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

IN RE:	)	**Jointly Administered at**
	)	**Case No. 02-20198-TPA**
NORTH AMERICAN REFRACTORIES, COMPANY, *ET AL.*,	)	**Chapter 11**
	)	
Reorganized Debtors.	)	
	)	

NOTICE OF FILING ANNUAL REPORT, FINANCIAL STATEMENTS AND RESULTS OF OPERATIONS OF THE NORTH AMERICAN REFRACTORIES COMPANY ASBESTOS PERSONAL INJURY SETTLEMENT TRUST FOR FISCAL YEAR ENDED DECEMBER 31, 2022

PLEASE TAKE NOTICE that, on June 28, 2023, the Trustees of the North American Refractories Company Asbestos Personal Injury Settlement Trust (the "Trust") filed the Annual Report, Financial Statements and Results of Operations of the Trust for Fiscal Year Ended December 31, 2022 (the "Annual Report") and its audited financial statements for the same period (the "Audited Financial Statements"). The Annual Report and the Audited Financial Statements are attached hereto as Exhibits "A" and "A-1," respectively.

Respectfully submitted,

Dated: June 28, 2023

BERNSTEIN-BURKLEY, P.C.

By: */s/ David W. Ross*
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ATTORNEYS FOR THE
NORTH AMERICAN REFRACTORIES
COMPANY ASBESTOS PERSONAL INJURY
SETTLEMENT TRUST

EXHIBIT A

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

IN RE:	)	**Jointly Administered at**
	)	**Case No. 02-20198-TPA**
NORTH AMERICAN REFRACTORIES, COMPANY, *ET AL.*,	)	**Chapter 11**
	)	
Reorganized Debtors.	)	
	)	

ANNUAL REPORT, FINANCIAL STATEMENTS AND RESULTS OF OPERATIONS OF THE NORTH AMERICAN REFRACTORIES COMPANY ASBESTOS PERSONAL INJURY SETTLEMENT TRUST FOR FISCAL YEAR ENDED DECEMBER 31, 2022

Mark M. Gleason, the Hon. Ken M. Kawaichi, Ret., and Richard B. Schiro (collectively, the "Trustees"), as Trustees of the North American Refractories Company Asbestos Personal Injury Settlement Trust (the "Trust"), submit this Annual Report, Financial Statements and Results of Operations for Fiscal Year Ended December 31, 2022 (the "Annual Report"), pursuant to the Third Amended Plan of Reorganization of North American Refractories, Company, e*t al.,* dated December 28, 2005 (the "Plan") and the First Amended North American Refractories Company Asbestos Personal Injury Settlement Trust Agreement (the "Trust Agreement").[1]

I. General

On January 4, 2002, North American Refractories Company ("NARCO") and its affiliated debtors (collectively, the "Debtors") filed their petitions for relief under Chapter 11 of the United States Bankruptcy Code. The Debtors' bankruptcy cases were jointly administered as Case No. 02-20198. At the time the Debtors filed their petitions for relief, NARCO and Honeywell International Inc. ("Honeywell") had been named as defendants in personal injury and wrongful death actions seeking recovery for damages caused by the presence of, or exposure

[1] By written agreement, the Trustees, the, NARCO Trust Advisory Committee, and the NARCO Asbestos Future Claimants Representative agreed to extend the time for the Trustees to file the Annual Report for the fiscal year ending December 31, 2022, to June 30, 2023.

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to, asbestos or asbestos-containing NARCO Product Line products. By order entered on November 13, 2007, the United States Bankruptcy Court for the Western District of Pennsylvania (the "Bankruptcy Court") confirmed the Plan (the "Confirmation Order"), and on July 25, 2008, the United States District Court for the Western District of Pennsylvania entered an order affirming the Confirmation Order and the NARCO Channeling Injunction.

The Plan provides for the establishment of the Trust to pay all valid NARCO Asbestos Trust Claims pursuant to the North American Refractories Company Asbestos Personal Injury Settlement Trust Distribution Procedures (as may be amended from time to time, the "TDP") in settlement and satisfaction of the liabilities of the Debtors and Honeywell for all NARCO Asbestos Trust Claims.

On April 30, 2013, the Effective Date[2] of the Plan, the Trust was created in accordance with the Trust Agreement.[3] Pursuant to the Plan, the Trust was funded by an initial cash contribution by Honeywell, by stock in ANH Refractories Company (n/k/a HarbisonWalker International) ("HWI"), and by the obligation of Honeywell to make future payments.

Under the Trust Agreement, the NARCO Trust Advisory Committee (the "TAC") represents all holders of present NARCO Asbestos Trust Claims, and the NARCO Asbestos Future Claimants Representative (the "FCR") represents the holders of NARCO Asbestos Trust Claims yet to accrue. *See* Trust Agreement, Art. 6.1 and 7.1. Pursuant to the Trust Agreement, Joseph F. Rice, Perry Weitz, Steven Kazan, Steven T. Baron, Bruce E. Mattock, and Robert J. Cooney Jr. are the members of the TAC, and Lawrence Fitzpatrick is the FCR.

