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

IN RE:

H. K. PORTER COMPANY, INC.,	Case No. 91-468 (PGH) WWB
Debtor.	Chapter 11

STATUS REPORT OF TRUSTEE
FOR THE H. K. PORTER ASBESTOS TRUST

Mark M. Gleason, Trustee of the H. K. Porter Asbestos Trust, by and through his counsel, hereby files his status report as follows:

Enclosed are the following:

- The report of claims paid and disposed of during 2021 and 2020.
- Copies of the audited annual reports for the Trust and Corporation.

Extensions for submissions of the income tax returns have been requested.

Respectfully submitted,
CAMPBELL & LEVINE, LLC

Dated: March 30, 2022

By:/s/ Philip E. Milch

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Annual Report of Claims Disposed of During the Year

As Required by Section 3.2(b)(ii) of the
H. K. Porter Company Inc. Asbestos Trust Agreement

During 2021, scheduled payments were sent to holders of Class 5, Asbestos Personal Injury Claims in February, May, August, and November.

The claims data by process election and disease are shown in the attached tables.

Year	Claims Paid	Payments Value	
2000	75,737	$ 15,913,689	
2001	101,940	$ 22,242,771	
2002	59,759	$ 13,035,607	
2003	56,112	$ 11,785,097	
2004	52,390	$ 11,888,160	
2005	36,047	$ 9,503,180	
2006	17,834	$ 4,941,996	
2007	13,438	$ 3,640,261	
2008	1,022	$ 381,283	
2009	3,514	$ 26,099,363	*
2010	4,318	$ 7,205,245	*
2011	5,487	$ 4,991,836	*
2012	4,869	$ 2,766,739	*
2013	19,392	$ 5,409,207	
2014	8,200	$ 2,450,792	
2015	4,627	$ 1,287,192	
2016	8,649	$ 2,123,056	
2017	11,877	$ 2,629,015	
2018	10,575	$ 2,060,077	
2019	12,188	$ 2,313,552	
2020	10,369	$ 2,102,508	
2021	5,080	$ 1,240,484	

* The dollar values for 2009 – 2012 include supplemental payments.

Since 1999, the Trust has paid out over $156 million.

The actual payment data above reflects adjustments for voided checks, processing errors and returned payments.

In January 2009, the Trust increased the payment percentage from 4.6% to 6.3%. The Trust also decided that this increase in the Payment Percentage was to be applied retroactively to all claims which were previously paid by the Trust.

The Payment Percentage was reduced from 6.3% to 4.0% in October 2012.

The Payment Percentage was reduced from 4.0% to 3.0% in June 2014. In 2014, payments were made on qualifying claims at the 4.0% Payment Percentage until the Payment Percentage was reduced. Subsequent qualifying claims were paid at the Payment Percentage of 3.0%.

The financial accounting activity is recorded on an accrual basis and may reflect adjustments after recording by the claims processor. Because certain timing differences or adjustments, the accounting records may differ slightly from the figures in this claims report.

The Trust's next regular quarterly payment date is scheduled for May of 2022.

CERTIFICATE OF SERVICE

I, Theresa Matiasic, hereby certify that on the 30th day of March, 2022, I caused a true and correct copy of the foregoing Notice to be served by first class mail, postage prepaid, upon all parties whose names and addresses appear on the attached service list.

/s/ Theresa Matiasic

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H.K. Porter Asbestos Trust				
				Cumulative
		12/31/2020	12/31/2021	12/31/2021
Summary - All Claims				
Filed Claims				
	No disease specified	840	49	7,308
	Non-Malignant	5,412	5,370	589,159
	Other Cancers	851	602	26,676
	Lung Cancer	2,516	2,629	82,353
	Mesothelioma	1,551	1,251	42,674
	Total	11,170	9,901	748,170
Paid Claims				
	Non-Malignant	7,552	3,150	434,561
	Other Cancers	569	325	16,421
	Lung Cancer	1,382	961	47,958
	Mesothelioma	866	644	24,385
	Total - Paid	10,369	5,080	523,325
Payments				
	Non-Malignant	$ 849,038	$ 351,139	$ 93,269,107
	Other Cancers	128,076	73,008	6,532,309
	Lung Cancer	480,375	333,502	28,850,288
	Mesothelioma	645,020	482,836	27,356,398
	Total	$ 2,102,508	$ 1,240,484	$ 156,008,101
Claims Closed w/o Payment				
	No disease specified	556	277	4,448
	Non-Malignant	865	2,988	128,865
	Other Cancers	118	251	7,957
	Lung Cancer	835	923	25,232
	Mesothelioma	523	476	14,886
	Total - Closed w/o Payment	2,897	4,915	181,388
Pending Claims				43,457

