UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
ARMSTRONG WORLD INDUSTRIES, INC., *et al.*,	)	Case No. 00-4471 (MFW)
	)	
Debtors.	)	

ARMSTRONG WORLD INDUSTRIES, INC. ASBESTOS PERSONAL INJURY SETTLEMENT TRUST'S NOTICE OF FILING OF ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2019

Pursuant to Article 7.1 of the Fourth Amended Plan of Reorganization of Armstrong World Industries, Inc., as modified, and Section 2.2(c) of the Armstrong World Industries, Inc. Asbestos Personal Injury Settlement Trust Agreement (the "**Trust Agreement**"), the Trustees of the Armstrong World Industries, Inc. Asbestos Personal Injury Settlement Trust (the "**Trust**"), Anne M. Ferazzi, Harry Huge, and Richard E. Neville (collectively, the "**Trustees**"), hereby give notice of the filing of the Trust's Annual Report for the year ended December 31, 2019 (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 the following: a copy of the Trust's financial statements for calendar years 2019 and 2018; 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, 2019 (the "**Reporting Period**"); and a report of the total fees and expenses paid to the Trustees, the Trust Advisory Committee, and the Future Claimants' Representative during the Reporting Period. 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, the Future Claimants' Representative, and

Armstrong World Industries Asbestos Trust Annual Reports, 2019 annual report
ACL Doc 14243 · Page 1 of 34
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asbestosclaims.law/library/14243/1

Reorganized Armstrong World Industries, Inc. In addition, pursuant to Section 2.2(c)(iii) of the Trust Agreement, the Annual 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.

Dated: April 29, 2020

Respectfully submitted,

MORRIS JAMES LLP

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Armstrong World Industries Asbestos Trust Annual Reports, 2019 annual report
ACL Doc 14243 · Page 2 of 34
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Exhibit 1

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Armstrong World Industries, Inc.
Asbestos Personal Injury Settlement Trust

ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2019

Pursuant to Article 7.1 of the Fourth Amended Plan of Reorganization of Armstrong World Industries, Inc., as modified (the "**Plan**"), and Section 2.2(c) of the Armstrong World Industries, Inc. Asbestos Personal Injury Settlement Trust Agreement (the "**Trust Agreement**"), the Trustees of the Armstrong World Industries, Inc. Asbestos Personal Injury Settlement Trust (the "**Trust**"), Anne M. Ferazzi, Harry Huge, and Richard E. Neville (collectively, the "**Trustees**"), make the following Annual Report for the year ended December 31, 2019 (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 PI Trust (including, without limitation, a balance sheet of the Asbestos PI 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 Trustees 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 Armstrong World Industries, Inc. Asbestos PI Trust Financial Statements with Independent Auditors' Report as of December 31, 2019 and 2018 (the "**Audited Financial Statements**"). As required, the Trust's auditor, BKM Sowan Horan LLP, has conducted an audit of the Trust in accordance with auditing standards generally accepted in the United States, and has expressed an opinion that the Trust's financial statements present

Armstrong World Industries Asbestos Trust Annual Reports, 2019 annual report
ACL Doc 14243 · Page 4 of 34
Published by AsbestosClaims.Law
asbestosclaims.law/library/14243/4

fairly, in all material respects, the financial position of the Trust as of December 31, 2019 and 2018, and that the results of the Trust's operations and its cash flows for the years then ended are in conformity with the special-purpose basis of accounting described in the notes to the Audited Financial Statements. The auditor's opinion expressly provides that it is intended for the use of this Court.

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." Attached as Exhibit 1.B is a summary of claims filed and paid by the Trust in 2019, as well as in total since the Trust's inception through the end of 2019.

The Delaware Claims Processing Facility ("**DCPF**") processes asbestos personal injury claims for the Trust. DCPF is a claims processing facility jointly owned by the Trust and six other asbestos trusts. DCPF operates in such a way that each of the trust co-owners pays the *pro rata* cost of its usage of the facility. Trustee Anne Ferazzi sits on the board of DCPF and reports regularly to her fellow Trustees on issues relating to claims processing and the Trust's ownership interest in DCPF.

C. Trustees' Fees

Section 4.5(c) of the Trust Agreement provides that the Annual Report shall include a description of the amounts paid to the Trustees in 2019. The Audited Financial Statements separately set forth the amounts paid in fees and expenses to the Trustees during the year ended December 31, 2019 (the "**Reporting Period**").[1]

[1] *See* Audited Financial Statements at 19.

