"EXHIBIT A"

Grant Thornton

Financial Statements and Report of Independent Certified Public Accountants

Western Asbestos Settlement Trust

December 31, 2007 and 2006

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Report of Independent Certified Public Accountants

To the Trustees of
Western Asbestos Settlement Trust

We have audited the accompanying special-purpose statements of net claimants' equity of Western Asbestos Settlement Trust (the Trust), organized in the State of Nevada, for the years ended December 31, 2007 and 2006, and the related statements of changes in net claimants' equity and cash flows for the years then ended. These special-purpose financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note A, these special-purpose financial statements were prepared on a special-purpose basis of accounting and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States. The special-purpose basis of accounting has been used in order to present the amount of equity presently available to current and future claimants.

In our opinion, the accompanying special-purpose financial statements of Western Asbestos Settlement Trust, as of and for the years ended December 31, 2007 and 2006, are fairly presented, in all material respects, on the basis of accounting described in Note A.

Our audit was conducted for the purpose of forming an opinion on the special-purpose financial statements taken as a whole. The supplementary schedule is presented for purposes of additional analysis and is not a required part of the special-purpose financial statements. This information has been subjected to the auditing procedures applied in our audit of the special-purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the special-purpose financial statements taken as a whole.

This report is intended solely for the information and use of the management of the Trust and Trustees, the beneficiaries of the Trust, the Futures Representative, the Futures Counsel, the members of the Trust Advisory Committee, and the United States Bankruptcy Court for the Northern District of California, Oakland Division and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report which, upon filing with the United State Bankruptcy Court for the Northern District of California, Oakland Division is a matter of public record.

Grant Thornton LLP

Reno, Nevada
April 15, 2008

Western Asbestos Settlement Trust

STATEMENTS OF NET CLAIMANTS' EQUITY

December 31,

	2007	2006
ASSETS		
Cash, cash equivalents and investments		
Available-for-sale		
Restricted	$ 56,342,302	$ 56,042,990
Unrestricted	966,239,650	1,129,094,122
Total cash, cash equivalents and investments	1,022,581,952	1,185,137,112
Accrued interest and dividend receivables	8,225,731	9,083,119
Purchased interest	686,137	463,316
Prepaid federal income tax	2,133,754	4,258,428
Total assets	$ 1,033,627,574	$ 1,198,941,975
LIABILITIES		
Accrued expenses	$ 824,690	$ 1,100,553
Claim processing deposits	498,500	674,250
Deferred tax liability	14,420,000	8,188,000
Unpaid claims (Note D)		
Outstanding offers	9,397,346	10,784,088
Pre-petition liquidated claims	645,764	604,926
Reimbursement obligation	27,434,246	26,676,440
Lease commitments payable	136,566	36,624
Total liabilities	$ 53,357,112	$ 48,064,881
NET CLAIMANTS' EQUITY	$ 980,270,462	$ 1,150,877,094

The accompanying notes are an integral part of these statements.

Western Asbestos Settlement Trust

STATEMENTS OF CHANGES IN NET CLAIMANTS' EQUITY

For the years ended December 31,

	2007	2006
Net claimants' equity, beginning of year	$ 1,150,877,094	$ 1,161,412,077
Additions to net claimants' equity		
Initial funding	4,041	-
Investment income	40,644,401	42,558,920
Thorpe facility income received	298,308	126,000
Net decrease in outstanding claim offers	1,386,742	-
Net decrease in lease commitments payable	-	73,248
Net realized and unrealized gains on available-for-sale securities	15,738,730	29,559,324
Total additions	58,072,222	72,317,492
Deductions from net claimants' equity		
Operating expenses	2,655,094	1,663,514
Provision for income taxes	11,468,672	17,879,129
Claims settled	213,697,340	62,127,398
Net increase in outstanding claim offers	-	387,290
Net increase in lease commitments payable	99,942	-
Net increase in reimbursement obligation	757,806	795,144
Total deductions	228,678,854	82,852,475
Net claimants' equity, end of year	$ 980,270,462	$ 1,150,877,094

The accompanying notes are an integral part of these statements.