[2] Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Plan or the Trust Agreement.

[3] The Trust was initially created pursuant to the trust agreement attached as an exhibit to the Plan as a Pennsylvania trust on April 30, 2013, and immediately thereafter converted to a Delaware statutory trust by execution of the Trust Agreement, the execution of a certificate of conversion, and the filing of a certificate of trust with the Delaware Secretary of State.

The Trust Agreement, at Article 3.2(g), provides that the "Trustees shall meet with the [TAC], the [FCR] and/or Honeywell … no less frequently than quarterly at the discretion of the Trustees or as requested by any of the [TAC], the [FCR] or Honeywell." The Trust Bylaws specify that the foregoing requirement will be satisfied by the Trustees meeting at least four times each calendar year with the TAC, the FCR and Honeywell. In 2022, the Trustees held Trust meetings with the TAC, the FCR and Honeywell on March 10, 2022; June 9, 2022; September 8, 2022; and December 8, 2022.

The Trustees generally held weekly executive session meetings throughout the year, usually by telephone.

Effective May 1, 2021, the Trustees named Richard B. Schiro, Managing Trustee for a one-year term ending on April 30, 2022. Effective May 1, 2022, the Trustees named Mark M. Gleason Managing Trustee for a one-year term.

In 2022, the principal office of the Trust was located at 1100 N. Market Street, 4th Floor, Wilmington, Delaware 19890, and its administrative office was at c/o Lain Faulkner & Co., Attention: Brian Crisp, 400 N. Saint Paul, Suite 600, Dallas, Texas 75201.

In 2022, the Trustees entered into or continued service agreements with the following: Stutzman, Bromberg, Esserman & Plifka, A Professional Corporation (general counsel); Willkie Farr & Gallagher LLP (counsel to the Trust); Babst Calland (W.D. Pa. counsel); Bernstein Burkley (W.D. Pa counsel); Lain Faulkner & Co., P.C. (accountants); Morrison & Morrison, Ltd. (tax advisors); BDO USA, LLP (auditor); Gleason & Associates, P.C. (consultants);[4] Claims Resolution Management Corporation (claims processing); Prof. Abraham J. Wyner (consultant); Mazars USA LLP (claims auditing services); AON Risk Services Central, Inc. (insurance

[4] Trustee Gleason abstains from reviewing and approving invoices from Gleason & Associates.

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broker); KPMG LLP (valuation consultant with respect to Trust's interests in HarbisonWalker International, Inc. for Trust's audit); Wells Fargo Bank, N.A. (banking); Merrill Lynch, Pierce, Fenner & Smith Incorporated and its affiliated company, Managed Account Advisors LLC (investment consultant); Veristar LLC (document retention services); Alvarez & Marsal Disputes and Investigations, LLC (litigation support/forensic investigations); and Perella Weinberg Partners (financial advisor).

The TAC retained Caplin & Drysdale as its counsel. The FCR retained Young Conaway Stargatt & Taylor, LLP as his counsel. Honeywell is represented by McDermott Will & Emery LLP and Kirkland & Ellis LLP.

The Trust obtained liability insurance for the Trustees and indemnified persons as provided under Section 5.6 of the Trust Agreement. In addition, the Trust obtained cyber security protection insurance.

The Honeywell Lawsuit

In September 2021, Honeywell initiated a lawsuit in this Court against the Trust (see *In re: All Matters Related to North American Refractories Company, et al. in Case No. 02-20198, as affected by the May 24, 2013 Order Entering Final decree entered at Doc. No. 7940,* Misc. Case No. 15-204-TPA (*Honeywell International, Inc. v. North American Refractories Company Personal Injury Settlement Trust,* Adv. No. 21-2097-TPA). The lawsuit raised issues regarding the administration of the Trust and the liquidation of claims.

In May 2022, an extensive trial was conducted before this Court. The Court took the matter under advisement. Thereafter, at the request of the parties in the lawsuit, the Court delayed issuing its decision as the parties were engaged in discussions which included the resolution of the litigation.

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After engaging in extensive arm's-length negotiations concerning the Trust's relationship with Honeywell, on November 20, 2022, the Trust and Honeywell executed an "Amended Buyout Agreement", the terms of which were agreed to by the TAC and the FCR. Pursuant to the terms of the Amended Buyout Agreement, Honeywell agreed to make a lump-sum payment of $1,325,000,000 to the Trust, subject to certain adjustments set forth in the Amended Buyout Agreement, in exchange for (i) the Trustees amending the Trust Agreement, TDP, and Bylaws to eliminate Honeywell's "evergreen" funding obligation and (ii) transferring the economic value of the Trust's interest in HWI to Honeywell. On November 21, 2022, the Trust filed a motion seeking approval from this Court to implement the terms of the Amended Buyout Agreement. *See Motion for Entry of an Order (I) Approving the NARCO Asbestos Trust Amended Buyout Agreement and Amended Agreements, (II) Declaring the Amended Buyout Agreement is Consistent with the Plan and Does Not Affect the NARCO Channeling Injunction, and (III) Approving the Form and Manner of Notice of the Amended Buyout Agreement* (the "Buyout Motion") (Doc. No. 449, Adv. No. 21-02097-TPA). A hearing on the Buyout Motion was held before this Court, and by order entered on December 8, 2022, the Court granted the Buyout Motion, including approval of the amended Trust Agreement, TDP, and Bylaws, following which the litigation was dismissed. Honeywell committed to the Amended Buyout Agreement, which closed and was funded in January 2023.