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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 ("**TAC**"). The Audited Financial Statements separately set forth the amounts paid in fees and expenses to the TAC during the Reporting Period.[2] The members of the TAC are Russell Budd, John D. Cooney, Steven Kazan, Joseph F. Rice, and Perry Weitz.

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 ("**FCR**"). The Audited Financial Statements separately set forth the amounts paid in fees and expenses to the FCR during the Reporting Period.[3] The FCR is Dean M. Trafelet.

F. Significant Events During the Reporting Period

1. Reconsideration of the Payment Percentage

During the Reporting Period, the actuarial consultants to the Trust, Ankura Consulting Group ("**Ankura**") continued to monitor trends affecting the Payment Percentage. Based on Ankura's recommendation, the Trustees determined that a reconsideration of the Payment Percentage was advisable. After reviewing the report and recommendation prepared by Ankura, in accordance with the TDP, the Trustees proposed to the TAC and FCR a decrease in the Payment Percentage from 36% to 26%. Notice of this proposed change was provided to claimants and their counsel on July 30, 2019. On this date, in accordance with Section 4.3 of the TDP, the 26% Payment Percentage went into effect pending consent from the TAC and FCR.

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[2] *Id.*
[3] *Id.*

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The TAC and FCR requested additional time to review Ankura's estimates and underlying data supporting the adjustment, and have not objected to its implementation.

2. Civil Investigative Demand

In September 2018, the United States Department of Justice ("**DOJ**") served a Civil Investigative Demand ("**CID**") on the Trust pursuant to the False Claims Act. Several other asbestos trusts were served with almost identical demands. The stated focus of this CID is to determine whether the Medicare Program has been reimbursed in accordance with Medicare Secondary Payer Act for payments made by asbestos settlement trusts. The Trust engaged counsel to assist it with its response to the CID. On January 6, 2020, the Trust responded to the written interrogatories propounded by the DOJ.

3. Trust Investments

As of the end of the Reporting Period, the Trust had approximately $619,063,353 in fixed income investments, approximately $96,693,902 in marketable alternative strategies, and approximately $209,365,617 in equity investments. The total return on these investments (excluding cash) was +9.9% in calendar year 2019.

Exhibit 1.C to this Report shows the asset allocation of the Trust's investment portfolio. The total return on the Trust's investment portfolio in calendar year 2019 (including cash) was +9.6% (7.3% annualized since inception). Advised by their financial professionals, the Trustees continue to actively monitor the Trust's investment portfolio.

4. Meetings

In fulfillment of the meeting requirements contained in the Trust Agreement, during the Reporting Period the Trustees held quarterly meetings with the TAC and FCR. In addition, the Trustees conferred among themselves through weekly conference calls and monthly in-person meetings.

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5. Office

The Trust's office is located at 1007 North Orange Street, Suite 120, Wilmington, Delaware 19801.

6. Officers

The Trustees previously appointed Dr. B. Thomas Florence and Mr. John Brophy, Jr., of Ankura as the Trust's Executive Director and Assistant Executive Director, respectively. During the reporting period, they served as the only officers of the Trust, and they directed the day-to-day management of the Trust.

7. Delaware Trustee

Wilmington Trust, National Association serves as the resident Delaware Trustee.

G. 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: Rachael A. Rowe. For information on how to file a claim with the Trust, please visit the Trust's website: www.armstrongworldasbestostrust.com.

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Armstrong World Industries Asbestos Trust Annual Reports, 2019 annual report
ACL Doc 14243 · Page 8 of 34
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Exhibit 1.A

Financial Statements

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ARMSTRONG WORLD INDUSTRIES, INC.
ASBESTOS PERSONAL INJURY SETTLEMENT TRUST

Special-Purpose Financial Statements
and
Supplemental Information
with
Reports of Independent Auditors

Years Ended December 31, 2019 and 2018

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ARMSTRONG WORLD INDUSTRIES, INC.
ASBESTOS PERSONAL INJURY SETTLEMENT TRUST

Table of Contents

	Page
Report of Independent Auditors	1 - 2
Financial Statements:	
Special-Purpose Statements of Assets, Liabilities, and Net Assets Available for the Payment of Claims	3
Special-Purpose Statements of Changes in Net Assets Available for the Payment of Claims	4
Special-Purpose Statements of Cash Flows	5
Notes to Special-Purpose Financial Statements	6 - 16
Supplemental Information:	
Report of Independent Auditors on Supplementary Information	17
Supplemental Schedules of Operating Expenses	18

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REPORT OF INDEPENDENT AUDITORS

To the Trustees
Armstrong World Industries, Inc. Asbestos Personal Injury Settlement Trust

We have audited the accompanying financial statements of the Armstrong World Industries, Inc. Asbestos Personal Injury Settlement Trust (the Trust), which comprise the special-purpose statements of assets, liabilities, and net assets available for the payment of claims as of December 31, 2019 and 2018, and the related special-purpose statements of changes in net assets available for the payment of claims and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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 its preparation of the financial statements in this circumstance. 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 fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we express no such opinion.

