UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

In re: THE CELOTEX CORPORATION, et al., Debtors.	CONSOLIDATED CASE NOS. Case No. 90-10016-8G1 Case No. 90-10017-8G1 Chapter 11

ANNUAL REPORT, SUMMARY OF CLAIMS DISPOSED, FINANCIAL STATEMENT, AND ACCOUNT OF THE TRUSTEES OF THE ASBESTOS SETTLEMENT TRUST FOR THE PERIOD JANUARY 1, 2014 TO DECEMBER 31, 2014

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TABLE OF CONTENTS

Page

I. GENERAL 1

A. Purpose and Contents 1

B. Background on Bankruptcy Cases and the Trust 1

C. Governing Provisions of the Trust Agreement 2

II. TRUST ADMINISTRATION 4

A. Trustees 4

B. Trust Officers 5

C. Trust Auditors 5

D. Trust's Wilmington Claims Processing Facility 5

E. Trust Advisors 6

F. Professional Fees and Expenses 7

III. PAYMENT PERCENTAGE AND CRP 7

A. Payment Percentage 7

IV. SUMMARY OF CLAIMS DISPOSED 8

A. PI Claims Administration 8

V. TRUST'S ASSETS 8

A. Investment Portfolio 8

B. Celotex Corporation 10

VI. TRUST'S CONTINGENT ASSETS 11

A. Insurance Litigation 11

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Sharon M. Meadows and James W. Stevens, the trustees of the Asbestos Settlement Trust (the "**Trust**"), created pursuant to the Modified Joint Plan of Reorganization Under Chapter 11 of the United States Bankruptcy Code for the Celotex Corporation and Carey Canada, Inc. ("**Plan of Reorganization**"), submit this Annual Report, Summary of Claims Disposed, Financial Statement, and Account for the calendar year ended December 31, 2014.

I. GENERAL

A. Purpose and Contents

The purpose of this Annual Report, Summary of Claims Disposed, Financial Statement, and Account is to fulfill the financial reporting requirements of the Second Amended and Restated Asbestos Settlement Trust Agreement (the "**Trust Agreement**"), to report on the actions taken and obligations incurred on behalf of the Trust by its trustees during the period January 1, 2014 to December 31, 2014 (the "**Reporting Period**"), and to provide the basis for the trustees' annual account and the Court's discharge of the trustees from liability arising out of any matter disclosed herein, as provided in Article 5.12 of the Trust Agreement.

B. Background on Bankruptcy Cases and the Trust

On October 12, 1990, the Celotex Corporation ("**Celotex**"), and its wholly owned subsidiary, Carey Canada, Inc. ("**Carey Canada**"), filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code. The Chapter 11 cases of Celotex and Carey Canada (the "**Bankruptcy Cases**") were consolidated for procedural purposes, and jointly administered, pursuant to an order of the Court. On December 6, 1996, the Court entered an order in these cases confirming the Plan of Reorganization. On March 4, 1997, the United States District Court for the Middle District of Florida adopted and affirmed this Court's confirmation order. On May 30, 1997 (the "**Effective Date**"), the Plan of Reorganization became effective and the trustees began to operate the Trust.

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Through a series of transactions on and shortly after the Effective Date, the Trust was funded with the stock of Celotex, Carey Canada, Walter Industries, and JWC, along with significant amounts of cash and the expected proceeds from certain litigation. The purpose of the Trust is to assume the asbestos liabilities of Celotex and its affiliates, and to use the assets of the Trust to pay all the asbestos claimants, both present and future, of those companies on a substantially equivalent basis.

C. Governing Provisions of the Trust Agreement

The Annual Report, Summary of Claims Disposed, Financial Statement, and Account are filed in compliance with the following provisions of the Trust Agreement.

Article 3.2 (c) of the Trust Agreement provides:

> **3.2 General Administration**.
>
> (c) (i) The trustees shall cause to be prepared and filed with the Bankruptcy Court, as soon as available, and in any event within one hundred and twenty (120) days following the end of each fiscal year, an annual report containing financial 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 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 the special-purpose accounting methods adopted by the trustees. The trustees shall provide a copy of such report to the TAC, the Legal Representative, the PDCA, the PD Advisory Committee (collectively, the **"Approving Entities"**) and Reorganized Celotex when such reports are filed with the Bankruptcy Court.
>
> (ii) Simultaneously with delivery of each set of financial statements referred to in Article 3.2(c)(i) above, the trustees shall cause to be prepared and filed with the Bankruptcy Court a report containing a summary regarding the number and type of claims disposed of during the period covered by the financial statements. The trustees shall provide a copy of such report to the Approving Entities and Reorganized Celotex when such report is filed.

Celotex Asbestos Trust Annual Reports, 2014 annual report
ACL Doc 14292 · Page 4 of 45
Published by AsbestosClaims.Law
asbestosclaims.law/library/14292/4

Article 5.5 of the Trust Agreement provides:

5.5 Compensation and Expenses of Trustees.

(a) Each of the trustees shall receive compensation from the Trust for his or her services as Trustee in the amount of $60,000 per annum, except that the Chairperson shall receive $75,000 per annum for his or her services.[1] In addition, for all time expended attending Trustee meetings, preparing for such meetings, and working on authorized projects, the Trustees shall receive the sum of $550 per hour. The Trustees shall record all hourly time to be charged to the Trust on a daily basis. The per annum and hourly compensation payable to the Trustees shall be reviewed periodically and increased with the consent of the TAC and the Legal Representative.

(b) The Trust will promptly reimburse all trustees and the Chairperson for all reasonable out-of-pocket costs and expenses incurred by the trustees in connection with the performance of their duties hereunder.

(c) The Trust will include in the report to be filed pursuant to Article 3.2(c)(i) of this Trust Agreement, and in a separate annual report to be filed in the same manner, a description of the amounts paid under this Article 5.5.

Article 5.12 of the Trust Agreement provides:

5.12 Settlement of Trustees' Accounts. Notwithstanding any state law to the contrary, the Bankruptcy Court shall have exclusive jurisdiction over the settlement of the accounts of the trustees, whether such account is rendered by the trustees themselves or is sought by any other person. The trustees shall render successive accounts covering periods ending at the end of each calendar year consisting of the filings required by Article 3.2(c) of this Trust Agreement. In addition, an account shall be rendered for the period ending on the date of the death, resignation, removal or retirement of any Trustee. Upon the approval of any such periodic account by the Bankruptcy Court after hearing on notice to the Approving Entities and such other parties as the Bankruptcy Court may designate, and subject to the terms of the order of the Bankruptcy Court granting such approval, the trustees shall be discharged from any further liability or responsibility as to all matters disclosed in such periodic account, and an action

[1] As previously reported, in 2005, Article 5.5(a) of the Trust Agreement was amended to increase the trustees' per annum compensation from $50,000 to $60,000. During the 2008 reporting period, trustee compensation provisions of the Trust Agreement were again amended to increase the per annum compensation for the Chairperson to $75,000**.** In addition, the per diem fee payment was replaced with an hourly rate of $500 for all authorized work performed by the trustees on behalf of the Trust. With these increases, the annual retainer and hourly rate of compensation for the trustees became comparable to that paid to the trustees of other existing, large asbestos trusts, for example, Armstrong World Industries, Inc. Asbestos Personal Injury Settlement Trust, Babcock & Wilcox Company Asbestos PI Trust, DII Industries, LLC Silica PI Trust, Owens Corning/Fibreboard Asbestos Personal Injury Trust, Federal-Mogul Asbestos Personal Injury Trust, and United States Gypsum Asbestos Personal Injury Settlement Trust. On May 22, 2014, Section 5.5 of the Trust Agreement was amended to increase the hourly rate paid to the trustees to $550. Also, a provision was added that trustee compensation shall be reviewed periodically and increased with the consent of the PI Advisory Committee and the Legal Representative.

against a trustee for breach of trust arising out of any matter disclosed in such periodic account shall be barred as provided in Fla. Stat. Ann. § 737.307.[2]

II. TRUST ADMINISTRATION

A. Trustees

Sharon M. Meadows and James W. Stevens served as the trustees of the Trust during the Reporting Period.

