Unsecured Claims against these Debtors other than any Claims that are specifically included in any other Class and other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6H.

(b) Treatment: Holders of Allowed Claims in these Classes shall receive, on the Distribution Date, a Cash payment equal to the greater of (i) the Allowed Amount of such holder's Claim multiplied by either (y) T&N Distribution Ratio 1 if the Consensual Marketing Procedures are not performed or (z) T&N Distribution Ratio 2 if the Consensual Marketing Procedures are performed, (ii) the Allowed Amount of such holder's Claim multiplied by the Company Specific Distribution Ratio for the respective Debtor against which the Claim is Allowed or (iii) if the respective Debtor is a Small Company, the Allowed Amount of such holder's Claim multiplied by the Small Company Specific Distribution Ratio for the respective Debtor against which the Claim is Allowed.

(c) Voting: These Classes are impaired and holders of Allowed Claims in these Classes are entitled to vote to accept or reject the Plan.

**Classes 131H, 135H, 149H and 152H – Unsecured Claims**

(a) Classification: Classes 131H, 135H, 149H and 152H consist of all Unsecured Claims against Brake Linings Limited, Ferodo Caernarfon Limited, T&N Shelf Twenty-One Limited and TBA Belting Limited, respectively, other than any Claims that are specifically included in any other Class and other than any Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6H. Additionally, if the T&N Pension Plan Trustees do not vote in favor of acceptance of all of the Plans of the U.K. Debtors with obligations under or relating to the T&N Pension Plan and have not given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote in favor of approving any relevant Voluntary Arrangements for such U.K. Debtors and/or if the Consensual Marketing Procedures are performed with respect to T&N, then Classes 131H, 135H, 149H and 152H shall also include all Non-Priority T&N Pension Plan Employee Benefit Claims in Classes 131I, 135I, 149I and 152I.

(b) Treatment: Holders of Allowed Claims in these Classes shall receive, on the Distribution Date, a Cash payment equal to the greater of (i) the Allowed Amount of such holder's Claim multiplied by either (y) T&N Distribution Ratio 1 if the Consensual Marketing Procedures are not performed or (z) T&N Distribution Ratio 2 if the Consensual Marketing Procedures are performed, (ii) the Allowed Amount of such holder's Claim multiplied by the Company Specific Distribution Ratio for the respective Debtor against which the Claim is Allowed or (iii) if the respective Debtor is a Small Company, the Allowed Amount of such holder's Claim multiplied by the Small Company Specific Distribution Ratio for the respective Debtor against which the Claim is Allowed.

(c) Voting: These Classes are impaired and holders of Allowed Claims in these Classes are entitled to vote to accept or reject the Plan.

**Classes 131I, 135I, 149I and 152I – Non-Priority T&N Pension Plan Employee Benefit Claims**

(a) Classification: Classes 131I, 135I, 149I and 152I consist of all Non-Priority T&N Pension Plan Employee Benefit Claims against Debtors Brake Linings Limited, Ferodo Caernarfon Limited, T&N Shelf Twenty-One Limited and TBA Belting Limited, respectively.

(b) Treatment A: If the T&N Pension Plan Trustees vote in favor of acceptance of all of the Plans of the U.K. Debtors that have obligations under or relating to the T&N Pension Plan and have given an irrevocable undertaking at least 14 Business Days before the Confirmation Hearing that they will vote in favor of approving any relevant Voluntary Arrangements for such U.K. Debtors and if the Consensual Marketing Procedures are not performed with respect to T&N, then the Class 131I, 135I, 149I and 152I Claims shall be deemed fully satisfied by virtue of the treatment afforded to the Non-Priority T&N Pension Plan Employee Benefit Claims in Class 6I.

(c) Treatment B: If the conditions for Treatment A as set forth above are not met, then all obligations with respect to the T&N Pension Plan will be compromised and discharged and the Non-Priority T&N Pension Plan Employee Benefit Claims in Classes 131I, 135I, 149I and 152I shall be included in and treated as Class 131H, 135H, 149H and 152H Claims, respectively.

(d) Voting: These Classes are impaired and holders of Allowed Claims in these Classes are entitled to vote to accept or reject the Plan.

