IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
FEDERAL-MOGUL GLOBAL, INC.,	)	Case No. 01-10578 (JKF)
T&N LIMITED, *et al.*,	)	
	)	Jointly Administered

NOTICE OF FILING ANNUAL REPORT AND CLAIMS SUMMARY

The Federal-Mogul Asbestos Personal Injury Trust (the "Trust") hereby files its Audited Financial Statements for the fiscal year ending December 31, 2011 and an Annual Report for the period covered by the Audited Financial Statements. The Annual Report and Financial Statements are attached hereto as Exhibit 1.

Pursuant to the provisions of the Federal-Mogul Asbestos Personal Injury Trust Agreement, the Trust is providing copies of the Annual Report and the Financial Statements to the Trust Advisory Committee, the Future Claimants' Representative, the United States Trustee and the Reorganized Debtors.

Date: April 30, 2012

CAMPBELL & LEVINE, LLC

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EXHIBIT 1

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
FEDERAL-MOGUL GLOBAL, INC.,	)	Case No. 01-10578 (JKF)
T&N LIMITED, *et al.*,	)	
	)	Jointly Administered

ANNUAL REPORT AND ACCOUNT OF THE
FEDERAL-MOGUL ASBESTOS PERSONAL INJURY TRUST
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2011

Kirk Watson, Edward D. Robertson, Jr., and Ken M. Kawaichi, the Trustees of the Federal-Mogul Asbestos Personal Injury Trust (the "Trust"), created pursuant to the Fourth Amended Joint Plan of Reorganization, as modified (the "Plan") submit this Annual Report, Financial Statements, and Claims Summary for the fiscal year ending December 31, 2011.

I. INTRODUCTION

The purpose of this Annual Report is to fulfill the reporting requirements of the Federal-Mogul Asbestos Personal Injury Trust Agreement (the "Trust Agreement") and to report to the Court on the actions taken by the Trustees on behalf of the Trust during the period January 1, 2011 to December 31, 2011 (the "Reporting Period").

Section 2.2(c) of the Trust Agreement provides:

The Trustees shall timely account to the Bankruptcy Court as follows:

> (i) The Trustees shall cause to be prepared and filed with the Bankruptcy Court, as soon as available, and in any event within one hundred and twenty (120) days following the end of each fiscal year, an annual report (the "Annual Report") containing *inter alia* financial statements of the U.S. Asbestos Trust (including, without limitation, a balance sheet of the U.S. Asbestos Trust as of the end of such fiscal year and a statement of operations for such fiscal year) audited by a firm of independent certified

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> public accountants selected by the Trustees and accompanied by an opinion of such firm as to the fairness of the financial statements' presentation of the cash and investments available for the payment of claims and as to the conformity of the financial statements with generally accepted accounting principles. The Trustees shall provide a copy of such report to the TAC,[1] the Future Claimants' Representative, and Reorganized Federal-Mogul when such reports are filed with the Bankruptcy Court.
>
> (ii) Simultaneously with the delivery of each set of financial statements referred to In Article 2.2(c)(1) above, the Trustees shall cause to be prepared and filed with the Bankruptcy Court a report containing a summary regarding the number and type of claims disposed of during the period covered by the financial statements. The Trustees shall provide a copy of such report to the TAC, the Future Claimants' Representative, and Reorganized Federal-Mogul when such report is filed.
>
> (iii) All materials required to be filed with the Bankruptcy Court by this Section 2.2(c) shall be available for inspection by the public in accordance with procedures established by the Bankruptcy Court and shall be filed with the Office of the United States Trustee for the District of Delaware.

The Trust Agreement further provides for the inclusion of a description of the amounts paid to the Trustees, TAC, and FCR in the accounts filed with the Bankruptcy Court and a description of any modification or amendments to the Trust Agreement or Trust Distribution Procedures (the "TDP"). See Sections 4.5(c), 5.6, 6.5, and 7.3.

II. BACKGROUND

On October 1, 2001, Federal-Mogul Corporation ("FMC" or "Federal-Mogul") and each of its directly and indirectly wholly-owned U.S. subsidiaries and certain other wholly-owned U.K. subsidiaries of Federal-Mogul filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code, 11 U.S.C. § 101, *et seq.* in the United States District Court for the District of Delaware (the "Bankruptcy Court"). On November 8, 2007, the Bankruptcy Court issued

[1] Trust Advisory Committee

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proposed findings of fact and conclusions of law and entered an order confirming the Plan. On November 13, 2007, the District Court for the District of Delaware entered an order adopting the Bankruptcy Court's findings of fact and conclusions of law and affirming the confirmation order. On December 27, 2007 (the "Effective Date"), the Plan became effective and the Trustees began to operate the Trust.

