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UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

In re: PLANT INSULATION COMPANY, a California corporation, Debtor.	Case No. 09-31347-HLB Chapter 11 **FIFTH ANNUAL REPORT AND ACCOUNTING, AUDITED FINANCIAL STATEMENTS, AND CLAIM REPORT** Date: June 8, 2017 Time: 10:00 a.m. Place: Courtroom 19 450 Golden Gate Ave., 16th Floor San Francisco, CA 94102

The Trustees of the Plant Insulation Company Asbestos Settlement Trust by and through their counsel, Eve H. Karasik of Levene, Neale, Bender, Yoo & Brill hereby file this Fifth Annual Report and Accounting, Audited Financial Statements, and Claim Report.

Dated: April 26, 2017

Respectfully submitted,

/s/ Eve H. Karasik
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Bankruptcy Counsel for the Plant Insulation Company Asbestos Settlement Trust

FIFTH ANNUAL REPORT AND ACCOUNTING

OF PLANT INSULATION COMPANY ASBESTOS SETTLEMENT TRUST

The Trustees of the Plant Insulation Company Asbestos Settlement Trust ("Trust") hereby submit this Fifth Annual Report and Accounting ("Annual Report") covering Trust activities occurring from January 1, 2016 to and including December 31, 2016 ("Accounting Period"), and certain activities of the Trust that took place outside the Accounting Period. This Annual Report is submitted to the U.S. Bankruptcy Court for the Northern District of California, San Francisco Division, *In re Plant Insulation Company*, Case No. 09-31347-HLB, in accordance with the *Amended and Restated Second Amended Plan of Reorganization of Plant Insulation Company* filed on April 2, 2012 [Docket No. 2069] ("Plan"); the Court's April 3, 2012 *Order Confirming Amended and Restated Second Amended Plan of Reorganization of Plant Insulation Company* ("Confirmation Order") [Docket No. 2074]; the Plan, as amended by the modifications thereto filed on November 20, 2013 [Docket No. 2636] ("Modified Plan"); *Final Order Granting Motion to Preserve the Status Quo Pending Entry of a Final Confirmation Order Consistent with the Court of Appeals' Decision* [Docket No. 2691]; the Court's March 3, 2014 *Order Confirming Amended and Restated Second Amended Plan of Reorganization of Plant Insulation Company, As Modified* [Docket No. 2722] ("Modified Confirmation Order"); and the Trust Agreement, Trust Bylaws, Trust Distribution Procedures, and Case Valuation Matrix, as amended from time to time, established pursuant to the Plan,[1] and pursuant to the laws of the State of Nevada, where the Trust is organized and where it resides. The Trust Agreement states in Section 7.9 that the Trust is governed by Nevada law. Section 164.015 of the Nevada Revised Statutes allows the Trust to render an accounting and seek approval for its past actions. The factual statements in this Annual Report are supported by the Declaration of Sara Beth Brown, Executive Director, in Support of Motion to Approve and Settle

[1] The Appendix [Docket Nos. 2912-2 and 2918] includes the Plan; Confirmation Order; Modified Plan; Modified Confirmation Order; Fifth Amended and Completely Restated Plant Insulation Company Asbestos Settlement Trust ("Trust Agreement"); Second Amended and Completely Restated Plant Insulation Company Asbestos Settlement Trust Bylaws ("Trust Bylaws"); Second Amended and Completely Restated Plant Insulation Company Asbestos Settlement Trust Case Valuation Matrix (the "Case Valuation Matrix"); First Amended and Completely Restated Plant Insulation Company Asbestos Personal Injury Settlement Trust Distribution Procedures ("Trust Distribution Procedures"); other controlling documents approved by this Court; and other documents as indicated.

Plant Insulation Company Asbestos Settlement Trust's Fifth Annual Report, the Audited Financial Statements, and the Claim Report, as described in paragraphs 6, 7, and 8, *infra*. Capitalized terms not defined herein are as defined in the Plan. This Court has approved each Annual Report beginning in 2013.

1. <u>Effective Date</u>: On April 3, 2012, this Court entered the Confirmation Order. In compliance with Sections 4.1 and 7.2 of the Plan, the Effective Date of the Trust is November 16, 2012. On March 3, 2014, this Court entered the Modified Confirmation Order. Therefore, the Modified Effective Date of the Trust is September 22, 2014.

2. <u>Appointment of Trustees</u>: In the Confirmation Order, this Court approved the appointment of John F. Luikart and Sandra R. Hernandez, M.D. as the initial trustees of the Trust, who have acted in that capacity since the Effective Date of the Trust. In the Modified Confirmation Order, this Court approved Stephen M. Snyder’s appointment as the third Trustee of the Trust on November 28, 2012, as well as his designation as Managing Trustee on February 7, 2013. Mr. Snyder has acted in that capacity since that time.

3. <u>Appointment of Trust Advisory Committee (“TAC”)</u>: In the Confirmation Order and Modified Confirmation Order, this Court approved the appointment of Jerry Neil Paul, Matthew Bergman, David McClain, Alan Brayton, and Ronald Shingler as the initial members of the TAC. Mr. Brayton has served as the Chair of TAC since the Effective Date of the Trust. Messrs. Paul, Bergman, McClain and Shingler have continued to serve as members of the TAC since the Effective Date of the Trust.

4. <u>Appointment and Continuation of Futures Representative</u>: The Honorable Charles B. Renfrew, retired, was appointed as the Futures Representative in the Debtor's case on June 2, 2009, and his continued appointment as the Futures Representative of the Trust was approved by this Court in the Confirmation Order and Modified Confirmation Order. Judge Renfrew has served as the Trust’s Futures Representative since the Effective Date of the Trust.

5. <u>Fiscal Year and Tax Obligations</u>: The Trust is required by the Internal Revenue Code to account for and report on its activities for tax purposes on a calendar-year basis. Section 2.2(b) of the Trust Agreement requires the Trustees to file income tax and other returns and statements in a

timely manner, and comply with all withholding obligations as legally required, including fulfilling requirements to maintain its status as a Qualified Settlement Fund. The 2015 federal tax return was filed by its extended due date of September 15, 2016 and the 2016 federal tax return will be filed by its extended due date of September 15, 2017. The Trust resides in Nevada, and Nevada has no state income tax. Although the Trust is not subject to tax in California, the Trustees file a tax return in California, attaching a copy of the Trust's federal tax return but showing no California taxable income or state tax liability.

6. Annual Report: Section 2.2(c)(i) of the Trust Agreement provides in pertinent part:

> The Trustees shall cause to be prepared and filed with the Bankruptcy Court, as soon as available, and in any event within 120 days following the end of each fiscal year, an annual report containing financial statements of the Trust (including, without limitation, a statement of the net claimants' equity of the Trust as of the end of such fiscal year and a statement of changes in net claimants' equity 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 equity presently available to current and future claimants and as to the conformity of the financial statements with accounting principles generally accepted in the United States, except for the special-purpose accounting methods . . . .

The Trust's financial statements are prepared using special-purpose accounting methods that depart from Generally Accepted Accounting Principles (GAAP) in certain respects in order to better disclose the amount and changes in net claimants' equity.

7. Financial Report: In accordance with the requirements of Section 2.2(c)(i) of the Trust Agreement, the Trust has caused its accounts to be audited by independent certified public accountants, Grant Thornton, LLP. The Trust's audited financial statements ("Audited Financial Statements") are attached hereto as Exhibit "A". These include a Statement of Net Claimants' Equity, a Statement of Changes in Net Claimants' Equity, a Statement of Cash Flows and Explanatory Notes. The Statement of Net Claimants' Equity, which is the equivalent of a corporate balance sheet, reflects total assets of the Trust at market value and on the other comprehensive basis of accounting utilized by the Trust. These Audited Financial Statements show, among other things, that as of December 31, 2016, total Trust assets were $245,335,714, total liabilities were $9,534,159, and Net Claimants' Equity was $235,801,555.

8. Claim Report: Section 2.2(c)(ii) of the Trust Agreement provides that along with the

Audited Financial Statements, the Trust shall file with the Court a report containing a summary regarding the number and type of claims disposed of during the period covered by the financial statements. The Plant Asbestos Settlement Trust Claim Report As Of December 31, 2016 ("Claim Report"), is attached hereto as Exhibit "B". During the Accounting Period, the Trust received 1,094 claims, paid 306 claims, and made settlement offers on 459 claims. Since the Trust received its first Trust Claim[2] on February 23, 2015, the Trust has received 2,078 Trust Claims, paid 426 Trust Claims, and 205 Trust Claims have been withdrawn.[3]

Section 5.5 of the TDP provides that, "As soon as practicable after the Effective Date, the Trust shall pay all Trust Claims that were liquidated by (i) a settlement agreement entered into prior to the Petition Date for the particular claim, or (ii) a judgment of any kind entered on or before October 15, 2007 (collectively, "Pre-Petition Liquidated Claims"). As of the date hereof, no Pre-Petition Liquidated Claims have been submitted to the Trust for payment.

9. Public Inspection: In compliance with Section 2.2(c)(iii) of the Trust Agreement, the Annual Report, including the Audited Financial Statements and Claim Report, has been provided to the TAC, the Futures Representative, and the Office of the United States Trustee with responsibility for the Northern District of California. The Trust filed the Annual Report, including the Audited Financial Statements and Claim Report, with the Bankruptcy Court for the Northern District of California. Accordingly, the Annual Report and all attached and related documents are available for inspection by the public.

