

EXHIBIT 3

EXHIBIT C-6 TO
METEX PLAN OF REORGANIZATION

**June 21, 2012 Settlement Agreement and Mutual Release by and among
Metex Mfg. Corporation f/k/a Kentile Floors, Inc. and
Century Indemnity Company (as successor to CCI Insurance Company, as successor to
Insurance Company of North America), ACE Property &
Casualty Company (f/k/a CIGNA Property and Casualty Company f/k/a Aetna
Insurance Company), and Westchester Fire Insurance Company**

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement and Mutual Release is made and entered into as of the Execution Date by and among Metex Mfg. Corporation (hereinafter referred to as "Metex") and Century Indemnity Company (as successor to CCI Insurance Company, as successor to Insurance Company of North America, on its own behalf and as successor to Indemnity Insurance Company of North America) (hereinafter referred to as "Century Indemnity"), ACE Property & Casualty Company (f/k/a CIGNA Property and Casualty Company f/k/a Aetna Insurance Company) (hereinafter referred to as "ACE P&C") and Westchester Fire Insurance Company, with respect to International Insurance Company policy no. 523 449871 2 (hereinafter referred to as "Westchester").

Recitals

WHEREAS, until the mid-1990s, Kentile was a manufacturer of various types of composite floor tile for residential and commercial use;

WHEREAS, Kentile used asbestos for a time as one of the components in certain of its products;

WHEREAS, beginning in the 1970s, Kentile was named a defendant in a number of lawsuits asserting claims for personal injury or wrongful death resulting from exposure to Kentile asbestos containing products;

WHEREAS, during the 1970s and 1980s Kentile experienced financial difficulties and had to close certain of its plants;

WHEREAS, as a consequence of its deteriorating financial condition and an increasing number of asbestos personal injury claims, on November 20, 1992 ("Petition Date"), Kentile

filed a petition under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York as Case No. 92-B-46466 (BRL);

WHEREAS, on the Petition Date, Kentile was the subject of a number of claims alleging personal injury or wrongful death resulting from exposure to Kentile's asbestos-containing floor tile products;

WHEREAS, on December 15, 1998 ("Confirmation Date"), Kentile confirmed a plan of reorganization in its Chapter 11 case ("Kentile's Chapter 11 Plan");

WHEREAS, under Kentile's Chapter 11 Plan, Kentile changed its name to KF Real Estate Holding Corporation ("KF Corp.");

WHEREAS, shortly after the Confirmation Date, Metex Corporation merged with and into KF Corp. and KF Corp., as the surviving entity, changed its name to "Metex Mfg. Corporation;"

WHEREAS, since the Confirmation Date, Kentile has been named as a defendant in thousands of new Asbestos-Related Claims (as defined below) and continues to be named, and may in the future be named, in such claims;

WHEREAS, on the date hereof, Kentile has outstanding against it approximately 28,000 Asbestos-Related Claims;

WHEREAS, Century Indemnity, ACE P&C and Westchester issued, or are alleged to have issued, certain Insurance Policies to Kentile;

WHEREAS, numerous issues relating to the application and amount of insurance coverage available under the Insurance Policies (as defined below) are currently being litigated between Metex, Century Indemnity and ACE P&C, and other insurance companies in *National*

Fire Insurance Company of Hartford, et al. v. Travelers Casualty and Surety Company, et al.;
Index No. 105522/2008;

WHEREAS, Metex has executed and delivered a Settlement Agreement and Mutual Release with Liberty Mutual Insurance Company (“Liberty Mutual”) and Weitz & Luxenberg P.C., Cooney and Conway, and the Simmons Law Firm (the “Plaintiff Law Firms”) which contains, among other things, a requirement that Metex prepare, solicit and file a prepackaged Chapter 11 case, that Liberty Mutual provide funding for the Asbestos PI Trust established under the Plan, and that the Plaintiff Law Firms support the Plan as set forth therein (the “Liberty Mutual Settlement Agreement”); and

WHEREAS, Metex, Century Indemnity, ACE P&C and Westchester, subject to the terms and conditions of this Agreement, now wish fully and finally to compromise and resolve all Claims by providing for Century Indemnity’s, ACE P&C’s and Westchester’s participation in Metex’s prepackaged Chapter 11 Case, as more fully set forth herein.

NOW, THEREFORE, intending to be legally bound, the Parties hereby agree as follows:

I. Purpose and Scope

The purposes of this Agreement are: (1) (a) subject to implementation of the prepackaged plan of reorganization described below, to resolve all Claims between Metex and Insurers, including Asbestos-Related Claims and Coverage Claims, (b) for Metex to consummate the prepackaged plan of reorganization described below, (c) for payment of the Settlement Amount by Century Indemnity to the Asbestos PI Trust (as defined in the Plan) to be made as specified below, (d) for all Asbestos PI Claims (as defined in the Plan), and future demands (as defined in Section 524 (g) of the Bankruptcy Code) to be channeled to the Asbestos PI Trust, and (e) for

Insurers to obtain the protection of a 524(g) Channeling Injunction, the 105 Injunction, and the 363 Injunction and to be released from all Claims attributable to or arising from the Insurance Policies in accordance with the terms and conditions set forth in this Agreement; or (2) in the event that Metex should fail to obtain confirmation of a prepackaged plan of reorganization described below, upon Insurers' request (a) for Insurers to buy back any and all insurance coverage remaining under, and be released from all Claims attributable to or arising from, the Insurance Policies in accordance with the terms and conditions set forth below and (b) an injunction to be issued pursuant to Section 363 of the Bankruptcy Code in accordance with the terms set forth in this Agreement.

II. Definitions

The following definitions will apply to the listed terms wherever those terms appear throughout the Agreement. Each defined term stated in a singular form shall include the plural form; each defined term stated in plural form shall include the singular form; and each defined term stated in the masculine form or in the feminine form or in the neuter form shall include all others. The word "include" means "include but are not limited to;" the word "includes" means "includes but is not limited to;" and the word "including" means "including but not limited to."

- A. "Agreement" means this Settlement Agreement and Mutual Release.
- B. "Approval Order" means a final non-appealable order in the form of order attached hereto as Exhibit "G".
- C. "Asbestos PI Claim", except as otherwise expressly stated herein, means each of the following: (a) a Metex Asbestos PI Claim; (b) a Derivative Liability Asbestos PI Claim; (c)

an Indirect Asbestos PI Claim; (d) a Qualified Asbestos PI Claim (as defined in the Plan); and (e) a Direct Action Claim. Asbestos PI Claims shall not include Asbestos Property Damage Claims.

D. "Asbestos PI Trust" means a trust established pursuant to 11 U.S.C. §524(g), in accordance with the terms of the Plan and consistent with the terms of this Agreement.

E. "Asbestos Property Damage Claim" means any Claim or portion thereof against, or any debt, liability, or obligation of, Kentile or Metex, whether now existing or hereafter arising, whether in the nature of or sounding in tort, or under contract, warranty, or any other theory of law, equity, or admiralty for, arising out of, or resulting from, or attributable to directly or indirectly the presence of asbestos in or on any property, including the cost of inspecting, maintaining, encapsulating, repairing, decontaminating, removing, replacing or disposing of asbestos or asbestos-containing products in buildings, other structures or other property arising from the installation in, presence in, or removal from buildings or other structures of asbestos or asbestos-containing products installed, manufactured, sold, supplied, produced, distributed, released or marketed by Kentile or Metex, or for which Kentile or Metex is allegedly liable, including all related Claims, debts, obligations, or liabilities for compensatory damages (such as proximate, consequential, general and special damages) and punitive damages, and any cross-claims, contribution claims, subrogation claims, reimbursement claims, indemnity claims, and other similar derivative Claims against, or debt, liability of obligation of Kentile or Metex. Asbestos Property Damage Claims shall not include Asbestos PI Claims.

F. "Asbestos Protected Parties" means those Persons identified in the Plan as protected by the 524(g) Channeling Injunction, including Insurers.

G. "Asbestos-Related Claims" means Asbestos PI Claims and Asbestos Property Damage Claims. The term "Asbestos-Related Claims" also includes any Claim made by a spouse, child, domestic partner, or other relative of a Person on whose behalf, or by whose estate, an Asbestos PI Claim is brought and which arises out of that Asbestos PI Claim or independently as a result of secondary exposure to asbestos relating to or resulting from Kentile's products or operations. Notwithstanding any of the foregoing, the term "Asbestos-Related Claims" does not include Claims for workers' compensation under any state or federal law solely to the extent that such Claims are covered by workers' compensation insurance.

H. "Bankruptcy Court" means the United States Bankruptcy Court for the Southern District of New York.

I. "Business Day" means any day on which commercial banks are required to be open for business in New York, New York.

J. "Chapter 11 Case" means the Chapter 11 bankruptcy reorganization case to be filed by Metex in the Bankruptcy Court pursuant to Section VII.A below.

K. "Claim" means any and all present and future claims (including "claim" as defined in Section 101(5) of the Bankruptcy Code), complaints, petitions, cross-complaints, counterclaims, asserted rights, demands (including "demand" as defined in Section 524(g)(5) of the Bankruptcy Code), requests, suits, lawsuits, subpoenas, administrative proceedings, actions, rights of action, causes of action, or choses in action, executions, liens, offsets, costs, expenses (including court costs and attorneys' fees), judgments, orders, indemnity and/or defense obligations, whether actual or potential, claimed or suspected, fixed or contingent, asserted or unasserted, direct or indirect, whether presently known or unknown, whether asserted in law,

equity, admiralty, tort, contract or otherwise, whether obtained by subrogation, assignment, or otherwise, and seeking any form of relief, including compensatory, punitive, extra-contractual, statutory, fines, penalties, enforcement, declaratory judgment, injunctive relief, medical or environmental monitoring, investigation, assessment, remediation, and on account of any alleged injury, including, bodily injury, personal injury, disease, sickness, illness, death, fear of future disease or injury, shock, mental injury or anguish and emotional distress, or any alleged property damage, loss of use of property, diminution of value of property, or damage to natural resources. Without limiting the foregoing, "Claim" also includes any claim alleging bad faith, failure to act in good faith, a violation of the covenant of good faith and fair dealing, and/or a violation of a statute, regulation, or code, including statutes relating to unfair claims handling or settlement practices or any other similar type of alleged misconduct or omission. For the avoidance of doubt, present claims include claims that have been asserted in the past which have not been fully and finally resolved.

L. "Committee" means (i) the ad hoc creditors committee (composed of the Plaintiff Law Firms) prior to the commencement of the Chapter 11 Case; and (ii) any official committee of holders of Asbestos PI Claims (as defined in the Plan) subsequently appointed in the Chapter 11 Case.

M. "Conditional Payment" means any payment made for an Asbestos-Related Claim pursuant to Section 1395y(b)(2)(B) of the MSPA, as defined below.

N. "Confirmation Order" means, as the context requires, the order or orders by the District Court confirming the Plan under Section 1129 of the Bankruptcy Code or affirming an

order of the Bankruptcy Court confirming the Plan under Section 1129 of the Bankruptcy Code, which shall contain, among other things, the 524(g) Channeling Injunction.

