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Attorneys for the J.T. Thorpe Settlement Trust

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION

In re:	Case Nos. LA-02-14216-BB &LA-04-35876-BB ***Jointly Administered under*** ***Case No. LA-02-14216-BB***
J.T. THORPE, INC., a California corporation, J.T. THORPE, INC., a dissolved California corporation;	Chapter 11
Debtors.	**SIXTH ANNUAL REPORT AND ACCOUNTING, AUDITED FINANCIAL STATEMENTS, AND CLAIM REPORT**
	Date: June 27, 2012 Time: 10:00 a.m. Place: Courtroom 1475 255 East Temple Street Los Angeles, CA 90012

The Trustees of the J.T. Thorpe Settlement Trust by and through their counsel, Stutman, Treister & Glatt, hereby file the Sixth Annual Report and Accounting, Audited Financial Statements, and Claim Report.

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Respectfully submitted this 27th day of April, 2012.

STUTMAN, TREISTER & GLATT

By: //s// Gabriel I. Glazer

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SIXTH ANNUAL REPORT AND ACCOUNTING OF J.T. THORPE SETTLEMENT TRUST

The Trustees of the J.T. Thorpe Settlement Trust ("Trust") hereby submit this Sixth Annual Report and Accounting ("Annual Report") covering Trust activities that occurred during the period from January 1, 2011 to and including December 31, 2011 ("Accounting Period"), and certain activities of the Trust that took place outside of the Accounting Period. This Annual Report is submitted to the U.S. Bankruptcy Court for the Central District of California, Los Angeles Division, *In re J.T. THORPE, INC. a California corporation; J.T. THORPE, a dissolved California corporation; THORPE HOLDING COMPANY, a California corporation; and THORPE TECHNOLOGIES, INC., a California corporation,* Case Nos. LA02-14216-BB; LA04-35876-BB; LA04-35877-BB; LA04-35847-BB, Jointly Administered Under Case No. LA02-14216-BB, in accordance with the First Amended Joint Plan of Reorganization ("Plan"); Order Confirming First Amended Joint Plan of Reorganization Dated August 5, 2005, and Granting Related Relief ("Order Confirming the Plan"); and the Trust Agreement, Bylaws, Trust Distribution Procedures, and Case Valuation Matrix, as amended from time to time, established pursuant to the Plan,[1] and pursuant to the laws of the State of Nevada, where the Trust is organized and where it resides. The factual statements in this Annual Report are supported by the Declaration of Sara Beth Brown, Executive Director, in Support of Motion to Approve and Settle J.T. Thorpe Settlement Trust's Sixth Annual Report and Accounting, Audited Financial Statements, and Claim Report as described in paragraphs 6, 7, and 8, *infra*. Capitalized terms not defined herein are as defined in the Glossary of Terms for the Plan Documents. This Court has approved each Annual Report beginning in 2007.

1. Effective Date: In compliance with Sections 4.1 and 7.2 of the Plan, and the Glossary of Terms for the Plan Documents, the Effective Date of the Trust is June 29, 2006.

[1] The Appendix includes the Plan; Order Confirming the Plan; Seventh Amendment to and Complete Restatement of J.T. Thorpe Settlement Trust Agreement ("Trust Agreement"); Second Amendment to and Complete Restatement of J.T. Thorpe Settlement Trust Bylaws ("Trust Bylaws"); First Amendment to and Complete Restatement of J.T. Thorpe Case Valuation Matrix ("Matrix"); First Amendment to and Complete Restatement of Trust Distribution Procedures ("TDP"); other controlling documents approved by this Court; and other documents as indicated.

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2. Appointment of Trustees: In its March 23, 2006, Order Granting Plan Proponents' Motion for Approval of Appointment of Trustee for the J.T. Thorpe Settlement Trust, this Court approved the appointment of Mr. Stephen M. Snyder as the sole Trustee of the Trust.

As initially described in the Trust's Fourth Annual Report and Accounting, on April 19, 2007, the number of Trustees was increased to three (3) by the Futures Representative and the Trust Advisory Committee effective on the first anniversary of the Effective Date of the Trust.

Mr. Snyder was designated as the Managing Trustee on July 24, 2007, and has acted in that capacity since that time. Dr. Sandra R. Hernandez and Mr. John F. Luikart have acted as Trustees of the Trust since June 29, 2007.

3. Appointment of Trust Advisory Committee ("TAC"): In the Order Confirming the Plan, this Court approved the appointment of Alan Brayton, Steven Kazan, and David Rosen as the initial members of the TAC. Mr. Brayton has served as Chair of the TAC, and Messrs. Kazan and Rosen have continued to serve as members of the TAC since the Effective Date of the Trust.

4. Appointment and Continuation of Futures Representative: The Honorable Charles B. Renfrew was appointed as the Futures Representative in the J.T. Thorpe Reorganization Cases on December 2, 2002, and his continued appointment as the Futures Representative of the Trust was approved by this Court in the Order Confirming the Plan. Judge Renfrew has served as the Trust's Futures Representative since the Effective Date of the Trust.

5. Fiscal Year and Tax Obligations: The Trust is required by the Internal Revenue Code to account for and report on its activities for tax purposes on a calendar-year basis. Therefore, the Trust's fiscal year is the calendar year. Except where otherwise stated, all reports attached to this Annual Report cover the Accounting Period. Section 2.2(b) of the Trust Agreement requires the Trustees to file income tax and other returns and statements in a timely manner, and to comply with all withholding obligations as legally required, including fulfilling requirements to maintain its status as a Qualified Settlement Fund. The Trust has complied with its tax obligations on a quarterly basis since June 29, 2006, based upon the advice of Sitkoff/O'Neil Accountancy Corporation, the certified public accountants retained by the Trust to prepare its annual tax returns. The federal tax return for 2011 will be filed on or before September 17, 2012. The Trust resides in Nevada, and Nevada has

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no state income tax. Although the Trust is not subject to tax in California, the Trustees file a tax return in California each year, attaching a copy of the Trust's federal tax return, but showing no California taxable income or state tax liability.

