October 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 September 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

The Claims Resolution Management Corporation ("CRMC"), the Trust's wholly-owned claims processing company, has been receiving and settling claim filings electronically via the e-Claims^{TM} (patent pending) application for over four months. At the end of the third quarter, 66 law firms had signed Electronic Filer Agreements and 56 of them were designated as "e-filers" (at least one person in the law firm had successfully participated in CRMC's training program and 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 nine months of 2002, the Trust received approximately 42,000 claims which brings total claims filed with the Trust as of September 30, 2002 to approximately 580,000. At the end of the Third Quarter, the Trust had an active, unsettled claim population of approximately 56,000, including 26,000 claims with offers pending**.**

The Trust believes that the lower than anticipated claim filings in 2002 can be attributed to two factors: the lengthy implementation of e-Claims; and uncertaintly surrounding the negotiations of the provisions of the new 2002 Trust Distribution Plan ("TDP"). Since full e-Claims implementation in May and the approval and circulation of the new TDP in September (see below), we expect claim filings will increase in the Fourth Quarter.

Our evaluation of the accuracy of the electronic filings by randamonly selecting and then auditing one-third of all claims filed by the e-filers continues. During the auditing process, medical documents for these claims are reviewed by the CRMC staff in order to determine whether the claim allegations agree with the underlying medical documents and whether our electronic system properly assigned the apprporiate disease category to the claim. As of September 30th, following the audit of 6,342 claims, the accuracy rate (our audited disease category agreed with the alleged category) for all electronic filings continues to be in excess of 95%, and in over one-fourth of those claims that were inaccurate, the alleged disease category was inaccurately claimed to be too low, and was accordingly adjusted upward by us. 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.

2002 Trust Distribution Process ("TDP")

As the Courts will recall, on September 4th, the Trust, the Selected Counsel for the Beneficiaries ("SCB"), and the Legal Representative of Future Claimants (the "Legal Representative") appeared before the Courts to report that they had agreed to significant amendments to the TDP (that we now refer to as the "2002 TDP" to distinguish it from the 1995 TDP). These amendments, that were the result of extensive negotiations among the parties, include significant changes to the Scheduled Values for asbestos-related diseases so as to provide greater compensation to claimants suffering from a malignant disease; changes to the medical documentation required to support a claim; and an increase in the intensity of asbestos exposure necessary to support compensation for almost all claim categories.

The Trust is already accepting and compensating mesothlioma claims filed pursuant to the 2002 TDP, while all other 2002 TDP claims can be filed beginning on January 2, 2003. The Trust will report on a regular basis thereafter to the SCB and the Legal Representative concerning 2002 TDP filings so that the parties will be in a position as soon as possible to determine whether the *pro rata* rate can be increased as a result of the TDP amendments.

FINANCIAL SUMMARY

Consolidated operating expenses for the three and nine months ended September 30, 2002, excluding income taxes, were $2.0 million and $6.2 million, respectively compared to $4.5 and $16.2 million, respectively for the same periods in 2001. This represents a 62% decrease in year to date operating expenses compared to last year. The decrease in operating costs in 2002 is due in significant part to the staff reductions associated with the e-Claims reorganization. Personnel costs are approximately 58% less in the third quarter of 2002 compared to 2001 and are 50% less for the first nine months of 2002 compared to 2001.

During the three months ended September 30, 2002, Net Claimants' Equity decreased by $214 million. The principal reductions to Net Claimants' Equity were: unrealized losses on available-for-sale securities of $132 million; claim settlements of $73 million; and an increase in outstanding claim offers of $6 million.

During the third quarter, the Trust settled approximately 24,300 claims. This compares to almost 34,400 settlements during the third quarter of 2001. The average claim settlement amount was $2,995 and $2,390 for the quarters ended September 30, 2002 and 2001, respectively. The increase in the average settlement amount is principally due to a larger number of settled individual evaluation claims and the increased value of the scheduled value for Mesothelioma claims. Since TDP implementation, operating expenses, excluding class action, litigation costs and JM asset management expenses, represent 3.9% of total Trust expenditures.

