

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

TRUSTEES:

Robert A. Falise
Chairman and Managing Trustee
Orchid, Florida

Mark A. Peterson
Thousand Oaks, California

Edward D. Robertson, Jr.
Jefferson City, Missouri

February 28, 2014

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 Cecelia G. Morris
Chief Judge
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 Morris:

Enclosed are chambers' copies of the Financial Statements and Report of the Manville Personal Injury Settlement Trust ("the Trust") for the years ending December 31, 2013 and 2012, 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.

PERSONNEL

The Trustees and Trust staff were greatly saddened to learn of the death of Judge Lifland and we send our condolences to his family and the Courts. I have worked with Judge Lifland (and Judge Weinstein) for more than 20 years and came to admire his creativity and guidance in handling the unique problems presented by the asbestos mass tort phenomenon.

During the last year, the Trust has also lost prominent and valuable participants who served the Trust for more than two decades: Trustee Dr. Frank J. Macchiarola and General Counsel David T. Austern. Their wisdom, experience and dedication are sorely missed by the Trust and speaking personally, I shall miss their warm and lively friendship.

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To fill the vacancy on its Board, the Trustees, in consultation with the Trust constituents, have recently appointed the Hon. Edward D. Robertson, Jr., former Chief Justice of the Missouri Supreme Court and Assistant Attorney General of the United States, who is in private practice specializing in tort litigation and large class actions. His advice will be significantly important to the Trust. The Trustees also elected Jared Garelick, Esq., as General Counsel to the Trust and its subsidiary, the Claims Resolution Management Corp. (CRMC). Jared has been an attorney with the Trust and CRMC for 17 years and earned his law degree from the University of Pennsylvania, where he served as Executive Editor of the Law Review. I am confident he will represent the Trust well and will be a helpful advocate before the Court.

OPERATIONS

For the year ended December 31, 2013 the Trust settled approximately 22,900 personal injury claims for \$111.5 million compared to 27,800 claims for \$146.2 million for the year ended December 31, 2012. The average settlement amount for the years ended December 31, 2013 and 2012 was approximately \$4,900 and \$5,300, respectively. For the years ended December 31, 2013 and 2012, the Trust received approximately 24,200 and 31,000 claims, respectively.

Since inception of the Trust in November 1988, the Trust has received 843,300 personal injury claims, excluding 96,100 withdrawn claims, and has settled approximately 819,900. The Trust commenced operations in 1988 with cash, securities and contractual arrangements having a total estimated value of about \$2.0 billion and has paid almost \$4.5 billion in personal injury claims plus \$97.0 million in Co-defendant claims, leaving cash and investments at December 31, 2013 of almost \$1 billion.

During the 4th quarter of 2013, the Trust contracted with Towers Watson to prepare a claim forecast beginning January 1, 2014. Once completed, the Trust will review its projected assets and liabilities and determine the appropriate pro rata percentage. No change to the pro rata percentage is being proposed at this time.

FINANCIAL SUMMARY

During the years ended December 31, 2013 and 2012, the Trust made claim payments of approximately \$102.1 million and \$132.2 million, respectively. Claim payments in both years were temporarily stopped as the Trust reached its Maximum Annual Payment (MAP Plan) amount. Pursuant to the MAP Plan, as of December 31, 2013 and 2012, the Trust had approximately \$27.4 million and \$17.7 million in claims settled, but awaiting payment, respectively. These claims were paid in January of the following year.

Net operating expenses for years ended December 31, 2013 and 2012 were \$3.9 million and \$4.0 million, respectively. Operating expenses are net of Other Income of \$583,800 for the year ended December 31, 2013 and \$276,300 for year ended December 31, 2012. Other Income includes payments received for claim processing and other consulting services provided to other asbestos trusts. Other income received by CRMC is used to reduce the total operating expenses of the Manville Trust.

For the years ended December 31, 2013 and 2012, net investments added approximately \$136.6 million and \$86.6 million, respectively, to Net Claimants' Equity. After claim settlements, taxes and operating expenses, Net Claimants' Equity as of December 31, 2013 was approximately \$16.8 million greater than year end 2012.

