IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	**Chapter 11**
	)	
Combustion Engineering, Inc.,	)	**Case No. 03-10495 (KG)**
	)	
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, 2018

(For the Period January 1, 2018 to December 31, 2018)

PLEASE TAKE NOTICE that, on April 30, 2019, 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, 2018 (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, 2019

Respectfully submitted,

HOGAN♦McDANIEL

By: */s/ Daniel K. Hogan*
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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 (KG)**
	)	
Reorganized Debtor.	)	

ANNUAL REPORT, FINANCIAL STATEMENTS AND RESULTS OF OPERATIONS OF THE COMBUSTION ENGINEERING 524(g) ASBESTOS PI TRUST FOR FISCAL YEAR ENDED DECEMBER 31, 2018

Ellen S. Pryor, the Honorable Richard Neville, Ret., and the Honorable Ken Kawaichi, 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, 2018.

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"). Roger Frankel is the Future Claimants' Representative ("FCR").

The Combustion Engineering 524(g) Asbestos PI Trust Agreement ("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 2018, the Trust held regular meetings on February 7, 2018, May 23, 2018, September 26, 2018, and November 14, 2018.

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

Effective January 1, 2018, the Trustees named Ellen Pryor as the 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. In 2018, the Trust's administrative office was located at P.O. Box 307, 27400 Northwestern Highway, Southfield, Michigan 48037.

In 2018, the Trust entered and/or continued service agreements with: Stutzman, Bromberg, Esserman & Plifka, a Professional Corporation (general counsel); Plante Moran, PLLC (accountant, administrator and tax advisor); Verus Claims Services LLC (claims processing facility and claims administrator); Gilbert LLP (insurance counsel); BDO USA, LLP (auditor); Wilshire Associates (financial consultant); Northern Trust Company (custodian); Alliance Bernstein LP (money manager); Northern Trust Investments, N.A. (money manager); State Street Global Advisors (money manager); Aegon USA Investment Management LLC (money manager); Richmond Capital Management, Inc. (money manager); AQR Capital Management LLC (money manager); Natixis Funds (money manager); Legal Analysis Systems

Combustion Engineering Asbestos Trust Annual Reports, 2018 annual report
ACL Doc 13809 · Page 5 of 33
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(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. In addition, the Trust obtained cyber security protection insurance.

II. Asbestos PI Claims

The Combustion Engineering 524(g) Asbestos PI Trust Second Amended and Restated Asbestos PI Trust Distribution Procedures (the "TDP"), the Combustion Engineering 524(g) Asbestos PI Trust Second 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

Pursuant to TDP Section 4.3, the Payment Percentage applied to claims paid by the Trust in 2018 was 29%.

The Maximum Annual Payment for 2018 was $58,686,189.

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 the unused and remaining Maximum Annual Payment in 2017, the Trust carried $9,799,006 into 2018 for payment on Category A Claims and $1,647,785 for payment on Category B Claims.

For 2018, the Maximum Annual Payment was allocated to Category A Claims and Category B Claims, with payments as follows:

Category A Claims =	$ 49,093,992

Combustion Engineering Asbestos Trust Annual Reports, 2018 annual report
ACL Doc 13809 · Page 6 of 33
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asbestosclaims.law/library/13809/6

Carryover from 2017 =	$ 9,799,006
Total for 2018 =	$ 58,892,998
Paid in 2018 (net of refunds) =	$ 58,874,000
Carryover into 2019 =	$ 18,998
Category B Claims =	$ 9,592,197
Carryover from 2017 =	$ 1,647,785
Total for 2018 =	$ 11,239,982
Paid in 2018 (net of refunds) =	$ 11,239,924
Carryover into 2019 =	$ 58

A total of 252 liquidated Category A Claims and 792 liquidated Category B Claims remained in the FIFO Payment Queue (as that term is defined in the TDP) as of December 31, 2018.

B. Claims Statistics for the Fiscal Year Ending December 31, 2018

From inception of the Trust through the period ending December 31, 2018, the Trust has received a total of 449,233 claims. As of December 31, 2018, the Trust has paid a total of 174,766 claims. The Trust received 25,783 claims in 2018. In 2018, the Trust liquidated and paid 16,845 claims. Below is further detail with respect to the claims received and paid by the Trust in 2018.

