IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
The Flintkote Company and	)	Case No. 04-11300 (MFW)
Flintkote Mines Limited	)	
	)	(Jointly Administered)
Debtors.	)	

THE FLINTKOTE ASBESTOS TRUST'S NOTICE OF FILING OF ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2020

Pursuant to the Debtors' Amended Joint Plan of Reorganization and The Flintkote Company and Flintkote Mines Limited Asbestos Personal Injury Trust Agreement (as amended, the "**Trust Agreement**"), the Trustees of The Flintkote Asbestos Trust (the "**Trust**"), James M. Klein, Lewis R. Sifford, and Daniel J. Stack (the "**Trustees**"), hereby give notice of the filing of the Trust's Annual Report for the year ended December 31, 2020 (the "**Annual Report**"), a copy of which is attached hereto as Exhibit 1.

Consistent with Sections 2.2(b), 5.5(c), 6.6, and 7.6 of the Trust Agreement, the Annual Report includes a copy of the Trust's financial statements for the year ended December 31, 2020; the opinion and report from the independent auditors for the Trust; a summary of the number and type of asbestos claims disposed of during the year ended December 31, 2020; and a report of the total fees and expenses paid to the Trustees, the Trust Advisory Committee, and the Future Claimants' Representative for the year ended December 31, 2020. In addition, as required by Section 2.2(b) of the Trust Agreement, a copy of the Annual Report has been provided to the Trust Advisory Committee and the Future Claimants' Representative. Last, pursuant to Section 2.2(b)(iii) of the Trust Agreement, this report is available for inspection by the public through the records of the Bankruptcy Court, and a copy has been provided to the office of the United States Trustee for the District of Delaware.

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Dated: April 28, 2021

Respectfully submitted,

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EXHIBIT 1

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The Flintkote Asbestos Trust

ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2020

Pursuant to the Debtors' Amended Joint Plan of Reorganization and Section 2.2(b) of The Flintkote Company and Flintkote Mines Limited Asbestos Personal Injury Trust Agreement (as amended, the "**Trust Agreement**"), the Trustees of The Flintkote Asbestos Trust (the "**Trust**"), James M. Klein, Lewis R. Sifford, and Daniel J. Stack (the "**Trustees**"), make the following Annual Report for the year ended December 31, 2020 (the "**Annual Report**").

A. Reporting Requirements

1. Financial Statements

Section 2.2(b)(i) of the Trust Agreement requires the Annual Report to include the following:

> "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 Asbestos Trust Claims and as to the conformity of the financial statements with generally accepted accounting principles."

Attached as Exhibit 1.A is a copy of The Flintkote Asbestos Trust Special Purpose Financial Statements (the "**Audited Financial Statements**") for the year ended December 31, 2020 (the "**Reporting Period**"). The auditor for the Trust, BDO USA, LLP, has provided an opinion regarding the fairness of the financial statements' presentation and their conformity with generally accepted accounting principles. The auditor's opinion expressly provides that it is intended for the use of this Court.

2. Claims Summary

Section 2.2(b)(ii) of the Trust Agreement requires the Annual Report to include a summary regarding the number and type of claims disposed of during the period covered by the financial statements. The Delaware Claims Processing Facility, LLC acts as the Trust's claims processing agent. Attached as Exhibit 1.B is a summary of claims processed and paid during the Reporting Period.

3. Compensation and Expenses of the Trustees

Section 5.5(c) of the Trust Agreement states that the Annual Report shall include a description of the amounts paid to the Trustees per annum. The Audited Financial Statements attached as Exhibit 1.A set forth the amount paid in fees and expenses to the Trustees during the Reporting Period.[1]

4. Compensation and Expenses of the Trust Advisory Committee

Section 6.6 of the Trust Agreement provides that the Annual Report shall include a description of the amounts paid to the Trust Advisory Committee (the "**TAC**") per annum. The Audited Financial Statements set forth the amount paid in fees and expenses to the TAC members during the Reporting Period.[2]

5. Compensation and Expenses of the Future Claimants Representative

Section 7.6 of the Trust Agreement provides that the Annual Report shall include a description of the amounts paid to the Future Claimants' Representative (the "**FCR**") per annum. The Audited Financial Statements set forth the amount paid in fees and expenses to the FCR during the Reporting Period.[3]

[1] *See* Audited Financial Statements at 18.
[2] *Id.*
[3] *Id.*

B. Trust Governance

1. Trustees

The initial Trustees of the Trust, appointed pursuant to the Confirmation Order, are James M. Klein of Charleston, South Carolina, Lewis R. Sifford of Dallas, Texas, and Daniel J. Stack of Columbia, Illinois. The Trustees administer the Trust in accordance with the Trust Agreement and The Flintkote Company and Flintkote Mines Limited Amended and Restated Trust Distribution Procedures ("**TDP**"). The Trustees hold regular meetings to conduct the business of the Trust and consult frequently outside of the regular meetings. The Trustees also hold formal quarterly meetings with the TAC and FCR in accordance with the Trust Agreement. Starting in April 2020, all meetings of the Trustees, the TAC, the FCR, and Trust advisors were held virtually.

