IN THE UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF VIRGINIA
Norfolk Division

In re:	)	Chapter 11
	)	
C.E. THURSTON & SONS, INC.,	)	Case No.: 03-75932-SCS
	)	
Debtor.	)	
	)	

NOTICE OF FILING ANNUAL REPORT AND CLAIMS SUMMARY

The C.E. Thurston & Sons Asbestos Trust (the "Trust") hereby files its Audited Financial Statements for the fiscal year ending December 31, 2011 and an Annual Report of Claims Activity for the period covered by the Audited Financial Statements. The Annual Report and Financial Statements are attached hereto as **Exhibits 1-3**.

Pursuant to the provisions of section 2.2(b) of the C.E. Thurston & Sons Asbestos Trust Agreement, the Trust is providing copies of the Annual Report and the Financial Statements to the Trust Advisory Committee, the Legal Representative, the United States Trustee, and the Reorganized Debtor.

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Zemanian Law Group
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Norfolk, Virginia 23510
(757) 622-0090
Local Counsel for C.E. Thurston & Sons Asbestos Trust

C.E. Thurston Asbestos Trust Annual Reports, 2011 annual report
ACL Doc 14279 · Page 1 of 22
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Date: April 30, 2012

ZEMANIAN LAW GROUP

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Counsel to the C.E. Thurston & Sons Asbestos Trust

Certificate of Service

I certify that on this 30th day of April, 2012, I caused a true copy of the foregoing *Notice of Filing of Annual Report and Claims Summary* (including Exhibits) to be filed with the e.c.f. system for purposes of electronic service upon all parties so designated, and also to be served by first-class United States mail, postage prepaid, to each of the following persons:

John M. Ryan, Esq.
Crowley, Liberatore, Ryan & Brogan
Town Point Center, Suite 300
150 Boush Street
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C.E. Thurston & Sons, Inc.
Attention: President
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Donald N. Patten, Esq.
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Norfolk, Virginia 23510

Jerrold G. Weinberg, Esq.
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999 Waterside Drive, Suite 1825
Norfolk, VA 23514-3789

/s/ Peter G. Zemanian

{D0220969.1 }

Exhibit 1

IN THE UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF VIRGINIA
Norfolk Division

In re:	)	Chapter 11
	)	
C.E. THURSTON & SONS, INC.,	)	Case No.: 03-75932-SCS
	)	
Debtor.	)	
	)	

ANNUAL REPORT AND ACCOUNT OF THE C.E. THURSTON & SONS ASBESTOS TRUST FOR THE FISCAL YEAR ENDING DECEMBER 31, 2011

Mark M. Gleason, the Trustee of the C.E. Thurston & Sons Asbestos Trust (the "Trust"), created pursuant to the Amended Plan of Reorganization dated January 27, 2006 (the "Plan") submits this Annual Report, Financial Statements, and Claims Summary for the fiscal year ending December 31, 2011.[1]

I. INTRODUCTION

The purpose of this Annual Report is to fulfill the reporting requirements of the C.E. Thurston & Sons Asbestos Trust Agreement (the "Trust Agreement") and to report to the Court on the actions taken by the Trustee on behalf of the Trust during the period January 1, 2011 to December 31, 2011 (the "Reporting Period").

Section 2.2(b) of the Trust Agreement provides:

> The Trustee shall timely account to the Bankruptcy Court as follows:
>
> (i) The Trustee shall cause to be prepared and filed with the Bankruptcy Court, as soon as available, and in any event within one hundred twenty (120) days following the end of each fiscal

[1] Capitalized terms not otherwise provided herein shall have the meaning ascribed to them in the Plan.

