UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

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

DEBTORS' PHASE I ESTIMATION PRE-TRIAL BRIEF

Dated: August 3, 2026
Charlotte, North Carolina

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Aldrich Pump LLC ("Aldrich") and Murray Boiler LLC ("Murray"),[2] the debtors (the "Debtors") in the above-captioned chapter 11 cases, file this brief (the "Pretrial Brief") in support of their estimate of the Debtors' liability for current and future asbestos claims under the tort system extrapolation method, as provided by the *Order Commencing Phase I of the Estimation Trial with Hearings Based on the Tort System Extrapolation Method and the Parties' Expert Reports* [Dkt. 3011] (the "Phase I Estimation Order"), and respectfully state as follows:

PRELIMINARY STATEMENT

The purpose of estimation is to allow the Court to provide its best estimate of the Debtors' current and future asbestos liabilities. While the Debtors maintain that a "legal liability" estimation methodology is appropriate, as was determined in In re Garlock Sealing Technologies, LLC, 504 B.R. 71 (Bankr. W.D.N.C. 2014), in this "Phase I Trial," the parties and the Court have agreed that the Court will employ the tort system extrapolation method. The goal is that by providing its best estimate of the Debtors' asbestos liabilities under that method, the Court can aid the parties in negotiations over funding a trust to satisfy those liabilities and ultimately confirm a plan.

At the Phase I Trial, the Debtors, the Future Claimants' Representative (the "FCR"), and the Official Committee of Asbestos Personal Injury Claimants (the "ACC") all will present expert testimony as to the net present value of what the Debtors would have paid to claimants in the tort system had these bankruptcies not been filed and had the Debtors maintained the same litigation strategy. Because asbestos litigation is a mature tort with a substantial history, estimating what a defendant would pay in the tort system into the future has become a well-

[2] The terms "Aldrich," "Murray," and "the Debtors" refer to the Debtors herein and their historical predecessors, where appropriate.

developed process. Thus, while different experts will always have some variance in their methods and estimates, those correctly employing the basic, well-accepted methodology for tort system extrapolation should reach similar results.

The Debtors' and the FCR's experts have reached similar estimates. The Debtors' expert is Charles Mullin of Bates White, a nationally renowned expert in economics and econometrics who has been qualified as an expert in valuing tort liabilities, in particular asbestos liabilities, by numerous courts around the country. Employing accepted methodology, Dr. Mullin estimated a range of $350 million to $615 million for mesothelioma claims on a net present value basis.[3] Dr. Mullin's best estimate is roughly in the middle of that range—from $460 million to $510 million—depending on the nominal discount rate the Court views as appropriate.

The FCR's expert is David McKnight of the Brattle Group, a finance and economics expert who, like Dr. Mullin, has extensive experience in valuing personal injury liabilities and has also been repeatedly qualified as an expert in that area. Utilizing a similar methodology and parameters to Dr. Mullin, Mr. McKnight has derived an estimate for the Debtors' mesothelioma claims of between $384 million and $624 million—a range well-aligned with Dr. Mullin's estimate.[4]

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[3] Dr. Mullin's affirmative report estimated the Debtors' liability for current and future mesothelioma claims and applied a "gross-up" for non-mesothelioma claims consistent with the percentage non-mesothelioma claims historically have represented. See Corrected Expert Report of Charles H. Mullin, PhD (Sept. 15, 2025) (the "Mullin Rep.") ¶¶ 171-173 & Figs. 53-54. Pursuant to the Court's ruling at the July 23, 2026 hearing, the Phase I Trial will not address the gross-up. Because that determination was made after the exchange of expert reports and expert depositions, for context the Debtors make certain references in this Pretrial Brief to the experts' aggregate estimates of all claims. To that end, Dr. Mullin's forecast for all current and future asbestos claims ranged from $425 million to $750 million. The Debtors have attached as Exhibit A charts that convert scenarios addressed in Dr. Mullin's reports to reflect mesothelioma claims only. For example, Dr. Mullin's $425 million to $750 million range for all claims converts to $350 million to $615 million for mesothelioma claims only. See Ex. A, Figs. 29 & 32. The Debtors provided the conversion charts to the ACC and FCR prior to this brief being filed.

[4] Mr. McKnight initially offered point estimates for all current and future asbestos claims of $522 million using a Nicholson model and $531 million using a Hazard model. See Expert Report of The Brattle Group on Behalf of Future Claimants' Representative (Mar. 27, 2026) (the "Brattle Reb. Rep.") ¶ 12. Using parameters similar to Dr. Mullin to derive a range, Mr. McKnight's forecast for all claims under a

The ACC's estimate, proffered by Andrew Sackett of Legal Analysis Systems ("LAS"), is an entirely different matter. Dr. Sackett has never been qualified as an expert witness by any court on any topic. His educational background is in law and history, and he has no advanced training in the areas of economics, finance, or statistics. Dr. Sackett started by utilizing the same generally accepted framework as the other experts. But from there Dr. Sackett made a variety of completely unfounded and improper modifications that caused his initial estimate of all asbestos claims to balloon to ***$3.2 billion*** on a net present value basis, which was ***5-6 times*** the mid-points of the FCR's and Debtors' estimates for all such claims.[5] That Dr. Sackett's estimate is wholly erroneous becomes facially obvious when one examines his modifications to the accepted methodology to get there. Indeed, Dr. Sackett's estimate is not only unreasonable on its face, but the path he took to get there is inconsistent with the application of the methodology that his own firm, LAS, has employed for decades.

Nearly $1.4 billion of Dr. Sackett's modifications were already struck down by the Court at the pretrial hearing on July 23, 2026, where the Court excluded Dr. Sackett's approximately $850 million estimate of defense costs and Dr. Sackett's non-gross up approach to non-mesothelioma claims. Dr. Sackett's remaining $1.8 billion mesothelioma claims estimate,[6] however, is still roughly ***three to five times higher*** than any credible estimate for such claims, as

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Nicholson model is between $470 million and $764 million. See *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* [Dkt. 3217] (the "FCR MIL Response") at 2 n.5, 12. Like the Debtors, Mr. McKnight applied a gross-up percentage derived from the Debtors' tort system history. See Expert Report of The Brattle Group on Behalf of Future Claimants' Representative (Sept. 15, 2025) ("Brattle Rep.") ¶¶ 99-100.

5 See Rebuttal Expert Report of Charles H. Mullin, PhD (Mar. 27, 2026) ("Mullin Reb. Rep.") at 5 n.6.

6 See Conformed Expert Report of Andrew J. Sackett, J.D., Ph.D.; Initial Liability Estimate (Sept. 15, 2025) (the "Sackett Rep.") at Table 1(a). The ACC to date has not provided Dr. Sackett's affirmative report to the Court in full. It is attached as Exhibit B. For completeness, also attached as Exhibits C and D, respectively, are the Debtors' rebuttal report from Dr. Denise Martin and the ACC's rebuttal report from Ms. Yvette Austin.

will be explained by Dr. Mullin and Mr. McKnight. Dr. Sackett's substantial overstatement results from a number of methodological errors in his analysis:

- Dr. Sackett adds to his estimate an assumed six plaintiff verdicts. He does this even though, in their entire history, the Debtors have resolved claims solely by dismissal or settlement, with only one exception. Aldrich has only one verdict and Murray has zero verdicts in over 40 years of resolving claims in the tort system. Dr. Sackett's projected verdicts are not extrapolated from the Debtors' tort system history in any way, would presume a change in the Debtors' litigation strategy, and, as a result, are not consistent with the Phase I Trial. In addition, Dr. Sackett proffers vastly inflated potential verdict amounts. All in, these assumed verdicts inflate Dr. Sackett's flawed estimate by $155 million.
- On the petition date, the Debtors' claims database contained thousands of claims that for all practical purposes were (1) abandoned or (2) never asserted as mesothelioma claims and are highly unlikely to be mesothelioma claims. As such, Dr. Mullin and Mr. McKnight assumed such claims would receive very little or no value, consistent with the Debtors' tort system history. By contrast, Dr. Sackett assumes that such claims alone are worth $245 million, an amount equal to roughly half of the other experts' estimates not only for current mesothelioma claims, ***but for all current and future claims***.
- Dr. Sackett selectively truncates data from the Debtors' tort system history in his calculations and omits from his analysis a resolution rate required under the appropriate methodology, which together push his mesothelioma estimate higher by another $40 million.

Most remarkably, however, Dr. Sackett calculates the net present value of his projected payments by the Debtors using a ***negative*** real discount rate over the next 30-plus years. This alone adds nearly ***$800 million*** to his mesothelioma estimate. By applying his negative real discount rate—derived from aberrationally low interest rates on the COVID-era petition date and an artificially high projected inflation rate—Dr. Sackett assumes that a dollar received 10, 20, or even 30 years in the future is worth more than a dollar received today. This assumption is completely at odds with the basic principle of the "time value of money" and, instead, would suggest that claimants would rather be paid in 30 years than today. Once these errors in Dr. Sackett's analysis are corrected, his estimate falls within the ranges of the other experts.

The purpose of this Phase I Trial is to allow the Court to make its most accurate tort system extrapolation estimate of the Debtors' current and future mesothelioma liabilities. Dr. Mullin and Mr. McKnight are highly qualified, experienced experts who provide forecasts employing well-accepted methodologies. Dr. Sackett is both wholly unqualified to perform the same task and employs obviously improper methods that substantially inflate the amount of his estimate. His opinions offer the Court no useful guidance for estimating the Debtors' present and future asbestos liability in these cases.

I. BACKGROUND

A. The History of Asbestos Claims Against The Debtors[7]

Historically, Aldrich manufactured, sold, and distributed a variety of pump and compressor equipment. Murray designed and manufactured heating and cooling equipment, such as commercial and industrial compressors and furnaces. In 1984, Murray merged with

[7] Further information regarding the Debtors' asbestos-related history may be found in the *Informational Brief of Aldrich Pump LLC and Murray Boiler LLC* ("Info. Br.") [Dkt. 5] and the *Declaration of Allan Tananbaum in Support of Debtors' Complaint for Injunctive and Declaratory Relief, Related Motions, and the Chapter 11 Cases* ("Tananbaum Decl.") [Dkt. 29].

American Standard, Inc. ("American Standard"), whose business had included the manufacture and sale of hydronics equipment, such as boilers.

The Debtors never mined asbestos, nor did they use raw asbestos to manufacture a product. Instead, the vast majority[8] of asbestos claims against the Debtors allege exposure to asbestos from sealing products—specifically, gaskets and packing—designed by and purchased from third parties and incorporated into Aldrich and Murray equipment.[9] In substantially all cases, any asbestos used in the sealing product components was the chrysotile form and was "encapsulated" or bound in a matrix. This means that, unlike "friable"[10] asbestos-containing products, the asbestos fibers could not be released into the air under normal conditions.[11] These sealing product components were fixed between metal surfaces and were generally inaccessible outside of removal and replacement.[12]

Aldrich and Murray ceased the use of asbestos-containing gaskets and packing materials in their equipment in the early to mid-1980s, and American Standard no longer made boilers as of the mid-1970s.[13]

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8 Tananbaum Decl. ¶¶ 12, 14; Transcript of Videotaped Deposition of Charles Henry Mullin, PhD (May 4, 2026) ("Mullin Dep. Tr.") at 52:6-15 ("[I]f you look at -- through the PIQs and you look at what is the alleged source of exposure, you're going to see that it's overwhelmingly gaskets and packing."). Excerpts of deposition testimony are attached as Exhibit E hereto, sorted alphabetically by last name.

9 A gasket is a component used to create a seal between joining metal pipes. Gaskets are inserted into the connection between pipes to avoid leaks that otherwise could cause serious injury or damage, given the high temperatures of the liquid or steam flowing through the pipes. Packing is a component that is wrapped around the moving shaft of a pump to prevent similar leaks. Info. Br. at 2-3.

10 Occupational Safety and Health Standards Toxic and Hazardous Substances, 29 C.F.R. § 1910.1001, Appendix G (2008) ("Friable means that the material can be crumbled with hand pressure and is therefore likely to emit fibers.").

11 See Tananbaum Decl. ¶¶ 12, 14-15; Info. Br. at 9-12.

12 Id.

13 Prior to the mid-1950s—over 70 years ago—American Standard also designed and produced a limited number of boilers that may have been externally insulated with asbestos-containing insulation, which was manufactured and designed by third parties. Claims alleging exposure to these products represent a *de minimis* portion of all claims against the Debtors. Id. at 3.

B. Mesothelioma Is the Main Driver of the Debtors' Tort System Costs

Many of the asbestos claims asserted against the Debtors allege that asbestos exposure to the Debtors' equipment caused the claimant to develop mesothelioma, a fatal cancer. Historically, approximately 82% of the Debtors' claim payments were incurred on account of mesothelioma claims.[14] About 3,000 new cases of mesothelioma are diagnosed each year in the United States.[15] Mesothelioma caused by asbestos exposures has been most closely associated with exposure to amphibole asbestos products, such as friable thermal insulation.[16] Conversely, chrysotile asbestos, which overwhelmingly was the type of asbestos encapsulated in the gaskets and packing in equipment manufactured by Aldrich and Murray, is considered to be on the order of 100 to 1,000 times less potent than amphibole asbestos in causing mesothelioma.[17] Mesothelioma is not caused only by exposure to asbestos.[18] In fact, mesothelioma occurs absent asbestos exposure, including from genetic mutations, and thus there is a baseline incidence of mesothelioma (sometimes referred to as "spontaneous" or "idiopathic") that is not caused by asbestos.[19]

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14 Mullin Rep. ¶ 127.

15 Key Statistics About Malignant Mesothelioma, AM. CANCER SOC'Y, https://www.cancer.org/cancer/malignant-mesothelioma/about/key-statistics.html (last accessed July 14, 2026).

16 See, e.g., Alison D. McDonald, MD, FFCM & J. Corbett McDonald, MD, FRCP, Malignant Mesothelioma in North America, AM. CANCER SOC'Y 1650 (1979).

17 In re Garlock Sealing Techs., LLC, 504 B.R. 71, 75 (Bankr. W.D.N.C. 2014) ("The relative toxicity or potency to cause disease of the three has been variously expressed. One study stated the ratio as 500:100:50 (crocidolite: amosite: chrysotile). Modification of that ration expressed it as 100:5:1. Another study in 2008 expressed the ratio between amphiboles to chrysotile as 900–2000:0–1. Thus, it is clear under any scenario that chrysotile is far less toxic than other forms of asbestos.")

18 Stergios Boussios, et al., Malignant Peritoneal Mesothelioma: Clinical Aspects, and Therapeutic Perspectives, 31(6) ANN. GASTROENTEROL. 659, 659 (2018).

19 Bertram Price & Adam Ware, Time Trend of Mesothelioma Incidence in the United States and Projection of Future Cases: An Update Based on SEER Data for 1973 Through 2005, 39(7) CRIT. REV. TOXICOL. 576, 584 (2009) (reporting that the spontaneous or natural mesothelioma rate around the time of the study was at least 27%); Richard L. Attanoos, et al., Malignant Mesothelioma and Its Non-Asbestos Causes, 142 ARCH. PATHOL. LAB. MED. 753, 756 (2018) (identifying a "background rate of spontaneous mesotheliomas arising

C. The Debtors' Tort System Experience

Asbestos litigation is a mature tort, both in the sense that it has a lengthy history and that it has evolved over time. Asbestos litigation in the United States commenced in earnest in the 1970s.[20] The litigation targeted the manufacturers of raw asbestos and entities known as the "big dusties," who utilized raw asbestos to manufacture various products, often friable thermal insulation. Aldrich and Murray were served with their first asbestos complaints in 1983 and 1986, respectively, but litigation against them exploded in the early 2000s when the miners, sellers, and manufacturers of friable asbestos products largely left the tort system by filing for bankruptcy.[21] Aldrich and Murray paid less than $4 million in total on account of mesothelioma claims prior to 2000, and during this period also paid relatively modest sums on account of non-mesothelioma claims.[22]

With the removal of the primary defendants from the tort system starting in the early 2000s, there was a dramatic increase in the number of mesothelioma claims asserted against secondary defendants, including the Debtors. Between 2001 and 2002, mesothelioma claims against both Aldrich and Murray more than doubled. In 2019, the last full year prior to the petition date, Aldrich was pursued in roughly 80% and Murray was pursued in almost 60% of all

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in unrelated fashion to asbestos" and concluding that "[a]fter excluding tumors caused by asbestos exposure, the next largest fraction is spontaneous (idiopathic) mesothelioma").

20 Stephen J. Carroll, et al., Asbestos Litigation, RAND INSTITUTE FOR CIVIL JUSTICE 22 (2005).

21 Like all other defendants in the asbestos litigation, prior to the 2000s the Debtors were subject to a massive influx of filings for non-malignant claims, many of which were later shown to be fraudulent as the result of mass "litigation screenings" in which a handful of doctors repeatedly generated thousands of medical reports to support such claims. See In re Silica Prods. Liab. Litig., 398 F. Supp. 2d 563, 636-37 (S.D. Tex. 2005); see also Lester Brickman, The Use of Litigation Screenings in Mass Torts: A Formula for Fraud, 61 SMU L. REV. 1221, 1239-40 (2008) (available at https://scholar.smu.edu/smulr/vol61/iss4/1/).

22 Tananbaum Decl. ¶ 16 ("During this time, Aldrich and Murray were dismissed without payment or resolved over 100,000 non-malignant claims, with an average cost of less than $400 per claim.").

mesothelioma claims filed in the United States.[23] Notwithstanding the increase in claims, the Debtors obtained dismissals without payment in roughly two-thirds of the mesothelioma cases filed against them and resolved roughly 99% of paid claims for less than $250,000.[24]

II. THE DEBTORS' AND THE FCR'S EXPERTS ARE ALIGNED; BY CONTRAST, DR. SACKETT HAS WILDLY DIVERGENT RESULTS.

Each of the affirmative experts in these cases uses the same underlying data and the same general methodological framework. This has resulted in consistent forecasts between Dr. Mullin and Mr. McKnight. Not so for Dr. Sackett, who makes baseless assumptions that inflate his mesothelioma estimate to roughly three to five times those of the other two experts.

A. The Debtors' Experts Are Plainly Qualified to Offer Expert Opinions in This Matter

Dr. Mullin holds a Ph.D. in economics from the University of Chicago and a B.A. in economics and mathematics from the University of California at Berkeley.[25] He is an expert in statistical and data analysis, econometrics, economic and microsimulation modeling, sample design, valuation of mass torts, and insurance allocation[26] and has published on applied and theoretical econometrics and labor economics in peer-reviewed journals.[27] He has authored more than 100 expert reports, issued numerous valuations of current and future asbestos liabilities, and been qualified as an expert by courts in more than 50 matters, including in these bankruptcy cases.

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23 Id. ¶ 18.

24 Mullin Rep. ¶¶ 68-69.

25 Id. ¶ 9.

26 Id. ¶¶ 6-10.

27 Mullin Rep., Appendix A.

Of particular relevance here, Dr. Mullin has extensive experience valuing personal injury tort claims and has worked on numerous personal injury and mass tort quantification-related proceedings, including various bankruptcy proceedings.[28] He has worked for numerous parties, both plaintiffs and defendants, including debtors, unsecured creditors, equity committees, non-debtor defendants, insurers, reinsurers, retrocessionaires, and investors evaluating potential acquisitions—applying the same methods to estimate future expenditures and liabilities, design and implement statistical samples and claim file reviews, and conduct due diligence and financial reporting.[29] As between Dr. Mullin and Dr. Sackett, there really is no comparison with respect to experience or qualifications in this matter.

The Debtors' rebuttal expert, Dr. Martin, also has extensive credentials relevant to her opinions in this matter. She holds a B.A. in economics from Wellesley College and an M.A. and Ph.D. in economics from Harvard University[30] and is an affiliated consultant and former Senior Managing Director at NERA.[31] She literally "wrote the book" on claims estimation under the method to be employed in the Phase I Trial, as she is the co-author of the reference text, *Estimating Future Claims: Case Studies from Mass Torts and Product Liability*, which explains the economic principles underlying personal injury claims forecasting and valuation and the accepted tort system extrapolation forecasting methodology used by practitioners.[32] Dr. Martin

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28 In re Red River Talc LLC, No. 4:24-BK-90505 (Bankr. S.D. Tex. Sept. 20, 2024); In re Aearo Technologies LLC, et al., No. 22-02890 (Bankr. S.D. Ind. July 26, 2022); In re Mallinckrodt PLC, No. 20-12522 (Bankr. D. Del. Oct. 12, 2020); In re Paddock Enterprises, LLC, No. 20-10028 (Bankr. D. Del. Jan. 6, 2020); In re TK Holdings Inc., No. 17-11375 (Bankr. D. Del. June 25, 2017); In re Blitz U.S.A., Inc., No. 11-13603 (Bankr. D. Del. Nov. 9, 2011); In re Specialty Products Holding Corp., No. 10-11780 (Bankr. D. Del. May 31, 2010); In re Owens Corning, No. 00-03837 (Bankr. D. Del. Oct. 5, 2000).

29 Mullin Rep. ¶ 8.

30 Rebuttal Report of Denise Neumann Martin, Ph.D. (Mar. 27, 2026) ("Martin Reb. Rep.") ¶ 4.

31 Id. ¶ 3.

32 Id. ¶ 6.

has been retained as an expert in over 100 matters involving personal injury and property damage estimates across a variety of torts, including asbestos, silica, building materials, and medical products.[33] She has also testified on asbestos-related issues in state and federal court and gave Senate testimony on the FAIR Act, a proposed national asbestos fund.[34]

Through Drs. Mullin and Martin, the Debtors will provide the Court with sound guidance regarding an appropriate estimate in these cases.

B. The Debtors' and FCR's Expert Opinions Are Aligned

Dr. Mullin will testify that, had the Debtors stayed in the tort system rather than seeking chapter 11 protection, they would have paid between $350 million and $615 million in asbestos-related mesothelioma claims on a net present value basis. The FCR's expert, Mr. McKnight, will present a similar range of $384 million to $624 million. The largest drivers of the ranges relate to (1) the discount rate to be used and (2) the projected number of future mesothelioma claims to be asserted against the Debtors by claimants who are unlikely to have mesothelioma caused by occupational exposure to asbestos.

Dr. Mullin recognizes as an issue for the Court whether to apply a trust return rate (the rate asserted by the Debtors and the FCR[35]) or a "risk-free" rate (the rate asserted by the ACC) as the proper rate to discount the Debtors' liabilities to present value. Thus, he proffers estimates using both rates, with his trust return rate as 6.11% and his risk-free rate as 4.5%.[36] Mr. McKnight uses essentially the same trust return and risk-free discount rates in his analyses.[37] As

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33 Id.

34 Id.

35 FCR MIL Response at 12.

36 Mullin Reb. Rep. ¶ 73.

37 Brattle Rep. ¶ 97 & n.91.

to incidence of mesothelioma, at the low end of their ranges both Dr. Mullin and Mr. McKnight assume that only mesothelioma claims likely caused by occupational exposure to asbestos would be asserted against the Debtors.[38] Dr. Mullin, however, also offers scenarios where either 10% or 20% of those with future mesothelioma diagnoses that are unlikely to have arisen from occupational exposure to asbestos (any claims asserted by such claimants are defined as "Non-ACP" claims) nevertheless are included in the forecast of potential future claimants that may assert claims against the Debtors.[39] Likewise, the high-end of Mr. McKnight's mesothelioma forecast arises when he includes Non-ACP claims in his estimate.[40]

C. Dr. Sackett's Opinions Are Not Credible

The ACC relies upon the opinions of Dr. Andrew Sackett of LAS to support its estimate of the Debtors' asbestos liabilities. But Dr. Sackett's lack of qualifications and experience in the issues before the Court undermine the credibility of his testimony. Further, the reliability of his analysis is flawed due to numerous erroneous assumptions that inflate his aggregate estimate by billions of dollars. When these errors are corrected, the experts' estimates are more aligned.

1. Dr. Sackett Is Unqualified and His Credibility Is Limited

The Court should view Dr. Sackett's opinions with significant skepticism. He lacks the hallmarks of a reliable expert in the field of mass tort valuation: he has no relevant academic training, no peer-reviewed scholarship on the subject, and no history of being qualified as an expert by any court. Dr. Sackett's formal education is not in any of the quantitative disciplines that underpin mass tort valuation. His doctoral and undergraduate degrees are both in history—

[38] Id. ¶¶ 8, 43; Mullin Reb. Rep. ¶ 14.

[39] See Mullin Rep. ¶¶ 126, 147-48, Fig. 29.

[40] FCR MIL Response at 12.

not economics, statistics, finance, or any quantitative field.[41] He has conceded that his undergraduate education in history "has nothing to do with mass tort valuations," he holds no degree in economics, nor any degree in mathematics or statistics, and his dissertation had "nothing to do with mass tort evaluations."[42] His professional training is also not as a statistician or economist, but as a lawyer. Before joining LAS, he worked for Caplin & Drysdale, a firm that historically has represented asbestos claimants' committees and that represents the ACC in these cases.[43]

Notably, despite holding himself out as an expert in this proceeding, Dr. Sackett has ***never*** testified in, nor been qualified as an expert by any court, on any subject.[44] The three publications he touts on his CV have nothing to do with asbestos liability estimation methodology and he admitted at his deposition that he has not written a single academic article, peer reviewed or otherwise, about claim estimation methodologies.[45] When pressed on the source of his claimed expertise, Dr. Sackett could point only to on-the-job training at LAS.[46] His own description of his role indicates that he functions primarily as someone who works with a team and places their work "into context, into a larger report."[47] When the FCR's counsel asked whether Dr. Sackett is merely the "spokesperson" for colleagues who may possess the relevant technical expertise, Dr. Sackett objected that this characterization was "a superficial way to

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41 Transcript of Deposition of Andrew J. Sackett (May 11, 2026) ("Sackett Dep. Tr.") at 44:2-46:19.

42 Id. at 332:16-21; 329:2-19; 331:1-332:15. His dissertation is titled *The Making of Acapulco: People, Land and the State in the Development of the Mexican Riviera, 1927-1973*.

43 Id. at 48:4-49:22; Sackett Rep., Appendix III (CV).

44 Sackett Dep. Tr. at 64:17-65:5; 384:1-11.

45 Id. at 384:17-386:7; 386:20-387:2.

46 Id. at 333:6-11.

47 Id. at 330:10-21.

represent what I do."[48] But he did not deny it. The record thus indicates that Dr. Sackett synthesizes and presents the analytical work of others, rather than performing independent expert analysis himself.

In sum, Dr. Sackett is a former attorney who has never been qualified as an expert, has no relevant academic training, has published nothing that would support his proposed testimony, and describes his role as placing others' work "into context." Should the Court qualify him as an expert in these proceedings, the Court should accord Dr. Sackett's opinions very limited weight, particularly when measured against the credentials and extensive expert experience of Dr. Mullin and Mr. McKnight. Dr. Sackett is the ACC's only expert offering an affirmative opinion.

