IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
W.R. GRACE & CO., *et al.*,	)	Case No. 01-01139 (KG)
	)	
Reorganized Debtors.	)	Jointly Administered

NOTICE OF FILING ANNUAL REPORT AND CLAIMS SUMMARY

The WRG Asbestos PI Trust (the "Trust") hereby files its Audited Financial Statements for the fiscal year ending December 31, 2016 and an Annual Report for the period covered by the Audited Financial Statements. The Annual Report and Financial Statements are attached hereto as Exhibit 1.

Pursuant to the provisions of the WRG Asbestos PI Trust Agreement, the Trust is providing copies of the Annual Report and the Financial Statements to the Trust Advisory Committee, the Legal Representative, the United States Trustee and the Reorganized Debtor.

Date: April 27, 2017

CAMPBELL & LEVINE, LLC

/s/ Kathleen Campbell Davis

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EXHIBIT 1

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
W.R. GRACE & CO., *et al.*,	)	Case No. 01-01139 (KG)
	)	
Reorganized Debtors.	)	Jointly Administered

ANNUAL REPORT AND ACCOUNT
OF THE WRG ASBESTOS PI TRUST
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2016

Lewis R. Sifford, Harry Huge, and Dean M. Trafelet, the Trustees of the WRG Asbestos PI Trust (the "Trust"), created pursuant to the First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code of W. R. Grace & Co., et al.; the Official Committee of Asbestos Personal Injury Claimants; the Asbestos PI Future Claimants' Representative; and the Official Committee of Equity Security Holders as Modified Through December 23, 2010, (the "Plan"), submit this Annual Report, Financial Statements, and Claims Summary for the fiscal year ending December 31, 2016.

I. INTRODUCTION

The purpose of this Annual Report is to fulfill the reporting requirements of the WRG Asbestos PI Trust Agreement (the "Trust Agreement") and to report to the Court on the actions taken by the Trustees on behalf of the Trust during the period January 1, 2016 to December 31, 2016 (the "Reporting Period").

Section 2.2(c) of the Trust Agreement provides:

The Trustees shall timely account to the Bankruptcy Court as follows:

> (i) The Trustees shall cause to be prepared and filed with the Bankruptcy Court, as soon as available, and in any event within one hundred and twenty (120) days following the end of each fiscal year, an annual report (the "**Annual Report**") containing financial statements of the PI Trust

W.R. Grace Asbestos Trust Annual Reports, 2016 annual report
ACL Doc 14509 · Page 3 of 38
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(including, without limitation, a balance sheet of the PI Trust as of the end of such fiscal year and a statement of operations for such fiscal year) audited by a firm of independent certified public accountants selected by the Trustees and accompanied by an opinion of such firm 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 generally accepted accounting principles. The Trustees shall provide a copy of such Annual Report to the TAC[1] and the Futures Representative when such reports are filed with the Bankruptcy Court.

(ii) Simultaneously with the filing of the Annual Report, the Trustees shall cause to be prepared and filed with the Bankruptcy Court a report containing a summary regarding the number and type of claims disposed of during the period covered by the financial statements. The Trustees shall provide a copy of such report to the TAC and the Futures Representatives when such report is filed.

(iii) All materials required to be filed with the Bankruptcy Court by this Section 2.2(c) shall be available for inspection by the public in accordance with procedures established by the Bankruptcy Court and shall be filed with the Office of the United States Trustee for the District of Delaware (the "**U.S. Trustee**").

The Trust Agreement further provides for the inclusion of a description of the amounts paid to the Trustees, the TAC, and the FCR in the accounts filed with the Bankruptcy Court and a description of any modification or amendments to the Trust Agreement or Trust Distribution Procedures (the "TDP"). See Sections 4.5(c), 5.6, 6.5, and 7.3.

II. BACKGROUND

On April 2, 2001, W. R. Grace & Co. and certain of its subsidiaries, debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors"), filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code. On January 31, 2011, the Court entered an Order in these cases confirming the Plan and on February 15, 2011, the

[1] Trust Advisory Committee.

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Bankruptcy Court entered the Order clarifying the prior Order. On June 11, 2012, the United States District Court for the District of Delaware affirmed the Bankruptcy Court's confirmation Order. Certain parties appealed the judgment of the District Court to the United States Court of Appeals for the Third Circuit (the "Third Circuit"). The Third Circuit affirmed the judgment of the District Court in each such appeal except for one, and the period for petitioning the Supreme Court of the United States for *certiorari* review for such affirmed appeals expired with no such petition being made. The Third Circuit dismissed the final remaining appeal with prejudice on February 3, 2014, pursuant to a stipulated dismissal agreement between the parties. On February 3, 2014 (the "Effective Date"), the Plan became effective and the Trustees began to manage the affairs of the Trust.

On or after the Effective Date, the Trust was funded as provided for in Section 7.2.2 of the Plan. The purpose of the Trust is to assume the liabilities of the Debtors, their predecessors and successors in interest, for all Asbestos PI Claims, as defined in the Plan, and to use the assets and income of the Trust to pay both present and future asbestos claimants in accordance with the Trust Agreement and the Trust Distribution Procedures in such a way that holders of Asbestos PI Claims are treated fairly, equitably, and reasonably in light of the finite assets available to satisfy such claims. See Trust Agreement, Section 1.2.

III. TRUST ADMINISTRATION

A. Trustees

Lewis R. Sifford, Harry Huge, and Dean M. Trafelet served as the Trustees of the Trust during the Reporting Period. Lewis R. Sifford served as the Managing Trustee during the Reporting Period.

