July 30, 2002

BY FEDERAL EXPRESS

Honorable Jack B. Weinstein
Senior Judge, U. S. District Court
Eastern District of New York
225 Cadman Plaza East
Brooklyn, NY 11201

Honorable Burton R. Lifland
U.S. Bankruptcy Court
Southern District of New York
One Bowling Green
New York, NY 10004-1208

Dear Judge Weinstein and Judge Lifland:

Enclosed are chambers' copies of the unaudited Financial Statements and Report of the Manville Personal Injury Settlement Trust ("the Trust"), as of June 30, 2002, filed pursuant to Section 3.02(d)(ii) and (iii) of the Trust Agreement, which were electronically filed today with the Clerk of the United States Bankruptcy Court for the Southern District of New York.

OPERATIONS REVIEW

Second Quarter 2002 Overview

On May 13, 2002, the full version of e-Claims™, the Trust's electronic processing system, was implemented and the Claims Resolution Management Corporation ("CRMC"), the Trust's wholly-owned claims processing company, began receiving and settling electronic claim filings via the Internet. By the end of the second quarter, 59 law firms had signed

Electronic Filer Agreements and 53 of them were designated as "e-filers" (at least one person in the law firm had successfully passed the e-Claims certification examination). Based on filings during 2000, claim filings by these law firms are expected to represent approximately 80% of the Trust's claim filings during 2002.

During the first six months of 2002, the Trust received 21,189 claims, which brings total claims filed with the Trust as of June 30, 2002 to 557,444. At the end of the Second Quarter, the Trust had an active, unsettled claim population of 56,674**.**

With respect to the claims filed during the first six months (21,189), the Courts should note that the apparent decrease in claim filings when compared to claims filed during the first six months of 2001 (55,100) may be based, in part, on the fact that many of the Trust's e-Claims filers voluntarily did not file claims for many months this year pending implementation of the e-Claims program. The Trust believes that many of these filers have substantial backlogs of unfiled claims.

In addition, in the past, the Trust's total claim filing counts have included disqualified claims. We believe it is inappropriate to include such claims when describing total claim filings. Therefore, effective with this Quaterly letter and all future letters, we will no longer include disqualified claims in our claim filing totals. As the Courts may recall, "disqualified" claims describe those claims that the Trust will not process as originally filed and that require an entirely new Proof of Claim form. Disqualified claims include those claims that were duplicates of claims already filed; claims (mostly *pro* se) where the claimant has moved or otherwise cannot be located; and those claims that were disqualified by agreement pursuant to the settlement of the civil action filed against the Trust by the Maratime Asbestosis Legal Clinic.

An important element of the e-Claims program is the Claim Examination Process (CEP), which was also implemented in May. Its purpose is to validate the accuracy of our electronic filings by randomly selecting and then auditing one-third of all claims filed by the e-filers. During the auditing process, medical documents for these claims are reviewed by the CRMC staff in order to determine whether the allegations agree with the underlying medical documents and whether our electronic system properly assigned the appropriate disease category to the claim. As of June 30th, following the audit of approximately 2,000 claims, the accuracy rate (our audited disease category agreed with the alleged category) for all electronic filings was 97.3%, and in over one-fourth of the 2.7% of the claims that were inaccurate, the disease category claimed should have been higher, not lower, and was accordingly adjusted. The CRMC will continue the pre-payment audit process and, in addition, will commence both random and focused (based on disease and the e-filers audit history) audits of e-Claims users, but at lower audit levels for those law firms with excellent accuracy rates.

Individual Evaluation Process

While most claimants settle their claims by accepting the Scheduled Value Offer, some request Individual Evaluation (IE) if the claim does not meet the criteria of any of the seven Trust Distribution Process("TDP") Scheduled Diseases or if the claimants believe the claim has a value higher than the Scheduled Value. During the first six months, the Trust received 1,102 requests for IE, resolved 292 IE claims, and at the Quarter's end had 1,459 outstanding IE requests.

FINANCIAL SUMMARY

Consolidated operating expenses for the three and six months ended June 30, 2002, excluding income taxes, were $1.9 million and $4.3 million, respectively, compared to $5.3 and $11.7 million, respectively, for the same periods in 2001. The decrease in operating costs in 2002 is due in part to the staff reductions during 2001 associated with the e-Claims reorganization. Personnel costs are approximately 44% less for the first six months of 2002 compared to 2001.

