
**EAGLE-PICHER PERSONAL
INJURY SETTLEMENT TRUST**

William B. Nurre
Executive Director

December 31, 2007

Dear Claimants' Counsel:

The Trustees have approved, effective December 31, 2007, an increase in the payment percentage from 36.1% to 38.0%.

As you know, the Trustees are required to reconsider the payment percentage at least every two years, but are permitted to reconsider 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 36.1% in October 2006. Upon the recommendation of Trust management and financial and actuarial experts, the Trustees engaged consultants to conduct another actuarial study this fall.

The decision to raise the payment percentage 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-Picher settlement value of each allowable claim the Trust can afford to pay. 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 ("TAC").

In addition to the increase in the payment percentage, as part of Trust management's ongoing process of monitoring developments in the tort system and adjusting Individualized Review Claim ("IRC") settlement values, the Trustees have accepted a recommendation from Trust management to increase the relative average IRC valuation of mesothelioma and lung cancer injury claims starting with claims filed in 2008. As with consideration of the payment percentage, the Trustees and Trust management relied on advice from actuarial and financial experts in connection with this recommendation, as well as on advice and consent from our TAC. With this increase, Trust management expects that IRC values will generally be greater than Discounted Cash Payment ("DCP") values for valid mesothelioma and lung cancer injury claims. As you know, the filing requirements for IRC and DCP claims are equivalent. Moreover, at present there is generally no difference between IRC and DCP claims in terms of the length of time necessary to process a claim. Claimants may continue to elect either the IRC or DCP option at their discretion.

Even with continued sound management of Trust assets, the Trust will never be able to pay more than a percentage of the fair value of individual valid claims. We are pleased that the payment percentage and certain relative values have increased, but there is no guarantee that the new levels can be maintained, since much depends on the economy, future rate of filings of valid claims, and developments in the tort system.

Should you have any question, please contact Melanie Impastato (630-281-6522) or Teena Mandele (630-281-6501) at the Claims Processing Facility.

Sincerely,



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ADMINISTRATIVE OFFICE:**
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BOARD OF TRUSTEES:
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