IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	:	Chapter 11
SWAN TRANSPORTATION COMPANY,	:	Case No. 01-11690-BLS
Debtor.	:	

NOTICE OF FILING AUDITED ANNUAL REPORT AND CLAIMS SUMMARY

The Swan Asbestos and Silica Settlement Trust (the "Trust") hereby files its Audited Annual Report for the fiscal year ending December 31, 2015, attached hereto as Exhibit A, and a summary of the number and type of claims disposed of during the period covered by the Audited Annual Report (the "Claims Summary"), attached hereto as Exhibit B.

Pursuant to the provisions of the Swan Asbestos and Silica Settlement Trust Agreement, the Trust is providing copies of the Audited Annual Report and the Claims Summary to the Trust Advisory Committee, the Legal Representative for Future Claimants and Reorganized Swan.

Dated: March 23, 2016

WOMBLE CARLYLE SANDRIDGE
& RICE, LLP

/s/ Thomas M. Horan

Thomas M. Horan (DE Bar No. 4641)
222 Delaware Avenue, Suite 1501
Wilmington, DE 19801
Telephone: (302) 252-4339
Facsimile: (302) 661-7707
E-mail: thoran@wcsr.com

-and-

Published by AsbestosClaims.Law
asbestosclaims.law/library/14450/1

BILZIN SUMBERG BAENA PRICE & AXELROD LLP
1450 Brickell Ave., Suite 2300
Miami, Florida 33131
Telephone: 305-374-7593
Facsimile: 305-351-2253

By: /s/ Scott L. Baena, Esq
Scott L. Baena, Esq.
Florida Bar No. 186445
Marc S. Reiser, Esq.
Florida Bar No. 0087079

Co-Counsel for the Swan Asbestos and Silica Settlement Trust

Swan Transportation Asbestos Trust Annual Reports, 2015 annual report
ACL Doc 14450 · Page 2 of 23
Published by AsbestosClaims.Law
asbestosclaims.law/library/14450/2

EXHIBIT A

Published by AsbestosClaims.Law
asbestosclaims.law/library/14450/3

SWAN ASBESTOS AND SILICA SETTLEMENT TRUST

Consolidated Financial Statements
with
Report of Independent Auditors

Years Ended December 31, 2015 and 2014

Published by AsbestosClaims.Law
asbestosclaims.law/library/14450/4

SWAN ASBESTOS AND SILICA SETTLEMENT TRUST

Table of Contents

	Page
Report of Independent Auditors	1 - 2
Financial Statements:	
Consolidated Statements of Fund Deficit	3
Consolidated Statements of Changes in Fund Deficit	4
Consolidated Statements of Changes in Investments	5
Notes to Consolidated Financial Statements	6 - 16

Published by AsbestosClaims.Law
asbestosclaims.law/library/14450/5

BKM SOWAN HORAN

Accountants + Consultants

15301 Dallas Parkway
Suite 960
Addison, Texas 75001
MAIN 214 545 3965
FAX 214 545 3966
www.bkmsh.com

REPORT OF INDEPENDENT AUDITORS

To the Trustees of Swan Asbestos and Silica Settlement Trust

We have audited the accompanying consolidated financial statements of Swan Asbestos and Silica Settlement Trust, which comprise the consolidated statements of fund deficit as of December 31, 2015 and 2014, and the related consolidated statements of changes in fund deficit and investments for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Published by AsbestosClaims.Law
asbestosclaims.law/library/14450/6

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated fund deficit of Swan Asbestos and Silica Settlement Trust as of December 31, 2015 and 2014, and the consolidated changes in fund deficit and investments for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1 and 6, the Trust is intended to be self-liquidating. The current year fund deficit includes the Trustees' estimate of the aggregate future liability to arise from Asbestos and Silica Claims filed with the Trust, resulting in a substantial deficit.