Section 5.1 of the Trust Agreement provides that one trustee shall be designated chairperson annually by a vote of the trustees. Ms. Meadows has served as chairperson throughout the Reporting Period.

During the Reporting Period, the trustees held four formal meetings of the Trust. These meetings were designated by the trustees as "regular meetings" under the Trust's bylaws. Outside the regular meetings, the trustees conferred among themselves and with Trust advisors throughout the Reporting Period. Members of the PI Advisory Committee and the Legal Representative attended the May 22, 2014 meeting of the trustees.

The compensation paid to the trustees during the Reporting Period is set forth in a supplemental schedule to the Trust's audited financial statements, which are attached as **Exhibit 1**. The filing of the financial statements with this supplemental schedule on compensation satisfies the requirements of Article 5.5(c) of the Trust Agreement.

In compliance with Article 5.5 of the Trust Agreement and the Trust's guidelines for payment of trustee fees and expenses, the Trust paid the trustees compensation and reimbursed their expenses on a quarterly basis. As part of an *in camera* filing made in connection with this report (the "***In Camera* Submission**"), the Trust has supplied the Court with the time and

[2] Effective July 1, 2008, the State of Florida repealed Chapter 737 of the Florida Statutes and added the Florida Trust Code in Chapter 736. Accordingly, the statute that currently bars proceedings against trustees based on a periodic account is Section 736.1008 of the Florida Statutes.

expense records of the trustees for the Reporting Period, along with a copy of the Trust's guidelines for payment of trustee fees and expenses.

B. Trust Officers

Dr. B. Thomas Florence of Analysis Research Planning Corporation ("**ARPC**") continued to serve as Executive Director of the Trust during the Reporting Period.

C. Trust Auditors

The Trust's auditors are BDO USA, LLP of McLean, Virginia. BDO has significant experience auditing asbestos personal injury trusts and, as required, has conducted an audit of the Trust in conformity with special purpose accounting methods adopted by the trustees. They have expressed an opinion that the Trust's financial statements present fairly, in all material respects, the financial position of the Trust and the results of its operations and its cash flows as of December 31, 2014. The auditors' opinion expressly provides that it is intended for the use of this Court.

D. Trust's Wilmington Claims Processing Facility

As previously reported, the Trust had operated a stand-alone claims processing facility in Wilmington, Delaware for the processing and payment of the Trust's asbestos-related personal injury claims. The Trust's claims facility gained a reputation for fair, efficient, and cost-effective claims processing. As the Trust's backlog of claims was reduced, and as new filings diminished, the trustees were cognizant of the relative increase in claims processing costs in proportion to the number of claims processed. The trustees considered available options to reduce claims processing costs, such as closing or reducing the size of its stand-alone facility, contracting with a third party to process its claims, or joining with other asbestos-related personal injury trusts in some joint processing arrangement whereby overhead and other common costs could be shared. As previously reported, the trustees decided that the best alternative was to keep its experienced claims staff and physical facilities intact, while looking

Celotex Asbestos Trust Annual Reports, 2014 annual report
ACL Doc 14292 · Page 7 of 45
Published by AsbestosClaims.Law
asbestosclaims.law/library/14292/7

for opportunities to jointly process claims with other asbestos personal injury trusts and thereby share the costs of the claims facility.

In 2006, four new, large asbestos trusts were formed at the conclusion of the Chapter 11 proceedings for Babcock & Wilcox Company, Armstrong World Industries, Inc., Owens Corning Fibreboard Company, and United States Gypsum Company. As previously reported, the Trust and those four other asbestos trusts entered into an agreement whereby they would jointly process claims through their common ownership of the Celotex Trust's claims processing facility. The vehicle for this common ownership is the Delaware Claims Processing Facility, LLC, a Delaware limited liability company (the "**Delaware Claims Facility**"), formed to own and operate the Celotex Trust's former claims processing facility. The Delaware Claims Facility processes each member trust's claims in accordance with that trust's applicable governing documents. Based on its usage of the Delaware Claims Facility's resources, each trust pays a *pro rata* portion of the facility's costs. In effect, the Delaware Claims Facility operates on a not-for-profit, or cost-pass-through, basis. In 2013, the WRG Asbestos PI Trust joined the Delaware Claims Facility as a member trust.

E. Trust Advisors

Under the terms of the Trust Agreement, there are two trust advisors: the PI Advisory Committee, now consisting of four personal injury lawyers, Russell Budd, Steven Kazan, Joseph F. Rice, and Gary W. Kendall; and the Legal Representative, now James L. Patton.

Celotex Asbestos Trust Annual Reports, 2014 annual report
ACL Doc 14292 · Page 8 of 45
Published by AsbestosClaims.Law
asbestosclaims.law/library/14292/8

F. Professional Fees and Expenses

During the Reporting Period, the Trust paid $1,331,903 in professional fees and expenses. All professional fees and expenses are reviewed by the trustees and/or the Trust's staff for compliance with the Trust's professional fee and expense guidelines. A copy of the Trust's fee and expense guidelines is part of the *In Camera* Submission. The professional fees and expenses are set forth and itemized in a supplemental schedule to the Trust's 2014 financial statement, which is attached as **Exhibit 1**.

III. PAYMENT PERCENTAGE AND CRP

A. Payment Percentage

The Trust is a limited fund. None of the asbestos claimants who are beneficiaries of the Trust will have their claims paid in full. Instead, they will be paid some percentage (the "**Payment Percentage**") of the liquidated amount of their claims. The trustees are charged with the duty of periodically determining the Payment Percentage by considering, on the one hand, estimates of the number, types, and values of present and expected future claims and, on the other hand, the value and liquidity of the Trust's assets.

Pursuant to Article 3.4(a) of the Trust Agreement, after the first two years of operation, the trustees must periodically reconsider the determination of the Payment Percentage. The language of that provision is as follows:

> [A]fter the second anniversary of the Effective Date [of the Plan of Reorganization], but no less frequently than once every two (2) years, the trustees shall consider their determination of the Payment Percentage to assure that it is based on credible, current information and forecasts, and may, after such consideration, change the Payment Percentage.

To better ensure the Trust's ability to pay present and future claimants in substantially the same manner, the trustees decided in 2001 that thereafter they would reconsider the Payment Percentage on an annual basis.

During the Reporting Period, the payment percentage did not change; it remains at 6.5%.

Celotex Asbestos Trust Annual Reports, 2014 annual report
ACL Doc 14292 · Page 9 of 45
Published by AsbestosClaims.Law
asbestosclaims.law/library/14292/9

IV. SUMMARY OF CLAIMS DISPOSED

A. PI Claims Administration

1. Summary of Claims Processed.

As of December 31, 2014, the Trust had received approximately 816,992 personal injury claims. During the Reporting Period, the Trust paid 20,430 personal injury claims in the aggregate amount of $42,656,169. Since inception, the Trust has paid 441,898 personal injury claims in the aggregate amount of $1,120,726,073. A summary showing the number and amount of claims paid by the Trust during the Reporting Period is attached as **Exhibit 2**. This summary is filed in fulfillment of the requirement contained in Article 3.2(c)(ii) of the Trust Agreement.

V. TRUST'S ASSETS

All the Trust's assets available to pay claims are reflected in the Trust's 2014 financial statements, which have been audited by BDO USA, LLP and are attached at **Exhibit 1**. The financial statements were prepared in accordance with special purpose accounting rules adopted by the trustees. The preparation of the financial statements by an independent accounting firm and the filing of the statements with the Bankruptcy Court satisfies the requirements of Article 3.2(c)(i) of the Trust Agreement.

A. Investment Portfolio

As of the end of the Reporting Period, the Trust's investment portfolio totaled $482,544,084. Excluding Celotex Corporation assets, the Trust's investment portfolio totaled $473,117,197. As previously reported, the Trust retains the firm of Cambridge Associates, LLC ("**Cambridge**") as its investment/asset management advisory firm. The fixed income allocation is heavily weighted toward non-taxable securities because the Trust, like every qualified settlement fund, is subject to the highest income tax rate on all its investment income. With Cambridge's assistance, separate investment managers were selected and continue to manage segments of the Trust's investment portfolio. During the Reporting Period, Brown Brothers

Celotex Asbestos Trust Annual Reports, 2014 annual report
ACL Doc 14292 · Page 10 of 45
Published by AsbestosClaims.Law
asbestosclaims.law/library/14292/10

Harriman continued to serve as the custodian of all Trust funds. Brown Brothers Harriman and Goldman Sachs continued to serve as managers of separate municipal bond accounts. John W. Bristol (U.S. growth manager) and McDonald Capital (U.S. value manager) continued to serve as managers of the U.S. equity portfolio. Hansberger Global Investors (non-U.S. growth manager) was completely liquidated in mid-October. Sanderson Asset Management (non-U.S. value manager) continued to serve as the sole manager of the non-U.S. equity portfolio.

