UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:	**:**	**Chapter 11**
T H AGRICULTURE & NUTRITION, L.L.C.,	**:**	**Case No. 08-14692 (REG)**
Debtor.	**:**	

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APPLICATION FOR ORDER APPROVING ANNUAL REPORT OF THE TRUSTEES OF THE T H AGRICULTURE & NUTRITION, L.L.C. ASBESTOS PERSONAL INJURY TRUST FOR THE PERIOD JANUARY 1, 2011 TO DECEMBER 31, 2011

The T H Agriculture & Nutrition, L.L.C. Asbestos Personal Injury Trust (the "Trust")[1] through its Trustees, the Honorable Alfred M. Wolin, Ret., David F. Levi, and Charles A. Koppelman (collectively, the "Trustees"), hereby moves this Court for an Order approving the Annual Report of the Trustees of the T H Agriculture & Nutrition, L.L.C. Asbestos Personal Injury Trust for the Period January 1, 2011 to December 31, 2011, accepting the certification of performance and compliance provided by the Trustees contained therein, and discharging the Trustees from any and all liability as to any matter disclosed in the Annual Report. In support thereof, the Trust represents as follows:

JURISDICTION

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334.

[1] Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the First Amended Prepackaged Plan of Reorganization of T H Agriculture & Nutrition, L.L.C. Under Chapter 11 of the Bankruptcy Code (the "Plan").

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2. The Plan has been confirmed in this case pursuant to 11 U.S.C. §§ 1129 and 524(g), and the Court has retained jurisdiction post-confirmation pursuant to Article 13.1 of the Plan.

BACKGROUND

3. On November 24, 2008, T H Agriculture & Nutrition, L.L.C. ("THAN" or the "Debtor") filed a petition for relief under Chapter 11 of the United States Bankruptcy Code. THAN's bankruptcy case is being administered under Case No. 08-14692.

4. On May 28, 2009, the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") confirmed the Plan, and on October 26, 2009, the United States District Court for the Southern District of New York (the "District Court") affirmed the Bankruptcy Court's decision (the "Confirmation Order"). On November 30, 2009, the Plan went effective.

5. On November 30, 2009, the Trust was created pursuant to the Plan and in accordance with the Plan Documents.

REPORTING PROVISIONS IN TRUST AGREEMENT

6. Section 2.2(b) of the T H Agriculture & Nutrition, L.L.C. Asbestos Personal Injury Trust Agreement (the "Trust Agreement") provides that the Trustees shall file with the Bankruptcy Court an annual report containing financial statements of the Trust and a summary of the number and type of claims disposed of by the Trust during the period covered by the financial statements.

> 2.2(b)(i) The Asbestos PI Trustees shall cause to be prepared and filed with the Bankruptcy Court, as soon as available and in any event within one hundred twenty (120) days following the end of each fiscal year of the Asbestos PI Trust, an annual report (the "Annual Report") containing financial statements of the Asbestos PI Trust (including without limitation a balance sheet of

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the Asbestos PI 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 Asbestos PI Trustees 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 Asbestos PI Claims and as to the conformity of the financial statements with generally accepted accounting principles. The Asbestos PI Trustees shall provide a copy of the Annual Report to the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative when such reports are filed with the Bankruptcy Court.

2.2(b)(ii) Simultaneously with the filing of the Annual Report, the Asbestos PI Trustees shall cause to be prepared and filed with the Bankruptcy Court a report containing a summary regarding the number and type of Asbestos PI Claims disposed of during the period covered by the financial statements. The Asbestos PI Trustees shall provide a copy of such report to the Asbestos PI Trust Advisory Committee and the Future Claimants' Representatives when such report is filed.

2.2(b)(iii) All materials required to be filed with the Bankruptcy Court by this Section 2.2(b) shall be available for inspection by the public in accordance with procedures established by the Bankruptcy Court and shall be submitted to the US Trustee.

7. Section 5.5 of the Trust Agreement provides that the Trustees shall include a description of the compensation and reimbursement of expenses paid to them by the Trust in their Annual Report.