6. Annual Report: Section 2.2(c)(i) of the Trust Agreement provides in pertinent part:

> The Trustees shall cause to be prepared and filed with the Bankruptcy Court . . . an annual report containing financial statements of the Trust (including, without limitation, a statement of the net claimants' equity of the Trust as of the end of such fiscal year and a statement of changes in net claimants' equity for such fiscal year) audited by a firm of independent certified 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 equity presently available to current and future claimants and as to the conformity of the financial statements with the following special-purpose accounting methods which differ from accounting principles generally accepted in the United States.

The special-purpose accounting methods were adopted by Mr. Snyder as sole Trustee of the Trust with the approval of the TAC and the Futures Representative in the Second Amendment to and Complete Restatement of J.T. Thorpe Settlement Trust Agreement, dated February 22, 2007. The Trust's financial statements are prepared using special-purpose accounting methods that depart from Generally Accepted Accounting Principles (GAAP) in certain instances in order to better disclose the amount and changes in net claimants' equity.

7. Financial Report: In accordance with the requirements of Section 2.2(c)(i) of the Trust Agreement, the Trust has caused its financial statements to be audited by Grant Thornton LLP, the independent certified public accountants retained by the Trust to perform the annual audit of its financial statements. The Trust's audited financial statements ("Audited Financial Statements") are attached hereto as Exhibit "A". These include a Statement of Net Claimants' Equity, a Statement of Changes in Net Claimants' Equity, a Statement of Cash Flows and explanatory Notes. The Statement of Net Claimants' Equity, which is the equivalent of a corporate balance sheet, reflects total assets of the Trust at market value and on the other comprehensive basis of accounting adopted by the Trust. These Audited Financial Statements show, among other things, that as of December 31, 2011, total Trust assets were $158,888,175, total liabilities were $4,241,635, and Net Claimants' Equity was $154,646,540.

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8. Claim Report: Section 2.2(c)(ii) of the Trust Agreement provides that along with the Audited Financial Statements, the Trust shall file with the Court a report containing a summary regarding the number and type of claims disposed of during the period covered by the financial statements. The J.T. Thorpe Settlement Trust Claim Report As Of December 31, 2011 ("Claim Report") is attached hereto as Exhibit "B". During the Accounting Period, the Trust received 770 claims, paid 462 claims, and made settlement offers on 596 claims. Since the Trust received its first Trust Claim[2] on October 24, 2006, the Trust has received 5,521 Trust Claims, paid 2,676 Trust Claims, and 1,090 Trust Claims have been withdrawn.[3]

Section 5.4 of the TDP provides that "...as soon as practicable after the Effective Date, the Trust shall pay all Trust Claims that were liquidated by (i) a written settlement agreement entered into prior to the Petition Date for the particular claim, or (ii) the pre-confirmation claims liquidation process..." The vast majority of the 1,474 Trust claims identified in this Court's January 27, 2006, Order Liquidating Asbestos Related Claims (hereafter "PCLP Claims"), were paid in 2006. To date, four (4) PCLP Claims have been withdrawn by their respective law firms. During the Accounting Period, the Trust paid two (2) PCLP Claims in the total amount of $46,397. That amount was paid in trust to the representative law firms after appropriate releases from the respective claimants were received by the Trust. The Trust has not yet received proper release documents for twenty-seven (27) remaining unpaid PCLP Claims in the amount of $82,239.

9. Public Inspection: In compliance with Section 2.2(c) of the Trust Agreement, the Annual Report, including the Audited Financial Statements and Claim Report, has been sent to the Futures Representative, the TAC, the Debtors, and the Office of the United States Trustee with responsibility for the Central District of California, and has been made available for inspection by the public in accordance with procedures established by this Court.

10. Trustees' Meetings: Article II, Section 4 of the Trust Bylaws provides that the Trustees shall meet in Nevada, or a state other than California, at least four times a year, as close as

[2] "Trust Claims" are any claims submitted to the Trust after the Effective Date.

[3] "Withdrawn Claims" include claims which are not qualified and/or claims with deficiencies that have not been cured beyond a certain time period, and/or claims that have remained on hold beyond a certain time period.

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practicable on a quarterly basis. Four (4) meetings were held during the Accounting Period (February 17, 2011, April 21, 2011, September 15-16, 2011, and November 17-18, 2011). All meetings were held in Reno, Nevada.

11. Arbitrations: During the Accounting Period, the Trust received twenty-one requests for Pro Bono Evaluations by Document, which is the first step in the arbitration process established pursuant to Section 5.9 of the Trust Distribution Procedures. Four of those requests were withdrawn. The remaining seventeen Pro Bono Evaluations by Document proceeded, and the Pro Bono Evaluators' decisions were accepted by the Trust and the claimants.

12. Payment Percentage: Section 4.2 of the TDP provides that, commencing on the first day of January, after the Plan has been consummated and no less frequently that once every three years thereafter or at any time if requested to do so by the TAC or the Futures Representative, the Trustees shall reconsider the Payment Percentage to assure that it is based on accurate current information and may, after such reconsideration, change the Payment Percentage if necessary with the consent of the TAC and the Futures Representative. As initially described in the Trust's Fourth Annual Report and Accounting, the Payment Percentage was temporarily decreased from 50% to 40% effective December 1, 2008 pursuant to the guidelines of Sections 2.3 and 4.2 of the TDP. As described in the Trust's Fifth Annual Report and Accounting, at the November 18, 2010 meeting, the Payment Percentage was reviewed and adjusted to 45%.

13. Maximum Annual Payment: Section 2.4 of the TDP requires that the Trust calculate an annual payment limit for claims ("Maximum Annual Payment") based upon a model of the amount of cash flow anticipated to be necessary over the entire life of the Trust to ensure that funds will be available to treat all present and future claimants as similarly as possible. At the November 17, 2011 meeting, the Maximum Annual Payment for 2012 was set at $9,180,000, plus the amount of $42,604,092 of excess funds carried over from prior years, which Section 2.5 of the TDP requires to be rolled over and remain dedicated to the respective Disease Category to which they were originally allocated.