The trustees developed investment guidelines consistent with Article 4 of the Trust Agreement. These guidelines are frequently reviewed and periodically updated by the trustees with Cambridge's assistance. The guidelines state that the holdings within the bond portfolio must have a minimum equivalent of investment grade rating by one nationally recognized statistical rating organization for any single security. The bond portfolio is diversified as to individual issuer and sector, and the credit quality remains very high in the portfolio relative to the stated benchmark. The current version of the Trust's investment guidelines is attached as **Exhibit 3**.

During the Reporting Period, the trustees received detailed monthly reports from Cambridge on the performance of the Trust's investment portfolio and regularly conferred, typically monthly, with representatives of Cambridge. As they do every year, the trustees also met in person with and formally reviewed the performance of each of the Trust's investment managers.

In 2014, the total Trust investment portfolio returned 4.0% net of investment managers' fees. (Municipal bond returns have not been adjusted to reflect pre-tax equivalent returns.) Excluding Celotex Corporation assets, the portfolio returned 4.1% net of investment managers' fees. The Trust's total investment return since 2001, when Cambridge was retained as

Celotex Asbestos Trust Annual Reports, 2014 annual report
ACL Doc 14292 · Page 11 of 45
Published by AsbestosClaims.Law
asbestosclaims.law/library/14292/11

investment advisors, is shown, along with 2014's investment performance, by asset class in the Cambridge composite report attached as **Exhibit 4**.

B. Celotex Corporation

During the Reporting Period, Gail King Gibson resigned as a member of the Celotex Board of Directors. The trustees appointed Mr. John Fronduti of Keating Muething & Klekamp PLL as Ms. Gibson's successor. George Wood, president and general counsel of Celotex, continued to serve as a member of the Board of Directors of the company during the Reporting Period. He and/or Mr. Fronduti attended the Trust's regular meetings and reported on the status of Celotex. In accordance with a prohibition in the Trust Agreement, the trustees do not serve as directors of the company.

During the Reporting Period, Celotex continued the process of winding up its corporate affairs. The company continued to manage its assets, including its financial investments, its former research and development facility property, and other real estate. The company also continued to administer various benefit plans relating to former employees and to address its potential liabilities, including certain matters that are the subject of ongoing litigation. The company currently has three employees.

Effective August 31, 2004, the company adopted a plan of liquidation and made a partial liquidating distribution to the Trust in the amount of $377,524,000 in cash and investments. In addition to other assets, the company retained $50,000,000 in cash and investments. Upon complete liquidation of the company, any remaining assets will be transferred to the Trust.

On March 28, 2013 a written consent of the sole shareholder of Celotex was executed by the Executive Director of the Trust adopting resolutions to dissolve Celotex, cease its operations, and make provisions for payment of its liabilities and the distribution of its assets. On August 5,

Celotex Asbestos Trust Annual Reports, 2014 annual report
ACL Doc 14292 · Page 12 of 45
Published by AsbestosClaims.Law
asbestosclaims.law/library/14292/12

2013, a Certificate of Dissolution was filed with the State of Delaware beginning the three-year wind-down period pursuant to Delaware law.

As of 2003, Celotex's financial statements were no longer audited separately and, therefore, Celotex's financial results are no longer included in the *In Camera* Submission accompanying this annual report. Celotex's financial data and internally prepared financial statements, however, are audited in connection with the preparation of the audited financial statements of the Trust.

VI. TRUST'S CONTINGENT ASSETS

A. Insurance Litigation

Since the Trust's inception in 1997, the attorneys of Gilbert LLP have continually represented the Trust in insurance coverage-related matters. During the Reporting Period, the attorneys at Gilbert LLP have continued to pursue on behalf of the Trust insurance coverage for asbestos-related bodily injury and property damage claims in a number of proceedings, including the following:

Wellington ADR Proceedings. In 1985, Celotex and a number of its liability insurers entered into the Agreement Concerning Asbestos-Related Claims (commonly known as the "**Wellington Agreement**"), which, among other things, resolved disputes concerning the manner in which liability insurance policies issued by the signatory insurers would respond to asbestos-related bodily injury claims against the signatory "producers" – companies like Celotex that had mined, manufactured, sold, and/or installed asbestos and/or asbestos-containing products. The Trust has pursued seven alternative dispute resolution ("**ADR**") proceedings under the Wellington Agreement in which the Trust seeks determinations that liability policies containing exclusions for "asbestosis" or "asbestosis and related diseases arising out of asbestos products" do not preclude coverage for diseases other than asbestosis, such as mesothelioma or lung

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cancer. The Trust has entered into agreements settling six of these ADR proceedings, which have been approved by the Bankruptcy Court. In the seventh proceeding, Court approved settlements have been entered into with all but one insurer.

Non-Products ADR Proceeding. On May 25, 2000, the Trust filed an ADR proceeding against Travelers Casualty and Surety Company ("**Travelers**") and the London Market Insurers, asserting that the insurers must pay immediately for their share of Celotex's non-products liability. The Trust previously reported on the success of its ADR Proceedings against Travelers. The Trust has settled with most of the London Market Insurers (with Bankruptcy Court approval), but it has a few unresolved disputes remaining.

Miscellaneous Other Proceedings. On May 25, 2000, the Trust initiated an ADR proceeding against International Insurance Company and U.S. Fire Insurance Company, asserting that the insurers must pay immediately for Celotex's non-products and products liability. This proceeding remains in the mediation stage, and the parties' negotiations are on-going.

The Trust has partially settled a dispute regarding shared insurance coverage for asbestos property damage and bodily injury claims under policies issued by London Barrett Companies to the Dana Corporation. The Trust has settled over 80% of the available coverage with several of the companies that subscribed to the policies and has recovered payments from several insolvent London Companies through their Schemes of Arrangement. The Trust expects additional recoveries from Excess Insurance Company and also expects to receive additional payments from certain insolvent London Companies who subscribed to the policies as they increase their percentage payouts in their Schemes of Arrangement.

Celotex Asbestos Trust Annual Reports, 2014 annual report
ACL Doc 14292 · Page 14 of 45
Published by AsbestosClaims.Law
asbestosclaims.law/library/14292/14

Dated: April 30, 2015
Tampa, Florida

Respectfully submitted,

KEATING MUETHING & KLEKAMP PLL
Kevin E. Irwin
One East Fourth Street, Suite 1400
Cincinnati, OH 45202
(513) 579-6400
(513) 579-6457 (telecopy)

-and-

BUSH ROSS, P.A.
P.O. Box 3913
Tampa, FL 33601-3913
(813) 224-9255
(813) 223-9620 (telecopy)

Attorneys for Celotex Asbestos Settlement Trust

BY: /s/ Jeffrey W. Warren
Jeffrey W. Warren, Esq.
Florida Bar No. 150024

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Celotex Asbestos Trust Annual Reports, 2014 annual report
ACL Doc 14292 · Page 15 of 45
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asbestosclaims.law/library/14292/15

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on April 30, 2015, I electronically filed a true and correct copy of the Annual Report, Summary of Claims Disposed, Financial Statement and Account of the Trustees of the Asbestos Settlement Trust for the Period January 1, 2014 to December 31, 2014, including exhibits, with the Clerk of the United States Bankruptcy Court for the Middle District of Florida by using the CM/ECF system, and I furnished a copy of the foregoing document(s) to the following parties in the manner of service indicated below:

Via United States Mail:

Legal Representative for Unknown Claimants
James L. Patton Jr.
Young, Conaway, Stargatt & Taylor
Rodney Square
1000 North King Street
Wilmington DE 19801

