IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	**Chapter 11**
	)	
Combustion Engineering, Inc.,	)	**Case No. 03-10495 (CSS)**
	)	
Reorganized Debtor.	)	

NOTICE OF FILING OF ANNUAL REPORT, FINANCIAL STATEMENTS AND RESULTS OF OPERATIONS OF THE COMBUSTION ENGINEERING 524(g) ASBESTOS PI TRUST FOR FISCAL YEAR ENDED DECEMBER 31, 2023

(For the Period January 1, 2023 to December 31, 2023)

PLEASE TAKE NOTICE that, on April 26, 2024, the Trustees of the Combustion Engineering 524(g) Asbestos PI Trust (the "Trust") filed the Annual Report, Financial Statements and Results of Operations of the Trust for Fiscal Year Ended December 31, 2023 (the "Annual Report") and its audited financial statements for the same period (the "Audited Financial Statements"). The Annual Report and the Audited Financial Statements are attached hereto as Exhibits "A" and "A-1," respectively.

Dated: April 26, 2024

Respectfully submitted,

STUTZMAN, BROMBERG, ESSERMAN & PLIFKA, A Professional Corporation

By: */s/ Sander L. Esserman*
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ATTORNEYS FOR THE COMBUSTION ENGINEERING 524(g) ASBESTOS PI TRUST

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EXHIBIT A

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	**Chapter 11**
	)	
Combustion Engineering, Inc.,	)	**Case No. 03-10495 (CSS)**
	)	
Reorganized Debtor.	)	

ANNUAL REPORT, FINANCIAL STATEMENTS AND RESULTS OF OPERATIONS OF THE COMBUSTION ENGINEERING 524(g) ASBESTOS PI TRUST FOR FISCAL YEAR ENDED DECEMBER 31, 2023

Ellen S. Pryor, James J. Faught, and the Honorable Ken Kawaichi, Ret., Trustees of the Combustion Engineering 524(g) Asbestos PI Trust (the "Trust"), created pursuant to Combustion Engineering, Inc.'s Plan of Reorganization, as Modified through October 7, 2005 (the "Plan"), submit this Annual Report, Financial Statements and Results of Operations of the Combustion Engineering 524(g) Asbestos PI Trust for Fiscal Year Ended December 31, 2023.

I. General

Combustion Engineering, Inc. ("Combustion Engineering") filed a voluntary petition for relief under Chapter 11, title 11 of the United States Code (the "Bankruptcy Code") on February 17, 2003. The United States Bankruptcy Court for the District of Delaware entered the Order Confirming (and Recommending Affirmance by the U.S. District Court) Debtor's Plan of Reorganization as Modified Through October 7, 2005 and Setting Bar Dates to File Certain Claims in Paragraphs 50, 51, 52, 53 and 73 on December 19, 2005 (the "Confirmation Order"). On March 1, 2006, the United States District Court for the District of Delaware entered its order affirming the Confirmation Order and Issuing Injunctions. The Effective Date of the Plan occurred on April 21, 2006. Pursuant to the Plan, Steven Kazan, Russell W. Budd, Brent Coon, Robert J. Cooney, Jr. and Matthew P. Bergman are the members of the Trust Advisory

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Committee ("TAC"). John Cooney served on the TAC until his death on February 23, 2023. Robert J. Cooney, Jr. was appointed the successor to fill the remainder of John Cooney's term as a member of the TAC. Roger Frankel is the Future Claimants' Representative ("FCR").

The Combustion Engineering 524(g) Asbestos PI Trust Agreement ("Trust Agreement") and the Combustion Engineering 524(g) Asbestos PI Trust Bylaws (the "Bylaws") require the Trustees to meet with the TAC and the FCR at regular or special meetings. In 2023, the Trust held regular meetings on February 23, 2023, May 24, 2023, September 20, 2023, and November 15, 2023.

The Trustees generally held weekly Trustees' meetings throughout the year, usually by telephone.

Effective January 1, 2023, the Trustees named Hon. Ken Kawaichi, Ret., as the Managing Trustee for a one-year term.

