

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

**In re:** ) **Chapter 11**  
 )  
**ABB LUMMUS GLOBAL, INC.,** ) **Case No. 06-10401 (MFW)**  
 )  
**Reorganized Debtor.** )

**ANNUAL REPORT, FINANCIAL STATEMENTS AND RESULTS OF  
OPERATIONS OF THE ABB LUMMUS GLOBAL INC. 524(g) ASBESTOS PI  
TRUST FOR FISCAL YEAR ENDED DECEMBER 31, 2020**

The Honorable Dean M. Trafelet, Ret., Trustee of the ABB Lummus Global Inc. 524(g) Asbestos PI Trust (the “Trust”), created pursuant to ABB Lummus Global Inc.’s Plan of Reorganization, as Modified Through June 8, 2006 (the “Plan”), submits this Annual Report, Financial Statements and Results of Operations of the ABB Lummus Global Inc. 524(g) Asbestos PI Trust for Fiscal Year Ended December 31, 2020.

**I. General**

ABB Lummus Global Inc. filed a voluntary petition for relief under Chapter 11, Title 11 of the United States Code (the “Bankruptcy Code”) on April 21, 2006. The hearing on confirmation of the Plan was held before the United States Bankruptcy Court for the District of Delaware (the “Court”) on June 21, 2006. The Court entered the Order (A) Approving Disclosure Statement and Solicitation Procedures, (B) Confirming and Recommending Affirmance by the U.S. District Court of Debtor’s Plan of Reorganization as Modified Through June 8, 2006 and (C) Setting Bar Dates to File Certain Claims in Paragraphs 51, 52, 53 and 74 on June 29, 2006. On July 19, 2006, the United States District Court for the District of Delaware entered its Order Affirming Confirmation Order and Issuing Injunctions.

The Effective Date of the Plan occurred on August 31, 2006.

Pursuant to the Plan, Steven Kazan, Russell W. Budd, and Perry Weitz are the members of the Trust Advisory Committee (“TAC”) and Richard B. Schiro is the Future Claimants’ Representative (“FCR”).

The Final Decree was entered and the bankruptcy case was closed on January 18, 2007. The Order of Final Decree provides that the Court retains jurisdiction with respect to all issues related to the Trust and directs that the Clerk of the Court shall not refuse to accept for filing any pleading or report submitted by the Trust on the grounds that the case has been closed.

The ABB Lummus Global Inc. 524(g) Asbestos PI Trust Agreement (“Trust Agreement”) and the ABB Lummus Global Inc. 524(g) Trust Bylaws (the “Bylaws”) require the Trustee to meet with the TAC and the FCR at least two times each calendar year, at regular or special meetings. The Trust held regular meetings during 2020 on March 20, 2020, June 9, 2020, September 17, 2020, and December 11, 2020.

Pursuant to the Bylaws, the principal office of the Trust is located at 1105 North Market Street, Suite 1300, P.O. Box 8985, Wilmington, Delaware 19899.

In 2020, the Trust entered and/or continued services agreements with Stutzman, Bromberg, Esserman & Plifka, a Professional Corporation (general counsel); Ankura Consulting Group LLC (accountant and administrator); Verus Claims Services LLC (claims processing facility and claims administrator); Cray, Kaiser Ltd. (auditor); Northern Trust Company (financial consultant and money manager); and AON Risk Services Central, Inc. (insurance agent). The Trust retained local counsel as needed.

The Trust maintained liability insurance coverage for the Trustee, the members of the TAC and the FCR.

## **II. Asbestos PI Claims**

The ABB Lummus Global Inc. 524(g) Asbestos PI Trust Distribution Procedures (as amended, the “TDP”), the Revised and Restated Procedures for Reviewing and Liquidating Lummus Asbestos PI Trust Claims, Lummus Claim Forms, an electronic filing agreement, the Lummus Release and other claims-related forms and instructions are available at [www.ABBLummusTrust.org](http://www.ABBLummusTrust.org).

