IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
FEDERAL-MOGUL GLOBAL, INC.,	)	Case No. 01-10578 (CSS)
T&N LIMITED, *et al.*,	)	
	)	Jointly Administered
Reorganized Debtors.	)	

NOTICE OF FILING ANNUAL REPORT AND CLAIMS SUMMARY

The Federal-Mogul Asbestos Personal Injury Trust (the "Trust") hereby files its Audited Financial Statements for the fiscal year ending December 31, 2015 and an Annual Report for the period covered by the Audited Financial Statements. The Annual Report and Financial Statements are attached hereto as Exhibit 1.

Pursuant to the provisions of the Federal-Mogul Asbestos Personal Injury Trust Agreement, the Trust is providing copies of the Annual Report and the Financial Statements to the Trust Advisory Committee, the Future Claimants' Representative, the United States Trustee and the Reorganized Debtors.

Date: April 27, 2016

CAMPBELL & LEVINE, LLC

/s/ Mark T. Hurford
Mark T. Hurford (No. 3299)
Kathleen Campbell Davis (No. 4229)
222 Delaware Avenue, Suite 1620
Wilmington, DE 19801
Tel. 302.426.1900
Fax 302.426.9947

Douglas A. Campbell
Stanley E. Levine
1700 Grant Building
Pittsburgh, PA 15219
Tel. 412.261.0310
Fax 412.261.5066

Counsel to Federal-Mogul Asbestos Personal Injury Trust

{C0484796.1 }

Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/1

EXHIBIT 1

Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/2

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
FEDERAL-MOGUL GLOBAL, INC.,	)	Case No. 01-10578 (CSS)
T&N LIMITED, *et al.*,	)	
	)	Jointly Administered

ANNUAL REPORT AND ACCOUNT OF THE
FEDERAL-MOGUL ASBESTOS PERSONAL INJURY TRUST
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2015

Kirk Watson, Edward D. Robertson, Jr., and Ken M. Kawaichi, the Trustees of the Federal-Mogul Asbestos Personal Injury Trust (the "Trust"), created pursuant to the Fourth Amended Joint Plan of Reorganization, as modified (the "Plan") submit this Annual Report, Financial Statements, and Claims Summary for the fiscal year ending December 31, 2015.

I. INTRODUCTION

The purpose of this Annual Report is to fulfill the reporting requirements of the Federal-Mogul Asbestos Personal Injury Trust Agreement (the "Trust Agreement") and to report to the Court on the actions taken by the Trustees on behalf of the Trust during the period January 1, 2015 to December 31, 2015 (the "Reporting Period").

Section 2.2(c) of the Trust Agreement provides:

The Trustees shall timely account to the Bankruptcy Court as follows:

> (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 (the "Annual Report") containing *inter alia* financial statements of the U.S. Asbestos Trust (including, without limitation, a balance sheet of the U.S. Asbestos 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'

Federal-Mogul Asbestos Trust Annual Reports, 2015 annual report
ACL Doc 13847 · Page 3 of 37
Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/3

> 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. The Trustees shall provide a copy of such report to the TAC,[1] the Future Claimants' Representative, and Reorganized Federal-Mogul when such reports are filed with the Bankruptcy Court.
>
> (ii) Simultaneously with the delivery of each set of financial statements referred to In Article 2.2(c)(1) 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 TAC, the Future Claimants' Representative, and Reorganized Federal-Mogul when such report is filed.
>
> (iii) All materials required to be filed with the Bankruptcy Court by this Section 2.2(c) shall be available for inspection by the public in accordance with procedures established by the Bankruptcy Court and shall be filed with the Office of the United States Trustee for the District of Delaware.

The Trust Agreement further provides for the inclusion of a description of the amounts paid to the Trustees, TAC, and FCR in the accounts filed with the Bankruptcy Court. See Sections 4.5(c), 5.6, 6.5, and 7.3.

II. BACKGROUND

On October 1, 2001, Federal-Mogul Corporation ("FMC" or "Federal-Mogul") and each of its directly and indirectly wholly-owned U.S. subsidiaries and certain other wholly-owned U.K. subsidiaries of Federal-Mogul filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code, 11 U.S.C. § 101, *et seq.* in the United States District Court for the District of Delaware (the "Bankruptcy Court"). On November 8, 2007, the Bankruptcy Court issued proposed findings of fact and conclusions of law and entered an order confirming the Plan. On November 13, 2007, the District Court for the District of Delaware entered an order adopting the

[1] Trust Advisory Committee.

Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/4

Bankruptcy Court's findings of fact and conclusions of law and affirming the confirmation order. On December 27, 2007 (the "Effective Date"), the Plan became effective and the Trustees began to operate the Trust.

The purpose of the Trust is to assume the liabilities of Federal-Mogul and/or its wholly owned direct or indirect subsidiary Turner & Newell ("T&N") and its direct or indirect subsidiaries, Gasket Holdings Inc. ("Flexitallic") and Ferodo America Inc. ("Ferodo") (collectively, the "T&N Entities"); Federal-Mogul Products Inc. ("FMP"); Felt Products Mfg. Co. ("Fel-Pro"); and Federal-Mogul's former division Vellumoid ("Vellumoid"); and their successors, and assigns for all Asbestos Personal Injury Claims, as defined in the Plan, and to use the Trust's assets and the proceeds and income from such assets to pay both present and future asbestos claimants in accordance with the Trust Agreement, the Trust Distribution Procedures (the "TDP"), and the CIP Agreement (the "Trust Documents"), in such a way that holders of Asbestos Personal Injury Claims are treated fairly, equitably, and reasonably in light of the limited assets available to satisfy such claims.

Pursuant to the Plan and Trust Documents, the Trust has established four separate Subfunds, which include the T&N Subfund, which shall process, liquidate and make payments pursuant to the TDP to holders of Asbestos Personal Injury Claims for which the T&N Entities have legal liability as provided in the Plan, the FMP Subfund, the Fel-Pro Subfund and the Vellumoid Subfund, which shall pay claims from proceeds of insurance available to the corresponding Federal-Mogul Entity.

