ANY TERM USED IN CAPITALIZED FORM THAT IS NOT DEFINED HEREIN BUT THAT IS DEFINED IN THE GLOSSARY OF TERMS FOR THE PLAN DOCUMENTS PURSUANT TO THE PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE OF SHOOK & FLETCHER INSULATION CO., ATTACHED HERETO AS EXHIBIT A, SHALL HAVE THE MEANING ASCRIBED TO SUCH TERM BY SUCH GLOSSARY AND SUCH DEFINITIONS ARE INCORPORATED HEREIN BY REFERENCE.

THIS SOLICITATION (THIS "**SOLICITATION**") IS BEING CONDUCTED TO OBTAIN SUFFICIENT ACCEPTANCES OF A PLAN OF REORGANIZATION BEFORE THE FILING OF A VOLUNTARY REORGANIZATION CASE UNDER CHAPTER 11 OF THE BANKRUPTCY CODE. BECAUSE A CHAPTER 11 CASE HAS NOT YET BEEN COMMENCED, THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT AS CONTAINING ADEQUATE INFORMATION WITHIN THE MEANING OF SECTION 1125(a) OF THE BANKRUPTCY CODE. FOLLOWING THE COMMENCEMENT OF THE CHAPTER 11 CASE, SHOOK & FLETCHER EXPECTS TO SEEK PROMPTLY AN ORDER OF THE BANKRUPTCY COURT (A) APPROVING THIS DISCLOSURE STATEMENT AS HAVING CONTAINED ADEQUATE INFORMATION AND THIS SOLICITATION OF VOTES AS HAVING BEEN IN COMPLIANCE WITH SECTION 1126(b) OF THE BANKRUPTCY CODE; AND (B) CONFIRMING THE PLAN.

DISCLOSURE STATEMENT

February 18, 2002

Pre-Petition Date Solicitation of Votes
With Respect to the Prepackaged Plan of Reorganization

of

SHOOK & FLETCHER INSULATION CO.

SHOOK & FLETCHER HAS NOT COMMENCED A CASE UNDER CHAPTER 11 OF THE BANKRUPTCY CODE AT THIS TIME. THIS DISCLOSURE STATEMENT SOLICITS ACCEPTANCES OF THE PLAN AND CONTAINS INFORMATION RELEVANT TO A DECISION TO ACCEPT OR REJECT THE PLAN.

THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS 5:00 P.M., EASTERN TIME, ON **MARCH 25, 2002**, UNLESS SHOOK & FLETCHER, IN ITS SOLE DISCRETION, AND FROM TIME TO TIME, EXTENDS THE VOTING DEADLINE, BY WRITTEN NOTICE TO THE ASBESTOS CLAIMANTS COMMITTEE AND THE FUTURES REPRESENTATIVE, IN WHICH EVENT THE PERIOD DURING WHICH THE BALLOTS WILL BE ACCEPTED WILL TERMINATE AT 5:00 P.M., EASTERN TIME, ON SUCH EXTENDED DATE (THE "**VOTING DEADLINE**"). IN ORDER TO BE COUNTED, BALLOTS MUST BE RECEIVED BY LOGAN & COMPANY, INC. (THE "**VOTING AGENT**") AT 546 VALLEY ROAD, UPPER MONTCLAIR, NEW JERSEY 07043, ON OR BEFORE THE VOTING DEADLINE.

Shook & Fletcher is providing this Disclosure Statement and the Exhibits hereto, the accompanying ballots, and the related materials delivered herewith pursuant to Section 1126(b) of the Bankruptcy Code, in connection with this Solicitation of votes for the Plan of Reorganization Under Chapter 11 of the Bankruptcy Code of Shook & Fletcher Insulation Co., a copy of which is annexed to this Disclosure Statement as *Exhibit B*.

Shook & Fletcher is furnishing this Disclosure Statement to each known Asbestos Claimant and any other Person entitled to vote to accept or reject the Plan. This Disclosure Statement is to be used by each Asbestos Claimant solely in connection with his, her or its evaluation of the Plan; use of this Disclosure Statement for any other purpose is not authorized. This Disclosure Statement may not be reproduced or provided to others (other than to those advisors of any recipient of this Disclosure Statement who may review the information contained herein to assist such recipient in his, her or its evaluation of the Plan) without the prior written consent of Shook & Fletcher.

THE PLAN PROVIDES, AMONG OTHER THINGS, FOR THE ISSUANCE OF INJUNCTIONS UNDER SECTION 524(G) OF THE BANKRUPTCY CODE THAT RESULT IN THE CHANNELING OF ALL ASBESTOS RELATED LIABILITIES OF SHOOK & FLETCHER INTO TRUSTS AS MORE FULLY DESCRIBED HEREIN. SEE SECTION 6.7(F) – "THE SUPPLEMENTAL INJUNCTION, THE THIRD PARTY INJUNCTION AND THE SETTLING ASBESTOS INSURANCE COMPANY INJUNCTION" FOR A DESCRIPTION OF SUCH INJUNCTIONS.

As of the date of this Disclosure Statement, Shook & Fletcher has not filed a petition for a reorganization under Chapter 11 of the Bankruptcy Code. If, however, Shook & Fletcher receives the acceptances required to confirm the Plan under Section 1126(c) of the Bankruptcy Code and to obtain the injunction set forth in the Plan under Section 524(g) of the Bankruptcy Code, Shook & Fletcher intends to file a voluntary petition for relief under Chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court for the Northern District of Alabama (or such other court as is appropriate), and to seek, as promptly thereafter as is practicable, confirmation of the Plan.

Shook & Fletcher intends to continue operating its business in the ordinary course during the Chapter 11 Case and to seek to obtain the necessary relief from the Bankruptcy Court to pay its employees and Creditors (other than the holders of Asbestos-Related Unsecured Claims) in full and in the ordinary course of its business. The holders of SBNP Asbestos Secured Claims, Present Asbestos Secured Claims, the CCR Secured Claim, the Settlement Professionals' Secured Claims, Asbestos-Related Unsecured Claims and the holders of Equity Interests are impaired under the Plan; the Claims of Shook & Fletcher's other Creditors are not impaired under the Plan. Because acceptance of the Plan will constitute acceptance of all the provisions thereof, holders of Asbestos-Related Unsecured Claims, SBNP Asbestos Secured Claims, Present Asbestos Secured Claims, the CCR Secured Claim, and Settlement Professionals' Secured Claims are urged to consider carefully the information regarding treatment of their Asbestos Claims contained in this Disclosure Statement.

Shook & Fletcher does not expect that any of its Affiliates will become debtors under the Bankruptcy Code and therefore does not believe that the approval of the Bankruptcy Court will be required for any of its Affiliates to make payments to their respective creditors or employees. Shook & Fletcher believes that its Chapter 11 filing will not materially interfere with the business operations or obligations of its Affiliates.

The effectiveness of the Plan is subject to several material conditions precedent. There can be no assurance that those conditions will be satisfied. Shook & Fletcher presently intends to seek to consummate the Plan and to cause the Effective Date of the Plan to occur promptly after the Confirmation Date. There can be no assurance, however, as to when or whether the Confirmation Date and the Effective Date actually will occur.

Distributions under the Plan to Creditors of Shook & Fletcher (other than distributions to holders of Asbestos Claims) will be the responsibility of Reorganized Shook & Fletcher. Pursuant to Section 524(g) of the Bankruptcy Code, distributions under the Plan to holders of Asbestos Claims will be the responsibility of the Trusts, and Reorganized Shook & Fletcher shall have no liability therefor.

The terms of the Plan have been developed in the course of extensive discussions and negotiations among Shook & Fletcher, Claimants' Counsel, Hartford, the Asbestos Claimants Committee, the Futures Representative and CCR. The board of directors of Shook & Fletcher and the Futures Representative have approved the Plan and strongly recommend that holders of Claims entitled to vote on the Plan for purposes of Sections 1126 and 524(g) of the Bankruptcy Code (that is, holders of SBNP Asbestos Secured Claims, Present Asbestos Secured Claims, CCR Secured Claim, Settlement Professionals' Secured Claim or Asbestos-Related Unsecured Claims) vote to accept it. Mr. Killion and Dr. Killion, as the sole holders of Equity Interests, are entitled to vote to accept or reject the Plan under Section 1126 of the Bankruptcy Code. Mr. Killion and Dr. Killion have indicated that they intend to vote in favor of the Plan.

If the Plan is not confirmed and consummated, Shook & Fletcher believes that there is substantial doubt about its ability to continue as a going concern. Without the arrangements set forth in the Plan, there can be no assurance that Shook & Fletcher will be able to emerge from an alternative case under Chapter 11 of the Bankruptcy Code, and not be forced into a liquidation under Chapter 7 of the Bankruptcy Code. Shook & Fletcher believes that if it is liquidated under Chapter 7, the distributions to Creditors would be delayed and would be significantly lower than the distributions contemplated by and under the Plan. *See* Section 7.3(a)(1)– "Best Interests Test" below.

SHOOK & FLETCHER BELIEVES THAT THE PLAN IS IN THE BEST INTEREST OF SHOOK & FLETCHER'S CREDITORS (INCLUDING THE ASBESTOS CLAIMANTS). ACCORDINGLY, CREDITORS ENTITLED TO VOTE IN FAVOR OF THE PLAN FOR PURPOSES OF SECTION 1126 OF THE BANKRUPTCY CODE AND FOR PURPOSES OF SECTION 524(g) OF THE BANKRUPTCY CODE ARE URGED TO VOTE IN FAVOR OF THE PLAN. VOTING INSTRUCTIONS ARE SET FORTH IN SECTION 7.1 – "ACCEPTANCE OR REJECTION OF THE PLAN" OF THIS DISCLOSURE STATEMENT. TO BE COUNTED, YOUR BALLOT MUST BE DULY COMPLETED, EXECUTED, AND ACTUALLY RECEIVED BY THE VOTING AGENT, LOGAN & COMPANY, NO LATER THAN 5:00 P.M., EASTERN TIME,

ON MARCH 25, 2002, UNLESS SHOOK & FLETCHER, IN ITS SOLE DISCRETION, AND FROM TIME TO TIME, EXTENDS THE VOTING DEADLINE, BY WRITTEN NOTICE TO THE ASBESTOS CLAIMANTS COMMITTEE AND THE FUTURES REPRESENTATIVE, IN WHICH EVENT THE PERIOD DURING WHICH THE BALLOTS WILL BE ACCEPTED WILL TERMINATE AT 5:00 P.M., EASTERN TIME, ON SUCH EXTENDED DATE. CREDITORS ARE ENCOURAGED TO READ AND CONSIDER CAREFULLY THIS ENTIRE DISCLOSURE STATEMENT, INCLUDING THE PLAN ANNEXED HERETO AS EXHIBIT B, AND THE MATTERS DESCRIBED IN THIS DISCLOSURE STATEMENT UNDER ARTICLE 10 BELOW, "RISKS OF THE PLAN" AND ARTICLE 11 BELOW, "ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN," PRIOR TO CASTING THEIR VOTES.

In making a decision, Asbestos Claimants must rely on their own examination of Shook & Fletcher and the terms of the Plan, including the merits and risks involved. Asbestos Claimants should not construe the contents of this Disclosure Statement as providing any legal, business, financial or tax advice. Each Asbestos Claimant should consult with his, her or its own legal, business, financial and tax advisors with respect to any such matters concerning this Disclosure Statement, this Solicitation, and the Plan and the transactions contemplated thereby.

This Disclosure Statement has not been filed with or reviewed by the Securities and Exchange Commission or any securities regulatory authority of any state under the Securities Act of 1933, as amended, or under any state securities or "blue sky" laws. The Plan has not been approved or disapproved by the Securities and Exchange Commission, and neither the Securities and Exchange Commission nor any state securities commission has passed upon the accuracy or adequacy of the information contained herein. Any representation to the contrary is a criminal offense. This Disclosure Statement does not constitute an offer of securities.

This Disclosure Statement contains projected financial information regarding Shook & Fletcher and Reorganized Shook & Fletcher and certain other forward-looking statements, all of which are based on various estimates and assumptions. Such information and statements are subject to inherent uncertainties and to a wide variety of significant business, economic, and competitive risks, including, among others, those summarized herein. Forward looking statements should be evaluated in the context of the estimates, assumptions, uncertainties and risks described herein.

No Person has been authorized by Shook & Fletcher in connection with the Plan or this Solicitation to give any information or to make any representation other than as contained in this Disclosure Statement and the exhibits annexed hereto or incorporated by reference or referred to herein, and, if given or made, such information or representation may not be relied upon as having been authorized or made by Shook & Fletcher.

The statements contained in this Disclosure Statement are made as of the date hereof, and the delivery of this Disclosure Statement will not, under any circumstance, create any implication that the information contained herein is correct at any time subsequent to the date hereof. Estimates, if any, in respect of a Claim set forth in this Disclosure Statement or any exhibit hereto may vary from the amount ultimately Allowed in respect of such Claim by the Bankruptcy Court.

THE SUMMARIES OF THE PLAN AND OTHER DOCUMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN ITSELF, THE EXHIBITS THERETO AND ALL DOCUMENTS DESCRIBED HEREIN AND THEREIN. **Copies of any agreement described herein but not provided herewith may be obtained by contacting Swidler Berlin Shereff Friedman, LLP in writing (including by email) at 3000 K Street, NW, Suite 300, Washington DC 20007, Attn: Mary Wallace, Esq. and Mara Glaser, Esq.;** MAWallace@swidlaw.com; MAGlaser@swidlaw.com.

The information contained in this Disclosure Statement, including, but not limited to, the information regarding the history, businesses, and operations of Shook & Fletcher, the historical and projected financial information of Shook & Fletcher (including the projected results of operations of Reorganized Shook & Fletcher) and the liquidation analysis relating to Shook & Fletcher is included herein for purposes of soliciting the acceptances required to confirm the Plan under Section 1126(c) of the Bankruptcy Code and to obtain the Injunctions set forth in the Plan under Section 524(g) of the Bankruptcy Code. As to any contested matters that may arise, however, such information is not to be construed as admissions or stipulations but rather as statements made in settlement negotiations.

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Exhibit A	Glossary of Terms for the Plan Documents Pursuant to the Plan of Reorganization Under Chapter 11 of the Bankruptcy Code of Shook & Fletcher Insulation Co.
Exhibit B	Plan of Reorganization Under Chapter 11 of the Bankruptcy Code of Shook & Fletcher Insulation Co.
Exhibit C	Liquidation Analysis
Exhibit D	Financial Projections and Feasibility Analysis
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ARTICLE 1

INTRODUCTION

1.1 This Solicitation – Purpose of Disclosure Statement

Shook & Fletcher transmits this Disclosure Statement (prior to the commencement of the Chapter 11 Case), pursuant to Section 1126(b) of the Bankruptcy Code, for use in this Solicitation of votes to accept the Plan. Shook & Fletcher is commencing this Solicitation after extended discussions with, and the Plan is the product of negotiations with, Claimants' Counsel, the Futures Representative, CCR and Hartford.

This Solicitation is being conducted in order to obtain sufficient acceptances to enable the Plan to be confirmed by the Bankruptcy Court pursuant to the provisions of the Bankruptcy Code. This Disclosure Statement is being transmitted in order to provide adequate information to enable holders of SBNP Asbestos Secured Claims, Present Asbestos Secured Claims, CCR Secured Claim, Settlement Professionals' Secured Claim and Asbestos-Related Unsecured Claims, who are impaired under the Plan, to make an informed judgment in exercising their right to vote to accept or reject the Plan under Section 1126 of the Bankruptcy Code. In addition, because all Asbestos Claims will be channeled into and addressed by either the Trust or the Pre-Petition Trust following the Effective Date of the Plan, this Disclosure Statement is being transmitted in order to provide adequate information to enable all holders of Asbestos Claims to make an informed judgment in exercising their right to vote to accept or reject the Plan under Section 524(g) of the Bankruptcy Code.

Shook & Fletcher believes that this pre-petition Solicitation will significantly simplify, shorten and reduce the cost of the administration of, and minimize disputes during, the Chapter 11 Case. Shook & Fletcher also believes that this Solicitation will minimize any potential disruption of its business that could result from a traditional bankruptcy case, which could be contested and protracted, and will maximize the assets available to compensate injured Asbestos Claimants.

Shook & Fletcher and the Futures Representative strongly support the Plan, and Shook & Fletcher strongly urges you to vote to accept the Plan. As the letter accompanying this Disclosure Statement indicates, the Future Representative also recommends that you vote to accept the Plan. In addition, Mr. Killion and Dr. Killion, who are entitled to vote to accept or reject the Plan under Section 1126 of the Bankruptcy Code, have indicated that they intend to vote in favor of the Plan.

1.2 Voting Procedures

At this time, Shook & Fletcher has not commenced a case under Chapter 11 of the Bankruptcy Code. Rather, Shook & Fletcher is soliciting acceptances of the Plan from (a) all known Asbestos Claimants impaired under the Plan and (b) all known Asbestos Claimants entitled to vote on the Plan for purposes of Section 524(g) of the Bankruptcy Code.

Thus, Shook & Fletcher has sent ballots to all known holders of Asbestos Claims with voting instructions and copies of this Disclosure Statement. Asbestos Claimants should read the ballots carefully and follow the voting instructions. Each Asbestos Claimant should only use the ballot for his, her or its Class that accompanies this Disclosure Statement.

If at least two-thirds in amount and more than one-half in number of the Allowed Claims of each impaired Class of Claims that have voted on the Plan vote to accept the Plan, and at least seventy-five percent (75%) of the holders of Claims in each Class of Claims to be channeled into and addressed by the Trust or the Pre-Petition Trust, as applicable, that have voted on the Plan vote to accept the Plan, and such votes are received (and not revoked) by the Voting Deadline (the **"Requisite Acceptances"**), Shook & Fletcher expects to commence the Chapter 11 Case and to seek confirmation of the Plan promptly. If Shook & Fletcher does not receive the Requisite Acceptances by the Voting Deadline, it will be forced to evaluate other available options, including filing a traditional, non-prepackaged Chapter 11 case.

1.3 Voting Deadline

IN ORDER TO BE COUNTED FOR VOTING PURPOSES, BALLOTS MUST BE RECEIVED BY THE VOTING AGENT BY MARCH 25, 2002 UNLESS SHOOK & FLETCHER, IN ITS SOLE DISCRETION, AND FROM TIME TO TIME, EXTENDS THE VOTING DEADLINE, BY WRITTEN NOTICE TO THE ASBESTOS CLAIMANTS COMMITTEE AND THE FUTURES REPRESENTATIVE, IN WHICH EVENT IN ORDER TO BE COUNTED FOR VOTING PURPOSES, BALLOTS MUST BE RECEIVED BY THE VOTING AGENT AT 5:00 P.M., EASTERN TIME, ON SUCH EXTENDED DATE, AT THE FOLLOWING ADDRESS:

1.4 Overview of the Reorganization

(a) Brief Explanation of Chapter 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under Chapter 11, a debtor is authorized to reorganize its business for the benefit of its creditors and shareholders. In addition to permitting rehabilitation of the debtor, Chapter 11 promotes equality of treatment of creditors and equity security holders who hold substantially similar claims against or interests in the debtor and its assets. In furtherance of these two goals, upon the filing of a petition for relief under Chapter 11, Section 362 of the Bankruptcy Code provides for an automatic stay of substantially all acts and proceedings against the debtor and its property, including all attempts to collect claims or enforce liens that arose prior to the commencement of the Chapter 11 case.

THE CONSUMMATION OF A PLAN OF REORGANIZATION IS THE PRINCIPAL OBJECTIVE OF A CHAPTER 11 CASE. A PLAN OF REORGANIZATION SETS FORTH THE MEANS FOR TREATING CLAIMS AGAINST AND EQUITY INTERESTS IN A DEBTOR. CONFIRMATION OF A PLAN OF REORGANIZATION BY THE BANKRUPTCY COURT MAKES THE PLAN BINDING UPON THE DEBTOR, ANY PERSON OR ENTITY ACQUIRING PROPERTY UNDER THE PLAN, AND ANY CREDITOR OF, OR EQUITY INTEREST HOLDER IN, THE DEBTOR, WHETHER OR NOT SUCH CREDITOR OR EQUITY INTEREST HOLDER (I) IS IMPAIRED UNDER OR HAS ACCEPTED THE PLAN OR (II) RECEIVES OR RETAINS ANY PROPERTY UNDER THE PLAN. SUBJECT TO CERTAIN LIMITED EXCEPTIONS AND OTHER THAN AS PROVIDED IN THE PLAN ITSELF OR IN THE CONFIRMATION ORDER, THE CONFIRMATION ORDER DISCHARGES THE DEBTOR FROM ANY DEBT THAT AROSE PRIOR TO THE DATE OF CONFIRMATION OF THE PLAN AND SUBSTITUTES THEREFOR THE OBLIGATIONS SPECIFIED UNDER THE CONFIRMED PLAN.

1.5 Overview of the Plan

The following is a brief summary of certain information contained elsewhere in this Disclosure Statement and in the Plan. The summary is necessarily incomplete and is qualified in its entirety by reference to the more detailed information appearing elsewhere in this Disclosure Statement, the exhibits hereto and the other Plan Documents.

The Plan is a product of extensive efforts by Shook & Fletcher, Claimants' Counsel, the Futures Representative, CCR and Hartford to negotiate a plan of reorganization for Shook & Fletcher that is fair and equitable to all parties in interest and that provides for the issuance of injunctions under Section 524(g) of the Bankruptcy Code that result in the channeling of asbestos related liabilities of Shook & Fletcher into the Trusts.

The essential elements of the reorganization contemplated by the Plan include, among other things:

(a) the creation of the Trust which will possess the status and features of a "qualified settlement fund" for purposes of Section 468B of the IRC, will assume Shook & Fletcher's liabilities with respect to all Asbestos-Related Unsecured Claims and will use Trust Assets and income to pay Allowed Asbestos-Related Unsecured Claims as provided in the Plan and the Trust Documents;

(b) the continuation of the Pre-Petition Trust which will possess the status and features of a "qualified settlement fund" for purposes of Section 468B of the IRC, will assume Shook & Fletcher's liabilities with respect to all Asbestos-Related Secured Claims and will use the proceeds of the Asbestos Insurance Collateral to pay Allowed Asbestos-Related Secured Claims as provided in the Pre-Petition Trust Agreement;

(c) the funding of the Trust with the Trust Assets;

(d) the classification of Claims and Equity Interests, and the treatment of such Claims and Equity Interests under the Plan;

(e) the payment of Claims in accordance with the requirements of the Bankruptcy Code;

(f) the establishment and implementation of the CRP as provided in the Trust Agreement for the fair and even-handed resolution of those present Asbestos-Related Unsecured Claims which have not yet been agreed as to amount and any future Asbestos-Related Unsecured Claims;

(g) the procedure for addressing and resolving Disputed Claims;

(h) the issuance of certain injunctions, including but not limited to, the Discharge Injunction, the Supplemental Injunction, the Third Party Injunctions, and the Settling Asbestos Insurance Company Injunction;

(i) the governance and management of Reorganized Shook & Fletcher; and

(j) the retention of jurisdiction by the Bankruptcy Court.

To address asbestos–related liability fairly and efficiently, the Plan provides for the establishment of the Trust for the payment of Allowed Asbestos-Related Unsecured Claims (and all Asbestos Claims following the payment in full of all Allowed Asbestos-Related Secured Claims (other than the CCR Secured Claim) by or on behalf of the Pre-Petition Trust, Provision For CCR and the payment of or provision for all then accrued and unpaid Trust Expenses of the Pre-Petition Trust) and for the continuation of the Pre-Petition Trust for the payment of Allowed Asbestos-Related Secured Claims. The best information available at the time of the filing of the Chapter 11 Case indicates that, absent payment by Shook & Fletcher's insurers, there are not sufficient assets in the Bankruptcy Estate to pay the full and fair value of all Asbestos Claims. Each of the Trusts will be managed, however, so as to maximize its respective assets and its respective income to pay present and future Allowed Asbestos-Related Secured Claims or Allowed Asbestos-Related Unsecured Claims, as applicable. With respect to all Asbestos-Related Unsecured Claims, the goal of the Trust is fair and equitable treatment of all present claimants who have an injury, and all individuals who manifest injuries in the future from asbestos or asbestos-containing products distributed, sold, handled, installed, stored or removed by Shook & Fletcher. The Trust is designed to protect those who are not presently injured but may develop an asbestos-related injury in the future by retaining sufficient funds in the Trust to compensate such future holders of Asbestos-Related Unsecured Claims in substantially the same manner as those present holders of Asbestos-Related Unsecured Claims.

The Pre-Petition Trust has been funded with the security interest in the Asbestos Insurance Collateral and the proceeds thereof, which includes, among other things, payments received from Hartford, one of Shook & Fletcher's insurers, under the Hartford Agreement (which settles Shook & Fletcher's disputes with Hartford with respect to insurance coverage for Asbestos Claims). The Trust will be funded with the Trust Assets, which include, among other things, (i) the Promissory Note having an original principal amount of $3,000,000 to be issued on the Effective Date, (ii) $300,000 in cash on the Effective Date, and (iii) all of the assets and properties of the Pre-Petition Trust (including the Pre-Petition Trust's interest in assets that previously constituted Asbestos Insurance Collateral) following the payment of all Asbestos-Related Secured Claims (other than the CCR Secured Claim) by or on behalf of the Pre-Petition Trust, Provision For CCR and payment of or provision for all accrued and unpaid Trust Expenses of the Pre-Petition Trust.

Shook & Fletcher will reorganize its business operations as Reorganized Shook & Fletcher. On the Effective Date, the management, control and operation of Reorganized Shook & Fletcher shall become the responsibility of the board of directors of Reorganized Shook & Fletcher. The Board of Directors shall be comprised of the same person(s) who serve(s) as Shook & Fletcher's director(s) immediately prior to the Confirmation Hearing. The officers of Shook & Fletcher shall serve as the initial officers of Reorganized Shook & Fletcher. The certificate of incorporation of Reorganized Shook & Fletcher will be amended and restated as of the Effective Date to read as set forth in the Certificate of Incorporation, which is an exhibit to the Plan. On the occurrence and during the continuance of an Event of Default with respect to the Promissory Note, the Trust, as holder of the Promissory Note, will be entitled, among other things, to exercise its rights under the Pledge Agreement with respect to Reorganized Shook & Fletcher's Common Stock.

The Plan permits the business of Reorganized Shook & Fletcher to operate free of asbestos–related claims and litigation. The operating business will be protected from asbestos-related claims and litigation by Shook & Fletcher's discharge and the Discharge Injunction, which prohibits and enjoins any action or attempt to collect or recover on any Asbestos Claim or Demand against Shook & Fletcher. The Supplemental Injunction enjoins all future Asbestos Claimants from any action against Shook & Fletcher, Hartford, or any other Released Party or Protected Party. Under the terms of the Supplemental Injunction, the Trusts are the only means by which any Asbestos Claimant may recover or collect compensation on an Asbestos Claim against Shook & Fletcher. Under the Third Party Injunction, the holders of Claims related to Asbestos Claims are also limited to pursuing such Claim against only the Trust or the Pre-Petition Trust, as applicable. The Settling Asbestos Insurance Company Injunction provides any Settling Asbestos Insurance Company (which as of the date hereof only includes Hartford) protection against any Claims relating to any Asbestos Insurance Policies issued by the Settling Asbestos Insurance Companies.

The Plan divides all Claims and Equity Interests into eleven different Classes. Each Claim will receive the same treatment as all other Claims in the same Class under the Plan, so that the applicable terms of the Plan for each Claim depend upon its classification. Section 1.6 -- "Summary Description of Classes and Distributions" below, contains a summary description of the treatment of each Class under the Plan, including whether the Class is impaired or unimpaired by the Plan and whether the Class is channeled into and addressed by the Trust or Pre-Petition Trust, as applicable. If a Class is impaired by the Plan, that Class is entitled

to vote to accept or reject the Plan under Section 1126 of the Bankruptcy Code. If a Class is channeled into, addressed, processed and paid, if Allowed, by either of the Trusts, that Class is entitled to vote in favor of or against the Plan under Section 524(g) of the Bankruptcy Code. The payment of present and future Asbestos Claims by the Trusts as provided for in the Plan is consistent with the Bankruptcy Code and the terms of all Settlement Agreements between or among Shook & Fletcher and the other parties in interest.

The CRP to be established and adopted by the Trust pursuant to the Trust Agreement will be used to assign a value to all CRP Valued Asbestos Claims that are Allowed under the CRP and to determine the timing and amount of payments to be made in respect of Asbestos-Related Unsecured Claims. In addition to resolving promptly Asbestos-Related Unsecured Claims, it is anticipated that the CRP will reduce expenses significantly, which expenses would otherwise reduce Trust Assets available for distribution to holders of Asbestos-Related Unsecured Claims. All holders of Allowed Asbestos-Related Unsecured Claims will benefit from such cost savings, by maximizing the assets which are to be used for the payment of Asbestos-Related Unsecured Claims.

1.6 Summary Description of Classes and Distributions

The distributions to each Class are summarized in the table set forth below. The table is qualified in its entirety by reference to the more detailed and complete descriptions set forth in the Plan and elsewhere in this Disclosure Statement. A summary description of the timing of distributions to be made in respect of Asbestos Claims is located in Section 3.8 -- "Payment of Asbestos Claims."

(a) Treatment of Administrative Claims and Priority Tax Claims

Description of Claims	Description of Distribution or Treatment Under the Plan
Administrative Expense Claims	Unless Shook & Fletcher and the holder of an Allowed Administrative Expense Claim agree otherwise, the holders of Allowed Administrative Expense Claims will receive Cash for the unpaid portion of the Allowed Amount on the Effective Date. However, Administrative Expense Claims incurred by Shook & Fletcher during the Chapter 11 Case in the ordinary course of business or under a loan or advance which are not paid on or before the Effective Date will be paid by Reorganized Shook & Fletcher in the ordinary course of business.
Priority Tax Claims	Unless the holder of a Priority Tax Claim agrees to different treatment or such Claim has been paid by Shook & Fletcher prior to the Effective Date, each Allowed Priority Tax Claim shall be either (a) paid in Cash in full on the Effective Date or (b) receive deferred Cash payments over a period not to exceed six years of a value equal to the Allowed Amount of such Claim as of the Effective Date. If a holder of such Claim holds a Lien to secure its Claim, such Lien will not be impaired by the Plan.

(b) Classified Claims and Equity Interests

Description of Claims	Description of Distribution or Treatment Under the Plan
Class 1 – Priority Claims	Each Allowed Priority Claims shall either be paid in full on the Distribution Date or shall be reinstated. Reorganized Shook & Fletcher shall be responsible for the payment of Allowed Priority Claims. This Class is unimpaired by the Plan.
Class 2 – Secured Claim of SouthTrust Bank	SouthTrust Bank's Allowed Secured Claim arises from a Loan and Security Agreement entered into by Shook & Fletcher and SouthTrust Bank in the ordinary course of business. SouthTrust Bank's Secured Claim shall remain secured by its existing Collateral and either be paid in full with the proceeds of alternative financing or shall be extended and reinstated. Reorganized Shook & Fletcher shall be responsible for the payment of the Allowed Secured Claim of SouthTrust Bank). This Class is unimpaired by the Plan.
Class 3 – Secured Claim of AmSouth Bank	AmSouth Bank's Allowed Secured Claim arises from a Note and Mortgage made by Shook & Fletcher in favor of AmSouth in the ordinary course of business. AmSouth Bank's Secured Claim shall remain secured by its existing Collateral and shall be reinstated. Reorganized Shook & Fletcher shall be responsible for the payment of the Allowed Secured Claim of AmSouth Bank. This Class is unimpaired by the Plan.

Description of Claims	Description of Distribution or Treatment Under the Plan
Class 4 – Secured Claim of Shook & Fletcher Supply	Shook & Fletcher has granted Shook & Fletcher Supply a Lien in (i) all of Shook & Fletcher's accounts, inventory and general intangibles (other than the Asbestos Insurance Collateral), (ii) certain vehicles of Shook & Fletcher, and (iii) Shook & Fletcher's real property in Birmingham, Alabama and Decatur, Alabama, as Collateral to secure the repayment of advances made to Shook & Fletcher pursuant to the Supply Line of Credit Agreement entered into by Shook & Fletcher and Shook & Fletcher Supply primarily to fund the costs of this Solicitation and implementation of the Plan. The Supply Secured Claim is subordinated to the Allowed Secured Claims of SouthTrust Bank and AmSouth Bank. The Supply Secured Claim of Shook & Fletcher Supply shall remain secured by its existing Collateral and shall be reinstated. Reorganized Shook & Fletcher shall be responsible for payment of the Supply Secured Claim. This Class is unimpaired by the Plan.
Class 5 – SBNP Asbestos Secured Claims	SBNP Claimants are those individuals who have asserted and settled prior to the SBNP Deadline, but not been paid in respect of, their Asbestos Claims, and who entered into the SBNP Settlement Agreement with Shook & Fletcher prior to the SBNP Deadline. The SBNP Claimants may opt either to be paid Shook & Fletcher's share of the prior settlement of their Asbestos Claim and have Shook & Fletcher's share of such amount fully secured by the Asbestos Insurance Collateral, or have the amount of his or her Asbestos Claim determined in accordance with the Compensable Disease Matrix pursuant to the SBNP Settlement Agreement and have 75% of such amount secured by the Asbestos Insurance Collateral. The Asbestos Claims of those individuals who have asserted prior to the SBNP Deadline, but have not been paid in respect of, their Asbestos Claims and who do not enter into the SBNP Settlement Agreement with Shook & Fletcher will be addressed in Class 10. On the Effective Date, the Pre-Petition Trust will automatically assume all liability for the SBNP Asbestos Secured Claims, and Reorganized Shook & Fletcher will have no liability therefor. All Allowed SBNP Asbestos Secured Claims will be paid from the Asbestos Insurance Collateral in accordance with the SBNP Settlement Agreement and the Pre-Petition Trust Agreement. This Class is impaired by the Plan. In addition, SBNP Asbestos Secured Claimants in this Class are entitled to vote under Section 524(g) of the Bankruptcy Code in favor of or against the Plan. Each holder of an SBNP Asbestos Secured Claim who opts to have his or her Asbestos Claim determined in accordance with the SBNP Settlement Agreement and thereby have 75% of his or her Asbestos Claim secured also holds an Asbestos-Related Unsecured Claim in Class 10 with respect to the portion of his or her Asbestos Claim which is unsecured (that is, 25% of his or her Asbestos Claim).
Class 6 – Present Asbestos Secured Claims	Present Asbestos Secured Claimants are those individuals who have asserted an Asbestos Claim prior to the Petition Date, and who entered into the Claimants Agreement with Shook & Fletcher. On the Effective Date, the Pre-Petition Trust will automatically assume all liability for the Present Asbestos Secured Claims, and Reorganized Shook & Fletcher will have no liability therefor. All Allowed Present Asbestos Secured Claims will be paid from the Asbestos Insurance Collateral in accordance with the Claimants Agreement and the Pre-Petition Trust Agreement. The payment of such Claims is secured by the Asbestos Insurance Collateral for an amount equal to the lesser of (a) the sum of $63.6 million or (b) seventy-five percent (75%) of the total settlement amount under the Claimants Agreement. This Class is impaired by the Plan. In addition, Present Asbestos Secured Claimants in this class are entitled to vote under Section 524(g) of the Bankruptcy Code in favor of or against the Plan. Each holder of a Present Asbestos Secured Claim also holds an Asbestos-Related Unsecured Claim in Class 10 with respect to the portion of his or her Asbestos Claim which is unsecured.
Class 7 – The CCR Secured Claim	The CCR Secured Claim against Shook & Fletcher will be paid from the Asbestos Insurance Collateral in accordance with the Pre-Petition Trust Agreement and the CCR Settlement Agreement entered into by Shook & Fletcher and the CCR. On the Effective Date, the Pre-Petition Trust will automatically assume all liability for the CCR Secured Claim, and Reorganized Shook & Fletcher will have no liability therefor. The CCR Secured Claim is fully secured by the Asbestos Insurance Collateral. This Class is

Description of Claims	Description of Distribution or Treatment Under the Plan
	impaired by the Plan. In addition, the holder of the CCR Secured Claim in this Class is entitled to vote under Section 524(g) of the Bankruptcy Code in favor of or against the Plan.
Class 8 – Settlement Professionals' Secured Claims	The Settlement Professionals' Secured Claims are held by the Claimants' Counsel, the Shook Professionals, and the Claims-Handling Entity and are established under the Pre-Petition Trust Agreement. On the Effective Date, the Pre-Petition Trust will automatically assume all liability for the Settlement Professionals' Secured Claims, and Reorganized Shook & Fletcher will have no liability therefor. The Settlement Professionals' Secured Claims will be paid from the Asbestos Insurance Collateral in accordance with the Pre-Petition Trust Agreement. All Settlement Professionals' Secured Claims are fully secured by the Asbestos Insurance Collateral. This Class is impaired by the Plan. In addition, holders of Settlement Professionals' Secured Claims are entitled to vote under Section 524(g) of the Bankruptcy Code in favor of or against the Plan.
Class 9 – Unsecured Operational Claims	Unsecured Operational Claims arise from or are related to Shook & Fletcher's present business operations and do not involve or relate to Asbestos Claims. Shook & Fletcher intends to seek Bankruptcy Court authority to pay the Class 9 Claims in the ordinary course of business during the Chapter 11 Case. To the extent such Claims remain unpaid prior to the Effective Date, each such Claim will be satisfied in full in Cash, or reinstated and rendered unimpaired by the Plan. Reorganized Shook & Fletcher will be responsible for the payment of all Unsecured Operational Claims. This Class is unimpaired by the Plan.
Class 10 – Asbestos-Related Unsecured Claims	Asbestos-Related Unsecured Claims are any Asbestos Claims other than Asbestos-Related Secured Claims (that is, other than Claims in Classes 5, 6, 7 and 8) and include the Asbestos Claims of those individuals who have asserted prior to the SBNP Deadline, but have not been paid in respect of, their Asbestos Claims and who do not enter into the SBNP Settlement Agreement with Shook & Fletcher and the unsecured portion of the Asbestos Claims of those individuals who opted under the SBNP Settlement Agreement to have the amount of their Asbestos Claim be determined in accordance with the Compensable Disease Matrix pursuant to the SBNP Settlement Agreement and have 75% of such amount secured by the Asbestos Insurance Collateral. Asbestos-Related Unsecured Claims that may arise in the future and Demands are also treated in conjunction with Class 10 Asbestos-Related Unsecured Claims. On the Effective Date, the Trust shall automatically assume liability for all Asbestos-Related Unsecured Claims and Demands, and Reorganized Shook & Fletcher will have no liability therefor. Asbestos-Related Unsecured Claims and Demands that have not been liquidated under the Claimants Agreement will be liquidated by the Trust in accordance with the procedures established under the Trust Agreement. Values assigned to Asbestos Claims (other than Indirect Asbestos-Related Claims) in accordance with such procedures are based on historical settlement values of asbestos related claims considering certain medical evidence and diagnoses as well as location of exposure. This Class is impaired under the Plan. In addition, the holders of Asbestos-Related Unsecured Claims in this Class are entitled to vote under Section 524(g) of the Bankruptcy Code in favor of or against the Plan.
Class 11 – Equity Interests	Each holder of Equity Interests shall retain his Equity Interest to the extent provided in the Escrow Agreement and the Pledge Agreement. To secure Reorganized Shook & Fletcher's obligations with respect to the Promissory Note, the Equity Interests will be pledged to the Trust and held by an independent Escrow Agent. This Class is impaired under the Plan.

ARTICLE 2

GENERAL INFORMATION

2.1 Business of Shook & Fletcher Generally

Shook & Fletcher is a small, family owned business centered in Birmingham, Alabama. Since its incorporation in 1949, Shook & Fletcher has been a specialty thermal insulation distributor and union contractor serving primarily heavy industry.

Shook & Fletcher has never manufactured insulation products. Until the early 1970's, insulation products made by the major insulation manufacturers contained asbestos. Since 1976, Shook & Fletcher has received a large number of claims from individuals alleging injuries resulting from exposure to asbestos and asbestos-containing products. Shook & Fletcher continues to install nonasbestos containing insulation and to provide other services with respect to the selection, placement, removal and installation of specialty thermal insulation today. However, the increasing number of Asbestos Claims, and the costs and time involved in defending and settling Asbestos Claims, has begun to inhibit Shook & Fletcher's ongoing business operations.

For periods prior to mid-1985, Shook & Fletcher is covered under liability insurance policies that provide coverage for Asbestos Claims. A description of Shook & Fletcher's historical asbestos liabilities is set forth in Section 2.2(a) -- "Asbestos Claims" below. A description of certain Shook & Fletcher insurance assets relating to Asbestos Claims is located in Section 2.2(b) -- "Shook & Fletcher's Insurance Coverage for Asbestos-Related Bodily Injury Claims" below. A more detailed description of Shook & Fletcher's business and other material assets is located in Article 4 -- "The Company: Corporate Structure and Management" below.

2.2 Factors Leading to the Need for Bankruptcy Relief

(a) Asbestos Claims

Since 1976, Shook & Fletcher, along with many of its competitor insulators, have become the subject of numerous claims by individuals asserting bodily injury as a result of alleged exposure to asbestos-containing products installed in industrial complexes. As a result of the explosion of asbestos claims and litigation in the recent years, and the increasing costs of settlement and defense, the major insulation manufacturers and many others in related industries, including distributors and contractors similar to Shook & Fletcher, have filed Chapter 11 proceedings.

Between 1976 and December 31, 1997, Shook & Fletcher became the subject of lawsuits involving the claims of over 45,000 individuals, a number of which have been settled but remain unpaid in whole or in part. Since 1997, the number of asbestos personal injury cases brought against Shook & Fletcher, as well as the costs associated with resolving them, have increased dramatically. Lawsuits have been filed against Shook & Fletcher in a number of states including Alabama, Connecticut, Georgia, Louisiana, Mississippi, Ohio and Texas. Shook & Fletcher's defense generally has been coordinated through CCR.

