**UNITED STATES BANKRUPTCY COURT**
**WESTERN DISTRICT OF NORTH CAROLINA**
**CHARLOTTE DIVISION**

| | | |
|---|---|---|
| **In re** | § | **Chapter 11** |
| **KAISER GYPSUM COMPANY, INC., *et al.*** | § | **Case No. 16-31602 (JCW)** |
| **Debtors.** | § | **(Jointly Administered)** |

**ANNUAL REPORT, FINANCIAL STATEMENTS AND CLAIMS SUMMARY OF THE KAISER GYPSUM ASBESTOS PERSONAL INJURY TRUST FOR FISCAL YEAR ENDED DECEMBER 31, 2025**

David F. Levi (the ***"Trustee"***), as Trustee of the Kaiser Gypsum Asbestos Personal Injury Trust (the ***"Trust"***), respectfully files this Annual Report, Financial Statements and Claims Summary for Fiscal Year Ended December 31, 2025, pursuant to the Third Amended Joint Plan of Reorganization of Kaiser Gypsum Company, Inc. and Hanson Permanente Cement, Inc. (the ***"Plan"***) and the Kaiser Gypsum Asbestos Personal Injury Trust Agreement (the ***"Trust Agreement"***).

## I. General

On September 30, 2016, Kaiser Gypsum Company, Inc. and Hanson Permanente Cement, Inc. (the ***"Debtors"***) filed a petition for relief under Chapter 11 of the United States Bankruptcy Code. The Debtors' respective bankruptcy cases were jointly administered under Case No. 16-31602. On September 28, 2020, the United States Bankruptcy Court for the Western District of North Carolina—Charlotte Division (the ***"Bankruptcy Court"***) entered its Order Recommending Entry of Proposed Findings of Fact and Conclusions of Law and Order Confirming Joint Plan of Reorganization. On July 28, 2021, the United States District Court for the Western District of North Carolina—Charlotte Division adopted the Bankruptcy Court's recommendation and entered

its Order Confirming the Joint Plan of Reorganization of Kaiser Gypsum Company, Inc. and Hanson Permanente Cement, Inc., As Modified.

To address the asbestos-related liabilities of the Debtors, the Plan established the Trust in accordance with the Trust Agreement. On August 12, 2021, the Effective Date of the Plan, the Trust was created and funded with over $49 million in cash and a Secured Non-Recourse Payment Note in the amount of $1 million. In August 2023, the Secured Non-Recourse Payment Note was paid in full, and the Pledge Agreements securing that Note terminated in accordance with their terms.

As part of funding the Trust, the Debtors also transferred their rights to insurance proceeds from certain Asbestos Insurance Policies, including any settlement agreements made in connection with Asbestos Claims. In October 2023, the Trust received $68,601 in partial payment of a claim filed with Stronghold Insurance Company Limited (***"Stronghold"***), which was in the process of liquidating. Of that $68,601, the Trust was required to remit $19,335 to certain excess insurers of the Debtors in accordance with an Excess Coverage-In-Place Settlement Agreement entered into by the Debtors in December 2013. In February 2024, the Trust received an additional distribution of $13,721 in partial payment of the Stronghold claim. Of that $13,721, the Trust was required to remit $3,867.18 to certain excess insurers in accordance with the Excess Coverage-In-Place Settlement Agreement. In February 2025, the Trust received a final distribution for the Stronghold claim in the amount of $16,060.00. Of that amount, the Trust was required to remit $4,526.52 to certain excess insurers in accordance with the Excess Coverage-In-Place Settlement Agreement. In June 2025, the Trust remitted $27,729.00 to certain excess insurers in compliance with the obligations noted above.

Finally, the Debtors also funded the Trust by transferring certain rights related to the "Phase I Claims," as defined in the Plan. In February 2022, the Phase I Claims were resolved, resulting in a $12,000,000 payment to the Trust.

The Trustee of the Trust during 2025 was the Hon. David F. Levi (ret.). Judge Levi was re-appointed to a second three-year term by the Trust Advisory Committee (the ***"TAC"***) and the Future Claimants' Representative (the ***"FCR"***), with that term ending August 12, 2027. The Trust's principal office is at 1100 North Market Street, Wilmington, DE 19890, and its administrative office is at c/o Stutzman Bromberg Esserman and Plifka, P.C., 2323 Bryan Street, Suite 2200, Dallas, TX 75201, Attn: Sander L. Esserman. In 2025, the Trust continued its retention of the following professionals and advisors: Stutzman, Bromberg, Esserman & Plifka, A Professional Corporation (general counsel); Anderson Kill, P.C. (insurance coverage counsel); CBIZ (accounting and tax advisors); Verus, LLC (claims processor); Morgan Stanley (asset manager and advisor); AON Corporation (insurance agent); Epiq Mass Tort (MMSEA reporting advisor); Ankura Consulting Group, LLC (claims consultant), and CohnReznick LLP (independent auditors). The Trust's general counsel, Stutzman, Bromberg, Esserman & Plifka, PC, serves as the custodian of the Trust's records.

