IN THE UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
ACandS, Inc.,	)	Case No. 02-12687 (JKF)
	)	
Debtor.	)	

ACANDS ASBESTOS SETTLEMENT TRUST'S NOTICE OF FILING OF ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2012

Pursuant to Article 5.1 of the Debtor's Second Plan of Reorganization and Section 2.2(c) of the ACandS Asbestos Settlement Trust Agreement (the "Trust Agreement"), the Trustee of the ACandS Asbestos Settlement Trust (the "Trust"), The Honorable Alfred M. Wolin (the "Trustee"), hereby gives notice of the filing of the Trust's Annual Report for the year ended December 31, 2012 (the "Annual Report"), a copy of which is attached hereto as Exhibit 1.

Consistent with Sections 2.2(c), 4.5(c), 5.6, and 6.5 of the Trust Agreement, the Annual Report includes a copy of the Trust's financial statements for the year ended December 31, 2012; the opinion and report from the independent auditors for the Trust; a summary of the number and type of claims disposed of during the year ended December 31, 2012; and a report of the total fees and expenses paid to the Trustee, the Trust Advisory Committee, and the Future Claimants' Representative for the year ended December 31, 2012. In addition, as required by Section 2.2(c)(i) of the Trust Agreement, a copy of the Annual Report has been provided to the Trust Advisory Committee and the Future Claimants' Representative. Last, pursuant to Section 2.2(c)(iii) of the Trust Agreement, this report is available for inspection by the public through the records of the Bankruptcy Court, and a copy has been provided to the office of the United States Trustee for the District of Delaware.

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Dated: April 29, 2013

Respectfully submitted,

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EXHIBIT 1

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ACANDS Asbestos Settlement Trust

ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2012

Pursuant to Article 5.1 of the Debtor's Second Plan of Reorganization (the "Plan") and Section 2.2(c) of the ACandS Asbestos Settlement Trust Agreement (the "Trust Agreement"), the Trustee of the ACandS Asbestos Settlement Trust (the "Trust"), The Honorable Alfred M. Wolin (the "Trustee"), makes the following Annual Report for the year ended December 31, 2012 (the "Annual Report").

A. Financial Statements

Section 2.2(c)(i) of the Trust Agreement requires the Annual Report to include the following:

> [F]inancial statements of the Trust (including, without limitation, a balance sheet of the Trust as of the end of such fiscal year and a statement of operations for such fiscal year) audited by a firm of independent certified public accountants selected by the Trustee and accompanied by an opinion of such firm as to the fairness of the financial statements' presentation of the cash and investments available for the payment of claims and as to the conformity of the financial statements with generally accepted accounting principles.

Attached as Exhibit 1.A is a copy of the ACandS Asbestos Settlement Trust Special Purpose Financial Statements (the "Audited Financial Statements") for the year ended December 31, 2012 (the "Reporting Period"). The auditor for the Trust, EisnerAmper LLP, has provided an opinion regarding the fairness of the financial statements' presentation and their conformity with generally accepted accounting principles. The auditor's opinion expressly provides that it is intended for the use of this Court.

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B. Claims Summary

Section 2.2(c)(ii) of the Trust Agreement requires the Annual Report to include a summary regarding the number and type of claims disposed of during the period covered by the financial statements. Verus Claims Services, LLC, acts as the Trust's claims processing agent. Attached as Exhibit 1.B is a summary of claims processed and paid by the Trust in 2012. During the Reporting Period, the Trust received 118,816 unliquidated claims. The Trust approved 13,567 claims for payment, and paid 13,661 claims for a total aggregate amount of $17,726,490. An additional 31,711 claims were either rejected or withdrawn. The remainder of the claims received during the Reporting Period are still being processed.

