

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

TRUSTEES:

April 30, 2013

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

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

Mark A. Peterson, Esquire
Thousand Oaks, California

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

Dear Judge Weinstein and Judge Lifland:

Enclosed are chambers' copies of the Financial Statements and Report of the Manville Personal Injury Settlement Trust ("the Trust") for the quarter ending March 31, 2013, filed pursuant to Sections 3.02(d)(ii) and (iii) of the Trust Agreement, which were electronically filed today with the Clerk of the United States Bankruptcy Court for the Southern District of New York.

OPERATIONS

For the first quarter of 2013 the Trust settled approximately 7,180 claims for \$32.3 million compared to 6,260 claim settlements for \$32.5 million for the same time period in 2012. The average settlement amount for the first quarter of 2013 and 2012 was approximately \$4,400 and \$5,200, respectively. The lower average settlement amount in the first quarter of 2013 is due to settling a smaller percentage of malignancy claims when compared to the first quarter of 2012. For the first quarter of 2013, 29% of all claim settlements were to claimants with a malignancy disease compared to 34% for the first quarter of 2012.

Since inception of the Trust in November 1988, the Trust has received 828,800 personal injury claims, net of approximately 94,800 withdrawn claims, and has settled over 804,000.

4 Trinity Pass
P.O. Box 288
Pound Ridge, NY 10576
Phone: (914) 764-4700
Fax: (914) 764-4709

During that time the Trust has paid over \$4.4 billion in personal injury claims and \$97 million in Co-defendant claims.

FINANCIAL SUMMARY

Net operating expenses for the three months ended March 31, 2013 and 2012 were \$1.2 million and \$1.1 million, respectively. Other Income, which is reported as a reduction of operating expenses, was \$76,000 and \$62,000 for the quarters ended March, 2013 and 2012, respectively. Other income earned by CRMC is used to reduce the total operating expenses of the Manville Trust.

Net Claimants' Equity was \$831 million as of March 31, 2013 and \$903 million as of March 31, 2012. During the quarter ended March 31, 2013, investments added approximately \$47 million to Net Claimants' Equity while claim settlements, operating and income tax expenses reduced Net Claimants' Equity by approximately \$35 million. For the quarters ended March 31, 2013 and 2012, total claim payments were \$44.6 million and \$31.3 million, respectively. The higher claim payments in the first quarter of 2013 was principally due to the stay on claim payments during December 2012 as the Trust had met the maximum annual claim payments per the provision in the Trust Distribution Process. The stayed claim payments from December were paid in January 2013.

ASSET MANAGEMENT

For the three months ended March 31, 2013 and March 31, 2012, the Trust's total investment returns were +6.2% and +7.1%, respectively. During the first quarter of 2013, the total return on the Trust's U.S. equity investments was +11%, the total return on the Trust's non-U.S. equity investments was +7.3%, and the total return on the Trust's fixed income investments including cash equivalents was +0.1%.

As of March 31, 2013, the market value of the Trust's investments, including accrued interest and dividends, was approximately \$892 million, of which approximately \$546 million

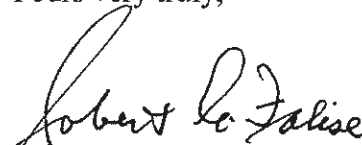
Honorable Jack B. Weinstein
Honorable Burton R. Lifland
April 30, 2013
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(61%) was in diversified domestic and foreign equities and \$346 million (39%) in domestic fixed income securities.

TRUSTEE SUCCESSION

The Trustees, Select Council for the Beneficiaries and the Legal Representative of the Future Claimants have agreed to extend the time for the appointment of a successor Trustee to the late Dr. Frank Macchiarola to June 18, 2013 and the succession process in continuing.

Yours very truly,

A handwritten signature in cursive script that reads "Robert A. Falise". The signature is written in black ink and is positioned above the printed name and title.