During the three months ended June 30, 2002, Net Claimants' Equity decreased by $150 million. The significant reductions to Net Claimants' Equity were unrealized losses on available-for-sale securities of $114 million, claim settlements of $30 million and an increase in outstanding claim offers of $9 million.

During the second quarter, the Trust settled and paid approximately $30 million to12,400 claimants. This compares to about $45 million paid to approximately 8,700 claimants during the second quarter of 2001. The average claim payment was $2,445 and $5,177 for the quarters ended June 30, 2002 and 2001, respectively. The reduction in the average payment amout is principally due to the Trust provisionally changing the pro rata percentage in June

2001 from 10% to 5%, subject to receiving the consent of the Selected Counsel for the Beneficiaries ("SCB"). Since TDP implementation, operating expenses, excluding class action, litigation costs and JM asset management expenses, represent 4.0% of total Trust expenditures.

ASSET MANAGEMENT

As of June 30, 2002, the market value of the total portfolio, including accrued interest and dividends, was approximately $1,830 million, of which approximately $908 million (50%) was in diversified equities, $758 million (41%) in fixed income securities and the remaining $164 million (9%) in cash equivalents. Since the beginning of 2002, total investments have declined about $145 million, of which $44 million was due to claim payments, $8 million from operations and federal income taxes and $115 million net unrealized losses on the portfolio (about 6% of total investments), offset in part by investments receipts of nearly $22 million.

During the quarter ending June 30, 2002 and the year to date, the return on the Trust's equity investments was about –12.6% and –11.6% respectively, somewhat better than the broad U.S. equity market during the same periods due to the better performance of the Trust's holdings of non-U.S. equities. The Trust's fixed income investments, including cash equivalents, generated a positive return of about 2.4% and 2.8% for the quarter and six months ending June 30, 2002, which partially offset the declines in equities. The total return on the portfolio was approximately –5.6% and –4.8% for the quarter and year to date, respectively.

The Trust is proceeding gradually to rebalance the duration of its fixed income portfolio back toward its target of roughly two years, which had been increasing over time, as money market securities were liquidated to fund claim payments. In addition, over the remainder of this year the Trustees will be re-evaluating the overall asset allocation, currently 60% stocks and 40% bonds, which was adopted following the sale of the Trust's holdings of Johns Manville Corporation ("JM") stock in February of 2001. Since the sale of JM, the Trust has held a smaller percentage allocation to equities than its long-term target. Changed market conditions, as well as a revision to the estimate of future claim liabilities that may result from the anticipated amendment of the TDP, indicate a need to reconsider during the coming months the strategic target asset allocation. The key considerations will be the expected rate of return and risk associated with holding equities and the magnitude and timing of future claim payments.

Yours very truly,

/S/ Robert A. FALISE

Robert A. Falise
Chairman and Managing Trustee

Enclosure

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

Special-Purpose Unaudited Consolidated Financial Statements
As of June 30, 2002 and 2001

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

The consolidated financial statements included herein are unaudited. In the opinion of the management of the Trust, the accompanying consolidated financial statements present fairly, subject to normal year-end adjustments, the consolidated net claimants' equity as of June 30, 2002 and 2001 and the consolidated changes in net claimants' equity and cash flows for the three months and six months ended June 30, 2002 presented on the special-purpose basis of accounting described in Note 2, which accounting methods have been applied on a consistent basis.

_/signed/__Mark E. Lederer____
Mark E. Lederer
Chief Financial Officer

MANVILLE PERSONAL INJURY SETTLEMENT TRUST
CONSOLIDATED STATEMENTS OF NET CLAIMANTS' EQUITY
AS OF JUNE 30, 2002 AND 2001

	2002	2001
ASSETS:		
Cash equivalents and investments (Notes 1 & 2)		
Available-for-sale non-JM		
Restricted (Note 7)	$67,268,328	$72,153,018
Unrestricted non-JM	1,751,452,891	2,093,317,805
Total cash equivalents and investments	1,818,721,219	2,165,470,823
Accrued interest and dividend receivables	9,000,976	10,626,320
Deposits and other assets	187,770	126,806
Total assets	1,827,909,965	2,176,223,949
LIABILITIES:		
Accrued expenses	237,527	4,813,780
Unpaid claims (Notes 3, 5 and Exh. III)		
Settled Pre-Class Action complaint	1,014,773	1,029,773
Outstanding Offers - Post Class Action complaint	46,393,677	32,870,330
Settled, not paid - Post Class Acction complaint	2,659,627	
Contribution and indemnity claims payable		
(Notes 3 and Exh. III)		10,997
Lease commitments payable (Note 4)	967,365	1,596,411
Total liabilities	51,272,969	40,321,291
NET CLAIMANTS' EQUITY (Note 5)	$1,776,636,996	$2,135,902,658