C. Trustee Fees

Section 4.5(c) of the Trust Agreement states that the Annual Report shall include a description of the amounts paid to the Trustee in 2012. The Audited Financial Statements attached as Exhibit 1.A set forth the amount paid in fees and expenses to the Trustee during the Reporting Period.[1]

D. Trust Advisory Committee Fees

Section 5.6 of the Trust Agreement provides that the Annual Report shall include a description of the amounts paid to the Trust Advisory Committee (the "TAC") in 2012. The Audited Financial Statements set forth the amount paid in fees and expenses to the TAC members during the Reporting Period.[2] The members of the TAC are Matthew Bergman, Brian O. Blevins, Jr., John D. Cooney, Steven Kazan, Joseph F. Rice, Armand J. Volta, Jr., and Perry Weitz.

[1] See Audited Financial Statements at 12.
[2] Id.

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E. Future Claimantsô Representative Fees

Section 6.5 of the Trust Agreement provides that the Annual Report shall include a description of the amounts paid to the Future Claimants' Representative (the "FCR") in 2012. The Audited Financial Statements set forth the amount paid in fees and expenses to the FCR during the Reporting Period.[3] The FCR is Lawrence Fitzpatrick.

F. Trust Investments

The Trustee devoted significant efforts in 2012 to the investment of the Trust's liquid assets. The Trustee met regularly with the Trust's investment advisor, Brown Brothers Harriman & Co. (ñBBHò). BBH advises the Trust on asset allocation, liquidity management, and the Trust's selection and oversight of its investment managers.

G. Significant Events During the Reporting Period

1. Payment Percentage

Pursuant to Section 4.2 of the TDP, the Trustee is required to reconsider the payment percentage at least every three years after the effective date of the Plan. The first three year anniversary of the effective date of the Plan of Reorganization fell during the previous Reporting Period. The Trustee retained Analysis Research Planning Corporation ("ARPC") to conduct the payment percentage redetermination. The Trustee was advised by ARPC to delay the payment percentage redetermination until the expiration of the initial claims filing period as set forth in Section 5.1(a)(2) of the TDP so as to permit the claims forecast performed as part of the payment percentage redetermination to be based on the best available claims data. The initial claims filing period ended on November 24, 2012. ARPC is currently at work preparing an updated claims forecast, and redetermination of the payment percentage should be completed by mid 2013.

[3] See Audited Financial Statements at 12.

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2. TDP Amendment

On November 13, 2012, the Trustee, with the consent of the TAC and the FCR, approved and adopted an amendment to Section 7.5(a) of the TDP effective January 1, 2013. The amendment reduces the sequencing adjustment factor from 6% to the one-year Treasury bill interest rate in effect on January 1 of the year in which the accrual commences. A complete copy of the amended TDP is available at www.acandsasbestostrust.com/Resources.htm.

3. Extension of TAC MembersôTerms

On July 31, 2012, the terms of TAC members Armand J. Volta, Jr. and Joseph F. Rice expired. Pursuant to Section 5.4(a) of the Trust Agreement, both were designated as successors to serve an additional five-year term.

H. Meetings

In fulfillment of the meeting requirements contained in the Trust Agreement, during the Reporting Period, the Trustee held quarterly meetings with the TAC, the FCR, Trust counsel, and other Trust professionals on the following dates: February 28, 2012, May 15, 2012, October 2, 2012, and November 13, 2012.

I. Additional Information

For additional information regarding the Trust's financials or operations, please contact its General Counsel, Keating Muething & Klekamp PLL, One East Fourth Street, Suite 1400, Cincinnati, Ohio 45202, attention: Kevin E. Irwin.

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Exhibit 1.A

ACandS Asbestos Settlement Trust
Special Purpose Financial Statements

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EISNERAMPER
ACCOUNTANTS & ADVISORS

ACandS Asbestos Settlement Trust

CONSOLIDATED SPECIAL-PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012
(with independent auditors' report thereon)

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ACANDS ASBESTOS SETTLEMENT TRUST

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INDEPENDENT AUDITORS' REPORT

To the Trustee of
ACandS Asbestos Settlement Trust

Report on the Consolidated Special-Purpose Financial Statements

We have audited the accompanying consolidated special-purpose financial statements of ACandS Asbestos Trust, which comprise the consolidated special-purpose statement of admitted assets, liabilities and net claimants' equity as of December 31, 2012, and the related consolidated special-purpose statements of changes in net claimants' equity and cash flows for the year then ended, and the related notes to the consolidated special-purpose financial statements.