During the Reporting Period, the Trustees held formal meetings in accordance with the requirements of the Trust Agreement. These meetings were designated as "regular meetings" under the Trust's By-laws. Each meeting was in person and was attended by representatives of the TAC and the FCR. In addition to these formal meetings, the Trustees held regularly scheduled weekly teleconferences, met individually with Trust advisors, held executive session and special purpose meetings, and devoted considerable time to Trust matters outside of scheduled meetings. Activities included monitoring and exercising oversight over the investment of Trust assets and the processing of claims pursuant to the Trust Distribution Procedures, and communicating with claimants regarding operations of the Trust and the processing of claims.

B. Trust Officers

Ankura Consulting Group, LLC served as the Trust's Executive Director during the Reporting Period.

C. Trust Advisory Committee

Russell W. Budd, John D. Cooney, Joseph F. Rice, Perry Weitz and Steven Kazan[2] served as Members of the Trust Advisory Committee (the "TAC Members") during the Reporting Period.

D. Futures Representative

Roger Frankel served as the Futures Representative (the "FCR") during the Reporting Period.

[2] Effective as of May 13, 2014, the Trust Agreement was amended with the consent of the TAC and FCR to increase the number of TAC Members to five (5). Steven Kazan became the fifth TAC Member.

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E. Claims Processing

During the Reporting Period, the Delaware Claims Processing Facility began to process the Trust's claims. The terms of the Trust's ownership interest in the Delaware Claims Processing Facility are detailed in the Audited Financial Statements[3].

F. Investment Management

Cambridge Associates LLC of Boston, Massachusetts continues to serve as the Trust's investment advisor. Cambridge Associates represents other asbestos settlement trusts and has significant experience advising such trusts on investment management. Cambridge Associates advises the Trustees on asset allocation, meeting liquidity needs, and the selection and oversight of individual investment managers for the Trust's portfolio. The Trust's invested assets are allocated in compliance with the Trust's investment guidelines. The Trust's investments are invested in fixed income, equity, and hedge fund investments recommended by Cambridge Associates after consideration of the currently forecasted timing of the liquidity needs of the Trust to pay claims and expenses, diversification, the Trust's status as a federal tax paying "qualified settlement fund," and such other factors as Cambridge Associates considers relevant to forming its recommendation. The asset allocation at the end of the reporting period is approximately as follows: 84% of the Trust's invested assets are committed to fixed income; 11% of the Trust's invested assets are committed to equities; 5% of the Trust's invested assets are committed to hedge fund managers.

The Trust continues to retain: Independent Franchise Partners, Kiltearn, Northern Trust, and Select Equity as equity managers; Breckinridge Capital, Deutsche Bank, Eaton Vance, First Principles Capital Management and Income Research & Management as municipal bond

[3] Audited Financial Statements at Note 4.

managers. The Trust also continues to retain the following managers in the hedge fund program: BlueMountain, DL Partners, Och-Ziff, Governors Lane, GSO, Hitchwood, Sachem Head, Force, Luxor, Sheffield and Three Bays. The hedge fund program invests in well diversified arbitrage strategies and secondarily in long/short equity strategies. Broadly speaking, the hedge fund program is intended to generate, over a full market cycle, close to equity-like returns with lower volatility and lower correlation to the rest of the Trust's portfolio. The other expected benefits of the hedge fund program are diversification (e.g., access to specialized strategies not otherwise available in the other equity or fixed income investments), superior performance (versus long-only equities) in down equity markets, and access to some of the most talented investment managers. At Cambridge Associates' recommendation, the Trust has retained hedge fund managers who use no or minimal leverage, who employ trading strategies that are understandable to the Trustees, and who provide appropriate portfolio transparency to Cambridge Associates and to the Trust.

Northern Trust serves as Custodian for the Trust's separately managed investment accounts. The Trust utilizes custodian accounts, ACH transfer and zero-balance banking accounts to reduce its exposure to bank risk.

During the Reporting Period, the Trustees regularly met with Cambridge Associates for updates and reports on the Trust's investments.

G. Insurance Coverage Litigation

Upon the Effective Date, pursuant to the Plan, the Trust received the right to pursue certain unsettled insurance coverage and the rights to certain proceeds paid pursuant to Asbestos PI Insurance Settlement Agreements. The Trust retained the firm of Anderson Kill, P.C. as Special Insurance Counsel to the Trust. Prior to the Effective Date of the Plan of

Reorganization, the Debtors and other Plan Proponents reached settlement agreements with many of the Debtor's historical insurance companies that required the settling insurance companies to make cash payments to or for the benefit of the Trust. Certain of those agreements required the settling insurance companies to make payments into escrow accounts during the pendency of the bankruptcy case, and those escrow accounts were released to the Trust in the first quarter of 2014. Certain other settlement agreements required the insurance companies to pay settlement proceeds to the Trust after the Plan's Effective Date in 2014, and the Trust received substantial payments from insurance companies in 2014. In addition, some of these settlement agreements require the settling insurance companies to make payments to the Trust on agreed-to payment schedules that extend beyond 2014 or to reimburse the Trust as the Trust pays claims. As a result, the Trust anticipates receiving additional payments through 2020 under these settlement agreements. Although the Plan Proponents settled with many of the Debtors' insurance companies prior to the Plan's Effective Date, they did not settle with all of the Debtors' insurance companies. Accordingly, in 2014, the Trust initiated settlement discussions with some solvent and insolvent domestic insurance companies (and state insurance guaranty associations) that had not settled with the Plan Proponents prior to the Plan's Effective Date. In 2014, three insurance companies, Geico, Republic and Axa filed a declaratory judgment against the Trust seeking a declaration that they do not owe any or at most limited coverage to the Trust. As claims had not yet reached the level of these excess insurance policies, the U.S. District Court for the Southern District of New York put their action on a suspense docket until the issue of coverage with these excess insurance companies becomes ripe.

