IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	:	
	:	**Jointly Administered**
KAISER ALUMINUM CORPORATION, a Delaware corporation, *et al.*,	:	**Case No. 02-10429 (JKF)**
	:	
	:	**Chapter 11**
Debtors.	:	

NOTICE OF FILING

PLEASE TAKE NOTICE that, on April 30, 2019, the **Kaiser Aluminum & Chemical Corporation Asbestos Personal Injury Trust Special-Purpose Financial Statements and Report of Independent Auditors for the Years Ended December 31, 2018 and 2017 and Related Information** were filed electronically by FrankGecker LLP with the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, 3rd Floor, Wilmington, Delaware.

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Dated: April 30, 2019

Kaiser Aluminum Asbestos Trust Annual Reports, 2018 annual report
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CERTIFICATE OF SERVICE

I, Jeremy C. Kleinman, an attorney, hereby certify that, on April 30, 2019, a true and correct copy of the foregoing **Kaiser Aluminum & Chemical Corporation Asbestos Personal Injury Trust Special-Purpose Financial Statements and Report of Independent Auditors for the Years Ended December 31, 2018 and 2017** (the "Audited Financial Statement") **and Related Information** were filed electronically. Notice of the filing will be sent to all parties who are currently on the Court's Electronic Mail Notice List by operation of the Court's Electronic Filing System. In addition, a copy of the Audited Financial Statement was served this day upon the parties listed on the attached Service List either by electronic mail or first-class United States mail, postage prepaid.

/s/ Jeremy C. Kleinman

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KAISER ALUMINUM & CHEMICAL CORPORATION
ASBESTOS PERSONAL INJURY TRUST

Special-Purpose Financial Statements
and
Report of Independent Auditors

Years Ended December 31, 2018 and 2017

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KAISER ALUMINUM & CHEMICAL CORPORATION
ASBESTOS PERSONAL INJURY TRUST

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REPORT OF INDEPENDENT AUDITORS

To the Trustees of
Kaiser Aluminum & Chemical Corporation Asbestos Personal Injury Trust

We have audited the accompanying special-purpose financial statements of the Kaiser Aluminum & Chemical Corporation Asbestos Personal Injury Trust (the "Trust", organized in the State of Delaware), which comprise the special-purpose statements of net claimants' equity as of December 31, 2018 and 2017, and the related special-purpose statements of changes in net claimants' equity for the years then ended, and the related notes to the special-purpose financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the net claimants' equity of the Kaiser Aluminum & Chemical Corporation Asbestos Personal Injury Trust as of December 31, 2018 and 2017, and the changes in net claimants' equity for the years then ended in conformity with the special-purpose basis of accounting.

Emphasis of Matter

We draw attention to Note 2 of the special-purpose financial statements, which describes the basis of accounting. The financial statements are prepared on a special-purpose basis of accounting and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America. The special-purpose basis of accounting has been used in order to present the amount of equity presently available to current and future claimants and the changes in net claimants' equity during the periods.

Restriction on Use

This report is intended solely for the information and use of the management of the Trust, the Trustees, the beneficiaries of the Trust and the United States Bankruptcy Court for the District of Delaware and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report, which, upon filing with the United States Bankruptcy Court for the District of Delaware, is a matter of public record.

BKM Sowan Horan, LLP

Addison, Texas
April 9, 2019

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KAISER ALUMINUM & CHEMICAL CORPORATION
ASBESTOS PERSONAL INJURY TRUST

Special-Purpose Statements of Net Claimants' Equity

	December 31, 2018	December 31, 2017
ASSETS		
Cash and cash equivalents	$ **37,634,956**	$ 8,584,067
Beneficial interest in Kaiser Aluminum & Chemical Corporation Funding Vehicle Trust	**1,077,154**	24,548
Investments in marketable securities	**395,414,674**	499,633,451
Accrued investment income	**3,734,890**	4,493,999
Receivable on pending investment sales	**2,703,576**	61,371
Prepaid federal income taxes	**200,000**	-
Total assets	$ **440,765,250**	$ 512,797,436
LIABILITIES AND NET CLAIMANTS' EQUITY		
Accrued professional fees	$ **542,783**	$ 486,977
Payable on pending investment purchases	**3,247,099**	-
Deferred tax liability	**7,471,044**	12,950,932
Total liabilities	**11,260,926**	13,437,909
Net claimants' equity	$ **429,504,324**	$ 499,359,527

See accompanying notes to special-purpose financial statements.