Shook & Fletcher has been working to manage and resolve, as appropriate, through settlement the present unresolved Asbestos Claims. During the first six months of 2001, Shook & Fletcher settled the Asbestos Claims of over 3,600 individuals. However, despite such efforts, the pace of the filing of claims has continued to escalate, and such claims include claimants with legitimate asbestos-related injuries but who likely had no contact with any products distributed or installed by Shook & Fletcher as well as claimants who have manifested no asbestos-related injury. As a result, Shook & Fletcher is saddled with extraordinary, and ever increasing, legal and defense costs and settlement expenses. While Shook & Fletcher believes these expenses are covered under the Asbestos Insurance Policies, a number of the Asbestos Insurance Companies have generally stopped making payments of Asbestos Claims. See Section 2.2(b) -- "Shook & Fletcher's Insurance Coverage for Asbestos-Related Bodily Injury Claims."

As of January 2002, the latest date for which data was available at the time of the preparation of this Disclosure Statement, Shook & Fletcher was defending approximately 50,000 pending cases in a number of jurisdictions involving plaintiffs with diseases ranging from non-malignant diseases to mesothelioma. In the recent past, approximately 3,000 new suits have been filed against Shook & Fletcher per month.

(b) Shook & Fletcher's Insurance Coverage for Asbestos-Related Bodily Injury Claims

(1) General Discussion of Coverage

Shook & Fletcher began purchasing liability insurance immediately following its formation in 1949 to protect it from liability to third parties injured by its activities, including but not limited to the sale, handling or installation of asbestos-containing insulation products. Such policies obligate the insurers to pay amounts that Shook & Fletcher becomes liable to pay in connection with, among other things, claims alleging bodily injury. Generally, such policies also obligate the insurers to pay

defense costs in connection with claims against Shook & Fletcher, either in addition to any otherwise applicable limits of liability of the policies, as in the case of primary and some excess policies, or subject to such limits of liability. The discussion in this Section 2.2(b) applies only to policies purchased by Shook & Fletcher for policy periods through May 1985.

Liability policies such as those purchased by Shook & Fletcher generally provide two types of limits of liability. The first type, the "per occurrence" limit, generally limits the amount the insurer will pay in connection with a single "occurrence" to which the limit applies, as the term "occurrence" is defined in the policy. The second type, the "aggregate" limit, generally limits the total amount the insurer will pay in connection with all occurrences covered by the policy for bodily injury to which the aggregate limit applies.

In the context of asbestos bodily injury, the policies purchased by Shook & Fletcher generally provide coverage for two fundamental types of claims. The first type consists of claims in which the alleged exposure to asbestos is within the "products hazard" or the "completed operations hazard" as those terms are defined in the policies. Such claims, referred to herein as "products" claims, include claims in which the alleged exposure to asbestos-containing products sold by Shook & Fletcher occurred after Shook & Fletcher relinquished control of the products. Coverage for products claims generally is subject to a specified annual aggregate limit of liability under policies such as those purchased by Shook & Fletcher.

The second type of claim involves exposure not within the scope of the policies' products hazard or completed operations hazard. Such claims, referred to herein as "non-products" claims, include claims involving alleged exposure to asbestos-containing products while such products were being installed, removed or otherwise handled by Shook & Fletcher. Coverage for non-products claims is not subject to aggregate limits of liability in most primary policies, including those purchased by Shook & Fletcher. With respect to excess policies generally, in some cases coverage for non-products claims is not subject to an aggregate limit of liability; in other cases, such coverage is subject to the same aggregate limit of liability as products claims, or to a separate aggregate limit of liability.

Shook & Fletcher was both a seller and an installer of asbestos-containing insulation products. Its insulation contracting activities were a substantial part of its business beginning immediately after it was established in the late 1940s and continuing thereafter. As a result of its asbestos insulation contracting activities, among other things, Shook & Fletcher believes that a substantial percentage of the liability payments and defense costs incurred and to be incurred by it or on its behalf has arisen and will arise from claims not subject to the products aggregate limits of its non-settled signatory policies – that is, from non-products claims.

Because the non-settled policies discussed below are subject to per-occurrence limits, the extent of coverage available under the non-settled policies may depend in part on the number of occurrences from which Shook & Fletcher's asbestos-related bodily injury liabilities arise. Shook & Fletcher believes that the liabilities arise from multiple occurrences. Accordingly, Shook & Fletcher believes that, due to the existence of non-products claims, the non-settled policies provide very substantial coverage for asbestos-related bodily injury claims. Insurers faced with non-products asbestos-related bodily injury claims typically raise a host of defenses to coverage, however, including defenses that the insurers contend negate any separate or additional coverage for such claims.

(2) <u>The Wellington Agreement</u>

On June 19, 1985, Shook & Fletcher and certain of its liability insurers entered into the Agreement Concerning Asbestos-Related Claims, commonly known as the "**Wellington Agreement**". A total of approximately 33 "producers" – companies that were former miners, manufacturers, sellers or installers of asbestos-containing products – and many, but not all, of their liability insurers signed the Wellington Agreement. The following Shook & Fletcher insurers are signatories to the Wellington Agreement: Certain Underwriters at Lloyd's of London and London Market Insurance Companies ("**London**"); First State Insurance Company ("**First State**"); Reliance Insurance Company ("**Reliance**"); and Travelers (formerly known as Aetna Casualty and Surety) Company ("**Travelers**").

Among other things, the Wellington Agreement resolved the manner in which the signatory insurers would respond to asbestos-related bodily injury claims against the signatory producers. The Wellington Agreement provides that, subject to any applicable aggregate limits of liability, signatory insurers are obligated to pay the full amount of liability and defense costs incurred in connection with claims that "trigger" at least one policy issued by a signatory insurer -- that is, claims whose "exposure period" overlaps one or more signatory policies in a producer's "coverage block."[1] In signing the Wellington Agreement, signatory

[1] The exposure period runs from the date of a claimant's first exposure to asbestos or an asbestos-containing product through the date of diagnosis with an asbestos-related condition or death from that condition, whichever comes first. The coverage block consists of all signatory policies issued to a producer for policy periods beginning prior to a date designated by the producer. In Shook's case, the initial coverage block ended on December 31, 1979.

insurers agreed among other things to waive all policy-based conditions, defenses to or exclusions from coverage other than those specifically listed in an appendix to the Wellington Agreement.

The Wellington Agreement provides for mandatory, binding alternative dispute resolution ("**ADR**") with respect to most disputes within the scope of the Wellington Agreement. Certain enumerated issues are subject to non-binding ADR followed, if necessary, by litigation. The ADR process under the Wellington Agreement has three parts: the negotiation phase, consisting of a period of negotiation with the assistance of a neutral mediator; followed, if necessary, by the proceeding phase, consisting of arbitration before a single trial judge; followed, if necessary, by the appellate phase, consisting of an appeal to a three-judge arbitral panel.

Pursuant to the Wellington Agreement, the Asbestos Claims Facility ("**ACF**") was established in 1985 to administer and arrange for the evaluation, defense, settlement and payment of all asbestos-related bodily injury claims against signatory producers. The ACF did so until 1988, when it ceased operations and CCR was established to perform the same functions for certain signatory producers, including Shook & Fletcher. When Shook & Fletcher's membership in CCR ended, Shook & Fletcher assumed responsibility for handling its asbestos-related bodily injury claims.

(3) Resolution of Coverage Disputes with Non-Wellington-Signatory Insurers

A number of insurers that issued liability policies to Shook & Fletcher did not sign the Wellington Agreement: Birmingham Fire Insurance Company and Birmingham Fire & Casualty Company, Continental Casualty Company, National Union Insurance Company of Pittsburgh, PA, North Star Reinsurance Corporation, Ranger Insurance Company, St. Paul Fire & Marine Insurance Company, SAFECO Insurance Company of America, Safety National Casualty Corporation ("**Safety National**"), The Home Insurance Company, American Mutual Liability Insurance Company, Mission Insurance Company and Integrity Insurance Company. The latter three insurers subsequently became insolvent.

In 1999, Shook & Fletcher entered into settlement agreements with all of its solvent non-signatory insurers except Safety National and dismissed with prejudice coverage litigation that had been pending between it and those insurers. *Safety National Casualty Corporation v. Shook & Fletcher Insulation Co. v. Continental Casualty Company*, Civil Action No. CV-93-01574 (Cir. Ct. Jefferson County, Ala.). With one exception, the settlement agreements are coverage-in-place agreements pursuant to which the non-signatory insurers agreed to the manner in which their policies would respond to asbestos-related bodily injury claims involving Shook & Fletcher. Shook & Fletcher entered into a policy buy-back agreement with the remaining insurer, pursuant to which the insurer made a lump-sum payment.

Unlike the Wellington Agreement, the coverage-in-place agreements with the non-signatory insurers do not necessarily obligate the non-signatory insurers to pay in full claims that trigger their policies. For the period from January 2000 through November 2001, billings to the non-signatory insurers totalled approximately thirty-nine percent (39%) of the total amount of liability and defense costs incurred on Shook & Fletcher's behalf in connection with asbestos-related bodily injury claims. The total amount of coverage made available under the settlement agreements with the non-signatory insurers (including the lump sum payment) was approximately $45.5 million, with a number of the non-signatory insurers agreeing to pay defense expenses in addition to this amount. As of December 31, 2001, the total amount of coverage remaining under the settlement agreements (before deducting any professional fees and expenses related thereto) was approximately $28.7 million, plus some defense costs in addition to this amount. Two of the settlement agreements reserved the parties' respective rights with respect to coverage under three primary policies for non-products asbestos-related bodily injury claims.

(4) Safety National Casualty Corporation

Safety National issued three excess insurance policies to Shook & Fletcher for policy periods in 1983 and 1984. The policies provide total aggregate limits of $25 million. One of the insurance policies contains a clause providing for the arbitration of disputes before a three-member arbitral panel. In the course of the above-mentioned coverage case in Jefferson County, Alabama, Safety National initiated an arbitration proceeding under the policy.

In April 1999, the arbitral panel issued a decision in which it adopted what Shook & Fletcher believes is an unduly narrow view of Safety National's coverage obligations.[2] In addition to its coverage rulings, the arbitral panel ruled that the arbitration was binding on the parties. Following the arbitration, Shook & Fletcher and Safety National entered into a standstill

[2] Among other things, the arbitral panel ruled that (a) the Safety National policy at issue was triggered only by inhalation of asbestos during the Safety National policy period (i.e., 1983-84); (b) the Safety National policy was obligated to pay only a pro-rata share of the losses associated with triggering claims, equal to the share of the claimants' total period of inhalation of asbestos that occurred during the Safety National policy period (regardless whether Shook & Fletcher had other insurance available to pay the balance); and (c) all of Shook & Fletcher's triggered primary and excess coverage must be exhausted before Safety National would be obligated to pay anything under its policy.

agreement and dismissed each other without prejudice from the Jefferson County, Alabama coverage case. In July 1999, Shook & Fletcher filed a lawsuit in the U.S. District Court for the Eastern District of Missouri seeking to vacate the decision of the arbitral panel. *Shook & Fletcher Insulation Co. v. Safety National Casualty Corp.,* Cause No. 4:99MC133 (E.D. Mo.). That lawsuit remains pending.

(5) The Wellington Non-Products ADR Proceeding

As of approximately April 1999, Shook & Fletcher's primary Wellington Agreement signatory insurers, Reliance and Travelers, had paid liability costs approximately equal to the products aggregate limits of their primary policies. Although they continued to have substantial obligations to pay liability and defense costs incurred in connection with asbestos-related bodily injury claims due to the existence of non-products claims, Reliance and Travelers refused to make any further payments under their primary policies. First State and London, signatory insurers that had issued excess policies to Shook & Fletcher, refused to pay liability and defense costs on Shook & Fletcher's asbestos-related bodily injury claims pending a determination of the extent to which the claims constituted non-products claims. To date, London, Reliance and Travelers (as discussed below, Shook & Fletcher has reached a settlement with respect to First State's coverage obligations) have not acknowledged their obligations to provide additional coverage due to the existence of non-products claims and, with the exception of certain limited payments made on an interim basis and certain Reliance excess policy payments, have not made any further payments in connection with asbestos-related bodily injury claims involving Shook & Fletcher.

In December 1999, Shook & Fletcher initiated an ADR proceeding pursuant to the Wellington Agreement against First State, London, Reliance and Travelers seeking a determination of Shook & Fletcher's rights with respect to non-products coverage for asbestos-related bodily injury claims. Although, as noted above, ADR proceedings under the Wellington Agreement generally are final and binding, Shook & Fletcher believes that the Wellington Agreement provides for litigation of this dispute in part.

In October 2001, the Commonwealth Court of Pennsylvania entered an Order of Liquidation for Reliance Insurance Company that states, among other things, that Reliance is insolvent, that all legal proceedings against Reliance are stayed and that all actions, arbitrations and mediations shall be considered as claims in a liquidation proceeding. In December 2001, Shook & Fletcher, First State and Hartford reached a settlement (that is, the Hartford Agreement) concerning First State's remaining obligations with respect to asbestos-related bodily injury claims involving Shook & Fletcher, including both products and non-products claims, which settlement provided for the dismissal with prejudice of all claims between Shook & Fletcher and First State in the ADR proceeding. The ADR proceeding currently is in the arbitration phase as to the remaining parties, and the next step will be to select an arbitrator.

(6) Coverage Disputes Concerning Former CCR Members' Shares

Shook & Fletcher is currently involved in state court litigation and ADR proceedings against certain of its insurers regarding the insurers' failure to pay certain asbestos-related liabilities that Shook & Fletcher incurred as a member of the CCR. *Certain Underwriters at Lloyd's, London et al. v. Amchem Products, Inc. et al.,* CPR No. W-01-02 (Wellington ADR) (Jan. 16, 2001); Certain CCR Members v. Certain Signatory Insurers, CPR No. W-01-06 (Wellington ADR) (Jan. 16, 2001); *Certain CCR Members v. Certain Non-Signatory Insurers, CPR W-01-08* (Wellington ADR) (Jan. 29, 2001); *CertainTeed Corp. v. AIG Europe (UK) Ltd. et al.,* Complaint, CA. No.01C-02-007 (Superior Ct. Newcastle County, Delaware) (Feb. 1, 2001). The disputes arose when certain former members of the CCR defaulted on their obligation to pay their respective shares of settlement amounts owed to asbestos claimants.

Shook & Fletcher, as discussed above, utilized CCR to defend and resolve asbestos claims on its behalf. As part of that process, Shook & Fletcher and other former members of the CCR entered into settlement agreements with asbestos claimants. The responsibility for the payment of these settlements was allocated among CCR Members pursuant to predetermined formulae. In order to pay asbestos settlements to underlying claimants, CCR billed each of its members for its applicable share of each settlement.

Beginning in January 2000, certain members withdrew or were terminated from the CCR, and currently are insolvent or have filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code (the "**Defaulting Former Members**"). As a result, these Defaulting Former Members have not been paying any portion of the underlying settlement agreements, and therefore the former members of the CCR have paid or may be required to pay the shares of the settlement agreements that were initially allocated to the Defaulting Former Members. After Shook & Fletcher's insurers, as well as the insurers of certain other former CCR Members, refused to pay these amounts, the former CCR Members (including Shook & Fletcher) brought suit in Delaware state court against those insurers whose settlement agreements with their insureds did not include mandatory ADR provisions, and initiated ADR proceedings against those insurers who were subject to mandatory ADR, to obtain declaratory and other relief. The litigation and ADR proceedings are ongoing.

(7) Section XX Interest Dispute With Travelers

On March 20, 2000, Travelers initiated an ADR proceeding under the Wellington Agreement seeking interest that Travelers asserts it is owed by Shook & Fletcher on liability payments and defense costs that Travelers asserts it paid in lieu of non-signatory insurers. *Travelers Casualty & Surety Co. v. Shook & Fletcher Insulation Co.*, (Wellington ADR) (Mar. 20, 2000). Travelers sought in excess of $2 million in interest through May 1999 and asserted that interest continued to accrue in unspecified amounts thereafter. Shook & Fletcher believes that it has valid defenses to Travelers' claim for interest, and that any claim of Travelers is significantly exceeded by (and thus may be offset against) Travelers' insurance obligations to Shook & Fletcher. The parties have not selected a neutral (i.e., mediator) in the negotiation phase of the ADR proceeding.

ARTICLE 3

THE PRE-PETITION PROCESS AND PAYMENT OF ASBESTOS CLAIMS

3.1 Shook & Fletcher's Reasons for Negotiating this Pre-Packaged Plan

As both the volume of Asbestos Claims and the associated costs of defense and settlements increased, and as its principal insurers refused to make further payments, Shook & Fletcher became concerned about its ability to continue in business and to pay fair compensation to claimants injured by its historical operations. In June, 2001, Shook & Fletcher consulted with its counsel regarding ways to compensate fairly legitimate asbestos claimants while preserving the company's business, including utilization of the special provisions of the Bankruptcy Code, including Section 524(g), to accomplish this purpose.

Shook & Fletcher had several options. First, it could have filed a petition for relief under Chapter 11 of the Bankruptcy Code at that time, and attempted to resolve all issues during the pendency of its bankruptcy proceedings. Shook & Fletcher believes that this approach would have resulted in a long, protracted and expensive process, without assurance of any favorable outcome. Second, Shook & Fletcher could have remained out of bankruptcy and continued to defend against asbestos liability claims in the tort system, while litigating (or arbitrating) its complex coverage disputes with its key insurers. Shook & Fletcher believes that this second approach would have resulted in the expenditure of substantial funds in litigation costs, again with no assurance of a favorable outcome.

As a third option, Shook & Fletcher perceived an opportunity to implement a consensual resolution with Asbestos Claimants and other parties (such as CCR) and one of its key insurers without further litigation, while preserving its rights against its other insurers and thus preserving value for future claimants and holders of Demands. Moreover, Shook & Fletcher realized that Section 524(g) of the Bankruptcy Code, which is designed for companies with large numbers of asbestos-related claims, provides mechanisms for efficiently handling asbestos claims through a trust and increases the likelihood that the value of an operating business can be preserved.

Shook & Fletcher chose the third option as the most efficient means of providing prompt and fair compensation to Asbestos Claimants while preserving the value of its business. In an effort further to reduce the cost and disruption of a bankruptcy filing, and to optimize the potential for preserving value, Shook & Fletcher simultaneously negotiated the Claimants Agreement, the SBNP Settlement Agreement, the CCR Settlement Agreement, the Hartford Agreement, the Pre-Petition Trust Agreement and the Security Agreement, as described in Section 3.2 below. Shook & Fletcher also structured the Plan as a pre-packaged plan, in which acceptances are being solicited prior to filing the Chapter 11 Case, thus reducing the duration and expense of the contemplated bankruptcy proceedings and reducing the risk that the contemplated bankruptcy proceedings would have an adverse impact upon Shook & Fletcher's business.

3.2 The Initial Negotiation Process

(a) General Background

In June 2001, Shook & Fletcher, Claimants' Counsel, Hartford, CCR, Mr. Killion and Dr. Killion commenced negotiations. The negotiations unfolded over more than six months during which the parties engaged in numerous, and often heated, discussions. The negotiations focused first on the desirability of a possible plan of reorganization and the settlements required to position Shook & Fletcher for filing such a plan, and then on the terms of such a plan.

Claimants' Counsel, CCR, Hartford and Shook & Fletcher each evaluated the Asbestos Claims presently asserted against Shook & Fletcher. The parties examined historical data for not only Shook & Fletcher but also for the industry in general and other similarly situated defendants. In addition, MFR Consulting Services, Inc. provided data on the current state of litigation for like cases. The parties then negotiated heavily to determine an appropriate dollar figure for the settlement amounts. Shook & Fletcher

understands that Claimants' Counsel discussed matters relevant to the settlements with various counsel representing large groups of present Asbestos Claimants. As a result of these negotiations, Shook & Fletcher entered into:

(i) the Hartford Agreement with Hartford regarding the resolution of claims of coverage Hartford was required to provide in respect of Asbestos Claims under the Hartford Policies (*see* Section 3.2(b) -- "Negotiations with Asbestos Insurance Companies; The Hartford Agreement" for a description of the Hartford Agreement);

(ii) the CCR Settlement Agreement with CCR regarding the settlement of its Asbestos Claims (and certain Asbestos Claims of the CCR Payees) against Shook & Fletcher (*see* Section 3.2(c) -- "The CCR Settlement Agreement," below for a description of the CCR Settlement Agreement);

(iii) the Claimants Agreement with Claimants' Counsel pursuant to which Shook & Fletcher offered to settle certain existing Asbestos Claims and provided Collateral for a substantial portion of such claims (*see* Section 3.2(d) -- "Claimants Agreement," below for a description of the Claimants Agreement);

(iv) the SBNP Settlement Agreement with the holders of SBNP Asbestos Secured Claims, pursuant to which Shook & Fletcher offered to settle its share of the Asbestos Claims of certain previously settled but not paid Asbestos Claimants and provided Collateral for certain payments to such claimants (*see* Section 3.2(e) -- "SBNP Settlement Agreement," below for a description of the SBNP Settlement Agreement);

(v) the Pre-Petition Trust Agreement with the Pre-Petition Trustee which provides, among other things and subject to certain conditions precedent, for the receipt of certain payments from Hartford payable under the Hartford Agreement and payment thereof to certain Asbestos Claimants (*see* Section 3.2(f) -- the "The Pre-Petition Trust Agreement," below, for a description of the Pre-Petition Trust Agreement); and

(vi) the Security Agreement with the Pre-Petition Trustee pursuant to which Shook & Fletcher granted a security interest in the Asbestos Insurance Collateral to the Pre-Petition Trustee for the benefit of the holders of Asbestos-Related Secured Claims (*see* Section 3.2(g) -- "Security Agreement," below, for a description of the Security Agreement).

The agreements referred to in clauses (i) through (iv) are referred to herein collectively as the **"Settlement Agreements"**. Copies of any Settlement Agreement not provided herewith and copies of the Security Agreement may be obtained by contacting Swidler Berlin Shereff Friedman, LLP in writing (including by email) at 3000 K Street, NW, Suite 300, Washington DC 20007, Attn: Mary Wallace, Esq. and Mara Glaser, Esq.; MAWallace@swidlaw.com; MAGlaser@swidlaw.com.

The settlement amounts established under the Settlement Agreements represent heavily negotiated figures that take into account factors, including, the cost of inflation, the increases in settlement costs and jury awards and the costs of litigating unsubstantiated claims.

(b) Negotiations with Asbestos Insurance Companies; The Hartford Agreement

In 2001, Shook & Fletcher held settlement negotiations with several insurers. Settlement discussions with Hartford led to agreements incorporated into the Interim Defense Funding Agreement and the Hartford Agreement. Other negotiations with Travelers relating to a comprehensive settlement broke down and no settlement agreement was reached.

On September 28, 2001, Shook & Fletcher and Hartford entered into the Interim Defense Funding Agreement. The Interim Defense Funding Agreement provides that Hartford make certain payments for defense and claims-handling costs relating to Asbestos Claims. In addition, under the terms of the Interim Defense Funding Agreement, Hartford agreed to pay CCR $1 million on Shook & Fletcher's behalf for unpaid amounts that CCR had previously billed Shook & Fletcher and the Asbestos Insurance Companies with respect to Asbestos Claims. Any payments made pursuant to the Interim Defense Funding Agreement will reduce the amounts due from Hartford under the Hartford Agreement. Hartford shall pay no more than $500,000 under the Interim Defense Funding Agreement after it has paid the first payment due under the Hartford Agreement. On the Effective Date, Shook & Fletcher will assign the Interim Defense Funding Agreement to the Pre-Petition Trust and the Pre-Petition Trust will assume Shook & Fletcher's obligations, if any, under such agreement. After payment in full of all Allowed Asbestos-Related Secured Claims (other than the CCR Secured Claim) by or on behalf of the Pre-Petition Trust, Provision For CCR and payment of or provision for all then accrued and unpaid Trust Expenses of the Pre-Petition Trust, the Pre-Petition Trust shall transfer all of its rights under the Interim Defense Funding Agreement to the Trust, and the Trust will assume the Pre-Petition Trust's obligations thereunder, if any.

Under the Hartford Agreement, Shook & Fletcher settled its claims against Hartford under Shook & Fletcher's umbrella liability and wrap-up insurance policies issued by Hartford and the arbitration proceeding relating thereto for the total nominal amount of $105,750,000 (the **"Hartford Settlement Amount"**), payable in installments over six years. The first payment of the Hartford Settlement Amount shall be for a total of $25,000,000 (less any and all amounts advanced made by Hartford prior thereto

under the Interim Defense Funding Agreement) (the **"First Hartford Payment"**) and shall be distributed to Claimants' Counsel for distribution (net of the fees due to Claimants' Counsel and the Shook Professionals) provided that, among other things, the Initial Claims Reviewer has certified that at least 21,000 Persons qualify under the Claimant Agreement by providing, among other things, releases and qualifying medical and exposure documentation. In connection with the Hartford Agreement, the Pre-Petition Trust was established to receive payments from Hartford and distribute such payments to Asbestos Claimants in accordance with the Settlement Agreements and the Pre-Petition Trust Agreement. *See* 3.2(f) -- "The Pre-Petition Trust Agreement" below for a description of the Pre-Petition Trust and the Pre-Petition Trust Agreement.

Payment of the remaining $80,750,000 of the Hartford Settlement Amount is expressly conditioned on (a) Shook & Fletcher filing the Chapter 11 Case; (b) the qualification of the Pre-Petition Trust or the Trust (as successor to the Pre-Petition Trust) as a qualified settlement fund for purposes of Section 468B of the IRC; and (c) the Bankruptcy Court's (i) confirmation of the Plan, which shall include a Settling Asbestos Insurance Company Injunction in Hartford's favor, or (ii) approval of Shook & Fletcher's assumption of the Hartford Agreement. The remaining payments of the Hartford Settlement Amount, if made, will be paid to the Pre-Petition Trust or the Trust (as successor to the Pre-Petition Trust) as follows:

November 1, 2002	$35,000,000
November 1, 2003	$15,000,000
November 1, 2007	$30,750,000

To the extent that any of the express conditions are not met as of the due date of a payment, Hartford shall, as soon as the conditions for payment are satisfied, make such payment, along with interest at the Prime Rate from the due date of such payment until the date such payment is actually paid.

If, as of October 1, 2004, Shook & Fletcher or the Pre-Petition Trust has not received sufficient insurance proceeds from Asbestos Insurance Companies (other than Hartford) to satisfy all obligations in respect of the Present Asbestos Secured Claims pursuant to the Claimants Agreement and SBNP Asbestos Secured Claims pursuant to the SBNP Settlement Agreement, then Shook & Fletcher at the request of Claimants' Counsel shall accelerate the November 1, 2007 payment as and to the extent provided in the Hartford Agreement.

Neither Shook & Fletcher nor the Pre-Petition Trust may distribute any of Hartford's payments in respect of the Hartford Settlement Amount after the First Hartford Payment to the Claimants until the earlier of (a) the Confirmation Date, provided the Plan as confirmed contains a Settling Asbestos Insurance Company Injunction in Hartford's favor; or (b) November 15, 2004. If the Plan is not confirmed by November 1, 2004, the Pre-Petition Trust shall pay Hartford all interest and other income earned by the Pre-Petition Trust on payments made by Hartford to the Pre-Petition Trust.

Under the Hartford Agreement, Shook & Fletcher has agreed to defend and indemnify Hartford for any liabilities incurred in connection with claims made against Hartford under the Hartford Policies, the Hartford Agreement or arising out of the conduct or activities of the parties insured under the Hartford Policies. As noted above, the Pre-Petition Trust will assume the Hartford Agreement on the Effective Date, and thereby will assume all of Shook & Fletcher's indemnification and other obligations to Hartford. After payment in full of all Allowed Asbestos-Related Secured Claims (other than the CCR Secured Claim), Provision For CCR and payment of or provision for all then accrued and unpaid Trust Expenses of the Pre-Petition Trust, the Pre-Petition Trust shall transfer all of its rights under the Hartford Agreement to the Trust, and the Trust will assume the Pre-Petition Trust's obligations thereunder, if any.

In addition, in connection with the Hartford Agreement, Shook & Fletcher Supply and Shook & Fletcher entered into a mutual release with Hartford. Shook & Fletcher and Shook & Fletcher Supply each released Hartford from (i) all duties and obligations under the Wellington Agreement, (ii) all matters relating to Asbestos Claims, (iii) all matters relating to breach of contract, bad faith, extra-contractual damages, violation of good faith and fair dealing or comparable statutory claims relating to the Hartford Policies, and (iv) all matters relating to insurance coverage for Claims under the Hartford Policies (in each case except to the extent arising under the Hartford Agreement). In exchange, Hartford released Shook & Fletcher and Shook & Fletcher Supply from any claims of Hartford in connection with or arising out of the Hartford Policies.

(c) <u>The CCR Settlement Agreement</u>

Under the terms of the CCR Settlement Agreement, Shook & Fletcher agreed to pay to CCR, or in certain circumstances, to certain current or former members of CCR, a total of up to $37,681,171 of insurance proceeds. This settlement amount consists of (i) reimbursement of $2,216,597 to be paid to reimburse CCR for expenses incurred by CCR on behalf of Shook & Fletcher relating to the defense and disposition of asbestos claims, less any amounts received by CCR with respect to such prior

payments pursuant to the Interim Defense Funding Agreement, (ii) reimbursement of $9,534,430 to be paid to reimburse CCR for sums previously paid by CCR on behalf of Shook & Fletcher in settlement of, or satisfaction of a judgment with respect to, claims of asbestos plaintiffs, and (iii) a maximum of $25,934,782 to be paid to CCR or certain of its current or former members (collectively referred to as the "**CCR Payees**") as amounts due for Shook & Fletcher's share of Asbestos Claims settled by or through the CCR but which Shook & Fletcher has not yet paid (referred to as "**settled but not paid claims**", or "**SBNP claims**"). The maximum amount referred to in clause (iii) will be reduced to the extent that Shook & Fletcher enters into a settlement with a holder of a SBSP claim and such holder executes a release for both Shook & Fletcher and the CCR Payees. Since the maximum amount referred to in clause (iii) is an estimate, Shook & Fletcher and CCR have agreed to confer from time to time to refine the precise amount due under this provision. The amount due to CCR and CCR Payees pursuant to the CCR Settlement Agreement is secured by the security interest in the Asbestos Insurance Collateral. *See* Section 3.2(g) -- "Security Agreement" for a general description of the Asbestos Insurance Collateral.

The holders of SBNP claims may receive payment of Shook & Fletcher's share of their settlement amounts either through payment by Shook & Fletcher or payment by a CCR Payee. First, if such claimants have joined in the SBNP Settlement Agreement and opt to be paid Shook & Fletcher's share of the prior settlement of his or her Asbestos Claim, then Shook & Fletcher's share of such settlement amounts is fully secured, and such claims will be treated as SBNP Asbestos Secured Claims under Class 5 of the Plan. Such claims will be paid by the Pre-Petition Trust under the Plan. In the alternative, a holder of a SBNP claim may opt to have the amount of such claim determined in accordance with the Compensable Disease Matrix as provided in the SBNP Settlement Agreement and have 75% of such amount secured by the Asbestos Insurance Collateral. The secured portion of such Asbestos Claims will be treated as SBNP Asbestos Secured Claims under Class 5 of the Plan and the unsecured portion will be treated as SBNP Asbestos Unsecured Claims under Class 10 of the Plan. The secured portion of such Asbestos Claims will be paid by the Pre-Petition Trust under the Plan in the manner provided in the Pre-Petition Trust Agreement and the unsecured portion of such Asbestos Claims will be payable by the Trust as and to the extent provided in the SBNP Settlement Agreement and the Trust Documents. Shook & Fletcher's obligation to CCR will be reduced by the aggregate amount of all SBNP Asbestos Claims under the Plan. Second, it is possible that one or more CCR Payees may enter into one or more settlements with one or more holders of SBNP claims. If a CCR Payee pays an SBNP claim and presents a release of Shook & Fletcher obtained from such SBNP claimant, then Shook & Fletcher shall have no further obligation to such SBNP claimant, but Shook & Fletcher will be obligated to pay its share of such claimants' settlement amount to the applicable CCR Payee. Third, if a holder of an SBNP claim neither joins in the SBNP Settlement Agreement nor settles with and receives payment from a CCR Payee, then such holder will hold its SBNP claim under its original settlement agreement, and will be treated as an Other SBNP Claim, which is included with the Asbestos-Related Unsecured Claims under Class 10 in the amount of Shook & Fletcher's share of such claimant's original settlement amount and will be payable by the Trust as and to the extent provided in the Trust Documents.

Section 3.8 -- "Payment of Asbestos Claims" describes the timing of distributions payable under the CCR Settlement Agreement.

The CCR Settlement Agreement provides that CCR and Shook & Fletcher will execute dismissals with prejudice of all claims against each other in the collection ADR proceeding. Furthermore, CCR, for itself and, to the maximum extent it is authorized to do so, on behalf of its members, fully released Shook & Fletcher and its Affiliates of all Asbestos Claims, as set forth in the CCR Settlement Agreement. Shook & Fletcher, in turn, released CCR and its members as set forth in the CCR Settlement Agreement.

(d) Claimants Agreement

Under the terms of the Claimants Agreement, the amounts due to Present Asbestos Claimants were fixed by the compensable disease matrix attached to the Claimants Agreement. The total number of Present Asbestos Secured Claimants shall not exceed 60,000 unless Claimants' Counsel or the Asbestos Claimants Committee (under the Plan) determines that such increased number does not materially alter the compensation payable to individual Present Asbestos Secured Claimants. Each Present Asbestos Secured Claimant must provide evidence of his or her bodily injury, sickness or disease and a verification that such Present Asbestos Secured Claimant was exposed to asbestos or an asbestos-containing product for which Shook & Fletcher may have liability. In addition, each Present Asbestos Secured Claimant must submit a release in a form acceptable to Shook & Fletcher. The Initial Claims Reviewer will review such documentation submitted by the potential Present Asbestos Secured Claimants in order to ensure its completeness and adequacy. If the documentation is incomplete or inadequate, the Initial Claims Reviewer will inform Claimants Counsel and such potential Present Asbestos Secured Claimant shall have the opportunity to remedy the deficiency within the timeframe provided in the Claimants Agreement. If the documentation is complete and adequate, the Initial Claims Reviewer will approve the Claim and forward such Claim for payment in accordance with the Claimant's Agreement.

The payment of the settlement amounts to the Present Asbestos Secured Claimants is partially secured by a security interest granted to the Pre-Petition Trustee in the Asbestos Insurance Collateral. *See* Section 3.2(g) -- "Security Agreement" for a general description of the Asbestos Insurance Collateral. The security interest will secure an aggregate amount equal to the lesser of

(i) $63.6 million or (ii) seventy-five percent of the aggregate of all of the amounts for which Present Asbestos Claims are settled under the Claimants Agreement.

Each Present Asbestos Secured Claimant shall be paid his or her pro rata settlement amount in payments over time by the Pre-Petition Trust or Hartford directly. The First Hartford Payment shall be paid as soon as practicable, however not before the Initial Claims Reviewer has notified the Pre-Petition Trust or Hartford, as applicable, that at least 21,000 Present Asbestos Secured Claimants have submitted complete and adequate documentation. The additional payments of the settlement amounts shall be made in accordance with the Pre-Petition Trust Agreement. However, if all of the secured portion of the aggregate settlement amounts have not been paid to the Present Asbestos Secured Claimants by October 1, 2004, then Shook & Fletcher shall, at the request of Claimants' Counsel, exercise its option to accelerate the $30,750,000 final payment under the Hartford Agreement.

Section 3.8 -- "Payment of Asbestos Claims" describes the timing of distributions to Present Asbestos Secured Claimants.

(e) SBNP Settlement Agreement

The SBNP Settlement Agreement addresses the Claims of SBNP Asbestos Secured Claimants with whom CCR entered into various settlement agreements on behalf of Shook & Fletcher and other CCR members to settle such SBNP Asbestos Secured Claimants' claims. Under the SBNP Settlement Agreement, holders of SBNP claims may opt to have their claims treated in one of two ways. First, the holder of the SBNP claim may opt to be paid Shook & Fletcher's share of the prior settlement of his or her Asbestos Claim, and Shook & Fletcher's share of such settlement amounts shall be fully secured by the Asbestos Insurance Collateral, and such Asbestos Claims will be treated as SBNP Asbestos Secured Claims under Class 5 of the Plan. Such Asbestos Claims will be paid by the Pre-Petition Trust under the Plan, as long as such SBNP Secured Claimant satisfies the requirements set forth in the SBNP Settlement Agreement. In the alternative, a holder of an SBSP claim may opt to have the amount of such Asbestos Claim determined in accordance with the Compensable Disease Matrix as provided in the SBNP Settlement Agreement and have 75% of such amount secured by the Asbestos Insurance Collateral. For a description of the security interest granted the Pre-Petition Trustee in the Asbestos Insurance Collateral and a general description of the Asbestos Insurance Collateral, *see* Section 3.2(g) -- "Security Agreement". The secured portion of such Asbestos Claims will be treated as SBNP Asbestos Secured Claims under Class 5 of the Plan and the unsecured portion will be treated as SBNP Asbestos Unsecured Claims under Class 10 of the Plan. The secured portion of such Asbestos Claims will be paid by the Pre-Petition Trust under the Plan in the manner provided in the Pre-Petition Trust Agreement and the unsecured portion of such Asbestos Claims will be payable by the Trust as and to the extent provided in the SBNP Settlement Agreement and the Trust Documents, provided such SBNP Asbestos Claimant satisfies the requirements set forth in the SBNP Settlement Agreement. Each SBNP Asbestos Claimant released (i) Shook & Fletcher from all claims relating to their settlement agreements other than the Pre-Petition Trust's obligation to pay the SBNP Asbestos Secured Claimant in respect of the SBNP Asbestos Secured Claims and the Trust's obligation to pay the SBNP Asbestos Unsecured Claims; and (ii) the CCR Payees from all claims relating to Shook & Fletcher's allocated share obligation.

The Asbestos Claims of those individuals who have asserted prior to the SBNP Deadline, but have not been paid in respect of, their Asbestos Claims and who do not enter into the SBNP Settlement Agreement with Shook & Fletcher will be addressed in Class 10 as an unsecured claimant. *See* Section 6.4(j) -- "Class 10 - Asbestos-Related Unsecured Claims" for a description of Class 10. In addition, holders of SBNP claims must enter into the SBNP Settlement Agreement with Shook & Fletcher before the Petition Date, or such holders Asbestos Claims will be addressed in Class 10.

Section 3.8 -- "Payment of Asbestos Claims" describes the timing of distributions to SBNP Asbestos Secured Claimants.

(f) The Pre-Petition Trust Agreement

Shook & Fletcher established the Pre-Petition Trust to hold the security interest in the Asbestos Insurance Collateral and to act as a vehicle to transfer the proceeds thereof to Asbestos-Related Secured Claimants with respect to their Asbestos-Related Secured Claims. Under the terms of the Pre-Petition Trust Agreement, the Pre-Petition Trust shall be the direct recipient of the proceeds of the Asbestos Insurance Collateral only upon its qualification as a "qualified settlement fund" under Section 468B of the IRC. Upon receipt of any such proceeds, the Pre-Petition Trust shall distribute the monies in accordance with the procedures set forth in the Pre-Petition Trust Agreement. Hartford is not required to make payments due under the Hartford Agreement to the Pre-Petition Trust until the Pre-Petition Trust is qualified as a qualified settlement fund, and prior to such time Hartford will make payments to Claimants' Counsel or directly to Claimants, as applicable. Once the Pre-Petition Trust is so qualified, the remainder of the payments shall be made to the Pre-Petition Trust for disbursement in accordance with the Settlement Agreements. The Pre-Petition Trust shall transfer all of its assets and liabilities to the Trust following the payment in full of all Asbestos-Related Secured Claims (other than the CCR Secured Claim), Provision For CCR and payment of or provision for all accrued and unpaid Trust Expenses of the Pre-Petition Trust.

Section 3.8 -- "Payment of Asbestos Claims" describes the timing of distributions from the Pre-Petition Trust.

The initial Pre-Petition Trustee shall be Hasbrouck Haynes, Jr., who shall serve until his resignation, removal or the termination of the Pre-Petition Trust. The Pre-Petition Trustee shall at all times act as a fiduciary of the Pre-Petition Trust and shall act in accordance with the Pre-Petition Trust Agreement. The Pre-Petition Trustee shall earn $195.00 per hour for his time devoted to business of the Pre-Petition Trust. The hourly rate may be adjusted over time as appropriate with the consent of Claimants' Counsel. In addition, the Pre-Petition Trustee will be reimbursed for any reasonable out of pocket costs and expenses out of the assets of the Pre-Petition Trust.

(g) Security Agreement

Shook & Fletcher granted to the Pre-Petition Trustee a security interest in the Asbestos Insurance Collateral, which consists generally of (i) all of Shook & Fletcher's claims, causes of action and rights to receive payment from its insurers for its benefit to satisfy claims against it, net of certain fees and expenses, (ii) all of Shook & Fletcher's claims, causes of action and rights to receive payment from Hartford, or have Hartford pay money on Shook & Fletcher's behalf to satisfy claims against it, pursuant to the Hartford Agreement or certain of Hartford's policies, net of certain fees and expenses; and (iii) the proceeds of any of the above, net of certain fees and expenses. The Asbestos Insurance Collateral secures all of the Asbestos-Related Secured Claims.

3.3 Formation of the Asbestos Claimants Committee

Counsel for certain claimants have formed an unofficial Asbestos Claimants Committee. The Asbestos Claimants Committee consists of various counsel who represent a majority of Shook & Fletcher's known asbestos bodily injury claimants. The Asbestos Claimants Committee participated with Shook & Fletcher in the negotiation of the Plan and in developing a process (including the CRP) to permit the holders of Asbestos-Related Unsecured Claims to resolve their Asbestos Claims pursuant to Section 524(g) of the Bankruptcy Code without the cost of protracted litigation. The Asbestos Claimants Committee consists of the following members:

Bryan Blevins, Esq.
Provost & Umphrey
490 Park Street
P.O. Box 4905
Beaumont, TX 77704

Jim Ferraro, Esq.
Kelly & Ferraro, LLP
1300 East Ninth Street, Suite 1901
Cleveland, OH 44114

David McCormick, Esq.
Cumbest, Cumbest, Hunter & McCormick
P.O. Drawer 1287
729 Watts Avenue
Pascagoula, MS 39567

Joe Rice, Esq.
Ness, Motley, Loadholt, Richardson & Poole, PA
28 Bridgeside Boulevard
Mount Pleasant, SC 29464

Jeffrey Varas, Esq.
Varas & Morgan
119 Caldwell Drive
P.O. Box 886
Hazlehurst, MS 39083

3.4 Selection of the Futures Representative

Shook & Fletcher contacted numerous candidates to serve as the Futures Representative to represent the interests of Asbestos Claimants who are presently unknown. After reviewing the qualifications and potential conflicts of suggested candidates, and following careful deliberation, and with the consent of Claimants' Counsel, Shook & Fletcher asked R. Scott Williams, Esq. to serve as Futures Representative.