Total claims received in 2018:

Total Category A Claims received in 2018 =		8,303
Category A Claims submitted for Expedited Review	5,401	
Category A Claims submitted for Individual Review	2,902	
Total Category B Claims received in 2018 =		17,480

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ACL Doc 13809 · Page 7 of 33 asbestosclaims.law/library/13809/7

Category B Claims submitted for Expedited Review	16,976	
Category B Claims submitted for Individual Review	504	
Total claims received in 2018 =		25,783

Total claims paid in 2018:

Total Category A Claims paid in 2018 =		4,314
Category A Claims paid pursuant to Expedited Review	2,605	
Category A Claims paid pursuant to Individual Review	1,709	
Total Category B Claims paid in 2018 =		12,531
Category B Claims paid pursuant to Expedited Review	12,404	
Category B Claims paid pursuant to Individual Review	127	
Total claims paid in 2018 =		16,845

Since inception of the Trust, the Trust has not approved 258,902 claims, including rejected claims, claims with uncured 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, 2018, totaled 528, of which 54 are Category A Claims and 474 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.

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 28, 2019, Combustion Engineering, Inc. reported to the Trust regarding the status of the Plan Reserve Blocked Account. As of February 28, 2019, the balance of the Plan Reserve Blocked Account totaled approximately $9.9 million.

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ACL Doc 13809 · Page 9 of 33 asbestosclaims.law/library/13809/9

V. Financial Statements

A copy of the Trust's audited financial statements for the year ending December 31, 2018, is attached hereto 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, 2018 and 2017.

Dated: April 30, 2019

HOGAN♦McDANIEL

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

Combustion Engineering Asbestos Trust Annual Reports, 2018 annual report
ACL Doc 13809 · Page 10 of 33
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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, 2018 and 2017

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.

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Combustion Engineering 524(g) Asbestos PI Trust

Audited Special-Purpose Financial Statements
with Supplementary Information
Years Ended December 31, 2018 and 2017

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Combustion Engineering 524(g) Asbestos PI Trust

Contents

Independent Auditor's Report 1-2

Special-Purpose Financial Statements

- Special-Purpose Statements of Assets, Liabilities and Net Claimants' Equity 3
- Special-Purpose Statements of Changes in Net Claimants' Equity 4
- Special-Purpose Statements of Cash Flows 5
- Notes to the Special-Purpose Financial Statements 6-13

Supplementary Information

- Independent Auditor's Report on Supplementary Information 14
- Schedules of Investment Income 15
- Schedules of Operating Expenses, Income Taxes and Direct Investment Expenses 16

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Independent Auditor's Report

Trustees
Combustion Engineering 524(g) Asbestos PI Trust
Southfield, Michigan

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, 2018 and 2017, 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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Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the net claimants' equity of the Trust as of December 31, 2018 and 2017, 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 and should not be used by anyone other than the specified party. 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

April 25, 2019

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Special-Purpose Financial Statements

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Combustion Engineering 524(g) Asbestos PI Trust

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

December 31,	2018	2017
Assets		
Cash and cash equivalents	$ 50,800,612	$ 63,684,918
Investment securities	526,271,292	616,644,354
Accrued interest and dividends receivable	5,691,805	5,849,129
Unsettled securities	923,957	-
Prepaid income taxes	113,489	-
Other assets	105,394	161,384
Total assets	583,906,549	686,339,785
Liabilities		
Accrued claims, accrued expenses and accounts payable	3,537,631	1,146,526
Unsettled securities	962,646	28,563,805
Income tax payable	-	646,866
Total liabilities	4,500,277	30,357,197
Net claimants' equity	$ 579,406,272	$ 655,982,588

See accompanying notes to the special-purpose financial statements.

