EXHIBIT A

EXHIBIT A

EXHIBIT "A"

Grant Thornton

Financial Statements and Report of Independent Certified Public Accountants

Thorpe Insulation Settlement Trust

December 31, 2010

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Report of Independent Certified Public Accountants

To the Trustees of Thorpe Insulation Settlement Trust

We have audited the accompanying special-purpose statements of net claimants' equity of Thorpe Insulation Settlement Trust (the Trust), organized in the State of Nevada, as of December 31, 2010 and the related statements of changes in net claimants' equity and cash flows for period from inception (October 22, 2010) through December 31, 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

Our audit was conducted for the purpose of forming an opinion on the special-purpose financial statements taken as a whole. The supplemental schedule is presented for purposes of additional analysis and is not a required part of the special-purpose financial statements. This information has been subjected to the auditing procedures applied in our audit of the special-purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the special-purpose financial statements taken as a whole.

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

Grant Thornton LLP

Reno, Nevada
April 20, 2011

Thorpe Insulation Settlement Trust

STATEMENT OF NET CLAIMANTS' EQUITY

December 31, 2010

ASSETS	
Cash and cash equivalents	
Restricted	$ 5,000,000
Unrestricted	87,697,964
Total cash and cash equivalents	92,697,964
Accrued interest and dividend receivables	12,678
Deferred tax asset	8,746,000
Total assets	$ 101,456,642
LIABILITIES	
Accrued expenses	$ 13,145,884
Claim processing deposits	181,250
Unpaid claims (Note C)	
Outstanding offers	1,431,963
Pre-petition liquidated claims	1,326,945
Facility and staff sharing agreement payable	372,000
Total liabilities	$ 16,458,042
NET CLAIMANTS' EQUITY	$ 84,998,600

The accompanying notes are an integral part of this statement.

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Thorpe Insulation Settlement Trust

STATEMENT OF CHANGES IN NET CLAIMANTS' EQUITY

**For the period from inception (October 22, 2010)
through December 31, 2010**

Net claimants' equity, beginning of year	$ -
Additions to net claimants' equity	
Initial funding	114,950,704
Investment income	14,693
Provision for income taxes, deferred	8,746,000
Total additions	123,711,397
Deductions from net claimants' equity	
Operating expenses	24,615,690
Court ordered bankruptcy fees	2,208,299
Claims settled	10,084,845
Net increase in outstanding claim offers	1,431,963
Net increase in facility and staff sharing agreement	372,000
Total deductions	38,712,797
Net claimants' equity, end of year	$ 84,998,600

The accompanying notes are an integral part of this statement.

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Thorpe Insulation Settlement Trust

STATEMENT OF CASH FLOWS

**For the period from inception (October 22, 2010)
through December 31, 2010**

Cash inflows:	
Initial funding	$ 114,950,704
Investment income receipts	2,015
Increase in claim processing deposits	181,250
Total cash inflows	115,133,969
Cash outflows:	
Claim payments made	8,757,900
Disbursements for Trust operating expenses	12,766,824
Disbursements for Court ordered bankruptcy fees	911,281
Total cash outflows	22,436,005
NET INCREASE IN CASH AND CASH EQUIVALENTS	92,697,964
Cash and cash equivalents, beginning of period	-
Cash and cash equivalents, end of period	$ 92,697,964

The accompanying notes are an integral part of this statement.

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Thorpe Insulation Settlement Trust

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE A - SUMMARY OF ACCOUNTING POLICIES

1. **Description of Trust**

The Thorpe Insulation Settlement Trust (the Trust), organized pursuant to the laws of the state of Nevada with its office in Reno, Nevada, was established pursuant to the Pacific Insulation Company and Thorpe Insulation Company (collectively the "Debtors") Fifth Amended Joint Plan of Reorganization, dated December 17, 2009. The Trust was formed to assume the Debtors' liabilities resulting from pending and potential litigation involving individuals exposed to asbestos who have manifested asbestos-related diseases or conditions, for which the Debtors have legal responsibility; liquidate, resolve, pay and satisfy all valid asbestos-related claims in accordance with the Plan, preserve, hold, manage and maximize the Trust assets for use in paying and satisfying allowed asbestos-related claims, prosecute, settle and manage the disposition of the asbestos in-place insurance coverage, and prosecute, settle and manage asbestos insurance coverage actions. Upon the effective date of the Plan, the Trust assumed liability for existing and future asbestos related claims against the Debtors. The Trust became effective on October 22, 2010.

