Docket #3269 Date Filed: 08/03/2026

**UNITED STATES BANKRUPTCY COURT**
**WESTERN DISTRICT OF NORTH CAROLINA**
**CHARLOTTE DIVISION**

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| In re | Chapter 11 |
| ALDRICH PUMP LLC, *et al.*, | Case No. 20-30608 (LMJ) |
| Debtors. | (Jointly Administered) |

**THE FUTURE ASBESTOS CLAIMANTS' REPRESENTATIVE'S PHASE I PRE-TRIAL BRIEF**



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Joseph W. Grier, III, the representative for future asbestos claimants in the above-captioned cases (the "FCR"), hereby files this pre-trial brief.

## I. PRELIMINARY STATEMENT

The Court will soon hear Phase I testimony from the parties' experts on the extent of the Debtors' mesothelioma liabilities: Mr. McKnight for the FCR, Dr. Mullin for the Debtors, and Dr. Sackett for the ACC. The testimony will show that Mr. McKnight and Dr. Mullin are each qualified mass tort forecasting experts, and that their tort system estimates are both reliable and reasonable. Conversely, the testimony will show that Dr. Sackett lacks the qualifications to be an objective, independent expert, and that he otherwise improperly inflated his estimate wherever he could, mistakenly understanding that it was to be used for advocacy in a mediation, not reliable expert trial testimony. Accordingly, the Court must reject Dr. Sackett's testimony and instead may rely on Mr. McKnight and Dr. Mullin, who use different modeling techniques but derive similar total numbers. Indeed, when both Mr. McKnight and Dr. Mullin adjust for Dr. Sackett's multiple inflating errors, all three parties' estimates are close despite each adopting different incremental steps in their calculations. This is not surprising in that they used the same claims data and, ultimately, very similar disease forecasts. The Court's Phase I estimation ruling will inform appropriate funding for a full-pay asbestos trust. If the court-appointed class fiduciaries' actions are aligned with their duties to protect collective class interests, that ruling will put these cases on a path for prompt, fair, full compensation for all valid asbestos claimants, current and future.

## II. FACTUAL BACKGROUND

### A. The Parties

#### 1. The Debtors

The debtors in these chapter 11 cases are Aldrich Pump LLC ("Aldrich") and Murray Boiler LLC ("Murray," and together with Aldrich, the "Debtors").[1] The Debtors are subsidiaries of Trane Technologies plc ("Trane"), a publicly traded global manufacturer of climate equipment.[2] Trane is very solvent. As of July 2026, Trane had a market capitalization of nearly $100 billion.[3] The Debtors made industrial equipment that, until the 1980s, incorporated certain asbestos-containing components.[4] The Debtors filed these chapter 11 cases on June 18, 2020 (the "Petition Date") to fairly address their asbestos liabilities.[5]

#### 2. The Future Claimants' Representative

Joseph W. Grier, III was appointed by this Court as the legal representative for future asbestos claimants (the "FCR").[6] The FCR serves in the same role in "the case that must not be named"—*Garlock*[7]—which concerns similar asbestos products and established a $480 million trust that pays claims in full.[8] The Court has charged the FCR with protecting the collective interests of the class of future asbestos claimants—individuals who were exposed to asbestos fibers from the Debtors' products but who are not yet ill.[9] Given the long latency in many asbestos

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[1] Dkt. 5, *Informational Brief of Aldrich Pump LLC and Murray Boiler LLC* ("*Informational Brief*") at 7.
[2] *Id.*
[3] *See* Companies Market Cap, Trane Technologies, https://companiesmarketcap.com/trane-technologies/marketcap/ (last accessed on July 31, 2026). Since the petition date, Trane's market capitalization has increased 400%.
[4] Dkt. 5, *Information Brief* at 7.
[5] *Id.*
[6] Dkt. 389, *Order Appointing Joseph W. Grier, III as Legal Representative for Future Asbestos Claimants*.
[7] *In re Garlock Sealing Techs. LLC*, Case No. 10-31607 (Bankr. W.D.N.C. 2010) (hereinafter, "*Garlock*"); J.K. ROWLING, *Harry Potter and the Sorcerer's Stone* (1998). The tort law firms on the ACC were vehemently opposed to Mr. Grier's appointment, urging the Court instead to appoint the FCR in *Bestwall* and *DBMP*. The Court overruled their objections.
[8] Dkt. 276, *Motion of the Debtors for an Order Appointing Joseph W. Grier, III as Legal Representative for Future Asbestos Claimants*, at 5.
[9] *Id.* at ¶ 2.

diseases, future claimants are by far the largest creditor class in these bankruptcy cases. As future claimants do not yet know if they have a claim, due process demands that they have a dedicated, independent court-appointed legal representative in court to protect their interests. From his appointment, the FCR advocated for the creation of an asbestos trust and reached agreement with the Debtors in 2021 on trust funding of $545 million.[10] That is aligned with the fiduciary duties the FCR owes to the class of future claims. A fully funded and properly configured trust is the best result for all valid claimants, current and future.[11]

### 3. The Official Committee of Asbestos Personal Injury Claimants

The Official Committee of Asbestos Personal Injury Claimants (the "ACC") was also appointed by this Court and like the FCR is charged with protecting the collective interests of the class of current asbestos claimants— individuals who were exposed to fibers from the Debtors' products and are ill.[12] The "currents" class is much smaller than the class of "futures." ACC counsel has characterized the class it represents as "a tiny little population" and one that does not "specially inform the issue of what it is the trust is likely to need."[13] As discussed below, the ACC

[10] *See Amchem Products, Inc. v. Windsor*, 521 U.S. 591, 626 (1997) (recognizing the adversity between current and future claims and the legitimate interests of the latter class "in ensuring an ample, inflation-protected fund for the future.").

[11] *See, e.g.,* Memorandum Opinion, *In re LTL Mgmt., LLC*, No. 21-30589 (Bankr. D. N.J. Feb. 25, 2022), at 15 ("[T]his Court has little trouble finding that the chapter 11 filing serves to maximize the property available to satisfy creditors by employing the tools available under the Bankruptcy Code to ensure that all present and future tort claims will share distributions through the court-administered claims assessment process . . . . a successful reorganization and implementation of a settlement trust will dramatically reduce costs and ensure balanced recoveries for present and future claimants.").

[12] Dkt. 147, *Order Appointing the Official Committee of Asbestos Personal Injury Claimants*.

[13] Counsel for the ACC stating: "In the, in the scheme of the debtors' long history and in the scheme of the anticipated future litigation, [the current class] a tiny little population that does not uniquely or specially inform the issue of what it is that the trust is likely to need. The real issue here is the futures. As Mr. Guy said, the currents are, are, you know, a small percentage of the money that is going to be required in order to fully pay all of the asbestos claims against these debtors." Dkt. 575, Jan. 28, 2021 Hr'g Tr. at 139:8-18.

has, to date, declined to join the FCR and the Debtors in establishing a full-pay trust as the ACC did in both *Garlock* and *Paddock* for the benefits of the claimants' collective interests.[14]

### B. The Debtors' Asbestos Liabilities and Settlement Approach

The Debtors' equipment incorporated third-party manufactured gaskets and packing products that predominantly contained chrysotile asbestos, a form of asbestos that is less toxic than the amphibole fibers often found in friable asbestos insulation products.[15] Further, any asbestos fibers contained in the gaskets and packing were encapsulated, meaning the fibers could not be released into the air unless cut or abraded by specialized workers repairing or maintaining the Debtors' equipment.[16]

Immediately prior to bankruptcy, the Debtors, formerly tertiary encapsulated chrysotile defendants, faced approximately 2,500 new mesothelioma claims every year.[17] A majority of the complaints filed against the Debtors were later voluntarily dismissed.[18] The Debtors adopted a settlement approach to address those claims that they paid.[19] Average settlements were in the mid-five figures per mesothelioma claim,[20] with roughly 99% of paid mesothelioma claims resolved

[14] *In re Paddock Enterprises, LLC*, Case No. 20-10028 (Bankr. D. Del. 2020) (hereinafter, "*Paddock*"). *See also In re Johns–Manville Corp*., 26 B.R. 919, 925 (Bankr. S.D.N.Y. 1983) (noting that "the individuals constituting a committee should be honest, loyal, trustworthy and without conflicting interests, and with undivided loyalty and allegiance to their constituents . . . [and] [c]onflicts of interest on the part of the representative persons or committees are . . . not to be tolerated."); *A.H. Robins Co. v. Piccinin*, 788 F.2d 994, 1015 (4th Cir. 1986) (holding a "Committee is not authorized to represent the individual interests of any claimant, as distinguished from the general interests of all claimants[.]"); *Westmoreland Hum. Opportunities, Inc. v. Walsh*, 246 F.3d 233, 256 (3d Cir. 2001) ("We have construed § 1103(c) as implying a fiduciary duty on the part of members of a creditor's committee … toward their constituent members'*); In re Haskell Dawes, Inc.*, 188 B.R. 515, 522 (Bankr. E.D. Pa. 1995) ("[T]he creditors appointed to the creditors' committee have a fiduciary obligation to act in the interests of the members whom they represent .... This duty prohibits members of the creditors' committee from using their position to advance their own individual interests.")).

[15] Dkt. 5, *Informational Brief* at 20-23; *In re Garlock Sealing Techs., LLC*, 504 B.R. 71, 75 (Bankr. W.D.N.C. 2014).

[16] Dkt. 5, *Informational Brief* at 8.

[17] *Id.* at 11.

[18] Dkt. 3189, Ex. A, Mullin Initial Expert Report ¶ 179; *see also* Dkt. 5, *Informational Brief* at 37-38 (noting a dismissal rate of around two-thirds).

[19] Dkt. 5, *Informational Brief* at 13.

[20] *Id.*

for less than $250,000.[21] Approximately 80% of the Debtors' indemnity payments went to mesothelioma claims with the remainder going to claims for diseases such as lung cancer and asbestosis.[22] At the streamlined Phase I trial, the Court will hear the experts' estimates of mesothelioma claims.

The Debtors' total prepetition annual asbestos spending reached approximately $70 million on settlements and $25 million on defense costs.[23] These figures, however, require one very important qualification: a substantial share of the Debtors' indemnity spending arose under special administrative settlement agreements, now all expired, with three high-volume mass tort law firms[24]—anonymized in the experts' reports—which permitted claims to be submitted without filing complaints. Debtors paid one firm $20 million annually, and, from 2015 through 2019, the three firms received approximately $140 million, some 40% of all indemnity payments.[25]

Although those arrangements reduced litigation costs and made the Debtors' payments predictable, they distorted the observable claims history because the three firms chose how to allocate the bulk payments between their clients and often did so for non-occupational exposure claims and non-mesothelioma claims. By not submitting claims that would otherwise be dismissed and paying claims that may not otherwise ever be paid, the claims data from those firms artificially deflates observed filing volumes and inflates apparent payment rates.[26] Thus, for these firms the payment rate can be close to 100%; for other firms that brought complaints in the tort system, the payment rate, using Aldrich as an example, can be as low as 40%.[27] Although all three arrangements with the Off-Complaint or Non-Tort firms are no longer extant, Brattle incorporates

[21] *Id.*
[22] *Id.* at 26 n 32.
[23] *Id.* at 37.
[24] Hereinafter the "Off-Complaint firms."
[25] Dkt. 3217, Ex. A, Brattle Initial Expert Report ¶¶ 28-32 & tbl. 2, at 12-14.
[26] *Id.* ¶¶ 32-33, at 14-15; Dkt. 3189, Ex. B, Mullin Rebuttal Expert Report ¶¶ 50–55, at 25–28.
[27] Dkt. 3189, Ex. A, Mullin Initial Expert Report ¶ 152 fig. 43 at D-6–D-7.

their claiming history into its analysis but only after making appropriate adjustments to correct for the anomalous payment rates.

### C. The Debtors' Prepetition Estimates

Prepetition, the Debtors retained two respected economic consulting firms to estimate their future tort-system payments for SEC-reporting purposes. ARPC and its successor Ankura performed the work from 2008 through 2018, and NERA performed it thereafter.[28] Such forecasts, unlike the experts' estimates before the Court, are provided on a nominal basis and, under GAAP, may use a low end of a range.[29] But both Ankura and NERA nevertheless used the same tort system method that the experts used here.[30] Ankura's tort system forecast in 2018 was around $610 million whereas NERA's forecast immediately before the Petition Date was around $510 million.[31] Those forecasts, while not allowing for a simple like-to-like comparison to the experts' estimates, which provide low and high ranges and calculate the estimates to present value, nevertheless give the Court a helpful reference point. Ankura, NERA, Brattle, and Bates White are leaders in the field of mass tort forecasting. Each has independently derived similar tort system estimates for the Debtors, all well under $1 billion.

### D. The Debtors' Restructuring

The Debtors' predecessors are former Trane Technologies Company LLC, successor by merger to Ingersoll-Rand Company (collectively, "Old IRNJ"), and the former Trane U.S. Inc. ("Old Trane").[32] In May 2020, Old IRNJ and Old Trane restructured their corporate forms. Old IRNJ divided into New TTC and Aldrich Pump LLC; Old Trane divided into New Trane and

[28] *Id.* ¶ 121 & n.135, at 55.
[29] *Id.* ¶ 121 at 55-56.
[30] *Id.*
[31] *Id.* ¶¶ 121–22 & fig. 28, at 55–56.
[32] Dkt. 2047, Order Denying Motions to Dismiss at 8.

Murray Boiler LLC.[33] New TTC received Old IRNJ's assets; New Trane received Old Trane's assets.[34] Aldrich and Murray received their predecessors' asbestos liabilities.[35] Trane's stated goal is to create a fully funded bankruptcy asbestos trust to address those liabilities.[36] To that end, the Debtors filed their Chapter 11 bankruptcy petitions in this Court.[37] The Debtors are solvent, by reference to their own assets, including insurance, and have the full backing of Trane.

This is the exact same two-step restructuring process that the solvent debtor followed in the *Paddock* bankruptcy case where a full-pay case was promptly confirmed by agreement with the debtors, the FCR, and the ACC at funding of $610 million.[38] *Paddock* proves the emptiness of the complaint that solvent debtors are a fraud on creditors. To the contrary, a solvent debtor like these Debtors, *Paddock*, and *Garlock* is the gold standard for the creation of an asbestos trust.[39] Only a solvent debtor can fund a full-pay trust. Waiting for a company to become insolvent guarantees present and future claimants receive pennies on the dollar as compared to prepetition claimants.[40]

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[33] *Id.* at 9.
[34] *Id.*
[35] *Id.* at 9-10.
[36] *Id.* at 10.
[37] *Id.* at 2.
[38] *Paddock* Plan, *Paddock*, filed May 24, 2022, Dkt. 1400; *see also Findings of Fact, Conclusions of Law, and Order Confirming the Third Amended Plan of Reorganization for Paddock Enterprises, LLC Under Chapter 11 of the Bankruptcy Code, Paddock*, entered May 26, 2022, Dkt. 1406.
[39] ACC counsel in *Garlock*, Caplin & Drysdale, submitted a declaration to this Court attesting to the fairness of the *Garlock* plan documents. *See* Declaration of Elihu Inselbuch, *Garlock,* Dkt. No. 5916 (the "Inselbuch Declaration"). The Inselbuch Declaration was also attached as an exhibit to The Future Asbestos Claimants' Representative's Reply in Support of the Joint Bar Date Motion filed in these cases (Dkt. 552).
[40] *See* Inselbuch, et al., *The Effrontery of the Asbestos Trust Transparency Legislation Efforts*, MEALEY'S LITIGATION REPORT 28.2, at 2 (Feb. 20, 2013) (opining that "[b]ecause of the hopeless insolvency of their predecessors, the trusts are only able to pay a small percentage of that historical settlement share to each deserving claimant, present and future").

### E. The Debtors and the FCR Reach Agreement on a Plan

After the FCR was appointed in October 2020, the FCR and Debtors worked cooperatively to move the case toward a resolution, for both the Debtors and every claimants' benefit.[41] The ACC was invited but declined to participate in those negotiations.[42] Given that the Debtors' asbestos liabilities stem from encapsulated, chrysotile products made by companies like *Garlock*, the FCR was able to draw on his on-point experience there to agree with the Debtors in 2021 on the settlement providing for $545 million in trust funding. Critically, that number, which is greater than the *Garlock* trust funding number of $480 million, was calculated by reference to the Debtors' tort system values, not their legal liability model.[43]

On September 24, 2021, the Debtors filed the Joint Plan of Reorganization with the FCR's support,[44] together with the Plan Support Agreement and a motion establishing a Qualified Settlement Fund Trust ("QSF").[45] The FCR and the Debtors expressly contemplate adopting similar claims procedures to those approved by the Court in the *Garlock* case, where the full-pay trust has proven uniquely successful for a national asbestos trust in protecting future claimants against reduced settlement payments.[46]

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[41] Dkt. 833, *Motion of the Debtors for Estimation of Prepetition Asbestos Claims* ("*Estimation Motion*") at 5 n.5.
[42] Dkt. 833, *Estimation Motion* at 5 n.5; Dkt. 888, *FCR Response to the Debtor's Motion for Estimation of Prepetition Asbestos Claims* at 3 n.2.
[43] Dkt. 833, *Estimation Motion* at 6.
[44] Dkt. 831, *Joint Plan Of Reorganization Of Aldrich Pump LLC And Murray Boiler LLC*.
[45] Dkt. 832, *Notice of Filing of Plan Support Agreement*; Dkt. 834, *Motion of the Debtors for an Order Authorizing Establishment of a Qualified Settlement Fund for Payment of Asbestos Claims*.
[46] Dkt. 832, *Notice of Filing of Plan Support Agreement*; Order (A) Confirming the Modified Joint Plan of Reorganization of Garlock Sealing Technologies LLC, et al. and Oldco LLC, Successor By Merger to Coltec Industries Inc., (B) Adopting the Bankruptcy Court's Proposed Findings of Fact and Conclusions of Law, and (C) Issuing Asbestos Channeling Injunction, *Garlock*, Dkt. 6261; *see also* S. Todd Brown, *How Long is Forever This Time? The Broken Promise of Bankruptcy Trusts*, 61 Buff L. Rev. 537 (2013) (Attached as Exhibit E to Dkt. 343, *Debtors' reply to the ACC's objection to the Debtors' motion to appoint the FCR*).

Of relevance to the estimation hearing, the $545 million funding amount agreed between the FCR and the Debtors is a floor.[47] If the Court determines the liabilities to be less, the Debtors remain committed to fund the trust with $545 million. Thus, neither the Debtors nor the FCR seek to deflate recovery for claimants as the ACC argues. Rather, they seek a fair, reliable estimate from the Court based on proper application of the standard tort system method and reasonable assumptions grounded in reality.

### F. ACC Dismissal Efforts

The Fourth Circuit has recognized that the creation of a bankruptcy asbestos trust is in the best collective interests of all claimants.[48] This is particularly true for fully funded trusts. If the parties had established a bankruptcy asbestos trust five years ago with the FCR and the Debtors' $545 million settlement, and held it constant, that trust would be able to pay claimants approximately $620 million, using Brattle's risk-free return 4.5% discount rate, compounded annually. Instead, sadly for the claimants they are dying every day without having received compensation from the Debtors, while the ACC has focused its efforts on dismissal to prevent the Court from making adverse findings of exposure evidence suppression.[49] A discussion of the

[47] Dkt. 833, *Estimation Motion* at 6; *see also* Dkt. 2941, *The Future Asbestos Claimants' Representative's Motion for an Order Commencing the Estimation Trial with Hearings Based on Tort System Values and the Parties' Expert Reports* at 8 ("Even if the Debtors were to convince the Court, years from now, that their legal liability is some lower number, they remain committed to their agreement with the FCR").

[48] Dkt. 2047, *Order Denying Motions to Dismiss* ("Even for solvent or non-distressed debtors, it would appear mutually advantageous to employ a trust mechanism to pay the claims of victims who prefer these more expeditious procedures to pursuing their claims in the tort system."); *In re Bestwall LLC*, 71 F.4th 168, 183 (4th Cir. 2023) (noting Section 524(g) of the Bankruptcy Code "promote[s] the equitable, streamlined, and timely resolution of claims in one central place compared to the state tort system, which can and has caused delays in getting payment for legitimate claimants."); *In re W.R. Grace & Co*., 475 B.R. 34, 171 (D. Del. 2012) (explaining that "§ 524(g)'s explicit requirement [is] to treat all 'present claims and future demands that involve similar claims in substantially the same manner'") (quoting 11 U.S.C. § 524(g)(2)(B)(ii)(V)). Further, "[o]ne of Congress' primary intentions in creating § 524(g) was to ensure uniform treatment of all claimants." *Id*

[49] Dkt. 1599, Jan. 26, 2023 Hr'g Tr., at 38:25; 39:1-10 (Natalie Ramsey, counsel for the ACC stating: "The, the difficulty from the claimant perspective . . . and I, I want to be very transparent about this – is that in addition to reaching a low number, Judge Hodges made some very critical determinations about the, the, the way that the plaintiffs and the tort lawyers behaved in the tort system . . . . And that is the responsibility that we bear, is to not let that happen again on our watch.").

legitimacy of that strategy is beyond the scope of this brief and the upcoming estimation.[50] Suffice to say, none of those efforts has been successful, whether before this Court, the District Court, or the Fourth Circuit. The Supreme Court recently considered the *Bestwall* ACC's Petition for Writ of Certiorari,[51] which the ACC in these cases supported with an amicus brief.[52] The Supreme Court denied the petition.[53] Presenting a $3 billion liability estimate—which the ACC knew would be rejected out of hand by the Debtors in any mediation because it is untethered to reality—is arguably another effort to torpedo these cases on top of the incredibly costly and wasteful litigation conducted to date.

## III. PROCEDURAL BACKGROUND

### A. The Case Management And Estimation Orders

In September 2021, the Debtors filed their Motion for Estimation of Prepetition Asbestos Claims (the "Estimation Motion"), seeking an order estimating their aggregate prepetition asbestos personal injury claims.[54] The Court granted the Estimation Motion in April 2022 (the "Estimation Order"),[55] and later entered its initial Case Management Order for Estimation (the "Initial CMO"), establishing the framework for the estimation proceeding.[56]

In March 2025, following the assignment of these cases to the Honorable Judge James, the Debtors filed a motion proposing that the parties exchange Initial Expert Reports setting forth their respective liability estimates while claims-file discovery proceeded in parallel.[57]

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[50] *See A.H. Robins Co. v. Piccinin*, 788 F.2d 994, 1015 (4th Cir. 1986) (holding a "Committee is not authorized to represent the individual interests of any claimant, as distinguished from the general interests of all claimants[.]").
[51] Petition for Writ of Certiorari, *Off. Comm. of Asbestos Claimants v. Bestwall LLC,* No. 25-1013 (Feb. 20, 2026)
[52] Brief of the Asbestos Creditors' Committees in the DBMP and Aldrich Bankruptcies as Amici Curiae in Support of Petitioner, *Off. Comm. of Asbestos Claimants v. Bestwall LLC,* No. 25-1013 (Mar. 26, 2026).
[53] *In re Bestwall LLC*, 71 F.4th 168, 184 (4th Cir. 2023), *cert. denied sub nom*., 144 S. Ct. 2519 (2024).
[54] Dkt. 833, *Estimation Motion.*
[55] Dkt. 1127, *Order Authorizing Estimation of Asbestos Claims* ("*Estimation Order*").
[56] Dkt. 1302, *Case Management Order for Estimation of Asbestos Claims* ("*Initial CMO*").
[57] Dkt. 2562, *Debtors' Motion to Amend Case Management Order for Estimation of Asbestos Claims* at 10.

The ACC objected.[58] The FCR supported the Debtors' motion because in five years of litigation, including Court-ordered mediation, the ACC had never provided any estimate of asbestos liabilities despite Dr. Peterson of LAS having prepared his estimates as early as 2021.[59] Accordingly, the FCR urged the Court to impose firm deadlines for the exchange of expert reports.[60]

In April 2025, the Court entered the Second Amended Case Management Order (the "Second CMO").[61] The Second CMO required the Debtors and the ACC to exchange Initial Expert Reports setting forth their estimate of the Debtors' liability for current and future mesothelioma claims, plus the application of a "gross-up" for non-mesothelioma claims by September 15, 2025.[62] It authorized, but did not require, the FCR and the Non-Debtor Affiliates[63] to submit their own Initial Expert Reports by the same date.[64]

**B. <u>September 2025 Expert Reports</u>**

The Debtors' expert, Dr. Mullin of Bates White, provided estimates based on two distinct estimation methodologies in his September 2025 Report.[65] First, Bates White presented their "Legal Liability Method," employing the methodology that Debtors contend measures the Debtors' actual liability for asbestos claims under applicable state law—the same approach adopted by the Court in *Garlock*.[66] As an alternative, Bates White presented a tort system method that estimates liabilities based on the Debtors' historical settlement and verdict experience for a

[58] Dkt. 2595, *The Official Committee of Asbestos Personal Injury Claimants' Objection to the Debtors' Motion to Amend CMO*.
[59] Dkt. 2597, *Future Claimants' Representative's Response to Debtors' Motion to Amend CMO* at 10-11.
[60] *Id.*
[61] Dkt. 2656, *Second Amended Case Management Order*.
[62] *Id.* at 3-4
[63] The Non-Debtor Affiliates are Trane Technologies Company LLC and Trane U.S. Inc.
[64] Dkt. 2656, *Second Amended Case Management Order* at 3-4.
[65] *See generally* Dkt. 3189, Ex. A, Mullin Initial Expert Report.
[66] *Id.*; *see also* Dkt. 2973, *Debtors' Response To The Future Claimants' Representative's Motion To Commence The Estimation Trial With Hearings Based On Tort System Values And The Parties' Expert Reports* at 2.

range of $425 and $750 million depending in part on what discount rates are used for the net present value calculations, using incidence curves that include mesothelioma diagnoses not caused by occupational exposure to asbestos.[67]

The FCR retained David McKnight and Paul Hinton of Brattle as his claims experts.[68] Brattle prepared an initial estimate of the Debtors' asbestos liabilities using the tort system method but with a focus on occupationally exposed claims only because of the teachings from the *Garlock* Court concerning risks of exposure to chrysotile fibers from encapsulated asbestos product. Brattle's September 2025 Report estimates total asbestos liabilities of $470 million to $475 million, discounting to net present value using higher discount rates, which necessarily generates lower numbers.[69] Adjusting for a low risk-free rate derives an upper bound of $522 to $531 million.[70]

As explained below, Bates White chose to use a component-based model to calculate its tort estimates whereas Brattle uses a competing-risk model. They both relied on the same claims data but model that data differently from each other. Each model is reliable and offers differing advantages. They generate different components but similar top-line estimates showing the robustness of the models.

The ACC originally retained Dr. Peterson of Legal Analysis Systems ("LAS") as their expert.[71] Later, however, they determined to use Dr. Sackett, also of LAS. Dr. Sackett estimated

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[67] Dkt. 3189, Ex. A, Mullin Initial Expert Report at 52; *see also* Dkt. 2973, *Debtors' Response To The Future Claimants' Representative's Motion To Commence The Estimation Trial With Hearings Based On Tort System Values And The Parties' Expert Reports* at 2, 7.
[68] Dkt. 2686, *Application to Retain The Brattle Group*; Dkt. 2687, *Order Approving Retention*.
[69] Dkt. 3217, Ex. A, Brattle Initial Expert Report at n. 93, ¶ 100, tbl. 9.
[70] *Id.*
[71] Dkt. 900, *Ex Parte Application of the Official Committee of Asbestos Personal Injury Claimants to Retain and Employ Legal Analysis Systems, Inc. as Asbestos Consultants as of October 27, 2021*; Dkt. 901, *Order Approving the Ex Parte Application of the Official Committee of Asbestos Personal Injury Claimants to Retain and Employ Legal Analysis Systems, Inc. as Asbestos Consultants as of October 27, 2021*.

the Debtors' asbestos liabilities to be $3.1 billion to $3.4 billion, net present value, using an incidence curve that is very similar to the Debtors.[72]

As noted, Dr. Peterson was the ACC's expert in *Garlock* and *Paddock.* He used the tort system method and estimated *Garlock's* necessarily larger liabilities at $1.1 to $1.3 billion. The *Garlock* debtor was a national manufacturer and distributor of encapsulated asbestos products to all industries up until the 200's; the Debtors here were end users of such products and stopped using them in the 1980s. The *Garlock* case was filed ten years before this case. In *Paddock*, he similarly agreed to full pay trust funding, also based on tort system values, of $610 million. If Dr. Peterson were to do today for the ACC what he did in *Garlock* or *Paddock* his estimate would be very similar to the Debtors and the FCR. Choosing Dr. Sackett prevents Dr. Peterson's direct impeachment if he had presented a $3 billion estimate. But that doesn't cure the problem. It remains the case that the reliability of Dr. Sackett's outlier estimate is undermined by the prior estimates of his own company and his own expert colleagues.

### C. The FCR Bifurcation Motion

Following receipt of the September 2025 Reports, in November 2025, the FCR filed a motion for an order commencing an estimation trial based on tort system values.[73] Because all the experts had derived a tort system estimate (the FCR had expected the Debtors to rely exclusively on a legal liability model as they did in *Garlock*), the FCR proposed bifurcating the estimation trial into two Phases, first a tort system trial and then, if necessary, a legal liability trial.[74] The FCR hoped that direction from the Court as to the scope of Debtors' tort system liabilities could

[72] Ex. G, Sackett Expert Report at 63-64.
[73] Dkt. 2941, *The Future Asbestos Claimants' Representative's Motion for an Order Commencing the Estimation Trial with Hearings Based on Tort System Values and the Parties' Expert Reports*.
[74] *Id.* at 2-3.

galvanize all parties to focus on getting prompt compensation to valid asbestos claimants. Uniquely, both the Debtors[75] and the ACC[76] supported the bifurcation motion.

From the FCR's perspective, the Debtors have long shown their commitment to funding a full-pay trust based on tort system values. The $545 million agreement was based on such values. Given that and with their right to pursue their legal liability theory preserved in Phase II, the Debtors cooperatively agreed to see if bifurcation could yield consensual agreement. For their part, the ACC's preferred model was always to use tort system values alone, which avoids consideration of the Debtors' arguments about evidence suppression.

In January 2026, the Court granted the FCR's motion and entered the order commencing Phase I of the Estimation Trial ("Phase I Order").[77] The Court bifurcated the estimation process into: (a) Phase I—the tort system method using the Debtors' settlement and verdict history; and (b) Phase II—alternative methodologies to be heard later if necessary.[78] This was a significant shift from the Second CMO, which had placed no limitations on the experts' liability estimates. The experts' rebuttal or second reports were due March 27, 2026.

To respond to the Phase I Order and to give the Court the benefit of a like-to-like comparison, Brattle's March 2026 Report updates its initial estimate by reference to a higher, all exposures incidence curve very similar to the curves used by LAS and Bates White in their September 2025 Reports.[79] Brattle then corrected for the LAS errors in a waterfall analysis.

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[75] Dkt. 2973, *Debtors' Response to the Future Claimants' Representative's Motion to Commence the Estimation Trial with Hearings Based on Tort System Values and the Parties' Expert Reports* at 3.
[76] Dkt. 2969, *The Official Committee of Asbestos Personal Injury Claimants' Response to the Future Asbestos Claimants' Representative's Motion for an Order Commencing the Estimation Trial with Hearings Based on Tort System Values and the Parties' Expert Reports*.
[77] Dkt. 3011, *Order Commencing Phase I of the Estimation Trial with Hearings Based on the Tort System Method and the Parties' Expert Reports* ("*Phase I Order*").
[78] *Id.* at 2-4.
[79] Mr. McKnight and Dr. Mullin each explain the Nicholson forecasts in their September 2025 Reports. Dkt. 3217, Ex. A, Brattle Initial Expert Report, ¶¶43-48; Dkt. 3189, Ex. A, Mullin Initial Expert Report, ¶ 145.

Starting with the LAS Nicholson model high-end estimate $3,180 million, eliminating only the most major errors drives the total down to $791 million, and reconciling all methodological differences further reduces the total to $656 million.[80]

Bates White's March 2026 Report similarly corrected for the LAS errors.[81] The Bates White waterfall adjusts the LAS $3.2 billion forecast down to $650 million.[82] Both Brattle and Bates White also validated their estimates by reference to each other.

The various categories of the Brattle and Bates White waterfalls are similar but, unsurprisingly, given their different approaches, the amounts attributed to them are individually different but derive similar totals. For example, Brattle excluded the Off-Complaint firms at the beginning of their calculations because they skewed the payment data and adjusted for them in the final total. Brattle also adjusted for appropriate financial parameters at the beginning; Bates White does so at the end. Thus, the two experts' numbers for certain categories do not match. Nevertheless, demonstrating the strength and integrity of their work, their reconciled total numbers from the March 2026 Reports are remarkably close, $656 million and $650 million.

In light of the Court's July 23, 2026, rulings excluding defense costs and non-mesothelioma claims, as discussed in more detail below, **Exhibit A** shows the Brattle waterfall ("Updated Waterfall"), respectively, corrected for the same LAS errors, but starting at a number which already excludes the defense costs and non-mesothelioma claims.[83] The number that Brattle totals, correcting for LAS errors, for mesothelioma claims only is $521 million.[84]

[80] Dkt. 3217, Ex. B, Brattle Rebuttal Expert Report ¶ 31.
[81] Dkt. 3189, Ex. B, Mullin Rebuttal Report, ¶¶ 6-11, 19-22 & fig. 4.
[82] *Id.* at fig. 4 at 17.
[83] *See* Exhibit A, Brattle Adjusted Liabilities Estimate Range (Mesothelioma only) and Updated Waterfall; *see infra* Section VI.
[84] *See* Ex. A.

Dr. Denise Martin, on behalf of the Debtors, prepared a separate rebuttal report to Dr. Sackett's estimate.[85] Dr. Martin is the godmother of claims experts having written the seminal book on mass tort forecasting.[86]

LAS did not file a March 2026 Report. Instead, the ACC hired a new expert, Ms. Yvette Austin to rebut the Bates White and Brattle September 2025 Reports. Ms. Austin worked with Mr. McKnight at Brattle for a number of years. Ms. Austin is a financial expert who has recently been retained by asbestos creditor committees to value asbestos claims. As discussed below, much of Ms. Austin's criticisms of the Brattle and Bates White September 2025 Reports are rendered moot by the estimates in their March 2026 Reports, which are responsive to the Phase I Order not the Second CMO.

### D. The Motions In Limine

The Debtors filed motions in limine challenging Dr. Sackett's inclusion of approximately $1 billion in defense costs, failure to apply a simple multiplier to the mesothelioma liabilities, and the use of a long-term negative discount rate of -2.2%. The ACC, in turn, filed motions seeking to prevent Dr. Mullin from testifying, based on the theory that his estimate is inherently unreliable, and to prevent Mr. McKnight from making comparisons to *Garlock* on the grounds of relevance. The FCR filed no motions in limine, opposed the motion as to Mr. McKnight, and supported the Debtors' motions.

The Court granted the Debtors' multiplier and defense costs motions but denied the discount rate motion ruling that it would weigh Dr. Sackett's discount rate testimony at trial.[87] At

[85] Ex. H, Denise N. Martin Rebuttal Expert Report.
[86] *Id.* ¶ 6 ("I am the co-author of the reference text, *Estimating Future Claims: Case Studies from Mass Torts and Product Liability*. This book explains the principles from economics that are the foundation for personal injury claims forecasting and valuation, as well as the accepted forecasting methodology used by practitioners.")
[87] Dkt. 3258, July 23, 2026 Hr'g Tr. at 87:9-11; 91:3-4; 93:21-24; Dkt. 3248, *Order Granting Debtors' Motion in Limine to Exclude Ground Up Estimate for Non-Mesothelioma Claims*.

the hearing, ACC counsel effectively withdrew their motion as to Dr. Mullin,[88] and the Court denied the motion as to Mr. McKnight.[89] The Court further instructed the parties to try to reach agreement on a multiplier,[90] and barring agreement, the parties shall submit their proposals as to a multiplier.[91]

Following the July 2026 hearing, the FCR and the Debtors tried but were unable to reach agreement with the ACC on the multiplier prior to the deadline for pre-trial briefs. This number should not be controversial, particularly in the context of an estimate. The Debtors' claims database shows the percentage of indemnity payments that went to mesothelioma claims, 83.3% for Aldrich and 81.0% for Murray. Accordingly, Brattle uses a multiplier of 1.20 for Aldrich claims and 1.23 for Murray claims to derive total asbestos liabilities from the cohort of mesothelioma claims.[92]

## IV. THE EXPERTS

### A. FCR's Expert – Mr. David McKnight – The Brattle Group

Brattle is an established, independent economic consulting firm with extensive experience in mass tort and bankruptcy valuations. Brattle has more than 500 employees, offices around the globe, and a varied client base.

Brattle's expert opinions were developed by respected mass torts experts Paul Hinton and David McKnight. Mr. McKnight is the FCR's testifying expert. He is a Principal at Brattle, with more than 25 years of experience consulting in mass tort litigations, including matters involving asbestos, talc, opioids, sex abuse, and various drugs and medical devices.[93]

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[88] Dkt. 3258, July 23, 2026 Hr'g Tr. at 61:2-8; 98:24-99:4.
[89] *Id.* at 96:21-24.
[90] *Id.* at 38:2-7, 92:10-14.
[91] *Id.* at 92:10-14
[92] Bates White derives percentages of 82.7% and 80.6% for Aldrich and Murray respectively for multipliers of 1.21 and 1.24. The experts' percentages and multipliers are slightly different because Brattle's calculation uses fiscal years starting in June 2015, whereas Bates White uses calendar years starting in January 2015.
[93] Dkt. 3217, Ex. A, Brattle Initial Expert Report, Appendix A.2, ¶ 11.

Mr. McKnight holds an M.B.A. with Distinction from New York University's Leonard N. Stern School of Business, an M.S. in Mathematics from New York University's Graduate School of Arts and Science, and a B.A. in Mathematics from Vassar College.[94]

Mr. McKnight has provided expert testimony in multiple venues, including U.S. Bankruptcy Courts (Districts of Delaware, New Jersey, and the Southern District of Texas), U.S. District Courts, the Supreme Court of the State of New York, the American Arbitration Association, FINRA, ICC, and JAMS.[95] He provided oral or written expert testimony in the bankruptcy cases *Whittaker, Clark & Daniels, Wellpath Holdings, The Diocese of Camden*, *New Jersey* and *Boy Scouts of America and Delaware BSA, LLC,* and expert consulting services in several more.[96]

He also has published extensively on mass tort valuations.[97]

In the recent *Whittaker* bankruptcy case, Judge Kaplan found that Mr. McKnight's estimation report provided "clear explanations, calculations, and justifications" that would assist the court in resolving the issues before it.[98] The court further described Mr. McKnight as "a qualified and experienced economist and valuation professional" whose "knowledge, experience, and training" supported his opinions, and found that he employed a reliable methodology.[99]

Neither the FCR nor his counsel instructed Brattle to derive a certain number or make any assumptions that would deflate or inflate its estimates.[100] Rather, the FCR relied on Brattle's expertise and independence to prepare a reliable estimate, based on accepted inputs, *i.e.,* one that

[94] *Id.* Appendix A.2, ¶ 13.
[95] *Id.* Appendix A.2, ¶ 11.
[96] *Id.* Appendix A.2, ¶ 12.
[97] *See* Hr'g Tr. 10:6–11:5, *In re Whittaker, Clark & Daniels, Inc*., No. 23-13575 (MBK) (Bankr. D.N.J. Feb. 28, 2025).
[98] *Id.*
[99] *Id.*
[100] Ex. C, Dep. of David McKnight at 19:6–19:17 ("They did not give me any specific instructions" and "[t]here are no assumptions that they asked me to make").

would be helpful to the Court. Brattle's fees are not contingent upon the opinions presented in its report or upon the outcome of this matter.[101] Brattle is not reliant on one client base for its work.

**B. Debtors' Expert – Dr. Charles H. Mullin – Bates White**

Like Brattle, Bates White is an established, respected, independent economic consulting firm, with more than 350 employees, a varied client base, and multiple offices.

The Debtors' testifying expert is Dr. Charles H. Mullin, PhD.[102] Dr. Mullin received his PhD in economics from the University of Chicago and his BA in economics and mathematics from the University of California at Berkeley.[103] He was on the faculty in the Economics Departments at Vanderbilt University and the University of California at Los Angeles, where he taught courses in advanced statistical economic analysis and labor economics.[104]

Dr. Mullin also has more than 25 years of experience providing expertise on issues involving mass torts, class actions, bankruptcies, insurance coverage, and due diligence.[105]

He has authored more than 100 expert reports and provided expert testimony in over 50 matters.[106]

He also has published extensively on the field of mass tort estimation.[107]

Bates White's fees are not contingent on the outcome of this matter and Bates White is not reliant on one client base for its work.[108]

[101] Dkt. 3217, Ex. A, Brattle Initial Expert Report ¶ 3.
[102] Dkt. 3189, Ex. A, Mullin Initial Expert Report ¶ 6.
[103] *Id.* ¶ 9.
[104] *Id.*
[105] *Id.* ¶ 6.
[106] *Id.* ¶ 8.
[107] *Id.* ¶ 9, Appendix A.
[108] *Id.* ¶ 10.

### C. ACC's Expert – Dr. Andrew J. Sackett – Legal Analysis Systems

LAS is a significantly smaller operation than either Brattle or Bates White, with only 11 independent contractors.[109]

LAS, and specifically Dr. Peterson, has been the "in-house" expert for asbestos plaintiff firms for decades, whether in bankruptcy estimation proceedings for asbestos creditor committees or for trust advisory committees.[110] LAS does not have a varied client base. This, of course, raises the specter of bias and lack of independence.[111]

Although the ACC sought Court approval to retain Dr. Peterson as its expert, and indeed he had prepared estimates starting in 2021, the ACC chose instead to use Dr. Sackett as their testifying expert following entry of the Second CMO.[112]

Dr Sackett has a JD from Yale Law School, and a BA from the University of King's College, Canada, and a PhD from Yale—in history.[113] His doctoral dissertation is entitled "The

[109] Ex. D, Dep. of Andrew Sackett at 60:15–19.

[110] Dkt. 900, *Ex Parte Application of the Official Committee of Asbestos Personal Injury Claimants to Retain and Employ Legal Analysis Systems, Inc. as Asbestos Consultants as of October 27, 2021*, Ex. B (Peterson Decl.) ¶ 2 (identifying numerous bankruptcy cases where Dr. Peterson served as an expert).

[111] *See Dorman v. Annapolis OB-GYN Assocs., P.A.*, 781 F. App'x 136, 144 (4th Cir. 2019) ("Proof of bias is almost always relevant because the jury, as finder of fact and weigher of credibility, has historically been entitled to assess all evidence which might bear on the accuracy and truth of a witness' testimony.") (citing *United States v. Abel*, 469 U.S. 45, 52 (1984); *see Behler v. Hanlon*, 199 F.R.D. 553, 557 (D. Md. 2001) ("the fact that an expert witness may have a 20 year history of earning significant income testifying primarily as a witness for defendants, and an ongoing economic relationship with certain insurance companies, certainly fits within recognized examples of bias/prejudice impeachment, making such facts relevant both to the subject matter of the litigation. . . .").

[112] In the first interim fee application filed by LAS for the period of November 1, 2021 through January 31, 2022, LAS disclosed that it "began developing an estimate of the Debtors' aggregate asbestos-related personal injury liability." Dkt. 1395, *First Interim Fee Application of Legal Analysis Systems, Inc., As Asbestos Consultants to the Official Committee of Asbestos Personal Injury Claimants for Payment of Interim Compensation and Reimbursement of Expenses Incurred for the Period of November 1, 2021 through January 31, 2022* at ¶ 10. In its second interim fee application for the period February 1, 2022 through May 31, 2022, LAS spent over 300 hours on "Analysis" and "Data Analysis," noting in its invoices numerous references to its "liability estimate" and "forecast." Dkt. 1567. In its third interim fee application for the period June 1, 2022 through September 30, 2022, LAS spent another 130 hours on "Analysis" and "Data Analysis," noting in its invoices that it was updating and revising its "liability forecast" for Aldrich and Murray. Dkt. 1787.

[113] Ex. D, Dep. of Andrew Sackett at 44:2-4; Ex. G, Sackett Expert Report.

Making of Acapulco: People, Land and the State in the Development of the Mexican Riviera, 1927-1973."[114]

Dr. Sackett has no degrees or substantive formal training in mathematics, economics, finance, or statistics—all crucial to mass tort claim estimates. When asked at deposition whether he considers himself an expert in statistics, Dr. Sackett replied, "No, that's why I have statisticians on my team."[115] When asked the same question about economics, he responded, "Again, that's why I have an economist as part of my team."[116]

Dr. Sackett has no academic publications or publications of any sort on the field of mass tort valuations.[117]

Dr. Sackett also lacks the requisite experience. Before joining LAS, he was a practicing bankruptcy lawyer at Caplin & Drysdale for 13 years, from 2007 to 2020.[118] Lawyers are not trained to be objective, impartial, independent experts. Rather, they are trained to be zealous advocates for their clients.[119]

Dr. Sackett joined LAS in 2020 as an administrator.[120] Dr. Sackett compares his role at LAS to being "a managing partner"—of an 11-person organization.[121] He became president of LAS in the beginning of 2025.[122]

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[114] Ex. D, Dep. of Andrew Sackett at 331:13-22.
[115] *Id.* at 47:9-12.
[116] *Id.* at 47:13-16.
[117] Dr. Sackett's CV lists three publications, two related to a pure bankruptcy law issue, lien stripping, and another criticizing RAND's criticism of the operation of asbestos trusts. Ex. G, Sackett Expert Report, Appendix III.
[118] Ex. G, Sackett Expert Report at Appendix III.
[119] The FCR and his counsel know Dr. Sackett well from the *Garlock* case and the administrative work he does for trust advisory committees, composed of tort law firms, for various trusts, hold him in personal regard in that particular capacity, and take no pleasure in demonstrating his lack of qualifications to be a claims expert.
[120] Ex. D, Dep. of Andrew Sackett at 57:10–14.
[121] *Id.* at 334:17–22.
[122] *Id.* at 60:7-10.

No court has qualified Dr. Sackett as a mass tort claims expert.[123] Indeed, Dr. Sackett has only been proffered once before as a testifying expert and that was in 2025 in the *Imerys* talc bankruptcy. Dr. Sackett ultimately never testified because Committee counsel withdrew him following a challenge to his qualifications by an insurer.[124] In its motion in limine, which was rendered moot by the withdrawal, the insurer argued:

> Dr. Sackett acknowledged that "[t]his is the first time I've been called to testify"; acknowledged that a colleague designed the supplemental model and selected the data; did not know what convolution meant mathematically; did not run the model and could not explain the process; relied on Dr. Rourke's work and understood only what the model produced; had no formal training in mathematics, statistics, or economics; and did not independently evaluate the model's mathematics or equations and lacked the training to do so.[125]

The insurer's objections from 2025 remain equally valid in 2026.

Dr. Sackett mistakenly understood that he was preparing his Report "for purposes of mediation," and thus it would not be seen by the Court and evaluated as reliable and reasonable under Federal Rule of Evidence 702 ("Rule 702").[126]

After the FCR and the Debtors highlighted Dr. Sackett's lack of qualifications and experience, the ACC chose not to have Dr. Sackett prepare the March 2026 report in response to the Phase I Order. Instead, the ACC engaged an entirely new expert, Ms. Austin, to file a rebuttal report, which does not present an affirmative range of tort system liabilities. Dr. Sackett did not communicate with Ms. Austin in connection with either his report or hers, had no role in her retention, and did not see or approve her March 2026 report before submission.[127]

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[123] Ex. D, Dep. of Andrew Sackett at 65:1–6.
[124] Certain Insurers' Motion in Limine to Preclude Affirmative Expert Testimony of Andrew J. Sackett, *In re Imerys Talc America, Inc.*, No. 19-10289 (LSS) (Bankr. D. Del. Mar. 19, 2025), Dkt. No. 7198.
[125] *Id.*
[126] Ex. D, Dep. of Andrew Sackett at 169:14–16.
[127] *Id.* at 93:1–94:21.

Mr. McKnight, Dr. Mullin, and Dr. Sackett use the same basic tort system method, the same underlying claims database, and ultimately similar incidence curves. From that they derive similar absolute numbers for current and future mesothelioma claims.[128] Despite this, Dr. Sackett's estimate of $3.2 billion is an outlier because it makes unsupported economic and claiming assumptions that inflate it by at least $2.5 billion.[129] Dr. Sackett's estimate is also an outlier when compared to the tort system estimates his own colleague, Dr. Peterson, prepared in *Garlock* and *Paddock* and the prepetition tort system SEC estimates prepared by NERA and Ankura.

## V. LEGAL STANDARD

### A. Section 502(c) Estimation

Under Section 502(c), this Court may estimate contingent or unliquidated claims where liquidation would unduly delay administration.[130] Estimation is necessarily flexible, but the method employed must fit the purpose of the proceeding.[131] In asbestos cases, courts regularly begin with the best observable evidence: the debtor's claims database, filing history, resolution rates, and actual settlement values, adjusted for demonstrated trends.[132] This Court selected that approach for Phase I. The Phase I Order specifically asks the experts to estimate the Debtors' liability for current and future asbestos claims using the tort system method and "the Debtors' settlement and verdict history."[133]

[128] Dkt. 3217, Ex. B, Brattle Rebuttal Expert Report ¶¶ 21-24, fig. 3.
[129] Dkt. 3189, Ex. B, Mullin Rebuttal Expert Report at ¶ 10 (demonstrating reconciling estimates to account for errors in Sackett estimate). Dkt. 3217, Ex. B, Brattle Rebuttal Expert Report, fig. 4 at 17(same).
[130] 11 U.S.C. § 502(c)(1).
[131] *See Bittner v. Borne Chemical Co*., 691 F.2d 134, 135-36 (3d Cir. 1982).
[132] *See In re Federal-Mogul Global Inc*., 330 B.R. 133, 155–64 (D. Del. 2005); *In re Eagle-Picher Industries, Inc*., 189 B.R. 681, 686–92 (Bankr. S.D. Ohio 1995); *In re Specialty Products Holding Corp*., No. 10-11780, 2013 WL 2177694, at *14, *19, *23 (Bankr. D. Del. May 20, 2013).
[133] Dkt. 3011, *Phase I Order* at 2.

### B. New Federal Rule of Evidence 702

Federal Rule of Evidence 702 permits expert opinion if the proponent first demonstrates that it is more likely than not that: (1) the witness is qualified by knowledge, skill, experience, training, or education; (2) the specialized knowledge will help their trier of fact; (3) the testimony is based on sufficient facts or data; (4) the testimony is the product of reliable principles and methods; and (5) each opinion reflects a reliable application of those principles and methods to the facts.[134]

Rule 702 was amended in 2023 to include the preponderance standard of Rule 104(a) of the Federal Rules of Evidence in Rule 702, and clarified that sufficiency of basis and reliable application are admissibility questions, not matters that may be deferred to weight.[135] In qualifying a witness, courts must determine whether the witness has "sufficient specialized knowledge to assist" on a particular technical issue.[136] Expertise in one area does not qualify a witness in other areas.[137] Experts must explain how their experience leads to their conclusion, why it supplies a sufficient basis, and how it was reliably applied.[138] An expert's opinion must rest on that specialized knowledge rather than belief or speculation.[139] Under new Rule 702, if a prerequisite is challenged, courts must make an explicit finding rather than label the issue as one of weight.[140]

In *Sommerville v. Union Carbide Corp*., the Fourth Circuit recently considered the application of the new Rule 702.[141] *Sommerville* held that "questions regarding the factual

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[134] Fed. R. Evid. 702.
[135] *See* Fed. R. Evid. 702 Advisory Committee's Note to 2023 Amendment.
[136] *Kadel v. Folwell*, 100 F.4th 122, 146–47 (4th Cir. 2024) (en banc) (quoting *Belk, Inc. v. Meyer Corp.*, 679 F.3d 146, 162 (4th Cir. 2012)).
[137] *Id.* at 147 (quoting *Shreve v. Sears, Roebuck & Co.*, 166 F. Supp. 2d 378, 391 (D. Md. 2001)).
[138] *Id.* at 146.
[139] *Sardis v. Overhead Door Corp*., 10 F.4th 268, 281-83 (4th Cir. 2021).
[140] *Id*. at 283.
[141] *Sommerville v. Union Carbide Corp*., 149 F.4th 408 (4th Cir. 2025), *cert. denied*, No. 25-919, 2026 WL 1463201 (U.S. May 26, 2026).

underpinnings of the [expert witness's] opinion affect the weight and credibility of the witness's assessment, not its admissibility," but it also reaffirmed that the proponent must establish admissibility "by a preponderance of proof" and that the Court must assess whether the expert's methodology "properly can be applied to the facts in issue."[142] Indeed, *Sommerville* did "not question" that a court may exclude an opinion that "lacks sufficient support in the record" or where "there is simply too great an analytical gap between [the] data and the opinion proffered."[143]

The FCR did not seek Dr. Sackett's categorical exclusion before trial because he anticipated that, in this bench estimation proceeding, the Court would prefer to hear each expert's testimony and evaluate it on a complete record. That is not a concession that Dr. Sackett is qualified and his estimate is reliable. Rather, a court conducting a bench trial may receive challenged expert testimony provisionally and determine its admissibility after hearing the evidence.[144] The 2023 amendment does not alter that procedure.[145] Thus, the Court may hear testimony from Dr. Sackett but may well ultimately decide that the ACC failed to show by a preponderance of the evidence that he is qualified and his estimate is reliable.

## VI. DISCUSSION

Two consequences follow from the Court's recent rulings on the motions in limine: first, defense costs must be excluded. As the Court explained, settlements and verdict amounts are paid to claimholders, while defense costs are paid to the Debtors' attorneys, experts, court reporters,

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[142] *Id.* at 421.
[143] *Id.* at 427 n.7 (cleaned up).
[144] *United States v. Wood*, 741 F.3d 417, 425 (4th Cir. 2013) (holding that, because the court was also the factfinder, its "evidentiary gatekeeping function was relaxed" and it was best positioned to evaluate the expert opinions); *In re Salem*, 465 F.3d 767, 777 (7th Cir. 2006) (explaining that a court may hear expert evidence and later exclude or disregard it if it fails Rule 702, while emphasizing that "the scientific reliability requirement" is not lessened); *Kansas City S. Ry. Co. v. Sny Island Levee Drainage District*, 831 F.3d 892, 900 (7th Cir. 2016) (holding that a judge need not conduct the Rule 702 analysis before presentation of evidence in a bench trial, but "must determine admissibility at some point").
[145] Fed. R. Evid. 702 advisory committee's note to 2023 amendment ("Nothing in the amendment imposes any new, specific procedures.").

and other service providers.[146] Second, Dr. Sackett's ground-up non-mesothelioma estimate is also excluded.[147] The Updated Waterfall at **Exhibit A** shows these corrections and corrections for Dr. Sackett's remaining errors.[148] By using the LAS curve but adjusting for these corrections, as explained in detail below, Brattle derives a mesothelioma only liability estimate of $521 million.[149]

Overall, Brattle's *mesothelioma only* estimate, calculated using its various models and return rates, is $384 million to $624 million.[150] Specifically, using LAS's incidence curve but applying Brattle's models and a trust return rate versus a risk-free return rate provides the estimate of **$535 to $608 million**.[151]

### A. Standard Methodology and Incidence Curves

Each of the three affirmative experts uses the same basic tort-system methodology: identifying pending claims, forecasting future claims, estimating payment probabilities and settlement amounts, and discounting the resulting cash flows to the petition date.[152] This method begins with the Debtors' actual tort-system experience because it is the best observable evidence of what the claims against them were worth.

Disease incidence curves forecast how asbestos diseases will develop over time in an exposed population. Each expert calibrates the curve to the Debtors' historical filings through a "propensity-to-sue" factor. That calibration determines the overall magnitude of the forecast, while the incidence curve determines how the projected claims are distributed over time.[153] Thus, curves

[146] Dkt. 3258, July 23, 2026 Hr'g Tr. at 87:9-89:2.
[147] Dkt. 3248, *Order Granting Debtors' Motion in Limine to Exclude Ground Up Estimate for Non-Mesothelioma Claims.*
[148] *See* Ex. A.
[149] Ex. A, figs. 4.1 and 4.2
[150] Ex. A., tbl. 1.1.
[151] *Id.*
[152] *See* Dkt. 3217, Ex. B, Brattle Rebuttal Expert Report ¶¶ 5, 15–20.
[153] *See* Dkt. 3189, Ex. B, Mullin Rebuttal Expert Report ¶¶ 23-25.

drawn from different exposed populations may produce different "tails," but they do not explain multi-billion-dollar valuation gaps in estimates when calibrated to the same claims data.

All three affirmative experts ultimately use a "Nicholson-style" method, as well as other approaches, to project how mesothelioma claims will decline over time and then scale that curve to the Debtors' actual historical claims. Brattle's curve from its September 2025 Report represents those with occupational asbestos exposure. That is because most credible claims against Aldrich and Murray allege occupational work on or around pumps, compressors, gaskets, and packing, and the relevant asbestos was generally encapsulated and released only when a worker cut, scraped, ground, or otherwise disturbed the product.[154] Bates White, however, used a higher curve in its September 2025 Report with a non-occupational component. LAS's curve, which was differently derived, is very similar to Bates White. As such, to take discussion of the incidence curve off the table and give the Court a better like-for-like comparison, Brattle controlled for these differences in its March 2026 Report responsive to the Phase I Order by substituting the LAS and Bates White curves into the Brattle model (while leaving Brattle's remaining methodology intact).

### B. The Experts' Differing Approaches

Mr. McKnight and Brattle built several models using the claims database. As discussed, Brattle's initial Nicholson model forecasted claims by applying an occupational incidence curve and calibrating it to recent filings. Then Brattle uses a well-established "competing-risk" model to estimate the probability and timing of payment or dismissal. Finally, Brattle calculates exposure-specific settlement values, adjusted for an aging claimant population and changing exposure mix, and discounts the resulting cash flows to the Petition Date.[155] The initial models yielded approximately $522 million using a risk-free rate, and $470 million, using a higher trust-return

[154] Dkt. 3217, Ex. B, Brattle Rebuttal Expert Report ¶¶ 22-27; *see Garlock*, 504 B.R. 71, 73-75, ¶¶ 21, 26-29.
[155] Dkt. 3217, Ex. A, Brattle Initial Expert Report ¶¶ 37-97.

discount rate.[156] Mr. McKnight's March 2026 Report then uses the LAS and Bates White incidence curves in its claim valuation models, deriving a final range of $470 million to $764 million.[157]

Dr. Mullin approached the problem somewhat differently by developing a "component-based" expenditure model using multiple calibration periods, testing three incidence curves ranging from occupational-only to a curve containing part of a non-asbestos-related incidence, and applying risk-free and trust-return discount rates.[158] The result was a reported range of $425 million to $750 million.[159] In rebuttal, he aligned his high-end incidence curves and other principal parameters with LAS and corrected for the various LAS errors.[160]

Dr. Sackett also starts with a Nicholson-style incidence curve calibrated to the Debtors' filing history. His key inputs (including the future-claims curve, three-year calibration period, payment rates, and average settlement values) closely track those Dr. Mullin uses in his comparable higher-curve scenario.[161] LAS nevertheless reaches approximately $3.2 billion in liabilities because it then adds defense costs, values stale pending claims as if they resembled recent claims, inserts six hypothetical verdicts, applies a decades-long negative real discount rate, omits the resolution rate (thus overstating the number of future paid claims), and excludes older claims from its pay-rate sample.[162]

### C. Brattle and Bates White Produce Essentially the Same Result, Once Similar Curves are Used.

Bates White's and Brattle's Phase I estimates, which were derived independently of each other, are similar, notwithstanding different modeling judgments. Bates White's reported range

[156] *Id*. ¶ 12, tbl. 1 & ¶ 97.
[157] Dkt. 3217, Ex. B, Brattle Rebuttal Expert Report ¶¶ 28-34; Dkt. 3189, Ex. B, Mullin Rebuttal Expert Report ¶ 5 n. 5.
[158] Dkt. 3189, Ex. A, Mullin Initial Expert Report ¶¶ 116-173 & figs. 29-32.
[159] *Id.* at ¶ 116.
[160] Dkt. 3189, Ex. B, Mullin Rebuttal Expert Report ¶¶ 6-11, 19-22 & fig. 4
[161] Dkt. 3189, Ex. B, Mullin Rebuttal Expert Report ¶¶ 7, 23-29 & figs. 8-11.
[162] *Id*. ¶¶ 5 n.5, 10, 19-22 & fig. 4.

was $425 million to $750 million, while Brattle's was $470 million to $764 million,[163] when adjusted on a like-to-like basis with similar incidence curves and the upper bound derived from risk-free discount rates.[164] Following the Court's July 23, 2026, Order, Brattle has re-run these numbers to exclude non-mesothelioma claims, with Bates White's reported range now at **$350 million to $615 million**, and Brattle's at **$384 million to $624 million**.[165] That substantial overlap is noteworthy, because Bates White did not use Brattle's competing-risk model, and Brattle did not use Bates White's annual-expenditure model.

In their rebuttal reports, Bates White and Brattle had also corrected LAS's discrete errors and modeling differences to derive bottom-line numbers of $650 million and $656 million, respectively.[166] Brattle has since updated these calculations following the Court's July 23, 2026 Order excluding all non-mesothelioma claims and defense costs at the outset, therefore, Brattle's new estimate in the Updated Waterfall, based on correction for LAS's discrete errors, is now **$521 million**.[167] Brattle has also reordered its corrections of LAS's errors to facilitate comparison with the Debtor's analysis, principally by moving the correction of LAS's discount-rate from one of the first steps in the waterfall to one of the last.

