

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, 2021
PURSUANT TO SECTIONS 3.02(d)(i) and (iii)
OF THE TRUST AGREEMENT

The attached Financial Statements for the Period
Ending December 31, 2021 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	By: <u> /s/ Jared S. Garelick</u>
	February 25, 2022	Jared S. Garelick
		General Counsel
		3120 Fairview Park Dr. Ste. 200
		Falls Church, Virginia 22042
		(703) 204-9300

CERTIFICATE OF SERVICE

I, Jared S. Garelick, hereby certify that on February 25, 2022, I caused a true and complete copy of the Financial Statements for the Period Ending December 31, 2021 pursuant to Sections 3.02(d)(ii) and (iii) of the Manville Personal Injury Settlement Trust Agreement to be served by email or United States mail, to the entities named on the service list annexed hereto.

/s/ Jared S. Garelick
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Manville Personal Injury Settlement Trust

Consolidated Special-Purpose Financial
Statements with Supplementary Information
Years Ended December 31, 2021 and 2020

Manville Personal Injury Settlement Trust

Consolidated Special-Purpose Financial Statements
with Supplementary Information
Years Ended December 31, 2021 and 2020

Manville Personal Injury Settlement Trust

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Independent Auditor's Report

Trustees
Manville Personal Injury Settlement Trust
Peekskill, New York

Opinion

We have audited the accompanying consolidated special-purpose financial statements of the Manville Personal Injury Settlement Trust and its subsidiary (the Trust) (a statutory Trust originally created under the laws of the State of New York, and converted to a Delaware common law trust in 2018), which comprise the consolidated special-purpose statements of net claimants' equity as of December 31, 2021 and 2020, and the related consolidated special-purpose statements of changes in net claimants' equity and the consolidated special-purpose statements of cash flows for the years then ended, and the related notes to the consolidated special-purpose financial statements.

In our opinion, the accompanying consolidated special-purpose financial statements present fairly, in all material respects, the financial position of the Trust as of December 31, 2021 and 2020, and the consolidated results of its changes in net claimants' equity and its cash flows for the years then ended, in accordance with the basis of accounting described in Note 1 to the consolidated special-purpose financial statements.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Special-Purpose Financial Statements section of our report. We are required to be independent of the Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the consolidated special-purpose financial statements which describes the basis of accounting. As described in Note 1, these consolidated special-purpose financial statements were prepared on a special-purpose basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter. The special-purpose basis of accounting has been used to communicate the amount of net assets presently available to fund current and future claims.



Responsibilities of Management for the Consolidated Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated special-purpose financial statements in accordance with the basis of accounting as described in Note 1 to the consolidated special-purpose financial statements, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated special-purpose financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern within one year after the date that the consolidated special-purpose financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Special-Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated special-purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated special-purpose financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated special-purpose financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated special-purpose financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated special-purpose financial statements.



- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter - Restriction of Use

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

BDO USA, LLP

McLean, Virginia
February 25, 2022

Consolidated Special-Purpose Financial Statements

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

CONSOLIDATED SPECIAL-PURPOSE STATEMENTS OF NET CLAIMANTS' EQUITY

<i>December 31,</i>	2021	2020
Assets		
Cash equivalents and investments (Note 2)		
Restricted (Note 8)	\$ 46,300,000	\$ 42,600,000
Unrestricted	680,841,181	666,268,880
Total cash equivalents and investments	727,141,181	708,868,880
Accrued interest and dividend receivables	1,445,792	1,444,750
Deposits and other assets	1,282,262	511,890
Total assets	\$ 729,869,235	\$ 710,825,520
Liabilities		
Accrued expenses	\$ 1,141,757	\$ 1,658,580
Deferred income taxes (Note 9)	52,266,000	48,322,500
Unpaid personal injury claims (Notes 4, 6 and Exh. III)		
Outstanding offers	3,924,842	3,545,575
Settled, not paid	10,790,452	11,671,457
Pro rata adjustment payable	140,940	127,865
Lease commitment payable (Note 5)	2,952,711	3,269,607
Total liabilities	71,216,702	68,595,584
Net claimants' equity (Note 6)	\$ 658,652,533	\$ 642,229,936

See accompanying notes to the consolidated special-purpose financial statements.

