**IN THE UNITED STATES BANKRUPTCY COURT**
**FOR THE EASTERN DISTRICT OF LOUISIANA**

| | | |
|---|---|---|
| IN RE: | * | NUMBER |
| THE BABCOCK & WILCOX COMPANY, | * | 00-10992 |
| | * | SECTION "B" |
| DEBTOR(S) | * | CHAPTER 11 |
| | * | REORGANIZATION |

Jointly Administered With

| | | |
|---|---|---|
| DIAMOND POWER INTERNATIONAL | * | 00-10993 |
| BABCOCK & WILCOX CONSTRUCTION | * | 00-10994 |
| AMERICON, INC. | * | 00-10995 |

**NOTICE OF FILING ANNUAL REPORT AND CLAIMS SUMMARY**

The Babcock & Wilcox Company Asbestos PI Trust (the "Trust") hereby files its Audited Financial Statements for the fiscal year ending December 31, 2024 and an Annual Report for the period covered by the Audited Financial Statements. The Annual Report and Financial Statements are attached hereto as Exhibit 1.

Pursuant to the provisions of the Babcock & Wilcox Company Asbestos Personal Injury Trust Agreement, the Trust is providing copies of the Annual Report and the Financial Statements to the Trust Advisory Committee, the Legal Representative, the United States Trustee, and the Reorganized Debtor.

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Date: April 28, 2025

ROEDEL PARSONS BLACHE FONTANA
PIONTEK & PISANO

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*Counsel to The Babcock & Wilcox Company Asbestos PI Trust*

**IN THE UNITED STATES BANKRUPTCY COURT**
**FOR THE EASTERN DISTRICT OF LOUISIANA**

| | | |
|---|---|---|
| IN RE: | * | NUMBER |
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| DIAMOND POWER INTERNATIONAL | * | 00-10993 |
| BABCOCK & WILCOX CONSTRUCTION | * | 00-10994 |
| AMERICON, INC. | * | 00-10995 |

## CERTIFICATE OF SERVICE

I, Lance J. Arnold of Roedel Parsons Blache Fontana Piontek & Pisano, hereby certify that on April 28, 2025. I caused a copy of the Notice of Filing of Annual Report and Claims Summary to be served upon the attached service list via Electronic Mail and/or first-class mail unless otherwise indicated.

Date: April 28, 2025

ROEDEL PARSONS BLACHE FONTANA
PIONTEK & PISANO

s/Lance J. Arnold
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Hon. James J. McMonagle (Ret.), Trustee

Philip A. Pahigian, Esquire, Trustee

Hon. Jack Marionneaux (Ret.), Trustee

Wilmington Trust, National Association
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Attn: Corporate Trust Admin./Amy Kohr
Email: akohr@wilmingtontrust.com

# EXHIBIT 1

**IN THE UNITED STATES BANKRUPTCY COURT**
**FOR THE EASTERN DISTRICT OF LOUISIANA**

| | | |
|---|---|---|
| In re: | * | NUMBER |
| THE BABCOCK & WILCOX COMPANY, | * | 00-10992 |
| | * | SECTION "B" |
| DEBTOR(S) | * | CHAPTER 11 |
| | * | REORGANIZATION |

Jointly Administered With

| | | |
|---|---|---|
| DIAMOND POWER INTERNATIONAL | * | 00-10993 |
| BABCOCK & WILCOX CONSTRUCTION | * | 00-10994 |
| AMERICON, INC. | * | 00-10995 |

**ANNUAL REPORT AND ACCOUNT OF**
**THE BABCOCK & WILCOX COMPANY ASBESTOS PI TRUST**
**FOR THE FISCAL YEAR ENDING DECEMBER 31, 2024**

James J. McMonagle, Jack T. Marionneaux, and Philip A. Pahigian, the Trustees of The Babcock & Wilcox Company Asbestos PI Trust (the "Trust"), created pursuant to the Joint Plan of Reorganization as of September 28, 2005, as amended through January 17, 2006 (the "Plan") submit this Annual Report, Financial Statements, and Claims Summary for the fiscal year ended December 31, 2024.

## I. INTRODUCTION

The purpose of this Annual Report is to comply with the reporting requirements of the Babcock & Wilcox Company Asbestos Personal Injury Trust Agreement (the "Trust Agreement") and to report to the Court on the actions taken by the Trustees on behalf of the Trust during the period from January 1, 2024 to December 31, 2024 (the "Reporting Period").