On or after the Effective Date, the Trust was funded as provided for in Sections 4.3, 4.5.5, 8.3.4, 8.3.5, and 8.3.6 the Plan.

Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/5

III. TRUST ADMINISTRATION

A. Trustees

Kirk Watson, Edward D. Robertson, Jr., and Ken M. Kawaichi served as the Trustees of the Trust during the Reporting Period. Kirk Watson served as the Managing Trustee during the Reporting Period.

1. Meetings

During the Reporting Period, the Trustees held formal meetings in accordance with the requirements of the Trust Agreement. These meetings were designated as "regular meetings" under the Trust's By-laws. Each meeting was in person and was attended by representatives of the Trust Advisory Committee and the Future Claims Representative. In addition to these formal meetings, the Trustees held regularly scheduled teleconferences, met individually with Trust advisors, held executive session and special purpose meetings, and devoted considerable time to Trust matters outside of scheduled meetings. Activities included the pursuit of insurance rights, receiving and deploying trust assets with investment managers, ensuring compliance with the CIP Agreement, communicating with claimants, addressing discovery and other litigation matters involving the Trust, and designing and implementing processes to receive, process, and pay claims pursuant to the Trust Distribution Procedures and CIP Agreement. In addition, the Trust devoted considerable time to the pursuit of Hercules Recoveries in respect of Debtor HPE Asbestos Claims.

2. Compensation

The compensation and expenses paid to the Trustees during the Reporting Period is set forth in the Trust's financial statements attached hereto as Exhibit "A." The inclusion of this information in the Trust's financial statements satisfies the requirements of Section 4.5 of the

Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/6

Trust Agreement. All distributions related to Trustee compensation and expense reimbursements were made in accordance with the Trust Agreement guidelines and applicable By-laws.

B. Trust Officer

Analysis Research Planning Consulting ("ARPC") served as the Trust's Executive Director during the Reporting Period.

C. Trust Advisory Committee

Russell W. Budd, Steven Kazan, Joseph F. Rice, John Cooney, and Perry Weitz served as Members of the Trust Advisory Committee ("TAC Members") during the Reporting Period. The compensation and expenses paid to the TAC Members during the Reporting Period is set forth in the Trust's financial statements. The inclusion of this information in the Trust's financial statements satisfies the requirements of Section 5.6 of the Trust Agreement. All distributions related to TAC Member compensation and expense reimbursements were made in accordance with the Trust Agreement guidelines and applicable By-laws.

D. Future Claimants' Representative

Eric D. Green served as the Future Claimants' Representative (the "FCR") during the reporting period. The compensation paid to the FCR during the Reporting Period is set forth in the Trust's financial statements. The inclusion of this information in the Trust's financial statements satisfies the requirements of Section 6.5 of the Trust Agreement. All distributions related to FCR compensation and expense reimbursements were made in accordance with the Trust Agreement guidelines and applicable By-laws.

E. Claims Processing

Claims against the Fel-Pro and Vellumoid Subfunds are filed against the Trust in the court system and are defended in accordance with the TDP and CIP Agreement. During the

Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/7

Reporting Period, Trust Claims filed against the T&N Subfund were processed by the Delaware Claims Processing Facility. The Trust did not engage a claims processor for the FMP Subfund during the Reporting Period.

F. Investment Management

Cambridge Associates, LLC of Boston, Massachusetts served as the Trust's investment advisor. Cambridge Associates represents other asbestos settlement trusts and has experience advising such trusts regarding investment management. Cambridge Associates advises the Trustees on asset allocation, meeting liquidity needs, and the selection and oversight of individual investment managers for the investable portions of the Trust's portfolio. The Trust Agreement sets forth certain general investment guidelines, primarily addressing credit quality and asset diversification. In accordance with the recommendation of Cambridge Associates, the currently anticipated liquidity needs, and the Trust's status as a "Qualified Settlement Fund" under Section 468B of the Internal Revenue Code, the Trust's investable assets are generally allocated among investment categories in the following approximate percentages at year-end 2015: 54% of the Trust's invested assets are allocated to intermediate-term municipal bonds, 34% are allocated to short-term municipal bonds, 6% to U.S. and Non-U.S. equities and 6% to hedge funds. The Trust also had assets in cash or equivalents (short-term U.S. Treasuries or U.S. money market fund).

After consultation with Cambridge Associates, the Trust continued to retain Income Research & Management, Eaton Vance, Standish Mellon and First Principles Capital Management as municipal bond managers in 2015. The Trust continued to retain Northern Trust as a U.S. equity and non-U.S. equity manager. The Trust continued to retain the following hedge funds during the reporting period: GSO Special Situations LP, Och-Ziff Domestic Partners LP,

Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/8

Force Capital II LP, Sheffield Institutional Partners, LP, One William Street Capital Partners LP, and Davidson Kempner Partners, LP. The Trust incepted with the following hedge fund manager in 2015: Three Bays Capital. The managers in the Trust's hedge fund program invest in well diversified arbitrage strategies and secondarily in long/short equity strategies. Broadly speaking, the hedge fund program is intended to generate, over a full market cycle, close to equity-like returns with lower volatility and lower correlation to the rest of the Trust's portfolio. The other expected benefits of the hedge fund program are diversification (e.g., access to specialized strategies not otherwise available in the other equity or fixed income investments), superior performance (versus long-only equities) in down equity markets, and access to some of the most talented investment managers. At Cambridge Associates' recommendation, the Trust has retained hedge fund managers who use no or minimal leverage, who employ trading strategies that are understandable to the Trustees, and who provide appropriate portfolio transparency to Cambridge Associates and to the Trust.

