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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 (DSJ)
Debtors.	:	

NOTICE OF FILING ANNUAL REPORT AND ACCOUNT OF THE QUIGLEY ASBESTOS PI TRUST FOR YEAR ENDING DECEMBER 31, 2020

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 Allen N. Schwartz (the "**Trustees**"), make the following Annual Report for the year ending December 31, 2020 (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 audited financial statements as of December 31, 2020; 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, 2020.

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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 28, 2021 Respectfully submitted,

/s/ Rachael A. Rowe

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Attorneys for the Trustees of Quigley Asbestos PI Trust

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ACL Doc 14077 · Page 2 of 40 **asbestosclaims.law/library/14077/2**

Exhibit 1

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

ANNUAL REPORT AND ACCOUNT OF THE QUIGLEY ASBESTOS PI TRUST FOR YEAR ENDING DECEMBER 31, 2020

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 Allen N. Schwartz (the "**Trustees**"), make the following Annual Report for the year ending December 31, 2020 (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 2020 (the "**Reporting Period**").

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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, 2020 (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 $749,673 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, were Anne M. Ferazzi of Houston, Texas, Charles A. Koppelman of New York, New York, and

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ACL Doc 14077 · Page 5 of 40 asbestosclaims.law/library/14077/5

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 with the Trust's professionals. The Trustees also hold formal quarterly meetings with the Trust Advisory Committee ("**TAC**') and the Future Demand Holders' Representative ("**FDHR**").

Trustee Neville resigned his position as of August 13, 2020. The remaining Trustees, after consultation with the TAC and FDHR and pursuant to Section 5.03 of the Trust Agreement, unanimously voted to appoint Allen N. Schwartz to replace Judge Neville and serve out his remaining term, effective September 2, 2020.

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.

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.

Quigley Asbestos Trust Annual Reports, 2020 annual report
ACL Doc 14077 · Page 6 of 40
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asbestosclaims.law/library/14077/6

C. Other

1. 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.

Throughout the Reporting Period, Legal Analysis Systems ("**LAS**"), the Trust's forecasting consultant, and Verus LLC ("**Verus**"), claims processor to the Trust, closely monitored factors affecting the Payment Percentage including claim filings and payment data against the forecast and advised the Trustees accordingly. The Trust's investment advisors also monitored the viability of the Payment Percentage in relation to the financial markets. No adjustment to the Payment Percentage was recommended in 2020.

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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Quigley Asbestos Trust Annual Reports, 2020 annual report
ACL Doc 14077 · Page 7 of 40
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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, 2020 and 2019

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, 2020 and 2019

Quigley Asbestos PI Trust and Subsidiary

Contents

Independent Auditor's Report	1-3
Consolidated Special-Purpose Financial Statements	
Consolidated Special-Purpose Statements of Assets, Liabilities and Net Claimants' Equity	4
Consolidated Special-Purpose Statements of Changes in Net Claimants' Equity	5
Consolidated Special-Purpose Statements of Cash Flows	6
Notes to the Consolidated Special-Purpose Financial Statements	7-16
Supplementary Information	
Independent Auditor's Report on Supplementary Information	17
Supplementary Schedules of Operating Expenses for Quigley Asbestos PI Trust	18
Supplementary Schedules of Operating Expenses for Quigley Company, Inc.	19
Consolidating Special-Purpose Statement of Assets, Liabilities, and Net Claimants' Equity	20-21
Consolidating Special-Purpose Statement of Changes in Net Claimants' Equity	22-23
Consolidating Special-Purpose Statement of Cash Flows	24-25

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Independent Auditor's Report

Trustees
Quigley Asbestos PI Trust
Roslyn, New York

Opinion

We have audited the consolidated special-purpose financial statements of Quigley Asbestos PI Trust and subsidiary (collectively, the Trust) (a qualified settlement fund originally created under the laws of New York), which comprise the consolidated special-purpose statements of assets, liabilities, and net claimants' equity as of December 31, 2020 and 2019, and the related consolidated special-purpose statements of changes in net claimants' equity and the consolidated special-purpose statements of cash flows for the years then ended, and the related notes to the consolidated special-purpose financial statements.

