

EXHIBIT "C"

Western Asbestos Settlement Trust Claim Report As of December 31, 2006

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 of the number and type of claims disposed of 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 the filing of the bankruptcy petition) and the "Trust Claims" (new unliquidated claims received since April 22, 2004, the Effective Date of the Trust).

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 (TDP) 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 vast majority of Pre-Petition Liquidated Claims were paid between April 22, 2004 and December 31, 2004 (See Exhibit B, Western Asbestos Settlement Trust Claim Report, attached to the 2004 Annual Report of the Trust). Twenty-four Pre-Petition Claims were paid in 2005. The actual payments made in 2005 for these 24 claims totaled \$419,190.83. By December 31, 2005, the Trust had paid 99.9% of all Pre-Petition Liquidated Claims. The Trust awaits the proper release documents for the remaining 39 unpaid Pre-Petition Liquidated Claims.

For nearly all Pre-Petition Liquidated Claims that had received a payment under the prior payment percentage, the Trust made payments in 2006 of an additional 2.7% of each claim's respective total liquidated value, based upon the Trust's decision to increase the payment percentage to 34.2%, effective January 1, 2006. The total paid on these previously paid Pre-Petition Liquidated Claims was \$72,135,428, which included an additional 3.4% to account for inflation, based upon the Federal Bureau of Labor Statistics' Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

In 2006, overpayments to Pre-Petition Liquidated claimants for duplicate claims and overvalued claims were identified in the total amount of \$796,208. The Trust recovered \$504,505 of these funds and an additional \$72,981 is held as a receivable to be deducted from any future payments due. The Trust has requested the attorneys' fees collected on all overpayments still outstanding in the total amount of \$38,696, whether or not currently recovered from claimants, be returned to the Trust. The remaining \$180,026 will be recovered from claimants if and when the Payment Percentage is increased. The overpayments were the result of inaccurate spreadsheets provided by outside counsel to the Trust.

Trust Claims

This claim report includes claims received and disposed of from January 1, 2006 through December 31, 2006 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, 2006, the Trust was paying the claims at an approved Payment Percentage of 34.2% of the total liquidated value.¹

From January 1, 2006 through December 31, 2006, 1,626 claims were received. During that same period, 1,532 claims were determined to be valid and properly submitted under the Trust claim requirements. Of those 1,532 claims, 1,408 claims were paid by the Trust in the total amount of \$47,127,263, and offers remained outstanding for 124 claims. As in the case of the Pre-Petition Liquidated Claims, payments made on Trust claims included a 3.4% payment to account for inflation, based upon the CPI-W. The below chart reflects the total liquidated value for those 1,532 claims.

Trust Claims (Paid or Settlement Offer Made)

Count	1,532
Liquidated Value	\$139,705,007.11
Average Liquidated Value (per claim)	\$91,191.26

Based upon those 1,532 claims, the below chart presents the total liquidated value averages for each compensable disease under the Matrix, comparing the average total liquidated values at the end of 2005 to the averages for claims paid or settlement offers made in 2006, and to the Matrix averages. This chart also includes a breakdown of these claim averages, by disease, for each jurisdiction.

Diagnosis	California Averages			Minnesota Averages		
	Matrix	12/31/2005	12/31/2006	Matrix	12/31/2005	12/31/2006
G II	21,816	21,630	19,004	30,150	24,885	24,748
G I	51,557	68,768	70,035	57,200	37,394	36,483

¹ 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.

Other Cancer	75,000	78,027	40,628	73,800	48,006	53,185
Lung Cancer	199,195	177,739	121,501	137,050	116,589	114,003
Mesothelioma	525,025	439,317	429,328	316,250	291,438	278,789

The Trust made payments in 2006 of an additional 2.7% of each claim's respective total liquidated value for all Trust claims that had received a payment under the prior payment percentage. The total payments made in 2006 for Trust claims paid in 2004 and 2005 was \$5,205,489, which included an additional 3.4% to account for inflation, based upon the CPI-W.

As of December 31, 2006, 1,233 claims were in process. From August 16, 2004 (the date the Trust was operational to accept claims) through December 31, 2006, the total number of claims submitted to the Trust was 4,972. Of those 4,972 claims, 797 claims have been withdrawn, and the total number of Trust claims paid and with settlement offers outstanding during that same time period was 2,942.