The Trustee usually held weekly Trust meetings throughout 2025 by telephone or Zoom. The Trust also held quarterly meetings with the TAC and the FCR, which were either in-person meetings or *via* Zoom. Participants had the option of attending in-person meetings *via* telephone or Zoom. The FCR for the Trust during 2025 was Edwin Harron, and the members of the TAC were Joseph W. Belluck, Vanessa F. Oslund, Alan R. Brayton, Perry J. Browder, Robert J. Cooney, Jr., Beth Gori-Gregory, Steven Kazan, Peter Kraus, Joseph Rice, Carol Hastings and James L. Ferraro. Effective as of August 12, 2025, Mr. Belluck, Ms. Oslund, Mr. Cooney and Mr. Ferraro

were each appointed to an additional 5-year term as a member of the TAC. During 2025, counsel for the TAC was Caplin & Drysdale and counsel for the FCR was Young Conaway Stargatt & Taylor, LLP.

In 2025, the Trust (i) invested and managed its assets; (ii) monitored its insurance assets; (iii) processed and paid Asbestos Personal Injury Claims; (iv) maintained the Trust's website, kaisergypsumtrust.org; (v) maintained accounting and auditing functions for the Trust; (vi) conducted due diligence related to claims data and forecasts of the Trust's liability for Asbestos Personal Injury Claims; (vii) maintained appropriate liability insurance policies covering the Trustee, the members of the TAC, and the FCR; (viii) monitored litigation potentially affecting the Trust, including *Truck Insurance Exchange v. Kaiser Gypsum Company, Inc., et al.*, currently pending in the Fourth Circuit Court of Appeals on remand from the U.S. Supreme Court, and *Truck Insurance Exchange v. Kaiser Cement* pending in California state court; and (ix) performed all functions required for Trust governance, including maintaining the Trust's books and records and approval of the budget for fiscal year 2025. The Trustee has performed pursuant to and in compliance with the Plan, the Trust Agreement, and the TDP in all matters pertaining to the operation of the Trust during the fiscal year ended December 31, 2025.

## II. Asbestos Personal Injury Claims

In 2022, the Trust developed and published on its website Claims Materials for Insured Asbestos Claims, including a Trust claim form, filing instructions and a form release agreement. In 2023, the Trust developed Claims Materials for Uninsured Asbestos Claims, which were published on the Trust's website in early 2024. All Claims Materials were submitted to and approved by the TAC and the FCR in accordance with the TDP.

In 2022, the Trust completed its due diligence for purposes of determining an appropriate Payment Percentage, and in November 2022, it submitted its proposal to the TAC and the FCR for their consent in accordance with Section 2.3 of the TDP. Both the TAC and the FCR consented to the Trust's proposed Payment Percentage in early 2023. In 2025, the Trustee began a reassessment of the Payment Percentage as required under Section 4.2 of the TDP. That reassessment was ongoing as of December 31, 2025. It is anticipated that the Payment Percentage will be adjusted in 2026.

The Trust began accepting claims on October 10, 2022 and began paying claims in 2023. In 2025, there were 194 claims added to the FIFO Processing Queue, and the Trust paid 85 claims in the aggregate amount of $234,600.[1] As of December 31, 2025, there have been 783 Insured Asbestos Claims added to the FIFO Processing Queue since the inception of the Trust. Of the 783 Insured Asbestos Claims added to the FIFO Processing Queue since inception, 158 claims had been paid, 110 claims had outstanding offers to claimants, 30 claims were under review, and 437 claims had been reviewed and determined to be deficient. There have been no Uninsured Asbestos Claims filed with the Trust to date.

## III. Financial Statements

A copy of the Trust's audited financial statements for the year ending December 31, 2025, including a balance sheet as of December 31, 2025 and a statement of operations for 2025, is attached hereto as Exhibit A. Exhibit A also includes CohnReznick LLP's opinion as to the fairness of the financial statements' presentation of the cash and investments available for the payment of claims and as to the conformity of the financial statements with special purpose accounting methods.