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An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of December 31, 2019 and 2018, and the results of its operations and cash flows for the years then ended in conformity with the special-purpose basis of accounting described in Note 2.

Basis of accounting

We draw attention to Note 2 of the financial statements which describes the basis of accounting. These financial statements were prepared on a special-purpose basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The special-purpose basis of accounting has been used in order to communicate the amount of net assets presently available for current and future claimants to the Trust. Our opinion is not modified with respect to that matter.

Restriction of use

This report is intended for the information and use of the Trustees, management of the Trust, the Trust Advisory Committee, the Future Claimant Representative, and for filing with the United States Bankruptcy Court for the District of Delaware and should not be used by anyone other than those specified parties. This restriction is not intended to limit distribution of this report, which, upon filing with the United States Bankruptcy Court for the District of Delaware, is a matter of public record.

BKM Sowan Horan, LLP

Certified Public Accountants
Addison, Texas
April 8, 2020

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ARMSTRONG WORLD INDUSTRIES, INC.
ASBESTOS PERSONAL INJURY SETTLEMENT TRUST

Special-Purpose Statements of Assets, Liabilities and Net Assets
Available for the Payment of Claims

	December 31,	
	2019	2018
ASSETS		
Cash and cash equivalents	$ **60,062,797**	$ 71,167,120
Investments, at fair market value	**898,839,594**	913,002,816
Interest and dividend income receivable	**7,710,235**	7,957,244
Income tax receivable	**5,473,238**	8,298,724
Total assets	**972,085,864**	1,000,425,904
LIABILITIES		
Accounts payable and accrued expenses	**1,693,204**	1,350,540
Accrued personal injury claims	**22,167,005**	9,781,016
Total liabilities	**23,860,209**	11,131,556
Net assets available for the the payment of claims	$ **948,225,655**	$ 989,294,348

See accompanying notes to special-purpose financial statements.

Armstrong World Industries Asbestos Trust Annual Reports, 2019 annual report
ACL Doc 14243 · Page 14 of 34
Published by AsbestosClaims.Law
asbestosclaims.law/library/14243/14

ARMSTRONG WORLD INDUSTRIES, INC.
ASBESTOS PERSONAL INJURY SETTLEMENT TRUST

Special-Purpose Statements of Changes in Net Assets
Available for the Payment of Claims

	Years Ended December 31,	
	2019	2018
Additions		
Investment income (loss), net		
Interest and dividend income, net of amortization	$ **21,655,283**	$ 23,480,236
Net realized gain (loss) on investments	**6,388,401**	(2,881,605)
Net unrealized gain (loss) on investments	**65,241,237**	(31,313,378)
Total investment income (loss), net	**93,284,921**	(10,714,747)
Insurance proceeds received	**3,267,855**	4,164,269
Federal income tax benefit	**925,218**	1,711,980
Total additions	**97,477,994**	(4,838,498)
Deductions		
Personal injury claims expense	**125,576,739**	167,939,343
Operating expenses	**7,454,627**	6,488,499
Claims processing expenses	**5,515,321**	5,291,545
Total deductions	**138,546,687**	179,719,387
Decrease in net assets available for the payment of claims	**(41,068,693)**	(184,557,885)
Net assets available for the payment of claims:		
Beginning of year	**989,294,348**	1,173,852,233
End of year	$ **948,225,655**	$ 989,294,348

See accompanying notes to special-purpose financial statements.

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ARMSTRONG WORLD INDUSTRIES, INC.
ASBESTOS PERSONAL INJURY SETTLEMENT TRUST

