IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

In re:	)	Jointly Administered at
	)	Case No. 03-35592 JKF
MID-VALLEY, INC., *et. al*.,	)	
	)	Chapter 11
Reorganized Debtors.	)	
	)	Document No. 2669
_____	)	

ORDER OF COURT PERMITTING THE FILING OF CERTAIN DOCUMENTS WITHOUT REOPENING THE REORGANIZATION CASES[1]

WHEREAS, this Court entered an Order of Final Decree on November 21, 2005 at Docket No. 2514 ordering that the Reorganized Debtors' Reorganization Cases be closed; and

WHEREAS, pursuant to the terms of the Confirmation Order, the Asbestos PI Trust Documents and the Silica PI Trust Documents, certain additional informational and other filings are anticipated to be made including, but not limited to (i) annual reports to be filed by the Asbestos and Silica PI Trusts; and (ii) amended Plan Exhibits filed by the Reorganized Debtors (collectively, the "Additional Filings"); and

WHEREAS, at the hearing held on November 6, 2006, this Court indicated that the Additional Filings should not necessitate the reopening of these Reorganization Cases or any related payment of filing fees; it is hereby

ORDERED, that the Clerk of this Court is directed to accept the Additional Filings and the Additional Filings shall not require the reopening of these Reorganized Cases or

[1] Capitalized terms used herein without definition shall have the meaning ascribed to such terms in the Uniform Glossary of Defined Terms for Plan Documents filed of record on November 5, 2004 (Dkt. No. 2086).

DII Industries Asbestos Trust Annual Reports, 2013 annual report
ACL Doc 14316 · Page 1 of 33
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the payment of any related filing fees; and it is further

ORDERED, each such Additional Filing shall include a copy of this Order, affixed to the front of the Additional Filing; and it is further

ORDERED, that counsel for the Reorganized Debtors shall immediately serve a copy of this Order on (i) each entity set forth in the Reorganized Debtors' current Official Service List; (ii) each entity set forth on the current Bankruptcy Rule 2002 Notice List; and (iii) any other parties-in-interest, and file a certificate of service with the Clerk of the Bankruptcy Court within ten (10) days hereof; and it is further

ORDERED, that the Clerk of the Bankruptcy Court is hereby directed to make a notation on the dockets that, the Reorganization Cases (Case Nos. 03-35592, 03-35593, 03-35595, 03-35596, 03-35597, 03-35599, 03-35600, and 03-35601) have been closed.

Dated: 11/16/2006 12:39:42, 2006

Judith K. Fitzgerald
United States Bankruptcy Judge

wmk

DII Industries Asbestos Trust Annual Reports, 2013 annual report
ACL Doc 14316 · Page 2 of 33
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IN THE UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF PENNSYLVANIA

In re:	§	Jointly Administered at
	§	Case No. 03-35592-JKF
MID-VALLEY, INC., et al.,	§	
	§	Chapter 11
Reorganized Debtors	§	
	§	

DII INDUSTRIES, LLC ASBESTOS PI TRUST'S 2013 ANNUAL REPORT AND NOTICE OF UNCLAIMED PROPERTY

2013 ANNUAL REPORT

Pursuant to the DII Industries, LLC Asbestos PI Trust Agreement ("Trust Agreement"), the Trustees of the DII Industries, LLC Asbestos PI Trust ("Trust") report the following 2013 activities:

I. Financial Statements

The Trust's Special-Purpose Financial Statements with Report of Independent Auditors for the Years Ended December 31, 2013 and 2012 is attached as Exhibit A.

II. Claims Summary

A summary of the claims the Trust disposed of in 2013 is attached as Exhibit B.

III. Trustees' Fees, Expenses, and Activities

The Trustees earned $871,642 in 2013 (a) conducting weekly meetings with the Trust's staff and quarterly meetings with the Trust Advisory Committee and Legal Representative; (b) monitoring the Trust's financial portfolio and conducting regular meetings with the Trust's financial advisors and investment managers; (c) supervising the Trust's activity in mediations, arbitrations, and litigation; (d) reviewing and revising the processes the Trust utilizes to evaluate claims; (e) monitoring the Trust's claims processing facility's performance; (f) evaluating the

Trust's staffing needs and staff compensation; (g) evaluating the Trust's claims audit program; (h) supervising the development of guidelines that will be used to evaluate Foreign Claims; (i) supervising the preparation of the Trust's financial statement; and (j) otherwise administering the Trust. Additionally, the Trust reimbursed $50,749 of the expenses the Trustees incurred.

The Trustees spent much of their time supervising the (a) conduct and expansion of the Trust's claims audit program, (b) refinement of the Trust's method of valuing claims submitted for Individual Review, and (c) reforecast of the Trust's assets and liabilities.

A. Claims Audit Program

In 2013, the Trust audited hundreds of randomly chosen claims and began, continued, or completed targeted audits of claims filed by several selected firms. To increase the number claims the Trust can audit and to ensure that audits are completed as quickly as possible, the Trust recently increased its audit staff.

