IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	§	
	§	
J T THORPE COMPANY,	§	**Case No. 02-41487-H5-11**
	§	**(Chapter 11)**
Debtor.	§	

NOTICE OF FILING AUDITED ANNUAL REPORT AND CLAIMS SUMMARY

The J T Thorpe Company Successor Trust (the "Trust") hereby files its Audited Annual Report for the fiscal year ending December 31, 2008, attached hereto as Exhibit A, and a summary of the claims disposed of during the period covered by the Audited Annual Report (the "Claims Summary"), attached hereto as Exhibit B.

Pursuant to the provisions of the J T Thorpe Company Successor Trust Agreement, the Trust is providing copies of the Audited Annual Report and the Claims Summary to the Trust Advisory Committee, the Legal Representative and the reorganized debtor.

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Dated: April 28, 2009
Dallas, Texas

Respectfully submitted by:

Jo E. Hartwick

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CERTIFICATE OF SERVICE

I hereby certify that 28th day of April, 2009, I served a true and correct copy of the foregoing Notice of Filing Audited Annual and Claims Summary and Exhibits A and B thereto by electronic mail on the members of the Trust Advisory Committee (Steven T. Baron, Russell Budd, Bryan O. Blevins, Jr.), the Legal Representative (Richard B. Schiro) and by United States mail, postage prepaid, to the Reorganized Debtor, J T Thorpe Company, Attn: Mr. Richard Nowland, 6833 Kirbyville Avenue, Houston, Texas 77033 .

Jo E. Hartwick

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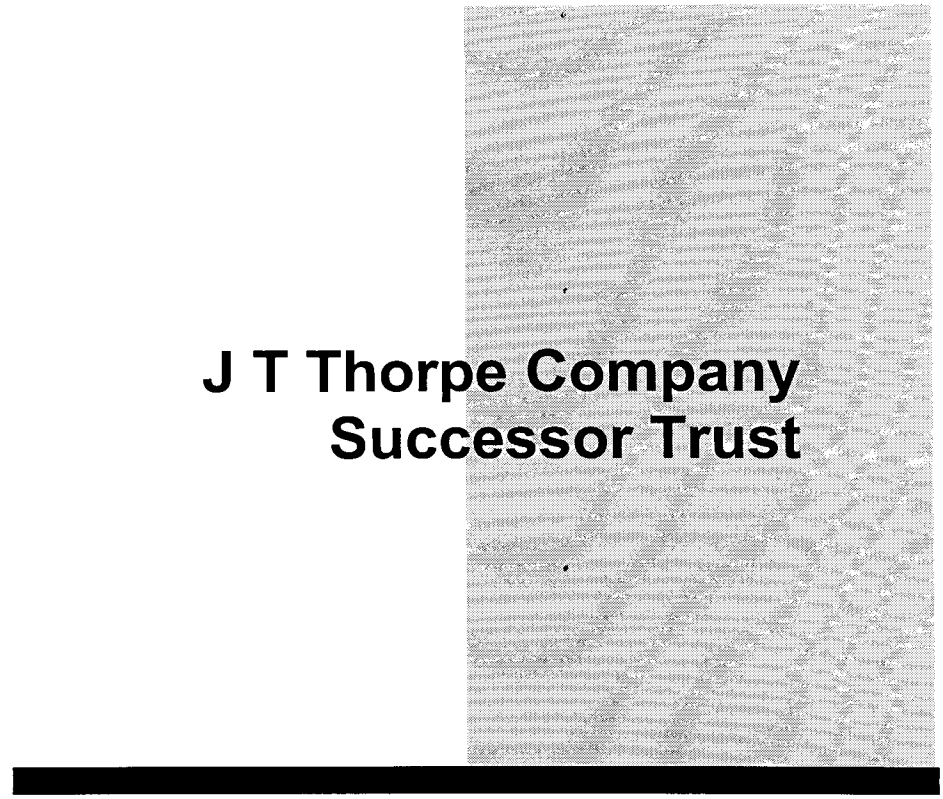
EXHIBIT A

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J T Thorpe Company
Successor Trust

