

EXHIBIT A

**AUDITED SPECIAL-PURPOSE
FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION**

**UNITED STATES GYPSUM
ASBESTOS PERSONAL INJURY
SETTLEMENT TRUST**

**DECEMBER 31, 2007 AND 2006 WITH
REPORT OF INDEPENDENT ACCOUNTANTS**

UNITED STATES GYPSUM ASBESTOS PERSONAL INJURY SETTLEMENT TRUST

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REPORT OF INDEPENDENT ACCOUNTANTS

April 28, 2008

To the Trustees of the
United States Gypsum Asbestos Personal Injury Settlement Trust:

We have audited the accompanying special-purpose statements of assets, liabilities and net assets available for the payment of claims of the United States Gypsum Asbestos Personal Injury Settlement Trust (the Trust) (a statutory Trust created under the laws of the State of Delaware) as of December 31, 2007 and 2006, and the related special-purpose statements of changes in net assets available for the payment of claims and special-purpose statements of cash flows for the year ended December 31, 2007 and the period from June 20, 2006 (inception) through December 31, 2006. 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes 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 2 to the special-purpose financial statements, 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 of America. The special-purpose basis of accounting has been used in order to communicate the amount of net assets presently available for current and future claimants of the Trust.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of December 31, 2007 and 2006 and the results of its operations and its cash flows for the year ended December 31, 2007 and the period from June 20, 2006 (inception) through December 31, 2006 in conformity with the special-purpose basis of accounting described in Note 2.

This report is intended solely for the information and use of the management of the Trust, the Trustees, the beneficiaries of the Trust, and the United States Bankruptcy Court for the District of Delaware, and is not intended to be and should not be used by anyone other than these specified parties.

Argy, Wilton + Robinson, P.C.

UNITED STATES GYPSUM ASBESTOS PERSONAL INJURY SETTLEMENT TRUST

**SPECIAL-PURPOSE STATEMENTS OF ASSETS, LIABILITIES AND
NET ASSETS AVAILABLE FOR THE PAYMENT OF CLAIMS**

DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Assets		
Cash and cash equivalents	\$ 879,209,168	\$ 3,969,437,163
Investments		
Equity investments, at fair market value	541,841,755	0
Investments in bonds, at fair market value	2,640,765,781	0
Interest receivable	26,129,507	6,893,598
Income tax receivable	<u>6,000,000</u>	<u>0</u>
Total assets	<u>4,093,946,211</u>	<u>3,976,330,761</u>
Liabilities		
Accrued expenses and accounts payable	1,762,925	1,145,862
Settled but unpaid claims	<u>3,144,450</u>	<u>0</u>
Total liabilities	<u>4,907,375</u>	<u>1,145,862</u>
Net assets available for the payment of claims	\$ <u>4,089,038,836</u>	\$ <u>3,975,184,899</u>

The accompanying notes are an integral part of these special-purpose financial statements.

UNITED STATES GYPSUM ASBESTOS PERSONAL INJURY SETTLEMENT TRUST

**SPECIAL-PURPOSE STATEMENTS OF CHANGES IN
NET ASSETS AVAILABLE FOR THE PAYMENT OF CLAIMS**

**YEAR ENDED DECEMBER 31, 2007 AND THE PERIOD FROM
JUNE 20, 2006 (INCEPTION) THROUGH DECEMBER 31, 2006**

	<u>2007</u>	<u>2006</u>
Additions		
Funding under joint plan of reorganization	\$ 0	\$ 3,952,500,000
Insurance settlements	0	4,223,000
Interest and dividend income	157,817,936	21,536,208
Net appreciation in fair market value of investments	<u>30,518,702</u>	<u>13,148</u>
Total additions	<u>188,336,638</u>	<u>3,978,272,356</u>
Deductions		
Personal injury claim expense	45,955,095	0
Operating expenses	24,729,860	2,501,957
Claims processing expenses	<u>3,797,746</u>	<u>585,500</u>
Total deductions	<u>74,482,701</u>	<u>3,087,457</u>
Increase in net assets available for the payment of claims	113,853,937	3,975,184,899
Net assets available for the payment of claims		
Beginning of period	<u>3,975,184,899</u>	<u>0</u>
End of period	<u>\$ 4,089,038,836</u>	<u>\$ 3,975,184,899</u>

The accompanying notes are an integral part of these special-purpose financial statements.

