

Exhibit 31



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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

In Re:	:	In Proceedings for a Reorganization under Chapter 11
	:	
NORTH AMERICAN REFRATORIES COMPANY, <i>et al.</i> ,	:	Jointly Administered under Case No. 02-20198-JKF
	:	
Debtors.	:	

In Re:	:	In Proceedings for a Reorganization under Chapter 11
	:	
GLOBAL INDUSTRIAL TECHNOLOGIES, INC., <i>et al.</i> ,	:	Jointly Administered under Case No. 02-21626-JKF
	:	
Debtors.	:	

**COMBINED DISCLOSURE STATEMENT TO ACCOMPANY
THE THIRD AMENDED PLANS OF REORGANIZATION
DATED DECEMBER 28, 2005
OF NORTH AMERICAN REFRACTORIES COMPANY
AND ITS SUBSIDIARIES
AND
GLOBAL INDUSTRIAL TECHNOLOGIES, INC.
AND ITS SUBSIDIARIES**

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Copies of this Disclosure Statement
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QUESTIONS AND ANSWERS ABOUT THE DEBTORS' CHAPTER 11 CASES

The following is a brief summary of certain basic questions and answers pertinent to the NARCO Debtors' and GIT Debtors' Chapter 11 Cases. This summary is not intended to be a complete discussion of the matters raised in this Disclosure Statement. You should refer to the remainder of the Disclosure Statement and the appropriate Plan of Reorganization for a detailed description of the NARCO Debtors' and GIT Debtors' respective reorganizations. Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to such terms in Exhibit 1 attached to this Disclosure Statement.

Q. Who is covered by the Plans?

A. The Plans cover North American Refractories Company and its subsidiaries, Global Industrial Technologies, Inc. and its subsidiaries (Harbison-Walker Refractories Company and its subsidiaries and A.P. Green Industries, Inc. and its subsidiaries) and other related companies.

Q. Why did the NARCO Debtors and GIT Debtors file their Chapter 11 Cases?

A. A number of business conditions lead to the NARCO Debtors' and GIT Debtors' bankruptcy filings. First, the costs of asbestos litigation for the NARCO Debtors and GIT Debtors (including Harbison-Walker Refractories Company and A.P. Green Industries, Inc.) rose dramatically from 2000 to early 2002. Second, a recession and deterioration of general business conditions (especially within the steel industry) culminated in decreased sales, the bankruptcy of large customers, and reduced cash flows. Additionally, commencing in the fall of 2001, the Debtors were unable to secure working capital financing.

Q. What is a Chapter 11 proceeding?

A. Chapter 11 is the corporate reorganization section of the United States Bankruptcy Code. The principal objective of a bankruptcy case under Chapter 11 is the development and approval by the Bankruptcy Court of a plan of reorganization which restructures the obligations of the debtors.

Q. How are parties that have a Claim against the Debtors treated in a Chapter 11 proceeding?

A. It depends on the type of Claim you have against a Debtor and how that Claim is classified under the applicable Plan. In general, the Plans divide Claims and Equity Interests that individuals and entities have against the Debtors into separate classes. The Plans specify the cash or securities of the Debtors that each class is to receive in full satisfaction of such Claims and Equity Interests and contain other provisions necessary to the reorganization of the Debtors. Depending on how your Claim is classified, you may receive present or future payments of cash and/or the preservation of your relationship with the Debtors. You should review this Disclosure Statement to more fully understand your rights under the Plans.

Q. What is the process for approving the Debtors' Plans of Reorganization?

A. As a general matter under the Bankruptcy Code, every class of Claims that is "impaired" under a Plan must vote in favor of such Plan in order for it to be confirmed by the Bankruptcy Court. A class of Claims is impaired if Claims in that class are paid under a Plan less than the full value of the Claims or the claimants' rights are otherwise modified. A class of impaired Claims is deemed to have accepted a Plan if the Plan is accepted by holders of Claims constituting at least two-thirds in dollar amount and more than one-half in number of Allowed Claims within such class that vote on a Plan. A class of impaired Equity Interests is deemed to have accepted a Plan if the Plan is accepted by holders of at least two-thirds in the amount of Equity Interests in such class of Equity Interests that vote on the Plan.

If the Claims in a class will be paid in full under a Plan, or reinstated, or their legal, equitable and contractual rights are to remain unchanged by the reorganization, such class will be deemed to be unimpaired and deemed to have accepted the Plan. Accordingly, holders of such Claims will not be entitled to vote on the Plans.

Q. Can a Plan be approved if one or more of the impaired classes do not vote to accept the Plan?

A. Yes. Chapter 11 of the Bankruptcy Code permits a plan of reorganization to be confirmed if at least one class of impaired claims votes in favor of the plan. However, if not all impaired classes vote in favor of a Plan, the Bankruptcy Court must find that the Plan meets a number of statutory tests before it may confirm the Plan. Many of these tests are designed to protect the interests of holders of Claims or Equity Interests who do not vote to accept the Plan but who will nonetheless be bound by their provisions if confirmed by the Bankruptcy Court.

Q. What must I do, as a holder of a Claim against a Debtor, to vote my Claim under a Plan?

A. You should read this Disclosure Statement carefully and ensure that you follow the instructions contained in it for your Claim and that you meet the appropriate deadlines. You also should ensure that you vote timely on each Plan under which you have a Claim by promptly returning your Ballot. You may wish to consult legal counsel with respect to your rights.

Q. I am a current holder of a General Unsecured Claim (other than an Asbestos Claim or Silica Claim) against a Debtor. What will I receive if the Plans are confirmed by the Bankruptcy Court?

A. If you satisfy the requirements to be treated as the holder of a General Unsecured Claim under the NARCO Plan (see table of NARCO Classified Claims and table of GIT Classified Claims found in Section II hereof and see Section V.A hereof), you will receive the payment of 90% of the Allowed General Unsecured Claims so long as the total amount of General Unsecured Claims do not exceed the amount estimated by the NARCO Debtors of \$22 million. If you satisfy the requirements to be treated as the holder of a General Unsecured Claim under the GIT Plan (see above-described tables and Section V.B), you will receive the payment of 90% of the Allowed General Unsecured Claims so long as the total amount of General Unsecured Claims do not exceed the amount estimated by the Debtors of \$57 million. In no case, however, will you receive more than 90% of your Claim.

Q. I am a current holder of an Asbestos Trust Claim or Silica Trust Claim against a Debtor. What will I receive if the Plans are confirmed by the Bankruptcy Court?

A. Holders of Asbestos Trust Claims against NARCO. If you hold Asbestos Trust Claims against a NARCO Debtor, your Claims will be treated in accordance with the terms and conditions of the NARCO Asbestos Trust Agreement. Under the Plan, a NARCO Asbestos Trust will be established for the purpose of liquidating unsettled asbestos claims submitted to the Trust in accordance with certain procedures described in the NARCO Asbestos Trust Agreement and the NARCO Asbestos TDP. The NARCO Asbestos TDP establishes a “scheduled value”, “maximum value” and “average value” for claims, subject to amendment of those amounts and subject to annual funding caps. The Debtors expect that holders of NARCO Asbestos Trust Claims that qualify for payment under the NARCO Asbestos TDP will be paid 100% of the value assigned to such Claims under the NARCO Asbestos TDP.

Holders of Asbestos Trust Claims against APG. If you hold Asbestos Trust Claims against an APG Debtor, your Claims will be treated in accordance with the terms and conditions of the APG Asbestos Trust Agreement. It is expected that holders of APG Asbestos Trust Claims will be paid a percentage (such percentage to be established pursuant to the APG Asbestos TDP) of the amount established under the APG Asbestos TDP for the payment of APG Asbestos Trust Claims.

Holders of Silica Trust Claims against APG. If you hold Silica Trust Claims against an APG Debtor, your Claims will be treated in accordance with the terms and conditions of the APG Silica Trust Agreement. It is expected that holders of APG Silica Trust Claims will be paid a percentage (such percentage to be established pursuant to the APG Silica TDP) of the amount established under the APG Silica TDP for the payment of APG Silica Trust Claims.

Holders of Asbestos Trust Claims and/or Silica Trust Claims against H-W. If you hold Asbestos Trust Claims or Silica Trust Claims against a H-W Debtor, your Claims have been channeled to the Asbestos Trust or Silica Trust, as applicable, created in the DII Industries, LLC Chapter 11 bankruptcy case (a prepackaged plan of reorganization filed on December 16, 2003 by DII Industries, LLC and captioned as *In re Mid-Valley Inc., et al.*, 03-35592 (Bankr. W.D. Pa.) which approved the treatment of your Asbestos Claims and/or Silica Claims in the DII Industries, LLC Chapter 11 case and defined in this Disclosure Statement as the “DII Chapter 11 Case”). H-W Asbestos Trust Claims and H-W Silica Trust Claims will be paid the amount established under the DII Asbestos TDP or DII Silica TDP, as applicable, under the DII Plan.

Q. What do I need to do now?

A. If you are the holder of a Claim in Classes 2 (DIP Financing Claim), 3-A (General Unsecured Claims), 3-C (RHI AG Entity Claims), 4-A (NARCO Asbestos Trust Claims) or 5 (NARCO Equity Interests) of the NARCO Plan or 3-A (General Unsecured Claims), 3-C (RHI AG Entity Claims), 4-A (APG Asbestos Trust Claims), 5-A (APG Silica Trust Claims), or 6 (GIT Equity Interests) of the GIT Plan, you should review this Disclosure Statement and the applicable Plan upon which you are entitled to vote, fill out a Ballot for each such Claim to accept or reject the applicable Plan and return it to the following persons:

If by mail:

Logan & Company, Inc.
546 Valley Road
Upper Montclair, NJ 07043

If by hand delivery or courier service:

Logan & Company, Inc.
546 Valley Road
Upper Montclair, NJ 07043

All Ballots must be actually received by 5:00 p.m. ET, on March 31, 2006, unless the Bankruptcy Court extends the deadline.

If you are the holder of a Claim in classes 1-A (Allowed Secured Claims secured by letters of credit or bonds posted by a NARCO Debtor or by another financial instrument or by Cash), 1-B (Allowed Secured Claims under Capitalized Leases and under Secured Financing Agreements other than Classes 1-A and 2), 3-B (GIT and NARCO Entity Claims), or 4-B (NARCO Silica Claims) of the NARCO Plan or 1-A (Allowed Secured Claims secured by letters of credit or bonds posted by a GIT Debtor or by another financial instrument or by Cash), 1-B (Allowed Secured Claims under Capitalized Leases and under Secured Financing Agreements other than Class 1-A), or 3-B (NARCO and GIT Entity Claims) of the GIT Plan your Claim is not impaired and therefore you are not entitled to vote with respect to such Claims.

Q. When are the Debtors expected to complete their reorganization?

A. A hearing before the Bankruptcy Court to consider confirmation of the Plans is currently scheduled for June 5, 2006 commencing at 9:00 a.m. If that hearing occurs as scheduled, and is completed as the Debtors intend and anticipate, the Plans will become effective and the Debtors' reorganization will be complete, by approximately the second quarter of 2006.

Q. Will proposed federal asbestos legislation have an impact on the Debtors' Plans?

A. Legislation currently is pending before the U.S. Congress that, if passed, could affect the rights and obligations of companies with asserted asbestos liabilities, including the Debtors in these Chapter 11 Cases. The exact terms of the proposed federal asbestos legislation are still the subject of negotiations, however, and it is uncertain how, if at all, such legislation could impact the Debtors and these Chapter 11 Cases.

Q. Whom should I contact if I have questions concerning the Plans?

A. If you have additional questions concerning the Plans, please contact the following:

Logan & Company, Inc.
546 Valley Road
Upper Montclair, NJ 07043
Phone: 973-509-3190

DISCLOSURE STATEMENT UNDER SECTION 1125 OF THE
BANKRUPTCY CODE WITH RESPECT TO THE
THIRD AMENDED PLAN OF REORGANIZATION OF
NARCO AND THE NARCO-AFFILIATED DEBTORS AND
THE THIRD AMENDED PLAN OF REORGANIZATION OF
GIT AND THE GIT-AFFILIATED DEBTORS

This Disclosure Statement (“Disclosure Statement”) under Section 1125 of the Bankruptcy Code is being filed with respect to the Third Amended Plan of Reorganization proposed by North American Refractories Company (“NARCO”) and the NARCO-Affiliated Debtors (the “NARCO Plan”) and the Third Amended Plan of Reorganization proposed by Global Industrial Technologies, Inc. (“GIT”) and the GIT-Affiliated Debtors (the “GIT Plan,” together with the NARCO Plan, the “Plans,” and each individually, a “Plan”). This Disclosure Statement contains a summary of certain provisions of the Plans and certain financial information relating thereto. While the Debtors believe that the Disclosure Statement provides adequate information with respect to the Plans, it is a summary and does not set forth the entire text of the Plans. Each holder of an impaired Claim or Equity Interest should read each Plan (and the exhibits to this Disclosure Statement and each Plan) which relates to such impaired Claim or Equity Interest and should seek the advice of its own counsel before casting a Ballot. For your convenience, the NARCO Plan is attached to this Disclosure Statement as Exhibit 2 and the GIT Plan is attached to this Disclosure Statement as Exhibit 3. Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to such terms in Exhibit 1 attached to this Disclosure Statement.

The NARCO Plan provides for the treatment of Claims against and interests in the NARCO Debtors. NARCO’s Affiliated Debtors are I-Tec Holding Corp. (“I-Tec”), InterTec Company (“InterTec”) and Tri-Star Refractories, Inc. (“Tri-Star,” together with I-Tec and InterTec the “NARCO-Affiliated Debtors”).

The GIT Plan provides for the treatment of Claims against and interests in the GIT Debtors. GIT’s Affiliated Debtors are Harbison-Walker Refractories Company (“H-W”), Indresco International, Ltd. (“Indresco International”), Harbison-Walker Refractories Europe, Ltd. (“H-W Europe”), Harbison-Walker International Refractories, Inc. (“H-W International”), GPX Corp. (“GPX”), Global Processing Systems, Inc. (“GPS”), GPX Forge, Inc. (“GPX Forge”), GPX Forge Acquisition, Inc. (“GPX Acquisition”), GPX Forge-U, Inc. (“GPX Forge-U”), TMPSC, Inc. (“TMPSC”), Global Industrial Technologies Services Company (“GIT Services”), GIX Foreign Sales Corp. (“GIX”), A.P. Green Industries, Inc. (“APG”), A.P. Green Services, Inc. (“APG Services”), APG Development Corp. (“APG Development”), Detrick Refractory Fibers, Inc. (“Detrick”), APG Refractories Corp. (“APG Refractories”), Intogreen Co. (“Intogreen”), A.P. Green International, Inc. (“APG International”), A.P. Green Refractories, Inc. (“AP Green Refractories”), Lanxide ThermoComposites, Inc. (“Lanxide”), Chiam Technologies, Inc. (“Chiam”), ANH Refractories Company, formally known as RHI Services, Inc (“ANH”), RHI America Receivables Corporation (“RHI Receivables”), and RHI Refractories America, Inc. (“RHI Refractories America”) (each a “GIT-Affiliated Debtor” and collectively the “GIT-Affiliated Debtors”).

I. IN GENERAL

The purpose of this Disclosure Statement is to enable you, as the holder of Claims against and Equity Interests in one or more of the Debtors, to make an informed decision with respect to voting on acceptance or rejection of each Plan upon which you are entitled to vote.

On January 30, 2006, after notice to holders of Claims and Equity Interests, and other parties in interest, the Bankruptcy Court approved this Disclosure Statement as containing information of a kind and in sufficient detail that would enable hypothetical, reasonable investors typical of holders of Claims against and Equity Interests in the Debtors, whose votes are being solicited, to make an informed judgment as to whether or not to vote to accept or reject the Plans. APPROVAL OF THE DISCLOSURE STATEMENT REFLECTS ONLY THE DETERMINATION THAT IT CONTAINS ADEQUATE INFORMATION, AND SUCH APPROVAL IS NOT A DETERMINATION BY THE BANKRUPTCY COURT WITH REGARD TO THE MERITS OF EACH PLAN.

You are urged to review fully the provisions of each Plan upon which you are entitled to vote and all other exhibits attached hereto and thereto, in addition to reviewing the text of this Disclosure Statement. This Disclosure Statement is not intended to replace a careful review and analysis of each applicable Plan. Every effort has been made to explain fully the various aspects of the Plans, as they affect holders of Claims and Equity Interests. However, to the extent any questions arise, the Debtors urge you to seek independent legal advice.

No solicitation of votes on the Plans may be made except pursuant to this Disclosure Statement and Section 1125 of the Bankruptcy Code, and no person has been authorized to use any information concerning the Debtors or their businesses other than the information contained herein or in other information approved by the Bankruptcy Court for dissemination to holders of Claims and Equity Interests. Except as specifically approved by the Bankruptcy Court, you should not rely on any information relating to the Debtors and their businesses, other than that contained in this Disclosure Statement, the Plans, and the exhibits attached hereto and thereto.

There has been no independent audit of the financial information contained in this Disclosure Statement and no fairness opinion has been obtained regarding the value of the assets and the amount of the liabilities stated herein and the exhibits and schedules hereto. A valuation will be done of consolidated Reorganized ANH if necessary for purposes of quantifying the tax deductions available for contribution of the common stock of Reorganized ANH to the NARCO Asbestos Trust and APG Asbestos Trust and for the application of fresh start accounting upon emergence from bankruptcy. The factual information regarding the Debtors' assets and liabilities have been derived from the Debtors' Schedules,¹ available public records, pleadings and reports on file with the Bankruptcy Court, and the Debtors' internal

¹ The NARCO Debtors filed their Schedules of Assets and Liabilities and Statement of Financial Affairs with the Bankruptcy Court on March 29, 2002. The GIT Debtors filed their Schedules of Assets and Liabilities and Statement of Financial Affairs with the Bankruptcy Court on May 30, 2002, as amended on November 19, 2002. Copies of the Debtors' Schedules of Assets and Liabilities and the Amended Schedules are available from the Bankruptcy Court.

documents. While every effort has been made by the Debtors to provide accurate information, the Debtors and their legal advisors cannot and do not warrant or represent that the information contained in this Disclosure Statement is without any inaccuracy.

This Disclosure Statement has not been approved or disapproved by the Securities and Exchange Commission or the securities regulatory authority of any state, nor has the Securities and Exchange Commission or the securities regulatory authority of any state passed upon the accuracy or adequacy of the statements contained herein.

On January 30, 2006, after notice and a hearing, the Bankruptcy Court entered the Voting Procedures Order, which, among other things, designates which holders of Claims and Equity Interests are entitled to vote on each Plan, and establishes other procedures for the solicitation and tabulation of Ballots. A copy of the Voting Procedures Order is enclosed in the package with this Disclosure Statement.

With respect to each Plan, each holder of a Claim or Equity Interest should review the entire Plan related to such Claim or Equity Interest and should seek advice from his, her or its own counsel before casting a Ballot. Each holder of an impaired Claim entitled to vote may only cast one Ballot for each impaired Claim.

IN ORDER TO HAVE YOUR VOTE COUNTED, YOU MUST COMPLETE AND MAIL THE ENCLOSED BALLOT TO THE ADDRESS SET FORTH THEREON SO THAT IT IS RECEIVED BY 5:00 P.M ET ON MARCH 31, 2006 (THE "VOTING DEADLINE"). YOU MUST COMPLETE THE BALLOT BY INDICATING ON THE APPROPRIATE LINES EITHER YOUR ACCEPTANCE OR REJECTION OF EACH PLAN UPON WHICH YOU ARE ENTITLED TO VOTE. ANY COMPLETED BALLOTS THAT ARE RECEIVED BEFORE THE VOTING DEADLINE THAT DO NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF AN APPLICABLE PLAN WILL BE DEEMED TO CONSTITUTE AN ACCEPTANCE. PLEASE NOTE THAT BALLOTS RECEIVED AFTER 5:00 P.M. ET ON MARCH 31, 2006 WILL NOT BE COUNTED. FOR ADDITIONAL INFORMATION RELATED TO VOTING PROCEDURES PLEASE REFER TO SECTION VI.C. BELOW.

A hearing has been scheduled for June 5, 2006, ET before the Honorable Judith K. Fitzgerald, United States Bankruptcy Judge, United States Bankruptcy Court, Western District of Pennsylvania to determine whether the Plans should be confirmed. Objections, if any, to confirmation of each Plan shall be in writing, shall specifically set forth the law and facts supporting the objection, and shall be filed with the Bankruptcy Court and served on the NARCO Official Service List and/or the GIT Official Service List, as applicable, copies of which are attached hereto as Exhibits 14 and 15, respectively, on or before 5:00 p.m. ET on May 12, 2006. The Confirmation Hearing may be adjourned from time to time without further notice except for the announcement of the adjourned date made at the Confirmation Hearing or at any subsequent adjourned date. Following entry of an order confirming the Plans by the Bankruptcy Court, the respective Plan Proponents will immediately seek to have that order affirmed by the United States District Court for the Western District of Pennsylvania (the "District Court").

The confirmation and effectiveness of the Plans are subject to conditions precedent that could lead to delays in effectiveness of the Plans. Also, no assurance can be given that each of these conditions will be satisfied or waived, or that either of the Plans will be confirmed or become effective. In addition, even after the Effective Date, certain distributions under the Plans may be subject to substantial delays pending resolution of disputed or unliquidated Claims.

The Debtors believe that the Plans offer the best possible recovery to holders of Claims against the Debtors when compared to all reasonably available alternatives. The Debtors believe that acceptance of each Plan is in the best interests of each and every voting class, and strongly recommend that you vote to accept each Plan upon which you are entitled to vote.

II. A. OVERVIEW OF PLANS

The Plans provide a method for the equitable payment of Claims against the Debtors. Most significantly, the Plans provide for the establishment of three trusts (the "PI Trusts") for payment of PI Trust Claims: a NARCO Asbestos Trust, an APG Asbestos Trust and an APG Silica Trust.

The NARCO and GIT Debtors will be reorganized into one of two affiliate groups, each of which will be 100% owned by an entity known herein as Reorganized ANH. The first group will consist of Reorganized NARCO and each Reorganized NARCO-Affiliated Debtor. The second group will consist of Reorganized GIT and each Reorganized GIT-Affiliated Debtor (including, but not limited to, Reorganized GIT's Subsidiaries Reorganized Harbison-Walker Refractories Company (Harbison-Walker Refractories Company is called "H-W" herein) and Reorganized A.P. Green Industries, Inc. (A. P. Green Industries, Inc. is called "APG" herein)). As more fully described in Article VIII of this Disclosure Statement, through their ownership of 100% of the equity interest in Reorganized ANH (the NARCO Asbestos Trust will own 79% of Reorganized ANH and the APG Asbestos Trust will own 21% of Reorganized ANH), the NARCO Asbestos Trust and the APG Asbestos Trust will control Reorganized NARCO and Reorganized GIT.

Reorganized ANH will provide management services, including cash management and centralized treasury functions, to Reorganized NARCO and Reorganized GIT and their Subsidiaries. In addition, certain other Debtors may be liquidated and dissolved on or after the Effective Date of the respective Plans.

In order to understand this Disclosure Statement and the NARCO Plan, you should carefully review the glossary and the definitions contained therein. Many definitions refer to other defined terms and it will be necessary to also understand the defined terms used within definitions to understand such defined terms.

The NARCO Plan provides that the NARCO Asbestos Trust, which is being established for the payment of NARCO Asbestos Trust Claims and NARCO Asbestos Demands, will be funded with 79% of the outstanding common stock of Reorganized ANH, as noted above, and cash payments to be made by Honeywell in accordance with the payment schedule set forth in the NARCO Asbestos Trust Agreement. It is anticipated that NARCO Asbestos Trust Claims and NARCO Asbestos Demands will be paid 100% of the value of such Claims and Demands established pursuant to the NARCO Asbestos TDP for payment of such NARCO Asbestos Trust Claims and NARCO Asbestos Demands.

All claims of any NARCO Debtor against any other NARCO Debtor will be waived and cancelled. Reorganized NARCO will continue to operate after the Effective Date of the NARCO Plan as a manufacturer of refractory products focusing on serving the steel and glass industries. On or after the Effective Date, InterTec Company, I-Tec Holding Corp. and Tri-Star Refractories, Inc. may be dissolved under state law.

The GIT Plan provides for the establishment of an APG Asbestos Trust for the payment of APG Asbestos Trust Claims and APG Asbestos Demands. The GIT Plan provides that the APG Asbestos Trust will be funded with 21% of the shares of Reorganized ANH common stock. The APG Asbestos Trust also will be funded with cash and rights to receive insurance proceeds. It is anticipated that APG Asbestos Trust Claims and APG Asbestos Demands will be paid a percentage (such percentage to be established pursuant to the APG Asbestos TDP) of the amount established pursuant to the APG Asbestos TDP for payment of such APG Asbestos Trust Claims and APG Asbestos Demands.

Because of certain agreements reached with DII Industries, LLC (“DIP”), a successor to Dresser Industries, Inc., all H-W Asbestos Trust Claims and H-W Silica Trust Claims have been channeled to certain trusts created in the DII Chapter 11 Case.

The GIT Plan provides for establishment of an APG Silica Trust for payment of APG Silica Trust Claims and APG Silica Demands. All APG Silica Trust Claims and APG Silica Demands will be channeled to the APG Silica Trust, which will be funded with cash and rights to receive insurance proceeds.

All claims of any GIT Debtor against any other GIT Debtor will be waived and cancelled. Reorganized GIT will continue to operate in its current capacity after the Effective Date of the GIT Plan. On or after the Effective Date, certain remaining assets of the GIT Entities may be liquidated and certain of the GIT Entities may be dissolved under state law.

The Debtors will seek to confirm the Plans pursuant to Sections 105 and 524(g), and other sections of the Bankruptcy Code, which authorize the Bankruptcy Court to enter “channeling injunctions” pursuant to which the PI Trust Claims are channeled to the NARCO Asbestos Trust, APG Asbestos Trust, or the APG Silica Trust (as applicable) for payment out of the assets of such trusts (the “Channeling Injunctions”). The Debtors and certain third parties (as more fully described in Section VII.D.1 of this Disclosure Statement) will receive the benefit of such Channeling Injunctions.

B. STATEMENT OF OBJECTORS

Several groups of asbestos claimants have objected to this disclosure statement and to provisions of the NARCO Plan. The objectors believe that this bankruptcy case is a bad faith and impermissible attempt to discharge Honeywell’s direct liabilities on account of its asbestos-containing products.

The objectors are of the view that Honeywell, and not the NARCO Debtors which have filed for bankruptcy, is actually and legally responsible for all of the injuries and deaths caused by asbestos products manufactured under the “NARCO” trade name. The objectors believe that the law does not allow Honeywell to escape its direct liability for “NARCO”-brand asbestos products through the NARCO Plan described in the Disclosure Statement and that asbestos

creditors should vote against the NARCO Plan, which, if confirmed, would result in a lower payment to asbestos creditors than if Honeywell remains in the tort system.

Specifically, the objectors believe that all of the asbestos-containing products manufactured and sold under the "NARCO"-brand name were manufactured and sold by Honeywell's predecessors (by merger, now Honeywell) before the NARCO Debtors now in bankruptcy even existed. The objectors believe that when the NARCO Debtors in this bankruptcy purchased from Honeywell the right to manufacture and sell "NARCO"-brand name refractory products that did not contain asbestos, the parties expressly contracted for all asbestos liabilities arising from the products that had been produced or sold by Honeywell to stay with Honeywell.

Even if Honeywell's claim that the NARCO Debtors in bankruptcy assumed some of Honeywell's asbestos liability is true, however, it is the objectors' view that Honeywell, not NARCO, continues to be primarily and directly liable to the asbestos claimants.

Honeywell is a solvent, Fortune 100, multi-billion dollar multi-national company. The objectors believe that all holders of claims which are not "preferred claims" (see the discussion below) will recover more money from Honeywell for their "NARCO"-brand asbestos products injuries than they will receive if the NARCO Plan proposed in the case is confirmed.

Following the full and complete discovery that they will seek from Honeywell and the NARCO Debtors, the objectors intend to present evidence at the time of the confirmation hearing on the NARCO Plan which the objectors believe will show that Honeywell has direct, independent asbestos liabilities for all "NARCO"-brand products. If the Court determines that the objectors are correct and that Honeywell's asbestos liabilities are not based on, and derivative of, claims against the NARCO Debtors in bankruptcy based upon its conduct or operations, Honeywell will not be granted the benefits of the injunction proposed by the NARCO Plan.

The objectors also are of the view that Honeywell has improperly obtained votes in favor of the NARCO Plan by giving "preferred settlement" payments to many asbestos claimants in return for "YES" votes on the NARCO Plan.

After the bankruptcy petition was filed, the objectors believe that Honeywell paid settlements to many claimants and law firms that in return for a promise from those claimants and law firms to vote in favor of a bankruptcy plan which would eliminate Honeywell's legal responsibility for all the "NARCO"-brand asbestos product claims for which it would otherwise be liable. Based on information obtained to date, the objectors believe that Honeywell has paid or promised to pay hundreds of millions of dollars to preferred claimants and law firms to obtain their votes and has promised to pay these "preferred claims" even more money once the bankruptcy plan receives a favorable vote from the asbestos claimants. Honeywell refuses to disclose, absent court order, the amounts it has paid to settling claimants, the identity of the claimants or the identity of the settling law firms.

The objectors believe that the asbestos claimants who have received preferred settlements from Honeywell will receive more for the "NARCO"-brand product claims than will those asbestos claimants without post-

petition “preferred settlements” from Honeywell. The objectors believe it is improper for Honeywell to give “preferred settlement” payments to some “NARCO”-brand asbestos product claimants and not to others.

The objectors believe that those asbestos claimants with claims solely against the Debtor must be classified for voting and treatment separately from those claimants with claims against Honeywell. The objectors also contend that those asbestos claimants with settled claims must be classified for voting and treatment separately from those claimants with unsettled claims.

The objectors intend to present evidence and argument on these issues at the time of the confirmation hearing on the NARCO Plan. The objectors contend that if the Court finds that settling creditors had agreed to vote for the NARCO Plan as part of their settlements, the votes of those creditors will be disallowed and will not count.

The objectors believe that the Disclosure Statement is materially misleading, omits critical facts, is incomplete and is otherwise inadequate to enable asbestos creditors to make an informed judgment on the NARCO Plan. The objectors urge all creditors to read the defined terms used in the NARCO Plan and the Disclosure Statement carefully because most of the defined terms that use the term “NARCO” include reference to both the NARCO Debtors in bankruptcy and Honeywell. The objectors believe that these terms have been intentionally written to confuse creditors and conceal the protections that Honeywell is receiving under the NARCO Plan. The objectors also believe that half truths have been published in an effort to mislead asbestos victims and conceal that Honeywell, not the Debtor, is responsible and liable for their injuries.

For the reasons stated herein and many others that are set forth in the various objections filed by the objectors, the objectors also urge creditors, and particularly those asbestos claimants who were not offered “preferred settlements”, to vote against the NARCO Plan.

In approving the Disclosure Statement for dissemination, please be advised that the Court has not made a determination as to the accuracy of any of the statements made in the Disclosure Statement. The objectors urge that you strongly consider this statement by the objectors as you read the Disclosure Statement and consider how to vote on the NARCO Plan. Objectors believe that if you are concerned with the issues raised by the Objectors, you should vote “NO” on the NARCO Plan. If you do not vote, those claimants with “preferred settlements” may control the vote and bind you to less favorable treatment.

C. DEBTORS’ REPLY TO OBJECTORS’ STATEMENT

The Debtors do not believe the objectors’ positions are supported by the law or the facts in these cases. The Debtors believe that the Plans will be confirmed over the objections of the objectors.

The following charts provide a summary of the treatment of Claims against and Equity Interests in the NARCO Debtors under the NARCO Plan:

NARCO UNCLASSIFIED CLAIMS

Description of Claims

Treatment under the NARCO Plan

NARCO Administrative Expense Claims – Ordinary Course Liabilities. Claims arising from the operation of NARCO's and/or the NARCO-Affiliated Debtors' businesses after the commencement of the Chapter 11 Cases. The estimated Allowed Amount of these Claims is \$23.1 million.

Each holder of an Allowed Administrative Expense Claim for ordinary course liabilities will receive Cash equal to the unpaid portion of such Allowed Administrative Expense Claim on the later of (a) the Effective Date, and (b) such other date as is mutually agreed upon by the NARCO Debtors (or Reorganized ANH) and the holder of such Claim; provided, however, that Administrative Expense Claims that represent liabilities incurred by the NARCO Debtors in the ordinary course of their business during the Chapter 11 Cases will, to the extent not paid on or before the Effective Date, be paid by Reorganized ANH in the ordinary course of its business and in accordance with any terms and conditions of any agreements related thereto. The estimated percentage recovery for these Claims is 100% of the Allowed Amount. Holders of these Claims will not vote on the NARCO Plan.

NARCO Administrative Expense Claims – Professional Fees. Claims of Bankruptcy Professionals for fees and expenses. The estimated Allowed Amount of these Claims is \$0.8 million.

Allowed Administrative Expense Claims for fees and expenses of Bankruptcy Professionals will be paid in full in Cash in an amount equal to the unpaid portion of the Allowed Amount of such Claim (i) on the Effective Date or (ii) upon such other terms as may be agreed upon by the holder of such Claim. The estimated percentage recovery for these Claims is 100% of the Allowed Amount. Holders of these Claims will not vote on the NARCO Plan.

NARCO Priority Claims of Governmental Units. Allowed Priority Claims of governmental units under Bankruptcy Code Section 507(a)(8). The estimated Allowed Amount of these Claims is \$0.8 million.

Each holder of a Priority Claim of governmental units under Bankruptcy Code Section 507(a)(8) not paid pursuant to an Order of the Bankruptcy Court will be paid the Allowed Amount of its Claim, at the option of Reorganized ANH either (a) in full, in Cash, on the Effective Date or as soon as practical thereafter, or (b) in deferred cash payments, over a period not exceeding six years after the date of assessment of such Claim, of a value, as of the Effective Date of the NARCO Plan, equal to the Allowed Amount of such Claim. Holders of these Claims will not vote and are deemed to have accepted the NARCO Plan.

NARCO CLASSIFIED CLAIMS

NARCO Class 1 – Secured Claims

NARCO Class 1-A - Allowed Secured Claims secured by financial instruments. This Class consists of Claims secured by a letter of credit, bond, other financial instrument, or Cash. The estimated amount of these Claims is \$0.05 million.

Not Impaired; Deemed to have accepted the NARCO Plan. Unless otherwise agreed by the NARCO Debtors and the holder of each Claim, each Claim secured by a letter of credit, bond, other financial instrument or cash will retain its collateral subject to any rights of the NARCO Debtors under any applicable agreements to seek a reduction of such collateral. Such Claims will be satisfied from the collateral or the proceeds thereof as such Claims become fixed and liquidated and payable under applicable agreements. Any excess collateral, including the proceeds of any letters of credit, bond or other financial instrument shall be returned to Reorganized NARCO after the secured Claim has been paid in full.

NARCO Class 1-B - Allowed Secured Claims under Capitalized Leases and Secured Financing Agreements. This Class consists of Allowed Secured Claims under Capitalized Leases and under Secured Financing Agreements other than Class 1-A and Class 2. The estimated Allowed Amount of these Claims is \$0.1 million.

Not Impaired; Deemed to have accepted the NARCO Plan. At Reorganized ANH's option, Reorganized ANH will take the following action with respect to each holder of an Allowed Secured Claim under Capitalized Leases and under Secured Financing Agreements: (a) reinstate the debt underlying such Secured Financing Agreement or Capitalized Lease and leave the collateral for such debt in place, (b) distribute the collateral securing such Allowed Secured Claim; (c) distribute Cash in an amount equal to the proceeds actually realized from the sale, pursuant to Section 363(b) of the Bankruptcy Code, of any collateral securing such Allowed Secured Claim, less the actual costs and expenses of disposing of such collateral, or (d) effect such other treatment of such Allowed Secured Claim as may be mutually agreed upon between the holder of such Allowed Secured Claim and Reorganized ANH, on the later of (i) the Effective Date and (ii) the tenth Business Day of the first month following the month in which such Claim becomes an Allowed Secured Claim, or as soon after such dates as is practicable. Each holder of an Allowed Secured Claim in NARCO Class 1-B will retain the Liens securing such Claim as of the Confirmation Date.

NARCO Class 2 – Debtor-in-Possession Financing Claim

NARCO Class 2 - Debtor-in-Possession Financing Claim. This Class consists of Claims of Honeywell against the NARCO Debtors related to the NARCO DIP Facility.

Impaired; Entitled to vote on the NARCO Plan. The NARCO DIP Facility will be fully drawn, not repaid, and deemed satisfied on the Effective Date of the NARCO Plan. Honeywell has agreed to accept this treatment pursuant to the NARCO/Honeywell Settlement Agreement attached hereto as Exhibit 4.

NARCO General Unsecured Claims (other than NARCO Asbestos Trust Claims)

NARCO Class 3-A – General Unsecured Claims. This Class consists of General Unsecured Claims. The estimated Allowed Amount of these Claims is between \$20 million and \$22 million.

