UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA

IN RE:	)	**Chapter 11**
UNITED GILSONITE LABORATORIES, A PENNSYLVANIA CORPORATION,[1]	)	**Case No. 5:11-bk-02032 (RNO)**
REORGANIZED DEBTOR.	)	

ANNUAL REPORT, FINANCIAL STATEMENTS AND RESULTS OF OPERATIONS OF THE UNITED GILSONITE LABORATORIES ASBESTOS PERSONAL INJURY TRUST FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

Alan B. Rich, the Trustee of the United Gilsonite Laboratories Asbestos Personal Injury Trust (the "UGL Trust"), created pursuant to the Modified First Amended Plan of Reorganization of United Gilsonite Laboratories Under Chapter 11 of the Bankruptcy Code dated as of September 30, 2014 (the "Plan"),[2] submits this Annual Report, Financial Statements and Results of Operations of the United Gilsonite Laboratories Asbestos Personal Injury Trust for the Fiscal Year Ended December 31, 2021.[3]

[1] The last four digits of the Debtor's federal tax identification number are 7530.

[2] Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan.

[3] Pursuant to the Final Decree and Order Closing the Chapter 11 Case of United Gilsonite Laboratories (Docket No. 2402), the Clerk of the Court shall not refuse to accept for filing any report submitted by the Trustee for the UGL Trust on the grounds that the Chapter 11 Case is closed.

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I. General

On March 23, 2011, United Gilsonite Laboratories filed a voluntary petition for relief under Chapter 11, Title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Middle District of Pennsylvania (the "Bankruptcy Court"). On December 8, 2014, the Bankruptcy Court entered the Findings of Fact, Conclusions of Law, and Order Approving Exit Facility and Confirming the Modified First Amended Plan of Reorganization of United Gilsonite Laboratories Under Chapter 11 of the Bankruptcy Code (the "Confirmation Order"), which confirmed the Plan of the above-referenced debtor. On December 8, 2014, the United States District Court for the Middle District of Pennsylvania entered its Order Under 11 U.S.C. § 524(g)(3)(A) Affirming Bankruptcy Court's Confirmation of Chapter 11 Reorganization Plan and Issuance of Channeling Injunction affirming the Confirmation Order.

Pursuant to the Plan, the UGL Trust was established on December 31, 2014 (the "Effective Date").

Pursuant to the Plan, Beth Gori, Ethan Early, Joseph Belluck, Jonathan Ruckdeschel, and John P. Comerford are the members of the Trust Advisory Committee ("TAC") and James L. Patton is the Future Claimants' Representative ("FCR").

II. Trust Claims

Section 2.2(b) of the United Gilsonite Laboratories Asbestos Personal Injury Trust Agreement (the "Trust Agreement") requires the Trustee to account to the Bankruptcy

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Court and file an annual report containing financial statements of the UGL Trust and a summary of the number and type of claims disposed of by the UGL Trust during the period covered by the financial statements.

The UGL Trust through its claims processing facility—Claims Processing Facility, Inc.—began accepting Trust Claims on December 17, 2015. From inception of the UGL Trust through the period ending December 31, 2021, 10,289 Trust Claims have been submitted to the UGL Trust, including 726 Trust Claims submitted in 2021, as follows:

Disease Level	**Claims submitted from Trust's inception through 12/31/21**	**Claims submitted in 2021**
Mesothelioma (Level VIII)	2,371	215
Lung Cancer 1 (Level VII)	4,807	401
Lung Cancer 2 (Level VI)	1,926	54
Other Cancer (Level V)	461	22
Severe Asbestosis (Level IV)	351	13
Asbestosis/Pleural Disease (Level III)	112	6
Asbestosis/Pleural Disease (Level II)	261	15
Other Asbestos Disease (Level I)	0	0
Total:	**10,289**	**726**

Of the 10,289 Trust Claims submitted to the UGL Trust, the UGL Trust has not approved 9,318 claims, including rejected claims, claims with uncured deficiencies, and

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withdrawn and deferred claims. As of December 31, 2021, the UGL Trust has paid a total of 850 Trust Claims. In 2021, the Trust liquidated and paid 132 Trust Claims, totaling $2,728,193, after application of the Payment Percentage.[4]

Under Section 4.3 of the Trust Agreement the Trust reports payments for Trust Expenses. The Trust's operating expenses are listed in the Special-Purpose Statements of Changes in Net Claimants' Equity. *See* Exhibit A attached hereto at page 5.

