UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

In re:	)	Chapter 11
	)	
GLOBAL INDUSTRIAL TECHNOLOGIES, INC., et al.,	)	Case No. 02-21626 (JKF)
	)	Jointly Administered
	)	
Debtors.	)	

ANNUAL REPORT OF THE APG ASBESTOS TRUST FOR THE YEAR ENDING DECEMBER 31, 2021

The Trustee of the APG Asbestos Trust (the "**Trust**"), created pursuant to the Global Industrial Technologies, Inc. Third Amended Plan of Reorganization under Chapter 11 of the United States Bankruptcy Code dated December 28, 2005, hereby files this Annual Report of the APG Asbestos Trust for the period from January 1, 2021 until December 31, 2021 (the "**Reporting Period**"). Pursuant to Section 2.2(c)(i) of the Trust Agreement, attached as Exhibit A is a copy of the Trust's financial statements for the Reporting Period, prepared by a firm of independent certified public accountants accompanied by an opinion of auditors as to the fairness of the financial statements' presentation of the cash and investments available for the payment of claims in conformity with the special-purpose basis of accounting, and consistent with generally accepted auditing standards. The audited financial statements include a description of the amounts paid during the Reporting Period to the Trustee, the Trust Advisory Committee, and the Future Claimants Representative. Attached hereto as Exhibit B is a summary of the Trust's claims activity during the Reporting Period.[1]

[1] MFR Claims Processing, Inc. acts as the Trust's claims processing agent.

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Dated: April 28, 2022

Respectfully submitted,

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A.P. Green Asbestos Trust Annual Reports, 2021 annual report
ACL Doc 14176 · Page 2 of 27
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on April 28, 2022, I electronically filed a true and correct copy of the Annual Report of the APG Asbestos Trust For the Year Ending December 31, 2021 with the Clerk of the United States Bankruptcy Court for the Western District of Pennsylvania by using the CM/ECF system, and I furnished a copy of the forgoing document(s) to the following parties by regular United States mail:

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EXHIBIT A

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APG ASBESTOS TRUST

Special-Purpose Financial Statements
and
Report of Independent Auditors

Years Ended December 31, 2021 and 2020

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APG ASBESTOS TRUST

Table of Contents

	Page
Report of Independent Auditors	1 - 3
Financial Statements:	
Special-Purpose Statements of Net Claimants' Equity	4
Special-Purpose Statements of Changes in Net Claimants' Equity	5
Notes to Special-Purpose Financial Statements	6 - 19

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REPORT OF INDEPENDENT AUDITORS

To the Trustee of
APG Asbestos Trust

Opinion

We have audited the accompanying special-purpose financial statements of the APG Asbestos Trust (the "Trust", organized in the State of Delaware), which comprise the special-purpose statements of net claimants' equity as of December 31, 2021 and 2020, and the related special-purpose statements of changes in net claimants' equity for the years then ended, and the related notes to the special-purpose financial statements (collectively, the "Financial Statements").

In our opinion, the Financial Statements referred to above present fairly, in all material respects, the net claimants' equity of the Trust as of December 31, 2021 and 2020, and the changes in net claimants' equity for the years then ended in conformity with the special-purpose basis of accounting described in Note 2 to the Financial Statements.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide our audit opinion.

Emphasis of Matter – Basis of Accounting

As described in Note 2 of the Financial Statements, these Financial Statements are prepared on a special-purpose basis of accounting and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America. The special-purpose basis of accounting has been used in order to present the amount of equity presently available to current and future claimants and the changes in net claimants' equity during the periods. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with the special-purpose basis of accounting; this includes determining that the special-purpose basis of accounting is an acceptable basis for the preparation of the Financial Statements in these circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Financial Statements that are free from material misstatement, whether due to error or fraud.

In preparing the Financial Statements, management is required to evaluate where there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Financial Statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Financial Statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Financial Statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 Western District of Pennsylvania and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report, which, upon filing with the United States Bankruptcy Court for the Western District of Pennsylvania, is a matter of public record.

