UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND
(Baltimore Division)

In re:	)	
	)	Case No. 02-54152
PORTER-HAYDEN COMPANY,	)	
	)	
Debtor.	)	Chapter 11
	)	

NOTICE OF FILING ANNUAL REPORT AND ACCOUNT

The Porter Hayden Bodily Injury Trust (the "Trust") hereby files its Annual Report for the period January 1, 2011, through December 31, 2011. Pursuant to the provisions of the Porter Hayden Bodily Injury Trust Agreement, the Trust is providing copies of the Annual Report and Account to the Trust Advisory Committee, the Legal Representative, the Reorganized Debtor and the United States Trustee.

Respectfully submitted,

/s/ Cameron J. Macdonald

Paul M. Nussbaum, Bar No. 04394
Gardner M. Duvall, Bar No. 09823
Cameron J. Macdonald, Bar No. 25362
Whiteford, Taylor & Preston
Seven Saint Paul Street
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410-347-8700

Co-counsel for Porter Hayden Bodily Injury Trust

/s/ Philip E. Milch

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1700 Grant Building 310 Grant Street
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Co-counsel for Porter Hayden Bodily Injury Trust

Porter Hayden Asbestos Trust Annual Reports, 2011 annual report
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 30th day of April, 2012, a copy of the Annual Report and Account of the Porter Hayden Bodily Injury Trust for the year ending December 31, 2011, was sent by first-class mail, postage prepaid to:

Timothy J. Hogan, Esquire
Law Offices of Peter T. Nicholl
36 South Charles Street, Suite 1700
Baltimore, Maryland 21201

Armand J. Volta, Jr., Esquire
Law Offices of Peter G. Angelos
100 N. Charles St., 22nd Floor
Baltimore, MD 21201-3804

Deirdre Woulfe Pacheco, Esquire
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90 Woodbridge Center Drive, Suite 900
Woodbridge, NJ 07095

Philip A. Pahigian
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Little Silver, NJ 07739

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Seven Saint Paul Street
Baltimore, Maryland 21202
410-347-8700

Co-counsel for Porter Hayden Bodily Injury Trust

UNITED STATES BANKRUPTCY COURT
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In re:	)	
	)	Case No. 02-54152
PORTER-HAYDEN COMPANY,	)	
	)	
Debtor.	)	Chapter 11
	)	

ANNUAL REPORT AND ACCOUNT OF THE PORTER HAYDEN BODILY INJURY TRUST FOR THE YEAR ENDING DECEMBER 31, 2011

The Trustee of the Porter Hayden Bodily Injury Trust (the "Trust"), T. Dennis Feeley (the "Trustee"), hereby submits this Annual Report and Account of the Trust for the year ending December 31, 2011. The Trust was created pursuant to the Porter Hayden Company's Third Amended Plan of Reorganization, as modified (the "Plan"), which was confirmed by the United States Bankruptcy Court on July 5, 2006, and affirmed by the United States District Court for the District of Maryland on July 7, 2006.

I. INTRODUCTION

The purpose of this Annual Report is to fulfill the financial reporting requirements of the Porter Hayden Bodily Injury Trust Agreement (the "Trust Agreement") and to report on the actions taken and obligations incurred on behalf of the Trust during the period January 1, 2011, through December 31, 2011 (the "Reporting Period").

On March 15, 2002, Porter Hayden Company ("Porter Hayden") filed its voluntary petition for relief under Chapter 11 of the Bankruptcy Code. Reorganization was confirmed on July 5, 2006, and the Plan became effective upon the execution of the Trust Agreement on October 13, 2006 (the "Effective Date"). The Trust was funded with the reissued stock of Porter Hayden shortly after the Effective Date. As owner of Porter Hayden's stock and pursuant to the

terms of the Plan, the Trust controls the assets of Porter Hayden. The purpose of the Trust is to evaluate and resolve, on behalf of Porter Hayden, the liabilities of Porter Hayden and its predecessors in interest, for all Asbestos Bodily Injury Claims.[1] To achieve this purpose, the Trust uses its assets and income to pay both present and future asbestos Claimants in accordance with both the Trust Agreement and the Trust Distribution Procedures (TDP) and in such a way that holders of Asbestos Personal Injury Claims are treated fairly, equitably, and reasonably in light of the limited assets available to satisfy the Claims.

This Annual Report is filed in compliance with the following provisions of the Trust Agreement:

Section 2.2

(c) The Trustee shall timely account to the Bankruptcy Court as follows:

(i) The Trustee shall cause to be prepared and filed with the Bankruptcy Court or otherwise made publicly available, as soon as available, and in any event within one hundred and twenty (120) days following the end of each fiscal year, an annual report containing *inter alia* financial statements of the Trust (including, without limitation, a balance sheet of the Trust as of the end of such fiscal year and a statement of operations for such fiscal year) audited by a firm of independent certified public accountants selected by the Trustee and accompanied by an opinion of such firm as to the fairness of the financial statements' presentation of the cash and investments available for the payment of claims and as to the conformity of the financial statements with generally accepted accounting principles. The Trustee shall promptly provide a copy of such report to the TAC and the Legal Representative.

(ii) Simultaneously with delivery of each set of financial statements referred to in Section 2.2(c)(i) above, the Trustee shall cause to be prepared and filed with the Bankruptcy Court or otherwise made publicly available a report containing a summary regarding the number and type of claims disposed of during the period covered by the financial statements. The Trustee shall promptly provide a copy of such report to the TAC and the Legal Representative.

(iii) All materials required to be prepared by this Section 2.2(c) shall be made available for inspection by the public.

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[1] All capitalized terms used but not defined herein have the meaning defined in the Plan.

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II. TRUST ADMINISTRATION

A. THE TRUSTEE

The Trustee is the initial Trustee identified in the Plan and the Trust Agreement, T. Dennis Feeley, former President of the settler, Porter Hayden Company. During the Reporting Period the Trust held four formal meetings: January 26, 2011; April 20, 2011; July 20, 2011; and October 12, 2011. Outside of these meetings, the Trustee worked daily on various activities described below. The Trustee's compensation was agreed to by the Trust Advisory Committee (the TAC) and the Legal Representative for those whose Claims will become known in the future. The Trustee's compensation is reflected at Exhibit 1. The Trustee is the only executive officer of the Trust. The Trust is physically located in the space occupied by Porter Hayden. The Trustee also maintains an office in his home, at no expense to the Trust.