In our opinion, the accompanying consolidated special-purpose financial statements present fairly, in all material respects, the net assets of the Trust as of December 31, 2020 and 2019, and the changes in net assets and cash flows for the years then ended, in accordance with the basis of accounting described in Note 2 to the consolidated 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 Consolidated 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 consolidated special-purpose financial statements which describes the basis of accounting. As described in Note 2, the accompanying consolidated special-purpose financial statements were prepared by the Trust 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. As a result, the consolidated special-purpose financial statements may not be suitable for another purpose. 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 assets presently available to fund current and future claims.

Responsibilities of Management for the Consolidated Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated special-purpose financial statements in accordance with the basis of accounting as described in Note 2 to

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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.

In preparing the consolidated 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 consolidated special-purpose financial statements are issued or available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.

Quigley Asbestos Trust Annual Reports, 2020 annual report
ACL Doc 14077 · Page 13 of 40
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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.

Other Matter - Restriction of Use

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

BDO USA, LLP

McLean, Virginia
April 22, 2021

Consolidated Special-Purpose Financial Statements

Quigley Asbestos PI Trust and Subsidiary

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

December 31,	**2020**	2019
Assets		
Cash and cash equivalents	**$ 22,848,778**	$ 56,257,974
Investments	**652,292,883**	630,757,642
Accrued interest and dividends receivable	**5,465,736**	5,403,610
Insurance recoveries receivable	**-**	16,373,279
Property, net	**37,848,055**	38,706,466
Other assets	**219,592**	211,549
Total assets	**718,675,044**	747,710,520
Liabilities		
Accrued expenses and accounts payable	**631,308**	797,068
Accrued claims	**3,511,248**	8,623,780
Income taxes payable	**50,076**	392,076
Tenant deposits	**174,560**	174,560
Total liabilities	**4,367,192**	9,987,484
Net claimants' equity	**$ 714,307,852**	$ 737,723,036

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

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Quigley Asbestos PI Trust and Subsidiary

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

Years Ended December 31,	**2020**	2019
Additions		
Insurance recoveries	**$ 2,300,000**	$ 34,400,000
Rental income	**2,582,577**	2,542,012
Net appreciation in fair value of investment securities	**30,611,322**	54,648,781
Interest income, net	**15,910,145**	18,389,290
Other income	**508**	4,758
Total additions	**51,404,552**	109,984,841
Deductions		
Operating expenses for Quigley Asbestos PI Trust	**4,776,650**	4,700,509
Operating expenses for Quigley Company, Inc.	**895,833**	895,574
Claims processing expense	**581,913**	1,528,848
Claims settled	**67,037,340**	81,570,337
Income tax expense	**1,528,000**	3,212,000
Total deductions	**74,819,736**	91,907,268
(Decrease) increase in net claimants' equity	**(23,415,184)**	18,077,573
Net claimants' equity		
Beginning of the year	**737,723,036**	719,645,463
End of the year	**$ 714,307,852**	$ 737,723,036