#### **Classes 129J-157J – Asbestos Personal Injury Claims**

(a) Classification: Classes 129J-157J consist of all Asbestos Personal Injury Claims against these Debtors.

(b) Treatment: As of the Effective Date, liability for all Class 129J-157J Asbestos Personal Injury Claims shall automatically and without further act, deed or Court order, be assumed by the Trust in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan and the provisions relating to the Hercules Policy and any EL Policy. Additionally, on the Effective Date, the liability of the Reorganized Debtors in these Classes for each Class 129J-157J Claim shall continue but recourse to the assets of these Reorganized Debtors in respect of such liabilities shall, by operation of the Plan, the Scheme of Arrangement and/or the Voluntary Arrangement and the Confirmation Order, be limited in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan and the provisions relating to the Hercules Policy and any EL Policy. Upon the Hercules Policy Expiry Date and/or the EL Coverage Expiry Date, these Reorganized Debtors shall be, without further order of Court, released and discharged from all Class 129J-157J Asbestos Personal Injury Claims in accordance with and to the extent set forth in Article IV of the Plan, including specifically, without limitation, Section 4.5 of the Plan.

(c) Voting: Classes 129J-157J are impaired and each holder of an Allowed Class 129J-157J Claim is entitled to vote to accept or reject the Plan.

#### **Classes 124L-157L – Affiliate Claims**

(a) Classification: Classes 129L-157L consist of all Affiliate Claims against these Debtors which are subject to the Subordination Deed, other than any such Affiliate Claim in respect of which the holder has made an election to assert such Claim against T&N, as principal, under Class 6L.

(b) Treatment: All Affiliate Claims in Classes 129L-157L shall be subject to the Subordination Deed which shall become effective on the Effective Date, but not as a result of the provisions of the Plan, the Confirmation Order, the Voluntary Arrangement and/or the Scheme of Arrangement or the order of the U.K. Court sanctioning the Scheme of Arrangement.

(c) Voting: Classes 129L-157L are unimpaired and holders of Class 129L-157L Claims are thus not entitled to vote to accept or reject the Plan.

**Classes 129P-157P – Equity Interests**

(a) Classification: Classes 129P-157P consist of all Equity Interests in these Debtors.

(b) Treatment: Each holder of an Allowed Equity Interest in Classes 129P-157P shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Equity Interest entitles the holder.

(c) Voting: Classes 129P-157P are unimpaired and holders of Class 129P-157P Equity Interests are thus not entitled to vote to accept or reject the Plan.

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EXHIBIT 8.3.7  
Form of Registration Rights Agreement

**REGISTRATION RIGHTS AGREEMENT**

REGISTRATION RIGHTS AGREEMENT (the "Agreement"), dated as of [\_\_\_\_\_] , among Federal-Mogul Corporation, a Michigan corporation (the "Company"), and [\_\_\_\_\_] (the "Initial Holder").

WHEREAS, pursuant to the Second Amended Joint Plan of Reorganization of Federal-Mogul Corporation and its affiliated Debtors (the "Plan"), dated [\_\_\_\_\_] , 2004, the Company has agreed to issue 49,900,000 shares of Class A Common Stock (the "Common Stock");

WHEREAS, pursuant to the Plan, the Company has agreed to issue \$300,000,000 principal amount of Junior Secured PIK Notes (the "PIK Notes");

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Definitions. As used herein, unless the context otherwise requires, the following terms have the following respective meanings:

"Commission" shall mean the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

"Exchange Act" shall mean the Securities Exchange Act of 1934, or any similar federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time. Reference to a particular section of the Exchange Act shall include a reference to the comparable section, if any, of any such similar federal statute.

"Holder" shall mean the Initial Holder or a successor, assignee or transferee of the Initial Holder as contemplated by Section 7 hereof, in each case for so long as such Initial Holder, successor, assignee or transferee holds Registrable Securities.

"Person" shall mean a corporation, an association, a partnership, an organization, business, an individual, a governmental or political subdivision thereof or a governmental agency.

