**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, 2024**

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, 2024 (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 27, 2024, May 21, 2024, September 17, 2024, and November 19, 2024.

[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 2024 by telephone, beginning on January 2, 2024.

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); 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); and Morgan Stanley (asset manager and advisor). The Asbestos Trust retained local counsel and other consultants, as needed. In late 2024, the Asbestos Trust retained CohnReznick LLP to replace BDO USA, LLP as independent auditors.

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.



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In 2024, 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 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.* Continuing in 2024, the Trust engaged LAS to assist the Trust in evaluating the payment percentage. LAS completed its analysis of the Payment Percentage and provided a final report to the Trustee in July 2024. The report recommended no change to the Payment Percentage. The Trustee shared the report with the TAC and FCR. With the consent of the



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TAC and FCR, the Trustee determined to maintain the Payment Percentage unchanged at 35%.

## II. Asbestos Personal Injury Claims

The Asbestos Trust came into existence on December 9, 2009. In 2024, the Trustee accepted and processed 30 Pre-Petition Liquidated Asbestos Personal Injury Claims, ultimately paying, after application of the Payment Percentage, $242,153 on account of such Pre-Petition Liquidated Asbestos Personal Injury Claims.

In addition, in 2024 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 2024. Through December 31, 2024, 527,348 unliquidated Asbestos Personal Injury Claims were submitted to the Asbestos Trust, as follows:

| Disease Level | Claims to date | Claims in 2024 |
|---|---|---|
| Other Asbestos Disease (Level I) | 18,485 | 212 |
| Nonmalignant Asbestos Disease (Level II) | 202,621 | 9,461 |
| Nonmalignant Asbestos Disease (Level III) | 121,236 | 6,733 |
| Severe Asbestosis (Level IV) | 8,879 | 325 |
| Other Cancer (Level V) | 22,530 | 1,115 |
| Lung Cancer 2 (Level VI) | 14,212 | 771 |
| Lung Cancer 1 (Level VII) | 75,140 | 5,196 |
| Mesothelioma (Level VIII) | 45,636 | 1,750 |
| Unknown | 18,609 | 360 |
| **Total:** | **527,348** | **25,923** |

Of the 25,923 Asbestos Personal Injury Claims submitted to the Trust in 2024, 529 have been withdrawn, 6,737 have been deferred, and 1,609 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 $730,193,118 on account of unliquidated Asbestos Personal

Injury Claims, of which $80,169,199 was paid in 2024.[2] 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, 2024, as follows:

| | |
|---|---|
| Trustee | $368,058.36 |
| 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, 2024, as follows:

| | |
|---|---|
| TAC | $71,886.44 |

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, 2024, as follows:

| | |
|---|---|
| FCR | $21,315.00 |

[2] $80,169,199 plus the $242,153 in Pre-Petition Liquidated Asbestos Personal Injury Claims equals $80,411,352.

## IV. Financial Statements

A copy of the Asbestos Trust's audited financial statements for the year ending December 31, 2024, including a balance sheet as of December 31, 2024, and a statement of operations for 2024, is attached hereto as Exhibit A. Exhibit A also includes CohnReznick 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 23, 2025.

## 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, 2024.

**TRUSTEE:**

*/s/David F. Levi*
DAVID F. LEVI

Respectfully submitted this 29th day of April 2025,

**STUTZMAN, BROMBERG, ESSERMAN & PLIFKA, A PROFESSIONAL CORPORATION**

By: */s/ Peter C. D'Apice*
Sander L. Esserman
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State Bar No. 06889900
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**ATTORNEYS FOR THE ASARCO ASBESTOS PERSONAL INJURY SETTLEMENT TRUST**

## CERTIFICATE OF SERVICE

The undersigned certifies that on this 29th day of April 2025, the foregoing ANNUAL REPORT, FINANCIAL STATEMENTS AND RESULTS OF OPERATIONS OF THE ASARCO ASBESTOS PERSONAL INJURY SETTLEMENT TRUST FOR FISCAL YEAR ENDED DECEMBER 31, 2024, was served via ECF on all those parties receiving such notice through the Court's CM/ECF system.

