

## **EXHIBIT “B”**

### **Western Asbestos Settlement Trust Claim Report As of December 31, 2007**

This report is submitted pursuant to Section 2.2 (c) (ii) of the Sixth Amendment to and Complete Restatement of Western Asbestos Settlement Trust Agreement, which requires the Trust to file with the Bankruptcy Court a summary of the number and type of claims disposed of during the time period covered by the financial statements (“Accounting Period”). This report summarizes the Trust’s processing of the claims liquidated by default, settlement agreement, or the settlement matrix prior to April 22, 2004, the Effective Date of the Trust (“Pre-Petition Liquidated Claims”) and the claims received since the Effective Date of the Trust (“Trust Claims”).

#### **Pre-Petition Liquidated Claims**

In 2004, the Trust implemented a procedure to pay the Pre-Petition Liquidated Claims in accordance with the Plan, the Trust Distribution Procedures and the Confirmation Order. The Confirmation Order, as amended on April 14, 2004, provided that the initial payment to Pre-Petition Liquidated claimants was to be 31.5% of the total liquidated value of each claim. The total liquidated value of California default claims includes statutory interest.

The Trust paid two (2) Pre-Petition Liquidated Claims during the Accounting Period in the total amount of \$5,182.86, which includes an additional 6.09% to account for inflation based upon the Federal Bureau of Labor Statistics’ Consumer Price Index for Urban Wage Earners and Clerical Workers (“CPI-W”). The Trust has not yet received proper releases for 37 Pre-Petition Liquidated Claims in the total amount of \$645,762.67. That amount is based upon the current Payment Percentage, which was increased by 5.8% from 34.2% to 40% of the total liquidated value in 2007, and includes the inflation adjustment utilized for claims payments made in 2008.

During the Accounting Period, nearly all Pre-Petition Liquidated Claims that had received a payment under the prior Payment Percentage received an additional 5.8% of the total liquidated value. The total paid on those Pre-Petition Liquidated Claims was \$159,724,408.23, which includes the inflation adjustment of 6.09%. As well, the Trust recovered all outstanding amounts overpaid to Pre-Petition Liquidated claimants for duplicate claims and overvalued claims as described in the Claim Report attached as Exhibit “C” to the Trust’s Third Annual Report and Accounting.

#### **Trust Claims**

The following includes claims received and disposed of from January 1, 2007, through December 31, 2007, in accordance with the Case Valuation Matrix (“Matrix”) and the First Amendment to and Complete Restatement of the Western Asbestos Company/Western Mac Arthur Co. /Mac Arthur Co. Asbestos Personal Injury Settlement Trust Distribution Procedures (“TDP”).

The value of each compensable disease is determined by the Matrix and TDP. Claim compensation is adjusted for individual claimants based upon jurisdiction and tort

related individual characteristics including, but not limited to: age, marital status, dependents, medical specials, economic loss, and whether living at the time of commencement of litigation or filing the claim with the Trust. Each valid claim is awarded a total liquidated value. As of December 31, 2007, Trust Claims were paid at the approved Payment Percentage. Payments made on Trust Claims included an additional 6.09% to account for inflation based upon the CPI-W.

During the Accounting Period, all Trust Claims that had received a payment under the prior Payment Percentage received an additional 5.8% of the total liquidated value. The total paid in 2007 on those Trust Claims was \$22,874,070.18, which includes the inflation adjustment.

During the Accounting Period, 937 claims were received and 1,935 claims were processed. During that same time period, 1,135 claims were determined to be valid and properly submitted under the Trust claim requirements. Of those 1,135 claims, 917 claims were paid in the total amount of \$31,052,841.31 and settlement offers remained outstanding for 218 claims.

Based upon the 1,135 claims, the following chart identifies the average total liquidated values for each compensable disease under the Matrix for each jurisdiction, comparing the average total liquidated values in 2007, to the Matrix averages.

Compensable Disease	California Matrix Averages	2007 California Claim Averages	Minnesota Matrix Averages	2007 Minnesota Claim Averages
Grade II Non-Malignant	\$21,816.00	\$18,574.73	\$30,150.00	\$22,997.84
Grade I Non-Malignant	\$51,557.00	\$30,302.98	\$57,200.00	\$30,387.60
Grade I Non-Malignant Enhanced Asbestosis	\$51,557.00	\$58,539.34	\$57,200.00	\$40,711.14
Grade I Non-Malignant Serious Asbestosis	\$199,195.00	\$238,629.27	\$137,050.00	\$164,124.70
Colo-Rectal	\$75,000.00	\$25,402.69	\$73,800.00	\$51,551.00
Esophageal	\$75,000.00	\$26,215.55	\$73,800.00	\$0
Kidney	\$75,000.00	\$15,412.38	\$73,800.00	\$0
Laryngeal	\$75,000.00	\$52,792.75	\$73,800.00	\$40,763.22
Non-Hodgkin's Lymphoma	\$75,000.00	\$97,185.83	\$73,800.00	\$48,387.86
Other Organ Cancer	\$75,000.00	\$14,505.18	\$73,800.00	\$0
Lung Cancer	\$199,195.00	\$78,833.67	\$137,050.00	\$89,597.12
Mesothelioma	\$524,025.00	\$382,028.17	\$316,250.00	\$280,673.00