File a Notice:

02-12687-KG ACandS, Inc and Warren H. Smith **Closed** 06/30/2010

Type: bk	Chapter: 11 v	Office: 1 (Delaware)
Assets: y	Debtor disposition: Discharge Not Applicable	Judge: KG
Case Flag: LEAD, CONFIRMED, CLOSED, MEGA, APPEAL		

U.S. Bankruptcy Court

District of Delaware

Notice of Electronic Filing

The following transaction was received from Carl N. Kunz entered on 4/28/2015 at 10:03 AM EDT and filed on 4/28/2015
Case Name: ACandS, Inc and Warren H. Smith
Case Number: 02-12687-KG
WARNING: CASE CLOSED on 06/30/2010
Document Number: 3746

Docket Text:
Notice of Service -- *ACandS Asbestos Settlement Trust's Notice of Filing of Annual Report for the Year Ended December 31, 2014* Filed by ACandS Asbestos Settlement Trust. (Attachments: # (1) Exhibit 1 # (2) Exhibit 1.A # (3) Exhibit 1.B) (Kunz, Carl)

The following document(s) are associated with this transaction:

Document description: Main Document
Original filename:C:\Users\www\Documents\Filing 20\Filing\Notice of Filing of Annual Report acands.pdf
Electronic document Stamp:
[STAMP bkecfStamp_ID=983460418 [Date=4/28/2015] [FileNumber=13099592-0
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d284bbcba3728b25e7a85288905bc5fa698ec996867e89a2d32c2df9e5b0c]]
Document description: Exhibit 1
Original filename:C:\Users\www\Documents\Filing 20\Filing\Exhibit 1.pdf
Electronic document Stamp:
[STAMP bkecfStamp_ID=983460418 [Date=4/28/2015] [FileNumber=13099592-1
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Document description: Exhibit 1.A
Original filename:C:\Users\www\Documents\Filing 20\Filing\Exhibit 1.A. - Audited Financial Stmts.pdf
Electronic document Stamp:
[STAMP bkecfStamp_ID=983460418 [Date=4/28/2015] [FileNumber=13099592-2
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e3c417df5f49a2a3731c5e063c4d12328d1d79ee0e9e4edc133b501646adb]]
Document description: Exhibit 1.B
Original filename:C:\Users\www\Documents\Filing 20\Filing\Exhibit 1.B - Summary of Claims.pdf
Electronic document Stamp:
[STAMP bkecfStamp_ID=983460418 [Date=4/28/2015] [FileNumber=13099592-3
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a176594b54f7c4651d943e7958d8f5d41108c90b5e5048427488e528e2f50]]

02-12687-KG Notice will be electronically mailed to:

Bruce L. Ahnfeldt on behalf of Debtor ACandS, Inc
cmclean@ahnfeldtlaw.com

ACandS Asbestos Trust Annual Reports, 2014 annual report Published by AsbestosClaims.Law
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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 (KG)
	)	
Debtor.	)	

ACANDS ASBESTOS SETTLEMENT TRUST'S NOTICE OF FILING OF ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2014

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, 2014 (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, 2014; 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, 2014; 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, 2014. 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.

7746493/

Dated: April 28, 2015

Respectfully submitted,

MORRIS JAMES LLP

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Counsel for ACandS Asbestos Settlement Trust

7746493/

EXHIBIT 1

7746493/

ACANDS Asbestos Settlement Trust

ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2014

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, 2014 (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, 2014 (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 2014. During the Reporting Period, the Trust received 35,964 claims, approved 18,814 claims, and paid 19,251 claims for a total aggregate amount of $32,194,092.29. An additional 39,203 claims were either rejected or withdrawn during the Reporting Period.

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 2014. 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 2014. 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 13.
[2] *Id.*

E. Future Claimants' 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 2014. 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 2014 to the investment of the Trust's liquid assets. The Trustee met regularly with the Trust's investment advisor, Brown Brothers Harriman & Co. (**"BBH"**). BBH advises the Trust on asset allocation, liquidity management, and the Trust's selection and oversight of its investment managers.

During the Reporting Period, the Trustee retained an independent investment advisory firm, The Concord Advisory Group, Ltd., to evaluate the efficiency of the Trust's investment operations, including a review of the Trust's investment policies, asset allocation, and service provider capabilities and costs.

