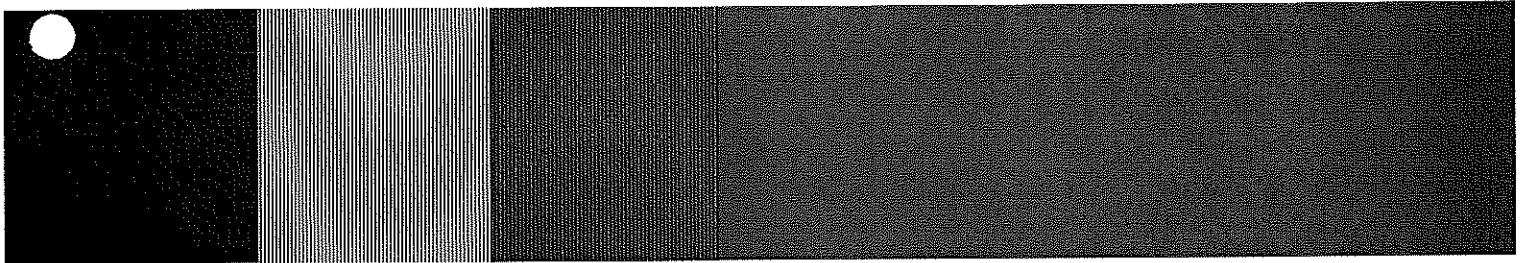


**The T&N UK Asbestos Trust
&
The T&N EL Trust**

Trustee's Annual Report 2007



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Please note that capitalised terms bear the meanings given to them in the Trust Distribution Procedures included in the Company Voluntary Arrangement and The EL Scheme documents.

1. Introduction

1.1. Purpose of this Report

The purpose of this report is to provide an update to the key stakeholders of the Trusts and is required under the terms of the Company Voluntary Arrangements (CVAs) of the Federal-Mogul UK Group of Companies.

This report includes detail in relation to operational, financial and legal matters which have been of relevance to the Trust Funds throughout the period.

1.2. The Trustee

The Trustee is 'The T&N Asbestos Trustee Company Limited' being a limited company, number 05548874, registered in England and Wales.

The Directors of the Trustee are James John Gleave, Anne Clare O'Keefe and Christopher Melton QC. James Gleave and Anne O'Keefe are partners in Kroll. Christopher Melton QC is a barrister at Byrom Street Chambers

1.3. Background to the Trusts

The T&N UK Asbestos Trust and The T&N EL Trust were set up following the exit of the Federal-Mogul Group of companies from Administration in the UK. The purpose of the Trusts is to provide a mechanism for compensation of Trust Claimants who were exposed to asbestos by companies in the Federal-Mogul Group.

The T&N UK Asbestos Trust comprises two Trust Funds being the T&N Fund and the Chester Street Fund. These Funds were set up by the CVAs and provided for £33 million and £22 million, respectively, to be made available for Trust Claimants and Chester Street Trust Claimants.

The T&N EL Trust made the sum of £36 million available, following settlement with a number of employer's liability insurers of the Federal-Mogul Group.

1.4. Core Objective

The Core Objective of the Trust Funds is broadly to allow Trust Claimants to receive a payment (or payments) from the appropriate Fund or Funds which:

- Reflects the value of their underlying claim;
- Is fair and proportionate, having regard to the interests of other Trust Claimants with similar Trust Claims claiming out of the same Fund or Funds;
- Is calculated and paid in an efficient and cost effective manner, following an efficient and cost effective assessment of the Trust Claim.

2. Claims Summary

2.1. Claims Process

2.1.1. Claim Submission and Review

All Trust Claims received are recorded on a bespoke claims management system specifically designed for claims against The T&N UK Asbestos Trust and The T&N EL Trust. The Trust Claims are reviewed by a team of former T&N Limited staff experienced in the types of claims being asserted against the Trusts and also in the history of the T&N Group's operations.

The claims management database also retains copies of all documentation received by the Trustee in electronic format and links this to individual claims for ease of reference.

All claims are reviewed in line with the criteria detailed in the TDP and the claims management system incorporates these provisions to allow claim values and payments to be calculated consistently and accurately.

2.1.2. Trustee Review

Periodic reports generated approximately every two weeks are forwarded to the Trustee for consideration of claims that are proposed to be admitted to The T&N UK Asbestos Trust and/or The T&N EL Trust. A summary of each claim is reviewed by the Trustee using the online aspect of the claims management database and additional information is reviewed as appropriate from the documents uploaded to the database.