Western Asbestos Settlement Trust

STATEMENTS OF CASH FLOWS

For the years ended December 31,

	2007	2006
Cash inflows:		
Initial funding	$ 4,041	$ -
Investment income receipts	41,278,968	42,663,138
Increase in claim processing deposits	-	123,000
Net realized gains on Available-for-sale securities	6,178,097	-
Thorpe facility income	298,308	126,000
Total cash inflows	47,759,414	42,912,138
Cash outflows:		
Claim payments made	213,656,502	124,558,573
Total cash claim payments	213,656,502	124,558,573
Net realized losses on Available-for-sale securities	-	2,184,574
Decrease in claim processing deposits	175,750	-
Disbursements for Trust operating expenses	2,930,957	2,146,781
Disbursements for Trust income taxes	3,111,998	9,750,000
Total cash outflows	219,875,207	138,639,928
Net cash outflows	(172,115,793)	(95,727,790)
Non-cash changes:		
Net unrealized gains on available-for-sale securities	9,560,633	31,743,899
NET DECREASE IN CASH, CASH EQUIVALENTS AND INVESTMENTS AVAILABLE-FOR-SALE	(162,555,160)	(63,983,891)
Cash, cash equivalents and investments available-for sale, beginning of year	1,185,137,112	1,249,121,003
Cash, cash equivalents and investments available-for-sale, end of year	$ 1,022,581,952	$ 1,185,137,112

The accompanying notes are an integral part of these statements.

Western Asbestos Settlement Trust

NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

NOTE A - SUMMARY OF ACCOUNTING POLICIES

1. Description of Trust

The Western Asbestos Settlement Trust (the Trust), organized pursuant to the laws of the state of Nevada with its office in Reno, Nevada, was established pursuant to the Western Asbestos Company (Western Asbestos), Western Mac Arthur Co. (Western Mac Arthur) and Mac Arthur Co. (Mac Arthur), (collectively the Debtors), Second Amended Joint Plan of Reorganization (the Plan), dated November 22, 2002. The Trust was formed to assume the Debtors' liabilities resulting from pending and potential litigation involving individuals exposed to asbestos who have manifested asbestos-related diseases or conditions; liquidate, resolve, pay and satisfy all current and future asbestos related claims in accordance with the Plan; preserve, hold, manage and maximize the Trust assets for use in paying and satisfying allowed asbestos related claims; prosecute, settle and manage the disposition of the asbestos in-place insurance coverage; and prosecute, settle and manage asbestos insurance coverage actions. Upon approval of the Plan, the Trust assumed liability for existing and future asbestos health claims against the Debtors. The Trust was created effective April 22, 2004.

The Trust was initially funded with cash, Western Asbestos securities, notes receivable and insurance settlement proceeds. Since its creation, all notes receivable have been collected. The Trust's funding is dedicated solely to the settlement of asbestos health claims and the related costs thereto, as defined in the Plan.

The Trust processes and pays all asbestos related claims in accordance with the Western Asbestos Settlement Trust Agreement, as amended and restated, the Case Valuation Matrix (Matrix) and Trust Distribution Procedures (TDP) (collectively, the Trust Procedures).