O. "Court Approval" means, subject to Section IX.A, the occurrence of all of the following events: (i) the entry by the Bankruptcy Court of the Approval Order; and (ii) the entry by the Bankruptcy Court and affirmance by the District Court, of order(s): (a) confirming the Plan; (b) providing that this Agreement is binding upon the Asbestos PI Trust and all other parties-in-interest; (c) providing that, upon the Effective Date of the Plan, Insurers shall be entitled to the protection of the 524(g) Channeling Injunction and the 105 Injunction; and (d) issuing the 524(g) Channeling Injunction and the 105 Injunction; and, (iii) the Effective Date has occurred; and (iv) the final resolution of any and all appeals of the order(s) identified in (i) and (ii) above, the expiration of all appeal periods, and the foregoing order(s) becoming final and non-appealable.

P. "Coverage Action" means the lawsuit captioned *National Fire Insurance Company of Hartford, et al. v. Travelers Casualty and Surety Company, et al.*; Index No. 105522/2008, pending in the Supreme Court for the State of New York in New York County.

Q. "Coverage Claims" means any and all present and future disputes, lawsuits, controversies, Claims, demands, or rights, directly or indirectly, arising from, based upon, attributable to, or derived from the Insurance Policies or Coverage Action (including the number of occurrences, trigger of coverage and allocation); and Insurers' alleged breach of any duties to Kentile or Metex, including the duty to act in good faith. "Coverage Claims" does not include

disputes arising under or with respect to the interpretation, construction or enforcement of this Agreement.

R. "Derivative Liability Asbestos PI Claim" means any Claim or portion thereof against, or any debt, liability, or obligation of, Kentile, Metex, or a Metex Related Party (as defined in the Plan), based upon a legal or equitable theory of liability in the nature of veil piercing, alter ego, successor liability, fraudulent transfer, or conspiracy, upon which Kentile, Metex, or a Metex Related Party (as defined in the Plan) is liable, or is allegedly liable, arising out of, resulting from, or attributable to directly or indirectly, death, bodily injury, sickness, disease, or any other actual or alleged personal injury, physical, emotional or otherwise, to persons, caused, or allegedly caused, in whole or in part, directly or indirectly, by the presence of, exposure to, alleged failure to warn about, or breach of warranty regarding asbestos, including without limitation asbestos-containing products or materials engineered, designed, marketed, manufactured, fabricated, constructed, sold, supplied, produced, installed, maintained, serviced, specified, selected, repaired, removed, replaced, released, distributed, or in any way used by Kentile, Metex or any Person for whose products or operations Kentile or Metex has liability or is alleged to have liability, but only to the extent arising, directly or indirectly, from acts, omissions, business, or operations of Kentile or Metex including all related Claims, debts, obligations, or liabilities for compensatory damages (such as loss of consortium, medical monitoring, personal or bodily injury, wrongful death, survivorship, proximate, consequential, general, and special damages). For purposes of this definition, "veil piercing, alter ego, successor liability, fraudulent transfer, or conspiracy" claims shall include fraudulent transfer or fraudulent conveyance claims under applicable state or federal law, denuding the corporation claims, single

business enterprise claims, claims that Metex was the predecessor, mere instrumentality, agent or alter ego of Kentile or a Metex Related Party, trust fund claims, claims that Kentile or a Metex Related Party conspired with Metex, and any causes of action against a Metex Related Party that belong to the debtor or debtor in possession in the Chapter 11 Case, whether or not included in the foregoing list.

S. “Direct Action Claim” means any Claim or portion thereof brought directly against any Insurers by a Person other than Metex, directly or indirectly, arising from, based upon, attributable to, or derived from the activities, products, conduct or work of Kentile, or any other Person for whose products or operations Kentile has liability but only to the extent of such liability, or any insurance contract that is, or may in the future be, asserted to provide coverage for any of the aforementioned Claims, whether arising by contract, in tort or under the laws of any jurisdiction (including any statute that gives a third party a direct cause of action against an insurer), including any action for contribution, indemnification, subrogation or similar relief by an insurer against any Insurers.

T. “District Court” means the United States District Court for the Southern District of New York.

U. “Effective Date” means the first date upon which all of the following have occurred: (i) the Execution Date has occurred; (ii) Court Approval has been obtained; and (iii) Metex’s Claims in the Coverage Action have been dismissed with prejudice, each party to the Coverage Action bearing its own costs and attorneys’ fees and waiving any right of appeal.

V. “Environmental Claim” means any Claim (contingent or otherwise, arising under statute or common law, at law or in equity, and including liability for response costs or natural

resource damages, fines or penalties) or any investigatory, remedial, or corrective obligation arising under any applicable federal, statute, local or foreign statute, or regulation or similar requirement having the force and effect of law, or judicial or administrative order or determination, or common law, concerning public health or safety, workplace health and safety, or pollution or protection of the environment (including all those pertaining to the presence, use, production, generation, handling, transportation, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, release, threatened release, control or cleanup of any hazardous materials, substances or wastes, chemical substances or mixtures, pesticides, pollutants, contaminants, toxic chemicals, petroleum products or byproducts, polychlorinated biphenyls, noise or radiation).

W. “Execution Date” means the first day upon which the Agreement shall have been duly authorized and executed by each of the Parties or by its duly authorized undersigned counsel and delivered to each of the Parties.

X. “FCR” means (i) Lawrence Fitzpatrick in his capacity as the designated legal representative for the purpose of protecting, prior to the commencement of the Chapter 11 Case, the rights of Persons who might assert “demands” as defined in Section 524(g)(5) of the Bankruptcy Code; and (ii) any individual who, after the commencement of the Chapter 11 Case, is appointed by the Bankruptcy Court or the District Court, as applicable, as such legal representative pursuant to Section 524(g)(4)(B)(i) of the Bankruptcy Code.

Y. “524(g) Channeling Injunction” means an injunction in substantially the form attached hereto as Exhibit A.

Z. "Governmental Unit" means "governmental unit" as defined by 11 U.S.C. § 101(27).

AA. "Indirect Asbestos PI Claim" means all cross-claims, contribution claims, subrogation claims, reimbursement claims, indemnity claims, and other similar derivative Claims or portions thereof against, or any debt, liability, or obligation of, Kentile or Metex or any Insurers, whether or not any such Claim, debt, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured, whether or not the facts of or legal bases therefore are known or unknown, and whether in the nature of or sounding in tort, or under contract, warranty, guarantee, contribution, joint and several liability, subrogation, reimbursement, or indemnity, or any other theory of law, equity, or admiralty for, arising out of, resulting from, or attributable to directly or indirectly, death, bodily injury, sickness, disease, or any other actual or alleged personal injury, physical, emotional or otherwise, to persons caused, or allegedly caused, in whole or in part, directly or indirectly, by the presence of, exposure to, alleged failure to warn about, or breach of warranty regarding asbestos, including without limitation asbestos-containing products or materials engineered, designed, marketed, manufactured, fabricated, constructed, sold, supplied, produced, installed, maintained, serviced, specified, selected, repaired, removed, replaced, released, distributed, or in any way used by Kentile, Metex or any Person for whose products or operations Kentile or Metex has liability or is alleged to have liability, but only to the extent arising, directly or indirectly from acts, omissions, business or operations of Kentile or Metex (including the acts, omissions, business or operations of any other Person for whose products or operations Kentile or Metex has liability, but only to the extent of Kentile's and

Metex's liability for such acts, omissions, business, or operations) including all related Claims, debts, obligations, or liabilities for compensatory damages (such as loss of consortium, medical monitoring, personal or bodily injury, wrongful death, survivorship, proximate, consequential, general, and special damages). Notwithstanding the foregoing, a Claim, Demand, allegation, debt, liability or obligation shall only be an Indirect Asbestos PI Claim, to the extent of Kentile's and Metex's liability for that Claim, debt, liability or obligation.

BB. "Insurance Policies" means all insurance policies (including any known and unknown comprehensive general liability policy, general liability policy, excess liability policy, automobile policy, first-party property policy, wrap-up policy, site-specific policy or project-specific policy, whether such policy is primary, umbrella, excess, or otherwise, whether domestic or foreign, and regardless of the policy territory covered, whether issued to Kentile, Metex or otherwise) that were issued or allegedly issued by any Insurer to any Person prior to the Execution Date under which Kentile is or allegedly may be insured or entitled to any rights or benefits, including each alleged insurance policy identified on the schedule attached to this Agreement as Exhibit B. With respect to insurance policies issued by Insurers under which the legal entity known as "Metex Corporation" or "Metex Mfg. Corporation" is a named insured or additional insured, if any, the term "Insurance Policies" means only the insurance coverage provided under any such insurance policies for Claims directly or indirectly, arising from, based upon, attributable to, or derived from the activities, conduct or work of the legal entity known as Kentile Floors, Inc. (as distinguished from the legal entity known as "Metex Corporation" or "Metex Mfg. Corporation"), and the subsidiaries and affiliates of the legal entity known as Kentile Floors, Inc.

The term "Insurance Policies" does not include policies, if any, that provide only workers compensation coverage.

CC. "Insurers" means collectively (i) Century Indemnity Company (as successor to CCI Insurance Company, as successor to Insurance Company of North America, on its own behalf and as successor to Indemnity Insurance Company of North America), ACE Property & Casualty Company (f/k/a CIGNA Property and Casualty Company f/k/a Aetna Insurance Company), and Westchester Fire Insurance Company, with respect to International Insurance Company policy no. 523 449871 2; and (ii) any and all of each of their present and former officers, directors, shareholders, members, agents, employees, parents, direct and indirect subsidiaries, affiliates, divisions, holding companies, merged companies, acquired companies, representatives, attorneys, predecessors-in-interest, successors-in-interest, and assigns, if any, solely in their capacities as such; and (b) the respective heirs, executors, administrators, successors, and assigns of any of the foregoing, solely in their capacities as such.

DD. "Kentile" means Kentile Floors, Inc., together with all of its various predecessors and successors in interest including the debtor-in-possession and the reorganized debtor in the Chapter 11 bankruptcy case captioned *In re Kentile Floors, Inc.*, No. 92-B-46466 (Bankr. S.D.N.Y.) (BRL).

EE. "Metex" means (i) Metex Mfg. Corporation and Kentile, and (ii) to the fullest extent of Metex's right, power and authority to bind them, each of its and their present and former officers, directors, shareholders, members, agents, employees, parents, direct and indirect subsidiaries, affiliates, divisions, holding companies, merged companies, acquired companies,

representatives, attorneys, predecessors-in-interest, successors-in-interest, executors, administrators, and assigns, if any, each solely in its capacity as such.

FF. "Metex Asbestos PI Claim" means any Claim or portion thereof against, or any debt, liability, or obligation of, Kentile or Metex or any Insurers, whether now existing or hereafter arising, whether in the nature of or sounding in tort, or under contract, warranty, or any other theory of law, equity, or admiralty for, arising out of, resulting from, or attributable to directly or indirectly, death, bodily injury, sickness, disease, or any other actual or alleged personal injury, physical, emotional or otherwise, to persons, caused, or allegedly caused, in whole or in part, directly or indirectly, by the presence of, exposure to, alleged failure to warn about, or breach of warranty regarding asbestos, including, without limitation, asbestos-containing products or materials engineered, designed, marketed, manufactured, fabricated, constructed, sold, supplied, produced, installed, maintained, serviced, specified, selected, repaired, removed, replaced, released, distributed, or in any other way used by Kentile or Metex or any other Person for whose products or operations Kentile or Metex has liability or is alleged to have liability, but only to the extent arising, directly or indirectly, from acts, omissions, business, or operations of Kentile or Metex (including the acts, omissions, business, or operations of any other Person for whose products or operations Kentile or Metex has liability, but only to the extent of Kentile's and Metex's liability for such acts, omissions, business, or operations) including all related Claims, debts, obligations, or liabilities for compensatory damages (such as loss of consortium, medical monitoring, personal or bodily injury, wrongful death, survivorship, proximate, consequential, general, and special damages). Notwithstanding

the foregoing, a Claim debt, liability or obligation shall only be a Metex Asbestos PI Claim to the extent of Kentile's and Metex's liability for that Claim, debt, liability or obligation.