All claims proposed for rejection from the T&N UK Asbestos Trust and/or the T&N EL Trust are discussed at the Trustee meeting with the third independent Director. These meetings are held every one to two months.

2.1.3. Notice of Trustee's Decision on Trust Claims

All claimants are notified in writing of the decision in relation to their Trust Claims. Admitted claims are provided with a detailed breakdown of their claim valuation and payment calculation, which is generated by the claims management database. This is issued with a covering letter and detailed guidance notes explaining each aspect of the Admission Notice.

Rejected claims are issued with a formal letter advising of the rejection and providing a detailed explanation of the reasoning for this rejection. Common reasons for claims being rejected are detailed further in Section 2.3.6.

2.1.4. Expert Referral Process

Trust Claimants have the right to refer any decision of the Trustee to the Expert for review provided they elect to do so in the specified 28 day timescale. The Trustee provides Trust Claimants with the relevant notice to allow them to refer their claim when they advise of admission or rejection of a Trust Claim.

The claims management database is updated to record any elections to have Trust Claims reviewed by the Expert and full details of the Trust Claim are passed to the Expert for review. The Expert may request further evidence in relation to a Trust Claim from both the Trustee and the Trust Claimant prior to making his decision regarding admission or rejection of a Trust Claim.

Notice of the Expert's decision will be issued to the Trust Claimant when the following batch of Admission or Rejection Notices are issued. In accordance with the terms of the CVAs, the Expert's decision is final and there is no further right of appeal.

2.1.5. Payment

Trust Claims are eligible for an initial payment 28 days after an Admission Notice is received by the Trust Claimant, assuming a Notice of Referral to the Expert is not received. Claims admitted by the Expert are eligible for payment immediately as there is no further right of appeal.

The Trustee processes payments in batches approximately every two weeks.

2.2. Overall Claims Levels

During the period 560 claims have been received, of which 178 have been paid a total sum of approximately £5.3 million.

The level and rate of claims received has been much lower than anticipated in the actuarial reviews, prepared for the purposes of our initial dividend calculations. It had been anticipated that approximately 1,000 claims would be paid during the first year (when taking into account all current pending claims). Of these claims approximately 400 were forecast to be for Pleural Plaques.

Whilst the level of claims is lower, it is unclear as to whether this is as a result of the unique process and the lack of familiarity, or an underlying reduction in claim levels.

In order to assist claimants, we have attached at Appendix E, a summary of the most common errors and omissions that have occurred based on a review of the Trust Claim Forms submitted to date.

2.3. Dividend Levels

The table below shows the dividend levels currently being paid to Trust Claimants from The T&N UK Asbestos Trust Fund and the T&N EL Trust Fund along with the Trustee's estimation of the additional payment. It also includes details of the declared dividend levels on the relevant CVAs from which Trust Claimants may also receive a contribution, via the T&N UK Asbestos Trust.

Fund	Dividends (p in the £)		
	Initial	Additional	Total
EL Fund	61.0	15.0	76.0
T&N Fund	17.0	3.0	20.0
Chester Street Fund	21.0	3.0	24.0
TBA Industrial Products	30.0	4.0	34.0
Federal-Mogul Friction Products	100.0	0.0	100.0
Hercules Fund	0.0	6.5	0.0

2.4. Claims Status

Attached as Appendix A is a schedule detailing the status of all claims received during the year to 11 October 2007 split according to the review process elected by the Trust Claimants, being either Expedited or Individual Review. A summary of this is shown in the table below:

Status	No of claims	% of total
Paid / awaiting payment	178	31.7
Awaiting information from claimant	130	23.2
Pending issue of Admission Notice	14	2.5
Subject to Expert review process	2	0.4
Pleural Plaques claims	187	33.4
Rejected	49	8.8
Total	560	

2.4.1. Paid Claims

Payments are currently being issued approximately every two weeks and claims are generally paid inside of seven days from the expiry date of the Admission Notice.

2.4.2. Claims Awaiting Information

There are a large proportion of claims awaiting information from the Trust Claimants or their representatives in order to satisfy the criteria set out in the TDP. The Trustee has now implemented a policy in relation to timings on requests for information which are as follows:

- Initial request for further information / documentation;
- Follow up letter after 30 days;
- After a further 30 days, a second follow up letter is issued putting the Trust Claimant on notice that their Claim will be rejected;
- Claim rejected 30 days later.