H. Counsel

Campbell & Levine, LLC of Pittsburgh, Pennsylvania and Wilmington, Delaware serves as general counsel to the Trust. Anderson Kill, P.C. of New York, New York serves as Special Insurance Counsel to the Trust.

IV. ANNUAL REPORT AND ACCOUNTING

The Trust began accepting and processing Unliquidated claims on August 25, 2014.

As of December 31, 2016, the Trust had paid a total of 12,236 Pre-Petition Liquidated PI Trust Claims. Of the claims paid, there were 359 malignancy claims and 11,877 non-malignancy claims. After application of the payment percentage and applicable sequencing adjustment, the Trust paid approximately $22.71 million to asbestos victims in settlement of their Pre-Petition Liquidated PI Trust Claims. The malignant to non-malignant ratio of the Pre-Petition Liquidated PI Trust Claims paid in number was 1/33 and the malignant to non-malignant ratio of the Pre-Petition Liquidated Trust Claims in dollars paid was 1/1.4.

As of December 31, 2016, the Trust had received 344,294 Unliquidated PI Trust Claims and paid a total of 72,771 claims since the date of inception of the Trust. Of the claims paid, there were 14,903 malignancy claims and 57,868 non-malignancy claims. After application of the payment percentage and applicable sequencing adjustment, the Trust paid approximately $548.21 million to asbestos victims in settlement of their Unliquidated PI Trust Claims since the date of inception of the Trust. The malignant to non-malignant ratio of the Unliquidated PI Trust Claims paid in number was 1/4 and the malignant to non-malignant ratio of the Unliquidated Trust Claims in dollars paid was 5.8/1.

During the reporting period, the Trust paid a total of 400 Pre-Petition Liquidated PI Trust Claims. Of the claims paid, there were 64 malignancy claims and 336 non-malignancy claims.

After application of the payment percentage and applicable sequencing adjustment, the Trust paid approximately $1.38 million to asbestos victims in settlement of their Pre-Petition Liquidated PI Trust Claims. The malignant to non-malignant ratio of the Pre-Petition Liquidated PI Trust Claims paid in number was 1/5.3 and the malignant to non-malignant ratio of the Pre-Petition Liquidated Trust Claims in dollars paid was 3.1/1.

During the reporting period, the Trust received 50,550 Unliquidated PI Trust Claims. Out of the Trust's pending claims filed since inception, the Trust paid a total of 22,240 claims during the reporting period. Of the claims paid, there were 5,503 malignancy claims and 16,737 non-malignancy claims. After application of the payment percentage and applicable sequencing adjustment, the Trust paid approximately $192.1 million to asbestos victims in settlement of their Unliquidated PI Trust Claims. The malignant to non-malignant ratio of the Unliquidated PI Trust Claims paid in number was 1/3 and the malignant to non-malignant ratio of the Unliquidated Trust Claims in dollars paid was 6.8/1.

A summary of the claims processing procedures and policies may be found at the Trust website at www.wrgraceasbestostrust.com.

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B. Financial Information

The Trust's audited financial statements for the Reporting Period are attached hereto as Exhibit "A." The financial statements were audited by BDO USA, LLP.

Date: April 27, 2017

CAMPBELL & LEVINE, LLC

/s/ Kathleen Campbell Davis

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Counsel to WRG Asbestos PI Trust

EXHIBIT A

WRG Asbestos PI Trust

Audited Special-Purpose Financial Statements with Supplementary Information

Years Ended December 31, 2016 and 2015

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

WRG Asbestos PI Trust

Audited Special-Purpose Financial Statements with Supplementary Information

Years Ended December 31, 2016 and 2015

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WRG Asbestos PI Trust

Contents

Independent Auditor's Report 1-2

Special - Purpose Financial Statements

Special-Purpose Statements of Assets, Liabilities and Net Assets Available for the Payment of Claims 3

Special-Purpose Statements of Changes in Net Assets Available for the Payment of Claims 4

Special-Purpose Statements of Cash Flows 5

Notes to the Special-Purpose Financial Statements 6-15

Supplementary Information

Independent Auditor's Report on Supplementary Information 16

Supplementary Schedule of Operating Expenses 17

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8401 Greensboro Drive
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Independent Auditor's Report

Trustees
WRG Asbestos PI Trust
Wilmington, Delaware

We have audited the accompanying special-purpose financial statements of the WRG Asbestos PI Trust (the Trust) (a statutory Trust created under the laws of the State of Delaware), which comprise the special-purpose statements of assets, liabilities, and net assets available for the payment of claims as of December 31, 2016 and 2015, and the related special-purpose statements of changes in net assets available for the payment of claims and the special-purpose statements of cash flows for the years then ended and the related notes to the special-purpose financial statements.

Management's Responsibility for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with the basis of accounting described in Note 2 to the special-purpose financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose 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 special-purpose financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free from material misstatement.

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

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

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the assets and liabilities of WRG Asbestos PI Trust as of December 31, 2016 and 2015, and the additions, deductions and cash flows for the years then ended, in accordance with the basis of accounting described in Note 2 to the special-purpose financial statements.

Basis of Accounting

We draw attention to Note 2 of the special-purpose financial statements, which describes the basis of accounting. As described in Note 2, these special-purpose financial statements were prepared on a special-purpose 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. The special-purpose basis of accounting has been used in order to communicate the amount of net assets presently available to fund current and future claims.

Restriction of Use

Our report is intended solely for the information and use of the management of the Trust, the Trustees, the Future Claimants' Representative, the Trust Advisory Committee, the beneficiaries of the Trust, and the United States Bankruptcy Court for the District of Delaware 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 District of Delaware, is a matter of public record.