Impaired; Entitled to vote on the NARCO Plan. Holders of Class 3-A Claims will be paid in cash on the Effective Date an amount equal to 90% of the Allowed amount of each General Unsecured Claim so long as the total amount of General Unsecured Claims does not exceed the amount estimated by the Debtors of \$22 million. No holder of a Claim shall receive more or less than 90% of the Allowed Amount of its Claim.

NARCO Class 3-B – GIT and NARCO Entity Claims. This Class consists of Claims of the GIT Entities and NARCO Entities other than the NARCO Debtors against any of the NARCO Debtors. The estimated Allowed Amount of these Claims is \$30.0 million.

Not Impaired; Deemed to have accepted the NARCO Plan. Claims of the GIT Entities and NARCO Entities other than the NARCO Debtors against any of the NARCO Debtors will not be modified by the NARCO Plan.

NARCO Class 3-C – RHI AG Entity Claims. This Class consists of Claims of the RHI AG Entities against any of the NARCO Debtors.

Impaired; Entitled to vote on the NARCO Plan. All Claims of the RHI AG Entities against any of the NARCO Debtors will be released, discharged and cancelled on the Effective Date of the NARCO Plan pursuant to the NARCO/RHI AG Settlement Agreement attached hereto as Exhibit 5. Pursuant to the NARCO/RHI AG Settlement Agreement, the holders of these Claims will receive no Cash Distributions under the NARCO Plan in respect of such Claims. However, the holders of these Claims are receiving a release under the NARCO Plan. Under the NARCO/RHI AG Settlement Agreement, the RHI AG Entities have agreed to not object to this treatment.

NARCO Class 4 - NARCO Asbestos Trust Claims and Silica Claims

NARCO Class 4-A - NARCO Asbestos Trust Claims. This Class consists of NARCO Asbestos Trust Claims.²

Impaired; Entitled to vote on the NARCO Plan. All NARCO Asbestos Trust Claims will be resolved pursuant to the terms, provisions and procedures set forth in the NARCO Asbestos Trust Agreement and the NARCO Asbestos TDP. Under the Plan, a NARCO Asbestos Trust will be established for the purpose of liquidating unsettled asbestos claims submitted to the Trust in accordance with certain procedures described in the NARCO Asbestos Trust Agreement and the NARCO Asbestos TDP. The NARCO Asbestos TDP establishes a “scheduled value”, “maximum value” and “average value” for claims, subject to amendment of those amounts and subject to annual funding caps. The Debtors expect that holders of NARCO Asbestos Trust Claims that qualify for payment under the NARCO Asbestos TDP will be paid 100% of the value assigned to such Claims under the NARCO Asbestos TDP.

NARCO Class 4-B - NARCO Silica Claims. This Class consists of NARCO Silica Trust Claims.

Not Impaired; Deemed to have accepted the NARCO Plan. These Claims will pass through the NARCO Chapter 11 Cases unaffected.

² Please refer to Section II.B. herein for an opposing view concerning the NARCO Plan and the statements made herein.

NARCO Class 5 - NARCO Equity Interests

NARCO Class 5 - NARCO Equity Interests. This Class consists of all Equity Interests in any NARCO Debtor held by any RHI AG Entity.

Impaired; Entitled to vote on the NARCO Plan. All Equity Interests of the RHI AG Entities in any NARCO Debtor will be cancelled and terminated on the Effective Date of the NARCO Plan pursuant to the NARCO/RHI AG Settlement Agreement attached hereto as Exhibit 5. Pursuant to the NARCO/RHI AG Settlement Agreement, the holders of these Equity Interests will receive no Cash Distributions under the NARCO Plan in respect of such Equity Interests. However, the holders of these Equity Interests are receiving a release under the NARCO Plan. Under the NARCO/RHI AG Settlement Agreement, the RHI AG Entities have agreed to not object to this treatment.

The following is a summary of the classification and treatment of the Claims and Equity Interests in the GIT Debtors under the GIT Plan:

GIT UNCLASSIFIED CLAIMS

Description of Claims

GIT Administrative Expense Claims -- Ordinary Course Liabilities. Claims arising from the operation of GIT's and/or the GIT-Affiliated Debtors' businesses after the commencement of the Chapter 11 Cases. The estimated Allowed Amount of these Claims is \$43.7 million.

Treatment under the GIT Plan

Each holder of an Allowed Administrative Expense Claim for ordinary course liabilities will receive Cash equal to the unpaid portion of such Allowed Administrative Expense Claim on the later of (a) the Effective Date, and (b) such other date as is mutually agreed upon by the GIT Debtors (or Reorganized ANH) and the holder of such Claim; provided, however, that Administrative Expense Claims that represent liabilities incurred by the GIT Debtors in the ordinary course of their business during the Chapter 11 Cases will, to the extent not paid on or before the Effective Date, be paid by Reorganized ANH in the ordinary course of its business and in accordance with any terms and conditions of any agreements related thereto. The estimated percentage recovery for these Claims is 100% of the Allowed Amount. Holders of these Claims will not vote on the GIT Plan.

GIT Administrative Expense Claims – Professional Fees. Claims of Bankruptcy Professionals for fees and expenses. The estimated Allowed Amount of these Claims is \$1.3 million.

Allowed Administrative Expense Claims for fees and expenses of Bankruptcy Professionals will be paid in full in Cash in an amount equal to the unpaid portion of the Allowed Amount of such claim (i) on the Effective Date or (ii) upon such other terms as may be agreed upon by the holder of such Claim. The estimated percentage recovery for these Claims is 100% of the Allowed Amount. Holders of these Claims will not vote on the GIT Plan.

GIT Priority Claims of Governmental Units. Allowed Priority Claims of governmental units under Bankruptcy Code Section 507(a)(8). The estimated Allowed Amount of these Claims is \$1.8 million.

Each holder of a Priority Claim of governmental units under Bankruptcy Code Section 507(a)(8) not paid pursuant to an Order of the Bankruptcy Court will be paid the Allowed Amount of its Claim, at the option of Reorganized ANH either (a) in full, in Cash, on the Effective Date or as soon as practical thereafter, or (b) in deferred cash payments, over a period not exceeding six years after the date of assessment of such Claim, of a value, as of the Effective Date of the GIT Plan, equal to the Allowed Amount of such Claim. Holders of these Claims will not vote and are deemed to have accepted the GIT Plan.

GIT CLASSIFIED CLAIMS

GIT Class 1 - Secured Claims

GIT Class 1-A – Allowed Secured Claims secured by financial instruments. This Class consists of Claims secured by a letter of credit, bond, other financial instrument, or Cash. The estimated amount of these Claims is \$0.2 million.

Not Impaired; Deemed to have accepted the GIT Plan. Unless otherwise agreed by the GIT Debtors and the holder of each Claim, each Claim secured by a letter of credit, bond, other financial instrument or cash will retain its collateral subject to any rights of the GIT Debtors under any applicable agreements to seek a reduction of such collateral. Such Claims will be satisfied from the collateral or the proceeds thereof as such Claims become fixed and liquidated and payable under applicable agreements. Any excess collateral, including the proceeds of any letters of credit, bond or other financial instrument shall be returned to Reorganized GIT after the secured Claim has been paid in full.

GIT Class 1-B – Allowed Secured Claims under Capitalized Leases and Secured Financing Agreements. This Class consists of Allowed Secured Claims under Capitalized Leases and under Secured Financing Agreements other than Class 1-A. The estimated Allowed Amount of these claims is \$1.0 million.

Not Impaired; Deemed to have accepted the GIT Plan. At Reorganized ANH's option, Reorganized ANH will take the following action with respect to each holder of an Allowed Secured Claim under Capitalized Leases and under Secured Financing Agreements: (a) reinstate the debt underlying such Secured Financing Agreement or Capitalized Lease and leave the collateral for such debt in place, (b) distribute the collateral securing such Allowed Secured Claim; (c) distribute Cash in an amount equal to the proceeds actually realized from the sale, pursuant to Section 363(b) of the Bankruptcy Code, of any collateral securing such Allowed Secured Claim, less the actual costs and expenses of disposing of such collateral, or (d) effect such other treatment of such Allowed Secured Claim as may be mutually agreed upon between the holder of such Allowed Secured Claim and Reorganized ANH, on the later of (i) the Effective Date and (ii) the tenth Business Day of the first month following the month in which such Claim becomes an Allowed Secured Claim, or as soon after such dates as is practicable. Each holder of an Allowed Secured Claim in GIT Class 1-B will retain the Liens securing such Claim as of the Confirmation Date.

GIT Class 2 – [Reserved.]

GIT General Unsecured Claims (other than Asbestos and Silica Claims)

GIT Class 3-A – General Unsecured Claims. This Class consists of General Unsecured Claims. The estimated Allowed Amount of these Claims is between \$35 million and \$57 million.

Impaired; Entitled to vote on the GIT Plan. Holders of Class 3-A Claims will be paid in cash on the Effective Date an amount equal to 90% of the Allowed amount of each General Unsecured Claim so long as the total amount of General Unsecured Claims does not exceed the amount estimated by the Debtors of \$57 million. No holder of a Claim shall receive more or less than 90% of the Allowed Amount of its Claim.

GIT Class 3-B – NARCO and GIT Entity Claims. This Class consists of Claims of the NARCO Entities and GIT Entities other than the GIT Debtors against any of the GIT Debtors. The estimated Allowed Amount of these Claims is \$13.3 million.

Not Impaired; Deemed to have accepted the GIT Plan. Claims of the NARCO Entities and GIT Entities other than the GIT Debtors against any of the GIT Debtors will not be modified by the GIT Plan.

GIT Class 3-C – RHI AG Entity Claims. This Class consists of Claims of the RHI AG Entities against any of the GIT Debtors.

Impaired; Entitled to vote on the GIT Plan. All Claims of the RHI AG Entities against any of the GIT Debtors will be released, discharged and cancelled on the Effective Date of the GIT Plan pursuant to the GIT/RHI AG Settlement Agreement attached hereto as Exhibit 7. Pursuant to the GIT/RHI AG Settlement Agreement, the holders of these Claims will receive no Cash Distributions under the GIT Plan in respect of such Claims. However, the holders of these Claims are receiving a release under the GIT Plan. Under the GIT/RHI AG Settlement Agreement, the RHI AG Entities have agreed to not object to this treatment.

APG and H-W Asbestos Trust Claims

GIT Class 4-A – APG Asbestos Trust Claims. This Class consists of APG Asbestos Trust Claims.

Impaired; Entitled to vote on the GIT Plan. All APG Asbestos Trust Claims will be resolved pursuant to the terms, provisions and procedures set forth in the APG Asbestos Trust Agreement and the APG Asbestos TDP. The APG Asbestos Trust Claims will be paid a percentage (such percentage to be established pursuant to the APG Asbestos TDP) of the amount established pursuant to the APG Asbestos TDP.

GIT Class 4-B – H-W Asbestos Trust Claims. This Class consists of H-W Asbestos Trust Claims.

Not Impaired; Deemed to have accepted the GIT Plan. All H-W Asbestos Trust Claims have been channeled to the DII Asbestos Trust pursuant to the DII Plan and the GIT/DII Settlement Agreement. The GIT Plan does not change the treatment of H-W Asbestos Trust Claims under the DII Plan. The holders of H-W Asbestos Trust Claims are not entitled to vote to accept or reject the GIT Plan. For more information regarding the treatment of H-W Asbestos Trust Claims under the DII Plan please refer to the confirmation order for the DII Plan.

APG and H-W Silica Trust Claims

GIT Class 5-A – APG Silica Trust Claims. This Class consists of APG Silica Trust Claims.

Impaired; Entitled to vote on the GIT Plan. All APG Silica Trust Claims will be resolved pursuant to the terms, provisions and procedures set forth in the APG Silica Trust Agreement and the APG Silica TDP. It is estimated that APG Silica Trust Claims will be paid a percentage (such percentage to be established pursuant to the APG Silica TDP) of the amount established pursuant to the APG Silica TDP.

GIT Class 5-B – H-W Silica Trust Claims. This Class consists of H-W Silica Trust Claims.

Not Impaired; Deemed to have accepted the GIT Plan. All H-W Silica Trust Claims have been channeled to the DII Silica Trust pursuant to the DII Plan and the GIT/DII Settlement Agreement. The GIT Plan does not change the treatment of H-W Silica Trust Claims under the DII Plan. Holders of H-W Silica Trust Claims are not entitled to vote to accept or reject the GIT Plan. For more information regarding the treatment of H-W Silica Trust Claims under the DII Plan please refer to the confirmation order for the DII Plan.

GIT Class 6 – GIT Equity Interests

GIT Class 6 – GIT Equity Interests. This Class consists of all Equity Interests in any GIT Debtor held by any RHI AG Entity.

Impaired; Entitled to vote on the GIT Plan. All Equity Interests of the RHI AG Entities in any GIT Debtor will be cancelled and terminated on the Effective Date of the GIT Plan pursuant to the GIT/RHI AG Settlement Agreement attached hereto as Exhibit 7. Pursuant to the GIT/RHI AG Settlement Agreement, the holders of these Equity Interests will receive no Cash Distributions under the GIT Plan in respect of such Equity Interests. However, the holders of these Equity Interests are receiving a release under the GIT Plan. Under the GIT/RHI AG Settlement Agreement, the RHI AG Entities have agreed to not object to this treatment.

III. DESCRIPTION OF THE DEBTORS

A. HISTORICAL OVERVIEW OF NARCO AND GIT BUSINESSES

North American Refractories Company (“NARCO”), Harbison-Walker Refractories Company (“H-W”) and A.P. Green Industries, Inc. (“APG”) were historically competitors in the refractory industry. In 1997, RHI AG, an Austrian company and one of the largest refractory manufacturers in the world, began an effort to acquire and consolidate

the North American operations of refractory companies with the acquisition of NARCO. On December 31, 1999, a subsidiary of RHI AG acquired Global Industrial Technologies, Inc. (“GIT”), which owned H-W and APG along with other miscellaneous businesses and companies. RHI AG’s initial business strategy was to merge and consolidate the NARCO and GIT business operations into one company in order to gain certain efficiencies and to compliment its international operations.

RHI AG’s merger strategy was never fully implemented due to the rapidly increasing and overwhelming number of claims for personal injuries allegedly caused by exposure to certain asbestos-containing products that had previously been manufactured or marketed by a NARCO business, H-W business or APG business. Although these claims made it impractical for RHI AG to execute a merger of the businesses, certain changes were implemented in an attempt to streamline operations. Organizationally, NARCO and H-W were restructured so that NARCO and H-W could focus their sales efforts on core market segments. NARCO currently markets primarily in the steel and glass industries, and H-W markets in the environmental, energy and chemical industries (called EEC), non-ferrous metals (called IM) and cement/lime industries.

Product formulations and trade names of each of the three refractory businesses (NARCO, H-W and APG) were continued. Plants were managed as a single operation. Products were manufactured at plants as allowed by scheduling, logistics, production capabilities and plant efficiency criteria, irrespective of which Debtor owned the formulation, trade name or customer relationship. Inter-company licensing and purchase and supply agreements were formed to establish terms of inter-company purchases and sales of products. Accordingly, NARCO manufactured products for sales primarily to steel and glass customers and also purchased products from H-W and APG for sale primarily to these customers, and H-W manufactured products for sales primarily to EEC, IM and cement/lime customers and purchased products from NARCO and APG for sale primarily to these customers. APG focused on manufacturing activities and its products were sold by NARCO and H-W. Management, administrative and support services for NARCO, GIT and their respective Affiliates were provided by ANH Refractories Company (“ANH”), which was previously known as RHI Services, Inc. Pursuant to the Plans, these inter-company relationships (as modified by organizational and operational changes to increase efficiency) are expected to continue in the future. NARCO and GIT are mutually dependent upon each other for such things as production facilities, product formulations and trade names to continue to support their own sales efforts. A discontinuance of these relationships could have a negative impact on the future operations of each of these Debtors (see Risk Factors in Section IX hereof).

A number of business conditions led to the bankruptcy filing by NARCO and certain of its subsidiaries on January 4, 2002, followed by the bankruptcy filing by GIT and a number of GIT Affiliated-Debtors on or after February 14, 2002. All Debtors had filed for bankruptcy by March 19, 2002. Each of the NARCO and GIT bankruptcy cases were consolidated for administrative purposes only: North American Refractories Company, *et al.* at case no. 02-20198; and Global Industrial Technologies, Inc. *et al.* at case no. 02-21626. For a discussion of the significant factors which led to the Debtors’ bankruptcy filings please refer to “Questions and Answers About The Debtors’ Chapter 11 Cases” found on page viii of this Disclosure Statement.

B. DESCRIPTION OF ANH

ANH is a Delaware corporation that was formed in 2000 under the name RHI Services, Inc. to provide management services to the NARCO and GIT family of companies. Such services consisted of the management of human resources, legal, finance, accounting services, tax services and other support services. As part of the acquisition of GIT, administrative functions were consolidated from the former NARCO and GIT corporate offices to the Pittsburgh area headquarters to realize synergies and eliminate duplicative functions. RHI Services, Inc. changed its name in 2002 to ANH Refractories Company, and currently has its offices in Moon Township, Pennsylvania.

C. DESCRIPTION OF NARCO AND NARCO-AFFILIATED DEBTORS

1. North American Refractories Company

a. History and Business³

NARCO is an Ohio corporation that manufactures and sells refractory products, which are construction-type materials designed for high temperature applications, such as furnace linings or vessels for handling and controlling the flow of molten metals. NARCO's products consist of three categories: bricks, castables (such as dry concrete) and gunning mixes (such as high heat resistant coating or caulk). NARCO was incorporated in 1928 in Delaware. In 1968, NARCO merged with Eltra Corporation. Allied Chemical Corporation, a predecessor to Honeywell International Inc. ("Honeywell"), acquired Eltra Corporation in 1979. In early 1986, Allied Chemical sold the NARCO business to the then NARCO entity. In 1991, that NARCO entity merged with Didier-Taylor Refractories Corporation, and the merged entity changed its name to North American Refractories Company, the Debtor.

Through a series of subsequent transactions, NARCO became, and on the Filing Date was, an indirect wholly-owned Subsidiary of RHI AG. NARCO's current operations focus on servicing the steel and glass industries. NARCO owns two principal manufacturing facilities located in White Cloud, Michigan and South Shore, Kentucky. NARCO has smaller facilities located in Gary, Indiana and West Mifflin, Pennsylvania. NARCO historically had operated a number of additional plants. However, as part of the overall effort to consolidate business operations and to increase operating efficiencies, the company has recently closed a number of its facilities. Pursuant to certain contractual arrangements, some of NARCO's products are manufactured by H-W and APG and by manufacturers located in Canada and Mexico that are non-US Affiliates of RHI Refractories Holding Company ("Holdings").

NARCO is the parent of three Affiliated Debtors: Tri-Star, InterTec and I-Tec, which are described in more detail below. NARCO also currently is the parent of Zircoa, Inc. ("Zircoa"), which is engaged in the manufacture and sale of granular products, engineered ceramics and specialty refractories, such as nozzles for continuous casting. Zircoa did not file a petition for relief under Chapter 11 and continues to operate without Bankruptcy Court protection.

³ Please refer to Section II.B. herein for an opposing view concerning the NARCO Plan and the statements made herein.

NARCO currently markets refractory products. Customers are provided technological expertise regarding the application and installation of the refractory products sold by sales personnel. The products are used for maintenance at steel mills and glass plants, and to a lesser extent, new construction at steel and glass production facilities. Five customers each represent greater than 5% of NARCO sales and collectively represent 49% of NARCO sales. A smaller portion of sales are through distributors, distribution centers, H-W and RHI Canada. The viability of the NARCO business plan is dependent upon, among other things, the viability of its large steel and glass producer customers and the strength of the steel and glass manufacturing industries in the United States.

Approximately 36% of NARCO's costs of goods sold are from products that NARCO manufactures in its own manufacturing plants, 51% of its costs of good sold are from products that are manufactured at plants owned by H-W and APG and sold to NARCO and 13% of its costs of goods sold are from resale products primarily purchased from plants owned by RHI Canada or other subsidiaries of RHI AG and sold to NARCO pursuant to product purchase and sales agreements with RHI AG and its subsidiaries. Raw materials represent 79% of the total costs of products that NARCO manufactures in its own plants. Nearly 48% of these raw materials are purchased from five critical non-Affiliated vendors.

NARCO operates two significant plants and two smaller facilities. Recent capital expenditures for NARCO have been minimal (\$8.3 million in 2001, 2002, 2003, 2004 and 2005 combined) as NARCO faced significant liquidity issues. NARCO plans to incur \$2.8 million of capital expenditures in 2006 to catch up certain of the delays in spending for replacement for equipment. After these catch-up expenditures for equipment in 2006, the annual cost of capital improvements for the NARCO plants is expected to be approximately \$2.7 million to \$7.5 million.

b. History and Business of NARCO-Affiliated Debtors

Tri-Star, InterTec and I-Tec (whose full names are listed at page 1 hereof) are subsidiaries of NARCO and collectively served various functions in NARCO's business.

Tri-Star is a Delaware corporation that was initially formed to manufacture alumina graphite tubes. NARCO owns a 94.14% interest in Tri-Star. Krosaki Harima Corporation owns a 5.86% minority interest in Tri-Star. Tri-Star utilized one plant which it leased from NARCO. NARCO operated that plant under a management agreement utilizing NARCO's employees. Due to the decline in the steel industry in recent years and an inability to achieve sufficient sales volume, NARCO decided to exit the "flow control" business. NARCO was unable to sell the plant and decided to close the plant and liquidate the Tri-Star business. That process was ultimately completed in June of 2002.

InterTec is a Delaware general partnership that was formed to serve as the sales entity for slide-gate related technology and products. Like Tri-Star, InterTec failed to achieve profitability and its operations were terminated by May 31, 2001. I-Tec owns a 75% general partnership interest in InterTec and NARCO owns a 25% general partnership interest in InterTec.

I-Tec is an Ohio corporation and a wholly-owned Subsidiary of NARCO. I-Tec serves as a holding company for InterTec.

c. NARCO Business Assets

The business assets of NARCO include four active refractory products manufacturing facilities, and related accounts receivable, inventory, brand names and intellectual property used in the manufacture, distribution and sale of refractory products to the steel and glass industries and cash accounts at banks.

The primary active manufacturing facilities of NARCO are located in White Cloud, Michigan and South Shore, Kentucky. In addition, NARCO operates two other facilities in Gary, Indiana and West Mifflin, Pennsylvania. NARCO also owns one idled manufacturing facility located in Farber, Missouri. Most of the manufacturing equipment used in the operation of the idled facilities has been sold or transferred to NARCO's active facilities. NARCO also leases one United States sales office.

NARCO's intangible assets include intellectual property, patents, registered and unregistered trademarks and trade secrets related to the refractory products manufactured and/or licensed by NARCO.

NARCO also owns interests in two inactive non-debtor entities: NAR Export Sales, Ltd. and Brickyard Development Partners L.P., which have no significant assets or liabilities. Following the Effective Date of the NARCO Plan, these entities will be liquidated. Other assets of NARCO include its ownership of Zircoa, Inc. Zircoa's operations were described in Section III. C. 1. a. above.

d. NARCO Employees and Employee Benefits

NARCO has 402 employees, of which 121 are employed through two collective bargaining agreements with the USWA union. The collective bargaining agreements are negotiated plant-by-plant and generally have terms of three to five years. One of the collective bargaining agreements will expire in December 2006 and the other will expire in March 2007.

NARCO had ten separate defined benefit pension plans which were merged into two pension plans on December 31, 2001 – the NARCO Pension Plan for Hourly Employees and the NARCO Salaried Employees Pension Plan. As of December 31, 2004, the NARCO Pension Plan for Hourly Employees had 1,521 participants (277 of which are active employees) and the NARCO Salaried Employees Pension Plan had 923 participants (231 of which are active employees). All minimum periodic funding requirements of the NARCO pension plans have been made to date. However, due to declines in the values of the plan assets in 2000 through 2002 and increases in projected pension obligations as the number of plan participants entitled to benefits increased and decreases in discount rates used to compute the projected benefit obligation, the projected benefit obligations of the pension plans grew in excess of plan assets. Therefore, the pension plans became underfunded.

The NARCO Plan contemplates that NARCO and the NARCO-Affiliated Debtors will continue payments to the above-described pension plans in accordance with the minimum funding obligations established pursuant to ERISA. The underfunded liability (projected benefit obligations less fair value of assets) under the NARCO pension plans as of January 1, 2006 is projected to be \$29.9 million. The projected minimum annual funding obligations for 2006 through 2011 is \$4.3 million, \$8.5 million, \$5.9 million, \$5.0 million, \$3.3 million and \$1.5 million, respectively. Should NARCO fail to make the minimum funding contributions described in the preceding sentence, or should GIT, H-W and

APG fail to make their minimum funding contributions (as described in sections relating to those entities), the Pension Benefit Guaranty Corporation (“PBGC”), which guarantees private pension plans pursuant to Title IV of ERISA, can move to terminate the pension plans. Should such a termination occur, NARCO, GIT, H-W, APG and others will be jointly and severally liable for the obligations to each of the underfunded, terminated pension plans.

e. NARCO Asbestos Matters

Before approximately 1958, no NARCO Product Line product contained asbestos. Beginning in 1958, certain products had comparatively small amounts of asbestos added to them. No NARCO Product Line product contained more than 9% by volume asbestos and most contained 3% by volume or less asbestos. Additionally, in the 1960’s and early 1970’s, the NARCO Product Line included two asbestos-containing products, Stazon and Unicot, which were relabeled Eagle-Picher products. No NARCO Product Line product contained asbestos as an intended ingredient after 1980. Attached hereto as Exhibit 16 is a complete list of all current NARCO Product Line products, and a list of all NARCO Product Line products that contained asbestos or vermiculite that may have been contaminated with asbestos.

The first asbestos personal injury suit arising out of the NARCO Product Line was filed in 1983. From 1983 through 1997, the number of asbestos claims against NARCO grew steadily, but in 1998, the number of asbestos claims asserted against NARCO began to explode. A consequent escalation in the litigation and settlement costs for these claims also began in 1998, primarily driven by large average cost increases in specific jurisdictions (e.g., Texas and Illinois). Total costs for defense and resolution of asbestos claims amounted to \$15 million in 1998, \$40 million on 1999, \$100 million in 2000, and \$175 million in 2001.

From 1983 through 2001, approximately 290,000 plaintiffs filed asbestos claims arising out of the NARCO Product Line. Of those claims, approximately 75,000 were dismissed, voluntarily or on the merits. Another approximately 100,000 claims were resolved through settlement. However, as of the Petition Date, more than 115,000 asbestos plaintiffs’ claims were pending nationwide. Although the automatic stay and the Bankruptcy Court’s January 4, 2002 injunctive order, as modified, have prevented the litigation of additional claims, NARCO believes that a significant number of additional claims have accrued or been discovered since that time. Based upon claims filed against other asbestos-related defendants, published reports, representations by plaintiffs’ counsel and its own experience, NARCO believes that there may be as many as 250,000 or more existing Asbestos Claims.

NARCO has also been sued for common law and/or contractual indemnity, contribution and subrogation by persons who have been alleged to be liable for asbestos claims (hereinafter defined as “Indirect Asbestos Trust Claims”) which may be disallowed pursuant to Section 502(e) of the Bankruptcy Code. NARCO intends to file objections to all such claims on this basis. All NARCO Asbestos Trust Claims and any allowed Indirect Asbestos Trust Claims will be channeled to the NARCO Asbestos Trust under the NARCO Plan.

- f. **Honeywell Relationship**
- i. **NARCO/Honeywell Purchase Agreement⁴**

The January 17, 1986 Purchase Agreement, through which the managers of the unincorporated NARCO division of Allied Chemical Corporation (“Allied Chemical”) acquired the NARCO Product Line, contained mutual indemnity obligations running between NARCO and Allied Chemical (now Honeywell). Specifically, NARCO assumed (and agreed to indemnify Allied Chemical/Honeywell for) all of the NARCO Product Line’s product liabilities, except those liabilities that arose from “Discontinued Products.” Allied Chemical/Honeywell retained (and agreed to indemnify NARCO for) liability for defending and resolving claims arising from “Discontinued Products.” The term “Discontinued Products” was defined in the January 17, 1986 Purchase Agreement as products not substantially similar to products manufactured, distributed or sold by NARCO after January 17, 1986. A list of products that the parties believed to be “Discontinued Products” was attached to the January 17, 1986 Purchase Agreement as Exhibit KKK, a copy of which is attached hereto as Exhibit 17.

Almost immediately after the 1986 NARCO-Allied Chemical transaction was consummated, the parties disagreed upon the scope of their respective indemnity obligations. More specifically, the parties disagreed on which products (including products that formerly contained asbestos), were “Discontinued Products” within the meaning of the Purchase Agreement, as well as over which of them was responsible for the costs associated with litigating and resolving cases in which it was not possible to determine the precise NARCO product to which the claimant alleged exposure. To avoid litigation and to address the growing asbestos litigation crisis, Honeywell and NARCO entered into a series of interim cost-sharing arrangements, lasting from 1991 through approximately 2000. The explosion in the number and costs of NARCO Asbestos Trust Claims in the late 1990s made these interim arrangements impossible to continue. NARCO’s potential exposure to asbestos liabilities was one of the principal reasons for its Chapter 11 filing.

Both NARCO and Honeywell agree that it is impossible, as a practical matter, to determine which of them is responsible for the existing NARCO Asbestos Trust Claims and for any such future claims. To determine, as between them, who is responsible for a given claim requires answers to two questions: (1) What specific product (including the date and place of manufacture) does the claimant contend he or she was exposed to? (2) Is that product a “Discontinued Product”? Because asbestos claimants rarely, if ever, identify the NARCO product at issue with any specificity, the parties can almost never start the analysis. Moreover, determining which of the NARCO Product Line’s 1,800 products is or is not a “Discontinued Product” would be a laborious, time-intensive and extremely contentious effort.

⁴ Please refer to Section II.B. herein for an opposing view concerning the NARCO Plan and the statements made herein.

ii. NARCO/Honeywell Pre-Filing Agreements

On January 3, 2002, NARCO entered into a letter agreement with Honeywell (the “NARCO DIP Letter Agreement”) which provided, *inter alia*, that NARCO would file a petition for relief under Chapter 11 of the Bankruptcy Code, and seek an injunction under Sections 362 and 105 of the Bankruptcy Code to stay litigation against Honeywell arising out of the NARCO business. NARCO and Honeywell agreed to participate in the negotiation and funding of a plan of reorganization that provided Honeywell and its insurers with a channeling injunction under Section 524(g) of the Bankruptcy Code with respect to all asbestos-related NARCO Actions and Honeywell Actions, as defined in the NARCO DIP Letter Agreement. Subject to certain conditions, Honeywell agreed to provide \$20 million of debtor-in-possession financing to NARCO. Upon confirmation and substantial consummation of a plan acceptable to Honeywell in its sole discretion, NARCO’s obligations under the debtor-in-possession financing were to be cancelled and forgiven. Pursuant to such NARCO DIP Letter Agreement, a Debtor-In-Possession Credit Agreement dated as of January 4, 2002, was entered into among NARCO, as borrower, Jan 2002 Funding LLC (an affiliate of Honeywell), as lender, and JPMorgan Chase Bank, as Administrative Agent, to provide such debtor-in-possession financing.

On January 3, 2002, RHI Refractories Holding Company (“Holdings”), the parent corporation of GIT, NARCO and ANH, entered into a letter agreement with Honeywell (the “Holdings-Honeywell Letter Agreement”) which provided that if NARCO would file a petition for relief under Chapter 11 of the Bankruptcy Code, Honeywell would pay to Holdings the sum of \$40 million. In addition, if NARCO complied with its obligations under the NARCO DIP Letter Agreement and sought the injunctions discussed therein, and cooperated with Honeywell in removing certain litigation to the federal courts, then Honeywell agreed upon (1) NARCO’s filing of a plan of reorganization that is acceptable to Honeywell in its sole discretion, to pay Holdings \$20 million and (2) confirmation and consummation of a plan that is acceptable to Honeywell in its sole discretion, to pay Holdings the additional sum of \$40 million.

iii. NARCO/Honeywell Settlement Agreement

As a result of NARCO’s indemnity obligations under the 1986 Purchase Agreement, Honeywell has asserted a substantial unsecured claim against NARCO in an unspecified amount. This claim is dealt with in the NARCO/Honeywell Settlement Agreement, which requires it to be withdrawn on the Effective Date of the NARCO Plan. To resolve this claim, to settle Honeywell’s future contractual indemnity claims against NARCO, as they arise from NARCO Asbestos Trust Claims, and to resolve all other outstanding issues among them, the NARCO Debtors and Honeywell have entered into the NARCO/Honeywell Settlement Agreement.

Pursuant to the NARCO/Honeywell Settlement Agreement, Honeywell has agreed to fund the NARCO Asbestos Trust, as reflected in the NARCO Asbestos Trust Agreement, in exchange for a § 524(g)(4) and/or § 105(a) injunction, channeling all asbestos personal injury and indirect asbestos claims arising in any way out of the NARCO Product Line to the NARCO Asbestos Trust. The NARCO Plan provides for a Section 524 (g) (4) injunction in Honeywell’s favor. The NARCO/Honeywell Settlement Agreement also results in an amendment to the indemnity provisions contained in the 1986 Purchase Agreement by placing a cap on NARCO’s future payments to Honeywell under such indemnity for claims for personal injury based upon the claimant’s alleged exposure to silica from the NARCO Product Line products. Under the NARCO/Honeywell Settlement Agreement, NARCO and Honeywell have agreed that

the cap on the indemnity for such silica claims will be set at the higher of \$3 million per year or 40% of Reorganized ANH's Free Cash Flow (as defined in the NARCO/Honeywell Settlement Agreement) for the preceding fiscal year. The cap includes all payments to Honeywell for costs and expenses related to the defense or indemnity of such silica claims. The NARCO/Honeywell Settlement Agreement provides that NARCO will draw down all amounts available under the NARCO DIP Facility and then for the forgiveness by Honeywell of all amounts outstanding under the NARCO DIP Facility. In the past, NARCO had asserted rights under certain primary and excess liability insurance policies that form a part of Honeywell's liability insurance program. Under the NARCO/Honeywell Settlement Agreement, NARCO has agreed to waive its rights to these insurance policies. A copy of the NARCO/Honeywell Settlement Agreement is attached as Exhibit 4 to this Disclosure Statement.

iv. Honeywell Post-Petition Settlement Agreements

After NARCO commenced its Chapter 11 case, Honeywell engaged in negotiations with various counsel for a significant number of existing and later identified holders of NARCO Asbestos Trust Claims. As a result of those negotiations, Honeywell entered into definitive agreements covering approximately 257,000 such claimants. In Honeywell's 2004 Annual Report, Honeywell estimated that it had entered into settlement agreements covering 90% of the NARCO Asbestos Trust Claims as of the date of that Report. The actual number of accrued Claims is unknown.

g. NARCO/RHI AG Settlement Agreement

The NARCO Debtors and RHI AG Parties (as defined in the NARCO/RHI AG Settlement Agreement) entered into the NARCO/RHI AG Settlement Agreement to resolve all outstanding issues among them. A copy of the NARCO/RHI AG Settlement Agreement, which is incorporated by reference in its entirety, is attached as Exhibit 5 to this Disclosure Statement. The NARCO/RHI AG Settlement Agreement provides, among other things, as follows:

- (i) No Objection to NARCO Plan. The RHI AG Parties agree not to object to the NARCO Plan so long as the NARCO Plan is consistent with the NARCO/RHI AG Entity Settlement Agreement.
- (ii) Waiver of Claims Against NARCO Debtors. The RHI AG Parties agree to waive approximately \$53.8 million in claims currently scheduled as undisputed, liquidated and noncontingent claims by the NARCO Debtors.
- (iii) Cancellation of Equity Interests. Holdings agrees not to object to the cancellation of the Equity Interests in the NARCO Debtors upon the Effective Date.
- (iv) Letters of Credit. RHI AG agrees to waive any claims against the NARCO Debtors arising from the reimbursement to the issuers of certain letters of credit supporting insurance policies of the NARCO Debtors in the face amount of approximately \$9.37 million.
- (v) FTC Civil Penalty. RHI AG agrees to pay an aggregate amount of approximately \$500,000 in connection with certain civil penalties imposed by the Federal Trade Commission on RHI AG, NARCO and certain affiliates of NARCO.