Brattle's Updated Waterfall took the following steps to reconcile the errors in Dr. Sackett's estimate, which reduce it from $3.2 billion to $521 million: (i) **$853 million** for defense costs, (ii) $504 million for non-mesothelioma claims, (iii) **$160 million** for hypothetical verdicts, (iv) **$230 million** for tolled and unknown claims, (v) **$584 million** to correct average resolution values which

[163] Use of a lower risk-free rate derives the upper bound of the range at $764 million. *See* Dkt. 3217, *The Future Asbestos Claimants' Representative's Opposition to the Official Committee of Asbestos Personal Injury Claimants' Motion to Exclude Certain Expert Testimony of David L. McKnight* at 2 n. 5.
[164] Dkt. 3189, Ex. B, Mullin Rebuttal Expert Report ¶¶ 3-5, 12-15 & fig. 5.
[165] *See* Ex. A and Exhibit B (Bates White Adjusted Liability Estimate Ranges, Mesothelioma Only).
[166] Dkt. 3189, Ex. B, Mullin Rebuttal Expert Report ¶¶ 10-11 & figs. 4-5; Dkt. 3217, Ex. B, Brattle Rebuttal Expert Report ¶¶ 30-33, tbl. 1 & fig. 4.
[167] Ex. A, figs. 4.1 and 4.2.

includes corrections for Sackett's inflation, payment rate, and settlement value errors, and (vi) **$330 million** for discount rate errors.[168]

### D. Dr. Sackett's Principal Errors

#### 1. Defense Costs

LAS adds future defense expenses to the value of pending and future claims.[169] Neither Brattle nor Bates White includes defense costs. The Court has held that defense costs are irrelevant to the value of tort claims and must be excluded.[170] This reduces Dr. Sackett's estimate by **$853 million**.

#### 2. Discounting and Inflation Assumptions

Rather than discounting future claims to present value, Dr. Sackett assumes a premium for delay. Dr. Sackett thus assumes that every rational actor asbestos claimant would choose to wait 50 years to be paid instead of being paid today. Indeed, from 2025 on until 2056, LAS inflates claim values at 3.2%, while discounting them by only 1%. The resulting negative real discount rate of -2.2% means that an otherwise identical claim becomes more valuable the farther into the future it is paid. A claim projected by Dr. Sackett for 2070 has more than three times the value of the same claim paid in 2020.[171]

In *Trevino v. United States*, the Ninth Circuit held that "it is impermissible to select a time period over which to compare inflation and interest rates that provides a decidedly aberrational result," and warned that an inconsistent treatment of inflation and discounting gives the claimant an impermissible "double benefit."[172]

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[168] Ex. A; *compare with* Dkt. 3217, Ex. B, Brattle Rebuttal Expert Report, fig. 4.
[169] Dkt. 3217, Ex. B, Brattle Rebuttal Expert Report ¶¶ 9, 33 & fig. 4.
[170] Dkt. 3258, July 23, 2026 Hr'g Tr. at 87:9-89:2.
[171] Dkt. 3217, Ex. B, Brattle Rebuttal Expert Report ¶¶ 37-54 & fig. 7.
[172] 804 F.2d 1512, 1518-19 (9th Cir. 1986).

Dr. Sackett commits exactly that error: he uses inflation forecasts from 2025 while freezing the discount rate at Treasury yields observed on June 18, 2020, immediately after emergency Federal Reserve intervention. If both inputs were measured as of the Petition Date, expected inflation would be materially lower. If both were measured in 2025, the relevant Treasury rate would be significantly higher.[173] Thus, Dr. Sackett cherry-picks the high number of one period with the low number of another, thereby inflating his estimate. Further, the 3.2% inflation input has no demonstrated relationship whatsoever to asbestos settlement values. It blends general CPI with medical-care inflation and an employment-cost index even though LAS does not show that medical prices or government employee benefits predict negotiated asbestos settlements.[174]

Dr. Sackett conceded that his discount rate analysis is "counterintuitive to the time value of money," and couldn't identify a single long-term period in American history with a negative real discount rate.[175]

The only support Dr. Sackett cites for his use of negative long-term real discount rates is *Garlock*. He does not support his analysis by reference to established economic principles. Thus, while his negative discount rate is an input into his model, it is a counterfactual input lacking in rigor, academic or otherwise. Further, *Garlock* actually stands for the established, uncontroversial principle that bankruptcy claims should be valued "as of the petition date."[176] Dr. Sackett confused making a present value calculation ***as of*** the petition date as requiring the use of spot interest rates ***on the*** petition date to predict interest rates over decades in the future.

Despite Dr. Sackett's belief to the contrary, *Garlock* does not authorize using an anomalous, COVID-era spot Treasury rate from June 18, 2020, alongside inflation expectations assembled

[173] Dkt. 3217, Ex. B, Brattle Rebuttal Expert Report, ¶¶ 38, 43-51.
[174] *Id.* ¶¶ 39-42.
[175] Ex. D, Dep. of Andrew Sackett 239:8-240:6, 243:1-5.
[176] *See Garlock,* 504 B.R. at 88.

nearly five years later, let alone projecting the resulting negative real interest rate for decades. As Mr. McKnight, Dr. Mullin, and Dr. Martin explain in their Reports, governing economic authorities require the exact opposite approach.[177] And in *Garlock*, Bates White, whose estimate Judge Hodges expressly endorsed and accepted, chose its discount rate based on long term forecasts issued by the CBO nearly two years after the Petition Date, resulting in a 5.5% nominal discount rate, which, when added to the 2.6% inflation rate Bates White calculated, yielded a positive real discount rate of approximately 2.9%.[178]

At bottom, correcting for these flawed financial parameters reduces LAS's estimate by $1.109 billion in Brattle's March 2026 reconciliation.[179] In the Updated Waterfall, in order to more easily compare to the Debtors' rebuttal report analysis, Brattle adjusts for inflation as part of its average resolution value correction and corrects for discounting last. As a result, the adjustment for discounting in the Brattle Updated Waterfall is **$330 million**.[180]

### 3. Payment Rates

The pending claim cohort is not, as Dr. Sackett imagines, a collection of newly filed homogeneous, valuable mesothelioma claims awaiting routine payment at common settlement values. Instead, it contains some new claims but also thousands of stale claims that have been unresolved for years, many with unknown diseases, *i.e.,* not mesothelioma,[181] and many likely

[177] Dkt. 3217, Ex. B, Brattle Rebuttal Expert Report ¶¶ 45-54, at 18-21; Dkt. 3189, Ex. B, Mullin Rebuttal Expert Report ¶¶ 64, 73-74, at 31, 36-37; Ex. H, Martin Rebuttal Expert Report ¶ 37 & n.24, at 16-17.
[178] *In re Garlock Sealing Technologies, LLC*, 504 B.R. 71, 96 (Bankr. W.D.N.C. 2014) (finding the use of CBO long-term inflation and risk-free rates "appropriate and acceptable").
[179] Dkt. 3189, Ex. B, Mullin Rebuttal Expert Report ¶¶ 21, 64-74 & figs. 26, 31; Dkt. 3217, Ex. B, Brattle Rebuttal Expert Report ¶¶ 33, 54 & fig. 4.
[180] *See* Ex. A, figs. 4.1 and 4.2.
[181] Mesothelioma is a rare, readily diagnosed disease that is invariably fatal in a couple of years following diagnosis. Not only does the Federal Government maintain a complete database of all mesothelioma patients, but plaintiff firms also spend millions soliciting such claims. The notion, espoused by Dr. Sackett, that years-old abandoned or unknown claims should be recategorized as viable, recent mesothelioma claims is counterfactual.

abandoned.[182] Indeed, as of the Petition Date, more than 70% of Aldrich's and more than 90% of Murray's long-pendency claims sat unresolved for the decade.[183] Similarly, approximately 99% of the unknown-disease claims were filed before 2015, and almost 90% had been pending for more than a decade.[184]

The Debtors' history shows that these claims rarely produce payments. For claims resolved during 2017-2019, 98% of payments went to new claims. Mesothelioma pay rates fell from 45.9% to 2.4% for Aldrich and from 20.2% to 1.2% for Murray as pendency increased from zero-to-three years to more than ten years.[185] Only 0.1% of dismissed claims were refiled more than six years after dismissal.[186] This is all taken directly from the claims data, which the Court ordered the experts to rely upon. Dr. Sackett nevertheless values long-dormant claims using payment rates and values derived from recent claims and assigns substantial value to alleged tolled claims outside the claims database. The result is an immediate projected spending spike that has no analogue in the Debtors' pre-petition history.

Dr. Sackett also treats the percentage of resolved claims that received payment as though it were the percentage of all filed claims that will receive payment. But a claim must first be resolved (dismissed or paid), and 2% of Aldrich claims and 4% of Murray claims remain unprosecuted and unresolved indefinitely with no payment.[187] Omitting that, the resolution rate is mathematically equivalent to assuming 100% resolution, which necessarily inflates Dr. Sackett's estimate further.[188]

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[182] Dkt. 3189, Ex. B, Mullin Rebuttal Expert Report ¶ 26, at 16-17 (unresolved claims include "open claims abandoned by plaintiffs' counsel"); ¶ 43 (plaintiffs' counsel "rarely pursue" years-old unknown-disease claims, which should generate only de minimis payments).
[183] *Id.* ¶¶ 33-36 & figs. 13-14.
[184] *Id.* ¶¶ 38-40 & figs. 16-18
[185] *Id.*
[186] *Id*. ¶¶ 46-49 & fig. 21.
[187] Dkt. 3189, Ex. A, Mullin Initial Expert Report App. D, § D.1.c ¶ 150
[188] *Id.* ¶¶ 75-78 & figs. 33-34.

Moreover, Dr. Sackett compounds his errors by relying on payment rates during the 2017-2019 resolution period while excluding claims filed before 2013. That omission removes precisely the older claims that took longer to resolve and were disproportionately dismissed. Paid claims are therefore overrepresented, and slower-resolving unpaid claims are underrepresented.[189] When pre-2013 claims with outcomes during the calibration period are restored, LAS's mesothelioma pay rate falls by 3.7 percentage points for Aldrich and 1.9 percentage points for Murray. The declines are much greater for non-mesothelioma diseases.[190] The amounts that Brattle and Bates White derive for this correction are not the same because the experts sequence and combine related corrections differently. On the essential point, however, they agree: excluding older data artificially increases LAS's estimate.

Overall, Brattle's competing-risk model corrects LAS's methodology by accounting for claim age and the declining likelihood of payment over time, treating payment and dismissal as mutually exclusive outcomes, and separately estimating payment probabilities for primary and secondary exposure claims.[191] In Brattle's March 2026 report, corrections for these payment rate errors reduce Dr. Sackett's estimate by approximately $367 million.[192] In Brattle's Updated Waterfall, these corrections are accounted for within the **$584** million deduction titled "Correct Avg. Resolution Value."[193]

In Dr. Mullin's March 2026 report, he reduced LAS's estimate by $80 million by correcting LAS's data truncation and separately attributed $30 million to LAS's omission of a resolution rate. Separately, Dr. Mullin attributed $380 million to LAS's overvaluation of abandoned and tolled

[189] Dkt. 3217, Ex. B, Brattle Rebuttal Expert Report ¶¶ 61-63; Dkt. 3189, Ex. B, Mullin Rebuttal Expert Report ¶¶ 79-81.
[190] Dkt. 3217, Ex. B, Brattle Rebuttal Expert Report ¶ 62; Dkt. 3189, Ex. B, Mullin Rebuttal Expert Report ¶ 80 & fig. 35.
[191] Dkt. 3217, Ex. B, Brattle Rebuttal Expert Report ¶¶ 60-70.
[192] *Id.* ¶ 33 & fig. 4, at 12–13; App. A ¶¶ 17-24 & tbl. 5, at A-1, A-6, A-8.
[193] Ex. A, figs. 4.1 and 4.2.

claims.[194] Collectively, these adjustments address the same effects of a flawed payment rate, and inclusion of stale claims, that Brattle captures through its competing-risk model.

**4. Hypothetical Verdicts**

The Debtors resolved approximately 500,000 claims over four decades but paid only one plaintiff verdict, a highly unusual "failure to warn" mesothelioma case in Louisiana. Murray paid none. Dr. Sackett nevertheless assumes six future plaintiff verdicts (three against each Debtor) at approximately $15 million each.[195] Nothing in the Debtors' history supports a sudden change from one paid verdict in forty years to six more in the forecast period.

This is another instance of double counting. Historical settlements already incorporate the probability-weighted risk of an adverse verdict; adding another series of hypothetical verdicts on top of historical average settlement values counts that same risk again.[196] If Dr. Sackett is going to assume that the Debtors will adopt a new litigation strategy going forward and try more cases, he must also remove the settlement premium the Debtors historically paid to avoid trial. Yet, he does not.

Dr. Sackett then compounds the error by using initial headline verdict amounts, not the amounts defendants ultimately pay after offsets, post-trial motions, appeals, and settlements. JCI's experience is illustrative: 24 plaintiff verdicts across ten years resulted in approximately $40 million in payments, while the reported initial amounts for 21 of those verdicts totaled approximately $195 million.[197]

[194] Dkt. 3189, Ex. B, Mullin Rebuttal Expert Report ¶¶ 75-81 & figs. 32-35, at 37-39.
[195] Dkt. 3189, Ex. B, Mullin Rebuttal Expert Report ¶¶ 8, 56-59; Dkt. 3217, Ex. B, Brattle Rebuttal Expert Report ¶ 72, at 31.
[196] Dkt. 3217, Ex. B, Brattle Rebuttal Expert Report ¶ 12.
[197] Dkt. 3189, Ex. B, Mullin Rebuttal Expert Report ¶ 59 & fig. 24.

Removing Dr. Sackett's hypothetical verdicts reduces his estimate in Brattle's March 2026 report by **$**60 million,[198] and by **$160 million** in Brattle's Updated Waterfall.[199]

Bates White's adjustment in its March 2026 report, which accounts for non-mesothelioma claims, is $140 million.[200]

**5. Residual Differences**

Brattle's remaining residual differences from its March 2026 report of $136 million are discussed in Appendix A to its March Report. The largest are $63 million for inflated settlement values, $40 million for non-mesothelioma claims liability, and $31 million for claims with unknown diseases. As a part of Brattle's Off-Complaint firm adjustment, it removes the tolled claims that LAS erroneously adds to its claims forecast.

In Brattle's Updated Waterfall, corrections to inflated settlement values are included within the $584 million deduction for "Correct Avg. Resolution Values."[201] Non-mesothelioma claims liability is completely removed. Brattle's corrections to LAS's estimate of tolled claims and reallocation of claims with unknown disease are calculated separately in its Updated Waterfall and reduce LAS's mesothelioma-only estimate by **$230 million**.[202]

In the Brattle Updated Waterfall, remaining residual differences are the treatment of Off-Complaint firms, the use of a fiscal year, and minor differences in data processing. These differences total **$15 million**.[203]

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[198] *Id.* ¶ 10 & fig. 4; Dkt. 3217, Ex. B, Brattle Rebuttal Expert Report ¶¶ 12, 33 & fig. 4.
[199] Ex. A, figs. 4.1 and 4.2. Again, the amount reduced for hypothetical verdicts is different from Brattle's original waterfall due to Brattle's re-ordering of its corrections of LAS's errors to facilitate comparison with the Debtor's analysis, which principally moved the correction of LAS's discount-rate from one of the first steps in the waterfall to one of the last.
[200] Dkt. 3189, Ex. B, Mullin Rebuttal Expert Report, fig. 4.
[201] Ex. A, figs. 4.1 and 4.2.
[202] *Id.*
[203] *Id.*

### E. Ms. Austin's Criticisms of Brattle Misinterpret the Brattle Analysis

Ms. Austin's criticisms of Brattle largely stem from misinterpretations of the Brattle estimate and a failure to have read Brattle's like-for-like tort system analysis in the March 2026 Report. Once adjusted for what Brattle did, Austin's rebuttal analysis becomes irrelevant. Most significantly, when a different three-year calibration period is used, or Off-Complaint Firms are included in the Brattle analysis in the beginning, rather than accounting for them at the end, Ms. Austin's main criticisms of the September 2025 Report, the Brattle liability estimates change little. Other technical critiques are simply not material.

#### 1. Payment Rates

Ms. Austin's criticism that Brattle's projected payment rates are inconsistent with historical averages is based on a misinterpretation of the Brattle analysis, which adjusted for how the Off-Complaint firms' recoveries skew payment data. Her comparison to historical averages is inflated because it includes Off-Complaint administrative claims. Up to 100% of the claims asserted by Off-Complaint firms are paid because they decide who and who not to pay. In comparison, most On-Complaint claims are dismissed or never paid. Brattle accounts for this by separately scaling up the Off-Complaint liabilities. Brattle did not commit an error by adjusting for the skewed payment rate for those firms; Dr. Sackett did so by ignoring it.

#### 2. Average Settlement Values

Ms. Austin next argues that Brattle selected a five-year calibration period that depressed average settlement values, particularly for Murray. Her analysis, however, fails to account for the fact that Brattle uses 12-month fiscal years ending in June to align the data with the June 18, 2020 Petition Date. This is the most accurate approach. Ms. Austin acknowledged that she did not appreciate that distinction until Mr. McKnight's deposition and that rerunning the analysis by fiscal

year changes the results.[204] When Ms. Austin's comparisons are shifted to Brattle's fiscal years, the results are normalized.[205] Further, the choice among three-, five-, and ten-year calibration periods is hardly evidence of bias. A shorter period is more responsive but not stable, while a longer period is more stable but less responsive. Brattle selected five years after observing relatively stable annual values, and Dr. Mullin's scenarios show that moving from three to five years changes the liability estimates by less than approximately 3%.[206] Ms. Austin offers no aggregate calculation showing that another period would move Brattle outside the overlapping Brattle/Bates White range.

### 3. Claim Values Over Time

Ms. Austin reads Brattle's year coefficients as evidence that settlement values must continue rising.[207] That is simply not what the regression shows. The coefficients compare individual years with a reference year after controlling for claimant age, jurisdiction, law firm, pendency, and other factors. They show annual volatility (including that 2015 was a relatively low year), not a durable upward trend that should be extended for decades.[208]

### 4. Nicholson Curve

Ms. Austin is also critical of Brattle's use of the Nicholson-KPMG incidence curve as the basis for its September 2025 Report because it is not calibrated to recent incidence in the entire US population. But this ignores that fact that Brattle's initial forecast addressed occupational exposure, the cohort of claimants credibly exposed to asbestos fibers from encapsulated, chrysotile asbestos products. The March 2026 Report, which is responsive to Phase I Order, models all exposures and uses both the LAS and Bates White curves.

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[204] Ex. E, Dep. of Yvette Austin at 235:7-16.
[205] Ex. C, Dep. of David McKnight at 158:4-14, 159:14-18.
[206] *Id*. at 155:12-24, 159:1-11.
[207] Ex. F, Austin Rebuttal Report ¶¶ 43-46.
[208] Ex. C, Dep. of David McKnight at 161:1-164:13.

## VII. CONCLUSION

Estimation does not require numerical precision, but it does require an estimate grounded in the Debtors' actual claims experience and economically coherent assumptions. Dr. Sackett's estimate fails that test. It includes costs that are not payable to claimants, disregards the Court order on the multiplier, treats stale and abandoned claims like newly-filed claims, omits a resolution rate entirely, truncates the very data that reveals declining payment rates, imagines six $15 million verdicts, and assumes a counterfactual negative real discount rate for decades. Correcting those errors reduces LAS's estimate by approximately $2.5 billion. Reaching their conclusions independently, from different starting points and through different orders of operations, Brattle and Bates White's March 2026 reports each calculated that the corrected LAS estimate was approximately $650 to $656 million. That convergence provides the Court with a reliable basis for the "rough estimate" required here. Brattle's updated estimate with the LAS corrections and mesothelioma claims *only* is **$521 million**. Brattle contends that by using LAS's own incidence curves, but applying its modeling, the estimated range of liabilities applying the trust return rate and the risk-free return rate is **$535 million to $608 million**, respectively.[209]

The last 18 months have seen accelerated progress in these cases, including with the Court ordering the ACC to provide a liability estimate, the Court ordering and scheduling a Phase I trial, and the Court, the District Court, the Fourth Circuit, and the Supreme Court all rejecting the ACC's dismissal efforts as being contrary to creditor interests. The FCR seeks the Court's continuing help to keep these cases on track for trust formation and to require all court-appointed fiduciaries and estate professionals to honor their duty to advance collective class interests. The future actions of the ACC following the Court's estimate of the Debtors' asbestos liabilities, under the very model

[209] Ex. A, tbl. 1.1 [C][2]-[D][2].

ACC counsel wanted, will inform the Court as to what remedial measures need to be taken to ensure the class of current claimants is adequately represented going forward.

Dated: August 3, 2026
Charlotte, North Carolina

Respectfully submitted,

*/s/ A. Cotten Wright*

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# EXHIBIT A

**BRATTLE GROUP ADJUSTED WATERFALLS:**

**Fig. 4.1: Reflecting non-mesothelioma claims and defense costs in starting number:**

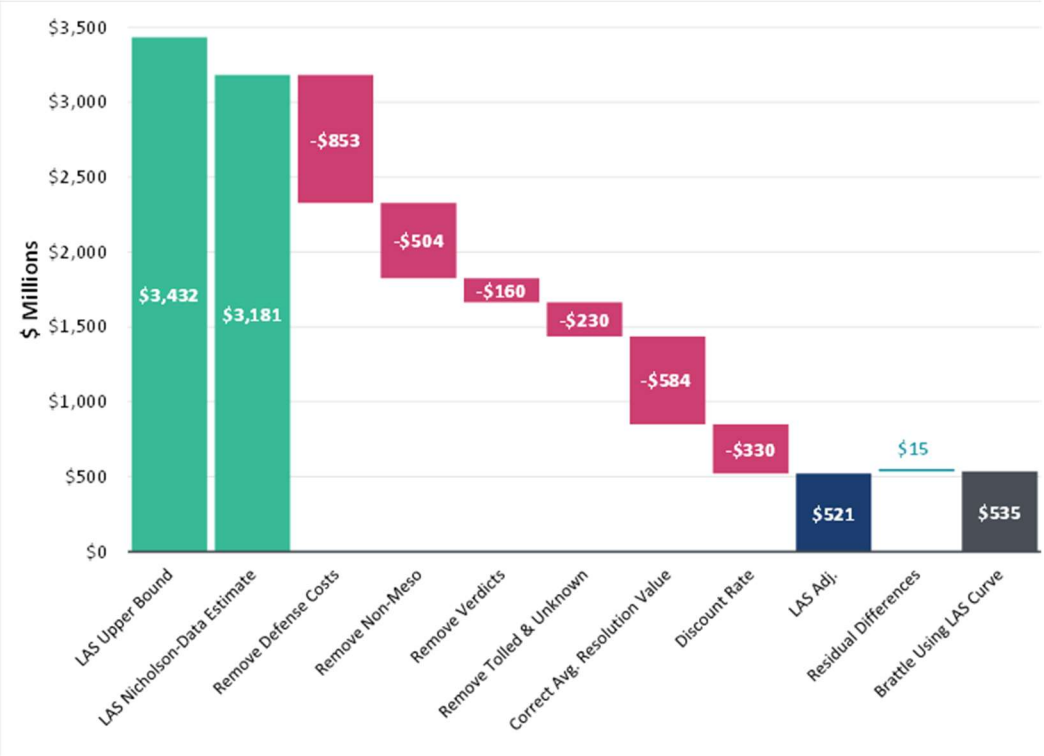



**Fig. 4.2: Reflecting non-mesothelioma claims and defense costs removed from starting number:**



**BRATTLE GROUP ADJUSTED LIABILITIES ESTIMATE RANGE (MESO ONLY)**

**Table 1.1:**

NPV of the Debtors Liabilities in the Tort System

| | | Estimates in Initial Report | | Brattle Estimates Using LAS and BW Forecast Curves | |
|---|---|---|---|---|---|
| | | Trust Return | Risk-Free Rate | Trust Return | Risk-Free Rate |
| *$ in millions* | | [A] | [B] | [C] | [D] |
| Brattle | [1] | $384 | $426 | | |
| LAS | [2] | N/A | $1,824 | $535 | $608 |
| Bates White | [3] | $510 | $585 | $551 | $624 |

Sources and Notes:

[1][A]-[B]: Brattle Initial Report, Meso only.

[2][B]: LAS Nicholson-Data Estimate, Remove defense costs, Meso only.

[3][A]-[B]: 5-year calibraton period Upper Bound, Bates White Initial Report, Meso only.

# EXHIBIT B

**Figure 32: Likely range of future claim payments by the Debtors as of their Petition Date**

| Expenditure forecast scenario | All diseases | | | Mesothelioma only | | |
|---|---|---|---|---|---|---|
| | Aldrich | Murray | Total | Aldrich | Murray | Total |
| Low | $280 MM | $145 MM | $425 MM | $235 MM | $115 MM | $350 MM |
| High | $450 MM | $245 MM | $695 MM | $370 MM | $200 MM | $570 MM |

**Figure 29: Component-based range of future claim payments by the Debtors as of their Petition date**

| Scenario parameters | | | | All diseases | | | | | Mesothelioma only | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Aldrich | | Murray | | Total | Aldrich | | Murray | | Total |
| Calibration period | ASV inflation | Discount rate | Non-ACP incidence | Pending | Future | Pending | Future | | Pending | Future | Pending | Future | |
| 5 years | Hist. trend | 6.50% | 0% Non-ACP | $85 MM | $270 MM | $40 MM | $130 MM | $525 MM | $70 MM | $220 MM | $35 MM | $105 MM | $430 MM |
| 3 years | Hist. trend | 6.50% | 0% Non-ACP | $80 MM | $260 MM | $45 MM | $140 MM | $525 MM | $65 MM | $215 MM | $35 MM | $115 MM | $430 MM |
| 10 years | Hist. trend | 6.50% | 0% Non-ACP | $90 MM | $280 MM | $40 MM | $140 MM | $545 MM | $70 MM | $230 MM | $35 MM | $110 MM | $445 MM |
| 5 years | None | 6.50% | 0% Non-ACP | $85 MM | $280 MM | $45 MM | $155 MM | $565 MM | $70 MM | $230 MM | $35 MM | $125 MM | $460 MM |
| 3 years | None | 6.50% | 0% Non-ACP | $80 MM | $270 MM | $45 MM | $165 MM | $565 MM | $65 MM | $225 MM | $40 MM | $135 MM | $465 MM |
| 5 years | Hist. trend | 6.50% | 20% Non-ACP | $90 MM | $300 MM | $40 MM | $140 MM | $575 MM | $75 MM | $250 MM | $35 MM | $115 MM | $470 MM |
| 3 years | Hist. trend | 6.50% | 20% Non-ACP | $85 MM | $295 MM | $45 MM | $150 MM | $580 MM | $70 MM | $245 MM | $35 MM | $120 MM | $475 MM |
| 10 years | None | 6.50% | 0% Non-ACP | $90 MM | $290 MM | $40 MM | $165 MM | $585 MM | $75 MM | $240 MM | $35 MM | $130 MM | $480 MM |
| 5 years | Hist. trend | 4.50% | 0% Non-ACP | $85 MM | $315 MM | $45 MM | $150 MM | $590 MM | $70 MM | $260 MM | $35 MM | $120 MM | $485 MM |
| 3 years | Hist. trend | 4.50% | 0% Non-ACP | $80 MM | $305 MM | $45 MM | $160 MM | $595 MM | $70 MM | $250 MM | $40 MM | $130 MM | $485 MM |
| 10 years | Hist. trend | 6.50% | 20% Non-ACP | $95 MM | $320 MM | $40 MM | $150 MM | $605 MM | $75 MM | $265 MM | $35 MM | $120 MM | $495 MM |
| 10 years | Hist. trend | 4.50% | 0% Non-ACP | $90 MM | $325 MM | $40 MM | $160 MM | $615 MM | $75 MM | $270 MM | $35 MM | $130 MM | $505 MM |
| 5 years | None | 6.50% | 20% Non-ACP | $90 MM | $320 MM | $45 MM | $170 MM | $620 MM | $75 MM | $265 MM | $35 MM | $135 MM | $510 MM |
| 3 years | None | 6.50% | 20% Non-ACP | $85 MM | $310 MM | $45 MM | $180 MM | $630 MM | $70 MM | $260 MM | $40 MM | $145 MM | $515 MM |
| 5 years | None | 4.50% | 0% Non-ACP | $85 MM | $330 MM | $45 MM | $180 MM | $640 MM | $70 MM | $270 MM | $35 MM | $145 MM | $525 MM |
| 3 years | None | 4.50% | 0% Non-ACP | $85 MM | $320 MM | $50 MM | $195 MM | $645 MM | $70 MM | $265 MM | $40 MM | $155 MM | $530 MM |
| 10 years | None | 6.50% | 20% Non-ACP | $95 MM | $335 MM | $40 MM | $180 MM | $655 MM | $75 MM | $280 MM | $35 MM | $145 MM | $535 MM |
| 5 years | Hist. trend | 4.50% | 20% Non-ACP | $90 MM | $355 MM | $45 MM | $165 MM | $655 MM | $75 MM | $295 MM | $35 MM | $130 MM | $540 MM |
| 3 years | Hist. trend | 4.50% | 20% Non-ACP | $90 MM | $350 MM | $45 MM | $175 MM | $660 MM | $75 MM | $290 MM | $40 MM | $140 MM | $540 MM |
| 10 years | None | 4.50% | 0% Non-ACP | $90 MM | $345 MM | $40 MM | $190 MM | $665 MM | $75 MM | $285 MM | $35 MM | $155 MM | $545 MM |
| 10 years | Hist. trend | 4.50% | 20% Non-ACP | $95 MM | $380 MM | $40 MM | $175 MM | $690 MM | $80 MM | $315 MM | $35 MM | $140 MM | $565 MM |
| 5 years | None | 4.50% | 20% Non-ACP | $95 MM | $380 MM | $45 MM | $200 MM | $715 MM | $75 MM | $310 MM | $35 MM | $160 MM | $585 MM |
| 3 years | None | 4.50% | 20% Non-ACP | $90 MM | $370 MM | $50 MM | $215 MM | $720 MM | $75 MM | $305 MM | $40 MM | $175 MM | $590 MM |
| 10 years | None | 4.50% | 20% Non-ACP | $95 MM | $400 MM | $45 MM | $215 MM | $750 MM | $80 MM | $330 MM | $35 MM | $170 MM | $615 MM |

**Footnote 140: Additional scenarios that use a 5.5% discount rate and a 10% weight on the non-ACP incidence curve are included in my reliance materials.**

| Scenario parameters | | | | All diseases | | | | | Mesothelioma only | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Aldrich | | Murray | | Total | Aldrich | | Murray | | Total |
| Calibration period | ASV inflation | Discount rate | Non-ACP incidence | Pending | Future | Pending | Future | | Pending | Future | Pending | Future | |
| 5 years | Hist. trend | 6.50% | 0% Non-ACP | $85 MM | $270 MM | $40 MM | $130 MM | $525 MM | $70 MM | $220 MM | $35 MM | $105 MM | $430 MM |
| 3 years | Hist. trend | 6.50% | 0% Non-ACP | $80 MM | $260 MM | $45 MM | $140 MM | $525 MM | $65 MM | $215 MM | $35 MM | $115 MM | $430 MM |
| 10 years | Hist. trend | 6.50% | 0% Non-ACP | $90 MM | $280 MM | $40 MM | $140 MM | $545 MM | $70 MM | $230 MM | $35 MM | $110 MM | $445 MM |
| 5 years | Hist. trend | 6.50% | 10% Non-ACP | $85 MM | $285 MM | $40 MM | $135 MM | $545 MM | $70 MM | $235 MM | $35 MM | $110 MM | $450 MM |
| 3 years | Hist. trend | 6.50% | 10% Non-ACP | $80 MM | $275 MM | $45 MM | $145 MM | $550 MM | $70 MM | $225 MM | $35 MM | $120 MM | $450 MM |
| 5 years | Hist. trend | 5.50% | 0% Non-ACP | $85 MM | $290 MM | $40 MM | $140 MM | $555 MM | $70 MM | $240 MM | $35 MM | $110 MM | $455 MM |
| 3 years | Hist. trend | 5.50% | 0% Non-ACP | $80 MM | $280 MM | $45 MM | $150 MM | $560 MM | $70 MM | $230 MM | $40 MM | $120 MM | $460 MM |
| 5 years | None | 6.50% | 0% Non-ACP | $85 MM | $280 MM | $45 MM | $155 MM | $565 MM | $70 MM | $230 MM | $35 MM | $125 MM | $460 MM |
| 3 years | None | 6.50% | 0% Non-ACP | $80 MM | $270 MM | $45 MM | $165 MM | $565 MM | $65 MM | $225 MM | $40 MM | $135 MM | $465 MM |
| 10 years | Hist. trend | 6.50% | 10% Non-ACP | $90 MM | $295 MM | $40 MM | $145 MM | $570 MM | $75 MM | $245 MM | $35 MM | $115 MM | $470 MM |
| 5 years | Hist. trend | 6.50% | 20% Non-ACP | $90 MM | $300 MM | $40 MM | $140 MM | $575 MM | $75 MM | $250 MM | $35 MM | $115 MM | $470 MM |
| 10 years | Hist. trend | 5.50% | 0% Non-ACP | $90 MM | $300 MM | $40 MM | $150 MM | $580 MM | $75 MM | $250 MM | $35 MM | $120 MM | $475 MM |
| 3 years | Hist. trend | 6.50% | 20% Non-ACP | $85 MM | $295 MM | $45 MM | $150 MM | $580 MM | $70 MM | $245 MM | $35 MM | $120 MM | $475 MM |
| 5 years | Hist. trend | 5.50% | 10% Non-ACP | $85 MM | $305 MM | $40 MM | $145 MM | $580 MM | $70 MM | $255 MM | $35 MM | $120 MM | $475 MM |
| 3 years | Hist. trend | 5.50% | 10% Non-ACP | $85 MM | $295 MM | $45 MM | $155 MM | $585 MM | $70 MM | $245 MM | $40 MM | $125 MM | $480 MM |
| 10 years | None | 6.50% | 0% Non-ACP | $90 MM | $290 MM | $40 MM | $165 MM | $585 MM | $75 MM | $240 MM | $35 MM | $130 MM | $480 MM |
| 5 years | None | 6.50% | 10% Non-ACP | $85 MM | $300 MM | $45 MM | $160 MM | $590 MM | $70 MM | $245 MM | $35 MM | $130 MM | $485 MM |
| 5 years | Hist. trend | 4.50% | 0% Non-ACP | $85 MM | $315 MM | $45 MM | $150 MM | $590 MM | $70 MM | $260 MM | $35 MM | $120 MM | $485 MM |
| 3 years | Hist. trend | 4.50% | 0% Non-ACP | $80 MM | $305 MM | $45 MM | $160 MM | $595 MM | $70 MM | $250 MM | $40 MM | $130 MM | $485 MM |
| 3 years | None | 6.50% | 10% Non-ACP | $85 MM | $290 MM | $45 MM | $175 MM | $595 MM | $70 MM | $240 MM | $40 MM | $140 MM | $485 MM |
| 5 years | None | 5.50% | 0% Non-ACP | $85 MM | $305 MM | $45 MM | $165 MM | $600 MM | $70 MM | $250 MM | $35 MM | $135 MM | $490 MM |
| 3 years | None | 5.50% | 0% Non-ACP | $80 MM | $295 MM | $50 MM | $180 MM | $605 MM | $70 MM | $245 MM | $40 MM | $145 MM | $495 MM |
| 10 years | Hist. trend | 6.50% | 20% Non-ACP | $95 MM | $320 MM | $40 MM | $150 MM | $605 MM | $75 MM | $265 MM | $35 MM | $120 MM | $495 MM |
| 10 years | Hist. trend | 5.50% | 10% Non-ACP | $90 MM | $320 MM | $40 MM | $155 MM | $610 MM | $75 MM | $265 MM | $35 MM | $125 MM | $500 MM |
| 5 years | Hist. trend | 5.50% | 20% Non-ACP | $90 MM | $330 MM | $45 MM | $150 MM | $615 MM | $75 MM | $270 MM | $35 MM | $120 MM | $505 MM |
| 10 years | Hist. trend | 4.50% | 0% Non-ACP | $90 MM | $325 MM | $40 MM | $160 MM | $615 MM | $75 MM | $270 MM | $35 MM | $130 MM | $505 MM |
| 10 years | None | 6.50% | 10% Non-ACP | $90 MM | $310 MM | $40 MM | $175 MM | $615 MM | $75 MM | $260 MM | $35 MM | $140 MM | $505 MM |
| 3 years | Hist. trend | 5.50% | 20% Non-ACP | $85 MM | $320 MM | $45 MM | $165 MM | $620 MM | $70 MM | $265 MM | $40 MM | $130 MM | $505 MM |
| 5 years | Hist. trend | 4.50% | 10% Non-ACP | $90 MM | $335 MM | $45 MM | $155 MM | $620 MM | $75 MM | $275 MM | $35 MM | $125 MM | $510 MM |
| 5 years | None | 6.50% | 20% Non-ACP | $90 MM | $320 MM | $45 MM | $170 MM | $620 MM | $75 MM | $265 MM | $35 MM | $135 MM | $510 MM |
| 3 years | Hist. trend | 4.50% | 10% Non-ACP | $85 MM | $325 MM | $45 MM | $170 MM | $625 MM | $70 MM | $265 MM | $40 MM | $135 MM | $510 MM |
| 10 years | None | 5.50% | 0% Non-ACP | $90 MM | $315 MM | $40 MM | $175 MM | $625 MM | $75 MM | $260 MM | $35 MM | $140 MM | $510 MM |
| 3 years | None | 6.50% | 20% Non-ACP | $85 MM | $310 MM | $45 MM | $180 MM | $630 MM | $70 MM | $260 MM | $40 MM | $145 MM | $515 MM |
| 5 years | None | 5.50% | 10% Non-ACP | $85 MM | $325 MM | $45 MM | $175 MM | $630 MM | $70 MM | $265 MM | $35 MM | $140 MM | $515 MM |
| 3 years | None | 5.50% | 10% Non-ACP | $85 MM | $315 MM | $50 MM | $190 MM | $635 MM | $70 MM | $260 MM | $40 MM | $150 MM | $520 MM |
| 5 years | None | 4.50% | 0% Non-ACP | $85 MM | $330 MM | $45 MM | $180 MM | $640 MM | $70 MM | $270 MM | $35 MM | $145 MM | $525 MM |
| 3 years | None | 4.50% | 0% Non-ACP | $85 MM | $320 MM | $50 MM | $195 MM | $645 MM | $70 MM | $265 MM | $40 MM | $155 MM | $530 MM |
| 10 years | Hist. trend | 5.50% | 20% Non-ACP | $95 MM | $350 MM | $40 MM | $165 MM | $645 MM | $80 MM | $285 MM | $35 MM | $130 MM | $530 MM |
| 10 years | Hist. trend | 4.50% | 10% Non-ACP | $90 MM | $350 MM | $40 MM | $170 MM | $650 MM | $75 MM | $290 MM | $35 MM | $135 MM | $530 MM |
| 10 years | None | 6.50% | 20% Non-ACP | $95 MM | $335 MM | $40 MM | $180 MM | $655 MM | $75 MM | $280 MM | $35 MM | $145 MM | $535 MM |
| 5 years | Hist. trend | 4.50% | 20% Non-ACP | $90 MM | $355 MM | $45 MM | $165 MM | $655 MM | $75 MM | $295 MM | $35 MM | $130 MM | $540 MM |
| 10 years | None | 5.50% | 10% Non-ACP | $90 MM | $340 MM | $40 MM | $185 MM | $660 MM | $75 MM | $280 MM | $35 MM | $150 MM | $540 MM |
| 3 years | Hist. trend | 4.50% | 20% Non-ACP | $90 MM | $350 MM | $45 MM | $175 MM | $660 MM | $75 MM | $290 MM | $40 MM | $140 MM | $540 MM |
| 5 years | None | 5.50% | 20% Non-ACP | $90 MM | $345 MM | $45 MM | $185 MM | $665 MM | $75 MM | $285 MM | $35 MM | $150 MM | $545 MM |
| 10 years | None | 4.50% | 0% Non-ACP | $90 MM | $345 MM | $40 MM | $190 MM | $665 MM | $75 MM | $285 MM | $35 MM | $155 MM | $545 MM |
| 3 years | None | 5.50% | 20% Non-ACP | $90 MM | $340 MM | $50 MM | $195 MM | $670 MM | $75 MM | $280 MM | $40 MM | $160 MM | $550 MM |
| 5 years | None | 4.50% | 10% Non-ACP | $90 MM | $350 MM | $45 MM | $190 MM | $675 MM | $75 MM | $290 MM | $35 MM | $155 MM | $550 MM |
| 3 years | None | 4.50% | 10% Non-ACP | $85 MM | $340 MM | $50 MM | $205 MM | $680 MM | $70 MM | $280 MM | $40 MM | $165 MM | $555 MM |
| 10 years | Hist. trend | 4.50% | 20% Non-ACP | $95 MM | $380 MM | $40 MM | $175 MM | $690 MM | $80 MM | $315 MM | $35 MM | $140 MM | $565 MM |
| 10 years | None | 5.50% | 20% Non-ACP | $95 MM | $365 MM | $40 MM | $195 MM | $700 MM | $80 MM | $305 MM | $35 MM | $160 MM | $575 MM |
| 10 years | None | 4.50% | 10% Non-ACP | $90 MM | $370 MM | $45 MM | $205 MM | $705 MM | $75 MM | $305 MM | $35 MM | $165 MM | $580 MM |
| 5 years | None | 4.50% | 20% Non-ACP | $95 MM | $380 MM | $45 MM | $200 MM | $715 MM | $75 MM | $310 MM | $35 MM | $160 MM | $585 MM |
| 3 years | None | 4.50% | 20% Non-ACP | $90 MM | $370 MM | $50 MM | $215 MM | $720 MM | $75 MM | $305 MM | $40 MM | $175 MM | $590 MM |
| 10 years | None | 4.50% | 20% Non-ACP | $95 MM | $400 MM | $45 MM | $215 MM | $750 MM | $80 MM | $330 MM | $35 MM | $170 MM | $615 MM |

**Figure 39: Component-based forecast range incorporating 6.11% discount rate**

| Scenario parameters | | | | All diseases | | | | | Mesothelioma only | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Aldrich | | Murray | | Total | Aldrich | | Murray | | Total |
| Calibration period | ASV inflation | Discount rate | Non-ACP incidence | Pending | Future | Pending | Future | | Pending | Future | Pending | Future | |
| 5 years | Hist. trend | 6.11% | 0% Non-ACP | $85 MM | $275 MM | $40 MM | $135 MM | $535 MM | $70 MM | $230 MM | $35 MM | $110 MM | $440 MM |
| 3 years | Hist. trend | 6.11% | 0% Non-ACP | $80 MM | $265 MM | $45 MM | $145 MM | $540 MM | $65 MM | $220 MM | $35 MM | $115 MM | $440 MM |
| 10 years | Hist. trend | 6.11% | 0% Non-ACP | $90 MM | $285 MM | $40 MM | $140 MM | $560 MM | $75 MM | $235 MM | $35 MM | $115 MM | $455 MM |
| 5 years | None | 6.11% | 0% Non-ACP | $85 MM | $290 MM | $45 MM | $160 MM | $575 MM | $70 MM | $240 MM | $35 MM | $130 MM | $470 MM |
| 3 years | None | 6.11% | 0% Non-ACP | $80 MM | $280 MM | $45 MM | $170 MM | $580 MM | $70 MM | $230 MM | $40 MM | $140 MM | $475 MM |
| 5 years | Hist. trend | 6.11% | 20% Non-ACP | $90 MM | $310 MM | $40 MM | $145 MM | $590 MM | $75 MM | $260 MM | $35 MM | $115 MM | $485 MM |
| 5 years | Hist. trend | 4.50% | 0% Non-ACP | $85 MM | $315 MM | $45 MM | $150 MM | $590 MM | $70 MM | $260 MM | $35 MM | $120 MM | $485 MM |
| 3 years | Hist. trend | 4.50% | 0% Non-ACP | $80 MM | $305 MM | $45 MM | $160 MM | $595 MM | $70 MM | $250 MM | $40 MM | $130 MM | $485 MM |
| 3 years | Hist. trend | 6.11% | 20% Non-ACP | $85 MM | $305 MM | $45 MM | $155 MM | $595 MM | $70 MM | $255 MM | $40 MM | $125 MM | $485 MM |
| 10 years | None | 6.11% | 0% Non-ACP | $90 MM | $300 MM | $40 MM | $170 MM | $600 MM | $75 MM | $250 MM | $35 MM | $135 MM | $490 MM |
| 10 years | Hist. trend | 4.50% | 0% Non-ACP | $90 MM | $325 MM | $40 MM | $160 MM | $615 MM | $75 MM | $270 MM | $35 MM | $130 MM | $505 MM |
| 10 years | Hist. trend | 6.11% | 20% Non-ACP | $95 MM | $330 MM | $40 MM | $155 MM | $620 MM | $75 MM | $275 MM | $35 MM | $125 MM | $510 MM |
| 5 years | None | 6.11% | 20% Non-ACP | $90 MM | $330 MM | $45 MM | $175 MM | $635 MM | $75 MM | $270 MM | $35 MM | $140 MM | $525 MM |
| 5 years | None | 4.50% | 0% Non-ACP | $85 MM | $330 MM | $45 MM | $180 MM | $640 MM | $70 MM | $270 MM | $35 MM | $145 MM | $525 MM |
| 3 years | None | 4.50% | 0% Non-ACP | $85 MM | $320 MM | $50 MM | $195 MM | $645 MM | $70 MM | $265 MM | $40 MM | $155 MM | $530 MM |
| 3 years | None | 6.11% | 20% Non-ACP | $85 MM | $320 MM | $50 MM | $185 MM | $645 MM | $70 MM | $265 MM | $40 MM | $150 MM | $530 MM |
| 5 years | Hist. trend | 4.50% | 20% Non-ACP | $90 MM | $355 MM | $45 MM | $165 MM | $655 MM | $75 MM | $295 MM | $35 MM | $130 MM | $540 MM |
| 3 years | Hist. trend | 4.50% | 20% Non-ACP | $90 MM | $350 MM | $45 MM | $175 MM | $660 MM | $75 MM | $290 MM | $40 MM | $140 MM | $540 MM |
| 10 years | None | 4.50% | 0% Non-ACP | $90 MM | $345 MM | $40 MM | $190 MM | $665 MM | $75 MM | $285 MM | $35 MM | $155 MM | $545 MM |
| 10 years | None | 6.11% | 20% Non-ACP | $95 MM | $350 MM | $40 MM | $185 MM | $670 MM | $80 MM | $290 MM | $35 MM | $150 MM | $550 MM |
| 10 years | Hist. trend | 4.50% | 20% Non-ACP | $95 MM | $380 MM | $40 MM | $175 MM | $690 MM | $80 MM | $315 MM | $35 MM | $140 MM | $565 MM |
| 5 years | None | 4.50% | 20% Non-ACP | $95 MM | $380 MM | $45 MM | $200 MM | $715 MM | $75 MM | $310 MM | $35 MM | $160 MM | $585 MM |
| 3 years | None | 4.50% | 20% Non-ACP | $90 MM | $370 MM | $50 MM | $215 MM | $720 MM | $75 MM | $305 MM | $40 MM | $175 MM | $590 MM |
| 10 years | None | 4.50% | 20% Non-ACP | $95 MM | $400 MM | $45 MM | $215 MM | $750 MM | $80 MM | $330 MM | $35 MM | $170 MM | $615 MM |

**Figure 40: Annual-expenditure-based forecast range incorporating 6.11% discount rate**

| Expenditure forecast scenario | All diseases | | | Mesothelioma only | | |
|---|---|---|---|---|---|---|
| | Aldrich | Murray | Total | Aldrich | Murray | Total |
| Low | $290 MM | $155 MM | $440 MM | $240 MM | $120 MM | $360 MM |
| High | $450 MM | $245 MM | $695 MM | $370 MM | $200 MM | $570 MM |

**Figure 41: Component-based forecast range using 10% Non-ACP incidence**

| Scenario parameters | | | | All diseases | | | | | Mesothelioma only | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Aldrich | | Murray | | Total | Aldrich | | Murray | | Total |
| Calibration period | ASV inflation | Discount rate | Non-ACP incidence | Pending | Future | Pending | Future | | Pending | Future | Pending | Future | |
| 5 years | Hist. trend | 6.50% | 10% Non-ACP | $85 MM | $285 MM | $40 MM | $135 MM | $545 MM | $70 MM | $235 MM | $35 MM | $110 MM | $450 MM |
| 3 years | Hist. trend | 6.50% | 10% Non-ACP | $80 MM | $275 MM | $45 MM | $145 MM | $550 MM | $70 MM | $225 MM | $35 MM | $120 MM | $450 MM |
| 5 years | Hist. trend | 6.11% | 10% Non-ACP | $85 MM | $290 MM | $40 MM | $140 MM | $560 MM | $70 MM | $240 MM | $35 MM | $115 MM | $460 MM |
| 3 years | Hist. trend | 6.11% | 10% Non-ACP | $85 MM | $285 MM | $45 MM | $150 MM | $565 MM | $70 MM | $235 MM | $35 MM | $120 MM | $460 MM |
| 10 years | Hist. trend | 6.50% | 10% Non-ACP | $90 MM | $295 MM | $40 MM | $145 MM | $570 MM | $75 MM | $245 MM | $35 MM | $115 MM | $470 MM |
| 10 years | Hist. trend | 6.11% | 10% Non-ACP | $90 MM | $305 MM | $40 MM | $150 MM | $585 MM | $75 MM | $255 MM | $35 MM | $120 MM | $480 MM |
| 5 years | None | 6.50% | 10% Non-ACP | $85 MM | $300 MM | $45 MM | $160 MM | $590 MM | $70 MM | $245 MM | $35 MM | $130 MM | $485 MM |
| 3 years | None | 6.50% | 10% Non-ACP | $85 MM | $290 MM | $45 MM | $175 MM | $595 MM | $70 MM | $240 MM | $40 MM | $140 MM | $485 MM |
| 5 years | None | 6.11% | 10% Non-ACP | $85 MM | $305 MM | $45 MM | $165 MM | $605 MM | $70 MM | $255 MM | $35 MM | $135 MM | $495 MM |
| 3 years | None | 6.11% | 10% Non-ACP | $85 MM | $300 MM | $50 MM | $180 MM | $610 MM | $70 MM | $245 MM | $40 MM | $145 MM | $500 MM |
| 10 years | None | 6.50% | 10% Non-ACP | $90 MM | $310 MM | $40 MM | $175 MM | $615 MM | $75 MM | $260 MM | $35 MM | $140 MM | $505 MM |
| 5 years | Hist. trend | 4.50% | 10% Non-ACP | $90 MM | $335 MM | $45 MM | $155 MM | $620 MM | $75 MM | $275 MM | $35 MM | $125 MM | $510 MM |
| 3 years | Hist. trend | 4.50% | 10% Non-ACP | $85 MM | $325 MM | $45 MM | $170 MM | $625 MM | $70 MM | $265 MM | $40 MM | $135 MM | $510 MM |
| 10 years | None | 6.11% | 10% Non-ACP | $90 MM | $320 MM | $40 MM | $180 MM | $630 MM | $75 MM | $265 MM | $35 MM | $145 MM | $520 MM |
| 10 years | Hist. trend | 4.50% | 10% Non-ACP | $90 MM | $350 MM | $40 MM | $170 MM | $650 MM | $75 MM | $290 MM | $35 MM | $135 MM | $530 MM |
| 5 years | None | 4.50% | 10% Non-ACP | $90 MM | $350 MM | $45 MM | $190 MM | $675 MM | $75 MM | $290 MM | $35 MM | $155 MM | $550 MM |
| 3 years | None | 4.50% | 10% Non-ACP | $85 MM | $340 MM | $50 MM | $205 MM | $680 MM | $70 MM | $280 MM | $40 MM | $165 MM | $555 MM |
| 10 years | None | 4.50% | 10% Non-ACP | $90 MM | $370 MM | $45 MM | $205 MM | $705 MM | $75 MM | $305 MM | $35 MM | $165 MM | $580 MM |

# EXHIBIT C

UNITED STATES BANKRUPTCY COURT

WESTERN DISTRICT OF NORTH CAROLINA

CHARLOTTE DIVISION

- - - - - - - - - - - - - - - - - -x

In re: : Chapter 11

ALDRICH PUMP LLC, et al., : Case No.

Debtors. : 20-30608 (LMJ)

- - - - - - - - - - - - - - - - - -x

PROFESSIONALS' EYES ONLY

VIDEOTAPED DEPOSITION OF

DAVID L. MCKNIGHT

Washington, D.C.

Tuesday, May 12, 2026

10:20 a.m.

Job No.: 633626

Pages 1 - 207

Reported By: Joan V. Cain

assuming that the debtors had not filed for bankruptcy and had remained in the tort system. 10:30:09 10:30:11

Is this an assignment that you performed in this engagement? 10:30:15 10:30:17

A It is. 10:30:18

Q What assumptions, if any, did the FCR or his professionals instruct you to make in performing this assignment? 10:30:19 10:30:22 10:30:24

A They did not give me any specific instructions, other than they asked me to do this assignment. So that was the only instructions we were given. 10:30:27 10:30:29 10:30:32 10:30:35

Q What -- what assumptions, if any, did the FCR or his professionals instruct you to make in performing this assignment? 10:30:36 10:30:37 10:30:40

A There are no assumptions that they asked me to make. 10:30:42 10:30:44

Q Have you been provided with any assumptions by the FCR or his professionals since you signed this report? 10:30:48 10:30:50 10:30:54

A No. 10:30:57

Q Who wrote this report, Mr. McKnight? 10:30:57

A This report was written by a team at The Brattle Group that was overseen by Paul Hinton and myself. It was, you know, a group effort, so I 10:31:02 10:31:06 10:31:10

BY MR. DAVIS: 15:12:03

Q Okay. Spurious. Why are they spurious? 15:12:04

A Well, if you -- sorry. Economics term. 15:12:06

So if you -- if you choose -- so these 15:12:13
calibration periods that she has shown here are 15:12:18
based on calendar years. The analysis that we've 15:12:21
done is based on fiscal years. 15:12:23

So, for instance, if you were to switch 15:12:25
these from calendar year to fiscal years, a lot of 15:12:27
these results go away. And so there's no reason 15:12:30
these results should go away. So that's why I term 15:12:33
it spurious, which is -- I think it's sort of by 15:12:36
happenstance that she happens to see, you know, all 15:12:40
of these highlighted rows. 15:12:44

You know, if you were to flip a coin ten 15:12:46
times -- right? Like, you know, you very well could 15:12:48
come up with eight heads, right? But that doesn't 15:12:53
mean that your coin is unfair, right? That it's 15:12:55
actually more likely to be heads than tails. So 15:12:58
that's why I think it's spurious. 15:13:02

The other thing that I'll note about this 15:13:03
analysis is that, you know, the years in which the 15:13:05
values were higher for Murray are not the same years 15:13:08
as which they're higher for Aldrich, and so when you 15:13:13
do a valuation that combines, you know, all of these 15:13:16

things together and were to say, "Well, what if we were to use a three-year versus five-year calibration period," it doesn't have that big of an effect. 15:13:19 15:13:22 15:13:25 15:13:26

I haven't done the analysis, but Dr. Mullin reports the impact of switching between three-, five-, ten-year calibration periods. The difference between a three- and a five-year calibration period in his analysis I think is less than 3 percent. So there's just not a big difference to whether you use a five-year or a three-year calibration period. 15:13:26 15:13:29 15:13:32 15:13:36 15:13:39 15:13:42 15:13:45

Q And so it is your -- your response to this is that if these -- I just want to make sure I'm understanding these pieces -- is that if fiscal -- your fiscal years were used here rather than calendar years, that these percentage differences would be significantly different? 15:13:47 15:13:54 15:13:56 15:14:00 15:14:03 15:14:08

A Yeah. A lot of them flip. 15:14:09

Q Okay. So since Ms. Austin produced this report, did you then perform some sensitivity analysis to determine what these different calibration periods under your fiscal year models would have provided? 15:14:19 15:14:23 15:14:29 15:14:34 15:14:37

A Just the analyses that I described in my answer to you. I haven't actually rerun my numbers 15:14:38 15:14:40

statistically significant relationship to settlement amounts with constant 2020 dollars? 15:16:23 15:16:27

A It did. 15:16:30

Q And were -- did any of them have a statistically significant relationship, other than the age of the claimant? 15:16:31 15:16:35 15:16:38

A Yeah. Many of them did. 15:16:40

Q Why are -- well, let me just ask. 15:16:42

Did you perform any adjustment of settlement values in your forecast using any of these statistically significant variables? 15:16:47 15:16:58 15:17:01

A We incorporated the age because that is a factor that we know for a fact will be changing with respect to the population because it's a fixed population that's getting older. 15:17:04 15:17:08 15:17:12 15:17:16

Q So from your perspective, notwithstanding these variables having a significantly -- excuse me -- statistically significant relationship, in your view, the only one that would actually change and thus impact values over time is age? 15:17:21 15:17:24 15:17:28 15:17:32 15:17:35

A Correct, and we can go through them one at a time, but, you know -- 15:17:39 15:17:43

Q Sure. 15:17:44

A -- the -- the fact that they're statistically significant means that they're 15:17:44 15:17:49

important to control for the regression, which we have. But things like, you know, law firm and a lot of these -- these variables, there's no reason to believe that those, you know, law firm, jurisdiction -- some of the controls that we've included, there's no reason to believe that those factors would be changing over time. 15:17:52 15:17:55 15:18:01 15:18:03 15:18:06 15:18:07 15:18:11

So our best estimate is to say that that mix of law firms and jurisdictions that existed as of the petition date, that would be the same mix that would continue going forward. So there's no need to make an adjustment for those. 15:18:13 15:18:17 15:18:21 15:18:23 15:18:25

The only thing you need to adjust for is things that you think will change over time, and age is a thing that, with absolute certainty, will have to change over time. So that's why we controlled for it. 15:18:27 15:18:30 15:18:33 15:18:37 15:18:40

Q Your -- well, let me ask this: Your statement that other than age these variables -- there's no reason to believe that they will change, is that an assumption that you've made, or is there anything that you did to confirm that there were no changes, meaningful or otherwise, in the mix of law firm or jurisdiction or -- 15:18:41 15:18:45 15:18:50 15:18:52 15:18:55 15:18:57 15:19:02

A So after seeing the Austin report, we did 15:19:04

go and look at some of these other factors like jurisdiction and law firm to see if the fraction of claimants, you know -- sorry -- the average value of payments along those factors appeared to show any time trends, change over time, and we found no evidence of that, but I wouldn't have expected to. 15:19:08 15:19:12 15:19:16 15:19:22 15:19:25 15:19:28

Q One of the factors you looked at in your regression analysis was year of settlement, and my understanding is that tended to have a positive relationship with claim values so that two identical claimants, one who settles in 2018 would expect to receive more in constant dollars than one who settled in 2015. 15:19:49 15:19:54 15:19:58 15:20:00 15:20:05 15:20:10 15:20:13

Do I have that right? 15:20:14

A So I think what the regression -- the way the regression is specified is something called fixed effects, so what the regression really is showing is are the values in 2016, 2017, 2018, and 2019 -- are they statistically different than the values in 2018. And what the regression finds is that, yes, each of those years had higher values than 2015. 15:20:15 15:20:19 15:20:22 15:20:25 15:20:30 15:20:33 15:20:37 15:20:40

So what it shows is 2015 was a relatively low year relevant to the subsequent four years. 15:20:41 15:20:44

Q And so why would that not be something that 15:20:47

would indicate a potential change over time, like with age? 15:20:50 15:20:54

A Yeah, I don't see that as being evidence of a trend that would be expected to, you know, continue over time. I see that as evidence that there is volatility, and 2015 happened to be a low year. It, you know, is underweighted in our five-year calibration period. We do -- you know, it's included once along with four years, which have the relatively higher values. I think that's a reasonable thing to do. 15:20:54 15:20:56 15:21:00 15:21:03 15:21:08 15:21:13 15:21:15 15:21:18 15:21:22

There are up years and down years, if you look at the history of settlement values. 15:21:24 15:21:26

Q Did you perform this regression analysis on any other calibration period as a sensitivity check? 15:21:28 15:21:31

A What do you mean by "calibration period"? 15:21:39

Q Let me ask this: You performed this regression analysis using your calibration period of 2015 to 2019, right? 15:21:41 15:21:44 15:21:47

A I believe that's correct, yeah. 15:21:49

Q Do you know whether any of your conclusions about the trends with law firm or jurisdiction that you said that you performed after seeing Ms. Austin's report, was that also localized to your calibration window? 15:21:52 15:21:55 15:21:58 15:22:01 15:22:06

CERTIFICATE OF SHORTHAND REPORTER-NOTARY PUBLIC

I, Joan V. Cain, Court Reporter, the officer before whom the foregoing proceedings were taken, that the foregoing transcript is a true and correct record of the proceedings; that said proceedings were taken by me stenographically and thereafter reduced to typewriting under my direction; that reading and signing was requested; and that I am neither counsel for, related to, nor employed by any of the parties to this case and have no interest, financial or otherwise, in its outcome.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal this 12th day of May 2026.