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> year of the Trust, an annual report containing financial statements of the Trust (including, without limitation, a balance sheet of the Trust as of the end of such fiscal year and a statement of operations for such fiscal year) audited by a firm of independent certified public accountants selected by the Trustee and accompanied by an opinion of such firm as to the fairness of the financial statements' presentation of the cash and investments available for the payment of Trust Claims and as to the conformity of the financial statements with generally accepted accounting principles. The Trustee shall provide a copy of such report to the Debtor, the TAC[2], and the Future Claimants' Representatives when such reports are filed with the Bankruptcy Court.
>
> (ii) Simultaneously with delivery of each set of financial statements referred to in Section 2.2(b)(i) above, the Trustee shall cause to be prepared and filed with the Bankruptcy Court a report containing a summary regarding the number and type of Trust Claims disposed of during the period covered by the financial statements. The Trustee shall provide a copy of such report to the Debtor, the TAC, and the Future Claimants' Representatives when such report is filed.
>
> (iii) All materials required to be filed with the Bankruptcy Court by this Section 2.2(b) shall be available for inspection by the public in accordance with procedures established by the Bankruptcy Court and shall be filed with the Office of the United States Trustee.

The Trust Agreement further provides for the inclusion of a description of the amounts paid to the Trustee, members of the Trust Advisory Committee ("TAC"), and the Future Claimants' Representative ("FCR") in the accounts filed with the Bankruptcy Court. See Sections 5.5(c), 6.6, and 7.6 of the Trust Agreement.

II. BACKGROUND

On August 18, 2003, C.E. Thurston & Sons, Inc. filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code. On March 15, 2006, the Bankruptcy Court entered its Report and Recommendation recommending confirmation. On March 30, 2006 the

[2] Trust Advisory Committee

C.E. Thurston Asbestos Trust Annual Reports, 2011 annual report Published by AsbestosClaims.Law
ACL Doc 14279 · Page 5 of 22 asbestosclaims.law/library/14279/5

United States District Court for the Eastern District of Virginia entered an order confirming the Plan. On March 31, 2006 (the "Effective Date"), the Plan became effective and the Trustee began to operate the Trust.

The Trust was funded pursuant to Section D.4 of the Plan on or after the Effective Date. The purpose of the Trust is to assume the liabilities for all Asbestos Related Claims and Demands, as defined in the Plan, and to preserve, hold, manage, and maximize the Trust Assets for use in paying and otherwise satisfying Trust Claims and paying the Trust Expenses.

III. TRUST ADMINISTRATION

A. Trustee

Mark M. Gleason served as the Trustee of the Trust during the Reporting Period.

1. Meetings

The Trustee held meetings during the Reporting Period at least once per quarter. All meetings were held by teleconference and were attended by representatives of the TAC and the FCR.

2. Compensation

The compensation and expense reimbursement paid to the Trustee during the Reporting Period are set forth in the Trust's financial statements attached hereto as Exhibit "A." All payments related to Trustee compensation and expense reimbursement were made in accordance with the Trust Agreement.

B. Trust Officers

Richard A. Beran served as the Trust's Executive Director during the Reporting Period.

C. Trust Advisory Committee – TAC

Donald N. Patten, Timothy J. Hogan and J. Michael Riley served as Members of the TAC (the "TAC Members") during the Reporting Period. The compensation and expenses paid to the TAC Members during the Reporting Period are also set forth in the Trust's financial statements. All payments related to TAC Member compensation and expense reimbursement were made in accordance with the Trust Agreement.

D. Future Claimants' Representative – FCR

Jerrold G. Weinberg served as the FCR during the Reporting Period. The compensation and expenses paid to the FCR during the Reporting Period are set forth in the Trust's financial statements. All distributions related to FCR compensation and expense reimbursement were made in accordance with the Trust Agreement.

E. Claims Processing

The Claims Resolution Management Corporation ("CRMC") processed the Trust's claims during the Reporting Period.

F. Investment Management

PNC Advisors served as the Trust's investment advisor during the Reporting Period.

G. Counsel

Campbell & Levine, LLC, of Pittsburgh, Pennsylvania and Wilmington, Delaware served as general counsel to the Trust during the Reporting Period. Peter G. Zemanian served as Virginia counsel to the Trust during the Reporting Period.

IV. ANNUAL REPORT AND ACCOUNT

A. Summary of Claims

The Trust began processing claims on November 16, 2006. As of December 31, 2007, the Trust had paid all 51 Pre-Petition Liquidated Claims received, totaling $320,000.00. The Trust received no Pre-Petition Liquidated Claims after 2007.