BKM Sowan Horan, LLP

Dallas, Texas
April 12, 2022

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APG ASBESTOS TRUST

Special-Purpose Statements of Net Claimants' Equity

	December 31, 2021	2020
ASSETS		
Cash and cash equivalents	$ **16,416,161**	$ 1,487,861
Insurance settlements receivable	**9,400,000**	23,500,000
Investments in marketable securities and certificates of deposit	**136,937,634**	124,767,577
Investment in HWI (Note 5)	**108,148,950**	92,669,850
Accrued interest and dividend income	**1,006,613**	1,057,491
Purchased interest	**21,718**	31,891
Prepaid expenses	**128,965**	126,664
Prepaid federal income taxes	**469,224**	69,117
Total assets	$ **272,529,265**	$ 243,710,451
LIABILITIES AND NET CLAIMANTS' EQUITY		
Accrued expenses	$ **249,411**	$ 233,754
Accrued payments to claimants	**9,164,589**	9,079,765
Payable on pending investment purchases	**2,000,000**	-
Deferred tax liability	**28,007,622**	16,277,554
Total liabilities	**39,421,622**	25,591,073
Net claimants' equity	$ **233,107,643**	$ 218,119,378

See accompanying notes to special-purpose financial statements.

A.P. Green Asbestos Trust Annual Reports, 2021 annual report
ACL Doc 14176 · Page 10 of 27
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APG ASBESTOS TRUST

Special-Purpose Statements of Changes in Net Claimants' Equity

	Years Ended December 31,	
	2021	2020
Additions		
Net gain on investments in marketable securities, net of management fees, custody fees and bond amortization	**$ 1,625,445**	$ 3,762,909
Interest and dividend income from investments in marketable securities and certificates of deposit	**5,244,468**	4,313,692
Dividend income from HWI (Note 5)	**7,675,500**	-
Unrealized gain on investment in HWI (Note 5)	**28,803,600**	13,872,600
Total additions	**43,349,013**	21,949,201
Deductions		
Payments to claimants	**12,121,807**	17,162,238
Income tax expense, net	**14,829,961**	6,819,677
Trustee fees and expenses	**336,819**	286,957
Claims processing fees	**309,667**	484,269
Legal fees	**158,935**	125,775
Financial consulting	**130,000**	130,000
Consulting fees	**111,904**	92,846
Accounting fees	**107,023**	115,668
Trustee fiduciary fee	**83,500**	82,108
Future Claimants' Representative fees and expenses	**80,064**	44,691
Insurance expense	**45,553**	44,180
Audit fees	**26,489**	25,358
Trust Advisory Committee member fees and expenses	**9,935**	16,908
Delaware Trustee fees and expenses	**5,040**	4,999
Foreign tax expense	**3,978**	7,179
Miscellaneous expenses	**73**	120
Total deductions	**28,360,748**	25,442,973
Net increas (decrease) in net claimants' equity	**14,988,265**	(3,493,772)
Net claimants' equity, beginning of year	**218,119,378**	221,613,150
Net claimants' equity, end of year	**$ 233,107,643**	$ 218,119,378

See accompanying notes to special-purpose financial statements.

A.P. Green Asbestos Trust Annual Reports, 2021 annual report
ACL Doc 14176 · Page 11 of 27
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APG ASBESTOS TRUST

Notes To Special-Purpose Financial Statements

Note 1 - Nature of Trust

Description of Trust

The APG Asbestos Trust (the "Trust") was established in accordance with the Third Amended Plan of Reorganization (the "Plan") of Global Industrial Technologies, Inc. and certain of its affiliates ("Global"), pursuant to Chapter 11 of the United States Bankruptcy Code. The purpose of the Trust is:

i. to assume liability for all APG Asbestos Trust Claims (as defined in the Plan, Claims) against Global;

ii. to use the Trust's assets and income to pay holders of valid Claims in such a way that all holders of similar asbestos claims, both current and future, are treated in a substantially equivalent manner, and

iii. to comply in all respects with the requirements for a trust set forth in Section 524(g)(2)(B) of the Bankruptcy Code.