ASSET MANAGEMENT

As of September 30, 2002, the market value of the total portfolio, including accrued interest and dividends, was approximately $1,623 million, of which approximately $760 million (47%) was in diversified equities, $701 million (43%) in fixed income securities and the remaining $162 million (10%) in cash equivalents. Since the beginning of 2002, total investments have declined about $350 million, of which $113 million was due to claim payments, $11 million from operations and federal income taxes and $247 million net unrealized losses on the portfolio, offset in part by about $21 million in investments receipts.

During the quarter ending September 30, 2002 and the year to date, the total return on the portfolio was approximately –7.4% and –11.8%, respectively. The return on the Trust's equity investments was about –17.4% and –27.0% respectively, reflecting the broad declines in developed equity markets both in the United States and abroad. The Trust's fixed income investments, including cash equivalents, generated a positive return of about 2.9% and 5.8% for the quarter and nine months ending September 30, 2002, which partially offset the declines in equities. Pending the re-estimate of the pro rata payment percentage discussed below, the Trust intends to make only very modest additions to its equity investments and otherwise maintain adequate liquidity to facilitate the timely payment of claims.

Pursuant to our recent agreement with the SCB and Legal Representative, the Trust has deferred the re-estimate of the pro rata payment percentage until no earlier than midyear 2003. In the meantime, the Trust will continue to pay the reduced pro rata share of 5% of liquidated value on settled claims that was implemented by the Trust in June, 2001 and will continue to closely monitor the claim filing and settlement patterns as they emerge once claims can be routinely filed pursuant to the new 2002 TDP beginning next year

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 September 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 September 30, 2002 and 2001 and the consolidated changes in net claimants' equity and cash flows for the three months and nine months ended September 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 SEPTEMBER 30, 2002 AND 2001

	2002	2001
ASSETS:		
Cash equivalents and investments (Notes 1 & 2)		
Available-for-sale non-JM		
Restricted (Note 7)	$63,148,084	$67,697,418
Unrestricted non-JM	1,550,666,004	1,879,325,255
Total cash equivalents and investments	1,613,814,088	1,947,022,673
Accrued interest and dividend receivables	8,706,772	9,826,259
Deposits and other assets	3,864,812	229,373
Total assets	1,626,385,672	1,957,078,305
LIABILITIES:		
Accrued expenses	2,458,953	5,671,739
Unpaid claims (Notes 3, 5 and Exh. III)		
Settled Pre-Class Action complaint	631,073	1,014,773
Outstanding Offers - Post Class Action complaint	52,791,798	72,427,327
Settled, not paid - Post Class Acction complaint	7,147,767	
Contribution and indemnity claims payable		
(Notes 3 and Exh. III)	0	11,702
Lease commitments payable (Note 4)	809,373	1,439,878
Total liabilities	63,838,964	80,565,419
NET CLAIMANTS' EQUITY (Note 5)	$1,562,546,708	$1,876,512,886

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 NINE MONTHS ENDED SEPTEMBER 30, 2002

	Three Months Ended 9/30/02	Nine Months Ended 9/30/02
NET CLAIMANTS' EQUITY, BEGINNING OF PERIOD	$1,776,636,996	$1,924,901,736
ADDITIONS TO NET CLAIMANTS' EQUITY:		
Non-JM investment income (Exh. I)	(1,289,820)	19,936,827
Decrease in lease commitments payable	157,992	473,973
Total additions	(1,131,828)	20,410,800
DEDUCTIONS FROM NET CLAIMANTS' EQUITY:		
Operating expenses (Exh. II)	1,955,330	6,205,635
Provision (benefit) for income taxes (Exh. II)	(505,000)	2,058,900
Net increase in outstanding claim offers	6,399,772	8,298,181
Claims settled	72,822,429	119,046,059
Contribution and indemnity claims settled	157,658	437,491
Net unrealized losses on non-JM available-for-sale securities	132,128,271	246,719,562
Total deductions	212,958,460	382,765,828
NET CLAIMANTS' EQUITY, END OF PERIOD	$1,562,546,708	$1,562,546,708

