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

In Re: EAGLE-PICHER INDUSTRIES, INC., et al., 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, 2012

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 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.

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(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, 2012, 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.

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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 600,000 claims over the past sixteen years. In 2012, through the Trust's ownership of the Claims Processing Facility, Inc. (the "CPF"), the Trust received a total of 16,790 asbestos-disease claims; processed to allowance or disallowance a total of 18,380 asbestos-disease claims; and made payments to asbestos victims or their survivors totaling approximately $30.2 million. Valid malignant claims made up more than 80% of the Trust's paid claims. The total amount the Trust has distributed to victims of asbestos disease or their survivors as of December 31, 2012 was approximately $658.4 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 $393.2 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 during 2012 and one meeting telephonically.[1] The Trustees' Advisory Committee participated in all of the meetings. In addition, the Audit Committee held a separate meeting in person.

II. Trustee Succession

Section 5.1(d) of the Trust Agreement prescribes a mandatory retirement age for Trustees. Mr. McLean will attain mandatory retirement this Spring. In keeping with Section 5.3 of the Trust Agreement, the Trustees (with the assistance of counsel) engaged in a search process for a successor Trustee during the Report Period.

After a diligent search and consideration of candidates, and following consultation with the Trustees' Advisory Committee pursuant to Section 3.2(e) of the Trust Agreement, this November the Trustees unanimously elected Stephen A. Madva, Esq. as successor Trustee, effective May 1, 2013. Among other accomplishments Mr. Madva is the immediate past chairman and managing partner of the law firm Montgomery, McCracken, Walker & Rhoads, LLP, he has served on more than a dozen boards of directors, and he has represented defendants in tens of thousands of asbestos personal injury and property damage litigations.

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[1] The Trust's Fourth Quarter meeting was held telephonically due to the travel disruption of Hurricane Sandy.

III. 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. Mr. William B. Nurre continued in his role as the Trust's Executive Director, and this year the Trustees appointed Melanie K. Impastato, Esq. as the Trust's Assistant Director and General Counsel. As a CPF employee for nearly two decades Ms. Impastato has advised on every aspect of the Trust's claims process since inception.

The Trustees continued to serve as directors of the CPF, as discussed in Section V.E 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 personal injury litigation and claims filing. In 2012 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 and allegations concerning the reliability of other evidence in support of asbestos personal injury claims. In particular, the Trust learned in October 2012 that a former employee of a law firm filed potentially fraudulent claims for his own benefit with another trust

established under Section 524(g), and that the firm is under investigation by other trusts. The CPF promptly conducted an internal audit, which revealed that the former employee at issue had not filed any claims against the Trust. Claims from this firm remain on administrative hold while Trust staff monitors pending developments with other trusts and assesses the reliability of materials submitted in support of claims by the firm.

The Trust also continued to monitor various state legislative activities related to asbestos litigation and trusts established under Section 524(g). In December 2012, Ohio enacted a bill that requires Ohio tort plaintiffs to disclose their trust claim submissions and tort defendants are permitted to identify additional trusts established under Section 524(g) against whom they believe a tort plaintiff should file claims. This and similar legislative developments may impact the subpoena burden faced by the Trust.

In that connection the Trust responded to approximately 113 subpoenas in 2012. The subpoenas largely sought claims filing information and were primarily issued from non-bankrupt asbestos defendants. 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 the costs and expenses it incurred responding to the subpoenas.

Consistent with the Trust's long-standing policy, the Trust did not divulge any medical information or 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. As referenced in prior reports, the Trust and CPF 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. That objection is pending.

IV. 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 10% of the portfolio in 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 representing ownership interest in securities of over 250 large capitalization companies in developed markets outside the U.S., benchmarked to the Standard & Poor's ADR Index.

Upon the advice of the Trust's investment advisor, the Trust's target investment allocation during 2012 was 8% short-term bonds, 55% total-return bonds, and 37% 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, 2012 was 6.7% in short-term bonds, 55.6% in total-return bonds, and 37.7% in equities (23.9% in the Russell 1000 Equity Portfolio and 13.8% in the S&P ADR Portfolio).

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.

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 two of the investment managers.