- (vi) Channeling Injunctions in Favor of RHI AG Entities. The RHI AG Entities are to receive the benefit of the permanent channeling injunctions to be issued by the Bankruptcy Court in NARCO Plan under Section 524(g) and/or other sections of the Bankruptcy Code, to the extent such claims derive through any of the NARCO Debtors.
- (vii) National Union Guaranty. Reorganized NARCO agrees to indemnify RHI AG in connection with a guaranty issued by RHI AG to National Union Fire Insurance Company of Pittsburgh, PA as set forth in Section 4.4 of the NARCO/RHI AG Entity Settlement Agreement.
- (viii) Tax Sharing. RHI AG and its affiliates may use certain tax benefits of the NARCO Debtors prior to the Effective Date of the NARCO Plan.
- (ix) Operating Agreements. The NARCO Debtors agree to assume and amend existing operating commercial agreements upon the Effective Date of the NARCO Plan.
- (x) Mutual Releases. The Parties will release each other from any and all claims existing as of the date of the NARCO/RHI AG Entity Settlement Agreement and the later consequences thereof, including the release of claims of or behalf of the NARCO Debtors under Sections 502, 506, 544, 547, 548, 549, 550, and 553 of the Bankruptcy Code, except for (i) any claims arising after the Petition Date consisting of ordinary-course trade receivables, arising under ordinary-course contracts, or otherwise arising in the ordinary course of the business of the RHI AG Entities and the NARCO Debtors and (ii) any rights or obligations under the NARCO/RHI AG Entity Settlement Agreement and/or NARCO Plan.

The NARCO Debtors believe that the NARCO/RHI AG Entity Settlement Agreement resolves substantial impediments to the emergence of the NARCO Debtors from bankruptcy. In particular, among other things, the NARCO/RHI AG Entity Settlement Agreement, in conjunction with the GIT/RHI AG Entity Settlement Agreement, resolves significant disputes relating to hundreds of millions of dollars in scheduled claims against the Debtors, as well as claims against the Debtors relating to certain letters of credit and a civil penalty imposed by the Federal Trade Commission. In addition, the NARCO/RHI AG Entity Settlement Agreement provides for an ongoing business relationship between the RHI AG Parties and the NARCO Debtors, a necessary part of the NARCO Debtors' business plan and their emergence from bankruptcy.

Litigation over any one of these issues would be costly and protracted, would likely delay confirmation and distributions to creditors, and would pose risks to the estates in the event that unfavorable results are reached. In particular, an unfavorable result in any litigation concerning the validity and treatment of the RHI AG Entities' claims against the NARCO Debtors would cause a substantial reduction in funds available for distribution to other general unsecured creditors.

D. DESCRIPTION OF GIT AND GIT-AFFILIATED DEBTORS

1. Global Industrial Technologies, Inc.

a. History and Business

In 1992 DII Industries, LLC (“DII”) spun-off to its shareholders several businesses and operations, including its Harbison-Walker Refractories Division. In order to accomplish that transaction, DII placed the business units to be spun-off into Dresser Finance Corporation, a wholly-owned Subsidiary of DII. DII later changed the name of Dresser Finance Corporation to Indresco, Inc. and spun-off Indresco, Inc. to the DII shareholders.

In November of 1995, GIT was formed as a publicly traded holding company for Indresco, Inc. and its subsidiaries. Between 1995 and 1998, through a series of acquisitions and divestitures, GIT pursued a strategy of growing and developing its perceived core refractory business while disposing of non-core businesses. GIT’s most significant acquisition was of APG in 1998. GIT was acquired by a subsidiary of RHI AG, in 1999, as part of RHI AG’s strategy of consolidating the North American refractory industry. GIT’s principal business is acting as a holding company for Harbison-Walker Refractories Company (“H-W”) and A.P. Green Industries, Inc. (“APG”). Because of its prior ownership of various entities, GIT has approximately 306 active employees and 2,600 retirees in a pension plan that is projected to be underfunded by approximately \$16 million at January 1, 2006. Projected minimum annual funding obligations for 2006 through 2011 is \$6.6 million, \$9.6 million, \$6.7 million, \$5.7 million, \$4.9 million and \$1.7 million, respectively.

In contemplation of its Plan of Reorganization, the GIT Debtors entered into a Settlement Agreement with RHI AG, their ultimate parent, to resolve claims of RHI AG and its affiliates and to cancel Holding’s Equity Interest in GIT. A description of the GIT/RHI AG Settlement Agreement can be found in Section III.D.3.h hereof.

Set forth below is a description of H-W and APG and their respective assets, liabilities and other business matters.

2. Harbison-Walker Refractories Company

a. History and Business of H-W

The refractory products business of H-W originated with the formation of the Star Fire Brick Company in 1865 in Pittsburgh, Pennsylvania. In 1967, the company was merged into DII and operated as a division of DII until 1992. On July 31, 1992, the assets of the H-W division of DII, along with assets of certain other DII businesses, were spun-off into Indresco, Inc. In October of 1995, Indresco, Inc. reorganized with the H-W business assets remaining in Indresco, Inc. The name was then changed to Harbison-Walker Refractories Company. H-W is a Delaware corporation and is a wholly-owned Subsidiary of GIT.

H-W manufactures and sells refractory products and construction-type materials designed to sustain various high heat processing applications. Core industrial uses of the refractory products include the lining of boilers and furnaces of all types, including reactors and kilns. During the 1990s, H-W’s business strategy expanded into markets and geographic areas serving the steel, chemical, energy, environmental, glass, cement/lime and non-ferrous metals industries.

Following the acquisition of APG in 1998 by GIT (as described below), the operations of APG and H-W were reorganized to take advantage of brand names, selling capabilities and market penetration. As a result of this reorganization, APG became a manufacturer of refractory-related products that were marketed exclusively by H-W's sales force.

With the acquisition of GIT by RHI AG in December of 1999, the market focus for H-W was changed to avoid duplication of marketing efforts by NARCO and H-W. NARCO currently concentrates on servicing the steel and glass industries while H-W focuses on the environmental, energy and chemical industries (called EEC), non-ferrous metals industry (called IM), and the cement/lime markets. In addition, H-W continues to manufacture steel-related products for the benefit of NARCO as required under supply or manufacturing contracts between NARCO and H-W.

The manufacturing plants of NARCO, H-W and APG are not differentiated by markets served, but rather are managed as a single operation. Products are manufactured at plants as allowed by scheduling, logistics, and production capabilities, irrespective of which Debtor owns the formulation, trade name or customer relationship. H-W manufactures products for NARCO and RHI Canada, and to a lesser extent, NARCO, APG and RHI Canada manufacture products for H-W, all pursuant to inter-company licensing and purchase and supply agreements. NARCO, H-W and APG are dependent upon each other for such things as production facilities, product formulations and trade names to continue to support their own future sales and business plans. A discontinuance of these relationships could have a negative impact on the future operations of each of these Debtors (see Risk Factors in Section IX hereof).

As part of RHI AG's business strategy to consolidate operations, management and administrative services for NARCO, H-W and APG were transferred to RHI Services, Inc., now known as ANH Refractories Company, which provided such services under a management contract.

H-W is one of the largest refractory product suppliers in the particular markets that it serves. H-W competes with other large refractory product suppliers in the United States and small businesses that operate with very low overhead developing particular niche products. The customers of H-W include privately-owned contractor/installers that serve the EEC and IM industries. These customers are served both directly from the plants and through a network of approximately 25 distribution centers located throughout the United States. H-W also sells directly to several large cement/lime, aluminum, copper and other non-ferrous metal foundry producers.

The customers of H-W are more numerous than NARCO's consisting of large, mid-size and small accounts, consistent with the breadth and depth of the markets served by H-W.

Approximately 44% of H-W's costs of goods sold is from products that H-W manufactures in its own manufacturing plants and 38% is from products that are manufactured at plants owned by NARCO and APG. Approximately 18% of H-W's cost of goods sold is from resale products that are primarily purchased from plants owned by RHI Canada or RHI AG and its non-US Affiliates and sold to H-W pursuant to product purchase and sales agreements or arrangements with RHI AG and its subsidiaries. Raw materials represent approximately 67% of the total cost of products that H-W manufactures in its own manufacturing plants. Nearly 65% of the raw materials purchased is from five critical, non-Affiliated vendors.

H-W has 588 employees, of which 351 are employed through four collective bargaining agreements with the USWA union. The collective bargaining agreements are negotiated plant by plant and generally have terms of three to five years. One of the collective bargaining agreements will expire in 2005, and one will expire in 2007 and one in 2008.

H-W operates three significant plants and one raw materials production facility. Capital expenditures at the production facilities was \$6.2 million from 2002 to 2005. H-W plans to incur \$2.0 million of capital expenditures in 2005. The annual cost of capital improvements for the H-W plants in the future is expected to be approximately \$0.5 million to \$4.8 million.

As described more fully below, H-W has been named as a defendant in numerous asbestos cases. During 2000, the number of asbestos cases and related settlement amounts increased dramatically. Furthermore, as the asbestos litigation crisis heightened, H-W witnessed an increase in the number of its insurers that became insolvent, and H-W also became involved in a growing number of insurance coverage disputes regarding its asbestos cases. These trends, along with the time lag insurance companies generally employed in paying asbestos claims settled by H-W, placed tremendous cash flow pressure on H-W's operations. These pressures were further exacerbated by RHI AG's inability in late 2001 to continue to provide working capital financing to H-W. These events culminated in H-W, and certain of its affiliates, filing for bankruptcy protection on February 14, 2002.

b. H-W Business Assets

The business assets of H-W include three active primary refractory products manufacturing facilities and a refractory raw materials production facility. H-W also owns the related accounts receivable, inventory, brand names and intellectual property used in the manufacture, distribution and sales of refractory products to the chemical, energy, environmental, non-ferrous metals and cement/lime markets.

The active manufacturing facilities of H-W are located in Fairfield, Alabama; Windham, Ohio; and Vandalia, Missouri. The refractory raw materials production facility is located in Fulton, Missouri. It consists of excavating equipment and vehicles along with the related mining rights and rights of way.

H-W also owns idled manufacturing facilities located in Ludington, Michigan. Excess manufacturing equipment at the idled facilities have been sold or transferred to active facilities. H-W leases and operates approximately 25 distribution centers through-out the United States.

H-W's accounts receivable consist of amounts due from customers from the sale of refractory products in the ordinary course of business. From the Petition Date to August 2002, H-W paid the trade vendors of APG and established an inter-company receivable from APG. Starting in August 2002, APG maintained its own checking account and is currently paying its third-party vendors.

H-W owns Indresco Jeffrey Industria E Comercio Ltda. ("Jeffrey"), a Brazilian corporation that has no current operations and is of no significant value.

c. H-W Employees and Employee Benefits

Pension Plans. H-W had eight separate defined benefit pension plans, which were merged into a single pension plan with two other pension plans of TMPSC on December 31, 2001 – the Harbison Walker Pension Plan for Hourly Employees. At January 1, 2005, the H-W Pension Plan for Hourly Employees had 2,313 participants (453 of which are active employees). All minimum periodic funding requirements of the H-W pension plan have been made to date. However, due to declines in the values of plan assets in 2000 through 2004 and increases in projected pension obligations as the number of plan participants entitled to benefits increased and decreases in the discount rate used to compute projected benefit obligations, the projected benefit obligations of the pension plan grew in excess of plan assets. Therefore, the pension plans became underfunded.

The GIT Plan contemplates that H-W will continue payments to the above-described pension plan in accordance with the minimum funding obligations established pursuant to ERISA. The underfunded liability (projected benefit obligation in excess of the fair value of plan assets) under the H-W pension plan at January 1, 2006 is projected to be \$20 million. The projected minimum funding obligations for 2006 through 2011 is \$4.8 million, \$5.4 million, \$4.2 million, \$3.4 million, \$2.6 million and \$0.8 million, respectively. Should H-W fail to make the minimum funding contributions described in the preceding sentence, or should NARCO, GIT and APG fail to make their minimum funding contributions (as described in sections relating to those entities), the PBGC, which guarantees private pension plans pursuant to Title IV of ERISA, can move to terminate the pension plans. Should such a termination occur, NARCO, GIT, H-W and APG will be jointly and severally liable for the obligations to each of the underfunded, terminated pension plans.

Welfare Benefit Plans Other Than Pension Plans. H-W and the H-W Affiliated Debtors are plan sponsors under a number of welfare and benefit plans for existing employees and retirees. Several of those plans provide for post-employment health and life insurance benefits. The GIT Plan contemplates that these obligations of H-W and the H-W Affiliated Debtors under the welfare and benefit plans will be continued. Reorganized GIT will retain the right to amend, modify or terminate the retiree health and life insurance plans, in accordance with law and the governing documents, following the confirmation of the GIT Plan.

d. H-W Asbestos and Silica Matters

Historically, H-W and its predecessors manufactured and sold refractory products used in lining boilers and furnaces of all types, as well as other construction materials designed to sustain high-heat processing applications. Before the 1980's, several of these refractory products contained asbestos. H-W also relabeled and sold two asbestos-containing products, H-W Mineral Fiber Coating and H-W Roll Board, both of which products were manufactured by others. As a result of its manufacture and sale of asbestos-containing products, H-W has been a named defendant in asbestos-related personal injury lawsuits by over 348,000 plaintiffs in the tort system.

As of December 31, 2001, approximately 160,000 asbestos plaintiffs' claims had been resolved at a cost of approximately \$241 million; approximately 94,000 of these claims were settled and paid, and approximately 65,000 of these claims were dismissed without payment for lack of evidence of any actual exposure to an H-W product. An additional 54,000 cases are subject to unpaid settlement agreements. As of December 31, 2001, H-W still faced

approximately 190,000 pending asbestos claims (which include the 54,000 settled but unpaid claims). Approximately 72,000 of those claims were served on defendants in 2001.

In 1997, the total cost to address H-W related asbestos claims, including settlements, judgments and defense costs was less than \$20 million. However, by 1999, the number of asbestos cases and the size of settlement demands in such cases had increased dramatically. The total cost incurred in calendar year 2001 to defend and resolve asbestos-related claims exceeded \$200 million, including provisional settlements reached but not paid.

Based upon available information, H-W believes that the number of asbestos claims it would face in the future will at least equal, and possibly exceed, the number of asbestos claims that had been asserted against it prior to its Petition Date. As described further in Section III.D.2.f, however, all current and future asbestos-related personal injury claims against H-W shall be treated under the provisions of the DII Plan.

Several of H-W's co-defendants in asbestos personal injury suits have filed Claims against H-W in its Chapter 11 case. H-W has filed objections seeking to have such Claims disallowed pursuant to Section 502(e) of the Bankruptcy Code. To the extent such Claims are not disallowed, they have been channeled to the DII Asbestos Trust.

In addition to these asbestos matters, H-W has been involved in personal injury litigation related to plaintiffs' alleged exposure to silica from the use of H-W products for several years. Plaintiffs generally have raised silica claims in one of three contexts: first, in "silica-only" cases, in which the plaintiff's only claim is that he was exposed to a H-W silica-containing product and thereby developed a silica-related disease; second, in "mixed dust" cases, in which the plaintiff claims that while working with or near a H-W product, he was exposed to dust from that product that contained indistinguishable portions of silica and asbestos, and thereby developed a mixed-dust pneumoconiosis or malignancy; and third, in asbestos-related injury cases in which the plaintiff indicates (often during discovery, rather than in a pleading) that in addition to his exposure to asbestos from a H-W product, he also was exposed to, and injured by, silica contained in the H-W product.

Prior to its Petition Date, H-W was named as a defendant in at least 370 "silica-only" cases in various jurisdictions around the country, including New Jersey, West Virginia, Ohio, Pennsylvania, Michigan, and Texas, where the large majority of these cases were filed. Generally, settlements in these cases ranged from \$500 to \$10,000, depending in some part on the jurisdiction in which the case was filed; the highest single settlement entered into by H-W was \$225,000, for a case filed in Texas that settled in August 2000. H-W's records indicate that it has incurred over \$1.3 million in settlement costs related to these cases. In cases in which plaintiffs asserted asbestos-related injuries and subsequently suggested the possibility of separate silica-related injuries, H-W generally has settled the asbestos-related injury claims and obtained releases for all other PI Trust Claims—including silica-related injury claims—from the plaintiffs.

As of its Petition Date, approximately 75 "silica-only" claims were pending against H-W in various jurisdictions. Based upon available information, H-W believes that the number of "silica-only" claims it could face in the future may increase significantly. As described further in Section III.D.2.f, however, all current and future silica-related personal injury claims against H-W shall be treated under the provisions of the DII Plan.

e. H-W Insurance Assets

H-W was insured under certain primary, umbrella and excess liability insurance policies issued to H-W between 1963 and 1967, and issued to DII between 1967 and 1984, which provide coverage for, among other things, asbestos- and silica-related personal injury liabilities (referred to herein as the “H-W Shared Insurance Assets”). As part of the GIT/DII Settlement Agreement, H-W released its rights with respect to the H-W Shared Insurance Assets.

The collective unexhausted product limits of the H-W Shared Insurance Assets are approximately \$2.1 billion. Of this pre-petition amount, about \$1.2 billion is subject to coverage-in-place agreements entered into by H-W, DII and certain insurers, wherein the signatory insurers agreed not to contest coverage issues with H-W or DII. Nevertheless, various insurers have raised issues regarding the coverage of H-W under certain of the H-W Shared Insurance Assets, and DII also has made competing claims to the H-W Shared Insurance Assets.

Under the GIT/DII Settlement Agreement, H-W released and/or assigned to DII its interests under the H-W Shared Insurance Assets and the related coverage-in-place agreements upon the effective date of the DII Plan, and in consideration for (among other things) the satisfaction of the following conditions:

- Inclusion of HW and the H-W Protected Parties (as defined in the GIT/DII Settlement Agreement) as beneficiaries of the channeling injunctions, for asbestos- and silica-related personal injury claims issued in the DII Chapter 11 Case; and
- Indemnification by the DII Asbestos Trust and the DII Silica Trust, respectively, for any H-W Asbestos Trust Claim or H-W Silica Trust Claim asserted against any of the H-W Entities (as defined in the GIT/DII Settlement Agreement).

DII filed a prepackaged Plan of Reorganization on December 16, 2003, captioned as In re Mid-Valley Inc., et al., 03-35592 (Bankr. W.D. Pa.) which was confirmed by an Order of the Bankruptcy Court dated July 16, 2004. As confirmed, the DII Plan satisfied all of the conditions contained in the GIT/DII Settlement Agreement for H-W’s release and/or assignment of its rights under the H-W Shared Insurance Assets and the related coverage-in-place agreements. H-W, consistent with the terms of the GIT/DII Settlement Agreement, relinquished its rights under the H-W Shared Insurance Assets and the related coverage-in-place agreements upon the effective date of the DII Plan. DII subsequently reached finalized settlement agreements with the insurance companies that issued the H-W Shared Insurance Assets, which resolved both DII’s and H-W’s claims for coverage for, among other things, H-W Asbestos Trust Claims and H-W Silica Trust Claims.

f. GIT/DII Settlement Agreement

On August 28, 2003, the GIT Debtors, Halliburton and DII entered into the GIT/DII Settlement Agreement, attached as Exhibit 6 to this Disclosure Statement, to resolve all of the outstanding issues among them. Under this settlement:

- H-W and the H-W Protected Parties (as defined in the GIT/DII Settlement Agreement) were made beneficiaries of the channeling injunctions to be issued in the DII Chapter 11 Case;
- The H-W Entities (as defined in the GIT/DII Settlement Agreement) have been indemnified by the DII Asbestos Trust and DII Silica Trust for any H-W Asbestos Trust Claim or H-W Silica Trust Claim brought against any of the H-W Entities;
- H-W and various of its Affiliates has relinquished and/or assigned to DII all rights to the H-W Shared Insurance Assets on the effective date of the DII Plan;
- On December 31, 2003, DII purchased H-W's outstanding insurance receivable for \$50.1 million;
- DII fully funded and forgave all outstanding amounts due under the H-W DIP Facility on the effective date of the DII Plan; and
- DII and the H-W Entities have allocated among themselves the liability associated with various non-asbestos/non-silica product-liability claims.

The GIT/DII Settlement Agreement was implemented as of January 20, 2005, the effective date of the DII Plan.

3. A.P. Green Industries, Inc. and Certain Affiliates

a. History and Business of APG

APG (formerly known as A.P. Green Refractories Company) was initially incorporated in 1915 as a Missouri corporation operating under the name of A.P. Green Fire Brick Company. APG operated independently until its merger with U.S. Gypsum Corporation ("U.S. Gypsum") in 1967 when it became a wholly-owned Subsidiary of U.S. Gypsum. As part of a U.S. Gypsum plan of reorganization approved in 1987, the stock of APG was distributed to stockholders of U.S. Gypsum. APG operated as a publicly-owned company until it was acquired by GIT in 1998. APG is a wholly-owned Subsidiary of GIT and serves as a holding company for various subsidiaries, including the following Debtors: APG Services, APG Development, APG Refractories, Detrick, APG International and AP Green Refractories. In addition, APG owns 100% of the stock of H-W Refractories Limited (England) (the full name of each of these Debtors is listed on page 1 of this Disclosure Statement). U.S. Gypsum and its current Subsidiaries and Affiliates are not GIT Protected Parties in the GIT Plan.

Prior to the GIT Acquisition in 1998, APG was engaged in certain refractory manufacturing operations. APG transferred these refractory manufacturing operations to AP Green Refractories, and does not currently conduct any operations. However, certain plant assets are still held in the name of APG.

In 1985, APG sold the stock of Bigelow-Liptak of Canada, Ltd. ("BLC") to John Williams, and in 1989 APG and APG Services sold rights to the name "Bigelow-Liptak Corporation" to John Williams, who then incorporated a Michigan company under that name. Under the agreement by which rights to the name were sold, APG and APG Services agreed to indemnify the purchaser with respect to all claims asserted against the purchaser which related to the pre-sale

activities of APG and APG Services under the “Bigelow-Liptak” name. The Stebbins Engineering and Manufacturing Company (“Stebbins”) is currently the direct or ultimate parent of Bigelow-Liptak Corporation (“Bigelow-Liptak”) and BLC.

Numerous lawsuits have been filed against Stebbins asserting claims for personal injuries allegedly arising from the use of asbestos-containing products by APG Services. As a result of those claims, Stebbins and Bigelow-Liptak have asserted a proof of claim against APG Services arising out of their indemnity agreement in connection with the sale of the Bigelow-Liptak name. Further, in response to a motion by APG and APG Services for approval of settlements reached with certain of their insurers, Bigelow-Liptak requested that it receive the benefit of the injunctions to be issued by the Bankruptcy Court under Section 524(g) of the Bankruptcy Code.

On July 25, 2003, APG and APG Services, Stebbins, Bigelow-Liptak and BLC entered into an agreement titled The Agreement Between the A.P. Green Companies and Stebbins Engineering and Manufacturing Company (the “Stebbins Agreement”) to address Bigelow-Liptak’s request for Section 524(g) injunctive relief and Stebbin’s proof of claim and to satisfy the need of APG and APG Services to secure the release of BLC’s rights in certain insurance policies issued by Mission Insurance Company to APG (formerly known as A.P. Green Refractories Company) in which BLC was identified as an additional named insured (the “Mission Policies”). The release of BLC’s rights facilitated payment of proceeds from the Mission Policies.

Under the Stebbins Agreement, in exchange for BLC’s release and assignment to APG, APG Services and the other Debtors (as identified in the Stebbins Agreement) of all of BLC’s rights in the Mission Policies, all Asbestos-Related Liability Claims (as defined in the Stebbins Agreement - which relate solely to the activities of APG, APG Services and such other Debtors under the “Bigelow-Liptak” name prior to February 1, 1989 involving asbestos or asbestos-related products) against Stebbins and Bigelow-Liptak will be channeled to the APG Asbestos Trust. In addition, Stebbins will withdraw its claim against APG Services.

Should the Confirmation Order(s) entered by the Bankruptcy Court not provide for the channeling of claims as described above, the Stebbins Agreement provides that in the alternative Stebbins will be paid, in consideration for the release of BLC’s rights in the Mission Policies, an amount equal to BLC’s proportionate share of any amount paid or to be paid to the APG Debtors under the Mission Policies, based on BLC’s proportionate rights in the Mission Policies.

b. History and Business of APG Services

The predecessor of APG Services was incorporated in 1926 under the name Bigelow Arch Company. In 1985 the company changed its name from Bigelow-Liptak Corporation to APG Services. APG Services is a Michigan corporation and a wholly-owned subsidiary of APG. APG Services engaged primarily in the installation and engineering of refractory products, including those manufactured by APG. APG Services has not conducted any operations since June 1, 1991. APG Services is named as a defendant in numerous asbestos litigation claims as a result of certain products that it installed which contained asbestos. See the preceding Section a. for a history of the relationship of APG Services with Stebbins, Bigelow-Liptak and BLC.

c. History and Business of A.P Green Refractories, Inc. ("AP Green Refractories")

AP Green Refractories is a Delaware corporation and a wholly-owned Subsidiary of APG. AP Green Refractories was formed in 1994 and is a manufacturer of refractory products for H-W and NARCO, serving primarily the steel and non-ferrous metals markets. AP Green Refractories was formed for the purpose of acquiring the assets of General Refractories Company ("General Refractories"). The acquisition transaction closed on August 1, 1994. As a result of the transaction and the subsequent course of dealing between the parties, AP Green Refractories assumed an indemnification obligation to General Refractories for silica related claims asserted against it, net of any insurance proceeds recovered by General Refractories for such claims.

The company operates six plants nationwide and manufactures products using H-W, NARCO and AP Green Refractories brand names and proprietary formulas. Prior to its acquisition by GIT in 1998, AP Green Refractories was a manufacturer, seller and distributor of refractory products worldwide. As part of a business restructuring implemented subsequent to the GIT acquisition, the sales and marketing arm of AP Green Refractories was transferred to H-W to promote a unified sales structure and culture within the combined organization.

Raw materials represent approximately 72% of the costs of products that AP Green Refractories manufactures in its own production facilities. Nearly 62% of the raw materials purchased is from four critical, non-Affiliated vendors.

AP Green Refractories has 315 employees, of which 226 are employed through four collective bargaining agreements with the USWA union. The collective bargaining agreements are negotiated plant by plant and generally have terms of three to five years. All four of the collective bargaining agreements will expire in 2006.

Recent capital expenditures at the AP Green Refractories plants and facilities have been minimal (\$9.4 million from 2002 to 2005) as APG faced significant liquidity issues. AP Green Refractories plans to incur \$3.4 million of capital expenditures in 2006. The annual cost of capital improvements for the AP Green Refractories plants thereafter is expected to be approximately \$2 million.

General Refractories has asserted a claim against APG and AP Green Refractories, alleging that APG and AP Green Refractories are fully responsible for any silica-related claims against General Refractories. The APG Debtors have objected to this claim on the basis that it is unliquidated and contingent. Should the Bankruptcy Court deny the objection, the indemnification claims of General Refractories will be channeled to the APG Silica Trust in the same manner as other APG Silica Trust Claims. Any Silica Personal Injury Claim brought against the APG Debtors on the basis of exposure to a product manufactured, sold or distributed by General Refractories will similarly be channeled to the APG Silica Trust.

d. Business Assets of APG, APG Services and AP Green Refractories

The business assets of APG consist of cash, its ownership interest in APG Services, AP Green Refractories and other subsidiaries and other miscellaneous assets.

The assets of APG Services consist of ownership of a parcel of land and a building in Lakeland, FL. In addition, APG Services has insurance coverage under the APG Policies (as described below).

The business assets of AP Green Refractories include three active refractory products manufacturing facilities and three ancillary refractory products manufacturing facilities. AP Green Refractories also owns the related inventory, brand names and intellectual property from the manufacture of AP Green Refractories labeled refractory products.

The three active manufacturing facilities of AP Green Refractories consist of plants in Oak Hill, Ohio and Sproul, Pennsylvania, and Fulton, Missouri. AP Green Refractories also has three ancillary manufacturing facilities consisting of a fiber refractory manufacturing facility in Pryor, Oklahoma, an insulating facility in Minerva, Ohio and a pre-cast shape facility in Thomasville, Georgia.

AP Green Refractories also owns idled manufacturing facilities located in Mexico, Missouri; Little Rock, Arkansas; and Middletown, Pennsylvania. Excess manufacturing equipment at the idled facilities has been sold or transferred to active facilities. The Debtor has filed a motion to sell the facility in Mexico, Missouri. The expected net proceeds from the sale is \$1.0 million and the expected reduction of holding costs of idled facilities is \$1.0 million per year. AP Green Refractories owns 3 distribution centers throughout the United States which it leases to H-W.

Accounts receivable of AP Green Refractories consist of amounts due from inter-company sales of refractory products.

AP Green Refractories has ownership interests in five Affiliates. Those ownership interests include a 4% ownership interest in P.T. AP Green, a refractory business in Indonesia; a 51% ownership interest in A.P. Green de Mexico S.A. de C.V., a refractory manufacturer and distributor in Mexico; a 49% ownership interest in Empresa de Refractories Colombianos, S.A., owner of a refractory plant located in Columbia; a 49% ownership interest in Materials Industrials, S.A., owner of a refractory plant located in Columbia; and a 72% ownership interest in Lanxide ThermoComposite, Inc., an inactive Delaware corporation that formerly manufactured slide-gate products for use in the steel industry. Of the companies listed above in which AP Green Refractories has an ownership interest, only Lanxide has filed for bankruptcy protection (see below).

Other assets of AP Green Refractories include prepaid expenses, various intangible assets, and cash accounts at banking institutions.

e. APG Employees and Employee Benefits

APG Pension Plans. APG had eight separate defined benefit pension plans, which were merged into a single pension plan on December 31, 2001 – the APG Pension Plan for Hourly Employees. At January 1, 2005, the APG Pension Plan for Hourly Employees had 2,263 participants 232 of which are active employees). All minimum periodic funding requirements of the APG pension plan have been made to date. However, due to declines in the values of plan assets in 2000 through 2003, increases in projected pension obligations as the number of plan participants entitled to benefits increased, and decreases in discount rates used to compute the projected benefit obligations, the projected benefit obligations of the pension plan grew in excess of plan assets. Therefore, the pension plans became underfunded.

The APG Plan contemplates that APG will continue payments to the above-described pension plan in accordance with the minimum funding obligations established pursuant to ERISA. The underfunded liability (projected benefit obligation in excess of the fair value of plan assets) under the APG pension plan at January 1, 2006 is projected to be \$21.6 million. The projected minimum funding obligations for 2006 to 2011 is \$7.0 million, \$7.2 million, \$5.3 million, \$3.7 million, \$2.6 million and \$0.8 million, respectively. Should APG fail to make the minimum funding contributions described in the preceding sentence, or should NARCO, GIT and H-W fail to make their minimum funding contributions (as described in sections relating to those entities), the PBGC, which guarantees private pension plans pursuant to Title IV of ERISA, can move to terminate the pension plans. Should such a termination occur, NARCO, GIT, H-W and APG will be jointly and severally liable for the obligations to each of the underfunded, terminated pension plans.

Welfare Benefit Plans Other Than Pension Plans. APG and the APG Affiliated Debtors are plan sponsors under a number of welfare and benefit plans for existing employees and retirees. Several of those plans provide for post-employment health and life insurance benefits. The GIT Plan contemplates that these obligations of APG and the APG Affiliated Debtors under the welfare and benefit plans will be continued. Reorganized GIT will retain the right to amend, modify or terminate the retiree health and life insurance plans, in accordance with law and the governing documents, following the confirmation of the GIT Plan.

f. APG and APG Services Asbestos and Silica Matters

Historically, APG has manufactured and distributed refractory materials for industrial companies such as steel manufacturers, shipbuilders and refineries. Some of the products that were manufactured and/or supplied by APG formerly contained asbestos. APG Services, as a Subsidiary of APG, was involved in the installation of refractory products, including those manufactured by APG. Only 22 of approximately 1,200 APG products and mix variations contained asbestos. By 1973, asbestos was removed from all products manufactured or sold by APG with the exception of one relabeled product, Green PC, which was produced until 1976.

Since the 1980s, APG and APG Services have been named as defendants in thousands of asbestos-related personal injury lawsuits. Plaintiffs in these suits generally would assert that they developed diseases caused by exposures to asbestos and/or asbestos-containing products manufactured and/or sold by APG, or installed by APG Services. Over the years, APG and APG Services entered into thousands of settlements with asbestos-related personal injury plaintiffs in an attempt to minimize their losses arising from asbestos-related claims; APG and APG Services also have litigated some cases in which settlements could not be reached or which appeared vulnerable to defense.

Prior to the Petition Date, APG had resolved approximately 203,000 asbestos-related claims, and in doing so expended approximately \$448 million in indemnity costs. APG also obtained dismissal without payment of more than 34,000 of asbestos-related claims. Additionally, APG settled or had judgment entered against it in approximately 49,500 asbestos-related claims, in the aggregate amount of \$491 million, which amount was unpaid as of the Petition Date. APG Services had expended approximately \$5.2 million in indemnity and defense costs in resolving approximately 8,015 asbestos-related claims, and had resolved approximately 10,112 additional asbestos-related claims through dismissals without payments to plaintiffs prior to its bankruptcy filing.

As of the Petition Date, 235,757 asbestos-related claims (including the 49,500 described in the preceding paragraph as having been reduced to a dollar amount owing but remained unpaid) remained pending against APG, and 58,899 asbestos-related claims remained pending against APG Services. APG believes that thousands of additional asbestos-related claims have accrued since the Petition Date, and based upon its knowledge and experience as well as currently available literature, APG estimates that several hundred thousand additional asbestos-related claims will be asserted against it and/or APG Services in the future.

Several of APG's co-defendants in asbestos personal injury suits have filed Claims against APG in its Chapter 11 case. APG has filed objections seeking to have such claims disallowed pursuant to Section 502(e) of the Bankruptcy Code. To the extent such Claims are not disallowed, they will be channeled to the APG Asbestos Trust.

As of the Petition Date, APG was a defendant in approximately 169 "silica-only" claims (claims alleging only silica-related personal injury caused by exposure to an APG product) in state trial court in Texas. None of these claims had been resolved or settled by APG prior to the Petition Date. APG believes that thousands of additional silica-related claims have accrued against it and APG Services since the Petition Date and, based on available information, APG estimates that a significant number of additional silica-related claims will be asserted against it and/or APG Services in the future.

In those cases where a plaintiff's only claim is that he was exposed either to an APG silica-containing product or to a silica-containing product installed by APG Services, the case will be channeled under the GIT Plan as a Silica Trust Claim to the APG Silica Trust. In a "mixed dust" case, in which the plaintiff claims that while working with or near an APG product, he was exposed to dust from that product that contained indistinguishable portions of silica and asbestos, and thereby developed a mixed-dust pneumoconiosis or malignancy, the case will be channeled under the GIT Plan as an Asbestos Trust Claim to the APG Asbestos Trust, and not as a Silica Trust Claim to the APG Silica Trust. A claimant may recover under both the APG Asbestos Trust and APG Silica Trust, provided that he can satisfy the applicable medical and exposure criteria for both an Asbestos Trust Claim and a Silica Trust Claim.

g. APG and APG Services Insurance Assets

APG and APG Services have insurance coverage under several primary comprehensive general liability insurance policies (the "APG Services Policies") that were issued from the 1960s until 1986. These policies were issued to APG Services while APG Services was a wholly-owned Subsidiary of APG. APG itself was named as an additional insured on several of these policies, including certain policies issued by Continental Insurance Company, Great American Insurance Company, Federal Insurance Company, and Royal Insurance Company of America.

The carriers who issued the APG Services Policies disputed their obligations toward APG and APG Services, and have raised questions regarding, among other things, APG's right to coverage under the policies against which APG has made claims. In light of these disputes, both APG and APG Services have filed declaratory judgment actions against their insurance carriers, seeking declarations of their coverage rights and the obligations of the carriers to provide coverage for the asbestos-related operations or products liabilities of APG and APG Services. The cases are entitled *A.P. Green Industries, Inc. & A.P. Green Services, Inc. v. Great American Insurance Company, et al.*, Bankruptcy

Case No. 02-21639, Adversary Proceeding No. 02-2152, and A.P. Green Industries, Inc. & A.P. Green Services, Inc. v. Great American Insurance Company, et al., Bankruptcy Case No. 02-21640, Adversary Proceeding No. 02-2153. Both cases are currently pending in the Bankruptcy Court.

Following the filing of the aforementioned adversary proceedings, the Bankruptcy Court ordered the parties to the cases into mediation. As a result, APG and APG Services reached settlement agreements with each of the carriers for the APG Services Policies (Continental Insurance Company, Great American Insurance Company, Federal Insurance Company and Royal Indemnity Company, successor in interest to Royal Insurance Company of America ("Royal Indemnity"), and The American Insurance Company, a subsidiary of Fireman's Fund Insurance Company ("Fireman's Fund")), which would result in approximately \$355 million in payments over time, to be made to the APG Asbestos Trust and/or the APG Silica Trust following the confirmation of the GIT Plan (\$12.4 million of this total is pursuant to the settlement with Fireman's Fund which remains subject to approval by the Bankruptcy Court). The exact timing of such payments varies according to the settlement agreements reached with each insurer. For example, the settlement agreement with Great American Insurance Company provides for the payment of (i) \$12.3 million in either cash or the stock of its parent company, American Financial Group, as of the Effective Date, and (ii) approximately \$173 million over a period of twenty years (in the alternative to the stream of payments, Great American can at its option make a single payment for \$110 million, the present value of the installment payments as of the Effective Date). The agreement with Continental Insurance Company provides for the payment of \$120 million over a period of ten years, while the agreement with Federal Insurance Company provides for the payment of \$26 million over two years and the agreement with Royal Indemnity provides for payment of \$11.4 million immediately following the effective date of the GIT Plan. The agreement with Fireman's Fund provides for three annual payments, to be completed by December 15, 2008. In addition, APG reached a settlement agreement with KWELM Management Services Limited which will result in approximately \$1 million being shared by the APG Asbestos Trust and the APG Silica Trust. With the exception of the Fireman's Fund settlement, each of these settlement agreements have been approved by the Bankruptcy Court. Pursuant to the settlements reached between APG, APG Services and the APG Services Settled Insurers (and provided that the settlement with Fireman's Fund is approved by the Bankruptcy Court), all claims, counterclaims, cross-claims and third-party claims asserted in the aforementioned adversary proceedings or in the related litigation between APG, APG Services and the APG Services Settled Insurers regarding the APG Services Settled Policies which is pending in the United States District Court for the Southern District of Ohio and is currently stayed, shall be dismissed.