The Trust was established on April 30, 2013, the Effective Date of the Plan ("Effective Date"), and is a Qualified Settlement Fund under Internal Revenue Code (the "Code") Section 468B for holders of Claims ("Qualified Settlement Fund").

Pursuant to the Plan, Global transferred its rights under certain settled insurance policies to the Trust, including recoveries made under such policies in the amount of $153,508,753 (which was paid via cash transfers to the Trust on or around the Effective Date) as well as the right to receive $121,260,000 in future scheduled installment payments (see Note 3). In addition, to the extent that proceeds are received, the Trust is entitled to 94% of payments made under Global's insurance policies with certain insolvent insurance companies (the APG Silica Trust is entitled to the remaining 6%). The Trust also received $2,540,529 from an insurance settlement fund maintained by Global representing accrued interest. Finally, the Trust received a 21% common stock interest in Harbison Walker International ("HWI") (formerly ANH Refractories Company), Global's parent company, with an initial fair market value of $98,406,000 (see Note 5).

A.P. Green Asbestos Trust Annual Reports, 2021 annual report Published by AsbestosClaims.Law
ACL Doc 14176 · Page 12 of 27 **asbestosclaims.law/library/14176/12**

APG ASBESTOS TRUST

Notes To Special-Purpose Financial Statements

Note 1 - Nature of Trust – (Continued)

Description of Trust – continued

The Trust is governed by a Trust Agreement and Trust Distribution Procedures ("TDP") that establish the framework and criteria for allowance and payment of Claims by the Trust. The Trust Agreement and TDP were approved by the United States District and Bankruptcy Courts as part of the Plan. There are seven disease levels specified in the TDP. Each claimant who meets the medical and exposure requirements of the TDP for a particular disease level may apply for expedited review and a specified payment amount. Claimants also have an alternative, under the TDP, to submit additional documentation and request a more expansive review of their Claim (Individual Review Process).

The Trust's assets consist primarily of cash and cash equivalents, insurance settlements receivable, investments in marketable securities and certificates of deposit, and common stock of HWI, which, with the earnings (or losses) on such investments, are intended to be totally consumed by the allowance and payment of Claims and operation of the Trust. The percentage amount of each allowed claim that will actually be paid will be determined by projections of total allowed Claims and operational expenses of the Trust, on the one hand, and total assets and net earnings (or losses) on the other. The opening date for the Pre-Petition Liquidated Claims review process was on or about December 3, 2013. The Trust began accepting Claims on or about March 6, 2014. The initial payment percentage has been set at 4.5% and is subject to periodic review and adjustment, in accordance with the Trust Agreement and the TDP. The Trustee is a fiduciary to the beneficiaries of the Trust, its claimants, and is responsible for administering the Trust and the Trust's assets in accordance with the Trust Agreement, the TDP and the Plan.

Any capitalized term used throughout this document that is not otherwise defined herein shall have the meaning assigned to such term in the Plan.

Termination

The Trust Agreement (Section 7.2) provides that the Trust shall automatically terminate on the date ninety (90) days after the first to occur of the following events:

- The date on which the Trustee decides to dissolve the Trust because (A) the Trustee deems it unlikely that any new Claims will be filed against the Trust, (B) all Claims duly filed with the Trust have been liquidated and paid to the extent provided in the Trust Agreement and TDP, or disallowed by a final, non-appealable order, to the extent possible based upon the funds available through the Plan and (C) twelve (12) consecutive months have elapsed during which no Claims have been filed with the Trust.

A.P. Green Asbestos Trust Annual Reports, 2021 annual report Published by AsbestosClaims.Law
ACL Doc 14176 · Page 13 of 27 **asbestosclaims.law/library/14176/13**

APG ASBESTOS TRUST

Notes To Special-Purpose Financial Statements

Note 1 - Nature of Trust – (Continued)

Termination – continued

- If the Trustee has procured and has in place irrevocable insurance policies and has established claims handling agreements and other necessary arrangements with suitable third parties adequate to discharge all expected remaining obligations and expenses of the Trust in a manner consistent with the Trust Agreement and the TDP, the date on which the Bankruptcy Court enters an order approving such insurance and other arrangements and such order becomes a final order, or

- To the extent that any rule against perpetuities shall be deemed applicable to the Trust, that date which is twenty-one (21) years less ninety-one (91) days after the death of the last survivor of all of the descendants of the late Joseph P. Kennedy, Sr., father of the late President John F. Kennedy, living on the date of the Trust agreement.