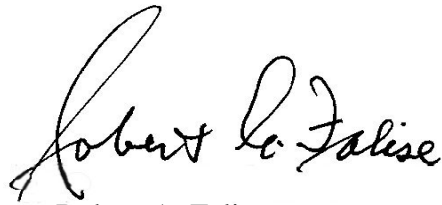
ASSET MANAGEMENT

For the twelve months ended December 31, 2013 and December 31, 2012, the Trust's total investment returns were +18.4% and +11%, respectively. For the year of 2013, the total return on the Trust's U.S. equity investments was +33.5%, the total return on the Trust's non-U.S. equity investments was +24.5%, and the total return on the Trust's fixed income investments including cash equivalents was 0%.

Honorable Jack B. Weinstein
Honorable Cecelia G. Morris
February 28, 2014
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As of December 31, 2013, the market value of the Trust's investments, including accrued interest and dividends, was approximately \$920 million, of which approximately \$533 million (58%) was in diversified domestic and foreign equities and \$387 million (42%) in domestic fixed income securities.

Yours very truly,

A handwritten signature in black ink, reading "Robert A. Falise". The signature is written in a cursive style with a large, looping initial "R".

Robert A. Falise
Chairman and Managing Trustee

Enclosure

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

FINANCIAL STATEMENTS AND REPORT OF
MANVILLE PERSONAL INJURY SETTLEMENT TRUST
FOR THE PERIOD ENDING DECEMBER 31, 2013
PURSUANT TO SECTIONS 3.02(d)(i) and (iii)
OF THE TRUST AGREEMENT

The attached Financial Statements for the Period Ending December 31, 2013 with Auditors' Report and the exhibits thereto are filed herewith pursuant to Sections 3.02(d)(i) and (iii) of the Manville Personal Injury Trust Agreement.

Respectfully submitted,

MANVILLE PERSONAL INJURY
SETTLEMENT TRUST

Dated: Falls Church, Virginia
February 28, 2014

By: /s/ Jared S. Garelick
Jared S. Garelick
General Counsel
3110 Fairview Park Dr. Ste. 200
P.O. Box 12003
Falls Church, Virginia 22042
(703) 204-9300

CERTIFICATE OF SERVICE

I, Jared S. Garelick, hereby certify that on February 28, 2014, I caused a true and complete copy of the Financial Statements for the Period Ending December 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/ Jared S. Garelick_____
Jared S. Garelick

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Manville Personal Injury Settlement Trust

Special-Purpose Consolidated Financial
Statements with Supplementary Information
Years Ended December 31, 2013 and 2012

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company, limited by guarantee.



Manville Personal Injury Settlement Trust

Special-Purpose Consolidated Financial Statements with Supplementary
Information

Years Ended December 31, 2013 and 2012

Manville Personal Injury Settlement Trust

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Independent Auditor's Report

Trustees
Manville Personal Injury Settlement Trust
Pound Ridge, New York

We have audited the accompanying special-purpose consolidated statements of net claimants' equity of the Manville Personal Injury Settlement Trust and its subsidiary (the Trust) as of December 31, 2013 and 2012, and the related special-purpose consolidated statements of changes in net claimants' equity, and of cash flows for the years then ended, and the related notes to the special-purpose consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose consolidated financial statements; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. As described in the Summary of Significant Special-Purpose Accounting Policies, these special-purpose consolidated financial statements were prepared on a special-purpose basis of accounting and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America. The special-purpose basis of accounting has been used in order to communicate the amount of equity presently available to current and future claimants.

Auditor's Responsibility

Our responsibility is to express an opinion on these special-purpose financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the special-purpose consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Opinion

In our opinion, the special-purpose consolidated financial statements referred to above present fairly, in all material respects, the financial position of Manville Personal Injury Settlement Trust as of December 31, 2013 and 2012, and the results of its changes in net claimants' equity and its cash flows for the year then ended in conformity with the basis of accounting described in the Summary of Significant Special-Purpose Accounting Policies.

BDO USA, LLP

McLean, Virginia
February 24, 2014

**Special-Purpose Consolidated Financial Statements with
Supplementary Information**

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

SPECIAL-PURPOSE CONSOLIDATED STATEMENTS OF NET CLAIMANTS' EQUITY

<i>December 31,</i>	2013	2012
Assets		
Cash equivalents and investments		
Restricted (Note 7)	\$ 42,200,000	\$ 51,800,000
Unrestricted	876,152,564	831,079,338
Total cash equivalents and investments	918,352,564	882,879,338
Accrued interest and dividend receivables	2,517,158	2,629,770
Deposits and other assets	497,898	370,284
Total assets	\$ 921,367,620	\$ 885,879,392
Liabilities		
Accrued expenses	\$ 4,949,221	\$ 2,495,309
Deferred income taxes (Note 8)	42,126,000	30,036,000
Unpaid personal injury claims (Notes 3, 5 and Exh. III)		
Outstanding offers	11,303,337	16,538,458
Settled, not paid	27,435,750	17,714,239
Pro rata adjustment payable	109,227	113,881
Lease commitment payable (Note 4)	561,074	869,404
Total liabilities	86,484,609	67,767,291
Net claimants' equity (Note 5)	\$ 834,883,011	\$ 818,112,101