B. Investment Performance

Investment returns over the past three years were as follows:

	2012	2011	2010
Short-term bond portfolio	1.0%	0.3%	1.0%
Intermediate-term bond portfolio	4.3%	9.3%	3.4%
Equity:			
Russell 1000 Index portfolio	16.2%	1.5%	16.0%
S & P ADR Index portfolio	15.8%	-10.8%	7.0%
Total Return	**8.2%**	**4.1%**	**6.0%**

Both the short-term and intermediate-term bond portfolio are almost entirely invested in tax-exempt bonds, meaning the investment returns for those portfolios are after-tax returns. The equity portfolios managed by The Northern Trust Company replicate indices, and all but mirrored the returns of those indices, which were 16.4% for the Russell 1000 Index and 16.1% for the S&P ADR.

V. Claims Processing

A. Amendment to Claims Resolution Procedures

Pursuant Section 3.3(b)(ii) of the Trust Agreement the Trustees unanimously approved the following amendment to Section 7.1 of the Trust's Asbestos Injury Claims Resolution Procedures, effective October 1, 2012 (the amendment is bold-faced and underlined):

> Showing Required. In order to establish a valid Asbestos Personal Injury Claim, a claimant must (a) make a conclusive demonstration of exposure to an Eagle-Picher asbestos-containing product and (b) submit a medical report from a qualified physician that (i) results

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> from a physical examination by that physician and (ii) contains a diagnosis of an asbestos-related injury. The PI Trust may require the submission of evidence of exposure to an Eagle-Picher asbestos-containing product, x-rays, laboratory tests, medical examinations or reviews, other medical evidence, or any other evidence to support such Asbestos Personal Injury Claims and require that medical evidence submitted comply with recognized medical standards regarding equipment, testing methods, and procedures to assure that such evidence is reliable. **The PI Trust has no need for, and therefore claimants are not required to furnish the PI Trust with, evidence of exposure to specific asbestos products other than Eagle-Picher asbestos-containing products. All evidence submitted to establish a valid Asbestos Personal Injury Claim is made in the context of confidential settlement discussions between the claimant and the PI Trust and is subject to all applicable state and federal regulations and privileges including, but not limited to, those related to health and medical information or settlement discussions. Such evidence is for the sole benefit of the PI Trust and will be evaluated pursuant to the EPI Asbestos Claims Procedures.**

The amendment promotes efficiency in claims processing by reducing the submission of potentially irrelevant documents, and it reflects the Trust's long-standing policy of not divulging confidential claimant medical and settlement information. The Trustees consulted with the TAC before adopting the amendment.

The announcement sent to claimants and claimants' counsel is attached as Exhibit C. This is the first and only amendment to the Claims Resolution Procedures in the history of the Trust. All other provisions of the Claims Resolution Procedures remain in full force and effect.

B. Claim Filing Options

A claimant has the option to file either a DCP (Discounted Cash Payment) or an IRC (Individualized Review Claim) claim. 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:

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.

C. Claims Processing Results

The CPF, on behalf of the Trust, received a total of 16,790 individual asbestos personal injury claims in 2012, of which 7,294 sought discounted cash payment and 9,496 sought individualized review. Claims filed or received over the past three years were as follows:

	2012	2011	2010
Total claims received	**16,790**	**15,631**	**11,499**
Discounted cash payment	7,294	7,011	3,233
Individualized review	9,496	8,620	8,266

The ratio of non-malignant to malignant claim filings was approximately 1.66 to 1 in 2012, compared to a ratio of 1.83 to 1 in 2011 and 1.56 to 1 in 2010 and down from over 5.59 to 1 from inception through December 31, 2012. Approximately 82.2% of all dollars paid in 2012 went to claimants with malignant diseases.

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During 2012, the CPF processed a total of 18,380 claims to allowance or initial disallowance, with a backlog at year-end of 2,142 claims. The Trust paid approximately $30.2 million in 2012 to asbestos victims in settlement of their claims. These figures over the past three years were as follows:

	2012	2011	2010
Claims processed to allowance or initial disallowance	18,380	14,418	12,154
Claims paid (in millions)	$30.2	$36.7	$36.3
Claims backlog at year-end	2,142	3,681	2,371

As of December 31, 2012, the CPF, on behalf of the Trust, has received since inception a total of 603,039 individual asbestos personal injury claims. Of these 603,039 claims, the CPF has processed to allowance or initial or final disallowance a total of 600,897 claims. The Trust has paid a total of approximately $658.4 million on allowed claims.

