BURNS AND ROE ASBESTOS PERSONAL INJURY SETTLEMENT TRUST

SPECIAL-PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2011



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BURNS AND ROE ASBESTOS
PERSONAL INJURY SETTLEMENT TRUST

DECEMBER 31, 2011

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BEDERSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

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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, 2011, and the related special-purpose statements of changes in net claimants' equity 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 net claimants' equity of the Burns and Roe Asbestos Personal Injury Settlement Trust as of December 31, 2011, 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
April 17, 2012

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BURNS AND ROE ASBESTOS PERSONAL INJURY SETTLEMENT TRUST

SPECIAL-PURPOSE BALANCE SHEET

DECEMBER 31, 2011

ASSETS

Cash and Cash Equivalents - Wilmington Trust	$ 78,345
Receivables:	
Insurance settlements receivable	16,000,000
Note - Burns and Roe Enterprises, Inc.	6,893,750
Total receivables	22,893,750
Investments:	
Wilmington Trust investments	147,450,255
Income receivable	1,683,530
Total investments	149,133,785
Other Assets:	
Prepaid assets	21,959
TOTAL ASSETS	$ 172,127,839

LIABILITIES AND NET CLAIMANTS' EQUITY

LIABILITIES:	
Settled claims payable	$ 2,381,495
Accounts payable	126,593
Total liabilities	2,508,088
NET CLAIMANTS' EQUITY	169,619,751
TOTAL LIABILITIES AND NET CLAIMANTS' EQUITY	$ 172,127,839

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



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BURNS AND ROE ASBESTOS
PERSONAL INJURY SETTLEMENT TRUST
SPECIAL-PURPOSE STATEMENT OF CHANGES IN NET CLAIMANTS' EQUITY
YEAR ENDED DECEMBER 31, 2011

ADDITIONS:	
Settlement adjustment	$ (5,359)
Investment income, net:	
Interest and dividends income	1,995,850
Investment advisory fees	(347,815)
Realized gain on sale of securities, net	3,600
Unrealized gain on investments, net	792,014
TOTAL ADDITIONS	2,438,290
DEDUCTIONS:	
Claims settled	8,366,842
Trustee	134,929
TAC attorney fees	44,785
TAC expenses	115
Future claims representative	45,871
Future claims representative attorney fees	64,767
Claims consultant fees	82,668
Claims processing fees	226,723
Trust general counsel	124,491
Legal fees - other	22,028
Special insurance counsel	100,802
Insurance	36,153
Accounting	34,850
Document warehouse	64,142
Other	768
TOTAL DEDUCTIONS	9,349,934
NET DECREASE IN NET CLAIMANTS' EQUITY	(6,911,644)
NET CLAIMANTS' EQUITY - beginning	176,531,395
NET CLAIMANTS' EQUITY - ending	$ 169,619,751

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

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BURNS AND ROE ASBESTOS PERSONAL INJURY SETTLEMENT TRUST

SPECIAL-PURPOSE STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net decrease in net claimants' equity	$ (6,911,644)
Adjustments to reconcile net decrease to net claimants' equity from operating activities:	
Realized gain on sale of securities, net	(3,600)
Unrealized gain on investments, net	(792,014)
Decrease in:	
Insurance settlement receivable	14,005,359
Prepaid assets	19,903
Increase in:	
Settled claims payable	236,995
Accounts payable	97,275
NET CASH PROVIDED BY OPERATING ACTIVITIES	6,652,274
CASH FLOWS FROM INVESTING ACTIVITIES:	
Repayments of note receivable - Burns and Roe Enterprises, Inc.	1,106,250
Proceeds from sale of investments	93,704,025
Purchases of investments	(106,130,026)
Increase in income receivable on investments	(308,776)
NET CASH USED BY INVESTING ACTIVITIES	(11,628,527)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,976,253)
CASH AND CASH EQUIVALENTS - beginning	5,054,598
CASH AND CASH EQUIVALENTS - ending	$ 78,345

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



BURNS AND ROE ASBESTOS PERSONAL INJURY SETTLEMENT TRUST
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2011

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 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 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:

Net Claimants' Equity

Net claimants' equity represents funds available to pay asbestos and bankruptcy related claims that have been submitted but not processed or not yet submitted. Trust expenses are also paid from net claimants' equity. Under GAAP, net claimants' 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 approved. 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. Settled claims payable on the special-purpose balance sheet reflect claims approved but unpaid as of December 31 of each year.