The purpose of the Trust is to assume the liabilities of Federal-Mogul and/or its wholly owned direct or indirect subsidiary Turner & Newell ("T&N") and its direct or indirect subsidiaries, Gasket Holdings Inc. ("Flexitallic") and Ferodo America Inc. ("Ferodo") (collectively, the "T&N Entities"); Federal-Mogul Products Inc. ("FMP"); Felt Products Mfg. Co. ("Fel-Pro"); and Federal-Mogul's former division Vellumoid ("Vellumoid"); and their successors, and assigns for all Asbestos Personal Injury Claims, as defined in the Plan, and to use the Trust's assets and the proceeds and income from such assets to pay both present and future asbestos claimants in accordance with the Trust Agreement, the Trust Distribution Procedures, and the CIP Agreement (the "Trust Documents"), in such a way that holders of Asbestos Personal Injury Claims are treated fairly, equitably, and reasonably in light of the limited assets available to satisfy such claims.

Pursuant to the Plan and Trust Documents, the Trust has established four separate Subfunds, which include the T&N Subfund, which shall process, liquidate and make payments pursuant to the TDP to holders of Asbestos Personal Injury Claims for which the T&N Entities have legal liability as provided in the Plan, the FMP Subfund, the Fel-Pro Subfund and the Vellumoid Subfund, which shall pay claims from proceeds of insurance available to the corresponding Federal-Mogul Entity.

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On or after the Effective Date, the Trust was funded as provided for in Sections 4.3, 4.5.5, 8.3.4, 8.3.5, and 8.3.6 the Plan.

III. TRUST ADMINISTRATION

A. Trustees

Kirk Watson, Edward D. Robertson, Jr., and Ken M. Kawaichi served as the Trustees of the Trust during the Reporting Period. Kirk Watson served as the Managing Trustee during the Reporting Period.

1. Meetings

During the Reporting Period, the Trustees held formal meetings in accordance with the requirements of the Trust Agreement. These meetings were designated as "regular meetings" under the Trust's By-laws. Each meeting was in person and was attended by representatives of the Trust Advisory Committee and the Future Claims Representative. In addition to these formal meetings, the Trustees held regularly scheduled weekly teleconferences, met individually with Trust advisors, held executive session and special purpose meetings, and devoted considerable time to Trust matters outside of scheduled meetings. Activities included the pursuit of insurance rights, receiving and deploying trust assets with investment managers, ensuring compliance with the CIP Agreement, communicating with claimants, addressing discovery and other litigation matters involving the Trust, and designing and implementing processes to receive, process, and pay claims pursuant to the Trust Distribution Procedures and CIP Agreement. In addition, the Trust devoted considerable time to the pursuit of Hercules Recoveries in respect of Debtor HPE Asbestos Claims.

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2. Compensation

The compensation and expenses paid to the Trustees during the Reporting Period is set forth in the Trust's financial statements attached hereto as Exhibit "A." The inclusion of this information in the Trust's financial statements satisfies the requirements of Section 4.5 of the Trust Agreement. All distributions related to Trustee compensation and expense reimbursements were made in accordance with the Trust Agreement guidelines and applicable By-laws.

B. Trust Officers

Analysis Research Planning Consulting ("ARPC") served as the Trust's Executive Director during the Reporting Period.

C. Trust Advisory Committee

Russell W. Budd, Steven Kazan, Joseph F. Rice, John Cooney, and Perry Weitz served as Members of the Trust Advisory Committee ("TAC Members") during the Reporting Period. The compensation and expenses paid to the TAC Members during the Reporting Period is set forth in the Trust's financial statements. The inclusion of this information in the Trust's financial statements satisfies the requirements of Section 5.6 of the Trust Agreement. All distributions related to TAC Member compensation and expense reimbursements were made in accordance with the Trust Agreement guidelines and applicable By-laws.

D. Future Claimants' Representative

Eric D. Green served as the Future Claimants' Representative (the "FCR") during the reporting period. The compensation paid to the FCR during the Reporting Period is set forth in the Trust's financial statements. The inclusion of this information in the Trust's financial statements satisfies the requirements of Section 6.5 of the Trust Agreement. All distributions

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related to FCR compensation and expense reimbursements were made in accordance with the Trust Agreement guidelines and applicable By-laws.

E. Claims Processing

Claims against the Fel-Pro and Vellumoid Subfunds are filed against the Trust in the court system and are defended in accordance with the TDP and CIP Agreement. During the Reporting Period, Trust Claims filed against the T&N Subfund were processed by the Delaware Claims Processing Facility. The Trust did not engage a claims processor for the FMP Subfund during the Reporting Period.