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

# ASARCO Asbestos Personal Injury Settlement Trust

## Special-Purpose Financial Statements and Independent Auditor's Report

## December 31, 2024 and 2023

CohnReznick


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**ASARCO Asbestos Personal Injury Settlement Trust**

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Independent Auditor's Report

To the Trustee
ASARCO Asbestos Personal Injury Settlement Trust

*Opinion*

We have audited the special-purpose financial statements of ASARCO Asbestos Personal Injury Settlement Trust (the "Trust"), which comprise the special-purpose statement of assets, liabilities and net claimants' equity as of December 31, 2024, and the related special-purpose statements of changes in net claimants' equity and cash flows for the year then ended, and the related notes to the special-purpose financial statements (collectively, the "Financial Statements").

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the assets, liabilities and net claimants' equity of the Trust as of December 31, 2024, and the changes in net claimants' equity and its cash flows for the year then ended, in accordance with the basis of accounting described in Note 2 to the Financial Statements.

*Basis for Opinion*

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

*Basis of Accounting*

We draw attention to Note 2 of the Financial Statements, which describes the basis of accounting. The Financial Statements are prepared on a special-purpose basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The special-purpose basis of accounting has been adopted by the Trustee to communicate the amount of net claimants' equity presently available to fund current and future claims. As a result, the Financial Statements may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

*Other Matter - Prior Year Financial Statements*

The Financial Statements of the Trust for the year ended December 31, 2023, were audited by another auditor, whose report dated April 22, 2024, included an emphasis of matter paragraph indicating that the Trust's Financial Statements were prepared on the special-purpose basis of accounting, which is a basis of accounting used to communicate the amount of net claimants' equity presently available to fund current and future claims, and expressed an unmodified opinion on those statements. Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with the special-purpose basis of accounting. This includes determining that the special-purpose basis of accounting is an acceptable basis for the preparation of the Financial Statements in these circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Financial Statements that are free from material misstatement, whether due to fraud or error.




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*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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.

*Restriction of Use*

This report is intended solely for the information and use of the management of the Trust, the Trustee, the beneficiaries of the Trust and the United States Bankruptcy Court for the Southern District of Texas ("Bankruptcy Court") and is not intended to be and should not be used by anyone other than these specified parties. Upon filing with the Bankruptcy Court, the report is a matter of public record, which public filing does not expand the list of specified users.

CohnReznick LLP

Dallas, Texas
April 22, 2025

**ASARCO Asbestos Personal Injury Settlement Trust**

**Special-Purpose Statements of Assets, Liabilities and Net Claimants' Equity**
**December 31, 2024 and 2023**

Assets

| | 2024 | 2023 |
|---|---|---|
| Cash and cash equivalents | $ 18,103,565 | $ 13,267,638 |
| Investments, at fair value | 624,008,537 | 672,091,943 |
| Alternative investments, at fair value | 14,115,528 | 28,819,867 |
| Investment income receivable | 6,380,108 | 6,809,848 |
| Prepaid expenses | 133,942 | 137,960 |
| Prepaid federal income taxes | - | 516,000 |
| Total assets | $ 662,741,680 | $ 721,643,256 |

Liabilities and Net Claimants' Equity

| | | |
|---|---|---|
| Settled claims payable | $ 3,101,929 | $ 1,565,819 |
| Accounts payable | 194,091 | 204,658 |
| Total liabilities | 3,296,020 | 1,770,477 |
| Net claimants' equity | $ 659,445,660 | $ 719,872,779 |

See Notes to Special-Purpose Financial Statements.

