FILED
JAMES J. WALDRON, CLERK
MAY 02 2011
U.S. BANKRUPTCY COURT
NEWARK, N.J.
BY DEPUTY

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEW JERSEY

In re:	)	
	)	Chapter 11
HERCULES CHEMICAL COMPANY, INC.	)	
	)	Case No. 08-27822 (MS)
Debtor.	)	

NOTICE OF FILING ANNUAL REPORT AND CLAIMS SUMMARY

The Hercules Chemical Company, Inc. Asbestos Trust (the "Trust") hereby files its Audited Financial Statements for the fiscal year ending December 31, 2010 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 Hercules Chemical Company, Inc. Asbestos Trust Agreement, the Trust is providing copies of the Annual Report and the Financial Statements to the Reorganized Debtor, the Trust Advisory Committee, the Legal Representative and the United States Trustee.

Date: April 29, 2011

CAMPBELL & LEVINE, LLC

/s/ Mark T. Hurford
Mark T. Hurford
800 N. King Street, Suite 300
Wilmington, DE 19801
Tel. 302.426.1900
Fax 302.426.9947

-and-

David B. Salzman
1700 Grant Building
Pittsburgh, PA 15219
Tel. 412.261.0310
Fax 412.261.5066

Counsel to the Hercules Chemical Company, Inc. Asbestos Trust

{D0202620.1 }

Published by AsbestosClaims.Law
asbestosclaims.law/library/13930/1

EXHIBIT 1

Published by AsbestosClaims.Law
asbestosclaims.law/library/13930/2

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEW JERSEY

In re:	)	
	)	Chapter 11
HERCULES CHEMICAL COMPANY, INC.	)	
	)	Case No. 08-27822 (MS)
Debtor.	)	

ANNUAL REPORT AND ACCOUNT OF THE
HERCULES CHEMICAL COMPANY, INC. ASBESTOS TRUST
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2010

Michael F. Rooney, the Trustee of the Hercules Chemical Company, Inc. Asbestos Trust (the "Trust"), created pursuant to the First Amended Chapter 11 Plan of Reorganization for Hercules Chemical Company, Inc., dated as of October 13, 2009, as amended or modified (the "Plan") submits this Annual Report, Financial Statements, and Claims Summary for the fiscal year ended December 31, 2010.

I. INTRODUCTION

The purpose of this Annual Report is to comply with the reporting requirements of the Hercules Chemical Company, Inc. Asbestos Trust Agreement (the "Trust Agreement") and to report to the Court on the actions taken by the Trustee on behalf of the Trust during the period from February 9, 2010, the effective date of the Plan, through December 31, 2010 (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 Trustee 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 financial statements of the Trust (including without limitation a balance sheet of the 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 public accountants selected by the Trustee 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 Trust Claims and as to the conformity of the financial statements with generally

Hercules Chemical Asbestos Trust Annual Reports, 2010 annual report
ACL Doc 13930 · Page 3 of 22
Published by AsbestosClaims.Law
asbestosclaims.law/library/13930/3

accepted accounting principles. The Trustee shall provide a copy of such report to the Debtor, the TAC and the Legal Representative when such reports are filed with the Bankruptcy Court.

(ii) Simultaneously with the delivery of each set of financial statements referred to in Section 2.2(b)(i) above, the Trustee shall cause to be prepared and filed with the Bankruptcy Court a report containing a summary regarding the number and type of Trust Claims disposed of during the period covered by the financial statements. The Trustee shall provide a copy of such report to the Debtor, the TAC and the Legal Representative 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 United States Trustee.

The Trust Agreement further provides for the inclusion of a description of the amounts paid to the Trustee, TAC, and the Legal Representative in the accounts filed with the Bankruptcy Court. See Sections 5.5(c), 6.6, and 7.6.