During the reporting period, the Trustees regularly met with Cambridge Associates to review investment performance and strategy, as well as to receive an update on the current market environment.

G. Insurance Coverage Litigation

Upon the Effective Date, pursuant to the Plan, the Trust received the right to pursue certain unsettled insurance coverage and the rights to certain proceeds paid pursuant to Asbestos PI Insurance Settlement Agreements. Gilbert LLP served as Special Insurance Counsel to the Trust. Prior to the Effective Date of the Plan of Reorganization, the Debtors and other Plan Proponents reached settlement agreements with many, but not all, of the Debtor's historical insurance companies with respect to coverage for certain asbestos-related liabilities, which

Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/9

agreements required that the settling insurers make cash payments to or for the benefit of the Trust. One such settlement agreement required that the settling insurer group make payments to the Trust on an agreed-to payment schedule that extends beyond 2012. As a result, the Trust anticipates receiving annual payments from that insurer group through 2024.

As detailed in the Trust's 2008 Annual Report, the Trust reached agreements in 2008 with two insurer groups. Under one such settlement agreement, the insurer group is obligated to pay the Trust the total sum of $29 million pursuant to a payment schedule that extends from March 2009 to May 2013. The other 2008 agreement obligates that insurer group to pay the Trust the sum of $42 million pursuant to a payment schedule that extends from April 2009 to April 2012. Additional payments may be due from the insurer if certain conditions are met in the future. The Trust received the fourth scheduled payment equaling $8.5 million in April 2012.

In 2010, the Trust reached agreements with two additional insurer groups and one insolvent London scheme. Under the first settlement agreement, the insurer group is obligated to pay the Trust the total sum of $22.5 million pursuant to a payment schedule that extends from July 2010 to July 2014. The Trust received the second installment of $5 million in July 2012. The other 2010 agreement obligated that insurer group to make a lump-sum payment of $8.75 million, which the Trust received in December 2010. The settlement agreement with the insolvent London scheme obligated the scheme to pay the Trust the sum of $140,000, which the Trust received in April 2010.

In July of 2011, the Trust received payment of $575,000 from an insurer group pursuant to a settlement reached earlier in the same year.

In addition, in 2012, the Trust received a settlement payment of $270,000 from one insolvent insurer.

Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/10

In 2013, the Trust settled with fourteen (14) insurer groups. Ten (10) of these settlements involved lump sum payments to the Trust in 2013. The settlement amounts were $18.8 million, $14.75 million, $4.75 million, $740,000, $295,000, $100,000, $50,000, $30,000, and two settlements of $10,000 each. Four settlements involved structured payments. One such settlement requires three (3) equal payments of $5,166,667 in 2013, 2016, and 2018. A second settlement requires four (4) equal payments of $225,000 every six months, with the first in 2013, two in 2014, and one in 2015. The third structured settlement required a payment of $250,000 in September 2013, an additional payment of $200,000 in December 2013, and two additional payments of $200,000 in March 2014 and June 2014. The final structured settlement requires equal payments of $30,000 in 2013, 2016, and 2018.

In 2014, the Trust received settlement payments from some of the settlements finalized in 2013. Those included two payments of $225,000 and two payments of $200,000.

In 2015, the Trust received one additional settlement payment of $225,000 from a settlement finalized in 2013. The Trust received an additional settlement payment of $145,250 from one insolvent insurer.

H. General Counsel

Campbell & Levine, LLC of Pittsburgh, Pennsylvania and Wilmington, Delaware served as general counsel to the Trust.

IV. ANNUAL REPORT AND ACCOUNT

A. Summary of Claims

During the Reporting Period, 123 Fel-Pro Claims and 107 Vellumoid Claims were dismissed without payment. During the same period, 11 malignant Fel-Pro Claims, and zero malignant Vellumoid Claim were resolved by settlement. No nonmalignant claims were settled

Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/11

during the Reporting Period. In total, $80,001.00 was paid to asbestos victims in settlement of their Fel-Pro Claims during the Reporting Period and a total of $0.00 was paid to asbestos victims in settlement of their malignant Vellumoid Claims during the Reporting Period.

From the inception of the Trust through December 31, 2015, the Trust has received approximately 3,440 Fel-Pro Claims and approximately 2,657 Vellumoid Claims. Of the Fel-Pro Claims received, 2,387 were dismissed without payment. Similarly, of the Vellumoid Claims received, 1,966 were dismissed without payment. Of the pending claims through December 31, 2015, 109 malignant Fel-Pro Claims, zero nonmalignant Fel-Pro Claims, and 4 malignant Vellumoid Claims settled prior to trial. All other claims remained pending as of December 31, 2015.

As of December 31, 2015, the T&N Subfund had received 1,059,075 Unliquidated Trust Claims (419,636 T&N, 191,027 FER, and 448,412 FLX) and had paid a total of 101,687 claims (44,957 T&N, 2,342 FER, and 54,388 FLX). Of the T&N Subfund claims paid, there were 28,381 malignancy claims 11,290 T&N, 2,286 FER, 14,805 FLX) and 73,306 non-malignancy claims (33,667 T&N, 56 FER, and 39,583 FLX). After application of the payment percentage and applicable sequencing adjustment, the T&N Subfund had paid approximately $76 million to asbestos victims in settlement of their Unliquidated Trust Claims. The malignant to nonmalignant ratio of the Unliquidated Trust Claims paid in number was 2/5 and the malignant to nonmalignant ratio of the Unliquidated Trust Claims in dollars paid was 4.8/1.

Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/12

B. Financial Information

The Trust's audited financial statements for the Reporting Period are attached hereto as Exhibit "A." The financial statements were audited by BDO USA, LLP.

