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, 2017

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, 2017 (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, 2017; 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, 2017; 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, 2017. 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.

10185195/1

Published by AsbestosClaims.Law
asbestosclaims.law/library/13725/1

Dated: April 27, 2018

Respectfully submitted,

MORRIS JAMES LLP

Carl N. Kunz, III (DE Bar No. 3201)
500 Delaware Avenue, Suite 1500
P.O. Box 2306
Wilmington, Delaware 19899-2306
Tel: (302) 888-6800
Fax: (302) 571-1750
ckunz@morrisjames.com

-and-

KEATING, MUETHING & KLEKAMP PLL
Kevin E. Irwin (Ohio Bar No. 0021811)
Bethany P. Recht (Ohio Bar No. 0088478)
One East Fourth Street, Suite 1400
Cincinnati, Ohio 45202
Tel: (513) 579-6400
Fax: (513) 579-6457
kirwin@kmklaw.com
brecht@kmklaw.com

Counsel for ACandS Asbestos Settlement Trust

10185195/1

Published by AsbestosClaims.Law
asbestosclaims.law/library/13725/2

EXHIBIT 1

10185195/1

Published by AsbestosClaims.Law
asbestosclaims.law/library/13725/3

ACANDS Asbestos Settlement Trust

ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2017 (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, 2017 (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.

ACandS Asbestos Trust Annual Reports, 2017 annual report
ACL Doc 13725 · Page 4 of 28
Published by AsbestosClaims.Law
asbestosclaims.law/library/13725/4

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 2017. During the Reporting Period, the Trust received 21,211 claims, approved 15,776 claims, and paid 16,523 claims for a total aggregate amount of $26,496,360. An additional 21,153 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 2017. 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 2017. 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 2017. 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 2017 managing the investment of the Trust's liquid assets. The Trustee met regularly with the Trust's investment manager, Brown Brothers Harriman & Co. (**"BBH"**). BBH manages the Trust's fixed income and equity investments.

Throughout the Reporting Period, the Trustee continued to retain the services of the Concord Advisory Group, Ltd. to provide advice on investment policies, asset allocation, liquidity management, and the Trust's selection and oversight of its investment manager.

G. Other

1. Amendment to the TDP

On November 14, 2017, the Trustee, with the consent of the TAC and FCR, adopted the Seventh Amendment to the TDP. This amendment to Section 2.6 of the TDP allows the Trust to cease enforcing the Claims Payment Ratio provisions of the TDP. During the time the Trust is not enforcing the Claims Payment Ratio, the Trust will continue to track and maintain records regarding the funds allocated to Category A and to Category B claims and the payment and approval of those claims. The Trust shall provide this information to the TAC and FCR within 30 days following the end of each calendar year during which the Trust is not enforcing the Claims Payment Ratio. Included in this amendment is a means for the reinstatement of the Claims Payment Ratio provisions by each of the Trustees, TAC, or FCR.

[3] *Id.*

2. Dissolution of ACandS, Inc.

As previously reported, 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. Following the three-year wind-down period required by Delaware law, the dissolution was completed on May 15, 2017. The remaining assets of the Corporation were distributed to the Trust pursuant to a Plan of Distribution executed on May 12, 2017 by the President of ACandS, Inc. and the Trustee.

3. 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 Ankura Consulting Company ("**Ankura**") to conduct an analysis of the payment percentage. The Trustee was advised by Ankura 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 ended on November 24, 2012. Based on the updated forecast performed following the initial claims filing deadline, Ankura recommended no change to the payment percentage in May 2013.

In 2015, Ankura conducted the periodic analysis of the payment percentage as provided for in the TDP. Based on Ankura's recommendation, and with the approval of the TAC and FCR, the Trustee determined to increase the payment percentage from 5.78% to 7.2 %, effective November 15, 2015. Pursuant to TDP Section 4.3, supplemental payments were distributed to

claimants who previously liquidated their claims and received payments from the Trust at a lower payment percentage.

Throughout the Reporting Period, Ankura continued to monitor claim filing trends in anticipation of the upcoming payment percentage review.

4. Renewal of TAC Member Terms

The terms of TAC members Joseph F. Rice and Armand J. Volta, Jr. expired on July 31, 2017. Each appointed himself for an additional five-year term in accordance with the Trust Agreement.

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 14, 2017, May 11, 2017, September 26, 2017, and November 14, 2017.

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: Bethany P. Recht.

