

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

TRUSTEES:

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

Frank J. Macchiarola, Esquire
Brooklyn, New York

April 28, 2008

Mark A. Peterson, Esquire
Thousand Oaks, California

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 Financial Statements and Report of the Manville Personal Injury Settlement Trust ("the Trust") for the period ending March 31, 2008, 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.

Pro Rata Adjustment

In early March, the Trust received approval from Selected Counsel for the Beneficiaries and the Legal Representative of Futures Claimants to the Trust's proposed increase in the pro rata share from 5% to 7.5%. The process that culminated in this decision began early last year and was reached after intensive study and consultation with recognized experts in future claims projections. This is the first increase in the pro rata share since the implementation of the Trust Distribution Process (the TDP) in 1995. Since the reduction in the pro rata payments from 10% in 2001, the Trust has paid 5% of the liquidated value of settled claims.

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Pursuant to the terms of the TDP, the increase in the pro rata share required a retrospective payment equal to the increased rate to all claimants who have received 5% payments. During the quarter ended March 31, 2008, the Trust recorded a liability of \$365.7 million associated with this retrospective payment obligation. Approximately 282,000 claimants will receive an average additional payment of approximately \$1,300 for each claim eligible for the pro rata adjustment. Through April 25, 2008, the Trust has paid 255 law firms representing approximately 198,000 of the eligible claimants a total of \$254 million.

OPERATIONS

During the first quarter 2008, the Trust received 1,776 new claim filings compared to 4,110 for the same period of 2007. The Trust settled 1,582 new claims for \$14.8 million during the first quarter of 2008 compared to 3,431 claim settlements for \$14.9 million during the same period of 2007. The average claim payment for the first quarter 2008 and 2007 was approximately \$9,300 and \$4,300, respectively. The increase in the average claim payment is principally due to the higher percentage of claims settled in the first quarter of 2008 with a malignancy injury as compared to the first quarter of 2007.

On March 31, 2008, the Trust had 2,101 claims pending claimant response to an outstanding offer or denial, 2,475 claims for which the 360 day offer or denial response period had expired (but which could still be reactivated without re-filing the claim), 12,044 claims in process and 683,898 settled claims. When combined with 89,555 withdrawn claims (unsettled claims for which offers were not accepted or deficiencies not cured), as of March 31, 2008 the Trust had received 790,073 claims and had made total claim payments of approximately \$3.6 billion (including \$144.5 million of retrospective payments made as at that date).

FINANCIAL SUMMARY

Net operating expenses for the three months ended March 31, 2008 and 2007 were \$1.74 million and \$1.56 million, respectively. The increase in net operating expenses is principally due to the increase in external actuarial and legal fees associated with the projection of future assets and liabilities necessary for determination of the pro rata percentage. Operating expenses are net of Other Income of \$100,000 and \$137,000 for the quarters ended March 31, 2008 and 2007, respectively. Other Income received by the Claims Resolution Management Corporation (“CRMC”) is derived from claim processing and consulting services to other claims processing

Honorable Jack B. Weinstein
Honorable Burton R. Lifland
April 28, 2008
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entities. Other Income received by the CRMC is used to reduce the overall processing costs of the Trust.

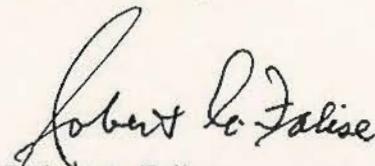
As of March 31, 2008 Net Claimants' Equity was \$1.3 billion compared to \$1.75 billion the same time last year. During the three months ended March 31, 2008, the Trust settled approximately \$14.8 million in claims and reduced Net Claimants' Equity by an additional \$365.7 million for the pro rata adjustment. The negative return for investments during the period also reduced Net Claimants' Equity by \$81.5 million, net of the effect of deferred income taxes on unrealized losses. As of March 31, 2008, the Trust has \$29.7 million in deferred income tax liability related to approximately \$200 million in net unrealized gains on investment securities.

ASSET MANAGEMENT

For the three months ended March 31, 2008 and March 31, 2007, the Trust's total investment returns were approximately -5.4% and 1.7%, respectively. The total returns during the same periods on the Trust's equity investments were approximately -9.8% and 1.7%, respectively. By way of comparison, the Russell 3000 Index, a broad index of U.S. stocks, returned about -9.5% and 1.3% during the first quarters of 2008 and 2007, respectively. The total returns on fixed income investments including cash equivalents were 1.8% in the first quarter of 2008 versus 1.5% in the first quarter of 2007. The Trust's total investment returns for the year 2007 were 6%.