F. Investment Management

Cambridge Associates, LLC of Boston, Massachusetts served as the Trust's investment advisor. Cambridge Associates represents other asbestos settlement trusts and has experience advising such trusts regarding investment management. Cambridge Associates advises the Trustees on asset allocation, meeting liquidity needs, and the selection and oversight of individual investment managers for the investable portions of the Trust's portfolio. The Trust Agreement sets forth certain general investment guidelines, primarily addressing credit quality and asset diversification. In accordance with the recommendation of Cambridge Associates, the currently anticipated liquidity needs, and the Trust's status as a "Qualified Settlement Fund" under Section 468B of the Internal Revenue Code, the Trust's investable assets are generally allocated among investment categories in the following approximate percentages at year-end 2011: 68.5% of the Trust's invested assets are committed to primarily tax-exempt fixed income products. 46.1% of the Trust's invested assets are allocated to intermediate-term municipal bonds and 22.4% are allocated to short-term municipal bonds; the remaining 31.5% of the Trust's

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invested assets are held in cash or equivalents (short-term U.S. Treasuries or a U.S. Treasury money market fund).

After consultation with Cambridge Associates, the Trust continues to retain Standish Mellon and Eaton Vance as municipal bond manager in 2011. In addition, Income Research & Management was hired by the Trust as a municipal bond manager in 2011.

During the reporting period, the Trustees regularly met with Cambridge Associates to review investment performance and strategy, as well as to receive an update on the current market environment.

G. Insurance Coverage Litigation

Upon the Effective Date, pursuant to the Plan, the Trust received the right to pursue certain unsettled insurance coverage and the rights to certain proceeds paid pursuant to Asbestos PI Insurance Settlement Agreements. Gilbert LLP served as Special Insurance Counsel to the Trust. Prior to the Effective Date of the Plan of Reorganization, the Debtors and other Plan Proponents reached settlement agreements with many, but not all, of the Debtor's historical insurance companies with respect to coverage for certain asbestos-related liabilities, which agreements required that the settling insurers make cash payments to or for the benefit of the Trust. One such settlement agreement required that the settling insurer group make payments to the Trust on an agreed-to payment schedule that extends beyond 2011. As a result, the Trust anticipates receiving annual payments from that insurer group through 2024.

As detailed in the Trust's 2008 Annual Report, the Trust reached agreements in 2008 with two insurer groups. Under one such settlement agreement, the insurer group is obligated to pay the Trust the total sum of $29 million pursuant to a payment schedule that extends from March 2009 to May 2013. The other 2008 agreement obligates that insurer group

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to pay the Trust the sum of $42 million pursuant to a payment schedule that extends from April 2009 to April 2012. Additional payments may be due from the insurer if certain conditions are met in the future. The Trust received the third installment of $10.5 million in April 2011.

In 2010, the Trust reached agreements with two additional insurer groups and one insolvent London scheme. Under the first settlement agreement, the insurer group is obligated to pay the Trust the total sum of $22.5 million pursuant to a payment schedule that extends from July 2010 to July 2014. The Trust received the second installment of $5 million in July 2011. The other 2010 agreement obligated that insurer group to make a lump-sum payment of $8.75 million, which the Trust received in December 2010. The settlement agreement with the insolvent London scheme obligated the scheme to pay the Trust the sum of $140,000, which the Trust received in April 2010.

In July of 2011, the Trust received payment of $575,000 from an insurer group pursuant to a settlement reached earlier in the same year.

In addition, in 2011, the Trust initiated settlement discussions with several solvent insurance companies and one insolvent London scheme and was actively involved in several significant settlement discussions.

H. General Counsel

Campbell & Levine, LLC of Pittsburgh, Pennsylvania and Wilmington, Delaware served as general counsel to the Trust.

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IV. ANNUAL REPORT AND ACCOUNT

A. Summary of Claims

During the Reporting Period, 777 Fel-Pro Claims and 681 Vellumoid Claims were dismissed without payment. During the same period, 11 malignant Fel-Pro Claims, 1 nonmalignant Fel-Pro Claim, and 1 malignant Vellumoid Claim were resolved by settlement. In total, $420,000 ($380,000 malignant and $40,000 nonmalignant) was paid to asbestos victims in settlement of their Fel-Pro Claims during the Reporting Period and a total of $5,000 was paid to asbestos victims in settlement of their malignant Vellumoid Claims during the Reporting Period.

From the inception of the Trust through December 31, 2011, the Trust has received approximately 2,444 Fel-Pro Claims and approximately 1,945 Vellumoid Claims. Of the Fel-Pro Claims received, 1,405 were dismissed without payment. Similarly of the Vellumoid Claims received, 1,254 were dismissed without payment. Of the pending claims through December 31, 2011, 50 malignant Fel-Pro Claims, 3 nonmalignant Fel-Pro Claims, and 3 malignant Vellumoid Claim settled prior to trial. All other claims remained pending as of December 31, 2011.