BDO USA, LLP

McLean, Virginia
April 18, 2017

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Special-Purpose Financial Statements

WRG Asbestos PI Trust

Special-Purpose Statements of Assets, Liabilities, and Net Assets Available for the Payment of Claims

December 31,	2016	2015
Assets		
Cash and cash equivalents	$ 106,763,143	$ 107,597,321
Investments, at fair value		
Bonds	2,407,723,340	2,538,270,179
Equity securities	217,328,833	198,652,246
International equity funds	106,993,508	96,644,423
Hedge funds	138,181,068	134,683,281
Interest receivable	26,679,191	27,993,664
Other assets	15,153	-
Total assets	3,003,684,236	3,103,841,114
Liabilities		
Accrued expenses and accounts payable	1,826,053	1,099,005
Settled but unpaid claims	6,840,467	8,409,094
Total liabilities	8,666,520	9,508,099
Net assets available for the payment of claims	$ 2,995,017,716	$ 3,094,333,015

See accompanying notes to the special-purpose financial statements.

WRG Asbestos PI Trust

Special-Purpose Statements of Changes in Net Assets Available for the Payment of Claims

Years Ended December 31,	2016	2015
Additions		
Insurance recoveries	$ 62,842,978	$ 41,424,909
Interest and dividend income	53,160,566	49,215,955
Federal income tax refund	7,275,510	-
Net (depreciation) appreciation in fair value of investment securities	(27,640,143)	10,085,031
Net change in fair value of international equity funds	10,349,085	(1,171,403)
Net change in fair value of hedge funds	3,497,787	(7,947,697)
Total additions	109,485,783	91,606,795
Deductions		
Federal income tax expense	420,000	2,135,472
Personal injury claims expense	191,964,944	359,533,804
Operating expenses	10,762,181	10,002,602
Claims processing expenses	5,653,957	5,605,661
Total deductions	208,801,082	377,277,539
Decrease in net assets available for the payment of claims	(99,315,299)	(285,670,744)
Net assets available for the payment of claims		
Beginning of the year	3,094,333,015	3,380,003,759
End of the year	$ 2,995,017,716	$ 3,094,333,015

See accompanying notes to the special-purpose financial statements.

WRG Asbestos PI Trust

Special-Purpose Statements of Cash Flows

Years Ended December 31,	2016	2015
Cash flows from operating activities:		
Decrease in net assets available for the payment of claims	$ (99,315,299)	$ (285,670,744)
Adjustments to reconcile decrease in net assets available for the payment of claims to net cash used in operating activities:		
Net depreciation (appreciation) in fair value of investment securities	27,640,143	(10,085,031)
Net change in fair value of international equity funds	(10,349,085)	1,171,403
Net change in fair value of hedge funds	(3,497,787)	7,947,697
Amortization of premiums on bonds, net	55,149,905	42,488,365
Changes in operating assets and liabilities		
Interest receivable	1,314,473	(12,936,535)
Accrued expenses and accounts payable	727,048	(1,132,390)
Settled but unpaid claims	(1,568,627)	5,462,483
Other assets	(15,153)	-
Federal taxes payable	-	(19,600,000)
Total adjustments	69,400,917	13,315,992
Net cash used in operating activities	(29,914,382)	(272,354,752)
Cash flows from investing activities:		
Sales and maturities of bonds	1,004,514,205	732,564,305
Purchases of bonds	(965,962,621)	(1,554,639,420)
Sales of equity securities	35,891,874	540,111,571
Purchases of equity securities	(45,363,254)	(55,190,892)
Purchases of investments in international equity funds	-	(10,000,000)
Purchases of investments in hedge funds	-	(69,000,000)
Net cash provided by (used in) investing activities	29,080,204	(416,154,436)
Net decrease in cash and cash equivalents	(834,178)	(688,509,188)
Cash and cash equivalents at the beginning of the year	107,597,321	796,106,509
Cash and cash equivalents at the end of the year	$ 106,763,143	$ 107,597,321

See accompanying notes to the special-purpose financial statements.

