IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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

THE FLINTKOTE ASBESTOS TRUST'S NOTICE OF FILING OF ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022 (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, 2022; 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, 2022; 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, 2022. 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

16102830/1

Published by AsbestosClaims.Law
asbestosclaims.law/library/13856/1

through the records of the Bankruptcy Court, and a copy has been provided to the office of the United States Trustee for the District of Delaware.

Dated: May 1, 2023

Respectfully submitted,

MORRIS JAMES LLP

/s/ Carl N. Kunz, III
Carl N. Kunz, III (DE Bar No. 3201)
500 Delaware Avenue, Suite 1500
P.O. Box 2306
Wilmington, Delaware 19899-2306
Tel: (302) 888-6800
Fax: (302) 571-1750
ckunz@morrisjames.com

-and-

KEATING, MUETHING & KLEKAMP PLL
Kevin E. Irwin (Ohio Bar No. 0021811)
Philip A. Tracy (Ohio Bar No. 0091389)
One East Fourth Street, Suite 1400
Cincinnati, Ohio 45202
Tel: (513) 579-6400
Fax: (513) 579-6457
kirwin@kmklaw.com
ptracy@kmklaw.com

Counsel for The Flintkote Asbestos Trust

Published by AsbestosClaims.Law
asbestosclaims.law/library/13856/2

EXHIBIT 1

Annual Report

16102830/1

Flintkote Asbestos Trust Annual Reports, 2022 annual report
ACL Doc 13856 · Page 3 of 34
Published by AsbestosClaims.Law
asbestosclaims.law/library/13856/3

THE FLINTKOTE ASBESTOS TRUST

ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022 (the "**Annual Report**").

A. 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, 2022 (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.

16102830/1

B. 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. Attached as Exhibit 1.B is a summary of claims processed and paid during the Reporting Period.

C. 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]

D. 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, whose members include Steve Baron, James L. Ferraro, Steven Kazan, Alan Kellman, David A. Lipman, and Perry Weitz. The Audited Financial Statements set forth the amount paid in fees and expenses to the TAC members during the Reporting Period.[2]

E. 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 per annum to the Future Claimants' Representative (the "**FCR**"), Mr. James J. McMonagle. 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.*

Published by AsbestosClaims.Law
asbestosclaims.law/library/13856/5

F. 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: Philip A. Tracy. For information on how to file a claim, please go to the Trust's website at www.flintkoteasbestostrust.com.

Flintkote Asbestos Trust Annual Reports, 2022 annual report
ACL Doc 13856 · Page 6 of 34
Published by AsbestosClaims.Law
asbestosclaims.law/library/13856/6

EXHIBIT 1.A

Audited Financial Statements

16102830/1

Published by AsbestosClaims.Law
asbestosclaims.law/library/13856/7

The Flintkote Asbestos Trust

Special-Purpose Financial Statements with Supplementary Information

Years Ended December 31, 2022 and 2021

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/13856/8

The Flintkote Asbestos Trust

Special-Purpose Financial Statements
with Supplementary Information
Years Ended December 31, 2022 and 2021

The Flintkote Asbestos Trust

Contents

Independent Auditor's Report 1-3

Special-Purpose Financial Statements

Special-Purpose Statements of Assets, Liabilities, and Net Assets 4

Special-Purpose Statements of Changes in Net Assets 5

Special-Purpose Statements of Cash Flows 6

Notes to the Special-Purpose Financial Statements 7-18

Supplementary Information

Independent Auditor's Report on Supplementary Information 19

Supplementary Schedules of Operating Expenses 20

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

8401 Greensboro Drive
Suite 800
McLean, VA 22102

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 as of December 31, 2022 and 2021, and the related special-purpose statements of changes in net assets 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, 2022 and 2021, 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 in order to account for the amount of net assets presently available to fund current and future claims, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The special-purpose basis of accounting has been used in order to communicate the amount of net assets presently available to fund current and future claims. 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.

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.



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.

Published by AsbestosClaims.Law
asbestosclaims.law/library/13856/12

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.