H.K. Porter Asbestos Trust			
			Cumulative
	12/31/2020	12/31/2021	12/31/2021
Expedited Claims			
Filed Claims			
No disease specified	838	46	7,066
Non-Malignant	5,325	5,520	576,824
Other Cancers	839	603	25,349
Lung Cancer	2,235	2,300	74,507
Mesothelioma	1,093	874	34,707
Total	10,330	9,343	718,453
Paid Claims			
Non-Malignant	7,545	3,135	426,534
Other Cancers	564	323	15,723
Lung Cancer	1,197	843	44,882
Mesothelioma	527	377	20,579
Total - Paid	9,833	4,678	507,718
Payments			
Non-Malignant	$ 848,351	$ 349,755	$ 91,949,574
Other Cancers	127,275	72,675	6,282,123
Lung Cancer	432,600	302,988	27,632,002
Mesothelioma	316,760	225,400	22,507,324
Total - Paid	$ 1,724,986	$ 950,818	$ 148,371,023
Claims Closed w/o Payment			
No disease specified	553	275	4,218
Non-Malignant	844	2,954	124,806
Other Cancers	115	249	7,364
Lung Cancer	799	865	21,398
Mesothelioma	485	396	11,620
Total - Closed w/o Payment	2,796	4,739	169,406
Non-Expedited Claims			
Filed Claims			
No disease specified	2	3	242
Non-Malignant	87	(150)	12,335
Other Cancers	12	(1)	1,327
Lung Cancer	281	329	7,846
Mesothelioma	458	377	7,967
Total	840	558	29,717
Paid Claims			
Non-Malignant	7	15	8,027
Other Cancers	5	2	698
Lung Cancer	185	118	3,076
Mesothelioma	339	267	3,806
Total - Paid	536	402	15,607
Payments			
Non-Malignant	$ 686	$ 1,384	$ 1,319,532
Other Cancers	801	333	250,186
Lung Cancer	47,775	30,514	1,218,286
Mesothelioma	328,260	257,436	4,849,074
Total - Paid	$ 377,522	$ 289,666	$ 7,637,079
Claims Closed w/o Payment			
No disease specified	3	2	230
Non-Malignant	21	34	4,059
Other Cancers	3	2	593
Lung Cancer	36	58	3,834
Mesothelioma	38	80	3,266
Total - Closed w/o Payment	101	176	11,982

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H. K. PORTER COMPANY, INC. ASBESTOS TRUST

AUDITED FINANCIAL STATEMENTS

Years ended December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Trustee of
H. K. Porter Company, Inc. Asbestos Trust

Opinion

We have audited the accompanying financial statements of the H. K. Porter Company, Inc. Asbestos Trust (the "Trust"), organized in the State of Pennsylvania, which comprise the statements of net claimants' equity as of December 31, 2021 and 2020, and the related statements of changes in net claimants' equity for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net claimants' equity of the Trust as of December 31, 2021 and 2020, and its changes in net claimants' equity for the years then ended, in conformity with the special-purpose basis of accounting as described in Note 2 of the financial statements.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of H. K. Porter Company, Inc. Asbestos 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.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on a special-purpose basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The special-purpose basis of accounting has been used in order to better communicate the amount of equity presently available to current and future claimants. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with special-purpose basis of accounting described in Note 2; this includes determining that the special-purpose basis of accounting described in Note 2 is an acceptable basis for the preparation of the financial statements in the circumstances. 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 U.S. 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 financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the 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 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 H. K. Porter Company, Inc. Asbestos 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 financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about H. K. Porter Company, Inc. Asbestos Trust's ability to continue as a going concern for a reasonable period of time.

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

Restriction on Use

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

Sisterson + Co. LLP

March 28, 2022

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H. K. PORTER COMPANY, INC. ASBESTOS TRUST

STATEMENTS OF NET CLAIMANTS' EQUITY

	December 31, 2021	December 31, 2020
ASSETS		
Cash and cash equivalents (Note 2(b))	$ 532,523	$ 540,851
Due from H. K. Porter Company, Inc. (Note 2(c))	4,424,917	6,268,862
Investment in H. K. Porter Company, Inc. (Note 2(e))	20,975,318	19,520,822
Other current assets	51,264	47,169
Total assets	$ 25,984,022	$ 26,377,704
LIABILITIES AND NET CLAIMANTS' EQUITY		
Accrued professional fees	$ 67,486	$ 54,112
Net claimants' equity (Note 2(f))	$ 25,916,536	$ 26,323,592

The accompanying notes are an integral part of these financial statements.

H. K. PORTER COMPANY, INC. ASBESTOS TRUST

STATEMENTS OF CHANGES IN NET CLAIMANTS' EQUITY

	Year ended December 31, 2021	2020
Net claimants' equity, January 1	$ 26,323,592	$ 27,560,430
Additions to net claimants' equity		
Investment income	81	81
Increase in investment in H. K. Porter Company, Inc.	1,454,496	1,667,706
Increase in funding from H. K. Porter Company, Inc. (Note 2(c))	301,055	135,391
Total additions to net claimants' equity	1,755,632	1,803,178
Deductions from net claimants' equity		
Claim settlements paid (Note 2(g))	1,240,829	2,102,508
Professional fees (Note 2(h))	399,319	390,835
Claims processing	264,408	285,242
Trustee fees	164,700	171,340
Insurance	57,944	50,585
Trust advisory committee fees	32,240	36,000
Other	3,248	3,506
Total deductions from net claimants' equity	2,162,688	3,040,016
Net decrease in net claimants' equity	(407,056)	(1,236,838)
Net claimants' equity, December 31	$ 25,916,536	$ 26,323,592

The accompanying notes are an integral part of these financial statements.