The accompanying notes are an integral part of these consolidated statements.

MANVILLE PERSONAL INJURY SETTLEMENT TRUST
CONSOLIDATED STATEMENTS OF CHANGES IN NET CLAIMANTS' EQUITY
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2002

	Three Months Ended 6/30/02	Six Months Ended 6/30/02
NET CLAIMANTS' EQUITY, BEGINNING OF PERIOD	$1,927,362,715	$1,924,901,736
ADDITIONS TO NET CLAIMANTS' EQUITY:		
Non-JM investment income (Exh. I)	5,424,905	21,226,647
Decrease in lease commitments payable	157,992	315,981
Total additions	5,582,897	21,542,628
DEDUCTIONS FROM NET CLAIMANTS' EQUITY:		
Operating expenses (Exh. II)	1,854,963	4,250,305
Provision for income taxes (Exh. II)	517,600	2,563,900
Net increase in outstanding claim offers	9,196,684	1,898,409
Claims settled	30,231,222	46,223,630
Contribution and indemnity claims settled	195,954	279,833
Net unrealized losses on non-JM available-for-sale securities	114,312,193	114,591,291
Total deductions	156,308,616	169,807,368
NET CLAIMANTS' EQUITY, END OF PERIOD	$1,776,636,996	$1,776,636,996

The accompanying notes are an integral part of these consolidated statements.

MANVILLE PERSONAL INJURY SETTLEMENT TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2002

	Three Months Ended 6/30/02	Six Months Ended 6/30/02
CASH INFLOWS:		
Investment receipts	5,930,040	21,788,298
Change in deposits and other assets	9,641	5,153
Total cash inflows	5,939,681	21,793,451
CASH OUTFLOWS:		
Claim payments made	27,571,596	43,564,004
Contribution and indemnity claim payments	195,954	282,051
Total cash claim payments	27,767,550	43,846,055
Disbursements for Trust operating, dispute resolution, and income taxes	5,978,636	8,464,383
Total cash outflows	33,746,186	52,310,438
NET CASH INFLOWS (OUTFLOWS)	(27,806,505)	(30,516,987)
NON-CASH CHANGES:		
Net unrealized (losses) on non-JM available-for-sale securities	(114,312,193)	(114,591,291)
NET INCREASE (DECREASE) IN CASH EQUIVALENTS AND NON-JM INVESTMENTS AVAILABLE-FOR-SALE	(142,118,698)	(145,108,278)
CASH EQUIVALENTS AND NON-JM INVESTMENTS AVAILABLE-FOR-SALE, BEGINNING OF PERIOD	1,960,839,917	1,963,829,497
CASH EQUIVALENTS AND NON-JM INVESTMENTS AVAILABLE-FOR-SALE, END OF PERIOD	$1,818,721,219	$1,818,721,219

The accompanying notes are an integral part of these consolidated statements.

MANVILLE PERSONAL INJURY SETTLEMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2002 AND 2001

(1) DESCRIPTION OF THE TRUST

The Manville Personal Injury Settlement Trust (the Trust), organized pursuant to the laws of the state of New York with its office in Katonah, New York, was established pursuant to the Manville Corporation (Manville or JM) Second Amended and Restated Plan of Reorganization (the Plan). The Trust was formed to assume Manville's liabilities resulting from pending and potential litigation involving (i) individuals exposed to asbestos who have manifested asbestos-related diseases or conditions, (ii) individuals exposed to asbestos who have not yet manifested asbestos-related diseases or conditions and (iii) third-party asbestos-related claims against Manville for indemnification or contribution. Upon consummation of the Plan, the Trust assumed liability for existing and future asbestos health claims. The Trust's initial funding is described below under "Funding of the Trust." 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 was consummated on November 28, 1988.

