UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	
	:	Chapter 11
METEX MFG. CORPORATION,	:	
(F/K/A KENTILE FLOORS, INC.),	:	Case No. 12-14554 (CGM)
	:	
Debtor.	:	

ANNUAL REPORT, FINANCIAL STATEMENTS AND RESULTS OF OPERATIONS OF THE METEX ASBESTOS PI TRUST FOR FISCAL YEAR ENDED DECEMBER 31, 2023

Hon. James N. O'Hara (Ret.), as Trustee (the "***Trustee***")[1] of the Metex Asbestos PI Trust (the "***Trust***"), respectfully files this Annual Report, Financial Statements and Results of Operations of the Metex Asbestos PI Trust For the Fiscal Year Ended December 31, 2023 (the "***Report***"), pursuant to the Plan of Reorganization of Metex Mfg. Corporation under Chapter 11 of the Bankruptcy Code (the "***Plan***") and the Metex Asbestos PI Trust Agreement (the "***Trust Agreement***").

I. General

Section 2.2(c) of the Trust Agreement requires the Trustee to file with the Bankruptcy Court an annual report containing financial statements of the Trust and a summary of the number and type of claims disposed of during the period covered by the financial statements.

[1] Note that the originally appointed Trustee, Charles A. Koppelman, passed away on November 25, 2022. The Trust Advisory Committee and the Future Claimants' Representative appointed the Hon. James N. O'Hara (Ret.) as the successor Trustee, effective as of January 18, 2023, pursuant to Section 4.3(a) of the Metex Asbestos PI Trust Agreement.

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II. Asbestos PI Claims

In November of 2014, the Trust entered into a Claims Processing Agreement with MFR Claims Processing, Inc. ("***MFR***"). The Trustee, with consent of the Trust Advisory Committee ("***TAC***") and the Future Claimants' Representative ("***FCR***"), adopted claims materials as mandated by the Metex Asbestos PI Trust Distribution Procedures (the "***TDP***"). The Claim Form and Certification for the Metex Asbestos PI Trust (the "***Claim Form***") and related materials were available beginning on March 9, 2015. The Trust began accepting claims on March 9, 2015. The Initial Claims Filing Date under the TDP was September 9, 2015. The Trust accepts claims by mail, by fax and by electronic means, including email and other electronic methods.

MFR was acquired by Verus Claims Services, L.L.C. ("***Verus***") on or about September 28, 2023. As part of such acquisition, and after obtaining consent from the Trust, the Trust's Claims Processing Agreement with MFR was assigned to Verus by agreement dated September 28, 2023.

The Claim Form and instructions are available at www.metexasbestospitrust.com.

For 2023, the Trust used a Payment Percentage of 7.25% and had an original Maximum Annual Payment of $7,991,222.

From January 1, 2023 through the period ending December 31, 2023, 3,560 Asbestos PI Claims have been submitted to the Trust as follows:

Disease Level	Claims in 2023
Other Asbestos Disease (Level I)	10
Asbestosis/Pleural Disease (Level II)	146
Asbestosis/Pleural Disease (Level III)	183
Severe Asbestosis (Level IV)	34
Other Cancer (Level V)	218
Lung Cancer 2 (Level VI)	220
Lung Cancer 1 (Level VII)	1,820
Mesothelioma (Level III)	929

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Of the 3,560 Asbestos PI Claims submitted to the Trust, the Trust has not approved 2,957 claims, consisting of rejected claims, claims with uncured deficiencies, and withdrawn and deferred claims. In 2023, the Trust paid 731 Asbestos PI Claims, totaling $5,395,411 after application of the Payment Percentage.

Pursuant to the Plan and Trust Agreement, the Trust is to pay Pre-Petition Liquidated Claims (as that term is defined in the Trust Agreement) as soon as practicable. However, as of December 31, 2023, no Pre-Petition Liquidated Claims have been submitted that have not been withdrawn.