Section 2.2(d) of the Trust Agreement provides:

The Trustees shall timely account to the Bankruptcy Court as follows:

> (i) The Trustees shall cause to be prepared and filed with the Bankruptcy Court, as soon as available, and in any event within one hundred and twenty (120) days following the end of each fiscal year, an annual report containing financial statements of the

> Asbestos PI Trust (including, without limitation, a balance sheet of the Asbestos PI Trust as of the end of such fiscal year and a statement of operations for such fiscal year) audited by a firm of independent certified public accountants selected by the Trustees and accompanied by an opinion of such firm as to the fairness of the financial statements' presentation of the cash and investments available for the payment of claims and as to the conformity of the financial statements with generally accepted accounting principles. The Trustees shall provide a copy of such report to the TAC, the FCR, and the Reorganized Debtors when such reports are filed with the Bankruptcy Court.
>
> (ii) Simultaneously with delivery of each set of financial statements referred to in Section 2.2(d)(i) above, the Trustees shall cause to be prepared and filed with the Bankruptcy Court a report containing a summary regarding the number and type of claims disposed of during the period covered by the financial statements. The Trustees shall provide a copy of such report to the TAC, the FCR, and the Reorganized Debtors when such report is filed.
>
> (iii) All materials required to be filed with the Bankruptcy Court by this Section 2.2(d) shall be available for inspection by the public in accordance with procedures established by the Bankruptcy Court and shall be filed with the Office of the United States Trustee for the Eastern District of Louisiana.

The Trust Agreement further provides for the inclusion of a description of the amounts paid to the Trustees, the Trust Advisory Committee (the "TAC"), and the Future Claimants' Representative (the "FCR") in the accounts filed with the Bankruptcy Court. See Sections 4.5(c), 5.6, and 6.5.

## II. BACKGROUND

On February 22, 2000, B&W, Americon, Diamond Power, and B&W Construction (the "Debtors") filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code. The Chapter 11 cases were consolidated for procedural purposes and jointly administered pursuant to an Order of the Court. On December 28, 2005, the United States Bankruptcy Court for the Eastern District of Louisiana (the "Bankruptcy Court") recommended confirmation of the

Plan in Consolidated Case Nos. 00-10992 through 00-10995. On January 17, 2006, the United States District Court for the Eastern District of Louisiana entered an Order confirming the Plan. On February 22, 2006 (the "Effective Date"), the Plan became effective, and the Trustees began to operate the Trust.

On the Effective Date, pursuant to the terms of the Plan, the Trust was funded with the McDermott Consideration, as that term is defined in the Plan. The purpose of the Trust is to assume the liabilities of the Debtors, their predecessors and successors in interest, arising from or related to Asbestos PI Trust Claims, as defined in the Plan, and to use the assets of the Trust to pay both present and future asbestos claimants in such a way that the holders of Asbestos PI Trust Claims are treated fairly. See Trust Agreement, Section 1.2.

## III. TRUST ADMINISTRATION

### A. Trustees

James J. McMonagle, Jack T. Marionneaux, and Philip A. Pahigian served as the Trustees of the Trust during the Reporting Period. Mr. McMonagle served as the Managing Trustee during the Reporting Period.

#### 1. Meetings

During the Reporting Period, the Trustees held formal meetings in accordance with the requirements of the Trust Agreement. These meetings were designated as "regular meetings" under the Trust's By-laws. These meetings were designated as "regular meetings" under the Trust's By-laws. The meetings were attended by representatives of the TAC, the FCR, Cambridge Associates LLC, and the Delaware Claims Processing Facility. In addition to these formal meetings, the Trustees held regularly scheduled weekly teleconferences, met individually with Trust advisors virtually, held virtual executive sessions and special purpose meetings, including

virtual meetings to address Trust policies and claims processing matters and meetings with the Trust's investment advisor and investment managers, and devoted considerable time to Trust matters outside of scheduled meetings. Activities included exercising oversight over the investment and liquidation of Trust assets to pay claims and the Trust's processes to receive, process, and pay claims pursuant to the Trust Distribution Procedures, communicating with claimants regarding the processing of claims, continual monitoring of the claims and investment processes and supervising various insurance-related matters.

2. Compensation

The compensation and expenses paid to the Trustees during the Reporting Period is set forth in the Trust's financial statements attached hereto as Exhibit "A." The inclusion of this information in the Trust's financial statements satisfies the requirements of Section 4.5(c) of the Trust Agreement. All distributions related to Trustee compensation and expense reimbursements were made in accordance with the Trust Agreement guidelines and applicable By-laws.

B. Trust Advisory Committee

Russell W. Budd, Steven Kazan, Peter A. Kraus, Bruce Mattock, Perry Weitz, John A. Baden, and Robert J. Cooney served as Members of the TAC during the Reporting Period. The compensation and expenses paid to the Members of the TAC during the Reporting Period is set forth in the Trust's financial statements. The inclusion of this information in the Trust's financial statements satisfies the requirements of Section 5.6 of the Trust Agreement. All distributions related to compensation and expense reimbursements to Members of the TAC were made in accordance with the Trust Agreement guidelines and applicable By-laws.

C. Future Claimants' Representative

Eric D. Green served as the FCR during the Reporting Period. The compensation and expenses paid to the FCR during the Reporting Period is set forth in the Trust's financial statements. The inclusion of this information in the Trust's financial statements satisfies the requirements of Section 6.5 of the Trust Agreement. All distributions related to FCR compensation and expense reimbursements were made in accordance with the Trust Agreement guidelines and applicable By-laws.