The Trust was initially funded with cash, notes receivable and insurance settlement proceeds. The Trust's funding is dedicated solely to the settlement of asbestos related claims and the related costs thereto, as defined in the Plan.

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

2. **Special-Purpose Accounting Methods**

The Trust's financial statements are prepared using special-purpose accounting methods that differ from accounting principles generally accepted in the United States. The special-purpose accounting methods were adopted in order to present the amount of equity available for payment of current and future claims. These special-purpose accounting methods are as follows:

a. The financial statements are prepared using the accrual basis of accounting, as modified below.

b. The funding received from Thorpe Insulation Company, Pacific Insulation Company, Farwest Insulation Contracting and their liability insurers is recorded directly to net claimants' equity. These funds do not represent income of the Trust. Offers for asbestos related claims are reported as deductions from net claimants' equity and do not represent expenses of the Trust.

c. Costs of non-income producing assets, which will be exhausted during the life of the Trust and are not available for satisfying claims, are expensed when incurred. These costs include acquisition costs of computer hardware, software and software development.

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

Thorpe Insulation Settlement Trust

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2010

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

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

   e. The liability for unpaid claims reflected in the statement of net claimants' equity represents settled but unpaid claims and outstanding offers. A claims liability is recorded once an offer is made to the claimant at the amount equal to the expected pro rata payment. No liability is recorded for future claim filings and filed claims on which no offer has been made. Net claimants' equity represents funding available to pay present and future claims on which no fixed liability has been recorded.

   f. Available-for-sale securities are recorded at fair value. All interest and dividend income on available-for-sale securities, net of investment expenses are included in investment income on the statement of changes in net claimants' equity.

3. **Cash and Cash Equivalents**

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

4. **Deposits**

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

5. **Use of Estimates**

The preparation of financial statements in conformity with the special-purpose accounting methods described above 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.

6. **Concentration of Risk**

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

7. **Income Taxes**

The Trust's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. As of December 31, 2010, the Trust did not have any accrued interest or penalties associated with any unrecognized tax benefits, nor did it incur any interest and penalties expense with any unrecognized tax benefits for the year then ended. The Trust is unaware of information concerning any tax positions for which a material change in the unrecognized tax benefit or liability is reasonably possible within the next twelve months. The Trust files income tax returns in the United States and no state jurisdiction.

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Thorpe Insulation Settlement Trust

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2010

NOTE B - FIXED ASSETS

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

Acquisition of computer equipment	$ 9,859
Acquisition of computer software	44,455
	$54,314

These items have not been recorded as assets, but rather as operating expenses and direct deductions from net claimants' equity in the accompanying financial statements. The cost of fixed assets that were expensed during the period ended December 31, 2010 was $54,314. Total depreciation expense related to asset acquisition using accounting principles generally accepted in the United States would have been approximately $2,100 for the period ended December 31, 2010.

NOTE C - CLAIM LIABILITIES

Pursuant to the Trust Documents, the Trust distinguishes between claims that were liquidated prior to the establishment of the Trust (Pre-Petition Liquidated Claims) and claims processed after the creation of the Trust (Trust Claims). The Pre-Petition Liquidated Claims are grouped into two categories: settlement and judgment claims.

The cases underlying the Pre-Petition Liquidated Claims were stayed by the court until the Plan became effective. The Trust reviewed, processed and paid each Pre-Petition Liquidated Claim at the approved Funds Received Ratio. The Pre-Petition Liquidated Claims were paid in trust to the representative law firms for disbursement to the claimants upon the Trust's receipt and approval of a properly executed release.