III. Financial Statements

A copy of the Trust's audited financial statements for the calendar year ending December 31, 2023 (including a balance sheet as of December 31, 2023, and a statement of operations for 2023) is attached hereto as **Exhibit A**. The audited financials attached as Exhibit A include, on an accrual basis, the compensation and expenses paid to the: (i) Trustee and the Delaware Trustee (as required by Section 4.5(c) of the Trust Agreement), (ii) TAC (as required by Section 5.6 of the Trust Agreement), and (iii) FCR (as required by Section 6.5 of the Trust Agreement). The audited financials also include reports of accounts as required in Section 3.1(b) of the Trust Agreement and payments of operating expenses and claims as required in Section 3.3(b) of the Trust Agreement. Exhibit A also includes BDO USA, LLP's opinion as to the fairness of the financial statements' presentation of cash and investments available for the payment of claims and as to the conformity of the financial statements with special purpose accounting methods.

The Trust provided copies of the annual report to the TAC and FCR on April 24, 2024 via email.

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Dated: April 24, 2024

Respectfully submitted,

STUTZMAN, BROMBERG, ESSERMAN & PLIFKA, A Professional Corporation

By: */s/ Peter C. D'Apice*
Sander L. Esserman (Admitted *pro hac vice*)
Texas Bar No. 06671500
Peter C. D'Apice (Admitted)
Texas Bar No. 05377783

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ATTORNEYS FOR THE METEX ASBESTOS PI TRUST

CERTIFICATE OF SERVICE

The undersigned certifies that on this 24th day of April 2024, the foregoing ANNUAL REPORT, FINANCIAL STATEMENTS AND RESULTS OF OPERATIONS OF THE METEX ASBESTOS PI TRUST FOR FISCAL YEAR ENDED DECEMBER 31, 2023 was served via ECF on all those parties receiving such notice through the Court's CM/ECF system.

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

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EXHIBIT A

Audited Financial Statements

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Metex Asbestos PI Trust

Special-Purpose Financial Statements
Years Ended December 31, 2023 and 2022

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

Metex Asbestos PI Trust

Special-Purpose Financial Statements
Years Ended December 31, 2023 and 2022

Metex Asbestos PI Trust

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Independent Auditor's Report

Trustee
Metex Asbestos PI Trust
Dallas, Texas

Opinion

We have audited the special-purpose financial statements of Metex 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, 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.

BDO USA, P.C., a Virginia professional corporation, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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

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.

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

Special-Purpose Financial Statements

Metex Asbestos PI Trust

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

December 31,	**2023**	2022
Assets		
Cash and cash equivalents		
Bank of America	**$ 26,459**	$ 51,637
U.S. Trust	**2,498,796**	5,040,212
Morgan Stanley	**701,197**	2,402,373
Western Alliance Bank	**62,596**	-
PNC	**-**	61,261
Total cash and cash equivalents	**3,289,048**	7,555,483
Investments		
Morgan Stanley		
Investments	**42,517,664**	33,749,688
Alternative Investments	**2,448,173**	2,610,125
Income receivable	**321,107**	201,899
U.S. Trust		
Investments	**47,527,502**	43,517,092
Income receivable	**403,457**	360,844
Total investments	**93,217,903**	80,439,648
Other assets	**40,378**	40,837
Total assets	**96,547,329**	88,035,968
Liabilities		
Settled claims payable	**62,561**	435,363
Accounts payable and accrued expenses	**125,867**	234,868
Total liabilities	**188,428**	670,231
Net claimants' equity	**$ 96,358,901**	$ 87,365,737