14. Inflation Adjustment: The original Payment Percentage approved by this Court was based upon projections of future claims payments adjusted annually for inflation. Beginning in

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2008, all claims payments made during a calendar year include a cost of living adjustment based upon the Federal Bureau of Labor Statistics' *Consumer Price Index for Urban Wage Earners and Clerical Workers* (CPI-W) announced in January each year. Thus, as of January 1, 2011, all claims payments made during the calendar year were increased by 9.13% to account for inflation.

At the November 17, 2011 meeting, the CPI-W to be published in January 2012, was approved for use by the Trust in making the 2012 cost of living adjustment for claims payments. The CPI-W of 3.2% was issued on January 19, 2012. Consequently, all claims payments made during the 2012 calendar year will have a compounded inflation rate of 12.62% added to the payment amount.

15. Budget and Cash Flow Projections: Section 2.2(d) of the Trust Agreement requires the Trust to prepare a budget and cash flow projections prior to the commencement of each fiscal year covering such fiscal year and the succeeding four fiscal years. The Trustees approved the 2012 budget and the required four-year budget and cash flow projections on November 17, 2011. Pursuant to the Trust Agreement, these were provided to the Approving Entities. The budget for operating expenses in 2011 totals $1,155,000.[4]

16. Trust Facilities and Services Sharing Agreement with Western Asbestos Settlement Trust: As initially described in the Trust's First Annual Report and Accounting, the Trust and Western Asbestos Settlement Trust ("Western Trust") entered into a Trust Facilities and Services Sharing Agreement. The Trust agreed to pay a negotiated monthly amount. Such arrangement was approved by this Court in the order approving the Trust's First Annual Report. Pursuant to the annual reconciliation of fees presented at the February 17, 2011 meeting, the Advance Payments were set at $24,000 for 2011. The annual reconciliation presented on February 16, 2012 set the Advance Payments at $27,000 per month for 2012.

17. Settlement Fund: The Settlement Fund was established at Wells Fargo Bank, N.A., to pay valid claims.

[4] This figure is net of claimant payments which are budgeted for $9,180,000, net of extraordinary legal fees which are budgeted for $30,000, and net of income tax payments which are budgeted for $200,000.

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18. Operating Fund: The Operating Fund was established at Wells Fargo Bank, N.A. as described in all the Trust's Annual Reports. During the Accounting Period, transfers were made from the Settlement Fund to the Operating Fund to pay anticipated operating expenses of the Trust.

19. Indemnity Fund (Self-Insured Retention): Section 4.6 of the Trust Agreement provides that the Trust shall indemnify the Trustees, the Trust's officers and employees, the Futures Representative, the TAC and each of their respective agents. The Trustees, the Futures Representative, the TAC and their respective agents have a first priority lien upon the Trust's assets to secure the payment of any amounts payable to them pursuant to Section 4.6.

In 2006, the Trust established an indemnity fund in the amount of $5,000,000, as described in all the Trust's Annual Reports. All interest earned by the fund is returned to the Trust quarterly. During the Accounting Period, no claims were made against the fund and no money was paid from the fund.

20. Legal Dispute: During the Accounting Period, the Trust began an investigation into matters concerning evidentiary support for certain claims filed with the Trust. On February 14, 2012, the Trust filed an Application for Examination Pursuant to Bankruptcy Rule 2004, as well as an Application for Order Sealing Application for Examination Pursuant to Bankruptcy Rule 2004. Both applications were granted and the Trust is proceeding to notify and schedule the examinations. The party has recently moved to appeal the Order Granting the Application for Examination Pursuant to Bankruptcy Rule 2004, to stay that order pending a resolution of the appeal, and to quash subpoenas previously issued by the Trust. These matters remain pending at this time.

21. Amendments to the Trust Documents:

a. As described in the Trust's Fifth Annual Report and Accounting, on February 17, 2011, Section IV(b)(vii) of the Matrix was amended to allow for a pathological diagnosis of occupational levels of asbestos bodies or asbestos fibers in lung tissue to be considered when determining medical causation.

b. As described in the Trust's Fifth Annual Report and Accounting, on April 21, 2011, Section 2.2(g) of the Trust Agreement was amended to acknowledge that consents by the TAC and Futures Representative whether by signature or as reflected in all approved Trustees' meeting

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minutes shall constitute the required form and substance of consent. A copy of the *Sixth Amendment to and Complete Restatement of J.T. Thorpe Settlement Trust Agreement* is included in the Appendix filed herewith.

c. On September 16, 2011, Section 4.1 of the Trust Facilities and Services Sharing Agreement with the Western Asbestos Settlement Trust was amended to allow for the agreed upon amounts of monthly fees advanced to be reflected in the minutes of Trustees meetings.

d. On November 18, 2011, Section 3.2 of the Trust Agreement was amended concerning the investment of the Trust's funds. A copy of the *Seventh Amendment to and Complete Restatement of J.T. Thorpe Settlement Trust Agreement* was posted on the Trust's Web site and is included in the Appendix filed herewith.

22. Extension of Arbitration Procedures: At the April 21, 2011 meeting, the J.T. Thorpe Settlement Trust Arbitration Procedures, that were originally approved on November 15, 2007, and extended to April 22, 2011, were further extended to April 21, 2013.

23. Notifications to Beneficiaries: During the Accounting Period and, additionally, from January 1, 2012 to and including April 20, 2012, the following notifications were placed on the Trust's Web site:

a. Notice of approved ship list modifications (posted on Mach 3, 2011).

b. Notice of amendment to the Matrix (posted on March 3, 2011) as described in paragraph 21(a), *supra*.

c. Notice of the Trust's policy concerning declarations (posted on April 5, 2011) submitted in support of site, asbestos exposure, and/or dates of exposure, or any other facts relevant to claims.

d. Notice of the hearing on the Trust's Fifth Annual Report and Accounting (posted on April 27, 2011).

e. Notice of documents added to the Web site (posted on May 2, 2011).

f. Notice regarding comments to the Trust (posted on November 28, 2011).

g. Notice of timing of requests for consideration at February 2012 meeting (posted on November 28, 2011).

