

June 5, 2008

United Industrial Corporation
124 Industry Lane
Hunt Valley, MD 21030

Dear Sir or Madam:

Sometime in the next few weeks, the Project On Government Oversight (POGO) will update its Federal Contractor Misconduct Database (<http://www.contractormisconduct.org/>), a compilation of information from public resources regarding government contractors, including United Industrial Corporation. I have enclosed the findings relevant to your company, and I am seeking verification of this data.

Any response would be greatly appreciated, as the accuracy of this information is in the best interest of all parties. Out of fairness to United Industrial Corporation, please be assured that any response received by POGO will be posted on the website along with the data.

The biggest change we will be making to the database is the inclusion of more federal contractors (the top 100). We are also adding new instances that we have found in recent months and updating instances already in the database with new information. Please note that the database also includes pending instances, but these are kept separate from resolved instances and are not included in the totals.

If you have any questions, I can be reached at (202) 347-1122. Thank you for your time and consideration.

Sincerely,

Neil Gordon
Investigator

Enclosure

Instances

1. Asbestos Litigation

Date: 03/16/2007 (Date of 10-K)

Misconduct Type: Health

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: Unknown

Disposition: Settlement

Synopsis: United Industrial and its former subsidiary, Detroit Stoker Co., have been named as defendants in asbestos-related personal injury lawsuits arising out of commercial stoker products manufactured by the companies which contained asbestos produced or provided by third parties. United Industrial recorded an undiscounted liability for its best estimate of asbestos-related matters in the amount of approximately \$31.5 million (as of December 2005), including damages and defense costs.