II. BACKGROUND

On August 22, 2008, Hercules Chemical Company, Inc. (the "Debtor") filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the Western District of Pennsylvania. By Order dated September 17, 2008, the case was transferred to the United States Bankruptcy Court for the District of New Jersey (the "Bankruptcy Court"). On December 22, 2009, the Bankruptcy Court entered a Report and Recommendation for Entry of: (A) Findings of Fact and Conclusions of Law with Respect to the First Amended Chapter 11 Plan of Reorganization for Hercules Chemical Company, Inc., and (B) Confirmation Order. On January 6, 2010, the United States District Court for the District of New Jersey entered an order confirming the Plan. On February 9, 2010 (the "Effective Date"), the Plan became effective and the Trustee began to operate the Trust.

Article V, Paragraph 5.1 and Article 11, Section 11.1 of the Plan provide for the funding of the Trust. The purpose of the Asbestos Trust is to (a) assume all liability for all Trust Claims, (b) preserve, hold, manage and maximize the Asbestos Trust Assets for use in paying and

Hercules Chemical Asbestos Trust Annual Reports, 2010 annual report Published by AsbestosClaims.Law
ACL Doc 13930 · Page 4 of 22 asbestosclaims.law/library/13930/4

otherwise satisfying Trust Claims and paying the Asbestos Trust Expenses, (c) provide for the allowance or disallowance and, if appropriate, satisfaction of all Trust Claims in accordance with the Trust Distribution Procedures, and (d) otherwise comply in all respects with the requirements of a trust set forth in § 524(g)(2)(B) of the Bankruptcy Code, all in accordance with the Plan and the Trust Agreement. See Trust Agreement, Section 1.2.

III. TRUST ADMINISTRATION

A. Trustees

Michael F. Rooney has served as the Trustee of the Trust during the Reporting Period.

1. Meetings

During the Reporting Period, the Trustee held meetings on April 27, 2010 and November 8, 2010. Each meeting was telephonic and was attended by the Legal Representative as well as each member of the Trust Advisory Committee. In addition to these meetings, the Trustee conducted special purpose telephonic meetings for such purposes as addressing Trust policies and claims processing matters and devoted considerable time to Trust matters outside of scheduled meetings. Activities included establishing accounts for Trust assets, exercising oversight over the investment of Trust assets through discussions with the Trust's investment managers, working with the Trust's consultant to establish a Payment Percentage, exercising oversight over the establishment of Claims Materials and the forms of releases, communicating with claimants regarding the processing of claims and the continual monitoring of the claims and investment processes. The Trustee also obtained and reviewed databases and other information relating to Hercules Chemical Company, Inc.'s pre-petition asbestos litigation.

Hercules Chemical Asbestos Trust Annual Reports, 2010 annual report
ACL Doc 13930 · Page 5 of 22
Published by AsbestosClaims.Law
asbestosclaims.law/library/13930/5

2. Compensation

The compensation and expenses paid to the Trustee 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 5.5(c) of the Trust Agreement. All distributions related to Trustee compensation and expense reimbursements were made in accordance with the Trust Agreement guidelines.

B. Trust Advisory Committee

Mark Meyer, Deirdre Pacheco, and Paul Matheny served as members of the Trust Advisory Committee (the "TAC Members") during the Reporting Period. No compensation was paid to the TAC Members during the Reporting Period.

C. Legal Representative

Joel Helmrich served as the Legal Representative (the "Legal Representative") during the Reporting Period. The compensation paid to the Legal Representative during the Reporting Period is $1,821.80 for services rendered during telephonic Trust meetings and related services. This amount included within the Professional Fees section of the Statement of Changes in Net Claimants' Equity for the Period from Inception (February 8, 2010) to December 31, 2010. This information statement satisfies the requirements of Section 7.6 of the Trust Agreement. All distributions related to Legal Representative for compensation and expense reimbursements were made in accordance with the Trust Agreement.

E. Claims Processing

The Trustee, in consultation with the Legal Representative and the TAC Members, selected MFR Claims to process the Trust's claims. The contract with MFR Claims concludes in February 2012.

Hercules Chemical Asbestos Trust Annual Reports, 2010 annual report
ACL Doc 13930 · Page 6 of 22
Published by AsbestosClaims.Law
asbestosclaims.law/library/13930/6

F. Investment Management

During the Reporting Period, the Trust prepared for the timely transfer of assets from the Debtor and other transferors, received such assets and deployed them with Trust's custodians and investment managers, and monitored the investments on a continual basis. The Trust extensively interviewed investment management advisory firms. During the Reporting Period, the Trust retained the Wilmington Trust Company as its investment management advisory firm.