In December 1998, the Trust formed a wholly-owned corporation, the Claims Resolution Management Corporation (CRMC), to provide the Trust with claim processing and settlement services. Prior to January 1, 1999, the Trust provided its own claim processing and settlement services. CRMC began operations on January 1, 1999 in Fairfax, Virginia. The accounts of the Trust and CRMC have been consolidated for financial reporting purposes. All significant balances and transactions between the Trust and CRMC have been eliminated in consolidation.

Funding of the Trust

The Trust was initially funded from the following sources:

- Manville provided $150 million in cash plus $5.4 million in accrued interest. At consummation, the Trust was required to transfer approximately $27.5 million to the Manville Property Damage Settlement Trust.

- Insurance settlement proceeds totaling $695 million, which included $72 million in interest thereon.

- 24,000,000 shares of Manville Common Stock (50% of Manville Common Stock outstanding at consummation).

- 7,200,000 shares of a new Series A Convertible Preferred Stock of Manville. In December 1992, these shares were converted into 72,000,000 shares of Manville Common Stock.

- A $50 million interest-bearing note receivable (the Trust Note) payable in equal installments in 1990 and 1991. In December 1989, Manville prepaid the Trust Note. The payment included the $50 million in principal and $8.1 million in accrued interest.

- ♦ Up to $1.65 billion pursuant to the terms of a bond (the Trust Bond). The Trust Bond initially provided for semi-annual installments of $37.5 million commencing in 1991 and ending in 2012. In 1994, the Trust Bond was prepaid.

- ♦ Up to $150 million pursuant to the terms of a second bond (the Trust Second Bond). The Trust Second Bond required Manville to pay the Trust $37.5 million semi-annually in the years 2013 and 2014. On June 30, 1999, the Trust Second Bond was prepaid.

- ♦ Up to 20% of Manville's profits as defined in the Plan, payable beginning in 1992 with respect to the prior year's profits (the Profit Sharing Rights). In April 1996, the Profit Sharing Rights were exchanged for an additional 32,527,110 shares of Manville Common Stock.

Manville Stock Interests

On December 19, 2000, JM entered into a definitive merger agreement pursuant to which Berkshire Hathaway, Inc. (Berkshire) agreed to acquire all of the outstanding shares of JM for $13 per share in cash. In addition, the Trust in a separate agreement with Berkshire agreed to tender its shares of JM. On December 28, 2000 JM repurchased 10.5 million shares of its common stock from the Trust for $136.5 million, reflecting the purchase price of $13 per share in the transaction with Berkshire. On February 26, 2001 the Trust tendered all its shares and received approximately $1.3 billion for its remaining 102,230,819 shares of JM common stock, net of transaction costs of approximately $12.5 million. In addition, JM paid the Trust $90 million in settlement of JM's obligation for future income taxes of the Trust (Note 8).

(2) SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

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 communicate to the beneficiaries of the Trust the amount of equity available for payment of current and future claims. These special-purpose accounting methods are enumerated as follows:

(1) The financial statements are prepared using the accrual basis of accounting.

(2) The funding received from JM and its liability insurers has been recorded directly to net claimants' equity. These funds do not represent income of the Trust. Settlement offers for asbestos health claims are reported as deductions in net claimants' equity and do not represent expenses of the Trust.

(3) 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 as they are incurred. These costs include acquisition costs of computer hardware, software, software development, office furniture and leasehold improvements.

(4) 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 to net claimants' equity.

(5) The liability for unpaid claims reflected in the statements of net claimants' equity represents settled but unpaid claims and outstanding settlement offers. Post-Class Action complaint claims' liability is recorded once a settlement offer is made to the claimant (Note 3) at the amount equal to the expected pro rata payment. No liability is recorded for future claim filings and filed claims on which no settlement offer has been made. Net claimants' equity represents funding available to pay present and future claims on which no fixed liability has been recorded.

(6) Available-for-sale securities are recorded at market. All interest and dividend income, as well as net realized gains/losses, on non-JM available-for-sale securities are included in non-JM investment income on the statements of changes in net claimants' equity. Realized gains on JM common stock and unrealized gains and losses on non-JM available-for-sale securities are recorded as separate components on the statements of changes in net claimants' equity.