D. Claims Processing

The Delaware Claims Processing Facility, LLC continues to process The Babcock & Wilcox Company Asbestos PI Trust claims. The terms of the Trust's ownership interest in the Delaware Claims Processing Facility are detailed in the Audited Financial Statements.[1]

E. Investment Management:

Cambridge Associates LLC of Boston, Massachusetts continues to serve as the Trust's investment advisor. Cambridge Associates represents other asbestos settlement trusts and has significant experience advising such trusts regarding investment management. Cambridge Associates advises the Trustees on asset allocation, meeting liquidity needs, and the selection and oversight of individual investment managers for the investable portions of the Trust's portfolio. The Trust's invested assets are allocated in compliance with the Trust's investment guidelines. At the end of the Reporting Period, the target allocation was as follows: 62.9% of the Trust's invested assets are committed to fixed income (16.6% is allocated to short-term municipal bonds and/or cash and 46.3% to intermediate-term municipal bonds); 4.9% of the Trust's invested assets are committed to hedge funds; and the remaining 32.2% of the Trust's invested assets are committed

[1] Audited Financial Statements at Note 3.

to equities (19.4% are allocated to U.S. equity managers and 12.8% are allocated to non-U.S. equity managers). The portfolio was roughly in line with the target allocation at year-end 2024.

The Trust continues to retain the following managers: Harding, Loevner LP, and Northern Trust as non-U.S. equity managers; Northern Trust as U.S. equity manager; Eaton Vance/Parametric and Standish Mellon as intermediate-term municipal bond managers; and UBS as a short-term municipal bond manager. Northern Trust served as Custodian for the Trust's separately-managed investment accounts. The Trust utilizes custodian accounts, wire transfers and zero-balance banking accounts to reduce its exposure to systemic banking system risk.

The Trust was invested with the following hedge funds during the Reporting Period: Davidson Kempner Partners, GSO Special Situations, , and Parametric Defensive Equity. The Trust is invested in its hedge fund managers through commingled Limited Partnership vehicles. Limited Partnerships utilize independent third-party administrators and a separate custodian. The managers in the Trust's hedge fund program invest in well-diversified arbitrage strategies and secondarily in long/short equity strategies. Broadly speaking, the hedge fund program is intended to generate, over a full market cycle, close to equity-like returns with lower volatility and lower correlation to the rest of the Trust's portfolio. The other expected benefits of the hedge fund program are diversification (e.g., access to specialized strategies not otherwise available in the other equity or fixed income investments), superior performance (versus long-only equities) in down equity markets, and access to some of the most talented investment managers. At Cambridge Associates' recommendation, the Trust has retained hedge fund managers who use no or minimal leverage, who employ trading strategies that are understandable to the Trustees, and who provide appropriate portfolio transparency to Cambridge Associates and to the Trust.

During the Reporting Period, the Trustees regularly met in person, virtually and by


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telephone conference with Cambridge for updates and reports on the investments.

F. Insurance Coverage Matters:

Prior to the Effective Date of the Plan of Reorganization, the Debtors and other Plan Proponents reached settlement agreements that required the Debtors' historical insurers to make cash payments to or for the benefit of the Trust. Certain of those agreements required the settling insurers to make payments into escrow accounts during the pendency of the bankruptcy case; those escrow accounts were released to the Trust in the first quarter of 2006. The remainder of those agreements required the settling insurers to make payments to the Trust after the Plan's Effective Date in 2006; the Trust now has received all such payments.

Since 2006, the Trust's Special Insurance Counsel (Gilbert LLP) has engaged in settlement discussions with, and has filed claims in the insolvency proceedings of, the Debtors' historical insurers with which the Debtors and other Plan Proponents did not settle in advance of the Plan's Effective Date. All settlement discussions and insolvency filings commenced to date have concluded, resulting in additional recoveries for the Trust. The Trust continues to receive some of these recoveries, including when insolvent insurers accelerate distributions or increase their distribution percentages. The Trust continues to monitor potential opportunities to recover additional sums.

The Trust anticipates that its insurance-recovery efforts will continue at least through 2025.

G. General Counsel

Campbell & Levine, LLC of Pittsburgh, Pennsylvania and Wilmington, Delaware continued to serve as general counsel to the Trust.

## IV. ANNUAL REPORT AND ACCOUNT

### A. Summary of Claims:

As of December 31, 2024, the Trust had paid a total of 9,241 Pre-Petition Liquidated PI Trust Claims. Of the claims paid, there were 682 malignancy claims and 8,559 non-malignancy claims. After application of the payment percentage and applicable sequencing adjustment, the Trust has paid approximately $62.3 million to asbestos victims in settlement of their Pre-Petition Liquidated PI Trust Claims. The malignant to nonmalignant ratio of the Pre-Petition Liquidated PI Trust Claims paid in number was 1/13 and the malignant to nonmalignant ratio of the Pre-Petition Liquidated Trust Claims in dollars paid was 1.1/1.

