UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND
GREENBELT DIVISION

IN RE:	)	Chapter 11
	)	
THE WALLACE & GALE COMPANY,	)	Case No. 85-40092 (LSS)
	)	
Debtor.	)	

ANNUAL REPORT AND ACCOUNT OF THE TRUSTEE OF THE WALLACE & GALE ASBESTOS SETTLEMENT TRUST FOR THE PERIOD ENDING DECEMBER 31, 2025

I. INTRODUCTION

The purpose of this Annual Report and Account is to fulfill the reporting requirements of the First Amended Asbestos Settlement Trust Agreement, (the "**Amended Trust Agreement**") and to report to the Court the actions taken on behalf of the Trust by its Trustee during the fiscal year ended December 31, 2025 ("**Reporting Period**").

The annual reporting requirements are set forth in Article 3.02(e) of the Amended Trust Agreement. The Trust's annual report must provide (1) annual financial statements; (2) relevant information regarding claims disposition; (3) the amount of investment income earned by the Trust; and (4) the amount of expenses incurred by the Trust.

II. BACKGROUND

On November 16, 1985, The Wallace & Gale Company ("**Wallace & Gale**") filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. On April 17, 2001, this Court entered an order confirming the Fourth Amended Joint Plan of Reorganization under Chapter 11 of the United States Bankruptcy Code ("**Plan of Reorganization**"). This Plan of Reorganization was propounded by the debtor and its insurers. Pursuant to the Plan of Reorganization, the Asbestos Settlement Trust (the "**Trust**") assumed Wallace & Gale's liabilities

resulting from all asbestos-related disease claims, present and future. In December 2003, the Plan of Reorganization became effective when the original trustee signed the Trust Agreement.

As set forth in the Amended Trust Agreement, the purpose of the Trust is to assume the liabilities of the debtor and to use its assets and income to liquidate, resolve, and pay Asbestos BI claims (as that term is defined in the Plan of Reorganization) against Wallace & Gale.

III. SETTLEMENT OF TRUSTEE'S ACCOUNT

Section 5.10 provides for the settlement of the Trustee's account:

> Notwithstanding any state law to the contrary, the Bankruptcy Court shall have exclusive jurisdiction over the settlement of the accounts of the Trustee, whether such accounts are rendered by the Trustee or are sought by any other person. Upon request, the Trustee shall render successive accounts covering periods ending at the end of each calendar year consisting of the filings set forth in Section 3.02(e) of this Trust Agreement. In addition, an account shall be rendered for the period ending on the date of the death, resignation, removal or retirement of any trustee. Upon the approval of any such periodic account by the Bankruptcy Court after hearing on notice to such parties as the Bankruptcy Court may designate, and subject to the terms of the order of the Bankruptcy Court granting such approval, the Trustee shall be discharged from any further liability or responsibility as to all matters disclosed in such periodic account and an action against the Trustee for breach of trust arising out of any matter disclosed in such periodic account shall be barred.

IV. TRUST PERSONNEL

A. Trustee

The Trustee during the Reporting Period was James J. McMonagle of Cleveland, Ohio. The Trustee maintains an office for the Trust in Cleveland, Ohio.

B. Trustees' Advisory Committee

Article 6 of the Amended Trust Agreement provides for the creation of a Trustees' Advisory Committee ("**TAC**"). The TAC was appointed in 2008. The members of the TAC during the Reporting Period were Harry Lee and Carol Hastings. Mr. Lee resigned his position as

a TAC member effective December 31, 2025. Theodore F. Roberts was appointed as Mr. Lee's successor pursuant to Article 6.04 of the Amended Trust Agreement,

C. Legal Representative

As previously reported, Judge Carol Smith is the successor Legal Representative, and she has continued to serve in that role in 2025.

V. SUMMARY OF CLAIMS DISPOSED

Pursuant to the Plan Implementation Agreement ("**PIA**") and the Amended Claims Resolution Procedures, the Trust has been tendering lawsuits filed against it to its insurers for handling and defense. Since inception and through February 28, 2026, the Trust has been named as a Defendant in 37,035 cases. As of that same date, there were 2,213 cases pending against it. Of those pending cases, on average 40 to 50 cases are on the active 2026-2027 trial docket. During the Reporting Period, 11 new claims were filed against the Trust. The Trust settled 44 cases for a total liquidated value of $3,431,250 and was dismissed from, or otherwise disposed of, an additional 2,535 cases during the Reporting Period. Since inception and through February 2026, the Trust has settled 2,578 cases, resulting in total liquidated value of $142,858,026 and otherwise disposed of 32,238 additional cases. In addition, six cases proceeded to the verdict stage for a liquidated value of $25,956,430.