B. Valuation of Claims Submitted for Individual Review

When the Trust was created, section 5.3(b)(2) of the Trust Distribution Procedures instructed it to value claims submitted for Individual Review as follows:

> The Asbestos PI Trust shall liquidate the value of each Asbestos Unsecured PI Trust Claim that undergoes Individual Review based on the historic liquidated values of other similarly situated claims in the tort system for the same Disease Level. The Asbestos PI Trust shall thus take into consideration all of the factors that affect the severity of damages and values within the tort system including, but not limited to: (i) the degree to which the characteristics of a claim differ from the presumptive Medical/Exposure Criteria for the Disease Level in question; (ii) factors such as the claimant's age, disability, employment status, disruption of household, family, or recreational activities, dependencies, special damages, and pain and suffering; (iii) evidence that the claimant's damages were (or were not) caused by asbestos exposure, including Company Exposure as defined in section 5.7(c) below prior to December 31, 1982 (for example, alternative causes and the strength of documentation of injuries); (iv) the industry of exposure; and (v) settlements, verdicts, and the claimant's and other law firms' experience in the Claimant's Jurisdiction for similarly situated claims.

On December 17, 2009, the Trust attempted to clarify this provision, revising it as follows (deleted language is stricken through, and added language is underlined):

> The Asbestos PI Trust shall liquidate the value of each Asbestos Unsecured PI Trust Claim that undergoes Individual Review based on the historic liquidated values of other similarly situated claims in the tort system for the same Disease Level. The Asbestos PI Trust shall thus take into consideration all of the factors that affect the severity of damages and values within the tort system including, but not limited to: (i) the degree to which the characteristics of a claim differ from the presumptive Medical/Exposure Criteria for the Disease Level in question; (ii) factors such as the claimant's age, disability, employment status, disruption of household, family, or recreational activities, dependencies, special damages, and pain and suffering; (iii) evidence that the claimant's damages were (or were not) caused by asbestos exposure, including Company Exposure as defined in section 5.7(c) below prior to December 31, 1982 (for example, alternative causes and the strength of documentation of injuries); (iv) the industry of exposure; ~~and (v) settlements, verdicts, and the claimant's and other law firms' experience in the Claimant's Jurisdiction for similarly situated claims~~ (v) settlement and verdict histories in the Claimant's Jurisdiction for similarly situated claims; and (vi) the greater of (a) settlement and verdict histories for the claimant's law firm for similarly situated claims or (b) settlement and verdict histories for the claimant's law firm in the Claimant's Jurisdiction including all cases where the claimant's law firm submits clear and convincing evidence to the Asbestos PI Trust that the claimant's law firm played a substantial role in the prosecution and resolution of the cases, such as actively participating in court appearances, discovery, or trial of the cases (the mere referral of a case, without further involvement, will not be viewed as having played a substantial role in the prosecution and resolution of a case), irrespective of whether a second law firm also was involved and would be entitled to include the cases in its settlement and verdict histories.

The Trustees subsequently became concerned that this revision confused, rather than clarified, section 5.3(b)(2). Specifically, the Trustees were concerned that the revised provision over-emphasized the importance of claimants' law firms' settlement and verdict histories. To mitigate this concern, the Trustees asked the Trust Advisory Committee and Legal Representative for consent to amend the above-quoted paragraph again so that it would read as it initially did. The Legal Representative consented to the proposed amendment, and the Trust Advisory Committee did not object to it. The provision therefore was amended on January 18, 2013. The Trustees continue to work to implement section 5.3(b)(2).

C. Forecast of Assets and Liabilities

Throughout 2013, professionals retained by the Trustees, Trust Advisory Committee, and Legal Representative worked together to update the Trust's forecast of its assets and liabilities. This effort resulted in the Trustees proposing to reduce the Trust's Payment Percentage from 52.5 percent to 35.6 percent. The Trust Advisory Committee objected to the proposal, chiefly because it disagrees with the Trustees' assumptions about the Trust's Foreign Claims liability. The Legal Representative still is considering the proposal.

IV. Trust Advisory Committee's Fees, Expenses, and Activities

In 2013, the Trust paid the Trust Advisory Committee and its legal counsel and other professionals $260,323 in fees and reimbursed $5,997 of the expenses they incurred. Of these amounts, $1,848 was paid to Committee members. During the year, the Committee advised the Trustees in their performance of the activities listed above.

V. Legal Representative's Fees, Expenses, and Activities

In 2013, the Trust paid the Legal Representative and its legal counsel and other professionals $372,327 in fees and reimbursed $24,207 of the expenses they incurred. Of these amounts, $53,690 was paid to the Legal Representative. Like the Trust Advisory Committee, the Legal Representative advised the Trustees in their performance of the activities listed above.

VI. Additional Information

For additional information regarding the Trust's financial statements or operations, please contact its Executive Director, Marcellene Malouf, at P.O. Box 821628, Dallas, Texas 75382 or at 214-271-0551 or go to www.diiasbestostrust.org.

DII Industries Asbestos Trust Annual Reports, 2013 annual report Published by AsbestosClaims.Law
ACL Doc 14316 · Page 6 of 33 **asbestosclaims.law/library/14316/6**

NOTICE OF UNCLAIMED PROPERTY

Pursuant to the Conformed Fourth Amended and Restated Joint Prepackaged Plan of Reorganization for the Debtors under Chapter 11 of the United States Bankruptcy Code, attached as Exhibit C is information regarding unclaimed or undeliverable funds that the Trust distributed.