### **A. Payment Percentage, Maximum Annual Payment and Claims Payment Ratio**

The Payment Percentage for 2020 was 11.7%.

The Maximum Annual Payment for 2020 was \$1,139,621, plus the rollover from 2019 of \$7,818, for a total of \$1,147,439.

Pursuant to Section 2.5 of the TDP, as amended by the Fourth Amendment to the TDP (the “Fourth Amendment”), commencing in calendar year 2017 and continuing through calendar year 2020, the Trust did not apply the Claims Payment Ratio provisions in the TDP subject to the ability of the Trustee, any member of the TAC or the FCR to reinstate the provisions in the manner provided in the Fourth Amendment. Pursuant to Section 2.5 of the TDP, during the time when the Trust is not applying the Claims Payment Ratio, the Trust continues to internally track and maintain records regarding the funds allocated to Category A and to Category B and the payment and approval of claims with respect thereto.<sup>1</sup> As required under Section 2.5 of the TDP, the Trust provided the

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<sup>1</sup> Category A Claims refer to claims involving severe asbestosis and malignancies (Disease Levels IV – VIII) as well as allocated Disease Level I claims. Category B Claims refer to claims involving non-malignant Asbestosis or Pleural Disease (Disease Levels II and III) as well as

TAC and the FCR a report showing (a) the amount of the Maximum Annual Payment allocated to Category A and to Category B for year 2020, (b) the amounts paid with respect to claims during year 2020 that would have been subject to the Claims Payment Ratio in each Category, and (c) the amounts approved for payment (but not yet paid) as of December 31, 2020, with respect to claims that would have been subject to the Claims Payment Ratio in each Category.

In 2020, the Trust made payments as follows:

Maximum Annual Payment =	\$ 1,139,621
Carryover from 2019 =	\$ 7,818
Total for 2020 =	\$ 1,147,439
Paid in 2020 (net of refunds) =	\$ 1,131,815
Carryover into 2021 =	\$ 15,624

A total of 65 liquidated Category A Claims and 290 liquidated Category B Claims remained in the FIFO Payment Queue as of December 31, 2020.

**B. Claims Statistics for the Fiscal Year Ending December 31, 2020**

The Trust received 4,203 claims in 2020 (154 Lummus Feedwater Heater Claims and 4,049 Lummus Design and Construction Claims, as those terms are defined in the TDP). The Trust liquidated and paid 2,173 claims in 2020, totaling \$1,131,815 after application of the Payment Percentage. Below is further detail with respect to the claims received and paid by the Trust in 2020.

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allocated Disease Level I claims. A claim for Other Asbestos Disease (Disease Level I – Cash Discount Payment) is allocated to either Category A or B based on the highest disease level established by the medical evidence submitted for the claim.

**Total claims received in 2020:**

Total Category A Claims received in 2020 =	1,844
Category A Claims submitted for Expedited Review	1,256
Category A Claims submitted for Individual Review	588
Total Category B Claims received in 2020 =	2,359
Category B Claims submitted for Expedited Review	2,026
Category B Claims submitted for Individual Review	333
<u>Total claims received in 2020 =</u>	4,203

**Total claims paid in 2020:**

Total Category A Claims paid in 2020 =	439
Category A Claims paid pursuant to Expedited Review	244
Category A Claims paid pursuant to Individual Review	195
Total Category B Claims paid in 2020 =	1,734
Category B Claims paid pursuant to Expedited Review	1,707
Category B Claims paid pursuant to Individual Review	27
<u>Total claims paid in 2020 =</u>	2,173

Since inception of the Trust, the Trust has not approved 76,991 claims, including rejected claims, claims with uncured deficiencies, and withdrawn and deferred claims.

The number of claims in the FIFO Processing Queue (as that term is defined in the TDP) on December 31, 2020, totaled 288, of which 72 are Category A Claims and 216 are Category B Claims.