As of December 31, 2024, the Trust had received 747,368 Unliquidated PI Trust Claims and had paid a total of 402,947 claims. Of the claims paid, there were 108,787 malignancy claims and 294,160 non-malignancy claims. After application of the payment percentage and applicable sequencing adjustment, the Trust had paid approximately $1.945 billion to asbestos victims in settlement of their Unliquidated PI Trust Claims. The malignant to nonmalignant ratio of the Unliquidated PI Trust Claims paid in number was 1/2.7 and the malignant to nonmalignant ratio of the Unliquidated Trust Claims in dollars paid was 3.1/1.

During the Reporting Period, the Trust paid a total of 7 Pre-Petition Liquidated PI Trust Claims. After application of the payment percentage and applicable sequencing adjustment, the Trust paid approximately $11,285 to asbestos victims in settlement of their Pre-Petition Liquidated PI Trust Claims.

During the Reporting Period, the Trust received 27,781 Unliquidated PI Trust Claims. Out of the Trust's pending claims filed since inception, the Trust paid a total of 19,030 claims during the Reporting Period. Of the claims paid, there were 5,176 malignancy claims and 13,854 non-

malignancy claims. After application of the payment percentage and applicable sequencing adjustment, the Trust paid approximately $28.52 million to asbestos victims in settlement of their Unliquidated PI Trust Claims. The malignant to nonmalignant ratio of the Unliquidated PI Trust Claims paid in number was 1/2.7 and the malignant to nonmalignant ratio of the Unliquidated Trust Claims in dollars paid was 2.7/1.

A summary of the claims processing procedures and policies may be found at the Trust website at www.bwasbestostrust.com.

B. Financial Information

The Trust's audited financial statements for the Reporting Period are attached hereto as Exhibit "A." The financial statements were audited by BDO USA LLP.

Date: April 28, 2025

Respectfully Submitted,

ROEDEL PARSONS BLACHE FONTANA
PIONTEK & PISANO

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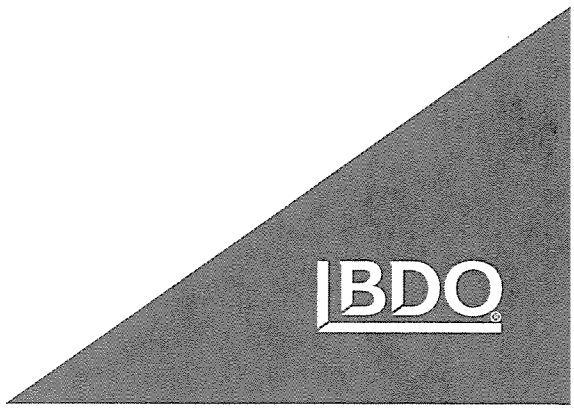
*Counsel to The Babcock & Wilcox Company Asbestos PI Trust*

# EXHIBIT A

# The Babcock & Wilcox Company Asbestos PI Trust

Audited Special-Purpose Financial Statements
with Supplementary Information
Years Ended December 31, 2024 and 2023

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.



# The Babcock & Wilcox Company Asbestos PI Trust

Audited Special-Purpose Financial Statements
with Supplementary Information
Years Ended December 31, 2024 and 2023

# The Babcock & Wilcox Company Asbestos PI Trust

## Contents


| | |
|---|---|
| **Independent Auditor's Report** | 1-3 |
| **Special-Purpose Financial Statements** | |
| Special-Purpose Statements of Assets, Liabilities and Net Assets | 4 |
| Special-Purpose Statements of Changes in Net Assets | 5 |
| Special-Purpose Statements of Cash Flows | 6 |
| Notes to the Special-Purpose Financial Statements | 7-15 |
| **Supplementary Information** | |
| Independent Auditor's Report on Supplementary Information | 16 |
| Supplementary Schedules of Operating Expenses | 17 |

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8401 Greensboro Drive, Suite 800
McLean, VA 22102

## Independent Auditor's Report

Trustees
The Babcock & Wilcox Company Asbestos PI Trust
Wilmington, Delaware

### Opinion

We have audited the special-purpose financial statements of The Babcock & Wilcox Company Asbestos PI Trust (the Trust), which comprise the special-purpose statements of assets, liabilities, and net assets as of December 31, 2024 and 2023, and the related special-purpose statements of changes in net assets 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, 2024 and 2023, and the changes in net assets and 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 using a special-purpose basis of accounting adopted by the Trust 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 used in order to present the net assets presently available for current and future claims and operating expenses. 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.

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BDO is the brand name for the BDO network and for each of the BDO Member Firms.

BDO

*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.

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 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.




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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.

