

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

THIS AGREEMENT is entered into by and among DII Industries, LLC, formerly Dresser Industries, Inc. ("DII Industries"), Cooper Industries, Inc. ("Cooper"), Federal-Mogul Products, Inc., formerly Wagner Electric Corporation ("Federal-Mogul"), and North Star Reinsurance Corporation ("North Star").

RECITALS:

WHEREAS, DII Industries, Cooper, and Federal-Mogul allege that North Star issued an insurance policy numbered NSX-8963, for the policy period from January 1, 1971 to January 1, 1973, that provided coverage to Studebaker-Worthington, Inc. and its subsidiaries (the "Subject Insurance Policy"); and

WHEREAS, DII Industries, Cooper, and Federal-Mogul allege that they each have rights to access the Subject Insurance Policy for claims, including, but not limited to, claims for insurance related to asbestos-related bodily injury claims; and

WHEREAS, certain disputes have arisen between DII Industries, Cooper, and Federal-Mogul, on the one hand, and North Star, on the other hand, regarding their respective rights and obligations under the Subject Insurance Policy; and

WHEREAS, DII Industries and North Star are parties to a Coverage-In-Place Agreement dated March 1, 1999 and modified by letter dated April 20, 1999 to add Cooper and Federal-Mogul as parties to the Agreement (the "North Star CIP Agreement") governing the application of the Subject Insurance Policy to certain

asbestos-related bodily injury claims against, *inter alia*, DII Industries, Federal-Mogul and Cooper; and

WHEREAS, DII Industries, Federal-Mogul, and North Star, among others, are parties to litigation captioned *DII Industries, LLC v. Federal-Mogul Products, Inc, et al.*, Adversary Proceeding No. 01-09018, pending in the United States Bankruptcy Court for the District of Delaware ("Coverage Litigation"); and

WHEREAS, by this Agreement, DII Industries, Cooper, Federal-Mogul and North Star (collectively the "Parties") intend permanently to resolve and settle all disputes between and among them relating to the products limits of liability of the Subject Insurance Policy and the Coverage Lawsuit and to avoid the costs and inconvenience to each of them associated with the Coverage Lawsuit; and

WHEREAS, by this Agreement, the Parties intend to adopt, by way of compromise, and without prejudice to or waiver of their respective positions in other matters (except as expressly provided in paragraphs V, VI and VII of this Agreement), and without trial or adjudication of any issues of fact or law, and without North Star's admission of the existence of, or liability or responsibility under, the Subject Insurance Policy, a full and final settlement concerning the products limits of liability of the Subject Insurance Policy that releases and terminates all rights, obligations and liabilities (if any) that North Star may owe to DII Industries Affiliates, Cooper Affiliates, or Federal-Mogul Affiliates under the Subject Insurance Policy concerning the products limits of liability, in consideration of certain monetary payments and other consideration, as more fully set forth herein.

AGREEMENTS:

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

I. Incorporation of Recitals

The Recitals in this Agreement are expressly incorporated herein, are made an integral part of this Agreement, and are binding on the Parties, as applicable, now and hereafter.

II. Definitions

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

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

B. **Cooper Affiliates**: The term "Cooper Affiliates" shall mean Cooper Industries, Inc.; its present subsidiaries; any Persons in which Cooper, directly or indirectly, owns a 50% or greater interest; any Persons on whose behalf Cooper has the power to release claims under insurance policies (including but not limited to the Subject Insurance Policy); any Persons who are subsidiaries or corporate affiliates of

Cooper; any Persons that have been acquired by, merged into or combined with any of the foregoing or their predecessors; the directors, officers, agents and employees of any of the foregoing acting as such; and the predecessors and assigns of any of the foregoing.

