

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

TRUSTEES:

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

July 26, 2006

Louis Klein, Jr., Esquire
Stamford, Connecticut

Frank J. Macchiarola, Esquire
Brooklyn, New York

BY FEDERAL EXPRESS

Honorable Christian E. Markey, Jr.
Los Angeles, California

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

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

Dear Judge Weinstein and Judge Lifland:

Enclosed are chambers' copies of the Financial Statements and Report of the Manville Personal Injury Settlement Trust ("the Trust"), for the period ending June 30, 2006, 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

During the second quarter of 2006, the Trust received approximately 3,350 new claim filings, of which 36% were for malignant diseases, compared to approximately 5,900 new claims during the same period in 2005, of which 27% were for malignant diseases.

During the second quarter 2006, the Trust settled approximately 3,444 claims for \$13.1 million compared to approximately 6,370 claims for \$20.4 million during 2005. The increasing proportion of malignancy claims has resulted in a higher claim settlement average and a greater share of claim payments being made to claimants with a malignancy. The average claim

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settlement value for the second quarter 2006 and 2005 was approximately \$3,787 and \$3,192, respectively, and malignancy claimants received about 87% of all claim payments during the second quarter of 2006 versus 79% during the comparable period in 2005.

On June 30, 2006, the Trust had 4,093 pending offers or denials, 9,954 expired claims, 12,660 claims in process and 666,565 settled claims. When combined with 80,441 withdrawn claims (unsettled claims in which offers or deficiencies lapsed), as of June 30, 2006 the Trust had received 773,713 claims. Total claim payments were approximately \$3.4 billion.

FINANCIAL SUMMARY

Net operating expenses for the three and six months ended June 30, 2006 were \$1.2 million and \$2.8 million, respectively, compared to \$1.6 million and \$3.0 million for the same periods in 2005. Net operating expenses are approximately \$200,000 less for the six months ended June 30, 2006 compared to the same six months in 2005. The decrease is principally due to the reduction in professional fees associated with the FAIR Act legislation and future claims forecasts which occurred during 2005. Operating expenses are net of other income of \$316,700 for the first six months of 2006 and \$552,200 for the first six months of 2005. Other income received by the Claims Resolution Management Corporation ("CRMC") is for providing claim processing and consulting services and licensing Trust data. The decrease in other income for 2006 is attributable to the significant amount of work performed for the Travelers insurance companies during the first half of 2005. Since that time, no significant services have been provided pending the appeal of the approval of the Travelers settlement. Other income received by CRMC is used to reduce the overall processing costs of the Trust.

During the first six months of 2006, Net Claimants' Equity increased by approximately \$8 million. Though the Trust settled approximately \$28 million in claims, investment income added almost \$46 million in value, before income taxes. The Trust recorded \$25 million in interest and dividends, \$2.5 million in net realized losses and over \$24 million in unrealized gains.

ASSET MANAGEMENT

For the six months ended June 30, 2006 and June 30, 2005, the Trust's total return on investment was approximately 2.8% and 0.9%, respectively. The total return during the same

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Honorable Burton R. Lifland
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periods on the Trust's equity investments was approximately 4.1% and 0.5%, respectively. By way of comparison, the Russell 3000 index, a broad index of U.S. stocks, returned about 3.2% and 0.0% during the first half of 2006 and 2005, respectively. The total return on fixed income investments including cash equivalents was 0.8% in the first half of 2006 versus 1.8% in the first half of 2005.

As of June 30, 2006, the market value of the Trust's investments, including accrued interest and dividends, was approximately \$1,684 million, of which approximately \$1,084 million (64%) was in diversified equities, \$568 million (34%) in fixed income securities and the remaining \$32 million (2%) in cash equivalents.

Yours very truly,

A handwritten signature in cursive script that reads "Robert A. Falise".

Robert A. Falise
Chairman and Managing Trustee

Enclosure

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

FINANCIAL STATEMENTS AND REPORT OF
MANVILLE PERSONAL INJURY SETTLEMENT TRUST
FOR THE PERIOD ENDING JUNE 30, 2006
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 April 1, 2006 through June 30, 2006 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: Falls Church, Virginia
July 26, 2006

CERTIFICATE OF SERVICE

I, David T. Austern, hereby certify that on July 26, 2006, I caused a true and complete copy of the Financial Statements for the Period Ending June 30, 2006 pursuant to Sections 3.02(d)(ii) and (iii) of the Manville Personal Injury Settlement Trust Agreement to be served by first class mail, postage prepaid, to the entities named on the service list annexed hereto.

/s/ David T. Austern
David T. Austern

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MANVILLE PERSONAL INJURY SETTLEMENT TRUST

**Special-Purpose Consolidated Financial Statements
As of June 30, 2006 and 2005**

MANVILLE PERSONAL INJURY SETTLEMENT TRUST

The consolidated financial statements included herein are unaudited. In the opinion of the management of the Trust, the accompanying consolidated financial statements present fairly, subject to normal year-end adjustments, the consolidated net claimants' equity as of June 30, 2006 and 2005 and the consolidated changes in net claimants' equity and cash flows for the three months and six months ended June 30, 2006 presented on the special-purpose basis of accounting described in Note 2, which accounting methods have been applied on a consistent basis.

/signed/ Mark E. Lederer
Mark E. Lederer
Chief Financial Officer

**MANVILLE PERSONAL INJURY SETTLEMENT TRUST
CONSOLIDATED STATEMENTS OF NET CLAIMANTS' EQUITY
AS OF JUNE 30, 2006 AND 2005**

	2006	2005
ASSETS:		
Cash equivalents and investments (Note 2)		
Available-for-sale		
Restricted (Note 7)	\$54,100,000	\$51,600,000
Unrestricted	1,623,578,273	1,582,047,156
Total cash equivalents and investments	1,677,678,273	1,633,647,156
Accrued interest and dividend receivables	5,717,141	5,659,481
Deposits and other assets	544,747	708,328
	1,683,940,161	1,640,014,965
LIABILITIES:		
Accrued expenses	2,927,122	4,138,072
Deferred income taxes (Note 8)	26,324,000	15,580,000
Unpaid claims (Notes 3, 5 and Exh. III)		
Outstanding Offers	9,460,321	11,592,756
Settled, not paid	1,871,185	2,870,787
Lease commitments payable (Note 4)	3,811,867	4,286,262
	44,394,495	38,467,877
NET CLAIMANTS' EQUITY (Note 5)	\$1,639,545,666	\$1,601,547,088

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