As of December 31, 2011, the Trust had received 15,364 Unliquidated Claims and had paid a total of 10,891 claims. After application of the payment percentage, the Trust had paid approximately $21,129,480 to asbestos victims in settlement of their Unliquidated Claims. $7,704,864 of this total represents supplemental payments made pursuant to Section 6.2 of the Trust Distribution Procedures due to an increase in the Trust's payment percentage. In addition, the Trust paid $640,000 for payments of Pre-Petition Liquidated claims, all of which were for malignancies.

During the Reporting Period, the Trust had received 2,093 Unliquidated Claims and paid 2,991 claims. After application of the payment percentage, the Trust paid approximately $13,341,528 to asbestos victims in settlement of their Unliquidated Claims during the Reporting Period. $7,704,864 of this amount represents supplemental payments made pursuant to Section 6.2 of the Trust Distribution Procedures. In addition, the Trust paid $320,000 in supplemental payments on the Pre-Petition Liquidated claims.

A summary of the claims processed and paid by disease category is attached hereto as Exhibit “B.”

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

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B. Financial Information

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

Date: April 30, 2012

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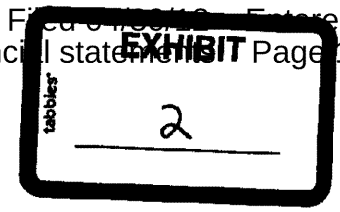
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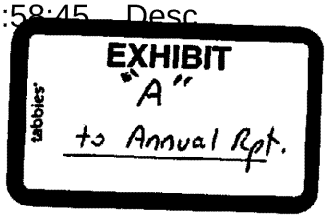
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C.E. THURSTON & SONS, INC. ASBESTOS TRUST

AUDITED FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

SISTERSON
CERTIFIED PUBLIC
ACCOUNTANTS & CONSULTANTS

Sisterson & Co. LLP
310 Grant Street, Suite 2100
Pittsburgh, Pennsylvania
15219-2300

Phone 412.281.2025
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INDEPENDENT AUDITOR'S REPORT

To the Trustee of the
C.E. Thurston & Sons, Inc. Asbestos Trust

We have audited the accompanying statements of net claimants' equity of the C.E. Thurston & Sons, Inc. Asbestos Trust (the "Trust", organized in the State of Delaware) as of December 31, 2011 and 2010 and the related statements of changes in net claimants' equity for the years then ended. These special-purpose financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these special-purpose 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2, these financial statements were 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 better communicate the amount of equity presently available to current and future claimants.

In our opinion, the accompanying special-purpose financial statements of the C.E. Thurston & Sons, Inc. Asbestos Trust as of and for the years ended December 31, 2011 and 2010, are fairly presented, in all material respects, on the basis of accounting described in Note 2.

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 Eastern District of Virginia 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 Eastern District of Virginia, is a matter of public record.

Sisterson + Co. LLP

April 27, 2012

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C.E. THURSTON & SONS, INC. ASBESTOS TRUST

STATEMENTS OF NET CLAIMANTS' EQUITY

	Year ended December 31, 2011	2010
ASSETS		
Cash and cash equivalents (Note 2(b))	$ 1,369,743	$ 7,719,082
Investments in marketable securities (Notes 2(c) and 3)	35,744,711	41,889,770
Accrued interest income	401,450	393,874
Other current assets	7,031	138,087
Total assets	$ 37,522,935	$ 50,140,813
LIABILITIES AND NET CLAIMANTS' EQUITY		
Accrued professional fees	$ 58,059	$ 100,804
Net Claimants' Equity (Note 2(d))	$ 37,464,876	$ 50,040,009

The accompanying notes are an integral part of these financial statements.