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,	**2020**	2019
Cash flows from operating activities:		
(Decrease) increase in net assets available for the payment of claims	**$ (23,415,183)**	$ 18,077,573
Adjustments to reconcile the (decrease) increase in net assets available for the payment of claims to net cash used in operating activities:		
Depreciation expense	**858,410**	858,410
Amortization of premiums on bonds, net	**7,007,339**	6,498,351
Net appreciation in fair value of investment securities	**(30,611,322)**	(54,018,769)
Changes in operating assets and liabilities		
Accrued interest and dividends receivable	**(62,126)**	290,918
Insurance recoveries receivable	**16,373,277**	(10,658,060)
Other assets	**(8,043)**	(141,279)
Accrued expenses and accounts payable	**(165,759)**	243,598
Income taxes payable	**(342,000)**	83,895
Accrued claims	**(5,112,531)**	5,417,151
Total adjustments	**(12,062,755)**	(51,425,785)
Net cash used in operating activities	**(35,477,938)**	(33,348,212)
Cash flows from investing activities:		
Sales and maturities of investment securities held by Quigley Trust	**186,224,182**	242,469,810
Purchases of investment securities held by Quigley Trust	**(183,286,292)**	(187,026,847)
Sales of investment securities held by Quigley Company, Inc.	**11,498,321**	12,061,739
Purchases of investment securities held by Quigley Company, Inc.	**(12,367,469)**	(14,822,332)
Net cash provided by investing activities	**2,068,742**	52,682,370
Net (decrease) increase in cash and cash equivalents	**(33,409,196)**	19,334,158
Cash and cash equivalents at the beginning of the year	**56,257,974**	36,923,816
Cash and cash equivalents at the end of the year	**$ 22,848,778**	$ 56,257,974

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 were 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 consolidated special-purpose statements of changes in net claimants' equity 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 claimants' equity. 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 yearend.

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, 2020 are approximately $3.2 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 claimants' equity.

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 in net claimants' equity when the amounts are settled, and collectability is reasonably assured.

In 2019, the insurance settlements receivable represents the remaining balance due from two insurance settlements negotiated prior to the inception of the Trust. All of the receivables were received during 2020.

During the year ended December 31, 2020, pursuant to the existing insurance settlement agreements that were transferred to the Trust as part of the Confirmed Plan, the Trust received insurance settlement payments in an aggregate amount of $2,300,000.

During the year ended December 31, 2019 the Trust entered into a Settlement and Release Agreement with an insurance company whereby the Trust is entitled to a total settlement amount of $30,500,000, with $20,000,000 received by the Trust in 2019 and the remaining balance of $10,500,000 paid in January 2020. The unpaid balance of $10,500,000 at December 31, 2019 is included in insurance recoveries receivable.

4. Investments

Investment securities consist of the following at December 31:

	2020		
	Cost	Fair Value	Unrealized Gain
Equities	$ 98,714,863	$ 165,497,025	$ 66,782,162
Bonds	454,890,740	485,729,702	30,838,962
Hedge funds	985,480	1,066,156	80,676
Total investments	$ 554,591,083	$ 652,292,883	$ 97,701,800

	2019		
	Cost	Fair Value	Unrealized Gain
Equities	$ 107,359,919	$ 157,041,534	$ 49,681,615
Bonds	448,964,381	472,726,399	23,762,018
Hedge funds	985,480	989,709	4,229
Total investments	$ 557,309,780	$ 630,757,642	$ 73,447,862

The maturities of the Trust's investments in bonds are as follows at December 31, 2020:

	Less than 1 Year	After 1 Year Through 5 Years	After 5 Years Through 10 Years	After 10 Years	Total
Bonds	$ 19,207,847	$ 145,344,969	$ 219,048,491	$ 102,128,395	$ 485,729,702

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, 2020			
	Assets Measured	Fair Value Hierarchy Level		
Description	At Fair Value	Level 1	Level 2	Level 3
Equities:				
Common stock	$ 165,497,025	$ 165,497,025	$ -	$ -
Total equities	165,497,025	165,497,025	-	-
Bonds:				
State government	264,986,009	-	264,986,009	-
Government	8,413,595	8,413,595	-	-
Corporate	210,623,655	-	210,623,655	-
International	1,706,443	-	1,706,443	-
Total bonds	485,729,702	8,413,595	477,316,107	-
Hedge funds	1,066,156	-	-	1,066,156
Total assets at fair value	$ 652,292,883	$ 173,910,620	$ 477,316,107	$ 1,066,156