GG. "MSPA" means Medicare Secondary Payer Act, codified at 42 U.S.C. §1395y, and the regulations promulgated thereunder, found at 42 C.F.R. §411.1 *et. seq.*

HH. "NYLB Escrow Account" means the escrow account established pursuant to Section III.B below.

II. "Other Insurers" means all insurers of Kentile or Metex (other than Insurers as defined in definition "CC" above) which issued insurance policies under which Kentile or Metex is, or allegedly may be, insured for Asbestos-Related Claims. "Other Insurers" includes, but is not limited to: Allianz Global Risk US Insurance Company; Federal Insurance Company; Fireman's Fund Insurance Company; Hartford Accident and Indemnity Company; The Home Insurance Company (or the New York Liquidation Bureau on behalf of The Home Insurance Company in Liquidation); Liberty Mutual Insurance Company; American Home Assurance Company, Granite State Insurance Company, National Union Fire Insurance Company of Pittsburgh, PA. and National Fire Insurance Company of Hartford.

JJ. "Parties" means Metex, Century Indemnity, ACE P&C and Westchester, collectively. A "Party" means any of the Parties as indicated by the context.

KK. "Person" means an individual, a corporation, a partnership, a joint venture, an association, a trust, any other entity or organization, and any federal, state or local government or any governmental or quasi-governmental body or political subdivision or any agency, department, board or instrumentality thereof, including a Governmental Unit.

LL. "Plan" means the prepackaged plan of reorganization for Metex contemplated by this Agreement or a similar plan of reorganization for Metex that expressly incorporates the terms and conditions of this Agreement.

MM. "Plan Disapproval" means a final court order denying confirmation of the Plan that is not subject to appeal.

NN. "Property Damage Claims" means any and all Claims or portions of Claims that may be asserted against Kentile or Metex, alleging property damage, loss of use of property, diminution of value of property, and damage to natural resources, including Claims alleging property damage from asbestos.

OO. "Requisite Votes" means votes in favor of the Plan that are no fewer than two-thirds (2/3) of the dollar value of Asbestos PI Claims (as defined in the Plan) that have voted on the Plan and seventy-five (75%) percent in number of holders of Asbestos PI Claims (as defined in the Plan) who have voted on the Plan.

PP. "Releasers" means Kentile, Metex, their respective bankruptcy estates, any trust created pursuant to a plan of reorganization of Kentile and/or Metex for the purpose of resolving, liquidating, and (if entitled to payment) paying Asbestos-Related Claims, together with their respective present and former officers, directors, shareholders, members, agents, employees, parents, direct and indirect subsidiaries, affiliates, divisions, holding companies, merged companies, acquired companies, representatives, attorneys, predecessors in interest, successors-in-interest, executives, administrators, and assigns.

QQ. "Settlement Amount" means the aggregate amount of Twelve Million United States Dollars (\$12,000,000) to be paid by Century Indemnity pursuant to the terms and conditions of this Agreement.

RR. "Settlement Payee" means either the Asbestos PI Trust or, in the event that Insurers make the election under Section IX.A, Metex or the Bankruptcy Estate of Metex, as applicable.

SS. "105 Injunction" means a policy injunction substantially in the form attached hereto as Exhibit C.

TT. "363 Injunction" means an injunction contained in paragraph 13 of the Approval Order in the form attached hereto as Exhibit "G".

III. Payments/Escrow Agreement

A. Payments By Century Indemnity

1. Century Indemnity shall pay the Settlement Amount in the following manner:

a. Within thirty (30) days after the Effective Date, Century Indemnity shall pay One Million Two Hundred Thousand United States Dollars (\$1,200,000) of the Settlement Amount to the Settlement Payee. Such payment shall be made either (i) by check delivered by overnight delivery service at the address as directed by the Settlement Payee, or (ii) by wire transfer pursuant to instructions as directed by the Settlement Payee.

b. On or before the next nine (9) anniversaries of the Effective Date, beginning twelve (12) months after the Effective Date, Century Indemnity

shall pay, on or before each such anniversary of the Effective Date, an additional One Million Two Hundred Thousand United States Dollars (\$1,200,000), for an additional total of Ten Million Eight Hundred Thousand United States Dollars (\$10,800,000).

2. Century Indemnity is not acting as a volunteer in paying the Settlement Amount or any portion thereof, and payment of the Settlement Amount by Century Indemnity reflects potential liabilities and obligations to Kentile claimed by Metex for amounts Century Indemnity allegedly is obligated to pay on account of certain Claims.

3. For the avoidance of doubt, Century Indemnity will have no obligation to pay any portion of the Settlement Amount prior to the Effective Date.

B. NYLB Escrow Account and the NYLB Payment

1. Metex shall establish an escrow account (the "NYLB Escrow Account") at a U.S. commercial bank or trust company to receive proceeds of Claims by Century Indemnity and Other Insurers against the New York Liquidation Bureau ("NYLB") for reimbursement of a portion of indemnity payments paid on behalf of Kentile by Century Indemnity and Other Insurers in connection with the underlying claims identified in Exhibit D (the "NYLB Payment"). The NYLB Payment to the NYLB Escrow Account shall be Five Million, Four Hundred Sixty Thousand, Six Hundred and Ninety-Two and 64/100 U.S. Dollars (\$5,460,692.64). On or before the Execution Date, or as soon thereafter as practicable, Century Indemnity shall direct the NYLB, as applicable, to pay Century Indemnity's portion of the NYLB Payment, in the agreed upon amount of Three Hundred Ninety-Nine Thousand, Nine

Hundred and Forty-Nine and 26/100 U.S. Dollars (\$399,949.26), directly to the NYLB Escrow Account.

2. The NYLB Escrow Account shall be used (i) to pay for taxes, if any, on the earnings on the NYLB Escrow Account, (ii) to pay for reasonable and necessary fees, expenses, and/or costs incurred in connection with the development of the Plan from the inception of such development, and the implementation of the Plan to the obtaining of final confirmation of the Plan, and (iii) to pay and discharge Property Damage Claims and Environmental Claims (as defined in the Plan) for which there is no insurance. Amounts, if any, remaining in the NYLB Escrow Account upon the tenth (10th) anniversary of the Effective Date will be paid to the Asbestos PI Trust.

3. In the event of a termination of this Agreement prior to Court Approval, any funds remaining in the NYLB Escrow Account shall be returned, after payment of any accrued liabilities and expenses, to Century Indemnity and the Other Insurers pro rata based upon the amount of the NYLB Payment to the NYLB Escrow Account attributable to their respective Claims against The Home Insurance Company in Liquidation and/or NYLB.

IV. Releases

A. Release of Insurers by Releasers

Immediately upon the Effective Date, in consideration of the promises contained in this Agreement as well as the release by Insurers, Releasers hereby fully release and forever discharge Insurers from and against any and all Claims under the Insurance Policies, including Asbestos-Related Claims, Property Damage Claims, Environmental Claims and Coverage Claims. The Insurance Policies are null and void and of no further force or effect and any and all

coverage otherwise available under the Insurance Policies is completely and totally bought back and exhausted. Insurers shall have no further duties or obligations under or pursuant to the Insurance Policies, or otherwise, for, based upon, arising out of, related in any way to, or concerning any claims against Releasers. This Release shall in no way prevent or restrict Metex or Insurers from enforcing any rights under this Agreement.

B. Release by Century Indemnity, ACE P&C and Westchester of Metex

Immediately upon the Effective Date, in consideration of the promises contained in this Agreement as well as the release by Releasers, Century Indemnity, ACE P&C and Westchester hereby fully release and forever discharge Metex and Kentile from and against any and all Claims under the Insurance Policies, including Asbestos-Related Claims, Property Damage Claims, Environmental Claims and Coverage Claims. This Release shall in no way prevent or restrict Metex or Insurers from enforcing any rights under this Agreement.

C. Release by Other Insurers

If Metex and/or the Asbestos PI Trust conclude settlements with any Other Insurer(s), a condition of such settlement will be that such Other Insurer provides a release of Insurers of and from any and all Claims released in this Agreement.

D. Covenant Not to Sue

In the event any Claim against Insurers by any Other Insurer is transferred or assigned to Metex, Reorganized Metex and/or the Asbestos PI Trust pursuant to a settlement with such Other Insurer, confirmation of the Plan, or otherwise, Metex, Reorganized Metex and the Asbestos PI Trust hereby agree and covenant that they shall not commence or continue in any manner any action or other proceeding of any kind with respect to any such Claim against Insurers.

E. Judgment Reduction

1. In the event any matter brought by Metex and/or the Asbestos PI Trust against any Other Insurer proceeds to an adjudication on the merits, whether in court or another tribunal with jurisdiction, which determines that Metex or the Asbestos PI Trust, or any of them, would have been entitled to coverage from Insurers under one or more Insurance Policies for certain amounts and the recovery Metex or the Asbestos PI Trust obtains against such Other Insurer includes amounts actually attributed or clearly attributable to Insurers, Metex agrees that neither Metex nor the Asbestos PI Trust will seek to obtain payment from such Other Insurer of any sum that represents Insurers' attributed or allocated share of any defense or indemnity obligation (if any) owed to Metex or the Asbestos PI Trust.

2. In the event Metex or the Asbestos PI Trust obtains a judgment or binding arbitration award against any Other Insurer in any insurance coverage proceeding and any such Other Insurer obtains a judgment or binding arbitration award against Insurers in the same or another proceeding based upon a Claim released pursuant to this Agreement, then Metex and/or the Asbestos PI Trust will cause Insurers not to be subjected to liability for the judgment or binding arbitration award against it by reducing such judgment or binding arbitration award against the Other Insurer by subtracting from such judgment or award the share of the judgment or award, if any, which is actually attributed or clearly attributable to Insurers. To ensure that such a reduction is accomplished, Insurers shall be entitled to assert this Subsection of this Agreement as a defense in any action against them for any such portion of the judgment or binding arbitration award, and shall be entitled to have the court or appropriate tribunal issue

such orders as are necessary to effectuate the deduction to protect Insurers from any liability for the judgment or binding arbitration award.

3. The Plan shall provide that, if any Other Insurer asserts that it has a Claim for contribution, indemnity, subrogation, or other relief against Insurers arising out of or based on any Claim that is channeled to the Asbestos PI Trust, such Other Insurers' Claim may be asserted as a defense against the Asbestos PI Trust in any action, the Asbestos PI Trust shall assert all rights of Insurers in response thereto, and, to the extent that such Claim against Insurers is determined to be valid by the court presiding over such action, the liability of such Other Insurer to the Asbestos PI Trust shall be reduced by the value of such Other Insurer's Claim as so determined against Insurers.

