IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: Paddock Enterprises, LLC	)	Chapter 11
	)	
Reorganized Debtor.	)	Case No. 20-10028
	)	
	)	

NOTICE OF FILING ANNUAL REPORT AND CLAIMS SUMMARY

The Owens-Illinois Asbestos Personal Injury Trust (the "Trust") hereby files its Audited Financial Statements for the fiscal year ending December 31, 2022 and an Annual Report for the period covered by the Audited Financial Statements. The Annual Report and Financial Statements are attached hereto as Exhibit 1.

Pursuant to the provisions of the Owens-Illinois Asbestos Personal Injury Trust Agreement, the Trust is providing copies of the Annual Report and the Financial Statements to the Trust Advisory Committee, the Legal Representative, the United States Trustee and the Reorganized Debtor.

Date: April 28, 2023

CAMPBELL & LEVINE, LLC

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Counsel to Owens-Illinois Asbestos Personal Injury Trust

EXHIBIT 1

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: Paddock Enterprises, LLC	)	Chapter 11
	)	
Reorganized Debtor.	)	Case No. 20-10028
	)	
	)	

ANNUAL REPORT AND ACCOUNT OF THE
OWENS-ILLINOIS ASBESTOS PERSONAL INJURY TRUST
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2022

D. LeAnne Jackson, Allen Schwartz, and Hon. George Silver (Ret.), the Trustees of the Owens-Illinois Asbestos Personal Injury Trust (the "Trust"), created pursuant to the Third Amended Joint Plan of Reorganization for Paddock Enterprises, LLC Under Chapter 11 of the Bankruptcy Code (the "Plan") submit this Annual Report, Financial Statements, and Claims Summary for the fiscal year ended December 31, 2022.

I. INTRODUCTION

The purpose of this Annual Report is to comply with the reporting requirements of the Owens-Illinois Asbestos Personal Injury Trust Agreement (the "Trust Agreement") and to report to the Court on the actions taken by the Trustees on behalf of the Trust during the period from January 1, 2022 to December 31, 2022 (the "Reporting Period").

Section 2.2(c) of the Trust Agreement provides:

The Trustees shall timely account to the Bankruptcy Court as follows:

> (i) The Trustees shall cause to be prepared and filed with the Bankruptcy Court, as soon as available, and in any event within one hundred and twenty (120) days following the end of each fiscal year, an annual report (the "Annual Report") containing financial statements of the Asbestos Trust (including, without limitation, a balance sheet of the Asbestos Trust as of the end of such fiscal year and a statement of operations for such fiscal year) audited by a firm of independent certified public accountants selected by the Trustees and accompanied by an opinion of such firm as

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to the fairness of the financial statements' presentation of the cash and investments available for the payment of claims. The Trustees shall provide a copy of such Annual Report to the TAC and the Post-Effective Date Future Claimants' Representative when such reports are filed with the Bankruptcy Court.

(ii) Simultaneously with the filing of the Annual Report, the Trustees shall cause to be prepared and filed with the Bankruptcy Court a report containing a summary regarding the number and type of claims disposed of during the period covered by the financial statements. The Trustees shall provide a copy of such report to the TAC and the Post-Effective Date Future Claimants' Representative when such report is filed.

(iii) All materials required to be filed with the Bankruptcy Court by this Section 2.2(c) shall be available for inspection by the public in accordance with procedures established by the Bankruptcy Court and shall be filed with the Office of the United States Trustee for the District of Delaware (the "U.S. Trustee").

The Trust Agreement further provides for the inclusion of a description of the amounts paid to the Trustees, the TAC, and the Future Claimant's Representative in the accounts filed with the Bankruptcy Court. See Trust Agreement Sections 4.5(c), 5.6, and 6.5.

II. BACKGROUND

On January 6, 2020, Paddock Enterprises, LLC (the "Debtor"), filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code. On May 27, 2022, the Court entered an Order confirming the Plan. On June 22, 2022, the United States District Court for the District of Delaware affirmed the Bankruptcy Court's Confirmation Order. On July 8, 2022 (the "Effective Date"), the Plan became effective and the Trust began to operate.