Special-Purpose Statements of Cash Flows

	Years Ended December 31,	
	2019	2018
Cash flows from operating activities		
Decrease in net assets available for the payment of claims	**$ (41,068,693)**	$ (184,557,885)
Adjustments to reconcile decrease in net assets available for the payment of claims to net cash used in operating activities:		
Net unrealized (gain) loss on investments	**(65,241,237)**	31,313,378
Net realized gain on investments	**(6,388,401)**	-
Amortization of premiums	**10,322,957**	11,331,681
Changes in operating assets and liabilities:		
Interest and dividend income receivable	**247,009**	318,593
Income tax receivable	**2,825,487**	(704,965)
Accounts payable and accrued expenses	**342,664**	234,812
Accrued personal injury claims	**12,385,989**	(6,791,213)
Net cash used in operating activities	**(86,574,225)**	(148,855,599)
Cash flows from investing activities		
Proceeds from sales and maturities of debt securities	**305,877,911**	413,407,497
Purchases of debt securities	**(240,446,890)**	(326,849,086)
Proceeds from sale of equity securities	**48,066,926**	59,404,090
Purchases of equity securities	**(38,654,241)**	(33,870,532)
Purchases of hedge funds	**-**	(2,000,000)
Proceeds from sale of hedge funds	**626,196**	11,719,788
Net cash provided by investing activities	**75,469,902**	121,811,757
Net decrease in cash and cash equivalents	**(11,104,323)**	(27,043,842)
Cash and cash equivalents, beginning of year	**71,167,120**	98,210,962
Cash and cash equivalents, end of year	**$ 60,062,797**	$ 71,167,120

See Note 6 for supplemental cash flow information.

See accompanying notes to special-purpose financial statements.

Armstrong World Industries Asbestos Trust Annual Reports, 2019 annual report
ACL Doc 14243 · Page 16 of 34
Published by AsbestosClaims.Law
asbestosclaims.law/library/14243/16

ARMSTRONG WORLD INDUSTRIES, INC.
ASBESTOS PERSONAL INJURY SETTLEMENT TRUST

Notes to Special-Purpose Financial Statements

Note 1 - Description of the Trust

General

The Armstrong World Industries, Inc. Asbestos Personal Injury Settlement Trust (the Trust) is a Qualified Settlement Fund (QSF) within the meaning of Treasury Department regulations issued pursuant to Section 468B of the Internal Revenue Code (the Code). The Trust was created on October 2, 2006, in connection with confirmation of the Fourth Amended Plan of Reorganization of Armstrong World Industries, Inc. (the Plan). The Plan was confirmed by an order (the Order) entered on August 18, 2006, by the United States District Court for the Eastern District of Pennsylvania.

The purpose of the Trust is to assume the liabilities of Armstrong World Industries, Inc. (AWI), its predecessors and successors in interest, for all Asbestos Personal Injury Claims (as defined in the Plan) (Claims), and to use the Trust's assets and income to pay the holders of all Claims in accordance with the Trust Agreement (TA) and the Trust Distribution Procedures (TDP) in such a way that such holders of Claims are treated fairly, equitably, and reasonably in light of the limited assets available to satisfy such Claims, and to otherwise comply in all respects with the requirements of a trust set forth in section 524(g)(2)(B) of the Bankruptcy Code.

The Trust is governed by the TA and TDP that establish the framework and criteria for allowance and payment of asbestos-related claims by the Trust. The Trust reviews and determines Claims' eligibility in accordance with the TDP. The TDP provides for processing, allowing or disallowing, liquidating and paying all Asbestos Claims as required by the Plan and the TA. The TA and TDP were approved by the United States District Court as part of the Plan. There are eight 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 (TDP - 5.3b Individual Review Process) in which case Claims may be paid within a range of amounts.

The Trust's assets consist primarily of cash and cash equivalents and investments, which, with the earnings (or losses) on such investments, are intended to be totally consumed by the allowance and payment of Claims and the operation of the Trust. The percentage of the 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.

Armstrong World Industries Asbestos Trust Annual Reports, 2019 annual report Published by AsbestosClaims.Law
ACL Doc 14243 · Page 17 of 34 asbestosclaims.law/library/14243/17

Note 1 - Description of the Trust – (Continued)

General – continued

The Trustees are fiduciaries to the beneficiaries of the Trust and are responsible for administering the Trust and the Trust's assets in accordance with the TA and the Plan.

Pursuant to the TDP, the initial payment percentage was established at 20 percent. During 2013, the Trustees, Trust Advisory Committee (TAC), and Future Claimants' Representative (FCR) approved an increase in payment percentage from 20 percent to 35 percent. During 2016, the Trustees, TAC and FCR approved an increase in payment percentage from 35 percent to 43 percent. As a result of these increases, all historical paid Claims, subject to certain limitations, were paid supplemental payments by the Trust. During 2018, the Trustees, TAC and FCR approved a decrease in payment percentage from 43 percent to 36 percent. During 2019, the Trustees, TAC and FCR approved a decrease in payment percentage from 36 percent to 26 percent.