My commission expires:
July 31, 2029

Joan V. Cain
_____
NOTARY PUBLIC IN AND FOR THE
DISTRICT OF COLUMBIA

# EXHIBIT D

UNITED STATES BANKRUPTCY COURT FOR THE
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

| | | |
|---|---|---|
| In re ALDRICH PUMP LLC, et al.,[1] Debtors. | : | Chapter 11 |
| | : | Case No. 20-30608 (LMJ) |

*** CONFIDENTIAL -- ATTORNEYS EYES ONLY ***

Videotaped deposition of ANDREW J. SACKETT, taken on behalf of the Debtors, beginning at 10:07 a.m., on Monday, May 11, 2026, at Caplin & Drysdale, 1200 New Hampshire Avenue, NW, Washington, D.C., before Okeemah S. Henderson, RPR, CaseViewNet Realtime Reporter, and Notary Public for the District of Columbia.

(REPORTER'S NOTE: All quotations from exhibits are reflected in the manner in which they were read into the record and do not necessarily denote an exact quote from the document.)

Reported by: Okeemah S. Henderson, RPR

A. Yes.
Q. Okay, and what was your PhD in?
A. My Ph.D. was in history.
Q. And what was your thesis in?
A. It was in Latin American history.
Q. Anything about your work in obtaining your Ph.D. that informs your report in this case?
A. Yes.
Q. Okay. What's that?
A. Any Ph.D. teaches you a number of things outside of the niche topic that you're working on. It teaches you to synthesize large amounts of data. It teaches you to plan and carry out research projects. It teaches you to place the results of research in context.
It, you know, there's a wide variety of skills that come out of it that are not directly related to whatever the niche topic

A. Dr. Rallis, who was one of the founders of LAS, called me and said that he and Dr. Peterson were looking to the future. At the time they were both in their mid-70s and they were looking to ensure that LAS could continue operating as they got older. And so that was the initial, I guess, the initial thing that led to me eventually joining LAS.

Q. In what role were you hired to take in 2020 at LAS?

A. I was hired to -- I was hired to assist Dr. Peterson I guess with a view to eventually taking over with his role at LAS. And how-

Q. And how -- when did Dr. Peterson -- well, scratch that. Has Dr. Peterson left LAS?

A. No, I would say he has stepped back. He doesn't work as much as he did. He's had some health problems, but he's still part of LAS.

recall specifically what we talked about.

Q. You are currently the president of LAS; is that correct?

A. Yes.

Q. When did you become the president?

A. So we restructured it at some point in late -- I think it would have been late 2024. So officially I became president beginning of 2025.

Q. Who did you take over from?

A. Dr. Peterson.

Q. And your CV also mentions that you're a senior social scientist with LAS?

A. That's -- LAS, aside from my title, and LAS doesn't have -- doesn't generally operate with titles. There are only 11 people in our organization, so it's a relatively flat chain of command. It's, you know, I ask people to do things is basically the chain of command. So that's the title. When I needed a title for something and Dr.

Q. Okay, so you've never been qualified before as an expert witness in anything by any court?

A. Again, there hasn't -- this is the first time I've been asked to do so. There has to be a first time when you go from zero to one.

Q. Understood. Other than in Emerus and this case, have you ever submitted an expert report with your name on it in any other cases?

A. I have done numerous expert reports for other types of clients, either for trusts or for trust advisory committees. Those are not submitted to a court.

Q. Have you ever submitted another expert report in litigation that you authored?

A. No.

MR. HIRST: Let's take our first break.

THE VIDEOGRAPHER: We are off the

Q. Did you have any communications with Ms. Austin in connection either with your report or her report?
A. No.
Q. Have you ever spoken to her at all?
A. I don't think I have.
Q. Okay. Did you communicate with anybody at FTI in connection with either Ms. Austin's report or your report or this case at all?
A. In connection with Ms. Austin's report, I did not. The sales figures that I use were collected by FTI. I asked -- I mean, this, I asked counsel for them. And FTI are experts at reading annual reports and getting data from them and so FTI did that. So that came -- that, you know, that piece came specifically from them.
Q. Any members of your team, to your knowledge, have any communications with any but either Ms. Austin or any members of

her team concerning either your report or her rebuttal report?

A. No. I can't speak to whether or not people -- I mean, Dr. Peterson, Dr. Rourke, and Dr. Rallis have been doing this, and Dertouzos, for many, many years. It's entirely possible they met her at some point, but none of them spoke to her in conjunction with this report. We had no communication with her or her firm.

Q. Did you get a chance to review Ms. Austin's report before it was submitted on March 27th?

A. I did not see it until it was submitted.

Q. Do you have any idea if she saw your report before it was submitted on September 15th, 2025?

A. I have no idea. As far as I know, she wasn't retained until this year, so I think it's unlikely. But that's -- I don't know of her ever having seen them.

I believe around, you know, let's say, you use a one-year rate, you know, after the 2008 financial crisis and 2011, 2012, there have been periods, you know frequent periods more in the recent past where there has been one, yes.

Q. But Dr. Sackett, you're applying this negative real discount rate for 34 years into the future.

My question is: Are you aware of any 34-year period in the history of the republic where a negative real discount rate existed?

A. I am aware --

MR. CROWTHER: Objection to the form.

A. I am aware of -- okay. I am aware of shorter periods, I'm not aware of a 34-year period. I haven't looked for a 34-year period.

BY MR. HIRST:

Q. What is the longest period in the history of the United States that you are

aware of that a negative real discount rate existed?

A. Again, let's say you're using a one-year treasury rate, I think there's periods of three or four years.

Q. Sitting here today, do you know what the negative real discount -- I'm sorry.

Do you know what the real discount rate sitting here today is? Quick hit, it's not a negative.

A. The current rate of inflation is about 3.3 percent and I think treasuries are paying around 4.

Q. That's a positive discount rate?

A. Yes.

Q. Did you talk to anybody on your team about the use of a negative real discount rate to value 34 years worth of future claims?

A. I -- we discussed the

A. Yes, which is counterintuitive to the time value of money in general, but again, the numbers say what they say, and if you're going from the petition date, then that's what happens.

Q. And doesn't that also imply that claimants would rather get paid on their claims in 2059 than in 2020?

A. No, because these are people who are dying and they don't want to get paid 30 years after the death. They want to get paid sooner. In fact, that's often why settlements are lower. It's because they want to get paid sooner rather than later. This isn't an investment.

Q. It's a good thing based on your calculations.

Let's take our -- let's take a break.

THE VIDEOGRAPHER: We are off the record at 15:38.

Q. And your dissertation was -- you said that your Ph.D. was in Latin American history?

A. Yes.

Q. That's a rather large subject, is it not?

A. Sure. I mean, I'm not sure what that you're getting at with that question.

Q. Well, normally Ph.D.s are fairly specialized, are they not?

A. Yes.

Q. And was your dissertation titled, "The Making of Acapulco: People, Land, and the State in the Development of the Mexican Riviera, 1927 to 1973?"?

A. That -- I think that's what it was called. It's certainly a pretty -- a very close approximation, if that's not exactly what it was called. It's been a while since I looked at it, but yes, that is my dissertation.

CERTIFICATE

I, Okeemah S. Henderson, RPR, the officer before whom the foregoing deposition was taken, do hereby certify that the foregoing transcript is a true and correct record of the testimony given; that reading and signing was requested; that said testimony was taken by me stenographically and thereafter reduced to typewriting under my direction and that I am neither counsel for, related to, nor employed by any of the parties to this case and have no interest, financial or otherwise, in its outcome.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal this 15th day of May, 2026.

My commission expires:

September 30, 2029

Okeemah S. Henderson

Okeemah S. Henderson, RPR
Official Court Reporter

# EXHIBIT E

UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

| | |
|---|---|
| In re: | |
| | Chapter 11 |
| ALDRICH PUMP LLC, et al., | Case No. 20-30608 (LMJ) |
| Debtors. | |

CONFIDENTIAL - PROFESSIONAL EYES' ONLY
PURSUANT TO PROTECTIVE ORDER

VIDEO-TAPED DEPOSITION OF YVETTE R. AUSTIN

| | |
|---|---|
| DATE: | May 14, 2026 |
| TIME: | 9:32 a.m. |
| LOCATION: | Caplin & Drysdale<br>1200 New Hampshire Avenue, NW<br>Washington, D.C. 20036 |
| REPORTED BY: | Shari R. Broussard, RPR, CSR<br>Reporter, Notary |

Veritext Legal Solutions
1250 Eye Street, NW, Suite 350
Washington, D.C. 20005

for average settlement value for Murray is really quite sensitive to their calibration period and they don't explain why this particular calibration period that they use, which is almost the highest, would be the right one -- or almost the lowest, pardon me, almost the lowest, pardon me.

Q When you look at these calibration periods, you're using calendar years, correct?

A That's correct.

Q Are you aware that when Brattle did their report they used fiscal years?

A So I fully appreciated that after hearing or reading the deposition transcript for Mr. McKnight. So I -- we actually redid this analysis in fiscal years. The results changed slightly, but the overall opinion does not change.

Q Do you think that you should select a calibration period by whether it yields the highest liability estimate or use some other criteria?

A I would never use a calibration period that either, A, results in the absolute highest

CERTIFICATE OF NOTARY PUBLIC

I, SHARI R. BROUSSARD, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me in stenotype and thereafter reduced to typewriting under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and, further, that I am not a relative or employee of any counsel or attorney employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.



SHARI R. BROUSSARD
Notary Public in and for the
District of Columbia

My commission expires:
August 14, 2030

# EXHIBIT F

**CONFIDENTIAL – PROFESSIONALS' EYES ONLY PURSUANT TO PROTECTIVE ORDER**

**UNITED STATES BANKRUPTCY COURT**
**WESTERN DISTRICT OF NORTH CAROLINA**
**CHARLOTTE DIVISION**

| | | |
|---|---|---|
| In re: Aldrich Pump LLC, et al., Debtors | ) | Chapter 11 |
| | ) | Case No. 20-30608 (LMJ) |
| | ) | (Jointly Administered) |
| | ) | |

# REBUTTAL EXPERT REPORT OF YVETTE R. AUSTIN

MARCH 27, 2026

COMPASS LEXECON

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# I. QUALIFICATIONS

1. I am a Senior Managing Director and Chair of the Compass Lexecon Global Finance Practice.[1] Over my 30-year career, I have developed expertise in a wide range of financial and economic areas. With subject matter expertise in valuation, credit and solvency analysis, and other financial damages, I have been retained as a testifying and consulting expert to analyze and quantify damages and other types of liability in disputes involving mergers and acquisitions, bankruptcy, breaches of representations and warranties, breaches of fiduciary duty, financial fraud, material adverse effects, dissenting shareholder actions, leveraged buyouts, debt recharacterization, avoidance actions, liability management transactions, antitrust damages and trade disputes. I also regularly estimate the number and value of claims in mass tort matters. I have provided claims analysis and estimation in connection with claims arising from talc, opioids, asbestos, transvaginal mesh, breast implants, and PFAS.

2. I have been retained as an expert to estimate the number and value of mass tort claims in matters involving Hopeman Brothers, Whittaker, Clark & Daniels, Johnson & Johnson, Purdue Pharma, and Endo Pharmaceuticals. In connection with these engagements, I have provided multiple expert reports and have testified in related estimation hearings and trials. I am also a credited researcher for "Estimating Future Claims – Case Studies from Mass Tort and Product Liability" (1995), for which I conducted empirical research of mass torts involving: breast implants, intrauterine devices, asbestos, and hardboard siding.

3. I have submitted expert oral and written testimony in multiple venues including state courts in Delaware, New York, and California; U.S. federal bankruptcy and district courts; international courts in Canada, Australia, and the United Kingdom; and the World Trade Organization and other international arbitration forums. In addition to providing expert testimony, I advise special board committees on merger and acquisition-related litigation matters and serve as a bankruptcy trustee.

4. As representative M&A and financing engagements, I have been retained as a financial expert in: *Serta Simmons Bedding, LLC v. AG Centre Street Partnership L.P.* (Southern District of Texas, Houston Division); *Desktop Metal, Inc.* v. *Nano Dimension Ltd. and Nano US I, Inc.* (Delaware); *Votorantim S.A. v. ArcelorMittal Brasil S.A., ArcelorMittal Spain Holding SL Respondents* (ICC Arbitration); *The Yucaipa Companies LLC v.*

[1] Compass Lexecon is a subsidiary of FTI Consulting, Inc.

*Lantern Asset Management GP, LLC, Spyglass Media Group, LLC (f/k/a Lantern Entertainment LLC)* (California); *Twitter, Inc.* v. *Elon R. Musk* (Delaware); *Snow Phipps Group, LLC, and DecoPac Holdings Inc.* v. *KCake Acquisition, Inc.* (Delaware); *Live Nation Entertainment, Inc. v. Corporación Interamericana de Entretenimiento, S.A.B. de C.V.* (CIE) (ICC Arbitration); *The Mangrove Partners Master Fund, Ltd. v. Calamos Asset Management, Inc.*, Respondent (Delaware); *In re Baker Hughes, a GE Company, Deriv. Litig.* (Delaware) *and Polar Multi-Strategy Master Fund v. The Stars Group Inc.* (Ontario).

5. As representative bankruptcy engagements, I have been retained as a financial expert in connection with the bankruptcies of Lehman Brothers (on behalf of JPMorgan Chase), Caesars Entertainment Operating Company (on behalf of Apollo Global Management), Physiotherapy Associates Holdings (on behalf of a litigation trustee), U.S. Steel Canada (on behalf of United States Steel), Purdue Pharma (on behalf of a large group of states and U.S. territories), LTL Management I and II (on behalf of the Tort Claimant Committee), Red River Talc (on behalf of tort claimants), Millennium Laboratories (on behalf of a litigation trustee), Revlon (on behalf of the Debtor), and Endo (on behalf of First Lien creditors).

6. I have written a number of publications and presented on valuation and credit analysis, for organizations including the American Bar Association, the American Bankruptcy Institute, the National Conference of Bankruptcy Judges, the Delaware State Bar Association, Thomson Reuters, and Bloomberg Law. I am a contributing author to the Model Merger Agreement for the Acquisition of a Public Company, published by the ABA's Mergers and Acquisitions Committee, and a contributing researcher to The Standard & Poor's Guide to Fairness Opinions: A User's Guide for Fiduciaries.

7. I have also been a member of the teaching faculty of Harvard University Extension School, where I taught a graduate finance course (Business Analysis and Valuation) and a past faculty member of the American Bar Association's National Institute of Negotiating Business Acquisitions.

8. Earlier in my career, I provided investment banking advisory services, including mergers and acquisitions, fairness opinions, solvency opinions, and commercially reasonable debt opinions. I was nominated to and am currently a member of FTI Consulting's Fairness and Solvency Committee.

## II. SCOPE OF ASSIGNMENT

9. On September 15, 2025, three initial reports were filed to estimate the number and value of current and future asbestos claims against Aldrich Pump LLC ("Aldrich") and Murray Boiler LLC ("Murray", collectively with Aldrich, "Debtors"): the Conformed Initial Expert Report of Andrew J. Sackett (the "Sackett Report"); the Corrected Initial Expert Report of Charles H. Mullin (the "Mullin Report") and the Expert Report of The Brattle Group (the "Brattle Report"). These reports were filed consistent with the Second Amended Case Management Order for Estimation of Asbestos Claims entered on April 17, 2025 by the United States Bankruptcy Court for the Western District of North Carolina (the "Second CMO").[2]

10. On January 23, 2026, the Bankruptcy Court issued its Order Commencing Phase 1 of the Estimation Trial with Hearings Based on the Tort System Extrapolation Method and the Parties' Expert Reports (the "January 2026 Order").[3]

11. I have been requested by counsel to the Official Committee of Asbestos Claimants ("ACC") to review the tort system extrapolation analyses in the Mullin Report[4] and the Brattle Report and provide my financial and economic opinions regarding the estimations of liability contained therein. I understand that this report is to be filed in connection with Phase I of the Estimation Trial.

12. I have been assisted by members of Compass Lexecon's staff in the preparation of this report. Compass Lexecon is being compensated for the hours I spend on this report at my hourly rate of $1,525 per hour and for others working on this matter at their customary hourly rates. My CV is attached as Appendix A to this report. A list of documents relied upon is attached as Appendix B to this report.

## III. FORMATION OF ALDRICH AND MURRAY

13. On June 18, 2020, Trane Technologies plc ("Trane"), a publicly traded company with a then-market capitalization of $21.5 billion,[5] undertook a series of restructuring transactions that, in part, resulted in the formation of Aldrich Pump LLC ("Aldrich") and

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2 *In re Aldrich Pump LLC, et al.*, Case No. 20-30608, Second Amended Case Management Order for Estimation of Asbestos Claims, April 17, 2025.

3 *In re Aldrich Pump LLC, et al.,* Case No. 20-30608, Order Commencing Phase I of the Estimation Trial With Hearings Based on the Tort System Extrapolation Method and the Parties' Expert Reports, January 23, 2026.

4 I note that the Mullin Report contains analyses that I am not addressing because they are outside the scope of this Phase I proceeding but I reserve my right to address those analyses should that become necessary.

5 As of June 18, 2020, as reported by S&P Capital IQ.

Murray Boiler LLC ("Murray").[6] Just prior to the filing of the Debtors' cases, Trane caused Trane Technologies Company LLC, formerly known as Ingersoll-Rand plc ("Old IRNC"), to split into two new companies: Aldrich and new Trane Technologies Company LLC ("New TTC").[7] Upon formation, Aldrich assumed certain assets and liabilities of Old IRNC, including certain insurance assets and all of Old IRNC's asbestos liabilities (other than claims for which the exclusive remedy is provided under a workers' compensation statute or similar laws), with all of Old IRNC's other assets transferred to, and all operations assumed by, New TTC. Similarly, Trane caused old Trane U.S. Inc. ("Old Trane") to split into Murray and a new Trane U.S. Inc. ("New Trane"). Upon formation, Murray assumed certain assets and liabilities of Old Trane, including certain insurance assets and all of Old Trane's asbestos liabilities (other than claims for which the exclusive remedy is provided under a workers' compensation statute or similar laws), with all of Old Trane's other assets transferred to, and all operations assumed by, New Trane.[8]

14. On June 18, 2020, Aldrich and Murray filed voluntary petitions for reorganization under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the Western District of North Carolina in Charlotte.[9] At the time, Trane represented that the goal of the Chapter 11 filings was to resolve all current and future asbestos claims by establishing a trust to pay all asbestos claims under Section 524(g) of the U.S. Bankruptcy Code. As contemplated, the trust would include a channeling injunction to enjoin asbestos claims from being filed or pursued against Trane or its non-debtor affiliates, including New TTC and New Trane.[10]

## IV. SUMMARY OF SEPTEMBER 12, 2025 REPORTS

15. The Second CMO required the parties to "exchange their initial expert reports setting forth their estimate of the Debtors' liability for current and future mesothelioma claims, plus the application of a 'gross-up' for non-mesothelioma claims."[11] Subsequently, the January 2026 Order specified that in Phase I of the estimation process "the Court will make a finding estimating the Debtors' liability for current and future asbestos claims by

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6 *In re Aldrich Pump LLC, et al.,* Case No. 20-30608, Declaration of Ray Pittard in Support of First Day Pleadings, June 18, 2020 ("Pittard Declaration").
7 Trane Technologies PLC, Form 10-K, for the fiscal year ended December 31, 2020 ("Trane Technologies PLC 2020 10-K"), p. 4.
8 *In re Aldrich Pump LLC, et al.,* Case No. 20-30608, Informational Brief of Aldrich Pump LLC and Murray Boiler LLC, June 18, 2020 ("Informational Brief"), p. 34.
9 Trane Technologies PLC 2020 10-K, p. 7.
10 Trane Technologies PLC 2020 10-K, p. 7.
11 Second CMO, p. 3 and ¶ 3.

using the tort system extrapolation method, using the Debtors' settlement and verdict history, and will not address the Debtors' legal liability theory."[12]

## A. The Brattle Report

16. The Brattle Report seeks to estimate the net present value (NPV) of pending and future mesothelioma claims (or liability) against Aldrich and Murray as of June 18, 2020.[13] The Brattle Report estimates the NPV of pending claims by adjusting, and performing calculations using, the claims data recorded in the "Bates White Debtors' Claims Database" dated July 24, 2025.[14] The Brattle Report estimates the NPV of future mesothelioma liabilities using two primary methodologies, a Nicholson-based incidence model and a Hazard model, as follows:

a) The Nicholson approach forecasts mesothelioma incidence based on assumed historical exposure patterns and epidemiological relationships, and then converts projected incidence into claims.[15]

b) The Hazard model estimates the probability of filing a mesothelioma claim over time using a statistical model calibrated to historical claims data and cohort characteristics.[16]

17. Under both approaches, the Brattle Report converts projected mesothelioma claims into liability estimates using assumptions regarding payment rates and settlement values.

18. The Brattle Group initially limits its analysis to mesothelioma claims filed by law firms that it characterizes as "tort-firms." It excludes claims filed by what the Brattle Report characterizes as "non-tort law firms" as well as those related to non-mesothelioma diseases.[17] The Brattle Group then applies two separate gross-up adjustments: first, to estimate liabilities associated with non-mesothelioma diseases; and second, to estimate liabilities associated with claims filed by "non-tort law firms."

19. The range of the Brattle Report's estimates of liability, measured by NPV and number of filed claims, is presented in Exhibit 1 for Aldrich and Exhibit 2 for Murray. The Brattle Group did not estimate the number of claims for non-mesothelioma diseases.

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12 January 2026 Order, p. 2 and ¶ 2.
13 Brattle Report, ¶¶ 2 and 20.
14 Brattle Report, ¶ 21 and fn. 17.
15 Brattle Report, ¶ 8.
16 Brattle Report, ¶ 9.
17 The "non-tort law firms" vary for Aldrich ([redacted], [redacted], and the [redacted]) and Murray ([redacted], and [redacted]).

## Exhibit 1: Brattle Report
## Summary of Aldrich Filed Claims and Liability Estimate

| | Mesothelioma | | | Non-Mesothelioma | | |
|---|---|---|---|---|---|---|
| | NPV ($ millions) | incl. Non-Tort Gross Up ($ millions) | # Filed Claims | NPV ($ millions) | incl. Non-Tort Gross Up ($ millions) | # Filed Claims |
| **Low** | $199 | $289 | 15,019 | $33 | $48 | N/A |
| **High** | $202 | $293 | 16,016 | $34 | $49 | N/A |

Sources: Brattle Report Backup Materials.

Notes:
[1] The Brattle Group does not forecast non-mesothelioma claims; it applies a non-mesothelioma gross-up to the final NPV.
[2] The Brattle Group excludes claims filed by what it characterizes as "non-tort law firms" and later incorporates those liabilities through a gross-up in its final NPV estimates.

## Exhibit 2: Brattle Report
## Summary of Murray Filed Claims and Liability Estimate

| | Mesothelioma | | | Non-Mesothelioma | | |
|---|---|---|---|---|---|---|
| | NPV ($ millions) | incl. Non-Tort Gross Up ($ millions) | # Filed Claims | NPV ($ millions) | incl. Non-Tort Gross Up ($ millions) | # Filed Claims |
| **Low** | $80 | $161 | 12,339 | $12 | $24 | N/A |
| **High** | $82 | $164 | 13,416 | $12 | $25 | N/A |

Sources: Brattle Report Backup Materials.

Notes:
[1] The Brattle Group does not forecast non-mesothelioma claims; it applies a non-mesothelioma gross-up to the final NPV.
[2] The Brattle Group excludes claims filed by what it characterizes as "non-tort law firms" and later incorporates those liabilities through a gross-up in its final NPV estimates.

20. The low and high estimates in the Brattle Report are similar. For both Aldrich and Murray, projected mesothelioma filed claim counts differ by less than 10%, and total NPV differs by approximately 2%, indicating that the core results in the Brattle Report are not materially sensitive to its internal scenarios.

21. The inclusion of non-mesothelioma claims increases the Brattle Group's estimate of total NPV by approximately 17% for Aldrich and 15% for Murray.

22. The Brattle Group's "non-tort law firm" gross-up is based on the "non-tort law firm's" share of claim settlements between 2015 and 2019. For Aldrich, it increases the tort law firm NPV for all diseases by 45%. For Murray, it is even larger, more than doubling the NPV estimate. The resulting total liability estimates are approximately $337 million to $342 million for Aldrich and $185 million to $189 million for Murray.

## B. The Mullin Report

23. Consistent with the January 2026 Order that calls for estimating the Debtors' liability using the "tort system extrapolation method [… and] the Debtors' settlement and verdict history," I analyze the Mullin Report's tort system estimates.[18] As the January 2026 Order states that Phase I of the estimation process "will not address the Debtors' legal liability theory," I do not summarize those portions of the Mullin Report.[19]

24. The Mullin Report uses two primary methodologies to estimate Aldrich's and Murray's liabilities for pending and future mesothelioma claims: a component-based approach and an expenditure-based approach. The component-based approach projects mesothelioma incidence using Dr. Gallardo-García's cohort-adjusted incidence curves and converts those projections into claims.[20] Liability is then estimated from claims based on assumed resolution rates, payment rates, and settlement values. The expenditure-based approach attempts to directly estimate liability using the same mesothelioma incidence curve as used in the component-based approach.

25. Across these methodologies, the Mullin Report varies several key inputs and assumptions, including the share of cases purportedly attributable to non-asbestos containing products ("non-ACP"),[21] trend in average settlement values, discount rates, and the historical calibration period used to estimate the propensity to sue, resolution pay rate, and average settlement values.[22]

26. For the component-based approach, the Mullin Report presents 24 scenarios of the Debtors' liabilities that range from $525 million to $750 million in net present value.[23] In the reliance materials, the component-based approach is expanded to 54 scenarios with the same range of estimated liabilities.[24] For the expenditure-based approach, the Mullin Report presents two scenarios of the Debtors' liabilities that range from $425 million to $695 million in net present value.[25] The Mullin Report contains yet a third methodological estimate of the Debtors' liability, "between $50 million and $100 million on a net present value basis." This estimate corresponds to an assumption that the Debtors "adopt[] a 'litigation approach' similar to that of JCI."[26]

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18 January 2026 Order, p. 2 and ¶ 2.
19 January 2026 Order, p. 2 and ¶ 2.
20 I understand that Dr. Jorge Gallardo-García is a Partner at Bates White Economic Consulting.
21 Excluding "non-ACP" claims reduces the Mullin Report's liability estimate.
22 Mullin Report, ¶ 126 and Figure 29.
23 Mullin Report, Figure 29.
24 Mullin Report, fn. 140 and Mullin Report Backup Materials.
25 Mullin Report, Figure 32.
26 Mullin Report, ¶ 116.

27. Thus, in total, Dr. Mullin's estimate of the Debtors' liability ranges from $50 million to $750 million, with an upper bound that is 15 times *larger* than the lower bound. Thus, even under Dr. Mullin's tort system-based liability estimates, he asserts that a wide range of outcomes is possible and fails to state a clear expert opinion as to which combination of assumptions and methodologies results in the best estimate of liability.[27] In addition, only some of his scenarios result in a discrete estimate of the number of future filed claims. [28]

28. The range of the Mullin Report estimates of liability, measured by NPV and number of filed claims, is presented in Exhibit 3 for Aldrich and Exhibit 4 for Murray (limited to the component-based and expenditure-based approaches).

**Exhibit 3: Mullin Report**
**Summary of Aldrich Filed Claims and Liability Estimate**
**(Component and Expenditure Methodologies)**

| | Mesothelioma | | Non-Mesothelioma | |
|---|---|---|---|---|
| | **NPV ($ millions)** | **# Filed Claims** | **NPV ($ millions)** | **# Filed Claims** |
| **Low** | $233 | N/A | $49 | N/A |
| **High** | $410 | 24,648 | $86 | N/A |

Sources: Mullin Report Backup Materials.

Notes:
[1] The Mullin Report does not forecast non-mesothelioma claims; it applies a non-mesothelioma gross-up to the final NPV.
[2] The Mullin Report uses two methodologies: component-based and expenditure-based forecasts. Their component-based forecasts make up the high range of these numbers, while the expenditure-based forecasts make up the low range of these numbers.
[3] The Mullin Report's high NPV range includes the following assumptions: a historical calibration period of 10 years; non-ACP incidence of 20%, which affects mesothelioma incidence; an inflation rate of 0%, and a discount rate of 4.5%.
[4] The Mullin Report's low NPV range includes the following assumptions: non-asbestos ("non-ACP") incidence of 0%, an inflation rate of -0.6% (Aldrich-specific), and a discount rate of 6.5%.

**Exhibit 4: Mullin Report**
**Summary of Murray Filed Claims and Liability Estimate**
**(Component and Expenditure Methodologies)**

| | Mesothelioma | | Non-Mesothelioma | |
|---|---|---|---|---|
| | **NPV ($ millions)** | **# Filed Claims** | **NPV ($ millions)** | **# Filed Claims** |
| **Low** | $117 | N/A | $28 | N/A |
| **High** | $207 | 19,557 | $50 | N/A |

Sources: Mullin Report Backup Materials.

Notes:
[1] The Mullin Report does not forecast non-mesothelioma claims; it applies a non-mesothelioma gross-up to the final NPV.
[2] The Mullin Report uses two methodologies: component-based and expenditure-based forecasts. Their component-

[27] In fact, the full range of estimates presented in the Mullin Report is significantly wider. The Mullin Report presents a separate, lower liability estimate that is not based on his tort system methodology and therefore is not analyzed here.
[28] The Mullin Report's expenditure-based approach does not yield a discrete estimate of future filed claims because it projects liability, in terms of dollars, directly from incidence and expenditures. See Mullin Report, ¶¶ 128–129.

based forecasts make up the high range of these numbers, while the expenditure-based forecasts make up the low range of these numbers.
[3] The Mullin Report's high NPV range includes the following assumptions: a historical calibration period of 10 years; non-ACP incidence of 20%, which affects mesothelioma incidence; an inflation rate of 0%; and a discount rate of 4.5%.
[4] The Mullin Report's low NPV range includes the following assumptions: non-asbestos ("non-ACP") incidence of 0%, an inflation rate of -2.3% (Murray-specific), and a discount rate of 6.5%.

29. Mesothelioma estimates range from $233 million to $410 million for Aldrich and $117 million to $207 million for Murray (excluding the JCI-derived estimates). The low end reflects the "low" scenario in the expenditure-based approach, while the high end reflects the component-based approach under the following assumptions: a calibration period of 10 years; non-ACP incidence of 20%; net inflation rate of 0%; and a discount rate of 4.5%.

30. Dr. Mullin then applies a gross-up to mesothelioma liabilities to estimate liabilities for non-mesothelioma diseases (approximately 21% for Aldrich and 24% for Murray), resulting in total liability estimates of approximately $282 million to $496 million for Aldrich and $145 million to $257 million for Murray.

31. Separately, the Mullin Report also presents non-tort system opinions that the Debtors' liabilities could be $50 million in net present value under an "'excess mesothelioma diagnoses'" from gaskets and packing approach[29] or could be $70 million in net present value in a Garlock-adjusted approach.[30]

## C. The Sackett Report

32. In addition to analyzing the Brattle Report and the Mullin Report, my report incorporates select findings from the Sackett Report as an additional benchmark to evaluate the Debtors' estimated tort liabilities across alternative frameworks. The Sackett Report estimates the liabilities of Aldrich and Murray across four scenarios. For pending claims, it uses either the Plaintiff Identification Questionnaires ("PIQs") or the Debtors' claims Database; for future claims, it uses either a modified Nicholson method or the Sales method.[31] The range of estimates is shown in Exhibit 5 and Exhibit 6 for Aldrich and Murray, respectively. They show the base tort liability under these scenarios before adjustments for additional components identified in the Sackett Report, including

[29] Mullin Report, Section IV.B.2.c. (¶¶ 112-114).
[30] Mullin Report, Section IV.B.2.a. (¶¶ 108-109).
[31] Pursuant to the Bankruptcy Court's Order Approving Personal Injury Questionnaire and Granting Related Relief entered July 6, 2022, all holders of "Prepetition Mesothelioma Claims" (as defined therein) were required to complete and submit a PIQ by (or postmarked no later than) December 16, 2022. *In re Aldrich Pump LLC, et al.,* Case No. 20-30608, Order Approving Personal Injury Questionnaire and Granting Related Relief, July 6, 2022.

liabilities associated with unknown diseases, tolled claims, and defense costs.[32] Accordingly, the figures in Exhibit 5 and Exhibit 6 do not reflect the full range of liability estimates in the Sackett Report.

**Exhibit 5: Sackett Report**
**Summary of Aldrich Filed Claims and Liability Estimate**

| | Mesothelioma | | Non-Mesothelioma | |
|---|---|---|---|---|
| | NPV ($ millions) | # Filed Claims | NPV ($ millions) | # Filed Claims |
| **Low** | $978 | 24,353 | $241 | 25,849 |
| **High** | $1,040 | 25,762 | $327 | 33,588 |

Sources: Sackett Report Backup Materials.

Notes:
[1] Sackett's low range uses PIQs to estimate pending claims and Nicholson method to estimate future claims, while their high range uses the Debtors' claims Database to estimate pending claims and the Sales Method to forecast future claims.
[2] This table only includes Sackett's base tort liability, and does not include their liability estimates for unknown diseases, tolled claims, or defense costs.

**Exhibit 6: Sackett Report**
**Summary of Murray Filed Claims and Liability Estimate**

| | Mesothelioma | | Non-Mesothelioma | |
|---|---|---|---|---|
| | NPV ($ millions) | # Filed Claims | NPV ($ millions) | # Filed Claims |
| **Low** | $565 | 18,596 | $187 | 29,010 |
| **High** | $584 | 19,352 | $218 | 32,845 |

Sources: Sackett Report Backup Materials.

Notes:
[1] Sackett's low range uses PIQs to estimate pending claims and Nicholson method to estimate future claims, while their high range uses the Debtors' claims Database to estimate pending claims and the Sales Method to forecast future claims.
[2] This table only includes Sackett's base tort liability, and does not include their liability estimates for unknown diseases, tolled claims, or defense costs.

33. Mesothelioma liabilities range from $978 million to $1.04 billion for Aldrich and $565 million to $584 million for Murray, reflecting a relatively narrow range of less than 10% between the high and low estimates for both Aldrich and Murray.

34. The differences between the Mullin Report and the Brattle Report reflect materially different methodological choices and inputs. Accordingly, the sections that follow move beyond a high-level comparison of NPV and claim counts to determine which metrics are driving the estimation of the asbestos liabilities. I analyze the key inputs used in the Brattle Report and the Mullin Report, including incidence curves, settlement values, inflation, and discount rates, among others. In addition to independently analyzing these

[32] The Sackett Report notes that the Debtors would have to "pay defense costs in connection with the defense and resolution of asbestos Claims" in the tort system (Sackett Report, ¶ 205) and that "[f]ailure to account for defense costs leads to uncertainty as to whether the settlement values achieved in the past would be sustained in the future," (Sackett Report, ¶ 32).

metrics, I also compare these metrics across reports (including the Sackett Report) and identify both alignment and misalignment among the reports.

# V. ERRORS COMMON TO THE BRATTLE REPORT AND MULLIN REPORT

## A. Improperly Assumes Mesothelioma Claim Values Will Decrease Over Time

35. Both the Brattle Report and the Mullin Report assume average settlement values for mesothelioma claims will decrease over time. Though the determination methods are different, the two reports primarily attribute this asserted decline to the increasing age of the claimants. However, the Debtors' claims data—including the Brattle Group's analysis of the same—contradicts this assertion.

36. The Brattle Report assumes that the average mesothelioma settlement values will decrease each year in the future for both primary exposure claims and secondary exposure claims due to an aging population of claimants.[33] The Brattle Report ties the assumption to a regression analysis it conducts of settlements (in constant June 2020 dollars). The Brattle Group purports to find that a "one-year increase in age at filing is associated with a decrease of 1.0% in settlement value for primary exposure claims, and of 1.3% for secondary exposure claims."[34]

37. As further support for this assumption, the Brattle Report notes that many asbestos trusts "explicitly account for age in their payment values."[35] As an initial matter, it is my understanding that consideration of an asbestos trust is not relevant for Phase I of the estimation.[36] Nonetheless, the Brattle Report does not explain that asbestos trusts *also* consider other claimant information in determining payment values. The Brattle Report even references other "objective factors" that the GST Settlement Facility ("Garlock Trust") considers, including the "disease, […] life status, dependents, economic loss,

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33 Brattle Report, ¶¶ 93-94.

34 Brattle Report, ¶ 93. The Brattle Report states that the regression analysis controls for "other important determinants of settlement value (i.e., jurisdiction, resolution year, law firms, debtor, exposure type and time elapsed since filing." The Mullin Report backup materials contain coefficients for the states CA, IL, NY, PA, and WV; settled years of 2016, 2017, 2018, and 2019; claim lengths of 1, 2, and 3 years; plaintiff law firms of Cooney Conway, Gori Lawfirm [sic], Maune Raichle Hartley French Mudd, Shrader Associates, and Simmons Hanly Conroy; a debtor flag for Murray; and age at filing for primary exposure claims and secondary exposure claims. The notes state that the regression is "run on paid Mesothelioma claims resolved between FY2015-2019, excludes Non-Tort Firms, and observations missing exposure information."

35 Brattle Report, ¶ 93.

36 See Section VII.E. for a discussion of differences between trust funding needs and tort system liabilities estimates.

duration of exposure, [and] year[s] of exposures."[37] Instead, the Brattle Report presents a one-dimensional explanation focused only on age of the claimant. However, as I discuss below, the Brattle Report's singular focus on age is also refuted by its own regression model.

38. The Brattle Report constructs a regression model which is intended to relate the amount paid for a mesothelioma claim in constant June 2020 dollars (dependent variable) to six other variables (independent variables): (i) state in which the claim was filed, (ii) claim settlement year, (iii) number of years between file year and settlement year, (iv) plaintiff law firm, and (v) age of claimant on filing date. Brattle includes a sixth variable to indicate whether the claim was against Murray or Aldrich. The results of a multivariate regression analysis, such as that conducted by the Brattle Group, can be described as demonstrating the quantitative relationship between each of the independent variables and the dependent variable (e.g., amount paid for a mesothelioma claim), *holding all other independent variables constant*.

39. Although the Brattle Group's regression results quantify the relationship between settlement values and all six selected independent variables, the Brattle Report discusses only one of them: age of claimant. However, the regression model also returns results for the claim settlement year and the other independent variables. In the Brattle Group's regression model, the coefficient for claim settlement year shows whether settlement values in that year are greater than (positive coefficient) or less than (negative coefficient) settlement values in 2015, all else equal. According to the Brattle Group's own results, the coefficients for claim settlement years 2016, 2017, 2018, and 2019 are all positive and statistically significant at the 1% level. This means that the settlement values for paid mesothelioma claims in 2016, 2017, 2018, and 2019 (all in constant June 2020 dollars) were greater than the settlement values in 2015 (in constant June 2020 dollars). As the settlement values are in constant June 2020 dollars (i.e., inflation adjusted), this increase is *after* accounting for inflation. Exhibit **7**, below, is a screenshot of the regression results for claim settlement year in the backup materials to the Brattle Report.

[37] Brattle Report, ¶¶ 104 and 110.

### Exhibit 7: Brattle Report Regression Results for Claim Settlement Year

| Variable | | Coefficient | RSE |
|---|---|---|---|
| | | [A] | [B] |
| **Year Settled** | [7] | | |
| 2016 | [8] | 0.178*** | (0.0573) |
| 2017 | [9] | 0.259*** | (0.0492) |
| 2018 | [10] | 0.199*** | (0.0523) |
| 2019 | [11] | 0.292*** | (0.0504) |

Sources: Brattle Report Backup Materials.

Notes:
[1] Regression results for 5Y calibration period, excluding claims from Non-Tort Firms.

40. In its regression analysis, the Brattle Group uses the natural logarithm of the dependent variable (i.e., settlement amount). This which makes the coefficients of the independent variables less directly interpretable. I translate these coefficients into a "percentage increase in settlement amounts" to make them more interpretable.[38] See Exhibit 8, below.

    a. For example, the regression model in the Brattle Report estimates that settlement values for paid mesothelioma claims (in constant June 2020 dollars) in 2016 were 19.5% higher than settlement values for paid mesothelioma claims (in constant June 2020 dollars) in 2015, all else equal.[39]

    b. As another example, the settlement values for paid mesothelioma claims (in constant June 2020 dollars) in 2019 were 33.9% higher than settlement values for paid mesothelioma claims (in constant June 2020 dollars) in 2015, all else equal.

41. The results from the regression model in the Brattle Report therefore show that settlement values generally increased on an annual basis from 2015 to 2019.

[38] In particular, to interpret the coefficients as the average percentage increase in settlement values in each claim settlement year relative to 2015, I take the exponential of the coefficient.

[39] The coefficient for year settled 2016 is 0.178. I take the exponential of the coefficient, $(e^{0.178}) = 1.195$, and then convert it into a percentage change, $1.195 – 1 = 19.5\%$.

### Exhibit 8: Brattle Report Regression Results for Year Settled – Interpretation of Coefficients

| Variable | | Coefficient | Implied Increase in Average Settlement Value, Compared to 2015 |
|---|---|---|---|
| | | [A] | [B] |
| **Year Settled** | [7] | | |
| 2016 | [8] | 0.178*** | 19.5% |
| 2017 | [9] | 0.259*** | 29.6% |
| 2018 | [10] | 0.199*** | 22.0% |
| 2019 | [11] | 0.292*** | 33.9% |

Sources: Brattle Report Backup Materials.

Notes:
[1] Subset of rows from Brattle Report Backup Materials, Regression results for 5Y calibration period, excluding claims from Non-Tort Firms. See Appendix C for the full regression results.
[2] Calculated as the exponential of the coefficient (column [A]), minus 1.

42. The Brattle Report discusses only the modeled impact of the age of the claimant at filing, but the report ignores other results from its regression analysis. For example, the results also show that in constant June 2020 dollars, settlement values have generally increased since 2015, all else remaining equal. Put another way, under the Brattle Group's own results, an individual who was 65 years old when they filed a mesothelioma claim that settled in 2018 would be expected to receive a higher settlement value than an individual who was 65 years old when they filed a mesothelioma claim that settled in 2015, controlling for all other factors.[40]

43. The age of the claimant is therefore not the only factor that matters when determining the value of a settlement. As shown above, claim settlement year is also a key metric affecting settlement values. In addition, Appendix C shows that other variables in the regression, including claim length, state, and plaintiff law firm, are also statistically significant. Thus, it is analytically unsupported for the Brattle Report to single out claimant age as the driving factor in settlement values while overlooking the other variables that its own regression results show to be statistically significant. This would be equivalent to assuming that two houses of the same age in the same city have the same value without taking into consideration other relevant factors such as square footage, neighborhood or whether either or both houses were recently renovated.

[40] All other factors refers to the other independent variables.

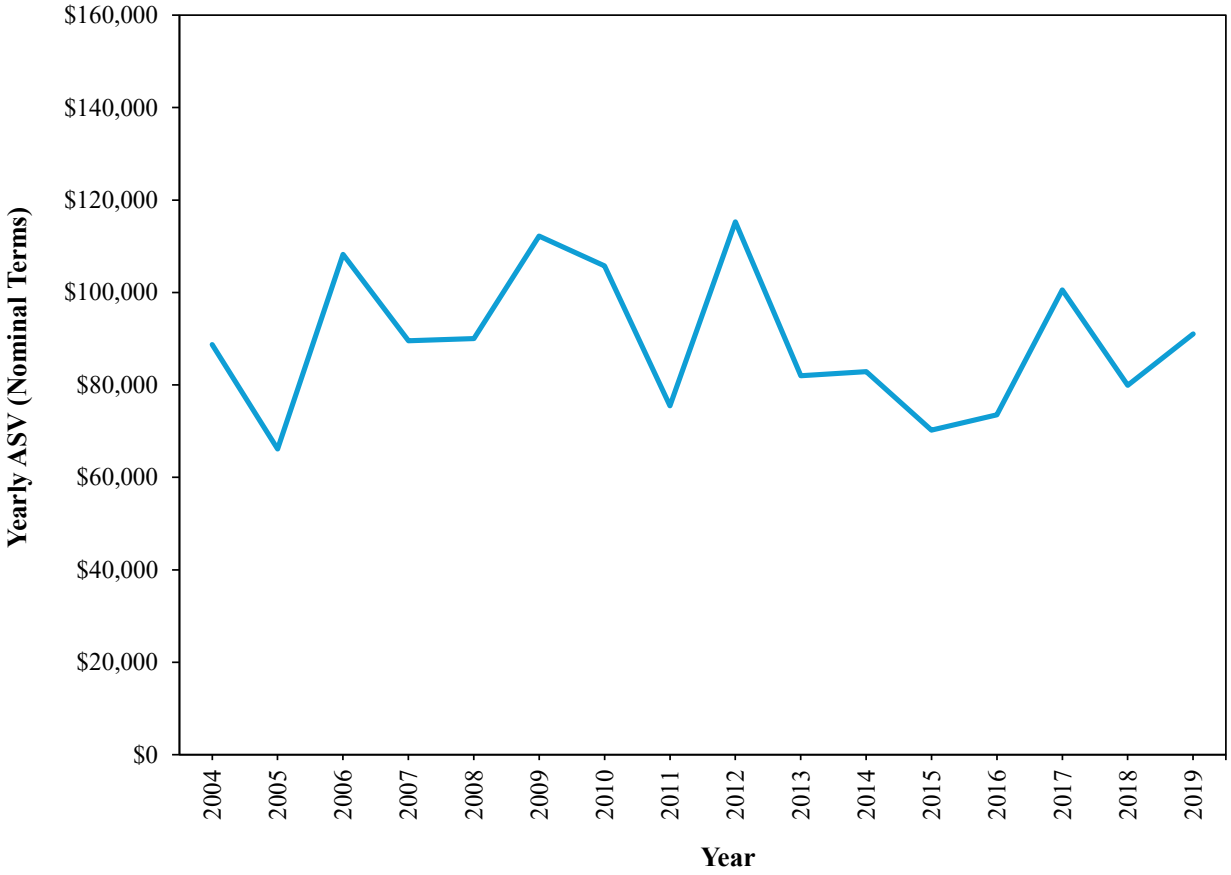
44. The Mullin Report asserts that the yearly average settlement values for mesothelioma claims, in nominal terms and in constant June 2020 dollars, have been declining between 2010 and 2019 for both Aldrich and Murray.[41] Following from this assertion, the Mullin Report assumes an annual decreasing average settlement value for mesothelioma claims in half of its component-based estimation scenarios and no increase in ASV for the other half of its component-based estimation scenarios.[42] However, a more robust analysis of the Debtors' claim data fails to support this assumption in the Mullin Report.

45. First, as discussed above, the Brattle Group's regression analysis confirms that if one controls for other claim characteristics that impact settlement value, claim values steadily increased between 2015 and 2019. Even a review of the raw claims data contradicts Dr. Mullin's assertion of declining mesothelioma claim values. As Exhibit 9 and Exhibit 10 display, the raw data series shows no clear trend in yearly ASV for paid mesothelioma claims between 2004 and 2019 in either nominal values or constant June 2020 dollars.

[41] Mullin Report, ¶¶ 155-158. The Mullin Report finds that the average nominal settlement value for mesothelioma claims decreased by 0.8% per year for Aldrich and 2.3% per year for Murray. The Mullin Report finds that the average settlement value (in constant June 2020 dollars) for mesothelioma claims decreased by 2.6% per year for Aldrich and 4.3% per year for Murray.

[42] Mullin Report, ¶ 160 and Figure 29. The Mullin Report warns that "fail[ing] to account for the persistent deviation of the Debtors' average claim values form general inflation" would result in projections that "would be biased high and unreliable."

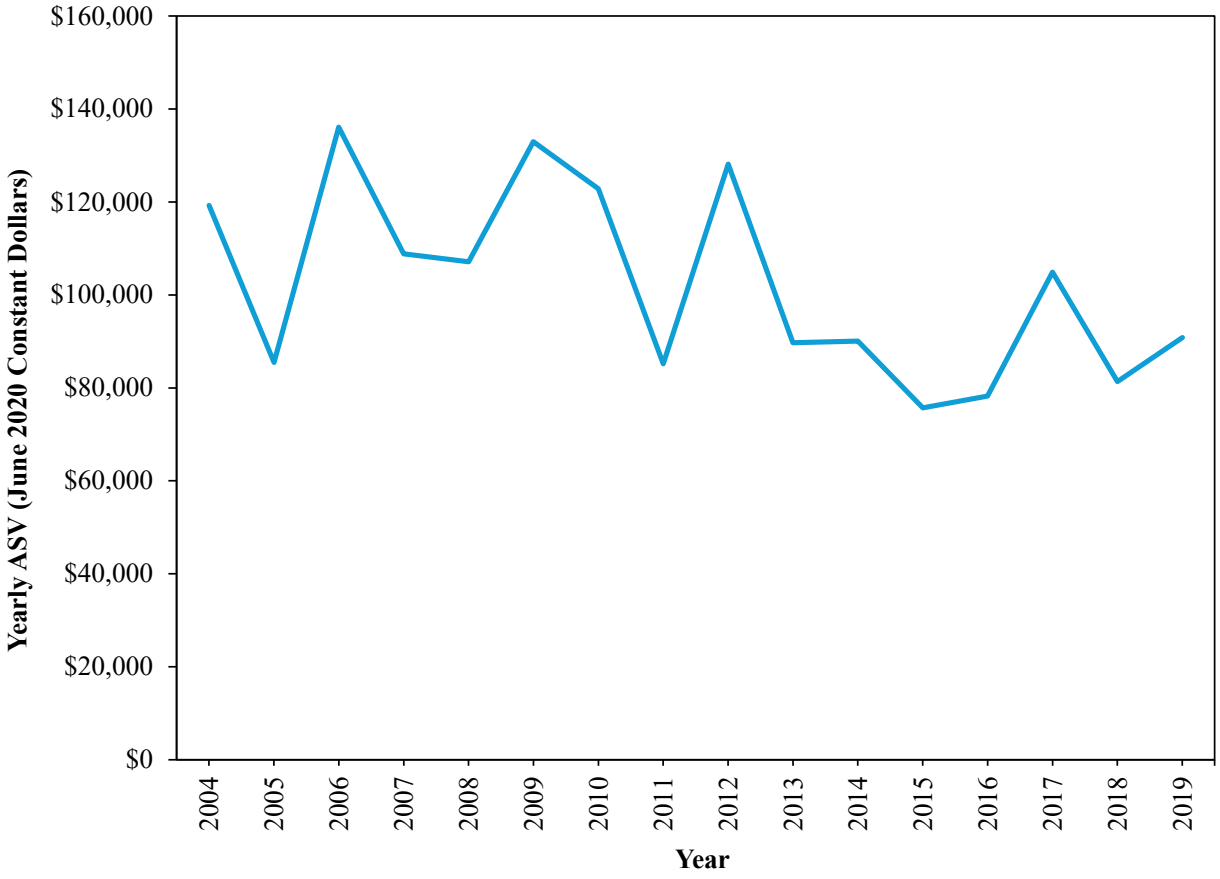
## Exhibit 9: Murray Yearly ASV (Nominal Terms) for Paid Mesothelioma Claims in the Brattle Report
## 2004 - 2019




Source: Brattle Report Backup Materials.

Notes:
[1] No claims have been excluded (i.e., [redacted] and [redacted] claims are not excluded).

**Exhibit 10: Murray Yearly ASV (In June 2020 Constant Dollars) for Paid Mesothelioma Claims in the Brattle Report**
**2004 - 2019**




Source: Brattle Report Backup Materials.

Notes:
[1] No claims have been excluded (i.e., [redacted] and [redacted] claims are not excluded).

46. Second, the analysis contained in the Mullin Report is insufficient to show a declining trend in mesothelioma average settlement values. To demonstrate the asserted declining trend, the Mullin Report references Figures 47 and 48. The charts show average settlement values in constant June 2020 dollars. Notwithstanding that Dr. Mullin has attempted to fit a line to the data, the actual annual observations are not consistent with the asserted linear relationship. The data clearly shows a break in the "linear trend" in 2016 and 2017. One possible explanation for the break is the impact of an April 2016 plaintiff jury verdict against Aldrich on subsequent mesothelioma settlements. The Mullin Report references this verdict but does not explore the potential impact of the

verdict on ASV going forward.[43] An increase in the number of claims and settlement values, following a publicized plaintiff verdict, is a common pattern for mass tort claims in the tort system and contributes to the non-linearity of settlement values over time.

47. Third, I note that Dr. Mullin's assumption in respect to average settlement values for mesothelioma claims is inconsistent with his assumption in another part of his report where he values mesothelioma claims at $5 million each.[44]

## B. Application of High Discount Rates and Low Inflation Rates Improperly Decreases NPV

48. The Brattle Report and the Mullin Report estimate the NPV of asbestos liabilities by projecting future claim values using an inflation rate and then discounting those projected nominal values to present value. Higher inflation rates increase NPV, while higher discount rates decrease it.

49. The Brattle Report uses inflation projections from the Congressional Budget Office for 2020–2030 and long-term projections from the U.S. Federal Open Market Committee projections for 2031 onward.[45] Inflation begins at 2.6% in 2021 and declines to a long-run rate of 2.0% for 2031 onward.

50. The Mullin Report incorporates inflation through the assumed trajectory of Average Settlement Values ("ASVs"), rather than through a separate macroeconomic inflation input. Under Dr. Mullin's methodology, ASV is intended to reflect the combined *net effect* of inflation (which increases ASV) and his assumption of a declining trend in constant dollar ASV (which decreases ASV).

51. In the low NPV scenario, the Mullin Report calculates the net inflation rates as follows:

    a. Calculates his asserted annual *decline* in nominal ASVs from 2010 to 2019 as -0.8% for Aldrich and -2.3% for Murray.[46]

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43 See Mullin Report, fn. 175 and 177. The Mullin Report manually adjusts the Debtors' claims Database (i) to count the verdict in 2016 instead of in 2017 and (ii) to change the indemnity from [redacted] to $5.5 million. Neither the Mullin Report nor the Mullin Report backup materials explain why these two manual adjustments are made to the Debtors' claims Database. I understand that a jury plaintiff verdict was reached in April 2016 and that, after appeals were exhausted, Ingersoll Rand made a [redacted] payment to the claimant in December 2017. The Debtors' claims Database reflects this [redacted] payment in December 2017.

44 Mullin Report, ¶ 114.

45 Brattle Report, fn. 87.

46 Mullin Report, ¶¶ 155-156.

b. Converts these into constant dollar (real) annual declines of -2.6% for Aldrich and 4.3% for Murray.[47]

c. Adds back a 2% long-run CPI-based annual "general" inflation assumption to translate these real declines into nominal projected trends.[48]

d. The resulting effective (net) inflation rates are therefore annual declines of -0.6% for Aldrich and -2.3% for Murray.[49]

52. In the high NPV scenario, the Mullin Report notes that ASVs have historically declined, but assumes, what he describes as a "conservative" approach, that this historical decline stops as of the Petition Date and that the nominal ASV remains constant from that point forward.

53. The Mullin Report does not provide any evidence to support the assumption of a 2% "general" inflation rate over the entire forecast period. Nor does the Mullin Report describe why a "general" inflation rate would be applicable to mesothelioma claim values. As acknowledged by the Brattle Report and the Sackett Report (and consistent with my own experience as a financial expert) there are widely accepted estimates of projected inflation (e.g., U.S. Congressional Budget Office, U.S. Federal Reserve Bank, etc.). There are also projections that specifically address inflation of healthcare costs.[50] In fact, the Mullin Report itself calculates general inflation measures from multiple sources, including TIPS, Treasury bonds, and the U.S. Congressional Budget Office, but then ignores them when selecting his "general" inflation rate.[51]

54. Inflation rates are summarized in Exhibit 11.

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47 Mullin Report, ¶¶ 157-158.
48 Mullin Report, ¶ 160 and Mullin Report Backup Materials.
49 Mullin Report, ¶ 160.
50 For example, see KFF, "Health Care Costs and Affordability," October 8, 2025, accessed at https://www.kff.org/health-costs/health-policy-101-health-care-costs-and-affordability/?entry=table-of-contents-introduction.
51 Mullin Report, ¶ 171.

### Exhibit 11: Summary of Inflation Rates

| | Inflation Rate | Source |
|---|---|---|
| **Brattle** | 2021 to 2030: 2.6% to 2.2%, declining | CPI data from CBO (reported annually through 2022, with projections aggregated for 2023-2024 and 2025–2030) |
| | 2031 onwards: 2.0% | Federal Reserve long-run inflation (constant) |
| **Mullin** | Low NPV: Aldrich -0.6% Murray: -2.3% | Real ASV trends and 2% long-run inflation assumption |
| | High NPV: None (0%) | Assumed break in ASV trends |

Sources: Brattle Report Backup Materials; Mullin Report Backup Materials.
Notes:
[1] The Brattle Report uses headline CPI-U (all items) from the Congressional Budget Office and Federal Reserve long-run inflation projections based on Personal Consumption Expenditures (PCE) inflation (U.S. Federal Open Market Committee Summary of Economic Projections, central tendency midpoint; Series PCECTPICTMLR).
[2] The Mullin Report uses core CPI-U (excluding food and energy) from the U.S. Bureau of Labor Statistics, Series CUUR0000SA0L1E.

55. The Brattle Report uses a 4.48% discount rate based on U.S. Treasury yields as of June 2025, rather than the petition date rate of 1.24%[52]. The Brattle Group explains this substitution by stating that yields were "depressed in part, by concerns for the economy [due to] the impact of Covid-19."[53]

56. The Mullin Report assumes a primary discount rate estimate of 6.50%. This is calculated assuming U.S. Treasury yields of August 22, 2025 (4.5%) and adding a 2% risk premium. The 2% risk premium is derived from a historical comparison of (i) returns earned by "select 524(g) trusts" over the period 2010 to 2024 and (ii) a simple average of yields for 5-year, 10-year, 20-year and 30-year Treasuries over the same 15-year period.[54] Similar to his liability estimates, Dr. Mullin assumes a range of discount rates. The high and low ends of this range are summarized in Exhibit 12.

57. However, in the tort system context, as ordered by the Court, there is no trust for the Debtors and no consideration of a trust.[55] Therefore, any analysis of the returns (and premium) of the 524(g) asbestos trusts should be rejected. The appropriate benchmark

[52] This represents the 20-year Treasury yield as of June 18, 2020, the Petition Date. See U.S. Department of the Treasury, "Daily Treasury Par Yield Curve Rates." Accessed March 25, 2026. https://home.treasury.gov/resource-center/data-chart-center/interest-rates/daily-treasury-rate-archives/par-yield-curve-rates-2020-2023.csv.
[53] See Brattle Report, fn. 91.
[54] Mullin Report, ¶¶ 165-168.
[55] The Mullin Report references what "an Aldrich or Murray trust should expect" in terms of asset returns (Mullin Report, ¶ 165).

should remain a risk-free rate because claimants are effectively involuntary creditors who have not agreed to assume risk. The claimants' recoveries arise from the tort system, not from a voluntary investment decision. The historical returns earned by trust, which has voluntarily agreed to assume invest risk, are therefore not material to the determination of the proper discount rate.

**Exhibit 12: Summary of Discount Rates**

| | Discount Rate | Source |
|---|---|---|
| **Brattle** | 4.48% | Treasury Risk Free Rate (June 2025) |
| **Mullin** | Low NPV: 6.5% | Sum of the components below:<br>- 4.5% Treasury Risk Free Rate, August 2025<br>- 2.0% Risk Premium from 524(g) Trusts, 2010-2024 |
| | High NPV: 4.5% | 524(g) Trust Returns, 2010-2024 |

Sources: Brattle Report Backup Materials; Mullin Report Backup Materials.
Notes:
[1] The Brattle Report also conducts a sensitivity analysis by applying a discount rate of 6.1%, representing the expected rate of return earned by the average asset composition of eight large asbestos liability trusts (Brattle Report, fn. 93).

58. Bankruptcy estimation is often intended to determine the value of liabilities as of the petition date, and courts in asbestos bankruptcies have adopted this approach when selecting discount rate assumptions. As discussed in Appendix D, this petition-date framework is consistent with the approach applied in other asbestos bankruptcy estimations.

59. As discussed, the Brattle Group disregarded the contemporaneous Treasury Yield as of the petition date and substituted a yield as of a more recent date. However, corporate finance theory does not support such an adjustment. First, the correct valuation of an asset should only reflect information that is known or knowable as of the date of the valuation.[56] As of June 18, 2020 (Debtors' petition date), the *actual* Treasury yield as of June 2025 was not known. Thus, it is improper to use this then-unknown data to value the Debtors' liability.

60. Second, one may argue that there were market expectations as of June 18, 2020 as to future Treasury yields. While I agree with this premise, the question then turns to: What is the best measure of the market's expectation of future Treasury yields? Is it the Brattle

[56] See, e.g., Richard A. Brealey, Stewart C. Myers, and Franklin Allen, *Principles of Corporate Finance*, 12th ed. (New York: McGraw-Hill Education, 2017).

Group's estimate or is it the contemporaneous Treasury yields? Corporate finance theory is clear that the market's collective expectation of future yields is *most accurately* captured by the contemporaneous yields (not by the singular estimate of one prognosticator). That is, the contemporaneous yields compound the market's collective expectations of future Treasury yields and the probability of the manifestation of those yields.[57]

61. To understand why this must be true it is instructive to examine what a contrary assumption would imply. If the Brattle Report's assumption that the Treasury yield "should have been" 4.48% as of June 18, 2020 was correct, then any entity borrowing money at the actual Treasury yield of 1.24% would enjoy a significant arbitrage opportunity at the expense of the entity loaning the money.[58] For example, if I would have been able to secure a mortgage for my house at a 5% mortgage rate when the financing rate should actually have been 8.48%, the lender would be earning a rate of return on my mortgage that was more than 3 percentage points too low (similar to 4.48% - 1.24%). This could only arise if all of the borrowers had market insight that all of the lenders lacked *or* if all of the lenders neglected to act in their own economic interest. There is no economic support (or applicable market precedent) for such assumptions.