Restriction on Use

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

BKM Sowan Horan, LLP

Addison, Texas
March 23, 2016

Published by AsbestosClaims.Law
asbestosclaims.law/library/14450/7

SWAN ASBESTOS AND SILICA SETTLEMENT TRUST

Consolidated Statements of Fund Deficit

	December 31,	
	2015	2014
ASSETS		
Investments, at fair value (cost $24,231,362 and $24,914,298, respectively)	$ **23,885,581**	$ 24,978,147
Prepaid expenses and other assets	**21,606**	29,667
Total assets	**23,907,187**	25,007,814
LIABILITIES		
Accounts payable and accrued expenses	**5,374**	4,619
Accrued asbestos, silica, and mixed dust injury claims	**1,016,801,480**	1,018,201,425
Total liabilities	**1,016,806,854**	1,018,206,044
Fund deficit	$ **(992,899,667)**	$ (993,198,230)

See accompanying notes to consolidated financial statements.

Published by AsbestosClaims.Law
asbestosclaims.law/library/14450/8

SWAN ASBESTOS AND SILICA SETTLEMENT TRUST

Consolidated Statements of Changes in Fund Deficit

	Years Ended December 31,	
	2015	2014
Fund deficit, beginning of year	$ **(993,198,230)**	$ (991,054,132)
Additions:		
Investment income	**506,970**	361,501
Insurance proceeds received	**-**	2,999,993
Adjustment to accrued asbestos, silica and mixed dust injury claims	**435,625**	-
Total additions	**942,595**	3,361,494
Deductions:		
Operating and legal expenses	**234,402**	217,855
Net change in unrealized loss on investments	**409,630**	166,000
Adjustment to accrued asbestos, silica and mixed dust injury claims	**-**	5,121,737
Total deductions	**644,032**	5,505,592
Fund deficit, end of year	$ **(992,899,667)**	$ (993,198,230)

See accompanying notes to consolidated financial statements.

Published by AsbestosClaims.Law
asbestosclaims.law/library/14450/9

SWAN ASBESTOS AND SILICA SETTLEMENT TRUST

Consolidated Statements of Changes in Investments

	Years Ended December 31,	
	2015	2014
Investment inflows		
Insurance proceeds received	$ -	$ 2,999,992
Net earnings from investments	**97,340**	195,502
Total investment inflows	**97,340**	3,195,494
Investment outflows		
Operating and legal expenses	**225,586**	218,429
Asbestos, silica, and mixed dust claims payments	**964,320**	912,640
Total investment outflows	**1,189,906**	1,131,069
Net increase (decrease) in investments	**(1,092,566)**	2,064,425
Investments, beginning of year	**24,978,147**	22,913,722
Investments, end of year	$ **23,885,581**	$ 24,978,147

See accompanying notes to consolidated financial statements.

Published by AsbestosClaims.Law
asbestosclaims.law/library/14450/10

Note 1 - Description of the Trust

General

Swan Transportation Company ("Swan" or the "Debtor") was formed as a Delaware corporation under the name of Tyler Pipe Industries, Inc. From the date of its incorporation until 1973, the Debtor was a wholly-owned subsidiary of Tyler Pipe Industries, Inc. ("Tyler Pipe"), which itself was a wholly-owned subsidiary of Tyler Technologies, Inc. ("TC"). In 1973, TC consummated an internal corporate reorganization under which Tyler Pipe transferred certain of its assets to the Debtor. Tyler Pipe transferred the stock of the Debtor to TC, and then TC transferred the stock of Tyler Pipe to the Debtor. Following this reorganization, Tyler Pipe was a wholly owned subsidiary of the Debtor and the Debtor a wholly owned subsidiary of TC. In 1981, Tyler Sand was formed as a wholly owned subsidiary of Tyler Pipe. Tyler Sand sold sand to Tyler Pipe. In December 1992, TC consummated a second internal corporate reorganization which resulted in the Debtor transferring the assets of Tyler Pipe to a new corporation, New TPI, Inc., and subsequently effecting a spinoff of the new entity by transferring shares of the new entity, which thereafter changed its name to Tyler Pipe Industries, Inc., to an unrelated third party and Tyler Sand was dissolved. Subsequent to the sale, TC agreed to repurchase the shares of the Debtor from the buyer and, therefore, Swan remained a wholly-owned subsidiary of TC. Since December 1995, however, the Debtor has not conducted any operations or owned assets, other than various insurance policies issued to Swan and other related entities.