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.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the annual report and account of the Trust for the year ended December 31, 2022 but does not include the special-purpose financial statements and our auditor's report thereon. Our opinion on the special-purpose financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the special-purpose financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the special-purpose financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

BDO USA, LLP

McLean, Virginia
April 25, 2023

Flintkote Asbestos Trust Annual Reports, 2022 annual report
ACL Doc 13856 · Page 13 of 34
Published by AsbestosClaims.Law
asbestosclaims.law/library/13856/13

Special-Purpose Financial Statements

The Flintkote Asbestos Trust

Special-Purpose Statements of Assets, Liabilities, and Net Assets

December 31,	2022	2021
Assets		
Cash and cash equivalents	$ 27,766,462	$ 35,712,469
Investments, at fair value		
Bonds	397,742,831	443,368,006
Equity securities	50,173,700	60,227,959
Alternative investments	75,196,798	86,438,763
Investment in The Flintkote Company	62,660,000	73,577,000
Interest receivable	4,692,943	4,496,808
Total assets	618,232,734	703,821,005
Liabilities		
Accrued expenses and accounts payable	128,128	338,740
Settled but unpaid claims	853,663	438,169
Total liabilities	981,791	776,909
Net assets	$ 617,250,943	$ 703,044,096

See accompanying notes to the special-purpose financial statements.

The Flintkote Asbestos Trust

Special-Purpose Statements of Changes in Net Assets

Years Ended December 31,	2022	2021
Additions		
Interest and dividend income, net	$ 10,440,187	$ 9,481,303
Insurance recoveries	2,040,458	1,224,299
Increase in value of The Flintkote Company	-	9,885,000
Net appreciation in fair value of alternative investments	-	3,702,108
Net appreciation in fair value of investment securities	-	6,254,440
Total additions	12,480,645	30,547,150
Deductions		
Decrease in the value of The Flintkote Company	8,917,000	-
Net depreciation in fair value of alternative investments	43,144,418	-
Net depreciation in fair value of investment securities	10,755,501	-
Personal injury claims expenses	29,025,205	89,643,576
Operating expenses	4,829,534	4,907,347
Claims processing expenses	1,602,140	1,880,763
Income tax expense	-	5,600,000
Total deductions	98,273,798	102,031,686
Decrease in net assets	(85,793,153)	(71,484,536)
Net assets		
Beginning of the year	703,044,096	774,528,632
End of the year	$ 617,250,943	$ 703,044,096

See accompanying notes to the special-purpose financial statements.

The Flintkote Asbestos Trust

Special-Purpose Statements of Cash Flows

Years Ended December 31,	2022	2021
Cash flows from operating activities:		
Decrease in net assets	$ (85,793,153)	$ (71,484,536)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Change in value of The Flintkote Company	8,917,000	(9,885,000)
Net depreciation (appreciation) in fair value of investment securities	43,144,418	(6,254,440)
Net depreciation (appreciation) in fair value of alternative investments	10,755,501	(3,702,108)
Amortization of premiums on bonds, net	7,173,958	8,262,535
Changes in operating assets and liabilities:		
Interest receivable	(196,135)	903,611
Accrued expenses and accounts payable	(210,612)	(21,808)
Settled but unpaid claims	415,494	132,827
Total adjustments	69,999,624	(10,564,383)
Net cash used in operating activities	(15,793,529)	(82,048,919)
Cash flows from investing activities:		
Sales and maturities of bonds	282,438,722	246,938,591
Purchases of bonds	(276,037,555)	(195,813,984)
Sales of equity securities	6,050,608	59,576,100
Purchases of equity securities	(7,090,717)	(11,222,959)
Liquidation of alternative investments	486,464	280,878
Purchases of investments in international equity funds	-	(33,340,106)
Distributions from The Flintkote Company	2,000,000	-
Net cash provided by investing activities	7,847,522	66,418,520
Net decrease in cash and cash equivalents	(7,946,007)	(15,630,399)
Cash and cash equivalents at the beginning of the year	35,712,469	51,342,868
Cash and cash equivalents at the end of the year	$ 27,766,462	$ 35,712,469

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 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 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 $853,663 and $438,169 as of December 31, 2022 and 2021, respectively. Total claims paid during the years ended December 31, 2022 and 2021, aggregated $28,609,711 and $89,510,749 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 special-purpose financial statement purposes, and federal 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

Published by AsbestosClaims.Law
asbestosclaims.law/library/13856/19

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. 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 during the reporting period. Actual results could differ from those estimates and such differences could have a material effect on the net assets.

