IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	**Chapter 11**
	)	
Combustion Engineering, Inc.,	)	**Case No. 03-10495 (MFW)**
	)	
Debtor.	)	

NOTICE OF FILING OF ANNUAL REPORT, FINANCIAL STATEMENTS AND RESULTS OF OPERATIONS OF THE COMBUSTION ENGINEERING 524(g) ASBESTOS PI TRUST FOR FISCAL YEAR ENDED DECEMBER 31, 2013

(For the Period January 1, 2013 to December 31, 2013)

PLEASE TAKE NOTICE that, on April 30, 2014, the Trustees of the Combustion Engineering 524(g) Asbestos PI Trust (the "Trust") filed the Annual Report, Financial Statements and Results of Operations of the Trust for Fiscal Year Ended December 31, 2013 (the "Annual Report") and its audited financial statements for the same period (the "Audited Financial Statements"). The Annual Report and the Audited Financial Statements are attached hereto as Exhibits "A" and "A-1," respectively.

Dated: April 30, 2014

Respectfully submitted,

THE HOGAN FIRM

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ATTORNEYS FOR THE COMBUSTION ENGINEERING 524(g) ASBESTOS PI TRUST

EXHIBIT A

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	**Chapter 11**
	)	
Combustion Engineering, Inc.,	)	**Case No. 03-10495 (MFW)**
	)	
Debtor.	)	

ANNUAL REPORT, FINANCIAL STATEMENTS AND RESULTS OF OPERATIONS OF THE COMBUSTION ENGINEERING 524(g) ASBESTOS PI TRUST FOR FISCAL YEAR ENDED DECEMBER 31, 2013

The Honorable Ken Kawaichi, Ret., Ellen S. Pryor and the Honorable Richard Neville, Ret., Trustees of the Combustion Engineering 524(g) Asbestos PI Trust (the "Trust"), created pursuant to Combustion Engineering, Inc.'s Plan of Reorganization, as Modified through October 7, 2005 (the "Plan"), submit this Annual Report, Financial Statements and Results of Operations of the Combustion Engineering 524(g) Asbestos PI Trust for Fiscal Year Ended December 31, 2013.

I. General

Combustion Engineering, Inc. ("Combustion Engineering") filed a voluntary petition for relief under Chapter 11, title 11 of the United States Code (the "Bankruptcy Code") on February 17, 2003. The United States Bankruptcy Court for the District of Delaware entered the Order Confirming (and Recommending Affirmance by the U.S. District Court) Debtor's Plan of Reorganization as Modified Through October 7, 2005 and Setting Bar Dates to File Certain Claims in Paragraphs 50, 51, 52, 53 and 73 on December 19, 2005 (the "Confirmation Order"). On March 1, 2006, the United States District Court for the District of Delaware entered its order affirming the Confirmation Order and Issuing Injunctions. The Effective Date of the Plan occurred on April 21, 2006. Pursuant to the Plan, Steven Kazan, Russell W. Budd, Brent Coon,

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John D. Cooney and Matthew P. Bergman are the members of the Trust Advisory Committee ("TAC"). David T. Austern was the Future Claimants' Representative ("FCR") until his death on May 16, 2013. In accordance with the terms of the Combustion Engineering 524(g) Asbestos PI Trust Agreement ("Trust Agreement"), the Trustees of the Trust, with the consent of the TAC, selected Roger Frankel as the successor FCR.

The Trust Agreement and the Combustion Engineering 524(g) Asbestos PI Trust Bylaws (the "Bylaws") require the Trustees to meet with the TAC and the FCR at least two times each calendar year, at regular or special meetings. In 2013, the Trust held regular meetings on February 27, 2013, May 22, 2013, September 18, 2013, and November 13, 2013.

The Trustees generally held weekly Trustees' meetings throughout the year, usually by telephone.

Effective September 10, 2012, the Trustees named Hon. Richard E. Neville, Ret., Managing Trustee for a one year term. The Trustees extended Trustee Neville's term as Managing Trustee to September 24, 2013. Effective September 25, 2013, the Trustees named Hon. Ken Kawaichi, Ret., Managing Trustee for a one year term.