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KAISER ALUMINUM & CHEMICAL CORPORATION
ASBESTOS PERSONAL INJURY TRUST

Special-Purpose Statements of Changes in Net Claimants' Equity

	Years ended December 31,	
	2018	2017
Net Claimants' Equity, Beginning of Year	**$ 499,359,527**	$ 541,846,896
Additions		
Investment income	**16,352,734**	18,160,585
Deferred income tax benefit	**5,479,888**	-
Adjustment to beneficial interest in Kaiser Aluminum & Chemical Corporation Funding Vehicle Trust	**1,052,606**	(12,957)
Cash received from Kaiser Aluminum & Chemical Corporation Funding Vehicle Trust	**1,001,507**	-
Other	**-**	500
Net gain on investments in marketable securities, net of management fees, custody fees and trading expenses and bond amortization	**-**	17,857,950
Total additions	**23,886,735**	36,006,078
Deductions		
Net loss on investments in marketable securities, net of management fees, custody fees and trading expenses and bond amortization	**19,726,073**	-
Claim settlements paid	**70,933,243**	67,045,616
Professional fees	**1,092,144**	1,083,177
Claims processing fees	**753,915**	736,226
Trustee fees and expenses	**750,661**	609,094
Foreign taxes paid	**176,208**	181,923
Future Claimants' Representative fees and expenses	**140,890**	117,885
Trust Advisory Committee fees and expenses	**100,554**	83,097
Insurance	**65,000**	65,000
Delaware Trustee fees and expenses	**3,250**	3,250
Deferred income tax expense	**-**	8,568,179
Total deductions	**93,741,938**	78,493,447
Net decrease in Net Claimants' Equity	**(69,855,203)**	(42,487,369)
Net Claimants' Equity, End of Year	**$ 429,504,324**	$ 499,359,527

See accompanying notes to special-purpose financial statements.

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Note 1 - Nature of Trust

Description of Trust

The Kaiser Aluminum & Chemical Corporation Asbestos Personal Injury Trust (the "Trust") was established pursuant to the Second Amended Joint Plan of Reorganization of Kaiser Aluminum Corporation, Kaiser Aluminum & Chemical Corporation and Certain of their Debtor Affiliates ("Kaiser")(the "Plan"). The purpose of the Trust is:

i) to assume liability pursuant to the Plan for all asbestos personal injury claims against Kaiser;

ii) to use the Trust's assets and income to pay holders of valid asbestos personal injury claims; and

iii) to comply in all respects with the requirements for a trust set forth in Section 524(g)(2)(B) of the Bankruptcy Code.

The Trust was established on July 6, 2006, the Effective Date of the Plan ("Effective Date"), and is a Qualified Settlement Fund for holders of asbestos personal injury claims ("Qualified Settlement Fund"). The Trust operates as the Kaiser Aluminum & Chemical Corporation Asbestos Personal Injury Trust.

Pursuant to the Plan, the Trust receives 94% of the available cash of the Kaiser Aluminum & Chemical Corporation Funding Vehicle Trust ("Funding Vehicle Trust") after certain predefined distributions of the Funding Vehicle Trust to other Kaiser personal injury trusts and the payment of expenses. In addition, the Trust received 94% of the common stock of KAE Trading, Inc. The Trust also received an assignment of a claim with respect to which the Trust was entitled to receive shares of Kaiser Aluminum Corporation common stock.