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NOTES TO FINANCIAL STATEMENTS

NOTE 1 - BUSINESS

(a) Description of business

The H. K. Porter Company, Inc. Asbestos Trust (the "Trust") was established pursuant to the Fourth Amended Creditors' Committee Plan of Reorganization ("Plan") for the bankruptcy of H. K. Porter Company, Inc. ("Porter") and confirmed by court order dated June 25, 1998. The purpose of the Trust is:

i) to assume liability pursuant to the Plan for all asbestos claims against Porter, which Porter had originally estimated to be in excess of $2 billion;

ii) to use the Trust's assets and income to pay holders of valid asbestos claims; and

iii) to comply in all respects with the requirements of a trust set forth in Section 524(g)(2)(B)(i) of the Bankruptcy Code.

The Trust was established on July 28, 1998, the Effective Date of the Plan ("Effective Date") and was deemed to be a continuation of Porter's Qualified Settlement Fund for Allowed Asbestos Disease Claimants ("Qualified Settlement Fund") by Order of Court dated August 26, 1998. The Qualified Settlement Fund was established pursuant to an Order of Court dated December 20, 1996.

(b) Funding of the Trust

Pursuant to the Plan, Porter was required to transfer to the Trust insurance policies for the benefit of property damage claimants ("Property Damage Insurance Policies"). In addition, Porter was obligated to transfer to the Trust its pro-rata share of any cash proceeds realized from the remaining insurance policies ("Porter Retained Insurance Policies"). The Trust has received its pro-rata share of all recoveries from the Porter Retained Insurance Policies.

On the Effective Date, all authorized shares of the Porter common stock were issued to the Trust and Porter assigned the Property Damage Insurance Policies to the Trust. In 1998, Porter recognized its obligation to pay to the Trust, the Trust's pro-rata share of the distribution value, as defined by the Plan, less the amount of the Qualified Settlement Fund as of the last day of the month in which the effective date occurred (July 31, 1998).

A Stipulation to Clarify the Intent of the Plan of Reorganization was approved by Order of the Court dated August 19, 1999. The stipulation provided that Porter's investment income on funds owed to the Trust would be considered to be part of, and added to, the total amount of the Trust's Pro Rata Share of the Distribution Value to be distributed to the Trust. As a result of the stipulation, Porter annually recognizes an increase in the amount due to the Trust for the earnings on funds owed to the Trust (See Note 2(c)).

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ACL Doc 13913 · Page 15 of 36
asbestosclaims.law/library/13913/15

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The Trust's financial statements are prepared using special-purpose accounting methods that differ from accounting principles generally accepted in the United States of America. The special-purpose accounting methods are being used to better communicate to the beneficiaries of the Trust the equity available to satisfy current and future claims. These special-purpose accounting methods and differences from accounting principles generally accepted in the United States of America are summarized as follows:

i) The financial statements are prepared using the accrual basis of accounting, except as otherwise described below.

ii) The statements of net claimants' equity are not classified, resulting in no separation between current and noncurrent assets.

iii) These special-purpose financial statements do not include a statement of cash flows.

iv) Cash and cash equivalents are recorded at cost with accrued interest shown separately.

v) The funding received and due from Porter, pursuant to the Plan, has been recorded directly to net claimants' equity. These funds do not represent taxable income to the Trust. Settlements paid for asbestos claims are reported as deductions from net claimants' equity and do not represent tax-deductible expenses of the Trust. No liability is recorded for unpaid claims, outstanding offers, future claim filings and filed claims on which no offer has been made. Net claimants' equity represents funding available to pay present and future claims.

vi) The investment in Porter has not been consolidated in the accompanying financial statements, but has instead been presented at the underlying net book value of Porter as of December 31, 2021 and 2020.

vii) The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of additions to and deductions from net claimants' equity during the reporting period. Actual results could differ from those estimates.

(b) Cash and cash equivalents

The Trust is invested in short-term securities with maturities of less than one year to be held until maturity. The Trust was invested in cash securities of $532,523 and $540,851 as of December 31, 2021 and 2020, respectively.

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ACL Doc 13913 · Page 16 of 36 **asbestosclaims.law/library/13913/16**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Cash and cash equivalents (continued)

The Trust maintains its cash and cash equivalents with financial institutions and in money market accounts. The Trust has not experienced any losses in such accounts and management does not believe it is exposed to any significant credit risk on cash and cash equivalents.

(c) Due from H. K. Porter Company, Inc.

Under the Plan, the Trust assumed responsibility for all asbestos-related claims against Porter. In return, Porter recorded a liability to the Trust and assigned the Property Damage Insurance claims to the Trust.

Changes in the amount due from Porter during 2021 were as follows:

Due from Porter - December 31, 2020	$	6,268,862
Trust portion of Porter's investment earnings		301,055
Total cash received from Porter during 2021		(2,145,000)
Due from Porter - December 31, 2021	$	4,424,917

During 2020, the Trust received $3,150,000 in cash from Porter.

