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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, 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 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 27, 2012

CAMPBELL & LEVINE, LLC

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Counsel to the Hercules Chemical Company, Inc. Asbestos Trust

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EXHIBIT 1

Hercules Chemical Asbestos Trust Annual Reports, 2011 annual report
ACL Doc 13929 · Page 2 of 26
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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, 2011

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, 2011.[1]

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 January 1, 2011 to December 31, 2011 (the "Reporting Period").

Section 2.2(b) of the Trust Agreement provides:

> The Trustee 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

[1] Capitalized terms not otherwise provided herein shall have the meaning ascribed to them in the Plan.

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ACL Doc 13929 · Page 3 of 26 asbestosclaims.law/library/13929/3

investments available for the payment of Trust Claims and as to the conformity of the financial statements with generally 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, members of the Trust Advisory Committee ("TAC"), and the Legal Representative in the accounts filed with the Bankruptcy Court. See Sections 5.5(c), 6.6, and 7.6 of the Trust Agreement.

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 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 Section 1.2 of the Trust Agreement.

III. TRUST ADMINISTRATION

A. Trustee

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

1. Meetings

During the Reporting Period, the Trustee held meetings once per quarter. Specifically, meetings were held on March 16, 2011, June 27, 2011, September 14, 2011 and December 8, 2011. This satisfies the requirements of Section 2.2(g) of the Trust Agreement. Each meeting was telephonic and was attended by the Legal Representative as well as each member of the TAC. In addition to these meetings, the Trustee conducted in person and telephonic meetings with advisors and counsel for such purposes as addressing Trust policies and claims processing matters 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, exercising oversight over the investment of Trust assets through discussions with the Trust's investment managers, communicating with claimants or their counsel regarding the processing of claims and the continual monitoring of the claims and investment processes.

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 payments related to Trustee compensation and expense reimbursements were made in accordance with the Trust Agreement.

B. Trust Advisory Committee - TAC

Mark Meyer, Deirdre Pacheco, and Paul Matheny served as members of the TAC (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 $2,590.78 for services rendered during telephonic Trust meetings and related services. This amount is included within the Professional Fees section of the Statement of Changes in Net Claimants' Equity December 31, 201 and 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

MFR Claims Processing, Inc. ("MFR Claims") processed the Trust's claims during the reporting period.

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F. Investment Management

During the Reporting Period, the Trust prepared for the timely transfer of assets, received such assets and deployed them with Trust's custodians and investment managers. The Trust monitored the investments on a continual basis. During the Reporting Period, Wilmington Trust Company served as the Trust's investment management advisory firm.

G. General Counsel

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

H. Insurance Coverage Matters

Prior to the effective date of the Plan, Hercules Chemical Company, Inc. ("Hercules") reached settlement agreements with many, but not all, of its historical insurance companies with respect to coverage for Hercules's asbestos-related claims. Upon the effective date, pursuant to the Plan, the Trust received the right to pursue and receive the benefits and proceeds of the Asbestos Insurance Policies, which includes coverage under certain of Hercules's historical insurance policies.

In 2011, the Trust initiated settlement discussions with two insurance companies concerning coverage for Hercules's asbestos-related claims. The insurers have denied that they have coverage obligations for the claims on various grounds. The Trust is continuing to pursue coverage from those insurers as of the date of this report. Gilbert LLP is counsel to the Trust in connection with those settlement efforts.

In 2011, the Trust entered into an agreement to sell an allowed claim against an insolvent insurance company. Pursuant to the agreement, the Trust will receive $2,501,250 in January 2012.

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I. Payoff of Promissory Note

Upon the Effective Date, pursuant to the Plan, the Trust received a Promissory Note from Hercules. The original face value of the Promissory Note was $2,412,000. The Promissory Noted provided for the payment of interest at the rates specified therein. The Promissory Note called for forty (40) quarterly payments of $60,300 plus interest and was due in full on February 8, 2020. The Promissory Note authorized Hercules to prepay the outstanding principal, plus accrued and unpaid interest, without penalty or premium of any kind. During the Reporting Period, Hercules elected to prepay the Promissory Note. On December 30, 2012, the Trust received a wire in the amount of $1,998,191.25, consisting of the remaining principal due of $1,989,900.00 and interest accrued in the amount of $8,291.25. This payment fully satisfies Hercules' obligations under sections one and two of the Promissory Note.