F. Consultation with Counsel

Each of the Parties has reviewed and consulted with counsel regarding the provisions of California Civil Code Section 1542, and each of the Parties agrees not to assert the provisions of California Civil Code Section 1542, or any similar law, against any other Party for the purpose of attempting to invalidate the release of any Claims that said Party did not know of or suspect at the time of the execution of this Agreement. Each of the Parties expressly understands and agrees to the release of all Claims described herein, whether known or unknown.

V. Representations and Warranties of the Parties

Unless indicated otherwise, each of the Parties or their representatives, as applicable, separately represents and warrants as follows:

A. Metex represents that it has the requisite right, power and authority to enter into this Agreement and to perform the obligations imposed on it by this Agreement on its own behalf and on behalf of Kentile and each of the other Persons within the definition of Metex.

B. Century Indemnity, ACE P&C and Westchester represent that they have the requisite right, power and authority to enter into this Agreement and to perform the obligations imposed on them by this Agreement.

C. Century Indemnity, ACE P&C and Westchester represent and warrant that, to the best of their knowledge, there are no Direct Action Claims pending against Century Indemnity, ACE P&C or Westchester. If a Direct Action Claim is asserted against Insurers, Metex or the Asbestos PI Trust (at Insurers' reasonable request) will cooperate reasonably with Insurers to establish that the 524(g) Channeling Injunction, the 105 Injunction and/or the 363 Injunction enjoins such Claim as to Insurers.

D. This Agreement has been thoroughly negotiated and analyzed by each Party's counsel and has been executed and delivered in good faith, pursuant to arms'-length negotiations, and for value and valuable consideration.

E. Each Party has expressly authorized its undersigned representative to execute this Agreement on the Party's behalf as its duly authorized agent, and the Person signing this Agreement on behalf of each Party represents and warrants that that Person is so authorized.

VI. Effectiveness of Agreement; Stay of Coverage Claims

A. This Agreement shall become effective and binding upon the Execution Date.

B. Metex, Century Indemnity, ACE P&C and Westchester shall move to stay Metex's Coverage Claims against Century Indemnity, ACE P&C and Westchester and Century

Indemnity's, ACE P&C's and Westchester's Coverage Claims against Metex in the Coverage Action within five (5) business days after the Execution Date (or such other time to which Metex, Century Indemnity, ACE P&C and Westchester may agree), and shall take such further action so that such Coverage Claims remain stayed during the pendency of the Chapter 11 Case.

VII. The Plan

A. The Plan Process

1. Metex intends to commence solicitation for acceptance of the Plan as soon as practicable. Provided that Metex has received no fewer than the Requisite Votes after solicitation, Metex will file with the Bankruptcy Court its Chapter 11 Case and the Plan (which shall incorporate the terms of this Agreement by reference), disclosure statement relating to the Plan, and a ballot report showing that the class of Asbestos PI Claims (as defined in the Plan) has accepted the Plan by no fewer than the Requisite Votes. Metex shall, with good faith diligent efforts, seek approval of this Agreement and confirmation of the Plan in the Bankruptcy Court and District Court.

2. In the event Metex does not receive the Requisite Votes after solicitation, Metex may nevertheless file its Chapter 11 Case and the Plan and seek approval thereof. If Metex does not file its Chapter 11 Case and the Plan by December 31, 2012, either Metex, Century Indemnity, ACE P&C or Westchester may terminate the Agreement upon ten (10) days' written notice to the other, in which event the Agreement shall become null, void and without effect.

3. Provided the Plan is consistent with the terms of this Agreement, Century Indemnity, ACE P&C and Westchester hereby agree not to oppose Metex's Plan.

4. Notwithstanding anything to the contrary contained in this Agreement or the Approval Order, if the terms of the Plan (including definitions therein) filed in the Chapter 11 Case, or any amendments thereto, are changed without the Insurers' consent in such a way that the injunctive protections provided to Insurers by the confirmed Plan are materially narrower in scope than the injunctive protections that would have been provided by the terms of the draft plan of reorganization forwarded to Insurers' counsel on May 24, 2012, Century, ACE P&C and/or Westchester may, at their option, rescind this Agreement, in which case this Agreement shall be null and void.

5. Except upon the occurrence of one or more of the events set forth in Section IX.A of the Agreement as a basis for giving notice that the Agreement shall become null, void and without effect, or upon the consent of Metex, Century Indemnity, ACE P&C and Westchester shall not seek to lift the automatic stay for any purpose during the Chapter 11 Case.

B. Provisions Relating to the Plan

In addition to the items set forth in Sections IV.A-C, the following elements shall be included in the Plan:

1. The Plan shall contain the 524(g) Channeling Injunction and the 105 Injunction. The Asbestos PI Trust will be a "qualified settlement fund" within the meaning of Section 468B of the Internal Revenue Code and regulations issued pursuant to that section.

2. Except as otherwise provided in this Agreement, Century Indemnity, ACE P&C and Westchester shall assign to the Asbestos PI Trust all of their rights and Claims against Metex's Other Insurers arising from Asbestos PI Claims (as defined in the Plan), including contribution rights arising from payments for indemnity, attorneys' fees and expenses, or

otherwise, against Other Insurers and the Asbestos PI Trust may, in its sole discretion, prosecute such Claims. Century Indemnity, ACE P&C and Westchester do not assign to the Asbestos PI Trust, and expressly retain, any and all rights, Claims, and proceeds relating to Claims against The Home Insurance Company in Liquidation and/or the NYLB for reimbursement of any payments or portions of payments by Century Indemnity, ACE P&C and/or Westchester on behalf of Kentile that are not included in the NYLB Payment to the NYLB Escrow Account referenced in Section III.B. Metex's Claims against Other Insurers arising from Asbestos PI Claims (as defined in the Plan) shall be assigned to the Asbestos PI Trust and may be prosecuted by the Asbestos PI Trust in its sole discretion. The Plan and the Asbestos PI Trust Agreement shall contain such terms as are necessary or appropriate to preserve Metex's rights and the rights of the Asbestos PI Trust and its beneficiaries against Other Insurers.

3. The Plan's trust distribution procedures shall be agreed to by the FCR and the Committee, and shall reasonably assure that the Asbestos PI Trust will value, and be in a financial position to pay, present Asbestos PI Claims (as defined in the Plan) and demands that involve similar Asbestos PI Claims (as defined in the Plan) in substantially the same manner.

4. The Plan and/or its Asbestos PI Trust agreement shall provide, with respect to any Conditional Payment made to any holder of an Asbestos PI Claim (as defined in the Plan), the language in substantially the form of Exhibit E.

5. The Plan and/or Confirmation Order shall provide that the Asbestos PI Trust is bound by the Plan.

6. The Plan shall provide for damages, injunctive relief, attorneys' fees, costs and expenses in favor of Insurers against the Asbestos PI Trust in the event of injury or loss

suffered by Insurers as a result of a violation or breach of the requirements of the Plan by the Asbestos PI Trust.

7. The Plan shall require that the Confirmation Order contains a provision reaffirming the Approval Order.

8. The only impaired class in the Plan shall be Asbestos PI Claims (as defined in the Plan). Neither the holders of Claims other than Asbestos PI Claims (as defined in the Plan) nor holders of interests in Metex shall be impaired by the Plan.

C. Metex, Century Indemnity, ACE P&C and Westchester expressly acknowledge and agree that any breach of their respective obligations under Section VII.B is not adequately compensable by monetary damages, and therefore, that such obligations are subject to the remedy of specific performance by order of the Bankruptcy Court.

VIII. Conditions Precedent to Certain Obligations Arising Upon Court Approval: Deliverables on Court Approval

A. The payment provisions under Section III.A and the release provisions of Sections IV.A, IV.B and IV.C are made expressly contingent upon Court Approval.

B. Upon Court Approval:

1. The releases set forth in Sections IV.A and B shall become effective and binding upon the Parties and all parties-in-interest in the Chapter 11 Case;

2. Metex, on the one hand, and Century Indemnity, ACE P&C and Westchester on the other hand, shall voluntarily dismiss their Claims against one another in the Coverage Action with prejudice, and a stipulation in the form of Exhibit F shall be executed and filed in the Coverage Action.

IX. Rights and Obligations of Parties in the Event of Plan Disapproval or Dismissal of the Chapter 11 Case

A. Immediately upon Plan Disapproval, Century Indemnity, ACE P&C and Westchester may elect to either (1) require that Metex seek approval of this Agreement solely under Section 363 of the Bankruptcy Code if such approval has not already been granted, or (2) rescind this Agreement regardless of whether this Agreement has been approved under Section 363 of the Bankruptcy Code. In the event Century Indemnity, ACE P&C and/or Westchester require that Metex seek approval of this Agreement solely under Section 363 of the Bankruptcy Code, Metex shall use its reasonable best efforts to obtain entry of the Approval Order in the Chapter 11 Case under Section 363 of the Bankruptcy Code. If Century Indemnity, ACE P&C and Westchester make the election in section IX.A.1 above, and the approval of this Agreement under Section 363 of the Bankruptcy Code has become final, such order approving the Agreement will satisfy the requirements for Court Approval under this Agreement.

B. In the event the Chapter 11 Case is dismissed or converted to a case under Chapter 7 of the Bankruptcy Code, this Agreement shall become null, void, and without effect.

X. Cooperation

Metex, Century Indemnity, ACE P&C and Westchester will each use its best efforts to obtain the outcomes sought by this Agreement, including Court Approval. Metex, Century Indemnity, ACE P&C and Westchester each agrees to take such steps and to execute such documents as may be reasonably necessary or proper to effectuate the purpose and intent of this Agreement and to preserve its validity and enforceability. In the event that any action or proceeding of any type whatsoever is commenced or prosecuted by any Person not a Party hereto to invalidate, interpret, or prevent the validation, enforcement, or carrying out of all or any of the

provisions of this Agreement, Metex, Century Indemnity, ACE P&C and Westchester mutually agree, represent, warrant, and covenant to cooperate fully in opposing such action or proceeding.

XI. Confidentiality

All matters relating to the existence, terms, conditions and negotiation of this Agreement shall be and remain confidential and shall not be disclosed to anyone other than the Parties hereto, the Committee, the FCR, and each of their respective consultants and counsel, except that this Agreement and its terms may be disclosed: (a) in any action or proceeding to obtain approval of this Agreement by the Bankruptcy Court or the District Court, as applicable; (b) as part of the disclosure statement to solicit acceptances of the Plan; (c) as required by law or court order; (d) to any reinsurer or retrocessionaire of the Insurers; (e) to accountants, auditors, and taxing authorities of any of the Parties; (f) in any action or proceeding between the Parties where the existence or terms of the Agreement are at issue; (g) in connection with any claim against the Estate of The Home Insurance Company; and (h) by the written agreement of the Parties. If this Agreement or its terms are disclosed pursuant to subparagraph (c) above, the Party disclosing such information shall give prior written notice thereof to each of the other Parties.

XII. Entire Agreement

This Agreement constitutes a single integrated written contract that expresses the entire agreement and understanding among the Parties with respect to matters that are the subject of this Agreement. Except as otherwise expressly provided, this Agreement supersedes all prior communications, settlements, and understandings among the Parties and their representatives regarding the matters addressed by this Agreement. Except as explicitly set forth in this Agreement, there are no representations, warranties, promises, or inducements, whether oral,

written, expressed, or implied, that in any way affect or condition the validity of this Agreement or alter or supplement its terms. Any statements, promises, or inducements, whether made by any Party or any agents of any Party, that are not contained in this Agreement shall not be valid or binding.

