IN THE UNITED STATES BANKRUPTCY COURT
OF THE SOUTHERN DISTRICT OF TEXAS
CORPUS CHRISTI DIVISION

In re:	§	**Case No. 05-21207**
	§	
ASARCO LLC, *et al.*,	§	**Chapter 11**
	§	
Debtors	§	**Jointly Administered**
	§	

ANNUAL REPORT, FINANCIAL STATEMENTS AND RESULTS OF OPERATIONS OF THE ASARCO ASBESTOS PERSONAL INJURY SETTLEMENT TRUST FOR FISCAL YEAR ENDED DECEMBER 31, 2023

David F. Levi, as Trustee of the ASARCO Asbestos Personal Injury Settlement Trust (the "**Asbestos Trust**" or "**Trust**"), respectfully files this Annual Report, Financial Statements and Results of Operations for Fiscal Year Ended December 31, 2023 (the "**Report**"), pursuant to Asarco Incorporated and Americas Mining Corporation's Seventh Amended Plan of Reorganization for the Debtors Under Chapter 11 of the United States Bankruptcy Code, as Modified on August 20, 2009, August 23, 2009, and August 27, 2009 (the "**Parent Plan**") and the ASARCO Asbestos Personal Injury Settlement Trust Agreement (the "**Trust Agreement**").

I. General

On August 9, 2005, ASARCO LLC ("**ASARCO**") filed a petition for relief under Chapter 11 of the United States Bankruptcy Code. Various affiliates of ASARCO (together with ASARCO, the "**Debtors**") filed bankruptcy petitions both before and after ASARCO's bankruptcy filing. The Debtors' respective bankruptcy cases are jointly administered under Case No. 05-21207. On September 11, 2009, the United States Bankruptcy Court for the Southern District of Texas (the "**Bankruptcy Court**") entered its amended recommendation

in favor of confirmation of the Parent Plan. On November 13, 2009, the United States District Court for the Southern District of Texas (the "**District Court**") adopted the Bankruptcy Court's recommendation and entered its Memorandum Opinion, Order of Confirmation, and Injunction, confirming the Parent Plan (as modified on November 16, 2009, and December 3, 2009, the "**Confirmation Order**"). *See* Dkt. No. 79, 80 and 96 in Case No. 2:09-CV-00177.

To address the substantial asbestos-related liabilities of the Debtors, the Parent Plan established the Asbestos Trust in accordance with the Trust Agreement. On December 9, 2009, the Effective Date[1] of the Parent Plan, the Asbestos Trust was created and funded with over $900 million in assets, including more than $650 million in cash plus a $280 million secured note from Reorganized ASARCO (the "**ASARCO Note**"). In addition, the Asbestos Trust received $27.5 million to fund the operating expenses of the Asbestos Trust. *See* Parent Plan, § 6.7. David F. Levi is now the sole Trustee of the Trust.

Under the Trust Agreement, the Trust Advisory Committee ("**TAC**") represents the holders of present Asbestos Personal Injury Claims, and the Future Claims Representative ("**FCR**") represents the holders of future Asbestos Personal Injury Claims. *See* Trust Agreement, §§ 5.2 and 6.1. The TAC members are Steven Kazan, Steven T. Baron, Alan R. Brayton, Bryan O. Blevins, and Perry J. Browder. The Hon. Robert C. Pate is the FCR.

The Trust Agreement, at section 2.2(g), requires that the Trustee meet with the TAC and FCR no less often than quarterly. The Trustee held quarterly meetings with the TAC and the FCR on February 22, 2023, June 7, 2023, September 19, 2023, and November 15, 2023.

[1] Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Parent Plan.

The Trustee held weekly Trust meetings in 2023 by telephone, beginning on January 2, 2023.

The principal office of the Asbestos Trust is 1100 N. Market Street, 4th Floor, Wilmington, DE 19890. The administrative office of the Asbestos Trust is: Attention David F. Levi, Trustee, c/o Stutzman, Bromberg, Esserman & Plifka, A Professional Corporation, 2323 Bryan Street, Suite 2200, Dallas, TX 75201.