The Baltimore City Courts have adopted a MDL-875-Style status conference process to accelerate the disposal of cases pending against the Trust. This process has been addressing about 300 cases per month since 2017. This process has led to the reduction of cases pending against the Trust, and will continue to do so if the process continues at this pace. At present, in place of status conferences, plaintiffs are voluntarily dismissing 300 cases per month. Many of these cases, though not all, involve the Trust.

VI. FINANCIAL INFORMATION

A. Financial Statements

Pursuant to Article 3.02(d)(i) of the Amended Trust Agreement, the Trustee is required to submit audited financial statements that include a statement of operations for the fiscal year. In the Court's May 23, 2005 Order Regarding Annual Reports and Accounts of the Trustee of the Wallace & Gale Asbestos Settlement Trust [Docket No. 935] ("**Procedures Order**"), the Court provided that audited financial statements would not be required unless the Trustee determines that the cost of preparing the audited financials is warranted given the financial status of the Trust.

Audited financial statements were prepared in 2025 at the direction of the Trustee and are attached as Exhibit A. The Trustee will continue to exercise his discretion in future years concerning whether audited financial statements are warranted.

B. Investment Income

Pursuant to Article 3.02(d) of the Amended Trust Agreement, the Trustee is required to report on the amount of investment income earned by the Trust. As set forth in the financial statements, the Trust earned $63.00 in investment income in 2025.

C. Expenses

Pursuant to Article 3.02(d) of the Amended Trust Agreement, the trustee is required to report on the amount of expenses incurred by the Trust. During the Reporting Period the Trust's operating expenses totaled $400,000.

VII. EVENTS DURING REPORTING PERIOD

Prior annual reports have described the challenges faced by the Trust.

As referenced above, claims and suits continue to be submitted to the Trust's insurers and, pursuant to the PIA, the insurers are defending those claims and, when appropriate, settling them.

Payments of settlements entered by the insurers and any judgments rendered against the Trust are still subject to the payment percentage. Moreover, the actual coverage available to the Trust for those settlements and judgments is dependent upon the individual claimants' exposures to operations of The Wallace & Gale Company.

The process of determining these exposures and allowing objections is provided by the PIA. This process sometimes leads to objections and disputes among the claimants, the insurers, and the Trust over the amount of coverage triggered by the cases. The parties continue to work to reach a resolution of these issues. The reduction in overall pending claims, new suits filed, and new trial settings have reduced the number of these determinations and reduced Trust expenses.

Submitted By:
James J. McMonagle
Trustee, The Wallace & Gale Asbestos Settlement Trust
DATE: April 30, 2026

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Wallace & Gale Asbestos Settlement Trust

Financial Report
December 31, 2025

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Independent Auditor's Report

Trust Parties
Wallace & Gale Asbestos Settlement Trust

Opinion

We have audited the financial statements of the Wallace & Gale Asbestos Settlement Trust (the Trust), which comprise the statements of net assets available for benefits on a modified cash basis as of December 31, 2025 and 2024, the related statements of changes in net assets available for benefits on a modified cash basis for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the net assets available for benefits of the Trust as of December 31, 2025 and 2024, and the changes in net assets available for benefits for the years then ended, in accordance with the modified cash basis of accounting described in Note 2.

Basis for Opinion

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

Other Matter—Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. 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 the financial statements in accordance with the modified cash basis of accounting described in Note 2, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern within one year after the date that the financial statements are issued.

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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 made 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.

RSM US LLP

Cleveland, Ohio
January 15, 2026

Wallace & Gale Asbestos Settlement Trust

Statements of Net Assets Available for Benefits
Modified Cash Basis
December 31, 2025 and 2024

	2025	2024
Assets		
Interest-bearing cash	**$ 597,938**	$ 597,875
Noninterest-bearing cash	**100**	100
Net assets available for benefits	**$ 598,038**	$ 597,975

See notes to financial statements.

Wallace & Gale Asbestos Settlement Trust

Statements of Changes in Net Assets Available for Benefits
Modified Cash Basis
Years Ended December 31, 2025 and 2024

	2025	2024
Additions:		
Reimbursements from Insurers pursuant to the Plan Implementation Agreement maximum per calendar year provided by Section 5.A.	**$ 400,000**	$ 400,000
Interest	**63**	69
Total additions	**400,063**	400,069
Deductions:		
Administrative expenses:		
Legal fees	**192,082**	199,761
Trustee expenses	**112,724**	109,547
Audit and accounting fees	**62,119**	58,857
Trustee insurance	**31,073**	31,835
Actuarial fees	**2,002**	-
Total deductions	**400,000**	400,000
Net increase	**63**	69
Net assets available for benefits:		
Beginning	**597,975**	597,906
Ending	**$ 598,038**	$ 597,975

See notes to financial statements.