The Trust is governed by a Trust Agreement and Trust Distribution Procedures ("TDP") that establish the framework and criteria for allowance and payment of Claims by the Trust. The Trust Agreement and TDP were approved by the United States District Court as part of the Plan. There are eight disease levels specified in the TDP. Each claimant who meets the medical and exposure requirements of the TDP for a particular disease level may apply for expedited review and a specified payment amount. Claimants also have an alternative, under the TDP, to submit additional documentation and request a more expansive review of their Claim (Individual Review Process) in which case claims may be paid within a range of amounts.

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Note 1 - Nature of Trust – (Continued)

Description of Trust – continued

The Trust's assets consist primarily of cash and cash equivalents, investments in marketable securities and the beneficial interest in the Funding Vehicle Trust, which, with the earnings or losses on such investments, are intended to be totally consumed by the allowance and payment of claims and operation of the Trust. The percentage amount of each allowed claim that will actually be paid will be determined by projections of total allowed Claims and operational expenses of the Trust, on the one hand, and total assets and net earnings or losses on the other. Pursuant to the TDP, in May 2011, the Trust decreased the payment percentage from 39.5% (initial payment percentage) to 35%, and this payment percentage is subject to period review. See Note 8. The Trustees are fiduciaries to the beneficiaries of the Trust and are responsible for administering the Trust and the Trust's assets in accordance with the Trust Agreement and the Plan.

Termination

The Trust Agreement (Section 8.2) provides that the Trust shall automatically dissolve on the date ninety (90) days after the first to occur of the following:

- The date on which the Trustees decide to dissolve the Trust because (A) the Trustees deem it unlikely that any new asbestos claims will be filed against the Trust, (B) all asbestos personal injury claims duly filed with the Trust have been liquidated and, to the extent possible based upon the funds available to such Trust through the Plan and in accordance with the Trust Agreement, paid to the extent provided in the Agreement, and the asbestos distribution procedures or disallowed by a final, non-appealable order, and (C) twelve (12) consecutive months have elapsed during which no new asbestos personal injury claims have been filed with the Trust.

- If the Trustees have procured and have in place irrevocable insurance policies and have established claims handling agreements and other necessary arrangements with suitable third parties adequate to discharge all expected remaining obligations and expenses (including without limitation Trust expenses) of the Trust in a manner consistent with the Agreement and the asbestos distribution procedures, the date on which the bankruptcy court enters an order approving such insurance and other arrangements and such order becomes a final order, or

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Note 1 - Nature of Trust – (Continued)

Termination – continued

- To the extent that any rule against perpetuities shall be deemed applicable to the Trust, that date which is twenty-one (21) years less ninety-one (91) days after the death of the last survivor of all of the descendants of the late Joseph P. Kennedy, Sr., father of the late President John F. Kennedy, living on the date hereof.

On the dissolution date or as soon as reasonably practicable, after the wind-up of the Trust's affairs by the Trustees and payment of all the Trust's liabilities have been provided for as required by applicable law, all remaining assets shall be applied to such charitable purposes, if practicable, which shall be related to the treatment of research on, or the relief of individuals suffering from asbestos related lung disease or disorders.

Following the dissolution and distribution of the assets of the Trust, the Trust shall terminate and the Trustees, or any one of them, shall execute and file a Certificate of Cancellation.

Note 2 - Summary of Significant Accounting Policies

Basis of accounting

The Trust's special-purpose financial statements are prepared using special-purpose accounting methods that differ from accounting principles generally accepted in the United States of America (GAAP). The special-purpose accounting methods are being used to better communicate the equity available to satisfy current and future claims. 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. These special-purpose accounting methods and the differences from GAAP are summarized as follows:

- The special-purpose financial statements are prepared using the accrual basis of accounting, except as otherwise described herein.

- The statement of net claimants' equity is not classified, resulting in no separation between current and noncurrent assets.

- These special-purpose financial statements do not include a statement of cash flows.

Note 2 - Summary of Significant Accounting Policies – (Continued)

Basis of accounting – continued

- Cash and cash equivalents are recorded at cost with accrued income shown separately.