C. Coverage Lawsuit: The term "Coverage Lawsuit" shall have the meaning set forth in the Recitals.

D. DII Industries Affiliates: The term "DII Industries Affiliates" shall mean DII Industries, LLC (formerly known as Dresser Industries, Inc.), its present subsidiaries; any Persons in which DII Industries, directly or indirectly, owns a 50% or greater interest; any Persons on whose behalf DII Industries has the power to release claims under insurance policies (including but not limited to the Subject Insurance Policy); any Persons who are parents, subsidiaries or corporate affiliates of DII Industries; any Persons that have been acquired by, merged into or combined with any of the foregoing or their predecessors; the directors, officers, agents and employees of any of the foregoing acting as such; and the predecessors and assigns of any of the foregoing.

E. DII Industries Amended Plan: The term "DII Industries Amended Plan" shall mean that Fourth Amended and Restated Joint Prepackaged Plan of Reorganization for Mid-Valley, Inc., DII Industries, LLC, Kellogg Brown & Root, Inc., KBR Technical Services, Inc., Kellogg Brown & Root Engineering Corporation, Kellogg Brown & Root International, Inc. (a Delaware corporation), Kellogg Brown & Root International, Inc. (a Panamanian corporation) and BPM Minerals, LLC under Chapter

11 of the United States Bankruptcy Code filed on May 17, 2004 and confirmed by the DII Industries Bankruptcy Court on July 21, 2004.

F. DII Industries Bankruptcy: The term "DII Industries Bankruptcy" shall mean the Chapter 11 bankruptcy cases filed by DII Industries and affiliated companies in the Bankruptcy Court.

G. DII Industries Bankruptcy Court: The term "DII Industries Bankruptcy Court" shall mean the United States Bankruptcy Court for the Western District of Pennsylvania, Pittsburgh Division.

H. DII Industries Confirmation Order: The term "DII Industries Confirmation Order" shall mean the amended order of the Bankruptcy Court dated July 21, 2004 confirming the Amended Plan.

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

J. Federal-Mogul Affiliates: The term "Federal-Mogul Affiliates" shall mean Federal-Mogul Products, Inc., including as debtor and debtor-in-possession, and its present subsidiaries; any Persons in which Federal-Mogul, directly or indirectly, owns a 50% or greater interest; any Persons on whose behalf Federal-Mogul has the power to release claims under insurance policies (including but not limited to the Subject Insurance Policy); any Persons who are parents, subsidiaries or corporate affiliates of Federal-Mogul; any Persons that have been acquired by, merged into or combined with

any of the foregoing or their predecessors; the directors, officers, agents and employees of such any of the foregoing acting as such; and the predecessors and assigns of any of the foregoing.

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

L. Federal-Mogul Bankruptcy Court: The term "Federal-Mogul Bankruptcy Court" shall mean the United States Bankruptcy Court for the District of Delaware.

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

N. Glossary: The term "Glossary" shall mean the Uniform Glossary of Defined Terms for Plan Documents filed of record in the DII Industries Bankruptcy on May 17, 2004 as the "Amended Disclosure Statement Exhibit A."

O. North Star Affiliates: The term "North Star Affiliates" shall mean North Star Reinsurance Corporation; all of its present and former officers, directors, employees, subsidiaries, affiliates, representatives, attorneys and agents, and their respective predecessors and successors, if any, in such capacity; and the respective heirs, executors, administrators, successors and assigns of any of the foregoing.

P. North Star CIP Agreement: The term "North Star CIP Agreement" shall have the meaning set forth in the Recitals.

Q. Parties: The term "Parties" shall have the meaning set forth in the Recitals.

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

S. Reorganized DII Industries: The term "Reorganized DII Industries" shall mean DII Industries on and after the Effective Date (as that term is defined in the Glossary).

T. Reorganized Federal-Mogul: The term "Reorganized Federal-Mogul" shall mean Federal-Mogul on and after the effective date of the confirmation of its plan of reorganization by the Federal-Mogul Bankruptcy Court.

