BURNS AND ROE ASBESTOS PERSONAL INJURY SETTLEMENT TRUST

SPECIAL-PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2010



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BURNS AND ROE ASBESTOS
PERSONAL INJURY SETTLEMENT TRUST

DECEMBER 31, 2010

CONTENTS

	Page
Independent Auditors' Report	1
Special-Purpose Financial Statements:	
Balance Sheet	2
Statement of Changes in Assets and Liabilities	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 8

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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Trustee of
Burns and Roe Asbestos Personal Injury Settlement Trust

We have audited the special-purpose balance sheet of Burns and Roe Asbestos Personal Injury Settlement Trust (the "Trust") as of December 31, 2010, and the related special-purpose statements of changes in assets and liabilities, and cash flows for the year then ended. These financial statements are the responsibility of the Burns and Roe Asbestos Personal Injury Settlement Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, the accompanying financial statements were prepared on a special-purpose basis of accounting in order to communicate the amount of net assets presently available for current and future claimants and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and trust equity of the Burns and Roe Asbestos Personal Injury Settlement Trust as of December 31, 2010, and the results of its operations and its cash flows for the year then ended in conformity with the special-purpose basis of accounting described in Note 2.

This report is intended solely for the information and use of the management of the Trust, the Trustee, the beneficiaries of the Trust, and the United States Bankruptcy Court for the District of New Jersey, and should not be used for any other purpose.

BEDERSON & COMPANY LLP

Bederson & Company LLP

West Orange, New Jersey
March 31, 2011

Burns and Roe Asbestos Trust Annual Reports, 2010 annual report
ACL Doc 13789 · Page 3 of 12
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BURNS AND ROE ASBESTOS
PERSONAL INJURY SETTLEMENT TRUST
SPECIAL-PURPOSE BALANCE SHEET
DECEMBER 31, 2010

ASSETS

Cash and Equivalents	$ 5,054,598
Receivables:	
Insurance settlements receivable	30,005,359
Note - Burns and Roe Enterprises, Inc.	8,000,000
Total receivables	38,005,359
Investments:	
Wilmington Trust investments	134,228,640
Interest receivable	1,374,754
Total Investments	135,603,394
Other Assets:	
Prepaid assets	41,862
TOTAL ASSETS	$ 178,705,213

LIABILITIES AND TRUST EQUITY

LIABILITIES:	
Settled claims payable	$ 2,144,500
Accounts payable	29,319
Total Liabilities	2,173,819
TRUST EQUITY:	
Trust corpus	176,531,394
TOTAL LIABILITIES AND TRUST EQUITY	$ 178,705,213

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



Burns and Roe Asbestos Trust Annual Reports, 2010 annual report
ACL Doc 13789 · Page 4 of 12
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BURNS AND ROE ASBESTOS
PERSONAL INJURY SETTLEMENT TRUST
SPECIAL-PURPOSE STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED DECEMBER 31, 2010

ADDITIONS:	
Contributions - insurance	$ 742
Investment income, net:	
Interest and dividends income	1,289,418
Investment advisory fees	(263,209)
Realized loss on sale of securities, net	(8)
Unrealized gain on investments, net	546,414
TOTAL ADDITIONS	1,573,357
DEDUCTIONS:	
Claims paid	5,598,700
General and administrative:	
Trustee	121,762
TAC attorney fees	34,437
TAC expenses	14,381
Claims consultant fees	22,544
Future claims representative	24,418
Future claims representative attorney fees	45,739
Claims processing fees	227,524
Insurance	46,044
Accounting	33,268
Document warehouse	39,491
Other	380
Professional services:	
Trust general counsel	221,995
Legal fees - other	10,749
Special insurance counsel	105,972
TOTAL DEDUCTIONS	6,547,404
NET DECREASE IN TRUST CORPUS	(4,974,047)
TRUST CORPUS - beginning	181,505,441
TRUST CORPUS - ending	$ 176,531,394

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

BURNS AND ROE ASBESTOS PERSONAL INJURY SETTLEMENT TRUST

SPECIAL-PURPOSE STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net decrease in trust corpus	$ (4,974,047)
Adjustments to reconcile net decrease to net trust corpus from operating activities:	
Realized loss on sale of securities, net	8
Unrealized gain on investments, net	(546,414)
Decrease in:	
Insurance settlement receivable	11,341,992
Prepaid assets	9,044
Increase (decrease) in:	
Settled claims payable	2,144,500
Accounts payable	(41,824)
NET CASH PROVIDED BY OPERATING ACTIVITIES	7,933,259
CASH FLOWS FROM INVESTING ACTIVITIES:	
Repayments of note receivable - Burns and Roe Enterprises, Inc.	1,000,000
Proceeds from sale of investments	199,284,992
Purchases of investments	(202,540,634)
Interest receivable on investments	(623,019)
NET CASH USED BY INVESTING ACTIVITIES	(2,878,661)
NET INCREASE IN CASH AND EQUIVALENTS	5,054,598
CASH AND EQUIVALENTS - beginning	-
CASH AND EQUIVALENTS - ending	$ 5,054,598

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



Burns and Roe Asbestos Trust Annual Reports, 2010 annual report
ACL Doc 13789 · Page 6 of 12
Published by AsbestosClaims.Law
asbestosclaims.law/library/13789/6