On or after the Effective Date, the Trust was funded as provided for in Sections 3.2(c)(ii) and 8.3 of the Plan. The purpose of the Trust is to assume all liabilities and responsibility for all Asbestos Claims, and to direct the processing, liquidation, and payment of all Asbestos Claims in

accordance with the Plan, the Trust Agreement, the Trust Distribution Procedures (the "TDP"), and the Confirmation Order; to preserve, hold, manage, and maximize Trust assets; and to qualify at all times as a Qualified Settlement Fund. The Trust is to use Trust assets to pay the holders of Asbestos Claims in accordance with the Trust Agreement and the TDP, so that the holders of Asbestos Claims are treated fairly, equitably, and reasonably in light of the finite assets available to satisfy such claims, and to otherwise comply with the requirements of a trust set forth in section 524(g)(2)(B) of the Bankruptcy Code.. See Trust Agreement, Section 1.2.

III. TRUST ADMINISTRATION

A. Trustees

D. LeAnne Jackson, Allen Schwartz, and Hon. George Silver (Ret.) served as Trustees of the Trust during the entire Reporting Period. Ms. Jackson served as the Managing Trustee during the Reporting Period.

1. Meetings

During the Reporting Period, the Trustees held formal meetings in accordance with the requirements of the Trust Agreement. These meetings were "regular meetings" as designated under the Trust's By-laws. Quarterly meetings were attended by representatives of the TAC and the FCR. In addition to these formal meetings, the Trustees held regularly scheduled weekly teleconferences, met with Trust advisors virtually and in-person, held virtual and in-person executive session meetings, including meetings to address Trust policies and claims processing matters, and meetings with the Trust's investment advisor, investment managers and investment bankers, and devoted considerable time to Trust matters outside of scheduled meetings. Activities included exercising oversight over the investment and liquidation of Trust assets to pay claims and the Trust's processes to receive, process, and pay claims pursuant to the TDP, communicating with

claimants regarding the processing of claims, and continual monitoring of the claims and investment processes.

2. Compensation

The amount of compensation and expenses paid or reimbursed to the Trustees during the Reporting Period is set forth in the Trust's financial statements attached hereto as Exhibit "A" (the "Audited Financial Statements"). The inclusion of this information in the Trust's Audited Financial Statements satisfies the requirements of Section 4.5 of the Trust Agreement. All distributions related to Trustee compensation and expense reimbursement were made in accordance with the Trust Agreement and billing guidelines.

B. Trust Advisory Committee

Matthew P. Bergman, Christopher R. Guinn, Lisa Nathanson Busch, John D. Cooney, Beth Gori, Peter A. Kraus, Marcus E. Raichle, Audrey Perlman Raphael, and Christopher Thoron served as Members of the Trust Advisory Committee (the "TAC Members") during the Reporting Period. The amount of expenses paid or reimbursed to the TAC Members during the Reporting Period is set forth in the Trust's Audited Financial Statements. The inclusion of this information in the Trust's Audited Financial Statements satisfies the requirements of Section 5.6 of the Trust Agreement. All distributions related to TAC Member expense reimbursement were made in accordance with the Trust Agreement and billing guidelines.

C. Future Claimants' Representative

James L. Patton served as the Future Claimants' Representative (the "FCR") during the Reporting Period. The amount of compensation or expenses paid or reimbursed to the FCR during the Reporting Period is set forth in the Trust's Audited Financial Statements. The inclusion of this information in the Trust's Audited Financial Statements satisfies the requirements of Section 6.5

of the Trust Agreement. All distributions related to FCR compensation and expense reimbursement were made in accordance with the Trust Agreement and billing guidelines.

D. Claims Processing

The Delaware Claims Processing Facility, LLC processes Asbestos Claims.

E. Investment Management

During the Reporting Period, the Trust utilized The Concord Advisory Group, Ltd. of Princeton, N.J. ("Concord") to advise the Trustees on the investment of Trust assets. Concord has extensive experience in advising similar Trusts and organizations on matters relating to investment operations. Concord assists the Trustees in developing prudent policies by which to govern, administer and monitor the investments. Such policies are intended to facilitate achieving the Trust's investment goals of maintaining sufficient liquidity to meet the Trust's current claims and generating sufficient returns to meet future Trust claims. Concord also assists the Trustees in hiring, retaining, and terminating investment managers and custodians to implement the Trust's investment strategy.