C.E. Thurston Asbestos Trust Annual Reports, 2011 annual report
ACL Doc 14279 · Page 12 of 22
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asbestosclaims.law/library/14279/12

C.E. THURSTON & SONS, INC. ASBESTOS TRUST

STATEMENTS OF CHANGES IN NET CLAIMANTS' EQUITY

	Year ended December 31, 2011	2010
Net Claimants' Equity, January 1	$ 50,040,009	$ 52,667,927
Additions to Net Claimants' Equity		
Contributions from C.E. Thurston & Sons, Inc. (Note 2(e))	--	--
Investment income, net of management fees	783,975	606,303
Net gain on investments in marketable securities	696,771	1,087,859
Total additions	1,480,746	1,694,162
Deductions from Net Claimants' Equity		
Claim settlements paid (Note 2(f))	13,661,528	3,973,464
Professional fees (Note 2(g))	241,019	293,378
Trustee fees and expenses	63,400	66,491
Claims processing	44,729	81,866
Insurance	16,875	19,219
Future Claimants' Representative fees and expenses	14,126	9,563
Trust Advisory Committee fees and expenses	8,062	2,349
Other	4,940	5,112
Record storage	1,200	7,929
Income tax benefit (Note 2(h))	--	(137,291)
Total deductions	14,055,879	4,322,080
Net decrease in Net Claimants' Equity	(12,575,133)	(2,627,918)
Net Claimants' Equity, December 31	$ 37,464,876	$ 50,040,009

The accompanying notes are an integral part of these financial statements.

C.E. Thurston Asbestos Trust Annual Reports, 2011 annual report
ACL Doc 14279 · Page 13 of 22
Published by AsbestosClaims.Law
asbestosclaims.law/library/14279/13

C.E. THURSTON & SONS, INC. ASBESTOS TRUST

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - BUSINESS

(a) Description of business

The C.E. Thurston & Sons, Inc. Asbestos Trust (the "Trust") was established pursuant to the Amended Plan of Reorganization dated January 27, 2006 (the "Plan") for the bankruptcy of C.E. Thurston & Sons, Inc. ("Thurston") and confirmed by Court Order dated March 30, 2006. The purpose of the Trust is:

i) to assume liability pursuant to the Plan for all asbestos claims against Thurston;

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

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

The Trust was established on March 31, 2006, the Effective Date of the Plan ("effective date") and was deemed to be a Qualified Settlement Fund for Allowed Asbestos Disease Claimants ("Qualified Settlement Fund") by Order of Court dated March 30, 2006.

(b) Funding of the Trust

On the Effective Date, Thurston issued a 6.5%, $2,000,000 dollar promissory note to the Trust. In addition, 106.67 authorized shares of Thurston preferred stock were issued to the Trust totaling $1,000,000. Since these shares were covered by a five-year put/call provision, the exercise price was discounted at 6.5% to produce an initial recorded value of $729,881, which, if not sold, would be accreted over the next five years. From the effective date through May 2006, the Trust received previously agreed to sums of cash totaling $16,947,362, which consisted of contributions paid by, or on behalf of, Thurston and from pre-petition insurance proceeds. In May 2006, the Trust also received a total of $31,500,000 from two insurance settlements as required under the Plan. In August 2006, the Trust received $1,693,152 for its share of federal tax benefits received by Thurston. In 2008 and 2007, the Trust received $102,718 and $753,776, respectively, of additional contributions from Thurston.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

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

C.E. Thurston Asbestos Trust Annual Reports, 2011 annual report
ACL Doc 14279 · Page 14 of 22
Published by AsbestosClaims.Law
asbestosclaims.law/library/14279/14

C.E. THURSTON & SONS, INC. ASBESTOS TRUST

NOTES TO FINANCIAL STATEMENTS
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of accounting (continued)

i) The financial statements are prepared using the accrual basis of accounting, except as otherwise described below.

ii) The statements of net claimants' equity are not classified, resulting in no separation between current and noncurrent assets.

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

iv) Cash and cash equivalents are recorded at cost with accrued interest shown separately.

v) The funding received and due from Thurston and others, pursuant to the Plan, has been recorded directly to net claimants' equity. These funds do not represent taxable income to the Trust. Settlements paid for asbestos claims are reported as deductions in 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.

vi) 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 (loss) on investments in marketable securities 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) on the statements of changes in net claimants' equity.

The preparation of financial statements 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 to and deductions from net claimants' equity during the reporting period. Actual results could differ from those estimates.

