

IMPATH BANKRUPTCY LIQUIDATING TRUST

FINANCIAL INFORMATION
For the Periods ended
December 31, 2007 and December 31, 2006

IMPATH BANKRUPTCY LIQUIDATING TRUST

Statement of Operations
For the Periods of
January 1, 2007 through December 31, 2007
and
January 1, 2006 through December 31, 2006

(Unaudited)

(Amounts in thousands, except Unit information)

	January 1, 2007 through December 31, 2007	January 1, 2006 through December 31, 2006
Interest income	\$ 56	\$ 46
Other income	\$ <u>0</u>	\$ <u>18,634</u>
Total Income	\$ 56	\$ 18,680
Administrative expenses	\$ <u>106</u>	\$ <u>2,589</u>
Net income / (loss)	\$ (50)	\$ 16,091
Net income / (loss) per Unit	\$ (.003)	\$.958
Units of Class A Beneficial Interests Outstanding on December 31st	16,794,309	16,794,309

See accompanying notes to these financial statements.

IMPATH BANKRUPTCY LIQUIDATING TRUST

Balance Sheet

December 31, 2007
and
December 31, 2006

(Unaudited)

(Amounts in thousands)

	December 31, 2007	December 31, 2006
Assets		
Cash and Cash Equivalents	\$ <u>748</u>	\$ <u>17,592</u>
Total Assets	\$ 748	\$ 17,592
Liability and Trust equity		
Trust equity	\$ <u>748</u>	\$ <u>17,592</u>
Total Liability and Trust Equity	\$ 748	\$ 17,592

See accompanying notes to these financial statements.

IMPATH BANKRUPTCY LIQUIDATING TRUST

Statement of Cash Flows

Period January 1, 2007 through December 31, 2007
and
January 1, 2006 through December 31, 2006

(Unaudited)

(Amounts in thousands)

	January 1, 2007 through December 31, 2007	January 1, 2006 through December 31, 2006
Net income / (loss)	\$ (50)	\$16,090
Net cash provided by/(used for) operating activities	\$ (50)	\$16,090
Distributions to Class A Beneficial Interest holders	\$ 16,794	\$0
Net increase / (decrease) in cash and cash equivalents	\$ (16,844)	\$16,090
Beginning Cash and cash equivalents at January 1, 2007 and January 1, 2006, respectively	\$ 17,592	\$1,502
Ending Cash and cash equivalents at December 31, 2007 and December 31, 2006, respectively	\$ 748	\$17,592

See accompanying notes to these financial statements.

IMPATH BANKRUPTCY LIQUIDATING TRUST

Statement of Changes in Trust Equity

Period January 1, 2007 through December 31, 2007
and
January 1, 2006 through December 31, 2006

(Unaudited)

(Amounts in thousands)

	January 1, 2007 through December 31, 2007	January 1, 2006 through December 31, 2006
Beginning Balance at January 1, 2007 and January 1, 2006, respectively	\$ 17,592	\$ 1,502
Net income / (loss)	\$ (50)	\$16,090
Cash distribution to Class A Beneficial Interest holders	\$ (16,844)	\$ 0
Ending Balance at December 31, 2007 and December 31, 2006, respectively	\$ 748	\$17,592

See accompanying notes to these financial statements.

IMPATH BANKRUPTCY LIQUIDATING TRUST

Notes to Financial Statements

For the Periods ended

December 31, 2007 and December 31, 2006

(Unaudited)

(Amounts in thousands, except Unit information)

Note 1 – Organization

The Impath Bankruptcy Liquidating Trust (the “Trust”) was established on July 22, 2005, pursuant to a Liquidating Trust Agreement (“Trust Agreement”) by and among IMPATH Inc., IMPATH Predictive Oncology Inc., IMPATH Physician Services Inc., IMPATH Information Services, Inc., IMPATH-T Inc. (formerly known as Tamtron Corporation), and IMPATH-M Inc. (formerly known as Medical Registry Services Inc.) (collectively, “IMPATH”) and Anthony H. N. Schnelling of Bridge Associates, LLC as Trustee (the “Trustee”), in accordance with the Debtors’ Third Amended Joint Plan of Liquidation (the “Plan”) confirmed by the United States Bankruptcy Court, Southern District of New York (the “Court”) on March 21, 2005. The Trust Agreement is governed by the laws of the State of New York.