/s/
Alan R. Kahn, Managing Trustee
DII Industries, LLC Asbestos PI Trust

/s/
Mark M. Gleason, Trustee
DII Industries, LLC Asbestos PI Trust

/s/
Honorable Robert M. Parker, Trustee
DII Industries, LLC Asbestos PI Trust

DII Industries Asbestos Trust Annual Reports, 2013 annual report
ACL Doc 14316 · Page 7 of 33
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EXHIBIT A

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DII INDUSTRIES, LLC ASBESTOS PI TRUST

Special-Purpose Financial Statements
with
Report of Independent Auditors

Years Ended December 31, 2013 and 2012

DII INDUSTRIES, LLC ASBESTOS PI TRUST

Table of Contents

	Page
Report of Independent Auditors	1 - 2
Financial Statements:	
Special-Purpose Statements of Net Claimants' Equity	3
Special-Purpose Statements of Changes in Net Claimants' Equity	4
Special-Purpose Statements of Changes in Investments	5
Notes to Special-Purpose Financial Statements	6 - 16

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REPORT OF INDEPENDENT AUDITORS

To the Trustees of
DII Industries, LLC Asbestos PI Trust

We have audited the accompanying special-purpose financial statements of the DII Industries, LLC Asbestos PI Trust (the Trust), which comprise the statements of net claimants' equity as of December 31, 2013 and 2012, and the related special-purpose statements of changes in net claimants' equity and investments for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the special-purpose accounting methods adopted by the Trust and its Trustees, as described in Note 2. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of December 31, 2013 and 2012, and the results of its operations and their changes in investments for the years then ended in conformity with the special-purpose basis of accounting described in Note 2.

Emphasis of Matter

As described in Note 2 to the special-purpose financial statements, these financial statements were prepared on a special-purpose basis of accounting and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America. The special-purpose basis of accounting has been used in order to communicate the amount of net assets presently available for current and future claimants to the Trust.

Restriction of Use

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

BKM Dowan Horan, LLP

April 14, 2014

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DII INDUSTRIES, LLC ASBESTOS PI TRUST

Special-Purpose Statements of Net Claimants' Equity

	December 31,	
	2013	2012
ASSETS		
Investments, at fair value	**2,175,314,394**	2,141,950,032
Investment income receivable	**16,651,392**	16,394,875
Prepaid expenses and other assets	**497,655**	638,686
Property and equipment, net	**84,248**	38,322
Income tax receivable	**1,414,024**	1,675,512
Total assets	**2,193,961,713**	2,160,697,427
LIABILITIES		
Accounts payable and accrued expenses	**850,118**	1,058,640
Settled but unpaid claims	**958,243**	1,706,751
Deferred tax liability	**97,984,451**	66,581,534
Total liabilities	**99,792,812**	69,346,925
Net claimants' equity (Note 2)	**$ 2,094,168,901**	$ 2,091,350,502

See accompanying notes to special-purpose financial statements

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DII INDUSTRIES, LLC ASBESTOS PI TRUST

Special-Purpose Statements of Changes in Net Claimants' Equity

	Years ended December 31,	
	2013	2012
Additions		
Interest and dividend income	**$ 44,068,411**	$ 46,273,802
Net realized gain on investments	**4,944,666**	29,498,450
Net unrealized gain on investments	**65,672,518**	52,236,855
Total additions	**114,685,595**	128,009,107
Deductions		
Asbestos claims payment expense	**(59,133,377)**	(88,108,530)
Operating and legal expenses	**(14,869,414)**	(15,358,871)
Income tax expense	**(37,864,405)**	(26,925,038)
Total deductions	**(111,867,196)**	(130,392,439)
Change in net claimants' equity	**2,818,399**	(2,383,332)
Net claimants' equity, beginning of year	**2,091,350,502**	2,093,733,834
Net claimants' equity, end of year	**$ 2,094,168,901**	$ 2,091,350,502

See accompanying notes to special-purpose financial statements

DII INDUSTRIES, LLC ASBESTOS PI TRUST

Special-Purpose Statements of Changes in Investments

	Years ended December 31, 2012	
	2013	2012
Investment inflows		
Investment income	**$ 48,756,560**	$ 77,458,500
Change in unrealized gains on investments	**65,672,518**	52,236,855
Total inflows	**114,429,078**	129,695,355
Investment outflows		
Asbestos claims payments	**(59,881,885)**	(109,905,971)
Operating and legal expenses	**(14,982,831)**	(16,040,244)
Income tax paid	**(6,200,000)**	(9,609,633)
Total outflows	**(81,064,716)**	(135,555,848)
Net increase in investments	**33,364,362**	(5,860,493)
Investments, beginning of year	**2,141,950,032**	2,147,810,525
Investments, end of year	**$ 2,175,314,394**	$ 2,141,950,032

See accompanying notes to special-purpose financial statements

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DII INDUSTRIES, LLC ASBESTOS PI TRUST

Notes to Special-Purpose Financial Statements

Note 1 - Description of the Trust

General

The DII Industries, LLC Asbestos PI Trust (the Trust) is a Pennsylvania common law trust, and is a Qualified Settlement Fund within the meaning of Treasury Department regulations issued pursuant to Section 468B of the Internal Revenue Code. The Trust was created on January 20, 2005, in connection with confirmation of the Chapter 11 Joint Plan of Reorganization (the Plan) for DII Industries, LLC and certain of its affiliated debtors and debtors-in-possession (Debtors). The Debtors were direct or indirect subsidiaries of the Halliburton Company (Halliburton). The Plan was confirmed by order entered on July 21, 2004, by the United States Bankruptcy Court for the Western District of Pennsylvania (Order). The Order was affirmed by the United States District Court for the Western District of Pennsylvania on December 1, 2004. The Plan became effective on January 20, 2005. The purpose of the Trust is to assume the asbestos liabilities of the Debtors, Halliburton, Harbison-Walker Refractories Company, and certain other businesses, and to use the Trust's assets and income to pay holders of those asbestos liabilities in such a way that all holders of similar asbestos claims, both current and future, are treated in a substantially equivalent manner.