On the termination date or as soon as reasonably practicable, after the wind-up of the Trust's affairs by the Trustee and all the Trust's liabilities have been provided for as required by applicable law, all remaining assets shall be applied to such charitable purposes, if practicable, which shall be related to the treatment of research on, or the relief of individuals suffering from asbestos related lung disease or disorders.

Following the dissolution and distribution of the assets of the Trust, the Trust shall terminate and the Trustee shall execute and file a certificate of cancellation for the Trust.

COVID-19 Consideration

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Trust's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity and operations. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Trust is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021 and beyond.

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APG ASBESTOS TRUST

Notes To Special-Purpose Financial Statements

Note 2 - Summary of Significant Accounting Policies

Basis of accounting

The Trust's special-purpose financial statements ("Financial Statements") are prepared using special-purpose accounting methods that differ from accounting principles generally accepted in the United States of America ("GAAP"). The special-purpose accounting methods are being used to better communicate the equity available to satisfy current and future Claims. Since the accompanying 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.

Basis of accounting – continued

These special-purpose accounting methods and the differences from GAAP are summarized as follows:

- The Financial Statements are prepared using the accrual basis of accounting, except as otherwise described herein.

- The statement of net claimants' equity is not classified, resulting in no separation between current and noncurrent assets.

- These Financial Statements do not include a statement of cash flows.

- Cash and cash equivalents are recorded at cost with accrued income shown separately.

- The funding received from insurance settlements, the reorganized debtor and the APG Settlement Fund has been recorded directly to net claimants' equity. These funds do not represent taxable income to the Trust. Payments to claimants are reported as deductions from net claimants' equity and do not represent tax-deductible expenses of the Trust.

- At December 31, 2021 and 2020, the liability for accrued payments to claimants reflected in the statements of net claimants' equity represents unpaid outstanding and accepted offers. At December 31, 2021 and 2020, respectively, offers outstanding more than a year total $5,379,420 and $5,248,097. No liability is recorded for future Claims filings and filed Claims on which no offer has been made. Net claimants equity represents funding available to pay present and future Claims on which no liability has been recorded.

A.P. Green Asbestos Trust Annual Reports, 2021 annual report Published by AsbestosClaims.Law
ACL Doc 14176 · Page 15 of 27 asbestosclaims.law/library/14176/15

APG ASBESTOS TRUST

Notes To Special-Purpose Financial Statements

Note 2 - Summary of Significant Accounting Policies - (Continued)

Basis of accounting – continued

- At December 31, 2021 and 2020, the Trust's investments in marketable debt securities were considered as available for sale. The unrealized holding gains (losses) on these investments are included in net gain on investments in marketable securities, net of management fees, custody fees and bond amortization on the accompanying statements of changes in net claimants' equity. Under GAAP, the unrealized holdings gains (losses) on available for sale investments would have been included as a component of net claimants' equity reported as accumulated other comprehensive income (loss).

- The investment in HWI has not been accounted for under the equity method in the accompanying Financial Statements, as would be required under GAAP, because the interest is held solely to pay Claims and the objective of these Financial Statements is to communicate the equity available over the life of the Trust to current and future claimants. In addition, the value of the investment in HWI is reported based on the most recent information available to the Trust. At December 31, 2021, and 2020, the investment in HWI is reported at the fair market value based upon a valuation report prepared by an independent valuation firm. These reports are as of December 31, 2020 and 2019 and the fair market value is recorded one year in arrears in the Financial Statements. See Note 5. Under GAAP, the investment would be measured and reported at fair value on a recurring basis in the statements of net claimants' equity after initial recognition, with quantitative disclosures presented in a tabular format.