**III. Compensation and Expenses of Trustee**

Under Section 5.5(c) of the Trust Agreement, the Trust reports to the Court the amount of compensation and expenses paid to the Trustee and the Delaware Trustee. The Trustee refers the Court to the Supplementary Information to the audited special-purpose financial statements, attached hereto.

**IV. Financial Statements**

A copy of the Trust's audited financial statements for the fiscal year ending December 31, 2020 is attached as Exhibit "A." The attached financial statements include a supplemental schedule (Schedule A-1) detailing the Trust's operating and claims processing expenses for the years ended December 31, 2020 and 2019.

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**V. Certification**

The Trustee has performed pursuant to and in compliance with the Plan, the Trust Agreement, the Bylaws, the TDP, the Lummus Confirmation Order and the other Plan Documents and Court orders pertaining to the operation of the ABB Lummus Global Inc. 524(g) Asbestos PI Trust during the Fiscal Year ended December 31, 2020.

**TRUSTEE:**

/s/ Dean M. Trafelet  
DEAN M. TRAFELET

Dated: April 27, 2021

**HOGAN♦McDANIEL**

By: /s/ Daniel K. Hogan  
Daniel K. Hogan (DE Bar No. 2814)

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-and-

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**ATTORNEYS FOR THE ABB  
LUMMUS GLOBAL, INC. 524(g)  
ASBESTOS PI TRUST**

# **EXHIBIT A**



**ABB LUMMUS GLOBAL INC. 524(g) ASBESTOS PI TRUST**

**SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**ABB LUMMUS GLOBAL INC. 524(g) ASBESTOS PI TRUST**

**C O N T E N T S**

Independent Auditors' Report

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

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

Exhibit C - Special-Purpose Statements of Cash Flows Available for Payment of Claims

Notes to the Special-Purpose Financial Statements

Supplementary Information

Independent Auditors' Report on Supplemental Schedules

Schedule A-1 - Supplemental Schedule of Operating and Claims Processing Expenses

**Independent Auditors' Report**

To the Trustee of the  
ABB Lummus Global Inc. 524(g) Asbestos PI Trust

**Introductory Paragraph**

We have audited the accompanying special-purpose statements of assets, liabilities and net assets available for the payment of claims of the ABB Lummus Global Inc. 524(g) Asbestos PI Trust (the "Trust"), a Trust created under the laws the state of Delaware, as of December 31, 2020 and 2019 and the related special-purpose statements of changes in net assets available for the payments of claims and special-purpose statements of cash flows available for the payment of claims for the years then ended, and the related notes to the special-purpose financial statements.

**Management's Responsibility**

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with Section 524(g) of the United States Bankruptcy Code. This includes 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these special-purpose financial statements based on our audit. We conducted our audit 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 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 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 financial statements.

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

**Emphasis of Matter - Special-Purpose Financial Statement Presentation**

As described in Note 2, the accompanying special-purpose financial statements have been prepared for the purpose of complying with the Trust Agreement dated August 30, 2006, and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America. The special-purpose basis of accounting has been used in order to communicate the amount of net assets presently available for current and future claims.

**Opinion**

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Trust as December 31, 2020 and 2019, and the results of its changes in net assets and cash flows available for the payment of claims for the years then ended on the special-purpose basis of accounting described in Note 2.

**Other Matter**

This report is intended solely for the information and use of the Trustee, 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.

