February 28, 2003

BY FEDERAL EXPRESS

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

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

Dear Judge Weinstein and Judge Lifland:

Enclosed are chambers' copies of the Audited Financial Statements and Report of the Manville Personal Injury Settlement Trust ("the Trust"), for the year ending December 31, 2002, filed pursuant to Section 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 REVIEW

2002 Overview

During 2002 approximately 56,000 new claims were filed with the Trust. This represents approximately a 40% decrease in volume from the almost 90,000 claims filed during 2001. The decrease in 2002 may have been due to the postponement of claims filing during the creation of our e-Claims system (see below) and the completion of negotiations for the establishment of a new, 2002 Trust Distribution Process ("TDP"). In spite of the delays caused by these major transitions, claims totaling over $201 million were settled during 2002 and more than $181 million in claims were paid.

Of the 216 law firms that filed claims during 2002, ten firms accounted for 51% of all claims filed during the year.

Total claims filed with the Trust as of December 31, 2002 was approximately 591,000. Including almost $90 million in co-defendant and JM liquidated claims, the Trust has paid approximately 510,500 claimants a total of over $3 billion, of which approximately 483,000 claims were paid under the Trust Distribution Process ("TDP"). Filings pursuant to the new 2002 TDP began in January 2003.

At the end of 2002, the Trust had 43,000 active, unsettled claims. This total included 32,000 claims with outstanding offers and 11,000 claims in process. The Trust also had 37,500 inactive, unsettled claims due to lapsed offers and deficiency notices.

As previously reported to the Courts, the Claims Resolution Management Corporation ("CRMC"), the wholly owned operations arm of the Trust, developed and implemented its e-Claims system. This revolutionary system was developed to reduce the labor-intensive, paper-based TDP to a highly efficient, systems-based approach utilizing the Internet. The system was fully implemented during May 2002 greatly reducing (by almost one-half) the number of people needed for that operation and substantially contributing to the 57% decrease in the Trust's Consolidated Operating Expenses in 2002. During the year, over 300 attorneys and paralegals from more than 100 law firms received asbestos claims training and e-Claims certification. As a result, during 2002 approximately 43,300 claims were filed over the Internet, or almost 80% of all 2002 claim filings.

LEGAL ISSUES

During September 2002, the Trust, the Selected Counsel for the Beneficiaries and the Legal Representative of Future Claimants presented the 2002 TDP to the Courts. This was the culmination of many months of negotiations among the parties.

At the end of the Fourth Quarter, there were 224 pending claims in the Trust's ADR program, as compared to 255 claims at the end of the Fourth Quarter 2001. During 2002, claimants withdrew 111 claims from ADR, some to request Individual Evaluation ("IE") and some to accept the Trust's last offer or denial of their claim. Of the 224 pending claims, 169 claims were awaiting receipt of claimant's ADR Statement of Position or Rebuttal and 14 were 'on hold' at claimants' request.

During 2002, members of the CRMC arbitrator panel rendered 18 decisions in the Eagle-Picher Trust's arbitration program. Those arbitrations were conducted pursuant to an agreement entered in 2001 with the Eagle-Picher Trust, whereby the CRMC handles assignments to members of the arbitration panel assembled and trained by the CRMC shortly after implementation of the 1995 TDP. The CRMC has had a similar agreement with the UNR Trust since 1995.

In August 2002, a patent application was filed for the CRMC's e-Claims™ system. Although it may take several years for the Patent Trademark Office to evaluate the application and render an initial decision, this process will protect the CRMC's and the Trust's investment and interest in the system in the event a patent is issued.

FINANCIAL SUMMARY

Consolidated operating expenses for the year 2002, excluding income taxes, were $8.2 million compared to $19.2 million for the year ended December 31, 2001. This represents an $11 million or 57% decrease in operating expenses compared to 2001. The decrease in operating expenses in 2002 was due in significant part to the staff reductions associated with the e-Claims reorganization . The development costs of e-Claims, approximately $2.4 million, were expensed in 2001, although the benefit will be realized in future periods through reduced operating costs.