Please note that these timings relate to claims where no response is received. The Trustee acknowledges the time taken to obtain information to support claims and the timescale above does not apply if the claimant indicates he is still trying to obtain supporting information, however, it should be ensured that the Trustee is kept informed of progress so that Trust Claims are not rejected inappropriately.

The Trustee has now written to all Trust Claimants in this category formalising the request for information and providing a deadline for response.

2.4.3. Subject to Expert Review Process

At the year end there were two claims which were pending determination by the TDP Expert.

A further six claims have been referred to the TDP Expert during the year. The reasons for referral were varied and a summary of the outcome in relation each of these claims is detailed in Section 3.

2.4.4. Pleural Plaques Claims

There are currently 187 claims which fall into this category.

The Trustee's position since commencement of the Trusts has been to allow Disease Level V - Pleural Plaques claimants to lodge a claim but to advise that these will not be processed, pending the judgment of the *Rothwell v Chemical Insulation & Co* case.

The House of Lords passed judgement on this case on 17 October 2007 and ruled that Pleural Plaques is not a compensatable disease and, therefore, no claimants of this type will be eligible to receive a payment from the Trusts. In light of this ruling the Trustee will be rejecting all claims currently held for Disease Level V. The TDP will also be amended to reflect this change in the legal environment.

2.4.5. Rejected Claims

During the year, 49 claims have been rejected for a number of reasons. All rejected claims are reviewed and discussed in detail at a meeting of the Trustee Directors. This meeting includes the independent third Director.

A detailed explanation of the reason(s) why a claim has been rejected is provided to the Trust Claimant at the time of rejection. Claims have been rejected for a number of reasons with the main ones, in order of the number of rejections, being as follows:

Reason for Rejection	No of claims
Exposure to asbestos was prior to 1965 and did not fall within the <i>Margereson / Hancock</i> judgment.	14
The Trust Claimant had already been compensated in full by either a non T&N Group company or a T&N Group company prior to Administration.	7
Exposure to asbestos was for less than six months and the relevant exposure criteria in the TDP were not met.	6
Claim Withdrawn by Trust Claimant	6
Limitation grounds, with the Trustee considering it inappropriate to use their discretion to waive limitation.	4
The claim was for Lung cancer but there was no evidence of exposure to asbestos.	4
No response to information requests, as per Section 2.3.2.	4
Other	4
Total	49

2.5. Cape Claims

Cape Claims refers to claims arising in respect of alleged exposure by subsidiaries of the T&N Group occurring in Swaziland, Zimbabwe, Botswana, India or South Africa. These claims are dealt with as detailed in the TDP.

In total, 11 Proofs of Claim have been received in relation to Cape Claims. One of these claims has had an Admission Notice issued with a further one pending issue. The remaining nine claims are pending, subject to the further medical evidence being obtained.

The Trustee has been informed that up to a further 660 Proofs of Claim will shortly be submitted. In addition to these there is potential for a further 138 claims to be received in respect of claims notified to T&N Limited prior to the T&N Group entering Administration on 1 October 2001.

The Trustee has agreed to extend the deadline for Cape Claimants to avail themselves of the Expedited Review process to 1 June 2008. After this date any further Cape Claims will have to be submitted under the Individual Review process.

3. Claims Referred to the TDP Expert

As detailed in Section 2.4.3, six claims have been reviewed by the Expert. A summary of the reasons for referral are detailed below.

Reason for Referral	No of claims	Expert Outcome
Quantum Dispute	2	Both claim values increased (one by less than 20% and one by more than 20%).
Employment Period Dispute	1	Agreed with Trustee's rejection of claim.
Pre 1965 Exposure	2	Agreed with Trustee's rejection of claim on one case. Expert admitted one claim after consideration of further evidence.
Contribution Share Dispute	1	Calculated an increased share for Trusts.
Total	<u>6</u>	

4. Actuarial Valuation

As detailed earlier, actuarial projections of claims were undertaken to allow the Payment Percentages to Trust Claimants to be set. The Trustee is required to review the Payment Percentages, and other key areas, on the fifth anniversary of the Trusts. The Trustee is also permitted to review such areas 'at such other times as they consider necessary'.