2. The Sackett and Mullin Reports Use the Same General Framework, Yet Produce Dramatically Different Estimates

As discussed below, a component-based methodology, as employed by Dr. Mullin, uses various inputs (i.e., components) to calculate total future payments. These inputs include both (i) external factors, such as a projection of future mesothelioma diagnoses, and (ii) factors unique to the Debtors based on their tort system experience, such as the likelihood that a diagnosed individual will sue the Debtors, and what that individual could expect to receive in compensation, if anything. While Dr. Sackett uses the same general framework, his estimate exceeds those of the other experts by many multiples.[49] To deviate so wildly from the other experts (and the Debtors' tort system experience), Dr. Sackett incorporates into his forecast a number of analytical errors, each of which has the convenient effect of materially increasing Dr. Sackett's estimate. These errors are described in detail below. Together, they result in an absurd outcome that is apparent from the very first year of Dr. Sackett's forecast.

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48 Id.

49 Mullin Reb. Rep. ¶ 10, Fig. 4.

As shown in Figure 1 below, Dr. Sackett's projected nominal mesothelioma payments begin on the petition date at approximately twice the Debtors' historical experience. That is, from the beginning, Dr. Sackett's model assumes that the Debtors will pay mesothelioma claims at double the rate that they historically had paid such claims.

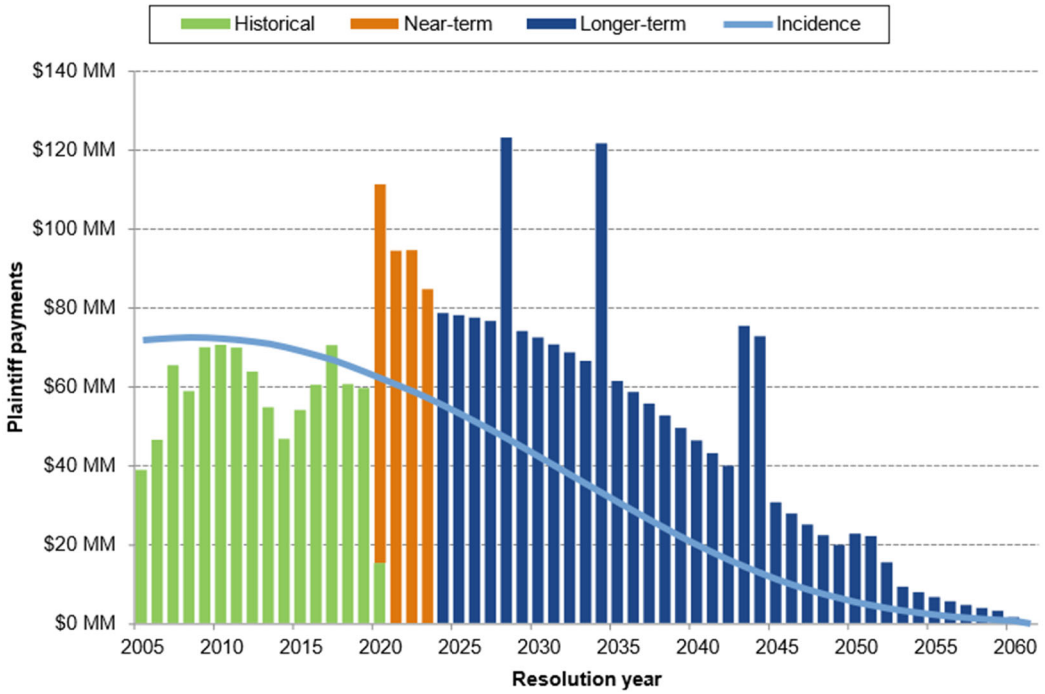


Figure 1: Sackett Report nominal mesothelioma forecast

For comparison, as shown in Figures 2 and 3 below, Dr. Mullin's expenditure-based forecast projects nominal mesothelioma payments consistent with the Debtors' tort system history. Dr. Sackett's own testimony confirms there is no legitimate basis for his assumption. At his deposition, he admitted candidly that he allocated payment of the entirety of the pending claims inventory to the first four years, explaining that he "moved them up front" as a matter of "simplicity."[50] This "methodology" is completely untethered to the Debtors' tort system

[50] Sackett Dep. Tr. at 150:20-153:6; 164:16-166:1. Dr. Sackett's explanations for front-loading these claims were inconsistent. Elsewhere, as opposed to "simplicity," Dr. Sackett stated that the Debtors "ha[ve] been in bankruptcy for six years" and "[i]t's likely that the pending claims would be paid . . . to the extent that

experience and the Court's mandate that the experts extrapolate from that experience in this Phase I Trial.

III. THE DEBTORS' EXPERT OPINIONS

As noted above, Dr. Mullin's tort system extrapolation estimate of the Debtors' liability for current and future mesothelioma claims is $350 million to $615 million on a net present value basis. Dr. Mullin derives this range using two well-accepted methods for estimating mass-tort liabilities: (1) an expenditure-based forecast and (2) a component-based forecast. Although analytically distinct, the two methods produce consistent results—$350 million to $570 million under the expenditure-based approach and $430 million to $615 million under the component-based approach.[51] The overlap between the ranges reinforces their overall reliability and further indicates that the most credible estimate in these cases falls somewhere in the middle of the ranges.[52]

A. The Expenditure-Based Forecast

Because the asbestos litigation environment underwent numerous, material changes in the 1990s and early 2000s, forecasters in this area almost universally employed a component-based methodology throughout that period. It provided the benefit of being able to adjust for developing trends and other changes in the litigation environment. But it also brought some heightened risk of statistical error since it involved multiple steps, each of which has some risk of error.

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pending claims have been worked up been resolved, for example, with other defendants . . . during the pendency of the bankruptcy, they would be resolved sooner." Id. at 158:4-16. Dr. Sackett's report, however, was supposed to assume that the bankruptcy never occurred.

51 Mullin Rep. ¶¶ 121-133 & Figs. 29, 32; Ex. A Figs. 29, 32.

52 Mullin Dep. Tr. at 220:1-221:15.

An expenditure-based forecast, by contrast, extrapolates annual settlement payments along a projected future mesothelioma incidence curve. For the Debtors, this is graphically illustrated as follows:

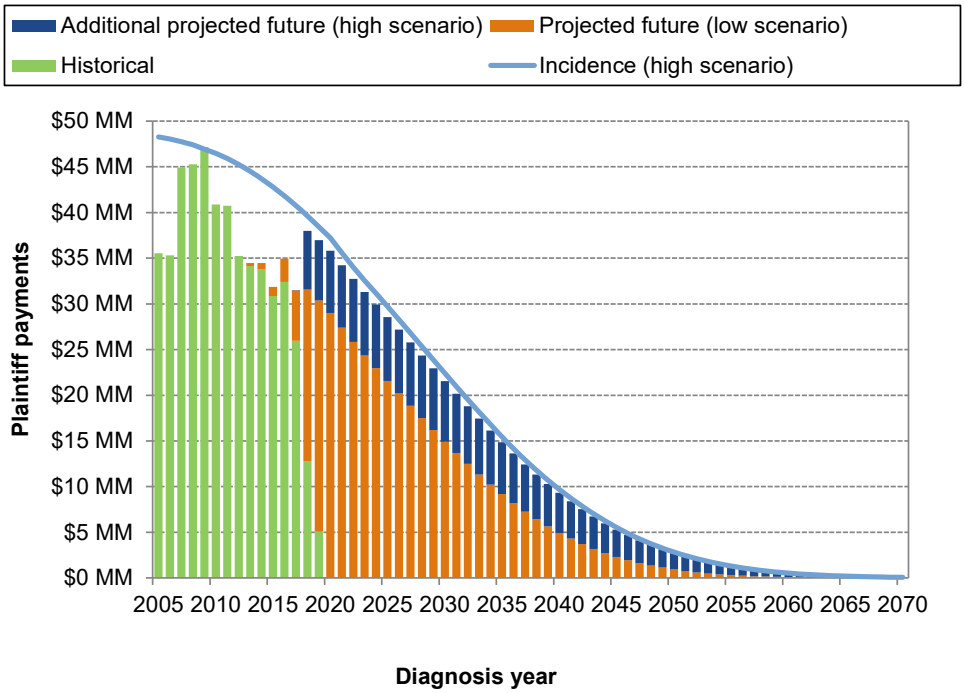


Figure 2: Expenditure-based forecast for Aldrich

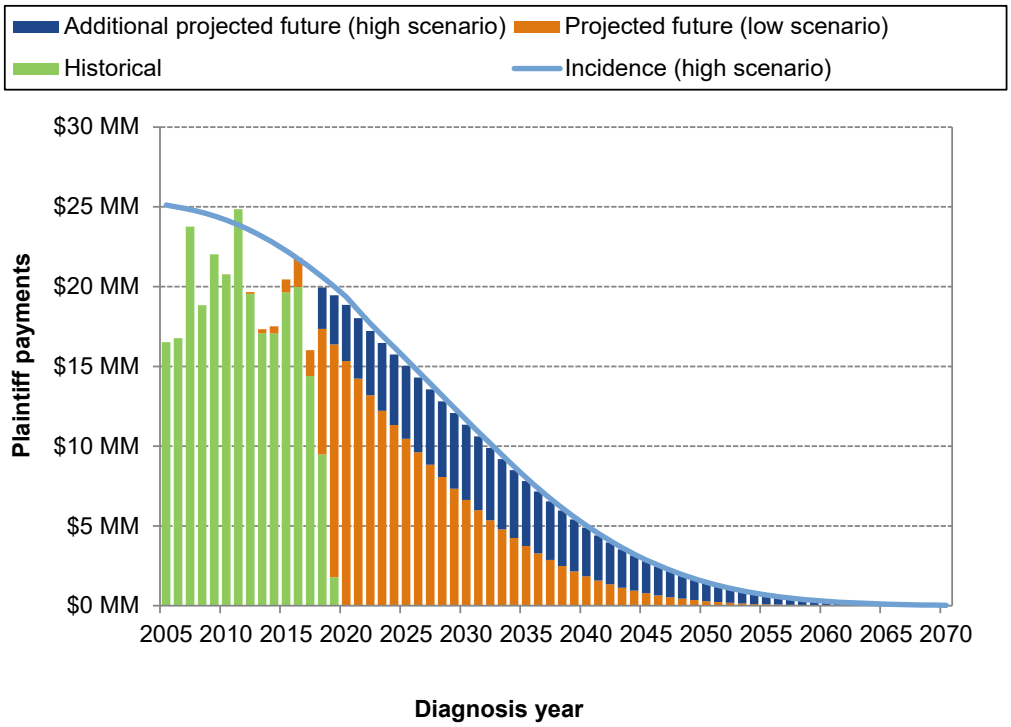


Figure 3: Expenditure-based forecast for Murray

This approach minimizes the potential statistical error by reducing the number of parameters that must be estimated. In a stable litigation environment like the one the Debtors experienced from 2010 through 2019, this approach can be more reliable than the component-based method. And it has the virtue of providing a "common-sense" forecast for a multi-year estimate. In short, if the tort system costs for the Debtors have been at a certain level relative to the known mesothelioma incidence for the last fifteen years or so, extrapolating that tort system experience along the curve of future expected mesothelioma incidence is highly likely to produce a reliable forecast.

The expenditure-based methodology produces a range of approximately $350 million to $570 million for mesothelioma claims. Its midpoint ($460 million) matches Dr. Mullin's $460

million "best" estimate derived from his component-based forecast,[53] evidencing substantial reliability of both tort system extrapolation forecasts.

B. The Component-Based Forecast

The component-based forecast is a well-accepted methodology for tort system extrapolation. It is also the forecasting approach typically used in financial reporting.[54] Under this approach, nominal future mesothelioma payments are calculated as the product of five components:

(1) historical and future expected incidence of mesothelioma;

(2) propensity to sue;

(3) resolution rate;

(4) pay rate; and

(5) average settlement value.[55]

The resulting equation is the product of these five components. The first two components determine the number of future claims there will be: (1) incidence is the projected number of future mesothelioma diagnoses, and (2) the propensity to sue is the share of diagnosed individuals who have historically filed suit against the Debtors and will be presumed to do so in the future. The next three components all go to calculate the amount of liability from those future claims: (1) the resolution rate is the share of filed claims that are ultimately resolved (either by dismissal or payment) and accounts for the fact that a material number of asbestos claims filed in the tort system are abandoned and never closed; (2) the pay rate is the share of

53 See Section III.B.4, infra.

54 Mullin Rep. ¶ 123.

55 Id. ¶¶ 123-124.

resolved claims that result in payment; and (3) the average settlement value is the average payment made on a paid claim.[56]

Using this method, in his initial report, Dr. Mullin provided a component-based range for all claims of approximately $525 million to $750 million.[57] When non-mesothelioma claims are removed, that range is between $430 million and $615 million.[58] Changes in four key assumptions drive the range:

(1) the "calibration period," meaning the historical period (e.g., 3, 5, or 10 years before the petition date) from which data is used to calculate the value of each component;[59]

(2) the average settlement value trend (i.e., whether settlement values are projected to increase, decrease, or stay the same);

(3) the nominal discount rate applied to derive a net present value for the estimate; and

(4) the percentage of the mesothelioma diagnoses unlikely to have arisen from occupational exposure to asbestos (i.e., derived from the non-occupational incidence curve) that are included in the forecast.[60]

In both his initial report, and below at Figure 4 for mesothelioma claims only, Dr. Mullin has provided a sensitivity analysis showing 24 scenarios that demonstrate how adjustment of these four key assumptions lead to his range.[61]

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56 Id. ¶ 123.

57 Id. ¶¶ 125-126 & Fig. 29.

58 Ex. A Fig. 29.

59 Mullin Rep. ¶ 126 & Fig. 29.

60 Id.

61 Id. at Fig. 29; Ex. A Fig. 29.

Scenario parameters				Aldrich		Murray		Total
Calibration period	ASV trend	Discount rate	Non-ACP incidence	Pending	Future	Pending	Future	
5 years	Hist. trend	6.50%	0% Non-ACP	$70 MM	$220 MM	$35 MM	$105 MM	$430 MM
3 years	Hist. trend	6.50%	0% Non-ACP	$65 MM	$215 MM	$35 MM	$115 MM	$430 MM
10 years	Hist. trend	6.50%	0% Non-ACP	$70 MM	$230 MM	$35 MM	$110 MM	$445 MM
5 years	None	6.50%	0% Non-ACP	$70 MM	$230 MM	$35 MM	$125 MM	$460 MM
3 years	None	6.50%	0% Non-ACP	$65 MM	$225 MM	$40 MM	$135 MM	$465 MM
5 years	Hist. trend	6.50%	20% Non-ACP	$75 MM	$250 MM	$35 MM	$115 MM	$470 MM
3 years	Hist. trend	6.50%	20% Non-ACP	$70 MM	$245 MM	$35 MM	$120 MM	$475 MM
10 years	None	6.50%	0% Non-ACP	$75 MM	$240 MM	$35 MM	$130 MM	$480 MM
5 years	Hist. trend	4.50%	0% Non-ACP	$70 MM	$260 MM	$35 MM	$120 MM	$485 MM
3 years	Hist. trend	4.50%	0% Non-ACP	$70 MM	$250 MM	$40 MM	$130 MM	$485 MM
10 years	Hist. trend	6.50%	20% Non-ACP	$75 MM	$265 MM	$35 MM	$120 MM	$495 MM
10 years	Hist. trend	4.50%	0% Non-ACP	$75 MM	$270 MM	$35 MM	$130 MM	$505 MM
5 years	None	6.50%	20% Non-ACP	$75 MM	$265 MM	$35 MM	$135 MM	$510 MM
3 years	None	6.50%	20% Non-ACP	$70 MM	$260 MM	$40 MM	$145 MM	$515 MM
5 years	None	4.50%	0% Non-ACP	$70 MM	$270 MM	$35 MM	$145 MM	$525 MM
3 years	None	4.50%	0% Non-ACP	$70 MM	$265 MM	$40 MM	$155 MM	$530 MM
10 years	None	6.50%	20% Non-ACP	$75 MM	$280 MM	$35 MM	$145 MM	$535 MM
5 years	Hist. trend	4.50%	20% Non-ACP	$75 MM	$295 MM	$35 MM	$130 MM	$540 MM
3 years	Hist. trend	4.50%	20% Non-ACP	$75 MM	$290 MM	$40 MM	$140 MM	$540 MM
10 years	None	4.50%	0% Non-ACP	$75 MM	$285 MM	$35 MM	$155 MM	$545 MM
10 years	Hist. trend	4.50%	20% Non-ACP	$80 MM	$315 MM	$35 MM	$140 MM	$565 MM
5 years	None	4.50%	20% Non-ACP	$75 MM	$310 MM	$35 MM	$160 MM	$585 MM
3 years	None	4.50%	20% Non-ACP	$75 MM	$305 MM	$40 MM	$175 MM	$590 MM
10 years	None	4.50%	20% Non-ACP	$80 MM	$330 MM	$35 MM	$170 MM	$615 MM

Figure 4: Component-based range of future claim payments by the Debtors as of the petition date (mesothelioma only)

As is typical with forecasted ranges, neither end of the range is the most likely outcome. The most likely outcome is somewhere in the middle. As described in Section III.B.4 below, Dr. Mullin has identified what he views as the key assumptions that produce his "best" estimate of the Debtors' liability under the component-based method: either $460 million or $510 million, depending on the applied discount rate.

1. Tort System Components

a. Incidence

Dr. Mullin relies on an updated Nicholson-style mesothelioma incidence model that forecasts mesothelioma claims out through 2070. Nicholson-style incidence models are based on

the mathematical and epidemiological risk-assessment framework created by Dr. William J. Nicholson in 1982 to estimate and forecast the incidence of asbestos-related cancers, have been published in epidemiology literature since that time, and have repeatedly been accepted by bankruptcy courts to estimate asbestos liabilities.[62] Consistent with the scientific literature, Dr. Mullin's model recognizes that not all mesothelioma results from asbestos exposure. It splits total incidence into two parts: asbestos-related mesothelioma diagnoses, which have declined since around 2005, and non-asbestos related mesothelioma diagnoses reflecting the "background" or "idiopathic" rate of disease, which has risen in recent years.[63]

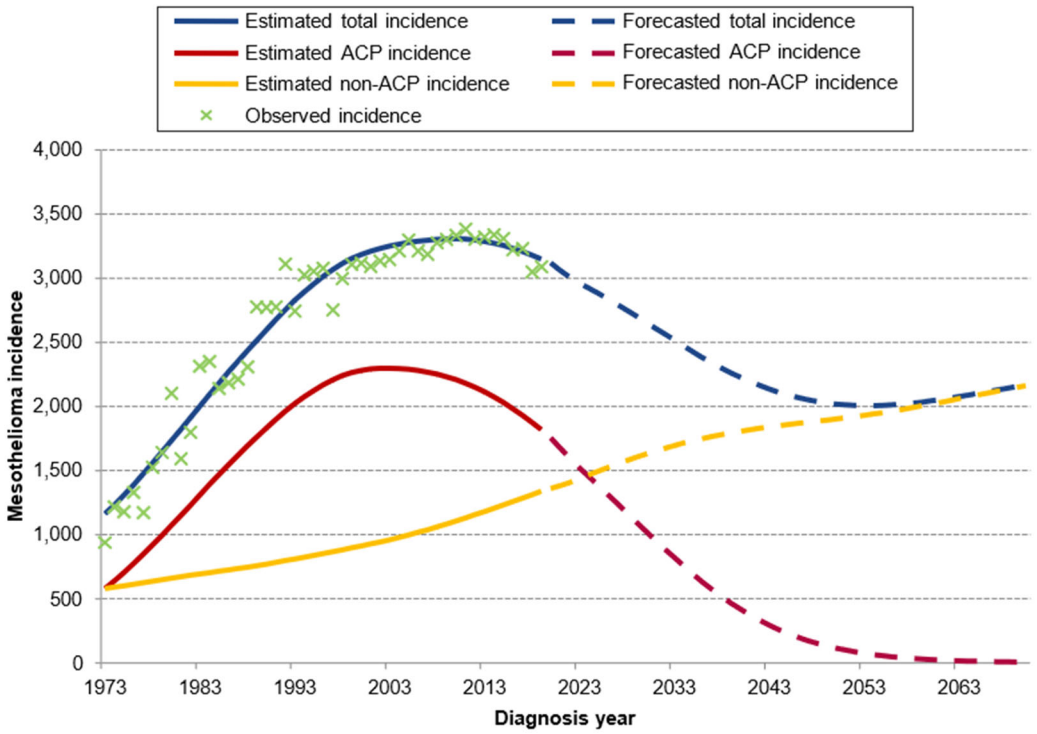


Figure 5: Mesothelioma incidence model

A key driver of Dr. Mullin's range is whether and to what extent non-asbestos related mesothelioma claims should be included as part of the incidence forecast. Arguably, the experts

62 Mullin Rep. ¶¶ 145-146 & Fig. 39.

63 Id. ¶¶ 146-147 & Fig. 39; Mullin Dep. Tr. at 274:5-278:8.

could exclude all non-asbestos-related mesothelioma claims, since such claimants were unlikely to be occupationally exposed to asbestos-containing products. Dr. Mullin and Mr. McKnight have each taken this approach in some of their scenarios.[64] As Figure 6 below illustrates, publicly available claims data reveals a recent pronounced shift toward talc-related defendants by claimants with non-occupational exposures—a category of claims that would not implicate the Debtors or their products.[65] Assuming this new shift continues, Dr. Mullin's forecasts of future claims against the Debtors likely would be overstated and his estimate of the Debtors' tort system liability similarly too high.

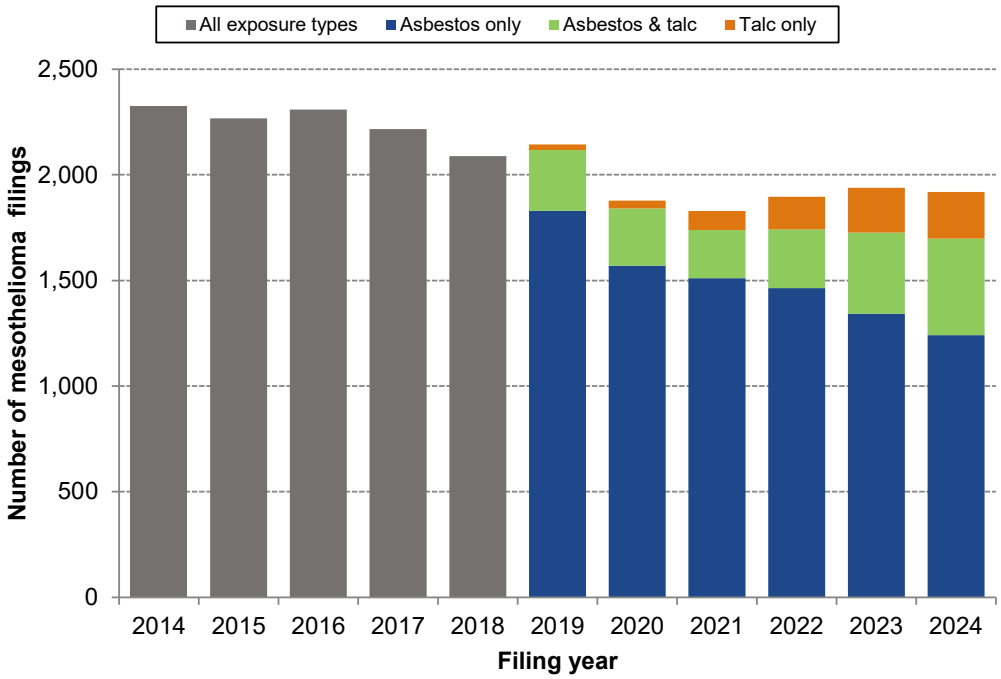


Figure 6: Annual publicly tracked mesothelioma claim filings

Dr. Mullin's scenarios include 0%, 10%, and 20% Non-ACP curves that help produce a range of potential estimates. Dr. Mullin opines that using the 0% Non-ACP curve (which includes only those future mesothelioma diagnoses likely to have arisen from occupational

64 Mullin Rep. ¶¶ 125-26, Fig. 29, ¶ 140, Fig. 40; Brattle Reb. Rep. ¶ 27.

65 Mullin Rep. ¶¶ 117-118 & Fig. 25.

exposure to asbestos) probably understates future claims against the Debtors.[66] At the same time, Dr. Mullin opines that the 20% Non-ACP curve (which includes 20% of the expected future mesothelioma diagnoses unlikely to have arisen from occupational exposure to asbestos) almost certainly overstates future claims.[67] Accordingly, Dr. Mullin uses in his "best" estimate the 10% Non-ACP curve, which he believes is more realistic for purposes of his tort system extrapolation.[68] This curve also aligns with the incidence curve endorsed by the ACC's rebuttal expert Yvette Austin.[69]

b. Propensity to Sue, Resolution Rate, Pay Rate, and Average Settlement Values

(1) Propensity to Sue

Not all individuals who are diagnosed with mesothelioma file a lawsuit, and, even if they do, they may not sue the Debtors.[70] By measuring the historical number of claims filed against a defendant for mesothelioma relative to the number of diagnoses of that disease that occur during the same period, a "propensity to sue" can be calculated. Consistent with their tort system experience, Dr. Mullin determined that, of the future mesothelioma diagnoses forecasted

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66 Mullin Dep. Tr. at 221:2-8.

67 Id.

68 Id. at 229:3-8 ("I think the 0 percent is too low. The 20 percent is too high when you compare it to the history in the tort system for the last five years. So the right answer is somewhere in the middle. Ten percent is the midpoint."); Id. at 221:2-15; Mullin Rep. ¶ 148 & Fig. 40.

69 See Mullin Reb. Rep. ¶ 95; Mullin Dep. Tr. at 218:12-221:15; 229:2-229:19. Notably, the Rebuttal Expert Report of Yvette R. Austin (Mar. 27, 2026) ("Austin Reb. Rep.") asserts that "the appropriate baseline should be a 100% inclusion" of non-asbestos related incidence, on the theory that the Mullin Report's exclusion of any portion of non-asbestos related incidence lacks independent validation. Austin Reb. Rep. ¶¶ 144-146. At her deposition, however, Ms. Austin repeatedly disclaimed having any opinion on this very question. See, e.g., Transcript of Video-Taped Deposition of Yvette R. Austin (May 14, 2026) ("Austin Dep. Tr.") at 335:16-336:17; 343:20-344:15. Ms. Austin's advocacy for a 100% non-asbestos related inclusion baseline (the most extreme point on the spectrum she claims no expertise to evaluate) suffers from a complete lack of independent validation and would actually serve to rebut the ACC's affirmative case as it is wholly inconsistent with the incidence projections espoused by Dr. Sackett.