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 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. 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.

Published by AsbestosClaims.Law

asbestosclaims.law/library/13856/20

Operating expenses

Operating expenses of the Trust are paid from the net assets when invoices are received.

Claims processing expenses

Claims processing expenses are paid from net assets 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 taxes 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.

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.

The Trust is generally no longer subject to income tax examinations by the Internal Revenue Service for the years ended December 31, 2018 and prior.

Risks and uncertainties

Certain of the Trust's assets are exposed to credit risk. 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, 2022 approximate $1.1 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.

Published by AsbestosClaims.Law
asbestosclaims.law/library/13856/21

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 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.

Published by AsbestosClaims.Law

asbestosclaims.law/library/13856/22

4. Investment Securities

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

	2022			
Description	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Bonds	$ 404,182,955	$ 635,564	$ (7,075,688)	$ 397,742,831
Equity securities	22,868,747	27,304,953	-	50,173,700
	$ 427,051,702	$ 27,940,517	$ (7,075,688)	$ 447,916,531

	2021			
Description	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Bonds	$ 430,429,187	$ 12,945,171	$ (6,352)	$ 443,368,006
Equity securities	22,768,802	37,459,157	-	60,227,959
	$ 453,197,989	$ 50,404,328	$ (6,352)	$ 503,595,965

Net (depreciation) appreciation in the fair value of investment securities of ($43,144,418) and $6,254,440 for the years ended December 31, 2022 and 2021, respectively, consist of the net change in unrealized gains (losses) and net realized gains (losses) from investment sales.

Net unrealized losses

The net change in unrealized losses from market depreciation is comprised of the following investments for the years ended December 31, 2022 and 2021:

	2022	2021
Bonds	$ (19,378,943)	$ (12,315,353)
Equity securities	(10,154,204)	(9,691,940)
	$ (29,533,147)	$ (22,007,293)

Published by AsbestosClaims.Law
asbestosclaims.law/library/13856/23

Net realized gains and losses

Net realized (losses) gains from investment sales consist of the following for the years ended December 31, 2022 and 2021:

	2022	2021
Bonds	$ (12,671,107)	$ 4,512,442
Equity securities	(940,164)	23,749,291
	$ (13,611,271)	$ 28,261,733

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, 2022 and 2021:

	2022	2021
Balance, at the beginning of year	$ 86,438,763	$ 49,677,427
Liquidations/distributions	(486,464)	(280,878)
Purchases of investments in international equities	-	33,340,106
Net change in fair value	(10,755,501)	3,702,108
Balance, at the end of year	$ 75,196,798	$ 86,438,763

Published by AsbestosClaims.Law
asbestosclaims.law/library/13856/24

Alternative investment categories

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

	Fair Value 2022	Fair Value 2021	Redemption Frequency (if Currently Eligible)	First/Next Redemption	Notice Period (days)	Gate
(a) Long/short fund	$ 4,268,665	$ 4,584,083	Quarterly	March 31, 2023	60	0%
(b) Multi-strategy fund	6,883,069	6,927,351	Semi-annually	June 30, 2023	65	10%
Multi-strategy fund	7,527,498	7,453,282	50% Semi-annually	June 30, 2023	60	25%
Multi-strategy fund	5,970,768	5,559,110	25% Quarterly	March 31, 2023	67	0%
Multi-strategy fund	73,182	73,182	In liquidation	N/A	N/A	N/A
Multi-strategy fund	5,641,068	5,761,397	Every two years on anniversary of purchase	May 1, 2024	60	10%
	26,095,585	25,774,322				
(c) Credit opportunities fund	93,486	421,523	In liquidation	N/A	N/A	N/A
(d) International equity fund	24,752,426	32,357,259	Monthly	February 1, 2023	30	0%
International equity fund	19,986,636	23,301,576	Daily	January 4, 2023	2	0%
	44,739,062	55,658,835				
Total Alternative Investments	$ 75,196,798	$ 86,438,763				

(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.

