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

In Re:	Consolidated Case No. 1-91-10100
EAGLE-PICHER INDUSTRIES, INC., *et al.*,	Chapter 11
Debtors.	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, 2021

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 compliance 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 (the "Order").

Section 3.2(c) of the Trust Agreement provides:

> (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

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> 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:
>
> 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, reads, in pertinent part:
>
> (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 during the year-ended December 31, 2021, 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

The Trust again begins its Report with an update regarding the Trustees' management of the Trust in the face of the COVID-19 pandemic. As reported last year, the Trustees and Trust management responded to the pandemic by implementing procedures as necessary and appropriate to enable the Trust and the Claims Processing Facility, Inc. ("CPF") to continue to process claims in due course. Certain of those procedures, such as remote meetings and electronic claim filing, have proven beneficial to the Trust and claimants, and likely will continue to some degree even as the pandemic recedes. The Trustees continue to monitor the pandemic, as well as more recent economic and geopolitical events, for potential impact on actuarial projections of future claims and assets that may impact the Trust's payment percentage or operations.

Under this Court's supervision, the Trust has processed more than 691,000 claims over the past twenty-five years. In 2021, through the Trust's ownership of the CPF, the Trust (i) received a total of 4,951 asbestos-disease claims; (ii) processed to allowance or disallowance a total of 5,034 initial asbestos-disease claims; (iii) processed 3,178 disallowance responses; and (iv) made payments to asbestos victims or their survivors totaling approximately $19.6 million. From inception through December 31, 2021, the Trust distributed more than $884 million to victims of asbestos disease or their survivors.

Throughout 2021, the Trustees continued to implement their strategy to manage the investment of Trust funds on a sound basis while sustaining the cash flow necessary to pay

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allowed claims without delay. The Trustees, the Trust's Executive Director, and the Trust's investment advisor held four regular quarterly conference calls with the Trust's three investment managers, and also held virtual client visits and strategy sessions, to monitor the management of the portfolio. At year-end, the Trust's net assets were valued at approximately $295 million. The Trustees plan to meet in person with the financial advisor and all investment managers in June 2022.

Together, the Trust's current assets and past distributions total nearly $1.2 billion, from an initial Trust corpus of approximately $730 million. This achievement is a testament to the Trust's governing documents, the Trustees' sound management, and this Court's ongoing oversight.

I. Meetings of the Trustees

During 2021, the Trustees held four regular meetings, one Committee meeting and one investment managers meeting. All six meeting were held virtually. The Trust's Executive Director, the Trustees' Advisory Committee, and the Trust's investment advisor participated in all of the regular meetings. In addition, the Audit Committee held a separate virtual meeting and Cambridge & Associates hosted a virtual meeting with all three investment managers. The CPF's IT Steering Committee held three separate virtual meetings, which Trustee Madva attended as a representative of the Board and Trust.

II. Trust Administration

The Trustees continued to retain BKM Sowan Horan, LLP as auditors for the Trust and CPF. BKM Sowan Horan has significant experience auditing section 524(g) trusts, asbestos trust financial statements, asbestos personal injury claims, and IT security controls. The Trustees continued to retain Deloitte Tax LLP as tax consultant and Marsh USA as insurance

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broker. Throughout 2021, Melanie K. Impastato continued 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 and spent time individually on numerous 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 monitoring developments with respect to litigation and bankruptcies of asbestos companies potentially affecting the Trust, and to communicating with the Trust's investment advisor, investment managers, and counsel.
- Mr. Madva worked with the Trust's Executive Director and CPF staff on the Trust's and CPF's insurance programs and the CPF's IT Steering Committee to help guide the vison, policy, security and budget for IT development for the Trust and CPF.
- Ms. Walker continued as Chair of the Audit Committee.

During the reporting period, on March 3, 2021, this Court granted the motion of Trustees Walker and Madva for an order for leave to extend the Trusteeship of Trustee McMonagle for up to one year beyond his mandatory retirement date. As noted in the Trustees' motion, the extension benefited the Trust and Trust beneficiaries in light of Mr. McMonagle's historical knowledge and experience. The extension also allowed time for the Trustees to engage in a proper search notwithstanding the COVID-19 pandemic. The Trustees embarked on a search for a successor to Mr. McMonagle and have made significant progress in that regard. The Trustees first identified key attributes of a suitable successor and then, in consultation with Trust management, the TAC, and the Trust's professionals, identified potential candidates who displayed those attributes. The Trustees are finalizing their selection and hope to be able to name a successor at the hearing on the application for approval of this Report, and certainly well in advance of Mr. McMonagle's extended mandatory retirement date, which is October 1, 2022.

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As reported last year, in February 2021, the Trust instituted a $100 claim processing fee to be paid by all claimants except *pro se* claimants. The Trust fully refunds the claim processing fee to holders of valid claims. The Trust's governing documents provide broad discretion to the Trustees in this regard, and this Court's intervention was not necessary for the Trust to implement the processing fee. The Trustees are monitoring claim filing trends since the Trust instituted the processing fee. The continuing effects of the COVID-19 pandemic and other issues make it difficult to isolate the effect of the processing fee, including whether the processing fee may be contributing to a reduction in the filing of claims that the Trust would have initially disallowed.

The Trust continued to monitor developments in the progress of several asbestos-related litigations, including some bankruptcies that resulted in, or are expected to result in, the creation of new section 524(g) trusts.[1] The Trust also continued to monitor proposed legislation related to asbestos personal injury litigation and trusts established under section 524(g).

