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. Jeffrey P. Hopkins, U.S.B.J.

ANNUAL REPORT AND ACCOUNT OF THE TRUSTEES OF THE EAGLE-PICHER INDUSTRIES, INC. PERSONAL INJURY SETTLEMENT TRUST FOR THE YEAR ENDING DECEMBER 31, 2016

Purpose of Report

James J. McMonagle, Stephen A. Madva, and Laura R. Walker (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.
>
> (i) Simultaneously with delivery of each set of financial statements referred to in Article 3.2(c) above, the Trustees shall cause to be

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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, 2016, 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 651,217 claims over the past nineteen years. In 2016, through the Trust's ownership of the Claims Processing Facility, Inc. (the "CPF"), the Trust received a total of 16,958 asbestos-disease claims; processed to allowance or disallowance a total of 16,328 asbestos-disease claims; and made payments to asbestos victims or their survivors totaling approximately $28.3 million. Valid malignant claims made up approximately 86.5% 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, 2016 was approximately $778.9 million.

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 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 $315.7 million.

In July 2016, this Court granted the Trustees' motion to amend the Trust Agreement to increase trustees' mandatory retirement age from 72 to 77, subject to annual reelection beginning at age 72, and to amend the Trust Agreement to restructure (but not increase) trustee compensation. As the only amendments to the Trust Agreement in nearly twenty years, this was both a testament to the strength of the Trust's governing documents and

the Chapter 11 proceeding that gave rise to them, and a sign of the Trustees' ongoing commitment to the improvement of trust administration.

Additionally, the Trustees continue to monitor developments in state and federal legislation that may potentially affect the administration of the Trust, the Trust's subpoena burden, and the Trust's disclosure obligations. These activities and others are described in more detail below.

I. Meetings of the Trustees

The Trustees held four regular meetings in person during 2016. The Trustees' Advisory Committee participated in all of the regular meetings. In addition, the Audit Committee held a separate meeting in person, and the Trustees and staff held quarterly in-person meetings with the Trust's investment advisor.

II. Trust Administration

The Trustees continued to retain the firm of Sikich, LLP as auditors, the firm of Deloitte Tax LLP as tax consultant, and the firm of Marsh USA as insurance broker. Throughout 2016, Melanie K. Impastato continued in her role as the Trust's Executive Director, and as the President of the CPF, the Trust's wholly-owned subsidiary.

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:

- Mr. McMonagle, as Chairperson of the Trust and CPF, devoted significant time to management of the Trust and CPF staff and continued to monitor developments with respect to legislation, litigation, and bankruptcies of asbestos companies potentially affecting the Trust and to communicating

with the Trust's investment advisor and investment managers and the Trust's counsel.

- Mr. Madva worked with Trust staff on claims determinations, the Trust's and CPF's insurance programs, advised on claims filing trends and related developments, and assisted the CPF in pursuing additional asbestos personal injury claims processing opportunities.

- Ms. Walker continued as Chair of the Audit Committee, assisted in the professional development of Trust staff, and assisted the CPF in pursuing additional asbestos personal injury claims processing opportunities.

The Trust also continued to actively monitor any proposed legislation related to asbestos personal injury litigation and trusts established under Section 524(g). For example, the federal Furthering Asbestos Claim Transparency (FACT) Act of 2017 has been approved by the United States House of Representatives and is currently being considered by the United States Senate. The FACT Act, as currently drafted, proposes to require reporting by 524(g) trusts of claims and payment information, and in certain circumstances, purports to mandate that trusts respond to discovery requests in asbestos-related litigation.

The Trustees and Trust management are following these and other, state-level legislative developments closely, because they may impact the cost of Trust administration through the subpoena burden faced by the Trust and through the cost of additional reporting. Indeed, even without the impact of these potential legislative changes, the Trust responded to approximately 228 third party subpoenas in 2016.

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 giving 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 these 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 line with this policy, the Trust and CPF previously objected to subpoenas served in two adversary proceedings of the Garlock Sealing Technologies, LLC bankruptcy. The Trust and the CPF have not produced any documents in conjunction with the subpoenas; the cases are now stayed, and the Trust understands that the subpoenas will be withdrawn following plan confirmation in the bankruptcy proceeding.

In addition, in 2016 the Trustees, on notice to all beneficiaries and interested parties, sought to amend the Trust Agreement. On June 14, 2016, the Trustees filed a motion seeking: (1) to increase the mandatory retirement age of trustees from 72 to 77, subject to annual reelection beginning at age 72, and (2) to restructure, but not to increase, trustee compensation, to better reflect the trustees' current duties.

The Trustees believed that their historical knowledge and added experience would enhance their ability to evaluate how best to treat past, present, and future claimants and beneficiaries fairly and in as similar a fashion as possible. Further, the Trustees believed that decreasing the trustee chairperson's compensation, while increasing the non-chairperson's compensation, would better align the trustees' total remuneration with the trustees' overall, current duties to beneficiaries.