UNITED STATES GYPSUM ASBESTOS PERSONAL INJURY SETTLEMENT TRUST

SPECIAL-PURPOSE STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2007 AND THE PERIOD FROM
JUNE 20, 2006 (INCEPTION) THROUGH DECEMBER 31, 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Increase in net assets available for the payment of claims	\$ 113,853,937	\$ 3,975,184,899
Adjustments to reconcile increase in net assets available for the payment of claims to net cash provided by operating activities:		
Net appreciation in fair market value of investments	(30,518,702)	0
Amortization of premiums on bonds, net	3,659,228	0
Changes in operating assets and liabilities		
Interest receivable	(19,235,909)	(6,893,598)
Income taxes receivable	(6,000,000)	0
Accrued expenses and accounts payable	617,063	1,145,862
Claims settled but unpaid	<u>3,144,450</u>	<u>0</u>
Net cash provided by operating activities	<u>65,520,067</u>	<u>3,969,437,163</u>
Cash flows from investing activities:		
Sales and maturities of bonds	1,966,048,977	0
Purchases of bonds	(4,594,050,846)	0
Purchases of equity securities	(586,385,227)	0
Sales of equity securities	<u>58,639,034</u>	<u>0</u>
Net cash used in investing activities	<u>(3,155,748,062)</u>	<u>0</u>
Net (decrease) increase in cash and cash equivalents	(3,090,227,995)	3,969,437,163
Cash and cash equivalents at the beginning of the period	<u>3,969,437,163</u>	<u>0</u>
Cash and cash equivalents at the end of the period	\$ <u>879,209,168</u>	\$ <u>3,969,437,163</u>

The accompanying notes are an integral part of these special-purpose financial statements.

UNITED STATES GYPSUM ASBESTOS PERSONAL INJURY SETTLEMENT TRUST

NOTES TO THE SPECIAL-PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

NOTE 1 - DESCRIPTION OF THE TRUST

On February 25, 2001, United States Gypsum Company (USG), the related entities of United States Gypsum Company, USG Interiors, Inc., USG Interiors International, Inc., L&W Supply Corporation, Beadex Manufacturing, LLC, B-R Pipeline Company, La Mirada Products Co., Inc., USG Industries, Inc., USG Pipeline Company, Stocking Specialists, Inc., and USG Corporation (the parent company of all entities) (collectively, the Debtors), voluntarily filed petitions for reorganizing under Chapter 11 of the United States Bankruptcy Code with the United States Bankruptcy Court for the District of Delaware (the Bankruptcy Court). On June 15, 2006, the Bankruptcy Court entered an order (the Confirmation Order) confirming the modified joint plan of reorganization (the Confirmed Plan) proposed and filed by the Debtors, and supported by the Asbestos Personal Injury Committee, the Legal Representative representing the interests of future asbestos bodily injury claimants, the Creditors Committee, and the Equity Committee. On June 15, 2006, the United States District Court for the District of Delaware adopted, issued and affirmed the Confirmation Order. The Confirmation Order has become final and cannot be appealed. The Confirmed Plan became effective on June 20, 2006 (the Effective Date or the Effective Date of the Plan of Reorganization).

The essential elements of the Confirmed Plan include, among other things: the creation of the United States Gypsum Asbestos Personal Injury Settlement Trust (the Trust) to assume all liabilities and obligations of the Debtors, in respect of all Asbestos Personal Injury Claims (as defined in the Plan) (Asbestos PI Trust Claims), and to direct the processing, liquidation and payment of Asbestos PI Trust Claims in accordance with the Plan and the Trust Distribution Procedures agreement (TDP) in such a way that such holders of Asbestos PI Trust Claims are treated fairly, equitably and reasonably in light of the finite assets available to satisfy such claims, and to otherwise comply in all respects with the requirements of a trust set forth in section 524(g)(2)(B) of the Bankruptcy Code.

When formed, the Trust was funded with (a) \$890 million in cash, (b) asbestos insurance recoveries as described in Note 5, (c) a \$10 million promissory note due no later than December 31, 2006, and (d) contingent payment notes in the aggregate amount of \$3.05 billion due within 10 days after final adjournment of the 109th Congress of the United States in the event that the FAIR Act of 2005 or any substantially similar legislation creating a national trust or similar fund has not been enacted and made law on or before that date, all in consideration for the releases and injunctions described in the Confirmed Plan. All payments were made on or before December 31, 2006. Additionally, under the terms of a cooperation agreement with USG, the Trust received \$2.5 million to cover certain reasonable expenses related to the transfer of information from USG to the Trust.