Financial Statements
Years ended December 31, 2008 and 2007

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J T Thorpe Company Successor Trust

Financial Statements

Years ended December 31, 2008 and 2007

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J T Thorpe Company Successor Trust

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BDO Seidman, LLP
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Independent Auditors' Report

The Board of Trustees
J T Thorpe Company Successor Trust

We have audited the accompanying statements of fund deficit of J T Thorpe Company Successor Trust (the "Trust") as of December 31, 2008 and 2007 and the related statements of changes in fund deficit and cash flows for years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund deficit of the Trust as of December 31, 2008 and 2007 and the changes in fund deficit and cash flows for years ended December 31, 2008 and 2007 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the Trust is intended to be self-liquidating. The 2008 and 2007 fund deficit includes the Trustee's estimate of the aggregate liability that arises from asbestos injury claims to be filed with the Trust, resulting in a substantial deficit. Currently, the insurance proceeds to be recovered and available to settle these claims are not known and, accordingly, these insurance proceeds are not reflected in the fund deficit.

This report is intended for the information and use of the Trust, the Trustees, the Trustees' Advisory Committee, the beneficiaries of the Trust and the United States Bankruptcy Court for the Southern District of Texas and is not intended to be and should not be used by anyone other than the specified parties. This restriction is not intended to limit the distribution of this report which, upon filing with the United States Bankruptcy Court for the Southern District of Texas, is a matter of public record.

BDO Seidman, LLP

April 17, 2009
Dallas, Texas

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J T Thorpe Company Successor Trust

Statements of Fund Deficit

December 31,	**2008**	2007
Assets		
Cash and cash equivalents	**$ 35,178,759**	$ 25,567,513
Investments, at fair value	**118,893,572**	160,015,734
Insurance settlement receivable	**500,000**	1,000,000
Notes receivable - J T Thorpe Company	**1,976,093**	2,111,952
Other assets	**2,153,257**	1,160,800
Total assets	**158,701,681**	189,855,999
Liabilities		
Accounts payable and accrued expenses	**107,863**	185,660
Accrued asbestos injury claims liability	**631,303,120**	617,532,962
Total liabilities	**631,410,983**	617,718,622
Fund deficit	**$ (472,709,302)**	$(427,862,623)

See accompanying notes to financial statements.

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J T Thorpe Company Successor Trust

Statements of Changes in Fund Deficit

For the Years Ended December 31,	**2008**	2007
Fund deficit, beginning of year	**$ (427,862,623)**	$ (721,349,244)
Additions:		
Insurance proceeds	**-**	31,950,000
Investment income	**7,177,676**	9,672,855
Realized gain on investments, net	**-**	3,175,310
Interest income from notes receivables	**134,010**	142,493
Total additions	**7,311,686**	44,940,658
Deductions:		
Operating and legal expenses	**1,349,186**	1,526,732
Realized loss on investments, net	**9,077,225**	-
Unrealized loss on investments, net	**24,099,387**	3,546,392
Accrued asbestos injury claims expense	**17,632,567**	(253,619,087)
Total deductions	**52,158,365**	(248,545,963)
Fund deficit, end of year	**$ (472,709,302)**	$ (427,862,623)

See accompanying notes to financial statements.

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J T Thorpe Company Successor Trust

Statements of Cash Flows

For the Years Ended December 31,	**2008**	2007
Cash inflows		
Investment redemptions	**$ 168,116,774**	$ 123,579,166
Insurance settlements received	**500,000**	37,825,000
Proceeds from notes receivable	**135,858**	127,375
Refund of prepaid taxes	**-**	113,512
Interest and dividends received	**6,303,247**	9,825,533
Total cash inflows	**175,055,879**	171,470,586
Cash outflows		
Investment purchases	**160,583,887**	135,979,191
Asbestos injury claims paid	**3,862,409**	22,452,962
Operating and legal expenses paid	**998,337**	1,320,430
Total cash outflows	**165,444,633**	159,752,583
Net increase in cash and cash equivalents	**9,611,246**	11,718,003
Cash and cash equivalents, beginning of year	**25,567,513**	13,849,510
Cash and cash equivalents, end of year	**$ 35,178,759**	$ 25,567,513

See accompanying notes to financial statements.