The Trustees and Trust management are following these litigation and legislative developments 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 potential legislative changes, the Trust responded to approximately 48 third-party subpoenas in 2021. The subpoenas largely sought claims filing information and were primarily issued by asbestos defendants. In most instances, the Trust responded to a properly issued subpoena by providing, after giving notice to the claimant, a copy of a claimant's claim form.

1. Current asbestos-related bankruptcies include *In re Bestwall LLC*, No. 17-31795 (Bankr. W.D.N.C.); *In re Paddock Enters., LLC*, No. 20-10028 (Bankr. D. Del.); *In re Aldrich Pump LLC*, No. 20-30608 (Bankr. W.D.N.C.); *In re Imerys Talc America, Inc.*, No. 19-10289 (Bankr. D. Del.); *In re Cyprus Mines Corp.*, No. 21-10398 (Bankr. D. Del.); *In re DBMP LLC*, No. 20-30080 (Bankr. W.D.N.C.); and *In re LTL Mgmt. LLC*, No. 21-30589 (Bankr. D. N.J.).

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.

As noted in last year's annual report, in early 2020, the Trust received non-party subpoenas issued in connection with litigation pending in the District Court for the Eastern District of Wisconsin seeking information concerning the Debtors' manufacturing of white lead carbonate pigment, and, after subsequent motion practice, including before this Court, and discussions with opposing counsel, the Trust produced certain documents related to the Debtors' manufacturing of white lead carbonate pigment and fulfilled its obligations in responding to the subpoenas. During the reporting period, the Seventh Circuit Court of Appeals issued an opinion that significantly limited the lead plaintiffs' viable causes of action. Subsequent to the reporting period, the Wisconsin District Court granted the defendants' motions for summary judgment and dismissed the claims of all of the remaining lead plaintiffs. Should that decision stand, there will be no state in which holders of Lead Personal Injury Claims, as defined in the Trust Agreement, have obtained a final, nonappealable liability judgment against a lead pigment manufacturer. Therefore, it remains very unlikely that the Trustees will be required to estimate the Trust's possible liability for, or decide whether to reserve funds or otherwise maintain resources for the payment of, Lead Personal Injury Claims.

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 Trust's invested assets 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 interests in securities of approximately 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 2021 was 8% short-term bonds, 48% intermediate-term bonds, and 44% 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, 2021 was as follows:

Short-Term Bonds	**8%**
Intermediate-Term Bonds	**46%**
Equities:	**46%**
Russell 1000 Index portfolio	26%
S&P ADR Index portfolio	20%

To provide sufficient cash to meet the needs of the Trust while minimizing the frequency and tax consequences associated with portfolio rebalancing, the Trust, at the

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recommendation of its investment advisor, maintains a cash equivalents portfolio consisting of very short-term bonds. This portfolio was valued at $22.4 million as of December 31, 2021 and will be replenished from time to time as needed.

The Trust continued to retain as investment managers J.P. Morgan Asset Management Inc. to manage the short-term bond portfolio, Insight Investments (formerly BNY Mellon/Standish) to manage the total-return bond portfolio, and The Northern Trust Company to manage the Trust's equity investments. 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 telephone conferences with all of the investment managers, Trust management conferred regularly with Cambridge Associates, LLC and the Trustees had a virtual meeting with all three investment managers.

B. Investment Performance

Investment returns over the past three years were as follows:

	2021	2020	2019
Short-term bond portfolio	0.2%	1.5%	2.7%
Intermediate-term bond portfolio	(2.7%)	4.8%	6.9%
Equity:			
Russell 1000 Index portfolio	27.4%	20.8%	31.2%
S&P ADR Index portfolio	16.3%	2.6%	20.2%
Total Return	**8.4%**	**8.1%**	**14.4%**

Both the short-term and intermediate-term bond portfolios are almost entirely invested in tax-exempt bonds, meaning that the investment returns for those portfolios are after-tax returns. The equity portfolios managed by The Northern Trust Company replicate indices, and the 2021 returns of the portfolios closely tracked the 2021 returns of those indices, which were 26.5% for the Russell 1000 Index and 15.7% for the S&P ADR Index.

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IV. Claims Processing

A. Claim Filing Options

Trust claimants have the option to file either a Discounted Cash Payment ("DCP") claim or an Individualized Review ("IR") claim. The DCP is designed, in part, for claimants whom the Trust can easily determine have a valid non-malignant injury claim and who wish to receive an initial fixed payment, which is subject to a limited release and allows the claimant to retain the right to receive an additional payment if the claimant is subsequently diagnosed with an asbestos-related malignancy. The DCP option is also available for malignant claims using a fixed payment schedule. The DCP payment schedule allows for one-time payments as follows:

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

IR claims 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 IR claim option will generally result in a higher payment for malignancies than the DCP option.

B. Claims Processing Results

The CPF, on behalf of the Trust, received a total of 4,951 individual asbestos personal injury claims in 2021, of which 2,228 sought DCP and 2,723 sought IR. Claims filed or received over the past three years were as follows:

	2021	2020	2019
Total claims received	**4,951**	**7,213**	**9,923**
Discounted Cash Payment	2,228	2,679	4,275
Individualized Review	2,723	4,534	5,648

There likely are several reasons for the reduction in claim filings, some of which may be temporary, while others may portend a permanent decrease in claims. One permanent factor is the natural evolution of the actuarial curve and the fact that potential claimants are aging. The Trust's actuarial models factor this into their analyses. Temporary factors include the fact that, during the reporting period, the COVID-19 pandemic likely continued to hinder the ability of the claimants' bar to identify claimants and likely continued to hinder the ability of the medical community to diagnose disease. Given that there is a significant overlap between potential claimants and those most at risk of serious disease from COVID-19, the pandemic may also have permanently reduced the population of potential claimants before any asbestos disease manifested. The claimants' bar also may have permanently or temporarily shifted its focus to litigation in connection with potential new asbestos trusts or other mass-tort litigation, such as opioid and talc cases. Finally, in the nine months following the Trust's institution of the processing fee, claim filings significantly decreased, in particular claims for nonmalignant disease, which decreased by more than 47% from 2020. As noted above, the Trust is continuing to assess the impact that the processing fee may be having on the filing of claims, including the decrease in the number of disallowed claims discussed below.