B. THE LEGAL REPRESENTATIVE

The Legal Representative is the initial legal representative identified in the Plan and the Trust Agreement, Philip A. Pahigian. Mr. Pahigian served as the Legal Representative during the reporting period. Exhibit 1 reflects the compensation of the Legal Representative.

C. TRUST ADVISORY COMMITTEE

Deirdre Woulfe Pacheco, Esq., Armand J. Volta, Jr., Esq., and Timothy J. Hogan. Esq., served as members of the TAC during the reporting period. Exhibit 1 reflects the compensation of the members of the Trust Advisory Committee.

D. CLAIMS PROCESSING

The Trust has retained Verus Claims Services, LLC, of Hopewell, New Jersey, to process Claims for the Trust.

E. INVESTMENT MANAGEMENT

The Trust retained Wells Fargo Private Bank of Baltimore, Maryland, to serve as the Trust's investment advisor. Wells Fargo Private Bank advises the Trustee on asset allocation, cash flow modeling, and the selection and oversight of individual investment managers for investable portions of the Trust's portfolio. In accordance with the recommendation of Wells Fargo Private Bank, the Trust's investable assets are split among short term investments in government paper, cash, and corporate bonds, and among longer term investments generally allocated to 35 percent equities and 50 percent fixed income, with the remainder invested in cash and equivalents, and real assets.

III. ANNUAL REPORT & ACCOUNT

A. OVERVIEW

The Trust retained Stegman & Company ("Stegman") to continue to perform financial auditing of the Trust, of Porter Hayden, and of Porter Hayden's Qualified Settlement Fund (QSF). In addition, the Trust secured appropriate insurance coverage for general liability, workers' compensation, and directors' and officers' liability. Finally, the Trust responded to third-party requests for individual Asbestos Personal Injury Claim files.

B. FINANCES OF THE TRUST

All assets of the Trust, including assets held by the Trust, Porter Hayden, and Porter Hayden's QSF, are reflected in the attached financial statements, which have been audited by Stegman. The financial statements were prepared in accordance with generally accepted accounting practices and special purpose accounting methods, as applicable to the respective accounts. The preparation of the financial statement by an independent accounting firm and the filing of it with the Bankruptcy Court satisfies the requirement of Article 2.2(c)(iii) of the Trust Agreement.

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Stegman's audits of the Trust, Porter Hayden, and Porter Hayden's QSF are attached hereto as Exhibits 2, 3, and 4. Net claimants' equity in the Trust at the end of 2011 is $ 25,553,198.00. *See* Exhibit 2 at p. 1. At the end of 2011, Porter Hayden had retained earnings in the amount of $ 525,300.00 and cash in the amount of $ 758,989.00. *See* Exhibit 3 at p. 1. At the end of 2011, Porter Hayden's QSF's net claimants' equity totaled $0. *See* Exhibit 4 at pp. 1-2. As of December 31, 2011 the QSF has been closed. All outstanding balances have been transferred to the Porter Hayden Bodily Injury Trust as a liquidating dividend. *See* Exhibit 4, p. 3.

C. CLAIMS PROCESSING

During the Reporting Period, the Trust received 20,556 Unliquidated Personal Injury Claims for processing. Ten thousand seven hundred and thirty-six (10,736) of such Claims were paid during the Reporting Period. The payments made during the Reporting Period total $5,598,526, after application of the Payment Percentage[2]. Many Claims (1,746) were closed without payment as a result of various deficiencies, deferrals, or withdrawals. A summary of Claims disposition for the Reporting Period is at Exhibit 5.

Since the inception of claiming on September 8, 2008, the Trust has received a total of 83,324 Unliquidated Personal Injury Claims for processing. Of the cumulative claims received since inception of claiming, 22,609 Claims have been paid. The cumulative payments made total $10,068,165. Many Claims (11,134) were closed without payment as a result as a result of various deficiencies, deferrals, or withdrawals. Processing is ongoing for the remainder of the Claims received, though a majority of the open Claims are in an inactive review status at the election of the respective Claimants. A summary of Claims disposition from inception of claiming to the close of the Reporting Period is at Exhibit 5.

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2 The Trust's Payment Percentage is 1.8 percent and applies to all Claims paid by the Trust.

D. LITIGATION INVOLVING THE TRUST

The Trust and/or Porter Hayden are currently involved in one adversarial action pending in the United States District Court for the District of Maryland against National Union Fire Insurance Company of Pittsburgh, Pennsylvania and a related insurer. Additionally, in 2010, the Trust and/or Porter Hayden engaged in Alternative Dispute Resolution with Westchester Fire Insurance Company that resulted in a settlement agreement in principal with both Westchester and Century Indemnity Company, pending documentation and fulfillment of all conditions. During the Reporting Period, the Trust and/or Porter Hayden engaged in communications with Westchester regarding finalization of the 2010 settlement conditions although the final Settlement Agreement has not yet been signed.

Respectfully submitted,

/s/ Cameron J. Macdonald

Paul M. Nussbaum, Bar No. 04394
Gardner M. Duvall, Bar No. 09823
Cameron J. Macdonald, Bar No. 25362
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Co-counsel for Porter Hayden Bodily Injury Trust

/s/ Philip E. Milch

Philip E. Milch, Esquire
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1700 Grant Building 310 Grant Street
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412-261-0310

Co-counsel for Porter Hayden Bodily Injury Trust

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 30th day of April, 2011, a copy of the Annual Report and Account of the Porter Hayden Bodily Injury Trust for the year ending December 31, 2011, was sent by first-class mail, postage prepaid to:

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100 N. Charles St., 22nd Floor
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90 Woodbridge Center Drive, Suite 900
Woodbridge, NJ 07095