See accompanying summary of significant accounting policies and notes to the consolidated financial statements.

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

SPECIAL-PURPOSE CONSOLIDATED STATEMENTS OF CHANGES IN NET CLAIMANTS' EQUITY

<i>Years Ended December 31,</i>	2013	2012
Net claimants' equity beginning of the year	\$ 818,112,101	\$ 885,183,072
Additions to net claimants' equity		
Investment income (Exhibit I)	136,632,886	86,641,385
Decrease in outstanding claim offers	5,235,121	1,524,211
Decrease in lease commitments payable (Note 4)	308,330	299,387
Total additions	142,176,337	88,464,983
Deductions from net claimants' equity		
Net operating expenses (Exhibit II)	3,881,130	4,021,770
Provision for income taxes	9,689,900	5,179,000
Personal injury claims settled	111,486,364	146,249,700
Co-defendant claims settled	348,033	85,484
Total deductions	125,405,427	155,535,954
Net claimants' equity end of year	\$ 834,883,011	\$ 818,112,101

See accompanying summary of significant accounting policies and notes to the consolidated financial statements.

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

SPECIAL-PURPOSE CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>Years Ended December 31,</i>	2013	2012
Cash Inflows		
Investment income receipts	\$ 18,432,833	\$ 21,388,292
Net realized gains on investment securities	49,772,175	17,473,836
Decrease in deposits and other assets	0	27,362
Total cash inflows	68,205,008	38,889,490
Cash Outflows		
Personal injury claim payments	101,769,507	131,866,156
Co-defendant claim payments	348,033	285,549
Total claim payments	102,117,540	132,151,705
Disbursements for Trust operating expenses and income taxes	11,055,641	8,852,379
Increase in deposits and other assets	158,327	0
Total cash outflows	113,331,508	141,004,084
Net cash outflows	(45,126,500)	(102,114,594)
Non-cash changes		
Net unrealized gains on investment securities	80,599,726	56,747,018
Net increase (decrease) in cash equivalents and investments	35,473,226	(45,367,576)
Cash equivalents and investments beginning of the year	882,879,338	928,246,914
Cash equivalents and investments end of year	\$ 918,352,564	\$ 882,879,338

See accompanying summary of significant accounting policies and notes to the consolidated financial statements.

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

SUMMARY OF SIGNIFICANT SPECIAL-PURPOSE ACCOUNTING POLICIES

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 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 subsidiary, 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.

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 generally accepted accounting principles (GAAP), accounting treatment by other parties for these same transactions may differ as to timing and amount. These special-purpose accounting policies 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

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

SUMMARY OF SIGNIFICANT SPECIAL-PURPOSE ACCOUNTING POLICIES

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.

Use of Estimates

The preparation of consolidated 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.

Subsequent Events

The Trust has evaluated its December 31, 2013 special-purpose consolidated financial statements for subsequent events through February 24, 2014, the date the special-purpose consolidated financial statements were available to be issued. The Trust is not aware of any subsequent events which would require recognition or disclosure in the special-purpose consolidated financial statements.

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

NOTES TO THE SPECIAL-PURPOSE FINANCIAL STATEMENTS

1. Cash Equivalents and Investments

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

<i>Restricted</i>	2013		2012	
	Cost	Fair Value Restricted	Costs	Fair Value Restricted
<i>Description</i>				
Cash equivalents	\$ 73,716	\$ 73,716	\$ 455,345	\$ 455,345
U.S. Govt. obligations	8,329,292	8,332,925	8,057,094	8,118,774
Corporate and other debt	23,077,201	23,063,153	19,515,962	19,721,403
Equities - U.S.	4,589,845	10,730,206	11,871,632	23,504,478
Total	\$ 36,070,054	\$ 42,200,000	\$ 39,900,033	\$ 51,800,000