G. General Counsel

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

IV. ANNUAL REPORT AND ACCOUNT

A. Summary of Claims

As the Trust was primarily engaged in its initial set-up activities during the Reporting Period, it did not process any Unliquidated Trust Claims. In accordance with the Trust Distribution Procedures, the Trust, with the assistance of counsel, designed and established the procedures for the filing, receipt, and review of claims. This involved the preparation of Claims Materials, including the Claim Form and the related Instructions for filing a Claim Form with the Trust. In addition, the Trust, with the assistance of counsel, prepared forms of release agreements for both Pre-Petition Liquidated Trust Claims and Unliquidated Trust Claims. At the November 8, 2010 Trust meeting, the Trust obtained the requisite consent of the Legal Representative and the TAC Members on the form of the releases and the Claims Materials, as well as the Payment Percentage. Thereafter, the Trust distributed the release agreement for Pre-Petition Liquidated Claims to counsel to the holders of those claims.

Hercules Chemical Asbestos Trust Annual Reports, 2010 annual report Published by AsbestosClaims.Law
ACL Doc 13930 · Page 7 of 22 asbestosclaims.law/library/13930/7

As of December 31, 2010, the Trust had received two (2) executed releases for Pre-Petition Liquidated Trust Claims, of a total fifty-three (53) Pre-Petition Liquidated Trust Claims pending. The Trust did not pay any Pre-Petition Liquidated Trust Claims as of December 31, 2010.

The Trust began accepting and processing Unliquidated Trust Claims on November 8, 2010. The Trust received seven (7) Unliquidated Trust Claims between November 8 and December 31. The Trust did not pay any Unliquidated Trust Claims as of December 31, 2010.

C. Financial Information

The Trust's audited financial statements for the Reporting Period are attached hereto as Exhibit "A." The financial statements were audited by Sklar Carmosin & Company, Certified Public Accountants.

Date: April 29, 2011

CAMPBELL & LEVINE, LLC

/s/ Mark T. Hurford
Mark T. Hurford
800 N. King Street, Suite 300
Wilmington, DE 19801
Tel. 302.426.1900
Fax 302.426.9947

-and-

David B. Salzman
1700 Grant Building
Pittsburgh, PA 15219
Tel. 412.261.0310
Fax 412.261.5066

Counsel to the Hercules Chemical Company, Inc. Asbestos Trust

Hercules Chemical Asbestos Trust Annual Reports, 2010 annual report
ACL Doc 13930 · Page 8 of 22
Published by AsbestosClaims.Law
asbestosclaims.law/library/13930/8

HERCULES CHEMICAL COMPANY, INC.
ASBESTOS TRUST

SPECIAL-PURPOSE FINANCIAL STATEMENTS

PERIOD FROM INCEPTION (FEBRUARY 8, 2010) TO DECEMBER 31, 2010

Published by AsbestosClaims.Law
asbestosclaims.law/library/13930/9

SKLAR CARMOSIN

& company · CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Trustee
Hercules Chemical Company, Inc.
Asbestos Trust

We have audited the accompanying special-purpose statement of net claimants' equity of Hercules Chemical Company, Inc. Asbestos Trust as of December 31, 2010 and the related statements of changes in net claimants' equity and cash flows for the period from inception (February 8, 2010) to December 31, 2010. 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. An audit requires that we plan and perform the audit 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, 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 present the amount of equity available to current and future claimants.

In our opinion, the financial statements referred to above present fairly, in all material respects, net claimants' equity of Hercules Chemical Company, Inc. Asbestos Trust as of December 31, 2010 and the related changes in net claimants' equity and cash flows for the year then ended, in conformity with the special-purpose method of accounting described in Note 2.