No Trust Claimant will suffer as a result of these reviews as any increase or decrease will be accounted for at the time of the additional payment to Trust Claimants.

5. Trust Fund Investment Decisions

5.1. Investment Strategy

The Trustee has the power to invest Fund assets as it sees appropriate. The Trustee's approach has been to take a fairly prudent view on investment but also remaining conscious of the fact that the Trust Funds are long term and Trust Claims are likely to continue for several decades. To this end the Trustee has adopted an investment approach similar to that of a pension fund trustee.

5.2. Funds Held at Year End

At the year end the Trustee held the following investments:

Investment	Amount (£m)	% of total
Blackrock Managed Investment Unit Trusts	83.07	89.9
Guaranteed Fixed Deposits	8.48	9.2

Bank Deposit Accounts	0.82	0.9
Total	92.37	

Detail as to the nature of each of these investments is included in the following sections.

5.3. Managed Investments

The Trustee conducted a range of interviews with various firms of investment advisers who could be suitable to deal with medium and longer term investments on behalf of the Trustee. These advisers were briefed on the Trustee's investment criteria and the nature of the funds held for investment and asked to provide a presentation and investment proposal based on these criteria.

Following these interviews the Trustee selected Blackrock Inc (**Blackrock**) as their investment managers and entered into further detailed discussions to formalise the investment strategy. It was decided that a targeted return strategy would be suitable for the Trust Funds and Blackrock are currently instructed to seek a target return of LIBOR plus 3% over a rolling three year period. Such a strategy allows Trust Claimants to benefit from potentially increased returns over the medium to long term without exposing them to an inappropriate level of investment risk.

Funds invested were split as follows:

Trust Fund	Amount (£m)	% of total
T&N UK Asbestos Trust (T&N Fund)	30.00	37.5
T&N UK Asbestos Trust (Chester Street Fund)	20.00	25.0
The T&N EL Trust	30.00	37.5
Total	80.00	

The funds were invested in two equal tranches of £40 million in June 2007 and July 2007. The net return on this investment to the year end period totalled 3.84%, which is in excess of the return that would have been made on guaranteed fixed deposits. All investment gains have remained invested.

5.4. Guaranteed Fixed Deposits

Funds are also held on a number of guaranteed fixed deposits with a variety of Banks and other financial institutions. These funds are generally held on month long rolling deposits with rates of return periodically reviewed by the Trustee.

5.5. Bank Deposit Accounts

Funds required for payments during the month are retained in a high interest deposit account until payments are issued.

5.6. Payments Account

All payments due to a Trust Claimant from the various Trust Funds (and CVA Reserves if applicable) are transferred to a Payments Account. The Trust Claimant is then issued with an individual payment.

The Trustee does not hold a balance of funds in this account.

6. Chester Street Fund

As detailed earlier, the Chester Street Fund is a separate sub-fund (totalling £22 million) of the T&N UK Asbestos Trust and is set aside for a specific category of claimants detailed in the CVA documents. The Trustee has continued to negotiate the amount to be paid by way of dividend out of the Chester Street Fund to the Chester Street Trust Claimants. They are also negotiating an agreement which will put in place a mechanism for dealing with claims arising from exposure to T&N asbestos materials at shipyards going forward.

Broadly the claims that will be paid out of the Chester Street Fund fall into two categories. The first are the Chester Street Paid Claims, being the claims for contribution in relation to payments which have already been made by Chester Street, as insurer to the shipyards.

The second category of claims is for contributions to payments made by Chester Street following its insolvency in 2001 and ongoing future claims. These claims have not yet been submitted to the Trustee. When they are submitted they will be assessed by the Trustee and dividend payments will be made in due course.

Should the level of claims submitted against the Chester Street Fund not exhaust the funds held then the surplus will be returned to the Federal-Mogul Group.

7. US Chapter 11 Proceedings

On 1 October 2001, when the companies in the Federal-Mogul UK Group entered Administration in the United Kingdom, they also filed for protection under Chapter 11 of the United States Bankruptcy Code in the USA. A number of affiliated American companies entered Chapter 11 at the same time.

The English High Court and the Scottish Court of Session ordered that a total of 64 companies be discharged from Administration with effect from 1 December 2006. The remaining UK companies were discharged on 20 February 2008.