Following a hearing, on July 21, 2016, this Court entered an order granting the Trustees' motion to amend the Trust Agreement. This Court noted that the proposed changes to the Trust's governance would "improve administration of the Trust, further the purpose of the

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Trust, and [are] in the best interests of Trust's beneficiaries." A copy of this Court's order granting the Trustees' motion to amend the Trust Agreement is attached as Exhibit C.

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, LLC. 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 Index; and (4) an equity portfolio composed of American Depository Receipts representing ownership interest in securities of over 150 large capitalization companies in developed markets outside the United States, benchmarked to the Standard & Poor's ADR Index.

Upon the advice of the Trust's investment advisor, the Trust's target investment allocation during 2016 was 8% short-term bonds, 54% total-return bonds, and 38% 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, 2016 was 7.1% in short-term bonds, 51.4% in total-return bonds, and 41.5% in equities (24.2% in the Russell 1000 Index portfolio and 17.3% in the S&P ADR Index portfolio).

The Trust continued to retain as investment managers J.P. Morgan Asset Management Inc. to manage the short-term bond portfolio, Standish Mellon Asset Management

Company LLC 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, LLC and had in-person meetings with all three investment managers.

B. Investment Performance

Investment returns over the past three years were as follows:

	2016	2015	2014
Short-term bond portfolio	0.7%	0.6%	0.1%
Intermediate-term bond portfolio	0.2%	3.0%	5.7%
Equity:			
Russell 1000 Index portfolio	11.9%	1.2%	13.2%
S&P ADR Index portfolio	5.7%	-9.1%	-4.9%
Total Return	**3.8%**	**0.3%**	**4.9%**

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 the 2016 returns of the portfolios closely mirrored the 2016 returns of those indices, which were 12.1% for the Russell 1000 Index and 6.3% for the S&P ADR Index.

Since 1998, the Trust has not been required to pay any federal income taxes because it has been able to offset its capital gains tax obligations by carrying forward operating and capital losses. Beginning in 2017, the Trust expects to exhaust its remaining tax loss carry forwards.

IV. Claims Processing

A. Claim Filing Options

A claimant has the option to file either a Discounted Cash Payment ("DCP") claim or an Individualized Review Claim ("IRC"). The DCP is designed, in part, for claimants who can easily be determined by the Trust to have a valid non-malignant injury claim and who wish to have a fixed payment now, subject to a limited release retaining the right to receive a further payment if the injured is subsequently 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

Claims under the IRC option are reviewed using tort system principles and a confidential, proprietary claim valuation model. This option is available for all disease categories. The Trust 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 16,958 individual asbestos personal injury claims in 2016, of which 12,485 sought DCP and 4,473 sought IRC. Claims filed or received over the past three years were as follows:

	2016	2015	2014
Total claims received	**16,958**	**8,258**	**10,895**
Discounted Cash Payment	12,485	2,633	5,229
Individualized Review Claim	4,473	5,625	5,666

The ratio of non-malignant to malignant claims filings was approximately 2.55 to 1 in 2016 compared to a ratio of 1.18 to 1 in 2015 and 1.42 to 1 in 2014 and 4.93 to 1 from inception through December 31, 2016. Approximately 86.5% of all dollars paid in 2016 went to claimants with malignant diseases.

During 2016, the CPF processed a total of 16,328 claims to allowance or initial disallowance, with a backlog at year-end of 717 claims. The Trust paid approximately $28.3 million in 2016 to asbestos victims in settlement of their claims. These figures over the past three years were as follows:

	2016	2015	2014
Claims processed to allowance or initial disallowance	16,328	8,740	11,099
Claims paid (in millions)	$28.3	$25.1	$31.3
Claims backlog at year-end	717	82	564

As of December 31, 2016, the CPF, on behalf of the Trust, has received a total of 651,934 individual asbestos personal injury claims since inception. Of these 651,934 claims, the CPF has processed to allowance or initial or final disallowance a total of 651,217 claims, including 1,373 Trust-processed prepetition settled claims. The Trust has paid a total of approximately $778.9 million on allowed claims.

The Trust also processed approximately 1,442 disallowance responses during 2016. The initial disallowance rate was significantly higher at 85% in 2016, compared to an initial disallowance rate of 64% in 2015. The principal reason for disallowances is that proof of exposure to Eagle-Picher asbestos-containing product does not comply with the requirements of

the Claims Resolution Procedures. Since the inception of the Trust, the historical cure rate for disallowances is approximately 33%.

1. Discounted Cash Payment Claims

During 2016, the CPF, on behalf of the Trust, received 12,485 DCP claims and processed to allowance or initial disallowance a total of 12,269 DCP claims. Upon initial review, the CPF allowed approximately 6% of DCP claims reviewed in 2016 and initially disallowed approximately 94%. Claimants have one year following initial disallowance to correct any deficiency in the claim. The significant decrease in the acceptance rate of DCP claims is related to a large group of the filings by two law firms that were almost entirely disallowed. The disallowances were primarily due to the claims lacking exposure criteria for EPI liability. The Trust paid a total of $1.6 million on allowed DCP claims during 2016, bringing the total paid to claimants on DCP claims over the life of the Trust to $121.2 million.