5.5 Compensation and Expenses of Asbestos PI Trustees and Delaware Trustee.

(a) Each Asbestos PI Trustee shall receive compensation from the Asbestos PI Trust for his or her services as an Asbestos PI Trustee in the amount of $75,000.00 per annum, payable in a lump sum at the beginning of each year of service. Each Asbestos PI Trustee shall also receive compensation at the rate of $600.00 per hour for all time expended in meetings, in preparation for meetings, and on other business of the Asbestos PI Trust, with the time computed on a quarter-hour basis and $300.00 per hour for all time expended exclusively in transit to meetings or other business of the Asbestos PI Trust. Each Asbestos PI Trustee

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shall maintain hourly time records for such time. The per annum compensation does not function as a retainer and the hourly items are not charged against the per annum compensation. The compensation payable to the Asbestos PI Trustees hereunder shall be reviewed every three (3) years and appropriately adjusted with the consent of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative. The Delaware Trustee shall be paid such compensation as is agreed pursuant to a separate fee agreement.

(b) The Asbestos PI Trust shall promptly reimburse each Asbestos PI Trustee and the Delaware Trustee for any reasonable out-of-pocket fees and expenses incurred by it, him or her in connection with the performance of its, his or her duties as an Asbestos PI Trustee or Delaware Trustee.

(c) The Asbestos PI Trust shall include a reasonably detailed description of the amounts paid under this Section 5.5 in the Annual Report.

FILING OF ANNUAL REPORT

8. Pursuant to Sections 2.2(b) and 5.5 of the Trust Agreement, the Trust hereby files, concurrently herewith, the Annual Report for the period January 1, 2011 through December 31, 2011. The Annual Report contains a certification that the Trustees have performed pursuant to and in compliance with the Plan Documents and Court orders pertaining to the operation of the Trust.

RELIEF REQUESTED

9. The Trust respectfully requests entry of an Order by this Court approving the Annual Report, accepting the certification of performance and compliance by the Trustees provided therein, and discharging the Trustees from any and all liability as to any matter disclosed in the Annual Report.

10. In 2011, the Trustees, in consultation with the Trust Advisory Committee ("TAC") and the Future Claims Representative ("FCR"), managed Trust accounts, consulted

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with investment advisors and other professionals, and carried out all other Trust business in compliance with the Plan, the Trust Agreement, the Trust Bylaws, the T H Agriculture & Nutrition, L.L.C. Asbestos Personal Injury Trust Distribution Procedures, and all other Plan Documents and Court orders pertaining to the operation of the Trust. Accordingly, the Trustees request that this Court enter an Order accepting the certificate of performance and compliance with the Plan Documents and discharging the Trustees from any and all liability as to any matter disclosed in the Annual Report.

NOTICE

11. Notice of this Application for Order Approving Annual Report of the Trustees of the T H Agriculture & Nutrition, L.L.C. Asbestos Personal Injury Trust for the Period January 1, 2011 to December 31, 2011, will be served on (i) counsel for the Reorganized Debtor; (ii) the United States Trustee for the Southern District of New York; (iii) counsel for the FCR; (iv) counsel for the TAC; and (v) all other parties listed on the Bankruptcy Rule 2002 Notice List.

WHEREFORE, the Trust respectfully requests entry of an Order (i) approving the Trust's Annual Report for the period January 1, 2011 through December 31, 2011; (ii) accepting the certification of the Trustees that, during the period January 1, 2011, through December 31, 2011, they performed pursuant to and in compliance with the Plan, the Trust Agreement, the Trust Bylaws, the T H Agriculture & Nutrition, L.L.C. Asbestos Personal Injury Trust Distribution Procedures, and all other Plan Documents and Court orders as pertain to the operation of the Trust; (iii) discharging the Trustees from any and all liability as to any matter disclosed in the Annual Report; and (iv) granting the Trust such other and further relief as is just and proper.

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Dated: April 27, 2011

Respectfully submitted,

STUTZMAN, BROMBERG, ESSERMAN & PLIFKA,

A Professional Corporation

By: */s/ Jacob L. Newton*

Sander L. Esserman (Admitted *pro hac vice*)
Texas Bar No. 06671500
Steven A. Felsenthal (Admitted *pro hac vice*)
Texas Bar No. 06889900
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ATTORNEYS FOR THE T H AGRICULTURE & NUTRITION, L.L.C. ASBESTOS PERSONAL INJURY TRUST

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:	**:**	**Chapter 11**
T H AGRICULTURE & NUTRITION, L.L.C.,	**:**	**Case No. 08-14692 (REG)**
Debtor.	**:**	