Pursuant to the agreements between APG, APG Services and the APG Services Settled Insurers, those insurers received a full release with respect to all Claims under the APG Services Settled Policies, whether known or unknown, including for silica-related liability Claims, whether or not such claims constitute APG Silica Trust Claims and are subject to the APG Silica Channeling Injunction. Consistent with the releases granted the APG Services Settled Insurers the APG Debtors have agreed to indemnify and hold harmless each of the APG Services Settled Insurers for any "Silica-Related Liability Claim" (as defined in the Royal settlement agreement) asserted against them that is not subject to the APG Silica Channeling Injunction because such claim is allegedly caused by, related to or arising out of silica exposure beginning on or after July 1, 2000, and to further indemnify and hold harmless Royal with respect to any other

“Silica-Related Liability Claim” (as defined in the Royal settlement agreement) asserted against it that is not subject to the APG Silica Channeling Injunction.

Between 1949 and 1999, APG and/or certain of its Subsidiaries obtained insurance coverage under several primary, umbrella and excess liability insurance policies which provide general liability insurance coverage, including coverage for silica-related liabilities, to APG (formerly known as A.P. Green Refractories Company), and/or other APG Debtors. These policies, along with certain policies issued to GIT prior to June 30, 2000, are defined in Exhibit 1 hereto as the “APG Silica Trust Policies.” The APG Silica Trust Policies either contain asbestos exclusions or have been exhausted with respect to coverage for asbestos-related liabilities.

The APG Silica Trust Policies can be separated into five general groups. First, for the period from 1949 to 1985, APG’s primary insurance policies were issued by Travelers Indemnity Company (“Travelers”) or United States Fidelity and Guarantee Insurance Company (“USF&G”) while its umbrella coverage and excess coverage was issued by a variety of carriers. The rights associated with these policies include rights for coverage of silica-related liabilities. The stated limits for these APG Silica Trust Policies for a single occurrence based on operations liabilities (exclusive of any insolvent policies, policies where limits for operations claims have been exhausted, and policies which exclude coverage for APG Services) are in excess of \$140 million. Second, for the period 1985 to 1993, APG’s primary insurance policies were issued by Travelers, and its umbrella and excess coverage was issued by a variety of carriers. The stated limits for these APG Silica Trust Policies for a single occurrence based on products or completed operations liabilities (exclusive of any insolvent policies or policies providing coverage in excess of underlying insolvent policies) is approximately \$111.75 million. Third, for the period 1993 to 1999, APG’s primary insurance policies were issued by Lumberman’s Mutual Casualty Company (“Lumberman’s”) and its umbrella and excess coverage was issued by a variety of carriers. The stated limits for these APG Silica Trust Policies for a single occurrence, based on products or completed operations liabilities (exclusive of any insolvent policies or policies providing coverage in excess of underlying insolvent policies), is approximately \$121 million. Fourth, for the period 1997 to 2000, GIT’s primary insurance policies were issued by National Union Fire Insurance Company of Pittsburgh, PA (“National Union”) and the American Home Assurance Company. For the policy period beginning in 1999, GIT’s umbrella coverage was issued by Lumberman’s and its excess coverage was issued by National Union. The stated limits for these APG Silica Trust Policies for a single occurrence, based on products or completed operations liabilities, is approximately \$109 million. Fifth, Investors Insurance of America issued primary policies to Lanxide ThermoComposites, Inc. in 1996 and 1997 and to Intogreen Co. in 1996, 1997 and 1998. The stated limits for these APG Silica Trust Policies for a single occurrence, based on products or completed operations liabilities, is approximately \$5 million. Several of the APG Silica Trust Policies are subject to self-insured retentions, deductibles, and/or retrospective premiums, the aggregate of which, on a single occurrence basis, is not expected to exceed \$7 million.

Since the Petition Date, APG has not collected or received any proceeds from any of the APG Silica Trust Policies for any silica-related liabilities. APG has, however, placed the insurers that issued many of these policies on notice of the silica-related litigation filed against APG prior to the Petition Date. Moreover, A.P. Green has reached a settlement with Fireman's Fund, which remains subject to approval by the Bankruptcy Court, with respect to an excess

liability policy issued by Fireman's Fund's subsidiary, National Surety Company, for the 1985-1986 policy period. This policy, which is defined in Exhibit 1 hereto as the "APG Settled Policy", would have been one of the APG Silica Trust Policies but for the settlement. If approved, the settlement with Fireman's Fund relating to this policy will result in \$1.4 million in payments being made to the APG Silica Trust.

Additionally, APG and APG Services hold rights under certain liability insurance policies issued to A.P. Green Refractories Company (now known as APG) between 1977 and 1985 by domestic insurers that are currently insolvent. Prior to their bankruptcy filings, APG and APG Services assigned all of their claims against these insolvent insurance carriers to National Indemnity Company (a Berkshire-Hathaway Corp. company) in exchange for (in part) a share of any future collections received by National Indemnity Company from these insolvent carriers. Included within these policies are the Mission Policies described in Section III.D.3.a hereof. Since the Petition Date, APG has received approximately \$8.1 million from National Indemnity Company as a result of its prosecution of the assigned claims.

h. GIT/RHI AG Settlement Agreement

The GIT Debtors and RHI AG Parties (as defined in the GIT/RHI AG Settlement Agreement) entered into the GIT/RHI AG Settlement Agreement to resolve all outstanding issues among them. A copy of the GIT/RHI AG Settlement Agreement, which is incorporated by reference in its entirety, is attached as Exhibit 7 to this Disclosure Statement. The GIT/RHI AG Settlement Agreement provides, among other things, as follows:

- No Objection to GIT Plan. The RHI AG Parties agree not to object to the GIT Plan so long as the GIT Plan is consistent with the GIT/RHI AG Entity Settlement Agreement.
- Waiver of Claims Against GIT Debtors. The RHI AG Parties agree to waive approximately \$542.9 million in claims currently scheduled as undisputed claims by the GIT Debtors.
- Cancellation of Equity Interests. Holdings agrees not to object to the cancellation of the Equity Interests in the GIT Debtors upon the Effective Date.
- Letters of Credit. The proof of claim filed by ABN AMRO Bank N.V. ("ABN") in connection with GIT's insurance program will be allowed in full. To the extent a letter of credit issued by ABN is drawn as of the first distribution date, GIT will pay the claim at same recovery rate as paid to other unsecured creditors. To the extent an ABN letter of credit is not drawn as of the first distribution date, GIT will cash collateralize the obligation at the same recovery rate paid to other unsecured creditors. RHI AG will pay ABN the difference between the amount paid by GIT and the amount of its proof of claim.
- Channeling Injunctions in Favor of RHI AG Entities. The RHI AG Entities are to receive the benefit of the permanent channeling injunctions to be issued by the Bankruptcy Court in GIT Plan under Sections 524(g) and 105 and/or other sections of the Bankruptcy Code, to the extent such claims derive through any of the GIT Debtors.

- National Union Guaranty. Reorganized GIT agrees to indemnify RHI AG in connection with a guaranty issued by RHI AG to National Union Fire Insurance Company of Pittsburgh, PA as set forth in Section 4.4 of the GIT/RHI AG Settlement Agreement.
- Tax Sharing. RHI AG and its affiliates may use certain tax benefits of the GIT Debtors prior to the Effective Date of the GIT Plan.
- Operating Agreements. The GIT Debtors agree to assume and amend existing operating commercial agreements upon the Effective Date of the GIT Plan.
- Mutual Releases. The Parties will release each other from any and all claims existing as of the date of the GIT/RHI AG Entity Settlement Agreement and the later consequences thereof, including the release of claims of or behalf of the GIT Debtors under Sections 502, 506, 544, 547, 548, 549, 550, and 553 of the Bankruptcy Code, except for (i) any claims arising after the Petition Date consisting of ordinary-course trade receivables, arising under ordinary-course contracts, or otherwise arising in the ordinary course of the business of the RHI AG Entities and the GIT Debtors and (ii) any rights or obligations under the GIT/RHI AG Entity Settlement Agreement and/or GIT Plan.

The GIT Debtors believe that the GIT/RHI AG Entity Settlement Agreement resolves substantial impediments to the emergence of the GIT Debtors from bankruptcy. In particular, among other things, the GIT/RHI AG Entity Settlement Agreement, in conjunction with the NARCO/RHI AG Entity Settlement Agreement, resolves significant disputes relating to hundreds of millions of dollars in scheduled claims against the Debtors, as well as claims against the Debtors relating to certain letters of credit and a civil penalty imposed by the Federal Trade Commission. In addition, the GIT/RHI AG Entity Settlement Agreement provides for an ongoing business relationship between the RHI AG Parties and the GIT Debtors, a necessary part of the GIT Debtors' business plan and their emergence from bankruptcy.

Litigation over any one of these issues would be costly and protracted, would likely delay confirmation and distributions to creditors, and would pose risks to the estates in the event that unfavorable results are reached. In particular, an unfavorable result in any litigation concerning the validity and treatment of the RHI AG Entities' claims against the GIT Debtors would cause a substantial reduction in funds available for distribution to other general unsecured creditors.

E. COMMERCIAL AGREEMENTS WITH AFFILIATES OF RHI AG

NARCO, H-W, APG and ANH (collectively "ANH") have several commercial agreements with affiliates of RHI AG (collectively "RHI"). RHI manufactures and sells refractory products on a global basis.

These agreements primarily include:

- An agreement pursuant to which ANH produces and sells product to an affiliate of RHI for resale in the U.S.A. to Mittal Steel, the world's largest steel producer. On June 6, 2005, NARCO filed a motion seeking approval of the Mittal Agreement. The NARCO and GIT Creditors Committee

objected. Following notice, significant discovery and an evidentiary hearing, the Bankruptcy Court approved the Mittal Agreement in an Order dated July 7, 2005.

- An agreement whereby ANH produces and sells products to RHI for resale in Canada.
- An agreement whereby RHI toll manufactures products in Canada for ANH to sell in the U.S.A.
- Certain IP agreements.

IV. THE CHAPTER 11 CASES

The following is a general description of the most significant events that have transpired since the Chapter 11 Cases were filed by NARCO and GIT. The Bankruptcy Court docket sets forth a complete list of the pleadings filed in the NARCO and GIT cases. Copies of pleadings may be obtained from or reviewed at the Bankruptcy Court.

A. COMMITTEES AND PROFESSIONALS

1. Debtor Professionals

The Bankruptcy Court authorized the retention of Reed Smith LLP as counsel for the Debtors under a general retainer, and Kroll Zolfo Cooper LLC as bankruptcy consultants and special financial advisors for the Debtors. Since the inception of these bankruptcy cases, the Court has also authorized the retention of additional professionals for the Debtors, including the following: (a) Ernst & Young LLP (tax professionals and accounting advisors); (b) Marcus, Santoro, Kozak & Melvin, PC (special counsel); (c) Mark Kusner Co., LPA (special counsel); (d) Heintzman, Warren, Wise & Fornella (special counsel); (e) Lynn Luker & Associates (special counsel); (f) Dickstein, Shapiro, Morin & Oshinsky, LLP (special insurance coverage counsel); (g) Logan & Company, Inc. (claims, noticing & balloting agent); (h) Connecticut Valley Claims Service Company (special asbestos litigation consultant); (i) Commonwealth Claims Management Associates, Inc. (special asbestos litigation consultant); (j) Roland Berger (operational consultant); (k) Brooks Group (operational consultant); (l) Harry Davis & Company (auctioneer); (m) Supply Chain Alliance (supply chain consultant); (n) Towers, Perrin, Forster & Crosby, Inc. (actuarial consultants), (o) Property Assessment Advisors, Inc. (property tax consultants) and (p) John T. Boyd Company (consultant and expert witness).

2. NARCO Committees and Professionals

The United States Trustee appointed the NARCO Creditors Committee on January 28, 2002. Its members are the following creditors: Towns Brothers Construction Co., Inc.; C.E. Minerals, Inc.; Dynea USA Inc./Neste Resins Corp.; Alcoa, Inc.; Toshiba; Possehl, Inc.; United Steelworkers of America; Amerada Hess Corporation; and Continental Mineral Processing Corp. The Bankruptcy Court authorized the retention of McGuire Woods, LLP, as counsel to the NARCO Creditors Committee and KPMG, LLP, as its financial advisor.

The United States Trustee appointed the NARCO Asbestos Claimants Committee on January 28, 2002. Its members are: Lawson Bergeron, c/o Steven T. Baron, Esq., Silber Pearlman, LLP; Sandra Gay Harper, c/o Alan Rich, Esq., Baron & Budd; The Estate of David Barnett, c/o Thomas Wilson, Esq., Kelley & Ferraro, L.L.P.; James A. Price, Jr. c/o Guy G. Fisher, Esq., Provost Umphrey, L.L.P.; William Benford, c/o Glenn W. Morgan, Esq., Reaud, Morgan &

Quinn; William Weaver, c/o Alan Kellman, Esq., The Jaques Admiralty Law Firm, P.C.; Helen Wycoff, c/o Mark Meyer, Esq., Goldberg, Persky, Jennings & White, P.C.; Clarence Pruitt, c/o Joseph F. Rice, Esq., Motley Rice LLC; Vincent DePalma, c/o Anthony Marshall, Esq., Kaeske-Reeves LLP; Janet Plantin, c/o Lisa N. Busch, Esq., Weitz & Luxemberg, P.C.; and Diana Lynne Harden, c/o Steven Kazan, Esq., Kazan, McClain, Edises Abrams Fernandez Lyons & Farris.

The Bankruptcy Court authorized the retention of the following professionals by the NARCO Asbestos Claimants Committee: (a) Caplin & Drysdale, Chartered (legal counsel); (b) Campbell & Levine, LLC (legal counsel); (c) L. Tersigni Consulting, PC (financial advisor); (d) Legal Analysis Systems, Inc. (asbestos-related bodily injury consultant); and (e) Professor Elizabeth Warren (consultant to Caplin & Drysdale).

3. NARCO Futures Claimants Representative

In order to confirm a plan of reorganization implementing a channeling injunction under Section 524(g) of the Bankruptcy Code, it is necessary to appoint a legal representative of persons who may have asbestos-related demands against the NARCO Debtors arising in the future. The Bankruptcy Court appointed Lawrence Fitzpatrick as the legal representative for the future holders of Asbestos Trust Claims against the NARCO Debtors. The Bankruptcy Court has further authorized Mr. Fitzpatrick to retain the following professionals: (a) Young Conaway Stargatt & Taylor LLP (legal counsel); (b) Meyer, Unkovic & Scott LLP (legal counsel); (c) Analysis Research Planning Corp. (claims evaluation consultant); and (d) Bederson & Company, LLP (special financial advisors).

4. GIT Committees and Professionals

The United States Trustee appointed the GIT Creditors Committee on March 27, 2002. Its members are Toyal America, Inc.; Elkem Materials, Inc.; DAMREC; CE Minerals, Inc.; John A. Castilano; Heidelberger Calcium Aluminates, Inc.; Winthrop Management LLC; JP Morgan Trust Company, National Association, Institutional Trust Services; and Anthony Baggetta. The Bankruptcy Court authorized the retention of McGuire Woods, LLP, as counsel to the GIT Creditors Committee and KPMG, LLP, as its financial advisor.

The United States Trustee appointed the GIT Asbestos Claimants Committee on March 15, 2002. Its members are: Lawson Bergeron, c/o Steven T. Baron Esq., Silber Pearlman, LLP; Elmer Hill, c/o Bergman, Senn, Pagaler & Frock; The Estate of David Barnett, c/o Thomas Wilson, Esq., Kelley & Ferraro, L.L.P.; Janet Plantin, c/o Lisa N. Busch, Esq., Weitz & Luxemberg, P.C.; Herbert Smith, c/o Williams Bailey Law Firm L.L.P.; Debbie Baar, Special Administrator of the Estate of Walter Baar, III, c/o Cooney and Conway; Helen Wycoff c/o Mark Meyer, Esq., Goldberg, Persky, Jennings & White, P.C.; Clarence Pruitt, c/o Joseph F. Rice, Esq., Motley Rice LLC; Charlie A. Bishop, c/o Law Offices of Robert Pritchard; Diana Lynne Harden, c/o Steven Kazan, Esq., Kazan McClain Edises Abrams Fernandez; and Antonio Colella, c/o Law Offices of Peter G. Angelos.

The Bankruptcy Court authorized the retention of the following professionals by the GIT Asbestos Claimants Committee: (a) Caplin & Drysdale, Chartered (legal counsel); (b) Campbell & Levine, LLC (local counsel); (c) L. Tersigni Consulting, PC (financial advisor); (d) Legal Analysis Systems, Inc. (asbestos-related bodily injury consultant); (e) Professor Elizabeth Warren (consultant to Caplin & Drysdale); and (f) Anderson Kill & Olick, P.C. (special insurance coverage counsel).

5. APG Asbestos and Silica Future Claimants Representatives

Asbestos. In order to confirm a plan of reorganization implementing a channeling injunction under Section 524(g) of the Bankruptcy Code, it is necessary to appoint a legal representative for the purpose of protecting the rights of persons who might in the future assert asbestos-related demands. The Bankruptcy Court appointed Lawrence Fitzpatrick as the legal representative of persons who may have asbestos-related demands against GIT and the APG Debtors. The Bankruptcy Court has further authorized Mr. Fitzpatrick to retain the following professionals: (a) Young Conaway Stargatt & Taylor LLP (legal counsel); (b) Meyer, Unkovic & Scott LLP (legal counsel); (c) Analysis Research & Planning Corp. (claims evaluation consultant); and (d) Bederson & Company, LLP (special financial advisors).

Silica. The Bankruptcy Court appointed Philip A. Pahigian as the legal representative of persons who may have silica-related demands against GIT and the APG Debtors. The Bankruptcy Court has further authorized Mr. Pahigian's retention of the following professionals to assist in this case: (a) Sherrard German & Kelly P.C. (legal counsel); (b) Kenneth E. Lehrer (statistical consultant); and (c) Meyer, Unkovic & Scott LLP (special insurance coverage counsel).

B. INJUNCTIONS PREVENTING ACTIONS AGAINST DII AND HONEYWELL

Simultaneous with the filing of their respective bankruptcy cases, the Debtors filed in both the NARCO and GIT cases a Complaint for Declaratory and Injunctive Relief and a Motion for Temporary Restraining Order and for Preliminary Injunction, wherein they sought a declaration by the Bankruptcy Court that pursuant to Sections 362(a)(1) and (a)(3) of the Bankruptcy Code, the automatic stay should be extended to prevent the initiation and continued prosecution of asbestos cases, related to products manufactured and sold by the Debtors, and their predecessors, against Honeywell and DII (the "Pending Actions") during the pendency of the Chapter 11 Cases. As an alternative theory, the Debtors sought to enjoin prosecution of the Pending Actions pursuant to Section 105 of the Bankruptcy Code.

The Bankruptcy Court entered a temporary restraining order enjoining the continuation or commencement of Pending Actions (specifically including asbestos) against Honeywell on January 4, 2002. A similar order was entered in favor of DII on February 14, 2002. The order has been extended by the Bankruptcy Court with the consent of the parties and remain in full force and effect. On the Effective Date, that injunction will be dismissed.

The Bankruptcy Court also entered a temporary restraining order enjoining the continuation or commencement of Pending Actions (specifically including asbestos) against DII on February 14, 2002. The order was extended by the Bankruptcy Court with the consent of the parties until September 30, 2003. In light of the confirmation of the DII Plan (and the issuance of Section 105(a) and 524(g) Channeling Injunctions in favor of DII), H-W filed a motion to dismiss the Complaint for Declaratory and Injunctive Relief as moot on March 9, 2005. The Bankruptcy Court entered an order granting that motion on April 7, 2005.

C. SIGNIFICANT ORDERS ENTERED DURING THE PENDENCY OF THE CASES

1. First Day Orders

On their respective Petition Dates, the Debtors filed several motions seeking relief from the Bankruptcy Court to ensure a seamless transition between the Debtors' prepetition and postpetition business operations. In essence,

these motions sought Bankruptcy Court approval for normal business conduct that may not be specifically authorized under the Bankruptcy Code, or as to which the Bankruptcy Code requires prior approval. After conducting a hearing, the Bankruptcy Court entered several "first-day" orders in the NARCO cases on January 9, 2002 and related orders were entered in the GIT cases on February 20 and March 22, 2002 (except as otherwise provided below). This included the following orders which authorized, among other things:

Joint Administration. To promote efficiency and eliminate confusion, the Bankruptcy Court entered an order to jointly administer the Debtors' bankruptcy cases. Because of these orders, the pleadings for each of the NARCO Debtors can be found under the docket for Case No. 02-20198, while Case No. 02-21626 contains the filings for all matters related to the GIT Debtors. The joint administration orders consolidated the cases for procedural purposes only, and do not constitute a substantive consolidation of the Debtors' estates.

DIP Financing. By interim order dated January 9, 2002 and a final order entered February 13, 2002, NARCO was authorized to execute a credit agreement for a revolving credit facility in the aggregate principal amount of \$20 million facility with Jan 2002 Funding, LLC, an affiliate of Honeywell (i.e., the NARCO DIP Facility). Certain GIT Debtors were also authorized to enter into a revolving credit facility with DII in the aggregate principal amount of \$35 million (i.e., the DII DIP Facility). The DII DIP Facility was approved by an interim order dated February 22, 2002 and a final order dated June 4, 2002. In both instances, the DIP lender was granted a superpriority claim pursuant to 11 U.S.C. §364(c)(1) and postpetition liens in, among other things, the Debtors' cash collateral, inventory, and accounts receivable pursuant to 11 U.S.C. §364(c)(2). As described in the NARCO/Honeywell Settlement Agreement and GIT/DII Settlement Agreements, such agreements provide for the forgiveness of repayment of principal, interest and fees if certain conditions are satisfied. The obligations of the GIT Debtors under the DII DIP Facility have been forgiven pursuant to the GIT/DII Settlement Agreement.

Cash Management. The Debtors were authorized to maintain their existing bank accounts and to operate their cash management system substantially as it existed prior to the Petition Date.

Employee Wages. The Debtors were authorized to pay prepetition employee wages, salaries, benefits and other obligations in the ordinary course of business. Pursuant to such authorization, the Debtors have paid all Priority Claims for wages, salaries, benefits and other obligations. Accordingly, there are currently no such Priority Claims outstanding.

Utility Order. The Court established procedures to ensure that utilities could not terminate service to the Debtors on account of unpaid prepetition invoices. The procedures also address requests for additional adequate assurance by utility companies during the pendency of the Chapter 11 Case.

2. General Operating Orders

Through the course of the Debtors' bankruptcy proceedings, additional authorization from the Bankruptcy Court was necessary to facilitate the operation of the Debtors' businesses. The relief provided in these orders has been wide ranging, and includes, among other things, the following:

Shutdown of Manufacturing Facilities. In the course of its reorganization analysis, the Debtors determined that certain production facilities were no longer profitable and therefore made the decision to close those facilities. Before operations could be terminated, however, it was necessary for the Debtors to engage in negotiations with certain labor unions to terminate their collective bargaining agreements for each closed facility. The Bankruptcy Court authorized the execution of Shutdown Agreements for the Tri-Star facility in Cincinnati, Ohio on April 26, 2002, the NARCO facilities in Ione/Indian Hill, California on June 4, 2002, and the APG facility in Mexico, Missouri on June 4, 2002.

Intercompany Transactions. Prior to the Petition Date, the Debtors frequently engaged in intercompany transactions with affiliates and related parties through the ordinary course of their businesses. Specifically, the management of the Debtors' three main operating companies was consolidated into one entity, RHI Services, Inc. (a/k/a ANH Refractories Company), which would provide administrative services in exchange for management fees. Through orders of the Bankruptcy Court dated March 5, 2002 and April 11, 2002, the NARCO debtors were authorized to continue ordinary course transactions with their affiliates provided that, among other things, the Debtors produce monthly reports of such transactions and a quarterly budget of all anticipated payments to ANH. A similar order was entered on behalf of the GIT debtors on June 4, 2002 and requires monthly consolidated operating reports for the NARCO and GIT cases, as well as a separate monthly operating report for ANH. Subsequent orders have extended the time by which the Debtors can engage in such intercompany transactions.

Name Change to ANH Refractories Company. As noted above, RHI Services, Inc. provided certain administrative and management support services for the Debtors' operating companies. In an effort to capitalize on the strength of the APG, NARCO, and H-W brand names, the Debtors filed a motion seeking authorization to change the name of RHI Services, Inc. to ANH Refractories Company. The Bankruptcy Court granted this request through an order dated August 20, 2002.

Rejection of Certain Unexpired Nonresidential Real Property Leases and Executory Contracts. Through several orders entered in these cases, the Debtors have occasionally obtained Bankruptcy Court authorization to reject certain unexpired leases of nonresidential real property and to reject certain executory contracts. In every instance, the Debtors determined that such leases and contracts were no longer beneficial to the bankruptcy estate.

3. Disposition of Assets

Since the Petition Date, the Debtors have generated \$12.0 million to \$13.3 million (depending on collection of future payments) from the sale of certain operations, real property and equipment and machinery which are no longer necessary in the operation of their businesses. Each sale of the following real property, and in certain instances, related assets, was separately authorized by the Court after a hearing in which prospective purchasers were given an opportunity to submit higher and better offers: (i) Calloway County, Missouri (\$0.1 million for H-W); (ii) Mexico, Missouri – guest house only (\$1.3 million for APG); (iii) Bessemer, Alabama (\$0.1 million for APG); (iv) New Savage, Maryland (\$1.0 million for H-W); (v) Calhoun, Georgia (\$0.5 million for H-W); (vi) Sulphur Springs, Texas (\$0.25 million for APG); (vii) Gary, Indiana (\$0.23 million for APG Refractories); (viii) Ellisville, Mississippi (\$0.212 million for Detrick); (ix) Mexico, Missouri (\$0.08 million for APG Development); (x) Bartow, Florida (\$0.4 million for APG

Services); (xi) Cincinnati, Ohio (\$1.6 million for NARCO); (xii) Marion, Ohio (\$0.023 million for TMPSC); Hile, Maryland (\$1.9 million for H-W); and Womelsdorf, Pennsylvania (\$225 thousand for NARCO).

By order dated April 26, 2002, the Court established procedures by which the Debtors could conduct sales of certain de minimis items and other assets. In a separate order, the Bankruptcy Court also authorized the retention of Harry Davis & Company LP ("Harry Davis") as auctioneer for the Debtors. In collaboration with Harry Davis, the Debtors conducted four separate auctions of personal property and equipment at their facilities in Middletown, Pennsylvania (net proceeds of \$0.1 million after expenses and fees for APG); Ione/Indian Hill, California (\$0.2 million for NARCO); Cincinnati, Ohio (\$0.4 million for NARCO and Tri-Star); and Womelsdorf, Pennsylvania (\$0.8 million for NARCO). The Debtors have also periodically sold equipment through private sale when warranted by the circumstances.

By order dated January 21, 2004 (the "CTI Order"), the Court established procedures by which the GIT Debtors could conduct an auction for the sale of the CTI Business (as defined in the CTI Order). After soliciting purchase offers from interested parties, two entities, CTI Acquisition LLC ("CTI Acquisition") and Acor N.A., Inc. ("Acor") were qualified to participate in the auction. The GIT Debtors conducted the auction at the offices of Reed Smith, LLP. After the auction process, CTI Acquisition was determined to have the successful bid, with cash to be paid at closing of \$1.8 million, plus potential deferred payments of \$1.95 million over a 5 year period (subject to various credits against certain deferred payments), and security for various payments \$500,000 in letters of credit, \$1.45 million personal guaranty of one of the principals of CTI Acquisition, and a pledge of the shares and interest of CTI Acquisition and the acquired shares). The closing occurred as of March 31, 2004 and a report of sale was made to the Bankruptcy Court.

4. Recovery of Insurance Assets

Prior to their bankruptcy filings, both NARCO and H-W counted proceeds from certain insurance policies as among their largest assets, especially with respect to their asbestos-related liabilities. Through its bankruptcy cases, however, NARCO has crafted a resolution of its asbestos-related liabilities with the cooperation of Honeywell, whereby Honeywell will principally fund NARCO's asbestos-related liabilities and NARCO will forgo any attempt to recover insurance proceeds for these liabilities. Similarly, H-W has agreed to release and/or assign its interests in insurance coverage for its historic asbestos- and silica-related liabilities to DII, in exchange for DII's agreement to channel H-W's asbestos- and silica-related liabilities into the asbestos and silica trusts created in the DII Plan.

Proceeds from certain insurance policies remain some of the largest assets available to APG's bankruptcy estate. APG has pursued these assets throughout its bankruptcy proceeding, and has engaged in mediation sessions with most of the insurance carriers that issued APG Services policies providing coverage for asbestos- and silica-related liabilities in an effort to resolve disputes and generate funding for the APG Asbestos Trust and APG Silica Trust. To date, APG and APG Services have been successful in reaching settlements with a number of insurers. In particular, the Bankruptcy Court approved a \$26 million settlement agreement with Federal Insurance Company on December 2, 2002, and a \$1 million settlement with KWELM Management Service Limited was authorized on February 12, 2003. Both settlements involved policies insuring APG and APG Services. On August 18, 2003, the Bankruptcy Court also approved settlement agreements between APG and APG Services and Continental Insurance Company and Great American Insurance Company, which agreements will result in payments of approximately \$305 million over time to the APG

Asbestos Trust and the APG Silica Trust. On April 15, 2005, the Bankruptcy Court approved a settlement agreement with Royal Indemnity which will result in payment of an additional \$11.4 million to the APG Asbestos Trust and the APG Silica Trust. A settlement has also been reached with Fireman's Fund relating to a policy issued to APG and a policy issued to APG Services. Pursuant to the settlement, which remains subject to approval by the Bankruptcy Court, \$13.8 million will be paid to the APG Asbestos Trust and APG Silica Trust. Negotiations with various other insurance carriers are ongoing. It is possible that insurance carriers could dispute or deny coverage with respect to silica related claims.

Pacific Employers Insurance Company ("PEIC") provided workers compensation coverage to the Debtors under a policy in effect from June 2000 to June 2002. PEIC has contended that this policy is an executory contract that must be assumed in order to preserve coverage. The Debtors have disputed that contention. The issue will be submitted to the Bankruptcy Court, and if the Bankruptcy Court determines that the policy is an executory contract the Debtors will assume it. The estimated additional cost to the Debtors of assuming the policy would be about \$40,000, which would not have a material effect on the Debtors or their estates.

5. Extensions of Exclusivity

Pursuant to Section 1121(b) of the Bankruptcy Code, only the debtor may file a plan during the first 120 days of a Chapter 11 case. This is sometimes referred to as the "exclusivity period." A bankruptcy court may extend the exclusivity period for cause. In a series of orders, the Bankruptcy Court has extended the Debtor's exclusivity period for both the NARCO Debtors and the GIT Debtors and the Debtors' exclusive right to solicit acceptance of each Plan.

6. Claims Bar Date

On October 11 and 18, 2002, the Bankruptcy Court entered Bar Date Orders establishing the general deadline for filing proofs of claim against the Debtors (the "Bar Date"). The deadline established by the Bankruptcy Court in both cases was February 28, 2003. The Bar Date does not apply to asbestos claims, silica claims, or certain claims related to the rejection of certain executory contracts. Notice of the Bar Date was served on all creditors listed on the Debtors' matrices and schedules, all persons requesting notice, and all known asbestos co-defendants. Notice of the Bar Date was also posted on the Debtors' website, www.rhireorg.com, and was published twice during the week of November 11, 2002 in the Wall Street Journal, the New York Times, and USA Today.

V. SUMMARY OF TREATMENT OF LIABILITIES AND CLAIMS AGAINST THE DEBTORS

A description of asbestos-related claims and silica-related claims against the Debtors is contained in Section III of this Disclosure Statement. A summary of certain other claims is set forth in this Section V.

A. LIABILITIES OF AND CLAIMS AGAINST THE NARCO DEBTORS

Administrative Expense Claims. The Administrative Expense Claims against the NARCO Debtors consist of trade payables and accrued expenses incurred after the Petition Date in the normal course of operations. Trade payable obligations and certain accrued expenses arise from raw material purchases, manufacturing facility operations and maintenance costs, employee compensation and benefits, etc. The NARCO Debtors will pay these obligations pursuant to their original terms, in the normal course of operations. Administrative Expense Claims against the NARCO Debtors also

include unpaid professional fees incurred in the reorganization and bankruptcy process after the Petition Date. Allowed NARCO Administrative Expense Claims for professional fees will be paid in full in Cash in an amount equal to the unpaid portion of the Allowed Amount of such claim (i) on the Effective Date or (ii) upon such other terms as may be agreed upon by the holder of such Allowed NARCO Administrative Expense Claim for professional fees.

Priority Claims. The NARCO Debtors believes that substantially all employee wage and benefit claims entitled to priority pursuant to Sections 507(a)(3) and (4) of the Bankruptcy Code have been paid pursuant to a first day order of the Bankruptcy Court. Any such Claims remaining will be paid in full on, or as soon as practical after, the Effective Date. The NARCO Debtors' Priority Claims consist primarily of unpaid property, sales, income and franchise taxes entitled to priority under Section 507(a) and (c) in the estimated amount of \$0.8 million. All Allowed Priority Claims will be paid in full on the Effective Date or in defined payments as permitted by the Bankruptcy Code.

General Unsecured Claims. The NARCO Plan incorporates the substantive consolidation of NARCO and the NARCO-Affiliated Debtors' assets and liabilities with respect to the treatment of General Unsecured Claims. See Section VI.A. below. General Unsecured Claims against NARCO and the NARCO-Affiliated Debtors consist of all unsecured claims not included in any other described category or Class of claims, including but not limited to (i) trade payables and accrued expenses incurred prior to the Petition Date; (ii) damages from the rejection of prepetition executory contracts and leases; (iii) damages from non-mass tort litigation; and (iv) other prepetition obligations including customer warranties and deposits, outstanding checks and commissions. The NARCO General Unsecured Claims also include a claim that has been asserted by Honeywell. NARCO disputes such Claim. Honeywell's claim will be resolved pursuant to the NARCO/Honeywell Settlement Agreement, which requires it to be withdrawn on the Effective Date of the NARCO Plan. The Allowed General Unsecured Claims against NARCO and the NARCO-Affiliated Debtors is estimated by NARCO and the NARCO-Affiliated Debtors to be in the amount of \$20-22 million and will be treated as provided in Part C of this Section V.

Secured Claims. Honeywell provided NARCO a \$20 million debtor-in-possession credit facility secured by liens on the accounts receivable and inventory of NARCO at its Petition Date (the "NARCO DIP Facility"). Draws to date under the NARCO DIP Facility total \$2.7 million. As part of the NARCO Plan, NARCO will draw the remaining \$17.3 million available under the NARCO DIP Facility, and in partial consideration for the NARCO Channeling Injunction Honeywell will waive any rights to repayment of principal or interest evidenced by such facility. Other than the NARCO DIP facility, NARCO has no other significant Secured Claims or financing-type lease agreements.

B. LIABILITIES OF AND CLAIMS AGAINST THE GIT DEBTORS.

Administrative Expense Claims. The Administrative Expense Claims against the GIT Debtors consist of trade payables and accrued expenses incurred after the Petition Date in the normal course of operations. Trade payable obligations and certain accrued expenses arose from raw material purchases, manufacturing facility operating and maintenance costs, employee compensation and benefits, etc. The GIT Debtors will pay these obligations pursuant to their original terms, in the normal course of operations.

Administrative Expense Claims against the GIT Debtors also include unpaid professional fees incurred in the reorganization and bankruptcy process after the Petition Date. Allowed Administrative Expense Claims against the GIT Debtors for professional fees will be paid in full in Cash in an amount equal to the unpaid portion of the Allowed Amount of such claim (i) on the Effective Date or (ii) upon such other terms as may be agreed upon by the holder of such Allowed Administrative Expense Claim for professional fees. The estimated percentage recovery for these Claims is 100% of the Allowed Amount.

Priority Claims. The GIT Debtors believe that substantially all employee wage and benefit claims entitled to priority pursuant to Sections 507(a)(3) and (4) of the Bankruptcy Code have been paid pursuant to a first day order of the Bankruptcy Court. Priority Claims against the GIT Debtors consist primarily of unpaid taxes entitled to priority under Section 507(a) and (c) of the Bankruptcy Code. Such Claims, in the anticipated amount of \$1.8 million, will be paid in full on the Effective Date or in deferred payments as permitted by the Bankruptcy Code.