- As described in Note 3, insurance settlements receivable is recorded based on the maximum amounts provided for in the agreements and no provision for potential uncollectible receivables has been recorded. These receivables have not been discounted to estimated present value.

Use of estimates

The preparation of Financial Statements in conformity with the special-purpose accounting method requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of additions and deductions from net claimants' equity during the reporting periods. Significant items subject to such estimates and assumptions include the carrying value of financial instruments and investments, collectability of insurance settlements receivable, current and deferred income tax expense, and the accrued payments to claimants. Actual results could differ from those estimates.

A.P. Green Asbestos Trust Annual Reports, 2021 annual report Published by AsbestosClaims.Law
ACL Doc 14176 · Page 16 of 27 **asbestosclaims.law/library/14176/16**

Note 2 - Summary of Significant Accounting Policies – (Continued)

Financial instruments

The Trust's financial instruments are cash and cash equivalents, insurance settlements receivable, accrued investment income, marketable securities and certificates of deposit, the investment in HWI, accrued expenses and payments to claimants. The carrying amount of cash and cash equivalents, accrued investment income, and accrued expenses approximate their fair values based on their short-term nature. The carrying amount of marketable securities and the certificates of deposit is based on fair value. The carrying amount of the insurance settlements receivable and payments to claimants approximate fair value and are based on management's estimates. The carrying amount of the investment in HWI is based on a report from an independent valuation firm.

Cash and cash equivalents

The Trust considers all highly liquid debt instruments purchased with an original maturity value of three months or less to be cash equivalents. Cash and cash equivalents consist of PNC Treasury Plus and other money market funds at December 31, 2021, and 2020.

Concentrations of credit risk

Financial instruments, which potentially subject the Trust to concentrations of credit risk, consist primarily of cash and cash equivalents, insurance settlements receivable, investments in marketable securities and certificates of deposit, and the investment in HWI. The Trust maintains its cash and cash equivalents in accounts that are not federally insured but considers them to be of high credit quality. The Trust has not experienced any losses in such accounts, and it does not believe it is exposed to any significant credit risk.

The Trust's investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level or risk associated with investments, it is at least reasonably possible that significant changes in risks in the near term may materially affect the amounts reported in the Financial Statements. However, the Trust has a formal investment policy of placing investments in high-quality financial institutions. In addition, the Trust has the ability to attempt to sell and liquidate their ownership in HWI in an orderly manner.

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APG ASBESTOS TRUST

Notes To Special-Purpose Financial Statements

Note 2 - Summary of Significant Accounting Policies – (Continued)

Insurance settlements receivable

The Trust records insurance settlements as a receivable after all conditions are met in accordance with the related signed settlement agreements. No provision for potentially uncollectible insurance settlement receivables has been made. Management currently believes the receivable is fully collectible. In addition, the receivable has not been discounted to estimated net present value, and no allowance has been made for the contingency that less than the full settlement amount may be received.

Investments in marketable securities and HWI and related income (loss)

Investments in marketable securities are reported at fair value in the special-purpose statements of net claimants' equity and changes in the fair value of investments, as well as unrealized and realized gains and losses are included in net gain on investments in marketable securities, net of management fees, custody fees and bond amortization reported in the special-purpose statements of changes in net claimants' equity. Purchases and sales of marketable securities are recorded on the trade date. Realized gains and losses on disposals of investments are determined by the specific identification method. Interest and dividend income are recognized on the accrual basis. Investments considered to be permanently impaired in value are written down to their estimated net realizable value and the write down is recorded as a realized loss on investments. Unrealized losses that are other-than-temporary based upon management's estimates using quantitative and qualitative criteria are recognized as realized investment losses. Actual results could differ from those estimates.

At December 31, 2021 and 2020, the investment in HWI is reported at the fair market value based upon a valuation report which was prepared by an independent valuation firm as of December 31, 2020 and 2019, respectively. These reports are one year in arrears and the most recent information available to the Trust. Changes in fair market value of the investment are included in net gain or loss on investment in HWI in the special-purpose statements of changes in net claimants' equity. Dividends and any other earnings are recorded upon receipt in the special-purpose statements of changes in net claimants' equity.