Combustion Engineering 524(g) Asbestos PI Trust

Special-Purpose Statements of Changes in Net Claimants' Equity

Years Ended December 31,	2018	2017
Additions		
Investment income	$ 16,699,830	$ 11,552,693
Net increase in unrealized gain on investment securities	-	24,967,183
Net realized gain on investment securities	-	8,813,582
Federal tax refund	4,486	3,824,929
Other additions	-	3,446
Total additions	16,704,316	49,161,833
Deductions		
Net decrease in unrealized gain on investment securities	18,176,872	-
Net realized loss on investment securities	6,988,774	-
Operating expenses and income taxes	5,090,366	5,753,019
Direct investment expenses	1,075,412	1,490,518
Other deductions	9,198	-
Total deductions	31,340,622	7,243,537
Net (decrease) increase in net claimants' equity	(14,636,306)	41,918,296
Net claimants' equity - beginning of the year	655,982,588	674,075,9488
Receipts from scheme payments and insurance	10,537,505	-
Distributions from net claimants' equity	(70,113,924)	(64,960,750)
Net change in provision for claimants' in queue	(2,363,591)	4,949,094
Net claimants' equity - end of the year	$ 579,406,272	$ 655,982,588

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,	2018	2017
Cash received from:		
Sales and maturities of investments	$ 323,031,243	$ 327,820,169
Investment income	22,910,263	28,045,317
Proceeds from other refunds	10,537,505	3,828,375
Other income	4,486	1,951
Total cash inflows	356,483,497	359,695,812
Cash paid for:		
Purchase of investment securities	292,375,817	260,597,139
Distribution to claimants	70,113,924	64,960,750
Trust operating expenses	3,504,339	3,721,522
Investment expenses	1,123,723	1,393,022
Income taxes	2,250,000	1,725,000
Total cash outflows	369,367,803	332,397,433
Net (decrease) increase in cash and cash equivalents	(12,884,306)	27,298,379
Cash and cash equivalents at the beginning of year	63,684,918	36,386,539
Cash, cash equivalents at the end of year	$ 50,800,612	63,684,918

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 Southfield, Michigan. Defined terms have the meanings assigned to them in the Plan.

The Trust was initially funded with ABB, Ltd. stock, ABB promissory note, a CE contribution agreement, a CE convertible secured note, and insurance settlement rights. 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 stockholders' equity.

c. Fixed income securities are stated at amortized cost, with amortization and accretion of bond premiums or discounts included in investment income.

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 claim distributions are treated as a reduction to 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. The liability for unpaid claims that is a result of annual cap limitations is recorded when settled. This liability is the product of the liquidated value of the unpaid claims times the Payment Percentage in effect at year-end. The actual amount paid to an unpaid claimant maybe more or less depending on the Payment Percentage in effect at the time of payment. 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. 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 these special-purpose financial statements 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 financial statements, as well as the reported changes in 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 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.

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Accrued Claims, Accrued Expenses and Accounts Payable

Accrued claims consist of certain claims that are settled but unpaid at December 31, 2018 and 2017. 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. The liability for unpaid claims that is a result of annual cap limitations is recorded when settled. This liability is the product of the liquidated value of the unpaid claims times the Payment Percentage in effect at year-end. The actual amount paid to an unpaid claimant maybe more or less depending on the Payment Percentage in effect at the time of payment.

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

Unsettled Securities

Unsettled securities consist amounts due for securities sold before year end and commitments for securities acquired before year end.

Operating Expenses

Operating expenses of the Trust are recorded as deductions on the special-purpose 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 its modified gross income, as defined by the Code. In the opinion of the Trustees 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.

Trust files income tax returns in the United States of America (U.S.) federal jurisdiction. The Trust's federal income tax returns are generally subject to income tax examination by the Internal Revenue Service for a period of 3 years from the date the tax returns are filed. All tax returns filed after tax year 2014 are still subject to examination.

The Trust records income tax expense (or benefit) associated with amounts payable (or receivable) under current federal income taxes and does not record a provision for (or benefit from) deferred taxes. Accordingly, there is no provision for deferred taxes associated with changes in cumulative unrealized gains and losses on investments (see Note 3). The income taxes associated with gains on investments will be recorded in the Trust's special-purpose financial statements when the net gains are realized (i.e. the securities are sold) and the income taxes become currently payable.

Concentrations of Credit Risk

The Trust's cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits, exposing the Trust to credit risk. The Trust has not experienced losses related to these balances.

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Combustion Engineering 524(g) Asbestos PI Trust

Notes to the Special-Purpose Financial Statements

Reclassification

Certain amounts in the 2017 special-purpose financial statements have been reclassified to conform to the 2018 presentation.