Respectfully submitted,



CRAY, KAISER LTD.  
Certified Public Accountants

Oakbrook Terrace, Illinois  
April 12, 2021

## EXHIBIT A

**ABB LUMMUS GLOBAL INC. 524(g) ASBESTOS PI TRUST**  
**SPECIAL-PURPOSE STATEMENTS OF ASSETS, LIABILITIES AND**  
**NETS ASSETS AVAILABLE FOR THE PAYMENT OF CLAIMS**  
**DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS:</b>		
Cash and cash equivalents	<u>\$ 646,393</u>	<u>\$ 1,456,065</u>
Investment Securities:		
Equity securities	\$ 4,015,134	\$ 3,652,663
Fixed income securities	<u>13,988,327</u>	<u>14,543,042</u>
Total Investment Securities	<u>\$ 18,003,461</u>	<u>\$ 18,195,705</u>
Accrued interest receivable	\$ 15,278	\$ 27,320
Prepaid insurance	<u>20,215</u>	<u>19,346</u>
Total Assets	<u>\$ 18,685,347</u>	<u>\$ 19,698,436</u>
<b>LIABILITIES:</b>		
Accounts payable	\$ 32,279	\$ 106,203
Accrued operating expense	<u>19,683</u>	<u>17,799</u>
Total Liabilities	<u>\$ 51,962</u>	<u>\$ 124,002</u>
Net Assets Available For The Payment of Claims	<u>\$ 18,633,385</u>	<u>\$ 19,574,434</u>

The accompanying notes are an integral part of the financial statements.

## EXHIBIT B

**ABB LUMMUS GLOBAL INC. 524(g) ASBESTOS PI TRUST**  
**SPECIAL-PURPOSE STATEMENTS OF CHANGES IN NET ASSETS**  
**AVAILABLE FOR THE PAYMENT OF CLAIMS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>ADDITIONS:</b>		
Interest and dividend income, net of amortization	\$ 385,088	\$ 453,565
Realized (loss) gain on investment securities	(10,355)	65,471
Unrealized gain on investment securities	385,133	1,011,753
Total Additions	\$ 759,866	\$ 1,530,789
<b>DEDUCTIONS:</b>		
Operating and claims processing expenses	\$ 569,194	\$ 701,470
Facility claims settlements	1,131,721	1,698,465
Total Deductions	\$ 1,700,915	\$ 2,399,935
NET DECREASE IN NET ASSETS AVAILABLE	\$ (941,049)	\$ (869,146)
<b>NET ASSETS AVAILABLE FOR THE PAYMENT OF CLAIMS:</b>		
BEGINNING OF YEAR	19,574,434	20,443,580
END OF YEAR	\$ 18,633,385	\$ 19,574,434

The accompanying notes are an integral part of the financial statements.

## EXHIBIT C

**ABB LUMMUS GLOBAL INC. 524(g) ASBESTOS PI TRUST**  
**SPECIAL-PURPOSE STATEMENTS OF CASH FLOWS**  
**AVAILABLE FOR THE PAYMENT OF CLAIMS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Decrease in net assets available for the payment of claims	\$ (941,049)	\$ (869,146)
Changes in operating assets and liabilities:		
Realized loss (gain) on investment securities	10,355	(65,471)
Unrealized gain on investment securities	(385,133)	(1,011,753)
Decrease in accrued interest receivable	12,042	19,172
(Increase) decrease in prepaid expenses	(869)	187
(Decrease) increase in accounts payable	(73,923)	56,662
Increase in accrued operating expense	1,885	8,940
	<u>\$ (1,376,692)</u>	<u>\$ (1,861,408)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net proceeds received on the sale of investment securities	\$ 567,020	\$ 2,772,483
Net Cash Provided By Investing Activities	<u>\$ 567,020</u>	<u>\$ 2,772,483</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>\$ (809,672)</b>	<b>\$ 911,075</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b><u>1,456,065</u></b>	<b><u>544,990</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 646,393</u></b>	<b><u>\$ 1,456,065</u></b>

The accompanying notes are an integral part of the financial statements.