Management's Responsibility for the Consolidated Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated special-purpose financial statements in accordance with the basis of accounting as described in Note B; this includes determining that the special-purpose accounting methods adopted by the Trustees is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated special-purpose financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

EISNERAMPER
ACCOUNTANTS & ADVISORS

Opinion

In our opinion, the consolidated special-purpose financial statements referred to above present fairly, in all material respects, the consolidated special-purpose statement of admitted assets, liabilities and net claimants' equity of ACandS Asbestos Settlement Trust as of December 31, 2012, and the consolidated special-purpose statement of changes in net claimants' equity and its special-purpose cash flows for the year then ended in accordance with the special-purpose accounting methods described in Note B.

Basis of Accounting

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements are prepared using special-purpose accounting methods adopted by the Trustees, and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note J to the consolidated special-purpose financial statements, on January 1, 2012 the Trust began to consolidate a wholly-owned subsidiary that was previously accounted for using the equity method. Our opinion is not modified with respect to this matter.

Restriction on Use

This report is solely for the information and use of the management of the Trust, the Trustee, the beneficiaries of the Trust, and the United States Bankruptcy Court for the District of Delaware, and is not intended to be and should not be used by anyone other than these specified parties.

Eisner Amper LLP

Edison, New Jersey
April 25, 2013

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ACANDS ASBESTOS SETTLEMENT TRUST

Consolidated Special-Purpose Statement of Admitted Assets, Liabilities and Net Claimants' Equity as of December 31, 2012

ADMITTED ASSETS	
Cash and invested assets:	
Cash and cash equivalents:	$ 1,249,507
Equities, at fair market value	60,305,989
Fixed-maturity securities, at fair market value	213,606,394
Total cash and invested assets	275,161,890
Other assets:	
Accrued interest on investment securities	2,020,045
Due from securities brokers	90,001
Insurance settlements receivable	6,500,000
Prepaid federal income taxes	15,249
Prepaid expenses and other assets	64,861
Total assets	$ 283,852,046
LIABILITIES AND NET CLAIMANTS' EQUITY	
Liabilities:	
Settled claims payable	$ 1,267,265
Accounts payable	173,935
Total liabilities	1,441,200
Net claimants' equity	282,410,846
Total liabilities and net claimants' equity	$ 283,852,046

The accompanying notes are an integral part of these consolidated special-purpose financial statements 3

ACANDS ASBESTOS SETTLEMENT TRUST

Consolidated Special-Purpose Statement of Changes in Net Claimants' Equity for the Year Ended December 31, 2012

Additions:	
Contributions – insurance settlements	$ 83,354
Rental income	106,759
Realized loss on sale of real property	(54,280)
Net investment income	8,989,750
Net realized gain on sale of investment securities	4,687,238
Change in net unrealized gain on investment securities	14,502,410
Total additions	28,315,231
Deductions:	
Claims settled	11,314,433
Operating expenses	2,401,708
Federal income taxes	1,774,556
Total deductions	15,490,697
Net increase in net claimants' equity	12,824,534
Net claimants' equity, beginning of year	269,586,312
Net claimants' equity, end of year	$ 282,410,846

The accompanying notes are an integral part of these consolidated special-purpose financial statements 4

ACANDS ASBESTOS SETTLEMENT TRUST

Consolidated Special-Purpose Statement of Cash Flows
for the Year Ended December 31, 2012