The Trust also processed during 2012 approximately 4,938 disallowance responses. The initial disallowance rate increased in 2012 to 63.8%, compared to an initial disallowance rate of 60.5% in 2011 and 55.0% from inception of the Trust. The principal source of disallowances is proof of exposure to Eagle-Picher asbestos-containing product that do not comply with the requirements of the Claims Resolution Procedures. Since the inception of the Trust, the historical cure rate for disallowances is approximately 35.2%. The average cure rate over the past five years has decreased to 26.1%.

1. Discounted Cash Payment Claims

During 2012 the CPF, on behalf of the Trust, received 7,294 discounted cash payment claims and processed to allowance or initial disallowance a total of 8,139 discounted cash payment claims. Upon initial review, the CPF allowed approximately 29.7% of DCP

claims reviewed in 2012 and initially disallowed approximately 70.3%. Claimants have one year following initial disallowance to correct any deficiency in the claim. The Trust paid a total of $1.6 million on allowed discounted cash payment claims during 2012, bringing the total paid to claimants on discounted cash payment claims over the life of the Trust to $112.0 million.

2. Individualized Review Claims

The CPF, on behalf of the Trust, received 9,496 claims requiring individualized review during the Report Period. The CPF processed to allowance or initial disallowance 10,241 IRC claims in 2012, of which approximately 41.3% were allowed and 58.7% 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 $28.6 million on allowed individualized review claims in 2012, bringing the total paid on such claims to $542.2 million.

D. Alternative Dispute Resolution

Nine claims went to decision in Alternative Dispute Resolution ("ADR") in 2012, with eight settled in favor of the Trust and one in favor of the claimants.

As of December 31, 2012, a total of 1,083 individual claims (including 345 claims consolidated into a single proceeding) had gone to decision through the Trust's Evaluation by Document Alternative Dispute Resolution program. The Trust's position prevailed in approximately 81% of these cases.

At year end, 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. All of these claims have been pending appeal for several years.

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ADR claims and awards over the past three years were as follows:

	2012	2011	2010
Total ADR awards	**9**	**4**	**0**
Trust's position prevailed	8	2	0
Claimant's position prevailed	1	2	0
Claims pending in ADR	87	43	28

In addition, at the close of the Report Period 70 claimants had initiated dispute resolution or had pending a request to invoke the process, compared to 29 claims as of December 31, 2011.

E. 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 their service as CPF directors, but they 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 as CPF directors, the Trustees reappointed for three-year terms William B. Nurre as President of the CPF and 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 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, the Raytech Corporation Asbestos Personal Injury Settlement Trust, and the UNR Asbestos-Disease Trust.

In November 2012 the CPF upgraded its electronic claims filing system to improve system stability and enhance claims processing capabilities. Additionally, the CPF issued a revised Electronic Filing Agreement to conform to the enhancements of the new system.

A copy of the audited financial statements of the CPF for the year ended December 31, 2012 is attached as Exhibit B.

VI. Cost Control

The Trust and the CPF continued to monitor costs closely. Trust operating expenses in 2012 were approximately $113,000 less than the previous year, in part a reflection of the actuarial study conducted in 2011. Approximately 65% of all operating expenses are directly attributable to claims processing. Claims processing expenses totaled $3.09 million in 2012, $3.05 million in 2011, and $2.95 million in 2010.

VII. Financial Statements

The Trust's audited financial statements for 2012 are attached as Exhibit A.

Dated: Chicago, Illinois

April 16th, 2013

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

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Exhibit A

EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

For the Years Ended
December 31, 2012 and 2011



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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 financial statements of Eagle-Picher Industries, Inc. Personal Injury Settlement Trust (the Trust), which comprise the special-purpose statements of net assets as of December 31, 2012 and 2011, and the related special-purpose statements of operations and changes in net assets for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Section 3.2 of the Trust Agreement dated November 29, 1996, as described in Note 2. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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.

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

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

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Opinion

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, 2012 and 2011, and its changes in net assets for the years then ended, on the basis of accounting described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the special-purpose financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of the financial reporting provisions of Section 3.2 of the Trust Agreement dated November 29, 1996, as discussed in Note 2, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the financial reporting provisions of the Trust Agreement. Our opinion is not modified with respect to that matter.

Restriction on Use

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.