**ABB LUMMUS GLOBAL INC. 524(g) ASBESTOS PI TRUST  
NOTES TO THE SPECIAL-PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 1 - DESCRIPTION OF THE TRUST**

The ABB Lummus Global Inc. 524(g) Asbestos PI Trust ("Trust") is a Delaware statutory trust created to assume all Lummus Asbestos PI Trust Claims (whether now existing or arising at any time hereafter) and to use the Lummus Asbestos PI Trust Assets to pay holders of such Lummus Asbestos PI Trust Claims in accordance with the Lummus Trust Agreement Trust Distribution Procedures ("TDP"), and in such a way that all holders of Lummus Asbestos PI Trust Claims that involve similar claims are treated in substantially the same manner and to otherwise comply in all respects with the requirements of a trust set forth in Section 524(g)(2)(B)(i) of the Bankruptcy Code. The Trust was established pursuant to the Prepackaged Plan of Reorganization of ABB Lummus Global Inc. as confirmed by the United States Bankruptcy Court (the "Confirmed Plan"). The Confirmed Plan became effective on August 31, 2006 (the Effective Date or the Effective Date of the Plan of Reorganization). Capitalized terms have the meanings as defined in the Confirmed Plan.

At inception, the Trust was funded with \$5,000,000 in an insurance settlement guaranty payment and \$5,400,000 in cash proceeds from a promissory note dated August 31, 2006, in the principal sum of \$33,000,000. On May 2, 2007, the Trust received payment of \$28,711,562 from ABB Lummus Global, Inc. as final payment on the promissory note. The cash contributed on May 2, 2007 included \$27,600,000 in full principal payment and \$1,111,562 of interest. As of May 2, 2007, the promissory note of \$33,000,000 has been paid in full.

The Trustee is responsible for supervising and administering the Lummus Asbestos PI Trust Claims resolution process. The Trust will use its funding for Trust operations and for settlement of the Lummus Asbestos PI Trust Claims as defined in the Confirmed Plan.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The Trust's financial statements are prepared using special-purpose accounting methods that differ from accounting principles generally accepted in the United States of America. The special-purpose accounting methods were adopted in order to communicate to the beneficiaries of the Trust 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.

Funding received from ABB Lummus Global, Inc. has been recorded directly to net claimants' equity. These funds do not represent income of the Trust. Settlement offers for asbestos personal injury claims are reported as deductions in net claimants' equity and do not represent expenses of the Trust. Under accounting principles generally accepted in the United States of America, funds available for the payment of claims would be recorded as a liability and personal injury claims paid are reported as reductions to net claimants' liability.

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 as they are incurred. These costs include acquisition costs of computer hardware, software, software development, office furniture and leasehold improvements.



**ABB LUMMUS GLOBAL INC. 524(g) ASBESTOS PI TRUST**  
**NOTES TO THE SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES** (Continued)

The liability for unpaid claims reflected in the statements of net claimants' equity represents settled but unpaid claims and outstanding settlement offers. Lummus Asbestos PI Trust Claims' liability is recorded once a settlement offer has been made to the claimant and accepted by the claimant by submission to the Trust of an executed release. Net claimants' equity represents funding available to pay present and future claims on which no fixed liability has been recorded.

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 and disclosure of contingent 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. The most significant estimates with regard to these financial statements relate to unpaid claims.

In January of 2020, a novel strain of coronavirus ("COVID-19") was declared a Public Health Emergency of International Concern and subsequently declared a global pandemic in March 2020. As a result, a number of estimates have been and will continue to be affected by the ongoing Coronavirus Disease 2019 (COVID-19) pandemic. The severity, magnitude and duration, as well as the economic consequences of the COVID-19 pandemic, are uncertain, rapidly changing and difficult to predict. As a result, the accounting estimates and assumptions may change over time in response to COVID-19. Such changes could result in future credit losses on receivables, impairments of long-lived assets, or increase in liabilities.

Cash and Cash Equivalents

The Trust considers cash on hand and all highly liquid debt instruments purchased with a maturity of one month or less to be cash equivalents.

The Trust places its cash with a high quality credit institution. At times, such cash may be in excess of the Federal Depository Insurance Corporation insurance limit. The Trust routinely assesses the financial strength of its banking institution and, as a consequence, believes that its cash credit risk exposure is limited. At December 31, 2020 and 2019, the Trust maintained a bank account which held funds in excess of FDIC-insured limits.