[1] The number of claims settled and the amount paid may differ from the audited financial statements due to timing and application of refunded claims, rounding differences, and other factors.

Respectfully submitted this 23rd day of April 2026.

**STUTZMAN, BROMBERG, ESSERMAN & PLIFKA, P.C.**

By */s/ Sander L. Esserman*
**SANDER L. ESSERMAN**
State Bar No. 06671500
**CLINT L. TAYLOR**
State Bar No. 24042008

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**ATTORNEYS FOR THE KAISER GYPSUM ASBESTOS PERSONAL INJURY TRUST**

## CERTIFICATE OF SERVICE

The undersigned certifies that on the 23rd day of April 2026, the foregoing Annual Report, Financial Statements and Claims Summary of Kaiser Gypsum Asbestos Personal Injury Trust for Fiscal year Ended December 31, 2025 was served via ECF on all those parties receiving such notice through the Court's CM/ECF system.

*/s/ Sander L. Esserman*
**SANDER L. ESSERMAN**

# EXHIBIT A

# Kaiser Gypsum Asbestos Personal Injury Trust

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

## December 31, 2025 and 2024

CohnReznick

**Kaiser Gypsum Asbestos Personal Injury Trust**

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Independent Auditor's Report

To the Trustee
Kaiser Gypsum Asbestos Personal Injury Trust

*Opinion*

We have audited the special-purpose financial statements of the Kaiser Gypsum Asbestos Personal Injury Trust (the "Trust"), which comprise the special-purpose statements of assets, liabilities and net claimants' equity as of December 31, 2025 and 2024, and the related special-purpose statements of changes in net claimants' equity and cash flows for the years then ended, and the related notes to the special-purpose financial statements (collectively, the "Financial Statements").

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the assets, liabilities, and net claimants' equity of the Trust as of December 31, 2025 and 2024, and the changes in net claimants' equity and cash flows for the years then ended, in accordance with the basis of accounting described in Note 2 to the 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 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 Financial Statements, which describes the basis of accounting. The Financial Statements are prepared on a special-purpose basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The special-purpose basis of accounting has been adopted by the Trustee to communicate the amount of net claimants' equity presently available to fund current and future claims. As a result, the Financial Statements may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

*Responsibilities of Management for the Financial Statements*

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





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

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

In performing an audit in accordance with GAAS, we:

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

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

*Restriction on Use*

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

CohnReznick LLP

Frisco, Texas
April 13, 2026

**Kaiser Gypsum Asbestos Personal Injury Trust**

**Special-Purpose Statements of Assets, Liabilities and Net Claimants' Equity**
**December 31, 2025 and 2024**

Assets

| | 2025 | 2024 |
|---|---|---|
| Cash and cash equivalents | $ 153,753 | $ 310,892 |
| Investments | 57,888,660 | 54,302,461 |
| Alternative investments | 5,317,498 | 5,148,788 |
| Investment income receivable | 453,043 | 373,166 |
| Other assets | 33,196 | 51,013 |
| Total assets | $ 63,846,150 | $ 60,186,320 |

Liabilities and Net Claimants' Equity

| | | |
|---|---|---|
| Accounts payable and accrued expenses | $ 121,327 | $ 77,096 |
| Claims payable | 44,160 | 8,280 |
| Total liabilities | 165,487 | 85,376 |
| Net claimants' equity | $ 63,680,663 | $ 60,100,944 |

See Notes to Special-Purpose Financial Statements.

**Kaiser Gypsum Asbestos Personal Injury Trust**

**Special-Purpose Statements of Changes in Net Claimants' Equity**
**Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| Additions | | |
| Insurance recoveries | $ - | $ 29,781 |
| Investment income, net | | |
| Interest and dividend income, net | 2,616,965 | 2,518,874 |
| Realized loss on investments, net | (20,120) | (164,567) |
| Unrealized gain on investments, net | 2,758,214 | 2,350,595 |
| Total additions | 5,355,059 | 4,734,683 |
| Deductions | | |
| Investment advisory fees | 155,527 | 167,916 |
| Reversal of insurance recoveries | 27,729 | - |
| Claims expense | 209,760 | 248,400 |
| Claims processing fees | 48,562 | 56,063 |
| Claims consulting fees | 35,924 | 28,182 |
| General and administrative expenses | | |
| Accounting | 204,890 | 191,026 |
| Trustee | 149,510 | 171,137 |
| Insurance | 56,077 | 57,195 |
| Other | 7,906 | 9,600 |
| Professional services | | |
| Trust general counsel | 230,345 | 279,984 |
| Trust litigation, insurance and other counsel | 69,148 | 220,351 |
| TAC attorney fees and expenses | 27,320 | 38,747 |
| Future claims representative and related counsel fees | 28,642 | 34,728 |
| Federal income tax expense | 524,000 | 100,000 |
| Total deductions | 1,775,340 | 1,603,329 |
| Net increase in net claimants' equity | 3,579,719 | 3,131,354 |
| Net claimants' equity, beginning of year | 60,100,944 | 56,969,590 |
| Net claimants' equity, end of year | $ 63,680,663 | $ 60,100,944 |