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J T Thorpe Company Successor Trust

Notes to Financial Statements

1. Description of the Trust

General - J T Thorpe Company Successor Trust (the "Trust") was established on April 21, 2004 (the "Effective Date") pursuant to the J T Thorpe Company Plan of Reorganization (the "Plan").

Purpose - The primary purposes of the Trust are as follows:

- To direct the litigation, resolution, payment and satisfaction of all asbestos injury claims in accordance with the Plan, the claims resolution procedures established under the Trust and the J T Thorpe Company Asbestos Claims Resolution Procedures (the "CRP");
- To preserve, hold, manage and maximize the Trust's assets for use in paying and satisfying allowed asbestos injury claims and allowed unsecured claims;
- To prosecute, settle and manage the disposition of the in-place insurance coverage; and
- To prosecute, settle and manage asbestos insurance actions.

The Trustees, with the consent and approval of the Trustees' Advisory Committee (the "TAC") and the Legal Representative, are to establish claims resolution procedures that are to provide for the allowance and payment or disallowance of Class 7 Unsecured Asbestos Claims (as defined by the Plan). In furtherance of this purpose, the Trustees are responsible for supervising and administering the claims resolution procedures set forth in the CRP and in such a way that all holders of similar Asbestos Claims are treated in a substantially equivalent manner and to otherwise comply in all respects with the requirements of a trust set forth in section 524(g)(2)(B)(i) of the Bankruptcy Code. Also in furtherance of its purpose, the Trustees are to hold, manage and liquidate the Trust's assets.

Funding of the Trust - The Trust assumed the liabilities of J T Thorpe Company with respect to all asbestos injury claims and all unknown asbestos injury claims on the Effective Date. The Trust was initially funded by the following:

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- Promissory Notes for $2,300,000, funded by the Reorganized J T Thorpe Company and Thorpe Corporation (the "Obligors") on the Effective Date, and by the obligations of the Obligors to make future payments in respect to the Promissory Notes;
- Proceeds received pursuant to the terms of asbestos insurance action recoveries, asbestos in-place insurance coverage, asbestos insurance settlement agreements and asbestos insurance policies; and
- Assets transferred from the J T Thorpe Company Payment Trust, net of liabilities.

Trustees of the Trust - The Trustees are to act as fiduciaries to the Trust in accordance with the provisions of the Successor Trust Agreement and the Plan. There are three trustees at all times, other than during a vacancy in the position of Trustee and other circumstances as defined in Article 5.01 of the J T Thorpe Successor Trust Agreement.

Trustees' Advisory Committee and Legal Representative - The Trustees' Advisory Committee (the "TAC"), which consists of three voting members, represents all holders of asbestos injury claims, excluding unknown asbestos claimants. Neither the TAC nor its members serve in a fiduciary capacity or owe fiduciary duties to holders of asbestos injury claims. The Legal Representative serves in a fiduciary capacity, representing the interests of unknown asbestos injury claimants, for the purpose of protecting the rights of persons that might subsequently assert asbestos injury claims. The TAC, together with the Legal Representative, participates with the Trustees in the implementation of the CRP by providing consultation with respect to critical issues affecting the Trust. Additionally, the Plan and the CRP provide for instances in which consent of the TAC and the Legal Representative must be obtained by the Trustees before implementing certain actions.

Claims Resolution Procedures - The CRP was adopted in connection with the Plan, the Disclosure Statement and the J T Thorpe Company Successor Trust Agreement. The CRP is designed to provide a prompt determination and payment of unsecured asbestos claims and provide reasonable assurance that the Trust will value, and be in a financial position to pay, similar unsecured claims that may arise in the future in substantially the same manner. Pursuant to the Plan and the Successor Trust Agreement, the CRP will be administered by the Trustees in consultation with the TAC, which represents the interests of

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holders of present unsecured asbestos injury claims, and a Legal Representative, who represents the rights and interests of unknown asbestos injury claimants.