Date: April 27, 2016

CAMPBELL & LEVINE, LLC

Mark T. Hurford (No. 3299)
Kathleen Campbell Davis (No. 4229)
222 Delaware Avenue, Suite 1620
Wilmington, DE 19801
Tel. 302.426.1900
Fax 302.426.9947

-and-

Douglas A. Campbell
Stanley E. Levine
1700 Grant Building
Pittsburgh, PA 15219
Tel. 412.261.0310
Fax 412.261.5066

Counsel to Federal-Mogul Asbestos Personal Injury Trust

Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/13

EXHIBIT A

Federal-Mogul Asbestos Personal Injury Trust

Audited Special-Purpose Financial Statements with Supplementary Information

Years Ended December 31, 2015 and 2014

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.

Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/15

Federal-Mogul Asbestos Personal Injury Trust

Audited Special-Purpose Financial Statements
with Supplementary Information
Years Ended December 31, 2015 and 2014

Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/16

Federal-Mogul Asbestos Personal Injury 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	6-16
Supplementary Information	
Independent Auditor's Report on Supplementary Information	17
Supplementary Schedules of Operating Expenses	18

Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/17

BDO

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

8401 Greensboro Drive
Suite 800
McLean, VA 22102

Independent Auditor's Report

Trustees
Federal-Mogul Asbestos Personal Injury Trust
Wilmington, Delaware

We have audited the accompanying special-purpose financial statements of Federal-Mogul Asbestos Personal Injury Trust, (the Trust) (a statutory Trust created under the laws of the State of Delaware), which comprise the special-purpose statements of assets, liabilities, and net assets available for the payment of claims as of December 31, 2015 and 2014, and the related special-purposes statements of changes in net assets available for the payment of claims and the 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 these special-purpose financial statements in accordance with the basis of accounting as described in Note 2 to the special-purpose financial statements. Management is also 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 liabilities of Federal-Mogul Asbestos Personal Injury Trust as of December 31, 2015 and 2014, 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, 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 net assets presently available to fund current and future claims.

Restriction of Use

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

BDO USA, LLP

McLean, Virginia
April 25, 2016

Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/19

Audited Special-Purpose Financial Statements

Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/20

Federal-Mogul Asbestos Personal Injury Trust

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

December 31,	2015	2014
Assets		
Cash and cash equivalents	$ 117,359,815	$ 83,153,827
Restricted cash equivalents	3,680,657	3,687,015
Investments, at fair value		
Bonds	556,611,907	537,903,087
Equity securities	39,031,429	41,138,102
Hedge funds	41,420,433	37,329,002
Interest receivable	6,519,835	3,298,115
Total assets	764,624,076	706,509,148
Liabilities		
Accrued expenses and accounts payable	2,020,447	7,000,427
Total liabilities	2,020,447	7,000,427
Net assets available for the payment of claims	$ 762,603,629	$ 699,508,721

See accompanying notes to the special-purpose financial statements.

Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/21

Federal-Mogul Asbestos Personal Injury Trust

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

Years Ended December 31,	2015	2014
Additions		
Repayments under promissory note	$ 80,000,000	$ 80,000,000
Insurance recoveries	1,663,400	6,001,597
Interest and dividend income	16,128,795	17,203,606
Net (depreciation) appreciation in fair value of investments	(2,173,347)	5,996,852
Net change in fair value of hedge funds	(1,908,567)	1,140,949
Total additions	93,710,281	110,343,004
Deductions		
Personal injury claims expense	14,705,411	18,851,278
Operating expenses	12,895,810	29,218,867
Claims processing expenses	3,014,155	6,750,616
Total deductions	30,615,376	54,820,761
Increase in net assets available for the payment of claims	63,094,905	55,522,243
Net assets available for the payment of claims		
Beginning of the year	699,508,721	643,986,478
End of the year	$ 762,603,626	$ 699,508,721

See accompanying notes to the special-purpose financial statements.

Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/22

Federal-Mogul Asbestos Personal Injury Trust

Special-Purpose Statements of Cash Flows

Years Ended December 31,	2015	2014
Cash flows from operating activities:		
Increase in net assets available for the payment of claims	$ 63,094,908	$ 55,522,243
Adjustments to reconcile increase in net assets available for the payment of claims to net cash provided by operating activities:		
Net depreciation (appreciation) in fair value of investments	2,173,347	(5,996,852)
Net change in fair value of hedge funds	1,908,567	(1,140,949)
Amortization of premiums on bonds, net	9,507,477	8,590,799
Changes in operating assets and liabilities:		
Interest receivable	(3,221,720)	1,554,320
Accrued expenses and accounts payable	(4,979,980)	4,719,727
Total adjustments	5,387,691	7,727,045
Net cash provided by operating activities	68,482,599	63,249,288
Cash flows from investing activities:		
Decrease in restricted cash equivalents	6,358	8,424
Sales and maturities of bonds	114,067,076	125,366,162
Purchases of bonds	(141,215,043)	(246,294,851)
Sales of equity securities	11,226,358	5,676,951
Purchases of equity securities	(12,361,360)	(26,476,217)
Purchases of hedge funds	(6,000,000)	(12,900,000)
Net cash used in investing activities	(34,276,611)	(154,619,531)
Net increase (decrease) in cash and cash equivalents	34,205,988	(91,370,243)
Cash and cash equivalents at the beginning of the year	83,153,827	174,524,070
Cash and cash equivalents at the end of the year	$ 117,359,815	$ 83,153,827

See accompanying notes to the special-purpose financial statements.

Federal-Mogul Asbestos Personal Injury Trust

Notes to the Special-Purpose Financial Statements

1. Description of the Trust

On October 1, 2001, Federal-Mogul Corporation, together with its United States and United Kingdom affiliates (collectively, the Debtors), filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code (Bankruptcy Code) in the United States Bankruptcy Court for the District of Delaware (Bankruptcy Court).