10. Trustees' Meetings: Article II, Section 4 of the Trust Bylaws provides that the Trustees shall meet in Nevada, or a state other than California, at least four times per year, as close as practicable on a quarterly basis. The Trustees held five (5) meetings during the Accounting Period (February 18-19, 2016, March 18, 2016, April 14, 2016, September 23, 2016, and November 17-18, 2016). The February, April, September and November meetings were held in Nevada, and the March meeting was held in Arizona.

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[2] "Trust Claims" are any claims submitted to the Trust after the Effective Date.

[3] "Withdrawn Claims" include claims which are not qualified and/or claims with deficiencies that have not been cured beyond a certain time period, and/or claims that have remained on hold beyond a certain time period.

11. Arbitrations: During the Accounting Period, no arbitrations were held pursuant to Section 5.10 of the Trust Distribution Procedures.

12. Funds Received Ratio: Sections 2.3 and 4.2 of the TDP provide that the Initial Funds Received Ratio will be set by the Trust, with the consent of the TAC and Futures Representative, once the Trust has collected sufficient assets to make the expense and burden on claimants of a distribution worthwhile. As described in the Trust's Fourth Annual Report, the Initial Funds Received Ratio was set at 9% on February 26, 2015 and on September 15, 2015, it was adjusted to 8.6%.

13. Disease Category Claims Payment Ratio: Section 2.5 of the TDP provides that the Trust, with the consent of the TAC and Futures Representative, will set the Disease Category Claims Payment Ratio for claims that were unliquidated as of the Petition Date. As described in the Trust's Fourth Annual Report, the Disease Category Claims Payment Ratio for "Category A" claims (malignant claims) was set at 88% and the Disease Category Claims Payment Ratio for "Category B" claims (non-malignant claims) was set at 12% on March 24, 2015.

14. Maximum Annual Payment: Section 2.4 of the TDP requires that the Trust calculate an annual payment for claims based upon a model of the amount of cash flow anticipated to be necessary over the entire life of the Trust to ensure that funds will be available to treat all present and future claimants as similarly as possible. At the November 17, 2016 meeting, the Maximum Annual Payment for 2017 was set at $31,600,000, plus the amount of excess funds carried over from prior years, which Section 2.5 of the TDP requires to be rolled over and remain dedicated to the respective Disease Category (as such term is defined in the TDP) to which they were originally allocated.

15. Inflation Adjustment: Section 5.4(d) of the TDP requires that all claims payments be adjusted for inflation annually beginning with the calendar year after the Effective Date of the Trust. Prior to 2015, the Trust had not received nor paid any claims. Therefore, beginning in 2016, all claims payments made during a calendar year included a cost of living adjustment based upon the Federal Bureau of Labor Statistics' *Consumer Price Index for Urban Wage Earners and Clerical Workers* (CPI-W) announced in January each year. At the November 17, 2016 meeting, the CPI-W

to be published in January 2017 was approved for use by the Trust in making the 2017 cost of living adjustment for claims payments. The CPI-W of 2.0% was issued on January 18, 2017 and all inflation adjustments are cumulative. Consequently, all claims payments made during the 2017 calendar year will have a cumulative inflation rate of 2.41% added to the payment amount.

16. Budget and Cash Flow Projections: Section 2.2(d) of the Trust Agreement requires the Trust to prepare a budget and cash flow projections prior to the commencement of each fiscal year covering such fiscal year and the succeeding four fiscal years. The Trustees approved the 2017 budget and the required four-year budget and cash flow projections on November 18, 2016. Pursuant to the Trust Agreement, these were provided to the TAC and Futures Representative. The budget for operating expenses, including investment fees, in 2017 is $2,127,762.[4]

17. Trust Facilities and Services Sharing Agreement with Western Asbestos Settlement Trust: As initially described in the Trust's Second Annual Report, the Trust and Western Asbestos Settlement Trust ("Western Trust") entered into a Trust Facilities and Services Sharing Agreement. The Trust agreed to pay a negotiated monthly amount. Such arrangement was approved by this Court in the order approving the Trust's Second Annual Report. As described in the Trust's Fourth Annual Report, pursuant to the annual reconciliation of fees presented on February 18, 2016, the Trust and the Western Trust agreed that the advance payments shall be $44,000 per month for 2016. Pursuant to an interim reconciliation of fees presented on September 23, 2016, the Trust and the Western Trust revised the advance payments to $40,000 per month as of July 1, 2016. Pursuant to the annual reconciliation of fees presented on March 16, 2017, the Trust and the Western Trust agreed that the advance payments shall be $38,000 per month for 2017. The total amount paid by the Trust to the Western Trust, after accounts were reconciled for 2016, was $480,179.

18. Creation of Site List: As initially described in the Trust's Third Annual Report, the Trust has been in the process of compiling site lists by reviewing records, as well as soliciting assistance and information from claimants and their attorneys and from former counsel to and employees of the Debtor. On April 16, 2015, the Preliminary Plant Asbestos Site List ("Preliminary

[4] This figure excludes claimant payments budgeted for $31,600,000 and extraordinary legal fees budgeted for $175,000.

List") was approved and on September 15, 2015, April 14, 2016, September 23, 2016 and March 16, 2017, modifications to the Preliminary List were approved. The Trust continues to review information that has been submitted to the Trust with respect to locations where Plant Insulation Company's asbestos operations were conducted. Some of this information has been submitted as supporting documentation specific to a particular claimant when a claim is filed. The Trust has also obtained broad historical information from other sources, including, but not limited to, Plant Insulation Company's business records. The Trust has been working, and will continue to work, to identify and verify the historical information regarding exposure sites and relevant dates that would have broader application than just a single claimant. As the Trust becomes satisfied that it has sufficiently verified historical information about the location and dates of Plant Insulation Company's asbestos operations, it will seek approval of additional modifications to the Preliminary List.

19. <u>Custodial Accounts</u>: In November of 2012, the Trust established a custody relationship and opened accounts with Wells Fargo Bank, N.A., to act as custodian for the Trust.

20. <u>Settlement Fund</u>: In February of 2013, the Settlement Fund was established at Wells Fargo Bank, N.A. to pay valid claims.

21. <u>Operating Fund</u>: In August of 2014, the Operating Fund was established at Wells Fargo Bank, N.A., to pay anticipated operating expenses of the Trust. During the Accounting Period, transfers were made from the Settlement Fund to the Operating Fund to pay anticipated operating expenses of the Trust.

22. <u>Indemnity Fund (Self-Insured Retention)</u>: Section 4.6 of the Trust Agreement provides that the Trust shall indemnify the Trustees, the Trust's officers and employees, the Futures Representative, the TAC and each of their respective agents. The Trustees, the Futures Representative, the TAC and their respective agents have a first priority lien upon the Trust's assets to secure the payment of any amounts payable to them pursuant to Section 4.6.

In December of 2014, the Trust established an indemnity fund at Wells Fargo Bank, N.A., in the amount of $10,000,000 to provide liability coverage for the Trustees, the Futures Representative and the TAC, and their agents to pay the expenses, costs and fees (including attorneys' fees and costs) associated with defending any judicial, administrative, or arbitrative action, suit or proceeding.

23. Mandelbrot Law Firm and Michael J. Mandelbrot Settlement, and subsequent related investigations: As described in the Trust's Third Annual Report, on January 23, 2014, the Trustees entered into an agreement with the Mandelbrot Law Firm and its principal, Michael J. Mandelbrot (herein "Mandelbrot"), requiring that Mandelbrot transfer all its pending claims to other counsel and cease "immediately" further claims-filing activity with the Trust. This agreement was made on the record during a bench trial of the J.T. Thorpe Trust and Thorpe Insulation Trust (collectively the "Thorpe Trusts") adversary proceedings against Mandelbrot (*J.T. Thorpe Settlement Trust and Thorpe Insulation Company Asbestos Settlement Trust,* U.S. Bankruptcy Court for the Central District of California Case No. 2:12-ap-02182BB) presided over by the Honorable Sheri Bluebond. The evidence produced during pre-trial discovery, and in the trial before Judge Bluebond in January 2014, caused the Trustees of this Trust to conclude that it was appropriate to bar Mandelbrot from submitting claims to this Trust, i.e., to impose a similar limitation with regard to this Trust that the Thorpe Trusts had imposed on Mandelbrot in mid-2013. In the stipulation, Mandelbrot agreed, among other things, that the Thorpe Trusts' decision to stop accepting further evidence from Mandelbrot in 2013 was reasonable and, further, that it was reasonable for this Trust to take similar action now and bar Mandelbrot from submitting claims to this Trust. Accordingly, this Trust joined the stipulation and since then has acted in conformity with its terms.

After making the stipulation, however, Mandelbrot's trial counsel was substituted out as counsel, and Mandelbrot disavowed the agreement and unsuccessfully challenged its validity in Judge Bluebond's court. After further hearings, Judge Bluebond entered judgment reaffirming the validity and enforceability of the agreement (the "Judgment and Order").

