

API, Inc. Asbestos Settlement Trust

ANNUAL REPORT OF THE TRUSTEE, 2011

API, INC. ASBESTOS SETTLEMENT TRUST

April 23, 2012

TO: Trust Advisor, API, Inc. Asbestos Settlement Trust
Michael S. Polk
SIEBEN POLK, PA
1640 S. Frontage Road
Suite 200
Hastings, MN 55033

Legal Representative, API, Inc. Asbestos Settlement Trust
Hon. Thomas H. Carey
6475 White Pine Lane
Gilbert, MN 55741

API, Inc., Settlor, API, Inc. Asbestos Settlement Trust
c/o Chief Executive Officer
1100 Old Highway 8 NW
New Brighton, MN 55112

This Report has been prepared by the Trustee of the API, Inc. Asbestos Settlement Trust ("Trust"), pursuant to Sections 2.2 (b), and (c), of the First Amended API, Inc. Asbestos Settlement Trust Agreement ("Trust Agreement"). Those sections require the Trustee to prepare and submit an Annual Report containing the Trust's financial statements, auditor's opinion, and summary of type and number of claims to the Trust during the prior year, all as more fully described in those sections of the Trust Agreement.

This Report is the Annual Report for 2011.

The Trust has retained the accounting firm of Messerli & Schadow, PLLP of Minneapolis, Minnesota, as the Trust's auditors, to prepare the Financial Statements, and to issue a fairness opinion as to those Financial Statements for 2011. Pursuant to that engagement, Messerli & Schadow, PLLP has completed both the Financial Statements, and has issued its Independent Auditor's Report regarding those Statements.

The Independent Auditor's Report, and Financial Statements are attached as Exhibit A.

The Trust has received Claims during 2011, and has made payments on Claims during 2011. Claims received, and payments made by the Trust in 2011 are: New Claims received and paid during 2011, including second injury Claims submitted and approved pursuant to §5.1(c) of the Trust Distribution Procedures.

The summary of 2011 payments made to new Claimants is attached as Exhibit B.

The summary of payments made to Second Injury Claimants in 2011 is attached as Exhibit C.

Charts reflecting the Average Age of Claimants at Diagnosis are attached as Exhibit D.

Charts reflecting the Average Number of Years Between First Exposure and Diagnosis are attached as Exhibit E.

This Report is submitted solely for the purposes required in the Trust Agreement, and is not intended, nor should it be construed, as legal advice from the Trustee, or the Trust, to claimants, claimants' counsel, or others.

API, INC. ASBESTOS SETTLEMENT TRUST



Robert D. Brownson
TRUSTEE

Minneapolis, Minnesota
April 23, 2012

API, INC. ASBESTOS SETTLEMENT TRUST

FINANCIAL STATEMENTS

DECEMBER 31, 2011 and 2010

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INDEPENDENT AUDITOR'S REPORT

To the Trustee
API, Inc. Asbestos Settlement Trust
Minneapolis, Minnesota

We have audited the accompanying special-purpose statements of net claimants' equity of API, Inc. Asbestos Settlement Trust as of December 31, 2011 and 2010 and the related statements of changes in net claimants' equity and cash flows for the years then ended. These special-purpose financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. An audit requires that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose 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 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 of America. The special-purpose basis of accounting has been used in order to present the amount of equity available to current and future claimants.

In our opinion, the financial statements referred to above present fairly, in all material respects, net claimants' equity of API, Inc. Asbestos Settlement Trust as of December 31, 2011 and 2010 and the related changes in net claimants' equity and cash flows for the years then ended, in conformity with the special-purpose method of accounting described in Note 2.

This report is intended solely for the information and use of the Trustee, the Legal Representative, the Trust Advisor, the beneficiaries of the Trust and the United States Bankruptcy Court for the District of Minnesota 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 distribution of this report, which, upon filing with the United States Bankruptcy Court for the District of Minnesota, is a matter of public record.

Messerli & Schadow

MESSERLI & SCHADOW, PLLP
Certified Public Accountants

March 21, 2012

API, INC. ASBESTOS SETTLEMENT TRUST
STATEMENTS OF NET CLAIMANTS' EQUITY
DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$ 465,554	\$ 947,108
Money market funds	458,315	823,772
Note receivable	1,300,000	1,300,000
Investments	9,195,789	9,604,335
Principal protected note	250,000	500,000
Total current assets	<u>\$ 11,669,658</u>	<u>\$ 13,175,215</u>
Other Assets:		
Note receivable	<u>\$ 18,525,000</u>	<u>\$ 19,825,000</u>
Total other assets	<u>\$ 18,525,000</u>	<u>\$ 19,825,000</u>
Total Assets	<u>\$ 30,194,658</u>	<u>\$ 33,000,215</u>
LIABILITIES:		
Current Liabilities:		
Accounts payable	\$ 21,133	\$ 112,422
Claims processing fees payable	12,200	11,000
Total current liabilities	<u>\$ 33,333</u>	<u>\$ 123,422</u>
NET CLAIMANTS' EQUITY	<u>\$ 30,161,325</u>	<u>\$ 32,876,793</u>

See Independent Auditor's Report and
Notes to Financial Statements.