As of March 31, 2008, after liquidating \$190 million in the quarter in preparation for making the retrospective payments described above, the market value of the Trust's investments, including accrued interest and dividends, was approximately \$1,582 million, of which approximately \$949 million (60%) was in diversified equities, \$532 million (34%) in fixed income securities and the remaining \$101 million (6%) in cash equivalents.

Yours very truly,



Robert A. Falise
Chairman and Managing Trustee

Enclosure

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

FINANCIAL STATEMENTS AND REPORT OF
MANVILLE PERSONAL INJURY SETTLEMENT TRUST
FOR THE PERIOD ENDING MARCH 31, 2008
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, 2008 through March 31, 2008 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

By: /s/ David T. Austern
David T. Austern
General Counsel
Manville Personal Injury
Settlement Trust
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Falls Church, Virginia 22031
(703) 205-0835

Dated: April 28, 2008
Falls Church, VA

CERTIFICATE OF SERVICE

I, David T. Austern, hereby certify that on April 28, 2008,
I caused a true and complete copy of the Financial Statements for
the Period Ending March 31, 2008 pursuant to Sections 3.02(d)(ii)
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.

/s/ David T. Austern
David T. Austern

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MANVILLE PERSONAL INJURY SETTLEMENT TRUST

**Special-Purpose Consolidated Financial Statements
As of March 31, 2008 and 2007**

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, 2008 and 2007 and the consolidated changes in net claimants' equity and cash flows for the three months ended March 31, 2008 and 2007 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, 2008 AND 2007**

	2008	2007
ASSETS:		
Cash equivalents and investments (Note 2)		
Restricted (Note 7)	\$59,700,000	\$54,200,000
Unrestricted	<u>1,515,178,688</u>	<u>1,752,851,299</u>
Total cash equivalents and investments	<u>1,574,878,688</u>	<u>1,807,051,299</u>
Accrued interest and dividend receivables	6,643,618	6,444,960
Deposits and other assets	<u>622,786</u>	<u>562,078</u>
Total assets	<u>1,582,145,092</u>	<u>1,814,058,337</u>
LIABILITIES:		
Accrued expenses	7,347,918	7,355,636
Deferred income taxes (Note 8)	29,670,000	44,201,000
Unpaid claims (Notes 3, 5 and Exh. III)		
Outstanding Offers	13,576,057	8,598,966
Settled, not paid	2,464,999	1,223,855
Pro rata adjustment payable	<u>221,190,619</u>	<u>2,952,557</u>
Lease commitments payable (Note 4)	<u>2,952,557</u>	<u>3,447,930</u>
Total liabilities	<u>277,202,150</u>	<u>64,827,387</u>
NET CLAIMANTS' EQUITY (Note 5)	<u>\$1,304,942,942</u>	<u>\$1,749,230,950</u>

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, 2008 AND 2007**

	2008	2007
NET CLAIMANTS' EQUITY, BEGINNING OF PERIOD	\$1,778,033,708	\$1,741,502,894
ADDITIONS TO NET CLAIMANTS' EQUITY:		
Investment income (Exhibit I)	(81,505,452)	28,737,091
Decrease in lease commitments payable (Note 4)	125,380	122,307
Total additions	(81,380,072)	28,859,398
DEDUCTIONS FROM NET CLAIMANTS' EQUITY:		
Net operating expenses (Exhibit II)	1,738,695	1,556,499
Provision for income taxes	3,477,300	3,512,000
Claims settled	14,759,700	14,911,544
Pro rata adjustment	365,736,012	
Net increase in outstanding claim offers	5,898,016	1,151,299
Contribution and indemnity claims settled	100,971	
Total deductions	391,710,694	21,131,342
NET CLAIMANTS' EQUITY, END OF PERIOD	\$1,304,942,942	\$1,749,230,950

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, 2007 AND 2006**

	2008	2007
CASH INFLOWS:		
Investment income receipts	\$13,636,210	\$12,025,059
Net realized gains on investment securities	11,829,052	12,865,319
Decrease in deposits and other assets	121,518	123,174
Total cash inflows	<u>25,586,780</u>	<u>25,013,552</u>
CASH OUTFLOWS:		
Claim payments made	158,274,740	14,604,790
Contribution and indemnity claim payments	100,971	
Total cash claim payments	<u>158,375,711</u>	<u>14,604,790</u>
Increase in deposits and other assets		
Disbursements for Trust operating expenses and income taxes paid	1,750,571	2,948,534
Total cash outflows	<u>160,126,282</u>	<u>17,553,324</u>
NET CASH OUTFLOWS	(134,539,502)	7,460,228
NON-CASH CHANGES:		
Net unrealized gains (losses) on investment securities	<u>(125,291,186)</u>	<u>4,335,489</u>
NET INCREASE IN CASH EQUIVALENTS AND INVESTMENTS	(259,830,688)	11,795,717
CASH EQUIVALENTS AND INVESTMENTS, BEGINNING OF PERIOD	1,834,709,376	1,795,255,582
CASH EQUIVALENTS AND INVESTMENTS, END OF PERIOD	\$1,574,878,688	\$1,807,051,299