See Notes to Special-Purpose Financial Statements.

**Kaiser Gypsum Asbestos Personal Injury Trust**

**Special-Purpose Statements of Cash Flows**
**Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| Cash flows from operating activities | | |
| Net increase in net claimants' equity | $ 3,579,719 | $ 3,131,354 |
| Adjustments to reconcile net increase in net claimants' equity to net cash provided by operating activities | | |
| Realized loss on investments, net | 20,120 | 164,567 |
| Unrealized gain on investments, net | (2,546,958) | (1,948,364) |
| Net change in fair market value of alternative investments | (211,256) | (402,231) |
| Amortization of bond premium | 104,116 | 137,050 |
| Changes in operating assets and liabilities: | | |
| Investment income receivable | (79,877) | 65,004 |
| Other assets | 17,817 | (16,060) |
| Claims payable | 35,880 | 8,280 |
| Accounts payable and accrued expenses | 44,231 | (21,556) |
| Net cash provided by operating activities | 963,792 | 1,118,044 |
| Cash flows from investing activities | | |
| Purchases of investments | (22,196,664) | (23,138,389) |
| Proceeds from sales of investments | 21,039,420 | 19,485,147 |
| Proceeds from sales of alternative investments | 36,313 | 895,151 |
| Net cash used in investing activities | (1,120,931) | (2,758,091) |
| Net decrease in cash and cash equivalents | (157,139) | (1,640,047) |
| Cash and cash equivalents, beginning of year | 310,892 | 1,950,939 |
| Cash and cash equivalents, end of year | $ 153,753 | $ 310,892 |

See Notes to Special-Purpose Financial Statements.

**Kaiser Gypsum Asbestos Personal Injury Trust**

**Notes to Special-Purpose Financial Statements**
**December 31, 2025 and 2024**

## Note 1 - Nature of Trust

### Description

The Kaiser Gypsum Asbestos Personal Injury Trust (the "Trust") is a Qualified Settlement Fund ("QSF") within the meaning of Treasury Department regulations issued pursuant to Section 468B of the Internal Revenue Code (the "Code"). The Trust was established on August 12, 2021 (the "Effective Date") by execution of the Kaiser Gypsum Asbestos Personal Injury Trust Agreement (the "Trust Agreement") pursuant to the Third Amended Joint Plan of Reorganization (the "Plan") of Kaiser Gypsum Company, Inc. and Hanson Permanente Cement, Inc. (collectively the "Debtors").

The purpose of the Trust is to assume certain liability and responsibility for Asbestos Claims, and, among other things, to:

a) direct the processing, liquidation and payment of Asbestos Claims in accordance with the Plan, the Trust Agreement, the Kaiser Gypsum Asbestos Personal Injury Trust Distribution Procedures (the "TDP") and the Confirmation Order (collectively, the "Trust Documents");

b) preserve, hold, manage, and maximize the assets of the Trust for use in paying and satisfying Asbestos Claims, including Uninsured Asbestos Claims and the deductible portion of Insured Asbestos Claims; and

c) qualify at all times as a qualified settlement fund under the QSF Regulations.

The Trust is to use its assets and income to pay holders of Asbestos Claims in accordance with the Trust Documents in such a way that such holders of Asbestos Claims are treated fairly, equitably, and reasonably in light of the assets available to satisfy such claims, and to otherwise comply with the requirements of a trust set forth in section 524(g)(2)(B) of the Bankruptcy Code. Certain aspects of Trust administration shall be conducted in consultation with the Trust Advisory Committee (the "TAC") and the Future Claimants' Representative (the "FCR") as provided in the Trust Documents.

### TDP

The TDP sets forth procedures that allow claimants with Insured Asbestos Claims to pursue their Insured Asbestos Claims against the Debtors (in name only) in the relevant tort system in order to obtain the benefit of insurance coverage under the Asbestos Insurance Policies, then, following resolution of such Insured Asbestos Claims by the applicable Asbestos Insurer(s), to seek payment from the Trust of the deductible portion of the Insured Asbestos Claim.