Robert A. Falise
Chairman and Managing Trustee

Enclosure

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

FINANCIAL STATEMENTS AND REPORT OF
MANVILLE PERSONAL INJURY SETTLEMENT TRUST
FOR THE PERIOD ENDING MARCH 31, 2013
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, 2013 through March 31, 2013 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
3110 Fairview Park Dr. Ste. 200
P.O. Box 12003
Falls Church, Virginia 22031
(703) 205-0835

Dated: April 30, 2013
Falls Church, VA

CERTIFICATE OF SERVICE

I, David T. Austern, hereby certify that on April 30, 2013, I caused a true and complete copy of the Financial Statements for the Period Ending March 31, 2013 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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**SPECIAL-PURPOSE CONSOLIDATED
FINANCIAL STATEMENTS WITH
SUPPLEMENTAL INFORMATION**

**MANVILLE PERSONAL
INJURY SETTLEMENT TRUST**

MARCH 31, 2013 AND 2012

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

The special purpose consolidated financial statements included herein are unaudited. In the opinion of the management of the Trust, the accompanying special purpose consolidated financial statements present fairly, subject to normal year-end adjustments, the consolidated net claimants' equity as of March 31, 2013 and 2012 and the consolidated changes in net claimants' equity and cash flows for the three months ended March 31, 2013 and 2012, presented on the special-purpose basis of accounting described in Note 2, which accounting methods have been applied on a consistent basis.

/signed/ David T. Austern
David T. Austern
General Counsel

MANVILLE PERSONAL INJURY SETTLEMENT TRUST
SPECIAL-PURPOSE CONSOLIDATED STATEMENTS OF NET CLAIMANTS' EQUITY
AS OF MARCH 31, 2013 AND 2012

	2013	2012
ASSETS:		
Cash equivalents and investments (Note 3)		
Restricted (Note 9)	\$38,800,000	\$51,700,000
Unrestricted	851,074,962	909,055,630
Total cash equivalents and investments	889,874,962	960,755,630
Accrued interest and dividend receivables	2,961,689	3,343,856
Deposits and other assets	448,536	311,707
Total assets	893,285,187	964,411,193
LIABILITIES:		
Accrued expenses	4,300,395	3,109,989
Deferred income taxes (Note 10)	36,000,000	30,200,000
Unpaid claims (Notes 5, 7 and Exh. III)		
Outstanding offers	16,555,874	22,323,866
Settled, not paid	4,618,272	4,834,425
Pro rata adjustment payable - personal injury	111,678	111,819
Lease commitment payable (Note 6)	792,893	1,094,500
Total liabilities	62,379,112	61,674,599
NET CLAIMANTS' EQUITY (Note 7)	\$830,906,075	\$902,736,594

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

MANVILLE PERSONAL INJURY SETTLEMENT TRUST
SPECIAL-PURPOSE CONSOLIDATED STATEMENTS OF CHANGES IN NET CLAIMANTS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012

	2013	2012
NET CLAIMANTS' EQUITY, BEGINNING OF PERIOD	\$818,112,101	\$885,183,072
ADDITIONS TO NET CLAIMANTS' EQUITY:		
Investment income (Exhibit I)	47,330,302	56,361,967
Decrease in lease commitments payable (Note 6)	76,511	74,292
Total additions	47,406,813	56,436,259
DEDUCTIONS FROM NET CLAIMANTS' EQUITY:		
Net operating expenses (Exhibit II)	1,205,853	1,122,502
Provision for income taxes	1,866,300	913,600
Net increase in outstanding claim offers	17,416	4,261,197
Claims settled for personal injury claims	31,275,885	32,499,954
Contribution and indemnity claims settled	247,385	85,484
Total deductions	34,612,839	38,882,737
NET CLAIMANTS' EQUITY, END OF PERIOD	\$830,906,075	\$902,736,594

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

**MANVILLE PERSONAL INJURY SETTLEMENT TRUST
SPECIAL-PURPOSE CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012**

	2013	2012
CASH INFLOWS:		
Investment income receipts	\$4,202,930	\$5,068,243
Net realized gains on investment securities	8,944,382	2,056,932
Decrease in deposits and other assets		55,226
Total cash inflows	13,147,312	7,180,401
CASH OUTFLOWS:		
Claim payments made	44,374,056	30,998,286
Co-defendant claim payments	247,385	285,549
Total claim payments	44,621,441	31,283,835
Disbursements for Trust operating expenses and income taxes paid	1,218,137	1,227,233
Increase in deposits and other assets	78,252	
Total cash outflows	45,917,830	32,511,068
NET CASH (OUTFLOWS)	(32,770,518)	(25,330,667)
NON-CASH CHANGES:		
Net unrealized gains on investment securities	39,766,142	57,839,383
NET INCREASE IN CASH EQUIVALENTS AND INVESTMENTS	6,995,624	32,508,716
CASH EQUIVALENTS AND INVESTMENTS BEGINNING OF PERIOD	882,879,338	928,246,914
CASH EQUIVALENTS AND INVESTMENTS END OF PERIOD	\$889,874,962	\$960,755,630