Mr. Williams is a member of the Litigation Practice Group of Haskell Slaughter Young & Rediker, L.L.C. Mr. Williams holds degrees from the University of Illinois at Urbana-Champaign (B.A., 1985) and the University of Alabama School of Law (J.D. 1988). Prior to joining Haskell Slaughter Young & Rediker, L.L.C., Mr. Williams served United States Senator Howell Heflin as counsel to the United States Senate Judiciary Committee, and as judicial clerk to the Honorable Sharon Lovelace Blackburn of the

United States District Court for the Northern District of Alabama. Mr. Williams was admitted to the Alabama Bar in 1988 and his practice specializes in bankruptcy and commercial litigation. Mr. Williams is a frequent lecturer and author on bankruptcy and commercial litigation related topics and he currently serves as a contributing editor to *Collier on Bankruptcy* (15th Ed. Revised). Mr. Williams is the immediate past president of the Birmingham Bar Bankruptcy and Commercial Law Section and is a former member of the Birmingham Bar Executive Committee. In addition, Mr. Williams is an active member of the American Bankruptcy Institute and has served in a variety of leadership roles for that organization.

Mr. Williams has never represented a current plaintiff, defendant, or insurer in the asbestos litigation against Shook & Fletcher, and has never had a relationship with, or connection to, Shook & Fletcher or any of its Affiliates.

3.5 Retention of Professionals

Shook & Fletcher has retained Swidler Berlin Shereff Friedman, LLP, as its bankruptcy counsel to advise on bankruptcy matters and to assist in developing a pre-packaged plan, and Lange, Simpson, Robinson & Somerville, LLP, as its Alabama bankruptcy counsel. Shook & Fletcher also retained Gilbert Heintz & Randolph LLP as its insurance coverage counsel, to advise it in connection with the resolution of pending Asbestos Claims, and to assist it in the formulation of a pre-packaged reorganization. Shook & Fletcher retained MFR Consulting Services, Inc., as a consultant to assist in the resolution of Asbestos Claims. In connection with the negotiation of the Plan and related matters, Mr. Killion and Dr. Killion, the sole stockholders of Shook & Fletcher were represented by the law firm of Bradley Arant Rose & White, L.L.P. In addition, Bradley Arant Rose & White, L.L.P. have served as litigation counsel to Shook & Fletcher to coordinate defense for Asbestos Claims. The Futures Representative engaged the law firm of Shaw Gussis Domanskis Fishman & Glantz, L.L.P. as his legal counsel.

Claimants' Counsel engaged L. Tersigni Consulting, P.C. (**"LTC"**) to conduct the due diligence investigation described in Section 3.6 -- "Due Diligence Review" below. Shook & Fletcher will pay the fees of LTC up to a maximum of $100,000 in connection with such due diligence investigation.

3.6 Due Diligence Review

LTC conducted a due diligence review of (a) the business affairs of Shook & Fletcher, (b) the equity value of Shook & Fletcher, and (c) the feasibility of a plan of reorganization. LTC's due diligence review has consisted of a thorough investigation of the past and present business activities of Shook & Fletcher and the relationship between Shook & Fletcher and its Affiliates, including the transactions described in Section 4.8 -- "Certain Transactions." Shook & Fletcher cooperated with LTC in its investigation and produced numerous documents in response to the requests of LTC.

3.7 Plan Negotiations

In December 2001, Shook & Fletcher, Claimants Counsel, the Futures Representative, Hartford, CCR, Mr. Killion and Dr. Killion began serious negotiations regarding the terms of a prepackaged plan of reorganization and its accompanying trust and asbestos claims resolution procedure. Initially, Shook & Fletcher, through its counsel, prepared a proposed draft plan of reorganization, trust agreement and asbestos claims resolution procedures reflecting the tentative agreements reached among the parties. Counsel to Shook & Fletcher, the Asbestos Claimants Committee, the Futures Representative, Shook & Fletcher, Mr. Killion and Dr. Killion reviewed the draft documents and engaged in extensive negotiations regarding many of the operative provisions of those documents. The goal of all parties to these negotiations, in addition to achieving the maximum benefit for their respective interests or clients, was to insure that the resulting Plan Documents would fairly distribute the assets of Shook & Fletcher among Asbestos Claimants and future claimants and satisfy the requirements of the Bankruptcy Code in general and Section 524(g) of the Bankruptcy Code in particular.

Pursuant to the original term sheet for the prepackaged Chapter 11 Case, Shook & Fletcher was to issue to the Trust shares of its redeemable preferred stock having an original redemption value that would be negotiated and would represent the sum of the equity value of Shook & Fletcher and the estimated recovery (taking into account all applicable defenses) in respect of potential voidable transfer claims held by Shook & Fletcher against affiliated parties. Dividends were to accrue and be paid quarterly on such preferred stock, initially at the Prime Rate in effect on the Confirmation Date plus 1.5% and increasing six years after the Effective Date to the Prime Rate in effect on the Confirmation Date plus 3.0%. The term sheet also provided that the redemption value of the preferred stock would be subject to reduction upon the receipt of proceeds in excess of $150,000,000 from settlements with Settling Asbestos Insurance Companies other than Hartford. Thus, under the term sheet, the redemption value could be reduced by up to forty-nine percent of the original value of the preferred stock, meaning that Shook & Fletcher could reduce the amount that it owed to the Trust by nearly half.

After extensive discussions, the parties agreed to structure the payment obligations of Shook & Fletcher differently, utilizing a promissory note and an up-front cash payment in lieu of redeemable preferred stock. Because interest payments on debt instruments are tax deductible while dividends paid on preferred stock are not, Shook & Fletcher could afford a larger payment to the Trust than it

would have been able to pay under the preferred stock structure, while still providing to the Trust substantially similar economic terms (e.g., interest rate, term and security) as the preferred stock was proposed to have. As part of the negotiations with Claimants' Counsel and the Futures Representative over these issues, Shook & Fletcher agreed to waive all of its rights to a reduction in the amount owed to the Trust if proceeds from settlements with certain Settling Asbestos Insurance Companies exceeded $150,000,000. Although the parties agreed to allow Reorganized Shook & Fletcher to issue the Promissory Note to the Trust provided that Shook & Fletcher Supply became a co-maker on the Promissory Note, negotiations among Shook & Fletcher, the Claimants' Counsel, the Futures Representative and his advisors over the original principal amount of the Promissory Note and the amount of the cash payment to be made were heated. The parties agreed that the original principal amount of the Promissory Note and the amount of the cash payment to be made would be determined in the same manner that the redemption value of the preferred stock was to be determined under the term sheet. Thus, the parties agreed that Reorganized Shook & Fletcher would pay $3,300,000 to the Trust, and that such payment would consist of $300,000 in Cash and the Promissory Note having an original principal amount of $3,000,000. In light of the structural change discussed above, Shook & Fletcher believes it is feasible to pay this amount over time consistent with the terms agreed among the parties and set forth in the Plan.

In addition, the original term sheet contemplated that all holders of SBNP claims would be fully secured for the amount set forth in their settlement agreements. Subsequent to the execution of the term sheet, Shook & Fletcher agreed to permit holders of SBNP claims to choose the manner in which their claim would be treated under the SBNP Settlement Agreement. Thus, a holder of an SBNP claim may elect either (i) to be paid Shook & Fletcher's share of the prior settlement of his or her Asbestos Claim and to have such amount fully secured or (ii) to have the amount of such Asbestos Claims determined according to the Compensable Disease Matrix as provided in the SBNP Settlement Agreement and to have 75% of such amount secured by the Asbestos Insurance Collateral.

3.8 Payment of Asbestos Claims

As a result of the negotiation and execution of the Settlement Agreements and the implementation of the Plan, Asbestos Claims shall be paid as summarized below. This summary is qualified in its entirety by reference to the Plan, the Settlement Agreements, the Pre-Petition Trust Agreement, the Trust Agreement and the CRP.

(a) Payment of Asbestos-Related Secured Claims to be Made by the Pre-Petition Trust

(1) Qualified Claims

The Persons described below are holders of Asbestos-Related Secured Claims and shall be qualified claimants ("**Qualified Claimants**") entitled to receive payment from the Pre-Petition Trust to the extent they have not received direct payments from Hartford pursuant to the Hartford Agreement:

(A) Each Present Asbestos Secured Claimant who constitutes a "**Participating Claimant**" under the Claimants Agreement on the date that the claims reviewer selected pursuant to the Claimants Agreement (the "**Claims Reviewer**") notifies the Pre-Petition Trust that such individual has satisfied the requirements to qualify as a Participating Claimant, and in the amount of the secured portion of the Participating Claimant's settlement amount under the Claimants Agreement. Each Participating Claimant under the Claimants Agreement shall have an Allowed Secured Claim (the "**Participating Claimant's Secured Claim**") equal to the lesser of (a) the Participating Claimant's settlement amount under the Claimants Agreement multiplied by a fraction, the numerator of which is $63.6 million and the denominator of which is the aggregate amount of all Participating Claimants' settlement amounts under the Claimants Agreement or (b) seventy-five percent (75%) of the Participating Claimant's Settlement Amount. Each Participating Claimant's Secured Claim is reduced by the amount of all payments received from the Pre-Petition Trust or received directly or indirectly from Hartford pursuant to the Hartford Agreement and may be reduced as the aggregate amount of all Participating Claimants' settlement amounts under the Claimants Agreement increases.

(B) Each SBNP Asbestos Claimant who has adopted the SBNP Settlement Agreement in accordance with its terms, shall be an SBNP Asbestos Secured Claim holder of an Allowed Secured Claim in the amount equal to either (i) the SBNP Asbestos Claimants' prior settlement of his or her Asbestos Claim, which shall be the amount reflected in Exhibit 1 to the Adoption Form by which such SBNP Asbestos Claimant adopted the SBNP Settlement Agreement, or (ii) seventy-five percent (75%) of the amount of such SBNP Asbestos Claimant's claim as determined in accordance with the SBNP Settlement Agreement, depending on the option chosen by such SBNP Asbestos Claimant. If such SBNP Asbestos Claimant opted to have the amount of his or her Asbestos Claim determined in accordance with the SBNP Settlement Amount, such SBNP Asbestos Claimant is also the holder of an unsecured Allowed Claim equal to 25% of such SBNP Asbestos Claimant's Asbestos Claim. Each SBNP Asbestos Secured Claim is fully secured and each SBNP Asbestos Unsecured Claim is unsecured. Each SBNP Asbestos Secured Claim is reduced by the amount of all payments received directly or indirectly from Hartford pursuant to the Hartford Agreement, or from the Pre-Petition Trust.

(C) CCR Payees as defined in the CCR Settlement Agreement, with their claim being the settlement amount specified in, adjusted in accordance with, and subject to all of the terms of the CCR Settlement Agreement.

(D) Claimants' Counsel who shall be entitled to a fee of $3,000,000.00 for his role in negotiating and implementing the Settlement Agreements.

(E) The Shook Professionals which collectively shall be entitled to a fee of $1,000,000.00 in excess of all amounts previously paid by Shook & Fletcher to such professionals at the date of execution of the Pre-Petition Trust Agreement for their role in negotiating and implementing the Settlement Agreements.

(F) The Claims-Handling Entity as designated by Shook & Fletcher after consultation with Claimants' Counsel which shall be paid $8.00 for each claim that is processed.

(2) Payment of Qualified Claims

The Pre-Petition Trust shall make (or cause to be made) payments in respect of Asbestos-Related Secured Claims as follows:

(A) Following receipt of the First Hartford Payment made by Hartford to the Pre-Petition Trust pursuant to the Hartford Agreement and the satisfaction of the conditions set forth in the Hartford Agreement, the Pre-Petition Trust shall begin making payments to each Participating Claimant. Some Participating Claimants may have already received payments directly or indirectly from Hartford pursuant to the Hartford Agreement or the Pre-Petition Trust. To the extent a Participating Claimant has not already received such payment from Hartford or the Pre-Petition Trust, such Participating Claimant shall be paid an amount equal to the Participating Claimant's settlement amount under the Claimants Agreement multiplied by a fraction with the following characteristics: (a) the numerator is the First Hartford Payment less one-half of the fee earned by Claimants' Counsel, one-half of the fee earned by the Shook Professionals, and any reserve for Trust Expenses of the Pre-Petition Trust (the "**Initial Distribution Amount**") and (b) the denominator of which is $100 million;

(B) Upon receipt of the First Hartford Payment made by Hartford to the Pre-Petition Trust pursuant to the Hartford Agreement, the Pre-Petition Trust shall pay one-half of the fee earned by Claimants' Counsel and one-half of the fee earned by the Shook Professionals to the extent such amounts have not already been paid by Hartford;

(C) Upon receipt of the First Hartford Payment made by Hartford to the Pre-Petition Trust pursuant to the Hartford Agreement, the Pre-Petition Trust shall pay to the Claims-Handling Entity the per claim amount for each claim of a Participating Claimant to the extent that funds are available after calculation of payments to be made pursuant to Sections (A) and (B) above to the extent such amount has not been paid already by Hartford;

(D) Upon receipt of the first payment in respect of the amounts remaining to be paid in respect of the Hartford Settlement Amount (that is, after the payment of the First Hartford Payment) made by Hartford to the Pre-Petition Trust and the satisfaction of the conditions for distribution of such funds under the Hartford Agreement, which is expected to occur not earlier than November 2002, the Pre-Petition Trust shall pay the remaining one-half of the fee earned by Claimants' Counsel and the remaining one-half of the fee earned by the Shook Professionals and any remaining amount owed to the Claims-Handling Entity;

(E) The Pre-Petition Trust shall pay on a pro-rata basis (as defined in 3.8(a)(3)) all of its remaining assets derived from the Hartford Agreement that are available for distribution subject to satisfaction of the terms and conditions for distribution of funds under the terms of the Hartford Agreement, or derived from any other source, to (x) the Participating Claimants to the extent of their Participating Claimants' Secured Claims, (y) to the SBNP Asbestos Secured Claimants choosing to be paid Shook & Fletcher's share of their prior settlement (the "**Option A SBNP Claimants**") in an amount equal to the aggregate of such prior settlement amounts (the "**Option A Secured Amount**") and (z) to the SBNP Asbestos Secured Claimants choosing to be paid in accordance with the Compensable Disease Matrix as provided in the SBNP Settlement Agreement (the "**Option B SBNP Claimants**") in an amount equal to the aggregate of the lesser or (i) each Option B SBNP Claimants' prior settlement amounts or (ii) 75% of each Option B SBNP Claimant's settlement amount determined in accordance with the Compensable Disease Matrix as provided in the SBNP Settlement Agreement (the "**Option B Secured Amount**"). The Pre-Petition Trust shall pay such amounts from time to time as the Pre-Petition Trust believes is prudent in light of the funds available for distribution and other factors, until such time as the Participating Claimants' Secured Claims and all of the amounts due to the SBNP Asbestos Secured Claimants in accordance with the foregoing are paid, *provided* that the Pre-Petition Trust will use its best efforts to distribute all its assets that are available for distribution within the calendar year during which such assets are actually received;

(F) After the full payment of the amounts set forth in Section 3.8(a)(2)(E) above, or after an appropriate reserve for all such claims has been established, the Pre-Petition Trust shall pay all of its remaining assets to the Option B SBNP Claimants in an amount equal to the unpaid portion, if any, of such Option B SBNP Claimant's Option B Secured Amount, on a pro rata basis until all of such Option B Secured Amounts are fully paid.

(G) After the full payment of the Participating Claimants' Secured Claims and all of the SBNP Asbestos Secured Claims, or after an appropriate reserve for all such claims has been established, the Pre-Petition Trust shall pay all of its remaining assets to the CCR Payees in accordance with the CCR Settlement Agreement until the CCR's Settlement Amount is fully paid.

(3) Pro-Rata Distributions to Participating Claimants and SBNP Asbestos Secured Claimants

(A) All distributions from the Pre-Petition Trust to Participating Claimants and SBNP Asbestos Secured Claimants after distributions to Participating Claimants from the First Hartford Payment shall be allocated to individual Participating Claimants and SBNP Asbestos Secured Claimants by multiplying the aggregate amount of the distribution to be made by a fraction, the numerator of which is the unpaid amount of the Participating Claimant's Secured Claim, the Option A Secured Amount or the lesser of the Option B SBNP Claimant's prior settlement amount or Option B Secured Claim, as applicable, and the denominator of which is the total of all remaining unpaid Participating Claimants' Secured Claims and all remaining unpaid Option A Secured Amounts and the aggregate of the lesser of each Option B SBNP Claimant's prior settlement amount or each Option B Secured Claim.

(B) All distributions from the Pre-Petition Trust to Option B SNPB Claimants with an unpaid portion of such Option B SBNP Claimant's Option B Secured Amount shall be allocated to such Option B SBNP Claimants by multiplying the aggregate amount of the distribution to be made by a fraction, the numerator of which is the unpaid amount of the Option B SBNP Claimant's Option B Secured Amount, and the denominator of which is the total of all remaining unpaid Option B Secured Amounts.

(b) Payment of Asbestos-Related Unsecured Claims to be Made by the Trust

All Asbestos-Related Unsecured Claims shall be payable after the Effective Date by the Trust in accordance with and to the extent provided in the Trust Agreement and the CRP to be established pursuant to the Trust Agreement. *See* Article 8 -- "Trust and Asbestos Claims Resolution Matters" for a description of the Trust Agreement.

ARTICLE 4

THE COMPANY: CORPORATE STRUCTURE AND MANAGEMENT

4.1 The Company

Shook & Fletcher is a small, family owned business centered in Birmingham, Alabama. Since its incorporation in 1949, Shook & Fletcher has been a specialty thermal insulation distributor and union contractor serving primarily heavy industry.

Shook & Fletcher has never manufactured insulation products. Until the early 1970's, insulation products made by the major insulation manufacturers contained asbestos. Since 1976, Shook & Fletcher has received a large number of claims from individuals alleging injuries resulting from exposure to asbestos and asbestos-containing products. Shook & Fletcher continues to install nonasbestos containing insulation and to provide other services with respect to the selection, placement, removal and installation of specialty thermal insulation today.

Shook & Fletcher has offices in Atlanta, Georgia; Birmingham, Alabama; Chattanooga, Tennessee; Decatur, Alabama; Decatur, Georgia; Gallatin, Tennessee; Knoxville, Tennessee; and Mobile, Alabama. The following table sets forth, as of January 2002, certain information with respect to Shook & Fletcher's physical properties:

Location	Approximate Square Feet	Purpose	Real Property Owned/Leased
4625 Valleydale Road Birmingham, AL	11,000	Principal Offices	Owned
125 North 45th Place Birmingham, AL	17,524	Division Office	Leased
3315 Sexton Road, SE Decatur, AL	24,000	Division Office	Owned
5240 Panola Industrial Boulevard, Suite N Decatur, GA	12,580	Division Office	Leased
171 West Factory St. Unit 5, Building F Gallatin, TN	720	Division Office	Leased

3374 Moffett Road Mobile, AL	17,300	Division Office	Leased
5918 Quintus Loop Chattanooga, TN	21,248	Division Office	Leased
3420 Distribution Dr. Knoxville, TN	15,000	Division Office	Leased

Since January 1, 1999 Shook & Fletcher has been operated as an "S-corporation," as defined in Section 1361 of the IRC. S-corporations are taxed very much like a partnership for federal income tax purposes. An S-corporation is not taxed directly but, rather, all income items are passed to its shareholders and taxed at the shareholders' individual rates of tax.

4.2 Board of Directors of Shook & Fletcher

Wayne W. Killion, Sr. is the sole member of the Shook & Fletcher board of directors. He has served as Chairman of the Board since 1972 and has been a director of Shook & Fletcher since 1967. Mr. Killion is the father of Dr. Wayne W. Killion, Jr., the Chief Executive Officer and President of Shook & Fletcher. Mr. Killion and Dr. Killion collectively own 100% of the outstanding shares of Common Stock of Shook & Fletcher.

4.3 Management of Shook & Fletcher

The following is a list of the executive officers of Shook & Fletcher and a brief description of their positions and certain biographical data. Each executive officer of Shook & Fletcher will hold office until his or her successor is duly elected and qualified.

Name	Position with Shook & Fletcher
Wayne W. Killion, Sr.	Chairman of the Board
Wayne W. Killion, Jr., M.D.	Chief Executive Officer and President
J. David Jackson	Executive Vice-President
Ricky M. Stricklin	Vice-President of Finance
W. Laurence Owings	Vice President, Distribution
Paul L. Kennard	Vice President, Contracting

Wayne W. Killon, Sr., Shook & Fletcher's sole director, has worked with Shook & Fletcher since 1949. During Mr. Killion's tenure, he has served in many capacities including President and Chief Executive Officer. He has also served as President of the National Insulation Association and Southeastern Insulation Contractors Association. Mr. Killion is a graduate of Howard College (presently Samford University).

Wayne W. Killion, Jr. M.D., President and Chief Executive Officer, has been with Shook & Fletcher for approximately one year. Prior to joining Shook & Fletcher, Dr. Killion served as Vice President of Medical Affairs with St. Vincent's Hospital in Birmingham, Alabama. He received his bachelor of science degree from Birmingham-Southern College, his medical degree from the University of Alabama School of Medicine, and a Master of Arts in Public and Private Management from Birmingham-Southern College.

J. David Jackson, CPA, Executive Vice President, has served in his present capacity since 1994. Mr. Jackson has been with Shook & Fletcher for 25 years and has served in positions ranging from Internal Auditor to his present position. Mr. Jackson graduated from Jacksonville State University in 1974. Prior to joining Shook & Fletcher, Mr. Jackson worked for Ernst & Ernst (presently Ernst & Young) and became a certified public accountant.

Ricky M. Stricklin, CPA, Vice President - Finance, has been with Shook & Fletcher for 12 years and has served in his present position since 1999. Prior to this promotion, Mr. Stricklin had served in the positions of Assistant Controller and Controller. Mr. Stricklin graduated from the University of Alabama in 1981. Prior to joining Shook & Fletcher, Mr. Stricklin worked for Plotka & Co. for six years and became a certified public accountant.

W. Laurence Owings, Vice President – Distribution, has been with Shook & Fletcher for 32 years and has served in his present position for 9 years. Mr. Owings has served in positions ranging from Officer Manager, Sales Representative to his current position. Mr. Owings attended the University of Alabama. He has also served as President of the Southeastern Insulation Contractors Associations.

Paul L. Kennard, Vice President – Contracting, has been with Shook & Fletcher for 33 years and has served in his present position for 9 years. Mr. Kinnard has served in positions ranging from Estimator, Contracts Manager to his present position. Mr. Kennard attended the University of Southern Mississippi. He has also served as President of the Southeastern Insulation Contractors Association.

4.4 Directors and Officers of Reorganized Shook & Fletcher

(a) Board of Directors

The board of directors of Shook & Fletcher immediately prior to the Confirmation Date shall serve as the initial Board of Directors of Reorganized Shook & Fletcher on and after the Confirmation Date. Each of the members of such initial Board of Directors shall serve until the first annual meeting of shareholders of Reorganized Shook & Fletcher or his or her earlier resignation or removal in accordance with the Certificate of Incorporation and By-Laws.

(b) Officers

The officers of Shook & Fletcher immediately prior to the Confirmation Date shall serve as the officers of Reorganized Shook & Fletcher on and after the Confirmation Date. Such officers shall serve in accordance with any applicable employment agreement with Reorganized Shook & Fletcher, the By-Laws and applicable nonbankrutpcy law.

4.5 Union Contracts and Employees

Shook & Fletcher has entered into an agreement with the International Association of Heat and Frost Insulators and Asbestos Workers Local #78 (the "**Asbestos Workers Local #78**") which commits Shook & Fletcher to the rates of pay, rules and working conditions set forth in such agreement for all Shook & Fletcher employees who are members of Asbestos Workers Local #78 while they are performing insulation-related activities, regardless of their location (the "**Local #78 Agreement**"). The Local #78 Agreement also sets forth the performance standards for the Shook & Fletcher employees who are members of Asbestos Workers Local #78. On the Effective Date, the Local #78 Agreement will become an obligation of Reorganized Shook & Fletcher.

Shook & Fletcher also has agreed to abide by an agreement with the International Association of Heat and Frost Insulators and Asbestos Workers Local #55 (the "**Asbestos Workers Local #55)** which commits Shook & Fletcher to the rates of pay, rules and working conditions set forth in such agreement for all Shook & Fletcher employees who are members of Asbestos Workers Local #55 while they are performing insulation-related activities, regardless of their location (the "**Local #55 Agreement**"). The Local #55 Agreement also sets forth the performance standards for the Shook & Fletcher employees who are members of the Asbestos Workers Local #55. On the Effective Date, the Local #55 Agreement will become an obligation of Reorganized Shook & Fletcher. In addition, although Shook & Fletcher employs union workers from time to time who are affiliated with other crafts, it is not a signatory to any other collective bargaining agreement.

Shook & Fletcher has a defined contribution profit sharing plan covering all qualified employees. Plan contributions are determined annually by the board of directors of Shook & Fletcher. Total expense under the plan for 2000 was $58,209. On the Effective Date, any obligations of the Debtor under the plan will become an obligation of Reorganized Shook & Fletcher.

As of December 2, 2001, Shook & Fletcher employed approximately 122 persons, 73 of whom were field employees and therefore covered under the Local #78 Agreement, the Local #55 Agreement or another collective bargaining agreement and 49 of whom were either office or warehouse employees. As of the date of this Disclosure Statement, none of the employees of Shook & Fletcher had an employment agreement with Shook & Fletcher. Shook & Fletcher considers its relations with its employees to be excellent.

4.6 Shook & Fletcher Supply

Shook & Fletcher Supply was formed in 1982 when it purchased selected assets of Shook & Fletcher Supply Co., a mining supply company founded in 1901. Shook & Fletcher Supply is engaged in the sale of mining equipment and replacement parts for mining equipment. Shook & Fletcher Supply has agreements to represent various manufacturers of mining equipment. Such manufacturers supply various items such as coal hauling equipment, roof bolters, lighting, personnel transportation and electrical equipment. The majority of Shook & Fletcher Supply's sales are to mines in north-central Alabama and its major customers are the operators of six (6) underground coal mines located in the Birmingham, Alabama area.

4.7 Debt and Equity Structure

(a) Summary of Existing Indebtedness

(1) The Promissory Note

On the Effective Date, Reorganized Shook & Fletcher and Shook & Fletcher Supply shall jointly and severally issue a promissory note to the Trust, having an original principal amount of $3,000,000, which represents a comprehensive settlement and includes (together with the $300,000 up front cash payment to be made) consideration for (i) the full equity value of Shook & Fletcher as of the Confirmation Date and (ii) the estimated recovery value (taking into account all applicable defenses) of all alleged voidable transfers made to an insider or with affiliates of Shook & Fletcher, including the matters described in Section 4.8, within the last six years. *See* Section 3.7 --"Plan Negotiations" for a discussion of the negotiation of the value of the Promissory Note.

Interest accrues (but does not compound) daily on the outstanding principal amount of the Promissory Note. The annual interest rate varies depending on how long the Promissory Note remains outstanding. Thus, for the first six years following the date of issuance of the Promissory Note, the annual interest rate equals the Prime Rate in effect on the Confirmation Date plus 1.5%; after the sixth year, the annual interest rate will equal the Prime Rate in effect on the Confirmation Date plus 3.0%. The Promissory Note will mature ten years after its date of issuance. Principal and interest will be amortized over the life of the Promissory Note. The principal or interest due under the Promissory Note may be prepaid in whole or in part without any premium or penalty, and the prepayment shall be applied first toward the unpaid principal of the Promissory Note.

The Promissory Note is not transferable by the Trust or any subsequent holder thereof without the prior written approval of Reorganized Shook & Fletcher and is secured pursuant to the terms of the Pledge Agreement. The Promissory Note will be issued pursuant to exemptions from registration under United States and applicable state securities laws. Subsequently, the Promissory Note may not be transferred unless such transfer is exempt from registration under United States and applicable state securities laws.

If Reorganized Shook & Fletcher and Shook & Fletcher Supply have failed to pay any amount due in respect of the Promissory Note and such failure continues for more than 10 (ten) days after the occurrence thereof or if the Pledge Agreement ceases to be in full force and effect, the holder of the Promissory Note may demand that all unpaid principal and interest under the Promissory Note be immediately due and payable.

The terms of the Promissory Note prohibits Reorganized Shook & Fletcher from issuing any additional shares of capital stock without the consent of the Trust unless the proceeds of such issuance are used to repay all of the then outstanding principal of the Promissory Note (and any unpaid interest thereon accrued through the date of such repayment) concurrently with such issuance.

(2) Shook & Fletcher Supply Loan

On December 17, 2001, Shook & Fletcher entered into the Supply Line of Credit Agreement with Shook & Fletcher Supply pursuant to which Shook & Fletcher Supply agreed to advance up to $2,000,000 to Shook & Fletcher for the primary purpose of repaying certain amounts borrowed under the SouthTrust Loan. Amounts funded under the Supply Line of Credit Agreement will be paid directly to SouthTrust, thus creating availability for Shook & Fletcher to borrow additional funds under the SouthTrust Loan which funds will be used, among other things to fund certain extraordinary expenses, including expenses incurred in connection with this Solicitation and the Plan. The amounts funded under the Supply Line of Credit Agreement are secured by (i) all of Shook & Fletcher's accounts, inventory and general intangibles (other than the Asbestos Insurance Collateral), (ii) certain vehicles of Shook & Fletcher, and (iii) Shook & Fletcher's real property in Birmingham, Alabama and Decatur, Alabama. Shook & Fletcher Supply's Lien shall be subordinated to, and subject to the prior Lien of SouthTrust Bank. Shook & Fletcher Supply's mortgage on Shook & Fletcher's property in Birmingham, Alabama shall be subject to the prior mortgage of AmSouth. *See* Section 4.7(a)(3) -- "SouthTrust Loan" and Section 4.7(a)(4) --"AmSouth Loan" below for a description of such Liens. Shook & Fletcher expects that the Supply Line of Credit Agreement will remain in place, and will continue to be a source of necessary financing for Shook & Fletcher, during the course of the Chapter 11 Case. On the Effective Date, the Supply Line of Credit Agreement will become an obligation of Reorganized Shook & Fletcher and Reorganized Shook & Fletcher expects to continue to repay amounts borrowed under the Supply Line of Credit Agreement in accordance with its terms.

(3) SouthTrust Loan

On March 22, 2001, Shook & Fletcher entered into a $3,000,000 revolving line of credit with SouthTrust Bank (the "**SouthTrust Loan**"). As of December 28, 2001, $2,437,800 of principal and interest was outstanding under the SouthTrust Loan. Shook & Fletcher may not incur indebtedness under the SouthTrust Loan in amount that is in excess of the sum of (i) 75% of

the amount of its eligible receivables, net of all returns, discounts, credits and allowances plus (ii) 50% of the cost of its inventory (less work-in-process).

The SouthTrust Loan is secured by a security interest in all contract rights, accounts, notes, bills, acceptances, chattel paper, instruments, tax refunds, money on deposit, inventory, goods, wares, equipment, parts, merchandise, supplies, and materials, as well as all proceeds therefrom and books and records relating thereto, of Shook & Fletcher. In addition, Mr. Killion guaranteed $1,000,000 of the SouthTrust Loan.

The outstanding principal of the SouthTrust Loan is due on demand, but if no demand is made, the principal sum must be repaid by no later than April 1, 2002. Interest accrues at a variable rate calculated daily as .25 percentage points less than SouthBank's base rate in effect on such day. On December 28, 2001, the interest rate in effect for the SouthTrust Loan was 4.75%. Accrued interest on outstanding principal is due on the first day of each month and at maturity.

SouthTrust has indicated that it will extend the term of the SouthTrust Loan for an additional year. If such an extension is not obtained, it is anticipated that the SouthTrust Loan will be paid in full from the proceeds of alternative financing.

(4) AmSouth Loan

On July 28, 1998, Shook & Fletcher borrowed $1,050,000 from AmSouth Bank under a Note for Business and Commercial Loans (the "**AmSouth Loan**"). As of December 28, 2001, $969,552 of principal and interest was outstanding under the AmSouth Loan. The AmSouth Loan is secured by a first mortgage on the real property where Shook & Fletcher's principal offices are located. Interest accrues from the date of the AmSouth Loan until maturity at a rate of 7.50% per annum. The principal and interest is to be repaid over 83 consecutive monthly installments of $8,458.73, and a final installment equal to all of the remaining unpaid principal and interest. The final installment under the AmSouth Loan is due on August 1, 2005. On the Effective Date, the AmSouth Loan will become an obligation of Reorganized Shook & Fletcher and Reorganized Shook & Fletcher expects to continue to repay the AmSouth Loan in accordance with its terms.

(b) Description of Capital Stock

Mr. Killion and Dr. Killion hold all of the issued and outstanding shares of capital stock of Shook & Fletcher. As of December 31, 2001, Shook & Fletcher had authorized 282,000 shares of Class A common stock, 233,423 shares of which were issued and outstanding. Mr. Killion owns approximately 55% of Shook & Fletcher (128,423 shares of Class A common stock), and Dr. Killion owns the remaining approximately 45% of the Company (105,000 shares of Class A common stock). As common stock holders, Mr. Killion and Dr. Killion are entitled to one vote per share on all matters to be voted upon by the stockholders of the corporation. The holders of common stock are also entitled to receive dividends which may be declared by the Board of Directors' in their discretion out of funds legally available therefor.

Upon the filing of the Certificate of Incorporation in connection with the confirmation of the Plan, Reorganized Shook & Fletcher shall be prohibited from issuing non-voting capital stock.

Pursuant to the terms of the Promissory Note, Reorganized Shook & Fletcher is prohibited from issuing any additional shares of capital stock without the consent of the Trust unless the proceeds of such issuance are used to repay all of the then outstanding principal of the Promissory Note (and any unpaid interest thereon accrued through the date of such repayment) concurrently with such issuance.

4.8 Certain Transactions

The Bankruptcy Code and certain state laws provide, subject to the satisfaction of certain conditions, for the avoidance of certain transactions occurring during certain periods prior to the Petition Date (the "**Look-Back Period**"). Under Alabama law, the Look-Back Period for Shook & Fletcher could be as long as six years. Causes of action belonging to Shook & Fletcher, including those arising under the Bankruptcy Code, constitute property of the Bankruptcy Estate. Shook & Fletcher believes there would be defenses to any such causes of action, including the defense that Shook & Fletcher was solvent at all relevant times. Shook & Fletcher's Affiliates include Shook & Fletcher Supply and Sunbelt. The following is a summary of certain Affiliate transactions that occurred during the Look-Back Period for Shook & Fletcher:

(a) S Corporation Distributions

Shook & Fletcher made distributions to its stockholders, including distributions necessary to enable its stockholders to pay income taxes.

(b) Shook & Fletcher Supply Spin-Off and Loans

In 1982, Shook & Fletcher invested $2 million in Shook & Fletcher Supply, Inc., a newly created subsidiary, which used such funds to purchase the assets of a mining supply company. In August of 1999, due to differences in the businesses of Shook & Fletcher Supply and Shook & Fletcher, Shook & Fletcher distributed all of the outstanding shares of capital stock of Shook & Fletcher Supply to the stockholders of Shook & Fletcher.

From August 1999 until March 2001, Shook & Fletcher Supply loaned funds to Shook & Fletcher for working capital as needed by Shook & Fletcher on a revolving credit basis. Shook & Fletcher periodically made repayments of such working capital advances, to the extent it had funds available to do so, and periodically borrowed additional funds as necessary, to the extent Shook & Fletcher Supply had funds available to loan to Shook & Fletcher. In March 2001, Shook & Fletcher replaced this lending relationship with the SouthTrust Loan, and used the proceeds of the SouthTrust Loan to repay in full all amounts then outstanding under its loan from Shook & Fletcher Supply.

For a summary of certain material terms of the current loan from Shook & Fletcher Supply to Shook & Fletcher, see Section 4.7(a)(2) -- "Shook & Fletcher Supply Loan".

(c) Services Agreements

Shook & Fletcher provides accounting and other services to each of Shook & Fletcher Supply and its Sunbelt Insulation Company ("**Sunbelt**") under services agreements. Each agreement is for a term of one year, which automatically renews unless one party gives the other notice at least thirty days before the end of the term. Shook & Fletcher maintains the general ledgers and detail of accounts, provides monthly and quarterly financial statements, provides year end financial statements, assists personnel in inventory control, provides financial management services and assists in the preparation of budgets under such agreements. In addition, Shook & Fletcher agreed to assist with certain other matters, such as negotiations with key suppliers and insurance brokers, the collection of certain accounts and the provision of engineering and estimating services. In exchange for such services, Shook & Fletcher Supply is obligated to pay Shook & Fletcher $110,000 per annum, which amount is subject to amendment upon each renewal of its services agreement, and Sunbelt is obligated to pay Shook & Fletcher $12,500, also subject to amendment upon each renewal of its services agreement.

4.9 Other Matters

(a) Non-Asbestos Legal Proceedings

Other than proceedings relating to Asbestos Claims, as of the date of this Disclosure Statement, Shook & Fletcher is not a party to any pending legal proceeding that it believes would, individually or in the aggregate, have a material adverse effect on its financial condition or results of operations.

(b) Other Matters Material to the Success of Reorganized Shook & Fletcher and Shook & Fletcher Supply

The success of Reorganized Shook & Fletcher is dependent upon several factors. One factor is the continuing contributions of key employees, both management and in the field. In addition, the relationships with its existing customer base and suppliers is important to Reorganized Shook & Fletcher's success. Finally, the performance of Reorganized Shook & Fletcher depends on Reorganized Shook & Fletcher's ability to retain its relationships with both SouthTrust and AmSouth during the Chapter 11 Case and thereafter.

The success of Shook & Fletcher Supply is contingent upon the demand for coal mined in Alabama. Shook & Fletcher Supply's success also depends on the continued operation in Alabama of the mines of its major customers. In addition, Shook & Fletcher Supply relies on the continuation of its relationships with its suppliers. Finally, Shook & Fletcher is reliant upon the continuing contribution of management for its ongoing success.

ARTICLE 5

ANTICIPATED EVENTS DURING THE CHAPTER 11 CASE

5.1 Commencement of the Chapter Case

If this Solicitation results in the Requisite Acceptances of the Plan, Shook & Fletcher intends to commence the Chapter 11 Case. Following the Petition Date, Shook & Fletcher will continue to operate its business and manage its properties as a debtor in possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

5.2 Administration of the Chapter 11 Case

(a) Retention of Professionals

On the Petition Date, Shook & Fletcher will request that the Bankruptcy Court approve its retention of the professional persons who represented Shook & Fletcher prior to the filing of the Chapter 11 Case.

(b) Payment of Debt Incurred in the Ordinary Course of Business

Shook & Fletcher expects to request that the Bankruptcy Court enter an order authorizing Shook & Fletcher to pay, in its discretion, all undisputed indebtedness and obligations (other than the Asbestos Claims and any other indebtedness or liabilities that are impaired and to be restructured under the Plan) which have been and are incurred in the ordinary course of business as such indebtedness and obligations mature in accordance with their terms, and to pay salaries, wages, benefits and other amounts owed to employees and consultants as such obligations become due, including obligations that were, or may have been, incurred prior to the Petition Date.

(c) Bar Date

After filing the Bankruptcy Case, Shook & Fletcher may seek an order from the Bankruptcy Court establishing a deadline for creditors holding certain claims, including Asbestos Claims other than personal injury Asbestos Claims, to file a proof of claim against Shook & Fletcher. Shook & Fletcher anticipates that the Bankruptcy Court's order would provide that any holder of a claim for which a proof of claim is required to be filed but as to which such proof is not filed by the deadline would be barred from asserting any such claim against the Debtor, Reorganized Shook & Fletcher, the Trust and other parties protected by the Bankruptcy Court's Orders or the Plan.

5.3 Creditors' Committee

Section 1102 of the Bankruptcy Code authorizes the appointment of a committee of holders of unsecured claims. In light of the prepackaged Chapter 11 plan, the existence and likely continued functioning of the Asbestos Claimants Committee until the Effective Date, and Shook & Fletcher's request for an order authorizing it to pay pre-petition ordinary course liabilities, it is possible that there will not be a statutory committee of unsecured creditors.

5.4 Bankruptcy Court Approval of Selection of Futures Representative

Shook & Fletcher expects to request that the Bankruptcy Court approve the selection of R. Scott Williams, Esq. as the Futures Representative. Mr. Williams' qualifications to serve as Futures Representative, and the process by which he was selected, are set forth in Section 3.4 -- "Selection of the Futures Representative."

5.5 Confirmation Hearing

Shook & Fletcher anticipates that as soon as practicable after commencing the Chapter 11 Case, it will seek an order of the Bankruptcy Court scheduling the hearing to consider approval of the pre-petition solicitation procedures, including this Disclosure Statement, and confirmation of the Plan. Shook & Fletcher anticipates that notice of the Confirmation Hearing will be published in certain newspapers of general circulation in locations where Shook & Fletcher had substantial business operations, and will be mailed to all known holders of Claims, at least 25 days before the date by which objections to the Plan must be filed, unless the Bankruptcy Court specifies otherwise. *See* Section 7.2 -- "Confirmation Hearing" below. Section 524(g) of the Bankruptcy Code requires that any confirmation order containing a supplemental injunction must be issued or affirmed by the district court. If the Confirmation Order is not issued by the District Court exercising its bankruptcy jurisdiction, Shook & Fletcher will seek to have the Confirmation Order affirmed promptly by the District Court. *See* Section 7.3(d) -- "Injunction Under Section 524(g) of the Bankruptcy Code".