U. Settlement Amount: The term "Settlement Amount" shall have the meaning set forth in paragraph III.A. hereof.

V. Subject Insurance Policy: The term "Subject Insurance Policy" shall have the meaning set forth in the Recitals.

III. Settlement Amount

A. Within ten business (10) days of the date all contingencies set forth in paragraph VIII.A-F below are satisfied or expressly waived by North Star in writing, North Star shall pay the total sum of \$2,064,422.78 (U.S.) (the "Settlement Amount") in

the manner prescribed by this paragraph. North Star shall send a check in the amount of \$1,032,211.39 payable to "DII Industries, LLC" and a check in the amount of \$516,105.69 payable to "Cooper Industries, Inc." and a check in the amount of \$516,105.70 payable to Federal-Mogul Products, Inc." by overnight delivery service, costs prepaid, to the addresses set forth in paragraph XVII herein (with copies to counsel for DII Industries, Cooper, and Federal-Mogul) within such ten (10) business-day period.

B. North Star agrees that the Settlement Amount is not subject to any retrospective premium plan, deductible provision or other self-insurance feature and that it shall not seek reimbursement of any portion of the Settlement Amount from DII Industries Affiliates, Cooper Affiliates, or Federal-Mogul Affiliates under any retrospective premium plan, deductible provision or other self-insurance feature. North Star also agrees not to seek reimbursement of the Settlement Amount from any other Person or from any other insurer of DII Industries Affiliates, Cooper Affiliates, or Federal-Mogul Affiliates, except as provided in paragraph V.A. of this Agreement.

C. North Star warrants and represents to the other Parties that the Settlement Amount is equal to the remaining, unexhausted products limits of liability available under the Subject Insurance Policy.

D. The Parties agree that the Settlement Amount (and other consideration provided by North Star in this Agreement) satisfies in full and extinguishes North Star's obligations to DII Industries Affiliates, Cooper Affiliates, and Federal-Mogul Affiliates under the products limits of liability of the Subject Insurance Policy.

IV. Releases

A. Releases By DII Industries, Cooper, and Federal-Mogul

1. Upon receipt of payment in full of the Settlement Amount, and with the sole exception of any claims for breach of this Agreement, which claims are not released herein, DII Industries Affiliates, Cooper Affiliates, and Federal-Mogul Affiliates shall be deemed to release, remise, covenant not to sue and forever discharge North Star Affiliates as follows: (a) from and against all manner of action, causes of action, suits, debts, accounts, promises, warranties, damages (consequential or punitive), agreements, costs, expenses, claims or demands whatsoever, in law or in equity, whether presently known or unknown, asserted or unasserted, whether sounding in tort or contract, or arising under the statutes or administrative regulations of any jurisdiction, with respect to any and all past, present or future claims of any type, nature or description whatsoever that DII Industries Affiliates, Cooper Affiliates, and Federal-Mogul Affiliates ever had, now have, or hereafter may have with respect to any claims under the products limits of liability of the Subject Insurance Policy; (b) from and against all liability to DII Industries, Cooper, and Federal-Mogul arising under or related to the Coverage Lawsuit in relation to the products limits of liability of the Subject Insurance Policy; and (c) from and against any event, transaction, occurrence, act, failure to act, error, omission, bad faith, or any other misfeasance or nonfeasance relating in any way to (a) or (b) above.

2. It is the intention of DII Industries, Cooper, and Federal-Mogul to release any and all rights and benefits under or in connection with the products limits of liability of the Subject Insurance Policy. The Parties agree that the products

limits of liability under the Subject Insurance Policy are hereby and shall be deemed exhausted for all purposes, and the products limits of liability under the Subject Insurance Policy shall be deemed extinguished and North Star Affiliates shall have no further obligations whatsoever to provide products coverage thereunder. It also is the intention of DII Industries, Cooper, and Federal-Mogul to reserve any and all rights and benefits under or in connection with the Subject Insurance Policy other than the products coverage thereunder.

3. DII INDUSTRIES, COOPER, AND FEDERAL-MOGUL EACH ACKNOWLEDGES THAT IT HAS BEEN ADVISED BY ITS ATTORNEYS CONCERNING, AND IS FAMILIAR WITH, THE CALIFORNIA CIVIL CODE SECTION 1542 AND EXPRESSLY WAIVES ANY AND ALL RIGHTS UNDER CALIFORNIA CIVIL CODE SECTION 1542 AND UNDER ANY OTHER FEDERAL OR STATE STATUTE OR LAW OF SIMILAR EFFECT.