(d) Settlement of insurance litigation

As part of the Plan, Porter and the Trust have pursued claims against various insurance companies that provided coverage to Porter over the period of its operations. The nature of any recovery from future litigation is speculative. As such, the Trust does not recognize any amount as due until there is an award by a court or finalization of a settlement.

Pursuant to the Plan, the Trust was obligated to pay $750,000 plus the first $1 million after taxes recovered from the Porter Retained Insurance Policies to a Pre-Effective Date Co-defendant Fund ("Co-defendant Fund"). The Plan provides for processing and payment of pre-effective date claims made by parties seeking contribution, reimbursement, guaranty, subrogation, or indemnity as a defendant of Porter in lawsuits wherein damages were sought for asbestos personal injuries from the Co-defendant Fund.

In 1998, the Trust transferred $1.4 million to the Co-defendant Fund. In 1999, the Trust transferred to the Co-defendant Fund the final $350,000 payment from insurance recoveries. There were no accruals for payments from the Co-defendant Fund in 2021 or 2020.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Settlement of insurance litigation (continued)

In August 1999, an agreement was reached between Porter, the Trust, the Property Damage Claimants and the Property Damage Futures Representative whereby any proceeds from the Property Damage Insurance Policies shall be allocated as follows:

Trust	45%
Property Damage Claimants	45%
Futures Representative	10%

(e) Investment in H. K. Porter Company, Inc.

The Trust is the sole shareholder of Porter common stock. The accounts of Porter have not been consolidated in the accompanying financial statements for the following reasons:

i) the interest is held solely to pay asbestos injury claims, and

ii) the objective of the financial statements is to communicate the equity available over the life of the Trust to current and future claimants.

As such, the Trust believes that recording the interest at the underlying net book value of Porter is appropriate. As such, the net income of Porter is recorded as an increase in the Trust's investment in Porter.

(f) Net claimants' equity

The Plan contains procedures for the distribution of the Trust's assets. Under the Plan, the Trust forecasts its anticipated sources and uses of cash until the last projected future claim has been paid. A payment percentage is then calculated such that the Trust will have no remaining assets or liabilities after the last future claimant receives his/her pro rata share. This payment percentage is subject to periodic review and adjustment.

(g) Claim settlements paid

Claim settlements paid represent the actual amount of cash paid to claimants during the year. The Trust does not record a liability for unpaid claims, outstanding offers, future claim filings and filed claims on which no offer has been made. As of December 31, 2021, there were $27,670 of claims settled but not paid. As of December 31, 2021, there were $689,190 of claim offers outstanding but not yet accepted by claimants.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Professional fees

During the years ended December 31, 2021 and 2020, trustee fees and professional fees of $420,595 and $461,717, respectively, were paid to Gleason and Associates, P.C. whose President and Managing Director is the sole trustee of the Trust.

(i) Income taxes

As of December 31, 2021 and 2020, no provision for federal income taxes was recorded because the Trust had net losses for federal income tax purposes. No provision for state income taxes was recorded because the Trust has no state income tax return filing obligation and is not obligated to pay state income taxes. Funds received by the Trust from Porter and disbursements paid to settle asbestos claims are not taxable or deductible by the Trust. The Trust's federal income tax returns for tax years 2018 and beyond remain subject to examination by the Internal Revenue Service.

At December 31, 2021, the Trust had approximately $19,000,000 of federal net operating loss carryforwards which begin to expire in 2023.

(j) Subsequent events

The Trust evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through March 28, 2022, the date on which the financial statements were available to be issued.

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H. K. PORTER COMPANY, INC.
(Wholly-owned by the
H. K. Porter Company, Inc. Asbestos Trust)

AUDITED FINANCIAL STATEMENTS

Years ended December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
H. K. Porter Company, Inc.
Wholly-owned by the H. K. Porter Company, Inc. Asbestos Trust

Opinion

We have audited the accompanying financial statements of H. K. Porter Company, Inc. (a Delaware corporation), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations and comprehensive income, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of H. K. Porter Company, Inc. as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of H. K. Porter Company, Inc. 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 U.S. 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 financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 H. K. Porter Company, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about H. K. Porter Company, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Sistersen + Co. LLP

March 28, 2022

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H. K. PORTER COMPANY, INC.
(Wholly-owned by the H. K. Porter Company, Inc. Asbestos Trust)

BALANCE SHEETS

	December 31, 2021	December 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents (Note 2(b))	$ 1,378,709	$ 414,858
Investments in marketable securities (Notes 2(c) and 3)	24,171,551	25,518,812
Interest receivable (Notes 2(c) and 3)	109,229	104,203
Other current assets	11,169	20,181
Total current assets	25,670,658	26,058,054
Other assets (Note 2(e))	--	1
	$ 25,670,658	$ 26,058,055
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Accrued professional fees	$ 2,727	$ 1,743
Due to H. K. Porter Company, Inc. Asbestos Trust (Note 2(f))	4,424,917	6,268,862
Other payables (Note 2(d))	267,696	266,628
Total current liabilities	4,695,340	6,537,233
Common stock, par value $0.01 per share; 1,000 shares authorized and outstanding	10	10
Retained earnings	20,692,268	18,790,379
Accumulated other comprehensive income - unrealized holding gains on debt securities available for sale (Notes 2(c) and 3)	283,040	730,433
Total stockholder's equity	20,975,318	19,520,822
	$ 25,670,658	$ 26,058,055

The accompanying notes are an integral part of these financial statements.