2. Individualized Review Claims

The CPF, on behalf of the Trust, received 4,473 claims requiring individualized review during the Report period. The CPF processed to allowance or initial disallowance 4,059 IRCs in 2016, of which approximately 42% were allowed and 58% were initially disallowed. The IRC disallowance rate has remained consistent the past two years. As noted above, claimants have one year following initial disallowance to correct any deficiency in the claim. The Trust paid a total of $26.7 million on allowed IRCs in 2016, bringing the total paid on such claims to $653.5 million.

C. Alternative Dispute Resolution

Only one claim had an arbitration decision rendered in the Trust's Alternative Dispute Resolution ("ADR") program in 2016, and it was settled in favor of the Trust.

As of December 31, 2016, a total of 1,139 individual claims (including 345 claims consolidated into a single proceeding) had gone to decision through the Trust's Evaluation by Document ADR program. The Trust's position prevailed in approximately 82% of these cases.

At year-end, 13 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, but 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 a number of years.

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

	2016	2015	2014
Total ADR awards	**1**	**15**	**5**
Trust's position prevailed	1	13	3
Claimant's position prevailed	0	2	2
Claims pending in ADR	1	1	34

In addition, at the close of the Report period, and similar to last year, only one claimant had pending a request to invoke the ADR process. This trend continues because more claims with pending ADR requests were resolved prior to arbitration.

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 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 their service as CPF directors.

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, the UGL Trust and the UNR Asbestos-Disease Trust. Additionally, in the second half of 2016, the CPF begin accepting and processing claims for the Specialty Products Holding Corporation Asbestos Personal Injury Trust (commonly known as the "Bondex Trust").

The CPF continues to actively monitor any bankruptcy filings that may result in the creation of 524(g) trusts in order to evaluate potential new business opportunities for the CPF.

A copy of the audited financial statements of the CPF for the year ended December 31, 2016 is attached as Exhibit B.

V. Cost Control

The Trustees and the CPF continually look for ways to reduce the Trust's costs while enhancing the quality of claims processing. Trust operating expenses in 2016 were approximately $290,000 lower than the previous year's, due primarily to the shift of Trust administrative functions to staff of the CPF.

Namely, in the first quarter of 2016 Trust management effected a closure of the Trust's administrative office in Cincinnati, a decision made unanimously by the Trustees in the fourth quarter of 2015. The staff of the Trust's Cincinnati office had served the Trust and its beneficiaries with distinction from inception. At this advanced point in the life-cycle of the

Trust, transitioning all positions and responsibilities to a single office at the CPF has contributed to a significant cost reduction for the Trust, and has further streamlined day-to-day management.

Approximately 63% of all operating expenses are directly attributable to claims processing. Claims processing expenses totaled $3.01 million in 2016, $3.24 million in 2015, and $3.47 million in 2014. The reduction of claims processing expenses is due in part to increased CPF revenues from other claims processing trust clients.

VI. Financial Statements

The Trust's audited financial statements for 2016 are attached as Exhibit A.

Dated: Cleveland, Ohio
April 26, 2017

/s/ James J. McMonagle

James J. McMonagle, Trustee
(Chairperson), for himself and for Stephen A. Madva, Trustee, and Laura R. Walker, 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, 2016 and 2015



EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST
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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 consolidated financial statements of Eagle-Picher Industries, Inc. Personal Injury Settlement Trust (the Trust), which comprise the special-purpose consolidated statements of net assets as of December 31, 2016 and 2015, and the related special-purpose consolidated statements of operations and changes in net assets for the years then ended, and the related notes to the special-purpose consolidated financial statements.

Management's Responsibility for the Special-Purpose Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose consolidated 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 special-purpose consolidated 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 special-purpose consolidated financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the accompanying special-purpose consolidated financial statements referred to above present fairly, in all material respects, the consolidated net assets of Eagle-Picher Industries, Inc. Personal Injury Settlement Trust at December 31, 2016 and 2015, and its consolidated 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 consolidated financial statements, which describes the basis of accounting. The special-purpose consolidated financial statements are prepared on the basis of the financial reporting provisions of Section 3.2 of the Trust Agreement dated November 29, 1996, 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.

Sikich LLP

Naperville, Illinois
April 10, 2017

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SPECIAL-PURPOSE CONSOLIDATED FINANCIAL STATEMENTS

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EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST

SPECIAL-PURPOSE CONSOLIDATED STATEMENTS OF NET ASSETS

December 31, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents (Note 2)	$ 5,589,924	$ 10,641,216
Investments (Note 4)	353,256,535	367,635,707
Prepaid working capital - Claims Processing Facility, Inc.	244,191	245,815
TOTAL ASSETS	$ 359,090,650	$ 378,522,738
LIABILITIES AND NET ASSETS		
LIABILITIES		
Settled but unpaid claims	$ 12,141,909	$ 15,542,534
Accounts payable and accrued expenses	173,071	228,157
Net deferred income tax liability (Note 5)	31,087,702	30,085,084
Total liabilities	43,402,682	45,855,775
NET ASSETS	315,687,968	332,666,963
TOTAL LIABILITIES AND NET ASSETS	$ 359,090,650	$ 378,522,738

See accompanying notes to special-purpose consolidated financial statements.