Exhibit 1.A

Published by AsbestosClaims.Law
asbestosclaims.law/library/13725/9

EISNERAMPER
ACCOUNTANTS & ADVISORS

ACANDS ASBESTOS SETTLEMENT TRUST

CONSOLIDATED SPECIAL-PURPOSE
FINANCIAL STATEMENTS

DECEMBER 31, 2017
(with independent auditors' report thereon)

Published by AsbestosClaims.Law
asbestosclaims.law/library/13725/10

ACANDS ASBESTOS SETTLEMENT TRUST

Contents

	Page
Independent Auditors' Report	1 - 2
Consolidated Special-Purpose Financial Statements	
Consolidated special-purpose statement of assets, liabilities and net claimants' equity as of December 31, 2017	3
Consolidated special-purpose statement of changes in net claimants' equity for the year ended December 31, 2017	4
Consolidated special-purpose statement of cash flows for the year ended December 31, 2017	5
Notes to consolidated special-purpose financial statements	6 - 13

EISNERAMPER
ACCOUNTANTS & ADVISORS

EisnerAmper LLP
111 Wood Avenue South
Iselin, NJ 08830-2700
T 732.243.7000
F 732.951.7400
www.eisneramper.com

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 Settlement Trust (the "Trust"), which comprise the consolidated special-purpose statement of assets, liabilities and net claimants' equity as of December 31, 2017, 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 auditor's 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 entity'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 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 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, 2017, 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.

Published by AsbestosClaims.Law
asbestosclaims.law/library/13725/12

EISNERAMPER
ACCOUNTANTS & ADVISORS

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.

EisnerAmper LLP

EISNERAMPER LLP
Iselin, New Jersey
April 26, 2018

EISNERAMPER LLP

ACANDS ASBESTOS SETTLEMENT TRUST

Consolidated Special-Purpose Statement of Assets, Liabilities and Net Claimants' Equity
December 31, 2017

ASSETS	
Cash and cash equivalents	**$ 918,972**
Investments:	
Investments	**219,918,976**
Income receivable	**1,198,737**
Total investments	**221,117,713**
Other assets:	
Prepaid federal income taxes	**973,630**
Prepaid expenses and other assets	**45,515**
Total other assets	**1,019,145**
Total assets	**$ 223,055,830**
LIABILITIES AND NET CLAIMANTS' EQUITY	
Liabilities:	
Settled claims payable	**$ 5,427,432**
Accounts payable	**112,783**
Total liabilities	**5,540,215**
Net claimants' equity	**217,515,615**
Total net claimants' equity	**217,515,615**
Total liabilities and net claimants' equity	**$ 223,055,830**

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, 2017

Additions:	
Investment income, net:	
Interest and dividends income, net	**$ 7,129,208**
Realized gain on sale of securities, net	**2,511,705**
Change in net unrealized gain on investment securities	**11,598,172**
Total investment income, net	**21,239,085**
Deductions:	
Claims settled	**21,152,792**
Operating expenses	**1,782,825**
Investment advisory fees	**350,034**
Federal income tax	**951,000**
Total deductions	**24,236,651**
Net decrease in net claimants' equity	**(2,997,566)**
Net claimants' equity - beginning	**220,513,181**
Net claimants' equity - ending	**$217,515,615**

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, 2017

Cash flows from operating activities:	
Net decrease in net claimants' equity	**$ (2,997,566)**
Adjustments to reconcile net decrease in net claimants' equity to net cash used in operating activities:	
Net realized gain on investment securities	**(2,511,705)**
Change in net unrealized gain on investment securities	**(11,598,172)**
Accretion of fixed maturities, net	**(769,855)**
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:	
Accrued interest on investment securities	**150,471**
Prepaid federal income taxes	**(849,000)**
Prepaid expenses and other assets	**13,512**
Settled claims payable	**(5,330,061)**
Accounts payable	**(135,540)**
Net cash used in operating activities	**(24,027,916)**
Cash flows from investing activities:	
Proceeds from sale of investments	**44,184,978**
Purchases of investments	**(26,800,075)**
Net cash provided by investing activities	**17,384,903**
Net decrease in cash and cash equivalents	**(6,643,013)**
Cash and cash equivalents - beginning	**7,561,985**
Cash and cash equivalents - ending	**$ 918,972**
Supplemental disclosure:	
Federal income taxes paid	**$ 1,800,000**

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

ACANDS ASBESTOS SETTLEMENT TRUST

Notes to Consolidated Special-Purpose Financial Statements
December 31, 2017

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 Procedures ("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.

On May 15, 2014, the Trust filed a certificate of dissolution for the Debtor, with a statutory three year wind down period. On May 15, 2017, the Debtor transferred all of its assets to the Trust.

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.