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Metex Asbestos PI Trust

Special-Purpose Statements of Changes in Net Claimants' Equity

Years Ended December 31,	**2023**	2022
Additions		
Insurance recoveries	**$ 7,700,000**	$ 6,700,000
Interest and dividend income, net	**2,968,784**	2,294,437
Realized gain on sale of investment securities	**-**	-
Net change in fair value of alternative investments	**2,778**	25,720
Unrealized gain on investments, net	**5,560,167**	-
Cost adjustments	**6,590**	1,140
Other income	**1,000**	725
Total additions	**16,239,319**	9,022,022
Deductions		
Claims settled	**5,022,609**	6,561,521
Investment advisory fees	**234,126**	278,477
Realized loss on sale of investment securities	**506,716**	1,271,431
Unrealized loss on investments, net	**-**	12,040,268
General and administrative expenses:		
Trustee	**353,198**	316,956
Accounting	**225,687**	195,390
Claims processing fees	**121,554**	100,013
Claims consulting and forecasting fees	**92,783**	3,363
Insurance	**72,318**	79,675
Future claims representative fees and expenses	**14,784**	8,866
Bank charges	**103**	-
Professional services:		
Trust legal fees	**-**	4,831
Trust general counsel	**534,278**	335,128
TAC attorney fees and expenses	**28,708**	15,792
FCR attorney fees and expenses	**36,291**	18,318
Statutory fees	**3,000**	3,000
Total deductions	**7,246,155**	21,233,029
Increase (decrease) in net claimants' equity	**8,993,164**	(12,211,007)
Net claimants' equity at the beginning of the year	**87,365,737**	99,576,744
Net claimants' equity at the end of the year	**$ 96,358,901**	$ 87,365,737

See accompanying notes to the special-purpose financial statements.

Metex Asbestos PI Trust

Special-Purpose Statements of Cash Flows

Years Ended December 31,	**2023**	2022
Cash flows from operating activities:		
Increase (decrease) in net claimants' equity	**$ 8,993,164**	$ (12,211,007)
Adjustments to reconcile net increase in net claimants' equity to cash provided by operating activities:		
Realized loss on sale of investment securities	**506,716**	1,271,431
Unrealized (gain) loss on investments, net	**(5,560,167)**	12,040,268
Net change in alternative investments	**(2,778)**	(25,720)
Cost adjustments	**(6,590)**	(1,140)
Amortization of bond premium	**630,776**	824,123
Changes in operating assets and liabilities:		
Other assets	**459**	19,175
Settled claims payable	**(372,802)**	425,575
Accounts payable and accrued expenses	**(109,001)**	152,867
Net cash provided by operating activities	**4,079,777**	2,495,572
Cash flows from investing activities:		
Change in income receivable	**(161,821)**	(22,531)
Proceeds from sales of investments	**36,772,967**	48,365,631
Purchases of investments	**(44,957,358)**	(44,366,530)
Net cash (used in) provided by investing activities	**(8,346,212)**	3,976,570
Net (decrease) increase in cash and cash equivalents	**(4,266,435)**	6,472,142
Cash and cash equivalents at the beginning of the year	**7,555,483**	1,083,341
Cash and cash equivalents at the end of the year	**$ 3,289,048**	$ 7,555,483

See accompanying notes to the special-purpose financial statements.

Metex Asbestos PI Trust

Notes to the Special-Purpose Financial Statements

1. Description of the Trust

The Metex Asbestos PI Trust (the Trust), organized pursuant to the laws of the State of Delaware, was established on August 25, 2014 and is a "qualified settlement fund" pursuant to the meaning of Section 1.468B-1 et seq. to the Treasury Regulations promulgated under Section 468B of the Internal Revenue Code. The Trust was formed to assume all Asbestos PI Trust Claims (whether currently existing or arising at any time hereafter) and to use the Asbestos PI 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 Metex Asbestos PI Trust Agreement (Trust Agreement). The Trust's principal office is in Wilmington, Delaware, and effective November 26, 2022, the Trust's administrative office was changed from New York, New York to Dallas, Texas. Defined terms have the meaning that is defined in the Trust Agreement.

When formed, the Metex Asbestos PI Trust was funded with (a) approximately $1 million in cash received from Metex Mfg. Corporation, the former parent company of the Debtor, and (b) rights to receive asbestos insurance recoveries, all in consideration for the releases and injunctions described in the Confirmed Plan. These receipts are recorded in the accompanying special-purpose statements of changes in net claimants' equity.