***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, 2024, 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 18, 2025

# Special-Purpose Financial Statements

# The Babcock & Wilcox Company Asbestos PI Trust

## Special-Purpose Statements of Assets, Liabilities and Net Assets

| *December 31,* | 2024 | 2023 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 4,805,695 | $ 25,063,148 |
| Investments, at fair value | | |
| Bonds | 178,137,322 | 184,910,696 |
| Equity securities | 91,867,148 | 81,072,810 |
| Alternative investments | 14,144,032 | 15,955,004 |
| Interest and other receivables | 2,741,330 | 2,916,202 |
| **Total assets** | 291,695,527 | 309,917,860 |
| **Liabilities** | | |
| Accrued expenses and accounts payable | 772,229 | 962,710 |
| Settled but unpaid claims | 1,098,367 | 1,075,023 |
| **Total liabilities** | 1,870,596 | 2,037,733 |
| **Net assets** | $ 289,824,931 | $ 307,880,127 |

*See accompanying notes to the special-purpose financial statements.*

# The Babcock & Wilcox Company Asbestos PI Trust

## Special-Purpose Statements of Changes in Net Assets

| *Years Ended December 31,* | 2024 | 2023 |
|---|---|---|
| **Additions** | | |
| Net appreciation in fair value of investment securities | $ 8,546,543 | $ 20,001,141 |
| Net change in fair value of alternative investments | 1,368,090 | 3,201,546 |
| Interest and dividend income, net | 7,894,115 | 7,150,793 |
| **Total additions** | 17,808,748 | 30,353,480 |
| **Deductions** | | |
| Personal injury claims expenses | 28,553,541 | 23,345,484 |
| Operating expenses | 4,359,043 | 3,831,583 |
| Claims processing expenses | 2,951,360 | 2,441,635 |
| **Total deductions** | 35,863,944 | 29,618,702 |
| **(Decrease) increase in net assets** | (18,055,196) | 734,778 |
| **Net assets** | | |
| Beginning of the year | 307,880,127 | 307,145,349 |
| **End of the year** | $ 289,824,931 | $ 307,880,127 |

*See accompanying notes to the special-purpose financial statements.*




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# The Babcock & Wilcox Company Asbestos PI Trust

## Special-Purpose Statements of Cash Flows

| *Years Ended December 31,* | 2024 | 2023 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| (Decrease) increase in net assets | $ (18,055,196) | $ 734,778 |
| Adjustments to reconcile the (decrease) increase in net assets to net cash used in operating activities: | | |
| Amortization of premiums on bonds, net | 3,464,179 | 4,209,438 |
| Net appreciation in fair value of investment securities | (8,546,543) | (20,001,141) |
| Net change in fair value of alternative investments | (1,368,090) | (3,201,546) |
| Changes in operating assets and liabilities | | |
| Interest and other receivables | 174,872 | (549,755) |
| Accrued expenses and accounts payable | (190,481) | 487,625 |
| Settled but unpaid claims | 23,344 | 514,285 |
| Total adjustments | (6,442,719) | (18,541,094) |
| **Net cash used in operating activities** | (24,497,915) | (17,806,316) |
| **Cash flows from investing activities:** | | |
| Sales and maturities of bonds | 75,807,141 | 133,081,505 |
| Purchases of bonds | (74,412,685) | (132,185,660) |
| Purchases of equity securities | 8,940,591 | (10,424,787) |
| Sales of equity securities | (9,273,647) | 12,306,486 |
| Reinvestment of income in alternative investments | (124,126) | (309,494) |
| Distributions/withdrawals from investments in alternative investments | 3,303,188 | 22,447,747 |
| **Net cash provided by investing activities** | 4,240,462 | 24,915,797 |
| **Net (decrease) increase in cash and cash equivalents** | (20,257,453) | 7,109,481 |
| Cash and cash equivalents at the beginning of the year | 25,063,148 | 17,953,667 |
| **Cash and cash equivalents at the end of the year** | $ 4,805,695 | $ 25,063,148 |

*See accompanying notes to the special-purpose financial statements.*

## 1. Description of the Trust

On February 22, 2000, The Babcock & Wilcox Company (B&W), the related entities of Diamond Power International, Inc., Babcock & Wilcox Construction Co., Inc., Americon, Inc., McDermott International, Inc. a Panamanian corporation (MII), and McDermott Incorporated (collectively, the Debtors), voluntarily filed petitions for reorganizing under Chapter 11 of the United States Bankruptcy Code with the United States Bankruptcy Court for the Eastern District of Louisiana (the Bankruptcy Court). On January 17, 2006, the District Court entered an order (the Confirmation Order) confirming the Joint Plan of Reorganization dated September 28, 2005, as amended through January 17, 2006 (the Confirmed Plan) proposed and filed by the Debtors, the Asbestos Claimants Committee, the Future Asbestos-Related Claimants Committee, and McDermott, Incorporated. The Confirmed Plan became effective on February 22, 2006 (the Effective Date or the Effective Date of the Plan of Reorganization).

The essential elements of the Confirmed Plan include, among other things: the utilization of a qualified settlement fund, in the form of The Babcock & Wilcox Company Asbestos PI Trust (the Trust), to assume all liabilities and obligations of the Debtors, their predecessors and successors in interest, for all Asbestos PI Trust Claims and Asbestos Property Damage Claims (as defined in the Plan) (collectively, the Asbestos Claims), and to resolve, and provide for the payment in part or in full, of all Asbestos Claims in accordance with procedures established pursuant to the Confirmed Plan.