The Asbestos Trust continued its retention of the following: Stutzman, Bromberg, Esserman & Plifka, A Professional Corporation (general counsel); CBIZ (accounting and tax work); BDO USA LLP (independent auditors); AON Risk Services Central, Inc. (insurance agent); Legal Analysis Systems (consultant regarding asbestos personal injury claims); Verus Claims Services, LLC ("**Verus**") (claims processor); Bank of America Private Bank (financial consultant, money manager, custodian banking and other banking services); Citi Private Bank (financial consultant, money manager, custodian banking and other banking services); Anderson Kill P.C. (insurance coverage counsel); and Morgan Stanley (asset manager and advisor). The Trust retained local counsel and other consultants, as needed.

The TAC continued its retention of Caplin & Drysdale as its counsel. The FCR continued his retention of Clark Hill PLC as his counsel.

The Asbestos Trust's general counsel, Stutzman, Bromberg, Esserman & Plifka, P.C., serves as the custodian of Trust records.

The Asbestos Trust continued liability insurance for the Trustee, the members of the TAC, and the FCR.

In 2023, the Asbestos Trust (i) invested and managed its assets; (ii) adopted a budget for the next year; (iii) processed and paid Pre-Petition Liquidated Asbestos Personal Injury

Claims (as defined in the ASARCO Asbestos Personal Injury Settlement Trust Distribution Procedures ("**TDP**")); (iv) continued to examine and analyze as needed ASARCO's, LAQ's, and CAPCO's asbestos sales records and historical asbestos records; (v) managed the Asbestos Trust's website, www.asarcotrust.com; (vi) accepted Asbestos Personal Injury Claims based on CAPCO Exposure, LAQ Exposure and/or both, as defined in the TDP; (vii) processed both CAPCO claims and LAQ claims, providing directions to the claims facility for the liquidation of the Asbestos Personal Injury Claims; (viii) continued paying Asbestos Personal Injury Claims; (ix) reviewed accounting and auditing functions for the Trust; (x) consulted with Legal Analysis Systems ("**LAS**") regarding the payment percentage, claims data, and forecasts of the Trust's liability for Asbestos Personal Injury Claims; (xi) sought dismissals of any state court litigation filed against ASARCO in violation of the 524(g) channeling injunction; (xii) handled and processed any premises claims; (xiii) posted appropriate notices on the Trust's website for all claimants; (xiv) conducted audits of Asbestos Personal Injury Claims pursuant to the Trust's claims audit program; (xv) renewed any necessary insurance policies to replace expiring policies; (xvi) monitored the methodology for liquidating Asbestos PI Claims under the Individual Review procedures of the TDP; (xvii) performed all functions required for Trust governance, including maintaining the Trust's books and records, approval of the budget for the next year, and other processes; (xviii) evaluated cyber security protection issues and renewed cyber security insurance; (xix) addressed any subpoenas and discovery requests to produce information as appropriate; (xx) applied procedures related to potential lien, subrogation and reimbursement claims, (xxi) conducted due diligence reviews of operations regarding Trust business at Verus, Bank of

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America Private Bank and Citi Private Bank; and (xxii) supervised and managed any litigation affecting or involving the Trust.

The process for reviewing and liquidating Asbestos PI Claims is governed by the TDP. The TDP recognizes that estimates of liabilities and the value of assets fluctuate over time and, accordingly, applies a "Payment Percentage" to the liquidated value of allowed Asbestos PI Claims other than a claim involving Other Asbestos Disease (Disease Level I-Cash Discount Payment) and Asbestos Premises Liability Claims covered by an applicable Asbestos Insurance Policy. *See* TDP § 2.3. The TDP directs the Trustee to periodically "reconsider the then applicable Payment Percentage to assure that the Payment Percentage is based on accurate and current information," and to, if necessary, change the Payment Percentage with the consent of the TAC and the FCR. *Id.* at § 4.2. In making this determination, the Trustee is directed to "base their determination of the Payment Percentage on current estimates of the number, types, and values of present and future Asbestos Personal Injury Claims, the value of the assets then available to the Asbestos Trust for payment of Asbestos Trust Determined Claims, all anticipated administrative and legal expenses, and any other material matters that are reasonably likely to affect the sufficiency of funds to pay a comparable percentage of full value to all holders of Asbestos Personal Injury Claims." *Id.* The Trustee is further directed to "exercise common sense and flexibly evaluate all relevant factors." *Id.* In 2023, the Trust engaged LAS to assist the Trust in evaluating the payment percentage. LAS continues to analyze the payment percentage as of the date of this Report, and the Trustee has not concluded his evaluation. The Payment Percentage for 2023 was 35%.