Deloitte LLP

Naperville, Illinois
April 16, 2013

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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, 2012 and 2011

	2012	2011
ASSETS		
Cash and cash equivalents (Note 3)	$ 17,932,236	$ 17,114,006
Investments in debt and equity securities (Note 4)	408,532,046	411,062,251
Prepaid working capital - Claims Processing Facility, Inc.	503,199	534,093
TOTAL ASSETS	$ 426,967,481	$ 428,710,350
LIABILITIES AND NET ASSETS		
LIABILITIES		
Settled but unpaid claims	$ 12,166,837	$ 12,002,724
Accounts payable	17,855	69,336
Accrued expenses	213,996	197,234
ADR fee liability	63,250	47,250
Lease commitments payable	10,923	25,169
Net deferred income tax liability (Note 5)	21,328,879	11,732,613
Total liabilities	33,801,740	24,074,326
NET ASSETS	393,165,741	404,636,024
TOTAL LIABILITIES AND NET ASSETS	$ 426,967,481	$ 428,710,350

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, 2012 and 2011

	2012	2011
INVESTMENT INCOME		
Tax-exempt interest income	$ 8,137,871	$ 9,709,950
Taxable interest and dividend income	4,736,684	3,792,643
Net realized capital gain (loss)	1,679,426	(2,671,512)
Net unrealized capital gain	18,652,727	7,009,960
Total investment income	33,206,708	17,841,041
OPERATING EXPENSES		
General and administrative expenses	620,461	606,247
Claims processing and administration	3,089,042	3,052,496
Professional fees	322,607	477,784
Investment related expenses	731,068	739,266
Total operating expenses	4,763,178	4,875,793
INCOME BEFORE TAX EXPENSE	28,443,530	12,965,248
Income tax expense (Note 5)	(9,596,266)	(1,162,311)
NET INCREASE IN NET ASSETS FROM OPERATIONS	18,847,264	11,802,937
Claims settled	(30,317,547)	(34,667,203)
NET DECREASE IN NET ASSETS	(11,470,283)	(22,864,266)
NET ASSETS, BEGINNING OF YEAR	404,636,024	427,500,290
NET ASSETS, END OF YEAR	$ 393,165,741	$ 404,636,024

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, 2012 and 2011

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

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, 2012 and 2011, interest income receivable was $3,607,345 and $3,955,965, 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

The Trust follows 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.

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.

Income Taxes

The Trust follows authoritative guidance issued by the 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.

In the normal course of business, the Trust is subject to examination by taxing authorities. The Trust's tax returns for years subsequent to the fiscal year ended December 31, 2008 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 with which the Trust currently files or has filed.

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

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 $17,932,236 and $17,114,006 as of December 31, 2012 and 2011, respectively. These securities had original maturities of three months or less when purchased.

4. INVESTMENTS

Investments in debt and equity securities consisted of the following as of December 31, 2012 and 2011:

2012	Cost	Fair Value
Tax-exempt municipal bonds	$ 230,016,202	$ 247,968,564
Equity securities	89,885,397	158,005,337
Preferred stock	1,301,823	1,635,088
Non-government-backed collateralized mortgage obligations	1,271,962	923,057
TOTAL INVESTMENTS	$ 322,475,384	$ 408,532,046

2011	Cost	Fair Value
Tax-exempt municipal bonds	$ 242,804,574	$ 261,378,771
Equity securities	97,947,944	147,127,818
Preferred stock	1,453,298	1,695,600
Non-government-backed collateralized mortgage obligations	1,454,065	860,062
TOTAL INVESTMENTS	$ 343,659,881	$ 411,062,251

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.

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

4. INVESTMENTS (Continued)

The Trust follows 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, 2012 and 2011 were as follows:

2012	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	$ -	$ 29,860,613	$ -	$ 29,860,613
AA- to AA+ rated	-	125,532,735	-	125,532,735
A- to A+ rated	-	73,042,542	-	73,042,542
BBB- to BBB+ rated	-	19,532,674	-	19,532,674
Total tax-exempt bonds	-	247,968,564	-	247,968,564
Equity securities				
International	56,652,630	-	-	56,652,630
Consumer discretionary	14,242,889	-	-	14,242,889
Consumer staples	8,670,536	-	-	8,670,536
Energy	10,262,581	-	-	10,262,581
Financial services	17,971,012	-	-	17,971,012
Health care	11,691,940	-	-	11,691,940
Materials	4,556,420	-	-	4,556,420
Industrials	11,306,171	-	-	11,306,171
Technology	16,334,717	-	-	16,334,717
Utilities/telecommunications	6,316,441	-	-	6,316,441
Total equity securities	158,005,337	-	-	158,005,337
Preferred stock	1,635,088	-	-	1,635,088
Non-government-backed collateralized mortgage obligations	-	923,057	-	923,057
TOTAL INVESTMENTS	$ 159,640,425	$ 248,891,621	$ -	$ 408,532,046