4. DII Industries, Cooper, and Federal-Mogul each expressly assumes the risk that acts, omissions, matters, causes or things may have occurred that it does not know or does not suspect to exist, other than representations and warranties made herein by North Star. DII Industries, Cooper, and Federal-Mogul each hereby waives the terms and provisions of any statute, rule or doctrine of common law that either: (i) narrowly construes releases purporting by their terms to release claims in whole or in part based upon, arising from, or related to such acts, omissions, matters, causes or things; or, (ii) restricts or prohibits the releasing of such claims.

B. Releases By North Star

1. At the same time the releases described in sub-paragraph

IV.A above become effective, North Star Affiliates, and any subsequently appointed trustee or representative acting for North Star Affiliates, shall be deemed to remise, release, covenant not to sue and forever discharge DII Industries Affiliates, Cooper Affiliates, and Federal-Mogul Affiliates as follows: (a) from and against all manner of action, causes of action, suits, debts, accounts, promises, warranties, damages (consequential or punitive), agreements, costs, expenses, claims or demands whatsoever, in law or in equity, whether presently known or unknown, asserted or unasserted, whether sounding in tort or in contract, or arising under the statutes or administrative regulations of any jurisdiction, with respect to any and all past, present or future claims, of any type, nature or description whatsoever, that North Star Affiliates ever had, now has, or hereinafter may have with respect to any claims arising under the products limits of liability of the Subject Insurance Policy; (b) from and against all liability to North Star arising under or related to the Coverage Lawsuit in relation to the products limits of liability of the Subject Insurance Policy; and (c) from and against any event, transaction, occurrence, act, failure to act, error, omission, bad faith, or other misfeasance or nonfeasance relating in any way to (a) or (b) above.

2. NORTH STAR ACKNOWLEDGES THAT IT HAS BEEN ADVISED BY ITS ATTORNEYS CONCERNING, AND IS FAMILIAR WITH, THE CALIFORNIA CIVIL CODE SECTION 1542 AND EXPRESSLY WAIVES ANY AND ALL RIGHTS UNDER CALIFORNIA CIVIL CODE SECTION 1542 AND UNDER ANY OTHER FEDERAL OR STATE STATUTE OR LAW OF SIMILAR EFFECT.

3. North Star expressly assumes the risk that acts, omissions, matters, causes or things may have occurred that it does not know or does not suspect

to exist, other than any representations and warranties made herein by DII Industries, Cooper, and Federal-Mogul. North Star hereby waives the terms and provisions of any statute, rule or doctrine of common law that either: (i) narrowly construes releases purporting by their terms to release claims in whole or in part based upon, arising from, or related to such acts, omissions, matters, causes or things; or, (ii) restricts or prohibits the releasing of such claims.

C. No Impairment of Right to Enforce

Notwithstanding any other provisions herein, the Parties agree that nothing in the Agreement shall be construed to limit or impair the rights of the Parties to enforce the terms of this Agreement.

V. Subrogation, Contribution and Reimbursement Rights Against Other Insurers

A. Other than any claims against North Star's reinsurers, which are expressly reserved by North Star, North Star Affiliates agree that it shall not pursue subrogation, equitable or legal indemnity, contribution, or reimbursement of the Settlement Amount or any part thereof from any third party, including, without limitation, any other insurer of DII Industries Affiliates, Cooper Affiliates, or Federal-Mogul Affiliates, except to the extent that any third party, including without limitation any other insurer of DII Industries Affiliates, Cooper Affiliates, or Federal-Mogul Affiliates first seeks subrogation, equitable or legal indemnity, contribution, or reimbursement from North Star arising out of or relating to the Settlement Amount paid hereunder.

Notwithstanding the foregoing, North Star shall be entitled to pursue reinsurance from its reinsurers regardless of whether such reinsurers also happen to be insurers of DII Industries Affiliates, Cooper Affiliates, or Federal-Mogul Affiliates.