Cash flows from operating activities:	
Net increase in net claimants' equity	**$ 12,824,534**
Adjustments to reconcile net increase in net claimants' equity from operating activities:	
Realized loss on sale of real property	**54,280**
Net realized gain on investment securities	**(4,687,238)**
Change in net unrealized gain on investment securities	**(14,502,410)**
Depreciation	**14,469**
Amortization of fixed maturities	**213,831**
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:	
Accrued interest on investment securities	**110,537**
Due from securities brokers	**(90,001)**
Insurance settlement receivable	**2,000,000**
Prepaid federal income taxes	**267,476**
Prepaid expenses and other assets	**11,126**
Settled claims payable	**(6,380,536)**
Accounts payable	**122,319**
Tenant security deposit	**(7,500)**
Net cash used in operating activities	**(10,049,113)**
Cash flows from investing activities:	
Proceeds from sale of real property	**770,000**
Proceeds from sale of investment securities	**151,264,447**
Purchase of investment securities	**(142,796,067)**
Net cash provided by investing activities	**9,238,380**
Net change in cash and cash equivalents	**(810,733)**
Cash and cash equivalents, beginning of year	**2,060,240**
Cash and cash equivalents, end of year	**$ 1,249,507**
Supplemental disclosure of cash paid:	
Federal income taxes	**$ 1,575,000**

The accompanying notes are an integral part of these consolidated special-purpose financial statements

ACANDS ASBESTOS SETTLEMENT TRUST

Notes to Consolidated Special-Purpose Financial Statements
December 31, 2012

NOTE A - DESCRIPTION OF BUSINESS

ACandS Asbestos Settlement Trust (the "Trust"), organized pursuant to the laws of the State of Delaware, was established on July 31, 2008 pursuant to the Second Plan of Reorganization of ACandS, Inc. (the "Debtor"). The Trust is a "qualified settlement fund" pursuant to the meaning of Section 1.468B-1 et seq. to the Treasury Regulations promulgated under section 468B of the Internal Revenue Code. The Trust will assume all Asbestos Personal Injury Claims (whether now existing or arising at any time hereafter) and use Trust assets to pay holders of such Asbestos Personal Injury Claims in accordance with the Asbestos Settlement Trust Agreement and the Asbestos Settlement Trust Distribution Plan ("TDP").

In addition, the Trust satisfies the pre-petition bankruptcy claims in accordance with the Bankruptcy Code.

The Trust was initially funded with cash, rights to proceeds from asbestos insurance policies, insurance settlement rights, real property and 100% of the common stock of the Debtor post reorganization whose accounts have been consolidated in the consolidated special-purpose financial statements.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Basis of presentation:

The Trust's financial statements are prepared using special-purpose accounting methods adopted by the Trustees which differ from accounting principles generally accepted in the United States of America ("GAAP"). The special-purpose accounting methods were adopted in order to communicate to the beneficiaries of the Trust the net assets available for the payment of claims and related operating expenses of the Trust. Since the accompanying consolidated special-purpose financial statements and transactions are not based upon GAAP, accounting treatment by other parties for these same transactions may differ as to timing and amount.

The special-purpose accounting methods include the following:

Net Claimants' Equity
Net claimants' equity represents funds available to pay asbestos and bankruptcy related claims that have been submitted but not processed or not yet submitted. Trust expenses are also paid from net claimants' equity. Under GAAP, net claimants' equity would be reduced for estimates of amounts to be paid for claims that have been submitted, but not processed or not yet submitted.

Claim Expense
Claims are expensed in the period in which the confirmed claims are settled. Under GAAP, a liability would be recorded for an estimate of the amount to be paid for claims that have been incurred but not yet reported, and for those claims that have been submitted but not yet approved for payment by the Trust.

Settled claims payable on the Special-Purpose Statement of Admitted Assets, Liabilities and Net Claimants' Equity reflects claims approved but unpaid at December 31, 2012.

Payment for Services
Payments for services to be received over an extended period in the future are expensed as paid since these amounts are no longer available for the payment of claims. Under GAAP, an asset would be recorded and amortized over the period in which the related benefits are received.

Unrealized Gains and Losses on Investment Securities
Net unrealized gains and losses relating to investment securities are recorded as a net addition or deduction in the Consolidated Special-Purpose Statement of Changes in Net Claimants' Equity. Under GAAP, these gains or losses would be recorded as a separate component of net claimants' equity as accumulated other comprehensive income.

ACANDS ASBESTOS SETTLEMENT TRUST

Notes to Consolidated Special-Purpose Financial Statements
December 31, 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[2] Principles of consolidation:

The consolidated special-purpose financial statements include the accounts of the Trust and Debtor post reorganization. All material intercompany accounts and transactions have been eliminated.