III. Compensation and Expenses of the Trustee, TAC and FCR.

Under Section 5.5(d) of the Trust Agreement, the UGL Trust reports to the Bankruptcy Court the amount of compensation and expenses paid to the Trustee and the Delaware Trustee. The Trustee and the Delaware Trustee received compensation and reimbursement for out-of-pocket expenses during the period from January 1, 2021 through December 31, 2021 as set forth in the Special-Purpose Statements of Changes in Net Claimants' Equity.

Under Section 6.6 of the Trust Agreement, the Trustee reports to the Bankruptcy Court the amount of compensation and expenses paid to the TAC and its counsel. The TAC and its counsel received compensation and reimbursement for out-of-pocket expenses during the period from January 1, 2021 through December 31, 2021 as set forth in the Special-Purpose Statements of Changes in Net Claimants' Equity.

Under Section 7.6 of the Trust Agreement, the Trustee reports to the Bankruptcy Court the amount of compensation and expenses paid to the Future Claimants' Representative (the "FCR") and his counsel. The FCR and his counsel received

[4] Trust Claims paid by the Trust in 2021 are reported herein on a cash basis.

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compensation and reimbursement for out-of-pocket expenses during the period from January 1, 2021 through December 31, 2021 as set forth in the Special-Purpose Statements of Changes in Net Claimants' Equity.

IV. Financial Statements

A copy of the UGL Trust's audited special-purpose financial statements for the year ended December 31, 2021, including Special-Purpose Statements of Net Claimants' Equity and Special-Purpose Statements of Changes in Net Claimants' Equity, is attached hereto as Exhibit "A".

Respectfully submitted,

Dated: April 13, 2022

STUTZMAN, BROMBERG, ESSERMAN & PLIFKA, A Professional Corporation

By: */s/ Sander L. Esserman*

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EXHIBIT A

UNITED GILSONITE LABORATORIES
ASBESTOS PERSONAL INJURY TRUST

Special-Purpose Financial Statements
and
Report of Independent Auditors

Years Ended December 31, 2021 and 2020

UNITED GILSONITE LABORATORIES
ASBESTOS PERSONAL INJURY TRUST

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REPORT OF INDEPENDENT AUDITORS

To the Trustee of
United Gilsonite Laboratories Asbestos Personal Injury Trust

Opinion

We have audited the accompanying special-purpose financial statements of the United Gilsonite Laboratories Asbestos Personal Injury Trust (the "Trust", organized in the State of Delaware), which comprise the special-purpose statements of net claimants' equity as of December 31, 2021 and 2020, and the related special-purpose statements of changes in net claimants' equity for the years then ended, and the related notes to the special-purpose financial statements (collectively, the "Financial Statements").

In our opinion, the Financial Statements referred to above present fairly, in all material respects, the net claimants' equity of the Trust as of December 31, 2021 and 2020, and the changes in net claimants' equity for the years then ended in conformity with the special-purpose basis of accounting described in Note 2 to the 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 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 our audit opinion.

Emphasis of Matter – Basis of Accounting

As described in Note 2 of the Financial Statements, these Financial Statements are prepared on a special-purpose basis of accounting and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America. The special-purpose basis of accounting has been used in order to present the amount of equity presently available to current and future claimants and the changes in equity during the periods. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with the special-purpose basis of accounting; this includes determining that the special-purpose basis of accounting is an acceptable basis for the preparation of the Financial Statements in these circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Financial Statements that are free from material misstatement, whether due to error or fraud.

In preparing the Financial Statements, management is required to evaluate where 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 the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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.

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.

Restriction on Use

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

BKM Sowan Horan, LLP

Dallas, Texas
April 11, 2022

UNITED GILSONITE LABORATORIES
ASBESTOS PERSONAL INJURY TRUST

Special-Purpose Statements of Net Claimants' Equity

	December 31, 2021	December 31, 2020
ASSETS		
Cash and cash equivalents		
Unrestricted	$ **226,006**	$ 222,736
Restricted	**38,050**	73,050
Investments in marketable securities and certificate of deposit	**20,666,992**	22,143,476
Accrued interest and dividend income	**149,634**	193,164
Receivable on pending investment sales	**-**	383,014
Purchased interest	**4,163**	472
Prepaid expenses	**50,000**	101,460
Total assets	$ **21,134,845**	$ 23,117,372
LIABILITIES AND NET CLAIMANTS' EQUITY		
Accrued expenses	$ **76,488**	$ 61,004
Accrued payments to claimants	**553,701**	783,795
Claims processing deposits	**38,050**	73,050
Deferred tax liability	**686,782**	512,790
Total liabilities	**1,355,021**	1,430,639
Net claimants' equity	$ **19,779,824**	$ 21,686,733

See accompanying notes to special-purpose financial statements.

