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, 2017

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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, 2017 (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 2017, the Trust held quarterly meetings with the TAC and FCR on February 14, 2017, May 10, 2017, September 26, 2017, and November 14, 2017.

The Trustees generally held weekly Trustees' meetings throughout 2017 by telephone, beginning on January 3, 2017.

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 2017, 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); AON Risk Services Central, Inc. (insurance broker), and Ankura Consulting Group LLC (consulting and analytic services). The Trust retained local counsel and other consultants, as needed. CBIZ also manages the Trust's fiscal controls, which are tested by BDO as part of the annual financial audit of the Trust's financial statements.

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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 2017, 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) reviewed issues relating to the processing of claims in the queue and the payment percentage; (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) worked on ADR Procedures, in consultation with the TAC and FCR; (x) worked on the budget for 2017; (xi) monitored Reorganized THAN's financial health and performance; (xii) renewed liability insurance policies from Ironshore Indemnity Inc., XL Specialty Insurance Company and Nationwide; (xiii) oversaw any litigation affecting the Trust; and (xiv) 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 2017 was 30%, which was applied to Asbestos PI Claims paid in 2017. The Trustees, TAC and FCR agreed to review the Payment Percentage in 2018.

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 $392,608,730 in Qualified Asbestos PI Claims. In 2017, pursuant to the Trust's review process for payment of remaining Qualified Asbestos PI Claims, the Trust paid no Qualified Asbestos PI Claims.

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The Trust, through Verus, its claims processing facility, accepted unliquidated Asbestos PI Claims throughout 2017. Specifically, 242,131 Asbestos PI Claims have been submitted to the Trust to date, including 7,999 Asbestos PI Claims submitted in 2017, as follows:

Disease Level	Claims to date	Claims in 2017
Other Asbestos Disease (Level I)	9,426	122
Asbestosis/Pleural Disease (Level II)	104,807	2,377
Asbestosis/Pleural Disease (Level III)	55,094	1,215
Severe Asbestosis (Level IV)	4,627	83
Other Cancer (Level V)	7,755	310
Lung Cancer 2 (Level VI)	5,447	289
Lung Cancer 1 (Level VII)	29,166	1,797
Mesothelioma (Level VIII)	18,120	1,588
Unknown	7,689	218
Total:	**242,131**	**7,999**

Of the 7,999 Asbestos PI Claims submitted to the Trust in 2017, 474 have been withdrawn, 4,315 have been deferred, and 442 have been approved for payment.[2] In 2017, the Trust paid 1,941 Asbestos PI Claims, totaling $41,774,571 after application of the Payment Percentage. From inception through December 31, 2017, 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, and $280,243,839 on account of Asbestos PI Claims liquidated pursuant to section 5.3 of the TDP.

[2] The Trust's audited financial statements attached hereto as Exhibit A set forth in Note 6, on page 12, that the Trust "received" 8,393 claims in 2017, whereas the 7,999 number presented above sets forth the number of claims received and logged by Verus in 2017, and also includes 3 claims received and logged on the last day of 2017. Thus, the 8,393 claims reported in the audited financial statements includes some claims received but not yet logged by Verus as of December 31, 2017, and omits 3 claims received and logged by Verus on the very last day of 2017.

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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, 2017, through the end of the fiscal year on December 31, 2017, as follows:

Trustees (3)	$1,144,406.32
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, 2017, as follows:

TAC	$134,511.18

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, 2017, as follows:

FCR	$292,395.50

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IV. Financial Statements

A copy of the Trust's audited financial statements for the year ending December 31, 2017, including a balance sheet as of December 31, 2017, and a statement of operations for 2017, 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, 2018.

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, 2017.

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 30th day of April 2018,

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

CERTIFICATE OF SERVICE

The undersigned certifies that on this 30th day of April 2018, 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, 2017, 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