The initial term of Trustee Sifford expired on October 1, 2020. Trustees Stack and Klein, with the approval of the TAC and FCR, reappointed Trustee Sifford to an additional five-year term.

2. Trust Advisory Committee

The TAC is composed of six members appointed by the Bankruptcy Court to serve in a fiduciary capacity representing all holders of present Asbestos Trust Claims. Initial members of the TAC include Steve Baron, James L. Ferraro, Steven Kazan, Alan Kellman, David A. Lipman, and Perry Weitz.

The initial terms of TAC members Ferraro and Weitz expired on September 30, 2020. Pursuant to Section 6.4(a) of the Trust Agreement, each was reappointed as a successor TAC member and will serve an additional five-year term.

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3. Future Claimants Representative

The FCR serves in a fiduciary capacity for the purpose of protecting the rights of persons who in the future will assert claims against the Trust. The FCR is James J. McMonagle.

4. Delaware Trustee

Wilmington Trust, National Association serves as the Delaware Statutory Trustee in accordance with the requirements of Chapter 38 of title 12 of the Delaware Code, 12 Del. C. § 3801 et. Eq. (the Delaware Statutory Trust Act).

C. Significant Events During the Reporting Period

1. Payment Percentage

As previously reported, in accordance with Sections 2.3 and 4.2 of the TDP and Sections 2.2(e)(iii) and 8.3 of the Trust Agreement, on November 17, 2015 the Trustees, with the consent of the TAC and FCR, adopted an Initial Payment Percentage of 8% to be applied to all Asbestos Trust Claims. Since that time, the Trust's claims consultant, Ankura Consulting Group LLC ("**Ankura**"), has monitored the Trust's claim filing trends and financial activities that could affect the Payment Percentage and reported to the Trustees on the same.

Beginning in the Reporting Period, the Trustees conducted the three-year periodic reconsideration of the Payment Percentage as provided for in Section 4.2 of the TDP. The Trustees directed Ankura to prepare a detailed analysis of the relevant factors affecting the Payment Percentage including claims filing trends and approval rates, cash flow models, and market return rates. Based on Ankura's report and the recommendation of the Trust's professional advisors, the Trustees, with the consent of the TAC and FCR, adopted an adjustment to the Payment Percentage from 8% to 11%. This adjustment was effective as of March 4, 2021. In connection with this Payment Percentage increase, the Trust will make

supplemental payments in 2021 to claimants who previously liquidated their claims against the Trust and received payments based on the lower payment percentage, in accordance with, and subject to, the relevant provisions of the TDP.

D. Additional Information

For additional information regarding the Trust's financials or operations, please contact its General Counsel, Keating Muething & Klekamp PLL, One East Fourth Street, Suite 1400, Cincinnati, Ohio 45202, attention: Bethany P. Recht or Philip A. Tracy. For information on how to file a claim, please go to the Trust's website at www.flintkoteasbestostrust.com.

E. Conclusion

Through this Annual Report and attached exhibits, the Trust reports that it is in compliance with the reporting requirements of the Trust Agreement.

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Exhibit 1.A

Audited Financial Statements

The Flintkote Asbestos Trust

Audited Special-Purpose Financial Statements with Supplementary Information

Years Ended December 31, 2020 and 2019

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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The Flintkote Asbestos Trust

Audited Special-Purpose Financial Statements
with Supplementary Information
Years Ended December 31, 2020 and 2019

The Flintkote Asbestos Trust

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Independent Auditor's Report

Trustees
The Flintkote Asbestos Trust
Wilmington, Delaware

Opinion

We have audited the special-purpose financial statements of The Flintkote Asbestos Trust (the Trust) (a common law Trust originally 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, 2020 and 2019, and the related special-purpose 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.

In our opinion, the accompanying special-purpose financial statements present fairly, in all material respects, the net assets of the Trust as of December 31, 2020 and 2019, and the changes in net assets 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 for Opinion

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

Emphasis of Matter - 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, the accompanying special-purpose financial statements were prepared by the Trust 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. As a result, the special-purpose financial statements may not be suitable for another purpose. 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.

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



Responsibilities of Management 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 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.

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

Auditor's Responsibilities for the Audit of the Special-Purpose Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the special-purpose financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the special-purpose financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the special-purpose financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for a reasonable period of time.