H. K. PORTER COMPANY, INC.
(Wholly-owned by the H. K. Porter Company, Inc. Asbestos Trust)

STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	Year ended December 31, 2021	2020
Income		
Dividends and interest, net of investment fees of $144,264 and $137,730, respectively	$ 442,654	$ 473,945
Unrealized holding gain on equity securities available for sale	945,430	1,107,190
Realized gain on sale of investments in marketable securities, net	1,009,460	10,891
Total income	2,397,544	1,592,026
Operating expenses		
Salaries	109,633	111,400
Professional fees	50,577	35,398
Office rent	10,200	10,200
Payroll taxes	9,455	9,725
Record storage	7,730	7,305
Miscellaneous	7,459	832
Taxes	7,341	3,447
Insurance	5,657	5,515
Employee benefits	3,420	5,570
Group insurance	3,273	6,970
Supplies	445	295
Telephone	218	342
Equipment rental and maintenance	79	205
Total operating expense	215,487	197,204
Income before other loss	2,182,057	1,394,822
Other loss		
Service income (Note 5)	20,887	32,148
Recognition of obligation to Trust from investments (Note 2(f))	(301,055)	(135,391)
Total other loss	(280,168)	(103,243)
Income before income taxes	1,901,889	1,291,579
Income taxes (Note 2(h))	--	--
Net income	1,901,889	1,291,579
Other comprehensive income (loss) - increase (decrease) in unrealized gain on debt securities available for sale	(447,393)	376,127
Comprehensive income	$ 1,454,496	$ 1,667,706

The accompanying notes are an integral part of these financial statements.

H.K. Porter Asbestos Trust Annual Reports, 2021 annual report
ACL Doc 13913 · Page 25 of 36

H. K. PORTER COMPANY, INC.
(Wholly-owned by the H. K. Porter Company, Inc. Asbestos Trust)

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

	Common stock	Retained earnings	Accumulated other comprehensive income	Total
Balance, January 1, 2020	$ 10	$ 17,498,800	$ 354,306	$ 17,853,116
Net income	--	1,291,579	--	1,291,579
Other comprehensive income from increase in unrealized gain on debt securities available for sale	--	--	376,127	376,127
Balance, December 31, 2020	10	18,790,379	730,433	19,520,822
Net income	--	1,901,889	--	1,901,889
Other comprehensive loss from decrease in unrealized gain on debt securities available for sale	--	--	(447,393)	(447,393)
Balance, December 31, 2021	$ 10	$ 20,692,268	$ 283,040	$ 20,975,318

The accompanying notes are an integral part of these financial statements.

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H. K. PORTER COMPANY, INC.
(Wholly-owned by the H. K. Porter Company, Inc. Asbestos Trust)

STATEMENTS OF CASH FLOWS

	Year ended December 31, 2021	2020
Cash flows from operating activities:		
Net income	$ 1,901,889	$ 1,291,579
Adjustments to reconcile net income to net cash used in operating activities:		
Unrealized holding gain on equity securities available for sale	(945,430)	(1,107,190)
Realized gain on sale of investments in marketable securities, net	(1,009,460)	(10,891)
Increase (decrease) in cash from changes in:		
Interest receivable	(5,026)	14,796
Other current assets	9,012	1,165
Accrued professional fees	984	(2,423)
Due to H. K. Porter Company, Inc. Asbestos Trust	(1,843,945)	(3,014,609)
Other payables	1,068	22
Net cash used in operating activities	(1,890,908)	(2,827,551)
Cash flows from investing activities:		
Proceeds from sales of investments	7,014,074	10,537,517
Purchases of investments	(4,159,315)	(7,942,094)
Net cash provided by investing activities	2,854,759	2,595,423
Net increase (decrease) in cash and cash equivalents	963,851	(232,128)
Cash and cash equivalents, beginning of year	414,858	646,986
Cash and cash equivalents, end of year	$ 1,378,709	$ 414,858

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - BUSINESS

(a) History

Starting in the 1950s and through 1983, H. K. Porter Company, Inc. ("Porter") engaged in the manufacture and sale of asbestos containing products. By 1991, Porter had been named as a defendant in approximately 78,000 asbestos lawsuits. As a result, Porter filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code on February 15, 1991.

(b) Plan of reorganization

The Fourth Amended Creditors' Committee Plan of Reorganization ("Plan") for Porter was confirmed by court order dated June 25, 1998. On July 28, 1998, the Plan became effective pursuant to its terms and conditions (the "effective date"). The Plan created the H. K. Porter Company, Inc. Asbestos Trust (the "Trust") which assumed liability for all asbestos related claims. The Plan also provides that the holders of asbestos claims will be permanently enjoined from pursuing their claims against Porter. As part of the Plan, Porter was required to estimate its potential liability due to persons with asbestos related diseases. As of the effective date, Porter estimated that its asbestos related liability was in excess of $2 billion.