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

MANVILLE PERSONAL INJURY SETTLEMENT TRUST
NOTES TO SPECIAL-PURPOSE CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2013 AND 2012

(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 Pound Ridge, 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 that 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. Since the accompanying consolidated special-purpose financial statements and transactions are not based upon GAAP, accounting treatment by other parties for these same transactions may differ as to timing and amount. 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 special-purpose 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 5) 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 fair value. All interest and dividend income on investment securities, net of investment expenses are included in investment income on the special-purpose consolidated statements of changes in net claimants' equity. Realized and unrealized gains and losses on investment securities are combined and recorded on the special-purpose 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.
- (7) 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.

(b) Use of Estimates

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 5 and 7.

(3) CASH EQUIVALENTS AND INVESTMENTS

At March 31, 2013 and 2012, the Trust has recorded all of its investment securities at fair value, as follows:

	2013		2012	
	Cost	Fair Value	Cost	Fair Value
Restricted				
Cash equivalents	\$412,296	\$ 412,296	\$504,520	\$ 504,520
U.S. Govt. obligations	8,755,692	8,806,296	7,922,763	7,996,323
Corporate and other debt	21,981,790	22,159,294	19,140,782	19,396,658
Equities - U.S.	<u>3,615,701</u>	<u>7,422,114</u>	<u>12,008,806</u>	<u>23,802,499</u>
Total	<u>\$34,766,479</u>	<u>\$38,800,000</u>	<u>\$39,576,871</u>	<u>\$51,700,000</u>
Unrestricted				
	Cost	Fair Value	Cost	Fair Value
Cash equivalents	\$26,213,881	\$26,216,881	\$84,224,007	\$84,224,007
U.S. Govt. obligations	109,451,568	111,597,200	117,186,658	120,794,841
Corporate and other debt	171,528,959	175,895,001	160,713,450	165,626,888
Equities - U.S.	250,668,315	448,609,957	295,140,002	451,365,573
Equities - International	<u>57,241,200</u>	<u>88,758,923</u>	<u>62,583,859</u>	<u>87,044,321</u>
Total	<u>\$615,103,923</u>	<u>\$851,074,962</u>	<u>\$719,847,976</u>	<u>\$909,055,630</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, 2013, the fair value of these instruments was approximately \$5.7 million and was included in investments on the special-purpose consolidated statements of net claimants' equity. Foreign currency forwards are utilized for both currency translation purposes and to economically hedge against some of the currency risk inherent in foreign equity issues and are generally for periods up to 90 days. At March 31, 2013, the Trust held \$44.5 million in net foreign currency forward contracts. The unrealized gain on these outstanding currency forward contracts of approximately \$0.2 million is offset by an equal unrealized loss due to currency exchange on the underlying international securities. These net amounts are recorded in the special-purpose consolidated statements of net claimants' equity at March 31, 2013.

The Trust invests in professionally managed portfolios that contain common shares of publicly traded companies, U.S. government obligations, U.S. and International equities, corporate and other debt, and money market funds. Such investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Trust's account balance in the future and the amounts reported in the special-purpose consolidated statements of net claimants' equity and special-purpose consolidated statements of changes in net claimants' equity.

(4) 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	\$ 235,200
Acquisition of computer hardware and software	315,700
Computer software development (e-Claims)	<u>2,361,100</u>
Total	<u>\$2,912,000</u>

These items have not been recorded as assets, but rather as direct deductions to net claimants' equity in the accompanying special-purpose consolidated financial statements.

(5) 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 7), 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.

(6) COMMITMENT

In September 2009, the CRMC executed an early termination of its Falls Church, Virginia office space lease effective September 30, 2010. Subsequently, CRMC signed a new 5-year office lease effective October 1, 2010 at its same location for approximately one-half of the existing space. CRMC has a 5-year option at expiration of its current lease in September 2015.

Future minimum rental commitments under this operating lease, as of March 31, 2013, are as follows:

Calendar Year	Amount
2013	231,819
2014	317,561
2015	<u>243,513</u>
	<u>\$792,893</u>

This obligation has been recorded as a liability in the accompanying special-purpose consolidated statement of net claimants' equity.

(7) 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.

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. In June 2001 the pro rata percentage was reduced from 10% to 5%.

During the second and third quarters of 2002, the Selected Counsel for the Beneficiaries (SCB) and Legal Representative of Future Claimants (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.