Federal-Mogul Corporation has exited Chapter 11 following the approval of a Plan of Reorganisation, which is similar to an English Company Voluntary Arrangement. In particular, a US Asbestos Trust has been established to pay asbestos claims arising from exposure to asbestos in the United States and certain other countries.

8. Hercules

The T&N UK Asbestos Trust is entitled to a minor share of recoveries from the Hercules Reinsurance policy. No funds have yet been received from this source.

The Trustee still anticipates that there will be eventual recoveries available for the T&N UK Asbestos Trust but the recovery process needs to be led by the US Asbestos Trust.

9. Charity Status

At the commencement of the Trusts, the Trustee considered whether the Trusts could receive charitable status. Our legal advice was that, although there was some uncertainty, the Trusts were unlikely to be classified as charities. Nevertheless we concluded that it was prudent to submit an application to the Charities Commission. This application was not successful and the Charities Commission rejected it for a number of reasons.

The Trustee instructed Counsel to review the rejection from the Charities Commission and provide advice and opinion on the likelihood of persuading the Commissioners to change their views. Counsel's opinion has recently been received and agrees with the Charities Commission. The advice also states that there is very little chance that the Commission would reverse their opinion.

The Trustee does not, therefore, propose to take any further action in relation to attempting to obtain charitable status.

10. Tax and VAT

10.1. Tax

As detailed in Section 9, initially it had been anticipated that it might have been possible for the Trusts to qualify as charities, in which case no tax would be payable. As it is now clear that this is not a possibility we have subsequently been in correspondence with the Head Office of the Trusts Department of HM Revenue and Customs (HMRC).

On advice received, we wrote to HMRC setting out reasons why income arising in the Trusts should be treated as falling outside of the normal trust tax provisions and concluding there was, therefore, no liability on the Trustees for tax. HMRC responded at the end of September 2007 advising that their interpretation of the Trust Deeds and tax legislation is that Corporation Tax is payable at the trust rate of 40% on all interest income received. In addition, the Trusts are liable to Inheritance Tax charges.

In conjunction with our advisors, we reviewed the HMRC letter and arranged a meeting with their Technical and Policy staff at which they confirmed the opinion was correct. We see this as very much an opening position with HMRC and, even if this were found to be the final position, we remain hopeful that it may be possible to reduce the tax charge on the Trusts. The position is extremely complex and not necessarily the same for each Trust. It is, therefore, unlikely that the final outcome will be agreed for some time.

10.2. Impact of Taxation on Dividend Levels

Taxation has a significant impact on the level of funds available for distribution to Trust Claimants.

Actuarial projections prepared for the Trustee, and used for calculating the initial dividend levels, included a provision for ongoing tax liabilities at 40%. The current dividend levels will, not therefore, reduce should taxation remain payable by the Trusts. Should taxation be payable at reduced levels then it is likely that increased dividend levels can be paid.

10.3. VAT

To date VAT on charges met by the Trusts has not been recovered from HMRC, with all costs being paid gross. However, because the greater majority of the costs are being paid from a fund specifically set up and put aside to meet the fees of the reconstruction of the UK Group by Federal Mogul, to date this has not had a material impact on the Trust Funds available.

In common with the tax position, because the circumstances of the T&N UK Asbestos Trust, the T&N EL Trust and the T&N Group CVAs are unique, the VAT position is also complex. Our Advisors have been closely examining the relevant legislation and have identified several avenues that may lead to the Trusts potentially being able to recover VAT. However, as in the case of the Corporation Tax position, HMRC may not necessarily agree. We have, therefore, decided to seek clarification from HMRC and a detailed application has been sent

to HMRC by the Trustee. Whilst the VAT is a separate issue to the tax position, some of the principles are related so the initial application was delayed.

11. TDP Changes and Trustee Stance on Key Matters

Throughout the period, the Trustee has made a number of amendments to the TDP to reflect ongoing advice and the changing legal environment. All changes are discussed at the meeting of the Trustee Directors.

Following legal advice, the Trustee has concluded that the correct approach is to amend the TDPs once a year by Deed or Written Resolution and to advertise any intervening changes on the UK Trust website (www.fmukclaims.co.uk). All intervening changes will be notified to the Trust Committees within 14 days of the change being implemented.

An overview of the changes made and the rationale for these is detailed below.

11.1. Neighbourhood and Clothing Claims

Following advice received from David Allan QC in March 2007 all claims of this type were rejected where exposure occurred prior to 1 October 1965. The Committee Members asked if they could see the advice received and if the Trustee would revisit this issue.