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1. Description of the Trust

On April 2, 2001, W.R. Grace & Co. (WRG) and 61 of its United States subsidiaries and affiliates including W. R. Grace & Co.-Conn., A-1 Bit & Tool Co., Inc., Alewife Boston Ltd., Alewife Land Corporation, Amicon, Inc., CB Biomedical, Inc. (f/k/a Circe Biomedical, Inc.), CCHP, Inc., Coalgrace, Inc., Coalgrace II, Inc., Creative Food 'N Fun Company, Darex Puerto Rico, Inc., Del Taco Restaurants, Inc., Dewey and Almy, LLC (f/k/a Dewey and Almy Company), Ecarg, Inc., Five Alewife Boston Ltd., G C Limited Partners I, Inc. (f/k/a Grace Cocoa Limited Partners I, Inc.), G C Management, Inc. (f/k/a Grace Cocoa Management, Inc.), GEC Management Corporation, GN Holdings, Inc., GPC Thomasville Corp., Gloucester New Communities Company, Inc., Grace A-B Inc., Grace A-B II Inc., Grace Chemical Company of Cuba, Grace Culinary Systems, Inc., Grace Drilling Company, Grace Energy Corporation, Grace Environmental, Inc., Grace Europe, Inc., Grace H-G Inc., Grace H-G II Inc., Grace Hotel Services Corporation, Grace International Holdings, Inc. (f/k/a Dearborn International Holdings, Inc.), Grace Offshore Company, Grace PAR Corporation, Grace Petroleum Libya Incorporated, Grace Tarpon Investors, Inc., Grace Ventures Corp., Grace Washington, Inc., W. R. Grace Capital Corporation, W. R. Grace Land Corporation, Gracoal, Inc., Gracoal II, Inc., Guanica Caribe Land Development Corporation, Hanover Square Corporation, Romeo International, Inc., Kootenai Development Company, L B Realty, Inc., Litigation Management, Inc. (f/k/a GHSC Holding, Inc., Grace NH, Inc., Asbestos Management, Inc.), Monolith Enterprises, Incorporated, Monroe Street, Inc., MRA Holdings Corp. (f/k/a Nestor-BNA Holdings Corporation), MRA Intermedco, Inc. (f/k/a Nestor-BNA, Inc.), MRA Staffing Systems, Inc. (f/k/a British Nursing Association, Inc.), Remedium Group, Inc. (f/k/a Environmental Liability Management, Inc., E&C Liquidating Corp., Emerson & Cuming, Inc.), Southern Oil, Resin & Fiberglass, Inc., Water Street Corporation, Axial Basin Ranch Company, CC Partners (f/k/a Cross Country Staffing), Hayden-Gulch West Coal Company, and H-G Coal Company (collectively, the Debtors) voluntarily filed petitions for reorganization under Chapter 11 of the United States Bankruptcy Code with the United States Bankruptcy Court for the District of Delaware (the Bankruptcy Court). On January 31, 2011, the Bankruptcy Court entered an order (the Confirmation Order) confirming the modified joint plan of reorganization (the Confirmed Plan) proposed and filed by the Debtors and supported by the Asbestos Personal Injury Committee, the Legal Representative representing the interests of future asbestos bodily injury claimants, and the Creditors Committee. On January 30, 2012, the United States District Court for the District of Delaware adopted, issued and affirmed the Confirmation Order. The Confirmation Order has become final and cannot be appealed. The Confirmed Plan became effective on February 3, 2014 (the Effective Date or the Effective Date of the Plan of Reorganization).

The essential elements of the Confirmed Plan include, among other things: the creation of the WRG Asbestos PI Trust (the Trust) to assume all liabilities and obligations for all Asbestos PI Claims (as defined in the Confirmed Plan) (Asbestos PI Trust Claims) and to use the Trust assets and income to pay the holders of all Asbestos PI Trust Claims in accordance with the Trust Agreement and the Trust Distribution Procedures (TDP) in such a way that such holders of Asbestos PI Trust Claims are treated fairly, equitably and reasonably in light of the limited assets available to satisfy such claims, and to otherwise comply in all respects with the requirements of a trust set forth in section 524(g)(2)(B) of the Bankruptcy Code.

The Trustees are responsible for supervising and administering the Trust and the use of the Trust's assets and income to pay the holders of all Asbestos PI Trust Claims in accordance with the terms of and the purposes set forth in the Trust Agreement and the TDP.

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2. Summary of Significant Accounting Policies

Basis of presentation

The Trust's special-purpose financial statements are prepared using special-purpose accounting methods adopted by the Trust, which differ from accounting principles generally accepted in the United States of America (GAAP). The special-purpose accounting methods were adopted in order to communicate to the beneficiaries of the Trust the net assets available for the payment of claims and the related operating expenses of the Trust. Since the accompanying special-purpose financial statements are not based upon GAAP, the accounting treatment by other parties for these same transactions may differ as to timing and amount. The special-purpose accounting methods include the following:

- Assets are generally recorded when they are received by the Trust and are available for the payment of asbestos claims.

- Future fixed liabilities under contractual obligations and other agreements entered into by the Trust are recorded as deductions from net assets available for the payment of claims in the same period that such contractual obligations or agreements are signed. Under GAAP, liabilities and contractual obligations are recorded over the period that is benefited by the underlying contract or agreement.

- The full amounts of claims are expensed in the period in which the confirmed claims are settled. A settled claim is a claim that has been allowed by the Trust and accepted by the claimant, with an approved release. Under GAAP, a liability would be recorded for an estimate of the amount to be paid for claims that have been incurred but not yet reported, and for those claims that have been submitted but not yet approved for payment by the Trust.

- Payments for services to be received over an extended period in the future are expensed as paid because these amounts are no longer available for the payment of claims. Under GAAP, an asset would be recorded and amortized over the period in which the related benefits are received.

- Payments for property and equipment are expensed as incurred. Under GAAP, payments for property and equipment are capitalized and depreciated over the useful lives of the assets. To date, the Trust has incurred no expense related to purchases of property and equipment.

- Income tax expense is estimated and recorded as incurred in the period in which certain income and expense items affect current federal income taxes payable. Under GAAP, the provision for income taxes is recorded based upon income reported for special-purpose financial statement purposes, and federal and state income taxes both currently payable and changes in deferred taxes due to differences between financial reporting and tax bases of assets and liabilities. Under GAAP, deferred taxes include a provision for taxes attributable to changes in unrealized gains and losses on investments.

- Asbestos insurance recoveries are not recorded until the funds are received from the insurance carriers. These recoveries come from various insurance settlements, which were obtained by WRG and related entities including Debtors and other affiliates and assigned to the Trust. The insurance policies cover, among other things, products and general liability claims. Future recoveries under such settlements have been assigned to the Trust pursuant to the

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Confirmed Plan. Under GAAP, asbestos insurance recoveries are recorded upon settlement and assurance of collectability.

- Under GAAP, for financial statement disclosure purposes all investments would be categorized based on the priority of inputs used to measure fair value. Under GAAP, inputs used in measuring fair value are categorized into three levels. Level 1 includes inputs that are based upon quoted prices for identical instruments traded in active markets. Level 2 includes inputs that are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar investments in markets that are not active, or models based on valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the investment. Level 3 includes inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques. The accompanying special-purpose financial statements do not categorize all investments into these levels.