Trust Advisory Committee
Russell Budd
Baron & Budd
Suite 1100
3102 Oak Lawn Avenue
Dallas, TX 75219

Steven Kazan
Kazan Firm
Jack London Market
55 Harrison St. Suite 400
Oakland, CA 94607

Gary W. Kendall
Michie Hamlett
500 Court Square, Suite 300
Charlottesville, VA 22902

Joseph F. Rice
Motley Rice LLC
28 Bridgeside Boulevard
Mount Pleasant, SC 29465

Counsel
Elihu Inselbuch
Caplin & Drysdale, Chartered
600 Lexington Avenue at 52nd Street
21st Floor
New York, NY 10022

Trevor W. Swett, III
Caplin & Drysdale
1 Thomas Circle, NW
Suite 1100
Washington, DC 20005

Celotex Asbestos Trust Annual Reports, 2014 annual report
ACL Doc 14292 · Page 16 of 45
Published by AsbestosClaims.Law
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Representative Indirect Asbestos Claimant
Elizabeth Runyan Geise
Goodwin Proctor
901 New York Avenue, NW
Washington, DC 20001

Celotex Corporation
George N. Wood
Celotex Corporation
780 94th Avenue North,
Suite 107 Gateway Pines
St. Petersburg, FL 33702
Via CM/ECF System:

United States Trustee
Sara Kistler
Assistant U.S. Trustee
501 East Polk Street, Suite 1200
Tampa, FL 33602

/s/ Jeffrey W. Warren
Jeffrey W. Warren

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Celotex Asbestos Trust Annual Reports, 2014 annual report
ACL Doc 14292 · Page 17 of 45
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Asbestos Settlement Trust

Audited Special-Purpose Financial Statements with Supplementary Information

Years Ended December 31, 2014 and 2013

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

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Asbestos Settlement Trust

Audited Special-Purpose Financial Statements with Supplementary Information

Years Ended December 31, 2014 and 2013

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Asbestos Settlement Trust

Contents

Independent Auditor's Report 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 the Special-Purpose Financial Statements 6-13

Supplementary Information

Independent Auditor's Report on Supplementary Information 14

Supplementary Schedules of Operating Expenses 15-16

Supplementary Schedules of Professionals Fees 17-18

Supplementary Schedules of Trustee Fees and Expenses 19

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Tel: 703-893-0600
Fax: 703-893-2766
www.bdo.com

8405 Greensboro Drive
Suite 700
McLean, VA 22102

Independent Auditor's Report

Trustees
Asbestos Settlement Trust
Wilmington, Delaware

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of Asbestos Settlement Trust (the Trust) (a Trust created under the laws of the State of Florida), which comprise the special-purpose statements of assets, liabilities and net assets available for the payment of claims as of December 31, 2014 and 2013, and the related special-purpose statements of changes in net assets available for the payment of claims and special-purpose statements of cash flows for the years then ended and the related notes to the special-purpose financial statements.

Management's Responsibility for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of the special-purpose financial statements in accordance with the basis of accounting described in Note 2 to the special-purpose financial statements. Management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 special-purpose 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 audit to obtain reasonable assurance about whether the 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 special-purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the assets and liabilites of Asbestos Settlement Trust as of December 31, 2014 and 2013, and the additions, deductions, and cash flows for the years then ended in accordance with the basis of accounting described in Note 2 to the special-purpose financial statements.

Basis of Accounting

We draw attention to Note 2 of the special-purpose financial statements, which describes the basis of accounting. As described in Note 2 to the special-purpose financial statements, these special-purpose 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. Our opinion is not modified with respect to this matter. The special-purpose basis of accounting has been used in order to communicate the amount of equity presently available to fund current and future claimants.

Restriction of Use

Our report is intended solely for the information and use of the management of the Trust, the Trustees, the beneficiaries of the Trust, and the United States Bankruptcy Court for the Middle District of Florida, Tampa Division, 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 Middle District of Florida, Tampa Division, is a matter of public record.

BDO USA, LLP

McLean, Virginia
April 22, 2015

Celotex Asbestos Trust Annual Reports, 2014 annual report
ACL Doc 14292 · Page 22 of 45
Published by AsbestosClaims.Law
asbestosclaims.law/library/14292/22

Audited Special-Purpose Financial Statements

Asbestos Settlement Trust

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

December 31,	2014	2013
Assets		
Cash and cash equivalents	$ 29,203,901	$ 15,968,267
Investments, at fair value		
Short-term bonds	5,012,876	16,527,597
Equity investments	138,573,348	173,675,326
Investments in bonds	297,648,474	290,750,966
Investment in Celotex Corp.	36,681,772	34,920,757
Interest and other receivables	2,948,298	3,299,421
Total assets	$ 510,068,669	$ 535,142,334
Liabilities		
Accrued personal injury claims, accrued expenses, and accounts payable	$ 1,889,470	$ 5,190,941
Final installments due under IRC claims	-	3,172,000
Total liabilities	1,889,470	8,362,941
Net assets available for the payment of claims	$ 508,179,199	$ 526,779,393

See accompanying notes to the special-purpose financial statements.

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Asbestos Settlement Trust

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

Years Ended December 31,	2014	2013
Additions		
Insurance recoveries	$ 5,035,873	$ 17,755,924
Interest and dividend income, net of amortization	12,665,797	13,499,787
Net realized gains and change in unrealized gains on investments	7,699,418	36,209,457
Other additions	53,322	58,127
Total additions	25,454,410	67,523,295
Deductions		
Personal injury claim payments and expenses	36,654,451	23,568,125
Operating expenses	7,400,153	10,085,769
Total deductions	44,054,604	33,653,894
(Decrease) increase in net assets available for the payment of claims	(18,600,194)	33,869,401
Net assets available for the payment of claims		
Beginning of the year	526,779,393	492,909,992
End of the year	$ 508,179,199	$ 526,779,393

See accompanying notes to the special-purpose financial statements.

Celotex Asbestos Trust Annual Reports, 2014 annual report
ACL Doc 14292 · Page 25 of 45
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Asbestos Settlement Trust

Special-Purpose Statements of Cash Flows

Years Ended December 31,	2014	2013
Cash flows from operating activities:		
(Decrease) increase in net assets available for the payment of claims	$ (18,600,194)	$ 33,869,401
Adjustments to reconcile increase in net assets available for the payment of claims to net cash used in operating activities:		
Amortization of premium on investments, net	1,984,842	2,044,038
Net realized gains and change in unrealized gains on investments	(7,699,418)	(36,209,457)
Changes in operating assets and liabilities:		
Interest and other receivables	351,119	212,983
Accrued personal injury claims, accrued expenses and accounts payable	(3,301,471)	(4,057,631)
Final installments due under IRC claims	(3,172,000)	(38,482,582)
Total adjustments	(11,836,928)	(76,492,649)
Net cash used in operating activities	(30,437,122)	(42,623,248)
Cash flows from investing activities:		
Sales and maturities of bonds	116,153,171	217,941,169
Purchases of bonds	(107,286,866)	(207,782,151)
Sales of equity securities	52,154,389	55,585,246
Purchases of equity securities	(15,586,923)	(10,005,225)
Cash contribution to Celotex Corp.	(1,761,015)	(1,500,000)
Net cash provided by investing activities	43,672,756	54,239,039
Net increase in cash and cash equivalents	13,235,634	11,615,791
Cash and cash equivalents at the beginning of the year	15,968,267	4,352,476
Cash and cash equivalents at the end of the year	$ 29,203,901	$ 15,968,267

See accompanying notes to the special-purpose financial statements.