In addition, the Trustees amended the TDP in November 2016. Commencing in 2017, and annually thereafter, the Trust will adjust the liquidated payment amounts for any upward change over the prior year in the Consumer Price Index for All Urban consumers (CPI-U) published by the United States Department of Labor, Bureau of Labor Statistics. The annual adjustment may not exceed 3%. The first adjustment in 2017 was not cumulative. The increased values and adjusted liquidated payment amounts shall be applied by the Trust at the time of payment and shall not require a revision to the TDP language and matrix values as set forth in the TDP.

Termination

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

- the Trustees decide to terminate the Trust because (A) they deem it unlikely that new asbestos 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 this TA and the 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 new asbestos claim has been filed with the Trust; or

Armstrong World Industries Asbestos Trust Annual Reports, 2019 annual report Published by AsbestosClaims.Law
ACL Doc 14243 · Page 18 of 34 asbestosclaims.law/library/14243/18

Note 1 - Description of the Trust – (Continued)

Termination – continued

- if the Trustees have procured and have in place irrevocable insurance policies and have 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 this TA 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, twenty-one (21) years less ninety-one (91) days pass 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 October 2, 2006.

On the Termination Date, after payment of all the Trust's liabilities have been provided for, any remaining assets of the Trust shall be applied to such charitable purposes as the Trustees in their reasonable discretion shall determine, which charitable purposes, if practicable, shall be related to the treatment of, research regarding, or payment of claims related to, asbestos-caused disorders.

Note 2 - Summary of Significant Accounting Policies

Basis of presentation

The Trust's financial statements are prepared using special-purpose accounting methods adopted by the Trust and its Trustees, which differ from accounting principles generally accepted in the United States of America (GAAP). The special-purpose accounting methods were adopted in order to communicate to the beneficiaries of the Trust the net assets available for the payment of claims and the related operating expenses of the Trust. Since the accompanying 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:

- Assets are recorded when they are received by the Trust and are available for the payment of Claims. Under GAAP, assets are recorded when they can be estimated and collection is assured.

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

Basis of presentation – continued

- Future fixed liabilities under contractual obligations and other agreements entered into by the Trust are recorded as deductions in the same period that such contractual obligations or agreements are signed. Under GAAP, liabilities and contractual obligations are recorded over the period that is benefited by the underlying contract or agreement.

- The full amounts of claims are expensed in the period in which the confirmed claims are settled. A settled claim is a Claim that has been allowed by the Trust and accepted by the claimant, with an approved release. 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.

- Payments for services to be received over an extended period in the future are expensed as paid as 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.

- Payments for property and equipment are expensed as incurred. Under GAAP, payments for property and equipment are capitalized and depreciated over the useful lives of the assets. To date, the Trust has incurred no expense related to purchases of property and equipment.

- Income tax expense (benefit) is estimated and recorded as incurred in the period in which certain income and expense items affect current federal income taxes. Under GAAP, the provision for income taxes is recorded based upon income (loss) reported for financial statement purposes, which includes federal income taxes both currently payable and changes in deferred taxes due to differences between financial reporting and tax bases of assets and liabilities. Additionally, GAAP requires all tax positions to be reviewed using a more likely than not threshold for financial statement recognition of tax assets, and a liability to be recorded for an uncertain tax position taken or expected to be taken beyond this threshold.

Armstrong World Industries Asbestos Trust Annual Reports, 2019 annual report
ACL Doc 14243 · Page 20 of 34
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asbestosclaims.law/library/14243/20

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

Basis of presentation – continued

- Asbestos insurance recoveries are not recorded until the funds are received from the insurance carriers. Under GAAP, asbestos insurance recoveries are recorded upon settlement and assurance of collectability.

- Investments are recorded at fair market value which is defined as the value or price that would be paid by the Trust for the asset in the market. Under GAAP, investments are recorded at fair value which is defined as the exit price, and not the purchase price, that would be paid at the measurement date by an external party. Finally, GAAP requires additional disclosure including the classification of investments into a hierarchy of levels, the basis for those levels, and a schedule outlining movement between the levels among other disclosures.

- The Trust's portion of the earnings from their ownership of the Delaware Claims Processing Facility LLC (DCPF) is recorded when received. Under GAAP, an estimate of the income would be accrued when it is earned.

Subsequent events

The Trust has evaluated events and transactions subsequent to the date of the special-purpose financial statements for matters requiring recognition or disclosure in the special-purpose financial statements. The accompanying special-purpose financial statements consider events through April 8, 2020, the date which the special-purpose financial statements were available to be issued. See Note 6 and 8.

Cash and cash equivalents

The Trust considers all highly liquid debt instruments purchased with an original maturity of three (3) months or less to be cash equivalents. Cash equivalents are carried at cost.