II. Asbestos Personal Injury Claims

The Asbestos Trust came into existence on December 9, 2009. In 2023, the Trustee accepted and processed 46 Pre-Petition Liquidated Asbestos Personal Injury Claims, ultimately paying, after application of the Payment Percentage, $147,704 on account of such Pre-Petition Liquidated Asbestos Personal Injury Claims.

In addition, in 2023 the Asbestos Trust, through Verus, its claims processing facility, continued accepting unliquidated Asbestos Personal Injury Claims. Verus processed and the Trust paid various Asbestos Personal Injury Claims in 2023. Through December 31, 2023, 501,464 unliquidated Asbestos Personal Injury Claims were submitted to the Asbestos Trust, as follows:

Disease Level	Claims to date	Claims in 2023
Other Asbestos Disease (Level I)	18,320	200
Nonmalignant Asbestos Disease (Level II)	193,051	9,709
Nonmalignant Asbestos Disease (Level III)	114,622	8,326
Severe Asbestosis (Level IV)	8,568	319
Other Cancer (Level V)	21,400	1,625
Lung Cancer 2 (Level VI)	13,369	752
Lung Cancer 1 (Level VII)	69,944	5,098
Mesothelioma (Level VIII)	43,858	2,417
Unknown	18,332	327
Total:	**501,464**	**28,773**

Of the 28,773 Asbestos Personal Injury Claims submitted to the Trust in 2023, 739 have been withdrawn, 6,721 have been deferred, and 2,863 have been approved for payment, with the remainder in process with the Trust. Since inception, not including premises claims, the Trust has paid a total of $650,023,918 on account of unliquidated Asbestos Personal Injury Claims, of which $69,803,508 was paid in 2023 (This total excludes any refunds received for claims paid in previous years.)

Under section 3.3 of the Trust Agreement, the Trust reports payments for Asbestos PI Trust Expenses. The Trust's operating expenses are listed in the Supplemental Information to the attached audited financial statements as addressed below.

III. Compensation and Expenses of Trustee, TAC, and FCR

Under section 4.5(c) of the Trust Agreement, the Asbestos Trust reports to the Bankruptcy Court the amount of compensation and expenses paid to the Trustee. The Trustee has received, on an accrual basis, compensation, and reimbursement for out-of-pocket expenses for the fiscal year ending December 31, 2023, as follows:

Trustee	$376,581.98
Delaware Trustee	$3,000, plus $1,500 Delaware Agent Fees

Under section 5.6 of the Trust Agreement, the Asbestos Trust reports to the Bankruptcy Court the amount of compensation and expenses paid to the TAC members. The TAC has received, on an accrual basis, compensation and reimbursement for fees and expenses, including counsel, during the fiscal year ending December 31, 2023, as follows:

TAC	$ 52,443.33

Under section 6.5 of the Trust Agreement, the Asbestos Trust reports to the Bankruptcy Court the amount of compensation and expenses paid to the FCR. The FCR has received, on an accrual basis, compensation and reimbursement for fees and expenses, including counsel, during the fiscal year ending December 31, 2023, as follows:

FCR	$ 24,420.00

IV. Financial Statements

A copy of the Asbestos Trust's audited financial statements for the year ending December 31, 2023, including a balance sheet as of December 31, 2023, and a statement of

operations for 2023, is attached hereto as Exhibit A. Exhibit A also includes BDO USA LLP's opinion as to the fairness of the financial statements' presentation of the cash and investments available for the payment of claims and as to the conformity of the financial statements with special purpose accounting methods.