IV. ANNUAL REPORT AND ACCOUNT

A. Summary of 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.

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.

As of December 31, 2011, the Trust had received nine (9) executed releases for Pre-Petition Liquidated Trust Claims, of a total fifty-three (53) Pre-Petition Liquidated Trust Claims pending. As of December 31, 2011, the Trust paid nine (9) for Pre-Petition Liquidated Trust

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Claims, totaling $85,010.57.

As of December 31, 2011, the Trust had received 231 Unliquidated Trust Claims and had paid a total of 28 claims. After application of the payment percentage and applicable sequencing adjustment, the Trust paid approximately $128,977 to asbestos victims in settlement of their Unliquidated Trust Claims.

During the Reporting Period, the Trust received 227 Unliquidated Trust Claims and had paid a total of 28 claims. After application of the payment percentage and applicable sequencing adjustments, the Trust paid approximately $128,977 to asbestos victims in settlement of their Unliquidated Trust Claims during the Reporting Period. A summary of the claims processed and paid by disease category is attached hereto as Exhibit "B."

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 Sklar Carmosin & Company, Certified Public Accountants.

Date: April 27, 2012

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Hercules Chemical Asbestos Trust Annual Reports, 2011 annual report
ACL Doc 13929 · Page 9 of 26
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EXHIBIT A

Hercules Chemical Asbestos Trust Annual Reports, 2011 annual report
ACL Doc 13929 · Page 10 of 26
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HERCULES CHEMICAL COMPANY, INC.
ASBESTOS TRUST

SPECIAL-PURPOSE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011 AND
PERIOD FROM INCEPTION (FEBRUARY 8, 2010)
TO DECEMBER 31, 2010

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SKLAR CARMOSIN

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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, 2011 and period ended December 31, 2010 and the related statements of changes in net claimants' equity and cash flows for the year and period 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. 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, 2011 and 2010 and the related changes in net claimants' equity and cash flows for the year and period 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 24, 2012

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EXHIBIT A

HERCULES CHEMICAL COMPANY, INC. ASBESTOS TRUST

STATEMENTS OF NET CLAIMANTS' EQUITY
DECEMBER 31, 2011 AND 2010

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	2,227,878	225,772
Available for Sale Investments	5,421,241	5,587,755
Accrued Interest Income	59,459	-
Notes Receivable	-	180,900
TOTAL CURRENT ASSETS	7,708,578	5,994,427
OTHER ASSETS		
Notes Receivable	-	1,989,900
TOTAL ASSETS	7,708,578	7,984,327
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	17,189	5,527
Claims Payable	75,080	88,235
Claims Processing Fees	-	30
TOTAL CURRENT LIABILITIES	92,269	93,792
NET CLAIMENTS' EQUITY	7,616,309	7,890,535

See accompanying notes and independent auditor's report.

EXHIBIT B

HERCULES CHEMICAL COMPANY, INC. ASBESTOS TRUST

STATEMENTS OF CHANGES IN NET CLAIMANTS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2011 AND
THE PERIOD FROM INCEPTION (FEBRUARY 8, 2010) TO DECEMBER 31, 2010

	2011	2010
REVENUE:		
Administrative Fee Income	2,835	-
Interest Income - Note Receivable	106,999	105,827
Interest Income - Investments	71,112	825
Dividend Income	11	389
Gain/(Loss) on Investments	73,312	(26,212)
TOTAL REVENUE	254,269	80,829
OPERATING EXPENSES:		
Bank Charges	123	74
Claims Processing Fees	151,410	150,795
Insurance	14,000	14,000
Investment Management and Custodian Fees	13,565	6,500
Professional Fees	128,565	74,130
Trustee Fees	20,000	16,667
TOTAL OPERATING EXPENSES	327,663	262,166
CHANGES IN CLAIMANTS' EQUITY	(73,394)	(181,337)
NET CLAIMANTS' EQUITY - BEGINNING OF PERIOD	7,890,535	-
Contributions to Claimants' Equity	-	8,160,107
Distributions from Claimants' Equity	(200,832)	(88,235)
NET CLAIMANTS' EQUITY - END OF PERIOD	7,616,309	7,890,535

See accompanying notes and independent auditor's report.