B. Except as set forth in section V.A., above, North Star also agrees that it shall not pursue any claims, including but not limited to claims for subrogation, equitable or legal indemnity, contribution or reimbursement of the Settlement Amount or any part thereof, against the Asbestos PI Trust or Silica PI Trust (as such terms are defined in the Glossary). North Star also agrees that it shall not pursue any claims, including but not limited to claims for subrogation, equitable or legal indemnity, contribution or reimbursement of the Settlement Amount or any part thereof, against the Trust (as such term is defined in § 1.1.152 of the Third Amended Plan of Reorganization of Federal-Mogul Corporation). The restrictions of this paragraph V.B. shall not apply to any counterclaims or affirmative defenses that North Star may assert against the Asbestos PI Trust or Silica PI Trust (as such terms are defined in the Glossary) or the Trust (as such term is defined in § 1.1.152 of the Third Amended Plan of Reorganization of Federal-Mogul Corporation) in the event that any of those entities file suit against North Star for coverage or reimbursement of asbestos or silica claims.

VI. Indemnification.

A. In addition to the other rights of North Star Affiliates under this Agreement, DII Industries will indemnify and hold North Star Affiliates harmless (up to but not exceeding \$1,032,211.39) from any claim by any other person or entity who asserts that it is an insured under the terms and conditions of the Subject Insurance Policy and who further alleges that North Star has wrongfully paid indemnity or defense costs pursuant to the terms and conditions of the North Star CIP Agreement or of this Agreement. DII Industries shall cooperate with North Star Affiliates in all manners in the defense of any such claim.

B. In addition to the other rights of North Star Affiliates under this Agreement, Cooper will indemnify and hold North Star Affiliates harmless (up to but not exceeding \$516,105.69) from any claim by any other person or entity who asserts that it is an insured under the terms and conditions of the Subject Insurance Policy and who further alleges that North Star has wrongfully paid indemnity or defense costs pursuant to the terms and conditions of this Agreement. Cooper shall cooperate with North Star Affiliates in all manners in the defense of any such claim.

C. In addition to the other rights of North Star Affiliates under this Agreement, Federal-Mogul will indemnify and hold North Star Affiliates harmless (up to but not exceeding \$516,105.70) from any claim by any other person or entity who asserts that it is an insured under the terms and conditions of the Subject Insurance Policy and who further alleges that North Star has wrongfully paid indemnity or defense costs pursuant to the terms and conditions of this Agreement. Federal-Mogul shall cooperate with North Star Affiliates in all manners in the defense of any such claim.

D. North Star shall promptly notify DII Industries, Cooper, and Federal-Mogul of any claim brought against it for which it contends it is entitled to indemnification under paragraphs VI.A, VI.B, and VI.C. With respect to each claim for which North Star is entitled to indemnification, and subject to the limitations of paragraphs VI.A, VI.B, and VI.C, DII Industries will pay 50 percent of the indemnity required, and Cooper and Federal-Mogul each will pay 25 percent of the indemnity required.

VII. Dismissal of the Coverage Lawsuit

Within fourteen (14) days after satisfaction of the conditions precedent set

forth in paragraph VIII.B: (i) DII Industries and Federal-Mogul shall dismiss, without prejudice, their claims against North Star in the Coverage Lawsuit, and (ii) North Star shall dismiss, without prejudice, its claims (if any) against DII Industries and Federal-Mogul in the Coverage Lawsuit. Such dismissals as set forth in (i) and (ii) above shall be converted by the Parties into dismissals with prejudice within fourteen (14) days after all conditions precedent set forth in paragraph VIII have been satisfied or expressly waived by North Star in writing, provided that North Star has paid the Settlement Amount as set forth in III.A, each Party to bear its own costs, expenses, and counsel fees in the Coverage Lawsuit.

DII Industries, Cooper, and Federal-Mogul agree not to pursue any claim, file any motion or engage in any discovery efforts against North Star in the Coverage Lawsuit after the date this Agreement is executed, other than to enforce obligations created under this Agreement, unless and until five (5) business days after this Agreement terminates pursuant to paragraph VIII.G. North Star agrees not to pursue any claim, file any motion or engage in any discovery efforts against DII Industries, Cooper, or Federal-Mogul in the Coverage Lawsuit after the date this Agreement is executed, other than to enforce obligations created under this Agreement, unless and until five (5) business days after this Agreement terminates pursuant to paragraph VIII.G.