Counsel's advice refers to the cases *Maguire vs Harland & Wolff plc* and *Pinder vs Cape plc* as being the relevant authorities in this matter. When considering these cases, Counsel agreed that for T&N the critical date is 1 October 1965, being the date that the Newhouse and Thompson Paper identified that clothing exposure and neighbourhood exposure could give rise to claims for mesothelioma. It should also be noted that Counsel advised that an appeal had been attempted in the *Maguire* case but that the House of Lords refused leave to appeal. It is, therefore, unlikely that the law in this area will change.

The Trustees have revisited this area and have made the following decision. In line with Counsel's advice all claims for illness arising entirely from exposure prior to 1 October 1965 will be rejected under the Expedited Review process. Divisible diseases will be subject to apportionment reflecting pre and post 1 October 1965 exposure. Indivisible diseases will be accepted in full.

For post 1965 claims proceeding under the Expedited Review process the 20% discount for litigation risk has been dispensed with.

Neighbourhood and clothing claims where the asbestos exposure took place entirely before 1 October 1965 can still proceed by way of Individual Review. A discount of up to 20% may be applied to these cases to take account of litigation risk. The actual level of the discount will depend on the individual circumstances of the case.

11.2. Lung Cancer Claims Involving an Element of Smoking

We have been advised by Counsel in relation to the reduction of the quantum of a Trust Claim to take into account damage caused by smoking, following the *Badger vs MOD* case. Counsel's advice is that the Trustee should take this exposure into account when valuing the Trust Claim.

For Expedited Review Trust Claims a fixed discount of 10% will be applied to Trust Claimants who have smoked.

For Individual Review Trust Claims the Trustee may make a reduction where exposure of this type is significant and a discount of up to 20% may be applied.

11.3. Cape Trust Claims

The discount to be applied in such cases has been reassessed on Counsel's advice. The TDP originally stated a discount of 70% would be applied. The revised discount now being applied is 50%.

Please note that no Cape claims were paid prior to this change, so this does not impact any claims already paid.

11.4. Compensation Recovery Unit

Following the introduction of the Compensation Act 2006 there is now a specific exemption for the T&N UK Asbestos Trust and the T&N EL Trust from the requirement to pay the Compensation Recovery Unit (CRU) in advance of Trust Claimants.

All references to payments to the CRU and discounts from payments to Trust Claimants in respect of this are, therefore, no longer relevant.

11.5. Pleural Plaques

There are a number of references in the TDP to 'Disease Level V'. Following the decision in Rothwell, detailed further in Section 3 this disease level is no longer be compensatable.

11.6. Death Certificate as Evidence of Mesothelioma

The Trustee has considered whether or not the provision of a death certificate citing Mesothelioma as the cause of death is sufficient.

It has been decided that in the Expedited Review process this will be accepted, in the spirit of it being a simpler process, but in Individual Review this will not be accepted and further medical evidence may still be required.

12. Professional Costs

12.1. Costs Reserve

Certain professional costs incurred in relation to the creation and ongoing administration of the Trusts, including an aspect of the Trustee's fees, are paid from a dedicated fund set aside for this purpose.

Costs drawn from this fund do not impact on the overall return to Trust Claimants and can be drawn at the Trustee's discretion without any further approval.

12.2. The T&N EL Trust

The T&N EL Trust contained provisions for the allocation of certain costs specifically related to the operation of this fund. Costs have been allocated as per the accounts and included in these costs is the sum of £64,608 paid to Kroll in relation to the Trustee's costs and disbursements. This comprises less than 2.5% of the amounts distributed to Trust Claimants from this Fund.

We will liaise with the T&N EL Trust Committee in relation to obtaining approvals for the drawing of these amounts.

12.3. The Chester Street Fund

As with The T&N EL Trust the Chester Street Fund contains provisions for the allocation of certain costs specifically related to the operation of this fund. Costs have been allocated as per the accounts and included in these costs is the sum of £18,848 paid to Kroll in relation to the Trustee's costs and disbursements.

These costs relate primarily to ongoing discussions with the Supervisors of the Chester Street Scheme of Arrangement.

13. Trust Funds Accounts

The Trustee has instructed independent auditors to prepare audited accounts for all Trust Fund accounts for the period from 11 October 2006 to 10 October 2007. We anticipate that these will be available shortly and will be circulated to all members of the Trust Committees.

