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Counsel for Quigley Asbestos PI Trust

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	Chapter 11
QUIGLEY COMPANY, INC.,	:	Case No. 04-15739 (SMB)
Debtors.	:	

NOTICE OF FILING ANNUAL REPORT AND ACCOUNT OF THE QUIGLEY ASBESTOS PI TRUST FOR YEAR ENDING DECEMBER 31, 2017

Pursuant to Article 13.1 of the Debtors' Fifth Amended and Restated Plan of Reorganization and Section 3.02(c) of the Amended and Restated Quigley Company, Inc. Asbestos Personal Injury Trust Agreement (as amended, the "**Trust Agreement**"), the Trustees of the Quigley Asbestos PI Trust (the "**Trust**"), Anne M. Ferazzi, Charles A. Koppelman, and Richard E. Neville (the "**Trustees**"), make the following Annual Report for the year ending December 31, 2017 (the "**Annual Report**"), a copy of which is attached hereto as Exhibit 1.

Consistent with Section 3.02(c), 4.01, and 5.05(c) of the Trust Agreement, the Annual Report includes a copy of the Trust's financial statements as of December 31, 2017; the opinion and report from the independent auditors for the Trust; a summary of claims disposed during the period covered by the financial statements, and a reporting of the total fees paid to the Trustees for the year ended December 31, 2017.

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In addition, as required by Section 3.02(c)(i) of the Trust Agreement, a copy of the Annual Report has been provided to the Trust Advisory Committee, the Future Demand Holders' Representative, and Reorganized Quigley. Further, pursuant to Section 3.02(c)(iii), this report is available for inspection by the public through the records of the Bankruptcy Court.

Dated: April 27, 2018 Respectfully submitted,

/s/ Rachael A. Rowe

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Attorneys for the Trustees of Quigley Asbestos PI Trust

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Exhibit 1

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	Chapter 11
QUIGLEY COMPANY, INC.,	:	Case No. 04-15739 (SMB)
Debtors.	:	

ANNUAL REPORT AND ACCOUNT OF THE QUIGLEY ASBESTOS PI TRUST FOR YEAR ENDING DECEMBER 31, 2017

Pursuant to Article 13.1 of the Debtors' Fifth Amended and Restated Plan of Reorganization (the "**Plan**")[1] and Section 3.02(c) of the Amended and Restated Quigley Company, Inc. Asbestos Personal Injury Trust Agreement (as amended, the "**Trust Agreement**"), the Trustees of the Quigley Asbestos PI Trust (the "**Trust**"), Anne M. Ferazzi, Charles A. Koppelman, and Richard E. Neville (the "**Trustees**"), make the following Annual Report for the year ending December 31, 2017 (the "**Annual Report**").[2]

A. Reporting Requirements

1. Financial Statements

Section 3.02(c)(i) of the Trust Agreement requires the Annual Report to include:

> "financial statements of the Asbestos PI Trust (including, without limitation, a balance sheet of the Asbestos PI 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 that such financial statements present fairly in all material respects the financial portion of the Asbestos PI Trust as of such year end and the results of its operations as of the year then ended in conformity with GAAP."

[1] All capitalized terms used herein but not otherwise defined shall have the respective meanings given to such terms in the Plan.
[2] This Annual Report covers the actions taken by the Trustees during calendar year 2017 (the "**Reporting Period**").

Attached as Exhibit A is a copy of the Quigley Asbestos PI Trust Financial Statements with the Independent Auditors' Report for the year ending December 31, 2017 (the "**Audited Financial Statements**"). As required, the auditor for the Trust, BDO USA, LLP, has provided an opinion as to the fairness of the financial statements' presentation and of their conformity with generally accepted accounting principles.

2. Claims Summary

Section 3.02(c)(ii) of the Trust Agreement requires the Annual Report to include "a summary regarding the number and type of Asbestos PI Claims disposed of during the period covered by the financial statements." Attached as Exhibit B is a summary of claims activity during the Reporting Period.

3. Compensation and Expenses of the Trustees

Section 5.05(c) of the Trust Agreement provides that the Annual Report shall include a description of the fees and expenses paid to the Trustees each year. In accordance with Sections 5.05(a) and 5.05(b) of the Trust Agreement, the Trustees have received compensation in the form of annual retainers and hourly fees, as well as reimbursement for out-of-pocket costs and expenses, in the aggregate amount of $830,631 during the Reporting Period. For a detailed breakdown of the retainer fees, hourly fees and expense reimbursements paid to the Trustees, please refer to the Supplementary Schedule of Operating Expenses contained in the Audited Financial Statements attached hereto. (*See* Audited Financial Statements attached as Exhibit A.)

B. Trust Governance

1. Trustees

The initial Trustees of the Trust, appointed pursuant to the Confirmation Order, are Anne M. Ferazzi of Houston, Texas, Charles A. Koppelman of New York, New York, and

Richard E. Neville of Chicago, Illinois. The Trustees administer the Trust in accordance with the Trust Agreement and the Quigley Company, Inc. Asbestos PI Trust Distribution Procedures (as amended, the "**TDP**"). The Trustees hold regular meetings to conduct the business of the Trust and consult frequently outside of the regular meetings. The Trustees also hold formal quarterly meetings with the Trust Advisory Committee ("**TAC**') and the Future Demand Holders' Representative ("**FDHR**").