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

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

<i>Years Ended December 31,</i>	2021	2020
Net claimants' equity beginning of the year	\$ 642,229,936	\$ 631,175,821
Additions to net claimants' equity		
Investment income (Exhibit I)	92,786,161	75,975,217
Insurance settlement proceeds	712,000	-
Decrease in outstanding claim offers	-	323,954
Decrease in lease commitments payable (Note 5)	316,896	337,747
Total additions	93,815,057	76,636,918
Deductions from net claimants' equity		
Net operating expenses (Exhibit II)	3,532,203	2,843,130
Provision for income taxes	10,079,945	5,548,963
Increase in outstanding claim offers	379,267	-
Personal injury claims settled	63,401,045	57,190,710
Total deductions	77,392,460	65,582,803
Net claimants' equity end of year	\$ 658,652,533	\$ 642,229,936

See accompanying notes to the consolidated special-purpose financial statements.

MANVILLE PERSONAL INJURY SETTLEMENT TRUST
CONSOLIDATED SPECIAL-PURPOSE STATEMENTS OF CASH FLOWS

<i>Years Ended December 31,</i>	2021	2020
Cash inflows		
Investment income receipts	\$ 10,722,323	\$ 13,164,266
Net realized gains on investment securities	59,748,219	27,148,776
Insurance settlement proceeds	712,000	-
Decrease in deposits and other assets	-	211,731
Total cash inflows	71,182,542	40,524,773
Cash outflows		
Personal injury claim payments	64,268,975	62,506,176
Total claim payments	64,268,975	62,506,176
Disbursements for Trust operating expenses and income taxes	14,159,055	8,079,397
Increase in deposits and other assets	770,372	-
Total cash outflows	79,198,402	70,585,573
Net cash outflows	(8,015,860)	(30,060,800)
Non-cash changes		
Net unrealized gain on investment securities	26,288,161	42,685,967
Net increase in cash equivalents and investments	18,272,301	12,625,167
Cash equivalents and investments beginning of the year	708,868,880	696,243,713
Cash equivalents and investments end of year	\$ 727,141,181	\$ 708,868,880

See accompanying notes to the consolidated special-purpose financial statements.

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

NOTES TO THE CONSOLIDATED SPECIAL-PURPOSE FINANCIAL STATEMENTS

1. Organization and Summary of Significant Special-Purpose Accounting Policies

The Manville Personal Injury Settlement Trust (the Trust), a Delaware statutory trust as of April 19, 2018, formerly organized pursuant to the laws of the state of New York, with its office in Peekskill, 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 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.

Manville and CRMC (collectively referred to as "the Trust" henceforth) 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 of America (US GAAP). 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 US 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 consolidated special-purpose 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.

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

NOTES TO THE CONSOLIDATED SPECIAL-PURPOSE FINANCIAL STATEMENTS

3. Costs of non-income producing assets, which will be exhausted during the life of the Trust and are not available for satisfying claims, are expensed as they are incurred. These costs include acquisition costs of computer hardware, software, software development, office furniture and leasehold improvements.
4. Future fixed liabilities and contractual obligations entered into by the Trust are recorded directly against net claimants' equity. Accordingly, the future minimum rental commitments outstanding at period end for non-cancelable operating leases, net of any sublease agreements, have been recorded as deductions to net claimants' equity.
5. The liability for unpaid claims reflected in the consolidated special-purpose 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 4 and 6) 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 consolidated special-purpose statements of changes in net claimants' equity. Realized and unrealized gains and losses on investment securities are combined and recorded on the consolidated special-purpose 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.
8. Revenue earned from claims processing services provided by CRMC to third parties is treated as a reduction of the Trust's net operating expenses (see Exhibit II). Revenue is recorded as services are provided to those third-party customers.

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 consolidated special-purpose 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 consolidated special-purpose financial statements relate to unpaid claims, as discussed in Notes 4 and 6.

