

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

TRUSTEES:

April 27, 2005

Robert A. Falise, Esquire
Chairman and Managing Trustee
Vero, Florida

Louis Klein, Jr., Esquire
Stamford, Connecticut

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

Frank J. Macchiarola, Esquire
Brooklyn, New York

Honorable Christian E. Markey, Jr.
Los Angeles, California

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

Dear Judge Weinstein and Judge Lifland:

Enclosed are chambers' copies of the Financial Statements and Report of the Manville Personal Injury Settlement Trust ("the Trust"), for the quarter ending March 31, 2005, filed pursuant to Sections 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

During the first three months of 2005, the Trust received approximately 5,200 new claim filings compared to approximately 4,000 filed during the same period of 2004. With only three months of filing statistics, it is too early to forecast this spike in filings as a trend. Several factors as described in my previous reports may have depressed the number of claims filed in 2004.

During the first quarter 2005, the Trust settled approximately 5,700 claims for \$17.3 million compared to 15,100 claims for \$34.7 million during 2004. The average claim settlement value for the first quarter 2005 and 2004 was \$3,038 and \$2,476, respectively. The variance between the 2005 and 2004 settlement numbers and the average claim settlement values are

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reflective of the difference between the 2002 TDP and the 1995 TDP and the lower percentage of non-malignancy claims filed under the 2002 TDP.

On March 31, 2005, the Trust had approximately 11,200 pending offers or denials, 16,200 expired claims, 10,670 claims in process and settlements of 644,850, totaling payments of approximately \$3.4 billion. When combined with approximately 71,550 withdrawn claims (unsettled claims in which offers or deficiencies lapsed), on March 31, 2005 the Trust had a total claim population of 754,501 claims.

FINANCIAL SUMMARY

Net operating expenses for the three months ended March 31, 2005 and 2004 were \$1.40 million and \$1.56 million, respectively, excluding income taxes and net of income of \$400,200 in 2005 and \$174,800 in 2004 received by the Claims Resolution Management Corporation (CRMC), the Trust's operating facility. Net operating costs for the first quarter 2005 represent an 11% reduction from 2004 operating costs. The decrease in net operating costs is principally due to the \$225,000 increase in income when compared to the first quarter of 2004. We continue to explore how the Trust can enhance its income by having the CRMC provide useful information and services to other claims paying facilities. Since implementation of the 1995 TDP, operating costs, excluding litigation and asset management expenses, have averaged 4.1% of total Trust expenditures.

ASSET AND LIABILITY MANAGEMENT

For the quarters ended March 31, 2005 and 2004, the Trust's total return on investment was approximately -1.2% and 2.2%, respectively. The total return during the same periods on the Trust's equity investments was approximately -1.8% and 2.5%, respectively. By way of comparison, the Russell 3000 index, a broad index of U.S. stocks, returned -2.2% and 2.2% during the first quarter of 2005 and 2004, respectively. The total return on fixed income investments for the same periods was -0.1% in 2005 versus 1.7% in 2004. However, the total return over the last 12 months, 3 and 5 years exceeds 5% in each of these periods.

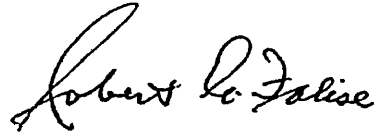
As of March 31, 2005, the market value of Trust investments, including accrued interest and dividends, was approximately \$1,628 million, of which approximately \$1,066 million (65%) was in diversified equities, \$550 million (34%) in fixed income securities and the remaining \$12

Honorable Jack B. Weinstein
Honorable Burton R. Lifland
April 29, 2005
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million (1%) in cash equivalents. During the first quarter of 2005, cash outflows exceeded inflows by only \$5 million, but the market value of our investments, including cash equivalents, decreased over \$40 million, principally as a result of net unrealized losses during the quarter. Nearly \$17 million was paid on claims during this quarter.

Very recently, the Trust received 12 preliminary future claim forecasts from Tillinghast Towers Perrin, the consultant we retained to project future claims. During the coming weeks, these forecasts will be supplemented and reviewed by the Trust, Selected Counsel for the Beneficiaries, the Futures Representative and the Special Adviser to the Trust and Tillinghast will then assign relative weights to each of the forecasts reflecting the relative likelihood of each projection. At that point, the Trust will begin to re-estimate the pro rata payment percentage. It is expected that the results will be reviewed at the May 17th Trustee meeting.

Yours very truly,

A handwritten signature in cursive script, reading "Robert A. Falise".