Debtors ultimately have no liability for any judgments or settlements arising out of the tort system for Insured Asbestos Claims as such judgments or settlements will be covered by the applicable Asbestos Insurance Policies and the deductible portion of such Insured Asbestos Claims will be recoverable from the Trust in most instances. In the event that all applicable Asbestos Insurers reject or refuse to defend or pay an Insured Asbestos Claim, the TDP sets forth procedures that allow a claimant to pursue and obtain a judgment against the Debtors in the tort system, then to pursue payment of such judgment against the applicable Asbestos Insurer(s) and/or, to the extent such claim was denied as a result of Debtors' failure to satisfy the Asbestos Insurer Cooperation Obligations, to pursue payment of such judgment against the Debtors. In the event that such a claimant prevails in obtaining a judgment against either the applicable Asbestos Insurer(s) or the Debtors, then the claimant may seek payment from the Trust of the deductible portion of the Insured Asbestos Claim. Deductible amounts will generally range from $5,000 to $100,000,

depending on the policy period in which a claim accrued. The TDP further sets forth procedures that allow claimants with claims that are Uninsured Asbestos Claims (i.e., claims that accrued outside the coverage period of all applicable Asbestos Insurance Policies) to submit their claims directly to the Trust. Uninsured Asbestos Claims were rarely asserted Pre-Petition, and it is not expected that a significant number of Uninsured Asbestos Claims will be asserted against the Trust. All compensable Asbestos Claims submitted to the Trust shall be processed and paid by the Trust on an impartial, first-in first-out basis, subject to the applicable Payment Percentage and other limitations and requirements imposed by the Trust Documents. It is the intention of the Trust to pay all claimants with compensable claims over time as equivalent a share as possible of the value of their Asbestos Claims; provided, however, that punitive or exemplary damages (i.e., damages other than compensatory damages) shall not be considered or paid by the Trust, notwithstanding that they may be available or awarded in the tort system.

**Funding**

On the Effective Date, the Debtors transferred to the Trust an aggregate of approximately $49,334,258 in cash and a secured nonrecourse payment note in the amount of $1,000,000. The Debtors also transferred their rights to insurance proceeds from certain Asbestos Insurance Policies, including any settlement agreements made in connection with Asbestos Claims. Finally, the Debtors transferred certain rights related to the Phase 1 Claims (as defined by the Plan). The Phase I Claims were subsequently settled in February 2022, resulting in an additional $12,000,000 payment to the Trust.

**Payment percentage**

The Payment Percentage for all claims, or portions of claims, was 55.2% during both the years ended December 31, 2024 and 2025. The Payment Percentage is set by the Trustee with the consent of the TAC and the FCR based on an expert report estimating future claims, as well as future expenses and revenues. The Payment Percentage may be adjusted upwards or downwards from time to time by the Trust with the consent of the TAC and the FCR to reflect the current estimate of the Trust's assets and liabilities. Because there is uncertainty in the prediction of both the total amount of the Trust's asbestos-related liabilities and the value of the Trust's assets over time, no guarantee can be made of any particular payment percentage that will be applicable to a payment on any Asbestos Claim.

**Claims resolution**

*Insured asbestos claims*

Claimants holding unliquidated Insured Asbestos Claims must sue the Debtors (in name only) in the applicable tort system to obtain the benefit of insurance coverage under the applicable Asbestos Insurance Policies. After a claimant resolves his or her claim with the applicable Asbestos Insurer(s), the claimant may then seek payment of the deductible portion of the Insured Asbestos Claim from the Trust. If all Asbestos Insurers deny coverage for an Insured Asbestos Claim, the claimant must first pursue and obtain a judgment in the tort system against the Debtors (in name only). Once received, evidence of the judgment can be provided to the Trust. Upon receiving such evidence, the Trust, at its discretion, shall determine whether it will pursue payment of the judgment against the Asbestos Insurer on the claimant's behalf or take no action. In the event that any such action by the claimant and/or the Trust results in a finding that coverage was wrongfully denied, and after the claimant obtains payment from the applicable Asbestos Insurer(s), the claimant may then seek payment from the Trust of the deductible portion of the Insured Asbestos Claim. In the event that coverage was denied due to the Debtors' failure to satisfy the Asbestos Insurer Cooperation Obligations, then the Debtors shall have an opportunity to cure such failure as provided in the Trust Documents. If the Debtors fail to cure, then the claimant may assert a claim directly against the Debtors for the denied Insured Asbestos Claim. If the claimant recovers from the Debtors on any such claim, then the claimant may seek payment from the Trust of the deductible portion of the Insured Asbestos