Celotex Asbestos Trust Annual Reports, 2014 annual report
ACL Doc 14292 · Page 26 of 45
Published by AsbestosClaims.Law
asbestosclaims.law/library/14292/26

Asbestos Settlement Trust

Notes to the Special-Purpose Financial Statements

1. Description of the Trust

On October 12, 1990, The Celotex Corporation (Celotex Corp.) and its then wholly-owned subsidiary, Carey Canada Inc. (Carey Canada) (collectively, the Pre-Reorganized Companies), voluntarily filed petitions for reorganizing under Chapter 11 of the United States Bankruptcy Code with the United States Bankruptcy Court for the Middle District of Florida, Tampa Division (the Bankruptcy Court). The filing of the petitions was precipitated by the Pre-Reorganized Companies' then potentially substantial present and future asbestos-related liabilities. On December 6, 1996, the Bankruptcy Court entered an order (the Confirmation Order) confirming the modified joint plan of reorganization (the Confirmed Plan) proposed and filed by the Pre-Reorganized Companies, the Asbestos Health Claimants Committee, the Legal Representative representing the interests of future asbestos bodily injury claimants, and the Trade Creditors Committee, and supported by the Asbestos Property Damage Claimants Committee. On March 4, 1997, the United States District Court for the Middle District of Florida adopted, issued and affirmed the Confirmation Order. The Confirmation Order has become final and cannot be appealed. The Confirmed Plan became effective on May 30, 1997 (the Effective Date or the Effective Date of the Plan of Reorganization).

The essential elements of the Confirmed Plan include, among other things: the utilization of a qualified settlement fund, in the form of the Asbestos Settlement Trust (the Trust), to assume all liabilities and obligations of the Pre-Reorganized Companies, in respect of all asbestos-related personal injury and property damage claims, both present and future (collectively, the Asbestos Claims), and to resolve, and provide for the payment in part or in full, of all Asbestos Claims in accordance with procedures established pursuant to the Confirmed Plan.

When formed, the Trust was funded with (a) cash received from Carey Canada, a wholly-owned subsidiary of Celotex Corp., (b) asbestos insurance recoveries as described in the "Significant Accounting Policies", (c) cash and investments from the Settlement Account, a segregated, custodial account at Bank of America Illinois, funded by Celotex Corp. and designated by order of the Bankruptcy Court dated March 30, 1995 as the Celotex Fund Recipient (as defined in the Veil Piercing Settlement Agreement), (d) 100% of the outstanding shares of reorganized Carey Canada common stock, (e) 100% of the outstanding shares of reorganized Celotex Corp. common stock, (f) promissory notes receivable from Celotex Corp., and (g) the Russellville Industrial Revenue Bond, contributed by JWC Holdings Corporation (JWC), the former parent of Celotex Corp., in consideration for the releases and injunctions described in the Confirmed Plan.

The Trustees are responsible for supervising and administering the Asbestos Claims resolution process. The Trust will use its funding for Trust operations and for settlement of Asbestos Claims as defined in the Confirmed Plan.

2. Significant Accounting Policies

Basis of presentation

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

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transactions may differ as to timing and amount. The special-purpose accounting methods include the following:

- Assets are generally recorded as they are received by the Trust and are available for the payment of asbestos claims.

- 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 contract or agreement.

- The full amount of claims is expensed in the period in which the confirmed claims are settled. Final installments due on Individually-Reviewed Claims (IRC) represents a reserve established to record the liability for IRC claims settled prior to August 2013. One-half of the payment is made upon settlement and the second payment is expensed and the reserve established. The second payment is made two years after the first payment. Adjustments to previously settled claims (including those resulting from changes to gross schedule values and payments percentages in accordance with amendments to the TDP) are recorded in the period in which the effective date of the adjustment falls, as approved by the Trust. IRC claims settled subsequent to August 2013 are paid in full upon settlement; therefore there is no second payment reserve for these claims.

  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 because 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 fixed assets are capitalized and depreciated over the useful lives of the assets. During 2014 and 2013, there were no expenses related to purchases of property and equipment.

- The Trust's investment in 100% of the outstanding common stock of Celotex Corp. is reported at the net book value of Celotex Corp. which is calculated as the fair value of cash and cash equivalents, marketable securities, and the cost of real estate (including capitalized development costs) less the fair value of liabilities including certain retirement plan obligations. Any changes in the value of the Trust's investment in Celotex Corp. is recorded as a gain or loss in the accompanying special-purpose statements of changes in net assets available for the payment of claims. Cash contributions to Celotex Corp. are recorded as an increase in the investment in Celotex Corp. Under GAAP, consolidated financial statements and related notes to the consolidated financial statements of the Trust and Celotex Corp. would be presented.

- Income tax expense is estimated and recorded as incurred in the period in which certain income and expense items affect current federal income taxes payable. Under GAAP, the provision for income taxes is recorded based upon income reported for financial statement purposes, and federal and state income taxes both currently payable and changes in

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deferred taxes due to differences between financial reporting and tax bases of assets and liabilities. Under GAAP, deferred taxes include a provision for taxes attributable to changes in unrealized gains and losses on investments.

- The Trust does not record any asbestos insurance recoveries until the funds are received from the insurance carriers. These recoveries come from various insurance coverages obtained by Celotex Corp. covering, among other things, products and general liability claims. Future recoveries under such policies will inure to the Trust. Under GAAP, an asset would be recorded for an estimate of the amount to be received for insurance recoveries that are due to the Trust.

- The Trust records amortization of premium and accretion of discount on its investment securities under the straight-line method. Under GAAP, such amortization and accretion would be calculated under the effective interest (i.e., constant yield) method.

- Under GAAP, for financial statement disclosure purposes all investments would be categorized based on the priority of inputs used to measure fair value. Under GAAP, inputs used in measuring fair value are categorized into three levels. Level 1 includes inputs that are based upon quoted prices for identical instruments traded in active markets. Level 2 includes inputs that are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar investments in markets that are not active, or models based on valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the investment. Level 3 includes inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques. The accompanying special-purpose financial statements do not categorize all investments into these levels.

- Under GAAP, disclosure is made about contractual maturities of investments in debt securities as of the date of the latest balance sheet presented. Such disclosures are not included in these special-purpose financial statements.

Use of estimates

The preparation of financial statements in conformity with the special-purpose accounting methods described above requires the Trust to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and the disclosures of contingent assets and liabilities at the date of the special purpose financial statements, as well as the reported amounts of additions and deductions to the net assets available for the payment of claims during the reporting period. Actual results could differ from those estimates and such differences could have a material effect on the net assets available for the payment of claims.

Cash and cash equivalents

The Trust considers all highly liquid instruments with original maturities of one month or less to be cash equivalents. The Trust maintains cash balances that may at times exceed federally insured limits. Cash balances are maintained at high-quality financial institutions and the Trust believes

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the credit risk related to these cash balances is minimal. The Trust has not experienced any losses related to these balances.

Short-term investments

Short-term investments include commercial paper and other liquid investments with original maturities of less than one year.

Investments

Investment securities (including all bonds and equity investments) are stated at fair value based on quoted market prices for identical or similar instruments traded in active markets as of the date of the special-purpose financial statements with the changes in unrealized gains and losses recorded in the current period. The fair value of the investment in Celotex Corp. is based on the fair value of its assets and liabilities as of the date of the special-purpose financial statements. Investment income is recognized when earned. Realized gains and losses on sales are determined using the specific identification method.

Accrued personal injury claims, accrued expenses and accounts payable

Accrued personal injury claims consist of certain personal injury claims that are settled but unpaid as of December 31, 2014 and 2013. Accrued expenses and accounts payable consist of legal accruals, as well as outstanding invoices associated with managing the Trust.

Operating and administrative expenses

Operating and administrative expenses of the Trust are paid from net assets available for the payment of claims when invoices are received.

Income taxes

The Trust is classified as a Qualified Settlement Fund pursuant to the Internal Revenue Code and Regulations (the Code) thereunder. As a result, the Trust is subject to federal income taxes based on modified gross income, as defined by the Code. In the opinion of management, the Trust is not subject to state income taxes and therefore, the special-purpose financial statements do not include any provision or liability for state income taxes.

Income tax expense is estimated and includes amounts payable or receivable under current federal income taxes.

The Trust records income tax expense (or benefit) associated with amounts payable (or receivable) under current federal income taxes, and does not record a provision for (or benefit from) deferred taxes. Accordingly, there is no provision for deferred taxes associated with changes in cumulative unrealized gains and losses on investments (see Note 4). The income taxes associated with gains on investments will be recorded in the Trust's financial statements when the net gains are realized (i.e. the securities are sold) and the taxes become currently payable.

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3. Related Parties

On November 1, 2006, the Trust became a member in a limited liability company under an agreement with four other Qualified Settlement Funds, contributing property and equipment valued at $132,193 as a capital contribution to this entity.