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.

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BURNS AND ROE ASBESTOS PERSONAL INJURY SETTLEMENT TRUST
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2011

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.

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BURNS AND ROE ASBESTOS PERSONAL INJURY SETTLEMENT TRUST
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2011

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, 2011.

Net operating losses expiring in 2031, which approximate $2,236,000, are available to offset future taxable income generated by the Trust.

The Trust files income tax returns in the United States federal jurisdiction. Since the Trust was formed during 2009, no U.S. federal income tax returns are closed under statute of limitations.

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 Net Claimants' Equity during the reporting period. Actual results could differ from those estimates.

Subsequent Events
The Trust has evaluated subsequent events through April 17, 2012, 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 $6,893,750 due without interest. 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, 2011

NOTE 4 - INVESTMENTS

Investments consist of the following at December 31, 2011:

Municipal bonds	$ 136,841,689
Corporate debentures	12,292,096
	$ 149,133,785

Future maturities of investments as of December 31, 2011 were as follows:

Within 1 year	$ 47,180,549
1 to 4.99 years	79,667,923
5 to 9.99 years	-
10 to 14.99 years	4,054,160
15 to 19.99 years	6,207,846
Thereafter	12,023,307
	$ 149,133,785

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

NOTE 5 - RISKS AND UNCERTAINTIES

The Trust invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to these risks, it is possible that changes in the values of the investment securities will occur in the near term, and that such changes could have a material effect on the fair market value of the investment amounts as stated on the special-purpose balance sheet.

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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, 2011 through December 31, 2011

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)	6,016	704	987	$29,358,400	629	$6,520,305
Category B Claims (Disease Levels II and III)	5,596	2,551	525	$7,625,000	2,065	$1,620,500
Disease Level I Claims	206	56	1,960	$11,200	27	$5,400
Disease Level Not Specified	197	0	117	$0	0	$0

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BURNS AND ROE ASBESTOS PERSONAL INJURY SETTLEMENT TRUST

Report of Compensation and Expense Reimbursement
(January 1, 2011 through December 31, 2011)

	Compensation	Expense Reimbursement
Hon. Alfred M. Wolin (Trustee)	$134,850	$79
Anthony R. Calascibetta, (Legal Representative for Future Asbestos Personal Injury Claimants)	$45,725	$146
Trust Advisory Committee Members	$0	$115

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UNITED STATES BANKRUPTCY COURT DISTRICT OF NEW JERSEY **SAIBER LLC** 18 Columbia Turnpike – Suite 200 Florham Park, New Jersey 07932	
In re: BURNS AND ROE ENTERPRISES, INC., et al.: Debtors.	Case Nos. 00-41610 and 05-47946 Judge: Honorable Rosemary Gambardella Jointly Administered

CERTIFICATION OF SERVICE

BONNIE L. HAHN hereby certifies as follows:

1. I am a Legal Assistant employed by the law firm of Saiber LLC.

2. On April 27, 2012, I caused to be electronically filed the Burns and Roe Asbestos Personal Injury Settlement Trust Audited Financial Statements for the Year ended December 31, 2011 and Related Information with the Clerk of the United States Bankruptcy Court, District of New Jersey, and caused a copy of the aforementioned document to be served via electronic mail on all parties who are currently on the Court's Electronic Mail Notice.

3. On April 27, 2012, I caused a copy of the aforementioned document to be served via electronic mail, on all persons listed on the attached Service List.

4. I hereby certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

Dated: April 27, 2012

Bonnie L. Hahn
BONNIE L. HAHN

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