Investment Securities

Investments securities stated at market value are based on quoted market prices at the date of the financial statements with the changes in unrealized gain and losses recorded in the current period. Investment income is recognized when earned. Gains and losses on sales are determined by specific identification.

The Trust classifies its marketable equity securities as available-for-sale. The investment securities are considered to be available-for-sale securities, as they are used to satisfy claims, and are reported at market. All interest and dividend income, as well as net realized gains/losses, are included in investment income on the statement of net assets available for the payment of claims. Realized gains and unrealized gains and losses are recorded as separate components on the statement of net assets available for the payment of claims.

Realized gains/losses are recorded based on the security's original cost. At the time a security is sold, all previously recorded unrealized holdings gains/losses are reversed and recorded net, as a component of other unrealized gains/losses in the accompanying statement of changes in net assets available for the payment of claims.

**ABB LUMMUS GLOBAL INC. 524(g) ASBESTOS PI TRUST**  
**NOTES TO THE SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Accrued Expenses and Accounts Payable

Accrued expenses and accounts payable consist of legal accruals, as well as outstanding bills associated with managing the Trust.

Operating and Administrative Expenses

Operating and administrative expenses of the Trust are paid from net assets available for the payment of claims.

Date of Management's Review

For the current reporting period, subsequent events were evaluated through April 12, 2021, which represents the date the financial statements were available to be issued.

**NOTE 3 - INVESTMENT SECURITIES**

Available-for-sale investment securities at December 31, 2020 consist of:

	<u>Amortized Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Market Value</u>
Equity Securities	\$ 2,258,016	\$ 1,757,118	\$ -0-	\$ 4,015,134
Fixed Income Securities	<u>13,669,718</u>	<u>318,609</u>	<u>-0-</u>	<u>13,988,327</u>
	<u>\$ 15,927,734</u>	<u>\$ 2,075,727</u>	<u>\$ -0-</u>	<u>\$ 18,003,461</u>

Available-for-sale investment securities at December 31, 2019 consist of:

	<u>Amortized Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Market Value</u>
Equity Securities	\$ 2,194,788	\$ 1,457,875	\$ -0-	\$ 3,652,663
Fixed Income Securities	<u>14,310,321</u>	<u>234,545</u>	<u>(1,824)</u>	<u>14,543,042</u>
	<u>\$ 16,505,109</u>	<u>\$ 1,692,420</u>	<u>\$ (1,824)</u>	<u>\$ 18,195,705</u>

Accrued interest receivable at December 31, 2020 and 2019 was \$15,278 and \$27,320, respectively.

**ABB LUMMUS GLOBAL INC. 524(g) ASBESTOS PI TRUST**  
**NOTES TO THE SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 3 - INVESTMENT SECURITIES** (Continued)

Scheduled maturities of fixed income securities (including accrued interest receivable) classified as available-for-sale at December 31, 2020 were as follows:

Due In:		
Current Bond Fund	\$	9,805,042
2021		2,018,163
2022		1,028,137
2023		559,927
2024		592,336
		\$ 14,003,605

**NOTE 4 - INCOME TAXES**

According to the Internal Revenue Code, the Trust is classified as a Qualified Settlement Fund and is therefore subject to federal income taxes based on modified gross income, as defined by the Income Tax topic of the Financial Accounting Standards Board Accounting Standards Codification. In the opinion of management, the Trust is not subject to state income taxes and therefore, the financial statements do not include any provision or liability for state income taxes.

The Trust has adopted generally accepted accounting principles related to uncertain tax positions and has evaluated the tax positions taken for all open tax years. Currently, the 2017, 2018, 2019, and 2020 tax years are open and subject to examination by the Internal Revenue Service and the United States Bankruptcy Court for the District of Delaware; however, the Trust is not currently under audit nor has the Trust been contacted by any of these agencies.