70 For example, individuals with idiopathic mesothelioma who have no known exposure to asbestos-containing products typically would be hard pressed to find a defendant who is alleged to be liable for their disease.

pursuant to the 10% Non-ACP curve, approximately 77% of those individuals will sue Aldrich and 63% of those individuals will sue Murray.[71]

(2) Resolution Rate

Not every claim asserted against a defendant ultimately is resolved. Some remain pending indefinitely.[72] For example, hundreds of mesothelioma claims were still pending against the Debtors on the petition date despite having been filed over a decade prior. Hence, based on the Debtors' historical claims data, Dr. Mullin applies a mesothelioma resolution rate of approximately 98% for Aldrich and 96% for Murray (meaning 2% of claims asserted against Aldrich and 4% asserted against Murray are never resolved).[73]

(3) Pay Rate

As to claims that are resolved, not all receive payment. Indeed, historically, the vast majority of mesothelioma claims filed against the Debtors are dismissed. The pay rate expresses the share of resolved claims that receive payment. The Debtors' pay rate was stable in the five years before the petition date, averaging approximately 38% for Aldrich and 15% for Murray, and Dr. Mullin used these percentages in his estimates.[74]

(4) Average Settlement Values

There is little dispute among the experts as to historical average mesothelioma settlement values. Dr. Mullin calculates those values over a three-year calibration period at $56,000 per

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71 Mullin Rep. ¶ 149 & Fig. 41; Mullin Dep. Tr. at 225:11-228:18.

72 Mullin Rep. ¶ 150.

73 Id. ¶ 150 & Fig. 42.

74 Id. ¶ 152 & Fig. 43. These are the percentages used in Dr. Mullin's scenarios relying on a 5-year calibration period. Scenarios relying on a 3-year or 10-year calibration period may have slightly different percentages based on the Debtors' history.

claim for Aldrich and $93,000 per claim for Murray.[75] Dr. Sackett and Mr. McKnight reach similar results.[76]

2. Projected Future Settlement Payments

After applying the variables set forth above, Dr. Mullin then determines whether the Debtors' average future settlement payment will, compared to the Debtors' historical average settlement payment, increase or decrease in amount, or stay roughly the same. All other things being equal, one might expect to see inflation in the Debtors' settlement values over time. That is not the case here. The Debtors' history demonstrates a decline in the Debtors' average settlement amount as the years have passed. This is due to a number of factors.

In the tort system, on average, younger claimants receive more compensation than older claimants because older claimants have lower potential damages.[77] With each passing year, the average age of mesothelioma claimants with occupational asbestos exposure increases. Likewise, with each passing year, the average claimant entered the work force one year later. This reduces the average time that such claimant may have been exposed to asbestos-containing components in the Debtors' equipment and increases the time during the claimant's life when the Debtors no longer were manufacturing equipment with asbestos-containing components. All of these factors contribute to a decline in settlement values. Thus, the average claimant of 10 or 15 years ago, or 10 or 15 years from now, is not by any means the same average claimant of today.

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75 Mullin Reb. Rep. ¶¶ 28-29 & Fig. 10.

76 Sackett Rep. Tables 5(a) & 5(b); Brattle Rep. ¶ 91.

77 Mullin Rep. ¶¶ 153-155; Mullin Reb. Rep. ¶ 71. See, e.g., Braccia v. D'Blass Corp., 2011 WL 2848146, at *5 (S.D.N.Y. June 13, 2011) ("Future loss of earnings damages are computed by measuring the monetary value of the diminution in the plaintiff's annual earning capacity, multiplying that amount by the number of years the plaintiff could have worked—his work-life expectancy—and then discounting that amount to present value." (cleaned up)); see also 2 AM. L. OF TORTS § 8:33 (Feb. 2026 Update) ("Work life expectancy is an important factor in determining an injury victim's damages from loss or impairment of future earning capacity.").

This aging-driven decline in settlement values reflects well-established principles of tort damages. A claimant's total compensable harm from a disease such as mesothelioma is a function of, among other things, the claimant's remaining life expectancy, lost wages, and diminished future earning capacity—each of which is necessarily smaller for an older claimant than for a younger claimant diagnosed with the identical disease, simply because the older claimant has fewer remaining years of life and fewer remaining working years over which to measure those losses. The data confirms this point: the average verdict for a mesothelioma plaintiff around 80 years old is approximately 40% lower than the average verdict for a plaintiff around 60 years old, corresponding to roughly a 2.5% decline in expected recovery for each additional year of age at diagnosis.[78] This age-based decline in recovery is not unique to the tort system—it also is embedded in the claims-valuation matrices used by a number of section 524(g) asbestos trusts. For example, the Western Asbestos Settlement Trust reduces a claimant's recovery by 1.5 percentage points for each year of age over 75 (and increases it correspondingly for each year under 75), and other trusts, including the Thorpe Insulation, Plant Insulation, and Garlock trusts, all account for age when determining claim values.[79]

This phenomenon is also well-illustrated in the Debtors' historical claims data. Notwithstanding continuing inflation during the 2010s, the Debtors' average mesothelioma settlement values did not increase with inflation during that decade. Based on the two graphs below, the aging of the claimant population against the Debtors instead fully offsets the effect of inflation:[80]

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78 Mullin Rep. ¶ 82.

79 Id. ¶ 81 nn.91, 92.

80 Id. ¶¶ 155-156 & Figs. 45-46.

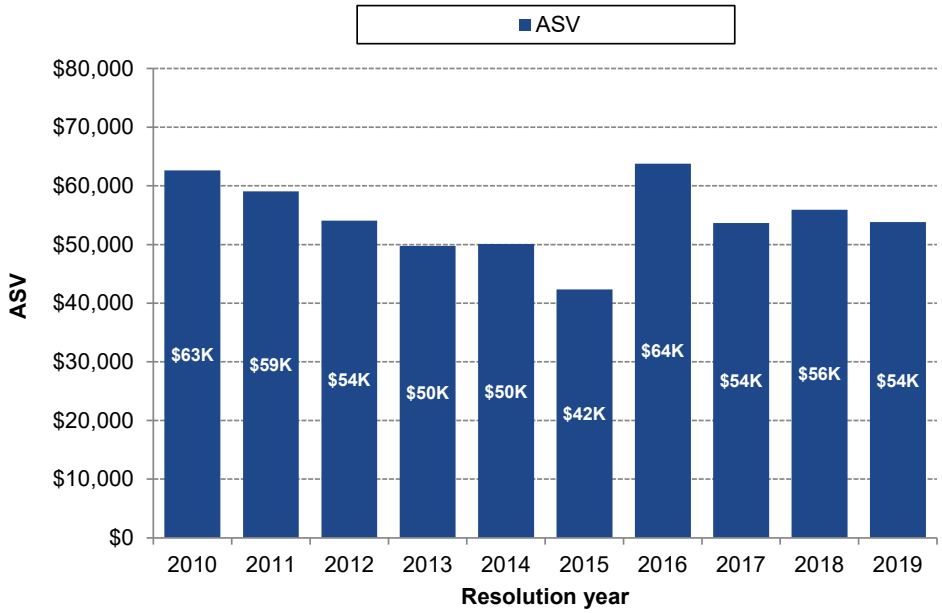


Figure 7: Average settlement value for Aldrich by year[81]

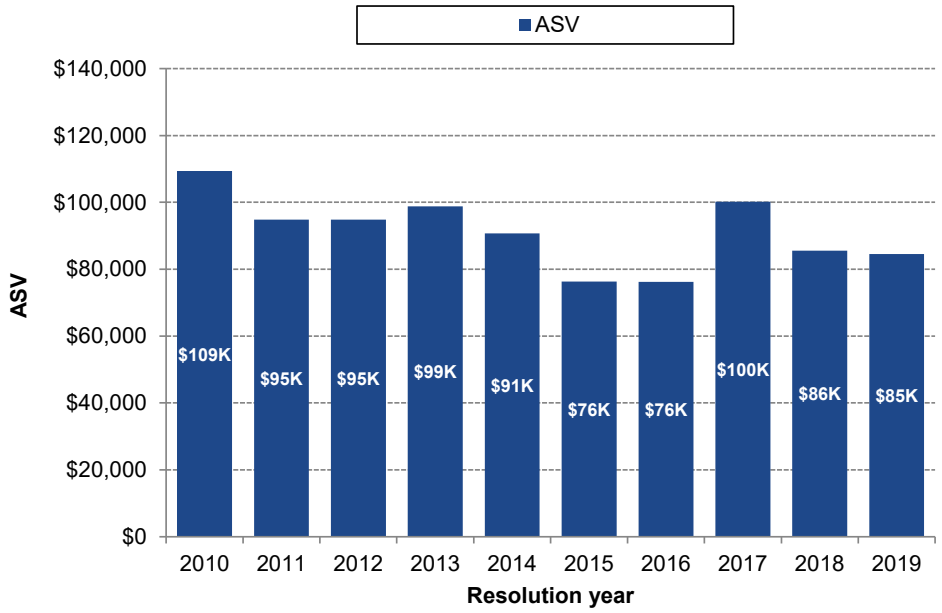


Figure 8: Average settlement value for Murray by year

81 The 2016 average settlement value includes the sole Aldrich plaintiff verdict, excluding prejudgment and postjudgment interest.

Nothing suggests that these long term trends of declining settlement values will cease in the future. For that reason, Dr. Mullin models projected future average settlement values using two scenarios: a "historical trend" scenario, under which mesothelioma settlement values continue their observed decline, and a more conservative "none" scenario, under which settlement values simply stay flat from the petition date forward.[82] Given that this second scenario more than likely overstates future mesothelioma settlement values, especially for Murray, Dr. Mullin has incorporated the historical trend into his "best" estimate.[83]

3. Discounting to Present Value

Because Dr. Mullin's forecast projects nominal payments over decades, those amounts must be reduced to net present value to account for the time value of money. For the choice of the appropriate discount rate to apply, Dr. Mullin presents two scenarios. First, he discounts from the perspective of an asbestos trust—that is, at the rate of return such a trust would expect to earn on its investment portfolio.[84] This makes sense given that estimation should assist the parties in establishing an amount of trust funding sufficient to satisfy the Debtors' asbestos liability, which would support formulation of a plan of reorganization to resolve these cases.

Reviewing the performance of comparable 524(g) trusts, Dr. Mullin found that such trusts earned an average return of approximately 4.5% during the low-interest-rate environment of 2010-2024, roughly two percentage points above contemporaneous U.S. Treasury yields.[85] With Treasury notes yielding about 4.5% at the time of the Mullin Report submission, close to

82 Mullin Rep. ¶¶ 126, 160.

83 Mullin Dep. Tr. at 222:20-22.

84 Mullin Rep. ¶¶ 163-164.

85 Id. ¶¶ 165-167 & Figs. 49-50.

their long-term historical average,[86] that two-point premium supports a trust rate of return of roughly 6.5%.[87] This is consistent with Mr. McKnight, who calculated a trust return rate of 6.11% from his analysis of various asbestos trusts. In light of that analysis, Dr. Mullin has adopted Mr. McKnight's 6.11% rate in his "best" estimate using a trust rate of return.[88]

Dr. Mullin also presents scenarios using a 4.5% risk-free discount rate, which overstates the funding a trust established in these cases would require to satisfy the forecasted claims, since asbestos trusts do not invest in only risk-free assets.[89]

4. Dr. Mullin's "Best" Estimate

At his deposition, Dr. Mullin described what he views as his "best" estimate of the Debtors' liability for mesothelioma claims under the tort system extrapolation method. This estimate is dictated by his view on the key assumptions integral to a component-based forecast for the Debtors—calibration period, average settlement value trend, nominal discount rate applied to derive net present value, and the percentage of the mesothelioma diagnoses unlikely to have arisen from occupational exposure to asbestos (i.e., derived from the non-occupational incidence curve) that are included in the forecast.

As highlighted in Figure 9 below, Dr. Mullin will testify that the following assumptions produce his "best" estimate: (i) a 3-year calibration window (broadly agreed to by the experts); (ii) the historical (i.e., declining) trend in average settlement values; and (iii) inclusion of the 10% Non-ACP curve (consistent with Ms. Austin's analysis). These assumptions result in either

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86 Mr. McKnight testified that the average U.S. Treasury yield from 1928 through 2024 was 4.5%. Transcript of Deposition of David L. McKnight (May 12, 2026) ("McKnight Dep. Tr.") at 178:17-178:24.

87 Mullin Rep. ¶ 168.

88 Mullin Dep. Tr. 223:10-224:7.

89 Id. at 269:1-270:8.

a $460 million or $510 million estimate for mesothelioma claims on a net present value basis, the difference being whether the trust rate of return (6.11%) or the risk-free rate (4.5%) is applied.[90]

Scenario parameters				Aldrich		Murray		Total
Calibration period	ASV trend	Discount rate	Non-ACP incidence	Pending	Future	Pending	Future	
5 years	Hist. trend	6.50%	10% Non-ACP	$70 MM	$235 MM	$35 MM	$110 MM	$450 MM
3 years	Hist. trend	6.50%	10% Non-ACP	$70 MM	$225 MM	$35 MM	$120 MM	$450 MM
5 years	Hist. trend	6.11%	10% Non-ACP	$70 MM	$240 MM	$35 MM	$115 MM	$460 MM
3 years	Hist. trend	6.11%	10% Non-ACP	$70 MM	$235 MM	$35 MM	$120 MM	$460 MM
10 years	Hist. trend	6.50%	10% Non-ACP	$75 MM	$245 MM	$35 MM	$115 MM	$470 MM
10 years	Hist. trend	6.11%	10% Non-ACP	$75 MM	$255 MM	$35 MM	$120 MM	$480 MM
5 years	None	6.50%	10% Non-ACP	$70 MM	$245 MM	$35 MM	$130 MM	$485 MM
3 years	None	6.50%	10% Non-ACP	$70 MM	$240 MM	$40 MM	$140 MM	$485 MM
5 years	None	6.11%	10% Non-ACP	$70 MM	$255 MM	$35 MM	$135 MM	$495 MM
3 years	None	6.11%	10% Non-ACP	$70 MM	$245 MM	$40 MM	$145 MM	$500 MM
10 years	None	6.50%	10% Non-ACP	$75 MM	$260 MM	$35 MM	$140 MM	$505 MM
5 years	Hist. trend	4.50%	10% Non-ACP	$75 MM	$275 MM	$35 MM	$125 MM	$510 MM
3 years	Hist. trend	4.50%	10% Non-ACP	$70 MM	$265 MM	$40 MM	$135 MM	$510 MM
10 years	None	6.11%	10% Non-ACP	$75 MM	$265 MM	$35 MM	$145 MM	$520 MM
10 years	Hist. trend	4.50%	10% Non-ACP	$75 MM	$290 MM	$35 MM	$135 MM	$530 MM
5 years	None	4.50%	10% Non-ACP	$75 MM	$290 MM	$35 MM	$155 MM	$550 MM
3 years	None	4.50%	10% Non-ACP	$70 MM	$280 MM	$40 MM	$165 MM	$555 MM
10 years	None	4.50%	10% Non-ACP	$75 MM	$305 MM	$35 MM	$165 MM	$580 MM

Figure 9: Component-based forecast range using 10% Non-ACP incidence (mesothelioma only)

IV. WHEN DR. SACKETT'S DEPARTURES FROM ACCEPTED METHODOLOGY AND HIS RELATED ERRORS ARE RECONCILED, DR. SACKETT'S FORECAST IS WITHIN THE OTHER EXPERTS' RANGES

Dr. Sackett's $1.8 billion mesothelioma claims estimate, after taking account of the Court's two motion in limine rulings, is still roughly ***three to five times higher*** than Dr. Mullin's and Mr. McKnight's entire estimation ranges. This disconnect is driven by three categories of errors employed by Dr. Sackett that deviate from accepted tort extrapolation methodology or otherwise are unsupportable:

(1) erroneous additions of costs with no basis in the Debtors' tort system history;

(2) data and forecasting omissions that systematically bias his results upward; and

[90] Mullin Reb. Rep. ¶¶ 95-96; Mullin Dep. Tr. 221:13-225:10; see also Mullin Reb. Rep., at Fig. 41; Ex. A Fig. 41.

(3) unrealistic and unsupportable financial and economic assumptions that distort his net present value calculation.

Each category of error has the convenient effect of materially increasing Dr. Sackett's estimate; together, they produce an absurd result.

A. Eliminating Erroneous Additions Reduces Dr. Sackett's Forecast from $1.8 Billion to $1.4 Billion[91]

1. Verdicts (~$155 million Overstatement)

Dr. Sackett adds six future plaintiff verdicts to his estimate, each valued at $15.3 million. He elects to do this notwithstanding the fact that, in 40 years of litigation, the Debtors had only one verdict (against Aldrich). Murray had no verdicts. Thus, with one exception, all of the roughly 500,000 claims that the Debtors historically have resolved were resolved by dismissal or settlement.[92] Dr. Sackett's inclusion in his estimate of six hypothetical future verdicts, three against each Debtor, ignores the experts' charge in this Phase I Trial, which is to extrapolate from the Debtors' ***actual*** tort system history.

Dr. Sackett's projected verdict amounts are even more unfounded.[93] To calculate these amounts, Dr. Sackett assumed that the Debtors would pay the entire face value of the average mesothelioma verdict award from Mealey's litigation reports, without accounting for downward adjustments like post-verdict offsets, appellate courts overturning verdicts or reducing them,

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91 The totals set forth in this section include excess value largely created by Dr. Sackett's application of improper inflation and discount rates, among other errors. This explains the difference between (6) verdicts x $15.3 million = $91.8 million and the net effect, which is an overstatement of approximately $155 million.

92 Mullin Reb. Rep. ¶ 56.

93 Id. ¶ 58.

apportionment to other defendants, and offsets from other recoveries.[94] Real-world data exposes the distortion that this creates.

For example, in the past 10 years, John Crane Inc. ("JCI"), which provides a strong comparable to the Debtors given its manufacturing and sale of asbestos-containing gaskets and packing, has reported 24 plaintiff verdicts resolved for $40 million in payments to plaintiffs—an average of less than $2 million per plaintiff verdict. Based on public information, the initial verdict amounts for 21 of those 24 verdicts totaled approximately $195 million, or almost $10 million per verdict before they were reduced through offsets, post-trial decisions, or appeal.[95] Dr. Sackett's use of face-value verdict amounts thus grossly overstates the expected recovery that a plaintiff would receive from the Debtors by at least five-fold.[96] It bears noting that, in addition to plaintiff verdicts, JCI also achieved a significant number of defense verdicts during that same time period.

2. Pending Claims (~$245 million Overstatement)

Dr. Sackett dramatically overvalues claims pending against the Debtors on the petition date in several ways:

a. Abandoned Pending Claims

Dr. Sackett assigns substantial value to pending claims that had lingered in the tort system for years prior to the petition date without resolution and that, history shows, likely have been abandoned. The Debtors, not surprisingly, historically paid such claims very low amounts,

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94 Id.; Sackett Rep. ¶¶ 174-175.

95 Mullin Reb. Rep. ¶ 59, Fig. 24.

96 Id. ¶¶ 58-59. The Sackett Report does not assess whether the verdicts recorded in the Mealey's reports are representative of all mesothelioma verdicts. In fact, they are not. Effectively, Mealey's publishes all the large verdicts, but only a subset of small verdicts. Thus, the average verdict recorded in a Mealey's report overstates the average value for all mesothelioma verdicts. Id. ¶ 58 n.49.

if they paid them at all. Yet, Dr. Sackett assumes that hundreds of claims pending ***for more than ten years*** on the petition date will be paid at the same values as recently filed claims.

The Debtors' data unequivocally demonstrates that pay rates and recoveries decline dramatically with the age of a claim. 98% of the Debtors' mesothelioma claims are resolved within five years of filing and claims pending less than 10 years receive almost all of the Debtors' payments.[97] If paid at all, claims pending over 10 years will receive a small fraction of what Dr. Sackett assumes in his forecast.[98] Average settlement values for these long-dated claims are greatly reduced compared to claims resolved within three years of filing.[99] Yet Dr. Sackett never even considered that these very old claims had a greatly diminished likelihood of payment and payment amount.[100] As Dr. Martin explains, Dr. Sackett's approach is empirically unsupportable and inconsistent with LAS's own recent historical treatment of aged claims.[101]

b. Unknown Disease Claims

Dr. Sackett significantly increases his mesothelioma claim estimate by assuming that hundreds of pending claims identified as "unknown disease" in the Debtors' claims database are actually mesothelioma claims, even though historically these so-called "unknown disease" claims rarely, if ever, are mesothelioma claims.

To do this, Dr. Sackett takes pending claims where the claimant has not identified a disease and reallocates them to a disease designation according to the distribution of pending claims with known diseases. This results in a significant portion of these unknown disease

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97 Mullin Rep. ¶¶ 169-170 & Figs. 51-52; Mullin Reb. Rep. ¶ 38.

98 Id. ¶ 35.

99 Id. at Fig. 18.

100 Sackett Dep. Tr. at 299:10-303:15.

101 Martin Reb. Rep. ¶¶ 23-24.

claims being redesignated as higher value mesothelioma claims. The data and the accepted methodology both demonstrate that this is a serious error. As the testimony of Dr. Martin will demonstrate, claims filed without disease information are disproportionately lower value non-malignant claims, not mesothelioma claims, and should be valued accordingly.[102]

Dr. Martin's review of LAS's own prior asbestos bankruptcy reports confirms this pattern. In its Garlock (2013) report, LAS valued only the pending claims that alleged mesothelioma and did not assume that any pending claims with an unknown disease would resolve as mesothelioma claims.[103] In earlier reports, LAS matched unknown-disease claims to known disease distributions identified in public claims databases. In its ASARCO (2007) report, none of the matched unknown-disease claims mapped to mesothelioma claims. Instead, almost all mapped to a non-malignant disease. In its WR Grace, USG, Armstrong, GAF, Owens Corning, Fibreboard, and Turner & Newall reports, only 1% to 2% of unknown-disease claims mapped to mesothelioma.[104] Thus, LAS's own historical work has assigned little to no value to unknown disease claims, which is vastly different from what Dr. Sackett has done here.

The approach that LAS has used in other cases is consistent with Dr. Mullin's approach in these cases—as is the outcome. Notwithstanding Ms. Austin's assertions that Dr. Mullin "ignore[d] the possibility that a portion of the unknown disease claims are mesothelioma claims,"[105] Dr. Mullin performed a similar matching exercise to what LAS has done previously. He compared the Debtors' "unknown" disease claims to publicly available claims data from the Garlock and Specialty Products cases, claims information between the Debtors (in other words,

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102 Martin Reb. Rep. ¶¶ 20-22.

103 Martin Reb. Rep. ¶ 21(a).

104 Id. ¶ 21(b); Transcript of Videotaped Deposition of Denise Neumann Martin, Ph.D. (May 5, 2026) ("Martin Dep. Tr.") 49:22-50:2.

105 Austin Reb. Rep. ¶ 67.

to compare where a claimant who identified a disease in a claim against Aldrich might not have identified a disease in a claim against Murray, and vice-versa), and Personal Injury Questionnaires ("PIQs")—information received from claimants as part of these bankruptcy cases. Through that exercise, Dr. Mullin was able to match roughly half of all "unknown" disease claims to a "known" disease. While Dr. Sackett speculates (without having done any analysis) that ***30%*** of unknown Aldrich claims and ***20%*** of unknown Murray claims are mesothelioma claims and should be valued as such, by actually looking at the data, Dr. Mullin determined the combined number to be more like 2.5%.[106]

c. "Off-Complaint" Claims

As part of their strategy to resolve the magnitude of claims against them in the tort system, the Debtors entered into "off-complaint" group settlement agreements with three law firms. Under these agreements, claimants did not name the Debtors in their lawsuits filed in the tort system. Rather, the Debtors resolved their claims "administratively."[107] Since these law firms did not file complaints against the Debtors, the Debtors agreed in such deals to toll the statute of limitations for the firms' claims.

Due to the nature of the administrative settlement agreements, the only claims of which the Debtors received notice, and, therefore, the only claims that were entered in the Debtors' claims database, were the claims submitted for payment by these firms. Claims not submitted for payment presumably were claims the three law firms determined were not valid against the Debtors, likely due to a lack of exposure to asbestos components supplied with the Debtors' equipment. We know this because the quantity of mesothelioma claims not presented by these

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106 See Martin Dep. Tr. at 49:1-50:20 (noting that Dr. Sackett's reallocation methodology "doesn't pass the blush test" and "doesn't have any basis in [ ] theory or evidence.").

107 Mullin Rep. ¶ 124 & n.138; Mullin Reb. Rep. ¶ 51.

law firms for payment matches the quantity of mesothelioma claims that were filed by these law firms that were being dismissed in the tort system prior to entering into the administrative settlement arrangements.[108]

Nevertheless, Dr. Sackett assumes that essentially all of these claims that these three law firms never submitted under the off-complaint agreements would somehow be asserted against the Debtors years later in the tort system. This not only defies common sense, but, once again, is contrary to a tort extrapolation from the Debtors' actual tort system history. If these claims were compensable, they would have been submitted to the Debtors when they became ripe, i.e., at the same time they were being asserted against other defendants in the tort system or bankruptcy trusts. This is confirmed by the fact that the ratio of unsubmitted claims from the law firm with the most claims under the off-complaint agreements is nearly identical to the ratio of dismissed claims before the off-complaint agreements for this same firm.[109]

Dr. Sackett's erroneous assumptions here have the effect of raising his propensity to sue input for mesothelioma claims by 10-13% in his analysis,[110] thereby materially and inappropriately increasing his overall mesothelioma claims estimate accordingly.

B. Data and Forecasting Omissions Account for $40 Million in Overstatement

Dr. Sackett also inflates his estimate through critical omissions in his data handling and forecasting methodology. These omissions—(i) the failure to apply a resolution rate and (ii) the selective truncation (or limitation) of data used—account for approximately $40 million of his overstatement. Although smaller in magnitude than Dr. Sackett's other errors, these omissions

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108 Mullin Reb. Rep. ¶ 50.

109 See e.g., id. ¶¶ 51-55.

110 Id. ¶¶ 50-55; Sackett Rep. ¶¶ 198-199.

confirm the same pattern: whether purposefully or by mistaken coincidence, every one of Dr. Sackett's departures from standard methodology increases his estimate.

1. Resolution Rate

Converting projected future claims into projected future payments requires, among other things, two sequential steps: first, determining what percentage of filed claims will actually resolve (the resolution rate); and second, determining what percentage of resolved claims will result in payment (the pay rate).[111] Dr. Sackett omits the first step entirely: he applies no resolution rate whatsoever.[112] At his deposition, Dr. Sackett confirmed this was no accident: he testified that because his model runs out to 2059 and because this is a "full pay case," he wanted to be "inclusive" of every claim.[113] Setting aside the fact that whether or not this is a full pay case has no impact on whether or not claims will resolve in the tort system, Dr. Sackett's assumption that all claims will resolve is contradicted by the Debtors' own data. Indeed, the Debtors' data shows that a material number of claims, frequently over a decade old, are simply abandoned in the tort system with no resolution of any kind. Dr. Sackett ignores this reality. Dr. Martin likewise will confirm that Dr. Sackett's assumptions here are baseless and introduce systematic upward bias.[114] Correcting for this omission decreases Dr. Sackett's mesothelioma forecast by approximately 3%.