The principal office of the Trust is located at 1105 North Market Street, Suite 1300, P.O. Box 8985, Wilmington, Delaware 19899. The Trust's administrative office is located at 400 N. Saint Paul Street, Suite 600, Dallas, Texas 75201.

In 2013, the Trust entered and/or continued service agreements with: Stutzman, Bromberg, Esserman & Plifka, a Professional Corporation (general counsel); Lain Faulkner & Co. P.C. (accountant and administrator); Verus Claims Services LLC (TDP Claims processing facility and claims administrator); Gilbert LLP (insurance counsel); BDO USA, LLP (auditor); Wilshire Associates (financial consultant); State Street Bank & Trust (custodian); Alliance

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Bernstein LP (money manager); Northern Trust Investments, N.A. (money manager); Standish Mellon Asset Management Company LLC (money manager); State Street Global Advisors (money manager); Allianz Global Investors Capital (money manager); Richmond Capital Management, Inc. (money manager); Legal Analysis Systems (claims forecasting); and AON Risk Services Central, Inc. (insurance agent). The Trust retained local counsel as needed.

The Trust maintained liability insurance for the Trustees, the members of the TAC and the FCR.

II. Asbestos PI Claims

The Combustion Engineering 524(g) Asbestos PI Trust First Amended and Restated Asbestos PI Trust Distribution Procedures (effective September 16, 2009) (the "TDP"), the Combustion Engineering 524(g) Asbestos PI Trust Revised and Restated Procedures for Reviewing and Liquidating TDP Claims, the Combustion Engineering 524(g) Asbestos PI Trust Claim Form, and other claims-related forms and instructions are available at www.cetrust.org.

A. Payment Percentage, Maximum Annual Payment and Claims Payment Ratio

The Payment Percentage for 2013 was 44%.

The Maximum Annual Payment for 2013 was $75,000,000.

Under the TDP, Claims Payment Ratios are 87% for Category A Claims (malignancy claims and severe asbestosis) and 13% for Category B Claims (other non-malignancy claims).

The Maximum Annual Payment and Claims Payment Ratios were applied as follows:

From 2012, the Trust carried $14,924,861 into 2013 for payment on Category A Claims and $7,317 for payment on Category B Claims.

For 2013, 87% of the Maximum Annual Payment of $75,000,000 was allocated to Category A Claims and 13% was allocated to Category B Claims, with payments as follows:

Category A Claims 87% =	$ 65,250,000
Carryover from 2012 =	$ 14,924,861
Total for 2013 =	$ 80,174,861
Paid in 2013 (net of refunds) =	$ 80,134,636
Carryover into 2014 =	$ 40,225
Category B Claims 13% =	$ 9,750,000
Carryover from 2012 =	$ 7,317
Total for 2013 =	$ 9,757,317
Paid in 2013 (net of refunds) =	$ 9,756,660
Carryover into 2014 =	$ 657

A total of 1,073 liquidated Category A Claims and 20,197 liquidated Category B Claims remained in the FIFO Payment Queue (as that term is defined in the TDP) as of December 31, 2013.

B. Claims Statistics for the Fiscal Year Ending December 31, 2013

The Trust received 25,229 claims in 2013. In 2013, the Trust liquidated and paid 12,284 claims for a total of $89,891,296. Below is further detail with respect to the claims received and paid by the Trust in 2013.

Total claims received in 2013:

Total Category A Claims received in 2013 =		10,301
Category A Claims submitted for Expedited Review	6,744	
Category A Claims submitted for Individual Review	3,557	
Total Category B Claims received in 2013 =		14,928
Category B Claims submitted for Expedited Review	13,865	

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Category B Claims submitted for Individual Review	1,063	
Total claims received in 2013 =		25,229

Total claims paid in 2013:

Total Category A Claims paid in 2013 =		4,280
Category A Claims paid pursuant to Expedited Review	2,745	
Category A Claims paid pursuant to Individual Review	1,535	
Total Category B Claims paid in 2013 =		8,004
Category B Claims paid pursuant to Expedited Review	7,789	
Category B Claims paid pursuant to Individual Review	215	
Total claims paid in 2013 =		12,284

Since inception of the Trust, the Trust has not approved 215,610 claims, including rejected claims, claims with un-cured deficiencies, and withdrawn and deferred claims. The number of claims in the FIFO Processing Queue (as that term is defined in the TDP) on December 31, 2014, totaled 1,240, of which 611 are Category A Claims and 629 are Category B Claims.