Swan filed its voluntary petition for relief under chapter 11 of Title 11 of the United States Bankruptcy Code on December 20, 2001, in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") captioned *In Re: Swan Transportation Company, Debtor, Case No. 01-11690(JKF).* The Order Confirming the Plan of Reorganization of Swan Transportation Company (the "Plan") was entered by the Bankruptcy Court on May 30, 2003, and affirmed by the U.S. District Court for the District of Delaware (the "District Court") on July 21, 2003 (the "Confirmation Order"). A Motion to Correct Scrivener's Error in the Order Confirming the Plan and to make non-material modifications to the Plan to comply with an Internal Revenue Service request was filed on September 23, 2003. The order granting that motion was entered on November 17, 2003, by the Bankruptcy Court and affirmed by the U.S. District Court on December 11, 2003, pursuant to the Confirmation Order, the Swan Asbestos and Silica Settlement Trust (the "Trust") was created on December 23, 2003 (the "Effective Date").

Published by AsbestosClaims.Law
asbestosclaims.law/library/14450/11

Note 1 - Description of the Trust – (Continued)

Claims

The purpose of the Trust is to assume any and all liabilities of the Debtor, its successors in interest, and their Affiliates, with respect to persons holding bona fide Asbestos and Silica Claims (including Mixed Dust Claims and Claims arising from exposure to or related to the presence of other toxic substances), by fully, fairly and expeditiously compensating such claimants pursuant to the provisions of the Swan Asbestos and Silica Settlement Trust Agreement and the Swan Asbestos and Silica Settlement Trust Claims Resolution Procedures (the "CRP"), which establish the Claims Resolution Facility contemplated by the Plan.

In furtherance of this purpose, the Trustees are responsible for supervising and administering the claims resolution process set forth in the CRP so that all holders of similar Asbestos or Silica Claims are treated in a substantially equivalent manner to other holders of Asbestos or Silica Claims. The Trustees shall also hold, manage, and liquidate the assets of the Trust.

The Trust is intended to be self-liquidating. During the bankruptcy, Swan and its professionals estimated the aggregate liability for Claims to be approximately $421,000,000. As of December 31, 2015 and 2014, allowed Asbestos, Silica and Mixed Dust Claims that were filed prior to the Effective Date of the Plan totaled $466,200,000 and $466,400,000, respectively. As of December 31, 2015 and 2014, allowed Asbestos, Silica and Mixed Dust Claims that were filed after the Effective Date of the Plan totaled $355,100,000 and $342,900,000, respectively. The accrued Asbestos, Silica and Mixed Dust Claims as of December 31, 2015 and 2014, were $1,016,801,480 and $1,018,201,425, respectively, which represents the current forecast of ultimate accrued Asbestos, Silica and Mixed Dust Claims (Note 6).

Termination

The Trust shall automatically terminate on the date (the "Termination Date") ninety (90) days after the first to occur of the following events:

- All Asbestos, Silica, and Mixed Dust Claims duly filed with the Trust have been liquidated and settled or otherwise resolved, and twelve (12) consecutive months have elapsed during which no new Asbestos, Silica, or Mixed Dust Claim has been filed with the Trust, provided, that if the Trustees, in their reasonable discretion, determine during a 90-day period that it is likely that new Asbestos, Silica, or Mixed Dust Claims will subsequently be filed, then the Trust shall not terminate;

Published by AsbestosClaims.Law
asbestosclaims.law/library/14450/12

Note 1 - Description of the Trust – (Continued)

Termination - continued

- If the Trustees have procured and have in place irrevocable insurance policies or other appropriate arrangement and have established claims handling agreements and other necessary arrangements with suitable third parties adequate to discharge all expected remaining obligations and expenses of the Trust in a manner consistent with the Trust Agreement and the CRP, the date on which the Court enters an order approving such insurance and other arrangements;

- If in the judgment of two-thirds of the Trustees, with the consent of the TAC, which consent shall not be unreasonably withheld, that the continued administration of the Trust is uneconomic or adverse to the best interests of the Person holding Asbestos, Silica, and Mixed Dust Claims, or;

- Twenty-one (21) years less ninety-one (91) days pass after the death of the last survivor of all of the descendants of George Herbert Walker Bush living on December 23, 2003.