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

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Other Matter - Restriction of Use

Our report is intended solely for the information and use of the Trust and is not intended to be and should not be used by anyone other than the specified party. 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

April 26, 2021

Special-Purpose Financial Statements

The Flintkote Asbestos Trust

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

December 31,	2020	2019
Assets		
Cash and cash equivalents	$ 51,342,868	$ 30,201,108
Investments, at fair value		
Bonds	510,558,059	507,707,906
Equity securities	94,523,749	105,536,020
Alternative investments	49,677,427	49,249,576
Investment in The Flintkote Company	63,692,000	57,221,000
Interest receivable	5,400,419	5,302,126
Total assets	775,194,522	755,217,736
Liabilities		
Accrued expenses and accounts payable	360,548	1,049,880
Settled but unpaid claims	305,342	341,962
Total liabilities	665,890	1,391,842
Net assets available for the payment of claims	$ 774,528,632	$ 753,825,894

See accompanying notes to the special-purpose financial statements.

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The Flintkote Asbestos Trust

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

Years Ended December 31,	2020	2019
Additions		
Interest and dividend income, net	$ 10,490,027	$ 13,993,637
Insurance recoveries	746,888	473,923
Increase in value of The Flintkote Company	6,471,000	8,825,965
Net appreciation in fair value of alternative investments	2,750,790	5,961,993
Net appreciation in fair value of investment securities	33,848,494	37,431,876
Total additions	54,307,199	66,687,394
Deductions		
Personal injury claims expenses	27,552,218	24,936,939
Operating expenses	4,115,770	4,223,188
Claims processing expenses	1,936,473	2,246,648
Total deductions	33,604,461	31,406,775
Increase in net assets available for the payment of claims	20,702,738	35,280,619
Net assets available for the payment of claims		
Beginning of the year	753,825,894	718,545,275
End of the year	$ 774,528,632	$ 753,825,894

See accompanying notes to the special-purpose financial statements.

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The Flintkote Asbestos Trust

Special-Purpose Statements of Cash Flows

Years Ended December 31,	2020	2019
Cash flows from operating activities:		
Increase in net assets available for the payment of claims	$ 20,702,738	$ 35,280,619
Adjustments to reconcile increase in net assets available for the payment of claims to net cash used in operating activities:		
Change in value of The Flintkote Company	(6,471,000)	(8,825,965)
Net appreciation in fair value of investment securities	(33,848,494)	(37,431,876)
Net appreciation in fair value of alternative investments	(2,750,790)	(5,961,993)
Amortization of premiums on bonds, net	10,489,404	7,523,517
Changes in operating assets and liabilities:		
Interest receivable	(98,293)	73,682
Accrued expenses and accounts payable	(689,332)	517,160
Settled but unpaid claims	(36,620)	(692,549)
Total adjustments	(33,405,125)	(44,798,024)
Net cash used in operating activities	(12,702,387)	(9,517,405)
Cash flows from investing activities:		
Sales and maturities of bonds	249,433,660	226,401,645
Purchases of bonds	(246,407,968)	(249,255,889)
Sales of equity securities	58,219,455	22,090,805
Purchases of equity securities	(29,723,939)	(26,437,530)
Liquidation of alternative investments	2,322,939	5,983,336
Purchases of alternative investments	-	(5,000,000)
Net cash provided by (used in) investing activities	33,844,147	(26,217,633)
Net Increase (decrease) in cash and cash equivalents	21,141,760	(35,735,038)
Cash and cash equivalents at the beginning of the year	30,201,108	65,936,146
Cash and cash equivalents at the end of the year	$ 51,342,868	$ 30,201,108

See accompanying notes to the special-purpose financial statements.

1. Description of the Trust

On May 1, 2004, The Flintkote Company (Flintkote) filed a voluntary petition for reorganization under Chapter 11 of the United States Bankruptcy Code (Bankruptcy Code) in the United States Bankruptcy Court for the District of Delaware (the Bankruptcy Court). Flintkote's wholly owned subsidiary, Flintkote Mines Limited (Mines), filed a voluntary petition for reorganization under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware on August 25, 2004. The Bankruptcy Court entered an order directing the procedural consolidation and joint administration of the Chapter 11 cases for Flintkote and Mines (collectively, the Debtors) on September 9, 2004. The first Amended Joint Plan of Reorganization in respect of The Flintkote Company and Flintkote Mines Limited was filed by the Debtors on November 16, 2011, and was subsequently modified on February 9, 2015 (the Modified Plan), which Modified Plan was supported by the Asbestos Claimants Committee and the Future Claimants' Representative.