As of the end of the Reporting Period, Trust assets were allocated 97.7% to fixed income with a blend of cash, short term bonds and intermediate/long term bonds, and 2.3% to diversified equity strategies. During the Reporting Period, Bank of America Private Bank, a division of Bank of America NA, and Morgan Stanley Smith Barney LLC served as advisors to manage the assets among proprietary and non-proprietary strategies. The Vanguard Group, Inc. ("Vanguard") also manages a portion (approximately 1.3%) of the Trust's assets in three proprietary equity index funds (the "Vanguard Funds"). All Trust assets are held for safekeeping in bank custody accounts at the Bank of America Private Bank, a division of Bank of America, NA. The Trust utilizes

custodian accounts, wire transfers and government-backed money market funds to reduce its exposure to systemic banking system risk.

All service providers are monitored on an ongoing basis to ensure they meet policy risk and liquidity guidelines while achieving the Trust's performance and operational objectives. Concord provides monthly and quarterly reports to the Trustees summarizing investment results, compliance with investment policy guidelines, and investment fees. Additionally, the Trustees meet with the managers and custodians periodically for further review. During the Reporting Period, the Trustees regularly, virtually and by telephone, met with Concord to review investment performance, economic conditions and investment strategy.

For investment and tax purposes, the funds of the Owens-Illinois Asbestos Personal Injury Trust are treated as "qualified settlement funds," with target investment allocations and asset managers.

F. Counsel

Campbell & Levine, LLC of Pittsburgh, Pennsylvania and Wilmington, Delaware continues serves as general counsel to the Trust.

IV. ANNUAL REPORT AND ACCOUNT

A. Summary of Claims:

The Trust began accepting claims on October 3, 2022. As of December 31, 2022, the Trust had paid a total of 439 Pre-Petition Liquidated Trust Claims. Of the claims paid, there were 436 malignancy claims and 3 non-malignancy claims. After application of the payment percentage and applicable sequencing adjustment, the Trust had paid approximately $59,941,250.00 million to asbestos victims in settlement of their Pre-Petition Liquidated Trust Claims. The malignant to non-malignant ratio of the Pre-Petition Liquidated Trust Claims paid

in number was 145.3/1 and the malignant to non-malignant ratio of the Pre-Petition Liquidated Trust Claims in dollars paid was 2,396.7/1. As of December 31, 2022, the Trust had received 42,657 Unliquidated Trust Claims and paid a total of 0 claims.

A summary of the claims processing procedures and policies may be found at the Trust website at www.oiasbestospersonalinjurytrust.com.

B. Financial Information

The Trust's audited financial statements for the Reporting Period are attached hereto as Exhibit "A." The financial statements were audited by BDO USA, LLP.

Date: [April 28, 2023]

CAMPBELL & LEVINE, LLC

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Counsel to Owens-Illinois Asbestos Personal Injury Trust

EXHIBIT A

Owens-Illinois Asbestos Personal Injury Trust

Special-Purpose Financial Statements

Period From July 8, 2022 (Inception)
through December 31, 2022

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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Owens-Illinois Asbestos Personal Injury Trust

Special-Purpose Financial Statements
Period From July 8, 2022 (Inception) through December 31, 2022

Owens-Illinois Asbestos Personal Injury Trust

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Independent Auditor's Report

Trustees
Owens-Illinois Asbestos Personal Injury Trust
Wilmington, Delaware

Opinion

We have audited the special-purpose financial statements of Owens-Illinois Asbestos Personal Injury Trust (the Trust), which comprise the special-purpose statements of assets, liabilities, and net assets as of December 31, 2022, and the related special-purpose statements of changes in net assets and the special-purpose statements of cash flows for the period from July 8, 2022 (inception) through December 31, 2022, and the related notes to the special-purpose financial statements.

In our opinion, the accompanying special-purpose financial statements present fairly, in all material respects, the net assets of the Trust as of December 31, 2022, and the changes in net assets and cash flows for the period from July 8, 2022 (inception) through December 31, 2022, in accordance with the basis of accounting described in Note 2 to the special-purpose financial statements.

