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

In re:	)	Chapter 11 (closed)
	)	
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 years ending December 31, 2019 and 2018 and an *Annual Report and Account of Claims Activity* and an accompanying *Claims Summary* for the fiscal year ending December 31, 2019. The Annual Report, the Financial Statements and a Claims Summary are attached 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, the Financial Statements and the Claims Summary to the Trust Advisory Committee, the Legal Representative, the United States Trustee, and the Reorganized Debtor.

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Peter G. Zemanian, Esq., VSB #24922
Zemanian Law Group
223 E. City Hall Ave., Suite 201
Norfolk, Virginia 23510
(757) 622-0090
Local Counsel for C.E. Thurston & Sons Asbestos Trust

Date: April 13, 2020

ZEMANIAN LAW GROUP

/s/ Peter G. Zemanian

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-and-

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

Certificate of Service

I certify that on this 13th day of April, 2020, I caused a true copy of the foregoing *Notice of Filing of Annual Report and Claims Summary* (including *Exhibits*) to be filed electronically, and accordingly served upon all parties designated in this case to receive electronic service, and also to be served by first-class United States mail, postage prepaid, to each of the following persons:

Ann B. Brogan, Esq.
Davey Brogan, P.C.
101 Granby St., Suite 300
Norfolk, VA 23510

C. E. Thurston & Sons, Inc.
Attention: President
3335 Croft Street
Norfolk, VA 23513

Donald N. Patten, Esq.
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12350 Jefferson Avenue, Suite 300
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Baltimore, MD 21201

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Jones, Martin, Parris & Tessener
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Office of the United States Trustee
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Norfolk, VA 23510

Edward S. Stein, Esq.
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101 W. Main Street, Suite 920
Norfolk, VA 23510

/s/ Peter G. Zemanian

Exhibit 1

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

In re:	)	Chapter 11 (closed)
	)	
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, 2019

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, 2019.[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, 2019 to December 31, 2019 (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

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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 TAC members and the FCR were invited to all quarterly meetings and attended either in person or via teleconference if available. Those unable to attend were provided an update.

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

Nicole A. Snyder served as the Trust's Executive Director during the Reporting Period.

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C. Trust Advisory Committee – TAC

Donald N. Patten, William C. Burgy 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

Edward S. Stein served in the role of FCR for 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

Claims Resolution Management Corporation 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.

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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. The Trust received no Pre-Petition Liquidated Claims after 2007.

As of December 31, 2019, the Trust had received 36,416 Unliquidated Claims and had paid a total of 18,675 claims. After application of the payment percentage, the Trust has paid approximately $39,096,870 to asbestos victims in settlement of their Unliquidated Claims as of December 31, 2019.

During the Reporting Period, the Trust received 447 Unliquidated Claims and paid 406 claims. After application of the payment percentage, the Trust paid approximately $2,111,543 to asbestos victims in settlement of their Unliquidated Claims during the Reporting Period; $14,798 of this amount represents supplemental payments made pursuant to Section 6.2 of the Trust Distribution Procedures. The financial accounting activity is recorded on an accrual basis and may reflect adjustments after recording by the claims processor. Because certain timing differences or adjustments, the accounting records may differ slightly from the figures in this claims report.

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.claimres.com.

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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 13, 2020

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ACCOUNTANTS & CONSULTANTS

EXHIBIT 2 tabbies

&

EXHIBIT "A" to Annual Rpt. tabbies

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

AUDITED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of C. E. Thurston & Sons, Inc. Asbestos Trust (the "Trust"), organized in the State of Delaware, which comprise the statements of net claimants' equity as of December 31, 2019 and 2018, and the related statements of changes in net claimants' equity for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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 described in Note 2; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITOR'S REPORT
(continued)

Opinion

In our opinion, the accompanying financial statements of the C. E. Thurston & Sons, Inc. Asbestos Trust as of and for the years ended December 31, 2019 and 2018, are fairly presented, in all material respects, in accordance with the basis of accounting described in Note 2.

Emphasis of Matter

We draw attention to Note 2 to the financial statements, which describes that the 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. Our opinion is not modified with respect to this matter.