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

2. Significant Accounting Policies

Basis of presentation

The Trust's special-purpose financial statements are prepared using special-purpose accounting methods adopted by the Trustee, which differ from accounting principles generally accepted in the United States of America (GAAP). The special-purpose accounting methods were adopted in order to communicate to the beneficiaries of the Trust the net claimants' equity 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. Net realized and unrealized gains and (losses) on investment securities are recorded as a net addition or (deduction) 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. Insurance recoveries are recorded when received. These recoveries come from various insurance settlements, which were obtained by entities which assigned the rights to such policies to the Trust or were negotiated by the Trust. Under GAAP, insurance recoveries are recorded when the related policies are settled and collectability is assured.

d. 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.

e. The full amounts of claims are generally treated as deductions from net claimants' equity in the period in which the settled claims are approved for payment. A settled claim is a claim that has been accepted by the claimant, with an executed release submitted to the Trust, and approved by the Trustee. Under GAAP, a liability would be recorded for an estimate of the amount to be paid for claims that have been incurred but not yet reported, and for those claims that have been submitted but not yet approved for payment by the Trust.

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 special-purpose financial statements in conformity with the special-purpose accounting methods described above requires the Trust to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and the disclosure of contingent assets and liabilities at the date of the special-purpose financial statements, as well as the reported amounts of additions and deductions to 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

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

Investment securities

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 income receivable. Realized gains and losses on sales are determined using the specific identification method.

Settled claims payable, accrued expenses and accounts payable

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

Accounts payable and accrued expenses consist of outstanding invoices associated with managing the Trust.

Operating expenses

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

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 Trustee 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. 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 operating loss carryforwards to reduce taxable income in future years.

The Trust files income tax returns in the United States of America (U.S.) federal jurisdiction. The Trust's federal income tax returns are generally subject to income tax examination by the Internal Revenue Service for a period of 3 years from the date the tax returns are filed. 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.

Risk and uncertainties

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

Metex Asbestos PI Trust

Notes to the Special-Purpose Financial Statements

The Trust invests in a professionally managed investment portfolio that contains common shares of publicly traded companies, corporate and government obligations. Such investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the Trust's account balance and the amounts reported in the special-purpose statements of assets, liabilities and net claimants' equity.

3. Cash, Cash Equivalents and Investment Securities

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

	Cost	Fair Value	Unrealized Gain
Cash and cash equivalents	**$ 3,289,048**	**$ 3,289,048**	**$ -**
Equities	**17,720,184**	**25,030,260**	**7,310,076**
Bonds	**64,926,715**	**65,014,906**	**88,191**
Total cash, cash equivalents and investment securities	**$ 85,935,947**	**$ 93,334,214**	**$ 7,398,267**

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

	Cost	Fair Value	Unrealized Gain (Loss)
Cash and cash equivalents	$ 7,555,483	$ 7,555,483	$ -
Equities	22,505,146	26,613,086	4,107,940
Bonds	52,923,534	50,653,694	(2,269,840)
Total cash, cash equivalents and investment securities	$ 82,984,163	$ 84,822,263	$ 1,838,100

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

	Less than 1 Year	After 1 Year Through 5 Years	After 5 Years Through 10 Years	After 10 Years	Total
Bonds	**$ 5,938,328**	**$ 13,047,988**	**$ 16,312,920**	**$ 29,715,670**	**$ 65,014,906**

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

	Less than 1 Year	After 1 Year Through 5 Years	After 5 Years Through 10 Years	After 10 Years	Total
Bonds	$ 3,642,640	$ 14,072,215	$ 14,332,049	$ 18,606,790	$ 50,653,694

4. Fair Value Measurements

The Trust's investments are recorded at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability between market participants in an orderly transaction on the measurement date. The market in which the reporting entity would sell the asset or transfer the liability with the greatest volume and level of activity for the asset or liability is known as the principal market. When no principal market exists, the most advantageous market is used. This is the market in which the reporting entity would sell the asset or transfer the liability with the price that maximizes the amount that would be received or minimizes the amount that would be paid. Fair value is based on assumptions market participants would make in pricing the asset or liability. Generally, fair value is based on observable quoted market prices or derived from observable market data when such market prices or data are available. When such prices or inputs are not available, the Trust would use valuation models.

The Trust's assets recorded at fair value on a recurring basis are categorized based on the priority of the inputs used to measure fair value. The inputs used in measuring fair value are categorized into three levels, as follows:

- **Level 1 -** Inputs that are based upon quoted prices for identical instruments traded in active markets.