Payment Sum Percentage -The CRP provides that, to seek to insure substantially equal treatment of all Uncovered Asbestos Claims, the Trustees must determine, with the consent of the TAC and the Legal Representative, the percentage of the full liquidated value that will be paid to holders of Unsecured Asbestos Claims (the "Payment Sum Percentage"). Based on their experts' recommendation, the Trustees determined that the Initial Payment Sum Percentage should be set at 18.5%. The TAC and the Legal Representative consented to the setting of the Initial Payment Sum Percentage at 18.5%. By order dated November 18, 2005, the United States Bankruptcy Court for the Southern District of Texas granted the Motion for Approval of the Initial Payment Sum Percentage Applicable to Asbestos Claims Processed by the J T Thorpe Company Successor Trust filed by the Trustees and ordered the Initial Payment Sum Percentage set at 18.5%. In November 2007, the Trustees requested that Analysis, Research & Planning Corporation ("ARPC") provide an updated claims study. As a result of ARPC's updated claims study, in December 2007, the Trustees unanimously voted, with the unanimous consent of the Trust Advisory Committee and Legal Representative, to raise the Payment Sum Percentage to 38%.

Trust Termination - The Trust automatically terminates on the date (the "Termination Date") ninety days after the first to occur of the following events:

- All asbestos injury claims duly filed with the Trust have been liquidated and settled or otherwise resolved, and twelve consecutive months have elapsed during which no new asbestos injury claim has been filed with the Trust;
- If the Trustees have procured and have in place irrevocable insurance policies and have established claims handling agreements and other necessary arrangements with suitable third parties adequate to discharge all expected remaining obligations and expenses of the Trust in a manner consistent with this Trust and the CRP, the date on which the Bankruptcy Court enters an order approving such insurance and other arrangements;

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- If in the judgment of two-thirds of the Trustees, with the consent of the TAC and the Legal Representative, which consent shall not be unreasonably withheld, that the continued administration of the Trust is uneconomic or adverse to the best interests of the persons holding asbestos injury claims; or
- Twenty-one years less ninety-one days pass after the death of the last survivor of all the descendents of George Herbert Walker Bush living on the date hereof.

2. Summary of Significant Accounting Policies

Basis of Presentation - The financial statements of the Trust are prepared in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates - Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires the Trustees to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the financial statement date, and revenue and expenses during the reporting period. Actual results could differ from these estimates.

Fund Balance - The initial funding received from J T Thorpe Company and Thorpe Corporation and its liability insurers was recorded directly to fund balance. These funds do not represent income of the Successor Trust. Accrued asbestos injury claims expense is reported as deductions in fund balance and does not represent expenses of the Trust. Portions of the fund balance are used to fund the legal and operational expenses of the Trust.

Estimates of Certain Liabilities - Estimates of certain liabilities, including the accrued asbestos injury claims liability, are recorded directly to the fund balance when they become estimable and probable as defined by Statement of Financial Accounting Standards No. 5 ("SFAS No.5") "*Accounting for Contingencies*".

Fair Value of Financial Instruments - The Trust adopted Financial Accounting Standards Statement (SFAS) No. 157, *Fair Value Measurement*, as of January 1, 2008, with the exception of the application of the statement to non-recurring, nonfinancial assets and liabilities which becomes effective January 1, 2009. SFAS No. 157 defines fair value as the price that would be

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received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

The adoption of SFAS No. 157 did not have a material impact on the Trust's fair value measurements. The Trust's financial instruments consist primarily of cash and cash equivalents, investments, insurance settlement receivable and accounts payable. The carrying amounts of financial instruments, other than the investments, are representative of their fair values due to their short maturities. The Trust's investments are carried at fair value.

Cash Equivalents - Cash equivalents are all short term, highly liquid investments that will mature within three months or less after being acquired by the Trust. Cash equivalents are carried at cost, which approximates fair value. The Trust maintains its cash and cash equivalents in excess of federally insured limits in financial institutions it considers to be of high credit quality.