The Asbestos Trust provided copies of this Report to the TAC and FCR on April 26, 2024.

V. Certification

The Trustee certifies that he has performed pursuant to and in compliance with the Parent Plan, the Trust Agreement, the TDP, the Confirmation Order, and such other Parent Plan documents and Bankruptcy Court orders pertaining to the operation of the Asbestos Trust during the fiscal year ended December 31, 2023.

TRUSTEE:

/s/David F. Levi
DAVID F. LEVI

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Respectfully submitted this 30th day of April 2024,

STUTZMAN, BROMBERG,
ESSERMAN & PLIFKA,
A PROFESSIONAL CORPORATION

By: */s/ Peter D'Apice*
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ATTORNEYS FOR THE ASARCO ASBESTOS PERSONAL INJURY SETTLEMENT TRUST

CERTIFICATE OF SERVICE

The undersigned certifies that on this 30th day of April 2024, the foregoing ANNUAL REPORT, FINANCIAL STATEMENTS AND RESULTS OF OPERATIONS OF THE ASARCO ASBESTOS PERSONAL INJURY SETTLEMENT TRUST FOR FISCAL YEAR ENDED DECEMBER 31, 2023, was served via ECF on all those parties receiving such notice through the Court's CM/ECF system.

/s/Peter D'Apice
Peter C. D'Apice

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ASARCO Asbestos Personal Injury Settlement Trust

Special-Purpose Financial Statements
Years Ended December 31, 2023 and 2022

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.

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ASARCO Asbestos Personal Injury Settlement Trust

Special-Purpose Financial Statements
Years Ended December 31, 2023 and 2022

ASARCO Asbestos Personal Injury Settlement Trust

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Independent Auditor's Report

Trustee
ASARCO Asbestos Personal Injury Settlement Trust
Dallas, Texas

Opinion

We have audited the special-purpose financial statements of ASARCO Asbestos Personal Injury Settlement Trust (the Trust), which comprise the special-purpose statements of assets, liabilities, and net claimants' equity as of December 31, 2023 and 2022, and the related special-purpose statements of changes in net claimants' equity and the special-purpose statements of cash flows for the years then ended, and the related notes to the special-purpose financial statements.

In our opinion, the accompanying special-purpose financial statements present fairly, in all material respects, the net assets of the Trust as of December 31, 2023 and 2022, and the changes in net claimants' equity and its cash flows for the years then ended, in accordance with the basis of accounting described in Note 2 to the special-purpose financial statements.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Special-Purpose Financial Statements* section of our report. We are required to be independent of the Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 of the special-purpose financial statements which describes the basis of accounting. As described in Note 2, the accompanying special-purpose financial statements were prepared in order to account for the amount of net assets presently available to fund current and future claims, which is a basis of accounting other than accounting principles generally accepted in the United States of America. As a result, the special-purpose financial statements may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of the special-purpose financial statements in accordance with the basis of accounting as described in Note 2 to the special-purpose financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Special-Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special-purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the special-purpose financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the special-purpose financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the special-purpose financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the special-purpose financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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Other Matter - Restriction of Use

Our report is intended solely for the information and use of the Trust and is not intended to be and should not be used by anyone other than the specified party.

Other Matter – Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the annual report and account of the Trust for the year ended December 31, 2023 but does not include the special-purpose financial statements and our auditor's report thereon. Our opinion on the special-purpose financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the special-purpose financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the special-purpose financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

BDO USA, P.C.