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ANNUAL REPORT, FINANCIAL STATEMENTS AND RESULTS OF OPERATIONS OF THE T H AGRICULTURE & NUTRITION, L.L.C. ASBESTOS PERSONAL INJURY TRUST FOR FISCAL YEAR ENDED DECEMBER 31, 2011

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Hon. Alfred M. Wolin, Ret., David F. Levi, and Charles A. Koppelman (collectively, the "Trustees"), as Trustees of the T H Agriculture & Nutrition, L.L.C. Asbestos Personal Injury Trust (the "Trust"), respectfully file this Annual Report, Financial Statements and Results of Operations for Fiscal Year Ended December 31, 2011 (the "Report"), pursuant to the First Amended Prepackaged Plan of Reorganization of T H Agriculture & Nutrition, L.L.C. Under Chapter 11 of the Bankruptcy Code (the "Plan") and the T H Agriculture & Nutrition, L.L.C. Asbestos Personal Injury Trust Agreement (the "Trust Agreement").

I. General

On November 24, 2008, T H Agriculture & Nutrition, L.L.C. ("THAN" or the "Debtor") filed a petition for relief under Chapter 11 of the United States Bankruptcy Code. THAN's bankruptcy case is being administered under Case No. 08-14692. On May 28, 2009, the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") confirmed the Plan, and on October 26, 2009, the United States District Court for the Southern District of New York (the "District Court") affirmed the Bankruptcy Court's decision (the "Confirmation Order").

To address the substantial asbestos-related liabilities of the Debtor, the Plan established the Trust in accordance with the Trust Agreement. On November 30, 2009, the Effective Date[1] of the Plan, the Trust was created and funded with $900 million in assets. *See* Plan, section 9.4(f). The Confirmation Order appointed Hon. Alfred M. Wolin, Ret., David F. Levi, and Charles A. Koppelman as Trustees of the Trust.

Under the Trust Agreement, the Trust Advisory Committee ("TAC") represents all holders of present Asbestos PI Claims, and the Future Claimants' Representative ("FCR") represents the holders of future Asbestos PI Claims. *See* Trust Agreement, sections 6.2 and 7.2.

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

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Pursuant to the Confirmation Order, Steven Kazan, Alan R. Brayton, John D. Cooney, Peter A. Kraus, and Matthew Bergman constitute the initial members of the TAC, and Samuel Issacharoff is the FCR. By consent, the Trustees, the members of the TAC, and the FCR amended the Trust Agreement to expand the size of the TAC to eight members. Steven T. Baron, Robert Phillips and Perry Weitz were added as members of the TAC.

The Trust Agreement, at Section 2.2(g), requires that the Trust meet with the TAC and FCR no less often that quarterly. During 2011, the Trust held quarterly meetings with the TAC and FCR on March 1, 2011, May 17, 2011, September 13, 2011, and November 15, 2011.

The Trustees generally held weekly Trustees' meetings throughout 2011 by telephone, beginning on January 3, 2011.

Hon. Alfred M. Wolin, Ret., is the Managing Trustee of the Trust.

The Trust kept its principal office at 1105 North Market Street, Suite 1300, Wilmington, DE 19801, and its administrative office at c/o Saiber, LLC, Attention: Hon. Alfred M. Wolin, Ret., 18 Columbia Turnpike, Suite 200, Florham Park, NJ 07932.

The Trust continued the retention of the following: Stutzman, Bromberg, Esserman & Plifka, A Professional Corporation (general counsel); Bederson & Company LLP (auditor and tax advisor); Verus Claims Services LLC (asbestos personal injury claims processing facility and claims administrator); Citi Private Bank and US Trust/Bank of America Private Wealth Management (financial consultants and money managers); Tailored Portfolio Group (discretionary investment manager); Citigroup Global Markets, Inc. (custodian banker); ARPC (claims forecasting and budget advisor and consultant); and AON Risk Services Central, Inc. (insurance broker). The Trust retained local counsel and other consultants, as needed.

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The TAC retained Frank/Gecker LLP as its counsel and Legal Analysis Systems as its claims forecasting advisor. The FCR retained Brune & Richard LLP as his counsel and Hamilton, Rabinovitz & Associates, Inc., as his claims forecasting advisor and consultant.