[3] Use of estimates:

The preparation of financial statements in conformity with the special-purpose accounting methods adopted by Trustees requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated special-purpose financial statements and the reported amounts of additions and deductions to net claimants' equity during the reported period. Actual results could differ from those estimates.

[4] Cash and cash equivalents:

The Trust considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

The Trust maintains its cash and cash equivalents, which at times may exceed federally insured limits, with financial institutions. The Trust has not experienced any losses in such accounts, and management does not believe it is exposed to any significant credit risk on cash and cash equivalents.

[5] Investments:

The Trust's investment securities are used to satisfy claims and are carried at fair value. Net realized and unrealized gains and losses relating to investment securities are recorded as a net addition or deduction in the Consolidated Special-Purpose Statement of Changes in Net Claimants' Equity. Realized investment gains and losses on investment securities are recorded based on the security's original cost. Investment income is recognized when earned.

[6] Income taxes:

The Trust has elected to be treated as a Qualified Settlement Fund under the Internal Revenue Code and Regulations. As a result, the Trust is subject to federal income taxes based on modified gross income. In the opinion of management, the Trust is not subject to state income taxes, and therefore, the consolidated special-purpose financial statements do not include any provision or liability for state income taxes. However, federal income tax expense for the year ended December 31, 2012 was $1,774,556.

The Trust files income tax returns in the United States federal jurisdiction. Income tax returns filed prior to 2008 are closed under statute of limitations. There are no uncertain income tax positions taken by the Trust as of December 31, 2012 and no income tax-related interest or penalties have been accrued for 2012.

[7] Fair value measurement:

The Trust values its investments in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosures*. FASB ASC 820 focuses on the price that would be received to sell the asset, which is referred to as the exit price. FASB ASC 820 provides guidance on how to measure fair value, when required, under existing accounting standards. FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

Level 1 - Observable inputs that reflect quoted prices for identical assets in active markets that the Trust has the ability to access at the measurement date.

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ACANDS ASBESTOS SETTLEMENT TRUST

Notes to Consolidated Special-Purpose Financial Statements
December 31, 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[7] Fair value measurement: (continued)

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset; or
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs reflecting the Trust's estimates of the assumptions that market participants would use in pricing the asset (including assumptions about risk).

The Trust has classified its investments in accordance with FASB ASC 820, as more fully disclosed in Note C.

NOTE C - INVESTMENTS

Investment securities carried at fair value as of December 31, 2012, are as follows:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Municipal bonds	$ 147,979,432	$ 13,258,331	$ 319,662	$ 160,918,101
Corporate bonds	29,374,103	1,972,850	5,861	31,341,092
Asset-backed securities	21,044,802	336,954	34,555	21,347,201
Mutual funds	49,233,140	11,072,849	-	60,305,989
Total	$ 247,631,477	$ 26,640,984	$ 360,078	$ 273,912,383

The unrealized losses and fair values of investment securities in an unrealized loss position for less than twelve months and twelve months or longer as of December 31, 2012, are shown below:

	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Municipal bonds	$ 3,891,487	$ 230,544	$ 5,016,198	$ 89,118	$ 8,907,685	$ 319,662
Corporate bonds	225,228	477	1,245,514	5,384	1,470,742	5,861
Asset-backed securities	1,046,208	34,555	-	-	1,046,208	34,555
Total	$ 5,162,923	$ 265,576	$ 6,261,712	$ 94,502	$ 11,424,635	$ 360,078

ACANDS ASBESTOS SETTLEMENT TRUST

Notes to Consolidated Special-Purpose Financial Statements
December 31, 2012

NOTE C - INVESTMENTS (CONTINUED)

The Trust held ten securities that were in an unrealized loss position as of December 31, 2012, six of which had been in an unrealized loss position for a period of twelve months or longer.

The Trust regularly reviews the carrying value of its investments for declines that could be considered other than temporary. The Trust does not consider these securities to be impaired on an other than temporary basis as of December 31, 2012.