III. Compensation and Expenses of Trustees

Under Section 5.5(c) of the Trust Agreement, the Trust reports to the Court the amount of compensation and expenses paid to the Trustees. The Trust refers the Court to the Supplementary Information to the audited special-purpose financial statements, attached hereto. The Trust pays the Delaware Trustee a fee of $2,500, which is included in administrative costs in the Supplementary Information.

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IV. Plan Reserve Blocked Account

Under the Excess Funds Agreement entered as of April 20, 2006, by and among the Trust, Combustion Engineering, Inc., ABB Inc. and ABB Holdings Inc., a Plan Reserve Blocked Account was established and funded to pay certain administrative expenses of the Combustion Engineering Chapter 11 case and certain unsecured creditor claims filed against the Combustion Engineering bankruptcy estate, all if and as allowed under the Plan. To the extent that funds remain in the Plan Reserve Blocked Account after the payment of the allowed administrative expenses and unsecured claims, the funds become the property of the Trust pursuant to the Plan. If the allowed administrative expenses and unsecured claims exceed the amount of the funds in the Plan Reserve Blocked Account, the Trust has no liability for the payment of the remaining portion of the allowed administrative expenses and unsecured claims. By agreement with Combustion Engineering, Inc. entered on November 6, 2006, one half of certain legal fees incurred and accrued by Combustion Engineering, Inc. after April 21, 2006 will be paid from the Plan Reserve Blocked Account.

Pursuant to the Excess Funds Agreement, on February 7, 2014, Combustion Engineering, Inc. reported to the Trust regarding the status of the Plan Reserve Blocked Account. As of January 31, 2014, the balance of the Plan Reserve Blocked Account totaled approximately $10.7 million.

V. Financial Statements

A copy of the Trust's audited financial statements for the year ending December 31, 2013, is attached here as Exhibit "A-1." The attached financial statements include supplemental schedules with the Trust's operating expenses and income taxes for the years ended December 31, 2013 and 2012.

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Dated: April 30, 2014

THE HOGAN FIRM

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ATTORNEYS FOR THE COMBUSTION ENGINEERING 524(g) ASBESTOS PI TRUST

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EXHIBIT A-1

Combustion Engineering 524(g) Asbestos PI Trust

Audited Special-Purpose Financial Statements with Supplementary Information

Years Ended December 31, 2013 and 2012

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

BDO

Combustion Engineering 524(g) Asbestos PI Trust

Audited Special-Purpose Financial Statements with Supplementary Information

Years Ended December 31, 2013 and 2012

Combustion Engineering 524(g) Asbestos PI Trust

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Independent Auditor's Report

Trustees
Combustion Engineering 524(g) Asbestos PI Trust
Dallas, Texas

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of Combustion Engineering 524(g) Asbestos PI Trust (the Trust) which comprise the special-purpose statements of assets, liabilities and net claimants' equity as of December 31, 2013 and 2012, and the related special-purpose statements of changes in net claimants' equity and special-purpose statements of cash flows for the years then ended and the related notes to the special-purpose financial statements.

Management's Responsibility for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with the special-purpose basis of accounting 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.

Auditor's Responsibility

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 audit to obtain reasonable assurance about whether the special-purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special-purpose 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 special-purpose 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 special-purpose financial statements.

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

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

Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the net claimants' equity of the Combustion Engineering 524(g) Asbestos PI Trust as of December 31, 2013 and 2012, and the changes in net claimants' equity and cash flows for the years then ended in accordance with the special-purpose basis of accounting described in Note 2 to the special-purpose financial statements.

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, these special-purpose financial statements were prepared on a special-purpose basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter. The special-purpose basis of accounting has been used in order to communicate the amount of net equity presently available to fund current and future claimants.