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 SCB and the 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 personal injury claimants eligible to receive a retro active payment. As of March 31, 2013, the Trust has paid all but approximately 3,500 eligible claimants. It is expected that most of these claimants will not be located. During the year ended December 31, 2010, the Trust reduced the liability for the pro rata adjustment by \$7.4 million and added the amount back to Net Claimants' Equity.

The Trust completed its most recent calculation of the pro rata percentage based upon new claim forecasts and asset projections as of the end of 2010. Since that time the Trustees elected to keep the current pro rata percentage at 7.5 %, subject to monitoring of both claim filings and the Trust Corpus.

In January 2012, the Trustees amended the 2002 TDP to include a provision requiring the Trust to determine the Maximum Annual Payment (MAP) amount, which limits the amount of claim payments in any one year based upon its projections of assets and liabilities at the current pro rata percentage. Once the claim payments in any one year reach the annual MAP amount, the Trust ceases claim payments and any unpaid claims are carried over to the next year and placed at the front of the FIFO payment queue. For 2013 the MAP amount is \$102 million. During the first quarter of 2013, the Trust has paid approximately \$44.6 million in claim payments.

(8) EMPLOYEE BENEFIT PLAN

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 \$44,800 and \$43,300 for the three months ended March 31, 2013 and 2012 respectively.

The Trust and CRMC (collectively, the Employer) established a nonqualified, unfunded deferred compensation plan in accordance with Section 409A of the Internal Revenue Code, with an effective date of November 1, 1995. The plan was most recently amended and restated effective January 1, 2005 and is maintained primarily for the purpose of providing deferred compensation to senior management. The plan allows participants to defer up to 100% of any bonuses and any other incentive compensation paid during the year, as well as up to 25% of their base salaries. Participant accounts are credited monthly with a hypothetical rate of return based on the investment option offered by the Employer and chosen by the participant. However, the Employer is not obligated to purchase any investments selected. Any and all payments made to participants pursuant to the plan shall be made from the general assets of the Employer. All participant accounts under the plan shall be for bookkeeping purposes only and do not represent claims against specific assets of the Employer. The plan does create a trust of any kind or a fiduciary relationship. Other than calculating and applying hypothetical rates of return to participant accounts, no other Employer contributions shall be made. For the three months ended March 31, 2013 and 2012, deferred compensation expense due to participant-elected investment returns totaled approximately \$4,300 and \$18,500, respectively. As of March 31, 2013 and 2012, deferred compensation liabilities totaled \$1,174,000 and \$1,134,000, respectively. There were no employee contributions to the plan for the three months ended March 31, 2013 and 2012.

(9) RESTRICTED CASH EQUIVALENTS AND INVESTMENTS

In order to avoid the high costs of director and officer liability insurance (approximately \$2.5 million in 1990), 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 and CRMC. 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 5), 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. As of December 31, 2012, in total, \$43 million had 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.

These three segregated funds totaling \$43 million expired on December 31, 2012. In their place, an agreement has been executed to establish a single escrow and security fund of \$30 million for the purpose of securing the obligations of the Trust to indemnify the Trustees. As before, the investment earnings on this fund will accrue to the benefit of the Trust.

Additionally, as a condition of the tax agreement between JM and the Trust discussed in Note 10, 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, 2013, securities with a market value of \$50.9 million were held by an escrow agent, of which \$8.8 million is reported as restricted in accordance with the agreement.

(10) 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 subsequent 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 files separate federal and state corporate income taxes returns.

As of March 31, 2013, the Trust has recorded a net deferred tax liability of approximately \$36.0 million from net unrealized gains on investment securities. As of March 31, 2013 and 2012, the Trust recorded net deferred tax assets of \$159,000 and \$159,000, representing temporary differences primarily due to expensing asset acquisitions for financial reporting purposes, accrued vacation and deferred compensation. The deferred tax assets are included in other assets in the accompanying

consolidated statement of net claimants' equity. As of March 31, 2013 and 2012, the Trust has income taxes payable of \$1.8 million and \$0.6 million, respectively. These amounts are included with accrued expenses as of March 31, 2013 and 2012 on the consolidated statements of net claimants' equity.

(11) PROOF OF CLAIM FORMS FILED

Proof of claim forms filed as March 31, 2013 and 2012 with the Trust are as follows:

	<u>2013</u>	<u>2012</u>
Claims filed	923,520	891,411
Withdrawn (1)	(94,769)	(93,997)
Expired offers (2)	<u>(4,047)</u>	<u>(709)</u>
Active claims	824,704	796,705
Settled claims	<u>(804,139)</u>	<u>(775,389)</u>
Claims currently eligible for settlement	<u><u>20,565</u></u>	<u><u>21,316</u></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 refiled to receive a new offer.

