UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:	**:**	**Chapter 11**
T H AGRICULTURE & NUTRITION, L.L.C.,	**:**	**Case No. 08-14692 (REG)**
Debtor.	**:**	

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ANNUAL REPORT, FINANCIAL STATEMENTS AND RESULTS OF OPERATIONS OF THE T H AGRICULTURE & NUTRITION, L.L.C. ASBESTOS PERSONAL INJURY TRUST FOR FISCAL YEAR ENDED DECEMBER 31, 2016

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Hon. Alfred M. Wolin, Ret., David F. Levi, and Charles A. Koppelman (collectively, the "Trustees"), as Trustees of the T H Agriculture & Nutrition, L.L.C. Asbestos Personal Injury Trust (the "Trust"), respectfully file this Annual Report, Financial Statements and Results of Operations for Fiscal Year Ended December 31, 2016 (the "Report"), pursuant to the First Amended Prepackaged Plan of Reorganization of T H Agriculture & Nutrition, L.L.C., Under Chapter 11 of the Bankruptcy Code (the "Plan") and the T H Agriculture & Nutrition, L.L.C. Asbestos Personal Injury Trust Agreement (the "Trust Agreement").

I. General

On November 24, 2008, T H Agriculture & Nutrition, L.L.C. ("THAN" or the "Debtor") filed a petition for relief under Chapter 11 of the United States Bankruptcy Code. THAN's bankruptcy case is being administered under Case No. 08-14692. On May 28, 2009, the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") confirmed the Plan, and on October 26, 2009, the United States District Court for the Southern District of New York (the "District Court") affirmed the Bankruptcy Court's decision (the "Confirmation Order").

To address the substantial asbestos-related liabilities of the Debtor, the Plan established the Trust in accordance with the Trust Agreement. On November 30, 2009, the Effective Date[1] of the Plan, the Trust was created and funded with $900 million in assets. *See* Plan, section 9.4(f). The Confirmation Order appointed Hon. Alfred M. Wolin, Ret., David F. Levi, and Charles A. Koppelman as Trustees of the Trust.

Under the Trust Agreement, the Trust Advisory Committee ("TAC") represents all holders of present Asbestos PI Claims, and the Future Claimants' Representative ("FCR")

[1] Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Plan.

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represents the holders of future Asbestos PI Claims. *See* Trust Agreement, sections 6.2 and 7.2. The TAC members are Steven Kazan, Alan R. Brayton, John D. Cooney, Peter A. Kraus, Matthew Bergman, Steven T. Baron, Perry Weitz, and Perry J. Browder. The FCR is Samuel Issacharoff.

The Trust Agreement, at Section 2.2(g), requires that the Trust meet with the TAC and FCR no less often that quarterly. During 2016, the Trust held quarterly meetings with the TAC and FCR on February 23, 2016, May 17, 2016, September 20, 2016, and November 15, 2016.

The Trustees generally held weekly Trustees' meetings throughout 2016 by telephone, beginning on January 4, 2016.

Hon. Alfred M. Wolin, Ret., is the Managing Trustee of the Trust.

The Trust kept its principal office at 1105 North Market Street, Suite 1300, Wilmington, DE 19801, and its administrative office at c/o Saiber, LLC, Attention: Hon. Alfred M. Wolin, Ret., 18 Columbia Turnpike, Suite 200, Florham Park, NJ 07932.

In 2016, the Trust continued its retention of the following: Stutzman, Bromberg, Esserman & Plifka, A Professional Corporation (general counsel); CBIZ (accountants, claims forecasting, budget advisor and tax advisors); Verus Claims Services LLC ("Verus") (asbestos personal injury claims processing facility and claims administrator); Citi Private Bank and U.S. Trust/Bank of America Private Wealth Management (financial consultants, money managers, custodian bank and other banking functions); BDO USA, LLP (independent auditor); and AON Risk Services Central, Inc. (insurance broker). The Trust engaged the services of Ankura Consulting Group LLC ("Ankura") to provide consulting and analytic services as were previously provided by Analysis Research Planning Corporation ("ARPC"), the Trust's former

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claims forecasting consultant with whom Ankura has agreed to a strategic combination. The Trust retained local counsel and other consultants, as needed.

The TAC continued its retention of Frank/Gecker LLP as its counsel and Legal Analysis Systems as its claims forecasting advisor. The FCR continued his retention of Sher Tremonte LLP as his counsel and Hamilton, Rabinovitz & Associates, Inc., as his claims forecasting advisor and consultant.