Investments - Investments consist of debt and equity securities acquired with maturities exceeding three months and are recorded at fair value. While the Trust's intent is to hold debt securities to maturity, consistent with Statement of Financial Accounting Standards No. 115, "*Accounting for Certain Investments in Debt and Equity Securities*", the Trust has classified all debt securities that have readily determinable fair values as available-for-sale, as the sale of such securities may be required prior to maturity to fund obligations to asbestos injury claimants.

The cost of debt securities available-for-sale is adjusted for amortization of premiums and accretion of discounts to maturity. Realized and unrealized gains and losses on available-for-sale securities are recorded as separate components on the statement of changes in fund balance. Realized gains and losses on available-for-sale securities are determined using the specific-identification method. Dividend and interest income is recognized when earned. The Trust also holds investments in certain private placement limited partnerships. The fair value of the private placement limited partnerships are based upon the Trust share in the estimated fair market values of the net assets of the partnerships as reported by the general partners.

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Insurance Proceeds and Insurance Settlements - All, or a portion of, future proceeds to be paid to the Trust through the execution of a settlement agreement with an insurer will be recognized as an insurance settlement receivable if and when all of the following conditions are met:

- The Trust has obtained an executed copy of the settlement agreement;
- Future payments due to the Trust are in settlement of policies that have been exhausted by claims incurred by the Trust, and the terms of settlement can reasonably be assumed to be satisfied; and
- The future claims paying ability of the insurer is deemed to be collectable, and the insurer holds an A.M. Best rating of A or better.

Unless the unpaid amounts due under an insurance settlement qualify as insurance settlement receivable, future payments will be recognized on a cash (as received) basis in the corresponding accounting period.

Income Taxes - The Trust accounts for income taxes in accordance with the provisions of Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes* ("SFAS 109"). SFAS 109 utilizes an asset and liability approach. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as income in the period that the change becomes enacted.

New Accounting Pronouncements - In May 2008, the Financial Accounting Standards Board (FASB) issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles". SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with accounting principles generally accepted in the United States of America. Because SFAS No. 162 applies only to establishing hierarchy, it will not have a material impact on our financial statements.

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In June 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement 109* (FIN 48). This interpretation clarifies the accounting for uncertain tax positions recognized in a company's financial statements in accordance with SFAS No. 109, *Accounting for Income Taxes*. The interpretation requires management to analyze whether each tax position meets a "more likely than not" standard for sustainability upon examination by taxing authorities. Only tax benefit amounts meeting or exceeding this standard will be reflected in the tax provision expense and deferred tax asset balances. Also, the interpretation requires that any differences between the amounts of tax benefits reported on tax returns and tax benefits reported in the financial statements be recorded in a liability for unrecognized tax benefits. The liability for unrecognized tax benefits is reported separately from deferred tax assets and liabilities and classified as current or non-current based upon the expected period of payment. Additional disclosure in the footnotes to the financial statements is required concerning the income tax liability for unrecognized tax benefits, any interest and penalties related to taxes that are included in the financial statements, and open statutes of limitations for examination by tax jurisdictions. FIN 48 is effective for fiscal years beginning after December 15, 2007. In December 2008, FASB issued FIN 48-3, Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises. The provision of FIN 48-3 defers the effective date of FIN 48 for nonpublic enterprises included in the scope of FIN 48-3 to the annual financial statements for fiscal years beginning after December 15, 2008. The Trust deferred the adoption of FIN 48 to fiscal year 2009. The adoption of FIN 48 is not expected to have a material impact on the Trust's financial statements.

3. Investments

The Trust has recorded all its investment securities at fair value, as follows:

December 31, 2008,	Amortized Cost	Net Unrealized Gains/ (Losses)	Estimated Fair Value
US treasury/government/agency securities	$ 58,308,032	$ (79,001)	$ 58,229,031
Equity securities	30,281,988	(8,216,735)	22,065,253
Corporate bonds	17,982,287	(1,207,981)	16,774,306
Foreign equity securities	12,228,539	(5,806,900)	6,421,639
Other fixed income securities	10,338,905	(3,862,251)	6,476,654