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UNITED GILSONITE LABORATORIES
ASBESTOS PERSONAL INJURY TRUST

Special-Purpose Statements of Changes in Net Claimants' Equity

	Years ended December 31,	
	2021	2020
Additions		
Interest and dividend income - marketable securities	$ **900,754**	$ 831,227
Net gain on investments in marketable securities, net of management fees, custody fees and bond amortization	**349,315**	666,867
Filing fees collected on withdrawn claims and other	**28,075**	51,200
Total additions	**1,278,144**	1,549,294
Deductions		
Payments to Claimants	**2,498,149**	2,806,322
Income tax expense, net	**173,992**	229,204
Legal fees	**135,862**	112,098
Trustee fees and expenses	**108,452**	106,055
Trustee annual fee	**78,750**	78,750
Accounting fees	**60,105**	73,817
Future Claimants' Representative fees and expenses	**27,483**	27,711
Financial consulting fees	**20,000**	20,000
Insurance expense	**19,710**	19,810
Audit fees	**18,472**	15,525
Claims processing fees	**15,720**	22,669
Trust Advisory Committee member fees and expenses	**13,297**	24,583
Consulting fees	**9,000**	29,216
Delaware Trustee fees and expenses	**4,000**	4,000
Miscellaneous expenses	**1,726**	2,245
Foreign taxes paid	**335**	493
Total deductions	**3,185,053**	3,572,498
Net decrease in net claimants' equity	**(1,906,909)**	(2,023,204)
Net claimants' equity, beginning of year	**21,686,733**	23,709,937
Net claimants' equity, end of year	$ **19,779,824**	$ 21,686,733

See accompanying notes to special-purpose financial statements.

Note 1 - Nature of Trust

Description of Trust

The United Gilsonite Laboratories Asbestos Personal Injury Trust (the "Trust") was established in accordance with the modified First Amended Plan of Reorganization (the "Plan"), under Chapter 11 of the United States Bankruptcy Code, of United Gilsonite Laboratories ("UGL"). The purpose of the Trust is:

- to assume the liability for all Trust Claims asserted against the Asbestos Protected Parties;
- to preserve, hold, manage, and maximize the Trust assets for use in paying and otherwise satisfying Trust Claims and paying Trust Expenses;
- to direct the processing, liquidation and payment of Trust Claims in accordance with the Trust Distribution Procedures ("TDP"); and
- to otherwise comply in all respects with the requirements for a trust set forth in Section 524(g)(2)(B) of the Bankruptcy Code, all in accordance with the Plan and the Trust Agreement.

The Trust was established on December 31, 2014, the Effective Date of the Plan ("Effective Date"), and is a Qualified Settlement Fund under Internal Revenue Code (the "Code") Section 468B for holders of asbestos personal injury claims ("Qualified Settlement Fund"). The Trust operates as the United Gilsonite Laboratories Asbestos Personal Injury Trust.

Pursuant to the Plan, UGL paid $11,000,000 of company cash and $6,036,880 of shareholder cash, for a total cash contribution of $17,036,880, at formation of the Trust. In addition, the Trust received from UGL a Promissory Note receivable in the amount of $7,250,000 and a Shareholder Promissory Note receivable in the amount of $375,000. The Promissory Note receivable was paid in full on May 5, 2017. The Shareholder Promissory Note receivable was paid in full on January 2, 2015. Also, UGL transferred its rights under insurance policies to the Trust in the amount of $10,355,835.

In December 2019, The Trust received $300,000 from UGL, representing the original and final balance in the litigation reserve fund.

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Note 1 - Nature of Trust – (Continued)

Description of Trust – continued

The Trust is governed by a Trust Agreement and TDP that establish the framework and criteria for allowance and payment of Claims by the Trust. The Trust Agreement and TDP were approved by the United States District Court as part of the Plan. There are eight disease levels specified in the TDP. Each claimant who meets the medical and exposure requirements of the TDP for a particular disease level may apply for expedited review and a specified payment amount. Claimants for certain disease levels also have an alternative, under the TDP, to submit additional documentation and request a more expansive review of their Claim ("Individual Review Process") in which these case claims may be paid within a range of amounts.