2. Data Truncation

In calibrating his pay rates, Dr. Sackett excludes from his dataset all claims filed before 2013, even though many of those claims were resolved within his calibration period of 2017

111 Mullin Reb. Rep. ¶¶ 76-77.

112 Id. ¶ 78.

113 Sackett Dep. Tr. at 123:16-124:15.

114 Mullin Reb. Rep. ¶ 78; see also Martin Reb. Rep. ¶¶ 23-25.

through 2019.[115] Because claims that are ultimately dismissed have historically taken longer to resolve than claims that were paid, this truncation strips out the slower-resolving dismissals from the data, thereby inflating the resulting pay rate.[116] Dr. Sackett then applies this artificially inflated, 2013-forward pay rate to hundreds of pending claims filed ***before*** 2013 without any principled basis for doing so. When the selection bias is corrected and the full claims history is used for calibration, pay rates decline.

Dr. Sackett offered no legitimate justification for his approach during his deposition.[117] He could not explain why claims resolved in 2017-2019 but filed before 2013 should be excluded from a calibration exercise designed to determine the pay rate for claims resolved during the same 2017-2019 period. The only explanation is that including those claims would have reduced the pay rate and lowered his estimate as a result. Here again, Dr. Sackett selected a faulty analytical approach that drove up his estimate. Correcting these two omissions—the missing resolution rate and the data truncation—reduces Dr. Sackett's mesothelioma forecast by approximately $40 million.

C. Unrealistic Financial Parameters Account for Nearly $800 Million of Dr. Sackett's Overstatement

Perhaps the most egregious of Dr. Sackett's erroneous assumptions is his use of a ***negative*** real discount rate to derive the present value of claim payments to be made by the Debtors for the next three-plus decades. Dr. Sackett assumes that a dollar received 10, 20, or even 30 years in the future is worth more than a dollar received today—an assumption completely at odds with the fundamental "time value of money" principle.[118] Practically

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115 Mullin Reb. Rep. ¶ 79.

116 Id. ¶ 80.

117 Sackett Dep. Tr. 101:2-123:6.

118 Mullin Reb. Rep. ¶¶ 64-74.

speaking, if this were true, claimants should prefer to receive compensation 30 years in the future rather than today. Clearly, this is not the case. In addition to being economically and practically indefensible, Dr. Sackett's assumptions on this point lack empirical foundation. Dr. Sackett admitted at his deposition that he could not name another period in U.S. history where a negative real discount rate existed for more than a few years.[119]

Dr. Sackett produces a negative -2.2% real discount rate (i.e., a nominal discount rate minus an inflation rate) by applying (a) an aberrationally low 1% nominal discount rate, and (b) an arbitrarily high annual inflation rate of 3.2% for future average settlement values. Dr. Sackett's use of a negative real discount rate to estimate nearly 40 years of future claims ultimately accounts for nearly ***$800 million*** in his estimate. More than any other shortcoming in his opinion, this defies common sense. The Court should discredit Dr. Sackett's testimony on these points as it will provide the Court with absolutely no guidance to achieve a realistic estimate of the present value of the Debtors' current and future mesothelioma liabilities.

1. Inflation Rate for Future Average Settlement Values

Dr. Sackett assumes that the Debtors' future average settlement value will increase by 3.2% annually based on two critical analytical errors.

First, as noted in section III.B.2, supra, Dr. Sackett does not account for the fact that the typical mesothelioma claim against the Debtors as the years pass will be less valuable as a result of, among other things, the increasing average age of a claimant and the decreasing duration of

[119] Sackett Dep. Tr. at 237:9-240:5 (citing, for example, the 2008 financial crisis); see Martin Dep. Tr. 151:4-152:14 ("[Dr. Sackett]'s creating this situation that we've never seen before for any period of time and just couldn't potentially persist for the next 40 years of his -- his forecast."). Moreover, in 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. These reports also include 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. Martin Reb. Rep. ¶ 39 (citing sources).

claimants' exposure to asbestos-containing components in the Debtors' equipment. These effects can be seen in the Debtors' tort history. Annual average settlement values for Murray have declined at a rate of more than 2% per year over the past 10 years, a period during which the Consumer Price Index ("CPI") (which measures general inflation) continued to show positive inflation.[120] Analysis of Aldrich's average settlement values for the past 10 years also shows a modest decline.[121]

Dr. Sackett assumes this history will not only cease at the petition date, but will reverse and claim values will suddenly increase by 3.2% annually for decades to come. Dr. Sackett testified that he is "operating under the assumption that [ ] settlement values will increase with inflation" simply because "in general, that's what happens—prices go up over time due to inflation."[122] There is no doubt that inflation is real, but an economist would not blindly inflate future claim values, where, as here, the average claim of today is very different from the average claim of tomorrow. The analysis is not as simple as noting that, for instance, food costs are inflating (although computer chip costs are deflating). Dr. Sackett admitted at his deposition that the Debtors' historical average settlement values have been "fairly stable" and that he did not find an increase over the years he examined.[123] In other words, Dr. Sackett inflates future settlement values based on an assumption that is directly contradicted by the Debtors' data that illustrates the aging of the claims fully offsets, and even exceeds, the impact of general inflation.

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120 See Figs. 7, 8, supra; Mullin Reb. Rep. ¶¶ 68-70, Figs. 29-30.

121 Id.

122 Sackett Dep. Tr. at 189:1-20.

123 Id. at 211:13-212:9. Dr. Sackett and Dr. Mullin calculated essentially the same constant-dollar average settlement values—$56,000 for Aldrich and approximately $92,000-$93,000 for Murray. Id. at 149:8-150:8; see also Mullin Reb. Rep. ¶ 28, Fig. 10.

Second, Dr. Sackett chose an inflation rate of 3.2% annually (roughly 50% higher than general forecasts) by blending equally three underlying inflation rates: the CPI, the Medical Care Consumer Price Index (which projects inflation for medical costs), and the government employee portion of the Employment Cost Index (which projects inflation in the value of benefits for government workers).[124] Dr. Sackett cannot justify why these indexes are appropriate benchmarks at all, or why it was appropriate to weight them equally.[125] When asked at his deposition why he chose these three indexes, Dr. Sackett testified that "they approximate my understanding of components that would go into a settlement for [an] asbestos claim" but conceded that he had "not yet seen any data for this case that breaks down the settlements" and that his blended rate was merely "an approximation of categories that I think would go into it."[126] When asked what basis he had for weighting the indexes equally, Dr. Sackett conceded: "I had no data to privilege one over the others."[127] This is not expert methodology; it is pure speculation.

Dr. Sackett's reliance on these indexes is misplaced. With respect to the CPI, the Debtors' data demonstrates that the mesothelioma claims against them are not like consumer goods that are subject to standard inflationary price increases. Notwithstanding sustained positive general inflation in the economy, the Debtors' mesothelioma settlement values have not increased. Dr. Sackett himself recognizes this.[128] And, by using the blended rate that he does

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124 Mullin Reb. Rep. ¶ 65; Sackett Rep. ¶¶ 98-99.

125 Of note, Dr. Sackett used an inconsistent approach to inflation across his own forecast. For "current" claims resolved in the 2020-2025 period, Dr. Sackett applied actual observed CPI inflation of 2%. Mullin Reb. Rep. ¶ 65. But for future claims from 2026 onward, he switched to his higher blended rate of 3.2%. Sackett Dep. Tr. at 193:17-196:17; Sackett Rep. at Table 6A n.2.

126 Sackett Dep. Tr. at 200:4-16.

127 Id. at 204:13-22.

128 Id. at 211:13-212:9.

(i.e., adding in the Medical Care CPI and Employment Cost Index), Dr. Sackett acknowledges the basic principle that, while general inflation averages price changes across a bundle of goods, most prices deviate from that general trend—in these cases, the deviation is for the "price" or value of future mesothelioma claims. The only way to know if the Debtors' settlements follow general inflation—which the historical evidence shows they do not—is by looking at the Debtors' settlement history, precisely what Dr. Mullin did in his analysis.

Dr. Sackett's inclusion of the Medical Care CPI is likewise flawed. He admitted at his deposition that his understanding of what Medical Care CPI measures is based on, "[a]t some point," having "read the description of what it says when you download it," but he could not recall the precise description.[129] Moreover, Dr. Sackett conceded that he has never applied Medical Care CPI to any forecast before these cases.[130] There is thus no track record or accepted practice—even in Dr. Sackett's own work—to support his inclusion here. And as Dr. Mullin will explain, when public information on recent mesothelioma verdicts is examined, medical costs represent on average only about 7% of total verdict amounts, further confirming that medical costs are a small factor in asbestos claim values and should not be given one-third weight in an inflation index.[131] In any case, medical costs already are reflected as a 9% weight within the CPI itself; double-counting medical inflation through a separate Medical Care CPI component thus artificially inflates Dr. Sackett's blended rate.[132]

Finally, the state and local government benefits portion of the Employment Cost Index that Dr. Sackett applies has no relevance here. Indeed, at his deposition, Dr. Sackett strained to

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129 Sackett Dep. Tr. at 202:19-203:7.

130 Id. at 203:8-204:5.

131 Mullin Reb. Rep. ¶ 66 & n.64.

132 Id. at ¶ 66.

explain why he used this index. His reasoning ultimately relies upon a string of attenuated and unsupported assumptions. He testified that he selected the state and local government benefits index rather than wages because asbestos claimants are older and, thus, less likely to be working and earning wages.[133] Though no longer working, he assumes that asbestos claimants were likely industrial workers, who he assumes have certain undefined retirement benefits, because he assumes they were likely in unions.[134] Though he admitted that future mesothelioma claimants were more likely private sector rather than government employees, he assumes that their hypothetical retirement benefits established decades ago are more analogous to the current value of public sector employment benefits because of what he termed "stability."[135] When asked whether he performed any analysis to determine whether his assumptions were reasonable, Dr. Sackett admitted that he did not.[136]

2. Discount Rate[137]

In asbestos-related bankruptcy cases, most claims being estimated typically will be asserted decades into the future, frequently described as "future claims." Bankruptcy courts charged with estimating asbestos-related claims generally use the petition date as the

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133 Sackett Dep. Tr. at 205:1-206:13.

134 Id. at 206:3-18 ("[G]iven that a lot of them are industrial workers of some sort, they were likely in unions. They would have a retirement benefit plan of some sort that came out of that.").

135 Id. at 206:18-207:2 ("I used the benefit index for state and local government workers because -- partly because it's more stable from the private sector and these benefits come from the past when benefits were more stable in the private sector."); id. at 207:10-208:21 ("I was looking for stability over time and the benefits of what state and local governments are -- state and local governments employees because they are done by contract as it used to be in the past for industrial workers, I think, tend to believe stable over time.").

136 Id. at 208:1-7.

137 The Debtors set forth various arguments as to why Dr. Sackett's discount rate is inappropriate in *Debtors' Motion in Limine to Preclude Opinions Asserted by the Committee's Experts on Discount Rates* [Dkt. 3185] (the "Discount Rate MIL"). So as not to restate each of those arguments in this Pretrial Brief in full, the Debtors incorporate by reference each of the arguments set forth in the Discount Rate MIL as if fully set forth herein.

demarcation between current and future claims. As a result, future claims are discounted to present value at the petition date in order to put them on equal footing with current claims.[138] The goal of present-value calculations, here and in analogous contexts, is to identify the sum to be awarded at the time of judgment or payment, that, together with interest, will (through investment) produce an amount equal to the value of the damages.[139]

While Dr. Mullin and Mr. McKnight apply consistent nominal discount rates in their analyses (ranging from 4.5% to 6.5%), Dr. Sackett uses a 1% nominal discount rate derived from the "spot" rates of various Treasury securities that existed on the June 18, 2020 petition date, during the height of the COVID pandemic. As detailed below, there are several reasons Dr. Sackett's 1% discount rate is inappropriate for discounting the Debtors' liability to present value.

a. The Court Should Select a Discount Rate Best Suited for the Circumstances of these Cases

The primary purpose of estimation in these cases has always been to assist the parties in establishing the ***amount of trust funding*** sufficient to satisfy the Debtors' asbestos liability and formulating a plan of reorganization. In the Estimation Motion, the Debtors stated: "[I]n contested cases like these, estimation often is critical (and, indeed, the only effective device) to address the central dispute in the case—the ***amount of funding sufficient to satisfy*** a debtor's asbestos liability through a section 524(g) trust."[140] While the ACC now argues that the purpose

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138 See In re Garlock Sealing Techs., LLC, 504 B.R. 71, 88 (Bankr. W.D.N.C. 2014) ("Finally, a discount rate should be applied to bring the future nominal value of claims back to the petition date.") (citing In re Eagle-Picher Indus., Inc., 189 B.R. 681, 682 (Bankr. S.D. Ohio 1995)).

139 See Masters, Mates & Pilots Pension Plan v. USX Corp., 900 F.2d 727, 733 (4th Cir. 1990) ("An interest rate, or rate of return, is applied in order to determine what present amount of investment will yield the future amounts required to satisfy those vested benefits…. The higher the assumed rate of return, then the less present investment is needed to pay out the future benefits."); In re Birdneck Apartment Assocs., II, L.P., 156 B.R. 499, 508 n.15 (Bankr. E.D. Va. 1993) ("The discount rate is the rate of return which equals the sum of the real rate of return anticipated in the investment, plus a change in value and any risk premiums associated with the specific investment when compared to alternative investments.").

140 [Dkt. 833] ¶ 19 (emphasis added).

of estimation is "not to determine a funding amount for a trust," it never explains what the purpose of estimation allegedly is, apart from "exploring the full measure of the Debtors' asbestos liabilities in the tort system" for some unnamed purpose.[141]

b. The Court Should Not Accept a Discount Rate Based on Stale and Abnormally Low COVID-Era Interest Rates

Dr. Sackett's use of a discount rate based on the "spot" prices of Treasury securities on the petition date (and Ms. Austin's testimony supporting the use of that rate) should be rejected.

As a threshold matter, it is premised on nothing more than inadmissible (and incorrect) legal opinion that 11 U.S.C. § 502(b) and prior case law "requires" the use of spot rates of Treasury securities from a single day, ***six years ago***. Section 502(b) provides only that the court "shall determine the amount of such claim in lawful currency of the United States as of the filing of the petition …." 11 U.S.C. § 502(b). The purpose of the "as of the filing of the petition" language here is to fix which claims are subject to estimation and assure the claims—current and future—are placed on equal footing. Nothing in section 502(b)'s text mandates or suggests that a court must select a discount rate based on rates that existed on the petition date. This district, in the Garlock bankruptcy, has previously used projections of long-term interest rates ***at the time of the estimation*** made two years after the petition date in evaluating the present value, as of the petition date, of a debtor's aggregate asbestos liability based on forecasted discount rates that

[141] *Objection to Debtors' Motion in Limine to Preclude Opinions Asserted by the Committee's Experts On Discount Rates*, In re Aldrich Pump LLC, No. 20-30608 [Dkt. 3224] (the "ACC Obj.") ¶ 44.

were published two years later.[142] There is no credible dispute that in Garlock the accepted expert estimate "valued asbestos liabilities as of the petition date."[143]

Moreover, there is no dispute that the discount rate advocated by the ACC and its experts is based on interest rates from an aberrational, policy-distorted period coinciding with the height of the COVID pandemic.[144] Dr. Sackett himself agreed that the interest rate he used was "very low," "certainly within a period in which they were the lowest point in recent history," and "counterintuitive to the time value of money in general."[145] As detailed in the Discount Rate

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142 See In re Garlock, 504 B.R. at 97; Report of Charles E. Bates, PhD (Feb. 15, 2013), at 117 n. 59 (indicating use of CBO's 2012 Long-Term Budget Outlook in a case where the bankruptcy petition was filed in 2010) (attached as Ex. B to Discount Rate MIL); see also In re Eagle-Picher Indus., 189 B.R. 681, 692 (Bankr. S.D. Ohio 1995) (using mid-point of "current" interest rates used by two experts in their estimations). The Debtors appreciate that some courts in asbestos estimations, such as Specialty Products and Owens Corning, have used interest rates that existed at or near the time of the petition date. But neither case held that 11 U.S.C. § 502(b) required that, and in neither case was there any argument or indication that the interest rates used were abnormal or different than current rates.

143 The Court in Eagle-Picher also accepted the use of a discount rate taken from rates existing as of the date of estimation, not the petition date. See In re Eagle-Picher Indus., 189 B.R. at 692 ("Florence has suggested a 6.3% discount rate, while Peterson employs a 5.8% discount rate. Both Florence and Peterson understood these to approximate ***the current risk-free discount rate***, and we accept their testimony. We think it fair to employ for present purposes a discount rate of 6%.") (emphasis added). The ACC's suggestion that it is not clear what the Court meant by "current" interest rates is proven false by a review of the rates in place at the time. On January 7, 1991, the petition date in Eagle-Picher (see 189 B.R. at 683), the interest rates on Treasury securities ranged from 6.71% (three-month) to 8.32% (30-year). See https://home.treasury.gov/resource-center/data-chart-center/interest-rates/daily-treasury-rate-archives/par-yield-curve-rates-1990-2023.csv (excerpts attached as Exhibit F). The estimation hearing in Eagle-Picher was held in September and October of 1995. See In re Eagle-Picher Indus., 203 B.R. 256, 262 (S.D. Ohio 1996). On September 1, 1995 the discount rate on Treasury securities ranged from 5.45% (three-month) to 6.61% (30-year). See Ex. F. The discount rates used by Dr. Peterson (5.8%) and Dr. Florence (6.3%) in Eagle-Picher align with the interest rates as of September 1, 1995, not the January 7, 1991 petition date.

144 See Mullin Reb. Rep. ¶ 74 (noting Dr. Sackett used "an abnormally low discount rate from the beginning of the COVID-19 pandemic, a period characterized by extraordinary market conditions which resulted in U.S. Treasury yields at their lowest in the last 25 years."); Martin Reb. Rep. ¶ 38(b) (noting "the nominal discount rate expectations applied by Sackett were formed during Covid, a highly unusual economic period"); Martin Dep. Tr. at 150:22-157:1 (critiquing Dr. Sackett's use of "extremely low," anomalous rates during Covid which were impacted by market distortions, noting it is inappropriate to apply a "wildly aberrational period" to a long-term liability forecast); Brattle Rep. ¶ 97 n.91 (noting rates in 2020 "were depressed, in part, by concerns for the economy of the impact of Covid-19"); Brattle Reb. Rep. ¶¶ 10, 43-48 (discussing crisis conditions and extraordinary market intervention that resulted in low rates as of June 2020 and noting "it is standard in finance and regulatory practice to avoid anchoring discount rates in temporarily distorted spot conditions").

145 Sackett Dep. Tr. at 221:18-222:11; 238:17-240:5; 242:19-243:5; 374:7-375:1.

MIL, courts ***routinely reject*** the use of discount rates derived from such abnormal periods, especially for discounting long-term liabilities.[146] Both Trevino and Palmer criticized the use of aberrational discount and/or inflation rates, the same problem with the ACC experts' approach here.[147] The ACC's claim that Thomas "does not explain the specifics of the expert opinion's deficiency beyond the application of a *per se* rule" established in Culver v. Slater Boat Co., 722 F.2d 114, 122 (5th Cir. 1983), is not correct. The primary reason for the court's holding was the plaintiff expert's discount rate was "based on temporary conditions and does not support a negative discount rate extending decades into the future."[148] That is ***precisely*** the problem with the ACC experts' approach here.[149]

In addition, basing a discount rate on interest rates that briefly existed ***six years ago*** does not align with the purpose of estimation in these cases, which should be to determine the amount of money that will be sufficient to fully satisfy the Debtors' current and future asbestos-related liability as such liability is paid. Imagine if the inverse were true and the discount rates as of the

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146 See Discount Rate MIL ¶¶ 41-42 (discussing Trevino v. United States, 804 F.2d 1512 (9th Cir. 1986); Palmer v. Asarco Inc., 2007 WL 2381242, at *3 (N.D. Okla. Aug. 13, 2007); Thomas v. T.K. Stanley, Inc., 2014 WL 12814614, at *1 (E.D. Tex. Oct. 28, 2014)).

147 See Trevino, 804 F.2d at 1519 (holding it is "impermissible to select a time period over which to compare inflation and interest rates that provides a decidedly aberrational result"); Palmer, 2007 WL 2381242, at *3-4 (rejecting use of negative real discount rate based on finding that use of inflationary rates as far back as 1947 was unreliable).

148 2014 WL 12814614, at *1; see also id. at *2 ("Additionally, Stevens bases his opinion on apparently temporary economic conditions that do not reflect historical trends. The court finds his analysis does not support a negative net discount rate of that magnitude, extending some fifty years into the future.").

149 Thomas cited Culver v. Slater Boat Co., 722 F.2d 114, 122 (5th Cir. 1983), for the proposition that a negative discount rate of -1.5% might be acceptable, "if properly supported by expert testimony." 2014 WL 12814614, at *2. That aspect of Culver was not "overruled or abrogated by multiple other courts." ACC Obj., ¶ 40. Rather, those decisions rejected Culver's holding that courts should generally use a below-market discount rate as the sole method to adjust loss-of-future-earnings awards to present value. See Beltran v. NCL Corp., Ltd., 2017 WL 4270618, at *7 (S.D. Fla. Sept. 26, 2017). The Beltran and Calva-Cerqueira cases cited by the ACC are inapposite. Beltran did not accept a negative rate, but merely rejected the argument that one was "*per se* unreliable." And in Calva-Cerqueira, the court accepted net discount rates of 0% and -0.5% because it had a "reasonable basis" under those specific facts. 281 F. Supp. 2d 279, 298 (D.D.C. 2003).

petition date were abnormally high and materially greater than the rates as of the time of trust funding. The ACC would undoubtedly object to the use of six-year-old interest rates, as such rates would result in a present-value calculation hundreds of millions of dollars ***less*** than would be the case if current rates were used. Using current rates is also consistent with bankruptcy courts' use of "prevailing" and "current" rates in determining present value in connection with common confirmation issues.[150]

c. The Court Should Require Use of a Discount Rate Consistent With How a Trust Created Here Would Invest the Funds

A key consideration driving the parties' differing discount rates is whether it should be based on a risk-free rate—commonly associated with U.S. Treasury securities—or the likely rate that an asbestos trust would earn on its invested assets. Dr. Sackett's report did not explain why he used a risk-free rate.[151] As discussed below, Ms. Austin opines that the "appropriate benchmark" for a discount rate here should be a risk-free rate.[152] However, the Court should require use of a discount rate that approximates the rate of return a section 524(g) trust established in these cases would likely earn on its various investments for several reasons.

First, the purpose of discounting here and in analogous contexts is to determine "what present amount of investment will yield the future amounts required to satisfy" future liabilities.[153] As with any asbestos bankruptcy trust, the trust established in these cases will retain professional investment advisors and invest the funds in a diversified and relatively conservative—though not risk-free—portfolio of assets comprised principally of debt

150 See Discount Rate MIL, ¶ 37, n.15.

151 See Sackett Rep. ¶ 99.

152 Austin Reb. Rep. ¶ 57.

153 Masters, Mates & Pilots, 900 F.2d at 733; In re Birdneck, 156 B.R. at 508.

instruments (corporate, municipal, and U.S. government), equity, and alternative investments.[154] The Court should employ a discount rate consistent with this indisputable fact.[155] A discount rate that materially understates the trust's likely investment returns will not assist the Court in evaluating if the proposed trust funding is fair and equitable.

Indeed, when Dr. Sackett is retained by asbestos trusts to provide cash-flow forecasts for setting those trusts' "payment percentages," he uses an "estimate of the rate of return of the trusts' assets going forward" provided by the trusts' financial professionals in selecting a discount rate.[156] This is hardly surprising, but rather simply a reflection that asbestos trusts invest in something different than risk-free Treasury notes. There is no basis to stray from that approach here.

Second, none of the reasons proffered by the ACC or its experts support using a risk-free rate here. Ms. Austin offers nothing but misguided and erroneous legal argument. She asserts that "in the tort system context, as ordered by the Court, there is no trust for the Debtors and no consideration of a trust."[157] Thus, she maintains, "any analysis of the returns (and premium) of the 524(g) asbestos trusts should be rejected."[158] Again, Ms. Austin ignores that the purpose of estimation should be to determine an appropriate amount to place into an asbestos trust in connection with a confirmed plan in these cases.

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154 See Mullin Rep. ¶ 166; Brattle Rep. ¶ 97 n. 92.

155 See In re Denke, 524 B.R. 644, 653 (Bankr. E.D. Va. 2015).

156 Sackett Dep. Tr. at 216:7-217:12.

157 Austin Reb. Rep. ¶ 57.

158 Id.; see also id. ¶ 37 ("As an initial matter, it is my understanding that consideration of an asbestos trust is not relevant for Phase I of the estimation."); id. ¶ 62 (claiming Dr. Mullin "fails to establish that the returns of 524(g) trusts are relevant for valuing asbestos claims in the tort system," stating "[c]laims that are paid through a trust are *not* part of a tort system estimate").

Ms. Austin next asserts that the "appropriate benchmark should remain a risk-free rate because claimants are effectively involuntary creditors who have not agreed to assume risk."[159] Accordingly, she reasons, "historical returns earned by [a] trust, which has voluntarily agreed to assume invest[ment] risk, are therefore not material to the determination of the proper discount rate."[160] Apart from being mere legal argument, Ms. Austin's opinions are again counterfactual. The funding provided by the Debtors will be placed into a bankruptcy trust, not paid directly to tens of thousands of individual current and future claimants. That trust will then invest those funds—conservatively, but not at risk-free rates.

While Ms. Austin does not cite any authority for her assertion, she and the ACC may be relying on a well-known Supreme Court case, Jones & Laughlin Steel Corp. v. Pfeifer,[161] holding that the discount rate to be applied in calculating awards for lost future earnings in personal injury cases "should be based on the rate of interest that would be earned on the 'best and safest investments.'"[162] In Chesapeake, the Supreme Court had earlier held that the discount rate should be based on the "best and safest investments" because it cannot be assumed that the injured plaintiff would have the "financial experience and skill" necessary to invest in higher yielding investments.[163]

The underlying premise of Pfeifer and Chesapeake does not apply here. Again, the "lump sum" paid in these cases will not be paid to tens of thousands of current and future

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159 Id. ¶ 57.

160 Id.

161 462 U.S. 523 (1983).

162 Id. at 537 (quoting Chesapeake & Ohio R. Co. v. Kelly, 241 U.S. 485 (1916)); see also Hargus v. Ferocious & Impetuous, LLC, 2015 WL 1743049, at *3 (D.V.I. Apr. 14, 2015) (citing Pfeifer for proposition that "the trier of fact must determine what net discount rate to apply such that a plaintiff entitled to a damages award is awarded a lump sum that, if safely invested, will provide him with an amount equivalent to his future damages").