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Mutual funds	7,929,863	(3,083,492)	4,846,371
Hedge funds	4,000,000	(353,395)	3,646,605
Others	500,000	(66,287)	433,713
Total	$ 141,569,614	$ (22,676,042)	$ 118,893,572

December 31, 2007,	Amortized Cost	Net Unrealized Gains/ (Losses)	Estimated Fair Value
US treasury/government/agency securities	$ 47,949,247	$ 531,512	$ 48,480,759
Equity securities	26,376,800	766,969	27,143,769
Corporate bonds	33,493,771	(69,807)	33,423,964
Foreign equity securities	12,082,135	377,486	12,459,621
Other fixed income securities	17,196,047	(1,240,566)	15,955,481
Mutual funds	14,843,743	562,570	15,406,313
Hedge funds	4,000,000	26,767	4,026,767
Other funds	2,047,617	-	2,047,617
Foreign government securities	1,069,727	1,716	1,071,443
Total	$ 159,059,087	$ 956,647	$ 160,015,734

The contractual maturities of debt securities at December 31, 2008, were as follows:

Maturities	Amortized Cost	Fair Value
Due within one year	$ 5,552,756	$ 5,056,144
Due within two years	5,865,620	5,828,131
Due within three years	9,021,199	8,942,219
Due within four years	6,924,071	6,959,748
Due after four years	48,045,784	48,217,095
Total	$ 75,409,430	$ 75,003,337

The contractual maturities of debt securities at December 31, 2007, were as follows:

Maturities	Amortized Cost	Fair Value
Due within one year	$ 14,034,709	$ 14,086,273
Due within two years	10,055,871	10,057,230
Due within three years	11,135,897	11,182,342
Due within four years	15,026,133	15,222,719
Due after four years	32,260,135	32,427,602
Total	$ 82,512,745	$ 82,976,166

4. Fair Value Measurements

In September 2006, the FASB issued SFAS No. 157, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS No. 157 applies to other accounting pronouncements that require or permit fair value measurements; however, it does not require any new fair value measurements.

SFAS No. 157 establishes a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.
- Level 3 inputs are measured based on prices or valuation models that require inputs that are both significant to the fair value measurement and less observable from objective sources.

A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The following table provides the assets and liabilities carried at fair value measured on a recurring basis as of December 31, 2008:

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J T Thorpe Company Successor Trust

Notes to Financial Statements

Recurring Fair Value Measures	As of December 31, 2008 Level 1	Level 2	Level 3	Total
Assets:				
Investments	$ 81,942,575	$ 32,823,180	$ 4,127,817	$ 118,893,572

The Trust's invested assets in US equity securities, corporate bonds, mutual funds, foreign equity and US treasury, government and agency securities and the fair values of those investments are based on quoted market prices from financial exchanges (Level 1). Quoted prices in active markets for identical assets are readily available for the short term assets held by the Trust.

The Trust's investment in other fixed income securities and the fair values for these investments are based on quoted prices for similar assets or liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument (Level 2).

The Trust's investments in hedge funds, a corporate bond and in a diversified real estate fund and the fair value of these investments are based on unobservable inputs developed using the reporting entities' estimates and assumptions, which reflect those that market participants, would use (Level 3).

The following table sets forth a reconciliation of changes in the fair value of financial assets and liabilities classified as Level 3 in the fair value hierarchy:

	Total
Balance as of January 1, 2008	$ 6,460,839
Total gains or losses (realized or unrealized	(1,217,611)
Purchases, issuances and settlements	(1,115,411)
Transfers in and out of Level 3	-
Balance as of December 31, 2008	$ 4,127,817
Changes in unrealized gains (losses) relating to investments still held as of December 31, 2008	$ (885,069)

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4. Insurance Settlement Receivable

The Trust executed settlement agreement with an insurer under certain insurance policy that cover the asbestos liabilities of J T Thorpe Company. Insurance settlement receivable amounts to $500,000 and $1,000,000 as of December 31, 2008 and 2007, respectively. The $500,000 balance as of December 31, 2008 is due to be paid in 2009.