When formed, the Trust was funded with (a) $350 million in cash received from McDermott International, the parent company of The Babcock & Wilcox Company, (b) asbestos insurance recoveries (as described in Note 6) (c) a $250 million five-year promissory note receivable from McDermott International, and (d) a contingent payment right to receive $355 million within 180 days of November 30, 2006 upon satisfaction of certain conditions precedent, all in consideration for the releases and injunctions described in the Confirmed Plan. Both the $250 million note and the $355 million contingent payment were received in 2006.

The Trustees are responsible for supervising and administering the Trust and utilizing the Trust's assets and income to pay the holders of all Asbestos Claims in accordance with the Trust Agreement and the Trust Distribution Procedures agreement in such a way that holders of Asbestos 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 Bankruptcy Code.

## 2. Summary of Significant Accounting Policies

### *Basis of presentation*

The Trust's financial statements are prepared using special-purpose accounting methods adopted by the Trustees, 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 assets and the related operating expenses of the Trust. Since the accompanying special-purpose financial statements are not based upon GAAP, the




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accounting treatment by other parties for these same transactions may differ as to timing and amount. The special-purpose accounting methods include the following:

- Assets are generally recorded when they are received by the Trust and are available for the payment of asbestos claims.

- Future fixed liabilities under contractual obligations and other agreements entered into by the Trust are recorded as deductions from net assets 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 amount of claims are expensed in the period in which the confirmed claims are settled. A settled claim is a claim that has been allowed by the Trust and accepted by the claimant, with an approved release. 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.

- Payments for services to be received over an extended period in the future are expensed as paid because these amounts are no longer available for the payment of claims. Under GAAP, an asset would be recorded and amortized over the period in which the related benefits are received.

- 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 financial statement purposes, and federal and state 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.

- Asbestos 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 The Babcock & Wilcox Company and related entities and assigned to the Trust. The insurance policies cover, among other things, products and general liability claims. Future recoveries under such settlements, which were assigned to the Trust, will inure to the Trust. Under GAAP, asbestos insurance recoveries are recorded upon settlement and assurance of collectability.

- Under GAAP, for financial statement disclosure purposes all investments would be categorized based on the priority of inputs used to measure fair value. Under GAAP, inputs used in measuring fair value are categorized into three levels. Level 1 includes inputs that are based upon quoted prices for identical instruments traded in active markets. Level 2 includes 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 market or can be corroborated by observable market data for substantially the full term of the investment. Level 3 includes inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the




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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 accompanying special-purpose financial statements do not categorize all investments into these levels.

***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 disclosures 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 the net assets during the reporting period. Actual results could differ from those estimates and such differences could have a material effect upon the net assets.

***Cash equivalents***

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

***Investments***

Investment securities are stated at fair value. Fair value for investment securities, other than alternative investments, are based on quoted market prices for identical or similar instruments traded in active markets as of the date of the special-purpose financial statements. The fair value for alternative investments is based on the Trust's proportionate share of each fund's net assets, as reported as of the date of the special-purpose financial statements. The net appreciation or depreciation in fair value of investments in the accompanying special-purpose statements of changes in net assets consists of realized gains or losses on sales of investments and the changes in unrealized gains or losses on investments held. Investment income is recognized when earned. Interest and dividend income, net of investment expenses and amortization and accretion of bond premiums or discounts, are included in interest and dividend income, net in the accompanying special-purpose statements of changes in net assets. Gains and losses on sales of investment securities are determined using the specific identification method.

***Accrued expenses and accounts payable***

Accrued expenses and accounts payable consist of accruals and outstanding invoices associated with managing the Trust.

***Operating expenses***

Operating expenses of the Trust are paid from the net assets when invoices are received.

***Claims processing expenses***

Claims processing expenses are paid from net assets when invoices are received.




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***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 Trustees and advisors, the 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.

The Trust is generally no longer subject to income tax examinations by the Internal Revenue Service for the years ended December 31, 2020 and prior.

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 4). 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.

***Risks and uncertainties***

The Trust's assets that are exposed to credit risk consist primarily of cash and cash equivalents and investments in equity securities, municipal bonds, and alternative investments. 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. As of December 31, 2024, the Trust had no cash on deposit in excess of federally insured limits.

The Trust invests in a professionally managed portfolio that contains equity securities, municipal bonds, and alternative investments. Such investment securities 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 that such changes could materially affect the Trust's account balance and the amounts reported in the special-purpose statements of assets, liabilities and net assets.

## 3. Related Parties

On November 1, 2006, the Trust became a member of the Delaware Claims Processing Facility (DCPF), a limited liability company under an agreement with several other Qualified Settlement Funds.

The purpose of the DCPF is to operate a claims processing facility. At inception, the Trust contributed $100 in capital to this entity. Effective January 1, 2007, this entity began processing all of the Trust's Asbestos Claims.

The Trust recorded expenses related to the operation of this entity of $4,359,043 and $3,831,583 for the years ended December 31, 2024 and 2023, respectively. Amounts payable to DCPF at December 31, 2024 totaled $255,612. There were no amounts due to DCPF as of December 31, 2023.