62. The Mullin Report contains a second set of flaws. First, it fails to establish that the returns of 524(g) trusts are relevant for valuing asbestos claims in the tort system. Claims that are paid through a trust are *not* part of a tort system estimate. Second, even if trust returns were relevant to valuing mesothelioma claims in the tort system, the Mullin Report does not undertake any analysis to demonstrate which trust returns would be most applicable to the Debtors. For example, it does not undertake a comparison of the asbestos containing products sold by the Debtors and trust predecessor companies, the nature of the asbestos exposure linked to those products, or the proportion of claims paid by the trust for mesothelioma versus other asbestos-related diseases. Instead, it assumes a simple average from observed returns that range from 2.4% (Burns & Roe) to 7.7% (Manville).[59]

63. I also note that notwithstanding the frequent references to the Garlock Trust in the Brattle Report and the Mullin Report, the Mullin Report does not discuss the returns earned by

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[57] See, e.g., Eugene F. Fama, "Efficient Capital Markets: A Review of Theory and Empirical Work," *The Journal of Finance* 25, no. 2 (1970): 383–417, p. 383 ("the ideal is a market in which prices provide accurate signals for resource allocation […] security prices at any time 'fully reflect' all available information."); John Y. Campbell and Robert J. Shiller, "Yield Spreads and Interest Rate Movements: A Bird's Eye View," *Review of Economic Studies* 58, no. 3 (1991): 495–514.

[58] This represents the 20-year Treasury yield as of June 18, 2020, the Petition Date. See U.S. Department of the Treasury, "Daily Treasury Par Yield Curve Rates." Accessed March 25, 2026. https://home.treasury.gov/resource-center/data-chart-center/interest-rates/daily-treasury-rate-archives/par-yield-curve-rates-2020-2023.csv.

[59] Mullin Report, Figure 49.

the Garlock Trust. Using Dr. Mullin's own methodology for calculating trust returns[60] and publicly available data from the Garlock Trust, I calculate that the Garlock Trust earned a compounded annual rate of return of approximately 2.1%, from inception (2017) through 2024. Under Dr. Mullin's logic, this would imply a discount rate of 2.1% to calculate the NPV of Debtors' liabilities.

## C. Exclusion of Tolled Claims Improperly Decreases NPV

64. The record demonstrates that Aldrich and Murray entered into settlement agreements with certain law firms that contained tolling provisions.[61] As a result of these tolling provisions, some cohort of claims may not be recorded in the Debtors' claims Database for Aldrich and Murray. However, upon the termination of the tolling agreement and/or further developments in the tort system, some portion of these tolled claims would be expected to present as claims against the Debtors. It is inherent in the nature of tolled claims that they are not permanently discharged.

65. Neither the Brattle Report nor the Mullin Report takes tolled claims into account. If included, the tolled claims would increase the number of pending claims and increase the propensity to sue, which would increase the number of future claims. As a result, by failing to account for tolled claims, the Brattle Report and the Mullin Report improperly decrease the NPV of the asbestos liability estimates.

66. I understand that the Sackett Report makes an adjustment to account for tolled claims.[62]

## D. Exclusion of Unknown Diseases Improperly Decreases NPV

67. The Brattle Report and Mullin Report both ignore the possibility that a portion of the unknown disease claims are mesothelioma claims. By ignoring this aspect of the unknown disease claims, the Brattle Report and Mullin Report both improperly decrease the NPV of the asbestos claims liabilities for at least two reasons. Exhibit 13 and Exhibit 14 below show the distribution of pending claims by disease and that the unknown disease claims represent 10% of pending claims for Aldrich and 15% of pending claims for Murray.

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60 Mullin Report, ¶ 165 and backup materials.

61 For example, see Settlement Agreement between Murray and [redacted], dated February 28, 2014 (Aldrich-Murray-EST_00164294, at -297); Settlement Agreement between Aldrich and [redacted], dated March 18, 2013 (Aldrich-Murray-EST_00146534, at 536-7); Addendum to March 18, 2013 Settlement Agreement between Aldrich and [redacted], dated June 26, 2019 (Aldrich-Murray-EST_00146542, at 545); and Addendum to March 18, 2013 Settlement Agreement between Murray and [redacted], dated June 26, 2019 (Aldrich-Murray-EST_00146542, at 542).

62 See Sackett Report, Section IX. (¶¶ 191-200).

**Exhibit 13: Distribution of Pending Claims for Aldrich and for Murray Used in the Brattle Report**

| Disease | Aldrich | Murray |
|---|---|---|
| Mesothelioma | 4,086 | 3,487 |
| Lung Cancer | 3,640 | 3,614 |
| Other Cancer | 375 | 390 |
| Non-Malignant | 17,630 | 25,051 |
| Unknown | 2,774 | 5,769 |
| Unknown % | 10% | 15% |

Sources: Brattle Report Backup Materials.

**Exhibit 14: Distribution of Pending Claims for Aldrich and for Murray Used in the Mullin Report**

| Disease | Aldrich | Murray |
|---|---|---|
| Mesothelioma | 4,148 | 3,555 |
| Lung Cancer | 3,669 | 3,642 |
| Other Cancer | 376 | 390 |
| Non-Malignant | 17,643 | 25,067 |
| Unknown | 2,774 | 5,769 |
| Unknown % | 10% | 15% |

Sources: Mullin Report Backup Materials.

68. First, the Brattle Report and Mullin Report both ignore the possibility that a portion of the pending unknown disease claims are mesothelioma claims. If the Brattle Report and the Mullin Report had attempted to reclassify a portion of the pending unknown disease claims as pending mesothelioma claims, then there would be additional mesothelioma claims to be valued as part of the pending claims. These additional mesothelioma claims would lead to an increase in the total valuation of pending mesothelioma claims. Then, the incremental increase in the total value of pending mesothelioma claims would be grossed up to increase the total value of all pending asbestos claims.

69. Second, these additional pending mesothelioma claims should be included in calculating the propensity to sue. These additional pending mesothelioma claims would signal that a higher share of the estimated mesothelioma incidence within the calibration period had

resulted in lawsuits against the Debtors than the calculated propensity to sue in the Brattle Report and the Mullin Report. This would lead to an increase in the propensity to sue and a larger forecast of future mesothelioma claims.

## E. Comparisons to Other Asbestos Debtors Lack Economic Support

### 1. Garlock Comparison

70. Both the Mullin Report and Brattle Report seek to validate their estimates by comparison to the asbestos claims experience of Garlock Sealing Technologies LLC ("Garlock"). The Brattle Report states, "The similarity of product exposures and the extensive overlap between Garlock and Aldrich/Murray claims make Garlock a natural point of comparison."[63] Similarly, the Mullin Report credits the "estimate in Garlock and the resulting experience of the Garlock trust" with "affirm[ing] the reliability" of its estimates.[64] In fact, the Mullin Report suggests that one can calculate accurate mesothelioma liability estimates for Aldrich and Murray simply by making a single adjustment to the Court's 2014 finding of Garlock's liability.[65]

71. However, the Garlock comparisons in both the Mullin Report and the Brattle Report ignore significant *dissimilarities* between Garlock and the Debtors. In addition, although both the Brattle Report and the Mullin Report frequently cite to Judge Hodges' Order Estimating Aggregate Liability, both reports ignore significant and relevant passages from that order. With these omissions, the comparisons to Garlock are deeply incomplete.

72. A second relevant distinction is that Garlock exited the tort system by filing for bankruptcy in June 2010, 10 years prior to the Debtors' petition date.[66] Thus, the settlement history for Garlock, a significant subject of Judge Hodges' order, extends back even further, with the asbestos lawsuits against Garlock noted to have started in the "early

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63 Brattle Report, ¶ 13. The Brattle Report also misleadingly compares the *maximum* available settlement values for Contact Group 1 mesothelioma claimants ($342,900) and Contact Group 2 mesothelioma claimants ($102,900) to the Debtors' *median* actual settlement values for paid mesothelioma claims filed from June 19, 2025 to June 18, 2020, including the "non-tort law firms" ($40,000) (Brattle Report, ¶ 111). Instead of the theoretical maximum settlement values, the Garlock Trust annual reports show that annual average approved claim values for malignant mesothelioma claims (Category A) are between $9,200 to $82,8708 from 2019 and 2024, with an overall average of $31,362 over 4,319 approved claims (GST Settlement Facility's Annual Reports 2017-2024). The overall average for payments on mesothelioma claims in the Garlock Trust is substantially below the maximum available settlement values and also below the Debtors' median settlement value pointed out in the Brattle Report.

64 Mullin Report, ¶ 16.

65 See Mullin Report, ¶ 109. The adjustment in the Mullin Report is to remove the "nominal liability for pending claims and future claims diagnosed from 2010 to 2017" from Garlock's estimated current and future mesothelioma liability as of June 5, 2010.

66 Mullin Report, ¶ 137.

1980s."[67] By contrast, the Brattle Report seeks to estimate the Debtors' asbestos liability based on claims beginning in 2015. The Mullin Report bases one set of its estimates on claims filed as recently as 2017.[68] Neither the Mullin Report nor the Brattle Report undertakes an analysis of how the asbestos litigation environment and the filing of claims has changed over time.

### 2. John Crane Inc. ("JCI") Comparison

73. The Mullin Report also attempts to justify that JCI is a comparable defendant to the Debtors. The Mullin Report estimates that the Debtors' would pay between $50 million and $100 million on pending and future asbestos-related claims as of the Petition Date, on a net present value basis, if the Debtors were to adopt a "'litigation approach'" similar to that of JCI.[69]

74. The comparison of the Debtors to JCI and JCI-based analysis are flawed for a number of reasons. First, there is no basis to assume that the Debtors could or would pursue JCI's "'litigation approach.'" The Debtors and their predecessor corporate entities have no history of pursuing a litigation approach and instead settled almost all of their claims, which the Mullin Report[70] and Brattle Report[71] acknowledge.[72]

75. Second, the litigation strategy of the mass-tort defendant is reflected in the claim values. The Mullin Report acknowledges that "JCI employs a more litigious tort system approach" and does not "settle claims prior to a jury verdict."[73] The Mullin Report then gives a clear example of differences between JCI and Murray – JCI paid nine mesothelioma claims for $20 million between 2015 and 2019, whereas Murray paid 1,162 mesothelioma claims for $125 million during the same time period.[74] As of July 2020, JCI had 149 cases resulting in verdicts against the company with cumulative award values of $175 million.[75] In comparison, the Debtors' claims Database shows only one

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67 *In re: Garlock Sealing Technologies, LLC., et al.,* Case No. 10-31607, Order Estimating Aggregate Liability, January 10, 2014, p. 2.

68 Mullin Report, ¶ 126. The Mullin Report uses three calibration periods in the component-based approach: a 3-year calibration period (2017-2019), a 5-year calibration period (2015-2019), and a 10-year calibration period (2010-2019).

69 Mullin Report, ¶ 116.

70 Mullin Report, ¶ 36 ("The Debtors entered numerous settlement deals, paid many claims, and litigated virtually no cases through trial.").

71 Brattle Report, ¶ 26 ("Historically, the resolved cases against the Debtors have been settled or dismissed, with only one case being litigated to verdict.").

72 See also, *In re Aldrich Pump LLC, et al.,* Case No. 20-30608, Affidavit of Carl R. Schwertz, September 12, 2025, ¶ 23 ("The Debtors utilized a strategy of resolving almost all their asbestos personal injury claims prior to trial.").

73 Mullin Report, ¶ 22.

74 Mullin Report, ¶ 24.

75 Smiths Group plc, Annual Report FY2020, p. 196. As of July 2025, JCI had 157 cases resulting in verdicts against the company with cumulative award values of $192 million (Smiths Group plc, Annual Report & Accounts FY2025, p. 169).

plaintiff verdict (against Aldrich) and no defense verdicts in the last half-decade before its bankruptcy filing.[76]

76. Third, the $50 million to $100 million estimates based on JCI's "'litigation approach'" ignore the "much higher defense expenditures" that it requires and that the Mullin Report repeatedly acknowledges.[77] As a result, the $50 million to $100 million estimates underestimate the true costs of JCI's "'litigation approach.'" For example, the Smiths Group reports that the annual "utilization" for JCI litigation between 2015 and 2024 were between £13 million and £32 .million, with an annual average of £23.1 million.[78] The annual spend dwarfs the assumed $4 million to $5 million in annual payments in the Mullin Report.

77. Fourth, the $50 million to $100 million estimates in the Mullin Report are inconsistent with the Smiths Group's public financial reporting for estimates of future costs for JCI litigation. The annual report for the Smiths Group states that the 10-year provision for asbestos litigation costs for JCI litigation as of July 2020 was £231 million, which I understand includes defense costs.[79] Although the Smiths Group is projecting for only the next 10 years, the provision is already much larger than the estimates of the Mullin Report that account for all of the Debtors' asbestos liabilities going forward from the Petition Date.

### 3. Paddock Enterprises Comparison

78. The Brattle Report attempts to further rationalize its estimate of Aldrich and Murray asbestos liabilities by comparison to Paddock Enterprises LLC ("Paddock"), noting that Paddock achieved "final resolution of its asbestos-related legacy liabilities" with funding of $610 million.[80] However, this comparison is also misleading.

79. Paddock's asbestos-related liability arose from the production and distribution of asbestos containing products over only at ten-year period, 1948 – 1958.[81] In contrast, Ingersoll Rand and Trane business operations involved the use of asbestos containing products over a much longer period of time and those operations continued at least until the 1980s.

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76 Debtors' claims Database.
77 Mullin Report, ¶¶ 22, 24, and 116 and fn. 130.
78 Smiths Group plc annual reports from 2015-2024, e.g., Smiths Group plc, Annual Report & Accounts FY 2024, p. 184.
79 Smiths Group plc, Annual Report FY2020, p. 197. "There are significant judgements and estimates involved in the assumptions underlying the provision in respect of JCI asbestos litigation, including the period over which potential claims are projected to be made, the forecast number of future claims and associated claim defense costs and complex estimation methodology." As of July 2025, the 10-year provision is £191 million (Smiths Group plc, Annual Report & Accounts FY2025, p. 109).
80 Brattle Report, ¶ 5.
81 *In re: Paddock Enterprises, LLC*, Case No. 20-10028 (LSS), Declaration of David J. Gordon In Support of Chapter 11 Petition and First Day Pleadings, January 6, 2020 ("Gordon Declaration"), ¶ 7.

Aldrich (or its predecessor) began incorporating the use of asbestos in the early 1900s[82] and claims only that it "generally eliminated" the use of asbestos products in the mid-1980s.[83] Similarly, Murray's business operations began in 1913 and included the design and manufacture of climate control equipment that at times included asbestos-containing components.[84] Murray merged with American Standard, which has roots back to the 1890s and which historically manufactured and sold asbestos-containing hydronics equipment until 1984.[85] Murray claims it "shut down or sold, or largely eliminated the use of asbestos-containing products, during the 1970s and 1980s."[86]

80. First, the longer period of relevant business operations necessarily increased the number of potential exposures, and thus the number of potential claims, for Aldrich and Murray. Second, exposure to Aldrich and Murray products happened much more recently, likely resulting in younger claimants who are less likely to be deceased. For example, an individual who was 35 years old in 1958 (the last year of relevant business operations for Paddock) would have been approximately 97 years old on Paddock's petition date and 99 years old when the Paddock trust was funded. In contrast, an individual who was 35 in, say, 1983 would have been approximately 72 years old on the Aldrich and Murray petition dates.

81. Second, the Brattle Report also suggests that Aldrich and Murray should face lesser liability than Paddock due to the nature of the asbestos containing products involved in their respective business operations. However, the Brattle Report's comparison and the results drawn from that comparison are unsupported. The Brattle Report states:

> *The fact that encapsulated asbestos products such as gaskets are not sources of friable asbestos fibers, contain much less toxic chrysotile asbestos fibers, and only pose a risk of releasing fibers during maintenance and replacement also affects the number and value of historical settlements. On this basis alone, Aldrich and Murray would be expected to have lower liabilities than a major manufacturer of friable asbestos insulation (i.e., a product that can crumble on contact), such as Paddock Enterprises, LLC.*[87]

82. I note that this statement lacks any attribution (e.g., to scientific literature, etc.). In addition, the Brattle Report's characterization of the products sold by Paddock differs

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82 Informational Brief, p. 9.
83 Informational Brief, pp. 11-12.
84 Informational Brief, p. 11.
85 Informational Brief, p. 11.
86 Informational Brief, pp. 11-12.
87 Brattle Report, ¶ 5.

from how the products were described in Paddock's filings to Bankruptcy Court. In those filings, Paddock's products were described as "contain[ing] either chrysotile or amosite asbestos fibers, depending on the year of manufacture, and had extremely limited applications, such as for high temperature piping in large industrial settings."[88] Furthermore, the company asserted it had a "uniquely limited cohort of claimants."[89]

83. Finally, neither the Brattle Report nor the Mullin Report undertakes a meaningful analysis of the similarities or differences between the business operations of Aldrich or Murray and those of Garlock, JCI, or Paddock. The supposed commonality of the "inclusion of asbestos in gaskets and packing in the US marketplace"[90] is wholly insufficient to explain why companies with significantly different product lines that created asbestos exposure in different ways and among different populations would have the same asbestos claim experience. The PIQ approved by the court and completed by Aldrich claimants included 15 different equipment codes for various types and brands of compressors, condensers, pumps, turbines, drilling equipment, scoops, mining equipment, and other equipment.[91] The court-approved PIQ for Murray claimants referenced an even larger number of products. The Murray PIQ included 59 different equipment codes for various types and brands of industrial fans, boilers, furnaces, valves, fireplaces, turbines, heat exchangers, absorbers, air handling units, chillers, compressors, evaporators, HVAC units, radiators, refrigeration units, steam traps, railroad signaling equipment, railroad switching equipment, railroad compressors, and railroad brakes, railroad brake shoes, heavy mining equipment, off-road vehicle equipment, trucks, and other equipment.[92] Distinct products that contained or incorporated asbestos may have exposed specific populations in different ways. For example, the exposed population and the nature of asbestos exposure may differ between pumps and railroad signaling devices or brake shoes.[93] In fact, the difference in exposed population and nature of exposure likely contributes to the difference in claim experience between Aldrich and Murray. The Mullin Report and the Brattle Report estimate liabilities separately for Aldrich and Murray instead of assuming that they are comparable to each other and should be treated alike. Both the Mullin Report and the Brattle Report estimate different numbers and values of asbestos claims for Aldrich and Murray notwithstanding that both manufactured

88 Gordon Declaration, ¶ 7.
89 Gordon Declaration, ¶ 19.
90 Mullin Report, ¶ 102.
91 *In re Aldrich Pump LLC, et al.,* Case No. 20-30608, Order Approving Personal Injury Questionnaire and Granting Related Relief, July 6, 2022 ("Personal Injury Order"), Table E-1.
92 Personal Injury Order, Table E-1.
93 For example, differences may entail schedule for replacement or maintenance, procedures necessary for replacement or maintenance, extent to which protective gear was or was not work in the workplace, environmental conditions of the workplace, etc.

equipment that incorporated gaskets and contained packing.[94] For example, the Mullin Report shows that the average payment for mesothelioma claims for Murray is more than 1.5 *times* the average payment for Aldrich but that Aldrich pays more than three times more mesothelioma claims than Murray.[95]

84. Notwithstanding an explicit acknowledgment of the different claim experiences of Aldrich and Murray, neither the Mullin Report nor the Brattle Report provides any analysis to substantiate that the asbestos containing products that were the subjects of claims against Garlock, JCI, or Paddock created similar population exposure or whether the nature of the exposure was meaningfully comparable to Aldrich or Murray. Neither the Mullin Report nor the Brattle Report include any data-driven comparisons (such as an analysis of sales, volume, distribution, etc.). Without such an analysis, there is no basis to assume that the asbestos claim experiences of these companies would be comparable.

85. Both the Mullin Report and the Brattle Report note that overlapping claims have been filed against Aldrich or Murray and Garlock, JCI, or Paddock.[96] However, the existence of overlapping claims does not support any meaningful conclusion about the total number or value of claims that will be filed against Aldrich or Murray.

# VI. ADDITIONAL ERRORS IN BRATTLE REPORT

## A. The Brattle Report Underestimates the Number of Future Mesothelioma Filed Claims

86. A key point of divergence across the three reports is the projected number of future mesothelioma filed claims. Estimates of pending filed claims are broadly similar across the three analyses (Brattle Report: 6,790; Mullin Report: 5,947; Sackett Report: 5,560–6,838).

87. By contrast, the Brattle Report's estimate of projected future filed claims differs substantially. The Mullin Report projects between 34,114 and 38,258 future filed claims, and the Sackett Report projects between 37,389 and 38,276. The Brattle Report, however, projects only 20,567 to 22,642, roughly 15,000 to 16,000 fewer claims than the other two reports.

88. As a result (refer to Exhibit 15), total projected filed claims under the Mullin Report and the Sackett Report (40,061 – 45,114) are closely aligned, while the Brattle Report's range

94 Mullin Report, ¶ 2; Brattle Report, ¶ 5.
95 Mullin Report, Figure 3.
96 Brattle Report, ¶ 13; Mullin Report, Figures 33-36.

(27,357 – 29,432) is approximately 30% to 40% lower. This gap is driven almost entirely by differences in future filed claims. By contrast, differences in pending filed claims are modest and do not meaningfully contribute to the divergence in total filed claims. This indicates that the primary source of disagreement across the reports lies in their assumptions regarding future mesothelioma incidence, rather than in the current inventory of claims.

**Exhibit 15: Mesothelioma Filed Claims: Aldrich and Murray**

| | | Methodology | Future | Pending | Total |
|---|---|---|---|---|---|
| **Brattle** | **Low NPV** | KPMG-Nicholson | 20,567 | 6,790 | 27,357 |
| | **High NPV** | Hazard Model | 22,642 | 6,790 | 29,432 |
| **Mullin** | **Low NPV** [4] | Component-based forecasts: Low-end | 34,114 | 5,947 | 40,061 |
| | **High NPV** | Component-based forecasts: High-end | 38,258 | 5,947 | 44,205 |
| **Sackett** | **Low NPV** | Nicholson + PIQ | 37,389 | 5,560 | 42,949 |
| | **High NPV** | Sales + Database | 38,276 | 6,838 | 45,114 |

Sources: Sackett, Brattle, and Mullin Report Backup Materials.

Notes:
[1] Sackett Report's low-end claim values come from the PIQ method (for pending claims) and the Nicholson method (for future claims). Sackett Report's high-end claim values come from the Database method (for pending claims) and the Sales method (for future claims). I observe variation in pending claims only in the Sackett Report because the Sackett Report uses PIQs as an alternative to the Debtors' claims Database to derive pending claims, whereas the other reports rely only on the Debtors' claims Database.
[2] The Brattle Report's low-end claim values come from its Nicholson-KPMG forecasts for future claims. The Brattle Report's high-end claim values come from its Hazard model forecasts for future claims.
[3] Mullin Report's high-end claim values come from its component-based forecasts at the high end of its forecasted NPV range. These estimates use the following parameters: calibration period = 10 years; ASV inflation = none; discount rate = 4.5%; and 20% non-ACP (non-asbestos-related) incidence. Mullin Report's low-end claim values come from its component-based forecasts at the low end of its forecasted NPV range. These estimates use the following parameters: calibration period = 5 years; ASV inflation = historical trend; discount rate = 6.5%; and 0% non-ACP (non-asbestos-related) incidence.
[4] The low-end claim values reported for the Mullin Report in this Exhibit do not correspond to the low-end NPV figures reported in Section IV, because those NPV figures are based on the Mullin Report's expenditure-based approach, which does not calculate claim counts. I therefore use the claim counts associated with the lowest liability under the Mullin Report's component-based approach.
[5] Mullin Report's pending-claims estimates are lower because they exclude pending claims dated before 2015.

### 1. The Brattle Report's Nicholson Curve Underestimates the Number of Future Mesothelioma Filed Claims

89. Disease incidence is defined as the rate at which new cases of a disease occur in a specified population over a defined period of time.[97] One general methodology to estimate the number of claims in a mass tort matter is to establish a historical relationship between disease incidence in a relevant population and claims filed (usually against a

[97] See, e.g., Steven Tenny and Sameh W. Boktor. "Incidence." *StatPearls*, 2023. Accessed at https://www.ncbi.nlm.nih.gov/sites/books/NBK430746/. "Incidence is the rate of new cases or events over a specified period for the population at risk for the event."

single defendant) alleging injury arising from that same disease. The historical relationship is then applied to a forecasted level of disease incidence to estimate future claims.

90. As noted above, the Brattle Report uses a Nicholson-based incidence curve and a Hazard Model to project future mesothelioma filed claims. In this section, I examine the Brattle Group's implementation of the Nicholson curve and compare it with the curve specifications used in other expert reports, as well as with my own projected Nicholson-based curve.

91. The Mullin Report and the Sackett Report rely on curve specifications that generate materially higher projected incidence, while the Brattle Report applies a Nicholson-based curve that produces a substantially steeper decline. As future claims constitute the majority of projected claims in the Sackett and Mullin reports, differences in the shape and tail of the incidence curve translate directly into large differences in projected liability.

92. Exhibit 16 compares the mesothelioma incidence curves used in the Mullin Report (updated Nicholson-style curve), the Brattle Report ("Nicholson-KPMG" curve), and the Sackett Report (revised Nicholson). I also independently forecast the Nicholson curve (the "Austin curve") to cross-check the projections in the three reports.[98]

93. The Mullin, Austin, and Sackett curves follow broadly similar patterns: both peak in the early-to-mid 2000s, decline gradually, and maintain a meaningful tail extending into the 2030s and 2040s. In contrast, the Brattle Report curve exhibits a materially earlier and sharper decline. By 2020s the Brattle Report's projected incidence is already substantially below the levels implied by any of the other incidence curves. Furthermore, the gap between the Brattle Report curve and all of the other curves increases over the majority of the remaining projection period.

94. The Mullin Report presents two Nicholson-based mesothelioma incidence curves: "0% non-ACP" and "20% non-ACP." The Mullin Report asserts that "[m]esothelioma incidence has two sources, asbestos-related incidence (generally, occupational mesothelioma) and non-asbestos-related incidence." The Mullin Report does not provide a citation (e.g., to medical or scientific literature) for this assertion.[99] For the "0% non-ACP scenario," Dr. Mullin purports to remove 100% mesothelioma incidence that is

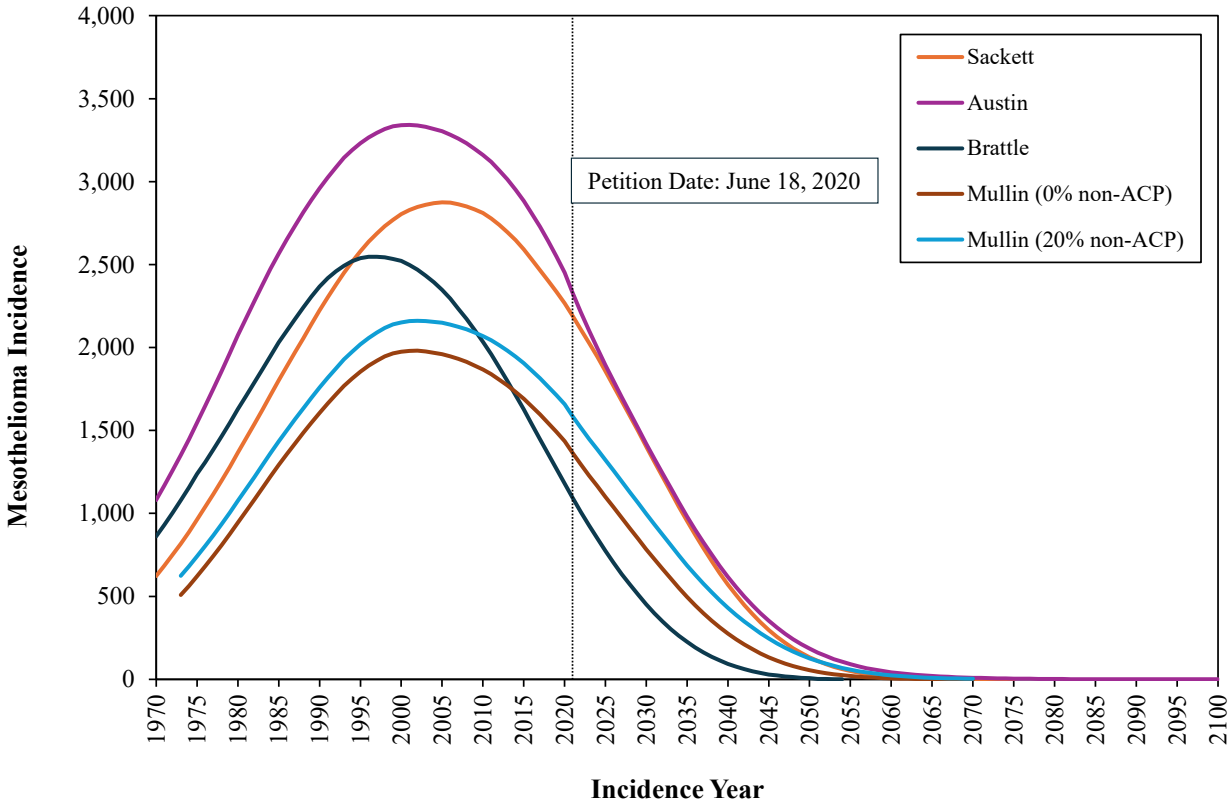
[98] The Mullin Report has several versions of their Mesothelioma incidence curve, some of which add a "non-asbestos-related" (non-ACP) component. This includes incidence of people who have Mesothelioma through non-asbestos-related means. This accounts for the fact that Debtors may receive claims within this non-ACP population.

[99] Mullin Report, ¶ 126.

"non-asbestos-related." This purports to reduce the overall incidence of mesothelioma to reflect only the incidence of the disease that is "asbestos related." For the "20% non-ACP scenario," Dr. Mullin purports to include 20% of the mesothelioma incidence that is "non-asbestos-related" (that is, he removes 80% of the purported mesothelioma incidence that that is "non-asbestos-related")

95. Notwithstanding these reductions to the overall incidence of mesothelioma, both Mullin Report curves remain materially above the Brattle Report curve throughout the projection period and exhibit a similar long-tailed decline into the 2030s and 2040s. The divergence between the Brattle Report and the Mullin Report therefore is not driven by non-ACP treatment, but by fundamentally different assumptions regarding future mesothelioma incidence. A further discussion on the impact of restricting non-ACP incidence is outlined in Section VIII.B.

**Exhibit 16: Asbestos-related Mesothelioma Incidence**




Sources: Sackett, Brattle, and Mullin Report Backup Materials.

96. To isolate the effect of the assumed incidence curve on liability estimates, I applied the Austin and Mullin curves to the Brattle Report's claim-based methodology:

a. Austin curve: The Brattle Report's original projection of 20,567 future filed claims, which is derived from its Nicholson curve, increases to around 32,071 when the Austin curve is substituted. This represents an increase of approximately 56%. The resulting estimate of 32,071 future claims is also much closer to the future mesothelioma claim projections in both the Mullin Report and the Sackett Report.

b. Mullin curve: The Mullin Report's projections vary depending on the assumed share of non-ACP incidence. Under the 0% non-ACP scenario, projected future claims total 28,691, approximately 40% above the Brattle Report's baseline projection. Under the 20% non-ACP scenario, projected future claims increase to 32,918, approximately 60% above the Brattle Report's baseline and closely aligned with the Austin-adjusted Brattle Report estimate.

97. These comparisons indicate that the relatively low level of future filed claims in the Brattle Report's analysis is primarily driven by its choice of incidence curve rather than by assumptions regarding non-ACP exposure. Even under the Mullin Report's 20% non-ACP scenario, projected claim volumes remain materially above the Brattle Report's baseline and are broadly consistent with results obtained when alternative incidence curves are applied within the Brattle Report's own methodology. In Section VIII.B., I further examine the Mullin Report's exclusion of non-ACP mesothelioma incidence and show that removing this exclusion yields even larger filed claim counts.

98. All factors in the Brattle Report's model are held constant aside from the choice of Mesothelioma Incidence Curve. This sensitivity analysis should not be understood as an endorsement of the Brattle Report's methodology. Rather, it is intended solely to illustrate the extent to which projected filed claim volumes depend on the assumed incidence curve.

99. In addition, my review of the Brattle Report's workpapers shows that its incidence curve was taken from an expert report from Mark A. Peterson of Legal Analysis Systems dated November 29, 2004,[100] which in turn reproduces the Nicholson-KPMG curve developed in 1992.[101] That reliance is outdated. The Brattle Group did not develop an updated incidence model, recalibrate the historical curve, or test it against the substantial body of mesothelioma incidence data that has become publicly available over the last three

[100] *In re: Federal Mogul Global, Inc., et al.*, Case No. 01-10578 (RTL), Expert Report of Dr. Mark A. Peterson, November 29, 2004 ("Peterson Report").

[101] See Peterson Report, p. 26. "Figure 6 also shows a second forecast of asbestos-related mesothelioma deaths made by analysts at KPMG-Peat Marwick in 1992 as part of their work as experts in the bankruptcy proceedings of National Gypsum."

decades. Instead, it simply adopts a 34-year-old curve and projects it forward unchanged.[102]

100. That approach is particularly problematic because the KPMG model itself was presented as an effort to update Nicholson using then-current information, including updated U.S. Labor Department statistics, revised medical models, and alternative assumptions. The Brattle Group made no comparable effort to update the model using the more than 30 additional years of SEER data that are now publicly available. [103] SEER's public incidence data extend through 2022, and those data show that mesothelioma incidence rose materially from the early 1980s into the early 1990s and then remained elevated for many years thereafter. [104] The model in the Brattle Report does not account for that observed experience.

101. The same Peterson Report referenced by the Brattle Report undercuts the Brattle Report's reliance on the KPMG forecasts. The Peterson Report notes that "[t]he Nicholson forecasts are preferable [to the KPMG forecasts] because they have been more closely confirmed by subsequent SEER data on annual mesothelioma deaths."[105] Thus, even the report from which the Brattle Report drew its curve recognized both the importance of subsequent SEER experience and the limitations of relying on the KPMG forecasts.

102. This is not simply a different modeling choice. All other Nicholson curves—including Austin, Mullin, and Sackett—update their analysis to reflect more recent observed mesothelioma data; the Brattle Group is the only expert that does not. The Brattle Report notes that the Nicholson curve can only be used to forecast future claims "**[i]f** the relationship between the incidence of mesothelioma and the claims made by the same exposed population does not change over time" [emphasis added].[106] Yet the updated incidence data over the last 30 years show that this relationship did change materially. By failing to recalibrate its model to reflect those observed trends, the Brattle Report relies on historical data that cannot support a reliable long-term projection. It is therefore unsurprising that the Brattle Report's estimate emerges as an outlier.

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102 See Peterson Report, Table A2. See also, Brattle Report Backup Materials.

103 SEER, the Surveillance, Epidemiology, and End Results Program, is supported by the Surveillance Research Program in the National Cancer Institute's Division of Cancer Control and Population Sciences.

104 SEER data show that mesothelioma incidence rose materially from the 1970s into the early 1990s and remained elevated for many years thereafter. See Table 17.1 in National Cancer Institute. "SEER Cancer Statistics Review 1975–2017." April 15, 2020. Accessed at https://seer.cancer.gov/archive/csr/1975_2017/results_merged/sect_17_mesothelioma.pdf. The table shows age-adjusted Mesothelioma incidence rates, which reaches a peak of 1.2 cases per 100,000 persons in 1994–1995 and remains at or above 1.0 until 2010–2011.

105 Peterson Report, p. 56.

106 Brattle Report, ¶ 45.

103. Even if the 1992 Nicholson-KPMG curve were an acceptable starting point, the Brattle Report's calibration methodology remains flawed. The Brattle Report applies the 1992 curve through 2054 without updating its shape, then fits it to Aldrich and Murray using company-specific scaling factors derived from a single year of data. Specifically, the Brattle Report divides each company's 2019 filed claims by the Nicholson-KPMG average projected claims for 2019 and 2020, and applies that ratio to the entire future forecast. Thus, a single scaling factor based on a one-year calibration is used to project more than thirty years of claims. This assumes, without support, that the relationship between a 1992 incidence forecast and 2019 filing patterns will remain constant throughout the projection period.

104. The Brattle Report's forecast is also truncated, ending in 2054, earlier than any other expert report. That cutoff appears to result from the Brattle Group's decision to adopt the Nicholson-KPMG forecast horizon as-is, without extending or updating it to reflect the full period over which future filed mesothelioma claims may arise. Accordingly, the Brattle Report's approach is flawed in two independent respects: it relies on an outdated curve that is not recalibrated to current incidence experience, and it applies that already-misaligned curve in a manner that both arbitrarily rescales and prematurely truncates the resulting forecast. The Brattle Report therefore not only uses the wrong curve, but also produces forecasts that materially understate the expected volume of future filed mesothelioma claims.

### 2. Hazard Model Implemented Without Validation and Highly Sensitive to Selected Inputs

105. As an alternative to its Nicholson-based incidence model, the Brattle Report employs a Hazard Model to forecast future filed mesothelioma claims. At a high level, the model estimates filed claims in each year as a function of two components: (i) exposure—the size of the surviving population exposed to asbestos in that year; and (ii) hazard—the likelihood that an individual within that population files a claim. The Brattle Report implements this framework through a negative binomial regression, which estimates the hazard while scaling claims by the exposure term.[107]

106. The results from the Brattle Report's Hazard Model lack reliability for two principal reasons. First, the model relies on a significant number of assumptions that Brattle fails to validate or confirm. Second, the results are highly sensitive to, and reduced by, the

[107] Brattle Report, ¶ 75. "This makes claims estimation amenable to econometric modeling by fitting a negative binomial distribution to cohorts of filed claims, which allows for different risk profiles across cohorts. We model the number of claims arising in each cohort to be proportional to the size of the surviving exposed population in each filing year."

Brattle Report's selected calibration period but the Brattle Report fails to provide sufficient economic support for its calibration period.

107. For the hazard inputs, the Brattle Report uses filed claims in the Debtors' claims Database during the 2015–2019 calibration period. It groups those claims by filing year, birth year, and year of first exposure (YOFE), with birth year and exposure year placed into five-year intervals.[108] For example, all claims filed in a given year by individuals born between 1940–44 and YOFE between 1965–69 are aggregated into a single cohort-year count. The Brattle Report also uses other variables, including age at filing, time since first exposure, the share of secondary-exposure claims, and the share of claims naming Aldrich.[109]

108. For the exposure term, the Brattle Report estimates the number of individuals in each cohort-year who were previously exposed to asbestos and remain alive. That population is not based on the claims data. Instead, it is constructed from Census data and a series of assumptions. The Brattle Report begins with counts of workers in selected industries, applies assumptions about which workers were exposed, assigns those workers to cohorts based on birth year and YOFE, and then ages those cohorts forward using mortality assumptions.[110] The result is a modeled estimate of the exposed population in each cohort-year.

109. The Brattle Report then matches each cohort-year's claim characteristics to its estimated surviving exposed population for the same cohort and year. The exposure term provides the size of the at-risk population, while the regression uses the claims-based variables to estimate the hazard, or likelihood of filing, within that population.[111]

110. Exhibit 17 and Exhibit 18 summarize the inputs used in the Hazard Model, distinguishing between the direct inputs to the regression and the underlying inputs and assumptions used to derive those inputs.

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[108] Brattle Report, ¶ 66. "We define cohorts visible in the historical claims data according to two time parameters: the claimant's year of birth and their year of first exposure ('YOFE'). Both variables are aggregated to five-year intervals, and cohorts are established at the intersection of these dimensions."

[109] Brattle Report, Table 4.

[110] Brattle Report, ¶¶ 73–74.

[111] Brattle Report, ¶ 75.

## Exhibit 17: Brattle Report's Hazard Model Inputs

| Input | Source | Definition / Use | Determines |
|---|---|---|---|
| Filed claim counts | Claims Database | Number of claims filed in each cohort-year | Hazard |
| Birth year / birth cohort | Claims Database | Used to group claims into cohorts | Hazard |
| Year of first exposure / YOFE cohort | Claims Database | Used to group claims into cohorts and measure time since exposure | Hazard |
| Age at filing | Claims Database | Calculated from filing year and birth year | Hazard |
| Latency (time since first exposure) | Claims Database | Calculated from filing year and year of first exposure | Hazard |
| Secondary-exposure share | Claims Database | Share of claims in a cohort-year involving secondary exposure | Hazard |
| Aldrich share | Claims Database | Share of claims in a cohort-year naming Aldrich | Hazard |
| Surviving exposed population (cohort-year) | Constructed | Estimated number of exposed individuals still alive in each cohort-year | Exposure |

## Exhibit 18: Underlying Factors Used to Derive Model Inputs

| Input | Source | Definition / Use | Determines |
|---|---|---|---|
| Industry and occupation counts | Census / IPUMS | Starting counts of workers in selected industries and occupations | Exposure |
| Exposed population | Census / IPUMS | Used as the exposure variable and aged forward over time | Exposure |
| Assignment to birth cohorts | Census/IPUMS + assumptions | Assigns workers to birth-year cohorts | Exposure |
| Assignment to exposure cohorts | Census/IPUMS + assumptions | Assigns workers to first-exposure cohorts | Exposure |
| Missing cohort reallocations | Claims Database + assumptions | Missing claim data redistributed across cohorts based on proportional shares | Hazard |
| Exposure percentages within occupations | Assumption | Share of workers treated as exposed | Exposure |
| Scaling factors for additional industries | Assumption | Expands exposure beyond observed industries | Exposure |
| Turnover / new entrant assumptions | Assumption | Estimates new entrants into exposed populations over time | Exposure |
| Interpolation between Census years | Assumption | Fills gaps between Census observations | Exposure |
| Exposure end year | Assumption | Determines last year of assumed exposure | Exposure |
| Selection of "relevant" industries | Assumption informed by Nicholson and claims data | Determines included industries and occupations | Exposure |
| Mortality assumptions | External tables + assumptions | Ages cohorts and estimates survivors | Exposure |

Sources: Brattle Report Backup Materials.

Notes:
[1] The assumed end year of exposure affects both the exposure and hazard components of the model: it determines which claims are included in the regression (through the final YOFE cohort) and which exposure cohorts are included in the construction of the surviving exposed population used in projections
[2] The selection of relevant industries is based on (i) the distribution of occupations observed in the Debtors' claims Database and (ii) the mapping of those occupations to asbestos-exposed industries identified in Nicholson (1982).
[3] Filing year used as proxy for diagnosis year.
[4] Scaling factors are taken from academic literature (William J. Nicholson, George Perkel, and Irving J. Selikoff, "Occupational Exposure to Asbestos: Population at Risk and Projected Mortality-1980–2030," *American Journal of Industrial Medicine* 3(3) (1982): 259–311, pp. 264, 276).
[5] Mortality rates are based on Social Security Administration data for the general population, adjusted using the ratio of blue-collar to general population mortality rates reported by the Society of Actuaries in 2014.

[6] The Aldrich and secondary-exposure shares are cohort-level averages across the calibration period, held constant for all filing years.

111. Using the inputs summarized in Exhibit 17 and Exhibit 18, the Brattle Report estimates a negative binomial regression at the cohort-year level. The dependent variable is the number of filed claims in each cohort-year. Cohorts are defined by filing year, birth-year cohort, and the YOFE cohort. The regression uses the surviving exposed population as the exposure term and the following variables from the claims data to estimate the hazard: (i) age at filing, (ii) latency (including higher-order terms), (iii) cohort-level indicator variables, (iv) the secondary-exposure share, and (v) the Aldrich share. The estimated coefficients are then used to project future filed claims.[112]

112. I have identified material issues across multiple aspects of the Brattle Report's Hazard Model. These issues span the model inputs, the regression specification, and the calibration approach, and collectively undermine the reliability of the model's projection.

113. First, as shown in Exhibit 17 and Exhibit 18, the exposure term is constructed from general population data and assumptions, but is not validated against independent mesothelioma incidence data. As a result, there is a risk that the model reflects modeling assumptions rather than epidemiological reality. An essential check would be to compare the model's implied incidence pattern to observed mesothelioma incidence and deaths, such as SEER, but the Brattle Report does not do so.

114. Second, as shown in Exhibit 19, the model exhibits high sensitivity to key assumptions such as the calibration period, with modest changes producing large swings in projected filed claims.

**Exhibit 19: Hazard Model Calibration Period Sensitivity Analysis on Filed Future Claims**

| Calibration Period | Aldrich Future Claims | Murray Future Claims | Total Future Claims |
|---|---|---|---|
| 2015-2019 (Original) | 12,415 | 10,227 | 22,642 |
| 2017-2019 | 21,386 | 17,677 | 39,063 |
| 2016-2019 | 23,898 | 19,820 | 43,718 |

Sources: Brattle Report Backup Materials.

Notes:
[1] In the Calibration Period sensitivities, I restrict the claims dataset to the period shown in the table.

115. The Brattle Report calibrates the model over the 2015–2019 period.[113] Sensitivity testing shows that the forecast is highly sensitive to the choice of calibration period: when the estimation period is changed to 2017–2019 or 2016–2019 future filed claims increase by

[112] Brattle Report, Table 4 and ¶ 80.
[113] Brattle Report, ¶ 75.

approximately 70% to 90%, nearly doubling the model's output. Under the alternative assumptions, future filed claims rise to approximately 39,000 to 44,000—essentially identical to the range across the Mullin Report and Sackett Report.

116. The Brattle Group's selection of the calibration period mirrors its approach to ASV (see Section VII.C): in both cases, the Brattle Group has selected the specification that yields the lowest projected claim volumes or generally lower average settlement values without providing a principled justification for that choice or testing the sensitivity of the choice.

117. Taken together, these issues raise material concerns regarding the reliability of the application of the Hazard Model in Brattle Report.

## B. The Brattle Report Underestimates Payment Rates for Both Future Filed Claims and Pending Claims

118. The Brattle Report estimates the "payment rates" for mesothelioma claims, excluding the "non-tort firms" using a "'competing risk' model" that "accounts for the dynamic nature of litigation" and accounts for the "time elapsed since the claim was filed."[114] This payment rate model predicts if a mesothelioma claim will be resolved, when it will be resolved (i.e., how much time elapses between a claim filing and a claim resolving), and the likelihood it will be paid.[115] The Brattle Report states that payment rate model relies on claims filed after January 1, 2014 and excludes filings and resolutions after March 31, 2020.[116] The payment rate model also differentiates between (i) an Aldrich or Murray claim and (ii) a primary exposure or secondary exposure claim.[117] For example, the Brattle Report states that secondary exposure claims "have lower payment rates than those solely alleging occupational exposure" and "older claims are less likely to be paid."[118] In addition, the Brattle Report assumes that pending claims that have been open for more than 6 years will "not be paid out."[119]

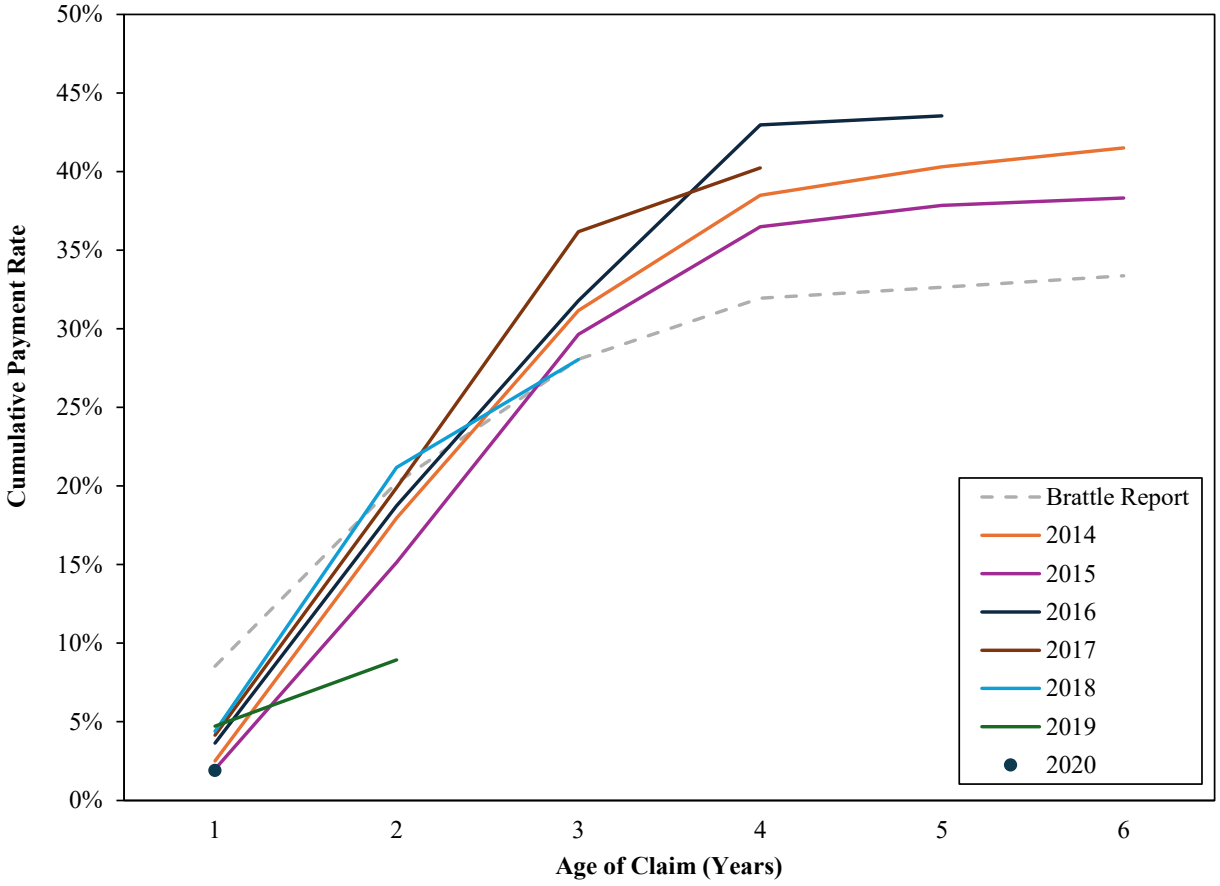
119. However, the pay rate predictions for mesothelioma in the Brattle Report understate the historical pay rates and the predictions are inconsistent with very historical data used in the pay rate model. The lack of coherence between the pay rate model and the historical data render the pay rate predictions unreliable and economically unsound. As an

114 Brattle Report, ¶ 88 and Table 5.
115 Brattle Report, ¶¶ 88 and 90. Thus, the "payment rate" in the Brattle Report is not the percentage of resolved claims that will be paid (i.e., pay rate in the Mullin Report (Mullin Report, ¶ 152)) but the percentage of filed or pending claims that will be resolved and paid.
116 Brattle Report, ¶ 89.
117 Brattle Report, ¶ 89.
118 Brattle Report, ¶¶ 87-88.
119 Brattle Report, fn. 85.

example, Exhibit 20, below, compares the cumulative payment rate, by age of the claim, for Aldrich primary exposure mesothelioma claims from the predictions of the payment rate model in the Brattle Report for future filed claims (dashed line) to the historical payment rates for Aldrich primary exposure claims filed in 2014 to 2020, which are the claims relied upon in the Brattle Report model.[120] The Brattle Report estimates that 33.4% of future Aldrich primary exposure filed claims will be paid within six years of filing,[121] but the historical data show that payment rates are instead at 41% and 38% for 2014 and 2015, respectively, filed claims by the six-year age mark. This is an underestimation of 20% and 13%, respectively, by the Brattle Report payment rate prediction.[122] Claims filed in 2016 and 2017 have payment rates of 44% and 40%, respectively, and they have not reached the six-year age mark. This is an underestimation of 23% and 17%, respectively, by the Brattle Report payment rate prediction.[123] In addition, the payment rates for the 2016 and 2017 filed claims may be dampened due to the March 31, 2020 cutoff instituted in the Brattle Report and the Debtors' bankruptcy.[124] The historical data do not follow the payment rate predictions in the Brattle Report, which underestimate the actual realized payment rates for Aldrich primary exposure claims.

120 For illustrative purposes, age of the claim is calculated using the year of filing.
121 Brattle Report, Table 5.
122 Underestimation is calculated as (1 – payment rate prediction from the Brattle Report / historical payment rate).
123 Underestimation is calculated as (1 – payment rate prediction from the Brattle Report / historical payment rate).
124 The payment rates for claims filed in 2018 and afterwards are more heavily affected by the March 31, 2020 cutoff in the Brattle Report assumptions and the Debtors' bankruptcy filing (Brattle Report, ¶ 89).

**Exhibit 20: Brattle Report Payment Rate for Aldrich Primary Exposure Claims**




Sources: Brattle Report Backup Materials.

120. I find similar underestimation in the Brattle Report payment rate predictions when comparing against the historical data relied upon in the Brattle Report payment rate models for Aldrich secondary exposure claims, Murray primary exposure claims, and Murray secondary exposure claims. See Appendix E.

121. In addition, the Brattle Report payment rate predictions for pending claims follow a similar approach and are equally flawed and unreliable for the reasons described above.

## C. Brattle Report Underestimates Average Settlement Values for Murray Claims

122. The Brattle Report uses an unsubstantiated assumption that deflates ASV. The Brattle Report relies on a 5-year calibration period (2015-2019) for calculating average settlement values (calculated in constant 2020 dollars) for mesothelioma claims for Aldrich and for Murray. The averages are calculated separately for primary exposure claims and for secondary claims. Exhibit 21 and Exhibit 22below show the average

settlement values for mesothelioma claims by calibration period for Aldrich and for Murray, respectively. I highlight the calibration periods that would result in higher ASV than the selected 5-year calibration period in the Brattle Report.

### Exhibit 21: Brattle Report Mesothelioma ASV (In Constant June 2020 Dollars) for Aldrich, by Calibration Period

| Calibration Period | Primary Exposure ASV | Primary Exposure Count of Paid Claims | Primary Exposure % Difference to 2015-2019 | Secondary Exposure ASV | Secondary Exposure Count of Paid Claims | Secondary Exposure % Difference to 2015-2019 |
|---|---|---|---|---|---|---|
| 2010-2019 | $ 60,508 | 4,809 | 3.9 % | $ 51,763 | 519 | -2.7 % |
| 2011-2019 | 58,892 | 4,243 | 1.1 | 52,051 | 499 | -2.2 |
| 2012-2019 | 57,851 | 3,604 | -0.7 | 52,725 | 485 | -0.9 |
| 2013-2019 | 57,460 | 3,001 | -1.3 | 53,270 | 477 | 0.1 |
| 2014-2019 | 57,672 | 2,547 | -1.0 | 52,989 | 467 | -0.4 |
| 2015-2019 | 58,233 | 2,135 | | 53,218 | 460 | |
| 2016-2019 | 63,731 | 1,527 | 9.4 | 56,304 | 401 | 5.8 |
| 2017-2019 | 55,683 | 1,110 | -4.4 | 58,227 | 326 | 9.4 |
| 2018-2019 | 57,849 | 714 | -0.7 | 55,448 | 229 | 4.2 |
| 2019-2019 | 57,783 | 379 | -0.8 | 47,369 | 111 | -11.0 |

Sources: Brattle Report Backup Materials.

Notes:
[1] ASV excludes the "non-tort law firms."

### Exhibit 22: Brattle Report Mesothelioma ASV (In Constant June 2020 Dollars) for Murray, by Calibration Period

| Calibration Period | Primary Exposure ASV | Primary Exposure Count of Paid Claims | Primary Exposure % Difference to 2015-2019 | Secondary Exposure ASV | Secondary Exposure Count of Paid Claims | Secondary Exposure % Difference to 2015-2019 |
|---|---|---|---|---|---|---|
| 2010-2019 | $ 78,042 | 1,503 | 7.9 % | $ 73,947 | 186 | 33.4 % |
| 2011-2019 | 74,796 | 1,353 | 3.4 | 70,207 | 180 | 26.7 |
| 2012-2019 | 73,147 | 1,172 | 1.2 | 70,670 | 176 | 27.5 |
| 2013-2019 | 71,887 | 959 | -0.6 | 72,271 | 171 | 30.4 |
| 2014-2019 | 73,861 | 812 | 2.2 | 54,444 | 165 | -1.8 |
| 2015-2019 | 72,304 | 671 | | 55,420 | 156 | |
| 2016-2019 | 76,413 | 564 | 5.7 | 57,490 | 144 | 3.7 |
| 2017-2019 | 80,213 | 384 | 10.9 | 61,120 | 124 | 10.3 |
| 2018-2019 | 72,946 | 242 | 0.9 | 51,983 | 94 | -6.2 |
| 2019-2019 | 76,375 | 117 | 5.6 | 48,190 | 46 | -13.0 |

Sources: Brattle Report Backup Materials.

Notes:
[1] ASV excludes the "non-tort law firms."

123. Exhibit 21 shows that the choice of calibration period for Aldrich for primary exposure and secondary exposure generally has limited impact on the calculated average settlement value for mesothelioma claims. For primary exposure claims, the range of differences in ASV by calibration period is -4.4% to 9.4%, the average difference is 0.6%, and three out of nine other calibration periods would result in higher ASV. For secondary exposure claims, the range of differences in ASV by calibration period is -11.0% to 9.4%, the average difference is 0.2%, and four out of nine other calibration periods would result in higher ASV. As the Brattle Report even notes, the "average value of Aldrich claims has been relatively stable prior to the Petition Date."[125]

124. However, Exhibit 22 shows a different picture for Murray. For primary exposure claims, the range of differences in ASV by calibration period is -0.6% to 10.9%, the average difference is 4.1%, and eight out of nine other calibration periods would result in higher ASV. For secondary exposure claims, the range of differences in ASV by calibration period is -13.0% to 33.4%, the average difference is 12.3%, and six out of nine other calibration periods would result in higher ASV. All else equal, a lower ASV would lead to lower valuations of the mesothelioma claims liabilities. In other words, the Brattle Report selected the calibration period with nearly the lowest ASV for primary exposure and secondary exposure claims for Murray, resulting in an underestimate of the NPV of the total valuation of asbestos liabilities for Murray. While the Brattle Report acknowledges that the "average value of Murray settlements has been more volatile and is higher than Aldrich's claims,"[126] the Brattle Report does not provide the ASV for different calibration periods and also does not provide any sensitivity analysis on the impact of using a different calibration period for ASV on NPV.

## D. Unsupportable Exclusion of Certain Law Firms Improperly Decreases ASV

125. As I understand, the January 2026 Order directed the estimation experts to use "the tort system extrapolation method, using the Debtors' settlement and verdict history" to estimate the asbestos liabilities of Aldrich and Murray.[127] The U.S. Congress ("Congress") has defined a tort as "an act or omission that causes legally cognizable harm to persons or property."[128] Congress has further noted that the first purpose of tort law is

[125] Brattle Report, ¶ 92.
[126] Brattle Report, ¶ 92.
[127] January 2026 Order, ¶ 2.
[128] "Introduction to Tort Law," U.S. Congress, accessed at https://www.congress.gov/crs-product/IF11291#:~:text=Tort%20law%20serves%20at%20least,people%20who%20wrongfully%20injure%20others.

to "facilitate[] compensation for injuries resulting from wrongful conduct."[129] The tort system has developed to reflect multiple mechanisms to compensate valid tort claims, such as individual settlements, group settlements, and jury verdicts. Law firms who pursue tort claims on behalf of tort victims typically pursue some or all of the mechanisms, depending on the facts and circumstances of the claims. Each mechanism provides market evidence of the value of a claim and all mechanisms should be considered in an economic determination of claim values.

126. The Brattle Report excludes from its tort system extrapolation Aldrich and Murray settlements with claimants who were represented by what the Brattle Report terms as "non-tort [law] firms." The Brattle Report appears to have designated these law firms as "non-tort" firms because they entered into settlement agreements with Aldrich and Murray to compensate asbestos claimants. However, the three law firms excluded in the Brattle Report – [redacted],[130] the [redacted],[131] and [redacted][132] – are three of the largest plaintiff firms in asbestos litigation and have traditionally sought a combination of settlements and verdicts to compensate asbestos claimants. In other words, these law firms are active participants in the tort system. Instead of informing its analysis by actual settlement values reached with these firms, the Brattle Report ignores those values and performs an ad hoc "gross up" for these "non-tort law firms."[133,134] The net result of ignoring these actual, historical settlement values is to reduce the ASV that the Brattle Report uses to estimate the total asbestos liability, particularly for Murray.

127. While the Brattle Report shows the ASV for mesothelioma claims after excluding the "Non-Tort Firms," the ASV for all mesothelioma claims is not presented. Exhibit 23, below, shows the Brattle Report's mesothelioma ASV (in constant June 2020 dollars) for

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129 "Introduction to Tort Law," U.S. Congress, accessed at https://www.congress.gov/crs-product/IF11291#:~:text=Tort%20law%20serves%20at%20least,people%20who%20wrongfully%20injure%20others.

130 See "Since our inception in 1986, [redacted] has overseen more than 44,000 asbestos cases and continues to receive national recognition for our efforts. Our firm has also ranked as the #1 firm in New York City for volume of mesothelioma case filings and #2 nationwide. In the process of litigating negligent — and often reckless corporations — [redacted] experienced attorneys have helped secure approximately $26 billion in verdicts and settlements for more than 100,000 clients across the United States." [redacted].

131 See "The [redacted] is one of the most accomplished asbestos litigation law firms in the world. Our reputation is built on a proven track record of success that spans more than three decades, with a dedicated focus on mesothelioma and asbestos-related claims" The website lists case results as "verdicts and settlements." [redacted].