In 2011, the Trust (i) invested and managed its assets; (ii) continued paying approved Qualified Asbestos PI Claims, as set forth in more detail in Article II below; (iii) accepted, processed, liquidated and paid Asbestos PI Claims; (iv) continued the implementation of the procedure for accepting and processing deficient claims that were initially submitted to the Debtor pre-petition and subsequently re-submitted to the Trust; (v) maintained the Trust's website, www.thanasbestostrust.com; and (vi) worked with ARPC, the Trust's claims forecasting and budget advisor, to obtain an estimate of current and future asbestos liabilities.

The process for reviewing and liquidating Asbestos PI Claims is governed by the "TDP," a Plan Document adopted pursuant to the Confirmation Order. *See* T H Agriculture & Nutrition, L.L.C. Asbestos Personal Injury Trust Distribution Procedures, Docket No. 425. The TDP recognizes that estimates of liabilities and the value of assets fluctuates over time and, accordingly, applies a "Payment Percentage" to the liquidated value of allowed Asbestos PI Claims. *See* TDP, § 2.3. The TDP directs the Trustees to periodically "reconsider the then-applicable Payment Percentage to assure that it is based on accurate, current information," and to adjust the Payment Percentage upward or downward if necessary with the consent of the TAC and the FCR. *Id.* at § 4.2. In making this determination, the Trustees are directed to "base their determination of the Payment Percentage on current estimates of the number, types, and values of present and future Asbestos PI Claims, the value of the assets then available to the Asbestos PI Trust for their payment, all anticipated administrative and legal expenses, and any other material matters that are reasonably likely to affect the sufficiency of funds to pay a comparable

percentage of full value to all present and future holders of Asbestos PI Claims." *Id.* The Trustees are further directed to "exercise common sense and flexibly evaluate all relevant factors." *Id.*

In accordance with that mandate, in 2010-2011, the claims forecasting advisors and consultants for the Trust, the TAC, and the FCR examined and analyzed the number and amount of Qualified Asbestos PI Claims as finalized on the Effective Date; performed claims liabilities forecasts from the Effective Date forward; and compared the forecasts using actual data as of the Effective Date with forecasts performed during the bankruptcy case and pre-confirmation. As a result of these studies and analyses, the Trustees, after consulting with the TAC and FCR, and with the consent of the TAC and FCR, set the Payment Percentage at 30%, which was applied to Asbestos PI Claims liquidated and paid in 2011. The Payment Percentage will be reviewed in 2013 pursuant to section 4.2 of the TDP, and may be further adjusted, upward or downward, pursuant to the TDP.

The Trust also obtained liability insurance for the Trustees, the members of the TAC and the FCR.

The Trust designated its counsel, Stutzman, Bromberg, Esserman & Plifka, as the custodian of Trust records.

II. Asbestos PI Claims

On the Effective Date, THAN provided the Trust with a certified schedule of 12,486 Qualified Asbestos PI Claims with an aggregate value of $391,750,100, to be paid by the Trust as soon as practicable pursuant to the Plan. The Trust subsequently identified additional Qualified Asbestos PI Claims totaling an additional $928,200, and other alleged Qualified Asbestos PI Claims have been submitted to the Trust. In 2009, the Trust paid Qualified Asbestos

PI Claims totaling $328,565,800. In 2010, pursuant to the Trust's review process for payment of remaining Qualified Asbestos PI Claims, the Trust paid 2,993 Qualified Asbestos PI Claims totaling $58,342,400. In 2011, pursuant to the Trust's review process for payment of remaining Qualified Asbestos PI Claims, the Trust paid 190 Qualified Asbestos PI Claims totaling $3,672,900.

In 2011, the Trustees updated the claims submission materials by which the holder of an Asbestos PI Claim may submit his or her claim to the Trust for processing and payment. The Trust, through its claims processing facility—Verus Claims Services, LLC—began accepting unliquidated Asbestos PI Claims on April 1, 2011. Specifically, 82,295 Asbestos PI Claims have been filed with the Trust through December 31, 2011 as follows:

Disease Level	Claims
Other Asbestos Disease (Level I)	5,431
Asbestosis/Pleural Disease (Level II)	35,318
Asbestosis/Pleural Disease (Level III)	22,914
Severe Asbestosis (Level IV)	2,623
Other Cancer (Level V)	2,380
Lung Cancer 2 (Level VI)	1,391
Lung Cancer 1 (Level VII)	6,509
Mesothelioma (Level VIII)	4,348
Unknown	1,381
Grand Total:	**82,295**

Of the 82,295 Asbestos PI Claims filed against the Trust, 1,607 have been withdrawn, 6,534 have been rejected, 8,566 have been deferred, and 667 have been approved for payment. The Trust paid 494 Asbestos PI Claims in 2011, totaling $10,404,275 after application of the Payment Percentage.