The Parties expressly waive and will not plead, argue or otherwise assert against one another any defense based on the passage of time, including limitations, laches and other similar defenses, with respect to the period from and including the date of this Agreement and ending five (5) business days after this Agreement terminates

pursuant to paragraph VIII.G.

VIII. Conditions Precedent

This Agreement is contingent upon each of the conditions precedent set forth below in paragraphs VIII.A-F being either satisfied or expressly waived in writing by North Star. In the event of such waiver, this Agreement shall immediately become final and irrevocable.

A. Within ten (10) business days of the full execution and delivery of this Agreement, DII Industries shall cause to be filed in the DII Industries Bankruptcy Court an application pursuant to Section 105 and Rule 9019 of the Federal Rules of Bankruptcy Procedure seeking approval for DII Industries to enter into and carry out the terms and provisions of this Agreement. The application shall include a proposed form of order in the form attached hereto as Exhibit "A." DII Industries shall give due notice of such application to all Persons who have requested notice under Bankruptcy Rule 2002 and to all creditors and parties in interest entitled to notice under applicable rules and orders of the Bankruptcy Court.

B. Entry by the DII Industries Bankruptcy Court of an order, acceptable to North Star in its reasonable discretion, that has become Final approving this Agreement as a settlement in accordance with the provisions of Rule 9019 of the Federal Rules of Bankruptcy Procedure, which order shall provide, among other things: (a) that this Agreement constitutes an Asbestos/Silica Insurance Settlement Agreement (as such term is defined in the Glossary); (b) that North Star is a Settling Asbestos/Silica Insurance Company entitled to the protection of the Asbestos/Silica Insurance Company Injunctions (as such term is defined in the Glossary); (c) that Exhibit 1 to the Amended

Plan is amended to add the Subject Insurance Policy; (d) that Exhibit 2 to the Amended Plan is amended to add this Settlement Agreement; and (e) that the provisions of this Agreement are binding on Reorganized DII Industries.

C. 1. DII Industries has not modified, amended or changed the Amended Plan, or sought entry of a modified or revised DII Industries Confirmation Order, that would in any way materially conflict with or materially affect any term, provision or condition of this Agreement. Cooper, Federal Mogul and North Star agree that the DII Industries Confirmation Order does not conflict with or affect the terms of this Agreement.

2. Occurrence of the Effective Date (as that term is defined in the Glossary) after entry of the DII Industries Confirmation Order that has become Final.

D. Within ten (10) business days of the full execution and delivery of this Agreement, Federal-Mogul shall cause to be filed in the Federal-Mogul Bankruptcy Court an application pursuant to Section 105 and Rule 9019 of the Federal Rules of Bankruptcy Procedure seeking approval for Federal-Mogul to enter into and carry out the terms and provisions of this Agreement. The application shall include a proposed form of order in the form attached hereto as Exhibit "B." Federal-Mogul shall give due notice of such application to all Persons who have requested notice under Bankruptcy Rule 2002 and to all creditors and parties in interest entitled to notice under applicable rules and orders of the Bankruptcy Court.

E. Entry of an order, acceptable to North Star in its reasonable discretion, of the Federal-Mogul Bankruptcy Court that has become Final approving this Agreement as a settlement in accordance with the provisions of Rule 9019 of the

Federal Rules of Bankruptcy Procedure, which Order must provide that the provisions of this Agreement are binding on the Federal-Mogul bankruptcy estate, any committee appointed by the Federal-Mogul Bankruptcy Court, any creditor of Federal-Mogul, any trustee in the Federal-Mogul Bankruptcy or any subsequently converted case and Reorganized Federal-Mogul.

F. Entry of an order of the Federal-Mogul Bankruptcy Court that has become Final confirming that this Agreement does not violate the automatic stay in the Federal-Mogul Bankruptcy or, in the alternative, granting relief from the automatic stay.