	As of December 31, 2019			
	Assets Measured	Fair Value Hierarchy Level		
Description	At Fair Value	Level 1	Level 2	Level 3
Equities:				
Common stock	$ 157,041,534	$ 157,041,534	$ -	$ -
Total equities	157,041,534	157,041,534	-	-
Bonds:				
State government	252,191,027	-	252,191,027	-
Government	12,374,447	12,374,447	-	-
Corporate	207,410,730	-	207,410,730	-
International	750,195	-	750,195	-
Total bonds	472,726,399	12,374,447	460,351,952	-
Hedge funds	989,709	-	-	989,709
Total assets at fair value	$ 630,757,642	$ 169,415,981	$ 460,351,952	$ 989,709

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6. Property

Property consists of the following at December 31:

	2020	2019
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	(6,151,945)	(5,293,534)
	$ 37,848,055	$ 38,706,466

7. Income Taxes

The Trust made $1,151,000 and $3,212,000 in income tax payments during the years ended December 31, 2020 and 2019, respectively. The Trust recorded income tax expense of $1,528,000 and $3,212,000 for the years ended December 31, 2020 and 2019, respectively.

As of December 31, 2020, the Trust did not have any net capital loss carry forwards available to offset future capital gains.

As of December 31, 2020, the Trust did not have any remaining net operating loss carry forwards available to offset future taxable income. Additionally, as of December 31, 2020, the estimated deferred tax liability associated with unrealized gains on investments is approximately $36,100,000. 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, 2020, the approximate future minimum rental receipts due under the lease are as follows:

Years Ending December 31,	
2021	$ 2,665,000
2022	2,732,000
2023	2,800,000
2024	2,870,000
2025	2,942,000
Thereafter	740,000
	$ 14,749,000

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9. Liability for Asbestos Claims

The net claimants' equity at December 31, 2020 represents funding available for all Asbestos PI Trust Claims for which no fixed liability has yet been established.

For the years ended December 31, 2020 and 2019, the Trust received 18,302 and 16,094 new claim filings, respectively. For the years ended December 31, 2020 and 2019, the Trust settled and paid $72,149,872 and $76,153,186, respectively. As of December 31, 2020 and 2019, the Trust had settled $3,511,248 and $8,623,780 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. COVID-19 and CARES ACT

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The Trust faces various risks related to the global outbreak of COVID-19, and the full impact of the COVID-19 pandemic continues to evolve as of the date of this report. The COVID-19 pandemic has adversely affected global economic activity and greatly contributed to significant volatility in financial markets through the date of issuance of these consolidated special-purpose financial statements. The Trustees, Trust advisors, and management of the Trust are actively monitoring the impact of this global situation on the Trust's financial condition and operations. Given the daily evolution of the COVID-19 pandemic and the global responses to curb its spread, the Trust is not able to estimate the long-term effects of the COVID-19 pandemic on its financial condition and operations.

In addition, on March 27, 2020, the President of the United States signed into law the "Coronavirus Aid, Relief and Economic Security (CARES) Act". The CARES Act, among other things, includes provisions for an elective five-year carryback of net operating losses (NOLs) generated in taxable years beginning after December 31, 2017 and before January 1, 2021. Taxpayers may elect to relinquish the entire five-year carryback period with respect to a particular year's NOL, with the election being irrevocable once made. In addition, the 80% limitation on NOL deductions arising in taxable years beginning after December 31, 2017 has temporarily been pushed to taxable years beginning after December 31, 2020.

The Trustees, Trust advisors, and management of the Trust continue to examine the impact that the CARES Act may have on the Trust's long term financial condition and operations.

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12. Subsequent Events

The Trust has evaluated its December 31, 2020 consolidated special-purpose financial statements for subsequent events through April 22, 2021, 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.