General Unsecured Claims. The GIT Plan incorporates the substantive consolidation of GIT and the GIT-Affiliated Debtors' assets and liabilities with respect to the treatment of General Unsecured Claims. See Section VI.A. below. General Unsecured Claims against GIT and the GIT-Affiliated Debtors consist of all unsecured claims not included in any other described category or Class of Claims, including but not limited to (i) trade payables and accrued expenses incurred prior to the Petition Date; (ii) damages from the rejection of prepetition executory contracts and leases; (iii) damages from non-mass tort litigation; (iv) other prepetition obligations including customer warranties and deposits, outstanding checks and commissions, and (v) unsecured claims under non-IRS qualified supplemental pension plans. The Allowed General Unsecured Claims against GIT and the GIT-Affiliated Debtors is estimated by GIT and the GIT-Affiliated Debtors to be in the amount of \$35-57 million and will be treated as provided in Part C of this Section V.

C. SETTLEMENT REGARDING TREATMENT OF GENERAL UNSECURED CLAIMS AGAINST THE NARCO AND GIT DEBTORS.

NARCO and the NARCO-Affiliated Debtors and the Creditors Committees have agreed in the NARCO Plan: 1.) for the cash payment by NARCO and the NARCO-Affiliated Debtors on the Effective Date to each holder of a Class 3-A Claim of an amount equal to 90% of the Allowed Amount of such Class 3-A Claim against NARCO and/or the NARCO-Affiliated Debtors in consideration for 2.) the Creditors Committees' support of the NARCO Plan. GIT and the GIT-Affiliated Debtors and the Creditors Committees have agreed in the GIT Plan: 1.) for the cash payment by GIT and the GIT-Affiliated Debtors on the Effective Date to each holder of a Class 3-A Claim of an amount equal to 90% of the Allowed Amount of such Class 3-A Claim against GIT and/or the GIT-Affiliated Debtors in consideration for 2.) the Creditors Committees' support of the GIT Plan. In making such agreement NARCO and the NARCO-Affiliated Debtors have estimated that the total amount of Class 3-A Claims against the NARCO and the NARCO-Affiliated Debtors do not exceed \$22 million and GIT and the GIT-Affiliated Debtors have estimated that the total amount of Class 3-A Claims against GIT and the GIT-Affiliated Debtors do not exceed \$57 million. To the extent that the Allowed Amounts of Class 3-A Claims against NARCO and the NARCO-Affiliated Debtors and GIT and the GIT-Affiliated Debtors exceed such estimates, NARCO and the NARCO-Affiliated Debtors and GIT and the GIT-Affiliated Debtors will not be able to make cash payments equal to 90% of the Allowed Amounts of Class 3-A Claims under the NARCO Plan and/or the GIT Plan

and this could result in the NARCO Plan and the GIT Plan not being confirmed. Further, to the extent the Confirmation Order is not entered by May 30, 2006, this 90% treatment of Class 3-A Claims by NARCO and the NARCO-Affiliated Debtors and GIT and the GIT-Affiliated Debtors and the Creditors Committees' support of the NARCO Plan and the GIT Plan shall be deemed withdrawn. Further, this 90% treatment shall not be modified under Article 8 by NARCO and the NARCO-Affiliated Debtors and/or by GIT and the GIT-Affiliated Debtors prior to the entry of the Confirmation Order without the consent of the Creditors Committees which shall not be unreasonably withheld. In addition to other conditions set forth in Article 9 and other provisions of the NARCO Plan and the GIT Plan, including the consummation of the NARCO/Honeywell Settlement Agreement and the funding and forgiveness by Honeywell of, *inter alia*, the NARCO-DIP Facility, the 90% treatment of Class 3-A Claims by NARCO and the NARCO-Affiliated Debtors and by GIT and the GIT-Affiliated Debtors is further conditioned upon finalizing of a \$75 million exit financing facility on or before the Confirmation Date.

VI. METHODS FOR TREATMENT UNDER BOTH PLANS

A. PARTIAL SUBSTANTIVE CONSOLIDATION

The NARCO Plan incorporates the substantive consolidation of the NARCO Debtors' assets and liabilities with respect to the treatment of General Unsecured Claims. Likewise, the GIT Plan incorporates the substantive consolidation of the GIT Debtors' assets and liabilities with respect to the treatment of General Unsecured Claims. Substantive consolidation means that the assets and liabilities of the NARCO Debtors under the NARCO Plan and the GIT Debtors under the GIT Plan will be pooled in the respective Plans and all of the holders of General Unsecured Claims against the NARCO Debtors or GIT Debtors, as the case may be, will share in the common pool created under the NARCO Plan or GIT Plan. If the respective Debtors' estates were not substantively consolidated, it would be necessary to have separate plans of reorganization for each NARCO Debtor and each GIT Debtor with respect to the treatment of General Unsecured Claims, with each holder of a General Unsecured Claim receiving a distribution from the Debtor with which the particular creditor did business. Substantive consolidation of the NARCO Debtors' estates is necessary with respect to the treatment of General Unsecured Claims because the NARCO Debtors have operated and continue to operate as a single business enterprise and have no reliable or reasonable means of separating their assets and liabilities by individual Debtor in order to formulate individual plans of reorganization to handle the treatment of General Unsecured Claims in their case. Similarly, the GIT Debtors have operated and continue to operate as a single business enterprise and have no reliable or reasonable means of separating their assets and liabilities by individual Debtor in order to formulate individual plans of reorganization to handle the treatment of General Unsecured Claims in their case. Moreover, a substantial majority of each Debtor's general unsecured creditors would similarly be unable to identify the particular Debtors with which they did business. Substantive consolidation is an equitable remedy that must be approved by the Bankruptcy Court. Accordingly, the Plans constitute each Debtor's motion for the substantive consolidation of their estates with respect to General Unsecured Claims.

The Debtors' Plans will not be substantively consolidated for any purpose other than the treatment of General Unsecured Claims in each Plan. For instance, the Debtors will not be substantively consolidated with respect to the treatment of Asbestos Claims or Silica Claims. Such claims are uniquely related to certain Debtors in time and place

and will be treated under the NARCO Asbestos Trust, APG Asbestos Trust, APG Silica Trust, DII Asbestos Trust or DII Silica Trust, as applicable, in accordance with the trust agreements and trust distribution procedures related to each trust. As such, the Debtors may be considered to be “partially substantively consolidated” under the Plans.

Substantive consolidation is an equitable remedy that courts will employ under certain circumstances to promote fairness to all creditors as a group. The substantive consolidation of two or more entities typically affects the rights of creditors as they relate to individual debtors and debtor groups. For instance, substantively consolidating a debtor having substantial assets with a debtor having little or no assets will substantially benefit creditors of the latter entity, but at the expense of the creditors of the former entity. Another potential impact on creditors from the substantive consolidation of affiliated entities is the likely elimination of any intercompany obligations or liabilities among the consolidated entities. Similarly, a creditor holding a guaranty claim against an entity that is substantively consolidated with the primary obligor on the guaranteed debt would likely lose the guaranty claim in favor of a single claim against the consolidated entity.

The Debtors believe that substantive consolidation of their assets and liabilities with respect to General Unsecured Claims is critical to the successful conclusion of these Bankruptcy Cases. The Debtors would have to spend considerable time and expense and employ innumerable speculative assumptions in order to attempt a complete separation of their business relationships and operations with each other and with individual creditors, unnecessarily consuming Debtors' employees' time and energies. Perhaps more importantly, substantive consolidation is also necessary to remain consistent with the expectations of Debtors' creditors, who largely dealt with Debtors as a single economic enterprise and not as a fractured affiliation of multiple separate companies. Substantive consolidation is necessary to treat fairly the creditors in a plan of reorganization by acknowledging the economic reality with which they did business.

Substantive consolidation of the Debtors' estates is critical to the Debtors' successful reorganization and effectiveness of the Plans. The NARCO Debtors have historically operated as a single economic enterprise and few creditors even dealt with the NARCO Debtors in any other way. Likewise, the GIT Debtors have historically operated as a single economic enterprise and few creditors even dealt with the GIT Debtors in any other way. The NARCO Debtors' and GIT Debtors' respective financial management, organizational structure, and corporate governance procedures described above fit easily within the multitude of criteria cited by courts for decades to justify substantive consolidation. No prejudice will result from substantively consolidating the NARCO Debtors' or GIT Debtors' estates, since few creditors relied on the individual assets of a particular Debtor in extending credit or doing regular business. Because the Debtors' creditors knowingly dealt with the unified business enterprise, creditors will receive exactly what they expect – payment from the consolidated NARCO Debtors or GIT Debtors under the applicable Plan. Even if prejudice were to result with regard to a particular creditor, the costs to all other creditors, the greater harm to the estates arising from the Debtors' inability to propose viable plans of reorganization, would clearly outweigh such prejudice.

As a result of the substantive consolidation of all NARCO Debtors under the NARCO Plan and GIT Debtors under the GIT Plan with respect to General Unsecured Claims, (a) each NARCO bankruptcy case will be deemed to be one consolidated case for purposes of the treatment of General Unsecured Claims in the NARCO Plan and each GIT bankruptcy case will be deemed to be one consolidated case for purposes of the treatment of General Unsecured Claims in

the GIT Plan; (b) all property of any of the NARCO Debtors will be deemed to be property of a consolidated entity consisting of all NARCO Debtors and all property of any of the GIT Debtors will be deemed to be property of a consolidated entity consisting of all GIT Debtors; (c) all General Unsecured Claims against any NARCO Debtor will be deemed to be a Claim against a consolidated entity consisting of all NARCO Debtors, and any proof of claim filed against one or more of the NARCO Debtors will be deemed to have been filed against the consolidated entity unless otherwise provided in the NARCO Plan and all General Unsecured Claims against any GIT Debtor will be deemed to be a Claim against a consolidated entity consisting of all GIT Debtors, and any proof of claim filed against one or more of the GIT Debtors will be deemed to have been filed against the consolidated entity unless otherwise provided in the GIT Plan; (d) all Equity Interests in any Debtor will be ignored, other than the equity interests in Reorganized GIT (which will be cancelled and issued to Reorganized ANH), the equity interests in Reorganized NARCO (which will be cancelled and issued to Reorganized ANH), the equity interests in Reorganized ANH (which will be cancelled and issued to the NARCO Asbestos Trust and APG Asbestos Trust) and all Equity Interests in any Debtor held by any RHI AG Entity (which will be cancelled under the Plans); (e) all intercompany Claims by and among Debtors will be ignored; (f) all guarantees, if any, by one Debtor in favor of any other Debtors will be eliminated; and (g) for purposes of determining the availability of the right of setoff under Section 553 of the Bankruptcy Code, the NARCO Debtors will be treated as one entity and the GIT Debtors will be treated as one entity so that, subject to the provisions of Section 553, debts due to any NARCO Debtor from any other NARCO Debtor may be set off against the debts of such NARCO Debtor due to any other NARCO Debtors and debts due to any GIT Debtor from any other GIT Debtor may be set off against the debts of such GIT Debtor due to any other GIT Debtor. Substantive consolidation will not merge or otherwise affect the separate legal existence of each Debtor for licensing, regulatory or other purposes, other than with respect to distribution rights under this Plan. Moreover, substantive consolidation will have no effect on valid, enforceable and unavoidable Liens, except for Liens that secure a Claim that is eliminated by virtue of substantive consolidation and Liens against collateral that ceases to exist by virtue of substantive consolidation. Furthermore, substantive consolidation will not create a Claim in a Class different from the Class in which a Claim would have been placed in the absence of substantive consolidation.

Accordingly, the Plan Proponents will ask that the Bankruptcy Court approve substantive consolidation as a condition to confirmation of each Plan.

B. RESTRUCTURING TRANSACTIONS

The Plans contemplate that all Equity Interests of any Debtor in any other Debtor will continue to exist and will not be modified on the Effective Date of the Plans, other than the equity interests in Reorganized GIT (which will be cancelled and issued to Reorganized ANH), the equity interests in Reorganized NARCO (which will be cancelled and issued to Reorganized ANH), the equity interests in Reorganized ANH (which will be cancelled and issued to the NARCO Asbestos Trust and APG Asbestos Trust) and all Equity Interests in any Debtor held by any RHI AG Entity (which will be cancelled under the Plans).

On or after the Effective Date and so long as Reorganized ANH owns 100% of the value of the resulting entity and following approval of the applicable boards of directors of the Reorganized Debtors, the applicable Reorganized Debtors may enter into such transactions and may take such actions as may be necessary or appropriate to effect a

corporate restructuring of their respective businesses, to otherwise simplify the overall corporate structure of the Reorganized Debtors, or to reincorporate certain Subsidiary Debtors under the laws of jurisdictions other than the laws of which the applicable Subsidiary Debtors are presently incorporated. Such restructuring may include one or more mergers, consolidations, restructures, dispositions, liquidations, or dissolutions, as may be determined by the Debtors or the Reorganized Debtors to be necessary or appropriate (collectively, the "Restructuring Transactions"). The actions to effect the Restructuring Transactions may include: (a) the execution and delivery of appropriate agreements or other documents of merger, consolidation, restructuring, disposition, liquidation, or dissolution containing terms that are consistent with the terms of this Plan and that satisfy the applicable requirements of applicable state law and such other terms to which the applicable entities may agree; (b) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, duty, or obligation on terms consistent with the terms of this Plan and having such other terms to which the applicable entities may agree; (c) the filing of appropriate certificates or articles of merger, consolidation, or dissolution pursuant to applicable state law; and (d) all other actions that the applicable entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable state law in connection with such transactions.

In order to begin to facilitate the Debtors' restructuring, the Plans provide that all Claims of any NARCO Debtor against any other NARCO Debtor and all Claims of any GIT Debtor against any other GIT Debtor will be cancelled on the Effective Date of the Plans.

C. VOTING PROCEDURES

TO BE COUNTED, YOUR BALLOT MUST BE RECEIVED AT THE FOLLOWING ADDRESS NO LATER THAN 5:00 P.M. ET, ON MARCH 31, 2006.

Logan & Company, Inc.
546 Valley Road
Upper Montclair, NJ 07043

BALLOTS RECEIVED AFTER THAT TIME WILL NOT BE COUNTED.

If you did not receive a Ballot, it may be because the Debtors believe that you are not entitled to vote on a Plan. Pursuant to an order of the Bankruptcy Court, in most cases, notice to holders of PI Trust Claims is being provided to counsel only.

The following are NOT entitled to vote on the NARCO Plan and, therefore, have not received Ballots with this Disclosure Statement:

- NARCO Administrative Expense Claims - ordinary course liabilities
- NARCO Administrative Expense Claims - professional fees
- NARCO Priority Claims of governmental units
- NARCO Class 1-A Allowed Secured Claims secured by a letter of credit, bond, other financial instrument or Cash

- NARCO Class 1-B Secured Claims under Capitalized Leases and Secured Financing Agreements other than those in NARCO Class 1-A and NARCO Class 2
- NARCO Class 3-B GIT and NARCO Entity Claims
- NARCO Class 4-B NARCO Silica Claims

The following are NOT entitled to vote on the GIT Plan and, therefore, have not received Ballots with this Disclosure Statement:

- GIT Administrative Expense Claims - ordinary course liabilities
- GIT Administrative Expense Claims - professional fees
- GIT Priority Claims of governmental units
- GIT Class 1-A Allowed Claims secured by a letter of credit, bond, other financial instrument or Cash
- GIT Class 1-B Allowed Secured Claims under Capitalized Leases and Secured Financing Agreements other than those in GIT Class 1-A
- GIT Class 3-B NARCO and GIT Entity Claims

In lieu of a ballot, holders of Claims in the above classes will receive a Notification of Non-Voting Status for each applicable Plan. If you are not listed above and you did not receive a Ballot, received a damaged Ballot, or lost your Ballot, please contact Logan & Company at www.loganandco.com or at 973-509-3190.

D. DEFINITION OF IMPAIRMENT

Under Section 1124 of the Bankruptcy Code, a class of claims or interests is impaired under a plan of reorganization unless, with respect to each claim or interest of such class, the plan:

1. leaves unaltered the legal, equitable, and contractual rights of the holder of such claim or interest; or
2. notwithstanding any contractual provision or applicable law that entitles the holder of a claim or interest to receive accelerated payment of such claim or interest after the occurrence of a default:
 - a. cures any such default that occurred before or after the commencement of the case under the Bankruptcy Code, other than a default of a kind specified in Section 365(b)(2) of the Bankruptcy Code;
 - b. reinstates the maturity of such claim or interest for damages incurred as a result of reasonable reliance on such contractual provision or applicable law;

- c. compensates the holder of such claim or interest for damages incurred as a result of reasonable reliance on such contractual provision or applicable law; and
- d. does not otherwise alter the legal, equitable, or contractual rights to which such claim or equity interest entitles the holder of such claims or interest.

E. VOTE REQUIRED FOR CLASS ACCEPTANCE

As a condition to confirmation, the Bankruptcy Code requires acceptance of a plan of reorganization by all impaired classes (except as discussed below). The Bankruptcy Code defines acceptance of a plan by a class of claims against a debtor as acceptance by holders of two-thirds in dollar amount and one-half in number of the claims against the debtor of that class that actually cast ballots for acceptance or rejection of the plan; i.e., acceptance takes place only if two-thirds in amount and a majority in number of the holders of claims in a given class of claims against the debtor actually voting cast their ballots in favor of acceptance. Notwithstanding the requirement of class acceptance, a plan may be confirmed even if one or more impaired classes do not accept the plan, if at least one impaired class of non-insider claims has accepted the plan and the court determines that the plan does not unfairly discriminate, and is fair and equitable, with respect to each class that is impaired and has not accepted the plan. This is sometimes referred to as “Cramdown”. See Section VIII-C below.

Additionally, because the NARCO Asbestos Trust Claims and APG Asbestos Trust Claims will be addressed by a trust established in part pursuant to Section 524(g) of the Bankruptcy Code, acceptance of the NARCO Plan or GIT Plan by such a Class requires that 75% of those voting vote to accept the applicable Plan.

If a Plan is confirmed, all holders of Claims and Equity Interests, whether voting or non-voting, and if voting, whether accepting or rejecting such Plan, will be bound by the terms of the confirmed Plan.

On January 30, 2006 the Bankruptcy Court entered Orders approving for each of the Plans: (i) a confirmation hearing notice and the contents and manner of service of the solicitation package, (ii) the procedures for voting and tabulation of votes, (iii) the forms of Ballots, and (iv) the Voting Procedures Order. A copy of the Voting Procedures Order is enclosed in the package with this Disclosure Statement.

Temporary Allowance of Claims for Voting Purposes. Generally, only the holder of an Allowed Claim may vote to accept or reject a Plan. Holders of Claims that are listed on the Debtors’ schedules of liabilities as contingent, unliquidated or disputed, or claims which are the subject of a pending objection are not eligible to vote. If you are the holder of a Claim in a Class that is entitled to vote to accept or reject the Plan and there is a pending objection to your Claim, and you wish to vote, you must file a motion with the Bankruptcy Court seeking temporary allowance of your Claim in an amount which the Court deems proper solely for the purpose of casting a vote to accept or reject the Plan (“Allowance Motion”). All Allowance Motions must be filed so as to be heard on or before the Confirmation Hearing.

Allowance of Individual Asbestos Trust Claims for Voting Purposes: NARCO and APG estimate that there are in excess of 485,000 individual Asbestos Trust Claims in these cases. For instance, NARCO estimates that it faces over 250,000 NARCO Asbestos Trust Claims, and APG estimates that it faces over 235,000 individual APG Asbestos Trust Claims. Most are unliquidated. In order to provide for participation of the claimants with NARCO and

APG Asbestos Trust Claims in the voting process, the Voting Procedures Order allows these Asbestos Trust Claims solely for voting purposes.

The Voting Procedures Order provides that each claimant with a NARCO Asbestos Trust Claim under the Plan shall receive one vote with respect to each such Claim, and that the ballot will require the claimant to designate one of seven specified disease categories, each of which will be assigned a dollar amount for purposes of voting only. The categories and amounts are as follows: Mesothelioma, \$75,000; Lung Cancer 1, \$18,000; Lung Cancer 2, \$15,000; Other Cancer, \$9,000; Severe Asbestosis, \$18,000; Asbestosis/Pleural Disease, \$7,500; Other Asbestos Disease, \$1,200.

The Voting Procedures Order also provides that each claimant with an APG Asbestos Trust Claim under the Plan shall receive one vote with respect to each such Claim, and that the ballot will require the claimant to designate one of seven specified disease categories, each of which will be assigned a dollar amount for purposes of voting only. The categories and amounts are as follows: Mesothelioma, \$130,000; Lung Cancer 1, \$47,000; Lung Cancer 2, \$15,000; Other Cancer, \$22,000; Severe Asbestosis, \$22,000; Asbestosis/Pleural Disease (Disease Level II), \$8,300; Asbestosis/Pleural Disease (Disease Level I), \$2,750.

The characterization of the disease applicable to an Asbestos Trust Claim for voting purposes shall not constitute either a determination of (a) the disease, if any, for which such Asbestos Trust Claim would qualify under the Claims Resolution Procedures or (b) the amount at which such Asbestos Trust Claim would be Allowed under the applicable trust distribution procedures. If an individual asbestos claimant fails to designate a disease category for a NARCO Asbestos Trust Claim, the Claim voted by such claimant will be deemed to be, for purposes of voting, one for Other Asbestos Disease. If an individual asbestos claimant fails to designate a disease category for an APG Asbestos Trust Claim, the Claim voted by such claimant will be deemed to be, for purposes of voting, one for Asbestosis/Pleural Disease (Disease Level I).

Allowance of Individual Silica Trust Claims for Voting Purposes. APG believes that there may be a significant number of individual APG Silica Trust Claims pending against it, based upon its knowledge and experience as well as currently available literature and statistics regarding the general state of silica bodily injury litigation. All of these claims are unliquidated at this time. In order to provide for participation of the claimants with APG Silica Trust Claims in the voting process, the Voting Procedures Order allows these APG Silica Trust Claims for voting purposes.

The Voting Procedures Order provides that each claimant with an APG Silica Trust Claim under the Plan shall receive one vote with respect to each such Claim, and that the ballot will require the claimant to designate one of five specified disease categories, each of which will be assigned a dollar amount for purposes of voting only. The categories and amounts are as follows: Complex Silicosis, \$92,000; Lung Cancer, \$45,000; Severe Silicosis, \$10,550; Silicosis, \$7,400; Simple Silicosis, \$1,850; Convenience Class, \$1,000.

The characterization of the disease applicable to an APG Silica Trust Claim for voting purposes shall not constitute either a determination of (a) the disease, if any, for which such APG Silica Trust Claim would qualify under the APG Silica TDP or (b) the amount at which such APG Silica Trust Claim would be Allowed under the APG Silica TDP.

If an individual silica claimant fails to designate a disease category, the APG Silica Trust Claim voted by such claimant will be deemed to be, for purposes of voting, a Simple Silicosis claim.

Master Ballots. Virtually all of the individual claimants with Asbestos Trust Claims are represented by counsel. If a law firm has been authorized to vote on behalf of a client, the Voting Procedures Order authorizes counsel to submit a master Ballot setting forth the acceptances and rejections of the various clients represented by that law firm. Where a client has not authorized the law firm to vote on his or her behalf, counsel must forward copies of such asbestos claimants solicitation package to the client, or provide the Debtors with the names and address of such clients and request that the Debtors forward solicitation packages directly to such clients. Counsel filing master Ballots may submit the master Ballots electronically using the Logan & Company web site, located at www.loganandco.com.

You may be contacted by representatives of the Debtors with regard to your vote on a Plan. If any Ballot received by the Debtors is not discernible as to the Class of the Claim or the name of the holder thereof, such Ballot will be disregarded and not counted. If you have any questions regarding the procedures for voting on the Plans, please contact your legal counsel for advice.

VII. CONFIRMATION AND EFFECTIVENESS OF THE PLANS

Under the Bankruptcy Code, the following steps must be taken to confirm the Plans:

A. CONFIRMATION HEARING

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing to determine whether all requirements for confirmation of each Plan have been satisfied. Section 524(g)(3)(A) of the Bankruptcy Code provides that a plan containing an injunction issued under Section 524(g) must be confirmed or affirmed by the District Court. By order of the Bankruptcy Court dated January 30, 2006 a Confirmation Hearing has been scheduled for June 5, 2006 commencing at 9:00 a.m. Eastern Time at the United States Bankruptcy Court, Western District of Pennsylvania, 54th Floor USX Tower, 600 Grant Street, Pittsburgh, Pennsylvania 15219. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice, except for an announcement made at the Confirmation Hearing or any adjournment thereof.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a Plan. Any objection to confirmation must be made in writing and filed with the Bankruptcy Court, together with proof of service, and served upon the respective Debtors' counsel, counsel for the Creditors Committees, counsel for the Asbestos Creditors Committee, counsel for the Future Claimants Representatives, the United States Trustee, and those persons included on the Official Service List, on or before May 12, 2006 at 5:00 p.m., Eastern Time. The NARCO Official Service List and the GIT Official Service List are attached to this Disclosure Statement as Exhibits 14 and 15, respectively. Unless an objection to confirmation is timely served upon each of the above parties and filed with the Bankruptcy Court, the District Court and the Bankruptcy Court may not consider the objection.

Section 524(g)(3)(A) of the Bankruptcy Code provides that a plan containing an injunction issued under Section 524(g) must be confirmed or affirmed by the District Court. Following entry of an order confirming the plan by the Bankruptcy Court, the Plan Proponents will immediately seek to have that order affirmed by the District Court.

B. REQUIREMENTS FOR CONFIRMATION OF THE PLANS

At the Confirmation Hearing, the District Court and the Bankruptcy Court will determine whether the confirmation requirements of Section 1129 of the Bankruptcy Code have been satisfied with respect to each Plan, in which event they shall enter an order confirming each Plan. The applicable requirements for confirmation of each Plan are as follows:

- The Plans comply with the applicable provisions of the Bankruptcy Code.
- The Plan Proponents have complied with the applicable provisions of the Bankruptcy Code.
- The Plans have been proposed in good faith and not by any means forbidden by law.
- Any payment made or promised by a Debtor or by a person acquiring property under a Plan for services or for costs and expenses in or in connection with the Chapter 11 Cases, or in connection with the Plans, has been disclosed to the Bankruptcy Court, and any such payment made before the confirmation of such Plan is reasonable, or if such payment is to be fixed after confirmation of such Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable.
- The Plan Proponents have disclosed the identity and affiliations of any individuals proposed to serve, after confirmation of the Plans, as a director, officer, or voting trustee of Reorganized ANH, an Affiliate of a Debtor participating in a Plan with Reorganized ANH, or a successor to Reorganized ANH under the Plans, and the appointment to, or continuance in, such office of such individual, is consistent with the interests of holders of Claims and Equity Interests, and with public policy, and each Debtor has disclosed the identity of any insider that will be employed or retained by Reorganized ANH, and the nature of any compensation for such insider.
- With respect to each Class of impaired Claims or Equity Interests, either each holder of a Claim or Equity Interest of such class has accepted the Plan, or will receive or retain under the Plan on account of such Claim or Equity Interest property of a value, as of the Effective Date of the Plan, that is not less than the amount that such holder would receive or retain if the applicable Debtor were liquidated on such date under Chapter 7 of the Bankruptcy Code. If Section 1111(b)(2) of the Bankruptcy Code applies to the Claims of such Class, each holder of a Claim will receive or retain under the applicable Plan on account of such Claim, property of a value, as of the Effective Date of such Plan, that is not less than the value of such holder's interest in the applicable Debtor's estate's interest in the property that secures such Claims.
- Each Class of Claims or Equity Interests in the Debtors have either accepted the Plan upon which they are entitled to vote or are not impaired under such Plan, except as set forth in the Plans.

- Except to the extent that the holder of a particular Claim has agreed to a different treatment of such Claim, the Plans provide that Allowed Administrative Expense Claims and Allowed Priority Claims will be paid in full on the Effective Date, or with respect to Allowed Priority Claims such Claims will be paid in full in deferred cash payments over a period not to exceed six years after the date of assessment of such Claims, of a value, as of the Effective Date, equal to the Allowed amount of such Priority Tax Claim.
- At least one Class of impaired Claims has accepted each Plan, determined without including any acceptance of such Plan by an insider holding a Claim of such Class.
- Confirmation of each Plan is not likely to be followed by the liquidation, or the need for further financial reorganization of a Debtor or any successor of such Debtor under a Plan, unless such liquidation or financial reorganization is proposed in such Plan.
- All fees payable pursuant to 28 U.S.C. § 1930 have been paid or will be paid on the Effective Date of the Plans.

The Plan Proponents believe that each Plan satisfies all of the statutory requirements of Chapter 11 of the Bankruptcy Code, that they have complied or will have complied with all of the requirements of Chapter 11, and that the proposed Plans are made in good faith.

C. CONFIRMATION WITHOUT ACCEPTANCE BY ALL IMPAIRED CLASSES

Pursuant to Section 1129(a), in order for a plan to be confirmed, it must be approved by all classes of impaired claims and equity interests. However, a bankruptcy court may confirm a plan that has not been accepted by all impaired classes, providing at least one impaired class accepts the plan, and the Bankruptcy Court finds that the plan “does not discriminate unfairly” and is “fair and equitable” with respect to each class that is impaired and has not accepted the plan. These so-called “cramdown” provisions are set forth in Section 1129(b) of the Bankruptcy Code. A plan of reorganization does not discriminate unfairly within the meaning of the Bankruptcy Code if each dissenting class is treated equally with other classes of equal rank.

With respect to an unsecured claim, “fair and equitable” means either (i) each impaired unsecured creditor receives or retains property of a value equal to the Allowed Amount of such unsecured claim or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive or retain on account of such junior claim or interest any property under the plan. With respect to equity interests, “fair and equitable” means each impaired equity interest receives or retains on account of such interest property of a value equal to the greater of the Allowed Amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest.

Provided that at least one impaired Class under the NARCO Plan and GIT Plan, as applicable, accepts the Plan upon which it is entitled to vote, if votes to accept such Plan(s) are cast by 75% of holders of the respective NARCO Class 4 or GIT Class 4-A Claims who cast votes, the NARCO Plan Proponents and GIT Plan Proponents, as

applicable, reserve the right to request that the District Court and the Bankruptcy Court confirm such Plan(s) pursuant to the cramdown provisions of Section 1129(b) of the Bankruptcy Code.

D. CHANNELING INJUNCTIONS AS A CONDITION TO CONFIRMATION OF THE PLANS

1. Generally

In conjunction with the confirmation of each Plan, the Plan Proponents will seek an order in accordance with and pursuant to Sections 105 (for APG Silica Trust Claims or Demands) or 524(g) (for NARCO Asbestos Trust Claims and Demands and APG Asbestos Trust Claims or Demands) of the Bankruptcy Code pursuant to which all Entities which have held or asserted, which hold or assert, or which may in the future hold or assert any PI Trust Claim, Asbestos Demand or APG Silica Demand (or any claim or right to payment for any Trust Expense of the PI Trusts) against the Protected Parties in the NARCO and GIT Chapter 11 Cases, respectively, or any of them, whenever and wherever arising or asserted, shall be permanently stayed, restrained and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering, or receiving payments, satisfaction, or recovery with respect to any such Claim, Demand, or Trust Expense, including, but not limited to:

- **commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim, Demand, or Trust Expense, against any of the Protected Parties in the NARCO and GIT Chapter 11 Cases, respectively, or against the property of any Protected Party in the NARCO and GIT Chapter 11 Cases, respectively, with respect to any such Claim, Demand, or Trust Expense;**
- **enforcing, attaching, collecting or recovering, by any manner or means, any judgment, award, decree or order against any of the Protected Parties in the NARCO and GIT Chapter 11 Cases, respectively, or against the property of any Protected Party in the NARCO and GIT Chapter 11 Cases, respectively, with respect to any such Claim, Demand, or Trust Expense;**
- **creating, perfecting or enforcing any Lien of any kind against any Protected Party in the NARCO and GIT Chapter 11 Cases, respectively, or the property of any Protected Party in the NARCO and GIT Chapter 11 Cases, respectively, with respect to any such Claim, Demand, or Trust Expense;**
- **asserting or accomplishing any setoff, right of subrogation, indemnity, contribution or recoupment of any kind against any obligation due any Protected Party in the NARCO and GIT Chapter 11 Cases, respectively, or against the property of any Protected Party in the NARCO and GIT Chapter 11 Cases, respectively, with respect to any such Claim, Demand, or Trust Expense; and**

- **taking any action, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan Documents, with respect to such Claim, Demand, or Trust Expense.**

In order to grant an injunction under Section 524(g), a bankruptcy court must find (1) that the injunction is being implemented in connection with a trust that assumes the liabilities of the debtor, (2) at the time of the entry of the order for relief the debtor had been named as a defendant in personal injury, wrongful death, or property damage actions seeking recovery for damage allegedly caused by the presence of or exposure to asbestos, or asbestos-containing products, (3) that the trust is to be funded in whole or in part by the securities of the debtor and by the obligation of the debtor to make future payments, including Dividends, and (4) that the trust owns, or by the rights granted under the plan would be entitled to own, if a specified contingency occurs, a majority of the voting shares of the debtor. The trust must also use its assets or income to pay asbestos-related claims and demands. Subject to certain restrictions, in entering such an injunctive order, the court must determine (a) that the debtor is likely to be subject to substantial demands for payment arising out of the same or similar asbestos-related conduct or events, (b) the actual amounts, numbers, and timing of such demands cannot be determined, and (c) pursuit of such demands outside of the procedures prescribed by the plan is likely to threaten the plan's purposes to deal equitably with claims and demands.

In order to grant the injunction with regard to Honeywell and the other NARCO Protected Parties, the Bankruptcy Court must find that the statutory conditions set forth in Section 524(g), including Section 524(g)(4)(A)(ii),⁵ have been met. The Debtors believe that with respect to claims arising from exposure to the

⁵ A NARCO Protected Party will receive the protections of the NARCO Channeling Injunction only to the extent permitted by Section 524(g), including 524(g)(4)(A)(ii), which states as follows:

(ii) Notwithstanding the provisions of section 524(e), such an injunction may bar any action directed against a third party who is identifiable from the terms of such injunction (by name or as part of an identifiable group) and is alleged to be directly or indirectly liable for the conduct of, claims against, or demands on the debtor to the extent such alleged liability of such third party arises by reason of –

(I) the third party's ownership of a financial interest in the debtor, a past or present affiliate of the debtor, or a predecessor in interest of the debtor;

(II) the third party's involvement in the management of the debtor or a predecessor in interest of the debtor, or service as an officer, director or employee of the debtor or a related party;

(III) the third party's provision of insurance to the debtor or a related party; or

(IV) the third party's involvement in a transaction changing the corporate structure, or in a loan or other financial transaction affecting the financial condition, of the debtor or a related party, including but not limited to –

(aa) involvement in providing financing (debt or equity), or advice to an entity involved in such a transaction; or

(bb) acquiring or selling a financial interest in an entity as part of such a transaction.

(iii) As used in this subparagraph, the term "related party" means –

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NARCO Product Line, these statutory conditions are satisfied. The objectors disagree. See Section II.B. If the NARCO Channeling Injunction does not channel all NARCO Asbestos Trust Claims and NARCO Asbestos Trust Demands against Honeywell arising from exposure to NARCO Product Line products, Honeywell has the right to terminate its commitment to fund the NARCO Asbestos Trust.

In order to confirm a Plan in accordance with Section 524(g), the District Court and the Bankruptcy Court must determine (1) that a separate Class or Classes of Claims whose Claims are to be addressed by the NARCO Asbestos Trust and APG Asbestos Trust, respectively, have voted to accept a Plan by at least 75% of those voting, and (2) that the NARCO Asbestos Trust and APG Asbestos Trust, respectively, will operate through mechanisms such as structured, periodic or supplemental payments, *pro rata* distributions, matrices, or periodic review of estimates of the numbers and values of NARCO Asbestos Trust Claims and NARCO Asbestos Demands and APG Asbestos Trust Claims and APG Asbestos Trust Demands, or comparable mechanisms that provide reasonable assurance that the NARCO Asbestos Trust and APG Asbestos Trust will value and be in a financial position to pay NARCO Asbestos Trust Claims and NARCO Asbestos Demands in substantially the same manner, and to pay APG Asbestos Trust Claims and APG Asbestos Demands in substantially the same manner.

With respect to certain aspects of the GIT Channeling Injunction, as it applies to APG Silica Trust Claims and APG Silica Demands, the Debtors may rely on other sections of the Bankruptcy Code, including Section 105, and the Bankruptcy Court's and the District Court's inherent authority, which do not have express conditions similar to those set forth in Section 524(g).

2. Conditions Precedent to NARCO Plan Confirmation related to the NARCO Channeling Injunction

The Confirmation Order with respect to the NARCO Plan shall be entered or affirmed by the District Court, and shall be, in form and substance, reasonably acceptable to NARCO, the NARCO Asbestos Claimants Committee, the NARCO Asbestos Future Claimants Representative, and Honeywell. The NARCO Debtors have determined that, as a condition precedent to confirmation of the NARCO Plan, certain additional findings of fact or conclusions of law, principally related to the issuance of the NARCO Channeling Injunction, must be contained in the Confirmation Order to be signed or affirmed by the District Court. Such findings and conclusions are in Section 9.1 of the NARCO Plan.