Use of estimates

The preparation of special-purpose financial statements in conformity with the special-purpose accounting methods described above requires the Trust to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and the disclosures of contingent assets and liabilities at the date of the special-purpose financial statements, as well as the reported amounts of additions and deductions to the net assets available for the payment of claims during the reporting period. Actual results could differ from those estimates and such differences could have a material effect on the net assets available for the payment of claims.

Cash equivalents

The Trust considers all highly liquid instruments with original maturities of three months or less to be cash equivalents.

Investments

Investment securities are stated at fair market value. Fair market value for investment securities, other than hedge funds, are based on quoted market prices for identical or similar instruments traded in active markets as of the date of the special-purpose financial statements. The fair market value for hedge funds is based on the Trust's proportionate share of each funds' net assets, as reported as of the date of the special-purpose financial statements. The net appreciation or depreciation in fair market value of investments in the accompanying special-purpose statements of changes in net assets available for the payment of claims consists of realized gains or losses on sales of investments and the changes in unrealized gains or losses on investments held. Investment income is recognized when earned. All interest and dividend income, net of investment expenses, are included in interest and dividend income in the accompanying special-purpose statements of changes in net assets available for the payment of claims. Gains and losses on sales of investment securities are determined using the average cost method.

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Accrued expenses and accounts payable

Accrued expenses and accounts payable consist of accruals and outstanding invoices associated with managing and operating the Trust.

Operating expenses

Operating expenses of the Trust are paid from the net assets available for the payment of claims when invoices are received.

Claims processing expenses

Claims processing expenses are paid from net assets available for the payment of claims when invoices are received.

Income taxes

The Trust is classified as a Qualified Settlement Fund pursuant to the Internal Revenue Code and Regulations thereunder (the Code). As a result, the Trust is subject to federal income taxation based on modified gross income, as defined by the Code. In the opinion of the Trustees and advisors, the Trust is not subject to state income taxes and, therefore, the special-purpose financial statements do not include any provision or liability for state income taxes.

Income tax expense is estimated and includes amounts payable or receivable under current federal income taxes.

The Trust records income tax expense (or benefit) associated with amounts payable (or receivable) under current federal income taxes, and does not record a provision for (or benefit from) deferred taxes. Accordingly, there is no provision for deferred taxes associated with changes in cumulative unrealized gains and losses on investments (see Note 5). The income taxes associated with gains on investments will be recorded in the Trust's special-purpose financial statements when the net gains are realized (i.e. the securities are sold) and the taxes become currently payable.

Risks and uncertainties

The Trust's assets that are exposed to credit risk consist primarily of cash and cash equivalents and investments in equity securities, municipal bonds, and hedge funds. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Trust has never experienced any losses related to these balances. Amounts on deposit in excess of federally insured limits at December 31, 2016 approximate $106 million.

The Trust invests in a professionally managed portfolio that contains common shares of publicly traded companies, U.S. and Canadian government obligations, money market funds, and hedge funds. Such investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Trust's account balance and the amounts reported in the special-purpose statements of assets, liabilities and net assets available for the payment of claims.

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Reclassifications

Certain amounts presented in the 2015 special-purpose financial statements have been reclassified to conform to the 2016 presentation. These reclassifications have no effect on the previously recorded decrease in net assets available for the payment of claims.

3. Related Parties

On February 28, 2014, the Trust became a member in the Delaware Claims Processing Facility (DCPF), a limited liability company, under an agreement with five other Qualified Settlement Funds. The purpose of the DCPF is to operate a claims processing facility. At inception, the Trust contributed $100 in capital to this entity. Effective February 28, 2014, this entity began processing all of the Trust's Asbestos Claims.

The Trust paid expenses related to the operation of this entity of $5,653,957 and $5,605,661 for the years ended December 31, 2016 and 2015, respectively. Expenses charged to the Trust related to the operation of this entity include start-up costs, direct labor expense, other direct expenses, and an allocation of common costs.

4. Investment Securities

Investments in bonds and equity securities consist of the following at December 31:

	2016			
Description	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Bonds	$ 2,428,020,982	$ 9,510,260	$ (29,807,902)	$ 2,407,723,340
Equity securities	186,162,717	35,784,684	(4,618,568)	217,328,833
	$ 2,614,183,699	$ 45,294,944	$ (34,426,470)	$ 2,625,052,173

	2015			
Description	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Bonds	$ 2,520,863,874	$ 28,374,529	$ (10,968,224)	$ 2,538,270,179
Equity securities	190,870,787	20,430,013	(12,648,554)	198,652,246
	$ 2,711,734,661	$ 48,804,542	$ (23,616,778)	$ 2,736,922,425

Net (depreciation) appreciation in the fair value of investment securities of amounts $(27,640,143) and $10,085,031 for the years ended December 31, 2016 and 2015, respectively, consists of the net change in unrealized gains (losses) and net realized gains (losses) from investment sales.