13.1. Fund Movements

During the year the value of the Trust Funds under the Trustee's control increased by approximately £1.39m. The increase is after taking account of all payments to claimants and the net movement summarised as follows:

Trust Fund	Movement (£m)	%
T&N UK Asbestos Trust (T&N Fund)	+1.01	
T&N UK Asbestos Trust (Chester Street Fund)	+1.66	
The T&N EL Trust	-1.28	
Total	+1.39	

Overall, this means that the Trust Fund Assets have yet to start to dissipate and investment gains are at present in excess of the funds being distributed to Trust Claimants.

13.2. Trust Claims Payments

A total of £5,320,949 has been paid out in respect of Trust Claims, split as follows:

	Amount (£m)	% of total
Payments to Trust Claimants	4.96	93.2
Trust Claimants' Legal Fees	0.31	5.8
Trust Claimants' Medical Costs	0.03	0.6
Trust Claimants' Issue Fees	0.02	0.4
Total	<u>5.32</u>	

13.2.1. Payments to Trust Claimants

This is the amount paid to Trust Claimants in respect of their Trust Claim.

13.2.2. Legal Fees

This is the amount paid as actual legal fees and calculated on an individual claim basis, as per the Trust Distribution Procedures.

13.2.3. Medical Costs

This is the amount paid in respect of the costs incurred by Trust Claimants or their representatives in providing medical evidence required under the Trust Distribution Procedures. This is again calculated on an individual claim basis as per the Trust Distribution Procedures.

It has come to the Trustee's attention that the amount provided in the TDPs for medical costs is inadequate. The Trustee has therefore increased the allowance as follows:

Disease Levels I and II	£600
Disease Levels III and IV	£800

13.2.4. Issue Fees

This relates to amounts paid on a discretionary basis in relation to the costs of issuing proceedings to avoid limitation restrictions.

14. Contact Details

Should you wish to discuss any aspect of this report or obtain further copies, the Trustee can be contacted at the following:

The T&N Asbestos Trustee Company Limited
Suite 11b
Manchester International Office Centre
Styal Road
Manchester
M22 5WB

Telephone : 0161 838 4559

Fax : 0161 493 9488

Yours sincerely
for and on behalf of
The T&N Asbestos Trustee Company Limited

JAMES GLEAVE
Director

Appendix A – Analysis of Claim Forms Received to 11 October 2007

	Note	Review Type		Total
		Ind	Exp	
Pending claims				
Awaiting review		0	0	0
Awaiting further information	1	30	100	130
Pleural plaques claims	2	5	182	187
Established		0	14	14
Rejected (by less than 28 days)	3	1	17	18
Expert review process		1	1	2
Total pending claims		<u>37</u>	<u>314</u>	<u>351</u>
Finalised claims				
Paid	4	34	128	162
Awaiting Payment		1	15	16
Rejected	5	0	31	31
Total finalised claims		<u>35</u>	<u>174</u>	<u>209</u>
Total claim forms received		<u>72</u>	<u>488</u>	<u>560</u>

Notes

1. Analysis of dates received

November	4
December	6
January	5
February	21
March	10
April	9
May	8
June	6
July	9
August	16
September	24
October	12
Total	<u>130</u>

2. Plus 67 letters received pending Rothwell

3. Includes two claims rejected for lack of response

4. This figure includes two EL Insurance claims

5. Includes two claims rejected by the Expert and six withdrawn claims

6. Five Proof of Claim forms covered by EL Insurance are not included in these claims

Appendix B – The T&N UK Asbestos Trust (T&N Asbestos Fund) Receipts and Payments Account for the period from 12 October 2006 to 11 October 2007

	£	£
FLOATING REALISATIONS		
FM Friction Products Claims Contribution	587,789.00	
EL Scheme Claims Contribution	2,724,284.93	
J W Roberts Claims Contribution	320.00	
TBA Industrial Products Claims Contrib	373,799.75	
Federal-Mogul Bradford Claims Contrib	14,515.00	
TBA Belting Co Claims Contribution	5.00	
T&N Shelf 26 Claims Contribution	1,020.00	
Washington Chemical Co Claims Contrib	300.00	
Newalls Insulation Co Claims Contrib	155.00	
CVA Asbestos Reserve	33,000,000.00	
Bank Interest Gross	1,392,951.46	
Investment gain on revaluation	1,151,177.45	
Charitable Donation	<u>100,000.00</u>	
		39,346,317.59
FLOATING COSTS		
External Claims Related Prof Fees	14,409.00	
Payments to Claimants (inc Med & Legal)	5,320,949.00	
Bank Charges	<u>10.00</u>	
		(5,335,368.00)
		<u>34,010,949.59</u>
REPRESENTED BY		
VAT Receivable		2,508.46
Deposit Account		178,885.84
GFD		2,678,377.84
Black Rock		<u>31,151,177.45</u>
		<u>34,010,949.59</u>