Except with respect to the terms defined herein, all capitalized terms contained herein shall have the meaning ascribed to them in the Plan.

The Trust was created on behalf of, and for the sole benefit of, the holders of allowed Securities Litigation Claims and Equity Interests. The Trust is established for the sole purpose of liquidating the assets of IMPATH for the benefit of the holders of allowed Securities Litigation Claims and Equity Interests in accordance with Treasury Regulation Section 301.7701-4(d), with no authority for the Trust to continue or engage in the conduct of business or trade.

Pursuant to the Plan, on July 22, 2005 (the “Effective Date”) IMPATH transferred certain remaining assets to the Trust. Included in those assets, without limitation, were IMPATH’s claims against their former auditors relating to the accounting issues that were the subject of the Securities Litigation Claims. On the Effective Date, the common stock transfer books of IMPATH were permanently closed and all shares of its common stock were cancelled.

Holders of record of common stock of IMPATH as of the close of business on July 15, 2005 (the “Record Date”) became holders of Class A Beneficial Interest units (“Class A Interests”) in the Trust on the basis of one unit of Interest for each share of IMPATH common stock held on the Record Date. All Class A Interests are certificated through American Stock Transfer and Trust Company. Class A Interests are transferable pursuant to the terms of the Trust Agreement and the Plan. There are 16,794,309 Class A Interests units outstanding and such Class A Interests are traded under the symbol IBLTZ.

Holders of allowed Securities Litigation Claims were issued Class B Beneficial Interest units (“Class B Interests”). All Class B Interests are held by the Escrow Agent pursuant to a certain Stipulation of Settlement dated January 15, 2005 (the “Stipulation”). The Class B Interests are not certificated and are not transferable. Pursuant to the Stipulation and the Plan, the holders of Class B Interests also received the following on the Effective Date : (i) \$8,000 in cash and (ii) \$15,000 of proceeds recovered by the Debtors under their directors’ and officers’ liability insurance policies less \$400 paid to the Indemnity Reserve. The Escrow Agent is responsible for all Federal income and other tax reporting related to these amounts and any future amounts Class B Interests may receive.

Specifically, the Class B Interests are entitled to receive 22% of the net proceeds, if any, recovered from the contingent and unliquidated claims against the Debtors’ former accountants arising from or relating to the accounting issues which were the subject matter of the Securities Class Action Lawsuit. In December 2006, a settlement with the Debtor’s former accountants was approved by the Bankruptcy Court as more particularly

described below in Note 3, and funds were distributed to the Escrow Agent. There will be no future distribution to Class B Interests.

The Trust Agreement sets forth a time limit of five years for the disposition of the Trust's assets and distribution to the unit holders unless the Court, upon motion, determines that a fixed period extension is necessary to facilitate or complete the recovery and liquidation of the Trust assets and winding up of its affairs.

The accompanying financial statements for the Trust are unaudited. In the opinion of the Trustee, the financial statements reflect all adjustments necessary for a fair presentation of the financial position and income and expenses of the Trust as prepared on a Federal income tax basis.

Note 2 – Basis of Accounting

Basis of presentation: The accompanying financial statements have been prepared in accordance with Federal Income Tax Reporting Principles ("FITR"). Accordingly, certain revenue and the related assets are recognized when received rather than when earned; certain expenses are recognized when paid rather than when the obligation is incurred; and assets are reflected at their tax basis. For information concerning the financial statements prepared based on accounting principles generally accepted in the United States of America, reflecting an entity in liquidation, and a reconciliation of the Trust's FITR to accounting principles generally accepted in the United State of America, reflecting an entity in liquidation, see Note 6.

Valuation of Assets and Liability: The Trust Equity balance on July 22, 2005 was equal to \$45,026. The Trust Equity balance excludes certain assets and liabilities that have been retained by IMPATH as described in Note 4.