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

NOTES TO THE CONSOLIDATED SPECIAL-PURPOSE FINANCIAL STATEMENTS

2. Cash Equivalents and Investments

At December 31, 2021 and 2020, the Trust has recorded all of its investment securities at fair value, as follows:

<i>Restricted</i>	2021		2020	
	Cost	Fair Value	Cost	Fair Value
<i>Description</i>				
Cash equivalents	\$ 122,843	\$ 122,843	\$ 325,467	\$ 325,467
U.S. Govt. obligations	10,787,118	10,739,169	10,238,353	10,400,292
Corporate and other debt	19,220,463	19,196,139	18,897,396	19,290,533
Equities - U.S.	3,738,540	16,241,849	3,401,264	12,583,708
Total	\$ 33,868,964	\$ 46,300,000	\$ 32,862,480	\$ 42,600,000

<i>Unrestricted</i>	2021		2020	
	Cost	Fair Value	Cost	Fair Value
<i>Description</i>				
Cash equivalents	\$ 6,800,765	\$ 6,800,765	\$ 16,744,514	\$ 16,744,514
U.S. Govt. obligations	85,000,098	85,216,990	77,577,451	79,134,303
Corporate and other debt	142,893,077	143,269,883	136,630,917	140,780,031
Equities - U.S.	74,553,853	366,989,072	85,113,554	353,092,030
Equities - International	35,585,564	78,564,471	37,789,265	76,518,002
Total	\$ 344,833,357	\$ 680,841,181	\$ 353,855,701	\$ 666,268,880

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, 2021, the fair value of these instruments was approximately \$1.06 million and is included in investments on the consolidated special-purpose 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, 2021, the Trust held \$39.3 million in net foreign currency forward contracts. The unrealized loss on these outstanding currency forward contracts of approximately \$0.1 million is offset by an equal unrealized gain due to currency exchange on the underlying international securities. These net amounts are recorded in the consolidated special-purpose statements of net claimants' equity at December 31, 2021.

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 consolidated special-purpose statements of net claimants' equity and consolidated special-purpose statements of changes in net claimants' equity.

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

NOTES TO THE CONSOLIDATED SPECIAL-PURPOSE FINANCIAL STATEMENTS

3. 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:

	2021	2020
Acquisition of furniture and equipment	\$ 322,400	\$ 322,400
Acquisition of computer hardware and software	533,694	515,566
Computer software development (e-Claims)	2,361,100	2,361,100
	<u>\$ 3,217,194</u>	<u>\$ 3,199,066</u>

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

4. 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 6), 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 by sending an offer letter and a release form 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, then makes payment upon receipt of an acceptable signed release. Paper filers may accept their offer by submitting an acceptable signed release, upon receipt of which the Trust sends a 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 CONSOLIDATED SPECIAL-PURPOSE FINANCIAL STATEMENTS

5. Commitments

CRMC signed a 7-year and 7-month office lease effective October 1, 2015 at a location in Falls Church, Virginia. In October 2018, CRMC signed a lease extension at its current location in Falls Church, Virginia. This lease will expire on September 30, 2028. Future minimum rental commitments under this operating lease, as of December 31, 2021, are as follows:

Years ending December 31,

2022	\$	456,581
2023		404,212
2024		416,301
2025		428,793
2026		441,651
Thereafter		805,173

\$ 2,952,711

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

6. 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 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

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

NOTES TO THE CONSOLIDATED SPECIAL-PURPOSE FINANCIAL STATEMENTS

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 a 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 retroactive payment.

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 August 2014, the Trust completed a review of the Trust’s projected assets and liabilities. Based upon this review, the Trustees approved a decrease in the pro rata percentage from 7.5% to 6.25%. This change received the required concurrence of the SCB and Legal Representative.

In November 2016, the Trust completed a review of the Trust’s projected assets and liabilities. Based upon this review, the Trustees approved a decrease in the pro rata percentage from 6.25% to 5.1%. This change received the required concurrence of the SCB and Legal Representative. All claimants receiving offers after November 4, 2016, were paid a pro rata percentage of 5.1%.

In late 2019, the Trustees began a review of the Trust’s projected assets and liabilities. Upon completion of that review, which coincided with a sharp decline in equities markets caused by the COVID-19 pandemic, reducing the value of the Trust’s assets, the Trustees proposed a decrease in the pro rata percentage from 5.1% to 4.3%. After the Trust received the required concurrence of the SCB and the Legal Representative, the decrease took effect on April 28, 2020.