Robert A. Falise
Chairman and Managing Trustee

Enclosure

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re) In Proceedings For A
) Reorganization Under
JOHNS-MANVILLE CORPORATION,) Chapter 11
et al.,)
) Case Nos. 82 B 11656 (BRL)
Debtors) Through 82 B 11676 (BRL)
) Inclusive

FINANCIAL STATEMENTS AND REPORT OF
MANVILLE PERSONAL INJURY SETTLEMENT TRUST
FOR THE PERIOD ENDING MARCH 31, 2005
PURSUANT TO SECTIONS 3.02(d)(ii) and (iii)
OF THE TRUST AGREEMENT

Sections 3.02(d)(ii) and (iii) of the Trust Agreement provide that the Trustees shall prepare and file with the Court within 30 days following the end of each of the first three quarters of each Fiscal Year a quarterly report containing certified financial statements and a summary of certain additional information, including the number of Trust Claims Liquidated and the average amount per Trust Claim paid or payable, the amount of investment income earned by the Trust, and the amount of Trust Expenses incurred by the Trust. The attached Financial Statements for

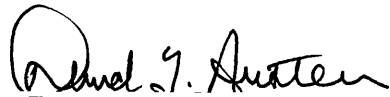
the Period January 1, 2005 through March 31, 2005 and the exhibits thereto are submitted in satisfaction of the requirements that the Trust file a quarterly report. Exhibits I, II and III of the Financial Statements set forth the specific items of information required by Sections 3.02(d)(iii)(w), (y) and (z) of the Trust Agreement.

Respectfully submitted,

MANVILLE PERSONAL INJURY
SETTLEMENT TRUST

Dated: Falls Church, Virginia
April 29, 2005

By:



David T. Austern
General Counsel
Manville Personal Injury
Settlement Trust
3110 Fairview Park Dr.
Ste. 200
P.O. Box 12003
Falls Church, Virginia 22031
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MANVILLE PERSONAL INJURY SETTLEMENT TRUST

**Special-Purpose Consolidated Financial Statements
As of March 31, 2005 and 2004**

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 March 31, 2005 and 2004 and the consolidated changes in net claimants' equity and cash flows for the three months ended March 31, 2005 and 2004 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 MARCH 31, 2005 AND 2004**

	2005	2004
ASSETS:		
Cash equivalents and investments (Note 2)		
Available-for-sale		
Restricted (Note 7)	\$74,143,854	\$71,992,709
Unrestricted	1,548,121,914	1,569,520,829
Total cash equivalents and investments	1,622,265,768	1,641,513,538
Accrued interest and dividend receivables	5,874,451	6,786,765
Deposits and other assets	989,823	613,483
Total assets	1,629,130,042	1,648,913,786
LIABILITIES:		
Accrued expenses	5,329,263	3,171,165
Deferred income taxes (Note 8)	12,585,000	
Unpaid claims (Notes 3, 5 and Exh. III)		
Outstanding Offers - Post Class Action	13,021,945	38,513,274
Settled, not paid - Post Class Action	1,546,667	6,660,906
Lease commitments payable (Note 4)	4,402,690	4,826,795
Total liabilities	36,885,565	53,172,140
NET CLAIMANTS' EQUITY (Note 5)	\$1,592,244,477	\$1,595,741,646

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 MONTHS ENDED MARCH 31, 2005 AND 2004

	2005	2004
NET CLAIMANTS' EQUITY, BEGINNING OF PERIOD	\$1,626,088,440	\$1,581,388,280
ADDITIONS TO NET CLAIMANTS' EQUITY:		
Investment income (Exhibit I)	10,602,059	10,430,685
Decrease in lease commitments payable (Note 4)	116,427	95,625
Net reduction in outstanding claim offers	2,449,101	19,132,739
Net realized and unrealized gains on available-for sale securities		25,402,490
Total additions	13,167,587	55,061,539
DEDUCTIONS FROM NET CLAIMANTS' EQUITY:		
Operating expenses (Exhibit II)	1,395,946	1,561,770
Provision for income taxes (Exhibit II)	1,909,200	1,724,900
Claims settled	17,326,272	37,421,503
Net realized and unrealized losses on available-for sale securities, net of deferred income taxes (Note 8)	26,380,132	
Total deductions	47,011,550	40,708,173
NET CLAIMANTS' EQUITY, END OF PERIOD	\$1,592,244,477	\$1,595,741,646