G. This Agreement shall terminate if the contingencies set forth in paragraphs VIII.A-F are not satisfied, unless they are expressly waived in writing by North Star, by **December 31, 2005**, unless extended in writing by agreement of DII Industries, Cooper, Federal-Mogul and North Star. If this Agreement terminates pursuant to the preceding sentence, the Parties revert to their positions immediately prior to the date of this Agreement relating to the Subject Insurance Policy.

IX. Reasonably Equivalent Value

The Parties acknowledge and agree that: (i) the Agreement was bargained for and entered into in good faith and as the result of arms-length negotiations; (ii) based on their respective independent assessments, with the assistance and advice of counsel, the payments and other benefits to be received by DII Industries, Cooper and Federal-Mogul pursuant to the Agreement constitute a fair and reasonable settlement of the claims of DII Industries, Cooper and Federal-Mogul against North Star in the Coverage Lawsuit and constitute reasonably equivalent value for the release and other benefits received by North Star under the Agreement; and (iii)

the Agreement, as approved by the DII Industries Bankruptcy Court and the Federal-Mogul Bankruptcy Court, will constitute a full and final adjudication of all issues in the Coverage Lawsuit between DII Industries, Cooper, Federal-Mogul and North Star and the claims released in paragraphs IV.A and IV.B.

X. Termination of the North Star CIP Agreement

After execution of this Agreement by the Parties and after all of the contingencies set forth in section VIII.A-F, above, have been satisfied or expressly waived by North Star in writing, the North Star CIP Agreement shall be terminated. The terms and conditions contained in this Agreement shall supercede and replace entirely the terms and conditions contained in the North Star CIP Agreement.

XI. Confidentiality

A. The Parties agree that all matters relating to the negotiation of this Agreement, but specifically excluding the Agreement itself, shall be confidential and are not to be disclosed to any third party, except (a) to the Parties' accountants, auditors, lenders, or attorneys, or North Star's reinsurers or reinsurance intermediaries; (b) to any other Person as required by operation of law or lawful subpoena or order of court; (c) to any governmental agency in connection with any reporting, disclosure, or other regulatory requirements; (d) in any proceeding to enforce the terms of this Agreement, subject to an appropriate form of confidentiality order; or (e) as required in connection with DII Industries' or Federal-Mogul's applications to be filed in their respective Bankruptcy Courts pursuant to Section 105 and Rule 9019 of the Federal Rules of Bankruptcy Procedure seeking approval for DII Industries and Federal-Mogul to enter into and carry out the terms and provisions of this Agreement.

B. In the event that a private litigant, by way of document request, interrogatory, subpoena, or questioning at deposition or trial, attempts to compel disclosure of anything protected by this paragraph XI, the Party from whom disclosure is sought shall object to providing the requested information on the ground that this Settlement Agreement and Mutual Release prevents such disclosure. In the event that such private litigant seeks an Order from any court or governmental body to compel such disclosure, or in the event that a court, government official, or governmental body (other than the Internal Revenue Service or Securities and Exchange Commission) requests or requires disclosure of anything protected by this paragraph XI, the Party from whom disclosure is sought shall immediately give written notice by facsimile or hand-delivery to the other Party, and shall immediately provide copies of all notice papers, orders, requests or other documents in order to allow that Party to take such protective steps as may be appropriate. Neither Party shall be obligated, however, to take any such protective measure (but may do so at its sole discretion), other than objecting to any such initial request and providing notice to the other Party of any efforts to compel disclosure, as set forth above under this paragraph XI. Notice under this paragraph XI shall be made to the Persons identified in paragraph XVIII of this Agreement. All costs incurred by a Party in accordance with this provision shall be the sole responsibility of the Party incurring such costs.

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

XII. Non-Prejudice and Construction of Agreement

A. This Agreement is the product of informed negotiations and involves compromises of the Parties' previously stated legal positions. Accordingly, this Agreement does not reflect upon the Parties' views as to rights and obligations with respect to matters or Persons outside the scope of this Agreement. This Agreement is without prejudice to positions taken by the Parties with regard to insurance policies other than the Subject Insurance Policy. The Parties specifically disavow any intention to create rights in third parties under or in relation to this Agreement.