On September 20, 2017, Trustees Ferazzi and Neville, with the consent of the TAC and FDHR, elected Charles Koppelman to serve an additional five-year term as Trustee as provided for in the Trust Agreement. Trustee Koppelman's initial term of four years expired on November 4, 2017.

2. Trust Advisory Committee

The TAC is composed of seven members appointed by the Bankruptcy Court to serve in a fiduciary capacity representing all holders of present Asbestos PI Trust Claims. Members of the TAC include: Perry Weitz, James Ferraro, Alan R. Brayton, Steven T. Baron, John D. Cooney, Armand J. Volta, Jr., and Perry J. Browder.

The initial terms of TAC members Brayton and Ferraro expired on November 4, 2017. Each appointed himself for an additional five-year term in accordance with the Trust Agreement.

3. Future Demand Holders' Representative

The FDHR is Albert Togut. The FDHR serves in a fiduciary capacity for the purpose of protecting the rights of persons who in the future will assert claims against the Trust.

4. Office

The principal office of the Trust is located at 55 Lumbar Road, Suite 220, Roslyn, New York 11576.

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C. Other

1. Redetermination of the Payment Percentage

Section 4.2 of the TDP requires the Trust to evaluate the initial Payment Percentage periodically (no less frequently than once every three (3) years) to assure that it is based on accurate, current information and that it will result in the Trust being in a financial position to pay holders of present and future Asbestos PI Claims in substantially the same manner. As previously reported, upon the recommendation of the Trust's claim consultants and with the consent of the TAC and FDHR, the Trustees approved an adjustment to the initial Payment Percentage for both Releasing Asbestos PI Claimants and Non-Releasing Asbestos PI Claimants effective October 14, 2015. The Payment Percentage for all Releasing Asbestos PI Claimants was decreased from 7.5% to 3.6%; the Payment Percentage for all Non-Releasing Asbestos PI Claimants was decreased from 30.5% to 14.5%.

Throughout the Reporting Period, the Trustees continued to monitor factors affecting the Payment Percentage. In addition, the Trustees asked Legal Analysis Systems ("**LAS**") to review the claims and payment histories to date, together with the asset performance, in order to give a preliminary opinion on the Payment Percentage calculation. Following an initial review, LAS provided a recommendation that a full Payment Percentage review be delayed until after the February 2018 claims bar date had passed. The Trustees and the TAC, with the consent the FDHR, agreed to this delay.

2. TDP Amendment

On June 16, 2017, the Trustees, with the consent of the TAC and FDHR, adopted the Second Amendment to the Quigley Company, Inc. Trust Distribution Procedures ("**TDP**"). This amendment to Section 2.5 of the TDP allows the Trust to cease enforcing the Claims Payment

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Ratio provisions of the TDP. During the time the Trust is not enforcing the Claims Payment Ratio, the Trust will continue to track and maintain records regarding the funds allocated to Category A and to Category B claims and the payment and approval of those claims. The Trust shall provide this information to the TAC and FDHR within 30 days following the end of each calendar year during which the Trust is not enforcing the Claims Payment Ratio. Included in this amendment is a means for the reinstatement of the Claims Payment Ratio provisions by each of the Trustees, TAC, or the FDHR.

C. Additional Information

For additional information regarding the Trust's financials or operations, please contact its General Counsel, Keating Muething & Klekamp PLL, One East Fourth Street, Suite 1400, Cincinnati, Ohio 45202, attention: Philip A. Tracy. For information on how to file a claim against the Trust, please go to the Trust's website: www.quigleytrust.com.

D. Conclusion

Through this Annual Report and the attached exhibits, the Trust reports that it is in compliance with the reporting requirements of the Trust Agreement.

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Exhibit A

Quigley Asbestos PI Trust and Subsidiary

Audited Consolidated Special-Purpose Financial Statements with Supplementary Information

Years Ended December 31, 2017 and 2016

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.



Quigley Asbestos PI Trust and Subsidiary

Audited Consolidated Special-Purpose Financial Statements
with Supplementary Information
Years Ended December 31, 2017 and 2016

Quigley Asbestos PI Trust and Subsidiary

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Independent Auditor's Report

Trustees
Quigley Asbestos PI Trust
Roslyn, New York

We have audited the accompanying consolidated special-purpose financial statements of Quigley Asbestos PI Trust and subsidiary (collectively, the Trust), which comprise the consolidated special-purpose statements of assets, liabilities and net claimants' equity as of December 31, 2017 and 2016, and the related consolidated special-purpose statements of changes in net claimants' equity and cash flows for the years ended December 31, 2017 and 2016, and the related notes to the consolidated special-purpose financial statements.

Management's Responsibility for the Consolidated Special-Purpose Financial Statements

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

Auditor's Responsibility

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

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

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

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.