G. Significant Events During the Reporting Period

1. Payment Percentage

Pursuant to Section 4.2 of the Trust Distribution Procedures ("**TDP**"), the Trustee is required to reconsider the payment percentage at least once every three years. In 2011, the Trustee retained Analysis Research Planning Corporation ("**ARPC**") to conduct an analysis of the payment percentage. The Trustee was advised by ARPC to delay the redetermination of the payment percentage until the expiration of the initial claims filing period (as set forth in TDP § 5.1(a)(2)) 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

[3] *Id.*

ended on November 24, 2012. Based on the updated forecast performed following the initial claims filing deadline, ARPC recommended no change to the payment percentage in May 2013. Throughout the Reporting Period, ARPC continued to monitor claim filing tends that could affect the payment percentage. ARPC plans to complete an updated claims forecast by May 2015.

2. Dissolution of ACandS, Inc.

On May 15, 2014, a certificate of dissolution on behalf of ACandS, Inc. (the "**Corporation**") was filed with the Secretary of State of the State of Delaware. The dissolution of the Corporation was authorized by its Board of Directors and its Sole Shareholder, the Trust. Pursuant to Delaware law, the Corporation has been placed in a three-year wind-down period. It will be formally dissolved out of existence on May 15, 2017.

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, FCR, Trust counsel, and other Trust professionals on the following dates: February 25, 2014, May 20, 2014, September 16, 2014, and November 11, 2014.

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: Jennifer J. Morales.

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Exhibit 1.A

ACandS Asbestos Settlement Trust Special Purpose Financial Statements for the Year Ended December 31, 2014

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EISNERAMPER
ACCOUNTANTS & ADVISORS

ACANDS ASBESTOS SETTLEMENT TRUST

CONSOLIDATED SPECIAL-PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2014
(with independent auditors' report thereon)

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ACANDS ASBESTOS SETTLEMENT TRUST

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INDEPENDENT AUDITORS' REPORT

To the Trustee
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 Settlement Trust (the "Trust"), which comprise the consolidated special-purpose statement of assets, liabilities and net claimants' equity as of December 31, 2014, 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 Trustee is an acceptable basis for the preparation of the 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 the consolidated special-purpose 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 consolidated special-purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated special-purpose financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated special-purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the consolidated special-purpose 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 Trust'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 consolidated special-purpose financial statements.

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

Opinion

In our opinion, the consolidated special-purpose financial statements referred to above present fairly, in all material respects, the consolidated assets, liabilities and net claimants' equity of ACandS Asbestos Settlement Trust as of December 31, 2014, and its consolidated changes in net claimants' equity and its 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 consolidated special-purpose financial statements, which describes the basis of accounting. The financial statements are prepared using special-purpose accounting methods adopted by the Trustee, 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.

Restriction on Use

This report is intended 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

Iselin, New Jersey
April 15, 2015

ACANDS ASBESTOS SETTLEMENT TRUST

Consolidated Special-Purpose Statement of Assets, Liabilities and Net Claimants' Equity
December 31, 2014

ASSETS	
Cash and invested assets:	
Cash	**$ 529,522**
Equities, at fair market value	**59,342,178**
Fixed-maturity securities, at fair market value	**209,329,725**
Total cash and invested assets	**269,201,425**
Other assets:	
Accrued interest on investment securities	**1,866,563**
Settlements receivable	**2,500,000**
Prepaid expenses and other assets	**57,746**
Total other assets	**4,424,309**
Total assets	**$ 273,625,734**
LIABILITIES AND NET CLAIMANTS' EQUITY	
Liabilities:	
Settled claims payable	**$ 2,725,722**
Accounts payable	**98,480**
Federal income tax payable	**59,000**
Total liabilities	**2,883,202**
Net claimants' equity	**270,742,532**
Total liabilities and net claimants' equity	**$ 273,625,734**

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
Year Ended December 31, 2014

Additions:	
Contributions – insurance settlements	**$ 24,461**
Net investment income	**8,766,109**
Net realized gain on sale of investment securities	**5,832,327**
Change in net unrealized gain on investment securities	**9,723,573**
Total additions	**24,346,470**
Deductions:	
Claims settled	**31,881,014**
Operating expenses	**1,635,956**
Federal income taxes	**2,899,000**
Total deductions	**36,415,970**
Net decrease in net claimants' equity	**(12,069,500)**
Net claimants' equity, beginning of year	**282,812,032**
Net claimants' equity, end of year	**$ 270,742,532**