B. By entering into this Agreement, none of the Parties has intended to make, nor shall it be deemed to have made, any admission of any kind.

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

XIII. No Modification

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

XIV. Integration

This Agreement, including any Attachments, constitutes the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all discussions, agreements and understandings, both written and oral, between the Parties with respect hereto.

XV. Governing Law

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

XVI. Severability

If any of the provisions of this Agreement are found to be unlawful, void, or for any other reason unenforceable, such provisions shall be deemed severable from, and shall in no way affect the validity or enforceability of the remaining provisions of this Agreement.

XVII. Execution

There will be four signed originals of this Agreement, which may be executed in duplicate counterparts. The individuals signing this Agreement hereby represent and warrant that they are empowered and authorized to sign on behalf of and bind the Party for whom they have signed.

XVIII. Notices

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

DII Industries:	Albert O. Cornelison, Esq. Executive Vice President and General Counsel Halliburton Corporation 4100 Clinton Drive Building #01-741 Houston, TX 77020
With a copy to:	Michael G. Zanic, Esq. Kirkpatrick & Lockhart, LLP Henry W. Oliver Building 535 Smithfield Street Pittsburgh, PA 15222
Cooper:	Diane K. Schumacher, Esquire Senior Vice President and General Counsel Cooper Industries, Inc. P.O. Box 4446 Houston, TX 77210-446
With a copy to:	Michael H. Ginsberg, Esquire Jones Day One Mellon Center, 31 st Floor 500 Grant Street Pittsburgh, PA 15219-2502
Federal-Mogul:	David M. Serbin Senior Vice President, General Counsel & Corporate Secretary Federal Mogul Corporation World Headquarters 26555 Northwestern Highway Southfield, MI 48034

With a copy to:

Bette M. Orr, Esq.
Gilbert Helntz & Randolph LLP
1100 New York Avenue, NW
Suite 700
Washington, DC 20005ss

North Star:

Bracken C. O'Neill
Second Vice President
General Reinsurance Corporation
695 E. Main Street
Stamford, CT 06901

With a copy to:

Timothy G. Reynolds
Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, NY 10036

XIX. Successors and Assigns

This Agreement shall be binding on the Parties and their respective successors and assigns.

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

DII INDUSTRIES, LLC.

By: 

Name: Albert O. Cornelson, Esquire

Title: Executive Vice President and General Counsel

Date: 12/10/04

COOPER INDUSTRIES, INC.

By: Diane K. Schumacher

Name: Diane K. Schumacher

Title: Senior Vice President, General Counsel & Chief
Compliance Officer

Date: December 9, 2004

FEDERAL-MOGUL PRODUCTS, INC.

By: _____

Name: David M. Serbin

Title: Senior Vice President, General Counsel &

Corporate Secretary

Date: _____

NORTH STAR REINSURANCE CORPORATION

By: _____

Name: Bracken C. O'Neill

Title: Second Vice President

Date: _____

COOPER INDUSTRIES, INC.

By: _____

Name: _____

Title: _____

Date: _____

FEDERAL-MOBIUL PRODUCTS, INC.

By: 

Name: David M. Serbin

Title: Senior Vice President, General Counsel &

Corporate Secretary

Date: December 10, 2004

NORTH STAR REINSURANCE CORPORATION

By: _____

Name: Bracken C. O'Neill

Title: Second Vice President

Date: _____

COOPER INDUSTRIES, INC.

By: _____

Name: _____

Title: _____

Date: _____

FEDERAL-MOGUL PRODUCTS, INC.

By: _____

Name: David M. Serbin

Title: Senior Vice President, General Counsel &

Corporate Secretary

Date: _____

NORTH STAR REINSURANCE CORPORATION

By: Bracken C. O'Neill

Name: Bracken C. O'Neill

Title: Second Vice President

Date: December 10, 2004