Opinion

In our opinion, the consolidated special-purpose financial statements referred to above present fairly, in all material respects, the net claimants' equity of Quigley Asbestos PI Trust and its subsidiary as of December 31, 2017 and 2016, and the changes in net claimants' equity and cash flows for the years ended December 31, 2017 and 2016 in accordance with the consolidated special-purpose basis of accounting described in Note 2 to the consolidated special-purpose financial statements.

Basis of Accounting

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

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 Southern District of New York, is a matter of public record.

BDO USA, LLP

McLean, Virginia
April 26, 2018

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Consolidated Special-Purpose Financial Statements

Quigley Asbestos PI Trust and Subsidiary

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

December 31,	2017	2016
Assets		
Cash and cash equivalents	$ 30,296,198	$ 48,328,251
Investments	721,691,689	745,016,651
Accrued interest and dividends receivable	5,812,820	6,746,217
Insurance recoveries receivable	6,274,326	8,418,564
Property, net	40,423,288	41,281,698
Other assets	992,331	73,151
Total assets	805,490,652	849,864,532
Liabilities		
Accrued expenses and accounts payable	800,769	478,864
Accrued claims	1,584,120	14,963,017
Income taxes payable	617,653	89,201
Claims reserve	-	7,500,000
Tenant deposits	174,560	174,560
Total liabilities	3,177,102	23,205,642
Net claimants' equity	$ 802,313,550	$ 826,658,890

See accompanying notes to the consolidated special-purpose financial statements.

Quigley Asbestos PI Trust and Subsidiary

Consolidated Special-Purpose Statements of Changes in Net Claimants' Equity

Years Ended December 31,	2017	2016
Additions		
Insurance recoveries	$ 3,127,576	$ -
Rental income	2,403,144	2,357,204
Net appreciation in fair value of investment securities	46,345,117	3,576,882
Interest income, net	16,607,381	17,802,743
Adjustment to claims reserve	7,500,000	-
Other income	905	613
Total additions	75,984,123	23,737,442
Deductions		
Operating expenses for Quigley Asbestos PI Trust	4,879,686	4,658,626
Operating expenses for Quigley Company, Inc.	988,037	977,670
Claims processing expense	1,539,777	1,298,010
Claims settled	90,377,963	75,095,559
Income Tax Expense	2,544,000	615,000
Total deductions	100,329,463	82,644,865
Decrease in net claimants' equity	(24,345,340)	(58,907,423)
Net claimants' equity		
Beginning of the year	826,658,890	885,566,313
End of the year	$ 802,313,550	$ 826,658,890

See accompanying notes to the consolidated special-purpose financial statements.

Quigley Asbestos PI Trust and Subsidiary

Consolidated Special-Purpose Statements of Cash Flows

Years Ended December 31,	2017	2016
Cash flows from operating activities:		
Decrease in net assets available for the payment of claims	$ (24,345,340)	$ (58,907,424)
Adjustments to reconcile the decrease in net assets available for the payment of claims to net cash used in operating activities:		
Depreciation expense	858,411	858,411
Amortization of premiums on bonds, net	9,201,768	10,193,231
Net appreciation in fair value of investment securities	(46,345,117)	(3,576,882)
Changes in operating assets and liabilities		
Accrued interest and dividends receivable	933,397	(237,090)
Insurance recoveries receivable	2,144,238	1,111,673
Other assets	(919,180)	9,947
Accrued expenses and accounts payable	321,905	130,324
Income taxes payable	528,452	(126,225)
Claims reserve	(7,500,000)	-
Accrued claims	(13,378,897)	5,497,900
Total adjustments	(54,155,023)	13,861,289
Net cash used in operating activities	(78,500,363)	(45,046,135)
Cash flows from investing activities:		
Sales and maturities of investment securities held by Quigley Trust	262,684,068	302,312,580
Purchases of investment securities held by Quigley Trust	(201,226,861)	(276,529,725)
Sales of investment securities held by Quigley Company, Inc.	3,812,360	4,720,431
Purchases of investment securities held by Quigley Company, Inc.	(4,801,257)	(5,710,914)
Net cash provided by investing activities	60,468,310	24,792,372
Net decrease in cash and cash equivalents	(18,032,053)	(20,253,763)
Cash and cash equivalents at the beginning of the year	48,328,251	68,582,014
Cash and cash equivalents at the end of the year	$ 30,296,198	$ 48,328,251

See accompanying notes to the consolidated special-purpose financial statements.

1. Description of the Trust

On September 3, 2004, Quigley Company, Inc. (the Debtor), filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code with the United States Bankruptcy Court for the Southern District of New York (the Bankruptcy Court). On July 2, 2013, the Bankruptcy Court entered an order (the Confirmation Order) confirming the Plan of Reorganization dated June 29, 2012, as amended through June 26, 2013 (the Confirmed Plan) proposed and filed by the Debtor. The Confirmed Plan became effective on November 4, 2013 (the Effective Date or the Effective Date of the Plan of Reorganization).