API, INC. ASBESTOS SETTLEMENT TRUST
STATEMENTS OF CHANGES IN NET CLAIMANTS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Interest income	\$ 330,340	\$ 485,091
Dividend income	42,751	70,230
Gain/(loss) on investments	703,931	(2,552)
Loss on investment impairment	(250,000)	-
Claim processing fees and miscellaneous income	2,160	2,155
Total revenue	<u>\$ 829,182</u>	<u>\$ 554,924</u>
Operating Expenses:		
Accounting fees	\$ 25,704	\$ 24,906
Bank charges	38	332
Conferences and seminars	695	795
Insurance	5,055	4,443
Investment management fees	47,496	52,655
Legal fees	40,034	11,273
Office expenses	1,353	1,555
Printing and reproduction	-	926
Professional services	3,600	6,550
Travel	-	461
Trustee, legal representative and trust advisor fees	360,039	337,185
Total operating expenses	<u>\$ 484,014</u>	<u>\$ 441,081</u>
Change in net claimants' equity	\$ 345,168	\$ 113,843
Net claimants' equity, beginning of period	32,876,793	37,377,870
Contributions to net claimants' equity	-	-
Distributions from net claimants' equity	<u>3,060,636</u>	<u>4,614,920</u>
Net claimants' equity, end of period	<u>\$ 30,161,325</u>	<u>\$ 32,876,793</u>

See Independent Auditor's Report and
Notes to Financial Statements.

API, INC. ASBESTOS SETTLEMENT TRUST
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
CASH INFLOWS:		
Investment income	\$ 471,317	\$ 643,615
Proceeds from note receivable	1,300,000	1,300,000
Proceeds from sale of investments	9,028,654	10,296,793
Receipt of claim search fees	1,560	1,755
Receipt of claim processing payments	11,600	16,400
	<u>\$ 10,813,131</u>	<u>\$ 12,258,563</u>
CASH OUTFLOWS:		
Distributions to claimants	\$ 2,738,611	\$ 4,194,229
Disbursements for trust operating expenses	518,050	433,647
Purchases of investments	7,648,946	6,386,190
Litigation expenses related to additions to claimants' equity	379,278	351,568
Refund of claim processing payments	9,800	7,800
	<u>\$ 11,294,685</u>	<u>\$ 11,373,434</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (481,554)	\$ 885,129
CASH AND CASH EQUIVALENTS, beginning of period	<u>947,108</u>	<u>61,979</u>
CASH AND CASH EQUIVALENTS, end of period	<u><u>\$ 465,554</u></u>	<u><u>\$ 947,108</u></u>

See Independent Auditor's Report and
Notes to Financial Statements.

API, INC. ASBESTOS SETTLEMENT TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 1. DESCRIPTION OF THE TRUST

The API, Inc. Asbestos Settlement Trust (the Trust), organized pursuant to the laws of the State of Minnesota, was established according to the Third Amended Plan of Reorganization of API, Inc. as modified (the Plan). The Trust was formed to assume all asbestos claims against API, Inc., whether now existing or arising at any time hereafter, and to use the Trust's assets and income to pay holders of allowed asbestos claims in accordance with the Plan and Trust Agreement. The Trust's funding is dedicated solely to the settlement of asbestos health claims and the related costs, as defined in the Plan. The Trust was consummated on February 5, 2007.

The Trust was initially funded with cash, a promissory note from API, Inc., rights to proceeds from asbestos insurance policies and insurance settlement rights.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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. The special-purpose accounting methods were adopted in order to present the amount of equity available for payment of current and future claims and operating expenses of the Trust. Since the accompanying special-purpose financial statements are not based on accounting principles generally accepted in the United States of America, accounting treatment by other parties for these same transactions may differ as to timing and amounts. These special-purpose accounting methods are as follows:

- (1) The financial statements are prepared using the accrual basis of accounting.
- (2) The funding received from API, Inc., API Group, Inc. and the insurance companies are added directly to net claimants' equity. The distributions to claimants and litigation expenses incurred in relation to additions to net claimants' equity are deducted directly from net claimants' equity. These funds do not represent income or expenses of the Trust.
- (3) Non-interest bearing notes have not been discounted to present value.
- (4) 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 as they are incurred. These items include costs of computer hardware, software and insurance premiums.