Philip A. Pahigian
6 Stonehedge Court
Little Silver, NJ 07739

/s/ Gardner M. Duvall
Gardner M. Duvall, Bar No. 09823
Whiteford, Taylor & Preston
Seven Saint Paul Street
Baltimore, Maryland 21202
410-347-8700

Co-counsel for Porter Hayden Bodily Injury Trust

2001658

EXHIBIT 1

EXHIBIT 1

COMPENSATION OF TRUSTEE, TRUST ADVISORY COMMITTEE AND LEGAL REPRESENTATIVE
for
REPORTING PERIOD JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Position	Compensation
Trustee (combined compensation as Trustee and President of Porter Hayden Company)	$ 218,974.08, plus benefits
Trust Advisory Committee	
Deirdre Woulfe Pacheco	$ 0.00
Armand J. Volta, Jr.	$ 0.00
Timothy J. Hogan	$ 0.00
Legal Representative	$ 24,272.50

EXHIBIT 2

PORTER HAYDEN BODILY INJURY TRUST

REPORT ON AUDITS OF
FINANCIAL STATEMENT

FOR THE YEARS ENDED
DECEMBER 31, 2011 AND 2010

No extracts from this report may be published without written consent.

Stegman & Company

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INDEPENDENT AUDITORS' REPORT

To the Trustee of the
Porter Hayden Bodily Injury Trust

We have audited the accompanying statements of net claimants' equity of the Porter Hayden Bodily Injury Trust (the "Trust", organized in the State of Maryland) as of December 31, 2011 and 2010, and the related statements of changes in net claimants' equity for the years ended December 31, 2011 and 2010. These special-purpose financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

In our opinion, the accompanying special-purpose financial statements of the Porter Hayden Bodily Injury Trust for the years ended December 31, 2011 and 2010, are fairly presented, in all material respects, on the special purpose basis of accounting described in Note 2.

This report is intended solely for the information and use of the management of the Trust, the Trustee, the beneficiaries of the Trust, and the United States Bankruptcy Court for the District of Maryland 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 States Bankruptcy Court for the District of Maryland, is a matter of public record.

Stegman & Company

Baltimore, Maryland
April 16, 2012

Suite 100, 405 East Joppa Road Baltimore, Maryland 21286 • 410-823-8000 • 1-800-686-3883 • Fax: 410-296-4815 • www.stegman.com

Member AGN INTERNATIONAL

PORTER HAYDEN BODILY INJURY TRUST

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

ASSETS

	2011	2010
Cash and cash equivalents	$ 2,406,208	$ 2,868,135
Accrued interest receivable	109,125	141,748
Investments available-for-sale, at fair value	22,237,130	27,178,105
Investment in Porter Hayden Company, Inc.	1,147,118	2,360,609
TOTAL ASSETS	25,899,581	32,548,597

LIABILITIES AND NET CLAIMANTS' EQUITY

Accrued professional fees	201,375	169,900
Due to Porter Hayden Qualified Settlement Fund	-	12,999
Due to Porter Hayden Company, Inc.	145,008	167,098
TOTAL LIABILITIES	346,383	349,997
NET CLAIMANTS" EQUITY	$ 25,553,198	$ 32,198,600

See accompanying notes.

PORTER HAYDEN BODILY INJURY TRUST

STATEMENTS OF CHANGES IN NET CLAIMANTS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
NET CLAIMANTS' EQUITY AT BEGINNING OF YEAR	$ 32,198,600	$ 34,799,102
ADDITIONS TO NET CLAIMANTS' EQUITY		
Indemnity claim proceeds	27,782	70,601
Legal fees reimbursement	9,877	9,058
Funding from Porter Hayden Company, Inc.	1,095,000	895,000
Liquidating dividend	80,828	-
Interest and dividends	1,100,578	1,009,871
Net unrealized appreciation on investments	-	1,085,407
Net realized gain on sale of investments	1,360,699	310,362
Records request fees	2,006	-
Total additions	3,676,770	3,380,299
DEDUCTIONS FROM NET CLAIMANTS' EQUITY		
Professional fees	1,143,346	976,116
Insurance premiums	39,000	39,000
Decrease in investment in Porter Hayden Company, Inc.	1,213,491	964,830
U.S. Trustee Fees	41,600	41,900
Investment fees	147,924	149,172
Rent	13,811	13,313
Net unrealized depreciation on investments	2,124,316	-
Transfer to Porter Hayden Qualified Settlement Fund	5,598,684	3,796,470
Total deductions	10,322,172	5,980,801
NET DECREASE IN NET CLAIMANTS' EQUITY	(6,645,402)	(2,600,502)
NET CLAIMANTS' EQUITY AT END OF YEAR	$ 25,553,198	$ 32,198,600

See accompanying notes.

PORTER HAYDEN BODILY INJURY TRUST

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

1. NATURE AND OPERATIONS OF TRUST

Description of Trust

The Porter Hayden Bodily Injury Trust (the "Trust") was established pursuant to the Debtor's Third Amended, Second Modified Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, (the "Plan") for the bankruptcy of Porter Hayden Company, ("Porter Hayden') and confirmed by Court Order dated July 5, 2006. The purpose of the Trust is to assume the liabilities of Porter Hayden and its predecessors in interest, for all Asbestos Personal Injury Claims, and to use the assets and income of the Trust to pay both present and future asbestos claimants in accordance with the Porter Hayden Bodily Injury Trust Agreement and the Porter Hayden Company Asbestos Trust Distribution Procedures in such a way that holders of Asbestos Personal Injury Claims are treated fairly, equitably, and reasonably in light of the limited assets available to satisfy such claims.

The Trust was established on October 13, 2006, the Effective Date of the Plan ("Effective Date").

Funding of the Trust

Pursuant to the Plan, the Trust is funded with (a) 100% of the capital stock of Porter Hayden, and (b) the following assets, which shall be remitted by Porter Hayden upon request, if any, of the Trust, with the consent of the Porter Hayden, such consent not to be unreasonably withheld:

i) Asbestos Insurance Action Recoveries and/or payments made by Settling Asbestos Insurance Companies if received by Porter Hayden on or after the Effective Date;

ii) Payments from the Manville Trust on or after the Effective Date;

iii) Cash received by Porter Hayden on or after the Effective Date;

iv) Porter Hayden's Asbestos Insurance Rights; and,

v) Porter Hayden's Asbestos Insurance Policies and all rights pursuant thereto.