The essential elements of the Confirmed Plan include, among other things: the utilization of a qualified settlement fund, in the form of Quigley Asbestos PI Trust, to assume all liabilities and obligations of the Debtor, its predecessors and successors in interest, for all Asbestos PI Trust Claims, and to resolve, and provide for the payment in part or in full, of all Asbestos Claims in accordance with procedures established pursuant to the Confirmed Plan.

When formed, the Quigley Asbestos PI Trust was funded with or transferred (a) approximately $260 million in cash received from Pfizer Inc., the former parent company of the Debtor, (b) the rights to receive asbestos insurance recoveries (as described in Note 3) (c) approximately $448 million in cash from JPM Insurance Settlement Proceeds Trust Account, and (d) approximately $3 million from Quigley Company, Inc., all in consideration for the releases and injunctions described in the Confirmed Plan. These receipts are recorded as initial funding in the accompanying consolidated special-purpose statements of changes in net claimants' equity.

Additionally, on the Effective Date, in accordance with the Confirmed Plan, the Trust acquired 100% ownership in the reorganized Quigley Company, Inc. (Quigley). Quigley owns and operates a building located in California that was contributed to Quigley (from Pfizer) in accordance with the Confirmed Plan.

The Trustees are responsible for supervising and administering the Quigley Asbestos PI Trust and managing Quigley. 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 Quigley Asbestos PI 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

Principles of consolidation

The consolidated special-purpose financial statements include the accounts of Quigley Asbestos PI Trust and its wholly-owned subsidiary, Quigley (collectively, the Trust). All significant intercompany balances and transactions are eliminated in consolidation.

Basis of presentation

The Trust's consolidated special-purpose 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

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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 consolidated 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. Future fixed liabilities under contractual obligations and other agreements entered into by the Trust are recorded as deductions in the same period that such contractual obligations or agreements are signed. Under GAAP, liabilities and contractual obligations are recorded over the period that is benefited by the underlying contract or agreement.

b. The full amounts of claims are expensed in the period in which the confirmed claims are settled. A settled claim is a claim that has been allowed by the Trust and accepted by the claimant, with an approved release. Under GAAP, a liability would be recorded for an estimate of the amount to be paid for claims that have been incurred but not yet reported, and for those claims that have been submitted but not yet approved for payment by the Trust.

c. 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. In instances where the Trust has made estimated payment in excess of taxes due in the current period, and applies those payments to future periods, the expense is recorded when paid. Income tax refunds are recorded when cash is received by the Trust. Under GAAP, the provision for income taxes is calculated based upon book income reported for financial statement purposes, the current federal and state income tax rates, and changes in deferred taxes due to the permanent and timing differences between financial reporting and tax bases of assets and liabilities. Under GAAP, deferred taxes also include a provision for taxes attributable to changes in unrealized gains and losses on investments.

Use of estimates

The preparation of consolidated 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 consolidated 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 equivalents

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

Investments

Investment securities are stated at fair value. The net appreciation or depreciation in fair value of investments in the accompanying special-purpose statements of changes in net assets available for the payment of claims consists of realized gains or losses on sales of investments and the changes in unrealized gains or losses on investments held. Interest income is recognized when earned. All interest and dividend income, net of amortization of premiums on bonds, are included

in interest income in the accompanying consolidated special-purpose statements of changes in net assets available for the payment of claims. Gains and losses on sales of investment securities are determined using the specific identification method.

Property

Property consists of land and a building and is recorded at cost less accumulated depreciation. Cost was determined based on the value of the property contributed to Quigley in accordance with the Confirmed Plan. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. When property is retired, or otherwise disposed of, the cost and accumulated depreciation is removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation and amortization of the property is computed using the straight-line method over the estimated useful lives of the assets of thirty-nine years. Land is not depreciated or amortized.

Accrued expenses and accounts payable

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

Accrued claims

Accrued claims consist of claims that have an approved release, but have not yet been paid as of year end.

Claims reserve

In accordance with the Confirmed Plan, and prior to the Effective Date, the Debtor established a Disputed Claims Reserve in an amount it reasonably determined to be necessary to pay for certain existing and future disputed claims (as defined in the Confirmed Plan) that were not defined in the Confirmed Plan and the Trust Agreement as Asbestos PI Trust Claims. This reserve was assumed by Quigley on the Effective Date. The balance of this reserve was $7,500,000 as of December 31, 2016. In March of 2018, the Quigley Bankruptcy concluded, and the Trust has determined that there is no longer a need for a reserve related to disputed claims assumed by Quigley. Accordingly, during the year ended December 31, 2017, the Trust reversed the entire amount of the reserve, which is recorded as an adjustment to claims reserve in the accompanying consolidated special-purpose statement of changes in net claimants equity.

Insurance recoveries

Asbestos insurance recoveries are recorded upon settlement and assurance of collectability. These recoveries come from various insurance settlements, which were obtained by the Debtor and related entities and assigned to the Trust. The insurance policies cover, among other things, products and general liability claims. Any future rights or proceeds for which there is no receivable recorded will be recorded directly as an addition to the change net claimants' equity when received.