XIII. No Admissions

A. This Agreement represents a compromise of disputed Claims and shall not be construed as an admission by any Party of any liability, duties, rights or obligations arising under the Insurance Policies. Except as necessary to enforce any undertakings set forth in this Agreement, nothing contained in this Agreement is or shall be deemed to be an admission: (i) by or on behalf of Century Indemnity, ACE P&C or Westchester that Kentile or Metex was or is entitled to any insurance coverage with respect to Asbestos-Related Claims and/or any other Claims, or as to the validity of any of the coverage positions that have been or could have been asserted by Kentile or Metex, including in the Coverage Action and/or Coverage Claims; or (ii) by Kentile or Metex as to the validity of any of the coverage positions or defenses to coverage that have been or could have been asserted by Century Indemnity, ACE P&C or Westchester with respect to Asbestos-Related Claims and/or any other Claims, including in the Coverage Action and/or Coverage Claims.

B. By entering into this Agreement, the Parties have not waived nor shall be deemed to have waived any right, obligation, privilege, defense or position they may have asserted or might assert in connection with any Claim, matter, Person or insurance policy outside the scope of this Agreement. No Person, other than the Parties hereto and, after the "Effective Date" of the

Plan, the Asbestos PI Trust, shall have any legally enforceable rights or benefits under this Agreement.

C. The Parties agree that no part of this Agreement may be used in any proceeding as evidence of the respective rights, duties or obligations of the Parties under the Insurance Policies. All actions taken and statements made by persons or their representatives relating to this Agreement, including its negotiation, development and implementation, shall relate to this Agreement only and shall be without prejudice or value as precedents, and shall not be taken as a standard by which other matters may be judged. This Agreement and the negotiations and communications related thereto, shall not be offered or used in any court or other proceeding to create, prove or interpret any obligations of the Parties under the Insurance Policies, or as evidence of any right or duty or breach of any right or duty owed or allegedly owed by any Party to any other Party or other person or entity under the Insurance Policies. Any evidence of the terms of this Agreement or negotiations or discussions associated with this Agreement shall be inadmissible in any action or proceeding for purposes of establishing any rights, duties, or obligations of the Parties, except in (i) an action or proceeding to enforce the terms of this Agreement, (ii) any possible action or proceeding between Insurers and any of their reinsurers or retrocessionaires, or (iii) as otherwise provided herein.

XIV. Construction

This Agreement was negotiated among the parties hereto at arms' length and in good faith, with each signatory receiving advice from independent legal counsel. It is the intent of the signatories that no part of this Agreement be construed against any of the parties hereto because of the identity of the drafter or the fact that Century Indemnity, ACE P&C and Westchester or

any other Person within the definition of Insurers is an insurance company. It is agreed among the signatories hereto that this is not an insurance contract and that no special rules of construction apply to this Agreement, including the doctrine of *contra proferentem*.

XV. Headings

Titles and captions contained in the Agreement are inserted only as a matter of convenience and are for reference purposes only. Such titles and captions in no way are intended to define, limit, expand or describe the scope of this Agreement, nor the intent of any provision thereof.

XVI. Execution and Delivery

This Agreement may be executed in counterpart originals, all of which, when so executed and taken together, shall be deemed an original and all of which shall constitute one and the same instrument. Each counterpart may be delivered by facsimile or email (as a .pdf attachment), and a faxed or emailed signature shall have the same force and effect as an original signature.

XVII. No Waiver

Neither the waiver by a Party hereto of a breach of or a default under any of the provisions of this Agreement, nor the failure of a Party, on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder shall thereafter be construed as a waiver of any subsequent breach or default of a similar nature, or as a waiver of any such provisions, rights, or privileges hereunder.

XVIII. No Modification

No change or modification of this Agreement shall be valid unless made in writing and signed by the Parties or their respective counsel and, after the "Effective Date" of the Plan, the Asbestos PI Trust.

XIX. Governing Law

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

XX. Notices

Unless another Person is designated, in writing, for receipt of notices hereunder, notices to the respective Parties shall be sent to the following Persons by pre-paid overnight delivery or by e-mail (as a .pdf attachment):

FOR METEX

Metex Mfg. Corporation
9 Park Place
Great Neck, NY 11021
Attention: Tony Miceli
tm@unitedcapitalcorp.net

With a copy to:

Paul E. Breene, Esquire
Reed Smith LLP
599 Lexington Avenue
New York, NY 10022
pbreene@reedsmith.com

and

Paul M. Singer, Esquire
Reed Smith LLP
225 Fifth Avenue
Pittsburgh, PA 15222
psinger@reedsmith.com

FOR CENTURY INDEMNITY and ACE
P&C

Resolute Management Inc. Mid-Atlantic Division
United Plaza
30 South 17th Street
Suite 700
Philadelphia, PA 19103
Attention: Ms. Bonnie Diamond Aaron
bonnie.aaron@resolute-midatlantic.com

With a copy to:

Gregory T. LoCasale, Esquire
White and Williams LLP
1650 Market Street
One Liberty Place, Suite 1800
Philadelphia, PA 19103-7395
locasaleg@whiteandwilliams.com

FOR WESTCHESTER


Ms. Shelby Mattioli
Brandywine Holdings Group of Insurance and
Reinsurance Companies
436 Walnut Street
Philadelphia, PA 19106
Shelby.Mattioli@BrandywineHoldings.com

With a copy to:

Gregory T. LoCasale, Esquire
White and Williams LLP
1650 Market Street
One Liberty Place, Suite 1800
Philadelphia, PA 19103-7395
locasaleg@whiteandwilliams.com

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

METEX
(as defined in Section II.Y)

By: 
Name: ANTHONY J. MICELI
Title: V.P.
Date: 4/21/12

CENTURY INDEMNITY COMPANY *(as successor to CCI Insurance Company, as successor to Insurance Company of North America, on its own behalf and as successor to Indemnity Insurance Company of North America)*

By: _____
Name: _____
Title: _____
Date: _____

ACE PROPERTY & CASUALTY COMPANY *(f/k/a CIGNA Property and Casualty Company f/k/a Aetna Insurance Company)*

By: _____
Name: _____
Title: _____
Date: _____

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

METEX
(as defined in Section II.Y)

By: _____

Name: _____

Title: _____

Date: _____

CENTURY INDEMNITY COMPANY *(as successor to CCI Insurance Company, as successor to Insurance Company of North America, on its own behalf and as successor to Indemnity Insurance Company of North America)*

By: Shelby L. Mattison

Name: Shelby L. Mattison

Title: Vice President & Chief Claims Officer
Century Indemnity Co

Date: 6/13/2012

ACE PROPERTY & CASUALTY COMPANY (f/k/a CIGNA Property and Casualty Company f/k/a Aetna Insurance Company)

By: Shelby L. Mattison

Name: Shelby L. Mattison

Title: Vice President & Chief Claims Officer, Century Indemnity Co

Date: 6/13/2012

WESTCHESTER FIRE INSURANCE COMPANY, with respect to International
Insurance Company policy no. 523 449871 2

By: Shelby L. Mattice

Name: Shelby L. Mattice

Title: Vice President & Chief Claims Officer
Century Surety

Date: 6/3/2012

Exhibit A

11.4 Asbestos PI Channeling Injunction.

In order to supplement the injunctive effect of the Discharge Injunction in Article 11.2 and pursuant to § 524(g) of the Bankruptcy Code , the Confirmation Order shall provide for the following Asbestos PI Channeling Injunction to take effect as of the Effective Date:

(a) Terms.

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 §§ 1141 and 524(a) of the Bankruptcy Code and as described in Articles 11.1 and 11.2 of the Plan and pursuant to the exercise of the equitable jurisdiction and power of the Bankruptcy Court and the District Court under § 524(g) of the Bankruptcy Code, all Entities which have held or asserted, which hold or assert, or which may in the future hold or assert an Asbestos PI Claim against the Asbestos Protected Parties (or any of them) 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 Asbestos PI 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 Asbestos PI Claim against any of the Asbestos Protected Parties, or against the property of any Asbestos Protected Party with respect to any such Asbestos PI Claim;*
- (ii) Enforcing, attaching, collecting, or recovering, by any manner or means, any judgment, award, decree, or order against any of the Asbestos Protected Parties or against the property of any Asbestos Protected Party with respect to any Asbestos PI Claim;*
- (iii) Creating, perfecting, or enforcing any Lien of any kind against any Asbestos Protected Party or the property of any Asbestos Protected Party with respect to any Asbestos PI Claim;*
- (iv) Except as otherwise specifically provided in the Plan, asserting or accomplishing any setoff, right of subrogation, indemnity, contribution, or recoupment of any kind against any obligation due any Asbestos Protected Party or against the property of any Asbestos Protected Party with respect to any Asbestos PI Claim;*
- (v) Taking any act, in any manner, in any place whatsoever, against any of the Asbestos Protected Parties or their property, that does not conform to, or comply with, the provisions of the Plan Documents pertaining to an Asbestos PI Claim.*

11.5 Limitations of Channeling Injunction. The releases set forth in the Plan and the injunction set forth in Article 11.4 above shall not enjoin:

(b) the rights of Entities to the treatment accorded to them under Articles III and IV of the Plan above, as applicable, including the rights of Entities with Asbestos PI Claims to assert such Claims or Demands against the Asbestos PI Trust in accordance with the Asbestos PI Trust Distribution Procedures;

(c) the rights of Entities to assert any Claim, debt, obligation, or liability for payment of Asbestos PI Trust Expenses against the Asbestos PI Trust; and

(d) the rights of Reorganized Metex or the Asbestos PI Trust to take any action with respect to any and all of the Asbestos Insurance Policies, subject to the terms of any applicable Insurance Settlement Agreement.

Exhibit B
Insurance Policies

Alleged Insurance Policies with Kentile Floors, Inc.		
Issuing Company	Alleged Policy No.	Alleged Policy Period
Insurance Company of North America	MC 204858	April 13, 1965 to April 13, 1968
Insurance Company of North America	XBC 1431	June 30, 1964 to June 30, 1965
Insurance Company of North America	XBC 1710	June 30, 1965 to June 30, 1968
Insurance Company of North America	XBC 41938	June 30, 1968 to June 30, 1971
Aetna Insurance Company	CG 23 03 85	January 1, 1973 to January 1, 1974
Aetna Insurance Company	CG 29 95 90	January 1, 1974 to January 1, 1975
Aetna Insurance Company	CG 67 40 30	January 1, 1975 to January 1, 1976
Aetna Insurance Company	CG 87 08 77	January 1, 1976 to January 1, 1977
Aetna Insurance Company	CG 56 93 90	January 1, 1977 to January 1, 1978
Aetna Insurance Company	CG 12 86 12	January 1, 1978 to January 1, 1979
Indemnity Insurance Company of North America	XCP 14 50 79	January 1, 1984 to January 1, 1985
Indemnity Insurance Company of North America	XCP 15 66 62	January 1, 1985 to January 1, 1986
International Insurance Company	523 449871 2	January 1, 1987 to January 1, 1988

Exhibit C

POLICY INJUNCTION

11.6 Asbestos Insurance Policy Injunctions. In order to give further effect to the Insurance Settlement Agreements which are a significant part of the Plan, the Confirmation Order shall contain an injunction, pursuant to section 105(a) of the Bankruptcy Code, permanently and forever prohibiting and enjoining the commencement, conduct, or continuation of any Claim (including Direct Action Claims and any Claim under California Insurance Code § 11580 or its subdivisions or similar statutes in any jurisdiction), action or cause of action, whether known or unknown, the employment of process or any act to collect, recover from, or offset any non-asbestos Claim or Demand, against any Settling Asbestos Insurance Entity based on, arising from, or attributable to, in any way, an Asbestos Insurance Policy or Other Insurance Policy insuring the liabilities of Kentile or Metex, but such injunction pursuant to section 105(a) of the Bankruptcy Code shall not affect or modify the rights of persons insured under policies of insurance except to the extent released in an Insurance Settlement Agreement approved by the Bankruptcy Court.