On the Effective Date, all authorized shares of the Porter Hayden common stock were issued to the Trust.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Trust's financial statements are prepared using special-purpose accounting methods that differ from accounting principles generally accepted in the United States of America ("U.S. GAAP"). The special-purpose accounting methods are being used to better communicate to the beneficiaries of the Trust the equity available to satisfy current and future claims. These special-purpose accounting methods are summarized as follows:

i) The financial statements are prepared using the accrual basis of accounting.

ii) The funding received from Porter Hayden has been recorded directly to net claimants' equity. These funds do not represent taxable income to the Trust. Settlement offers paid for asbestos claims are reported as deductions in net claimants' equity and do not represent tax-deductible expenses of the Trust.

iii) Cash and cash equivalents are recorded at cost.

iv) Porter Hayden, which is wholly-owned by the Trust, has not been consolidated in the accompanying financial statements, but has instead been presented at the underlying net book value of Porter Hayden at December 31, 2011 and 2010.

v) *Fair Value of Financial Instruments*

The carrying values of financial instruments approximate their respective fair values.

vi) *Investments*

The Trust classifies its investments in marketable securities with readily determinable fair values as investments available-for-sale in accordance with ASC Topic 320, Accounting for Certain Investments in Debt and Equity Securities. Available-for-sale securities consist of debt and equity securities not classified as trading securities or as securities to be held to maturity. The Trust has classified all of its investments as available-for-sale. Unrealized holding gains and losses on available-for-sale securities are reported as a net amount in additions (deductions) from net claimants' equity until realized. Gains and losses on the sale of available-for sale securities are determined using the specific identification method.

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The Trust's investments consist primarily of money market accounts, common stocks, corporate bonds and government agency bonds.

Declines in the fair value of individual securities below their cost that are other than temporary result in write-downs of the individual securities to their fair value. The related write-downs are recorded as realized losses. In estimating other-than-temporary impairment losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Trust to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

The Trust recognizes premiums and discounts through income on the date of sale or maturity of the specific investment rather then through an adjustment to yield over the term of the security. This is not in accordance with U.S. GAAP. The effect of this departure has not been determined.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions to net claimants' equity during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

The Trust maintains its cash with financial institutions which at times may exceed federally insured limits. The Trust has not experienced any losses in such accounts and management does not believe it is exposed to any significant credit risk with respect to cash.

Settlement of Insurance Litigation

As part of the Plan, Porter Hayden and the Trust are pursuing claims against various insurance companies that provided coverage to Porter Hayden over the period of its operations. The nature of any recovery from litigation is speculative. As such, the Trust will not recognize any amount as due until there is an award by a court or finalization of a settlement.

Investment in Porter Hayden Company

The Trust is the sole shareholder of the Porter Hayden common stock. The accounts of Porter Hayden have not been consolidated in the accompanying financial statements for the following reasons:

i) the interest is held solely to pay asbestos injury claims, and

ii) the objective of the financial statements is to communicate the equity available over the life of the Trust to current and future claimants.

As such, the Trust believes that recording the interest at the underlying net book value of Porter Hayden is appropriate. As such, the net income (loss) of Porter Hayden is recorded as an increase (decrease) in the Trust's investment in Porter Hayden.

Net Claimants' Equity

The Plan contains procedures for the distribution of the Trust's limited assets. Under the Plan, the Trust forecasts its anticipated sources and uses of cash until the last projected future claim has been paid. A pro rata payment percentage is then calculated such that the Trust will have no remaining assets or liabilities after the last future claimant receives his/her pro rata share.

Income Taxes

At December 31, 2011 and 2010, no provision for federal or state income taxes was recorded because the Trust had no taxable income. Funds received by the Trust from Porter Hayden and disbursements paid to settle asbestos claims are neither taxable nor deductible by the Trust.

Management considers the likelihood of changes by taxing authorities in its filed tax returns and recognizes a liability for or discloses potential changes that management believes are more likely than not to occur upon examination by tax authorities. Management has not identified any uncertain tax positions in filed income tax returns that require recognition or disclosure in the accompanying financial statements. Interest and penalties on uncertain tax positions are recognized as a component of income tax expense. The Trust's tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

As of December 31, 2011, the Trust has a net operating loss carryforward of approximately $847,000 that expires in the years 2028 through 2029. The net loss carryforward generates a deferred tax asset of approximately $342,000. An offsetting allowance for this full amount has been established due to the doubtful nature of the realization of this deferred tax asset.

Evaluation of Subsequent Events

The Trust has evaluated subsequent events through the date of the auditors' report, which is the date the financial statements were available to be issued.

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3. INVESTMENTS AVAILABLE-FOR-SALE

A summary of investments available-for-sale as of December 31, 2011 and 2010 is as follows:

	2011			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government obligations	$ 2,057,899	$ 26,708	$ 24,642	$ 2,059,965
Corporate obligations	6,620,780	46,165	257,248	6,409,697
Mutual funds	6,001,887	761,585	-	6,763,472
Equity securities	3,572,300	977,668	63,871	4,486,097
Hedge investments	1,500,000	-	140,166	1,359,834
Real estate investment trusts and other real estate investments	844,305	316,637	2,877	1,158,065
	$ 20,597,171	$ 2,128,763	$ 488,804	$ 22,237,130

	2010			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government obligations	$ 2,388,872	$ 6,049	$ 17,362	$ 2,377,559
Corporate obligations	8,250,180	37,442	108,924	8,178,698
Mutual funds	6,994,685	897,576	-	7,892,261
Equity securities	4,543,437	2,229,708	20,165	6,752,980
Real estate investment trusts and other real estate investments	1,236,656	740,038	87	1,976,607
	$ 23,413,830	$ 3,910,813	$ 146,538	$ 27,178,105

Investment income for the years ended December 31, 2011 and 2010 consists of the following:

	2011	2010
Interest and dividends	$ 1,100,578	$ 1,009,871
Net unrealized (depreciation) appreciation on investments	(2,124,316)	1,085,407
Gain on sale of investments	1,360,699	310,361
	$ 336,961	$ 2,405,639

During the years ended December 31, 2011 and 2010 the Trust sold securities for total proceeds of approximately $11,100,000 and $12,900,000, respectively. As of December 31, 2011 management has evaluated investments in an unrealized loss position for other than temporary impairment. As the trust has the ability to hold and does not expect to sell these securities for the foreseeable future, no declines are deemed to be other than temporary. As of December 31, 2011, unrealized losses on securities were comprised of the following based on the length of time that the securities have been in a loss position:

	Less than 12 months		More than 12 months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Government obligations	$ 600,491	$ 4,823	$ 731,206	$ 19,818	$ 1,331,697	$ 24,641
Corporate obligations	1,216,879	54,413	3,766,868	202,835	4,983,747	257,248
Mutual funds	-	-	-	-	-	-
Equity securities	407,312	58,175	45,197	5,697	452,509	63,872
Hedge investments	1,359,834	140,166	-	-	1,359,834	140,166
Real estate investment trusts and other real estate investments	9,268	1,947	2,248	930	11,516	2,877
	$ 3,593,784	$ 259,524	$ 4,545,519	$ 229,280	$ 8,139,303	$ 488,804

The estimated maturities of investments as of December 31, 2011 and 2010 are as follows:

	2011		2010	
	Cost	Fair Value	Cost	Fair Value
Maturities:				
No stated maturity or maturity within 1 year	$ 15,486,171	$ 16,834,017	$ 14,915,830	$ 18,115,324
Between 1 - 2 years	3,978,000	4,123,689	4,109,000	4,363,694
Between 2 - 5 years	715,000	790,455	4,085,000	4,061,199
Between 5 - 10 years	418,000	488,969	576,000	637,888
	$ 20,597,171	$ 22,237,130	$ 23,685,830	$ 27,178,105

4. FAIR VALUES OF FINANCIAL INSTRUMENTS

ASC Topic 820, Fair Value of Financial Instruments, establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) or identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions that market participants would use in pricing an asset or liability.

The fair values of securities available-for-sale are determined by obtaining quoted prices on nationally recognized exchanges (Level 1 inputs). Assets measured at fair value on a recurring basis are summarized below:

	Total Investments	Quoted Prices In Active Markets for For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2011				
U.S. Government obligations	$ 2,059,965	$ -	$ 2,059,965	$ -
Corporate obligations	6,409,697	6,409,697	-	-
Mutual funds	6,763,472	6,763,472	-	-
Equity securities	4,486,097	4,486,097	-	-
Hedge investments	1,359,834	-	1,359,834	-
REIT's and other real estate investments	1,158,065	-	1,158,065	-
Total investments	$ 22,237,130	$ 17,659,266	$ 4,577,864	$ -
December 31, 2010				
U.S. Government obligations	$ 2,377,559	$ -	$ 2,377,559	$ -
Corporate obligations	8,178,698	8,178,698	-	-
Mutual funds	7,892,261	7,892,261	-	-
Equity securities	6,752,980	6,752,980	-	-
REIT's and other real estate investments	1,976,607	-	1,976,607	-
Total investments	$ 27,178,105	$ 22,823,939	$ 4,354,166	$ -

EXHIBIT 3

PORTER HAYDEN COMPANY

(a Wholly-Owned Subsidiary of the Porter Hayden Bodily Injury Trust)

REPORT ON AUDIT OF
FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2011 AND 2010

No extracts from this report may be published without written consent.

Stegman & Company

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Porter Hayden Company (A wholly-owned subsidiary
of the Porter Hayden Bodily Injury Trust)
Baltimore, Maryland

We have audited the accompanying balance sheets of Porter Hayden Company, a wholly-owned subsidiary of the Porter Hayden Bodily Injury Trust, (the "Company") as of December 31, 2011 and 2010 and the related statements of operations and retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Company'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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Porter Hayden Company, a wholly-owned subsidiary of the Porter Hayden Bodily Injury Trust, as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Stegman & Company

Baltimore, Maryland
April 16, 2012

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PORTER HAYDEN COMPANY
(a wholly-owned subsidiary of the Porter Hayden Bodily Injury Trust)

BALANCE SHEETS
DECEMBER 31, 2011 AND 2010

ASSETS

	2011	2010
CURRENT ASSETS:		
Cash	$ 758,989	$ 1,948,452
Income taxes refundable	281,270	341,425
Prepaid expenses	-	6,571
Due from Porter Hayden Bodily Injury Trust	145,008	167,098
Total current assets	1,185,267	2,463,546
PROPERTY AND EQUIPMENT - at cost:		
Furniture and equipment	13,015	13,015
Less accumulated depreciation	(13,015)	(13,015)
Net value of property and equipment - at cost	-	-
OTHER ASSETS -		
Security Deposit	670	670
TOTAL ASSETS	1,185,937	2,464,216

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES:		
Accounts payable	4,378	1,971
Accrued expenses	34,441	33,812
Due to Porter Hayden Qualified Settlement Fund	-	67,824
Total liabilities	38,819	103,607
STOCKHOLDER'S EQUITY:		
Common stock - par value $1; authorized, 5,000 shares; issued and outstanding, 100 shares	100	100
Paid-in capital	621,718	621,718
Retained earnings	525,300	1,738,791
Total stockholder's equity	1,147,118	2,360,609
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$ 1,185,937	$ 2,464,216

See accompanying notes.