Sklar, Carmosin & Company

Sklar Carmosin & Company
Certified Public Accountants

April 29, 2011

SUITE ONE • NOBLE PLAZA • JENKINTOWN, PA 19046•1677 • 215•885•5811 • FAX 215•885•0863
WWW.SKLARCARMOSIN.COM

Published by AsbestosClaims.Law
asbestosclaims.law/library/13930/10

SKLAR CARMOSIN & company • CERTIFIED PUBLIC ACCOUNTANTS

EXHIBIT A

HERCULES CHEMICAL COMPANY, INC. ASBESTOS TRUST

STATEMENT OF NET CLAIMANTS' EQUITY
DECEMBER 31, 2010

ASSETS	
CURRENT ASSETS:	
Cash and Cash Equivalents	225,772
Available for Sale Investments	5,587,755
Notes Receivable	180,900
TOTAL CURRENT ASSETS	5,994,427
OTHER ASSETS	
Notes Receivable	1,989,900
TOTAL ASSETS	7,984,327
LIABILITIES	
CURRENT LIABILITIES:	
Accounts Payable	5,527
Pre-Petition Claims	88,235
Claims Processing Fees	30
TOTAL CURRENT LIABILITIES	93,792
NET CLAIMANTS' EQUITY	7,890,535

See independent auditor's report.

Published by AsbestosClaims.Law
asbestosclaims.law/library/13930/11

EXHIBIT B

HERCULES CHEMICAL COMPANY, INC. ASBESTOS TRUST

STATEMENT OF CHANGES IN NET CLAIMANTS' EQUITY
FOR THE PERIOD FROM INCEPTION (FEBRUARY 8, 2010)
TO DECEMBER 31, 2010

REVENUE:	
Interest Income - Note Receivable	105,827
Interest Income - Investments	825
Dividend Income	389
Gain/(Loss) on Investments	(26,212)
TOTAL REVENUE	80,829
OPERATING EXPENSES:	
Bank Charges	74
Claims Processing Fees	150,795
Insurance	14,000
Investment Management Fees	6,500
Professional Fees	74,130
Trustee Fees	16,667
TOTAL OPERATING EXPENSES	262,166
CHANGES IN CLAIMANTS' EQUITY	(181,337)
NET CLAIMANTS' EQUITY - BEGINNING OF PERIOD	-
Contributions to Claimants' Equity	8,160,107
Distributions from Claimants' Equity	(88,235)
NET CLAIMANTS' EQUITY - END OF PERIOD	7,890,535

See independent auditor's report.

Published by AsbestosClaims.Law
asbestosclaims.law/library/13930/12

EXHIBIT C

HERCULES CHEMICAL COMPANY, INC. ASBESTOS TRUST

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM INCEPTION (FEBRUARY 8, 2010)
TO DECEMBER 31, 2010

CASH INFLOWS	
Contribution from the Company	3,059,107
Contribution from Insurance Company	2,689,000
Proceed from Note Receivable Payments	347,027
Investment Income	1,215
Sales and Maturities of Securities	7,449,995
TOTAL CASH INFLOWS	13,546,344
CASH OUTFLOWS	
Disbursements for Trust Operating Expenses	256,609
Purchases of Investment	13,063,963
TOTAL CASH OUTFLOWS	13,320,572
NET INCREASE IN CASH AND CASH EQUIVALENTS	225,772
CASH AND CASH EQUIVALENTS - BEGINNING	-
CASH AND CASH EQUIVALENTS - ENDING	225,772

See independent auditor's report.

Published by AsbestosClaims.Law
asbestosclaims.law/library/13930/13

HERCULES CHEMICAL COMPANY, INC. ASBESTOS TRUST

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM INCEPTION (FEBRUARY 8, 2010)
TO DECEMBER 31, 2010

NOTE 1 – DESCRIPTION OF TRUST

The Hercules Chemical Company, Inc. Asbestos Trust (the Trust), organized pursuant to the laws of the State of Delaware, was established according to the First Amended Plan of Reorganization for Hercules Chemical Company, Inc. The purpose of the Asbestos Trust is to (a) assume all liability for all Trust Claims, (b) preserve, hold, manage and maximize the Asbestos Trust Assets for use in paying and otherwise satisfying Trust Claims and paying the Asbestos Trust Expenses, (c) provide for the allowance or disallowance and, if appropriate, satisfaction of all Trust Claims in accordance with the Trust Distribution Procedures, and (d) otherwise comply in all respects with the requirements of a trust set forth in § 524(g)(2)(B) of the Bankruptcy Code, all in accordance with the Plan and the Trust Agreement.