The ratio of non-malignant to malignant claims filings was approximately 1.13 to 1 in 2021, compared to the ratio of 1.07 to 1 in 2020, 1.55 to 1 in 2019, and 4.45 to 1 from inception through December 31, 2021. Approximately 81% of all dollars paid in 2021 went to claimants with malignant diseases.

During 2021, the CPF processed a total of 5,034 claims to allowance or initial disallowance. There were 676 claims that remained unprocessed at year end. The Trust paid approximately $19.6 million in 2021 to asbestos victims in settlement of their claims.

As of December 31, 2021, the CPF, on behalf of the Trust, had received a total of 693,847 individual asbestos personal injury claims since inception. Of the 693,847 claims, the CPF had processed to allowance or initial or final disallowance 691,798 claims, in addition to 1,373 Trust-processed prepetition settled claims. To date, the Trust has paid a total of approximately $884 million on allowed claims.

During 2021, the Trust also processed approximately 3,178 disallowance responses. The initial disallowance rate in 2021 was 48.5%. The initial disallowance rate for claims filed after the Trust instituted the processing fee in February 2021 was 36.1%. (The initial disallowance rate in 2020 was 62%.)

The principal reason for initial disallowances continues to be that proofs of exposure to Eagle-Picher asbestos-containing products do not comply with the requirements of the Trust's Claims Resolution Procedures. Since the Trust's inception, the historical initial disallowance rate is 54%, and the cure rate for disallowances is approximately 32%.

1. Discounted Cash Payment Claims

During 2021, the CPF, on behalf of the Trust, received 2,228 DCP claims and processed 1,312 of those claims to allowance or initial disallowance. Upon initial review, the CPF allowed approximately 58% of DCP claims and initially disallowed approximately 42%. Claimants have one year following initial disallowance to correct any deficiency in their claim. During 2021, the Trust paid a total of approximately $1 million on allowed DCP claims, bringing the total that the Trust has paid to claimants on DCP claims over its lifetime to $127.9 million.

2. Individualized Review Claims

During 2021, the CPF, on behalf of the Trust, received 2,723 IR claims and processed 3,722 IR claims to allowance or initial disallowance. Upon initial review, the CPF allowed approximately 66% of IR claims and initially disallowed approximately 34%. As noted above, claimants have one year following initial disallowance to correct any deficiency in their claim. During 2021, the Trust paid a total of $18.6 million on allowed IR claims, bringing the total that the Trust has paid to claimants on IR claims over its lifetime to $752 million.

C. Alternative Dispute Resolution

Two claims entered Alternative Dispute Resolution ("ADR") in the fourth quarter of 2021. Those claims were pending as of December 31, 2021.

D. The CPF

The Trustees continued to serve as the three directors of the CPF. 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 received 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 Bondex Trust and its subfund NMBFiL Trust. On June 1, 2021, the CPF also contracted with the Bondex Trust and its subfund, NMBFiL, to provide certain accounting, budgeting, tax planning and forecasting services that are similar, although more basic in format, to the services that the CPF provides to the EPI Trust.

The Trustees closely monitor the CPF's activities and results, including the average cost for the CPF to process claims for the trusts.

The CPF continues to actively monitor any bankruptcy filings that may result in the creation of section 524(g) trusts in order to evaluate potential new business opportunities for the CPF. However, it has been taking increasingly long for new section 524(g) trusts to emerge from the bankruptcy process, limiting the CPF's opportunities for new business. In addition, the CPF continues to face competition from other claims processing facilities.

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 2021 were 13% higher than the previous year; however, those operating expenses were approximately 8% lower than the CPF had forecasted in its budget at the beginning of the year. Approximately 68% of all operating expenses are attributable to claims processing. Claims processing expenses totaled $2.96 million in 2021, $2.17 million in 2020, and $2.57 million in 2019. The increase in claims processing expenses was driven by migrating the CPF's databases to the cloud, encrypting data at rest, and improving the CPF's disaster recovery and data loss prevention protocols for the Trust.

VI. Financial Statements

The Trust's audited financial statements for the year ended December 31, 2021 are attached as Exhibit A hereto and the CPF's audited financial statements for the year ended December 31, 2021 are attached as Exhibit B hereto.

Dated: Cleveland, Ohio
April 21, 2022

s/ James J. McMonagle

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

Exhibit A

EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST

Special-Purpose Consolidated Financial Statements
and
Report of Independent Auditors

Years Ended December 31, 2021 and 2020

EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST

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REPORT OF INDEPENDENT AUDITORS

To the Trustees of
Eagle-Picher Industries, Inc.
Personal Injury Settlement Trust

Opinion

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, 2021 and 2020, 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 (collectively the "Financial Statements").

In our opinion, the Financial Statements referred to above present fairly, in all material respects, the consolidated net assets of the Trust as of December 31, 2021 and 2020, and the related consolidated statements of operations and changes in net assets for the years then ended in conformity with the special-purpose basis of accounting described in Note 2.

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

As described in Note 2 of the Financial Statements, these Financial Statements are prepared on a special-purpose basis of accounting and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America. The special-purpose basis of accounting has been used in order to present the amount of equity presently available to current and future claimants and the changes in equity during the periods. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Financial Statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Financial Statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Trust's ability to continue as a going concern for a reasonable period of time.