132 See "At [redacted] we focus on mesothelioma cases, holding negligent companies accountable for the pain and suffering they inflicted on their unsuspecting employees. There is no mesothelioma case that we've handled where we have been unable to achieve some compensation for our clients." [redacted]. Website lists case results that include verdicts and settlements. [redacted].

133 This "gross up" is distinct from the gross up for non-mesothelioma claims that was contemplated by the Second CMO.

134 Brattle Report, ¶ 63 ("Liability estimates associated with Non-Tort Firms are added at the final stage of our analysis by scaling up our forecasts.") See also, Brattle Report, ¶ 100 ("We scale up the liabilities for claims excluding the Non-Tort Firms by the shares of their total payments during the five years prior to the Petition Date.").

Aldrich and Murray for the 5-year calibration period chosen in the Brattle Report. The exhibit shows the ASV for primary exposure claims and secondary exposure claims including and excluding the "non-tort law firms."

**Exhibit 23: Brattle Report Mesothelioma ASV With and Without Improper Law Firm Exclusions (Constant June 2020 Dollars)**

**Calibration Period: 2015-2019**

| | Aldrich | | | | | |
|---|---|---|---|---|---|---|
| | Primary Exposure | | | Secondary Exposure | | |
| | All Claims | Excluding Non-Tort Law Firms | Only Non-Tort Law Firms | All Claims | Excluding Non-Tort Law Firms | Only Non-Tort Law Firms |
| Average Settlement Value | $57,665 | $58,233 | $56,446 | $52,494 | $53,218 | $47,204 |
| Number of Paid Claims | 3,129 | 2,135 | 994 | 523 | 460 | 63 |

**Calibration Period: 2015-2019**

| | Murray | | | | | |
|---|---|---|---|---|---|---|
| | Primary Exposure | | | Secondary Exposure | | |
| Calibration Period | All Claims | Excluding Non-Tort Law Firms | Only Non-Tort Law Firms | All Claims | Excluding Non-Tort Law Firms | Only Non-Tort Law Firms |
| Average Settlement Value | $92,339 | $72,304 | $130,101 | $65,286 | $55,420 | $126,848 |
| Number of Paid Claims | 1,027 | 671 | 356 | 181 | 156 | 25 |

Sources: Brattle Report Backup Materials.

128. The mesothelioma ASV for Aldrich is similar whether the "non-tort law firms" are included or excluded, for both primary exposure claims and secondary exposure claims. However, the mesothelioma ASV for Murray is substantially lower when the Brattle Report excludes the settlements with "non-tort law firms." For both primary exposure claims and secondary exposure claims, the ASV is 22% and 15% lower, respectively, when the Brattle Report excludes the "non-tort law firms." As a result, the effect is to artificially reduce ASV and, then, use these lower ASV to value both pending and future claims, which results in improper decreases in NPV of the asbestos liabilities.

## E. Assessment of "Trust Funding Needs" is Not Economically Equivalent to Estimating Tort Liabilities

129. The Brattle Report "develop[s] a comparative analysis of the tort system liabilities of Garlock and the performance of the GST Settlement Facility to assess the corresponding

funding needs of a similar trust that could be used to resolve the Debtors' claims."[135] The Brattle Report asserts that: "determining the 'aggregate amount of the Debtors' current and future asbestos liability for plan purposes' involves considering how claims would be compensated in a trust and how this would affect the number and value of paid claims."

130. From an economic perspective, estimating the number and value of claims that would be compensated in a trust is a distinct exercise from estimating the liability of claims in the tort system (as I understand the Second CMO and the January 2026 Order require). There is no basis (and the Brattle Report provides no basis) for assuming that estimates derived from the two distinct exercises will converge. Although a full examination of the differences between the two analyses is beyond the scope of this report, I note a few of the differences below:

a. Trust structures typically eliminate jury verdicts.

b. Trust structures typically do not allow for group settlements.

c. Trust structures impose processes for establishing a valid claim that differ from the tort system. For example, they may have qualifying occupation, industry, or job site lists can alter the burden of establishing a claim that could be compensated.

d. Trust structures may offer expedited forms of review, may compensate claims in cohorts (e.g., by diagnosis) and may or may not allow for individual review.

e. A trust may be funded with an amount of funds that impacts recovery, including, for example, payment percentages or a phased schedule of payments (which would impact the NPV of the liabilities).

131. It is also relevant to note that no two trusts are exactly alike. Not only do trusts differ based on the facts and circumstances of the debtor and the debtor's liability, differences also arise from specific trust distribution procedures. As discussed above, the Brattle Report simply ignores significant differences between the Debtors and Garlock.

## VII. ADDITIONAL ERRORS IN THE MULLIN REPORT

132. There is an initial correspondence between Austin/Sackett and Mullin with respect to the number of claims and to Mullin unadjusted ASV. However, the Mullin Report's subsequently applies other erroneous assumptions that result in a much lower estimate of the NPV of Debtors' asbestos liability.

[135] Brattle Report, ¶ 13.

## A. Wide Range of Liability Estimates Raises Reliability Concerns

133. Even under a *single* methodology, the Mullin Report's liability estimate spans a wide range: $50 million to $100 million under the "litigation approach,"[136] $525 million to $750 million under the component-based forecast,[137] and $425 million to $695 million under the expenditure-based forecast.[138, 139] In total, the top end of the Mullin Report's estimate is 15 *times* the low end of its estimate. The extremely wide range of estimates calls into question the reliability of ***any*** given estimate.

134. Courts have recognized that an excessively wide range of damages estimates undermines the reliability of an expert's opinion. For example, *In Sargon Enterprises, Inc. v. University of Southern California, 55 Cal.4th 747* (2012), the California Supreme Court affirmed the exclusion of expert damages testimony on this basis, holding that a trial court must act as a "gatekeeper to exclude expert opinion testimony that is […] based on reasons unsupported by the material on which the expert relies, or […] speculative," [140] and that "there is simply too great an analytical gap between the data and the opinion proffered." [141] The court below had excluded the expert's estimate, which ranged from $220 million to over $1 billion depending on the expert's own assumptions, as an invitation to a verdict of "pure speculation." [142] The Mullin Report's wide liability forecast, even within a single methodology, reflects a similarly speculative approach which undermines its reliability.

135. The Litigation Services Handbook ("Handbook"), a leading treatise on financial expert testimony in litigation, recognizes that damages estimates must meet a standard of reasonable certainty. Specifically, the Handbook instructs that while "the plaintiff can estimate the amount of damages, the court should have confidence in the accuracy of the estimate."[143] The Handbook further warns that an "overabundance of estimates and assumptions can lead to a damages claim that experts will find difficult to defend," and that "[w]ithout sufficient foundation […] this omission can render the damages claim

136 Mullin Report, ¶ 116.
137 Mullin Report, Figure 29.
138 Mullin Report, Figure 32.
139 Separately, the Mullin Report also presents non-tort system opinions that the Debtors' liabilities could be $50 million in net present value under an "'excess mesothelioma diagnoses'" from gaskets and packing approach (Mullin Report, Section IV.B.2.c. (¶¶ 112-114)) or could be $70 million in net present value in a Garlock-adjusted approach (Mullin Report, Section IV.B.2.a. (¶¶ 108-109)).
140 *In Sargon Enterprises, Inc. v. University of Southern California*, 55 Cal.4th 747 (2012), p. 28.
141 *In Sargon Enterprises, Inc. v. University of Southern California*, 55 Cal.4th 747 (2012), p. 28.
142 *In Sargon Enterprises, Inc. v. University of Southern California*, 55 Cal.4th 747 (2012), pp. 4 and 38.
143 Roman L. Weil, Daniel G. Lentz, and Elizabeth A. Evans, eds., *Litigation Services Handbook: The Role of the Financial Expert*, 6th ed. (Hoboken, NJ: John Wiley & Sons, Inc., 2017), §4.3(a).

speculative and inadmissible."[144] The Handbook cautions that if an expert has "strung together too many assumptions and conditions to form [their] opinion, [they] are susceptible to being filleted."[145]

## B. Non-ACP Incidence Lacks Empirical Support and Significantly Reduces Liability Estimate

136. The Mullin Report employs a cohort-based incidence model using adjusted Nicholson curves to project future mesothelioma incidence and calculate the number of filed future claims. The model decomposes mesothelioma incidence into two components: (i) asbestos-related incidence ("ACP"), constructed from assumed exposure patterns, and (ii) non-asbestos-related incidence ("non-ACP"), generated from a parametric age-based hazard function.

137. The ACP component is modeled based on historical patterns of asbestos exposure, incorporating assumptions regarding the timing, intensity, and decline of exposure across cohorts. In practice, this is implemented using a Nicholson-style framework in which incidence increases with time since exposure following a latency-based function of the form $(t-\text{latency})^2$, scaled by exposure intensity and applied to a modeled population of exposed individuals.

138. The non-ACP component is intended to represent mesothelioma incidence that is not attributed by the model to asbestos exposure. Conceptually, that may include cases arising outside occupational exposure or cases caused by factors other than asbestos-containing products. However, the model does not identify or measure any such categories directly. The underlying data do not show which mesothelioma cases are asbestos-related versus non-asbestos-related, nor do they distinguish between industrial workers and non-workers or between asbestos and other potential causes. Accordingly, non-ACP is not constructed by summing observed categories of "non-worker" (such as secondary exposure) or "non-asbestos" cases. Instead, the model imposes a separation of total mesothelioma incidence into an asbestos-related component (ACP) and a background component attributed to non-ACP.

139. The non-ACP (background component) is generated using a parametric age-based hazard model. Specifically, the model applies a Weibull-type hazard function to population data by age, year, and sex to produce expected non-ACP incidence. The hazard function is

[144] Roman L. Weil, Daniel G. Lentz, and Elizabeth A. Evans, eds., *Litigation Services Handbook: The Role of the Financial Expert*, 6th ed. (Hoboken, NJ: John Wiley & Sons, Inc., 2017), §§ 4.6(e)(ii)-(iii).

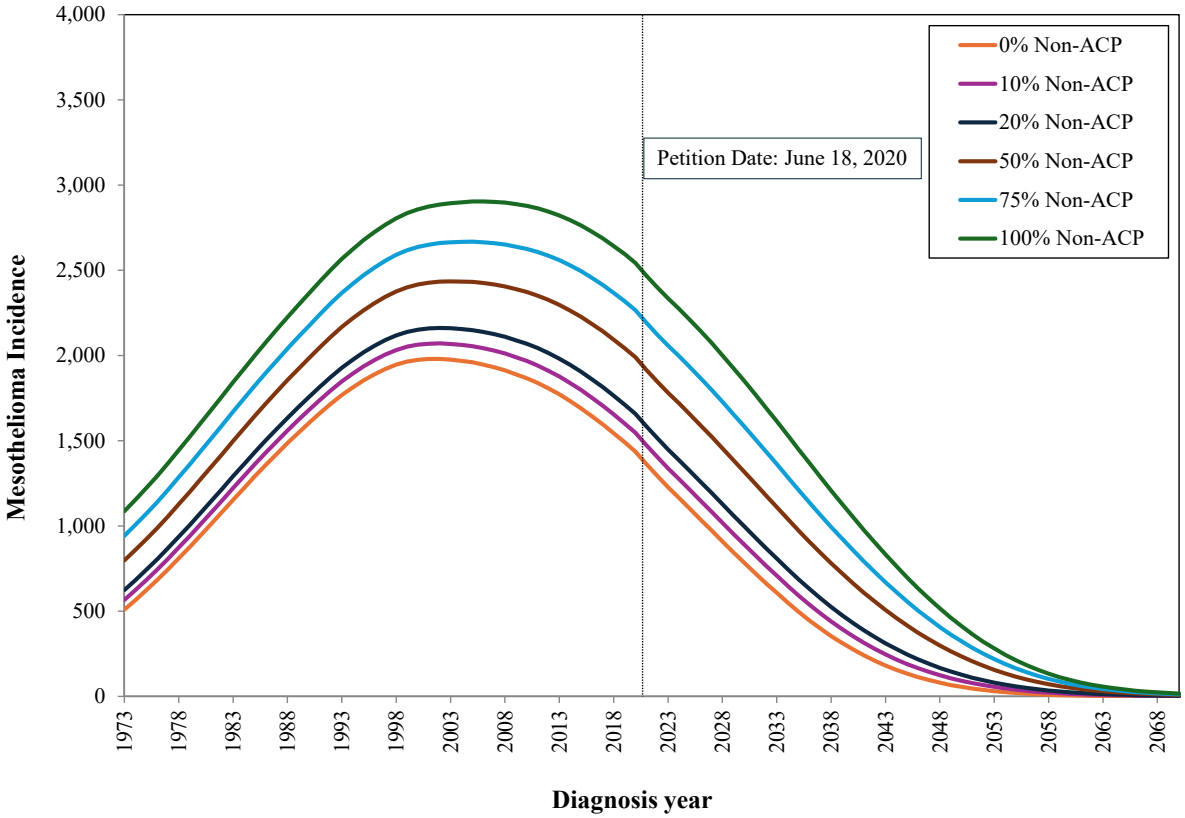
[145] Roman L. Weil, Daniel G. Lentz, and Elizabeth A. Evans, eds., *Litigation Services Handbook: The Role of the Financial Expert*, 6th ed. (Hoboken, NJ: John Wiley & Sons, Inc., 2017), § 3.8(f)(ii).

governed by three assumed parameters, *c*, *b and r*, which determine the level and shape of the age-risk relationship. The Mullin Report does not explain how those parameters are selected, what empirical basis supports them, or how they map onto real-world categories such as non-industrial workers, household exposure, talc-related cases, or other non-asbestos causes. The resulting non-ACP component is therefore a model-generated construct, not a directly observed category of incidence.

140. Therefore, total incidence is split into ACP and non-ACP such that the two components sum to observed mesothelioma incidence. However, these components are not independently estimated from data. Instead, the non-ACP component is effectively defined as the residual required to reconcile the ACP model with observed incidence. As a result, the model treats a mechanically-derived adjustment as if it reflects independently observed causes of disease.

141. The Mullin Report adjusts its Nicholson-based curves by including only 0%, 10%, or 20% of non-ACP incidence. As shown in Exhibit 24, those choices materially reduce filed claims. The Mullin Report provides no independent empirical basis for selecting 0%, 10%, or 20%, even though that choice directly affects liability.

## Exhibit 24: Mullin Report Mesothelioma Incidence




Sources: Mullin Report Backup Materials.

Notes:
[1] These incidence curves show the Mullin Report's cohort-adjusted mesothelioma incidence curves, which are used in the final tort extrapolation damages calculation. The Mullin Report also presents general mesothelioma incidence curves (Figure 39).
[2] The Mullin Report only shows cohort-adjusted mesothelioma incidence curves incorporating 0%, 10%, and 20% non-ACP mesothelioma incidence. See Mullin Report, Figure 40. Other curves have been calculated using the same methodology as Dr. Gallardo-García, adjusting the non-ACP incidence inclusion level.

142. I have identified material issues with this approach that undermine the reliability of the projected incidence and resulting claim estimates.

143. The Mullin Report's decomposition of mesothelioma incidence into ACP and non-ACP components is not derived from observable data, but instead is reverse-engineered to fit total observed incidence. The ACP component is based on assumed exposure patterns, while the non-ACP component is generated from a parametric age-based hazard function. Because the model is calibrated to match total observed incidence, the non-ACP component is simply the residual after fitting ACP. It is not independently estimated, measured, or validated. This creates a *circular exercise*: the model adjusts the non-ACP component to fit observed data, then treats that adjustment as if it represented a distinct disease category when projecting future incidence. In effect, the model uses a curve-

fitting exercise to justify excluding a portion of observed mesothelioma incidence without showing that the excluded portion represents non-asbestos cases.

144. The Mullin Report *does not validate its ACP/non-ACP decomposition* against any independent evidence. It does not test whether the implied ACP share is consistent with epidemiological studies, cancer registry data, historical claims patterns, settlement data, or product-specific evidence. Without such validation, there is no basis to conclude that any portion of observed mesothelioma incidence should be excluded from future projections.

145. To assess the effect of this assumption on future mesothelioma filed claims, I performed a sensitivity analysis varying the proportion of non-ACP incidence included in the incidence curve, as showed in Exhibit 25.

**Exhibit 25: Mullin Report Future Filed Claims**

| Non-ACP Incidence | Aldrich | Murray | Total |
|---|---|---|---|
| 0% Non-ACP (in Mullin Report) | 18,354 | 14,596 | 32,949 |
| 10% Non-ACP (in Mullin Report) | 19,917 | 15,839 | 35,755 |
| 20% Non-ACP (in Mullin Report) | 21,311 | 16,947 | 38,258 |
| 50% Non-ACP | 24,715 | 19,655 | 44,370 |
| 75% Non-ACP | 26,902 | 21,394 | 48,297 |
| 100% Non-ACP | 28,677 | 22,806 | 51,483 |

Sources: Mullin Report Backup Materials.

Notes:
[1] These future filed claim numbers assume a calibration period of 10 years. The Mullin Report also uses calibration periods of three years and five years, which affect future filed claim estimates by changing estimates of propensity to file against the Debtors.

a. Under the 0% non-ACP assumption, future filed claims total 32,949. Increasing non-ACP inclusion materially increases the number of future filed claims: 44,370 at 50% (approximately 35% higher) and 51,483 at 100% (approximately 56% higher). This pattern is linear, showing that non-ACP treatment operates as a scaling factor on projected claims.

b. This analysis demonstrates that even modest increases in non-ACP inclusion (well below the 100% Non-ACP inclusion) result in materially higher filed claim estimates. Note that other assumptions in the Mullin Report's model are held constant; the only change is the percentage of non-ACP incidence included. This sensitivity is not intended to endorse the model, but to isolate the effect of that assumption.

146. Overall, the treatment of non-asbestos-related ("non-ACP") incidence is a significant driver of the Mullin Report's future filed claims. Excluding all or most of the non-ACP component materially suppresses projected claims. Because the Mullin Report offers no independent validation for excluding any portion of non-ACP incidence, the appropriate baseline should be a 100% inclusion, consistent with standard Nicholson-type projections.

## C. The Mullin Report's Analysis of "Excess Mesothelioma Attributable to All Gaskets and Packing" Is Without Foundation and Unreliable

147. I have been asked by Counsel to respond to the Mullin Report's estimate of asbestos liabilities of excess mesothelioma attributable to gaskets and packing. The Mullin Report provides a separate estimate of the Debtors' asbestos liabilities at no more than $50 million for claims as of the Petition Date based on a purported valuation of "'excess mesothelioma diagnoses'" from asbestos-containing gaskets and packing that can be attributed to the Debtors.[146]

148. As an initial matter, the Mullin Report seeks to rely on a report that was prepared in 2013 by a separate expert for legal proceedings involving Garlock (the "Henshaw Garlock Report").[147] The Henshaw Garlock Report specifically states that "[t]he purpose of this report is to assist the Court in assessing claims likely to be made against Garlock."[148] Accordingly, the analysis in the Henshaw Garlock Report is specifically tied to responses to PIQs completed by Garlock claimants.[149] As discussed above, the Mullin Report lacks any rigorous analysis of the alleged equivalence between the exposure profile of Garlock and that of the Debtors. Absent such analysis, there is no reasonable economic basis to assume that the case-specific claims data from Garlock would apply to the Debtors.

149. Given the lack of a reasonable economic basis, it is unsurprising to see that Dr. Mullin's conclusions as to the Debtors' liability that are derived from this analysis are wholly inconsistent with the Debtors' actual claims history.

150. According to the Mullin Report, assumptions from the Henshaw Garlock Report are used to derive a mesothelioma incidence curve that is purportedly specific to gaskets and packing. While a summary of the incidence curve is contained in the Mullin Report

146 Mullin Report, Section IV.B.2.c. (¶¶ 112-114).
147 Mullin Report, ¶ 113. See *In re Garlock Sealing Technologies, LLC., et al.,* Case No. 10-31607, Expert Report of John L. Henshaw, MPH, CIH, ("Henshaw Garlock Report"), February 8, 2013.
148 Henshaw Garlock Report, p. 1.
149 Henshaw Garlock Report, p. 1.

(Figure 24), the analysis resulting in the derivation of this incidence curve was performed by another expert and that analysis is not contained in the Mullin Report.[150] Referencing the summary results of this incidence curve, the Mullin Report concludes that a *total* of 10 "gaskets and packing" mesothelioma claims will be filed against the Debtors from 2020 onward.[151] The Mullin Report then assumes that these mesothelioma claims are valued at $5 million each.[152]

151. The Debtors' actual mesothelioma claims history is wholly inconsistent with this estimate.[153] As the Mullin Report shows in Figure 3, between 2015 and 2019, Aldrich and Murray together paid over 4,700 mesothelioma claims at an average annual indemnity of nearly $58 million. Although Aldrich and Murray are spending over $50 million *in a single year* in indemnity, the Mullin Report provides an unreasonable estimate of $50 million for total liabilities resulting from *all* pending and *all* future mesothelioma claims against the Debtors. The Mullin Report provides no explanation as to how and why the Debtors' asbestos litigation prospects could change so drastically. Accordingly, Dr. Mullin's exercise does not provide a reliable basis for estimating the Debtors' total mesothelioma liability.

## VIII. LIMITED CORRECTIONS TO THE MULLIN REPORT SIGNIFICANTLY INCREASE LIABILITY ESTIMATE

152. I performed a sensitivity analysis to assess the effect of correcting only some of the errors in the Mullin Report, as identified above. As the Mullin Report contains fewer errors than the Brattle Report, I used its backup materials as the starting point for this sensitivity analysis. This choice should not be understood as an endorsement of the Mullin Report's methodology; rather, I used those materials solely because they provided the more

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150 See Mullin Report, fn 128: "Dr. Gallardo-García provided me estimates based on the current status of his incidence model. Details of Dr. Gallardo-García's final analysis and supporting calculations will be included in his expert report at the time other expert reports are due pursuant to any CMO or other case schedule set by the Court. Dr. Gallardo-García is finalizing his incidence model, but, upon completion, he does not expect it to differ materially from the version of the model applied herein. However, should his final model qualitatively alter my opinions herein, I will supplement this report accordingly."

151 Mullin Report, fn. 129. The Mullin Report assumes that half of the post-2019 diagnoses (2020-2029 = 12 diagnoses and 2030 forward = 5 diagnoses) and half of an estimated three pre-2020 diagnoses that are likely to sill be pending will lead to ten claims against the Debtors.
The Mullin Report assumes that "50% of excess gasket and packing mesothelioma diagnoses [are attributed] to the Debtors" (Mullin Report, ¶ 114). However, the 50% assumption is depressed compared to the estimated propensities to sue of 77% for Aldrich and 63% for Murray based on all asbestos-related mesothelioma incidence plus 10% of the Non-ACP mesothelioma incidence over the period 2015 to 2019 (Mullin Report, Figure 4). For a mesothelioma incidence curve for gaskets and packing that is more directly tied to Aldrich and Murray, I would expect that the propensity to sue would be higher than the propensity to sue based on all asbestos-related mesothelioma incidence.

152 Mullin Report, ¶ 114 and fn. 129.

153 As another flaw that underestimates the liabilities, the Mullin Report ignores claims for non-mesothelioma diseases.

workable baseline for isolating the effect of specific corrections.[154] In contrast, the number and nature of the errors in the Brattle Report makes a sensitivity analysis less meaningful.

153. Further, this sensitivity analysis is not offered as a complete opinion on the appropriate liability estimate. Instead, it is a limited analytical exercise intended to show the resulting estimates when certain, relatively straightforward corrections are made to the analysis in the Mullin Report.

154. I make three corrections to the Mullin Report: I set the discount rate to 1.24%;[155] use 50% and 100% of the non-ACP incidence; and for illustrative purposes, use an inflation rate of 2.4%.[156]

155. If the Mullin Report had made these adjustments, the estimated mesothelioma liabilities would range from $1.2 billion to $1.4 billion, with total asbestos liabilities ranging from $1.5 billion to $1.7 billion. These figures are for Aldrich and Murray combined, as shown in Exhibit 26.

156. Making further corrections to the Mullin Report backup materials consistent with the other critiques in this report would raise the estimates still further.

**Exhibit 26: Sensitivity Analysis – Adjusted Discount, Inflation and Non-ACP Incidence**

| | Mesothelioma | | Non-Mesothelioma | |
|---|---|---|---|---|
| | NPV ($ millions) | Filed Claims | NPV ($ millions) | Filed Claims |
| **50% Non-ACP** | $1,218 | 50,317 | $268 | N/A |
| **100% Non-ACP** | $1,417 | 57,430 | $311 | N/A |

Sources: Mullin Report Backup Materials.

# IX. CONCLUSION

157. Neither the Brattle Report nor the Mullin Report provide an accurate estimate of the Debtors' asbestos liability. Due to the inclusion of multiple erroneous and unsupported assumptions, the Brattle Report presents an estimate of Debtors' asbestos liability that is an outlier as compared to the Mullin Report, the Sackett Report and my own analysis.

[154] This exercise is not intended to validate either the Mullin Report backup materials or the Mullin Report's broader methodology. Its purpose is limited to just showing the effect of changing specific assumptions while holding the remaining inputs constant.

[155] This represents the 20-year Treasury yield as of June 18, 2020, the Petition Date. See U.S. Department of the Treasury, "Daily Treasury Par Yield Curve Rates." Accessed March 25, 2026. https://home.treasury.gov/resource-center/data-chart-center/interest-rates/daily-treasury-rate-archives/par-yield-curve-rates-2020-2023.csv.

[156] The analysis therefore excludes the Mullin Report's assumption of declining average settlement values.

The Mullin Report presents such a wide range of estimates, from $50 million to $750 million, that it calls into question the reliability of ***any*** single estimate. However, if a small number of straightforward corrections are made to some of Dr. Mullin's analyses, the estimate of the Debtors' liability significantly increases.

158. My work is ongoing, and my opinions are subject to revision based on new information (including documentation, reports, or testimony by Dr. Mullin, Mr. Paul Hinton, Mr. David McKnight, Dr. Sackett, or any other expert).

Respectfully submitted



Yvette R. Austin
Chair, Global Finance Practice
Compass Lexecon
March 27, 2026

# APPENDIX A: YVETTE R. AUSTIN CV

Yvette Austin is a Senior Managing Director and Chair of the Compass Lexecon Global Finance Practice. Over her 30-year career, Ms. Austin has developed expertise in a wide range of financial and economic areas. With subject matter expertise in valuation, credit and solvency analysis, and other financial damages, Ms. Austin has been retained as a testifying and consulting expert to analyze and quantify damages and other types of liability in disputes involving mergers and acquisitions, bankruptcy, breaches of representations and warranties, breaches of fiduciary duty, financial fraud, material adverse effects, dissenting shareholder actions, leveraged buyouts, debt recharacterization, avoidance actions, liability management transactions, antitrust damages and trade disputes. Ms. Austin also regularly estimates the number and value of claims in mass tort matters. Ms. Austin has provided claims analysis and estimation in connection with claims arising from talc, opioids, asbestos, transvaginal mesh, breast implants, and PFAS.

Ms. Austin has been retained as an expert to estimate the number and value of mass tort claims in matters involving Hopeman Brothers, Whittaker, Clark & Daniels, Johnson & Johnson, Purdue Pharma, and Endo Pharmaceuticals. In connection with these engagements, Ms. Austin has provided multiple expert reports and have testified in related estimation hearings and trials. Ms. Austin is also a credited researcher for "Estimating Future Claims – Case Studies from Mass Tort and Product Liability" (1995), for which Ms. Austin conducted empirical research of mass torts involving: breast implants, intrauterine devices, asbestos, and hardboard siding.

Ms. Austin has submitted expert oral and written testimony in multiple venues including state courts in Delaware, New York, and California; U.S. federal bankruptcy and district courts; international courts in Canada, Australia, and the United Kingdom; and the World Trade Organization and other international arbitration forums. In addition to providing expert testimony, Ms. Austin advises special board committees on merger and acquisition-related litigation matters and serve as a bankruptcy trustee.

As representative M&A and financing engagements, I have been retained as a financial expert in: *Serta Simmons Bedding, LLC v. AG Centre Street Partnership L.P.* (Southern District of Texas, Houston Division); *Desktop Metal, Inc.* v. *Nano Dimension Ltd. and Nano US I, Inc.* (Delaware); *Votorantim S.A. v. ArcelorMittal Brasil S.A., ArcelorMittal Spain Holding SL Respondents* (ICC Arbitration); *The Yucaipa Companies LLC v. Lantern Asset Management GP, LLC, Spyglass Media Group, LLC (f/k/a Lantern Entertainment LLC)* (California); *Twitter, Inc.* v. *Elon R. Musk* (Delaware); *Snow Phipps Group, LLC, and DecoPac Holdings Inc.* v. *KCake Acquisition, Inc.* (Delaware); *Live Nation Entertainment, Inc. v. Corporación Interamericana de Entretenimiento, S.A.B. de C.V.* (CIE) (ICC Arbitration); *The Mangrove Partners Master Fund, Ltd. v. Calamos Asset Management, Inc.*, Respondent (Delaware); *In re Baker Hughes, a GE Company, Deriv. Litig.* (Delaware) *and Polar Multi-Strategy Master Fund v. The Stars Group Inc.* (Ontario).

As representative bankruptcy engagements, Ms. Austin has been retained as a financial expert in connection with the bankruptcies of Lehman Brothers (on behalf of JPMorgan Chase), Caesars Entertainment Operating Company (on behalf of Apollo Global Management), Physiotherapy

Associates Holdings (on behalf of a litigation trustee), U.S. Steel Canada (on behalf of United States Steel), Purdue Pharma (on behalf of a large group of states and U.S. territories), LTL Management I and II (on behalf of the Tort Claimant Committee), Red River Talc (on behalf of tort claimants), Millennium Laboratories (on behalf of a litigation trustee), Revlon (on behalf of the Debtor), and Endo (on behalf of First Lien creditors).

Ms. Austin has written a number of publications and presented on valuation and credit analysis, for organizations including the American Bar Association, the American Bankruptcy Institute, the National Conference of Bankruptcy Judges, the Delaware State Bar Association, Thomson Reuters, and Bloomberg Law. Ms. Austin is a contributing author to the Model Merger Agreement for the Acquisition of a Public Company, published by the ABA's Mergers and Acquisitions Committee, and a contributing researcher to The Standard & Poor's Guide to Fairness Opinions: A User's Guide for Fiduciaries.

Ms. Austin has also been a member of the teaching faculty of Harvard University Extension School, where Ms. Austin taught a graduate finance course (Business Analysis and Valuation) and a past faculty member of the American Bar Association's National Institute of Negotiating Business Acquisitions.

Earlier in her career, Ms. Austin provided investment banking advisory services, including mergers and acquisitions, fairness opinions, solvency opinions, and commercially reasonable debt opinions. Ms. Austin was nominated to and is currently a member of FTI Consulting's Fairness and Solvency Committee.

## EDUCATION

- 2001, MBA (Finance), Columbia Business School, New York, NY
- 1992, AB in Government & Philosophy, Harvard University, Cambridge, MA
- Additional Graduate Coursework in Financial Mathematics, Courant Institute of Mathematics, New York University

## PROFESSIONAL EXPERIENCE

- 2023 – Present, Senior Managing Director, Chair of Global Finance Practice, Compass Lexecon, New York, NY
- 2014 – 2022, Principal and Chairman, The Brattle Group, New York, NY
- 2010 – 2013, Managing Director, Stout Risius Ross, New York, NY
- 2007 – 2010, Managing Director, Charles River Associates, New York, NY
- 2004 – 2007, Director, Duff & Phelps, New York, NY

## TESTIMONY EXPERIENCE

- *Serta Simmons Bedding, LLC, et al, Plaintiffs and Counterclaim Defendants v. AG Centre Street Partnership L.P., et al. Defendants, Counterclaim Plaintiffs and Third-Party Plaintiffs,* United States Bankruptcy Court Southern District Of Texas, Houston Division, Case No. 23-90020 (CML), Chapter 11, Adversary Proc. No. 23-09001 (Deposition testimony, February 2026; Trial testimony, March 2026)

- *Celsius Network Limited, by and through The Blockchain Recovery Investment Consortium, Claimant vs. Equities First Holdings, LLC and Alexander Christy, Respondents,* American Arbitration Association No. 01-24-0007-3831. (Deposition testimony, January 2026).

- *J Digital 6 Cayman Ltd. (Cayman Islands) and TAI MO SHAN Limited (Cayman Islands), Claimants v. Sui Foundation (Cayman Islands), Respondent*, In the Matter of an Arbitration Under the Rules of the Cayman International Mediation and Arbitration Centre CI-MAC CASE NO. 2024-001. (Hearing testimony, December 2025)

- *Adam Roston, Plaintiff/Cross-Defendant v. Ask Media Group, LLC; IAC Inc..; BLUECREW, Inc., and DOES 1 through 25, Defendants/Cross-Complainants,* Superior Court For The State Of California County Of Alameda, Case No. RG20064980 (Deposition testimony, June 2025)

- *Desktop Metal, Inc., Plaintiff v. Nano Dimension Ltd. and Nano US I, Inc., Defendants*, Court of Chancery of the State of Delaware, Case No. 2024-1303-KSJM consolidated with Case No. 2025-0002-KSJM (Deposition testimony, March 2025; Trial testimony, March 2025)

- *In re:* Red River Talc LLC, United States Bankruptcy Court Southern District Of Texas Houston Division, Case No. 24-90505 (CML) (Deposition testimony, February 2025; Hearing testimony, March 2025)

- *In re:* Whittaker, Clark & Daniels, Inc., et al., United States Bankruptcy Court District of New Jersey, Case No. 23-13575 (MBK) (Deposition testimony, December 2024; Hearing testimony, March 2025)

- *Votorantim S.A., Claimant/Counter-Respondent v ArcelorMittal Brasil S.A., ArcelorMittal Spain Holding SL Respondents/Counter-Claimants,* International Court of Arbitration International Chamber Of Commerce, ICC Case No. 27284/RLS (Hearing testimony, October 2024)

- *David Fleury and Alvin Turner, individually and on behalf of a class of similarly situated individuals, Plaintiffs, vs. Union Pacific Railroad Company, a Delaware*

*corporation, Defendant,* United States District Court for the Northern District of Illinois Eastern Division, Case No. 20-cv-390 (Deposition testimony, September 2024)

- *Christine Martinez, Plaintiff, vs. Pinterest, Inc., et al., Defendants,* Superior Court of the State of California County Of Alameda, Case No. RG21112456 (Deposition testimony, September 2024)
- *In re SwervePay Acquisition, LLC,* Court of Chancery of the State of Delaware, Consolidated C.A. No. 2021-0447-KSJM (Deposition testimony, August 2024; Trial testimony February 2025)
- *Steve Weissmann and Tumbleweed Tiny House Company, Inc., Claimants, v. NBCUniversal Media, LLC; Marcus Lemonis; Freedom Roads Holding Company, LLC; Camping World, Inc.; and Machete Corporation, Respondents.* . JAMS Arbitration, Century City, CA. (Hearing testimony, March 2024)
- *The Yucaipa Companies, LLC et al.,* Plaintiffs*, vs. Lantern Asset Management GP, LLC; Spyglass Media Group, LLC et al.,* Defendants*,* Superior Court of The State of California, County Of Los Angeles – Central District, Case No. BC713894 (Deposition testimony, January 2024)
- *AliveCor, Inc., Plaintiff v Apple Inc.,* Defendant, US District Court Northern District of California, Case 4:21-cv-03958-JSW (Deposition testimony, May 2023)
- *Lynn E. Feldman, Esq, In Her Capacity as the Chapter 7 Trustee for the Estate of Precise Graphix, LLC, Claimant, v. NBCUniversal Media LLC; Machete Corporation; Camping World, Inc., Respondents.* JAMS Arbitration, Century City, CA. (Hearing testimony, April 2023)
- *White Winston Select Asset Funds, LLC ("White Winston") and GT Acquisition Group, Inc. ("GTAG") v. Good Times Restaurants, Inc.*, United States District Court for the District of Delaware, C.A. No. 1:19-cv-02092-RGA (Deposition testimony, December 2021; Trial testimony, August 2022)
- *In re: Millennium Lab Holdings II, LLC, et al., Debtors. Marc S. Kirschner solely in his capacity as Trustee of the Millennium Corporate Claim Trust, Plaintiff v. J.P. Morgan Chase Bank, N.A., Citibank N.A., BMO Harris Bank, N.A. and SunTrust Bank, Defendant(s)*. United States Bankruptcy Court for the District of Delaware, Case No. 15-12284 (LSS), Adv. Pro. No. 17-51840 (LSS) (Deposition testimony, May 2022)
- *In re Baker Hughes, a GE Company, Deriv. Litig., C.A. No. 2019-0201-AGB (Del. Ch.).* (Deposition testimony, April 2022)
- *SEC Holdings Group, LLC., a Delaware Limited Liability Company, Claimant v. EMJ Corporation, a Tennessee Corporation, Respondent.* American Arbitration Association, AAA Case No. 01-21-0017-7699. (Deposition testimony, April 2022; Hearing testimony May 2022)

- *Snow Phipps Group, LLC, and DecoPac Holdings Inc., Plaintiff, v. KCake Acquisition, Inc., et al., Defendants,* Court of Chancery of the State of Delaware, C.A. No. 2020-0282-KSJM (Deposition testimony, December 2020; Trial testimony, January 2021)
- *GiGi Jordan, Plaintiff against Raymond A. Mirra, JR., et al., Defendants*, United States District Court for the District of Delaware, C.A. No. 14-01485-SLR-SRF (Deposition testimony, December 2020)
- *Falcon Distribuidora, Armazenamento e Transporte S.A. v. Hypera S.A.*, International Chamber of Commerce Arbitration No 23896/GSS (Hearing testimony, November 2020)
- *In Re Comtech Telecommunications Corp / Gilat Satellite Networks Merger Litigation Court of Chancery of the State of Delaware,* C.A. No. 2020-0605-JRS (Deposition testimony, October 2020)
- *Dillon Trust Company LLC, et al. v. United States*, Court of Federal Claims Nos. 17-1898T, 17-2022T, 17-2023T (Deposition testimony, September 2020)
- *IC Power Asia Development Ltd. (Israel), Claimant v. Republic of Guatemala, Respondent*, Under the Arbitration Rules of the United Nations Commission on International Trade Law (Hearing testimony, July 2020)
- *Catherine E. Youngman, Litigation Trustee for ASHINC Corporation, et al. v. Yucaipa American Alliance Fund I, L.P., et al.,* Adv. Pro. No. 13-50530. (Deposition testimony January 2020)
- *Canada – Measures Concerning Trade in Commercial Aircraft, World Trade Organization (DS522)* (Testimony at First Substantive Meeting, September 2019)
- *Crown Resorts Limited v. Commissioner of Taxation Federal Court of Australia Proceedings*, No. VID 831, 833 - 837 & 1635 - 1637 of 2018. (Trial testimony, June 2019)
- *The Mangrove Partners Master Fund, Ltd., Petitioner, v. Calamos Asset Management, Inc., Respondent,* Court of Chancery of the State of Delaware, C.A. No. 2017-0139-JTL. (Deposition testimony, December 2018)
- *Polar Multi-Strategy Master Fund v. The Stars Group Inc.*, Superior Court of Justice – Ontario, CV-18-599612-00-CL, (Hearing testimony, July 2018)
- *In re: Physiotherapy Holdings, Inc. et al. in the matter PAH Litigation Trust, Plaintiff v. Water Street Healthcare Partners, L.P. et al.,* Defendants (Case No. 13- 12965 (KG)). United States District Court for the District of Delaware. (Deposition testimony, May 2018)
- *Domain Associates, L.L.C., v. Nimesh Shah*, Court of Chancery of the State of Delaware, C.A. No. 12921-VCL. (Deposition testimony, January 2018; Trial testimony, February 2018)

- *Charles Almond as Trustee for the Almond Family 2001 Trust, Almond Investment Fund, LLC, Charles Almond, and Andrew Franklin, Plaintiffs v Glenhill Advisors, LLC, et al., Defendants and Design Within Reach, Inc., Intervenor and Counterclaim Petitioner*, Court of Chancery of the State of Delaware, C.A. No. 10477-CB (Deposition testimony, October 2017; Trial testimony, November 2017)
- *Blueblade Capital Opportunities LLC and Blueblade Capital Opportunities, Petitioners, v. Norcraft Companies, Inc., a Delaware Corporation, Respondent*, Court of Chancery of the State of Delaware, C.A. No. 11184-VCS (Deposition testimony, May 2017; Trial testimony, June 2017)
- *In re: Caesars Entertainment Operating Company, Inc. et al.*, United States Bankruptcy Court Northern District of Illinois Eastern Division, Case No. 15-01145 ABG. (Expert declaration, December 2016)
- *JD Holdings, LLC, et al. v. Jacqueline a. Dowdy, as Trustee of The Revocable Trust of John Q. Hammons, dated December 28, 1989, as Amended and Restated, et al.,* Court of Chancery of The State of Delaware, Case No. 7480-VCL (Deposition testimony, June 2016)
- *George L. Miller, Chapter 7 Trustee v. Sun Capital Partners, Inc. et al.*, United States District Court for the District of Delaware, Case No. 13-CV-01996-RGA (Deposition testimony, April 2016)
- *In the Matter of the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as Amended and in the Matter of a Proposed Plan of Compromise or Arrangement with Respect to U.S. Steel Canada Inc.* and *In the Matter of a Proposed Plan of Compromise or Arrangement with Respect to U.S. Steel Canada Inc*. Superior Court of Justice - Ontario (Trial testimony, January 2016)
- *Nathan Owen v. Energy Services Group et al.*, Court of Chancery of the State of Delaware, C.A. No. 8860-CB (Deposition testimony, August 2014; Trial testimony, November 2014)
- *Lehman Brothers Holdings Inc. and Official Committee of Unsecured Creditors of Lehman Brothers Holdings Inc., v. JPMorgan Chase Bank N.A.*, Adversary Proceeding No 10-03266 (JPM), United States Bankruptcy Court for the Southern District of New York. (Deposition testimony, September 2014)
- *Out Publishing Inc. v. Lipo Liquidating Corp., et al.*, Index No. 07/601855 (Bransten), Supreme Court of the State of New York County of New York Commercial Division. (Deposition testimony, February 2010)

# APPENDIX B: DOCUMENTS RELIED UPON

**Legal Filings, Declarations and Testimonies**

1. *Owens Corning, et al. v. Credit Suisse First Boston, et al.*, Civil Action No. 04-00905, Memorandum and Order, March 31, 2005
2. *In Sargon Enterprises, Inc. v. University of Southern California*, 55 Cal.4th 747 (2012)
3. *In re: Specialty Products Holding Corp. a/k/a RPM, Inc. and Bondex International, Inc.*, Case No. 10-11780, Memorandum Opinion re: Estimation of Debtors' Asbestos Liability, May 20, 2013
4. *In re Garlock Sealing Technologies, LLC., et al.*, Case No. 10-31607, Order Estimating Aggregate Liability, January 10, 2014
5. *In re: Paddock Enterprises, LLC*, Case No. 20-10028, Declaration of David J. Gordon, President and Chief Restructuring Officer of the Debtor, in Support of Chapter 11 Petition and First Day Pleadings, January 6, 2020
6. *In re: Aldrich Pump LLC, et al.*, Case No. 20-30608, Informational Brief of Aldrich Pump LLC and Murray Boiler LLC, June 18, 2020
7. *In re Aldrich Pump LLC, et al.*, Case No. 20-30608, Declaration of Ray Pittard in Support of First Day Pleadings, June 18, 2020
8. *In re Aldrich Pump LLC, et al.*, Case No. 20-30608, Order Approving Personal Injury Questionnaire and Granting Related Relief, July 6, 2022
9. *In re: Aldrich Pump LLC, et al.*, Case No. 20-30608, Second Amended Case Management Order for Estimation of Asbestos Claims, April 17, 2025
10. *In re Aldrich Pump LLC, et al.*, Case No. 20-30608, Affidavit of Carl R. Schwertz, September 12, 2025
11. *In re Aldrich Pump LLC, et al.*, Case No. 20-30608, Order Commencing Phase I of the Estimation Trial With Hearings Based on the Tort System Extrapolation Method and the Parties' Expert Reports, January 23, 2026

**Expert Reports**

1. *In re: Federal Mogul Global, Inc., et al.*, Bankruptcy Case No. 01-10578 (RTL), Expert Report of Dr. Mark A. Peterson, November 29, 2004
2. *In re Garlock Sealing Technologies, LLC., et al.*, Case No. 10-31607, Expert Report of John L. Henshaw, MPH, CIH, February 8, 2013

3. Corrected Initial Expert Report of Charles H. Mullin, Ph.D., September 15, 2025, and backup materials
4. Expert Report of The Brattle Group on Behalf of Future Claimants' Representative, September 15, 2025, and backup materials
5. Conformed Initial Expert Report of Andrew J. Sackett, J.D., Ph.D., September 15, 2025, and backup materials

**Academic Books and Articles**

1. Richard A. Brealey, Stewart C. Myers, and Franklin Allen, *Principles of Corporate Finance*, 12th ed. (New York: McGraw-Hill Education, 2017)
2. John Y. Campbell and Robert J. Shiller, "Yield Spreads and Interest Rate Movements: A Bird's Eye View," *The Review of Economic Studies* 58, no. 3 (1991): 495–514
3. Eugene F. Fama, "Efficient Capital Markets: A Review of Theory and Empirical Work," *The Journal of Finance* 25, no. 2 (1970): 383–417
4. Roman L. Weil, Daniel G. Lentz, and Elizabeth A. Evans, eds., *Litigation Services Handbook: The Role of the Financial Expert*, 6th ed. (Hoboken, NJ: John Wiley & Sons, Inc., 2017)
5. Steven Tenny and Sameh W. Boktor, "Incidence," *StatPearls*, April 10, 2023, accessed at https://www.ncbi.nlm.nih.gov/sites/books/NBK430746/?report=printable

**Financial Reports**

1. GST Settlement Facility Annual Reports, 2018-2024D
2. Smiths Group plc Annual Financial Report, 2015-2025
3. Trane Technologies PLC, Form 10-K for the fiscal year ended December 31, 2020

**Bates-stamped Documents**

1. Aldrich-Murray-EST_00146534
2. Aldrich-Murray-EST_00146542
3. Aldrich-Murray-EST_00164294

**Websites**

1. "Introduction to Tort Law," U.S. Congress, accessed at https://www.congress.gov/crs-product/IF11291#:~:text=Tort%20law%20serves%20at%20least,people%20who%20wrongfully%20injure%20others
2. [redacted]
3. [redacted]
4. KFF, "Health Care Costs and Affordability," October 8, 2025, accessed at https://www.kff.org/health-costs/health-policy-101-health-care-costs-and-affordability/?entry=table-of-contents-introduction
5. [redacted]
6. National Cancer Institute, "SEER Cancer Statistics Review 1975-2017," April 15, 2020, accessed at https://seer.cancer.gov/archive/csr/1975_2017/results_merged/sect_17_mesothelioma.pdf
7. U.S. Department of the Treasury, "Daily Treasury Par Yield Curve Rates," Accessed March 25, 2026. https://home.treasury.gov/resource-center/data-chart-center/interest-rates/daily-treasury-rate-archives/par-yield-curve-rates-2020-2023.csv
8. [redacted]

**Data Sources**

1. S&P Capital IQ

**All other documents referenced in this report.**

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# APPENDIX C: BRATTLE REPORT FULL REGRESSION RESULTS ON PAID MESOTHELIOMA CLAIMS

| Variable | | Coefficient [A] | RSE [B] |
|---|---|---|---|
| **State** | [1] | | |
| CA | [2] | 0.293*** | (0.101) |
| IL | [3] | -0.0683 | (0.0609) |
| NY | [4] | 0.910*** | (0.0835) |
| PA | [5] | 0.665*** | (0.0763) |
| WV | [6] | 0.0444 | (0.0739) |
| **Year Settled** | [7] | | |
| 2016 | [8] | 0.178*** | (0.0573) |
| 2017 | [9] | 0.259*** | (0.0492) |
| 2018 | [10] | 0.199*** | (0.0523) |
| 2019 | [11] | 0.292*** | (0.0504) |
| **Claim Length, Years** | [12] | | |
| 1 | [13] | 0.584*** | (0.0662) |
| 2 | [14] | 0.378*** | (0.0561) |
| 3 | [15] | 0.247*** | (0.0589) |
| **Plaintiff Firm** | [16] | | |
| Law Firm A | [17] | 0.429*** | (0.0712) |
| Law Firm B | [18] | -1.013*** | (0.0816) |
| Law Firm C | [19] | -0.264*** | (0.0796) |
| Law Firm D | [20] | 0.217*** | (0.0637) |
| Law Firm E | [21] | -0.0267 | (0.0621) |
| Debtor, Murray | [22] | 0.150*** | (0.0406) |
| Primary, Age at Filing | [23] | -0.0105*** | (0.00183) |
| Secondary, Age at Filing | | -0.0129*** | (0.00197) |
| Constant | [24] | 10.62*** | (0.166) |
| Observations | [25] | 3,327 | |
| R-Squared | [26] | 0.212 | |

## APPENDIX D: DISCOUNT RATE PRECEDENT

159. In *re Garlock Sealing Techs*., 504 B.R. 71, 88 (Bankr. W.D.N.C. 2014), which is an asbestos bankruptcy case cited by Sackett in his report,[157] and cited to in the Mullin and Brattle reports,[158] the Court order cited *In re Eagle–Picher Indus, Inc.*, 189 B.R. 681, 682 (Bankr. S. D. Ohio 1995)) in that "a discount rate should be applied to bring the future nominal value of claims back to the petition date."[159]

160. In *re Specialty Prods. Holding Corp.*, No. 10-11780 (JKF) (Bankr. D. Del. 2010) (estimating debtors' asbestos liability), the Court concluded that the "risk-free rates of return as of May 31, 2010 [when the debtors filed their bankruptcy petition], which rates are associated with U.S. Treasury security rates" was the most reasonable discount rate.[160]

161. In addition, in *In re Owens Corning*, 322 B.R. 719, 721–22 (Bankr. D. Del. 2005), the Court stated: "[w]e are not, at this time, deciding how much each claimant will actually be entitled to receive, but the total amount which the claimants, as a group, could legitimately have claimed as compensation, as of the petition date. The values of future claims should be estimated on the same basis-i.e., what their claims would have been worth in the tort system as it existed on the petition date. But the estimate of the number of such future claims should take into account changes likely to ensue as a result of the reorganization."

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157 See Sackett Report, fn. 33.

158 For example, see Brattle Report, fn. 45, and Mullin Report, fn. 10.

159 *In re Garlock Sealing Technologies, LLC., et al.,* Case No. 10-31607, Order Estimating Aggregate Liability, January 10, 2014, p. 41.

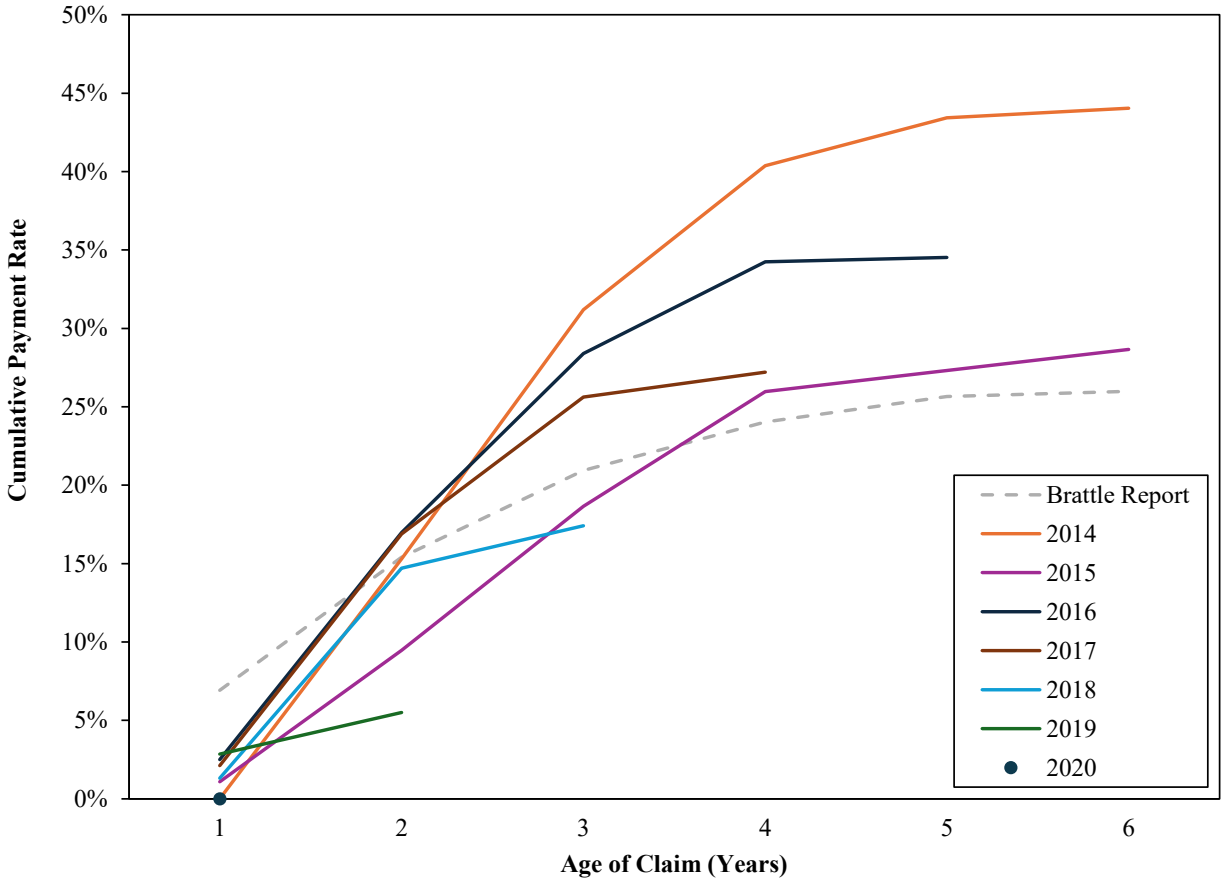
160 See Memorandum Opinion, *In re Specialty Products Holding Corp. a/k/a RPM, Inc., et al.*, May 20, 2013, https://www.deb.uscourts.gov/sites/deb/files/opinions/sphc-estimation-opn-use-one_0.pdf , p. 49.

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# APPENDIX E: BRATTLE REPORT UNDERESTIMATION OF THE PAYMENT RATES

162. I find similar underestimation in the Brattle Report payment rate predictions when comparing against the historical data relied upon in the Brattle Report payment rate models for Aldrich secondary exposure claims, Murray primary exposure claims, and Murray secondary exposure claims.

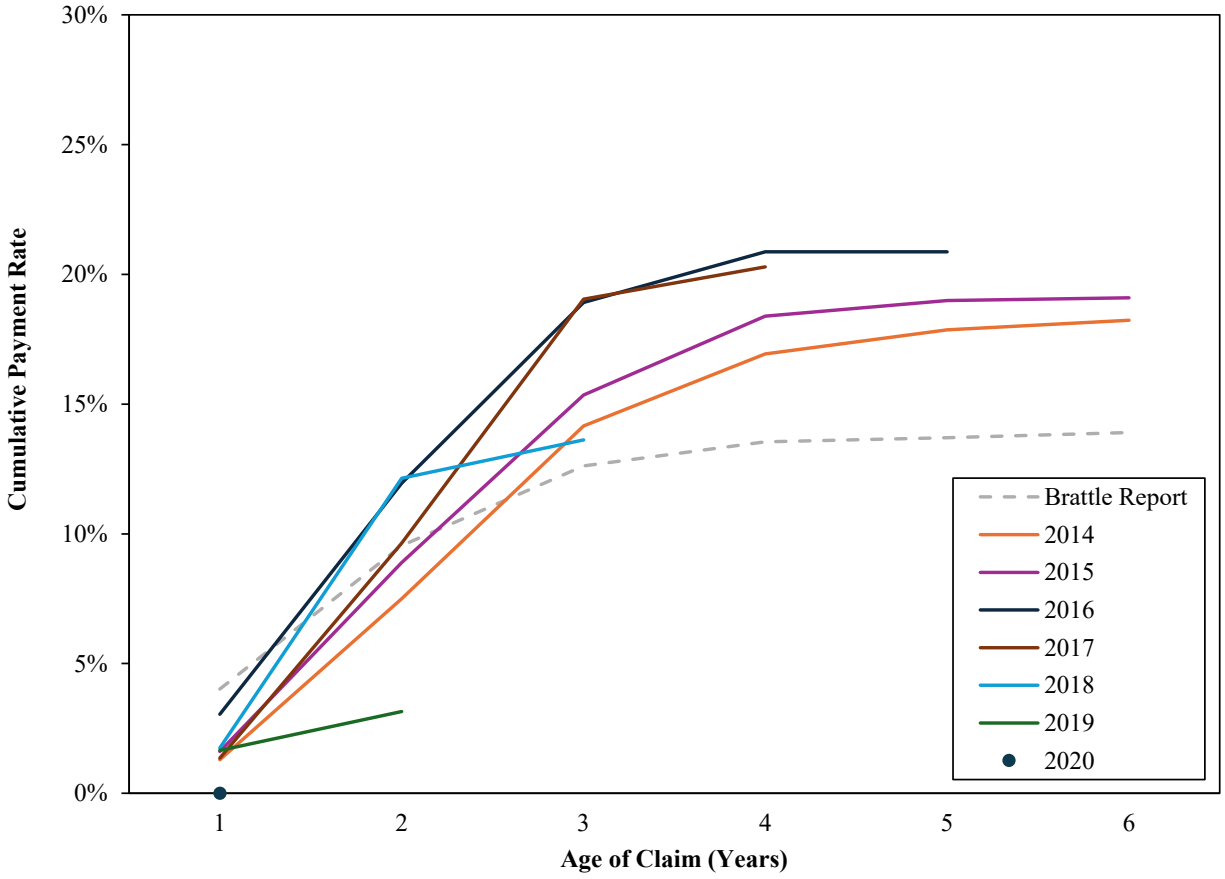
**Exhibit 27: Brattle Report Payment Rate for Aldrich Secondary Exposure Claims**




Sources: Brattle Report Backup Materials.

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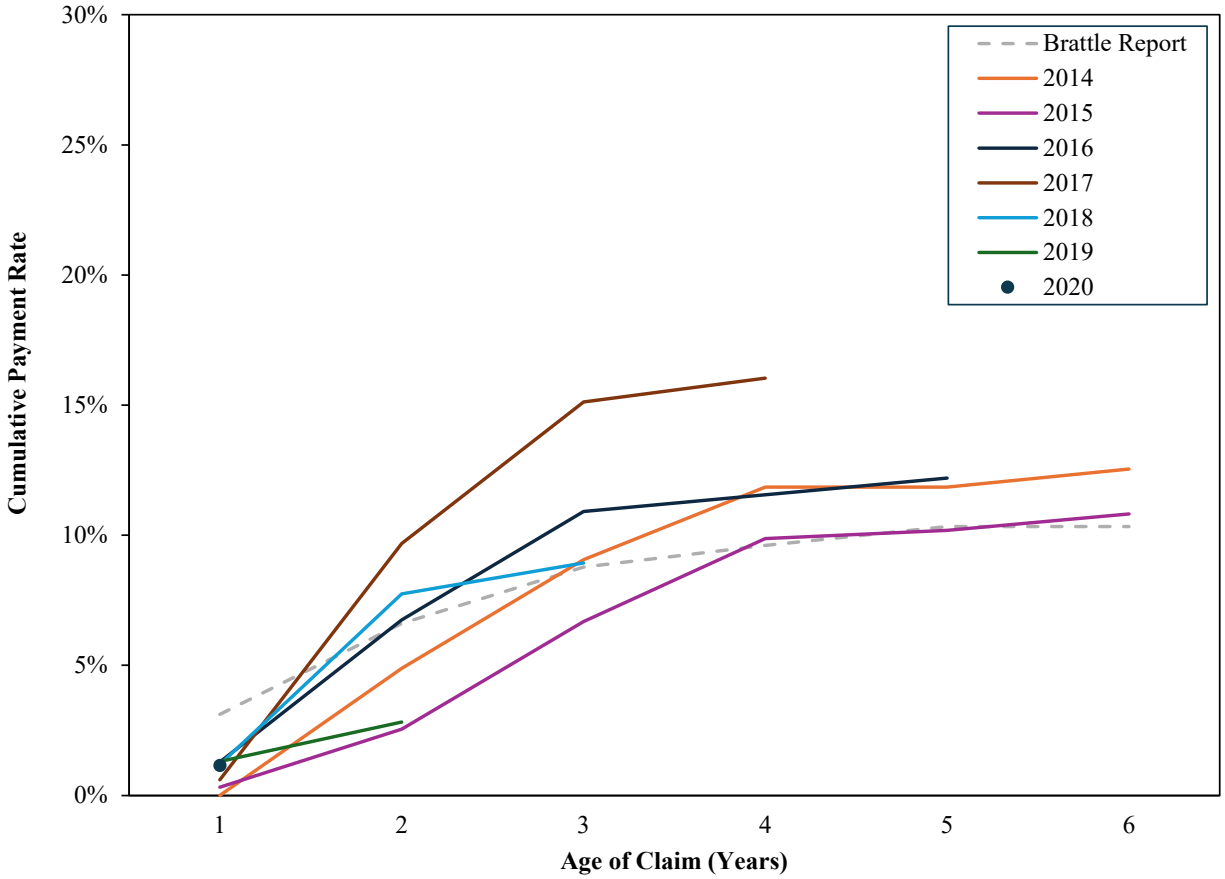
## Exhibit 28: Brattle Report Payment Rate for Murray Primary Exposure Claims




Sources: Brattle Report Backup Materials.