The Trust was initially funded with the Asbestos Trust Assets, including, but not limited to, cash and a Promissory Note from Hercules Chemical Company, Inc., as well as rights to pursue and receive the benefits and proceeds from Asbestos Insurance Policies. (See Note 10)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Trust's financial statements are prepared using special-purpose accounting methods that differ from accounting principles generally accepted in the United States of America. The special purpose accounting methods were adopted in order to present the amount of equity available for payment of current and future claims. These special purpose accounting methods are as follows:

a) The financial statement is prepared using the accrual method of accounting as modified below.

b) The funding received from Hercules Chemical Company, Inc. and its liability insurers is recorded directly to claimants' net equity. These funds do not represent income of the Trust. Distributions to the claimants are reported as deductions from claimants' net equity and do not represent expenses of the Trust.

c) Costs of non-income producing assets, which will be exhausted during the life of the Trust and are not available for satisfying claims, are expensed when incurred. These costs include prepaid expenses such as insurance.

Published by AsbestosClaims.Law
asbestosclaims.law/library/13930/14

HERCULES CHEMICAL COMPANY, INC. ASBESTOS TRUST

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM INCEPTION (FEBRUARY 8, 2010)
TO DECEMBER 31, 2010

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES *(continued)*

d) Available-for-sale securities are recorded at market. All interest and dividend income on available-for-sale securities, net of investment expenses, is included in investment income on the Statement of Changes in Net Claimant's Equity. Net realized and unrealized gain and losses on available-for-sale securities are recorded as a separate component on the Statement of Changes in Net Claimants' Equity.

Cash and Cash Equivalents
Cash and cash equivalents include demand deposit accounts and cash invested in money market funds.

Claims Payable
The liability reflected in the Statement of Net Claimants' Equity represents settled but unpaid claims and outstanding offers. A claims liability is recorded once an offer is made to the claimant at an amount equal to the expected pro rata payment. No liability is recorded for future claim filings and filed claims on which no offer has been made. Claims payable includes processed, but unpaid pre-petition claims.

Estimates
The preparation of financial statements in conformity with special-purpose accounting methods described above requires Trust 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 periods. Accordingly, actual results may differ from those estimates.

Subsequent Events
In preparing these financial statements, the Trust has evaluated events and transactions for potential recognition or disclosure through April 29, 2011, the date the financial statements were available to be issued.

Published by AsbestosClaims.Law
asbestosclaims.law/library/13930/15

HERCULES CHEMICAL COMPANY, INC. ASBESTOS TRUST

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM INCEPTION (FEBRUARY 8, 2010)
TO DECEMBER 31, 2010

NOTE 3 – NOTE RECEIVABLE

Note receivable as of December 31, 2010 consisted of a Promissory Note from Hercules Chemical Company, Inc. The original face value of the Note was $2,412,000. The Note calls for forty (40) quarterly payments of $60,300 plus interest and is due in full February 8, 2020. The Note bears interest at 5% until the sixth anniversary of the effective date (February 8, 2016) then at 7% until paid in full. The February 28, 2011 payment was made in December 2010. As of December 31, 2010 the Note was receivable as follows:

Receivable Within One Year	$ 180,900
Receivable in Future Years	1,989,900
TOTAL	$2,170,800

NOTE 4 – INVESTMENTS

Investment securities are recorded at market value. Various inputs may be used to determine the value of the company's investments. These inputs are summarized in the three broad levels listed below. The input levels or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Level 1: Quoted prices in active markets for identical securities
Level 2: Observable inputs other than level 1 quoted prices
Level 3: Unobservable inputs

Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment spreads, credit risk, and others.