The principal office of the Trust is located at 1100 N. Market Street, 4th Floor, Wilmington, Delaware 19890. The Trust's administrative office is located at 3000 Town Center, Suite 100, Southfield, Michigan 48075.

In 2023, the Trust entered and/or continued service agreements with: Stutzman, Bromberg, Esserman & Plifka, a Professional Corporation (general counsel); Plante Moran, PLLC (accountant, administrator and tax advisor); Verus Claims Services LLC (claims processing facility and claims administrator); Gilbert LLP (insurance counsel); BDO USA, LLP (auditor); Wilshire Associates (financial consultant); Northern Trust Company (custodian); Alliance Bernstein LP (money manager); Northern Trust Investments, N.A. (money manager); State Street Global Advisors (money manager); Aegon USA Investment Management LLC (money manager); Richmond Capital Management, Inc. (money manager); Legal Analysis

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Systems (claims forecasting); and AON Risk Services Central, Inc. (insurance agent). The Trust retained local counsel as needed.

The Trust maintained liability insurance for the Trustees, the members of the TAC and the FCR. In addition, the Trust obtained cyber security protection insurance.

II. Asbestos PI Claims

The Combustion Engineering 524(g) Asbestos PI Trust Second Amended and Restated Asbestos PI Trust Distribution Procedures (the "TDP"), the Combustion Engineering 524(g) Asbestos PI Trust Third Revised and Restated Procedures for Reviewing and Liquidating TDP Claims, the Combustion Engineering 524(g) Asbestos PI Trust Claim Form, and other claims-related forms and instructions are available at www.cetrust.org.

Article 3.2(c)(iv) of the Trust Agreement requires the Trustees to prepare a report containing a summary regarding the number and types of claims (and the amount paid in respect of such claims) disposed of during the period covered by the financial statements.

A. Claims Payments for the Fiscal Year Ended December 31, 2023[1]

Under the TDP, Claims Payment Ratios are 87% for Category A Claims (malignancy claims and severe asbestosis) and 13% for Category B Claims (other non-malignancy claims). TDP, Sec. 2.5.

In 2023, the Trust paid 4,919 Category A Claims totaling $34,081,929.

In 2023, the Trust paid 10,094 Category B Claims totaling $5,522,158.

B. Claims Statistics for the Fiscal Year Ended December 31, 2023

From inception of the Trust through the period ending December 31, 2023, the Trust has received a total of 553,731 claims. As of December 31, 2023, the Trust has paid a total of 248,227 claims. The Trust received 23,949 claims in 2023. In 2023, the Trust liquidated and

[1] Claims payments are net of refunds.

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paid 15,013 claims. Below is further detail with respect to the claims received and paid by the Trust in 2023.

Total claims received in 2023:

Total Category A Claims received in 2023 =		8,391
Category A Claims submitted for Expedited Review	4,915	
Category A Claims submitted for Individual Review	3,476	
Total Category B Claims received in 2023 =		15,558
Category B Claims submitted for Expedited Review	12,417	
Category B Claims submitted for Individual Review	3,141	
Total claims received in 2023 =		**23,949**

Total claims paid in 2023:

Total Category A Claims paid in 2023 =		4,919
Category A Claims paid pursuant to Expedited Review	3,443	
Category A Claims paid pursuant to Individual Review	1,476	
Total Category B Claims paid in 2023 =		10,094
Category B Claims paid pursuant to Expedited Review	8,313	
Category B Claims paid pursuant to Individual Review	1,781	
Total claims paid in 2023 =		**15,013**

Since inception of the Trust, the Trust has not approved 289,504 claims, consisting of rejected claims, claims with uncured deficiencies, and withdrawn and deferred claims.

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III. Compensation and Expenses of Trustees

Under Section 5.5(c) of the Trust Agreement, the Trust reports to the Court the amount of compensation and expenses paid to the Trustees. Please reference the Supplementary Information to the audited special-purpose financial statements, attached hereto, for this information. The Trust pays the Delaware Trustee a fee of $2,500.