Claim. For all compensable Insured Asbestos Claims, the Trust will determine the applicable deductible amount for the claim submitted and any amount owed to the claimant by the Trust as a result of payments, if any, to the Trust by Settling Asbestos Insurers. Deductible amounts range from $5,000 to $100,000, depending on the policy period in which a claim accrued. All payments made by the Trust in settlement of Insured Asbestos Claims shall be subject to the applicable Payment Percentage and other limitations and requirements under the Trust Documents.

*Uninsured asbestos claims*
Claimants holding unliquidated Uninsured Asbestos Claims may submit such claims directly to the Trust for consideration. Uninsured Asbestos Claims were rarely asserted Pre-Petition, and it is not expected that a significant number of Uninsured Asbestos Claims will be asserted against the Trust. Uninsured Asbestos Claims submitted to the Trust shall be considered and processed in accordance with the requirements set forth in the Trust Documents and developed by the Trust pursuant to the Trust Documents. The Trust shall determine the liquidated value of compensable Uninsured Asbestos Claims with reference to the Debtors' Pre-Petition tort system history and the valuation data included in such history. All payments made by the Trust in settlement of Uninsured Asbestos Claims shall be subject to the applicable Payment Percentage and other limitations and requirements under the Trust Documents.

**Termination**
The Trust Agreement 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 Trustee decides, with the consent of the TAC and the FCR, to dissolve the Trust because (A) they deem it unlikely that any new Asbestos Claims will be filed against the Trust, (B) all Asbestos Claims duly filed with the Trust have been liquidated and paid to the extent provided in the Trust Agreement and the TDP or have been disallowed by a final nonappealable order, to the extent possible based upon the funds available through the Plan, and (C) twelve (12) consecutive months have elapsed during which no new Asbestos Claim has been filed with the Trust;
- If the Trustee, with the consent of the TAC and the FCR, has procured and has 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 of the Trust in a manner consistent with the Trust Agreement and the TDP, the date on which the Bankruptcy Court enters an order approving such insurance and other arrangements and such order becomes a final order; or
- Subject to the period provided herein, the Trust shall be perpetual to the fullest extent permitted by Delaware law, provided, however, to the extent that any property of the Trust is subject to a rule against perpetuities, then the Trust shall terminate as to such property on the date which 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, or such other permissible last day of the applicable perpetuities period.

On the dissolution date or as soon as reasonably practicable, after the wind-up of the Trust's affairs by the Trustee 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 Trustee and the Delaware Trustee shall execute and file a Certificate of Cancellation.

**Kaiser Gypsum Asbestos Personal Injury Trust**

**Notes to Special-Purpose Financial Statements**
**December 31, 2025 and 2024**

## Note 2 - Summary of significant accounting policies

### Basis of presentation

The Trust's special-purpose financial statements ("Financial Statements") are prepared using special-purpose accounting methods adopted by the Trustee, which differs 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 amount of net claimants' equity available for payment of current and future claims. Since the accompanying 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 Financial Statements are prepared using the accrual basis of accounting, except as otherwise described herein.
- The special-purpose statement of assets, liabilities, and net claimants' equity is not classified, resulting in no separation between current and noncurrent assets.
- Cash and cash equivalents are recorded at cost with accrued income shown separately.
- Investments are recorded at fair market value. Net realized and unrealized gains (losses) on investments are recorded as a net addition (deduction) in the special-purpose statements of changes in net claimants' equity. Under GAAP, the Financial Statements would require additional disclosures including the classification of investments into a hierarchy of levels and the basis for those levels, among other disclosures. Cost of alternative investments is calculated on a tax basis. Under GAAP, cost of alternative investments is typically determined using a specific identification or average cost basis.
- Amortization and accretion of bond premiums or discounts is included in interest and dividend income, net. Under GAAP, it would be shown gross as a component of interest expense or interest income.
- Insurance recoveries are not recorded until the funds are received from the insurance carriers. Under GAAP, asbestos insurance recoveries are recorded upon settlement and assurance of collectability.
- Future fixed liabilities under contractual obligations and other agreements entered into by the Trust are recorded as deductions in the same period that such contractual obligations or agreements are signed. Under GAAP, liabilities and contractual obligations are recorded over the period that is benefited by the underlying contract or agreement.
- The full amounts of claims are expensed in the period in which the confirmed claims are settled. A settled claim is an Asbestos 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 Asbestos Claims that have been incurred but not yet reported, and for those Asbestos Claims that have been submitted but not yet approved for payment by the Trust.
- Income tax expense (benefit) is estimated and recorded as incurred in the period in which certain income and expense items affect current federal income taxes. Income tax refunds are recorded when cash is received by the Trust. Under GAAP, the provision for income taxes is recorded based upon income (loss) reported for financial statement purposes, which includes federal income taxes both currently payable and changes in deferred taxes due to differences between financial reporting and tax bases of assets and liabilities. Additionally, GAAP requires all tax positions to be reviewed using a more likely than not threshold for financial statement recognition of tax assets, and a liability to be recorded for an uncertain tax position taken or expected to be taken beyond this threshold.