In February 2021, the Trust completed a review of the Trust’s projected assets and liabilities. Based upon this review, the Trustees approved on February 15, 2021, an increase in the pro rata percentage from 4.3% to 5.1%. This proposed change received the required concurrence of the SCB and the Legal Representative. 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 paid at the end of February 2021 approximately \$5.6 million to all the personal injury claimants eligible to receive a retroactive payment. All claimants receiving offers after February 15, 2021 were paid a pro rata percentage of 5.1%.

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

NOTES TO THE CONSOLIDATED SPECIAL-PURPOSE FINANCIAL STATEMENTS

7. Employee Benefit Plans

The Trust established a tax-deferred employee savings plan (the Plan) under Section 401(k) of the Internal Revenue Code, with an effective date of January 1, 1988. On April 7, 2016, the Plan was amended and restated as the CRMC Salary Savings and Retirement Plan. The Plan allows employees to defer a percentage of their salaries within limits set by the Internal Revenue Code with CRMC matching contributions by employees of up to 6% of their salaries. The total employer contributions and expenses under the Plan were approximately \$205,600 and \$181,800 for the years ended December 31, 2021 and 2020, respectively.

8. 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. Pursuant to this authority, the Trust currently maintains \$30 million in a separate escrow account for the purpose of securing the obligation of the Trust to indemnify former and current Trustees. The investment earnings on these escrow accounts accrue to the benefit of the Trust.

Additionally, as a condition of the tax agreement between JM and the Trust discussed in Note 9, 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, 2021, securities with a market value of \$104.9 million were held by an escrow agent, of which \$16.3 million is reported as restricted in accordance with the agreement.

9. 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 with respect to all future income taxes of the Trust and established an escrow fund to secure such indemnification. The statutory income tax rate for this DSF is 15%. As a Delaware domiciled trust, the Trust is not subject to state income taxes. CRMC files separate federal and state corporate income tax returns.

As of December 31, 2021 and 2020, the Trust has recorded a net deferred tax liability from net unrealized gains on investment securities of approximately \$52.3 million and \$48.3 million, respectively. As of December 31, 2021, the Trust had prepaid net income taxes of \$0.8 million. As of December 31, 2020, the Trust had net income taxes payable of \$0.7 million. These amounts are included within deposits and other assets as of December 31, 2021 and accrued expenses as of December 31, 2020, respectively, in the consolidated special-purpose statements of net claimants' equity.

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

NOTES TO THE CONSOLIDATED SPECIAL-PURPOSE FINANCIAL STATEMENTS

10. Proof of Claim Forms Filed

Proof of claim forms filed as December 31, 2021 and 2020 with the Trust are as follows:

	2021	2020
Claims filed	\$ 1,092,607	\$ 1,078,370
Withdrawn (1)	(107,438)	(107,121)
Expired offers (2)	(2,354)	(2,456)
Active claims	982,815	968,793
Settled claims	(970,291)	(956,299)
Claims currently eligible for settlement	\$ 12,524	\$ 12,494

(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, 2021 and 2020, approximately 255 and 321 respectively, of the claims with expired offers are still eligible to accept their original offer with a payment value of \$0.35 million and \$0.60 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.

11. Risks and Uncertainties

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The COVID-19 pandemic has greatly contributed to significant volatility in financial markets through the date of issuance of these consolidated special-purpose financial statements. In addition, the COVID-19 pandemic has impacted the operational and logistical processes of organizations. The Trustees, Trust advisors, and management of the Trust continue to monitor the impact of this global situation on the Trust's financial condition and operations. Given the daily evolution of the COVID-19 pandemic and the global responses to curb its spread, the Trust is not able to estimate the long-term effects of the COVID-19 pandemic on its financial condition and operations.

12. Subsequent Events

The Trust has evaluated its December 31, 2021 consolidated special-purpose financial statements for subsequent events through February 25, 2022, the date the consolidated special-purpose financial statements were available to be issued. The Trust is not aware of any subsequent events which would require recognition or disclosure in the consolidated special-purpose financial statements.