In accordance with the Plan, all resources and equity of Porter will eventually accrue to the Trust for the payment of claims and other expenses.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

Porter uses the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(b) Cash and cash equivalents

Porter invests in short-term securities with maturities of less than one year that are to be held until maturity. Porter had invested in the following as of December 31:

	2021	2020
Cash	$ 97,397	$ 45,222
Money market funds	1,281,312	369,636
	$ 1,378,709	$ 414,858

H.K. Porter Asbestos Trust Annual Reports, 2021 annual report
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ACL Doc 13913 · Page 27 of 36
asbestosclaims.law/library/13913/27

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Cash and cash equivalents (continued)

Porter maintains its cash and cash equivalents with financial institutions and investment managers. Porter has not experienced any losses in such accounts, and management does not believe it is exposed to any significant credit risk on cash and cash equivalents.

(c) Investments in marketable securities and related income

Porter is invested in a diversified portfolio of stocks and bonds. All marketable securities are deemed by management to be available for sale. Debt securities are reported at fair value based on quoted market prices for U.S. government securities or indirectly observable market pricing information for corporate bonds and municipal bonds. Net unrealized holding gains or losses on debt securities are reported as a component of accumulated other comprehensive income. Equity securities are reported at fair value based on quoted market prices with net unrealized holding gains or losses reported within net income. Realized gains and losses on disposals of investments are determined by the specific identification method. Interest and dividend income are recognized on the accrual basis.

Investments considered to be permanently impaired in value are written down to their estimated net realizable value and the write down is recorded as a realized loss on investments. Unrealized losses that are other than temporary based upon management's estimates using quantitative and qualitative criteria are recognized as realized investment losses. Actual results could differ from those estimates.

Porter's investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with investments, it is at least reasonably possible that significant changes in risks in the near term may materially affect the amounts reported in the financial statements.

See Note 3 for additional information relating to investments.

(d) Settlement of insurance litigation

Pursuant to the Plan, Porter was required to transfer to the Trust certain insurance policies for the benefit of Property Damage Claimants ("Property Damage Insurance Policies"). Additionally, Porter transferred insurance policies to personal injury claimants suffering from non-asbestos related lung diseases in order to satisfy these claims ("Non-Asbestos Lung Diseases Insurance Policies"). Porter has pursued the recovery of amounts from the remaining insurance policies ("Porter Retained Insurance Policies"). These claims were against various insurance companies that provided coverage to Porter over the period of its operations. The nature of any future recovery from litigation is speculative. As such, Porter will not recognize any amounts as due until there is an award by a court or finalization of a settlement.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Settlement of insurance litigation (continued)

During 2021 and 2020, no insurance recoveries were recognized.

Pursuant to the Plan, all amounts recovered from the Porter Retained Insurance Policies are to be paid to the Trust, less the pro-rata share (0.6%) owed to the unsecured creditors. In 2021, there was no increase in amounts due to the Trust or in amounts due to unsecured creditors as a result of additional insurance recoveries.

In August 1999, an agreement was reached between Porter, the Trust, the Property Damage Claimants and the Property Damage Futures Representative whereby any proceeds from the Property Damage Insurance Policies shall be allocated as follows:

Trust	45%
Property Damage Claimants	45%
Futures Representative	10%

In 2010, Porter transferred all escrow funds to the Appointed Property Damage Claims Administrator to satisfy outstanding claims at that time. Pursuant to the agreed upon allocation above, $1,028,071 was reserved to satisfy potential future claims from property damage claimants. These funds were held in reserve until December 1, 2015, at which time remaining funds of $1,025,401, after deductions for attorney's fees and other costs, were released to the Trust.

(e) Investment in subsidiaries

Porter had investments in four wholly-owned companies: H. K. Porter Company (Canada) Limited, Connors Steel Company, Colorado-New Mexico Land Company and Southern Textile Corporation. Porter had dissolved each of these companies, except for H.K. Porter Company (Canada) Limited prior to December 31, 2020. During the year ended December 31, 2021, Porter dissolved H.K. Porter Company (Canada) Limited.

(f) Due to H. K. Porter Company, Inc. Asbestos Trust

As part of the Plan, Porter was required to determine the extent of its potential liability to persons with asbestos related diseases. As of the effective date of the Plan, Porter estimated that this liability was in excess of $2 billion. Under the Plan, the Trust assumed responsibility for all asbestos claims against Porter. In return, Porter recognized a total liability to the Trust of $66,218,224, issued all authorized shares of the new Porter common stock to the Trust and assigned the Property Damage Insurance Policies to the Trust.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Due to H. K. Porter Company, Inc. Asbestos Trust (continued)

Pursuant to the Plan, Porter is obligated to transfer to the Trust its pro-rata share of any cash proceeds realized from the Porter Retained Insurance Policies.

A Stipulation to Clarify the Intent of the Plan of Reorganization was approved by Order of the Court dated August 19, 1999. The stipulation provided that Porter's investment income on funds owed to the Trust would be considered to be part of, and added to, the total amount of the Trust's Pro Rata Share of the Distribution Value to be distributed to the Trust. As a result of the stipulation, Porter recognized an additional liability to the Trust in 2021, for the earnings to date on funds that Porter owes, but has not yet paid, to the Trust.