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

4. INVESTMENTS (Continued)

2011	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	$ -	$ 31,674,160	$ -	$ 31,674,160
AA- to AA+ rated	-	131,810,555	-	131,810,555
A- to A+ rated	-	70,377,597	-	70,377,597
BBB- to BBB+ rated	-	22,664,775	-	22,664,775
Ba1/BBB- rated	-	4,851,684	-	4,851,684
Total tax-exempt bonds	-	261,378,771	-	261,378,771
Equity securities				
International	48,379,019	-	-	48,379,019
Consumer discretionary	13,158,036	-	-	13,158,036
Consumer staples	9,181,775	-	-	9,181,775
Energy	11,471,915	-	-	11,471,915
Financial services	15,075,988	-	-	15,075,988
Health care	11,360,365	-	-	11,360,365
Materials	4,498,354	-	-	4,498,354
Industrials	11,064,003	-	-	11,064,003
Technology	16,306,661	-	-	16,306,661
Utilities/Telecommunications	6,631,702	-	-	6,631,702
Total equity securities	147,127,818	-	-	147,127,818
Preferred stock	1,695,600	-	-	1,695,600
Non-government-backed collateralized mortgage obligations	-	860,062	-	860,062
TOTAL INVESTMENTS	$ 148,823,418	$ 262,238,833	$ -	$ 411,062,251

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

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, which can be seen on the Special-Purpose Statements of Operations and Changes in Net Assets, are as follows:

	Year Ended December 31,	
	2012	2011
Current	$ -	$ 500
Deferred	9,596,266	1,161,811
TOTAL TAX EXPENSE	$ 9,596,266	$ 1,162,311

Federal income taxes for Qualified Settlement Funds increased from 35% to 39.6% effective January 1, 2013. The net deferred income tax liability on the Special-Purpose Statements of Net Assets is calculated at 39.6% on December 31, 2012 and 35% on December 31, 2011.

There were no federal income taxes paid in 2012 and 2011 for the Trust. At December 31, 2012, the Trust had net capital loss carryforwards of approximately $13,550,000 originating in years 2008 through 2011 that expire in 2013 - 2016. At December 31, 2012, the Trust had net operating loss carryforwards of approximately $18,600,000 originating in years 2003 through 2012 that begin to expire in 2023.

Significant components of deferred tax assets and liabilities, which can be seen on the Special-Purpose Statements of Net Assets, are (calculated by applying the appropriate federal tax rate to the loss carryforwards stated above) are as follows:

	December 31,	
	2012	2011
Capital loss carryforwards	$ (5,366,902)	$ (5,374,347)
Net operating loss carryforwards	(7,382,042)	(6,483,862)
Net unrealized gain on securities	34,077,823	23,590,822
NET DEFERRED TAX LIABILITY	$ 21,328,879	$ 11,732,613

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

5. INCOME TAXES (Continued)

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.

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 $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

From inception through December 31, 2012 and 2011, the Trust received approximately 603,000 and 586,300 asbestos disease claims, respectively. No lead personal injury claims have been filed with the Trust. Claim payments for the years ended December 31, 2012 and 2011 were $30,153,434 and $36,690,074, 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. Effective November 1, 2011, the Trustees approved a change in the payment percentage from 38% to 31%. No changes to the payment percentage were made in 2012.

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

8. LIABILITY INSURANCE FOR TRUSTEES AND OFFICERS

In 2012, the Trust purchased liability insurance for the Trustees and Officers for which it paid $33,490 in premiums. The current policy term is May 31, 2012 to May 31, 2013. 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, 2012 and 2011, prepaid premiums on this policy are approximately $13,955 and $12,265, 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, 2012 and 2011:

	2012	2011
Trustee and TAC fees	$ 303,497	$ 305,024

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

10. CLAIMS PROCESSING FACILITY, INC. (Continued)

For the years ended December 31, 2012 and 2011, claims administration and processing expenses incurred at CPF totaled $3,087,379 and $3,053,246, respectively. Claims administration and processing expenses for the Trust for the years ended December 31, 2012 and 2011, net of certain income items not recorded at CPF, totaled $3,089,042 and $3,052,496, 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, 2012 and 2011 amounted to $3,056,485 and $3,304,010, respectively.