Continued from previous page

- (I) a past or present affiliate of the debtor;
- (II) a predecessor in interest of the debtor; or
- (III) any entity that owned a financial interest in –
 - (aa) the debtor;
 - (bb) a past or present affiliate of the debtor; or
 - (cc) a predecessor in interest of the debtor.

3. Conditions Precedent to GIT Plan Confirmation related to the GIT Channeling Injunction

The Confirmation Order with respect to the GIT Plan must be entered or affirmed by the District Court, and shall be, in form and substance, reasonably acceptable to the GIT Debtors, the GIT Asbestos Claimants Committee, the APG Asbestos Future Claimants Representative, and the APG Silica Future Claimants Representative. The Plan Proponents have determined that, as a condition precedent to confirmation of the GIT Plan, certain additional findings of fact or conclusions of law, principally related to the issuance of the APG Asbestos Channeling Injunction and the APG Silica Channeling Injunction, must be contained in the Confirmation Order to be signed or affirmed by the District Court. Such findings and conclusions are set forth in Section 9.1 of the GIT Plan.

E. CONDITIONS PRECEDENT TO THE EFFECTIVE DATE OF THE NARCO PLAN

1. Conditions Precedent to the Effective Date

With respect to the NARCO Plan, the “substantial consummation,” as used in Section 1101 of the Bankruptcy Code, shall not occur, and the NARCO Plan shall be of no force and effect, until the Effective Date. The occurrence of the Effective Date is subject to satisfaction of the conditions precedent set forth in Section 9.2 of the NARCO Plan, which include conditions necessary to satisfy the requirements of the NARCO/Honeywell Settlement Agreement and the NARCO/RHI AG Settlement Agreement on the Effective Date.

2. Simultaneous Actions

Except as otherwise specified to occur in a specific order, all actions required to be taken on the Effective Date of the NARCO Plan, to the extent such actions have actually been taken, shall be deemed to have occurred simultaneously. In no event shall any action be deemed to have occurred unless the action in fact occurred.

3. Effect of Failure of Conditions

In the event that one or more of the conditions specified in Sections 9.1 or 9.2 of the NARCO Plan cannot be satisfied and the occurrence of such condition is not waived by the NARCO Debtors, then the NARCO Debtors shall file a notice of the failure of the Effective Date with the Bankruptcy Court and the District Court, at which time the NARCO Plan and the NARCO Confirmation Order, if the conditions precedent to the Confirmation of the NARCO Plan shall have been satisfied, shall be deemed null and void. If the Effective Date does not occur, then (a) the NARCO Confirmation Order, if the conditions precedent to Confirmation of the NARCO Plan shall have been satisfied, shall be vacated, (b) no Distributions under the NARCO Plan shall be made, (c) the NARCO Debtors and all holders of NARCO Claims and Equity Interests shall be restored to the *status quo ante*, including any injunction and automatic stays issued in these Chapter 11 Cases, as of the day immediately preceding the NARCO Confirmation Date, if the conditions precedent to Confirmation of the NARCO Plan shall have been satisfied, as though the NARCO Confirmation Order had never been entered and the NARCO Confirmation Date never occurred, and (d) the NARCO Debtors' obligations with respect to all of the Claims and Equity Interests shall remain unchanged, and nothing contained herein shall constitute or be deemed a waiver or release of any Claims or Equity Interests by or against the NARCO Debtors or any other Entity or to prejudice in any manner the rights of the NARCO Debtors or any Entity in any further proceedings involving the NARCO Debtors,

including, without limitation, the RHI AG Entities, Honeywell, the NARCO Asbestos Claimants Committee and the NARCO Asbestos Future Claimants Representative.

4. Waiver of Conditions Precedent to the Effective Date

The NARCO Debtors reserve the right to waive the occurrence of any of the conditions specified in Sections 9.1 or 9.2 of the NARCO Plan pursuant to Section 9.5 of the NARCO Plan or to modify any of such conditions precedent. Except as set forth in the NARCO Plan, any such waiver of a condition precedent may be effected at any time, without notice, without leave or order of the Bankruptcy Court, and without any formal action other than the filing of a stipulation and proceeding to consummate the NARCO Plan; provided, however, without the written consent of Honeywell, the NARCO Asbestos Claimants Committee or the NARCO Asbestos Future Claimants Representative, as applicable, which consent may not be unreasonably withheld (except with respect to Honeywell), the NARCO Debtors may not waive any of the conditions specified in Sections 9.1 or 9.2 of the NARCO Plan pursuant to Section 9.5 of the NARCO Plan if such waiver would materially adversely affect Honeywell, the NARCO Asbestos Claimants Committee's constituent parties or the NARCO Asbestos Future Claimants Representative's constituent parties, as applicable; provided, however, that nothing in the NARCO Plan shall permit the NARCO Debtors to waive any conditions set forth in Section 6 of the NARCO/RHI AG Settlement Agreement.

F. CONDITIONS PRECEDENT TO THE EFFECTIVE DATE OF THE GIT PLAN

1. Conditions Precedent to the Effective Date

With respect to the GIT Plan, the "substantial consummation" as used in Section 1101 of the Bankruptcy Code, shall not occur, and the GIT Plan shall be of no force and effect, until the Effective Date. The occurrence of the Effective Date is subject to satisfaction of the conditions precedent set forth in Section 9.2 of the GIT Plan, which include conditions necessary to satisfy the requirements of the GIT/DII Settlement Agreement and the GIT/RHI AG Settlement Agreement on the Effective Date.

2. Simultaneous Actions

Except as otherwise specified to occur in a specific order, all actions required to be taken on the Effective Date of the GIT Plan, to the extent such actions have actually been taken, shall be deemed to have occurred simultaneously. In no event shall any action be deemed to have occurred unless the action in fact occurred.

3. Effect of Failure of Conditions

In the event that one or more of the conditions specified in Sections 9.1 or 9.2 of the GIT Plan cannot be satisfied and the occurrence of such condition is not waived by the GIT Debtors, then the GIT Debtors shall file a notice of the failure of the Effective Date with the Bankruptcy Court and the District Court, at which time the GIT Plan and the Confirmation Order, if the conditions precedent to the Confirmation have been satisfied, shall be deemed null and void. If the Effective Date does not occur, then (a) the Confirmation Order, if the conditions precedent to Confirmation have been satisfied, shall be vacated, (b) no distributions under the GIT Plan shall be made, (c) the GIT Debtors and all holders of GIT Claims, and Equity Interests shall be restored to the *status quo ante*, including any injunctions and automatic stays

issued in these Chapter 11 Cases, as of the day immediately preceding the Confirmation Date, if the conditions precedent to Confirmation shall have been made, as though the Confirmation Order had never been entered and the Confirmation Date never occurred, and (d) the GIT Debtors' obligations with respect to all of the Claims and Equity Interests shall remain unchanged, and nothing contained herein shall constitute or be deemed a waiver or release of any Claims or Equity Interests by or against the GIT Debtors or any other Entity or to prejudice in any manner the rights of the GIT Debtors or any Entity in any further proceedings involving the GIT Debtors including, without limitation, the RHI AG Entities, the GIT Asbestos Claimants Committee, the APG Asbestos Future Claimants Representative and the APG Silica Future Claimants Representative.

4. Waiver of Conditions Precedent to the Effective Date

The GIT Debtors reserve the right to waive the occurrence of any of the conditions specified in Sections 9.1 or 9.2 of the GIT Plan pursuant to Section 9.5 of the GIT Plan or to modify any of such conditions precedent. Except as set forth in the GIT Plan, any such waiver of a condition precedent may be effected at any time, without notice, without leave or order of the Bankruptcy Court, and without any formal action other than the filing of a stipulation and proceeding to consummate the GIT Plan; provided, however, without the written consent of the GIT Asbestos Claimants Committee, APG Asbestos Future Claimants Representative or APG Silica Future Claimants Representative, as applicable, which consent may not be unreasonably withheld, the GIT Debtors may not waive any of the conditions specified in Sections 9.1 or 9.2 of the GIT Plan pursuant to Section 9.5 of the GIT Plan if such waiver would materially adversely affect such GIT Asbestos Claimants Committee's constituent parties or the APG Asbestos Future Claimants Representative's or APG Silica Future Claimants Representative's constituent parties; provided, however, that nothing in the GIT Plan shall permit the GIT Debtors to waive any conditions set forth in Section 6 of the GIT/RHI AG Settlement Agreement.

G. MODIFICATION, REVOCATION OR WITHDRAWAL OF PLANS

1. Modification of a Plan

The Debtors, unless otherwise provided in a Plan or the Plan Documents, may (i) amend, modify or supplement the NARCO Plan, the GIT Plan and the NARCO and GIT Plan Documents under Section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Date so long as the NARCO Plan, the GIT Plan and the NARCO and GIT Plan Documents, as modified, meet the requirements of Sections 1122 and 1123 of the Bankruptcy Code, (ii) after the Confirmation Date and prior to the Effective Date, alter, amend, or modify the NARCO Plan, the GIT Plan and the NARCO and GIT Plan Documents in accordance with Section 1127(b) of the Bankruptcy Code; and (iii) after the Effective Date, amend, modify or supplement the NARCO Plan, the GIT Plan and the NARCO and GIT Plan Documents in accordance with the terms of such Plan and related Plan Documents, provided, however, in any such case, without the written consent of the RHI AG Parties, the applicable Asbestos Claimants Committee(s) or the applicable Future Claimants Representative(s) (with respect to both the NARCO and GIT Plans) and Honeywell (with respect to the NARCO Plan only), which consent may not be unreasonably withheld (except with respect to Honeywell), there shall be no alteration, amendment, or modification of the NARCO Plan, the GIT Plan or the NARCO or GIT Plan Documents that

would materially adversely affect the RHI AG Entities, such Asbestos Claimants Committee(s) constituent parties, such Future Claimants Representative's constituent parties or Honeywell, as applicable.

2. Revocation or Withdrawal

The NARCO Debtors or GIT Debtors, as applicable, may revoke or withdraw the NARCO Plan or the GIT Plan prior to the Confirmation Date. The NARCO Debtors or GIT Debtors, as applicable, may revoke or withdraw the NARCO Plan or the GIT Plan at any time after the Confirmation Date, provided, however, that in the case of the GIT Plan, any such revocation or withdrawal shall not effect the terms and conditions of the GIT/DII Settlement Agreement, provided, further, that the NARCO Debtors or GIT Debtors, as applicable, may not revoke or withdraw their applicable Plan after the Confirmation Date without the written consent of the Asbestos Claimants Committee, the Future Claimants Representative(s) and, in the case of the NARCO Plan, Honeywell, which consent may not be unreasonably withheld (except with respect to Honeywell).

VIII. IMPLEMENTATION OF THE PLANS

A. THE PI TRUSTS AND THE CHANNELING INJUNCTIONS

1. The NARCO Asbestos Trust

a. Purpose and Structure

NARCO will seek to confirm the NARCO Plan pursuant to Section 524(g), which authorizes the Bankruptcy Court to enter a "channeling injunction" pursuant to which the NARCO Asbestos Trust Claims and NARCO Asbestos Demands and similar claims against NARCO Protected Parties are channeled to the NARCO Asbestos Trust for payment out of the NARCO Asbestos Trust. Following confirmation of the NARCO Plan, holders of NARCO Asbestos Trust Claims and NARCO Asbestos Demands (referred to collectively in this section as "NARCO Asbestos Trust Claims") will be permanently enjoined from seeking satisfaction of their Claims and Demands against the NARCO Debtors, Reorganized NARCO, the other Reorganized Debtors, Honeywell, any Participating Insurers, Reorganized ANH or any other NARCO Protected Party or their respective assets and their respective successors.

i. Creation of the NARCO Asbestos Trust

The NARCO Plan seeks to provide a method of payment of the NARCO Asbestos Trust Claims and NARCO Asbestos Demands. Most significantly, the NARCO Plan provides for the establishment and funding of the NARCO Asbestos Trust for this purpose. On the Effective date, the NARCO Asbestos Trust Agreement will become effective, and the NARCO Asbestos Trust will be created. The NARCO Plan Proponents estimate that the NARCO Plan will provide Cash and other assets sufficient to pay 100% of the value of NARCO Asbestos Trust Claims established pursuant to the NARCO Asbestos TDP for payment of all NARCO Asbestos Trust Claims. The NARCO Asbestos Trust will comply in all respects with the terms of section 524(g)(2)(B) of the Bankruptcy Code, the NARCO Plan, the NARCO Asbestos Trust Agreement and the NARCO Asbestos TDP. (Copies of the NARCO Asbestos Trust Agreement and the NARCO Asbestos TDP are attached as Exhibits NARCO A and NARCO B to the NARCO Plan, which is attached hereto as Exhibit 2.)

The NARCO Asbestos Trust will assume all liability and responsibility for all NARCO Asbestos Trust Claims and Trust Expenses of the NARCO Asbestos Trust. Except as otherwise provided in the NARCO Asbestos Trust Agreement, the NARCO Asbestos Trust will have all defenses, cross-claims, offsets and recoupments, as well as rights of indemnification, contribution, subrogation and similar rights, regarding NARCO Asbestos Trust Claims that NARCO, its affiliated debtors, Honeywell or any Honeywell Affiliate has under applicable law.

ii. Funding and Nature of the NARCO Asbestos Trust

The NARCO Asbestos Trust Agreement provides for the creation of two claims funds: first, a Pre-Established Claims Fund, which will provide payment for all NARCO Asbestos Trust Claims that are “Pre-Established Claims” (as defined in Section 4.2 of the NARCO Asbestos TDP), and second, the Annual Contribution Claims Fund, which will provide payment for all NARCO Asbestos Trust Claims and NARCO Asbestos Demands that are not Pre-Established Claims. The NARCO Plan provides that Honeywell will make contributions to these funds on an evergreen basis, subject (except in the case of NARCO Pre-Established Asbestos Claims) to certain annual funding caps described below. Additionally, on the Effective Date, 79% of the common stock of Reorganized ANH is being contributed to the NARCO Asbestos Trust, free and clear of any liens or other claims, to be held by the NARCO Asbestos Trust to pay NARCO Asbestos Claims liquidated pursuant to the NARCO Asbestos TDP. A Trust Expense Fund also will be established to pay all Trust Expenses of the NARCO Asbestos Trust, and will be funded with contributions by Honeywell as described in Section 2.3(b) of the NARCO Asbestos Trust Agreement.

There will be no caps or limitations on Honeywell’s obligations to contribute on a quarterly basis to the Pre-Established Claims Fund all amounts necessary to pay for all Pre-Established Claims approved for payment during a given quarter. With respect to all other NARCO Asbestos Claims, on a quarterly basis Honeywell will transfer to the NARCO Asbestos Trust’s Annual Contribution Claims Fund an amount of Cash equal to the amount of NARCO Asbestos Trust Claims approved for payment, minus any amounts received by the NARCO Asbestos Trust during that quarter from any of its holdings (including from its sale of any of its Reorganized ANH stock). However, in no event will the amount Honeywell contributes to the Annual Contribution Claims Fund to pay NARCO Asbestos Trust Claims other than Pre-Established Claims exceed the following caps or limitations for each year, beginning with the Effective Date:

2006	\$100,000,000
2007	\$125,000,000
2008	\$150,000,000
2009	\$150,000,000
2010	\$150,000,000
2011	\$150,000,000
2012	\$150,000,000
2013	\$150,000,000
2014	\$140,000,000
2015	\$140,000,000
2016	\$140,000,000
2017	\$140,000,000
2018	\$140,000,000
2019	\$145,000,000
2020	\$145,000,000
2021	\$145,000,000

In 2022 and thereafter, Honeywell's contribution to the Annual Contribution Claims Fund during the course of any single year will not exceed \$145,000,000. In the event of the enactment of federal legislation that would require or permit Honeywell to contribute to a governmentally created or authorized fund for the compensation of asbestos personal injury claimants, including some or all holders of NARCO Asbestos Trust Claims and NARCO Asbestos Demands, then as of such enactment, Honeywell will have the right to terminate its obligations to make any future payments to the NARCO Asbestos Trust, subject to the provisions of Section 2.3(d) of the NARCO Asbestos Trust Agreement.

To the extent that Honeywell exercises its right to terminate, in their entirety, its obligations to make future payments to the NARCO Asbestos Trust due to the enactment of such federal legislation, Honeywell will provide written notice of its intent to exercise that right to the NARCO Asbestos Trustees. Upon the effective date of that notice of termination, the NARCO Channeling Injunction in favor of Honeywell will be vacated and will be of no further force and effect with respect to any claims other than NARCO Asbestos Trust Claims (a) that already have been paid by the NARCO Asbestos Trust, (b) that already have been approved for payment and moved into one of the NARCO Asbestos Trust's payment queues, or (c) that are eligible to be treated as though they had been placed into the Pre-Established Claims Fund Payment Queue.

The NARCO Asbestos Trust is intended to be treated for U.S. federal income tax purposes as a "qualified settlement fund" as described in section 1.468B-1 of the Treasury Regulations, as more specifically provided for under the NARCO Asbestos Trust Agreement. The NARCO Asbestos Trustees will be the "administrator" (as defined in section 1.468B-2(k) of the Treasury Regulations) of the NARCO Asbestos Trust, and will be required to satisfy all obligations in relation thereto as identified in the NARCO Asbestos Trust Agreement and the applicable provisions of the Internal Revenue Code and the Treasury Regulations.

iii. The NARCO Asbestos Trustees, the NARCO Asbestos TAC and the NARCO Asbestos Future Claimants Representative

The NARCO Asbestos Trustees (referred to in the NARCO Asbestos Trust Agreement and NARCO Asbestos TDP as the "Trustees") will be, and will act as, the fiduciaries to the NARCO Asbestos Trust, in accordance with the provisions of the NARCO Asbestos Trust Agreement, and will administer the NARCO Asbestos TDP in consultation with the NARCO Asbestos TAC, the NARCO Asbestos Future Claimants Representative, and Honeywell. Subject to the NARCO Asbestos Trust Agreement and the NARCO Plan, the NARCO Asbestos Trustees will have the power to take any and all actions that they may consider necessary, appropriate or desirable to fulfill the purpose of the NARCO Asbestos Trust, including receiving and holding the assets of the NARCO Asbestos Trust and exercising all rights and powers with respect thereto. The proposed initial NARCO Asbestos Trustees will be disclosed in advance of the Bankruptcy Court's confirmation hearings, and all NARCO Asbestos Trustees will serve according to the provisions set forth in the NARCO Asbestos Trust Agreement and the NARCO Asbestos TDP.

The members of the NARCO Asbestos TAC will serve in a fiduciary capacity, representing the holders of present NARCO Asbestos Trust Claims for the purpose of protecting the rights of such persons. The NARCO Asbestos Trustees may consult with the NARCO Asbestos TAC on the general implementation and administration of the NARCO Asbestos Trust and the NARCO Asbestos TDP. The NARCO Asbestos Trustees also will be required to obtain the consent of the

NARCO Asbestos TAC prior to taking certain actions as described more fully in the NARCO Asbestos Trust Agreement and the NARCO Asbestos TDP. The proposed initial members of the NARCO Asbestos TAC will be disclosed in advance of the Bankruptcy Court's confirmation hearings, and all members of the NARCO Asbestos TAC will serve according to the provisions set forth in the NARCO Asbestos Trust Agreement and the NARCO Asbestos TDP.

An individual will serve in a fiduciary capacity, representing the interests of the holders of NARCO Asbestos Trust Claims yet to accrue for the purpose of protecting the rights of such persons. The NARCO Asbestos Trustees will be required to consult with the NARCO Asbestos Future Claimants Representative on the matters described in the NARCO Asbestos Trust Agreement. Additionally, the NARCO Asbestos Trustees will be required to obtain the consent of the NARCO Asbestos Future Claimants Representative prior to taking certain actions, as described in the NARCO Asbestos Trust Agreement. The initial NARCO Asbestos Future Claimants Representative will be Lawrence Fitzpatrick. The NARCO Asbestos Future Claimants Representative will serve according to the provisions set forth in the NARCO Asbestos Trust Agreement and the NARCO Asbestos TDP.

iv. Termination of the NARCO Asbestos Trust

The NARCO Asbestos Trust is irrevocable, but generally will terminate on the date which is 90 days after the first to occur of the following events:

- The date on which the NARCO Asbestos Trustees determine to terminate the NARCO Asbestos Trust because (a) the NARCO Asbestos Trustees deem it unlikely that any new NARCO Asbestos Trust Claims will be filed against the NARCO Asbestos Trust, and (b) all NARCO Asbestos Trust Claims duly filed with the NARCO Asbestos Trust have been liquidated and satisfied and 12 consecutive months have elapsed during which no new valid NARCO Asbestos Trust Claims have been filed with the NARCO Asbestos Trust;
- If the NARCO Asbestos Trustees have procured and have in place irrevocable insurance policies and have established claims handling agreements and other necessary arrangements with suitable third parties adequate to discharge all expected remaining obligations and expenses of the NARCO Asbestos Trust in a manner consistent with the NARCO Asbestos Trust Agreement and the NARCO Asbestos TDP, the date on which the Bankruptcy Court enters and order approving such insurance and other arrangements, and such order becomes a Final Order; or
- If in the judgment of two-thirds of the NARCO Asbestos Trustees, with the consent of Honeywell and the NARCO Asbestos TAC (which consent in either case will not be unreasonably withheld), the continued administration of the NARCO Asbestos Trust is uneconomic or inimical to the best interests of the persons holding NARCO Asbestos Trust Claims, and the termination of the NARCO Asbestos Trust will not expose or subject Reorganized NARCO (or its reorganized affiliates), Honeywell or any Honeywell Affiliate or any of their successors in interest to any increased or undue risk of having any NARCO Asbestos Trust Claims asserted against it or them or in any way jeopardize the validity or enforceability of the NARCO Channeling Injunction.

b. The NARCO Asbestos TDP

i. NARCO Asbestos Trust and NARCO Asbestos TDP Goals

The NARCO Asbestos Trustees will implement and administer the NARCO Asbestos TDP, which is attached to the NARCO Plan as Exhibit NARCO B. The goal of the NARCO Asbestos Trust is to treat all claimants similarly and equitably, in accordance with the requirements of Section 524(g) of the Bankruptcy Code. The NARCO Asbestos TDP furthers that goal by setting forth procedures for processing and paying claims generally on an impartial, first-in, first-out (“FIFO”) basis, with the intention of paying all claimants over time based on historical values for substantially similar claims in the tort system.

The NARCO Asbestos TDP establishes a schedule of seven asbestos-related diseases (“Disease Levels”), six of which have presumptive medical and exposure requirements (“Medical/Exposure Criteria”) and specific values (“Schedule Values”). Claims involving Disease Levels III-VII have anticipated average values (“Average Values”) and caps on their liquidated values (“Maximum Values”). The Disease Levels, Medical/Exposure Criteria, Scheduled Values, Average Values and Maximum Values which are set forth in Sections 4.3 of the NARCO Asbestos TDP, have been selected and derived with the intention of achieving a fair allocation of the NARCO Asbestos Trust funds among claimants suffering from different diseases that is congruent with the settlement history of claims against NARCO.

ii. Disease Levels Under the NARCO Asbestos TDP

The NARCO Asbestos TDP establishes seven initial Disease Levels, each of which has its own presumptive medical and exposure criteria. These Disease Levels are, in descending order of seriousness:

Level VII	Mesothelioma
Level VI	Lung Cancer 1
Level V	Lung Cancer 2
Level IV	Other Cancer
Level III	Severe Asbestosis
Level II	Asbestosis/Pleural Disease
Level I	Other Asbestos Disease

The presumptive Medical/Exposure Criteria for each Disease Level are set forth in the NARCO Asbestos TDP.

iii. Claims Liquidation Procedures

Upon filing of a valid proof of claim form with the required supporting documentation, all claims will be placed in one of two FIFO processing queues (the “FIFO Processing Queues”) to be established pursuant to the NARCO Asbestos TDP: one such queue will be used for NARCO Asbestos Trust Claims that are Pre-Established Claims, while the other will be used for all other NARCO Asbestos Claims. For each claim submitted, the NARCO Asbestos Trust will determine whether the claim is or is not a Pre-Established Claim by reviewing the claims data required to be supplied by Honeywell and/or NARCO pursuant to Section 4.2 of the NARCO Asbestos TDP, as well as the information required to be supplied by the holder of the claim pursuant to Section 5.1 of the NARCO Asbestos TDP.

Thereafter, the claimant will be placed in the appropriate FIFO Processing Queue in accordance with the ordering criteria described in the NARCO Asbestos TDP. Except as otherwise provided in the NARCO Asbestos TDP, the

NARCO Asbestos Trust will liquidate all NARCO Asbestos Trust Claims (other than Pre-Established Claims) that meet the presumptive Medical/Exposure Criteria of Disease Levels I-IV, VI and VII under the Expedited Review Process described in Section 5.3(a) of the NARCO Asbestos TDP. Pre-Established Claims will be liquidated pursuant to Section 4.2(a) of the NARCO Asbestos TDP.

The NARCO Asbestos Trust's Expedited Review Process is designed primarily to provide an expeditious, efficient and inexpensive method for liquidating all NARCO Asbestos Trust Claims (except claims qualifying for treatment under Disease Level V, Foreign Claims, Extraordinary Claims, Exigent Claims and Secondary Exposure Claims). Claims that undergo the Expedited Review Process and meet the presumptive Medical/Exposure Criteria will be paid the following Scheduled Values for the relevant Disease Level, subject to the applicable Payment Percentage (if any), the Maximum Annual Payment, and the Claims Payment Ratio:

Disease Level	Disease Description	Scheduled Value
Level VII	Mesothelioma	\$75,000
Level VI	Lung Cancer 1	\$18,000
Level IV	Other Cancer	\$9,000
Level III	Severe Asbestosis	\$18,000
Level II	Asbestosis/Pleural Disease	\$7,500
Level I	Other Asbestos Disease	\$1,200

Claimants holding claims qualifying for treatment under Disease Level V, as well as Foreign Claims and Extraordinary Claims, are required to seek the Individual Review Process to obtain the value of their claims. The Individual Review Process also is required to determine whether an NARCO Asbestos Trust Claim is eligible to be treated as an Exigent Hardship Claim and/or a Secondary Exposure Claim. The Individual Review Process further provides a claimant with an opportunity for individual consideration and evaluation of (a) a NARCO Asbestos Trust Claim that fails to meet the presumptive Medical/Exposure Criteria for Disease Level I-IV, VI and VII claims, or (b) a NARCO Asbestos Trust Claim that meets the presumptive Medical/Criteria for Disease Levels II-IV and VI-VII where the claimant has extenuating circumstances that he or she believes warrant a value above the applicable scheduled value. Finally, claimants who seek to recover for a Secondary Exposure disease (as defined in Section 4.5 of the NARCO Asbestos TDP) must seek the Individual Review Process for their claims.

The Individual Review Process is intended to result in payments equal to the full value for each qualifying claim. However, the value of any NARCO Asbestos Trust Claim that undergoes the Individual Review Process may be determined to be less than the Scheduled Value the claimant would have received under the Expedited Review Process, to the extent applicable. Moreover, the value determined through the Individual Review Process for a claim involving

Disease Levels III-VII will not exceed the applicable Maximum Value for the relevant Disease Level (as shown below), and the NARCO Asbestos Trustees will use their best efforts such that the amounts offered through the Individual Review Process for each Disease Level will annually arithmetically average the following Average Values for each Disease Level.

Scheduled Disease	Scheduled Value	Average Value	Maximum Value
Mesothelioma (Level VII)	\$75,000	\$200,000	\$1,000,000
Lung Cancer 1 (Level VI)	\$18,000	\$50,000	\$200,000
Lung Cancer 2 (Level V)	None	\$15,000	\$50,000
Other Cancer (Level IV)	\$9,000	\$25,000	\$100,000
Severe Asbestosis (Level I)	\$18,000	\$50,000	\$100,000
Asbestosis/Pleural Diseases (Level II)	\$7,500	None	None
Other Asbestos Disease (Level III)	\$1,200	None	None

The procedures for the liquidation of claims through the Expedited Review Process and the Individual Review Process, including the evidentiary requirements to be used therein, are defined and described more fully in the NARCO Asbestos TDP.

The NARCO Asbestos Trust, with the consent of the NARCO Asbestos TAC, the NARCO Asbestos Future Claimants Representative and Honeywell, will institute binding and non-binding arbitration procedures in accordance with Section 4.10 of the NARCO Asbestos TDP, for resolving certain disputes regarding the liquidation of NARCO Asbestos Trust Claims, as well as certain additional disputes, as identified in Section 4.10(a) of the NARCO Asbestos TDP. Certain claimants who pursue non-binding arbitration and reject their arbitral award may have a right to pursue a recovery against the NARCO Asbestos Trust in the tort system, as more fully described in Sections 4.11, 6.6 and 6.7 of the NARCO Asbestos TDP. However, a claimant will be eligible for payment of a judgment for monetary damages obtained in the tort system from the NARCO Asbestos Trust's available cash only as provided in Section 6.7 of the NARCO Asbestos TDP.

iv. Payment of Claims by the NARCO Asbestos Trust

Upon final liquidation, all Pre-Established Claims will be placed in a Pre-Established Claims Fund Payment Queue, and all other NARCO Asbestos Trust Claims will be placed in a separate Annual Contribution Claims Fund Payment Queue; both such queues will be established pursuant to the terms of the NARCO Asbestos TDP. The claims in each such queue will then be paid solely from either the Pre-Established Claims Fund or the Annual Contribution Claims Fund, as provided in Section 2.3(c)(i) of the NARCO Asbestos Trust Agreement.

In each year, the NARCO Asbestos Trust will determine and pay out a total of no more than an amount equal to or less than the sum of (i) the proceeds from any sale of any asset held by the NARCO Asbestos Trust, and (ii) the contribution owed by Honeywell to the NARCO Asbestos Trust for this purpose in that year as established by the NARCO Plan and Section 2.3(c)(i) of the NARCO Asbestos Trust Agreement (i.e. the “Maximum Annual Payment”). However, Pre-Established Claims will not be subject to the Maximum Annual Payment.

Based upon the NARCO Entities’ claims settlement history and analysis of present and future claims, a Claims Payment Ratio has been determined which, as of the Effective Date, has been set at 60% for Disease Level III-VII claims (“Category A” claims), and 40% for Disease Level I-II claims (“Category B” claims). The Claims Payment Ratio will not apply to any Pre-Established Claims. In each year, based upon the Maximum Annual Payment, 60% of that amount will be available to pay Category A claims and 40% will be available to pay Category B claims. Provisions governing the application, determination and modification of the Claims Payment Ratio are listed in Section 2.4 of the NARCO Asbestos TDP.

The NARCO Asbestos Trust will periodically estimate or model the amount of cash flow anticipated to be necessary over its entire life to ensure that funds will be available to satisfy all NARCO Asbestos Trust Claims in a substantially similar manner. The NARCO Asbestos Trustees, with the consent of the NARCO Asbestos TAC, the NARCO Asbestos Future Claimants Representative and Honeywell, may develop and institute a process for reducing the payment of the value of NARCO Asbestos Trust Claims, whereby a claimant will receive a pro-rata share of the value of its NARCO Asbestos Trust Claim (the “Payment Percentage”) after such claim is liquidated pursuant to the terms of the NARCO Asbestos TDP. To the extent the NARCO Asbestos Trust implements a Payment Percentage, no holder of a NARCO Asbestos Trust Claim will receive a payment for a NARCO Asbestos Trust Claim that exceeds the Payment Percentage multiplied by the value of the claim, except that in no event will the Payment Percentage apply to any Pre-Established Claims. Provisions governing the development and implementation of the Payment Percentage are listed in Section 2.5 of the NARCO Asbestos TDP.

2. Transfer of H-W Asbestos Trust Claims to DII Asbestos Trust

The H-W Asbestos Trust Claims were channeled to the DII Asbestos Trust on the effective date of the DII Plan in accordance with the GIT/DII Settlement Agreement and the DII Plan. H-W Asbestos Trust Claims will be paid in accordance with the terms of the DII Asbestos TDP. For more information regarding the treatment of H-W Asbestos Trust Claims under the DII Plan, please refer to the confirmation order for the DII Plan.

3. Transfer of H-W Silica Trust Claims to DII Silica Trust

The H-W Silica Trust Claims were channeled to the DII Silica Trust on the effective date of the DII Plan in accordance with the GIT/DII Settlement Agreement and the DII Plan. H-W Silica Trust Claims will be paid in accordance with the terms of the DII Silica TDP. For more information regarding the treatment of H-W Silica Trust Claims under the DII Plan, please refer to the confirmation order for the DII Plan.

4. The APG Asbestos Trust

a. Purpose and Structure

GIT will seek to confirm the GIT Plan pursuant to Section 105, Section 524(g), and/or other sections of the Bankruptcy Code, which authorize the Bankruptcy Court to enter a “channeling injunction” pursuant to which the APG Asbestos Trust Claims and APG Asbestos Demands and similar claims against GIT Protected Parties are channeled to the APG Asbestos Trust for payment out of the APG Asbestos Trust. Following confirmation of the GIT Plan, holders of APG Asbestos Trust Claims and APG Asbestos Demands (referred to collectively in this section and the following section as “APG Asbestos Trust Claims”) will be permanently enjoined from seeking satisfaction of their Claims and Demands against the GIT Debtors, Reorganized GIT, the other Reorganized Debtors, the Participating Insurers, Reorganized ANH or any other GIT Protected Party or their respective assets, and their respective successors.

i. Creation of the APG Asbestos Trust

The GIT Plan seeks to provide a method of payment of the APG Asbestos Trust Claims. Most significantly, the GIT Plan provides for the establishment and funding of the APG Asbestos Trust for this purpose. On the Effective date, the APG Asbestos Trust Agreement will become effective, and the APG Asbestos Trust will be created. The GIT Plan Proponents estimate that the GIT Plan will provide Cash and other assets sufficient to pay a percentage (such percentage to be established pursuant to the APG Asbestos TDP) of the amount established pursuant to the APG Asbestos TDP for payment of all APG Asbestos Trust Claims. The APG Asbestos Trust shall operate comply in all respects with the terms of section 524(g)(2)(b) of the Bankruptcy Code, the GIT Plan, the APG Asbestos Trust Agreement and the APG Asbestos TDP. (Copies of the APG Asbestos Trust Agreement and the APG Asbestos TDP are attached as Exhibits GIT A and GIT B to the GIT Plan, which is attached hereto as Exhibit 3.)

The APG Asbestos Trust will assume all liability and responsibility for all APG Asbestos Trust Claims and Administrative Expenses of the APG Asbestos Trust. Except as otherwise provided in the APG Asbestos Trust Agreement, the APG Asbestos Trust shall have all defenses, cross-claims, offsets and recoupments, as well as rights of indemnification, contribution, subrogation and similar rights, regarding APG Asbestos Trust Claims that the APG Entities or any Reorganized Debtor has under applicable law.

ii. Funding and Nature of the APG Asbestos Trust

The APG Asbestos Trust will be funded primarily by cash contributions deriving from APG’s settlement of comprehensive general liability insurance policies issued to APG Services from the 1960’s to 1986 that provided coverage for, inter alia, asbestos-related liabilities. These policies were issued to APG Services while APG Services was a wholly-owned Subsidiary of APG; several of these policies, including policies issued by Continental Insurance Company (“Continental”), Great American Insurance Company (“Great American”), Federal Insurance Company (“Federal”) and Royal Insurance Company of America (“Royal”), also provide coverage to APG as an additional insured (Royal disputes that APG had additional insured status). To date, APG has reached settlement agreements on the policies issued by Continental, Great American, Federal and Royal. APG has also reached a settlement with Fireman’s Fund, which remains subject to approval by the Bankruptcy Court. APG has also reached settlements with KWELM Management Services

Limited (“KWELM”) and certain domestic insolvent insurers. The aggregate nominal value of these settlements is approximately \$365.6 million; of this amount, approximately \$31.5 million will be used to fund the APG Silica Trust.

Continental, Great American, Federal and Royal all have agreed to make contributions to the APG Asbestos Trust according to varying schedules. Under the settlement agreements reached with each insurer, Continental will make ten annual installment payments to the APG Asbestos Trust; Great American will make an initial contribution in the form of either stock or cash, and will then elect to make either twenty annual installment payments to the APG Asbestos Trust over a twenty year period or a lump-sum payment to the APG Asbestos Trust for the full amount of the present-value of the installment payments, no later than the Effective Date; and Federal will make two annual installment payments to the APG Asbestos Trust. Royal will make its entire contribution at the time of the Confirmation Date of the GIT Plan. Under each agreement, the payment periods begin to run from approximately the Confirmation Date of the GIT Plan and the entire amounts of all of these settlements will ultimately be paid to the APG Asbestos Trust. The settlements with Continental, Great American and Royal also contemplate funding for the APG Silica Trust. Under the settlement with Fireman's Fund, three annual installment payments will be made, with such payments being completed as of December 2008.