- **Level 2 -** Inputs that are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar investments in markets that are not active, or models based on valuation techniques for which all significant assumptions are observable in the 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:

Equities: Valued at the closing price reported on the active market on which the individual securities are traded.

Bonds: Valued using the documented trade price if trading in an active market. Otherwise, valued using a metrics system provided by the pricing vendors.

Alternative investments: Valued using the Trust's proportionate share of each fund's net assets, as reported as of the date of the special-purpose financial statements.

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Metex 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	**$ 3,289,048**	**$ 3,289,048**	**$ -**	**$ -**
Equities	**25,030,260**	**25,030,260**	**-**	**-**
Bonds:				
Government	**4,045,011**	**3,465,514**	**579,497**	**-**
Corporate	**14,386,566**	**-**	**14,386,566**	**-**
International	**570,970**	**-**	**570,970**	**-**
Municipal	**46,012,359**	**-**	**46,012,359**	**-**
Total bonds	**65,014,906**	**3,465,514**	**61,549,392**	**-**
Alternative investments	**2,448,173**	**-**	**-**	**2,448,173**
Total investments at fair value	**$ 95,782,387**	**$ 31,784,822**	**$ 61,549,392**	**$ 2,448,173**

	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	$ 7,555,483	$ 7,555,483	$ -	$ -
Equities	26,613,086	26,613,086	-	-
Bonds:				
Government	2,227,261	2,059,334	167,927	-
Corporate	8,143,191	-	8,143,191	-
International	203,717	-	203,717	-
Municipal	40,079,525	-	40,079,525	-
Total bonds	50,653,694	2,059,334	48,594,360	-
Alternative investments	2,610,125	-	-	2,610,125
Total investments at fair value	$ 87,432,388	$ 36,227,903	$ 48,594,360	$ 2,610,125

Level 3 gains and losses

The following table sets forth a summary of changes in the fair value of the Trust's alternative investments (Level 3 assets) for the years ended December 31:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	2023	2022
Balance at the beginning of the year	**$ 2,610,125**	$ 1,069,405
Purchases	**-**	1,515,000
Liquidations / distributions	**(164,730)**	-
Net change in fair value	**2,778**	25,720
	$ 2,448,173	$ 2,610,125

The Trust invests in alternative investment 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. The REITs investments in real estate-related securities provide investors with current income, a source of liquidity for our share repurchase plan and cash management.

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.

5. Insurance Recoveries

As of December 31, 2023, under the terms of settlement agreements with various insurance carriers, the Trust is due future insurance recoveries. As described in Note 2, the Trust records such insurance recoveries when the cash proceeds are received and available for the payment of claims. During the years ended December 31, 2023 and 2022, the Trust received insurance recoveries of $7,700,000 and $6,700,000, respectively. The Trust is not due any further insurance recoveries subsequent to December 31, 2023.

6. Income Taxes

For the year ended December 31, 2023, the Trust incurred net operating losses of $422,000 which are available to offset future taxable income. As of December 31, 2023, the net operating loss carryforward available to offset future taxable income is approximately $1,845,000.

Metex Asbestos PI Trust

Notes to the Special-Purpose Financial Statements

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

7. Claims Settled

For the year ended December 31, 2023, the Trust settled 687 claims, totaling $5,022,609, including 11 claims which were settled, but not paid, as of December 31, 2023, amounting to $62,561. The Trust paid 731 claims totaling $5,395,411 during the year ended December 31, 2023. For the year ended December 31, 2022, the Trust settled 914 claims, totaling $6,561,521, including 55 claims which were settled, but not paid, as of December 31, 2022, amounting to $435,363. The Trust paid 859 claims totaling $6,135,946 during the year ended December 31, 2022.

8. Liability for Asbestos Claims

Personal injury claims that were settled, but unpaid as of December 31, 2023 and 2022, have been accrued and included in claims payable. These amounts have been included in deductions from net claimants' equity in the accompanying special-purpose statements of changes in net claimants' equity for the payment of claims for the years ended December 31, 2023 and 2022.

The Trust considers settled claims as claims that were approved through the claims review process for which the claimant has returned a signed release to the Trust.

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 represents funding available for all Asbestos Claims for which no fixed liability has yet been established.

9. 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.

10. 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.