Under Section 4.3 of the Trust Agreement, the Trust reports payments for Asbestos PI Trust Expenses. Excluding compensation for Trustees and reimbursement of expenses for the

Trustees, TAC, and FCR (which are detailed in Section III of this Report), the Trust paid $5,491,408 on account of Asbestos PI Trust Expenses in 2011, as follows:

$899,894 for Asbestos PI Claims processing fees

$153,615 for insurance

$43,303 for accounting services

$3,363,771 in federal income tax

$1,030,825 in professional fees (legal, consultants, actuarial, and other professionals)

III. Compensation and Expenses of Trustees, TAC, and FCR

Under Section 5.5(c) of the Trust Agreement, the Trust reports the amount of compensation and expenses paid to the Trustees. The Trustees have received compensation and reimbursement for out-of-pocket costs and expenses from January 1, 2011, through the end of the fiscal year on December 31, 2011, as follows:

Trustees (3)	$757,359
Delaware Trustee	$3,000

Under Section 6.6 of the Trust Agreement, the Trust reports to the Bankruptcy Court the amount of compensation and expenses paid to the TAC. The TAC received reimbursement for out-of-pocket expenses during the fiscal year ending December 31, 2011, as follows:

TAC	$9,144

Under Section 7.6 of the Trust Agreement, the Trust reports to the Bankruptcy Court the amount of compensation and expenses paid to the FCR. The FCR received compensation and reimbursement for out-of-pocket expenses during the fiscal year ending December 31, 2011, as follows:

FCR	$24,411

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IV. Financial Statements

A copy of the Trust's audited financial statements for the year ending December 31, 2011, including a balance sheet as of December 31, 2011, and a statement of operations for 2011, is attached hereto as Exhibit A. Exhibit A also includes Bederson & Company LLP's opinion 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 special purpose accounting methods.

The Asbestos Trust provided copies to the TAC and FCR on April 23, 2012.

V. Certification

The Trustees certify that they have performed pursuant to and in compliance with the Plan, the Trust Agreement, the Trust Distribution Procedures, the Confirmation Order, and such other Plan documents and Bankruptcy Court orders pertaining to the operation of the Trust during the fiscal year ended December 31, 2011.

This Certification may be signed in any number of counterparts, each of which shall constitute an original, but such counterparts shall together constitute one and the same Certification.

TRUSTEES:

/s/ Alfred M. Wolin
HON. ALFRED M. WOLIN, RET.

/s/ David F. Levi
DAVID F. LEVI

/s/ Charles A. Koppelman
CHARLES A. KOPPELMAN

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Respectfully submitted this 27th day of April 2012,

STUTZMAN, BROMBERG, ESSERMAN & PLIFKA,

A PROFESSIONAL CORPORATION

By: */s/ Jacob L. Newton*
Sander L. Esserman (Admitted *pro hac vice*)
Texas Bar No. 06671500
Steven A. Felsenthal (Admitted *pro hac vice*)
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ATTORNEYS FOR THE T H AGRICULTURE & NUTRITION, L.L.C. ASBESTOS PERSONAL INJURY TRUST

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EXHIBIT A

T H AGRICULTURE & NUTRITION, LLC ASBESTOS PERSONAL INJURY TRUST

SPECIAL-PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2011



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T H AGRICULTURE & NUTRITION, LLC ASBESTOS PERSONAL INJURY TRUST

DECEMBER 31, 2011

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BEDERSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

405 Northfield Avenue, West Orange, New Jersey 07052 • 973.736.3333 • Fax: 973.736.3367

INDEPENDENT AUDITORS' REPORT

To the Trustee of
T H Agriculture & Nutrition, LLC Asbestos Personal Injury Trust

We have audited the special-purpose balance sheet of T H Agriculture & Nutrition, LLC Asbestos Personal Injury Trust (the "Trust") as of December 31, 2011, and the related special-purpose statements of changes in net claimants' equity and cash flows for the year then ended. These financial statements are the responsibility of the T H Agriculture & Nutrition, LLC Asbestos Personal Injury Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

As described in Note 2, the accompanying financial statements were prepared on a special-purpose basis of accounting in order to communicate the amount of net assets presently available for current and future claimants and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and net claimants' equity of the T H Agriculture & Nutrition, LLC Asbestos Personal Injury Trust as of December 31, 2011, and the results of its operations and its cash flows for the year then ended in conformity with 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 Trustees, the beneficiaries of the Trust, and the United States Bankruptcy Court for the Southern District of New York, and should not be used for any other purpose.