Mandelbrot filed a Motion to Stay Enforcement of the Judgment and Order Following Trial. On May 27, 2014, Judge Bluebond of the U.S. Bankruptcy Court for the Central District of California heard and denied Mandelbrot's motion to stay enforcement of the Judgment and Order. Thereafter, in early June 2014, Mandelbrot appealed the Judgment and Order and filed a motion to stay enforcement of the Judgment and Order pending appeal before the Honorable Virginia A. Phillips of the United States District Court for the Central District of California, who had been assigned to hear Mandelbrot's appeal of the Judgment and Order. Prior to the hearing on the motion, which was scheduled for July 7, 2014, Judge Phillips denied Mandelbrot's motion on the grounds that Mandelbrot had failed to meet the burden of establishing an abuse of discretion by the Bankruptcy Court in denying the requested stay.

Thereafter, on June 18, 2014, and pursuant to a briefing schedule established by the United States District Court, Mandelbrot filed a District Court brief. Briefing on Mandelbrot's appeal was completed on July 15, 2014, and on September 3, 2015, Judge Phillips affirmed the Bankruptcy Court's Judgment and Order. On September 17, 2015, Mandelbrot filed a notice of appeal with the United States Court of Appeals for the Ninth Circuit. Mandelbrot filed an opening brief in late January 2016 and the Trusts filed their responsive brief on February 26, 2016. Mandelbrot filed a reply brief on April 7, 2016. Oral arguments were heard on February 17, 2017 and the Trust is awaiting the Ninth Circuit's decision.

As a result of the stipulation, and consistent with its terms, the Trust is not accepting claims from Mandelbrot. The Trust believes it is obligated to advise claims filers that Mandelbrot is not permitted to file claims with the Trust and on March 6, 2015, posted such a notification on its Web site. However, the Trust has been informed that Mandelbrot's Web site has continued to publish allegations of Trust fiduciary misconduct similar in tone to those adjudicated before the U.S. Bankruptcy Court for the Central District of California and to include the Trust in lists of asbestos trusts with which Mandelbrot files claims despite the Judgment and Order precluding Mandelbrot from filing claims with the Trust.

Mr. Mandelbrot has repeated previously posted allegations against the Trust and personnel involved with the Trust regarding fraud, corruption, bias and preferential treatment. He continues to claim that Trust personnel favor one claimants' law firm over other firms and that certain law firms that submit claims have caused the Trust to remove asbestos exposure sites from the Trust's site list, or to create site lists that do not include allegedly known sites where the debtor used asbestos-containing materials, so that those law firms' clients would receive preferential treatment. The accusations are similar in form and content to previously investigated accusations from Mr. Mandelbrot's blog. The Trust investigated these renewed allegations through outside counsel, who reached the same conclusion as had been reached in years past -- that the allegations are meritless. The Futures Representative and Trust Advisory Committee have been notified of the allegations, the investigation and the conclusion and are satisfied that the Trust's investigation was appropriate and concur in the conclusions.

Most recently, Mr. Mandelbrot provided notice to a lawyer in the office of a member of a Trust Advisory Committee of similar allegations (see 3 and 5 below). Mr. Mandelbrot claimed that there was reliable and verifiable information of trust fraud and misappropriation of funds by Alan Brayton and numerous other trust Fiduciaries received from a former employee (receptionist) of the Western Asbestos Settlement Trust. The allegations were:

1) Trust Funds were used to pay the catering bill at the wedding of the Chairman of the Trust Advisory Committee Alan Brayton. 2) Trust Funds were used to pay all Trust staff expenses, including travel and hotel to attend the wedding of Alan Brayton. 3) Beneficiaries who are represented by Alan Brayton are given favorable treatment by the Trust, including expedited review of claims and payment. 4) Trust Funds were used to pay for lavish quarterly meetings in Las Vegas, including all employee expenses. 5) Beneficiary claims represented by law firms other than Brayton have 'unfavorable' claim reviews designed to delay claims. 6) The Western Trust employee was terminated in retaliation for her complaints of Trust misappropriation of funds.

In addition, Mr. Mandelbrot reported that the former Western Trust employee stated to Mr. Christopher Andreas "I know all about the case against Mandelbrot, he should have won that case, his lawyer just deposed the wrong people at the Trust (who lied…)". The Trust investigated internally and retained outside counsel to investigate these allegations. The investigation found that: (a) no Trust funds were used to pay the catering bill for Alan Brayton's wedding; (b) there was no preferential treatment or unfavorable claim reviews designed to delay claims for other law firms; (c) there was no evidence of an employee lying in connection with Mr. Mandelbrot's litigation described above; and (d) there was no evidence of another employee who Mr. Mandelbrot should have deposed. The investigation found that the Trust did have some Trust meetings in Henderson, Nevada near Las Vegas and some *de minimis* mileage reimbursement and a business dinner around the Brayton wedding. The Trustees evaluated the challenged expenditures and concluded that they were *de minimis* or reasonable in amount, prudent under the then existing circumstances and appropriate for the proper management and administration of the Trust. The Trust reported the allegations regarding expenditures of Trust funds to the Trust's auditors. The auditors did not note any improper expenditure of Trust funds. The Trust reached the same conclusion that had been reached in past years with similar allegations—that the allegations are without merit. The results of the investigations were reported to the Trustees and they in turn reported the allegations, investigation and conclusions to the TAC and the Futures Representative, who are satisfied that the Trust's investigation was appropriate and concur in the conclusions.

These investigations laid to rest claims Mr. Mandelbrot made in defense of the Thorpe Trusts' adversary proceedings.

24. Pending Claimant Carveout: As described in the Trust's Third Annual Report and Accounting, this Court approved the Trust's settlement with the Resolute carriers on August 29, 2014 by entering the *Order (A) Approving Settlement Agreement with the Resolute-Related Parties, (B) Designating the Resolute-Related Parties as Settling Asbestos Insurers Under the Plan, and (C) Approving the Sale of Insurance Policies Free and Clear of Liens, Claims, and Interests (D) Approving the Pending Claims Carveout and Associated Procedures; and (E) Approving Reconsideration Procedures* [Docket No. 2840]. As part of that settlement, the Pending Claims Carveout was created with 5.7% of the gross settlement amount ($6,270,000) to be divided among persons who had active pending tort claims against the Debtor at the time of the settlement, as well as a third party neutral for fees and expenses incurred to evaluate and assign monetary values to those claims. The Trust then enlisted the professional services of Kenneth Prindle of Prindle, Goetz, Barnes & Reinholtz LLP as the third-party neutral based on his significant expertise and experience in asbestos litigation. Mr. Prindle's fees and expenses were $70,740, leaving $6,199,260 for the 129 claimants entitled to funds from the Pending Claimant Carveout. Of those 129 claimants, 108 have accepted and 21 have rejected the amount assigned by Mr. Prindle. The total allocated for those 108 claimants is $4,584,859 and for those 21 claimants is $1,614,401. The Trust has paid a total of $4,219,896 to 103 claimants for which the Trust received a proper release. The Trust is awaiting a proper release for the remaining 5 claims in the total amount of $364,963. The $1,614,401 in

rejected funds has been reclassified as Net Claimants' Equity and those 21 claimants who rejected Mr. Prindle's assigned amounts may file a claim with the Trust based on the TDP.

25. Amendments to the Trust Documents: The Trust Documents were not amended during the Accounting Period.

26. Notifications to Beneficiaries: During the Accounting Period and, additionally, from January 1, 2017 to and including April 19, 2017, the following notifications were placed on the Trust's Web site:

a. Notice of timing of requests for consideration at Trustees' meetings (posted March 4, 2016);

b. Notice of posting of the updated Site List (posted April 19, 2016);

c. Notice of hearing on the Trust's Fourth Annual Report and Accounting (posted April 26, 2016);

d. Notice of posting of the updated Site List (posted October 12, 2016); and

e. Notice of modifications to the Site List (posted March 22, 2017).

27. Scenario Planning: In the spring of 2016, the Trustees instructed the Trust's Executive Director to conduct preliminary research and present information to them concerning scenario planning. The Trustees reviewed the research and asked the Executive Director to do further research on scenario planning and find candidates to manage the process, and advise the Trustees. The Trust staff created an RFP and subsequently interviewed three candidates. The Trustees interviewed two of those and the expert was retained. The first working meeting was held in October of 2016. The expert also made presentations at the Trustees' meeting in November. A subsequent meeting was held in January 2017. Further work was presented and discussed at the March 17, 2017 meeting. The purpose of scenario planning is to prepare for the eventual reduction in the Trust's corpus while managing those resources pursuant to Section 524(g) of the Bankruptcy Code and also to be prepared for an unforeseen event that cripples the Trust's ability to comply with its objectives.

28. Trustees' Compensation: Section 4.5(c) of the Trust Agreement requires the Trust to report the amounts paid to the Trustees for compensation and expenses. During the Accounting

Period, the Trustees each received per annum compensation in the amount $40,321. The total paid to all Trustees for hourly compensation and for reimbursement of expenses was $89,940 and $2,589, respectively.