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

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.

BKM Sowan Horan, LLP

Dallas, Texas
April 14, 2022

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EAGLE-PICHER INDUSTRIES, INC.

PERSONAL INJURY SETTLEMENT TRUST

Special-Purpose Consolidated Statements of Net Assets

	December 31,	
	2021	2020
ASSETS		
Cash and cash equivalents	**$ 19,512,876**	$ 13,583,169
Restricted cash	**253,050**	-
Investments	**336,255,284**	336,728,984
Investment income receivable	**2,647,541**	2,399,502
Total assets	**$ 358,668,751**	$ 352,711,655
LIABILITIES		
Settled but unpaid claims	**$ 11,554,041**	$ 12,607,230
Accounts payable and accrued expenses	**272,129**	271,569
Claims processing deposits	**253,050**	-
Due to Claims Processing Facility, Inc.	**1,137,494**	485,467
Federal income taxes payable	**4,839,722**	1,210,512
Deferred income tax liability	**45,503,273**	44,482,409
Total liabilities	**63,559,709**	59,057,187
Net assets	**295,109,042**	293,654,468
Net liabilities and net assets	**$ 358,668,751**	$ 352,711,655

See accompanying notes to special-purpose consolidated financial statements.

EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST

Special-Purpose Consolidated Statements of
Operations and Changes in Net Assets

	Years ended December 31,	
	2021	2020
Investment Income		
Tax-exempt interest income	$ **4,466,585**	$ 5,101,965
Taxable interest and dividend income	**3,387,480**	3,121,937
Net realized capital gain	**22,947,883**	8,978,309
Net unrealized capital gain	**2,759,091**	9,008,619
Total investment income	**33,561,039**	26,210,830
Operating Expenses		
General and administrative expenses	**414,403**	364,119
Claims processing and administration	**2,963,851**	2,168,537
Professional fees	**309,911**	710,996
Investment related expenses	**683,109**	662,721
Total operating expenses	**4,371,274**	3,906,373
Income before tax expense	**29,189,765**	22,304,457
Income tax expense	**(9,150,074)**	(6,189,319)
Net increase in net assets from operations	**20,039,691**	16,115,138
Claims settled	**(18,585,117)**	(20,266,450)
Net increase (decrease) in net assets	**1,454,574**	(4,151,312)
Net assets, beginning of year	**293,654,468**	297,805,780
Net assets, end of year	$ **295,109,042**	$ 293,654,468

See accompanying notes to special-purpose consolidated financial statements.

EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST

Notes to Special-Purpose Consolidated Financial Statements

Note 1 - Description of 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 ("CRP"), 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.

The Trust will terminate in accordance with Trust Agreement article 7.2.

Note 2 - Summary of Significant Accounting Policies

Basis of accounting

The Trust's special-purpose consolidated financial statements (the "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 and the differences from GAAP include the following:

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EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST

Notes to Special-Purpose Consolidated Financial Statements

Note 2 - Summary of Significant Accounting Policies – (Continued)

Basis of accounting – continued

- The Financial Statements are prepared using the accrual basis of accounting, except as otherwise described herein.

- These Financial Statements do not include a statement of cash flows.

- Future fixed liabilities and contractual obligations entered into by the Trust are recorded directly against net assets. Under GAAP, liabilities and contractual obligations are recorded only as incurred.

- 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.

- 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.

- The Trust processes claims through its wholly owned subsidiary, Claims Processing Facility, Inc. ("CPF") (see Note 7). The Trust recognizes claims processing expenses in an amount equal to net operating expenses of CPF and records a Due to CPF until reimbursement is made to the entity. GAAP would require consolidating the financial results of CPF.

Principles of Consolidation

The Financial Statements includes, the Trust, EPPIST Investment Partnership and EPPIST LLC. 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.

Restricted cash

Restricted cash represents filing fees received from claimants. Filing fees will be refunded to the claimant if the claim is accepted or retained by the Trust if the claim does not qualify for payment.

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EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST

Notes to Special-Purpose Consolidated Financial Statements

Note 2 - Summary of Significant Accounting Policies – (Continued)

Investments and related income

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. 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 consolidated statements of operations and changes in net assets.

Claims processing deposits

Claims processing deposits represent filing fees collected for each unliquidated claim, which will be refunded by the Trust if the claim is paid.

Concentrations of credit risk

Financial instruments, which potentially subject the Trust to concentrations of credit risk, consist primarily of cash and cash equivalents and investments. The Trust maintains cash and cash equivalents at financial institutions it considers to be of high credit quality. At times, the Trust may have cash deposits in banks that exceed federally insured limits. The Trust has not experienced any losses in such accounts, and it does not believe it is exposed to any significant credit risk.

The Trust's investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with investments, it is at least reasonably possible that significant changes in risks in the near term may materially affect the amounts reported in the Financial Statements. To mitigate this risk, the Trust has established a formal investment policy that provides for diversification in high quality debt and equity instruments and establishes standards to invest the Trust's assets. In addition, the Trust routinely reviews their asset allocation model as well as their portfolio performance with their investment advisors.

Use of estimates

The preparation of 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 Financial Statements, as well as the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the fair value of investments and the provision for income taxes. Actual results could differ from those estimates.