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24. Filing Fee: Pursuant to Section 6.5 of the TDP at the September 16, 2011 meeting, the filing fee was reviewed and there were no recommended changes to the existing $250.00 fee during the Accounting Period or as of the date hereof.

25. Trustees' Compensation: Section 4.5(c) of the Trust Agreement requires the Trust to report the amounts paid to the Trustees for compensation and expenses. Research was conducted by the Trust staff, at the request of the Trustees, concerning compensation received by similarly situated fiduciaries, both within and outside of asbestos trusts. The research demonstrated that the Trustees' compensation was well inside the norm for similarly situated fiduciaries. On November 17, 2011, it was determined by the TAC and the Futures Representative that the compensation paid to the Trustees was appropriate for the level of risk incurred and work performed by the Trustees. During the Accounting Period, the Trustees each received per annum compensation in the amount of $20,000 paid in quarterly installments. The total paid to all Trustees for hourly compensation was $96,519 and $2,721 was the total amount of expenses incurred by all Trustees.

26. Significant Vendors: Although the Trust has many vendors, those who were paid more than $100,000 during the Accounting Period are listed alphabetically below.

a. Eagle Capital Management, LLC: One of six investment managers for the Trust described in paragraph 27, *infra*.

b. Harding Loevner, LP: One of six investment managers for the Trust described in paragraph 27, *infra*.

c. Standish Mellon Asset Management Company: One of six investment managers for the Trust described in paragraph 27, *infra*.

d. Western Asbestos Settlement Trust for shared services pursuant to the Trust Facilities and Services Sharing Agreement, as described in paragraph 16, *supra*.

27. Trust Investment Management: Article 3 of the Trust Agreement authorizes the Trust to administer the investment of funds in the manner in which individuals of ordinary prudence, discretion and judgment would act in the management of their own affairs, subject to certain limitations. The Trust closely monitors any market volatility with its investment advisors and continues to be in compliance with its Investment Policy Statement. Callan Associates, Inc.

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continued to assist the Trust during the Accounting Period as its manager of investment managers. Dwight Asset Management, Eagle Capital Management, Harding Loevner, LP, Standish Mellon Asset Management, and State Street Global Advisors have continued to act as the Trust's investment managers. On February 16, 2012, it was determined that Westwood Management Corporation could be engaged as an additional investment manager for the Trust. In addition, the Trust's Investment Policy Statement was amended on February 16, 2012, a copy of which is included in the Appendix filed herewith.

***

The Trustees submit that the Annual Report and attached exhibits demonstrate the Trust acted prudently and expeditiously in executing its legal obligations during the Accounting Period and up to and including the date hereof. The Trust conscientiously worked to execute equitable claims procedures and process Trust Claims with due diligence during the Accounting Period and up to and including the date hereof. Moreover, the Trust worked with its accountants and financial advisors to preserve and grow Trust assets in order to fulfill the purpose of the Trust--paying valid asbestos claims. In so doing, the Trust carefully complied with all Plan documents and the mandates of this Court.

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EXHIBIT A

EXHIBIT A

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EXHIBIT "A"

Grant Thornton

Financial Statements and Report of Independent Certified Public Accountants

J. T. Thorpe Settlement Trust

December 31, 2011 and 2010

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Report of Independent Certified Public Accountants

To the Trustees of J. T. Thorpe Settlement Trust

We have audited the accompanying special-purpose statements of net claimants' equity of J. T. Thorpe Settlement Trust (the Trust), organized in the State of Nevada, for the years ended December 31, 2011 and 2010, and the related statements of changes in net claimants' equity and 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 audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 A, 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. The special-purpose basis of accounting has been used in order to present the amount of equity presently available to current and future claimants, and the changes in equity during the period.

In our opinion, the accompanying special-purpose financial statements of J. T. Thorpe Settlement Trust, as of and for the years ended December 31, 2011 and 2010, are fairly presented, in all material respects, on the basis of accounting described in Note A.

Our audit was conducted for the purpose of forming an opinion on the special-purpose financial statements taken as a whole. The supplementary schedule is presented for purposes of additional analysis and is not a required part of the special-purpose financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special-purpose financial statements. The information has been

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subjected to the auditing procedures applied in the audit of the special-purpose financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America establish the American Institute of Certified Public Accountants. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

This report is intended solely for the information and use of the management of the Trust and Trustees, the beneficiaries of the Trust, the Futures Representative, the Futures Counsel, the members of the Trust Advisory Committee, and the United States Bankruptcy Court for the Central District of California, Los Angeles Division and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report which, upon filing with the United State Bankruptcy Court for the Central District of California, Los Angeles Division is a matter of public record.

Grant Thornton LLP

Reno, Nevada
April 10, 2012

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J. T. Thorpe Settlement Trust

STATEMENTS OF NET CLAIMANTS' EQUITY

December 31,

	2011	2010
ASSETS		
Cash, cash equivalents and investments		
Available-for-sale		
Restricted	$ 5,000,000	$ 5,000,000
Unrestricted	152,026,654	154,896,294
Total cash, cash equivalents and investments	157,026,654	159,896,294
Accrued interest and dividend receivables	1,301,138	1,293,340
Prepaid federal income tax	560,383	387,687
Total assets	$ 158,888,175	$ 161,577,321
LIABILITIES		
Accrued expenses	$ 178,419	$ 205,609
Claim processing deposits	434,750	472,750
Unpaid claims (Note D)		
Outstanding offers	1,836,227	1,396,237
Pre-confirmation liquidated claims	82,239	126,088
Deferred tax liability	1,386,000	27,000
Facility and staff sharing agreement payable	324,000	324,000
Total liabilities	$ 4,241,635	$ 2,551,684
NET CLAIMANTS' EQUITY	$ 154,646,540	$ 159,025,637

accompanying notes are an integral part of these statements.