BEDERSON & COMPANY LLP

Bederson & Company LLP

West Orange, New Jersey
April 17, 2012

T H AGRICULTURE & NUTRITION, LLC ASBESTOS PERSONAL INJURY TRUST

SPECIAL-PURPOSE BALANCE SHEET

DECEMBER 31, 2011

ASSETS

Cash and Cash Equivalents:	
CitiBank	$ 14,466,555
U.S. Trust	7,702,546
Total cash and cash equivalents	22,169,101
Investments:	
CitiBank	
Investments	251,117,888
Income receivable	2,548,875
U.S. Trust	
Investments	255,234,693
Income receivable	1,996,201
Total investments	510,897,657
Receivables:	
Note receivable - T H Agriculture & Nutrition, LLC	1,000,000
Interest receivable - T H Agriculture & Nutrition, LLC	109,546
Total receivables	1,109,546
Other Assets:	
Prepaid federal income taxes	45,000
Prepaid assets	130,099
Total other assets	175,099
TOTAL ASSETS	$ 534,351,403

LIABILITIES AND NET CLAIMANTS' EQUITY

LIABILITIES:	
Settled claims payable	$ 10,449,694
Accounts payable	239,574
TOTAL LIABILITIES	10,689,268
NET CLAIMANTS' EQUITY	523,662,135
Trust corpus	
TOTAL LIABILITIES AND NET CLAIMANTS' EQUITY	$ 534,351,403

The accompanying notes are an integral part of these financial statements.

T H AGRICULTURE & NUTRITION, LLC ASBESTOS
PERSONAL INJURY TRUST
SPECIAL-PURPOSE STATEMENT OF CHANGES IN NET CLAIMANTS' EQUITY
YEAR ENDED DECEMBER 31, 2011

ADDITIONS:	
Contributions:	
Insurance settlements	$ 80,970
Investment income, net	
Interest and dividends income	14,811,736
Investment advisory fees	(1,522,229)
Realized gain on sale of securities, net	4,121,338
Loss on hedge fund investments, net	(524,538)
Unrealized gain on investments, net	9,714,906
Total investment income, net	26,601,213
TOTAL ADDITIONS	26,682,183
DEDUCTIONS:	
Claims settled	18,756,768
General and administrative:	
Trustee	757,359
Trust claims processing fees	899,894
Claims consulting and forecasting fees	62,083
Future claims representative	24,411
Insurance	153,615
Accounting	43,303
Other	3,000
Professional services:	
Legal fees	11,043
Trust general counsel	842,185
TAC attorney fees and expenses	81,223
TAC expenses	9,144
Future claims representative attorney fees	34,291
Federal income tax	3,363,771
TOTAL DEDUCTIONS	25,042,090
NET INCREASE IN NET CLAIMANTS' EQUITY	1,640,093
NET CLAIMANTS' EQUITY - beginning	522,022,042
NET CLAIMANTS' EQUITY - ending	$ 523,662,135

The accompanying notes are an integral part of these financial statements.

T H AGRICULTURE & NUTRITION, LLC ASBESTOS

PERSONAL INJURY TRUST

SPECIAL-PURPOSE STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net increase in net claimants' equity	$ 1,640,093
Adjustments to reconcile net increase in net claimants' equity from operating activities:	
Realized gain on sale of securities, net	(4,121,338)
Loss on hedge fund investments, net	524,538
Unrealized gain on investments, net	(9,714,906)
Decrease (increase) in:	
Prepaid federal income taxes	(45,000)
Prepaid assets	11,865
Increase (decrease) in:	
Settled claims payable	4,679,594
Accounts payable	80,474
Federal income tax payable	(220,000)
NET CASH USED BY OPERATING ACTIVITIES	(7,164,680)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sale of investments	266,617,789
Purchases of investments	(283,474,327)
Increase in income receivable on investments	(134,336)
Increase in interest receivables - T H Agriculture & Nutrition, LLC	(54,004)
NET CASH USED BY INVESTING ACTIVITIES	(17,044,878)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(24,209,558)
CASH AND CASH EQUIVALENTS - beginning	46,378,659
CASH AND CASH EQUIVALENTS - ending	$ 22,169,101
SUPPLEMENTAL DISCLOSURES OF FLOW INFORMATION:	
Cash paid during the year for:	
Income taxes	$ 3,628,771

The accompanying notes are an integral part of these financial statements.