Income taxes: For Federal income tax purposes, the July 22, 2005 transfer of assets of \$45,026 to the Trust and distribution to stockholders of Class A Interests was treated as a partial liquidating distribution of assets by IMPATH to its stockholders and a

contribution by the stockholders of such net assets to the Trust in return for Class A Interests. There were no transfer of assets to the Trust in 2007.

The Trust is treated as a grantor trust and not a corporation. Accordingly, any income or loss of the Trust will not be taxable to the Trust but will be taxable to the Class A Interests as if the Class A Interest had themselves realized the income or loss from their pro rata interest in the Trust assets.

Net income / (loss) per unit: Net income / (loss) per Class A Interest unit is calculated by dividing net income / (loss) of the Trust by the number of Class A Interests.

Cash and cash equivalents: All investments in money market funds are included as cash equivalents.

Note 3 – 2006 Trust Income from Litigation Settlement and Distribution of Proceeds in 2007

Pursuant to the Stipulation of Settlement, as incorporated into the Plan, all litigation claims which belong to the Debtors and the Former Shareholders were absolutely and unconditionally assigned to the Trustee to prosecute, abandon or settle, subject to Bankruptcy Court approval.

On July 27, 2005, the Trustee filed a Complaint in the U.S. District Court for the District of New Jersey (Case No. 05-cv-03756-DMC-MF) (the “New Jersey Court”) against the Debtors’ former accountants (the “Former Accountants”) for damages arising out of the Former Accountants’ alleged knowing and/or reckless participation in Impath’s pre-petition accounting fraud.

Following preliminary motions and discovery, the Trustee and Former Accountants, after extensive negotiations, entered into a Settlement in November 2006 (the “Former Accountants Settlement”). After notice to all parties-in-interest, the Bankruptcy Court entered an Order approving the unopposed settlement on December 12, 2006, and setting

December 29, 2006 as the record date for determining holders of Class A Beneficial Interests entitled to distributions from the Former Accountants Settlement.

The aggregate amount of the Former Accountants Settlement was \$23,150. Pursuant to the Stipulation of Settlement, as incorporated into the Plan, after fees and expenses, 22% of the net proceeds received by the Trustee from prosecution or settlement of the Litigation Claims was to be distributed by the Trustee to the escrow agent for a Class Action Settlement Fund (the “Class Action Fund”) for distribution to Former Shareholders, and the balance of 78% of the net proceeds was to be distributed by the Trustee to the holders of Class A Beneficial Interests in the Liquidating Trust.

After deducting fees and expenses and other adjustments, the Former Accountants Settlement produced \$4,516 for the Class Action Fund and \$16,794, or \$1.00 per unit, for the Class A Beneficial Interest holders. The Escrow Agent for the Class Action Fund received the Former Shareholders’ distribution on or about December 27, 2006; the Trustee issued his distribution checks to the Class A Beneficial Interest holders, in the aggregate amount of \$16,794 on account of the Former Accountants Settlement, on January 10, 2007.

Note 4 - Contingent Assets and Liabilities

Pursuant to a motion filed in the Bankruptcy Court, dated June 30, 2005, certain technical amendments were made to the Plan that allowed the IMPATH Post-Dissolution Trustee to retain certain assets for purposes of implementing the Plan. Certain contingent assets were not transferred to the Trust on the Effective Date and are not included in the Trust Equity balance as of the Effective Date. Mr. Schnelling also serves as the IMPATH Post-Dissolution Trustee.

Assets include:

Income Tax Refunds

The Trustee and its predecessor, the Debtors, have filed federal, state and local tax refund claims related to years 1995 through 2005.