Net claimants' equity

The Trust, under the adopted special-purpose accounting convention, does not record the liability for future Claims expected to be filed over the life of the Trust. The net claimants' equity is available for (i) the payments of allowed Claims and (ii) operational expenses of the Trust.

A.P. Green Asbestos Trust Annual Reports, 2021 annual report Published by AsbestosClaims.Law
ACL Doc 14176 · Page 18 of 27 **asbestosclaims.law/library/14176/18**

Note 2 - Summary of Significant Accounting Policies – (Continued)

Income taxes

Deferred tax assets and liabilities are recorded based on temporary differences between the carrying amounts of assets and liabilities for financial reporting and income tax purposes using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is established when it is likely that the deferred tax assets may not be realized. No provision for state income taxes was recorded because, as a Delaware trust, the Trust has no state income tax return filing obligation and is not obligated to pay state income taxes. Funds received by the Trust from Global, insurance settlements and the APG Settlement Fund and distributions paid to settle Claims are not taxable or deductible by the Trust.

The Trustee's estimate of the potential outcome of any uncertain tax issues is subject to management's assessment of relevant risks, facts, and circumstances existing at that time. The Trust uses a more likely than not threshold for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. To the extent that the Trustee's assessment of such tax positions change, the change in estimate is recorded in the period in which the determination is made. The Trust reports tax-related interest and penalties as a component of income tax expense and operating expenses, respectively. The Trust has no unrecognized tax benefits.

Note 2 - Summary of Significant Accounting Policies – (Continued)

Subsequent events

The Trust has evaluated events and transactions subsequent to the date of the Financial Statements for matters requiring recognition or disclosure in the Financial Statements. The accompanying Financial Statements consider events through April 12, 2022, the date on which the Financial Statements were available to be issued.

Note 3 - Insurance Settlements Receivable

As part of the Plan, Global pursued claims against various insurance companies that provided coverage to Global over the period of its operations. Global reached settlements with respect to substantially all of the relevant insurance coverage. The amounts receivable under these settlements have been recognized in the Financial Statements. At December 31, 2021 and 2020, the insurance settlement receivable is due from one insurance company.

A.P. Green Asbestos Trust Annual Reports, 2021 annual report Published by AsbestosClaims.Law
ACL Doc 14176 · Page 19 of 27 **asbestosclaims.law/library/14176/19**

APG ASBESTOS TRUST

Notes To Special-Purpose Financial Statements

Note 3 - Insurance Settlements Receivable – (Continued)

The remaining insurance settlement receivable of $9,400,000 at December 31, 2021 is due in May 2022.

Note 4 - Investments in Marketable Securities and Certificates of Deposit

The Trust measures its investments, at fair value, according to a hierarchy of valuation techniques. The following are the levels of the hierarchy and a brief description of the type of valuation information ("inputs") that qualifies an investment for each level:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 – Pricing inputs are other than quoted market prices included in Level 1, however, are observable indirectly for the investment.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

The following section describes the valuation methodologies the Trust uses to measure its financial assets at fair value.

Certificates of deposit and mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate and municipal bonds and asset backed securities: Value using the documented trade price if trading in an active market. Otherwise, valued using a metrics system provided by the pricing vendors.

A.P. Green Asbestos Trust Annual Reports, 2021 annual report Published by AsbestosClaims.Law
ACL Doc 14176 · Page 20 of 27 asbestosclaims.law/library/14176/20

APG ASBESTOS TRUST

Notes To Special-Purpose Financial Statements

Note 4 - Investments in Marketable Securities and Certificates of Deposit – (Continued)

The valuations of the Trust's investments in marketable securities by the above fair value hierarchy levels and the corresponding cost of the investments as of December 31, 2021 and 2020, are as follows:

	December 31, 2021			
	Level	Market Value	Cost	Unrealized Gains, Net
Certificates of deposit	**1**	**$ 525,419**	**$ 525,419**	**$ -**
Equity securities				
Mutual funds	**1**	**36,927,255**	**28,264,555**	**8,662,700**
Common stocks	**1**	**10,975,861**	**5,915,832**	**5,060,029**
Total equity securities		**49,903,116**	**34,180,387**	**13,722,729**
Corporate bonds	**2**	**8,246,086**	**8,054,518**	**191,568**
Municipal bonds	**2**	**80,263,013**	**77,248,486**	**3,014,527**
Total		**$ 136,937,634**	**$ 120,008,810**	**$ 16,928,824**

	December 31, 2020			
	Level	Market Value	Cost	Unrealized Gains, Net
Certificate of deposit	1	$ 274,595	$ 274,595	$ -
Equity securities				
Mutual funds	1	21,975,703	15,424,582	6,551,121
Common stocks	1	8,588,918	5,451,781	3,137,137
Total equity securities		30,564,621	20,876,363	9,688,258
Corporate bonds	2	9,316,371	8,746,459	569,912
Municipal bonds	2	84,252,014	79,871,909	4,380,105
Asset backed securities	2	359,976	357,225	2,751
Total		$ 124,767,577	$ 110,126,551	$ 14,641,026

A.P. Green Asbestos Trust Annual Reports, 2021 annual report
ACL Doc 14176 · Page 21 of 27
Published by AsbestosClaims.Law
asbestosclaims.law/library/14176/21

APG ASBESTOS TRUST

Notes To Special-Purpose Financial Statements

Note 4 - Investments in Marketable Securities and Certificates of Deposit – (Continued)

Maturities of the Trust's debt securities at December 31, 2021 are as follows:

	Market Value	Cost	Unrealized Gains (Losses), Net
Due in one year or less	$ 4,155,111	$ 4,130,972	$ 24,139
Due after one year through five years	27,447,811	26,410,382	1,037,429
Due after five years through ten years	39,608,684	37,856,182	1,752,502
Due after ten years through twenty years	15,453,930	15,055,514	398,416
Due after twenty years	1,843,563	1,849,954	(6,391)
Total	$ 88,509,099	$ 85,303,004	$ 3,206,095

Investment income

The net gain on investments in marketable securities is calculated as follows for the years ended December 31, 2021 and 2020:

	2021	2020
Realized gains	**$ 1,112,146**	$ 171,155
Unrealized gains	**2,287,799**	5,170,445
Investment management fees	**(247,700)**	(232,566)
Custody fees	**(32,076)**	(29,610)
Bond amortization	**(1,494,724)**	(1,316,515)
Net gain on investments	**$ 1,625,445**	$ 3,762,909

APG ASBESTOS TRUST

Notes To Special-Purpose Financial Statements

Note 5 - Investment in HWI

The Trust owns 21% of the issued and outstanding capital stock of HWI. During 2013, HWI authorized the payment of a dividend in the amount of $170 million, payable in December 2013. The Trust received $35.7 million in accordance with its 21% ownership share. Since HWI had no current or accumulated earnings and profits as of December 31, 2013, the dividend was a return of capital. In connection with this transaction, HWI deposited an additional $10 million into a money market account to indemnify the Trust and the other 79% owner of HWI in the event of a dispute with any taxing authority that may arise as a result of the dividend payment. The term of the money market account and indemnification agreement was through December 31, 2020. The balance in the money market account was released to HWI in February 2021 in accordance with the agreement.

During 2021, HWI authorized and paid dividends totaling $100 million. The Trust received $21 million in accordance with its 21% ownership shares. HWI estimated that 36.55%, or $7,675,500 was dividend income and the balance of $13,324,500 was a return of capital. During the year ended December 31, 2020, the Board of Directors of HWI did not declare any dividends and the Trust did not receive any dividends.

Note 5 - Investment in HWI – (Continued)

Activity for the investment in HWI for the years ended December 31, 2021 and 2020, is as follows:

		2021		2020
Balance, beginning of the year	**$**	**92,669,850**	$	78,797,250
Return of capital		**(13,324,500)**		-
Unrealized gain		**28,803,600**		13,872,600
Balance, end of the year	**$**	**108,148,950**	$	92,669,850

Note 6 - Taxation

The Trust reports its income to the Internal Revenue Service as a designated settlement fund which is taxed at the highest rate applicable to trusts under Section 1(e) of the Code, which was 37% for the years ending December 31, 2021 and 2020.