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 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 6, 2020

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

STATEMENTS OF NET CLAIMANTS' EQUITY

	December 31, 2019	2018
ASSETS		
Cash and cash equivalents (Note 2(b))	$ 1,704,541	$ 3,738,419
Investments in securities (Notes 2(c) and 3)	21,234,301	20,290,280
Accrued interest income	271,303	283,384
Other current assets	14,584	13,544
Total assets	$ 23,224,729	$ 24,325,627
LIABILITIES AND NET CLAIMANTS' EQUITY		
Accrued professional fees	$ 41,579	$ 47,209
Net Claimants' Equity (Note 2(d))	$ 23,183,150	$ 24,278,418

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

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

STATEMENTS OF CHANGES IN NET CLAIMANTS' EQUITY

	Year ended December 31, 2019	2018
Net Claimants' Equity, January 1	$ 24,278,418	$ 29,459,330
Additions to Net Claimants' Equity		
Investment income, net of management fees	319,841	326,062
Net gain (loss) on investments in securities	1,020,970	(195,646)
Total additions	1,340,811	130,416
Deductions from Net Claimants' Equity		
Claim settlements paid (Note 2(f))	2,111,543	4,968,430
Professional fees (Note 2(g))	196,193	216,896
Claims processing	49,255	50,700
Trustee fees and expenses	34,050	35,350
Insurance	33,960	32,500
Trust Advisory Committee fees and expenses	5,416	3,280
Future Claimants' Representative fees and expenses	3,054	2,624
Record storage	1,200	1,200
Other	1,408	348
Income tax expense (Note 2(h))	--	--
Total deductions	2,436,079	5,311,328
Net decrease in Net Claimants' Equity	(1,095,268)	(5,180,912)
Net Claimants' Equity, December 31	$ 23,183,150	$ 24,278,418

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

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. Pursuant to a final settlement agreement and release, it was determined the Trust would receive $663,111, which was previously held in escrow and was released in 2016. The rights to receive such funds (with value unknown at the time) were transferred to the Trust in 2006 by Thurston as part of the bankruptcy settlement.

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

NOTES TO FINANCIAL STATEMENTS
(continued)

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:

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. Trust expenses are recorded as deductions from net claimants' equity.

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

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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

The Trust is invested in short-term securities with maturities of less than one year to be held until maturity. The Trust had invested in the following as of December 31:

	2019	2018
Cash	$ 56,412	$ 34,046
Money market funds	1,648,129	3,704,373
	$ 1,704,541	$ 3,738,419

The Trust maintains its cash and cash equivalents in accounts that, 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 securities and related income

The Trust is invested in a diversified portfolio of stocks and bonds. Investments in 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 securities reported in the statements of changes in net claimants' equity.

All securities are deemed by management to be available for sale and are reported at fair value based on their quoted market prices or market prices observable either directly or indirectly for similar investments with net unrealized gains or losses reported within net claimants' equity. Realized gains and losses on disposals of investments are determined by the average cost method. Interest and 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. There were no investments considered to be permanently impaired or other than temporarily impaired investments as of December 31, 2019 and 2018.

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 securities.

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

NOTES TO FINANCIAL STATEMENTS
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 determined based on these forecasts with the consent of the Trust Advisory Committee and Future Claimants' Representative. This payment percentage is subject to periodic review and adjustment. Effective November 21, 2017, the Trust increased the payment percentage from 35% to 50%. The Trust has also decided that this increase in the payment percentage is to be applied to all post-bankruptcy claims that were paid at the lower rate. Payments related to increases in the payment percentage are processed as supplemental payments and are deducted from net claimant's equity when paid.

(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.

Pursuant to a final settlement agreement and release, it was determined the Trust would receive $663,111, which was previously held in escrow and was released in 2016. The rights to receive such funds (with value unknown at the time) were transferred to the Trust in 2006 by Thurston as part of the bankruptcy settlement. The Trust expects no further contributions from Thurston in the future.

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

NOTES TO FINANCIAL STATEMENTS
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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, 2019, there was $367,295 of claims settled but not paid. At December 31, 2019, there was $307,145 of claim offers outstanding but not yet accepted by claimants.

(g) Professional fees

During the years ended December 31, 2019 and 2018, professional fees of $122,682 and $123,062, respectively, were paid to Gleason and Associates, P.C. whose president and managing director is the sole trustee of the Trust.

(h) Income taxes

No federal income tax benefit or provision was recorded for the years ended December 31, 2019 or 2018. As of December 31, 2019, the Trust has tax net operating loss carryforwards of approximately $1,420,000 expiring beginning in 2031. As of December 31, 2019, the Trust has provided a valuation allowance for approximately $525,500, the full amount of the deferred tax asset related to NOL carryforwards due to the uncertainty of realizing those benefits in future years. During the years ended December 31, 2019 and 2018, the Trust utilized approximately $130,000 and $59,000, respectively, of net operating loss carryforwards to offset current year taxable income. 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 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 2016 and beyond remain subject to examination by the Internal Revenue Service.

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

NOTES TO FINANCIAL STATEMENTS
(continued)

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 either directly or 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.