The Trust's assets consist primarily of cash and cash equivalents, investments in marketable securities and a certificate of deposit, which, with the earnings (or losses) on such investments, are intended to be totally consumed by the allowance and payment of claims and operation of the Trust. The percentage amount of each allowed claim that will actually be paid will be determined by projections of total allowed Claims and operational expense of the Trust, on the one hand, and total assets and net earnings (or losses), on the other. The Trust began accepting claims in paper format on December 17, 2015, and online using the e-File system on March 17, 2016. The Trust began paying claims in June 2016. The initial payment percentage has been set at 11% and is subject to periodic review and adjustment. The Trustee is a fiduciary to the beneficiaries of the Trust and is responsible for administering the Trust and the Trust's assets in accordance with the Trust Agreement and the Plan.

Termination

The Trust Agreement (Section 8.2) provides that the Trust shall automatically dissolve on the date (the "Dissolution Date") ninety (90) days after the first to occur of the following events:

- The date on which the Trustee decides to dissolve the Trust because (A) the Trustee deems it unlikely that any new Trust Claims will be filed against the Trust , (B) all Trust Claims duly filed with the Trust have been liquidated and, to the extent possible based upon the funds available to the Trust through the Plan, paid to the extent provided in the Trust Agreement and TDP, or have been disallowed by a final, non-appealable order, and (C) twelve (12) consecutive months have elapsed during which no new Trust Claim has been filed with the Trust;

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Note 1 - Nature of Trust – (Continued)

Termination – continued

- If the Trustee has procured and has in place irrevocable insurance policies and has 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 TDP, the date on which the Bankruptcy Court enters an order approving such insurance and other arrangements and such order becomes a final order; or

- To the extent that a rule against perpetuities shall be deemed applicable to the Trust, that date which is twenty-one (21) years less ninety-one (91) days after the death of the last survivor of all the descendants of the late Joseph P. Kennedy, Sr., father of the late President John F. Kennedy, living on the date hereof.

On the Dissolution Date or as soon as reasonably practicable, after the wind-up of the Trust's affairs by the Trustee and payment of all the Trust's liabilities have been provided for as required by applicable law, all remaining assets shall be applied to such charitable purposes, if practicable, which shall be related to the treatment of, research on, or the relief of individuals suffering from asbestos related disorders and such charitable organizations should not have any relationship with UGL.

Following the dissolution and distribution of the assets of the Trust, the Trust shall terminate and the Trustee shall execute and file a Certificate of Cancellation.

COVID-19 Consideration

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 full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Trust's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity and operations. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Trust is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021 and beyond.

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Note 2 - Summary of Significant Accounting Policies

Basis of accounting

The Trust's special-purpose financial statements ("Financial Statements") are prepared using special-purpose accounting methods that differ from accounting principles generally accepted in the United States of America ("GAAP"). The special-purpose accounting methods are being used to better communicate the equity available to satisfy current and future claims. Since the accompanying 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.

These special-purpose accounting methods and the differences from GAAP are summarized as follows:

- The Financial Statements are prepared using the accrual basis of accounting, except as otherwise described herein.

- The statement of net claimants' equity is not classified, resulting in no separation between current and noncurrent assets.

- These Financial Statements do not include a statement of cash flows.

- Cash and cash equivalents are recorded at cost with accrued interest shown separately.

- The funding received from UGL and insurance settlements has been recorded directly to net claimants' equity. These funds do not represent taxable income to the Trust. Payments to Claimants are reported as deductions from net claimants' equity and do not represent tax-deductible expenses of the Trust.

- At December 31, 2021 and 2020, the liability for accrued payments to claimants reflected in the statements of net claimants' equity represents unpaid outstanding and accepted offers. No liability is recorded for future claims filings and filed claims on which no offer has been made. Net claimants equity represents funding available to pay present and future claims on which no liability has been recorded.

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

Basis of accounting – continued

- At December 31, 2021 and 2020, the Trust's investments in marketable debt securities are considered as available for sale. The unrealized holdings gains (losses) on these investments are included in net gain or loss on investments in marketable securities, net of management fees, custody fees and bond amortization on the accompanying statement of changes in net claimants' equity. Under GAAP, the unrealized holding gains (losses) on available for sale investments would be included as a component of net claimants' equity reported as accumulated other comprehensive income (loss).

Use of estimates

The preparation of Financial Statements in conformity with the basis of accounting 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 Financial Statements, as well as the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the fair value of investments and the provision for income taxes. Actual results could differ from those estimates.