On the Termination Date, after payment of all of the Trust's liabilities have been provided for, all monies remaining in the Trust Estate shall be applied to such charitable purposes as the Trustees in their reasonable discretion shall determine, which charitable purposes, if practicable, shall be related to the treatment of, research regarding or payment of claims related to asbestos-caused or silica-caused disorders.

Note 2 - Summary of Significant Accounting Policies

Basis of presentation and consolidation

The consolidated financial statements of the Trust are prepared under the accrual method of accounting and in accordance with accounting principles generally accepted in the United States of America (GAAP).

The accompanying consolidated financial statements include the Trust and its wholly-owned subsidiary, Swan. All significant inter-company transactions and balances have been eliminated.

Published by AsbestosClaims.Law
asbestosclaims.law/library/14450/13

Note 2 - Summary of Significant Accounting Policies – (Continued)

Subsequent events

The Trust has evaluated events and transactions subsequent to the date of the consolidated financial statements for matters requiring recognition or disclosure in the consolidated financial statements. The accompanying consolidated financial statements consider events through March 23, 2016, the date on which the consolidated financial statements were available to be issued.

Cash equivalents

The Trust considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents are carried at cost, which approximates fair value. The Trust's primary cash equivalent vehicle consisted of balances due from custodians that represent margin accounts, cash collateral for borrowed securities, and sales transactions awaiting settlement in 2015 and 2014.

Investments

Investments are measured at fair value. Changes in fair value are recorded as reductions or increases to the fund balance (deficit). The Trust records securities transactions on a trade-date basis. Dividend income is recorded on the ex-dividend date. Interest is recorded on an accrual basis. All investments are considered to be available for sale.

Fair value of investments

The Trust measures its investments at fair value, according to a hierarchy of valuation techniques. The following are the levels of the hierarchy and a brief description of the type of valuation information ("inputs") that qualifies an investment for each level:

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets.

- Level 2 - Inputs other than Level 1 that are based on observable market data. These include: quoted prices for similar assets in active markets, quoted prices for identical assets in inactive markets, inputs that are observable that are not prices (such as interest rates, credit risks, etc.) and inputs that are derived from or corroborated by observable markets.

- Level 3 - Developed from unobservable data, reflecting the investment manager's assumptions.

When quoted prices in active markets for identical assets are available, these quoted market prices are used to determine the fair value of financial assets and classified as Level 1.

Swan Transportation Asbestos Trust Annual Reports, 2015 annual report
ACL Doc 14450 · Page 14 of 23
Published by AsbestosClaims.Law
asbestosclaims.law/library/14450/14

Note 2 - Summary of Significant Accounting Policies – (Continued)

Fair value of investments - continued

In other cases where a quoted market price for identical assets in an active market is either not available or not observable, fair value is estimated using valuation methodologies based on available and observable market information or a matrix pricing model. These financial assets would then be classified as Level 2. If quoted market prices are not available, fair value is determined using broker quotes or an internal analysis of each investment's financial performance and cash flow projections. In these instances, financial assets will be classified based upon the lowest level of input that is significant to the valuation. Thus, financial assets may be classified in Level 3 even though there may be some significant inputs that may be readily available.

From time to time the Trust may hold investments where there is no active market or the market is dislocated. When determining the fair value of such investments the valuation depends on facts and circumstances requiring significant management judgment. It is acceptable to use inputs based on management estimates or assumptions, or for management to make adjustments to observable inputs to determine fair value when markets are not active and relevant observable inputs are not available.

Fund balance (deficit)

The initial funding, all other assets received, and all payments made by the Trust are recorded directly to the fund balance (deficit). Estimates of certain liabilities are also recorded directly to the fund balance (deficit) when they become estimable and probable. Portions of the fund balance (deficit) are used to fund the legal and operational expenses of the Trust.