II. NARCO Asbestos Trust Claims[5]

The amended TDP and claims materials for all NARCO Asbestos Trust Claims, including both Pre-Established Claims (as that term is defined in the TDP) and Annual

[5] Claims information reported herein may differ from the audited financial statements due to the timing of payments.

Contribution Claims,[6] consisting of claim forms, claim form instructions, and release forms, may be accessed via the Trust's website at www.narcoasbestostrust.org.

The Initial Claims Filing Date (as that term is defined in the TDP) was April 1, 2014.

Article 3.3(b) of the Trust Agreement requires the Trustees to file with the Bankruptcy Court a report containing a summary regarding the number and types of claims disposed of during the period covered by the financial statements.

In 2022, the Trust paid 220 Pre-Established Claims totaling $841,086.[7]

In 2022, the Trust paid 2,337 Annual Contribution Claims totaling $67,817,435.[8]

Pursuant to Section 6.10 of the TDP, the Trust hereby reports the claims by Disease Levels that have been resolved and paid[9] by the Trust under Expedited Review, Individual Review, and arbitration from inception of the Trust through December 31, 2022:

[6] Annual Contribution Claims refer to NARCO Asbestos Trust Claims other than Pre-Established Claims.

[7] Dollar figure is net of refunds.

[8] Dollar figure is net of refunds.

[9] As of December 31, 2022, no claims have been resolved by trial. Pre-Established Claims liquidated by Honeywell before April 30, 2013, and not by the Trust, although paid by the Trust, are not included in the TDP Sec. 6.10 report of claims resolved by the Trust. The Trust notes, however, that from inception of the Trust through the period ending December 31, 2022, the Trust has paid $128,372,350 for Pre-Established Claims liquidated by Honeywell.

Disease Level	Number of Claims			Total Amounts Paid
	Expedited Review	Individual Review	Arbitration	
Other Asbestos Disease (Level I)	10,993	2,225	1	$15,857,910
Asbestosis/Pleural Disease (Level II)	8,308	1,702		$74,988,222
Severe Asbestosis (Level III)	676	160		$20,358,990
Other Cancer (Level IV)	1,293	162		$14,556,550
Lung Cancer 2 (Level V)	0	447	1	$7,647,589
Lung Cancer 1 (Level VI)	2,876	416	2	$69,932,688
Mesothelioma (Level VII)	2,807	422	4	$293,130,887
TOTAL	**26,953**	**5,534**	**8**	**$496,472,836**

III. Compensation and Expenses of Trustees, TAC and FCR[10]

A. Trustees

Under Article 5.5(c) of the Trust Agreement, the Trust reports to the Bankruptcy Court the amount of compensation and expenses paid to the Trustees. The Trustees received compensation and reimbursement for out-of-pocket costs and expenses during the fiscal year ending December 31, 2022, as follows:

Trustees (3) $1,945,965

Delaware Trustee $4,591

[10] The Trust's audited financial statements and the compensation and expenses reported herein are presented on an accrual basis.

B. TAC

Under Article 6.6 of the Trust Agreement, the Trust reports to the Bankruptcy Court the amount of compensation and expenses paid to the TAC. The TAC received compensation and reimbursement for out-of-pocket expenses during the fiscal year ending December 31, 2022, as follows:

TAC	$2,657

C. FCR

Under Article 7.5 of the Trust Agreement, the Trust reports to the Bankruptcy Court the amount of compensation and expenses paid to the FCR. The FCR received compensation and reimbursement for out-of-pocket expenses during the fiscal year ending December 31, 2022, as follows:

FCR	$140,615

V. Financial Statements

A copy of the Trust's audited financial statements for the year ending December 31, 2022, is attached hereto as Exhibit "A-1."

Dated: June 28, 2023

Respectfully submitted,

BERNSTEIN-BURKLEY, P.C.

By: */s/ David W. Ross*
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-and-

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ATTORNEYS FOR THE NORTH AMERICAN REFRACTORIES COMPANY ASBESTOS PERSONAL INJURY SETTLEMENT TRUST

EXHIBIT A-1

North American Refractories Company Asbestos Personal Injury Settlement Trust

Audited Special-Purpose Financial Statements with Supplementary Information

For the Years Ended December 31, 2022 and 2021

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

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North American Refractories Company
Asbestos Personal Injury Settlement Trust

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

North American Refractories Company
Asbestos Personal Injury Settlement Trust

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Independent Auditor's Report

Trustees
North American Refractories Company Asbestos Personal Injury Settlement Trust
Dallas, Texas

Opinion

We have audited the accompanying special-purpose financial statements of the North American Refractories Company Asbestos Personal Injury Settlement Trust (the "Trust") which comprise the special-purpose statements of assets, liabilities and net claimants' equity as of December 31, 2022 and 2021, and the related special-purpose statements of changes in net claimants' equity and special-purpose statements of cash flows for the years then ended and the related notes to the special-purpose financial statements.