Proceeds from sales of investment securities amounted to $151,264,447 in 2012. Gross gains and losses of $4,762,726 and $75,488 were realized on those sales during 2012.

The estimated fair value of fixed maturity investments as of December 31, 2012 by contractual maturity are shown below.

	Fair Value
Due one year or less:	
Municipal bonds	$ 478,672
Corporate bonds	941,790
Asset-backed securities	-
Total due in one year or less	1,420,462
Due after one year through five years:	
Municipal bonds	7,574,023
Corporate bonds	6,706,651
Asset-backed securities	19,353,670
Total due after one year and through five years	33,634,344
Due after five years through ten years:	
Municipal bonds	22,441,279
Corporate bonds	20,275,855
Asset-backed securities	720,201
Total due after five years and through ten years	43,437,335
Due after ten years:	
Municipal bonds	130,424,127
Corporate bonds	3,416,796
Asset-backed securities	1,273,330
Total due after ten years	135,114,253
Total Fixed Maturity Investments:	
Municipal bonds	160,918,101
Corporate bonds	31,341,092
Asset-backed securities	21,347,201
Total fixed maturity investments	$ 213,606,394

ACANDS ASBESTOS SETTLEMENT TRUST

Notes to Consolidated Special-Purpose Financial Statements
December 31, 2012

NOTE C - INVESTMENTS (CONTINUED)

Investment securities held by the Trust are recorded at fair value in accordance with FASB ASC 820 as further described in Note B. The Trust measures fair value of these securities as of December 31, 2012 as follows:

	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Observable Inputs (Level 3)
Municipal bonds	$ -	$ 160,918,101	$ -
Corporate bonds	-	31,341,092	-
Asset-backed securities	-	21,347,201	-
Mutual funds	60,305,989	-	-
	$ 60,305,989	$ 213,606,394	$ -

Major categories of the Trust's net investment income for the year ended December 31, 2012 are summarized as follows:

Interest income	$ 9,162,303
Dividends	500,598
Investment and bank fees	(459,320)
Amortization of fixed maturities	(213,831)
Net investment income	$ 8,989,750

NOTE D - REAL ESTATE

In 2008, the Trust entered into a settlement agreement with the former parent company of the Debtor and certain of its affiliated companies (see Note E). In accordance with the settlement agreement, the Trust received a cash contribution in addition to certain real property located in Lancaster, Pennsylvania. The real property was recorded by the Trust at its fair value which was deemed to be approximately $900,000 at the date of the agreement. During the year ended December 31, 2012, the Trust sold the real property in exchange for proceeds totaling $770,000. The net book value of the real property at the date of sale was $824,280 which resulted in a realized loss on the Consolidated Special-Purpose Statement of Changes in Net Claimants' Equity of $54,280.

Prior to the sale, the Trust earned rental income of $106,759 during the year ended December 31, 2012 through the lease of the real property.

NOTE E - INSURANCE SETTLEMENTS RECEIVABLE

In 2010, the Trust entered into agreements with three insolvent London Market insurance companies (the "Insurers") to resolve the Insurers' obligations for claims submitted against the Debtor including Asbestos Personal Injury Claims and environmental liabilities. Pursuant to the terms of these agreements, the Trust agreed to release the Insurers' from any current or future claims in exchange for settlement payments totaling approximately $1,530,000, of which the actual amounts to be collected by the Trust would be based upon a payment percentage as set forth in the respective Scheme of Arrangement as approved by the High Court of Justice of England and Wales (the "High Court").

NOTE E - INSURANCE SETTLEMENTS RECEIVABLE (CONTINUED)

As of December 31, 2012, the Trust has collected approximately $816,000 relating to these agreements, including approximately $48,000 collected during the year ended December 31, 2012 which is included in contributions to net claimants' equity on the Consolidated Special-Purpose Statement of Changes in Net Claimants' Equity. Future amounts to be collected by the Trust are contingent upon an increase in payment percentages per the respective Scheme of Arrangement as approved by the High Court and are not estimable as of December 31, 2012, nor can collectability be assured. Furthermore, management does not expect the potential additional settlement funds to be significant to net claimants' equity. Based on this, no asset relating to these amounts has been recorded on the Consolidated Special-Purpose Statement of Admitted Assets, Liabilities and Net Claimants' Equity as of December 31, 2012.