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EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST

SPECIAL-PURPOSE CONSOLIDATED STATEMENTS OF
OPERATIONS AND CHANGES IN NET ASSETS

For the Years Ended December 31, 2016 and 2015

	2016	2015
INVESTMENT INCOME		
Tax-exempt interest income	$ 6,332,380	$ 6,909,383
Taxable interest and dividend income	3,688,231	4,281,599
Net realized capital gain (loss)	227,906	(1,244,832)
Net unrealized capital gain (loss)	3,383,483	(8,120,800)
Total investment income	13,632,000	1,825,350
OPERATING EXPENSES		
General and administrative expenses	555,657	629,847
Claims processing and administration	3,009,414	3,241,004
Professional fees	507,211	459,435
Investment related expenses	679,589	711,910
Total operating expenses	4,751,871	5,042,196
INCOME (LOSS) BEFORE TAX EXPENSE	8,880,129	(3,216,846)
Income tax expense (Note 5)	1,002,618	(4,012,588)
NET INCREASE IN NET ASSETS FROM OPERATIONS	7,877,511	795,742
Claims settled	24,856,506	28,763,019
NET DECREASE IN NET ASSETS	(16,978,995)	(27,967,277)
NET ASSETS, BEGINNING OF YEAR	332,666,963	360,634,240
NET ASSETS, END OF YEAR	$ 315,687,968	$ 332,666,963

See accompanying notes to special-purpose consolidated financial statements.

EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST

NOTES TO SPECIAL-PURPOSE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016 and 2015

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 Investment Partnership, in which the Trust is a 99.9% partner. A wholly owned subsidiary of the Trust, EPPIST LLC, 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:

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.

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

Basis of Accounting (Continued)

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. The Trust processes claims through its wholly owned subsidiary, Claims Processing Facility, Inc. (CPF) (see Note 8). Payments to this entity are accounted for as prepaid working capital and expensed by the Trust as the funds are expensed by CPF. GAAP would require consolidating the financial results of CPF.

In addition, a statement of cash flows has not been presented as would be required for financial statements presented in accordance with GAAP.

Principles of Consolidation

The special-purpose consolidated financial statements include EPPIST Investment Partnership and EPPIST LLC, which are under common control of the Trust. All significant intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

Cash and cash equivalents include commercial paper, short-term bills and notes, and other highly liquid marketable securities. These securities had original maturities of three months or less when purchased.

Investments

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. 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.

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

Use of Estimates

The preparation of special-purpose consolidated 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 consolidated 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

Income taxes are provided for the tax effects of transactions reported in the special-purpose consolidated financial statements and consist of taxes currently due plus deferred taxes. Deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of the changes in tax laws and rates on the date of enactment.

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3. CONCENTRATION OF CREDIT RISK

The Trust maintains cash balances at one financial institution. Accounts at this institution are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2016 and 2015, uninsured balances totaled $969,059 and $866,232, respectively.

4. INVESTMENTS

Investments in debt and equity securities consisted of the following as of December 31, 2016 and 2015:

	2016	2015
Tax-exempt municipal bonds	$ 204,777,126	$ 226,728,182
Equity securities	147,010,246	139,766,627
Preferred stock	805,345	394,466
Rights/warrants	1,737	1,739
Non-government-backed collateralized mortgage obligations	662,081	744,693
TOTAL INVESTMENTS	$ 353,256,535	$ 367,635,707

At December 31, 2016 and 2015, interest income receivable included in total investments was $2,745,391 and $3,149,055, respectively.

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.

The Trust follows the authoritative guidance issued by FASB which expands disclosure of major security types based on the nature and risks of the securities.

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

4. INVESTMENTS (Continued)

Fair value measurements recorded on a recurring basis at December 31, 2016 and 2015 were as follows:

	December 31, 2016			
	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	$ -	$ 24,671,963	$ -	$ 24,671,963
AA- to AA+ rated	-	95,789,702	-	95,789,702
A- to A+ rated	-	72,027,263	-	72,027,263
BBB- to BBB+ rated	-	12,288,198	-	12,288,198
Total tax-exempt bonds	-	204,777,126	-	204,777,126
Equity securities				
International	60,843,320	-	-	60,843,320
Consumer discretionary	12,141,819	-	-	12,141,819
Consumer staples	6,647,269	-	-	6,647,269
Energy	6,438,269	-	-	6,438,269
Financial services	17,998,869	-	-	17,998,869
Health care	11,073,505	-	-	11,073,505
Materials	3,265,610	-	-	3,265,610
Industrials	9,250,186	-	-	9,250,186
Technology	14,859,182	-	-	14,859,182
Utilities/telecommunications	4,492,217	-	-	4,492,217
Total equity securities	147,010,246	-	-	147,010,246
Preferred stock	805,345	-	-	805,345
Non-government-backed collateralized mortgage obligations	-	662,081	-	662,081
Rights/warrants	-	1,737	-	1,737
TOTAL INVESTMENTS	$ 147,815,591	$ 205,440,944	$ -	$ 353,256,535