Restriction of Use

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

BDO USA, LLP

McLean, Virginia
April 24, 2014

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Audited Special-Purpose Financial Statements

Combustion Engineering 524(g) Asbestos PI Trust

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

December 31,	2013	2012
Assets		
Cash, cash equivalents and investment securities	$ 892,151,778	$ 963,139,499
Accrued interest and dividends receivable	10,054,730	9,423,588
Other assets	76,803	47,467
Total assets	902,283,311	972,610,554
Liabilities		
Accrued claims, accrued expenses and accounts payable	37,082,614	21,609,359
Net claimants' equity	$ 865,200,697	$ 951,001,195

See accompanying notes to the special-purpose financial statements.

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Combustion Engineering 524(g) Asbestos PI Trust

Special-Purpose Statements of Changes in Net Claimants' Equity

Years Ended December 31,	2013	2012
Additions		
Investment income	$ 36,513,409	$ 37,457,053
Net realized gain on investment securities	12,808,748	40,148,249
Total additions	49,322,157	77,605,302
Deductions		
Operating expenses and income taxes	4,635,074	4,329,295
Direct investment expenses	2,020,720	1,466,546
Net change in unrealized gain/loss on investment securities	24,416,198	23,332,307
Total deductions	31,071,992	29,128,148
Increase in net claimants' equity	18,250,165	48,477,154
Net claimants' equity		
Beginning of the year	951,001,195	1,024,553,572
Additions to net claimants' equity	1,125,000	235,226
Distributions from net claimants' equity	(105,175,663)	(122,264,757)
End of the year	$ 865,200,697	$ 951,001,195

See accompanying notes to the special-purpose financial statements.

Combustion Engineering 524(g) Asbestos PI Trust

Special-Purpose Statements of Cash Flows

Years Ended December 31,	2013	2012
Cash inflows:		
Investment income receipts	$ 37,035,319	$ 38,300,685
Net realized gain on sale of investment securities	12,808,748	40,148,249
Proceeds from other refunds	1,125,000	198,964
Total cash inflows	50,969,067	78,647,898
Cash outflows:		
Distributions to claimants	89,891,296	101,164,787
Trust operating expenses and income taxes	4,550,302	4,465,744
Direct investment expenses	1,945,940	1,383,063
Total cash outflows	96,387,538	107,013,594
Net cash outflows	(45,418,471)	(28,365,696)
Non-cash changes:		
Net change in unrealized gain/loss on investment securities	(24,416,198)	(23,332,307)
Amortization of bond premium	(1,153,052)	(196,716)
Total non-cash changes	(25,569,250)	(23,529,023)
Net decrease in cash, cash equivalents and investment securities	(70,987,721)	(51,894,719)
Cash, cash equivalents and investment securities, at the beginning of year	963,139,499	1,015,034,218
Cash, cash equivalents and investment securities, at the end of year	$ 892,151,778	$ 963,139,499

See accompanying notes to the special-purpose financial statements.

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Combustion Engineering 524(g) Asbestos PI Trust

Notes to the Special Purpose Financial Statements

1. Description of the Trust

The Combustion Engineering 524(g) Asbestos PI Trust (the Trust), organized pursuant to the laws of the State of Delaware, was established pursuant to Combustion Engineering, Inc.'s (CE) plan of reorganization, as modified through October 7, 2005 (the Plan) and became effective on April 20, 2006. The Trust was formed to assume all Asbestos PI Trust Claims (whether now existing or arising at any time hereafter) and to use the 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 Plan. The Trust's principal office is in Wilmington, Delaware and its administrative office is located in Dallas, Texas. Defined terms have the meanings assigned to them in the Plan.

The Trust was initially funded with ABB, Ltd. stock, ABB promissory note, CE contribution agreement, CE convertible secured note, and insurance settlement rights. Any additional insurance rights or proceeds determined subsequent to the inception date will be credited directly to net claimants' equity. Since its creation, the Trust has divested itself of all ABB, Ltd. holdings.