3. Cash, Cash Equivalents and Investment Securities

Cash, cash equivalents and investment securities consist of the following at December 31, 2018:

	2018		
	Cost	Fair Value	Unrealized Gain/(Loss)
Cash and cash equivalents	$ 50,800,612	$ 50,800,612	$ -
Equities	48,637,154	65,553,872	16,916,718
Bonds	461,385,167	460,717,420	(667,747)
Total cash, cash equivalents and investments	$ 560,822,933	$ 577,071,904	$ 16,248,971

Cash, cash equivalents and investment securities consist of the following at December 31, 2017:

	2017		
	Cost	Fair Value	Unrealized Gain/(Loss)
Cash and cash equivalents	$ 63,684,918	$ 63,684,918	$ -
Equities	114,718,447	141,889,586	27,171,139
Bonds	467,500,064	474,754,768	7,254,704
Total cash, cash equivalents and investments	$ 645,903,429	$ 680,329,272	$ 34,425,843

The maturities of the Trust's investments in bonds are as follows as of December 31, 2018:

	Less than 1 Year	After 1 Year Through 5 Years	After 5 Years Through 10 Years	After 10 Years	Total
Bonds	$ 50,111,398	$ 183,237,877	$ 158,420,373	$ 68,947,772	$ 460,717,420

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The maturities of the Trust's investments in bonds are as follows as of December 31, 2017:

	Less than 1 Year	After 1 Year Through 5 Years	After 5 Years Through 10 Years	After 10 Years	Total
Bonds	$ 49,184,583	$ 143,204,137	$ 200,485,887	$ 81,880,161	$ 474,754,768

4. Fair Value Measurements

The Trust's investments are recorded at fair value. Fair value is 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 in which the individual securities are traded.

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

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Combustion Engineering 524(g) Asbestos PI Trust

Notes to the Special-Purpose Financial Statements

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

	As of December 31, 2018			
	Assets Measured At Fair	Fair Value Hierarchy Level		
Description	Value	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 50,800,612	$ 50,549,304	$ 251,308	$ -
Equities:				
Common stock	58,089,401	58,089,401	-	-
Other	7,464,472	7,464,472	-	-
Total equities	65,553,873	65,553,873	-	-
Bonds:				
Bank Loans	23,148,477	-	23,148,477	-
Government	58,178,487	-	58,178,487	-
Corporate	52,793,906	-	52,793,906	-
Municipal	326,596,549	-	326,596,549	-
Total bonds	460,717,419	-	460,717,419	-
Total assets at fair value	$ 577,071,904	$ 116,103,177	$ 460,968,727	-

	As of December 31, 2017			
	Assets Measured At Fair	Fair Value Hierarchy Level		
Description	Value	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 63,684,918	$ 63,209,362	$ 475,556	$ -
Equities:				
Common stock	74,351,623	74,351,623	-	-
Mutual funds	56,683,612	56,683,612	-	-
Other	10,854,351	10,854,351	-	-
Total equities	141,889,586	141,889,586	-	-
Bonds:				
Bank loans	36,703,376	-	36,703,376	-
Government	11,935,526	-	11,935,526	-
Corporate	40,304,725	-	40,304,725	-
Municipal	385,811,141	-	385,811,141	-
Total bonds	474,754,768	-	474,754,768	-
Total assets at fair value	$ 680,329,272	$ 205,098,948	$ 475,230,324	$ -

Combustion Engineering 524(g) Asbestos PI Trust

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 Qualified Settlement Fund (QSF). The following is a summary of the estimated net taxable operating income for the years ended December 31:

	2018	2017
Increase/decrease in net claimants' equity before income taxes	$ (4,098,801)	$ 41,918,296
Less: other non-taxable income	(4,486)	(3,828,375)
Less: municipal bond interest	(9,218,792)	(2,221,000)
Less: realized (gains) losses on investment securities		(8,813,582)
Less: receipts from settlements and scheme payments	(10,537,505)	-
Plus: realized losses on investment securities	6,988,774	-
Plus (Less): change in net unrealized gains on investment securities, net of amortization expense	18,176,872	(24,967,183)
Plus: expenses allocable to municipal bond interest	1,230,360	1,227,754
Plus: income taxes paid and accrued	1,489,645	2,174,040
Net taxable operating income	4,026,067	5,489,950
Statutory tax rate	37.0%	39.6%
Provision for current income taxes	$ 1,489,645	$ 2,174,020