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EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST

Notes to Special-Purpose Consolidated Financial Statements

Note 2 - Summary of Significant Accounting Policies – (Continued)

Use of estimates

In early 2020, the World Health Organization declared the rapidly spreading coronavirus disease ("COVID-19") outbreak a pandemic. This pandemic has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. The Trust considered the impact of COVID-19 on the assumptions and estimates used and determined that there were no material adverse impacts on the Trust's results of operations and financial position at December 31, 2021. The Trust is not aware of any specific event or circumstance that would require an update to its estimates or judgments or a revision of the carrying value of its assets or liabilities as of the date of issuance of the Financial Statements. These estimates may change, as new events occur, and additional information is obtained.

Fair value

The Trust measures its investments at fair value, according to a hierarchy of valuation techniques. The following are the levels of the hierarchy and a brief description of the type of valuation information ("inputs") that qualifies an investment at each level:

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets.

- Level 2 - Inputs other than Level 1 that are based on observable market data. These include: quoted prices for similar assets in active markets, quoted prices for identical assets in inactive markets, inputs that are observable that are not prices (such as interest rates, credit risks, etc.) and inputs that are derived from or corroborated by observable markets.

- Level 3 - Developed from unobservable data that are not corroborated by market data.

Income taxes

The Trust is classified as a Qualified Settlement Fund pursuant to the Internal Revenue Code ("IRC") 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 Financial Statements do not include any provision or liability for state income taxes.

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EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST

Notes to Special-Purpose Consolidated Financial Statements

Note 2 - Summary of Significant Accounting Policies – (Continued)

Income taxes – continued

Income taxes are provided for the tax effects of transactions reported in the 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.

The amount of income taxes the Trust pays is subject to ongoing audits by federal authorities. The Trust's estimate of the potential outcome of any uncertain tax issues is subject to management's assessment of relevant risks, facts, and circumstances existing at that time. The Trust uses a more likely than not threshold for Financial Statement recognition and measurement of tax position taken or expected to be taken in a tax return. To the extent that the Trust's assessment of such tax position changes, the change in estimate is recorded in the period in which the determination is made. The Trust reports tax-related interest and penalties as a component of income tax expense and operating expenses, respectively.

Reclassifications

Certain reclassifications have been made to the prior period to conform with the current year presentation. These reclassifications had no effect on the previously reporting net income.

Subsequent events

The Trust has evaluated events and transactions subsequent to the date of the Financial Statements for matters requiring recognition or disclosure in the Financial Statements. The accompanying Financial Statements consider events through April 14, 2022, the date on which the Financial Statements were available to be issued.

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EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST

Notes to Special-Purpose Consolidated Financial Statements

Note 3 - Investments

The Trust had a cumulative net unrealized holding gain on investments of approximately $122,982,000 and $120,224,000 at December 31, 2021 and 2020, respectively. Investments consisted of the following as of December 31:

	2021			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Tax-exempt municipal bonds	$ 173,945,745	$ 9,184,570	$ (94,342)	$ 183,035,973
Equity securities	38,986,376	115,268,779	(1,367,846)	152,887,309
Preferred stock	22,943	18,860	-	41,803
Other	-	11	-	11
Non-government-backed collateralized mortgage obligations	318,403	-	(28,215)	290,188
	$ 213,273,467	$ 124,472,220	$ (1,490,403)	$ 336,255,284

EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST

Notes to Special-Purpose Consolidated Financial Statements

Note 3 - Investments – (Continued)

	2020			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Tax-exempt municipal bonds	$ 170,459,427	$ 12,807,307	$ (392)	$ 183,266,342
Equity securities	45,404,596	107,417,206	(86,635)	152,735,167
Preferred stock	230,184	129,194	-	359,378
Other	-	4,669	-	4,669
Non-government-backed collateralized mortgage obligations	412,047	-	(48,619)	363,428
	$ 216,506,254	$ 120,358,376	$ (135,646)	$ 336,728,984

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.

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EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST

Notes to Special-Purpose Consolidated Financial Statements

Note 3 - Investments – (Continued)

Fair value measurements recorded on a recurring basis at December 31, 2021 were as follows:

	Level 1	Level 2	Level 3	Total
Tax-exempt municipal bonds	$ -	$ 183,035,973	$ -	$ 183,035,973
Equity securities	152,887,309	-	-	152,887,309
Preferred stock	41,803	-	-	41,803
Other	-	11	-	11
Non-government-backed collateralized mortgage obligations	-	290,188	-	290,188
Total	$ 152,929,112	$ 183,326,172	$ -	$ 336,255,284

Fair value measurements recorded on a recurring basis at December 31, 2020 were as follows:

	Level 1	Level 2	Level 3	Total
Tax-exempt municipal bonds	$ -	$ 183,266,342	$ -	$ 183,266,342
Equity securities	152,735,167	-	-	152,735,167
Preferred stock	359,378	-	-	359,378
Other	-	4,669	-	4,669
Non-government-backed collateralized mortgage obligations	-	363,428	-	363,428
Total	$ 153,094,545	$ 183,634,439	$ -	$ 336,728,984

EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST

Notes to Special-Purpose Consolidated Financial Statements

Note 3 - Investments – (Continued)

Maturities of the Trust's tax-exempt municipal bonds at December 31, 2021 are as follows:

	Fair Value	Cost	Net Unrealized Gain
Due in 1 year or less	$ 17,796,126	$ 17,666,341	$ 129,785
Due after 1 year through 5 years	46,544,133	44,677,176	1,866,957
Due after 5 years through 10 years	68,149,008	63,231,488	4,917,520
Due after 10 years through 20 years	36,430,086	34,712,362	1,717,724
Due after 20 years through 30 years	14,116,620	13,658,378	458,242
Total	$ 183,035,973	$ 173,945,745	$ 9,090,228

Note 4 - Income Taxes

The Trust reports its income to the Internal Revenue Service as a designated settlement fund which is taxed at the highest rate applicable to trusts under Section 1(e) of the IRC, which was 37% as of December 31, 2021, and 2020, respectively.