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 NINE MONTHS ENDED SEPTEMBER 30, 2002

	Three Months Ended 9/30/02	Nine Months Ended 9/30/02
CASH INFLOWS:		
Investment receipts	(659,533)	21,128,765
Total cash inflows	(659,533)	21,128,765
CASH OUTFLOWS:		
Claim payments made	68,718,602	112,282,606
Contribution and indemnity claim payments	157,658	439,709
Total cash claim payments	68,876,260	112,722,315
Disbursements for Trust operating expenses and income taxes	1,925,027	8,030,406
Change in deposits and other assets	1,318,040	3,671,891
Total cash outflows	72,119,327	124,424,612
NET CASH INFLOWS (OUTFLOWS)	(72,778,860)	(103,295,847)
NON-CASH CHANGES:		
Net unrealized (losses) on non-JM available-for-sale securities	(132,128,271)	(246,719,562)
NET (DECREASE) IN CASH EQUIVALENTS AND NON-JM INVESTMENTS AVAILABLE-FOR-SALE	(204,907,131)	(350,015,409)
CASH EQUIVALENTS AND NON-JM INVESTMENTS AVAILABLE-FOR-SALE, BEGINNING OF PERIOD	1,818,721,219	1,963,829,497
CASH EQUIVALENTS AND NON-JM INVESTMENTS AVAILABLE-FOR-SALE, END OF PERIOD	$1,613,814,088	$1,613,814,088

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

MANVILLE PERSONAL INJURY SETTLEMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 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 September 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	$3,277,252	$ 3,277,252	$2,422,167	$2,422,167
U.S. Govt. obligations	10,138,109	10,430,587	12,143,554	12,617,543
Corporate and other debt	8,263,413	8,497,670	6,062,222	6,268,223
Equities – U.S.	47,872,011	40,942,575	47,184,737	46,389,485
Total	$69,550,785	$63,148,084	$67,812,680	$67,697,418

	2002		2001	
	Cost	Market	Cost	Market
Unrestricted				
Cash equivalents	$182,769,672	$182,769,672	$354,236,431	$354,236,431
U.S. govt. obligations	263,395,548	276,386,040	310,172,897	320,319,996
Corporate and other debt	363,837,931	374,099,277	357,099,562	366,254,003
Equities – U.S.	911,070,777	647,404,897	873,216,696	752,604,368
Equities – International	96,731,399	70,006,118	102,113,418	85,910,457
Total	$1,817,805,327	$1,550,666,004	$1,996,839,004	$1,879,325,255

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 September 30, 2002, the fair value of these instruments was approximately $4.9 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 September 30, 2002, the Trust held at market value approximately $56.3 million in sell currency forward contracts offset by approximately $55.8 million in buy currency forward contracts. The unrealized gain on these outstanding currency forward contracts of approximately $0.5 million is principally offset by corresponding unrealized loss due to currency exchange on the underlying securities being hedged. These amounts are recorded in the statement of net claimants' equity at September 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	$ 816,882
Acquisition of computer hardware and software	1,816,425
Computer software development (e-Claims)	2,321,065
Leasehold improvements	72,965
Total	$5,027,337

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 nine months ended September 30, 2002 was approximately $38,600 and $215,400, respectively.

Depreciation expense related to asset acquisitions using accounting principles generally accepted in the United States would have been approximately $238,100 and $714,200 for the three and nine months ended September 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 September 30, 2002, are as follows:

Calendar Year		Amount
2002		157,992
2003		651,381
	Total	$809,373

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.

During the second and third quarters of 2002, the SCB and Legal Representative and the Trust met to discuss amending the TDP. As a result of these meetings, in late August, the parties agreed to TDP amendments that are now contained in what is called the "2002 TDP". The 2002 TDP principally changes the categorization criteria and scheduled values for the scheduled diseases. Claimants may continue to file claims pursuant to the original TDP ("1995 TDP") provided that (i) the claim is filed prior to August 31, 2003 and (ii) the claimant's date of diagnosis is prior to September 1, 2002. Otherwise, claims must be filed pursuant to the 2002 TDP. Pending receipt of sufficient claim filing information to re-estimate the pro rata percentage, not expected to mid 2003 at the earliest, the Trust, SCB and Legal Representative agreed that the Trust will continue to pay 5% pro rata payment on the liquidated value of resolved 1995 TDP and 2002 TDP claims.