**ASARCO Asbestos Personal Injury Settlement Trust**

**Special-Purpose Statements of Changes in Net Claimants' Equity**
**Years Ended December 31, 2024 and 2023**

| | 2024 | 2023 |
|---|---|---|
| Additions | | |
| Interest and dividend income, net | $ 20,548,841 | $ 19,893,177 |
| Realized gain on sale of investments, net | 19,893,445 | 11,180,707 |
| Net change in fair value of alternative investments | 1,298,371 | 3,393,571 |
| Unrealized gain on investments, net | - | 24,628,454 |
| Cost adjustments on investments | 18,098 | 4,505 |
| Other income | 5,317 | 5,074 |
| Total additions | 41,764,072 | 59,105,488 |
| Deductions | | |
| Unrealized loss on investments, net | 6,618,428 | - |
| Claims settled | 81,959,419 | 65,519,929 |
| Investment advisory fees | 2,148,828 | 2,226,212 |
| General and administrative expenses: | | |
| Trustee | 368,058 | 376,582 |
| Claims processing fees | 1,436,885 | 1,060,931 |
| Claims consulting and forecasting fees | 148,446 | 179,132 |
| Insurance | 135,912 | 137,493 |
| Accounting | 293,733 | 251,454 |
| Future claims representative fees and expenses | 21,315 | 24,420 |
| Other | 51,476 | 45,951 |
| Professional services: | | |
| Trust general counsel | 435,273 | 432,505 |
| Trust insurance, special and local counsel | 354 | 2,409 |
| Special and local counsel fees and expenses | - | 4,703 |
| TAC attorney fees and expenses | 71,887 | 52,443 |
| Federal income tax | 8,501,177 | 4,784,000 |
| Total deductions | 102,191,191 | 75,098,164 |
| Net decrease in net claimants' equity | (60,427,119) | (15,992,676) |
| Net claimants' equity, beginning of year | 719,872,779 | 735,865,455 |
| Net claimants' equity, end of year | $ 659,445,660 | $ 719,872,779 |

See Notes to Special-Purpose Financial Statements.

**ASARCO Asbestos Personal Injury Settlement Trust**

**Special-Purpose Statements of Cash Flows**
**Years Ended December 31, 2024 and 2023**

| | 2024 | 2023 |
|---|---|---|
| Cash flows from operating activities | | |
| Net decrease in net claimants' equity | $ (60,427,119) | $ (15,992,676) |
| Adjustments to reconcile net decrease in net claimants' equity to net cash used in operating activities | | |
| Realized gain on sale of investments, net | (19,893,445) | (11,180,707) |
| Net change in fair value of alternative investments | (1,298,371) | (3,393,571) |
| Unrealized (gain) loss on investments in securities, net | 6,618,428 | (24,628,454) |
| Cost adjustments on investments | (18,098) | (4,506) |
| Amortization of bond premium | 6,069,350 | 8,060,991 |
| Changes in operating assets and liabilities: | | |
| Investment income receivable | 429,740 | 578,071 |
| Prepaid expenses | 4,018 | 291 |
| Prepaid federal income taxes | 516,000 | 864,000 |
| Settled claims payable | 1,536,110 | (4,411,952) |
| Accounts payable | (10,567) | (12,814) |
| Net cash used in operating activities | (66,473,954) | (50,121,327) |
| Cash flows from investing activities | | |
| Proceeds from sales of investments | 233,216,220 | 249,625,738 |
| Proceeds from sales of alternative investments | 17,016,440 | 20,417,528 |
| Purchases of investments | (178,447,779) | (211,389,561) |
| Purchases of alternative investments | (475,000) | (10,301,579) |
| Net cash provided by investing activities | 71,309,881 | 48,352,126 |
| Net increase (decrease) in cash and cash equivalents | 4,835,927 | (1,769,201) |
| Cash and cash equivalents, beginning of year | 13,267,638 | 15,036,839 |
| Cash and cash equivalents, end of year | $ 18,103,565 | $ 13,267,638 |

See Notes to Special-Purpose Financial Statements.

**ASARCO Asbestos Personal Injury Settlement Trust**

**Notes to Financial Statements**
**December 31, 2024**

## Note 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 ("QSF") pursuant to the meaning of Section 1.468B-1 et seq. to the Treasury Regulations promulgated under Section 468B of the Internal Revenue Code ("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. Defined terms have the meaning that is defined in the Trust Agreement.

The Trustee is responsible for supervising and administering the Trust. The Trustee will use the Trust's assets and income to pay the holders of all Asbestos PI Trust Claims in accordance with the Trust Agreement and the ASARCO PI Settlement Trust Distribution Procedures in such a way that holders of Asbestos PI Trust Claims are treated fairly, equitably and reasonably in light of the limited assets available to satisfy such claims, and to otherwise comply in all respects with the requirements of a trust set forth in Section 524(g)(2)(B) of the United States Bankruptcy Code.

## Note 2 - Summary of significant accounting policies

### Basis of presentation

The Trust's special-purpose financial statements ("Financial Statements") are prepared using special-purpose accounting methods adopted by the Trust and 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 available for the payment of claims and the related operating expenses of the Trust. Since the 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:

- Investments are recorded at fair value. All interest and dividend income, net of investment expenses, are included in the accompanying special-purpose statements of changes in net claimants' equity. Net realized and unrealized gains and (losses) on investments are recorded as a net addition or (deduction) in the special-purpose statements of changes in net claimants' equity. Cost of alternative investments is calculated on a tax basis. Under GAAP, cost of alternative investments is typically determined using a specific identification or average cost basis. In addition, under GAAP, the Financial Statements would require additional disclosures related to fair value.