"Registrable Securities" shall mean any Common Stock or PIK Notes issued to the Initial Holder pursuant to the Plan, and any shares of Common Stock into which other securities issued to the Initial Holder pursuant to the Plan may be converted. As to any particular Registrable Securities, such securities shall cease to be Registrable Securities when (a) a registration statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such

registration statement, (b) such securities shall have been disposed of pursuant to Rule 144 (or any successor provision) under the Securities Act or pursuant to another exemption from the registration requirements of the Securities Act pursuant to which the securities are freely tradable without restrictions under the Securities Act, (c) such securities may be disposed of pursuant to Rule 144 (or any successive provision) within the volume limitations thereunder within a 90-day period and pursuant to Rule 144(e) (or any successor provision), (d) such securities shall have been otherwise transferred, new certificates for them not bearing a legend restricting further transfer shall have been delivered by the Company and subsequent disposition of them shall not require registration or qualification of them under the Securities Act or any similar state law then in force, (e) such securities shall be sold by the Holder to the public pursuant to Section 1145 of title 11 of the United States Code, as amended, or (f) such securities shall have ceased to be outstanding. Notwithstanding anything herein to the contrary, the registration rights granted hereunder shall terminate as to each Holder and with respect to such Common Stock or PIK Notes upon the date that such Common Stock or PIK Notes are no longer Registrable Securities.

**“Registration Expenses”** shall mean all expenses incident to the Company’s performance of or compliance with Section 2, including, without limitation, (a) all registration, filing and NASD fees, (b) all stock exchange listing fees, (c) all fees and expenses of complying with securities or “blue sky” laws, (d) all word processing, duplicating and printing expenses, messenger and delivery expenses, and (e) the fees and disbursements of counsel for the Company and of its independent public accountants, including the expenses of any special audits or “cold comfort” letters required by or incident to such performance and compliance.

**“Registration Statement”** shall have the meaning given thereto in Section 2.1.

**“Securities Act”** shall mean the Securities Act of 1933, or any similar federal statute, and the rules and regulations of the Commission thereunder, all as of the same shall be in effect at the time. References to a particular section of the Securities Act shall include a reference to the comparable section, if any, of any such similar federal statute.

## 2. Registration Rights

2.1. Registration. The Company covenants and agrees with the Initial Holder that the Company shall, as soon as practicable after the date hereof, file one or more registration statements under the Securities Act on Form S-1 covering the Registrable Securities (collectively, the **“Registration Statement”**) and will thereafter use its best efforts to promptly effect the registration of the Registrable Securities under the Securities Act. The Company will pay all Registration Expenses in connection with the Registration Statement.

### 2.2. Registration Procedures.

(a) The Company shall, as expeditiously as practicable:

(i) prepare and file with the Commission the Registration Statement, including any amendments thereto, to effect such registration (including such audited financial statements as may be required by the Securities Act or the rules and regulations promulgated thereunder) and thereafter cause the Registration Statement to become and remain effective;

(ii) prepare and file with the Commission such amendments and supplements to the Registration Statement and the prospectus used in connection therewith as may be necessary to keep the Registration Statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by the Registration Statement until all of the Registrable Securities cease to be Registrable Securities as provided herein;

(iii) furnish to each Holder a reasonable number of conformed copies of the Registration Statement and of each amendment and supplement thereto (in each case including all exhibits), such number of copies of the prospectus contained in the Registration Statement (including each preliminary prospectus and any summary prospectus) and any other prospectus filed under Rule 424 under the Securities Act, in conformity with the requirements of the Securities Act, and such other documents, as such Holder may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities;

(iv) use its best efforts to register or qualify all Registrable Securities under such other securities laws or "blue sky" laws of such jurisdictions as each Holder shall reasonably request, to keep such registrations or qualifications in effect for so long as the Registration Statement remains in effect, and take any other action which may be reasonably necessary or advisable to enable such Holder to consummate the disposition in such jurisdictions of its Registrable Securities, except that the Company shall not for any such purpose be required to qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not but for the requirements of this subdivision (iv) be obligated to be so qualified or to consent to general service of process in any such jurisdiction or be subject to additional taxes (other than in de minimis amounts);

(v) use its best efforts to cause all Registrable Securities to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the Holders to consummate the disposition of such Registrable Securities;