Thereafter, 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 $45,300 and $146,400 for the three and nine months ended September 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 September 30, 2002, securities with a market value of $20.1 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 September 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 9/30/02	As of 9/30/01
Claims filed	580,414	518,088
Expired offers [1]	(38,354)	(43,131)
Active claims	542,060	474,957
Settled claims	(485,657)	(409,204)
Claims currently eligible for settlement	56,403	65,753

(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 NINE MONTHS ENDED SEPTEMBER 30, 2002

	Three Months Ended 9/30/02	Nine Months Ended 9/30/02
NON-JM INVESTMENT INCOME		
Interest	$ 11,048,890	$ 34,427,330
Dividends (Note 2(e))	3,559,883	11,031,073
Net realized (losses)	(15,295,043)	(23,644,929)
Total non-JM investment income	(686,270)	21,813,474
Investment expenses	(603,550)	(1,876,647)
TOTAL	($1,289,820)	$19,936,827

The accompanying notes are an integral part of this exhibit.

EXHIBIT II

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

	Three Months Ended 9/30/02	Nine Months Ended 9/30/02
OPERATING EXPENSES:		
Personnel costs	$1,021,277	$3,086,465
Office general and administrative	359,768	959,901
Travel and meetings	45,369	172,033
Board of Trustees	166,426	501,545
Professional fees	226,673	992,524
Net fixed asset purchases	38,574	215,399
Computer and other EDP costs	97,243	277,768
TOTAL OPERATING EXPENSES	1,955,330	6,205,635
Income tax provision (benefit)	(505,000)	2,058,900
TOTAL	$1,450,330	$8,264,535

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 SEPTEMBER 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	(27,582)	(1,052,318,064)	$38,152
Unpaid Balance	27	$631,073	
Post-Class Action Complaint After November 19, 1990-			
Offers Made at Full Liquidated Amount	478,781	$18,697,477,176	
Reduction in Claim Value (2)		(16,854,143,642)	
Net Offer Amount	478,781	1,843,333,534	
Offers Accepted	(458,075)	(1,790,541,736)	$3,909
Offers Accepted, Not Paid	3,107	7,147,767	
Unpaid Balance	23,813	59,939,565	
Total Trust Liquidated Claims	485,684	2,843,490,873	$5,855
Manville Liquidated Claims Paid (3)	158	$24,946,620	
Co-Defendant Liquidated Claims (4)			
Liquidated Claim Value		$96,464,457	
Investment Receipts (5)		2,624,732	
Payments		(99,089,189)	
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 discounte 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 SEPTEMBER 30, 2002

	Number	Amount	Avg. Payment Amount
Trust Liquidated Claims			
Pre-Class Action Complaint November 19, 1990 and Before-			
Payable as of June 30, 2002	44	$1,014,773	
Paid (1)	(17)	(383,700)	
Payable as of September 30, 2002	27	$631,073	
Post-Class Action Complaint After November 19, 1990- (2)			
Offers Outstanding as of June 30, 2002	14,044	$46,393,677	
Net Offers Made (3)	30,979	79,220,551	
Offers Accepted	(24,317)	(72,822,429)	$2,995
Offers Outstanding as of September 30, 2002	20,706	$52,791,799	
Offers Accepted, Not Paid as of Sept. 30 , 2002	3,107	7,147,767	
Payable as of September 30, 2002	23,813	$59,939,565	
Total Trust Liquidated Claims	24,317	72,822,429	$2,995
Co-Defendant Liquidated Claims			
Payable as of June 30, 2002		$0	
Settled		157,658	
Investment Receipts (4)			
Paid		(157,658)	
Payable as of September 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