163 Chesapeake, 241 U.S. at 490.

claimants, many of whom may lack investment experience, but rather to a trust that will hire professional investment advisors and invest the funds consistent with a prudent investor standard (i.e., not simply in risk-free Treasury securities).[164] Pfeifer itself recognizes it is necessary to consider "how one expects the plaintiff to invest the award," noting the plaintiff might invest "exclusively in safe short-term notes, reinvesting them at the new market rate whenever they mature," or in "a mixture of safe short-term, medium-term, and long-term bonds, with one scheduled to mature each year of his expected worklife."[165] Courts have cited that language in situations where something other than a risk-free rate is or may be appropriate, even in personal injury cases. For example, in Culver v. Slater Boat Co.,[166] the Fifth Circuit stated that in "computing the [discount] rate to be used, it is essential to determine how the award will be invested."[167] Likewise, in Hargus, the court declined plaintiff's request to take judicial notice that the appropriate discount rate should be based on U.S. Treasury securities. Citing Pfeifer and Culver, the court noted "it is necessary to consider 'how one expects the plaintiff to invest the award'" and then found the plaintiff had "failed to meet his burden of laying a foundation" to support the use of a risk-free discount rate based on U.S. Treasury securities.[168]

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164 See Teachers Ins. & Annuity Ass'n of America v. Ormesa Geothermal, 791 F. Supp. 401, 417 (S.D.N.Y. 1991) (rejecting applicability of Pfeifer, noting "although it may not be appropriate to force unsophisticated individuals to assume risks in investing monetary rewards, those same concerns do not apply to sophisticated investors such as Teachers").

165 Pfeifer, 462 U.S. at 542 nn.23 & 26.

166 722 F.2d 114 (5th Cir. 1983), rev'd on other grounds, 486 U.S. 330 (1988).

167 Id. at 118; see also id. at 122 (noting "discount rate may be affected by the fact-finder's assumption about the type of investment the plaintiff will choose").

168 Hargus, 2015 WL 1743049, at *4 (quoting Pfeifer, 462 U.S. at 542 n.26). See also Hines v. McDonald's USA, LLC, 2026 WL 754963, at *18 (N.D. Ill. Mar. 17, 2026) (rejecting plaintiff's motion in employment discrimination case to prevent defense expert from testifying about the use of non-risk-free rates, stating "Pfeifer does not establish the kind of categorical rule that Plaintiffs assert").

The proper application of Pfeifer received extensive attention in a recent New Mexico district court's opinion in Clements, where the court rejected the plaintiff's expert's use of a 1.5% discount rate based on U.S. Treasury securities. After noting in a prior order that "[i]t seems ... an annuity is a better investment because it offers a higher interest rate than a U.S. Treasury Bill, and is comparably safe," the court asked plaintiff's expert to submit a supplemental report calculating damages using a discount rate based on current long-term annuity rates.[169] The expert "declined" to provide that analysis and instead "went outside his area of expertise and cited to seven legal authorities" that allegedly supported his use of U.S. Treasury rates. After admonishing that it "does not need [the expert's] assistance with legal analysis,"[170] the court appointed an expert under Federal Rule of Evidence 706(a). The court ultimately adopted that expert's recommendation of a 3% real discount rate, which represented a "diversified portfolio" that was "conservatively" invested consistent with the prudent investor rule.[171] Interestingly, this is exactly the same net discount rate that the court in Garlock accepted from the Debtors' expert report.[172]

Ms. Austin's suggestion that a risk-free rate is always the "accepted" approach in asbestos bankruptcies is likewise inaccurate. Some, largely older, asbestos bankruptcies used a risk-free rate, but typically in situations where the debtor was insolvent and thus apparently had no reason to dispute the use of a risk-free rate that increased the present value of the liability. And the risk-

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169 United States v. Clements, 828 F. Supp. 3d 1179, 1196 (D.N.M. 2026). The court noted that the "use of the U.S. Treasury Bill rate appears to be either a simplistic crutch based on a mistaken impression that [Pfeifer] requires it, … or a reflection of previous investment patterns when Treasury Bills may have been preferred to other investment options," and then approvingly cited recent cases that selected higher discount rates based on triple A-rated corporate bonds and fixed payment annuities. Id. at 1200-01.

170 Id. at 1186.

171 Id. at 1200.

172 Garlock, 504 B.R. at 97.

free nominal discount rates used in those cases were nearly always in the 3.5% to 6.0% range—closer to the discount rates proposed by the Debtors and the FCR here—and certainly not based on aberrational rates inverting the time value of money. Moreover, In re Paddock Enterprises, the most recent confirmed asbestos bankruptcy plan, is instructive. There, Thomas Vasquez, Ph.D., a long-time expert in asbestos and other mass-tort bankruptcies, issued a declaration on behalf of the Future Claimants Representative in support of plan confirmation.[173] He was the only expert to submit a report or estimate the liabilities for purposes of plan confirmation. There, Dr. Vasquez reduced future claims to present value by using a discount rate based on the rates "***similar to the rates earned by other existing asbestos trusts***."[174]

D. Correcting All of Dr. Sackett's Analytical Errors Provides an Estimate Within the Ranges Proffered by Dr. Mullin and Mr. McKnight

In critical ways, Dr. Sackett chose to deviate from accepted tort system extrapolation methodology. Rather than recognize the Debtors' long-term strategy of avoiding trials and, thus, assume that trials would not occur in the future, Dr. Sackett elected to "forecast" six plaintiff verdicts against the Debtors in the future. Rather than actually try to match unknown claims to known sources, or recognize the influx of low-value non-malignant claims many years ago, Dr. Sackett simply chose to reallocate unknown claims, often very old claims, into far more valuable mesothelioma claims. Rather than observe the data that supports a declining trend for the Debtors' settlement values, Dr. Sackett elected to inflate those values in the future not by the CPI, but by a weighted measure roughly 50% higher than the CPI. Rather than use a discount rate that is actually indicative of the cash flows needed to fully compensate claimants in these

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173 See *Declaration of Thomas Vasquez, Ph.D. in Support of Confirmation of Second Amended Plan of Reorganization for Paddock Enterprises, LLC Under Chapter 11 of the Bankruptcy Code* (attached as Exhibit G).

174 See id. ¶ 23 (emphasis added).

cases, Dr. Sackett chose to use an aberrational spot interest rate that is inconsistent with government forecasts for interest rates over the decades that the claims will be paid in the future. Uncannily, every single one of these decisions made by Dr. Sackett fell on the side of making his estimate bigger, often dramatically so.

Not surprisingly, when all of these errors are stripped away, Dr. Sackett's mesothelioma estimate falls within the ranges proffered by the other two affirmative experts in these cases, as shown below.

Corrected Sackett Estimate (Mesothelioma)	Aldrich	Murray	Total
Sackett Report mesothelioma claim payments	$1,140 MM	$680 MM	$1,815 MM
Largest forecasting errors			
Verdicts	($75 MM)	($80 MM)	($155 MM)
Pending claims	($150 MM)	($95 MM)	($245 MM)
ASV trend (assuming 0% trend)	($300 MM)	($170 MM)	($470 MM)
Discounting (assuming 6.11% rate)	($205 MM)	($115 MM)	($320 MM)
Subtotal	$405 MM	$225 MM	$630 MM
Omissions			
Resolution rate	($15 MM)	($10 MM)	($20 MM)
Data truncation	($0 MM)	($20 MM)	($20 MM)
Corrected Sackett Report total	**$390 MM**	**$200 MM**	**$585 MM**
Reconcile to Mullin Report best estimate			
Use of 10% Non-ACP incidence curve	($15 MM)	($10 MM)	($25 MM)
Application of Historical ASV trend	($15 MM)	($25 MM)	($40 MM)
Remaining differences[175]	($55 MM)	($5 MM)	($60 MM)
Mullin Report best estimate	**$305 MM**	**$160 MM**	**$460 MM**[176]

CONCLUSION

The record in this Phase I Trial tells a consistent story. Three experts agree on the general methodological framework that governs a tort-system extrapolation of the Debtors' asbestos liability. They rely on the same data to conduct the analysis. Two experts representing

[175] The remaining differences represent residual errors in relatively small amounts that are too numerous to detail herein (e.g., unaccounted for duplicate claims).

[176] All numbers are rounded to the nearest $5 million and are correct, despite what appear to be mathematical discrepancies in the totals and subtotals, which are caused by such rounding.

different constituencies with different interests achieve similar results—powerful evidence that their analyses are sound.

Dr. Sackett departs from that consensus—and he does so dramatically, arriving at an estimate many multiples higher than that of the other two experts. That outlier result is not the product of a reasonable difference in professional judgment. It is the product of a series of strategic choices made by Dr. Sackett—each of which pushes his estimate higher, and none of which finds the requisite support in the Debtors' actual tort-system experience, in theory, in fact, or in law.

For these reasons and the other reasons set forth in this Pretrial Brief, the Court should reject the ACC's estimate and should instead estimate the Debtors' liability for present and future mesothelioma claims consistent with Dr. Mullin's $460 million "best" estimate. This number reflects the Debtors' actual tort-system experience and is supported by sound methodology and the well-reasoned analysis of qualified experts.

Dated: August 3, 2026
Charlotte, North Carolina

Respectfully submitted,

/s/ John R. Miller, Jr.

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EXHIBIT
A

Corrected Initial Expert Report of Charles H. Mullin, Ph.D.

September 15, 2025

Figure 29 (pg. 58)

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

Corrected Initial Expert Report of Charles H. Mullin, Ph.D.

September 15, 2025

Figure 32 (pg. 62)

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

Corrected Initial Expert Report of Charles H. Mullin, Ph.D.

September 15, 2025

Footnote 140 (pg. 58)

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
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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

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March 27, 2026

Figure 39 (pg. C-1)

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

Rebuttal Expert Report of Charles H. Mullin, Ph.D.

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Figure 40 (pg. C-2)

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

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Figure 41 (pg. C-3)

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 B

LAS LEGAL ANALYSIS SYSTEMS

CONFIDENTIAL – REDACTED FROM PEO PURSUANT TO PROTECTIVE ORDER
[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

CONFIDENTIAL - REDACTED FROM PEO PURSUANT TO PROTECTIVE ORDER

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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]

[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.

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.

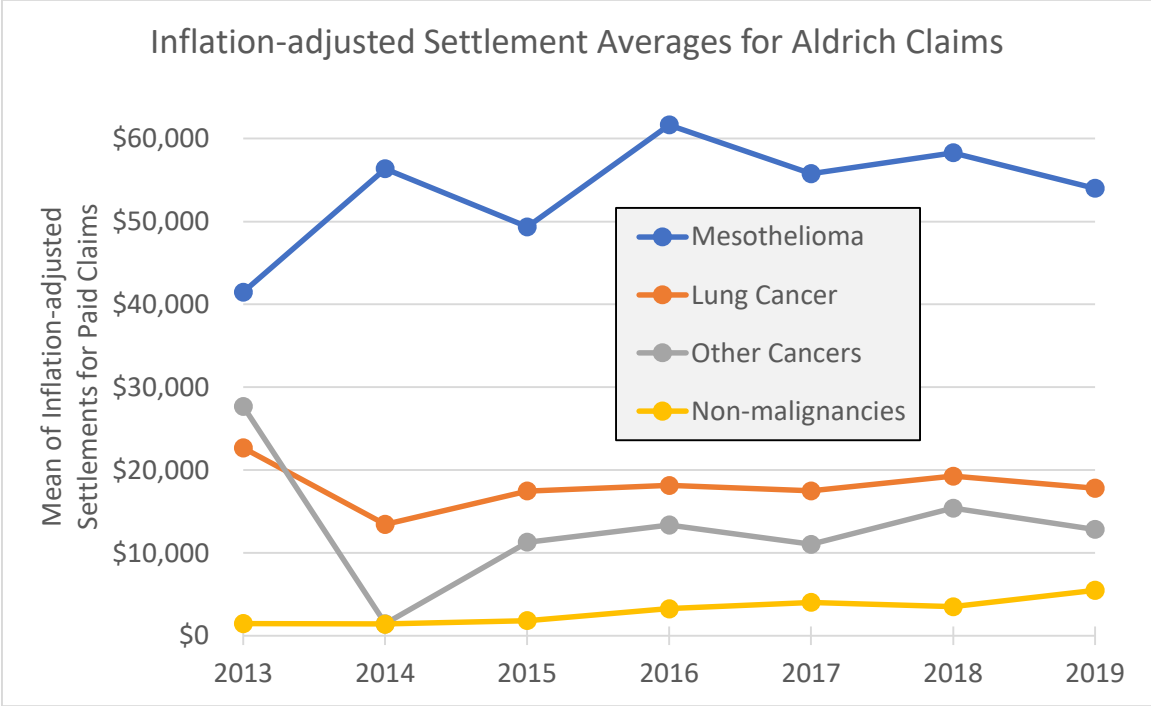
[30] The settlement averages in Tables 5(a) and 5(b) account for inflation using the actual CPI to 2020 dollars (the year of the bankruptcy filings). The inflation rates used are presented in Appendix I.

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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.

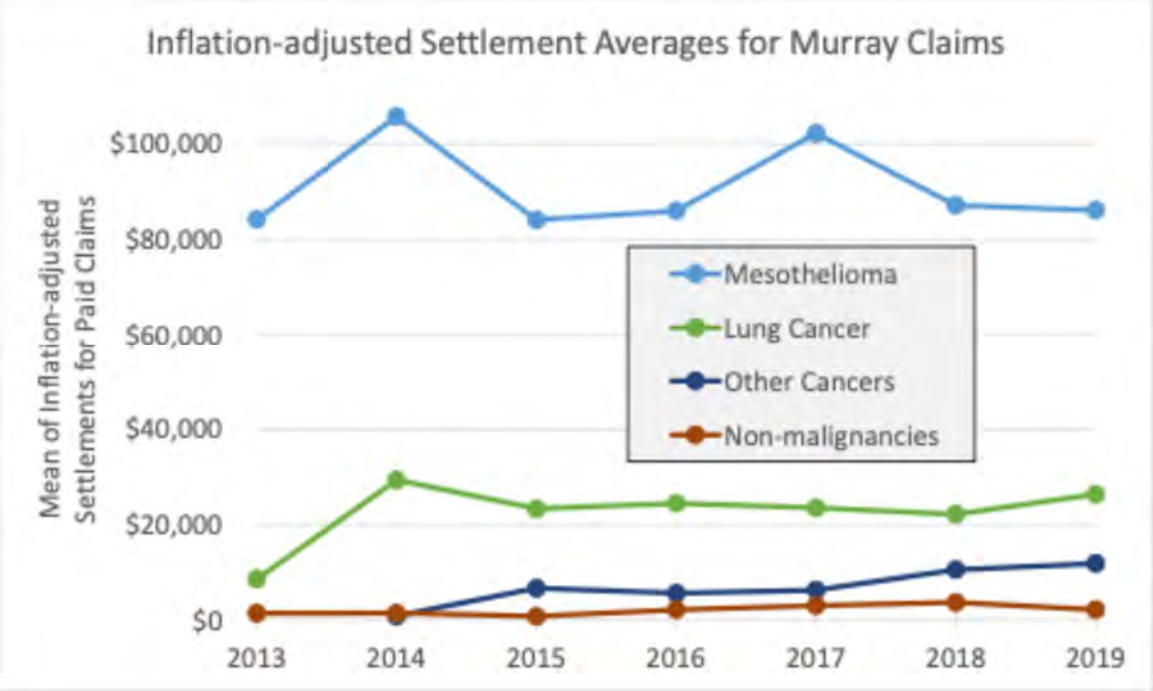
83. Figures 1(a) and 1(b) show the general consistency of the historical claim payment amounts after adjustment for inflation especially during the period from 2015 to 2019.

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]

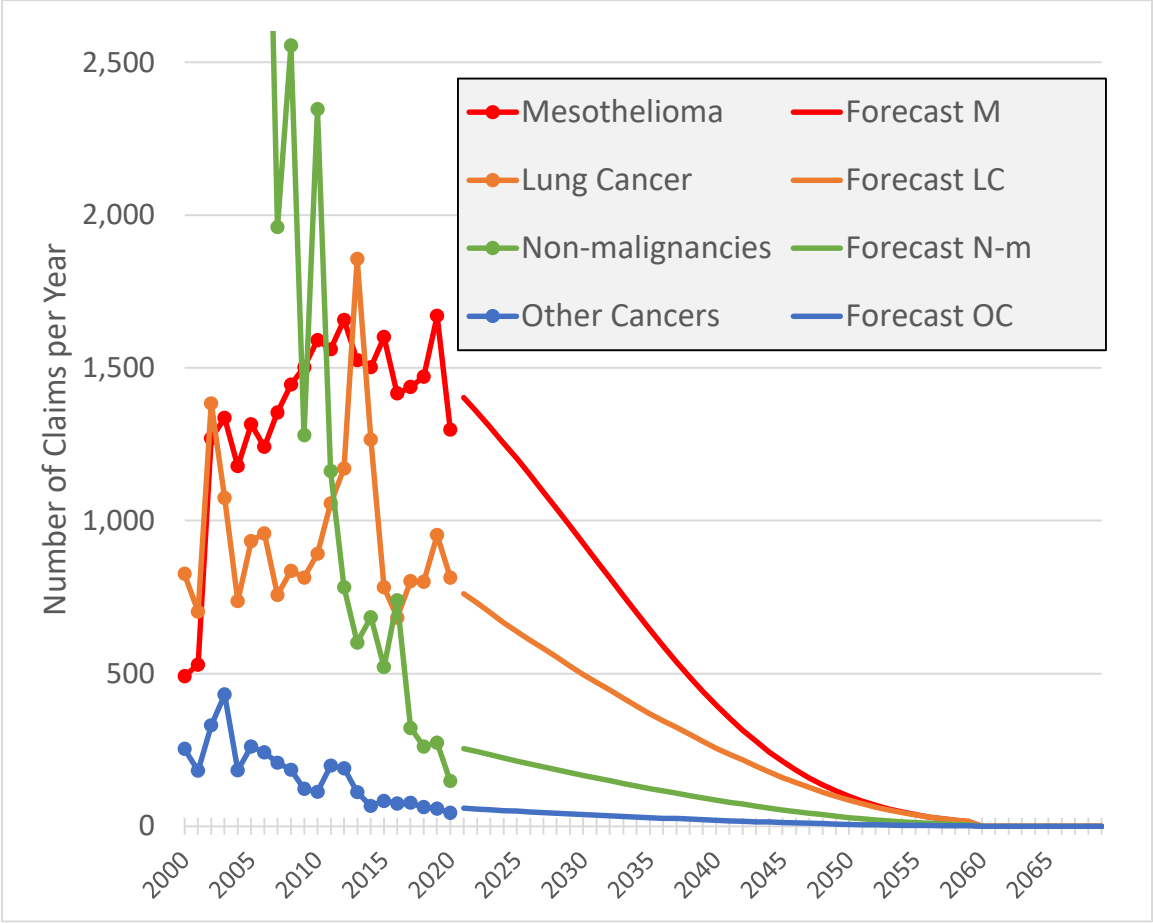
Year	Meso-thelioma	Lung Cancer	Other Cancers	Non-malig-nancies	Total
2020	501	363	23	39	926
2021	1,086	656	46	306	2,094
2022	1,049	630	44	294	2,018
2023	1,010	603	42	281	1,936
2024	971	575	40	268	1,854
2025	932	549	38	256	1,776
2026	891	525	37	245	1,697
2027	848	502	35	234	1,618
2028	804	476	33	222	1,535
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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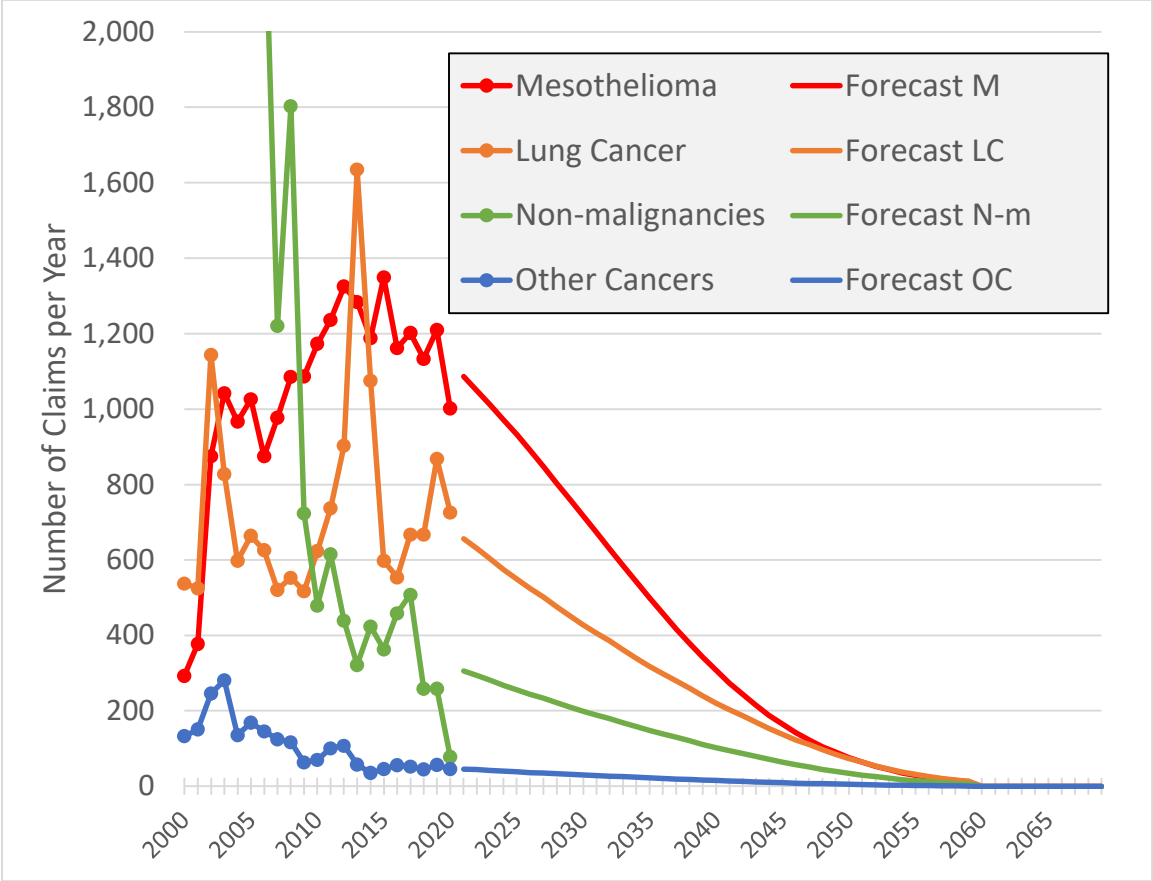
114. Figures 2(a) and 2(b) overlay graphs depicting the historical number of Claims for Aldrich (Old IRNJ) and Murray (Old Trane) with those Claims forecast into the future using the Nicholson Method. For Aldrich, I forecast that there will be more than 800 mesothelioma Claims filed each year through 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)



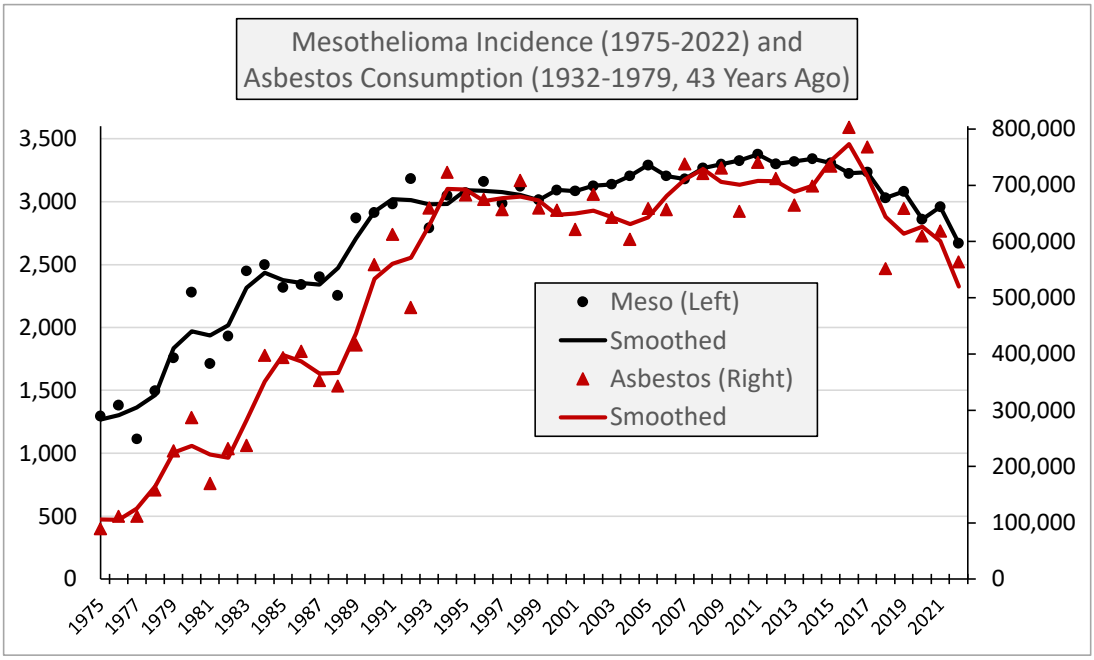
B. Historical Sales Model

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.

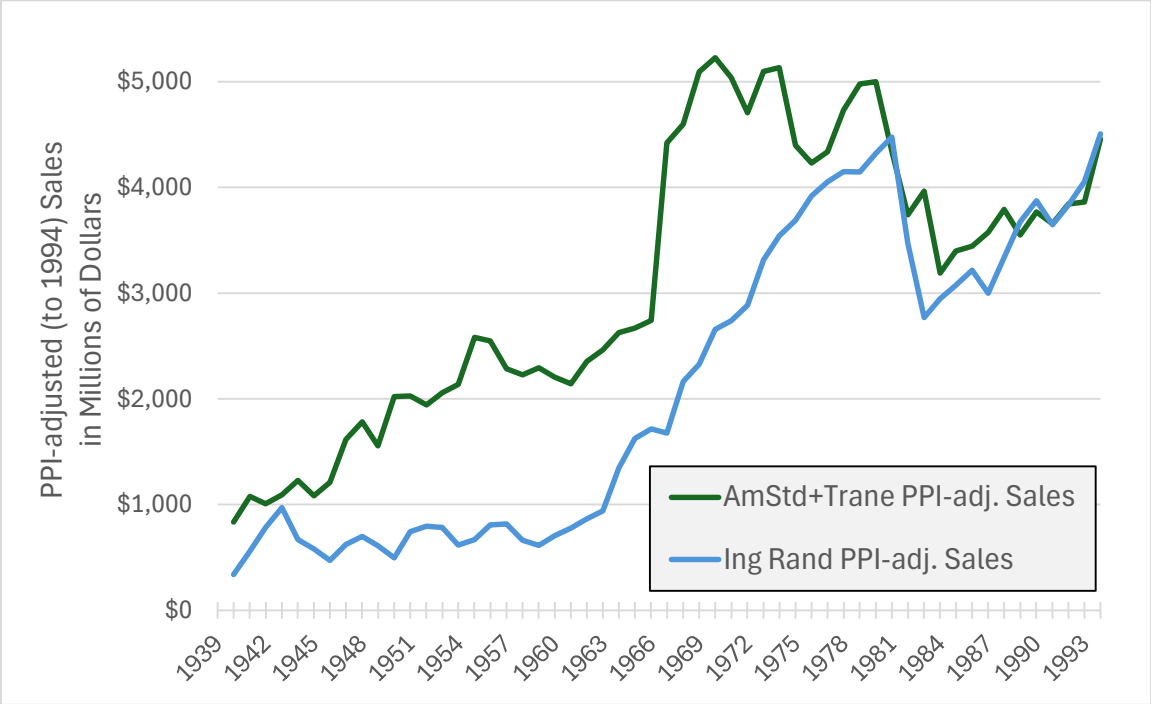
[40] Clements, M., Berry, G., & Shi, J. *Actuarial projection for mesothelioma: An epidemiological perspective.* Presented to the Institute of Actuaries of Australia, XIth Accident Compensation Seminar, April 2007.