29. Significant Vendors: Although the Trust has many vendors, those who were paid more than $100,000 during the Accounting Period are listed alphabetically below:

a. Fergus, a Law Office: Counsel to the Honorable Charles Renfrew, Futures Representative;

b. Morgan Lewis & Bockius: Counsel to the Debtors in connection with insurance coverage litigation;

c. Schiff Hardin LLP: Law firm that acts as outside general counsel for the Trust and assists with various legal matters as requested by the Trust;

d. Western Asbestos Settlement Trust for shared services pursuant to the Trust Facilities and Services Sharing Agreement, as described in paragraph 17, *supra*; and

e. Westwood Management Corporation: One of five investment managers for the Trust described in paragraph 30, *infra*.

30. Trust Investment Management: Article 3 of the Trust Agreement authorizes the Trust to administer the investment of funds in the manner in which individuals of ordinary prudence, discretion and judgment would act in the management of their own affairs, subject to certain limitations. The Trust closely monitors any market volatility with its investment advisors and continues to be in compliance with its Investment Policy Statement. Callan Associates, Inc. continued to assist the Trust during the Accounting Period as its investment consultant. Harding Loevner, LP, Segall Bryant & Hamill, Standish Mellon Asset Management Company, LLC, State Street Global Advisors, and Westwood Management Corporation have continued to act as investment managers to the Trust.

Additionally, the Trust's Investment Policy Statement was amended on February 18, 2016 and is included in the Appendix. The Trust's Investment Policy Statement was also amended on November 17, 2016 and a copy of which is attached hereto as Exhibit "C".

***

The Trustees submit that the Annual Report and attached exhibits demonstrate the Trust acted prudently and expeditiously in executing its legal obligations during the Accounting Period and up to and including the date hereof. The Trust conscientiously worked to execute equitable claims procedures and process Trust Claims with due diligence during the Accounting Period and up to and including the date hereof. Moreover, the Trust worked with its accountants and financial advisors to preserve and grow Trust assets in order to fulfill the purpose of the Trust--paying valid asbestos claims. In so doing, the Trust carefully complied with all Plan documents and the mandates of this Court.

EXHIBIT "A"

EXHIBIT "A"

Grant Thornton

Financial Statements and Report of Independent Certified Public Accountants

Plant Asbestos Settlement Trust

December 31, 2016 and 2015

Contents

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Report of Independent Certified Public Accountants

Trustees
Plant Asbestos Settlement Trust

We have audited the accompanying financial statements of Plant Asbestos Settlement Trust, ("the Trust"), which comprise the statements of net claimants' equity as of December 31, 2016 and 2015, and the related statements of changes in net claimants' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Trust's other basis of accounting. Management is also responsible 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.

Auditor's responsibility
Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the 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 Trust'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 financial statements.

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

Grant Thornton

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net claimants' equity of Plant Asbestos Settlement Trust as of December 31, 2016 and 2015, and the change in net claimants' equity and cash flows for the years then ended in accordance with the Trust's other basis of accounting.

Emphasis of matter

We draw attention to Note A.2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the Trust's other 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.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Operating Expenses for the years ended December 31, 2016 and 2015, is presented for the purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Restriction on use

Our report is intended solely for the information and use of the management of the Trust and Trustees, the beneficiaries of the Trust, the Future Representative, the Future Counsel, the members of the Trust Advisory Committee, and the United States Bankruptcy Court for the Northern District of California, San Francisco Division and is not intended to be and should not be used by anyone other than these specified parties.

Grant Thornton LLP

Reno, Nevada
April 20, 2017

Plant Asbestos Settlement Trust

STATEMENTS OF NET CLAIMANTS' EQUITY

December 31,

	2016	2015
ASSETS		
Cash, cash equivalents and investments		
Available-for-sale		
Restricted	$ 10,000,000	$ 10,000,000
Unrestricted	217,408,364	218,942,433
	227,408,364	228,942,433
Accrued interest and dividend receivables	567,350	324,631
Deferred tax asset	17,360,000	17,488,000
Total assets	$ 245,335,714	$ 246,755,064
LIABILITIES		
Accrued expenses	$ 259,309	$ 147,170
Claims processing deposits	329,250	177,250
Pending claimant carveout	4,539,973	6,270,000
Outstanding settlement offers	3,949,627	496,341
Facility and staff sharing agreement payable	456,000	528,000
Total liabilities	$ 9,534,159	$ 7,618,761
NET CLAIMANTS' EQUITY	$ 235,801,555	$ 239,136,303

The accompanying notes are an integral part of these statements.

Plant Asbestos Settlement Trust

STATEMENTS OF CHANGES IN NET CLAIMANTS' EQUITY

Years ended December 31,

	2016	2015
Net claimants' equity, beginning of year	$ 239,136,303	$ 242,812,988
Additions to net claimants' equity		
Initial funding	3,296,394	9,902,745
Investment income	3,497,179	1,356,664
Net realized and unrealized gains on available-for-sale securities	4,492,044	-
Reduction in claimant carveout	1,730,027	-
Net decrease in facility and staff sharing agreement	72,000	-
Total additions	13,087,644	11,259,409
Deductions from net claimants' equity		
Operating expenses	2,184,897	3,970,307
Carveout claims paid	383,987	-
Provision for income taxes, deferred	128,000	6,601,000
Net realized and unrealized losses on available-for-sale securities	-	3,146,990
Increase in Trust offers outstanding	3,453,286	496,341
Trust claims paid	10,272,222	601,456
Net increase in facility and staff sharing agreement	-	120,000
Total deductions	16,422,392	14,936,094
Net claimants' equity, end of year	$ 235,801,555	$ 239,136,303

The accompanying notes are an integral part of these statements.

Plant Asbestos Settlement Trust

STATEMENTS OF CASH FLOWS

Years ended December 31,

	2016	2015
Cash inflows:		
Initial funding	$ 3,296,394	$ 10,602,745
Investment income receipts	3,254,460	1,059,676
Increase in claims processing deposits	152,000	177,250
Net realized gains on available-for-sale securities	2,998,307	-
Total cash inflows	9,701,161	11,839,671
Cash outflows:		
Claim payments made	10,272,222	601,456
Net realized losses on available-for-sale securities	-	467,072
Carveout claim payments made	383,987	-
Disbursements for Trust operating expenses	2,072,758	3,977,130
Total cash outflows	12,728,967	5,045,658
Non-cash changes:		
Net unrealized gains (losses) on available-for-sale securities	1,493,737	(1,379,918)
Total non-cash changes	1,493,737	(1,379,918)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND INVESTMENTS AVAILABLE-FOR-SALE	(1,534,069)	5,414,095
Cash and cash equivalents, beginning of year	228,942,433	223,528,338
Cash and cash equivalents, end of year	$ 227,408,364	$ 228,942,433

The accompanying notes are an integral part of these statements.

Plant Asbestos Settlement Trust

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

NOTE A - SUMMARY OF ACCOUNTING POLICIES

1. **Description of Trust**

Plant Asbestos Settlement Trust (the Trust), organized pursuant to the laws of the state of Nevada with its office in Reno, Nevada, was established pursuant to the Plant Insulation Company (the "Debtor") Amended and Restated Second Amended Plan of Reorganization (the "Plan"), as modified, dated November 20, 2013. The Trust was formed to assume the Debtor's liabilities resulting from pending and potential litigation involving individuals exposed to asbestos who have manifested asbestos-related diseases or conditions, for which the Debtor has legal responsibility; liquidate, resolve, pay and satisfy all valid asbestos-related claims in accordance with the Plan, preserve, hold, manage and maximize the Trust assets for use in paying and satisfying allowed asbestos-related claims, prosecute, settle and manage the disposition of the asbestos in-place insurance coverage, and prosecute, settle and manage asbestos insurance coverage actions. Upon the Plan's Effective Date of November 16, 2012, the Trust assumed liability for existing and future asbestos related claims against the Debtor. The Trust's Modified Effective Date is September 15, 2014.

The Trust was initially funded with cash, a note receivable and insurance settlement proceeds. The Trust's funding is dedicated solely to the settlement of asbestos related claims and the related costs thereto, as defined in the Plan.

The Trust processes and pays all asbestos related claims in accordance with the Plant Asbestos Settlement Trust Agreement, as amended and restated, the Case Valuation Matrix, as amended and restated, (Matrix) and Trust Distribution Procedures, as amended and restated, (TDP) (collectively, the Trust Documents).

2. **Special-Purpose Accounting Methods**

The Trust's financial statements are prepared using special-purpose accounting methods that differ from accounting principles generally accepted in the United States. The special-purpose accounting methods were adopted in order to present the amount of equity available for payment of current and future claims. These special-purpose accounting methods are as follows:

- The financial statements are prepared using the accrual basis of accounting, as modified below.
- The funding received from Plant Insulation Company and its liability insurers is recorded directly to net claimants' equity. These funds do not represent income of the Trust. Offers for asbestos related claims are reported as deductions from net claimants' equity and do not represent expenses of the Trust.
- Costs of non-income producing assets, which will be exhausted during the life of the Trust and are not available for satisfying claims, are expensed when incurred. These costs include acquisition costs of computer hardware, software and software development.

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

2. Special-Purpose Accounting Methods - Continued

- Future fixed liabilities and contractual obligations entered into by the Trust are recorded directly against net claimants' equity. Accordingly, the future minimum commitments outstanding at period end for non-cancelable obligations have been recorded as deductions from net claimants' equity.