API, INC. ASBESTOS SETTLEMENT TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

- (5) Investments are recorded at fair value. All interest and dividend income is included in interest and dividend income on the statements of changes in net claimants' equity. Realized and unrealized gains and losses are reflected on the statements of changes in net claimants' equity.
- (6) The Trust does not record a deferred tax asset for net operating loss carryforwards or a deferred tax asset or liability arising from unrealized gains or losses on securities. For the years ended December 31, 2011 and 2010, the net operating loss carryforward available for use in future years was \$3,261,316 and \$3,117,773, respectively. The net operating loss carryforwards begin to expire in the year ending December 31, 2027.
- (7) Payments for services to be received over an extended period in the future are recorded as expenses when incurred as these amounts are no longer available for the payment of claims.

Cash and Cash Equivalents

The Trust considers unrestricted currency, demand deposits, and certificates of deposit with an initial maturity of three months or less to be cash and cash equivalents.

Fair Value of Investments

The Trust measures its investments at fair value. Fair value is defined as the price at which an asset could be exchanged in a current transaction between knowledgeable and willing parties.

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 of the Trust through December 31, 2011, the cost of fixed assets expensed includes website development costs of \$4,003.

Claims Payable

Claims payable on the statements of net claimants' equity reflect claims approved but unpaid as of December 31 of each year.

Date of Trustee Review

In preparing these financial statements, the Trust has evaluated events and transactions for potential recognition or disclosure through March 21, 2012, the date the special-purpose financial statements were available to be issued.

API, INC. ASBESTOS SETTLEMENT TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The preparation of financial statements in conformity with the special-purpose accounting methods described above requires Trust 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 periods. Accordingly, actual results may differ from those estimates.

NOTE 3. NOTE RECEIVABLE

Note receivable as of December 31, 2011 and 2010 consisted of a promissory note from API, Inc. The original face value of the note was \$26,000,000. The note calls for eighty quarterly payments of \$325,000 and is due in full in March 2027. The note bears no interest. The note is secured by 51 percent of the common shares of API, Inc. and certain other assets of API, Inc. As of December 31, 2011, the note was receivable as follows:

Receivable within one year	\$ 1,300,000
Receivable in future years	<u>18,525,000</u>
	<u>\$ 19,825,000</u>

NOTE 4. INVESTMENT INCOME

Investment income consists of:

	<u>2011</u>	<u>2010</u>
Realized gain on investments	\$ 255,215	\$ 435,047
Unrealized gain (loss) on investments	<u>448,716</u>	<u>(437,599)</u>
Gain/(loss) on investments	\$ 703,931	\$ (2,552)
Interest income	330,340	485,091
Dividend income	<u>42,751</u>	<u>70,230</u>
Total investment income	<u>\$ 1,077,022</u>	<u>\$ 552,769</u>

API, INC. ASBESTOS SETTLEMENT TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 5. FAIR VALUE MEASUREMENTS

Investments recorded at fair value are categorized using the defined hierarchical levels directly related to the amount of subjectivity associated with the inputs to value an asset. Level 1 inputs consist of quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of quoted prices for similar instruments in active markets or quoted prices for identical or similar investments in markets that are not active markets. Level 2 inputs also consist of valuation techniques for which significant assumptions are observable in the market or can be corroborated by observable market data. Level 3 inputs consist of unobservable inputs that can not be corroborated by observable market data and typically reflect Trust management's estimate of fair value.

The Trust uses appropriate valuation techniques based on the available inputs to measure the fair value of investments. When available, the Trust measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs were not available. Fair values of assets measured on a recurring basis at December 31, 2011 and 2010 are as follows:

Fair Value at December 31, 2011				
Using Inputs Considered as:				
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual Funds	\$ 988,592	\$ 988,592	\$ --	\$ --
Municipal Bonds	7,993,631	--	7,993,631	--
U.S. Government Bonds and Notes	<u>213,566</u>	<u>--</u>	<u>213,566</u>	<u>--</u>
	\$ 9,195,789	\$ 988,592	\$ 8,207,197	\$ --
Money Market Funds	458,315	458,315	--	--
Principal Protected Note	<u>250,000</u>	<u>--</u>	<u>--</u>	<u>250,000</u>
Total	<u>\$ 9,904,104</u>	<u>\$ 1,446,907</u>	<u>\$ 8,207,197</u>	<u>\$ 250,000</u>

Fair Value at December 31, 2010				
Using Inputs Considered as:				
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual Funds	\$ 817,943	\$ 817,943	\$ --	\$ --
Municipal Bonds	8,519,097	--	8,519,097	--
U.S. Government Bonds and Notes	<u>267,295</u>	<u>--</u>	<u>267,295</u>	<u>--</u>
	\$ 9,604,335	\$ 817,943	\$ 8,786,392	\$ --
Money Market Funds	823,772	823,772	--	--
Principal Protected Note	<u>500,000</u>	<u>--</u>	<u>--</u>	<u>500,000</u>
Total	<u>\$10,928,107</u>	<u>\$ 1,641,715</u>	<u>\$ 8,786,392</u>	<u>\$ 500,000</u>

API, INC. ASBESTOS SETTLEMENT TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 5. FAIR VALUE MEASUREMENTS (continued)

Transfers between Level 1 and Level 2, if any, are recognized at the end of the reporting period. For the years ended December 31, 2011 and 2010, the Trust did not have significant transfers of investments between Level 1 and Level 2.

