MANVILLE PERSONAL INJURY SETTLEMENT TRUST

February 29, 2008

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
Alexander Hamilton Custom House
One Bowling Green
New York, NY 10004-1208

Dear Judge Weinstein and Judge Lifland:

Enclosed are chambers' copies of the Audited Financial Statements and Report of the Manville Personal Injury Settlement Trust ("the Trust") for the year ending December 31, 2007, filed pursuant to Sections 3.02(d)(i) 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

On December 31, 2007, the Trust had 2,116 claims pending claimant response to an outstanding offer or denial, 3,012 claims for which the 360 day offer or denial response period had expired (but which could still be reactivated without re-filing the claim), 12,090 claims in process and 682,316 settled claims. When combined with 88,763 withdrawn claims (unsettled claims for which offers were not accepted or deficiencies not cured), as of December 31, 2007 the Trust had received 788,297 claims and had made total claim payments of approximately $3.4 billion.

143 Bedford Road
Suite 200
P.O. Box 812
Katonah, NY 10536
Phone: (914) 767-3700
Fax: (914) 767-0377

At their January 18, 2008 meeting, the Trustees of the Trust proposed an increase in the pro rata payment to its beneficiaries from 5%, to which it was reduced in June 2001, to 7.5%. Pursuant to the Trust Distribution Plan, the increase cannot become effective until the consent of Selected Counsel for the Beneficiaries and of the Legal Representative of unknown future claimants has been obtained. The deadline for such consents is March 3, 2008.

FINANCIAL SUMMARY

Net operating expenses for the years ended December 31, 2007 and 2006 were $5.4 million and $5.7 million, respectively. Operating expenses are net of Other Income of $650,000 for 2007 and $550,000 for 2006. Other Income received by the Claims Resolution Management Corporation ("CRMC") is derived from claim processing and consulting services to other claims processing entities. Other Income received by the CRMC is used to reduce the overall processing costs of the Trust.

As of December 31, 2007 Net Claimants' Equity was $1.78 billion compared to $1.74 billion the same time last year. For the year ended December 31, 2007, investments have added almost $100 million to Net Claimants' Equity, net of deferred income taxes, while claim settlements of $48 million, net operating expenses $5.4 million and income taxes of $9.9 million have reduced Net Claimants' Equity. As of December 31, 2007, the Trust has $48 million in deferred income tax liability related to approximately $323 million in net unrealized gains on available-for-sale securities.

ASSET MANAGEMENT

For the years ended December 31, 2007 and December 31, 2006, the Trust's total investment returns were approximately 6.0% and 12.1%, respectively. The total returns during the same periods on the Trust's equity investments were approximately 5.7% and 16.3%, respectively. By way of comparison, the Russell 3000 Index, a broad index of U.S. stocks, returned about 5.1% and 15.7% during 2007 and 2006, respectively. The total returns on fixed income investments including cash equivalents were 6.5% in 2007 versus 4.7% in 2006.

As of December 31, 2007, the market value of the Trust's investments, including accrued interest and dividends, was approximately $1,842 million, of which approximately $1,171 million (63%) was in diversified equities, $602 million (33%) in fixed income securities and the remaining $69 million (4%) in cash equivalents.

Yours very truly,

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 DECEMBER 31, 2007 PURSUANT TO SECTIONS 3.02(d)(i) and (iii) OF THE TRUST AGREEMENT

The attached Financial Statements for the Period Ending December 31, 2007 with Auditors' Report and the exhibits thereto are filed herewith pursuant to Sections 3.02(d)(i) and (iii) of the Manville Personal Injury Trust Agreement.

Respectfully submitted,

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

By: David T. Austern

Dated: Falls Church, Virginia
February 29, 2008

David T. Austern
General Counsel
3110 Fairview Park Dr. Ste. 200
P.O. Box 12003
Falls Church, Virginia 22042
(703) 204-9300

CERTIFICATE OF SERVICE

I, David T. Austern, hereby certify that on February 29, 2008, I caused a true and complete copy of the Audited Financial Statements for the Year Ending December 31, 2007 pursuant to Sections 3.02(d)(i) and (iii) of the Manville Personal Injury Settlement Trust Agreement to be served by first class mail, postage prepaid, to the entities named on the service list annexed hereto.