Insurance proceeds and insurance settlements

All, or a portion of, future proceeds to be paid to the Trust through the execution of a settlement agreement with the insurer will be recognized as an accrued receivable if and when all of the following conditions are met:

- The Trust has obtained an executed copy of the settlement agreement.
- Future payments due to the Trust are in settlement of policies that have been exhausted by claims incurred by the Trust, and the terms of the settlement can reasonably be assumed to be satisfied.
- The future claims paying ability of the insurer is deemed to be collectible, and the insurer holds a Standard & Poor's rating of AA- or better.

Swan Transportation Asbestos Trust Annual Reports, 2015 annual report
ACL Doc 14450 · Page 15 of 23
Published by AsbestosClaims.Law
asbestosclaims.law/library/14450/15

Note 2 - Summary of Significant Accounting Policies – (Continued)

Insurance proceeds and insurance settlements - continued

Unless the unpaid amounts due under an insurance settlement qualify as accrued receivables, future payments will be recognized on a cash (as received) basis in the corresponding accounting period.

Claims and claim expense

Claims and claims expenses are recorded when they become estimable and probable.

Consolidated statements of changes in investments

The accompanying consolidated statements of changes in investments represent the various inflows and outflows of cash during the reporting periods in order to reconcile the changes in investments, at fair value, from the beginning to the end of the years then ended on the cash basis.

Concentration of credit risk

Financial instruments, which potentially subject the Trust to concentrations of credit risk, consist primarily of cash equivalents and investments. The Trust maintains cash equivalents at financial institutions it considers to be of high credit quality. At times, the Trust may have cash deposits in banks that exceed federally insured limits. The Trust has not experienced any losses in such accounts and does not believe it is exposed to any significant risk of loss related to cash.

The Trust's investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and such change could materially affect the value of the Trust's portfolio.

Use of estimates

The preparation of the consolidated financial statements in conformity with GAAP requires the Trustees to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of additions and deductions to the fund deficit during the reporting period. Significant items subject to such estimates and assumptions include the carrying value of accrued asbestos, silica, and mixed dust injury claims, the realization of deferred tax assets, and the fair value of investments. Actual results could differ from these estimates.

Published by AsbestosClaims.Law
asbestosclaims.law/library/14450/16

Note 2 - Summary of Significant Accounting Policies – (Continued)

Income taxes

Deferred tax assets and liabilities are recorded based on temporary differences between the carrying amounts of assets and liabilities for financial reporting and income tax purposes using the tax rates currently in effect. A valuation allowance is established when it is not more likely than not that the deferred tax assets may be realized.

The amount of income taxes the Trust pays is subject to ongoing audits by federal authorities. The Trust tax returns for the years beginning 2012 remain open for examination by government authorities. The Trustees' estimate of the potential outcome of any uncertain tax issues is subject to management's assessment of relevant risks, facts, and circumstances existing at that time. The Trust uses a more likely than not threshold for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. To the extent that the Trustees' assessment of such tax position changes, the change in estimate is recorded in the period in which the determination is made. The Trust reports tax-related interest and penalties as a component of income tax expense and operating expenses, respectively. The Trust has recognized no increase in liabilities for unrecognized tax benefits.

Note 3 - Claims Resolution

The CRP was approved by the Bankruptcy Court and the U.S. District Court pursuant to the Confirmation Order. The CRP provides for processing, allowing or disallowing, liquidating, and paying all Asbestos Claims, Silica Claims, Mixed Dust Claims and Claims arising from exposure to or related to the presence of other toxic substance as required by the Plan and the Trust Agreement. The Trustees administer and allow or disallow Asbestos, Silica, Mixed Dust and other toxic substance exposure Claims in accordance with the CRP.