Appendix C – The T&N UK Asbestos Trust (Chester Street Fund) Receipts and Payments Account for the period from 12 October 2006 to 11 October 2007

	£	£
FLOATING REALISATIONS		
Bank Interest Gross	937,446.66	
Investment Gain on Revaluation	767,451.63	
CVA Reserve	<u>22,000,000.00</u>	
		23,704,898.29
FLOATING COSTS		
Trustee Recharges-Travel and Subsistence	636.60	
Trustee Fees	10,220.50	
Legal Fees	31,037.46	
Bank Charges	<u>20.00</u>	
		(41,914.56)
		<u><u>23,662,983.73</u></u>
REPRESENTED BY		
VAT Receivable		7,331.56
Deposit Account		84,054.22
GFD		2,804,146.32
Black Rock		<u>20,767,451.63</u>
		<u><u>23,662,983.73</u></u>

Appendix D – The T&N EL Trust Receipts and Payments Account for the Period from 12 October 2006 to 11 October 2007

	£	£
FLOATING REALISATIONS		
Bank Interest Gross	1,326,029.96	
Gross interest ESCROW	5,028,419.09	
Investment gain on revaluation	1,151,177.45	
Settlement with EL insurers	36,000,000.00	
EL insurers contribution to costs	<u>2,000,000.00</u>	
		45,505,626.50
FLOATING COSTS		
Kroll fees	64,608.00	
Trustee Legal fees (DWS)	6,951.11	
Professional fees	117.50	
Contribution to T&N Legal Fees	2,024,357.26	
Tax deducted at source	1,005,683.82	
Additional Medical & Legal fees	3,556.00	
Issue fees	1,250.00	
Payments to claimants	2,718,999.00	
Bank Charges	<u>49.99</u>	
		(5,825,572.68)
UNSECURED CREDITORS		
Indemnity rights dividend	<u>4,965,140.00</u>	
		(4,965,140.00)
		<u>34,714,913.82</u>
REPRESENTED BY		
VAT Receivable		12,885.29
Deposit account		552,299.97
GFD		2,998,551.11
Black Rock		<u>31,151,177.45</u>
		<u>34,714,913.82</u>

Appendix E – Common Errors and Omissions on Claim Forms

- **Appendix 3 – Specific Power of Attorney and Indemnity**
In many cases, Appendix 3 is either not being completed at all, or not being completed in full.
- **Grant of Probate**
Where the Trust Claim relates to a deceased Injured Person and the claim is likely to exceed £10,000 in the CVA and £5,000 in EL, a Grant of Probate must be provided. This particular omission can delay the establishing of a claim for several months.
- **Question 21**
Where the Trust Claim relates to a deceased Injured Person, and the claim is brought by the Injured Person's Personal Representative on behalf of their relatives or dependants, the Personal Representative must confirm that all reasonable enquires have been made to identify all the Injured Person's relatives or dependants who may have a Trust Claim by signing question 21.
- **Medical Evidence**
For each of the asbestos diseases, diagnosis must be by an accredited respiratory specialist. The only exception is in respect of mesothelioma claims where the Trust Claimant elects the expedited review procedure. In those cases, a death certificate will suffice.

Where the disease is asbestosis or pleural thickening, the asbestos related disability must be expressed in percentage terms to enable the relevant review value to be applied.
- **Inland Revenue Schedule**
The Injured Person's Inland Revenue schedule must be provided.
- **Legal and Medical Costs**
Details of legal and medical costs must be provided when the Proof of Claim form is submitted.
- **Individual Review Claims**
Where the Trust Claimant has elected the individual review procedure, as much documentary evidence as possible should be provided to confirm the special damages claimed.
- **General**
Where Proof of Claim forms are completed manually, please ensure that the writing is legible.