On November 8, 2007, the Bankruptcy Court entered an order (the Confirmation Order) confirming the Fourth Amended Joint Plan of Reorganization (the Plan) proposed and filed by the Debtors, the Asbestos Claimants Committee (the ACC), the Future Claimants' Representative (the FCR), the Unsecured Claimants Committee, the Administrative Agent and the Equity Committee. Amongst those joint plan proponents, the ACC and the FCR represented the interests of present and future holders of Asbestos Personal Injury Claims, as that term is defined in the Plan. On November 13, 2007, the United States District Court for the District of Delaware adopted, issued and affirmed the Confirmation Order. The Confirmation Order has become final and is no longer appealable, and the Plan became effective on December 27, 2007.

The essential elements of the Plan include, among other things, the creation of the Federal-Mogul Asbestos Personal Injury Trust (the Trust) under Section 524(g) of the Bankruptcy Code, pursuant to which the Trust assumes all liabilities for Asbestos Personal Injury Claims in accordance with the Plan. Governance of the Trust is dictated by the terms and provisions of the Trust Agreement, which provides, inter alia, for the appointment of three trustees having terms of varying length. The processing and payment of Asbestos Personal Injury Claims is, in turn, determined by reference to the detailed provisions of the Trust Distribution Procedures (the TDP).

The Trust is comprised of four separate subfunds - each subfund relating to a specific stream of liability from which its underlying Asbestos Personal Injury Claims arise. The four subfunds include the T&N Subfund, the FMP Subfund, the Fel-Pro Subfund and the Vellumoid Subfund, with claimants arising from such streams being referred to herein as T&N Claimants, FMP Claimants, Fel-Pro Claimants and Vellumoid Claimants, respectively.

The T&N Subfund will serve as the source of payment to holders of asbestos claims against (a) Turner & Newell and its subsidiaries, (b) Gasket Holdings, Inc., f/k/a Flexitallic, Inc., and (c) Ferodo America, Inc. (collectively, the T&N Parties). The T&N Subfund has sourced its funds from two primary sources, i.e., (1) proceeds from the sale of Class B Reorganized Federal-Mogul Corporation Class B Shares that the T&N Subfund received under the Plan, which is discussed in greater detail in Note 3, and (2) recoveries against the T&N Parties and their insurers for asbestos personal injury claims against the T&N Parties (the "Hercules Recovery Proceeds"), which is discussed in greater detail in Note 4 .

The FMP Subfund will serve as the source of payment to FMP Claimants, i.e., those asserting exposure within or outside the United States to asbestos-containing products produced, marketed, distributed, sold or utilized by Federal-Mogul Products, Inc. The Trust has already received substantial proceeds arising from settlements with various insurance carriers relating to this stream of liability and will continue to pursue coverage actions against other carriers as the assignee of insurance policies under the Plan.

As part of the Chapter 11 process, the Bankruptcy Court approved a Coverage-in-Place Agreement with certain insurance companies whose policies related to the Fel-Pro and Vellumoid Claimants, i.e., those whose asbestos claims arise from claims asserted against Felt Products Manufacturing

Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/24

Corporation or the former Vellumoid Division of Federal-Mogul Products, respectively. The Fel-Pro and Vellumoid Subfunds serve as the vehicle through which these claims will be either settled or adjudicated in the tort system.

The Trustees are responsible for supervising and administering the Trust and utilizing the Trust's assets and income to pay the holders of all Asbestos Personal Injury Claims in accordance with the Trust Agreement and the TDP in such a way that holders of such 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. Notwithstanding the establishment of the four subfunds, the Trustees have authority to advance funds from one subfund to another to promote the general purpose of the Trust.

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, 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 are not based upon GAAP, the 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 generally recorded when 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 from net assets available for the payment of claims 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 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 property and equipment are capitalized and depreciated over the useful lives of the assets. To date, the Trust has incurred no expenses related to purchases of property and equipment.

Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/25

- 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 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.

- Asbestos insurance recoveries are not recorded until the funds are received from the insurance carriers. These recoveries come from various insurance settlements, which were obtained by the sub-funds and related entities and assigned to the Trust. The insurance policies cover, among other things, products and general liability claims. Future recoveries under such settlements, which were assigned to the Trust pursuant to the Plan, will be received by the Trust. Under GAAP, asbestos insurance recoveries are recorded upon settlement and assurance of collectability.

- 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.

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 Equivalents

The Trust considers all highly liquid instruments with original maturities of three months or less to be cash equivalents.

Restricted Cash Equivalents

Restricted cash equivalents consist of funds held in a money market account. Under the terms of an Escrow Agreement dated February 17, 2010, the Trust was required to deposit a total of $3,000,000 into an Escrow Account (the Escrow). Also deposited into the Escrow was $700,000

Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/26

from a certain insurance company that was an insurer of the Debtors. The funds maintained in the Escrow will be used to pay certain eligible claims and costs (as defined in the Escrow and related documents) when and if the Trust and/or the Debtors' insurers have already paid $10,000,000 in Covered Indemnification Expenses (as defined by the Escrow and related documents). When and if the Escrow is used to fund eligible claims and costs, the Trust will be required to replenish the Escrow on an annual basis in order to maintain a balance of $3,700,000. The Trust is only required to fund the Escrow with a designated Escrow Replenishment Fund in the amount of $4,300,000. The Escrow Replenishment Fund is part of the Fel-Pro sub fund. When and if the Escrow Replenishment Funds are fully expended, the Trust has no further obligation to maintain the $3,700,000 balance in the Escrow. Any interest or other income earned on the Escrow will increase the balance and will be held in the Escrow. Similarly, any expenses associated with maintaining the Escrow will be paid with funds from the Escrow.

Investments

Investment securities are stated at fair market value. Fair market value for investment securities, other than hedge funds, are based on quoted market prices for identical or similar instruments traded in active markets as of the date of the special-purpose financial statements. The fair market value for hedge funds is based on the Trust's proportionate share of each funds' net assets, as reported as of the date of the special-purpose financial statements. The net appreciation or depreciation in fair market value of investments in the accompanying special-purpose statement of changes in net assets available for the payment of claims consists of realized gains or losses on sales of investments and the changes in unrealized gains or losses on investments held. Investment income is recognized when earned. All interest and dividend income, net of investment expenses, are included in interest and dividend income in the accompanying special-purpose statement of changes in net assets available for the payment of claims. Gains and losses on sales of investment securities are determined using the average cost method.