During 2002, the Trust settled 68,700 claims for slightly over $200 million, plus approximately $1 million for co-defendant and distributor claims. The average claim settlement during 2002 was $2,912 compared to $3,038 for 2001.

Since implementation of the TDP in early 1995, the Trust has paid almost $1.9 billion to TDP claimants and settled over 483,000 TDP claims. For that period, operating costs, excluding litigation and Trust asset management expenses, represent 3.7% of total Trust expenditures.

ASSET MANAGEMENT

As of December 31, 2002, the market value of the Trust investments, including accrued interest and dividends, was approximately $1,614 million, of which approximately $848 million (53%) was in diversified equities, $588 million (36%) in fixed income securities and the remaining $178 million (11%) in cash equivalents. Since the beginning of 2002, total assets have declined about $356 million, of which $181 million was due to claim payments, $15 million from federal income taxes and operations and $195 million in net unrealized losses on the portfolio, offset in part by about $35 million in investments receipts, including realized gains and losses as well as interest and dividend income.

During the quarter ending December 31, 2002 and for the year, the returns on the total fund were approximately 4.0% and –8.4%, respectively. The return on the Trust's equity investments were about 7.4% and –21.6% for the respective periods, reflecting a late modest rebound from the otherwise broad, double-digit declines in developed equity markets over the last three years. As of year-end, the Trust had a slightly higher allocation to equities (53%) than at the end of the prior year (50%), but was still substantially below the Trust's long-term equity target allocation (65%). The Trust anticipates reviewing its actual and target asset allocations as part of its re-estimation of the pro rata payment percentage in mid 2003.

The Trust's fixed income investments, including cash equivalents, generated positive returns of about 1.1% and 6.9% for the quarter and year ended December 31, 2002, which partially offset the declines in equities. For the year 2002, the Trust's long-term core bond portfolio generated a return of slightly in excess of 10%, while the Trust's money market investments returned less than 2% over the same period. By the end of the year, the Trust reduced slightly the duration of its overall fixed income investment sector, principally in anticipation of expected claim payments in the ensuing year. Additional asset re-balancing or allocation changes may be necessary in 2003, in accordance with both future market conditions and revised claim liabilities forecasts.

Yours very truly,

Robert A. Falise
Chairman and Managing Trustee

Enclosure

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

Special-Purpose Consolidated Financial Statements
As of December 31, 2002 and 2001
With Report of Independent Auditors

ERNST & YOUNG

Ernst & Young LLP
8484 Westpark Drive
McLean VA 22102

Phone (703) 747 1000
www.ey.com

Report of Independent Auditors

To the Trustees of
Manville Personal Injury Settlement Trust

We have audited the accompanying special-purpose consolidated statement of net claimants' equity of Manville Personal Injury Settlement Trust (the Trust, organized in the state of New York) as of December 31, 2002, and the related statements of changes in net claimants' equity and cash flows for the year 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 audit. The financial statements of the Trust as of December 31, 2001 were audited by other auditors, who have ceased operations, and whose report dated February 6, 2002, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit 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 audit provides 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. 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 year ended December 31, 2002, are fairly presented, in all material respects, on the basis of accounting described in Note 2.

Our audit was made for the purpose of forming an opinion on the special-purpose consolidated financial statements taken as a whole. The supplementary schedule 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 audit 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.

Ernst + Young LLP

February 7, 2003
McLean, Virginia

MANVILLE PERSONAL INJURY SETTLEMENT TRUST
CONSOLIDATED STATEMENTS OF NET CLAIMANTS' EQUITY
AS OF DECEMBER 31, 2002 AND 2001

	2002	2001
ASSETS:		
Cash equivalents and investments (Notes 1 & 2)		
Available-for-sale		
Restricted (Note 7)	$64,705,645	$70,528,617
Unrestricted	1,542,786,420	1,893,300,880
Total cash equivalents and investments	1,607,492,065	1,963,829,497
Accrued interest and dividend receivables	6,355,575	9,725,604
Deposits and other assets	4,349,856	194,619
Total assets	1,618,197,496	1,973,749,720
LIABILITIES:		
Accrued expenses	2,687,715	2,056,247
Unpaid claims (Notes 3, 5 and Exh. III)		
Settled, not paid - Pre-Class Action complaint	613,073	1,014,773
Outstanding Offers - Post Class Action complaint	49,576,000	44,493,618
Settled, not paid - Post Class Action complaint	20,427,675	-
Lease commitments payable (Note 4)	666,114	1,283,346
Total liabilities	73,970,577	48,847,984
NET CLAIMANTS' EQUITY (Note 5)	$1,544,226,919	$1,924,901,736