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

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

In the interest of treating all claimants equitably in accordance with the Plan and pursuant to the TDP, all payments made during the year ended December 31, 2011 and future years shall include a Cost of Living Adjustment for inflation based upon the Federal Bureau of Labor Statistics' *Consumer Price Index for Urban Wage Earners and Clerical Workers* (CPI-W). Claims liabilities at year end are adjusted for any approved Inflation Adjustments. Inflation Adjustments are cumulative. Inflation Adjustments of 1.7% are included in outstanding claims liabilities as of December 31, 2010.

The Trust processed and approved approximately $1,694,000 of Trust Claims during the period ended December 31, 2010.

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Thorpe Insulation Settlement Trust

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2010

NOTE D - LEGAL FEES - COURT ORDERED

The Trust is required to pay legal fees that were authorized by bankruptcy court order incurred through the effective date of the Plan. For the period from inception (October 22, 2010) through December 31, 2010, the Trust incurred a total of $22,710,789 of contingent and hourly fees for coverage litigation. Of this amount, $11,523,416 was paid and $11,187,373 is represented in accrued expenses on the accompanying Statement of Net Claimants' Equity.

NOTE E - FACILITY AND STAFF SHARING AGREEMENT

The Trust has entered into a facilities and staff sharing agreement with the Western Asbestos Settlement Trust, (the Western Trust). The two trusts are related through common trustees. Under the agreement, and in exchange for advance monthly payments, the Western Trust provides use of its facilities and services relating to administration and claims processing. The initial monthly payment of $35,000 will be in place through June 30, 2011, and will be lowered to $27,000 effective July 1, 2011 and for all months thereafter. The agreement expires December 31, 2011; however, provisions allow for automatic renewal for additional one-year periods unless either party provides six months written notice. The Western Trust is required to provide a written calendar year reconciliation of the annual services costs compared to the advance payments. Any excess of cost over payments or payments over cost is required to be repaid by the benefited party with interest. The first reconciliation period will be the fourteen-month period ending December 31, 2011. The future payments under this agreement have been recorded as a liability on the accompanying statement of net claimants' equity.

NOTE F - NET CLAIMANTS' EQUITY

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

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

The Trustees, with the consent of the Trust Advisory Committee ("TAC") and Futures Representative, set the Initial Funds Received Ratio at 17.5%, based upon the analysis and advice of the Trust's expert economist. The TDP requires the Trustees, with the consent of the TAC and the Futures Representative, to periodically review the Funds Received Ratio and, if appropriate, propose additional changes in the pro rata Funds Received Ratio based on updated assumptions regarding the Trust's future assets and liabilities.

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Thorpe Insulation Settlement Trust

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2010

NOTE G - RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS

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

NOTE H - INCOME TAXES

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

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

The provision for income taxes consists of the following for the period ended December 31, 2010:

Federal income tax – current	$ -
Deferred income tax benefit	8,746,000
	$8,746,000

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

Deferred tax asset	
Depreciation and amortization	$ 53,000
Facility-sharing obligation	130,000
Loss carryforward	8,563,000
	$8,746,000

NOTE I - SUBSEQUENT EVENTS

The Trust evaluated subsequent events through April 20, 2011, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or disclosure.

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SUPPLEMENTAL INFORMATION

Thorpe Insulation Settlement Trust

SCHEDULE OF OPERATING EXPENSES

**For the period from inception (October 22, 2010)
through December 31, 2010**

Claims processing/claims system development	$	171,183
Computer equipment		9,859
Information technology support		19,549
Futures representative		254,737
Legal fees		929,119
Legal fees - Court ordered		22,710,789
Trust facility and staff sharing expense		210,000
Trust Advisory Committee		152,803
Trustee fees		134,375
Trustees' professional		23,276
	$	24,615,690

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