According to the Plan, all payments made by Porter to the Trust are to resolve or satisfy contested and uncontested claims that have resulted from the exposure to or presence of asbestos products produced and sold by Porter.

Changes in the amount due to the Trust during 2021 were as follows:

Due to the Trust - December 31, 2020	$	6,268,862
Trust portion of Porter's investment earnings		301,055
Total cash paid to the Trust during 2021		(2,145,000)
Due to the Trust - December 31, 2021	$	4,424,917

During 2020, Porter paid the Trust $3,150,000 in cash.

(g) Pre-petition liabilities

Prior to the effective date, Porter had recorded unsecured liabilities of $37,562,786. The Class 1 priority unsecured creditors' claims were paid at full value. Pursuant to an initial calculation under the Plan, Porter paid the Class 7 unsecured creditors' claims at 4.64% of the liquidated amounts. A revised calculation indicated that the Class 7 unsecured creditors should have been paid 4.6086% of the liquidated amounts, which resulted in an overpayment of $3,733. This amount was credited to the account for future payments to unsecured creditors. In 1998, the remainder of the unsecured liabilities was written off.

As described above, no additional accruals were recorded in 2021 and 2020 for unsecured creditors. Porter will record the amount of any future recoveries, until such time as it can be paid to the unsecured creditors in a cost-effective manner.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Income taxes

For the years ended December 31, 2021 and 2020, no provision for income taxes was recorded because Porter had net losses for income tax purposes. Porter's income tax returns for tax years 2018 and beyond remain subject to examination by the applicable taxing authorities.

As of December 31, 2021, Porter had approximately $58,000,000 of net operating loss carryforwards for federal purposes, which begin to expire in 2024, and had approximately $65,000,000 of net operating loss carryforwards for state purposes that have begun to expire.

Temporary differences between financial statement income and taxable income consist of deferred tax assets related to the asbestos liability, net operating loss carryforwards and unrealized holding gains (losses) on equity investments. Porter has established a valuation allowance of $17,000,000 reducing its net deferred tax assets to $-0- as of December 31, 2021 and 2020, since Porter's realization of the related income tax benefits is not assured.

(i) Accumulated other comprehensive income

The increase (decrease) in accumulated other comprehensive income of $(447,393) and $376,127 for the years ended December 31, 2021 and 2020, respectively, was attributable to changes in the unrealized gain position of Porter's debt investments.

NOTE 3 - INVESTMENTS IN MARKETABLE SECURITIES

Fair value measurements

Investments measured and reported at fair value are classified and disclosed in one of the following categories.

Level I – Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments in Level I include listed equities and U.S. government securities.

Level II – Pricing inputs are other than quoted market prices included in Level I, however, are observable either directly or indirectly for the investment. Porter includes its corporate and municipal bonds in Level II, because these pricing inputs are indirectly evident through interest rates for commonly quoted credit risks.

NOTE 3 - INVESTMENTS IN MARKETABLE SECURITIES (continued)

Fair value measurements (continued)

Level III – Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Porter does not carry any Level III investments.

The valuations of Porter's investments by the above fair value hierarchy levels and the corresponding cost of the investments are as follows:

	December 31, 2021			
	Level	Fair value	Cost	Unrealized gain (loss)
Equity securities	I	$ 10,080,134	$ 4,435,847	$ 5,644,287
U.S. Government securities	I	3,920,301	3,920,788	(487)
Corporate bonds	II	3,836,416	3,879,668	(43,252)
Municipal bonds	II	6,334,700	6,007,922	326,778
Total debt securities		14,091,417	13,808,378	283,039
		$ 24,171,551	$ 18,244,225	$ 5,927,326

	December 31, 2020			
	Level	Fair value	Cost	Unrealized gain
Equity securities	I	$ 10,642,351	$ 5,943,502	$ 4,698,849
U.S. Government securities	I	4,484,820	4,332,177	152,643
Corporate bonds	II	4,427,932	4,263,626	164,306
Municipal bonds	II	5,963,709	5,550,225	413,484
Total debt securities		14,876,461	14,146,028	730,433
		$ 25,518,812	$ 20,089,530	$ 5,429,282

NOTE 3 - INVESTMENTS IN MARKETABLE SECURITIES (continued)

Maturities of Porter's debt securities as of December 31, 2021 are as follows:

	Fair value	Cost	Unrealized gain (loss)
Due in one year or less	$ 756,407	$ 741,483	$ 14,924
Due after one year through five years	8,365,185	8,373,107	(7,922)
Due after five years through ten years	2,575,272	2,453,993	121,279
Due after ten years through twenty years	2,386,336	2,231,578	154,758
Due after twenty years	8,217	8,217	--
	$ 14,091,417	$ 13,808,378	$ 283,039

Accrued interest receivable from debt securities as of December 31, 2021 and 2020 was $109,229 and $104,203, respectively.