As of December 31, 2010 the investments consisted of the following:

	TOTAL	LEVEL 2
Municipal Bonds	$3,437,755	$3,437,755
Short-Term Municipal Obligations	2,150,000	2,150,000
	$5,587,755	$5,587,755

See independent auditor's report.

Published by AsbestosClaims.Law
asbestosclaims.law/library/13930/16

HERCULES CHEMICAL COMPANY, INC. ASBESTOS TRUST

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM INCEPTION (FEBRUARY 8, 2010)
TO DECEMBER 31, 2010

NOTE 4 – INVESTMENTS *(continued)*

The unrealized gain or (loss) on investments was as follows:

	MARKET VALUE	COST	UNREALIZED GAIN OR (LOSS)
Municipal Bonds	$3,437,755	$3,463,963	$(26,208)
Short-Term Municipal Obligations	2,150,000	2,150,000	-
	$5,587,755	$5,613,963	$(26,208)

The Trust had realized losses of $4 during the period ended December 31, 2010.

NOTE 5 – CLAIM LIABILITIES

Under the Trust Disbursement Procedures claimants receive payment equal to the approved payment percentage (6.7%) of the liquidated value of the claim. The payment percentage may be adjusted upward or downwards from time to time by the Asbestos Trust with the consent of the Trust Advisory Committee and the Legal Representative for Future Asbestos Claimants to reflect the then-current estimates of the Asbestos Trust's assets and liabilities, as well as then-estimated value of then-pending and future claims. If the Trustee, with proper consent, makes a determination to increase the payment percentage, the Trustee shall then make supplemental payments to all claimants who previously liquidated their claim against the Asbestos Trust and received payment based on a lower percentage.

The Trust distinguishes between claims that were resolved prior to the establishment of the Trust and claims received using the Trust Procedures after the creation of the Trust (Trust Claims).

The liability at December 31, 2010 consists of pre-petition claims to be paid at 6.7% of the award plus interest from the date that is one year after the petition date as follows:

Pre-Petition Claims	$1,277,750
Payment Percentage (6.7%)	85,609
Interest Due to December 31, 2010	2,626
Pre-Petition Claims Payable	88,235

As of December 31, 2010 no offers or payments had been made on Trust Claims.

See independent auditor's report.

Published by AsbestosClaims.Law
asbestosclaims.law/library/13930/17

HERCULES CHEMICAL COMPANY, INC. ASBESTOS TRUST

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM INCEPTION (FEBRUARY 8, 2010)
TO DECEMBER 31, 2010

NOTE 6 – NET CLAIMANTS' EQUITY

The contributions to the claimants' equity were comprised of the following at December 31, 2010:

Company Contribution Paid in Cash	$3,059,107
Company Contribution Paid by Issuance of a Note	2,412,000
Insurance Company Contribution	2,689,000
TOTAL	$8,160,107

The distributions from claimants' equity consist of the following:

Distributions (Payable) to Claimants	$ 88,235

NOTE 7 – INCOME TAXES

For federal income tax purposes, the Trust is taxed as a Qualified Settlement Fund (QSF). Income and expenses associated with the QSF are taxed in accordance with Section 468B of the Internal Revenue Code, which obligates the Trust to pay for any federal income tax liability imposed upon the QSF. The statutory income tax rate for the QSF is 35%.

The Trust accounts for income taxes in accordance with the Statement of Financial Accounting Standards (SFAS) No. 109, *Accounting for Income Taxes*. SFAS No. 109 requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between book and tax basis of assets and liabilities.

The provision for income taxes consist of the following for the period ended December 31, 2010:

Deferred Income Expense	$(100,665)
Valuation Allowance	100,665
Income Tax Expense	$ -

See independent auditor's report.

Published by AsbestosClaims.Law
asbestosclaims.law/library/13930/18

HERCULES CHEMICAL COMPANY, INC. ASBESTOS TRUST

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM INCEPTION (FEBRUARY 8, 2010)
TO DECEMBER 31, 2010

NOTE 7 – INCOME TAXES *(continued)*

The deferred tax asset consists of the following:

(Loss) Carryforwards	$ 91,492
Unrealized (Loss) - Investments	9,173
Valuation Allowance	(100,665)
	$ -

A valuation allowance has been taken against the deferred tax asset as it is unclear if the loss carryforwards will eventually be used.