[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.

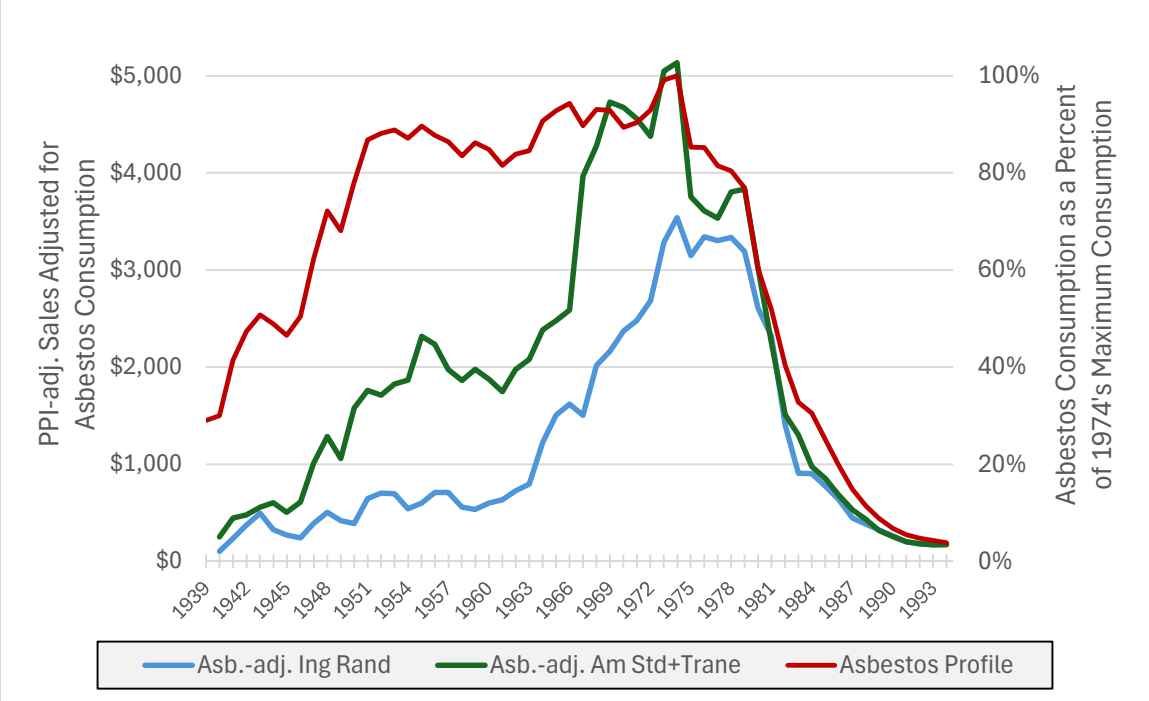
Figure 4 – Annual Sales of Debtors' Predecessors



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

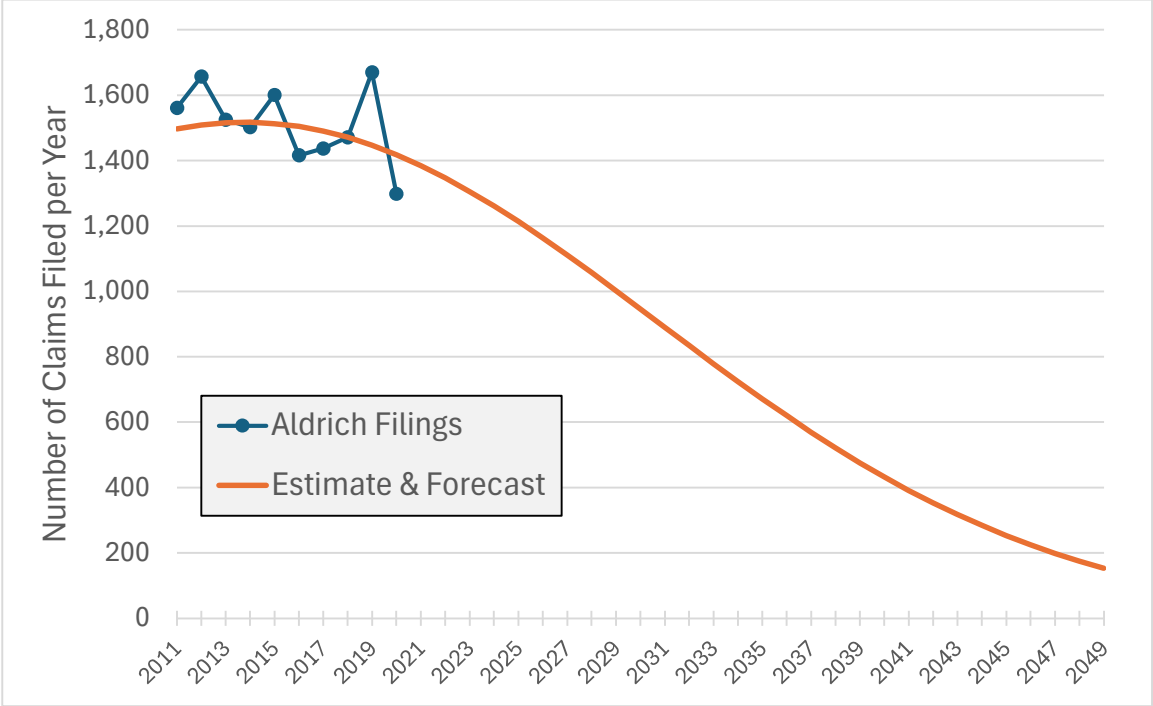
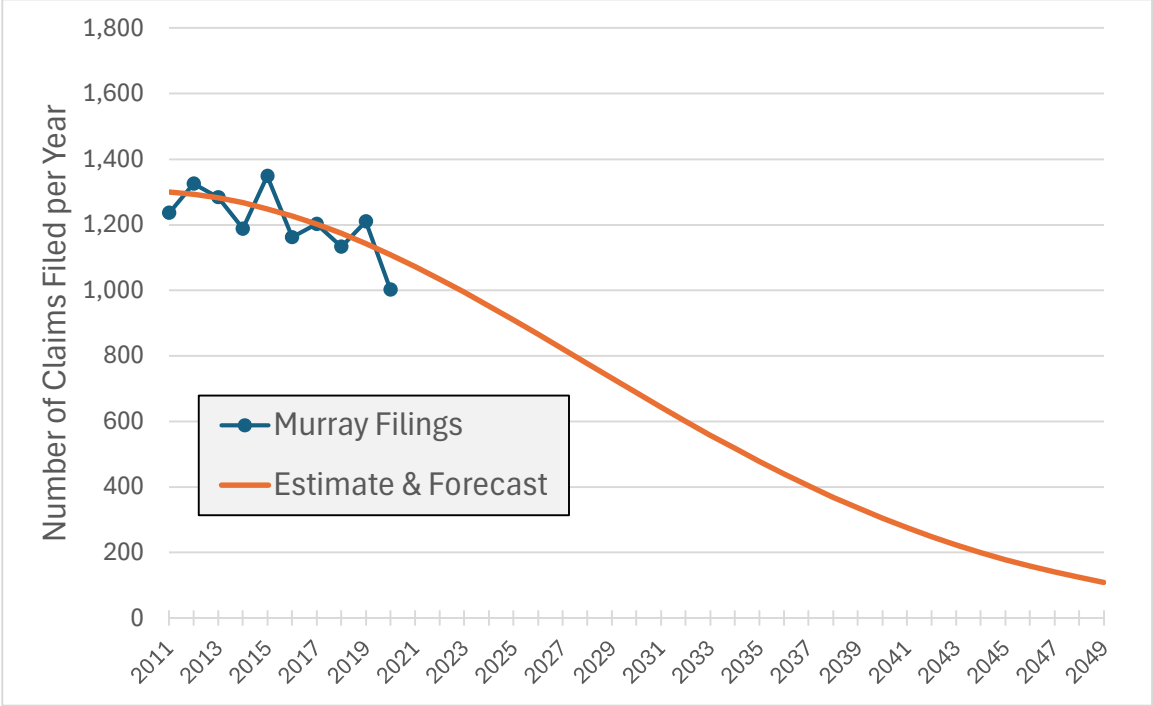


Figure 6(b) – Murray Boiler – Mesothelioma Filings and Sales Method Forecast



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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.

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[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.

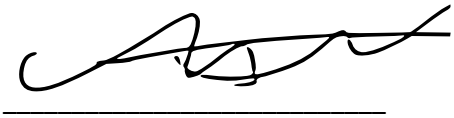
Table 21 – Combined Total Indemnity and Defense Costs[58]

	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
C

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 (π^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 (π^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 π^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.

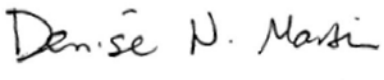
d. Sackett includes defense costs in his estimate.

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.

****

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)

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March 2026

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EXHIBIT
D

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.

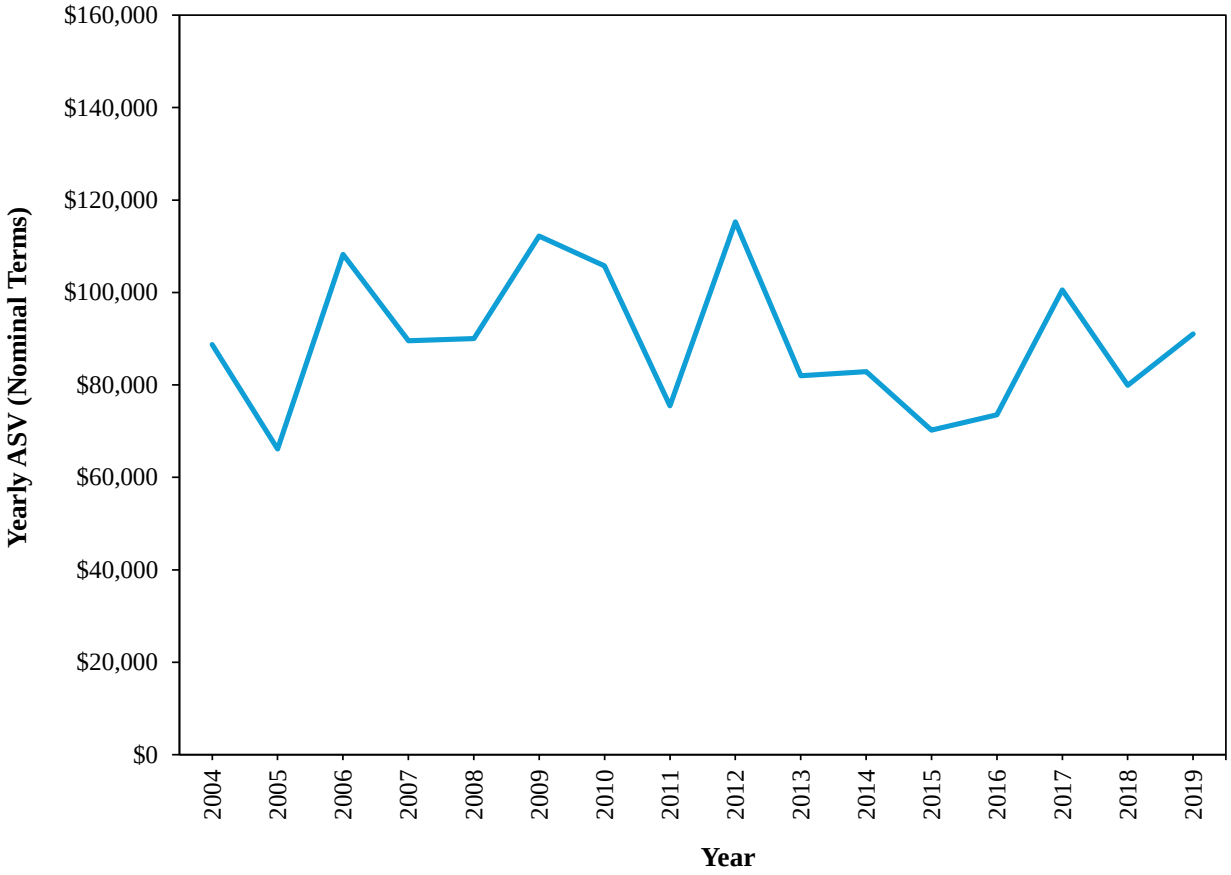
44. The Mullin Report asserts that the yearly average settlement values for mesothelioma claims, in nominal terms and in constant June 2020 dollars, have been declining between 2010 and 2019 for both Aldrich and Murray.[41] Following from this assertion, the Mullin Report assumes an annual decreasing 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."

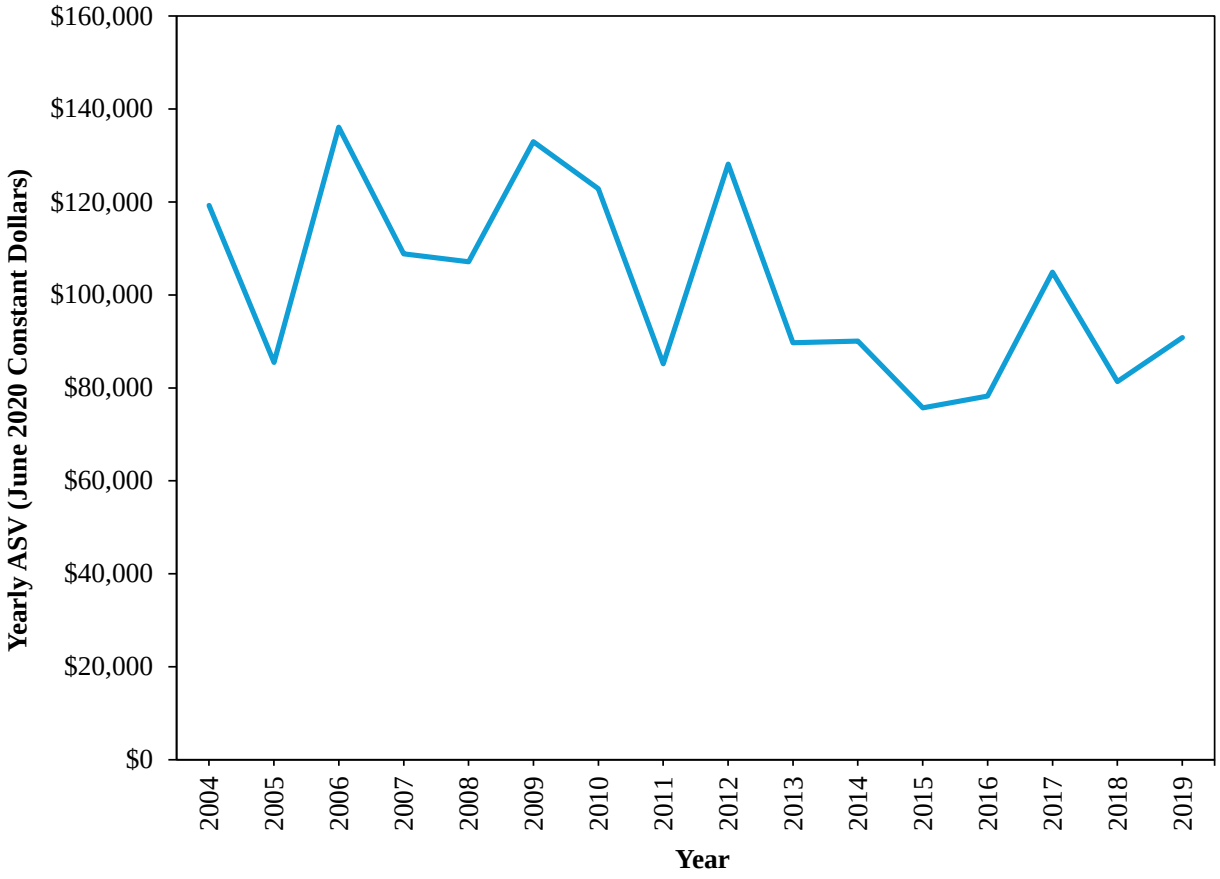
Exhibit 9: Murray Yearly ASV (Nominal Terms) for Paid Mesothelioma Claims in the Brattle Report
2004 - 2019



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: - 4.5% Treasury Risk Free Rate, August 2025 - 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

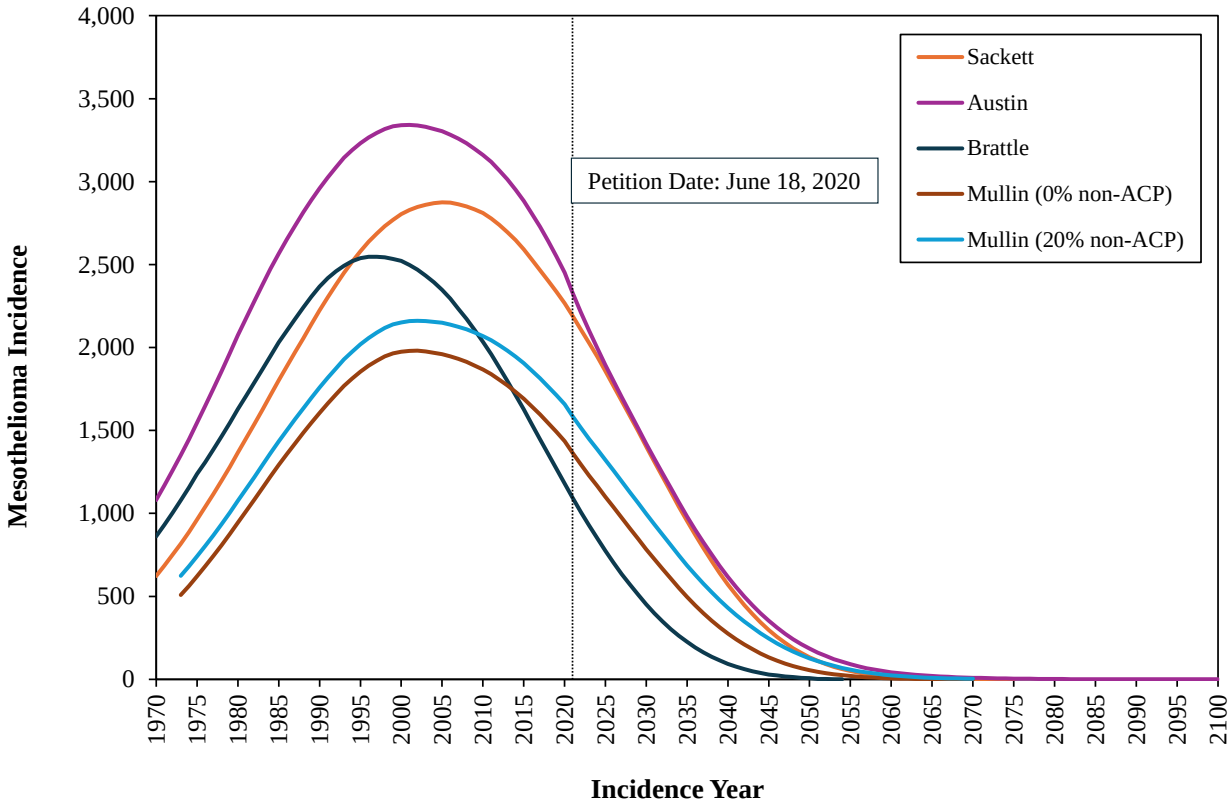
[98] The Mullin Report has several versions of their Mesothelioma incidence curve, some of which add a "non-asbestos-related" (non-ACP) component. This includes incidence of people who have Mesothelioma through non-asbestos-related means. This accounts for the fact that Debtors may receive claims within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

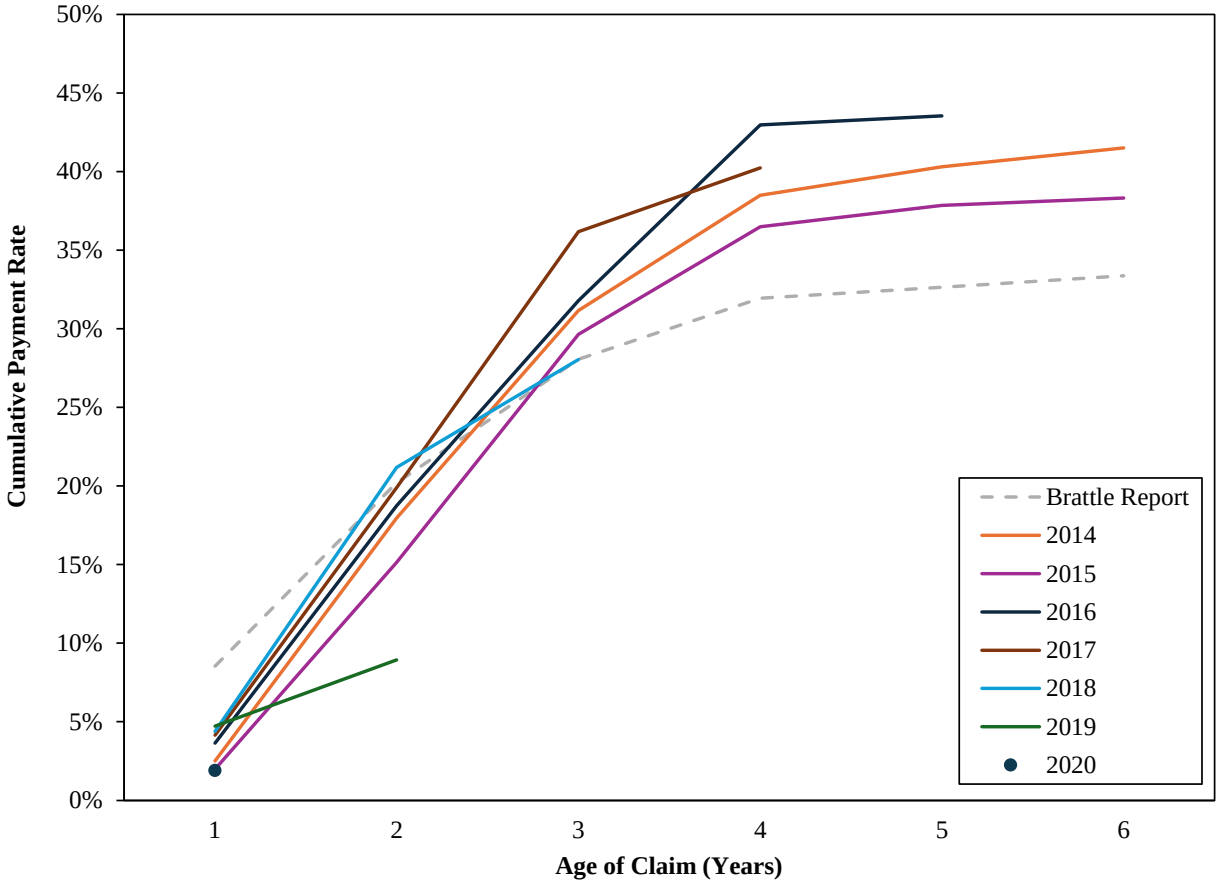
119. However, the pay rate predictions for mesothelioma in the Brattle Report understate the historical pay rates and the predictions are inconsistent with very historical data used in the pay rate model. The lack of coherence between the pay rate model and the historical data render the pay rate predictions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

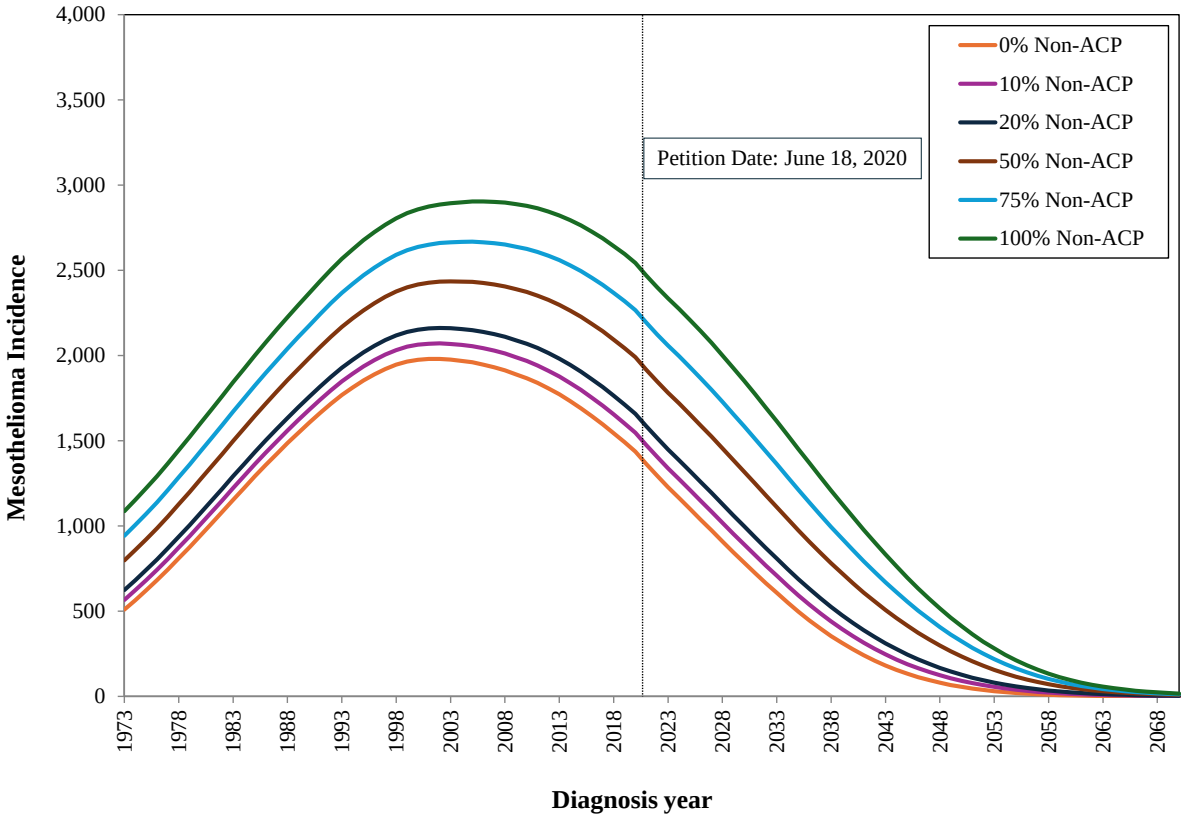
[145] Roman L. Weil, Daniel G. Lentz, and Elizabeth A. Evans, eds., *Litigation Services Handbook: The Role of the Financial Expert*, 6th ed. (Hoboken, NJ: John Wiley & Sons, Inc., 2017), § 3.8(f)(ii).

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.