Armstrong World Industries Asbestos Trust Annual Reports, 2019 annual report Published by AsbestosClaims.Law
ACL Doc 14243 · Page 21 of 34 **asbestosclaims.law/library/14243/21**

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

Investments

Investments are stated at estimated fair market value as of the date of the special-purpose financial statements. Fair market value is based on quoted market prices. In some cases the Trust may hold investments such as hedge funds for which there is no active market. When determining the fair market value of such investments, the Trust relies upon the valuation by its managers and advisors. Changes in fair market value are recorded as increases or decreases to net assets available for the payment of claims. Realized gains and losses are calculated based on the specific identification method. The Trust records transactions on a trade-date basis. Dividend income is recorded on the ex-dividend date. Interest is recorded on the accrual basis. Premiums or discounts on debt securities are amortized or accreted on the effective interest method, and are included in interest and dividend income, net of amortization of premiums on the accompanying special-purpose statements of changes in net assets available for the payment of claims.

Accounts payable and accrued expenses

Accounts payable and accrued expenses consist of incurred but unpaid expenses associated with managing and operating the Trust.

Accrued personal injury claims

Accrued personal injury claims consist of certain Claims that are settled but unpaid at year end.

Claims expense

Amounts due to claimants for allowed claims are recorded when approved by Trustees and signed releases are received and accepted by the Trust. Supplemental claims are recorded for all historical claims paid upon an approved payment percentage increase. The ultimate number of Claims to be filed and the liability for all such claims are not determinable at this time. The net assets available for the payment of Claims at December 31, 2019 may or may not be sufficient to meet all future obligations of the Trust.

Claims processing expense

Claims processing expenses are recorded as incurred, and include amounts incurred with DCPF (as defined below), as well as amounts related to alternative dispute resolution and other claims related expenses. See Note 4.

Armstrong World Industries Asbestos Trust Annual Reports, 2019 annual report Published by AsbestosClaims.Law
ACL Doc 14243 · Page 22 of 34 asbestosclaims.law/library/14243/22

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

Federal income tax expense

The Trust is subject to federal income taxes based on modified gross income, as defined by the Code. The funding received at the inception of the Trust as well as any subsequent funding received from insurers does not represent taxable income to the Trust. In addition, payments to claimants do not represent tax deductions of the Trust. See Note 6.

Use of estimates

The preparation of the special-purpose financial statements requires the Trustees and management of the Trust to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the special-purpose financial statements, and the reported amounts of additions to and deductions from the net assets available for the payment of claims during the reporting periods. Significant items subject to such estimates and assumptions include the fair market value of investments and the estimation of income taxes. Actual results could differ from these estimates and such differences could have a material effect on the net assets available for the payment of claims.

Concentration of credit risk

Financial instruments which potentially subject the Trust to concentrations of credit risk consist primarily of cash and cash equivalents, and investments. The Trust maintains cash and cash equivalents at financial institutions it considers to be of high credit quality. At times, the Trust may have cash deposits in banks which exceed federally insured limits. The Trust has not experienced any losses in such accounts and does not believe it is exposed to any significant risk of loss related to cash.

The Trust's investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and such changes could materially affect the value of the Trust's portfolio.

Armstrong World Industries Asbestos Trust Annual Reports, 2019 annual report
ACL Doc 14243 · Page 23 of 34
Published by AsbestosClaims.Law
asbestosclaims.law/library/14243/23

Note 3 - Investments

The TA provides general guidelines for the investments of the Trust. The Trustees selected Bank of New York Mellon as the Trust's permanent custodian. In accordance with the asset allocation model proposed by Cambridge Associates, the Trust's investment advisor, the Trust utilizes four fixed income managers, two U.S. equity managers, and one international equity manager for direct investment as well as five different hedge fund managers. Investments consist of the following at December 31:

	2019			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Market Value
Equity securities	$ 112,272,986	$ 104,083,114	$ (7,561,965)	$ 208,794,135
Debt securities	574,748,041	18,814,619	(211,106)	593,351,554
Hedge funds	76,382,914	35,359,180	(15,048,189)	96,693,905
	$ 763,403,941	$ 158,256,913	$ (22,821,260)	$ 898,839,594

	2018			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Market Value
Equity securities	$ 119,815,078	$ 64,740,587	$ (8,180,036)	$ 176,375,629
Debt securities	644,853,663	7,288,590	(2,182,831)	649,959,422
Hedge funds	81,804,305	27,315,301	(22,451,841)	86,667,765
	$ 846,473,046	$ 99,344,478	$ (32,814,708)	$ 913,002,816

Armstrong World Industries Asbestos Trust Annual Reports, 2019 annual report
ACL Doc 14243 · Page 24 of 34
Published by AsbestosClaims.Law
asbestosclaims.law/library/14243/24

Note 4 - Investment in Related Party

In November 2006, the Trust became an owner trust of DCPF for an initial capital contribution of $100. At December 31, 2019 and 2018, DCPF was owned by seven equal member trusts.

