

PLAN OF ALLOCATION FOR THE SETTLEMENT FUNDS

What settlement funds are to be distributed?

Plaintiffs in this case previously reached settlements with Lafarge, TIN, and USG totaling a combined \$16.95 million. Co-Lead Counsel has not previously asked the Court to distribute any of the funds from the prior settlements to settlement class members and the settlement funds are being held in an interest-bearing account. If the Court approves the New Settlement, Co-Lead Counsel will now ask the Court to distribute the funds from each of the settlements (including the New Settlement), after deduction of attorneys' fees, litigation expenses and any service awards to the Class Representatives.

The funds from all the settlements in the litigation (that is, the USG, TIN, Lafarge, and New Settlements), including any accrued interest, will be combined in a single Combined Settlement Fund. Any entity that is eligible to receive a payment under the Plan of Allocation that submits a valid claim will be entitled to receive a payment.

How will the settlement funds be distributed?

The Net Combined Settlement Fund (the Combined Settlement Fund less any Court-awarded attorneys' fees, expenses, and service awards) will be distributed to Statewide Damages Class (defined in paragraph 2.2 of the Notice) members submitting claims showing individual purchases of Drywall between January 1, 2012 and December 31, 2013 ("Claims Period") indirectly for end use and not for resale. State and local entities purchasing Drywall for end use and not for resale may also submit claims but will have their claims discounted as set forth below. The Plan of Allocation does not provide for a monetary recovery for anyone that does not fit these criteria.

The Net Combined Settlement Fund will be allocated to two groups of Statewide Damages Class Members. These groups are:

- **17%** of the Net Combined Settlement Fund will be allocated to the Do-It-Yourself Homeowner Group. The Do-It-Yourself Homeowner Group includes all Statewide Damages Class members' purchases of stand-alone drywall for use in a project they performed in their own home. Thus, this group includes all individuals purchasing drywall at a retailer (such as Home Depot, Lowe's, or Menards) who used that drywall for a home repair or remodeling project they performed.
- **83%** of the Net Combined Settlement Fund will be allocated to all other Statewide Damages Class members. Claimants in this group therefore include all businesses or commercial Statewide Damages Class members, as well as any person or entity paying a contractor for a repair or remodeling project including Drywall.

Within each group, funds will be distributed *pro rata* in accordance with the claimant's Recognized Claim Amount, computed as described below. There will be a \$50 floor for recovery, meaning only claimants entitled to a payment of \$50 or more will receive a check. A claimant's Recognized Claim Amount will be computed as follows:

- Claimants submitting proof of purchase during the Claims Period that shows the price they paid for Drywall will have those purchases valued at 100% for purposes of computing a Recognized Claim Amount.
- Claimants unable to provide any proof of purchase during the Claims Period may sign a declaration in which they attest to (1) the number of sheets of drywall they purchased, or (2) the square footage of the drywall installed in their homes. The drywall will be valued at \$11 a sheet to compute the class members' estimated purchase price. These class members will have those purchases valued at 75% (or \$0.75 on the dollar) for purposes of computing a Recognized Claim Amount and will be subject to a \$100 cap on any settlement payment they will receive.
- Any state entities submitting claims will additionally have their claims valued at 61% (or \$0.61 on the dollar), after the above calculations are applied, to compute their Recognized Purchase Amount. This reflects that TIN and USG did not exclude state entities from their settlements, and that TIN and USG collectively contributed approximately 61% to the Settlement Fund.

Any funds remaining after distribution will be donated to a *Cy Pres Charitable fund*.