In 2016, the Trust: (i) invested and managed its assets; (ii) continued paying approved Qualified Asbestos PI Claims, if any, as set forth in more detail in Article II below; (iii) paid Asbestos PI Claims with the Trustees providing directions to the claims facility for the liquidation of the Asbestos PI Claims; (iv) reviewed the methodology for liquidating Asbestos PI Claims under the Individual Review procedures of the TDP; (v) maintained the Trust's website, www.thanasbestostrust.com, and posted notices to the website as appropriate; (vi) worked with CBIZ toward obtaining an updated forecast of current and future asbestos liabilities; (vii) conducted audits of certain claims submitted to the Trust; (viii) conducted due diligence reviews of operations regarding Trust business at Verus, U.S Trust and Citi Private Bank; (ix) amended the Investment Guidelines for Implementation under the Investment Services Agreement with U.S. Trust/Bank of America Private Wealth Management for assets in custody with the Bank of America; (x) worked on ADR Procedures, in consultation with the TAC and FCR; (xi) worked on the budget for 2017; (xii) monitored Reorganized THAN's financial health and performance; (xiii) retained BDO USA, LLP as the Independent Financial Auditor of the Trust for the Year 2016; (xiv) purchased liability insurance policies from Ironshore Indemnity Inc., and XL Specialty Insurance Company; (xv) approved the purchase of a Side A Difference In Conditions Directors and Officers Liability Insurance Policy from Freedom Specialty Insurance Company

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for additional liability coverage for the Trustees; (xvi) oversaw any litigation affecting the Trust; (xvii) amended the Claims Processing Agreement with Verus; (xviii) performed all functions required for Trust governance, including maintaining the Trust's books and records, and responding to subpoenas for information and other processes.

The process for reviewing and liquidating Asbestos PI Claims is governed by the Trust Distribution Procedures ("TDP"), a Plan Document adopted pursuant to the Confirmation Order. *See* T H Agriculture & Nutrition, L.L.C. Asbestos Personal Injury Trust Distribution Procedures, Docket No. 425. The TDP recognizes that estimates of liabilities and the value of assets fluctuate over time and, accordingly, applies a "Payment Percentage" to the liquidated value of allowed Asbestos PI Claims. *See* TDP, § 2.3. The TDP directs the Trustees to periodically "reconsider the then-applicable Payment Percentage to assure that it is based on accurate, current information," and to adjust the Payment Percentage upward or downward if necessary with the consent of the TAC and the FCR. *Id.* at § 4.2. In making this determination, the Trustees are directed to "base their determination of the Payment Percentage on current estimates of the number, types, and values of present and future Asbestos PI Claims, the value of the assets then available to the Asbestos PI Trust for their payment, all anticipated administrative and legal expenses, and any other material matters that are reasonably likely to affect the sufficiency of funds to pay a comparable percentage of full value to all present and future holders of Asbestos PI Claims." *Id.* The Trustees are further directed to "exercise common sense and flexibly evaluate all relevant factors." *Id.* The Payment Percentage in 2016 was 30%, which was applied to Asbestos PI Claims paid in 2016. The Trustees, TAC and FCR agreed to review the Payment Percentage in 2017.

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The Trust designated its counsel, Stutzman, Bromberg, Esserman & Plifka, as the custodian of Trust records.

II. Asbestos PI Claims

Pursuant to the Plan, the Trust is to pay Qualified Asbestos PI Claims, in the aggregate amount of $396,079,330 as soon as practicable. In prior years, the Trust paid $392,243,730 in Qualified Asbestos PI Claims. In 2016, pursuant to the Trust's review process for payment of remaining Qualified Asbestos PI Claims, the Trust paid one Qualified Asbestos PI Claim.