ARTICLE 6

SUMMARY OF THE PLAN

6.1 General

The following is a summary intended as a brief overview of certain provisions of the Plan and is qualified in its entirety by reference to the full text of the Plan, a copy of which is annexed hereto as *Exhibit B*. Other provisions of the Plan not summarized in this Article 6 may be summarized elsewhere in this Disclosure Statement. Holders of Claims and Equity Interests are respectfully referred to the relevant provisions of the Bankruptcy Code and are encouraged to review the Plan and this Disclosure Statement with their counsel, or other advisors.

6.2 Classification

(a) Generally

Article II of the Plan sets forth an explanation of Claims that are not classified under the Plan. Article III of the Plan sets forth a designation of Classes of Claims and Equity Interests.

(b) Unclassified Claims

In accordance with Section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims are not classified and are excluded from the Classes established in Article III of the Plan. The treatment accorded Administrative Claims and Priority Tax Claims is set forth in Article II of the Plan.

(c) Classes

For purposes of the Plan, the Claims against, and Equity Interests in, Shook & Fletcher are grouped in the following Classes in accordance with Section 1122(a) of the Bankruptcy Code:

Class 1 - Priority Claims

Class 2 - Secured Claim of SouthTrust Bank.

Class 3 - Secured Claim of AmSouth Bank.

Class 4 - Supply Secured Claim.

Class 5 - SBNP Asbestos Secured Claims.

Class 6 - Present Asbestos Secured Claims.

Class 7 - CCR Secured Claim.

Class 8 - Settlement Professionals' Secured Claims

Class 9 - Unsecured Operational Claims.

Class 10 - Asbestos-Related Unsecured Claims

Class 11 - Equity Interests.

6.3 Treatment of Administrative Claims and Priority Tax Claims

(a) Administrative Claims

Unless otherwise agreed to by Shook & Fletcher and the holder of such Claim, each holder of an Allowed Administrative Expense Claim shall receive Cash equal to the unpaid portion of such Allowed Administrative Expense Claim on the later of (a) the Effective Date and (b) such other date as is mutually agreed upon by the Debtor (or Reorganized Shook & Fletcher) and the holder of such Claim; provided, however, that Administrative Expense Claims that represent liabilities either incurred by the Debtor in the ordinary course of its business during the Chapter 11 Case or arising under loans or advances to the Debtor during the Chapter 11 Case shall, to the extent not paid on or before the related Effective Date, be paid by Reorganized Shook & Fletcher in the ordinary course of its business and in accordance with any terms and conditions of any agreements relating thereto.

(b) Priority Tax Claims

Except to the extent that a holder of an Allowed Priority Tax Claim has been paid by the Debtor prior to the Effective Date or agrees to a different treatment, each holder of an Allowed Priority Tax Claim shall, at the election of Reorganized Shook & Fletcher, either (a) be paid in Cash in full on the Effective Date, or (b) with respect to a Claim of the kind specified in Section 507(a)(8) of the Bankruptcy Code, receive on account of such Claim deferred Cash payments, over a period not exceeding six years after the date of assessment of such Claim, of a value, as of the Effective Date, equal to the Allowed Amount of such Claim. To the extent that the holder of a Priority Tax Claim holds a Lien to secure its Claim under applicable non-bankruptcy law, such Lien shall not be impaired by the Plan.

6.4 Treatment of Shook & Fletcher Claims and Interests

Allowed Claims and Allowed Equity Interests, as classified in Article III of the Plan, shall be treated in the manner set forth in Article IV of the Plan. The following constitutes a summary of such treatment:

(a) Class 1 - Priority Claims

(1) Impairment and Voting

Class 1 is unimpaired by the Plan. Each holder of an Allowed Priority Claim in Class 1 is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan under Section 1126 of the Bankruptcy Code.

(2) Treatment

To the extent not paid prior to the Effective Date, and except to the extent that a holder of an Allowed Priority Claim agrees to a different treatment, each Allowed Priority Claim shall either be paid in full on the Effective Date or shall be reinstated and rendered unimpaired in accordance with Section 1124 of the Bankruptcy Code. Reorganized Shook & Fletcher shall be responsible for the payment of Allowed Priority Claims.

(b) Class 2 - Secured Claim of SouthTrust Bank

(1) Impairment and Voting

Class 2 is unimpaired by the Plan. SouthTrust Bank is the holder of an Allowed Secured Claim and is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan under Section 1126 of the Bankruptcy Code.

(2) Treatment

Except to the extent that SouthTrust Bank agrees to a different treatment, and notwithstanding any contractual provisions or applicable non-bankruptcy law that entitles SouthTrust Bank to demand or receive payment of its Allowed Secured Claim prior to its stated maturity from and after the occurrence of a default, SouthTrust Bank's Allowed Secured Claim shall remain secured by its existing Collateral and either shall be paid in full with the proceeds of alternative financing or be extended and reinstated. Reorganized Shook & Fletcher shall be responsible for the payment of SouthTrust Bank's Allowed Secured Claim. *See* Section 4.7(a)(3) -- "SouthTrust Loan" for a description of the SouthTrust Loan.

(c) Class 3 - Secured Claim of AmSouth Bank

(1) Impairment and Voting

Class 3 is unimpaired by the Plan. AmSouth Bank is the holder of an Allowed Secured Claim and is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan under Section 1126 of the Bankruptcy Code.

(2) Treatment

Except to the extent that AmSouth Bank agrees to a different treatment, and notwithstanding any contractual provision or applicable non-bankruptcy law that entitles AmSouth Bank to demand or receive payment of its Allowed Secured Claim prior to its stated maturity from and after the occurrence of a default, AmSouth Bank's Allowed Secured Claim shall remain secured by its existing Collateral and shall be reinstated. Reorganized Shook & Fletcher shall be responsible for the payment of AmSouth Bank's Allowed Secured Claim. *See* Section 4.7(a)(4) "AmSouth Loan" for a description of the AmSouth Loan.

(d) Class 4 - Supply Secured Claim.

(1) Impairment and Voting

Class 4 is unimpaired by the Plan. Shook & Fletcher Supply is the holder of the Allowed Supply Secured Claim and is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan under Section 1126 of the Bankruptcy Code.

(2) **Treatment**

The Supply Secured Claim shall remain secured by its existing Collateral and shall be subordinated to the Allowed Secured Claims of SouthTrust Bank and AmSouth Bank with respect to their respective Collateral securing each, and Shook & Fletcher Supply's Lien shall remain subject to the existing Liens of SouthTrust Bank and AmSouth Bank. The Supply Secured Claim shall remain secured by its existing Collateral and shall be reinstated. Reorganized Shook & Fletcher shall be responsible for the payment of Shook & Fletcher Supply's Subordinated Secured Claim. *See* Section 4.7(a)(2) – "Shook & Fletcher Supply Loan" for a description of the Supply Line of Credit Agreement with Shook & Fletcher Supply.

(e) **Class 5 - SBNP Asbestos Secured Claims.**

(1) **Impairment and Voting**

Class 5 is impaired by the Plan. SBNP Asbestos Secured Claims constitute Asbestos Claims that have been asserted prior to the SBNP Deadline, the amount of which is established pursuant to and in accordance with the SBNP Settlement Agreement and which is secured by the Asbestos Insurance Collateral pursuant to and in accordance with the SBNP Settlement Agreement and the Security Agreement. *See* Section 3.2 -- "The Initial Negotiation Process". Each holder of an Allowed SBNP Asbestos Secured Claim is entitled to vote to accept or reject the Plan under Section 524(g) and 1126 of the Bankruptcy Code.

(2) **Treatment**

As of the Effective Date, liability for all SBNP Asbestos Secured Claims shall automatically and without further act or deed be assumed in full and become payable by the Pre-Petition Trust, and Reorganized Shook & Fletcher shall have no liability therefor. Each Allowed SBNP Asbestos Secured Claim, as of the Effective Date, is payable (x) pursuant to and in accordance with the SBNP Settlement Agreement and the Pre-Petition Trust Agreement in an amount equal to the Option A Secured Amount (if the SBNP Asbestos Claimant elects to be an Option A SBNP Claimant in its Adoption Agreement) or the Option B Secured Amount (if the SBNP Asbestos Claimant elects to be an Option B SBNP Claimant in its Adoption Agreement) and (y) at the time specified in the SBNP Settlement Agreement and the Pre-Petition Trust Agreement. *See* Section 3.8 -- "Payment of Asbestos Claims" for a description of the provisions regarding the timing and manner of payment of Allowed SBNP Asbestos Secured Claims. Payments to each holder of an Allowed SBNP Asbestos Secured Claim are secured by the Asbestos Insurance Collateral as and to the extent provided in the SBNP Settlement Agreement and the Security Agreement in the following manner: (i) if an SBNP Asbestos Claimant, such SBNP Asbestos Claimant's Allowed Asbestos Claim shall be fully secured by the Asbestos Insurance Collateral and (ii) if an SBNP Asbestos Claimant elects to be an Option B SBNP Claimant, 75% of such SBNP Asbestos Claimant's Allowed Asbestos Claim shall be secured by the Asbestos Insurance Collateral.

(f) **Class 6 - Present Asbestos Secured Claims.**

(1) **Impairment and Voting**

Class 6 is impaired by the Plan. Present Asbestos Secured Claims constitute the portion of an Asbestos Claim asserted prior to the Petition Date and liquidated pursuant to and in accordance with the Claimants Agreement that is secured by the Asbestos Insurance Collateral pursuant to and in accordance with the Claimants Agreement and the Security Agreement. *See* Section 3.2 -- "The Initial Negotiation Process". Each holder of an Allowed Present Asbestos Secured Claim is entitled to vote to accept or reject the Plan under Sections 524(g) and 1126 of the Bankruptcy Code.

(2) **Treatment**

As of the Effective Date, liability for all Present Asbestos Secured Claims shall automatically and without further act or deed be assumed in full and become payable by the Pre-Petition Trust, and Reorganized Shook & Fletcher shall have no liability therefor. Each Allowed Present Asbestos Secured Claim, as of the Effective Date, is payable pursuant to and in accordance with the Claimants Agreement and the Trust Agreement in the amount established under or determined pursuant to the Claimants Agreement. Such payments are secured by the Asbestos Insurance Collateral, as and to the extent provided in the Claimants Agreement and the Security Agreement, in an amount equal to the Present Claimants Security Amount. Each holder of an Allowed Present Asbestos Secured Claim shall receive its Pro-Rata Share of the Present Claimants Security Amount up to the amount of its Allowed Present Asbestos Secured Claim when and as provided in the Pre-Petition Trust Agreement. *See* Section 3.8 -- "Payment of Asbestos Claims" for a description of the provisions regarding the timing and manner of payment of Allowed Present Asbestos Secured Claims. The total number of holders of Allowed Present Asbestos Secured Claims shall not exceed 60,000 unless the Claimants' Counsel determines that having a larger number would not materially alter the compensation payable for individual holders of Allowed Present Asbestos Secured Claims.

(g) Class 7 - CCR Secured Claim

(1) Impairment and Voting

Class 7 is impaired by the Plan. The CCR Secured Claim constitutes the Asbestos Claim held by CCR that is liquidated in accordance with the CCR Settlement Agreement. *See* Section 3.2 -- "The Initial Negotiation Process". The holder of the Allowed CCR Secured Claim is entitled to vote to accept or reject the Plan under Sections 524(g) and 1126 of the Bankruptcy Code.

(2) Treatment

As of the Effective Date, liability for the CCR Secured Claim shall automatically and without further act or deed be assumed in full and become payable by the Pre-Petition Trust (or its successors), and Reorganized Shook & Fletcher shall have no liability therefor. The Allowed CCR Secured Claim, as of the Effective Date, is payable pursuant to and in accordance with the CCR Settlement Agreement and the Pre-Petition Trust Agreement in the amount and manner established under or determined pursuant to the CCR Settlement Agreement. *See* Section 3.8 -- "Payment of Asbestos Claims" for a description of the provisions regarding the timing and manner of payment of the Allowed CCR Secured Claim. Payments due in respect of the Allowed CCR Secured Claim are secured by the Asbestos Insurance Collateral as and to the extent provided in the CCR Settlement Agreement and the Security Agreement.

(h) Class 8 - Settlement Professionals' Secured Claims

(1) Impairment and Voting

Class 8 is impaired by the Plan. The Settlement Professionals' Secured Claims constitute the Claims of each of Claimants' Counsel, the Shook Professionals, and the Claims Handling Entity which are specified in the Pre-Petition Trust Agreement and secured by the Asbestos Insurance Collateral pursuant to the Security Agreement. *See* Section 3.2 -- "The Initial Negotiation Process." Each holder of a Settlement Professionals' Secured Claim is the holder of an Allowed Secured Claim and is entitled to vote to accept or reject the Plan under Sections 524(g) and 1126 of the Bankruptcy Code.

(2) Treatment

As of the Effective Date, liability for all Allowed Settlement Professionals' Secured Claims shall automatically and without further act or deed be assumed and become payable by the Pre-Petition Trust, and Reorganized Shook & Fletcher shall have no liability therefor. Each Allowed Settlement Professionals' Secured Claim is payable in the amount set forth in and in accordance with and pursuant to the Pre-Petition Trust Agreement, and such payments shall be secured by the Asbestos Insurance Collateral pursuant to the Security Agreement. *See* Section 3.8 -- "Payment of Asbestos Claims" for a description of the provisions regarding the timing and manner of payment of the Allowed Settlement Professionals' Secured Claims.

(i) Class 9 - Unsecured Operational Claims

(1) Impairment and Voting

Class 9 is unimpaired by the Plan. Unsecured Operational Claims constitute Claims against Shook & Fletcher (regardless of whether such Claim is covered by insurance) that arise from or are related to the operation of the Business as presently conducted by Shook & Fletcher, including without limitation claims in respect of rent, trade payables and similar such Claims. Each holder of an Allowed Unsecured Operational Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan under Section 1126 of the Bankruptcy Code.

(2) Treatment

To the extent unpaid prior to the Distribution Date and except to the extent that a holder of an Allowed Unsecured Operational Claim agrees to a different treatment, on the Distribution Date, each Allowed Unsecured Operational Claim shall either be paid in full (including any interest due and owing on account of such Claim) in Cash, in full satisfaction, settlement, release, extinguishment and discharge of such Claim or paid in full in the ordinary course of Reorganized Shook & Fletcher's business. Reorganized Shook & Fletcher shall be responsible for the payment of all Allowed Unsecured Operational Claims.

(j) Class 10 - Asbestos-Related Unsecured Claims

(1) Impairment and Voting

Class 10 is impaired by the Plan. Asbestos-Related Unsecured Claims constitute all Asbestos Claims other than the Asbestos-Related Secured Claims described in Classes 5, 6, 7 and 8. Class 10 Claims include, but are not limited to, Other SBNP Claims and Present Asbestos Unsecured Claims. Each holder of an Allowed Asbestos-Related Unsecured Claim is entitled to vote to accept or reject the Plan under Sections 524(g) and 1126 of the Bankruptcy Code.

(2) Treatment

As of the Effective Date, liability for all Asbestos-Related Unsecured Claims as well as liability for all future Demands shall automatically and without further act or deed be assumed and become payable by the Trust, and Reorganized Shook & Fletcher shall have no liability therefor. CRP Valued Asbestos Claims and future Demands will be liquidated in accordance with the CRP. Each Allowed Asbestos-Related Unsecured Claim and future Demand shall be payable as and to the extent provided in the Trust Agreement and the CRP. *See* Section 3.8 -- "Payment of Asbestos Claims" for a description of the provisions regarding the timing and manner of payment of the Allowed Asbestos-Related Unsecured Claims and Demands.

(k) Class 11 - Equity Interests

(1) Impairment and Voting

Class 11 is impaired by the Plan. Each holder of an Equity Interest is entitled to vote to accept or reject the Plan under Section 1126 of the Bankruptcy Code.

(2) Treatment

Each holder of an Equity Interest shall retain his Equity Interest to the extent provided in the Escrow Agreement and the Pledge Agreement. Pursuant to Section 524(g) of the Bankruptcy Code and to secure Reorganized Shook & Fletcher's performance under the Promissory Note, the Equity Interests will be pledged to the Trust pursuant to the Pledge Agreement and held by an independent Escrow Agent subject to the Escrow Agreement. All voting and dividend rights with respect to the Equity Interests will remain with the existing holders thereof until an Event of Default with respect to the Promissory Note has occurred and is continuing and the Equity Interests have been transferred from the Escrow Agent to the Trust in accordance with the terms of the Escrow Agreement.

6.5 Means for Execution of the Plan

(a) Establishment of the Trust; Continuation of the Pre-Petition Trust

On the Effective Date, the Trust shall be established in accordance with the Plan Documents. *See* Article 8 -- "Trust and Asbestos Claims Resolution Matters" for a description of the Trust. In addition, on the Effective Date, the Pre-Petition Trust established pursuant to the Pre-Petition Trust Agreement shall continue and become solely responsible for the payment of all Asbestos-Related Secured Claims. *See* Section 3.2(f) -- "The Pre-Petition Trust Agreement" for a description of the Pre-Petition Trust.

(b) Plan Distributions

(1) Distributions by Reorganized Shook & Fletcher

Reorganized Shook & Fletcher shall make all distributions on account of all Allowed Claims (other than Allowed Asbestos Claims – i.e., those in Class 5, 6, 7, 8, and 10) to the holders of such Allowed Claims as of the Distribution Date at any of the following addresses: (a) the address set forth on the Proof of Claim filed by such holder; or (b) if no Proof of Claim has been filed, at the address reflected in the list of Creditors filed with the Bankruptcy Court or in the Schedules, if Schedules are filed. At the option of Reorganized Shook & Fletcher, any payment or distribution of Cash made by Reorganized Shook & Fletcher pursuant to the Plan shall be made by check or by wire transfer. Unless otherwise provided for in the Plan, any payment or distribution required to be made by Reorganized Shook & Fletcher shall be made on the Distribution Date.

(2) Distributions by the Trusts

Distributions to holders of Allowed Asbestos-Related Secured Claims shall be made by the Pre-Petition Trust in accordance with the Pre-Petition Trust Agreement and such other applicable agreements, documents or instruments relating thereto that are not inconsistent with the terms of the Pre-Petition Trust Agreement. Except as otherwise provided in the Plan, the Bankruptcy Court shall have no jurisdiction over Claims against the Pre-Petition Trust or payments from the Pre-Petition Trust. Distributions to holders of Allowed Asbestos Claims (other than Allowed Asbestos-Related Secured Claims payable and paid by the

Pre-Petition Trust) shall be made by the Trust in accordance with the Trust Agreement, the CRP and such other applicable agreements, documents or instruments relating thereto that are not inconsistent with the terms of the Trust Documents.

(c) Procedures for the Treatment of Disputed Claims

(1) Disallowance of Improperly Filed Claims

Subject to Section 502(j) of the Bankruptcy Code and Bankruptcy Rules 3008 and 9006, any Administrative Expense Claim or Claim for which the filing of a Proof of Claim or motion with the Bankruptcy Court is required under the terms of the Bankruptcy Code, the Bankruptcy Rules, any order of the Bankruptcy Court (including one providing a Bar Date) or the Plan shall be disallowed if and to the extent that such Proof of Claim (or other filing) is not timely and properly made.

(2) Prosecution of Objections to Claims

Unless otherwise ordered by the Bankruptcy Court after notice and a hearing, the Debtor or Reorganized Shook & Fletcher, as the case may be, shall have the exclusive right to make and file objections to Proofs of Claims, other than Proofs of Claims in respect of Asbestos Claims, at any time on or before sixty days after the later of (i) the Effective Date or (ii) the date on which such Claim was filed with the Bankruptcy Court unless no Proof of Claim is required to be filed pursuant to Bankruptcy Rule 3002, the Plan or any order of the Bankruptcy Court; *provided, however,* that (x) this deadline may be extended by the Bankruptcy Court on motion by the Debtor or Reorganized Shook & Fletcher, as applicable, and (y) neither the Debtor, Reorganized Shook & Fletcher nor any other Person may file an objection to any (1) a Claim that was Allowed by a Final Order entered during the Chapter 11 Case, or (2) a Claim Allowed by the Plan. In addition, unless otherwise ordered by the Bankruptcy Court after notice and a hearing, the Debtor or Reorganized Shook & Fletcher, as the case may be, subject to Section 2.1(c)(i) of the Plan, shall have the exclusive right to make and file objections to Administrative Expense Claims and to amend the Schedules or to object to any Claim specified on the Schedules, at any time on or before sixty days after the later of (i) the Effective Date or (ii) the date on which such Claim was filed with the Bankruptcy Court unless no Proof of Claim is required to be filed pursuant to Bankruptcy Rule 3002, the Plan or any order of the Bankruptcy Court; *provided, however,* that (x) this deadline may be extended by the Bankruptcy Court on motion by the Debtor or Reorganized Shook & Fletcher, as applicable, and (y) neither the Debtor, Reorganized Shook & Fletcher nor any other Person may file an objection to any (1) a Claim that was Allowed by a Final Order entered during the Chapter 11 Case, or (2) a Claim Allowed by the Plan. After the Effective Date, only the Trust shall have authority to file objections to Asbestos Claims and litigate to judgment, settle, or withdraw such objections and each Allowed Asbestos Claim, whether or not a Proof of Claim was filed with the Bankruptcy Court, shall be satisfied exclusively in accordance with the Trust Agreement or Pre-Petition Trust Documents, as applicable.

(3) No Distributions Pending Allowance

Notwithstanding any other provision hereof, if a Claim or any portion of a Claim is Disputed, no payment or distribution shall be made on account of the Disputed portion of such Claim (or the entire Claim, if the entire Claim is Disputed), unless and until such Disputed Claim becomes an Allowed Claim.

6.6 Executory Contracts

(a) Assumption or Rejection of Executory Contracts

Except as otherwise provided in the Plan Documents, any Executory Contract that has not been expressly rejected by the Debtor with the Bankruptcy Court's approval on or prior to the Confirmation Date shall, as of the Confirmation Date (subject to the occurrence of the Effective Date), be deemed to have been assumed by the Debtor unless there is pending before the Bankruptcy Court on the Confirmation Date a motion to reject such Executory Contract. Notwithstanding the foregoing, neither the Debtor nor Reorganized Shook & Fletcher (on behalf of either of the Trusts) shall enter into any Asbestos Insurance Settlement Agreement without the approval of the Asbestos Claimants Committee the Futures Representative and or, after the Effective Date, the Trustee or the Pre-Petition Trustee, as applicable, the Futures Representative and the TAC.

(b) Damages upon Rejection

The Bankruptcy Court shall determine the dollar amount, if any, of the Claim of any Entity seeking damages by reason of the rejection of any Executory Contract; *provided, however*, that such Entity must file a Proof of Claim with the Bankruptcy Court within thirty days after the entry of the order rejecting such Executory Contract. 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, a Class 9 Unsecured Operational Claim, unless the Claim is an Asbestos Claim, in which case such Claim shall be treated as a Class 10 Claim, and the holder thereof shall receive distributions as a holder of an Allowed Claim in such Class pursuant to the Plan.

(c) Cure of Defaults

Except as may otherwise be agreed to by the parties to a specified Executory Contract, on the Effective Date, Reorganized Shook & Fletcher (or its assignee) shall cure any and all undisputed defaults under each Executory Contract assumed pursuant to the Plan in accordance with Section 365(b)(1) of the Bankruptcy Code. All disputed defaults with respect to an Executory Contract that are required to be cured shall be cured either within thirty (30) days of the entry of a Final Order determining the amount, if any, of the Debtor's or Reorganized Shook & Fletcher's liability with respect thereto, or as may otherwise be agreed to by the parties to such Executory Contract. Notwithstanding the foregoing, the Trust, and not Reorganized Shook & Fletcher, shall cure defaults under assumed Executory Contracts which would have resulted in Asbestos-Related Unsecured Claims if rejected, and the Pre-Petition Trust, and not Reorganized Shook & Fletcher, shall cure defaults under assumed Executory Contracts which would have resulted in Asbestos-Related Secured Claims if rejected.

6.7 Injunctions, Releases and Discharge

(a) Term of Certain Injunctions and Automatic Stay

(i) All of the injunctions and/or automatic stays provided for in or in connection with the Chapter 11 Case, whether pursuant to Section 105, Section 362 or any other provision of the Bankruptcy Code or other applicable law, in existence immediately prior to the Confirmation Date shall remain in full force and effect until the Injunctions become effective, and thereafter if so provided by the Plan, the Confirmation Order, or by their own terms. In addition, on and after the Confirmation Date, the Debtor may seek such further orders as it may deem necessary to preserve the *status quo* during the time between the Confirmation Date and the Effective Date.

(ii) Each of the Injunctions shall become effective on the Effective Date and shall continue in effect at all times thereafter. Notwithstanding anything to the contrary contained in the Plan, all actions in the nature of those to be enjoined by the Injunctions shall be enjoined during the period between the Confirmation Date and the Effective Date.

(b) Setoffs

Subject to the limitations provided in Section 553 of the Bankruptcy Code, the Debtor, or the Trusts, as applicable, may, but shall not be required to, setoff against any Claim and the payments or distributions to be made pursuant to the Plan in respect of such Claim, any claims, rights, causes of action and liabilities of any nature that the Debtor or the Trusts may hold against the holder of such Claim; *provided, however* that neither the failure to effect such a setoff nor the Allowance of any Claim hereunder shall constitute a waiver or release by the Debtor or the Trusts of any of such claims, rights, causes of action and liabilities that the Debtor or the Trusts has or may have against the holder.

(c) Section 346 Injunction

In accordance with Section 346 of the Bankruptcy Code, for purposes of any state or local law imposing a tax, income will not be realized by the Bankruptcy Estate, the Debtor or Reorganized Shook & Fletcher by reason of the forgiveness or discharge of indebtedness resulting from the consummation of the Plan. As a result, each state or local taxing authority is permanently enjoined and restrained, after the Confirmation Date, from commencing, continuing, or taking any act to impose, collect or recover in any manner any tax against the Debtor or the Reorganized Shook & Fletcher arising by reason of the forgiveness or discharge of indebtedness under the Plan.

(d) Discharge and Release

(i) Except as specifically provided in the Plan or in the Confirmation Order, effective on the Effective Date, the Debtor and Reorganized Shook & Fletcher shall be discharged from any and all Claims and Demands, including any Claim of a kind specified in Section 502(g), 502(h) or 502(i) of the Bankruptcy Code and any Asbestos Claim, whether or not (i) a Proof of Claim based on such Claim was filed or deemed filed under Section 501 of the Bankruptcy Code, or such Claim was listed on the Schedules of the Debtor, (ii) such Claim is or was Allowed under Section 502 of the Bankruptcy Code, or (iii) the holder of such Claim has voted on or accepted the Plan. Except as specifically provided in the Plan to the contrary, the rights that are provided in the Plan shall be in complete (x) satisfaction, discharge and release of all Claims or Demands against, Liens on, and equity interests in the Debtor, Reorganized Shook & Fletcher, or the Pre-Petition Trust or the Trust or the assets and properties of the Debtor, Reorganized Shook & Fletcher, or the Pre-Petition Trust or the Trust, (y) satisfaction, discharge and release of all Claims constituting Released Claims, including, but not limited to, all Causes of Action, whether known or unknown, either directly or derivatively through the Debtor or Reorganized Shook & Fletcher against the Released Parties on the same subject matter as any of the Claims, Liens, or Equity Interests described in subpart (x) of this subsection (d), and (z) satisfaction, discharge and release of all Causes of Action of the Debtor or Reorganized Shook & Fletcher, whether known or unknown, including but not limited to all Claims including the Released Claims, against the Released Parties. Further, but in no way limiting the generality of the foregoing, except as otherwise specifically provided

in the Plan, any Entity accepting any distributions or rights pursuant to the Plan shall be presumed conclusively to discharge Reorganized Shook & Fletcher and have released the Released Parties from (a) the Released Claims and (b) any other Cause of Action based on the same subject matter as the Claim or Equity Interest on which the distribution or right is received.

(ii) Except as specifically provided in the Plan or in the Confirmation Order, effective on the Effective Date, the Debtor and Reorganized Shook & Fletcher shall satisfy, discharge and release all of their Claims against, Liens on, and Causes of Action, whether known or unknown, either directly or derivatively through the Debtor or Reorganized Shook & Fletcher, including but not limited to the Released Claims, against any all of the Released Parties.

(iii) Notwithstanding anything to the contrary in this Section 6.7(d), however, the Plan shall not satisfy, discharge or release any Claim or Demand of the Debtor, Reorganized Shook & Fletcher, the Pre-Petition Trust, the Trust, or any Asbestos Claimant against any Asbestos Insurance Company that is not a Settling Asbestos Insurance Company.

(e) Discharge Injunction

Except as specifically provided in the Plan Documents to the contrary, upon entry of the Confirmation Order, the Plan will operate as an injunction prohibiting and enjoining the commencement or continuation of any action, the employment of process or any act to collect, recover from, or offset (a) any Claim or Demand against any Equity Interest in the Debtor. Reorganized Shook & Fletcher or the Trusts by any Entity and (b) any cause of action, whether known or unknown, against the Released Parties based on the same subject matter as any Claim, Demand or Equity Interest described in subpart (a) of Section 6.7(e).

(f) The Supplemental Injunction, the Third Party Injunction and the Settling Asbestos Insurance Company Injunction

In order to supplement the injunctive effect of the Discharge Injunction, and pursuant to Sections 524(g) or 105(a) of the Bankruptcy Code (or both), the Confirmation Order shall provide for the following injunctions to take effect as of the Confirmation Date:

(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 both provided by Sections 1141 and 524 of the Bankruptcy Code and as described in Article XI of the Plan, and pursuant to the exercise of the equitable jurisdiction and power of the Bankruptcy Court under Section 524(g) or 105(a) of the Bankruptcy Code (or both), all Entities which have held or asserted, which hold or assert, or which may in the future hold or assert any Claim, demand (including any Demand), or Cause of Action (including, but not limited to, any Asbestos Claim and any Released Claim, or any Claim or demand for or respecting any Trust Expense of either of the Trusts) against the Released Parties, the Protected Parties, or any of them, based upon, relating to, arising out of, or in any way connected with any Released Claim or any Asbestos Claim, whenever and wherever arising or asserted (including, but not limited to, all such Claims in the nature of or sounding in tort, contract, warranty or any other theory of law, equity, or admiralty) or Equity Interest shall be permanently 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, Cause of Action, or Equity Interest, 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, Cause of Action, or Equity Interest against any of the Released Parties or the Protected Parties, or against the property of any Released Party or any Protected Party with respect to any such Claim, demand, Cause of Action, or Equity Interest;

(ii) enforcing, attaching, collecting, or recovering, by any manner or means, any judgment, award, decree or order against any of the Released Parties or the Protected Parties, or against the property of any Released Party or any Protected Party with respect to any such Claim, demand, Cause of Action, or Equity Interest;

(iii) creating, perfecting or enforcing any Lien of any kind against any Released Party or any Protected Party or the property of any Released Party or any Protected Party with respect to any such Claim, demand, Cause of Action, or Equity Interest;

(iv) asserting or accomplishing any setoff, right of subrogation, indemnity, contribution or recoupment of any kind against any obligation due any Released Party or any Protected Party or against the property of any Released Party or any Protected Party with respect to any such Claim, demand, Cause of Action, or Equity Interest; or

SHOOK & FLETCHER'S VOLUNTARY PETITION AND FIRST DAY MOTIONS

A. Voluntary Petition and Related Documents

1. Voluntary Petition
2. List of Creditors Holding 20 Largest Unsecured Claims
3. Cover Sheet for Master Mailing List of Creditors
4. Cover Sheet for List of Equity Security Holders
5. Corporate Resolution
6. Praecipe Filing the Debtor's Disclosure Statement and Prepackaged Plan of Reorganization

B. Emergency Motion for Hearings

7. Emergency Motion for an Order Setting Expedited Hearings on the Debtor's Critical Operating and Administrative Motions, Shortening the Time for Filing Objections and Limiting Notice

C. Emergency First Day Operating Motions

8. Declaration of Wayne W. Killion, Jr. in Support of Voluntary Petition and First Day Motions

D. Emergency First Day Operating Motions

9. Motion for Authority to Pay Pre-petition Wages and Benefits to Employees
10. Motion for Authority to Pay Pre-petition Trade Claims in the Ordinary Course of the Debtor's Business
11. Motion for Authority to Use Cash Collateral and to Obtain Secured Credit from SouthTrust Bank (interim order)
12. Motion for Authority to Use Cash Collateral and to Obtain Subordinated Secured Credit from Shook & Fletcher Supply Co. (interim order)
13. Motion for Authority to Maintain Pre-petition Bank Accounts and Cash Management System
14. Motion for Order Limiting Notice and Service of Pleadings to Designated Parties and Representatives

E. Critical Administrative Motions

15. Motion for An Order (i) Scheduling a Combined Hearing on Approval of the Disclosure Statement and Solicitation Procedures, and to Consider Confirmation of the Prepackaged Plan of Reorganization, (ii) Establishing Deadlines and Procedures for Filing Objections to the Adequacy of the Disclosure Statement and Solicitation Procedures or Confirmation of the Plan, and (iii) Approving Form and Manner of Notice of Confirmation Hearing

16. Motion to Approve Notice Procedures for Individual Asbestos Claimants

17. Application for Entry of an Order Appointing a Legal Representative for Purposes of Section 524(g) of the Bankruptcy Code

18. Motion for Extension of Time to File Schedules of Assets and Liabilities and Statement of Financial Affairs

19. Application for Authority to Employ Swidler Berlin Shereff Friedman, LLP as Bankruptcy Counsel for the Debtor and Debtor-in-Possession, with Declaration of Roger Frankel (interim consideration)

20. Application for Authority to Lange, Simpson, Robinson & Somerville, LLP as Bankruptcy Counsel for the Debtor and Debtor-in-Possession, with Declaration of Richard P. Carmody (interim consideration)

F. Remaining First Day Motions

21. Motion for Authority to Use Cash Collateral and to Obtain Secured Credit From SouthTrust Bank (final order to be provided prior to final hearing) [See Tab 11]

22. Motion for Authority to Use Cash Collateral and to Obtain Subordinated Secured Credit from Shook & Fletcher Supply Co. (final order to be provided prior to final hearing) [See Tab 12]

23. Motion for Entry of an Order Extending Time for the Debtor to Assume or Reject Unexpired Leases of Nonresidential Real Property

24. Motion for Order Extending the Time Within Which the Debtor May File Notices of Removal of Pending Actions

G. Additional Motions

25. Motion of Richard P. Carmody for Admission of Attorneys Pro Hac Vice

(v) taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan Documents, the Pre-Petition Trust Agreement or the Trust Documents relating to such Claim, demand, Cause of Action, or Equity Interest.

(B) Reservations

Notwithstanding anything to the contrary above, this Supplemental Injunction shall not enjoin:

(i) the rights of Entities to the treatment accorded them under Articles II, III and IV of the Plan, as applicable, including the rights of Entities with CRP Valued Asbestos Claims to assert such Claims in accordance with the CRP;

(ii) the rights of Entities to assert any Claim, debt, litigation, or liability for payment of Trust Expenses solely against the Trust or the Pre-Petition Trust, as applicable;

(iii) the rights, if any, of the Pre-Petition Trust to prosecute any Asbestos Insurance Action;

(iv) the rights of the Trust and the retained rights, if any, of Reorganized Shook & Fletcher (for the benefit of the Trusts, but the retention of any such right of Reorganized Shook & Fletcher shall not create any obligation that Reorganized Shook & Fletcher prosecute any Asbestos Insurance Action) to prosecute any Asbestos Insurance Action;

(v) the rights of Entities to assert any, Claim, debt, obligation or liability for payment against an Asbestos Insurance Company that is not a Released Party unless otherwise enjoined by order of the Bankruptcy Court or estopped by provision of the Plan; and

(vi) the rights of CCR to assert any Claim, debt, obligation or liability for payment against any Asbestos Insurance Company that is not based on (i) an Asbestos Claim or (ii) the rights or obligations of Debtor or Reorganized Shook & Fletcher.

(2) Third Party Injunction

(A) Terms

In order to preserve and promote the settlements contemplated by and provided for in the Plan and agreements approved by the Bankruptcy Court and pursuant to the exercise of the equitable jurisdiction and power of the Bankruptcy Court under Section 524(g) or 105(a) of the Bankruptcy Code (or both), all Entities which have held or asserted, which hold or assert, or which may in the future hold or assert any 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, with respect to any such Third Party Claim;

(iv) asserting or accomplishing 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

(v) taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan Documents relating to such Third Party Claim.

(B) Reservations

Notwithstanding anything to the contrary above, this Third Party Injunction shall not enjoin:

(i) the rights of Entities to the treatment accorded them under Articles II, III and IV of the Plan, as applicable, including the rights of Entities with CRP Valued Asbestos Claims to assert such Claims in accordance with the CRP;

(ii) the rights of Entities to assert any Claim, debt, obligation, or liability for payment of Trust Expenses solely against the Trust or the Pre-Petition Trust, as applicable;

(iii) the rights, if any, of the Pre-Petition Trust to prosecute any Asbestos Insurance Action;

(iv) the rights of the Trust and the retained rights, if any, of Reorganized Shook & Fletcher (for the benefit of the Trusts, but the retention of any such right of Reorganized Shook & Fletcher shall not create any obligation that Reorganized Shook & Fletcher prosecute any Asbestos Insurance Action) to prosecute any Asbestos Insurance Action;

(v) the rights of Entities to assert any Claim, debt, obligation, or liability for payment against an Asbestos Insurance Company that is not a Protected Party unless otherwise enjoined by order of the Bankruptcy Court or estopped by provision of the Plan; and

(vi) the rights of CCR to assert any Claim, debt, obligation or liability for payment against any Asbestos Insurance Company that is not based on (i) an Asbestos Claim or (ii) the rights or obligations of Debtor or Reorganized Shook & Fletcher.

(3) Settling Asbestos Insurance Company Injunction

(A) Terms

In order to preserve and promote the property of the Bankruptcy Estate, as well as the settlements contemplated and provided for in the Plan, and to supplement, where necessary, the injunctive effect of the discharge and releases detailed herein, and pursuant to the exercise of the equitable jurisdiction and power of the Bankruptcy Court under Section 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 (including any Demand), or cause of action (including, but not limited to, any Asbestos Claim or any Claim or demand for or respecting any Trust Expense), against a Settling Asbestos Insurance Company based upon, relating to, arising out of, or in any way connected with any Asbestos Claim, Asbestos In-Place Insurance Coverage, or Asbestos Insurance Policy, whenever and wherever arisen or asserted (including, but not limited to, all Claims in the nature of or 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, satisfaction, 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 Settling Asbestos Insurance Company, or against the property of any Settling Asbestos Insurance Company, with respect to any such Claim, demand, or cause of action;

(ii) enforcing, attaching, collecting, or recovering, by any manner or means, any judgment, award, decree, or order against any Settling Asbestos Insurance Company or against the property of any Settling Asbestos Insurance Company with respect to any such Claim, demand, or cause of action;

(iii) creating, perfecting, or enforcing any Lien of any kind against any Settling Asbestos Insurance Company or the property of any Settling Asbestos Insurance Company with respect to any such Claim, demand, or cause of action;

(iv) asserting or accomplishing any setoff, right of subrogation, indemnity, contribution, or recoupment of any kind against any obligation due any Settling Asbestos Insurance Company or against the property of any Settling Asbestos Insurance Company 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 Documents relating to such claim, demand, or cause of action.

(B) Reservations

Notwithstanding anything to the contrary above, the Settling Asbestos Insurance Company Injunction shall not enjoin:

(i) the rights of Entities to the treatment accorded them under Articles II, III and IV of the Plan, as applicable, including the rights of Entities with Asbestos-Related Unsecured Claims to assert such Claims against the Trust in accordance with the Trust Documents and the rights of Entities with Asbestos-Related Unsecured Claims to assert such Claims against the Pre-Petition Trust in accordance with the Pre-Petition Trust Agreement;

(ii) the rights of Entities to assert any Claim, debt, obligation, or liability for payment of Trust Expenses solely against the Trust or the Pre-Petition Trust, as applicable;

(iii) the rights, if any, of the Pre-Petition Trust to prosecute any Asbestos Insurance Action;

(iv) the rights of the Trust and the retained rights, if any, of Reorganized Shook & Fletcher (for the benefit of the Trusts, but the retention of any such right of Reorganized Shook & Fletcher shall not create any obligation that Reorganized Shook & Fletcher prosecute any Asbestos Insurance Action) to prosecute any Asbestos Insurance Action;

(v) the rights, if any, of the Pre-Petition Trust to assert any Claim, debt, obligation, or liability for payment against a Settling Asbestos Insurance Company;

(vi) the rights of the Trust and the retained rights, if any, of Reorganized Shook & Fletcher (for the benefit of the Trusts, but the retention of any such right of Reorganized Shook & Fletcher shall not create any obligation that Reorganized Shook & Fletcher make such an assertion) to assert any Claim, debt, obligation, or liability for payment against a Settling Asbestos Insurance Company;

(vii) the rights of any Entities who prior to the Petition Date had pending in any court of competent jurisdiction a Direct Action against a Settling Asbestos Insurance Company that has not been stayed or enjoined by the order of such court as of such date, but only to the extent that such action seeks recovery under Asbestos Insurance Policies that provide coverage exclusively dedicated to such Entities or to such Entities' place of asbestos exposure and only to the extent that such Direct Action seeks a recovery consistent with a settlement among such Entities and the Debtor;

(viii) the rights of the Trust and Reorganized Shook & Fletcher to assign a Cause of Action or the Trust's cause of action against a Settling Asbestos Insurance Company to a Claimant and for such Claimant to assert any Claim, debt, obligation, or liability for payment against such Settling Asbestos Insurance Company; and

(ix) the rights of CCR to assert any Claim, debt, obligation or liability for payment against any Asbestos Insurance Company that is not based on (i) an Asbestos Claim or (ii) the rights or obligations of Debtor or Reorganized Shook & Fletcher.

(g) Reservation of Rights

Notwithstanding any other provision of the Plan to the contrary, the satisfaction, release and discharge, and the Injunctions set forth in Articles 11.3, 11.4, 11.5, and 11.6, respectively, of the Plan shall not serve to satisfy, discharge, release, or enjoin (i) Asbestos-Related Secured Claims against the Pre-Petition Trust, (ii) any Asbestos Claims against the Trust as and when provided in the Trust Documents or (iii) Claims against the Trust or the Pre-Petition Trust, as applicable, for the payment of its respective Trust Expenses.