On December 22, 2017, Congress passed the Tax Cuts and Jobs Act (the 2017 Tax Act) which reduced the income tax rate from 39.6% to 37% and modified the rules regarding the usability of certain net operating losses for the Trust beginning on January 1, 2018. There are no net operating loss carryback provisions under the 2017 Tax Act. As of December 31, 2018, the Trust has approximately $7,616,000 of net capital loss carryforwards available to offset future capital gains. These net capital loss carryforwards will expire, if not utilized, on various dates through 2023. Capital loss carryforwards created after January 1, 2018, may be carried back for three years and carried forward for five years. Capital loss carrybacks and carryforwards cannot create a net operating loss.

Additionally, as of December 31, 2018, the estimated deferred tax liability associated with unrealized gains on investments is approximately $6,012,000. As of December 31, 2017, the estimated deferred tax liability associated with unrealized gains on investments is approximately $12,738,000.

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

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Combustion Engineering 524(g) Asbestos PI Trust

Notes to the Special-Purpose Financial Statements

6. Distributions from Net Claimants' Equity

For the years ended December 31, 2018 and 2017, the Trust settled 16,847 and 14,186 claims totaling $72,477,515 and $60,011,656, respectively. For the years ended December 31, 2018 and 2017, the Trust received 25,783 and 21,059 new claim filings, respectively.

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

	2018	2017
Claim settlements	$ 72,477,515	$ 60,011,656
Change in accrued claims and expenses	(2,363,591)	4,949,094
Total cash paid for distributions to claimants	$ 70,113,924	$ 64,960,750

7. Contingent Liabilities

The Plan Documents (as defined in the Plan) subject the Trust to certain reimbursement and indemnification obligations that may result in future claims against the Trust.

The probability of such claims cannot be reasonably determined. Accordingly, no associated liability has been recorded in the accompanying special-purpose financial statements. Such claims, if any, are not expected to be material.

8. Liability for Asbestos Claims

Personal injury claims that were settled, but unpaid as of December 31, 2018 and 2017, 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, 2018 and 2017.

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, 2018 and 2017 represents funding available for all Asbestos PI Trust Claims for which no fixed liability has yet been established.

9. Subsequent Events

The Trust has evaluated its December 31, 2018 special-purpose financial statements for subsequent events through April 25, 2019, 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.

Combustion Engineering 524(g) Asbestos PI Trust

Supplementary Information
Years Ended December 31, 2018 and 2017

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Independent Auditor's Report on Supplementary Information

Trustees
Combustion Engineering 524(g) Asbestos PI Trust
Southfield, Michigan

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 special-purpose 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 25, 2019

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Combustion Engineering 524(g) Asbestos PI Trust

Schedules of Investment Income

Years Ended December 31,	2018	2017
Investment income		
Interest on bonds	$ 14,123,762	$ 7,591,039
Other dividends	1,764,830	3,685,185
Interest on short term investments	811,238	276,469
Total investment income	$ 16,699,830	$ 11,552,693

See independent auditor's report on supplementary information.

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Combustion Engineering 524(g) Asbestos PI Trust

Schedules of Operating Expenses, Income Taxes and Direct Investment Expenses

Years Ended December 31,	2018	2017
Operating expenses and income taxes		
Federal income taxes	$ 1,489,645	$ 2,174,020
Claims processing services	976,006	1,000,221
Legal fees	897,876	864,732
Consulting	487,906	647,700
Accounting and audit	367,255	351,678
Trustee disbursements	687,429	565,493
Insurance	129,173	110,927
Other expenses	51,076	28,933
Administrative costs	4,000	9,315
Total operating expenses and income taxes	$ 5,090,366	$ 5,753,019
Direct investment expenses		
Investment advisory fees	$ 1,029,324	$ 1,324,155
Foreign taxes	(11,742)	104,510
Custodial fees	57,830	61,853
Total direct investment expenses	$ 1,075,412	$ 1,490,518

See independent auditor's report on supplementary information.

CERTIFICATE OF SERVICE

I, Daniel K. Hogan, certify that on April 30, 2019, 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.

/s/ Daniel K. Hogan

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