Rental income

Aggregate rent receipts due over the life of the lease are recognized as rental income. Rental income is presented net of operating costs incurred to maintain the building.

Operating expenses

Operating expenses of the Trust are recorded as deductions on the consolidated special-purpose statement of changes in net claimants' equity in the period in which the expense is incurred.

Income taxes

Quigley Asbestos PI Trust is classified as a Qualified Settlement Fund pursuant to the Internal Revenue Code and Regulations thereunder (the Code). Quigley Asbestos PI 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, Quigley Asbestos PI Trust is not subject to state income taxes and, therefore, the consolidated special-purpose financial statements do not include any provision or liability for state income taxes.

Quigley is classified as a C-corp.

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.

Risks and uncertainties

The Trust's assets that are exposed to credit risk consist primarily of cash and cash equivalents and investments in equity securities, bonds, and hedge funds. 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, 2017 are approximately $2.7 million.

The Trust invests in a professionally managed portfolio that contains common shares of publicly traded companies, government obligations, money market funds, and hedge funds. 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 consolidated special-purpose statements of assets, liabilities and net assets available for the payment of claims.

Reclassifications

Certain amounts presented in the 2016 consolidated special-purpose financial statements have been reclassified to conform to the 2017 presentation. These reclassifications have no effect on the previously recorded net increase in net claimants' equity.

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3. Insurance Recoveries

Under the terms of settlement agreements with certain insurance companies, the Trust is entitled to future insurance recoveries that are to be paid ratably over an extended period of time. In accordance with the Trust's accounting policies, such insurance recoveries are recorded as an addition to the change net claimants' equity when the amounts are settled and collectability is reasonably assured.

The insurance settlements receivable represents the remaining balance due from two insurance settlements negotiated prior to the inception of the Trust. As of December 31, 2017, the net present value of future scheduled payments to be received is as follows:

Years Ending December 31,	
2018	$ 731,528
2019	-
2020	5,542,798
	$ 6,274,326

4. Investments

Investment securities consist of the following at December 31:

	2017		
	Cost	Fair Value	Unrealized Gain
Equities	$ 147,540,139	194,863,147	47,323,008
Bonds	516,158,748	525,978,542	9,819,794
Hedge funds	850,000	850,000	-
Total investments	$ 664,548,887	721,691,689	57,142,802

	2016		
	Cost	Fair Value	Unrealized Gain
Equities	$ 163,508,547	183,639,190	20,130,643
Bonds	559,731,105	559,301,249	(429,856)
Hedge funds	600,000	600,000	-
Real estate	1,352,127	1,476,212	124,085
Total investments	$ 725,191,779	745,016,651	19,824,872

The maturities of the Trust's investments in bonds are as follows at December 31, 2017:

	Less than 1 Year	After 1 Year Through 5 Years	After 5 Years Through 10 Years	After 10 Years	Total
Bonds	$ 71,448,748	$ 133,456,560	$ 183,517,025	$137,556,209	$525,978,542

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 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: Equities 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: Hedge funds are valued based on the Trust's proportionate share of each funds' net assets, as reported as of the date of the consolidated special-purpose financial statements. Real estate is valued using significant unobservable inputs including information from fund managers or general partners based on quoted market prices, if available, or other valuation methods. Hedge funds are part of the investment portfolio held by Quigley.

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

	As of December 31, 2017			
	Assets Measured At Fair	Fair Value Hierarchy Level		
Description	Value	Level 1	Level 2	Level 3
Equities:				
Common stock	$ 194,863,147	$ 194,863,147	$ -	$ -
Total equities	194,863,147	194,863,147	-	-
Bonds:				
State government	462,417,809	-	462,417,809	-
Government	3,573,846	3,573,846	-	-
Corporate	59,986,887	-	59,986,887	-
Total bonds	525,978,542	3,573,846	522,404,696	-
Hedge funds	850,000	-	-	850,000
Total assets at fair value	$ 721,691,689	$ 198,436,993	$ 522,404,696	$ 850,000

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	As of December 31, 2016			
	Assets Measured At Fair	Fair Value Hierarchy Level		
Description	Value	Level 1	Level 2	Level 3
Equities:				
Common stock	$ 183,639,190	$ 183,639,190	$ -	$ -
Total equities	183,639,190	183,639,190	-	-
Bonds:				
State government	449,874,853	-	449,874,853	-
Government	2,883,420	2,883,420	-	-
Mortgage	300,473	-	300,473	-
Corporate	98,978,061	-	98,978,061	-
International	7,264,442	-	7,264,442	-
Total bonds	559,301,249	2,883,420	556,417,829	-
Hedge funds	600,000	-	-	600,000
Real estate funds	1,476,212	-	-	1,476,212
Total assets at fair value	$ 745,016,651	$ 186,522,610	$ 556,417,829	$ 2,076,212

6. Property

Property consists of the following at December 31:

	2017	2016
Building	$ 33,478,026	$ 33,478,026
Land	10,521,974	10,521,974
	44,000,000	44,000,000
Less: accumulated depreciation and amortization	(3,576,712)	(2,718,302)
	$ 40,423,288	$ 41,281,698

7. Income Taxes

The Trust made $1,965,510 and $615,000 in income tax payments during the years ended December 31, 2017 and 2016. The Trust recorded income tax expense of $2,544,000 and $615,000 for the years ended December 31, 2017 and 2016.