McLean, Virginia
April 22, 2024

Special-Purpose Financial Statements

ASARCO Asbestos Personal Injury Settlement Trust

Special-Purpose Statements of Assets, Liabilities and Net Claimants' Equity

December 31,	**2023**	2022
Assets		
Cash and cash equivalents		
Citi	**$ 7,626,418**	$ 9,162,852
U.S. Trust	**5,283,458**	5,326,112
Morgan Stanley	**356,562**	547,264
Bank of America	**1,000**	411
Peapack-Gladstone	**200**	200
Total cash and cash equivalents	**13,267,638**	15,036,839
Investments		
Citi		
Investment securities	**352,873,851**	358,394,144
Alternative investments	**13,400,397**	16,419,637
Income receivable	**3,795,424**	4,082,910
U.S. Trust		
Investment securities	**311,733,608**	318,104,397
Alternative investments	**13,344,345**	16,457,438
Income receivable	**2,944,183**	3,249,513
Morgan Stanley		
Investment securities	**7,484,484**	6,076,903
Alternative investments	**2,075,125**	2,665,170
Income receivable	**70,241**	55,496
Total investments	**707,721,658**	725,505,608
Other assets		
Prepaid federal income taxes	**516,000**	1,380,000
Prepaid expenses	**137,960**	138,251
Total other assets	**653,960**	1,518,251
Total assets	**721,643,256**	742,060,698
Liabilities		
Settled claims payable	**1,565,819**	5,977,771
Accounts payable	**204,658**	217,472
Total liabilities	**1,770,477**	6,195,243
Net claimants' equity	**$ 719,872,779**	$ 735,865,455

See accompanying notes to the special-purpose financial statements.

ASARCO Asbestos Personal Injury Settlement Trust

Special-Purpose Statements of Changes in Net Claimants' Equity

Years Ended December 31,	**2023**	2022
Additions		
Investment income		
Interest and dividend, net	**$ 19,893,177**	$ 20,148,047
Realized gains on sale of investment securities	**11,180,707**	13,382,449
Net change in fair value of alternative investments	**3,393,571**	-
Unrealized gain on investment securities	**24,628,454**	-
Cost adjustments on investments	**4,505**	-
Other income	**5,074**	1,000
Total additions	**59,105,488**	33,531,496
Deductions		
Unrealized loss on investment securities	**-**	105,846,788
Net change in fair value of alternative investments	**-**	1,980,682
Cost adjustments on investments	**-**	78,559
Claims settled	**65,519,929**	66,804,508
Investment advisory fees	**2,226,212**	2,519,182
General and administrative expenses		
Trustee	**376,582**	668,549
Claims processing fees	**1,060,931**	957,080
Claims consulting and forecasting fees	**179,132**	152,517
Insurance	**137,493**	146,250
Accounting	**251,454**	284,402
Future claims representative fees and expenses	**24,420**	20,930
Other	**45,951**	38,192
Professional services		
Trust general counsel	**432,505**	479,794
Trust insurance, special and local counsel	**2,409**	9,241
Legal fees and expenses	**-**	9,293
Special & local counsel fees and expenses	**4,703**	-
TAC attorney fees and expenses	**52,443**	89,220
Federal income tax	**4,784,000**	5,884,000
Total deductions	**75,098,164**	185,969,187
Decrease in net claimants' equity	**(15,992,676)**	(152,437,691)
Net claimants' equity at the beginning of the year	**735,865,455**	888,303,146
Net claimants' equity at the end of the year	**$ 719,872,779**	$ 735,865,455

See accompanying notes to the special-purpose financial statements.

ASARCO Asbestos Personal Injury Settlement Trust

Special-Purpose Statements of Cash Flows

Years Ended December 31,	**2023**	2022
Cash flows from operating activities:		
Net decrease in claimants' equity	**$ (15,992,676)**	$ (152,437,691)
Adjustments to reconcile net decrease in net claimants' equity to net cash used in operating activities:		
Realized gain on sale of investment securities	**(11,180,707)**	(13,382,449)
Net change in fair value of alternative investments	**(3,393,571)**	1,980,682
Unrealized (gain) loss on investment securities	**(24,628,454)**	105,846,788
Cost adjustments on investments	**(4,506)**	78,559
Amortization of bond premium	**8,060,991**	8,619,879
Changes in operating assets and liabilities:		
Prepaid federal income taxes	**864,000**	(1,380,000)
Prepaid expenses	**291**	(15,021)
Settled claims payable	**(4,411,952)**	257,120
Accounts payable	**(12,814)**	(44,665)
Federal income taxes payable	**-**	(76,000)
Net cash used in operating activities	**(50,699,398)**	(50,552,798)
Cash flows from investing activities:		
Change in accrued income receivable	**578,071**	(733,325)
Proceeds from sales of investments	**270,043,266**	341,579,121
Purchases of investments	**(221,691,140)**	(300,454,698)
Net cash provided by investing activities	**48,930,197**	40,391,098
Net decrease in cash and cash equivalents	**(1,769,201)**	(10,161,700)
Cash and cash equivalents at the beginning of the year	**15,036,839**	25,198,539
Cash and cash equivalents at the end of the year	**$ 13,267,638**	$ 15,036,839

See accompanying notes to the special-purpose financial statements.