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
Year Ended December 31, 2014

Cash flows from operating activities:	
Net decrease in net claimants' equity	**$ (12,069,500)**
Adjustments to reconcile net decrease in net claimants' equity to net cash used in operating activities:	
Net realized gain on investment securities	**(5,832,327)**
Change in net unrealized gain on investment securities	**(9,723,573)**
Accretion of fixed maturities	**(35,750)**
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:	
Accrued interest on investment securities	**203,738**
Settlements receivable	**2,000,000**
Prepaid expenses and other assets	**4,668**
Settled claims payable	**(111,800)**
Accounts payable	**4,213**
Federal income tax payable	**(116,000)**
Net cash used in operating activities	**(25,676,331)**
Cash flows from investing activities:	
Proceeds from sale of investment securities	**142,315,942**
Purchase of investment securities	**(117,796,508)**
Net cash provided by investing activities	**24,519,434**
Net change in cash	**(1,156,897)**
Cash, beginning of year	**1,686,419**
Cash, end of year	**$ 529,522**
Supplemental disclosure of cash paid:	
Federal income taxes	**$ 3,015,000**

The accompanying notes are an integral part of these consolidated special-purpose financial statements 5

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, 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 consolidated financial statements are prepared using special-purpose accounting methods adopted by the Trustee which differ from accounting principles generally accepted in the United States of America ("GAAP"). The consolidated 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. Because 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 Consolidated Special-Purpose Statement of Assets, Liabilities and Net Claimants' Equity reflects claims approved but unpaid at December 31, 2014.

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.

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 consolidated financial statements in conformity with the special-purpose accounting methods adopted by the Trustee 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:

The Trust maintains its cash, 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.

[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, 2014 was $2,899,000.

The Trust files income tax returns in the United States federal jurisdiction. Income tax returns filed prior to 2011 are closed under statute of limitations. There are no uncertain income tax positions taken by the Trust as of December 31, 2014 and no income tax-related interest or penalties have been accrued for 2014.

[7] Fair value measurements:

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:

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[7] Fair value measurements: (continued)

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.

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, 2014 are as follows:

	December 31, 2014			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed maturity investments:				
Municipal bonds	$ 158,424,196	$ 12,283,651	$ 174,721	$ 170,533,126
Corporate bonds	27,891,304	1,226,507	375,969	28,741,842
Asset-backed securities	4,621,173	48,842	-	4,670,015
Government bonds	4,728,807	655,935	-	5,384,742
Equities:				
Mutual funds	37,602,973	21,739,205	-	59,342,178
Total	$ 233,268,453	$ 35,954,140	$ 550,690	$ 268,671,903

NOTE C - INVESTMENTS (CONTINUED)

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, 2014, 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	$ 6,500,607	$ 70,095	$ 6,544,445	$ 104,626	$ 13,045,052	$ 174,721
Corporate bonds	2,448,120	279,895	2,333,498	96,074	4,781,618	375,969
Asset-backed securities	-	-	-	-	-	-
Government bonds	-	-	-	-	-	-
Total	$ 8,948,727	$ 349,990	$ 8,877,943	$ 200,700	$ 17,826,670	$ 550,690

The Trust held 15 securities that were in an unrealized loss position as of December 31, 2014, all 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. Continuous unrealized losses were primarily due to the impact of changes in the general level of interest rates rather than a decline in credit quality. The Trust does not consider these securities to be impaired on an other-than-temporary basis as of December 31, 2014.

Proceeds from sales of investment securities amounted to $142,315,942 in 2014. Gross gains and losses of $6,224,919 and $392,592 were realized on those sales during 2014.

NOTE C - INVESTMENTS (CONTINUED)

The estimated fair value of fixed maturity investments as of December 31, 2014 by contractual maturity are shown below.