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

**MANVILLE PERSONAL INJURY SETTLEMENT TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2005 AND 2004**

	2005	2004
CASH INFLOWS:		
Investment income receipts	10,352,146	9,610,578
Net realized gains on available-for-sale securities	3,573,920	2,695,376
Decrease in deposits and other assets		82,194
Total cash inflows	13,926,066	12,388,148
CASH OUTFLOWS:		
Claim payments made	16,977,601	37,698,611
Contribution and indemnity claim payments	0	0
Total cash claim payments	16,977,601	37,698,611
Increase in deposits and other assets	316,384	
Disbursements for Trust operating expenses and income taxes	1,512,924	1,736,965
Total cash outflows	18,806,909	39,435,576
NET CASH (OUTFLOWS)	(4,880,843)	(27,047,428)
NON-CASH CHANGES:		
Net unrealized gains (losses) on available-for-sale securities	(35,431,152)	22,707,114
NET (DECREASE) IN CASH EQUIVALENTS AND INVESTMENTS AVAILABLE-FOR-SALE	(40,311,995)	(4,340,314)
CASH EQUIVALENTS AND INVESTMENTS AVAILABLE-FOR-SALE, BEGINNING OF PERIOD	1,662,577,763	1,645,853,852
CASH EQUIVALENTS AND INVESTMENTS AVAILABLE-FOR-SALE, END OF PERIOD	\$1,622,265,768	\$1,641,513,538

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

**MANVILLE PERSONAL INJURY SETTLEMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2005 AND 2004**

(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 and subsequently relocated to Falls Church, Virginia. The accounts of the Trust and CRMC have been consolidated for financial reporting purposes. All significant transactions between the Trust and CRMC have been eliminated in consolidation.

The Trust was initially funded with cash, Manville securities and insurance settlement proceeds. Since consummation, the Trust has converted the Manville securities to cash and currently holds no Manville securities.

(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 as follows:

- (1) The financial statements are prepared using the accrual basis of accounting.
- (2) The funding received from JM and its liability insurers was 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 on available-for-sale securities, net of investment expenses are included in investment income on the statements of changes in net claimants' equity. Realized and unrealized gains and losses on available-for-sale securities are combined and recorded on the statements of changes in net claimants' equity.

Realized gains/losses on available-for-sale securities are recorded based on the security's original cost. At the time a security is sold, all previously recorded unrealized 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 Investments

At March 31, 2005 and 2004, the Trust has recorded all of its investment securities at market value, as follows:

	2005		2004	
	Cost	Market	Cost	Market
Restricted				
Cash equivalents	\$2,469,125	\$ 2,469,125	\$3,275,312	\$3,275,312
U.S. Govt. obligations	10,487,739	10,338,535	8,402,521	8,313,632
Corporate and other debt	8,486,380	8,336,934	9,294,813	9,443,647
Equities – U.S.	35,460,741	52,999,260	37,873,086	50,960,118
Total	\$56,903,985	\$74,143,854	\$58,845,732	<u>\$71,992,709</u>
	2005		2004	
	Cost	Market	Cost	Market
Unrestricted				
Cash equivalents	\$35,887,322	\$35,887,322	\$64,011,515	\$64,011,515
U.S. Govt. obligations	248,637,405	245,855,967	278,965,443	283,874,739
Corporate and other debt	258,864,219	254,567,045	264,053,702	270,045,049
Equities – U.S.	844,285,457	901,337,822	836,724,702	854,448,981
Equities – International	90,752,362	110,473,758	89,347,539	97,140,545
Total	\$1,478,426,765	\$1,548,121,914	\$1,533,102,901	<u>\$1,569,520,829</u>

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 March 31, 2005, the fair value of these instruments was approximately \$11.5 million and was included in 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 March 31, 2005, the Trust held \$54.7 million in net foreign currency forward contracts. The unrealized gain on these outstanding currency forward contracts of approximately \$0.4 million is offset by corresponding unrealized loss due to currency exchange on the underlying securities being hedged. These net amounts are recorded in the statement of net claimants' equity at March 31, 2005.

(c) Fixed Assets

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

Acquisition of furniture and equipment	\$ 377,120
Acquisition of computer hardware and software	754,344
Computer software development (e-Claims)	2,361,065
Leasehold improvements	74,890
Total	<u>\$3,567,419</u>

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 months ended March 31, 2005 and 2004 was approximately \$2,400 and \$10,200, respectively.

Total depreciation expense related to asset acquisitions using accounting principles generally accepted in the United States would have been approximately \$163,400 and \$157,900 for the three months ended March 31, 2005 and 2004, respectively.

(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 settled, but unpaid 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 are 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 claimants that file their proof of claim on 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. Expired offers may be reinstated if the claimant accepts the original offer within two years of offer expiration.