As of December 31, 2017, the Trust did not have any net capital loss carry forwards available to offset future capital gains.

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As of December 31, 2017, the Trust did not have any remaining net operating loss carry forwards available to offset future taxable income. Additionally, as of December 31, 2017, the estimated deferred tax liability associated with unrealized gains on investments is approximately $22,600,000. As disclosed in Note 2 to the consolidated 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 net operating loss carryforwards or cumulative unrealized gains and losses on investments.

8. Future Rental Income

The Trust leases office space in its building to a tenant under the terms of a noncancelable operating lease agreement that expires in March 2026. The lease requires monthly payments to be made by the tenant to the Trust for base rent, including annual rental escalations.

As of December 31, 2017, the approximate future minimum rental receipts due under the lease are as follows:

Years Ending December 31,	
2018	$ 2,475,000
2019	2,537,000
2020	2,600,000
2021	2,665,000
2022	2,732,000
Thereafter	9,352,000
	$ 22,361,000

9. Liability for Asbestos Claims

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, 2017 represents funding available for all Asbestos PI Trust Claims for which no fixed liability has yet been established.

As of December 31, 2017 and 2016, the Trust received 44,812 and 45,932, respectively new claim filings. For the years ended December 31, 2017 and 2016, the Trust settled and paid $88,793,843 and $60,132,542, respectively. As of December 31, 2017 and 2016, the Trust had settled $1,584,120 and $14,963,017 of claims, respectively, but was not paid.

10. 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 consolidated special-purpose financial statements. Such claims, if any, are not expected to be material.

11. Subsequent Events

The Trust has evaluated its December 31, 2017 consolidated special-purpose financial statements for subsequent events through April 26, 2018, the date the consolidated 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 consolidated special-purpose financial statements, except as noted in Note 2 under claims reserve.

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Quigley Asbestos PI Trust and Subsidiary

Supplementary Information
Years Ended December 31, 2017 and 2016

Independent Auditor's Report on Supplementary Information

Trustees
Quigley Asbestos PI Trust
Roslyn, New York

Our audit of the consolidated special-purpose financial statements included in the preceding section of this report was conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated special-purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated 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 consolidated special-purpose financial statements or to the consolidated 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 consolidated special-purpose financial statements as a whole.

BDO USA, LLP

April 26, 2018

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Quigley Asbestos PI Trust and Subsidiary

Supplementary Schedules of Operating Expenses for Quigley Asbestos PI Trust

Years ended December 31,	2017	2016
Trustee hourly fees	$ 592,492	$ 370,534
Trustee retainer fees	212,748	205,000
Trustee expenses	25,391	12,035
Total trustee fees and expenses	830,631	587,569
Bank fees	2,291,098	2,428,915
Trust legal fees and expenses	411,778	745,893
Trust advisory committee legal fees and expenses	339,341	108,154
D&O insurance premiums	258,219	243,140
Future demand holders' representative legal fees and expenses	248,619	138,140
Forecasting and analyst fees	99,374	26,830
Audit and tax fees	93,466	80,427
MMSEA reporting fees	76,200	76,200
Claims administrator accounting fees	74,400	73,825
Future demand holders' representative expenses	72,124	93,001
Insurance billings	49,247	24,325
Other consulting fees	30,881	27,788
Trust advisory committee expenses	2,931	3,709
Other legal fees	1,377	710
Total operating expenses	$ 4,879,686	$ 4,658,626

Quigley Asbestos PI Trust and Subsidiary

Supplementary Schedules of Operating Expenses and Income Taxes for Quigley Company, Inc.

Years Ended December 31,	2017	2016
Depreciation expense	$ 858,411	$ 858,411
Post bankruptcy professionals	73,925	71,397
Accounting services	34,829	34,995
Reorganization expenses	20,317	12,025
General and administrative	555	842
Total operating expenses	$ 988,037	$ 977,670

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Quigley Asbestos PI Trust and Subsidiary

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

As of December 31, 2017

	Quigley Asbestos PI Trust	Quigley Company, Inc	Elimination	Consolidated Total
Assets				
Cash and cash equivalents	$ 28,037,410	$ 2,258,788	$ -	$ 30,296,198
Investments	708,326,655	13,365,034	-	721,691,689
Interest in Quigley Company, Inc.	55,761,002	-	(55,761,002)	-
Accrued interest and dividends receivable	5,812,820	-	-	5,812,820
Insurance recoveries receivable	6,274,326	-	-	6,274,326
Property, net	-	40,423,288	-	40,423,288
Other assets	924,398	67,933	-	992,331
Total assets	805,136,611	56,115,043	(55,761,002)	805,490,652
Liabilities				
Accrued expenses and accounts payable	788,941	11,828	-	800,769
Accrued claims	1,584,120	-	-	1,584,120
Income taxes payable	450,000	167,653	-	617,653
Tenant deposits	-	174,560	-	174,560
Total liabilities	2,823,061	354,041	-	3,177,102
Net claimants' equity	$ 802,313,550	$ 55,761,002	$ (55,761,002)	$ 802,313,550