Accrued Expenses and Accounts Payable

Accrued expenses and accounts payable consist of accruals and outstanding invoices associated with managing and operating the Trust.

Operating Expenses

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

Claims Processing Expenses

Claims processing expenses are paid from net assets available for the payment of claims when invoices are received.

Income Taxes

Each of the four sub-accounts that comprise the Trust (see Note 1) is classified as a Qualified Settlement Fund pursuant to the Internal Revenue Code and Regulations thereunder (the Code). The four sub-accounts of the Trust are subject to federal income taxes based on modified gross income, as defined by the Code. In the opinion of the Trustees and advisors, the sub-accounts of

Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/27

the Trust are 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 Notes 4 and 5). 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.

Risks and Uncertainties

The Trust's assets that are exposed to credit risk consist primarily of cash and cash equivalents and investments in equity securities, municipal bonds, and hedge funds. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Trust has never experienced any losses related to these balances. Amounts on deposit in excess of federally insured limits at December 31, 2014 approximate $86.1 million.

The Trust invests in a professionally managed portfolio that contains municipal bonds and Treasury bills, common shares of publically traded companies, money market funds, and hedge funds. Such investment securities are exposed to various risks such as interest rate 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.

3. Funding Under Joint Plan of Reorganization

When formed, in accordance with the terms of the Plan, the Trust was initially funded with 50,100,000 Class B shares in the reorganized Federal Mogul Corporation. These Class B shares were comprised of 28,807,500 shares subscribed for by the Trust pursuant to section 4.5.5(a) of the Plan and 21,292,500 shares issued to the Trust by Reorganized Federal Mogul Corporation pursuant to section 8.3.4 of the Plan. In accordance with the Plan, the Trust pledged 6,958,333 shares to secure the repayment of a $125,000,000 note and 7,793,333 shares to secure repayment of a $140,000,000 note. Also in accordance with the Plan, the courts authorized the Trust to grant a call option to Thornwood Associates, a private entity, to purchase the remaining Class B shares at a value of $17.9640719 per share, or a total value of $635,000,000.

Thornwood timely exercised the option and paid the Trust for the Class B shares with (a) $235,000,000 in cash and (b) a $400,000,000 promissory note. The cash was received during the year ended December 31, 2008. The promissory note bears interest at 4.03969% per annum, with interest calculated and payable quarterly beginning March 31, 2008. Beginning on March 31, 2011, principal payments of $20,000,000 plus interest will be due quarterly until all principal and interest has been fully collected on December 31, 2015. Principal payments received on the promissory note totaled $80,000,000 during each of the years ended December 31, 2015 and 2014.

Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/28

In accordance with the special-purpose accounting adopted by the Trustees and as discussed in Note 2, the principal balance of the promissory note is not recorded as an asset in the accompanying special-purpose statements of assets, liabilities and net assets available for the payment of claims, as this asset is not yet available for the payment of asbestos claims. Future payments will be recorded in the statement of changes in net assets available for the payment of claims upon receipt by the Trust.

Interest received on the promissory note during the years ended December 31, 2015 and 2014 totaled $2,012,098 and $5,243,850, respectively, and is included in interest and dividend income in the accompanying special-purpose statements of changes in net assets available for the payment of claims.

4. The Hercules Recovery Proceeds

The Plan provided that holders of asbestos claims against the T&N Parties were to retain their right to pursue those claims, but also provided that (a) the claims had to be asserted through the Trust as the exclusive agent of the claimants, and (b) the Trust was to be the assignee of any recoveries in respect of such claims.

Under the Plan, the T&N Parties became the assignee of a Stock Repayment Obligation of approximately $517 million originally owed by the Trust to Federal Mogul Corporation. The Stock Repayment Obligation arose from the Trust's subscription to purchase Class B Shares of Reorganized Federal-Mogul Corporation, which were ultimately sold by the Trust with the Class B shares that Federal-Mogul Corporation contributed to the Trust. The exclusive means by which the Trust could recover on a claim that was either settled by or adjudicated against the T&N Parties was to offset the amount of that claim against the Stock Repayment Obligation. The Plan provided that the Trust was obliged to indemnify the T&N parties for all defense costs incurred in defending against the asbestos claims.

The liability of the T&N Parties for asbestos claims was covered under an Asbestos Liability Policy (the "ALP") issued on December 30, 1996 by Curzon Insurance Limited to the T&N Parties under which Curzon agreed to provide insurance coverage to the T&N Parties of approximately $845 million, in excess of a retained limit of approximately $1.166 billion (as converted from British Pounds Sterling). Curzon, in turn, reinsured its liability under the ALP with three European Reinsurers (the "Reinsurers"), who acceded to all of Curzon's rights under the ALP, including claims handling rights. As of the Plan effective date, Federal-Mogul Corporation estimated the remaining retention under the ALP to be $517 million - the amount of the Stock Repayment Obligation.

The combined effect of these Plan provisions and the remaining retention under the ALP was that the Trust was required to pay (a) the cost defending tort claims that it chose to bring against the T&N Parties and (b) the cost of prosecuting those claims. The Trust could receive no affirmative cash recoveries for successful prosecutions until the retention under the ALP was consumed. The Trust approached the Reinsurers in late 2009 to discuss the prospect of commuting the ALP at a mutually agreeable amount. The Reinsurers declined the Trust's offer to engage in discussion about commutation.

