

# **Exhibit “B”**

EXHIBIT "B"

Western Asbestos Settlement Trust  
Claim Report  
As of December 31, 2004

This report is submitted pursuant to Section 2.2 (c) (ii) of the Western Asbestos Settlement Trust Agreement which requires the Trust to file with the Bankruptcy Court a summary regarding the number and type claims disposed during the period covered by the financial statements. This report summarizes the Trust's processing of the **"Pre-Petition Liquidated Claims" (claims liquidated by default, settlement agreement, or the settlement Matrix prior to filing of the petition)** and the **"Trust Claims" (new unliquidated claims received since April 22, 2004, the Effective Date of the Trust)**.

**Pre-Petition Liquidated Claims**

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 value of each claim. The liquidated value of California default claims included statutory interest.

The procedure was as follows: (1) each claim's settlement details were listed on a Claimants' Chart and reviewed for accuracy and completeness; (2) California default judgments were reviewed to determine the amount of the judgment with accrued interest; (3) Minnesota judgment documents were reviewed and details confirmed; (4) settlements completed pursuant to the Matrix or other settlement agreements were reviewed as to each claim; (5) for each claim prior amounts paid and credits were identified; (6) for California Default Judgments with interest, an IRS Form W-9 was completed by a claimant and provided to the Trust; (7) the Trustees, the Futures Representative, and a TAC member approved the Claimant Charts and the amounts to be disbursed; and (8) the approved amount was distributed when the Trust received appropriate release documents. The release format was agreed to by the settling insurance companies.

As part of the appropriate release documents, declarations were required on behalf of claimants from each firm certifying that the law firm had reviewed their Claimant Chart for accuracy regarding the calculation of interest, amounts previously paid to the claimant, the amount to be paid to claimant, that the amount was in conformance with the TDP and Order of Confirmation, that claimant was not incapacitated from executing the release, that claimant was

entitled to recover, that attorneys fees would not exceed 25% of the amount paid, and claimant was not subject to IRS withholding requirements.

The Trust approved the initial distribution at its meeting of April 29, 2004, and at subsequent meetings thereafter. Of these Pre-Petition Liquidated claims 5448 claims, 5393 were paid during the Accounting Period (April 22, 2004 – December 31, 2004) in the amount of \$646,295,687.04.

### **Trust Claims:**

The claim processing requirements as listed in the Case Valuation Matrix (Matrix) and Trust Distribution Procedures (TDP), (documents drafted and agreed to by the involved parties and the bankruptcy court), were adhered to in establishing claim procedures and forms for “Trust Claims”. The Trust met all Trust document required deadlines in establishing its claim processing operations. The Trust opened its permanent headquarters and was ready to receive claims on August 16, 2004, in Reno, Nevada. A Trust website was established and all trust documents, trust notifications, claim forms, and procedures were posted and timely updated. [www.wastrust.com](http://www.wastrust.com)

Compensation for 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 special, economic loss, and whether living at the time of commencement of litigation or filing of a claim with the Trust. Each valid claim is awarded a total liquidated value. The Trust currently pays the claimant at an approved Payment Percentage” of 31.5% of the total liquidated value.<sup>1</sup>

The first unliquidated “Trust Claim” was received on August 24, 2004. Between August 24, 2004 and December 31, 2004, the Trust received 1,475 claims.

As of October 6, 2004, the Trust had received only 333 claims submitted by three law firms. These submissions were below the expected filings. Based on the complexity of the TDP and Matrix and the slow submission rate, the Trust implemented a claims out-reach program. The plan was to visit law firms that represented asbestos claimants that had historically sued Western/Mac Arthur distributed products, and present a claim processing seminar geared to the individual firm needs. Between October 13<sup>th</sup> and December 8, 2004 eight law firms were visited in California and Minnesota by the Director of Claims. Claim

---

<sup>1</sup> The TDP (page 16, Section 4.2) requires that the Trustees shall consider the applicable Payment Percentage to assure it is based on accurate information on the first day of January after the Plan is confirmed and no less than every 3 years, or at any time reconsider this at the request of either the TAC or the Futures Representative.

submissions increased and by the end of the year 14 law firms were submitting claims to the Trust.