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, 2002 AND 2001

	2002	2001
NET CLAIMANTS' EQUITY, BEGINNING OF PERIOD	$1,924,901,736	$2,154,502,680
ADDITIONS TO NET CLAIMANTS' EQUITY:		
Investment income (Exhibit I)	57,076,066	68,465,844
Payment by JM for assumption of income tax liability	-	90,000,000
Reimbursement by JM of prior years foreign income taxes	-	124,601
Realized gain on sale of JM stock	-	1,232,982,811
Net reduction in outstanding claim offers	-	33,978,800
Decrease in lease commitments payable	617,232	613,121
Total additions	57,693,298	1,426,165,177
DEDUCTIONS FROM NET CLAIMANTS' EQUITY:		
Operating expenses (Exhibit II)	8,223,826	19,224,182
Management expenses for investments in JM	-	118,529
Provision for income taxes (Exhibit II)	3,358,828	6,195,325
Net increase in outstanding claim offers	5,082,382	-
Claims settled	200,146,876	309,104,705
Contribution and indemnity claims settled	1,015,208	3,594,645
Net realized and unrealized losses on available-for-sale securities	220,540,995	78,479,475
Unrealized loss on JM stock	-	1,239,049,260
Total deductions	438,368,115	1,655,766,121
NET CLAIMANTS' EQUITY, END OF PERIOD	$1,544,226,919	$1,924,901,736

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, 2002 AND 2001

	2002	2001
CASH INFLOWS:		
Investment income receipts	60,461,327	66,806,478
JM dividends	-	6,763,849
Reimbursement by JM of prior year foreign income taxes	-	124,601
Payment by JM for assumption of income tax liability	-	90,000,000
Sale of JM stock	-	1,316,544,772
Decrease in deposits and other assets	-	80,867
Investment receipts on escrow accounts (Note 8)	-	16,278
Total cash inflows	60,461,327	1,480,336,845
CASH OUTFLOWS:		
Claim payments made	180,120,901	309,436,605
Contribution and indemnity claim payments	1,017,426	3,822,082
Total cash claim payments	181,138,327	313,258,687
Disbursements for Trust operating expenses and income taxes	10,964,199	29,866,917
Net realized losses on available-for-sale securities	25,420,360	5,892,221
Change in deposits and other assets	4,155,237	-
Total cash outflows	221,678,123	349,017,825
NET CASH (OUTFLOWS) INFLOWS	(161,216,796)	1,131,319,020
NON-CASH CHANGES:		
Net unrealized losses on available-for-sale securities	(195,120,636)	(72,587,254)
NET (DECREASE) INCREASE IN CASH EQUIVALENTS AND INVESTMENTS AVAILABLE-FOR-SALE	(356,337,432)	1,058,731,766
CASH EQUIVALENTS AND INVESTMENTS AVAILABLE-FOR-SALE, BEGINNING OF PERIOD	1,963,829,497	905,097,731
CASH EQUIVALENTS AND INVESTMENTS AVAILABLE-FOR-SALE, END OF PERIOD	$1,607,492,065	$1,963,829,497

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

MANVILLE PERSONAL INJURY SETTLEMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2002 AND 2001

(1) DESCRIPTION OF THE TRUST

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

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

Funding of the Trust

The Trust was initially funded from the following sources:

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

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

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

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

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

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

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

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

Manville Stock Interests

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

(2) SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The Trust's financial statements are prepared using special-purpose accounting methods that differ from accounting principles generally accepted in the United States. The special-purpose accounting methods were adopted in order to communicate to the beneficiaries of the Trust the amount of equity available for payment of current and future claims. These special-purpose accounting methods are as follows:

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

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

(3) Costs of non-income producing assets, which will be exhausted during the life of the Trust and are not available for satisfying claims, are expensed as they are incurred. These costs include acquisition costs of computer hardware, software, software development, office furniture and leasehold improvements.