- The funding received from Kaiser and the Funding Vehicle Trust has been recorded directly to net claimants' equity. These funds do not represent taxable income to the Trust. Payments to claimants are reported as deductions from net claimants' equity and do not represent tax-deductible expenses of the Trust. No liability is recorded for unpaid claims, outstanding offers, future claim filings and filed claims on which no offer has been made. Net claimants' equity represents funding available to pay present and future claims.

- The Trust's investments in marketable securities are considered as available for sale. The unrealized holding gains (losses) on these investments are included in net gain or loss on investments in marketable securities, net of management fees, custody fees and trading expenses and bond amortization on the accompanying statements of changes in net claimants' equity. Under accounting principles generally accepted in the United States of America, the unrealized holding gains (losses) on available for sale investments would be included as a component of net claimants' equity reported as accumulated other comprehensive income (loss).

Use of estimates

The preparation of special-purpose financial statements in conformity with the special-purpose accounting method requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the special-purpose financial statements and the reported amounts of additions and deductions from net claimants' equity during the reporting periods. Significant items subject to such estimates and assumptions include the carrying value of financial instruments and deferred income taxes. Actual results could differ from those estimates.

Cash and cash equivalents

The Trust considers all highly liquid debt instruments purchased with an original maturity value of three months or less to be cash equivalents. Cash and cash equivalents consist of money market funds at December 31, 2018 and 2017.

Note 2 - Summary of Significant Accounting Policies – (Continued)

Financial instruments

The Trust's financial instruments are cash and cash equivalents, accrued investment income, beneficial interest in the Funding Vehicle Trust, investment in marketable securities and accrued professional fees. The carrying amount of cash and cash equivalents, accrued investment income, and accrued professional fees approximate their fair values based on their short-term nature. The carrying amount of marketable securities is based on fair value. The carrying amount of the beneficial interest approximates fair value and is based upon management's estimates.

Concentrations of credit risk

Financial instruments, which potentially subject the Trust to concentrations of credit risk, consist primarily of cash and cash equivalents, investments in marketable securities, and the beneficial interest in the Funding Vehicle Trust. The Trust maintains its cash and cash equivalents in accounts that are not federally insured but considers them to be of high credit quality. The Trust has not experienced any losses in such accounts, and it does not believe it is exposed to any significant credit risk.

The Trust's investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level or risk associated with investments, it is at least reasonably possible that significant changes in risks in the near term may materially affect the amounts reported in the financial statements. However, the Trust has a formal investment policy of placing investments in high-quality financial institutions.

The Trust is one of the beneficial owners of the Funding Vehicle Trust. The Trust generally receives 94% of funds distributed by the Funding Vehicle Trust after certain preferential distributions provided for in the Trust Agreement. In 2016, the Trust received its 94% beneficial interest in the Funding Vehicle Trust's insurance settlements, which were collected in full. The Trust continues to receive distributions from any amounts collected from insolvent insurers.

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Note 2 - Summary of Significant Accounting Policies – (Continued)

Investments in marketable securities and related income

Investments in marketable securities are reported at fair value in the statements of net claimants' equity and changes in the fair value of investments, as well as realized gains and losses and foreign currency translation, are included in net gain or loss on investments in marketable securities, net of management fees, custody fees and trading expenses and bond amortization reported in the statements of changes in net claimants' equity. All marketable securities are deemed by management to be available for sale and are reported at fair value with net holding unrealized gains or losses reported within net claimants' equity. Purchases and sales of marketable securities are recorded on the trade date.

Realized gains and losses on disposals of investments are determined by the specific identification method. Interest and dividend income are recognized on the accrual basis. For 2018 and 2017, investment management fees and custody fees and trading expenses of $723,405 and $776,955, respectively, and bond amortization of $5,479,194 and $5,773,215, respectively, are included in net gain or (loss) on investments in marketable securities, net of management fees, custody fees and trading expenses and bond amortization in the accompanying statements of changes in net claimants' equity.