Realized gains/losses on both non-JM available-for-sale securities and JM common stock are recorded based on the security's original cost. At the time a security is sold, all previously recorded unrealized holding gains/losses are reversed and recorded net, as a component of other unrealized gains/losses in the accompanying statements of changes in net claimants' equity.

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. The most significant estimates with regard to these financial statements relate to unpaid claims, as discussed in Notes 3 and 5.

(b) Cash Equivalents and Non-JM Investments

At June 30, 2002 and 2001, the Trust has recorded all its non-JM investment securities at market value, as follows:

	2002		2001	
	Cost	Market	Cost	Market
Restricted				
Cash equivalents	$ 488,287	$ 488,287	$685,019	$685,019
U.S. Govt. obligations	11,439,848	11,738,468	11,648,344	11,886,569
Corporate and other debt	9,369,422	9,546,959	7,901,720	8,020,632
Equities – U.S.	45,669,010	45,494,614	44,620,297	51,560,798
Total	$66,966,567	$67,268,328	$64,855,380	$72,153,018

	2002 Cost	2002 Market	2001 Cost	2001 Market
Unrestricted				
Cash equivalents	$179,869,422	$179,869,422	$461,517,051	$461,517,051
U.S. govt. obligations	290,690,683	297,764,730	308,473,181	310,888,136
Corporate and other debt	409,520,881	412,292,985	342,961,528	345,422,211
Equities – U.S.	910,915,668	773,699,541	874,162,266	893,844,717
Equities – International	102,171,754	87,826,213	83,113,633	81,645,690
Total	$1,893,168,408	$1,751,452,891	$2,070,227,659	$2,093,317,805

The Trust invests in two types of derivative financial instruments. Equity index futures are used as strategic substitutions to cost effectively replicate the underlying index of its domestic equity investment fund. At June 30, 2002, the fair value of these instruments was approximately $4.1 million and was included in non-JM investments available-for-sale on the statement of net claimants' equity. Foreign currency forwards are utilized for both currency translation purposes and to economically hedge against the currency risk inherent in foreign equity issues and are generally for periods up to 90 days. At June 30, 2002, the Trust held at market value approximately $54.6 million in sell currency forward contracts offset by approximately $58.5 million in buy currency forward contracts. The unrealized loss on these outstanding currency forward contracts of approximately $3.9 million is principally offset by corresponding unrealized gains due to currency exchange on the underlying securities being hedged. These amounts are recorded in the statement of net claimants' equity at June 30, 2002.

(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, these costs, net of disposals, include:

Acquisition of furniture and equipment	$ 812,580
Acquisition of computer hardware and software	1,773,629
Computer software development (e-Claims)	2,314,850
Leasehold improvements	72,965
Total	$4,974,024

These items have not been recorded as assets, but rather as direct deductions to net claimants' equity in the accompanying consolidated financial statements. The cost of fixed assets, net of proceeds on disposals, that were expensed during the three and six months ended June 30, 2002 was approximately $63,000 and $176,800, respectively.

Depreciation expense related to asset acquisitions using accounting principles generally accepted in the United States would have been approximately $122,400 and $162,500 for the three and six months ended June 30, 2002, respectively.

(d) JM Dividends

The Trust received its last JM dividend payment in January 2001 that was declared in December 2000. Such dividends when declared are reported as an addition to net claimants' equity.

(3) UNPAID CLAIMS

The Trust distinguishes between claims that were resolved prior to the filing of the class action complaint on November 19, 1990, and claims resolved after the filing of that complaint. Claims resolved prior to the complaint (Pre-Class Action Claims) were resolved under various payment plans, all of which called for 100% payment of the full liquidated amount without interest over some period of time. However, between July 1990 and February 1995, payments on all claims except qualified exigent health and hardship claims were stayed by the courts. By court order on July 22, 1993 (which became final on January 11, 1994), a plan submitted by the Trust was approved to immediately pay, subject to claimant approval, a discounted amount on Pre-Class Action Claims, in full satisfaction of these claims. The discount amount taken, based on the claimants who accepted the Trust's discounted offer, was approximately $135 million.