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Expenses charged to the Trust related to the operation of this entity include direct labor expense, other direct expenses, and an allocation of common costs.

## 4. Investments

Investment securities consist of the following at December 31:

| | 2024 | | | |
|---|---|---|---|---|
| *Description* | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
| Bonds | $ 181,708,712 | $ - | $ (3,571,390) | $ 178,137,322 |
| Equity securities | 25,297,819 | 66,569,329 | - | 91,867,148 |
| | $ 207,006,531 | $ 66,569,329 | $ (3,571,390) | $ 270,004,470 |

| | 2023 | | | |
|---|---|---|---|---|
| *Description* | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
| Bonds | $ 185,413,779 | $ - | $ (503,083) | $ 184,910,696 |
| Equity securities | 24,361,004 | 56,711,806 | - | 81,072,810 |
| | $ 209,774,783 | $ 56,711,806 | $ (503,083) | $ 265,983,506 |

Net appreciation in the fair value of investment securities of $8,546,543 and $20,001,141 for the years ended December 31, 2024 and 2023, respectively, consists of the net change in unrealized gains (losses) and net realized gains (losses) from investment sales.

Net change in unrealized gains (losses) from investment market appreciation or depreciation of investment securities consist of the following as of December 31:

| | 2024 | 2023 |
|---|---|---|
| Bonds | $ (3,068,307) | $ 5,969,017 |
| Equity securities | 9,857,523 | 13,899,955 |
| | $ 6,789,216 | $ 19,868,972 |




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Net realized gains (losses) from investment sales consist of the following as of December 31:

| | 2024 | 2023 |
|---|---|---|
| Bonds | $ (710,388) | $ (477,871) |
| Equity securities | 2,467,715 | 610,040 |
| | $ 1,757,327 | $ 132,169 |

***Summary of changes in alternative investments***

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 the year** | $ 15,955,004 | $ 34,891,711 |
| Reinvestment of income | 124,126 | 309,494 |
| Distributions/withdrawals | (3,303,188) | (22,447,747) |
| Net change in fair value | 1,368,090 | 3,201,546 |
| **Balance, end of the year** | $ 14,144,032 | $ 15,955,004 |

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*Alternative investments categories*

The major categories of the Trust's alternative investments, including general information related to each category, are as follows:

| | Fair Value | | Redemption Frequency (if Currently Eligible) | First/Next Redemption | Notice Period (days) | Gate |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | | | | |
| (a) | | | | | | |
| Multi-strategy fund | $ 9,143,198 | $ 8,321,691 | Semi-annually | June 30, 2025 | 65 | 10% |
| Multi-strategy fund | 4,775,378 | 4,098,326 | Daily | January 1, 2025 | 1 | none |
| Multi-strategy fund | - | 3,271,232 | Not eligible | Not eligible | N/A | N/A |
| | 13,918,576 | 15,691,249 | | | | |
| (b) | | | | | | |
| Long/short fund* | 26,607 | 28,484 | In liquidation | N/A | N/A | N/A |
| Long/short fund** | 198,849 | 235,271 | In liquidation | N/A | N/A | N/A |
| | 225,456 | 263,755 | | | | |
| | $ 14,144,032 | $ 15,955,004 | | | | |

**Any Shareholder that wants to redeem any Class S Shares in full must redeem over 4 consecutive withdrawal dates. Investor may be charged expenses associated with withdrawing.*

***An investor may first redeem at the quarter end following the end of the lockup. On each redemption date, such Class C shareholder may redeem up to a number of Shares of such series having a Net Asset Value of up to one-half of the Net Asset Value of such series of Class C Shares, adjusted for net realized and unrealized appreciation and net realized and unrealized depreciation on such series without being subject to a Redemption Fee; and any amounts redeemed over the Redemption Amount will be subject to a redemption fee equal to 4% of the amount of the Excess, determined after accounting for the Incentive Allocation.*

(a) Alternative investments within this category use a variety of strategies to diversify risks and reduce volatility. One of the funds in this category invests in value equities, special situations, long-term arbitrage and structured credit and mortgage securities, while the other funds contains derivative positions or a combination of long and short positions and private placement positions.

(b) This category includes alternative investments that hold securities traded in various global equity markets. Positions within the alternative investment can be both long and short and cover various industries such as banking, utilities and technologies.




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## 5. Income Taxes

The Trust made no estimated income tax payments during the years ended December 31, 2024 and 2023. For the year ended December 31, 2024, the Trust has overpayments from prior years which approximate $1,800,000 to apply to future federal income tax liabilities.

As of December 31, 2024, the Trust has estimated cumulative net operating losses totaling approximately $7,800,000 which may be used to reduce future taxable income.

The Trust incurred net capital losses in 2022 totaling approximately $1,680,000 which has been fully carried back to offset prior years' capital gains. The federal tax refund, of approximately $622,000, associated with the net capital loss carryback will be recorded when received by the Trust.
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 net operating loss carry forwards, net capital loss carryforwards, or cumulative unrealized gains and losses on investments.