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

4. INVESTMENTS (Continued)

	December 31, 2015			
	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	$ -	$ 30,410,988	$ -	$ 30,410,988
AA- to AA+ rated	-	104,896,865	-	104,896,865
A- to A+ rated	-	75,142,944	-	75,142,944
BBB- to BBB+ rated	-	16,277,385	-	16,277,385
Total tax-exempt bonds	-	226,728,182	-	226,728,182
Equity securities				
International	57,887,844	-	-	57,887,844
Consumer discretionary	13,121,052	-	-	13,121,052
Consumer staples	6,604,720	-	-	6,604,720
Energy	5,161,600	-	-	5,161,600
Financial services	15,755,709	-	-	15,755,709
Health care	12,024,558	-	-	12,024,558
Materials	3,195,918	-	-	3,195,918
Industrials	8,278,888	-	-	8,278,888
Technology	13,820,429	-	-	13,820,429
Utilities/telecommunications	3,915,909	-	-	3,915,909
Total equity securities	139,766,627	-	-	139,766,627
Preferred stock	394,466	-	-	394,466
Non-government-backed collateralized mortgage obligations	-	744,693	-	744,693
Rights/warrants	-	1,739	-	1,739
TOTAL INVESTMENTS	$ 140,161,093	$ 227,474,614	$ -	$ 367,635,707

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 consolidated 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 consolidated statements of operations and changes in net assets are as follows:

	December 31, 2016	December 31, 2015
Current income tax expense	$ -	$ 500
Deferred income tax expense (benefit)	1,002,618	(4,013,088)
TOTAL TAX EXPENSE (BENEFIT)	$ 1,002,618	$ (4,012,588)

The federal income tax rate for Qualified Settlement Funds is 39.6%. The net deferred income tax liability on the special-purpose consolidated statements of net assets is calculated at 39.6% on December 31, 2016 and 2015.

The Trust paid federal income taxes of $500 during 2015 which was carried forward to 2016. At December 31, 2016, the Trust had a net capital loss carryforward totaling approximately $998,000 originating in 2015. At December 31, 2016, the Trust had net operating loss carryforwards of approximately $7,213,000 originating in years 2008 through 2016 that begin to expire in year 2028.

Significant components of deferred tax assets (liabilities), which can be seen on the special-purpose consolidated statements of net assets, (calculated by applying the appropriate federal tax rate to the loss carryforwards stated above and to unrealized gain on securities) are as follows:

	December 31, 2016	December 31, 2015
Capital loss carryforwards	$ 395,120	$ 492,953
Net operating loss carryforwards	2,856,058	2,420,983
Net unrealized gain on securities	(34,338,880)	(32,999,020)
NET DEFERRED TAX LIABILITY	$ (31,087,702)	$ (30,085,084)

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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 assets 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 assets 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. LIABILITY FOR TOXIC PERSONAL INJURY CLAIMS

From inception through December 31, 2016 and 2015, the Trust received approximately 651,900 and 634,900 asbestos disease claims, respectively. No lead personal injury claims have been filed with the Trust. Claim payments for the years ended December 31, 2016 and 2015 were $28,257,131 and $25,109,669, 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 special-purpose consolidated 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, 2015, the Trustees approved a change in the payment percentage from 28% to 33%.

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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7. 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, 2016 and 2015:

	2016	2015
Trustee and TAC fees	$ 340,472	$ 336,219

The Trust also maintains liability insurance for the Trustees and Officers.

8. CLAIMS PROCESSING FACILITY, INC.

The Trust is the sole corporate owner of Claims Processing Facility, Inc. (CPF). The purpose of CPF is to process claims on behalf of the Trust and on behalf of other trusts CPF may contract with.

For the years ended December 31, 2016 and 2015, claims administration and processing expenses incurred at CPF totaled $3,013,414 and $3,246,254, respectively. Claims administration and processing expenses for the Trust for the years ended December 31, 2016 and 2015, net of certain income items not recorded at CPF, totaled $3,009,414 and $3,241,004, 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, 2016 and 2015 amounted to $3,011,791 and $3,299,933, respectively.

9. SUBSEQUENT EVENTS

The Trust has evaluated subsequent events through April 10, 2017, which was the date that these special-purpose consolidated 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 consolidated financial statements of Eagle-Picher Industries, Inc. Personal Injury Settlement Trust as of and for the years ended December 31, 2016 and 2015, and our report thereon dated April 10, 2017 appears on pages 3-4. Our audits were conducted for the purpose of forming an opinion on the special-purpose consolidated 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 consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special-purpose consolidated financial statements. The information has been subjected to the auditing procedures applied in our audits of the special-purpose consolidated financial statements and certain additional procedures, including comparing and reconciling directly to the underlying accounting and other records used to prepare the special-purpose consolidated financial statements or to the special-purpose consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the special-purpose consolidated financial statements as a whole.