Supplementary Information

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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 22, 2021

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Quigley Asbestos PI Trust and Subsidiary

Supplementary Schedules of Operating Expenses for Quigley Asbestos PI Trust

Years Ended December 31,	**2020**	2019
Trustee hourly fees	**$ 518,590**	$ 522,220
Trustee retainer fees	**230,724**	214,595
Trustee expenses	**359**	14,260
Total trustee fees and expenses	**749,673**	751,075
Bank fees	**1,776,915**	1,808,668
Claims medical audit	**702,192**	337,106
Trust legal fees and expenses	**667,580**	757,619
D&O insurance premiums	**285,711**	273,419
Foreign investment taxes and fees	**95,371**	120,367
Audit and tax fees	**86,912**	99,538
MMSEA reporting fees	**76,200**	76,200
Claims administrator accounting fees	**68,200**	80,600
Claims audit program	**66,000**	61,604
Future demand holders' representative expenses	**56,973**	88,969
Future demand holders' representative legal fees and expenses	**45,647**	72,030
Insurance billings	**38,364**	23,250
Trust advisory committee expenses	**25,660**	50,224
Forecasting and analyst fees	**16,014**	63,649
Other consulting fees	**13,723**	23,305
Other legal fees	**4,279**	11,423
Trust advisory committee legal fees and expenses	**1,236**	1,463
Total operating expenses	**$ 4,776,650**	$ 4,700,509

See independent auditor's report on supplementary information.

Quigley Asbestos PI Trust and Subsidiary

Supplementary Schedules of Operating Expenses for Quigley Company, Inc.

Years Ended December 31,	**2020**	2019
Depreciation expense	**$ 858,411**	$ 858,411
Accountng services	**36,181**	37,582
General and administration	**1,241**	(419)
Total operating expenses	**$ 895,833**	$ 895,574

See independent auditor's report on supplementary information.

Quigley Asbestos PI Trust and Subsidiary

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

As of December 31, 2020

	Quigley Asbestos PI Trust	Quigley Company, Inc.	Elimination	Consolidated Total
Assets				
Cash and cash equivalents	$ 20,101,692	$ 2,747,086	$ -	$ 22,848,778
Investments	630,885,564	21,407,319	-	652,292,883
Interest in Quigley Company, Inc.	62,019,443	-	(62,019,443)	-
Accrued interest and dividends receivable	5,306,556	159,180	-	5,465,736
Property, net	-	37,848,055	-	37,848,055
Other assets	-	219,592	-	219,592
Total assets	718,313,255	62,381,232	(62,019,443)	718,675,044
Liabilities				
Accrued expenses and accounts payable	494,155	137,153	-	631,308
Accrued claims	3,511,248	-	-	3,511,248
Income taxes payable	-	50,076	-	50,076
Tenant deposits	-	174,560	-	174,560
Total liabilities	4,005,403	361,789	-	4,367,192
Net claimants' equity	$ 714,307,852	$ 62,019,443	$ (62,019,443)	$ 714,307,852

See independent auditor's report on supplementary information.

Quigley Asbestos PI Trust and Subsidiary

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

As of December 31, 2019

	Quigley Asbestos PI Trust	Quigley Company, Inc.	Elimination	Consolidated Total
Assets				
Cash and cash equivalents	$ 54,390,071	$ 1,867,903	$ -	$ 56,257,974
Investments	610,946,776	19,810,866	-	630,757,642
Interest in Quigley Company, Inc.	59,889,905	-	(59,889,905)	-
Accrued interest and dividends receivable	5,403,610	-	-	5,403,610
Insurance recoveries receivable	16,373,279	-	-	16,373,279
Property, net	-	38,706,466	-	38,706,466
Other assets	-	211,549	-	211,549
Total assets	747,003,641	60,596,784	(59,889,905)	747,710,520
Liabilities				
Accrued expenses and accounts payable	656,825	140,243	-	797,068
Accrued claims	8,623,780	-	-	8,623,780
Income taxes payable	-	392,076	-	392,076
Tenant deposits	-	174,560	-	174,560
Total liabilities	9,280,605	706,879	-	9,987,484
Net claimants' equity	$ 737,723,036	$ 59,889,905	$ (59,889,905)	$ 737,723,036

See independent auditor's report on supplementary information.