(h) Rights Against Non-Debtors under Environmental Laws

Notwithstanding anything to the contrary contained herein, the injunctions and releases set forth in Article XI of the Plan, including, but not limited to, the Injunctions, shall not impair the rights or causes of action of the United States of America or any State or other Governmental Unit against non-Debtor parties under applicable Environmental Laws, and such rights and causes of action shall not be discharged or otherwise adversely affected by the Plan.

(i) Disallowed Claims and Disallowed Interests

On and after the Effective Date, the Debtor shall be fully and finally discharged of any liability or obligation on a disallowed Claim or a disallowed Equity Interest, and any order creating a disallowed Claim or a disallowed Equity Interest that 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, or unless the Bankruptcy Court orders otherwise, shall constitute an order (a) disallowing all Claims (other than Asbestos 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 Claims for unmatured interest, and (b) disallowing or subordinating, as the case may be, any Claims, or portions of Claims, for penalties or Non-Compensatory Damages.

(j) Exoneration and Reliance

The Debtor, Reorganized Shook & Fletcher, the Asbestos Claimants Committee, CCR, and the Futures Representative and the Trust Advisory Committee, as well as their respective stockholders, directors, officers, agents, employees, members, attorneys, accountants, financial advisors, and representatives shall not be liable other than for willful misconduct to any holder of a Claim or Equity Interest or any other Entity with respect to any action, omission, forbearance from action, decision, or exercise of discretion taken at any time prior to the Effective Date in connection with (a) the management or operation of the Debtor, Reorganized Shook & Fletcher, or the discharge of their duties under the Bankruptcy Code, (b) the implementation of any of the transactions provided for, or contemplated in, the Plan or the Plan Documents, (c) any action taken in connection with either the enforcement of the Debtor's rights against any Entities or the defense of Claims asserted against the Debtor with regard to the Chapter 11 Case, (d) any action taken in the negotiation, formulation, development, proposal, disclosure, confirmation or implementation of the Plan Documents filed in the Chapter 11 Case, or (e) the administration of the Plan or the Trust or the Pre-Petition Trust or the assets and property to be distributed pursuant to the Plan. The Debtor, Reorganized Shook & Fletcher, the Asbestos Claimants Committee, CCR, the Futures Representative and the Trust Advisory Committee, as well as their respective stockholders, directors, officers, agents, employees, members, attorneys, accountants, financial advisors, and representatives may reasonably rely upon the opinions of their respective counsel, accountants, and other experts or professionals and such reliance, if reasonable, shall conclusively establish good faith and the absence of willful misconduct; *provided, however,* that a determination that such reliance is unreasonable shall not, by itself, constitute a determination or finding of bad faith or willful misconduct. In any action, suit or proceeding by any holder of a Claim or Equity Interest or any other Entity contesting any action by, or non-action of, the Debtor, Reorganized Shook & Fletcher, the Asbestos Claimants Committee, CCR, the Futures Representative or the Trust Advisory Committee or their respective stockholders, directors, officers, agents, employees, members, attorneys, accountants, financial advisors, and representatives, the reasonable attorneys' fees and costs of the prevailing party shall be paid by the losing party and, as a condition to going forward with such action, suit, or proceeding at the outset thereof, all parties thereto shall be required to provide appropriate proof and assurances of their capacity to make such payments of reasonable attorneys' fees and costs in the event they fail to prevail.

(k) No Liability for Solicitation or Participation

Pursuant to Section 1125(e) of the Bankruptcy Code, the Confirmation Order shall provide that all of the Persons who have solicited acceptances or rejections of the Plan (including the Debtor, Reorganized Shook & Fletcher, and all of their respective officers, directors, shareholders, attorneys, agents, advisers and employees, all of the other Released Parties and the Voting Agent) have acted in good faith and in compliance with the applicable provisions of the Bankruptcy Code, and are not liable on account of such solicitation or participation, for violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or the offer, issuance, sale or purchase of securities.

6.8 Matters Incident to Plan Confirmation

(a) No Liability for Tax Claims

Unless a taxing authority has asserted a Claim against the Debtor before the Bar Date established therefor, no Claim of such authority shall be Allowed against the Debtor or Reorganized Shook & Fletcher for taxes, penalties, interest, additions to tax, or other charges arising out of the failure, if any, of the Debtor, 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.

(b) No Successor Liability

Except as otherwise expressly provided in the Plan or the other Plan Documents, the Debtor, Reorganized Shook & Fletcher, the Asbestos Claimants Committee the Futures Representative and the Trust Advisor Committee do not, pursuant to the Plan or otherwise, assume, agree to perform, pay, or indemnify creditors or otherwise have any responsibilities for any liabilities or

obligations of the Debtor relating to or arising out of the operations of or assets of the Debtor, whether arising prior to, on, or after the Confirmation Date. Neither Reorganized Shook & Fletcher with respect to Asbestos Claims, nor the Trust or the Pre-Petition Trust is, or shall be, a successor to the Debtor by reason of any theory of law or equity, and none shall have any successor or transferee liability of any kind or character, except that Reorganized Shook & Fletcher, the Trust and the Pre-Petition Trust shall assume the obligations specified in the Plan Documents and the Confirmation Order.

(c) Vesting of Assets

Except as otherwise expressly provided in the Plan, on the Effective Date, Reorganized Shook & Fletcher shall be vested with all of the assets and property of its former Bankruptcy Estate (other than the Trust Assets and the rights granted to the Pre-Petition Trust in the Asbestos Insurance Collateral), free and clear of all Claims, Liens, charges, encumbrances and other interests of holders of Claims except for the Liens that Shook & Fletcher reinstated or granted in favor of each of AmSouth Bank, SouthTrust Bank, and Shook & Fletcher Supply as provided in the Plan or the Confirmation Order, and following the Effective Date may operate its business free of any restrictions imposed by the Bankruptcy Code or by the Bankruptcy Court. Except as otherwise expressly provided in the Plan, on the Effective Date, the Trust shall be vested with all of the Trust Assets as and when provided in the Plan Documents.

(d) Institution and Maintenance of Legal and Other Proceedings

Notwithstanding the Pre-Petition Trust's security interest in the Asbestos Insurance Collateral, as of the Effective Date until the date on which the Pre-Petition Trust has paid (or caused to be paid) all Asbestos-Related Secured Claims (other than the CCR Secured Claim) in full, and Provision For CCR and payment of or provision for all then accrued and unpaid Trust Expenses of the Pre-Petition Trust has been made the Trust shall be empowered to initiate, prosecute, defend, settle and resolve all legal actions and other proceedings related to the Asbestos Insurance Collateral for the benefit of the Pre-Petition Trust (including Asbestos Insurance Actions); provided however that the Trust shall not enter into an Asbestos Insurance Settlement Agreement without the consent of each of the Trust Advisory Committee and the Futures Representative. As of the Effective Date, the Trust shall be empowered to initiate, prosecute, defend, settle and resolve all legal actions and other proceedings related to any asset, liability or responsibility of the Trust, which, after the date on which the Pre-Petition Trust has paid (or caused to be paid) all Asbestos-Related Secured Claims (other than the CCR Secured Claim) in full, and Provision For CCR and payment of or provision for all then accrued and unpaid Trust Expenses of the Pre-Petition Trust has been made, shall include without limitation, Asbestos Insurance Actions, for the benefit of the Trust. Each of the Trusts shall be empowered to initiate, prosecute, defend, settle and resolve all such actions in the name of Shook & Fletcher if deemed necessary or appropriate by the Trustee or the Pre-Petition Trustee, as applicable. Each of the Trusts shall be responsible for (and Reorganized Shook & Fletcher shall have no liability for) the payment of all damages, awards, judgments, settlements, expenses, costs, fees, and other charges incurred by it subsequent to the Confirmation Date arising from or associated with any legal action or other proceeding which is the subject of Article 12.5 of the Plan and shall pay or reimburse all deductibles, retrospective premium adjustments, or other charges, if any, which may arise from the receipt of insurance proceeds by it.

(e) Vesting 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 be vested with and have the right to enforce against any Entity any and all of the Debtor's Causes of Action related to Asbestos Claims *provided, however*, that nothing herein shall alter, amend, or modify the injunctions (including the Injunctions), releases, or discharges provided herein.

(f) Preservation of Insurance Claims

The Debtor's discharge, and the Released Parties' discharge and release, from Claims as provided herein shall neither diminish nor impair the obligations of any insurer arising under any insurance policy, settlement agreement or otherwise.

6.9 Retention of Jurisdiction

(a) Jurisdiction

Until the Chapter 11 Case is closed, the Bankruptcy Court shall retain the fullest and most extensive jurisdiction permissible, including that necessary to ensure that the purposes and intent of the Plan are carried out. Except as otherwise provided in the Plan, the Bankruptcy Court shall retain jurisdiction to hear and determine all Claims against and Equity Interests in the Debtor, and to adjudicate and enforce all other Causes of Action which may exist on behalf of the Debtor. Nothing contained herein shall prevent the Debtor, Reorganized Shook & Fletcher, the Pre-Petition Trust or the Trust from taking such action as may be necessary in the enforcement of any Cause of Action which the Debtor has or may have and which may not have been enforced or prosecuted by the Debtor, which Cause of Action shall survive confirmation of the Plan and shall not be affected thereby except as specifically provided herein.

(b) General Retention

Following the entry of the Confirmation Order, the administration of the Chapter 11 Case will continue at least until the completion of the transfers contemplated to be accomplished on the Effective Date. Moreover, each of the Trusts shall be subject to the continuing jurisdiction of the Bankruptcy Court in accordance with the requirements of Section 468B of the IRC and the Treasury regulations issued pursuant thereto. The Bankruptcy Court shall also retain jurisdiction for the purpose of classification of any Claim and the re-examination of Claims which have been Allowed temporarily for purposes of voting, and the determination of such objections as may be filed with the Bankruptcy Court with respect to any Claim. The failure by the Debtor to object to, or examine, any Claim for the purposes of voting, shall not be deemed a waiver of the right of the Debtor, Reorganized Shook & Fletcher, or either of the Trusts to object to or re-examine such Claim in whole or part for any other purpose.

(c) Specific Purposes

In addition to the foregoing, the Bankruptcy Court shall retain exclusive jurisdiction for the following specific purposes after the Confirmation Date:

(a) to modify the Plan after the Confirmation Date, pursuant to the provisions of the Bankruptcy Code and the Bankruptcy Rules;

(b) 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 Documents in the event that the Effective Date does not occur as provided herein so that the intended effect of the Plan may be substantially realized thereby;

(c) to assure the performance by Reorganized Shook & Fletcher and the Trusts of their respective obligations to make distributions under the Plan;

(d) to enforce and interpret the terms and conditions of the Plan Documents;

(e) 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 Debtor, Reorganized Shook & Fletcher, and the Trusts 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, Bankruptcy Court orders;

(f) to hear and determine any motions or contested matters involving taxes, tax refunds, tax attributes, tax benefits, and similar or related matters with respect to the Debtor, Reorganized Shook & Fletcher, or the Trusts, arising on or prior to the Effective Date, arising on account of transactions contemplated by the Plan Documents, or relating to the period of administration of the Chapter 11 Case;

(g) to hear and determine all applications for compensation of professionals and reimbursement of expenses under Section 330, 331, or 503(b) of the Bankruptcy Code;

(h) to hear and determine any causes of action arising during the period from the Petition Date through the Effective Date;

(i) to hear and determine any cause of action in any way related to the Plan Documents or the transactions contemplated thereby, against the Debtor, Reorganized Shook & Fletcher, the Asbestos Claimants Committee, the Trust, the Trustee, the Futures Representative or the Trust Advisory Committee and their respective present and former officers, directors, stockholders, employees, members, attorneys, accountants, financial advisors, representatives, and agents;

(j) to hear and determine any and all motions for the rejection, assumption, or assignment of Executory Contracts and the Allowance of any Claim resulting therefrom;

(k) to hear and determine such other matters as may be provided in the Confirmation Order;

(l) to consider and act on the compromise and settlement of any Claim against or Equity Interest in the Debtor or its Bankruptcy Estate including, without limitation, any disputes relating to the Bar Date;

(m) to hear and determine all questions and disputes regarding title to the assets of the Debtor, the Bankruptcy Estate, or the Trusts;

(n) to hear and determine all matters, questions, and disputes with respect to the Asbestos Claims and direct causes of action brought by the Trust or Reorganized Shook & Fletcher, including without limitation extra-contractual causes of action, against the Asbestos Insurance Companies;

(o) to hear and determine any other matters related hereto, including the implementation and enforcement of all orders entered by the Bankruptcy Court in the Chapter 11 Case;

(p) to retain continuing jurisdiction with regard to the Trusts sufficient to satisfy the requirements of Treasury Regulation Section 1.468B-1(c)(1);

(q) to hear and determine any and all applications brought by the Trustee to amend, modify, alter, or repeal any provision of the Trust Documents pursuant thereto; and

(r) to enter such orders as are necessary to implement and enforce the Injunctions and the other injunctions described herein, including, without limitation, orders extending the protections afforded by Section 524(g) of the Bankruptcy Code to the Settling Asbestos Insurance Companies.

6.10 Entry of Closing Order by the Bankruptcy Court

The performance of all obligations which shall be due and owing on the Effective Date pursuant to the terms of the Plan shall constitute substantial consummation of the Plan within the meaning of Section 1101(2) of the Bankruptcy Code. Notwithstanding any closing of the Chapter 11 Case, the Trust, the Pre-Petition Trust, Futures Representative, Trust Advisory Committee or Reorganized Shook & Fletcher may move, on notice limited to each of them and the Bankruptcy Administrator, to reopen the Chapter 11 Case for the purpose of seeking relief pursuant to the retained jurisdiction of the Bankruptcy Court provided herein, under the Confirmation Order or under applicable law.

6.11 Miscellaneous Provisions

(a) Exemption from Transfer Taxes

Pursuant to Section 1146(c) of the Bankruptcy Code, the issuance, transfer or exchange of notes or equity securities under the Plan, the creation of any mortgage, deed of trust or other security interest, the making or assignment of any lease or sublease, the transfer of any assets or property pursuant to or in connection with the Plan or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including, without limitation, any merger agreements or agreements of consolidation, deeds, bills of sale or assignments executed in connection with any of the transactions contemplated under the Plan shall not be subject to any stamp, real estate transfer, mortgage recording or other similar tax.

(b) Compliance with Tax Requirements

In connection with the Plan, the Debtor and Reorganized Shook & Fletcher shall comply with all applicable withholding and reporting requirements imposed by federal, state, local and foreign taxing authorities, and all distributions hereunder shall be subject to those withholding and reporting requirements. Creditors may be required to provide certain tax information as a condition to receiving distributions pursuant to the Plan. Notwithstanding any other provision of the Plan, each Person receiving a distribution pursuant to the Plan will have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any Governmental Unit, including income and other tax obligations, on account of that distribution. Reorganized Shook & Fletcher, the Pre-Petition Trust, 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 or property to the extent required by applicable law.

(c) Effectuating Documents and Further Transactions

The Debtor, the Pre-Petition Trust and the Pre-Petition Trustee, the Trust and the Trustee, Reorganized Shook & Fletcher, CCR, the Futures Representative, the Asbestos Claimants Committee, the Trust Advisory Committee and any other party whose cooperation is needed in connection with the Plan, are required to execute, deliver, file or record such contracts, instruments, releases, indentures and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

(d) The Asbestos Claimants Committee and the Futures Representative

The Asbestos Claimants Committee and the Futures Representative shall continue in existence until the Effective Date, with the Trust to pay the reasonable fees and expenses of the Asbestos Claimants Committee and the Futures Representative

through that date. After the Effective Date, the Futures Representative shall continue in existence and the rights, duties and responsibilities of the Futures Representative shall be as set forth in the Trust Documents. All reasonable fees and expenses of the Futures Representative, the Trust Advisory Committee and their respective counsel and advisors shall be the responsibility of the Trust, and Reorganized Shook & Fletcher shall have no liability therefor. On the Effective Date, the Asbestos Claimants Committee shall be dissolved and the members, attorneys, accountants, and other professionals thereof shall be released and discharged of and from all further authority, duties, responsibilities, liabilities, and obligations related to, or arising from, the Chapter 11 Case.

(e) Modification of the Plan

Shook & Fletcher 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 the Confirmation Date, Reorganized Shook & Fletcher 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; *provided however* that if Reorganized Shook & Fletcher fails to so remedy or reconcile after the Confirmation Date following a request from the Trustee to do so, then the Trustee may file a motion seeking such remedy or reconciliation or notice to each of the Persons specified in Article 15.9 of the Plan.

(f) Revocation and Withdrawal of the Plan

The Debtor reserves the right to revoke and withdraw the Plan prior to the Confirmation Date. If the Debtor revokes and withdraws the Plan prior to the Confirmation Date or, if the Plan is not confirmed pursuant to Section 1129 of the Bankruptcy Code, then the Plan shall be deemed null and void. In such event, nothing contained in the Plan shall constitute or be deemed a waiver or release of any Claims by or against the Debtor or any other Entity or to prejudice in any manner the rights of the Debtor or any Entity in any further proceedings involving the Debtor.

(g) Binding Effect

Upon the Effective Date, the Plan shall be binding upon and inure to the benefit of the Debtor and its successors and assigns, Reorganized Shook & Fletcher, and the holders of Claims and Equity Interests and their respective successors and assigns, whether or not they voted to accept the Plan. 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.

(h) No Admission

Nothing contained in the Plan or in this Disclosure Statement shall be deemed as an admission by the Debtor, with respect to any matter set forth therein or herein, including, without limitation, liability on any Claim or the propriety of any Claims classification.

(i) Governing Law

Except to the extent the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable, or to the extent an exhibit to 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 Alabama, without giving effect to the principles of conflicts of law of such jurisdiction, and, where applicable, the General Corporation Law of the State of Delaware.

(j) Plan Supplement

Any and all exhibits or schedules not filed with the Plan shall be contained in a Plan supplement and filed with the Clerk of the Bankruptcy Court at least ten days prior to the Confirmation Hearing. Upon its filing with the Bankruptcy Court, the Plan supplement may be inspected in the office of the Clerk of the Bankruptcy Court during regular court hours. Holders of Claims or Equity Interests may obtain a copy of the Plan supplement upon written request to the Debtor in accordance with Section 15.9 of the Plan.

(k) Modification of Payment Terms

The Debtor reserves 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.

ARTICLE 7

CONFIRMATION OF THE PLAN

7.1 Acceptance or Rejection of the Plan

(a) Persons Entitled to Vote on the Plan

Pursuant to Section 1126 of the Bankruptcy Code, only Classes of Claims and Equity Interests that are impaired under the terms and provisions of the Plan are entitled to vote to accept or reject the Plan. Generally speaking, under Section 1124 of the Bankruptcy Code, a class of claims or interests is "impaired" under a plan of reorganization unless, with respect to each claim or interest in such class, the plan in question (1) leaves unaltered the legal, equitable and contractual rights to which such claim or interest entitles the holder of such claim or interest; or (2) notwithstanding any contractual provision or applicable law that entitles the holder of such claim or interest to demand or receive accelerated payment of such claim or interest after the occurrence of a default (A) cures any such default that occurred before or after the commencement of the case under the Bankruptcy Code, other than a default of the kind specified in Section 365(b)(2) thereof; (B) reinstates the maturity of such claim or interest as such maturity existed before such default; (C) compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law; and (D) does not otherwise alter the legal, equitable, or contractual rights to which such claim or interest entitles the holder of such claim or interest.

Under the Plan, Classes 1 through 4 and 9 are unimpaired; therefore, the holders of Claims in such Classes are conclusively presumed to have accepted the Plan pursuant to Section 1126(f) of the Bankruptcy Code. Shook & Fletcher will not solicit acceptances of the Plan from these holders of Claims in Classes.

Classes 5 through 8, 10 and 11 are impaired; therefore, the holders of Claims in Classes 5 through 8 and 10 and the holders of the Equity Interests in Class 11 are entitled to vote to accept or reject the Plan. Section 524(g) of the Bankruptcy Code permits supplementary injunctions to be issued which channels all future Asbestos Claims to a trust if, among other things, each Class voting votes in favor of the plan of reorganization with respect to a Class of Claims by at least 75% of those voting in such Class. Because the Claims of Classes 5, 6, 7, 8 and 10 are to be channeled into and addressed by the Pre-Petition Trust or the Trust, as applicable, Shook & Fletcher is soliciting acceptances of the Plan for purposes of Section 524(g) from these Classes.

(b) Voting Instructions

(1) Ballots

Unless (i) you have made arrangements in writing with your attorney to authorize him or her to vote directly on your behalf and (ii) wish to keep those arrangements in place, please use only the ballot sent to you with this Disclosure Statement in voting for or against the Plan. Holders of Claims in Classes 5, 6, 7, 8 and/or 10 will receive a ballot in the applicable form described below. Shook & Fletcher may provide master ballots to parties holding proxies or powers of attorney to vote on behalf of multiple claimants. Unless you have made arrangements in writing with your attorney to authorize him or her to vote directly on your behalf, you must follow the procedures outlined below in order to properly complete your ballot.

(A) Class 5, 6 and 10 Ballots

Holders of SBNP Asbestos Claims, Present Asbestos Claims and/or Asbestos-Related Unsecured Claims shall receive this form of ballot.

(i) Indicate on the ballot, by checking the appropriate box, the Class of Claim which you hold. If you hold a Class 10 Claim, indicate the amount and basis of your Asbestos Claim. The information you enter relating to the amount and basis of your Asbestos Claim will be used solely for the purposes of identifying your Asbestos Claim and may be used for calculating votes to accept or reject the Plan. Such information does not establish the amount of your Claim and does not constitute a Proof of Claim.

(ii) Indicate on the ballot, by checking the appropriate box, whether you are voting to accept or reject the Plan. If your ballot does not indicate either an acceptance or a rejection of the Plan or if it indicates both an acceptance and a rejection, it will not be counted.

(iii) Sign and date your ballot, and return it to the Voting Agent prior to 5:00 p.m., Eastern Time, on March 25, 2002, unless such date has been extended.

(B) Other Claims' Ballots

Holders of the CCR Secured Claim, Settlement Professionals' Secured Claims and Equity Interests shall receive this form of ballot.

(i) Indicate on the ballot, by checking the appropriate box, the Class of Claim or Equity Interest which you hold.

(ii) Indicate on the ballot, by checking the appropriate box, whether you are voting in favor of or against the Plan. If your ballot does not indicate either a vote in favor of or against the Plan, or if it indicates both a vote in favor of and a vote against the Plan, it will not be counted.

(iii) Sign and date your ballot, and return it to the Voting Agent prior to 5:00 p.m., Eastern Time, on March 25, 2002, unless such date has been extended.

(2) Returning Ballots

UNLESS YOU HAVE MADE ARRANGEMENTS IN WRITING WITH YOUR ATTORNEY TO AUTHORIZE HIM OR HER TO VOTE DIRECTLY ON YOUR BEHALF, PLEASE USE THE BALLOT SENT TO YOU WITH THIS DISCLOSURE STATEMENT IN VOTING FOR OR AGAINST THE PLAN. YOU SHOULD COMPLETE AND SIGN THE BALLOT AND RETURN IT TO THE VOTING AGENT, AT THE APPROPRIATE ADDRESS SET FORTH IN THE VOTING INSTRUCTIONS WHICH ACCOMPANY THE ENCLOSED BALLOT, ON OR BEFORE 5:00 P.M., EASTERN TIME ON MARCH 25, 2002, UNLESS SUCH DATE HAS BEEN EXTENDED. ALL BALLOTS WILL BE TABULATED BY THE VOTING AGENT.

IN ORDER TO BE COUNTED, BALLOTS MUST BE ACTUALLY RECEIVED BY THE VOTING AGENT ON OR BEFORE 5:00 P.M., EASTERN TIME, ON MARCH 25, 2002, UNLESS SUCH DATE HAS BEEN EXTENDED, AT THE APPROPRIATE ADDRESS SET FORTH IN THE VOTING INSTRUCTIONS WHICH ACCOMPANY THE ENCLOSED BALLOT.

(3) Incomplete or Irregular Ballots

Ballots which fail to designate the Class to which they apply shall be counted, subject only to contrary determinations by the Bankruptcy Court, in the Class determined by Shook & Fletcher. **BALLOTS THAT ARE NOT SIGNED IN ACCORDANCE WITH THE VOTING INSTRUCTIONS AND BALLOTS THAT ARE SIGNED BUT NOT EXPRESSLY VOTED EITHER FOR ACCEPTANCE OR REJECTION OF THE PLAN WILL NOT BE COUNTED.**

(4) Shook & Fletcher's Right to Extend this Solicitation Period

The solicitation period for ballots with respect to the Plan will expire at 5:00 p.m., Eastern Time, on March 25, 2002 unless Shook & Fletcher, in its sole discretion, shall have extended the period of time for which ballots will be accepted by providing written notice to the Asbestos Claimants Committee and the Futures Representative, in which event the solicitation period will expire at 5:00 p.m. Eastern Time on such extended date. Except to the extent allowed by the Bankruptcy Court, ballots that are received after the solicitation period may not be accepted or used by Shook & Fletcher in connection with its request for Confirmation of the Plan or any modification thereof.

Shook & Fletcher expressly reserves the right, at any time or from time to time, to extend the period of time during which ballots will be accepted by making a public announcement of the extension no later than 9:00 a.m., Eastern Time, on the Business Day following any previously announced expiration date of the solicitation period. Without limiting the manner in which Shook & Fletcher may choose to make any public announcement, Shook & Fletcher will not have any obligation to publish, advertise or otherwise communicate any such public announcement, other than by providing notice to the Asbestos Claimants Committee and the Futures Representative. There can be no assurance that Shook & Fletcher will exercise its right to extend the solicitation period for the receipt of ballots.

(5) Ballot Retention

The original ballots of holders of Claims and Equity Interests shall be maintained by the Voting Agent for a period of six months following the Effective Date, after which they may be destroyed.

(c) Class Acceptance Requirement

Chapter 11 of the Bankruptcy Code does not require that each holder of a Claim vote in favor of the Plan for it to be confirmed by the Bankruptcy Court. Instead, the Bankruptcy Code defines acceptance of the Plan by a Class of Claims as acceptance by holders of at least two-thirds in amount and more than one-half in number of the Allowed Claims of that Class that have voted on the Plan, excluding any holders of Claims designated pursuant to Section 1126(e) of the Bankruptcy Code. Acceptance by a Class of Equity Interests is defined as acceptance by holders of at least two-thirds in amount of the Allowed Equity Interests of that Class held by holders of such Equity Interests that have voted on the Plan, excluding any holders of Equity Interests designated pursuant to Section 1126(e) of the Bankruptcy Code. Section 1126(e) provides that a vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that an Entity's acceptance or rejection of the plan was not in good faith, or was not solicited or procured in good faith, or in accordance with the provisions of the Bankruptcy Code.

(d) Acceptance Pursuant to Section 524(g) of the Bankruptcy Code

In accordance with Section 524(g)(2)(B)(ii)(IV)(bb) of the Bankruptcy Code, a supplementary injunction may be issued if, among other things, such Classes voting, by at least 75 percent of those voting in such Class, in favor of the Plan with respect to a Class of Claims.

7.2 Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the court, after notice, to hold a hearing on confirmation of a plan. As promptly as practicable after the commencement by Shook & Fletcher of the Chapter 11 Case, Shook & Fletcher will request the Bankruptcy Court to schedule the Confirmation Hearing. Notice of the Confirmation Hearing will be provided to all creditors and equity holders or their representatives. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any subsequent adjourned Confirmation Hearing.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a plan. Any objection to confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules, must set forth the name of the objecting party, the nature and amount of Claims or Interests held or asserted by the objectant against the Debtor or property, the basis for the objection and the specific grounds therefore, and must be filed with the Bankruptcy Court by the date and time set forth in the notice of the Confirmation Hearing, and served upon the parties and their counsel, so as to be received no later than the date and time for service of the objections, all as designated in the notice of the Confirmation Hearing.

7.3 Requirements for Confirmation

(a) Consensual Confirmation Under Section 1129(a) of the Bankruptcy Code

At the Confirmation Hearing, the Bankruptcy Court will determine whether the requirements of Section 1129(a) of the Bankruptcy Code have been satisfied, in which event the Bankruptcy Court will enter the Confirmation Order. Such requirements include, among others:

(i) That the Plan complies with applicable provisions of the Bankruptcy Code.

(ii) That Shook & Fletcher has complied with the applicable provisions of the Bankruptcy Code.

(iii) That the Plan has been proposed in good faith and not by any means forbidden by law.

(iv) That any payment made or promised by Shook & Fletcher to any Entity for services, costs or expenses in or in connection with the Chapter 11 Case or the Plan has been approved by or is subject to approval by the Bankruptcy Court as reasonable.

(v) That Shook & Fletcher has disclosed the identity and affiliations of any individual proposed to serve as a director or an officer of Reorganized Shook & Fletcher after confirmation of the Plan and that the appointment to, or continuance in, such office by such individual is consistent with the interests of holders of Claims and Equity Interests and with public policy.

(vi) That the Plan is in the best interests of the holders of Claims and Equity Interests; that is, each holder of an Allowed Claim or Allowed Equity Interest either has accepted the Plan or will receive or retain on account of its Claim or Equity Interest property with a value, as of the Effective Date, that is not less than the amount that the holder would receive or retain if Shook & Fletcher were liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date.

(vii) Each Class of Claims or Equity Interests has either accepted the Plan or is not impaired under the Plan.

(viii) Except to the extent that the holder of a particular Claim has agreed to a different treatment of such Claim, the Plan provides that Allowed Administrative Expense Claims and Allowed Priority Claims will be paid in full on the Effective Date and that Allowed Priority Tax Claims will be either paid in full on the Effective Date or will receive on account of such Claims deferred cash payments, over a period not exceeding six years after the date of assessment of such Claims, of a value, as of the Effective Date, equal to the Allowed Amount of such Claims.

(ix) At least one impaired Class of Claims has accepted the Plan, without regard to the votes of any insiders.

(x) That the Plan is feasible; that is, confirmation is not likely to be followed by the need for liquidation or further reorganization of Reorganized Shook & Fletcher.

(xi) All fees comparable to the fees payable under Section 1930 of Title 28 of the U.S. Code, if and to the extent due, have been paid on or prior to the Effective Date.

(xii) The Plan provides for the continuation after the Effective Date of payment of all retiree benefits, as that term is defined in Section 1114 of the Bankruptcy Code, without modification by the Plan, thereby complying with Section 1114 of the Bankruptcy Code.

The Plan is the product of extensive arms-length negotiations and has been proposed in good faith. Shook & Fletcher believes that the Plan satisfies all applicable requirements of Section 1129(a) of the Bankruptcy Code. A discussion of the reasons Shook & Fletcher believes the Plan satisfies certain of such requirements is set forth below and the satisfaction of the remaining requirements of Section 1129(a) of the Bankruptcy Code is, in Shook & Fletcher's belief, self-explanatory:

(1) <u>Best Interests Test</u>

Under the best interests test, the Plan may be confirmed if, with respect to each impaired Class of Claims or Equity Interests, each holder of an Allowed Claim or Allowed Equity Interest in such Class either (A) has accepted the Plan or (B) will receive or retain under the Plan, on account of its Claim or Equity Interest, property of a value, as of the Effective Date, that is not less than the amount such holder would receive or retain if Shook & Fletcher were to be liquidated under Chapter 7 of the Bankruptcy Code.

To determine what the holders in each Class of Claims or Equity Interests would receive if Shook & Fletcher were to be liquidated, the Bankruptcy Court must estimate the dollar amount that would be generated from the liquidation of Shook & Fletcher's assets and properties in the context of a Chapter 7 liquidation case. The cash amount that would be available for satisfaction of the Allowed Claims and Allowed Equity Interests of Shook & Fletcher would consist of the proceeds resulting from the disposition of the assets of Shook & Fletcher (including recovery of any voidable transfers net of litigation costs), augmented by the cash held by Shook & Fletcher at the time of the commencement of a Chapter 7 case. Such cash amount would be reduced by the costs and expenses of the liquidation and by any additional Administrative Claims and Priority Claims that would result from the termination of Shook & Fletcher's business and the use of a Chapter 7 proceeding for the purposes of liquidation. *See Exhibit C* (Liquidation Analysis).

Shook & Fletcher believes that the timing of distributions under a Chapter 7 case would be delayed and the amount of distributions that would be made in a Chapter 7 case would be materially less than the distributions contemplated by the Plan. In a Chapter 7 case, Hartford could not get the benefit of the Section 524(g) injunctions; as a result, under the Hartford Agreement, payments to Asbestos-Related Secured Claimants would be delayed until at least November 2004. In addition, the ability of the trustee in a Chapter 7 case to negotiate settlements with Asbestos Insurance Companies without the benefit of the Section 524(g) injunctions is likely to be impaired, with the result that fewer settlements are likely to be achieved, and the terms of any such settlements are likely to be less favorable to Claimants than settlements achievable in the Chapter 11 Case. Furthermore, unlike the Trust in the Chapter 11 Case, a Chapter 7 trustee would not receive the benefits of the Promissory Note, which has an original principal amount of $3,000,000, or the up-front cash payment of $300,000, which together represent the going concern value of Shook & Fletcher as well as the negotiated settlement value of certain potentially voidable transactions. It is expected that in a Chapter 7 liquidation, the value of Shook & Fletcher, after payment of the secured creditors of Shook & Fletcher, would be minimal. Moreover, without a negotiated settlement of the potentially voidable transactions, the trustee in a Chapter 7 case would be required to incur significant costs and expenses to litigate the voidability of such transactions and the various defenses thereto, which Shook & Fletcher believes are substantial defenses, resulting in further delay and increased uncertainty of recovery.

Shook & Fletcher therefore believes that the Plan is in the best interests of all holders of Claims and Equity Interests.

(2) Feasibility of the Plan

In order for the Plan to be confirmed, the Bankruptcy Court also must determine that the Plan is feasible -- that is, that the need for further reorganization or a subsequent liquidation of Shook & Fletcher is not likely to result following confirmation of the Plan. In determining whether a plan of reorganization is feasible, a court will consider (A) the adequacy of the proposed capital structure of the reorganized entity, (B) its earning power, (C) the overall economic conditions in which it will operate, (D) the capability of its management, (E) the continuity of its management and (F) any other factors the court deems relevant to the successful operation of the reorganized entity to perform the provisions of the plan of reorganization.

Reorganized Shook & Fletcher will be discharged from Asbestos Claims and otherwise in general will be free of pre-petition debt, other than indebtedness in respect of or under (1) the SouthTrust Loan (2) the AmSouth Loan, and (3) the Supply Line of Credit Agreement with Shook & Fletcher Supply, as well as its ongoing business expenses and reorganization costs. Shook & Fletcher anticipates that the cash flow generated by its business and assets will be sufficient to pay its ongoing obligations under such loans and its business expenses, and that such cash flow together with amounts contributed by Shook & Fletcher Supply will be sufficient to pay the principal and interest payments due in respect of the Promissory Note. *See Exhibit D* (Financial Projections and Feasibility Analysis)[3].

Shook & Fletcher, therefore, believes that the Plan is feasible.

(3) Acceptance by an Impaired Class

Because the Plan impairs several Classes of Claims (Classes 5, 6, 7, 8 and 10), Section 1129(a)(10) of the Bankruptcy Code requires that for the Plan to be confirmed, at least one impaired Class of Claims must accept the Plan by the requisite vote. As more fully described in Section 7.1(c) -- "Class Acceptance Requirement," an impaired Class of Claims will have accepted the Plan if and only if at least two-thirds in amount and more than one-half in number of the Allowed Claims in such Class that vote have voted to accept the Plan.

(b) Conditions for Effective Date

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, if applicable, waived:

(1) Confirmation Order

The Confirmation Order shall have been issued by the Bankruptcy Court and issued or affirmed by the District Court as required by Section 524(g) of the Bankruptcy Code, 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 option of the Debtor and the Asbestos Claimants Committee unless the effectiveness of the Confirmation Order has been stayed or vacated, in which case the Effective Date may be, again at the option of the Debtor and the Asbestos Claimants Committee, the first Business Day immediately following the expiration or other termination of any stay of effectiveness of the Confirmation Order.

(2) Plan Documents

The Plan Documents necessary or appropriate to implement the Plan shall have been executed, delivered and, where applicable, filed with the appropriate Governmental Unit; *provided, however*, that this condition may be waived by the Debtor with the written consent of the Asbestos Claimants Committee and the Futures Representative.

(3) Judicial Fees

All fees comparable to the fees payable pursuant to 28 U.S.C. § 1930 if and to the extent assessed against the Bankruptcy Estate of the Debtor shall have been paid in full.

(4) Tax Assurances

The Debtor shall have obtained either (i) a private letter ruling establishing that the Trusts are "qualified settlement funds" pursuant to Section 468(B) of the IRC and the Treasury regulations issued pursuant thereto, or (ii) other

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[3] A summary of Shook & Fletcher Supply's financial projections is included in *Exhibit D* and such summary provides a summary of Shook & Fletcher Supply's net cash flow. If a party wishes to receive additional financial information concerning Shook & Fletcher Supply, such party should request such information in writing (including by email) from Swidler Berlin Shereff Friedman, LLP, 3000 K Street, NW, Suite 300, Washington DC 20007, Attn: Mary Wallace, Esq. and Mara Glaser, Esq.; MAWallace@swidlaw.com; MAGlaser@swidlaw.com.

decisions, opinions or assurances regarding certain tax consequences of the Plan, deemed satisfactory by the Debtor, Reorganized Shook & Fletcher, the Asbestos Claimants Committee and the Futures Representative.

(5) Payment by Debtor

The Debtor shall pay $300,000 in cash to the Trust; *provided, however*, that this condition may be waived with the consent of the Futures Representative and the Asbestos Claimants Committee.

(c) Nonconsensual Confirmation Under Section 1129(b) of the Bankruptcy Code

Although Section 1129(a)(8) of the Bankruptcy Code requires that a plan be accepted by each class that is impaired by such plan, Section 1129(b) of the Bankruptcy Code provides that the Bankruptcy Court may still confirm the Plan at the request of Shook & Fletcher if all requirements of Section 1129(a) other than Section 1129(a)(8) are met and if, with respect to each Class of Claims or Equity Interests that is impaired under the Plan and has not voted to accept the Plan, the Plan "does not discriminate unfairly" and is "fair and equitable." A plan confirmed on the basis of this provision is commonly referred to as a "cramdown" plan. A cramdown plan is only available pursuant to Section 1129(a)(10) of the Bankruptcy Code if at least one impaired class of claims accepts the plan. In the event there is no impaired accepting Class, Shook & Fletcher could not seek cramdown confirmation of the Plan because the Plan would not comply with the requirements of Section 1129(a)(10) of the Bankruptcy Code. In any event, Shook & Fletcher does not intend to seek confirmation of the Plan if the voting requirements of Section 524(g) of the Bankruptcy Code were not met with respect to the relevant Claims.

(d) Injunction Under Section 524(g) of the Bankruptcy Code

Section 524(g) of the Bankruptcy Code authorizes the Bankruptcy Court to enjoin Entities from taking action to collect, recover or receive payment or recovery with respect to any Claim or Demand that is to be paid in whole or in part by a trust created by a plan of reorganization that satisfies the requirements of the Code. The injunction may also bar any action based on such Claims or Demands against Shook & Fletcher that are directed at third parties.

To obtain the injunction, a trust must be established that (1) assumes Shook & Fletcher's Asbestos Claims; (2) is funded in whole or in part by securities of Shook & Fletcher and with an obligation by Shook & Fletcher to make future payments; (3) owns or is entitled if specified contingencies occur to a majority of the voting shares of Shook & Fletcher; and (4) uses its assets or income to satisfy claims and demands.

As a requirement before issuing an injunction under Section 524(g) of the Bankruptcy Code, the Bankruptcy Court must determine that (1) Shook & Fletcher is likely to be subject to substantial Demands for payment arising out of the same or similar conduct or events that give rise to the Claims that are addressed by the injunction; (2) the actual amounts, numbers and timing of such Demands cannot be determined; (3) pursuit of such Demands outside the procedures prescribed by the Plan is likely to threaten the Plan's purpose to deal equitably with Claims and Demands; and (4) the Trusts will operate through mechanisms such as structural, periodic, or supplemental payments, pro rata distributions, matrices, or periodic review of estimates of the numbers and values of Claims and Demands, or other comparable mechanisms that provide reasonable assurance that the Trusts will value, and be in a financial position to pay, Claims and Demands that involve similar Claims in substantially the same manner.

The Bankruptcy Court must also insure that the terms of any proposed Section 524(g) injunction are set forth in the plan and disclosure statement and that such Classes vote, by at least 75 percent of those voting in such Class, in favor of the Plan with respect to a Class of Claims. Moreover, the injunction will be valid and enforceable as to future claimants only if a legal representative is appointed to protect their rights in the proceedings and if the court determines that applying the injunction to future claimants in favor of the beneficiaries of the injunction is fair and equitable with respect to the Persons that might subsequently assert such Demands, in light of the benefits provided, or to be provided, to the Trusts on behalf of Shook & Fletcher or a beneficiary of the third party injunction.

The order confirming the Plan must be issued or affirmed by the District Court that has jurisdiction over the case. After the expiration of the time for appeal of the order, the injunction becomes valid and enforceable.

Shook & Fletcher believes that it will be able to satisfy the requirements of Section 524(g) of the Bankruptcy Code, to the extent that the requisite number of Asbestos Claimants in Classes 5, 6, 7, 8, and/or 10 vote in favor of the Plan.

Under the jurisdictional scheme applicable to bankruptcy courts, jurisdiction over bankruptcy cases and proceedings arising under the Bankruptcy Code or arising in or related to bankruptcy cases is vested in the district courts. However, the district courts may refer them to the bankruptcy judges of the district. In most districts, the district court has entered a standing order referring all such matters to the bankruptcy judges.