Sikich LLP

Naperville, Illinois
April 10, 2017

EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST

SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES

For the Years Ended December 31, 2016 and 2015

	2016	2015
Trustee and TAC fees	$ 340,472	$ 336,219
Payroll (including benefits, taxes, and bonuses)	144,470	236,008
Leases	(888)	2,280
Insurance	39,860	11,086
Meeting costs, travel, and reimbursed expenses	15,257	29,115
Other general and administrative	16,486	15,139
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	$ 555,657	$ 629,847

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EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST

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

For the Years Ended December 31, 2016 and 2015

	2016	2015
Prepaid working capital, beginning of year	$ 245,815	$ 192,136
Cash payments to CPF	3,011,790	3,299,933
CPF claims processing expenses	(3,013,414)	(3,246,254)
PREPAID WORKING CAPITAL, END OF YEAR	$ 244,191	$ 245,815

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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, 2016 and 2015



CLAIMS PROCESSING FACILITY, INC.
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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. as of December 31, 2016 and 2015, and the related Special-Purpose Statements of Operations and Cash Flows for the years then ended, and the related Notes to the Special-Purpose 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.

Opinion

In our opinion, the accompanying special-purpose financial statements referred to above present fairly, in all material respects, the financial position of Claims Processing Facility, Inc. at December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended, in accordance with the basis of accounting Claims Processing Facility, Inc. 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 Claims Processing Facility, Inc. 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 Claims Processing Facility, Inc., the Directors, Eagle-Picher Industries, Inc. Personal Injury Settlement 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

Naperville, Illinois
April 10, 2017

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FINANCIAL STATEMENTS

CLAIMS PROCESSING FACILITY, INC.

SPECIAL-PURPOSE STATEMENTS OF FINANCIAL CONDITION

For the Years Ended December 31, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	$ 1,067,210	$ 1,032,870
Accounts receivable	68,859	43,427
Prepaid expenses	114,934	111,840
Fixed assets at cost, less accumulated depreciation (Note 5)	166,358	175,343
TOTAL ASSETS	$ 1,417,361	$ 1,363,480
LIABILITIES AND STOCKHOLDER'S EQUITY		
LIABILITIES		
Accrued expenses	$ 96,761	$ 41,257
Deferred revenue (Note 2)	244,192	245,815
Total liabilities	340,953	287,072
STOCKHOLDER'S EQUITY		
Common stock, $0.01 par value, 300 shares authorized, 150 shares issued and outstanding	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	$ 1,417,361	$ 1,363,480

See accompanying notes to special-purpose financial statements.

CLAIMS PROCESSING FACILITY, INC.

SPECIAL-PURPOSE STATEMENTS OF OPERATIONS

For the Years Ended December 31, 2016 and 2015

	2016	2015
REVENUES		
Claims processing revenue	$ 3,576,925	$ 3,608,036
Interest income	1,292	114
Total revenues	3,578,217	3,608,150
EXPENSES		
Salaries and related items (Note 4)	2,777,275	2,631,482
Depreciation (Note 5)	104,031	183,218
General and administrative	274,987	227,783
Leases (Note 3)	264,101	338,983
Professional fees	102,409	168,561
Insurance	55,627	55,711
Total operating expenses	3,578,430	3,605,738
Gain on disposal of fixed assets	(2,930)	(100)
Total expenses	3,575,500	3,605,638
INCOME BEFORE TAX EXPENSE	2,717	2,512
Tax expense (Note 6)	2,717	2,512
NET INCOME	$ -	$ -

See accompanying notes to special-purpose financial statements.

CLAIMS PROCESSING FACILITY, INC.

SPECIAL-PURPOSE STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ -	$ -
Adjustments to reconcile net income to net cash from operating activities		
Depreciation	104,031	183,218
Gain on disposal of fixed assets	(2,930)	(100)
(Increase) decrease in assets		
Accounts receivable	(25,432)	18,411
Prepaid expenses	(3,094)	6,027
Increase (decrease) in liabilities		
Accrued expenses	55,504	(32,061)
Deferred revenue	(1,623)	53,679
Net cash from operating activities	126,456	229,174
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(95,115)	(115,948)
Proceeds from sale of fixed assets	2,999	100
Net cash from investing activities	(92,116)	(115,848)
CASH FLOWS FROM FINANCING ACTIVITIES		
None	-	-
Net cash from financing activities	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	34,340	113,326
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,032,870	919,544
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,067,210	$ 1,032,870
SUPPLEMENTAL DISCLOSURE		
Income taxes paid	$ 2,000	$ -

See accompanying notes to special-purpose financial statements.

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CLAIMS PROCESSING FACILITY, INC.