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PORTER HAYDEN COMPANY
(a wholly-owned subsidiary of the Porter Hayden Bodily Injury Trust)

STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
REVENUES:		
Interest income	$ 4,391	$ 10,837
Total revenues	4,391	10,837
EXPENSES:		
Accounting	2,704	1,755
Bank/investment fees	1,036	1,491
Employee benefits	86,477	81,699
Insurance	2,148	2,066
Legal fees	1,230	-
Pension	51,577	51,376
Postage and telephone	5,482	5,141
Trust payment	1,095,000	895,000
Rent	12,294	13,136
Salaries	251,979	250,680
Supplies	1,692	1,435
Taxes - payroll	13,964	12,735
Taxes - other	462	678
Total expenses	1,526,045	1,317,192
OTHER INCOME - Records request fees	150	100
LOSS BEFORE INCOME TAXES	(1,521,504)	(1,306,255)
INCOME TAX BENEFIT	308,013	341,425
NET LOSS	(1,213,491)	(964,830)
RETAINED EARNINGS AT BEGINNING OF YEAR	1,738,791	2,703,621
RETAINED EARNINGS AT END OF YEAR	$ 525,300	$ 1,738,791

See accompanying notes.

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PORTER HAYDEN COMPANY
(a wholly-owned subsidiary of the Porter Hayden Bodily Injury Trust)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (1,213,491)	$ (964,830)
Net changes in:		
Income taxes refundable	60,155	377,354
Prepaid expenses	6,571	(398)
Accounts payable	2,407	(177)
Accrued expenses	629	982
Net cash used in operating activities	(1,143,729)	(587,069)
CASH FLOWS FROM INVESTING ACTIVITIES -		
Advances to Porter Hayden Bodily Injury Trust	(45,734)	(10,700)
CASH FLOWS FROM FINANCING ACTIVITIES -		
Advances from Porter Hayden Qualified Settlement Fund	-	17,055
NET DECREASE IN CASH	(1,189,463)	(580,714)
CASH AT BEGINNING OF YEAR	1,948,452	2,529,166
CASH AT END OF YEAR	$ 758,989	$ 1,948,452
Supplemental disclosure of cash flows information:		
Due to Porter Hayden Qualified Settlement Fund transferred to Porter Hayden Bodily Injury Trust	$ 67,824	$ -

See accompanying notes.

PORTER HAYDEN COMPANY
(a wholly-owned subsidiary of the Porter Hayden Bodily Injury Trust)

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Company was a distributor of pipe coverings and a contractor which installed pipe coverings until 1989. Since 1989, the Company has been engaged in the management of claims related to potential asbestos liabilities. The Company was previously a defendant in numerous asbestos related cases. The Company's only activity is to defend and manage those claims, seek insurance coverage for those claims, and pay asbestos claims and related claim expenses. The Company emerged from bankruptcy in the United States Bankruptcy Court for the District of Maryland in July of 2006.

Plan of Reorganization

The Third Amended Plan of Reorganization (the "Plan") of Porter Hayden Company ("Porter Hayden") was confirmed by Court Order dated July 5, 2006. On October 13, 2006, the Plan became effective pursuant to its terms and conditions (the "Effective Date"). The Plan created the Porter Hayden Bodily Injury Trust (the "Trust") and provides that the Trust will assume Porter Hayden's liability for all Asbestos Bodily Injury Claims. The Plan also provides that the holders of asbestos claims are permanently enjoined from pursuing their claims against Porter Hayden. The Trust, on the effective date, received 100% of the voting shares of the reorganized debtor, Porter Hayden. As of the Effective Date, the Company cannot reasonably estimate its asbestos related liabilities.

In accordance with the Plan, all resources and equity of Porter Hayden will eventually accrue to the Trust for payment of claims and other expenses.

Qualified Settlement Fund

On November 14, 2005, an Order was issued by the United States Bankruptcy Court to establish The Porter Hayden Qualified Settlement Fund ("QSF") to serve as the repository of certain funds for the Porter Hayden. The administrator of this fund is T. Dennis Feeley, and the sums in the fund shall be used solely to resolve claims for Asbestos Bodily Injury Claims. In the event that the Fund cannot be exhausted by distributions to creditors asserting such claims against Porter Hayden, the remaining balance shall be disbursed to a charity that performs research in asbestos diseases. In December 2011, the QSF was closed and the Trust will assume all activities previously performed by the QSF.

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts. These estimates may change in the near term.

Concentrations of Credit Risk

Porter Hayden had cash on deposit with various financial institutions at December 31, 2011 and 2010 which at varying times throughout these years exceeded federally insured limits.

Property and Equipment

Expenditures for maintenance, repairs and minor renewals are charged against income as incurred. Expenditures for additions, improvements, replacements and major renewals are added to property and equipment accounts.

Depreciation for financial statement purposes is calculated primarily on the straight-line method over the estimated useful lives of the assets as follows:

Furniture and equipment	5 - 7 years

Income Taxes

Management considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for, or discloses, potential changes that management believes are more likely than not to occur upon examination by tax authorities. Management has not identified any uncertain tax positions in filed income tax returns that require recognition or disclosure in the accompanying financial statements. The Company recognizes interest and penalties related to uncertain tax positions as part of income tax expense. The Company's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

Evaluation of Subsequent Events

The Company has evaluated subsequent events through the date of the Independent Auditors' Report, which is the date these financial statements were available to be issued.

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2. INCOME TAXES

Porter Hayden is eligible to carryback a portion of net operating losses for a period of ten years since these losses were the result of product liability as defined under Internal Revenue Code Section 172(f). Porter Hayden incurred operating losses for 2011 and 2010 of $1,521,504 and $1,306,255, respectively, of which $640,707 and $895,000, respectively was able to be carried back to the year ended 2005. The operating losses incurred in 2011 and 2010 carried back to 2005, created an income tax receivable of $281,270 and $341,425 at December 31, 2011 and 2010, respectively. For tax purposes, Porter Hayden was entitled to a bankruptcy exception under Section 382 of the Internal Revenue Code for 2005.

Applicable income tax benefit after utilizing net operating loss carrybacks from 2011 and 2010 is as follows:

	2011	2010
Current:		
Federal	$ 243,817	$ 279,541
State	64,196	61,884
	$ 308,013	$ 341,425

As of December 31, 2011 the Company generated a net operating loss carryforward of approximately $1,230,000. As generation of taxable income in future periods is uncertain, a full valuation allowance has been placed on the loss carryforward. The current net operating loss carryforward begins to expire in 2030.

3. RETIREMENT PLAN

Porter Hayden sponsors a money purchase retirement plan for its eligible employees. Contributions to the plan for the years ended December 31, 2011 and 2010 were $51,577 and $51,376, respectively.