Shook & Fletcher presently anticipates filing its Chapter 11 Case in the United States Bankruptcy Court for the Northern District of Alabama. In that judicial district, the district court has a standing order referring all bankruptcy cases to the Bankruptcy Court. Because Section 524(g) requires, however, that any confirmation order containing a supplemental injunction must be issued or affirmed by the district court, the reference may be withdrawn and the Chapter 11 Case might proceed before a district judge. At this point, it is unclear whether the Chapter 11 Case will be assigned to a bankruptcy judge or a district judge. If the Chapter 11 Case is assigned to a bankruptcy judge, he or she could conduct the Confirmation Hearing and enter the Confirmation Order. In that instance, the Section 524(g) injunctions would not be enforceable until the Confirmation Order was affirmed by a district judge. Alternatively, the Confirmation Hearing could be conducted before a district judge, or before both a bankruptcy judge and a district judge, sitting jointly. In either of those circumstances, the Confirmation Order could be issued by a district judge.

7.4 Effect of Confirmation

Upon the Bankruptcy Court's entry of the Confirmation Order (and, if the District Court is not the issuing court of the Confirmation Order, affirmed thereof by the District Court as required by Section 524(g) of the Bankruptcy Code), and assuming the Effective Date occurs, the Plan will be binding upon Shook & Fletcher, all holders of Claims and Equity Interests and all other parties in interest, regardless of whether they have accepted the Plan.

ARTICLE 8

TRUST AND ASBESTOS CLAIMS RESOLUTION MATTERS

THE FOLLOWING IS A SUMMARY OF CERTAIN SIGNIFICANT FEATURES OF THE TRUST. THIS SUMMARY IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE COMPLETE TEXT OF THE TRUST DOCUMENTS AND THE PLAN.

8.1 Establishment and Purpose of the Trust

On the Effective Date, the Trust shall be established in accordance with the Plan Documents. The Trust shall be a "qualified settlement fund" within the meaning of Section 468B of the IRC and the Treasury regulations issued pursuant thereto. The purpose of the Trust is to assume all liabilities (whether existing at the time of the Trust's creation or arising at any time thereafter) arising from or relating to all Asbestos-Related Unsecured Claims and certain other liabilities as provided in the Trust Agreement, and to use the Trust Assets to pay holders of such Asbestos-Related Unsecured Claims in accordance with the Trust Agreement and the CRP and in such a way that all holders of similar Asbestos-Related Unsecured Claims are treated in a substantially equivalent manner and to otherwise comply in all respects with the requirements of a trust set forth in Section 524(g)(2)(B)(i) of the Bankruptcy Code. All Asbestos-Related Unsecured Claims shall be paid in accordance with the Trust Agreement and the CRP. All CRP Valued Asbestos Claims, including the future Asbestos Claims and Demands of Asbestos Claimants that are presently unknown, shall be determined and liquidated, if Allowed, pursuant to the Trust Agreement and the CRP. The CRP shall be established and implemented by the Trust as provided in the Trust Agreement.

8.2 Pre-Petition Trust; Transfer from Pre-Petition Trust; Receipt of Trust Assets; Escrow Arrangement

On the Effective Date, the Pre-Petition Trust established pursuant to the Pre-Petition Trust Agreement shall become solely responsible for the payment of all Asbestos-Related Secured Claims. All Asbestos-Related Secured Claims shall be paid in accordance with the Pre-Petition Trust Agreement from the proceeds of the Asbestos Insurance Collateral. The Pre-Petition Trust shall be a "qualified settlement fund" within the meaning of Section 468B of the IRC and the Treasury regulations issued pursuant thereto. See Section 3.2(f) – "The Pre-Petition Trust Agreement" for a discussion of the Pre-Petition Trust.

Upon the payment in full of all Asbestos-Related Secured Claims (other than the CCR Secured Claim) by or on behalf of the Pre-Petition Trust, Provision For CCR and payment of or provision for all then accrued and unpaid Trust Expenses of the Pre-Petition Trust, the Pre-Petition Trust shall transfer all of its right, title and interest in and to all of the properties and assets then held by the Pre-Petition Trust (including assets that constituted Asbestos Insurance Collateral) to the Trust, and all of such properties and assets shall be vested in the Trust, and the Trust shall assume such properties and assets, whereupon the Pre-Petition Trust shall terminate.

On the Effective Date, Reorganized Shook & Fletcher shall pay $3,300,000 to the Trust as follows: $300,000 in Cash shall be paid to the Trust and the Promissory Note, having an original principal amount of $3,000,000, shall be issued to the Trust. In addition, on the Effective Date, all other Trust Assets shall be transferred to, vested in, and assumed by the Trust without any further action by Shook & Fletcher, Reorganized Shook & Fletcher, the Pre-Petition Trust or Pre-Petition Trustee, the Trust or Trustee or the Bankruptcy Court. Notwithstanding the foregoing, to the extent that certain Trust Assets, because of their nature or because they will accrue subsequent to the Effective Date (whether due to the termination of the Pre-Petition Trust or otherwise), cannot be transferred to, vested in, and assumed by the Trust on the Effective Date, such Trust Assets or the proceeds thereof shall be transferred to, vested in, and assumed by the Trust as soon as practicable after the Effective Date without any further action by Shook & Fletcher,

Reorganized Shook & Fletcher, the Pre-Petition Trust or Pre-Petition Trustee, the Trust or Trustee or the Bankruptcy Court. Upon transfer to the Trust of the Collateral Account (if the Collateral Account is established under the CCR Settlement Agreement), the Trust shall assume the obligation to make payments to CCR therefrom in accordance with the CCR Settlement Agreement.

Mr. Killion and Dr. Killion will pledge all of their Common Stock to the Trust on the Effective Date pursuant to the Pledge Agreement as security for the payment when due by Reorganized Shook & Fletcher of all amounts owed by Reorganized Shook & Fletcher to the Trust in respect of the Promissory Note. Until an Event of Default under the Promissory Note occurs and is continuing and the Pledged Shares are transferred to the Trust, Mr. Killion and Dr. Killion will retain voting rights with respect to the Pledged Shares and will receive all dividends and distributions with respect to the Pledged Shares. Upon the occurrence and continuance of an Event of Default and after the Pledged Shares are transferred to the Trust, all of the voting rights with respect to the Pledged Shares will vest in the Trust and the Trust will receive all dividends and distributions with respect to the Pledged Shares. Upon either (1) the payment of all principal and accrued but unpaid interest due and owing in accordance with the Promissory Note, or (2) any transfer by the Trust of the Promissory Note, the Trust shall surrender all of the Pledged Shares then held by the Trust and the Pledge Agreement shall automatically terminate. On the Effective Date, Mr. Killion and Dr. Killion will deliver the Pledged Shares to the Escrow Agent, who will hold and dispose of the Pledged Shares according to the terms of the Pledge Agreement. The Escrow Agreement will automatically terminate upon the delivery of the Pledged Shares pursuant to the terms of the Pledge Agreement.

8.3 Discharge of Liabilities to Holders of Asbestos Claims

Except as provided in the Plan Documents and the Confirmation Order, the transfer to, vesting in and assumption by the Trusts of the Asbestos Claims as contemplated by the Plan, among other things, shall (a) discharge Shook & Fletcher and Reorganized Shook & Fletcher for and in respect of all Asbestos Claims, and (b) discharge, release, and extinguish all obligations and liabilities of the Released Non-Debtor Parties and their respective Affiliates and subsidiaries, for or in respect of all Asbestos Claims. The Pre-Petition Trust shall assume responsibility and liability for all Asbestos-Related Secured Claims and the Trust shall assume responsibility for all Asbestos-Related Unsecured Claims.

8.4 Excess Trust Assets

On the Trust Termination Date, after the payment of all the Trust's liabilities and all Demands have been provided for and the liquidation of all properties and other non-cash Trust Assets then held by the Trust, all monies remaining in the Trust estate shall be given to such organization(s) exempt from federal income tax under Section 501(c)(3) of the IRC, which tax-exempt organization(s) shall be selected by the Trustee using his or her reasonable discretion; *provided, however*, that (i) if practicable, the tax-exempt organization(s) shall be related to the treatment of, research on, or the relief of suffering of individuals with asbestos-related disorders, and (ii) the tax-exempt organization(s) shall not bear any relationship to Reorganized Shook & Fletcher within the meaning of Section 468B(d)(3) of the IRC.

8.5 Trust Expenses

Each of the Trusts shall pay all of its respective Trust Expenses from its respective trust assets. Neither Shook & Fletcher nor Reorganized Shook & Fletcher shall have any obligation to pay any Trust Expenses.

8.6 Selection of the Initial Trustee

The initial Trustee of the Trust shall be identified by Shook & Fletcher with the consent of the Asbestos Claimants Committee and the Futures Representative prior to or at the Confirmation Hearing. The Trust Agreement may be modified prior to the Effective Date to provide for another Trustee which would be non-managerial in nature. Any successor Trustee shall be appointed in accordance with the terms of the Trust Agreement. For purposes of performing his or her duties and fulfilling his or her obligations under the Trust Agreement and the Plan, the Trust and the Trustee shall be deemed to be a "party in interest" within the meaning of Section 1109(b) of the Bankruptcy Code.

8.7 The Futures Representative

Prior to the Effective Date, the Futures Representative shall have such rights and duties as are specified in the Plan or an order of the Bankruptcy Court. On and after the Effective Date, the Futures Representative shall serve as the Futures Representative pursuant to Article 5 of the Trust Agreement, and shall have the functions and rights provided in the Trust Documents.

8.8 The Trust Advisory Committee

On and after the Effective Date, the Trust Advisory Committee shall serve in a fiduciary capacity to the Trust, representing all holders of Asbestos-Related Unsecured Claims. The TAC shall consist of three (3) members who shall serve pursuant to Article 6 of the Trust Agreement, and the Trust Advisory Committee shall have the functions and rights provided in the Trust Documents.

8.9 Lien

Pursuant to the Trust Agreement, on the Effective Date, the Trust shall grant the Trustee and the Additional Indemnitees a lien upon the Trust Assets which shall be prior to any other Lien thereon (other than the Lien for the benefit of CCR in the Collateral Account) to secure the payment of any amounts payable to them pursuant to the Trust Agreement.

8.10 Assumption of Liabilities

Pursuant to Section 1.4 of the Trust Agreement, on the Effective Date the Trustee, on behalf of the Trust, will expressly assume all liability arising from or relating to all Asbestos-Related Unsecured Claims and all other obligations owed by Shook & Fletcher or its respective successors under applicable law or under any agreement related to any Asbestos-Related Unsecured Claim. In addition, at such time as the assets and properties of the Pre-Petition Trust are transferred to and accepted by the Trust, the Trustee will expressly assume effective as of such time, without further action, all liability, if any, arising from or relating to all Asbestos-Related Secured Claims and all other obligations owed by the Pre-Petition Trust and/or the Debtor or their respective successors under the Asbestos Insurance Settlement Agreements, the Pre-Petition Trust Agreement, the Wellington Agreement, the Hartford Interim Defense Funding Agreement and the Asbestos Claims Settlement Agreements.

8.11 Indemnification of Shook & Fletcher and Reorganized Shook & Fletcher by the Trust

The Trust shall indemnify the Released Debtor Parties and their Affiliates and hold all of them harmless from and against any liabilities arising from or incurred in connection with (i) the breach of any term or provision of the Trust Agreement or (ii) any claim or action related to an Asbestos Claim from and after the date liability for such Asbestos Claim is assumed by the Trust under Article 1.4 of the Trust Agreement, including, but not limited to, indemnification or contribution for any Asbestos Claim prosecuted against the Released Debtor Parties or their Affiliates, and any professional fees and expenses (including attorneys' fees and expenses), judgments, and settlements.

8.12 Establishment of the CRP

On the Effective Date, the Trustee shall promptly proceed to establish and implement the CRP. The CRP shall incorporate the Compensable Disease Matrix, Medical Criteria and Location of Exposure and use the foregoing as a basis for resolving CRP Valued Asbestos Claims. The CRP shall also provide mechanisms such as structured, periodic or supplemental payments, pro rata distributions, or periodic review of estimates of the numbers and values of present Asbestos Claims and future Demands, or other comparable mechanisms, that provide reasonable assurance that the Trust will value and be in a financial position to pay similar Asbestos-Related Unsecured Claims in substantially the same manner.

ARTICLE 9

ESTIMATED CLAIMS BY CLASS

Shook & Fletcher and the Shook Professionals, in consultation with CCR and Claimants' Counsel, have attempted to estimate the number and amount of Asbestos Claim likely to be asserted in the case. There are such inherent difficulties in doing so that no representation can be made as to the precise accuracy of such information. Shook & Fletcher estimates that, if the Chapter 11 Case were filed as of March, 2002, claims against Shook & Fletcher would be as follows:

9.1 Claims other than Asbestos Claims

(a) Administrative Expense Claims

Shook & Fletcher estimates that the costs of the Chapter 11 Case and the preparation therefor will likely total $1.0 to $1.5 million, including the costs of professionals engaged during the Chapter 11 Case.

(b) Priority Tax Claims

Because Shook & Fletcher is an S-corporation for federal income tax purposes, it is likely that there will be few, if any, priority tax claims.

(c) Priority Claims (Class 1)

Shook & Fletcher anticipates seeking approval of the Bankruptcy Court at the beginning of the Chapter 11 Case to pay priority claims in the ordinary course of business, including wages due to employees and contributions on its employees' behalf to

employee benefit plans. Assuming such relief were granted, Shook & Fletcher anticipates that there will likely be few, if any, priority claims remaining unpaid at the Effective Date.

(d) Secured Claims

Shook & Fletcher estimates that the Secured Claims of SouthTrust (Class 2) and of AmSouth (Class 3) will total appropriately $2.4 million and $1 million, respectively.

The Secured Claim of Shook & Fletcher Supply (Class 4), which is subordinated to the Secured Claims of SouthTrust and AmSouth, is estimated to be approximately $1.5 million. Shook & Fletcher anticipates that Shook & Fletcher Supply will continue the Supply Line of Credit as debtor-in-possession financing to fund the payment of Administrative Expenses (particularly, professional fees). As a result, the amount of the Secured Claim of Shook & Fletcher Supply will vary as Administrative Expenses are allowed and paid during the Chapter 11 Case.

(e) Unsecured Operational Claims (Class 9)

Shook & Fletcher expects such claims to total approximately $500,000. Shook & Fletcher may seek authority from the Bankruptcy Court at the beginning of the Chapter 11 Case to pay such claims in the ordinary course of business.

9.2 Asbestos Claims

(a) SBNP Asbestos Secured Claims (Class 5)

It is difficult to estimate the total number or amount of SBNP Asbestos Secured Claims, given that SBNP Claimants have the option of electing one of two different methods to determine the amount of their Secured Claims, and further certain SBNP claims may be paid (or may already have been paid) by or through the CCR (and thus will constitute part of the CCR Secured Claim). Shook & Fletcher estimates that the likely maximum amount of the aggregate CCR Settlement Amounts of SBNP Claimants should not exceed $25 million, and may be substantially less. Until the time expires for SBNP Claimants to elect between the two options to determine the amount of their Claim, it is not possible to determine the aggregate amount of the Option B Secured Amounts.

(b) Present Asbestos Secured Claims (Class 6)

It is estimated that there will be up to a maximum of 60,000 of such Claims unless a larger number of Claims is permitted in accordance with the Claimants Agreement. The maximum aggregate amount of such Secured Claims is limited by the Claimants Agreement to $63.6 million.

(c) CCR Secured Claim (Class 7)

The maximum amount of the CCR Secured Claim is $37,681,171. While the actual amount of such Claim is expected to be substantially less, it is difficult to estimate the likely amount of the CCR Claim, since the amount of such Claim is a function of the number of Asbestos Claimants paid directly by CCR as part of CCR-sponsored overall settlements.

(d) Settlement Professionals Secured Claims (Class 8)

These Claims consist of $3 million to Claimants Counsel, $1 million to the Shook Professionals, and approximately $500,00 to $600,000 to the Claims-Handling Entity for processing Present Asbestos Claims and SBNP Claims.

(e) Asbestos – Related Unsecured Claims (Class 10)

It is difficult for Shook & Fletcher to estimate the number and amount of such Claims until the time expires for Present Asbestos Claimants and SBNP Claimants to participate in their respective Settlement Agreements. In addition, there may be other Asbestos-Related Unsecured Claims, including Claims of Asbestos Claimants who elect not to participate in one of the Settlement Agreements as well as Claims of various parties for contribution, indemnity, professional fees and other charges.

In light of the information presently available to Shook & Fletcher, and the uncertainties and difficulties inherent in estimating the number and amount of Asbestos Claims, Shook & Fletcher believes that the classification and treatment provided by the Plan complies with applicable law and is fair and equitable.

ARTICLE 10

RISKS OF THE PLAN

10.1 General

The following is intended as a summary of certain risks associated with the Plan, but is not exhaustive and must be supplemented by the analysis and evaluation of the Plan and this Disclosure Statement as a whole by each holder of a Claim with such holder's own counsel and other advisors.

10.2 Confirmation Risks

For the Plan to be confirmed, each impaired Class is given the opportunity to vote to accept or reject the Plan. With regard to the impaired Classes which vote on the Plan, the Plan will be deemed accepted by a Class of impaired Claims if the Plan is accepted by holders of Claims of such Class who hold at least two-thirds in amount and more than one-half in number of the total Allowed Claims of such Class actually voting on the Plan. Only those members of a Class who vote to accept or reject the Plan will be counted for voting purposes. The Plan must also comply with the requirements of Section 524(g) of the Bankruptcy Code. Thus, if votes of holders of Claims in Classes 5, 6, 7, 8 and/or 10 are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan and issue a supplemental injunction under Section 524(g) of the Bankruptcy Code, Shook & Fletcher intends to file a voluntary petition for relief under Chapter 11 of the Bankruptcy Code and to seek, as promptly as practicable thereafter, confirmation of the Plan.

Any objection to the Plan by a party in interest could either prevent, or delay for a significant period of time, confirmation of the Plan.

Moreover, although Shook & Fletcher believes that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

Section 6.1(c) of the Plan requires that the Confirmation Order be in form and substance acceptable to Shook & Fletcher, the Asbestos Claimants Committee and the Futures Representative. Since no form of Confirmation Order has yet been proposed, the parties have not reached agreement on the form and substance of the Confirmation Order.

10.3 Variance from Financial Projections

The financial projections contained in *Exhibit D,* Financial Projections and Feasibility Analysis, are estimates by Shook & Fletcher's management based on what are currently believed to be reasonable assumptions regarding the future earnings of Reorganized Shook & Fletcher. In addition, a summary of financial projections for Shook & Fletcher Supply are contained in *Exhibit D,* Financial Projections and Feasibility Analysis, and such summary are estimates by Shook & Fletcher Supply's management based on what are currently believed to be reasonable assumptions regarding the future earnings of Shook & Fletcher Supply. Unanticipated events and circumstances occurring subsequent to the preparation of these financial projections may affect the actual financial results of Reorganized Shook & Fletcher or Shook & Fletcher Supply, as applicable. While the management of each of Shook & Fletcher and Shook & Fletcher Supply believes that the financial projections for its respective company are reasonable and attainable, some or all of the estimates will vary and variations between the actual financial results and those projected may be material and adverse.

There can be no assurance that such assumptions will prove to be valid and the effect of any variance from the projections may be material and adverse and may affect adversely Reorganized Shook & Fletcher's ability, or Shook & Fletcher Supply's ability, as applicable, to meet its obligations to the Trust in respect of the Promissory Note and the value of the Pledged Shares which secure such obligations.

10.4 Insurance Coverage for Asbestos Claims

A discussion of the insurance coverage available for Asbestos Claims is provided in Section 2.2(b) -- "Shook & Fletcher's Insurance Coverage for Asbestos-Related Bodily Injury Claims." above. As described in Section 2.2 above, Shook & Fletcher has been in discussions with its insurers about insurance coverage for the Asbestos Claims for some time. Because of the risks involved with respect to the effects of various potential rulings by the Bankruptcy Court or an appeal thereof, as well as the uncertainty in the resolution of any present or future Asbestos Insurance Actions, the ultimate value of the insurance proceeds is uncertain. Moreover, the possibility that one or more of the Asbestos Insurance Companies may become insolvent in the future may impact the value of Shook & Fletcher's insurance coverage, and thus the value of the Trust Assets.

10.5 Distributions under the CRP

Payments that will be made on Allowed Asbestos-Related Unsecured Claims shall be determined under the CRP and shall be based on one hand, upon estimates of the number, types and amount of present and expected future Asbestos-Related Unsecured Claims and, on the other hand, on the value of the Trust Assets, the liquidity of the Trust Assets, the Trust's expected future expenses and income, as well as other material matters that are reasonable and likely to affect the sufficiency of funds to pay all holders of Allowed Asbestos-Related Unsecured Claims. There can be no certainty as to the precise amounts that will be distributed by the Trust in any particular time period or when Asbestos Claims will be paid by the Trust.

10.6 Federal Income Tax Consequences of the Plan

A private letter ruling may be requested from the Internal Revenue Service confirming, among other things, that each of the Trusts is a "qualified settlement fund" pursuant to Section 468B of the IRC and the Treasury regulations thereunder, and that Shook & Fletcher is a qualified transferor thereto. Pursuant to Section 6.2(d) of the Plan, the Effective Date shall not occur, unless, among other things, Shook & Fletcher receives this private letter ruling from the IRS, or, in the alternative, obtains opinions and assurances regarding the tax consequences of the Plan, deemed satisfactory by Shook & Fletcher, Reorganized Shook & Fletcher, the Asbestos Claimants Committee and the Futures Representative. The IRS may decline to rule on some of the federal income tax aspects of the Plan. If the desired rulings or satisfactory opinions and assurances cannot be obtained, the Effective Date of the Plan may not occur.

10.7 Risk of Post-Confirmation Default

Although no guarantees can be given, Shook & Fletcher believes that the cash flow generated by its business and assets will be sufficient to meet Reorganized Shook & Fletcher's ongoing business obligations and operating requirements and that such cash flow, together with amounts contributed by Shook & Fletcher Supply, will be sufficient to make the payments to the Trust required under the Plan and the Promissory Note. Projected Reorganized Shook & Fletcher's operating cash flow and a summary of Shook & Fletcher Supply's net cash flow is set forth in the Financial Projections and Feasibility Analysis attached hereto as *Exhibit D*. At the Confirmation Hearing, the Bankruptcy Court will be required to make a judicial determination that the Plan is feasible.

ARTICLE 11

ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

If the Plan is not confirmed and consummated, the alternatives to the Plan include (a) liquidation of Shook & Fletcher under Chapter 7 of the Bankruptcy Code; and (b) an alternative plan of reorganization.

11.1 Liquidation under Chapter 7

If no plan can be confirmed, the Chapter 11 Case may be converted to a case under Chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be appointed to liquidate the assets of Shook & Fletcher for distribution in accordance with the priorities established by the Bankruptcy Code. A discussion of the effects that a Chapter 7 liquidation would have on the recovery of holders of Claims and Equity Interests and Shook & Fletcher's liquidation analysis are set forth in Section 7.3(a)(1) -- "Best Interests Test" above. Shook & Fletcher believes that the timing of the distributions under a Chapter 7 case would be delayed and the amount of distributions that would be made in a Chapter 7 case would be materially less than the distributions contemplated by the Plan, because, among other things, (a) Hartford could not get the benefit of the Section 524(g) injunctions; as a result, under the Hartford Agreement, payments to Asbestos-Related Secured Claimants would be delayed until at least November 2004, (b) the ability of the trustee in a Chapter 7 case to negotiate settlements with Asbestos Insurance Companies without the benefit of the Section 524(g) injunctions is likely to be impaired, and (c) a Chapter 7 trustee would not receive the benefits of the Promissory Note, which has an original principal amount of $3,000,000 or the up-front cash payment of $300,000, representing the going concern value of Shook & Fletcher as well as the negotiated settlement value of certain potentially voidable transactions.

Attached hereto as *Exhibit C* is a Liquidation Analysis for Shook & Fletcher, which assumes that a bankruptcy case under Chapter 7 is commenced immediately and that Shook & Fletcher's assets are liquidated by a Chapter 7 trustee in an orderly liquidation. The Liquidation Analysis is based upon a number of estimates and assumptions which, while considered reasonable, are inherently beyond the control of Shook & Fletcher or any Chapter 7 trustee. Accordingly, there can be no assurances that the values reflected in the Liquidation Analysis would be realized if Shook & Fletcher were to undergo such a Chapter 7 liquidation; actual results could vary materially from those shown here. In addition, any liquidation would necessarily take place in the future under circumstances which presently cannot be predicted. Accordingly, if the Bankruptcy Estate was liquidated, the actual liquidation proceeds could be materially lower or higher than the amounts set forth in *Exhibit C*, and no representation or warranty can be made with respect the actual proceeds that could be received in a Chapter 7 liquidation.

11.2 Alternative Plan of Reorganization

If the Plan is not confirmed, Shook & Fletcher, or if Shook & Fletcher's exclusive period in which to file a plan of reorganization has expired, any other party in interest could attempt to formulate a different plan of reorganization. However, the Plan is the product of extensive negotiations among Shook & Fletcher, the Futures Representative, Claimants' Counsel, CCR, Mr. Killion and Dr. Killion and Hartford, and is a delicate balance of the competing and conflicting interests held by those parties. Any attempt to propose an alternative plan containing different terms for any of these parties would threaten to disrupt the balance established by the Settlement Agreements and the Plan. This, in turn, could lead to reduced recoveries from the Asbestos Insurance Companies, and years of costly litigation for all parties.

SHOOK & FLETCHER BELIEVES THAT THE CONFIRMATION AND IMPLEMENTATION OF THE PLAN IS PREFERABLE TO ANY OF THE ALTERNATIVES BECAUSE IT SHOULD PROVIDE GREATER RECOVERIES THAN THOSE AVAILABLE IN LIQUIDATION OR UNDER ANY ALTERNATIVE PLAN.

ARTICLE 12

CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion is a summary of certain federal income tax aspects of the Plan, is for general information only, and therefore should not be relied upon for purposes of determining the specific tax consequences of the Plan with respect to a particular holder of a Claim. This discussion does not purport to be a complete analysis or listing of all potential tax considerations.

The following discussion is based upon existing provisions of the IRC and proposed Treasury regulations thereunder, and current administrative rulings and court decisions. No assurance can be given that legislative or administrative changes or court decisions may not be forthcoming which would require significant modification to the statements expressed in this Article 12. Moreover, the tax consequences to holders of Claims may vary based upon the individual tax circumstances of each such holder.

EXCEPT AS DISCUSSED ABOVE WITH RESPECT TO CERTAIN PRIVATE LETTER RULINGS, NO RULING HAS OR WILL BE REQUESTED OR OBTAINED FROM THE INTERNAL REVENUE SERVICE WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE PLAN AND NO OPINION OF COUNSEL HAS BEEN OR WILL BE OBTAINED BY SHOOK & FLETCHER IN RESPECT THEREOF. ACCORDINGLY, NO REPRESENTATIONS OR ASSURANCES ARE BEING MADE WITH RESPECT TO THE FEDERAL INCOME TAX CONSEQUENCES AS DESCRIBED HEREIN.

CERTAIN HOLDERS OF CLAIMS MAY BE SUBJECT TO SPECIAL RULES NOT ADDRESSED IN THIS SUMMARY OF FEDERAL INCOME TAX CONSEQUENCES. THERE ALSO MAY BE STATE, LOCAL OR FOREIGN INCOME TAX CONSIDERATIONS APPLICABLE TO EACH HOLDER OF A CLAIM OR INTEREST WHICH ARE NOT ADDRESSED HEREIN. EACH HOLDER OF A CLAIM OR INTEREST AFFECTED BY THE PLAN SHOULD CONSULT, AND RELY UPON, ITS OWN TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES OF THE PLAN WITH RESPECT TO THAT HOLDER'S CLAIM OR INTEREST.

12.1 Tax Consequences to Shook & Fletcher

(a) Discharge of Indebtedness

Under the IRC, a taxpayer will generally be deemed to realize and recognize gross income to the extent to which its indebtedness is discharged during the taxable year. Section 108(a)(1)(A) of the IRC provides an exception to this rule when a taxpayer is subject to the jurisdiction of a bankruptcy court and where the discharge of indebtedness is granted by that court or is effected pursuant to a plan approved thereby, subject to the condition, imposed by Section 108(b) of the IRC, that the income realized from the indebtedness discharge be applied to reduce certain tax attributes of the taxpayer in the following order: net operating losses, tax credit carryforwards, capital loss carryforwards, the basis of the taxpayer's assets and foreign tax credit carryforwards (the "**Tax Attributes**"). Section 108(b)(5) of the IRC provides that a taxpayer may elect to first apply the reduction to the basis of the taxpayer's assets, with any remaining balance applied to the other Tax Attributes. Section 108(e)(2) of the IRC provides a further exception, to the effect that the taxpayer will be deemed not to have realized income from the discharge of indebtedness to the extent that the taxpayer's satisfaction of the debt would have given rise to an income tax deduction. The effect of Section 108(e)(2) of the IRC, where applicable, is to allow the taxpayer to discharge indebtedness without recognizing income and avoid any reduction of its Tax Attributes.

With respect to holders of Claims, the satisfaction and discharge of such Claims should not result in discharge of indebtedness income pursuant to Section 108(e)(2) because payment of the Claims would have given rise to income tax deductions to Shook & Fletcher. Therefore, any discharge relating to these Claims will not result in income to Shook & Fletcher or a reduction of Shook & Fletcher's Tax Attributes.

(b) Transfers to the Trusts

Assuming that the trusts receive certain approvals from the Bankruptcy Court, each of the Trusts should each qualify as a "qualified settlement fund" ("**QSF**") within the meaning of Section 468B of the IRC and the Treasury regulations thereunder, and Shook & Fletcher should be treated as a qualified transferor thereto. Assuming the Pre-Petition Trust receives certain approvals from the Bankruptcy Court during calendar year 2002, pursuant to a so-called "relate-back election" to be filed on behalf of the Pre-Petition Trust, the Pre-Petition Trust should qualify as a QSF as of January 1, 2002.

A qualified transferor must treat a transfer of property to a QSF as a sale or exchange of that property. In computing gain or loss, the amount realized by the transferor is the fair market value of the property on the date the transfer is made to the QSF. A transferor must obtain a so-called "qualified appraisal" to support a loss or deduction claimed with respect to a transfer to a QSF with respect to certain types of property.

If an accrual-method transferor makes a transfer to a QSF to resolve or satisfy a liability, so-called "economic performance" occurs at the time and to the extent of the transfer (subject to limitations for transfers of debt instruments of the transferor, and amounts that are subject to a right of current reversion or refund to the transferor (or refunds certain to occur at a future time)) and the transferor is entitled to an income tax deduction equal to the fair market value of the property transferred.

A transferor must include in gross income the fair market value of any distribution (or deemed distribution) received by it from a QSF.

Shook & Fletcher will transfer to the Pre-Petition Trust certain insurance proceeds and certain security interests in its insurance coverage. To the extent such transfers result in income to Shook & Fletcher, Shook & Fletcher should be entitled to a corresponding deduction equal to the fair market value of such amounts transferred to the Pre-Petition Trust. In addition, on the Effective Date, Reorganized Shook & Fletcher will contribute the Promissory Note to the Trust. Shook & Fletcher will not be entitled to a current income tax deduction upon contribution of the Promissory Note to the Trust. Instead, under Treasury regulations promulgated under Section 468B of the IRC, Shook & Fletcher will become entitled to income tax deductions as principal payments are made on the Promissory Note. In addition, because the Promissory Note will provide for regular interest payments that qualify as "qualified stated interest" under the IRC, Shook & Fletcher will be entitled to deduct interest payable on the Promissory Note as it accrues.

12.2 Tax Consequences to Holders of Claims

To the extent that payments from the Trusts to holders of Claims constitute damages received by holders of such Claims on account of personal injuries, such payments should not constitute gross income to such recipients under Section 104 of the IRC, except to the extent that such payments are attributable to medical expense deductions allowed under Section 213 of the IRC for a prior taxable year. To the extent that payments from the Trusts to holders of Claims constitute damages received by holders of such Claims on account of claims other than personal injuries (such as lost wages), such payments will be includible in gross income to such holders.

The tax consequences of payments received by holders of Claims will depend upon the individual nature of each Claim and the particular circumstances and facts applicable to the holder of the Claim at the time each such payment is made. Shook & Fletcher anticipates that the Trusts will issue Form 1099s to each holder of an Allowed Asbestos Claim for each year during which payments are made to such holder, in the full amount of such payment. Neither the Trusts, Shook & Fletcher nor Reorganized Shook & Fletcher will attempt to allocate amounts paid with respect to Claims between physical and non-physical injuries.

12.3 Tax Consequences to the Trusts

Each of the Trusts should qualify as a qualified settlement fund within the meaning of Section 468B of the IRC and the Treasury regulations thereunder and Shook & Fletcher and Reorganized Shook & Fletcher should be treated as qualified transferors to the Trusts. The Trusts will be taxed as corporations for federal income tax purposes and will be required to pay taxes on modified gross income as defined within the Treasury regulations (generally at the highest rate applicable to estates and trusts). As QSFs, the Trusts will generally not be required to include in income amounts transferred to them by Shook & Fletcher (or, in the case of the Trust, amounts paid to it by the Pre-Petition Trust), except that interest paid to the Trust by Shook & Fletcher and/or Shook & Fletcher Supply on the Promissory Note will be includible in income by the Trust. The Trusts will not be entitled to deduct for federal income tax purposes amounts paid out to holders of Claims (or, in the case of the Pre-Petition Trust, amounts paid to the Trust, however the Trusts will be entitled to deduct amounts paid for administrative costs and other incidental costs of the Trusts).

The Trust's basis in the Promissory Note and the basis of each of the Trusts in any other assets received will be the fair market value of such assets at the time of receipt.

THE FOREGOING IS INTENDED TO BE A SUMMARY ONLY AND NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX ADVISOR. THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND, IN SOME CASES, UNCERTAIN. SUCH CONSEQUENCES ALSO MAY VARY BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM OR INTEREST. ACCORDINGLY, EACH HOLDER OF A CLAIM OR INTEREST IS URGED STRONGLY TO CONSULT WITH HIS, HER OR ITS OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME TAX CONSEQUENCES OF THE PLAN.

ARTICLE 13

FINANCIAL INFORMATION

13.1 General

An analysis of Shook & Fletcher's financial condition appears in the Financial Statements attached hereto as *Exhibit E*. This information is provided to permit Claimants to better understand Shook & Fletcher's financial condition.

Upon the commencement of the Chapter 11 Case, Shook & Fletcher will be required to file monthly operating reports with the Bankruptcy Court. Such financial information will be on file with the Bankruptcy Court and publicly available for review.

13.2 Reorganized Shook & Fletcher Financial Projections

Shook & Fletcher has prepared the Reorganized Shook & Fletcher Financial Projections, a summary of which is attached hereto *Exhibit D*. Variances in the forecasted financial information contained therein may result from unforeseen factors. However, Reorganized Shook & Fletcher's Financial Projections represent Shook & Fletcher's present judgment of the projected business operations of Reorganized Shook & Fletcher.

WHILE SHOOK & FLETCHER BELIEVES THAT THE FINANCIAL PROJECTIONS ARE REASONABLE IN LIGHT OF CURRENT FACTS AND CIRCUMSTANCES KNOWN TO SHOOK & FLETCHER'S MANAGEMENT, THE PROJECTIONS ARE BASED ON A NUMBER OF ASSUMPTIONS AND ARE SUBJECT TO SIGNIFICANT UNCERTAINTIES WHICH ARE BEYOND THE CONTROL OF REORGANIZED SHOOK & FLETCHER. THEREFORE, THERE CAN BE NO ASSURANCE THAT THESE PROJECTIONS WILL BE REALIZED AND ACTUAL OPERATING RESULTS MAY BE MATERIALLY HIGHER OR LOWER THAN FORECAST.

13.3 Shook & Fletcher Supply Financial Projections

Shook & Fletcher Supply has prepared financial projections, a summary of which is included in *Exhibit D*. Variances in the forecasted financial information contained therein may result from unforeseen factors. However, Shook & Fletcher Supply's financial projections represent Shook & Fletcher Supply's present judgment of the projected business operations of Shook & Fletcher Supply.

WHILE SHOOK & FLETCHER SUPPLY ADVISED SHOOK & FLETCHER THAT IT BELIEVES THAT THE SUMMARY FINANCIAL PROJECTIONS ARE REASONABLE IN LIGHT OF CURRENT FACTS AND CIRCUMSTANCES KNOWN TO SHOOK & FLETCHER SUPPLY'S MANAGEMENT, THE PROJECTIONS ARE BASED ON A NUMBER OF ASSUMPTIONS AND ARE SUBJECT TO SIGNIFICANT UNCERTAINTIES WHICH ARE BEYOND THE CONTROL OF SHOOK & FLETCHER SUPPLY. THEREFORE, THERE CAN BE NO ASSURANCE THAT THESE PROJECTIONS WILL BE REALIZED AND ACTUAL OPERATING RESULTS MAY BE MATERIALLY HIGHER OR LOWER THAN FORECAST.

ARTICLE 14

SOURCES OF INFORMATION PROVIDED AND THE ACCOUNTING METHOD USED

14.1 Sources of Information

The information set forth in this Disclosure Statement and the exhibits hereto was provided by Shook & Fletcher, Shook & Fletcher Supply, the Shook Professionals, Claimants' Counsel and their professionals.

14.2 Accounting Method

Each of Shook & Fletcher and Shook & Fletcher Supply maintains its books and records on an accrual basis, in accordance with generally accepted accounting principles. The books and records of each of Shook & Fletcher and Shook & Fletcher have been audited by the accountants of Moses, Phillips, Young, Brannon and Henninger, LLP, through December 31, 1999.

RECOMMENDATION AND CONCLUSION

Shook & Fletcher recommends that all holders of Claims in Classes 5, 6, 7, 8 and 10 and holders of Equity Interests in Class 11 vote to accept the Plan, and urges each of them to evidence such acceptance and approval, by instructing the holder of any proxy for them to vote to accept the Plan on their behalf, or by returning their ballots so that they will be received on or before the Voting Deadline.

In the view of Shook & Fletcher, the Plan provides the best available alternative for maximizing the distributions that holders of Asbestos-Related Claims will receive out of its Bankruptcy Estate.

SIGNATURES

The undersigned has executed this Disclosure Statement as of the 18th day of February, 2002.

Respectfully submitted,

SHOOK & FLETCHER INSULATION CO.

By: /s/ Wayne W. Killion, Jr.
Name: Wayne W. Killion, Jr.
Title: President and Chief Executive Officer

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ATTORNEYS FOR SHOOK & FLETCHER INSULATION CO.

Exhibit A
to Disclosure Statement

Glossary of Terms for the Plan Documents Pursuant to the Plan of Reorganization Under Chapter 11 of the Bankruptcy Code of Shook & Fletcher Insulation Co.

UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ALABAMA

In re:	)	**Chapter 11**
	)	
	)	**Case No.**
SHOOK & FLETCHER INSULATION CO.,	)	
	)	
Debtor.	)	

GLOSSARY OF TERMS FOR THE PLAN DOCUMENTS
PURSUANT TO THE PLAN OF REORGANIZATION UNDER
CHAPTER 11 OF THE UNITED STATES BANKRUPTCY
CODE OF SHOOK & FLETCHER INSULATION CO.

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DEFINITIONS

Unless the context requires otherwise, the following terms shall have the following meanings when used with the initial letter capitalized. Such meanings shall be equally applicable to both the singular and plural forms of such terms. Any term used in capitalized form that is not defined herein but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning ascribed to such term by the Bankruptcy Code or the Bankruptcy Rules (with the Bankruptcy Code controlling in the case of a conflict or ambiguity). The rules of construction set forth in section 102 of the Bankruptcy Code shall apply in construction of the Plan Documents. All references to the "Plan" herein shall be construed, where applicable, to include references to the Plan and all its exhibits, appendices, schedules, and annexes (and any amendments thereto made in accordance with the Bankruptcy Code).

Additional Indemnitees means each member of the Asbestos Claimants Committee, each member of the TAC, the Futures Representative, Reorganized Shook & Fletcher, Shook & Fletcher Supply, and their respective professionals, officers and directors.

Administrative Expense Claim means any right to payment constituting a cost or an expense of administration of the Chapter 11 Case under Sections 503(b) and 507(a)(1) of the Bankruptcy Code, including, without limitation, (a) any actual and necessary costs and expenses of preserving the estate of the Debtor, of administering the Chapter 11 Case as authorized and approved by a Final Order, or of operating the business of the Debtor, (b) any indebtedness or obligations incurred or assumed by the Debtor in connection with the conduct of its business post-petition, including, without limitation, for the acquisition or lease of property or an interest in property or the rendition of services, (c) all compensation and reimbursement of expenses to the extent allowed and/or authorized by Final Order under Section 330, 331 or 503(b) of the Bankruptcy Code, and (d) any fees or charges assessed against the Bankruptcy Estate of the Debtor under Section 1930 of Chapter 123 of Title 28 of the United States Code; *provided, however*, that the term "Administrative Expense Claims" shall not include any Asbestos Claims.

Adoption Forms means the adoption forms substantially in the form attached to the SBNP Settlement Agreement as Appendix B thereto.