BURNS AND ROE ASBESTOS PERSONAL INJURY SETTLEMENT TRUST

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 1 - ORGANIZATION

The Burns and Roe Asbestos Personal Injury Settlement Trust (the "Trust") was established on July 16, 2009 and is a "qualified settlement fund" pursuant to Section 1.468B-1 et seq. of the Treasury Regulations promulgated under section 468B of the Internal Revenue Code. The Trust will assume all Asbestos Personal Injury Claims (whether now existing or arising at any time hereafter) and use the Trust assets to pay holders of such Asbestos Personal Injury Claims in accordance with the Asbestos Settlement Trust Agreement and the Asbestos Settlement Trust Distribution procedures.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Trust's financial statements are prepared using special-purpose accounting methods adopted by the Trustee which differ from accounting principles generally accepted in the United States of America. The special-purpose accounting methods were adopted in order to communicate to the beneficiaries of the Trust the net assets available for the payment of claims 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:

Trust Equity

Trust equity represents funds available to pay asbestos claims that have been submitted but not processed or not yet submitted. Trust expenses are also paid from trust equity. Under GAAP, trust equity would be reduced for estimates of amounts to be paid for claims that have been submitted, but not processed or not yet submitted.

Claim Expense

Claims are expensed in the period in which the confirmed claims are 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.

Payments for Services

Payments for services to be received over an extended period in the future are expensed as paid since 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.

Burns and Roe Asbestos Trust Annual Reports, 2010 annual report
ACL Doc 13789 · Page 7 of 12
Published by AsbestosClaims.Law
asbestosclaims.law/library/13789/7

BURNS AND ROE ASBESTOS PERSONAL INJURY SETTLEMENT TRUST
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Equivalents
The Trust considers all short-term investments with a maturity of three (3) months, or less to be cash equivalents.

The Trust maintains its cash and cash equivalents, which at times may exceed federally insured limits, with financial institutions. 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.

Investments
Investments are classified as available for sale and stated at fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. In accordance with FASB ASC 820-10-50, *Fair Value Measurements* establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. Government and agency mortgage-backed debt securities, corporate-debt securities and alternative investments.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private debt and equity instruments and alternative investments.



Burns and Roe Asbestos Trust Annual Reports, 2010 annual report
ACL Doc 13789 · Page 8 of 12
Published by AsbestosClaims.Law
asbestosclaims.law/library/13789/8

BURNS AND ROE ASBESTOS PERSONAL INJURY SETTLEMENT TRUST
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)
Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

Income Taxes
The Trust has elected to be treated as a Qualified Settlement Fund under the Internal Revenue Code and Regulations. As a result, the Trust is subject to federal income taxes based on modified gross income. In the opinion of management, the Trust is not subject to state income taxes, and, therefore, the financial statements do not include any provision or liability for state income taxes. There was no federal income tax expense for the year ended December 31, 2010.

Since the Trust was formed during 2009, no U.S. federal income tax returns are closed under statutes of limitations.

Net operating losses expiring in 2030, which approximate $1,368,000, are available to offset future taxable income generated by the Trust.

Estimates
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 and deductions to Trust Corpus during the reporting period. Actual results could differ from those estimates.

Subsequent Events
The Trust has evaluated subsequent events through March 31, 2011, which is the date the financial statements were available to be issued.

NOTE 3 - NOTE RECEIVABLE - BURNS AND ROE ENTERPRISES, INC.

Under a secured promissory note agreement dated July 16, 2009, Burns and Roe Enterprises, Inc. is indebted to the Trust in the amount of $8,000,000 due without interest. Quarterly principal payments of $250,000 are due under this obligation through April 16, 2021.



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BURNS AND ROE ASBESTOS PERSONAL INJURY SETTLEMENT TRUST

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 4 - INVESTMENTS

Wilmington Trust Investments, totaling $135,603,394 at December 31, 2010, consist of municipal bonds.

Future maturities of investments as of December 31, 2010 were as follows:

Within 1 year	$ 18,290,557
1 to 4.99 years	100,500,339
5 to 9.99 years	2,200,462
10 to 14.99 years	8,005,813
15 to 19.99 years	2,151,801
Thereafter	4,454,422

Fair value of these investments is determined based on quoted prices for similar assets or liabilities (Level 2).

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Burns and Roe Asbestos Personal Injury Settlement Trust

Report of Trust Claim Activity and Disposition during the Period from January 1, 2010 through December 31, 2010

Type of Claim	Number of Claims Filed	Number of Claims Approved for Payment	Number of Claims Withdrawn or Rejected	Value of Approved Claims	Number of Approved Claims Paid	Amount Paid on Approved Claims after Application of Payment Percentage and Sequencing Adjustment
Category A Claims (Disease Levels IV – VIII)	5,422	360	154	$17,090,000	268	$3,147,500
Category B Claims (Disease Levels II and III)	11,143	705	27	$1,845,000	454	$291,500
Disease Level I Claims	2,467	1	15	$200	1	$200
Disease Level Not Specified	280	0	48	$0	0	$0

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Case 00-41610-RG Doc 2786 Filed 04/28/11 Entered 04/28/11 15:09:09 Desc Main Document Page 11 of 12

BURNS AND ROE ASBESTOS PERSONAL INJURY SETTLEMENT TRUST

Report of Compensation and Expense Reimbursement
(January 1, 2010 through December 31, 2010)

	Compensation	Expense Reimbursement
Hon. Alfred M. Wolin (Trustee)	$120,180	$1,582
Anthony R. Calascibetta, (Legal Representative for Future Asbestos Personal Injury Claimants)	$22,475	$1,943
Trust Advisory Committee Members	$11,400	$2,981

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