To the extent that proceeds are received, APG and APG Services also will contribute to the APG Asbestos Trust monies to which APG or APG Services, as the case may be, are entitled as a result of settlements of the APG Insolvent Policies. Prior to their bankruptcy filings, APG and APG Services assigned all of their claims against these policies to National Indemnity Company (a Berkshire-Hathaway Corp. company) in exchange for (in part) a share of any future collections received by National Indemnity Company from these insolvent carriers. Approximately \$8.1 million already has been received pursuant to the terms of the National Indemnity Company agreement from payments made as a result of such claims, and that sum is included in the \$365.5 million identified above. The rights to any additional payments under said agreement will be assigned to the APG Asbestos Trust and APG Silica Trust at a ratio of 94% and 6%.

Additionally, on the Effective Date, 21% of the common stock of Reorganized ANH is being contributed to the APG Asbestos Trust for the benefit of the APG Asbestos Trust, free and clear of any liens or other claims. The APG Asbestos Trust has the right to exchange its shares in Reorganized ANH for 100% of the equity interest of Reorganized APG. Any money held in separate accounts pursuant to a court order in respect of an insurance settlement will be transferred by APG to the APG Asbestos Trust.

The GIT Debtors make no representation or warranty as to the value or collectability of or the amount of proceeds that will be realized over time by the APG Asbestos Trust from any of the settlement agreements reached with the various insurers or representatives thereof, or from the rights to insurance policies or insurance proceeds to be assigned to the APG Asbestos Trust.

The APG Asbestos Trust is intended to be treated for U.S. federal income tax purposes as a “qualified settlement fund” as described in section 1.468B-1 of the Treasury Regulations, as more specifically provided for under the APG Asbestos Trust Agreement. The APG Asbestos Trustees will be the “administrator” (as defined in section 1.468B-2(k) of the Treasury Regulations) of the APG Asbestos Trust, and will be required to satisfy all obligations in relation thereto as

identified in the APG Asbestos Trust Agreement and the applicable provisions of the Internal Revenue Code and the Treasury Regulations.

iii. The APG Asbestos Trustees, the APG Asbestos TAC and the APG Asbestos Future Claimants Representative

The APG Asbestos Trustees will be, and will act as, the fiduciaries to the APG Asbestos Trust, in accordance with the provisions of the APG Asbestos Trust Agreement. Subject to the APG Asbestos Trust Agreement and the GIT Plan, the APG Asbestos Trustees will have the power to take any and all actions that they may consider necessary, appropriate or desirable to fulfill the purpose of the APG Asbestos Trust, including receiving and holding the assets of the APG Asbestos Trust and exercising all rights and powers with respect thereto. The initial APG Asbestos Trustees are identified in the APG Asbestos Trust Agreement, and all APG Asbestos Trustees will serve according to the provisions set forth in the APG Asbestos Trust Agreement and the APG Asbestos TDP.

The members of the APG Asbestos TAC will serve in a fiduciary capacity, representing the holders of present APG Asbestos Trust Claims for the purpose of protecting the rights of such persons. The APG Asbestos Trustees will be required to consult with the APG Asbestos TAC on the general implementation and administration of the APG Asbestos Trust and the APG Asbestos TDP. The APG Asbestos Trustees also will be required to obtain the consent of the APG Asbestos TAC prior to taking certain actions as described more fully in the APG Asbestos Trust Agreement and the APG Asbestos TDP. The initial members of the APG Asbestos TAC are identified in the APG Asbestos Trust Agreement, and all members of the APG Asbestos TAC will serve according to the provisions set forth in the APG Asbestos Trust Agreement and the APG Asbestos TDP.

An individual will serve in a fiduciary capacity, representing the interests of the holders of future APG Asbestos Trust Claims for the purpose of protecting the rights of such persons. The APG Asbestos Trustees will be required to consult with the APG Asbestos Future Claimants Representative on the general implementation and administration of the APG Asbestos Trust and the APG Asbestos TDP. Additionally, the APG Asbestos Trustees will be required to obtain the consent of the APG Asbestos Future Claimants Representative prior to taking certain actions, as described in the APG Asbestos Trust Agreement. The initial APG Asbestos Future Claimants Representative will be Lawrence Fitzpatrick. The APG Asbestos Future Claimants Representative will serve according to the provisions set forth in the APG Asbestos Trust Agreement and the APG Asbestos TDP.

iv. Termination of the APG Asbestos Trust

The APG Asbestos Trust is irrevocable, but generally will terminate on the date which is 90 days after the first to occur of:

- The date on which the APG Asbestos Trustees determine to terminate the APG Asbestos Trust because (a) the APG Asbestos Trustees deem it unlikely that any new APG Asbestos Trust Claims will be filed against the APG Asbestos Trust, (b) all APG Asbestos Trust Claims duly filed with the APG Asbestos Trust have been liquidated and paid to the extent provided in the APG Asbestos Trust Agreement and the APG Asbestos TDP or disallowed by a final, non-appealable order, and (c) 12 consecutive months

have elapsed during which no new APG Asbestos Trust Claims have been filed with the APG Asbestos Trust; or

- If the APG Asbestos Trustees have procured and have in place irrevocable insurance policies and have established claims handling agreements and other necessary arrangements with suitable third parties adequate to discharge all expected remaining obligations and expenses of the APG Asbestos Trust in a manner consistent with the APG Asbestos Trust Agreement and the APG Asbestos TDP, the date on which the Bankruptcy Court enters and order approving such insurance and other arrangements, and such order becomes a Final Order.

b. The APG Asbestos TDP

i. APG Asbestos Trust and APG Asbestos TDP Goals

The APG Asbestos Trustees will implement and administer the APG Asbestos TDP, which is attached to the GIT Plan as Exhibit GIT B. The goal of the APG Asbestos Trust is to treat all claimants similarly and equitably, in accordance with the requirements of Section 524(g) of the Bankruptcy Code. The APG Asbestos TDP furthers that goal by setting forth procedures for processing and paying the APG Entities' several shares of the unpaid portion of the value of APG Asbestos Trust Claims generally on an impartial, first-in, first-out ("FIFO") basis, with the intention of paying all claimants over time as equivalent a share as possible of the value of their claims, based on historical values for substantially similar claims in the tort system.

The APG Asbestos TDP establishes a schedule of seven asbestos-related diseases ("Disease Levels"), six of which have presumptive medical and exposure requirements ("Medical/Exposure Criteria") and specific values ("Schedule Values"). The Disease Levels, Medical/Exposure Criteria, and Scheduled Values, which are set forth in Sections 5.3 and 5.4 of the APG Asbestos TDP, have been selected and derived with the intention of achieving a fair allocation of the APG Asbestos Trust funds among claimants suffering from different disease processes in light of the best available information, considering the settlement history of the APG Entities and the rights claimants would have had in the tort system absent the bankruptcy.

ii. Disease Levels Under the APG Asbestos TDP

The APG Asbestos TDP establishes seven initial Disease Levels, each of which has its own presumptive medical and exposure criteria. These Disease Levels are, in descending order of seriousness:

Level VII	Mesothelioma
Level VI	Lung Cancer 1
Level V	Lung Cancer 2
Level IV	Other Cancer
Level III	Severe Asbestosis
Level II	Asbestosis/Pleural Disease
Level I	Asbestosis/Pleural Disease

The presumptive Medical/Exposure Criteria for each Disease Level are set forth in the APG Asbestos TDP.

iii. Claims Liquidation Procedures

APG Asbestos Trust Claims will be processed based on their place in a FIFO processing queue (the “FIFO Processing Queue”) to be established pursuant to the APG Asbestos TDP. Upon filing of a valid proof of claim form with the required supporting documentation, the claimant will be placed in the FIFO Processing Queue in accordance with the ordering criteria described in the APG Asbestos TDP. Except as otherwise provided in the APG Asbestos TDP, the APG Asbestos Trust shall liquidate all APG Asbestos Trust Claims that meet the presumptive Medical/Exposure Criteria of Disease Levels I-IV, VI and VII under the Expedited Review Process described in Section 5.3(a) of the APG Asbestos TDP.

The APG Asbestos Trust’s Expedited Review Process is designed primarily to provide an expeditious, efficient and inexpensive method for liquidating all APG Asbestos Trust Claims (except claims qualifying for treatment under Disease Level V, Foreign Claims, Extraordinary Claims, Exigent Hardship Claims and Secondary Exposure Claims). Claims that undergo the Expedited Review Process and meet the presumptive Medical/Exposure Criteria shall be paid the following Scheduled Values for the relevant Disease Level, subject to the applicable Payment Percentage, the Maximum Annual Payment, and the Claims Payment Ratio:

Disease Level	Disease Description	Scheduled Value
Level VII	Mesothelioma	\$130,000
Level VI	Lung Cancer 1	\$47,000
Level VI	Other Cancer	\$22,000
Level III	Severe Asbestosis	\$22,000
Level II	Asbestosis/Pleural Disease	\$8,300
Level I	Asbestosis/Pleural Disease	\$2,750

Claimants holding claims qualifying for treatment under Disease Level V, as well as Foreign Claims and Extraordinary Claims, are required to seek the Individual Review Process to obtain the value of their claims. The Individual Review Process also is required to determine whether an APG Asbestos Trust Claim is eligible to be treated as an Exigent Hardship Claim and/or a Secondary Exposure Claim. The Individual Review Process further provides a claimant with an opportunity for individual consideration and evaluation of an APG Asbestos Trust Claim that fails to meet the presumptive Medical/Exposure Criteria for Disease Level I-IV, VI and VII claims. Finally, claimants who seek to recover for a Secondary Exposure disease (as defined in Section 5.5 of the APG Asbestos TDP) may seek the Individual Review Process for their claims.

The Individual Review Process is intended to result in payments equal to the full value for each claim processed thereby, multiplied by the Payment Percentage. However, the value of any APG Asbestos Trust Claim that undergoes the Individual Review Process may be determined to be less than the Scheduled Value the claimant would have received

under the Expedited Review Process, to the extent applicable. The procedures for the liquidation of claims through the Expedited Review Process and the Individual Review Process, including the evidentiary requirements to be used therein, are defined and described more fully in the APG Asbestos TDP.

The APG Asbestos Trust, with the consent of the APG Asbestos TAC and the APG Asbestos Future Claimants Representative, shall institute binding and non-binding arbitration procedures in accordance with Section 5.10 of the APG Asbestos TDP, for resolving certain disputes regarding the liquidation of APG Asbestos Trust Claims, as well as certain additional disputes, as identified in Section 5.10(a) of the APG Asbestos TDP. Certain claimants who pursue non-binding arbitration and reject their arbitral award may have a right to pursue a recovery against the APG Asbestos Trust in the tort system, as more fully described in Sections 5.11, 7.6 and 7.7 of the APG Asbestos TDP. However, a claimant shall be eligible for payment of a judgment for monetary damages obtained in the tort system from the APG Asbestos Trust's available cash only as provided in Section 7.7 of the APG Asbestos TDP.

The value of Pre-Petition Liquidated APG Asbestos Trust Claims (as defined below) shall not be determined through the Expedited Review Process or the Individual Review Process, but rather through the provisions described in Section 5.2(a) of the APG Asbestos TDP.

iv. Payment of Claims by the APG Asbestos Trust

After the value of any APG Asbestos Trust Claim is determined pursuant to the terms of the APG Asbestos TDP, the claimant will ultimately receive a pro rata share of that value based on the Payment Percentage. The Payment Percentage will also apply to all Pre-Petition Liquidated APG Asbestos Trust Claims (as described more fully below). The initial Payment Percentage to be used by the APG Asbestos Trust will be set and adjusted according to the provisions of the APG Asbestos TDP. Because there is uncertainty in the prediction of both the number and severity of future APG Asbestos Trust Claims and the amount of the APG Asbestos Trust Assets, no guarantee can be made of any Payment Percentage of an APG Asbestos Trust Claim's value.

In each year the APG Asbestos Trust will be empowered to pay out all of the interest it earns during each year, together with a portion of its principal, calculated so that the application of APG Asbestos Trust funds over its life will correspond with the needs created by the anticipated flow of claims (i.e. the Maximum Annual Payment). In the event there are insufficient funds in any year to pay the total number of outstanding Pre-Petition Liquidated APG Asbestos Trust Claims and/or APG Asbestos Trust Claims liquidated under the terms of the APG Asbestos TDP, the available funds allocated to such claims shall be paid to the maximum extent to claimants in the group based on their place in their FIFO Payment Queue, with unpaid claims being carried over to the next year and placed at the head of their FIFO Payment Queue.

Based upon the APG Entities' claims settlement history and analysis of present and future claims, a Claims Payment Ratio has been determined which, as of the Effective Date, has been set at 60% for Disease Level III-VII claims ("Category A" claims), and 40% for Disease Level I-II claims ("Category B" claims). The Claims Payment Ratio shall not apply to any Pre-Petition Liquidated APG Asbestos Trust Claims. In each year, after determination of the Maximum Annual Payment, 60% of that amount shall be available to pay Category A claims and 40% shall be available to pay

Category B claims. Provisions governing the application, determination and modification of the Claims Payment Ratio are listed in Section 2.5 of the APG Asbestos TDP.

As soon as practicable after the Effective Date, the APG Asbestos Trust shall pay, upon submission of the relevant materials (described in Section 5.2 of the APG Asbestos TDP), all APG Asbestos Trust Claims that were liquidated by (a) a binding settlement agreement for the particular claim entered into prior to the Petition Date that is judicially enforceable by the claimant, (b) a jury verdict or non-final judgment in the tort system obtained prior to the Petition Date, or (c) by a judgment that became final and non-appealable prior to the Petition Date (collectively "Pre-Petition Liquidated APG Asbestos Trust Claims"). Provisions governing the processing and payment of such claims are listed in Section 5.2 of the APG Asbestos TDP.

5. The APG Silica Trust

a. Purpose and Structure

GIT will seek, pursuant to Section 105 of the Bankruptcy Code, to confirm the GIT Plan that includes a "channeling injunction" pursuant to which the APG Silica Trust Claims and Demands and similar claims against GIT Protected Parties are channeled to the APG Silica Trust for payment out of the APG Silica Trust. Following confirmation of the GIT Plan, holders of APG Silica Trust Claims and Demands (referred to collectively in this section and the following section as "APG Silica Trust Claims") will be permanently enjoined from seeking satisfaction of their Claims and Demands against the GIT Debtors, Reorganized GIT, the other Reorganized Debtors, any Participating Insurers, Reorganized ANH or any other GIT Protected Party or their respective assets, and their respective successors.

i. Creation of the APG Silica Trust

The GIT Plan seeks to provide a method of payment of the APG Silica Trust Claims. Most significantly, the GIT Plan provides for the establishment and funding of the APG Silica Trust for this purpose. On the Effective date, the APG Silica Trust Agreement will become effective, and the APG Silica Trust will be created. The GIT Plan Proponents estimate that the GIT Plan will provide Cash and other assets sufficient to pay a percentage (such percentage to be established pursuant to the APG Silica TDP) of the amount established pursuant to the APG Silica TDP for payment of all APG Silica Trust Claims. The APG Silica Trust shall operate comply in all respects with the terms the GIT Plan, the APG Silica Trust Agreement and the APG Silica TDP. (Copies of the APG Silica Trust Agreement and the APG Silica TDP are attached as Exhibits GIT C and GIT D to the GIT Plan, which is attached hereto as Exhibit 3.)

The APG Silica Trust will assume all liability and responsibility for all APG Silica Trust Claims and Trust Expenses of the APG Silica Trust. Except as otherwise provided in the APG Silica Trust Agreement, the APG Silica Trust shall have all defenses regarding APG Silica Trust Claims that the APG Entities or any Reorganized Debtor has under applicable law. The APG Silica Trust also shall indemnify the APG Entities pursuant to the APG Silica Trust Indemnification Agreement, attached as Annex 1 to the APG Silica Trust Agreement.

ii. Funding and Nature of the APG Silica Trust

The APG Silica Trust will be funded by approximately \$31.5 million in payments over time (approximately \$2.1 million of which is subject to court approval of the Fireman's Fund settlement) and by the assignment of APG's rights to receive proceeds from certain insurance policies. Certain of these policies are subject to self-insured retentions, deductibles, and/or retrospective premiums, the aggregate of which, on a single occurrence basis, is not expected to exceed \$7 million. To the extent that payment of such self-insured retentions, deductibles, and/or retrospective premiums becomes necessary to access the policies' coverage for Silica Personal Injury Claims, the APG Silica Trust shall have no obligation to pay any amount in excess of an aggregate of \$7.0 million in such costs in the event that all Silica Personal Injury Claims for which coverage is sought under any such policy are treated as a single occurrence for purposes of insurance coverage. In the event that Silica Personal Injury Claims for which coverage is sought under a particular APG Silica Trust Policy are treated as multiple occurrences, the APG Silica Trust shall have no obligation to pursue insurance coverage under that APG Silica Trust Policy. However, should the APG Silica Trust determine that it is in the best interest of the APG Silica Trust to pursue insurance coverage under such circumstances, the Reorganized Debtors shall have no obligation to pay any amount for deductibles, self-insured retentions, or retrospective premiums required under such APG Silica Trust Policy. The assignment of APG's rights to receive proceeds from certain insurance policies includes all APG Silica Trust Policy Rights for policies issued to APG and certain APG Subsidiaries from 1949 through 1998, and to GIT from 1997 through June 30, 2000.

Because the GIT policies from 1997 through June 30, 2000 provide coverage for claims other than silica-related personal injury claims and to insureds other than APG, with respect to these policies, the assignment of rights to proceeds to the APG Silica Trust will be on a first-come, first-served basis. To the extent that any of the insurers that issued APG's coverage, GIT's 1997-2000 coverage, Lanxide ThermoComposites, Inc.'s 1996 and 1997 coverage and/or Intogreen Co.'s 1996, 1997 and 1998 coverage agree to settle their respective policies and thereby participate in the GIT Plan, the full amount of the proceeds from those settlements will be contributed to the APG Silica Trust.

The GIT Debtors make no representation or warranty as to the value or collectability of or the amount of proceeds that will be realized over time by the APG Silica Trust from any settlement agreements reached with the various insurers or representatives thereof, or from the rights to insurance policies or insurance proceeds to be assigned to the APG Silica Trust.

The APG Silica Trust is intended to be treated for U.S. federal income tax purposes as a "qualified settlement fund" as described in section 1.468B-1 of the Treasury Regulations, as more specifically provided for under the APG Silica Trust Agreement. The APG Silica Trustee will be the "administrator" (as defined in section 1.468B-2(k) of the Treasury Regulations) of the APG Silica Trust, and will be required to satisfy all obligations in relation thereto as identified in the APG Silica Trust Agreement and the applicable provisions of the Internal Revenue Code and the Treasury Regulations.

iii. The APG Silica Trustee, the APG Silica TAC and the APG Silica Future Claimants Representative

The APG Silica Trustee will be, and will act as, the fiduciary to the APG Silica Trust, in accordance with the provisions of the APG Silica Trust Agreement. Subject to the APG Silica Trust Agreement and the GIT Plan, the APG

Silica Trustee will have the power to take any and all actions that he or she may consider necessary, appropriate or desirable to fulfill the purpose of the APG Silica Trust, including receiving and holding the assets of the APG Silica Trust and exercising all rights and powers with respect thereto. The initial APG Silica Trustee is identified in the APG Silica Trust Agreement, and all APG Silica Trustees will serve according to the provisions set forth in the APG Silica Trust Agreement and the APG Silica TDP.

The APG Silica TAC will serve in a fiduciary capacity, representing the holders of present APG Silica Trust Claims for the purpose of protecting the rights of such persons. The APG Silica Trustee will be required to consult with the APG Silica TAC on certain matters identified in the APG Silica Trust Agreement, and the APG Silica Trustee also will be required to obtain the consent of the APG Silica TAC prior to taking certain actions as described more fully in the APG Silica Trust Agreement and the APG Silica TDP. The initial member of the APG Silica TAC is identified in the APG Silica Trust Agreement, and all members of the APG Silica TAC will serve according to the provisions set forth in the APG Silica Trust Agreement and the APG Silica TDP.

An individual will serve in a fiduciary capacity, representing the interests of the future APG Asbestos Trust claimants, for the purpose of protecting the rights of persons that might subsequently assert future and unknown Demands. The APG Silica Trustee will be required to consult with the APG Silica Future Claimants Representative on certain matters identified in the APG Silica Trust Agreement. Additionally, the APG Silica Trustees will be required to obtain the consent of the APG Silica Future Claimants Representative prior to taking certain actions, as described in the APG Silica Trust Agreement and the APG Asbestos TDP. The initial APG Silica Future Claimants Representative will be Philip Pahigian. The APG Silica Future Claimants Representative will serve according to the provisions set forth in the APG Silica Trust Agreement and the APG Silica TDP. The APG Silica Trust shall be required, as its own cost and expense, to continue or maintain insurance indemnifying and holding harmless the APG Silica Future Claimants Representative from claims of injury alleged to be caused by his acts or omissions in the performance of his duties as APG Silica Future Claimants Representative from the date of his appointment.

iv. Termination of the APG Silica Trust

The APG Silica Trust is irrevocable, but generally will terminate on the date which is 90 days after the first to occur of:

- The date on which the APG Silica Trustee determines to terminate the APG Silica Trust because (a) the APG Silica Trustee deems it unlikely that any new APG Silica Trust Claims will be filed against the APG Silica Trust, (b) all APG Silica Trust Claims duly filed with the APG Silica Trust have been liquidated and paid to the extent provided in the APG Silica Trust Agreement and the APG Silica TDP or disallowed by a final, non-appealable order, to the extent possible based upon the funds available through the GIT Plan, and (c) 12 consecutive months have elapsed during which no new APG Silica Trust Claims have been filed with the APG Silica Trust; or
- If the APG Silica Trustee has procured and has in place sufficient assets and has established claims handling agreements and other necessary arrangements with suitable third parties adequate to discharge

all expected remaining obligations and expenses of the APG Silica Trust in a manner consistent with the APG Silica Trust Agreement and the APG Silica TDP, the date on which the Bankruptcy Court enters a Final Order approving the sufficiency of such assets and other arrangements.

b. The APG Silica TDP

i. APG Silica TDP Goals

The APG Silica Trustees will implement and administer the APG Silica TDP, which is attached to the GIT Plan as Exhibit GIT D. The goal of the APG Silica Trust is to treat all claimants similarly and equitably. The APG Silica TDP furthers that goal by setting forth procedures for processing and paying the APG Entities' several shares of the unpaid portion of the value of APG Silica Trust Claims generally on an impartial, first-in, first-out ("FIFO") basis, with the intention of paying all claimants over time as equivalent a share as possible of the value of their claims.

The APG Silica TDP establishes a schedule of five silica-related diseases ("Disease Levels"), each of which have presumptive medical and exposure requirements ("Medical/Exposure Criteria") and specific values ("Schedule Values"). The Disease Levels, Medical/Exposure Criteria, and Scheduled Values, which are set forth in Sections 5.3(a)(3) of the APG Silica TDP, have been selected and derived with the intention of achieving a fair allocation of the APG Silica Trust funds among claimants suffering from different disease processes.

Claimants asserting claims for mixed-dust pneumoconiosis cannot recover from the APG Silica Trust, but must submit their claims to the APG Asbestos Trust. The APG Silica Trust will not make payments to any claimant who previously has submitted claims to the APG Asbestos Trust; provided, however, that such claimant may seek Individual Review of such claim if the claimant believes that recovery from both trusts is appropriate. In that event, the APG Silica Trustee may determine on a case-by-case basis the appropriateness of permitting such claimant to submit an APG Silica Trust Claim, provided that the claimant meets the relevant Medical/Exposure Criteria under the APG Silica TDP.

ii. Disease Levels Under the APG Silica TDP

The APG Silica TDP establishes five initial Disease Levels, each of which has its own presumptive medical and exposure criteria. These Disease Levels are, in descending order of seriousness:

Level V	Complex Silicosis
Level IV	Lung Cancer
Level III	Severe Silicosis
Level II	Silicosis
Level I	Simple Silicosis

The APG Silica TDP provides for creation of a "Convenience Class" of individuals who presently have APG Silica Trust Claims against the APG Debtors providing such individuals the option of asserting a claim against the APG Silica Trust in the amount of \$1,000 in exchange for a full release of the APG Debtors and the APG Silica Trust. In order for such individuals to elect this option, they must do so on the Ballot (whether or not they vote in favor of the GIT Plan). Thereafter, once the APG Silica Trust is established, such individuals will have to file a Proof of Claim form and satisfy the medical criteria for Level I, II, III, IV or V of the Disease Levels of the APG Silica TDP. Payment to Convenience

Class participants will not be made unless and until the applicable Payment Percentage for non-Convenience Class claims is equal to or greater than 50%.

The presumptive Medical/Exposure Criteria for each Disease Level identified above are set forth in the APG Silica TDP.

iii. Claims Liquidation Procedures

APG Silica Trust Claims will be processed based on their place in a FIFO processing queue (the “FIFO Processing Queue”) to be established pursuant to the APG Silica TDP. Upon filing of a valid proof of claim form with the required supporting documentation, the claimant will be placed in the FIFO Processing Queue in accordance with the ordering criteria described in the APG Silica TDP. Except as otherwise provided in the APG Silica TDP, the APG Silica Trust shall liquidate all APG Silica Trust Claims (other than Convenience Class APG Silica Trust Claims) that meet the presumptive Medical/Exposure Criteria of Disease Levels I-V under the Expedited Review Process described in Section 5.3(a) of the APG Silica TDP.

The APG Silica Trust’s Expedited Review Process is designed primarily to provide an expeditious, efficient and inexpensive method for liquidating all APG Silica Trust Claims. Claims that undergo the Expedited Review Process and meet the presumptive Medical/Exposure Criteria shall be paid the following Scheduled Values for the relevant Disease Level, subject to the applicable Payment Percentage and the Maximum Annual Payment:

Disease Level	Disease Description	Scheduled Value
Level V	Complex Silicosis	\$92,000
Level IV	Lung Cancer	\$45,000
Level III	Severe Silicosis	\$10,550
Level II	Silicosis	\$7,400
Level I	Simple Silicosis	\$1,850

Claimants holding Disease Level I claims may seek Individual Review of their claims (i) if the claimant fails to meet the presumptive Medical/Exposure Criteria for that claim, or (ii) the claimant has previously submitted a claim with (and received payment for said claim from) the APG Asbestos Trust. Claimants holding claims in Disease Levels II-V may seek Individual Review of the value of their claims, as well as of their medical/exposure evidence. The Individual Review Process is also required to determine whether an APG Silica Trust Claim is eligible to be treated as an Extraordinary Claim Exigent Hardship Claim. Secondary Exposure Claims are reviewable only under Individual Review.

The Individual Review Process is intended to result in payments equal to the full value for each claim processed thereby, multiplied by the Payment Percentage. However, the value of any APG Silica Trust Claim that undergoes the Individual Review Process may be determined to be less than the Scheduled Value the claimant would have received

under the Expedited Review Process, to the extent applicable. The procedures for the liquidation of claims through the Expedited Review Process and the Individual Review Process, including the evidentiary requirements to be used therein, are defined and described more fully in the APG Silica TDP.

The APG Silica Trust, with the consent of the APG Silica TAC and the APG Silica Future Claimants Representative, shall institute binding and non-binding arbitration procedures in accordance with Section 5.10 of the APG Silica TDP, for resolving certain disputes regarding the liquidation of APG Silica Trust Claims, as well as certain additional disputes, as identified in Section 5.10(a) of the APG Silica TDP. Certain claimants who pursue non-binding arbitration and reject their arbitral award may have a right to pursue a recovery against the APG Silica Trust in the tort system, as more fully described in Sections 5.11, 7.6 and 7.7 of the APG Silica TDP. However, a claimant shall be eligible for payment of a judgment for monetary damages obtained in the tort system from the APG Silica Trust's available cash only as provided in Section 7.7 of the APG Silica TDP.

iv. Payment of Claims by the APG Silica Trust

After the value of any APG Silica Trust Claim is determined pursuant to the terms of the APG Silica TDP, the claimant will ultimately receive a pro rata share of that value based on the Payment Percentage. Because there is uncertainty in the prediction of both the number and severity of future APG Silica Trust Claims and the amount of the assets available to the APG Silica Trust to pay APG Silica Trust Claims, no guarantee can be made of any Payment Percentage that will be applied to any APG Silica Trust Claim.

There will be no distributions from the APG Silica Trust on account of liquidated APG Silica Trust Claims until after (a) the APG Silica Trust is established, and (b) sufficient information is available concerning the anticipated assets and liabilities of the APG Silica Trust over its lifetime such that the APG Silica Trustee can determine, based on the findings of experts, that the APG Silica Trust has sufficient assets to make a ten percent (10%) distribution. The Payment Percentage then will be set by the APG Silica Trustee, with the consent of the APG Silica TAC and APG Silica Future Claimants Representative, pursuant to the terms of the APG Silica TDP, and thereafter can be changed in accordance with the terms of the APG Silica TDP.

In each year the APG Silica Trust will be empowered to pay out all of the interest it earns during each year, together with a portion of its principal, calculated so that the application of APG Silica Trust funds over its life will correspond with the needs created by the anticipated flow of claims (i.e. the Maximum Annual Payment). In the event there are insufficient funds in any year to pay the total number of outstanding APG Silica Trust Claims liquidated under the terms of the APG Silica TDP, the available funds allocated to such claims shall be paid to the maximum extent to claimants in the group based on their place in their FIFO Payment Queue, with unpaid claims being carried over to the next year and placed at the head of their FIFO Payment Queue.

The APG Silica Trustee will make payments to holders of valid, liquidated APG Silica Trust Claims in accordance with the APG Silica TDP promptly as funds become available and as claims are liquidated, while maintaining sufficient resources to pay future valid claims in substantially the same manner. Because the APG Silica Trust's income and value over time remains uncertain, and because decisions about payments must be based on estimates that cannot be

done precisely, payments may have to be revised in light of experiences over time, and there can be no guarantee of any specific level of payment to claimants. In the event that the APG Silica Trust faces temporary periods of limited liquidity, the APG Silica Trustee may, with the consent of the APG Silica TAC and the APG Silica Future Claimants Representative, suspend the normal order of payment and may temporarily limit or suspend payments altogether.

6. Transfer of the PI Trust Claims and Defenses

On the Effective Date, the NARCO Debtors and the GIT Debtors will transfer and assign, or cause to be transferred and assigned, to the applicable PI Trusts, the applicable Claims and any defenses or other rights related thereto. In consideration of the property transferred to the PI Trusts and in furtherance of the purposes of the PI Trusts and the Plans, the PI Trusts will assume all liability and responsibility for all PI Trust Claims and Reorganized ANH, the Reorganized Debtors, and the NARCO and GIT Protected Parties will have no further financial or other responsibility or liability therefor.

Pursuant to the terms of the GIT/DII Settlement Agreement and the DII Plan, all H-W Asbestos Trust Claims and all H-W Silica Trust Claims were transferred and assigned to the DII Asbestos Trust and DII Silica Trust, respectively, on the effective date of the DII Plan, which occurred on January 20, 2005. As such, Reorganized ANH, the Reorganized GIT Debtors and the other parties identified in the DII Plan have no further financial or other responsibility for all such claims.

7. Trustees and Trust Advisory Committees of the PI Trusts

a. Trustees

The Trustees of the NARCO Asbestos Trust will be determined no later than thirty days prior to the Confirmation Date of the NARCO Plan].

The Trustees of the APG Asbestos Trust will be determined no later than thirty days prior to the Confirmation Date of the GIT Plan.

The Trustee of the APG Silica Trust will be determined no later than thirty days prior to the Confirmation Date of the GIT Plan.

b. Trust Advisory Committees

Each PI Trust will have a Trust Advisory Committee. The members of each Trust Advisory Committee will serve in a fiduciary capacity representing all holders of NARCO Asbestos Trust Claims, APG Asbestos Trust Claims or APG Silica Trust Claims, as applicable. The Trustee(s) of each PI Trust will be required to consult with its Trust Advisory Committee with respect to certain actions, and shall be required to obtain the consent of the Trust Advisory Committee with respect to certain matters, as provided in the applicable Trust Agreements that relate to each PI Trust.

The members of the Trust Advisory Committee of the NARCO Asbestos Trust will be determined no later than thirty days prior to the Confirmation Date of the NARCO Plan.

The members of the Trust Advisory Committee of the APG Asbestos Trust will be determined no later than thirty days prior to the Confirmation Date of the GIT Plan

The initial member of the Trust Advisory Committee of the APG Silica Trust is Bryan O. Blevins, Esq.

8. Transfer of Books and Records of the respective Debtors to the PI Trusts

On the Effective Date or as soon thereafter as is practical, Reorganized ANH, NARCO, and APG, and their respective Affiliates, as the case may be, will transfer and assign, or cause to be transferred and assigned to the applicable PI Trusts the books and records of Reorganized ANH, NARCO and APG, and their respective Affiliates, as the case may be, that (i) pertain directly to the defense of NARCO Asbestos Trust Claims, APG Asbestos Trust Claims and APG Silica Trust Claims (as applicable) or (ii) the assets transferred to the NARCO Asbestos Trust, the APG Asbestos Trust or the APG Silica Trust (as applicable).

With respect to all books and records of the GIT Debtors (as defined in the DII Plan) relating to the H-W Asbestos Trust Claims, the H-W Silica Trust Claims and the insurance assets assigned to DII in the GIT/DII Settlement Agreement, the GIT Debtors have satisfied (or have been deemed to have satisfied) all of the requirements set forth in Section 2.5(b) of the GIT/DII Settlement Agreement as of the effective date of the DII Plan (January 20, 2005). The GIT Debtors have further agreed to provide DII with additional information pursuant to Section 2.5(b) of the GIT/DII Settlement Agreement as may be requested from time to time by DII.

Reorganized ANH, NARCO and APG, and their respective Affiliates, as the case may be, will request that the Bankruptcy Court, in the Confirmation Orders, rule that the transfers described above do not result in the destruction or waiver of any applicable privileges pertaining to such books and records. If the Bankruptcy Court does not so rule, at the option of Reorganized ANH, NARCO and APG, and their respective Affiliates, as the case may be, Reorganized ANH, NARCO and APG, and their respective Affiliates, as the case may be, will retain the books and records and enter into arrangements to permit the Trustees to have access to such books and records in a manner to preserve applicable privileges and work product and other doctrines. The APG Silica Trust Agreement or other separate agreement will provide for the sharing of information related to silica claims between the APG Silica Trust and Reorganized GIT.

B. ASSUMPTION OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES REGARDING OPERATIONS

Except for executory contracts and unexpired leases for which the Debtors have rejected or filed a motion to reject prior to the confirmation, all executory contracts and unexpired leases for goods, services or premises used in connection with NARCO Debtors' or GIT Debtors' respective business operations shall be deemed to have been assumed by the Reorganized NARCO Debtors or Reorganized GIT Debtors, as applicable, on the Effective Date, and the applicable Plan shall constitute a motion to assume such executory contracts and unexpired leases. Subject to the occurrence of the Effective Date, entry of the Clerk of the Bankruptcy Court shall constitute approval of such assumptions pursuant to Section 365(a) of the Bankruptcy Code and a finding by the Bankruptcy Court that each such assumption is in the best interests of the Debtors, their estates, and all parties in interest in the Chapter 11 Cases. With respect to each such

executory contract or unexpired lease assumed by the Reorganized Debtors, unless otherwise determined by the Bankruptcy Court pursuant to a Final Order or agreed to by the parties thereto prior to the Effective Date, the dollar amount required to cure any defaults of the Debtors existing as of the Confirmation Date shall be conclusively presumed to be zero. Subject to the occurrence of the Effective Date, any cure amount agreed to by the Debtors or determined by the Bankruptcy Court shall be treated as an Allowed Administrative Expense Claim. All non-monetary defaults of the Debtors existing as of the Confirmation Date with respect to such executory contract or unexpired lease shall be deemed cured.

C. CORPORATE MATTERS

Reorganized ANH. On the Effective Date of the Plans, the Debtors (other than ANH) will be reorganized into one of two affiliate groups: Reorganized NARCO or Reorganized GIT. Reorganized ANH will own these affiliate groups and Reorganized GIT will own Reorganized H-W and Reorganized APG. A copy of the financial projections for Reorganized ANH are attached hereto as Exhibit 12. Such projected financial statements provide an illustration of the financial effects of the consummation of the Plans. A copy of historical Combined ANH Summary Financial Statements is also attached hereto as Exhibit 11. Please also refer to Section IX of this Disclosure Statement for a discussion of certain financial risks associated with the Plans.

Management Agreement. Following the Effective Date, Reorganized ANH will provide management services to the Reorganized NARCO and Reorganized GIT affiliate groups. Such management services will include the performance of certain cash management and centralized treasury functions by Reorganized ANH.

Articles of Incorporation and Bylaws. Upon the Effective Date, Reorganized ANH will file an Amended and Restated Certificate of Incorporation and will approve Amended and Restated Bylaws. See Exhibits 8 and 9 attached to this Disclosure Statement. In addition, following the Effective Date, Reorganized ANH may amend the articles/certificates of incorporation and/or bylaws of other Debtors who emerge from the Chapter 11 proceedings.