As stated within the TDP, in each year, the Trust shall be empowered to pay out all of the income earned during the year, together with a portion of its principal, calculated so that the application of Trust funds over its life shall correspond with the needs created by the estimated initial backlog of claims and the anticipated future flow of claims (the "Maximum Annual Payment"). The Trust's distributions to all claimants (excluding holders of Pre-Petition Liquidated Claims) for that year shall not exceed the Maximum Annual Payment determined for that year. The Maximum Annual Payment shall be allocated and used to satisfy all liquidated Trust Claims, subject to the Claims Payment Ratio.

Settled claims payable in the consolidated special-purpose statement of assets, liabilities and net claimants' equity reflects claims approved but unpaid at December 31, 2017.

ACANDS ASBESTOS SETTLEMENT TRUST

Notes to Consolidated Special-Purpose Financial Statements
December 31, 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[1] Basis of presentation: (continued)

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.

[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 and cash equivalents:

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.

The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be 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, which is exclusive of unrealized gains or losses and claims settled incurred during the year. 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, 2017 was $951,000.

The Trust files income tax returns in the United States federal jurisdiction. Income tax returns filed prior to 2014 are closed under statute of limitations. There are no uncertain income tax positions taken by the Trust as of December 31, 2017 and no income tax-related interest or penalties have been accrued for 2017.

ACandS Asbestos Trust Annual Reports, 2017 annual report Published by AsbestosClaims.Law
ACL Doc 13725 · Page 18 of 28 asbestosclaims.law/library/13725/18

ACANDS ASBESTOS SETTLEMENT TRUST

Notes to Consolidated Special-Purpose Financial Statements
December 31, 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[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:

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, 2017 are as follows:

	December 31, 2017			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed maturity investments:				
Municipal bonds	$137,449,475	$10,925,657	$ -	$148,375,132
Corporate bonds	11,209,946	584,718	(1,227)	11,793,437
Asset-backed securities	2,079,817	-	(4,059)	2,075,758
Equities:				
Mutual funds	29,770,945	27,903,704	-	57,674,649
Total	$180,510,183	$39,414,079	$ (5,286)	$219,918,976

ACANDS ASBESTOS SETTLEMENT TRUST

Notes to Consolidated Special-Purpose Financial Statements
December 31, 2017

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, 2017, are shown below:

	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Corporate bonds	$ -	$ -	$398,611	$ 1,227	$ 398,611	$ 1,227
Asset-back securities	2,075,758	4,059	-	-	2,075,758	4,059
Total	$2,075,758	$ 4,059	$398,611	$ 1,227	$2,474,369	$ 5,286

The Trust held two securities that were in an unrealized loss position as of December 31, 2017, one 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, 2017.

Proceeds from sales of investment securities amounted to $44,184,978 in 2017. Gross gains and losses of $2,628,128 and $116,423, respectively, were realized on those sales during 2017.

ACandS Asbestos Trust Annual Reports, 2017 annual report
ACL Doc 13725 · Page 20 of 28
Published by AsbestosClaims.Law
asbestosclaims.law/library/13725/20

ACANDS ASBESTOS SETTLEMENT TRUST

Notes to Consolidated Special-Purpose Financial Statements
December 31, 2017

NOTE C - INVESTMENTS (CONTINUED)

The estimated fair value of fixed maturity investments as of December 31, 2017 by contractual maturity are shown below:

Due in one year or less:	
Municipal bonds	$ 1,802,121
Corporate bonds	1,413,927
Asset-backed securities	-
Total due in one year or less	3,216,048
Due after one year through five years:	
Municipal bonds	15,754,283
Corporate bonds	7,415,268
Asset-backed securities	-
Total due after one year and through five years	23,169,551
Due after five years through ten years:	
Municipal bonds	36,267,087
Corporate bonds	791,980
Asset-backed securities	2,075,758
Total due after five years and through ten years	39,134,825
Due after ten years:	
Municipal bonds	94,551,641
Corporate bonds	2,172,262
Asset-backed securities	-
Total due after ten years	96,723,903
Total fixed maturity investments:	
Municipal bonds	148,375,132
Corporate bonds	11,793,437
Asset-backed securities	2,075,758
Total fixed maturity investments	$ 162,244,327

ACANDS ASBESTOS SETTLEMENT TRUST

Notes to Consolidated Special-Purpose Financial Statements
December 31, 2017

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, 2017 as follows:

	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed maturity investments:			
Municipal bonds	$ -	$ 148,375,132	$ -
Corporate bonds	-	11,793,437	-
Asset-backed securities	-	2,075,758	-
Equities:			
Mutual funds	57,674,649	-	-
	$ 57,674,649	$ 162,244,327	$ -