NOTE 8 – RELATED PARTY TRANSACTIONS

During the period ended December 31, 2010 pursuant to a trust services agreement the Trust incurred claims processing expenses of $150,795 to a corporation owned 100% by the Trustee.

NOTE 9 – CONCENTRATION AND CREDIT RISK

The Trust's investments are in professionally managed portfolios. Such investments are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is 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 investment account balances and the amounts reported in the special-purpose Statements of Net Claimants' Equity and Statement of Changes in Net Claims Equity.

NOTE 10 – CONTINGENCY

Pursuant to the First Amended Chapter 11 Plan of Reorganization for Hercules Chemical Company, Inc., the Trust received, among other things, the (i) rights to pursue and receive the benefits and proceeds of the Asbestos Insurance Policies, and (ii) rights to pursue and receive recovery from or as a result of any Asbestos Insurance Action with respect to the Asbestos Insurance Policies against any Asbestos Insurance Company that is not a Settling Asbestos Insurance Company. Some of these insurance companies are now in insolvency proceedings.

Published by AsbestosClaims.Law
asbestosclaims.law/library/13930/19

HERCULES CHEMICAL COMPANY, INC. ASBESTOS TRUST

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM INCEPTION (FEBRUARY 8, 2010)
TO DECEMBER 31, 2010

NOTE 10 – CONTINGENCY *(continued)*

The Trust is currently pursuing these assets.

No amounts have been recognized in the Statement of Net Claimant's Equity or the Statement of Changes in Net Claimants' Equity as a result of these potential insurance proceeds.

See independent auditor's report.

Published by AsbestosClaims.Law
asbestosclaims.law/library/13930/20

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEW JERSEY

In re:	)	
	)	Chapter 11
HERCULES CHEMICAL COMPANY, INC.	)	
	)	Case No. 08-27822 (MS)
Debtor.	)	

CERTIFICATE OF SERVICE

I, Mark T. Hurford, of Campbell & Levine, LLC, hereby certify that on April 29, 2011, I caused a copy of the *Notice of Filing of Annual Report and Claims Summary* to be served upon the attached service list via overnight mail.

CAMPBELL & LEVINE, LLC

Dated: April 29, 2011

/s/ Mark T. Hurford
Mark T. Hurford
800 King Street, Suite 300
Wilmington, DE 19801
(302) 426-1900
mhurford@camlev.com

{D0202696.1 }

Published by AsbestosClaims.Law
asbestosclaims.law/library/13930/21

Hercules 2010 Annual Report
Service List

Paul M. Singer, Esq.
Gregory L. Taddonio, Esq.
Reed Smith LLP
Reed Smith Centre
225 Fifth Avenue
Pittsburgh, PA 15222

Joel M. Helmrich, Esq.
Dinsmore & Shohl, LLP
One Oxford Centre
301 Grant Street
Suite 2800
Pittsburgh, PA 15219

Mark C. Meyer, Esq.
Goldberg, Persky & White, PC
1030 Fifth Avenue, 3rd Floor
Pittsburgh, PA 15219

Mitchell Hausman, Esq.
Trial Attorney
U.S. Department of Justice
Office of the United States Trustee
One Newark Center, Suite 2100
Newark, New Jersey, 07102

Paul Matheny, Esq.
Law Offices of Peter G. Angelos
One Charles Center
100 N. Charles Street
Baltimore, MD 21201-3804

Deirdre W. Pacheco, Esq
Wilentz, Goldman & Spitzer, P.A.
90 Woodbridge Center Drive
Suite 900 Box 10
Woodbridge, NJ 07095-0958

US Bankruptcy Court,
District of New Jersey
Attn.: Robert Heim, Courtroom Deputy
Bankruptcy Court, 3rd Floor
Martin Luther King, Jr. Federal Building
50 Walnut Street
Newark, NJ 07102

{D0202698.1 }

Published by AsbestosClaims.Law
asbestosclaims.law/library/13930/22