In our opinion, the accompanying special-purpose financial statements present fairly, in all material respects, the financial position of the Trust as of December 31, 2022 and 2021, and the results of its changes in net claimants' equity and its cash flows for the years then ended, in accordance with the basis of accounting described in Note 2 to the special-purpose financial statements.

Basis for Opinion

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

Emphasis of Matter - Basis of Accounting

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

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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

Responsibilities of Management for the Special-Purpose Financial Statements

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

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

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Other Matter - Restriction of Use

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

Other Information Included in the Annual Report

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

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

BDO USA, LLP

McLean, Virginia
June 23, 2023

Special-Purpose Financial Statements

North American Refractories Company
Asbestos Personal Injury Settlement Trust

Special-Purpose Statements of Assets, Liabilities and Net Claimants' Equity

December 31,	2022	2021
Assets		
Cash, cash equivalents and investment securities	$ 15,143,988	$ 53,847,229
Investment in HWI	327,400,000	561,300,000
Accrued interest receivable	-	7,125
Due from Honeywell	164,300	325,261
Prepaid expenses	100,000	100,000
Total assets	342,808,288	615,579,615
Liabilities		
Accrued expenses and accounts payable	2,746,938	2,592,536
Accrued claims	7,701,165	8,065,236
Deferred tax liability	51,650,000	138,946,470
Total liabilities	62,098,103	149,604,242
Net claimants' equity	$ 280,710,185	$ 465,975,373

See accompanying notes to the special-purpose financial statements.

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North American Refractories Company
Asbestos Personal Injury Settlement Trust

Special-Purpose Statements of Changes in Net Claimants' Equity

Years Ended December 31,	2022	2021
Additions		
Investment income	$ 39,948,544	$ 29,020,927
Net change in unrealized gain on investment in HWI	-	189,925,500
Total additions	39,948,544	218,946,427
Deductions		
Operating expenses	40,227,257	20,661,314
Direct investment expenses	63,085	101,874
Net change in unrealized loss on investment securities	219,823	4,934
Net change in unrealized loss on investment in HWI	233,900,000	-
Deferred income tax (benefit) expense	(87,296,470)	70,272,250
Total deductions	187,113,695	91,040,372
(Decrease) increase in net claimants' equity	(147,165,151)	127,906,055
Net claimants' equity		
Beginning of the year	465,975,373	359,388,267
Contributions from Honeywell:		
Operating expenses funding	30,071,287	25,591,817
Annual contribution claims funding	-	88,142,348
Pre-established claims funding	840,086	1,409,900
Distributions from net claimants' equity	(69,011,410)	(136,463,014)
End of the year	$ 280,710,185	$ 465,975,373

See accompanying notes to the special-purpose financial statements.

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North American Refractories Company
Asbestos Personal Injury Settlement Trust

Special-Purpose Statements of Cash Flows

Years Ended December 31,	2022	2021
Cash inflows:		
Investment income receipts, net of direct investment expenses	$ 392,584	$ 40,358
Annual contribution claims funding	-	88,142,348
Pre-established claims funding	840,086	1,409,900
Operating expenses funding	30,071,287	25,591,817
Dividends from HWI	39,500,000	79,000,000
Total cash inflows	70,803,957	194,184,423
Cash outflows:		
Distributions to claimants	(69,214,521)	(128,723,471)
Trust operating expenses	(40,072,854)	(19,439,263)
Net realized loss on investment securities	-	(2,930)
Total cash outflows	(109,287,375)	(148,165,664)
Net (outflows) inflows	(38,483,418)	46,018,759
Non-cash changes:		
Net change in unrealized loss on investment securities	(219,823)	(4,934)
Total non-cash changes	(219,823)	(4,934)
Net (decrease) increase in cash, cash equivalents and investment securities	(38,703,241)	46,013,825
Cash, cash equivalents and investment securities, at the beginning of year	53,847,229	7,833,404
Cash, cash equivalents and investment securities, at the end of year	$ 15,143,988	$ 53,847,229

See accompanying notes to the special-purpose financial statements.

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North American Refractories Company
Asbestos Personal Injury Settlement Trust

Notes to the Special-Purpose Financial Statements

1. Description and Funding of the Trust

The North American Refractories Company Asbestos Personal Injury Settlement Trust (the "Trust"), organized pursuant to the laws of the State of Delaware, was established pursuant to the Third Amended Plan of Reorganization of North American Refractories Company, et al. dated December 28, 2005 (the "Plan") and became effective on April 30, 2013. The Trust was formed to assume all liabilities of Honeywell International, Inc. ("Honeywell"), any Honeywell Affiliate, North American Refractories Company ("NARCO") and its affiliates with respect to any and all NARCO Asbestos Trust Claims, (whether now existing at the effective date or arising thereafter) and to use the Trust assets and income to pay holders of valid claims in accordance with the First Amended North American Refractories Company Asbestos Personal Injury Settlement Trust Agreement (the "Trust Agreement") and the First Amended North American Refractories Company Asbestos Personal Injury Settlement Trust Distribution Procedures. The Trust's funding is dedicated solely to the settlement of asbestos personal injury claims and the related costs thereto, as defined in the Plan. The Trust's principal office is in Wilmington, Delaware and its administrative office is located in Dallas, Texas. Defined terms have the meanings assigned to them in the Plan.