As of December 31, 2011, the T&N Subfund had received 323,948 Unliquidated Trust Claims and had paid a total of 28,000 claims. Of the T&N Subfund claims paid, there were 6,732 malignancy claims and 21,268 non-malignancy claims. After application of the payment percentage and applicable sequencing adjustment, the T&N Subfund had paid approximately $15.3 million to asbestos victims in settlement of their Unliquidated Trust Claims. The malignant to nonmalignant ratio of the Unliquidated Trust Claims paid in number was 1/3 and the malignant to nonmalignant ratio of the Unliquidated Trust Claims in dollars paid was 3/1.

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B. Financial Information

The Trust's audited financial statements for the Reporting Period are attached hereto as Exhibit "A." The financial statements were audited by Argy, Wiltse & Robinson, LLC.

Date: April 30, 2012

CAMPBELL & LEVINE, LLC

/s/ Kathleen Campbell Davis

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AUDITED SPECIAL-PURPOSE
FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION

FEDERAL-MOGUL
ASBESTOS PERSONAL INJURY TRUST

DECEMBER 31, 2011 AND 2010

FEDERAL-MOGUL ASBESTOS PERSONAL INJURY TRUST

AUDITED SPECIAL-PURPOSE FINANCIAL STATEMENTS WITH SUPPLEMENTAL INFORMATION

DECEMBER 31, 2011 AND 2010

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ARGY, WILTSE & ROBINSON, P.C.

INDEPENDENT AUDITOR'S REPORT

To the Trustees
Federal-Mogul Asbestos Personal Injury Trust
Wilmington, Delaware

We have audited the accompanying special-purpose statements of assets, liabilities and net assets available for the payment of claims of the Federal-Mogul Asbestos Personal Injury Trust (the Trust) (a statutory Trust created under the laws of the State of Delaware) as of December 31, 2011 and 2010, and the related special-purpose statements of changes in net assets available for the payment of claims and special-purpose statements of cash flows for the years then ended. These special-purpose financial statements are the responsibility of the Trust's management. 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 audits to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose 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 audits provide a reasonable basis for our opinion.

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

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of December 31, 2011 and 2010 and the results of its operations and its cash flows for the years 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 Future Claimants' Representative, the Trust Advisory Committee, the beneficiaries of the Trust, and the United States Bankruptcy Court for the District of Delaware, and is not intended to be, and should not be, used by anyone other than these specified parties.

Argy, Wiltse & Robinson, P.C.

McLean, Virginia
April 17, 2012

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FEDERAL-MOGUL ASBESTOS PERSONAL INJURY TRUST

SPECIAL-PURPOSE STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS AVAILABLE FOR THE PAYMENT OF CLAIMS

DECEMBER 31, 2011 AND 2010

	2011	2010
Assets		
Cash and cash equivalents	$ 167,407,308	$ 106,645,602
Restricted cash equivalents	3,698,602	3,698,010
Investments in bonds, at fair value	257,434,791	250,218,912
Interest receivable	3,347,937	2,994,754
Total assets	431,888,638	363,557,278
Liabilities		
Accrued expenses and accounts payable	2,178,899	4,753,360
Total liabilities	2,178,899	4,753,360
Net assets available for the payment of claims	$ 429,709,739	$ 358,803,918

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

FEDERAL-MOGUL ASBESTOS PERSONAL INJURY TRUST

SPECIAL-PURPOSE STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR THE PAYMENT OF CLAIMS

YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Additions		
Repayments under promissory note	$ 60,000,000	$ 0
Insurance recoveries	13,287,200	24,067,196
Interest and dividend income	18,029,941	21,873,733
Net appreciation (depreciation) in fair value of investments	12,281,057	(3,307,165)
Total additions	103,598,198	42,633,764
Deductions		
Personal injury claims settled	15,175,782	1,608,553
Operating expenses	13,767,263	11,769,994
Claims processing expenses	3,749,332	1,028,942
Total deductions	32,692,377	14,407,489
Increase in net assets available for the payment of claims	70,905,821	28,226,275
Net assets available for the payment of claims		
Beginning of year	358,803,918	330,577,643
End of year	$ 429,709,739	$ 358,803,918

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

FEDERAL-MOGUL ASBESTOS PERSONAL INJURY TRUST

SPECIAL-PURPOSE STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Cash flows from operating activities:		
Increase in net assets available for the payment of claims	$ 70,905,821	$ 28,226,275
Adjustments to reconcile increase in net assets available for the payment of claims to net cash provided by operating activities:		
Net (appreciation) depreciation in fair value of investments	(12,281,057)	3,307,165
Amortization of premiums on bonds, net	4,059,964	2,484,400
Changes in operating assets and liabilities:		
Interest receivable	(353,183)	(367,063)
Accrued expenses and accounts payable	(2,574,461)	(1,536,865)
Net cash provided by operating activities	59,757,084	32,113,912
Cash flows from investing activities:		
Increase in restricted cash equivalents	(592)	(3,698,010)
Purchases of bonds	(132,400,277)	(241,106,651)
Sales and maturities of bonds	133,405,491	182,222,447
Net cash provided by (used in) investing activities	1,004,622	(62,582,214)
Net increase (decrease) in cash and cash equivalents	60,761,706	(30,468,302)
Cash and cash equivalents at the beginning of the year	106,645,602	137,113,904
Cash and cash equivalents at the end of the year	$ 167,407,308	$ 106,645,602