4. OPERATING LEASE

Porter Hayden leases its office space under an operating lease which expires June 30, 2013. Porter Hayden also leases a postal meter under an operating lease which expires in November 2013. Minimum future rental lease payments for the operating leases are as follows:

Year ending:	
2012	$ 13,667
2013	7,362
Total minimum rental payments	$ 21,029

5. BANKRUPTCY

As previously discussed, Porter Hayden filed for bankruptcy under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Maryland. Porter Hayden filed for bankruptcy in 2002 due to lawsuits and liabilities relating to asbestos claims. The reorganization created a reorganized debtor (ROD) and a trust. Porter Hayden anticipates recoveries in the first three to five years following its July 2007 reorganization of $15.50 million to $100 million. Most of these funds will be from insurance proceeds, but some will come from the Manville Trust (see Note 6), investment income and tax refunds. Porter Hayden received no insurance recoveries for the years ended December 31, 2011 and 2010. The receipts and claims are expected to span several decades. Expenses of the ROD include ordinary operating expenses and payments to trust beneficiaries.

6. COMMITMENTS AND CONTINGENCIES

Porter Hayden is a beneficiary of a settlement in 1995 of the Manville Personal Injury Settlement Trust (the "Manville Trust"). Porter Hayden is a Subclass 3 Beneficiary of the Manville Trust. The Manville Trust was created in 1988 as part of the court-approved bankruptcy reorganization of Johns-Manville Corporation and related entities. The Manville Trust indemnifies Porter Hayden as a distributor of Manville asbestos - containing products. The Manville Trust's liabilities were reorganized in 1994 due to claims of all beneficiaries far exceeding the original estimate.

The Manville Trust is governed by its Trust Distribution Process ("Manville TDP") which details the process for payment of claims. The Manville TDP limits the amounts and timing of payments by the Manville Trust to Porter Hayden. Porter Hayden anticipates recoveries from the Manville Trust and insurance payments to pay in whole or part its liabilities for product liability lawsuits. However, the Manville Trust indemnity payments to Porter Hayden are hard to predict, as they depend on the total amount of indemnifiable payments of Porter Hayden's liabilities, and the funds available to the Manville Trust to distribute pro rata among its beneficiaries. As a result, a probable amount of actual liability to Porter Hayden cannot be estimated at the present time. As such, no liability is accrued in the accompanying financial statements. As discussed in Note 5, Porter Hayden anticipates up to $100 million in recoveries in the years immediately following its reorganization, which can be used to fund claims.

In September 2010 the Manville Trust declined a claim by Porter Hayden Company. The denial was based on the payment of liabilities arising from asbestos exposures being paid by the Porter Hayden Bodily Injury Trust (the Trust). This dispute was resolved in favor of the Company during the year ended December 31, 2011.

Additionally, Porter Hayden strongly anticipates that the $760,000 cash on hand at December 31, 2011 will be paid to claimants and also be used for operating expenses.

7. QUALIFIED SETTLEMENT FUND

Porter Hayden made qualified settlement fund contributions of $1,095,000 and $895,000 to Porter Hayden Bodily Injury Trust for the years ended December 31, 2011 and 2010, respectively. A qualified settlement fund (QSF) is a fund created by the defendant to transfer settlement proceeds that will service the plaintiff lawsuits. The defendant is able to deduct for tax purposes amounts paid to the QSF at the time of cash payment prior to the ultimate allocation of the funds to the plaintiffs. The use of the QSF reduces the risk of insolvency by the debtor and allows time for an agreement of allocation and negotiation of claims.

8. CONCENTRATIONS

Expenses of $1,095,000 and $895,000 or 72% and 68% of total expenses were paid to a bodily injury trust or qualified settlement fund for future claims for the years ended December 31, 2011 and 2010, respectively.

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EXHIBIT 4

PORTER HAYDEN QUALIFIED SETTLEMENT FUND

REPORT ON AUDITS OF
FINANCIAL STATEMENT

FOR THE YEARS ENDED
DECEMBER 31, 2011 AND 2010

No extracts from this report may be published without our written consent.

Stegman & Company

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INDEPENDENT AUDITORS' REPORT

To the Administrator of the
Porter Hayden Qualified Settlement Fund

We have audited the accompanying statements of net claimants' equity of the Porter Hayden Qualified Settlement Fund (the "QSF", organized in the State of Maryland) as of December 31, 2011 and 2010 and the related statements of changes in net claimants' equity for the years then ended. These special-purpose financial statements are the responsibility of the QSF's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

In our opinion, the accompanying special-purpose financial statements of the Porter Hayden Qualified Settlement Fund for the years ended December 31, 2011 and 2010, are fairly presented, in all material respects, under the basis of accounting described in Note 2.

This report is intended solely for the information and use of the management of the QSF, the Trustee, the beneficiaries of the QSF, and the United States Bankruptcy Court for the District of Maryland 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 States Bankruptcy Court for the District of Maryland, is a matter of public record.

Stegman & Company

Baltimore, Maryland
April 16, 2012

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PORTER HAYDEN QUALIFIED SETTLEMENT FUND

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

ASSETS

	2011	2010
Cash - checking	$ -	$ 5
Due from Porter Hayden Bodily Injury Trust	-	12,999
Due from Porter Hayden Company	-	67,824
TOTAL ASSETS	-	80,828

LIABILITIES AND NET CLAIMANTS' EQUITY

LIABILITIES		
Due to Porter Hayden Bodily Injury Trust	-	-
TOTAL LIABILITIES	-	-
NET CLAIMANTS' EQUITY	$ -	$ 80,828

See accompanying notes.

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PORTER HAYDEN QUALIFIED SETTLEMENT FUND

STATEMENTS OF NET CLAIMANTS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
NET CLAIMANTS' EQUITY AT BEGINNING OF YEAR	$ 80,828	$ 107,734
ADDITIONS TO NET CLAIMANTS' EQUITY		
Transfer from Porter Hayden Bodily Injury Trust	5,598,684	3,796,470
DEDUCTIONS FROM NET CLAIMANTS' EQUITY		
Income tax expense	-	545
Claims paid	5,598,684	3,822,831
Liquidating dividend to Porter Hayden Bodily Injury Trust	80,828	-
Total deductions	5,679,512	3,823,376
NET DECREASE IN CLAIMANTS' EQUITY	(80,828)	(26,906)
NET CLAIMANTS' EQUITY AT END OF YEAR	$ -	$ 80,828

See accompanying notes.