Halliburton and its affiliates were granted the protection of a permanent channeling injunction entered by the Bankruptcy Court and the District Court in connection with the Order. The injunction enjoins the assertion of Asbestos Unsecured PI Trust Claims (Asbestos Claims) against those entities and channels such claims to the Trust for resolution.

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

The Trust is governed by a Trust Agreement (TA) and Trust Distribution Procedures (TDP) that establish the framework and criteria for allowance and payment of asbestos-related claims by the Trust.

The Trust's assets consist primarily of cash and cash equivalents and investments, which, with the earnings on such investments, are intended to be totally consumed by the allowance and payment of claims and operation of the Trust. The percentage of the amount of each allowed claim that will actually be paid will be determined by projections of total allowable Asbestos Claims and operational expenses of the Trust, on the one hand, and total assets and net earnings, on the other.

The Trust will terminate in accordance with TA article 7.2.

Note 2 - Summary of Significant Accounting Policies

Basis of accounting

The Trust's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) on a special-purpose presentation basis which does not include the Trust's estimated claims liability. The special-purpose basis of accounting has been used to better communicate to the beneficiaries of the Trust the funds available to satisfy current and future claims as well as operational costs of the Trust.

Cash and cash equivalents

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

Investments

Investments are stated at estimated fair value. Changes in fair value are recorded as additions and deductions to net claimants' equity. Realized gains and losses on investments in securities are calculated based on the specific identification method. The Trust records securities transactions on a trade-date basis. Dividend income is recorded on the ex-dividend date. Interest is recorded on an accrual basis. All investments are considered to be available for sale.

Fair value of investments

The Trust measures fair value of its investments using the fair value hierarchy as defined by GAAP. When quoted prices in active markets for identical assets are available, these quoted market prices are used to determine the fair value. In other cases the Trust may hold investments for which there is no active market or the market is dislocated. When determining the fair value of such investments, the valuation is dependent on facts and circumstances requiring judgment by management. In exercising that judgment, management relies upon the valuation by its managers and advisors. It is acceptable to use inputs based on estimates or assumptions, or to make adjustments to observable inputs to determine fair value when markets are not active and relevant observable inputs are not available.

Claims and claims processing expense

Amounts due to claimants for allowed claims are recorded when approved and signed releases are received and verified. Claims processing expenses are recorded as incurred and are included in operating and legal expenses in the special-purpose statements of changes in net claimants' equity. Claims approved for payment with signed release forms received and verified before the end of the year are accrued for in the special-purpose statements of net claimants' equity. See Note 4.

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

Property and equipment

Property and equipment is stated at cost, less accumulated depreciation and amortization. The Trust uses the straight-line and accelerated methods of depreciation over the estimated useful lives of the assets. Depreciation expense was approximately $17,000 and $17,500 for each of the years ended December 31, 2013 and 2012, respectively.

Net claimants' equity

The Trust, under the adopted special-purpose accounting convention, does not record the liability for future claims expected to be filed over the life of the Trust. The net claimants' equity is available for (i) the payments of allowed asbestos-related claims and (ii) operational expenses of the Trust.

Concentration of credit risk

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

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

The Trust has a formal investment policy of placing investments in high-quality financial institutions and limiting the size of any investment with any single entity or type of investment (i.e. debt securities, equity securities, hedge funds).

Use of estimates

The preparation of the special-purpose financial statements requires the Trustees and management of the Trust to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the financial statement date, and the reported amounts of additions and deductions to net claimants' equity during the reporting periods. Significant items subject to such estimates and assumptions include the carrying value of investments and the estimation of current and deferred income taxes. Actual results could differ from these estimates.

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

Income taxes

The Trust reports its income to the Internal Revenue Service (IRS) as a Qualified Settlement Fund which is taxed at the highest rate applicable to trusts under Section 1(e) of the Code, which is 39.6% for the year ending December 31, 2013 having increased from 35% for the year ending December 31, 2012. The Trust is subject to federal income taxes based on modified gross income, as defined by the Code.

Deferred tax assets and liabilities are recorded based on temporary differences between the carrying amounts of assets and liabilities for financial reporting and income tax purposes using the tax rates currently in effect. A valuation allowance is established when it is more likely than not that the deferred tax assets may not be realized. The amount of income taxes the Trust pays is subject to ongoing audits by federal authorities. The Trust's estimate of the potential outcome of any uncertain tax issues is subject to the Trustees' assessment of relevant risks, facts, and circumstances existing at that time. The Trust uses a more likely than not threshold for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. To the extent that the Trust's assessment of such tax positions changes, the change in estimate is recorded in the period in which the determination is made. The Trust reports tax-related interest and penalties as a component of income tax expense and operating expenses, respectively. The Trust has recognized no liabilities for unrecognized tax benefits.

Reclassifications

Certain amounts as previously reported have been reclassified to conform with the current year presentation.

Subsequent events

The Trust has evaluated events and transactions subsequent to the date of the financial statements for matters requiring recognition or disclosure in the special-purpose financial statements. The accompanying special-purpose financial statements consider events through April 14, 2014, the date on which the special-purpose financial statements were available to be issued.