On August 10, 2015, the Bankruptcy Court entered an order (the Confirmation Order) confirming the Debtors' Modified Plan (the Confirmed Plan). The United States District Court for the District of Delaware adopted, issued and affirmed the Confirmation Order on August 13, 2015. The Confirmation Order has become final and cannot be appealed. The Confirmed Plan became effective on September 30, 2015 (the Effective Date) in accordance with its terms. Capitalized terms used but not otherwise defined in these notes to the special-purpose financial statements shall have the respective meanings ascribed to such terms in the Confirmed Plan.

The essential elements of the Confirmed Plan included the creation of The Flintkote Asbestos Trust (the Trust) to (a) assume the liabilities of the Debtors and their predecessors and successors in interest for all Asbestos Trust Claims; (b) preserve, hold, manage and maximize the Trust Assets for use in paying and otherwise satisfying Asbestos Trust Claims and paying the Trust Expenses; (c) direct the processing, liquidation and payment of all Asbestos Trust Claims in accordance with the Trust Distribution Procedures; and (d) otherwise comply in all respects with the requirements of a trust set forth in Section 524(g)(2)(B) of the Bankruptcy Code, all in accordance with the Confirmed Plan and the Trust Agreement.

The Trustees are responsible for supervising and administering the Trust in accordance with the terms of the Trust Agreement and the Trust Distribution Procedures (TDP).

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.

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- 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 will be 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. There were settled but unpaid claims of $305,342 and $341,962 as of December 31, 2020 and 2019, respectively. Total claims paid during the years ended December 31, 2020 and 2019, aggregated $27,588,838 and $25,629,488 respectively.

- 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 expense related to purchases of property and equipment.

- 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.

- 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 Trust and related entities including Debtors and other affiliates and assigned to the Trust. The insurance policies cover, among other things, products and general liability claims. Future recoveries under such settlements have been assigned to the Trust pursuant to the Confirmed Plan. Under GAAP, 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

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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.

- The investment in Flintkote (Note 5) is reported at the net book value of Flintkote, which is calculated as assets held less liabilities. Any change in value of the Trust's investment in Flintkote is recorded in the accompanying special-purpose statement of changes in net assets available for the payment of claims. Under GAAP, the assets, liabilities, equity, revenues and expenses of Flintkote would be consolidated with the activities of the Trust.

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.

Investments

Investment securities are stated at fair value. Fair value for investment securities, other than alternative investments, 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 value for alternative investments is based on the Trust's proportionate share of each fund's net assets, as reported as of the date of the special-purpose financial statements. The net appreciation or depreciation in the fair value of investments in the accompanying special-purpose statements 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. Interest and dividend income, net of investment expenses and amortization and accretion of bond premiums or discounts, are included in interest and dividend income, net in the accompanying special-purpose statements 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.

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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

The Trust is classified as a Qualified Settlement Fund pursuant to the Internal Revenue Code and Regulations thereunder (the Code). As a result, the Trust is subject to federal income taxation based on modified gross income, as defined by the Code. In the opinion of the Trustees and advisors, 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. The Trust is generally no longer subject to income tax examinations by the Internal Revenue Service for the years ended December 31, 2016, and prior.

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 6). The income taxes associated with gains on investments will be recorded in the Trust's special-purpose 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, bonds, and alternative investments. 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, 2020 approximate $31.5 million.

The Trust invests in a professionally managed portfolio that contains common shares of publicly traded companies in the United States and internationally, U.S. government obligations, money market funds, and alternative investments. Such investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Trust's account balance and the amounts reported in the special-purpose statement of assets, liabilities and net assets available for the payment of claims.

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3. Funding Under Joint Plan of Reorganization

In accordance with the Confirmed Plan, on the September 30, 2015 Effective Date, the Trust was funded with the following Trust Assets:

(a) On the Effective Date, Flintkote issued all of the New Flintkote Stock to the Trust making the Trust the sole owner of Flintkote. The initial value of the Trust's 100% ownership interest in Flintkote was $46,109,000, as of the Effective Date, in accordance with Flintkote's §1.468B-3 Statement.

(b) Pursuant to the Confirmed Plan, the Trust was funded with the Net ITCAN Settlement Funds arising out of the ITCAN Settlement Agreement. The ITCAN Settlement Agreement required Imperial Tobacco Canada Limited to pay the Debtors the ITCAN Settlement Funds ($575,000,000) on or before December 31, 2014. Pursuant to the Confirmed Plan, on the Effective Date, the Trust was to be funded with the ITCAN Settlement Funds net of (i) the Allowed DRL Fee Amount payable to the Dividend Recovery Litigation Counsel (a team of attorneys retained on behalf of the Debtors pursuant to an order of the Bankruptcy Court), and (ii) the Flintkote DRL Recovery amount payable to Flintkote. On August 10, 2015, the Bankruptcy Court for the District of Delaware entered an order approving fees, costs, and expenses of the Dividend Recovery Litigation Counsel pursuant to 11 U.S.C. 328(a) contingent upon the occurrence of the Effective Date. In accordance with Section 14.1.2 of the Plan, the Allowed DRL Fee Amount in the amount of $114,964,075 was paid directly from the ITCAN Settlement Funds on the Effective Date. As a result, following the payments of the Allowed DRL Fee Amount and the Flintkote DRL Recovery, the Trust received $460,035,925 on the Effective Date, representing the Net ITCAN Settlement Funds.