<i>Unrestricted</i>	2013		2012	
	Cost	Fair Value Restricted	Costs	Fair Value Restricted
<i>Description</i>				
Cash equivalents	\$ 77,211,394	\$ 77,211,394	\$ 59,080,969	\$ 59,080,969
U.S. Govt. obligations	96,714,369	96,848,581	97,477,101	100,022,249
Corporate and other debt	179,569,089	180,647,377	173,088,715	178,360,025
Equities - U.S.	199,689,615	433,688,604	257,530,775	410,683,791
Equities - International	48,260,899	87,756,608	55,563,326	82,932,304
Total	\$ 601,445,366	\$ 876,152,564	\$ 642,740,886	\$ 831,079,338

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, 2013, the fair value of these instruments was approximately \$4.2 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 December 31, 2013, the Trust held \$43.7 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 December 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

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

NOTES TO THE SPECIAL-PURPOSE FINANCIAL STATEMENTS

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.

2. 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:

	2013	2012
Acquisition of furniture and equipment	\$ 279,300	\$ 242,800
Acquisition of computer hardware and software	343,900	411,000
Computer software development (e-Claims)	2,361,100	2,361,100
	<u>\$ 2,984,300</u>	<u>\$ 3,014,900</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.

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.

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

NOTES TO THE SPECIAL-PURPOSE FINANCIAL STATEMENTS

4. Commitments

In September 2009, 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 December 31, 2013, are as follows:

Years ending December 31,

2014	\$	317,561
2015		243,513
	\$	561,074

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

5. Net Claimant's 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 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%.

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

NOTES TO THE SPECIAL-PURPOSE FINANCIAL STATEMENTS

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.

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. As of the end of 2013, the Trust has contracted with a third party to prepare an updated claim forecast. Once completed, the Trust will review its projected assets and liabilities and determine the appropriate pro rata percentage. No change to the pro rata percentage has been proposed through the date of this report.

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. In 2013 and 2012, the MAP amount was \$102 million and \$132 million, respectively. As of December 31, 2013 and 2012, the Trust had approximately \$27.4 million and \$17.7 million, respectively, in unpaid claims which could not be paid due to the MAP provisions. These claims were paid in the following January.

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 \$133,500 and \$137,000 for the years ended December 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 options offered by the Employer and chosen by the participant. However, the

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

NOTES TO THE SPECIAL-PURPOSE FINANCIAL STATEMENTS

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 not 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 years ended December 31, 2013 and 2012, deferred compensation expense due to participant-elected investment returns totaled approximately \$12,000 and \$52,000, respectively. As of December 31, 2013 and 2012, deferred compensation liabilities totaled approximately \$1,182,000 and \$1,170,000, respectively. There were no employee contributions to the plan during the years ended December 31, 2013 and 2012.

7. 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. 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.

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 former and current 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 8, the Trust was required to transfer \$30 million in cash to an escrow account to secure the payment of its future income tax obligations post settlement of the transaction. The escrow account balance may be increased or decreased over time. As of December 31, 2013, securities with a market value of \$61.3 million were held by an escrow agent, of which \$12.2 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

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

NOTES TO THE SPECIAL-PURPOSE FINANCIAL STATEMENTS

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 December 31, 2013, the Trust has recorded a net deferred tax liability of approximately \$42.1 million from net unrealized gains on investment securities. As of December 31, 2013 and 2012, the Trust recorded net deferred tax assets of \$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 December 31, 2013, the Trust had income taxes payable of \$2.3 million. As of December 31, 2012, the Trust had an income taxes receivable of \$30,000. These amounts are included with accrued expenses as of December 31, 2013 and 2012 on the consolidated statements of net claimants' equity.

9. Proof of Claim Forms Filed

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

	2013	2012
Claims filed	939,506	915,263
Withdrawn (1)	(96,116)	(94,564)
Expired offers (2)	(1,106)	(3,831)
Active claims	842,284	816,868
Settled claims	(819,889)	(796,970)
Claims currently eligible for settlement	22,395	19,898

(1) Principally claims that have received a denial notification and the claim is in an expired status for more than two years. These claims must be refiled to receive a new offer.