PORTER HAYDEN QUALIFIED SETTLEMENT FUND

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

1. NATURE AND OPERATIONS OF FUND

Description of Fund

The Porter Hayden Qualified Settlement Fund (the "QSF") was established pursuant to a Court Order dated November 14, 2005. The sums in the QSF shall be used solely to resolve Asbestos Bodily Injury Claims, as defined in the subsequently confirmed Plan of Reorganization (the "Plan"). As of December 31, 2011 the QSF has been closed. All outstanding balances have been transferred to the Porter Hayden Bodily Injury Trust as a liquidating dividend.

Funding of the QSF

The QSF was initially funded with $18,025,100 in 2006.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The QSF's financial statements are prepared using special-purpose accounting methods that differ from accounting principles generally accepted in the United States of America. The special-purpose accounting methods are being used to better communicate to the beneficiaries of the Trust the equity available to satisfy current and future claims. These special-purpose accounting methods are summarized as follows:

i) The financial statements are prepared using the accrual basis of accounting.

ii) The funding received has been recorded directly to net claimants' equity. These funds do not represent taxable income to the Trust. Settlement offers for asbestos claims are reported as deductions in net claimants' equity and do not represent tax-deductible expenses of the Trust.

iii) The investments in money market funds held by the Trust are recorded at fair market value in the financial statements.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions to net claimants' equity during the reporting period. Actual results could differ from those estimates.

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Concentration of Credit Risk

The QSF maintains its cash with financial institutions which at times may exceed federally insured limits. The QSF has not experienced any losses in such accounts and management does not believe the Fund is exposed to significant credit risk with respect to cash.

Settlement of Insurance Litigation

As part of the Plan, Porter Hayden Company ("Porter Hayden") is pursuing claims against various insurance companies that provided coverage to Porter Hayden over the period of its operations. The nature of any recovery from litigation is speculative. As such, the QSF will not recognize any amount as due until there is an award by a court or finalization of a settlement and Porter Hayden determines to fund the QSF with some or all of such amount due.

Net Claimants' Equity

The Plan contains procedures for the distribution of the limited assets. Under the Plan, the Porter Bodily Injury Trust ("Trust") forecasts its anticipated sources and uses of cash until the last projected future claim has been paid, which sources includes the QSF. A pro rata payment percentage is then calculated such that the Trust will have no remaining assets or liabilities after the last future claimant receives his/her pro rata share.

Income Taxes

The QSF is taxed as a settlement fund under Section 468B of the IRS code. As such, for federal and state purposes, the QSF is taxed only on income from the investment of funds.

Management of the Qualified Settlement Fund consider the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely then not to occur upon examination by tax authorities, including changes to the QSF status as a settlement fund. Management has not identified any uncertain tax positions in filed income tax returns that require recognition or disclosure in the accompanying financial statements. The QSF income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

Evaluation of Subsequent Events

The QSF has evaluated events through the date of the Independent Auditors' Report which is the date the financial statements were available to be issued.

EXHIBIT 5

Porter Hayden Bodily Injury Trust Claims Disposition
As of December 31, 2011

	Year Ended				Inception to
New Claims	12/31/2011	12/31/2010	12/31/2009	12/31/2008	12/31/2011
Bilateral Asbestos-Related Non-malignant (Level I)	13,203	24,120	24,657	74	62,054
Disabling Severe Asbestosis (Level II)	1,846	1,017	635	4	3,502
Other Cancer (Level III)	1,211	1,035	1,239	8	3,493
Lung Cancer (Level IV)	2,830	2,330	4,076	26	9,262
Mesothelioma (Level V)	1,272	1,157	1,848	64	4,341
No Disease Specified	194	437	39	2	672
Total for New Claims:	20,556	30,096	32,494	178	83,324
Paid Claims					
Bilateral Asbestos-Related Non-malignant (Level I)	8,835	9,571	384	-	18,790
Disabling Severe Asbestosis (Level II)	242	248	9	-	499
Other Cancer (Level III)	318	515	20	-	853
Lung Cancer (Level IV)	839	744	64	-	1,647
Mesothelioma (Level V)	502	234	84	-	820
No Disease Specified	-	-	-	-	-
Total Claims Paid:	10,736	11,312	561	-	22,609
Closed Without Payment					
Bilateral Asbestos-Related Non-malignant (Level I)	390	292	6,819	2	7,503
Disabling Severe Asbestosis (Level II)	17	26	67	-	110
Other Cancer (Level III)	46	29	189	-	264
Lung Cancer (Level IV)	580	71	922	-	1,573
Mesothelioma (Level V)	326	138	722	1	1,187
No Disease Specified	387	104	6	-	497
Total Claims Closed Without Payment:	1,746	660	8,725	3	11,134
Amounts Paid (@ 1.8%)					
Bilateral Asbestos-Related Non-malignant (Level I)	$ 1,379,662	$ 1,507,433	$ 60,480	$ -	$ 2,947,574
Disabling Severe Asbestosis (Level II)	$ 172,080	$ 178,560	$ 6,480	$ -	$ 357,120
Other Cancer (Level III)	$ 64,915	$ 106,605	$ 4,140	$ -	$ 175,660
Lung Cancer (Level IV)	$ 607,231	$ 534,096	$ 46,080	$ -	$ 1,187,407
Mesothelioma (Level V)	$ 3,374,638	$ 1,496,565	$ 529,200	$ -	$ 5,400,403
No Disease Specified		$ -	$ -	$ -	$ -
Total Amount Paid:	$ 5,598,526	$ 3,823,259	$ 646,380	$ -	$ 10,068,165

General Note:

"New Claims" figures include claims which were inactive (either incomplete or deferred) and claims pending review as of the end of each annual period.