Due one year or less:	
Municipal bonds	$ -
Corporate bonds	-
Asset-backed securities	-
Government bonds	-
Total due in one year or less	-
Due after one year through five years:	
Municipal bonds	10,598,386
Corporate bonds	3,376,055
Asset-backed securities	4,180,989
Government bonds	-
Total due after one year and through five years	18,155,430
Due after five years through ten years:	
Municipal bonds	28,394,426
Corporate bonds	18,686,610
Asset-backed securities	489,026
Government bonds	-
Total due after five years and through ten years	47,570,062
Due after ten years:	
Municipal bonds	131,540,314
Corporate bonds	6,679,177
Asset-backed securities	-
Government bonds	5,384,742
Total due after ten years	143,604,233
Total fixed maturity investments:	
Municipal bonds	170,533,126
Corporate bonds	28,741,842
Asset-backed securities	4,670,015
Government bonds	5,384,742
Total fixed maturity investments	$ 209,329,725

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 measured fair value of these securities as of December 31, 2014 as follows:

	2014		
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed maturity investments:			
Municipal bonds	$ -	$ 170,533,126	$ -
Corporate bonds	-	28,741,842	-
Asset-backed securities	-	4,670,015	-
Government bonds	-	5,384,742	-
Equities:			
Mutual funds	59,342,178	-	-
	$ 59,342,178	$ 209,329,725	$ -

Major categories of the Trust's net investment income for the year ended December 31, 2014 are summarized as follows:

Interest income	$ 7,733,979
Dividends	1,465,364
Investment fees	(468,984)
Accretion of fixed maturities	35,750
Net investment income	$ 8,766,109

NOTE D - 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 D - SETTLEMENTS RECEIVABLE (CONTINUED)

As of December 31, 2014, the Trust has collected approximately $841,000 relating to these agreements, including approximately $24,000 collected during the year ended December 31, 2014 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, 2014, 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 Assets, Liabilities and Net Claimants' Equity as of December 31, 2014.

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, 2014, the Trust has collected $9,100,000 under the agreement, with the remaining amount outstanding of $2,500,000 included in settlements receivable on the Consolidated Special-Purpose Statement of Assets, Liabilities and Net Claimants' Equity. During the year ended December 31, 2012, the Trust sold the real properly contributed by the Irex Entities.

NOTE E - LIABILITY FOR ASBESTOS CLAIMS

Asbestos Personal Injury Claims that were settled but unpaid as of December 31, 2014 have been accrued and deducted from net claimants' equity. These amounts, totaling $2,725,722 as of December 31, 2014, have been included in settled claims payable on the Consolidated Special-Purpose Statement of 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, 2014.

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, 2014.

NOTE F - 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 the 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, 2014, no changes have been made to the initial payment percentage.

NOTE G - 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 $932,430 for the year ended December 31, 2014. 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, LLP ("Bederson") whereby Bederson provides accounting and tax services. Fees paid to Bederson amounted to $58,538 for the year ended December 31, 2014. The fees are included in operating expenses on the Consolidated Special-Purpose Statement of Changes in Net Claimants' Equity.

NOTE H - OPERATING EXPENSES

The components of operating expenses are as follows for the year ended December 31, 2014:

Claims consulting fees	$ 47,403
Claims processing fees	932,430
Insurance	66,124
Accounting	74,151
Trust general counsel	174,073
Future claims representative	12,286
Future claims representative attorney fees	20,008
TAC expenses	9,272
TAC attorney fees	78,634
Trustee fees	181,524
Storage fees	24,405
Other	15,646
	$ 1,635,956

NOTE I - SUBSEQUENT EVENTS

The Trust has evaluated subsequent events that occurred between December 31, 2014 and April 15, 2015, which is the date the consolidated special-purpose financial statements were available to be issued.

Exhibit 1.B

Summary of Claims Activity and Disposition
During Period From January 1, 2014 Through December 31, 2014

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ACandS Asbestos Settlement Trust

Report of Asbestos Claim Activity and Disposition during Period from January 1, 2014 through December 31, 2014

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
Category A Claims (Disease Levels III – VII)	10,493	6,452	9,588	$428,077,207.54	6,560	$28,565,991.52
Category B Claims (Disease Levels I and II)	24,910	12,362	27,559	$55,305,750.00	12,691	$3,628,100.77
Unspecified Disease Level Claims	561	0	2,056	$0	0	$0
Total:	35,964	18,814	39,203	$483,382,957.54	19,251	$32,194,092.29

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