The Trustees are responsible for supervising and administering the Trust and to use the Trust's assets and income to pay the holders of all Asbestos PI Trust Claims in accordance with the Trust Agreement and the TDP in such a way that holders of Asbestos PI Trust Claims are treated fairly, equitably and reasonably in light of the limited assets available to satisfy such claims, and to otherwise comply in all respects with the requirements of a trust set forth in section 524(g)(2)(B) of the Bankruptcy Code.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Trust's financial statements are prepared using special-purpose accounting methods adopted by the Trust, which differ from accounting principles generally accepted in the United States of America (GAAP). The special-purpose accounting methods were adopted in order to communicate to the beneficiaries of the Trust the net assets available for the payment of claims and the related operating expenses of the Trust. Since the accompanying special-purpose financial statements and transactions are not based upon GAAP, accounting treatment by other parties for these same transactions may differ as to timing and amount. The special-purpose accounting methods include the following:

- Assets are recorded when they are received by the Trust and are available for the payment of asbestos claims.
- Future fixed liabilities under contractual obligations and other agreements entered into by the Trust are recorded as deductions in the same period that such contractual obligations or agreements are signed. Under GAAP, liabilities and contractual obligations are recorded over the period that is benefited by the underlying contract or agreement.
- The full amount of claims are expensed in the period in which the confirmed claims are settled. A settled claim is a claim that has been allowed by the Trust and accepted by the claimant, with an approved release. Under GAAP, a liability would be recorded for an estimate of the amount to be paid for claims that have been incurred but not yet reported, and for those claims that have been submitted but not yet approved for payment by the Trust.
- Payments for services to be received over an extended period in the future are expensed as paid because these amounts are no longer available for the payment of claims. Under GAAP, an asset would be recorded and amortized over the period in which the related benefits are received.
- Payments for property and equipment are expensed as incurred. Under GAAP, payments for property and equipment are capitalized and depreciated over the useful lives of the assets. To date, the Trust has incurred no expense related to purchases of property and equipment.
- Income tax expense is estimated and recorded as incurred in the period in which certain income and expense items affect current federal income taxes payable. Under GAAP, the provision for income taxes is recorded based upon income reported for financial statement purposes, and federal and state income taxes both currently payable and

changes in deferred taxes due to differences between financial reporting and tax bases of assets and liabilities.

- Asbestos insurance recoveries are not recorded until the funds are received from the insurance carriers. These recoveries come from various insurance settlements, which were obtained by United States Gypsum Company and related entities and assigned to the Trust. The insurance policies cover, among other things, products and general liability claims. Future recoveries under such settlements, which were assigned to the Trust pursuant to the Plan, will be received by the Trust. Under GAAP, asbestos insurance recoveries are recorded upon settlement and assurance of collectability.
- Investments are recorded at fair market value. All interest and dividend income, net of interest expenses, are included in interest and dividend income in the accompanying special-purpose statements of changes in net assets available for the payment of claims. The net appreciation or depreciation in fair value of investments in the accompanying special-purpose statements of changes in net assets available for the payment of claims consists of realized gains or losses on sales of investments and the change in unrealized gains or losses on investments held. Under GAAP, unrealized gains and losses are recorded as other comprehensive income or loss, with the accumulated balance disclosed separately on the special-purpose statements of assets, liabilities and net assets available for the payment of claims.

Use of estimates

The preparation of financial statements in conformity with the special-purpose accounting methods described above requires the Trust to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and the disclosures of contingent assets and liabilities at the date of the special-purpose financial statements, as well as the reported amounts of additions and deductions to the net assets available for the payment of claims during the reporting period. Actual results could differ from those estimates and such differences could have a material effect on the net assets available for the payment of claims.

Cash equivalents

The Trust considers all highly liquid instruments with original maturities of three months or less to be cash equivalents. At December 31, 2007, the Trust maintained bank accounts that held funds in excess of FDIC-insured limits.

Investments

Investments are stated at fair market value based on quoted market prices as of the date of the special-purpose financial statements with the changes in unrealized gains and losses recorded in the current period. Investment income is recognized when earned. Gains and losses on sales of investment securities are determined using the specific identification method.

Accrued expenses and accounts payable

Accrued expenses and accounts payable consist of accruals and outstanding invoices associated with managing and operating the Trust.

Operating expenses

Operating expenses of the Trust are paid from the net assets available for the payment of claims when invoices are received.