On August 4, 2012, the Trust commenced litigation in UK's Commercial Court against Curzon, T&N and the Reinsurers seeking, inter alia, a declaration that the terms of the ALP, which required Curzon and the Reinsurers to handle claims in a business-like manner, obligated them to

Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/29

effectively honor claims that had been approved for payment by the Trust under the Trust Distribution Procedures. Since the opening of the T&N Subfund claims process in August of 2010, the Trust had approved claims for amounts far in excess of the self-insured retention. As a result, were the UK court to accept the Trust's position, it would result in the self-insured retention being consumed, and provide access to the coverage under the ALP, without the necessity of filing tort actions that would drain the Trust of its cash assets.

By Judgment entered on July 21, 2014, after a 10 day bench trial, the UK High Court declined to issue the declaration sought by the Trust. Instead, ruling that the insurers had no obligation to treat approved Trust claims as adjudications that would consume retention under the ALP, and that the insurers breached no contractual duty by choosing to defend claims in the tort system.

The Trust appealed the adverse ruling, but continued to explore the prospect of commutation with the Reinsurers. A formal Commutation Agreement was executed by all parties on October 15, 2015 which provided two substantial benefits to the Trust. The first was a cash payment of $86.6 million (£56.5 million, and hereafter the "Commutation Proceeds"). The second was the acknowledgment that continued prosecution of the asbestos claim would have (a) eventually eroded the retention under the ALP and correspondingly, (b) eliminated the liability of the Trust under the Stock Repayment Obligation. As a result, the Stock Repayment Obligation was deemed satisfied.

The Commutation Proceeds currently repose in a Payment Agency Account established under the Plan. It is anticipated that the Trust will, after payment of certain administrative costs, receive almost all of the Commutation Proceeds. In accordance with the Trust's special-purpose accounting policies, such proceeds will be recorded in the financial statements when received by the Trust.

5. Investments

Investment securities consist of the following at December 31:

	2015			
Description	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Bonds	$ 544,790,508	$ 11,821,399	$ -	$ 556,611,907
Equity securities	39,374,073	1,253,387	(1,596,031)	39,031,429
	$ 584,164,581	$ 13,074,786	$ (1,596,031)	$ 595,643,336

Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/30

Federal-Mogul Asbestos Personal Injury Trust

Notes to the Special-Purpose Financial Statements

	2014			
Description	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Bonds	$ 526,633,986	$ 11,280,075	$ (10,974)	$ 537,903,087
Equity securities	40,357,753	937,516	(157,167)	41,138,102
	$ 566,991,739	$ 12,217,591	$ (168,141)	$ 579,041,189

Net (depreciation) appreciation in the fair value of investment securities of $2,173,347 and $5,996,852 for the years ended December 31, 2015 and 2014, respectively, consists of the net change in unrealized gains (losses) and net realized gains (losses) from investment sales.

The net change in unrealized gains (losses) from market appreciation (depreciation) of the following investment securities as of December 31:

	2015	2014
Bonds	$ 552,298	$ 5,585,885
Equity securities	(1,122,993)	(552,903)
	$ (570,695)	$ 5,032,982

Realized Gains and Losses

Net realized gains (losses) from investment sales consist of the following as of December 31:

	2015	2014
Bonds	$ 515,794	$ 1,407,380
Equity securities	(2,118,446)	(443,510)
	$ (1,602,652)	$ 963,870

Summary of Changes in Investments in Hedge Funds

The table below sets forth a summary of changes in the fair value of the Trust's investments in hedge funds for the year ended December 31:

	2015	2014
Balance, beginning of year	$ 37,329,000	$ 23,288,053
Purchases	6,000,000	12,900,000
Net change in fair value	(1,908,567)	1,140,949
Balance, end of year	$ 41,420,433	$ 37,329,002

Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/31

Federal-Mogul Asbestos Personal Injury Trust

Notes to the Special-Purpose Financial Statements

The major categories of the Trust's hedge fund investments, including general information related to each category, are as follows:

	Fair Value 2015	Fair Value 2014	Redemption Frequency (if Currently Eligible)	First/Next Redemption	Notice Period (days)	Gate
(a)						
Multi-strategy fund	$ 7,116,631	$ 7,152,228	Not eligible	December 31, 2016*	45	0%
Multi-strategy fund	5,855,000	6,345,361	Semi-annually	March 31, 2016*	90	20%
Multi-strategy fund	7,213,151	7,120,217	Semi-annually	June 30, 2016*	65	10%
	20,184,782	20,617,806				
(b)						
Long/short fund	5,033,289	4,922,583	Quarterly	March 31, 2016*	90	0%
Long/short fund	5,218,853	5,880,100	Not eligible	September 30, 2016*	90	0%
Long/short fund	5,834,253	5,908,513	Not eligible	October 31, 2016*	65	0%
Long/short fund	5,149,256	-	Not eligible	March 31, 2017	60	0%
	21,235,651	16,711,196				
	$ 41,420,433	$ 37,329,002				

* The Trust contributed additional funds to this hedge fund during the year ended December 31, 2015 and 2014. The first/next redemption for these funds represents the first redemption available based on the initial funds contributed.

(a) Hedge funds within this category use a variety of strategies to diversify risks and reduce volatility. These strategies include seeking capital appreciation through event-driven investments that seek to exploit situations in which announced or anticipated events create inefficiencies in the pricing of securities, investing in securities of issuers experiencing financial distress, investing in event-driven and risk arbitrage securities, and purchasing long and selling short in publicly-traded securities and loans. Other strategies of funds in this category include investing in U.S. and non-U.S. companies' debt and equity securities, investing in event-driven situations involving litigation, regulatory or legislative changes, and global investments focused on investments with capital structure changes, spin-offs, recapitalizations, liquidations, and reorganization among other events. The fair value of the hedge fund investments in this category was estimated based on the Trust's proportionate share of each funds' net assets, as reported on the respective funds' financial statements for the years ended, December 31, 2015 and 2014.