- Amortization and accretion of bond premiums or discounts is included in interest and dividend income, net. Under GAAP, it would be shown gross as a component of interest expense or interest income.

- Insurance recoveries are not recorded until the funds are received from the insurance carriers. These recoveries come from various insurance settlements, which were obtained by entities which assigned the rights to such policies to the Trust or were negotiated by the Trust. Under GAAP, insurance recoveries would be recorded upon settlement and assurance of collectability.

- 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.

- 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.

- Income tax expense (benefit) is estimated and recorded as incurred in the period in which certain income and expense items affect current federal income taxes. Income tax refunds are recorded when cash is received by the Trust. Under GAAP, the provision for income taxes is recorded based upon income (loss) reported for special-purpose financial statement purposes, which includes federal income taxes both currently payable and changes in deferred taxes due to differences between financial reporting and tax bases of assets and liabilities. Additionally, GAAP requires all tax positions to be reviewed using a more likely than not threshold for financial statement recognition of tax assets and a liability to be recorded for an uncertain tax position taken or expected to be taken beyond this threshold.

**Use of estimates**
The preparation of Financial Statements requires the management of 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 Financial Statements, as well as the reported amounts of additions and deductions to net claimants' equity during the reporting periods. 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.

**Investments**
Investments are stated at fair value. (See Note 4). Changes in unrealized gains and losses are recorded as increases and decreases to net claimants' equity. Realized gains and losses on sales of investments other than alternative investments are determined using the specific identification method. The Trust records transactions on a trade-date basis. Dividend income is recorded on the ex-dividend date. Investment income is recognized when earned. Any unearned interest and dividend income are recorded as investment income receivable.

**Settled claims payable**
Settled claims payable consist of certain claims that are settled but unpaid at year end. 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.




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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, 2024 and 2023 represents funding available for all Asbestos PI Trust Claims for which no fixed liability has yet been established.

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

**Income taxes**
The Trust is classified as a QSF pursuant to the Code in the United States of America federal jurisdiction, which is taxed at the highest rate applicable to trusts under Section I(e) of the Code, which was 37%. 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 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 funding received at the inception of the Trust, as well as any subsequent funding received from insurers, does not represent taxable income to the Trust. In addition, payments to claimants do not represent tax deductions of the Trust. The Trust reports tax-related interest and penalties as a component of income tax expense and general and administrative expenses, respectively.

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. The income taxes associated with gains on investments will be recorded in the Trust's Financial Statements when the net gains are realized (i.e., the securities are sold) and the income 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 or capital loss carryforwards to reduce taxable income in future years.

The Trust's federal income tax returns are generally subject to income tax examination by the Internal Revenue Service ("IRS") for a period of three years from the date the tax returns are filed. The Trust is generally no longer subject to income tax examinations by the IRS for the years ended December 31, 2020 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 not experienced any losses in such accounts, and it does not believe it is exposed to any significant credit risk.

The Trust invests in a professionally managed investment portfolio that contains common shares of publicly traded companies, corporate and government obligations, 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, it is at least reasonably possible that changes in the values of investment will occur in the near term, and such changes could materially affect the Trust's account balances and the amounts reported in the Financial Statements.

**Reclassifications**
Certain prior year amounts have been reclassified for consistency with current year presentation. These reclassifications had no effect on the prior year reported net decrease in net claimants' equity.




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**ASARCO Asbestos Personal Injury Settlement Trust**

**Notes to Financial Statements**
**December 31, 2024**

**Subsequent events**
The Trust has evaluated events and transactions subsequent to the date of the Financial Statements for matters requiring recognition or disclosure in the Financial Statements. The accompanying Financial Statements consider events through April 22, 2025, the date which the Financial Statements were available to be issued.