Wallace & Gale Asbestos Settlement Trust

Notes to Financial Statements
Modified Cash Basis

Note 1. Description of the Trust

The following description of the Wallace & Gale Asbestos Settlement Trust (the Trust) provides only general information. Trust Parties should refer to the Fourth Amended Plan of Reorganization, as Further Modified, the First Amended and Restated Asbestos Settlement Trust Agreement (the Trust Agreement), the First Amended and Restated Asbestos BI Claims Resolution Procedures (the Claims Procedures) and the Plan Implementation Agreement for a more complete description of the Trust's provisions.

The Wallace & Gale Company (Wallace & Gale) filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code on or about November 16, 1984. Wallace & Gale was a defendant in personal injury, wrongful death and property damage actions seeking damages allegedly caused in whole or in part by the sale, distribution and/or installation of asbestos or asbestos-containing products by Wallace & Gale. Travelers Casualty and Surety Company, f/k/a Aetna Casualty and Surety Company (Travelers) and Wallace & Gale filed the Fourth Amended Plan of Reorganization (the Plan) in the United States Bankruptcy Court for the District of Maryland, Greenbelt Division (the Court) on or about April 17, 2001. The United States District Court for the District of Maryland affirmed the Plan on May 23, 2002. The Plan provided for the creation of the Wallace & Gale Asbestos Settlement Trust to resolve and satisfy all Asbestos BI Claims asserted against Wallace & Gale.

General: The Trust is established pursuant to the Trust Agreement. The Trust is irrevocable and is governed by a single Trustee. Upon termination of the Trust, the Trust Assets will be distributed in accordance with the Trust Agreement.

The purposes of the Trust are to:

1. Assume any and all liability and obligation, within the meaning of Section 524(g)(2)(B)(i)(I) of the Bankruptcy Code, of the Settlor or its successors-in-interest, and be solely responsible for the payment of, Asbestos BI Claims and Demands subject to the provisions of Section 3.01 of the Trust Agreement;

2. Use the Trust Assets and income to payholders of valid and allowed Asbestos BI Claims and Demands in accordance with the Trust Agreement on a fair and substantially equivalent basis;

3. Enhance, preserve and administer the Trust Assets and such other property as they may become part of the Trust;

4. Implement the intentions of the Plan regarding Asbestos BI Claims and Demands; and

5. Comply in all respects with the requirements of a trust set forth in the applicable sections of the Bankruptcy Code.

All capitalized terms incorporated into this financial statement are defined in the Trust Agreement and related documents and not otherwise defined in the Trust Agreement shall have meanings assigned to them in the Plan or Bankruptcy Code. All definitions are incorporated herein by reference.

Under the Trust Agreement, a Trustee's Advisory Committee (the TAC) has been formed to consult with the Trustee with respect to critical issues affecting the Trust. Where consultation is required under the Trust Agreement or the Claims Procedures, the Trustee only needs to seek advice from the TAC and shall be independent and free to accept or reject any recommendations offered by the TAC.

Note 1. Description of the Trust (Continued)

Benefits: The purpose of the Plan Implementation Agreement, which became effective by an order of the Court dated April 8, 2003, was to implement the Asbestos BI Claims Resolution Procedures. The Claims Procedures established methods for resolving Asbestos BI Claims and provide reasonable assurances that the Trust will value and be able to pay similar present and future claims in substantially the same manner.

Asbestos BI Claims can either be tendered directly to the Trust or to Travelers. The Trust will tender Asbestos BI Claims which it believes trigger any of the Policies to Travelers. Tender by the Trust of an Asbestos BI Claim to Travelers shall be considered a tender to all Insurers. Pursuant to the provisions of the Claims Procedures, the Trust shall establish a Payment Percentage which may be changed periodically (25.6% at December 31, 2025 and 2024). The Trust's share of a judgment entered pursuant to the Claims Procedures shall be the Liquidated Value as to any particular claim. For each Asbestos BI Claim which has been reduced to a Liquidated Value, Travelers will determine an Allocation Period, the period of Unaggregated Exposure and the period of Aggregated Exposure. In addition, for each Asbestos BI Claim which has been reduced to Liquidated Value, Travelers will determine the Covered Amount and the Uncovered Amount. The Amount Due to any particular Asbestos BI Claim is determined by multiplying the Liquidated Value by the Payment Percentage. The smaller of the Amount Due or the Covered Amount is the Paid Amount. At the direction of the Trust, certain Preserved Limits are immediately available for payment to claimants for whom the Paid Amount is less than the Amount Due. The Trust may instruct the Insurers to delay payment of Preserved Limits or to change the priority or order of payments as necessary to treat similar present and future Asbestos BI Claims on a substantially equivalent basis. As of December 31, 2025 and 2024, the Trust has not paid any Asbestos BI Claims.