11. SUBSEQUENT EVENTS

The Trust has evaluated subsequent events through April 16, 2013, 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

We have audited the special-purpose financial statements of Eagle-Picher Industries, Inc. Personal Injury Settlement Trust as of and for the period ended December 31, 2012 and 2011, and our report thereon dated April 16, 2013 appears on page 4. Our audits were conducted for the purpose of forming an opinion on the special-purpose financial statements as a whole. 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special-purpose financial statements. The information has been subjected to the auditing procedures applied in our audits of the special-purpose financial statements and certain additional procedures, including comparing and reconciling directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the special-purpose financial statements as a whole.

Sikich LLP

Naperville, Illinois
April 16, 2013

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EAGLE-PICHER INDUSTRIES, INC.

PERSONAL INJURY SETTLEMENT TRUST

SCHEDULES OF GENERAL AND
ADMINISTRATIVE EXPENSES

December 31, 2012 and 2011

	2012	2011
Trustee and TAC fees	$ 303,497	$ 305,024
Payroll (including benefits, taxes, and bonuses)	223,389	218,787
Leases	2,280	2,280
Insurance	35,706	32,040
Meeting costs, travel, and reimbursed expenses	34,096	27,823
Other general and administrative	21,493	20,293
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	$ 620,461	$ 606,247

(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, 2012 and 2011

	2012	2011
Prepaid working capital, beginning of year	$ 534,093	$ 283,329
Cash payments to CPF	3,056,485	3,304,010
CPF claims processing expenses	(3,087,379)	(3,053,246)
PREPAID WORKING CAPITAL, END OF YEAR	$ 503,199	$ 534,093

(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, 2012 and 2011



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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, 2012 and 2011, and the related special-purpose statements of operations and cash flows for the years then ended, and the related notes to the financial statements. All of these financial statements are prepared using the income tax basis of accounting.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with the income tax basis of accounting described in Note 2; this includes determining that the income tax basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

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.

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

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

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Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of CPF at December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended, in accordance with the basis of accounting CPF uses for income tax purposes, as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the special-purpose financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of accounting CPF uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Restriction on Use

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.

Naperville, Illinois
April 16, 2013

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FINANCIAL STATEMENTS

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CLAIMS PROCESSING FACILITY, INC.

SPECIAL-PURPOSE STATEMENTS OF FINANCIAL CONDITION

December 31, 2012 and 2011

	2012	2011
ASSETS		
Cash and cash equivalents	$ 515,830	$ 855,699
Intangible asset, less accumulated amortization (Note 5)	42,455	188,013
Fixed assets at cost, less accumulated depreciation (Note 6)	624,917	269,771
Prepaid expenses	95,855	104,667
Interest and other receivables	486,738	313,412
TOTAL ASSETS	$ 1,765,795	$ 1,731,562
LIABILITIES AND STOCKHOLDER'S EQUITY		
LIABILITIES		
Deferred revenue (Note 2)	$ 503,199	$ 534,093
Accrued expenses	186,188	121,061
Total liabilities	689,387	655,154
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	$ 1,765,795	$ 1,731,562

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, 2012 and 2011

	2012	2011
REVENUES		
Claims processing revenue	$ 4,057,165	$ 3,768,156
Interest income	140	160
Total revenues	4,057,305	3,768,316
EXPENSES		
Salaries and related items (Notes 4 and 9)	3,015,321	2,817,097
Depreciation and amortization (Notes 5 and 6)	396,030	350,866
General and administrative	167,818	162,629
Leases (Note 3)	328,976	319,731
Professional fees	65,517	60,903
Insurance (Note 8)	40,910	46,129
Total operating expenses	4,014,572	3,757,355
Loss on disposal of fixed assets	32,160	232
Total expenses	4,046,732	3,757,587
INCOME BEFORE TAX EXPENSE	10,573	10,729
Tax expense (Note 7)	10,573	10,729
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, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ -	$ -
Adjustments to reconcile net income to net cash from operating activities		
Depreciation and amortization	396,030	350,866
Loss on disposal of fixed assets	32,160	232
(Increase) decrease in assets		
Prepaid expenses	8,812	20,557
Interest and other receivables	(173,326)	(169,738)
Increase (decrease) in liabilities		
Deferred revenue	(30,894)	250,764
Accrued expenses	65,127	30,924
Net cash from operating activities	297,909	483,605
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchase of fixed assets	(639,166)	(196,849)
Proceeds from sale of fixed assets	1,388	2,713
Net cash from investing activities	(637,778)	(194,136)
CASH FLOWS FROM FINANCING ACTIVITIES		
None	-	-
Net cash from financing activities	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(339,869)	289,469
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	855,699	566,230
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 515,830	$ 855,699
Supplemental disclosure		
Income taxes paid	$ 10,542	$ 13,800

See accompanying notes to financial statements.