IV. Plan Reserve Blocked Account

Under the Excess Funds Agreement entered as of April 20, 2006, by and among the Trust, Combustion Engineering, Inc., ABB Inc. and ABB Holdings Inc. ("ABB"), a Plan Reserve Blocked Account was established and funded to pay certain administrative expenses of the Combustion Engineering Chapter 11 case and certain unsecured creditor claims filed against the Combustion Engineering bankruptcy estate, all if and as allowed under the Plan. To the extent that funds remain in the Plan Reserve Blocked Account after the payment of the allowed administrative expenses and unsecured claims, the funds become the property of the Trust pursuant to the Plan. In 2021, Combustion Engineering resolved the final remaining claim in the Combustion Engineering Chapter 11 case.

In July 2023, Combustion Engineering, Inc. reported that the balance of the Plan Reserve Blocked Account was about $9.1 million. In July 2023, the Trust and ABB Holdings, Inc., and all of its subsidiaries, affiliates, and successors including but not limited to Combustion Engineering, entered into that certain Release Agreement, dated July 18, 2023 (the "Release Agreement"), to release to the Trust all of the funds in the Plan Reserve Blocked Account except $500,000. Pursuant to the Release Agreement, if no further claims are submitted for payment from the Plan Reserve Blocked Account within two years of the execution of the Release Agreement by the parties thereto, the remaining $500,000 will be released to the Trust. Pursuant

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to the Release Agreement, on September 19, 2023, the Trust received $8,644,779.15 from the Plan Reserve Blocked Account.

V. Financial Statements

A copy of the Trust's Audited Special-Purpose Financial Statements with Supplementary Information Years Ended December 31, 2023 and 2022, is attached hereto as Exhibit "A-1."

Dated: April 26, 2024

STUTZMAN, BROMBERG, ESSERMAN & PLIFKA, A Professional Corporation

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ATTORNEYS FOR THE COMBUSTION ENGINEERING 524(g) ASBESTOS PI TRUST

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EXHIBIT A-1

Combustion Engineering 524(g) Asbestos PI Trust

Audited Special-Purpose Financial Statements with Supplementary Information

Years Ended December 31, 2023 and 2022

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

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Combustion Engineering 524(g) Asbestos PI Trust

Audited Special-Purpose Financial Statements
with Supplementary Information
Years Ended December 31, 2023 and 2022

Combustion Engineering 524(g) Asbestos PI Trust

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Independent Auditor's Report

Trustees
Combustion Engineering 524(g) Asbestos PI Trust
Southfield, Michigan

Opinion

We have audited the special-purpose financial statements of Combustion Engineering 524(g) Asbestos PI Trust (the Trust) which comprise the special-purpose statements of assets, liabilities and net claimants' equity as of December 31, 2023 and 2022, and the related special-purpose statements of changes in net claimants' equity and the special-purpose statements of cash flows for the years then ended, and the related notes to the special-purpose financial statements.

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

Basis for Opinion

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

Emphasis of Matter - Basis of Accounting

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

Responsibilities of Management for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of the special-purpose financial statements in accordance with the basis of accounting as described in Note 2 to the special-purpose financial statements. Management is also responsible for the design,

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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 issued or available to be issued.

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

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

In performing an audit in accordance with GAAS, we:

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

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

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Other Matter - Restriction of Use

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

Other Matter - Other Information Included in the Annual Report

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

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

BDO USA, P.C.

McLean, Virginia
April 22, 2024

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Special-Purpose Financial Statements

Combustion Engineering 524(g) Asbestos PI Trust

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

December 31,	2023	2022
Assets		
Cash and cash equivalents	$ 20,920,273	$ 49,203,411
Investment securities	421,310,146	394,595,242
Accrued interest and dividends receivable	3,998,975	3,730,508
Unsettled securities receivable	1,310,975	9,344,507
Prepaid income taxes	427,208	1,600,560
Tax reclaim receivable	124,441	112,156
Total assets	448,092,018	458,586,384
Liabilities		
Accrued claims, accrued expenses and accounts payable	1,686,980	2,678,727
Unsettled securities payable	686,430	10,009,183
Total liabilities	2,373,410	12,687,910
Net claimants' equity	$ 445,718,608	$ 445,898,474

See accompanying notes to the special-purpose financial statements.