The Trust, through Verus, its claims processing facility, accepted unliquidated Asbestos PI Claims throughout 2016. Specifically, 234,132 Asbestos PI Claims have been submitted to the Trust to date, including 15,283 Asbestos PI Claims submitted in 2016, as follows:

Disease Level	Claims to date	Claims in 2016
Other Asbestos Disease (Level I)	9,334	443
Asbestosis/Pleural Disease (Level II)	102,439	7,405
Asbestosis/Pleural Disease (Level III)	53,903	2,616
Severe Asbestosis (Level IV)	4,547	231
Other Cancer (Level V)	7,409	596
Lung Cancer 2 (Level VI)	4,999	245
Lung Cancer 1 (Level VII)	27,439	1,926
Mesothelioma (Level VIII)	16,490	1,626
Unknown	7,572	195
Total:	**234,132**	**15,283**

Of the 15,283 Asbestos PI Claims submitted to the Trust in 2016, 432 have been withdrawn, 7,675 have been deferred, and 183 have been approved for payment. In 2016, the Trust paid 2,959 Asbestos PI Claims, totaling $43,520,268 after application of the Payment Percentage. From inception through December 31, 2016, the Trust has paid a total of $392,608,730 on account of Qualified Asbestos PI Claims pursuant to section 5.2 of the TDP,

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and $238,469,268 on account of Asbestos PI Claims liquidated pursuant to section 5.3 of the TDP.

Under Section 4.3 of the Trust Agreement, the Trust reports payments for Asbestos PI Trust Expenses. The Trust's operating expenses are listed in the Supplemental Information to the attached audited financial statements as addressed below.

III. Compensation and Expenses of Trustees, TAC, and FCR

Under Section 5.5(c) of the Trust Agreement, the Trust reports the amount of compensation and expenses paid to the Trustees. The Trustees have received, on an accrual basis, compensation and reimbursement for out-of-pocket costs and expenses from January 1, 2016, through the end of the fiscal year on December 31, 2016, as follows:

Trustees (3)	$1,084,712.13
Delaware Trustee	$3,000.00

Under Section 6.6 of the Trust Agreement, the Trust reports to the Bankruptcy Court the amount of compensation and expenses paid to the TAC. The TAC has received, on an accrual basis, compensation and reimbursement for fees and expenses, including counsel, during the fiscal year ending December 31, 2016, as follows:

TAC	$ 151,853.87

Under Section 7.6 of the Trust Agreement, the Trust reports to the Bankruptcy Court the amount of compensation and expenses paid to the FCR. The FCR has received, on an accrual basis, compensation and reimbursement for fees and expenses, including counsel, during the fiscal year ending December 31, 2016, as follows:

FCR	$ 227,183.57

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IV. Financial Statements

A copy of the Trust's audited financial statements for the year ending December 31, 2016, including a balance sheet as of December 31, 2016, and a statement of operations for 2016, is attached hereto as Exhibit A. Exhibit A also includes BDO USA, LLP's opinion as to the fairness of the financial statements' presentation of the cash and investments available for the payment of claims and as to the conformity of the financial statements with special purpose accounting methods.

The Asbestos Trust provided copies to the TAC and FCR on April 27, 2017.

V. Certification

The Trustees certify that they have performed pursuant to and in compliance with the Plan, the Trust Agreement, the Trust Distribution Procedures, the Confirmation Order, and such other Plan documents and Bankruptcy Court orders pertaining to the operation of the Trust during the fiscal year ended December 31, 2016.

TRUSTEES:

/s/ Alfred M. Wolin
HON. ALFRED M. WOLIN, RET.

/s/ David F. Levi
DAVID F. LEVI

/s/ Charles A. Koppelman
CHARLES A. KOPPELMAN

Respectfully submitted this 28th day of April 2017,

STUTZMAN, BROMBERG, ESSERMAN & PLIFKA,

A PROFESSIONAL CORPORATION

By: */s/ Peter C. D'Apice*
Sander L. Esserman (Admitted *pro hac vice*)
Texas Bar No. 06671500
Steven A. Felsenthal (Admitted *pro hac vice*)
Texas Bar No. 06889900
Peter C. D'Apice (Admitted)
Texas Bar No. 05377783

2323 Bryan Street, Suite 2200
Dallas, Texas 75201-2689
Telephone: (214) 969-4900
Facsimile: (214) 969-4999

ATTORNEYS FOR THE T H AGRICULTURE & NUTRITION, L.L.C. ASBESTOS PERSONAL INJURY TRUST

CERTIFICATE OF SERVICE

The undersigned certifies that on this 28th day of April 2017, the foregoing ANNUAL REPORT, FINANCIAL STATEMENTS AND RESULTS OF OPERATIONS OF THE T H AGRICULTURE & NUTRITION, L.L.C. ASBESTOS PERSONAL INJURY TRUST FOR FISCAL YEAR ENDED DECEMBER 31, 2016, was served via ECF on all those parties receiving such notice through the Court's CM/ECF system.

/s/ Peter C. D'Apice
Peter C. D'Apice