Board of Directors and Officers of Reorganized ANH. Upon the Effective Date, Reorganized ANH will have five board members. The Board of Directors will consist of the following persons:

- (i) Appointed by the NARCO Asbestos Trust: 3.
- (ii) Appointed by the APG Asbestos Trust: 1.
- (iii) Appointed by the board of Reorganized ANH (director will be a management employee): 1.

Shareholder Agreement. Reorganized ANH, the APG Asbestos Trust and the NARCO Asbestos Trust will enter into a shareholder agreement in the form of Exhibit 10 attached to this Disclosure Statement. Such Agreement provides for the election of directors of Reorganized ANH, establishes a right of first refusal and tag-along rights in any sale of Reorganized ANH stock, and provides for the transfer of the APG Asbestos Trust's 21% equity interest in Reorganized ANH to Honeywell, in exchange for a 100% equity interest in A.P Green.

D. POST-REORGANIZATION FINANCING

Funds generated by the Reorganized NARCO and Reorganized GIT affiliated groups will be received by or advanced to Reorganized ANH. Reorganized ANH will manage those funds. The funds will be used to make advances to members of the Reorganized NARCO and Reorganized GIT affiliated groups to meet their working capital needs and to meet the working capital needs of Reorganized ANH. In addition, the Debtors are seeking exit financing and expect such exit financing to be available on the Effective Date of the Plans. The proceeds of such financing will be used by Reorganized ANH for general working capital purposes.

E. DISTRIBUTIONS UNDER THE PLANS

Any Distribution to be made by Reorganized ANH pursuant to a Plan shall be deemed to have been timely made if made within ten (10) days of the time specified in the applicable Plan. Unless the Entity receiving a payment agrees otherwise, any payment in Cash to be made by Reorganized ANH shall be made, at the election of Reorganized ANH, by check drawn on a domestic bank, or by wire transfer from a domestic bank. Reorganized ANH, the Asbestos Trusts or the APG Silica Trust, as applicable, shall withhold from any assets or property distributed under a Plan any assets or property which must be withheld for foreign, federal, state and local taxes payable with respect thereto or payable by the Entity entitled to such assets to the extent required by applicable law. To the extent that any Allowed Claim entitled to a Distribution under a Plan is comprised of indebtedness and accrued but unpaid interest thereon, such Distribution shall, for tax purposes, be allocated to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest. Any Cash, assets, and other property to be distributed under the applicable Plan, but excluding any Distributions from the applicable Asbestos Trust or APG Silica Trust, that remain unclaimed (including by an Entity's failure to negotiate a check issued to such Entity) or otherwise not deliverable to the Entity entitled thereto before the later of (a) one year after the Effective Date, or (b) six months after an order allowing such Entity's Claim becomes a Final Order, shall become vested in, and shall be transferred to, Reorganized ANH notwithstanding state or other escheat or similar laws to the contrary. In such event, such Entity's Claim shall no longer be deemed to be Allowed and such Entity shall be deemed to have waived its rights to such payments or distributions under the applicable Plan pursuant to Section 1143 of the Bankruptcy Code, shall have no further Claim in respect of such Distribution and shall not participate in any further Distributions under the applicable Plan with respect to such Claim. In the event that the holder of any Claim shall transfer such Claim on and after the Effective Date, it shall immediately advise Reorganized ANH, the Asbestos Trusts or the APG Silica Trust, as the case may be, in writing of such transfer. Reorganized ANH, the Asbestos Trusts or the APG Silica Trust, as the case may be, shall be entitled to assume that no transfer of any Claim has been made by any holder unless and until written notice of a transfer has been received by Reorganized ANH, the Asbestos Trusts or the APG Silica Trust, as the case may be. Each transferee of any Claim shall take such Claim subject to the provisions of the applicable Plan, and, except as provided in a notice of transfer, Reorganized ANH, the Asbestos Trusts or the APG Silica Trust, as the case may be, shall be entitled to assume conclusively that the transferee named in any notice of transfer shall thereafter be vested with all rights and powers of the transferor of such Claim. Notwithstanding anything to the contrary contained in the applicable Plan, no Cash payments of fractions of cents will be made under either Plan. Fractional cents shall be rounded to the nearest whole cent (with .5 cent

or less to be rounded down). Distributions to holders of Allowed Claims shall be made to the address of the holder of such Claim as indicated on the records of the applicable Debtor, or if a proof of claim has been filed, to the address on the proof of claim. Notwithstanding anything to the contrary contained in the Plans, no Cash payments of \$10 or less will be made.

F. PROVISIONS FOR TREATMENT OF CONTINGENT CLAIMS AND DISPUTED CLAIMS.

1. Contingent Claims. Holders of Contingent Claims shall be paid only after such Claims have become fixed and/or liquidated. No interest shall be paid on account of a Contingent Claim except as provided in Section 506(b) of the Bankruptcy Code. Any Contingent Claim, other than Claims in NARCO Class 1-A or GIT Class 1-A, that has not become fixed or liquidated on or before two years after the Effective Date shall be deemed waived, disallowed and expunged unless the holder of such Claim has, on or before two years following the Effective Date, filed a request with the Bankruptcy Court requesting estimation of such claim for purposes of allowance pursuant to § 502(c) of the Bankruptcy Code. After the later of two years following the Effective Date and the entry of Final Orders on any timely filed requests for estimation no cash reserves will be held for Contingent Claims and any funds previously held for such purposes may be distributed to the holders of Allowed Claims.

2. Disputed Claims. NARCO or GIT, as the case may be, or Reorganized ANH, shall object to the allowance of Claims (other than applicable PI Trust Claims) filed with the Bankruptcy Court with respect to which any Debtor or Reorganized ANH disputes liability in whole or in part. Reorganized ANH shall have the right to compromise and settle any General Unsecured Claim after the Effective Date without notice to Creditors or order of the Bankruptcy Court. Unless another date is established by order of the Bankruptcy Court, all objections to Claims (other than applicable PI Trust Claims) shall be filed and served on the holders of such Claims no later than 60 days following the Effective Date.

Reorganized ANH shall make a Distribution to the holder of a Disputed Claim when and to the extent that such Disputed Claim becomes Allowed. No interest shall be paid on account of a Disputed Claim that later becomes Allowed, except as provided in Section 506(b) of the Bankruptcy Code.

G. CASH RESERVE.

1. Creation of Cash Reserve

On the Effective Date, Reorganized ANH will deposit an amount of Cash equal to the Contingent Claims Reserve and Disputed Claims Cash Reserve. The Cash held in the Cash Reserve shall be held in trust for the benefit of holders of Contingent Claims and Disputed Claims pending determination of their entitlement thereto. Reorganized ANH will not make Distributions to the holders of Contingent Claims and Disputed Claims in an aggregate amount in excess of the Cash Reserve.

2. Distributions From the Cash Reserve

To the extent that, after the Effective Date, any Disputed Claim is disallowed and expunged, in whole or in part, or any Contingent Claim is eliminated, Reorganized ANH may reduce the amount of the Cash Reserve and any excess Cash shall be Distributed to the holders of Allowed Claims. In no case will the holder of any Claim receive more than 90% of the Allowed Amount of such Claim. Any such redistribution may be made at reasonable times and in any event a final redistribution shall be made after all Disputed Claims have been Allowed or expunged, in whole or in part and all Contingent Claims have been fixed, liquidated, expunged, or estimated for purposes of allowance by a Final Order of the Bankruptcy Court.

H. RETENTION OF JURISDICTION

Pursuant to Sections 105(a) and 1142 of the Bankruptcy Code, after the Confirmation Date the Bankruptcy Court or, if applicable, except as set forth in the NARCO Plan or the GIT Plan, the District Court will retain and will have exclusive jurisdiction over any matter (a) arising under the Bankruptcy Code, (b) arising in or related to the Chapter 11 Cases, either Plan or the PI Trusts and their assets, or (c) with respect to those matters specifically set forth in the Plans.

I. MISCELLANEOUS PROVISIONS OF THE PLANS

1. Authority of the Debtors

On the Confirmation Date, each Debtor will be empowered and authorized to take or cause to be taken, prior to the Effective Date, all actions necessary to enable it to implement effectively the provisions of the Plans and the NARCO Asbestos Trust Agreement, the APG Asbestos Trust Agreement and the APG Silica Trust Agreement.

2. Payment of Statutory Fees

The Debtors will pay all fees payable pursuant to Section 1930 of title 28 of the United States Code on or before the Effective Date.

3. Exculpation

The Plans provide that neither the Debtors and their Affiliates, the Reorganized Debtors, the Future Claimants Representatives, the NARCO Creditors Committee and GIT Creditors Committee, the NARCO Asbestos Claimants Committee and GIT Asbestos Claimants Committee, nor any of their respective present or former officers, directors, employees, attorneys, accountants, underwriters, investment bankers, financial advisors, advisors, Affiliates, members, professionals, representatives, or agents will have or incur any liability to any Entity or any holder of a Claim or Equity Interest for any act or omission with respect to or arising out of the Chapter 11 Cases, the pursuit of confirmation of a Plan, the consummation of a Plan, or the administration of a Plan or the property to be distributed under a Plan, except for gross negligence or willful misconduct, and in all respects will be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under a Plan.

4. Title to Assets; Discharge of Liabilities

Except as otherwise provided in the Plans, on the Effective Date, title to all assets and properties and interests in property dealt with by the Plans will vest in the Reorganized Debtors free and clear of all Claims, Equity Interests, Liens, and other interests, and the Confirmation Order will be a judicial determination of discharge of the liabilities of the Debtors, except as provided in the Plans.

Except for the NARCO Assigned Rights, APG Assigned Asbestos Rights and APG Assigned Silica Rights, all rights of action accruing to the Debtors pursuant to the Bankruptcy Code or pursuant to any statute or legal theory, and any rights for recovery under any policies of insurance issued to or on behalf of the Debtors (which rights are not expressly assigned to the Asbestos Trusts or the APG Silica Trust) will remain assets of the Debtors' estates, and on the Effective Date, will be transferred to the Reorganized Debtors. The Reorganized Debtors may pursue, litigate, compromise, and settle any such rights, claims, or causes of action as they deem appropriate. The debtors may also implement the plans through the sale of some or all of the Debtor's assets free and clear of claims and interests under 11 U.S.C. Section 363.

5. Surrender and Cancellation of Instruments; Release of Judgments

Each holder of a promissory note or other instrument evidencing a Claim must surrender such promissory note or instrument to or judgment against the Debtors, and the Reorganized Debtors will distribute to the holder of the Claim evidenced by the promissory note, instrument, or judgment the appropriate Distribution. At the option of the Reorganized Debtors, no Distribution hereunder will be made to or on behalf of any holder of such Claim unless and until the promissory note or instrument, including without limitation, a release or certificate of satisfaction of judgment, is received or the unavailability of such note or instrument is reasonably established to the satisfaction of the Reorganized Debtors.

6. Dissolution of Committees

On the Effective Date, the respective NARCO Creditors Committee and GIT Creditors Committee and the respective NARCO and GIT Asbestos Claimants Committees will thereupon be released and discharged of and from all further authority, duties, responsibilities, and obligations relating to and arising from and in connection with the Chapter 11 Cases, and such Committees will be deemed dissolved; provided, however, that, (i) in the event that the Effective Date occurs prior to the Confirmation Order becoming a Final Order, the respective committees may, at their option, continue to serve and function for the purpose of participating in any appeal of the Confirmation Order until such time as the Confirmation Order becomes a Final Order and (ii) if the Effective Date occurs prior to the conclusion of any outstanding litigation or adversary proceedings in the Chapter 11 Cases or prior to the entry of a Final Order with respect to final fee applications of professionals retained by order of the Bankruptcy Court during the Chapter 11 Cases, the respective Committees may, at their option, continue to serve until a Final Order is entered with respect to such proceedings.

7. Future Claimants Representatives

The Future Claimants Representatives shall continue to serve through the termination of the Asbestos Trusts or APG Silica Trust (as applicable) in order to perform the functions required by the NARCO Asbestos Trust Agreement, APG Asbestos Trust Agreement and APG Silica Trust Agreement (as applicable). Upon termination of the Asbestos Trusts or APG Silica Trust (as applicable), the applicable Future Claimants Representatives shall thereupon be released and discharged of and from all further authority, duties, responsibilities, and obligations relating to and arising from and in connection with the Chapter 11 Cases, and such Future Claimants Representative's employ shall be deemed terminated. All reasonable and necessary post-Effective Date fees and expenses of the professionals retained by the Future Claimants Representatives shall be paid by the applicable trust in accordance with the terms of the applicable trust agreement. If there is any dispute regarding the payment of such fees and expenses, the parties will attempt to resolve such dispute in good faith and if they fail to resolve such dispute, they will submit the dispute to the Bankruptcy Court for resolution. The provisions of Sections 12.4 of the Plans shall continue to be applicable to any Future Claimants Representative following the termination of his acting as such Future Claimants Representative, including without limitation, any claims against a former Future Claimants Representative made or asserted following the termination of his acting as such Future Claimants Representative.

8. Governing Law

Unless a rule of law or procedure is governed by federal law (including the Bankruptcy Code and Bankruptcy Rules), the laws of the Commonwealth of Pennsylvania will govern the construction of the Plans and any instruments, agreements, and documents executed in connection with the Plans, except as otherwise expressly provided in such instruments, agreements, and documents.

9. Corporate Action

All matters provided for under a Plan involving the corporate structure of the Debtors, or any corporate action to be taken by, or required of the Debtors, shall be deemed to have occurred and be effective as provided in such Plan, and shall be authorized and approved in all respects without any requirement for further action or vote by the stockholders or directors of any of such entities.

10. Effectuating Documents and Further Transactions

The President, the Treasurer, or the Secretary of Reorganized ANH shall be authorized to execute, deliver, file or record such contracts, instruments, releases and other agreements or documents and take or direct such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of either Plan.

11. Health and Life Insurance Benefit Plans

Retiree benefits, as defined in Section 1114 of the Bankruptcy Code, are not being modified by the Plans. On the Effective Date, the Reorganized Debtors will continue all retiree health and life insurance benefit plans. All benefits under such plans will be paid in the ordinary course of business. The Reorganized Debtors will retain the right to

amend, modify or terminate the retiree health and life insurance benefit plans, in accordance with law and the governing documents.

12. Defined Benefit Pension Plans

On the Effective Date, the Reorganized Debtors will remain the plan sponsor of the NARCO and GIT Pension Plans, as applicable, and will bear responsibility for and will fund the NARCO and GIT Pension Plans in accordance with the minimum funding standards pursuant to ERISA and the Internal Revenue Code and regulations thereunder, will pay all required PBGC insurance premiums, and will comply with all requirements of the NARCO and GIT Pension Plans and applicable law. Nothing in the Confirmation Order, either Plan, the Bankruptcy Code (and Section 1141 thereof), or any other document filed in the Chapter 11 Cases shall be construed to discharge, release or relieve the Debtors, or any other party, in any capacity, from any liability or responsibility with respect to the NARCO and GIT Pension Plans under any law. The Reorganized Debtors will retain the right to amend, modify or terminate the GIT Pension Plans in accordance with law and the governing documents, following the confirmation of a Plan.

13. Severance Plan

Following the Effective Date of the Plans, the Debtors intend to propose to the Board of Directors of Reorganized ANH the adoption of an employee severance plan. Such employee severance plan will be utilized by the Reorganized Debtors to induce employees to remain employed with the Reorganized Debtors.

IX. RISK FACTORS

In considering whether to vote for or against each of the Plans, holders of Claims in impaired Classes should consider several risk factors.

A. RISK THAT THE PLANS WILL NOT BE CONFIRMED OR CONSUMMATED

There can be no assurance that any of the Plans as proposed will be accepted by the requisite number of holders or amounts of Claims or approved by the Bankruptcy Court, and there can be no assurance that any of the Plans will not be modified up to and through the Confirmation Date. Notwithstanding Bankruptcy Court and/or District Court approval, it is possible that a Plan may not be consummated because of external factors that may adversely affect the funding of the Distributions. In addition, there can be no assurance that the conditions to confirmation of the Plans will be satisfied.

B. RISK THAT PI TRUSTS WILL NOT BE ABLE TO PAY PI TRUST CLAIMS

Even if the Plans are confirmed and consummated, holders of PI Trust Claims should be aware of certain risks associated with the confirmation and the ability of the Debtors to perform under the respective Plans. The PI Trusts will be funded on the Effective Date from the transfer by the Debtors of equity in Reorganized ANH, proceeds of insurance, assignment of certain rights with respect to insurance policies and insurers, cash and causes of action to the PI Trusts and by the Honeywell Trust Contribution.

Creditors and other holders of PI Trust Claims should also consider the possible effect of Asbestos Demands and APG Silica Demands. The NARCO and/or APG Asbestos and Silica Trust Agreements require, in certain circumstances, the Trustees make periodic estimates of the percentage payment that will be paid to the PI Trust Claims, based on the estimated assets of the respective PI Trusts and the estimated PI Trust Claims. To the extent that Asbestos Demands and APG Silica Demands are greater than anticipated, the percentage distribution to the holders of unpaid PI Trust Claims will be decreased, and vice versa.

In addition, there can be no assurance that the insurers will be able to make payments to the APG Asbestos Trust or APG Silica Trust or that the Honeywell payments will be made to the NARCO Asbestos Trust as required by the NARCO/Honeywell Settlement Agreement. There also can be no assurance that the APG Asbestos Trust or APG Silica Trust will succeed in pursuing any insurance coverage rights to payment being assigned to them in relation to APG Asbestos Trust Claims and APG Silica Trust Claims.

C. RISK THAT THE DEBTORS DO NOT ACHIEVE THE PROJECTED RESULTS

The projections are based on numerous assumptions with respect to the anticipated future performance of Reorganized ANH, Reorganized NARCO and Reorganized GIT, industry performance, general business and economic conditions, continuation of existing commercial relations, and other matters, most of which are beyond the control of Reorganized ANH, Reorganized NARCO and Reorganized GIT. In addition, unanticipated events and circumstances may affect the actual financial results of Reorganized ANH, Reorganized NARCO and Reorganized GIT. As a result, the actual results achieved throughout the projection period will vary from the projected results. These variations may be material.

D. POTENTIAL IMPACT OF PENDING ASBESTOS LEGISLATION

Legislation currently is pending before the U.S. Congress that, if passed, could affect the rights and obligations of companies with asserted asbestos liabilities. The exact terms are still the subject of negotiations, however, and it is uncertain how, if at all, such legislation could impact the Debtors. In addition, if federal asbestos legislation is passed prior to the Effective Date of the NARCO Plan, Honeywell's obligation to fund the NARCO Asbestos Trust will terminate. In such an event, there can be no assurance that the NARCO Debtors will obtain sufficient funds for the NARCO Asbestos Trust.

E. RISKS RELATED TO PENSION PLANS

There can be no assurance that the PBGC will not commence an action to terminate the Debtors' pension plans or file any objections to the NARCO and GIT Plans. In addition, the Debtors' pension plans would terminate if the Plans are converted into a case under Chapter 7 of the Bankruptcy Code. A termination of the Debtors' pension plans would result in substantial termination payments which could adversely affect the Debtors' ability to pay the holders of Claims.

F. RISKS RELATED TO SETTLEMENT AGREEMENTS WITH RHI AG

If the Debtors' settlement agreements with RHI AG are not approved by the Court, RHI AG might assert claims against the Debtors in excess of \$600 million. The Debtors reserve the right to object to and pursue any other appropriate action against RHI AG to the extent that RHI AG asserts any claims against the Debtors.

In addition, a failure by the Court to approve the Debtors' settlement agreements with RHI AG would adversely impact the Debtors' ability to finalize settlements with other major parties in interest such as Honeywell, and this could reduce the likelihood of the Plans being consummated.

G. RISKS RELATED TO SETTLEMENT AGREEMENT WITH HONEYWELL

A failure by the Court to approve the NARCO Debtors' settlement agreement with Honeywell would adversely impact the Debtors ability to finalize settlements with other major parties in interest such as RHI AG, and this could reduce the likelihood of the Plans being consummated.

H. RISKS RELATED TO UNSECURED CLAIM CREDITORS

The NARCO and GIT Debtors may not be able to pay 90% of the Allowed General Unsecured Claims in their respective Plans.

X. FEDERAL INCOME TAX CONSEQUENCES OF THE PLANS

A. GENERALLY

The discussion below is based upon the description of transactions in the Plans and any material change in those transactions could result in different tax consequences to the Debtors, the Reorganized Debtors, Reorganized ANH, holders of Claims, and holders of Equity Interests. Further, while the estimated dollar tax effect of certain transactions described in the Plans is provided below, such tax effects are based upon actual results of the Debtors and certain affiliated entities for 2004. It is likely that the actual results of operations when finally determined will differ, and may differ substantially, from the estimated information currently available to the Debtors, which difference may adversely affect the tax results of the transaction described in the Plans.

THE DISCUSSION SET FORTH BELOW IS INCLUDED FOR GENERAL INFORMATION ONLY. THE DEBTORS AND THEIR COUNSEL ARE NOT MAKING ANY REPRESENTATIONS REGARDING THE PARTICULAR TAX CONSEQUENCES OF CONFIRMATION AND CONSUMMATION OF THE PLANS WITH RESPECT TO THE DEBTORS, REORGANIZED DEBTORS, HOLDERS OF CLAIMS OR EQUITY INTERESTS, OR REORGANIZED ANH, NOR ARE THEY RENDERING ANY FORM OF LEGAL OPINION OR TAX ADVICE ON SUCH TAX CONSEQUENCES. THE TAX LAWS APPLICABLE TO CORPORATIONS IN BANKRUPTCY ARE EXTREMELY COMPLEX, AND THE FOLLOWING SUMMARY IS NOT EXHAUSTIVE. HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE STRONGLY URGED TO CONSULT THEIR TAX ADVISORS REGARDING TAX CONSEQUENCES OF THE PLANS, INCLUDING FEDERAL, FOREIGN, STATE AND LOCAL TAX CONSEQUENCES. THE DEBTORS DO NOT INTEND TO SEEK A RULING AS TO THE TAX CONSEQUENCES OF THE PLAN. ACCORDINGLY, IT IS POSSIBLE THAT THE IRS MIGHT CHALLENGE ONE OR MORE OF

THE TAX POSITIONS TAKEN BY THE DEBTORS AND THAT SUCH CHALLENGE MIGHT BE SUCCESSFUL, IN WHICH CASE, MANY OR ALL OF TAX BENEFITS DESCRIBED BELOW MAY NOT BE AVAILABLE TO THE REORGANIZED DEBTORS OR REORGANIZED ANH.

B. FEDERAL INCOME TAX CONSEQUENCES TO THE DEBTORS

In general, the Debtors do not expect to incur any substantial tax liability as a result of implementation of the Plans. Under the Internal Revenue Code (the "IRC"), a taxpayer generally recognizes gross income to the extent that indebtedness is cancelled for less than the amount due. An exception to this general rule applies when a taxpayer's satisfaction of the debt would have given rise to an income tax deduction. To the extent that a taxpayer's debt is discharged in a title 11 case, as would be the case under the Plans, no taxable income will result, but the taxpayer's attributes will be subject to reduction as described herein.

It is anticipated that property transferred to the PI Trusts by the Debtors, including the value of the Reorganized ANH common stock, will be deductible by the Debtors, provided the value is supported by a "qualified appraisal" as defined in the Regulations promulgated pursuant to Section 468B of the IRC and the Debtors furnish to the IRS the statement required under Treasury Reg. Section 1.468B-3(e) with the first filing of the consolidated tax return of Reorganized ANH. The amount of the deduction attributed to the contribution of Reorganized ANH common stock to the PI Trusts is expected to be approximately \$50 million. It is anticipated that this deduction will be taken on the first tax period after emergence from bankruptcy on the Effective Date of the Plans and will provide a net operating loss available for Reorganized ANH after the reorganization. If the IRS were to successfully take the position that the deduction should be allowed prior to the first tax period after emergence, it is likely that Reorganized ANH would lose the benefit of the deduction. In addition, if the PI Trusts were to sell the Reorganized ANH stock and hold it for less than two years, the benefit of the deduction may be eliminated or reduced.

While it is not anticipated that Reorganized ANH will recognize any taxable income as a result of the cancellation of its debt, it is anticipated that all of the Debtors' net operating losses that exist at the time of the reorganization will be eliminated under the attribute reduction rule of Section 108(b) of the Code. In addition, after the elimination of the Debtors' net operating losses, other tax benefits of the Debtors, including some of their basis in assets will be reduced as a result of the debt cancellation attribute reduction rule.

In determining the total amount of debt cancellation of the Debtors, the Debtors have reviewed their capital structure and determined that \$212 million of what has been carried as debt to RHI AG on the balance sheet of GIT is actually equity. The Debtors recharacterized such amount as capital at the time of the filing of their federal tax returns for the year 2003. This characterization, if accepted, will reduce the amount of total debt cancellation and, thus, the amount of attribute reduction. If such characterization is rejected, it is likely that additional tax attribution reduction will result and Reorganized ANH would have less tax attributes remaining after the cancellation of debt.

It is estimated that under the attribute reduction rules the basis in the Debtors' assets will be reduced by approximately \$315 million, of which \$104 million will be a reduction in the basis of the Debtors' current assets. In determining the basis of GIT in the stock of affiliated corporations, the Debtors have had to rely on information that is

incomplete. The Debtors and their accountants have attempted to properly ascertain, to the extent of available information, the basis in GIT and its affiliates, but it is possible that the Internal Revenue Service may challenge their determination of basis. In addition, if the Internal Revenue Service were to successfully challenge the position taken above, it is likely that the Debtors would have less tax attributes remaining after the Reorganization.

C. FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS OF CLAIMS

A holder of a Claim who receives Cash or other consideration in satisfaction thereof may recognize ordinary income or loss to the extent that any portion of such consideration is characterized as accrued interest. A holder of a Claim who was not previously required to include as income accrued but unpaid interest attributable to its Claim, and who surrenders its Claim pursuant to a Plan, will be treated as having received interest income to the extent that any consideration received is characterized for federal income tax purposes as interest regardless of whether the holder of the Claim realizes an overall gain or loss as a result of surrendering its Claim. A holder of a Claim who previously included as income accrued but unpaid interest attributable to its Claim should recognize an ordinary loss to the extent that such accrued but unpaid interest is not satisfied in full. The manner in which consideration is to be allocated between accrued interest and principal for these purposes is unclear under present law.

As discussed more fully below, a holder of a Claim may recognize income, gain or loss by reason of receiving consideration attributable to the principal of any Claim surrendered equal to the difference between the holder's adjusted basis in its Claim and the amount of consideration which is not allocable to accrued but unpaid interest. The character of such income, gain, or loss as capital gain or loss, or ordinary income or loss, will be determined by whether the holder's Claim constitutes a capital asset to the holder.

A holder of any of these Claims will recognize gain or loss equal to the difference between (1) the amount of Cash and the fair market value of other property received (less the portion thereof attributable to accrued interest), and (2) the basis the holder has in such Claim. A holder of a PI Trust Claim related to property will recognize gain or loss equal to the difference between the amount of Cash and the fair market value of other property received (less the portion thereof attributable to accrued interest) and the basis the holder has in such Claim.

To the extent that payments to holders of PI Trust Claims constitute damages received by holders of such Claims on account of personal injuries, such payments should not constitute gross income to such recipients under Section 104 of the IRC, except to the extent that such payments are attributable to medical expense deductions allowed under Section 213 of the IRC for a prior taxable year.

D. TAX CONSEQUENCES TO THE ASBESTOS TRUSTS AND THE APG SILICA TRUST

The Asbestos Trusts and the APG Silica Trust should meet the requirements of a "qualified settlement fund" within the meaning of the IRC and the regulations issued pursuant thereto. Provided that the Asbestos Trusts and the APG Silica Trust qualify as a "qualified settlement fund," the receipt of the trust assets will be qualified payments and therefore not taxable income to the Asbestos Trusts and the APG Silica Trust. The Asbestos Trusts and the APG Silica Trust will be taxed on modified gross income as defined within the regulations (generally at the highest rate applicable to estates and trusts).

The Asbestos Trusts' and the APG Silica Trust's basis in the trust assets received will be equal to their fair market value at the time of receipt.

HOLDERS OF CLAIMS SHOULD CONSULT THEIR OWN TAX ADVISORS ABOUT THE PROPER ALLOCATION OF CONSIDERATION BETWEEN PRINCIPAL AND INTEREST. AS IS APPARENT FROM THE FOREGOING DISCUSSION, THE TAX CONSEQUENCES OF THE PLANS FOR THE DEBTORS, REORGANIZED ANH, HOLDERS OF CLAIMS, AND HOLDERS OF EQUITY INTERESTS INVOLVE A NUMBER OF ISSUES AS TO WHICH THE LAW IS HIGHLY UNCERTAIN. MOREOVER, THE FOREGOING DISCUSSION IS ONLY A BRIEF SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLANS. WITH THESE CONSIDERATIONS IN MIND, HOLDERS OF CLAIMS AND HOLDERS OF EQUITY INTERESTS ARE AGAIN STRONGLY URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE SPECIFIC CONSEQUENCES TO THEM OF THE PLANS UNDER FEDERAL AND APPLICABLE STATE, LOCAL, AND FOREIGN TAX LAWS.

XI. BANKRUPTCY CAUSES OF ACTIONS

Each of the Debtors have analyzed various transfers made prior to the respective Petition Dates to determine whether there were any preferences, fraudulent conveyances, or other avoidable transfers that should be avoided for the benefit of its respective estate. After careful consideration, the Debtors have concluded that any attempt to avoid pre-Petition transfers would be costly, time-consuming, and not likely to result in a material improvement to the distributions to creditors proposed under the Plans. Furthermore, each of the Debtors have concluded that any attempt to avoid pre-Petition transfers would be divisive, and would substantially delay the distribution of any payments to creditors of the respective Debtors' estate. For all of these reasons, each of the Debtors have concluded that it is in the best interest of its creditors and its estate to waive all avoidance claims.

XII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLANS

The Plan Proponents of the NARCO Plan and GIT Plan, respectively, believe that the Plans afford the holders of the respective Claims the potential for the greatest realization on their Claims and, therefore, the Plans are in the best interest of all holders of the respective Claims. If the Plans are not confirmed, however, the theoretical alternatives include: (a) alternative plans of reorganization; or (b) liquidation of the Debtors under Chapter 7 of the Bankruptcy Code.

A. ALTERNATIVE PLANS OF REORGANIZATION

If the Plans are not confirmed, it is possible that another party in interest in the Chapter 11 Cases could attempt to formulate and propose a different plan. Any alternative plan must meet the requirements of confirmation.

The NARCO Plan contemplates that Honeywell will contribute substantial amounts to fund payments to the NARCO Asbestos Trust, which will assume or cause to be assumed NARCO Asbestos Trust Claims. Honeywell will waive substantial Claims against the Debtors in exchange for being included as a Protected Party under the Channeling Injunctions. The GIT/RHI AG Settlement Agreement provides for a waiver of substantial claims by RHI AG in exchange for, *inter alia*, being included as a Protected Party under the Channeling Injunctions. The Debtors believe that without

such contributions, waivers, and distributions, any plan would be significantly delayed by litigation. Considering the value provided by the settlement agreements with Honeywell and RHI AG, the Debtors believe the Plans are more likely to generate a greater and earlier recovery for the PI Trust Claims and the general unsecured claims than any Plan that might be proposed which does not include such provisions.

B. CHAPTER 7 LIQUIDATIONS

If no plan is confirmed, the Debtors' Chapter 11 Cases may be converted to cases under Chapter 7 of the Bankruptcy Code. In a Chapter 7 case, a trustee or trustees would be appointed to liquidate the assets of the Debtors. The proceeds of the liquidation would be distributed to the respective holders of claims against such Debtors' in accordance with the priorities established by the Bankruptcy Code.

The proceeds of the liquidation would consist of (1) proceeds from available insurance coverage, (2) the proceeds from a sale of the assets of the Debtors and (3) cash and cash equivalents. The amount of the proceeds from a sale of the Debtors' assets would be significantly reduced as a result of the uncertainty that exists as to whether a trustee in a Chapter 7 could sell the assets free and clear of claims, particularly future claims that could be asserted against the Debtors. In addition, a requirement of the establishment of a trust under Section 524(g) of the Bankruptcy Code for settlement of asbestos claims is that a majority interest of the securities of a reorganized debtor be contributed to the trust. If the Debtors were liquidated, the PI Trusts could not be established. The amount of funds available to the PI Trust Claims would be significantly reduced if the PI Trusts cannot be established and planned contributions to the NARCO Asbestos Trust from Honeywell is not made.

In a Chapter 7 case, the amount distributed to unsecured creditors depends upon the funds available after all of the assets have been converted to cash. The cash realized from the liquidation of the encumbered assets would be distributed first to pay Claims secured by the asset. If the value of the collateral is insufficient to pay a Secured Claim in full, the Creditor would be entitled to assert a General Unsecured Claim for its deficiency. Any remaining funds would be distributed in accordance with the priorities of the Bankruptcy Code. The amount of liquidation value available to general unsecured Creditors would be reduced by (1) costs and expenses of the Chapter 7 case, including compensation of the Chapter 7 trustee; (2) all Allowed Administrative Expenses Claims incurred by the Debtor in the Chapter 11 Case, and (3) payment of Priority Claims. The liquidation itself could trigger other claims, such as severance, loss of retiree benefits, pension, contract and lease rejection claims, and litigation costs.

The Debtors believe that creditors would lose value if the Debtors were forced to liquidate. Additionally, the Debtors believe that in liquidation under Chapter 7, before creditors received any distribution, additional administrative expenses involved in the appointment of a trustee or trustees and attorneys, accountants and other professionals to assist such trustees would cause a substantial diminution in the value of the Estates which Debtors plan to reorganize. The assets available for distribution to creditors would be reduced by such additional expenses and by Claims, some of which would be entitled to priority, which would arise by reason of the liquidation and from the rejection of executory contracts including collective bargaining agreements, leases, etc. in connection with the cessation of operations and the failure to realize the greater going concern value of the Debtors' assets.

Attached to this Disclosure Statement as Exhibit 13 is the liquidation analysis prepared by the Debtors. Reference is made to the liquidation analysis for valuation amounts and for a description of the procedures followed, the factors considered and the assumptions made in preparing the analysis. In the analysis, the Debtors have taken into account the nature, status, and underlying value of their assets, the ultimate realizable value of their assets, and the extent to which such assets are subject to security interests. Any such liquidation would take place in the future under circumstances that cannot be predicted. The amount of such proceeds is therefore highly speculative and the actual amounts of Claims against the estate could vary significantly from the Debtors' estimates. Therefore, the net proceeds available to unsecured Creditors could vary materially from the amounts in Exhibit 13. The likely form of any liquidation would be the sale of individual assets or plants. Based on this analysis, it is likely that a Chapter 7 liquidation of the Debtors' assets would produce less value for distribution to creditors than that recoverable in each instance under the Plans. In the opinion of the Debtors, the recoveries projected to be available in a Chapter 7 liquidation are not likely to afford holders of Claims as great a realization potential as do the Plans.

XIII. INFORMATION ABOUT OFFICERS AND MANAGEMENT OF THE REORGANIZED DEBTORS

A. CORPORATE GOVERNANCE

1. Directors and Key Management Personnel

The current officers of Reorganized ANH, which will provide the executive management services to the affiliate groups Reorganized NARCO and Reorganized GIT through the Effective Date of the Plans, are:

- Guenter Karhut, President and Chief Executive Officer
- Gabriel Faimann, Executive Vice-President, Chief Financial Officer and Treasurer
- Jon A. Allegretti, Executive Vice-President, Chief Legal and Administrative Officer and Secretary

The officers and directors will remain in place unless and until other officers or directors have been duly appointed or elected to take their place.

2. Key Management Compensation Program

On December 13, 2005 the Bankruptcy Court entered on Order ("Order") approving the Assumption of Employment Agreements with Guenter Karhut, Gabriel Faiman and Jon Allegretti pursuant to Section 365(d) of the Bankruptcy Code. The Employment Agreements contain customary terms and conditions and will expire upon confirmation of the Debtors' Plans of Reorganization at which time certain severance payment provisions will apply. In the event that the Debtors' Plans of Reorganization have not been confirmed by May 1, 2006, the Debtors may, consistent with the methods used to determine 2004 and 2005 compensation, set an appropriate ongoing total compensation and bonus structure beginning in calendar year 2006 as further provided in the Order. The Order further approves bonuses payable upon confirmation of the Debtors' Plans of Reorganization. The retention and compensation of

the current management will be determined by the board of directors of Reorganized ANH subsequent to the Confirmation Date.

XIV. CONCLUSION AND RECOMMENDATION

The Plan Proponents believe that confirmation and implementation of each Plan is preferable to any of the alternatives discussed above because it will provide the greatest recoveries to holders of Claims. In addition, other alternatives would involve significant delay, uncertainty and substantial additional administrative costs. The Plan Proponents urge holders of impaired Claims to vote in favor of each Plan.

Dated: Pittsburgh, Pennsylvania
December 28, 2005

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