Combustion Engineering 524(g) Asbestos PI Trust

Special-Purpose Statements of Changes in Net Claimants' Equity

Years Ended December 31,	2023	2022
Additions		
Investment income	$ 16,516,369	$ 13,641,392
Net increase in unrealized gain on investment securities	22,359,753	-
Total additions	38,876,122	13,641,392
Deductions		
Net increase in unrealized loss on investment securities	-	46,590,791
Net realized loss on investment securities	2,270,414	2,387,446
Operating expenses and income taxes	5,993,727	4,523,067
Direct investment expenses	709,720	992,906
Other deductions	4,233	2,756
Total deductions	8,978,094	54,496,966
Net increase (decrease) in net claimants' equity	29,898,028	(40,855,574)
Net claimants' equity - beginning of the year	445,898,474	527,477,750
Contributions to Net Claimant's Assets	8,644,779	-
Distributions from net claimants' equity	(39,604,087)	(39,369,359)
Net change in provision for claimants' in queue	881,414	(1,354,343)
Net claimants' equity - end of the year	$ 445,718,608	$ 445,898,474

See accompanying notes to the special-purpose financial statements.

Combustion Engineering 524(g) Asbestos PI Trust

Special-Purpose Statements of Cash Flows

Years Ended December 31,	2023	2022
Cash received from:		
Sales and maturities of investments	$ 184,691,027	$ 248,616,633
Investment income	17,537,371	16,562,505
Plan reserve blocked account distribution	8,644,779	-
Total cash inflows	210,873,177	265,179,138
Cash paid for:		
Purchase of investment securities	193,838,199	188,235,620
Distribution to claimants	39,604,087	39,369,359
Trust operating expenses	3,383,283	3,318,546
Investment expenses	880,746	809,708
Income taxes	1,450,000	3,300,000
Total cash outflows	239,156,315	235,033,233
Net (decrease) increase in cash and cash equivalents	(28,283,138)	30,145,905
Cash and cash equivalents at the beginning of year	49,203,411	19,057,506
Cash and cash equivalents at the end of year	$ 20,920,273	$ 49,203,411

See accompanying notes to the special-purpose financial statements.

1. Description of the Trust

The Combustion Engineering 524(g) Asbestos PI Trust (the Trust), organized pursuant to the laws of the State of Delaware, was established pursuant to Combustion Engineering, Inc.'s (CE) plan of reorganization, as modified through October 7, 2005 (the Plan) and became effective on April 20, 2006. The Trust was formed to assume all Asbestos PI Trust Claims (whether now existing or arising at any time hereafter) and to use the Trust assets to pay holders of claims in accordance with the Asbestos PI Trust Agreement. The Trust's funding is dedicated solely to the settlement of asbestos personal injury claims and the related costs thereto, as defined in the Plan. The Trust's principal office is in Wilmington, Delaware and its administrative office is located in Southfield, Michigan. Defined terms have the meanings assigned to them in the Plan.

The Trust was initially funded with ABB, Ltd. stock, ABB promissory note, a CE contribution agreement, a CE convertible secured note, and insurance settlement rights. The Trust has divested itself of all ABB, Ltd. holdings.

2. Significant Accounting Policies

Basis of Presentation

The Trust's special-purpose 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 claimants' equity and related operating expenses of the Trust. Since the accompanying special-purpose financial statements and transactions are not based upon GAAP, accounting treatment by other parties for these same transactions may differ as to timing and amount. The special-purpose accounting methods include the following:

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

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

c. 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.

d. The claim distributions are treated as a reduction to 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 Trustees. An unpaid settled claim is a claim that cannot be paid due to annual cap limitations or has been authorized for payment by the Trustees but not yet paid. The liability for unpaid claims that is a result of annual cap limitations is recorded when settled. This liability is the product of the liquidated value of the unpaid claims times the Payment Percentage in effect at year-end. The actual amount paid to an unpaid claimant maybe more

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or less depending on the Payment Percentage in effect at the time of payment. 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.

e. 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.