Investments considered to be permanently impaired in value are written down to their estimated net realizable value and the write down is recorded as a realized loss on investments. Unrealized losses that are other-than-temporary based upon management's estimates using quantitative and qualitative criteria are recognized as realized investment losses. Actual results could differ from those estimates.

Net claimants' equity

The Trust, under the adopted special-purpose accounting convention, does not record the liability for future claims expected to be filed over the life of the Trust. The net claimants' equity is available for (i) the payments of allowed asbestos-related claims and (ii) operational expenses of the Trust.

Income taxes

Deferred tax assets and liabilities are recorded based on temporary differences between the carrying amounts of assets and liabilities for financial reporting and income tax purposes using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is established when it is likely that the deferred tax assets may

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Note 2 - Summary of Significant Accounting Policies – (Continued)

Income taxes – continued

not be realized. No provision for state income taxes was recorded because, as a Delaware trust, the Trust has no state income tax return filing obligation and is not obligated to pay state income taxes. Funds received by the Trust from Kaiser and the Funding Vehicle Trust and distributions paid to settle asbestos claims are not taxable or deductible by the Trust.

The Trustees' estimate of the potential outcome of any uncertain tax issues is subject to management's assessment of relevant risks, facts, and circumstances existing at that time. The Trust uses a more likely than not threshold for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. To the extent that the Trustees' assessment of such tax position changes, the change in estimate is recorded in the period in which the determination is made. The Trust reports tax-related interest and penalties as a component of income tax expense and operating expenses, respectively. The Trust has recognized no increase in assets or liabilities for unrecognized tax benefits or expense.

Claim settlements paid

Claim settlements paid represents the actual amount of cash paid to claimants during the year. The Trust does not record a liability for unpaid claims, outstanding offers, future claim filings and filed claims on which no offer has been made. At December 31, 2018 and 2017, there were approximately $7,416,500 and $15,423,000, respectively, of claims settled but not paid. At the beginning of November 2018, the Trust ceased making offers pending resolution of the proposed change to the payment percentage. See Note 8.

Subsequent events

The Trust has evaluated events and transactions subsequent to the date of the financial statements for matters requiring recognition or disclosure in the special-purpose financial statements. The accompanying special-purpose financial statements consider events through April 9, 2019, the date on which the financial statements were available to be issued. See Note 8.

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Note 3 - Beneficial Interest in Kaiser Aluminum & Chemical Corporation Funding Vehicle Trust

The 2018 and 2017 statements of changes in net claimants' equity reflect cash received of $1,001,507 and $0, respectively, from the Funding Vehicle Trust, and an adjustment to the beneficial interest of $1,052,606 and $12,957, respectively to increase or decrease the beneficial interest for cash received and recognized non-cash increases or decreases in the beneficial interest. Future distributions from the Funding Vehicle Trust depend on the residual cash balance after payment of expenses of the Funding Vehicle Trust and amounts, if any, received from insolvent insurers.

Note 4 - Investments in Marketable Securities

Fair value measurements

The Trust measures its investments, at fair value, according to a hierarchy of valuation techniques. The following are the levels of the hierarchy and a brief description of the type of valuation information ("inputs") that qualifies an investment for each level:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments in Level I include short-term investments and listed equity securities.

Level 2 – Pricing inputs are other than quoted market prices included in Level I, however, are observable indirectly for the investment. The Trust includes its municipal bonds in Level II, because these pricing inputs are indirectly evident through interest rates for commonly quoted credit risks.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. The Trust does not carry any Level III investments.