T H AGRICULTURE & NUTRITION, LLC ASBESTOS PERSONAL INJURY TRUST

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 1 - ORGANIZATION

The T H Agriculture & Nutrition, LLC Asbestos Personal Injury Trust (the "Trust") was established on November 30, 2009 and is a "qualified settlement fund" pursuant to the meaning of Section 1.468B-1 et seq. to the Treasury Regulations promulgated under section 468B of the Internal Revenue Code. The Trust assumed all Asbestos Personal Injury Claims (whether now existing or arising at any time hereafter) of T H Agriculture & Nutrition, LLC and uses the Trust assets to pay holders of such Asbestos Personal Injury Claims in accordance with the Asbestos Settlement Trust Agreement and the Asbestos Settlement Trust Distribution Plan.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Trust's financial statements are prepared using special-purpose accounting methods adopted by the Trustees which differ from accounting principles generally accepted in the United States of America (GAAP). The special-purpose accounting methods were adopted in order to communicate to the beneficiaries of the Trust the net assets available for the payment of claims and related operating expenses of the Trust. Since the accompanying financial statements and transactions are not based upon GAAP, accounting treatment by other parties for these same transactions may differ as to timing and amount.

The special-purpose accounting methods include the following:

Net Claimants' Equity

Net claimants' equity represents funds available to pay asbestos and bankruptcy related claims that have been submitted but not processed or not yet submitted. Trust expenses are also paid from net claimants' equity. Under GAAP, net claimants' equity would be reduced for estimates of amounts to be paid for claims that have been submitted, but not processed or not yet submitted.

Claim Expense

Claims are expensed in the period in which the confirmed claims are settled. Under GAAP, a liability would be recorded for an estimate of the amount to be paid for claims that have been incurred but not yet reported, and for those claims that have been submitted but not yet approved for payment by the Trust.

Settled Claims Payable on the Special-Purpose Balance Sheet reflect claims approved but unpaid at December 31 of each year.

Payments for Services

Payments for services to be received over an extended period in the future are expensed as paid since these amounts are no longer available for the payment of claims. Under GAAP, an asset would be recorded and amortized over the period in which the related benefits are received.

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PERSONAL INJURY TRUST
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Equivalents
The Trust considers all short-term investments with a maturity of three (3) months, or less to be cash equivalents.

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

Investments
Investments are classified as available for sale and stated at fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. In accordance with FASB ASC 820-10-50, *Fair Value Measurements* 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 in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.

Level 2: 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 for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. Government and agency mortgage-backed debt securities, corporate-debt securities and alternative investments.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private debt and equity instruments and alternative investments.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

Income Taxes

The Trust has elected to be treated as a Qualified Settlement Fund under the Internal Revenue Code and Regulations. As a result, the Trust is subject to federal income taxes based on modified gross income. In the opinion of management, the Trust is not subject to state income taxes, and therefore, the financial statements do not include any provision or liability for state income taxes. However, federal income tax expense for the year ended December 31, 2011 was $3,363,771.

The Trust files income tax returns in the United States federal jurisdiction. Since the Trust was formed during 2009, no U.S. federal income tax returns are closed under statute of limitations.

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.

Subsequent Events

The Trust has evaluated subsequent events through April 17, 2012, which is the date the financial statements were available to be issued.