5. Notes Receivable

The Trust was funded in part by Promissory Notes in the amount of $2,300,000 as of the Effective Date. The terms of the Promissory Notes are as follows:

- Tranche A Note - The note is in the amount of $1,250,000. Obligors will pay interest only for two years, payable quarterly as it accrues, and then the remaining amount due will be paid in twelve equal quarterly payments of principal and interest of $50,405 commencing on the last day of the first calendar quarter following the second anniversary of the Effective Date, followed by twenty equal quarterly payments of principal and interest of $54,188 commencing on the last day of the first quarter following the fifth anniversary of the Effective Date. The interest rate is 6.5% per annum until the fifth anniversary of the Effective Date and thereafter at 9.5% per annum until the note is paid in full.
- Tranche B Note - The note is in the amount of $1,050,000. Obligors will pay interest only for five years and then amount due will be paid in twenty equal quarterly payments of principal and interest of $66,562 commencing on the last day of the first quarter following the fifth anniversary of the Effective Date. The interest rate is 6.5% per annum until the fifth anniversary of the Effective Date and thereafter at 9.5% per annum until the note is paid in full.

The common stock of Reorganized J T Thorpe Company is pledged to the Trust to secure the Promissory Notes pursuant a pledge agreement, dated the Effective Date. In the event of default, as defined, the common stock and all its rights shall vest in the Trust.

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6. Fund Balance The ultimate amount of asbestos injury claims to be filed and the related aggregate liability were estimated by the Trustees and their experts at $848,026,288 and $851,901,908 as of December 31, 2008 and 2007 respectively. The Accrued Asbestos Injury Claims Liability is composed of the following:

December 31,	**2008**	2007
Liability for Future Asbestos Injury Claims	**$ 567,821,762**	$ 560,388,195
Liability for Allowed Unpaid Asbestos Claims	**63,481,358**	57,144,767
Total	**$ 631,303,120**	$ 617,532,962

The fund deficit balance represents current funding deficit to compensate all present and unknown claimants, as well as the Trustee's estimate of the aggregate liability from asbestos injury claims. The fund deficit balance does not include unpaid amounts of insurance settlement not meeting the criteria of Note 2 nor policy limits of insolvent insurers.

7. Taxation The Trust reports its income to the Internal Revenue Service as a designated settlement fund, and as such, is subject to Federal income taxation.

The Trust's federal tax benefit is calculated as follows:

December 31,	**2008**	2007
Net current taxable income	**$ 3,246,926**	$ 5,800,024
Tax rate	**35%**	35%
Federal current income tax expense	**1,136,424**	2,030,008
Federal deferred income tax benefit - NOL	**(1,136,424)**	(2,030,008)
Income tax expense	**$ -**	$ -

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As of December 31, 2008 and 2007, the Trust had a net operating loss carryover of approximately $7,400,000 and $10,700,000, respectively. The future ability of the Trust to benefit from this net operating loss carryforward is uncertain; therefore, the deferred tax asset related to the loss carryover has been fully reserved and has not been reflected on the statement of fund deficit.

8. Related Party Transactions

A managing shareholder of Lain Faulkner & Co., P.C. is also the Managing Trustee of the Trust. Lain Faulkner & Co., P.C. provided accounting services to the Trust in the amount of $156,838 and $163,581 in 2008 and 2007, respectively. Lain Faulkner & Co., P.C. also provided administrative services to the Trust through the Managing Trustee in the amount of $71,685 and $81,864 in 2008 and 2007, respectively.

9. Commitments and Contingencies

Uninsured Liabilities - The Trust maintains general liability insurance with limits and deductibles that management believes prudent in light of the exposure of the Trust to loss and the cost of the insurance.

Other - The Trust is subject to a potential claim and litigation. In the opinion of management, the outcome of such matters will not have a material effect on the financial statements of the Trust.

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EXHIBIT B

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SUMMARY OF CLAIMS DISPOSED OF
DURING THE FISCAL YEAR ENDING DECEMBER 31, 2008

Type of Claim	Number of Claims
Claims Submitted to the Trust:	1,196
New Claims Paid by the Trust:	659
Payments on Claims Paid Prior to 2008 due to Adjustment of Payment Sum Percentage:	0

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