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## Exhibit 29: Brattle Report Payment Rate for Murray Secondary Exposure Claims




Sources: Brattle Report Backup Materials.

# EXHIBIT G

LAS | LEGAL ANALYSIS SYSTEMS

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**[Docket No. 345]**

***Conformed* Initial Expert Report of**
## Andrew J. Sackett, J.D., Ph.D.

# Initial Liability Estimate

***In re Aldrich Pump, LLC et al.***
**Case No. 20-30608**
**Bankr. W.D.N.C.**

**September 15, 2025**

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# *Conformed* Confidential Initial Expert Report of Andrew J. Sackett, J.D., Ph.D., Legal Analysis Systems *In re Aldrich Pump, LLC et* al. (September 15, 2025)

## I. Scope of Charge

1. On April 17, 2025, the United States Bankruptcy Court for the Western District of North Carolina ( "**Bankruptcy Court**") entered its Second Amended Case Management Order for Estimation of Asbestos Claims[1] in the chapter 11 cases of Aldrich Pump LLC ("**Aldrich**" or "**Aldrich Pump**") and Murray Boiler LLC ("**Murray**" or "**Murray Boiler**" and together with Aldrich, the "**Debtors**").[2]

2. Pursuant to this Second Estimation CMO, counsel for the Official Committee of Asbestos Personal Injury Claimants requested that Legal Analysis Systems ("**LAS**")[3] prepare an initial asbestos claim forecast and a liability estimate for each of the Debtors that assumes the resolution of these asbestos claims was completed through the tort system.

3. The opinions contained in this report ( "**Report**") are based on the following, as of the date of this Report:

   a. the asbestos personal injury claims history for both Aldrich and Murray, including both Debtors' historical experience with mesothelioma, lung cancer, other cancer, and non-malignant claims, and the payment rates and values of these claims;

   b. the data and information in the Personal Injury Questionnaires ("**PIQs**"), completed by mesothelioma claimants in connection

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[1] *See* Docket No. 2656 ("**Second Estimation CMO**").

[2] Aldrich's predecessors are the former Trane Technologies Company LLC, and Ingersoll-Rand Company (a former New Jersey corporation), which was succeeded by Trane Technologies Company LLC (together, "**Old IRNJ**"). Murray's predecessor is the former Trane U.S. Inc. ("**Old Trane**"). *See* Informational Brief of Aldrich Pump LLC and Murray Boiler LLC [Docket No. 5] ( "**Informational Brief**"), at 33. Aldrich's predecessor, the former Trane Technologies Company LLC, was successor by merger to Ingersoll-Rand Company. *See id*. In 1984, Murray's predecessor merged with American Standard, Inc. ("**American Standard**"). *See id.* at 11.

[3] "LAS" and "LAS personnel" includes me along with other personnel at LAS that are working directly under my supervision and direction in connection with this assignment. LAS is being compensated for the hours I spend on this report at my hourly rate of $830 per hour and for others working on this matter at their customary hourly rates.

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with the chapter 11 cases of Aldrich and Murray, as further described herein;

c. the materials cited in this Report and in Appendix II;

d. sales data from the Debtors' predecessors;

e. analyses performed by me and other LAS personnel working directly under my supervision and direction, all as informed by my relevant background, training and experience;[4] and

f. LAS's workpapers as provided under separate cover.

4. As set forth in the Second Estimation CMO, fact discovery in the Debtors' chapter 11 cases has not yet closed.[5] This Report is dated and delivered as of September 15, 2025 in compliance with the deadline set forth in the Second Estimation CMO.[6]

5. The Second Estimation CMO provides that any party that produces an expert report will have the opportunity to supplement that report.[7]

6. Accordingly, this Report is necessarily preliminary. Pursuant to the Second Estimation CMO, I may, and reserve the right to, supplement the findings and conclusions set forth herein following the close of fact discovery.

## II. Materials Reviewed

7. In preparing this Report, LAS personnel have considered and/or relied on the materials cited in this Report as well as those materials listed in Appendices I and II.

## III. Summary of Findings

8. This Report: (a) forecasts asbestos personal injury claims against the Debtors and (b) estimates the liability of the Debtors if those Claims were to remain in and be resolved through the tort system. For the

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[4] A summary of my qualifications appears in Appendix III.

[5] *See Second Estimation CMO* at ¶2, noting the March 27, 2026 deadline for production of all documents pursuant to the Claims File Protocol.

[6] *Id.* at ¶3.

[7] *Id.*

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purposes of this Report, asbestos personal injury claims ("**Claims**" and the holders of such Claims, "**Claimants**") include pending and future claims for personal injuries asserted by individuals exposed to asbestos contained in products manufactured by the Debtors' predecessors, including, without limitation, claims for mesothelioma, lung cancer, other cancers, and non-malignant injuries, as well as related claims asserted by estate representatives, family members, and other beneficiaries, such as (but not limited to) wrongful death claims.[8]

9. I calculated the base indemnity liability for each Debtor's pending and future Claims using two different methods.

   a. For pending Claims, I calculated liability using the PIQs and again using the Debtors' claims database (the "**Debtors' Database"** or the "**Database**").[9]

   b. For future Claims, I calculated liability first using the Nicholson Method, as further described herein, and then again using what I call the Sales Method, which is based on the Debtors' sales.

   c. For each Debtor, the combination of the results of the PIQ calculation and the Nicholson Method led to the low end of the range set forth below in paragraphs 18-20, and the combination of the information set forth in the Database and the Sales Method led to the high end of the range.

10. I have addressed additional liability arising from Claims listed in the Debtors' Database as "unknown disease" Claims and Claims that do

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[8] Because this Report is estimating the Debtors' liability for resolving mesothelioma and other disease Claims as if the bankruptcy had not occurred, it does not address the additional consequences of the bankruptcy having occurred, such as the potential of an increased propensity to sue the Debtors based on the filing of the Debtors' bankruptcy cases. Nor does this report incorporate other scenarios, such as the possibility of the Debtors remaining in the tort system while other defendants seek bankruptcy protection, thus affecting the Debtors' share of tort system liability.

This Report also does not estimate the liability that would be assigned to and assumed by a trust that may be created as a part of a plan of any bankruptcy; any such estimate would necessarily be dependent on the specific terms of that plan and the related plan documents.

[9] The Debtors (and their predecessors) historically have maintained a database containing information regarding the asbestos personal injury claims filed against them, including without limitation (and where applicable) claims settlement history. As further set forth in Appendix III, this Report reflects data contained in the Database.

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not appear in the Debtors' Database due to tolling provisions in settlement agreements between the Debtors and various plaintiffs law firms separately.

11. The Second Estimation CMO directs the parties to "set . . . forth their estimate of the Debtors' liability for current and future mesothelioma claims, plus the application of a 'gross-up' for non-mesothelioma claims."[10]

12. Accordingly, in this Report, I have presented indemnity liability disaggregated between mesothelioma Claims and Claims for other diseases. This disaggregation allowed me to calculate an effective gross-up for non-mesothelioma Claims.

13. The calculations of indemnity liability described in paragraphs 9 and 10 lead to a combined net present value range of between approximately $1.13 and $1.20 billion for Aldrich mesothelioma Claims and between approximately $660.9 and $680.8 million for Murray mesothelioma Claims, for a total combined mesothelioma indemnity liability of between approximately $1.788 and $1.877 billion net present value.[11]

14. My calculations for overall liability indicated an effective gross up of Aldrich's mesothelioma Claim liability of between 25.2% and 31.8% to calculate liability for other disease Claims.[12]

15. My calculations for overall liability indicated an effective gross up of Murray's mesothelioma Claim liability of between 33.7% and 38% to calculate liability for other disease Claims.

[10] Second Estimation CMO, at ¶3.

[11] All values are adjusted for inflation and discounted to net present value as described *infra* n. 31 and n. 32 unless otherwise noted in the text or table.

[12] While there are calculations for components of the total mesothelioma liability (which includes liability for pending Claims, liability for future Claims, liability for unknown disease Claims, and liability for tolled Claims) that have a higher or lower effective gross-up, the overall numbers represent a smoothing out of variations among these components and the range is therefore narrower. This applies to both Aldrich and Murray Claims.

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**Table 1(a) – Combined Total Indemnity Liability[13]**

| | Total Mesothelioma | | Total All Diseases | |
|---|---|---|---|---|
| Debtor | Low | High | Low | High |
| Aldrich | $1,127.0 | $1,195.6 | $1,411.1 | $1,575.3 |
| Murray | $660.9 | $680.8 | $883.0 | $939.4 |
| Overall | $1,787.9 | $1,876.4 | $2,294.1 | $2,514.7 |

16. The components of this liability are detailed in paragraphs 17-31.

17. The first portion is the base tort indemnity liability, calculated as described in paragraph 9.

18. I calculated the base mesothelioma tort indemnity liability for Aldrich of between approximately $977.5 million and $1.040 billion, and between approximately $564.7 and $584.3 million for Murray, totaling between approximately $1.542 and $1.624 billion.

19. When grossed up by appropriate increases for these Claims the total for all diseases is between approximately $1.97 and $2.17 billion net present value.

20. These figures are set forth in Table 1(b).

**Table 1(b) – Base Tort Indemnity Liability[14]**

| | Total Mesothelioma | | Total All Diseases | |
|---|---|---|---|---|
| Debtor | Low | High | Low | High |
| Aldrich | $977.5 | $1,039.9 | $1,218.8 | $1,366.5 |
| Murray | $564.7 | $584.3 | $751.2 | $802.8 |
| Combined | $1,542.2 | $1,624.2 | $1,970.0 | $2,169.3 |

21. I separately valued the Claims labeled as relating to an "unknown disease" in the Debtors' Database.

22. Both Debtors received substantial numbers of these unknown disease Claims, and thousands of these Claims are either open, dismissed

[13] Dollars in millions, 2020 net present value.

[14] Dollars in millions, 2020 net present value.

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without prejudice, or are marked in the Database as receiving a generic dismissal.

23. I estimated that a certain proportion of these Claims could be refiled in the tort system.

24. Of those refiled unknown disease Claims, I calculated additional mesothelioma tort indemnity liability for Aldrich of between approximately $50.6 and $51.7 million, and between approximately $20.47 and $20.5 million for Murray, which, when grossed up by appropriate increases for these Claims, leads to a total for all diseases of between approximately $100.9 and $104.2 million net present value.

25. These figures for "unknown disease" Claims liability are set forth in Table 1(c).

**Table 1(c) – "Unknown Disease" Claims Indemnity Liability**

| | Total Mesothelioma | | Total All Diseases | |
|---|---|---|---|---|
| **Debtor** | **Low** | **High** | **Low** | **High** |
| Aldrich | $50.6 | $51.7 | $69.2 | $72.0 |
| Murray | $20.5 | $20.5 | $31.8 | $32.2 |
| Overall | $71.1 | $72.2 | $100.9 | $104.2 |

26. The Debtors sometimes entered into tolling agreements with plaintiffs' law firms.

27. I estimated that a substantial number of tolled Claims could be refiled in the tort system.

28. Accordingly, I also separately valued Claims that may be subject to tolling agreements with the Debtors.

29. Of those potentially tolled Claims, I calculated additional mesothelioma tort indemnity liability for Aldrich of between approximately $98.9 and $104 million, and between approximately $75.7 and $76 million for Murray, which, when grossed up by appropriate increases for these Claims, leads to a total for all diseases of between approximately $223 and $241 million net present value.

30. These figures for tolled Claims liability are set forth in Table 1(d).

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**Table 1(d) – Tolled Claims Indemnity Liability**

| | Total Mesothelioma | | Total All Diseases | |
|---|---|---|---|---|
| **Debtor** | **Low** | **High** | **Low** | **High** |
| Aldrich | $98.9 | $104.0 | $123.1 | $136.7 |
| Murray | $75.7 | $76.0 | $100.0 | $104.4 |
| Overall | $174.6 | $179.9 | $223.0 | $241.0 |

31. When added together, the liability figures for Claims analyzed as part of the base tort estimate, the "unknown disease" Claims estimate, and the tolled Claims estimate produced the range of liabilities for mesothelioma and for other disease Claims as set forth in Table 1(a) above.

32. Because the estimates of liability are for the resolution of Claims through the tort system as if the bankruptcies had not been commenced, the base estimate of liability includes defense costs with a net present value between approximately $451.5 and $504 million for Aldrich and between approximately $388.5 and $413.3 million for Murray. Failure to account for defense costs leads to uncertainty as to whether the settlement values achieved in the past would be sustained in the future.

33. The defense costs are based on multipliers derived from the Debtors' own figures. The low and high ends of the ranges are based on the Combined Total Indemnity Liability ranges as noted in Table 1(a) above.

34. When projected defense costs were added to the total indemnity liability, I concluded that the net present value of the total estimated liability (i.e., liability for injuries caused by exposure to asbestos together with defense costs) is between approximately $1.86 billion and $2.08 billion for Aldrich, and between approximately $1.27 and $1.35 billion for Murray. The total estimated liability combined for Aldrich and Murray is between approximately $3.13 billion and $3.43 billion net present value.

35. These figures are set forth in Table 1(e).

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**Table 1(e) – Combined Total Indemnity and Defense Costs**

| | Total Indemnity | | Defense Costs | | Total Liability | |
|---|---|---|---|---|---|---|
| Debtor | Low | High | Low | High | Low | High |
| Aldrich | $1,411.1 | $1,575.3 | $451.5 | $504.1 | $1,862.6 | $2,079.4 |
| Murray | $883.0 | $939.4 | $388.5 | $413.3 | $1,271.5 | $1,352.7 |
| Overall | $2,294.1 | $2,514.7 | $840.0 | $917.4 | $3,134.1 | $3,432.1 |

## IV. Introduction

36. This Report sets forth an initial estimate of the aggregate anticipated tort liability for all pending and future asbestos personal injury Claims against Aldrich and Murray. The estimate in this Report is subject to change with the discovery and development of further facts, information and resolved claims data.

37. Both Aldrich and Murray filed petitions with the Bankruptcy Court under chapter 11 of title 11 of the United States Code on June 18, 2020 (the "**Petition Date**").

38. Each of the Debtors' asbestos personal injury liability arises from its predecessors' manufacture of industrial equipment that incorporated asbestos-containing components.

39. Hundreds of thousands of people filed asbestos personal injury claims in the tort system against Aldrich and/or Murray (and/or their predecessors) before the filing of the chapter 11 petitions.

40. The pre-petition Claims filed against Aldrich primarily arise from or relate to exposure to asbestos from gaskets and packing materials that were incorporated into the pumps and compressors manufactured by Old IRNJ.[15]

41. The pre-petition Claims filed against Murray typically arise from or relate to gaskets and/or other materials incorporated in the manufacturing of climate control, HVAC, railroad, and boiler equipment produced by Old Trane, as well as Claims related to asbestos-containing boilers.[16]

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[15] *See* Informational Brief at 1, 9-12.

[16] *See id.* at 3, 11-12. In its 2019 Form 10-K, Trane Technologies plc (formerly known as Ingersoll-Rand plc) named pumps, boilers, and railroad brake shoes as the primary historical products at issue in allegations of asbestos exposure. *See* Trane Technologies plc 10-K for Fiscal Year Ending Dec. 31,

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42. Aldrich and Murray both claim that they had "largely" or "generally" removed asbestos-containing components from their products by the mid-1980s.[17]

43. Approximately 19% of Claimants filed Claims against both Debtors (or their predecessors, as applicable).[18] Approximately 57% of Claimants filed Claims against Aldrich only, and approximately 24% of Claimants filed Claims against Murray only.[19] The claim payment histories of the Debtors and their predecessors also differ.[20]

44. As described above, the scope of Claims comprising the Debtors' liability includes asbestos-related personal injury claims for mesothelioma, lung cancer, other cancers, and non-malignant injuries.

45. Of those Claims, and as further described herein, the value of Claims arising from mesothelioma diagnoses alone is estimated to be approximately 80% of the projected liability for Aldrich, and 75% of the projected liability for Murray. Overall liability for Claims arising from mesothelioma diagnoses is approximately 79% of the total projected liability.

46. This Report values pending Claims against each of the Debtors using two methods: (i) a method based on and supported by the Debtors' Database, and (ii) a method based on and supported by the PIQs submitted by Claimants.

47. For future Claims, this Report presents a range of liability forecasts using two separate methods for determining liability. I refer to the first method as the "**Nicholson Method**," which is based on the population's history of exposure to asbestos.

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2019, at 6, Feb. 18, 2020, https://investors.tranetechnologies.com/financial-information/sec-filings/default.aspx.

[17] *See* Informational Brief at 3, 12 ("The historic Murray operations that once incorporated asbestos-containing products were either shut down or sold, or *largely* eliminated the use of asbestos-containing sealing products, during the 1970s and 1980s.") and 11 ("Aldrich's operations *generally* eliminated the use of asbestos-containing products by the mid-1980s.") (emphasis added).

[18] This is derived from a review of the Debtors' database.

[19] *Id*.

[20] In general, my analysis shows that Aldrich paid more claims at lower values than did Murray.

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48. The second method forecasts liability using a model that correlates the historical sales revenue of the Debtors' predecessors to later claims and payments. I refer to this as the "**Sales Method**."

49. This work relies on the Debtors' settlement history and other data in the Debtors' Database and considers the litigation histories of both Debtors' predecessor companies, including, inter alia: (i) levels and trends in the numbers of claims filed; (ii) the distribution of asbestos diseases amongst the filed claims; (iii) the claims resolution experience of the Debtors' predecessors, including the average claims resolution payments; and (iv) historical earnings reports of the Debtors' predecessors.

50. The remaining components included in this Report describe and explain the estimation methodologies used in valuing both the pending and future Claims (and related liability) that would exist inside the tort system. These estimates are done separately for each Debtor. I then value "unknown disease" and tolled claims separately for each Debtor. Finally, I address defense costs.

## V. Settlement History and Pending Claims

51. I have applied the following formula to the pending and future Claims of each of Aldrich and Murray to estimate the aggregate value of mesothelioma Claims pending or assertable against each of the Debtors:

*Liability = Number of Claims × Payment Rate × Average Settlement Value*

### A. Pending Claims Based on the Debtors' Database

52. While the number of pending Claims shown in each Debtor's Database is known, I projected the number of future Claims that will arise each year (i) based on the claim filing history applicable to each Debtor and (ii) applying epidemiological data and forecasts of the future incidence of mesothelioma. I began with all claims that had been filed against each of the Debtors and/or their predecessors (Tables 2a and 2b); and in turn narrow the focus to the last three full years (2017 to 2019) because this period was a relatively stable period in the claim filing history for each of the Debtors' predecessors. I view this period as most predictive of future Claim expectations.

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**Table 2(a) – Number of Aldrich Pump (Old IRNJ) Claims by Year Filed and Injury**

| Year Filed | Injury | | | | | Total |
|---|---|---|---|---|---|---|
| | Meso-thelioma | Lung Cancer | Other Cancers | Non-malig-nancies | Unknown | |
| 1980s | 48 | 54 | 21 | 499 | 55 | 677 |
| 1990s | 1,311 | 3,095 | 1,188 | 138,156 | 17,375 | 161,125 |
| 2000s | 11,661 | 9,021 | 2,397 | 108,495 | 34,719 | 166,293 |
| 2010 | 1,591 | 892 | 113 | 2,346 | 112 | 5,054 |
| 2011 | 1,561 | 1,056 | 198 | 1,162 | 105 | 4,082 |
| 2012 | 1,657 | 1,171 | 190 | 782 | 720 | 4,520 |
| 2013 | 1,525 | 1,856 | 112 | 601 | 138 | 4,232 |
| 2014 | 1,502 | 1,265 | 66 | 684 | 24 | 3,541 |
| 2015 | 1,601 | 782 | 83 | 521 | 232 | 3,219 |
| 2016 | 1,416 | 683 | 74 | 739 | 10 | 2,922 |
| 2017 | 1,437 | 802 | 77 | 322 | 17 | 2,655 |
| 2018 | 1,471 | 800 | 63 | 261 | 10 | 2,605 |
| 2019 | 1,670 | 953 | 58 | 273 | 28 | 2,982 |
| To 6/2020 | 649 | 407 | 22 | 74 | 10 | 1,162 |
| 2013-6/2020 | 11,271 | 7,548 | 555 | 3,475 | 469 | 23,318 |
| Total | 29,100 | 22,837 | 4,662 | 254,915 | 53,555 | 365,069 |

53. Mesothelioma Claims constitute the largest single category of Claims asserted against Aldrich, followed by lung cancer Claims. Both categories of Claims increased in 2019, the last full year of Old IRNJ's operations prior to its restructuring as Aldrich and chapter 11 filing in 2020.

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**Table 2(b) – Number of Murray (Old Trane) Claims by Year Filed and Injury**

| Year Filed | Injury | | | | | Total |
|---|---|---|---|---|---|---|
| | Meso-thelioma | Lung Cancer | Other Cancers | Non-malig-nancies | Unknown | |
| 1980s | 40 | 9 | 3 | 151 | 2,079 | 2,282 |
| 1990s | 546 | 1,084 | 268 | 18,751 | 15,643 | 36,292 |
| 2000s | 8,605 | 6,513 | 1,567 | 88,515 | 35,148 | 140,348 |
| 2010 | 1,173 | 624 | 70 | 479 | 102 | 2,448 |
| 2011 | 1,236 | 737 | 101 | 615 | 116 | 2,805 |
| 2012 | 1,325 | 903 | 108 | 439 | 634 | 3,409 |
| 2013 | 1,284 | 1,635 | 58 | 322 | 113 | 3,412 |
| 2014 | 1,188 | 1,075 | 36 | 424 | 13 | 2,736 |
| 2015 | 1,349 | 598 | 46 | 363 | 63 | 2,419 |
| 2016 | 1,162 | 554 | 56 | 459 | 5 | 2,236 |
| 2017 | 1,202 | 667 | 52 | 508 | 9 | 2,438 |
| 2018 | 1,133 | 667 | 45 | 259 | 12 | 2,116 |
| 2019 | 1,210 | 868 | 57 | 259 | 8 | 2,402 |
| To 6/2020 | 501 | 363 | 23 | 39 | 6 | 932 |
| 2013-6/2020 | 9,029 | 6,427 | 373 | 2,633 | 229 | 18,691 |
| Total | 21,954 | 16,297 | 2,490 | 111,583 | 53,951 | 206,275 |

54. Mesothelioma Claims also constitute the largest single category of Claims asserted against Murray, followed by lung cancer Claims. Both categories of Claims increased in 2019, the last full year of Old Trane's operations prior to its restructuring as Murray and chapter 11 filing in 2020.

55. Of the 42,009 Claims asserted against the two Debtors between 2013 and the Petition Date, 55% were asserted against Aldrich and 45% against Murray.[21]

56. After determining the total pending Claims, I removed from the claim counts all duplicate Claims and reviewed the remaining Claims to determine which Claims remained open as of the Petition Date. Those pending Claims are reflected in Tables 3(a) and 3(b).

[21] The number of claims associated with unknown diagnoses are shown in Tables 1(a) and 1(c). *See* Section VIII *infra* for a discussion and valuation of unknown claims.

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**Table 3(a) – Pending Database Claims (Aldrich Pump)**

| Number of Pending Aldrich Claims | | | | | |
|---|---|---|---|---|---|
| | Injury | | | | |
| Year Filed | Meso-thelioma | Lung Cancer | Other Cancers | Non-malig-nancies | Total |
| pre-2013 | 332 | 553 | 162 | 3,929 | 4,976 |
| 2013 | 47 | 62 | 11 | 163 | 283 |
| 2014 | 45 | 103 | 14 | 149 | 311 |
| 2015 | 128 | 197 | 10 | 83 | 418 |
| 2016 | 188 | 204 | 14 | 293 | 699 |
| 2017 | 398 | 379 | 14 | 119 | 910 |
| 2018 | 694 | 504 | 26 | 142 | 1,366 |
| 2019 | 1,241 | 795 | 43 | 248 | 2,327 |
| To 6/2020 | 616 | 399 | 22 | 72 | 1,109 |
| Total | 3,689 | 3,196 | 316 | 5,198 | 12,399 |

**Table 3(b) – Pending Database Claims (Murray Boiler)**

| Number of Pending Murray Claims | | | | | |
|---|---|---|---|---|---|
| | Injury | | | | |
| Year Filed | Meso-thelioma | Lung Cancer | Other Cancers | Non-malig-nancies | Total |
| pre-2013 | 375 | 879 | 201 | 8,615 | 10,070 |
| 2013 | 31 | 39 | 6 | 66 | 142 |
| 2014 | 19 | 56 | 6 | 41 | 122 |
| 2015 | 106 | 155 | 7 | 30 | 298 |
| 2016 | 215 | 179 | 16 | 112 | 522 |
| 2017 | 372 | 308 | 17 | 287 | 984 |
| 2018 | 571 | 434 | 30 | 118 | 1,153 |
| 2019 | 969 | 712 | 38 | 224 | 1,943 |
| To 6/2020 | 491 | 358 | 23 | 39 | 911 |
| Total | 3,149 | 3,120 | 344 | 9,532 | 16,145 |

57. Claims from the Debtors' Database labeled with an "unknown disease" category are analyzed and valued separately in Section VIII *infra*.

58. Claims that are not in the Debtors' Database but that may be filed in the future because of an agreement that tolls the statute of limitations are discussed and valued separately in Section IX *infra*.

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### B. Pending Claims – Personal Injury Questionnaires

#### i. Background and Purpose of the PIQ and Its Relevance Herein

59. As part of the estimation process in these cases, the Bankruptcy Court approved a bar date solely for current Claims relating to mesothelioma arising prior the Petition Date, which required all holders of mesothelioma Claims to complete and file a Proof of Claim ("**POC**") no later than July 29, 2022.[22] Those Claimants who timely submitted a POC (and did not withdraw their Claim(s)) were each issued a PIQ identification number by the Court's Claims Agent and directed under a subsequent Order to complete the PIQ.[23]

60. The PIQ is a 56-page document with several hundred questions, ranging from the identity of the Claimant/injured person to the names of all defendants identified in litigation by the Claimant, the identification of all asbestos trusts where claim forms have been filed for the Claimant, and detail on asbestos exposures.[24]

61. The PIQ Order required Claimants holding mesothelioma Claims against Aldrich and/or Murray to complete the PIQ. [25]

62. In connection with LAS's mandate to analyze the information set forth in the PIQs, the Committee sought and obtained the Bankruptcy Court's authorization to retain Verus, LLC ("**Verus**") as PIQ Data

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[22] *See Order (I) Establishing a Bar Date for Certain Known Mesothelioma Claims, (II) Approving Proof of Claim Form, (III) Approving Notice to Claimants, and (IV) Granting Related Relief* [Docket No. 1093] ("**POC Order**").

[23] *See Order Approving Personal Injury Questionnaire and Granting Related Relief* [Docket No. 1246]. The Debtors, who developed the PIQ, asserted a need to collect further information from pending mesothelioma and lung cancer Claimants and their counsel concerning their asbestos-related injuries and asbestos exposure. *See Debtors' Motion for Order Directing Submission of Personal Injury Questionnaires by Pending Mesothelioma and Lung Cancer Claimants* [Docket No. 297] ("**PIQ Order**"), at 5-8. On July 6, 2022, the Bankruptcy Court entered an order approving the form of PIQ and its implementation, solely with respect to mesothelioma Claimants. *See id.*; *see also Objection of the Official Committee of Asbestos Personal Injury Claimants to the Joint Motion of the Debtors and the Future Claimants' Representative for an Order (I) Establishing a Bar Date for Certain Known Asbestos Claims, (II) Approving Proof of Claim Form, (III) Approving Personal Injury Questionnaire, (IV) Approving Notice to Claimants, and (V) Granting Related Relief* [Docket No. 502].

[24] *See generally*, PIQ Order, Exhibit 2.

[25] *Id.*

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Administrator.[26] LAS and Verus received and processed the PIQs and supporting documents. (*See* Appendix II for a description of the processing methodology that was applied).

### ii. Structure and Contents of the PIQ

63. As noted above, and as further described below, using data extracted by LAS and Verus from the Claimant-completed PIQs, I and LAS personnel calculated alternative estimates of the number of pending Claims for both Aldrich and Murray.

64. For purposes of determining whether an individual has a pending Claim against Aldrich and/or Murray, the key sections of the PIQ for review are:

a. Part 1 (Status of Mesothelioma Claim)

e. Part 2 (Injured Party Information)

f. Part 3 (Related Claimant Information)

g. Part 6 (Alleged Exposure, including alleged exposure to Aldrich and Murray products, and alleged exposure to asbestos unrelated to Aldrich and Murray).

65. Certain sections of the PIQ, such as the exposure information contained in Parts 6A-6C, also permitted Claimants to submit documents in lieu of a written response identifying their exposures.

### iii. Estimation of Pending Mesothelioma Claims Based on the PIQs

66. The PIQ analysis reflected herein relies on affirmative statements by the Claimants who responded to the PIQ to establish the number of pending Claims. As an initial step in this analysis, an examination was conducted of the Claimants' responses to the specific questions in Part 1 of the PIQ described above, which evidenced the status of their Claims. As further set forth below, as a control and to address missing

[26] *See* Ex Parte *Application of the Official Committee of Asbestos Personal Injury Claimants to Retain and Employ Verus, LLC as PIQ Data Administrator for the Personal Injury Questionnaire Responses* [Docket No. 1636]; *Order Approving the* Ex Parte *Application of the Official Committee of Asbestos Personal Injury Claimants to Retain and Employ Verus, LLC as PIQ Data Administrator for the Personal Injury Questionnaire Responses* [Docket No. 1755].

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information or seemingly inconsistent responses, I and LAS personnel also reviewed supporting documents submitted with the PIQ.

67. With respect to Claims against Aldrich, a Claim was categorized as pending when the Claimant completing the PIQ did any of the following:

a. Marked the "Yes" box in response to the Part 1 question "Has the claimant asserted a claim against **Aldrich**," and

i. Marked the "Pending" box in response to the Part 1 prompt "If yes, select the status of your claim against Aldrich (check one and only one)" or

ii. Marked the "Other" box in response to the Part 1 prompt "If yes, select the status of your claim against Aldrich (check one and only one)" and then filled in either "Pending" or "Yes," or

e. Marked the "Yes" box in Part 6A, "Does the Mesothelioma Claimant allege that the Injured Party had exposure to asbestos for which Aldrich is or was responsible," or by filling in details of exposure in response to the questions in Part 6A.

68. With respect to Claims against Murray, a Claim was categorized as pending when the Claimant completing the PIQ did any of the following:

a. Marked the "Yes" box in response to the Part 1 question "Has the claimant asserted a claim against **Murray**," and

i. Marked the "Pending" box in response to the Part 1 prompt "If yes, select the status of your claim against Murray (check one and only one)" or

ii. Marked the "Other" box in response to the Part 1 prompt "If yes, select the status of your claim against Murray (check one and only one)" and then filled in either "Pending" or "Yes," or

e. Marked the "Yes" box in Part 6B, "Does the Mesothelioma Claimant allege that the Injured Party had exposure to asbestos for which Murray is or was responsible," or by filling in details of exposure in response to the questions in Part 6B.

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69. Based on this initial assessment and calculation of pending status, and after removing duplicate records, LAS's analysis of the PIQs identified:

a. 3,584 Claimants with pending mesothelioma Claims against Aldrich;

b. 2,824 Claimants with pending mesothelioma Claims against Murray; and

c. 2,014 Claimants with pending mesothelioma Claims against *both* Aldrich and Murray.

70. In some cases, the PIQ questions set forth above were not answered, or the responses presented ambiguous information with respect to the pending status of a Claim. In these situations, this Report relies on documents submitted along with the PIQs, including in response to Part 6 questions, such as, without limitation, complaints, exposure narratives, cover letters, objections and other documentation.

71. The PIQ review process resulted in the removal of several Claims. Following the completion of the PIQ review process, the following counts of pending mesothelioma Claims remained:

a. Aldrich only: 3,117;

b. Murray only: 2,249; and

c. For *both* Aldrich and Murray, 1,571 mesothelioma Claims.

72. The PIQs pertain only to holders of certain prepetition mesothelioma Claims.[27]

73. I therefore used the claim counts from the Debtors' Database for other disease Claims.

### C. Pending Claims Liability

74. To calculate the total liability for pending Claims for both Aldrich and Murray, I caused to be determined a payment rate for Claims that were paid historically and then applied that same payment rate to the pending Claims set forth in Tables 3(a) and 3(b).

[27] *See* PIQ Order at 2, Exhibit 2.

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75. The payment rate is based on resolutions of filed Claims in the Database (that is, (x) the number of claims resolved with payment, divided by (y) all claims that were resolved). The payment rates used for forecasting purposes are calculated using the average annual payment rates applicable to each of the Debtors' predecessors during the three full years prior to the Petition Date, and as set forth in Tables 4(a) and 4(b).

**Table 4(a) – Payment Rates from Debtors' Database (Aldrich Pump/Old IRNJ)**[28]

| Percentage of Closed Aldrich Claims That Are Paid | | | | |
|---|---|---|---|---|
| | Injury | | | |
| Year Closed | Mesothe-lioma | Lung Cancer | Other Cancers | Non-malig-nancies |
| Annual Percentage of Paid Claims | | | | |
| 2013 | 44.6% | 17.0% | 12.5% | 62.5% |
| 2014 | 58.1% | 28.3% | 36.7% | 78.4% |
| 2015 | 58.9% | 36.0% | 31.8% | 73.3% |
| 2016 | 46.0% | 40.8% | 45.5% | 64.9% |
| **2017** | 55.7% | 19.8% | 40.0% | 63.2% |
| **2018** | 42.9% | 51.5% | 46.8% | 58.9% |
| **2019** | 50.8% | 55.2% | 64.6% | 55.1% |
| 2020 | 35.7% | 38.4% | 60.0% | 27.0% |
| Percentage of Paid Claims From 2017 to 2019 | | | | |
| **2017-19** | 49.3% | 53.3% | 48.6% | 59.5% |

76. For example, the payment rate for Aldrich mesothelioma claims during the three-year period prior to the bankruptcy has ranged from 42.9% to 55.7%, with an average of approximately 49.3% of claims received being paid.

77. Accordingly, that average rate of 49.3% is applied to mesothelioma Claims in this liability estimate.

[28] Based on LAS's review of the claims set forth in the Debtors' Database, the lung cancer figure for 2017 is an outlier and accordingly has been excluded in the Calculations for Tables 4(a) and 4(b).

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**Table 4(b) – Payment Rates from Debtors' Database (Murray Boiler/Old Trane)**

| Percentage of Closed Murray Claims That Are Paid | | | | |
|---|---|---|---|---|
| | Injury | | | |
| Year Closed | Mesothe-lioma | Lung Cancer | Other Cancers | Non-malig-nancies |
| Annual Percentage of Paid Claims | | | | |
| 2013 | 20.3% | 26.7% | 0.0% | 23.7% |
| 2014 | 27.5% | 41.8% | 38.9% | 78.0% |
| 2015 | 19.5% | 33.2% | 44.4% | 62.7% |
| 2016 | 26.2% | 26.9% | 31.8% | 49.7% |
| **2017** | 22.3% | 8.1% | 33.3% | 50.7% |
| **2018** | 19.1% | 34.7% | 47.1% | 52.3% |
| **2019** | 23.6% | 34.4% | 66.7% | 49.1% |
| 2020 | 13.2% | 16.0% | 43.5% | 33.0% |
| Percentage of Paid Claims From 2017 to 2019 | | | | |
| **2017-19** | 21.4% | 34.5% | 49.5% | 50.7% |

78. The payment rate for Old Trane (Murray) claims was historically lower than the payment rate for claims filed against Old IRNJ. During the seven full years preceding the Petition Date (i.e., 2013-2019), Murray's payment rate for mesothelioma claims has ranged from 19.1% to 27.5%, with the payment rate for last three full years of filing averaging 21.4%.

79. Accordingly, that average payment rate of 21.4% is applied in this liability estimate for mesothelioma Claims.

### D. Average Payment Values

80. The next step in my analysis was to determine the average value for paid claims.

81. These values are based on the average of historical settlement values for each of Aldrich's and Murray's predecessors. The values utilized appear in Tables 5(a) and 5(b) and are the average claim payment amounts per year during the period of 2017 to 2019, the last three full years of settlements (adjusted for inflation to 2020).

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**Table 5(a) – Settlement Averages (Aldrich Pump/Old IRNJ)**[29]

| Inflation-adjusted Settlement Averages for Aldrich Claims | | | | |
|---|---|---|---|---|
| | Injury | | | |
| Year Closed | Mesothe-lioma | Lung Cancer | Other Cancers | Non-malig-nancies |
| Annual Settlement Averages | | | | |
| 2013 | $41,465 | $22,674 | $27,688 | $1,457 |
| 2014 | $56,367 | $13,453 | $1,437 | $1,409 |
| 2015 | $49,356 | $17,488 | $11,307 | $1,821 |
| 2016 | $61,667 | $18,136 | $13,364 | $3,264 |
| **2017** | $55,776 | $17,506 | $11,027 | $4,016 |
| **2018** | $58,289 | $19,269 | $15,408 | $3,511 |
| **2019** | $53,987 | $17,809 | $12,822 | $5,471 |
| 2020 | $39,080 | $16,930 | $9,177 | $2,098 |
| Settlement Averages From 2017 to 2019 | | | | |
| **2017-19** | $55,964 | $18,150 | $13,057 | $4,284 |

**Table 5(b) – Settlement Averages (Murray Boiler/Old Trane)** [30]

| Inflation-adjusted Settlement Averages for Murray Claims | | | | |
|---|---|---|---|---|
| | Injury | | | |
| Year Closed | Mesothe-lioma | Lung Cancer | Other Cancers | Non-malig-nancies |
| Annual Settlement Averages | | | | |
| 2013 | $84,203 | $8,568 | n/a | $1,411 |
| 2014 | $105,779 | $29,360 | $816 | $1,454 |
| 2015 | $84,094 | $23,323 | $6,680 | $751 |
| 2016 | $86,011 | $24,462 | $5,600 | $2,155 |
| **2017** | $102,236 | $23,502 | $6,252 | $3,019 |
| **2018** | $87,146 | $22,185 | $10,537 | $3,676 |
| **2019** | $86,115 | $26,358 | $11,849 | $2,169 |
| 2020 | $57,772 | $10,760 | $6,399 | $1,909 |
| Settlement Averages From 2017 to 2019 | | | | |
| **2017-19** | $91,632 | $24,110 | $10,230 | $2,976 |

82. As shown in Tables 5(a) and 5(b), Old IRNJ and Old Trane, the predecessors to Aldrich and Murray, resolved mesothelioma claims for

[29] The settlement averages in Tables 5(a) and 5(b) account for inflation using the actual CPI to 2020 dollars (the year of the bankruptcy filings). The inflation rates used are presented in Appendix I.

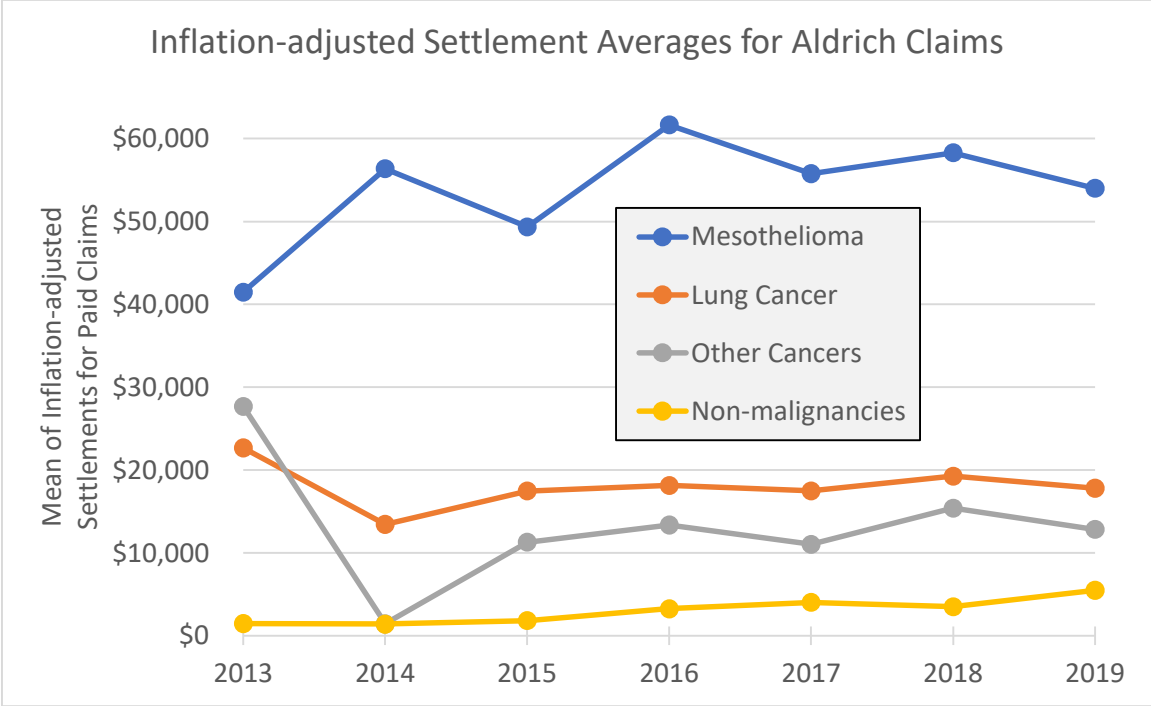
[30] The settlement averages in Tables 5(a) and 5(b) account for inflation using the actual CPI to 2020 dollars (the year of the bankruptcy filings). The inflation rates used are presented in Appendix I.

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substantially different values. Over the last three full years of claim payments preceding the corporate restructurings that led to the creation of Aldrich and Murray (2017-2019), Aldrich (Old IRNJ) mesothelioma claims were paid an average of $55,964, while Murray (Old Trane) mesothelioma claims were paid at a much higher average of $91,632.

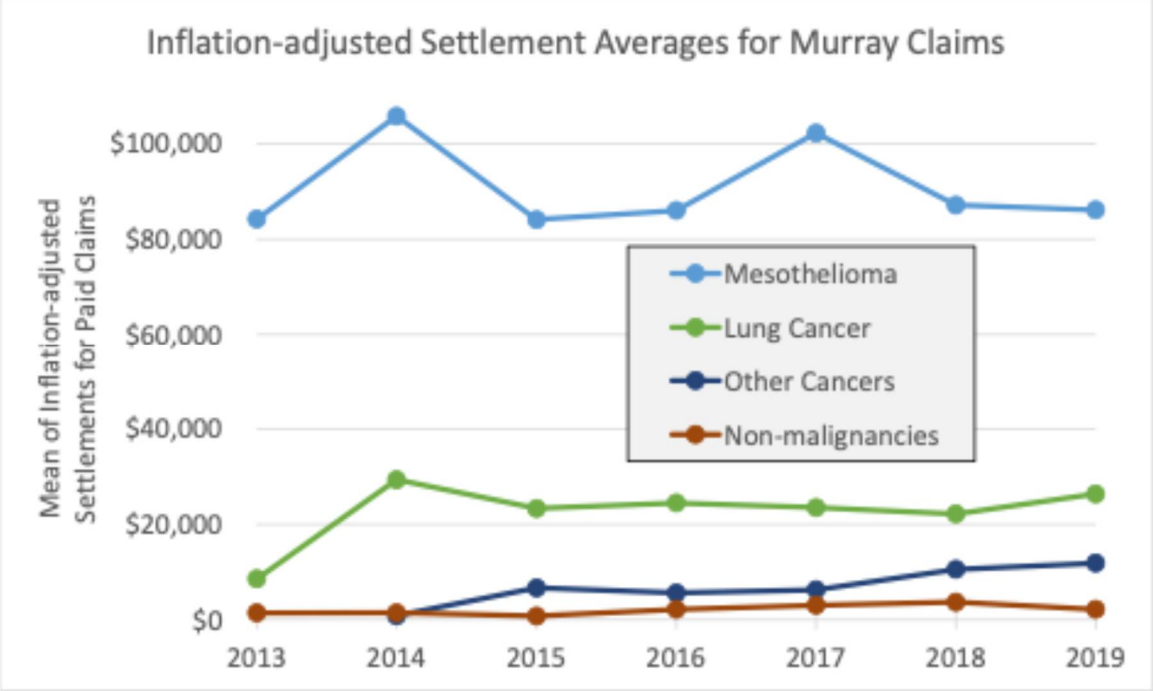
83. Figures 1(a) and 1(b) show the general consistency of the historical claim payment amounts after adjustment for inflation especially during the period from 2015 to 2019.

**Figure 1(a) – Average Inflation-Adjusted Payments (Aldrich Pump/Old IRNJ)**



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**Figure 1(b) – Average Inflation-Adjusted Payments (Murray Boiler/Old Trane)**




84. After calculating these historical averages, I applied them to calculate the value of both pending and future Aldrich and Murray Claims.

### E. Pending Claims Liability

85. By applying the cumulative average liquidated values derived during the 2017-2019 period to the pending claim counts in Tables 2(a) and 2(b), I calculated the total liability for pending Claims. These calculations appear in Tables 6(a) through 6(d).

**Table 6(a) – Pending Claims Liability – Database (Aldrich Pump)**

| Quantity | Injury | | | | Total Liability |
|---|---|---|---|---|---|
| | Meso-thelioma | Lung Cancer | Other Cancers | Non-malig-nancies | |
| Number of Claims | 3,689 | 3,196 | 316 | 5,198 | 12,399 |
| Number Approved | 1,818 | 1,704 | 154 | 3,091 | 6,766 |
| Nominal Liability (2020 $s) | $101.7 | $30.9 | $2.0 | $13.2 | $147.9 |
| Inflation-Adjusted Liability | $107.2 | $32.6 | $2.1 | $13.9 | $155.8 |
| NPV of Inflation-Adjusted | $106.1 | $32.3 | $2.1 | $13.8 | $154.3 |

Dollars Are in Millions

Claim payment averages adusted for inflation with actual CPI through 2025 and then 3.20% per year

Net Present Value Discount Rate Is 1.00% per Year

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86. My calculations indicate that mesothelioma liability is 68.8% of the total, meaning that the effective gross-up for non-mesothelioma Claims to be applied for Aldrich pending Claims liability, based on the Debtors' Database, is approximately 45.4%.

**Table 6(b) – Pending Claims Liability - Database (Murray Boiler)**

| Quantity | Injury | | | | Total Liability |
|---|---|---|---|---|---|
| | Meso-thelioma | Lung Cancer | Other Cancers | Non-malig-nancies | |
| Number of Claims | 3,149 | 3,120 | 344 | 9,532 | 16,145 |
| Number Approved | 675 | 1,078 | 170 | 4,833 | 6,756 |
| Nominal Liability (2020 $s) | $61.8 | $26.0 | $1.7 | $14.4 | $103.9 |
| Inflation-Adjusted Liability | $65.1 | $27.4 | $1.8 | $15.2 | $109.5 |
| NPV of Inflation-Adjusted | $64.5 | $27.1 | $1.8 | $15.0 | $108.4 |

Dollars Are in Millions

Claim payment averages adusted for inflation with actual CPI through 2025 and then 3.20% per year

Net Present Value Discount Rate Is 1.00% per Year

87. My calculations indicate that mesothelioma liability is 59.5% of the total, meaning that the effective gross-up for non-mesothelioma Claims to be applied for Murray pending Claims liability based on the Debtors' Database is approximately 68%.

88. This estimate, based on the Debtors' Database, calculates total aggregate liability of approximately $262.7 million for pending Claims, with approximately $154.3 million attributable to Aldrich and approximately $108.4 million attributable to Murray. This total liability calculation across all diseases includes mesothelioma, lung cancer, other cancer, and non-malignant asbestos-related Claims.

89. When this total liability estimate is calculated using the number of pending Claims based on information set forth in the PIQs, the total liability estimate is lower, as discussed in the following section.

90. My estimates of pending Claims liability based on the PIQs appear in Tables 6(c) and (d).

91. The estimates of pending Claims liability based on the PIQs value mesothelioma Claims using the PIQs. Because the PIQs did not address other diseases, the other disease counts from the Debtors' Database were used herein.

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**Table 6(c) – Pending Claims Liability Based on PIQs (Aldrich Pump)**

| Quantity | Injury | | | | Total Liability |
|---|---|---|---|---|---|
| | Meso-thelioma | Lung Cancer | Other Cancers | Non-malig-nancies | |
| Number of Claims | 3,280 | 3,196 | 316 | 5,198 | 11,990 |
| Number Approved | 1,616 | 1,704 | 154 | 3,091 | 6,564 |
| Nominal Liability (2020 $s) | $90.4 | $30.9 | $2.0 | $13.2 | $136.6 |
| Inflation-Adjusted Liability | $95.3 | $32.6 | $2.1 | $13.9 | $143.9 |
| NPV of Inflation-Adjusted | $94.4 | $32.3 | $2.1 | $13.8 | $142.5 |

Dollars Are in Millions

Claim payment averages adusted for inflation with actual CPI through 2025 and then 3.20% per year

Net Present Value Discount Rate Is 1.00% per Year

92. My calculations indicate that mesothelioma liability is 66.2% of the total pending Claims liability calculated using the PIQs for all diseases, meaning that the effective gross-up for non-mesothelioma Claims to be applied for Aldrich pending Claims liability, based on the PIQs, is approximately 51%.

**Table 6(d) – Pending Claims Liability Based on PIQs (Murray Boiler)**

| Quantity | Injury | | | | Total Liability |
|---|---|---|---|---|---|
| | Meso-thelioma | Lung Cancer | Other Cancers | Non-malig-nancies | |
| Number of Claims | 2,280 | 3,120 | 344 | 9,532 | 15,276 |
| Number Approved | 488 | 1,078 | 170 | 4,833 | 6,570 |
| Nominal Liability (2020 $s) | $44.8 | $26.0 | $1.7 | $14.4 | $86.9 |
| Inflation-Adjusted Liability | $47.2 | $27.4 | $1.8 | $15.2 | $91.5 |
| NPV of Inflation-Adjusted | $46.7 | $27.1 | $1.8 | $15.0 | $90.6 |

Dollars Are in Millions

Claim payment averages adusted for inflation with actual CPI through 2025 and then 3.20% per year

Net Present Value Discount Rate Is 1.00% per Year

93. My calculations indicate that mesothelioma liability is 51.5% of the total pending Claims liability calculated using the PIQs for all diseases, meaning that the effective gross-up for non-mesothelioma Claims to be applied for Murray pending Claims liability, based on the PIQs, is approximately 94%.

94. My estimate based on the PIQs calculates total aggregate liability of approximately $233.1 million (with $142.5 million attributed to Aldrich and $90.6 million attributed to Murray) for pending Claims. This total liability includes mesothelioma, lung cancer, other cancer, and non-malignant asbestos-related Claims.

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## VI. Forecasting Tort Liabilities for Future Claims

95. The estimation of the Debtors' liability for future Claims required determining the annual number of Claims each year in the future and that, but for these chapter 11 cases, would have been or would be filed against Aldrich and/or Murray.

96. For purposes of this Report, the count for the number of future Claims begins in July 2020, the first month immediately following the Petition Date.

97. The same methods and parameters discussed in detail above in this Report have been applied to the number of estimated Claims to be expected in each year in the future. Those parameters are set forth below in Table 7, and are further explained in subsections A, B, and C.

98. To forecast liability for future Claims, I have assumed that each future Claim would be paid at the same average payment amounts previously calculated and used for pending Claims, and that the future Claims will continue to be paid at the average values, adjusted for observed inflation during the period from 2020 through 2025, and at an inflation rate of 3.2% post-2025.[31]

99. I also determined the net present value of the estimated future liabilities by discounting the liability for each year back to 2020 using a rate of 1%, which approximates the risk-free rate of return as of the Petition Date.[32]

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[31] This rate is derived from a blending of the forecast Consumer Price Index, which has a projected annual growth to be roughly 2.3% over the next 25 years; the Medical Care CPI, which has exhibited a 3.4% compound annual growth rate ("**CAGR**") over the last 25 years; and the Employment Cost Index, which has exhibited a 4.0% CAGR over the last 25 years. These data are available at: Projected Annual Growth of the CPI-U – Long-Term Economic Projections, dated March 2025 (https://www.cbo.gov/data/budget-economic-data ); Medical CPI (https://data.bls.gov/dataViewer/view/timeseries/CUUR0000SAM ); and Employment Cost Index (https://www.bls.gov/eci/tables.htm).

[32] At that time the interest rate on 3-month Treasuries was 0.16%, 0.71% on 10-year Treasuries, and 1.47% on 30-year Treasuries. *See* U.S. Department of the Treasury, Daily Treasury Par Yield Curve Rates (June 18, 2020), https://home.treasury.gov/resource-center/data-chart-center/interest-rates/TextView?type=daily_treasury_yield_curve&field_tdr_date_value=2020 (last visited Sept. 11, 2025).

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100. Using the discount rate as of the Petition Date is appropriate in estimation.[33]

**Table 7 – Parameters for Initial Forecast (Aldrich and Murray)**

| Assumption or Parameter | Value |
|---|---|
| Forecast Models | Nicholson, Sales |
| Propensity to File Calibration Period | 2017 to 2019 |
| Years Included in the Approval Rates | 2017 to 2019 |
| Years Included in the Settlement Averages | 2017 to 2019 |
| Forecast Period | 2020 to 2059 |
| Inflation Rate | 3.2% |
| Discount Rate | 1.0% |

### A. Future Claims Forecasting – Nicholson Method

101. The estimation of liability for future Claims required a determination of the number of likely future Claims on which to base liability. Because these Claims have not yet ripened into measurable existence, I looked to epidemiological forecasts of annual future mesothelioma incidence to determine what percentage of that mesothelioma incidence would likely result in a future claim against Aldrich and/or Murray, and then applied that percentage of incidence to estimate the number of future Claims on an annual basis

102. To obtain the incidence of future mesothelioma Claims,[34] I and LAS used a model known as the Nicholson model. In 1982, William Nicholson, George Perkel, and Irving Selikoff published a paper estimating the total number of workers who had been exposed to asbestos in the workplace through 1979 and the number of deaths arising (and anticipated to arise) from asbestos exposure from 1967 to 2027.[35] These deaths include (and are projected to include) those due to mesothelioma, lung cancer, and all other malignancies consisting primarily of gastrointestinal cancers. Since publication, Nicholson's methods and results have been used as a basis, and are generally

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[33] *See, e.g.*, *In re Garlock Sealing Techs.*, 504 B.R. 71, 88 (Bankr. W.D.N.C. 2014) (*citing In re Eagle-Picher Indus., Inc.*, 189 B.R. 681, 682 (Bankr. S. D. Ohio 1995)).

[34] The same steps apply to estimating the future incidence of lung cancer claims. Other cancers and non-malignant claims are not forecast directly using the Nicholson Model. They are predicted instead through their historical relationships to lung cancer incidence.

[35] W.J. Nicholson, *et al.*, *Occupational exposure to asbestos: Population at risk and projected mortality – 1980-2030.* American Journal of Industrial Medicine, 3:259–311 (1982).

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accepted, for purposes of calculating estimates of future claims in most bankruptcy proceedings for injuries arising from workplace asbestos exposure, both by businesses and by asbestos trusts.

103. The Nicholson mesothelioma forecast accurately tracked annual mesothelioma incidence for over two decades.

104. Beginning in 2004, the Nicholson forecast began to systematically and increasingly deviate from actual national mesothelioma incidence. To correct for the actual history and experience, I applied a revised version of the Nicholson model that accounts for longer life expectancies, which results in a closer correlation to actual mesothelioma incidence as it exists.

105. This version of the revised Nicholson model also accounts for higher annual disease incidence in recent years and extends the period of asbestos exposures that led to disease to 1989 from 1979 (the last year of exposure that Nicholson used in his forecast).

106. To use the Nicholson Method, it is necessary to calculate the rates at which potential claims have been filed in the past. This is known as the propensity to sue.

107. To forecast the number of Claims expected to be filed in each future year (beginning with 2021), I applied the standard Nicholson Method.

108. This method starts with data on actual claims for mesothelioma received by Aldrich and Murray's predecessors in recent years. I then calculated (separately) the total percentage that these Aldrich and Murray claims represent of the incidence of each cancer that occurred in the U. S. in those same years.

109. Incidence counts represent the maximum potential number of filings that could arise in each year that potentially could have been filed with Aldrich's and Murray's predecessors.

110. The propensity to sue was calculated by dividing (i) the number of mesothelioma claims against each of Aldrich and Murray's predecessors in the tort system during the base period of 2017-2019 by (ii) the national incidence of that disease during the same period:

*Propensity to sue for injury = Number of Claims for a specific injury filed in a past period / Total incidence of that injury in the same period*

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111. The propensity to sue for Aldrich was 0.619 (that is, 61.9% of mesothelioma claims that arose between 2017 and 2019 were filed as claims against Aldrich's predecessor in the tort system).

112. The propensity to sue for Murray was 0.479 (that is, 47.9% of mesothelioma claims that arose between 2017 and 2019 were filed as claims against Murray's predecessor in the tort system).

113. To calculate the number of future Claims, I multiplied the incidence of disease in each future year by the propensity to sue. More specifically, I multiplied (i) the number of future Claims predicted by the revised Nicholson model by (ii) the propensity to sue from the 2017-2019 period. Tables 8a and 8b on the following pages set forth the forecast of future asbestos-related Claim filings using the Nicholson Method.

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**Table 8(a) – Forecast Filings from Nicholson Method (Aldrich Pump)**[36]

| Year | Meso-thelioma | Lung Cancer | Other Cancers | Non-malig-nancies | Total |
|---|---|---|---|---|---|
| 2020 | 649 | 407 | 22 | 74 | 1,152 |
| 2021 | 1,403 | 761 | 59 | 255 | 2,478 |
| 2022 | 1,355 | 731 | 57 | 245 | 2,388 |
| 2023 | 1,305 | 699 | 54 | 234 | 2,292 |
| 2024 | 1,254 | 667 | 52 | 224 | 2,196 |
| 2025 | 1,204 | 637 | 49 | 214 | 2,104 |
| 2026 | 1,150 | 609 | 47 | 204 | 2,011 |
| 2027 | 1,095 | 582 | 45 | 195 | 1,917 |
| 2028 | 1,038 | 553 | 43 | 185 | 1,819 |
| 2029 | 982 | 524 | 41 | 176 | 1,722 |
| 2030 | 926 | 497 | 38 | 166 | 1,627 |
| 2031 | 869 | 471 | 36 | 158 | 1,534 |
| 2032 | 812 | 447 | 35 | 150 | 1,443 |
| 2033 | 755 | 420 | 33 | 141 | 1,348 |
| 2034 | 699 | 393 | 30 | 132 | 1,255 |
| 2035 | 644 | 369 | 29 | 123 | 1,165 |
| 2036 | 591 | 345 | 27 | 116 | 1,079 |
| 2037 | 539 | 324 | 25 | 109 | 997 |
| 2038 | 489 | 301 | 23 | 101 | 915 |
| 2039 | 442 | 278 | 22 | 93 | 834 |
| 2040 | 396 | 256 | 20 | 86 | 758 |
| 2041 | 354 | 236 | 18 | 79 | 687 |
| 2042 | 314 | 217 | 17 | 73 | 620 |
| 2043 | 277 | 197 | 15 | 66 | 556 |
| 2044 | 244 | 178 | 14 | 60 | 494 |
| 2045 | 213 | 159 | 12 | 53 | 438 |
| 2046 | 184 | 143 | 11 | 48 | 386 |
| 2047 | 159 | 128 | 10 | 43 | 339 |
| 2048 | 136 | 113 | 9 | 38 | 295 |
| 2049 | 116 | 98 | 8 | 33 | 255 |
| 2050 | 98 | 85 | 7 | 29 | 218 |
| 2051 | 82 | 74 | 6 | 25 | 186 |
| 2052 | 69 | 63 | 5 | 21 | 157 |
| 2053 | 57 | 53 | 4 | 18 | 132 |
| 2054 | 46 | 44 | 3 | 15 | 109 |
| 2055 | 38 | 37 | 3 | 12 | 90 |
| 2056 | 31 | 30 | 2 | 10 | 73 |
| 2057 | 25 | 24 | 2 | 8 | 59 |
| 2058 | 20 | 19 | 2 | 7 | 47 |
| 2059 | 16 | 15 | 1 | 5 | 37 |
| Total | 21,073 | 12,184 | 935 | 4,020 | 38,212 |

[36] Excluding 2020 actual filings.