Quigley Asbestos PI Trust and Subsidiary

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

Year Ended December 31, 2020

	Quigley Asbestos PI Trust	Quigley Company, Inc.	Elimination	Consolidated Total
Additions				
Insurance recoveries	$ 2,300,000.00	$ -	$ -	$ 2,300,000.00
Rental income	-	2,582,577	-	2,582,577
Net appreciation of fair value of securities	29,691,257	920,065	-	30,611,322
Interest income, net	15,559,415	350,730	-	15,910,145
Other income	508	-	-	508
Income from Quigley Company, Inc.	2,129,539	-	(2,129,539)	-
Total additions	49,680,719	3,853,372	(2,129,539)	51,404,552
Deductions				
Operating expenses for Quigley Asbestos PI Trust	4,776,650	-	-	4,776,650
Operating expenses for Quigley Company, Inc.	-	895,833	-	895,833
Claims processing expense	581,913	-	-	581,913
Claims settled	67,037,340	-	-	67,037,340
Income tax expense	700,000	828,000	-	1,528,000
Total deductions	73,095,903	1,723,833	-	74,819,736
(Decrease) increase in net claimants' equity	(23,415,184)	2,129,539	(2,129,539)	(23,415,184)
Net claimants' equity				
Beginning of the year	737,723,036	59,889,905	(59,889,905)	737,723,036
End of the year	$ 714,307,852	$ 62,019,444	$ (62,019,444)	$ 714,307,852

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Quigley Asbestos PI Trust and Subsidiary

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

Year Ended December 31, 2019

	Quigley Asbestos PI Trust	Quigley Company, Inc.	Elimination	Consolidated Total
Additions				
Net appreciation of fair value of securities	$ 52,969,373	$ 1,679,408	$ -	$ 54,648,781
Insurance recoveries	34,400,000	-	-	34,400,000
Rental income	-	2,542,012	-	2,542,012
Interest income, net	18,389,290	-	-	18,389,290
Other income	4,758	-	-	4,758
Income from Quigley Company, Inc.	2,863,846		(2,863,846)	-
Total additions	108,627,267	4,221,420	(2,863,846)	109,984,841
Deductions				
Operating expenses for Quigley Asbestos PI Trust	4,700,509	-	-	4,700,509
Operating expenses for Quigley Company, Inc.	-	895,574	-	895,574
Claims processing expense	1,528,848	-	-	1,528,848
Claims expense	81,570,337	-	-	81,570,337
Income tax expense	2,750,000	462,000	-	3,212,000
Total deductions	90,549,694	1,357,574	-	91,907,268
(Decrease) increase in net claimants' equity	18,077,573	2,863,846	(2,863,846)	18,077,573
Net claimants' equity				
Beginning of the year	719,645,463	57,026,059	(57,026,059)	719,645,463
End of the year	$ 737,723,036	$ 59,889,905	$ (59,889,905)	$ 737,723,036

See independent auditor's report on supplementary information.