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Net unrealized gains and losses

The net change in unrealized gains (losses) from market appreciation (depreciation) is comprised of the following investments securities for the years ended December 31, 2016 and 2015:

	2016	2015
Bonds	$ (37,703,947)	$ 19,127,187
Equity securities	23,384,657	1,739,172
	$ (14,319,290)	$ 20,866,359

Realized gains and losses

Net realized gains (losses) from investment sales consist of the following for the years ended December 31, 2016 and 2015:

	2016	2015
Bonds	$ 858,597	$ 2,043,066
Equity securities	(14,179,450)	(12,824,394)
	$ (13,320,853)	$(10,781,328)

Summary of changes in investments in international equity funds

The table below sets forth a summary of changes in the fair value of the Trust's investment in international equity funds for the years ended December 31, 2016 and 2015:

	2016	2015
Balance, beginning of year	$ 96,644,423	$ 87,815,826
Purchases	-	10,000,000
Net change in fair value	10,349,085	(1,171,403)
Balance, end of year	$ 106,993,508	$ 96,644,423

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Summary of changes in investments in hedge funds

The table below sets forth a summary of changes in the fair value of the Trust's investments in hedge funds for the years ended December 31, 2016 and 2015:

	2016	2015
Balance, beginning of year	$ 134,683,281	$ 73,630,978
Purchases	-	69,000,000
Net change in fair value	3,497,787	(7,947,697)
Balance, end of year	$ 138,181,068	$ 134,683,281

The major categories of the Trust's investment in hedge fund and international equities investments, including general information related to each category, are as follows:

	Fair Value 2016	Fair Value 2015	Redemption Frequency (if Currently Eligible)	First/Next Redemption	Notice Period (days)	Gate
(a)						
Multi-strategy fund	$ 22,574,737	$ 21,677,922	Annually	September 29, 2017	45	0%
Multi-strategy fund	15,401,981	16,212,569	Annually	September 30, 2017	44	25%
Multi-strategy fund	10,866,671	10,036,372	Every 2 Years	September 30, 2018	90	0%
Multi-strategy fund	15,975,446	14,452,101	Quarterly	March 31, 2017	67	0%
	64,818,835	62,378,964				
(b)						
Long/short fund	17,945,468	16,855,786	Quarterly	June 30, 2017	95	0%
Long/short fund	11,993,977	11,321,202	Semi Annually	June 30, 2017	90	20%
Long/short fund	8,871,226	8,957,284	Quarterly	March 31, 2017	60	0%
Long/short fund	9,812,747	9,890,763	Quarterly	March 31, 2017	65	0%
Long/short fund	7,794,754	8,208,159	Not eligible	June 30, 2017	45	0%
Long/short fund	9,194,689	8,696,537	Annually	May 31, 2017	65	25%
Long/short fund	7,749,372	8,374,586	Not eligible	June 30, 2018	75	0%
	73,362,233	72,304,317				
	$ 138,181,068	$ 134,683,281				
(c)						
International equity	$ 33,344,640	$ 32,552,867	Monthly	January 31, 2017	30	3%
International equity	46,802,219	38,818,818	Monthly	January 2, 2017	6	None
International equity	26,846,649	25,272,738	Semi Monthly	January 15, 2017	None	5%
	$ 106,993,508	$ 96,644,423				

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(a) Hedge funds within this category use a variety of strategies to diversify risks and reduce volatility. These strategies include seeking capital appreciation through event-driven investments that seek to exploit situations in which announced or anticipated events create inefficiencies in the pricing of securities, investing in securities of issuers experiencing financial distress, investing in event-driven and risk arbitrage securities, and purchasing long and selling short in publicly-traded securities and loans. Other strategies of funds in this category include investing in U.S. and non-U.S companies' debt and equity securities, investing in event-driven situations involving litigation, regulatory or legislative changes, and global investments focused on investments with capital structure changes, spin-offs, recapitalizations, liquidations, and reorganization among other events. The fair value of the hedge fund investments in this category was estimated based on the Trust's proportionate share of each fund's net assets, as reported on the respective funds' financial statements for the years ended, December 31, 2016 and 2015.

(b) Hedge funds in this category employ long and short trading strategies in various markets. More specifically, these long/short strategies include preservation and growth of capital over the long-term through investments in U.S. and international public equities of consumer related companies, and equities and equity-related securities of companies in the Western European markets. The fair value of the hedge fund investments in this category was estimated based on the Trust's proportionate share of each fund's net assets, as reported on the respective funds' financial statements for the years ended December 31, 2016 and 2015.

(c) The international equity funds within this category invest primarily in equity securities. The objective of these funds is to achieve maximum total return by investing primarily in equity securities of non-U.S. domiciled issuers by selecting long term portfolio securities on the basis of research and fundamental analysis, and seeking to take opportunistic advantage of market inefficiencies by trading securities with a shorter horizon, to afford participants an opportunity to obtain long-term growth primarily from a diverse portfolio of global equity securities, and to achieve an attractive long-term rate of return and to outperform the MSCI World (Net) Index over a full market cycle by investing primarily in equity securities listed on global stock exchanges.

5. Income Taxes

During the years ended December 31, 2016 and 2015, the Trust paid income taxes totaling approximately $420,000 and $21,600,000, respectively. During the years ended December 31, 2016 and 2015, the Trust was refunded income taxes totaling approximately $7,275,510 and $0, respectively. The net of these amounts have been recorded as income tax refund and income tax expense, respectively, in the accompanying special-purpose statements of changes in net assets available for the payment of claims.

As of December 31, 2016, the Trust has a net operating loss carryforward and a net capital loss carryforward totaling approximately $10,600,000 and $27,600,000, respectively, available to offset future taxable income/gains. As disclosed in Note 2 to the special-purpose financial statements, the Trust does not record a provision for (or benefit from) deferred taxes. Accordingly, there is no provision for deferred taxes associated with net operating loss carry forwards, net capital loss carryforwards, or cumulative unrealized gains and losses on investments.

6. Insurance Recoveries

During the years ended December 31, 2016 and 2015, the Trust received insurance recoveries from insurers in the amount of $62,842,978 and $41,424,909, respectively. Under the terms of settlement agreements with certain insurance companies, the Trust may be entitled to future insurances recoveries. In accordance with the Trust's accounting policies, such insurance recoveries are recorded as an addition to net assets available for the payment of claims when the funds are received from the insurance companies.