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

FEDERAL-MOGUL ASBESTOS PERSONAL INJURY TRUST

NOTES TO THE SPECIAL-PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 1 - DESCRIPTION OF THE TRUST

On October 1, 2001, Federal-Mogul Corporation, together with its United States and United Kingdom affiliates (collectively, the Debtors), filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code (Bankruptcy Code) in the United States Bankruptcy Court for the District of Delaware (Bankruptcy Court).

On November 8, 2007, the Bankruptcy Court entered an order (the Confirmation Order) confirming the Fourth Amended Joint Plan of Reorganization (the Plan) proposed and filed by the Debtors, the Asbestos Claimants Committee (the ACC), the Future Claimants' Representative (the FCR), the Unsecured Claimants Committee, the Administrative Agent and the Equity Committee. Amongst those joint plan proponents, the ACC and the FCR represented the interests of present and future holders of Asbestos Personal Injury Claims, as that term is defined in the Plan. On November 13, 2007, the United States District Court for the District of Delaware adopted, issued and affirmed the Confirmation Order. The Confirmation Order has become final and is no longer appealable, and the Plan became effective on December 27, 2007.

The essential elements of the Plan include, among other things, the creation of the Federal-Mogul Asbestos Personal Injury Trust (the Trust) under Section 524(g) of the Bankruptcy Code, pursuant to which the Trust assumes all liabilities for Asbestos Personal Injury Claims in accordance with the Plan. Governance of the Trust is dictated by the terms and provisions of the Trust Agreement, which provides, *inter alia,* for the appointment of three trustees having terms of varying length. The processing and payment of Asbestos Personal Injury Claims is, in turn, determined by reference to the detailed provisions of the Trust Distribution Procedures (the TDP).

The Trust is comprised of four separate subfunds - each subfund relating to a specific stream of liability from which its underlying Asbestos Personal Injury Claims arise. The four subfunds include the T&N Subfund, the FMP Subfund, the Fel-Pro Subfund and the Vellumoid Subfund, with claimants arising from such streams being referred to herein as T&N Claimants, FMP Claimants, Fel-Pro Claimants and Vellumoid Claimants, respectively.

The T&N Subfund will serve as the source of payment to holders of asbestos claims against (a) Turner & Newell and its subsidiaries, (b) Gasket Holdings, Inc., f/k/a Flexitallic, Inc., and (c) Ferodo America, Inc. (collectively, the T&N Parties). Under the Plan, the T&N Claimants have irrevocably appointed the Trust as their exclusive agent to assert claims against the T&N Parties, and have assigned the Trust the right to the proceeds of any such claims.

The FMP Subfund will serve as the source of payment to FMP Claimants, i.e., those asserting exposure within or outside the United States to asbestos-containing products produced, marketed, distributed, sold or utilized by Federal-Mogul Products, Inc. The Trust has already received substantial proceeds arising from settlements with various insurance carriers relating to this stream of liability and will continue to pursue coverage actions against other carriers as the assignee of insurance policies under the Plan.

As part of the Chapter 11 process, the Bankruptcy Court approved a Coverage-in-Place Agreement with certain insurance companies whose policies related to the Fel-Pro and Vellumoid Claimants, i.e., those whose asbestos claims arise from claims asserted against Felt Products Manufacturing Corporation or the former Vellumoid Division of Federal-Mogul Products, respectively. The Fel-Pro and Vellumoid Subfunds serve as the vehicle through which these claims will be either settled or adjudicated in the tort system.

The Trustees are responsible for supervising and administering the Trust and utilizing the Trust's assets and income to pay the holders of all Asbestos Personal Injury Claims in accordance with the Trust Agreement and the TDP in such a way that holders of such claims are treated fairly, equitably and reasonably in light of the limited assets available to satisfy such claims, and to otherwise comply in all

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respects with the requirements of a trust set forth in section 524(g)(2)(B) of the Bankruptcy Code. Notwithstanding the establishment of the four subfunds, the Trustees have authority to advance funds from one subfund to another to promote the general purpose of the Trust.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Trust's financial statements are prepared using special-purpose accounting methods adopted by the Trust, 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 the related operating expenses of the Trust. Since the accompanying special-purpose 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:

- Assets are recorded when they are received by the Trust and are available for the payment of asbestos claims.