Basis for Opinion

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 of the special-purpose financial statements which describes the basis of accounting. As described in Note 2, the accompanying special-purpose financial statements were prepared in order to account for the amount of net assets presently available to fund current and future claims, which is a basis of accounting other than accounting principles generally accepted in the United States of America. As a result, the special-purpose financial statements may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of the special-purpose financial statements in accordance with the basis of accounting as described in Note 2 to the special-purpose financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair

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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.

Other Matter - 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 period from July 8, 2022 (inception) through 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

April 27, 2023

Special-Purpose Financial Statements

Owens-Illinois Asbestos Personal Injury Trust

Special-Purpose Statement of Assets, Liabilities and Net Assets

December 31, 2022

Assets	
Cash and cash equivalents	
Bank of America	$ 19,575,809
Huntington Bank	1,892
U.S. Trust	133,470,097
Morgan Stanley	172,275,270
Total cash and cash equivalents	325,323,068
Investments	
U.S. Trust	
Investments	119,282,913
Income receivable	1,728,628
Morgan Stanley	
Investments	105,159,303
Income receivable	1,565,621
Total investments	227,736,465
Other assets	
Prepaid federal income taxes	30,000
Prepaid assets	257,443
Total other assets	287,443
Total assets	553,346,976
Liabilities	
Accounts payable and operating expense payable	454,170
Total liabilities	454,170
Net assets	$ 552,892,806

See accompanying notes to the special-purpose financial statements.

Owens-Illinois Asbestos Personal Injury Trust

Special-Purpose Statement of Changes in Net Assets

Period from July 8, 2022 (inception) through December 31, 2022

Additions	
Initial funding	$ 610,000,000
Investment income	
Interest and dividend income, net	7,375,363
Unrealized gain on investments, net	153,272
Total additions	617,528,635
Deductions	
Realized loss on sale of investment securities	208,283
Claims settled	59,941,250
Investment advisory fees	451,046
General and administrative expenses	
Trustees	286,422
Claims processing fees	458,344
Claims consulting and forecasting fees	134,377
Insurance	59,048
Accounting	53,438
Others	6,608
Professional services	
Trust legal fees	6,240
Trust general counsel	813,173
TAC attorney fees and expenses	564,107
Future claims representative fees and expenses	123,493
Federal income tax	1,530,000
Total deductions	64,635,829
Increase in net assets	552,892,806
Net assets at the beginning of the period	-
Net assets at the end of the period	$ 552,892,806

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Owens-Illinois Asbestos Personal Injury Trust

Special-Purpose Statement of Cash Flows

Period from July 8, 2022 (inception) through December 31, 2022

Cash flows from operating activities:	
Increase in net claimants' equity	$ 552,892,806
Adjustments to reconcile net increase in net assets to cash provided by operating activities:	
Realized loss on sale of investment securities	208,283
Unrealized gain on investments, net	(153,272)
Amortization of bond premium, net	179,572
Changes in operating assets and liabilities:	
Prepaid federal income taxes	(30,000)
Income receivable	(3,294,249)
Prepaid assets	(257,443)
Accounts payable and accrued expenses	454,170
Net cash provided by operating activities	549,999,867
Cash flows from investing activities:	
Proceeds from sales of investments	100,301,443
Purchases of investments	(324,978,242)
Net cash used in investing activities	(224,676,799)
Net increase in cash and cash equivalents	325,323,068
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year	$ 325,323,068

See accompanying notes to the special-purpose financial statements.

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1. Description of the Trust

On January 6, 2020, Paddock Enterprises, LLC (the Pre-Reorganized Company), voluntarily filed a petition for reorganizing under Chapter 11 of the United States Bankruptcy Code with the United States Bankruptcy Court for the District of Delaware (the Bankruptcy Court). The filing of the petitions was precipitated by the Reorganized Debtor then potentially substantial asbestos-related liabilities. On May 24, 2022, the Bankruptcy Court entered an amended order confirming a joint plan of reorganization (Confirmed Plan). The confirmation order has become final and cannot be appealed. The Confirmed Plan became effective on July 8, 2022 (the Effective Date).