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Quigley Asbestos PI Trust and Subsidiary

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

As of December 31, 2016

	Quigley Asbestos PI Trust	Quigley Company, Inc	Elimination	Consolidated Total
Assets				
Cash and cash equivalents	$ 46,725,138	$ 1,603,113	$ -	$ 48,328,251
Investments	732,940,740	12,075,911	-	745,016,651
Interest in Quigley Company, Inc.	47,229,669	-	(47,229,669)	-
Accrued interest and dividends receivable	6,746,217	-	-	6,746,217
Insurance recoveries receivable	8,418,564	-	-	8,418,564
Property, net	-	41,281,698	-	41,281,698
Other assets	-	73,151	-	73,151
Total assets	842,060,328	55,033,873	(47,229,669)	849,864,532
Liabilities				
Accrued expenses and accounts payable	438,421	40,443	-	478,864
Accrued claims	14,963,017	-	-	14,963,017
Income taxes payable	-	89,201	-	89,201
Claims reserve	-	7,500,000	-	7,500,000
Tenant deposits	-	174,560	-	174,560
Total liabilities	15,401,438	7,804,204	-	23,205,642
Net claimants' equity	$ 826,658,890	$ 47,229,669	$ (47,229,669)	$ 826,658,890

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Quigley Asbestos PI Trust and Subsidiary

Consolidating Special-Purpose Statement of Changes in Net Claimants' Equity

Year Ended December 31, 2017

	Quigley Asbestos PI Trust	Quigley Company, Inc	Elimination	Consolidated Total
Additions				
Insurance recoveries	$ 3,127,576	$ -	$ -	$ 3,127,576
Rental income	-	2,403,144	-	$ 2,403,144
Net appreciation in fair value of investment securities	46,044,891	300,226	-	46,345,117
Interest income, net	16,607,381	-	-	16,607,381
Adjustment to claims reserve	-	7,500,000	-	7,500,000
Other income	905	-	-	905
Income from Quigley Company, Inc.	8,531,333	-	(8,531,333)	-
Total additions	74,312,086	10,203,370	(8,531,333)	75,984,123
Deductions				
Operating expenses for Quigley Asbestos PI Trust	4,879,686	-	-	4,879,686
Operating expenses for Quigley Company, Inc.	-	988,037	-	988,037
Claims processing expense	1,539,777	-	-	1,539,777
Claims expense	90,377,963	-	-	90,377,963
Income tax expense	1,860,000	684,000	-	2,544,000
Total deductions	98,657,426	1,672,037	-	100,329,463
(Decrease) increase in net claimants' equity	(24,345,340)	8,531,333	(8,531,333)	(24,345,340)
Net claimants' equity				
Beginning of the year	826,658,890	47,229,669	(47,229,669)	826,658,890
End of the year	$ 802,313,550	$ 55,761,002	$ (55,761,002)	$ 802,313,550

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Quigley Asbestos PI Trust and Subsidiary

Consolidating Special-Purpose Statement of Changes in Net Claimants' Equity

Year Ended December 31, 2016

	Quigley Asbestos PI Trust	Quigley Company, Inc	Elimination	Consolidated Total
Additions				
Rental income	$ -	$ 2,357,204	$ -	$ 2,357,204
Net appreciation in fair value of investment securities	3,412,589	164,293	-	3,576,882
Interest income, net	17,802,743	-	-	17,802,743
Other income	613	-	-	613
Income from Quigley Company, Inc.	928,827	-	(928,827)	-
Total additions	22,144,772	2,521,497	(928,827)	23,737,442
Deductions				
Operating expenses for Quigley Asbestos PI Trust	4,658,626	-	-	4,658,626
Operating expenses for Quigley Company, Inc.	-	977,670	-	977,670
Claims processing expense	1,298,010	-	-	1,298,010
Claims expense	75,095,559	-	-	75,095,559
Income tax expense	-	615,000	-	615,000
Total deductions	81,052,195	1,592,670	-	82,644,865
Increase (decrease) in net claimants' equity	(58,907,423)	928,827	(928,827)	(58,907,423)
Net claimants' equity				
Beginning of the year	885,566,313	46,300,842	(46,300,842)	885,566,313
End of the year	$ 826,658,890	$ 47,229,669	$ (47,229,669)	$ 826,658,890

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Quigley Asbestos PI Trust and Subsidiary