Supplementary Information



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Independent Auditor's Report on Supplementary Information

Trustees
Manville Personal Injury Settlement Trust
Peekskill, New York

Our audit of the consolidated special-purpose financial statements included in the preceding section of this report was conducted for the purpose of forming an opinion on those special-purpose 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 consolidated special-purpose financial statements. The following exhibits are provided in accordance with Article 3.02 (d)(iii) of the Manville Personal Injury Settlement Trust Agreement. 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 consolidated special-purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated special-purpose financial statements or to the consolidated special-purpose 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 consolidated special-purpose financial statements as a whole.

BDO USA, LLP

McLean, Virginia
February 25, 2022

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

SUPPLEMENTARY SCHEDULE OF CONSOLIDATED
SPECIAL-PURPOSE INVESTMENT INCOME

<i>Years Ended December 31,</i>	2021	2020
Investment income		
Interest	\$ 4,213,514	\$ 6,067,403
Dividends	7,477,284	7,387,410
Total interest and dividends	11,690,798	13,454,813
Net realized gains	59,748,219	27,148,776
Net unrealized gain, net of the change in deferred income taxes (Note 9)	22,344,661	36,282,467
Investment expenses	(997,517)	(910,839)
Total investment income	\$ 92,786,161	\$ 75,975,217

See independent auditor's report on supplementary information.

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

SUPPLEMENTARY SCHEDULE OF CONSOLIDATED SPECIAL-PURPOSE NET OPERATING EXPENSES

<i>Years Ended December 31,</i>	2021	2020
Net operating expenses		
Personnel costs	\$ 4,306,121	\$ 4,371,006
Office, general and administrative	751,607	662,741
Travel and meetings	19,609	4,890
Board of Trustees	453,382	426,516
Professional fees	860,772	467,734
Net fixed asset purchases	18,128	21,677
Web hosting and other EDP costs	77,624	60,227
Claims processing services revenue and other income	(2,955,040)	(3,171,661)
Total net operating expenses	\$ 3,532,203	\$ 2,843,130

See independent auditor's report on supplementary information.

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

SUPPLEMENTARY SCHEDULE OF LIQUIDATED CLAIMS

SINCE CONSUMMATION (NOVEMBER 28, 1988)
THROUGH DECEMBER 31, 2021

	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	-	\$ -	
Post-Class Action Complaint After November 19, 1990-			
Offers Made at Full Liquidated Amount	943,998	\$ 50,756,687,088	
Reduction in Claim Value (2)	-	(46,709,465,000)	
Net Offer Amount	943,998	4,047,222,088	
Offers Accepted	(942,701)	(4,043,297,246)	\$ 4,289
Outstanding Offers	1,297	3,924,842	
Offers Accepted, Not Paid	4,411	10,790,452	
Unpaid Balance	5,708	\$ 14,715,294	
Total Trust Liquidated Claims	970,291	\$ 5,095,843,110	\$ 5,252
Manville Liquidated Claims Paid (3)	158	\$ 24,946,620	
Co-Defendant Liquidated Claims (4)			
Settlement Claim Value		\$ 95,329,160	
Investment Receipts (5)		2,624,732	
Payments		(97,953,892)	
Payable		\$ -	

- (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

SUPPLEMENTARY SCHEDULE OF LIQUIDATED CLAIMS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Number	Amount	Average
Trust Liquidated Claims			
Post-Class Action Complaint			
After November 19, 1990 (1)			
Offers Outstanding as of December 31, 2	1,064	\$ 3,545,575	
Net Offers Made (2)	14,225	63,780,312	
Offers Accepted	(13,992)	(63,401,045)	\$ 4,531
Offers Outstanding as of December 31, 2	1,297	3,924,842	
Offers Accepted, Not Paid as of Dec. 31,	4,411	10,790,452	
Payable as of December 31, 2021	5,708	\$ 14,715,294	
Co-Defendant Liquidated Claims			
Payable as of December 31, 2020		\$ -	
Settled 2021		-	
Paid 2021		-	
Payable as of December 31, 2021		\$ -	

(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.