The unpaid liability for the Post-Class Action claims represents outstanding offers made in First-in, First-out (FIFO) order to claimants eligible for settlement after November 19, 1990. Under the TDP (Note 5), claimants receive an initial pro rata payment equal to a percentage of the liquidated value of their claim. The Trust remains liable for the unpaid portion of the liquidated amount only to the extent that assets will be available after paying all claimants the established pro rata share of their claims. The Trust makes these offers electronically for law firms that file their claims electronically (e-filers), or in the form of a check made payable to the claimant and/or claimant's counsel for firms that file their proof of claim with paper. E-filers may accept their offers electronically and the Trust records a settled, but unpaid claim at the time of acceptance. Paper filers may accept their offer by depositing the check. An unpaid claim liability is recorded once an offer is made. The unpaid claim liability remains on the Trust's books until accepted or expiration of the offer after 360 days.

(4) COMMITMENTS AND CONTINGENCIES

Operating Leases

In September 1993, the Trust executed a 5-year lease through December 1998 for its offices in Fairfax, Virginia. The lease was extended for an additional 5 years beginning at the expiration of the initial lease. Effective January 1, 1999, the Trust assigned its rights under the lease to CRMC conditioned upon the Trust's guarantee of future lease payments.

Future minimum rental commitments under this operating lease, as of June 30, 2002, are as follows:

Calendar Year		Amount
2002		315,985
2003		651,380
	Total	$967,365

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

(5) NET CLAIMANTS' EQUITY

A class action complaint was filed on behalf of all Trust beneficiaries on November 19, 1990, seeking to restructure the methods by which the Trust administers and pays claims. On July 25, 1994, the parties signed a Stipulation of Settlement that included a revised Trust Distribution Process (the TDP). 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 and values. The Court approved the settlement in an order dated January 19, 1995. Though six appeals were filed with the Court of Appeals, no stay was granted and the Trust implemented the TDP payment procedures effective February 21, 1995. On February 21, 1996, the Court of Appeals affirmed the decision.

Prior to the commencement of the class action in 1990, the Trust filed a motion for a determination that its assets constitute a "limited fund" for purposes of Federal Rules of Civil Procedure 23(b)(1)(B). The Courts adopted the findings of the Special Master that the Trust is a "limited fund". In part, the limited fund finding concludes that there is a substantial probability that estimated future assets of the Trust are and will be insufficient to pay in full all claims that have been and will be asserted against the Trust.

The TDP contains certain procedures for the distribution of the Trust's limited assets. 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.

Prior to the implementation of the TDP, the Trust conducted its own research and monitored studies prepared by the Courts' appointee regarding the valuation of Trust assets and liabilities. Based on this valuation, the TDP provided for an initial 10% payment of the liquidated value of then current and estimated future claims (pro rata payment percentage). As required by the TDP, the Trust has periodically re-estimated the values of its projected assets and liabilities to determine whether a revised pro rata payment percentage should be applied in the future. The most recent re-estimate began in 2000 and was concluded in June of 2001. Following its review and consultation with the Selected Counsel for the Beneficiaries (SCB), the Legal Representative of Future Claimants (Legal Representative) and Special Advisor to the Trust (Special Advisor), the Trust proposed to the SCB and Future Representative that the pro rata payment percentage be reduced from 10% to 5%, beginning generally with claims filed after October of 2000. The SCB and Legal Representative consented to the Trust's request that, pending a final resolution of this issue and without prejudice to their rights to dispute the issue in binding arbitration, the Trust may make offers and pay claims based upon a 5% pro rata payment percentage. Thereafter, the Legal Representative consented to the 5% pro rata payment. However, the SCB has not provided consent.

Therefore, pursuant to the TDP, the Special Advisor is authorized to name three arbitrators to resolve this matter through binding arbitration. The SCB and the Trust are each entitled to strike one of the arbitrators. The remaining arbitrator will decide the matter. As of June 30, 2002, the Special Advisor has identified three arbitrators, but no further action has been taken pending a discussion between the Trust, SCB and Legal Representative regarding possible TDP amendments. At this time, it is impossible to predict what changes to the TDP may be agreed upon and what impact, if any, such changes will have on the pro rata payment percentage.

As required under the TDP, the Trust will continue 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.

(6) EMPLOYEE BENEFIT PLANS

The Trust established a tax-deferred employee savings plan under Section 401(k) of the Internal Revenue Code, with an effective date of January 1, 1988. 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 6% of their salaries. The total employer contributions and expenses under the plan were approximately $43,300 and $101,200 for the three and six months ended June 30, 2002, respectively.