Quigley Asbestos PI Trust and Subsidiary

Consolidating Special-Purpose Statement of Cash Flows

Year Ended December 31, 2020

	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	$ (23,415,183)	$ 2,129,538	$ (2,129,538)	$ (23,415,183)
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	-	858,410	-	858,410
Amortization of premiums on bonds, net	6,814,579	192,760	-	7,007,339
Net appreciation in fair value of investment securities	(29,691,257)	(920,065)	-	(30,611,322)
Income from Quigley Company, Inc.	(2,129,538)	-	2,129,538	-
Changes in operating assets and liabilities:				
Accrued interest and dividends receivable	97,054	(159,180)	-	(62,126)
Insurance recoveries receivable	16,373,277	-	-	16,373,277
Other assets	-	(8,043)	-	(8,043)
Accrued expenses and accounts payable	(162,669)	(3,090)	-	(165,759)
Income taxes payable	-	(342,000)	-	(342,000)
Accrued claims	(5,112,531)	-	-	(5,112,531)
Total adjustments	(13,811,085)	(381,208)	2,129,538	(12,062,755)
Net cash (used in) provided by operating activities	(37,226,268)	1,748,330	-	(35,477,938)
Cash flows from investing activities:				
Sales and maturities of investment securities held by Quigley Trust	186,224,182	-	-	186,224,182
Purchases of investment securities held by Quigley Trust	(183,286,292)	-	-	(183,286,292)
Sales of investment securities held by Quigley Company, Inc	-	11,498,321	-	11,498,321
Purchases of investment securities held by Quigley Company, Inc	-	(12,367,469)	-	(12,367,469)
Net cash provided by (used in) investing activities	2,937,890	(869,148)	-	2,068,742
Net (decrease) increase in cash and cash equivalents	(34,288,378)	879,182	-	(33,409,196)
Cash and cash equivalents at the beginning of the year	54,390,071	1,867,903	-	56,257,974
Cash and cash equivalents at the end of the year	$ 20,101,693	$ 2,747,085	$ -	$ 22,848,778

See independent auditor's report on supplementary information.

Quigley Asbestos PI Trust and Subsidiary

Consolidating Special-Purpose Statement of Cash Flows

Year Ended December 31, 2019

	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	$ 18,077,573	$ 2,863,846	$ (2,863,846)	$ 18,077,573
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	-	858,410	-	858,410
Amortization of premiums on bonds, net	6,498,351	-	-	6,498,351
Net appreciation (depreciation) in fair value of investment securities	(52,969,373)	(1,049,396)	-	(54,018,769)
Income from Quigley Company, Inc.	(2,863,846)	-	2,863,846	-
Changes in operating assets and liabilities:				
Accrued interest and dividends receivable	290,918	-	-	290,918
Insurance recoveries receivable	(10,658,060)	-	-	(10,658,060)
Other assets	-	(141,279)	-	(141,279)
Accrued expenses and accounts payable	106,116	137,482	-	243,598
Income taxes payable	-	83,895	-	83,895
Accrued claims	5,417,151	-	-	5,417,151
Total adjustments	(54,178,743)	(110,888)	2,863,846	(51,425,785)
Net cash (used in) provided by operating activities	(36,101,170)	2,752,958	-	(33,348,212)
Cash flows from investing activities:				
Sales and maturities of investment securities held by Quigley Trust	242,469,810	-	-	242,469,810
Purchases of investment securities held by Quigley Trust	(187,026,847)	-	-	(187,026,847)
Sales of investment securities held by Quigley Company, Inc	-	12,061,739	-	12,061,739
Purchases of investment securities held by Quigley Company, Inc	-	(14,822,332)	-	(14,822,332)
Net cash provided by (used in) investing activities	55,442,963	(2,760,593)	-	52,682,370
Net increase (decrease) in cash and cash equivalents	19,341,793	(7,635)	-	19,334,158
Cash and cash equivalents at the beginning of the year	35,048,278	1,875,538	-	36,923,816
Cash and cash equivalents at the end of the year	$ 54,390,071	$ 1,867,903	$ -	$ 56,257,974

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Exhibit B

Quigley Asbestos Trust

Report of Asbestos Claim Activity and Disposition during Period from January 1, 2020 through December 31, 2020

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)	6,051	5,092	4,177	$ 421,891,853	5,998	$ 66,534.203
Category B Claims (Disease Levels I and II)	11,708	14,390	6,291	$ 41,848,000	14,113	$ 5,455,081
Unspecified Disease Level Claims	0	0	368	0	0	0
Total	17,759	19,482	10,836	$ 463,739,853	20,111	$ 71,989,284