The net operating loss (NOL) carryforward for the year ended December 31, 2020 was \$1,057,492 and for the year ended December 31, 2019 was \$605,003. The federal tax rate for the Trust was 37.0% for the years ended December 31, 2020 and 2019, respectively. The estimated deferred tax asset is \$650,442 and \$446,942 at December 31, 2020 and 2019, respectively. The utilization of the net operating loss is dependent on having net taxable income in the future. The net operating loss may be carried forward for twenty years.

The estimated deferred tax asset includes the following computation for the years ended December 31:

	2020	2019
Net estimated deferred tax asset, beginning of year	\$ (446,942)	\$ (276,372)
Adjusted estimated deferred tax asset	\$ (446,942)	\$ (276,372)
Net estimated income (loss)	\$ (550,000)	\$ (461,000)
Federal Tax Rate	37.0%	37.0%
Current year tax liability (asset)	\$ (203,500)	\$ (170,570)
Cumulative net asset, end of year	\$ (650,442)	\$ (446,942)
Net reserve for cumulative net tax benefit	650,442	446,942
Net Deferred Tax Asset	\$ -0-	\$ -0-

**ABB LUMMUS GLOBAL INC. 524(g) ASBESTOS PI TRUST  
NOTES TO THE SPECIAL-PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 4 - INCOME TAXES** (Continued)

The Trust has recorded a reserve for the estimated tax benefit of \$650,442 and \$446,942, for the years ended December 31, 2020 and 2019, respectively, as it is uncertain the Trust will have taxable income in the future to be offset. The Trust will utilize \$-0- of the deferred tax asset for the years ended December 31, 2020 and December 31, 2019.

**NOTE 5 - CONTINGENT LIABILITIES**

The Trust estimates the amount of potential exposure it may have with respect to claims, assessments and litigation as defined by the Contingencies Topic of the Financial Accounting Standards Board Accounting Standards Codification. All Lummus Asbestos PI Trust Claims as defined in the Confirmed Plan have been assumed by this Trust. If any other legal proceedings occur, it is not always possible to predict the outcome, as they are subject to many uncertainties. Additionally, it is not always possible for management to make a meaningful estimate of the potential loss or range of loss associated with such litigation.

**NOTE 6 - LIABILITY FOR ASBESTOS CLAIMS**

The Trust Payment Percentage of 11.7% was effective November 1, 2019, and continued to be 11.7% through December 31, 2020.

The Trust paid claims of \$1,131,721 for the year ended December 31, 2020. Claims paid for the year ended December 31, 2019 amounted to \$1,698,465.

**NOTE 7 - TRUSTEES' LIABILITY INSURANCE**

Directors and officers' insurance was purchased from RLI Insurance Specialty Company for \$21,609 per year, during the year ended December 31, 2020 and \$20,680 per year, during the year ended December 31, 2019. The policy term is from December 7, 2020 through December 7, 2021. Insurance expense amounted to \$20,740 and \$20,867 for the years ended December 31, 2020 and 2019, respectively.

**NOTE 8 - TRUSTEE EXPENSES**

Fees and expenses of the Trustee for the year ended December 31, 2020 and 2019 were \$102,722 and \$105,524, respectively.

**ABB LUMMUS GLOBAL INC. 524(g) ASBESTOS PI TRUST**  
**NOTES TO THE SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 9 - FAIR VALUE MEASUREMENTS**

The Broad Transactions topic of the Financial Accounting Standards Board Accounting Standards Codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Trust has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data or correlation by other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020 and 2019.

**ABB LUMMUS GLOBAL INC. 524(g) ASBESTOS PI TRUST**  
**NOTES TO THE SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
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**NOTE 9 - FAIR VALUE MEASUREMENTS** (Continued)

*Equity Securities:* Valued at the net asset value ('NAV') of shares held by the Trust at year end.