Effective January 1, 2007, this entity began processing all of the Trust's bodily injury claims.

During the years ended December 31, 2014 and 2013, the Trust incurred expenses of $3,582,532 and $5,205,743, respectively, related to services provided by this entity, as well as for reimbursement of expenses paid by the entity on behalf of the Trust. As of December 31, 2014 and 2013, $0 and $136,331, respectively, is due from the Trust to this entity, and is included in accrued personal injury claims, accrued expenses, and accounts payable on the accompanying special-purpose statements of assets, liabilities and net assets available for payment of claims. As of December 31, 2014 and 2013, $270,613 and $0, respectively, is due to the Trust from this entity, and is included in interest and other receivables on the accompanying special-purpose statements of assets, liabilities and net assets available for payment of claims.

4. Investments

Investment securities consist of the following at December 31, 2014:

	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
Short-term bonds	$ 4,974,810	$ 38,066	$ -	$ 5,012,876
Equity	94,458,579	45,193,603	(1,078,834)	138,573,348
Bonds	286,032,954	12,369,331	(753,811)	297,648,474
	$ 385,466,343	$ 57,601,000	$ (1,832,645)	$ 441,234,698

Investment securities consist of the following at December 31, 2013:

	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
Short-term bonds	$ 16,307,792	$ 219,805	$ -	$ 16,527,597
Equity	125,714,181	48,175,700	(214,555)	173,675,326
Bonds	284,817,080	7,882,261	(1,948,375)	290,750,966
	$ 426,839,053	$ 56,277,766	$ (2,162,930)	$ 480,953,889

The Trust invests in a professionally managed portfolio that contains U.S. and international equity securities, and municipal bonds. Such investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments 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 the Trust's account balance and the amounts reported in the special-purpose statements of assets, liabilities and net assets available for the payment of claims and special-purpose statements of changes in net assets available for the payment of claims.

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ACL Doc 14292 · Page 31 of 45 asbestosclaims.law/library/14292/31

Investment in the Celotex Corporation

The Celotex Corp. common stock investment represents a 100% ownership interest in Celotex Corp. The value of the Trust's investment in the common stock of Celotex Corp. as of December 31, 2014 and 2013 consisted of cash and cash equivalents, marketable securities, and the cost of remaining real estate (including capitalized development costs), less the fair value of liabilities. Marketable securities that Celotex Corp. invests in include U.S. treasury obligations, bank obligations, tax exempt obligations, corporate obligations, and repurchase agreements. The value of real estate is based on the cost basis of the land plus development costs. Liabilities consist primarily of accounts payable and accrued expenses, a supplemental executive retirement plan obligation and a post-retirement medical plan obligation. The fair value of accounts payable and liabilities is considered to be the same as their carrying values due to the relatively short maturity of these items. The fair value of the two retirement plan benefit obligations is determined using actuarial calculations as prepared by an independent actuarial services firm. As both plans are unfunded, the full amount of the calculated accumulated benefit obligations have been recorded.

The following summarizes the financial information used to compute the value of the Trust's investment in Celotex Corp. as of December 31:

	2014	2013
Cash and marketable securities	$ 17,382,221	$ 16,301,396
Land and improvements	59,369,406	38,884,017
Other assets	198,481	448,932
Total assets	76,950,108	55,634,345
Accounts payable and accrued expenses	1,231,092	4,299,332
Notes payable	31,979,420	9,270,242
Retirement plan benefit obligations	7,057,824	7,144,014
Total liabilities	40,268,336	20,713,588
Net estimated value of investment	$ 36,681,772	$ 34,920,757

The change in carrying value represents the change of the value of the underlying assets of Celotex Corp. There was no gain or loss reported on the Trust's investment in Celotex Corp. during the years ended December 31, 2014 and 2013.

On December 28, 2012, IBIS Walk Residential, LLC, a 65% indirectly-owned subsidiary of Celotex Corp., obtained a bank loan wherein it may borrow up to $32,500,000 to finance improvement of its land by construction of an apartment complex. The loan requires an initial equity contribution of $17,852,300. $9,000,000 was contributed to Celotex Corp. by the Trust in December 2012 to assist Celotex and affiliates in meeting the equity contribution and liquidity requirements under the loan, as well as their ongoing obligations. The loan is secured by the related land, apartment complex, and financial instruments. The loan requires that $2,050,800 of the principal is reserved for monthly payments of accrued interest on the principal of the loan. As of December 31, 2014 and 2013, there was $31,979,420 and $9,270,242, respectively, outstanding under the loan.

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5. Income Taxes

There were no income tax payments made and no income tax refunds received during the years ended December 31, 2014 and 2013.

As of December 31, 2014, the Trust had available a net operating loss carryforward of approximately $14,000,000 available to offset future taxable income. In accordance with the Trust's accounting policies, no asset has been recorded for the net operating loss carryforwards as the benefit of the carryforwards is recorded by the Trust when realized as a current tax benefit. The Trust's net operating loss carryforward will expire, if not utilized, in various years through 2031.

6. Contingent Assets and Insurance Recoveries

The Trust received insurance recoveries from insurers in the amount of $5,035,873 and $17,755,924 during the years ended December 31, 2014 and 2013, respectively. Under the terms of settlement agreements with certain insurance companies, the Trust is entitled to future insurance recoveries that are to be paid ratably over an extended period of time. In accordance with the Trust's accounting policies, such insurance recoveries are recorded as an addition to net assets available for the payment of claims when the funds are received from the insurance companies.

7. Contingent Liabilities

The Trust has entered certain reimbursement and indemnification agreements in the Plan Documents (as defined in the Confirmed Plan), including, but not limited to, the Agreement Regarding Disputed Claims, the Affiliate Asset Purchase Agreements, and the Tax Cooperation and Indemnification Agreements. These agreements could 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.

Substantial third party claims have been asserted against Celotex Corp. for which the Trust may be contingently liable. It is presently not possible to determine the extent, if any, of the Celotex Corp's liability which might arise as a result thereof.

8. Liability for Asbestos Claims

The ultimate number of Asbestos Claims to be filed and the liability for all such claims is not determinable at this time. Net assets available for the payment of claims at December 31, 2014 and 2013 represents funding available for all Asbestos Claims for which no fixed liability has yet been established. Net assets available for the payment of claims at December 31, 2014 and 2013 may or may not be sufficient to meet all future obligations of the Trust.

9. Trustees' Liability Insurance

The Trust purchased Trustees' liability insurance for premiums of $170,200 and $176,400 in 2014 and 2013, respectively. The current policy term is May 30, 2014 to May 30, 2015. The Trust's accounting policy is to expense in the current period any amounts which will not be available to

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pay future Asbestos Claims or expenses of the Trust. Accordingly, amounts of $170,200 and $176,400 were recorded as deductions in net assets available for payments of claims in 2014 and 2013, respectively.

10. Trustees and Trust Advisors

The individuals serving as Trustees of the Trust are not members of the Board of Directors of Celotex Corp. The Trustees are required to provide notice, to consult, or obtain the consent of the Trustees' Advisory Committee (the TAC), the Legal Representative, the Property Damage Advisory Committee (the PDAC) or the Property Damage Claims Administrator (the PDCA) in various matters as detailed in the First Amended and Restated Asbestos Settlement Trust Agreement, the Asbestos Settlement Trust First Amended and Restated Bylaws, the Second Amended and Restated Asbestos Personal Injury Claims Resolution Procedures, and the Third Amended and Restated Asbestos Property Damage Claims Resolution Procedures.

Fees and expenses of the Trustees and trust advisors for 2014 and 2013 were as follows:

	2014		
	Fees	Expenses	Total
Trustees	$ 307,159	$ 10,517	$ 317,676
Trustees' Advisory Committee	13,785	8	13,793
Legal representative	21,359	1,458	22,817
	$ 342,303	$ 11,983	$ 354,286

	2013		
	Fees	Expenses	Total
Trustees	$ 317,675	$ 16,701	$ 334,376
Trustees' Advisory Committee	88,128	1,897	90,025
Legal representative	48,861	1,945	50,806
	$ 454,664	$ 20,543	$ 475,207

The above amounts are included in operating expenses in the special-purpose statements of changes in net assets available for the payment of claims for the years ended December 31, 2014 and 2013.