Temporary impairment of investments

Following is a summary of investments by category in an unrealized loss position that Porter has evaluated and considered to be temporary impairments as of December 31:

	2021					
	Impaired for less than 12 months		Impaired for 12 months or greater		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Equity securities	$ 174,613	$ 51,414	$ 69,105	$ 12,822	$ 243,718	$ 64,236
U.S. Government securities	3,631,633	73,549	1,062,543	49,676	4,694,176	123,225
Municipal Bonds	754,111	10,602	--	--	754,111	10,602
Total	$ 4,560,357	$ 135,565	$ 1,131,648	$ 62,498	$ 5,692,005	$ 198,063

	2020					
	Impaired for less than 12 months		Impaired for 12 months or greater		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Equity securities	$ 344,847	$ 35,116	$ 197,643	$ 33,888	$ 542,490	$ 69,004
U.S. Government securities	183,951	303	1,058,663	10,507	1,242,614	10,810
Total	$ 528,798	$ 35,419	$ 1,256,306	$ 44,395	$ 1,785,104	$ 79,814

NOTE 3 - INVESTMENTS IN MARKETABLE SECURITIES (continued)

Porter's investments in equity and debt securities are diversified among common stocks and bonds of companies and governmental entities in various industry sectors. Porter believes that the severity of the impairment is consistent with the current market developments. Therefore, Porter evaluated the near-term prospects of the issuers in relation to the severity and duration of the impairment; based on that evaluation, recent market activities, and Porter's ability and intent to hold those investments for a reasonable period of time sufficient for a forecasted recovery of fair value, Porter does not consider those investments to be other-than-temporarily impaired as of December 31, 2021.

NOTE 4 - RETIREMENT PLAN

Porter maintains a 401(k) retirement plan ("Retirement Plan") covering all employees who have attained the age of 21 and completed one year of service. Participants can contribute a percentage of their compensation, subject to Internal Revenue Code limitations on maximum annual contributions. Porter made discretionary contributions to the Retirement Plan, which are allocated to each participant in the ratio of the participant's compensation to total compensation. During the years ended December 31, 2021 and 2020, Porter made contributions to the Retirement Plan of $3,420 and $5,570, respectively. As of December 31, 2021, the plan has been terminated.

NOTE 5 - SERVICE AGREEMENT

Porter entered into a service agreement dated May 11, 2006 with C.E. Thurston & Sons Asbestos Trust ("Thurston Trust") to provide various accounting and financial services as requested by the Thurston Trust. The initial term of the agreement expired on December 31, 2006, but automatically renews for successive one-year terms, while either party has the ability to terminate the agreement at any time. Based on the agreement, Porter was paid $120 per hour through July 2021 and reimbursed on a monthly basis. Effective August 1, 2021, the rate for services charged was reduced to $75 per hour.

NOTE 6 - SUBSEQUENT EVENTS

Porter evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through March 28, 2022, the date on which the financial statements were available to be issued.

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

IN RE:	Case No. 91-468 WWB (PGH)
H.K. PORTER COMPANY, INC.	Chapter 11
Reorganized Debtor.	Document No. 3030
	Related to Document No. ____
	Hearing Date and Time:
H.K. PORTER COMPANY, INC.	
Movant,	Response Deadline:
vs.	
No Respondent,	
Respondent.	

ORDER OF COURT PERMITTING THE FILING OF CERTAIN DOCUMENTS WITHOUT REOPENING CASE

WHEREAS, this Court entered an Order of Final Decree on March 17, 2008 ordering that the Debtor's case be closed;

WHEREAS, pursuant to the terms of the Confirmation Order and the Plan, jurisdiction of this Court has been reserved with respect to various matters, including but not limited to (i) the Asbestos Trust Agreement[1], the Asbestos Permanent Channeling Injunction and Section 105(a) Injunction; (ii) Motions to recover assets for the benefit of the Debtor's estate; and (iii) consideration of settlements of any cause of action by the Debtor's estate;

WHEREAS, parties may need to file additional documents with the Court with respect to matters for which the Court's jurisdiction has been reserved ("Additional Documents");

WHEREAS, pursuant to the terms of the Confirmation Order, the Plan and the Asbestos

[1] Unless otherwise defined herein, capitalized terms shall have the meanings ascribed to them in the Plan.

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Trust Agreement, the Trustee is required to file annually certain reports including the financial report for the Asbestos Trust and its claims experience ("Additional Reports"); and

WHEREAS, Debtor believes that the filing of the Additional Documents and Additional Reports should not necessitate the reopening of this case or any related payment of filing fees; it is hereby

ORDERED, the Clerk of this Court is directed to accept the Additional Documents and Additional Reports of the Asbestos Trust and that the filing of such Additional Documents or Additional Reports shall not require the reopening of this case or the payment of any related filing fees; and it is further

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

ORDERED, that the Clerk of the Bankruptcy Court is hereby directed to make a notation on the docket that the Debtor's case has been closed; and it is further

ORDERED, that counsel for the Debtor shall promptly serve a copy of this Order on the current Service List and file a certification of service with the Bankruptcy Court within ten (10) days hereof.

Dated: March 17, 2008

Warren W. Bentz
United States Bankruptcy Judge

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