Note 3 - Funding of the Trust

Funding of the Trust was set forth in the Plan. On January 20, 2005, the effective date of the Trust, the Trust received $950,000 in cash proceeds, a note receivable from Halliburton in the

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Note 3 - Funding of the Trust – (Continued)

amount of $30,742,628 due December 31, 2005, and 59,500,000 shares of Halliburton stock from the Debtors, which had a market value of $2,504,652,500. The value of funding, as of the effective date, totaled $2,536,345,128.
All shares of the Halliburton stock were sold on March 23, 2005, generating proceeds to the Trust of $2,481,983,000, net of fees and other charges of $46,767,000. The note receivable was paid in full at a discounted amount of $30,685,035 by December 31, 2005. The net cash realized from the funding of the Trust totaled $2,513,618,035.

The Plan also provides for additional funding through the Asbestos PI Trust Additional Funding Agreement. Under the Asbestos PI Trust Additional Funding Agreement, the Debtors are obligated to pay the Trust any insurance recoveries in excess of $2,300,000,000. This obligation ceases once the Debtors have paid an aggregate of $700,000,000 to the Trust. No proceeds were received or due during the years ended December 31, 2013 and 2012, in connection with the Asbestos PI Trust Additional Funding Agreement. No estimate of any future collection under this obligation has been recorded as it is uncertain to occur.

Note 4 - Claims Processing

The Trust reviews and determines Asbestos Claims in accordance with the TDP. The TDP provides for processing, and either disallowing or allowing, liquidating and paying all Asbestos Claims as required by the Plan and the TA. For the years ended December 31, 2013 and 2012, approximately $59,000,000 and $88,000,000, respectively, were expensed as asbestos claims payments. On December 31, 2013 and 2012, the Trust had approximately $960,000 and $1,700,000, respectively, in allowed claims which were qualified for payment but were unpaid at year-end.

The TDP requires the Trust to dedicate 60% of the Maximum Available Payment (MAP), as defined in the TDP, to the payment of claims involving severe asbestosis and malignancies (Category A claims) and to dedicate 40% of the MAP to claims involving non-malignant asbestosis and pleural disease (Category B claims). During the year ended December 31, 2013, the Trust did not exhaust all Category A claims. During the year ended December 31, 2012, the Trust exhausted all available funds for Category A claims.

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DII INDUSTRIES, LLC ASBESTOS PI TRUST

Notes to Special-Purpose Financial Statements

Note 5 - Estimated Asbestos Claims

At inception, the Trust's economic liability experts estimated that 1,851,886 claims would ultimately be filed over the life of the Trust. This projected an ultimate claims liability of approximately $3,700,000,000. The Trust's experts updated their forecast during 2013 and estimated that 262,000 claims would be paid over the remaining life of the Trust. This estimate projects an updated remaining claims liability of $2,900,000,000. The updated 2013 claim liability includes projections for both future foreign and domestic claims.

Note 6 - Trust Advisory Committee and Legal Representative

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

The LR serves in a fiduciary capacity, representing the interests of the individuals who may file an Asbestos Claim in the future, but who at this time are unknown to the Trust (Future Asbestos Claimants). His role, in part, is to protect rights of the Future Asbestos Claimants. The Trustees are required to consult with or obtain the consent of the LR on certain matters identified in the TA and the TDP.

Note 7 – Taxation

The Trust's federal income tax expense is calculated as follows:

	Years ended December 31,	
	2013	2012
Net taxable income	**$ 13,736,893**	$ 31,947,194
Tax rate	**39.6%**	35%
Current federal income tax expense	**5,439,810**	11,181,518
Adjustment to prior year estimate and refunds	**1,021,678**	(718,690)
Deferred federal income tax expense	**22,652,202**	16,462,210
Effect of change in tax rate on deferred taxes	**8,750,715**	-
Income tax expense	**$ 37,864,405**	$ 26,925,038

DII Industries Asbestos Trust Annual Reports, 2013 annual report Published by AsbestosClaims.Law
ACL Doc 14316 · Page 21 of 33 asbestosclaims.law/library/14316/21

Note 7 – Taxation – (Continued)

The adjustments to prior year estimates and refunds in the years ended December 31, 2013 and 2012, primarily relates to the true up of basis differences in investments. The Trust's net deferred income tax liability is comprised of unrealized gains on investments. The Trust tax returns for the years beginning 2010 remain open for examination by governmental authorities.

Note 8 - Investments and Fair Value Measurements

The TA provides general guidelines for the investments of the Trust. More specific policies and guidelines are set forth in the Investment Guidelines which were developed by the Trust's financial advisor and adopted by the Trustees.

The Trust's financial advisor routinely reviews the Trust's asset allocation model and portfolio managers.

At December 31, 2013 and 2012, the Trust has investments with eleven and twelve hedge funds respectively. During 2013, the Trust received a final cash disbursement of approximately $352,000 from a fully liquidated hedge fund.