1. Description of the Trust

The ASARCO Asbestos Personal Injury Settlement Trust (the Trust), organized pursuant to the laws of the State of Delaware, was established on December 9, 2009 and is a "qualified settlement fund" pursuant to the meaning of Section 1.468B-1 et seq. to the Treasury Regulations promulgated under Section 468B of the Internal Revenue Code. The Trust was formed to assume all Asbestos PI Trust Claims (whether now existing or arising at any time hereafter) and to use the Asbestos PI Trust assets to pay holders of claims in accordance with the ASARCO Personal Injury Settlement Trust Agreement (Trust Agreement). The Trust's funding is dedicated solely to the settlement of Asbestos Personal Trust Claims and the related costs thereto, as defined in the Trust Agreement. The Trust's principal office is in Wilmington, Delaware and effective November 26, 2022, the Trust's administrative office was changed from New York, New York to Dallas, Texas. Defined terms have the meaning that is defined in the Trust Agreement.

2. Significant Accounting Policies

Basis of presentation

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

a. Investment securities are recorded at fair value. All interest and dividend income, net of investment expenses, are included in investment income in the accompanying special-purpose statements of changes in net claimants' equity. Net realized and unrealized gains and (losses) on investment securities are recorded as a net addition or (deduction) in the special-purpose statements of changes in net claimants' equity.

b. Amortization and accretion of bond premiums or discounts is included in investment income.

c. Insurance recoveries are recorded when the related policies are settled and collectability is assured from the insurance carriers. These recoveries come from various insurance settlements, which were obtained by entities which assigned the rights to such policies to the Trust or were negotiated by the Trust.

d. Future fixed liabilities under contractual obligations and other agreements entered into by the Trust are recorded as deductions in the same period that such contractual obligations or agreements are signed. Under GAAP, liabilities and contractual obligations are recorded over the period that is benefited by the underlying contract or agreement.

e. The full amounts of claims are generally treated as deductions from net claimants' equity in the period in which the settled claims are approved for payment. A settled claim is a claim that has been accepted by the claimant, with an executed release submitted to the Trust, and approved by the Trustee. Under GAAP, a liability would be recorded for an estimate of the amount to be paid for claims that have been incurred but not yet reported, and for those claims that have been submitted but not yet approved for payment by the Trust.

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

Use of estimates

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

Cash equivalents

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

Investment securities

Investment securities are stated at fair market value with changes in unrealized gains and losses recorded in the current period. Investment income is recognized when earned. Any unearned interest and dividend income are recorded as income receivable. Realized gains and losses on sales are determined using the specific identification method.

Settled claims and accounts payable

Settled claims consist of certain claims that are settled but unpaid at December 31, 2023 and 2022. A settled claim is a claim that has been accepted by the claimant, with an executed release submitted to the Trust, and approved by the Trustee. An unpaid claim is a claim that has been approved for payment by the Trustee but cannot be paid due to annual cap limitations or has been authorized by the Trustee and not paid. Unpaid claims that are a result of annual cap limitations are recorded when settled.

Accounts payable consist of outstanding invoices associated with managing the Trust.

Operating expenses

Operating expenses of the Trust are recorded as deductions on the special-purpose statements of changes in net claimants' equity in the period in which the invoices are received and approved.

Income taxes

The Trust is classified as a Qualified Settlement Fund pursuant to the Internal Revenue Code and Regulations thereunder (the Code). As a result, the Trust is subject to federal income taxes based on modified gross income, as defined by the Code. In the opinion of the Trustee and advisors, the

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Trust is not subject to state income taxes and, therefore, the special-purpose financial statements do not include any provision or liability for state income taxes.