(4) Future fixed liabilities and contractual obligations entered into by the Trust are recorded directly against net claimants' equity. Accordingly, the future

minimum rental commitments outstanding at period end for non-cancelable operating leases, net of any sublease agreements, have been recorded as deductions to net claimants' equity.

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

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

Realized gains/losses on both available-for-sale securities and JM common stock are recorded based on the security's original cost. At the time a security is sold, all previously recorded unrealized 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 December 31, 2002 and 2001, the Trust has recorded all its investment securities at market value, as follows:

	2002		2001	
	Cost	Market	Cost	Market
Restricted				
Cash equivalents	$4,177,712	$ 4,177,712	$1,740,089	$1,740,089
U.S. Govt. obligations	9,770,957	10,052,071	12,818,590	13,184,245
Corporate and other debt	5,936,066	6,148,503	6,357,452	6,523,310
Equities – U.S.	47,428,513	44,327,359	44,455,206	49,080,973
Total	$67,313,248	$64,705,645	$65,371,337	$70,528,617

	2002		2001	
	Cost	Market	Cost	Market
Unrestricted				
Cash equivalents	$192,500,241	$192,500,241	$273,906,818	$273,906,818
U.S. govt. obligations	225,069,408	234,467,302	306,615,949	311,046,244
Corporate and other debt	304,059,046	313,776,539	368,843,145	372,580,050
Equities – U.S.	870,836,342	659,835,277	874,786,547	842,790,978
Equities – International	97,850,278	72,951,061	101,128,164	92,976,790
Total	$1,690,315,315	$1,542,786,420	$1,925,280,623	$1,893,300,880

The maturities of the Trust's available-for-sale securities at market value (excluding cash equivalents and equities) are as follows:

	Less Than 1 Year	After 1 Year Through 5 Years	After 5 Years Through 10 years	After 10 Yrs
U.S. govt. obligations	$18,790,325	$ 76,119,782	$ 44,159,996	$ 105,449,271
Corporate and other debt	36,705,532	144,624,858	70,246,214	68,348,438
Total	$55,495,857	$ 220,744,640	$114,406,210	$ 173,797,709

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, 2002, the fair value of these instruments was approximately $6.0 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 December 31, 2002, the Trust held at market value approximately $41.6 million in sell currency forward contracts offset by approximately $43.7 million in buy currency forward contracts. The unrealized loss on these outstanding currency forward contracts of approximately $2.1 million is principally offset by corresponding unrealized gain due to currency exchange on the underlying securities being hedged. These amounts are recorded in the statement of net claimants' equity at December 31, 2002.

(c) Fixed Assets

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

Acquisition of furniture and equipment	$ 816,882
Acquisition of computer hardware and software	1,845,680
Computer software development (e-Claims)	2,361,065
Leasehold improvements	72,965
Total	$5,096,592

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, 2002 and 2001 was approximately $285,000 and $2,466,000, respectively.

Depreciation expense related to asset acquisitions using accounting principles generally accepted in the United States would have been approximately $501,300and $178,000 for the years ended December 31, 2002 and 2001, respectively.

(d) JM Dividends

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

(3) UNPAID CLAIMS

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

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

(4) COMMITMENTS AND CONTINGENCIES

Operating Leases

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

Future minimum rental commitments under this operating lease, as of December 31, 2002, are as follows:

Calendar Year	Amount
2003	$666,114

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

(5) NET CLAIMANTS' EQUITY

A class action complaint was filed on behalf of all Trust beneficiaries on November 19, 1990, seeking to restructure the methods by which the Trust administers and pays claims. On July 25, 1994, the parties signed a Stipulation of Settlement that included a revised Trust Distribution Process (the TDP). The TDP prescribes certain procedures for distributing the Trust's limited assets, including pro rata payments and initial determination of claim value based on scheduled diseases and values. The Court approved the settlement in an order dated January 19, 1995. Though six appeals were filed with the Court of Appeals, no stay was granted and the Trust implemented the TDP payment procedures effective February 21, 1995. On February 21, 1996, the Court of Appeals affirmed the decision.