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, 2008 AND 2007**

(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 assets are 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) 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 consolidated statements of changes in net claimants' equity. Realized and unrealized gains and losses on available-for-sale securities are combined and recorded on the consolidated 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 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 2007 financial statements have been reclassified to conform to the 2008 presentation. These reclassifications have no effect on the previously recorded balance of net claimants' equity.

(b) Cash Equivalents and Investments

At March 31, 2008 and 2007, the Trust has recorded all of its investment securities at market value, as follows:

	2008		2007	
	Cost	Market	Cost	Market
Restricted				
Cash equivalents	\$2,033,083	\$ 2,033,083	\$2,149,430	\$ 2,149,430
U.S. Govt. obligations	18,261,089	18,941,427	14,400,747	14,292,588
Corporate and other debt	3,849,132	3,773,669	5,359,925	5,260,329
Equities – U.S.	<u>21,324,043</u>	<u>34,951,821</u>	<u>6,539,578</u>	<u>31,797,653</u>
Total	<u>\$45,467,347</u>	<u>\$59,700,000</u>	<u>\$28,449,680</u>	<u>\$53,500,000</u>
Unrestricted				
Cash equivalents	\$112,704,026	\$112,704,026	\$59,221,407	\$59,221,407
U.S. Govt. obligations	266,646,482	274,140,008	251,036,362	245,441,203
Corporate and other debt	217,791,995	216,701,223	290,653,113	283,453,219
Equities – U.S.	648,816,423	783,063,901	800,665,557	951,713,026
Equities – International	<u>85,647,398</u>	<u>128,569,530</u>	<u>80,859,806</u>	<u>119,843,291</u>
Total	<u>\$1,331,606,324</u>	<u>\$1,515,178,688</u>	<u>\$1,482,436,245</u>	<u>\$1,659,672,146</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, 2008, the fair value of these instruments was approximately \$3.0 million and was included in investments available-for-sale 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 March 31, 2008, the Trust held \$65.7 million in net foreign currency forward contracts. The unrealized loss on these outstanding currency forward contracts of approximately \$0.95 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 March 31, 2008.

(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	835,300
Computer software development (e-Claims)	<u>2,361,100</u>
Total	<u>\$3,538,000</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, 2008 and 2007 was approximately \$5,200 and \$0, 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 AND CONTINGENCIES

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, 2008, are as follows:

<u>Calendar Year</u>	<u>Amount</u>
2008	\$379,258
2009	517,199
2010	530,115
2011	543,388
2012	557,017
2013	<u>425,580</u>
	<u>\$2,952,557</u>

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 received the required concurrence of the Selected Counsel for the Beneficiaries (SCB) and the Legal Representative of Future Claimants (Legal Representative) in early March 2008. 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, the Trust recorded a liability of \$365.7 million for approximately 282,000 claimants eligible to receive a retro active payment. Through March 31, 2008, the Trust has paid approximately 108,000 claimants a total of \$145 million.

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 \$56,900 and \$56,700 for the three months ended March 31, 2008 and 2007, 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, 2008, securities with a market value of \$37.1 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 March 31, 2008 and 2007, the Trust has recorded a net deferred tax liability of approximately \$29.7 million and \$44.2 million, respectively from net unrealized gains on investment securities. As of March 31, 2008 and 2007, 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 March 31, 2008 and 2007, the Trust has income taxes payable of \$3.4 million and \$3.5 million, respectively. These amounts are included with accrued expenses on the consolidated statements of net claimants' equity as of March 31, 2008 and 2007, respectively.