(2) Claims that received a Trust offer or denial, but failed to respond within the specified response period, usually 360 days. As of March 31, 2013 and 2012, approximately 900 and 710 respectively, of the claims with expired offers are still eligible to accept their original offer with a payment value of \$2.2 million and \$1.8 million, respectively. All claims with expired offers may be reactivated upon written request by the claimant and will be eligible for a new offer at the end of the FIFO queue.

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

SUPPLEMENTAL INFORMATION

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
SPECIAL-PURPOSE CONSOLIDATED INVESTMENT INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012**

	2013	2012
INVESTMENT INCOME		
Interest	\$ 2,008,791	\$ 2,435,674
Dividends	2,852,663	3,020,335
Total interest and dividends	4,861,454	5,456,009
Net realized gains	8,944,382	2,056,932
Net unrealized gains, net of the change in deferred income taxes (Note 10)	33,802,142	49,163,383
Investment expenses	(277,676)	(314,357)
TOTAL INVESTMENT INCOME	\$ 47,330,302	\$ 56,361,967

The accompanying notes are an integral part of this exhibit.

**MANVILLE PERSONAL INJURY SETTLEMENT TRUST
SPECIAL-PURPOSE CONSOLIDATED NET OPERATING EXPENSES
FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
NET OPERATING EXPENSES:		
Personnel costs	\$ 750,563	\$ 741,198
Office general and administrative	172,405	66,765
Travel and meetings	7,849	10,877
Board of Trustees	127,600	122,023
Professional fees	165,498	198,459
Net fixed asset purchases	33,904	32,020
Web hosting and other EDP costs	23,684	12,950
Other income	(75,650)	(61,790)
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TOTAL NET OPERATING EXPENSES	\$ 1,205,853	\$ 1,122,502
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**MANVILLE PERSONAL INJURY SETTLEMENT TRUST
SUPPLEMENTAL SCHEDULE OF LIQUIDATED CLAIMS
SINCE CONSUMMATION (NOVEMBER 28, 1988)
THROUGH MARCH 31, 2012**

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	782,063	\$39,377,434,862	
Reduction in Claim Value (2)		(35,973,016,299)	
Net Offer Amount	782,063	3,404,418,563	
Offers Accepted	(776,549)	(3,387,862,689)	<u>\$4,363</u>
Outstanding Offers	5,514	16,555,874	
Offers Accepted, Not Paid	980	4,618,272	
Unpaid Balance	6,494	21,174,146	
Total Trust Liquidated Claims	<u>804,139</u>	<u>4,440,408,553</u>	<u>\$5,522</u>
<u>Manville Liquidated Claims Paid (3)</u>	<u>158</u>	<u>\$24,946,620</u>	
<u>Co-Defendant Liquidated Claims (4)</u>			
Settlement Claim Value		\$94,630,946	
Investment Receipts (5)		2,624,732	
Payments		(97,255,678)	
Payable		<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.

The accompanying notes are an integral part of this exhibit.

**MANVILLE PERSONAL INJURY SETTLEMENT TRUST
SUPPLEMENTAL SCHEDULE OF LIQUIDATED CLAIMS
FOR THE THREE MONTHS ENDED MARCH 31, 2013**

Exhibit III
Page 2 of 2

<u>Trust Liquidated Claims</u>	<u>Number</u>	<u>Amount</u>	<u>Average Payment Amount</u>
Post-Class Action Complaint After November 19, 1990 (1)			
Offers Outstanding as of December 31, 2012	4,604	\$16,538,458	
Net Offers Made (2)	8,089	31,293,301	
Offers Accepted	<u>(7,179)</u>	<u>(31,275,885)</u>	<u>\$4,357</u>
Offers Outstanding as of March 31, 2013	5,514	16,555,874	
Offers Accepted, Not Paid as of March 31, 2013	<u>980</u>	<u>4,618,272</u>	
Payable as of March 31, 2013	<u>6,494</u>	<u>\$21,174,146</u>	

Co-Defendant Liquidated Claims

Payable as of December 31, 2012	\$0
Settled	247,385
Paid	<u>(247,385)</u>
Payable as of March 31, 2013	<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.

The accompanying notes are an integral part of this exhibit.