The estimated fair values of the Trust's investments are as follows:

	December 31, 2013		December 31, 2012	
	Cost	**Fair Value**	Cost	Fair Value
Cash and cash equivalents	**$ 180,172,228**	**$ 180,172,228**	$ 308,709,339	$ 308,709,339
Equity securities	**189,643,538**	**315,441,061**	174,288,874	240,666,041
Foreign equity funds	**68,958,907**	**138,553,602**	63,635,996	111,467,002
Debt securities	**1,308,343,811**	**1,334,445,701**	1,230,228,888	1,307,831,586
Hedge funds	**126,377,931**	**206,701,802**	128,941,474	173,276,064
	$ 1,873,496,415	**$ 2,175,314,394**	$ 1,905,804,571	$ 2,141,950,032

The Trust had a cumulative net unrealized gain on investments of $301,817,979 and $236,145,461 at December 31, 2013 and 2012, respectively. The Trust's net realized gain on sale of investments was $4,944,666 and $29,498,450 for the years ended December 31, 2013 and 2012, respectively. The amortization of bond discount expense included in interest and

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Note 8 - Investments and Fair Value Measurements – (Continued)

dividend income was $24,199,675 and $21,935,562 for the years ended December 31, 2013 and 2012, respectively.

The following is a description of the valuation methodologies used for financial assets measured at fair value, including the general classification of such assets pursuant to the valuation hierarchy.

Cash and cash equivalents

Cash equivalents are carried at cost, which approximates fair value. Cash and cash equivalents include cash balances and money market funds which are classified as Level 1.

Equity securities

All of the Trust's investments in equity securities are those which are publicly traded and are SEC filers. These securities are classified as Level I, as quoted prices are available for these securities in an active market.

Debt securities

The Trust's investments in debt securities do not have quoted market prices. These fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flow and are classified with Level 2 of the valuation hierarchy. These level 2 securities would include U.S. agency securities, mortgage-backed agency securities, obligations of states and political subdivisions and certain corporate, asset-backed, and other securities.

Foreign equity funds

The Trust invests in foreign equity funds which do not have quoted market prices. The fair values are estimated by using pricing models and quoted prices of the publicly traded international securities included in the funds. The funds are classified within Level 2 of the valuation hierarchy.

Hedge funds

The hedge funds are valued based on the net asset values as provided by general partners, a third party administrator, or investment managers, which are subject to independent financial statement audits. The Trust's independent financial advisors monitor, regularly meet with, and review each fund manager. Additionally, the Trustees regularly review manager performance reports and meet directly with the fund managers annually. The hedge funds are subject to various restrictions or lock-up provisions which may could prevent the Trust from realizing the

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Note 8 - Investments and Fair Value Measurements – (Continued)

Hedge funds - continued

current fair value estimate. As of December 31, 2013 and 2012, there were no unfunded commitments to the hedge funds. Hedge funds are classified in Level 3 of the valuation hierarchy due to the factors noted above.

Financial assets with changes in fair value that are measured on a recurring basis were as follows:

	December 31, 2013			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 180,172,228	$ -	$ -	$ 180,172,228
Equity securities	315,441,061	-	-	315,441,061
Foreign equity funds	-	138,553,602	-	138,553,602
Debt securities	-	1,334,445,701	-	1,334,445,701
Hedge funds	-	-	206,701,802	206,701,802
	$ 267,888,489	$ 1,600,724,103	$ 206,701,802	$ 2,175,314,394

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DII INDUSTRIES, LLC ASBESTOS PI TRUST

Notes to Special-Purpose Financial Statements

Note 8 - Investments and Fair Value Measurements – (Continued)

Hedge funds - continued

	December 31, 2012			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 308,709,339	$ -	$ -	$ 308,709,339
Equity securities	240,666,041	-	-	240,666,041
Foreign equity funds	-	111,467,002	-	111,467,002
Debt securities	-	1,307,831,586	-	1,307,831,586
Hedge funds	-	-	173,276,064	173,276,064
	$ 549,375,380	$ 1,419,298,588	$ 173,276,064	$ 2,141,950,032

The changes in the balances of Level 3 financial assets were as follows for the years ended December 31:

	2013	2012
Balance as of January 1	**$ 173,276,064**	$ 148,114,964
Change in net realized and unrealized gains or losses	**35,990,783**	16,707,801
Purchases, sales issuances, and settlements (net)	**(2,565,046)**	8,453,299
Balance as of December 31	**$ 206,701,801**	$ 173,276,064

Note 9 - Commitments and Contingencies

Leases

The Trust has a non-cancelable lease for office space that expires at the end of July 2017. Rent expense for the years ended December 31, 2013 and 2012, was approximately $110,000 and $100,000, respectively.

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DII INDUSTRIES, LLC ASBESTOS PI TRUST

Notes to Special-Purpose Financial Statements

Note 9 - Commitments and Contingencies – (Continued)

Leases - continued

Future minimum lease payments for the remaining non-cancelable terms of the lease are as follows:

Years Ending December 31:		Amount
2014	$	110,119
2015		113,310
2016		116,422
2017		68,972
	$	408,823

Retirement plan

The Trust maintains a safe-harbor 401(k) benefit plan (the Plan), which covers all employees who work at least 1,000 hours per year after one year of service. Each year the Trust makes a matching contribution to the Plan up to 4% of the employees' annual compensation. The Trust also contributes 3% of every eligible employee's salary, whether or not they have elected to participate. The Trust's matching and safe harbor contributions were approximately $85,000 and $79,400 for the years ended December 31, 2013 and 2012, respectively.