(9) PROOF OF CLAIM FORMS FILED

Proof of claim forms filed as March 31, 2008 and 2007 with the Trust are as follows:

	<u>2008</u>	<u>2007</u>
Claims filed	790,073	770,357
Withdrawn ⁽¹⁾	(89,555)	(73,638)
Expired offers ⁽²⁾	<u>(2,475)</u>	<u>(16,419)</u>
Active claims	698,043	680,290
Settled claims	<u>(683,898)</u>	<u>(663,121)</u>
Claims currently eligible for settlement	<u>14,145</u>	<u>17,169</u>

- (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 resubmitted 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, 2008 and 2007, approximately 1,070 and 1,660 respectively, of the claims with expired offers are still eligible to accept their original offer with a payment value of \$4 million and \$4 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, 2007 AND 2006**

	2008	2007
INVESTMENT INCOME		
Interest	\$ 8,143,083	\$ 6,788,793
Dividends	5,464,024	5,959,772
Total interest and dividends	<u>13,607,107</u>	<u>12,748,565</u>
Net realized gains	11,829,052	12,865,319
Net unrealized gains (losses), net of the change in deferred income taxes (Note 8)	(106,501,187)	3,684,489
Investment expenses	<u>(440,424)</u>	<u>(561,282)</u>
TOTAL INVESTMENT INCOME	<u>\$ (81,505,452)</u>	<u>\$ 28,737,091</u>

The accompanying notes are an integral part of this exhibit.

EXHIBIT II

**MANVILLE PERSONAL INJURY SETTLEMENT TRUST
CONSOLIDATED NET OPERATING EXPENSES
FOR THE THREE MONTHS ENDED MARCH 31, 2007 AND 2006**

	<u>2008</u>	<u>2007</u>
NET OPERATING EXPENSES:		
Personnel costs	\$ 1,030,877	\$ 1,024,894
Office general and administrative	156,733	201,918
Travel and meetings	30,242	16,536
Board of Trustees	136,728	215,730
Professional fees	384,430	159,227
Net fixed asset purchases	32,032	5,234
Computer and other EDP costs	67,555	70,416
Other income	<u>(99,902)</u>	<u>(137,456)</u>
TOTAL NET OPERATING EXPENSES	\$ 1,738,695	\$ 1,556,499

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 MARCH 31, 2008**

Exhibit III
Page 1 of 2

	<u>Number</u>	<u>Amount</u>	<u>Average Payment Amount</u>
<u>Trust Liquidated Claims</u>			
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)	<u>\$38.150</u>
Unpaid Balance	0	\$0	
Post-Class Action Complaint After November 19, 1990-			
Offers Made at Full Liquidated Amount	657,967	\$32,432,661,096	
Reduction in Claim Value (2)		(29,661,303,654)	
Net Offer Amount	657,967	2,771,357,442	
Offers Accepted	(656,308)	(2,757,781,385)	<u>\$4.202</u>
Outstanding Offers	1,659	13,576,057	
Offers Accepted, Not Paid	183	2,464,999	
Prorata Adjustment Payable	173,971	221,190,619	
Unpaid Balance	175,813	237,231,675	
Total Trust Liquidated Claims	683,898	3,810,327,249	<u>\$5.571</u>
Manville Liquidated Claims Paid (3)	<u>158</u>	<u>\$24,946,620</u>	
<u>Co-Defendant Liquidated Claims (4)</u>			
Settlement Claim Value		\$89,834,901	
Investment Receipts (5)		2,624,732	
Payments, Net of Returned Settlement (6)		(92,459,633)	
Unpaid Balance		<u>\$0</u>	
(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.		

The accompanying notes are an integral part of this exhibit.

**MANVILLE PERSONAL INJURY SETTLEMENT TRUST
SCHEDULE OF LIQUIDATED CLAIMS
FOR THE THREE MONTHS ENDED MARCH 31, 2008**

Exhibit III
Page 2 of 2

	<u>Number</u>	<u>Amount</u>	<u>Average Payment Amount</u>
<u>Trust Liquidated Claims</u>			
Post-Class Action Complaint			
After November 19, 1990 (1)			
Offers Outstanding as of December 31, 2007	1,593	\$7,678,041	
Net Offers Made (2)	1,648	20,657,716	
Offers Accepted	(1,582)	(14,759,700)	<u>\$9,330</u>
Offers Outstanding as of March 31, 2008	1,659	13,576,057	
Offers Accepted, Not Paid as of Mar. 31, 2008	183	2,464,999	
Payable as of March 31, 2008	<u>1,842</u>	<u>\$16,041,056</u>	

Pro Rata Adjustment

Estimated Liability	282,149	365,736,012	
Payments Made	(108,178)	(144,545,393)	<u>\$1,336</u>
Remaining Liability as of March 31, 2008	<u>173,971</u>	<u>\$221,190,619</u>	

Co-Defendant Liquidated Claims

Payable as of December 31, 2007	\$0
Settled	100,971
Paid	(100,971)
Payable as of March 31, 2008	<u>\$0</u>

- (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.