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7. Contingent Liabilities

The Plan Documents (as defined in the Confirmed Plan) subject the Trust to certain reimbursement and indemnification obligations that may result in future claims against the Trust. The probability of such claims cannot be reasonably determined. Accordingly, no associated liability has been recorded in the accompanying special-purpose financial statements. Such claims, if any, are not expected to be material. The Trust has obtained insurance for purposes of supporting its obligation to indemnify the Trustees.

8. Liability for Asbestos Claims

The settled but unpaid claims liability at December 31, 2016 and 2015 consists of personal injury claims that were settled and approved for payment by the Trust, but were unpaid as of December 31, 2016 and 2015, respectively. These amounts have been included in settled but unpaid claims in the accompanying special-purpose statements of assets, liabilities and net assets available for the payment of claims and in personal injury claims settled expense in the accompanying special-purpose statements of changes in net assets available for the payment of claims for the years ended December 31, 2016 and 2015.

The ultimate number of Asbestos PI Trust Claims to be filed and the liability for all such claims are uncertain at this time. The net assets available for the payment of claims at December 31, 2016 and 2015 represent funding available for all Asbestos Personal Injury Trust Claims for which no fixed liability has yet been established. The net assets available for the payment of claims at December 31, 2016 and 2015 may or may not be sufficient to meet all future obligations of the Trust.

9. Trust Liability Insurance

The Trust purchased liability insurance requiring premiums of $458,441 and $580,459 during the years ended December 31, 2016 and 2015, respectively. The current policy term is from February 3, 2016 to February 3, 2017. The Trust's accounting policy is to expense in the current period any amounts that will not be available to pay future Asbestos PI Trust Claims or expenses of the Trust. Accordingly, $458,441 and $580,459 was recorded as a deduction in net assets available for the payment of claims during the years ended December 31, 2016 and 2015, respectively.

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10. Trustees, Trust Advisory Committee, and Future Claimants Representative

Fees and expenses of the Trustees, trustees' advisory committee, and future claimants' representative for the years ended December 31, 2016 and 2015 were as follows:

	2016			
	Fees	Retainer	Expenses	Total
Trustees	$ 426,174	$ 181,679	$ 33,319	$ 641,172
Future Claimants' Representative	142,502	-	1,959	144,461
Future Claimants' Representative Counsel	131,775	-	1,100	132,875
Trust Advisory Committee	1,565	-	836	2,401
Trust Advisory Committee Counsel	88,147	-	3,402	91,549
Delaware Claims Processing Facility Board of Managers	55,754	-	-	55,754
	$ 845,917	$ 181,679	$ 40,616	$ 1,068,212

	2015			
	Fees	Retainer	Expenses	Total
Trustees	$ 491,771	$ 180,000	$ 52,013	$ 723,784
Future Claimants' Representative	103,580	-	1,928	105,508
Future Claimants' Representative Counsel	112,088	-	1,363	113,451
Trust Advisory Committee	7,000	-	4,005	11,005
Trust Advisory Committee Counsel	113,051	-	5,034	118,085
Delaware Claims Processing Facility Board of Managers	36,625	-	-	36,625
	$ 864,115	$ 180,000	$ 64,343	$ 1,108,458

The above amounts are included in operating expenses in the special-purpose statements of changes in net assets available for the payment of claims for the years ended December 31, 2016 and 2015.

11. Subsequent Events

The Trust has evaluated its December 31, 2016 special-purpose financial statements for subsequent events through April 18, 2017 the date the special-purpose financial statements were available to be issued. The Trust is not aware of any subsequent events which would require recognition or disclosure in the special-purpose financial statements.

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WRG Asbestos PI Trust

Supplementary Information
For the Years Ended December 31, 2016 and 2015

BDO

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8401 Greensboro Drive
Suite 800
McLean, VA 22102

Independent Auditor's Report on Supplementary Information

Trustees
WRG Asbestos PI Trust
Wilmington, Delaware

Our audit of the special-purpose financial statements included in the preceding section of this report was conducted for the purpose of forming an opinion on those special-purpose statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the special-purpose financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special-purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the special-purpose financial statements as a whole.

BDO USA, LLP

April 18, 2017

WR Grace Asbestos PI Trust

Supplementary Schedule of Operating Expenses

Years ended December 31,	2016	2015
Investment advisory and management fees	$ 4,585,993	$ 4,125,069
Professional fees	1,801,938	1,234,071
Legal fees	1,902,332	1,812,491
Trustee fees, retainer, and expenses	641,172	723,784
Trust liability insurance	458,441	580,459
Future claimants' representative fees and expenses	147,461	207,323
Future claimants' representative counsel fees and expenses	132,875	113,451
TAC counsel fees and expenses	91,549	118,085
Accounting fees	754,995	952,980
Administrative fees	109,938	66,963
Delaware Claims Processing Facility Board of Managers	55,754	36,625
Miscellaneous operating expenses	77,332	20,296
TAC fees and expenses	2,401	11,005
Total operating expenses	$ 10,762,181	$ 10,002,602

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IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
W.R. GRACE & CO., *et al.*,	)	Case No. 01-01139 (KG)
	)	
Reorganized Debtors.	)	
	)	Jointly Administered

CERTIFICATE OF SERVICE

I, Kathleen Campbell Davis, of Campbell & Levine, LLC, hereby certify that on April 27, 2017, I caused a copy of the *Notice of Filing of Annual Report and Claims Summary* to be served upon the attached service list via first-class.

CAMPBELL & LEVINE, LLC

Dated: April 27, 2017

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