J. T. Thorpe Settlement Trust

STATEMENTS OF CHANGES IN NET CLAIMANTS' EQUITY

For the years ended December 31,

	2011	2010
Net claimants' equity, beginning	$ 159,025,637	$ 167,025,289
Additions to net claimants' equity		
Investment income	4,132,858	5,061,539
Net decrease in outstanding claim offers	-	1,752,358
Net realized and unrealized gains on available-for-sale securities	3,553,323	5,779,652
Total additions	7,686,181	12,593,549
Deductions from net claimants' equity		
Operating expenses	907,724	892,280
Provision for income taxes, current	126,762	388,432
Provision for income taxes, deferred	1,359,000	2,025,000
Claims settled	9,231,802	17,287,489
Net increase in outstanding claim offers	439,990	-
Total deductions	12,065,278	20,593,201
Net claimants' equity, ending	$ 154,646,540	$ 159,025,637

accompanying notes are an integral part of these statements.

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J. T. Thorpe Settlement Trust

STATEMENTS OF CASH FLOWS

For the years ended December 31,

	2011	2010
Cash inflows:		
Investment income receipts	$ 4,125,060	$ 5,215,248
Net realized gain on available-for-sale securities	-	1,842,439
Total cash inflows	4,125,060	7,057,687
Cash outflows:		
Claim payments made	9,275,651	17,310,961
Net realized loss on available-for-sale securities	445,405	-
Decrease in claim processing deposits	38,000	154,000
Disbursements for Trust operating expenses	934,914	842,857
Disbursements for Trust income taxes	299,458	112,224
Total cash outflows	10,993,428	18,420,042
Net cash outflows	(6,868,368)	(11,362,355)
Non-cash changes:		
Net unrealized gains on available-for-sale securities	3,998,728	3,937,213
NET (DECREASE) IN CASH EQUIVALENTS AND INVESTMENTS AVAILABLE-FOR-SALE	(2,869,640)	(7,425,142)
Cash, cash equivalents and investments available-for-sale, beginning	159,896,294	167,321,436
Cash, cash equivalents and investments available-for-sale, ending	$ 157,026,654	$ 159,896,294

accompanying notes are an integral part of these statements.

J. T. Thorpe Settlement Trust

NOTES TO FINANCIAL STATEMENTS

December 31, 2011 and 2010

NOTE A - SUMMARY OF ACCOUNTING POLICIES

1. Description of Trust

The J. T. Thorpe Settlement Trust (the Trust), organized pursuant to the laws of the state of Nevada with its office in Reno, Nevada, was established pursuant to the J. T. Thorpe, Inc. (J. T. Thorpe), Dissolved J. T. Thorpe, Inc. (Dissolved Thorpe), Thorpe Technologies, Inc., and Thorpe Holding Company, Inc., (collectively the Debtors), First Amended Joint Plan of Reorganization (the Plan), dated August 5, 2005. The Trust was formed to assume the Debtors' liabilities resulting from pending and potential litigation involving individuals exposed to asbestos who have manifested asbestos-related diseases or conditions; liquidate, resolve, pay and satisfy all current and future asbestos-related claims in accordance with the Plan; preserve, hold, manage and maximize the Trust assets for use in paying and satisfying allowed asbestos-related claims; prosecute, settle and manage the disposition of the asbestos in-place insurance coverage; and prosecute, settle and manage asbestos insurance coverage actions. Upon approval of the Plan, the Trust assumed liability for existing and future asbestos health claims against the Debtors. The Trust was created effective June 29, 2006.

The Trust was initially funded with insurance settlement proceeds, Dissolved Thorpe securities, cash and a note receivable. Since the Trust's creation, the note receivable has been collected. The Trust's funding is dedicated solely to the settlement of asbestos health claims and the related costs thereto, as defined in the Plan.

The Trust processes and pays all asbestos-related claims in accordance with the J. T. Thorpe Settlement Trust Agreement, as amended and restated, the Case Valuation Matrix, as amended and restated, (Matrix) and Trust Distribution Procedures, as amended and restated, (TDP) (collectively, the Trust Documents).

2. Special-Purpose Accounting Methods

The Trust's financial statements are prepared using special-purpose accounting methods that differ from accounting principles generally accepted in the United States. 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 statements are prepared using the accrual basis of accounting, as modified below.

b. The funding received from J. T. Thorpe, Dissolved Thorpe, Thorpe Technologies, Inc., Thorpe Holding Company, Inc. and their insurers is recorded directly to net claimants' equity. These funds do not represent income of the Trust. Offers for asbestos health claims are reported as deductions from net claimants' 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 acquisition costs of computer hardware, software, software development and other prepaid expenses.

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NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

2. **Special-Purpose Accounting Methods** - Continued

   d. Future fixed liabilities and contractual obligations entered into by the Trust are recorded directly against net claimants' equity. Accordingly, the future minimum commitments outstanding at period end for non-cancelable obligations have been recorded as deductions from net claimants' equity.

   e. The liability for unpaid claims 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 the 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. Net claimants' equity represents funding available to pay present and future claims on which no fixed liability has been recorded.

   f. Available-for-sale securities are recorded at fair value. 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 claimants' equity. Net realized and unrealized gains and losses on available-for-sale securities are recorded as a separate component on the statement of changes in net claimants' equity.

   g. Realized gains and losses on available-for-sale securities are recorded based on the security's amortized cost. At the time a security is sold, all previously recorded unrealized gains and losses are reversed and recorded net, as a component of other unrealized gains and losses in the accompanying statement of changes in net claimants' equity.

3. **Cash and Cash Equivalents**

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

4. **Investments**

Fair value measurements are determined through the use of an independent, nationally recognized pricing service. For securities that have quoted prices in active markets, market quotations are provided. For securities that do not trade on a daily basis, the pricing service provides fair value estimates using a variety of inputs including, but not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, bids, offers, reference data, prepayment spreads and measures of volatility. The Trust reviews on an ongoing basis the reasonableness of the methodologies used by the pricing service, as well as determines the aggregate portfolio price performance and reviews it against applicable indices.