## Note 3 - Investments, at fair value

Investments, at fair value, consist of the following at December 31:

| | 2024 | | |
|---|---|---|---|
| | Cost | Fair value | Unrealized gains (losses), net |
| Equities | $ 65,689,791 | $ 131,135,069 | $ 65,445,278 |
| Bonds | 494,805,820 | 492,873,468 | (1,932,352) |
| Total | $ 560,495,611 | $ 624,008,537 | $ 63,512,926 |

| | 2023 | | |
|---|---|---|---|
| | Cost | Fair value | Unrealized gains (losses), net |
| Equities | $ 78,726,730 | $ 144,017,181 | $ 65,290,451 |
| Bonds | 523,233,859 | 528,074,762 | 4,840,903 |
| Total | $ 601,960,589 | $ 672,091,943 | $ 70,131,354 |

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

| | 2024 | | | | |
|---|---|---|---|---|---|
| | Less than 1 Year | After 1 year Through 5 Years | After 5 Years Through 10 Years | After 10 Years | Total |
| Bonds | $ 19,256,165 | $ 140,644,826 | $ 132,140,376 | $ 200,832,101 | $ 492,873,468 |

| | 2023 | | | | |
|---|---|---|---|---|---|
| | Less than 1 Year | After 1 year Through 5 Years | After 5 Years Through 10 Years | After 10 Years | Total |
| Bonds | $ 32,009,262 | $ 147,948,241 | $ 151,291,786 | $ 196,825,473 | $ 528,074,762 |

## Note 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.

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.

Alternative investments measured using net asset value ("NAV") as a practical expedient are not categorized within the fair value hierarchy.

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 in 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 based on the NAV provided using the Trust's proportionate share of each fund's net assets. The NAV is used as a practical expedient to estimate fair value.




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**ASARCO Asbestos Personal Injury Settlement Trust**

**Notes to Financial Statements**
**December 31, 2024**

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

| | As of December 31, 2024 | | | |
|---|---|---|---|---|
| | Total | Level 1 | Level 2 | Level 3 |
| Cash and cash equivalents | $ 18,103,565 | $ 18,103,565 | $ - | $ - |
| Equities | 131,135,069 | 131,135,069 | - | - |
| Bonds | | | | |
| Government | 30,797,756 | 30,797,756 | - | |
| Corporate | 20,382,215 | - | 20,382,215 | - |
| International | 1,227,173 | - | 1,227,173 | - |
| Municipal | 440,466,324 | - | 440,466,324 | - |
| Total bonds | 492,873,468 | 30,797,756 | 462,075,712 | - |
| Alternative investments at NAV | 14,115,528 | | | |
| Total assets at fair value | $ 656,227,630 | $ 180,036,390 | $ 462,075,712 | $ - |

| | As of December 31, 2023 | | | |
|---|---|---|---|---|
| | Total | 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 at NAV | 28,819,867 | | | |
| Total assets at fair value | $ 714,179,448 | $ 185,388,898 | $ 499,970,683 | $ - |

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.

The table below sets forth a summary of changes in the fair value of the Trust's alternative investments for the years ended December 31:

| | 2024 | 2023 |
|---|---|---|
| Balance, beginning of year | $ 28,819,867 | $ 35,542,245 |
| Purchases | 475,000 | 10,301,579 |
| Liquidations / distributions | (17,016,440) | (19,263,255) |
| Realized gains (losses) | 538,730 | (1,154,273) |
| Net change in fair value | 1,298,371 | 3,393,571 |
| Balance, end of year | $ 14,115,528 | $ 28,819,867 |

## Note 5 - Income taxes

For the years ended December 31, 2024 and 2023, the Trust's provision for federal income taxes was $8,501,177 and $4,784,000, respectively. During the years ended December 31, 2024 and 2023, the Trust made estimated tax payments totaling $7,295,000 and $2,500,000, respectively.

As disclosed in Note 2 to the Financial Statements, the Trust does not record a provision for (or benefit from) deferred taxes. Accordingly, there is no provision for deferred taxes associated with net operating loss carryforwards, net capital loss carryforwards, or cumulative unrealized gains and losses on investments.

## Note 6 - Claims settled

For the year ended December 31, 2024, the Trust settled 20,020 claims totaling $81,959,419, including 1,239 claims totaling $3,101,929 that were settled but not paid as of December 31, 2024. The Trust paid 19,263 claims totaling $80,411,352 during the year ended December 31, 2024.

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.

## Note 7 - Contingent liabilities

The ASARCO Incorporated and Americas Mining Corporation's Seventh Amended Plan of Reorganization for the Debtors Under Chapter 11 of the United States Bankruptcy Code subjects 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 Financial Statements. Such claims, if any, are not expected to be material.




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