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**Table 8(b) – Forecast Filings from Nicholson Method (Murray Boiler)**[37]

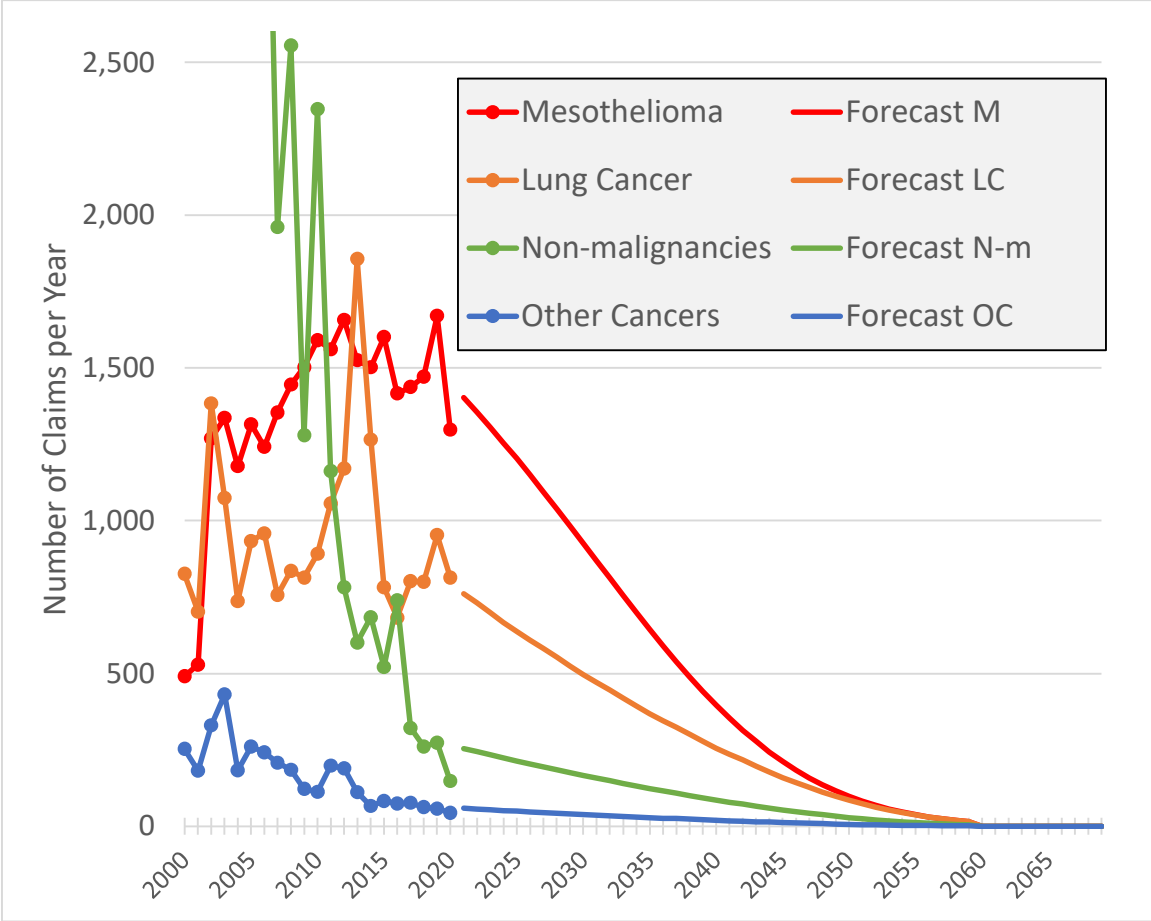
| Year | Meso-thelioma | Lung Cancer | Other Cancers | Non-malig-nancies | Total |
|---|---|---|---|---|---|
| 2020 | 501 | 363 | 23 | 39 | 926 |
| 2021 | 1,086 | 656 | 46 | 306 | 2,094 |
| 2022 | 1,049 | 630 | 44 | 294 | 2,018 |
| 2023 | 1,010 | 603 | 42 | 281 | 1,936 |
| 2024 | 971 | 575 | 40 | 268 | 1,854 |
| 2025 | 932 | 549 | 38 | 256 | 1,776 |
| 2026 | 891 | 525 | 37 | 245 | 1,697 |
| 2027 | 848 | 502 | 35 | 234 | 1,618 |
| 2028 | 804 | 476 | 33 | 222 | 1,535 |
| 2029 | 761 | 451 | 32 | 210 | 1,454 |
| 2030 | 717 | 428 | 30 | 199 | 1,374 |
| 2031 | 673 | 406 | 28 | 189 | 1,296 |
| 2032 | 629 | 385 | 27 | 179 | 1,220 |
| 2033 | 585 | 362 | 25 | 169 | 1,140 |
| 2034 | 542 | 339 | 24 | 158 | 1,062 |
| 2035 | 499 | 318 | 22 | 148 | 987 |
| 2036 | 457 | 298 | 21 | 139 | 915 |
| 2037 | 417 | 279 | 20 | 130 | 846 |
| 2038 | 379 | 260 | 18 | 121 | 778 |
| 2039 | 342 | 239 | 17 | 112 | 710 |
| 2040 | 307 | 220 | 15 | 103 | 646 |
| 2041 | 274 | 203 | 14 | 95 | 586 |
| 2042 | 243 | 187 | 13 | 87 | 530 |
| 2043 | 215 | 170 | 12 | 79 | 476 |
| 2044 | 189 | 153 | 11 | 71 | 424 |
| 2045 | 165 | 137 | 10 | 64 | 376 |
| 2046 | 143 | 123 | 9 | 57 | 332 |
| 2047 | 123 | 110 | 8 | 51 | 292 |
| 2048 | 105 | 97 | 7 | 45 | 254 |
| 2049 | 90 | 85 | 6 | 39 | 220 |
| 2050 | 76 | 73 | 5 | 34 | 189 |
| 2051 | 64 | 63 | 4 | 30 | 161 |
| 2052 | 53 | 54 | 4 | 25 | 136 |
| 2053 | 44 | 46 | 3 | 21 | 114 |
| 2054 | 36 | 38 | 3 | 18 | 95 |
| 2055 | 29 | 32 | 2 | 15 | 78 |
| 2056 | 24 | 26 | 2 | 12 | 64 |
| 2057 | 19 | 21 | 1 | 10 | 51 |
| 2058 | 15 | 17 | 1 | 8 | 41 |
| 2059 | 12 | 13 | 1 | 6 | 32 |
| Total | 16,316 | 10,513 | 733 | 4,768 | 32,331 |

[37] Excluding 2020 actual filings.

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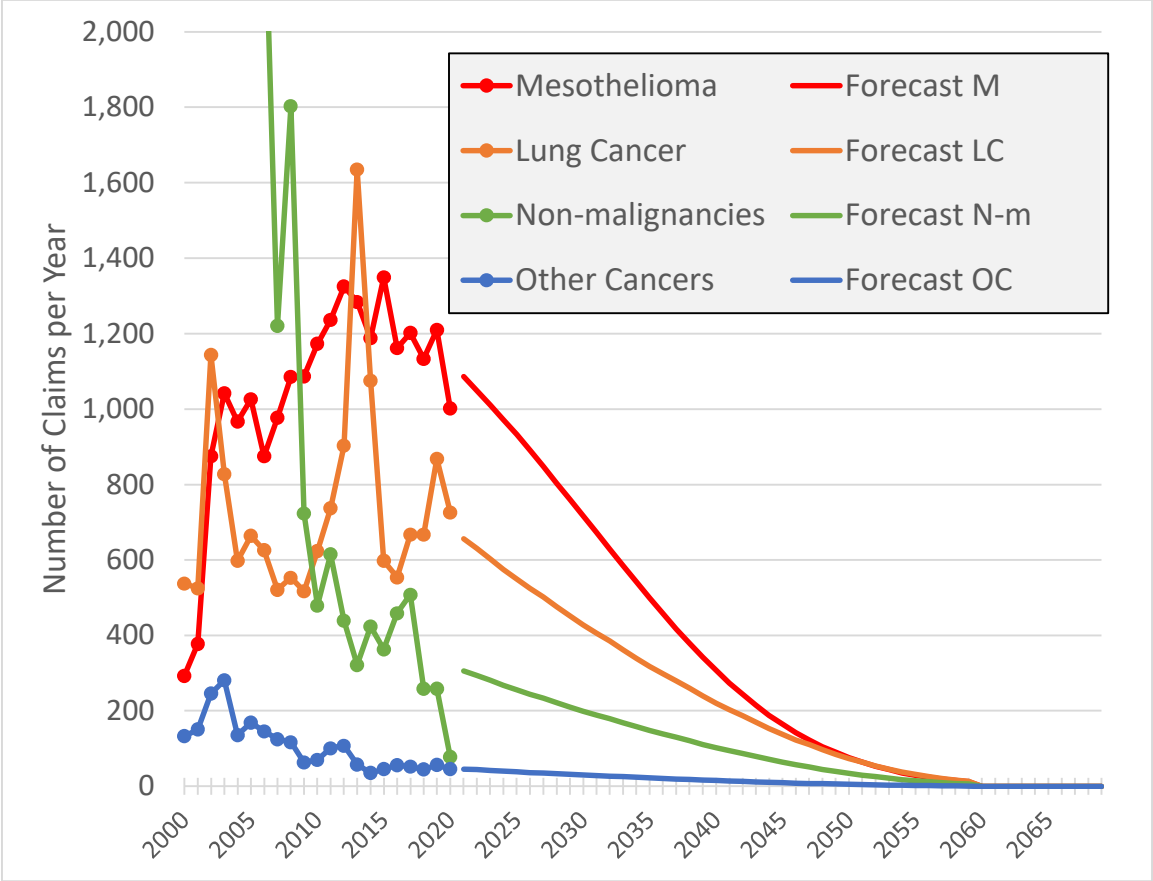
114. Figures 2(a) and 2(b) overlay graphs depicting the historical number of Claims for Aldrich (Old IRNJ) and Murray (Old Trane) with those Claims forecast into the future using the Nicholson Method. For Aldrich, I forecast that there will be more than 800 mesothelioma Claims filed each year through at least 2032. For Murray, I forecast that there will be more than 600 mesothelioma Claims filed each year during the same period.

**Figure 2(a) – Historical Claims and Forecast of Future Claims (Aldrich Pump/Old IRNJ)**



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**Figure 2(b) – Historical Claims and Forecast of Future Claims (Murray Boiler/Old Trane)**



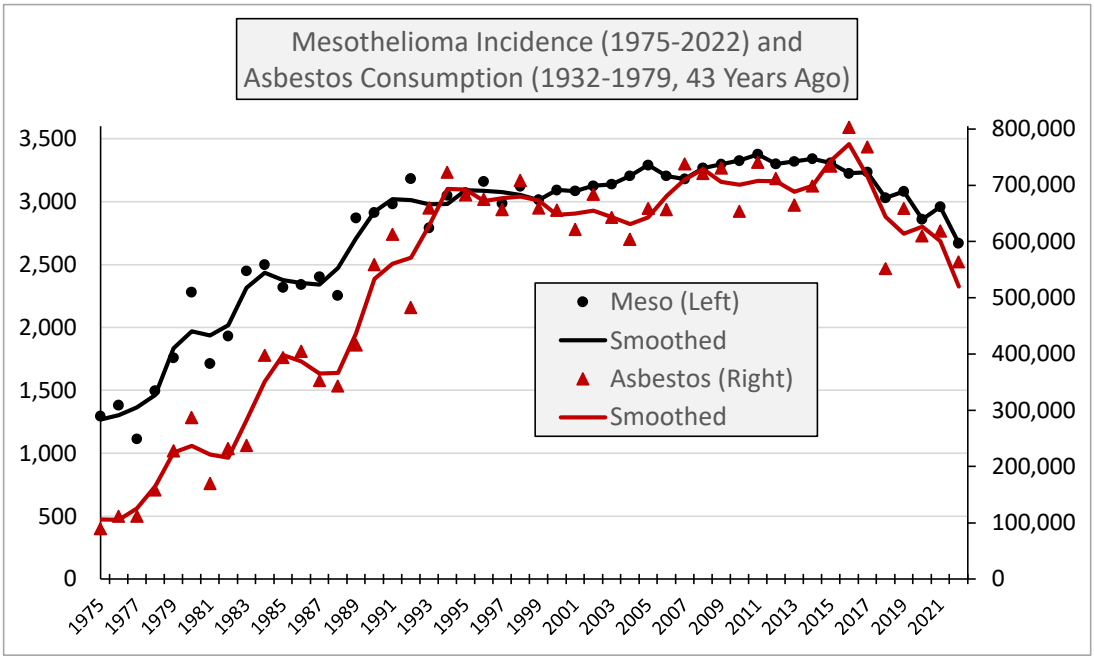

## B. Historical Sales Model

115. As an alternative to the Nicholson Method to predict the number of future asbestos personal injury Claims against each of the Debtors, I used the correlation between the sales data of Old IRNJ (Aldrich) and Old Trane (Murray), the Debtors' predecessors, to observed asbestos claim filings against those predecessors. This methodology is based on the observed relationship between the asbestos consumption and the correlating incidence of mesothelioma.

116. Figure 3 reflects the correlation of mesothelioma incidence to asbestos consumption by depicting mesothelioma incidence from 1975 to 2022 (left vertical scale) together with U.S. asbestos consumption (right scale) from 1932 (= 1975 – 43) to 1979 (=2022 – 43).

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**Figure 3 – Mesothelioma Incidence and Asbestos Consumption**




117. The time scale for asbestos consumption is shifted back by 43 years – the span resulting in the greatest correlation between mesothelioma incidence and asbestos consumption. In addition to the data shown as points in Figure 3, smooth curves illustrate just how parallel mesothelioma incidence and asbestos consumption 43 years ago actually proved to be.

118. The asbestos exposure to mesothelioma incidence correlation that is illustrated here may be used to correlate the sales data of Aldrich's and Murray's corporate predecessors, Old IRNJ and Old Trane (and, in turn, the corporate predecessors to those entities), to observed mesothelioma claim filings.[38]

119. The main idea was set out by KPMG (Australia) in the estimation of liability arising from asbestos contained in James Hardie building

[38] *See* Dunbar, *et al., Estimating Future Claims* (1996) 65.

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products,[39] and separately by Clements, Berry, and Shi (2007).[40] They computed the joint distribution of asbestos exposure (e.*g.*, asbestos use/consumption per year) and latency distribution (the time span from first exposure to manifestation of disease), then reported mean latency by year to estimate and forecast mesothelioma.

120. I used this correlation between exposure and latency to estimate and forecast mesothelioma incidence from asbestos consumption.

121. LAS obtained annual total sales (from 1940 to 1994 in millions of dollars) for the corporate predecessors of both Aldrich (Old IRNJ and its predecessors) and Murray (Old Trane and its predecessors) from public sources.

122. The Old Trane sales data was added to the American Standard sales data, yielding separate sets of sales data, one each for (i) Aldrich and its predecessors and (ii) Murray and its predecessors.

123. The raw sales data required two modifications to correspond with incidence each year: eliminating the effects of inflation and adjusting for the changes in the nationwide volume of asbestos in use each year.

124. To deal with inflation, I applied the Producer Price Index ("**PPI**") for machinery and equipment to the Old IRNJ and Old Trane data to adjust the sales totals to 1994 values. This resulted in differences between sales data for each year that are more likely to accurately reflect the actual volume of products sold.

125. To deal with volume, I first used the United States Geological Survey data on asbestos consumption[41] to construct a year-to-year profile of the likely volume of asbestos that was incorporated into the products sold.

126. I then used this profile to apportion the asbestos content of both Old IRNJ and Old Trane products over time.

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[39] *See e.g.*, KPMG, *Valuation of Asbestos-Related Disease Liabilities of former James Hardie entities ("the Liable Entites [sic]") to be met by the AICF Trust* (March 31, 2017) 18, available at https://www.aicf.org.au/actuarial.php.

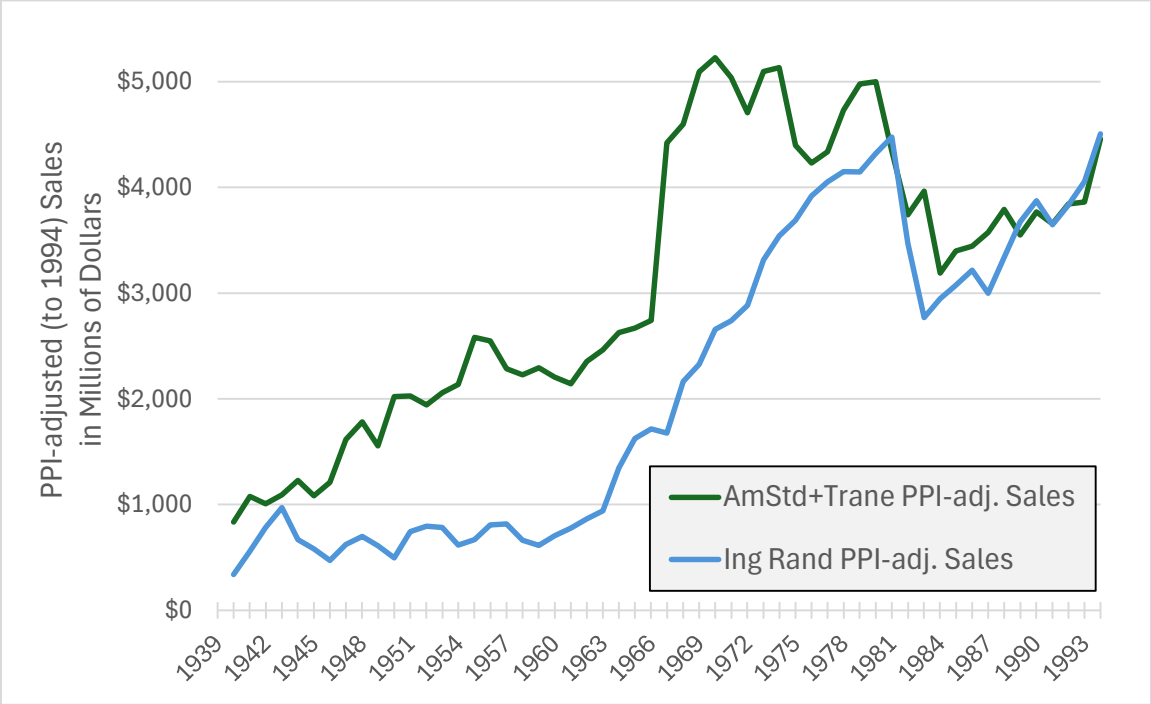
[40] Clements, M., Berry, G., & Shi, J. *Actuarial projection for mesothelioma: An epidemiological perspective.* Presented to the Institute of Actuaries of Australia, XI$^{th}$ Accident Compensation Seminar, April 2007.

[41] *See* https://www.usgs.gov/media/files/asbestos-historical-statistics-data-series-140.

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127. Figure 4 illustrates the annual sales figures (in millions of dollars) adjusted by the Producer Price Index to 1994 values.

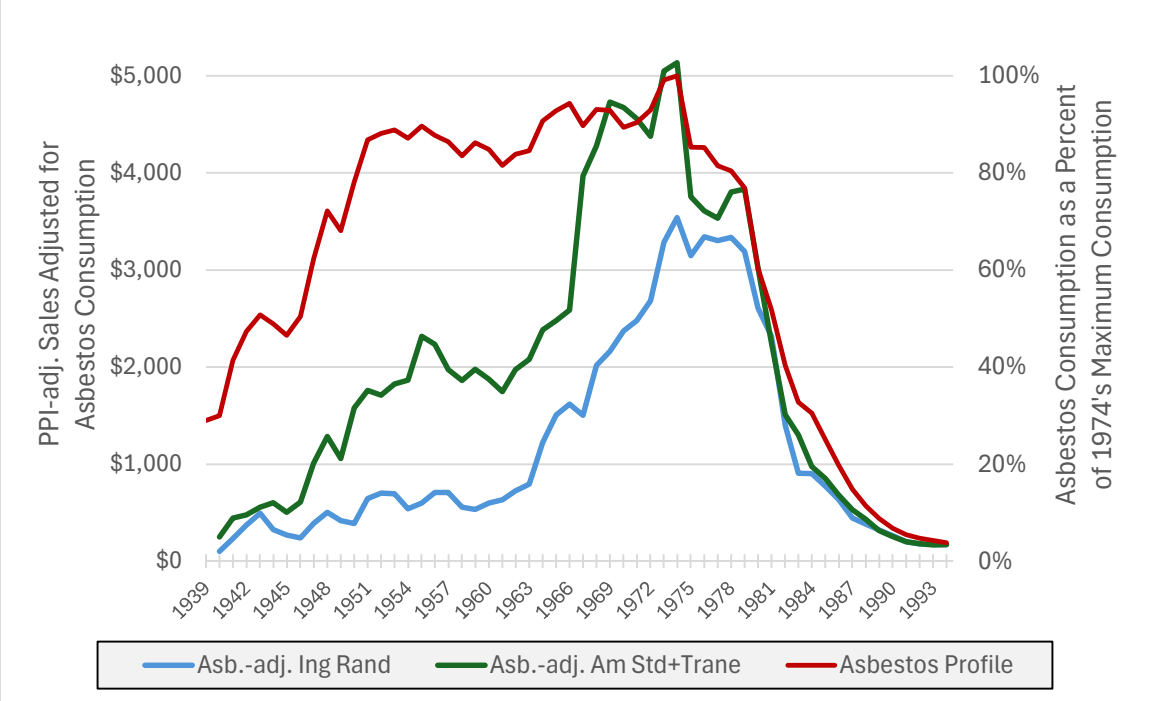
**Figure 4 – Annual Sales of Debtors' Predecessors**




128. Figure 5 illustrates the result of applying the asbestos use profile (red line, right vertical scale) to the PPI-adjusted sales data.

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**Figure 5 – National Asbestos Use and Annual Sales of Debtors' Predecessor**




129. The numbers of claims filed applying the 43-year latency period previously calculated were then overlaid with the double-adjusted sales.

130. This produced a forecast of future mesothelioma filings.

131. Figures 6(a) and 6(b) illustrate historical mesothelioma claim filings overlaid with the Sales Method forecast. The historical and overlaid values are close and follow similar trends.

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**Figure 6(a) – Aldrich Pump – Mesothelioma Filings and Sales Method Forecast**

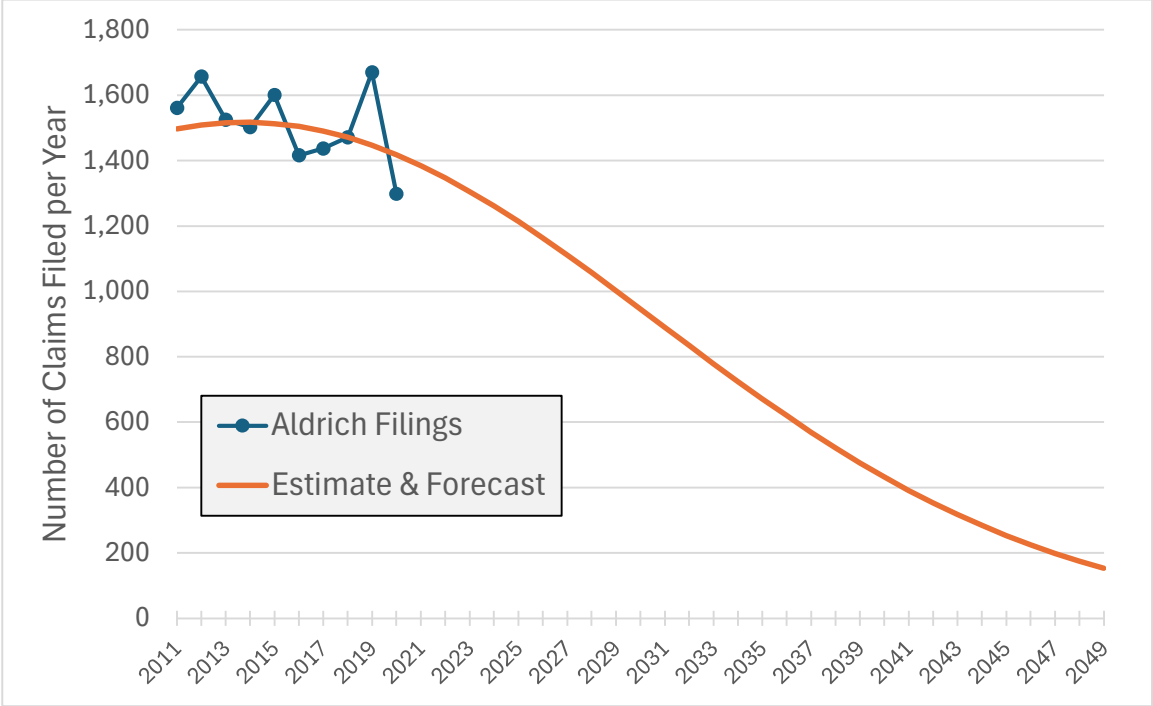
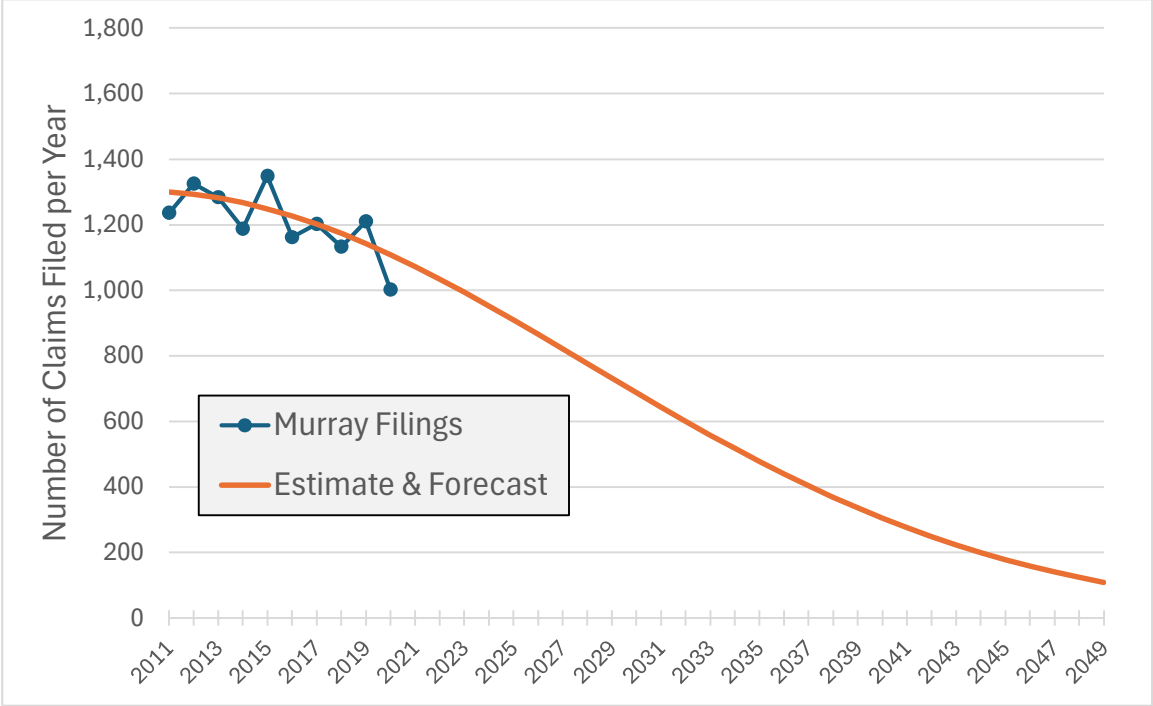



**Figure 6(b) – Murray Boiler – Mesothelioma Filings and Sales Method Forecast**



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132. The forecasts of historical claims prove to be nearly identical to those resulting from the Nicholson Method, providing independent confirmation of the projections.

133. Tables 8(c) and 8(d) on the following pages contain the results of my analysis using this alternate sales-based forecast to estimate future mesothelioma Claim filings.

134. The lung cancer projections are based on the ratio of recent lung cancer personal injury claim filings to mesothelioma personal injury claim filings in the tort system.[42] Other cancer and non-malignant claim filings are based on the ratio of recent non-malignant claim filings to lung cancer claim filings.

***[This space intentionally left blank.]***

[42] KCIC, *Asbestos Litigation: 2024 Year in Review,* 4. Trends in lung cancer personal injury claims filings are actively changing. My final report may take into account future trends.

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**Table 8(c) – Forecast Future Claim Filings from Sales Method (Aldrich Pump)[43]**

| Year | Meso-thelioma | Lung Cancer | Other Cancers | Non-malig-nancies | Total |
|---|---|---|---|---|---|
| 2020 | 649 | 407 | 22 | 74 | 1,152 |
| 2021 | 1,385 | 1,115 | 86 | 374 | 2,960 |
| 2022 | 1,347 | 1,085 | 84 | 364 | 2,880 |
| 2023 | 1,306 | 1,052 | 82 | 352 | 2,792 |
| 2024 | 1,262 | 1,016 | 79 | 340 | 2,697 |
| 2025 | 1,214 | 978 | 76 | 328 | 2,595 |
| 2026 | 1,164 | 937 | 73 | 314 | 2,488 |
| 2027 | 1,112 | 895 | 69 | 300 | 2,376 |
| 2028 | 1,058 | 852 | 66 | 285 | 2,261 |
| 2029 | 1,002 | 807 | 63 | 271 | 2,143 |
| 2030 | 947 | 763 | 59 | 255 | 2,024 |
| 2031 | 891 | 717 | 56 | 240 | 1,904 |
| 2032 | 835 | 672 | 52 | 225 | 1,784 |
| 2033 | 779 | 628 | 49 | 210 | 1,666 |
| 2034 | 725 | 584 | 45 | 196 | 1,549 |
| 2035 | 671 | 541 | 42 | 181 | 1,435 |
| 2036 | 620 | 499 | 39 | 167 | 1,325 |
| 2037 | 570 | 459 | 36 | 154 | 1,218 |
| 2038 | 522 | 420 | 33 | 141 | 1,115 |
| 2039 | 476 | 383 | 30 | 128 | 1,017 |
| 2040 | 433 | 348 | 27 | 117 | 925 |
| 2041 | 392 | 315 | 24 | 106 | 837 |
| 2042 | 353 | 284 | 22 | 95 | 755 |
| 2043 | 317 | 256 | 20 | 86 | 678 |
| 2044 | 284 | 229 | 18 | 77 | 607 |
| 2045 | 253 | 204 | 16 | 68 | 541 |
| 2046 | 225 | 181 | 14 | 61 | 480 |
| 2047 | 199 | 160 | 12 | 54 | 425 |
| 2048 | 175 | 141 | 11 | 47 | 374 |
| 2049 | 154 | 124 | 10 | 41 | 329 |
| 2050 | 134 | 108 | 8 | 36 | 287 |
| 2051 | 117 | 94 | 7 | 32 | 250 |
| 2052 | 102 | 82 | 6 | 27 | 217 |
| 2053 | 88 | 71 | 5 | 24 | 188 |
| 2054 | 76 | 61 | 5 | 20 | 162 |
| 2055 | 65 | 52 | 4 | 17 | 139 |
| 2056 | 55 | 45 | 3 | 15 | 118 |
| 2057 | 47 | 38 | 3 | 13 | 101 |
| 2058 | 40 | 32 | 2 | 11 | 85 |
| 2059 | 34 | 27 | 2 | 9 | 72 |
| Total | 22,073 | 17,663 | 1,359 | 5,855 | 46,951 |

[43] Excluding 2020 actual filings.

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**Table 8(d) – Forecast Future Claim Filings from Sales Method (Murray Boiler)[44]**

| Year | Meso-thelioma | Lung Cancer | Other Cancers | Non-malig-nancies | Total |
|---|---|---|---|---|---|
| 2020 | 501 | 363 | 23 | 39 | 926 |
| 2021 | 1,073 | 864 | 60 | 403 | 2,400 |
| 2022 | 1,034 | 833 | 58 | 388 | 2,314 |
| 2023 | 994 | 801 | 56 | 373 | 2,224 |
| 2024 | 952 | 767 | 54 | 357 | 2,131 |
| 2025 | 910 | 733 | 51 | 341 | 2,035 |
| 2026 | 866 | 697 | 49 | 325 | 1,937 |
| 2027 | 821 | 662 | 46 | 308 | 1,837 |
| 2028 | 777 | 625 | 44 | 291 | 1,737 |
| 2029 | 732 | 589 | 41 | 275 | 1,637 |
| 2030 | 687 | 554 | 39 | 258 | 1,538 |
| 2031 | 643 | 518 | 36 | 241 | 1,440 |
| 2032 | 600 | 484 | 34 | 225 | 1,343 |
| 2033 | 558 | 450 | 31 | 210 | 1,249 |
| 2034 | 517 | 417 | 29 | 194 | 1,157 |
| 2035 | 478 | 385 | 27 | 179 | 1,069 |
| 2036 | 440 | 354 | 25 | 165 | 984 |
| 2037 | 403 | 325 | 23 | 151 | 902 |
| 2038 | 369 | 297 | 21 | 138 | 825 |
| 2039 | 336 | 271 | 19 | 126 | 751 |
| 2040 | 305 | 246 | 17 | 114 | 682 |
| 2041 | 276 | 222 | 16 | 104 | 617 |
| 2042 | 249 | 200 | 14 | 93 | 556 |
| 2043 | 223 | 180 | 13 | 84 | 500 |
| 2044 | 200 | 161 | 11 | 75 | 448 |
| 2045 | 178 | 144 | 10 | 67 | 399 |
| 2046 | 159 | 128 | 9 | 60 | 355 |
| 2047 | 141 | 113 | 8 | 53 | 315 |
| 2048 | 124 | 100 | 7 | 47 | 278 |
| 2049 | 109 | 88 | 6 | 41 | 244 |
| 2050 | 96 | 77 | 5 | 36 | 214 |
| 2051 | 84 | 67 | 5 | 31 | 187 |
| 2052 | 73 | 59 | 4 | 27 | 163 |
| 2053 | 63 | 51 | 4 | 24 | 141 |
| 2054 | 55 | 44 | 3 | 21 | 122 |
| 2055 | 47 | 38 | 3 | 18 | 105 |
| 2056 | 40 | 33 | 2 | 15 | 91 |
| 2057 | 35 | 28 | 2 | 13 | 77 |
| 2058 | 30 | 24 | 2 | 11 | 66 |
| 2059 | 25 | 20 | 1 | 9 | 56 |
| Total | 16,203 | 13,010 | 907 | 5,932 | 36,052 |

[44] Excluding 2020 actual filings.

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### C. Future Claims Liability

135. I have calculated liability for future Claims using the same methodology and formula used for pending Claims:

*Liability = Number of Claims × Payment Rate × Average Settlement Value*

136. The claim payment rates used were taken from Tables 4(a) and 4(b) and reflect the percentage of resolved claims that were paid for the last three full years preceding the Debtors' chapter 11 cases.

137. The average settlement values are set forth in Tables 5(a) and 5(b) and represent the average resolution amount for settled claims in the three full years preceding the Debtors' chapter 11 cases.

138. The average claim payment rates were then applied to the projected number of claim filings expected annually, as set out in Tables 8(a) though 8(d).

139. Three of the mesothelioma Claims forecast for each Debtor under both the Nicholson Method and the Sales Method were valued as jury verdicts rather than settlements.[45]

140. The nominal liabilities based on the forecast numbers of approved claims described above and the liquidated values set out in Tables 4(a) and 4(b) were then adjusted for the expected rates of inflation, as set forth in Appendix I.

141. I then calculated the present value of such average claim payments – *i.e.,* how much money would be needed to pay all future Claims if the payor could earn an annual 1.0%. The NPV (Net Present Value) calculations are shown in the following tables. As with the pending Claims, the last lines of the table (here, "**NPV of Inflation-Adjusted**") are in 2020 dollars.

[45] *See* Section VII *infra.*

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### i. Aldrich Pump

#### 1. Nicholson Method Liability

**Table 9(a) – Future Claims Liability (Nicholson Method) (Aldrich Pump)**

| Quantity | Injury | | | | Total |
|---|---|---|---|---|---|
| | Meso-thelioma | Lung Cancer | Other Cancers | Non-malig-nancies | |
| Number of Claims | 21,073 | 12,184 | 935 | 4,020 | 38,212 |
| Number Approved | 10,385 | 6,495 | 455 | 2,390 | 19,725 |
| Nominal Liability (2020 $s) | $626.9 | $117.9 | $5.9 | $10.2 | $761.0 |
| Inflation-Adjusted Liability | $1,014.5 | $197.7 | $9.9 | $17.0 | $1,239.1 |
| NPV of Inflation-Adjusted | $883.1 | $170.0 | $8.5 | $14.7 | $1,076.3 |

Dollars are in Millions

Claim payment averages adusted for inflation with actual CPI through 2025 and then 3.20% per year

Net Present Value Discount Rate Is 1.00% per Year

142. My calculations indicate that mesothelioma liability is 82% of the total, meaning that the effective gross-up for non-mesothelioma Claims to be applied for Aldrich future Claims liability, based on the Nicholson Method, is approximately 21.9%.

143. For Aldrich, the liability estimate for future Claims of all diseases using the Nicholson Method and a net present value discount rate of 1% is approximately $1.076 billion.

144. Adding the $142.5 million calculated for pending Claims based on the PIQs to the estimate for future Claims at NPV in Table 9(a) provides a total net present value for both pending and future Claims using the Nicholson Method for Aldrich of approximately $1.218.8 billion. The number of Claims, payment rate, and values of both pending and future Claims are combined in Table 9(b).

145. Adding the $154.3 million calculated for pending Claims based on the Debtors' Database to the estimate for future claims at NPV in Table 9(a) provides a total net present value for both pending and future Claims using the Nicholson Method for Aldrich of approximately $1.231 billion. The number of Claims, payment rate, and values of both pending and future Claims are combined in Table 9(c).

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**Table 9(b) – Total Indemnity Liability for Aldrich Pump (Pending – PIQ, Future-Nicholson Method)**

| Quantity | Injury | | | | Total |
|---|---|---|---|---|---|
| | Meso-thelioma | Lung Cancer | Other Cancers | Non-malig-nancies | |
| Number of Claims | 24,353 | 15,380 | 1,251 | 9,218 | 50,202 |
| Number Approved | 12,001 | 8,199 | 608 | 5,481 | 26,289 |
| Nominal Liability (2020 $s) | $717.3 | $148.8 | $7.9 | $23.5 | $897.6 |
| Inflation-Adjusted Liability | $1,109.8 | $230.3 | $12.0 | $31.0 | $1,383.1 |
| NPV of Inflation-Adjusted | $977.5 | $202.2 | $10.6 | $28.5 | $1,218.8 |

Dollars Are in Millions

Claim payment averages adusted for inflation with actual CPI through 2025 and then 3.20% per year

Net Present Value Discount Rate Is 1.00% per Year

146. My calculations indicate that mesothelioma liability is 80.2% of the total for all diseases, meaning that the effective gross-up for non-mesothelioma Claims to be applied for Aldrich indemnity liability, using the PIQs to calculate pending Claims liability and the Nicholson Method to calculate future Claims liability, is approximately 24.7%.

**Table 9(c) – Total Indemnity Liability for Aldrich Pump (Pending – Database, Future-Nicholson Method)**

| Quantity | Injury | | | | Total |
|---|---|---|---|---|---|
| | Meso-thelioma | Lung Cancer | Other Cancers | Non-malig-nancies | |
| Number of Claims | 24,762 | 15,380 | 1,251 | 9,218 | 50,611 |
| Number Approved | 12,202 | 8,199 | 608 | 5,481 | 26,491 |
| Nominal Liability (2020 $s) | $728.6 | $148.8 | $7.9 | $23.5 | $908.9 |
| Inflation-Adjusted Liability | $1,121.7 | $230.3 | $12.0 | $31.0 | $1,394.9 |
| NPV of Inflation-Adjusted | $989.3 | $202.2 | $10.6 | $28.5 | $1,230.6 |

Dollars Are in Millions

Claim payment averages adusted for inflation with actual CPI through 2025 and then 3.20% per year

Net Present Value Discount Rate Is 1.00% per Year

147. My calculations indicate that mesothelioma liability is 80.4% of the total for all diseases, meaning that the effective gross-up for non-mesothelioma Claims to be applied for Aldrich indemnity liability, using the Debtors' Database to calculate pending Claims liability and the Nicholson Method to calculate future Claims liability, is approximately 24.4%.

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### 2. Sales Method Liability

**Table 10(a) – Future Claims Liability (Sales Method) (Aldrich Pump)**

| Quantity | Injury | | | | Total |
|---|---|---|---|---|---|
| | Meso-thelioma | Lung Cancer | Other Cancers | Non-malig-nancies | |
| Number of Claims | 22,073 | 17,663 | 1,359 | 5,855 | 46,951 |
| Number Approved | 10,878 | 9,416 | 661 | 3,482 | 24,437 |
| Nominal Liability (2020 $s) | $654.5 | $170.9 | $8.6 | $14.9 | $848.9 |
| Inflation-Adjusted Liability | $1,080.2 | $283.9 | $14.2 | $24.6 | $1,402.9 |
| NPV of Inflation-Adjusted | $933.8 | $244.9 | $12.3 | $21.2 | $1,212.2 |

Dollars are in Millions

Claim payment averages adusted for inflation with actual CPI through 2025 and then 3.20% per year

Net Present Value Discount Rate Is 1.00% per Year

148. My calculations indicate that mesothelioma liability is 77% of the total for all diseases, meaning that the effective gross-up for non-mesothelioma Claims to be applied for Aldrich future Claims liability, based on the Sales Method, is approximately 29.8%.

149. For Aldrich, the liability estimate for future Claims for all diseases using the Sales Method and a NPV discount rate of 1% is approximately $1.212 billion.

150. Adding the $142.5 million liability for pending Claims for all diseases calculated using the PIQs to the liability for future Claims for all diseases at the NPV in Table 10(a) yielded a net present value for both pending and future Claims for Aldrich of approximately $1.354 billion. The number of Claims, payment rates, and claim values of both pending and future Claims, as combined, are set forth in Table 10(b).

151. Adding the $154.3 million liability for pending Claims for all diseases calculated using the Debtors' Database to the liability for future Claims at the NPV in Table 10(a) yielded a net present value for both pending and future Claims for all diseases for Aldrich of approximately $1.366 billion. The number of Claims, payment rates, and claim values of both pending and future Claims, as combined, are set forth in Table 10(c).

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**Table 10(b)- Total Indemnity Liability for Aldrich Pump (Pending – PIQ, Future – Sales Method)**

| Quantity | Injury | | | | Total |
|---|---|---|---|---|---|
| | Meso-thelioma | Lung Cancer | Other Cancers | Non-malig-nancies | |
| Number of Claims | 25,353 | 20,859 | 1,675 | 11,053 | 58,941 |
| Number Approved | 12,494 | 11,120 | 815 | 6,572 | 31,001 |
| Nominal Liability (2020 $s) | $744.9 | $201.8 | $10.6 | $28.2 | $985.6 |
| Inflation-Adjusted Liability | $1,175.5 | $316.5 | $16.3 | $38.5 | $1,546.8 |
| NPV of Inflation-Adjusted | $1,028.2 | $277.2 | $14.4 | $35.1 | $1,354.8 |

Dollars Are in Millions

Claim payment averages adusted for inflation with actual CPI through 2025 and then 3.20% per year

Net Present Value Discount Rate Is 1.00% per Year

152. My calculations indicate that mesothelioma liability is 75.9% of the total for all diseases, meaning that the effective gross-up for non-mesothelioma Claims to be applied for Aldrich indemnity liability, using the PIQs to calculate pending Claims liability and the Sales Method to calculate future Claims liability, is approximately 31.8%.

**Table 10(c) – Total Indemnity Liability for Aldrich Pump (Pending – Database, Future – Sales Method)**

| Quantity | Injury | | | | Total |
|---|---|---|---|---|---|
| | Meso-thelioma | Lung Cancer | Other Cancers | Non-malig-nancies | |
| Number of Claims | 25,762 | 20,859 | 1,675 | 11,053 | 59,350 |
| Number Approved | 12,695 | 11,120 | 815 | 6,572 | 31,202 |
| Nominal Liability (2020 $s) | $756.2 | $201.8 | $10.6 | $28.2 | $996.8 |
| Inflation-Adjusted Liability | $1,187.4 | $316.5 | $16.3 | $38.5 | $1,558.7 |
| NPV of Inflation-Adjusted | $1,039.9 | $277.2 | $14.4 | $35.1 | $1,366.5 |

Dollars Are in Millions

Claim payment averages adusted for inflation with actual CPI through 2025 and then 3.20% per year

Net Present Value Discount Rate Is 1.00% per Year

153. My calculations indicate that mesothelioma liability is 76.1% of the total for all diseases, meaning that the effective gross-up for non-mesothelioma Claims to be applied for Aldrich indemnity liability using the Debtors' Database to calculate pending Claims liability and the Sales Method to calculate future Claims liability is approximately 31.4%.

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### ii. Murray Boiler

#### 1. Nicholson Method Liability

**Table 11(a) – Future Claims Liability (Nicholson Method) (Murray Boiler)**

| Quantity | Injury | | | | Total Liability |
|---|---|---|---|---|---|
| | Meso-thelioma | Lung Cancer | Other Cancers | Non-malig-nancies | |
| Number of Claims | 16,316 | 10,513 | 733 | 4,768 | 32,331 |
| Number Approved | 3,495 | 3,631 | 363 | 2,418 | 9,907 |
| Nominal Liability (2020 $s) | $366.2 | $87.6 | $3.7 | $7.2 | $464.6 |
| Inflation-Adjusted Liability | $595.9 | $148.1 | $6.2 | $12.0 | $762.1 |
| NPV of Inflation-Adjusted | $518.0 | $127.0 | $5.3 | $10.3 | $660.6 |

Dollars are in Millions

Claim payment averages adusted for inflation with actual CPI through 2025 and then 3.20% per year

Net Present Value Discount Rate Is 1.00% per Year

154. My calculations indicate that mesothelioma liability is 78.4% of the total for all diseases, meaning that the effective gross-up for non-mesothelioma Claims to be applied for Aldrich future Claims liability, based on the Nicholson Method, is approximately 27.5%.

155. For Murray, the liability estimate for future Claims for all diseases using the Nicholson Method and a net present value discount rate of 1% is approximately $660.6 million. This is shown in Table 11(a).

156. Adding the $90.6 million in liability for pending Claims calculated using the PIQs to the future Claims estimated liability in Table 11(a) provides a total net present value for both pending and future Claims using the Nicholson Method for Murray of approximately $751.2 million. The number of Claims, payment rates, and claim values of both pending and future Claims are combined and shown in Table 11(b).

157. Adding the $108.4 million in liability for pending Claims calculated using the Debtors' Database to the future Claims estimated liability in Table 11(a) provides a total net present value for both pending and future Claims using the Nicholson Method for Murray of approximately $769 million. The number of Claims, payment rates, and claim values of both pending and future claims are combined and shown in Table 11(c).

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**Table 11(b) – Total Indemnity Liability for Murray Boiler (Pending – PIQ, Future – Nicholson Method)**

| Quantity | Injury | | | | Total Liability |
|---|---|---|---|---|---|
| | Meso-thelioma | Lung Cancer | Other Cancers | Non-malig-nancies | |
| Number of Claims | 18,596 | 13,633 | 1,077 | 14,300 | 47,607 |
| Number Approved | 3,984 | 4,709 | 533 | 7,251 | 16,476 |
| Nominal Liability (2020 $s) | $410.9 | $113.5 | $5.5 | $21.6 | $551.5 |
| Inflation-Adjusted Liability | $643.1 | $175.5 | $8.0 | $27.1 | $853.7 |
| NPV of Inflation-Adjusted | $564.7 | $154.1 | $7.1 | $25.3 | $751.2 |

Dollars Are in Millions

Claim payment averages adusted for inflation with actual CPI through 2025 and then 3.20% per year

Net Present Value Discount Rate Is 1.00% per Year

158. My calculations indicate that mesothelioma liability is 75.2% of the total, meaning that the effective gross-up for non-mesothelioma Claims to be applied for Murray indemnity liability, using the PIQs to calculate pending Claims liability and the Nicholson Method to calculate future Claims liability, is approximately 33%.

**Table 11(c) – Total Indemnity Liability for Murray Boiler (Pending – Database, Future -Nicholson Method)**

| Quantity | Injury | | | | Total Liability |
|---|---|---|---|---|---|
| | Meso-thelioma | Lung Cancer | Other Cancers | Non-malig-nancies | |
| Number of Claims | 19,465 | 13,633 | 1,077 | 14,300 | 48,476 |
| Number Approved | 4,170 | 4,709 | 533 | 7,251 | 16,663 |
| Nominal Liability (2020 $s) | $428.0 | $113.5 | $5.5 | $21.6 | $568.5 |
| Inflation-Adjusted Liability | $661.1 | $175.5 | $8.0 | $27.1 | $871.6 |
| NPV of Inflation-Adjusted | $582.5 | $154.1 | $7.1 | $25.3 | $769.0 |

Dollars Are in Millions

Claim payment averages adusted for inflation with actual CPI through 2025 and then 3.20% per year

Net Present Value Discount Rate Is 1.00% per Year

159. My calculations indicate that mesothelioma liability is 75.7% of the total, meaning that the effective gross-up for non-mesothelioma Claims to be applied for Murray indemnity liability, using the Debtors' Database to calculate pending Claims liability and the Nicholson Method to calculate future Claims liability, is approximately 32%.

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### 2. Murray - Sales Method Liability

**Table 12(a) – Future Claims Liability (Sales Method) (Murray Boiler)**

| Quantity | Injury | | | | Total Liability |
|---|---|---|---|---|---|
| | Meso-thelioma | Lung Cancer | Other Cancers | Non-malig-nancies | |
| Number of Claims | 16,203 | 13,010 | 907 | 5,932 | 36,052 |
| Number Approved | 3,471 | 4,494 | 449 | 3,008 | 11,421 |
| Nominal Liability (2020 $s) | $363.9 | $108.3 | $4.6 | $9.0 | $485.8 |
| Inflation-Adjusted Liability | $601.5 | $180.2 | $7.5 | $14.6 | $803.8 |
| NPV of Inflation-Adjusted | $519.8 | $155.4 | $6.5 | $12.7 | $694.4 |

Dollars are in Millions

Claim payment averages adusted for inflation with actual CPI through 2025 and then 3.20% per year

Net Present Value Discount Rate Is 1.00% per Year

160. My calculations indicate that mesothelioma liability is 74.9% of the total for all diseases, meaning that the effective gross-up for non-mesothelioma Claims to be applied for Aldrich future Claims liability, based on the Sales Method, is approximately 33.6%.

161. For Murray, the liability estimate for future Claims for all diseases using the Sales Method and a net present value discount rate of 1% is $694.4 million. This is shown in Table 12(a).

162. Adding the $90.6 million in liability for pending Claims calculated using the PIQs to the future Claims estimated liability provides a total net present value for both pending and future Claims using the Nicholson Method for Murray of approximately $785 million. The number of Claims, payment rates, and claim values of both pending and future Claims are combined and shown in Table 12(b).

163. Adding the $108.4 million in liability for pending Claims calculated using the Debtors' Database to the future Claims estimated liability provides a total net present value for both pending and future Claims using the Nicholson Method for Murray of approximately $802.8 million. The number of Claims, payment rates, and claim values of both pending and future Claims are combined and shown in Table 12(c).

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**Table 12(b) – Total Indemnity Liability for Murray Boiler (Pending – PIQ, Future – Sales Method)**

| Quantity | Injury | | | | Total Liability |
|---|---|---|---|---|---|
| | Meso-thelioma | Lung Cancer | Other Cancers | Non-malig-nancies | |
| Number of Claims | 18,483 | 16,130 | 1,251 | 15,464 | 51,328 |
| Number Approved | 3,959 | 5,571 | 620 | 7,841 | 17,991 |
| Nominal Liability (2020 $s) | $408.7 | $134.3 | $6.3 | $23.3 | $572.7 |
| Inflation-Adjusted Liability | $648.7 | $207.5 | $9.3 | $29.8 | $895.3 |
| NPV of Inflation-Adjusted | $566.5 | $182.5 | $8.3 | $27.7 | $785.0 |

Dollars Are in Millions

Claim payment averages adusted for inflation with actual CPI through 2025 and then 3.20% per year

Net Present Value Discount Rate Is 1.00% per Year

164. My calculations indicate that mesothelioma liability is 72.2% of the total, meaning that the effective gross-up for non-mesothelioma Claims to be applied for Murray indemnity liability, using the PIQs to calculate pending Claims liability and the Sales Method to calculate future Claims liability, is approximately 38.6%.

**Table 12(c) – Total Indemnity Liability for Murray Boiler (Pending – Database, Future – Sales Method)**

| Quantity | Injury | | | | Total Liability |
|---|---|---|---|---|---|
| | Meso-thelioma | Lung Cancer | Other Cancers | Non-malig-nancies | |
| Number of Claims | 19,352 | 16,130 | 1,251 | 15,464 | 52,197 |
| Number Approved | 4,145 | 5,571 | 620 | 7,841 | 18,177 |
| Nominal Liability (2020 $s) | $425.7 | $134.3 | $6.3 | $23.3 | $589.7 |
| Inflation-Adjusted Liability | $666.7 | $207.5 | $9.3 | $29.8 | $913.3 |
| NPV of Inflation-Adjusted | $584.3 | $182.5 | $8.3 | $27.7 | $802.8 |

Dollars Are in Millions

Claim payment averages adusted for inflation with actual CPI through 2025 and then 3.20% per year

Net Present Value Discount Rate Is 1.00% per Year

165. My calculations indicate that mesothelioma liability is 72.8% of the total, meaning that the effective gross-up for non-mesothelioma Claims to be applied for Murray indemnity liability, using the Debtors' Database to calculate pending Claims liability and the Sales Method to calculate future Claims liability, is approximately 37.4%.

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### ii. Combined Subtotal for Base Tort Indemnity Liability

**Table 13 – Combined Base Tort Indemnity Liability Disaggregated by Disease Category[46]**

| | Low | | | High | | |
|---|---|---|---|---|---|---|
| Debtor | Meso | Others | Total | Meso | Others | Total |
| Aldrich | $977.5 | $241.3 | $1,218.8 | $1,039.9 | $326.6 | $1,366.5 |
| Murray | $564.7 | $186.5 | $751.2 | $584.3 | $218.5 | $802.8 |
| Total | $1,542.2 | $427.8 | $1,970.0 | $1,624.2 | $545.1 | $2,169.3 |

166. The base tort indemnity liability estimate set forth in the low and the high ends of the range disaggregated into liability for mesothelioma Claims and liability for Claims for other diseases is set forth in Table 13. This estimate does not include indemnity liability for "unknown disease" Claims or tolled Claims, which are addressed in Sections VII and VIII below.

167. This is derived as follows:

a. Using the Nicholson Method to forecast future Claims, when combined with pending Claims derived from the Debtors' Database, the net present value of the aggregate liability for both Aldrich and Murray combined for purposes of a tort estimate liability is approximately $2.0 billion.

b. Using the Nicholson Method to forecast future Claims, when combined with pending Claims derived from the PIQs, the net present value of the aggregate liability for both Aldrich and Murray combined for purposes of a tort estimate liability is approximately $1.97 billion.

c. Using the Sales Method to forecast future Claims, when combined with pending Claims derived from the Debtors' Database, the net present value of the aggregate liability for both Aldrich and Murray combined for purposes of a tort estimate liability is approximately $2.17 billion.

d. Using the Sales Method to forecast future Claims, when combined with pending Claims derived from the PIQs, the net present value of the aggregate liability for both Aldrich and

[46] The figures in Table 13 are drawn from Tables 11(b), 11(c), 12(b), and 12(c) and are $millions in NPV.

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Murray combined for purposes of a tort estimate liability is approximately $2.1 billion.

168. The low end of the forecast range is calculated by adding the pending Claims estimate from the PIQs and the future Claims estimate from the Nicholson Method.

169. The high end of the forecast range is calculated by adding the pending Claims estimate from the Debtors' Database and the future Claims estimate from the Sales Method.

## VII. Jury Verdicts

170. Because this Report is intended to provide an estimate of the Debtors' liability in the tort system, the estimate should also account for the possibility of jury verdicts.

171. There was one jury verdict against Aldrich in 2016.

172. The decedent was [redacted], who was diagnosed with mesothelioma in 2003. Aldrich's predecessor paid her surviving husband and children a post-verdict settlement of $[redacted] on December 1, 2017.

173. The existence of the [redacted] verdict reflects the possibility of jury verdicts in the future.[47]

174. I believe it is reasonable to assume that each of the Debtors would be held liable in three jury verdicts between 2025 and 2060.

175. Based on results in Mealey's Asbestos Report, the average mesothelioma verdict over the last three years is $15.3 million (adjusted to 2020 dollars).[48]

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[47] This is based on the history of the Debtors through the Petition Date and does not account for the possible effect of the bankruptcy filings or higher potential verdict rates in the future.

[48] *See Mealey's Asbestos Verdicts and Settlements*: Jan. 2022-Dec. 2022 (Jul. 23, 2023); *Mealey's Asbestos Verdicts and Settlements*: Jan. 2023-Dec. 2023 (Jul. 16, 2024); *Mealey's Asbestos Verdicts and Settlements*: Jan. 2024-Dec. 2024 (Jul. 27, 2025). For purposes of this initial Report, I have adopted a conservative approach and used the average mesothelioma verdict of $15.3m in calculating estimated verdict values. Based on the facts underlying Claims against these Debtors, which I am continuing to review and which will be the subject of additional discovery, higher verdict amounts and/or other damages calculations may be used in my final Report.

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176. For each Debtor, I valued three forecast mesothelioma Claims using this average mesothelioma verdict value rather than the Debtor's applicable average settlement value.

## VIII. Database Claims Labeled as "Unknown Disease"

177. There are more than 53,000 Claims labeled as "unknown disease" in the Debtors' Database that were filed against each of Aldrich and Murray's predecessors in the tort system (53,556 against the former and 53,952 against the latter).

178. Of the unknown disease Claims set forth in the Debtors' Database against Aldrich's predecessor, 13,365 (25%) were dismissed without prejudice. Another 27,254 (51%) were categorized as a "generic dismissal." There is no basis to suggest that these Claims could not potentially be refiled against Aldrich in the tort system.

179. Of the unknown disease Claims set forth in the Debtors' Database against Murray's predecessor, 4,075 (7.5%) were dismissed without prejudice. Another 33,295 (61.7%) were categorized as a "generic dismissal." There is no basis to suggest that these Claims could not potentially be refiled against Murray in the tort system.

180. Moreover, there remain 3,723 unknown disease Claims marked as "open" against Aldrich and 3,478 unknown disease Claims marked as "open" against Murray in the Debtors' Database.

181. As an initial step, I have assigned a preliminary valuation to the Claims tagged in the Debtors' Database as "unknown disease" and remaining open. This preliminary valuation is based on reallocating the unknown disease Claims to known disease categories according to the relative percentages represented by each of those categories.

182. I reserve the right to modify this preliminary valuation, including without limitation, should further discovery (particularly into the Debtors' claims management and dismissal practices) suggest that unknown disease claims, including without limitation those marked as dismissed without prejudice or with a generic dismissal, have additional value.

183. Applying the payment rates and average values set forth in Tables 4(a) and 5(a) for Aldrich leads to a preliminary value of approximately an additional $31.9 million for pending mesothelioma Claims previously labeled as "unknown disease" claims.

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184. This relabeling of claims and allocation also increases the Aldrich future Claims forecast by 2.12%, leading to an increase in liability for such Claims of between approximately $18.7 million and $19.8 million, and a total increase for mesothelioma Claims of between approximately $50.6 and $51.7 million net present value.

185. My calculations indicate that the effective gross-up to be applied for Aldrich liability based on the Claims marked as "unknown disease" in the Debtors' Database is between 36.7% and 39.4%.

186. The total increase in Aldrich liability is therefore between approximately $69.2 million and $72.0 million net present value.

187. Applying the payment rates and average values set forth in Tables 4(b) and 5(b) for Murray leads to a preliminary value of approximately an additional $13.9 million for pending mesothelioma Claims previously labeled as "unknown disease" claims.

188. This relabeling of claims and allocation also increases the Murray future Claims forecast by 1.27%, leading to an increase in liability for such Claims of between approximately $6.58 million and $6.6 million, and a total increase for mesothelioma Claims of between approximately $20.47 and $20.5 million net present value.

189. My calculations indicate that the effective gross-up to be applied for Murray liability based on the Claims marked as "unknown disease" in the Debtors' Database is between 55.1% and 57.0%.

190. The total increase in Murray liability is therefore between approximately $31.8 million and $32.2 million.

**Table 15 - Combined Liability for Unknown Disease Claims (Indemnity)**

| | pending mesos | | future mesos | | total mesos | | total all diseases | |
|---|---|---|---|---|---|---|---|---|
| **Debtor** | **Low** | **High** | **Low** | **High** | **Low** | **High** | **Low** | **High** |
| Aldrich | $31.9 | $31.9 | $18.7 | $19.8 | $50.6 | $51.7 | $69.2 | $72.0 |
| Murray | $13.9 | $13.9 | $6.58 | $6.60 | $20.47 | $20.50 | $31.8 | $32.2 |
| Combined | $45.8 | $45.8 | $25.3 | $26.4 | $71.1 | $72.2 | $100.9 | $104.2 |

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## IX. Claims Subject to Tolling Agreements

191. The Committee has received several exemplar agreements between asbestos personal injury plaintiffs' law firms and one or both of the Debtors' predecessors.

192. Some of these agreements including tolling provisions with varied terms, certain of which indefinitely toll the statute of limitations.[49] In other words, the Debtors' predecessors deferred the necessity of addressing some number of claims indefinitely.

193. Discovery is ongoing and may affect my understanding of the scope and nature of the tolling agreements that the Debtors entered into, and my estimate of their liability as a result.

194. It is unknown whether tolled cases are included in those that have been filed and dismissed, either without prejudice or as "generic dismissals." Nor is it known whether there is a substantial population of Claims that do not appear anywhere in the Debtors' Database.

195. While there was a proof of claim process for mesothelioma Claims, the POC Order does not specify the future treatment of mesothelioma Claimants who did not participate.[50]

196. As a result, I have assumed for purposes of this Report that additional Claims may be filed or otherwise presented for payment against Aldrich and/or Murray in the tort system.

197. I have calculated the value of these additional Claims as follows for each Debtor.

198. For Aldrich:

    a. Of three firms with known agreements that included tolling, one with a large volume of claims filed accounted for 12% of all mesothelioma claims listed in the Debtors' Database as filed against Aldrich's predecessors in the four years prior to the settlement agreement going into effect.

[49] *See, e.g.*, Aldrich-Murray-EST_00146542 at 1.

[50] *See generally* POC Order. The POC process is also irrelevant to other diseases.