5. **Deposits**

Claims processing deposits represent filing fees collected for each unliquidated claim, which fees are refunded by the Trust if the claim is paid.

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

6. 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 assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions to net claimants' equity during the reporting period. Actual results could differ from those estimates.

7. Concentration of Risk

Financial instruments that potentially subject the Trust to concentrations of risk consist of cash, cash equivalents and investments. Cash equivalents consist of money market accounts and certificates of deposit. Cash equivalents and demand deposits are in excess of Federal Deposit Insurance Corporation limits.

The Trust utilizes risk controls to meet investment objectives authorized by its Trustees. Such risk controls include the use of outside investment advisors meeting predetermined criteria, and third-party quantitative and qualitative risk measurement evaluation tools. The Trust believes its risk control practices are appropriate to meet investment objectives.

Investment securities, in general, are exposed to various risks, such as interest rates, credit, and overall market volatility. 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 change could materially affect the amounts reported in the financial statements.

8. Income Taxes

On January 1, 2009, the Trust adopted accounting guidance for recognizing, measuring, presenting, and disclosing uncertain tax positions taken or expected to be taken. The Trust's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense.

As of December 31, 2011, the Trust did not have any accrued interest or penalties associated with any unrecognized tax benefits, nor did it incur any interest and penalties expense with any unrecognized tax benefits for the year then ended. The Trust is unaware of information concerning any tax positions for which a material change in the unrecognized tax benefit or liability is reasonably possible within the next twelve months. The Trust files income tax returns in the United States. Although the Trust owes no tax to the State of California, it files an annual tax return in California reporting no taxable income or tax owed. The Trust is no longer subject to United States federal tax examinations for years before 2008.

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J. T. Thorpe Settlement Trust

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2011 and 2010

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS

The Trust has classified its investments as available for sale, and recorded the securities at estimated fair value, as follows:

	December 31, 2011	
	Cost	Fair Value
Restricted		
Cash equivalents	$ 5,000,000	$ 5,000,000
Unrestricted		
Cash demand deposits	$ 868,437	$ 868,437
Cash equivalents	13,701,722	13,701,722
Equity securities	49,693,494	48,267,079
U.S. Government obligations	9,996,335	10,085,050
Municipal bonds	66,268,472	72,740,525
Mortgage backed securities	3,389,695	3,399,299
Corporate and other debt	2,908,453	2,964,542
	$146,826,608	$152,026,654

	December 31, 2010	
	Cost	Fair Value
Restricted		
Cash equivalents	$ 5,000,000	$ 5,000,000
Unrestricted		
Cash demand deposits	$ 798,717	$ 798,717
Cash equivalents	28,943,478	28,943,478
Equity securities	38,317,728	36,696,854
U.S. Government obligations	10,033,981	10,106,162
Municipal bonds	67,815,964	70,487,622
Mortgage backed securities	3,855,996	3,869,933
Corporate and other debt	3,929,111	3,993,528
	$153,694,975	$154,896,294

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J. T. Thorpe Settlement Trust

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2011 and 2010

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS - Continued

The Trust accounts for investments according to a fair value hierarchy that distinguishes between assumptions based on market data (observable inputs) and the Trust's assumptions (unobservable inputs). The hierarchy consists of three broad levels as follows:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where significant inputs are observable or can be corroborated by observable market data.

Level 3 - Valuations based on models where significant inputs are not observable, and for which the determination of fair value requires significant management judgment or estimation.

Assets and liabilities measured at fair value on a recurring basis, including financial instruments for which the Trust accounts, were as follows at:

	December 31, 2011		
	Level 1	Level 2	Level 3
Assets			
Cash demand deposits	$ 868,437	$ -	$ -
Cash equivalents	18,701,722	-	-
Equity securities	48,267,079	-	-
U.S. Government obligations	3,863,204	6,221,846	-
Municipal bonds	-	72,740,525	-
Asset-backed securities	-	3,399,299	-
Corporate debt	2,964,542	-	-
	$74,664,984	$82,361,670	$ -0-

	December 31, 2010		
	Level 1	Level 2	Level 3
Assets			
Cash demand deposits	$ 798,717	$ -	$ -
Cash equivalents	33,943,478	-	-
Equity securities	36,696,854	-	-
U.S. Government obligations	3,164,168	6,941,994	-
Municipal bonds	5,501,353	64,986,269	-
Asset-backed securities	-	3,410,355	459,578
Corporate debt	1,828,673	2,164,855	-
	$81,933,243	$77,503,473	$459,578

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J. T. Thorpe Settlement Trust

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2011 and 2010

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS - Continued

The Trust experiences transfers in and out of levels within the fair value hierarchy primarily due to the market activity of the underlying security. The Trust's policy is to recognize transfers in and out at the actual date the event or change in circumstance caused the transfer. Between the measurement dates of December 31, 2010 and December 31, 2011, approximately $5,501,000 of municipal bond securities transferred from Level 1 to Level 2 due to the availability of quoted prices in active markets for identical securities. Between the measurement dates of December 31, 2009 and December 31, 2010, approximately $5,423,000 of municipal bond securities transferred from Level 2 to Level 1 due to the availability of quoted prices in active markets for identical securities.