2. Special-Purpose Accounting Methods

The Trust's financial statements are prepared using special-purpose accounting methods that differ from accounting principles generally accepted in the United States. The special-purpose accounting methods were adopted in order to present the amount of equity available for payment of current and future claims. These special-purpose accounting methods are as follows:

a. The financial statements are prepared using the accrual basis of accounting, as modified below.

b. The funding received from Western Asbestos, Western Mac Arthur and its liability insurers is recorded directly to net claimants' equity. These funds do not represent income of the Trust. Offers for asbestos health claims are reported as deductions from net claimants' equity and do not represent expenses of the Trust.

c. Costs of non-income producing assets, which will be exhausted during the life of the Trust and are not available for satisfying claims, are expensed when incurred. These costs include acquisition costs of computer hardware, software, software development, office furniture, leasehold improvements, and other prepaid expenses such as rent and insurance.

d. Future fixed liabilities and contractual obligations entered into by the Trust are recorded directly against net claimants' equity. Accordingly, the future minimum rental commitments outstanding at period end for non-cancelable operating leases, net of any sublease agreements, have been recorded as deductions from net claimants' equity.

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

2. **Special-Purpose Accounting Methods** - Continued

   e. The liability for unpaid claims reflected in the statement of net claimants' equity represents settled but unpaid claims and outstanding offers. A claims liability is recorded once an offer is made to the claimant at the amount equal to the expected pro rata payment. No liability is recorded for future claim filings and filed claims on which no offer has been made. Net claimants' equity represents funding available to pay present and future claims on which no fixed liability has been recorded.

   f. Available-for-sale securities are recorded at market. All interest and dividend income on available-for-sale securities, net of investment expenses is included in investment income on the statement of changes in net claimants' equity. Net realized and unrealized gains and losses on available-for-sale securities are recorded as a separate component on the statement of changes in net claimants' equity.

   g. Realized gains and losses on available-for-sale securities are recorded based on the security's amortized cost. At the time a security is sold, all previously recorded unrealized gains and losses are reversed and recorded net, as a component of other unrealized gains and losses in the accompanying statement of changes in net claimants' equity.

3. **Cash and Cash Equivalents**

   Cash and cash equivalents include demand deposit accounts and cash invested in money market funds.

4. **Deposits**

   Claims processing deposits represent filing fees collected for each unliquidated claim which fees are refunded by the Trust if the claim is paid.

5. **Use of Estimates**

   The preparation of financial statements in conformity with the special-purpose accounting methods described above requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions to net claimants' equity during the reporting period. Actual results could differ from those estimates. Significant accounting estimates made by management include the balance due on reimbursement obligations.

6. **Concentration of Credit Risk**

   Financial instruments that potentially subject the Trust to concentrations of credit risk consist principally of cash and cash equivalents. Cash equivalents consist of money market accounts. Cash equivalents and demand deposits are maintained with high credit quality financial institutions. Cash and cash equivalents are in excess of Federal Deposit Insurance Corporation insurance limits. The Trust believes it is not exposed to significant credit risk on cash and cash equivalents.

7. **Reclassifications**

   Certain reclassifications have been made to the December 31, 2006 financial statements to conform to the December 31, 2007 presentation. The reclassifications have no effect on net earnings.

Western Asbestos Settlement Trust

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2007 and 2006

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS

The Trust has classified its investments as available for sale, and recorded the securities at market value, as follows:

	December 31, 2007	
	Cost	Market
Restricted:		
Cash equivalents	$ 56,342,302	$ 56,342,302
Unrestricted:		
Cash demand deposits	$ 642,208	$ 642,208
Cash equivalents	60,086,372	60,086,372
Equity securities	187,170,714	226,727,769
U.S. Government obligations	56,684,513	57,299,918
Municipal bonds	492,784,180	494,820,380
Mortgage backed securities	104,810,848	104,463,624
Corporate and other debt	22,664,477	22,199,379
	$ 924,843,312	$ 966,239,650

	December 31, 2006	
	Cost	Market
Restricted:		
Cash equivalents	$ 56,042,090	$ 56,042,990
Unrestricted:		
Cash demand deposits	$ 245,659	$ 245,659
Cash equivalents	85,203,320	85,203,320
Equity securities	203,611,687	238,886,485
U.S. Government obligations	110,541,770	109,323,427
Municipal bonds	518,364,315	517,101,510
Mortgage backed securities	141,269,784	140,338,331
Corporate and other debt	38,030,827	37,995,390
	$1,097,267,362	$1,129,094,122