Level 2 Fair Value Measurements:

The Trust uses a market approach to value the Level 2 investments. The value of municipal bonds and United States Government bonds and notes is based on a broker quote for similar securities in the marketplace.

Level 3 Fair Value Measurements:

During the year ended December 31, 2008, the Trust invested in a principal protected note issued by Lehman Brothers. The note called for the return of the principal amount of the investment (\$1,000,000) and potentially earnings if certain criteria were met. The note was scheduled to mature during the year ended December 31, 2009.

During the year ended December 31, 2008, Lehman Brothers declared bankruptcy. The Trust filed a proof of claim with the bankruptcy court. Trust management reduced the estimate of the recoverable amount of the note from \$500,000 to \$250,000 during the year ended December 31, 2011. The recoverable amount is based in part on the limited trading value of the principal protected note in the open market and the assumption that the Trust will recover a portion of the investment in the bankruptcy proceedings. The \$250,000 reduction of the estimate of the recoverable amount is reflected on the statements of changes in net claimants' equity as loss on investment impairment.

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

	<u>2011</u>	<u>2010</u>
Balance at January 1	\$ 500,000	\$ 500,000
Unrealized loss	(250,000)	--
Balance at December 31	<u>\$ 250,000</u>	<u>\$ 500,000</u>

NOTE 6. INCOME TAXES

For federal income tax purposes, API, Inc. has elected for the qualified assets of the Trust to be taxed as a Designated Settlement Fund (DSF). Income and expenses associated with the DSF are taxed in accordance with Section 468B of the Internal Revenue Code. The federal statutory income tax rate for the DSF is 35%.

API, INC. ASBESTOS SETTLEMENT TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 6. INCOME TAXES (continued)

The Advisory Committee believes the Trust is operating in a manner so as to continue to qualify as a Designated Settlement Fund. The Trust recognizes potential interest and penalties pertaining to income tax related issues, if any, as income tax expense. During the years ended December 31, 2011 and 2010, no such interest or penalties were recognized.

The Trust Advisory Committee evaluates all tax positions and makes a determination regarding their likelihood of being upheld under review. For the years ended December 31, 2011 and 2010, the Trust did not have uncertain tax positions for which they recorded a tax liability. The Trust believes they are no longer subject to federal or state income tax examinations for years prior to December 31, 2008.

NOTE 7. NET CLAIMANTS' EQUITY

The distributions from claimants' equity were comprised of the following at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Distributions to claimants	\$ 2,738,611	\$ 4,194,229
Litigation expenses related to insurance settlements	<u>322,025</u>	<u>420,691</u>
	<u>\$ 3,060,636</u>	<u>\$ 4,614,920</u>

The distributions to claimants represent a payment sum percentage of 30 percent and 55 percent of the allowed liquidated value per claimant as of December 31, 2011 and 2010, respectively, per the Trust Distribution Procedures. The Trust Distribution Procedures allow this percentage to be evaluated at least once per year by the Trustee, the Legal Representative and the Trust Advisor. Distributions prior to October 1, 2010 also included enhanced payments for exigent health, extraordinary or extreme hardship claims, if applicable, as determined by the Trustee. As of October 1, 2010, claims could be filed and approved as exigent health, extraordinary or extreme hardship claims, but the enhanced payment will not be made until the Trustee determines the Trust is financially capable of making enhanced payments.

NOTE 8. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2011 and 2010, the Trust incurred fees of \$3,600 and \$5,200, respectively, for professional services provided by a member of the Trustee's family. These amounts are included in professional services for the years ended December 31, 2011 and 2010 on the statements of changes in net claimants' equity.

API, INC. ASBESTOS SETTLEMENT TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 8. RELATED PARTY TRANSACTIONS (continued)

During the years ended December 31, 2011 and 2010, the Trust incurred legal fees of \$36,441 and \$3,975, respectively, for professional services provided by the law firm in which the Trustee is a principal member. Of these amounts, \$0 and \$3,975 are included in accounts payable on the statements of net claimants' equity as of December 31, 2011 and 2010, respectively.

During the years ended December 31, 2011 and 2010, the Trust incurred fees of \$360,039 and \$337,185, respectively, from members of the advisory committee in their roles as trustee, legal representative and trust advisor. Of these amounts, \$5,069 and \$34,838 are included in accounts payable on the statements of net claimants' equity as of December 31, 2011 and 2010, respectively. The trust advisor is a principal member of the law firm representing numerous claimants.

NOTE 9. INSURANCE SETTLEMENTS

In January 2008, settlement agreements were approved by the courts with seven insurance companies. The insurance settlements were received during the year ended December 31, 2008.