In connection with their investment, the Trust entered into a Master Claims Processing Agreement (the Agreement) with DCPF. The Agreement expired on December 31, 2008, but automatically renews for additional one-year periods on the same terms unless either party to the Agreement provides written notice to the other at least six months prior to the end of the current term.

Under the Agreement, DCPF agrees to (a) process and pay claims under the terms of the TDP (b) provide electronic filing services, (c) provide claims-related document and data storage, and (d) provide bookkeeping and accounting support services, meeting planning, and administrative support services, if requested. In exchange for the services provided, the Trust pays its pro rata portion of expenses as calculated by the allocation methodology defined in the Agreement.

The Trust's expenses under the Agreement totaled approximately $2,800,000 and $2,800,000 for the years ended December 31, 2019 and 2018, respectively, and are included in claims processing expenses on the special-purpose statements of changes in net assets available for the payment of claims.

Note 5 - Trust Advisory Committee and Future Claimant Representative

The TA sets forth the role and responsibility of the TAC and FCR. The members of the TAC serve in a fiduciary capacity representing all holders of present Claims (Current Claimants). The Trustees are required to consult with and/or obtain the consent of the TAC on certain matters identified in the TA and TDP. The TAC is comprised of attorneys who are engaged by Current Claimants.

The FCR serves in a fiduciary capacity representing the interests of the future Asbestos Claimants, for the purpose of protecting the rights of persons who might subsequently assert future and unknown demands. The Trustees must consult with and/or obtain the consent of the FCR on certain matters identified in the TA and the TDP.

Armstrong World Industries Asbestos Trust Annual Reports, 2019 annual report Published by AsbestosClaims.Law
ACL Doc 14243 · Page 25 of 34 asbestosclaims.law/library/14243/25

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 IRC, which was 37% as of December 31, 2019, and 2018.For net operating losses (NOLs) created in years beginning after December 31, 2017, the carry forward of NOLs will be limited to a reduction of 80% of modified taxable income without expiration. NOLs prior to January 1, 2018 will carry forward 20 years and there is no limitation in the reduction of modified taxable income.

In response to the ongoing and evolving coronavirus (COVID-19) outbreak, the federal government enacted the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) into law on March 27, 2020. The CARES Act has a number of changes to U.S. tax laws which includes temporarily repealing certain provisions for tax years beginning before 2021 related to taxable income limitations for NOLs to fully offset taxable income and NOLs arising in 2018, 2019, and 2020 can be carried back five tax years.

For the years ended December 31, 2019 and 2018, the Trust estimates no significant modified taxable income and had a modified taxable loss, respectively. The Trust paid no federal income tax for each of the years ended December 31, 2019 and 2018. The income tax receivable at December 31, 2019 and 2018 consisted of NOL and capital loss carryback claims as well as prepaid taxes on account with the IRS. In March 2019, the Trust received a refund of the 2017 NOL carryback claim of approximately $3,750,000. At December 31, 2019, the capital loss carryback claims outstanding were approximately $5,223,000.

At December 31, 2019, the Trust had approximately $3,200,000 of NOLs which do not expire. The Trust expects to file amended returns in 2020 to carry back these NOLs in accordance with the CARES Act.

At December 31, 2019, the Trust had unrealized gains on investments of approximately $135,436,000, which if liquidated, could generate income tax expense of approximately $50,111,000.

Supplemental cash flow information:

	Years ended December 31,	
	2019	2018
Cash received for income tax refunds	$ **3,750,704**	$ 1,007,015

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Note 7 - Commitments and Contingencies

The Plan Documents (as defined in the Confirmed Plan) subject the Trust to certain reimbursement and indemnification obligations that may result in future claims against the Trust. The probability of such claims cannot be reasonably determined. Accordingly, no associated liability has been recorded in the accompanying special-purpose financial statements. Such claims, if any, are not expected to be material. The Trust has obtained insurance for purposes of supporting its obligation to indemnify the Trustees, the TAC and FCR.