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CLAIMS PROCESSING FACILITY, INC.

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

December 31, 2012 and 2011

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 three times, the first time until December 31, 2010, the second time until December 31, 2012 and the third time until December 31, 2014. 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. The agreement automatically renewed through April 1, 2013, as notice otherwise was not provided.

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. It was automatically renewed until January 15, 2014.

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2. BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

CPF's special-purpose financial statements are prepared 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 a money market fund. Interest income is recognized when earned.

Intangible Asset

The intangible asset (see Note 5) 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, data processing equipment, and software, 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.

Below is a summary of the cash advanced, the revenue earned, and the deferred revenue balance for the years ended December 31, 2012 and 2011:

	2012	2011
Deferred revenue, beginning of year	$ 534,093	$ 283,329
Cash advanced	3,056,485	3,304,010
EPI claims processing revenue	(3,087,379)	(3,053,246)
Deferred Revenue, End of Year	$ 503,199	$ 534,093

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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 included a free rent provision covering the four months of the lease after CPF had returned the agreed upon space to the landlord. This provision reduced CPF's rent expense by approximately $13,710 during the year ended December 31, 2010.

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, 2012, are as follows:

Year Ending December 31,	
2013	$ 187,766
2014	194,919
2015	133,523
TOTAL	$ 516,208

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 $183,916 for the year 2012 and $173,462 for the year 2011; and (2) discretionary matching contributions based on a percentage of the participants' deferral amount, which amounted to $37,101 for the year 2012 and $35,145 for the year 2011. 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, 2012 and 2011, amortization expense was $145,558 and $145,559, respectively.

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

5. INTANGIBLE ASSET (Continued)

The intangible asset consists of the following as of December 31, 2012 and 2011:

	2012	2011
Original intangible asset	$ 2,183,382	$ 2,183,382
Accumulated amortization	(2,140,927)	(1,995,369)
NET BOOK VALUE	$ 42,455	$ 188,013

Amortization expense for the next and final year is as follows:

2013	$ 42,455

6. FIXED ASSETS

Fixed assets are recorded at cost and primarily consist of the following as of December 31, 2012 and 2011:

	2012	2011
Data processing equipment	$ 413,018	$ 456,877
Data processing software	850,038	1,495,903
Office furniture and machines	448,210	447,295
Other	9,994	9,994
Subtotal	1,721,260	2,410,069
Accumulated depreciation	(1,096,343)	(2,140,298)
TOTAL	$ 624,917	$ 269,771

Depreciation expense on fixed assets was $250,472 and $205,307 in 2012 and 2011, respectively. Data processing software and accumulated depreciation decreased significantly from 2011 to 2012 because the previous E-file system (which was close to being fully depreciated) was written off when it was replaced with a new E-file system in 2012.

7. INCOME TAXES

CPF has 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 derecognition, classification, interest and penalties, disclosure, and transition.

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

7. INCOME TAXES (Continued)

In the normal course of business the CPF is subject to examination by taxing authorities. The CPF's tax returns for years subsequent to 2008 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 with which the CPF currently files or has filed.

Income taxes are recorded by CPF in accordance with income tax regulations applicable to a regular corporation. In 2012 and 2011, CPF recorded the following taxes, which are all included in tax expense in the special-purpose statements of operations:

	2012	2011
Federal income tax	$ 6,220	$ 6,312
State income tax	4,353	4,417
TOTAL	$ 10,573	$ 10,729

8. LIABILITY INSURANCE

Effective May 31, 2012 and 2011, 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 $27,350 and $28,068 for one year of coverage effective May 31, 2012 and 2011, respectively, and $25,699 and $26,034 of the premiums were allocated to and paid by CPF. As of December 31, 2012 and 2011, a prepaid expense of $10,708 and $10,848, respectively, is included in the special-purpose statement of financial condition related to the policies maturing May 31, 2013 and 2012.

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, 2012 and 2011, a prepaid expense of $0 and $5,990, respectively, is included in the special-purpose statement of financial condition related to the directors and officers policy.

During the years 2012 and 2011, EPI carried and paid for Trustees and Officers insurance, and CPF's directors and officers were insured parties under the policy.