DII Industries Asbestos Trust Annual Reports, 2013 annual report
Published by AsbestosClaims.Law
ACL Doc 14316 · Page 26 of 33
asbestosclaims.law/library/14316/26

EXHIBIT B

DII ASBESTOS TRUST'S ANNUAL REPORT

CLAIMS DISPOSED OF IN 2013

	HAL Claims	HAL Payments	HW Claims	HW Payments
Claims Paid in 2013	**10,644**	**$23,037,704**	**9,773**	**$36,841,572**
Level I. Other Asbestos Disease Claims Paid	119	$1,400	101	$300
Level II. Asbestosis/Pleural Disease Claims Paid	4,685	$561,916	4,196	$1,091,303
Level III. Asbestosis/Pleural Disease Claims Paid	1,354	$305,767	1,071	$405,124
Level IV. Severe Asbestosis Claims Paid	186	$88,766	184	$219,476
Level V. Other CancerClaims Paid	375	$91,854	363	$267,648
Level VI. Lung Cancer 2 Claims Paid	443	$197,923	437	$652,594
Level VII. Lung Cancer 1 Claims Paid	1,805	$507,436	1,760	$1,938,251
Level VIII. Mesothelioma Claims Paid	1,677	$21,282,642	1,661	$32,266,877
Claims Withdrawn in 2013	**2,001**		**1,554**	
Claims Disallowed in 2013	**6,208**		**6,829**	

EXHIBIT C

UNCLAIMED PROPERTY

Claimant Name	Final Four Digits of Claimant's Social Security Number	Distribution Amount	Date Distribution Was Returned to the Trust
Edward Harrison	[redacted]	$1,384.54	10/03/07
Darrell Hindman	[redacted]	$30.56	10/03/07
Billy Watkins	[redacted]	$30.56	10/03/07
Gary Zimmer	[redacted]	$30.56	10/03/07
Donald Hill	[redacted]	$30.56	10/03/07
James Dolan	[redacted]	$30.56	10/03/07
Richard Crow	[redacted]	$30.56	10/03/07
Charles Watters	[redacted]	$30.56	10/03/07
Albert Cruciano	[redacted]	$532.54	10/03/07
Oscar Howard	[redacted]	$532.54	10/03/07
Willie Dee Wilkins	[redacted]	$30.57	10/03/07
Aurthur Davis	[redacted]	$30.00	10/03/07
Wayne Cuthrell	[redacted]	$30.57	10/03/07
Virginia Burchfield	[redacted]	$215.18	10/03/07
John Lewter	[redacted]	$30.57	10/03/07
Ben Reeves	[redacted]	$30.57	10/03/07
Alphonso Newby	[redacted]	$30.57	10/03/07
Lehman Boyd	[redacted]	$1,384.55	10/03/07
William Huggins	[redacted]	$3,123.64	10/03/07
Henry Whitaker	[redacted]	$1,384.55	10/03/07
Rufus Outlaw	[redacted]	$30.57	10/03/07
William McKenney	[redacted]	$30.56	10/03/07
James Murphy	[redacted]	$1,800.00	12/17/07
Melvin Nash	[redacted]	$62.66	02/29/08
Joseph Witte	[redacted]	$62.66	02/29/08
Roy Wilson	[redacted]	$30.56	02/29/08
Joseph Manijak	[redacted]	$1,384.54	02/29/08
Austin Chatman		$243.31	02/29/08
Edward Piaskowski	[redacted]	$2,775.66	02/29/08
Peter Neforos	[redacted]	$62.66	11/13/08
Eddie Smith	[redacted]	$62.66	11/13/08
Ary Moats	[redacted]	$62.66	11/13/08
Michael Ioannu	[redacted]	$62.66	11/13/08
George Douglas	[redacted]	$1,384.55	11/13/08
William Green	[redacted]	$1,384.55	11/13/08
Wade Johnson	[redacted]	$30.57	11/13/08
Allen Kane	[redacted]	$30.57	11/13/08
Thomas Nealis	[redacted]	$65.16	02/05/09

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UNCLAIMED PROPERTY

Claimant Name	Final Four Digits of Claimant's Social Security Number	Distribution Amount	Date Distribution Was Returned to the Trust
Stephen Makos	[redacted]	$900.00	06/30/09
Anthony Marcinkevich	[redacted]	$30.57	07/28/09
Joseph Roberts	[redacted]	$30.57	07/28/09
Thomas Simpson	[redacted]	$30.57	07/28/09
Fred Pless	[redacted]	$1,384.55	07/28/09
Eleanor Barrett	[redacted]	$142.65	07/28/09
Jerry Whitney	[redacted]	$244.54	07/28/09
Verna Rickman	[redacted]	$1,207.10	07/28/09
Charles Engle	[redacted]	$62.66	07/28/09
John Marsh	[redacted]	$221.13	09/15/09
Charles Ray	[redacted]	$1,429.69	10/16/09
Claudious Johns	[redacted]	$31.79	12/14/09
Charles Lovett	[redacted]	$31.79	01/13/10
Charles Harvey	[redacted]	$1,439.69	01/13/10
Sid Sharpe	[redacted]	$148.33	01/14/10
Lloyd Griffee	[redacted]	$31.79	01/19/10
Ronald Cheslock	[redacted]	$1,439.69	01/25/10
Charles Coles	[redacted]	$772.50	01/29/10
Joseph Novak	[redacted]	$772.50	01/29/10
John Gorman	[redacted]	$31.79	01/29/10
Charles Best	[redacted]	$31.79	02/04/10
Herman Rose	[redacted]	$1,439.69	02/25/10
Thomas Struhar	[redacted]	$31.79	02/25/10
Donald Watson-Bey	[redacted]	$31.79	02/25/10
Donald Willis	[redacted]	$31.79	02/25/10
Emmett Wyman	[redacted]	$1,439.69	03/31/10
Gladys Russell	[redacted]	$1,439.69	03/31/10
Henry Lassen	[redacted]	$31.79	04/02/10
Howard Huff	[redacted]	$31.79	04/02/10
Othello Armstrong	[redacted]	$30.57	04/19/10
James Smerowski	[redacted]	$62.66	04/19/10
George Wilson	[redacted]	$62.66	04/19/10
Lawrence Miller	[redacted]	$62.66	04/19/10
Marvin Mezick	[redacted]	$31.79	05/17/10
Ira Pearce	[redacted]	$4,140.00	07/02/10
Ray Beamon	[redacted]	$31.79	08/12/10
Percy Brown	[redacted]	$1,439.69	08/12/10
Gene Draughn	[redacted]	$31.79	08/12/10