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS - Continued

The maturities of the Trust's available-for-sale securities at market value (excluding cash equivalents) are as follows as of December 31, 2007:

	Less than 1 Year	After 1 Year Through 5 Years	After 5 Years Through 10 Years	After 10 Years
U.S. Government obligations	$ -	$ 935,259	$ 5,091,169	$ 51,273,490
Municipal bonds	9,489,864	102,544,761	186,860,681	195,925,074
Mortgage backed securities	-	11,223,984	4,107,733	89,131,907
Corporate and other debt	-	7,460,508	11,666,969	3,071,902
	$9,489,864	$122,164,512	$207,726,552	$339,402,373

NOTE C - FIXED ASSETS

The cost of non-income producing assets that will be exhausted during the life of the Trust and are not available for satisfying claims are expensed as incurred. Since inception, the cost of fixed assets expensed, net of disposals, include:

Acquisition of furniture and equipment	$ 59,835
Acquisition of computer hardware and software	481,590
	$541,425

These items have not been recorded as assets, but rather as operating expenses and direct deductions from net claimants' equity in the accompanying financial statements. The cost of fixed assets that were expensed during the years ended December 31, 2007 and 2006 were $41,867 and $106,507, respectively.

Total depreciation expense related to asset acquisition using accounting principles generally accepted in the United States would have been approximately $ 127,995 and $148,742 for the years ended December 31, 2007 and 2006, respectively.

NOTE D - CLAIM LIABILITIES

The Trust distinguishes between claims that were resolved prior to the establishment of the Trust and claims received and processed using the Trust Procedures after the creation of the Trust (Trust Claims). The claims filed prior to the creation of the Trust were grouped into three categories: default, matrix and settlement claims (Pre-petition Liquidated Claims).

The cases underlying the Pre-petition Liquidated Claims were stayed by the courts until the Plan was approved. The Trust approved and immediately made offers to pay, subject to receiving a claimant release, the approved Payment Percentage of the liquidated value of each Pre-Petition Liquidated Claim. Certain Pre-petition Liquidated Claims were further reduced by payments made by the debtors' insurers prior to the formation of the Trust.

For all claims, a liability for unpaid claims is recorded at the time the offer is extended and the release authorization is sent. Funds are released after the release is signed and received by the Trust. Unpaid claims liabilities remain on the Trust's books until the offer is accepted, rejected or expires after six months. Offers may be extended an additional six months upon written request and good cause. As of the years ended December 31, 2007 and 2006, there were no expired offers. The Trust processed and approved approximately $28,700,000 and $47,500,000 of Trust Claims during the years ended December 31, 2007 and 2006, respectively.

All claimants are entitled to the full liquidated value of their claim. Under the TDP, claimants receive an initial pro rata payment equal to the approved Payment Percentage of the claims' liquidated value. The remaining obligation for the unpaid portion of the liquidated amount is not recorded and is not a liability of the Trust, unless the Payment Percentage is increased. In that instance, the Trust would be obligated and retroactively pay the increased percentage to all previously paid claimants.

In February 2006, the Payment Percentage was increased from 31.5% to 34.2%. As a result of the increased Payment Percentage, all claims previously paid, offered or approved received an additional 2.7% of the claim's liquidated value. The Trust estimated and recorded a liability for the increased Payment Percentage of approximately $61,298,000 as of December 31, 2005.

Further, in the interest of treating all claimants equitably in accordance with the Plan, the Trustees have recommended that all payments made during each calendar year include a Cost of Living Adjustment for inflation based upon the Federal Bureau of Labor Statistics' *Consumer Price Index for Urban Wage Earners and Clerical Workers* (CPI-W). Claims liabilities at year end are adjusted for any approved Inflation Adjustments. Inflation adjustments are cumulative. Cumulative Inflation Adjustments of 10.65% and 6.09% are included in outstanding claims liabilities as of December 31, 2007 and 2006, respectively. These adjustments increased outstanding claims by $966,000 and $285,000 as of December 31, 2007 and 2006, respectively.