(4) COMMITMENTS AND CONTINGENCIES

Operating Leases

In April 2003, the CRMC executed an early termination of its old lease in Fairfax Virginia and signed a new 10-year lease through September 2013 for its offices in Falls Church, Virginia. CRMC may terminate the new lease at the end of the seventh lease year (September 2010) upon proper notification and payment of certain unamortized leasing costs. The lease was executed with CRMC conditioned upon the Trust's guarantee of future lease payments.

Future minimum rental commitments under this operating lease, as of March 31, 2005, are as follows:

Calendar Year	Amount
2005	\$352,178
2006	480,275
2007	492,301
2008	504,638
2009	517,198
2010	530,115
2011	543,388
2012	557,017
2013	425,580
	\$4,402,690

This obligation has been recorded as a liability 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 reviewed the values of its projected assets and liabilities to determine whether a revised pro rata payment percentage should be applied. The most recent estimate began in 2000 and was concluded in September 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) and based upon the increase in the number of claims

being filed with the Trust, 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. In the event a new higher pro rata share is agreed to, the Trust is obligated to make, as cash is available, a subsequent additional pro rata payment to all Trust beneficiaries with liquidated claims whose previous cumulative pro rata share was less than the existing or the new higher pro rata share.

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 2002, the parties agreed to TDP amendments that are now contained in what is called the "2002 TDP". The 2002 TDP principally provides more stringent exposure requirements and medical criteria and changes the scheduled values for the scheduled diseases. Until October 10, 2003, claimants could file claims pursuant to the original TDP ("1995 TDP") provided that (i) the claim was filed prior to October 10, 2003 and (ii) the claimant's date of diagnosis was prior to September 1, 2002. Otherwise, claims must be filed pursuant to the 2002 TDP. Based on the claims filed through March 31, 2005, the Trust believes it has adequate information to re-estimate the pro rata percentage payment. The re-estimate is expected to be completed during in the first half of 2005. Pending the re-estimate of the pro rata percentage, 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 \$55,100 and \$59,600 for the three months ended March 31, 2005 and 2004, respectively.

(7) RESTRICTED CASH EQUIVALENTS AND INVESTMENTS

In order to avoid the high costs of director and officer liability insurance the Trust ceased purchasing such insurance in 1991 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 additional 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. Also, 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 bank 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.

Additionally, as a condition of the tax agreement between JM and the Trust discussed in Note 8, 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 March 31, 2005, securities with a market value of \$31.1 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. In a separate agreement between the Trust and JM to facilitate the sale of JM to a third party, JM paid the Trust \$90 million to settle the JM 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 and established an escrow fund to secure such indemnification. The statutory income tax rate for the DSF is 15%, as set forth in the TRA of 1986.

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 March 31, 2005, the Trust has recorded a net deferred tax liability of \$12.6 million, from net unrealized gains on available-for-sale securities. In addition, as of March 31, 2005 and 2004, the Trust recorded net deferred tax assets of \$348,600 and \$173,000, representing temporary differences primarily due to expensing asset acquisitions for financial reporting purposes, accrued vacation and deferred compensation. The deferred tax assets are included in other assets in the accompanying consolidated statement of net claimants' equity.

(9) PROOF OF CLAIM FORMS FILED

Proof of claim forms filed as March 31, 2005 and 2004 with the Trust are as follows:

	3/31/05	3/31/04
Claims filed	754,501	738,728
Withdrawn (1)	(71,552)	(70,900)
Expired offers (2)	(16,199)	(9,380)
Active claims	666,750	658,448
Settled claims	(644,848)	(611,647)
Claims currently eligible for settlement	21,902	46,801

- (1) Principally claims that have received a denial notification and the claim is in an expired status for more than two years. These claims must be refiled to receive a new offer.
- (2) Claims that received a Trust offer or denial, but failed to respond within the specified response period, usually 360 days. As of March 31, 2005 and 2004, approximately 7,300 and 4,200 respectively, of the claims with expired offers are still eligible to accept their original offer with a payment value of \$17 million and \$12 million, respectively. All claims with expired offers may be reactivated upon written request by the claimant and be 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.

**MANVILLE PERSONAL INJURY SETTLEMENT TRUST
CONSOLIDATED INVESTMENT INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2005 AND 2004**

	2005	2004
INVESTMENT INCOME		
Interest	\$ 6,229,012	\$ 6,957,133
Dividends	4,988,371	4,162,188
Total investment income	11,217,383	11,119,321
Investment expenses	(615,324)	(688,636)
TOTAL	\$10,602,059	\$10,430,685

The accompanying notes are an integral part of this exhibit.