The Trust was initially funded with cash contributions from Honeywell in the amount of $7,353,880 (an amount estimated to be sufficient to pay all pre-effective date expenses as well as the Trust's operating expenses until December 31, 2013) and a 79% interest in the equity of Post-Effective Harbison Walker International (HWI), formerly known as ANH Refractories Company, valued at $370,194,000.

In December 2013, HWI paid a liquidating dividend to its shareholders in the amount of $170,000 per share. HWI had no current or accumulated earning and profits as of December 31, 2013 and thus the distribution was recorded as a return of capital, decreasing the basis of the investment in HWI by $134,300,000. In July and December 2021, HWI paid dividends to its shareholders totaling $79 million paid to the Trust. Of the total amount received, $50,125,500 was recorded as a return of capital, decreasing the basis of the investment in HWI. In May and October 2022, HWI paid dividends to its shareholders totaling $39.5 million paid to the Trust. Prior to the Buyout discussed below, the use of any dividends paid by HWI and any earnings therefrom was restricted to payment of approved Annual Contribution Claims as defined in the Trust Agreement.

On November 20, 2022, the Trust, Honeywell, the NARCO Asbestos Trust Advisory Committee, and the NARCO Asbestos Future Claimants' Representative entered into an Amended and Restated Buyout Agreement ("Amended Buyout Agreement") under which Honeywell agreed to make a lump-sum cash payment of $1.325 billion to the Trust, subject to certain adjustments set forth in the Amended Buyout Agreement, in exchange for (a) the elimination of, and Honeywell's full release from, any future obligations to fund (i) claims against the Trust, and (ii) the Trust's annual operating expenses, and (b) the net realized value of the Trust's interest in HWI. On November 21, 2022, the Trust filed a motion with the Western District of Pennsylvania Bankruptcy Court ("Bankruptcy Court") to approve the Amended Buyout Agreement ("Buyout Motion"), and on December 8, 2022, the Bankruptcy Court entered an order approving the Buyout Motion. On January 30, 2023, Honeywell paid $1,327,153,783 to the Trust in conjunction with closing the Amended Buyout Agreement ("Buyout").

In connection with the Buyout Motion, the Bankruptcy Court also approved the Third Amended Trust Distribution Procedures and Second Amended and Restated Trust Agreement. Prior to the Buyout, all assets of the Trust were segregated into multiple funds, each restricted to be used to

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fund either operating expenses or claims payments. Following the Buyout, all assets of the Trust are no longer restricted for specific use.

Claims are designated in the Trust Agreement as either Annual Contribution ("AC") or Pre-Established ("PE") claims. Prior to the Buyout, on a quarterly basis, Honeywell transferred to the PE Claims Fund an amount of cash equal to the amount of PE claims in the PE Claims Fund FIFO Payment Queue. Also, on a quarterly basis, Honeywell transferred to the AC Claims Fund an amount of cash equal to the amount of AC claims in the AC Claims Fund FIFO Payment Queue after application of funds from the Trust's holdings to pay AC Claims, as provided in the Trust Agreement. Honeywell's obligation to make quarterly contributions to the Trust's AC Claims Fund was subject to the annual caps or limitations as stated in § 2.3(c)(i)(A)(I) of the Trust Agreement. There were no caps or limitations on Honeywell's obligations to contribute to the PE Claims Fund amounts necessary to pay all approved claims in the PE Claims Fund FIFO Payment Queue.

Pursuant to requirements of the Plan and the Trust Agreement, the Trust maintains three cash accounts. The Operating Expense account is maintained to pay only administrative expenses of the Trust. Prior to the Buyout, Honeywell was required to transfer to the Operating Expense account funds equal to 25% of the Trust's annual administrative budget on a quarterly basis. The AC Claim Distribution account is maintained to pay only AC claims. The PE Claim Distribution account is maintained to pay only PE claims.

2. Significant Accounting Policies

Basis of Presentation

The Trust's financial statements are prepared using special-purpose accounting methods adopted by the Trustees, which differ from accounting principles generally accepted in the United States of America (GAAP). The special-purpose accounting methods were adopted in order to communicate to the beneficiaries of the Trust the net claimants' equity and related operating expenses of the Trust. Since the accompanying special-purpose financial statements and transactions are not based upon GAAP, accounting treatment by other parties for these same transactions may differ as to timing and amount. The special-purpose accounting methods include the following:

a. Prior to the Buyout described in Note 1, funding received from Honeywell for operating expenses and claim payments were recorded as contributions directly to net claimants' equity when the cash was received or when the assets were transferred. These funds did not represent income to the Trust. Under GAAP, these funds would be recorded as income to the Trust in the period that the funds were assigned to the Trust, could be reasonably estimated, and collectability was assured.

b. The Trust's investments are recorded at fair value. Net realized and unrealized gains or (losses) on investments are recorded as additions or (deductions) in the special-purpose statements of changes in net claimants' equity.