Affiliate Allowed shall have the meaning ascribed to such term in Section 101(2) of the Bankruptcy Code. (and derivatives thereof, such as Allow or Allowing) means:

(a) with respect to an Administrative Expense Claim, an Administrative Expense Claim, or any portion thereof, that (i) is allowed by a Final Order or that is deemed allowed pursuant to Sections 102 and 503(b) of the Bankruptcy Code or (ii) is a Claim incurred by the Debtor in the ordinary course of its business <u>and</u> that has been expressly acknowledged by the Debtor as due and owing pursuant to a written agreement executed by the Debtor after the Petition Date;

(b) with respect to a Claim (other than an Administrative Expense Claim) including an Asbestos Claim, a Claim arising prior to the Petition Date, or any portion thereof (i) that has been expressly acknowledged by the Debtor as due and owing pursuant to a written agreement executed by the Debtor after the Petition Date, (ii) that has been allowed by a Final Order, (iii) for which a Bar Date has been established and a Proof of Claim has been timely filed with the Bankruptcy Court pursuant to the Bankruptcy Rules or any Final Order of the Bankruptcy Court, and as to which either (A) no objection thereto, or application to estimate, equitably subordinate or otherwise limit recovery, has been filed within the periods of limitation fixed by the Bankruptcy Code, Bankruptcy Rules, the Plan, or any Final Order, or (B) any objection to its allowance or application to estimate, equitably subordinate or otherwise limit recovery has been settled, withdrawn, or has been denied by a Final Order, (iv) that is expressly allowed in the Plan, (v) from the recovery of property under Section 550 or 553 of the Bankruptcy Code and that is allowed in accordance with Section 502(h) of the Bankruptcy Code, (vi) that has been listed in the Schedules (as they may be amended) and (A) is not listed as disputed, contingent or unliquidated, and (B) for which a Proof of Claim has not been filed, (vii) that is a CRP Valued Asbestos Claim, that is liquidated and allowed pursuant to the CRP, or, if applicable, pursuant to a Final Order of the Bankruptcy Court (but only to the extent so allowed), (viii) that constitutes an Asbestos-Related

Secured Claim or a Present Asbestos Unsecured Claim or an SBNP Asbestos Unsecured Claim or an Other SBNP Claim or (ix) that constitutes a CRP Valued Asbestos Claim, upon the final determination of the Liquidated Value therefor pursuant to the CRP; and

(c) with respect to an Equity Interest, such Equity Interest.

Allowed Amount means the dollar amount in which a Claim is Allowed.

AmSouth Bank means AmSouth Bank of Alabama.

Asbestos Claim means (a) any claim, demand or lawsuit (including, but not limited to, any Claim, Bonded Claim, or Demand) against the Debtor, its predecessors, successors, subsidiaries or Affiliates, or their respective present or former officers, directors or employees, whenever and wherever arising or asserted, and (b) any debt, obligation or liability (whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, bonded, secured, or unsecured) of the Debtor, its predecessors, successors, subsidiaries or Affiliates, or their respective present or former officers, directors or employees (including, but not limited to, all thereof in the nature of or sounding in tort, contract, warranty, or any other theory of law, equity or admiralty) whenever and wherever arising or asserted; in either case (a) or (b) for, relating to, or arising by reason of, directly or indirectly, physical, emotional, bodily or other personal injury, sickness, disease, death or damages (including, but not limited to, any claim or demand for compensatory damages, loss of consortium, proximate, consequential, general, special or punitive damages, reimbursement, indemnity, warranty, contribution or subrogation) whether or not diagnosable or manifested before the Confirmation Date or the close of the Chapter 11 Case, (x) caused or allegedly caused, in whole or in part, directly or indirectly (i) by asbestos or asbestos-containing products, including asbestos or asbestos containing products manufactured, distributed, sold, handled, installed, stored, or removed by Shook & Fletcher or (ii) by services, actions, or operations, including services, actions or operations provided, completed or taken by Shook & Fletcher in connection with asbestos or asbestos-containing products, or (y) caused or allegedly caused by asbestos or asbestos-containing products, services, actions or operations for which Shook & Fletcher may be otherwise liable under any applicable law; in any case, whether or not arising or allegedly arising, directly or indirectly, from acts or omissions of the Debtor, its predecessors, subsidiaries or Affiliates, or its present or former officers, directors or employees, or any other Person for or with which the Debtor or its successors are or may be liable, including asbestos-related claims including, but not limited to, Indirect Asbestos Claims and Asbestos Expenses.

Asbestos Claimant means the holder of an Asbestos Claim.

Asbestos Claimants Committee means (i) the unofficial committee formed and existing prior to the Petition Date comprised of representatives of the holders of Present Asbestos Claims and (ii) following the Petition Date, either (x) such unofficial committee if it continues to exist or (y) the official Asbestos Claimants Committee if any is appointed in the Chapter 11 Case pursuant to Section 1102 of the Bankruptcy Code.

Asbestos Claims Settlement Agreements means the Claimants Agreement and SBNP Settlement Agreement.

Asbestos Expenses means all costs, taxes and expenses of or imposed on the Trust attributable or allocable to Asbestos Claims, including, but not limited to compensation to the Trustee(s), the Futures Representative, the TAC and their respective professionals, insurance premiums, legal, accounting and other professional fees and expenses, overhead disbursements, and expenses relating to the implementation of the CRP, but excluding payments to holders of Asbestos Claims that do not constitute Asbestos Expenses and reimbursements of such payments.

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 Claims or Trust Expenses under any Asbestos Insurance Policy or any Asbestos Insurance Settlement Agreement.

Asbestos Insurance Action means any claim, cause of action, or right of Shook & Fletcher or Reorganized Shook & Fletcher under, arising from or with respect to any Asbestos Insurance Policy or Asbestos Insurance Settlement Agreement, including but not limited to any claim, cause of action or right arising from or related to (a) any Asbestos Insurance Company's failure to provide or pay under any Asbestos In-Place Insurance Coverage, Asbestos Insurance Policy or Asbestos Insurance Settlement Agreement; (b) the interpretation or enforcement of any Asbestos Insurance Policy with respect to any Asbestos Claim, (c) the interpretation or enforcement of an Asbestos Insurance Settlement Agreement or (d) any other right, dispute or claim.

Asbestos Insurance Action Recoveries means (a) proceeds received on or after the Petition Date in respect of, and the right to receive proceeds of, Asbestos In-Place Insurance Coverage, and (b) proceeds received on or after the Petition Date in respect of, and the right to receive the proceeds or benefits of, any Asbestos Insurance Action.

Asbestos Insurance Collateral means

(a) all Shook & Fletcher's claims, causes of action and rights, whether existing as of the date of the Security Agreement or thereafter arising, liquidated or unliquidated, disputed or undisputed, fixed or contingent, to receive payment from its insurers or to have monies expended by its insurers for its benefit to satisfy claims against it, net of any and all attorneys' fees or other professional fees and related expenses and disbursements incurred by or on behalf of Shook & Fletcher or any Shook & Fletcher successor in connection with pursuit by Shook & Fletcher or any Shook & Fletcher successor of Shook & Fletcher's insurance coverage ("*Shook Professional Fees, Disbursements and Expenses*"), pursuant to Shook & Fletcher's comprehensive general liability insurance policies identified in Appendix A to the Security Agreement (the "*Policies*"), whether by virtue of a coverage-in-place settlement, a buy-out of coverage, a judgment for declaratory relief or damages, or otherwise;

(b) all Shook & Fletcher's claims, causes of action and rights, whether existing as of the date of the Security Agreement or thereafter arising, liquidated or unliquidated, disputed or undisputed, fixed or contingent, to receive payment from Hartford or to have monies expended by Hartford for Shook & Fletcher's benefit to satisfy claims against Shook & Fletcher, net of any and all Shook Professional Fees, Disbursements and Expenses, pursuant to the Hartford Agreement and, to the extent, if any, that they may survive notwithstanding the Hartford Agreement, all Shook & Fletcher's claims, causes of action and rights, whether now existing or hereafter arising, liquidated or unliquidated, disputed or undisputed, fixed or contingent, to receive payment from Hartford or to have monies expended by Hartford for Shook & Fletcher's benefit to satisfy claims against Shook & Fletcher, net of any and all Shook Professional Fees, Disbursements and Expenses, pursuant to Shook & Fletcher's comprehensive general liability insurance policies identified in Appendix B to the Security Agreement (the "*Hartford Security Agreement Policies*"), whether by virtue of a coverage-in-place settlement, a buy-out of coverage, a judgment for declaratory relief or damages, or otherwise; and

(c) any proceeds, net of any and all Shook Professional Fees, Disbursements and Expenses, actually received from any of the above (collectively, the "*Insurance Proceeds*"). Insurance Proceeds means any and all monies or proceeds that Shook & Fletcher receives from the Policies, the Hartford Agreement, or the Hartford Security Agreement Policies, net of any and all Shook Professional Fees, Disbursements and Expenses;

in each case in which Shook & Fletcher has assigned and granted a security interest to the Pre-Petition Trustee pursuant to the Security Agreement.

Asbestos Insurance Company means any insurance company, insurance broker, guaranty association or any other Entity with actual or potential obligation or liability to the Debtor, the Pre-Petition Trust or the Trust under an Asbestos Insurance Policy or under any settlement agreement with respect thereto (including without limitation Hartford).

Asbestos Insurance Policy means any liability insurance policy issued for a policy period ending at any time before the Petition Date which names the Debtor (or any predecessor, subsidiary, or past or present Affiliate of the Debtor) as an insured, or which otherwise provides or may provide the Debtor with insurance coverage, and which provides or may provide insurance coverage for or with respect to

any Asbestos Claim (including without limitation the policies included in the Asbestos Insurance Collateral); *provided, however*, that Asbestos Insurance Policy does not include any insurance policy issued for a policy period that includes the Petition Date or any date thereafter.

Asbestos Insurance Rights — means any and all of Shook & Fletcher's and Reorganized Shook & Fletcher's claims, causes of action or rights under, arising from or with respect to any and all Asbestos Insurance Policies, Asbestos Insurance Settlement Agreements, or Asbestos In-Place Insurance Coverage, including any and all Asbestos Insurance Actions.

Asbestos Insurance Settlement Agreement — means (i) the Hartford Agreement and (ii) any other settlement agreement with a Settling Asbestos Insurance Company relating or with respect to any Asbestos Claim, which agreement is sufficiently comprehensive in the determination of the Debtor to warrant protection for the Settling Asbestos Insurance Company under Section 524(g) of the Bankruptcy Code.

Asbestos-Related Disease Categories — means those groups of common asbestos-related medical conditions, based upon historic data, that have been identified in the Compensable Disease Matrix in order to facilitate the expedient and efficient processing and liquidation of CRP Valued Asbestos Claims.

Asbestos-Related Secured Claims — means the SBNP Asbestos Secured Claims, the Present Asbestos Secured Claims, the CCR Secured Claim, and the Settlement Professionals' Secured Claims.

Asbestos-Related Unsecured Claims — means any Asbestos Claim other than the Asbestos-Related Secured Claims and specifically includes, without limitation, Asbestos Claims arising prior to the Effective Date, the future Asbestos Claims of Asbestos Claimants that are presently unknown, Present Asbestos Unsecured Claims, SBNP Asbestos Unsecured Claims, and Other SBNP Claims.

Asbestos-Related Unsecured Claimants — means the holders of Asbestos-Related Unsecured Claims.

Bankruptcy Administrator — means the Bankruptcy Administrator for the Bankruptcy Court.

Bankruptcy Code — means Title 11 of the United States Code, 11 U.S.C. § 101, et seq. as amended from time to time, as applicable to the Chapter 11 Case.

Bankruptcy Court — means the United States Bankruptcy Court for the Northern District of Alabama having jurisdiction over the Chapter 11 Case or the District Court exercising bankruptcy jurisdiction.

Bankruptcy Estate — means the estate of the Debtor created in the Chapter 11 Case pursuant to Section 541 of the Bankruptcy Code.

Bankruptcy Professional — means any Person (a) employed pursuant to an order of the Bankruptcy Court in accordance with Section 327 or 1103 of the Bankruptcy Code and to be compensated for services pursuant to Sections 327, 328, 329, 330 and/or 331 of the Bankruptcy Code, or (b) who wishes to apply to the Bankruptcy Court for compensation and reimbursement of expenses pursuant to Section 503(b) of the Bankruptcy Code.

Bankruptcy Rules — means the Federal Rules of Bankruptcy Procedure, as amended from time to time, promulgated by the United States Supreme Court under Section 2075 of Title 28 of the United States Code, and any applicable local rules of the Bankruptcy Court.

Bar Date(s) — means the date(s) fixed by order(s) of the Bankruptcy Court by which Persons required by such order to file a Proof of Claim must file a Proof of Claim or be forever barred from asserting such Claim against the Debtor or its property and from voting on the Plan and/or sharing in distributions hereunder.

Board of Directors — means the board of directors of Reorganized Shook & Fletcher after the Effective Date.

Board-certified Internist — shall mean a physician currently licensed to practice medicine in the District of Columbia or in one or more U.S. states or territories and who is currently certified by the American Board of Internal Medicine in internal medicine.

Board-certified Pathologist shall mean a physician currently licensed to practice medicine in the District of Columbia or in one or more U.S. states or territories and who holds primary certification in anatomic pathology, or combined anatomic and clinical pathology, from the American Board of Pathology, and whose professional practice includes the field of pathology and involves regular evaluation of pathological materials obtained from surgical and post-mortem specimens.

Board-certified Pulmonary Specialist shall mean a physician currently licensed to practice medicine in the District of Columbia or in one or more U.S. states or territories and who is currently certified by the American Board of Internal Medicine in the sub-specialty of pulmonary disease.

Bonded Claim means any Asbestos Claim relating to a judgment as to which, but only to the extent that, a supersedeas bond or similar security was posted by or on behalf of the Debtor, provided and to the extent that the Bankruptcy Court determines by Final Order, or the Trustee and the holder of such bonded Asbestos Claim agree, that such holder is entitled to some or all of (a) the proceeds of the supersedeas bond or other security including, as such supersedeas bond or other security may be increased by the Debtor pursuant to Final Order of the Bankruptcy Court, or (b) any other assets provided by the Debtor pursuant to Final Order of the Bankruptcy Court to protect adequately such holder.

Business means the business of consulting with respect to the selection, placement and installation of specialty thermal insulation, and/or the installation, sale, distribution, handling and removal of the same, in commercial or industrial applications.

Business Day means any day other than a Saturday, Sunday or legal holiday, as such term is defined in Bankruptcy Rule 9006.

By-Laws means the By-Laws of Reorganized Shook & Fletcher, as the same may be modified from time to time.

Cash means any legal tender of the United States of America and equivalents (including personal checks drawn on a bank insured by the Federal Deposit Insurance Corporation, certified checks and money orders and other readily marketable direct obligations of the United States of America and certificates of deposit issued by banks).

Causes of Action means, without limitation, any and all rights, remedies, claims, causes of action, liabilities, obligations, suits, debts, sums of money, damages, judgments, and demands whatsoever, whether known or unknown, in law, equity, or otherwise which may be brought by or on behalf of the Debtor and/or the Bankruptcy Estate arising under any provision of the Bankruptcy Code or other applicable law.

CCR means The Center for Claims Resolution, Inc.

CCR Secured Claim means the Asbestos Claim of CCR against Shook & Fletcher which is liquidated in accordance with, and payable as and to the extent provided in, the CCR Settlement Agreement.

CCR Settlement Agreement means that certain Agreement between CCR and Shook & Fletcher entered into as of December 7, 2001, as the same may be amended from time to time in accordance with its terms.

Certificate of Incorporation means the Amended and Restated Certificate of Incorporation of Reorganized Shook & Fletcher, substantially in the form attached to the Plan as *Exhibit H*, as the same may be modified from time to time.

Certified B-reader shall mean an individual who has successfully completed the x-ray interpretation course sponsored by the National Institute of Occupational Safety and Heath (NIOSH) and passed the NIOSH examination for certification as a B-reader and whose NIOSH certification is up to date at the time of his or her interpretation of the x-rays. Certified B-reader shall also include an individual who was at one time a certified B-reader and who has not subsequently failed the exam for certification or recertification as a B-reader.

Chapter 11 Case means the Debtor's case under Chapter 11 of the Bankruptcy Code administered in the Bankruptcy Court.

Chest x-rays shall mean chest radiographs taken in at least one view and graded quality 1 or 2 for reading according to the criteria established by the International Labour Office. Notwithstanding the foregoing, in cases in which no quality 1 or 2 radiographs are available, radiographs of poorer quality shall not be automatically rejected but shall be evaluated for acceptability on a case-by-case basis, and all chest x-rays for which reports, including B-reader reports, are submitted may be examined.

Claim means a claim against a Person or its property as defined in Section 101(5) of the Bankruptcy Code, including without limitation, (a) any right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured or (b) any right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured, and which further shall include, but not be limited to, Asbestos Claims and interests (other than Equity Interests).

Claimants Agreement means that certain Settlement Agreement between Shook & Fletcher and Various Asbestos Claimants (as defined in the Claimants Agreement) entered into by and through their counsel and/or agent, Joseph F. Rice, Esq., dated as of December 7, 2001, as the same may be amended from time to time in accordance with its terms.

Claimants' Counsel means Joseph F. Rice, Esq.

Claims-Handling Entity means the claims-handling entity designated pursuant to, and having the powers, duties and obligations set forth in, the Pre-Petition Trust Agreement.

Class means a category of Person or Persons holding Claims or Equity Interests as set forth in Article III of the Plan.

Collateral means any property or interest in property of the Bankruptcy Estate subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance, setoff or subordination under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable non-bankruptcy law.

Collateral Account has the meaning given to such term in the CCR Settlement Agreement.

Common Stock means the authorized, issued and outstanding Class A common stock, par value $.0005 per share, of Shook & Fletcher.

Compensable Disease Matrix means the matrix to be used to process and resolve CRP Valued Asbestos Claims, which associates Liquidated Values with certain Medical Criteria and Locations of Exposure, and which is located under the heading "Compensable Disease Matrix" in *Exhibit I* to the Plan.

Confirmation Date means the date on which the Confirmation Order is entered by the Bankruptcy Court.

Confirmation Hearing means the hearing held by the Bankruptcy Court to consider confirmation of the Plan pursuant to Section 1129 of the Bankruptcy Code, as such hearing may be adjourned or continued from time to time.

Confirmation Order means the order of the Bankruptcy Court confirming the Plan pursuant to Section 1129 of the Bankruptcy Code.

Coverage Litigation means any civil action, arbitration or alternative dispute resolution proceeding or other legal proceeding in which Shook & Fletcher or the Trust seeks a determination of Shook & Fletcher's or the Trust's rights with respect to or the extent of insurance coverage, including insurance coverage for liability payments and defense costs, for or with respect to Asbestos Claims, and related issues.

Creditor means a Person holding a Claim against Shook & Fletcher.

CRP means the written asbestos claims resolution procedures established by the Trust with the consent of the TAC and the Futures Representative pursuant to the Trust Agreement, as the same may be modified from time to time.

CRP Valued Asbestos Claim means any Asbestos-Related Unsecured Claim other than (i) the Other SBNP Claims, (ii) the Present Asbestos Unsecured Claims, and (iii) the SBNP Asbestos Unsecured Claims.

Debtor means Shook & Fletcher, including Shook & Fletcher in its capacity as debtor in possession in the Chapter 11 Case pursuant to Sections 1101, 1107(a) and 1108 of the Bankruptcy Code.

Demand means a demand for payment, present or future, that (a) was not a Claim during the Chapter 11 Case, (b) arises out of the same or similar conduct or events that gave rise to claims that constitute Asbestos Claims and (c) pursuant to the Plan is to be paid by the Trust, as defined in Section 524(g) of the Bankruptcy Code.

Direct Action means any cause of action or right to bring a cause of action possessed by an Asbestos Claimant against an Asbestos Insurance Company on account of such Asbestos Claimant's Asbestos Claim, whether arising by contract or under the laws of any jurisdiction.

Discharge Injunction means the injunction described in Section 11.5 of the Plan.

Disclosure Statement means the disclosure statement relating to the Plan, including, without limitation, all exhibits and schedules thereto filed with the Bankruptcy Court in connection with the Plan pursuant to Section 1125 of the Bankruptcy Code.

Disputed means, with respect to Administrative Expense Claims, Claims or Equity Interests, any such Claim or Equity Interest:

(a) that is listed in the Schedules as unliquidated, disputed or contingent; or

(b) as to which the Debtor or any other party-in-interest has interposed a timely objection or request for estimation, or has sought to subordinate equitably or otherwise limit recovery in accordance with the Bankruptcy Code and Bankruptcy Rules, or which is otherwise disputed by the Debtor in accordance with applicable law, which objection, request for estimation, action to limit recovery or dispute has not been withdrawn, resolved or determined by Final Order.

Distribution Date means, when used with respect to an Allowed Claim (other than an Asbestos Claim), the later of: (a) the Effective Date, and (b) ten (10) Business Days after the date upon which the Claim became or becomes Allowed.

District Court means the United States District Court for the Northern District of Alabama, or the unit thereof having jurisdiction over the matter in question.

Effective Date means no later than the first Business Day at least thirty days after the Confirmation Date and at least one Business Day after all of the conditions specified in Section 6.2 of the Plan have been satisfied or waived in accordance with the terms of the Plan.

Entity means any Person, estate, trust, Governmental Unit, or the Bankruptcy Administrator.

Environmental Law 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) all statutes or laws issued or promulgated by any Governmental Unit, as they may be amended from time to time, relating to environmental contamination or pollution, air pollution, water pollution, noise control and/or the handling, discharge, existence, release, disposal or recovery of on-site or off-site hazardous, toxic or dangerous wastes, substances, chemicals or materials, and (g) 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.

Equity Interests — all of the outstanding shares of Common Stock, of which 128,423 shares are held by Mr. Killion and 105,000 shares are held by Dr. Killion.

Escrow Agent — means the Escrow Agent appointed pursuant to the Plan by the Debtor and the Asbestos Claimants Committee, serving in accordance with Section 1 of the Escrow Agreement and having the powers, duties and obligations set forth in the Escrow Agreement.

Escrow Agreement — means the Escrow Agreement by and among the Trust, Wayne W. Killion, Sr., Wayne W. Killion, Jr., Shook & Fletcher, and the Escrow Agent, substantially in the form attached to the Plan as *Exhibit G*, as the same may be modified from time to time.

Event of Default — has the meaning given to such term in the Promissory Note.

Executory Contracts — means all contracts and unexpired leases to which the Debtor is a party and which are executory within the meaning of Section 365 of the Bankruptcy Code.

Final Order — means an order or judgment of a court (entered before or after the Effective Date) as to which the time to appeal, petition for *certiorari* or move for reargument or rehearing has expired and as to which no appeal, petition for *certiorari*, or other proceedings for reargument or rehearing shall then be pending or as to which any right to appeal, petition for *certiorari*, reargue, or rehear shall have been waived in writing in form and substance satisfactory to the Debtor or Reorganized Shook & Fletcher or, in the event that an appeal, writ of *certiorari*, or reargument or rehearing thereof has been sought, such order or judgment of such court shall have been determined by the highest court to which such order was appealed, or *certiorari*, reargument or rehearing shall have been denied and the time to take any further appeal, petition for *certiorari* or move for reargument or rehearing shall have expired; provided however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be filed with respect to such order shall not cause such order not to be a Final Order.

Futures Representative — means the Futures Representative for the holders of Asbestos Claims and Demands who are presently unknown, who shall be R. Scott Williams, Esq., or his duly appointed successor, who is to protect the rights of Persons who might assert Demands.

Glossary — means this Glossary of Terms for the Plan Documents pursuant to the Plan of Reorganization Under Chapter 11 of the United States Bankruptcy Code of Shook & Fletcher Insulation Co., as the same may be modified from time to time.

Governmental Unit — has the meaning set forth in Section 101(27) of the Bankruptcy Code.

Hartford — means Hartford Financial Services Group, Inc., First State Insurance Company, Excess Insurance Company, Ltd., and each of their subsidiaries, parents, holding companies, divisions, affiliates, predecessors, merged companies, acquired companies, directors, officers, shareholders, agents, employees, assigns and future successors in interest. "Hartford" includes without limitation each of the insurance companies and entities identified in Appendix A, attached to the Hartford Agreement. Notwithstanding anything herein to the contrary, "Hartford" does not include any insurer or other natural or legal person or entity (1) which, after the effective date of the Hartford Agreement, acquires Hartford, (2) in which Hartford, after the effective date of the Hartford Agreement, acquires a controlling interest, (3) which, after the effective date of the Hartford Agreement, merges into Hartford, or (4) to which Hartford, after the effective date of the Hartford Agreement otherwise becomes affiliated or combined, but all only to the extent that such other insurer or natural or legal person or entity independently issued insurance policies to Shook & Fletcher.

Hartford Agreement — means that certain Insurance Settlement Agreement between Shook & Fletcher and Hartford dated as of December 12, 2001, as the same may be amended from time to time in accordance with its terms.

Hartford Policies — means any and all liability insurance policies, known or unknown, alleged or confirmed, primary, umbrella, excess or otherwise, (a) issued or allegedly issued to Shook & Fletcher by Hartford prior to the effective date of the Hartford Agreement, or (b) issued or allegedly issued prior to the effective date of the Hartford Agreement to a Person other than Shook & Fletcher by Hartford under which Shook & Fletcher may be insured or claim to be insured. "Hartford Policies" include

without limitation the insurance policies identified on Appendix C attached to the Hartford Agreement.

ILO Grade shall mean the radiology ratings for the presence of pleural or parenchymal lung changes by chest x-rays as established from time to time by the International Labour Office (ILO) and as set forth in "Guidelines for the Use of ILO International Classification of Radiographs of Pneumoconioses" (1980).

Impaired Class means a Class that is impaired within the meaning of Section 1124 of the Bankruptcy Code.

Indirect Asbestos Claim means (i) any Claim based on a right of contribution, reimbursement, subrogation, indemnity, or verile share (as those terms are defined by the non-bankruptcy law of any relevant jurisdiction) arising in connection with or by reason of or related to a direct Asbestos Claim or another Indirect Asbestos Claim (including without limitation any Claim arising under the Wellington Agreement), (ii) any other derivative or indirect 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, arising in connection with or by reason of or related to a direct Asbestos Claim or another Indirect Asbestos Claim (including without limitation any Claim (A) for attorneys fees arising or incurred in connection with any direct Asbestos Claim, another Indirect Asbestos Claim or an Asbestos Insurance Action or (B) arising in connection with or related to the rejection of any Executory Contract related to or involving asbestos), and (iii) any Claim arising out of Asbestos Insurance Policies or settlement agreements related thereto.

Indirect Asbestos Claimant means the holder of an Indirect Asbestos Claim.

Initial Claims Reviewer means MFR Consulting Services, Inc.

Injunctions means the Discharge Injunction, the Supplemental Injunction, the Third Party Injunction, the Settling Asbestos Insurance Company Injunction, and any other injunctions entered by order of the Bankruptcy Court or the District Court in the Chapter 11 Case.

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

Lien has the meaning set forth in Section 101(37) of the Bankruptcy Code.

Liquidated Value means (i) with respect to any CRP Valued Asbestos Claim, the settlement value therefor determined under the CRP (including the values associated with a particular Asbestos-Related Disease Category and a particular Location of Exposure set forth in the Compensable Disease Matrix, as the same may be modified from time to time), (ii) with respect to any Present Asbestos Unsecured Claim, the settlement amount in respect thereof established pursuant to or determined under the Claimants Agreement, (iii) with respect to any SBNP Asbestos Unsecured Claim, the settlement amount in respect thereof established pursuant to or determined under the SBNP Settlement Agreement, and (iv) with respect to any Other SBNP Claim, the settlement amount therefor established pursuant to or determined under the applicable settlement agreement governing such Other SBNP Claim.

Location of Exposure means the state in which the holder of a CRP Valued Asbestos Claim was exposed to asbestos, which exposure gave rise to such holder's CRP Valued Asbestos Claim.

Medical Criteria means the medical criteria applicable to an associated Asbestos-Related Disease Category and located under the heading "Medical Criteria" in *Exhibit I* to the Plan.

Non-Compensatory Damages means any and all damages awarded by a court of competent jurisdiction that are penal in nature, including, without limitation, punitive, exemplary, vindictive, imaginary, or presumptive damages.

Occupational Physician shall mean a physician specializing in the diagnosis and treatment of lung disease and who is currently licensed to practice medicine in any state of the United States, the District of Columbia or any U.S. territory.

Operational Assets means all of the assets and properties of Shook & Fletcher, including without limitation all assets and properties used or useful in the ordinary course in the conduct of the Business as presently

conducted by Shook & Fletcher and as to be conducted by Reorganized Shook & Fletcher after the Effective Date, and all Cash, real property, tangible personal property and intangible personal property of Shook & Fletcher, but excluding the Trust Assets.

Ordinary Course Professional means any attorney, accountant or other professional (other than a Bankruptcy Professional), employed by Shook & Fletcher during the Chapter 11 Case pursuant to an order of the Bankruptcy Court that designates such professional as an "Ordinary Course Professional."

Other SBNP Claims means Asbestos Claims that are eligible for inclusion under the SBNP Settlement Agreement but whose holders have not become "SBNP Claimants" under (and as defined in) the SBNP Settlement Agreement in an amount equal to Shook & Fletcher's share of the amount provided for in their respective settlement agreements.

Person means any person, individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated association or organization, 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 or agency or political subdivision thereof, and any successors or assigns of any of the foregoing.

Petition Date means the date on which Shook & Fletcher will commence the Chapter 11 Case by filing a voluntary petition for relief with the Bankruptcy Court pursuant to the Bankruptcy Code.

Plan means the Plan of Reorganization Under Chapter 11 of the Bankruptcy Code of Shook & Fletcher Insulation Co., including, without limitation, all exhibits, schedules, supplements, and appendices thereto, either in its present form or as the same may be altered, amended or modified from time to time.

Plan Documents means the Plan and all documents, attachments and exhibits thereto, including but not limited to, the Trust Agreement, the Promissory Note, the Pledge Agreement, the Escrow Agreement, and any amendments thereto made in accordance with the Bankruptcy Code, that aid in effectuating the Plan, which documents, attachments, and exhibits shall be filed by the Debtor with the Bankruptcy Court.

Plan Proponent means Shook & Fletcher.

Pledge Agreement means the Pledge Agreement by and among Wayne W. Killion, Sr., Wayne W. Killion, Jr. and the Trust, substantially in the form attached to the Plan as *Exhibit F*, as the same may be modified from time to time.

Pre-Petition Trust means the Shook Payment Trust created pursuant to the Pre-Petition Trust Agreement.

Pre-Petition Trust Agreement means that certain Trust Agreement entered into by and between Shook & Fletcher and the Pre-Petition Trustee dated as of December 7, 2001, in the form attached to the Plan as *Exhibit B*, to be amended by an Amendment to Trust Agreement substantially in the form attached to the Plan as *Exhibit C*, as each of the same may be amended from time to time in accordance with its respective terms.

Pre-Petition Trustee Hasbrouck Haynes, Jr., CPA, in his capacity as trustee of the Pre-Petition Trust, and not individually, or his duly appointed successor.

Present Asbestos Claims means all Present Asbestos Secured Claims and all Present Asbestos Unsecured Claims.

Present Asbestos Claimant means the holder of a Present Asbestos Claim.

Present Asbestos Secured Claim means the portion of an Asbestos Claim asserted prior to the Petition Date and liquidated pursuant to and in accordance with the Claimants Agreement that is secured by the Asbestos Insurance Collateral pursuant to and in accordance with the Claimants Agreement and the Security Agreement.

Present Asbestos Secured Claimant — means the holder of a Present Asbestos Secured Claim.

Present Asbestos Unsecured Claim — means the portion of an Asbestos Claim asserted prior to the Petition Date and liquidated pursuant to and in accordance with the Claimants Agreement that, pursuant to the terms of the Claimants Agreement, is not secured by the Asbestos Insurance Collateral.

Present Asbestos Unsecured Claimant — means the holder of a Present Asbestos Unsecured Claim.

Present Claimants Security Amount — means the lesser of (i) the sum of $63.6 million or (ii) seventy-five percent (75%) of the aggregate of all amounts for which Present Asbestos Claims are compromised and settled under the Claimants Agreements and Allowed under the Plan.

Prime Rate — means the prime rate of interest reported by The Wall Street Journal.

Priority Claim — means any and all Claims, other than an Administrative Expense Claim or a Priority Tax Claim, entitled to priority in right of payment under Section 507(a) of the Bankruptcy Code.

Priority Tax Claim — means any Claim of a Governmental Unit of the kind specified in Section 502(i) of the Bankruptcy Code entitled to priority under Section 507(a)(8) of the Bankruptcy Code.

Promissory Note — means the Promissory Note made by Reorganized Shook & Fletcher and Shook & Fletcher Supply in favor of the Trust as of the Effective Date in the original principal amount of $3,000,000, substantially in the form attached to the Plan as *Exhibit E* as the same may be modified from time to time.

Proof of Claim — means any proof of claim filed with the Bankruptcy Court or its duly appointed claims agent with respect to the Debtor pursuant to Bankruptcy Rules 3001 or 3002.

Pro-Rata Share — means a proportionate share, so that the ratio of the consideration distributed on account of an Allowed Claim or Equity Interest in a Class to the amount of such Allowed Claim or Equity Interest is the same as the ratio of the amount of the consideration distributed on account of all Allowed Claims or Equity Interests in the Class of which such particular Allowed Claim or Equity Interest is a member to the amount of all Allowed Claims or Equity Interests in such Class.

Protected Party — means any of the following parties:

(a) the Debtor, Reorganized Shook & Fletcher, Shook & Fletcher Supply, the Asbestos Claimants Committee, Claimants' Counsel, the Futures Representative, and the TAC, and any of their present, former and post-Confirmation Date Affiliates, officers, directors, shareholders, agents, employees, members, representatives, advisors, financial advisors, accountants and attorneys;

(b) the Trust, and any of its trustees, officers, directors, agents, employees, representatives, advisors, financial advisors, accountants and attorneys;

(c) the Pre-Petition Trust, and any of its trustees, officers, directors, agents, employees, representatives, advisors, financial advisors, accountants, and attorneys;

(d) any Entity that, pursuant to the Plan or after the Confirmation Date, becomes a direct or indirect transferee of, or successor to, Reorganized Shook & Fletcher; and

(e) each Settling Asbestos Insurance Company named in the Confirmation Order.

Provision For CCR — means that either (i) the Collateral Account has been established and funded in accordance with Section V.B. of the CCR Settlement Agreement or (ii) the CCR Secured Claim has been paid in full.

Qualified Physician	shall mean any Board-certified Pathologist, Board-certified Internist, Board-certified Pulmonary Specialist, or Occupational Physician, and for purposes of x-ray interpretation any Certified B-reader.
Released Claims	means any and all (a) Claims, liabilities or causes of action related to any and all intercompany dealings between Shook & Fletcher and its Affiliates, including any and all Claims of any nature arising out of or related to Asbestos Claims or Asbestos Claimants, and (b) any claims related to insurance or the placement of insurance coverage under which Shook & Fletcher is or was an additional insured. The Released Claims exclude any claims, liabilities or causes of action related to the Supply Line of Credit Agreement.
Released Debtor Parties	means the Debtor, Reorganized Shook & Fletcher and its and their present and former officers, directors, employees, shareholders, accountants, attorneys, advisors, agents, financial advisors, investment bankers, successors, assigns and legal representatives.
Released Non-Debtor Parties	means (a) the Asbestos Claimants Committee, its members, representatives, professionals, and experts, (b) the Futures Representative, his or her professionals and experts, (c) the TAC and their professionals and experts and (d) the Settling Asbestos Insurance Companies, named in the Confirmation Order and subject to the terms of the Asbestos Insurance Settlement Agreement to which such Settling Asbestos Insurance Company is a party.
Released Party	means each of the Released Debtor Parties and the Released Non-Debtor Parties.
Reorganized Shook & Fletcher	means Shook & Fletcher and/or any successor thereto by merger, consolidation or otherwise, on and after the Effective Date.
SBNP Asbestos Claims	means all SBNP Asbestos Secured Claims and SBNP Asbestos Unsecured Claims.
SBNP Asbestos Claimant	means the holder of an SBNP Asbestos Claim.
SBNP Asbestos Secured Claim	means an Asbestos Claim asserted prior to the Petition Date (i) the amount of which is established pursuant to and in accordance with Section I.B.(1) of the SBNP Settlement Agreement and which is fully secured by the Asbestos Insurance Collateral pursuant to and in accordance with the SBNP Settlement Agreement and the Security Agreement, or (ii) the amount of which is established pursuant to and in accordance with Section I.B.(2) of the SBNP Settlement Agreement, seventy-five percent (75%) of which is secured by the Asbestos Insurance Collateral pursuant to and in accordance with the SBNP Settlement Agreement and the Security Agreement.
SBNP Asbestos Secured Claimant	means the holder of a SBNP Asbestos Secured Claim (each of whom is identified on Exhibit 1 to an Adoption Form executed prior to the SBNP Deadline in conjunction with the SBNP Settlement Agreement).
SBNP Asbestos Unsecured Claim	means twenty-five percent (25%) of an Asbestos Claim asserted prior to the SBNP Deadline, the amount of which Asbestos Claim is established pursuant to and in accordance with Section I.B.(2) of the SBNP Settlement Agreement and that, pursuant to Section I.B.(2) of the SBNP Settlement Agreement, is not secured by the Asbestos Insurance Collateral.
SBNP Asbestos Unsecured Claimant	means the holder of a SBNP Asbestos Unsecured Claim (each of whom is identified on Exhibit 1 to an Adoption Form executed prior to the SBNP Deadline in conjunction with the SBNP Settlement Agreement).
SBNP Deadline	means March 1, 2002, unless such date is extended in writing by Shook & Fletcher, in which case the SBNP Deadline shall be such extended date.
SBNP Settlement Agreement	means that certain Amended Settlement Agreement between Shook & Fletcher, and the individuals identified as SBNP Asbestos Claimants, which is expected to be entered into prior to the SBNP Deadline, as the same may be amended from time to time in accordance with its terms.

Schedules	means any schedules of assets and liabilities, the list of holders of interests and the statement of financial affairs that may be filed by the Debtor pursuant to Section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, as may be supplemented or amended from time to time.
Secured Claim	means any Claim that is (a) secured in whole or 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 or applicable non-bankruptcy law, or (b) subject to setoff under Section 553 of the Bankruptcy Code, but, with respect to both (a) and (b) above, only to the extent of the value, net of any senior Lien, of the Bankruptcy Estate's interest in the assets or property securing any such Claim or the amount subject to setoff, as the case may be.
Security Agreement	means that certain Security Agreement and Assignment by and between Shook & Fletcher and the Pre-Petition Trustee dated as of December 7, 2001, as the same may be amended from time to time in accordance with its terms.
Settlement Professionals' Secured Claims	means the Asbestos Claims of each of the Claimant's Counsel, the Shook Professionals, and the Claims Handling Entity which are specified in the Pre-Petition Trust Agreement and secured by the Asbestos Insurance Collateral pursuant to the Security Agreement.
Settling Asbestos Insurance Company	means any Asbestos Insurance Company that enters into an Asbestos Insurance Settlement Agreement and that is listed on a schedule filed by Shook & Fletcher with the Bankruptcy Court prior to the conclusion of the Confirmation Hearing.
Settling Asbestos Insurance Company Injunction	means the injunction described in Section 11.6(c) of the Plan.
Shook & Fletcher	means the Debtor, Shook & Fletcher Insulation Co., a Delaware corporation.
Shook & Fletcher Supply	mean Shook & Fletcher Supply Co. of alabama, inc., a Delaware corporation.
Shook Professionals	means Gilbert Heintz & Randolph LLP and MFR Consulting Services, Inc.
SouthTrust Bank	means SouthTrust Bank, National Association.
Stockholders	means Mr. Wayne W. Killion and Dr. Wayne W. Killion, Jr.
Supplemental Injunction	means the injunction described in Section 11.6(a) of the Plan.
Supply Line of Credit Agreement	means that certain Loan and Security Agreement, dated as of December 17, 2001, by and between the Debtor and Shook & Fletcher Supply, as the same may be amended from time to time in accordance with its terms.
Supply Secured Claim	means any indebtedness incurred by the Debtor for funds advanced by Shook & Fletcher Supply to the Debtor in accordance with the Supply Line of Credit Agreement.
Third Party Claim	means any Claim or demand of any Entity which has held or asserted, which holds or asserts, or which may in the future hold or assert, such Claim or demand against the Protected Parties (or any of them) based upon, relating to, arising out of, or in any way connected with any Asbestos Claim or any Released Claim.
Third Party Injunction	means the injunction described in Section 11.6(b) of the Plan.
Trust	means the Shook & Fletcher Asbestos Settlement Trust established pursuant to the Trust Agreement.

Trust Advisory Committee or TAC — means the Persons described in Article 6 of the Trust Agreement for the purpose of advising the Trust in accordance with the terms and conditions set forth in the Trust Documents, the Plan and the Confirmation Order.

Trust Agreement — means that certain Shook & Fletcher Asbestos Settlement Trust Agreement, effective as of the Effective Date, substantially in the form attached to the Plan as *Exhibit D*, as the same may be modified from time to time.

Trust Assets — means (i) the Promissory Note, (ii) $300,000 in Cash, (iii) if and when the conditions to the distribution of the Common Stock by the Escrow Agent to the Trust as set forth in the Pledge Agreement are satisfied, the Common Stock, and (iv) upon payment in full of all Asbestos-Related Secured Claims (other than the CCR Secured Claim) by or on behalf of the Pre-Petition Trust, Provision For CCR, and payment of or provision for all then accrued and unpaid Trust Expenses of the Pre-Petition Trust, all of the assets and properties then held by the Pre-Petition Trust (including the Pre-Petition Trust's interest in assets that constituted Asbestos Insurance Collateral prior to the termination of the Security Agreement) and all of the following assets and properties of the Debtor and/or the Pre-Petition Trust (and all interest, proceeds, and investment income accrued thereon and all proceeds thereof): (a) any and all Asbestos Insurance Rights, (b) the CCR Settlement Agreement, the Security Agreement, the Asbestos Claims Settlement Agreements, the Hartford Agreement, the Wellington Agreement, and the Hartford Interim Defense Funding Agreement, (c) the proceeds of the Asbestos Insurance Settlement Agreements, (d) the proceeds of the Asbestos In-Place Insurance Coverage, (e) the proceeds of the Asbestos Insurance Actions, (f) the Asbestos Insurance Action Recoveries, and (g) the Collateral Account.

Trust By-Laws — means the Shook & Fletcher Asbestos Settlement Trust By-Laws, effective as of the Effective Date, substantially in the form attached as *Annex A* to the Trust Agreement, as the same may be modified from time to time.

Trust Documents — means the Trust Agreement, the Trust By-Laws, the CRP and the other agreements, instruments and documents governing the establishment and administration of the Trust, as the same may be amended or modified from time to time in accordance with such Trust Documents.