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

The Trust records income tax expense (or benefit) associated with amounts payable (or receivable) under current federal income taxes and does not record a provision for (or benefit from) deferred taxes. Accordingly, there is no provision for deferred taxes associated with changes in cumulative unrealized gains and losses on investments (see Note 3). The income taxes associated with gains on investments will be recorded in the Trust's special-purpose financial statements when the net gains are realized (i.e., the securities are sold) and the taxes become currently payable. In addition, there is no provision for deferred taxes associated with any future benefit from the potential use of net operating loss carryforwards to reduce taxable income in future years.

The Trust is generally no longer subject to income tax examinations by the Internal Revenue Service for the years ended December 31, 2019 and prior.

Risk and uncertainties

Certain of the Trust's assets are exposed to credit risk. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Trust has never experienced any losses related to these balances. There is approximately $4 million in excess of federally insured limits at December 31, 2023.

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

3. Cash, Cash Equivalents and Investment Securities

Cash, cash equivalents, and investment securities consist of the following at December 31, 2023:

	Cost	Fair Value	Unrealized Gains
Cash and cash equivalents	$ 13,267,638	$ 13,267,638	$ -
Equities	78,726,730	144,017,181	65,290,451
Bonds	523,233,859	528,074,762	4,840,903
Total cash, cash equivalents and investment securities	$ 615,228,227	$ 685,359,581	$ 70,131,354

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Cash, cash equivalents, and investment securities consist of the following at December 31, 2022:

	Cost	Fair Value	Unrealized Gains (Losses)
Cash and cash equivalents	$ 15,036,839	$ 15,036,839	$ -
Equities	94,694,872	149,238,992	54,544,120
Bonds	542,377,672	533,336,452	(9,041,220)
Total cash, cash equivalents and investment securities	$ 652,109,383	$ 696,612,283	$ 45,502,900

The maturities of the Trust's investment in bonds are as follows as of December 31, 2023:

	Less than 1 Year	After 1 Year Through 5 Years	After 5 Year Through 10 Years	After 10 Years	Total
Bonds	$ 32,009,262	$ 147,948,241	$ 151,291,786	$ 196,825,473	$ 528,074,762

The maturities of the Trust's investment in bonds are as follows as of December 31, 2022:

	Less than 1 Year	After 1 Year Through 5 Years	After 5 Year Through 10 Years	After 10 Years	Total
Bonds	$ 33,085,523	$ 127,340,291	$ 185,086,960	$ 187,823,678	$ 533,336,452

4. Fair Value Measurements

The Trust's investments are recorded at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability between market participants in an orderly transaction on the measurement date. The market in which the reporting entity would sell the asset or transfer the liability with the greatest volume and level of activity for the asset or liability is known as the principal market. When no principal market exists, the most advantageous market is used. This is the market in which the reporting entity would sell the asset or transfer the liability with the price that maximizes the amount that would be received or minimizes the amount that would be paid. Fair value is based on assumptions market participants would make in pricing the asset or liability. Generally, fair value is based on observable quoted market prices or derived from observable market data when such market prices or data are available. When such prices or inputs are not available, the Trust would use valuation models.

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The Trust's assets recorded at fair value on a recurring basis are categorized based on the priority of the inputs used to measure fair value. The inputs used in measuring fair value are categorized into three levels, as follows:

- **Level 1 -** Inputs that are based upon quoted prices for identical instruments traded in active markets.
- **Level 2 -** Inputs that are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar investments in markets that are not active, or models based on valuation techniques for which all significant assumptions are observable in the investment.
- **Level 3 -** Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The following section describes the valuation methodologies the Trust uses to measure its financial assets at fair value.

Equities: Valued at the closing price reported on the active market on which the individual securities are traded.

Bonds: Valued using the documented trade price if trading in an active market. Otherwise, valued using a metrics system provided by the pricing vendors.

Alternative investments: Valued using the Trust's proportionate share of each fund's net assets, as reported as of the date of the special-purpose financial statements.