(b) Hedge funds in this category employ long and short trading strategies in various markets. More specifically, these long/short strategies include preservation and growth of capital over the long-term through investments in U.S. and international public equities of consumer related companies, and equities and equity-related securities of companies in the Western European markets. The fair value of the hedge fund investments in this category was estimated based on the Trust's proportionate share of each funds' net assets, as reported on the respective funds' financial statements for the years ended, December 31, 2015 and 2014.

Federal-Mogul Asbestos Trust Annual Reports, 2015 annual report
ACL Doc 13847 · Page 32 of 37
Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/32

6. Income Taxes

During the year ended December 31, 2015, the Trust paid no income taxes and recorded no income tax expense. During the year ended December 31, 2014, the Trust collected $526,152 in federal income tax refunds for overpayments made prior years.

As of December 31, 2015, the Trust has approximately $55,000,000 of remaining net operating loss carryforwards available to offset future taxable income. The Trust's net operating losses will expire, if not utilized, at various dates through 2035. As disclosed in Note 2 to the special-purpose financial statements, the Trust does not record a provision for (or benefit from) deferred taxes. Accordingly, there is no provision for deferred taxes associated with net operating loss carryforwards or cumulative unrealized gains and losses on investments.

7. Insurance Recoveries

During the years ended December 31, 2015 and 2014, the Trust received insurance recoveries from insurers in the amount of $1,663,400 and $6,001,597, respectively. Under the terms of settlement agreements with certain insurance companies, or under the terms of future settlements negotiated by the Trust, the Trust may be entitled to future insurance recoveries. 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.

8. Contingent Liabilities

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.

9. Liability for Asbestos Claims

The settled but unpaid claims liability at December 31, 2015 and 2014 consists of personal injury claims that were settled and approved for payment by the Trust, but unpaid as of December 31, 2015 and 2014, respectively. These amounts have been included in accrued expenses and accounts payable in the accompanying special-purpose statements of assets, liabilities, and net assets available for the payment of claims and in personal injury claims settled expense in the accompanying special-purpose statements of changes in net assets available for the payment of claims for the years ended December 31, 2015 and 2014.

The ultimate number of Asbestos Personal Injury Trust Claims to be filed and the liability for all such claims are uncertain at this time. The net assets available for the payment of claims at December 31, 2015 represents funding available for all Asbestos Personal Injury Trust Claims for which no fixed liability has yet been established. The net assets available for the payment of claims at December 31, 2015 may or may not be sufficient to meet all future obligations of the Trust.

Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/33

Federal-Mogul Asbestos Personal Injury Trust

Notes to the Special-Purpose Financial Statements

10. Trust Liability Insurance

The Trust purchased liability insurance requiring premiums of $196,215 and $194,016 during the years ended 2015 and 2014, respectively. The current policy term extends from December 26, 2014 through December 26, 2016. The Trust's accounting policy is to expense in the current period any amounts that will not be available to pay future Asbestos Personal Injury Trust Claims or expenses of the Trust. Accordingly, the amounts of $196,215 and $194,016 were recorded as deductions in net assets available for the payment of claims during the years ended December 31, 2015 and 2014, respectively.

11. Trustees, Trust Advisory Committee, and Future Claimants Representative

Fees and expenses of the Trustees, trustees' advisory committee, and future claimants' representative for the years ended December 31, 2015 and 2014 were as follows:

	2015		
	Fees	Expenses	Total
Trustees	$ 391,978	$ 27,432	$ 419,410
Future Claimants' Representative	2,925	-	2,925
Future Claimants' Representative Counsel	46,010	1,839	47,849
Trust Advisory Committee	2,061	327	2,388
Trust Advisory Committee Counsel	136,886	4,875	141,761
	$ 579,860	$ 34,473	$ 614,333

	2014		
	Fees	Expenses	Total
Trustees	$ 621,622	$ 65,750	$ 687,372
Future Claimants' Representative	9,750	18	9,768
Future Claimants' Representative Counsel	159,551	6,562	166,113
Trust Advisory Committee	2,942	498	3,440
Trust Advisory Committee Counsel	433,128	62,507	495,635
	$ 1,226,993	$ 135,335	$ 1,362,328

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, 2015 and 2014.

12. Subsequent Events

The Trust has evaluated its December 31, 2015 special-purpose financial statements for subsequent events through April 25, 2016 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.

Federal-Mogul Asbestos Trust Annual Reports, 2015 annual report
ACL Doc 13847 · Page 34 of 37
Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/34

Federal-Mogul Asbestos Personal Injury Trust

Supplementary Information
Years Ended December 31, 2015 and 2014

Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/35

BDO

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

8401 Greensboro Drive
Suite 800
McLean, VA 22102

Independent Auditor's Report on Supplementary Information

Trustees
Federal-Mogul Asbestos Personal Injury Trust
Wilmington, Delaware

Our audits of the special-purpose financial statements included in the preceding section of this report were 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 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 special-purpose financial statements. The information has been subjected to the auditing procedures applied in the audits 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 25, 2016

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.

Federal-Mogul Asbestos Personal Injury Trust

Supplementary Schedules of Operating Expenses

December 31,	2015	2014
General legal fees	$ 8,898,196	$ 23,757,436
Consulting expenses	815,233	1,960,010
Investment advisory and management fees	1,452,915	1,364,979
Trustee fees and expenses	419,410	687,372
TAC counsel fees and expenses	141,761	495,635
Accounting, finance and tax fees	380,368	401,065
Other legal fees	343,711	378,086
Claims processing and analysis	127,709	236,736
Trust liability insurance	196,215	194,016
TAC fees and expenses	2,388	3,440
Future claimants' representative counsel	47,849	166,113
Trust meetings and expenses	37,386	55,200
Office expenses	29,741	35,163
Future claimants' representative	2,925	9,768
Income tax refunds	-	(526,152)
Total operating expenses	$ 12,895,807	$ 29,218,867

Published by AsbestosClaims.Law
asbestosclaims.law/library/13847/37