Trust Expenses — means (a) with respect to the Trust, any of the Asbestos Expenses, and any other liabilities, costs or expenses of, or imposed upon, assumed by, or in respect of the Trust, including operational expenses necessary to preserve the Trust Assets and any and all attorneys' fees or other professional fees, and expenses and disbursements incurred by or on behalf of Reorganized Shook & Fletcher, if any, in connection with the pursuit of Shook & Fletcher's asbestos-related insurance coverage (but excluding payments due to Asbestos Claimants on account of such Asbestos Claimant's Asbestos Claim) and (b) with respect to the Pre-Petition Trust, all Administrative Expenses (as defined in the Pre-Petition Trust Agreement) of the Pre-Petition Trust and any and all attorney's fees or other professional fees, and expenses and disbursements incurred by or on behalf of Shook & Fletcher or Reorganized Shook & Fletcher in connection with the pursuit of Shook & Fletcher's asbestos-related insurance coverage (but excluding payments due to Asbestos Claimants on account of such Asbestos Claimant's Asbestos Claim).

Trust Termination Date — means that certain date upon which the Trust shall automatically terminate pursuant to Article 7.2 of the Trust Agreement.

Trustee — means the Person or Persons described in and determined pursuant to Article 4 of the Trust Agreement for the purpose of acting as trustee (or if more than one Trustee is authorized, trustees) of the Trust in accordance with the terms and conditions contained in the Trust Documents, the Plan and the Confirmation Order.

Trusts — means collectively the Pre-Petition Trust and the Trust.

Unsecured Operational Claim — means any Claim against Shook & Fletcher (regardless of whether such Claim is covered by insurance) that arises from or is related to the operation of the Business as presently conducted by Shook & Fletcher which expressly includes (i) intercompany Claims (other than the Supply Secured Claim), and (ii) Claims arising from the provision of goods or services to the Debtor prior to the Petition Date, to the extent that such Claims in (i) and (ii) above are neither secured nor entitled to priority under the Bankruptcy Code or a Final Order of the Bankruptcy Court, and

which expressly excludes Administrative Expense Claims and all Asbestos Claims (including Asbestos-Related Secured Claims and Asbestos-Related Unsecured Claims).

Voting Agent means Logan & Company, Inc. or such other voting agent as may be designated by Shook & Fletcher.

Wellington Agreement means the Agreement Concerning Asbestos-Related Claims dated as of June 19, 1985 by and among the signatories thereto, as amended.

Exhibit B
to Disclosure Statement

Plan of Reorganization Under Chapter 11 of the Bankruptcy Code
of Shook & Fletcher Insulation Co.

See Plan of Reorganization and Exhibits which accompany this Disclosure Statement

Exhibit C
to Disclosure Statement

Liquidation Analysis

SHOOK & FLETCHER INSULATION CO.
LIQUIDATION ANALYSIS
Estimated Proceeds from Liquidation of Assets

Assets	Book Value 12/31/01	Estimated Value 06/30/02	Realizable % In Orderly Liquidation	Realizable Amount
Cash	$17,472	$18,000	100%	$18,000
Accounts Receivable	$3,351,521	$3,351,520	(A)	$2,512,800
Inventories	$1,739,770	$1,739,800	40%	$695,908
Prepaid Expenses	$381,913	$381,920	(B)	$291,997
Key Man Life Insurance	$46,326	$46,326	(C)	$46,326
Fixed Assets				
Land	$105,000	$105,000	(D)	$594,112
Buildings	$728,022	$728,022	(D)	$1,118,849
Other Fixed Assets	$1,335,263	$1,335,263	(E)	$381,967
(Less Accumulated Depreciation)	($1,255,986)	($1,255,986)		
Miscellaneous Assets	$59,840	$59,840	(F)	$47,250
Total	$6,509,141	$6,509,705		$5,707,209

SHOOK & FLETCHER INSULATION CO.
LIQUIDATION ANALYSIS
Estimated Payments on Claims

Liabilities	Amount 12/31/01	Estimated Amount 06/30/02	Payable % In Orderly Liquidation	Amount Paid
Chapter 7 Expenses		$300,000	(G) - 100%	$300,000
Secured Claims				
SouthTrust Bank (Working Capital)	$2,317,800	$2,317,800	100%	$2,317,800
AmSouth Bank (Mortgage)	$967,357	$967,357	100%	$967,357
Shook & Fletcher Supply (Note H)		$1,325,000	100%	$1,325,000
Estimated Priority Claims	$491,398	$491,398	100%	$491,398
Total Paid Before Payment of Unsecured Claims				$5,401,555

Total Procceds from Asset Liquidations	$5,707,209
Total Paid to Creditors Before Payment of Unsecured Claims	$5,401,555
Remaining Proceeds from Liquidation of Assets Available to Pay Unsecured Claims	$305,654
Estimated Total Unsecured Claims	$1,315,428
Payment Percentage on Unsecured Claims	23.24%

Notes to Shook & Fletcher Insulation Co. Liquidation Analysis

Note A:

At 12/31/01, Accounts Receivables were composed of the following segments:

	12/31/01 Amount	Project 6/30/02 Amount	Realizable % in Orderly Liquidation	Realizable Amount
Accounts Receivable from Steel City, Inc. on SCR Project at APCO's Plant Gorgas	$ 395,286	$ 396,286	0% -- (1)	$0
Other Accounts Receivable	$ 2,956,235	$ 2,956,235	85%	$ 2,512,800
Total Accounts Receivable	$ 3,351,521	$ 3,351,521		$ 2,512,800

(1) Shook & Fletcher has a contract for the SCR Project at Alabama Power's Plant Gorgas with Steel City, Inc. If Shook & Fletcher defaults on this project, Steel City, Inc. has the contractual right to pay another contractor to complete the project and deduct such amounts paid from the amounts, if any, due Shook & Fletcher. If these deductions exceed the amounts due Shook & Fletcher, Shook & Fletcher would be liable to reimburse Steel City, Inc.

This liquidation analysis assumes that Shook & Fletcher would not collect any account receivable, but also would not incur any further liability from its breach of this contract in the event of a liquidation.

Note B:

At 12/31/01, Prepaid Expenses were composed of the following segments:

	12/31/01 Amount	Project 6/30/02 Amount	Realizable % in Orderly Liquidation	Realizable Amount
Insurance Deposits	$ 280,029	$ 280,029	70%	$ 196,020
Prepaid Insurance	$ 19,691	$ 19,691	70%	$ 13,784
Annual Discounts from Manufacturers	$ 82,193	$ 82,193	100%	$ 82,193
Total Prepaid Expenses	$ 381,913	$ 381,913		$ 291,997

Note C:

This represents the estimated cash surrender value of key man life insurance less the amount of policy loans.

Note D:

The value for land and buildings is based upon the most recent appraisals for the real property that Shook & Fletcher owns in Decatur, AL and Birmingham, AL. It is assumed for this purpose that the land and building could be sold for the appraised value plus an annual inflation factor of 6% for the land and 3% for the buildings, since the date of the appraisal report for each property.

Note E:

At 12/31/01, Other Fixed Assets were composed of the following segments:

	12/31/01 Amount	Project 6/30/02 Amount	Realizable % in Orderly Liquidation	Realizable Amount
Vehicles	$ 963,838	$ 963,838	30%	$ 289,151
Furniture, Fixtures & Computers	240,647	240,647	20%	48,129
Machinery & Equipment	127,678	127,678	35%	44,687
Leasehold Improvements	$ 3,100	$ 3,100	0%	$ 0
Total Prepaid Expenses	$ 1,335,263	$ 1,335,263		$ 381,967

Note F:

At 12/31/01, Miscellaneous Assets were composed of the following segments:

	12/31/01 Amount	Project 6/30/02 Amount	Realizable % in Orderly Liquidation	Realizable Amount
Cost and Estimated Earnings in Excess of Related Billings on Jobs Program	$ 8,641	$ 8,641	0%	0
Employee Receivables	13,779	13,779	100%	13,779
Prepaid Income Taxes	29,569	59,569	100%	29,569
Loan Costs (Net of Amortization)	3,949	3,949	0%	0
Deposits	$ 3,902	$ 3,902	100%	$ 3,902
Total Miscellaneous Assets	$ 59,840	$ 59,840		$ 47,250

Note G:

Estimated expenses of liquidation under Chapter 7 of the Bankruptcy Code, including estimated costs of a trustee and his professional advisors.

Note H:

The projected increase in secured claims from 12/31/01 to 06/30/02 is principally due to the estimated costs incurred in connection with the Chapter 11 Case, which are set out below. The funds necessary to pay these costs were borrowed from Shook & Fletcher Supply pursuant to the Supply Line of Credit Agreement.

Swidler Berlin Shereff Friedman	$ 500,000
Hasbrouck Haynes, Jr. (Trustee)	100,000
L. Tersigni Consulting	100,000
Haskell Slaughter Young & Rediker	50,000
Porter White & Company, Inc.	50,000
Bradley Arant Rose & White	30,000
Lange Simpson	30,000
Moses Phillips	15,000
Solicitation Expenses	250,000
Contingency	200,000
Total:	$1,325,000

Exhibit D
to Disclosure Statement

Financial Projections and Feasibility Analysis

Shook & Fletcher Insulation Co.

Feasibility Analysis

Disclaimer

This analysis is based on historical financial records and assumptions provided by the management of Shook & Fletcher Insulation Co. and Shook & Fletcher Supply Company. Although the assumptions contained herein are considered to be reasonable, actual financial results may vary from the projected results and such variance may be material.

Prepared February 2002

Shook & Fletcher Insulation Co.
Feasibility Analysis Summary
Payments on Settlement Trust Note
(dollars in thousands)

	Post Plan 2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Insulation Co. cash flow (before Trust note)	$ 115	$ 244	$ 203	$ 230	$ 256	$ 366	$ 395	$ 189	$ 211	$ 234	$ 258
Less Trust note payments (P&I)	(205)	(410)	(410)	(410)	(410)	(410)	(417)	(423)	(423)	(423)	(211)
Cash remaining/(shortfall)	(90)	(167)	(207)	(181)	(154)	(44)	(22)	(233)	(212)	(189)	47
Supplemental cash flow provided by Supply Co.	$ 90	$ 167	$ 207	$ 181	$ 154	$ 44	$ 22	$ 233	$ 212	$ 189	$ -

Notes:

(1) Year 2002 cash flow and Trust note requirements are for the period June 30, 2002 to Dec. 31, 2002.

(2) Insulation Co. is an S corporation for tax purposes and its cash flow is net of distributions to shareholders to pay income taxes.

(3) Supply Co. is assumed to provide cash as needed to make payments on Trust note.

Note: This analysis is subject to the disclaimer on page 1 of this Exhibit D.

Shook & Fletcher Insulation Co.
Settlement Trust Promissory Note
Key Assumptions (dollars in thousands)

Shook & Fletcher Settlement Trust

Note settlement date	June 30, 2002
First payment	September 30, 2002
Total amount of Settlement Trust	$ 3,300
Amount paid in cash	$ 300
Amount of promissory note	$ 3,000
Term of note (years)	10
Payments made	Quarterly
Structure	Level P&I (except payments increase after year six with increase in interest rate)
Prime rate	5.00%
Note rate: first six years	6.50% (Prime plus 1.5%)
Note rate: last four years	8.00% (Prime plus 3.0%)
Allocation of note payments between Insulation Co. and Supply Co.	As required to optimize tax benefits. The result of such optimization is projected to result in more cash being applied to the note by Supply Co. than Insulation Co.

Note: This analysis is subject to the disclaimer on page 1 of this Exhibit D.

Shook & Fletcher Insulation Co.
Sample Settlement Trust Promissory Note Amortization Schedule
Fiscal years ending December 31

Quarter	Note balance	Principal	Interest	Total P&I	Annual principal	Annual income	Annual payment
0	$ 3,000,000	1					
1	2,946,166	$ 53,834	$ 48,750	$ 102,584			
2	2,891,457	54,709	47,875	102,584	$ 108,543	$ 96,625	$ 205,168
3	2,835,859	55,598	46,986	102,584			
4	2,779,357	56,501	46,083	102,584			
5	2,721,938	57,420	45,165	102,584			
6	2,663,585	58,353	44,231	102,584	227,872	182,465	410,337
7	2,604,284	59,301	43,283	102,584			
8	2,544,020	60,265	42,320	102,584			
9	2,482,776	61,244	41,340	102,584			
10	2,420,537	62,239	40,345	102,584	243,048	167,288	410,337
11	2,357,286	63,250	39,334	102,584			
12	2,293,008	64,278	38,306	102,584			
13	2,227,685	65,323	37,261	102,584			
14	2,161,301	66,384	36,200	102,584	259,236	151,101	410,337
15	2,093,838	67,463	35,121	102,584			
16	2,025,279	68,559	34,025	102,584			
17	1,955,605	69,673	32,911	102,584			
18	1,884,800	70,806	31,779	102,584	276,501	133,835	410,337
19	1,812,844	71,956	30,628	102,584			
20	1,739,718	73,125	29,459	102,584			
21	1,665,404	74,314	28,270	102,584			
22	1,589,883	75,521	27,063	102,584	294,917	115,420	410,337
23	1,513,134	76,749	25,836	102,584			
24	1,435,139	77,996	24,588	102,584			
25	1,358,143	76,995	28,703	105,698			
26	1,279,608	78,535	27,163	105,698	310,275	106,290	416,565
27	1,199,502	80,106	25,592	105,698			
28	1,117,794	81,708	23,990	105,698			
29	1,034,452	83,342	22,356	105,698			
30	949,443	85,009	20,689	105,698	330,165	92,627	422,793
31	862,733	86,709	18,989	105,698			
32	774,290	88,443	17,255	105,698			
33	684,077	90,212	15,486	105,698			
34	592,061	92,017	13,682	105,698	357,382	65,411	422,793
35	498,204	93,857	11,841	105,698			
36	402,470	95,734	9,964	105,698			
37	304,821	97,649	8,049	105,698			
38	205,219	99,602	6,096	105,698	386,841	35,951	422,793
39	103,626	101,594	4,104	105,698			
40	(0)	103,626	2,073	105,698	205,219	6,177	211,396
		$ 3,000,000	$ 1,153,190	$ 4,153,190	$ 3,000,000	$ 1,153,190	$ 4,153,190

Prime rate assumed to be 5.0%. Note rate is Prime plus 1.5% for six years, then Prime plus 3.0%

Note: This analysis is subject to the disclaimer on page 1 of this Exhibit D.

Shook & Fletcher Insulation Co.
Adjusted Cash Flow
(dollars in thousands)

	Post Plan 2002 (half year)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Insulation Co.: Pre-Trust Adjusted Cash Flow											
Change in cash	$ 74	$ 162	$ 121	$ 148	$ 174	$ 284	$ 312	$ 140	$ 162	$ 185	$ 234
Plus: Trust interest	19	36	33	30	27	23	21	19	13	7	1
Less: taxes on Trust interest (1)								(8)	(5)	(3)	(1)
Plus: Trust principal	22	46	49	52	55	59	62	66	71	77	41
Less: taxes on Trust principal (1)								(28)	(30)	(32)	(17)
Pre-Trust cash flow	$ 115	$ 244	$ 203	$ 230	$ 256	$ 366	$ 395	$ 189	$ 211	$ 234	$ 258
Supply Co.: Pre-Trust Adjusted Cash Flow											
Change in cash	$ 139	$ 310	$ 311	$ 313	$ 359	$ 359	$ 356	$ 353	$ 353	$ 353	$ 451
Plus: Trust interest	77	146	134	121	107	92	85	74	52	29	5
Less: taxes on Trust interest	(32)	(61)	(56)	(51)	(45)	(39)	(36)	(31)	(22)	(12)	(2)
Plus: Trust principal	87	182	194	207	221	236	248	264	286	309	164
Less: taxes on Trust principal	(36)	(77)	(82)	(87)	(93)	(99)	(104)	(111)	(120)	(130)	(69)
Pre-Trust cash flow	$ 234	$ 500	$ 502	$ 503	$ 549	$ 549	$ 549	$ 549	$ 549	$ 549	$ 549

(1) It is projected that tax loss carryfowards will be available to Insulation Co. as an offset to taxes through 2008.

Note: This analysis is subject to the disclaimer on page 1 of this Exhibit D.

Shook & Fletcher Insulation Co.
Key Assumptions (dollars in thousands)

Shook & Fletcher Insulation Co.

Revenue growth rate	4.50%
Gross margin	18.500%
Growth of S,G&A expense (incl. depreciation)	4.50%
Depreciation per year	$ 200
Days sales in AR	53 days in 2002
	decline to 46 days by 2012
Growth of other working capital	2.50%
Capital expenditures per year	$ 200
Existing mortgage	Repaid per terms, refinanced in 2005 for 15 years at 7.5%
Existing bank note	7.0% interest, constant balance over projection term
Loan from Supply Co.	7.0% interest, advances as necessary to maintain positive cash flow
Settlement Trust	see Trust note information (separately presented)
Fiscal year end	December 31
Tax status	S corporation
Tax rate	42.00%
Deduction for Trust payments	For tax purposes: Tax deduction as actual payments made
	For book purposes: Deduction in year Trust created
Distribution to shareholders to meet taxes	
Operating losses in 2001 & 2002	Tax benefit carried forward

Note: This analysis is subject to the disclaimer on page 1 of this Exhibit D.

Shook & Fletcher Insulation Co.
Projected Income
(dollars in thousands)

	2001 (prelim.)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Sales revenue	$ 22,900	$ 23,931	$ 25,008	$ 26,133	$ 27,309	$ 28,538	$ 29,822	$ 31,164	$ 32,567	$ 34,032	$ 35,564	$ 37,164
COGS	(18,782)	(19,504)	(20,381)	(21,298)	(22,257)	(23,258)	(24,305)	(25,399)	(26,542)	(27,736)	(28,984)	(30,289)
Gross Margin	4,118	4,427	4,626	4,835	5,052	5,280	5,517	5,765	6,025	6,296	6,579	6,875
S, G & A	3,587	3,775	3,954	4,141	4,337	4,542	4,755	4,978	5,211	5,455	5,709	5,975
Depreciation & amort	218	201	201	201	201	200	200	200	200	200	200	200
Income from operations	313	451	471	492	514	537	562	587	613	641	670	700
Other income/(expense)												
Other income	217	226	237	247	258	270	282	295	308	322	336	351
Int. exp. on mortgage	(74)	(71)	(69)	(67)	(66)	(63)	(60)	(57)	(54)	(51)	(47)	(43)
Int. exp. on bank note	(81)	(162)	(162)	(162)	(162)	(162)	(162)	(162)	(162)	(162)	(162)	(162)
Int. exp. on Supply Note	(66)	(53)	(105)	(105)	(105)	(105)	(105)	(105)	(105)	(105)	(105)	(105)
Int. exp. on Trust note (allocable)		(19)	(36)	(33)	(30)	(27)	(23)	(21)	(19)	(13)	(7)	(1)
Settlement exp. (allocable portion of Trust note		(600)										
Settlement exp. (cash portion)		(300)										
Other expense	(1,289)	(1,325)										
Total	(1,292)	(2,304)	(136)	(120)	(105)	(87)	(69)	(51)	(32)	(9)	15	40
Income before taxes	(979)	(1,853)	335	372	410	450	493	536	581	632	684	739
Income taxes	(19)	<----------S Corp: Income taxes paid at shareholder level ---------->										
Net income (000)	$ (960)	$ (1,853)	$ 335	$ 372	$ 410	$ 450	$ 493	$ 536	$ 581	$ 632	$ 684	$ 739
EBIT (000)	$ (759)	$ (1,548)	$ 708	$ 739	$ 773	$ 807	$ 844	$ 882	$ 921	$ 963	$ 1,006	$ 1,051
EBITDA (000)	(540)	(1,347)	909	940	973	1,007	1,044	1,082	1,121	1,163	1,206	1,251

Note: This analysis is subject to the disclaimer on page 1 of this Exhibit D.

Shook & Fletcher Insulation Co.
Projected Balance Sheets
(dollars in thousands)

	2001 (prelim.)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Current assets												
Cash	$ 17	$ 82	$ 243	$ 364	$ 512	$ 686	$ 970	$ 1,281	$ 1,422	$ 1,584	$ 1,769	$ 2,002
Accounts receivable	3,352	3,475	3,563	3,723	3,891	4,066	4,167	4,269	4,372	4,475	4,579	4,684
Inventory	1,740	1,783	1,828	1,874	1,920	1,968	2,018	2,068	2,120	2,173	2,227	2,283
Other assets	434	445	456	467	479	491	503	516	529	542	555	569
Total	5,543	5,785	6,090	6,428	6,802	7,211	7,657	8,134	8,442	8,774	9,131	9,538
Gross PP&E	2,168	2,368	2,568	2,768	2,968	3,168	3,368	3,568	3,768	3,968	4,168	4,368
Less accumulated deprec.	(1,256)	(1,457)	(1,658)	(1,859)	(2,060)	(2,260)	(2,460)	(2,660)	(2,860)	(3,060)	(3,260)	(3,460)
Net PP&E	912	911	910	909	908	908	908	908	908	908	908	908
Other assets	$ 54	$ 54	$ 54	$ 54	$ 54	$ 54	$ 54	$ 54	$ 54	$ 54	$ 54	$ 54
Total assets	$ 6,509	$ 6,750	$ 7,054	$ 7,391	$ 7,764	$ 8,173	$ 8,620	$ 9,097	$ 9,404	$ 9,736	$ 10,093	$ 10,501
Current liab (excl. debt)	$ 1,807	1,852	1,898	1,946	1,994	2,044	2,095	2,148	2,201	2,256	2,313	2,371
Mortgage	967	938	907	874	840	804	766	724	679	631	580	524
Bank notes	2,318	2,318	2,318	2,318	2,318	2,318	2,318	2,318	2,318	2,318	2,318	2,318
Note to Supply Co.		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Settlement Trust (allocable)		578	533	484	432	377	318	256	190	118	41	(0)
Total debt	3,285	5,334	5,258	5,176	5,090	4,999	4,901	4,798	4,687	4,568	4,439	4,342
Equity	1,417	(436)	(102)	270	680	1,130	1,623	2,151	2,516	2,912	3,342	3,788
Total liab & equity	$ 6,509	$ 6,750	$ 7,054	$ 7,391	$ 7,764	$ 8,173	$ 8,620	$ 9,097	$ 9,404	$ 9,736	$ 10,093	$ 10,501

Note: This analysis is subject to the disclaimer on page 1 of this Exhibit D.

Shook & Fletcher Insulation Co.
Projected Cash Flow
(dollars in thousands)

	2001 (prelim.)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Cash from operations												
Net income	$ (960)	$ (1,853)	$ 335	$ 372	$ 410	$ 450	$ 493	$ 536	$ 581	$ 632	$ 684	$ 739
Depreciation and amort.	218	201	201	201	201	200	200	200	200	200	200	200
Gain on equip. sale	(28)											
Deferred taxes and other	41											
Change in non-cash w. cap.	407	(133)	(97)	(170)	(177)	(185)	(112)	(113)	(114)	(115)	(115)	(116)
Total	(323)	(1,785)	438	403	433	465	581	623	667	717	769	823
Investing expenditures												
Capital expenditures	(405)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)
Sale of equipment	112											
Life insur. policies												
Total	(293)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)
Financing activities												
Change in mortgage	(27)	(29)	(31)	(33)	(33)	(36)	(39)	(42)	(45)	(48)	(52)	(55)
Change in bank note	2,318											
Change in Supply Co. note	(1,685)	1,500	0	0	0	0	0	0	0	0	0	0
Creation of Trust note		600										
Trust note principal		(22)	(46)	(49)	(52)	(55)	(59)	(62)	(66)	(71)	(77)	(41)
Advances from affiliate												
Distribution (for taxes)	(19)	0	0	0	0	0	0	(8)	(216)	(235)	(255)	(293)
Total	587	2,049	(77)	(82)	(85)	(91)	(98)	(111)	(327)	(355)	(384)	(390)
Change in cash & equiv.	$ (28)	$ 64	$ 162	$ 121	$ 148	$ 174	$ 284	$ 312	$ 140	$ 162	$ 185	$ 234

Note: This analysis is subject to the disclaimer on page 1 of this Exhibit D.

Exhibit E
to Disclosure Statement

Financial Statements of Shook & Fletcher Insulation Co. Unaudited for the Year Ended December 31, 2001

SHOOK & FLETCHER INSULATION CO.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2001

UNAUDITED

SHOOK & FLETCHER INSULATION CO.
BALANCE SHEET
DECEMBER 31, 2001
ASSETS

	DECEMBER 2001
CURRENT ASSETS	
Cash	$ 17,471.65
Accounts Receivable	3,351,521.27
Inventories	1,739,770.01
Cost and Estimated Earnings in Excess of Related Billings On Jobs in Progress	8,641.12
Employee Receivables	13,779.27
Prepaid Income Taxes	29,568.81
Prepaid Expenses and Other Assets	381,912.90
TOTAL CURRENT ASSETS	$ 5,542,665.03
OTHER ASSETS	
Cash Surrender Value of Key Man Life Insurance (Net of Policy Loans)	$ 46,325.44
Loan Costs (Net of Amortization)	3,948.81
Deposits	3,902.25
TOTAL OTHER ASSETS	$ 54,176.50
FIXED ASSETS	
Land	$ 105,000.00
Building	728,022.19
Furniture and Fixtures; Leasehold Improvements; Trucks and Equipment	1,335,263.52
TOTAL FIXED ASSETS	$ 2,168,285.71
Less - Reserve for Depreciation	1,255,986.63
BOOK VALUE FIXED ASSETS	$ 912,299.08
TOTAL ASSETS	$ 6,509,140.61

SHOOK & FLETCHER INSULATION CO.
BALANCE SHEET
DECEMBER 31, 2001
LIABILITIES AND STOCKHOLDERS' EQUITY

	DECEMBER 2001
CURRENT LIABILITIES	
Accounts Payable - Trade	$ 1,315,427.95
Notes Payable	2,317,800.00
Mortgage Payable	25,558.50
Other Current Liabilities	491,397.54
Billings in Excess of Related Cost and Estimated Earnings on Jobs In Progress	0.00
TOTAL CURRENT LIABILITIES	$ 4,150,183.99
LONG-TERM LIABILITIES	
Mortgage Payable	$ 941,798.13
TOTAL LONG TERM LIABILITES	$ 941,798.13
TOTAL LIABILITIES	$ 5,091,982.12
STOCKHOLDERS' EQUITY	
Capital Stock	$ 116.71
Additional Paid-In Capital	1,331,776.36
Retained Earnings	85,265.42
TOTAL STOCKHOLDERS' EQUITY	$ 1,417,158.49
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 6,509,140.61

SHOOK & FLETCHER INSULATION CO.
STATEMENT OF OPERATIONS

	YEAR ENDED December 31, 2001
Total Sales	$22,900,359.09
Cost of Sales	18,781,863.70
Total Gross Profit from Operations	$ 4,118,495.39
Less: Operating Expenses	3,805,263.26
Net Income from Operations	$ 313,232.13
Plus: Other Income	$ 216,580.15
Less: Other Deductions	1,508,990.29
Net Income (Loss) Before Income Taxes	($979,178.01)
Provision for Federal and State Income Taxes	($19,207.27)
Net Income (Loss)	($959,970.74)

SHOOK & FLETCHER INSULATION CO.
STATEMENT OF COMMON STOCK, ADDITIONAL PAID-IN CAPITAL AND RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 2001

COMMON STOCK	
Balance at December 31, 2001 and December 31, 2000	$ 116.71
ADDITIONAL PAID-IN CAPITAL	
Balance at December 31, 2001 and December 31, 2000	$ 1,331,776.36
RETAINED EARNINGS	
Balance at December 31, 2000	$ 1,063,818.60
Add: Net Income for the year ended 31-Dec-01	(959,970.74)
Less: Dividends and distributions	(18,582.44)
Balance at December 31, 2001	$ 85,265.42

The Company is an Equal Employment Opportunity Company and has an affirmative action program under Executive Order #11246 — amendment #4.

UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ALABAMA

In re:	:	Chapter 11
SHOOK & FLETCHER INSULATION CO.,	:	Case No. _____
Debtor.	:	

BALLOT FOR ACCEPTING OR REJECTING THE PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE OF SHOOK & FLETCHER INSULATION CO. (THE "PLAN")

FOR

CLASSES 5, 6 and/or 10

THE VOTING DEADLINE IS MARCH 25, 2002, 5:00 P.M. (UNLESS EXTENDED)

INSTRUCTIONS

PLEASE READ AND FOLLOW THE INSTRUCTIONS ON THIS BALLOT CAREFULLY. UNLESS YOU HAVE MADE OTHER ARRANGEMENTS IN WRITING WITH YOUR ATTORNEY TO AUTHORIZE HIM OR HER TO VOTE DIRECTLY ON YOUR BEHALF, PLEASE COMPLETE, SIGN AND DATE THIS BALLOT AND PROMPTLY RETURN IT TO LOGAN & COMPANY, INC. (THE "VOTING AGENT") AT 546 VALLEY ROAD, UPPER MONTCLAIR, NEW JERSEY 07043. YOUR VOTE WILL NOT BE COUNTED IF IT HAS NOT BEEN RECEIVED BY THE VOTING AGENT BY 5:00 P.M., EASTERN TIME, ON MARCH 25, 2002 (THE "VOTING DEADLINE"), UNLESS SUCH DATE HAS BEEN EXTENDED BY SHOOK & FLETCHER.

PLEASE MAKE SURE YOU HAVE PROVIDED ALL INFORMATION REQUESTED BY THIS BALLOT

Shook & Fletcher is soliciting your vote with respect to the Plan and the Disclosure Statement accompanying this Ballot. Please review the Plan and all the exhibits thereto and the Disclosure Statement and all exhibits thereto carefully before you vote.

To have your vote count, you must complete, sign and return this Ballot to the Voting Agent. If you fail to indicate the Class or Classes of your Claim, your Ballot will not be counted. If you need assistance in completing your Ballot, you should contact your attorney. If you are completing this Ballot on behalf of another person or entity, indicate your relationship with such entity and the capacity in which you are signing the Ballot on behalf of such entity in the "BY" and "TITLE" spaces provided below the signature line.

THIS BALLOT IS VALID ONLY FOR USE BY HOLDERS OF CLAIMS IN CLASSES 5, 6 AND 10. IF YOU HOLD MULTIPLE CLAIMS, COMPLETE ONLY ONE BALLOT.

If you believe that you are missing any materials from the solicitation package, or if you have questions regarding this Ballot or the voting procedures, please call (866) 468-0619 (toll free).

ANY TERM USED IN CAPITALIZED FORM THAT IS NOT DEFINED HEREIN BUT THAT IS DEFINED IN THE GLOSSARY OF TERMS FOR THE PLAN DOCUMENTS PURSUANT TO THE PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE OF SHOOK & FLETCHER INSULATION CO., ATTACHED AS "EXHIBIT A" TO THE DISCLOSURE STATEMENT, SHALL HAVE THE MEANING ASCRIBED TO SUCH TERM BY SUCH GLOSSARY AND SUCH DEFINITIONS ARE INCORPORATED HEREIN BY REFERENCE.

BALLOT

Please check the appropriate BOX OR BOXES to indicate the Class or Classes into which your Claim falls, and indicate your vote with respect to each such Class.

CLASS OF CLAIM

☐ **Class 5: SBNP Asbestos Secured Claim**

Check this box if you have entered into an SBNP Settlement Agreement. If you have opted to have your Asbestos Claim determined in accordance with the Compensable Disease Matrix, you must also check the box for Class 10.

☐ **Class 6: Present Asbestos Secured Claim**

Check this box if you have entered into the Claimants Agreement. You must also check the box for Class 10.

☐ **Class 10: Asbestos-Related Unsecured Claim**

Check this box if:

- you checked the box for Class 5 and you have opted to have your Asbestos Claim determined in accordance with the Compensable Disease Matrix; or
- you checked the box for Class 6; or
- you have an Asbestos Claim (including an Indirect Asbestos-Related Claim) but have **not** entered into an SBNP Settlement Agreement or the Claimants Agreement, in which case please also enter the:

  amount of your Asbestos Claim: $ _____ ; and

  basis of your Asbestos Claim: _____

  _____

Any information entered in the spaces above will be used solely for the purposes of identifying your Asbestos Claim, and may be used for calculating votes to accept or reject the Plan. Such information is not binding upon Shook & Fletcher or upon you. Such information does not establish the amount of your Claim or constitute a proof of claim.

As the holder of a Claim in the Class or Classes indicated above, the undersigned votes (please check one):

☐ To accept the Plan ☐ To reject the Plan

If this Ballot does not indicate either acceptance or rejection of the Plan with respect to a Class of Claims, this Ballot will not be counted with respect to such Class.

Name of Voter: _____
(Print or Type)

Signature: _____

_____
Social Security or Federal Tax I.D. No.

By: _____

Title: _____

Address: _____
Street

_____
City, State and Zip Code

Telephone Number: ( ) _____

Date Completed: _____

UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ALABAMA

In re:	:	Chapter 11
SHOOK & FLETCHER INSULATION CO.,	:	Case No. _____
Debtor.	:	

MASTER BALLOT
FOR ACCEPTING OR REJECTING THE PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE OF SHOOK & FLETCHER INSULATION CO. (THE "PLAN")

TO BE USED BY ATTORNEYS IN FACT FOR HOLDERS OF CLAIMS IN CLASSES 5, 6 and/or 10

INSTRUCTIONS

PLEASE READ AND FOLLOW THE INSTRUCTIONS ON THIS MASTER BALLOT CAREFULLY. PLEASE COMPLETE, SIGN AND DATE THIS BALLOT AND PROMPTLY RETURN IT TO LOGAN & COMPANY, INC. (THE "VOTING AGENT") AT 546 VALLEY ROAD, UPPER MONTCLAIR, NEW JERSEY 07043. THE VOTES REFLECTED ON THIS BALLOT WILL NOT BE COUNTED IF IT HAS NOT BEEN RECEIVED BY THE VOTING AGENT BY 5:00 P.M., EASTERN TIME, ON MARCH 25, 2002 (THE "VOTING DEADLINE"), UNLESS SUCH DATE HAS BEEN EXTENDED BY SHOOK & FLETCHER.

PLEASE MAKE SURE YOU HAVE PROVIDED ALL INFORMATION REQUESTED

Shook & Fletcher is soliciting votes with respect to the Plan and the Disclosure Statement, copies of which accompany this Master Ballot or have previously been provided to you. This Master Ballot is to be used by the holders of proxies, powers of attorney or other agency with respect to one or more holders of Asbestos Claims. Please review carefully, and ask those on whose behalf you are voting to review carefully, the Plan and Disclosure Statement and all exhibits thereto before casting votes.

Votes May Be Required In Two Classes. Bankruptcy Rule 3018(d) requires that any creditor who holds a claim that is allowed in part as a secured claim and in part as an unsecured claim is entitled to vote to accept or reject a plan in both capacities. Accordingly, if an Asbestos Claimant for whom you are voting has (i) entered into the Claimants Agreement or (ii) entered into the SBNP Settlement Agreement and elected to have his or her Asbestos Claim determined in accordance with the Compensable Disease Matrix, then that Asbestos Claimant's Asbestos Claim is partially secured (Class 5 for SBNP Asbestos Claimants or Class 6 for Present Asbestos Claimants) and is partially unsecured (Class 10), and such Asbestos Claimant is entitled to vote in Class 10 as well as in Class 5 or Class 6, as applicable.

You May Attach Schedules of Requested Information. If you are voting on behalf of more than one Asbestos Claimant, you should submit only one Master Ballot. If the tables in Item 2 do not provide sufficient space, you should prepare and attach to your Master Ballot a schedule of information which contains the same information for each Asbestos Claimant for whom you are voting as the information requested in the tables below (name of Asbestos Claimant, Social Security number, amount of Asbestos Claim applicable in each Class and vote in each applicable Class).

Acceptance of the Plan by holders of Asbestos Claims in Classes 5, 6 and/or 10 under the Plan requires that the holders of at least two-thirds in amount or more than one-half in number of Claims in each such Class, and for purposes of § 524(g) of the Bankruptcy Code more than 75% in number of Claims in each such Class, that actually vote on the Plan accept such Plan.

This Master Ballot will not be counted with respect to any holder(s) of Claim(s) for which the Master Ballot does not indicate either acceptance or rejection of the Plan with respect to such holder(s).

If you believe that you are missing any materials from the solicitation package, or if you have questions regarding this Master Ballot or the voting procedures, please call (866) 468-0619 (toll free).

ANY TERM USED IN CAPITALIZED FORM THAT IS NOT DEFINED HEREIN BUT THAT IS DEFINED IN THE GLOSSARY OF TERMS FOR THE PLAN DOCUMENTS PURSUANT TO THE PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE OF SHOOK & FLETCHER INSULATION CO., ATTACHED AS "EXHIBIT A" TO THE DISCLOSURE STATEMENT, SHALL HAVE THE MEANING ASCRIBED TO SUCH TERM BY SUCH GLOSSARY AND SUCH DEFINITIONS ARE INCORPORATED HEREIN BY REFERENCE.

Item 1 **Certification of Authority to Vote**. The undersigned certifies that, as of the date hereof, the undersigned is acting under a proxy or a power of attorney, or other written evidence of agency granted by the Asbestos Claimant(s) identified below, and accordingly has full power and authority to vote to accept or reject the Plan on behalf of such holder(s) of Asbestos Claim(s).

Item 2 **Votes on the Plan**. The undersigned transmits the following votes of holder(s) of Asbestos Claim(s) and certifies that each such holder holds a Claim in the Class or Classes indicated. Any information entered in the tables below or in any accompanying schedules with respect to the amount of any Asbestos Claim will be used solely for the purposes of identifying such Asbestos Claim, and may be used for calculating votes to accept or reject the Plan. Such information is not binding upon Shook & Fletcher. Such information does not establish an amount of a Claim or constitute a proof of claim.

a. **Class 5: SBNP Asbestos Secured Claims.** Please indicate in the following table the votes of holders of Asbestos Claims who have entered into an SBNP Settlement Agreement. If such holders have opted to have their Asbestos Claims determined in accordance with the Compensable Disease Matrix, their votes should also be cast with respect to Class 10.

Name of Claimant	Social Security Number	Amount of SBNP Asbestos Secured Claim	Vote with Respect to the Plan (check one)
			☐ Accept ☐ Reject
			☐ Accept ☐ Reject

b. **Class 6: Present Asbestos Secured Claims**. Please indicate in the following table the votes of holders of Asbestos Claims who have entered into the Claimants Agreement. Their votes should also be cast with respect to Class 10.

Name of Claimant	Social Security Number	Amount of Present Asbestos Secured Claim	Vote with Respect to the Plan (check one)
			☐ Accept ☐ Reject
			☐ Accept ☐ Reject

c. **Class 10: Asbestos-Related Unsecured Claim.** Please indicate in the following table the votes of holders who:

- have voted with respect to Class 5 and have opted to have their Asbestos Claims determined in accordance with the Compensable Disease Matrix; or
- have voted with respect to Class 6; or
- have an Asbestos Claim (including an Indirect Asbestos Claim) but have **not** entered into an SBNP Settlement Agreement or the Claimants Agreement.

Name of Claimant	Social Security Number	Amount of Asbestos-Related Unsecured Claim	Vote with Respect to the Plan (check one)
			☐ Accept ☐ Reject
			☐ Accept ☐ Reject

Item 3 **Authorization.** By signing this Master Ballot, the undersigned certifies that each claimant holding an Asbestos Claim listed in Item 2 above or in the attached schedule has been provided with a copy of the Disclosure Statement and the Plan, including the exhibits thereto, and acknowledges that the solicitation of votes for the Plan is subject to the terms and conditions set forth in the Plan and Disclosure Statement.

Item 4 **Evidence of Authority to Vote.** The undersigned agrees to provide written evidence of his or her authority to cast this Master Ballot for each claimant listed above to the Debtor or Reorganized Shook & Fletcher promptly upon request, and further agrees to retain all such written evidence for at least one year following the Effective Date of the Plan.

Print Name of Person Casting this Ballot: _____

Signature: _____

Firm: _____

Address: _____

_____

Telephone Number: ( ) _____

Date Completed: _____

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February 12, 2002

To All Creditors and Parties-In-Interest in
Proposed Shook & Fletcher Insulation Co. Chapter 11 Reorganization

I was retained by Shook & Fletcher Insulation Co. (the "Debtor") to represent the interests of unknown future asbestos claimants in the above-referenced matter. Specifically, I was retained pursuant to an agreement with the Debtor on December 13, 2001, to the represent the interests of those persons who might in the future assert demands arising out of the Debtor's past activities with respect to asbestos or asbestos containing products. As part of my engagement, I retained the services of Robert M. Fishman and the law firm of Shaw Gussis Domanskis Fishman Glantz & Wolfson, LLC ("Counsel").

Together with the assistance of Counsel, I have reviewed the Plan, Disclosure Statement and documents related to the proposed reorganization of the Debtor (the "Plan"). I have spent considerable time reviewing the financial condition of the Debtor and affiliated companies. Further, I have substantially investigated issues related to insurance coverage, pending asbestos litigation and claims histories. In addition, I and my Counsel have spent considerable time negotiating and addressing certain aspects related to the Plan. Based upon my analysis, research and advice of Counsel, I have reached certain conclusions.

I have concluded that the treatment proposed by the Debtor in the Plan for the unknown futures claims to be fair and equitable. The Debtor has been candid and forthright in its discussions and providing information to me and my Counsel. I believe it is in the best interests of the Debtor, the estate and unknown future claimants to follow the bankruptcy course as outlined in the Plan.

I recommend and endorse the proposed Plan as a fair and equitable methodology of addressing outstanding issues related to the Debtor and its ongoing problems with uncertain asbestos liability issues.

Very truly yours,

R. Scott Williams

RSW:ras:339984

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
Southern Division

In re:	)	
	)	**Case No. _____**
SHOOK & FLETCHER INSULATION CO.	)	**Chapter 11**
	)	
Debtor-in-Possession.	)	
	)	

CERTIFICATE OF SERVICE

I hereby certify that on this 8th day of April 2002, I caused a copy of the foregoing Praecipe Filing the Debtor's Disclosure Statement and Prepackaged Plan of Reorganization to be served on the persons on the attached Service List in the manner indicated.

Richard P. Carmody

Shook & Fletcher Insulation Co.
Attachment to Certificate of Service

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* Parties designated with an asterisk were served by hand-delivery. All other parties were served by overnight mail.