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ATTORNEYS FOR THE
CONGOLEUM PLAN TRUST

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

IN RE:	)	**Case No. 09-04371 (JAP)**
	)	
CONGOLEUM CORPORATION,	)	**Chapter 11**
CONGOLEUM SALES, INC., and	)	**Case No. 03-51524**
CONGOLEUM FISCAL, INC.,	)	
	)	**Jointly Administered**
Debtors.	)	
	)	

ANNUAL REPORT, FINANCIAL STATEMENTS AND RESULTS OF OPERATIONS OF THE CONGOLEUM PLAN TRUST
FOR FISCAL YEAR ENDED DECEMBER 31, 2011

The Honorable Alfred Wolin, Ret., the Plan Trustee of the Congoleum Plan Trust (the "Plan Trust"),[1] created pursuant to the Fourth Amended Joint Plan of Reorganization Under

[1] Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Fourth Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code of the Debtors, the Official Asbestos

Chapter 11 of the Bankruptcy Code of the Debtors, the Official Asbestos Claimants' Committee, the Official Committee of Bondholders for Congoleum Corporation, *et al.* and the Futures Representative dated as of March 11, 2010 (as modified) (the "Plan"), submits this Annual Report, Financial Statements and Results of Operations of the Congoleum Plan Trust for Fiscal Year Ended December 31, 2011.

I. Plan Trust Asbestos Claims

Section 2.2(c) of the Plan Trust Agreement requires the Plan Trustee to account to the District Court, regardless of whether the Reorganization Cases are closed, and file an annual report containing financial statements of the Plan Trust and a summary of the number and type of Plan Trust Asbestos Claims disposed of, and the amount paid in respect of such Plan Trust Asbestos Claims, during the period covered by the financial statements.

A. Asbestos Personal Injury Claims

In 2011, the Plan Trust entered into a claims service agreement with Verus Claims Services, LLC. The Plan Trustee, with the consent of the Trust Advisory Committee and the Futures Representative, adopted claims materials as mandated by the First Amended Congoleum Plan Trust Distribution Procedures (effective July 7, 2011) (as amended, the "TDP"). Claim forms and related materials were available beginning on July 11, 2011. The Plan Trust began accepting claims on July 11, 2011. The Initial Claims Filing Date under the TDP was January 11, 2012. The Plan Trust accepts claims by mail, by fax and by electronic means, including email and other electronic methods.

Claimants' Committee, the Official Committee of Bondholders for Congoleum Corporation, *et al.* and the Futures Representative dated as of March 11, 2010 (as modified).

The Congoleum Plan Trust Claim Form for Asbestos Personal Injury Claims, the Congoleum Plan Trust Release and other claims-related forms and instructions are available at www.congoleumtrust.com.

In 2011, with the consent of the Trust Advisory Committee and the Futures Representative, the Plan Trustee set the Payment Percentage at 6.25%.

The Maximum Annual Payment for 2011 was $26,670,000.

Claims statistics for the fiscal year ending December 31, 2011, are as follows:

The Plan Trust received 81,581 Asbestos Personal Injury Claims in 2011. There were no Asbestos Personal Injury Claims paid by the Plan Trust in 2011. Asbestos Personal Injury Claims received in 2011 will be processed and paid by the Plan Trust, to the extent deemed compensable under the TDP, beginning in 2012.

Below is further detail with respect to the Asbestos Personal Injury Claims received by the Plan Trust in 2011, broken down by Category A Claims and Category B Claims. Category A Claims consist of Asbestos Personal Injury Claims involving severe asbestosis and malignancies (Disease Levels IV – VIII). Category B Claims consist of Asbestos Personal Injury Claims involving Other Asbestos Disease (Disease Level I), non-malignant Asbestosis (Disease Level II) or Pleural Disease (Disease Level III).