Activity in Level 3 investments for the years ended December 31, 2011 and 2010 was:

	Asset-backed Securities	
	2011	2010
Balance at January 1	$459,578	$730,187
Transfers from Level 2	-	353,193
Purchases(Sales)	(476,979)	(673,130)
Redemptions	(12,432)	(141,587)
Realized loss	(10,246)	(75,625)
Unrealized gain(loss)	40,079	266,540
Balance at December 31	$ -0-	$459,578

The maturities of the Trust's available-for-sale securities at market value (excluding cash equivalents) are as follows as of December 31, 2011:

	Less than 1 Year	After 1 Year Through 5 Years	After 5 Years Through 10 Years	After 10 Years
U.S. Government obligations	$2,242,178	$ 1,374,079	$ 277,126	$ 6,191,667
Municipal bonds	1,721,479	22,410,142	30,114,394	18,494,510
Mortgage backed securities	-	1,055,490	186,083	2,157,726
Corporate and other debt	-	1,721,252	1,243,290	-
	$3,963,657	$26,560,963	$31,820,893	$26,843,903

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J. T. Thorpe Settlement Trust

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2011 and 2010

NOTE C - FIXED ASSETS

The cost of non-income producing assets that will be exhausted during the life of the Trust and are not available for satisfying claims are expensed as incurred. Since inception, the cost of fixed assets expensed, net of disposals, include:

Acquisition of computer hardware and software	$114,072

These items have not been recorded as assets, but rather as operating expenses and direct deductions from net claimants' equity in the accompanying financial statements. The cost of fixed assets that were expensed during the years ended December 31, 2011 and 2010 were $695 and $-0-, respectively.

Total depreciation expense related to asset acquisition using accounting principles generally accepted in the United States would have been approximately $8,362 and $9,920 for the years ended December 31, 2011 and 2010, respectively.

NOTE D - CLAIM LIABILITIES

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

The cases underlying the Pre-Confirmation Liquidated Claims were stayed by the court until the Plan was approved. The Trust approved procedures and immediately arranged to pay, subject to receiving a claimant release, the approved Payment Percentage of the liquidated value of each Pre-Confirmation Liquidated Claim.

For all claims, a liability for unpaid claims is recorded at the time the offer is extended and the release authorization is mailed. Funds are mailed after the approved release is signed, received, and approved by the Trust. Unpaid claims liabilities remain on the Trust's books until the offer is accepted, rejected or expires after six months. Offers may be extended an additional six months upon written request and good cause. During the years ended December 31, 2011 and 2010, there were no expired offers.

All claimants are entitled to the full liquidated value of their claim. Under the TDP, claimants receive an initial pro rata payment equal to the approved Payment Percentage of the claim's liquidated value. The remaining obligation for the unpaid portion of the liquidated amount is not recorded, and is not a liability of the Trust, unless the Payment Percentage is increased. In that instance, the Trust would be obligated to retroactively pay the increased percentage to all previously paid claimants.

In the interest of treating all claimants equitably in accordance with the Plan, the Trustees have recommended that all payments made during each calendar year ended December 31, 2008 through December 31, 2011 include a cost of Living Adjustment for inflation based on the Federal Bureau of Labor Statistics' *Consumer Price Index for Urban Wage Earners and Clerical Workers* (CPI-W). Claims liabilities at year end are adjusted for any approved Inflation Adjustment. Inflation Adjustments are cumulative. Cumulative Inflation Adjustments of 12.62% and 9.13% are included in outstanding claims liabilities as of December 31, 2011 and 2010, respectively.

The Trust processed and approved approximately $9,669,000 and $12,176,000 of Trust Claims during the years ended December 31, 2011 and 2010, respectively.

J. T. Thorpe Settlement Trust

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2011 and 2010

NOTE E - FACILITY AND STAFF SHARING AGREEMENT

The Trust has entered into a facilities and staff sharing agreement with the Western Asbestos Settlement Trust, (the Western Trust). The two trusts are related through common trustees. Under the agreement, and in exchange for advance monthly payments, the Western Trust provides use of its facilities and services relating to administration and claims processing. The agreement automatically renews for additional one-year periods unless either party provides six months written notice. The amounts of advance monthly payments are agreed upon between the trusts from time to time. As of December 31, 2011, the equitable amount agreed upon is based on the required written calendar year reconciliation of annual services that is performed by the Western Trust. The reconciliation is performed and recorded in the period subsequent to the reconciliation period. The reconciliation performed for the year ended December 31, 2011 resulted in an additional payment to the Western Trust of approximately $39,000. The reconciliation performed for the year ended December 31, 2010 resulted in an additional payment to the Trust of approximately $31,000 and the reconciliation performed for the year ended December 31, 2009 resulted in an additional payment to the Western Trust of approximately $1,000. The next reconciliation period will be the twelve-month period ending December 31, 2012. Any excess of cost over payments or payments over cost is required to be repaid by the benefited party with interest. The future payments under this agreement have been recorded as a liability on the accompanying statement of net claimants' equity.

NOTE F - NET CLAIMANTS' EQUITY

The Trust was created pursuant to the Plan approved by the United States Bankruptcy Court for the Central District of California, Los Angeles Division. The TDP was adopted pursuant to the Plan and concurrently with the Trust Agreement. It is designed to provide fair and equitable treatment for all Trust claims that may presently exist or may arise in the future. The TDP prescribes certain procedures for distributing the Trust's limited assets, including pro rata payments and initial determination of claim value based on compensable diseases, jurisdictions, and individual factual information concerning each claimant as set forth in the Trust Documents.

Under the TDP, the Trust forecasts its anticipated annual sources and uses of cash until the last projected future claim has been paid. A pro rata Payment Percentage is calculated such that the Trust will have no remaining assets or liabilities after the last future claimant receives his/her pro rata share.

Based on research and testimony presented during the bankruptcy, the court approved an initial Payment Percentage to claimants to be applied to the liquidated value of then current and estimated future claims. The TDP provided that the committee and the Futures Representative may agree on a different Initial Payment Percentage prior to the Effective Date if another party became a Settling Asbestos Insurance Company. Pursuant to an agreement between the Committee and the Futures Representative dated June 29, 2006, the Initial Payment Percentage to be used was 50% of the total liquidated value. The TDP gives the Trustees, with the consent of the Trust Advisory Committee ("TAC") and the Futures Representative, the power to periodically update its estimate of the Payment Percentage based on updated assumptions regarding its future assets and liabilities and, if appropriate, propose additional changes in the Payment Percentage. In December 2008, the Payment Percentage was temporarily decreased from 50% to 40%. The decrease had no impact on previously paid claims. In November 2010, after evaluating assumptions regarding the Trust's future assets and liabilities, the Trustees approved an increase in the Payment Percentage from 40% to 45%. The increase was retroactive for all claims previously paid at the 40% Payment Percentage. These changes were made with the consent of the TAC and Futures Representative.