(vi) notify each Holder promptly and confirm such advice in writing promptly thereafter (v) when the Registration Statement, the prospectus or any prospectus supplement related thereto or post-effective amendment to the Registration Statement has been filed, and, with respect to the Registration Statement or any post-effective amendment thereto, when the same has become effective; (w) of any request by the Commission for amendments or supplements to the Registration Statement or the prospectus or for additional information; (x) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the initiation of any proceedings by any Person for that purpose; (y) if at any time the representations and warranties of the Company made as contemplated by Section 2.3 below cease to be true and correct; and (z) of the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the securities or "blue sky" laws of any jurisdiction or the initiation or threat of any proceeding for such purpose;

(vii) notify each Holder, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, upon discovery that, or upon the happening of any event as a result of which, the prospectus included in the Registration



Statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made, and at the request of any Holder promptly prepare and furnish to such Holder a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made;

(viii) make every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of the Registration Statement at the earliest possible moment; and

(ix) otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve months, but not more than eighteen months, beginning with the first day of the Company's first full calendar quarter after the effective date of the Registration Statement, which earnings statement shall satisfy the provisions of Section 11 (a) of the Securities Act and Rule 158 thereunder.

(b) The Company may require each seller of Registrable Securities as to which any registration is being effected to furnish the Company such information regarding such seller and the distribution of such securities as the Company may from time to time reasonably request in writing.

(c) Each Holder agrees, by acquisition of Registrable Securities, (i) that it will effect no stabilization transactions or engage, directly or indirectly, in any stabilization activity, as defined and prohibited by Regulation M, promulgated under the Exchange Act, in connection with any offering of any securities of the Company and (ii) that it will not, directly or indirectly, bid for, purchase or attempt to induce any person to bid for or purchase any securities of the Company during the restricted period, as defined and prohibited by Regulation M, in connection with the distribution of the Registrable Securities.

(d) Each Holder agrees, by acquisition of Registrable Securities, that, upon receipt of any notice from the Company of the occurrence of any event of the kind described in subdivision (vii) of Section 2.2(a), it will forthwith discontinue its disposition of Registrable Securities pursuant to the Registration Statement until each such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by subdivision (vii) of Section 2.2(a) and, if so directed by the Company, will deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in such Holder's possession of the prospectus relating to such Registrable Securities current at the time of receipt of such notice.

2.3. Underwritten Offerings. If requested by the underwriters for any underwritten offering of Registrable Securities, the Company will enter into an underwriting

agreement with such underwriters for such offering, such agreement to contain such representations and warranties by the Company and such other terms and provisions as are customarily contained in underwriting agreements with respect to secondary distributions, including, without limitation, indemnities as to the effect and to the extent provided in Section 2.5 hereof.

2.4. Preparation; Reasonable Investigation. The Company will give each Holder and their counsel and accountants the opportunity to participate in the preparation of the Registration Statement, each prospectus included therein or filed with the Commission, and each amendment thereof or supplement thereto, and will give each of them such access to its books and records and such opportunities to discuss the business of the Company with its officers and the independent public accountants who have certified its financial statements as shall be necessary, in the opinion of such holders' and such underwriters' respective counsel, to conduct a reasonable investigation within the meaning of the Securities Act.

2.5. Indemnification.

(a) Indemnification by the Company. The Company will, and hereby does agree to, indemnify and hold harmless each Holder, its directors and officers and each other Person, if any, who controls such Holder within the meaning of the Securities Act against any losses, claims, damages or liabilities, joint or several, to which such Holder or any such director or officer or controlling person may become subject under the Securities Act, insofar as such losses, claims, damages or liabilities (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and the Company will reimburse each Holder and each such director, officer and controlling person for any legal or any other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, liability, action or proceeding, provided that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, any such preliminary prospectus, final prospectus, summary prospectus, amendment or supplement in reliance upon and in conformity with written information furnished to the Company through an instrument duly executed by a Holder or any other Person being indemnified hereunder specifically stating that it is for use in the preparation thereof and, provided further that the Company shall not be liable to any Person who participates as an underwriter in the offering or sale of Registrable Securities or to any other Person, if any, who controls such underwriter within the meaning of the Securities Act, in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of such Person's failure to send or give a copy of the final prospectus, as the same may be then supplemented or amended, within the time required by the Securities Act to the Person asserting the existence of an untrue statement or alleged untrue statement or omission or alleged omission at or prior to the written confirmation of the sale of Registrable Securities to such Person if such statement or omission was corrected in such final prospectus.

Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of a Holder or any such director, officer or controlling person and shall survive the transfer of such securities by any Holder.

(b) Indemnification by Holder. Each Initial Holder, severally and not jointly, will indemnify and hold harmless the Company (in the same manner and to the same extent as set forth in subdivision (a) of this Section 2.5), each director and officer of the Company and each other person, if any, who controls the Company within the meaning of the Securities Act, with respect to any statement or alleged statement in or omission or alleged omission from such Registration Statement, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, if such statement or alleged statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company through an instrument duly executed by such Holder specifically stating that it is for use in the preparation of such Registration Statement, preliminary prospectus, final prospectus, summary prospectus, amendment or supplement; and, subject to the limitation set forth immediately preceding this clause, shall reimburse the Company for any legal or other expenses reasonably incurred by the Company or any such controlling person in connection with investigating or defending any loss, claim, damage, liability or action in respect thereof. Each Holder (other than the Initial Holder) agrees, by acquisition of Registrable Securities, to provide the Company, on request, with an undertaking to indemnify and hold harmless, severally and not jointly, the Company, each director and officer of the Company and each other person, if any, who controls the Company with the meaning of the Securities Act, as provided in the previous sentence. Any such indemnity shall remain in full force and effect, regardless of any investigation made by or on behalf of the Company or any such director, officer or controlling person and shall survive the transfer of such securities by such Holder.

(c) Notices of Claims, etc. Promptly after receipt by an indemnified party of notice of the commencement of any action or proceeding involving a claim referred to in the preceding subdivisions of this Section 2.5, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the latter of the commencement of such action, provided that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under the preceding subdivisions of this Section 2.5, except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. In case any such action is brought against an indemnified party, unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist in respect of such claim, the indemnifying party shall be entitled to participate in and to assume the defense thereof, jointly with any other indemnifying party similarly notified, to the extent that the indemnifying party may wish, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the consent of the indemnified party, consent to entry of any judgment or enter into any settlement of any such action which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability, or a covenant not to sue, in

respect to such claim or litigation. No indemnified party shall consent to entry of any judgment or enter into any settlement of any such action the defense of which has been assumed by an indemnifying party without the consent of such indemnifying party.

(d) Indemnification Payments. The indemnification required by this Section 2.5 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or expense, loss, damage or liability is incurred.

(e) Contribution. If the indemnification provided for in the preceding subdivisions of this Section 2.5 is unavailable to an indemnified party in respect of any expense, loss, claim, damage or liability referred to therein, then each indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such expense, loss, claim, damage or liability. In determining the amount of contribution to which the indemnified party is entitled, there shall be considered with respect to any Persons involved the relative knowledge and access to information concerning the matter with respect to which the claim was asserted, the opportunity to correct and prevent any statement or omission, and other equitable considerations appropriate under the circumstances; provided that the foregoing contribution agreement shall not inure to the benefit of any indemnified party if indemnification would be unavailable to such indemnified party by reason of the provisions contained in the first sentence of subdivision (a) of this Section 2.5, and in no event shall the obligation of any indemnifying party to contribute under this subdivision (e) exceed the amount that such indemnifying party would have been obligated to pay by way of indemnification if the indemnification provided for under subdivisions (a) or (b) of this Section 2.5 had been available under the circumstances.

The Company and the Holders agree that it would not be just and equitable if contribution pursuant to this subdivision (e) were determined by pro rata or per capita allocation or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth in the preceding sentence and subdivision (c) of this Section 2.5, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim.

Notwithstanding the provisions of this subdivision (e), a Holder shall not be required to contribute any amount in excess of the amount by which the net proceeds received from the sale of Registrable Securities exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

3. Rule 144. The Company shall use its best efforts to file in a timely manner the reports required to be filed by it under the Exchange Act (including but not limited to the reports under section 13 or 15(d) of the Exchange Act referred to in subparagraph (c) of Rule

144 under the Securities Act) and the rules and regulations thereunder to the extent required from time to time to enable such Holder to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by (a) Rule 144 under the Securities Act, as such Rule may be amended from time to time, or (b) any similar rule or regulation hereafter adopted by the Commission. Upon the request of any Holder, the Company will deliver to such Holder a written statement as to whether it has complied with the requirements of this Section 3.