A.P. Green Asbestos Trust Annual Reports, 2021 annual report Published by AsbestosClaims.Law
ACL Doc 14176 · Page 23 of 27 **asbestosclaims.law/library/14176/23**

APG ASBESTOS TRUST

Notes To Special-Purpose Financial Statements

Note 6 - Taxation – (Continued)

The Trust's federal income tax expense is calculated as follows for the years ended December 31, 2021 and 2020:

		2021		2020
Modified taxable income (loss)	$	**8,989,576**	$	(611,486)
Tax rate		**37.0%**		37.0%
Federal income tax expense (benefit)		**3,326,143**		(226,250)
Utilization of NOLs		**(226,250)**		-
Deferred income tax expense		**11,730,068**		7,045,927
Income tax expense, net	$	**14,829,961**	$	6,819,677

Temporary differences between financial reporting income and taxable income generate deferred tax liabilities, as of December 31, 2021 and 2020, as follows:

		2021		2020
Unrealized gain on investment in HWI	$	**21,743,957**	$	11,086,625
Unrealized gain on investments in marketable securities		**6,263,665**		5,417,179
Net operating loss carryforward		**-**		(226,250)
Deferred tax liability	$	**28,007,622**	$	16,277,554

During the years ended December 31, 2021 the Trust made cash payments for income taxes of $3,500,000. During 2020, the Trust made no cash payments for income taxes. The amount of income taxes the Trust pays is subject to ongoing audits by federal authorities.

As of December 31, 2020, the Trust had a net operating loss carryforward in the amount of approximately $611,500 which was fully utilized during the year ended December 31, 2021.

A.P. Green Asbestos Trust Annual Reports, 2021 annual report
ACL Doc 14176 · Page 24 of 27
Published by AsbestosClaims.Law
asbestosclaims.law/library/14176/24

APG ASBESTOS TRUST

Notes To Special-Purpose Financial Statements

Note 7 - Trust Advisory Committee and Future Claimants' Representative

The Trust Agreement sets forth the role and responsibility of the Trust Advisory Committee ("TAC") and Future Claimants' Representative ("FCR"). The members of the TAC serve in a fiduciary capacity representing all holders of present Claims ("Current Claimants"). The Trustee is required to consult with or obtain the consent of the TAC on certain matters identified in the Trust Agreement and the TDP. The TAC is comprised of three attorneys who are engaged by Current Claimants.

The FCR serves in a fiduciary capacity, representing the interests of the individuals who may file a Claim in the future, but who at this time are unknown to the Trust ("Future Asbestos Claimants"). The Trustee is required to consult with or obtain the consent of FCR on certain matters identified in the Trust Agreement and the TDP.

A.P. Green Asbestos Trust Annual Reports, 2021 annual report
Published by AsbestosClaims.Law
ACL Doc 14176 · Page 25 of 27
asbestosclaims.law/library/14176/25

EXHIBIT B

APG Asbestos Trust

Report of Asbestos PI Claim Activity and Disposition during the Period from January 1, 2021 through December 31, 2021

Type of Claim	Number of Claims Filed	Number of Claims Approved for Payment [1]	Number of Claims Withdrawn or Rejected	Value of Approved Claims	Number of Approved Claims Paid	Amount Paid on Approved Claims after Application of Payment Percentage
Pre-Petition Liquidated Claims	5	1	125	$15,000	30	$14,627
Category A Claims (Disease Levels III - VII)	6,851	3,472	22,444	$238,391,626	3,390	$10,612,857
Category B Claims (Disease Levels I and II)	7,357	4,190	42,160	$23,985,942	5,656	$1,410,845
Disease Level Not Specified	0	0	0	$0	0	$0

Note: [1] This number may include claims that were filed prior to January 1, 2021