Beginning in December 2005, the Internal Revenue Service (the “IRS”) audited the Debtor’s original and amended federal income tax returns for years 1999 through 2005. The IRS completed its field work in the summer of 2007. In December 2007, the Trustee announced that the IRS office in New York City had recommended approval to the Joint Committee on Taxation, the Committee of the Congress that must approve all refunds over \$2,000, of a refund to the Debtors covering the calendar years 1995 through 2005 in the amount of \$22,650, plus interest. In January 2008, the Trustee was advised that the Joint Committee on Taxation had given formal approval to the refund. The IRS is in the process of closing the case and sending the files to the IRS Service Center in Ogden, Utah that will calculate the interest and release the refund. The Trust cannot predict with any degree of certainty how long the processing of the refund will take, however based on discussions with IRS personnel, the Trustee has been advised to expect to receive the refund within ninety days. When the refund is paid, the Trust will make another distribution to the Class A Beneficial Interests. Interest on the federal income tax refunds will be taxable income to Impath Inc when received in 2008, and the appropriate income taxes will be made with federal, state and local jurisdictions out of the proceeds.

Through December 31, 2007, the Trust has recovered \$2,019 of state and local tax refunds have been collected to date. The Trust has outstanding state and local income tax refunds of \$4,863 to recover. These state and local income tax refunds have been held by the states and local jurisdictions pending the resolution of the IRS audit of years 1999 through 2005. Interest accrues at the various state and local rates, where applicable, on the state and local refund claims filed. While the federal taxable income is the basis for the calculation of most state and local income taxes (with the exception of capital based taxes such as New York), each state and local jurisdiction may raise other issues regarding allocation and apportionment of income to a particular state or local government. The Trustee cannot predict how long this process will take or whether the amounts of the refunds claimed will be allowed in whole or in part.

Genzyme Dispute

The Genzyme dispute arises from the Asset Purchase Agreement (“APA”) pursuant to which Genzyme Corporation (“Genzyme”) purchased Impath’s core businesses. The APA

provided for a purchase price of \$215,000, subject to certain adjustments, including a “Purchase Price Adjustment” based on the “Working Capital of the Business” at closing compared to the “Target Working Capital”.

In accordance with the APA, \$2,700 of the Purchase Price was placed in escrow (the “Escrow”), with an escrow agent (the “Escrow Agent”), pending the final determination of the Purchase Price Adjustment and, at closing, Genzyme paid the Debtors the sum of \$212,083.

Following closing, Genzyme asserted a claim against the Debtors for a substantial Purchase Price Adjustment and requested return of \$7,614 paid by Genzyme as part of the purchase price. Genzyme also filed identical administrative claims in the amount of \$7,614 in three of the Debtors’ chapter 11 cases based on its claim for Purchase Price Adjustment. The Debtors disputed Genzyme’s claim and asserted Genzyme owed an additional sum in excess of \$4,000, increasing the amount due under the APA. The Trustee reserved a sum sufficient to cover the difference between the Escrow Amount and the asserted Genzyme claim.

Under the APA, any dispute regarding a Purchase Price Adjustment was to be submitted to a nationally-recognized independent accounting firm for binding arbitration. Pursuant to the APA, and after extensive discussion and negotiation, Genzyme and the Trustee agreed on the selection of Dennis S. Neier of Eisner LLP, as the “Working Capital Referee” to resolve their dispute.

The arbitration began in August 2006. In the arbitration, each party asserted against the other a claim of \$10,000 (or more). The arbitration was scheduled for hearing beginning on February 26, 2007, with sixteen days set aside for trial.

After intensive discovery and extensive negotiations, in December 2006, the Trustee and Genzyme entered into a Settlement (the “Genzyme Settlement”), subject to Bankruptcy Court approval, under which: (i) Genzyme’s administrative claim was reduced and

allowed in the amount of \$1,350 in the Impath Inc. case and disallowed in the other two cases, and the Trustee released his counterclaim against Genzyme; (ii) the Escrow Agent was directed to pay Genzyme from the Escrow the sum of \$1,350, less its share of escrow fees, in full satisfaction of Genzyme's allowed administrative claim and to pay the Trustee the balance of the Escrow of \$1,350, plus accrued interest in the amount of approximately \$206, less his share of escrow fees, each promptly after entry of the order approving the Genzyme Settlement; (iii) the parties would exchange mutual releases of all claims against each other subject to their agreement that certain provisions of the APA would continue in effect; and (iv) in the event of an appeal and final reversal of the order approving the Genzyme Settlement, Genzyme and the Trustee would return the escrow the Escrow Agent, the Trustee would reserve for the full amount of the Genzyme administrative claim, the settlement would become null and void, and the parties would resume arbitration.