Published by AsbestosClaims.Law
asbestosclaims.law/library/13856/25

(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 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 funds within this category invest 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 funds invest in securities listed or traded on a regulated market; however up to ten percent of the net asset value of the funds 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 and initial funding within the accompanying special-purpose statements of changes in net assets. 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 Flintkote as of December 31:

	2022	2021
Cash and investments	$ 68,660,000	$ 79,577,000
Total assets	68,660,000	79,577,000
Reserve for environmental liabilities	6,000,000	6,000,000
Total liabilities	6,000,000	6,000,000
Net estimated value of investment	$ 62,660,000	$ 73,577,000

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, 2022 and 2021, the fair value of Flintkote's investments in pooled investment funds totaled $24,103,655 and $28,229,294, respectively. Fair value of the

Published by AsbestosClaims.Law
asbestosclaims.law/library/13856/26

pooled investment funds is reported based on Flintkote's proportionate share of each of the fund's 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.

Liabilities consist of a reserve for potential environmental liability claims against Flintkote. 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, 2022 and 2021, 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. During the year ended December 31, 2022, Flintkote made a cash distribution of $2,000,000 to the Trust.

The change in carrying value of the underlying assets and liabilities of Flintkote during the years ended December 31, 2022 and 2021, is reported in the accompanying special-purpose statements of changes in net assets.

6. Income Taxes

During the years ended December 31, 2022 and 2021, the Trust made estimated income tax payments totaling $0 and $5,600,000, respectively.

The Trust has estimated a taxable loss for the year ended December 31, 2022. Accordingly, as of December 31, 2022, the Trust has approximately $3,300,000 in net operating losses available to offset future taxable income, if any. In addition, during the year ended December 31, 2022, the Trust realized losses on the sale of investments. Accordingly, as of December 31, 2022, the Trust has approximately $13,600,000 in net capital loss carryforwards available to offset future taxable gains, if any.

As of December 31, 2022, the estimated deferred tax liability associated with cumulative unrealized gains on investments is approximately $7,700,000.

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 cumulative unrealized gains and losses on investments.

Published by AsbestosClaims.Law

asbestosclaims.law/library/13856/27

7. Insurance Recoveries

During the years ended December 31, 2022 and 2021, the Trust received insurance recoveries from insurers in the amount of $2,040,458 and $1,224,299, 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 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, 2022 and 2021, consists of personal injury claims that were settled and approved for payment by the Trust, but were unpaid as of December 31, 2022 and 2021. These amounts have been included in settled but unpaid claims in the accompanying special-purpose statements of assets, liabilities and net assets and in personal injury claims expense in the accompanying special-purpose statements of changes in net assets for the years ended December 31, 2022 and 2021.

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 at December 31, 2022 and 2021, represents funding available for all Asbestos Trust Claims for which no fixed liability has yet been established. The net assets at December 31, 2022 and 2021, may or may not be sufficient to meet all future obligations of the Trust.

10. Trust Liability Insurance

The Trust purchased Directors and Officers (D&O) liability insurance requiring premiums of $99,790 and $101,610 during the years ended December 31, 2022 and 2021, respectively. The current policy term for the primary D&O policy is from September 30, 2022 through September 30, 2023. 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, $99,790 and $101,610 was recorded as a deduction in net assets during the years ended December 31, 2022 and 2021, respectively.