The protection of the foregoing injunction includes but is not limited to:

(a) any and all Claims that are based in whole or in part on the insurance relationship between the Settling Asbestos Insurance Entity and Kentile or Metex arising from, attributable to, in any way, or under an Asbestos Insurance Policy or Other Insurance Policy, whether arising from statute, common law, or otherwise, including, but not limited to, any such Claim that is:

(i) based on the defense, handling, settlement, trial, or appeal of a Claim against Kentile or Metex,

(ii) based directly or indirectly on allegedly suppressed or inappropriate settlement values or the alleged failure to assert Claims due to the conduct of any of a Settling Asbestos Insurance Entity, Kentile or Metex or their respective counsel, with respect to Claims against Kentile or Metex,

(iii) alleging conspiracy or concert of action between any of Kentile or Metex and any Settling Asbestos Insurance Entity to suppress the knowledge of the hazards of asbestos,

(iv) alleging failure to disclose facts or information concerning asbestos learned or acquired as a result of the insurance relationship between a Settling Asbestos Insurance Entity and Kentile or Metex,

(v) based on, arising from, or attributable to, in any way, any surveys or loss prevention and control activities undertaken or not undertaken, or allegedly undertaken or allegedly not undertaken, by a Settling Asbestos Insurance Entity, or

(vi) alleging misconduct or wrongdoing of any kind whatsoever by a Settling Asbestos Insurance Entity based on, arising from, or

attributable to, in any way, an Asbestos PI Claim, or an Asbestos Insurance Policy or Other Insurance Policy; and

(b) any and all Claims that are based in whole or in part on any alleged breach by a Settling Asbestos Insurance Entity of the duty of good faith and fair dealing, unfair claims practices, unfair trade practices, bad faith, violations of any statute, regulation or code (except violations of any criminal law that has resulted in a criminal charge), or any other type of extra-contractual liability based on, arising from, or attributable to, in any way, an Asbestos PI Claim or an Asbestos Insurance Policy or Other Insurance Policy.

In lieu of, or in addition to, the above Asbestos Insurance Policy Injunction, the Confirmation Order shall reaffirm each Asbestos Insurance Policy Injunction issued by the Bankruptcy Court or the District Court pursuant to an order approving an Insurance Settlement Agreement.

Exhibit D

Underlying Claims Included in NYLB Payment

Anderson, Andrew
Bauer, Caroline
Bellore, Carmen
Beltrami, Raymond
Bergstrand, Carl
Bismond, Arnold
Bona, Ronald
Bougadis, Ioannis
Bower, Milburn
Buscemi, Joseph
Buschi, Louis
Butler, Kevin
Caccia, Orazio
Canella, John
Caporale, Olinda
Casarella, Emidio
Cavounis, John
Cettina, Frank
Cileski, William
Cohen, Stanley
Curto, Joseph
Dankenbrink, Andrew
DeSimone, Thomas
Dunn, John
Duro, John
Elsner, Harold
Fabiniak, Emily
Ferraiulo, Joseph
Friedman, Gerard
Fuller, Walter
Gagliano, Vincent
Gargiulo, Elio
Grossman, Martin
Helfand, Harvey
Horne, James
Jeffers, Richard
Kister, Ronald
Koletic, Rudolph
Lampach, Patricia
Larsen, Harry

Leary, Robert
Litherland, Charles
Marchese, Eugene
Massucci, Minnie
McDonald, Michael
Nacht, Jack
Normanly, James
O'Brien, James
O'Neill, Joseph
Oswald, Paul
Palazzo, Nicholas
Pawowski, Thomas
Pesce, John
Pfister, Eva
Pflum, Francis
Pirnak, Joseph
Pluchino, John
Prato, Nunzio
Putlock, Edward
Reno, George
Rhein, John
Rosenberg, Joel
Roswell, Raymond
Russo, Anthony
Santamaria, Nicholas
Schoenfeld, Howard
Segal, Morris
Shepard, George
Simon, Harold
Smyth, Desmond
Thompson, Florence
Turco, Anthony
Vasellaro, Andrew
Velocci, Anthony
Vidal, John
White, Anthony
Young, Jane

Exhibit E
MEDICARE LANGUAGE

4.12 Medicare Obligations.

(a) It is the position of the parties to this Trust Agreement that the Asbestos Protected Parties will have no reporting obligations in respect of their contributions to the Asbestos PI Trust, or in respect of any payments, settlements, resolutions, awards, or other claim liquidations by the Asbestos PI Trust, under the reporting provisions of Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (P. L. 110-173), or any other similar statute or regulation, and any related rules, regulations, or guidance issued in connection therewith (“MMSEA”). Unless and until there is definitive regulatory, legislative, or judicial authority (as embodied in a final non-appealable decision from the United States Court of Appeals for the Second Circuit or the United States Supreme Court), or a letter from the Secretary of Health and Human Services confirming that the Asbestos Protected Parties have no reporting obligations under MMSEA with respect to any settlements, payments, or other awards made by the Asbestos PI Trust or with respect to contributions the Asbestos Protected Parties have made or will make to the Asbestos PI Trust, the Asbestos PI Trust shall, at its sole expense, in connection with the implementation of the Plan, act as a reporting agent for the Asbestos Protected Parties, and shall timely submit all reports that would be required to be made by any of the Asbestos Protected Parties under MMSEA on account of any claims settled, resolved, paid, or otherwise liquidated by the Asbestos PI Trust or with respect to contributions to the Asbestos PI Trust, including, but not limited to, reports that would be required if the Asbestos Insurance Policies or the Insurance Settlement Agreements were determined to be “applicable plans” for purposes of MMSEA, or the Asbestos Protected Parties were otherwise found to have MMSEA reporting requirements. The Asbestos PI Trust, in its role as reporting agent for the Asbestos Protected Parties, shall follow all applicable guidance published by the Centers for Medicare &

Medicaid Services of the United States Department of Health and Human Services and/or any other agent or successor entity charged with responsibility for monitoring, assessing, or receiving reports made under MMSEA (collectively, “CMS”) to determine whether or not, and, if so, how, to report to CMS pursuant to MMSEA.

(b) As long as the Asbestos PI Trust is required to act as a reporting agent for any Asbestos Protected Parties pursuant to the provisions of Section 4.12(a) above, the Asbestos PI Trust shall, within ten (10) business days following the end of each calendar quarter, provide a written certification to each of the Asbestos Protected Parties that has made a contribution to the Asbestos PI Trust and for which the Asbestos PI Trust is required to act as a reporting agent, confirming that all reports to CMS required by Section 4.12(a) above have been submitted in a timely fashion, and identifying (i) any reports that were rejected or otherwise identified as noncompliant by CMS, along with the basis for such rejection or noncompliance, and (ii) any payments to Medicare benefits recipients or Medicare-eligible beneficiaries that the Asbestos PI Trust did not report to CMS.

(c) With respect to any reports rejected or otherwise identified as noncompliant by CMS, the Asbestos PI Trust shall, upon request by an Asbestos Protected Party that has made a contribution to the Asbestos PI Trust and for which the Asbestos PI Trust is required to act as a reporting agent, promptly provide copies of the original reports submitted to CMS, as well as any response received from CMS with respect to such reports; *provided, however,* that the Asbestos PI Trust may redact from such copies the names, Social Security numbers other than the last four digits, health insurance claim numbers, taxpayer identification numbers, employer identification numbers, mailing addresses, telephone numbers, and dates of birth of the injured parties, claimants, guardians, conservators and/or other personal representatives, as applicable. With respect to any such reports, the Asbestos PI Trust shall

reasonably undertake to remedy any issues of noncompliance identified by CMS and resubmit such reports to CMS, and, upon request by the Asbestos Protected Party, provide such Asbestos Protected Party with copies of such resubmissions; *provided, however*, that the Asbestos PI Trust may redact from such copies the names, Social Security numbers other than the last four digits, health insurance claim numbers, taxpayer identification numbers, employer identification numbers, mailing addresses, telephone numbers, and dates of birth of the injured parties, claimants, guardians, conservators and/or other personal representatives, as applicable. In the event the Asbestos PI Trust is unable to remedy any issues of noncompliance, the provisions of Section 4.12(g) below shall apply.

(d) As long as the Asbestos PI Trust is required to act as a reporting agent for an Asbestos Protected Party pursuant to Section 4.12(a) above, with respect to each claim of a Medicare benefits recipient or Medicare-eligible beneficiary that was paid by the Asbestos PI Trust and not reported to CMS, the Asbestos PI Trust shall, upon request by such Asbestos Protected Party, promptly provide the claimant's name, last four digits of the claimant's Social Security number, the year of the claimant's birth, the claimants' asbestos-related disease, and any other information that may be necessary in the reasonable judgment of such Asbestos Protected Party to satisfy its obligations, if any, under MMSEA, as well as the basis for the Asbestos PI Trust's failure to report the payment. In the event the Asbestos Protected Party informs the Asbestos PI Trust that it disagrees with the Asbestos PI Trust's decision not to report a claim paid by the Asbestos PI Trust, the Asbestos PI Trust shall promptly report the payment to CMS. All documentation relied upon by the Asbestos PI Trust in making a determination that a payment did not have to be reported to CMS shall be maintained for a minimum of six years following such determination. The Asbestos Protected Parties shall keep any information and

documents received from the Asbestos PI Trust pursuant to this Section 4.12(d) confidential and shall not use such information for any purpose other than meeting obligations under MMSEA.

(e) As long as the Asbestos PI Trust is required to act as a reporting agent for any Asbestos Protected Party pursuant to Section 4.12(a) above, the Asbestos PI Trust shall make the reports and provide the certifications required by Section 4.12(a) and (b) above until such time as the Asbestos Protected Party shall determine, in its reasonable judgment, that it has no further legal obligation under MMSEA or otherwise to report any settlements, resolutions, payments, or liquidation determinations made by the Asbestos PI Trust or contributions to the Asbestos PI Trust. Furthermore, following any permitted cessation of reporting, or if reporting has not previously commenced due to the satisfaction of one or more of the conditions set forth in Section 4.12(a) above, and if the Asbestos Protected Party reasonably determines, based on subsequent legislative, administrative, regulatory, or judicial developments, that reporting is required, then the Asbestos PI Trust shall promptly perform its obligations under Section 4.12(a) and (b) above.

(f) Section 4.12(a) above is intended to be purely prophylactic in nature, and does not imply, and shall not constitute an admission, that any Asbestos Protected Party, Asbestos Insurance Policy or Insurance Settlement Agreement is, in fact, an “applicable plan” within the meaning of MMSEA, or that any Asbestos Protected Party has a legal obligation to report any actions undertaken by the Asbestos PI Trust or contributions to the Asbestos PI Trust under MMSEA or any other statute or regulation.