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c. For special-purpose accounting, a claim is deemed a liability of the Trust that reduces net claimants' equity when the claim is entered in the Payment Queue(s). The Trust reduces net claimants' equity by the amount of the claim when entered in the Payment Queue. Under GAAP, a liability for claims would be recorded based on offers extended and an estimate of the liability would be recorded for remaining claims

d. Payments for services to be received over an extended period in the future are expensed as paid because these amounts are no longer available for the payment of claims. Under GAAP, an asset would be recorded and amortized over the period in which the related benefits are received.

Use of Estimates

The preparation of special-purpose financial statements in conformity with the special-purpose accounting methods described above requires the Trust to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and the disclosure of contingent assets and liabilities at the date of the special-purpose financial statements, as well as the reported amounts of additions and deductions to net claimants' equity during the reporting period. Actual results could differ from those estimates and such differences could have a material effect on net claimants' equity.

Cash, Cash Equivalents, Investment Securities and Investment in HWI

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

Prior to the Buyout discussed in Note 1, the PE Claims Distribution account, AC Claims Distribution account and the Operating Expense account were to be used only for designated purposes. Following the Buyout, all assets of the Trust are no longer restricted for specific use.

Investment securities are stated at fair market value with changes in unrealized gains and losses recorded in the current period. Investment income is recognized when earned. Any unpaid interest and dividend income is recorded as accrued interest and dividends receivable. Realized gains and losses on sales are determined using the specific identification method. Prior to the Buyout discussed in Note 1, proceeds from sales and maturities of investment securities were restricted to use of payment of AC Claims. Following the Buyout, there is no restriction on the use of proceeds from the sales and maturities of investment securities.

Prior to the sale discussed in Note 4, the fair value of the investment in HWI was determined annually by an independent valuation firm that was ultimately approved by the Trustees. Prior to the Buyout described in Note 1, proceeds from sale of the Trust's ownership interest (including any cash dividends) were restricted for payment of AC Claims. As of December 31, 2022, the fair value of the investment in HWI is based on the total consideration realized in connection with the sale to a third party in February 2023.

Accrued Expenses and Accounts Payable

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

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Accrued Claims

Accrued claims consist of certain claims that are settled but unpaid at December 31. A settled claim is a claim with a liquidated value determined by the Trustees that has been accepted by the claimant with an executed release submitted to the Trust and entered in the applicable payment queue. An unpaid settled claim is a claim that has not yet been paid.

Operating Expenses

Operating expenses of the Trust are recorded as deductions on the special-purpose statements of changes in net claimants' equity in the period in which the invoices are received and approved.

Income Taxes

The Trust is classified as a Qualified Settlement Fund pursuant to the Internal Revenue Code and Regulations (the Code) thereunder. As a result, the Trust is subject to federal income taxes based on modified gross income, as defined by the Code. No provision for state income taxes was recorded because, as a Delaware trust, the Trust has no state income tax return filing obligation and is not obligated to pay state income taxes.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the special-purpose financial statement carrying amount of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Risks and Uncertainties

The Trust's assets that are exposed to credit risk consist of cash and cash equivalents. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Trust has never experienced any losses related to these balances. Amounts on deposit in excess of federally insured limits at December 31, 2022 approximate $10.4 million.

The Trust invests in a professionally managed investment portfolio that may contain mutual funds, bonds and term deposits. Such investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and the investment in HWI (see Notes 4 and 5), it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could affect the Trust's account balance and the amounts reported in the special-purpose statements of assets, liabilities and net claimants' equity.

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Notes to the Special-Purpose Financial Statements

3. Cash, Cash Equivalents and Investment Securities

Cash, cash equivalents and investment securities consist of the following at December 31, 2022:

	2022		
	Cost	Fair Value	Unrealized Loss
Cash and cash equivalents	$ 10,863,289	$ 10,863,289	$ -
Mutual funds	4,505,456	4,280,699	(224,757)
Total cash, cash equivalents and investment securities	$ 15,368,745	$ 15,143,988	$ (224,757)

Cash, cash equivalents and investment securities consist of the following at December 31, 2021:

	2021		
	Cost	Fair Value	Unrealized Loss
Cash and cash equivalents	$ 49,061,707	$ 49,061,707	$ -
Mutual funds	4,505,456	4,500,522	(4,934)
Corporate Bonds	285,000	285,000	-
Total cash, cash equivalents and investment securities	$ 53,852,163	$ 53,847,229	$ (4,934)

4. Investment in HWI

The Trust's most significant investment is its 79% interest in HWI. Under the Amended Buyout Agreement described in Note 1, net proceeds from the disposition of the Trust's interest in HWI will be paid to Honeywell. In February 2023, HWI was acquired by a third party under the terms of an Agreement and Plan of Merger, and the Trust received sale proceeds of approximately $270,118,000 and a pre-closing dividend from HWI of $25,833,000. In June 2023, in accordance with the Agreement and Plan of Merger, certain post-closing adjustments were determined and the Trust received approximately $31,647,000 of additional sale proceeds.