David T. Austern

David T. Austern

Professor Lester Brickman
BENJAMIN CARDOZO SCHOOL OF LAW
Brookdale Center
55 Fifth Avenue
New York, NY 10003

Matthew P. Bergman, Esq.
BERGMAN, SENN, PAGELER & FROCKT
17526 Vashon Highway, SW
Vashon, WA 98070

Leslie G. Fagen, Esq.
PAUL, WEISS, RIFKIND, WHARTON
1285 Avenue of the Americas
New York, NY 10019

Paul M. Matheny, Esq.
Bruce McElhone, Esq.
LAW OFFICES OF PETER ANGELOS
One Charles Center
100 N. Charles St.
Baltimore, MD 21201-3812

Barbara J. Stutz, Esq.
BUNDA STUTZ & DEWITT
3295 Levis Commons Blvd.
Perrysburg, OH 43551

Maria Keane, Esq.
PAUL, WEISS, RIFKIND, WHARTON
1285 Avenue of the Americas
New York, NY 10019

Stephen J. Carroll
RAND Institute
1776 Main St.
P.O. Box 2138
Santa Monica, CA 90437-2138

Francine R. Rabinovitz
HAMILTON, RABINOVITZ
& ALSCHULER, INC.
36656 Highway 1, Coast Route
Monterey, CA 93940

Elihu Inselbuch, Esq.
CAPLIN & DRYSDALE
375 Park Avenue, 35th Fl.
New York, NY 10152-3500

Francis Lawall, Esq.
PEPPER HAMILTON LLP
3000 Two Logan Square
18th & Arch Streets
Philadelphia, PA 19103

Raji Bhagavatula
MILLIMAN USA
One Penn Plaza, 38th Fl.
New York, NY 10119

Ann C. McMillan, Esq.
CAPLIN & DRYSDALE
One Thomas Circle, NW
Suite 1100
Washington, DC 20005

Diana G. Adams, Esq.
UNITED STATES TRUSTEE
33 Whitehall St., 21st Fl.
Suite 210C
New York, NY 10004

Robert Steinberg, Esq.
ROSE, KLEIN & MARIAS
801 So. Grand Avenue, 18th Fl.
Los Angeles, CA 90017

Russell Budd, Esq.
BARON & BUDD
3102 Oak Lawn Avenue
Dallas, TX 75219

Joseph F. Rice, Esq.
MOTLEY RICE LLC
28 Bridgeside Blvd.
Mt. Pleasant, SC 29464

AUDITED SPECIAL-PURPOSE CONSOLIDATED
FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

DECEMBER 31, 2007 AND 2006 WITH
REPORT OF INDEPENDENT ACCOUNTANTS

ARGY, WILTSE & ROBINSON, P.C.
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

LEADING BY EXAMPLE

REPORT OF INDEPENDENT ACCOUNTANTS

February 27, 2008

To the Trustees of
Manville Personal Injury Settlement Trust

We have audited the accompanying special-purpose consolidated statements of net claimants' equity of Manville Personal Injury Settlement Trust (the Trust, organized in the state of New York) as of December 31, 2007 and 2006 and the related consolidated statements of changes in net claimants' equity and cash flows for the years then ended. These special-purpose consolidated financial statements and the exhibits referred to below are the responsibility of the Trust's management. Our responsibility is to express an opinion on these special-purpose consolidated financial statements and exhibits based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the special-purpose consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2, these special-purpose consolidated financial statements were prepared on a special-purpose basis of accounting and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America. The special-purpose basis of accounting has been used in order to communicate the amount of equity presently available to current and future claimants.

In our opinion, the accompanying special-purpose consolidated financial statements of Manville Personal Injury Settlement Trust as of and for the years ended December 31, 2007 and 2006 are fairly presented, in all material respects, on the basis of accounting described in Note 2.

Our audits were made for the purpose of forming an opinion on the special-purpose consolidated financial statements taken as a whole. The supplementary schedules at Exhibits I, II, and III are presented for purposes of additional analysis and are not a required part of the special-purpose consolidated financial statements. This information has been subjected to the auditing procedures applied in our audits of the special-purpose consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the special-purpose consolidated financial statements taken as a whole.