11. Subsequent Events

The Trust has evaluated its December 31, 2014 special-purpose financial statements for subsequent events through April 22, 2015, the date the special-purpose financial statements were available to be issued. The Trust is not aware of any subsequent events which would require recognition or disclosure in the special-purpose financial statements.

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Asbestos Settlement Trust

Supplementary Information
Years Ended December 31, 2014 and 2013

Independent Auditor's Report on Supplementary Information

Trustees
Asbestos Settlement Trust
Wilmington, Delaware

Our audits of the special-purpose financial statements included in the preceding section of this report was conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of those 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 special-purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose 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 special-purpose financial statements as a whole.

BDO USA, LLP

April 22, 2015

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Asbestos Settlement Trust

Supplementary Schedule of Operating Expenses

Year Ended December 31, 2014

Professional fees (see Supplementary Schedule of Professional Fees)		$ 1,331,903
General and administrative		
Investment advisory and custodial fees - Brown Brothers	281,432	
Investment advisory fees - Cambridge & Associates	226,459	
Investment advisory fees - Goldman Sachs	211,400	
Investment advisory fees - Hansberger Global Investors	217,020	
Investment advisory fees - John W. Bristol	171,354	
Investment advisory fees - McDonald Capital	295,253	
Investment advisory fees - Sanderson	383,093	
Other administrative expenses	29,477	1,815,488
Trustee fees and expenses		317,676
TAC attorney fees		
Caplin & Drysdale/attorney fees	13,785	
Caplin & Drysdale/expenses	8	13,793
Legal representative fees and expenses		
Young, Conaway, Stargatt & Taylor/fees	21,359	
Young, Conaway, Stargatt & Taylor/expenses	1,458	22,817
Carey-Canada fees and expenses		
U.S. trustee fees	1,827	1,827
Trustee liability insurance		170,200
United States trustee fee		19,500
Facility usage expenses		3,706,949
Total operating expenses		$ 7,400,153

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Asbestos Settlement Trust

Supplementary Schedule of Operating Expenses

Year Ended December 31, 2013

Professional fees (see Supplementary Schedule of Professional Fees)		$ 2,063,965
General and administrative		
Investment advisory and custodial fees - Brown Brothers	300,172	
Investment advisory fees - Cambridge & Associates	225,792	
Investment advisory fees - Goldman Sachs	217,440	
Investment advisory fees - Hansberger Global Investors	308,112	
Investment advisory fees - John W. Bristol	196,416	
Investment advisory fees - McDonald Capital	319,483	
Investment advisory fees - Sanderson	368,885	
Other administrative expenses	150,542	2,086,842
Trustee fees and expenses		334,376
TAC attorney fees		
Caplin & Drysdale/attorney fees	88,128	
Michie Hamlett/expenses	1,305	
Caplin & Drysdale/expenses	592	90,025
Legal representative fees and expenses		
Young, Conaway, Stargatt & Taylor/fees	48,861	
Young, Conaway, Stargatt & Taylor/expenses	1,945	50,806
Property damage advisory committee fees and expenses		
Kozyak, Tropin, and Throckmorton/fees	47,992	
Kozyak, Tropin, and Throckmorton /expenses	7,377	55,369
Carey-Canada fees and expenses		
Administrative expenses	1,443	
U.S. trustee fees	1,300	2,743
Trustee liability insurance		176,400
United States trustee fee		19,500
Facility usage expenses		5,205,743
Total operating expenses		$ 10,085,769

Celotex Asbestos Trust Annual Reports, 2014 annual report
ACL Doc 14292 · Page 38 of 45
Published by AsbestosClaims.Law
asbestosclaims.law/library/14292/38

Asbestos Settlement Trust

Supplementary Schedule of Professional Fees

Year Ended December 31, 2014

Accounting		
Accounting/audit	$	69,760
Accounting/taxes		9,935
Accounting/Other		74,140
Subtotal accounting		153,835
Legal fees		
Insurance issues		
Gilbert		196,476
JAMS		4,775
KCIC		2,026
Keating, Muething & Klekamp		28,226
Subtotal insurance issues		231,503
Property damage		
Bush Ross, P.A.		5,988
Keating, Muething & Klekamp		557
Subtotal property damage		6,545
General		
Bush Ross, P.A		17,795
Hogan Lovells International LLP		4,527
Keating, Muething & Klekamp		428,470
Other		183
Subtotal general		450,975
Other professional fees (general)		
ARPC		442,033
Medical review services		24,300
Kekst & Company		17,910
Other		4,802
Subtotal other professional fees (general)		489,045
Total professional fees	$	1,331,903

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Asbestos Settlement Trust

Supplementary Schedule of Professional Fees

Year Ended December 31, 2013

Accounting		
Accounting/audit	$	119,760
Accounting/taxes		8,980
Accounting/Other		79,461
Subtotal accounting		208,201
Legal fees		
Insurance issues		
Gilbert		5,401
KCIC		540
Keating, Muething & Klekamp		55,965
Saiber		3,960
Subtotal insurance issues		65,866
Property damage		
Bush Ross, P.A.		46,377
Keating, Muething & Klekamp		5,847
Smith Hulsey & Busey		85,696
Subtotal property damage		137,920
General		
Borden, Ladner		2,276
Bush Ross, P.A		118,805
Gilbert		190,041
Keating, Muething & Klekamp		474,493
Morvillo, Abramowitz, Grand, Iason, Annell		8,502
Other		98,239
Subtotal general		892,356
Other professional fees (general)		
ARPC		696,998
Medical review services		33,600
Kekst & Company		26,724
Other		2,300
Subtotal other professional fees (general)		759,622
Total professional fees	$	2,063,965

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Asbestos Settlement Trust

Supplementary Schedules of Trustee Fees and Expenses

	2014 Trustee Fees and Expenses Paid in 2014			
	Per Annum	Hourly Fees	Out-of Pocket Expenses	Total Payments
Sharon Meadows	$ 75,000	$ 111,100	$ 5,445	$ 191,545
James Stevens	60,000	43,780	4,087	107,867
	$ 135,000	$ 154,880	$ 9,532	$ 299,412

	2014 Trustee Fees and Expenses Accrued and Unpaid in December 31, 2014			
	Per Annum	Hourly Fees	Out-of Pocket Expenses	Total
Sharon Meadows	$ -	$ 10,817	$ 886	$ 203,248
James Stevens	-	6,462	99	114,428
	$ -	$ 17,279	$ 985	$ 317,676

	2013 Trustee Fees and Expenses Paid in 2013			
	Per Annum	Hourly Fees	Out-of Pocket Expenses	Total Payments
Frank Andrews	$ 75,000	$ 31,750	$ 7,634	$ 114,384
Sharon Meadows	60,000	40,350	3,529	103,879
James Stevens	60,000	25,150	3,569	88,719
	$ 195,000	$ 97,250	$ 14,732	$ 306,982

	2013 Trustee Fees and Expenses Accrued and Unpaid in December 31, 2013			
	Per Annum	Hourly Fees	Out-of Pocket Expenses	Total
Frank Andrews	$ -	$ -	$ -	$ 114,384
Sharon Meadows	-	15,400	980	120,259
James Stevens	-	10,025	989	99,733
	$ -	$ 25,425	$ 1,969	$ 334,376

Trustee fees and expenses accrued and unpaid at December 31, 2014 and 2013 are included in accrued expenses and accounts payable in the special-purpose statements of assets, liabilities and net assets available for the payment of claims.