9. SUBSEQUENT EVENTS

CPF has evaluated subsequent events through April 16, 2013, 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

EAGLE-PICHER PERSONAL INJURY SETTLEMENT TRUST

William B. Nurre
Executive Director

October 9, 2012

Dear Claimants' Counsel:

The Trustees have approved a modification of the EPI Asbestos Claims Resolution Procedures effective October 1, 2012.

The Trust has recently seen a marked increase in materials accompanying claims. In many instances, claimants are submitting additional materials that have no relevance to claims regarding exposure to an Eagle-Picher asbestos-containing product, leading to an unnecessary increase in processing time and costs. Claimants and counsel should note that submission of evidence of exposure to non-Eagle-Picher products generally will result in slower processing and payment for valid Asbestos Personal Injury Claims.

In an effort to assist claimants and minimize such administrative expense while maximizing resources to process and pay valid claims for demonstrated exposure to Eagle-Picher asbestos-containing products, the Trustees have modified Section 7.1 of the EPI Asbestos Claims Resolution Procedures in order to clarify the procedures by which claimants are to submit claims to the Trust. This amendment applies to all claims filed with the Trust, including both Discounted Cash Payment Claims (DCP) and Individualized Review Claims (IRC).

Section 7.1 of the EPI Asbestos Claims Resolution Procedures now reads as follows (the amendment is bold-faced and underlined):

> Showing Required. In order to establish a valid Asbestos Personal Injury Claim, a claimant must (a) make a conclusive demonstration of exposure to an Eagle-Picher asbestos-containing product and (b) submit a medical report from a qualified physician that (i) results from a physical examination by that physician and (ii) contains a diagnosis of an asbestos-related injury. The PI Trust may require the submission of evidence of exposure to an Eagle-Picher asbestos-containing product, x-rays, laboratory tests, medical

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Cincinnati, OH 45202
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East-West Tech Center
1771 West Diehl Road, Suite 220
Naperville, IL 60563
630-281-6500
Fax 630-281-6485

BOARD OF TRUSTEES:
Ruth R. McMullin
James J. McMonagle
David L. McLean

examinations or reviews, other medical evidence, or any other evidence to support such Asbestos Personal Injury Claims and require that medical evidence submitted comply with recognized medical standards regarding equipment, testing methods, and procedures to assure that such evidence is reliable. **The PI Trust has no need for, and therefore claimants are not required to furnish the PI Trust with, evidence of exposure to specific asbestos products other than Eagle-Picher asbestos-containing products. All evidence submitted to establish a valid Asbestos Personal Injury Claim is made in the context of confidential settlement discussions between the claimant and the PI Trust and is subject to all applicable state and federal regulations and privileges including, but not limited to, those related to health and medical information or settlement discussions. Such evidence is for the sole benefit of the PI Trust and will be evaluated pursuant to the EPI Asbestos Claims Resolution Procedures.**

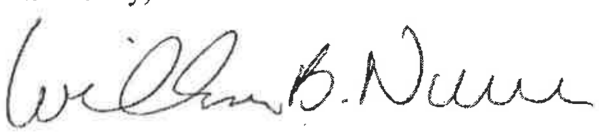
This amendment also codifies the Trust's long-standing policy of not divulging confidential claim filing materials, such as medical and settlement data. This policy has been and continues to be recognized in the Trust's electronic filing agreement by which claimants submit information to the PI Trust in support of their claims on the understanding that their claims materials are confidential submissions.

All other provisions of the EPI Asbestos Claims Resolution Procedures remain in full force and effect including the Trust's statute of limitations and claims audit and verification procedures. The EPI Asbestos Claims Resolution Procedures do not limit or impair the obligations under relevant law for claimants to respond to lawful discovery in any underlying civil action regarding their submissions to the Trust.

Additionally, the EPI Trust has streamlined its claim form, no longer requiring a separate claim form for the Discounted Cash Payment (DCP) or Individualized Review (IRC) options. The revised claim form better mirrors the electronic claim form found in the CPF e-File system. The new claim form is available at www.cpf-inc.com. The EPI Trust requests paper filers begin using the revised claim form immediately.

If you have any questions, please contact Melanie Impastato at 630-281-6522 or melanie.impastato@cpf-inc.com.

Sincerely,



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 25, 2013, 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, 2012 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 25, 2013

/s/ Christopher K. Kiplok
Christopher K. Kiplok

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