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

The TDP contains certain procedures for the distribution of the Trust's limited assets. Under the TDP, the Trust forecasts its anticipated annual sources and uses of cash until the last projected future claim has been paid. A pro rata payment percentage is calculated such that the Trust will have no remaining assets or liabilities after the last future claimant receives his/her pro rata share.

Prior to the implementation of the TDP, the Trust conducted its own research and monitored studies prepared by the Courts' appointee regarding the valuation of Trust assets and liabilities. Based on this valuation, the TDP provided for an initial 10% payment of the liquidated value of then current and estimated future claims (pro rata payment percentage). As required by the TDP, the Trust has periodically 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 June of 2001. Following its review and consultation with the Selected Counsel for the Beneficiaries (SCB), the Legal Representative of Future Claimants (Legal Representative) and Special Advisor to the Trust (Special Advisor), the Trust proposed to the SCB and Future Representative that the pro rata payment percentage be reduced from 10% to 5%, beginning generally with claims filed after October of 2000. The SCB and Legal Representative consented to the Trust's request that, pending a final resolution of this issue and without prejudice to their rights to dispute the issue in binding arbitration, the Trust may make offers and pay claims based upon a 5% pro rata payment percentage.

During the second and third quarters of 2002, the SCB and Legal Representative and the Trust met to discuss amending the TDP. As a result of these meetings, in late August 2002, the parties agreed to

TDP amendments that are now contained in what is called the "2002 TDP". The 2002 TDP principally changes the categorization criteria and scheduled values for the scheduled diseases. Claimants may continue to file claims pursuant to the original TDP ("1995 TDP") provided that (i) the claim is filed prior to August 31, 2003 and (ii) the claimant's date of diagnosis is prior to September 1, 2002. Otherwise, claims must be filed pursuant to the 2002 TDP. Pending receipt of sufficient claim filing information to revise the 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. Management of the Trust estimates that the next revision to the pro rata percentage will not be completed until late 2003.

(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 $192,500 and $312,800 for the years ended December 31, 2002 and 2001, respectively.

(7) RESTRICTED CASH EQUIVALENTS AND INVESTMENTS

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

As a condition of the tax agreement between JM and the Trust discussed in Note 8 below, the Trust was required to transfer $30 million in cash to an escrow account to secure the payment of its future income tax obligations post settlement of the transaction. The escrow account balance may be increased or decreased over time. As of December 31, 2002, securities with a market value of $21.7 million were held by an escrow agent in accordance with the agreement. These funds have been reported as restricted investments.

(8) INCOME TAXES

For Federal income tax purposes, JM had elected for the qualified assets of the Trust to be taxed as a Designated Settlement Fund (DSF). Income and expenses associated with the DSF are taxed in accordance with Section 468B of the Internal Revenue Code, which obligates JM to pay for any federal income tax liability imposed upon the DSF. In addition, pursuant to an agreement between JM and the Trust, JM is obligated to pay for any income tax liability of the Trust. As discussed in Note 1, at the consummation of the tender offer transaction with Berkshire on February 26, 2001, JM paid the Trust $90 million to settle JM's obligation to the Trust. In return, the Trust terminated JM's contractual liability for income taxes of the DSF and agreed to indemnify JM in respect for all future income taxes of the Trust. JM remained liable for the Trust's income taxes through February 26, 2001. The statutory income tax rate for the DSF is 15%.

The Trust accounts for income taxes in accordance with the Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes." SFAS No. 109 requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the book and tax basis of assets and liabilities. As of December 31, 2002, the Trust has recorded a net deferred tax asset of $81,000, representing temporary differences primarily due to expensing asset acquisitions for financial reporting purposes, accrued vacation and deferred compensation. The deferred asset is included in other assets in the accompanying consolidated statement of net claimants' equity.