This report is intended solely for the information and use of the management of the Trust, the Trustees, the beneficiaries of the Trust, and the United States Bankruptcy Court for the Southern District of New York and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report which, upon filing with the United States Bankruptcy Court for the Southern District of New York, is a matter of public record.

Argy, Wiltse & Robinson, P.C.

MANVILLE PERSONAL INJURY SETTLEMENT TRUST
CONSOLIDATED STATEMENTS OF NET CLAIMANTS' EQUITY
AS OF DECEMBER 31, 2007 AND 2006

	2007	2006
ASSETS:		
Cash equivalents and investments (Note 2)		
Restricted (Note 7)	$59,700,000	$54,200,000
Unrestricted	1,775,009,376	1,741,055,582
Total cash equivalents and investments	1,834,709,376	1,795,255,582
Accrued interest and dividend receivables	7,321,986	6,248,226
Deposits and other assets	619,777	685,252
Total assets	1,842,651,139	1,802,189,060
LIABILITIES:		
Accrued expenses	3,966,808	5,201,161
Deferred income taxes (Note 8)	48,460,000	43,550,000
Unpaid claims (Notes 3, 5 and Exh. III)		
Outstanding offers	7,678,041	7,447,667
Settled, not paid	1,434,645	917,101
Lease commitments payable (Note 4)	3,077,937	3,570,237
Total liabilities	64,617,431	60,686,166
NET CLAIMANTS' EQUITY (Note 5)	$1,778,033,708	$1,741,502,894

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 YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
NET CLAIMANTS' EQUITY, BEGINNING OF YEAR	$1,741,502,894	$1,631,697,081
ADDITIONS TO NET CLAIMANTS' EQUITY:		
Investment income (Exhibit I)	99,690,135	173,830,987
Decrease in lease commitments payable (Note 4)	492,300	480,275
Net decrease in outstanding claim offers		1,942,454
Total additions	100,182,435	176,253,716
DEDUCTIONS FROM NET CLAIMANTS' EQUITY:		
Net operating expenses (Exhibit II)	5,367,920	5,714,275
Provision for income taxes	9,922,200	7,450,800
Net increase in outstanding claim offers	230,374	
Claims settled	47,646,174	52,690,236
Contribution and indemnity claims settled	484,953	592,592
Total deductions	63,651,621	66,447,903
NET CLAIMANTS' EQUITY, END OF YEAR	$1,778,033,708	$1,741,502,894

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

MANVILLE PERSONAL INJURY SETTLEMENT TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
CASH INFLOWS:		
Investment income receipts	$52,255,204	$46,657,388
Net realized gains on investment securities	18,634,797	8,402,803
Decrease in deposits and other assets	65,474	
Total cash inflows	70,955,475	55,060,191
CASH OUTFLOWS:		
Claim payments made	47,128,629	52,819,155
Contribution and indemnity claim payments	484,953	592,592
Total cash claim payments	47,613,582	53,411,747
Increase in deposits and other assets		159,085
Disbursements for Trust operating expenses and income taxes paid	16,649,159	11,970,317
Total cash outflows	64,262,741	65,541,149
NET CASH INFLOWS (OUTFLOWS)	6,692,734	(10,480,958)
NON-CASH CHANGES:		
Net unrealized gains on investment securities	32,761,060	138,954,856
NET INCREASE IN CASH EQUIVALENTS AND INVESTMENTS	39,453,794	128,473,898
CASH EQUIVALENTS AND INVESTMENTS BEGINNING OF YEAR	1,795,255,582	1,666,781,684
CASH EQUIVALENTS AND INVESTMENTS END OF YEAR	$1,834,709,376	$1,795,255,582

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

MANVILLE PERSONAL INJURY SETTELEMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2007 AND 2006

(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 intercompany balances and 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 consolidated 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) Investment securities are recorded at market. All interest and dividend income on investment securities, net of investment expenses are included in investment income on the consolidated statements of changes in net claimants' equity. Realized and unrealized gains and losses on investment securities are combined and recorded on the consolidated statements of changes in net claimants' equity.