(c) The Trust received all cash and instruments held by the Debtors as of the Effective Date other than the Reserve Cash. The Reserve Cash is defined by the Plan in Section 1.1.116 as an amount equal to: (a) a working capital reserve in the amount the Debtors, after consultation with the Asbestos Claimants Committee and the Future Claimants' Representative, determined Reorganized Flintkote will require for working capital purposes, plus (b) the Flintkote DRL Recovery, plus (c)(i) the Allowed Amount of Administrative Claims against the Debtors; (ii) a reasonable estimate by the Debtors of additional Administrative Claims (including Fee Claims) against the Debtors that may become allowed after the Effective Date; (iii) the Allowed Amount of Priority Tax Claims against the Debtors; (iv) a reasonable estimate by the Debtors of additional Priority Tax Claims against the Debtors that may become allowed Priority Tax Claims after the Effective Date; (v) the Allowed Amount of all Priority Claims against the Debtors; (vi) a reasonable estimate by the Debtors of all Priority Claims that may become allowed Priority Claims against the Debtors after the Effective Date; (vii) an amount equal to 35% of the Allowed Amount of all Unsecured Claims against the Debtors; and (viii) an amount equal to 35% of a reasonable estimate of all other Unsecured Claims against the Debtors that may become allowed Claims after the Effective Date.

(d) Additionally, the Trust received the Qualified Settlement Fund Proceeds as of the Effective Date. The Qualified Settlement Fund was the fund established by the Bankruptcy Court's order dated July 13, 2005, to serve as the repository of certain funds contributed to

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Flintkote. The proceeds received consisted of cash and investments held in the Qualified Settlement Fund. Total cash received was $31,085,888, and total investments received was $234,185,419.

4. Investment Securities

Investments in bonds and equity securities consist of the following at December 31:

	2020			
Description	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Bonds	$ 485,303,887	$ 25,259,675	$ (5,503)	$ 510,558,059
Equity securities	47,372,652	47,151,097	-	94,523,749
	$ 532,676,539	$ 72,410,772	$ (5,503)	$ 605,081,808

	2019			
Description	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Bonds	$ 495,285,698	$ 12,424,189	$ (1,981)	$ 507,707,906
Equity securities	68,604,266	36,931,754	-	105,536,020
	$ 563,889,964	$ 49,355,943	$ (1,981)	$ 613,243,926

Net appreciation in the fair value of investment securities of $33,848,494 and $37,431,876 for the years ended December 31, 2020 and 2019, respectively, consist of the net change in unrealized gains (losses) and net realized gains (losses) from investment sales.

Net unrealized gains and losses

The net change in unrealized (losses) gains from market (depreciation) appreciation is comprised of the following investments for the years ended December 31, 2020 and 2019:

	2020	2019
Bonds	$ 12,831,964	$ 13,994,060
Equity securities	10,219,343	23,435,947
	$ 23,051,307	$ 37,430,007

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Net realized gains and losses

Net realized gains (losses) from investment sales consist of the following for the years ended December 31, 2020 and 2019:

	2020	2019
Bonds	$ 3,533,285	$ 1,525,625
Equity securities	7,263,902	(1,523,756)
	$ 10,797,187	$ 1,869

Summary of changes in alternative investments

The table below sets forth a summary of changes in the fair value of the Trust's alternative investments for the years ended December 31, 2020 and 2019:

	2020	2019
Balance, at the beginning of year	$ 49,249,576	$ 44,270,919
Liquidations/distributions	(2,322,939)	(5,983,336)
Purchases of alternative investments	-	5,000,000
Net change in fair value	2,750,790	5,961,993
Balance, at the end of year	$ 49,677,427	$ 49,249,576

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Alternative investment categories

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

	Fair Value		Redemption Frequency (if Currently Eligible)	First/Next Redemption	Notice Period (days)	Gate
	2020	2019				
(a) Long/short fund	$ 3,470,150	$ 3,800,326	Quarterly	March 31, 2021	60	0%
(b) Multi-strategy fund	6,470,364	6,027,152	Semi-annually	June 30, 2021	65	10%
Multi-strategy fund	7,176,846	6,901,609	50% Semi-annually	June 30, 2021	60	25%
Multi-strategy fund	5,206,618	4,534,470	25% Quarterly	March 31, 2021	67	0%
Multi-strategy fund	73,182	367,158	In liquidation	N/A	N/A	N/A
Multi-strategy fund	5,295,370	5,119,549	Monthly, after three-year lockup	May 1, 2022	60	10%
	24,222,380	22,949,938				
(c) Credit opportunities fund	701,506	3,005,487	In liquidation	N/A	N/A	N/A
(d) International equity fund	21,283,391	19,493,825	Twice monthly	January 20, 2021	5	0%
Total Alternative Investments	$ 49,677,427	$ 49,249,576				