**Kaiser Gypsum Asbestos Personal Injury Trust**

**Notes to Special-Purpose Financial Statements**
**December 31, 2025 and 2024**

**Use of estimates**
The preparation of Financial Statements in conformity with the special-purpose accounting methods described above requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the 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 fair market value of investments. Actual results could differ from those estimates.

**Cash and cash equivalents**
The Trust considers all highly-liquid instruments with an original maturity value of three months or less to be cash equivalents.

**Investments**
Investments are stated at estimated fair market value as of the date of the Financial Statements. Fair market value is based on quoted market prices. In some cases, the Trust may hold investments for which there is no active market. When determining the fair market value of such investments, the Trust relies upon the valuation by its investment managers and advisors. The fair market value for these investments is based on the Trust's proportionate share of each investments' net asset value, as reported as of the date of the Financial Statements. Changes in fair market value are recorded as additions and deductions to net claimants' equity. Realized gains and losses on investments other than alternative investments are calculated based on the specific identification method. The Trust records transactions on a trade-date basis. Dividend income is recorded on the ex-dividend date. Interest is recorded on an accrual basis. Premiums or discounts on debt securities are amortized or accreted on the effective interest method, and are included in interest and dividends, net on the accompanying special-purpose statements of changes in net claimants' equity.

**Accounts payable and accrued expenses**
Accounts payable consist of incurred but unpaid expenses associated with managing and operating the Trust.

**Claims payable**
Claims payable consist of certain claims that are settled but unpaid at year end. A settled claim is an Asbestos Claim that has been accepted by the claimant, with an executed release submitted to the Trust, and approved by the Trustee. An unpaid claim is a claim that has been approved for payment by the Trustee but cannot be paid due to annual cap limitations or has been authorized by the Trustee and not paid.

**Net claimants' equity**
The net claimants' equity is available for (i) the payments of allowed insured and uninsured Asbestos Claims and (ii) operational expenses of the Trust.

**Income taxes**

The Trust is classified as a QSF under the Code which is taxed at the highest rate applicable to trusts under Section I(e) of the Code, which is 37%. As a result, the Trust is subject to federal income taxes based on modified gross income. In the opinion of management, the Trust is not subject to state income taxes, and therefore, the Financial Statements do not include any provision or liability for state income taxes. Funds received by the Trust from the Debtors, insurance settlements and distributions paid to settle insured and uninsured Asbestos Claims are not taxable or deductible by the Trust. The Trust reports tax-related interest and penalties as a component of income tax expense and general and administrative expenses, respectively.

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

The Trust's federal income tax returns are generally subject to income tax examination by the Internal Revenue Service ("IRS") for a period of three years from the date the tax returns are filed. The Trust is generally no longer subject to income tax examinations by the IRS for the years ended December 31, 2021 and prior.

**Risk and uncertainties**

The Trust's assets that are exposed to credit risk consist of cash and cash equivalents and investments. Cash and cash equivalents are maintained at financial institutions, and, at times, balances may exceed federally insured limits. The Trust has not experienced any losses in such accounts, and it does not believe it is exposed to any significant credit risk.

The Trust invests in a professionally managed investment portfolio that contains money-market funds, publicly traded investments, corporate and government obligations, and alternative investments. 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.

**Subsequent events**

The Trust has evaluated events and transactions subsequent to the date of the Financial Statements for matters requiring recognition or disclosure in the Financial Statements. The accompanying Financial Statements consider events through April 13, 2026, the date on which the Financial Statements were available to be issued.