## 6. 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. The Trust has obtained insurance for purposes of supporting its obligation to indemnify the Trustees.

## 7. Liability for Asbestos Claims

The settled but unpaid claims liability of $1,098,367 and $1,075,023 consists of personal injury claims that were settled, but unpaid as of December 31, 2024 and 2023, respectively. These amounts have been included in personal injury claim expense in the accompanying special-purpose statements of changes in net assets for the years ended December 31, 2024 and 2023. The entire balance was paid subsequent to December 31, 2024 and 2023, respectively.

The ultimate number of Asbestos Claims to be filed and the liability for all such claims are uncertain at this time. The net assets at December 31, 2024 and 2023, represents funding available for all Asbestos Claims for which no fixed liability has yet been established. The net assets at December 31, 2024 and 2023, may or may not be sufficient to meet all future obligations of the Trust.

## 8. Trust Liability Insurance

The Trust purchased liability insurance requiring premiums of $96,529 and $82,685 in 2024 and 2023, respectively. The current policy term is from February 2024 through February 2025. The Trust's special-purpose accounting policy is to expense in the current period any amounts that will not be available to pay future Asbestos Claims or expenses of the Trust. Accordingly, this amount was recorded as a deduction in net assets during the years ended December 31, 2024 and 2023.




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## 9. Trustees, Trust Advisory Committee, and Future Claimants' Representative and Delaware Claims Processing Facility Board of Managers

Fees and expenses of the Trustees, Trust Advisory Committee (TAC), the Future Claimants' Representative, the Delaware Claims Processing Facility (DCPF) Board of Managers, and related counsels for the years ended December 31, 2024 and 2023 were as follows:

| | 2024 | | | |
|---|---|---|---|---|
| | Fees | Retainer | Expenses | Total |
| Trustees | $ 374,156 | $ 274,258 | $ 10,301 | $ 658,715 |
| Future Claimants' Representative | 26,040 | - | - | 26,040 |
| Future Claimants' Representative Counsel | 149,405 | - | 18,649 | 168,054 |
| Trust Advisory Committee | 3,800 | - | 517 | 4,317 |
| Trust Advisory Committee Counsel | 94,840 | - | 765 | 95,605 |
| DCPF Board of Managers | 118,929 | - | - | 118,929 |
| | $ 767,170 | $ 274,258 | $ 30,232 | $ 1,071,660 |

| | 2023 | | | |
|---|---|---|---|---|
| | Fees | Retainer | Expenses | Total |
| Trustees | $ 356,483 | $ 238,630 | $ 9,084 | $ 604,197 |
| Future Claimants' Representative | 5,850 | - | - | 5,850 |
| Future Claimants' Representative Counsel | 33,572 | - | 17,526 | 51,098 |
| Trust Advisory Committee | 3,160 | - | 713 | 3,873 |
| Trust Advisory Committee Counsel | 46,877 | - | 1,203 | 48,080 |
| DCPF Board of Managers | 103,129 | - | - | 103,129 |
| | $ 549,071 | $ 238,630 | $ 28,526 | $ 816,227 |

The above amounts are included in operating expenses in the special-purpose statements of changes in net assets for the years ended December 31, 2024 and 2023, respectively.

## 10. Subsequent Events

The Trust has evaluated its December 31, 2024 special-purpose financial statements for subsequent events through April 18, 2025, 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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# Supplementary Information

## Independent Auditor's Report on Supplementary Information

Trustees
The Babcock & Wilcox Company Asbestos PI Trust
Wilmington, Delaware

Our audits of the special-purpose financial statements included in the preceding section of this report were conducted for the purpose of forming an opinion on those special-purpose statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the special-purpose financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special-purpose financial statements. The information has been subjected to the auditing procedures applied in the audits of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the special-purpose financial statements as a whole.

BDO USA, P.C.

McLean, Virginia
April 18, 2025

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# The Babcock & Wilcox Company Asbestos PI Trust

## Supplementary Schedules of Operating Expenses

| *Years Ended December 31,* | 2024 | 2023 |
|---|---|---|
| Trust management fees | $ 1,230,387 | $ 1,093,958 |
| Investment advisory service and investment management fees | 1,046,732 | 1,148,145 |
| Trustee fees and expenses | 658,715 | 604,197 |
| General legal fees | 483,097 | 426,275 |
| Accounting, finance and tax fees | 283,427 | 218,920 |
| Other legal fees | 103,441 | 107,430 |
| Future Claimants' Representative and Future Claimants' Representative Counsel fees and expenses | 194,094 | 56,948 |
| Miscellaneous operating expenses | 162,699 | 41,072 |
| Trust liability insurance | 96,529 | 82,685 |
| Trust Advisory Committee Counsel fees and expenses | 95,605 | 48,080 |
| Trust Advisory Committee fees and expenses | 4,317 | 3,873 |
| **Total operating expenses** | $ 4,359,043 | $ 3,831,583 |

*See independent auditor's report on supplementary information.*




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