NOTE 3 - RELATED PARTIES

On November 1, 2006, the Trust became a member in a limited liability company under an agreement with four other Qualified Settlement Funds. The Trust contributed \$100 as capital and recorded \$585,400 for start-up expenses in connection with the transition of the processing of the Trust's Asbestos PI Trust Claims to this entity.

The Trust paid expenses related to the operation of this entity of \$3,797,746 and \$100,100 for the year ended December 31, 2007 and the period from June 20, 2006 (inception) through December 31, 2006, respectively. Expenses charged to the Trust related to the operation of this entity include direct labor expense, other direct expenses, and an allocation of common costs.

NOTE 4 - INVESTMENTS

Investment securities consist of the following at December 31, 2007:

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Market Value</u>
Government bonds	\$ 75,330,905	\$ 0	\$ (248,855)	\$ 75,082,050
Municipal/provincial bonds	2,537,549,865	16,809,689	0	2,554,359,554
Non-government backed CMOs	11,631,549	0	(307,372)	11,324,177
Equity securities	<u>529,340,037</u>	<u>15,667,213</u>	<u>(3,165,495)</u>	<u>541,841,755</u>
	<u>\$ 3,153,852,356</u>	<u>\$ 32,476,902</u>	<u>\$ (3,721,722)</u>	<u>\$ 3,182,607,536</u>

NOTE 5 - INCOME TAXES

The Trust is classified as a Qualified Settlement Fund pursuant to the Internal Revenue Code and Regulations (the Code) thereunder. As a result, the Trust is subject to federal income taxes based on modified gross income, as defined by the Code. In the opinion of the Trustees and advisors, the Trust is not subject to state income taxes and, therefore, the special-purpose financial statements do not include any provision or liability for state income taxes.

As of December 31, 2007, the Trust has recorded income taxes receivable of \$6,000,000. This amount represents the estimated over payment of income taxes during the year ended December 31, 2007. There was no income tax payable for receivable recorded as of December 31, 2006. Income taxes paid during the year ended December 31, 2007 totaled \$23,768,905. Income taxes paid during the period from June 20, 2006 (inception) through December 31, 2007 totaled \$230,000.

NOTE 6 - INSURANCE RECOVERIES

During the period from June 20, 2006 (inception) through December 31, 2006 the Trust received insurance recoveries from insurers in the amount of \$4,223,000. No insurance recoveries from insurers were received during the year ended December 31, 2007. Under the terms of settlement agreements with certain insurance companies, the Trust may be entitled to future insurance recoveries. In accordance with the Trust's accounting policies, such insurance recoveries will be recorded as an addition to net assets available for the payment of claims when the funds are received from the insurance companies.

NOTE 7 - CONTINGENT LIABILITIES

The Plan Documents (as defined in the Confirmed Plan) subject the Trust to certain reimbursement and indemnification obligations that may result in future claims against the Trust.

The probability of such claims cannot be reasonably determined. Accordingly, no associated liability has been recorded in the accompanying special-purpose financial statements. Such claims, if any, are not expected to be material. The Trust has obtained insurance for purposes of supporting its obligation to indemnify the Trustees.

NOTE 8 - LIABILITY FOR ASBESTOS CLAIMS

The settled but unpaid claims liability at December 31, 2007 and 2006 consists of personal injury claims that were settled, but unpaid as of December 31, 2007 and 2006, respectively. These amounts have been included in personal injury claim expense in the accompanying statements of changes in net assets available for the payment of claims for the year ended December 31, 2007 and the period from June 20, 2006 (inception) through December 31, 2006, respectively.

The ultimate number of Asbestos PI Trust Claims to be filed and the liability for all such claims are not determinable at this time. The net assets available for the payment of claims at December 31, 2007 represent funding available for all Asbestos PI Trust Claims for which no fixed liability has yet been established. The net assets available for the payment of claims at December 31, 2007 may or may not be sufficient to meet all future obligations of the Trust.

NOTE 9 - TRUST LIABILITY INSURANCE

The Trust purchased liability insurance for premiums of \$525,000 and \$625,000 during the year ended December 31, 2007 and the period from June 20, 2006 (inception) through December 31, 2006. The current policy term is September 1, 2007 to September 1, 2008. The Trust's accounting policy is to expense in the current period any amounts that will not be available to pay future Asbestos PI Trust Claims or expenses of the Trust. Accordingly, amounts of \$525,000 and \$625,000 were recorded as deductions in net assets available for the payment of claims during the year ended December 31, 2007 and the period from June 20, 2006 (inception) through December 31, 2006, respectively.