- The liabilities for unpaid claims is reflected in the statement of net claimants' equity and represents settled but unpaid claims and outstanding offers. A claims liability is recorded once an offer is made to the claimant at the amount equal to the expected pro rata payment. No liability is recorded for future claim 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 fixed liability has been recorded.

- Available-for-sale securities are recorded at fair value, excluding any securities issued by the Reorganized Debtor which was recorded at cost, since no fair value was available. All interest and dividend income on available-for-sale securities is included in investment income on the statements of changes in net claimants' equity. Net realized and unrealized gains and losses on available-for-sale securities are recorded as separate components on the statement of changes in net claimants' equity.

- Realized gains/losses on available-for-sale securities are recorded based on the security's amortized cost. At the time a security is sold, all previously recorded unrealized gains/losses are reversed and recorded net, as a component of other unrealized gains/losses in the statement of changes in net claimants' equity.

3. Cash and Cash Equivalents

Cash and cash equivalents include demand deposit accounts and cash invested in money market funds.

4. Investments

Fair value measurements are determined through the use of an independent, nationally recognized pricing service. For securities that have quoted prices in active markets, market quotations are provided. For securities that do not trade on a daily basis, the pricing service provides fair value estimates using a variety of inputs including, but not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, bids, offers, reference data, prepayment spreads and measures of volatility. The Trust reviews on an ongoing basis the reasonableness of the methodologies used by the pricing service, as well as determines the aggregate portfolio price performance and reviews it against applicable indices.

5. Deposits

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

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

6. Use of Estimates

The preparation of financial statements in conformity with the special-purpose accounting methods described above requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions to net claimants' equity during the reporting period. Actual results could differ from those estimates.

7. Concentration of Risk

Financial instruments that potentially subject the Trust to concentrations of risk consist of cash and cash equivalents. Cash equivalents consist of money market accounts. Cash equivalents and demand deposits are in excess of Federal Deposit Insurance Corporation limits.

The Trust utilizes risk controls to meet investment objectives authorized by its Trustees. Such risk controls include the use of outside investment advisors meeting predetermined criteria, and third-party quantitative and qualitative risk measurement evaluation tools. The Trust believes its risk control practices are appropriate to meet investment objectives.

Investment securities, in general, are exposed to various risks, such as interest rates, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

8. Income Taxes

The Trust's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. As of December 31, 2016, the Trust did not have any accrued interest or penalties associated with any unrecognized tax benefits, nor did it incur any interest and penalties expense with any unrecognized tax benefits for the year then ended. The Trust is unaware of information concerning any tax positions for which a material change in the unrecognized tax benefit or liability is reasonably possible within the next twelve months. The Trust files income tax returns in the United States. Although the Trust owes no tax to the State of California, it files an annual tax return in California reporting no taxable income or tax owed. The Trust is no longer subject to United States federal tax examinations for years before 2013 and state examinations for years before 2012.

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS

The Trust has classified its investments as available-for-sale, and recorded the securities at estimated fair value, as follows:

	December 31, 2016	
	Cost	Fair Value
Restricted		
Cash equivalents	$ 634,665	$ 634,665
U.S. Government obligations	4,294,198	4,236,474
Municipal bonds	127,291	125,495
Asset backed securities	462,433	461,336
Corporate and other debt	4,586,513	4,542,030
Total restricted	10,105,100	10,000,000
Unrestricted		
Cash demand deposits	567,308	567,308
Cash equivalents	19,920,493	19,920,493
Equity securities	53,412,623	54,231,351
U.S. Government obligations	99,005,132	98,654,084
Municipal bonds	3,355,815	3,319,214
Asset backed securities	6,115,277	6,077,892
Corporate and other debt	34,829,460	34,638,022
Total unrestricted	217,206,108	217,408,364
Total funds	$ 227,311,208	$ 227,408,364

	December 31, 2015	
	Cost	Fair Value
Restricted		
Cash equivalents	412,232	412,232
U.S. Government obligations	5,002,172	4,952,321
Municipal bonds	52,916	52,717
Asset backed securities	470,910	468,418
Corporate and other debt	4,182,015	4,114,312
Total restricted	10,120,245	10,000,000
Unrestricted		
Cash demand deposits	494,670	494,670
Cash equivalents	153,414,547	153,414,548
Equity securities	25,537,397	24,849,865
U.S. Government obligations	19,898,128	19,696,024
Municipal bonds	813,618	810,992
Asset backed securities	4,121,028	4,081,639
Corporate and other debt	15,933,147	15,594,695
Total unrestricted	220,212,535	218,942,433
Total funds	$ 230,332,780	$ 228,942,433

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS - Continued

The Trust accounts for investments according to a fair value hierarchy that distinguishes between assumptions based on market data (observable inputs) and the Trust's assumptions (unobservable inputs). The hierarchy consists of three broad levels as follows:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where significant inputs are observable or can be corroborated by observable market data.

Level 3 - Valuations based on models where significant inputs are not observable, and for which the determination of fair value requires significant management judgment or estimation. The Trust does not hold any Level 3 investments as of December 31, 2016 and 2015.

Assets and liabilities measured at fair value on a recurring basis, including financial instruments for which the Trust accounts, were as follows at:

	December 31, 2016	
	Level 1	Level 2
Assets		
Cash demand deposits	$ 567,308	$ -
Cash equivalents	20,555,158	-
Equity securities	54,231,351	-
U.S. Government obligations	70,955,282	31,935,276
Municipal bonds	-	3,444,709
Asset-backed securities	-	6,539,228
Corporate and other debt	39,180,052	-
	$ 185,489,151	$ 41,919,213

	December 31, 2015	
	Level 1	Level 2
Assets		
Cash demand deposits	$ 494,670	$ -
Cash equivalents	153,826,780	-
Equity securities	24,849,865	-
U.S. Government obligations	8,160,731	16,487,614
Municipal bonds	-	863,709
Asset-backed securities	-	4,550,057
Corporate and other debt	19,709,007	-
	$ 207,041,053	$ 21,901,380

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS - Continued

The Trust's policy is to recognize transfers in and out of levels within the fair value hierarchy at the actual date the event or change in circumstance caused the transfer. Between the measurement dates of December 31, 2015 and December 31, 2016, no securities were transferred between Level 1 and Level 2.

The maturities of the Trust's available-for-sale securities at market value are as follows as of December 31, 2016:

	Less than 1 Year	After 1 Year Through 5 Years	After 5 Years Through 10 Years	After 10 Years
U.S. Government obligations	$ 61,885,378	$ 10,710,937	$ 4,151,873	$ 26,142,370
Municipal bonds	-	2,676,845	767,864	-
Asset backed securities	-	3,503,251	1,269,275	1,766,702
Corporate debt	1,318,539	21,645,467	15,337,737	878,309
	$ 63,203,917	$ 38,536,500	$ 21,526,749	$ 28,787,381

NOTE C - FIXED ASSETS

The cost of non-income producing assets that will be exhausted during the life of the Trust and are not available for satisfying claims are expensed as incurred. Since inception, the cost of fixed assets expensed, net of disposals, includes:

Acquisition of computer hardware and software	$ 109,653

These items have not been recorded as assets, but rather as operating expenses and direct deductions from net claimants' equity in the accompanying financial statements. The cost of fixed assets that were expensed during the years ended December 31, 2016 and 2015 were $0 and $117,802, respectively.

Total depreciation expense related to asset acquisition using accounting principles generally accepted in the United States would have been approximately $8,200 and $6,500 for the years ended December 31, 2016 and 2015, respectively.

NOTE D - CLAIM LIABILITIES

The Trust distinguishes between claims that were resolved prior to the establishment of the Trust (Pre-Confirmation Liquidated Claims) and claims received and processed using the Trust Procedures after the creation of the Trust (Trust Claims).

NOTE D - CLAIM LIABILITIES - Continued

The cases underlying the Pre-Confirmation Liquidated Claims were stayed by the court until the Plan was approved. The Trust approved procedures and immediately arranged to pay, subject to receiving a claimant release, the approved Funds Received Ratio of the liquidated value of each Pre-Confirmation Liquidated Claim.

For all claims, a liability for unpaid claims is recorded at the time the offer is extended and the release authorization is mailed. Funds are mailed after the approved release is signed, received, and approved by the Trust. Unpaid claims liabilities remain on the Trust's books until the offer is accepted, rejected, withdrawn or expires after six months. Offers may be extended an additional six months upon written request and good cause. The expiration policy is currently suspended until completion of the claims system development. During the year ended December 31, 2016, there were no expired offers.

All claimants are entitled to the full liquidated value of their claim. Under the TDP, claimants receive an initial pro rata payment equal to the approved Funds Received Ratio of the claim's liquidated value. The remaining obligation for the unpaid portion of the liquidated amount is not recorded, and is not a liability of the Trust, unless the Funds Received Ratio is increased. In that instance, the Trust would be obligated to retroactively pay the increased percentage to all previously paid claimants (see Note H).