Realized gains/losses on investment 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 consolidated 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.

Certain amounts in the 2006 financial statements have been reclassified to conform to the 2007 presentation. These reclassifications have no effect on the previously recorded balance of net claimants' equity.

(b) Cash Equivalents and Investments

At December 31, 2007 and 2006, the Trust has recorded all of its investment securities at market value, as follows:

	2007		2006	
	Cost	Market	Cost	Market
Restricted				
Cash equivalents	$77,599	$ 77,599	$420,709	$ 420,709
U.S. Govt. obligations	20,790,900	21,278,552	18,836,778	18,828,631
Corporate and other debt	2,747,465	2,731,614	3,357,435	3,318,223
Equities – U.S.	20,477,666	35,612,235	18,106,375	31,632,437
Total	$44,093,630	$59,700,000	$40,721,297	$54,200,000

	2007		2006	
	Cost	Market	Cost	Market
Unrestricted				
Cash equivalents	$76,642,830	$76,642,830	$58,653,727	$58,653,727
U.S. Govt. obligations	300,260,087	305,121,346	235,075,158	232,843,688
Corporate and other debt	259,890,232	259,854,516	293,795,691	291,513,460
Equities – U.S.	746,925,276	986,554,066	793,850,243	1,022,557,066
Equities – International	83,801,118	146,836,618	82,824,324	135,487,641
Total	$1,467,519,543	$1,775,009,376	$1,464,199,143	$1,741,055,582

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 December 31, 2007, the fair value of these instruments was approximately $11.9 million and was included in investments on the consolidated 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 December 31, 2007, the Trust held $71.6 million in net foreign currency forward contracts. The unrealized loss on these outstanding currency forward contracts of approximately $1.1 million is offset by an equal unrealized gain due to currency exchange on the underlying international securities. These net amounts are recorded in the consolidated statement of net claimants' equity at December 31, 2007.

(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	$ 341,600
Acquisition of computer hardware and software	805,000
Computer software development (e-Claims)	2,361,100
Total	$3,507,700

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 years ended December 31, 2007 and 2006 was approximately $19,100 and $25,400 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 Trust Distribution Process (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

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 December 31, 2007, are as follows:

Calendar Year	Amount
2008	$ 504,638
2009	517,199
2010	530,115
2011	543,388
2012	557,017
2013	425,580
	$3,077,937

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 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 and the Trust implemented the TDP payment procedures effective February 21, 1995.

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 referred to as the "2002 TDP". The 2002 TDP principally changes the categorization criteria and scheduled values for the scheduled diseases.

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 pro rata percentage was last changed in June 2001 when the pro rata percentage was reduced from 10% to 5%.

In January 2008, the Trust completed its most recent review of the Trust's projected assets and liabilities. Based upon this review, the Trustees approved an increase in the pro rata percentage from 5% to 7.5%. This proposed change requires the concurrence of the Selected Counsel for the Beneficiaries (SCB) and the Legal Representative of Future Claimants (Legal Representative). The Trust is waiting for the concurrence process to be completed. Under the TDP any claimant who received less than the current pro rata percentage is entitled to receive a retroactive payment sufficient to increase their previous payment percentage to the current pro rata percentage. Accordingly, there are approximately 280,000 eligible claimants who would be eligible to receive approximately $362 million beginning in early 2008.

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 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 $183,900 and $185,400 for the years ended December 31, 2007 and 2006, 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 December 31, 2007, securities with a market value of $41.0 million were held by an escrow agent, of which $16.7 million is reported as restricted in accordance with the agreement.

(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 a New York domiciled trust, the Trust is not subject to state income taxes. CRMC is subject to federal and Virginia corporate income taxes, its state of residence.

The Trust records 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 December 31, 2007 and 2006, the Trust has recorded a net deferred tax liability of approximately $48.5 million and $43.6 million, respectively from net unrealized gains on investment securities. As of December 31, 2007 and 2006, the Trust recorded net deferred tax assets of $360,900 and $345,200, 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. As of December 31, 2007 and 2006, the Trust has income taxes receivable of $65,900 and payable $1,152,000, respectively. These amounts are included with deposits and other assets and accrued expenses on the consolidated statements of net claimants' equity as of December 31, 2007 and 2006, respectively.