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

Use of Estimates

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

Cash Equivalents and Investment Securities

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

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

Accrued Claims, Accrued Expenses and Accounts Payable

Accrued claims consist of certain claims that are settled but unpaid at December 31, 2023 and 2022. A settled claim is a claim that has been accepted by the claimant with an executed release submitted to the Trust and approved by the Trustees. An unpaid settled claim is a claim that cannot be paid due to annual cap limitations or has been authorized by the Trustees but not yet paid. The liability for unpaid claims that is a result of annual cap limitations is recorded when settled. This liability is the product of the liquidated value of the unpaid claims times the Payment Percentage in effect at year-end. The actual amount paid to an unpaid claimant may be more or less depending on the Payment Percentage in effect at the time of payment.

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

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Unsettled Securities

Unsettled securities receivable consist of amounts due to the Trust for securities sold before year end. Unsettled securities payable consists of amounts owed for securities acquired before year end.

Operating Expenses

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

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.

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 5). The income taxes associated with gains on investments will be recorded in the Trust's special-purpose financial statements when the net gains are realized (i.e. the securities are sold) and the taxes become currently payable. In addition, there is no provision for deferred taxes associated with any future benefit from the potential use of net capital loss carryforwards to reduce taxable income in future years.

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

Concentrations of Credit Risk

The Trust's cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits, exposing the Trust to credit risk. The Trust has not experienced losses related to these balances. There are no amounts on deposit in excess of federally insured limits at December 31, 2023.

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3. Cash, Cash Equivalents and Investment Securities

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

	2023		
	Cost	Fair Value	Unrealized Gain (Loss)
Cash and cash equivalents	$ 20,920,273	$ 20,920,273	$ -
Equities	25,551,759	70,974,673	45,422,914
Bonds	350,906,401	350,335,473	(570,928)
Total cash, cash equivalents and investments	$ 397,378,433	$ 442,230,419	$ 44,851,986

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

	2022		
	Cost	Fair Value	Unrealized Gain (Loss)
Cash and cash equivalents	$ 49,203,411	$ 49,203,411	$ -
Equities	30,633,193	64,609,388	33,976,195
Bonds	341,469,816	329,985,854	(11,483,962)
Total cash, cash equivalents and investments	$ 421,306,420	$ 443,798,653	$ 22,492,233

The maturities of the Trust's investments in bonds are as follows as of December 31, 2023 and 2022:

	2023	2022
Less than 1 Year	$ 50,996,703	$ 17,796,824
After 1 Year Through 5 Years	128,812,686	145,343,194
After 5 Years Through 10 Years	49,696,544	44,574,817
After 10 Years	120,829,540	122,271,019
Total	$ 350,335,473	$ 329,985,854

4. Fair Value Measurements

The Trust's investments are recorded at fair value. Fair value is 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

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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 market, or can be corroborated by, observable market data for substantially the full term of the investment.

- **Level 3** - Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

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

Level 1: Investments are valued at the closing price reported on the active market in which the individual securities are traded. These values are provided by the Trust's investment custodian.

Level 2 and Level 3: Investments are valued using a metrics system provided by the Trust's investment custodian.

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Combustion Engineering 524(g) Asbestos PI Trust

Notes to the Special-Purpose Financial Statements

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

	As of December 31, 2023			
	Assets Measured At Fair	Fair Value Hierarchy Level		
Description	Value	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 20,920,273	$ 20,920,273	$ -	$ -
Equities:				
Common stock	70,974,673	70,732,747	241,926	-
Total equities	70,974,673	70,732,747	241,926	-
Bonds:				
Bank Loans	14,635,578	-	14,635,578	-
Government	48,983,662	-	48,983,662	-
Corporate	61,167,734	-	61,167,734	-
Municipal	225,548,499	-	225,548,499	-
Total bonds	350,335,473	-	350,335,473	-
Total assets at fair value	$ 442,230,419	$ 91,653,020	$ 350,577,399	$ -

	As of December 31, 2022			
	Assets Measured At Fair	Fair Value Hierarchy Level		
Description	Value	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 49,203,411	$ 47,961,032	$ 1,242,379	$ -
Equities:				
Common stock	64,597,185	64,352,989	244,196	-
Other	12,203	12,203	-	-
Total equities	64,609,388	64,365,192	244,196	-
Bonds:				
Bank Loans	24,242,776	-	24,242,776	-
Government	35,202,435	-	35,202,435	-
Corporate	45,035,687	-	45,035,687	-
Municipal	225,504,956	-	225,504,956	-
Total bonds	329,985,854	-	329,985,854	-
Total assets at fair value	$ 443,798,653	$ 112,326,224	$ 331,472,429	$ -

