

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

In re: ) Chapter 11  
THE FLINTKOTE COMPANY, )  
FLINTKOTE MINES LIMITED, ) Case No. 04-11300(JKF)  
Debtors. )  
 )  
 ) **Related to Docket Nos. 3433**  
 )

**NOTICE OF FILING REVISED EXHIBIT III TO  
AMENDED DISCLOSURE STATEMENT**

The Flintkote Company (“Flintkote”) and Flintkote Mines Limited (“Mines” and collectively with Flintkote, the “Debtors”), by an through their undersigned counsel, hereby submit the attached revised Exhibit III of the Disclosure Statement. This Exhibit has been revised from the Exhibit III filed on July 3, 2008.

Dated: August 8, 2008

PACHULSKI STANG ZIEHL & JONES LLP

*/s/ Scotta E. McFarland*

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Laura Davis Jones (DE Bar No. 2436)  
James E. O'Neill (DE Bar No. 4042)  
Scotta E. McFarland (DE Bar No. 4184)  
919 North Market Street, 17th Floor  
P.O. Box 8705  
Wilmington, Delaware 19899-8705 (Courier 19801)  
Telephone: (302) 652-4100  
Facsimile: (302) 652-4400

- and -

SIDLEY AUSTIN LLP  
Kevin T. Lantry  
Jeffrey E. Bjork  
Dennis M. Twomey  
555 West Fifth Street, Ste 4000  
Los Angeles, CA 90013-6000  
Telephone: (213) 896-6000  
Facsimile: (213) 896-6600

Co-Counsel to the Debtors and Debtors in Possession

## **Exhibit III**

### **Financial Projections**

The financial projections set forth below should be read in conjunction with the assumptions, descriptions and qualifications as described herein, in the Disclosure Statement and the Plan.

Flintkote has used accounting policies generally employed to demonstrate cash flow and income contribution for historical purposes. These financial projections were not prepared with a view toward compliance with guidelines for projected financial information established by the American Institute of Certified Public Accountants, the Financial Accounting Standards Board or the rules and regulations of the Securities and Exchange Commission. These financial projections have not been examined or compiled by independent accountants.

The financial projections represent management's estimates based on current information and contract status for Flintkote's Property Management, Executive Management/Consulting Services, and Claims Processing businesses. For example, the financial projections do not include any estimates for additional income and cash contribution that would result from (i) additional property acquisitions by Reorganized Flintkote, (ii) negotiation of a longer-term management services agreement with Plant Insulation Company, as described in the Disclosure Statement, (iii) entry into management services agreements with additional clients or (iv) entry into claims processing agreements with additional clients. The financial projections reflect management's reasonable, good faith judgment of expected operating and business conditions, and Flintkote believes the estimates and assumptions underlying the projections are reasonable. The estimates and assumptions may not be realized, however, and are inherently subject to business, economic and competitive uncertainties and contingencies, many of which are beyond Flintkote's control. Some assumptions may not materialize, and events and circumstances occurring after the date on which the financial projections were prepared may be different from those assumed or may be unanticipated, and therefore may affect financial results in a material and possibly adverse manner. Consequently, no representations can be or are made as to whether the projected results will be realized, and actual results may differ materially and adversely from those projected. All holders of Claims and Equity Interests that are entitled to vote to accept or reject the Plan are urged to carefully examine all of the assumptions on which the financial projections are based when evaluating the Plan.

## Exhibit III

### Property Management

Flintkote currently owns a property in Raleigh, North Carolina and leases that property to a restaurant franchisee pursuant to a long-term “triple-net” lease (15-year lease, subject to further renewals). The following table presents the estimated financial components of Flintkote’s ownership and management of the Raleigh property, based upon the financial terms of the Raleigh property purchase agreement and the first year of the corresponding long-term lease. The net results are after tax contributions of \$34,789 to income and \$55,300 to cash per year. Under the terms of the applicable lease, the lease revenue and cash flow from this lease will be identical to that described below for the first 10 years of the lease (through 2018), at which time annual rent increases will begin to take effect, resulting in increases in lease revenue and cash flow.