(a) The alternative investment in this category employs 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 non-U.S. securities. The targets are achieved through a portfolio of long and short equity positions and fixed income positions and through dedicated value orientation, an emphasis on inefficient market areas, an intensive fundamental research process, and a concentrated portfolio of best ideas.

(b) Alternative investments 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 opportunities to invest in securities and other financial instruments at a discount to their exit values. Other strategies of funds in this category

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include investing in merger arbitrage, credit investing, real estate, direct investments, long/short investing, spinoffs, and restructurings.

(c) This category includes an alternative investment that seeks to provide consistent long-term appreciation of assets through active leveraged trading and investment, primarily in North American, European, and Asian credit markets. This investment objective is accomplished by taking long or short positions in credit derivatives, equity derivatives, corporate and convertible bonds, loans, public equities, private equities, real estate related assets, collateralized debt obligations, and other asset-backed securities.

(d) The international equity fund within this category invests primarily in equity securities, including common stocks, preferred stocks, depositary receipts, convertible bonds, exchange-traded funds which are open-ended collective investment schemes within the meaning of Regulation 45(e) of the Regulations and other securities, which are convertible into or exchangeable for equity securities. The objective of this fund is to achieve growth of capital through investment in a professionally managed portfolio of international securities comprising both equity securities traded in the financial markets located in Europe, Australasia, and the Far East. The securities within the fund invest in securities listed or traded on a regulated market; however up to ten percent of the net asset value of the fund may be invested in transferable securities which are not listed or traded on a regulated market.

5. Investment in The Flintkote Company

As part of the Confirmed Plan, the Trust became the sole holder of the New Flintkote Stock issued by Flintkote on the Effective Date. In accordance with the special-purpose accounting policies, the Trust's 100% ownership interest in Flintkote was recorded as an investment within the accompanying special-purpose statements of assets, liabilities, and net assets available for the payment of claims and initial funding within the accompanying special-purpose statements of changes in net assets available for the payment of claims. The initial value of the investment in Flintkote transferred on the Effective Date of the Trust was $46,109,000.

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

	2020	2019
Cash and investments	$ 69,692,000	$ 63,230,279
Total assets	69,692,000	63,230,279
Accounts payable and accrued expenses	-	9,279
Reserve for environmental liabilities	6,000,000	6,000,000
Total liabilities	6,000,000	6,009,279
Net estimated value of investment	$ 63,692,000	$ 57,221,000

Cash and investments held by Flintkote are reported at fair value and consist of cash, United States Treasury Notes, municipal bonds, corporate bonds, equity securities, and pooled investment funds. As of December 31, 2020 and 2019, the fair value of Flintkote's investments in pooled investment funds totaled $29,248,276 and $25,568,319, respectively. Fair value of the pooled investment funds is reported based on Flintkote's proportionate share of each of the fund's

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net assets, as reported as of the date of the special-purpose financial statements. There are no lock-up periods associated with the pooled investment funds and the redemption frequency is no longer than quarterly. Fair market value for equities and fixed income investments 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. Flintkote has approximately $466,000,000 in net operating loss carryforwards that can be used to offset future capital gains on the investment portfolio.

Liabilities consist primarily of accounts payable and accrued expenses, and a reserve for potential environmental liability claims against Flintkote. The fair value of accounts payable and accrued expenses is considered to be the same as the carrying values of these liabilities due to the relatively short maturity of these items. The fair value of the estimate for the environmental liability reserve approximates its carrying value and is an amount Flintkote estimates will be adequate to pay potential environmental liabilities which may arise in the future.

The primary activities of Flintkote following the Effective Date consisted of renting properties to third party tenants under triple-net leases which required the tenants to bear the costs of maintaining the building and land, insurance, property taxes, and utilities. As of December 31, 2017, Flintkote had sold all of these properties and had no real estate assets remaining. Expenses incurred by Flintkote include salaries, rent, insurance, professional fees, and other operating costs. For the years ended, December 31, 2020 and 2019, Flintkote recorded interest and dividend income, net of investment expenses, as well as realized gains and losses on investment sales and the changes in unrealized gains and losses on investments held.

The change in carrying value of the underlying assets and liabilities of Flintkote during the years ended December 31, 2020 and 2019, is reported in the accompanying special-purpose statements of changes in net assets available for the payment of claims.