Following uncontested notice to all parties-in-interest, the Bankruptcy Court entered an Order approving the Genzyme Settlement on December 28, 2006, setting December 29, 2006 as the record date for determining holders of Class A Beneficial Interests entitled to distribution from the Genzyme Settlement.

No appeal having been taken, on December 28, 2006, the Escrow Agent was jointly directed by the Trustee and Genzyme to disburse, and so disbursed, all sums from the Escrow in accordance with the Genzyme Settlement.

On January 9, 2007, the Trustee distributed cash in the aggregate amount of \$6,046, or an additional \$.36 per unit, to the holders of record of Class A Beneficial Interests under the Plan, on account of the Genzyme Settlement, including amounts previously reserved. This distribution has been reported on the 2007 IRS Form 1099-DIV to holders of record of Class A Beneficial Interests.

Liabilities include:

- (i)
- (ii) Remaining Omnibus Claims.

On November 18, 2005, the Trustee filed the Ninth Omnibus Objection to Proofs of Claim (Late) (Books and Records) (CBOE and Adelson Claims) (Docket No. 1444) (the "Ninth

Omnibus Objection"). Only one claim remains, a priority tax claim by New York State for income taxes in the amount of \$443 , which the Trustee disputes. The Trustee believes that he will be able to resolve the New York state income tax dispute based upon the recent resolution of the IRS audit previously discussed.

Other Possible Amounts from IMPATH.

As of December 31, 2007,, there is approximately \$3,400 of cash at Impath Inc and \$748 of cash at the Liquidating Trust. To the extent funds are not required for the disputed claim or future administration of the estate, they will be distributed to the holders of Beneficial Interests.

Note 5– Future Distribution of Trust Assets

On August 12, 2005, the Trust paid a cash distribution of \$2.55 per Unit of Class A Interests to the holders of record on August 5, 2005. There were no other cash distributions in 2005 and no cash distributions in 2006 from the Trust to the Class A Interests.

On January 10, 2007, The Trust paid a cash distribution of \$16,794 to the Class A Beneficial Interest holders on January 10, 2007.

Future distributions from the Trust or from the Impath Inc Post-Dissolution Trustee may occur at such time as the Trustee determines there is Available Cash as set defined in the Plan.

Note 6 – Differences between Federal Income Tax Reporting Principles and Accounting Principles Generally Accepted in the United States of America, Reflecting an Entity in Liquidation

These financial statements have been prepared in accordance with Federal Income Tax Reporting Principles (“FITR”) which differ in certain respects with those principles and practices that the Trust would have followed had its financial statements been prepared in

accordance with accounting principles generally accepted in the United States of America, reflecting an entity in liquidation (“GAAPLIQ”).

The material differences between FITR and GAAPLIQ, which are relevant to the Trust’s Statement of Operation, Balance Sheet, Statement of Cash Flows and Statement of Changes in Trust Equity, are summarized as follows:

a. Accounting for Investment Securities

For FITR, Investment Securities are carried at original cost, net of premium/ (discount) amortization. This amortization is included in income when interest is collected. For GAAPLIQ, all of the Trust’s securities would be reflected at net realizable value: thus, changes in net realizable value are recognized through income. For FITR, interest income is recorded when collected and for GAAPLIQ, a ratable portion of interest income is recognized at each period end.

b. Accounting for Accrued Liabilities

For FITR, accrued liabilities, other than premium/ (discount) amortization, discussed in subpart a. above, are recorded when paid while for GAAPLIQ, accrued liabilities are recognized as a liability in the period the assets are purchased or the services are incurred.

c. The effect of different treatments described above on the Trust’s financial statements would be as follows:

The Trust incurs legal and administrative costs each month. Under FITR, expenses for legal and administrative costs are recognized when paid. For the year ended December 31, 2007 and 2006, there would have been approximately \$33 and \$36, respectively in accrued legal and administrative expenses under GAAPLIQ.