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T H AGRICULTURE & NUTRITION, LLC ASBESTOS PERSONAL INJURY TRUST

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 3 - INVESTMENTS

Investments consist of the following at December 31, 2011:

U.S. Treasury obligations (Level 1)	$ 11,428,801
Common stock and other equities (Level 1)	83,873,657
Corporate debentures (Level 2)	44,873,144
Municipal bonds (Level 2)	306,715,021
Federal agency obligations (Level 1)	42,338,890
International developed bonds (Level 2)	5,949,893
Public real estate investment trusts (Level 1)	1,506,594
Hedge funds (Level 3)	11,775,462
Commodities (Level 2)	2,436,195
	$ 510,897,657

Future maturities of investments as of December 31, 2011 were as follows:

Within 1 year	$ 27,152,273
1 to 4.99 years	170,561,996
5 to 9.99 years	124,222,328
10 to 14.99 years	37,119,267
15 to 19.99 years	16,439,138
Thereafter	35,810,747
	411,305,749
Investment with no stated maturity	99,591,908
	$ 510,897,657

The table below sets forth a summary of changes in the fair value of the Trust's Level 3 assets (hedge funds) for the year ended December 31, 2011:

Beginning balance	$ -
Purchases	12,300,000
Unrealized losses	(524,538)
Ending balance	$11,775,462

NOTE 4 - NOTE RECEIVABLE

Under a secured promissory note dated November 30, 2009, T H Agriculture & Nutrition, LLC. is indebted to the Trust in the amount of $1,000,000 with interest at 5% per annum maturing on November 30, 2019. Principal is payable in quarterly installments of $10,000 commencing on November 20, 2014, provided cash (as defined) is available with any remaining balance due at maturity. At December 31, 2011, the interest receivable on this note was $109,546.

PERSONAL INJURY TRUST

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 5 - RISKS AND UNCERTAINTIES

The Trust invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to these risks, it is possible that changes in the values of the investment securities will occur in the near term, and that such changes could have a material effect on the fair market value of the investment amounts as stated on the special-purpose balance sheet.



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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:	**:**	**Chapter 11**
T H AGRICULTURE & NUTRITION, L.L.C.,	**:**	**Case No. 08-14692 (REG)**
Debtor.	**:**	

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ORDER APPROVING ANNUAL REPORT OF THE TRUSTEES OF THE T H AGRICULTURE & NUTRITION, L.L.C. ASBESTOS PERSONAL INJURY TRUST FOR THE PERIOD JANUARY 1, 2011 TO DECEMBER 31, 2011

UPON CONSIDERATION of the Application for Order Approving Annual Report of the Trustees of the T H Agriculture & Nutrition, L.L.C. Asbestos Personal Injury Trust for the Period January 1, 2011, through December 31, 2011 (the "Application") filed by the Trustees[1] of the Trust, and upon consideration of objections thereto, if any, and finding that due and proper notice of the Application has been given, the Court determines that the Application should be granted as provided herein. Specifically, the Court finds:

1. The Trust Agreement, which is an exhibit to the Plan, provides in Section 2.2(b) that the Trustees shall file with the Bankruptcy Court an annual report containing the financial statements of the Trust and a summary of the number and type of claims disposed of by the Trust during the period covered by the financial statements.

[1] Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Application.

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2. Section 5.5 of the Trust Agreement provides that the Trustees shall include in the annual report a description of the compensation and reimbursement of expenses paid to them by the Trust.

3. During the period January 1, 2011 through December 31, 2011, the Trustees performed pursuant to and in compliance with the Plan, the Trust Agreement, the Trust Bylaws, the T H Agriculture & Nutrition, L.L.C. Asbestos Personal Injury Trust Distribution Procedures, and all other Plan Documents and Court orders as pertain to the Trust. Accordingly, it is hereby

ORDERED that the Application is granted; it is further

ORDERED that the Trust's Annual Report for the period January 1, 2011, through December 31, 2011 is approved and this Court hereby accepts the certification of the Trustees that during the period of January 1, 2011, through December 31, 2011, each has performed pursuant to and in compliance with the Plan, the Trust Agreement, the Trust Bylaws, the T H Agriculture & Nutrition, L.L.C. Asbestos Personal Injury Trust Distribution Procedures, and all other Plan Documents and Court orders as pertain to the operation of the Trust; it is further

ORDERED that the Trustees are hereby released and discharged from any and all liability as to all matters disclosed in the Application and Annual Report (including, without limitation, the financial statement of the Trust); and it is further

ORDERED, that this Court shall retain jurisdiction to hear and determine all matters arising from or related to this Order.

Signed this _____ day of _____, 2012

_____

THE HONORABLE ROBERT E. GERBER
UNITED STATES BANKRUPTCY JUDGE

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