Pursuant to the settlement agreement with one of the insurance companies, the immediate cash settlement of seven million dollars was paid to the Trust by February 10, 2008 and was nonrefundable. The remainder of the aggregate settlement amount is payable to the Trust upon certain criteria being met. Upon such time that the insurance company reimbursement obligation for all qualified asbestos claims related to the insurance carrier exceeds the original cash settlement amount of seven million dollars, the insurance carrier is obligated to make additional settlement payments to the Trust, up to a maximum of an additional eleven million dollars. As of December 31, 2011, the reimbursement obligation for the insurance carrier had not exceeded the original cash settlement amount. The amount of the potential additional settlement funds is undeterminable at this time and has not been reflected in the financial statements.

NOTE 10. CONCENTRATIONS AND CREDIT RISK

The Trust had significant concentrations of credit risk as a result of maintaining its bank accounts with aggregate balances in excess of federal insurance coverage. As of December 31, 2011 and 2010, the maximum loss that would have resulted from that risk was \$251,318 and \$871,376, respectively, which represents the excess of bank deposits over the amount that would have been covered by federal insurance.

API, INC. ASBESTOS SETTLEMENT TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 10. CONCENTRATIONS AND CREDIT RISK (continued)

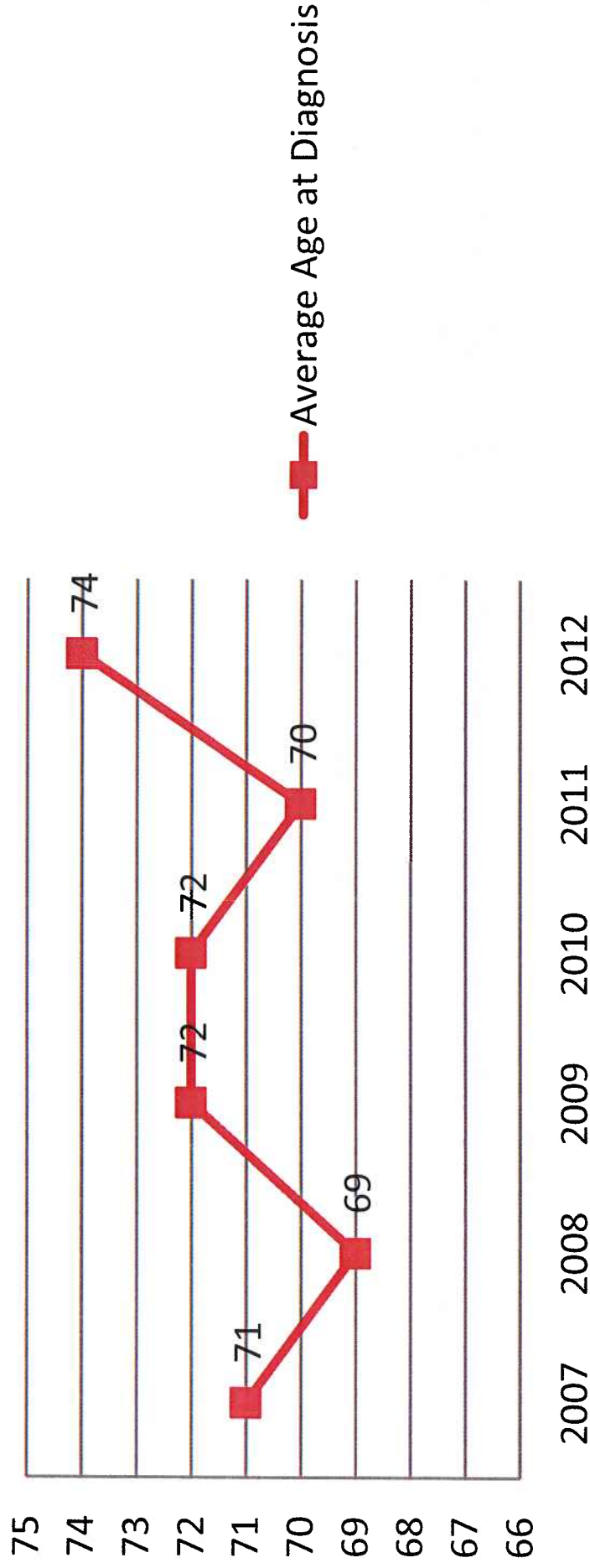
The Trust invests in professionally managed portfolios. Such investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Trust's investment account balances and the amounts reported in the special-purpose statements of net claimants' equity and statements of changes in net claimants' equity.