2. Significant Accounting Policies

Basis of Presentation

The Trust's financial statements are prepared using special-purpose accounting methods adopted by the Trustees, 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 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. Insurance recoveries are recorded when the related policies are settled and collectability is assured from the insurance carriers. These recoveries come from various insurance settlements, which were obtained by CE and related entities and assigned to the Trust or were negotiated by the Trust. All known non-speculative insurance recoveries have been received.

b. Investment securities are recorded at fair market 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. Realized and unrealized gains and losses on investment securities are recorded as additions or deductions in the special-purpose statements of changes in net claimants' equity. Under GAAP, unrealized gains and losses of available-for-sale securities are excluded from earnings and recorded as other comprehensive income or loss with the accumulated balance shown as a separate component of shareholders' equity.

c. Taxable corporate fixed income securities are stated at amortized cost, with amortization and accretion of bond premiums or discounts included in investment income. Nontaxable fixed income securities are stated at historical cost, with amortization of bond premiums or accretion of bond discounts included in unrealized gains and losses. Under GAAP, all fixed income securities would be stated at amortized cost with amortization and accretion recorded in investment income.

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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 distributions 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 Trustees. An unpaid settled claim is a claim that cannot be paid due to annual cap limitations or has been authorized for payment by the Trustees but not yet paid. Unpaid claims that are a result of annual cap limitations are recorded when settled. 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. Payments for services to be received over an extended period in the future are expensed as paid because these amounts are no longer available for the payment of claims. Under GAAP, an asset would be recorded and amortized over the period in which the related benefits are received.

g. Payments for property and equipment are expensed as incurred. Under GAAP, payments for property and equipment are capitalized and depreciated over the useful lives of the assets. To date, the Trust has incurred no expense related to purchases of property and equipment.

h. 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. Income tax refunds are recorded when cash is received by the Trust. Under GAAP, the provision for income taxes is calculated based upon book income reported for financial statement purposes, the current federal and state income tax rates, and changes in deferred taxes due to the permanent and timing differences between financial reporting and tax bases of assets and liabilities. Under GAAP, deferred taxes also 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 and Investment Securities

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

Investment securities are stated at fair market value with changes in unrealized gains and losses recorded in the current period. Investment income is recognized when earned. Any unearned

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interest and dividend income are recorded as accrued interest and dividends receivable. Realized gains and losses on sales are determined using the specific identification method.

Accrued Claims, Accrued Expenses and Accounts Payable

Accrued claims consist of certain claims that are settled but unpaid at December 31, 2013 and 2012. 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 Trustees. An unpaid settled claim is a claim that cannot be paid due to annual cap limitations or has been authorized by the Trustees but not yet paid. Unpaid claims that are a result of annual cap limitations are recorded when settled.

Accrued expenses and accounts payable consist of outstanding invoices associated with managing the Trust.

Operating Expenses

Operating expenses of the Trust are recorded as deductions on the statements of changes in net claimants' equity in the period in which the invoices are accrued.

Income Taxes

The Trust is classified as a Qualified Settlement Fund pursuant to the Internal Revenue Code and Regulations thereunder (the Code). 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.

Concentrations of Credit Risk

The Trust's assets that are exposed to credit risk consist of cash and cash equivalents. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Trust has never experienced any losses related to these balances. Amounts on deposit in excess of federally insured limits at December 31, 2013 approximate $77 million.

Subsequent Events

The Trust has evaluated its December 31, 2013 special-purpose financial statements for subsequent events through April 24, 2014, 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.

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Combustion Engineering 524(g) Asbestos PI Trust

Notes to the Special Purpose Financial Statements

3. Cash, Cash Equivalents and Investment Securities

Cash, cash equivalents and investment securities consist of the following at December 31, 2013:

	2013		
	Cost	Fair Value	Unrealized Gain/(Loss)
Cash and cash equivalents	$ 78,358,109	$ 78,358,109	$ -
Equities	98,966,947	121,308,547	22,341,600
Bonds	702,395,907	692,485,122	(9,910,785)
Total cash, cash equivalents and investments	$ 879,720,963	$ 892,151,778	$ 12,430,815

Cash, cash equivalents and investment securities consist of the following at December 31, 2012:

	2012		
	Cost	Fair Value	Unrealized Gains
Cash and cash equivalents	$ 100,438,376	$ 100,438,376	$ -
Equities	113,886,048	126,530,496	12,644,448
Bonds	711,968,097	736,170,627	24,202,530
Total cash, cash equivalents and investments	$ 926,292,521	$ 963,139,499	$ 36,846,978

The maturities of the Trust's investments in bonds are as follows as of December 31, 2013:

	Less than 1 Year	After 1 Year Through 5 Years	After 5 Years Through 10 Years	After 10 Years	Total
Bonds	$ 32,764,249	$ 192,971,129	$ 380,573,643	$ 86,176,101	$ 692,485,122

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The maturities of the Trust's investments in bonds are as follows as of December 31, 2012:

	Less than 1 Year	After 1 Year Through 5 Years	After 5 Years Through 10 Years	After 10 Years	Total
Bonds	$ 128,044,600	$ 217,810,572	$ 271,094,969	$119,220,486	$ 736,170,627

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:

Level 1: Equities are valued at the closing price reported on the active market on which the individual securities are traded.

Level 2: Bonds are valued using a metrics system provided by the pricing vendors.

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Notes to the Special Purpose Financial Statements

Investments measured at fair value on a recurring basis are summarized below:

	As of December 31, 2013			
	Assets Measured At Fair	Fair Value Hierarchy Level		
Description	Value	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 78,358,109	$ 78,358,109	$ -	$ -
Equities:				
Common stock	105,753,068	105,753,068	-	-
Mutual funds	12,628,742	12,628,742	-	-
Other	2,926,737	2,926,737	-	-
Total equities	121,308,547	121,308,547	-	-
Bonds:				
State government	280,589,930	-	280,589,930	-
Corporate	112,873,777	-	112,873,777	-
Municipal	299,021,415	-	299,621,415	-
Total bonds	692,485,122	-	692,485,122	-
Total assets at fair value	$ 892,151,778	$ 199,666,656	$ 692,485,122	$ -

	As of December 31, 2012			
	Assets Measured At Fair	Fair Value Hierarchy Level		
Description	Value	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 100,438,376	$ 100,438,376	$ -	$ -
Equities:				
Common stock	106,956,558	106,956,558	-	-
Mutual funds	16,276,450	16,276,450	-	-
Other	3,297,488	3,297,488	-	-
Total equities	126,530,496	126,530,496	-	-
Bonds:				
State government	158,394,002	-	158,394,002	-
Corporate	11,827,187	-	11,827,187	-
Municipal	565,949,438	-	565,949,438	-
Total bonds	736,170,627	-	736,170,627	-
Total assets at fair value	$ 963,139,499	$ 226,968,872	$ 736,170,627	$ -

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Notes to the Special Purpose Financial Statements

5. Income Taxes

For federal income tax purposes, CE has elected for the qualified assets of the Trust to be taxed as a Designated Settlement Fund (DSF). For 2013, the statutory income tax rate for the DSF is 39.6%. The following is a summary of the estimated net taxable operating income (loss) for the years ended December 31:

	2013	2012
Increase in net claimants' equity before income taxes	$ 18,250,165	$ 48,477,154
Less: municipal bond interest	(27,528,536)	(33,100,395)
Less: realized gains on investment securities	(12,808,748)	(40,148,249)
Plus: change in net unrealized gains on investment securities	24,416,198	23,332,307
Plus: expenses allocable to municipal bond interest	1,261,613	1,093,754
Plus: income taxes paid and accrued for 2013	1,228,191	-
Net taxable operating income (loss)	4,818,883	(345,429)
Less: application of net operating loss carryforward	(1,721,004)	-
Net taxable income (loss) after application of net operating loss carryforward	3,097,879	(345,429)
Statutory tax rate	39.6%	35%
Provision for current income taxes	$ 1,226,760	$ -

During the years ended December 31, 2013 and 2012, the Trust generated recognized gains of $12,808,748 and $40,148,249, respectively. These gains were offset by capital losses carried forward from prior years. At December 31, 2013, the Trust has cumulative capital losses of $13,743,205 available to carry forward. Total cumulative capital losses of $11,605,561 and $2,137,644, will expire on December 31, 2014 and 2015, respectively.