- 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.

- The full amounts of claims are expensed in the period in which the confirmed claims are settled. A settled claim is a claim that has been allowed by the Trust and accepted by the claimant, with an approved release. 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 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.

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

- 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. Under GAAP, the provision for income taxes is recorded based upon income reported for financial statement purposes, and federal and state income taxes both currently payable and changes in deferred taxes due to differences between financial reporting and tax bases of assets and liabilities. Under GAAP, deferred taxes include a provision for taxes attributable to changes in unrealized gains and losses on investments.

- Asbestos insurance recoveries are not recorded until the funds are received from the insurance carriers. These recoveries come from various insurance settlements, which were obtained by the sub-funds and related entities and assigned to the Trust. The insurance policies cover, among other things, products and general liability claims. Future recoveries under such settlements, which were assigned to the Trust pursuant to the Plan, will be received by the Trust. Under GAAP, asbestos insurance recoveries are recorded upon settlement and assurance of collectability.

- Investments are recorded at fair market value. All interest and dividend income, net of investment expenses, are included in interest and dividend income in the accompanying special-purpose statement of changes in net assets available for the payment of claims. The net appreciation or depreciation in fair market value of investments in the accompanying special-purpose statement of changes in net assets available for the payment of claims consists of

realized gains or losses on sales of investments and the changes in unrealized gains or losses on investments held. Under GAAP, unrealized gains and losses are recorded as other comprehensive income or loss, with the accumulated balance disclosed separately on the special-purpose statements of assets, liabilities and net assets available for the payment of claims.

Use of estimates

The preparation of financial statements in conformity with the special-purpose accounting methods described above requires the Trust to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and the disclosures of contingent assets and liabilities at the date of the special-purpose financial statements, as well as the reported amounts of additions and deductions to the net assets available for the payment of claims during the reporting period. Actual results could differ from those estimates and such differences could have a material effect on the net assets available for the payment of claims.

Cash equivalents

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

Restricted cash equivalents

Restricted cash equivalents consist of funds held in a money market account. Under the terms of an Escrow Agreement dated February 17, 2010, the Trust was required to deposit a total of $3,000,000 into an Escrow Account (the Escrow). Also deposited into the Escrow was $700,000 from a certain insurance company that was an insurer of the Debtors. The funds maintained in the Escrow will be used to pay certain eligible claims and costs (as defined in the Escrow and related documents) when and if the Trust and/or the Debtors' insurers have already paid $10,000,000 in Covered Indemnification Expenses (as defined by the Escrow and related documents). When and if the Escrow is used to fund eligible claims and costs, the Trust will be required to replenish the Escrow on an annual basis in order to maintain a balance of $3,700,000. The Trust is only required to fund the Escrow with a designated Escrow Replenishment Fund in the amount of $4,300,000. The Escrow Replenishment Fund is part of the Fel-Pro sub fund. When and if the Escrow Replenishment Funds are fully expended, the Trust has no further obligation to maintain the $3,700,000 balance in the Escrow. Any interest or other income earned on the Escrow will increase the balance and will be held in the Escrow. Similarly, any expenses associated with maintaining the Escrow will be paid with funds from the Escrow.

Investments

Investment securities stated at fair value are based on quoted market prices for identical or similar instruments traded in active markets as of the date of the special-purpose financial statements with the changes in unrealized gains and losses recorded in the current period. Investment income is recognized when earned. Gains and losses on sales of investment securities are determined using the average cost method.

Accrued expenses and accounts payable

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

Operating expenses

Operating expenses of the Trust are paid from the net assets available for the payment of claims when invoices are received.

Claims processing expenses

Claims processing expenses are paid from net assets available for the payment of claims when invoices are received.

Income taxes

Each of the four sub-accounts that comprise the Trust (see Note 1) is classified as a Qualified Settlement Fund pursuant to the Internal Revenue Code and Regulations (the Code) thereunder. The four sub-accounts of the Trust are subject to federal income taxes based on modified gross income, as defined by the Code. In the opinion of the Trustees and advisors, the sub-accounts of the Trust are not subject to state income taxes and, therefore, the special-purpose financial statements do not include any provision or liability for state income taxes.

Income tax expense is estimated and includes amounts payable or receivable under current federal income taxes.

The Trust records income tax expense (or benefit) associated with amounts payable (or receivable) under current federal income taxes, and does not record a provision for (or benefit from) deferred taxes. Accordingly, there is no provision for deferred taxes associated with changes in cumulative unrealized gains and losses on investments (see Note 4). The taxes associated with gains on investments will be recorded in the Trust's financial statements when the net gains are realized (i.e. the securities are sold) and the taxes become currently payable.

Risks and uncertainties

The Trust maintains cash and cash equivalent balances that may at times exceed federally insured limits. Cash and cash equivalents are maintained at high-quality financial institutions and the Trust believes the credit risk related to these balances is minimal.