<u>Nc#</u>	<u>Claimant</u>	<u>Decedent</u>	<u>Disease</u>	<u>Claim Filed</u>	<u>Payment</u>	<u>Date</u>	<u>Notes</u>
163	Bearman, Luella (Ext)	Ressler, Theodore	I - Malignant Mesothelioma	01/23/2009	\$35,126.10	12/20/2011	exigent health claim denied 9/27/11 (Claimant deceased at time of filing)
258	LaBathe, Kathleen (SA)	LaBathe, Gerald	I - Malignant Mesothelioma	02/11/2010	\$94,875.00	11/01/2011	exigent health claim approved 9/27/11; extreme hardship claim denied 9/27/11; enhanced payment deferred
276	Saavedra, Anthony Jose	Jubie, Richard R.	IV - Asbestosis	05/27/2010	\$31,460.00	06/14/2011	
279	Jubie, Kathryn (Trustee)		II - Lung Cancer	06/22/2010	\$41,115.00	11/29/2011	
280	Banner, Raymond		IV - Asbestosis	06/24/2010	\$16,582.50	02/21/2011	
283	Schmitz, Theodore J.		IV - Asbestosis	06/25/2010	\$17,160.00	11/29/2011	
287	McDermott, Dennis		IV - Asbestosis	07/07/2010	\$17,160.00	11/29/2011	
289	Balaski, George A.		V - Pleural	07/21/2010	\$16,582.50	02/21/2011	
292	Gearhart, John (Trustee)	Gearhart, Michael F.	I - Malignant Mesothelioma	08/03/2010	\$94,875.00	11/29/2011	
298	Kieffer, Gervase (Trustee)	Kieffer, Marjorie	I - Malignant Mesothelioma	08/11/2010	\$173,937.50	11/29/2011	exigent health claim approved but deferred 11/04/2010; extraordinary claim approved but deferred 11/29/2011
299	Olson, Jerome G.		II - Lung Cancer	08/17/2010	\$41,115.00	11/29/2011	
300	Sorben, Duane		I - Malignant Mesothelioma	08/24/2010	\$35,126.10	12/06/2011	
303	Wichner, Donald		V - Pleural	08/31/2010	\$9,045.00	11/29/2011	
304	Nyhus, David R., Sr.		V - Pleural	08/31/2010	\$9,045.00	11/29/2011	
307	Dyvig, Howard E.		V - Pleural	09/08/2010	\$9,045.00	11/29/2011	
308	O'Brien, Alfred J.		IV - Asbestosis	09/08/2010	\$17,160.00	12/06/2011	
310	Gieffer, Wayne		I - Malignant Mesothelioma	09/29/2010	\$94,875.00	11/29/2011	exigent health claim approved but deferred 9/27/11; extraordinary claim denied 9/27/11
313	Brannan, Silas T.		I - Malignant Mesothelioma	10/06/2010	\$94,875.00	11/01/2011	exigent health claim approved 9/27/11; enhanced payment deferred
317	Leasure, Evelyn (Trustee)	Leasure, Donald C.	I - Malignant Mesothelioma	10/13/2010	\$94,875.00	10/17/2011	exigent health claim approved 9/27/11; enhanced payment deferred
318	Hall, Leslie		I - Malignant Mesothelioma	10/14/2010	\$94,875.00	10/17/2011	exigent health claim approved 9/27/11; enhanced payment deferred
326	Rischette, Michael T.		IV - Asbestosis	11/24/2010	\$17,160.00	11/29/2011	
331	Kroll, Larry Vincent		I - Malignant Mesothelioma	12/23/2010	\$94,875.00	11/01/2011	exigent health claim approved 9/27/11; enhanced payment deferred
333	Leighton, Lisa Diane (Ext)	Yates, Louis R.	I - Malignant Mesothelioma	01/06/2011	\$94,875.00	12/20/2011	
334	Crosby, Richard		I - Malignant Mesothelioma	01/14/2011	\$94,875.00	10/17/2011	exigent health claim approved 9/27/11; enhanced payment deferred
337	Begin, Leo (Trustee)	Begin, Joseph N.	I - Malignant Mesothelioma	01/31/2011	\$94,875.00	12/06/2011	
338	Metzer-Korpela, Christine (Trustee)	Metzer, Dennis C.	I - Malignant Mesothelioma	02/03/2011	\$94,875.00	11/01/2011	exigent health claim denied 9/27/11 (Claimant deceased at time of filing)
340	Twite, Michael G. (Trustee)	Bohaty, Phyllis L.	I - Malignant Mesothelioma	02/28/2011	\$94,875.00	11/29/2011	
342	Kedrowski, Clarence R.		V - Pleural	03/02/2011	\$9,045.00	11/29/2011	
343	Pruitt-Ellis, Sheena (Trustee)	Pruitt-Rud, Loretta	I - Malignant Mesothelioma	03/03/2011	\$94,875.00	10/17/2011	exigent health claim approved 9/27/11; enhanced payment deferred
344	Babcock, Catherine (Trustee)	Babcock, Grace	I - Malignant Mesothelioma	03/08/2011	\$94,875.00	11/01/2011	exigent health claim approved 9/27/11; enhanced payment deferred
345	Burris, Annette L.		I - Malignant Mesothelioma	03/10/2011	\$94,875.00	12/20/2011	exigent health claim
348	Buche, Ralph J.		I - Malignant Mesothelioma	03/17/2011	\$94,875.00	11/08/2011	exigent health claim approved 10/24/2011; enhanced payment deferred
350	Schlossmacher, Ann (Trustee)	Schlossmacher, Robert	II - Lung Cancer	03/28/2011	\$41,115.00	11/29/2011	
351	Hogan, Anna Mae (Trustee)	Hogan, Vernon	I - Malignant Mesothelioma	03/31/2011	\$94,875.00	12/20/2011	
353	Kotten, Mary (Trustee)	Kotten, Jerome J.	IV - Asbestosis	04/04/2011	\$17,160.00	11/29/2011	
359	Ruelle, John C.		V - Pleural	05/17/2011	\$9,045.00	11/29/2011	
360	Rensch, Amy (Trustee)	Barknecht, Ray J.	IV - Asbestosis	05/24/2011	\$17,160.00	11/08/2011	extraordinary claim approved 10/24/2011; enhanced payment deferred
361	Karsnia, Michael C.		IV - Asbestosis	06/16/2011	\$9,045.00	11/29/2011	
362	Taylor, LeRoy J.		IV - Asbestosis	06/16/2011	\$9,045.00	11/29/2011	
363	Colvard, Jeanne (Trustee)	Colvard, Troy	V - Pleural	06/16/2011	\$9,045.00	12/20/2011	
367	Farley, Joseph R.		I - Malignant Mesothelioma	06/30/2011	\$94,875.00	11/29/2011	exigent health claim approved but deferred 10/24/11; extraordinary claim denied 10/24/11
368	Wahl, Marilyn (Trustee)	Wahl, Russell A.	I - Malignant Mesothelioma	07/05/2011	\$94,875.00	11/29/2011	
369	Kappes, James K.		IV - Asbestosis	08/10/2011	\$17,160.00	11/29/2011	
371	Engquist, Steven (Trustee)	Engquist, Cheryl	I - Malignant Mesothelioma	08/18/2011	\$94,875.00	12/06/2011	
372	Paulsen, Wayne G.		I - Malignant Mesothelioma	08/26/2011	\$94,875.00	11/08/2011	exigent health claim approved 10/24/2011; enhanced payment deferred
374	Fritz, Wilfred Michael		I - Malignant Mesothelioma	09/12/2011	\$94,875.00	11/29/2011	exigent health claim approved but deferred 11/29/2011