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, 2019			
Level	Fair value	Cost	Unrealized gain
I	$ 3,567,504	$ 2,296,100	$ 1,271,404
II	17,666,797	17,529,869	136,928
	$ 21,234,301	$ 19,825,969	$ 1,408,332

December 31, 2018			
Level	Fair value	Cost	Unrealized gain (loss)
I	$ 2,991,801	$ 2,096,422	$ 895,379
II	17,298,479	17,368,387	(69,908)
	$ 20,290,280	$ 19,464,809	$ 825,471

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

NOTES TO FINANCIAL STATEMENTS
(continued)

NOTE 3 - INVESTMENTS IN MARKETABLE SECURITIES (continued)

Maturities of the Trust's municipal bonds at December 31, 2019 are as follows:

	Fair value	Cost	Unrealized gain
Due in one year or less	$ 4,430,510	$ 4,419,939	$ 10,571
Due after one year through five years	11,695,295	11,579,076	116,219
Due after five years through ten years	986,777	979,777	7,000
Due after ten years through twenty years	339,905	339,031	874
Due after twenty years	214,310	212,046	2,264
	$ 17,666,797	$ 17,529,869	$ 136,928

Accrued interest income from municipal bonds at December 31, 2019 and 2018 was $267,622 and $277,316, respectively.

Temporary impairment of investments

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

	2019					
	Less than 12 months		12 months or greater		Total	
	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
Equity securities	$ 247,147	$ 34,004	$ 114,002	$ 25,461	$ 361,149	$ 59,465
Municipal bonds	1,497,312	5,244	211,684	1,729	1,708,996	6,973
Total	$ 1,744,459	$ 39,248	$ 325,686	$ 27,190	$ 2,070,145	$ 66,438

	2018					
	Less than 12 months		12 months or greater		Total	
	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
Equity securities	$ 309,557	$ 50,419	$ 36,222	$ 15,217	$ 345,779	$ 65,636
Municipal bonds	4,144,392	22,879	525,756	536	4,670,148	23,415
Total	$ 4,453,949	$ 73,298	$ 561,978	$ 15,753	$ 5,015,927	$ 89,051

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

NOTES TO FINANCIAL STATEMENTS
(continued)

NOTE 3 - INVESTMENTS IN MARKETABLE SECURITIES (continued)

Temporary impairment of investments (continued)

The Trust's investments in equity and debt securities are diversified among common stocks and bonds of companies and governmental entities 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 activities, 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, 2019.

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, 2019 and 2018, the Trust paid $28,104 and $30,550, respectively, in service fees to Porter, which are included in professional fees in the accompanying statements of changes in net claimants' equity.

NOTE 5 - 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 6, 2020, the date on which the financial statements were available to be issued.

During the period from December 31, 2019 through April 6, 2020, investment values decreased approximately 3.3% as a result of adverse market conditions. At this time, these declines in market value are not expected to be other than temporary.

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EXHIBIT 3 & EXHIBIT "B" to Annual Rpt.

C. E. Thurston & Sons Asbestos Trust
Claims Summary

		2018		2019
Beginning Open Claims				
Bilateral non-cancer		413		327
Severe Asbestosis		27		24
Other Cancer		68		75
Lung Cancer		240		278
Mesothelioma		312		340
Total		1,060		1,044
New Claims				
Bilateral non-cancer		148		103
Severe Asbestosis		7		8
Other Cancer		48		44
Lung Cancer		137		139
Mesothelioma		148		153
Total		488		447
Cumulative Claims Filed		35,969		36,416
Paid Claims				
Bilateral non-cancer		123		125
Severe Asbestosis		7		7
Other Cancer		32		36
Lung Cancer		47		94
Mesothelioma		89		144
Total		298		406
Cumulative Claims Paid		18,269		18,675
Dollars Paid				
Expedited / Maximum	*Payment Percentage*	*50.0%*		*50.0%*
$ 500 / $ 500	Bilateral non-cancer	$ 349,825.00	$	31,275.00
$ 4,070 / $ 7,200	Severe Asbestosis	78,047.50		14,245.00
$ 1,400 / $ 2,000	Other Cancer	72,240.00		25,060.00
$ 4,650 / $ 10,000	Lung Cancer	633,817.50		219,712.50
$ 25,000 / $ 50,000	Mesothelioma	3,834,500.00		1,821,250.00
	Total	$ 4,968,430.00	$	2,111,542.50
Cumulative Post Petition Claim Payments		$ 36,985,327.50	$	39,096,870.00
Closed without Payment				
Bilateral non-cancer		111		41
Severe Asbestosis		3		1
Other Cancer		9		18
Lung Cancer		52		50
Mesothelioma		31		39
Total		206		149