The Trust's federal income tax expense is calculated as follows:

	Years Ended December 31,	
	2021	2020
Modified taxable income	**$ 21,970,838**	$ 8,164,576
Tax rate	**37%**	37%
Tax expense generated on modified taxable income	**8,129,210**	3,020,893
True up prior year estimates	**-**	(164,763)
Deferred income tax expense	**1,020,864**	3,333,189
Net federal tax expense	**$ 9,150,074**	$ 6,189,319

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EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST

Notes to Special-Purpose Consolidated Financial Statements

Note 4 - 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. The Trust has not recognized any income tax liability or expense related to the review of uncertain tax positions.

All of the Trust's deferred tax liabilities are attributable to net unrealized gains on investments at December 31, 2021 and 2020. For the year ended December 31, 2021 and 2020, the Trust made cash payments of $4,500,000 and $1,500,000, respectively for federal income taxes.

Note 5 - Liability for Toxic Personal Injury Claims

From inception through December 31, 2021 and 2020, the Trust received approximately 693,900 and 688,900 asbestos disease claims, respectively. No lead personal injury claims have been filed with the Trust. Claim payments for the years ended December 31, 2021 and 2020 were approximately $19,638,000 and $20,450,000, 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, 2015, the Trustees approved a change in the payment percentage from 28% to 33%. The most recent review of the payment percentage was performed during 2020, at which time the Trustees approved maintaining the payment percentage at 33%.

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EAGLE-PICHER INDUSTRIES, INC.
PERSONAL INJURY SETTLEMENT TRUST

Notes to Special-Purpose Consolidated Financial Statements

Note 5 - Liability for Toxic Personal Injury Claims – (Continued)

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.

Note 6 - 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. For the years ended December 31, 2021 and 2020, the Trust incurred Trustee and TAC fees of approximately $355,000 and $352,000, respectively. The Trust also maintains liability insurance for Trustees and Officers.

Note 7 - Claims Processing Facility, Inc. ("CPF")

The Trust is the sole corporate owner of 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, 2021 and 2020, claims administration and processing expenses incurred at CPF was approximately $2,964,000 and $2,169,000, respectively. The related cash payments made to CPF for the years ended December 31, 2021 and 2020 amounted to approximately $2,312,000 and $1,995,000, respectively.

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SUPPLEMENTAL INFORMATION

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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTAL INFORMATION

To the Trustees of
Eagle-Picher Industries, Inc.
Personal Injury Settlement Trust:

We have audited the special-purpose consolidated financial statements (the "Financial Statements") of the Eagle-Picher Industries, Inc. Personal Injury Settlement Trust (the "Trust") as of and for the years ended December 31, 2021 and 2020, and our report thereon dated April 14, 2022, which expressed an unmodified opinion on the Financial Statements, appears on pages one through three. Our audits were conducted for the purpose of forming an opinion on the Financial Statements as a whole. The Supplemental Schedules of General and Administrative Expenses and Due to Claims Processing Facility, Inc. are presented for purposes of additional analysis and are not a required part of the 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 Financial Statements. The information has been subjected to the auditing procedures applied in the audit of the Financial Statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Financial Statements or to the 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 Financial Statements as a whole.

BKM Sowan Horan, LLP

Dallas, Texas
April 14, 2022

EAGLE-PICHER INDUSTRIES, INC.

PERSONAL INJURY SETTLEMENT TRUST

Schedules of General and Administrative Expenses

	Years ended December 31,	
	2021	2020
Trustee and TAC fees	**$ 354,580**	$ 351,722
Insurance	**55,612**	9,555
Other general and administrative	**4,211**	2,842
Total General and Adminstrative Expenses	**$ 414,403**	$ 364,119

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EAGLE-PICHER INDUSTRIES, INC.

PERSONAL INJURY SETTLEMENT TRUST

Schedules of Due to Claims Processing Facility, Inc. (CPF)

	Years ended December 31,	
	2021	2020
Beginning of year	**$ 485,467**	$ 311,799
Cash payments to CPF	**(2,311,824)**	(1,994,869)
CPF net operating expenses	**2,963,851**	2,168,537
End of year	**$ 1,137,494**	$ 485,467

Exhibit B

CLAIMS PROCESSING FACILITY, INC.

Financial Statements
(Income Tax Basis)
with
Report of Independent Auditors

Years Ended December 31, 2021 and 2020

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CLAIMS PROCESSING FACILITY, INC.

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
Claims Processing Facility, Inc.

Opinion

We have audited the accompanying financial statements (income tax basis) of Claims Processing Facility, Inc. (the "Company"), which comprise the statements of financial condition (income tax basis) as of December 31, 2021 and 2020, and the related statements of operations and changes in retained earnings (income tax basis), and cash flows (income tax basis) for the years then ended, and the related notes to the financial statements (collectively, the "Financial Statements").

In our opinion, the Financial Statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of operations and its cash flows for the years then ended in accordance with the basis of accounting the Company uses for income tax purposes as described in Note 2.

Basis for Opinion

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

Basis of Accounting

We draw attention to Note 2 of the Financial Statements, which describes the basis of accounting. The Financial Statements are prepared on the basis of accounting the Company 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with the income tax basis of accounting described in Note 2; and for determining that the income tax basis is an acceptable basis for the preparation of the Financial Statements in these 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 fraud or error.

Auditor's Responsibility for the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Financial Statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Restriction on Use

This report is intended solely for the use of management of the Company, the Directors, the 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.