New Claims Paid (2011)

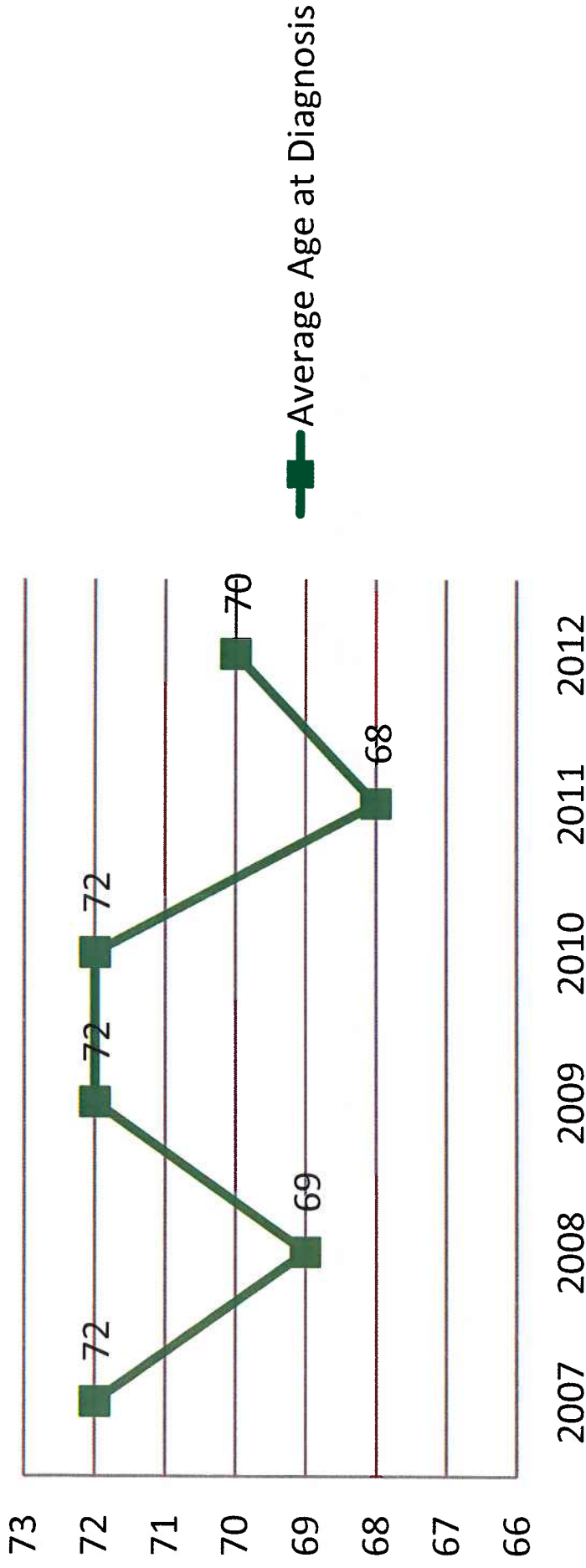
<u>Nr#</u>	<u>Claimant</u>	<u>Decedent</u>	<u>Initial Disease</u>	<u>Disease</u>	<u>Claim Filed</u>	<u>Total Paid Pre-2011</u>	<u>Ipay</u>	<u>Ipdt</u>	<u>Notes</u>
324	Zuck, Carl E.		IV - Asbestosis	II - Lung Cancer	11/05/2010	\$35,576.52	\$5,538.48	12/20/2011	
336	Smith, Donald M.		V - Pleural	II - Lung Cancer	01/25/2011	\$19,932.62	\$21,182.38	11/29/2011	
347	Greer, Thomas Raymond, Sr.		IV - Asbestosis	II - Lung Cancer	03/15/2011	\$42,304.65			no payment due, filing fee refunded