The first Release Authorization letters, (the Trust's communication of settlement offers), went out to the first 21 valid and complete claims on October 27, 2004. This was just 64 days (47 business days) after the Trust received the first claim<sup>2</sup>.

Once a claimant receives a Release Authorization, and the claimant accepts the offer, the claimant or claimant's attorney generates the agreed release for the claimant's signature. Upon the receipt of the signed release at the Trust, the Trust issues the settlement check.<sup>3</sup>

As of December 31, 2004, 183 claims had been determined to be valid and properly submitted under the Trust claim requirements. Of those claims, 111 received their Release Authorization letters, which included the calculated settlement offer under the Trust Matrix. Seventy-two of these valid claims have submitted signed releases and have received payment from the Trust. The total value of these 183 claims both as to "liquidated value" and the actual payment of 31.5% of that value is reflected in the chart below.

### ***Trust Claims (Settled or Settlement Offer Made)<sup>4</sup>***

---

Count	183 <sup>5</sup>
Liquidated Value	\$41,904,083.28
Payment Percentage @ 31.5%	\$13,199,786.24
Average Liquidated Value (per claim)	\$228,984.06
Average Payout @ 31.5% (per claim)	\$72,129.98

---

<sup>2</sup> The Trusts' asbestos consultant reported that to his knowledge, no other asbestos settlement trust has paid claims in less than a year from the time the trust was formed.

<sup>3</sup> It has been the Trust experience that it averages 10 days after receipt of the signed release for the settlement check to be sent to the claimant's law firm.

<sup>4</sup> The statistics for claims settled or settlement offer made in the total Liquidated Value in this Claim Report differ in the amount of \$21,690 from the amount delineated in the audited financials. The reasons for the variation are as follows: a) The Trust's claim processing system (WestCPS) generated the year-end payment-by-disease statistics as of April 2, 2005. The Audited Financial Statements utilized the year-end payments (and settlement offers made) as of December 31, 2004. b) Both the WestCPS system and the hand count of the claims are in agreement that 183 claims were settled or had settlement offers made as of December 31, 2004. c) There were slight variances due to rounding. d) In some cases, minor adjustments were made to a settlement offer and claim amount paid if new information was submitted after December 31, 2004, which allowed for an increase in the amount of the offer and final payment.

<sup>5</sup> All of the 183 claims were submitted as California claims, thus being compensated under the settlement values listed under the matrix for that jurisdiction.

The following chart reflects the disease break down, averages, and the highest and lowest values for the 183 claims.

## Liquidated Value of Claims by Disease (Before Payment %)

(Includes Settled Claims and Claims Where Settlement Offer Made)

<b>Diagnosis</b>	<b>Count</b>	<b>Average</b>	<b>High</b>	<b>Low</b>
Grade II Non-Malignant	38	\$27,507.85	\$71,602.77	\$5,200.72
Grade I Non-Malignant	19	\$42,607.91	\$87,759.40	\$13,045.19
Grade I Non-Malignant Enhanced	24	\$71,508.88	\$174,953.30	\$8,482.58
Colo-Rectal	1	\$154,380.20	\$154,380.20	\$154,380.20
Esophageal	1	\$145,695.13	\$145,695.13	\$145,695.13
Other	1	\$118,417.99	\$118,417.99	\$118,417.99
Grade I Non-Malignant Serious Asbestosis	11	\$340,613.36	\$762,371.61	\$43,332.93
Lung Cancer	32	\$235,308.10	\$678,994.20	\$39,510.89
Mesothelioma	56	\$475,677.18	\$1,398,320.19	\$135,142.94
	<b>183</b>	<b>\$228,984.06</b>	<b>\$1,398,320.19</b>	<b>\$5,200.72</b>

As of December 31, 2004, five claims had been withdrawn and 1,287 claims were in process.