After deducting anticipated taxes and certain expenses, in March 2023, the Trust remitted approximately $255,577,000 of the HWI pre-closing dividend and sale proceeds to Honeywell.

5. Fair Value Measurements

The Trust's investments are recorded at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability between market participants in an orderly transaction on the measurement date. The market in which the reporting entity would sell the asset or transfer the liability with the greatest volume and level of activity for the asset or liability is known as the principal market. When no principal market exists, the most advantageous market is used. This is the market in which the reporting entity would sell the asset or transfer

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the liability with the price that maximizes the amount that would be received or minimizes the amount that would be paid. Fair value is based on assumptions market participants would make in pricing the asset or liability. Generally, fair value is based on observable quoted market prices or derived from observable market data when such market prices or data are available. When such prices or inputs are not available, the Trust would use valuation models.

The Trust's assets recorded at fair value on a recurring basis are categorized based on the priority of the inputs used to measure fair value. The inputs used in measuring fair value are categorized into three levels, as follows:

- **Level 1 -** Inputs that are based upon quoted prices for identical instruments traded in active markets.

- **Level 2 -** Inputs that are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar investments in markets that are not active, or models based on valuation techniques for which all significant assumptions are observable in the market, or can be corroborated by, observable market data for substantially the full term of the investment.

- **Level 3 -** Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The following section describes the valuation methodologies the Trust uses to measure its financial assets at fair value:

Level 1: Mutual funds are valued at the closing price reported on the active market on which the individual securities are traded.

Level 2: Bonds are valued using a metrics system provided by the pricing vendors.

Level 3: As of December 31, 2021, the investment in HWI was valued based upon a valuation prepared by an independent valuation firm. The valuation as of December 31, 2021 used model-based calculations based on market-based inputs, including but not limited to, discounted cash flow analysis, valuation multiples, implied enterprise values, market price data of stocks of companies engaged in the same or similar line of business as that of HWI, and the correlation of all these inputs. The fair value measurement as of December 31, 2022, was adjusted to reflect fair value as measured by the total consideration realized in connection with the sale to a third party, which closed in February 2023.

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Notes to the Special-Purpose Financial Statements

Investments measured at fair value on a recurring basis are summarized below:

	As of December 31, 2022			
	Assets Measured At Fair	Fair Value Hierarchy Level		
Description	Value	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 10,863,289	$ 10,863,289	$ -	$ -
Mutual funds	4,280,699	4,280,699	-	-
Investment in HWI	327,400,000	-	-	327,400,000
Total assets at fair value	$ 342,543,988	$ 15,143,988	$ -	$ 327,400,000

	As of December 31, 2021			
	Assets Measured At Fair	Fair Value Hierarchy Level		
Description	Value	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 49,061,707	$ 49,061,707	$ -	$ -
Mutual funds	4,500,522	4,500,522	-	-
Corporate bonds	285,000	-	285,000	-
Investment in HWI	561,300,000	-	-	561,300,000
Total assets at fair value	$ 615,147,229	$ 53,562,229	$ 285,000	$ 561,300,000

Level 3 gains and losses

The following table sets forth a summary of changes in the fair value of the Trust's investment in HWI (Level 3 assets) for the years ended December 31, 2022 and 2021:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	2022	2021
Balance, at the beginning of the year	$ 561,300,000	$ 421,500,000
Return of capital	-	(50,125,500)
Net change in HWI valuation	(233,900,000)	189,925,500
Balance, at the end of the year	$ 327,400,000	$ 561,300,000

6. Income Taxes

During the years ended December 31, 2022 and 2021, the Trust generated net operating (losses) income of approximately $(562,000) and $8,000,000, respectively. Total net operating loss carryforwards available at December 31, 2022 to offset future taxable income of the Trust is approximately $72.8 million.

Deferred income taxes result from differences between the special-purpose financial statement and tax reporting of additions and deductions to net assets. The entire amount of the deferred tax liability reported as of December 31, 2022 and 2021 is attributed to the appreciation of the Trust's investment in HWI, and is calculated based on the cumulative unrealized gain times the applicable tax rate of 37.0% as of December 31, 2022 and 2021, respectively.

The deferred tax asset consists of the tax benefits related to net operating loss carryforwards, approximately $27,000,000 at December 31, 2022 and 2021, respectively.

In assessing the realizability of the deferred tax asset, management considers whether it is more likely than not that some portion of the entire deferred tax asset will be recognized. The ultimate realization of the deferred tax asset is dependent upon the generation of future taxable income during the periods in which temporary differences become deductible. Management considers reversal of deferred tax liabilities, projected future taxable income and tax planning strategies that can be implemented by the Trust in making this assessment. In keeping with the special-purpose basis of accounting, the deferred tax asset will not be recorded until the realizability of the asset is assured. Accordingly, the Trust has recorded a full valuation allowance against the deferred tax asset at December 31, 2022 and 2021. The Trust's net operating loss carryforward generated from 2017 and prior will expire, if not utilized, in various years through 2037. Net operating losses generated from 2018 and forward will carryforward without expiration.