6. Income Taxes

During the years ended December 31, 2020 and 2019, the Trust paid no income taxes and recorded no income tax expense.

On December 22, 2017, Congress passed the Tax Cuts and Jobs Act (the 2017 Tax Act) which reduced the income tax rate from 39.6% to 37% and modified the rules regarding the usability of certain net operating losses for the Trust beginning on January 1, 2018. During the year ended December 31, 2020, the Trust utilized approximately $9,700,000 of available net operating losses generated prior to January 1, 2018 resulting in approximately $6,200,000 of remaining net operating losses that will expire on various dates beginning in 2035. Since January 1, 2018, the Trust generated approximately $4,700,000 in net operating loss carryforwards that are available to be used as of December 31, 2020. These net operating loss carryforwards generated after January 1, 2018, do not expire but can only be used to offset up to 80% of taxable income in future years as part of the 2017 Tax Act. In addition, there are no net operating loss carryback provisions under the 2017 Tax Act.

As of December 31, 2020, the Trust has no net capital loss carryforwards available to offset future capital gains. Capital loss carryforwards created after January 1, 2018, may be carried back for three years and carried forward for five years. Capital loss carrybacks and carryforwards cannot create a net operating loss.

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Additionally, as of December 31, 2020, the estimated deferred tax liability associated with unrealized gains on investments is approximately $26,800,000. As of December 31, 2019, the estimated deferred tax liability associated with unrealized gains on investments is approximately $18,200,000.

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, net capital loss carryforwards, or cumulative unrealized gains and losses on investments.

7. Insurance Recoveries

During the years ended December 31, 2020 and 2019, the Trust received insurance recoveries from insurers in the amount of $746,888 and $473,923, respectively. Under the terms of settlement agreements with certain insurance companies, 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 indemnification obligations.

9. Liability for Asbestos Claims

The settled but unpaid claims liability as of December 31, 2020 and 2019, consists of personal injury claims that were settled and approved for payment by the Trust, but were unpaid as of December 31, 2020 and 2019. These amounts have been included in settled but unpaid claims in the accompanying special-purpose statements of assets, liabilities and net assets available for the payment of claims and in personal injury claims expense in the accompanying special-purpose statements of changes in net assets available for the payment of claims for the years ended December 31, 2020 and 2019.

The ultimate number of Asbestos 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, 2020 and 2019, represents funding available for all Asbestos Trust Claims for which no fixed liability has yet been established. The net assets available for the payment of claims at December 31, 2020 and 2019, may or may not be sufficient to meet all future obligations of the Trust.

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10. Trust Liability Insurance

The Trust purchased Directors and Officers (D&O) liability insurance requiring premiums of $101,610 and $98,193 during the years ended December 31, 2020 and 2019, respectively. The current policy term for the primary D&O policy is from September 30, 2020 through September 30, 2021. The Trust's accounting policy is to expense in the current period any amounts that will not be available to pay future Asbestos Trust Claims or expenses of the Trust. Accordingly, $101,610 and $98,193 was recorded as a deduction in net assets available for the payment of claims during the years ended December 31, 2020 and 2019, respectively.

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

Fees and expenses of the Trustees, the Trust Advisory Committee, and the Future Claimants' Representative, and related counsels for the years ended December 31, 2020 and 2019 were:

	2020			
	Fees	Retainer	Expenses	Total
Trustees	$ 464,070	$ 191,388	$ 18,811	$ 674,269
Future Claimants' Representative	19,085	-	271	19,356
Future Claimants' Representative Counsel	21,490	-	58	21,548
Trust Advisory Committee	1,390	-	145	1,535
Trust Advisory Committee Counsel	14,186	-	98	14,284
	$ 520,221	$ 191,388	$ 19,383	$ 730,992

	2019			
	Fees	Retainer	Expenses	Total
Trustees	$ 477,278	$ 191,388	$ 37,978	$ 706,644
Future Claimants' Representative	6,305	-	2,881	9,186
Future Claimants' Representative Counsel	28,764	-	2,388	31,152
Trust Advisory Committee	3,005	-	491	3,496
Trust Advisory Committee Counsel	29,973	-	5,006	34,979
	$ 545,325	$ 191,388	$ 48,744	$ 785,457

The above amounts are included in operating expenses in the special-purpose statement of changes in net assets available for the payment of claims for the years ended December 31, 2020 and 2019.

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12. COVID-19 and CARES Act

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

The Trust faces various risks related to the global outbreak of COVID-19, and the full impact of the COVID-19 pandemic continues to evolve as of the date of this report. The COVID-19 pandemic has adversely affected global economic activity and greatly contributed to significant volatility in financial markets through the date of issuance of these special-purpose financial statements. The Trustees, Trust advisors, and management of the Trust are actively monitoring the impact of this global situation on the Trust's financial condition and operations. Given the daily evolution of the COVID-19 pandemic and the global responses to curb its spread, the Trust is not able to estimate the long-term effects of the COVID-19 pandemic on its financial condition and operations.