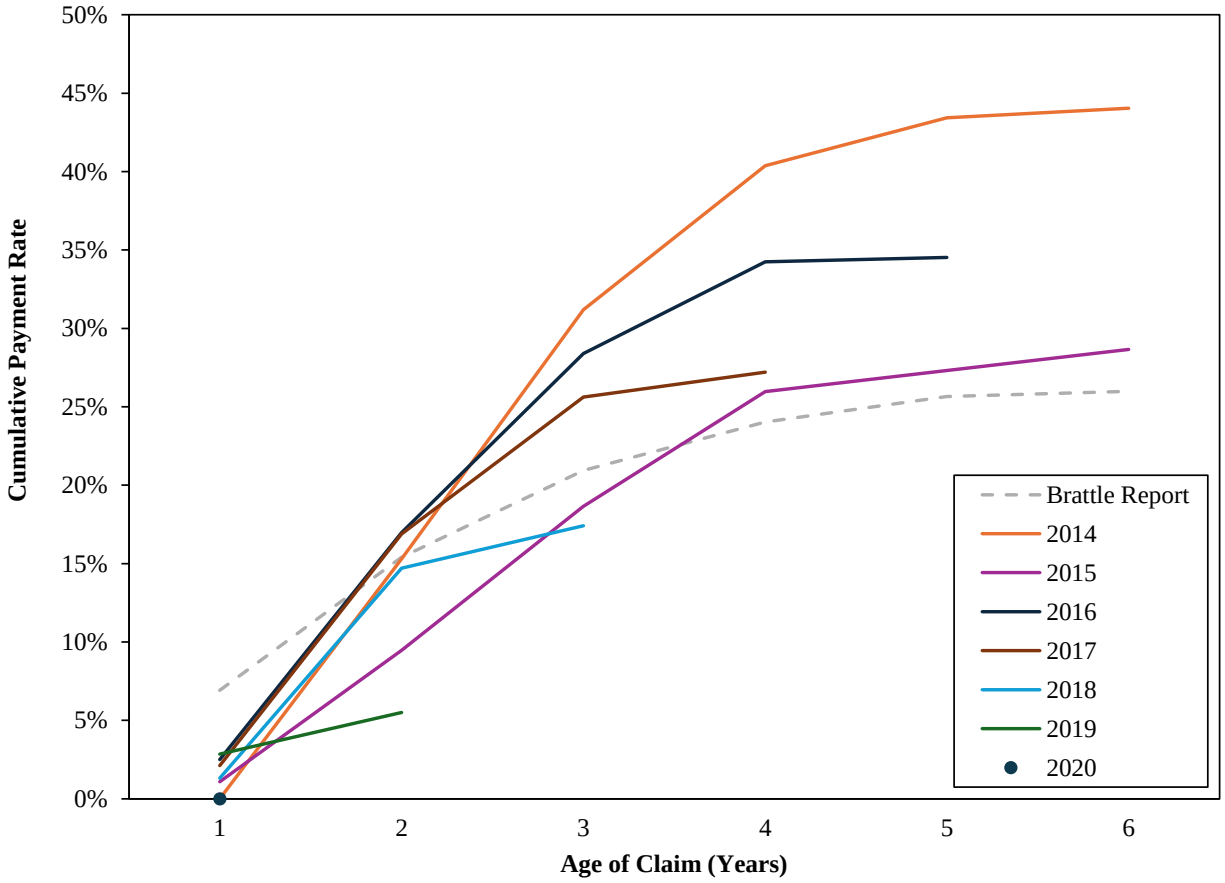
160 See Memorandum Opinion, *In re Specialty Products Holding Corp. a/k/a RPM, Inc., et al.*, May 20, 2013, https://www.deb.uscourts.gov/sites/deb/files/opinions/sphc-estimation-opn-use-one_0.pdf , p. 49.

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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.

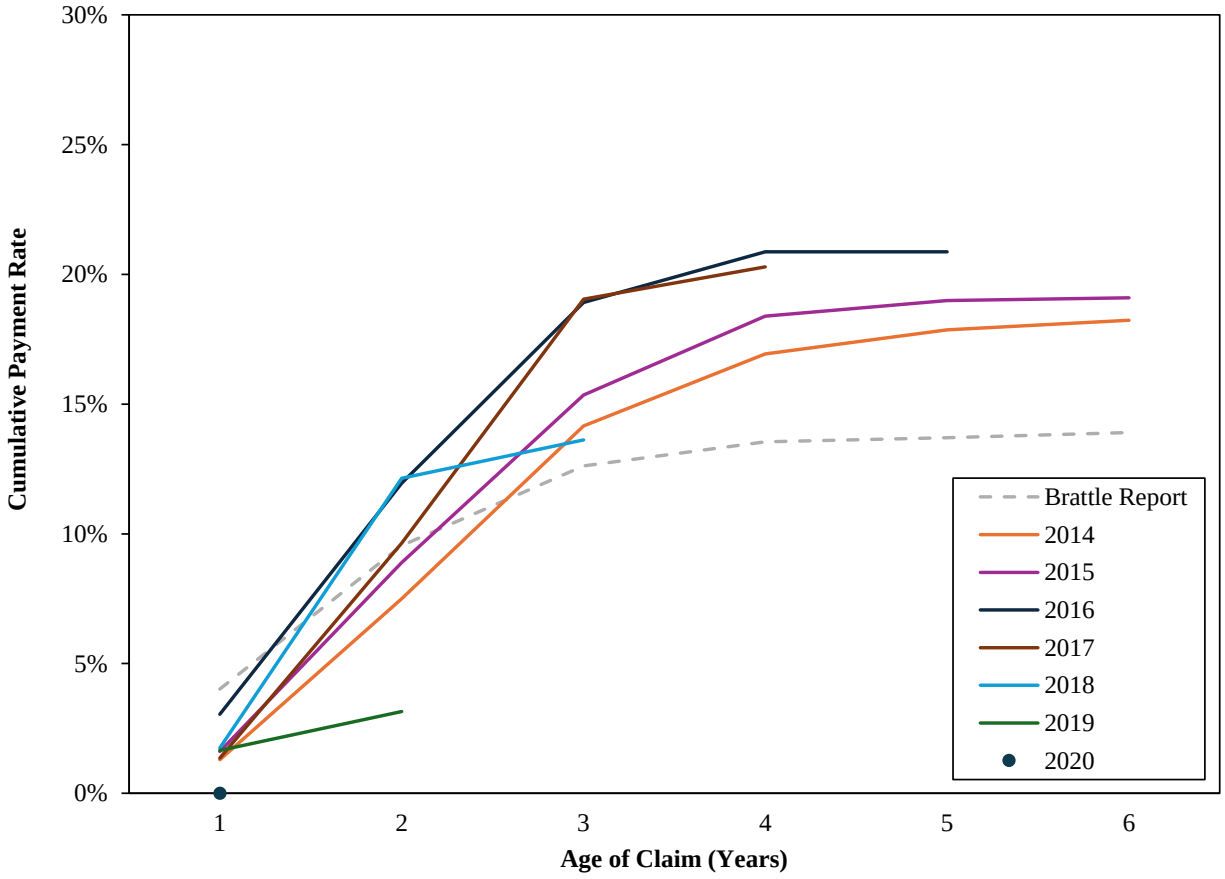
Exhibit 27: Brattle Report Payment Rate for Aldrich Secondary Exposure Claims



Sources: Brattle Report Backup Materials.

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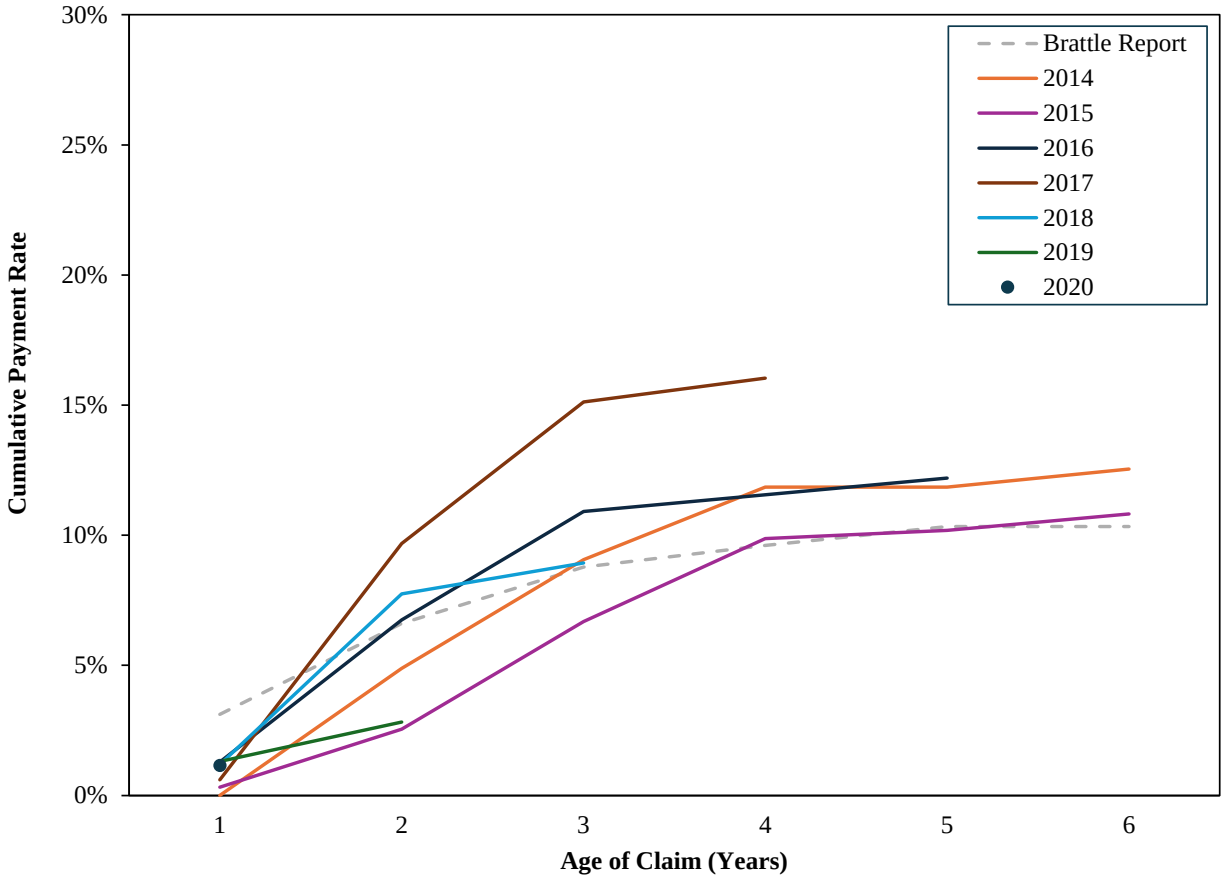
Exhibit 28: Brattle Report Payment Rate for Murray Primary Exposure Claims



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
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 1200 New Hampshire Avenue, NW Washington, D.C. 20036
REPORTED BY:	Shari R. Broussard, RPR, CSR Reporter, Notary

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

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change because the science around the strength of a claim changes, so there are reasons.

I did not undertake an independent analysis of whether there would be a change in the relationship between, on the one hand, pendency of a claim and likelihood of payment of that claim.

BY MR. EVERT:

Q These figures in Figure 16 and 17 of Dr. Mullin's rebuttal report that we're looking at, if you take them at face value, indicate that the debtors paid roughly 2 percent of claims that were pending for more than ten years; is that fair to say?

A That's what these tables represent. That's --

Q Okay.

A -- what these tables appear to represent, but that's not zero.

Q I understand.

Do you have any data to support the proposition that had the debtors stayed in the tort system, this experience of only paying

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roughly 2 percent of claims that had been pending for ten-plus years would change?

A I don't have data that supports or refutes it because I did not -- this is not something that I analyzed for this particular case.

Q Okay. So taking off on your point, 2 percent is not zero, I -- I agree with that. And -- and we -- we can both agree on that, right?

A I think so.

Q Okay. Good.

So by definition, didn't the gross-up performed by Drs. Mullin and McKnight of non-mesothelioma claims take into account the fact that unknown claims would be paid?

A Well, not if it was an unknown claim that was a mesothelioma claim.

So the -- we started with a section of my report that says the Brattle report and the Mullin report assume that none of the unknown claim types are mesothelioma. So a gross-up for non-mesothelioma would not address that criticism

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that they --

Q Okay.

A -- still are assuming that zero of them are mesothelioma claims.

Q Okay. Do you understand how they did the gross-up?

A They applied a percentage to their NPV largely.

Q And that percentage was the historical percentage of non-mesothelioma claims that had been paid, right?

A That's what they represent.

Q Okay. So if we have an unknown claim --

A Uh-huh.

Q -- that turns out to be a mesothelioma claim, then that unknown claim is in the non-mesothelioma claims at the time it is paid, is it not?

MR. CORDANI: Objection to form.

THE WITNESS: Respectfully, that's mixing apples and oranges. So mesothelioma claims have a higher value on average than

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non-mesothelioma claims.

Ultimately what Brattle and the Mullin report are estimating is the value of the liability. So the value of the claim matters.

So if one of the unknown disease-type claim is a mesothelioma claim -- turns out to be a mesothelioma claim, to the extent it is included at all, it is included as a non-mesothelioma claim, so as a lower value claim. But I would suggest that it's actually not included at all because what they're looking at is non-mesothelioma claims in the numerator and mesothelioma claims in the denominator or something mathematically equivalent.

If they've just taken out all of the unknown claims, those claims are not showing up in either the numerator or the denominator.

BY MR. EVERT:

Q Depending upon the time at which they were designated as unknown claims?

A I -- neither the Brattle report nor the Mullin report describes claims that were initially

Page 334

different, right? So I may be able to force a lender into bankruptcy -- excuse me. Let me rephrase that.

As a lender, I may be able to force a company into bankruptcy if they are not in compliance with certain covenants, whereas a claimant may not be able -- a claimant in a mass tort matter, pardon me, may not be able to force the company into bankruptcy. So again, it's -- there's not a -- there's not one answer in an absolute sense. It's facts and circumstances.

Q Okay. All right a couple of dumb questions. Well, I've asked many before, so I'll just keep -- keep up the trend.

Do I understand the pay rate in this context to be as a numerator the number of paid claims and as a denominator the total number of claims?

A That's a decent representation.

Q Okay.

A I agree.

Q So if I want to calculate a pay rate and

Page 335

I don't know with certainty the total number of claims, I would need to estimate those -- that total number of claims or would I simply be unable to calculate a pay rate?

A It would depend -- so now you have a choice. The choice is can I estimate the total number of claims in a way that is reasonable or can I not. So if you cannot estimate the number of claims in a way that is reasonable, then I would suggest that you cannot use that formula.

Q But if you can estimate the number of -- total number of claims in a way that is reasonable, you can use the formula; is that correct?

A Then perhaps you can use that formula.

Q Okay. Do you think there is an incidence of non-asbestos-related mesothelioma?

MR. CORDANI: I'm sorry, you said incidence?

MR. EVERT: I did. I did.

THE WITNESS: I don't have an independent opinion on whether there is an

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incidence -- whether there are incidences of non-asbestos-related mesothelioma nor do I need that to observe the claims that have just been filed against the company.

BY MR. EVERT:

Q Okay. So does that mean that you do not have an opinion of whether or not there are individuals diagnosed with mesothelioma that has no relation to asbestos exposure?

A I don't have an opinion.

Q Okay. So would I be correct in saying that you do not have an opinion if there is a so-called background rate of mesothelioma?

A I don't have an independent opinion as to whether there is a background rate nor do I need it to express the opinions that I've expressed.

Q All right. We -- you -- I'm asking because you note in paragraph 94 of your report, Exhibit 1, that Dr. Mullin asserts that "'mesothelioma incidence has two sources, asbestos-related incidence (generally,

Page 337

occupational mesothelioma) and non-asbestos-related incidence.' The Mullin Report does not provide a citation (to medical or scientific literature) for this assertion."

Did I get that close?

A That's correct.

Q Okay. So if I'm understanding your testimony now, you don't necessarily disagree with that assertion, you're saying that there is not a citation for that assertion?

A Well, I'm saying there's not -- there's not independent analysis, which frankly I would not expect to see because I don't believe Dr. Mullin is an epidemiologist, so in the absence of him having personal expertise, then I would expect to see him citing to expertise that would support this statement and I do not see that.

Q I -- I don't recall Dr. Mullin citing to any medical or scientific literature that relates to asbestos as a cause of mesothelioma.

Is that also a deficiency in his report?

A Well, it's interesting you say that. So

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A So you're asking me to review a scientific article that you've just placed in front of me and asking me whether this supports Dr. Mullin's statement. I can't do that here because I have not -- would need to read this article.

Again, I was preparing a rebuttal to Dr. Mullin's report. Had doesn't cite to anything. Had he cited to the articles, I would have read them to understand whether I thought the cited articles supported his conclusion. He does not cite to anything.

Q Okay. So your practice in your own reports I think you just indicated, using this as a hypothetical, this particular statement, you would have cited some support; is that correct?

A If I was going to make such a statement, I would cite some support. As I said, I cite report -- I cite to literature that exposure to asbestos causes mesothelioma. So I -- I cite my reports for knowledge that is outside of my personal expertise.

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Q I understand and I'm trying to understand. You indicated you were not an epidemiologist; is that right?

A That's true.

Q How do you evaluate these reports to determine whether or not they support the cited statement?

A Well, I start by reading them. So I -- I -- I read them and I see if I can come to a conclusion as to whether the statement, for which it is the citation, is supported by the article or not.

Q Okay. But as you sit here today --

A Uh-huh.

Q -- you have no opinion whether or not there are mesotheliomas that are unrelated to asbestos?

MR. CORDANI: Objection to form, asked and answered.

THE WITNESS: I do not have that opinion nor do I need it to estimate -- to actually look at the claims history of a given company or debtor.

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BY MR. EVERT:

Q I didn't say you did. I'm trying -- I'm trying to make sure I understand the criticisms of Dr. Mullin's report. So just, again, you have no opinion as you sit here today whether or not there are mesotheliomas that are not related to asbestos exposure?

MR. CORDANI: Objection to form, asked and answered.

THE WITNESS: I do not have an opinion that's relevant to this matter as to whether there are mesotheliomas caused by something other than asbestos exposure and Dr. Mullin does not provide any cite for his statement.

MR. EVERT: Okay. Thank you very much. Those are all the questions I have. Thank you for your time today.

THE WITNESS: Thank you very much.

MR. CORDANI: Going off the record?

VIDEO TECHNICIAN: The time is 5:08 p.m. We're going off the record.

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(Brief recess.)

VIDEO TECHNICIAN: The time is 5:11 p.m. We're going back on the record.

Please proceed, Counsel.

MR. CORDANI: There's no further questions. Thank you.

THE WITNESS: Thank you.

MR. EVERT: Thank you. Thank you again, Ms. Austin.

THE WITNESS: Thank you.

VIDEO TECHNICIAN: The time is 5:11 p.m. We're going off the record.

(Whereupon, at 5:11 p.m., the deposition of YVETTE R. AUSTIN was concluded.)

* * * * *

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

In re:	:	
	:	Case No.
ALDRICH PUMP, LLC, ET AL.,	:	20-30608 (LMJ)
Debtors.	:	

HIGHLY CONFIDENTIAL - PROFESSIONAL EYES ONLY
SUBJECT TO PROTECTIVE ORDER

May 5, 2026

9:07 a.m. EST

Videotaped deposition of DENISE NEUMANN MARTIN, Ph.D., held at the offices of Jones Day, 51 Louisiana Avenue, N.W., Washington, D.C., before Misty Klapper, Registered Merit Reporter, Certified Shorthand Reporter, Registered Professional Reporter, Realtime Systems Administrator and Notary Public.

A. Really looking at what was done in the Sackett report and observing that -- I know what he -- I know he did reallocate something like 30 percent of Aldrich's unknown claims and 20 percent of Murray's unknown claims to -- to be mesotheliomas.

So I looked at that and, you know, my opinion is that it's just flatly inconsistent with everything I -- I know about that based on theory and -- and evidence. So as I -- because I looked -- I looked at that data and found that that reallocation doesn't make any sense.

Q. So you didn't do your own analysis of the disease mix of claims brought against the debtors?

A. I -- no, that wasn't part of my assignment. I don't -- I -- other experts may have been tasked with that, but I would say that it's my opinion that his reallocation doesn't pass the blush test.

Time and time again we see, you

know, maybe 1 or 2 percent of the unknowns are transitioning to mesos. I have no reason to think that wouldn't be the case here. I just -- but I can tell the court that the methodology he's using, where he's assuming the unknowns look like the knowns just doesn't have any basis in -- in -- in economic theory or -- or empirical evidence.

Q. Does Dr. Sackett's report assume that unknown disease claims are more likely to resolve as a malignant disease case than a nonmalignant disease case?

A. Again, it's my understanding he transitions approximately 30 percent of Aldrich's unknowns to meso and 20 percent to -- for Murray. So it's not all of them, but it's just a much, much bigger percentage than I've ever seen anyone -- anyone do. And it doesn't have any basis in -- in theory or evidence.

Q. Okay.

MS. BARNETT: I'm going to mark

Dr. Sackett uses actual inflation rates observed over the period 2020 to 2024. And then from 2025, he uses expected annual inflation based on expectations as of March 2025, right?

A. Yes.

Q. So he's using future inflation expectations from 2025, which is the year his report was submitted, right?

A. Yes.

Q. And then he took his nominal risk-free discount rate from June 2020?

A. Yes.

Q. So do I understand correctly that your opinion is that it's an error to calculate the real discount rate using expectations in 2020 for the nominal discount rate and expectations in 2025 to calculate the inflation rate?

MR. HIRST: Object to the form of the question.

THE WITNESS: I mean, the real

discount rate is just the difference between the nominal discount rate and the inflation rate.

So what I'm saying is the problem is because of this mismatched time period, he's creating a negative real rate. He's creating this situation that we've never seen before for any period of time and just couldn't potentially persist for the next 40 years of his -- his forecast.

So by using -- it -- there's -- there's several problems, what he's doing, but one problem is by using these mismatched time periods, he's got nominal rates at their -- you know, the lowest point in, you know, memory, you know, during COVID, when the -- you know, the Fed funds rate is being kept extremely low and, you know, there's lot of things going on that are market distortions. And he's

combining that with an inflation rate that's, you know, years later, expectations about inflation years later, and when -- when inflation expectations are much higher.

And so he's creating this -- this anomalous un- -- unsupported negative real discount rate. It's making his estimate much, much -- his net present value estimate much bigger than it otherwise would be.

There's just -- there's just no foundation in economics for -- for doing that.

BY MS. BARNETT:

Q. Is it fair to say that the error you're describing here is the use of expectations for one element from 2020 and expectations for another element in 2025?

MR. HIRST: Object to the form of the question, asked and answered.

THE WITNESS: I mean, that's --

that's -- yes, that's one problem. It's not -- it's not the only problem, but that's one -- that's one significant problem with what he's doing.

BY MS. BARNETT:

Q. Would it have been error if he did his calculation using an inflation rate from expectations in 2020 and a nominal discount rate using expectations from 2025?

A. There's a lot baked into that question. I mean, it's -- I'm putting aside for the minute his use of risk-free rate. He's made a decision about that and it's -- you know, I don't -- I don't know that that's appropriate given the circumstances here.

But just putting that aside for the minute, it still is not appropriate to take a -- you know, a daily yield -- a daily interest rate from June of 2020, when we had this wildly aberrational period that no one expected, you know, would persist for long at

all, never the -- never mind 40 years, and to say okay, that's the rate; I have these -- this liability that I'm projecting out from now until 2059; I'm going to use this -- this daily treasury yield on -- in June 2020. It's -- you know, he says it has some average of 1 percent. And I'm going to say that's the rate at which I'm going to discount back this -- this, you know, 40-year expected liability.

Like it's -- even -- even -- so even when he corrected the -- the match in time problem, there's no way he should be using a -- a discount rate from such an anomalous period to -- as part of his valuation of this very -- this, like, long-term liability.

Q. I'm sorry, I -- I'm just a little confused.

So your opinion in this section of your rebuttal report related to inflation and discount rates is not that he used an

inflation rate and a nominal discount rate taken from different points in time?

MR. HIRST: Object to the form.

THE WITNESS: Yes, and that's -- that's certainly one foundational critique. And it's a violation of economic principles to be doing that.

And I would say in addition -- and I talk more about this -- that even if he were to correct the mismatch in time, as you were suggesting in your prior question, it's not appropriate to take a -- you know, a -- a -- a daily rate from a highly unusual economic time period, a temporary aberrational time period, and peg that, use that as anchor, to discount back a 40-year stream of liabilities. It's just not -- it doesn't make any economic sense.

He has the value of a -- like a

$10 million claim in the future becoming $20 million when he discounts it or something like -- there's -- there's ridiculous things happening. He's having the outyears become very heavily weighted because he's inflating at this sort of supercharged rate from 2025 and discounting back at this very unusually low rate from 2020.

So this -- that -- that part's just wrong. But it's also just picking this isolated time period and saying given what I'm trying to do here, which is discount back to the present this stream of liabilities for the next 40 years, picking this very unusual daily treasury yield rate and -- and assuming that's going to last forever, just -- there's no -- there's no grounding that. There's no economic basis for making that

decision.

BY MS. BARNETT:

Q. I didn't mean to ask you any question about if he had corrected this error.

My question was, you're pointing out that he uses inflation and nominal discount rate, one from 2020 and one from 2025. And my question was, would it also be an error or a violation of economic principles if he had flipped them and taken the discount rate from 2020 -- no, the other way -- the inflation rate from 2020 and the discount rate from 2025?

A. I --

MR. HIRST: Object -- object to the form of the question.

She answered the question you had previously asked, but she can answer this one.

THE WITNESS: Yes. I would -- I would have the same issue with that.



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Transcript of David L. McKnight

Date: May 12, 2026
Case: Aldrich Pump Bankruptcy, in Re:, et al:

Planet Depos
Phone: 888.433.3767
Email: transcripts@planetdepos.com
www.planetdepos.com

that social inflation should more or less net out to zero. 15:55:08 15:55:11

Q But you do not account for it in your estimate here? 15:55:11 15:55:13

A That's correct. 15:55:14

Q In terms of a discount rate, you state in your report that you used the risk-free rate to create a net present value. 15:55:14 15:55:18 15:55:23

What is the risk-free rate as you applied it in this estimate? 15:55:25 15:55:29

A The risk-free rate that I'm using is based on U.S. government treasuries. 15:55:29 15:55:32

Q And in footnote 91, which is also on page 41 of your report -- back to McKnight Exhibit 1 -- you say that you used the June 2025 risk-free rate as a, quote, better proxy for long-term rates. 15:55:40 15:55:46 15:55:50 15:55:54

Why is June 2025 a better proxy for long-term rates? 15:55:58 15:56:02

A If you look at the average risk-free rate from 1928 to 2024, the average treasury yield was 4.5 percent, which is, you know, nearly identical to the rate in June 2025. So I see the rates as of June 2025 to be a good proxy for what the treasury bond yields are in a normal economy. 15:56:04 15:56:07 15:56:14 15:56:16 15:56:21 15:56:28

Q Why wouldn't you have used the June 2020 15:56:32

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

In re	
ALDRICH PUMP LLC, et al.,	Case No. 20-30608
Debtors.	