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

December 31, 2016 and 2015

1. DESCRIPTION OF BUSINESS

Claims Processing Facility, Inc. (CPF) is wholly owned by Eagle-Picher Industries, Inc. Personal Injury Settlement Trust (EPI) and processes personal injury claims on behalf of EPI and various other asbestos settlement trust clients. Claim processing contracts with trust clients expire between August 1, 2017 and December 31, 2021. Some of these agreements contain language that provides for an automatic annual renewal upon the stated expiration date, unless either party provides written notice within a specified period prior to the expiration date. In addition to claims processing services, CPF also provides trust administration services to one of the trusts under an agreement that expires on December 31, 2018.

2. BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

CPF's special-purpose financial statements are prepared using the accrual basis of accounting CPF uses for federal income tax reporting. This method was adopted to better reflect the underlying economics of the organization, which is to provide at-cost claims processing services for EPI. The basis differs from accounting principles generally accepted in the United States of America primarily because collection losses on accounts receivable generally are not recognized until they are realized. In addition, the periods used to calculate depreciation under the declining balance method are prescribed by the Internal Revenue Code (IRC) rather than estimated useful lives.

Cash and Cash Equivalents

Cash and cash equivalents consist of amounts invested in a money market fund. Interest income is recognized when earned.

Accounts Receivable

Accounts receivable are reported at the amount outstanding. Charges to earnings for uncollectible balances are recognized when management has exhausted reasonable collection efforts.

Fixed Assets

Depreciation of fixed assets with a cost of $5,000 or more and a useful life of one year or more, principally office furniture, office equipment, data processing equipment, and software, is provided for on the declining balance tax method.

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

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

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, 2016 and 2015:

	2016	2015
Deferred revenue, beginning of year	$ 245,815	$ 192,136
Cash advanced	3,011,791	3,299,933
EPI claims processing revenue	(3,013,414)	(3,246,254)
DEFERRED REVENUE, END OF YEAR	$ 244,192	$ 245,815

3. LEASE COMMITMENTS

CPF entered into a noncancelable lease for office space, effective November 1, 2005, which had an expiration date of August 31, 2015. The lease was amended, effective July 1, 2013. The amendment extended the expiration date to December 31, 2018. The amendment to the lease included a free rent provision covering the first four months of the lease. In addition to monthly base rent, the lease also requires CPF to pay a proportionate share of operating expenses and property taxes.

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

Future minimum rental commitments under the lease at December 31, 2016, are as follows:

Year Ending December 31,	
2017	$ 200,284
2018	207,437
TOTAL	$ 407,721

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

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 $176,572 for the year 2016 and $166,816 for the year 2015; and (2) discretionary matching contributions based on a percentage of the participants' deferral amount, which amounted to $38,781 for the year 2016 and $34,264 for the year 2015. 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. FIXED ASSETS

Fixed assets are recorded at cost and consist of the following as of December 31, 2016 and 2015:

	2016	2015
Data processing equipment	$ 345,739	$ 439,560
Data processing software	992,448	908,450
Office furniture and machines	406,483	406,483
Other	7,684	7,684
Subtotal	1,752,354	1,762,177
Accumulated depreciation	(1,585,996)	(1,586,834)
TOTAL	$ 166,358	$ 175,343

Depreciation expense on fixed assets was $104,031 and $183,218 in 2016 and 2015, respectively.

6. INCOME TAXES

Income taxes are recorded by CPF in accordance with income tax regulations applicable to a regular corporation. In 2016 and 2015, CPF recorded the following taxes, which are all included in tax expense in the Special-Purpose Statements of Operations:

	2016	2015
Federal income tax	$ 1,598	$ 1,478
State income tax	1,119	1,034
TOTAL	$ 2,717	$ 2,512

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

7. CONCENTRATION OF CREDIT RISK

CPF maintains cash balances at one financial institution. Accounts at this institution are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2016 and 2015, the uninsured balance totaled $1,070,671 and $1,077,431 respectively.

8. SUBSEQUENT EVENTS

CPF has evaluated subsequent events through April 10, 2017, 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

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This document has been electronically entered in the records of the United States Bankruptcy Court for the Southern District of Ohio.

IT IS SO ORDERED.

Dated: July 21, 2016

Jeffery P. Hopkins
United States Bankruptcy Judge

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. Jeffery Hopkins, U.S.B.J. Order Granting Trustee's Motion to Amend Trust Agreement (ECF No. 6910)

ORDER GRANTING MOTION OF THE TRUSTEES PURSUANT TO SECTIONS 105 AND 524(g) OF THE BANKRUPTCY CODE AND SECTION 5804.12 OF THE OHIO TRUST CODE FOR AN ORDER AMENDING THE TRUST AGREEMENT