(b) Cash and cash equivalents

The Trust is invested in short-term securities with maturities of less than one year to be held until maturity. As of December 31, 2011 and 2010, the Trust's cash and cash equivalents were entirely invested in money market funds.

C.E. Thurston Asbestos Trust Annual Reports, 2011 annual report
ACL Doc 14279 · Page 15 of 22
Published by AsbestosClaims.Law
asbestosclaims.law/library/14279/15

C.E. THURSTON & SONS, INC. ASBESTOS TRUST

NOTES TO FINANCIAL STATEMENTS
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Cash and cash equivalents (continued)

The Trust maintains its cash and cash equivalents in accounts, which, at times, are uninsured or may exceed federally insured limits with financial institutions and investment managers. The Trust has not experienced any losses in such accounts and management does not believe it is exposed to any significant credit risk on cash and cash equivalents.

(c) Investments in marketable securities and related income

The Trust is invested in a diversified portfolio of stocks and bonds. Investments in marketable securities are reported at fair value in the statements of net claimants' equity and changes in the fair value of these investments, as well as realized gains and losses, are included in net gain (loss) on investments in marketable securities 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 based on their quoted market prices with net unrealized gains or losses reported within net claimants' equity. Realized gains and losses on disposals of investments are determined by the specific identification method. Interest and reported dividend income are recognized on the accrual basis.

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.

The Trust's investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of 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.

See Note 3 for additional information relating to investments in marketable securities.

(d) Net claimants' equity

The Plan contains procedures for the distribution of the Trust's assets. Under the Plan, the Trust forecasts its anticipated sources and uses of cash until the last projected future claim has been paid. A payment percentage is then calculated such that the Trust will have no remaining assets or liabilities after the last future claimant receives his/her pro rata share. This payment percentage is subject to periodic review and adjustment. In January 2011, the Trust increased the payment percentage from 40% to 80%. Although supplemental payments are not required by the Asbestos Trust Agreement, the increase in payment percentage resulted in approximately $8 million of supplemental payments to previously paid claimants to date in 2011.

C.E. Thurston Asbestos Trust Annual Reports, 2011 annual report
ACL Doc 14279 · Page 16 of 22
Published by AsbestosClaims.Law
asbestosclaims.law/library/14279/16

C.E. THURSTON & SONS, INC. ASBESTOS TRUST

NOTES TO FINANCIAL STATEMENTS
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Contributions from C.E. Thurston & Sons, Inc.

Pursuant to the Plan, the Trust received various contributions from Thurston and other entities during the period March 30, 2006 through December 31, 2006. These contributions to the Trust were as follows:

Cash contributions from Thurston	$ 6,708,791
Preferred stock from Thurston at the initial discounted value plus accretion of $35,300	765,181
Promissory note from Thurston	2,000,000
Pre-petition insurance proceeds	11,931,723
Total	$ 21,405,695

During 2007, the Trust received cash contributions from Thurston of $753,776 plus accretion on the preferred stock from Thurston of $49,737.

During 2008, the Trust received cash contributions from Thurston of $102,718 less a loss on the redemption of all of the shares of preferred stock from Thurston of $159,915. Since the original contribution of preferred stock from Thurston was recorded as a contribution from Thurston, the loss on the redemption of these preferred shares was recorded in the same account. After 2008, the Trust received no contributions from Thurston and does not expect any additional contributions.

(f) 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, 2011, there were approximately $934,224 of claims settled but not paid.

(g) Professional fees

During the years ended December 31, 2011 and 2010, professional fees of $110,761 and $152,835, respectively, were paid to Gleason and Associates, P.C. whose managing director is the sole trustee of the Trust.

C.E. Thurston Asbestos Trust Annual Reports, 2011 annual report
ACL Doc 14279 · Page 17 of 22
Published by AsbestosClaims.Law
asbestosclaims.law/library/14279/17

C.E. THURSTON & SONS, INC. ASBESTOS TRUST

NOTES TO FINANCIAL STATEMENTS
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Income taxes

No federal income tax benefit or provision was recorded for the year ended December 31, 2011. For the year ended December 31, 2010, a federal income tax benefit was recorded in the amount of $137,291. As of December 31, 2011, the Trust has tax NOL carryforwards of approximately $543,000 expiring beginning in 2030. As of December 31, 2011, the Trust has provided a valuation allowance for $189,948, the full amount of the deferred tax asset related to NOL carryforwards due to the uncertainty of realizing those benefits in future years. 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 Thurston and disbursements paid to settle asbestos claims are not taxable or deductible by the Trust.

The Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) on Income Taxes clarifies recognition, measurement, presentation and disclosure relating to uncertain tax positions. The Trust is unaware of any unrecognized tax benefits or uncertain tax positions. The Trust's federal income tax returns for tax years 2008 and beyond remain subject to examination by the Internal Revenue Service.

(i) Subsequent events

The Trust evaluates events and transactions occurring 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 27, 2012, the date on which the financial statements were available to be issued.

NOTE 3 - INVESTMENTS IN MARKETABLE SECURITIES

Fair value measurements

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level I – Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments in Level I include listed equities.

Level II – 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 III – Pricing inputs are unobservable for the investment and includes 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.

C.E. Thurston Asbestos Trust Annual Reports, 2011 annual report
Published by AsbestosClaims.Law
ACL Doc 14279 · Page 18 of 22
asbestosclaims.law/library/14279/18

C.E. THURSTON & SONS, INC. ASBESTOS TRUST

NOTES TO FINANCIAL STATEMENTS
(continued)

NOTE 3 - INVESTMENTS IN MARKETABLE SECURITIES (continued)

Fair value measurements (continued)

The valuations of the Trust's investments by the above fair value hierarchy levels and the corresponding cost of the investments are as follows:

	December 31, 2011			
	Level	Fair value	Cost	Unrealized gain
Equity securities	I	$ 4,838,457	$ 4,590,259	$ 248,198
Municipal bonds	II	30,906,254	29,952,090	954,164
		$ 35,744,711	$ 34,542,349	$ 1,202,362

	December 31, 2010			
	Level	Fair value	Cost	Unrealized gain
Equity securities	I	$ 8,784,148	$ 7,544,687	$ 1,239,461
Municipal bonds	II	33,105,622	32,872,121	233,501
		$ 41,889,770	$ 40,416,808	$ 1,472,962

Maturities of the Trust's debt securities at December 31, 2011 are as follows:

	Fair value	Cost	Unrealized gain (loss)
Due in one year or less	$ 266,390	$ 263,638	$ 2,752
Due after one year through five years	17,239,802	16,782,211	457,591
Due after five years through ten years	11,131,074	10,630,291	500,783
Due after ten years through twenty years	2,268,988	2,275,950	(6,962)
Due after twenty years	--	--	--
	$ 30,906,254	$ 29,952,090	$ 954,164

Accrued interest receivable from debt securities at December 31, 2011 and 2010 was $396,151 and $386,036, respectively.

C.E. Thurston Asbestos Trust Annual Reports, 2011 annual report
ACL Doc 14279 · Page 19 of 22
Published by AsbestosClaims.Law
asbestosclaims.law/library/14279/19

C.E. THURSTON & SONS, INC. ASBESTOS TRUST

NOTES TO FINANCIAL STATEMENTS
(continued)

NOTE 3 - INVESTMENTS IN MARKETABLE SECURITIES (continued)

Temporary impairment of investments

The Trust evaluated investments in an unrealized loss position and considered the following investments to be temporary impairments at December 31 categorized by the amount of months that the investment was in an unrealized loss position:

	2011					
	Less than 12 months		12 months or greater		Total	
	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
Equity securities	$ 884,486	$ 258,251	$ 330,534	$ 137,625	$ 1,215,020	$ 395,876
Municipal bonds	1,048,320	14,937	3,891,873	120,731	4,940,193	135,668
Total	$ 1,932,806	$ 273,188	$ 4,222,407	$ 258,356	$ 6,155,213	$ 531,544

	2010					
	Less than 12 months		12 months or greater		Total	
	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
Equity securities	$ 471,016	$ 29,887	$ 415,746	$ 219,020	$ 886,762	$ 248,907
Municipal bonds	14,045,629	166,107	1,785,368	39,312	15,830,997	205,419
Total	$ 14,516,645	$ 195,994	$ 2,201,114	$ 258,332	$ 16,717,759	$ 454,326

The Trust's investments in equity securities are diversified among common stock of companies in various industry sectors. The Trust believes that the severity of the impairment is consistent with the current market developments. Therefore, the Trust evaluated the near-term prospects of the issuer in relation to the severity and duration of the impairment; based on that evaluation, recent market recoveries, and the Trust's ability and intent to hold those investments for a reasonable period of time sufficient for a forecasted recovery of fair value, the Trust does not consider those investments to be other-than-temporarily impaired at December 31, 2011.