*Fixed Income Securities:* Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Trust believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Trust's assets at fair value at December 31, 2020 and December 31, 2019, respectively:

	Assets at Fair Value at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Equity Securities	\$ 4,015,134	\$ -0-	\$ -0-	\$ 4,015,134
Fixed Income Securities	13,988,327	-0-	-0-	13,988,327
Total Assets at Fair Value	\$ 18,003,461	\$ -0-	\$ -0-	\$ 18,003,461

	Assets at Fair Value at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Equity Securities	\$ 3,652,663	\$ -0-	\$ -0-	\$ 3,652,663
Fixed Income Securities	14,543,042	-0-	-0-	14,543,042
Total Assets at Fair Value	\$ 18,195,705	\$ -0-	\$ -0-	\$ 18,195,705

**NOTE 10 - CHANGES IN FINANCIAL STATEMENT PRESENTATION**

Certain statements presented in the audited financial statement at and for the year ended December 31, 2019 have been reclassified for financial statement presentation purposes to be consistent with the presentation at and for the year ended December 31, 2020. There is no income or loss effect resulting from these reclassifications and the changes have been made for comparability purposes only.

**SUPPLEMENTARY INFORMATION**

CRAY, KAISER LTD.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS TO BUSINESS

**Independent Auditors' Report on  
Supplementary Information**

To the Trustee of the  
ABB Lummus Global Inc. 524(g) Asbestos PI Trust

The report on our audit of the special-purpose financial statements of the ABB Lummus Global Inc. 524(g) Asbestos PI Trust as of December 31, 2020 and 2019 appears on the Independent Auditors' Report. Our audit was conducted for the purpose of forming an opinion on the special-purpose financial statements as a whole in accordance with the basis of accounting described in Note 2 to such financial statements. The schedule of operating and claims processing expenses 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.

This report is intended solely for the information and use of the Trustee, 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.

Respectfully submitted,



CRAY, KAISER LTD.  
Certified Public Accountants

Oakbrook Terrace, IL  
April 12, 2021



**ABB LUMMUS GLOBAL INC. 524(g) ASBESTOS PI TRUST**      **SCHEDULE A-1**  
**SUPPLEMENTAL SCHEDULE OF OPERATING AND**  
**CLAIMS PROCESSING EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>TRUST FEES AND EXPENSES:</b>		
Audit fees	\$ 39,405	\$ 28,893
Insurance expense	20,740	20,867
Rent	750	750
Investment advisory fees	21,300	23,970
Administrator - Ankura Consulting Group, LLC	107,258	165,638
Wilmington Trust fees	3,708	2,500
Legal fees:		
The Hogan Law Firm - Delaware counsel to the Trust	3,170	3,941
Stutzman, Bromberg, Esserman & Plifka -		
General counsel to the Trust	86,027	71,254
Total Legal Fees	\$ 89,197	\$ 75,195
Total Trust Fees and Expenses	\$ 282,358	\$ 317,813
<b>TRUSTEE FEES AND EXPENSES:</b>		
Hon. Dean Trafelet, Ret.	\$ 102,722	\$ 105,524
<b>TRUST ADVISORY COMMITTEE ("TAC") FEES:</b>		
Kazan, McClain, Abrams, Lyons, Greenwood & Harley	\$ 225	\$ 320
Frank/Gecker LLP	6,911	19,857
Total Trust Advisory Committee ("TAC") Fees	\$ 7,136	\$ 20,177
<b>FUTURE CLAIMANTS' REPRESENTATIVE ("FCR") FEES:</b>		
Law Offices of Richard B. Schiro	\$ 1,976	\$ 6,767
Axlor Consulting	-0-	19,020
Young Conaway Stargatt & Taylor LLP	1,379	6,134
Porter & Hedges LLP	-0-	1,668
Total Future Claimants' Representative ("FCR") Fees	\$ 3,355	\$ 33,589
<b>CLAIMS PROCESSING EXPENSES:</b>		
Verus Claims Services, LLC	\$ 173,623	\$ 224,367
Total Claims Processing Expenses	\$ 173,623	\$ 224,367
<b>TOTAL OPERATING AND CLAIMS PROCESSING EXPENSES</b>	<b>\$ 569,194</b>	<b>\$ 701,470</b>

See Independent Auditors' Supplementary Information Report.