Upon the June 14, 2016 motion (the "Motion") (ECF No. 6910) of James J. McMonagle, Stephen A. Madva, and Laura R. Walker (the "Trustees") in their capacity as trustees of the Eagle-Picher Industries, Inc. Personal Injury Settlement Trust (the "Trust") seeking an order pursuant to sections 105 and 524(g) of the Bankruptcy Code and Section 5804.12 of the Ohio Trust Code (i) amending Section 5.1(d) of the Eagle-Picher Industries, Inc. Personal Injury Settlement Trust Agreement (the "Trust Agreement") to increase trustees'

mandatory retirement age from 72 to 77, subject to an annual re-election beginning at age 72, and (ii) amending Section 5.5(a) of the Trust Agreement to restructure trustee compensation such that the chairperson trustee's compensation would be reduced by twenty-two percent and the other trustees' compensation would be increased by twenty-two percent ((i) and (ii) the "Proposed Amendments," reflected in **Exhibit 1** hereto); and the Trustees having filed the supporting Declaration of Melanie K. Impastato (ECF No. 6911); and due and proper notice of the Motion having been provided, and it appearing that no other or further notice need be provided; and the Court having held a hearing on July 20, 2016; and the objection period on the Motion, plus the three day mailing time as outlined in Fed. R. Bankr. P. 9006(f), has passed and no responses thereto have been filed; and the Court having found and determined that the relief sought in the Motion will improve administration of the Trust, further the purpose of the Trust, and is the best interests of Trust's beneficiaries, and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED, that the Motion is, in all respects, hereby GRANTED, and it is further

ORDERED, that the Proposed Amendments to the Trust Agreement reflected in **Exhibit 1** hereto are approved, and it is further

ORDERED, that, as of the effective date of this Order, Article 5.1(d) and 5.5(a) of the Trust Agreement will henceforth contain the language set forth on **Exhibit 2** hereto.

ORDERED, that this Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation and/or interpretation of this Order.

SO ORDERED.

EXHIBIT 1

EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST AGREEMENT

ARTICLE 5

TRUSTEES

5.1 Term of Service.

(d) Each Trustee must ~~retire upon attaining the age of seventy-two (72), by~~provide written notice to each of the ~~remaining~~other Trustees and the TAC. ~~Such notice shall specify~~ specifying the date when the Trustee will attain ~~such~~ age seventy-two (72), and, where practicable, such notice shall be delivered not less than ninety (90) days prior to the Trustee's seventy-second (72nd) birthday. Upon attaining the age of seventy-two (72), a Trustee must be reelected annually by the other Trustees. Each Trustee must retire upon attaining the age of seventy-seven (77).

5.5 Compensation and Expenses of Trustees.

(a) Each of the Trustees shall receive compensation from the PI Trust for his or her services as Trustee in the amount of $~~50,000~~91,310 per annum. The Chairperson of the Trustees shall receive additional compensation from the PI Trust for his or her services as Chairperson in the amount of $~~50,000~~25,447 per annum. Each of the Trustees, except the Chairperson, shall receive additional compensation for each hour that he or she works on trust related business, other than attending Trustees' meetings, at an hourly rate determined by the Trustees. However, if a Trustee, other than the Chairperson, devotes eight hours or more to trust business within one calendar day, other than attending Trustees meetings, he or she shall receive additional compensation at a per diem rate of $~~2,000~~2,992, rather than at an hourly rate. Trustees shall not be compensated beyond the annual compensation for attending Trustees' meetings. The Trustees shall determine the scope of activities that constitute "Trustees' meetings." The hourly, per diem and per annum compensation payable to the Trustees hereunder shall be increased annually proportionately with any increase in the Consumer Price Index—All Cities (or any successor index) for the corresponding annual period. Except as provided in Section 5.10 of this Trust Agreement, any increase in excess of that amount may be made only with the approval of the Bankruptcy Court.

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EXHIBIT 2

EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST AGREEMENT

ARTICLE 5

TRUSTEES

5.1 Term of Service.

(d) Each Trustee must provide written notice to each of the other Trustees and the TAC specifying the date when the Trustee will attain age seventy-two (72), and, where practicable, such notice shall be delivered not less than ninety (90) days prior to the Trustee's seventy-second (72nd) birthday. Upon attaining the age of seventy-two (72), a Trustee must be reelected annually by the other Trustees. Each Trustee must retire upon attaining the age of seventy-seven (77).

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Submitted by:

HUGHES HUBBARD & REED LLP

By: /s/ Christopher K. Kiplok_____
Theodore V. H. Mayer
Christopher K. Kiplok
One Battery Park Plaza
New York, NY 10004

Attorneys for James J. McMonagle, Stephen A. Madva, and Laura R. Walker, as Trustees of the Eagle-Picher Industries, Inc. Personal Injury Settlement Trust

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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 Hopkins

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, Inc. Personal Injury Settlement Trust.

2. On April 26, 2017, I served copies of the Notice of Hearing and Application for Order Approving Annual Report and Account of the Trustees of the Eagle-Picher Industries, Inc. Personal Injury Settlement Trust for the Year Ending December 31, 2016 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 26, 2017

/s/ Christopher K. Kiplok
Christopher K. Kiplok

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