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EXHIBIT C

HERCULES CHEMICAL COMPANY, INC. ASBESTOS TRUST

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND
THE PERIOD FROM INCEPTION (FEBRUARY 8, 2010) TO DECEMBER 31, 2010

	2011	2010
CASH INFLOWS		
Contribution from the Company	-	3,059,107
Contribution from Insurance Company	-	2,689,000
Administrative Income	2,835	-
Proceed from Note Receivable Payments	2,277,799	347,027
Investment Income	119,204	1,215
Sales and Maturities of Securities	7,650,575	7,449,995
TOTAL CASH INFLOWS	10,050,413	13,546,344
CASH OUTFLOWS		
Disbursements for Trust Operating Expenses	316,030	256,609
Claims Paid	213,988	-
Purchases of Investment and Accrued Interest	7,518,289	13,063,963
TOTAL CASH OUTFLOWS	8,048,307	13,320,572
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,002,106	225,772
CASH AND CASH EQUIVALENTS - BEGINNING	225,772	-
CASH AND CASH EQUIVALENTS - ENDING	2,227,878	225,772

See accompanying notes and independent auditor's report.

HERCULES CHEMICAL COMPANY, INC. ASBESTOS TRUST

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND
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.

See independent auditor's report.

HERCULES CHEMICAL COMPANY, INC. ASBESTOS TRUST

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND
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 Statements of Changes in Net Claimants' Equity. Net realized and unrealized gain and losses on available-for-sale securities are recorded as a separate component on the Statements 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 Statements 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 24, 2012, the date the financial statements were available to be issued.

See independent auditor's report.

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HERCULES CHEMICAL COMPANY, INC. ASBESTOS TRUST

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND
THE PERIOD FROM INCEPTION (FEBRUARY 8, 2010) TO DECEMBER 31, 2010

NOTE 3 – NOTE RECEIVABLE

As of December 31, 2011 this noted was satisfied. It consisted of a Promissory Note from Hercules Chemical Company, Inc. The original face value of the Note was $2,412,000. As of December 31, 2011 and 2010 the Note was receivable as follows:

	2011	2010
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, 2011 and 2010 the investments consisted of the following:

2011

	TOTAL	LEVEL 2
Municipal Bonds	4,920,538	4,920,538
Short-Term Municipal Obligations	500,703	500,703
	5,421,241	5,421,241

2010

	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.

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HERCULES CHEMICAL COMPANY, INC. ASBESTOS TRUST

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND
THE PERIOD FROM INCEPTION (FEBRUARY 8, 2010) TO DECEMBER 31, 2010

NOTE 4 – INVESTMENTS *(continued)*

The unrealized gain or (loss) on investments at December 31, 2011 and 2010 was as follows:

	MARKET VALUE	COST	UNREALIZED GAIN OR (LOSS)
2011			
Municipal Bonds	4,920,539	4,874,712	45,827
Short-Term Municipal Obligations	500,702	500,000	702
	5,421,241	5,374,712	46,529
2010			
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 gains/(losses) of $575 and $(4) during the period ended December 31, 2011 and 2010, respectively.

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).

See independent auditor's report.

HERCULES CHEMICAL COMPANY, INC. ASBESTOS TRUST

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND
THE PERIOD FROM INCEPTION (FEBRUARY 8, 2010) TO DECEMBER 31, 2010

NOTE 5 – CLAIM LIABILITIES *(continued)*

The liability at December 31, 2011 and 2010 consisted of claims payable and 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:

2011	Claims	Pre-Petition Claims	Interest	Total
Liquidation Value	1,065,100	52,750		
Payment Percentage (6.7%)	71,362	3,534	184	75,080

2010	Claims	Pre-Petition Claims	Interest	Total
Liquidation Value	-	1,277,750		
Payment Percentage (6.7%)	-	85,609	2,626	88,235

NOTE 6 – NET CLAIMANTS' EQUITY

The contributions to the claimants' equity were comprised of the following at December 31, 2011 and 2010:

	2011	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:

	2011	2010
Distributions Paid	213,988	-
Distributions (Payable) to Claimants	(13,156)	88,235
	200,832	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%.

See independent auditor's report.