In addition, in 2008 the Trust entered into a settlement agreement with the Irex Corporation ("Irex"), the former parent company of the Debtor, and certain of Irex's affiliated companies (together the "Irex Entities"). Pursuant to the terms of the agreement, the Trust released the Irex Entities from any current or future claims, liabilities or causes of action arising out of or attributable to Asbestos Personal Injury Claims, Asbestos Property Damage Claims or any intercompany dealings between the Debtor and the Irex Entities. In consideration of the release, the Irex Entities contributed to the Trust certain real property, which was then immediately leased by Irex, in addition to a cash contribution totaling $11,600,000 which was payable in annual installments. As of December 31, 2012, the Trust has collected $5,100,000 under the agreement, with the remaining amount outstanding of $6,500,000 included in insurance settlements receivable on the Consolidated Special-Purpose Statement of Admitted Assets, Liabilities and Net Claimants' Equity. During the year ended December 31, 2012, the Trust sold the real properly contributed by the Irex Entities (see Note D).

NOTE F - LIABILITY FOR ASBESTOS CLAIMS

Asbestos Personal Injury Claims that were settled but unpaid as of December 31, 2012 have been accrued and deducted from net claimants' equity. These amounts, totaling $1,267,265 as of December 31, 2012, have been included in settled claims payable on the Consolidated Special-Purpose Statement of Admitted Assets, Liabilities and Net Claimants' Equity and settled claims on the Consolidated Special-Purpose Statement of Changes in Net Claimants' Equity for the year ended December 31, 2012.

The ultimate number and amount of future Asbestos Personal Injury Claims to be filed and the corresponding liability are not determinable at this time. Therefore no liability relating to such claims has been recorded in the consolidated special-purpose financial statements as of December 31, 2012.

NOTE G - NET CLAIMANTS' EQUITY

The Trust is designed to provide fair and equitable treatment for all Trust claims that may presently exist or may arise in the future. The TDP prescribes certain procedures for distributing the Trust's assets, including pro rata payments and initial determination of claim value based on scheduled diseases values, jurisdictions, and individual factual information concerning each claimant. Under the TDP, the Trust forecasts its anticipated annual sources and uses of cash until the last projected future claim has been paid. A pro rata payment percentage is calculated such that the Trust will have no remaining assets or liabilities after the last future claimant receives his/her pro rata share.

Based on research and testimony presented during the bankruptcy, the court approved an initial payment to claimants of 5.78% of the liquidated value of then current and estimated future claims. The TDP gives the Trustees, with the consent of the Trust Advisory Committee and the Futures Representative, the power to periodically update its estimate of the payment percentage based on updated assumptions regarding its future assets and liabilities and, if appropriate, propose additional changes to the payment percentage. As of December 31, 2012, no changes have been made to the initial payment percentage.

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ACANDS ASBESTOS SETTLEMENT TRUST

Notes to Consolidated Special-Purpose Financial Statements
December 31, 2012

NOTE H - ADMINISTRATIVE SERVICES AGREEMENTS

At inception the Trust entered into services agreements with third party administrators to provide administrative support and specialty services.

The Trust has an agreement with Verus, LLC ("Verus"), who provides the Trust with services for claims administration. Verus manages the claims process on behalf of the Trust. Fees paid to Verus amounted to $1,514,953 for the year ended December 31, 2012. The fees are included in operating expenses on the Consolidated Special-Purpose Statement of Changes in Net Claimants' Equity.

The Trust has an agreement with Bederson & Co., Inc. ("Bederson") whereby Bederson provides accounting and tax services. Fees paid to Bederson amounted to $50,871 for the year ended December 31, 2012. The fees are included in operating expenses on the Consolidated Special-Purpose Statement of Changes in Net Claimants' Equity.