Note 4 - Trust Advisory Committee and Legal Representative

Pursuant to the Plan and the Trust Agreement, two advisory positions were established, the Trust Advisory Committee (the "TAC") and the Legal Representative. The TAC represents all holders of Asbestos Claims, Silica Claims, Mixed Dust Claims, and Claims arising from exposure to or related to the presence of other toxic substance, excluding unknown holders of such Claims. Neither the TAC nor its members serve in a fiduciary capacity to the Trust. The Legal Representative serves in a fiduciary capacity representing the interests of the unknown

Swan Transportation Asbestos Trust Annual Reports, 2015 annual report
ACL Doc 14450 · Page 17 of 23
Published by AsbestosClaims.Law
asbestosclaims.law/library/14450/17

Note 4 - Trust Advisory Committee and Legal Representative – (Continued)

asbestos, silica, mixed dust and other toxic exposure claimants, for the purpose of protecting the rights of individuals who may subsequently assert demands. As required by the Plan and the Trust Agreement, the TAC and the Legal Representative provide consultative services to the Trustees regarding specific issues affecting the Trust. Additionally, the Plan provides for instances in which the consent of the TAC and the Legal Representative must be obtained by the Trustees before implementing a decision, subject to Bankruptcy Court approval in the event of a disagreement among the parties.

Note 5 - Investments and Fair Value Measurements

The Trust had a cumulative net unrealized holding loss on investments of $345,781 and cumulative net unrealized holding gain on investments of $63,849 at December 31, 2015 and 2014, respectively.

The estimated fair values of the Trust's investments are as follows at December 31:

	2015		2014	
	Cost	**Fair Value**	Cost	Fair Value
Cash equivalents	$ **380,353**	**380,353**	$ 578,351	$ 578,351
Mutual funds	**23,851,009**	**23,505,228**	24,335,947	24,399,796
	$ **24,231,362**	**23,885,581**	$ 24,914,298	$ 24,978,147

The following is a description of the valuation methodologies used for financial assets measured at fair value, including the general classification of such assets pursuant to the valuation hierarchy.

Cash equivalents

Cash equivalents consist primarily of cash balances and amounts receivable/payable for unsettled securities transactions held/initiated at the clearing brokers of the Trust are carried at cost, which approximates fair value, and are classified as Level 1.

Mutual funds

The Trust's investments in mutual funds are publicly traded, and are classified as Level 1 because quoted prices are available for these investments in an active market.

Published by AsbestosClaims.Law
asbestosclaims.law/library/14450/18

Note 6 - Accrued Asbestos, Silica, and Mixed Dust Injury Claims

The fund deficit as of December 31, 2015 and 2014 reflects the accrued amount of Asbestos, Silica, Mixed Dust and other toxic substance exposure Claims filed or to be filed in the future, and the aggregate liability therefore, which were estimated and forecasted by the Trust's engaged experts at $1,016,801,480 and $1,018,201,425 as of December 31, 2015 and 2014, respectively.

As of December 31, 2015, this accrued claim liability included (i) $404,678,600 in allowed bankruptcy claims that remained unpaid, (ii) $313,243,440 in allowed post-bankruptcy claims that remained unpaid, (iii) $5,940,000 in claims deficient, but forecast to be cured, and (iv) $292,939,440 in forecast allowed future claims.

As of December 31, 2014, this accrued claim liability included (i) $404,852,200 in allowed bankruptcy claims that remained unpaid, (ii) $302,034,160 in allowed post-bankruptcy claims that remained unpaid, (iii) $6,000,000 in claims deficient, but forecast to be cured, and (iv) $305,315,065 in forecast allowed future claims.

In 2015 and 2014, the Trustees continued to rely upon the work and reports of its engaged experts to forecast the Trust's liability for future claims.

The ultimate claim liability at December 31, 2015 reflects payments of $116,250,065 to holders of allowed Asbestos and Silica Claims by the Trust, including $12,872,105 in Judgment Claims payments.

Note 7 - Taxation

The Trust reports its income to the Internal Revenue Service as a designated settlement fund which is taxed at the highest rate applicable to trusts under Section 1(e) of the IRC, which is 39.6% for the years ending December 31, 2015 and 2014.