The Trust invests in a professionally managed portfolio that contains municipal bonds and Treasury bills. Such investment securities are exposed to various risks such as interest rate and credit risks. Due to the level of risk associated with certain investments securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Trust's account balance and the amounts reported in the special-purpose statements of assets, liabilities and net assets available for the payment of claims.

Subsequent events

The Trust has evaluated its December 31, 2011 special-purpose financial statements for subsequent events through April 17, 2012, 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.

NOTE 3 - FUNDING UNDER JOINT PLAN OF REORGANIZATION

When formed, in accordance with the terms of the Plan, the Trust was initially funded with 50,100,000 Class B shares in the reorganized Federal Mogul Corporation. These Class B shares were comprised of 28,807,500 shares subscribed for by the Trust pursuant to section 4.5.5(a) of the Plan and 21,292,500 shares issued to the Trust by Reorganized Federal Mogul Corporation pursuant to section 8.3.4 of the Plan. In accordance with the Plan, the Trust pledged 6,958,333 shares to secure the repayment of a $125,000,000 note and 7,793,333 shares to secure repayment of a $140,000,000 note. Also in accordance with the Plan, the courts authorized the Trust to grant a call option to Thornwood Associates, a private entity, to purchase the remaining Class B shares at a value of $17.9640719 per share, or a total value of $635,000,000.

Thornwood timely exercised the option and paid the Trust for the Class B shares with (a) $235,000,000 in cash and (b) a $400,000,000 promissory note. The cash was received during the year ended December 31, 2008. The promissory note bears interest at 4.03969% per annum, with interest calculated and payable quarterly beginning March 31, 2008. Beginning on March 31, 2011, principal payments of $20,000,000 plus interest will be due quarterly until all principal and interest has been fully collected on December 31, 2015. Principal payments received on the promissory note totaled $60,000,000 during the year ended December 31, 2011. The payment due December 31, 2011 totaling $20,000,000 plus interest of $3,574,849 was received on January 3, 2012, and, accordingly, was recorded as an increase in net assets available for the payment of claims in January 2012.

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In accordance with the special-purpose accounting adopted by the Trustees and as discussed in Note 2, the principal balance of the promissory is not recorded as an asset in the accompanying special-purpose statements of assets, liabilities and net assets available for the payment of claims, as this asset is not yet available for the payment of asbestos claims. Future payments will be recorded in the statement of changes in net assets available for the payment of claims upon receipt by the Trust.

Interest received on the promissory note during the years ended December 31, 2011 and 2010 totaled $11,477,147 and $16,158,760, respectively, and is included in interest and dividend income in the accompanying special-purpose statements of changes in net assets available for the payment of claims.

NOTE 4 - INVESTMENTS IN BONDS

Investments in bonds as of December 31, 2011 and 2010 consist of municipal bonds with an amortized cost of $243,676,318 and $247,885,428, respectively, and a fair value of $257,434,791 and $250,218,912, respectively. Gross unrealized gains on investments held as of December 31, 2011 aggregated $13,758,473. There were no gross unrealized losses on investments held as of December 31, 2011. Gross unrealized gains (losses) on investments held as of December 31, 2010 aggregated $3,969,516 and ($1,636,032), respectively.

NOTE 5 - INCOME TAXES

The Trust paid income taxes and recorded income tax expense totaling $3,423,000 during the year ended December 31, 2010. During the year ended December 31, 2011 the Trust paid no income taxes and recorded no income tax expense. During the year ended December 31, 2011 the Trust collected $58,632 in federal income tax refunds for overpayments made in 2009.

The Trust has a net operating loss carryforward of approximately $5,200,000 that is available to offset future taxable income from operations and/or realized gains on investments.

NOTE 6 - INSURANCE RECOVERIES

During the years ended December 31, 2011 and 2010, the Trust received insurance recoveries from insurers in the amount of $13,287,200 and $24,067,196, respectively. Under the terms of settlement agreements with certain insurance companies, or under the terms of future settlements negotiated by the Trust, the Trust may be entitled to future insurance recoveries. In accordance with the Trust's accounting policies, such insurance recoveries are recorded as an addition to net assets available for the payment of claims when the funds are received from the insurance companies.

NOTE 7 - CONTINGENT LIABILITIES

The Plan Documents (as defined in the Confirmed 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. The Trust has obtained insurance for purposes of supporting its obligation to indemnify the Trustees.

NOTE 8 - LIABILITY FOR ASBESTOS CLAIMS

The settled but unpaid claims liability at December 31, 2011 and 2010 consists of personal injury claims that were settled and approved for payment by the Trust, but unpaid as of December 31, 2011 and 2010, respectively. These amounts have been included in accrued expense and accounts payable in the accompanying special-purpose statements of assets, liabilities and net assets available for the payment of claims and in personal injury claims settled expense in the accompanying special-purpose statements

of changes in net assets available for the payment of claims for the years ended December 31, 2011 and 2010.