(7) RESTRICTED ASSETS

In order to avoid the high costs of director and officer liability insurance and with the approval of the United States Bankruptcy Court for the Southern District of New York, the Trust established a segregated security fund of $30 million and, with the additional approval of the United States District Court for the Southern and Eastern Districts of New York, an escrow fund of $3 million from the assets of the Trust, which 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. In addition, a $15 million escrow and security fund was established to secure the obligations of the Trust to exclusively indemnify the current Trustees, whose access to the other security funds is subordinated to the former Trustees. Upon the final order in the Class Action litigation (Note 3), the $15 million escrow and security fund was reduced by $5 million. Pursuant to Section 5.07 of the Plan, Trustees are entitled to a lien on the segregated security and escrow funds to secure the payment of any amounts payable to them through such indemnification. Accordingly, in total, $43 million has been transferred from the Trust’s bank accounts to separate escrow accounts and pledge and security agreements have been executed perfecting those interests. The investment earnings on these escrow accounts accrue to the benefit of the Trust.

As a condition of the tax agreement between JM and the Trust discussed in Note 8 below, the Trust was required to transfer $30 million in cash to an escrow account to secure the payment of its future income tax obligations post settlement of the transaction. The escrow account balance may be increased or decreased over time. As of June 30, 2002, securities with a market value of $41.6 million were held by an escrow agent in accordance with the agreement. These funds have been reported as restricted investments.

(8) INCOME TAXES

For Federal income tax purposes, JM had elected for the qualified assets of the Trust to be taxed as a Designated Settlement Fund (DSF). Income and expenses associated with the DSF are taxed in accordance with Section 468B of the Internal Revenue Code, which obligates JM to pay for any federal income tax liability imposed upon the DSF. In addition, pursuant to an agreement between JM and the Trust, JM is obligated to pay for any income tax liability of the Trust. As discussed in Note 1, at the consummation of the tender offer transaction with Berkshire on February 26, 2001, JM paid the

Trust $90 million to settle JM's obligation to the Trust. In return, the Trust terminated JM's contractual liability for income taxes of the DSF and agreed to indemnify JM in respect for all future income taxes of the Trust. JM remained liable for the Trust's income taxes through February 26, 2001. The statutory income tax rate for the DSF is 15%.

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. As of June 30, 2002, the Trust has recorded a net deferred tax liability of $73,000, representing temporary differences primarily for accrued vacation and deferred compensation. The deferred liability is included in accrued expenses in the accompanying consolidated statement of net claimants' equity.

(9) PROOF OF CLAIM FORMS FILED

Proof of claim forms have been filed with the Trust as follows:

	As of 6/30/02	As of 6/30/01
Claims filed	557,444	503,128
Expired offers [1]	(39,447)	(44,071)
Active claims	517,997	459,057
Settled claims	(461,323)	(374,824)
Claims currently eligible for settlement	56,674	84,233

[1] Claims that received a Trust offer, but failed to respond within the offer acceptance period. A claim may be reactivated upon written request and is eligible for a new offer at the end of the FIFO queue.

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

The following exhibits are provided in accordance with Article 3.02 (d)(iii) of the Manville Personal Injury Settlement Trust Agreement.

EXHIBIT I

MANVILLE PERSONAL INJURY SETTLEMENT TRUST
CONSOLIDATED NON-JM INVESTMENT INCOME
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2002

	Three Months Ended 6/30/02	Six Months Ended 6/30/02
NON-JM INVESTMENT INCOME		
Interest	$ 11,594,713	$ 23,378,440
Dividends (Note 2(e))	3,933,509	7,471,190
Net realized (losses)	(9,462,274)	(8,349,886)
Total non-JM investment income	6,065,948	22,499,744
Investment expenses	(641,043)	(1,273,097)
TOTAL	$5,424,905	$21,226,647

The accompanying notes are an integral part of this exhibit.