(g) In the event that CMS concludes that reporting done by the Asbestos PI Trust in accordance with Section 4.12(a) above is or may be deficient in any way, and has not been corrected to the satisfaction of CMS in a timely manner, or if CMS communicates to the Asbestos PI Trust or any of the Asbestos Protected Parties a concern with respect to the

sufficiency or timeliness of such reporting, or there appears to an Asbestos Protected Party a reasonable basis for a concern with respect to the sufficiency or timeliness of such reporting or non-reporting based upon the information received pursuant to Section 4.12(b), (c) or (d) above, or other credible information, then each Asbestos Protected Party shall have the right to submit its own reports to CMS under MMSEA, and the Asbestos PI Trust shall provide to any Asbestos Protected Party that elects to file its own reports such information as the electing Asbestos Protected Party may require in order to comply with MMSEA, including, without limitation, the full reports filed by the Asbestos PI Trust pursuant to Section 4.12(a) above without any redactions. Such Asbestos Protected Party shall keep any information it receives from the Asbestos PI Trust pursuant to this Section 4.12(g) confidential and shall not use such information for any purpose other than meeting obligations under MMSEA.

(h) Notwithstanding any other provision hereof, if the Asbestos PI Trust is required to act as a reporting agent for any of the Asbestos Protected Parties pursuant to the provisions contained herein, then such Asbestos Protected Parties shall take all steps necessary and appropriate as required by CMS to permit any reports contemplated by this Section 4.12 to be timely filed. Furthermore, until an Asbestos Protected Party provides the Asbestos PI Trust with any necessary information regarding that Asbestos Protected Party's identifying information that may be required by CMS's Coordination of Benefits Contractor to effectuate reporting, the Asbestos PI Trust shall have no obligation to report under Section 4.12(a) above with respect to any such entity that has not provided such information and the Asbestos PI Trust shall have no indemnification obligation under Subsection (j) of this Section 4.12 to such Asbestos Protected Party for any penalty, interest, or sanction that may arise solely on account of the Asbestos Protected Party's failure to timely provide such information to the Asbestos PI Trust.

(i) The Trustee shall obtain prior to remittance of funds to claimants' counsel or to the claimant, if pro se, in respect of any Asbestos PI Claim a certification from the claimant to be paid that said claimant has or will provide for the payment and/or resolution of any obligations owing or potentially owing under 42 U.S.C. § 1395y(b), or any related rules, regulations, or guidance, in connection with, or relating to, such Asbestos PI Claim and that the Asbestos Protected Parties also are beneficiaries of such certification. The Asbestos PI Trust shall provide a quarterly certification of its compliance with the terms of the immediately preceding sentence to each Asbestos Protected Party that has made a contribution to the Asbestos PI Trust and for which the Asbestos PI Trust is required to act as reporting agent, and shall permit reasonable audits by such Asbestos Protected Parties, no more often than quarterly, to confirm the Asbestos PI Trust's compliance with this Section 4.12(i) during which Asbestos Protected Parties may request copies of claimant certifications. For the avoidance of doubt, the Asbestos PI Trust shall be obligated to comply with the requirements of this Section 4.12(i) regardless of whether an Asbestos Protected Party elects to file its own reports under MMSEA pursuant to Section 4.12(g) above. The Asbestos Protected Parties shall keep any information and documents received from the Asbestos PI Trust pursuant to this Section 4.12(i) confidential and shall not use such information for any purpose other than meeting obligations under MMSEA.

(j) The Asbestos PI Trust shall indemnify an Asbestos Protected Party with respect to any Claim against such Asbestos Protected Party in respect of Medicare claims reporting and payment obligations in connection with Asbestos PI Claims, including any obligations owing or potentially owing under MMSEA or 42 U.S.C. § 1395y(b) or any related rules, regulations, or guidance issued in connection therewith, or relating thereto and any penalty, interest and sanction. The foregoing indemnification obligation of the Asbestos PI Trust

is a direct obligation of the Asbestos PI Trust and is not subject to application of any payment percentage or other reduction.

Exhibit F
Stipulation of Dismissal

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

NATIONAL FIRE INSURANCE COMPANY OF HARTFORD, as successor by merger to TRANSCONTINENTAL INSURANCE COMPANY; CONTINENTAL INSURANCE COMPANY, as successor-in-interest to certain policies issued by HARBOR INSURANCE COMPANY; X
: Index No. 08105522
: IAS Part 53
: Hon. Charles E. Ramos

Plaintiffs, : **STIPULATION**

- against - :

TRAVELERS CASUALTY AND SURETY COMPANY, formerly THE AETNA CASUALTY AND SURETY COMPANY; et al. :

Defendant. :

X

WHEREAS Defendants, Cross-Claimants, Counterclaimants and Cross-Claim Defendants Metex Mfg. Corp. (“Metex”) and Century Indemnity Company (as successor to CCI Insurance Company, as successor to Insurance Company of North America, on its own behalf and as successor to Indemnity Insurance Company of North America) (“Century Indemnity”), ACE Property & Casualty Company (f/k/a CIGNA Property and Casualty Company f/k/a Aetna Insurance Company)(“ACE P&C”) and Westchester Fire Insurance Company, with respect to International Insurance Company policy no. 523 449871 2 (“Westchester”) have resolved their disputes and seek to dismiss their respective claims, including Cross-Claims, against each other;

NOW THEREFORE, Metex, Century Indemnity, ACE P&C and Westchester hereby agree as follows:

1. All of Metex’s claims against Century Indemnity, ACE P&C and Westchester, including, without limitation, any and all claims set forth in the Second Amended

Counterclaims, Answer, and Cross-Claims of Defendant Metex Mfg. Corporation, are dismissed with prejudice and without costs;

2. All claims by Century Indemnity, ACE P&C and Westchester against Metex, including, without limitation, any and all claims against Metex set forth in this action, are dismissed with prejudice and without costs.

3. The dismissal of this action is without prejudice to either Metex, Century Indemnity, ACE P&C or Westchester to seek relief in respect of any matters not addressed in this proceeding.

This Stipulation may be executed in counterparts. Signatures by facsimile shall be deemed originals.

Dated _____

REED SMITH, LLP

WHITE AND WILLIAMS LLP

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*Attorney for Defendant, Cross-Claimant and
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*Attorneys for Century Indemnity Company (as
successor to CCI Insurance Company, as
successor to Insurance Company of North
America, on its own behalf and as successor to
Indemnity Insurance Company of North
America) ACE Property & Casualty Company
(f/k/a CIGNA Property & Casualty Company
f/k/a Aetna Insurance Company) and
Westchester Fire Insurance Company (with
respect to International Insurance Company
policy no. 523 449871 2)*

SO ORDERED:

J.S.C.

Exhibit G
Approval Order

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	
)	Chapter 11
)	
METEX MFG. CORPORATION,)	Case No. 12-_____
(f/k/a Kentile Floors, Inc.))	
)	
the Debtor.)	
)	

**ORDER APPROVING SETTLEMENT AGREEMENT AND MUTUAL RELEASE
BETWEEN METEX AND CENTURY INDEMNITY COMPANY, ACE PROPERTY &
CASUALTY COMPANY AND WESTCHESTER FIRE INSURANCE COMPANY**

Having heard and considered the Debtor’s Motion (the “Motion,” Dkt. No. __)¹ for An Order (i) Approving The Settlement Agreement and Mutual Release between Metex Mfg. Corporation (“Metex”) and Century Indemnity Company (as successor to CCI Insurance Company, as successor to Insurance Company of North America, on its own behalf and as successor to Indemnity Insurance Company of North America), ACE Property & Casualty Company (f/k/a CIGNA Property and Casualty Company f/k/a Aetna Insurance Company) and Westchester Fire Insurance Company, with respect to International Insurance Company policy no. 523 449871 2 (collectively, the “Insurers”), a copy of which is attached as Exhibit ___ to the Motion (the “Settlement Agreement”); (ii) Approving the Assumption of the Settlement Agreement; (iii) Approving the Sale Free And Clear Of Certain Insurance Policies To the Insurers; and (iv) For Other Relief, any objection(s) to the Motion, and any evidence and argument submitted in support of or in opposition to the Motion; and after due deliberation and sufficient cause appearing therefor; the Court hereby makes the following findings of fact and

¹ Capitalized Terms as used herein are used as defined in the Motion and the Settlement Agreement.

conclusions of law. Unless otherwise noted, capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Settlement Agreement.

I. FINDINGS OF FACT

IT IS HEREBY FOUND AND DETERMINED THAT:

A. Due and adequate notice of the Motion, the hearing on the Motion, and of the opportunity to object to, and be heard regarding, the Motion and the relief requested therein was given by mailing a copy of the Motion and notice of the hearing on the Motion to: (1) counsel for the Committee; (2) counsel for the FCR; (3) counsel who, as of the date of the filing of the Motion, were known to the Debtor, Metex Mfg. Corp. f/k/a Kentile Floors, Inc. (“Metex” or “the Debtor”), to have represented persons who asserted Asbestos PI Claims (as defined in the Plan) against the Debtor; (4) all other persons and entities that, as of the date the Motion was filed, had filed a notice of appearance or other demand for service of process in the Bankruptcy Case; (5) counsel to the Debtor’s insurers; and (6) the United States Trustee. In addition, further due and adequate notice of the Motion and of the hearing on the Motion was provided by the Debtor’s having published notice of the Motion and of the hearing on the Motion at least 21 days before the hearing, at least once in each of the following publications: USA Today National Edition; the Chicago Tribune; The New York Times; and the Los Angeles Times.

B. The notice that has been given of the Settlement Agreement, the Motion, the hearing on the Motion, and of the opportunity to object to, and be heard regarding, the Motion and the relief requested therein is sufficient to bind (1) the members of the Committee; (2) all parties-in-interest; (3) the FCR and all future claimants whose interests are represented by the FCR; (4) all other persons and entities who, as of the date the Motion was filed, had filed a notice of appearance or other demand for service of process in the Bankruptcy Case; (5) the Debtor’s insurers; (6) persons who asserted Asbestos PI Claims (as defined in the-Plan) against

the Debtor who, as of the date the Motion was filed, were represented by counsel to whom the Debtor mailed notice of the Motion and the hearing on the Motion; and (7) all persons who were properly notified by the Debtor's publication of notice as described in paragraph A of this Order. Notice of the relief requested by the Motion has been provided by means reasonably calculated to reach all interested persons; and reasonably conveys all the required information to inform all those Persons affected by this Order, and a reasonable time for a response and an opportunity to object to the relief requested was afforded to all interested parties. No other or further notice of the Motion or of this Order is necessary.

C. This Order and each of its Findings and Conclusions are and shall be binding upon (1) Debtor and its successors and assigns including, but not limited to, Reorganized Metex and the Asbestos PI Trust, as if they had been parties to the Settlement Agreement as of the Execution Date; (2) the members of the Committee; (3) all parties-in-interest; (4) the FCR and all future claimants whose interests are represented by the FCR; (5) all other persons and entities who, as of the date the Motion was filed, had filed a notice of appearance or other demand for service of process in the Bankruptcy Case; (6) the Debtor's insurers; (7) persons who asserted Asbestos PI Claims (as defined in the Plan) against the Debtor who, as of the date the Motion was filed, were represented by counsel to whom the Debtor mailed notice of the Motion and the hearing on the Motion; and (8) all persons with knowledge of the Chapter 11 Case.