During 2007, the Trust processed and paid approximately $182,598,000 to claimants under the increased Payment Percentage and Inflation Adjustments.

NOTE E - REIMBURSEMENT OBLIGATIONS

Under the Plan, and as detailed in the Trust Agreement, certain parties were given reimbursement rights to the recovery of fees and expenses incurred in their efforts to obtain Plan approval, along with interest. Under the provisions of the Plan, the Trust also owes interest on this amount from the date of payment by the insurer until repayment by the Trust at the 30-day T Bill rate. The Trust has estimated its liability under this provision based on court ordered fee applications; the dates services were provided; and the 30-day T Bill rate, reduced by an estimate of an amount due from the parties for over-distribution of tax payments while the initial settlements were held in escrow. The trust has estimated this receivable at approximately $1.9 million. No payments were made on the obligation in 2007 or 2006. The resulting remaining liability at December 31, 2007 and 2006 was estimated to be $27,434,246 and $26,676,440, respectively. The actual amount paid under this obligation may differ from this estimate.

NOTE F - COMMITMENTS AND CONTINGENCIES

The Trust leases its offices in Reno, Nevada, under a non-cancelable operating lease. The lease contains escalation provisions, options to extend and expires July 31, 2009.

During the year ended December 31, 2007, the Trust paid $83,156 in rental expense. Future minimum rental commitments under this operating lease, as of December 31, 2007, are as follows:

Years ending December 31,	
2008	$ 88,032
2009	48,534
	$136,566

This obligation has been recorded as a liability in the accompanying financial statements.

NOTE G - NET CLAIMANTS' EQUITY

The Trust was created pursuant to the Plan approved by the United States Bankruptcy Court for the Northern District of California, Oakland Division. The TDP was adopted pursuant to the Plan and concurrently with the Trust Agreement. It is designed to provide fair and equitable treatment for all Trust claims that may presently exist or may arise in the future. The TDP prescribes certain procedures for distributing the Trust's limited assets, including pro rata payments and initial determination of claim value based on scheduled diseases values, jurisdictions, and individual factual information concerning each claimant as set forth in the Trust Procedures.

Under the TDP, the Trust forecasts its anticipated annual sources and uses of cash until the last projected future claim has been paid. A pro rata payment percentage is calculated such that the Trust will have no remaining assets or liabilities after the last future claimant receives his/her pro rata share.

Based on research and testimony presented during the bankruptcy, the court approved an initial payment to claimants of 31.5% payment of the liquidated value of then current and estimated future claims (Payment Percentage). The TDP gives the Trustees, with the consent of the TAC and the Futures Representative, the power to periodically update its estimate of the pro rata payment percentage based on updated assumptions regarding its future assets and liabilities and, if appropriate, propose additional changes in the pro rata payment percentage. In February 2006 and July 2007, the Payment Percentage was increased to 34.2% and 40.0%, respectively, by the Trustees. These changes were made with the consent of the TAC and Futures Representative. The increases were retroactive for claims approved since inception.

NOTE H - EMPLOYEE BENEFIT PLANS

The Trust has established a defined contribution retirement savings plan under Section 401(k) of the Internal Revenue Code for all eligible employees after completion of certain age and service requirements. Employees may voluntarily elect to defer their compensation or fund a Roth IRA and invest in various options for their retirement. The plan allows employees to defer a percentage of their salaries within limits set by the Internal Revenue Code with the Trust matching contributions by employees of up to 4% of their salaries. The total employer contributions and expenses under the plan were approximately $24,200 and $19,200 for the years ended December 31, 2007 and 2006, respectively.