HERCULES CHEMICAL COMPANY, INC. ASBESTOS TRUST

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND
THE PERIOD FROM INCEPTION (FEBRUARY 8, 2010) TO DECEMBER 31, 2010

NOTE 7 – INCOME TAXES *(continued)*

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, 2011 and 2010:

	2011	2010
Deferred Income Tax Expense	(85,577)	(100,665)
Valuation Allowance	85,577	100,665
Income Tax Expense	-	-

The deferred tax asset consists of the following:

	2011	2010
(Loss) Carryforwards	202,527	91,492
Unrealized (Gain)/Loss - Investments	(16,285)	9,173
Valuation Allowance	(186,242)	(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, 2011 and 2010 pursuant to a trust services agreement the Trust incurred claims processing expenses of $151,410 and $150,795, respectively to a corporation owned 100% by the Trustee.

See independent auditor's report.

HERCULES CHEMICAL COMPANY, INC. ASBESTOS TRUST

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND
THE PERIOD FROM INCEPTION (FEBRUARY 8, 2010) TO DECEMBER 31, 2010

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 Statements of Changes in Net Claimants' 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.

The Trust is currently pursuing these assets.

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

See independent auditor's report.

EXHIBIT B

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HERCULES CHEMICAL COMPANY, INC. ASBESTOS SETTLEMENT TRUST
as of 12/31/2011

APPROVED PRE-PETITION CLAIMS

DISEASE	#	Amount
MESOTHELIOMA	9	$1,225,000.00
LUNG CANCER	2	$10,000.00
COLORECTAL CANCER	4	$6,250.00
NONMALIGNANT	38	$36,500.00
TOTAL	53	$1,277,750.00

PAID PRE-PETITION CLAIMS

	#	VALUE	SEQ. ADJ	PAID (6.7%)
MESOTHELIOMA	9	$1,225,000.00	$43,814.44	$85,010.57

AWAITING RELEASE

	#	VALUE
LUNG CANCER	2	$10,000.00
COLORECTAL CANCER	4	$6,250.00
NONMALIGNANT	38	$36,500.00
TOTAL	44	$52,750.00

Note: the Sequencing Adjustment is calculated at the time of payment; therefore the claims awaiting release do not have this amount indicated.

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HERCULES CHEMICAL COMPANY, INC. ASBESTOS SETTLEMENT TRUST
as of 12/31/2011

TDP CLAIMS

Year	Month	Received	Offer Made	Payment Queue	Paid
2010	November	2	0	0	0
2010	December	2	0	0	0
2011	January	14	0	0	0
2011	February	4	0	0	0
2011	March	13	0	0	0
2011	April	6	0	0	0
2011	May	82	13	0	0
2011	June	3	1	0	0
2011	July	29	9	0	13
2011	August	11	3	0	0
2011	September	21	1	0	0
2011	October	34	11	0	9
2011	November	3	0	0	0
2011	December	7	7	1	6
	TOTAL	231	45	1	28

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Hercules Chemical Asbestos Trust Annual Reports, 2011 annual report
ACL Doc 13929 · Page 26 of 26

HERCULES CHEMICAL COMPANY, INC. ASBESTOS SETTLEMENT TRUST
as of 12/31/2011

TDP CLAIMS										
DISEASE	OPEN	DEFERRED	DEFICIENT	CLOSED	OFFER MADE	QBNP	PAID	LIQUIDATED AMT	PAID AMT	TOTAL
MESOTHELIOMA	15	2	43	20	11	1	27	$1,890,000	$128,024	119
LUNG CANCER	20	0	13	0	1	0	1	$14,000	$953	35
COLORECTAL CANCER	0	0	2	0	0	0	0	$0	$0	2
ESOPHAGEAL CANCER	1	0	1	0	0	0	0	$0	$0	2
SEVERE ASBESTOSIS	1	0	1	0	0	0	0	$0	$0	2
NONMALIGNANT	1	0	1	1	1	0	0	$0	$0	4
UNKNOWN	0	67	0	0	0	0	0	$0	$0	67
TOTAL	38	69	61	21	13	1	28	$1,904,000	$128,977	231

OPEN- CLAIMS IN THE SYSTEM AWAITING REVIEW
DEFERRED-CLAIMS ON HOLD PER FIRM
DEFICIENT- CLAIMS REVIEWED WITH SOME DEFICIENCY
CLOSED- CLAIMS WITHDRAWN OR CLOSED IF NOT CURED WITHIN TDP TIME FRAME
OFFER- CLAIMS AWAITING RELEASE ONLY
QBNP- CLAIMS QUALIFED FOR NEXT PAYMENT QUEUE
PAID - CLAIMS PAID BY TRUST

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