4. Amendments and Waivers. This Agreement may be amended and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company shall have obtained the written consent to such amendment, action or omission to act, of the Holders of a majority of the Registrable Securities then outstanding. Holders shall be bound by any consent authorized by this Section 4, whether or not such Holders have given their consent.

5. Nominees for Beneficial Owners. To the extent permitted by the securities laws, in the event that any Registrable Securities are held by a nominee for the beneficial owner thereof, the beneficial owner thereof may, at its election, be treated as the holder of such Registrable Securities for purposes of any request or other action by any holder or holders of Registrable Securities pursuant to this Agreement or any determination of any number or percentage of shares of Registrable Securities held by any holder or holders of Registrable Securities contemplated by this Agreement. If the beneficial owner of any Registrable Securities so elects, the Company may require assurances reasonably satisfactory to it of such owner's beneficial ownership of such Registrable Securities.

6. Notices. Except as otherwise provided in this Agreement, all notices, requests and other communications to any Person provided for hereunder shall be in writing and shall be given to such Person (a) in the case of the Company, addressed in the manner set forth below, or (b) in the case of any other Person, at the address that such Person shall have furnished to the Company in writing.

If to the Company: Federal-Mogul Corporation  
26555 Northwestern Highway  
Southfield, Michigan 48034  
Attention: [ ]

If to a Holder, at the address of such Holder as recorded on the books of the Company.

Each such notice, request or other communication shall be effective (i) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid or (ii) if given by any other means (including, without limitation, by air courier), when delivered at the address specified above, provided that any such notice, request or communication to a Holder shall not be effective until receipt is acknowledged in writing.

7. Assignment. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns. The registration rights of any Holder under this Agreement with respect to any Registrable

Securities shall be transferred and assigned to any transferee or assignee of such Registrable Securities.

8. Descriptive Headings. The descriptive headings of the several sections and paragraphs of this Agreement are inserted for reference only and shall not limit or otherwise affect the meaning hereof.

9. GOVERNING LAW; WAIVER OF JURY TRIAL. THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO THE PRINCIPLES OF CONFLICTS OF LAWS. THE PARTIES HERETO WAIVE THEIR RIGHT TO A JURY TRIAL WITH RESPECT TO DISPUTES HEREUNDER.

10. Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute one and the same instrument.

11. Entire Agreement. This Agreement embodies the entire agreement and understanding between the Company and the Holders relating to the subject matter hereof and supersedes all prior agreements and understandings relating to such subject matter.

12. Submission to Jurisdiction. Any legal action or proceeding with respect to this Agreement may be brought in the state or federal courts sitting in and for New York, New York. The Company hereby irrevocably waives any objection, including, without limitation, any objection to the laying of venue or based on the grounds of forum non conveniens, which it may now or hereafter have to the bringing of any such action or proceeding in such courts.

13. Severability. If any provision of this Agreement, or the application of such provisions to any Person or circumstance, shall be held invalid, illegal or unenforceable the remainder of this Agreement, or the application of such provision to Persons or circumstances other than those to which it is held invalid, illegal or unenforceable, shall not be affected thereby.

14. Specific Performance; Other Rights. The parties recognize that various other rights rendered under this Agreement are unique and, accordingly, the parties shall, in addition to such other remedies as may be available to them at law or in equity, have the right to enforce the rights under this Agreement by actions for injunctive relief and specific performance.

15. Further Assurances. In connection with this Agreement, as well as all transactions and covenants contemplated by this Agreement, each party hereto agrees to execute and deliver or cause to be executed and delivered such additional documents and instruments and to perform or cause to be performed such additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions and conditions of this Agreement and all such transactions and covenants contemplated by this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

FEDERAL-MOGUL CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

[INITIAL HOLDER]

By: \_\_\_\_\_  
Name:  
Title: