

**EAGLE-PICHER PERSONAL  
INJURY SETTLEMENT TRUST**

William B. Nurre  
Executive Director

October 15, 2004

Dear Claimants' Counsel:

The Trustees have approved, effective October 1, 2004, an increase in the payment percentage from 15.5% to 19.8%.

As you know, the Trustees are required to reconsider the payment percentage at least every two years, but are permitted to reset it more frequently where necessary to comply with the requirement of treating present and future claimants as equitably as reasonably possible. The Trustees reset the payment percentage to 15.5% in November 2001. The Trustees retained outside consultants to do a full updated study in 2002 and concluded, based on their consultants' advice, that no change in the percentage was appropriate at that time. The Trustees considered the issue again in 2003, and received advice from their consultants that the situation appeared to be sufficiently stable that it was appropriate to wait until 2004 for another full-fledged analysis.

As always, the decision is based on the evaluation of updated information regarding claim filing trends, settlement values, asset performance, processing costs and other factors that determine what fraction of Eagle-Pioher settlement value of each allowable claim the Trust can afford to pay. In addition, as always, the Trustees relied on advice from their actuarial and financial experts, who have a long history of working with trusts similar to ours, as well as on the advice and consent of our Trustees Advisory Committee.

The increase in the payment percentage is primarily the result of a better-than-expected asset position due to the performance of Trust investments and to a lower-than-projected rate of filings of claims valid under the Trust's Procedures.

As you know, even with continued good management of Trust assets, the Trust will never be able to pay more than a percentage of the fair value of individual claimants' claims. We are pleased that the payment percentage has increased, but there is no guarantee that the new level can be maintained, since much depends on the economy and on the future rate of filings of valid claims.

Should you have any questions, please contact John Schroeder or me at the Claims Processing Facility, (630) 892-5757.

Sincerely,



William B. Nurre  
Executive Director, EPI Trust

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**GENERAL AND  
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