Asbestos Personal Injury Claims received in 2011:

Total Category A Claims received in 2011 =		18,593
Category A Claims submitted for Expedited Review =	13,038	
Category A Claims submitted for Individual Review =	5,555	
Total Category B Claims received in 2011 =		62,988
Category B Claims submitted for Expedited Review =	61,046	

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Category B Claims submitted for Individual Review =	1,942
Total Asbestos Personal Injury Claims received in 2011 =	81,581

The Plan Trustee estimates that the future liability of Asbestos Personal Injury Claims is approximately $2.443 billion.

B. Allowed Asbestos Property Damage Claims

In 2011, the Court resolved all of the Asbestos Property Damage Claims. Of the 38 Asbestos Property Damage Claims filed with the Court, four (4) were Allowed by Final Order. In 2011, the Plan Trust paid all of the Allowed Asbestos Property Damage Claims in the total amount of $43,000.

II. Compensation and Expenses of the Trustees, Trust Advisory Committee and Futures Representative

A. Trustees

Under Section 4.5(c) of the Plan Trust Agreement, the Plan Trust is required to report to the Court the amount of compensation and expenses paid to the Plan Trustee and the Delaware Trustee. The Plan Trustee and the Delaware Trustee have received compensation and reimbursement for out-of-pocket costs and expenses during the fiscal year ending December 31, 2011, as follows:

Plan Trustee	$269,168
Delaware Trustee	$2,500

B. Trust Advisory Committee

Under Section 5.6 of the Plan Trust Agreement, the Plan Trust is required to report to the Court the amount of compensation and expenses paid to the Trust Advisory Committee. The

Trust Advisory Committee received compensation and reimbursement for out-of-pocket costs and expenses during the fiscal year ending December 31, 2011, as follows:

Trust Advisory Committee $17,240

C. Futures Representative

Under Section 6.5 of the Plan Trust Agreement, the Plan Trust is required to report to the Court the amount of compensation and expenses paid to the Futures Representative. The Futures Representative received compensation and reimbursement for out-of-pocket costs and expenses during the fiscal year ending December 31, 2011, as follows:

Futures Representative $67,862

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III. Financial Statements

A copy of the Plan Trust's audited financial statements for the year ending December 31, 2011, is attached hereto as Exhibit "A."

Dated: April 30, 2012

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ATTORNEYS FOR THE
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EXHIBIT A

CONGOLEUM PLAN TRUST

SPECIAL-PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2011



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CONGOLEUM PLAN TRUST

DECEMBER 31, 2011

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INDEPENDENT AUDITORS' REPORT

To the Trustee of
Congoleum Plan Trust

We have audited the special-purpose balance sheet of Congoleum Plan 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 Congoleum Plan 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 Congoleum Plan 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 Trustees, 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

CONGOLEUM PLAN TRUST

SPECIAL-PURPOSE BALANCE SHEET

DECEMBER 31, 2011

ASSETS

Cash and Cash Equivalents:	
CitiBank	$ 26,185,679
US Trust	18,791,724
Total cash and cash equivalents	44,977,403
Insurance Settlements Receivable	56,971,774
Investments:	
CitiBank	
Investments	63,428,261
Income receivable	689,846
U.S. Trust	
Investments	71,351,445
Income receivable	558,056
	136,027,608
Equity investments - Congoleum Corporation	5,331,000
Total investments	141,358,608
Other Assets:	
Prepaid assets	41,580
TOTAL ASSETS	$ 243,349,365

LIABILITIES AND NET CLAIMANTS' EQUITY

LIABILITIES:	
Settled claims payable	$ 2,074,802
Accounts payable	112,810
Total Liabilities	2,187,612
NET CLAIMANTS' EQUITY	241,161,753
TOTAL LIABILITIES AND NET CLAIMANTS' EQUITY	$ 243,349,365