During the years ended December 31, 2013 and 2012, the Trust generated net operating income of $4,818,883 and net operating loss of $345,429, respectively. At December 31, 2012, the Trust had a net operating loss carryforward of $1,721,004 to offset future taxable income. The net operating losses generated prior to 2013 have been fully utilized.

6. Net Claimants' Equity

The contributions to net claimants' equity for the years ended December 31, 2013 and 2012 are comprised of insurance settlement rights, foreign scheme payments, and miscellaneous refunds. Pursuant to the Plan, the Trust was assigned certain settled and unsettled insurance rights. All unsettled insurance rights have now been settled. Additionally, the Trust has negotiated certain insurance settlements directly. Any future rights or proceeds for which there is no receivable recorded will be recorded directly as an increase to net claimants' equity when received.

During the years ended December 31, 2013 and 2012, the Trust recorded $1,125,000 and $235,226, respectively, in foreign scheme payments, tax refunds and other miscellaneous refunds directly as additions to net claimants' equity.

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Notes to the Special Purpose Financial Statements

7. Distributions from Net Claimants' Equity

For the years ended December 31, 2013 and 2012, the Trust settled 33,554 and 32,832 claims totaling $105,175,663 and $122,264,757, respectively. For the years ended December 31, 2013 and 2012, the Trust received 25,229 and 25,967 new claim filings, respectively.

The following is a reconciliation of distributions from claimants' equity to total claims (and related expenses) paid for the year ended December 31:

	2013	2012
Claim settlements	$ 105,175,663	$ 122,264,757
Change in accrued claims and related expenses	(15,284,367)	(21,099,970)
Total cash paid for distributions to claimants	$ 89,891,296	$ 101,164,787

8. 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.

9. Liability for Asbestos Claims

Personal injury claims that were settled, but unpaid as of December 31, 2013 and 2012, have been accrued and included in accrued claims, accrued expenses and accounts payable. These amounts have been included in distributions 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, 2013 and 2012.

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, 2013 and 2012 represents funding available for all Asbestos PI Trust Claims for which no fixed liability has yet been established.

Combustion Engineering 524(g) Asbestos PI Trust

Supplementary Information
Years Ended December 31, 2013 and 2012

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Independent Auditor's Report on Supplementary Information

Trustees
Combustion Engineering 524(g) Asbestos PI Trust
Dallas, Texas

Our audits of the special-purpose financial statements included in the preceding section of this report were conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of those special-purpose financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special-purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the special-purpose financial statements as a whole.

BDO USA, LLP

April 24, 2014

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Combustion Engineering 524(g) Asbestos PI Trust

Schedules of Investment Income

December 31,	2013	2012
Investment income		
Interest on bonds	$ 33,331,386	$ 33,328,959
Other dividends	3,177,982	4,122,906
Interest on short term investments	4,041	5,188
Total investment income	$ 36,513,409	$ 37,457,053

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Combustion Engineering 524(g) Asbestos PI Trust

Schedules of Operating Expenses, Income Taxes and Direct Investment Expenses

December 31,	2013	2012
Operating expenses and income taxes		
Federal income taxes	$ 1,226,760	$ -
Legal fees	1,024,630	1,371,359
Consulting	796,142	1,005,012
Claims processing services	575,211	729,112
Trustee disbursements	476,614	670,340
Accounting and audit	418,925	392,239
Insurance	105,600	147,300
Administrative costs	11,192	13,933
Total operating expenses and income taxes	$ 4,635,074	$ 4,329,295
Direct investment expenses		
Investment advisory fees	$ 1,762,636	$ 1,171,557
Custodial fees	124,743	131,379
Foreign taxes	133,341	163,610
Total direct investment expenses	$ 2,020,720	$ 1,466,546

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CERTIFICATE OF SERVICE

I, Daniel K. Hogan, certify that on April 30, 2014, a true and correct copy of the foregoing was served on the parties listed below via first class mail and all other parties registered for electronic service via CM/ECF.

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