In accordance with the Amended Buyout Agreement, the Trust's tax liabilities related to the sale of HWI, described in Note 4, will be paid from sale proceeds. The current estimate of the Trust's tax liabilities associated with the proceeds received to date is approximately $51.65 million.

7. Net Claimants' Equity

The contributions to and deductions from net claimants' equity for the years ended December 31, 2022 and 2021 are comprised of the following:

	2022	2021
Contributions from Honeywell:		
Cash for operations	$ 30,071,287	$ 25,591,817
Cash for annual contribution claims	-	88,142,348
Cash for pre-established claims	840,086	1,409,900
Net operating results	(561,621)	8,252,805
Net change in HWI stock valuation, net of tax	(146,603,530)	119,653,250
Distributions from net claimants' equity	(69,011,410)	(136,463,014)
Change in net claimants' equity	$ (185,265,188)	$ 106,587,106

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8. Distributions from Net Claimants' Equity

For the years ended December 31, 2022 and 2021, the Trust settled and paid 2,345 and 6,799 AC claims totaling $68,373,435 and $127,312,571, respectively. In addition, the Trust settled and paid 255 and 364 PE claims totaling $871,536 and $1,410,900, respectively. For the year ended December 31, 2022, the Trust settled 161 AC claims totaling $7,536,865 and 24 PE claims totaling $164,300 which were accrued as of December 31, 2022 and were paid subsequent to year end.

9. Contingent Liabilities

The Plan Documents (as defined in the Plan) subject the Trust to certain reimbursement and indemnification obligations that may result in future claims against the Trust.

The probability of such claims cannot be reasonably determined. Accordingly, no associated liability has been recorded in the accompanying special-purpose financial statements. Such claims, if any, are not expected to be material.

10. Liability for Asbestos Claims

Personal injury claims that were settled, but unpaid as of December 31, 2022 and 2021, have been accrued and included in accrued claims. These amounts have been included in distributions from net claimants' equity in the accompanying special-purpose statements of changes in net claimants' equity for the payment of claims for the year ended December 31, 2022 and 2021.

The ultimate number of Asbestos PI Trust Claims to be filed and the liability for all such claims are not determinable at this time. The net claimants' equity at December 31, 2022 and 2021 represents funding available for Asbestos PI Trust Claims for which no fixed liability has yet been established. However, prior to the Buyout described in Note 1, Honeywell was required to make contributions to the Trust to pay claims as provided in the Trust Agreement. Subsequent to the Buyout, all future claims and operating expenses of the Trust will be funded from the Buyout proceeds and income derived from these proceeds.

11. Related Party Transactions

Pursuant to Sections 3.1(c)(x) and 5.8 of the Trust Agreement, the Trust has engaged individuals at Gleason & Associates, P.C. ("Gleason") for claims consulting services. Trustee Gleason is a principal of Gleason. Pursuant to Trust policy, Trustee Gleason abstained from the decision to engage the individuals at Gleason, and also abstains from reviewing and approving invoices from Gleason. During the years ended December 31, 2022 and 2021, the Trust incurred $1,750,610 and $1,255,886, respectively, of consulting expenses with this related party, which is included within the consulting line of operating expenses in the accompanying special-purpose statements of changes in net claimants' equity and the supplemental schedules of operating expenses.

12. Subsequent Events

The Trust has evaluated its December 31, 2022 special-purpose financial statements for subsequent events through June 23, 2023, the date the special-purpose financial statements were available to be issued. Except as described in Notes 1 and 4 related to the Buyout and sale of HWI, the Trust is not aware of any subsequent events which would require recognition or disclosure in the special-purpose financial statements.

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Supplementary Information

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Independent Auditor's Report on Supplementary Information

Trustees
North American Refractories Company Asbestos Personal Injury Settlement Trust
Dallas, Texas

Our audit of the special-purpose financial statements included in the preceding section of this report was conducted for the purpose of forming an opinion on those special-purpose statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of those special-purpose financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special-purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the special-purpose financial statements as a whole.

BDO USA, LLP

June 23, 2023

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North American Refractories Company
Asbestos Personal Injury Settlement Trust

Schedules of Operating Expenses

For the Years Ended December 31,	2022	2021
Operating expenses		
Legal fees	$ 26,753,131	$ 9,810,419
Claims processing services	4,841,865	4,466,805
Trustee disbursements	1,945,965	1,668,118
Consulting	1,997,292	1,312,444
Accounting and financial statement audit	347,765	303,577
Insurance	196,068	195,342
Administrative costs	4,591	4,545
Other	4,140,580	2,900,064
Total operating expenses	$ 40,227,257	$ 20,661,314

See independent auditor's report on supplementary information.