BKM Sowan Horan, LLP

Dallas, Texas
April 14, 2022

CLAIMS PROCESSING FACILITY, INC.

Statements of Financial Position
(Income Tax Basis)

	December 31,	
	2021	2020
ASSETS		
Cash and cash equivalents	**$ 176,224**	$ 475,379
Accounts receivable	**109,487**	47,610
Due from Eagle-Picher Industries, Inc.		
Personal Injury Settlement Trust (Note 3)	**1,137,494**	485,467
Prepaid expenses	**118,818**	119,099
Fixed assets at cost, less accumulated depreciation	**13,034**	28,554
	$ 1,555,057	$ 1,156,109
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued expenses	**$ 106,161**	$ 79,701
Stockholders' equity		
Common stock, $0.01 par value per share; 300 shares		
authorized, 150 shares issued and outstanding	**2**	2
Additional paid-in capital	**1,076,406**	1,076,406
Retained earnings	**372,488**	-
Total stockholders' equity	**1,448,896**	1,076,408
	$ 1,555,057	$ 1,156,109

See accompanying notes to the financial statements.

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CLAIMS PROCESSING FACILITY, INC.

Statements of Operations and Changes in Retained Earnings
(Income Tax Basis)

	Years Ended December 31,	
	2021	2020
Revenues		
Claims processing revenue	$ **3,424,841**	$ 3,314,342
Expenses		
Salaries and related items	**2,490,790**	2,491,081
Depreciation	**11,349**	24,861
General and administrative	**395,152**	282,834
Leases	**363,048**	343,305
Professional fees	**104,469**	116,845
Insurance	**59,855**	53,699
Total operating expenses	**3,424,663**	3,312,625
Operating income	**178**	1,717
Other income:		
Gain on forgiveness of PPP loan	**372,488**	-
Income before tax expense	**372,666**	1,717
Tax expense	**178**	1,717
Net income	**372,488**	-
Retained earnings, beginning of year	-	-
Retained earnings, end of year	$ **372,488**	$ -

See accompanying notes to the financial statements.

CLAIMS PROCESSING FACILITY, INC.

Statements of Cash Flows
(Income Tax Basis)

	Years Ended December 31,	
	2021	2020
Cash flows from operating activities:		
Net income	**$ 372,488**	$ -
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation expense	**11,349**	24,861
Gain on forgiveness of PPP loan	**(372,488)**	-
Loss on disposal of fixed assets	**4,171**	-
Changes in operating assets and liabilities:		
Accounts receivable	**(61,877)**	70,915
Prepaid expenses	**281**	7,721
Accrued expenses	**26,460**	18,470
Due from Eagle-Picher Industries, Inc. Personal Injury Settlement Trust	**(652,027)**	(173,668)
Net cash used in operating activities	**(671,643)**	(51,701)
Cash flows from financing activities:		
Proceeds from PPP loan	**372,488**	-
Net decrease in cash	**(299,155)**	(51,701)
Cash and cash equivalents, beginning of year	**475,379**	527,080
Cash and cash equivalents, end of year	**$ 176,224**	$ 475,379
Supplemental cash flow information:		
Cash paid for income taxes	**$ -**	$ -

See accompanying notes to the financial statements.

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CLAIMS PROCESSING FACILITY, INC.

Notes to Financial Statements

Note 1 - Description of the Company

Claims Processing Facility, Inc. ("CPF" or the "Company") 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 through December 31, 2025. 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.

Note 2 - Summary of Significant Accounting Policies

Basis of presentation

CPF's Financial Statements have been prepared on the basis of accounting used for federal income tax reporting under the Internal Revenue Code ("IRC"). This method was adopted to better reflect the underlying economics of the organization, which is to provide at-cost claims processing services for EPI. These practices differ in some respects from accounting principles generally accepted in the United States of America ("GAAP"). Such differences include: (1) collection losses on accounts receivable generally are not recognized until they are realized, (2) the methods and lives used for computing depreciation for fixed assets, (3) rent expense is not recognized on a straight-line basis, (4) consolidation accounting and variable interest entities, and (5) accounting for deferred income taxes as well as uncertain tax positions. Accordingly, the accompanying financial statements are not intended to present financial information and results of operations in accordance with GAAP.

Cash and cash equivalents

Cash and cash equivalents consists of cash and money market funds with maturities of three months or less. The Company had no cash equivalents or money market funds on hand as of December 31, 2021 and 2020. CPF maintains its cash and cash equivalents at one financial institution that is insured by the Federal Deposit Insurance Company up to $250,000. At times during the year, cash balances may exceed this limit. CPF has not experienced any credit losses in such accounts and does not believe they are exposed to any significant risk of loss.

Accounts receivable

Accounts receivable are reported at the amount outstanding for services rendered to trust clients. Charges to earnings for uncollectible balances are recognized when management has exhausted reasonable collection efforts. CPF believes that all accounts receivable will be fully collected. Accordingly, no allowance for doubtful accounts is required.

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CLAIMS PROCESSING FACILITY, INC.

Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies – (Continued)

Due from EPI

Due from EPI consists of amounts not yet reimbursed to CPF for net operating expenses.

Fixed assets

Depreciation on the majority of the fixed assets is provided under the Accelerated Cost Recovery System ("ACRS") and Modified ACRS ("MACRS") as amended in the IRC. These methods depreciate using the double-declining balance or straight-line methods over the estimated useful lives. The life of these assets can range from three to thirty-nine years.

Under ACRS and MACRS, the recovery period may be longer or shorter than that which would be utilized if the economic useful life, as determined under GAAP, was applied in the computation of the annual depreciation charge to operations. Repairs and maintenance costs are charged to expense when incurred.