Published by AsbestosClaims.Law
asbestosclaims.law/library/14450/19

Note 7 - Taxation – (Continued)

The Trust's federal income tax expense is calculated as follows:

	Years Ended December 31,	
	2015	2014
Net taxable income	$ **272,568**	$ 143,647
Tax rate	**39.6%**	39.6%
Federal income tax expense	**107,937**	56,884
Deferred tax benefit	**(162,213)**	(65,736)
Change in valuation allowance	**54,276**	8,852
Net federal tax expense	$ **-**	$ -

The tax effects of temporary differences that give rise to deferred tax assets and liabilities were as follows:

	December 31,	
	2015	2014
Net operating loss carryforwards	$ **1,866,068**	$ 1,974,005
Unrealized (gain) loss on investments	**136,929**	(25,284)
Valuation allowance	**(2,002,997)**	(1,948,721)
Net deferred taxes	$ **-**	$ -

The Trust has a net operating loss carryforward of approximately $4,712,000 and $4,985,000 as of December 31, 2015 and 2014, respectively, which expires beginning 2023. The future ability of the Trust to benefit from this net operating loss carryforward is uncertain; therefore, management has determined that a valuation allowance for the entire deferred tax asset is necessary since it is more likely than not that the tax benefits will not be fully realized.

Published by AsbestosClaims.Law
asbestosclaims.law/library/14450/20

Note 8 - Insurance Settlements Receivable

As of the Effective Date of the Trust, settlement agreements with various insurers under certain insurance policies that cover the asbestos, silica, and mixed dust liabilities of Swan were triggered. All payments from these settling insurers have now been received with the exception of the Home Insurance Company and Reliance Insurance Company, both of which are in liquidation. The Trust received the first payment from the Home Insurance Company in the amount of $2,999,993 (15% of the $19,999,950 settlement) in December 2014. To date, $120,000 has been received from Reliance. It is anticipated that additional payments will be received, but the timing and amounts are uncertain.

Note 9 - Litigation and Commitments

Swan and the Trust are plaintiffs in a coverage action styled Tyler Technologies, Inc. (fka Tyler Corporation), et al v. Aetna Casualty & Surety Company (nka Travelers Casualty & Surety Company), et al. The case had been stayed in the 61st Judicial District Court in Harris County, Texas during the chapter 11 case and has now been closed. Most of the defendant insurers and some of the Tyler Technology parties were dismissed during 2004 based on settlements and the provisions of the Plan. All other solvent insurers have settled with the Trust since the Trust's Effective Date.

After several years of filing proofs of claim with the Home Insurance Company In Liquidation ("Home"), negotiating with representatives of the Home and successfully litigating the failure of the Home to comply with an earlier settlement agreement, the Trust entered into a settlement agreement with the Home following mediation. The settlement amount of $19,999,950 was approved by the supervising court in New Hampshire on October 24, 2013. Payments from the Home will come only as a payment percentage is set and payments are approved by the supervisory court. The current payment percentage is 15%, for which the Trust received a December 2014 distribution amount of $2,999,993 (Note 8). The Trust's consolidated financial statements of fund deficit make no provision for collection of additional payments since the timing and amount are uncertain.

Published by AsbestosClaims.Law
asbestosclaims.law/library/14450/21

EXHIBIT B

Swan Transportation Asbestos Trust Annual Reports, 2015 annual report
ACL Doc 14450 · Page 22 of 23
Published by AsbestosClaims.Law
asbestosclaims.law/library/14450/22

SWAN ASBESTOS AND SILICA SETTLEMENT TRUST
SUMMARY OF CLAIMS DISPOSED OF DURING THE TIME PERIOD COVERED BY THE AUDITED ANNUAL REPORT FOR THE FISCAL YEAR ENDING DECEMBER 31, 2015

Type of Claim	Number
Asbestosis	15
Mixed Dust Pneumoconiosis	3
Silicosis	1
Asbestosis – Severely Impaired	11
Mixed Dust Pneumoconiosis – Severely Impaired	5
Silicosis – Severely Impaired	1
Silicosis – Complicated	1
Colon Cancer	2
Laryngeal Cancer	1
Lung Cancer	7

Published by AsbestosClaims.Law
asbestosclaims.law/library/14450/23