In the interest of treating all claimants equitably in accordance with the Plan, the Trustees have recommended that all payments made during the calendar year ended December 31, 2015 through December 31, 2016 and future years shall include a cost of Living Adjustment for inflation based on the Federal Bureau of Labor Statistics' *Consumer Price Index for Urban Wage Earners and Clerical Workers* (CPI-W). Claims liabilities at year end are adjusted for any approved Inflation Adjustment. Inflation Adjustments are cumulative. Cumulative Inflation Adjustment of 2.41% is included in outstanding claims liabilities as of December 31, 2016.

The Trust processed and approved $13,725,508 of Trust Claims during the year ended December 31, 2016.

NOTE E - PENDING CLAIMANT CARVEOUT

Pursuant to court orders, the Trust recorded a pending claimant carveout equal to 5.7% of settlements received from certain insurance carriers. These funds were set aside to pay 129 claims filed prior to the effective date of the Trust. As of December 31, 2016, 3 claims were paid and 18 did not accept the carveout and are expected to file with the Trust.

NOTE F - LEGAL FEES - COVERAGE LITIGATION

For the years ended December 31, 2016 and 2015, the Trust incurred a total of $300,000 and $1,500,000, respectively, of contingent and hourly fees for coverage litigation.

NOTE G - FACILITY AND STAFF SHARING AGREEMENT

The Trust has entered into a facilities and staff sharing agreement with the Western Asbestos Settlement Trust, (the Western Trust). The two trusts are related through common trustees. Under the agreement, and in exchange for advance monthly payments, the Western Trust provides use of its facilities and services relating to administration. The monthly payment of $44,000 was in place from January 1, 2016 to June 30, 2016 and reduced to $40,000 on July 1, 2016 through December 31, 2016. The monthly payment in 2015 was between $37,000 and $42,000. Provisions allow for automatic renewal for additional one-year periods unless either party provides written notice. The amounts of advance monthly payments are agreed upon between the trusts from time to time. The equitable amount agreed upon is based on the required written calendar year reconciliation of annual services that is performed by the Western Trust. Any excess of cost over payments or payments over cost is required to be repaid by the benefited party with interest. The reconciliation for 2016 was performed and recorded in the current period. The reconciliation for 2015 was performed and recorded in the period subsequent to the reconciliation period. The reconciliation for the years ended December 31, 2016 and 2015 resulted in a reimbursement from the Western Trust of approximately $22,000 and $1,700, respectively. The monthly payment for 2017 was decreased to $38,000. The future payments under this agreement have been recorded as a liability on the accompanying statement of net claimants' equity.

NOTE H - NET CLAIMANTS' EQUITY

The Trust was created pursuant to the Plan confirmed by the United States Bankruptcy Court for the Northern District of California, San Francisco Division. The TDP was adopted pursuant to the Plan and concurrently with the Trust Agreement. It is designed to provide fair and equitable treatment for all Trust claims that may presently exist or may arise in the future. The TDP prescribes certain procedures for distributing the Trust's limited assets, including pro rata payments and initial determination of claim value based on scheduled disease values, and individual factual information concerning each claimant as set forth in the Trust Documents.

Under the TDP, the Trust forecasts its anticipated annual sources and uses of cash until the last projected future claim has been paid. A pro rata Funds Received Ratio is calculated such that the Trust will have no remaining assets or liabilities after the last future claimant receives his/her pro rata share.

The Trustees, with the consent of the Trust Advisory Committee ("TAC") and Futures Representative, set the Initial Funds Received Ratio at 8.6%, based upon the analysis and advice of the Trust's expert economist. The TDP requires the Trustees, with the consent of the TAC and the Futures Representative, to periodically review the Funds Received Ratio and, if appropriate, propose additional changes in the pro rata Funds Received Ratio based on updated assumptions regarding the Trust's future assets and liabilities and if appropriate, propose additional changes in the Funds Received Ratio.

NOTE I - RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS

To limit the high costs of director and officer liability insurance, and pursuant to the Trust Agreement, the Trust has elected to be partially self-insured and has established a segregated security fund of $10 million. These funds are devoted exclusively to securing the obligations of the Trust to indemnify the former and current Trustees and officers, employees, agents and representatives of the Trust. The funds are held in a separate Trust bank account; and interest income accrues to the benefit of the Trust. As of December 31, 2016 and 2015, cash, cash equivalents and investments of $10,000,000 were restricted for these purposes. In addition, the Trust has insurance policies providing $5 million in coverage.

NOTE J - INCOME TAXES

For federal income tax purposes, the Trust is taxed as a Qualified Settlement Fund (QSF). Income and expenses associated with the Trust are taxed in accordance with Section 468B of the Internal Revenue Code. The statutory income tax rate for the Trust is 39.6% for the years ended December 31, 2016 and 2015, respectively.

The Trust records deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the book and tax basis of assets and liabilities.

The Trust has recorded a deferred tax asset of approximately $17 million reflecting the benefit of approximately $63 million in operating loss carryforwards, which expire in varying amounts between 2033 and 2036. Realization is dependent on generating sufficient taxable income prior to expiration of the loss carryforward. As of December 31, 2016, the Trust does not believe that all of the operating loss carryforwards will be utilized prior to their expiration due to reductions in future estimated earnings; accordingly, the Trust has recorded a valuation allowance of $6,100,000.

The provision for income taxes consists of the following for the year and period ended December 31, 2016 and 2015:

	2016	2015
Federal income tax - current	$ -	$ -
Deferred income tax expense	128,000	6,601,000
	$ 128,000	$ 6,601,000

The components of the deferred income tax asset, as presented in the statement of net claimants' equity consisted of the following at December 31:

	2016	2015
Deferred tax asset (liability)		
Operating loss carryforward	$ 23,468,000	$ 24,989,000
Capital loss carryforward	-	186,000
Fixed assets	37,000	67,000
Unrealized (gain)/loss	(45,000)	546,000
	23,460,000	25,788,000
Valuation allowance	(6,100,000)	(8,300,000)
	$ 17,360,000	$ 17,488,000

NOTE K - TRANSACTIONS WITH REORGANIZED DEBTOR

Pursuant to the Plan, the Trust invested $2 million in the common stock of Bayside Insulation and Construction, Inc. ("Bayside"), the Reorganized Debtor, for an ownership percentage of 40%. Bayside had the right to purchase the shares back during the ten years subsequent to the effective date of the Plan at a purchase price of the principal amount paid for the shares by the Trust plus simple interest at 10% per year. Five years subsequent to the effective date of the Plan, the Trust had the right to require the Reorganized Debtor to repurchase the shares.

In addition, the Trust also received warrants to purchase up to 51% of Bayside's common stock, during the exercise period, which was to end in 2022. The Plan documents authorized for a five-year secured, revolving loan to be made available to the Reorganized Debtor.

On June 11, 2015, the Trust entered into an agreement with Bayside to return their shares and warrants in exchange for a note receivable for $900,000, a portion of which is to repay borrowings on the revolving loan. As of December 31, 2016, the note was paid off.

NOTE L - SUBSEQUENT EVENTS

The Trust evaluated subsequent events through April 20, 2017, the date the financial statements were available to be issued; no additional events were noted.

SUPPLEMENTAL INFORMATION

Plant Asbestos Settlement Trust

SCHEDULE OF OPERATING EXPENSES

For the years ended December 31,

	2016	2015
Accounting	$ 45,510	$ 30,415
Claims processing/claims system development	75,544	144,785
Contingency fees	300,000	1,500,000
Futures representative	127,852	280,060
Information technology support	22,354	20,509
Insurance	62,328	63,842
Investment expense	511,898	275,307
Legal fees	196,118	421,193
Professional fees	-	37,184
Site list research	66,872	103,102
Trust advisory committee	35,070	49,305
Trust facility and staff sharing expense	480,179	585,950
Trustee fees	261,172	256,753
Trustees professional	-	201,902
	$ 2,184,897	$ 3,970,307

EXHIBIT "B"

EXHIBIT “B”

Plant Asbestos Settlement Trust
Claim Report
As of December 31, 2016

This report is submitted pursuant to Section 2.2 (c)(ii) of the Fifth Amended and Completely Restated Plant Insulation Asbestos Settlement Trust Agreement, which requires the Trust to file with the Bankruptcy Court a summary of the number and type of claims disposed of during the time period covered by the financial statements (“Accounting Period”). The Trust is required to report on the Trust’s processing of claims liquidated by settlement agreement entered into prior to the Petition Date for the particular claim or judgment of any kind entered on or before the Petition Date (“Pre-Petition Liquidated Claims”) and claims received since the Effective Date of the Trust (“Trust Claims”).

Pre-Petition Liquidated Claims

Section 5.5 of the TDP provides that, “As soon as practicable after the Effective Date, the Trust shall pay all Trust Claims that were liquidated by (i) a settlement agreement entered into prior to the Petition Date for the particular claim, or (ii) a judgment of any kind entered on or before October 15, 2007 (collectively, “Pre-Petition Liquidated Claims”). In May of 2015, the Trust requested plaintiffs’ firms to submit any Pre-Petition Liquidated Claims and also placed a notification on its Web site. As of the date hereof, no Pre-Petition Liquidated Claims have been submitted to the Trust for payment.

However, pursuant to the Trust’s settlement with the Resolute carriers, a Pending Claimant Carveout was created to be divided among persons who had active pending tort claims against the Debtor at the time of the settlement, as well as a third-party neutral for fees and expenses incurred to evaluate and assign monetary values to those claims. As of April 1, 2017, the total amount paid for Pending Claimant Carveout Claims is $4,219,896.