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UNCLAIMED PROPERTY

Claimant Name	Final Four Digits of Claimant's Social Security Number	Distribution Amount	Date Distribution Was Returned to the Trust
Eugene Mezick	[redacted]	$31.79	08/12/10
Burdell White	[redacted]	$772.50	08/16/10
Roland Johnson	[redacted]	$31.79	08/19/10
Dennis Hall	[redacted]	$31.79	08/19/10
Richard Kroll	[redacted]	$31.79	08/30/10
Carroll Conway	[redacted]	$31.79	09/27/10
George Goddard	[redacted]	$772.50	10/04/10
George Broadmax	[redacted]	$31.79	10/22/10
James Long	[redacted]	$31.79	11/12/10
Charles Harris	[redacted]	$31.79	11/12/10
Shirley Reese	[redacted]	$31.79	11/12/10
Louis Lett	[redacted]	$31.79	11/12/10
John Erickson	[redacted]	$508.60	12/01/10
Ray Beamon	[redacted]	$1,407.90	12/06/10
Stanley Adams	[redacted]	$1,440.00	12/27/10
Guyton Weaver	[redacted]	$65.16	12/27/10
Oscar Hetrick	[redacted]	$62.66	12/28/10
John Narum	[redacted]	$30.57	12/28/10
Thomas McMonagle	[redacted]	$2,838.32	12/28/10
John Kirn	[redacted]	$2,838.32	12/28/10
John Flynn	[redacted]	$62.66	12/28/10
Richard Clark	[redacted]	$62.66	12/28/10
Bernard Magness	[redacted]	$62.66	12/28/10
James Hollins	[redacted]	$31.79	02/03/11
Samuel Bauckman	[redacted]	$772.50	03/07/11
Arthur Carroll	[redacted]	$772.50	03/07/11
Lester Cramer	[redacted]	$772.50	03/07/11
Bart Ecret	[redacted]	$772.50	03/07/11
Edward Fair	[redacted]	$1,440.00	03/07/11
William Falvey	[redacted]	$772.50	03/07/11
Joseph Finelli	[redacted]	$1,440.00	03/07/11
Robert Gilliard	[redacted]	$1,440.00	03/07/11
Michael Greenawald	[redacted]	$1,440.00	03/07/11
Grayson Hayes	[redacted]	$595.00	03/07/11
Donald Hunsberger	[redacted]	$772.50	03/07/11
William Hutchings	[redacted]	$2,572.50	03/07/11
Robert Kibler	[redacted]	$4,800.00	03/07/11
Elizabeth Macario	[redacted]	$1,440.00	03/07/11

UNCLAIMED PROPERTY

Claimant Name	Final Four Digits of Claimant's Social Security Number	Distribution Amount	Date Distribution Was Returned to the Trust
Stephen Makos	[redacted]	$360.00	03/07/11
Lawrence Mugni	[redacted]	$1,440.00	03/07/11
Roy Vail	[redacted]	$1,440.00	03/07/11
Kenneth Via	[redacted]	$8,054.50	03/07/11
Earl Smith	[redacted]	$1,440.00	03/07/11
Eddie Crittenden	[redacted]	$772.50	04/18/11
Harry Moore	[redacted]	$772.50	07/14/11
Lendon Daugherty	[redacted]	$2,963.65	08/24/11
Richard Clark	[redacted]		
Robert Jones	[redacted]		
Burton Arnold	[redacted]		
James Tilley	[redacted]	$902.20	01/20/12
Donald Boatwright	[redacted]	$19.92	01/20/12
Walter Coleman	[redacted]	$19.92	01/20/12
Ledford Stepp	[redacted]	$902.20	01/20/12
Henry Hogue	[redacted]	$902.20	01/20/12
Arthur Ramsey	[redacted]	$902.20	01/20/12
John Gibbs	[redacted]	$19.92	01/20/12
Samuel Morcom	[redacted]	$19.92	01/20/12
Stanley Birch	[redacted]	$772.50	02/14/12
John Wagner	[redacted]	$1,440.00	02/14/12
Edward Jaworski	[redacted]	$1,440.00	02/28/12
Samuel Adamo	[redacted]	$1,440.00	05/07/12
Roy Smith	[redacted]	$1,440.00	07/09/12
Eddie Crittenden	[redacted]	$595.00	07/25/12
Frank Burns	[redacted]	$772.50	08/28/12
Ted Sherrill	[redacted]	$19.92	10/10/12
Herbert Stephenson	[redacted]	$158.93	10/10/12
Hazel Jones	[redacted]	$150.00	09/19/13

DII Industries Asbestos Trust Annual Reports, 2013 annual report
ACL Doc 14316 · Page 33 of 33
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