Investments measured at fair value on a recurring basis are summarized below:

	As of December 31, 2023			
	Assets Measured At Fair	Fair Value Hierarchy Level		
Description	Value	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 13,267,638	$ 13,267,638	$ -	$ -
Equities	144,017,181	144,017,181	-	-
Bonds:				
Government	28,104,079	28,104,079	-	-
Corporate	20,898,518	-	20,898,518	-
International	2,023,131	-	2,023,131	-
Municipal	477,049,034	-	477,049,034	-
Total bonds	528,074,762	28,104,079	499,970,683	-
Alternative investments	28,819,867	-	-	28,819,867
Total investments at fair value	$ 714,179,448	$ 185,388,898	$ 499,970,683	$ 28,819,867

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Notes to the Special-Purpose Financial Statements

	As of December 31, 2022			
		Fair Value Hierarchy Level		
Description	Assets Measured At Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 15,036,839	$ 15,036,839	$ -	$ -
Equities	149,238,992	149,238,992	-	-
Bonds:				
Government	6,127,504	6,127,504	-	-
Corporate	11,419,987	-	11,419,987	-
International	741,125	-	741,125	-
Municipal	515,047,836	-	515,047,836	-
Total bonds	533,336,452	6,127,504	527,208,948	-
Alternative investments	35,542,245	-	-	35,542,245
Total investments at fair value	$ 733,154,528	$ 170,403,335	$ 527,208,948	$ 35,542,245

Level 3 gains and losses

The following table sets forth a summary of changes in the fair value of the Trust's alternative investments (Level 3 assets) for the years ended December 31, 2023 and 2022:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	2023	2022
Balance at the beginning of the year	**$ 35,542,245**	$ 36,939,913
Purchases	**10,301,579**	1,823,849
Liquidations / distributions	**(20,417,528)**	(1,240,834)
Net change in fair value	**3,393,571**	(1,980,682)
	$ 28,819,867	$ 35,542,245

Alternative investments generally employ long, short and multi-trading strategies in various markets. These funds have semi-annual and quarterly redemption periods with notice periods of between 30 to 95 days.

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5. Income Taxes

For the years ended December 31, 2023 and 2022, the Trust's provision for federal income taxes is $4,784,000 and $5,884,000, respectively. During the years ended December 31, 2023 and 2022, the Trust made estimated tax payments totaling $2,500,000 and $4,950,000, respectively.

As disclosed in Note 2 to the special-purpose financial statements, the Trust does not record a provision for (or benefit from) deferred taxes. Accordingly, there is no provision for deferred taxes associated with cumulative unrealized gains and losses on investments.

6. Claims Settled

For the year ended December 31, 2023, the Trust settled 11,822 claims totaling $65,519,929 including 482 claims totaling $1,565,819 that were settled but not paid as of December 31, 2023. The Trust paid 12,321 claims totaling $69,931,881 during the year ended December 31, 2023. For the year ended December 31, 2022, the Trust settled 10,762 claims totaling $68,804,508 including 980 claims totaling $5,977,771 that were settled but not paid as of December 31, 2022. The Trust paid 13,352 claims totaling $66,547,388 during the year ended December 31, 2022.

7. Contingent Liabilities

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

8. Liability for Asbestos Claims

Personal injury claims that were settled, but unpaid as of December 31, 2023 and 2022, have been accrued and included in claims payable. These amounts have been included in deductions from net claimants' equity in the accompanying special-purpose statements of changes in net claimants' equity for the payment of claims for the years ended December 31, 2023 and 2022.

The Trust considers settled claims as claims that were approved through the claims review process for which the claimant has returned a signed release to the Trust.

The ultimate number of Asbestos PI Trust Claims to be filed and the liability for all such claims are not determinable at this time. The net claimants' equity at December 31, 2023 and 2022 represents funding available for all Asbestos PI Trust Claims for which no fixed liability has yet been established.

9. Subsequent Events

The Trust has evaluated its December 31, 2023 special-purpose financial statements for subsequent events through April 22, 2024, the date the special-purpose financial statements were available to be issued. The Trust is not aware of any subsequent events which would require recognition or disclosure in the special-purpose financial statements.

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