The ultimate number of Asbestos Personal Injury Trust Claims to be filed and the liability for all such claims are uncertain at this time. The net assets available for the payment of claims at December 31, 2011 represent funding available for all Asbestos Personal Injury Trust Claims for which no fixed liability has yet been established. The net assets available for the payment of claims at December 31, 2011 may or may not be sufficient to meet all future obligations of the Trust.

NOTE 9 - TRUST LIABILITY INSURANCE

The Trust purchased liability insurance for premiums of $176,520 and $178,623 during the years ended 2011 and 2010, respectively. The current policy term extends from December 26, 2011 to December 26, 2012. The Trust's accounting policy is to expense in the current period any amounts that will not be available to pay future Asbestos Personal Injury Trust Claims or expenses of the Trust. Accordingly, the amounts of $176,520 and $178,623 were recorded as deductions in net assets available for the payment of claims during the years ended December 31, 2011 and 2010, respectively.

NOTE 10 - TRUSTEES, TRUST ADVISORY COMMITTEE, AND FUTURE CLAIMANTS' REPRESENTATIVE

Fees and expenses of the Trustees, trustees' advisory committee, and future claimants' representative for the years ended December 31, 2011 and 2010 were:

	2011		
	Fees	Expenses	Total
Trustees	$ 482,252	$ 36,653	$ 518,905
Future Claimants' Representative	10,390	319	10,709
Future Claimants' Representative Counsel	93,097	7,488	100,585
Trust Advisory Committee	4,529	27,787	32,316
Trust Advisory Committee Counsel	124,566	4,393	128,959
	$ 714,834	$ 76,640	$ 791,474

	2010		
	Fees	Expenses	Total
Trustees	$ 509,172	$ 40,121	$ 549,293
Future Claimants' Representative	47,346	1,608	48,954
Future Claimants' Representative Counsel	461,739	7,762	469,501
Trust Advisory Committee	9,817	1,658	11,475
Trust Advisory Committee Counsel	298,087	5,486	303,573
	$ 1,326,161	$ 56,635	$ 1,382,796

The above amounts are included in operating expenses in the special-purpose statements of changes in net assets available for the payment of claims for the years ended December 31, 2011 and 2010.

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SUPPLEMENTAL INFORMATION

ARGY, WILTSE & ROBINSON, P.C.

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

To the Trustees
Federal-Mogul Asbestos Personal Injury Trust
Wilmington, Delaware

Our audits were made for the purpose of forming an opinion on the basic special-purpose financial statements as of and for the years ended December 31, 2011 and 2010, taken as a whole, in accordance with the basis of accounting described in Note 2 of such statements. The supplemental information on page 12 is presented for purposes of additional analysis and is not a required part of the basic special-purpose financial statements. The supplemental information as of and for the years ended December 31, 2011 and 2010 has been subjected to the auditing procedures applied in the audits of the basic special-purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic special-purpose financial statements taken as a whole.

Argy, Wiltse & Robinson, P.C.

McLean, Virginia
April 17, 2012

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FEDERAL-MOGUL ASBESTOS PERSONAL INJURY TRUST

SUPPLEMENTAL SCHEDULES OF OPERATING EXPENSES

YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
General legal fees	$ 5,037,140	$ (387,920)
Other legal fees	4,207,408	4,334,529
Consulting expenses	1,908,658	1,096,232
Investment advisory and management fees	951,747	985,487
Trustee fees and expenses	518,905	549,293
Accounting, finance and tax fees	396,774	413,061
Claims processing and analysis	234,743	179,783
Trust liability insurance	176,520	178,623
TAC counsel fees and expenses	128,959	303,573
Future claimants' representative counsel	100,585	469,501
Trust meetings and expenses	73,553	33,494
Office expenses	47,878	130,909
TAC fees and expenses	32,316	11,475
Future claimants' representative	10,709	48,954
Income tax (refunds) expense	(58,632)	3,423,000
Total operating expenses	$ 13,767,263	$ 11,769,994

See independent auditor's report on supplemental information.

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
FEDERAL-MOGUL GLOBAL, INC.,	)	Case No. 01-10578 (JKF)
T&N LIMITED, *et al.*,	)	
	)	Jointly Administered

CERTIFICATE OF SERVICE

I, Kathleen Campbell Davis, of Campbell & Levine, LLC, hereby certify that on April 30, 2012, I caused a copy of the *Notice of Filing of Annual Report and Claims Summary* to be served upon the attached service list via first-class and electronic mail.

CAMPBELL & LEVINE, LLC

Dated: April 30, 2012

/s/ Kathleen Campbell Davis
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