EXHIBIT II

MANVILLE PERSONAL INJURY SETTLEMENT TRUST
CONSOLIDATED OPERATING EXPENSES
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2002

	Three Months Ended 6/30/02	Six Months Ended 6/30/02
OPERATING EXPENSES:		
Personnel costs	$972,939	$2,065,188
Office general and administrative	265,728	600,133
Travel and meetings	63,539	126,664
Board of Trustees	163,891	335,119
Professional fees	228,310	765,851
Net fixed asset purchases	63,056	176,825
Computer and other EDP costs	97,500	180,525
TOTAL OPERATING EXPENSES	1,854,963	4,250,305
Income tax provision	517,600	2,563,900
TOTAL	$2,372,563	$6,814,205

The accompanying notes are an integral part of this exhibit.

MANVILLE PERSONAL INJURY SETTLEMENT TRUST
SCHEDULE OF LIQUIDATED CLAIMS
SINCE CONSUMMATION (NOVEMBER 28, 1988)
THROUGH JUNE 30, 2002

	Number	Amount	Average Payment Amount
Trust Liquidated Claims			
Pre-Class Action Complaint November 19, 1990 and Before-			
Liquidated Claim Value	27,609	$1,188,255,672	
Present Value Discount (1)		(135,306,535)	
Net Settlements	27,609	1,052,949,137	
Payments	(27,565)	(1,051,934,364)	$38,162
Unpaid Balance	44	$1,014,773	
Post-Class Action Complaint After November 19, 1990-			
Offers Made at Full Liquidated Amount	447,802	$18,697,477,176	
Reduction in Claim Value (2)		(16,933,364,192)	
Net Offer Amount	447,802	1,764,112,984	
Offers Accepted	(433,758)	(1,717,719,307)	$3,960
Offers Accepted, Not Paid	1,096	2,659,627	
Unpaid Balance	15,140	49,053,304	
Total Trust Liquidated Paid Claims	461,323	2,769,653,671	$6,004
Manville Liquidated Claims Paid (3)	158	$24,946,620	
Co-Defendant Liquidated Claims (4)			
Liquidated Claim Value		$96,306,799	
Investment Receipts (5)		2,624,732	
Payments		(98,931,531)	
Unpaid Balance		$0	

(1) The unpaid liability for Pre-Class Action Complaint claims has been reduced based upon a plar approved by the Courts in January, 1994 which requires the Trust to offer to pay a discountec amount in full satisfaction of the unpaid claim amount

(2) Under the TDP, Post Class Action Complaint claims have been reported at a pro rata percentage of their liquidated value.

(3) Manville Liquidated Claims refers to Liquidated AH Claims (as defined in the Plan) which the Trust has paid pursuant to an order of the United States Bankruptcy Court for the Southern Distric of New York dated January 27, 1987

(4) Number of personal injury claimants not identifiable.

(5) Investment receipts of separate investment escrow account established for the sub-class beneficiaries per the Stipulation of Settlement, net of income taxes

The accompanying notes are an integral part of this exhibit.

MANVILLE PERSONAL INJURY SETTLEMENT TRUST
SCHEDULE OF LIQUIDATED CLAIMS
FOR THE QUARTER ENDED JUNE 30, 2002

	Number	Amount	Avg. Payment Amount
Trust Liquidated Claims			
Pre-Class Action Complaint November 19, 1990 and Before-			
Payable as of March 31, 2002	44	$1,014,773	
Paid (1)			
Payable as of June 30, 2002	44	$1,014,773	
Post-Class Action Complaint After November 19, 1990- (2)			
Offers Outstanding as of March 31, 2002	13,876	$37,195,343	
Net Offers Made (3)	12,534	39,429,556	
Offers Accepted	(12,366)	(30,231,223)	$2,445
Offers Outstanding as of June 30, 2002	14,044	$46,393,677	
Offers Accepted, Not Paid as of June 30, 2002	1,096	2,659,627	
Payable as of June 30, 2002	15,140	$49,053,304	
Total Trust Liquidated Claims	12,366	30,231,223	$2,445
Co-Defendant Liquidated Claims			
Payable as of March 31, 2002		$0	
Settled		195,954	
Investment Receipts (4)			
Paid		(195,954)	
Payable as of June 30, 2002		$0	

(1) During the period the dollar amount of paid claims may include fully and partially paid claims. The number of paid claims represents only fully paid claims

(2) Under the TDP, Post Class Action Complaint claims have been reported at a pro rata percentage of their liquidated value.

(3) Represents payment offers made during the period net of rejected and expired offers.

(4) Investment receipts of separate investment escrow account established for the sub-class beneficiaries per the stipulation of settlement, net of income taxe