(2) Claims that received a Trust offer or denial, but failed to respond within the specified response period, usually 360 days. As of December 31, 2013 and 2012, approximately 1,106 and 710 respectively, of the claims with expired offers are still eligible to accept their original offer with a payment value of \$3.0 and \$1.9 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

Supplementary Information Years Ended December 31, 2013 and 2012

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



Tel: 703-893-0600
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8405 Greensboro Drive
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McLean, VA 22102

Independent Auditor's Report on Supplementary Information

Trustees
Manville Personal Injury Settlement Trust
Pound Ridge, New York

Our audit of the special-purpose consolidated financial statements included in the preceding section of this report was conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of those financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special-purpose consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the special-purpose consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose consolidated financial statements or to the special-purpose consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the special-purpose consolidated financial statements as a whole.

BDO USA, LLP

February 24, 2014

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

SUPPLEMENTARY SCHEDULE OF SPECIAL-PURPOSE CONSOLIDATED INVESTMENT INCOME

<i>Years Ended December 31,</i>	2013	2012
Investment income		
Interest	\$ 7,548,018	\$ 9,061,956
Dividends	11,932,999	13,064,354
Total interest and dividends	19,481,017	22,126,310
Net realized gains	49,772,175	17,473,836
Net unrealized gains, net of the change in deferred income taxes (Note 8)	68,509,726	48,235,018
Investment expenses	(1,130,032)	(1,193,779)
Total investment income	\$ 136,632,886	\$ 86,641,385

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

SUPPLEMENTARY SCHEDULE OF SPECIAL-PURPOSE CONSOLIDATED NET OPERATING EXPENSES

<i>Years Ended December 31,</i>	2013	2012
Net operating expenses		
Personnel costs	\$ 2,907,123	\$ 2,902,345
Office general and administrative	397,890	334,627
Travel and meetings	72,811	35,794
Board of Trustees	505,969	449,510
Professional fees	322,720	455,929
Net fixed asset purchases	153,064	33,465
Web hosting and other EDP costs	105,401	86,382
Other income	(583,848)	(276,282)
Total net operating expenses	\$ 3,881,130	\$ 4,021,770

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

SUPPLEMENTARY SCHEDULE OF LIQUIDATED CLAIMS

SINCE CONSUMMATION (NOVEMBER 28, 1988)
THROUGH DECEMBER 31, 2013

	Number	Amount	Average
Trust Liquidated Claims			
Pre-Class Action Complaint November 19, 1990 and Before-			
Full Liquidated Claim Value	27,590	\$ 1,187,852,399	
Present Value Discount (1)		(135,306,535)	
Net Settlements	27,590	1,052,545,864	
Payments	(27,590)	(1,052,545,864)	\$ 38,150
Unpaid Balance	0	0	
Post-Class Action Complaint After November 19, 1990-			
Offers Made at Full Liquidated Amount	795,206	40,227,754,025	
Reduction in Claim Value (2)		(36,748,377,520)	
Net Offer Amount	795,206	3,479,376,505	
Offers Accepted	(792,299)	(3,468,073,168)	\$ 4,377
Outstanding Offers	2,907	11,303,337	
Offers Accepted, Not Paid	4,593	27,435,750	
Unpaid Balance	7,500	38,739,087	
Total Trust Liquidated Claims	819,889	\$ 4,520,619,032	\$ 5,514
Manville Liquidated Claims Paid (3)	158	\$ 24,946,620	
Co-Defendant Liquidated Claims (4)			
Settlement Claim Value		\$ 94,731,594	
Investment Receipts (5)		2,624,732	
Payments		(97,356,326)	
Payable		\$ 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.

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

EXHIBIT III
Page 2 of 2

SUPPLEMENTARY SCHEDULE OF LIQUIDATED CLAIMS

FOR THE YEAR ENDED DECEMBER 31, 2013

	Number	Amount	Average
Trust Liquidated Claims			
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)	21,232	106,251,243	
Offers Accepted	(22,929)	(111,486,364)	\$ 4,862
Offers Outstanding as of December 31, 2013	2,907	11,303,337	
Offers Accepted, Not Paid as of Dec. 31, 2013	4,593	27,435,750	
Payable as of December 31, 2013	7,500	\$ 38,739,087	
Co-Defendant Liquidated Claims			
Payable as of December 31, 2012		\$ 0	
Settled 2013		348,033	
Paid 2013		(348,033)	
Payable as of December 31, 2013		\$ 0	

(1) Under the TDP, Post Class Action Complaint claims have been reported at a pro rata percentage of their liquidated value.

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