The Owens-Illinois Asbestos Personal Injury Trust (the Trust), organized pursuant to the laws of the State of Delaware, was established on July 8, 2022 and is a "qualified settlement fund" pursuant to the meaning of Section 1.468B-1 et seq. to the Treasury Regulations promulgated under Section 468B of the Internal Revenue Code. The Trust was formed to assume all Asbestos Claims and to use the Trust's assets and income to pay holders of claims in accordance with the Owens-Illinois Asbestos Personal Injury Trust Agreement. The Trust's funding is dedicated solely to the settlement of Asbestos Claims and the related costs thereto, as defined in the Owens-Illinois Asbestos Personal Injury Trust Agreement (Trust Agreement). Defined terms have the meaning that is defined in the Trust Agreement.

When formed, the Trust was funded with approximately $601.5 million in cash received from O-I Glass, Inc., and an $8.5 million Payment Note from Paddock Enterprises, LLC. The Payment Note will be paid beginning on the third anniversary of the Effective Date; bears interest at a rate equal to 1.75% plus the U.S. Prime Rate per annum on the amount of the unpaid principal, and will mature on the fifth anniversary of the Effective Date. In addition, the Payment Note will be secured by equity interest in the Reorganized Debtor. The cash from O-I Glass, Inc. was transferred to the Trust on July 15, 2022. The Payment Note from Paddock Enterprises, LLC was paid in full to the Trust on July 20, 2022.

The Trustees are responsible for supervising and administering the Trust. The Trustees will use the Trust's assets and income to pay the holders of all Asbestos Claims in accordance with the Trust Agreement and the Owens-Illinois Asbestos Personal Injury Trust Distribution Procedures in such a way that holders of Asbestos Claims are treated fairly, equitably and reasonably in light of the limited assets available to satisfy such claims, and to otherwise comply in all respects with the requirements of a trust set forth in section 524(g)(2)(B) of the Bankruptcy Code.

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 assets 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. Assets are generally recorded when they are received by the Trust and are available for the payment of Asbestos Claims.

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b. Investment securities are recorded at fair market value. All interest and dividend income, net of investment expenses, are included in investment income in the accompanying special-purpose statements of changes in net assets. Net realized and unrealized gains and (losses) on investment securities are recorded as a net addition or (deduction) in the special-purpose statements of changes in net assets.

c. Amortization and accretion of bond premiums or discounts included in investment income.

d. The full amounts of Asbestos Claims will be treated as deductions from net assets in the period in which the settled claims are approved for payment. A settled claim is a claim that has been accepted by the claimant, with an executed release submitted to the Trust, and approved by the Trustees. Under GAAP, a liability would be recorded for an estimate of the amount to be paid for claims that have been incurred but not yet reported, and for those claims that have been submitted but not yet approved for payment by the Trust.

e. Income tax expense is estimated and recorded as incurred in the period in which certain income and expense items affect current federal income taxes payable. Under GAAP, the provision for income taxes is recorded based upon income reported for special-purpose financial statement purposes, and federal income taxes both currently payable and changes in deferred taxes due to differences between financial reporting and tax bases of assets and liabilities. Under GAAP, deferred taxes include a provision for taxes attributable to changes in unrealized gains and losses on investments.

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

Cash equivalents

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

Investment securities

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 unearned interest and dividend income are recorded as accrued interest and dividends receivable. Realized gains and losses on sales are determined using the specific identification method.

Settled claims payable

Settled claims payable consist of certain claims that are settled but unpaid at December 31, 2022. A settled claim is a claim that has been accepted by the claimant, with an executed release submitted to the Trust, and approved by the Trustees. An unpaid claim is a claim that has been approved for payment by the Trustees but cannot be paid due to annual cap limitations or has been

authorized by the Trustees and not paid. Unpaid claims that are a result of annual cap limitations are recorded when settled. There was no balance for unpaid claims at December 31, 2022.

Accrued expenses and accounts payable

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

Operating expenses

Operating expenses of the Trust are recorded as deductions on the special-purpose statements of changes in net assets 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 thereunder (the Code). As a result, the Trust is subject to federal income taxes based on modified gross income, as defined by the Code. In the opinion of the Trustees and advisors, the Trust is not subject to state income taxes and, therefore, the special-purpose financial statements do not include any provision or liability for state income taxes.

Income tax expense is estimated and includes amounts payable or receivable under current federal income taxes.