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

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CONGOLEUM PLAN TRUST

SPECIAL-PURPOSE STATEMENT OF CHANGES IN NET CLAIMANTS' EQUITY

YEAR ENDED DECEMBER 31, 2011

ADDITIONS:	
Contributions:	
Insurance	$ 49,131
Investment income, net:	
Interest and dividends income	2,551,366
Investment advisory fees	(295,348)
Realized loss on sale of securities, net	(185,724)
Unrealized gain on investments, net	2,150,415
Total investment income, net	4,220,709
TOTAL ADDITIONS	4,269,840
REDUCTION IN SETTLEMENT RECEIVABLE	(3,000,000)
DEDUCTIONS:	
Claims settled	2,117,802
General and administrative:	
Claims consultant fees	154,862
Claims processing fees	732,797
Insurance	72,598
Accounting	34,467
Other	13,451
Professional services:	
Legal fees	29,801
Trust general counsel	547,014
Special insurance counsel	544,498
Other insurance counsel - Congoleum Corporation	76,643
Future claims representative fees	67,862
Future claims representative attorney fees	130,742
TAC attorney fees	72,470
TAC expenses	17,240
Trustee	269,168
TOTAL DEDUCTIONS	4,881,415
NET DECREASE IN NET CLAIMANTS' EQUITY	(3,611,575)
NET CLAIMANTS' EQUITY - beginning	244,773,328
NET CLAIMANTS' EQUITY - ending	$ 241,161,753

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

CONGOLEUM PLAN TRUST

SPECIAL-PURPOSE STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net decrease in net claimants' equity	$ (3,611,575)
Adjustments to reconcile net decrease in net claimants' equity from operating activities:	
Realized loss on sale of securities, net	185,724
Unrealized gain on investments, net	(2,150,415)
Reduction in settlement receivable	3,000,000
Decrease in:	
Insurance settlement receivable	106,562,176
Prepaid assets	(970)
Increase in:	
Settled claims payable	2,074,802
Accounts payable	35,159
NET CASH PROVIDED BY OPERATING ACTIVITIES	106,094,901
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sale of investments	20,043,596
Purchases of investments	(152,858,611)
Increase in income receivable on investments	(1,232,857)
NET CASH USED BY INVESTING ACTIVITIES	(134,047,872)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(27,952,971)
CASH AND CASH EQUIVALENTS - beginning	72,930,374
CASH AND CASH EQUIVALENTS - ending	$ 44,977,403

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

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NOTE 1 - ORGANIZATION

The Congoleum Plan Trust (the "Trust") was established on July 1, 2010 and is a "qualified settlement fund" pursuant to the meaning of Section 1.468B-1 et seq. to 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 to 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.

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 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.

Settled claims payable on the Special-Purpose Balance Sheet reflect claims approved but unpaid at 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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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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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 $2,540,000, are available to offset future taxable income generated by the Trust. The Trust also has a capital loss carryforward of $186,000 that may be offset against future taxable capital gains, expiring 2016.

The Trust files income tax returns in the United States federal jurisdiction. Since the Trust was formed during 2010, 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.

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NOTE 3 - INVESTMENTS

CitiBank and U.S. Trust
Investments consist of the following at December 31, 2011:

Common stock and other equities (Level 1)	$ 22,302,471
Corporate debentures (Level 2)	25,090,373
Municipal bonds (Level 2)	78,468,972
Federal agency obligations (Level 2)	2,530,037
International developed bonds Level 2)	6,553,812
Public real estate investment trusts (Level 1)	481,669
Commodities (Level 2)	600,274
	$ 136,027,608

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

Within 1 year	$ 6,247,672
1 to 4.99 years	44,452,415
5 to 9.99 years	45,565,244
10 to 14.99 years	13,141,627
15 to 19.99 years	-
Thereafter	3,236,236
	112,643,194
Investments with no stated maturity	23,384,414
	$136,027,608

Congoleum Corporation
In accordance with the terms of the settlement agreements, the Trust acquired 2,008,017 shares (50.3%) of Congoleum Corporation common stock. This investment is recorded at the fair market value of Congoleum Corporation in accordance with the special-purpose basis of accounting.

Fair value of this investment is based on unobservable inputs (Level 3).

There has been no change in the fair value of the Trust's Level 3 asset (investment in Congoleum Corporation) for the year ended December 31, 2011.

NOTE 4 - 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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