Financial instruments

The Trust's financial instruments are cash and cash equivalents, accrued interest and dividend income, investments in marketable securities, a certificate of deposit, and accrued expenses. The carrying amount of cash and cash equivalents, accrued interest and dividend income and accrued expenses approximate their fair values based on their short-term nature. The carrying amount of investments in marketable securities and certificate of deposit is based on fair value.

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

Cash and cash equivalents

The Trust considers all highly liquid debt instruments purchased with an original maturity value of three months or less to be cash equivalents. Unrestricted cash and cash equivalents at December 31, 2021 and 2020, are as follows:

	2021	2020
Money market funds:		
Fidelity government fund	$ 193,474	$ -
Goldman Sachs government fund	-	147,806
MapleMark Bank	108	20,625
Filing fee account	32,424	54,305
Total	$ 226,006	$ 222,736

At December 31, 2021 and 2020, restricted cash represents filing fees received from claimants, which will be refunded if the claim is accepted and retained by the Trust if the claim does not qualify for payment.

Concentrations of credit risk

Financial instruments, which potentially subject the Trust to concentrations of credit risk, consist primarily of cash and cash equivalents, investments in marketable securities, and a certificate of deposit. The Trust maintained a portion of its cash and cash equivalents in accounts that are not federally insured but considers them to be of high credit quality. The Trust has not experienced any losses in such accounts, and it does not believe it is exposed to any significant credit risk.

The Trust's investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with investments, it is at least reasonably possible that significant changes in risks in the near term may materially affect the amounts reported in the Financial Statements. However, the Trust has a formal investment policy of placing investments in high-quality financial institutions.

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

Investments in marketable securities and related income (loss)

Investments in marketable securities are reported at fair value in the special-purpose statement of net claimants' equity and changes in the fair value of investments, as well as unrealized and realized gains and losses are included in net gain or loss on investments in marketable securities, net of management fees, custody fees and bond amortization reported in the special-purpose statements of changes in net claimants' equity. Purchases and sales of marketable securities are recorded on the trade date.

Realized gains and losses on disposals of investments are determined by the specific identification method. Interest and dividend income are recognized on the accrual basis. For the years ended December 31, 2021 and 2020, respectively, investment management fees of $23,848 and $26,844, custody fees of $7,498 and $9,474 and bond amortization of $318,982 and $302,803, are included in net gain on investments in marketable securities, net of management fees, custody fees and bond amortization in the accompanying statements of changes in net claimants' equity.

Investments considered to be permanently impaired in value are written down to their estimated net realizable value and the write down is recorded as a realized loss on investments. Unrealized losses that are other-than-temporary based upon management's estimates using quantitative and qualitative criteria are recognized as realized investment losses. Actual results could differ from those estimates.

Claims processing deposits

Claims processing deposits represent filing fees collected for each unliquidated claim, which will be refunded by the Trust if the claim is paid.

Net claimants' equity

The Trust, under the adopted special-purpose accounting convention, does not record the liability for future claims expected to be filed over the life of the Trust. The net claimants' equity is available for (i) the payments of allowed asbestos-related claims and (ii) operational expenses of the Trust.

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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 enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is established when it is likely that the deferred tax assets may not be realized. In the opinion of management, the Trust is not subject to state income taxes, and therefore, the Financial Statements do not include any provision or liability for state income taxes. Funds received by the Trust from UGL and from insurance settlements and disbursements paid to settle asbestos claims are not taxable or deductible by the Trust.

The Trustee's 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 no unrecognized tax benefits.

Subsequent events

The Trust has evaluated events and transactions subsequent to the date of the Financial Statements for matters requiring recognition or disclosure in the Financial Statements. The accompanying Financial Statements consider events through April 11, 2022, the date on which the Financial Statements were available to be issued.

Note 3 - Investments in Marketable Securities and Certificate of Deposit

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 I – Quoted prices are available in active markets for identical investments as of the reporting date.

Level II – Pricing inputs are other than quoted market prices included in Level I, however are observable indirectly for the investment.

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Note 3 - Investments in Marketable Securities and Certificate of Deposit – (Continued)

Level III – Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. The Trust does not carry any Level III investments.

The following section describes the valuation methodologies the Trust uses to measure its financial assets at fair value.

Certificates of deposit and mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Municipal bonds: Value using the documented trade price if trading in an active market. Otherwise, valued using a metrics system provided by the pricing vendors.