Celotex Asbestos Trust Annual Reports, 2014 annual report
ACL Doc 14292 · Page 41 of 45
Published by AsbestosClaims.Law
asbestosclaims.law/library/14292/41

Updated: 04/15/2015

Celotex Asbestos Settlement Trust
Summary of Claims Disposed - 2014
Personal Injury and Property Damage

Month	DCP Paid Claims 2014		IRC Second Payments Paid in 2014		IRC Full Payments Paid in 2014		Additional Payments for Increase in Payment Tables (Note 1)	Total PI Claims Paid 2014	
	Amount	# of Claims	Amount	# of Claims	Amount	# of Claims	Amount	Amount	# of Claims
Jan-14	$1,669,481	1,444			$4,146,486	1,436		$ 5,815,967	2,880
Feb-14								$ -	-
Mar-14	$2,170,126	1,876			$5,798,937	1,624		$ 7,969,063	3,500
Apr-14								$ -	-
May-14								$ -	-
Jun-14	$3,496,264	3,235	$257	1	$7,835,155	2,337		$ 11,331,676	5,573
Jul-14	$1,869,028	2,130			$1,594,465	422		$ 3,463,493	2,552
Aug-14	$815,230	673			$1,197,620	334		$ 2,012,850	1,007
Sep-14								$ -	-
Oct-14	$2,343,738	1,884			$5,049,610	1,418		$ 7,393,348	3,302
Nov-14					$97,058	14		$ 97,058	14
Dec-14	$889,067	526			$3,683,647	1,076		$ 4,572,714	1,602
Totals	**$ 13,252,933**	**11,768**	**$ 257**	**1**	**$ 29,402,979**	**8,661**	**$ -**	**$ 42,656,169**	**20,430**

Month	PD First Payments Paid in 2014		PD Second Payments Paid in 2014		PD Settlements Paid in 2014		Total PD Claims Paid in 2014		Totals PI and PD Claims Paid in 2014	
	Amount	# of Claims	Amount	# of Claims	Amount	# of Claims	Amount	# of Claims	Amount	# of Claims
Jan-14	$ -	-	$ -	-	$ -	-	$ -	-	$ 5,815,967	2,880
Feb-14	$ -	-	$ -	-	$ -	-	$ -	-	$ -	-
Mar-14	$ -	-	$ -	-	$ -	-	$ -	-	$ 7,969,063	3,500
Apr-14	$ -	-	$ -	-	$ -	-	$ -	-	$ -	-
May-14	$ -	-	$ -	-	$ -	-	$ -	-	$ -	-
Jun-14	$ -	-	$ -	-	$ -	-	$ -	-	$ 11,331,676	5,573
Jul-14	$ -	-	$ -	-	$ -	-	$ -	-	$ 3,463,493	2,552
Aug-14	$ -	-	$ -	-	$ -	-	$ -	-	$ 2,012,850	1,007
Sep-14	$ -	-	$ -	-	$ -	-	$ -	-	$ -	-
Oct-14	$ -	-	$ -	-	$ -	-	$ -	-	$ 7,393,348	3,302
Nov-14	$ -	-	$ -	-	$ -	-	$ -	-	$ 97,058	14
Dec-14	$ -	-	$ -	-	$ -	-	$ -	-	$ 4,572,714	1,602
Totals	**$ -**	**-**	**$ -**	**-**	**$ -**	**-**	**$ -**	**-**	**$ 42,656,169**	**20,430**

NOTE 1: In July 2008, the Trust began making adjustment payments to reflect the change in scheduled values approved for both DCP and IRC claims. Because the change in values was retroactive to July 1, 2007 for payments or offers made, many claimants received an additional payment during the Reporting Period. These additional payments are included in the total PI claims paid amounts but not in # of claims paid as that would exaggerate the count since these claims would be counted for a second time. The total number of payments made as additional payments was 45.

ASBESTOS SETTLEMENT TRUST

INVESTMENT GUIDELINES FOR THE ASBESTOS SETTLEMENT TRUST

December 2012 (Revised)

1. The asset allocation for the Trust portfolio is as follows:

Asset Class	% of Portfolio
Bonds	65.0%
U.S. Equity	20.0%
Non-U.S. Equity	15.0%
Total Portfolio	100.0%

   a. The bond portfolio exists to provide short-term and intermediate-duration bonds given the length of the expected liability stream of the Trust. Given the current tax rate of the Trust, the portfolio will largely be invested in municipal bonds, but managers have the ability on an opportunistic basis to attain higher yield through taxable securities.

   b. The equity allocation exists to attain long-term capital appreciation, given the projected existence of the Trust. Historically, equities have outperformed bonds in attained long-term capital appreciation.

      i. The equity portfolio is structured to have exposure to both a growth and value style of investing to provide the necessary diversification in this portfolio.

      ii. In addition, the equity portfolio is broadly diversified across economic sectors and securities to provide additional diversification and reduce portfolio risk.

      iii. The equity portfolio is prohibited from holding any securities whose primary revenue derives from tobacco or tobacco-related products.

2. The portfolio will be monitored monthly by Cambridge Associates, and Cambridge Associates will communicate to the Trustees on their monthly call as to whether or not the portfolio requires asset allocation adjustments toward the target allocation as outlined above. Asset allocation adjustments are contingent on cash flow needs and market values and conditions.

3. Individual investment managers are subject to their individual manager guidelines, with respect to investment objective, benchmark, allowable securities, credit quality requirements (if applicable), and concentration limits.

4. Investments for the Account shall be subject to the following restrictions as stated in the Trust Agreement:

   a. The Adviser shall not acquire for the Account equity in any entity or other business enterprise if, immediately following such acquisition, the Account would hold more than 5% of the equity in such entity or business enterprise. The Account shall not hold, directly or indirectly, more than 10% of the equity in any entity or business enterprise.

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b. The Account shall not acquire or hold any long-term debt securities unless such securities are rated "Baa category" or higher by Moody's, "BBB category" or higher by S&P or have been given an equivalent investment grade rating by another nationally recognized statistical rating service, or have been issued or fully guaranteed as to principal and interest by the United States or any agency thereof.

c. The Account shall not acquire or hold for longer than 90 days any commercial paper unless such paper is rated "Prime-1" or higher by Moody's or "A-1" or higher by S&P or has been given an equivalent rating by another nationally recognized statistical rating agency.

d. The Account shall not acquire or hold any preferred stock unless such preferred stock is rated "AA category" or higher by Moody's or "A category" or higher by S&P or has been given an equivalent rating by another nationally recognized statistical rating agency.

e. The Account shall not acquire or hold any certificates of deposit unless all publicly held, long-term debt securities, if any, of the financial institution issuing the certificate of deposit and the holding company, if any, of which such financial institution is a subsidiary, meet the standards set forth in Item 2 above.

f. The Account shall not acquire or hold any repurchase obligations unless, in the opinion of the Adviser, they are adequately collateralized.

g. The Account shall not acquire or hold any options.

h. The Account shall not acquire or hold emerging market debt.

i. The following is not permitted: leverage (excludes futures transactions as defined above), reverse repurchase agreements; short-selling (except with respect to shorts against the box, and futures).

j. Trading with affiliated broker/dealers is not permitted.

k. Client has the right to advise Adviser at any time of any further restrictions applicable to the investments of and for the Account, and Adviser will thereafter abide by such restrictions in the management of the Account upon written notification by the Client to the Adviser.

5. The Manager will report the following information each month to the Trustees and to Cambridge Associates, Inc.: total return net of all commissions and fees; additions to, and withdrawls from, the Portfolio; current holdings at cost and market; and purchases and sales for the quarter. On an annual basis, the Manager will provide the Trustees with an audited and certified financial statement of the Manager's firm.

6. The Manager is required to inform the Trustees of any material change in fundamental investment philosophy or investment process, ownership, organizational structure, professional personnel, or Portfolio structure.

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Celotex Asbestos Settlement Trust
Asset Allocation & Asset Class Returns (Net)
As of December 31, 2014

Asset Class	Assets $	% of Managed Assets	% of Total Assets	Total Return 12/30/13-12/31/14	Total Return Annualized Since Inception
U.S. Equity	97,575,550	20.6%	20.2%	9.7 %	7.0 %
Non-U.S. Equity	46,609,247	9.9%	9.7%	-5.0 %	4.8 %
U.S. Bonds	309,130,601	65.3%	64.1%	4.9 %	3.8 %
Cash	19,801,800	4.2%	4.1%	-0.0%	0.1 %
Total AST Assets	**473,117,197**	**100.0%**	**98.0%**	4.1 %	4.5 %
Celotex Corporation Assets	376,582		0.1%	-0.1 %	1.8 %
Celotex Investment Corporation Assets	9,050,305		1.9%	-0.1 %	1.7 %
Total Assets	**482,544,084**		**100.0%**	4.0 %	4.4 %

Celotex Asbestos Settlement Trust Asset Allocation as of December 31, 2014