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Note 4 - Investments in Marketable Securities – (Continued)

Fair value measurements – continued

The valuations of the Trust's investments in marketable securities by the above fair value hierarchy levels and the corresponding cost of the investments as of December 31, 2018 and 2017 are as follows:

		December 31, 2018		
	Level	Market Value	Cost	Unrealized Gains
Equity securities				
Common stocks	1	$ 83,292,972	$ 4,310,975	$ 8,981,997
Preferred stocks	1	535,118	242,439	292,679
Total equity securities		83,828,090	64,553,414	19,274,676
Municipal bonds	2	311,586,584	309,777,970	1,808,614
Total		$ 395,414,674	$ 374,331,384	$ 21,083,290

		December 31, 2017		
	Level	Market Value	Cost	Unrealized Gains
Equity securities				
Mutual funds	1	$ 17,450,303	$ 7,045,460	$ 10,404,843
Common stocks	1	98,288,792	70,305,104	27,983,688
Preferred stocks	1	500,248	251,416	248,832
Total equity securities		116,239,343	77,601,980	38,637,363
Municipal bonds	2	383,394,108	379,513,251	3,880,857
Total		$ 499,633,451	$ 457,115,231	$ 42,518,220

Note 4 - Investments in Marketable Securities – (Continued)

Maturities of the Trust's debt securities at December 31, 2018 are as follows:

	Fair Value	Cost	Unrealized Gains (Losses)
Due in one year or less	$ 5,882,560	$ 5,930,265	$ (47,705)
Due after one year through five years	103,062,660	102,894,596	168,064
Due after five years through ten years	165,003,415	163,086,827	1,916,588
Due after ten years through twenty years	12,587,501	12,324,881	262,620
Due after twenty years	25,050,448	25,541,401	(490,953)
Total	$ 311,586,584	$ 309,777,970	$ 1,808,614

Other-than-temporary impairment of investments

During 2008, the Trust invested approximately $9,600,000 in WG Trading, LP. During February 2009, the Securities and Exchange Commission froze all assets of WG Trading, LP for an alleged investment fraud. Based on these developments, the Trust considered the investment in WG Trading, LP other-than-temporarily impaired at December 31, 2008, resulting in a realized loss on investments of $9,325,000. The Trust has received approximately $9,044,000 through December 31, 2015, from the court-appointed receiver of WG Trading. The Trust has received no amounts since 2016. However, the receiver expects to make subsequent distributions.

Note 5 - Trust Advisory Committee and Legal Representative

The Trust Agreement sets forth the role and responsibility of the Trust Advisory Committee ("TAC") and Legal Representative ("LR"). The members of the TAC serve in a fiduciary capacity representing all holders of present Asbestos Claims ("Current Claimants"). The Trustees are required to consult with or obtain the consent of the TAC on certain matters identified in the Trust Agreement and the TDP. The TAC is comprised of six attorneys who are engaged by Current Claimants.

The LR serves in a fiduciary capacity, representing the interests of the individuals who may file an Asbestos Claim in the future, but who at this time are unknown to the Trust (Future Asbestos Claimants). This role, in part, is to protect rights of the Future Asbestos Claimants. The Trustees are required to consult with or obtain the consent of LR on certain matters identified in the Trust Agreement and the TDP.

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Note 6 - Taxation

The Trust reports its income to the Internal Revenue Service as a designated settlement fund which is taxed at the highest rate applicable to trusts under Section 1(e) of the Code, which was 37% and 39.6% as of December 31, 2018 and 2017, respectively.

On December 22, 2017, Public Law No. 115-97 generally known as Tax Cuts and Jobs Act of 2017 (TCJA), was enacted into law. The TCJA included a number of changes to existing U.S. tax laws that impacted the Trust, most notably a reduction of the Trust's maximum tax rate from 39.6% to 37% and adjustments to net operating loss (NOL) carryforwards. For NOLs incurred in years beginning after December 31, 2017, the NOLs will be limited to 80% of modified taxable income without expiration. NOLs generated prior to January 1, 2018 will carry forward 20 years under pre-TCJA law. In accordance with Accounting Standard Codification 740, "Income Taxes", the impact of change in tax law is recorded in the period of enactment. As a result of TCJA, the Trust revised the deferred tax assets and liabilities as required due to changes in the statutory rate.