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5. Income Taxes

For federal income tax purposes, CE has elected for the qualified assets of the Trust to be taxed as a Qualified Settlement Fund (QSF). The following is a summary of the estimated net taxable operating income for the years ended December 31:

	2023	2022
Increase in net claimants' equity	$ 29,898,028	$ (40,855,574)
Plus: other non-taxable income	1,922,164	7,395
Less: municipal bond interest	(7,264,064)	(6,080,373)
Plus: realized gains on investment securities	2,270,414	2,387,446
(Less) plus: change in net unrealized (gain) or loss on investment securities, net of amortization expense	(22,359,753)	46,583,396
Plus: income taxes paid and accrued	2,623,352	1,199,440
Net taxable operating income	7,090,141	3,241,730
Statutory tax rate	37.0%	37.0%
Provision for current income taxes	$ 2,623,352	$ 1,199,440

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

6. Distributions from Net Claimants' Equity

For the years ended December 31, 2023, and 2022, the Trust settled 15,702 and 14,454 claims totaling $38,722,673 and $40,723,702, respectively. For the years ended December 31, 2023 and 2022, the Trust received 23,949 and 20,414 new claim filings, respectively.

The following is a reconciliation of distributions from claimants' equity to total claims (and related expenses) paid for the years ended December 31:

	2023	2022
Claim settlements	$ 38,722,673	$ 40,723,702
Change in accrued claims and expenses	881,414	(1,354,343)
Total cash paid for distributions to claimants	$ 39,604,087	$ 39,369,359

7. Contingent Liabilities

The Plan Documents (as defined in the 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.

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8. Liability for Asbestos Claims

Personal injury claims settled, but unpaid as of December 31, 2023 and 2022, have been accrued and included in accrued claims, accrued expenses and accounts payable. These amounts have been included in distributions from net claimant's equity for December 31, 2023 and 2022 payment of claims.

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

9. Subsequent Events

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

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Supplementary Information

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Independent Auditor's Report on Supplementary Information

Trustees
Combustion Engineering 524(g) Asbestos PI Trust
Southfield, Michigan

Our audit of the special-purpose financial statements included in the preceding section of this report was 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 those special-purpose financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special-purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the special-purpose financial statements as a whole.

BDO USA, P.C.

McLean, Virginia
April 22, 2024

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Combustion Engineering 524(g) Asbestos PI Trust

Schedules of Investment Income

Years Ended December 31,	2023	2022
Investment income		
Interest on bonds	$ 13,564,879	$ 11,737,348
Other dividends	1,257,914	1,365,496
Interest on short term investments	1,693,576	538,548
Total investment income	$ 16,516,369	$ 13,641,392

See independent auditor's report on supplementary information.

Combustion Engineering 524(g) Asbestos PI Trust

Schedules of Operating Expenses, Income Taxes and Direct Investment Expenses

Years Ended December 31,	2023	2022
Operating expenses and income taxes		
Federal income taxes	$ 2,623,352	$ 1,199,440
Claims processing services	1,041,992	868,366
Legal fees	735,434	776,894
Consulting	609,509	651,693
Accounting and audit	260,857	241,441
Trustee disbursements	565,235	625,003
Insurance	137,017	141,928
Administrative	8,046	5,152
Other expenses, net of income	12,285	13,150
Total operating expenses and income taxes	$ 5,993,727	$ 4,523,067
Direct investment expenses		
Investment advisory fees	$ 686,960	$ 948,897
Foreign tax income, net of expenses	(27,240)	(5,991)
Custodial fees	50,000	50,000
Total direct investment expenses	$ 709,720	$ 992,906

See independent auditor's report on supplementary information.

CERTIFICATE OF SERVICE

I, Andrea L. Ducayet, certify that on April 26, 2024, a true and correct copy of the foregoing was served on the parties listed below via first class mail and all other parties registered for electronic service via CM/ECF.

/s/ Andrea L. Ducayet

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