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J. T. Thorpe Settlement Trust

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2011 and 2010

NOTE G - RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS

To avoid the high costs of director and officer liability insurance, and pursuant to the Trust Agreement, the Trust has elected to be self-insured and has established a segregated security fund of $5 million. These funds are devoted exclusively to securing the obligations of the Trust to indemnify the former and current Trustees and officers, employees, agents and representatives of the Trust. The funds are held in a separate Trust bank account; and interest income accrues to the benefit of the Trust. As of December 31, 2011 and 2010, cash, cash equivalents and investments of $5,000,000 were restricted for these purposes.

NOTE H - INCOME TAXES

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

The Trust records deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the book and tax basis of assets and liabilities.

The provision for income taxes consists of the following for the years ended December 31, 2011 and 2010:

	2011	2010
Federal income tax – current	$ 126,762	$ 388,432
Deferred income tax expense	1,359,000	2,025,000
	$1,485,762	$2,413,432

The components of the deferred income tax asset (liability), as presented in the statement of net claimants' equity consisted of the following at December 31:

	2011	2010
Deferred tax asset (liability)		
Capital loss carryforwards	$ 434,000	$278,000
Facility-sharing obligation	-	113,000
Other	-	2,000
Unrealized losses (appreciation)	(1,820,000)	(420,000)
	($1,386,000)	($27,000)

Management expects to realize the deferred tax asset through the generation of future taxable income and, accordingly, has not established a valuation allowance.

NOTE I - SUBSEQUENT EVENTS

The Trust evaluated subsequent events through April 10, 2012, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or disclosure

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SUPPLEMENTAL INFORMATION

J. T. Thorpe Settlement Trust

SCHEDULE OF OPERATING EXPENSES

For the years ended December 31,

	2011	2010
Accounting	$ 51,229	$ 81,032
Claims processing/claims system development	90,462	55,294
Information technology support	15,379	29,478
Futures representative	46,649	65,695
Legal fees	265,588	74,950
Trust advisory committee	15,336	19,510
Trust facility and staff sharing expense	256,644	325,075
Trustee fees	152,171	123,800
Trustees professional	14,266	117,446
	$ 907,724	$ 892,280

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EXHIBIT B

EXHIBIT B

EXHIBIT "B"

J.T. Thorpe Settlement Trust
Claim Report
As of December 31, 2011

This report is submitted pursuant to Section 2.2 (c)(ii) of the Seventh Amendment to and Complete Restatement of J.T. Thorpe Settlement Trust Agreement, which requires the Trust to file with the Bankruptcy Court a summary of the number and type of claims disposed of during the period covered by the financial statements ("Accounting Period"). This report summarizes the Trust's processing of claims liquidated under supervision of the Bankruptcy Court ("Pre-Confirmation Liquidated Claims") and claims received since June 29, 2006, the Effective Date of the Trust ("Trust Claims").

Pre-Confirmation Liquidated Claims

In 2006, the Trust implemented a procedure to pay the Pre-Confirmation Liquidated Claims ("PCLP Claims") in accordance with the Plan, the Trust Distribution Procedures, the Confirmation Order, the January 27, 2006, Order Liquidating Asbestos Related Claims, and the Agreement Regarding Initial Payment Percentage entered into on June 29, 2006, by the Trust Advisory Committee and the Futures Representative. The Agreement Regarding Initial Payment Percentage provided that the Initial Payment Percentage was to be 50% of the total liquidated claim value. This remained in effect until December 1, 2008, when the Trustees, with the agreement of the Futures Representative and the TAC, adjusted the Payment Percentage to 40%. The Payment Percentage was reviewed and adjusted to 45% on November 18, 2010.

The Trust paid two (2) PCLP Claims during the Accounting Period in the amount of $46,397, which included an additional 9.13% to account for inflation based upon the Federal Bureau of Labor Statistics' Consumer Price Index for Urban Wage Earners and Clerical Workers ("CPI-W"). The Trust has not yet received proper release documents for twenty-seven (27) remaining unpaid PCLP Claims in the total amount of $82,239. That amount is based upon the current Payment Percentage of 45% and includes the inflation adjustment of 12.62% utilized for claims payments made in 2012.

Trust Claims

Claims received and disposed of from January 1, 2011, through December 31, 2011, in accordance with the First Amendment to and Complete Restatement of J.T. Thorpe Case Valuation Matrix ("Matrix") and the J.T. Thorpe, Inc., a California corporation/J.T. Thorpe, Inc., a dissolved California corporation/Thorpe Holding Company, Inc., a California corporation/Thorpe Technologies, Inc., a California corporation Asbestos Personal Injury Settlement First Amendment to and Complete Restatement of Trust Distribution Procedures ("TDP") are as set forth below.

The value of each compensable disease is determined by the Matrix and TDP. Claim compensation is adjusted for individual claimants based upon tort related individual characteristics, including, but not limited to: age, marital status, dependents,

medical specials, economic loss, exposure location, and whether living at the time of commencement of litigation or filing the claim with the Trust. Each valid claim is awarded a total liquidated value. As of December 31, 2011, Trust Claims were paid at the approved Payment Percentage of 45%. Payments made on Trust Claims in 2011 included an additional 9.13% to account for inflation based upon the CPI-W.

During the Accounting Period, 770 claims were received, 462 claims were paid, and 596 claims received offers.

Below is a summary of the number and type of claims disposed of (paid) in 2011.

Compensable Disease	Number of Claims
Grade II Non-Malignant	174
Grade I Non-Malignant	47
Grade I Non-Malignant Enhanced Asbestosis	22
Grade I Non-Malignant Serious Asbestosis	8
Colo-Rectal	6
Esophageal	1
Chronic Lymphocytic Leukemia	1
Laryngeal	3
Non-Hodgkin's Lymphoma	2
Other Cancer	4
Lung Cancer	88
Mesothelioma	106
Total	462

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