Major categories of the Trust's net investment income for the year ended December 31, 2017 are summarized as follows:

Interest income	$ 5,158,285
Dividends	1,201,068
Accretion of fixed maturities	769,855
Net investment income	$ 7,129,208

NOTE D - SETTLEMENTS RECEIVABLE

In August 2012, the Trust entered into an agreement with an insurance company in the course of liquidation (the "Liquidating Insurer") to resolve the Liquidating Insurer's obligations for claims submitted against the Debtor. Pursuant to the terms of the agreement, the Trust agreed to release the Liquidating Insurer from any further liability under the insurance policy in exchange for a settlement of $1,500,000, pursuant to California Insurance Code Section 1033. In November 2015, the Court overseeing the liquidation approved an initial payment of $900,000. The remaining $600,000 payment has not been approved by the Liquidator or the Court as of December 31, 2017 and, therefore, has not been accrued as a settlement receivable on the consolidated special-purpose statement of assets, liabilities and net claimants' equity as of December 31, 2017.

NOTE E - LIABILITY FOR ASBESTOS CLAIMS

Asbestos Personal Injury Claims that were settled but unpaid as of December 31, 2017 have been accrued and deducted from net claimants' equity. These amounts, totaling $5,427,432 as of December 31, 2017, 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, 2017.

NOTE E - LIABILITY FOR ASBESTOS CLAIMS (CONTINUED)

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, 2017.

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. At December 31, 2017, the payment percentage was 7.2%.

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 $924,893 for the year ended December 31, 2017. 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 $73,104 for the year ended December 31, 2017. The fees are included in operating expenses on the consolidated special-purpose statement of changes in net claimants' equity.

Published by AsbestosClaims.Law
asbestosclaims.law/library/13725/23

ACANDS ASBESTOS SETTLEMENT TRUST

Notes to Consolidated Special-Purpose Financial Statements
December 31, 2017

NOTE H - OPERATING EXPENSES

The components of operating expenses are as follows for the year ended December 31, 2017:

Claims consulting fees	$ 86,122
Claims processing fees	924,893
Insurance	46,300
Accounting and audit fees	99,554
Other	14,285
Trust general counsel	262,921
Future claims representative	19,515
Future claims representative attorney fees	69,438
TAC expenses	5,301
TAC attorney fees	83,404
Trustee fees	171,092
	$1,782,825

NOTE I - RISKS AND UNCERTAINTIES

The Trust invests in various investment securities which are exposed to risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect investment security values balances and the amounts reported in the statement of assets, liabilities and net claimant's equity.

NOTE J - SUBSEQUENT EVENTS

The Trust has evaluated subsequent events that occurred between December 31, 2017 and April 26, 2018, which is the date the consolidated special-purpose financial statements were available to be issued.

ACandS Asbestos Trust Annual Reports, 2017 annual report
ACL Doc 13725 · Page 24 of 28
Published by AsbestosClaims.Law
asbestosclaims.law/library/13725/24

Exhibit 1.B

ACandS Asbestos Trust Annual Reports, 2017 annual report
ACL Doc 13725 · Page 26 of 28

ACandS Asbestos Settlement Trust

Report of Asbestos Claim Activity and Disposition during Period from January 1, 2017 through December 31, 2017

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)	7,052	3,692	6,631	$226,834,900	4,478	$22,211,951
Category B Claims (Disease Levels I and II)	13,869	12,084	14,240	$55,773,000	12,045	$4,284,409
Unspecified Disease Level Claims	290	0	282	$0	0	$0

Published by AsbestosClaims.Law
asbestosclaims.law/library/13725/26

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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

AFFIDAVIT OF WILLIAM W. WELLER, PARALEGAL

STATE OF DELAWARE :
: SS:
NEW CASTLE COUNTY :

I, William W. 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 27, 2018, I caused to be served:

ACandS ASBESTOS SETTLEMENT TRUST'S NOTICE OF FILING OF ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2017

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

Date: April 27, 2018

William W. Weller

SWORN AND SUBSCRIBED before me this 27th day of April, 2018.

Notary
My commission expires: 06/06/21

JESSICA KATHRYN FARENSKI
MY COMMISSION EXPIRES JUNE 6, 2021
NOTARY PUBLIC STATE OF DELAWARE

10186484/1

VIA HAND DELIVERY
Richard L. Schepacarter
Trial Attorney
Office of the United States Trustee
J. Caleb Boggs Federal Building
844 King Street, Room 2207
Lockbox #35
Wilmington, DE 19899-0035

10186484/1