Materials and supplies are expensed in the year they are first used. Repairs and maintenance costs are charged to expense when incurred applying the de minimis safe harbor capitalization policy and routine maintenance rules based on the applicable unit of property to maintain property in ordinary efficient operating condition.

Revenue recognition

Claims processing revenue is recognized as services are rendered which are based on the contractual terms of the claims processing contracts. In addition, CPF also recognizes revenue for certain services such as trust client onboarding as these services are rendered.

Income taxes

Income taxes are recorded by CPF in accordance with federal and state income tax regulations applicable to a C-corporation. The Company's taxable income (loss) is subject to examination by federal and state taxing authorities. The Company reports tax-related interest and penalties as a component of general and administrative expenses on the statement of operations. There were no penalties or interest during the years ended December 31, 2021 and 2020.

Subsequent events

The Company evaluates events and transactions occurring subsequent to the date of the Financial Statements for matters requiring recognition or disclosure in the Financial Statements. The accompanying Financial Statements consider events through April 14, 2022, the date on which the Financial Statements were available to be issued.

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CLAIMS PROCESSING FACILITY, INC.

Notes to Financial Statements

Note 3 - Due From EPI

Due from EPI consisted of the following:

	December 31,	
	2021	2020
Beginning of year	**$ 485,467**	$ 311,799
Cash reimbursements from EPI	**(2,311,824)**	(1,994,869)
CPF net operating expenses	**2,963,851**	2,168,537
End of year	**$ 1,137,494**	$ 485,467

Note 4 - Prepaid Expenses

Prepaid expenses consisted of the following:

	December 31,	
	2021	2020
Insurance	$ **48,986**	$ 50,471
Lease expense	**44,124**	43,736
Supplies and other	**25,708**	24,892
	$ 118,818	$ 119,099

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CLAIMS PROCESSING FACILITY, INC.

Notes to Financial Statements

Note 5 - Fixed Assets

Fixed assets, net consisted of the following:

	December, 31	
	2021	2020
Data processing equipment	**$ 176,999**	$ 265,283
Data processing software	**972,480**	972,480
Office furniture and machines	**379,322**	417,191
Leasehold improvements and other	**674**	7,683
	1,529,475	1,662,637
Less accumulated depreciation	**(1,516,441)**	(1,634,083)
	$ 13,034	$ 28,554

For the years ended December 31, 2021 and 2020, depreciation expense on fixed assets was approximately $12,000 and $25,000, respectively.

Note 6 - Income Taxes

In 2021 and 2020, CPF recorded the following current income taxes, which are all included in tax expense in the accompanying statements of operations:

	December 31,	
	2021	2020
Federal income tax	**$ 18**	$ 397
State income tax	**160**	1,320
	$ 178	$ 1,717

Federal income taxes differ from the statutory rate related to certain nondeductible meal expenses and forgiveness of PPP loan.

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CLAIMS PROCESSING FACILITY, INC.

Notes to Financial Statements

Note 7 - 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 approximately $153,000 for the year 2021 and $156,000 for the year 2020 which is included in salaries and related items in the accompanying statements of operations and changes in retained earnings; and (2) discretionary matching contributions based on a percentage of the participants' deferral amount, which amounted to approximately $36,000 for the year 2021 and $33,000 for the year 2020 which is included in accounts payable and accrued expenses in the accompanying statements of financial position. The CPF Retirement Savings Plan permits all eligible employees to defer up to 100% 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.

Note 8 - Lease Commitments

CPF rents office space under a noncancelable lease agreement which expired on December 31, 2018. The lease was amended effective October 1, 2017, extending the expiration date to May 31, 2024. The amendment included a free rent provision covering the first six 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, 2021, are as follows:

Years Ending December 31,		Amount
2022	$	216,378
2023		223,531
2024		95,373
	$	535,282

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CLAIMS PROCESSING FACILITY, INC.

Notes to Financial Statements

Note 9 - Paycheck Protection Loan

In response to the COVID-19 outbreak, the CARES Act was signed into law on March 27, 2020, and was intended to provide economic relief to those impacted by the COVID-19 pandemic. Among other things, the CARES Act provided measures to enhance business' liquidity through the U.S. Small Business Administration ("SBA") Paycheck Protection Program ("PPP") Loans.

In March 2021, the Company received a SBA PPP Loan in an aggregate principal amount of approximately $372,500. The PPP Loan was evidenced by an unsecured promissory note payable to The Northern Trust Compay. The Company fully utilized the PPP Loan to cover payroll and benefits costs in accordance with the relevant terms and conditions of the CARES Act. The Company was notified of full forgiveness for the PPP Loan on October 25, 2021. The forgiveness of the PPP Loan is recognized as gain on forgiveness of PPP loan in the Financial Statements.

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

In Re:	Consolidated Case No. 1-91-10100
EAGLE-PICHER INDUSTRIES, INC., *et al.*,	Chapter 11
Debtors.	Hon. Jeffrey P. Hopkins, U.S.B.J.

CERTIFICATE OF SERVICE

I, Carl W. Mills, hereby certify:

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

2. On April 21, 2022, I served copies of the Notice of Hearing, the Annual Report and Account of the Trustees of the Eagle-Picher Industries, Inc. Personal Injury Settlement Trust for the Year Ending December 31, 2021, the 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, 2021, and all attachments thereto, on the persons listed on the following service list by causing to be mailed a true copy thereof, securely enclosed in a post-paid, properly addressed wrapper, in the mail box under the exclusive care and custody of the United States Postal Service at Bowling Green Station, New York, New York.

Dated: New York, New York
April 21, 2022

s/ Carl W. Mills
Carl W. Mills

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