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**Kaiser Gypsum Asbestos Personal Injury Trust**

**Notes to Special-Purpose Financial Statements**
**December 31, 2025 and 2024**

## Note 3 - Investments

Investments and alternative investments consist of the following at December 31:

| | 2025 | | |
|---|---|---|---|
| | Cost | Fair market value | Unrealized gains (losses) |
| Investments | | | |
| Equities | $ 13,355,225 | $ 16,397,188 | $ 3,041,963 |
| Corporate fixed income | 17,407,273 | 18,501,444 | 1,094,171 |
| Municipal bonds | 19,030,071 | 19,091,336 | 61,265 |
| Government securities | 3,863,709 | 3,898,692 | 34,983 |
| Total investments | 53,656,278 | 57,888,660 | 4,232,382 |
| Alternative investments | 4,581,303 | 5,317,498 | 736,195 |
| | $ 58,237,581 | $ 63,206,158 | $ 4,968,577 |

| | 2024 | | |
|---|---|---|---|
| | Cost | Fair market value | Unrealized gains (losses) |
| Investments | | | |
| Equities | $ 14,040,352 | $ 15,509,275 | $ 1,468,923 |
| Corporate fixed income | 17,793,954 | 18,660,509 | 866,555 |
| Municipal bonds | 17,369,009 | 16,749,006 | (620,003) |
| Government securities | 3,410,621 | 3,383,671 | (26,950) |
| Total investments | 52,613,936 | 54,302,461 | 1,688,525 |
| Alternative investments | 4,623,849 | 5,148,788 | 524,939 |
| | $ 57,237,785 | $ 59,451,249 | $ 2,213,464 |

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

| | 2025 | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | After 1 year through 5 years | After 5 years through 10 years | After 10 years | Total |
| Debt securities | $ 164,326 | $ 1,538,312 | $ 3,473,962 | $ 36,314,872 | $ 41,491,472 |

**Kaiser Gypsum Asbestos Personal Injury Trust**

**Notes to Special-Purpose Financial Statements**
**December 31, 2025 and 2024**

The Trust's alternative investments consist of real estate investment trusts ("REITs") which have investments in properties located within the United States in a variety of real estate markets such as Multifamily, Single-Family Rental, Hospitality, Industrial, Office, Self-Storage, Medical Office, and Real Estate Debt. The REITs' investment strategy is primarily to acquire stabilized, income-oriented commercial real estate. The REITs are principally comprised of properties, located in the United States but may also be diversified on a global basis through investments in properties, outside of the United States, with a focus on Europe. To a lesser extent, the REITs may invest in debt secured by commercial real estate and real estate-related securities. Redemptions may be requested on a monthly basis, subject to certain conditions. As the vast majority of the REITs' assets consist of properties that cannot be readily liquidated without impacting the ability to realize full value upon disposition, the redemption may be limited.

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

| | 2025 | 2024 |
|---|---|---|
| Balance, beginning of year | $ 5,148,788 | $ 5,705,191 |
| Distributions | (42,546) | (958,634) |
| Net change in fair market value | 211,256 | 402,231 |
| Balance, end of year | $ 5,317,498 | $ 5,148,788 |

**Note 4 - TAC and FCR**

The Trust Agreement sets forth the role and responsibility of the TAC and FCR. The members of the TAC serve in a fiduciary capacity representing all holders of present Asbestos Claims ("Current Claimants"). The Trustee is required to consult with or obtain the consent of the TAC on certain matters identified in the Trust Agreement and the TDP.

The FCR 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 Trustee is required to consult with or obtain the consent of the FCR on certain matters identified in the Trust Agreement and the TDP.

**Note 5 - Taxation**

During the year ended December 31, 2025, the Trust recorded $524,000 in income tax expenses and made tax payments of $480,000. As of December 31, 2025, the Trust had prepaid income taxes of $44,000. During the year ended December 31, 2024, the Trust recorded $100,000 in income tax expenses and made the corresponding payment for that same amount.

The Trust has no estimated net operating loss carryforwards available for use for the year ended December 31, 2025. The Trust has estimated capital loss carryforwards of approximately $5,482,547 available for use for the year ended December 31, 2025, which have no expiration and can be used to offset future capital gains.

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

**Note 6 - Claims settled**

For the year ended December 31, 2025, the Trust settled 78 claims totaling $209,760, including 16 claims totaling $44,160 that were settled but not paid as of December 31, 2025. The Trust paid 65 claims totaling $173,880 during the year ended December 31, 2025.

For the year ended December 31, 2024, the Trust settled 91 claims totaling $248,400, including three claims totaling $8,280 that were settled but not paid as of December 31, 2024. The Trust paid 88 claims totaling $240,120 during the year ended December 31, 2024.

**Note 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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