Average Age at Diagnosis - Mesothelioma Claims

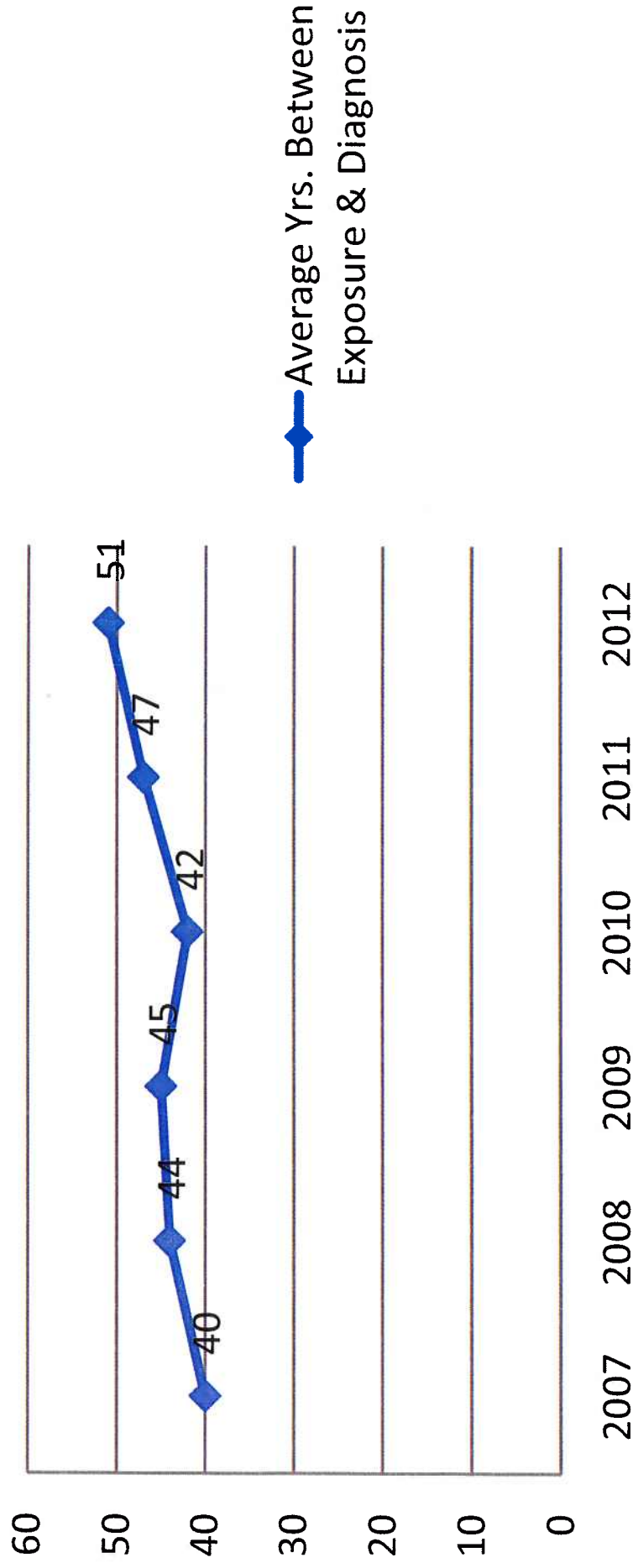


API, Inc. Asbestos Settlement Trust

Average Age at Diagnosis - Non-Mesothelioma Claims



Average Number of Years Between First Exposure & Mesothelioma Diagnosis



Average Number of Years Between First Exposure & Non-Mesothelioma Diagnosis