The valuations of the Trust's investments in marketable securities and certificate of deposit by the above fair value hierarch levels and the corresponding cost of the investments as of December 31, 2021 and 2020, are as follows:

	December 31, 2021			
	Level	Fair Value	Cost	Unrealized Gains
Certificate of deposit	1	$ 269,323	$ 263,323	$ -
Mutual funds - equity funds	1	6,618,328	4,537,778	2,080,550
Municipal bonds	2	13,779,341	13,110,410	668,931
		$ 20,666,992	$ 17,917,511	$ 2,749,481

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Note 3 - Investments in Marketable Securities and Certificate of Deposit – (Continued)

	December 31, 2020			
	Level	Fair Value	Cost	Unrealized Gains
Certificate of deposit	1	$ 268,283	$ 268,283	$ -
Mutual funds - equity funds	1	5,881,889	4,588,600	1,293,289
Municipal bonds	2	15,993,304	14,969,505	1,023,799
Total		$ 22,143,476	$ 19,826,388	$ 2,317,088

Maturities of the Trust's debt securities at December 31, 2021 are as follows:

	Level	Fair Value	Cost	Unrealized Gains
Due in one year or less	2	$ 164,438	$ 161,681	$ 2,757
Due after one year through five years	2	4,756,160	4,538,215	217,945
Due after five years through ten years	2	6,177,033	5,850,538	326,495
Due after ten years through twenty years	2	2,537,765	2,417,232	120,533
Due after twenty years	2	143,945	142,744	1,201
Total		$ 13,779,341	$ 13,110,410	$ 668,931

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Note 4 - 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 Code, which was 37% for the years ending December 31, 2021, and 2020.

For net operating losses ("NOLs") created in years beginning after December 31, 2017, the carryforward of NOLs will be limited to a reduction of 80% of modified taxable income without expiration. NOLs prior to January 1, 2018 will carry forward 20 years, and there is no limitation in the reduction of modified taxable income.

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

	Years Ended December 31,	
	2021	2020
Modified taxable income (loss)	$ **37,857**	$ (141,807)
Tax rate	**37.0%**	37.0%
Federal income tax expense (benefit)	**14,007**	(52,469)
Utilization of NOLs	**(14,007)**	-
Deferred federal income tax expense	**173,992**	281,673
Income tax expense, net	$ **173,992**	$ 229,204

Temporary differences between financial reporting income and taxable income generate deferred tax assets and liabilities, as follows:

	Years Ended December 31,	
	2021	2020
Net operating loss carryforward	$ **330,526**	$ 344,533
Unrealized gain on investments	**(1,017,308)**	(857,323)
Net deferred tax liability	$ **(686,782)**	$ (512,790)

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Note 4 - Taxation – (Continued)

At December 31, 2021 and 2020, the Trust had approximately $893,000 and $931,000, respectively of net operating loss carryforwards with $657,000 and $695,000, respectively expiring in years 2034 through 2037 and $236,000 and $236,000, respectively having no expiration date. The amount of income taxes the Trust pays is subject to ongoing audits by federal authorities.

Note 5 - Trust Advisory Committee and Future Claimants' Representative

The Trust Agreement sets forth the role and responsibility of the Trust Advisory Committee ("TAC") and Future Claimants' Representative ("FCR"). The members of the TAC serve in a fiduciary capacity representing all holders of present Asbestos Claims ("Current Claimants"). The Trustee is required to consult with or obtain the consent of the TAC on certain matters identified in the Trust Agreement and the TDP. The TAC is comprised of five attorneys who are engaged by Current Claimants.

The FCR serves in a fiduciary capacity, representing the interests of the individuals who may file an Asbestos Claim in the future, but who at this time are unknown to the Trust ("Future Asbestos Claimants"). His role, in part, is to protect rights of the Future Asbestos Claimants. The Trustee is required to consult with or obtain the consent of the FCR on certain matters identified in the Trust Agreement and the TDP.

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UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA

IN RE:	)	**Chapter 11**
UNITED GILSONITE LABORATORIES, A PENNSYLVANIA CORPORATION,[1]	)	**Case No. 5:11-bk-02032 (RNO)**
REORGANIZED DEBTOR.	)	

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on April 13, 2022, she caused a copy of the *Annual Report, Financial Statements and Results of Operations of the United Gilsonite Laboratories Asbestos Personal Injury Trust for the Fiscal Year Ended December 31, 2021,* to be served on the parties listed below via email.

/s/ Andrea L. Ducayet

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[1] The last four digits of the Debtor's federal tax identification number are 7530.

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