Trust Claims

Claims received and disposed of from January 1, 2016, through December 31, 2016, in accordance with the Second Amended and Completely Restated Plant Insulation Company Asbestos Settlement Trust Case Valuation Matrix ("Matrix") and First Amended and Completely Restated Plant Insulation Company Asbestos Personal Injury Settlement Trust Distribution Procedures (“TDP”) are as set forth below.

The value of each compensable disease is determined by the Matrix and TDP. Claim compensation is adjusted for individual claimants based upon tort related individual characteristics including, but not limited to: age, marital status, dependents, medical specials, economic loss, and whether living at the time of commencement of litigation or filing the claim with the Trust. Each valid claim is awarded a total liquidated value. As of December 31, 2016, Trust Claims were paid at the approved Funds Received Ratio of 8.6%. Payments made on Trust Claims in 2016 included an additional 0.4 % to account for inflation based upon the CPI-W.

During the Accounting Period, 1,094 claims were received. In addition, offers were issued to 459 claimants. Further, 306 claims were paid.

Below is a summary of the number and type of claims disposed of (paid) in 2016.

Compensable Disease	Number of Claims
Grade II Non-Malignant	38
Grade I Non-Malignant	28
Grade I Non-Malignant Enhanced Asbestosis	19
Grade I Non-Malignant Serious Asbestosis	14
Other Cancer	6
Lung Cancer	74
Mesothelioma	127
Totals	**306**

As of April 1, 2017, the total amount paid for Trust Claims is $13,277,245.

EXHIBIT "C"

EXHIBIT "C"

Investment Policy Statement

Plant Asbestos Settlement Trust

November, 2016

Prepared by Callan Associates, Inc.

Table of Contents

Executive Summary

Type of Plan	Taxable Trust
Investment Planning Time Horizon	5 years
Expected Annualized After-Tax Return and Risk[1]	Return = 4.7 Risk = 6.4

Primary Goal

The Plant Insulation Company Asbestos Settlement Trust (the Trust) is organized pursuant to the laws of the state of Nevada with its office in Reno, Nevada. It was established pursuant to the Plant Insulation Company (the "Debtor") Second Amended Joint Plan of Reorganization, dated April 2, 2012. The Trust was formed to assume the Debtor's liabilities resulting from pending and potential litigation involving individuals exposed to asbestos who have manifested asbestos-related diseases or conditions; liquidate, resolve, pay and satisfy all asbestos-related claims in accordance with the Plan. As well, the Trust must preserve, hold, manage and maximize the Trust assets for use in paying and satisfying current and future allowed asbestos-related claims.

As set forth in the Trust Distribution Procedures, Section 2.4, the Trust shall estimate or model the amount of cash flow anticipated as necessary over its entire life to ensure that funds will be available to treat all present and futures claimants as similarly as possible. In order to pay the anticipated claims, the Trust relied upon an expert report filed which calculated a reasonable real after tax discount rate to use in calculating the present value of the future claims to be assumed by the Trust. These estimates provided the Trust with an assumption that the assets should earn an after-tax real rate of return of approximately 1% per annum. While additional assets may be made available, the Trust will operate on the assumption that there will be no additional contributions. As such, protection of principal will be a primary goal.

[1] Represents expected after-tax (0%) geometric return and risk using Callan' 2016 Capital Market assumptions applied to the Portfolio Evaluation Benchmark described below.

Long-range Asset Allocation Target

The Trust will have the following long-term asset allocation target.

Fixed Income	60%
Equity Oriented Securities	40%

The long-range asset allocation target will be applicable to the long-term investable assets net of any set-asides and liquidity reserves. This asset allocation was established through quantitative and qualitative assessments of the returns and risks available in the capital markets over long-term periods as well as the diversification available from using multiple asset classes. While an investment program consisting entirely of fixed income would demonstrate the least volatility of any asset allocation considered, a quantitative study performed by the Trust's investment consultant on similar Trusts demonstrated that the probability of exhausting Trust assets in advance of paying claims as planned was minimized by introducing an equity allocation into the portfolio. Allocations to each of the asset classes will be further diversified and tailored to reflect the tax-status of the Trust as described in the "Investment Practices" section of this policy.

Maintenance of the Strategic Asset Allocation

Target Mix With Ranges

	Low	Target	High
Fixed Income	**50%**	**60%**	**80%**
Equity Oriented Securities[2]	**20%**	**40%**	**50%**

The Trust will from time to time adjust the asset allocation within the designated range based upon the changing cash flow needs of the Trust, claims submitted and projections of future claims. The Trust will deviate from targets during the initial funding stage and over short and intermediate periods in response to liquidity needs, market performance, and the cost of asset allocation adjustments including transactions costs and the taxation of transactions. Deviations from the target allocation beyond the low or high allocations defined in the table above represent significant deviations from the return and risk characteristics of the target allocations and will prompt the Trustees to consider moving the allocations back toward the target allocation.

The target allocation is to be reviewed at least annually for presentation to the Trustees and Executive Director, for reasonableness relative to significant economic and market

[2] *Equity Oriented Securities will predominantly consist of common stock but may include other investment categories including REITs and bonds as described in the Investment Practices and Portfolio Evaluation Benchmark - Target Index sections of this document.*

changes or to changes in the Trust's long-term goals and objectives. A formal asset allocation study should be conducted at least every three years to verify or amend the targets.

Portfolio Evaluation Benchmark –Target Index

A special target index was constructed to monitor the performance of the total fund. This target index serves as a minimum performance objective for the Trust. It is expected that in most market environments the Trust's actual asset allocation will approximately resemble the allocation expressed in the target index. The Trust will deviate from the target index over short and intermediate periods in response to liquidity needs, market performance, market outlook, and the cost of asset allocation adjustments including transactions costs and the taxation of transactions.

Target Index:

- **40% consisting of the following sub-components**
  - **50% Standard & Poor's 500 Stock Index**
  - **17% MSCI ACWI ex-US Index**
  - **33% Custom Blended Benchmark consisting of 25% 3 - Month Treasury Bills, 25% 10-Year Treasury Bonds, 25% S&P 500 Index, 25% NAREIT Index.**
- **60% consisting of a blend of the following sub-components**
  - **90% Custom Blended Benchmark consisting of 30% Bloomberg Barclays Capital Intermediate Government Index, 40% Bloomberg Barclays Capital Intermediate Credit Index, 30% Bloomberg Barclays Mortgage Index.**
  - **10% 3-Month Treasury Bills**

With the possible exception of the short duration enhanced cash portfolio, individual investment managers will be retained to manage the sub-components of the Target Index. Individual investment managers will be measured against each sub-component index and not against this total fund objective. However, it is expected that the sum of their efforts will exceed the trust objective over time.

Manager Evaluation

Investment managers will be measured relative to an appropriate market index. A market index is assigned to each Manager and is intended as a guide for the investment manager to understand the risk/reward posture of their portfolio. Managers have full discretion to manage the risk posture of their portfolios relative to their designated market index and may, with conviction and appropriate expertise, execute security strategies not reflected by their market index as long as they conform to the investment guidelines.

Trustees or Executive Director may, at either's discretion, also evaluate the investment managers relative to peer groups of managers with similar investment styles. These evaluations will take into account the exceptional nature of the Trust investment manager mandates including but not limited to custom benchmarks and the unique tax situation of the Trust.

Review of Investments

There shall be a continual review of the investments under management by Callan Associates (Consultant). The Trustees, consultant and/or the Executive Director shall confer with the investment managers regarding investment performance, market environment and other issues as required. Each investment manager shall report pertinent data to Trust and custodian at least monthly. All legal, organizational and personnel related developments will be reported to the client and consultant as soon as practicable.

Consultant will meet with the Trustees, Executive Director, and other Trust representatives as requested by the Trustees, to review performance of the Trust and individual managers quarterly. These reviews will be conducted in the context of these guidelines.

Investment Practices

Investments will be prudent and consistent with the best investment practices, and in compliance with Trust documents including but not limited to Article 3 of the Thorpe Insulation Company Asbestos Settlement Trust as amended.

- No more than 45% at cost or 50% at market value of total Trust assets may be invested in equities with the balance invested in Fixed Income securities or cash equivalents.
- 10% of the Trust's assets may be invested in debt securities that are non-rated or below investment grade as long as those securities are in a diversified and managed portfolio of bonds and/or stock.
- The percentage of the Trust assets (debt and equity) invested in any one company is limited to 5% at market with the exception of debt securities or other instruments issued or fully guaranteed as to principal and interest by the United States of America or any agency or instrumentality thereof. The Trust does not include cash equivalents in the calculation of maximums allowed for certain types of securities.
- Cash flow, other than an automatic withdrawal of the income on a monthly basis, may be required to maintain the long-range asset allocation target and to satisfy claim liabilities.

A. Equity Oriented Securities

Excluding any securities issued by the Debtors, the Trust shall not acquire or hold, directly or indirectly, any common or preferred stock, convertible securities, REITS,'s or Royalty Trusts ("Stock") unless such stock is included in a diversified and managed portfolio or portfolios which include various industry sectors.