C.E. Thurston Asbestos Trust Annual Reports, 2011 annual report
ACL Doc 14279 · Page 20 of 22
Published by AsbestosClaims.Law
asbestosclaims.law/library/14279/20

C.E. THURSTON & SONS, INC. ASBESTOS TRUST

NOTES TO FINANCIAL STATEMENTS
(continued)

NOTE 4 - SERVICE AGREEMENT

The Trust entered into a Service Agreement dated May 11, 2006 with H.K. Porter Company, Inc. ("Porter") to receive various accounting and financial services as requested by the Trust. This agreement expired on December 31, 2006, but automatically renews for successive one-year terms, while either party has the ability to terminate the agreement at any time. Based on the agreement, Porter is paid $120 per hour and is reimbursed on a monthly basis. For the years ended December 31, 2011 and 2010, the Trust paid $43,464 and $42,708, respectively, in service fees to Porter, which are included in professional fees on the accompanying statements of changes in net claimants' equity.

C.E. Thurston Asbestos Trust Annual Reports, 2011 annual report
ACL Doc 14279 · Page 21 of 22
Published by AsbestosClaims.Law
asbestosclaims.law/library/14279/21

EXHIBIT 3

EXHIBIT "B" to Annual Rpt.

C.E. Thurston & Sons Asbestos Trust

Dollars in 1,000s — **CONFIDENTIAL** — For Trust use only

Pay % 22.7%

			2010	2011
Beginning Open Claims		(excludes Upgrades)		
1	Bilateral non-cancer		3,623	3,045
2	Severe Asbestosis		120	81
3	Other Cancer		155	135
4	Lung Cancer		367	269
5	Mesothelioma		336	265
	Total		4,601	3,795
New Claims (includes sub-malignancy)				
1	Bilateral non-cancer		5,469	1,519
2	Severe Asbestosis		187	109
3	Other Cancer		154	64
4	Lung Cancer		277	180
5	Mesothelioma		192	221
	Total		6,279	2,093
	Cumulative		13,271	15,364
	Paid as % of Beginning + New		53%	51%
	% Beginning		125%	
Paid Claims	+ % New (only for yearly forecasts)			
1	Bilateral non-cancer		4,948	2,506
2	Severe Asbestosis		168	74
3	Other Cancer		135	71
4	Lung Cancer		266	154
5	Mesothelioma		214	186
	Total		5,731	2,991
	Cumulative		7,900	10,891
Closed without Payment		% (Beginning + New)	12.4%	11.7%
1	Bilateral non-cancer		1,099	574
2	Severe Asbestosis		58	8
3	Other Cancer		39	29
4	Lung Cancer		109	48
5	Mesothelioma		49	27
	Total		1,354	686
	Percent of Expedited Liquidated Values		40.00%	80.00%
$ Paid		Expedited / Maximum	40.00%	

			Expedited	Maximum	2010	2011
0.99	1	Bilateral non-cancer	$ 0.50	$ 0.50	$ 989.600	$ 2,313.400
0.99	2	Severe Asbestosis	$ 4.07	$ 7.20	273.504	530.728
0.99	3	Other Cancer	$ 1.40	$ 2.00	75.600	184.960
0.99	4	Lung Cancer	$ 4.65	$ 10.00	494.760	1,404.300
0.99	5	Mesothelioma	$ 25.00	$ 50.00	2,140.000	8,908.140
		Total			$ 3,973.464	$ 13,341.528
		Cumulative Post Petition Claim Payments			$ 7,787.952	$ 21,129.480

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