

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

In re:)	Chapter 11
)	
ABB LUMMUS GLOBAL, INC.,)	Case No. 06-10401 (MFW)
)	
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, 2016**

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, 2016.

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 2016 on February 24, 2016, May 18, 2016, September 21, 2016, and November 16, 2016. At many of these meetings, several persons attended by telephone, as authorized by the Bylaws and encouraged by the Trustee.

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

In 2016, the Trust entered and/or continued services agreements with Stutzman, Bromberg, Esserman & Plifka, a Professional Corporation (general counsel); ARPC (accountant and administrator); Ankura Consulting Group LLC (accountant and administrator);¹ Verus Claims Services LLC (claims processing facility and claims

¹ In 2016 ARPC became part of Ankura Consulting Group, LLC (“Ankura”). As of May 1, 2016, Ankura became the Trust’s accountant and administrator.

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.

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

The Trust applied the Payment Percentage of 10% to claims paid in the year ended December 31, 2016.

In accordance with TDP Sections 2.3 and 4.2, the Trustee, with the consent of the TAC and the FCR, increased the Payment Percentage from 10% to 14.7%, beginning with claims scheduled for payment in November 2016.² In accordance with TDP Section 2.3, the Trustee is making supplemental payments to claimants who were previously paid

² Claims scheduled for payment in November 2016 were approved and paid in January 2017. Claims paid in 2017 will be reported in the Trust’s annual report for the period ending December 31, 2017.

at the Payment Percentage of 10% to increase their recovery to the 14.7% Payment Percentage level.³

After increasing the Payment Percentage to 14.7%, the Maximum Annual Payment for the remainder of 2016 was set at \$767,922. The Maximum Annual Payment for 2016, which was not utilized to pay claims in 2016, will carryover and be applied to the payment of claims in 2017.

The Claims Payment Ratios remain at 80% for Category A Claims and 20% for Category B Claims. 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 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.

From 2015, the Trust carried \$2,130,886 into 2016 for payment on Category A Claims and \$837,518 for payment on Category B Claims, with payment as follows:

Category A Claims

Paid in 2016 (net of refunds) = \$ 472,325

Category B Claims

Paid in 2016 (net of refunds) = \$ 81,800

A total of 239 liquidated Category A Claims and 341 liquidated Category B Claims remained in the FIFO Payment Queue as of December 31, 2016.

³ On January 4, 2017, the Trustee approved supplemental payments for claimants paid at the Payment Percentage of 10% for the 4.7% increase for a total of \$2,723,598. The payments were made to claimants in the FIFO Payment Queue as of November 22, 2016.

B. Claims Statistics for the Fiscal Year Ending December 31, 2016

The Trust received 8,304 claims in 2016 (234 Lummus Feedwater Heater Claims and 8,070 Lummus Design and Construction Claims, as those terms are defined in the TDP). The Trust liquidated and paid 882 claims in 2016, totaling \$554,125 after application of the Payment Percentage. Below is further detail with respect to the claims received and paid by the Trust in 2016.

Total claims received in 2016:

Total Category A Claims received in 2016 =	1,536
Category A Claims submitted for Expedited Review	1,056
Category A Claims submitted for Individual Review	480
Total Category B Claims received in 2016 =	6,768
Category B Claims submitted for Expedited Review	6,724
Category B Claims submitted for Individual Review	44
<u>Total claims received in 2016 =</u>	<u>8,304</u>

Total claims paid in 2016:

Total Category A Claims paid in 2016 =	411
Category A Claims paid pursuant to Expedited Review	207
Category A Claims paid pursuant to Individual Review	204
Total Category B Claims paid in 2016 =	471
Category B Claims paid pursuant to Expedited Review	463
Category B Claims paid pursuant to Individual Review	8
<u>Total claims paid in 2016 =</u>	<u>882</u>

Since inception of the Trust, the Trust has not approved 64,442 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, 2016, totaled 703, of which 54 are Category A Claims and 649 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. During the fiscal year ending December 31, 2016, the Trustee was paid a total of \$88,899 for compensation and expenses incurred.

The Delaware Trustee received compensation in the amount of \$2,500 during the fiscal year ending December 31, 2016. The Delaware Trustee had no reimbursable out-of-pocket costs and expenses during the fiscal year ending December 31, 2016.

IV. Financial Statements

A copy of the Trust's audited financial statements for the fiscal year ending December 31, 2016 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, 2016 and 2015.

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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, 2016.

TRUSTEE:

/s/ Dean M. Trafelet
DEAN M. TRAFELET

Dated: April 24, 2017

HOGAN♦McDANIEL

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

1311 Delaware Avenue
Wilmington, Delaware 19806
Telephone: (302) 656-7540
Facsimile: (302) 656-7599
dkhogan@dkhogan.com

-and-

**STUTZMAN, BROMBERG,
ESSERMAN & PLIFKA**
A Professional Corporation
Sander L. Esserman (Texas Bar No. 06671500)
Steven A. Felsenthal (Texas Bar No. 06889900)
2323 Bryan Street, Suite 2200
Dallas, Texas 75201-2689
Telephone: (214) 969-4900
Facsimile: (214) 969-4999
esserman@sbep-law.com
felsenthal@sbep-law.com

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