1. **S&P 500 Index Strategy**

   - The objective of the S&P 500 index strategy is to tax-efficiently track the **S&P 500 Index**, with a tracking error (defined as annualized standard deviation of the portfolio's monthly returns relative to the S&P 500) of 100 basis points or less. The percent ownership of any company is limited to 5% of market value, unless the company's representation in the S&P 500 Index is greater than 5%. If the company's representation in the S&P 500 Index is greater than 5%, then the portfolio can hold up to that percentage, subject to a 10% limit.

2. **International Equity Strategy**

   - The objective of the international equity strategy is to provide an additional source of long-term growth and after-tax returns to the Trust and exceed the **MSCI ACWI ex-US Index** over a full market cycle.
   - The actively managed international equity portfolio must be diversified by country, region, industry and security. The percent ownership of any company within this portfolio is limited to 5% of the portfolio's market value. In addition exposure to Emerging Markets is limited to 35% of market value.

3. **Equity Income Strategy**

   - The objective of the equity income strategy is to maximize income and/or growth in income by investing in securities which may include common stocks, convertible bonds, preferred stocks, REITS, royalty trusts, and bonds, including high yield debt securities. Limits include the equity limits of the Trust and the non investment grade bond limits of the Trust as well as the individual limits on ownership of any one company's equity or debt. The percent ownership of any company within this portfolio is limited to 10% of the portfolio's market value. No more than 50% of the portfolio can be invested in fixed income securities rated below investment grade. This actively managed portfolio is expected to exceed the returns of a **custom blended benchmark consisting of 25% 3-Month Treasury Bills, 25% 10-Year Treasury Bonds, 25% NAREIT Index, and 25% S&P 500**.

B. U.S. Fixed-Income

<u>Allowable securities are as follows:</u>

- U.S. Treasury and agency securities
- Agency and non-agency mortgage-backed securities backed by loans secured by residential, multifamily and commercial properties including but not limited to pass-

throughs, CMOs, REMICs, CMBS, project loans, construction loans and adjustable rate mortgages

- Obligations of domestic and foreign corporations
- Asset backed securities
- Municipal bonds, both taxable and tax-exempt
- Municipal pre-refunded bonds backed by U.S. Treasury or Agency Securities Municipal inflation protected securities (MIPS)
- Preferred stock, including non-convertible preferred stock such as bank trust preferreds
- Money market instruments rated A-1 or P-1 or better at time of purchase
- Repurchase obligations as long as, in the opinion of the Trustees and asset manager, they are adequately collateralized
- Obligations of foreign governments and supra-national organizations
- Obligations of domestic and foreign commercial banks
- 144A securities including issues in the corporate, mortgage and asset-backed sectors
- CDs may be held as long as all of the publicly held long-term debt securities, if any, of the issuing entity are rated investment grade (see credit criteria below) or above.
- Non investment grade bonds subject to an overall limit of 10% of Trust's assets and within a managed and diversified portfolio.

Credit Criteria

- To be deemed investment grade, securities must be rated investment grade or better at the time of purchase by a nationally recognized rating agency (Moody's, Standard & Poors and Fitch). Split rated securities shall be assumed to have the higher credit grade.
- If a portfolio holding is downgraded to below investment grade and the holding is in a portfolio which is not permitted to purchase below investment grade securities, manager shall promptly notify the Trust and provide an evaluation and recommended plan of action.

1. **Taxable Fixed Income Portfolio**
   - The portfolio's objective is to invest in the short to intermediate portion of the yield curve and to outperform the target benchmark.
   - The portfolio's **custom blended benchmark consists of 30% Bloomberg Barclays Capital Intermediate Government Index, 40% Bloomberg Barclays Capital Intermediate Credit Index, and 30% Bloomberg Barclays Capital Mortgage Index**.
   - The portfolio will have a targeted duration of approximately +/-25% around the benchmark.
   - No more than 5% of the portfolio may be invested in securities of a single issuer, with the exception of the U.S. Treasury, agency and agency mortgage issues.
   - The weighted average credit quality of the portfolio shall be maintained at a minimum of Aa3 by Moody's and/or AA- by Standard and Poor's or Fitch.

- Securities must be rated investment grade at time of purchase.

2. **Short Duration Enhanced Cash Portfolio**
   - The portfolio's objective is to provide a high level of liquidity and preserve principal. Adding incremental yield is a secondary objective.
   - Benchmark is the3-Month Treasury Bills**.**
   - No more than 5% of the portfolio may be invested in securities of a single issuer, with the exception of the U.S. Treasury and U.S. Agency debt.
   - The portfolio's duration will not exceed 300% of the index's duration.
   - Portfolio's weighted average credit quality must be at least Aa2 by Moody's and/or AA by Standard and Poor's or Fitch.
   - All securities must be rated investment grade and have a final maturity less than or equal to 5 years from time of purchase. No more than 15% of the portfolio can be rated less than A-, or its equivalent.
   - Portfolio level spread duration can not exceed 2 years.

C. Derivatives Policy

Derivatives shall be held for the purposes of hedging, cost reduction and liquidity enhancement only. Derivatives shall not be used for speculative purposes.

- No leverage shall be introduced through the use of derivatives
- The Trust shall not acquire or hold any options

D. Other Investments

Pursuant to Section 3.2 (d) of the Trust Agreement as Amended, in order to achieve the over all after tax real rate of return Trust Investment objective and to meet other Trust objectives, the Trust may under conditions and terms satisfactory to the Trustees, acquire securities or other instruments issued by any person not otherwise defined in this Investment Policy ("Other Investments"), provided however that the aggregate market value of all such Other Investments after acquisition do not exceed five percent of the aggregate value of the Trust Estate.

Proxy Voting Guidelines

Investment managers employed by the Trust are required to vote proxies with the primary objective of maintaining and advancing the economic value of the Trust. Investment managers should work with the Trust custodian to ensure timely receipt of proxies. Investment managers should have specific guidelines and institute a regular review process for voting proxies.

Guidelines for Manager Selection

The Trustees and Executive Director, with the assistance of the Futures Representative and Chair of the TAC, if desired by the Trustees, will select appropriate investment managers to manage the Trust's assets. This selection process shall include the establishment of specific search criteria, and documentation of analysis and due diligence on potential candidates. All manager candidates must meet the following minimum criteria:

(1) Be a bank, insurance company, investment management company, or investment adviser as defined by the Registered Investment Advisers Act of 1940.

(2) Provide historical quarterly performance numbers calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style.

(3) Provide performance evaluation reports prepared by an objective third party that illustrate the risk/return profile of the manager relative to other managers of like investment style.

(4) Provide detailed information on the history of the firm, key personnel, key clients, fee schedule, and support personnel and demonstrate financial and professional staff stability.

(5) Clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.

(6) All investment manager candidates are expected to comply with all laws, regulations, and standards of ethical conduct.

Trustees

Fiduciary and Investment Responsibilities of the Trustees:

- Maintain overall responsibility for financial management of the Trust including the investment of Trust assets consistent with all Trust documents
- Determine the asset allocation of Trust assets through the Investment Policy Statement and investment manager guidelines
- Use "prudent experts" to assist in making investment decisions
- Control investment expenses
- In recognition of their fiduciary duties, the Trustees must act in good faith and not allow their personal interests to prevail over that of the Trust

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 10250 Constellation Boulevard, Suite 1700, Los Angeles, CA 90067

A true and correct copy of the foregoing document: **FIFTH ANNUAL REPORT AND ACCOUNTING, AUDITED FINANCIAL STATEMENTS, AND CLAIM REPORT** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. <u>TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF)</u>: Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On **April 26, 2017**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- **Michael H. Ahrens mahrens@sheppardmullin.com**
- **Gloria C. Amell gamell@kazanlaw.com, pkatayanagi@kazanlaw.com**
- **Peter J. Benvenutti pbenvenutti@kellerbenvenutti.com**
- **Jaclyn Blankenship jblankenship@omm.com**
- **David Bricker dbricker@waterskraus.com, twhetstone@waterskraus.com**
- **Louis J. Cisz lcisz@nixonpeabody.com**
- **Michaeline H. Correa , cknode@hopkinscarley.com**
- **Jay D. Crom jcrom@bachcrom.com**
- **Seth M. Erickson seth.erickson@troutmansanders.com**
- **Gary S. Fergus gfergus@ferguslegal.com**
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- **Chad A. Westfall c.westfall@mpglaw.com**
- **Charles E. Wheeler cwheeler@cozen.com, sroy@cozen.com**

2. SERVED BY UNITED STATES MAIL: On **April 26, 2017**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☒ *Service information continued on attached page*

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on **April 26, 2017**, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Served by Overnight Mail
Hon. Hannah L. Blumenstiel
U.S Bankruptcy Court
450 Golden Gate Avenue, 16th Floor
Courtroom 19
San Francisco, CA 94102

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

April 26, 2017	Stephanie Reichert	*/s/ Stephanie Reichert*
Date	*Type Name*	*Signature*

Michael Mandelbrot, Esq.
Mandelbrot Law Firm
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Counsel for Debtor
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The Honorable Charles B. Renfrew
Law Offices of Charles B. Renfrew
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San Francisco, CA 94111-1809

United States Trustee
c/o Office of the United States Trustee
Donna S Tamanaha/Barbara A Matthews
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