UNITED STATES BANKRUPTCY COURT FOR THE
SOUTHERN DISTRICT OF OHIO, WESTERN DIVISION

In Re: EAGLE-PICHER INDUSTRIES, INC., DAISY PARTS, INC., TRANSCOIL, INC., MICHIGAN AUTOMOTIVE RESEARCH CORPORATION, EAGLE-PICHER MINERALS, INC. AND HILLSDALE TOOL AND MANUFACTURING CO., Debtors.	Consolidated Case No. 1-91-10100 Chapter 11 Hon. Burton Perlman, U.S.B.J.

ANNUAL REPORT AND ACCOUNT OF RUTH R. McMULLIN, DAVID L. McLEAN, AND JAMES J. McMONAGLE, AS TRUSTEES OF THE EAGLE-PICHER INDUSTRIES, INC. PERSONAL INJURY SETTLEMENT TRUST, FOR THE YEAR ENDED DECEMBER 31, 2010

Purpose of Report

Ruth R. McMullin (Chairperson), David L. McLean, and James J. McMonagle (the "Trustees"), as Trustees of the Eagle-Picher Industries, Inc. Personal Injury Settlement Trust (the "Trust"), respectfully submit this annual report and account (the "Report") in order to comply with Sections 3.2(c) and 5.12 of the Eagle-Picher Industries, Inc. Personal Injury Settlement Trust Agreement (the "Trust Agreement") and with this Court's Order Regarding Accountings of the Eagle-Picher Industries, Inc. Personal Injury Settlement Trust dated March 14, 1997.

Section 3.2(c) of the Trust Agreement provides as follows:

> **(c) The Trustees shall cause to be prepared and filed with the Bankruptcy Court, as soon as available, and in any event within one hundred twenty (120) days following the end of each fiscal year, an annual report containing (1) financial statements of the PI Settlement Trust** (including, without limitation, a balance sheet of the PI Settlement Trust as of the end of such fiscal year and a statement of operations for such fiscal year) audited by a firm of independent certified public accountants selected by the Trustees and accompanied by an opinion of such firm as to the fairness of the financial statements' presentation of the cash and investments available

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for the payment of claims and as to the conformity of the financial statements with generally accepted accounting principles **and (2) such other matters as the Trustees deem appropriate to report to the Bankruptcy Court.** The Trustees shall provide a copy of such report to the TAC and to Reorganized Eagle-Picher.

(i) Simultaneously with delivery of each set of financial statements referred to in Article 3.2(c) above, the Trustees shall cause to be prepared and filed with the Bankruptcy Court a report containing a summary regarding the number and type of claims disposed of during the period covered by the financial statements.

(ii) All materials required to be filed with the Bankruptcy Court by this Article 3.2 shall be available for inspection by the public in accordance with procedures established by the Bankruptcy Court.

Section 5.12 of the Trust Agreement provides as follows:

5.12. Settlement of Trustees' Accounts. Notwithstanding any state law to the contrary, the Bankruptcy Court shall have exclusive jurisdiction over the settlement of the accounts of the Trustees, whether such account is rendered by the Trustees themselves or is sought by any other person. **The Trustees shall render successive accounts covering periods ending at the end of each calendar year consisting of the filings required by Article 3.2(c) of this Trust Agreement.** In addition, an account shall be rendered for the period ending on the date of the death, resignation, removal or retirement of any Trustee. **Upon the approval of any such account by the Bankruptcy Court after hearing on notice to Reorganized Eagle-Picher, the TAC and such other parties as the Bankruptcy Court may designate, the Trustees shall be discharged from any further liability or responsibility, as to all matters embraced in such account.**

Paragraph (a) of this Court's Order dated March 14, 1997, reads in pertinent part as follows:

(a) The Accounting required of the Trust for each successive calendar year shall consist of the annual report and the claims summary required under Sections 3.2(c) and 3.2(c)(i) of the Trust Agreement, together with any further information the Trustees may deem appropriate to provide the Court, plus an application for approval of the Accounting and discharge of the Trustees, and a proposed order (the "Materials"). These Materials shall be filed no later than April 30 of each year.

The principal purposes of this Report and the accompanying year-end audited financial statements are to inform the Court, the Trust's beneficiaries, and other interested parties of the actions taken and decisions made by the Trustees in the year ended December 31, 2010, and to provide a basis, under Section 5.12 of the Trust Agreement, for the discharge from

liability of the Trustees for all matters included in this Report or otherwise embraced by the account.

Jurisdiction

The Court has jurisdiction over the Application for Order Approving Annual Report and Account pursuant to Section 9.1 of the Plan of Reorganization.

Summary

Under this Court's supervision the Trust has processed more than 568,000 claims over the past fourteen years. In 2010, through the Trust's ownership of the Claims Processing Facility, Inc. (the "CPF"), the Trust received a total of 11,499 asbestos-disease claims; processed to allowance or disallowance a total of 12,154 asbestos-disease claims; and made payments to asbestos victims totaling approximately $36.3 million. Valid mesothelioma claims continue to make up an increasing percentage of the Trust's allowed claims population The total amount the Trust has distributed to victims of asbestos disease or their survivors as of December 31, 2010 was approximately $591.5 million.

In addition, throughout the year the Trustees continued the implementation of their strategy to manage the investment of Trust funds on a sound basis while sustaining the cash flow necessary to pay allowed claims without delay. The Trustees and Trust staff held quarterly conference calls with the Trust's investment advisor and three investment managers, as well as periodic client visits and strategy sessions, to monitor progress in the management of the portfolio. At year end, the Trust's net assets were valued at approximately $427.5 million.

These activities and others are described in more detail below.

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I. Meetings of the Trustees

The Trustees held three meetings in person and one telephonic meeting due to inclement weather (one in each calendar quarter) during 2010. The Trustees' Advisory Committee participated in all of the meetings. In addition, the Audit Committee held a separate meeting in person.

II. Trust Administration

The Trustees continued to retain as auditors the firm of Sikich, LLP, as tax consultant the firm of Deloitte & Touche LLP and as insurance broker the firm of Marsh & McLennan, Inc.

The Trustees continued to serve as directors of the CPF, as discussed in Section IV.D, below, and spent considerable time individually on Trust matters during the course of the year. For example, among other activities:

- Ms. McMullin, as Chairperson, devoted significant time to management of the Trust staff, to communicating with the Trust's investment advisor and investment managers, and to her duties as a member of the Trust's and CPF's Audit Committees;
- Mr. McMonagle continued to monitor developments with respect to legislation, litigation, and bankruptcies of asbestos companies potentially affecting the Trust; and
- Mr. McLean served as Chair of the Audit Committee for the Trust and for the CPF. He also worked with Trust staff on the Trust's and CPF's insurance programs.

The Trustees and Trust staff continued to monitor developments in asbestos litigation. In 2010 this included, among other things, monitoring and taking appropriate steps in connection with allegations and judicial determinations concerning the reliability of physicians and others providing medical evidence of asbestos-related disease.

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The Trust responded to approximately 152 subpoenas in 2010. The subpoenas largely sought claims filing information and were primarily issued from non-bankrupt asbestos defendants. Consistent with the Trust's long-standing policy, the Trust did not divulge any medical information or trust settlement amounts in responding to the subpoenas and, to the extent that any of the subpoenas requested such information, the Trust took action to quash or otherwise oppose the request.

In one instance, a Federal Magistrate Judge from the Northern District of Illinois recognized that issues of Trust policy such as this may be within this Court's jurisdiction. The opinion is attached as Exhibit C. In another, the Trust and CPF have filed an objection in the Garlock Sealing Technologies, LLC bankruptcy pending in the Western District of North Carolina opposing disclosure of the Trust's entire claims database. The objection is attached as Exhibit D. In most instances, the Trust responded to properly issued subpoenas by providing a copy of the claimant's claim form after providing notice to the claimant. Generally, the Trust received reimbursement for responding to the subpoenas.

III. Asset Management

A. Investment Allocation

The Trust continued to implement the investment strategy developed over time in reliance on the advice of Cambridge Associates. The invested assets of the Trust are allocated among four portfolios: (1) a short-term bond portfolio composed primarily of short-term tax-exempt bonds; (2) a total-return bond portfolio composed primarily of intermediate-term tax-exempt bonds, with up to 15% of the portfolio in taxable and/or below-investment-grade fixed income securities; (3) an equity portfolio composed of shares of United States companies with

medium-to-large capitalization benchmarked to the Russell 1000; and (4) an equity portfolio composed of American Depository Receipts ("ADR's") representing ownership interest in securities of over 250 large capitalization companies in non-U.S., developed markets benchmarked to the Standard & Poor's ADR Index.

Upon the advice of the Trust's investment advisor, the Trust's target investment allocation at the beginning of 2010 was approximately 15% short-term bonds, 55% total-return bonds, and 30% equities. During the fourth quarter of 2010, based on a recommendation from Cambridge Associates, the Trust's target investment allocation was changed to 10% short-term bonds, 58% total-return bonds, and 32% equities. The actual allocation varied from these targets during the course of the year, due principally to fluctuations in the value of the Trust's equity portfolios.

The allocation of invested assets at December 31, 2010 was 10.5% in short-term bonds, 55.4% in total-return bonds, and 34.1% in equities (21.6% in the Russell 1000 Equity Portfolio and 12.5% in the S&P ADR Portfolio). The percentage of invested assets in the equity portfolios increased from 29.2% at the beginning of 2010 to 34.1% at December 31, 2010, as a result of positive returns in the equity markets during the year in addition to claims payments reducing the bond assets.

The Trust continued to retain as investment managers J.P. Morgan Asset Management to manage the short-term bond portfolio, Standish Mellon Asset Management to manage the total-return bond portfolio, and The Northern Trust Company to manage the Trust's investments in equity securities. The Trust also continued to retain The Northern Trust Company as custodian of all of the Trust's investment accounts.

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Over the course of the year, in addition to quarterly phone conferences with all of the investment managers, the Trustees met regularly in person with Cambridge Associates, and had in person meetings with all investment managers.

B. Investment Performance

Investment returns over the past three years were as follows:

	2010	2009	2008
Short-term bond portfolio	1.0%	2.6%	1.7%
Intermediate-term bond portfolio	3.4%	9.6%	1.2%
Equity:			
Russell 1000 Index portfolio	16.0%	28.3%	-37.3%
S & P ADR Index portfolio	7.0%	36.5%	-42.3%
Total Return	**6.0%**	**13.4%**	**-12.2%**

The equity portfolios managed by The Northern Trust Company replicate indices, and all but mirrored the returns of those indices, which were 16.1% for the Russell 1000 Index and 7.5% for the S&P ADR.

IV. Claims Processing

A. Claim Filing Options

A claimant has the option to file either a DCP (Discounted Cash Payment) or an IRC (Individualized Review Claim) claim form. The DCP is designed, in part, for claimants who can easily be determined by the Trust to have a valid nonmalignant injury claim and who wish to have a fixed payment now and a limited release retaining the right to receive a further payment if the injured should subsequently be diagnosed as having an asbestos-related malignancy. The DCP option is also available for malignant claims, using a fixed payment schedule. The DCP payment schedule is a one-time payment as follows:

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Mesothelioma	$6,500
Lung Cancer	$2,000
Other Cancer	$1,000
Non-malignant	$400

For an IRC claim, the claim is reviewed using tort system principles and a confidential, proprietary claim valuation model. This option is available for all disease categories. Trust management has advised claimants counsel that, based on current facts and circumstances including the Trust's current payment percentage, the IRC option will generally result in a higher payment for malignancies than the DCP option. The filing option is the claimant's choice.

B. Claims Processing Results

The CPF, on behalf of the Trust, received a total of 11,499 individual asbestos personal injury claims in 2010, of which 3,233 sought discounted cash payment and 8,266 sought individualized review. The ratio of non-malignant to malignant claim filings was approximately 1.56 to 1 in 2010, compared to a ratio of 1.22 to 1 in 2009 and down from over 6.19 to 1 from inception through December 31, 2010. During 2010, the CPF processed a total of 12,154 claims to allowance or initial disallowance, with a backlog at year-end of 2,371 claims. The Trust paid approximately $36.3 million in 2010 to asbestos victims in settlement of their claims. Approximately 82% of all dollars paid in 2010 went to claimants with malignant diseases.

As of December 31, 2010, the CPF, on behalf of the Trust, has received since inception a total of 570,703 individual asbestos personal injury claims. Of these 570,703 claims, the CPF has processed to allowance or initial or final disallowance a total of 568,332 claims. The Trust has paid a total of approximately $591.5 million on allowed claims.

The Trust also processed during 2010 approximately 1,500 disallowance responses. The initial disallowance rate in 2010 (45.0%) was slightly lower than the 2009 disallowance rate (47.2%) and also lower than the historical initial disallowance rate (54.6%) since the inception of the Trust. The principal sources of disallowances are medical evidence of asbestos-related disease and proof of exposure to Eagle-Picher asbestos-containing product that do not comply with the requirements of the Claims Resolution Procedures. Many disallowed claims are deficient in both respects. Since the inception of the Trust, the historical cure rate for disallowances is approximately 35.3%. The average cure rate over the past five years has decreased to 28.3%.

1. Discounted Cash Payment Claims

During 2010 the CPF on behalf of the Trust received 3,233 discounted cash payment claims and processed to allowance or initial disallowance a total of 3,911 discounted cash payment claims.* Upon initial review, the CPF allowed approximately 47.7% of DCP claims reviewed in 2010 and initially disallowed approximately 52.3%. Claimants have one year following initial disallowance to correct any deficiency in the claim. The Trust paid a total of $2.5 million on allowed discounted cash payment claims during 2010, bringing the total paid to claimants on discounted cash payment claims over the life of the Trust to $108.1 million.

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* The number processed includes claims filed in previous years.

2. Individualized Review Claims

The CPF on behalf of the Trust received 8,266 claims requiring individualized review during the Report Period. The CPF processed to allowance or initial disallowance 8,243 IRC claims in 2010, of which approximately 58.6% were allowed and 41.4% were initially disallowed.* (As noted above, claimants have one year following initial disallowance to correct any deficiency in the claim.) The Trust paid a total of $33.8 million on allowed individualized review claims in 2010, bringing the total paid on such claims to $479.2 million.

3. Mesothelioma Claims

The mesothelioma claim filings in the years 2001 to 2008 ranged from a high of 1,624 in 2002 to a low of 1,036 in 2007. However, the Trust has seen a surge of mesothelioma claim filings in 2009 (2,212) and 2010 (2,306). The Trust's actuarial consultants have seen similar increases in mesothelioma claim filings at other asbestos trusts. The recent increase in mesothelioma claim filings, which are primarily IRC claims, is the primary reason why the Trust's annual claims payments increased in 2010.

C. Alternative Dispute Resolution

No claims went to decision in Alternative Dispute Resolution("ADR") in 2010. All of the claims processed in ADR in 2010 were settled prior to arbitration (27 claims).

As of December 31, 2010, a total of 1,070 individual claims (including 345 claims consolidated into a single proceeding) had gone to decision through the Trust's Evaluation by

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* The number processed includes claims filed in previous years.

Document Alternative Dispute Resolution program. The Trust's position prevailed in approximately 81% of these cases. As of December 31, 2010, 14 claims were pending appeal of a Nonbinding Evaluation by Document award. Claimants' counsel has notified the Trust of its intent to bring these cases to the tort system, however, no proceeding against the Trust has been initiated in the tort system as of the date of this Report. In 2010, two claims that had been pending appeal for several years were withdrawn by claimant's counsel and closed. As of December 31, 2010, 14 claimants had initiated dispute resolution or had pending a request to invoke the process, compared to 9 claims as of December 31, 2009.

D. The CPF

The Trustees continued to serve as the three directors of the CPF, a subsidiary of the Trust. The Trustees are not compensated for attending CPF board and committee meetings, but are entitled to hourly or per diem compensation for work performed outside of CPF board and committee meetings. As of the date of this Report, the Trustees have not incurred any compensation for service as CPF directors.

In their capacity at CPF directors, the Trustees reappointed William B. Nurre as President of the CPF and reappointed Melanie K. Impastato, Esq. as Secretary of the CPF. Mr. Nurre and Ms. Impastato receive no compensation for their service as officers of the CPF beyond their ordinary compensation as CPF employees.

In addition to processing the Trust's claims, the CPF continues to process claims on a contract basis for the Keene Creditors Trust and the UNR Trust. In addition, the CPF began processing claims for the Raytech Asbestos Personal Injury Settlement PI Trust in 2010.

A copy of the audited financial statements of the CPF for the year ended December 31, 2010 is attached as Exhibit B.

V. Cost Control

The Trust and the CPF continued to monitor costs closely. Trust operating expenses were approximately $250,000 less in 2010 than in 2009 (however 2009 expenses included an actuarial study; there was no actuarial study in 2010). Claims processing expenses, roughly 63% of total operating expenses, declined for the fifth straight year, from $5.36 million in 2006, to $3.89 million in 2007, to $3.41 million in 2008, to $3.22 million in 2009, and to $2.95 million during the Report Period.

VI. Financial Statements

The Trust's audited financial statements for 2010 are attached as Exhibit A.

Dated: New York, New York

April 20, 2011

David L. McLean, Trustee, for himself and for Ruth R. McMullin, Trustee (Chairperson), and James J. McMonagle, Trustee

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Exhibit A

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EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

For the Years Ended
December 31, 2010 and 2009

Sikich LLP
Certified Public Accountants & Business Advisors

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Eagle-Picher Industries, Inc.
Personal Injury Settlement Trust
Cincinnati, Ohio

We have audited the accompanying special-purpose statements of net assets of Eagle-Picher Industries, Inc. Personal Injury Settlement Trust (the Trust) as of December 31, 2010 and 2009, and the related special-purpose statements of operations and changes in net assets for the years then ended. These special-purpose financial statements are the responsibility of the Trustees. 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 audits to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. We were not engaged to perform an audit of the Trust's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2, the accompanying special-purpose financial statements have been prepared for the purpose of complying with Section 3.2 of the Trust Agreement dated November 29, 1996, and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the accompanying special-purpose financial statements referred to above present fairly, in all material respects, the net assets of the Trust at December 31, 2010 and 2009, and its changes in net assets for the years then ended, on the basis of accounting described in Note 2.

This report is intended solely for the use of the Trustees, beneficiaries of the Trust, and the United States Bankruptcy Court for the Southern District of Ohio, Western Division, and should not be used for any other purpose.

Sikich LLP

Aurora, Illinois
March 16, 2011

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FINANCIAL STATEMENTS

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EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST

SPECIAL-PURPOSE STATEMENTS OF NET ASSETS

December 31, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents (Note 3)	$ 18,800,885	$ 14,684,302
Investments in debt and equity securities (Note 4)	433,376,280	451,877,510
Prepaid working capital - Claims Processing Facility, Inc.	283,329	937,003
TOTAL ASSETS	$ 452,460,494	$ 467,498,815
LIABILITIES AND NET ASSETS		
LIABILITIES		
Settled but unpaid claims	$ 14,025,595	$ 8,940,069
Accounts payable	72,861	73,263
Accrued expenses	207,196	313,390
ADR fee liability	44,750	42,750
Lease commitments payable	39,000	10,296
Net deferred income tax liability (Note 5)	10,570,802	6,781,530
Total liabilities	24,960,204	16,161,298
NET ASSETS	427,500,290	451,337,517
TOTAL LIABILITIES AND NET ASSETS	$ 452,460,494	$ 467,498,815

See accompanying notes to special-purpose financial statements.

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EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST

SPECIAL-PURPOSE STATEMENTS OF
OPERATIONS AND CHANGES IN NET ASSETS

For the Years Ended December 31, 2010 and 2009

	2010	2009
INVESTMENT INCOME		
Tax-exempt interest income	$ 10,693,324	$ 12,321,499
Taxable interest and dividend income	3,241,492	2,927,296
Net realized capital gain (loss)	(5,447,240)	6,522,493
Net unrealized capital gain	17,527,788	35,379,153
Total investment income	26,015,364	57,150,441
OPERATING EXPENSES		
General and administrative expenses	628,149	606,094
Claims processing and administration	2,953,541	3,221,637
Professional fees	345,408	350,131
Investment related expenses	767,605	768,562
Total operating expenses	4,694,703	4,946,424
INCOME BEFORE TAX EXPENSE	21,320,661	52,204,017
Income tax expense (Note 5)	(3,789,272)	(13,934,600)
NET INCREASE IN NET ASSETS FROM OPERATIONS	17,531,389	38,269,417
Claims settled	(41,368,616)	(25,628,194)
NET INCREASE (DECREASE) IN NET ASSETS	(23,837,227)	12,641,223
NET ASSETS, BEGINNING OF YEAR	451,337,517	438,696,294
NET ASSETS, END OF YEAR	$ 427,500,290	$ 451,337,517

See accompanying notes to special-purpose financial statements.

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EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

December 31, 2010 and 2009

1. DESCRIPTION OF THE TRUST

The Eagle-Picher Industries, Inc. Personal Injury Settlement Trust (the Trust) was established on November 29, 1996, as an Ohio trust, pursuant to the Third Amended Consolidated Plan of Reorganization for Eagle-Picher Industries, Inc. (Eagle-Picher), dated August 28, 1996, as modified (the Plan). The Trust's investment assets are held in an investment partnership, EPPIST LLC, in which the Trust is a 99.9% partner and a wholly-owned subsidiary of the Trust is a 0.1% partner. The following description of the Trust provides only general information. Readers should refer to the Trust Agreement and the Plan for a complete description of the provisions of the Trust.

The purpose of the Trust is to assume any and all liabilities of Eagle-Picher with respect to any and all Asbestos Personal Injury Claims and Lead Personal Injury Claims (hereinafter jointly referred to as Toxic Personal Injury Claims) and to use the assets and income of the Trust to pay bona fide Toxic Personal Injury Claims in accordance with the provisions set forth in the trust agreement, the Eagle-Picher Industries, Inc. Asbestos Injury Claims Resolution Procedures, and any Lead Personal Injury Claims procedures adopted pursuant to the Trust Agreement.

The Trustees are responsible for supervising and administering the Toxic Personal Injury Claims resolution process. The Trust will use its net assets for the Trust's general and administrative expenses and for settlement of Toxic Personal Injury Claims as defined in the Plan.

2. BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Trust's financial statements are prepared using special-purpose accounting methods adopted by the Trustees, which differ from accounting principles generally accepted in the United States of America (GAAP). The special-purpose accounting methods were adopted in order to communicate to the beneficiaries of the Trust the net assets available to pay claims and to pay for the operating expenses of the Trust. Since the accompanying financial statements and transactions are not based upon GAAP, accounting treatment by other parties to these same transactions may differ as to timing and amount. These special-purpose accounting methods include the following:

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2. BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

a. Future fixed liabilities and contractual obligations entered into by the Trust are recorded directly against net assets. Accordingly, the future minimum rental commitments for noncancelable operating leases have been recorded as a deduction from net assets. Under GAAP, liabilities and contractual obligations are recorded only as incurred.

b. The Trust records the liability for Toxic Personal Injury Claims when a signed release has been received from the claimant. Under GAAP, a liability would be recorded for an estimate of the amount to be paid for claims that have been incurred but not reported and for those claims that have been submitted but not yet approved for payment by the Trust.

c. Payments for fixed assets and prepaid insurance are expensed as incurred. Under GAAP, payments for fixed assets are capitalized and depreciated or amortized over the useful lives of the assets.

d. Both debt and equity securities are recorded at fair value as determined by the most recently traded price of each security at the balance sheet date, and the related securities transactions are recorded on a trade date basis. Interest income receivable is included in the carrying value of investments. At December 31, 2010 and 2009, interest income receivable was $4,289,713 and $4,811,929, respectively. Investment income is recognized when earned, and realized gains and losses on security dispositions are recognized on the specific identification method of accounting. The changes in unrealized gains and losses resulting from recording investments at fair value are included on the special-purpose statements of operations and changes in net assets.

e. The Trust processes claims through its wholly-owned subsidiary, Claims Processing Facility, Inc. (CPF) (see Note 10). Payments to this entity are accounted for as prepaid working capital and expensed by the Trust as the funds are expensed by CPF. No investment in CPF was recorded by the Trust as would be required by GAAP.

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EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS (Continued)

2. BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of special-purpose financial statements in conformity with the basis of accounting described above requires the Trust to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and the disclosure of contingent assets and liabilities at the date of the special-purpose financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

During the year ended December 31, 2008, the Trust adopted the authoritative guidance issued by the Financial Accounting Standards Board (FASB) which defines fair value, establishes a framework for measuring fair value by providing a hierarchy used to classify the source of the information measuring fair value, and expands disclosures about fair value measurements (see Note 4). The guidance does not require any new fair value measurements. In February 2008, FASB issued supplemental guidance which delayed the effective date of the initial standard for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), until fiscal years beginning after November 15, 2008. The Trust adopted this supplemental guidance on January 1, 2009 with no material effect on its net assets, results of changes in net assets, and cash flows from either the initial or supplemental guidance. Assets and liabilities carried at fair value are classified and disclosed in one of the following categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.
Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
Level 3: Unobservable inputs that are not corroborated by market data.

The Trust did not have any nonfinancial assets recorded at fair value at December 31, 2010 or 2009.

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EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS (Continued)

2. BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

During the fiscal year ended December 31, 2009, the Trust adopted the authoritative guidance issued by FASB that clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a recognition threshold of more-likely-than-not to be sustained upon examination. Measurement of the tax uncertainty occurs if the recognition threshold has not been met. This guidance also addresses derecognition, classification, interest and penalties, disclosure, and transition. The adoption of this guidance did not have any material effect on the Trust's net claimants' equity, results of changes in net claimants' equity, or cash flows as of December 31, 2010 or 2009.

In the normal course of business, the Trust is subject to examination by taxing authorities. The Trust's tax returns for years subsequent to fiscal 2006 are open, by statute, for review by authorities. However, at present, there are no ongoing income tax audits or unresolved disputes with the tax authorities that the Trust currently files or has filed with.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents, which include commercial paper, short-term bills and notes, and other highly liquid marketable securities, were $18,800,885 and $14,684,302 as of December 31, 2010 and 2009, respectively. These securities had original maturities of three months or less when purchased.

4. INVESTMENTS

Investments in debt and equity securities consist of the following as of December 31, 2010 and 2009:

2010	Cost	Fair Value
Tax-exempt municipal bonds	$ 267,547,837	$ 278,844,303
Equity securities	98,038,676	151,202,237
Preferred stock	1,471,014	2,215,709
Non-government-backed collateralized mortgage obligations	1,636,790	1,114,031
TOTAL INVESTMENTS	$ 368,694,318	$ 433,376,280

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EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS (Continued)

4. INVESTMENTS (Continued)

2009	Cost	Fair Value
Tax-exempt municipal bonds	$ 300,033,679	$ 314,583,716
Equity securities	101,013,685	134,340,974
Preferred stock	1,230,733	1,844,741
Unit trust equity	6,262	4,869
Non-government-backed collateralized mortgage obligations	1,916,690	1,103,210
TOTAL INVESTMENTS	$ 404,201,049	$ 451,877,510

The fair value of investments in equity securities and preferred stock is primarily based on quoted market prices in active markets. When quoted market prices are not available and for investments in tax-exempt municipal bonds, unit trust equity, and non-government-backed collateralized mortgage obligations, fair value is estimated by reference to fair values for similar securities or by discounting cash flows at an appropriate risk rate taking into consideration the varying degrees of risk specific to each financial asset. In categorizing the tax-exempt municipal bonds by rating, the lowest rating from Fitch, Moody's or Standard and Poor's was used.

Effective with the year ended December 31, 2010, the Trust adopted the authoritative guidance issued by the FASB which expands disclosure of major security types based on the nature and risks of the securities.

Fair value measurements recorded on a recurring basis at December 31, 2010 and 2009 were as follows:

2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	TOTAL
Tax-exempt bonds				
AAA rated	$ -	$ 42,236,721	$ -	$ 42,236,721
AA- to AA+ rated	-	138,016,760	-	138,016,760
A- to A+ rated	-	69,633,637	-	69,633,637
BBB- to BBB+ rated	-	24,217,546	-	24,217,546
Ba1/BBB- rated	-	4,739,639	-	4,739,639
Total tax-exempt bonds	-	278,844,303	-	278,844,303

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EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS (Continued)

4. INVESTMENTS (Continued)

2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	TOTAL
Equity securities				
International	$ 53,245,894	$ -	$ -	$ 53,245,894
Consumer discretionary	12,376,461	-	-	12,376,461
Consumer staples	8,278,307	-	-	8,278,307
Energy	11,590,787	-	-	11,590,787
Financial services	16,409,478	-	-	16,409,478
Health care	10,520,280	-	-	10,520,280
Materials	4,862,426	-	-	4,862,426
Industrials	11,338,860	-	-	11,338,860
Technology	16,316,999	-	-	16,316,999
Utilities/Telecommunications	6,262,745	-	-	6,262,745
Total equity securities	151,202,237			151,202,237
Preferred stock	2,215,709	-	-	2,215,709
Non-government-backed collateralized mortgage obligations	-	1,114,031	-	1,114,031
TOTAL INVESTMENTS	$ 153,417,946	$ 279,958,334	$ -	$ 433,376,280

2009	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	TOTAL
Tax-exempt bonds	$ -	$ 314,583,716	$ -	$ 314,583,716
Equity securities	134,340,974	-	-	134,340,974
Preferred stock	1,844,741	-	-	1,844,741
Unit trust equity	-	4,869	-	4,869
Non-government-backed collateralized mortgage obligations	-	1,103,210	-	1,103,210
TOTAL INVESTMENTS	$ 136,185,715	$ 315,691,795	$ -	$ 451,877,510

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5. INCOME TAXES

The Trust is classified as a Qualified Settlement Fund pursuant to the Internal Revenue Code and Regulations thereunder. As a result, the Trust is subject to federal income taxes based on modified gross income. In computing modified gross income, the Trust is not allowed a deduction for claim settlement payments. The Trust is not subject to Ohio state income taxes, as the Trust's income is not subject to the Ohio Commercial Activity Tax. Further, there does not appear to be any basis for the Trust to be treated as a taxable entity in any other state. As a result, the special-purpose financial statements do not include any provision or liability for state income taxes.

The components of the income tax expense are as follows:

	December 31, 2010	December 31, 2009
Current	$ -	$ -
Deferred	(3,789,272)	(13,934,600)
TOTAL TAX EXPENSE	$ (3,789,272)	$ (13,934,600)

Federal income taxes have been determined using the statutory federal tax rate for Qualified Settlement Funds of 35% on all taxable income.

There were no federal income taxes paid or recovered in 2010 and 2009 for the Trust. At December 31, 2010, the Trust had net operating loss carryforwards of approximately $17,500,500 originating in years 2003 through 2010 that begin to expire in 2023.

Significant components of deferred tax assets and liabilities are as follows:

	December 31, 2010	December 31, 2009
Capital loss carryforwards	$ 4,439,318	$ 2,532,784
Net operating loss carryforwards	6,127,216	5,688,296
Net unrealized gain on securities	(21,137,336)	(15,002,610)
NET DEFERRED TAX LIABILITY	$ (10,570,802)	$ (6,781,530)

The income tax expense differs from the amount that would be calculated by applying statutory tax rates to income before income tax expense due to the fact that certain income of the Trust is not subject to tax and certain expenses incurred by the Trust are not deductible for income tax purposes.

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EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS (Continued)

5. INCOME TAXES (Continued)

Realization of the deferred tax asset is dependent upon the Trust's ability to generate sufficient future taxable income. Management believes that it is more-likely-than-not that sufficient taxable income will be generated in future years to realize the recorded deferred tax asset of the Trust. Future taxable income of the Trust is based on management's forecast of operating results and investment returns and there can be no assurance that such results will be achieved.

6. LEASE COMMITMENTS

In 2010, the Trust entered into a noncancelable, three-year lease for office space. The future minimum rental commitment under the lease is $13,797 for 2011, $14,210 for 2012, and $12,137 for 2013. The future minimum rental commitments for the noncancelable lease have been recorded as a deduction from net assets as described in Note 2.

7. LIABILITY FOR TOXIC PERSONAL INJURY CLAIMS

Since inception and through December 31, 2010 and 2009, the Trust has received approximately 570,700 and 559,200 asbestos disease claims, respectively. No lead personal injury claims have been filed with the Trust. Claim payments for the years ended December 31, 2010 and 2009 were $36,283,090 and $23,775,593, respectively. The total number of such claims to be filed and the aggregate value of all Toxic Personal Injury Claims are not determinable at this time. Moreover, the Trust's responsibility is to pay only that percentage of total claim value that it can afford to pay. Thus, no liabilities have been recorded in the accompanying financial statements other than those that have been settled but unpaid. Although the aggregate value of present and future claims is not determinable, the Trustees, in accordance with the Trust Agreement, periodically retain experts for the purpose of calculating a payment percentage, which is reviewed by the Trustees on a regular basis. For the years ended December 31, 2010 and 2009, the payment percentage was 38%.

The projected liquidation value of claims which have been received but not settled is not determinable at this time, nor is it anticipated that this amount will be determinable in future years.

The net assets represent current funding available for the Trust general and administrative expenses and for all current and future claimants for which no fixed liability has been established. Net assets are subject to fluctuations due to changes in the fair value of the Trust's investments.

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8. LIABILITY INSURANCE FOR TRUSTEES AND OFFICERS

In 2010, the Trust purchased liability insurance for the Trustees and Officers for which it paid $29,441 in premiums. The current policy term is May 31, 2010 to May 31, 2011. The Trust's accounting policy is to expense rather than capitalize any assets which will not be available to pay future Toxic Personal Injury Claims expenses of the Trust. As of December 31, 2010 and 2009, prepaid premiums on this policy are approximately $12,265 and $15,063, respectively, and have been expensed in the accompanying financial statements.

9. TRUSTEES AND TRUSTEES' ADVISORY COMMITTEE

The Trust Agreement permits the Trustees to be compensated for providing administrative and certain professional services for the Trust. In addition, the Trust Agreement requires the Trustees to consult with a Trustees' Advisory Committee (TAC) on certain administrative matters before the Trustees can implement action on behalf of the Trust. The TAC members are compensated for providing these consultative services.

As such, the Trust has incurred the following expenses for the years ended December 31, 2010 and 2009:

	2010	2009
Trustee and TAC fees	$ 295,413	$ 289,304

10. CLAIMS PROCESSING FACILITY, INC.

Effective April 16, 1998, the Trust entered into an agreement with UNR Asbestos Disease Claims Trust (UNR Trust), pursuant to which the Trust purchased, for $2,000,000, an undivided 80% interest in the claims processing assets of UNR Trust and, jointly with UNR Trust, contributed the claims processing assets to a new company, Claims Processing Facility, Inc. (CPF). Thereafter, the Trust and UNR Trust each owned 50% of the stock of CPF, which was organized as a cooperative under the United States income tax laws. The purpose of CPF was to process claims on behalf of the Trust and UNR Trust. Both trusts entered into long-term contracts with CPF for the processing of claims. The contracts originally had a termination date of December 31, 2003. Both the Trust and UNR Trust extended to December 31, 2004, their respective claims processing contracts with CPF, and the contracts automatically renewed to December 31, 2005. Both trusts and CPF agreed, effective December 31, 2003, that UNR Trust could terminate its claims processing contract with CPF upon six months' written notice on or after June 30, 2004. On March 20, 2006, CPF received written notice of termination of the UNR Trust's Claims Processing Agreement. The effective date of the termination was September 30, 2006, and the Trust became the sole owner of CPF.

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PERSONAL INJURY SETTLEMENT TRUST
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS (Continued)

10. CLAIMS PROCESSING FACILITY, INC. (Continued)

For the years ended December 31, 2010 and 2009, claims administration and processing expenses incurred at CPF totaled $2,953,541 and $3,222,887, respectively. Claims administration and processing expenses for the Trust for the years ended December 31, 2010 and 2009, net of certain income items not recorded at CPF, totaled $2,953,541 and $3,221,637, respectively.

Agreements entered into in connection with establishment of CPF require, among other matters, contributions to working capital in proportion to expected usage of the claims facility. The related cash payments made to CPF for the years ended December 31, 2010 and 2009 amounted to $2,299,867 and $2,815,848, respectively.

11. SUBSEQUENT EVENTS

The Trust has evaluated subsequent events through March 16, 2011, which was the date that these financial statements were available for issuance, and determined that there were no significant nonrecognized subsequent events through that date.

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SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Board of Trustees
Eagle-Picher Industries, Inc.
Personal Injury Settlement Trust
Cincinnati, Ohio

Our audits were conducted for the purpose of forming an opinion on the special-purpose financial statements taken as a whole in accordance with the basis of accounting described in Note 2 to such statements. The supplemental schedules of general and administrative expenses and schedules of prepaid working capital are presented for purposes of additional analysis and are not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in our audits of the special-purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the special-purpose financial statements taken as a whole.

Sikich LLP

Aurora, Illinois
March 16, 2011

EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST

SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES

December 31, 2010 and 2009

	2010	2009
Trustee and TAC fees	$ 295,413	$ 289,304
Payroll (including benefits, taxes, and bonuses)	215,617	216,748
Leases	44,652	2,160
Insurance	32,312	39,634
Meeting costs, travel, and reimbursed expenses	21,780	26,276
Other general and administrative	18,375	31,972
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	$ 628,149	$ 606,094

(See independent auditor's report.)

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EAGLE-PICHER INDUSTRIES
PERSONAL INJURY SETTLEMENT TRUST

SCHEDULES OF PREPAID WORKING CAPITAL -
CLAIMS PROCESSING FACILITY, INC.

December 31, 2010 and 2009

	2010	2009
Prepaid working capital, beginning of year	$ 937,003	$ 1,344,042
Cash payments to CPF	2,299,867	2,815,848
CPF claims processing expenses	(2,953,541)	(3,222,887)
PREPAID WORKING CAPITAL, END OF YEAR	$ 283,329	$ 937,003

(See independent auditor's report.)

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Exhibit B

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CLAIMS PROCESSING FACILITY, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the Years Ended
December 31, 2010 and 2009

Sikich LLP
Certified Public Accountants & Advisors

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Claims Processing Facility, Inc.
Naperville, Illinois

We have audited the accompanying special-purpose statements of financial condition of Claims Processing Facility, Inc. (CPF) as of December 31, 2010 and 2009, and the related special-purpose statements of operations and cash flows for the years then ended. These financial statements are the responsibility of CPF's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. We were not engaged to perform an audit of CPF's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CPF's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2, the accompanying special-purpose financial statements have been prepared primarily on a tax basis of accounting and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the accompanying special-purpose financial statements referred to above present fairly, in all material respects, the financial position of CPF at December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended, on the basis of accounting described in Note 2.

This report is intended solely for the use of management of CPF, the Directors, Eagle-Picher Industries, Inc. Personal Injury Settlement Trust (EPI), and the United States Bankruptcy Court for the Southern District of Ohio, Western Division, and should not be used for any other purpose.

Sikich LLP

Aurora, Illinois
March 10, 2011

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FINANCIAL STATEMENTS

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CLAIMS PROCESSING FACILITY, INC.

SPECIAL-PURPOSE STATEMENTS OF FINANCIAL CONDITION

December 31, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	$ 566,230	$ 900,362
Intangible asset, less accumulated amortization (Note 5)	333,572	479,131
Fixed assets at cost, less accumulated depreciation (Note 6)	281,174	307,591
Prepaid expenses	125,224	135,340
Interest and other receivables	143,674	282,332
TOTAL ASSETS	$ 1,449,874	$ 2,104,756
LIABILITIES AND STOCKHOLDER'S EQUITY		
LIABILITIES		
Deferred revenue (Note 2)	$ 283,329	$ 937,003
Accrued expenses	90,137	91,345
Total liabilities	373,466	1,028,348
STOCKHOLDER'S EQUITY		
Common stock	2	2
Additional paid-in capital	1,076,406	1,076,406
Total stockholder's equity	1,076,408	1,076,408
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$ 1,449,874	$ 2,104,756

See accompanying notes to financial statements.

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CLAIMS PROCESSING FACILITY, INC.

SPECIAL-PURPOSE STATEMENTS OF OPERATIONS

For the Years Ended December 31, 2010 and 2009

	2010	2009
REVENUES		
Claims processing revenue	$ 3,553,842	$ 3,912,416
Interest income	135	1,320
Total revenues	3,553,977	3,913,736
EXPENSES		
Salaries and related items (Notes 4 and 9)	2,656,372	2,902,823
Depreciation and amortization (Notes 5 and 6)	355,944	409,235
General and administrative	140,726	143,640
Leases (Note 3)	302,681	347,002
Professional fees	40,098	40,845
Insurance (Note 8)	45,822	53,000
Total operating expenses	3,541,643	3,896,545
Loss on disposal of fixed assets	2,867	7,819
Total expenses	3,544,510	3,904,364
INCOME BEFORE TAX EXPENSE	9,467	9,372
Tax expense (Note 7)	9,467	9,372
NET INCOME	$ -	$ -

See accompanying notes to financial statements.

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CLAIMS PROCESSING FACILITY, INC.

SPECIAL-PURPOSE STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ -	$ -
Adjustments to reconcile net income to net cash from operating activities		
Depreciation and amortization	355,944	409,235
Loss on disposal of fixed assets	2,867	7,819
(Increase) decrease in assets		
Prepaid expenses	10,116	(14,667)
Interest and other receivables	138,658	(124,029)
Decrease in liabilities		
Deferred revenue	(653,674)	(407,039)
Accrued expenses	(1,208)	(127,238)
Net cash from operating activities	(147,297)	(255,919)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchase of fixed assets	(186,835)	(190,360)
Net cash from investing activities	(186,835)	(190,360)
CASH FLOWS FROM FINANCING ACTIVITIES		
None	-	-
Net cash from financing activities	-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(334,132)	(446,279)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	900,362	1,346,641
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 566,230	$ 900,362
Supplemental disclosure		
Income taxes paid	$ 10,799	$ 10,167

See accompanying notes to financial statements.

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CLAIMS PROCESSING FACILITY, INC.

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

December 31, 2010 and 2009

1. DESCRIPTION OF BUSINESS

Claims Processing Facility, Inc. (CPF) commenced operations in 1998 as a corporation operating on a cooperative basis (within the meaning of Section 1381(a)(2) of the Internal Revenue Code (IRC) of 1986, as amended). CPF was formed by two trusts, Eagle-Picher Industries, Inc. Personal Injury Settlement Trust (EPI) and UNR Asbestos-Disease Claims Trust (UNR) (collectively, the member trusts). UNR sold an undivided 80% interest in its claim processing facility and fixed assets (the Facility) to EPI for $2,000,000. Concurrently, both EPI and UNR contributed their respective ownership in the Facility to CPF in exchange for one-half of CPF's authorized capital stock (150 shares of common stock each). In addition, EPI and UNR each entered into a contract (the Agreement) with CPF to receive at-cost claims processing services.

On March 20, 2006, UNR gave CPF formal notice of its decision to terminate the Agreement. Pursuant to the terms of the Agreement, the termination was effective on September 30, 2006. Pursuant to CPF's by-laws, UNR's 150 shares of stock (par value $0.01) in CPF were canceled on March 28, 2007.

Effective October 1, 2006, CPF signed a claims processing agreement with UNR to process its asbestos personal injury claims and handle trust administration matters on a third-party contract basis for a period commencing October 1, 2006 and ending December 31, 2008. The agreement has been extended two times, the first time until December 31, 2010 and the second time until December 31, 2012. The agreement automatically renews for an additional two-year period unless either party provides 90-day written notice prior to the expiration of the term.

In 2005, CPF signed a claims processing agreement with the Keene Creditors Trust to process its asbestos personal injury claims on a third-party contract basis for a period commencing April 7, 2006 and ending April 7, 2009. In 2008, the agreement was extended until April 1, 2011. The agreement automatically renews for an additional one-year period unless either party provides 60-day written notice prior to the expiration of the term.

In March 2008, CPF signed a claims processing agreement with Delaware Claims Processing Facility LLC to process asbestos personal injury claims on a third-party contract basis for a period commencing March 19, 2008 and ending December 31, 2008. At the end of this term, the agreement was automatically renewed until March 31, 2009. Delaware Claims Processing Facility LLC gave notice in January 2009 that the contract would expire on March 31, 2009.

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CLAIMS PROCESSING FACILITY, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

1. DESCRIPTION OF BUSINESS (Continued)

In 2009, CPF signed a claims processing agreement with Raytech Asbestos Personal Injury Settlement Trust to process its asbestos personal injury claims on a third-party contract basis for a period commencing January 15, 2010 and ending January 15, 2013. The agreement automatically renews for an additional one-year period unless either party provides 60-day written notice prior to the expiration of the term.

2. BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

CPF's special-purpose financial statements are prepared primarily using the tax method of accounting. This method was adopted to better reflect the underlying economics of the organization when initially formed, which was to provide at-cost claims processing services for its members and should therefore not produce a significant amount of taxable income.

Cash and Cash Equivalents

Cash equivalents consist of amounts invested in money market funds. Interest income is recognized when earned.

Intangible Asset

The intangible asset is amortized on a straight-line basis over the 15-year maximum period allowed for tax purposes.

Fixed Assets

Depreciation of fixed assets, principally office furniture, office equipment, and data processing equipment, is provided for on the declining balance tax method.

Deferred Revenue

Cash for operating expenses is provided by EPI, based on CPF's operating requirements. Claims processing revenue is recorded based on the net cost of the claims processed during the period.

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2. BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Below is a summary of the cash advanced, the revenue earned, and the deferred revenue balance for the years ended December 31, 2010 and 2009:

	2010	2009
Deferred revenue, beginning of year	$ 937,003	$ 1,344,042
Cash advanced	2,299,867	2,815,848
Claims processing revenue	(2,953,541)	(3,222,887)
Deferred revenue, end of year	$ 283,329	$ 937,003

3. LEASE COMMITMENTS

CPF entered into a noncancelable lease for office space, effective November 1, 2005, which had an expiration date of March 31, 2011. The lease was amended, effective August 31, 2009. The amendment reduced the size of the rentable space and extended the expiration date to August 31, 2015. The amendment to the lease includes one incentive provision:

- A free rent provision covering the four months of the lease after the CPF had returned the agreed upon space to the landlord. This provision reduced CPF's rent expense by approximately $13,710 and $41,130 in 2010 and 2009, respectively.

The accounting treatment for this lease reflects CPF's tax basis methodology for accounting. Under U.S. generally accepted accounting principles, the incentive above would have been amortized over the term of the lease agreement.

Future minimum rental commitments under the lease at December 31, 2010, are as follows:

Year Ending December 31,	
2011	$ 173,460
2012	180,613
2013	187,766
2014	194,919
Thereafter	133,523
TOTAL	$ 870,281

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4. CPF RETIREMENT SAVINGS PLAN

CPF has a retirement savings plan (CPF Retirement Savings Plan) for the benefit of all employees who meet certain eligibility requirements. CPF made the following contributions to the plan: (1) quarterly contributions based on a percentage of each eligible participant's paid compensation, which amounted to $167,205 for the year 2010 and $177,433 for the year 2009; and (2) discretionary matching contributions based on a percentage of the participants' deferral amount, which amounted to $34,597 for the year 2010 and $36,137 for the year 2009. The CPF Retirement Savings Plan permits all eligible employees to defer up to 50% of their annual compensation, subject to the legal maximum in effect during the year. The CPF Retirement Savings Plan is in compliance with the most recent requirements of the IRC.

5. INTANGIBLE ASSET

In 1998, CPF recorded an intangible asset of $2,183,382 that represents the difference between the total value ($2,500,000) of the Facility contributed by EPI and UNR, as discussed in Note 1, and the fair market value of its underlying fixed assets of $316,618. For the years ended December 31, 2010 and 2009, CPF amortized $145,559 and $145,559, respectively, of the intangible asset.

The intangible asset consists of the following as of December 31, 2010 and 2009:

	2010	2009
Original intangible asset	$ 2,183,382	$ 2,183,382
Accumulated amortization	(1,849,810)	(1,704,251)
NET BOOK VALUE	$ 333,572	$ 479,131

Amortization expense for the next three years is as follows:

2011	$ 145,559
2012	145,559
2013	42,454

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6. FIXED ASSETS

Fixed assets are recorded at cost and primarily consist of the following as of December 31, 2010 and 2009:

	2010	2009
Data processing equipment	$ 491,471	$ 519,236
Data processing software	1,457,300	1,507,306
Office furniture and machines	447,295	446,530
Other	9,994	9,994
Subtotal	2,406,060	2,483,066
Accumulated depreciation	(2,124,886)	(2,175,475)
TOTAL	$ 281,174	$ 307,591

Depreciation expense on fixed assets was $210,385 and $263,676 in 2010 and 2009, respectively.

7. INCOME TAXES

During the fiscal year ended December 31, 2009, CPF adopted the authoritative guidance issued by the Financial Accounting Standards Board (FASB) that clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a recognition threshold of more-likely-than-not to be sustained upon examination. Measurement of the tax uncertainty occurs if the recognition threshold has not been met. This guidance also addresses de-recognition, classification, interest and penalties, disclosure, and transition.

The adoption of this guidance did not have any material effect on CPF's stockholders equity, results of changes in stockholders equity or cash flows as of December 31, 2009.

In the normal course of business the CPF is subject to examination by taxing authorities. The CPF's tax returns for years subsequent to fiscal year 2006 are open, by statute, for review by authorities. However, at present, there are no ongoing income tax audits or unresolved disputes with the tax authorities that the CPF currently files or has filed with.

Income taxes are recorded by CPF in accordance with income tax regulations applicable to a regular corporation. In 2010 and 2009, CPF recorded the following taxes, which are all included in tax expense in the special-purpose statements of operations:

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CLAIMS PROCESSING FACILITY, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

7. INCOME TAXES (Continued)

	2010	2009
Federal income tax	$ 6,208	$ 6,145
State income tax	3,259	3,227
TOTAL	$ 9,467	$ 9,372

8. LIABILITY INSURANCE

Effective May 31, 2010 and 2009, EPI purchased employment practices insurance, errors and omissions insurance, and fiduciary liability insurance. CPF is an insured party under all of the policies. The combined premiums were $30,492 and $38,484 for one year of coverage effective May 31, 2010 and 2009, respectively, and $28,185 and $35,565 of the premiums were allocated to and paid by CPF. As of December 31, 2010 and 2009, a prepaid expense of $14,078 and $14,819, respectively, is included in the special-purpose statement of financial condition related to the policies maturing May 31, 2011 and 2010.

Effective September 30, 2006, CPF purchased directors and officers insurance. A premium of $40,500 was paid for a run-off policy expiring September 30, 2012. As of December 31, 2010 and 2009, a prepaid expense of $13,976 and $21,963, respectively, is included in the special-purpose statement of financial condition related to the directors and officers policy.

During the years 2010 and 2009, EPI carried and paid for Trustees and Officers insurance, and CPF's directors and officers were insured parties under the policy.

9. SEVERANCE EXPENSE

In the years 2010 and 2009, CPF incurred severance expense of $0 and $155,833, respectively. Severance expense was reported in salaries and related items in the accompanying special-purpose statements of operations. There was no severance expense liability at December 31, 2010 and 2009.

10. SUBSEQUENT EVENTS

CPF has evaluated subsequent events through March 10, 2011, which was the date that these financial statements were available for issuance, and determined that there were no significant nonrecognized subsequent events through that date.

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Exhibit C

United States District Court, Northern District of Illinois

Name of Assigned Judge or Magistrate Judge	Ronald A. Guzman	Sitting Judge if Other than Assigned Judge	Michael T. Mason
CASE NUMBER	10 C 2272	DATE	6/22/2010
CASE TITLE	Martin vs. Holloran		

DOCKET ENTRY TEXT

Plaintiffs' motion to compel compliance with subpoena duces tecum [5] is denied without prejudice. See below for further detail.

■[For further details see text below.]

Notices mailed by Judicial staff.

STATEMENT

Plaintiffs filed their motion to compel compliance with subpoena duces tecum [5] in the Northern District of Illinois pursuant to Fed.R.Civ.Pro. 45(c)(2)(B)(i). In the subject subpoena, issued by this District, plaintiffs seek documents from a non-party, the Eagle Picher Industries, Inc. Personal Injury Settlement Trust (the "Trust"), relating to the settlement amounts for approximately 260 bankruptcy beneficiaries (the "Documents"). Plaintiffs seek the Documents for use in a case pending in the United States District Court for the Eastern District of Missouri, Eastern Division, *Martin, et al. v. Holloran, et al.*, Case No 4 05 CV01857 AGF (the "Missouri" Action). Plaintiffs here are also plaintiffs in the Missouri Action.

The Missouri Action involves a fee dispute between attorneys. Plaintiffs claim a share of legal fees earned as a result of the joint representation of certain clients who claimed injuries resulting from exposure to asbestos products. Plaintiffs allege that, under a written agreement between plaintiffs and defendants in the Missouri Action, relating to the sharing of fees obtained as a result of the successful prosecution of the asbestos injury cases, defendants owe plaintiffs in excess of $1,000,000 in unpaid legal fees. Defendants deny the existence of a written agreement and deny any liability to plaintiffs for unpaid fees.

In their motion before this Court, plaintiffs seek an order compelling production and inspection of the Documents from the Trust. According to the Trust, its principal purpose is to process and pay claims stemming from exposure to Eagle Pitcher asbestos products. (Resp. at 2 [16].) Over the past thirteen years, through the Trust's Illinois subsidiary, the Claims Processing Facility Inc., the Trust has processed roughly 560,000 claims and distributed more than $555 million to victims of asbestos disease or their survivors. (*Id.*) The Trust's documents are located within the Northern District of Illinois, at the Claims Processing Facility, Inc. in Naperville, Illinois.

Plaintiffs served three identical subpoenas on the Trust, the first on November 9, 2009, the second on

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STATEMENT

December 30, 2009, and the third on March 30, 2010. In response to all three subpoenas, the Trust refused to turn over the Documents. The Trust objected to the subpoenas on numerous bases, including the issuing Court's lack of jurisdiction over the Trust, and the confidentiality of the material sought. (*See* Resp. at Ex. C.)

We first address the Trust's argument that this Court lacks jurisdiction. Given our resolution of that issue, this Court expresses no opinion on the merits of the Trust's other objections to the subpoena. The Trust claims that the United States Bankruptcy Court for the Southern District of Ohio, Western Division (the "Bankruptcy Court"), has original and exclusive jurisdiction over all matters involving the Trust. The Trust was established by a joint Order of the United States District Court for the Southern District of Ohio and the Bankruptcy Court. Plaintiffs have been on notice of the Trust's jurisdictional objection since November 12, 2009, when the Trust first objected to the November 9, 2009 subpoena. (*See* Resp. at Ex. C.)

The Trust argues that plaintiffs' subpoena and the pending motion to compel are within the sole jurisdiction of the Bankruptcy Court because "while the Trust's subsidiary is a resident of the Northern District of Illinois, the motion impacts the Trust's policies and administration." (Resp. at 3.) The Trust contends that, based on the language of the Third Amended Consolidated Plan of Reorganization, Article 9, dated August 28, 1996, *In re Eagle-Picher Industries, Inc., et al.*, Consolidated Case No. 1-91-00100 (Bankr. S.D. Ohio), "the Bankruptcy Court shall retain and shall have exclusive jurisdiction over any matter . . . that relates to . . . the Asbestos Personal Injury Claims." (Resp. at Ex. A., ¶9.1.) Article 9 of the Plan, titled "Retention of Jurisdiction," also states that the Bankruptcy Court shall have exclusive jurisdiction "to hear and determine all controversies, suits, and disputes that may relate to, impact upon, or arise in connection with the Plan . . . ." (Resp. at Ex. A, ¶9.8.)

Plaintiffs generally dismiss the Trust's argument regarding jurisdiction without citing any authority. Plaintiffs argue that the "purpose of the Plan seems to be the management and distribution of the corpus of the Trust." (Reply at 2 (emphasis added) [24].) Plaintiffs add that Article 9 does not specifically "speak to the issue of whether information regarding claims already paid and resolved can be re-disseminated to counsel for the beneficiaries." (Reply at 2.) This Court acknowledges that the excerpt of the Plan presently before us does not specifically enumerate retention of jurisdiction under plaintiffs' proposed scenario. We note that plaintiffs' characterization of its role as "counsel for the beneficiaries" is disputed. However, regardless of that characterization, the Bankruptcy Court appears to possess exclusive jurisdiction over the contested subpoena as, among other things, a "dispute[ ] that may relate to . . . the Plan." Therefore, even if the Bankruptcy Court did not contemplate presiding over a contested subpoena, served in a separate lawsuit, for asbestos claims' settlement documents, the Bankruptcy Court appears to posses such exclusive jurisdiction under a plain reading of the language of Article 9. As a result, plaintiffs' motion is denied without prejudice for lack of jurisdiction. If the Bankruptcy Court determines that the provisions of Article 9 do not apply to the subpoena at issue, plaintiffs may refile their motion before this Court pursuant to Fed.R.Civ.Pro. 45(c)(2)(B)(i).

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Exhibit D

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
Charlotte Division

IN RE: GARLOCK SEALING TECHNOLOGIES LLC, ET AL., Debtors.	Case No.: 10-BK-31607 Chapter 11 Jointly Administered

OBJECTION BY EAGLE-PICHER AND CPF TO THE MOTION OF DEBTORS FOR AN ORDER PURSUANT TO BANKRUPTCY RULE 2004 DIRECTING PRODUCTION OF DATA BY CLAIMS PROCESSING FACILITIES AND ASBESTOS TRUSTS

The Eagle-Picher Industries, Inc. Personal Injury Settlement Trust and its subsidiary the Claims Processing Facility, Inc. (together "Eagle-Picher" or the "Trust") respectfully submit this Objection to the Motion of Debtors for an Order Pursuant to Bankruptcy Rule 2004 Directing Production of Data by Claims Processing Facilities and Asbestos Trusts (Docket No. 601) ("the Motion").

PRELIMINARY STATEMENT

1. In its fourteen year history Eagle-Picher has processed nearly 570,000 claims and has responded to thousands of subpoenas involving tens of thousands of the asbestos personal injury victims who are the Trust's beneficiaries. Even against that history the Debtors' proposed subpoena is singular and unprecedented. Never in its history has the Trust received a request for what, on its face, amounts to every piece of the Trust's beneficiaries' confidential data and the Trust's own internal claims validation and valuation process. Indeed, Eagle-Picher is unaware of any court, in any jurisdiction, ever authorizing such a wholesale disclosure of asbestos trust confidential beneficiary information.

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2. Debtors' Motion seeks discovery of all electronically stored information relating to claims forms and filings concerning Trust beneficiaries: (1) "A complete electronic copy of the Trust's[s'] database[s] of asbestos claims, often described as "individual level claims data" or "claimant or claim level database"; and (2) "A complete electronic copy of any database relating to asbestos claims filed against any Debtor prior to the date the respective Debtor petitioned for relief under the Bankruptcy Code" ("Debtors' Proposed Subpoena"). Mot. Ex. B.

3. This information necessarily would include, among other things, beneficiary medical and claims settlement information. The Trust, at the direction of its Trustees and under the supervision of the Bankruptcy Court for Southern District of Ohio to whom the Trustees report each year, has never produced such medical and settlement information and has never produced its "database" (though such term is undefined in Debtor's Motion). This long standing policy fulfills the Trustees' duty under the law, protects Trust beneficiaries, and should not be overturned by this Court.

4. In addition to these compelling policy reasons there is an independent reason the motion should be denied. The non-party discovery sought by the Debtors is not proper under the standards of Fed. R. Bankr. P. 2004 and Fed. R. Civ. P. 45. First, Debtors' Proposed Subpoena would impose an undue, if not impossible, burden on Eagle-Picher. Responding to the Proposed Subpoena would require Eagle-Picher to divert virtually all of its resources – that is, the people, equipment, and money that would otherwise, appropriately, be devoted to processing and paying the claims of victims of asbestos disease or their survivors – to the task of responding to a third-party subpoena. Additionally, the confidential nature of the data encompassed in the request means its disclosure would compromise the Trustees' duty to their beneficiaries and further risks compromising the integrity of the claims process by providing a

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window into how the Trust validates and values claims. Accordingly, Eagle-Picher respectfully requests that the Motion be denied.

5. In the alternative, in light of the adversary proceedings filed by other trusts pending before their governing courts which in part address the scope of Debtor's motion, Eagle-Picher respectfully requests that this Court defer a decision on the Motion until the merits of that matter are adjudicated and preserve Eagle-Picher's right to seek relief from its governing court should issues of Eagle-Picher policy continue to be implicated by the Motion.

6. Put differently, the Court should carefully balance any purported tactical advantage to the Debtors of the discovery sought in the Motion against the larger risk to the ultimate success of this bankruptcy proceeding. The precedent that Debtors request the Court set on this Motion may impact not just the burden, beneficiary confidentiality, and allowance and valuation processes of Eagle-Picher and other current trusts, but would also hamstring the Trustees and impair the rights of future beneficiaries of any Garlock trust that this Court may one day oversee.

FACTUAL BACKGROUND

A. Eagle-Picher

7. Eagle-Picher was established in November 1996 by a joint Order of the United States District and Bankruptcy Courts for the Southern District of Ohio. See In re Eagle-Picher Industries, Inc., et al., 203 B.R. 256 (Bankr. S.D. Ohio, November 18, 1996), attached to the November 8, 2010 Declaration of Melanie K. Impastato (hereinafter "Impastato Decl.") as Exhibit A. The Bankruptcy Court for the Southern District of Ohio retains exclusive jurisdiction over the Trust for all matters. See The Third Amended Consolidated Plan of

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Reorganization, § 9.1, August 28, 1996, In re Eagle-Picher Industries, Inc., et al., Consolidated Case No. 1-91-10100 (Bankr. S.D. Ohio), Ex. B to the Impastato Decl.

8. The Trust is governed by Ohio law pursuant to which the Trustees are fiduciaries for Trust beneficiaries: victims of asbestos disease or their survivors. As fiduciaries the Trustees respect the confidentiality of their beneficiaries, including their medical and settlement information.[1] The Trustees are required by the Court approved Trust Agreement to report to the Honorable Burton Perlman, U.S.B.J., each year. See In re Eagle-Picher Industries, Inc., et al., 203 B.R. 256, 279-280 (Bankr. S.D. Ohio, November 18, 1996); The Third Amended Consolidated Plan of Reorganization, §§ 1.1.121, 9.1, August 28, 1996, In re Eagle-Picher Industries, Inc., et al., Consolidated Case No. 1-91-10100 (Bankr. S.D. Ohio); Impastato Decl. Exs. A, B and C.

9. The principal purpose of the Trust is to process and to pay allowed claims stemming from exposure to Eagle-Picher Industries, Inc. asbestos products. Through Eagle-Picher's subsidiary, the Claims Processing Facility Inc., Eagle-Picher has processed roughly 570,000 claims and distributed more than $555 million to victims of asbestos disease or their survivors. See 2009 Annual Report, at 8, In re Eagle-Picher Industries, Inc., et al., Consolidated Case No. 1-91-10100 (Bankr. S.D. Ohio) (Docket No. 6857), Impastato Decl. Ex. D.

10. As part of the claims process claimants submit documentation regarding their injuries for review. The submissions include highly confidential medical records which often contain sensitive information unrelated to asbestos injuries. The submissions also often disclose

1. Under the Ohio Trust Code, "[a trust's] assets shall be held for the benefit of its beneficiaries in accordance with the interests of the beneficiaries in the trust." Ohio Trust Code § 5804.4 (2007). Moreover, it is "[t]he duty of a trustee to act in good faith and in accordance with the purposes of the trust," as well as to "administer the trust as a prudent person would and []consider the purposes, terms, distributional requirements, and other circumstances of the trust . . ." Id. §§ 5801.04(B)(2), 5808.04.

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confidential information regarding claimants' personal finances, social security numbers, or information concerning third parties such as family members. Impastato Decl. at ¶ 5.

11. As documented in the Trustees' annual reports to their governing court, in the past four years alone Eagle-Picher received 2,520 subpoenas concerning tens of thousands of claimants. See 2006, 2007, 2008, and 2009 Annual Reports, In re Eagle-Picher Industries, Inc., et al., Consolidated Case No. 1-91-10100 (Bankr. S.D. Ohio) (Docket Nos. 6828, 6841, 6846, and 6857), Impastato Decl. Ex. D. It is the express policy of the Trust not to produce claimant medical and settlement information in response to a subpoena and the Trust has *never* done so. Impastato Decl. ¶ 7. This policy flows from the Trustees' fiduciary duty to the asbestos victims who are its beneficiaries, and from the understanding on the basis of which the beneficiaries provide confidential medical information and agree to accept the resolution of their claims.

B. Debtors' Proposed Discovery

12. The Debtors request an order pursuant to Rule 2004, Rule 9014 and Rule 9016 of the Federal Rules of Bankruptcy Procedure authorizing the service of a subpoenas upon the Trust.

13. The Debtors request (1) "A complete electronic copy of the Trust's[s'] database[s] of asbestos claims, often described as "individual level claims data" or "claimant or claim level database"; and (2) "A complete electronic copy of any database relating to asbestos claims filed against any Debtor prior to the date the respective Debtor petitioned for relief under the Bankruptcy Code." Mot. Ex. B.

14. The Debtors claim they need this information to determine "whether Garlock Claimants were exposed to other asbestos products, especially friable asbestos products

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produced by companies described as 'top tier defendants' in the Debtors' other motions and briefs." Mot. at ¶ 18.

15. Eagle Picher has searched these "other motions and briefs." Eagle Picher is not a "top tier defendant." See.e.g., Informational Brief of Garlock Sealing Technologies LLC (Docket No. 24) at 66; Debtors' Summary Response to the Information Brief of the Official Committee of Asbestos Personal Injury Claimants (Docket No. 545) at 3.

ARGUMENT

16. The Motion should be denied because the proposed discovery would impose an improper burden at the expense of Eagle-Picher's beneficiaries' while compromising those beneficiaries confidential information and frustrating the Trust's ability to keep its proprietary models for validating and valuing claims internal to the Trust. These reasons are amplified in the current context, where the Debtors themselves seem to have added Eagle Picher as an afterthought, separate from the "top tier defendants" that the Debtors assert are central to their alleged discovery needs.

17. In the alternative, the Motion should be deferred pending resolution of other pending litigation in the Bankruptcy Court for the District of Delaware which governs certain other trusts subject to the Motion, and Eagle-Picher's right to seek relief as to the Motion in its governing court should be preserved.

18. The Trust otherwise joins and incorporates by reference the arguments made in the Objection of Armstrong World Industries, Inc. Asbestos Personal Injury et al. in their Opposition to the Motion.

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I. Debtors' Proposed Subpoena Imposes An Undue Burden on Eagle-Picher.

19. Debtors' ask for a complete copy of all of the Trust's electronic claimant files database. As to Eagle-Picher this is an unprecedented and burdensome request. While discovery under Rule 2004 may be broad, it is not limitless. In re Summit Global Logistics, Inc. No. 08-11566, 2008 WL 1446722, at *3-5 (Bankr. D. N.J. April 9, 2006) (quashing a subpoena pursuant to Rule 2004, in part under Rule 45's "undue burden" standard). "Rule 2004 requires that we balance the competing interests of the parties, weighing the relevance of and necessity of the information sought by examination. That documents meet the requirement of relevance does not alone demonstrate that there is good cause for requiring their production." In re Drexel Burnham Lambert Group, Inc., 123 B.R. 702, 711-12 (Bankr. S.D. N.Y. 1991) (citation omitted) (stating that Rule 2004 discovery "can net the dolphins as well as the tuna; however, the net, in the discretion of the Court, can be carefully stitched to limit its catch."); See also, In re Eagle-Picher Indus., Inc., 169 B.R. 130, 134 (Bankr. S.D. Ohio, 1994) (denying Rule 2004 discovery where discovery proposed was extremely broad).

20. For that matter it appears that a contested matter on the estimation issues allegedly underlying the discovery sought may already be pending. See Mot. at ¶ 15. Therefore, at a minimum, the more stringent standards of the Federal Rules of Civil procedure should apply. See e.g., In re Szadkowski, 198 B.R. 140, 141 (Bankr. M.D. Md. 1996) ("this court holds that once an adversary proceeding or contested matter has been commenced, the discovery of matters related to that adversary proceeding or contested matter must proceed in accordance with the discovery provisions of the Federal Rules of Civil Procedure").

21. Under Rule 45, which in any event would govern any subpoena that may ultimately issue, courts are required to quash or modify subpoenas that impose an undue burden

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or require the disclosure of privileged or otherwise protected information. Fed.R. Civ. P. 45.[2] See Emhart Indus., Inc. v. New England Container Co., Inc. No. 3:09CV05, 2009 U.S. Dist. LEXIS 40887, at *3 (W.D.N.C. Apr. 28, 2009) (quashing a subpoena under Rule 45's undue burden standard); Collins v. TIAA-CREF, Civ. No. 3:06CV304, 2008 U.S. Dist. LEXIS 67282, at *12 (W.D.N.C. Aug. 22, 2008) (quashing a subpoena in part where information sought was privileged and subjected recipient to undue burden); Concord Boat Corp. v. Brunswick Corp. 169 F.R.D. 44, 49-50 (S.D. N.Y. 1996) (quashing subpoena under Rule 45 given expense and inconvenience to non-party).

22. The Proposed Subpoena would impose an undue burden on Eagle-Picher given the nature of Eagle-Picher's claim files. From Eagle-Picher's inception in 1996 until 2004 claimants submitted claim forms and supporting documents in paper. Reviewers would evaluate claims using the paper files, often marking the files with their handwritten notes. Once a claim was settled, the hard copy claimant files were destroyed in accordance with the timeframe set forth in Eagle-Picher's document retention policy. Impastato Decl. at ¶ 8.

23. In 2002 Eagle-Picher began scanning electronically the paper copies of both new and old claimant files. Claims filed in 2002 and earlier were scanned as one document and included not only the claim form, but also the claimant's confidential documents and Eagle-Picher's privileged information, including medical and financial documents, claim reviewer work product, exposure statements, legal documents, and correspondence. Single claims, scanned as one document, may involve in excess of 1,000 pages of data. Impastato Decl. at ¶ 9.

2. Rule 9016 of the Federal Rules of Bankruptcy Procedure states "Rule 45 of Fed. R. Civ. P. applies in cases under the Code." Fed. R. Bankr. P. 9016.

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24. Although Eagle-Picher adopted a system allowing claimants to electrically file their claims and supporting documents on November 30, 2004, claimants continue to have the option of submitting their claims in paper form. Impastato Decl. at ¶ 10.

25. For this reason and because Eagle-Picher received the majority of its claims before the advent of its E-filing system, the majority of Eagle-Picher's claimant information is in this scanned electronic form. Impastato Decl. at ¶ 11. Reviewing these scanned materials for production and extracting non-responsive, privileged or otherwise confidential documents would require a significant undertaking by the Eagle-Picher claims personnel akin (if not worse) to the burdens required to review paper claimant files.

26. Even if all of the requested information were available electronically, which it is not, gathering electronic files, matching those files to the appropriate claimants and providing appropriate notice to the thousands of asbestos claimants is a monumental task. Eagle-Picher was one of the first asbestos settlement trusts established. As such, the Trust long ago worked through the backlog of claims received during the bankruptcy and currently relies on a small team to process the several thousand new claims received each year. Impastato Decl. ¶ 12. Responding to Debtors' Proposed Subpoena would shift these resources away from the Trust's Court-mandated function to evaluate the claims of individuals suffering from asbestos-related diseases, unfairly delaying those claimants' recoveries.

27. In addition, it is Eagle-Picher's policy to provide notice to claimants' or their representatives upon the receipt of a subpoena, so that claimants may object and be heard as to the information that they have submitted as part of the Trusts' settlement processes. Impastato Decl. ¶ 7. Notifying the as of yet unidentified amount of claimants at issue in Debtors' Motion

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will be both burdensome and time-consuming for Eagle-Picher, diverting time and resources away from evaluating and settling claims.[3]

28. Finally, the Proposed Subpoena would seek a copy of Eagle-Picher's "database" without defining that term and without having made any inquiry of the Trust in advance of asserting it. Without a definition of "database" the Proposed Subpoena is vague, if not incomprehensible, to Eagle-Picher because, as discussed above, Eagle-Picher's electronic data is not, as the Motion appears to assume, in a readily accessible format and would instead entail countless hours of claims reviewer staff and attorney time to review, cull and coordinate something even approaching the Debtor's stated request.[4] As such, there is no basis for the blanket, unsupported assertion in the Motion that Eagle-Picher or any other trust "maintain electronic databases . . . [that] are readily transferable to the Debtors with little burden or expense." Mot. at ¶ 7. As to Eagle Picher, the opposite is true.

29. The burden that Debtors' Proposed Subpoena would impose on Eagle-Picher is evident from the fact that the discovery in both General Motors and W.R. Grace (the principal cases on which Debtors rely) was much narrower. See In re General Motors, No. 09-50026 (Bankr. S.D. N.Y.) (Aug. 24, 2010 Order); In re W.R. Grace & Co. No. 01-1139 (Bankr. D. Del.) (Oct. 3, 2007 Order), Impastato Decl. Exs. I and H.

30. In W.R. Grace the discovery sought was narrower in terms of scale, excluded confidential and sensitive claimant information, and did not include any information regarding trust internal evaluation. In fact, discovery was limited to basic identification and exposure

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3. Indeed, over the past 14 years many claimants are deceased, have moved, changed counsel, etc. and may be impossible to find.

4. To the extent that Debtors seek something less, i.e. an electronic list of claimants, determinations and allowance amounts, this is considered EPI work product and is not properly discoverable.

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information and only went forward after the requesting party made a reasonable effort to obtain the information sought from the parties or other sources, including the asbestos claimants themselves. See In re W.R. Grace & Co., No. 01-1139 at 93 (Bankr. D. Del.) (Transcript excerpt from Aug. 29, 2007 Oral Argument), Impastato Decl. Ex. G. Here, the Debtors have made no such attempts.

31. The discovery in General Motors was limited to a subset of 7,500 claimants alleging mesothelioma-related injuries. In contrast, here the Debtors have not provided Eagle-Picher with either the number of claimants or injury class for whom they seek information. Therefore, their proposed discovery could include hundreds of thousands of claimants. See In re General Motors, No. 09-50026 (Bankr. S.D. N.Y.) (Aug. 24, 2010 Order), Impastato Decl. Ex. I. Moreover, in addition to implementing a Confidentiality Agreement and a Protective Order, the parties in General Motors also negotiated an Anonymity Protocol in order to protect the confidentiality of the trust claimants, and any claimants whose claim file is potentially subject to discovery will receive notice and have the opportunity to object. See In re General Motors, No. 09-50026 at 8 (Bankr. S.D. N.Y.) (Oct. 22, 2010 Order); In re General Motors, No. 09-50026 (Bankr. S.D. N.Y.) (August 24, 2010 Order), Impastato Decl. Exs. J and I.

II. The Proposed Subpoena Improperly Seeks Confidential Claimant Medical and Settlement Information.

32. Debtors' Proposed Subpoena compromises the privacy and confidentiality interests of an untold number of Trust beneficiaries. Even for the claims that are available in electronic form the information requested by the Debtors would necessarily include, among other things, claimants' sensitive personal and medical information.

33. Pursuant to the standard Electronic Filer Agreement that governs submission of electronic claims to Eagle-Picher by asbestos claimants' representatives, all claims-related

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materials submitted to Eagle-Picher is considered confidential information submitted for settlement purposes only. See Eagle-Picher Electronic Filer Agreement, at § 5.3, Impastato Decl. Ex. E.

34. Distributions from Eagle-Picher, like those of many other asbestos trusts, are settlements. Eagle-Picher claimants forego the right to return to the tort system in return for a settlement of their asbestos exposure claims through Eagle-Picher's Claims Resolution Procedures. The settlement decision is the claimant's choice, and it should be the claimant's choice to whom the settlement is disclosed. The Trustees have, without exception, respected the claimant's choice. See Eagle-Picher Claims Resolution Procedures, Impastato Decl. Ex. F.

35. As discussed supra ¶ 10, the Eagle-Picher Trustees respect the confidentiality of their claimants' data, principally their medical and settlement information. Accordingly, Eagle-Picher has received thousands of subpoenas regarding tens of thousands of beneficiaries and has never produced a single claimant's settlement information.[5] Impastato Decl. ¶¶ 6-7. The Trust's policy of not divulging any settlement information has been repeatedly reported in its Court-approved Annual Reports. See, e.g., 2006, 2007, 2008, 2009 Annual Reports, In re Eagle-Picher Industries, Inc., et al., Consolidated Case No. 1-91-10100, Docket Nos. 6828, 6841, 6846 and 6857 (Bankr. S.D. Ohio) (reflecting Eagle-Picher's policy not to divulge any settlement information), Impastato Decl. Ex. D.[6]

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5. As a general matter the Trust responds to properly served, valid subpoenas by providing only a copy of the claimant's claim form. Impastato Decl. ¶ 7. The claim form includes information on the alleged medical condition, but does not include any of the medical documentation that the Trust requires to process a claim and make a determination.

6. See e.g., In re Babcock & Wilcox Co., Civ. No. 08-3608, 2008 U.S. Dist. LEXIS 88137, at *16 (E.D. La. Oct. 31, 2008) (Even where a funder of a trust has a contractual right to review certain claim information, the court states that "the clear trend among federal courts faced with this issue is … to prohibit further dissemination of the claims information.") (citations omitted).

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36. Disclosure of settlement information ipso facto discloses sensitive claimant medical information. For example, Eagle-Picher's "Discounted Cash Payment" claimants accept settlements that are directly linked to their medical condition (mesothelioma, lung cancer, other asbestos-related cancer, or some other non-malignant asbestos-related disease). See Eagle-Picher Claims Resolution Procedures, Impastato Decl. Ex. F. Likewise, Eagle-Picher's "Individualized Review Claimants" accept settlements that in part reflect the seriousness of the their medical condition. Id. In short, the Trustees believe that respecting the confidentiality of settlement information *is* respecting a claimant's confidential medical history. That confidentiality can only be protected when the claimant has consented to disclosure of such information. See In re Fuller-Austin Insulation Co., No. 02-1661-JJF, 2010 U.S. Dist. LEXIS 70986, at *6 (D. Del. July 15, 2010) (rejecting request for retention of claimant medical and social security information given the "sensitive nature" of materials requested); In re Western Asbestos Co., No. 02-46284 T, 2008 Bankr. LEXIS 1308, at *24 (Bankr. N.D. Cal. April 11, 2008) (rejecting insurance company's request to use asbestos claimant's personal information).

III. Divulging Confidential Information is Detrimental to the Trust and Its Beneficiaries.

37. As discussed above the documents sought in the Motion by their very nature and form of storage relate to Eagle-Picher's internal claims assessment and resolution process. Mot. Ex. B. Such documentation includes attorney-client communications and other privileged documents that reflect Eagle-Picher's internal work product. Complying with Debtors' Proposed Subpoena not only would force Eagle-Picher to reveal confidential and privileged claimant information, it would also divulge sensitive claims validation and valuation

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information that may interfere with Eagle-Picher's ability to assess and evaluate valid beneficiary claims.

38. Eagle-Picher processes allowed claims with the goal of reaching settlement values consistent with results in the tort system. While factors that weigh in favor of the allowance or disallowance of claims are publicly available, the processes and factors relied upon to reach settlement values for "Individualized Review Claims" in particular are claimant specific and are not publicly available. See Eagle-Picher Claims Resolution Procedures, Impastato Decl. Ex. F. This protects the integrity of the claims process and prevent claimants from filing claims in a way that may lead to inflated recoveries or worse, improper validations.

39. Disclosure of settlement information to a third party provides that third party with information that may be used to manufacture future claims thereby misdirecting the Eagle-Picher corpus from other claimants. In order for trusts like Eagle-Picher to properly function (that is, to carry out their Court-mandated duty to compensate victims of asbestos-related diseases) they should not be subjected to producing information that may undermine their ability to serve trust beneficiaries.

IV. The Motion Should Be Deferred.

40. In the alternative Eagle-Picher respectfully requests that the Court defer a decision on this Motion in light of the adversary proceeding in ACandS et al. v. Hartford Accident and Indemnity co. et. al. pending before the Bankruptcy Court of the District of Delaware. In that case, multiple settlement trusts, trust advisory committees, and future representatives brought an action seeking declaratory and injunctive relief from discovery requests to the trusts on the basis that the requests violate the trusts' governing documents and threaten their purpose of evaluating and settling claims from individuals suffering from

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asbestos-related diseases. See ACandS et al. v. Hartford Accident and Indemnity Co. et. al. Adv. Pro. No. 10-53702 (Bankr. D. Del., Oct. 28, 2010).

41. Although Eagle-Picher is not involved in the Delaware action, that action in part addresses the proper scope of discovery where debtors have sought vast amounts of information concerning claims submissions by plaintiffs to asbestos trusts and any decision by the Delaware court would be instructive, if not applicable, to the facts of the case at hand.

42. Indeed, earlier this year the Northern District of Illinois transferred a motion to compel compliance with a non-party subpoena directed at Eagle-Picher on the grounds that all matters affecting Eagle-Picher should be resolved in the Bankruptcy Court for the Southern District of Ohio. See Martin v. Holloran, No. 10-02272 (N.D. Ill.) (Order dated June 22, 2010), Impastato Decl. Ex. K. To the extent that the disposition of the Motion by this Court could affect Eagle-Picher's long-standing policy of not disclosing claimants' confidential information or settlement amounts, Eagle-Picher reserves its right to seek instruction from the Bankruptcy Court for the Southern District of Ohio.

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CONCLUSION

For the reasons set forth above, Eagle-Picher respectfully requests that the Court deny the Debtors' Motion. In the alternative, Eagle-Picher requests that the Court defer a decision on the Motion pending the adversary proceedings in the Bankruptcy Court in the District of Delaware and preserve Eagle Picher's rights before its governing court.

Dated: November 8, 2010
Greensboro, North Carolina

Respectfully submitted,

/s/ Benjamin A. Kahn

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
Charlotte Division

IN RE: GARLOCK SEALING TECHNOLOGIES LLC, ET AL., Debtors.	Case No.: 10-BK-31607 Chapter 11 Jointly Administered

CERTIFICATE OF SERVICE

I certify that I have, this date, served or caused to be served a copy of the foregoing **OBJECTION BY EAGLE-PICHER AND CPF TO THE MOTION OF DEBTORS FOR AN ORDER PURSUANT TO BANKRUPTCY RULE 2004 DIRECTING PRODUCTION OF DATA BY CLAIMS PROCESSING FACILITIES AND ASBESTOS TRUSTS** by electronic service through the Court's CM/ECF system and/or by United States Mail, first class postage prepaid, on the following:

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This the 8th day of November, 2010.

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UNITED STATES BANKRUPTCY COURT FOR THE
SOUTHERN DISTRICT OF OHIO, WESTERN DIVISION

In Re: EAGLE-PICHER INDUSTRIES, INC., DAISY PARTS, INC., TRANSICOIL, INC., MICHIGAN AUTOMOTIVE RESEARCH CORPORATION, EAGLE-PICHER MINERALS, INC. AND HILLSDALE TOOL AND MANUFACTURING CO., Debtors.	Consolidated Case No. 1-91-10100 Chapter 11 Judge Perlman

CERTIFICATE OF SERVICE

I, Christopher K. Kiplok, hereby certify:

1. I am a member of the Bar of the State of New York and I am a partner of Hughes Hubbard & Reed LLP, counsel for the Trustees of the Eagle-Picher Industries Personal Injury Settlement Trust.

2. On April 21, 2011, I served copies of the Notice of Hearing and Application for Order Approving Annual Report and Account of Ruth R. McMullin, David L. McLean, and James J. McMonagle, as Trustees of the Eagle-Picher Industries Personal Injury Settlement Trust, for the year ended December 31, 2010 and all attachments thereto on the persons listed on the following service list by causing to be mailed a true copy thereof, securely enclosed in a post-paid, properly addressed wrapper, in the mail box under the exclusive care and custody of the United States Postal Service at Bowling Green Station, New York, New York.

Dated: New York, New York
April 21, 2011

/s/ Christopher K. Kiplok
Christopher K. Kiplok

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