The Trust records income tax expense (or benefit) associated with amounts payable (or receivable) under current federal income taxes and does not record a provision for (or benefit from) deferred taxes. Accordingly, there is no provision for deferred taxes associated with changes in cumulative unrealized gains and losses on investments (see Note 3). The income taxes associated with gains on investments will be recorded in the Trust's special-purpose financial statements when the net gains are realized (i.e. the securities are sold) and the taxes become currently payable.

Risk and uncertainties

Certain Trust assets are exposed to credit risk. Cash and cash equivalents are maintained at financial institutions, and, at times, balances may exceed federally insured limits. The Trust has never experienced any losses related to these balances. The Trust had $9.3 million in excess of the federally insured limits as of December 31, 2022.

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

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3. Investment Securities

Investment securities consist of the following at December 31, 2022:

	Cost	Fair Value	Unrealized Gains (Losses)
Equities	$ 12,519,019	$ 12,827,955	$ 308,936
Bonds	211,769,925	211,614,261	(155,664)
Total investment securities	$ 224,288,944	$ 224,442,216	$ 153,272

The maturities of the Trust's investments in bonds are as follows as of December 31, 2022:

	Less than 1 Year	After 1 Year Through 5 Years	After 5 Years Through 10 Years	After 10 Years	Total
Bonds	$ 62,715,663	$ 130,146,000	$ 9,454,158	$ 9,298,441	$ 211,614,261

4. 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 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.

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- **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:

Equities: Valued at the closing price reported on the active market on which the individual securities are traded.

Bonds: Valued using the documented trade price if trading in an active market. Otherwise, valued using a metrics system provided by the pricing vendors.

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

	As of December 31, 2022			
	Assets Measured	Fair Value Hierarchy Level		
Description	at Fair Value	Level 1	Level 2	Level 3
Equities	$ 12,827,955	$ 12,827,955	$ -	$ -
Bonds:				
Corporate	35,314,292	-	35,314,292	-
International	26,436,408	-	26,436,408	-
Municipal	96,511,661	-	96,511,661	-
US Treasury	53,351,900	-	53,351,900	-
Total bonds	211,614,261	-	211,614,261	-
Total assets at fair value	$ 224,442,216	$ 12,827,955	$ 211,614,261	$ -

5. Claims Settled

For the period from July 8, 2022 (inception) through December 31, 2022, the Trust settled 439 claims, totaling $59,941,250.

6. Income Taxes

The Trust's provision for federal income taxes for the period from July 8, 2022 (inception) through December 31, 2022 is $1,530,000. During the period from July 8, 2022 (inception) through December 31, 2022, the Trust made estimated tax payments totaling $1,560,000. For the period from July 8, 2022 (inception) through December 31, 2022, the Trust had an overpayment of approximately $30,000 that will utilized to offset the Trust's future tax payments and is recorded as prepaid federal income taxes on the accompanying special-purpose statement of assets, liabilities, and net assets. As of December 31, 2022, the estimated deferred tax liability associated with unrealized gains on investments is approximately $57,000.

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As disclosed in Note 2 to the special-purpose financial statements, the Trust does not record a provision for (or benefit from) deferred taxes. Accordingly, there is no provision for deferred taxes associated with cumulative unrealized gains and losses on investments.

7. Liability for Asbestos Personal Injury Claims

The ultimate number of Asbestos Claims to be filed and the liability for all such claims are not determinable at this time. The net assets at December 31, 2022 represents funding available for all Asbestos Claims for which no fixed liability has yet been established.

8. 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.

9. Subsequent Events

The Trust has evaluated its December 31, 2022 special-purpose financial statements for subsequent events through April 27, 2023, the date the special-purpose financial statements were available to be issued. The Trust is not aware of any subsequent events which would require recognition or disclosure in the special-purpose financial statements.

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: Paddock Enterprises, LLC	)	Chapter 11
	)	
Reorganized Debtor.	)	Case No. 20-10028
	)	
	)	

CERTIFICATE OF SERVICE

I, Marla Rosoff Eskin, of Campbell & Levine, LLC, hereby certify that on April 28, 2023, I caused a copy of the *Notice of Filing of Annual Report and Claims Summary* to be served upon the parties below by electronic mail, unless otherwise indicated:

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CAMPBELL & LEVINE, LLC

Dated: April 28, 2023

/s/ Marla Rosoff Eskin
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