(9) PROOF OF CLAIM FORMS FILED

Proof of claim forms filed as December 31, 2007 and 2006 with the Trust are as follows:

	2007	2006
Claims filed	788,297	778,238
Withdrawn (1)	(88,763)	(85,221)
Expired offers (2)	(3,012)	(5,652)
Active claims	696,522	687,365
Settled claims	(682,316)	(672,213)
Claims currently eligible for settlement	14,206	15,152

(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 December 31, 2007 and 2006, approximately 1,200 and 2,000 respectively, of the claims with expired offers are still eligible to accept their original offer with a payment value of $3 million and $4.5 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.

EXHIBIT I

MANVILLE PERSONAL INJURY SETTLEMENT TRUST
CONSOLIDATED INVESTMENT INCOME
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
INVESTMENT INCOME		
Interest	$ 30,091,234	$ 28,303,940
Dividends	25,174,972	21,534,663
Total interest and dividends	55,266,206	49,838,603
Net realized gains	18,634,797	8,402,803
Net unrealized gains, net of the change in deferred income taxes (Note 8)	27,851,060	118,111,856
Investment expenses	(2,061,928)	(2,522,275)
TOTAL INVESTMENT INCOME	$ 99,690,135	$ 173,830,987

The accompanying notes are an integral part of this exhibit.

EXHIBIT II

MANVILLE PERSONAL INJURY SETTLEMENT TRUST
CONSOLIDATED NET OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
NET OPERATING EXPENSES:		
Personnel costs	$ 3,923,888	$ 4,013,348
Office general and administrative	754,482	752,166
Travel and meetings	147,459	72,252
Board of Trustees	430,571	459,827
Professional fees	458,076	644,986
Net fixed asset purchases	19,145	25,426
Computer and other EDP costs	287,571	295,435
Other income	(653,272)	(549,165)
TOTAL NET OPERATING EXPENSES	$ 5,367,920	$ 5,714,275

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 DECEMBER 31, 2007

	Number	Amount	Average Payment Amount
Trust Liquidated Claims			
Pre-Class Action Complaint November 19, 1990 and Before-			
Full Liquidated Claim Value	27,590	$1,187,852,399	
Present Value Discount (1)		(135,306,535)	
Net Settlements	27,590	1,052,545,864	
Payments	(27,590)	(1,052,545,864)	$38,150
Unpaid Balance	0	$0	
Post-Class Action Complaint After November 19, 1990-			
Offers Made at Full Liquidated Amount	656,319	$31,108,072,303	
Reduction in Claim Value (2)		(28,723,108,589)	
Net Offer Amount	656,319	2,384,963,714	
Offers Accepted	(654,726)	(2,377,285,673)	$3,631
Offers Accepted, Not Paid	371	1,434,645	
Unpaid Balance	1,964	9,112,686	
Total Trust Liquidated Claims	682,316	3,429,831,537	$5,027
Manville Liquidated Claims Paid (3)	158	$24,946,620	
Co-Defendant Liquidated Claims (4)			
Settlement Claim Value		$89,733,930	
Investment Receipts (5)		2,624,732	
Payments, Net of Returned Settlement (6)		(92,358,662)	
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.

MANVILLE PERSONAL INJURY SETTLEMENT TRUST
SCHEDULE OF LIQUIDATED CLAIMS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Number	Amount	Average Payment Amount
Trust Liquidated Claims			
Post-Class Action Complaint After November 19, 1990 (1)			
Offers Outstanding as of December 31, 2006	2,031	$7,447,667	
Net Offers Made (2)	9,665	47,876,548	
Offers Accepted	(10,103)	(47,646,174)	$4,716
Offers Outstanding as of December 31, 2007	1,593	7,678,041	
Offers Accepted, Not Paid as of Dec. 31, 2007	371	1,434,645	
Payable as of December 31, 2007	1,964	$9,112,686	

Co-Defendant Liquidated Claims	
Payable as of December 31, 2006	$0
Settled	484,953
Paid	(484,953)
Payable as of December 31, 2007	$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.

The accompanying notes are an integral part of this exhibit.