NOTE I - RESTRICTED CASH EQUIVALENTS

To avoid the high costs of director and officer liability insurance, and pursuant to the Trust Agreement, the Trust has elected to be self insured and has established a segregated security fund of $40 million. These funds are devoted exclusively to securing the obligations of the Trust to indemnify the former and current Trustees and officers, employees, agents and representatives of the Trust. The funds are held in a separate Trust bank account, and the investment earnings on these funds accrue to the benefit of the Trust.

As a condition of the Plan, the Trust was required to establish various indemnity and property damage defense funds for the benefit of certain Debtors, related parties and insurers. The total sum of $15,500,000 is required to be held to secure the payment of future claims. A portion of the investment earnings are also restricted for the benefit of the indemnity and property defense funds.

As of December 31, 2007 and 2006, cash equivalents of $56,342,302 and $56,042,990 were respectively restricted for these purposes.

NOTE J - FACILITY SHARING AGREEMENT

The Trust has entered into a facilities sharing agreement with the J. T. Thorpe Settlement Trust, (the Thorpe Trust). The two trusts are related through common Trustees. Under the agreement, and in exchange for advance payments of $21,000 per month, the Trust provides use of its facilities and services relating to administration and claims processing. The agreement expires June 30, 2008, and will automatically renew for additional one-year periods unless either party provides six months written notice. Subsequent to the first anniversary of the agreement, the Trust is required annually to provide a written reconciliation of the annual services costs compared to the advance payments. Any excess of cost over payments or payments over cost is required to be repaid by the benefited party with interest. The initial twelve-month reconciliation period ended June 30, 2007 and resulted in an additional payment to the Trust of approximately $46,000. During the year ended December 31, 2007, the reconciliation period was modified. The next reconciliation period will be the eighteen-month period ending December 31, 2008, with twelve-month periods ending December 31 thereafter.

NOTE K - INCOME TAXES

For Federal income tax purposes, the Trust is taxed as a Qualified Settlement Fund (QSF). Income and expenses associated with the QSF are taxed in accordance with Section 468B of the Internal Revenue Code, which obligates the Trust to pay for any federal income tax liability imposed upon the QSF. The statutory income tax rate for the QSF is 35%.

The Trust accounts for income taxes in accordance with the Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes." SFAS No. 109 requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the book and tax basis of assets and liabilities.

The provision for income taxes consists of the following for the years ended December 31, 2007 and 2006:

	2007	2006
Federal income tax – current	$ 5,236,672	$ 6,781,129
Deferred income tax expense	6,232,000	11,098,000
	$11,468,672	$17,879,129

The components of the deferred income tax asset (liability), as presented in the statements of net claimants' equity consisted of the following at December 31:

	2007	2006
Deferred tax asset (liability):		
Depreciation and amortization	$ 21,000	$ 781,000
Capital loss carryforwards	-	2,158,000
Unrealized appreciation	(14,489,000)	(11,139,000)
Other, net	48,000	12,000
	($14,420,000)	($8,188,000)

SUPPLEMENTARY SCHEDULE

Western Asbestos Settlement Trust

SCHEDULE OF OPERATING EXPENSES

For the years ended December 31,

	2007	2006
Accounting	$ 165,508	$ 208,836
Claims processing/claims system development	558,161	378,868
Computer equipment	39,462	105,739
Community relations	2,722	126,963
Contract labor	9,060	20,841
Database development	50,411	33,967
Futures representatives	231,412	166,172
Insurance	8,542	43,107
Internet	5,252	5,955
Legal fees, net of refunds received	101,360	(684,150)
Meeting expense	1,390	2,190
Office expense	23,739	20,758
Office furniture and equipment	2,405	768
Payroll and related taxes	523,483	533,876
Pension plan contribution and fees	27,631	20,995
Rent	83,156	-
Taxes and licenses	1,309	625
Telephone	25,386	23,730
Travel, meals and entertainment	3,574	7,021
Trust advisory committee	227,947	112,543
Trustee fees	563,184	534,710
	$ 2,655,094	$ 1,663,514