

IMPATH BANKRUPTCY LIQUIDATING TRUST

FINANCIAL INFORMATION
For the Periods ended
December 31, 2009 and December 31, 2008

IMPATH BANKRUPTCY LIQUIDATING TRUST

Statement of Operations For the Periods of January 1, 2009 through December 31, 2009 and January 1, 2008 through December 31, 2008

(Unaudited)

(Amounts in thousands, except Unit information)

	January 1, 2009 through <u>December 31, 2009</u>	January 1, 2008 through <u>December 31, 2008</u>
Interest income	\$ 5	\$ 12
Other income	\$ <u>0</u>	\$ <u>0</u>
Total Income	\$ 5	\$ 12
Administrative expenses	\$ <u>57</u>	\$ <u>76</u>
Net income / (loss)	\$ (52)	\$ (64)
Net income / (loss) per Unit	\$ (.003)	\$ (.004)
Eligible Units of Class A Beneficial Interests as of December 31st	16,659,815	16,794,309

See accompanying notes to these financial statements.

IMPATH BANKRUPTCY LIQUIDATING TRUST

Balance Sheet

December 31, 2009
and
December 31, 2008

(Unaudited)

(Amounts in thousands)

	December 31, 2009	December 31, 2008
Assets		
Cash and Cash Equivalents	\$ <u>1,099</u>	\$ <u>684</u>
Total Assets	\$ 1,099	\$ 684
Liability and Trust equity		
Trust equity	\$ <u>1,099</u>	\$ <u>684</u>
Total Liability and Trust Equity	\$ 1,099	\$ 684

See accompanying notes to these financial statements.

IMPATH BANKRUPTCY LIQUIDATING TRUST

Statement of Cash Flows

Period January 1, 2009 through December 31, 2009
and
January 1, 2008 through December 31, 2008

(Unaudited)

(Amounts in thousands)

	January 1, 2009 through <u>December 31, 2009</u>	January 1, 2008 through <u>December 31, 2009</u>
Net income / (loss)	\$ (52)	<u>\$ (64)</u>
Net cash provided by/(used for) operating activities	\$ (52)	\$ (64)
Forfeitures of Uncashed Distributions to Class A Beneficial Interest holders	\$ 467	\$ 0
Net increase / (decrease) in cash and cash equivalents	\$ 415	\$ (64)
Beginning Cash and cash equivalents at January 1, 2009 and January 1, 2008, respectively	\$ 684	\$ 748
Ending Cash and cash equivalents at December 31, 2009 and December 31, 2008, respectively	\$ 1,099	\$684

See accompanying notes to these financial statements.

IMPATH BANKRUPTCY LIQUIDATING TRUST

Statement of Changes in Trust Equity

Period January 1, 2009 through December 31, 2009
and
January 1, 2008 through December 31, 2008

(Unaudited)

(Amounts in thousands)

	January 1, 2009 through <u>December 31, 2009</u>	January 1, 2008 through <u>December 31, 2008</u>
Beginning Balance at January 1, 2009 and January 1, 2008, respectively	\$ 684	\$ 748
Net income / (loss)	\$ (52)	\$(64)
Forfeiture of Prior Cash distribution to Class A Beneficial Interest holders	\$ 467	\$ (0)
Ending Balance at December 31, 2009 and December 31, 2008, respectively	\$ 1,099	\$684

See accompanying notes to these financial statements.

IMPATH BANKRUPTCY LIQUIDATING TRUST

Notes to Financial Statements

For the Periods ended

December 31, 2009 and December 31, 2008

(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. Mr. Schnelling died in 2009 and Mr. David Phelps, a Managing Director of Bridge Associates, LLC was appointed Trustee,

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 Holders”) in the Trust on the basis of one unit of Class A Beneficial Interest for each share of IMPATH common stock held on the Record Date (“Class A Interests”). 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. There are 134,494 Class A Interest units not entitled to receive any further distributions from the Trust as a result of previously uncashed distribution checks in accordance with the provisions of the Plan. Therefore, 16,659,815 Class A units are entitled to receive future distributions from the Trust.

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 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 2008.

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 - 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. Phelps also serves as the IMPATH Post-Dissolution Trustee (“Impath”).

Assets include:

(i) Income Tax Refunds

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

Through December 31, 2009, Impath has recovered \$22,694 of federal income taxes plus accrued interest of \$5,492 related to tax years 1995 through 2005 which represented all of the pending federal tax refunds filed by Impath. Additionally, Impath has recovered \$5,606 of state and local tax refunds plus accrued interest of approximately \$449 through December 31, 2009.

The outstanding state and local tax refunds remaining to be recovered are approximately \$1,416, principally from the states of New York, California and Arizona. and California. It is not certain that all of these amounts are recoverable.

The State of California is auditing years 1999 through 2003. The auditor has indicated that there are potential adjustments arising from the audit that may reduce the filed amount of the refunds, but has not indicated the amount of the potential audit adjustments

Impath Inc is not aware of what, if any, audits or additional reviews will be conducted by other jurisdictions with whom outstanding refund claims are pending.

(ii) Litigation

There are no outstanding litigation matters at this time pending in the case.

Liabilities include:

(i) Remaining Omnibus Claims.

There are no unresolved or outstanding omnibus claim matters remaining in the case.

(ii) Accrued Expenses and Possible Income Tax Liabilities

As of December 31, 2008, Impath has accrued professional expenses of approximately \$665K.

During 2009, Impath made estimated federal and state income tax deposits of approximately \$219. The actual amount of federal and state income taxes due for 2009 will be finalized in early 2009 and additional tax payments that may be due will be determined.

Other Possible Amounts from IMPATH.

As of December 31, 2009,, there is approximately \$4,796 of cash at Impath Inc and \$1,099 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 4—Distribution of Trust Assets and Impath Assets

On August 12, 2005, a cash distribution of \$42,958 or \$2.55 per Unit of Class A Interests was paid to Class A Beneficial Interest holders from the Trust.

On January 10, 2007, a cash distribution of \$16,794 or \$1.00 per Unit of Class A interest was paid to Class A Beneficial Interest holders from the Trust.

On January 10, 2007, a distribution in cash liquidation distribution (as indicated in box 8 of the IRS Form 10990 income of \$6,046 or \$.36 per Unit of Class A interests was paid to Class A Beneficial Interest holders from the Impath Inc Post Dissolution Trustee.

On June 3, 2008, a distribution in cash liquidation distribution (as indicated in box 8 of IRS Form 1099) income of \$29,054 or \$1.73 per Unit of Class A interests was paid to Class A Beneficial Interest holders from the Impath Inc Post Dissolution Trustee.

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 5 – 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, 2008 and 2007, there would have been approximately \$665 and \$5, respectively in accrued legal and administrative expenses under GAAPLIQ.