Consolidating Special-Purpose Statement of Cash Flows

Year Ended December 31, 2017

	Quigley Asbestos PI Trust	Quigley Company, Inc	Elimination	Consolidated Total
Cash flows from operating activities:				
(Decrease) Increase in net assets available for the payment of claims	$ (24,345,340)	$ 8,531,333	$ (8,531,333)	$ (24,345,340)
Adjustments to reconcile the (decrease) increase in net assets available for the payment of claims to net cash (used in) provided by operating activities				
Depreciation expense	-	858,411	-	858,411
Amortization of premiums on bonds, net	9,201,768	-	-	9,201,768
Net appreciation in fair value of investment securities	(46,044,891)	(300,226)	-	(46,345,117)
Income from Quigley Company, Inc.	(8,531,333)	-	8,531,333	-
Changes in operating assets and liabilities:				
Accrued interest and dividends receivable	933,397	-	-	933,397
Insurance recoveries receivable	2,144,238	-	-	2,144,238
Other assets	(924,398)	5,218	-	(919,180)
Accrued expenses and accounts payable	350,521	(28,616)	-	321,905
Income taxes payable	450,000	78,452	-	528,452
Claims reserve	-	(7,500,000)	-	(7,500,000)
Accrued claims	(13,378,897)	-	-	(13,378,897)
Total adjustments	(55,799,595)	(6,886,761)	8,531,333	(54,155,023)
Net cash (used in) provided by operating activities	(80,144,935)	1,644,572	-	(78,500,363)
Cash flows from investing activities:				
Sales and maturities of investment securities held by Quigley Trust	262,684,068		-	262,684,068
Purchases of investment securities held by Quigley Trust	(201,226,861)		-	(201,226,861)
Sales of investment securities held by Quigley Company, Inc	-	3,812,360	-	3,812,360
Purchases of investment securities held by Quigley Company, Inc	-	(4,801,257)	-	(4,801,257)
Net cash provided by (used in) investing activities	61,457,207	(988,897)	-	60,468,310
Net (decrease) increase in cash and cash equivalents	(18,687,728)	655,675	-	(18,032,053)
Cash and cash equivalents at the beginning of the year	46,725,138	1,603,113	-	48,328,251
Cash and cash equivalents at the end of the year	$ 28,037,410	$ 2,258,788	$ -	$ 30,296,198

Quigley Asbestos PI Trust and Subsidiary

Consolidating Special-Purpose Statement of Cash Flows

Year Ended December 31, 2016

	Quigley Asbestos PI Trust	Quigley Company, Inc	Elimination	Consolidated Total
Cash flows from operating activities:				
(Decrease) Increase in net assets available for the payment of claims	$ (58,907,424)	$ 928,827	$ (928,827)	$ (58,907,424)
Adjustments to reconcile the (decrease) increase in net assets available for the payment of claims to net cash (used in) provided by operating activities				
Depreciation expense	-	858,411	-	858,411
Amortization of premiums on bonds, net	10,193,231	-	-	10,193,231
Net appreciation in fair value of investment securities	(3,412,589)	(164,293)	-	(3,576,882)
Income from Quigley Company, Inc.	(928,827)	-	928,827	-
Changes in operating assets and liabilities:				
Accrued interest and dividends receivable	(237,090)	-	-	(237,090)
Insurance recoveries receivable	1,111,673	-	-	1,111,673
Other assets	-	9,947	-	9,947
Accrued expenses and accounts payable	114,544	15,780	-	130,324
Accrued claims	5,497,900	-	-	5,497,900
Income taxes payable	-	(126,225)	-	(126,225)
Total adjustments	12,338,842	593,620	928,827	13,861,289
Net cash (used in) provided by operating activities	(46,568,582)	1,522,447	-	(45,046,135)
Cash flows from investing activities:				
Sales and maturities of fixed income securities	164,814,318	-	-	164,814,318
Purchases of fixed income securities	(160,702,874)	-	-	(160,702,874)
Purchases of equity securities	(115,826,851)	-	-	(115,826,851)
Sales of equity securities	137,498,262	-	-	137,498,262
Sales of investment securities held by Quigley Company, Inc	-	4,720,431	-	4,720,431
Purchases of investment securities held by Quigley Company, Inc	-	(5,710,914)	-	- (5,710,914)
Net cash provided by (used in) investing activities	25,782,855	(990,483)	-	24,792,372
Net (decrease) increase in cash and cash equivalents	(20,785,727)	531,964	-	(20,253,763)
Cash and cash equivalents at the beginning of the year	67,510,865	1,071,149	-	68,582,014
Cash and cash equivalents at the end of the year	$ 46,725,138	$ 1,603,113	$ -	$ 48,328,251

Exhibit B

Quigley Asbestos Trust

Report of Asbestos Claim Activity and Disposition during Period from January 1, 2017 through December 31, 2017

Type of Claim	Number of Claims Filed	Number of Claims Approved for Payment	Number of Claims Withdrawn or Rejected	Liquidated Value of Approved Claims	Number of Approved Claims Paid	Amount Paid on Approved Claims after Application of Payment Percentage
Category A Claims (Disease Levels III – VII)	14,035	8,651	10,828	$646,307,407	8,664	$92,417,758
Category B Claims (Disease Levels I and II)	30,428	25,214	13,810	$76,756,400	18,153	$5,860,000
Unspecified Disease Level Claims	0	0	0	$0	0	$0