	<b>First Year’s Operation</b>
<b>Land &amp; Buildings</b>	
Cost	1,142,780
Accumulated Depreciation	20,511
	<u>\$1,122,269</u>
<b>Income</b>	
Lease Revenue	<u>82,000</u>
Management Expenses	3,500
Depreciation	20,511
	<u>24,011</u>
Pre-Tax Income	57,989
Provision for Income Taxes	23,200
Net Income	<u>\$34,789</u>
<b>Operating Cash Flow</b>	
Lease Revenue	82,000
Management Expenses	3,500
Pre-tax Cash Flow	<u>78,500</u>
Income Taxes	23,200
Cash Generated	<u>\$55,300</u>

The foregoing estimates are based upon the following primary assumptions:

- (i) No early termination of the lease or default by the lessee.
- (ii) Transaction and due diligence costs of approximately \$12,000.
- (iii) Application of 39-year straight line depreciation with 70% of the total cost related to building.
- (iv) Estimated management oversight costs of \$3,500 per annum.
- (v) Applicable corporate income taxes at a combined Federal/State rate of 40% of pre-tax income and no available deductions or other offsets.

## Exhibit III

### Executive Management/Consulting Services

Flintkote and Plant Insulation Company are parties to an executive services agreement, pursuant to which Flintkote provides executive management services to Plant at a fixed fee of \$20,000 per month. The agreement will remain in effect through January 16, 2010, subject to the terms and conditions set forth therein. Flintkote anticipates that this agreement will generate a base after tax contribution of \$144,000 to both income and cash during each year the agreement is in effect (Calendar Year 2008 and 2009, subject to further extension by agreement of the parties).

<b>Income &amp; Cash Flow</b>	<b>2008</b>	<b>2009</b>
Fee Revenue	240,000	240,000
Provision for Income Taxes	96,000	96,000
Net Income and Cash Flow	<u>\$144,000</u>	<u>\$144,000</u>

The foregoing estimates are predicated upon the following primary assumptions:

- (i) The executive services agreement with Plant remains in effect through its January 16, 2010 expiration date.
- (ii) Corporate income taxes applicable to Flintkote will be at a combined Federal/State rate of 40% of pre-tax income, and Flintkote will not have any available deductions or other offsets.

### Claims Processing

Pursuant to the terms of the Plan, Reorganized Flintkote and the Trust will enter into a Claims Processing Agreement (substantially in the form of Plan Exhibit D) on the Effective Date, pursuant to which Reorganized Flintkote will provide claims processing services to the Trust at the cost of providing those services. Current cash expenditure estimates for the claims facility are set forth in the table below. These estimates are based on current assumptions that may change significantly as specific requirements become more precisely known.

### **Development, Startup & First Year Operations**

	<b>Expenditures</b>
Personnel	1,250,000
Furniture, Equipment & Software	278,200
Premises and Operating	198,800
	<u>\$1,727,000</u>

The foregoing estimates are based upon the following primary assumptions:

### **Exhibit III**

- (i) The claims facility will be located in Cleveland, Ohio and will have core staffing of an executive, a manager and five processing personnel all of whom will be outside contractors during the first year of operations.
  - (ii) Office space, furniture and equipment will be leased or purchased under normal market terms and periods.
  - (iii) Claims processing, reporting and system requirements will approximate those experienced prior to the Petition Date.
  - (iv) Corporate administration, management, accounting and financial functions will continue to be performed by existing Flintkote personnel with no significant incremental expenditures required.
  - (v) Insurer billing and collection functions will be performed by existing Flintkote personnel as part of ongoing insurance settlement responsibilities with these costs and expenditures determined by post-reorganization requirements and separate from those estimated above.
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