The Trust's federal income tax,expense is calculated as follows:

	Years Ended December 31,	
	2018	2017
Net federal taxable income	$ **7,243,616**	$ 3,944,848
Tax rate	**37.0%**	39.6%
Federal income tax expense	**2,680,138**	1,562,160
Deferred federal income tax expense (benefit)	**(5,250,787)**	9,478,245
Utilization of net operating loss	**(2,680,138)**	(1,562,160)
Benefit for change in tax position	**(229,101)**	-
Effect of rate change in January 2018	**-**	(910,066)
Net federal income tax expense (benefit)	$ **(5,479,888)**	$ 8,568,179

The benefit for change in tax position in the amount of $229,101 relates to an amended income tax return for year 2011 which increased the net operating loss carryforward. The Trust believes the new position meets the more likely than not threshold.

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Note 6 - Taxation – (Continued)

Temporary differences between financial reporting income and taxable income generate deferred tax assets and liabilities, as follows:

	Years Ended December 31,	
	2018	2017
Net operating loss carryforward	$ **329,773**	$ 2,780,809
Unrealized gain on investments	**(7,800,817)**	(15,731,741)
Net deferred tax liability	$ **(7,471,044)**	$ (12,950,932)

At December 31, 2018 and 2017, the Trust had approximately $891,000 and $7,515,000 of net operating loss carryforwards starting to expire in 2033 for federal purposes. The amount of income taxes the Trust pays is subject to ongoing audits by federal authorities. During the year ended December 31, 2018 the Trust made cash payments for federal taxes of $200,000. For the year ended December 31, 2017, no cash was paid for income taxes.

Note 7 - Related Party Transaction

During 2018 and 2017, The Trust paid $121,702 and $53,099, respectively, for consulting services to an entity that one of the Trustees of the Trust has an ownership interest in. Also, at December 31, 2018, and 2017, the Trust owed $540 and $97,538, respectively, to that entity, and those amounts are included in accrued professional fees on the special-purpose statements of net claimants' equity.

Note 8 - Subsequent Events

On Monday, March 11, 2019, the Kaiser Trustees, with the consent of the TAC and FCR, reduced the payment percentage to 25%, effective April 1, 2019. The Trust will begin making offers again at the new payment percentage on April 19, 2019. Currently, there are about 9,000 approved claims which are awaiting offers totaling approximately $22,000,000.

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Kaiser Aluminum & Chemical Corporation
Asbestos Personal Injury Trust

Report of Asbestos PI Claim Activity and Disposition during the Period from January 1, 2018 through December 31, 2018

Pre-Petition Liquidated Asbestos PI Claims

Number of Claims Paid	Value of Claims Paid	Amount Paid on Claims after Application of Payment Percentage and Sequencing Adjustment
0	$0	$0

Other Asbestos PI Claims

Type of Claim	Number of Claims Filed	Number of Claims Approved for Payment	Number of Claims Withdrawn or Rejected	Value of Approved Claims	Number of Approved Claims Paid	Amount Paid on Approved Claims after Application of Payment Percentage and Sequencing Adjustment
Category A Claims (Disease Levels IV – VIII)	7,846	3,561	2,889	$148,098,820	3,913	$57,831,948
Category B Claims (Disease Levels II and III)	17,748	12,810	2,498	$30,144,250	15,442	$12,890,988
Disease Level I Claims	798	82	91	$16,400	86	$17,200
Disease Level Not Specified	561	0	464	$0	0	$0

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Kaiser Aluminum & Chemical Corporation
Asbestos Personal Injury Trust

Report of Compensation and Expense Reimbursement
(January 1, 2018 through December 31, 2018)

	Compensation	Expense Reimbursement
Mark M. Gleason (Trustee)	$242,964	$6,450
Ken M. Kawaichi (Trustee)	$238,109	$8,640
Robert A. Marcis (Trustee)	$244,219	$10,279
Trust Advisory Committee Members	$3,280	$1,863
Trust Advisory Committee Members - Counsel	$93,337	$2,074
Future Asbestos Claimants' Representative	$75,145	$6,248
Future Asbestos Claimants' Representative – Counsel	$40,172	$2,802
Future Asbestos Claimants' Representative - Consultants	$16,523	$-0-

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