In September 2018, the United States Department of Justice (DOJ) served a Civil Investigative Demand (CID) on the Trust pursuant to the False Claims Act. Several other asbestos trusts were served with almost identical demands. The stated focus of this CID is to determine whether the Medicare Program has been reimbursed in accordance with Medicare Secondary Payer Act for payments made by asbestos settlement trusts. The Trust engaged counsel and responded in January 2020. At this time, management does not believe this matter will have any financial implications to the Trust.

Note 8 - Subsequent events

The global outbreak of coronavirus disease 2019 ("COVID-19") presents various global risks. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Management of the Trust is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, vendors, industry, and workforce. 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, if any, of the COVID-19 outbreak on its results of operations and financial condition.

Armstrong World Industries Asbestos Trust Annual Reports, 2019 annual report
ACL Doc 14243 · Page 27 of 34
Published by AsbestosClaims.Law
asbestosclaims.law/library/14243/27

SUPPLEMENTAL INFORMATION

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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

To the Trustees
Armstrong World Industries, Inc. Asbestos Personal Injury Settlement Trust:

We have audited the financial statements of the Armstrong World Industries, Inc. Asbestos Personal Injury Settlement Trust (the Trust) as of and for the years ended December 31, 2019 and 2018, and our report thereon dated April 8, 2020, which expressed an unmodified opinion on those financial statements, appears on pages two and three. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of operating expenses are presented for purposes of additional analysis and is not a required part of the special-purpose financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

BKM Sowan Horan, LLP

Addison, Texas
April 8, 2020

ARMSTRONG WORLD INDUSTRIES, INC.
ASBESTOS PERSONAL INJURY SETTLEMENT TRUST

Supplemental Schedules of Operating Expenses

	Years Ended December 31,	
	2019	2018
Investment management and bank fees and expenses	$ **2,961,679**	$ 2,720,007
Legal fees and expenses	**2,598,268**	1,871,959
Trustee fees and expenses	**975,521**	955,048
Trust liability insurance	**381,223**	391,825
Accounting, audit, and tax fees and expenses	**206,281**	163,302
Trust advisory committee fees and expenses	**103,298**	137,938
Future claimants representative fees and expenses	**224,450**	240,139
Miscellaneous operating expenses	**3,907**	8,281
Total operating expenses	$ **7,454,627**	$ 6,488,499

See accompanying notes to special-purpose financial statements.

Armstrong World Industries Asbestos Trust Annual Reports, 2019 annual report
ACL Doc 14243 · Page 30 of 34
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asbestosclaims.law/library/14243/30

Exhibit 1.B

Claims Summary

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Armstrong World Industries Asbestos Trust Annual Reports, 2019 annual report
ACL Doc 14243 · Page 32 of 34

Armstrong World Industries Asbestos Trust
FY2019 Annual Report Information

Period: 1-1-2019 through 12-31-2019

	# of Claims Received	# of Claims Paid		Claims Paid $	
		Malignant	Non-Malignant	Malig	Non-Malig
TDP Claims	23,229	4,230	9,071	$113,116,054	
Pre-Petition Liquidated Claims		-	-	-$4,638	

Period: Inception through 12-31-2019

	# of Claims Received	# of Claims Paid		Claims Paid $	
		Malignant	Non-Malignant	Malig	Non-Malig
TDP Claims	694,725	59,778	240,195	$2,622,986,749	
Pre-Petition Liquidated Claims		323	3,303	$16,868,685 See Note 1	

Note 1. Includes payment made to the Center for Claims Resolution under a Settlement Agreement with AWI, Inc. approved by the United States Bankruptcy Court for the District of Delaware.

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Exhibit 1.C

Asset Allocation

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Armstrong World Industries, Inc. Asbestos Settlement Trust
Asset Allocation & Asset Class Returns (Net)
As of December 31, 2019

Asset Class	Assets $	% of Managed Assets	% of Total Assets	Total Return 12/31/18-12/31/19
U.S. Equity	109,095,840.64	11.8%	11.3%	31.3%
Non-U.S. Equity	100,269,776.31	10.8%	10.4%	21.3%
Marketable Alternative Strategies	96,693,902.24	10.5%	10.0%	12.4%
Intermediate Term Municipal Bonds	358,564,847.00	38.8%	37.1%	7.3%
Short Term Municipal Bonds	260,498,506.30	28.2%	27.0%	2.2%
Total Managed Assets	**925,122,872.49**	**100.0%**	**95.7%**	**9.9%**
Cash and Equivalents	41,177,374.51		4.3%	---
Total Assets	**966,300,247.00**		**100.0%**	**9.6%**

Armstrong World Industries, Inc. Asbestos Settlement Trust Asset Allocation as of December 31, 2019