NOTE I - OPERATING EXPENSES

The components of operating expenses are as follows for the year ended December 31, 2012:

Claims consulting fees	$ 59,197
Claims processing fees	1,514,953
Insurance	72,504
Accounting	58,609
Trust general counsel	230,394
Future claims representative	17,282
Future claims representative attorney fees	20,425
TAC expenses	15,156
TAC attorney fees	48,811
Trustee fees	184,001
Depreciation	14,469
Storage fees	135,617
Property management fees	12,272
Other	18,018
	$ 2,401,708

NOTE J - CONSOLIDATION OF ACANDS, INC.

Effective January 1, 2012, the Trust began to consolidate into its special-purpose financial statements the accounts of the Debtor post reorganization for which the Trust owns 100% of its common stock (see Note A). The Trust's investment in the Debtor was recorded using the equity method at December 31, 2011 and its related accounts were not consolidated into the Trust's special-purpose financial statements for the year ended December 31, 2011.

ACANDS ASBESTOS SETTLEMENT TRUST

Notes to Consolidated Special-Purpose Financial Statements
December 31, 2012

NOTE J - CONSOLIDATION OF ACANDS, INC. (CONTINUED)

The balances of the Debtor as of December 31, 2012 and 2011 are as follows:

	2012	2011
Cash and cash equivalents	$ **94,357**	$ 1,267,298
Fixed maturity securities, at fair market value	**4,875,000**	3,007,278
Accrued interest on investment securities	**422**	-
Due from securities brokers	**70,001**	-
Prepaid expenses and other assets	**6,483**	23,544
Real property, net of accumulated depreciation	**-**	838,750
Accounts payable	**-**	(4,247)
Tenant security deposit	**-**	(7,500)
Total stockholders' equity	**(5,046,263)**	(5,125,123)

NOTE K - SUBSEQUENT EVENTS

The Trust has evaluated subsequent events that occurred between December 31, 2012 and April 25, 2013 which is the date the consolidated special-purpose financial statements were available to be issued.

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Exhibit 1.B

Summary of Claims Processed and Paid by the Trust in 2012

ACandS Asbestos Trust Annual Reports, 2012 annual report
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ACandS Asbestos Settlement Trust

Report of Asbestos Claim Activity and Disposition during Period from January 1, 2012 through December 31, 2012

Type of Claim	Number of Claims Filed	Number of Claims Approved for Payment	Number of Claims Withdrawn or Rejected	Liquidated Value of Approved Claims	Number of Approved Claims Paid	Amount Paid on Approved Claims after Application of Payment Percentage
Pre-Petition Liquidated Claims	0	0	0	$0	0	$0
Category A Claims (Disease Levels III – VII)	38,263	2,013	8,638	$220,927,870	2,100	$14,425,309
Category B Claims (Disease Levels I and II)	74,052	11,554	21,475	$48,066,750	11,561	$3,301,181
Unspecified Disease Level Claims	6,501	0	1,598	0	0	0
Total:	118,816	13,567	31,711	$268,994,620	13,661	$17,726,490

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
ACandS, Inc.,	)	Case No. 02-12687 (JKF)
	)	
Debtor.	)	
----------	x	

AFFIDAVIT OF WILLIAM WELLER, PARALEGAL

STATE OF DELAWARE :
: SS:
NEW CASTLE COUNTY :

I, William Weller, certify that I am, and at all times during the service, have been an employee of Morris James LLP, not less than 18 years of age and not a party to the matter concerning which service was made. I certify further that on April 30, 2013, I caused to be served:

ACANDS ASBESTOS SETTLEMENT TRUST'S NOTICE OF FILING OF ANNUAL REPORT FOR THE YEAR ENDING DECEMBER 31, 2012

Service was completed upon the party on the attached list as indicated thereon.

Date: April 30, 2013

William Weller

SWORN AND SUBSCRIBED before me this 30th day of April, 2013.

JULIE L. FIELDER
NOTARY PUBLIC
STATE OF DELAWARE
MY COMMISSION EXPIRES NOV. 26, 2014

NOTARY
My commission expires: 11/26/14

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VIA HAND DELIVERY
Richard Schepacarter
Trial Attorney
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