Insurers' reimbursements: The Insurers have agreed to reimburse reasonable and necessary expenses incurred by the Trust after December 31, 2008, in fulfilling its obligations under the Plan, Policies, Claims Procedures, Trust Agreement and Plan Implementation Agreement, subject to a total maximum of $400,000 per calendar year. Trust expenses in excess of $400,000 incurred in a calendar year may be carried over to the following calendar year, subject to the continuing $400,000 annual maximum payment. No Trust expense may be carried over more than one year after it was incurred. Reimbursements received are applied first to the carried over Trust expenses, if any, before covering the current year expenses. In 2025 and 2024, the Trust received a total of $400,000 in reimbursements from the Insurers covering 2024 and 2023 expense carryovers of $400,000 in each year. As of December 31, 2025 and 2024, the Trust has $400,000 in each year of expenses that are eligible for reimbursement.

The Insurers have no obligation to reimburse Trust expenses incurred during any periods in which certain Trust assets exceed $1 million. When and if Trust assets fall below $1 million, the Insurers' obligation to reimburse Trust expenses will resume.

Note 2. Summary of Significant Accounting Policies

Basis of accounting: The Trust's financial statements are prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Interest-bearing cash is reported at fair value, generally $1, and is classified as a Level 1 asset in accordance with Financial Accounting Standards Board's Accounting Standards Codification Topic 820, Fair Value Measurements. All other Trust transactions and obligations are recorded on the cash basis.

Note 2. Summary of Significant Accounting Policies (Continued)

Use of estimates: The preparation of financial statements in conformity with the modified cash basis accounting principles requires the Trust Parties to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Subsequent events: The Trust has evaluated subsequent events for potential recognition and/or disclosure through January 15, 2026, the date the financial statements were available to be issued.

Note 3. Tax Status

The Trust is intended to qualify pursuant to Section 468B of the Internal Revenue Code and the Treasury Regulations as a qualified settlement fund and is subject to federal income taxes.

Accounting principles generally accepted in the United States of America require the Trustee to evaluate tax positions taken by the Trust and recognize a tax liability if the Trust has taken an uncertain position that more likely than not would not be sustained upon examination. The Trust is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Note 4. Trust Termination

The Trust shall terminate on the Termination Date. The Termination Date is defined as ninety days (90) after the first to occur of the following events:

1. All Asbestos BI Claims filed with the Trust have been allowed, liquidated and satisfied in accordance with the Trust Agreement and the Claims Procedures and 12 consecutive months have elapsed during which no new Asbestos BI Claims have been filed with the Trust and in the opinion of the Trustee, after consultation with the TAC and upon certification of a qualified epidemiologist, it is unlikely that new Asbestos BI Claims or Demands will be filed against the Trust.

2. If, in the judgment of the Trustee after consultation with the TAC, the continued administration of the Trust is uneconomic or inimical to the best interests of the persons holding Asbestos BI Claims or Demands and the Trustee has obtained an Order of the Bankruptcy Court that the termination of the Trust will not expose or subject any party protected by the Channeling Injunction to an increased or undue risk of liability on any Asbestos BI Claims, or in any other way jeopardize the validity, scope or enforceability of the Channeling Injunction; or

3. Twenty-one (21) years less ninety-one (91) days have passed after the death of the last survivor of all of the descendants of Joseph Patrick Kennedy living on the date thereof.

On the Termination Date, after providing for the payment of all of the Trust's liabilities, all monies remaining in the Trust shall be applied to charitable purposes as determined by the Trustee.

Note 5. Related-Party Transactions

Pursuant to Section 5.05 of the Trust Agreement, the Trustee is entitled to receive compensation for his services per annum plus reasonable out-of-pocket costs and expenses incurred in connection with the performance of his duties. This amount may be increased or decreased annually proportionately with any increase or decrease in the Consumer Price Index for the corresponding annual period.

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