(9) PROOF OF CLAIM FORMS FILED

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

	As of 12/31/02	As of 12/31/01
Claims filed	591,299	537,812
Expired offers [1]	(37,767)	(43,493)
Active claims	553,532	494,319
Settled claims	(510,925)	(442,196)
Claims currently eligible for settlement	42,607	52,123

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

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

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

EXHIBIT I

MANVILLE PERSONAL INJURY SETTLEMENT TRUST
CONSOLIDATED INVESTMENT INCOME
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

	2002	2001
INVESTMENT INCOME (1)		
Interest	$ 43,777,630	$ 58,326,186
Dividends (Note 2(e))	15,754,832	12,216,865
Total investment income	59,532,462	70,543,051
Investment expenses	(2,456,396)	(2,077,207)
TOTAL	$57,076,066	$68,465,844

(1) Certain amounts have been reclassified to be consistent with 2002 reporting.

The accompanying notes are an integral part of this exhibit.

EXHIBIT II

MANVILLE PERSONAL INJURY SETTLEMENT TRUST
CONSOLIDATED OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

	2002	2001
OPERATING EXPENSES:		
Personnel costs	$4,125,790	$7,518,345
Office general and administrative	1,246,049	1,458,033
Travel and meetings	210,601	371,246
Board of Trustees	642,109	886,890
Professional fees	1,305,006	6,336,320
Net fixed asset purchases	284,655	2,465,867
Computer and other EDP costs	409,616	187,481
TOTAL OPERATING EXPENSES	8,223,826	19,224,182
Income tax provision - net of JM's contribution of $603,272 for 2001	3,358,828	6,195,325
TOTAL	$11,582,654	$25,419,507

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, 2002

	Number	Amount	Average Payment Amount
Trust Liquidated Claims			
Pre-Class Action Complaint November 19, 1990 and Before-			
Liquidated Claim Value	27,609	$1,188,255,672	
Present Value Discount (1)		(135,306,535)	
Net Settlements	27,609	1,052,949,137	
Payments	(27,583)	(1,052,336,064)	$38,152
Unpaid Balance	26	$613,073	
Post-Class Action Complaint After November 19, 1990-			
Offers Made at Full Liquidated Amount	500,895	$22,237,940,919	
Reduction in Claim Value (2)		(20,316,722,363)	
Net Offer Amount	500,895	1,921,218,556	
Offers Accepted	(483,316)	(1,871,642,556)	$3,873
Offers Accepted, Not Paid	2,522	20,427,675	
Unpaid Balance	20,101	$70,003,675	
Total Trust Liquidated Claims	510,925	$2,924,591,693	$5,724
Manville Liquidated Claims Paid (3)	158	$24,946,620	
Co-Defendant Liquidated Claims (4)			
Liquidated Claim Value		$97,042,174	
Investment Receipts (5)		2,624,732	
Payments		(99,666,906)	
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.

The accompanying notes are an integral part of this exhibit.

MANVILLE PERSONAL INJURY SETTLEMENT TRUST
SCHEDULE OF LIQUIDATED CLAIMS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Number	Amount	Average Payment Amount
Trust Liquidated Claims			
Pre-Class Action Complaint November 19, 1990 and Before-			
Payable as of December 31, 2001	44	$1,014,773	
Paid (1)	(18)	(401,700)	
Payable as of December 31, 2002	26	$613,073	
Post-Class Action Complaint After November 19, 1990- (2)			
Offers Outstanding as of December 31, 2001	18,412	$44,493,618	
Net Offers Made (3)	67,896	205,229,258	
Offers Accepted/Paid	(68,729)	(200,146,876)	$2,912
Offers Outstanding as of December 31, 2002	17,579	49,576,000	
Offers Accepted, Not Paid as of December 31, 2002	2,522	20,427,675	
Payable as of December 31, 2002	20,101	$70,003,675	
Total Trust Liquidated Paid Claims	68,747	$200,548,576	$2,917
Co-Defendant Liquidated Claims			
Payable as of December 31, 2001		$2,219	
Settled		1,015,207	
Paid		(1,017,426)	
Payable as of December 31, 2002		$0	

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

(2) Under the TDP, Post-Class Action Complaint claims have been reported at 10% or 5% of their liquidated value.

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

The accompanying notes are an integral part of this exhibit.