

27 June 2016

TO WHOM IT MAY CONCERN

Dear Sirs

Re: Notice of claim for permission to enter into an assignment agreement with the US Trust and to amend the UK Trust Deed and TDP (Case Number: HC-2016-001020)

On 24 June 2016, the UK Asbestos Trustee Company Limited (“**the UK Asbestos Trustee**”) issued a claim form requesting the permission of the High Court:

- (a) to enter into an assignment agreement with the Federal-Mogul Asbestos Personal Injury Trust (“**the US Trust**”); and
- (b) to amend the UK Trust Deed and TDP in connection with the assignment agreement.

We enclose a copy of the claim form. We are sending it to you because we believe that you or your clients may have an interest in the claim, as actual or potential beneficiaries of the UK Asbestos Trust, in accordance with the order of Chief Master Marsh dated 17 June 2016. Nevertheless, as the claim form does not name any defendants, you are not bound to take any action in response to it.

If you wish to participate in the hearing of the claim, you are required by the order:

- (a) to give us notice that you intend to do so by 4 pm on 18 August 2016; and
- (b) to file and serve any evidence by 4 pm on 8 September 2016.

The claim will be heard at the High Court in London on 28 September 2016 at 10.30 am.

Copies of the order, assignment agreement, claim form, first witness statement of James Gleave (“**Gleave 1**”), second witness statement of James Gleave and draft amended Trust Deed and TDP are available on the UK Asbestos Trustee’s website (<https://tandnasbestos.org.uk/>).

If you have any queries about the claim or would like to request hard copies of the order or other documents, please contact Lee Pilkington at the address above or at LPilkington@alixpartners.com or +44 161 838 4512.

Details of the claim

The claim form requests permission from the High Court to do two things. First, UK Asbestos Trustee requests permission to enter into an assignment agreement with the US Trust, pursuant to which:

- (a) the US Trust and the UK Asbestos Trustee agree to vary the 7.14%:4.76% split of net recoveries on the Hercules Policy as between the T&N Hercules Fund and the Chester Street Hercules Fund to an amended split of 9.916%:1.984%;

- (b) the UK Asbestos Trustee assigns all of its rights to net recoveries under the Hercules Policy to the Federal-Mogul Asbestos Personal Injury Trust; and
- (c) the US Trust assigns to the UK Asbestos Trustee, for the benefit of the Chester Street Hercules Fund and the T&N Hercules Fund, its reversionary interests in the Chester Street Fund and the Chester Street Hercules Fund (save that the whole of the reversionary interest in the Chester Street Hercules Fund will be assigned to the T&N Hercules Fund).

Secondly, the UK Asbestos Trustee requests permission to amend the Trust Deed and TDP:

- (a) to permit immediate and regular ongoing distributions on the Chester Street Fund reversionary interest;
- (b) to calculate and distribute on the Chester Street Fund reversionary interest to each of the T&N Hercules Fund and the Chester Street Hercules Fund by reference to the value of claims actually received by each fund from time to time;
- (c) to permit distributions to holders of claims against the UK Asbestos Trust ("**Trust Claimants**") from the T&N Hercules Fund and Chester Street Hercules Fund calculated on the basis that each fund already holds the funds that are projected to be distributed to them in future from the Chester Street Fund;
- (d) to permit distributions to Trust Claimants from the T&N Hercules Fund and Chester Street Hercules Fund at the same time as those Trust Claimants receive their initial dividends from the T&N Fund or Chester Street Fund (as applicable) in an amount approximately equal to what Trust Claimants would have received if the Hercules Policy proceeds had been paid to T&N and immediately distributed by way of a single dividend, as well as to pay additional dividends to such Trust Claimants after five years, with catch-up dividends for Trust Claimants who have already received their initial dividends; and
- (e) to abolish the requirement that the UK Asbestos Trustee advertise for claims in national newspapers.

Rationale for the claim – increased distributions to Trust Claimants

The UK Asbestos Trustee estimates that:

- (a) the Hercules Policy rights that it is proposing to assign to the US Trust have a value of approximately £3 million; and
- (b) the reversionary interests that it is proposing to receive from the US Trust have a net present value of approximately £12 million (paragraph 83 of Gleave 1) (albeit, without the proposed amendments to the Trust documents, the funds would only be likely to be available at some point after 2046).

If the claim is unsuccessful and the High Court does not grant permission for the assignment agreement and the proposed amendments to the Trust Deed and TDP, the UK Asbestos Trustee will be left holding the rights to recoveries from the Hercules Policy, with a value of approximately £3 million. The UK Asbestos Trustee estimates that, if it were to distribute these funds from the T&N Hercules Fund and from the Chester Street Hercules Fund, the dividend rate would be in the region of 1p to 2p in the £ (paragraph 84 of Gleave 1).

Conversely, if the claim is successful and the High Court does give permission for the assignment agreement and the proposed amendments to the Trust Deed and TDP, the UK Asbestos Trustee will be holding assets with a net present value of approximately £12 million. The UK Asbestos Trustee estimates that, if it were to distribute these funds from the T&N Hercules Fund and from the Chester Street Hercules Fund, the dividend rate would be in the region of 8p to 10p in the £ (paragraph 84 of Gleave 1).

The UK Asbestos Trustee's rationale for the claim, therefore, is that it could achieve a fourfold to fivefold increase in distributions from the T&N Hercules Fund and the Chester Street Hercules Fund. This would give a clear benefit to Trust Claimants.

A further explanation of the UK Asbestos Trustee's rationale for the claim and the risks involved is set out in Gleave 1, in particular at paragraphs 56 to 97.

One qualification to the description in Gleave 1 is that the UK Asbestos Trustee no longer intends to amend the Trust Deed and TDP with respect to paragraph 70(e) of Gleave 1. Instead, the UK Asbestos Trustee proposes to make payments from the Hercules Funds in two stages, matching other payments from the UK Asbestos Trust: an initial dividend followed by an additional dividend five years later.

The draft amended Trust Deed and TDP are available on the website, with the proposed changes shown in red.

Yours faithfully,

A handwritten signature in black ink, consisting of a stylized, cursive 'S' followed by a horizontal line that curves upwards at the end.

The T&N Asbestos Trustee Company Limited

Enclosures: Part 8 Claim Form