NOTE 10 - TRUSTEES, TRUST ADVISORY COMMITTEE AND FUTURE CLAIMANTS REPRESENTATIVES

Fees and expenses of the Trustees, trust advisory committee and future claimants representative for the year ended December 31, 2007 and the period from June 20, 2006 (inception) through December 31, 2006 were:

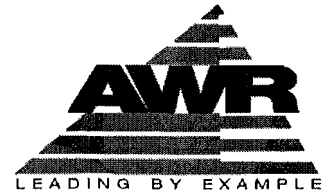
	2007			
	<u>Fees</u>	<u>Retainer</u>	<u>Expenses</u>	<u>Total</u>
Trustees	\$ 756,329	\$ 185,000	\$ 41,566	\$ 982,895
Legal Representative	91,488	0	16,342	107,830
FCR - Counsel	49,827	0	4,087	53,914
Trustees' Advisory Committee	88,078	0	26,067	114,145
Trustees' Advisory Committee Counsel	<u>123,090</u>	<u>0</u>	<u>4,750</u>	<u>127,840</u>
	<u>\$ 1,108,812</u>	<u>\$ 185,000</u>	<u>\$ 92,812</u>	<u>\$ 1,386,624</u>
	2006			
	<u>Fees</u>	<u>Retainer</u>	<u>Expenses</u>	<u>Total</u>
Trustees	\$ 568,293	\$ 100,000	\$ 40,543	\$ 708,836
Legal Representative	93,861	0	6,726	100,587
FCR - Counsel	30,000	0	0	30,000
Trustees' Advisory Committee	28,750	0	9,076	37,826
Trustees' Advisory Committee Counsel	<u>101,276</u>	<u>0</u>	<u>4,702</u>	<u>105,978</u>
	<u>\$ 822,180</u>	<u>\$ 100,000</u>	<u>\$ 61,047</u>	<u>\$ 983,227</u>

The above amounts are included in operating expenses in the special-purpose statements of changes in net assets available for the payment of claims for the year ended December 31, 2007 and the period from June 20, 2006 (inception) through December 31, 2006.

SUPPLEMENTAL INFORMATION

ARGY, WILTSE & ROBINSON, P.C.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS



**REPORT OF INDEPENDENT ACCOUNTANTS
ON SUPPLEMENTAL INFORMATION**

April 28, 2008

To the Trustees of the
United States Gypsum Asbestos Personal Injury Settlement Trust:

Our audits were made for the purpose of forming an opinion on the basic special-purpose financial statements as of December 31, 2007 and 2006, and for the year ended December 31, 2007 and the period from June 20, 2006 (inception) through December 31, 2006 taken as a whole in accordance with the basis of accounting described in Note 2 of such statements. The supplemental information on page 13 is presented for purposes of additional analysis and is not a required part of the basic special-purpose financial statements. The supplemental information for the year ended December 31, 2007 and the period from June 20, 2006 (inception) through December 31, 2006 has been subjected to the auditing procedures applied in the audit of the basic special-purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic special-purpose financial statements taken as a whole.

Argy, Wiltse + Robinson, P.C.

UNITED STATES GYPSUM ASBESTOS PERSONAL INJURY SETTLEMENT TRUST

SUPPLEMENTAL SCHEDULES OF OPERATING EXPENSES

**YEAR ENDED DECEMBER 31, 2007 AND THE PERIOD FROM
JUNE 20, 2006 (INCEPTION) THROUGH DECEMBER 31, 2006**

	<u>2007</u>	<u>2006</u>
Federal income tax expense	\$ 17,768,905	\$ 230,000
Investment management and advisory service fee	2,844,085	0
Administration and claims process development fees	1,041,458	378,511
Trustee fees and expenses	982,895	708,836
Legal fees	954,030	254,138
Trust liability insurance	525,000	625,000
Accounting fees	206,367	37,494
TAC counsel fees and expenses	127,840	105,978
TAC fees and expenses	114,145	37,826
Legal representative fees and expenses	107,830	100,587
Actuarial analysis	22,354	23,570
Miscellaneous operating expenses	19,066	17
Meeting expenses	15,885	0
Start-up claims processing expense	<u>0</u>	<u>585,500</u>
Total operating expenses	\$ <u>24,729,860</u>	\$ <u>3,087,457</u>

See report of independent accountants on supplemental information.