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b. After its settlement agreement came into effect, that same firm only filed 4% of the mesothelioma claims against Aldrich's predecessors as listed in the Debtors' Database.

c. This change occurred while that firm's settled claims began to show as being resolved without the filing of a complaint ("**off-complaint**") in the Debtors' Database.

d. I believe the 8% difference represents mesothelioma Claims that have not been filed yet because of a tolling arrangement.

e. This can be confirmed by an analysis of the PIQs.

f. In the PIQ processes, this firm reported 826 Claims that were not previously present in the Debtors' Database. Of these, 806 remain pending.

g. These Claims represent 8.3% of the total mesothelioma claims filed by this firm between 2014 and the Petition Date.

h. This is equivalent to an increase in the propensity to sue because these are claims that would have been filed but for the tolling agreements.

i. I increased this propensity to sue to 10% as overall there were 994 PIQs that represent pending mesothelioma Claims that were not present in the Debtors' Database.[51]

j. Accordingly, I have increased the liability for pending and future Claims by 10%, leading to an increase in liability for mesothelioma Claims of between approximately $98.9 and $104 million.

k. My calculations indicate that the effective gross-up to be applied for Aldrich liability to account for all potential tolled Claims is between 24.4% and 31.5%.

l. The total increase in Aldrich liability to account for tolled Claims is therefore between approximately $123.1 million and $136.7 million net present value.

[51] I apply this increase to the estimate of pending Claims calculated using the Debtors' database, and the estimates of future Claims calculated using both the Nicholson and the Sales Methods.

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199. For Murray:

a. Of the three firms with known agreements that included tolling, one with a large volume of claims filed accounted for 11% of all mesothelioma claims filed against Murray's predecessors listed in the Debtors' Database in the years before its settlement agreement went into effect.

b. After its settlement agreement came into effect, that same firm only filed 4% of the mesothelioma claims against Murray's predecessors as listed in the Debtors' Database.

c. As with Aldrich, this change occurred while their settled claims are increasingly labeled as off-complaint in the Debtors' Database.

d. This too can be confirmed by an analysis of the PIQs.

e. In the PIQ processes, this firm reported 944 pending mesothelioma Claims that were not previously present in the Debtors' Database.

f. This is 12% of the total mesothelioma claims filed by that firm between the date of the settlement agreement and the Petition Date.

g. This is equivalent to an increase in the propensity to sue because these are claims that would have been filed but for the tolling agreements.

h. I increased this propensity to sue to 13% as overall there were 1,013 PIQs for mesothelioma Claims that remain pending that were not present in the Debtors' Database.[52]

i. Accordingly, I have increased the liability for pending and future Claims by 13%, leading to an increase in liability for Murray for mesothelioma Claims of between approximately $75.7 and $76 million.

[52] I apply this increase to the estimate of pending Claims calculated using the Debtors' database, and the estimates of future Claims calculated using both the Nicholson and the Sales Methods.

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j. My calculations indicate that the effective gross-up to be applied for Murray liability to account for all potential tolled Claims is between 32.1% and 37.4%.

k. The total increase in Murray liability to account for tolled Claims is therefore between approximately $100 million and $104.4 million net present value.

200. The steps outlined in the foregoing paragraph increases the total indemnity liability for Aldrich and Murray to the amounts set forth in Table 16.

**Table 16 - Combined Indemnity Liability for Tolled Claims**

| | pending mesos | | future mesos | | total mesos | | total claims | |
|---|---|---|---|---|---|---|---|---|
| **Debtor** | **Low** | **High** | **Low** | **High** | **Low** | **High** | **Low** | **High** |
| Aldrich | 10.6 | 10.6 | 88.3 | 93.4 | 98.9 | 104.0 | 123.1 | 136.7 |
| Murray | 8.4 | 8.4 | 67.3 | 67.6 | 75.7 | 76.0 | 100.0 | 104.4 |
| Combined | 19.0 | 19.0 | 155.7 | 161.0 | 174.6 | 179.9 | 223.0 | 241.0 |

## X. Summary of Indemnity

201. I have calculated three components to the Debtors' tort indemnity liability – the base tort estimate and additions for "unknown disease" Claims and tolled Claims.

202. These components are added together in Table 17 for my complete mesothelioma and other disease liability estimate.

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## Table 17 – Combined Indemnity Liability for Base Tort, Unknown Disease, and Tolled Claims

**Base Tort Liability Estimate**

| Base Tort | Total Mesothelioma | | Total All Diseases | |
|---|---|---|---|---|
| Debtor | Low | High | Low | High |
| Aldrich | $977.5 | $1,039.9 | $1,218.8 | $1,366.5 |
| Murray | $564.7 | $584.3 | $751.2 | $802.8 |
| Overall | $1,542.2 | $1,624.3 | $1,970.0 | $2,169.3 |

**"Unknown Disease" Claims Estimate**

| Unknown | Total Mesothelioma | | Total All Diseases | |
|---|---|---|---|---|
| Debtor | Low | High | Low | High |
| Aldrich | $50.6 | $51.7 | $69.2 | $72.0 |
| Murray | $20.5 | $20.5 | $31.8 | $32.2 |
| Overall | $71.1 | $72.2 | $100.9 | $104.2 |

**Tolled Claims Estimate**

| | Total Mesothelioma | | Total All Diseases | |
|---|---|---|---|---|
| Debtor | Low | High | Low | High |
| Aldrich | $98.9 | $104.0 | $123.1 | $136.7 |
| Murray | $75.7 | $76.0 | $100.0 | $104.4 |
| Overall | $174.6 | $179.9 | $223.0 | $241.0 |

**Total Claims Estimate**

| Total | Total Mesothelioma | | Total All Diseases | |
|---|---|---|---|---|
| Debtor | Low | High | Low | High |
| Aldrich | $1,127.0 | $1,195.6 | $1,411.1 | $1,575.3 |
| Murray | $660.9 | $680.8 | $883.0 | $939.4 |
| Overall | $1,787.9 | $1,876.4 | $2,294.1 | $2,514.7 |

203. My calculations for overall liability indicate an effective gross-up of Aldrich's mesothelioma Claim liability of between 25.2% and 31.8% to calculate liability for other disease Claims. My calculations for overall liability indicate an effective gross-up of Murray's mesothelioma Claim

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liability of between 33.7% and 38% to calculate liability for other disease Claims. [53]

## XI. Defense Costs

204. As this Report contains an estimate of the Debtors' total liability in the tort system, the total liability calculations discussed above are only one component of the Debtors' total estimated liability.

205. In the tort system, the Debtors would also have to pay defense costs in connection with the defense and resolution of asbestos Claims.

206. The Debtors' Database does not provide data for the Debtors' or their predecessors' actual costs for defending claims.

207. However, in litigation related to these chapter 11 cases, the Debtors presented data about their and their predecessors' defense costs.[54]

208. The Debtors' figures are reproduced in Tables 18(a) and 18(b) along with the percentage of spending on defense.

[53] While there are calculations for components of the total mesothelioma liability (which is made up of liability for pending Claims, liability for future Claims, liability for unknown disease Claims, and liability for tolled Claims) that have a higher or lower effective gross up, the overall numbers represent a smoothing out of variations among these components and the range is therefore narrower.

[54] *In re Aldrich Pump LLC*, Adv. Proc. 20-03041, Debtors' Exhibit 9 (Hr'g May 5, 2021).

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**Table 18(a) – Aldrich Indemnity and Defense Payments (millions)**

| Year Paid | Indemnity | Defense | Total | Defense per $1 Indemnity |
|---|---|---|---|---|
| 2005 | $42 | $20 | $62 | $0.48 |
| 2006 | $44 | $39 | $83 | $0.89 |
| 2007 | $49 | $21 | $70 | $0.43 |
| 2008 | $50 | $21 | $71 | $0.42 |
| 2009 | $52 | $19 | $71 | $0.37 |
| 2010 | $56 | $17 | $73 | $0.30 |
| 2011 | $61 | $17 | $78 | $0.28 |
| 2012 | $48 | $16 | $64 | $0.33 |
| **2013** | $42 | $15 | $57 | $0.36 |
| **2014** | $38 | $13 | $51 | $0.34 |
| **2015** | $45 | $14 | $59 | $0.31 |
| **2016** | $46 | $16 | $62 | $0.35 |
| **2017** | $55 | $14 | $69 | $0.25 |
| **2018** | $46 | $15 | $61 | $0.33 |
| **2019** | $43 | $14 | $57 | $0.33 |
| 2020 | $9 | $11 | $20 | $1.22 |
| Total | $726 | $282 | $1,008 | **$0.32** |

**Table 18(b) – Murray Indemnity and Defense Payments (millions)**

| Year Paid | Indemnity | Defense | Total | Defense per $1 Indemnity |
|---|---|---|---|---|
| 2005 | $13 | $16 | $29 | $1.23 |
| 2006 | $13 | $18 | $31 | $1.38 |
| 2007 | $26 | $18 | $44 | $0.69 |
| 2008 | $26 | $16 | $42 | $0.62 |
| 2009 | $20 | $14 | $34 | $0.70 |
| 2010 | $29 | $17 | $46 | $0.59 |
| 2011 | $28 | $15 | $43 | $0.54 |
| 2012 | $28 | $13 | $41 | $0.46 |
| **2013** | $25 | $12 | $37 | $0.48 |
| **2014** | $24 | $10 | $34 | $0.42 |
| **2015** | $20 | $10 | $30 | $0.50 |
| **2016** | $26 | $11 | $37 | $0.42 |
| **2017** | $30 | $11 | $41 | $0.37 |
| **2018** | $25 | $11 | $36 | $0.44 |
| **2019** | $19 | $9 | $28 | $0.47 |
| 2020 | $4 | $7 | $11 | $1.75 |
| Total | $356 | $208 | $564 | **$0.44** |

209. In the seven full years prior to the Petition Date (2013-2019), Aldrich spent an average of $14 million annually on defense costs and Murray spent an average of $11 million annually on defense costs.

210. Aldrich's defense spending was 32% of its spending on indemnity (i.e., claims resolution).

211. Murray's defense spending was 44% of its spending on indemnity.

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212. This is in line with estimates of the percentage of other defendants' spending on asbestos litigation (settlements and defense costs combined) that is used for asbestos claim defense costs.[55]

213. Because spending on defense costs is proportional to liability by disease, the portion of the defense costs applicable to mesothelioma Claims is grossed up by the same percentages as the calculations for overall lability for Claims for other diseases.

214. Table 19 sets forth the defense costs for Aldrich and Murray both individually and combined for pending and future Claims under the estimation methods discussed above and includes unknown and tolled Claims. These costs are based on the range of total indemnity liability set forth in Table 17.

**Table 19 – Combined Total Indemnity and Defense Costs[56]**

| | Total Indemnity | | Defense Costs | | Total Liability | |
|---|---|---|---|---|---|---|
| Debtor | Low | High | Low | High | Low | High |
| Aldrich | $1,411.1 | $1,575.3 | $451.5 | $504.1 | $1,862.6 | $2,079.4 |
| Murray | $883.0 | $939.4 | $388.5 | $413.3 | $1,271.5 | $1,352.7 |
| Overall | $2,294.1 | $2,514.7 | $840.0 | $917.4 | $3,134.1 | $3,432.1 |

215. Applying defense costs raises my total tort system estimate for both Debtors combined to a net present value of between approximately $3.13 and $3.43 billion

## XII. Conclusion

216. My initial estimate of the separate and combined liability for Aldrich and Murray in the tort system is summarized below and then set forth in Table 20.

217. My tort system indemnity liability estimate for Aldrich and Murray combined ranges from approximately $1.79 billion to $1.88 billion for mesothelioma Claims.

---

[55] *See, e.g.*, Stephen J. Carroll et al., *Asbestos Litigation* 23–25 (2005). Other estimates have posited figures as low as 20% for repeat players or as high as 50%. *See* Jennifer L. Biggs, *The Scope and Impact of Asbestos Litigation*, 44 S. TEX. L. REV. 1045 (Fall 2003) (20%) and Charles E. Bates et al., *Show Me the Money*, 22 Mealey's Litig. Rep.: Asbestos 21 (2007) (50%).

[56] All values NPV in millions of dollars. This is a reproduction of Table 1(e).

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218. When other diseases are added using the effective gross ups of between 25.2% and 31.8% for Aldrich Claims and between 33.7% and 38% for Murray Claims, my estimate for total indemnity liability for Aldrich and Murray combined is from approximately $2.29 billion to $2.51 billion.

**Table 20 – Total Indemnity Including Base Estimate, Unknown Disease Claims, and Tolled Claims[57]**

**Base Tort Liability Estimate**

| Base Tort | Total Mesothelioma | | Total All Diseases | |
|---|---|---|---|---|
| Debtor | Low | High | Low | High |
| Aldrich | $977.5 | $1,039.9 | $1,218.8 | $1,366.5 |
| Murray | $564.7 | $584.3 | $751.2 | $802.8 |
| Overall | $1,542.2 | $1,624.3 | $1,970.0 | $2,169.3 |

**"Unknown Disease" Claims Estimate**

| Unknown | Total Mesothelioma | | Total All Diseases | |
|---|---|---|---|---|
| Debtor | Low | High | Low | High |
| Aldrich | $50.6 | $51.7 | $69.2 | $72.0 |
| Murray | $20.5 | $20.5 | $31.8 | $32.2 |
| Overall | $71.1 | $72.2 | $100.9 | $104.2 |

**Tolled Claims Estimate**

| | Total Mesothelioma | | Total All Diseases | |
|---|---|---|---|---|
| Debtor | Low | High | Low | High |
| Aldrich | $98.9 | $104.0 | $123.1 | $136.7 |
| Murray | $75.7 | $76.0 | $100.0 | $104.4 |
| Overall | $174.6 | $179.9 | $223.0 | $241.0 |

**Total Claims Estimate**

| Total | Total Mesothelioma | | Total All Diseases | |
|---|---|---|---|---|
| Debtor | Low | High | Low | High |
| Aldrich | $1,127.0 | $1,195.6 | $1,411.1 | $1,575.3 |
| Murray | $660.9 | $680.8 | $883.0 | $939.4 |
| Overall | $1,787.9 | $1,876.4 | $2,294.1 | $2,514.7 |

[57] All figures are in $millions NPV. Table 20 is a reproduction of Table 17.

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219. When defense costs of 32% of total indemnity for Aldrich and 44% of total indemnity for Murray are added to these indemnity figures, my overall tort system liability estimate for Aldrich and Murray is between approximately $3.13 billion and $3.43 billion. Defense costs are set forth in Table 21.

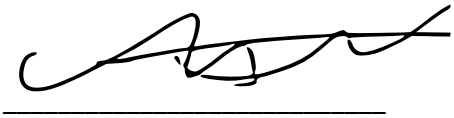
**Table 21 – Combined Total Indemnity and Defense Costs[58]**

| | Total Indemnity | | Defense Costs | | Total Liability | |
|---|---|---|---|---|---|---|
| **Debtor** | **Low** | **High** | **Low** | **High** | **Low** | **High** |
| Aldrich | $1,411.1 | $1,575.3 | $451.5 | $504.1 | $1,862.6 | $2,079.4 |
| Murray | $883.0 | $939.4 | $388.5 | $413.3 | $1,271.5 | $1,352.7 |
| Overall | $2,294.1 | $2,514.7 | $840.0 | $917.4 | $3,134.1 | $3,432.1 |

***[Signature Follows Next Page]***

[58] All figures are in $millions NPV. Table 21 is a reproduction of Table 1(f)/Table 19.

Respectfully submitted,



Andrew J. Sackett, J.D., Ph.D.
President
Legal Analysis Systems
September 15, 2025

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## Appendix I – Inflation Rates from 2012 to the Present

| Year | Inflation CPI-U |
|---|---|
| 2012 | 2.069% |
| 2013 | 1.465% |
| 2014 | 1.622% |
| 2015 | 0.119% |
| 2016 | 1.262% |
| 2017 | 2.130% |
| 2018 | 2.442% |
| 2019 | 1.812% |
| 2020 | 1.234% |
| 2021 | 4.698% |
| 2022 | 8.003% |
| 2023 | 4.116% |
| 2024 | 2.949% |
| 2025-End | 3.200% |

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# Appendix II – Description of Debtors' Historical Claims Database and Steps Taken to Prepare It for Analysis

## Background

The Debtors and their predecessors historically maintained an electronic database for asbestos bodily injury claims filed against them. This Report generally refers to the database as the "Debtors' Database" or the "Database."

LAS received a copy of the Database in late 2021.

LAS then received a revised version of the Database on July 28, 2025. The primary changes to this revised Database were deduplications of records and the addition and modification of certain field codes. As explained below, LAS has done its own deduplication of the Database. As a result, I continued to rely primarily on the LAS version for the analysis in the Report, although I incorporated some updated data codes in the section on settlement agreements and tolled claims.

Using the revised Database had a de minimis effect on LAS's results.

I reserve the right to further incorporate data from the revised July 28, 2025 Database or additional versions of the Debtors' Database into the final version of this Report.

## Structure

The 2021 Database consisted of 22 related tables. From these, I and LAS used the following 6 tables in Table A-1 on the following page.

The first column is the table name, the second column captures the number of records in that table, and the third column is the number of columns/variables present.

**Table A-1**

| Table | Records | Columns/Variables |
|---|---|---|
| BIOGRAPHICAL | 575,666 | 19 |
| CLAIM_LAWSUIT | 590,331 | 18 |
| DISEASE | 663,099 | 5 |
| SETTLEMENT | 520,309 | 9 |
| PAYMENT | 226,946 | 8 |
| STATUS_HISTORY | 740,426 | 3 |

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The primary claims table contained 590,331 records. A record is data for a specific claimant. Additional data for each record (specific claimant) were spread across the linked supplementary tables that provided information such as attorney names, jurisdictions, alleged diseases, claim statuses, various dates (birth, diagnosis, filing, resolution), and resolution amounts.

Multiple claims for the same person and the same disease appeared in these data. These duplications are a problem that occur in every asbestos defendant's claim database. Ordinarily, a plaintiff would only have a single claim and a single payment for his/her complete release of Aldrich or Murray for the same injury, no matter how many suits have been filed on the claimant's behalf.

In such cases it would be inappropriate to assume that each separate lawsuit has independent value. On the other hand, many jurisdictions permit the same person to bring multiple, separate causes of action based on different asbestos-related injuries that arose at separate times.

LAS addresses this duplicates problem by restricting analyses to only one claim per injured person.

**Processing**

We first linked the multiple records for each person using identifiers, social security number, birth date, injured party id, and name. We then selected the record with the most serious disease, largest settlement, and the primary or current claim.

Where possible, we consolidated data versus throwing it away. For instance, we keep the first filing date for a disease where a subsequent claim was the one settled.

After eliminating duplicates through these priority rules, we were left with 365,280 claims filed against Aldrich and 206,474 claims filed against Murray, for a total of 571,754 claims. Across all filing years, this duplicate elimination process removed from the database about 3% of the records from the original 590,331. This removal rate varied little from year to year.

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# Appendix III – Curriculum Vitae of Andrew J. Sackett, J.D., Ph.D.

Andrew J. Sackett, J.D., Ph.D.
Legal Analysis Systems
1140 3rd Street NE, Suite 200
Washington, DC 20002
andrew.sackett@legalstat.com

## Education

B.A., University of King's College, Halifax, NS, Canada

J.D., Yale Law School, New Haven, CT

Ph.D., Yale Graduate School of Arts and Sciences, New Haven, CT

## Publications

- "A Critique Of RAND's Three Reports On Asbestos Trusts And Asbestos Litigation," Elihu Inselbruch and Andrew J. Sackett, *Mealey's Asbestos Bankruptcy Report*, September 2015
- "Supreme Court rejects stripping-off of underwater mortgages in bankruptcy," Andrew J. Sackett, *International Law Office*, June 26, 2015
- "Supreme Court considers junior liens on 'underwater' property," Andrew J. Sackett, *International Law Office*, May 22, 2015

## Experience

**President** **Present**
**Senior Social Scientist** **2020-2024**
**Legal Analysis Systems, CA / DC**

Consult on and estimate the value of asbestos claims; analyze claim filings, past settlements and verdicts, including the factors associated with such settlements and verdicts; collect and evaluate data about pending and resolved asbestos injury claims; oversee development of claims databases and statistical analyses forecasting the volume and timing of future claims for health problems arising from asbestos and/or talc exposure; related research in mass torts. Lead a multi-disciplinary team and provide oversight and direction to all personnel; integrate, interpret and communicate findings including preparation of all external reports and memos.

Responsible for the overall practice, management, day-to-day operation, strategic direction, hiring, staffing, quality of services, and finances.

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Consulting expert to the Asbestos Claimants' Committees in the following ongoing cases:

- *In re Aldrich Pump, LLC.*, Case No. 20-30608 (Bankr. W.D.N.C.)
- *In re DBMP, LLC*, Case No. 20-30080 (Bankr W.D.N.C.)
- *In re Bestwall, LLC*, Case No. 17-31795 (Bankr. W.D.N.C.)
- *In re Imerys Talc America, LLC*, Case No. 19-10289 (Bankr. D. Del)
- *In re Presperse Corp.*, Case No. 24-18921 (Bankr. D.N.J.)

Expert to Asbestos Trusts regarding claims, claim resolution procedures, and liability estimation, including:

- ASARCO LLC Asbestos Personal Injury Settlement Trust
- Burns and Roe Asbestos Personal Injury Settlement Trust
- Combustion Engineering 524(g) Asbestos PI Trust
- Leslie Controls, Inc. Asbestos Personal Injury Trust
- Yarway Asbestos Personal Injury Trust

Expert to Asbestos Trust Advisory Committees regarding claims, claim resolution procedures, and liability estimation, including:

- Armstrong World Industries, Inc. Asbestos Personal Injury Settlement Trust Advisory Committee
- Babcock & Wilcox Company Asbestos PT Settlement Trust Advisory Committee
- G-I Holdings Inc. Asbestos Personal Injury Settlement Trust Advisory Committee
- Kaiser Aluminum & Chemical Corporation Asbestos Trust Advisory Committee
- Owens Corning/Fibreboard Asbestos Personal Injury Trust Advisory Committee
- Owens-Illinois Asbestos Personal Injury Trust Advisory Committee
- Pittsburgh Corning Corporation Asbestos PI Trust Advisory Committee
- Specialty Products Holding Corp. Asbestos Personal Injury Settlement Trust Advisory Committee
- United States Gypsum Asbestos Personal Injury Settlement Trust Advisory Committee
- WRG Asbestos PI Trust Advisory Committee

**Attorney** **2007-2020**
**Caplin & Drysdale, Washington, DC**
Practice focused on asbestos trusts and bankruptcy estimation proceedings. Analyzed asbestos trust data claim and financial data. Supervised and worked closely with claims estimation experts in both the bankruptcy and personal injury trust contexts. Developed, drafted and modified Trust Distribution Procedures. Researched and drafted briefs and memoranda on novel and complex legal issues; litigated cases including motions practice, oral argument, and discovery. Prepared Congressional testimony on pending legislation; evaluated proposed legislation and regulatory changes and provided legal advice and counseling to clients on their effects; interpreted law and regulations; presented on conference panels relevant to clients' interests.

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**Attorney** **2005-2007**
**Holguin & Garfield, Los Angeles, CA**
Practice centered on labor law.

**Testimonial Experience**

- *In re Imerys Talc America, Inc.*, United States Bankruptcy Court for the District of Delaware, Case No. 19-10289 (Deposition testimony, February 2025)

# EXHIBIT H

Confidential/Subject to Protective Order

***In re Aldrich Pump, LLC et al.***

**Bankr. W.D.N.C.**

**Case No. 20-30608**

# REBUTTAL REPORT
# OF
# DENISE NEUMANN MARTIN, PH.D.

**27 MARCH 2026**

# *In re Aldrich Pump, LLC et al.*
# Bankr. W.D.N.C.
# Case No. 20-30608

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# I. Summary of Opinion

1. I was asked by counsel for Aldrich Pump, LLC and Murray Boiler, LLC ("Aldrich" and "Murray", respectively, or, collectively, "the Debtors") to review and respond to the affirmative report submitted in this matter by Andrew J. Sackett of Legal Analysis Systems (the "Sackett Report"). Specifically, I was asked to explain the accepted methodology for preparing a tort system extrapolation estimate of the number and value of pending and future asbestos-related personal injury claims, including how this methodology was developed from economic principles, and then to assess whether the approach used by Sackett in this matter is consistent with this accepted methodology and with the application of that methodology by Legal Analysis Systems ("LAS") in prior asbestos-related bankruptcies.[1]

2. Sackett uses the following formula to estimate the tort system value of pending and estimated future claims against the Debtors in each year (t) from 2020 through 2059:

$$\text{Net Present Value of Liability Payable in Year t} = [\text{Pending Claims} + \text{Future Claims}] \times \text{Payment Rate} \times [\text{Average Settlement Value} + \text{Average Defense Cost}]^{2} \times \frac{1 + \text{Expected Inflation Rate from Year 1 to t}}{1 + \text{Expected Nominal Discount Rate from Year 1 to t}}$$

While Sackett's methodology shares some of the elements of the accepted methodology and LAS's historical application of that methodology in prior asbestos-related bankruptcies, critical deviations occur:

[1] We obtained publicly-available LAS reports from counsel and conducted searches of WestLaw, Bloomberg Law and various bankruptcy dockets to identify any additional reports. We then reviewed the text of the reports to gather details on each aspect of the estimation (if provided).

[2] Sackett estimates defense costs based on the ratio of aggregate defense costs to aggregate indemnity costs paid historically, which is equivalent to assuming that average defense costs will equal the average settlement value times a constant ratio.

a. Sackett reallocates pending claims that were filed against the Debtors without specifying a disease ("Unknown Disease Claims") according to the distribution of pending claims with a known disease. Theoretically and empirically, however, Unknown Disease Claims are disproportionately likely to be resolved with a non-malignant disease, if at all. While Sackett ignores that disproportionality in his report here, LAS has taken this pattern into account in its work in prior bankruptcies.

b. Sackett fails to analyze and account for the fact that some subset of pending claims may never be resolved, instead just remaining on the docket, and so should be excluded from the estimation. This failure contrasts with analysis LAS has done in recent bankruptcies.

c. Sackett also includes several inputs that are inconsistent with the accepted methodology and with LAS's application of that methodology historically:

    i. *Sackett adds hypothetical future verdicts on top of indemnity values estimated based on observed average tort settlements*. According to economic theory, every settlement already reflects the risk of a plaintiff verdict. Specifically, when deciding whether to settle and at what amount, plaintiffs and defendants each weigh their likelihood of success at trial against the costs of pursuing cases through trial. The parties settle if a settlement can be negotiated in the range between (i) the amount the plaintiffs expect to win at trial (that is, the expected verdict multiplied by the probability of the jury finding in their favor) less their expected legal costs and (ii) the amount defendants expect to pay at trial (again, the expected verdict multiplied by the probability the jury finds for plaintiffs) plus their expected legal costs. Every observed settlement, then, already reflects the expected verdict had the case been pursued through trial. According to economic theory, by adding a separate estimate of plaintiff verdicts to selected hypothetical future claims, Sackett is double counting the impact of potential verdicts on the estimated indemnity.

Consistent with this theory, when Aldrich experienced its sole verdict in its 30-plus years as a defendant in the tort system in 2016 (paid out in 2017), its average settlement costs did not increase. Moreover, LAS did not add in a separate estimate of hypothetical future verdicts to indemnity estimates based on average tort settlements in any prior asbestos-related bankruptcies.

ii. *Sackett estimates and adds tort system defense costs*. The Sackett methodology in this matter deviates from the accepted methodology used to prepare a tort system value of pending and estimated future claims by estimating and adding in defense costs. In the tort system, the Debtors incurred costs in litigating and settling claims, as do all defendants. These costs are paid to lawyers and experts, *e.g.*, and are not part of the compensation received by plaintiffs. Moreover, such costs are not incurred in the administration of asbestos trusts. Empirically, the majority of the reports submitted by LAS in prior bankruptcy proceedings did not include defense costs. The few times defense costs were estimated, LAS was silent as to the relevance of such costs in a tort system liability estimate prepared for an asbestos-related bankruptcy, and LAS did not include those defense costs in the amounts expected to be received by claimants.

iii. *Sackett improperly obtains expected inflation rates and discount rates from mismatched time periods, causing him to apply a negative real discount rate of -2.1% for a period of more than 30 years.* Sackett projects the Debtors' asbestos liability each year from 2020 to 2059. In any long-term forecast of liabilities, it is customary to inflate liabilities to the year the costs are expected to be incurred (if positive inflation is expected) and then to discount those future liabilities back to the time at which the forecast is being prepared using a nominal discount rate that was estimated as of the same point in time as the inflation rate. Those

adjustments are made to equalize the expected value of the trust assets and the liabilities as the projected claims come due.

However, Sackett combines an expected inflation rate of 3.2% (based on expectations in March 2025) with a discount rate of 1% (based on expectations in June 2020.) Using these mismatched time periods causes Sackett to apply a negative real discount rate of -2.1% for a period of more than 30 years, which is unfounded economically. It also lacks empirical foundation. In each of its long-term outlook reports from 2020 to 2025, the Congressional Budget Office forecast the average real rate on the 10-year Treasury note to be positive over the next 30 years. Further, had Sackett used a matched discount rate based on expectations in 2025, the date of his inflation estimate, the real discount rate would have been positive using his approach. Finally, in all previous bankruptcy matters, LAS assumed a positive real discount rate over the forecast period, ranging from 0.7% to 3.4%.

## II. Qualifications

3. I am an Affiliated Consultant and former Senior Managing Director at NERA. I have been with the firm since 1991.

4. Before joining NERA, I earned a B.A. in Economics from Wellesley College and an M.A. and Ph.D., also in Economics, from Harvard University. My undergraduate and graduate education included coursework in microeconomics, finance, statistics, and econometrics. Prior to attending Harvard, I served as an Assistant Economist at the Federal Reserve Bank of New York.

5. While at Harvard, I taught classes in microeconomics, industrial organization and statistics to undergraduate and graduate students, and was awarded the Danforth Prize for Teaching.

6. At NERA, I have been retained as an expert in over 100 matters in which I have prepared personal injury and property damage estimates involving a variety of torts, including asbestos, silica, building materials and medical products. I am the co-author of the reference text, *Estimating Future Claims: Case Studies from Mass Torts and Product Liability*. This book explains the principles from economics that are the foundation for personal injury claims forecasting and valuation, as well as the accepted forecasting methodology used by practitioners. I have testified on asbestos-related issues in state and federal court, and gave Senate testimony on the FAIR Act, a proposed national asbestos fund.

7. My C.V., including my most recent four years of testimony and 10 years of publications, is included as **Exhibit A**.

8. NERA is billing for my services in this matter at my standard hourly rate of $1,200. Other NERA consultants and research staff assisted me in this engagement and NERA is being compensated for their services at standard hourly rates ranging from $395 to $1,325. No part of NERA's compensation depends on the outcome of this litigation.

## III. Materials Relied Upon

9. A list of materials relied upon is included in **Exhibit B**.

## IV. An Accepted Methodology Exists to Estimate the Tort System Value of Pending and Future Asbestos-Related Personal Injury Claims

10. The Court in Phase 1 of this matter requested that the estimation experts present estimates of the number and value of the pending and likely future mesothelioma claims against the Debtors based on tort-system extrapolation, with a "gross-up" for non-mesothelioma claims.[3]

[3] Dkt. 3011 (Jan. 23, 2026); Dkt. 2656 (Apr. 17, 2025).

As detailed in a reference text that I co-authored, an accepted methodology, grounded in economics, has been developed to prepare such estimates.[4]

11. Specifically, estimation of the net present value of the indemnity associated with claims paid in Year t (where t runs from 1 to the number of years in the forecast) is governed by the following equation:

$$\text{Net Present Value of Indemnity Costs Payable in Year t} = [\text{Pending Claims} + \text{Future Claims}] \times \text{Payment Rate} \times \text{Average Settlement Value} \times \frac{1 + \text{Expected Inflation Rate from Year 1 to t}}{1 + \text{Expected Nominal Discount Rate from Year 1 to t}}$$

12. While the number of pending claims is known, the number of future claims must be estimated. As such, this formula becomes:

$$\text{Net Present Value of Indemnity Costs Payable in Year t} = [\text{Pending Claims} + (\text{Future Disease Incidence} \times \text{Filing Rate})] \times \text{Payment Rate} \times \text{Average Settlement Value} \times \frac{1 + \text{Expected Inflation Rate from Year 1 to t}}{1 + \text{Expected Nominal Discount Rate from Year 1 to t}}$$

13. Each element of that equation is reviewed briefly below.

[4] Dunbar, F. C., D. N. Martin, and P. J. Dhrymes, *Estimating Future Claims,* Andrews Professional Books, 1996; see also, Dunbar, F. C. and D. A. Neumann, "Estimating Future Asbestos Claims: Lessons from The National Gypsum Litigation," *NERA White Paper,* 1993.

14. **Pending Claims**: Pending claims are those that have been filed but not yet resolved; as such, they do not need to be estimated. However, such claims may have been filed without a disease being specified (commonly referenced as "unknown" disease claims). Before estimating future claims, it is customary to reallocate pending claims without a specified disease to a known disease. Such reallocations recognize that claimants who have developed an asbestos-related cancer, particularly mesothelioma, are more likely to include that information at the time of their claim filing than claimants who have developed a non-malignant disease. As a result, such reallocations recognize that pending claims with an unknown disease are unlikely to be resolved with the same disease mix as known pending claims but, instead, are disproportionately likely to be resolved as non-malignant claims, if at all.

15. **Disease Incidence**: Some experts estimate the Disease Incidence for mesothelioma independently by combining estimates of employment and turnover in industries/occupations with potential asbestos exposure over the historical period with epidemiological dose/response functions that govern the development of mesothelioma in an exposed population. Other experts (such as LAS) elect to use mesothelioma incidence projections included in a paper published by Dr. William Nicholson, calibrated to match the observed incidence of the disease over the recent period.[5]

16. **Filing Rate**: The Filing Rate for mesothelioma is estimated by dividing mesothelioma claims received by the defendant over a recent historical period (the "calibration period") by the Disease Incidence of mesothelioma that is estimated to have developed over that same historical period. This input is also often referred to as the "Propensity to Sue." The Filing Rate (which may be estimated by age group) is then multiplied by the estimated future Disease Incidence for mesothelioma, yielding an estimate of future mesothelioma claim filings.

17. **Payment Rate**: The Payment Rate for mesothelioma is estimated by analyzing the rate at which such claims filed in the past have been paid (vs. being dismissed or remaining pending) over a calibration period. Because some claims may never resolve, it is customary to

[5] Nicholson, W. J., G. Perkel, and I. J. Selikoff, "Occupational Exposure to asbestos: population at risk and projected mortality – 1980-2030," *American Journal of Industrial Medicine,* 1982, pp. 3:259-311.

analyze the age of the existing pool of pending claims to assess empirically whether some are likely to stay pending indefinitely so should be excluded from the estimation (*e.g.*, those that have been pending for more than a certain number of years). The resulting payment rate is applied to the remaining pending and estimated future claim filings to generate an estimate of claims actually expected to be paid.

18. **Average Settlement Value**: The Average Settlement Value for projected future mesothelioma claims is estimated by calculating the average settlement value for claims with that disease that has been paid to claims over a historical calibration period. These values can also be calculated and applied by age.

19. **Expected Inflation Rates and Nominal Discount Rates**: Because asbestos personal injury claims will be paid out in the future, any inflation ($\pi^e$) expected to occur between (i) the year in which the liability forecast is prepared and (ii) the years of the successive future payouts should be added in. A nominal discount rate ($i$) is then used to convert those future cash flows into net present value terms. These two adjustments are equivalent to discounting the liabilities at a real discount rate ($r$) (which economic theory explains is approximately equal to $i - \pi^e$) and are designed to equalize the expected assets and liabilities as the projected claims come due. To properly reflect the current value of the liabilities, the inflation and nominal discount rates applied in the analysis must reflect expectations as of the same point in time.

## V. The Sackett Approach in this Matter Report Is Inconsistent with the Accepted Methodology and with the Methodology Applied by LAS in Prior Bankruptcy Matters

### A. Sackett Improperly Reallocates a Large Fraction of Pending Claims with an Unknown Disease to Mesothelioma

20. Sackett identifies pending claims with an unknown disease in Aldrich and Murray's claims data, finding 3,700 and 3,500 claims, respectively. To assign a value to these claims, Sackett first reallocates them to "known disease categories according to the relative

percentages represented by each of those categories."[6] Sackett then applies the same payment rates and average values to those unknown claims as in his valuation of pending claims with a known disease.

21. As explained in Section IV, according to both theory and evidence, claims filed without a specified disease are more likely to resolve as a non-malignant disease, if they resolve at all. Sackett provides no basis for his assumptions that i) all of the unknown pending claims will have an underlying disease and ii) these claims will have the same disease mix as the pending claims with a known disease. Nor does Sackett's current approach correspond to the methodology used in LAS's prior reports.

a. In its Garlock (2013) report, although LAS reports that Garlock had pending claims with an unknown disease, it valued only the pending claims alleging mesothelioma. LAS did not assume any of the pending claims with an unknown disease would have mesothelioma and therefore did not include those unknown claims in its estimate of mesothelioma liabilities.

b. In its earlier reports, LAS matched pending unknown disease claims to the evaluated diseases in the Manville Trust or the Center for Claims Resolution ("CCR") to extract the known disease. In ASARCO (2007), LAS found that none of the matched pending unknown disease claims mapped to mesothelioma and almost 100% mapped to a non-malignant disease in the Manville Trust. It therefore assumed that almost 100% of unknown pending claims were non-malignant diseases. Similarly, in WR Grace (2007/2009), USG (2006), Armstrong (2006), GAF (2005), Owens Corning & Fibreboard (2004), Turner & Newall (2004) and Armstrong (2003), based on matching pending claims to the evaluated diseases in the Manville Trust, LAS estimated that only 1% - 2% of unknown disease claims were mesothelioma claims.

[6] See Sackett Report, ¶181.

c. In addition, in prior reports, LAS assumed a fraction of the unknown disease claims would not be reallocated to a known disease at all, either based on the defendants' own data or based on a disease mapping taken from the CCR or the Manville Trust.

i. In USG (2006), Armstrong (2006) and Armstrong (2003), based on a disease mapping between the pending claims and evaluated diseases in the CCR or Manville Trust, LAS assumed 12% to 17% of the pending claims with an unknown disease would remain unknown. In ASARCO (2007), the fewer than 1% of claims that did not map to a non-malignant disease were assumed to remain with an unknown disease.

ii. In WR Grace (2007/2009), GAF (2005), Owens Corning and Fibreboard (2004), and Turners & Newall (2004), LAS also applied a disease mapping between the pending claims and evaluated diseases from the CCR or Manville Trust but assumed that a fraction of the unknown pending claims would remain with an unknown disease, such that the percent of pending claims with an unknown diseases would be the same as the fraction of claims resolved historically with an unknown disease. In these reports, LAS assumed that 9% to 21% of the pending claims with an unknown disease would remain unknown.

22. By reallocating the disease mix of the unknown pending claims to match the known, and by assuming all would resolve with a known disease, Sackett's method is inconsistent with the accepted methodology and with the application of that methodology by LAS in prior bankruptcies.

## B. Sackett Improperly Fails to Consider that Some Pending Claims May Never Resolve

23. As explained above in Section IV, empirically, not all pending claims resolve, with some remaining on the docket indefinitely. Sackett does not consider or adjust for this

possibility in his application of the methodology here. After reallocating the diseases of unknown pending claims, Sackett values the pending claims that he estimates the Debtors will pay by applying observed average payment rates and average settlement values in the tort system. In projecting the fraction of pending claims to be paid, Sackett assumes that all claims pending in the Debtors' data as of the Petition Date will be equally likely to be paid, regardless of the age of the claim (i.e., the number of years the claim has been pending).

24. Sackett applies this assumption without providing any empirical basis, contradicting the approach used in LAS's most recent publicly-available reports—WR Grace (2007/2009) and Garlock (2013). In those reports, LAS analyzed the historical data to assess whether the older pending claims would be likely to be paid.[7]

a. In its WR Grace (2007/2009) report, LAS posited that "[f]or Grace and every asbestos defendant who enters bankruptcy, the set of claims pending at bankruptcy include 'stale' or abandoned claims that have accumulated over time unresolved," with the assertion that the pending claims as of the petition date were "statistically biased" for including a build-up of abandoned claims. To address the "bias" in the claims data, LAS described "[a]s a first step for forecasting pending claims, we eliminate 'stale' claims that seem to have been abandoned or withdrawn by plaintiffs but are still described as 'open' in Grace's historic database." Specifically, LAS analyzed "what percent of claims that were filed in various years have been closed depending upon the length of time since the claims were filed ('duration')," reporting durations from 0 to 11 years. Based on this analysis, LAS concluded that "Grace's historic data suggest that most still-open claims filed before 1991 are likely to be abandoned or withdrawn," and excluded pre-1991 pending claims from the analysis (i.e., claims filed more than ten years prior to the petition date).[8]

[7] Sackett's analysis of the Debtors' pending claims was also inconsistent with his analysis of historical payment rates. In calculating payment rates over the 2017 – 2019 period, which Sackett used to value pending and future claims, his backup materials indicate that he *excluded* claims that had been filed pre-2013 from this calculation.

[8] See LAS WR Grace (2007) report, p. 45-46, 49.

b. In its Garlock (2013) report, after again conducting an empirical analysis, LAS argued it was not appropriate to exclude any of the pending mesothelioma claims. Specifically, to assess whether older pending mesothelioma claims should be valued, LAS first described "analyzing Garlock's actual past history of lags in timing between filing and resolution of claims."[9] Based on this analysis, LAS concluded that "Garlock's historical data show that older pending claims are more likely than not to settle, often for significant value. It is likely that most older claims, those still pending five or more years after filing, are still active and likely to be resolved by Garlock. Based on this, we conclude that it would not be appropriate to remove any pending claims as being 'abandoned' or 'stale,' and our primary forecasts do not remove any pending claims as being abandoned or stale. The facts simply do not support such exclusion."[10]

25. By failing to include any analysis of older pending claims in this matter, Sackett offers no empirical basis for the assumption that all such claims would resolve. This methodology is not consistent with the accepted methodology or with the approach taken by LAS in recent prior reports.

### C. Sackett Improperly Double-Counts the Impact of Expected Future Verdicts

26. Consistent with the accepted methodology explained in Section IV, Sackett values the future claims that he estimates the Debtors will pay (including pending claims, as well as claims estimated to be filed through 2059) by applying observed average settlement values in the tort system. However, Sackett then increases the value of six projected paid claims by assuming that the Debtors would take these cases to trial and lose. Specifically, he values these claims (which are subsequently adjusted for inflation) at the amount of the average verdict observed against other defendants during the period 2022 to 2024, or $15 million per claim.[11] No theoretical or empirical justification exists for the adjustment.

[9] See LAS Garlock (2013) report, p. 20.

[10] See LAS Garlock (2013) report, p. 20 and Appendix A for details.

[11] Reported in 2020 dollars.

27. According to economic theory, settlements incorporate the discounted expected value of verdicts. Specifically, plaintiffs and defendants each weigh their likelihood of success at trial against the costs of pursuing cases through trial. The parties settle where the settlement is greater than the amount plaintiffs expect to win at trial less their expected legal costs and less than the amount defendants expect to pay at trial including their legal costs.[12]

28. This framework makes clear that every settlement already reflects the probability of an adverse jury verdict. Hence, there is no need or economic justification for adding hypothetical jury verdicts on top of this amount. Doing so double counts this risk, inflating the indemnity estimate.

29. Given this theory, when a defendant takes a case to trial and a verdict for plaintiff is delivered, future average settlements would only be expected to be affected if the observed verdict exceeded the expected verdict and if receiving that verdict changed expectations about the likelihood or magnitude of potential verdicts going forward. Such a change did not occur following the one plaintiff verdict that was levied against the Debtors in the 30+ years of asbestos litigation that Aldrich and Murray had managed prior to its bankruptcy filing.

30. Specifically, Aldrich received an adverse verdict on a mesothelioma claim of $5.5 million in 2016, which was reduced on appeal and paid, after adding pre-judgment and post-judgment interest, in 2017.[13] Murray had no adverse verdicts in its litigation history. Average mesothelioma settlement values over the three years before and after the Aldrich verdict were comparable. Per the Sackett Report, settlement values per paid mesothelioma claim for Aldrich averaged $56,000 per year over both the 2014 – 2016 and 2017 – 2019 periods.[14] Similarly, settlement values per paid mesothelioma claim for Murray averaged $92,000 per year over both

[12] See White, M., "Asbestos Litigation: Procedural Innovations and Forum Shopping," *Journal of Legal Studies*, vol. 35 (June 2006), p. 370-372 and Mnookin, Robert H., and L. Kornhauser, "Bargaining in the Shadow of the Law: The Case of Divorce," *Yale Law Journal* (1979) 88: 950–97. See also: Shavell, S., "Suit, Settlement and Trial: A Theoretical Analysis under Alternative Methods for the Allocation of Legal Costs," *Journal of Legal Studies* (January 1982) 11:55–81; Cooter, R. D. and D. L. Rubinfeld, "Economic Analysis of Legal Disputes and Their Resolution," *Journal of Economic Literature* (September 1989) 27: 1067–97. Bebchuk, L. A., "Litigation and Settlement Under Imperfect Information," RAND Journal of Economics 15 No. 3 (1984): 404-15.

[13] *Williams v. Placid Oil Co.*, 224 So.3d 1101 (La. App. 3 Cir. 2017).

[14] See Sackett Report, ¶81, Table 5(a).

the 2014 – 2016 and 2017 – 2019 periods.[15] The lack of an increase in average mesothelioma settlement values following the adverse verdict supports the theory that the observed average settlement values paid by Aldrich and Murray in the tort system already reflected the expectation of an occasional adverse verdict.

31. Moreover, in none of the other publicly available LAS reports did LAS layer in a separate estimate for hypothetical future verdicts on top of indemnity costs estimates that were based on historical settlement values.[16]

### D. Sackett Improperly Includes an Estimate of Defense Costs

32. Sackett projects that the net present value of Aldrich and Murray's liabilities will total $3.1 billion to $3.4 billion.[17] These estimates include projected defense costs of $840 million to $917 million. His estimate, then, includes an element not found in the accepted formula used to estimate the tort system value of pending and future asbestos personal injury claims (explained in Section IV above). Namely, Sackett's formula includes the net present value of:

[Pending + Future Claims] x Payment Rate x Average Defense Costs Per Claim[18]

33. While silent on whether pending and future personal injury claimants would be entitled to the estimated defense costs such that these amounts should be considered when funding the settlement trust, Sackett argues that "[f]ailure to account for defense costs leads to uncertainty as to whether the settlement values achieved in the past would be sustained in the future."[19]

[15] See Sackett Report, ¶81, Table 5(b).

[16] In WR Grace (2007/2009) and Owens Corning and Fibreboard (2004), LAS provided two estimates: i) valuing claims based on historical payments and ii) assuming all claims are taken to trial, with a fraction dismissed before trial, a fraction receiving a defense verdict and fewer than 5 - 6% with a plaintiff verdict, which were valued at the average historical verdicts.

[17] See Sackett Report, ¶35, Table 1(e).

[18] Sackett estimates the aggregate value of defense costs based on the ratio of historical defense costs paid by the Debtors and the historical indemnity costs paid by the Debtors.

[19] See Sackett Report, ¶32.

34. In the tort system, both plaintiffs and defendants incur legal costs to litigate claims.[20] Historically, however, any defense costs paid by the Debtors in this and other matters were not paid to personal injury claimants but were instead paid to other third parties, including lawyers and experts. That is, personal injury claimants did not receive such costs as part of their compensation in the tort system.

35. I understand that the purpose of this Phase I estimation hearing is to extrapolate from the Debtors' tort system settlement history to estimate the amount the Debtors would have paid in settlement of pending and future asbestos-related disease claims had the Debtors remained in the tort system. While certain administrative costs are expected to be incurred in managing asbestos trusts, no basis in economics exists for estimating tort system defense costs in this context.

36. As for historical reports issued in similar asbestos-related bankruptcy contexts, on the infrequent occasions that LAS has estimated future defense costs, they do not appear to have been part of the estimation conclusion. Specifically:

a. In seven reports—Garlock (2013), WR Grace (2007), ASARCO (2007), USG Corporation (2006), Armstrong (2006), API (2005), and Turner & Newall (2004)—LAS only estimated indemnity costs and did not estimate defense costs.

b. In one report—Owens Corning (2004), LAS only estimated indemnity in the body of its report but included an appendix with estimated defense costs. Notably, in the Court's estimation decision, it reported LAS's liability estimate as the estimated indemnity amount, without adding in its defense cost estimate from the appendix.[21]

c. LAS included defense costs in three other reports – Garlock (2017), GAF (2005) and Armstrong (2003). In each report, it provided separate indemnity and defense

[20] See Carroll, Stephen J., D. Hensler, J. Gross, E. M. Sloss, M. Schonlau, A. Abrahamse, and J. S. Ashwood, "Asbestos Litigation," *Rand*, 2005.

[21] See *Owens Corning v. Credit Suisse First Bos., 322 B.R. 719, 720 (D. Del. 2005)*.

costs estimates and offered no justification for the inclusion of a defense cost estimate.

i. In Garlock, LAS issued two reports: (i) Garlock (2013), which was submitted as part of the estimation hearings and did not include defense costs and (ii) Garlock (2017), which was submitted as part of the confirmation hearings on the Modified Joint Plan and did include defense costs.

ii. In Armstrong, LAS issued an initial report, Armstrong (2003) that included an estimate of future defense costs. These costs were dropped from a revised report, Armstrong (2006). Both reports were submitted for estimation hearings.

### E. Sackett Improperly Applies a Negative Real Discount Rate of -2.1% for a Period of More than 30 Years

37. As explained above in Section IV, to equalize the expected trust assets and liabilities as the projected claims come due, it is customary to adjust indemnity estimates for any inflation expected to occur between the time of the forecast and the time future claims will be paid ($\pi^e$), and also to discount these inflated amounts back to the present using a nominal discount rate ($i$). Fisher's Equation, named after economist Irving Fisher, links these expected inflation and nominal discount rates.[22] In simplified terms, if $i$ is the nominal discount rate on 10-year Treasury notes and $\pi^e$ is the average annual inflation rate expected to occur over that 10-year period:[23]

$$r \approx i - \pi^e$$

[22] See, e.g., Brealey, R. A., S. C. Myers, F. Allen, and A. Edmans, *Principles of Corporate Finance (14th ed.)*, McGraw-Hill Education, 2023, p. 156.

[23] More formally, $r = (1+i)/(1+\pi^e) - 1$.

where *r* is the real 10-year discount rate. Fisher's Equation indicates that to properly reflect the current value of the future liabilities, the inflation and nominal discount rates used in this analysis must reflect expectations as of the same point in time.[24]

38. In inflating and discounting the asbestos liability he estimates for the Debtors, however, Sackett uses rates taken from different points in time that do not embed the same expectations. Specifically:

a. Sackett uses actual inflation rates observed over the period 2020 to 2024 to inflate the liability costs he projects would have been paid over those years had the Debtors remained in the tort system. He then uses an expected annual inflation rate of 3.2% to inflate the liability costs he projects will be incurred from 2025 to 2059 that is based on expectations as of March 2025.[25]

b. He uses a different method when discounting. Rather than using actual short-term nominal discount rates observed over the period 2020 to 2024 and then the longer term rate expected as of 2025, he discounts back his inflated liability estimate over the full forecast period (2020 to 2059) using a nominal risk-free discount rate of 1%. The purported support for this 1% figure is a reference to the nominal interest rates on 3-month, 10-year and 30-year Treasuries of 0.16%, 0.71% and 1.47%, respectively, as of June 2020.[26] The nominal discount rate applied for the entire forecast, then, reflects expectations nearly five years earlier than the

[24] See, Brealey, R. A., et al (2023), p. 156 ("Never mix real cash flows with nominal discount rates and nominal flows with real rates"); Emery, D. R. and J. D. Finnerty, *Corporate Financial Management*, Prentice Hall, 1997, p. 381, ("Whatever the case, the analysis should be cast in a consistent manner, entirely in real terms or entirely in nominal terms" emphasis in original); Rosen, Harvey S., *Public Finance* (2nd. ed), Richard D. Irwin, Inc, 1988, p. 234 ("It is crucial, however, that dollar magnitudes and discount rates be measured consistently. If real values are used for the Rs [stream of future returns], then the discount rate must also be measured in real terms – the market rate of interest minus the expected inflation rate. Alternatively, if the market rate of interest is used for discounting, then returns should be measured in nominal terms."); Ross, S. A., R. W. Westerfield, and J. F. Jaffe, *Corporate Finance*, (2nd ed.), Richard D. Irwin, Inc., 1990, p. 1987 ("Financial practitioners correctly stress the need to maintain consistency between cash flows and discount rates. That is, nominal cash flows must be discounted at the nominal rate. Real cash flows must be discounted at the real rate.").

[25] Footnote 31 of the Sackett Report indicates that the 3.2% figure is an equally-weighted average of: (i) CBO's estimate, as of March 2025, of the average annual inflation rate for the next 25 years, which was 2.3%; (ii) Medical Care CPI average inflation rates over 25 years prior to March 2025, which was 3.4%; and (iii) the Employment Cost Index average inflation rates over the 25 years prior to March 2025, which was 4.0%.

[26] No further explanation is provided as to how the 1% was derived from these reported rates.

inflation rate Sackett applies from 2025 forward. Importantly, the nominal discount rate expectations applied by Sackett were formed during Covid, a highly unusual economic period.[27]

39. By assuming a nominal interest rate of 1% and an expected inflation rate of 3.2%, Sackett is assuming a negative real discount rate of -2.1% over the period from 2025 to 2059, a period of more than 30 years. In addition to being contradicted by economic theory, application of such a rate over the period of the forecast lacks empirical foundation. For example, as shown by each of the long-term budget reports issued by the Congressional Budget Office ("CBO") from September 2020 through March 2025, the average 10-year real rates expected over the period 2020 to 2055 (approximately the period of Sackett's forecast) were projected to be positive.[28]

40. Further, the steeply negative real discount rate of -2.1% that Sackett uses is a function of a mismatch between the "as of" date for the expected inflation rate and discount rate that were applied from 2025 to 2059. Using Sackett's approach, had both rates been taken using expectations as of March 2025 (post-Covid), the real discount rate would again have been positive.[29]

41. In each of LAS's prior reports, prepared over a 15-year period, their forecasts assumed a positive real discount rate over the period of the forecast, ranging from 0.7% to 3.41% across those reports.

[27] See, *e.g.*, Ihrig, J. E., G. Weinbach, and S. A. Wolla, "COVID-19's Effects on the Economy and the FED's Response," Federal Reserve Bank of St. Louis, August 10, 2020.

[28] See "The 2020 Long-Term Budget Outlook," Congressional Budget Office, September 2020, p. 47;"The 2021 Long-Term Budget Outlook," Congressional Budget Office, March 2021, p. 43; "The 2022 Long-Term Budget Outlook," Congressional Budget Office, July 2022, p. 45; "The 2023 Long-Term Budget Outlook," Congressional Budget Office, June 2023, p. 31; "The Long-Term Budget Outlook: 2024 to 2034", Congressional Budget Office, March 2024, p. 37; "The Long-Term Budget Outlook: 2025 to 2025", Congressional Budget Office, March 2025, p. 36. These reports also includes data on historical real interest rates on 10-year Treasury notes. These rates were also positive, on average, over the 30 years prior to the start of Sackett's estimation period. See, CBO (September 2020), p. 47.

[29] On March 31, 2025, yields on constant maturity Treasuries over the periods cited in the Sackett Report were 4.32% for the 3-month, 4.23% for the 10-year, and 4.59% for the 30-year, all of which exceeded Sackett's estimate of expected inflation as of March 2025 of 3.2%.

## VI. Conclusion

42. While the methodology used in the Sackett Report shares some formulaic elements of the accepted methodology and the methodology used in prior LAS applications of the methodology, it deviates in several critical ways:

a. Sackett reallocates unknown claims according to the pattern of the known pending claims, when such claims are disproportionately likely to be resolved with a non-malignant disease.

b. With no empirical analysis of whether this outcome is to be expected here, Sackett assumes all pending claims will resolve.

c. Sackett double-counts the impact of potential future verdicts on settlement values.

d. Sackett includes defense costs in his estimate.

e. Sackett uses mismatched dates when obtaining his estimated inflation and discount rates and obtains his discount rate from a highly unusual economic period. The result is an assumed negative real discount rate of -2.1% for a period of more than 30 years.

43. Each of these deviations from the accepted methodology lacks a basis in economics and is inconsistent with the methodology used in LAS's prior publicly-available reports.

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My analysis in this matter is on-going. I respectfully reserve the right to update the opinions offered in this report to reflect any additional information that becomes available to me.

Denise N. Martin

March 27, 2026

NERA

**Exhibit A**

# Denise Neumann Martin, Ph.D.
## Affiliated Consultant

## Education

**Harvard University**
Ph.D., Economics, 1991
M.A., Economics, 1988

**Wellesley College**
B.A., *magna cum laude*, Economics and French, 1985
Honors: Phi Beta Kappa

## Professional Experience

**NERA Economic Consulting**

2025 Affiliated Consultant

2001-2025 Senior Managing Director

1998-2000 Vice President

1994-1997 Senior Consultant

1991-1993 Senior Analyst

**Harvard University**

1986-1990 Teaching Fellow, Department of Economics
Taught courses in Microeconomics and Industrial Organization at the graduate and undergraduate levels. Assisted senior honors candidates with theses. Awarded Danforth Prize in Teaching.

1986-1990 Research Associate, Department of Economics
Projects included an investigation of the timing of international horizontal mergers, an evaluation of the effect of generic entry into the pharmaceutical market, and a comparison of technical efficiency across countries.

**Urban Systems Research and Engineering/Economica, Inc.**

1987-1988 Economic Consultant
Consulted on all aspects of government agency projects, including proposals and the design of survey instruments. Provided economic forecasts and technical support.

**Federal Reserve Bank of New York**

1985-1986 Assistant Economist, International Financial Markets
Analyzed Eurobond markets, interest rate swap markets, and US commercial banks' balance sheets.

## Expert Testimony and Reports (Four Years)

Rebuttal Report, United States District Court, District of Delaware in the matter of *Etienne Maugain et al. v. FCA, US LLC f/k/a Chrysler Group LLC*, 2026.

Expert Report and Deposition Testimony, United States District Court, Eastern District of Michigan Southern Division, *Chrysler Pacifica Fire Recall Products Liability Litigation*, July 2025.

Expert Report, United States Bankruptcy Court, Northern District of California, Oakland Division, *In re: The Roman Catholic Bishop of Oakland,* July 2025.

Expert Report and Deposition Testimony, United States District Court, Southern District of New York, *Naula Ndugga v. Bloomberg L.P.,* August and October 2024.

Expert Report and Deposition Testimony, Supreme Court of Wisconsin, *Phelps v. Physicians Insurance Company of Wisconsin, Inc.,* July 2024.

Expert Report and Deposition Testimony, Superior Court of the State of California, *Gabriela Miguel et al., v. Apple Inc.,* June 2024.

Expert Report and Deposition Testimony, United States Bankruptcy Court Western District of New York, *The Diocese of Rochester vs. The Continental Insurance Company et al.*, June 2024.

Expert Report, United States District Court, Southern District of Illinois*, Sheri Varney et al. v. American Family Mutual Insurance Company* and *Kyle Hirsch et al. v. American Family Mutual Insurance Company SI*, May 2024.

Expert Report, United States District Court, Eastern District of Michigan, *Edward Pistorio et al. v. FCA US LLC,* April 2024.

Deposition Testimony and Rebuttal Report, United States District Court of Massachusetts, *Maria Costa, Mario Soares v. FCA USA LLC, and Grammer Industries,* 2023.

Deposition Testimony and Rebuttal Report, United States District Court, Northern District of California Oakland Division in the matter of *Plum Baby Food Litigation,* 2023.

Deposition Testimony and Expert Report, United States District Court, Western District of Missouri, Southern Division in the matter of *Smitty's/CAM2 303 Tractor Hydraulic Fluid Marketing Sales, Practices, and Products Liability Litigation,* 2023.

Deposition Testimonies and Rebuttal Reports, United States District Court, Northern District of Illinois in the matter of *Shelly Benson and Lisa Caparelli et al. v. Newell Brand Damages Inc. and NUK USA LLC.,* 2022/2023.

Deposition Testimony and Rebuttal Report, United States District Court, Southern District of Florida in the matter of *Jason Nuwer et al. v. FCA US LLC f/k/a Chrysler Group LLC and Grammar Industries Inc.,* 2022.

Rebuttal Report and Declaration, United States District Court, Southern District of Florida in the matter of *Michael Paris, as Personal Representative of the Estate of Henry Paris, Jr., deceased et al. v. Progressive American Insurance Company and Progressive Select Insurance Company*, 2020/2022.

March 2026

# Exhibit B

# Materials Relied Upon

**Expert Reports**

McGraw, Kenneth A., "Expert Report of Kenneth W. McGraw", February 2013.

Peterson, Mark A., "Armstrong World Industries, Inc. Projected Liabilities for Asbestos Personal Injury Claims As of December 2000", November 2003.

Peterson, Mark A., "Armstrong World Industries, Inc. Projected Liabilities for Asbestos Personal Injury Claims As of December 2000", March 2006.

Peterson, Mark A., "ASARCO Projected Liabilities for Asbestos Personal Injury Claims", May 2007.

Peterson, Mark A., "Declaration Of Dr. Mark A. Peterson Expert For Court-Appointed Legal Representative Of Future Asbestos Claimants", December 2005.

Peterson, Mark A., "GAF Projected Liabilities for Asbestos Personal Injury Claims As of January 1994", March 2005.

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