D. The Settlement Agreement is the product of extensive arms' length, good faith negotiations by and between Metex and Insurers. The relief requested in the Motion is in the best interests of the Debtor, Debtor's estate and its creditors. The Debtor has demonstrated sound business reasons for the settlement embodied in the Settlement Agreement, and the sale of the Insurance Policies to Insurers pursuant to the terms of the Settlement Agreement.

E. The Insurance Policies are being sold to and transferred to Insurers free and clear of all claims and interests in the Insurance Policies held by any Person and free and clear of all claims by any Person that could give rise to a claim for defense, indemnity, or insurance coverage under the Insurance Policies.

F. Insurers are bona fide, good-faith purchasers of the Insurance Policies under Section 363(m) of the Bankruptcy Code. Neither the Debtor nor Insurers, nor any of their representatives, have engaged in any conduct that would (i) cause or permit the Settlement Agreement, or the sale of the Insurance Policies contemplated therein, to be avoided under Section 363(n) of the Bankruptcy Code; (ii) cause or permit any amounts, costs, attorneys' fees, expenses, or punitive damages to be recovered under Section 363(n) of the Bankruptcy Code; or (iii) prevent the application of Section 363(m) of the Bankruptcy Code.

G. Debtor may sell the Insurance Policies free and clear of interests under section 363(f) of the Bankruptcy Code because one or more of the criteria set forth in Sections 363(f)(1)-(5) of the Bankruptcy Code have been satisfied. Without limiting the generality of the foregoing, those holders of interests in the Insurance Policies who did not object, or who withdrew their objections, to the Motion or the relief requested therein are deemed to have consented pursuant to Section 363(f)(2) of the Bankruptcy Code, and each holder of an interest in the Insurance Policies can be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest as contemplated by Section 363(f)(5) of the Bankruptcy Code.

H. To the extent that the holders of present and future Claims have any interest in the Insurance Policies that is entitled to adequate protection, such interests are adequately protected as required by Section 363(e) of the Bankruptcy Code and in no circumstance will any such interest be satisfied by Insurers.

I. In light of the uncertainty regarding the outcome of the Coverage Action, as well as the complexity of that action, the expense of continuing litigation, and uncertainty regarding the timing of recovery and collection in the Coverage Action even if it were to be resolved in Metex's favor, the payments and other benefits received under this Settlement Agreement by the Debtor and, when formed, the Asbestos PI Trust, constitute a fair and reasonable settlement of the claims released and settled by the Debtor against Insurers.

J. Insurers are purchasing the Insurance Policies pursuant to the Settlement Agreement and this Order, and are not purchasing any other assets of the Debtor's bankruptcy estate. Neither Insurers nor any related entities shall have any responsibility or liability with respect to any of the Debtor's other assets or for any liability of, or claims against, the Debtor.

K. The transfer of the Insurance Policies pursuant to the Settlement Agreement does not and will not subject or expose any Insurer to any liability, claim, cause of action or remedy by reason of such transfer under (a) the laws of the United States, any state, territory, or possession thereof or the District of Columbia, based on, in whole or in part, directly or indirectly, including, without limitation, any theory of tort, creditors' rights, equity, antitrust, environmental, successor or transferee liability, labor law, de facto merger, or substantial continuity, or (b) any employment contract, understanding or agreement, including, without limitation, collective bargaining agreements, employee pension plans, or employee welfare or benefit plans.

L. A sale of the Insurance Policies other than one free and clear of claims and interests, if possible at all, would impact adversely on the Debtor's bankruptcy estate and would be of substantially less benefit to the Debtor, the creditors, and the estate. Insurers would not purchase the Insurance Policies, and pay the Settlement Amount, were the sale not free and clear of any and all claims and interests.

M. The Settlement Amount and other benefits conveyed under the Settlement Agreement to the Debtor constitute valuable and fair consideration and reasonably equivalent value for the benefits received by Insurers under the Settlement Agreement.

N. The FCR has expressly consented to entry of this Order on behalf of Persons who might assert “demands” as defined Section 524(g)(5) of the Bankruptcy Code. The Committee has also expressly consented to entry of this Order.

O. The relief sought in the Motion is in the best interests of the Debtor, its estate, and its creditors.

P. Pursuant to sections 105 and 363 of the Bankruptcy Code, the sale of the Insurance Policies to Insurers free and clear of any and all claims and interests is permitted. Moreover, the entry of an injunction permanently enjoining the prosecution, continuation or commencement of any claim of any Person against any of the Insurers based upon, arising out of, derived from or in any way attributable to the Insurance Policies, including without limitation extra-contractual claims, is proper and ensures that no such claim can be asserted against any Insurer. Debtors and Insurers have agreed that the injunction is a necessary prerequisite for their agreeing to the terms and conditions of the Settlement Agreement, and Insurers would not consummate the sale of the Insurance Policies in the absence of such an injunction from this Court. The injunction and releases set forth in the Settlement Agreement and this Order are necessary and appropriate to effect the settlement and the free and clear sale of the Insurance Policies and avoid irreparable harm for which Insurers would have no adequate remedy at law.

Q. The legal and factual bases set forth in the Motion and at the hearing on the Motion establish just cause for granting the relief sought in the Motion.

R. To the extent any finding of fact stated herein is actually a conclusion of law, it is adopted as such.

II. CONCLUSIONS OF LAW AND ORDER

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is GRANTED in its entirety, and all objections to the Motion that have not been withdrawn, waived, or settled, and all reservations of rights included in such objections, are overruled.

2. The Debtor's assumption of the Settlement Agreement as an executory contract under section 365 of the Bankruptcy Code is hereby approved.

3. The Settlement Agreement and its terms are approved in all respects.

4. The terms of the Settlement Agreement are approved in their entirety, and the Settlement Agreement and this Order shall be binding upon the Debtor, Insurers, all Persons holding interests in the Insurance Policies and/or claims by or against the Debtor or the Debtor's bankruptcy estate, all other insurers of the Debtors, all other named insureds under the Insurance Policies, any other Persons claiming rights under the Insurance Policies, and all other parties in interest, together with each of their respective successors and assigns. The sale of the Insurance Policies by the Debtor to Insurers constitutes a legal, valid, and effective transfer of the Insurance Policies and vests Insurers with all right, title, and interest in and to the Insurance Policies free and clear of all such claims and interests of all Persons pursuant to Section 363(f) of the Bankruptcy Code.

5. Upon the effective date of any plan of reorganization confirmed in this case, the Settlement Agreement shall be binding on Reorganized Metex and the Asbestos PI Trust, as if Reorganized Metex and the Asbestos PI Trust had been parties to the Settlement Agreement as of the Execution Date.

6. The Debtor is authorized to execute any other documentation and perform such other ministerial tasks as may be necessary or appropriate to effect the Settlement Agreement.

7. The releases contained in Section IV of the Settlement Agreement are approved, and each of the releasors are authorized to release the releasees pursuant to the terms of the Settlement Agreement.

8. As set forth in the Settlement Agreement, as of the Effective Date, (a) any and all obligations whatsoever of Insurers to the Releasors arising under or relating to the Insurance Policies shall be terminated; (b) any further claims or requests for coverage under any and all coverages of the Insurance Policies that might be made by the Releasors shall be barred; (c) any and all obligations whatsoever of Insurers to the Releasors based on, arising from, or attributable in any way to Asbestos-Related Claims or based on, arising from or attributable in any way to the Insurance Policies shall be released; and (d) any further Asbestos PI Claims (as defined in the Plan) or requests for coverage with respect to Asbestos PI Claims (as defined in the Plan) under any and all coverages of the Insurance Policies that might be made by the Releasors shall be barred.

9. As set forth in the Settlement Agreement, actual receipt by the Debtor or, when formed, the Asbestos PI Trust of the initial payment to the Settlement Payee shall constitute a purchase by Insurers of any and all rights and interests of the Debtor and any other persons in the Insurance Policies, free and clear of any liens, claims and/or interests, within the meaning of Sections 363(b)(1) and (f) of the Bankruptcy Code, to the fullest extent permissible under the Bankruptcy Code and any other applicable law. Accordingly, without the need for any further action, all rights, title and interest in the Insurance Policies shall be deemed to have been sold, conveyed, assigned, transferred, and delivered to Insurers upon actual receipt of the initial payment by Settlement Payee.

10. Insurers are “good faith” purchasers of the Insurance Policies within the meaning of Section 363(m) of the Bankruptcy Code and shall have the protections of that section

with respect to the Insurance Policies and all other property of the estate purchased by Insurers pursuant to the Settlement Agreement. Accordingly, the reversal or modification on appeal of the authorization to consummate the sale of the Insurance Policies and the transactions contemplated by the Settlement Agreement shall not affect the validity of the sale of the Insurance Policies to Insurers, unless such authorization is duly stayed pending such appeal.

11. This Order shall not limit or preclude the entry or effectiveness of the injunction(s) that may be granted in connection with, or as part of, any order confirming the Plan, including, without limitation, any injunction that may be provided to Insurers with respect to rights of contribution, subrogation, reimbursement, indemnification, or similar claim that any Other Insurer(s) may have or may in the future have against Insurers.

12. Pursuant to Section 363(b) of the Bankruptcy Code, Debtor and Insurers are each hereby authorized to take all actions and execute all documents and instruments that Debtor and Insurers deem necessary or appropriate to implement and effectuate the transactions contemplated by the Settlement Agreement. Pursuant to Sections 105(a) and 363(f) of the Bankruptcy Code and subject to the consummation of the sale of the Insurance Policies as provided under the Settlement Agreement, the Insurance Policies shall be and hereby are transferred to Insurers, free and clear of any and all claims and interests of all Persons with any interest in, to and with respect to the Insurance Policies, whether arising prior to, during or subsequent to this Chapter 11 Case or imposed by agreement, understanding, law, equity or otherwise (provided, however, nothing in this Order shall affect the rights of the Debtor and the Insurers under the Settlement Agreement). Any and all interests that the Court determines are entitled to protection under Section 363(e) of the Bankruptcy Code shall attach to the proceeds of sale with the same validity, priority, force, and effect as such interests had in the Insurance Policies prior to the entry of this Order, subject to the terms and conditions of the Plan confirmed

for the Debtor.

13. Pursuant to Sections 105(a) and 363 of the Bankruptcy Code, all Persons who or that have held or asserted, who or that hold or assert, or who or that may in the future hold or assert any claim or interest of any kind or nature against any Insurer based upon, arising out of, derived from or attributable in any way to any Insurance Policy and/or any Claim thereunder, shall be and hereby are permanently barred, stayed, restrained and enjoined from commencing, or otherwise proceeding or taking any action against any of the Insurers or any other person or entity for the purpose of directly or indirectly collecting, recovering or receiving payments from any Insurer to recover with respect to any such claim or interest.

14. This Order shall not afford any relief between the Parties greater than that described in the Settlement Agreement or otherwise inconsistent with that described in the Settlement Agreement.

15. This Order shall be effective and enforceable immediately upon entry and its provisions shall be self-executing and shall not be stayed under Bankruptcy Rule 6004(h).

16. This Court shall retain exclusive jurisdiction to decide any dispute arising under or related to, or any action brought to enforce the terms of, the Settlement Agreement and this Order.

17. To the extent any conclusion of law stated herein is actually a finding of fact, it is adopted as such.

New York, New York
Dated: _____

The Honorable [insert judge's name]
United States Bankruptcy Judge