In addition, on March 27, 2020, the President of the United States signed into law the "Coronavirus Aid, Relief and Economic Security (CARES) Act". The CARES Act, among other things, includes provisions for an elective five-year carryback of net operating losses (NOLs) generated in taxable years beginning after December 31, 2017 and before January 1, 2021. Taxpayers may elect to relinquish the entire five-year carryback period with respect to a particular year's NOL, with the election being irrevocable once made. In addition, the 80% limitation on NOL deductions arising in taxable years beginning after December 31, 2017 has temporarily been pushed to taxable years beginning after December 31, 2020. The CARES Act also appropriated funds for the SBA Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19.

The Trustees, Trust advisors, and management of the Trust continue to examine the impact that the CARES Act may have on the Trust's long term financial condition and operations.

13. Subsequent Events

The Trust has evaluated its December 31, 2020 special-purpose financial statements for subsequent events through April 26, 2021, the date the special-purpose financial statements were available to be issued. On March 4, 2021, the Trustees, with the consent of the Trust Advisory Committee and the Future Claimants' Representative, and in accordance with the TDP, ratified an increase to the Trust's payment percentage for claims. In accordance with and subject to the provisions of the TDP, the Trust will make supplemental payments to claimants who previously liquidated their claims and received payments based on a lower payment percentage. Other than this event, 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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Supplementary Information

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Independent Auditor's Report on Supplementary Information

Trustees
The Flintkote Asbestos 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 special-purpose 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 26, 2021

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The Flintkote Asbestos Trust

Supplementary Schedules of Operating Expenses

Years Ended December 31,	2020	2019
Investment advisory and management fees	$ 1,095,865	$ 1,544,537
Trustee fees, retainer, and expenses	674,269	706,644
Administration and claims process development fees	654,646	506,738
Legal fees	653,366	575,046
Professional fees	422,740	282,126
Accounting, finance and tax fees	271,901	304,948
Miscellaneous operating expenses	138,565	113,000
Trust liability insurance	101,610	98,193
Meeting expenses	46,085	13,143
Future Claimants' Representative Counsel fees and expenses	21,548	31,152
Future Claimants' Representative fees and expenses	19,356	9,186
Trust Advisory Committee Counsel fees and expenses	14,284	34,979
Trust Advisory Committee fees and expenses	1,535	3,496
Total operating expenses	$ 4,115,770	$ 4,223,188

Exhibit 1.B

Summary of Claims

Flintkote Asbestos Trust
Summary of Claims Disposed - 2020
Personal Injury Claims Payments

	Expedited Review Paid Claims		Individual Review Paid Claims		Pre-Petition Paid Claims		Total Personal Injury Paid Claims	
	Amount	# of Claims	Amount	# of Claims	Amount	# of Claims	Amount	# of Claims
Month								
Jan-20	$671,197	490	$97,465	34	$0	-	$ 768,662	524
Feb-20	$1,065,072	889	$45,871	19	$0	-	$ 1,110,943	908
Mar-20	$1,244,382	1,128	$325,199	70	$10,519	117	$ 1,580,100	1,315
Apr-20	$2,443,091	1,076	$2,313,494	212	$0	-	$ 4,756,585	1,288
May-20	$1,977,090	1,214	$1,455,688	235	$0	-	$ 3,432,778	1,449
Jun-20	$1,523,784	982	$974,146	181	$0	-	$ 2,497,930	1,163
Jul-20	$1,443,511	877	$1,445,669	244	$0	-	$ 2,889,180	1,121
Aug-20	$1,466,253	787	$1,353,991	185	$1,219	12	$ 2,821,463	984
Sep-20	$1,631,186	755	$863,986	141	$0	-	$ 2,495,172	896
Oct-20	$933,329	445	$654,285	103	$0	-	$ 1,587,614	548
Nov-20	$847,901	595	$932,936	117	$843	8	$ 1,781,680	720
Dec-20	$1,170,350	571	$697,294	124	$0	-	$ 1,867,643	695
Totals	**$ 16,417,146**	**9,809**	**$ 11,160,024**	**1,665**	**$ 12,581**	**137**	**$ 27,589,750**	**11,611**

Claim Payments Accrued at Year-End 2019	$ (341,962)
Refunds in 2020 on claims paid in prior years	$ (429)
Claims Paid in 2020, refunded in 2020, but not yet voided in system	$ (269)
Claim Payments Accrued at Year-End 2020	$ 313,710
	$ 27,560,800