Published by AsbestosClaims.Law

asbestosclaims.law/library/13856/28

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, 2022 and 2021 were:

	2022			
	Fees	Retainer	Expenses	Total
Trustees	$ 522,726	$ 211,005	$ 25,612	$ 759,343
Future Claimants' Representative	13,827	-	314	14,141
Future Claimants' Representative Counsel	22,245	-	2,315	24,560
Trust Advisory Committee	-	-	100	100
Trust Advisory Committee Counsel	18,961	-	562	19,523
	$ 577,759	$ 211,005	$ 28,903	$ 817,667

	2021			
	Fees	Retainer	Expenses	Total
Trustees	$ 440,671	$ 191,388	$ 2,413	$ 634,472
Future Claimants' Representative	16,315	-	12,535	28,850
Future Claimants' Representative Counsel	21,244	-	-	21,244
Trust Advisory Committee	290	-	23,408	23,698
Trust Advisory Committee Counsel	51,438	-	-	51,438
	$ 529,958	$ 191,388	$ 38,356	$ 759,702

The above amounts are included in operating expenses in the special-purpose statement of changes in net assets for the years ended December 31, 2022 and 2021.

12. Subsequent Events

The Trust has evaluated its December 31, 2022 special-purpose financial statements for subsequent events through April 25, 2023, 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.

Published by AsbestosClaims.Law
asbestosclaims.law/library/13856/29

Supplementary Information

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
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

McLean, Virginia
April 25, 2023

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.

The Flintkote Asbestos Trust

Supplementary Schedules of Operating Expenses

Years Ended December 31,	2022	2021
Legal fees	$ 1,394,814	$ 1,038,489
Investment advisory and management fees	1,153,728	1,627,627
Trustee fees, retainer, and expenses	759,343	634,472
Administration and claims process development fees	657,455	635,316
Professional fees	417,758	291,332
Accounting, finance and tax fees	159,810	349,198
Miscellaneous operating expenses	106,489	104,073
Trust liability insurance	99,790	101,610
Future Claimants' Representative Counsel fees and expenses	24,560	21,244
Meeting expenses	22,023	-
Trust Advisory Committee Counsel fees and expenses	19,523	51,438
Future Claimants' Representative fees and expenses	14,141	28,850
Trust Advisory Committee fees and expenses	100	23,698
Total operating expenses	$ 4,829,534	$ 4,907,347

EXHIBIT 1.B

Claims Summary

16102830/1

Flintkote Asbestos Trust
Summary of Claims Disposed - 2022
Personal Injury Claims Payments

	Expedited Review Paid Claims		Individual Review Paid Claims		Pre-Petition Paid Claims		Supplemental Claim Payments		Total Personal Injury Paid Claims	
	Amount	# of Claims	Amount	# of Claims	Amount	# of Claims	Expedited and Individual	Pre-Petition	Amount	# of Claims
Month										
Jan-22	$1,588,929	859	$767,585	117	$4,283	33	$135		$ 2,360,932	1,009
Feb-22	$1,971,178	1,018	$1,205,056	147	$123	1		7,500	$ 3,183,856	1,166
Mar-22	$1,556,223	627	$1,236,445	133	$985	8			$ 2,793,653	768
Apr-22	$1,459,491	571	$710,663	150					$ 2,170,154	721
May-22	$1,562,878	539	$1,186,270	118	$123	1	$262		$ 2,749,533	658
Jun-22	$947,594	451	$364,958	79	$116	1	$1,200		$ 1,313,868	531
Jul-22	$1,571,097	626	$689,680	99					$ 2,260,777	725
Aug-22	$1,617,588	768	$907,824	122	$123	1			$ 2,525,534	891
Sep-22	$2,070,083	615	$918,112	109			$600		$ 2,988,795	724
Oct-22	$1,643,817	732	$669,823	125	$117	1			$ 2,313,757	858
Nov-22	$1,428,612	551	$613,921	101	$117	1			$ 2,042,649	653
Dec-22	$1,315,387	496	$590,966	84					$ 1,906,353	580
Totals	**$ 18,732,874**	**7,853**	**$ 9,861,304**	**1,384**	**$ 5,986**	**47**	**$ 2,197**	**7,500**	**$ 28,609,861**	**9,284**