**MANVILLE PERSONAL INJURY SETTLEMENT TRUST
CONSOLIDATED OPERATING EXPENSES
FOR THE THREE MONTHS ENDED MARCH 31, 2005 AND 2004**

	2005	2004
OPERATING EXPENSES:		
Personnel costs	\$957,160	\$1,104,184
Office general and administrative	173,793	194,000
Travel and meetings	15,544	43,534
Board of Trustees	153,056	98,936
Professional fees	395,153	172,602
Net fixed asset purchases	2,428	10,249
Computer and other EDP costs	99,034	113,040
Other Income	(400,222)	(174,775)
TOTAL OPERATING EXPENSES	1,395,946	1,561,770
Income tax provision	1,909,200	1,724,900
TOTAL	\$3,305,146	\$3,286,670

**MANVILLE PERSONAL INJURY SETTLEMENT TRUST
SCHEDULE OF LIQUIDATED CLAIMS
SINCE CONSUMMATION (NOVEMBER 28, 1988)
THROUGH MARCH 31, 2005**

Exhibit III
Page 1 of 2

	<u>Number</u>	<u>Amount</u>	<u>Average Payment Amount</u>
Trust Liquidated Claims			
Pre-Class Action Complaint November 19, 1990 and Before-			
Full Liquidated Claim Value	27,589	\$1,187,852,399	
Present Value Discount (1)		(135,306,535)	
Net Settlements	27,589	1,052,545,864	
Payments	(27,589)	(1,052,545,864)	<u>\$38,151</u>
Unpaid Balance	0	\$0	
Post-Class Action Complaint After November 19, 1990-			
Offers Made at Full Liquidated Amount	621,243	\$27,989,266,401	
Reduction in Claim Value (2)		(25,753,038,101)	
Net Offer Amount	621,243	2,236,228,300	
Offers Accepted	(617,258)	(2,223,206,355)	<u>\$3,602</u>
Offers Accepted, Not Paid		1,546,867	
Unpaid Balance	3,985	14,568,612	
Total Trust Liquidated Claims	644,847	3,275,752,219	<u>\$5,080</u>
Manville Liquidated Claims Paid (3)	158	\$24,946,620	
Co-Defendant Liquidated Claims (4)			
Settlement Claim Value		\$88,477,805	
Investment Receipts (5)		2,624,732	
Payments, Net of Returned Settlement (6)		(91,102,537)	
Unpaid Balance		\$0	

- (1) The unpaid liability for Pre-Class Action Complaint claims has been reduced based upon a plan approved by the Courts in January, 1994 which requires the Trust to offer to pay a discounted 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 District 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.
- (6) Per the terms of the MacArthur Fund Principles of the 1995 TDP, upon successful insurance litigation, the MacArthur Group returned \$10 million plus the change in value (Note 10).

The accompanying notes are an integral part of this exhibit.

**MANVILLE PERSONAL INJURY SETTLEMENT TRUST
SCHEDULE OF LIQUIDATED CLAIMS
FOR THE QUARTER ENDED MARCH 31, 2005**

Exhibit III
Page 2 of 2

	Number	Amount	Avg. Payment Amount
Trust Liquidated Claims			
Post-Class Action Complaint After November 19, 1990- (1)			
Offers Outstanding as of December 31, 2004	8,693	\$15,471,046	
Net Offers Made (2)	991	14,877,171	
Offers Accepted	(5,703)	(17,326,272)	<u>\$3,038</u>
Offers Outstanding as of March 31, 2005	3,981	13,021,945	
Offers Accepted, Not Paid as of Mar. 31, 2005	730	1,546,667	
Payable as of March 31, 2005	4,711	\$14,568,612	
Co-Defendant Liquidated Claims			
Payable as of December 31, 2004		\$0	
Settled (3)		0	
Paid		0	
Payable as of March 31, 2005		\$0	

- (1) Under the TDP, Post Class Action Complaint claims have been reported at a pro rata percentage of their liquidated value.
- (2) Represents payment offers made during the period net of rejected and expired offers.
- (3) Per the terms of the MacArthur Fund Principles of the 1995 TDP, upon successful insurance litigation, the MacArthur Group returned \$10 million plus the change in value (Note 10).

CERTIFICATE OF SERVICE

I, David T. Austern, hereby certify that on April 29, 2005, I caused a true and complete copy of the Financial Statements and Report of The Manville Personal Injury Settlement Trust for the Period Ending March 31, 2005 Pursuant to Sections 3.02(d)(ii) and (iii) of the Trust Agreement to be served by first class mail, postage prepaid, to the entities named on the service list annexed hereto.


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