HIGHLY CONFIDENTIAL - PROFESSIONAL EYES ONLY
SUBJECT TO PROTECTIVE ORDER

VIDEOTAPED DEPOSITION OF
CHARLES HENRY MULLIN, PH.D.
Monday, May 4, 2026
10:12 a.m. EDT to 6:30 p.m. EDT

Reported by: Cindy L. Sebo, RMR, CRR, CLR, RPR, CCR, CSR, RSA, CA CSR 14409, NJ Certified CR 30XI0024460, NJ Certified RT 30XR00019500, NM CSR 589, NY Realtime Court Reporter, NY Association Certified Reporter, OR CSR 230105, TN CSR 998, TX CSR 12778, WA CSR 23005926, Remote Counsel Reporter, LiveLitigation Authorized Reporter, Notary Public
Job No. 8052481

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but -- so the primary source at this point is the information brief, but it's -- I've seen nothing that's inconsistent with that statement.

Q. I want to make sure that you're giving me a complete answer. So I'm going to direct your attention to Paragraph 135 in your report.

Let me know when you're there.

A. I am there.

Q. Okay. In Paragraph 135, you make a similar statement. As in Paragraph 3, you say:

Most claims against Aldrich and Murray assert gasket and packing exposures, the same exposures alleged against Garlock and JCI. In fact, Garlock and JCI were among the debtors' suppliers of asbestos-containing gaskets and packing.

And you cite an affidavit of Carl Schwertz.

Do you see that?

A. I do.

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Q. Who is Carl Schwertz?

A. Carl Schwertz is an attorney who has defended claims for, I think, all three of -- well, the debtors, Garlock and JCI.

Q. What firm is he with?

A. I don't recall.

Q. Is the affidavit of Carl Schwertz something that you would rely on to make the statement The vast bulk of the asbestos claims against the debtors relate to gaskets and packing?

A. I don't think it's necessary for that, but I think it's affirmative.

Q. Apart from the information brief and the affidavit of Carl Schwertz, do you have any other basis for the statement that the vast bulk of asbestos claims against the debtors relate to gaskets and packing?

A. So the remainder of what's really Appendix C shows the -- numerically the overlap. You can see, for example, that when you look at Garlock, who's a manufacturer of gaskets, and

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you compare its overlap on mesothelioma claims, you know, it's very high. In the last four years, they were both in the tort system. Over the last five years, it had almost a 90 percent overlap.

If you -- similarly, if you look at -- through the PIQs and you look at what is the alleged source of exposure, you're going to see that it's overwhelmingly gaskets and packing. And so every source you go to is affirming that that's the nature of it, not ex- -- not the -- exclusive to the exclusion of everything else, but the vast majority of the claims are driven by gaskets and packing exposures.

Q. Are you offering any opinion about what numerical fraction of claims against Aldrich and Murray and their predecessors assert gasket and packing exposures?

ATTORNEY M. HIRST: Object to the form.

Go ahead.

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THE WITNESS: That's not a statistic I've tried to explicitly quantify. I'm using it in the context of showing that other defendants are comparable to them. So it's -- it's really part of what would be comparable defendants and that there's a large overlap in the claimants.

But I have not tried to go in and give an exact numerical quantification of that.

BY ATTORNEY J. WEHNER:

Q. In your mind, when you use the phrase vast bulk, what does that mean?

A. While I haven't -- I said tried to do a specific quantification. You know, it's -- I think north of 90 percent of the claims are making those types of allegations, if I had to give a rough estimate sitting here.

Q. And what is that 90 percent estimate based on?

A. I haven't run a tabulation, but if

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In Paragraph 93 on Page C-1 of your rebuttal report, we find a Figure 39, which looks very similar, but it has some different discount rates; is that right?

A. It's got 6.11 instead of 6.5 as a substitution. The 4.5 stays the same.

Q. Okay.

And then a few pages in, we have yet another -- another figure, 41, that has a collection of component-based forecast ranges.

What is this one?

A. So in my initial report, I had considered three scenarios for the actuarial curve for future asbestos claims or mesothelioma claims: One that's a purely occupational curve -- that's the 0 percent non-ACP is what that's labeled --

Q. Right.

A. -- one that incorporates 10 percent of the non-ACP; and one that incorporates 20.

All of those are in my working papers. I think Ms. Austin notes that, that

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there's more scenarios in the working papers than I put in the report itself.

The additional -- what you're looking at that is Figure 41 is just putting in the ones that are the 10 percent. So the initial report, the table had the 0 percent non-ACP curve and the 20 percent non-ACP curve. And the 10 percent was just in the working papers.

So for two reasons, both for completeness to show it but also the 10 percent non-ACP curve is the actuarial curve in my forecast that most closely aligns with Ms. Austin's forecast of the actuarial shape of future mesothelioma claims.

So if you thought of her independent assessment of the shape of that mesothelioma curve, that really aligns to my 10 percent scenario. So I included the numbers there for reference as opposed to just in the working papers.

Q. Why is one of them highlighted?

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A. So I'm highlighting -- as it says in the -- Paragraph 96 right below it, I define an illustrative midrange estimate, which is the one that's highlighted, and then I provide a depiction in Figures 42 and 43 of comparing the historical to projected future expenditure under that illustrative scenario.

You could do a say -- similar chart for every scenario, but we'll preserve the trees a little bit and just show the one. But that -- you get, generally, how that fits relative to your projected incidence curve. So it's showing how they're tracking.

Q. As between Figure 29 in your Corrected Initial Expert Report and Figures 39 and 41 in your rebuttal report, do you have a preference as to which one we focus on?

ATTORNEY M. HIRST: Object to the form.

THE WITNESS: I think it's a mistake in something of this nature to focus on one particular scenario.

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Nobody knows the world that well.

The approach that I took instead was -- the pure occupational curve, I am very confident is going to understate liability. The plus 20 percent, I'm also very confident is going to overstate the number of future claims.

You can compare that to what's even occurred in the five years since the petition date of namings in the tort system. So the truth's in the middle. The middle range of 10 percent is what I would prefer as a best estimate.

Similarly, the 3-, 5- and 10-year calibration periods -- I included all of them, mostly to demonstrate that the answer is very insensitive. The debtors' -- both debtors' settlement history has been very stable.

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The 10-year curve tends to be a little -- the 10-year period tends to be a little bit higher. That's mostly because the Murray claim values have fallen distinctly over that 10-year period. And so if you reach back to those older ones, the value goes up some.

So at this point, I would encourage the court probably to stick with the three-year periods given that's what the Brattle expert report does, that's what the Sackett report does and any other periods it's really insensitive to. So just for ease, but we've actually shown it doesn't really matter.

So I'd use the 3 percent -- the three-year calibration period. I'd use the 10 percent non-ACP. I think the historical trend is most appropriate for the ASV.

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And as far as the discount rate, I'm going to leave that one -- I can tell you what's appropriate depending on the question the court wants to ask, but I'm not going to tell you which one the court should adopt. That depends what question the court wants answered. And so I've quantified that.

I wouldn't use the 6.5. The 6.5, as I said in my affirmative report, is an upper bound of what I think the trust rate of return would be. I think the actual rate would be a little lower.

Brattle went through the effort of quantifying -- kind of modeling the investment portfolio, and instead of creating an upper bound, produced a point estimate. So I -- the reason I redid these at 6.1 -- because I think that's a better point

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estimate if you want a trust rate of return than the 6.5, which I was doing an upper bound on.

So I'd encourage a 6.1 if discounting at the trust rate of return is what the court would desire to do.

BY ATTORNEY J. WEHNER:

Q. All right. So out of Figure 29 in the Corrected Initial Expert Report, Figure 39 in the rebuttal expert report and Figure 41 in the rebuttal report, I take it you are directing your attention as to the best estimate to the fourth line down in Figure 41 of the rebuttal report, three years, historical trend 6.11, 10 percent non-ACP?

A. If the court were to say it wanted to discount at the trust rate of return, if the court said it -- I would direct it towards that line. If the court said it wanted to discount at a risk-free rate of return, then I'd switch the 6.11 to 4.5 percent, which -- so three years

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historical trend, that gets you about 6.25, I think.

Q. 6.25. Okay. Got it.

Okay.

A. But, again, the exact number, we -- we aren't going to get the last million or 2 million right when you're projecting something 40 years out, so you're kind of seeing the sensitivity of changing some parameters about that.

Q. Do I understand correctly in Figure 29, and I suppose also in Figure 13 -- I'm sorry -- Figure 29 in your Corrected Initial Expert Report, and I suppose also in Figure 39 of your rebuttal expert report, you apply a propensity to sue of 77 percent for Aldrich and 63 percent for Murray?

A. It's -- Paragraph 149 has those two percentages in it.

I'm trying -- let me see . . .

(The witness reviews the material presented.)

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THE WITNESS: So to be clear, those are based -- if you look at Footnote 168, that -- those are using the incidence curve with the cohort adjusted incidence that includes 10 percent of non-ACP.

So if you went to pure occupational, the propensity to sue would go higher because you'd be dropping the number of claims down a little. If you went to the 20 percent, the propensity to sue would be a little lower because you would be adding more claims to the incidence, but you aren't changing the number of claims that they actually received.

Each forecast is done relative to its own incidence curve, so that applies for the 10 percent curve.

BY ATTORNEY J. WEHNER:

Q. In Figure 29 in your Corrected Initial Expert Report, are you using a propensity to sue calculated with respect to a 10 percent non-ACP incidence curve in those lines which you have a 0 percent non-ACP as one of the assumptions under your scenario parameters?

A. No.

Q. So are you recalculating the -- the propensity to sue at 0 percent non-ACP?

A. Each scenario has its own propensity to sue --

Q. Okay.

A. -- the denominator, so the number of applicable claims the universe could come from, comes from the non-ACP incidence.

The numerator depends on whether you're using a 3-, 5- or 10-year calibration period. So we do the propensity to sue over the last three years, so we'll look at total incidence for the last three years and total claims in the numerator. Or you expand that to 5 years, or you expand that to 10 years.

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Q. Right. But you have to pick an incidence curve?

A. Right. So it's -- there's three different incidence curves --

Q. Right.

A. -- three different calibration periods --

Q. Right.

A. -- so that gives you nine different potential sets. Each one of those unique combinations would have a different propensity to sue.

Q. Okay. So the 77 and 63 aren't applied across all of the estimates in Figure 29?

A. No. It would be erroneous to do it that way.

Q. Okay.

I thought perhaps maybe that was the reason we were getting to the 10 percent in Figure 41, the 10 percent -- the -- the focus on the 10 percent non-ACP incidence in Figure 41.

A. No. The 10 percent focus, as I said, comes from two reasons that I -- I think the 0 percent is too low. The 20 percent is too high when you compare it to the history in the tort system for the last five years. So the right answer is somewhere in the middle. Ten percent is the midpoint. It also is the curve that aligns most closely with Ms. Austin's curve.

For the next 10 to 15 years, my 10 percent curve and an actuarial shape and her curve are almost right on top of each other. They're different amplitudes, but the actuarial shape of the curve is virtually identical to the 10 percent scenario. So if you -- if I were to adopt her curve, for example, I would get something very, very similar to the 10 percent scenario.

Q. Okay.

Let's turn to Appendix D of your Corrected Initial Expert Report, Figures 45

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Q. Okay. Let's turn to Paragraph 49.
I'm sorry. I apologize.
Figure 49 --
A. Ah.
Q. -- Page D-15.
Figure 49 is entitled Gross posttax rate of return for select 524(g) trusts.
Do you see that?
A. I do.
Q. There, you list -- what is it? -- 12 trusts and their 2010 to 2024 gross posttax rates of return.
Do you see that?
A. I do.
Q. Do you know why the Manville Trust's return is so much higher than the other ones?
A. I don't recall specifically sitting here.
Q. Do any of the trusts that you used in your analysis hold funds adequate to pay all claims they were responsible for at the full

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claim value set out in the trust documents?
A. Most of these are going to have been known to be underfunded in the sense at the time of confirmation. So the -- or the schedule of values didn't reflect the historical tort values is the other reason why some don't.
But there's a -- you know, so man- -- many of them weren't set up that way. The debtor was insolvent. So they're still managing them to pay as much as possible, but they have a payment percentage less than 100 percent for most, if not all, of those. I'm not sure.
Q. Do you know why each trust you used in your calculation selected the portfolio of investments that it did?
A. It's very consistent across all of them. The -- I have not interviewed or spoken to them. So I can look at the economic principles that underlie how they're investing, but I haven't had a specific discussion.
And they -- across the trusts

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generally, their returns correlated north of .9; it's about .95. So they're all adopting very consistent strategies across the portfolio, which only gives you more confidence in forecasting what another trust would do given how tightly correlated all the strategies are.
Q. If they're all adopting the same strategies, why don't they all have the same return?
A. They can have different payment horizons. They don't buy the exact same assets, so there's -- you know, in -- in general, you see very similar strategies across them in a very strong correlation in returns. They aren't identical.
Q. Are you familiar with the term risk-free rate?
A. Yes.
Q. What is a risk-free rate?
A. It's generally viewed as a rate of return absent a risk premium.

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Q. In Figure 29 on Page 58, for those estimates that use a 4.5 percent discount rate, do you regard that 4.5 percent discount rate as a risk-free rate?
A. I think it so happens here that that 4.5 aligns both with the historical rate of return of trusts during a lower interest rate environment of the last 15 years and with what's generally forecast as a risk-free rate of return kind of on a long-term -- on a prospective basis.
So you could -- it works for either of those by coincidence, so you can give it either interpretation.
Q. And you arrived at it as the -- well, let me ask you: How did you arrive at that 4.5 percent?
A. So when I did -- the 6.5 is the prospective risk-free rate plus the 200-basis-point spread, which would also put the 4.5 at the risk-free rate. Those two go together. So it happens to also align with what

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was the historical rate of return for trusts in a lower interest rate environment. So I knew it covered both scenarios.

So whichever -- if the court wanted the historical rate of return in a lower interest rate environment of the trusts or the prospective risk-free rate, that calculation works because it's really the same number.

Q. On Page 59 under the heading Discount rate, you reference U.S. Treasury notes having a 4.5 percent rate of return?

A. Correct.

Q. Can you give me some specifics about which Treasury notes you're talking about?

A. So Footnote 191 on Page D-16 is the support for the statement in Paragraph 168 of -- so the date that I pulled them on ahead of the report was August 22nd, 2025 in terms of looking at the 5-, 10-, 20- and 30-year Treasury yields on that date to look at things prospectively.

And then the next paragraph has the citation to the Congressional Budget Office

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forecast.

Q. So the simple average of the 5-year, 10-year, 20-year and 30-year notes is where the 4.5 percent comes from?

A. For U.S. Treasury notes, yes.

Q. Does an investment mix that provides more return than risk-free rate expose an investor to an additional amount of risk?

A. Generally, yes.

Q. Why are you using trust returns to inform your discount rate in a tort system estimate?

A. So I really view the tort system estimate as the nominal expenditure for each year going forward into the future.

If you're in the tort system and you want to say, What's the net present value of that, you have to say, For what purpose or from whose perspective? So those payments naturally would have the default risk of the debtor. That's the payer.

That's the place where Dr. Sackett

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and I agree. He mentioned about it's the payer's default risk that matters in terms of from that perspective.

So if you really want to be in the tort system, you could use the debtor's default risk, which would be above the risk-free rate because they're not -- no corporation is guaranteed to be around for the next 40 years, and -- if you really wanted to view it through that lens.

You could view it through the lens of what claimants would be willing to discount for their claims. They generally have higher discount rates than corporations, so that would give you a greater discount rate. Claimants are frequently more eager to get their money than corporations are. As a general rule, they discount more heavily -- individuals in general -- than corporations, not just claimants.

So the -- the net present value calculation is for what purpose? If you want

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to do it for GAAP accounting in the U.S., you don't discount. It's a nominal number because that's the rule.

If you want to do it for accounting in Europe, the rule is risk-free accounting, risk-free discounting because that's a rule, and it's consistent across.

If you want to do it for funding a trust to know you'll have enough money to pay the claimants, the economically rational thing to look at is a trust rate of return.

This is why I say it depends what the judge wants. I don't know what net present value the judge is going to desire because the order doesn't say for what purpose, and the net present value differs with purpose.

So if you want the risk and the -- trusts invest relatively heavily in high-grade corporate debt and municipal bonds, which the two debtors fall under. So their default risk would be very similar to a trust rate of return. So you could really -- if you wanted

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it from a tort system risk of default, you wouldn't use risk-free. You'd have to take the payer's default risk, which would be very similar to a trust rate of return.

Q. Turning back to the estimates that are summarized in Figure 29 on Page 58 of your corrected initial report, there's a column called Non-ACP incidence.

Do you see that?

A. Yes.

Q. Can you explain what that column represents?

A. So when modeling aggregate U.S. population mesothelioma incidence, the Nicholson model framework that each expert is using some version of -- they may do other things in addition to that, but each expert's using some version of that -- it looks at the frequency and intensity of exposure to asbestos in a given industry-occupation pairing. And it calculates how much excess mesothelioma comes out of that. And the Nicholson report is very clear that's

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not all of the mesothelioma in the country. That's what comes out of those occupations for that exposure.

There is also a well-understood, shall we say, idiopathic or background rate of every form of cancer. So cancers in general come off of cell turnover, and that leads to cancers at different rates in every part of the human body. So not all mesothelioma is caused by asbestos-containing products. And you're really breaking that into two parts.

All three affirmative experts had the two parts. Sackett's report has a excess mesothelioma and things that are excess, i.e., not caused by the asbestos products. The Brattle report similarly has that, as does mine. So the -- it's how much of that incidence that's not caused by asbestos-containing products.

So in the simplist form, just caused by cell turnover, how many of those people are going to sue, or, in your actuarial

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trend line, going out? And you can argue over how much.

I include none of them, which will be a pure occupational curve, 10 percent of that group and 20 percent of that group. In their affirmative reports, both Sackett and Brattle include 0 percent of the nonoccupational.

Brattle held out a Walker model that would take that into account and provided that in a rebuttal report later, which has a very similar curve, slightly below my 20 percent model. And similarly, Austin's report is below my 20 percent model, close -- closer to the 10.

Q. In Footnote 165 in Page D-3 of your report, you state that:

The available data does not identify which mesotheliomas are asbestos-related and which are not.

Do you see that?

A. Yes.

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Q. What -- what do you mean by that?

A. So the national cancer incidence registries -- which are, in theory, a comprehensive survey of all mesothelioma from 2001 forward and a sample of that in prior years -- they tell you certain demographic characteristics of the individuals diagnosed with mesothelioma. So they give age; they give you gender; they give you geographic information about where they currently reside. But they don't give you their occupational work history.

So you can't just take those data on their own and start classifying the diagnoses because -- and it's anonymized data, so you can't match it to the claims data even though there would be heavy overlap. You can't match it because they don't give you the deidentifying information.

So you can get the aggregate counts by demographic characteristics, but you can't get a work history tied to those counts.

Q. So you decompose incidence curve

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based on epido- -- epidemiology and demographic characteristics to come up with a incidence curve that reflects disease not caused by asbestos; is that right?

A. Right. We build a model that fits to the data that gives the best fit to the historical incidence with the figure above that footnote.

The red line in that figure being the asbestos-related incidence that's coming out of a traditional Nicholson-style model of excess disease from exposure. And the yellow line, which is a background rate, which is an ate -- constant rate of exposure -- constant rate of incidence.

Now the population's getting older, and there's more of us, so the counts get higher, but the incidence rate stays the same. So the yellow line is growing just because the U.S. population is getting larger and older.

But incidence rates remain

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constant through time, underlying the yellow line.

Q. What epidemiology are you referring to in Footnote 165?

A. In 165 . . .

So part of epidemiology is going to come in in two places. Part of it is the excess disease equation. So you think, like, the EPA risk equation -- that's telling you for a given dose of asbestos, how does that elevate your risk of mesothelioma. That's an epidemiological-based equation. There's a bunch of literature underneath that equation.

The background rates -- similarly, there's a number of different papers that have estimated background rates. There is a -- I think -- was it Tomasetti? -- and I'm trying to remember the name of the paper that was kind of the seminal paper on cell turnover and that causing a baseline level in all parts of the human body and -- so really establishing that we have this background rate for all forms of

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cancer. That's really within the last 20 years, that line of research.

So there's -- there's a very long list of epidemiological studies that lead to all of those things, but that's the basic categories.

Q. Are any of those epidemiological studies listed in the materials relied on in your report?

A. Very few, if any. That would be in a supporting report by Dr. Gallardo-García if we got to that point, because he's really providing the support for that.

Q. I see.

So Dr. Gallardo-García did this analysis?

A. I said the -- I think I said earlier I spent about a decade leading the research program at Bates White. I'm very familiar with it generally. He's taken that over, over the last decade leading that, so the original order had supporting reports getting

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filed later. His was a supporting report to mine.

We were -- kind of subsequently went to a bifurcated trial, so that report hasn't been filed because we haven't gotten to the second phase. But he would provide this part. I'm generally familiar with how it all works because I led the program for a decade inside Bates White. But any of the formal opinions and all the citations would be in his report.

Q. And -- and for the purposes of Phase 1, is Dr. Gallardo-García going to provide us a report?

ATTORNEY M. HIRST: Object to the form.

Objection -- well, actually, maybe we'll just make it easier for you.

The answer is no. I mean, you're testifying -- you know who's testifying --

In the Matter Of:

In re: Aldrich Pump LLC

20-30608 (LMJ)

ANDREW J. SACKETT

May 11, 2026

Conf. AEO

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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

Rallis. There is and there are two people I mentioned earlier, Dan Rourke and Mark Totten.

Q. All right, so then after law school, your first position out of law school was with a firm that -- whose name I'm -- well, what was the name of the firm so I can --

A. Holgain is how you say that first name.

Q. Holgain and Garfield?

A. Yes.

Q. All right, and you were there for 2 years?

A. Yes.

Q. And what did you do at Holgain?

A. I was an associate, and it was a union-side labor law firm, so I did typical associate tasks, primarily in that -- primarily in that field, some of which included, I mean, you know, you're a lawyer.

When you're an associate you get all kinds of assignments.

Q. Correct. Any of those assignments involve asbestos?

A. No.

Q. Any of them involve mass torts?

A. Not specifically. There were some employment discrimination cases, which not really a mass tort, but it's, you know, it's, you know, it's mass litigation with potentially a large number of plaintiffs.

Q. Other than employment discrimination cases, anything else you would attribute to mass tort or thereabouts?

A. No, that didn't really start until I went to Caplin and Drysdale.

Q. And that was in 2007?

A. Yes.

Q. And you were at Kaplan until 2020?

A. Yes.

scratch that. Was the reason you didn't testify live in that case because of your health issues?

A. No. I believe the reason I didn't testify was that it was determined that the testimony was -- the subject of the testimony was no longer necessary.

Q. Do you know if the court ever ruled on the motion to exclude you?

A. I was not told of it.

Q. Other than in Emerus, have you ever -- scratch it. You've never testified in court in any other -- in any case, correct?

A. I was a fact witness in a criminal case in 1995.

Q. We'll scratch that out. I'm sure it was a fine experience for you, but you have -- you've never testified in court as an expert like this?

A. I have not yet. This is the first time I've been asked to do so.

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

earlier the payment rate is your effort to determine the percentage of claims that are resolved with a payment?

A. Yes.

Q. As opposed to claims that are resolved with no payment?

A. Well, I mean, they add up to 100 percent, right. But I'm more interested in the ones that get paid.

Q. You either get paid -- if a claim resolves, you're either going to get paid or you're not going to get paid?

A. Yes.

Q. Okay. And if I read the tables correctly and I understand them correctly your payment rate for Aldrich that you computed for mesothelioma is 49.3 percent?

A. Yes.

Q. And then it's 21.4 percent for Murray, correct?

A. That's -- excuse me, that's

what the table says, yes.

Q. Okay. And you used, I think, the term that I recall seeing was a calibration period. In other words, to get your payment rate percentage, you took the last three complete years prior to the petition date, so 2017 to 2019?

A. Yes. For all of the diseases except for lung cancer. I excluded a year for lung cancer because it was an outlier.

Q. And we'll get to that one change in a second. We should also, I think, be clear the year that we're talking about here is the year the claim was resolved, correct?

A. It is resolved. It's resolution here.

Q. Okay. So to be clear, your payment rate for, let's focus on mesothelioma, was based on looking at claims that were resolved from 2017 to 2019?

A. Yes. And had been filed in

2013 or later. Just to make sure you have all the details.

Q. And I thought I had that detail, and that was going to be my next question. Why did you Why did you only include claims that had been filed in 2013 and into the future in calculating your payment rate?

A. We started with 2013 -- I started with 2013 for calculating the payment rate because I'm -- what I'm most interested in for these calculations is I'm trying to -- so what you're trying to do is get the payment rate for the future, right?

I mean, yes, it's for the pending claims, but they're a smaller portion of liability than the futures. And the most representative, you know, we have obviously imperfect data of what's going to happen in the futures and it hasn't happened yet.

So what the most, you know, what is likely to be the most accurate is what

happened in the most recent years. And so for calculating the overall payment rate, what I'm interested in is the average over the last three full years. I excluded 2020.

THE COURT REPORTER: I'm sorry. The last three...

A. The last three full years. The last three full years. So I excluded 2020 as a partial year. You know, given that the debtors were aware of their potential pending bankruptcy and possibly some law -- some law firms were also aware. Whatever the results there may be skewed in some way, so I excluded them and focused on three full years.

BY MR. HIRST:

Q. Okay. And I think that answers my question as to why you chose the resolution years of 2017 to 2019. My question is, why did you exclude claims from those three resolution years that had been filed before 2013 from your pay rate

analysis?

A. For the purpose of these, I was interested in the most recent history, and so that includes the most recent history of filing and payments.

Q. Would you agree with me that in your experience older pending claims, in other words, claims that had been pending for more years, are less likely to result in payment than newer pending claims?

MR. CROWTHER: Objection to form.

A. It depends.

BY MR. HIRST:

Q. On what?

A. On -- I mean, it depends on how long -- it depends when you cut off the period of pending, you know, that they're pending, right? I mean, there could be claims, and I have seen this in other non-litigation contexts, there are claims that have been pending for some time, and eventually, depending on their resources, a

plaintiff's firm may go back to clients' cases that aren't resolved and work them up later.

So it's a question -- it's partly a question of resources, it's partly a question of, you know, how long they're pending, it's partly a question of whether or not there's new information. It's difficult to answer.

Q. Let me start with, is there any other reason you cut off -- that you didn't include claims filed before 2013 in calculating your pay rate?

A. No.

Q. Okay. You mentioned there could be claims in non-litigation contexts where, depending on resources, a plaintiff's firm may go back to the client's case and work them up later. What is your experience with that occurring?

A. I have generally seen that in the trust context, and, you know, with various matters.

Q. You've seen in the trust context plaintiffs' firms going back and refiling older claims in the tort system?

A. No, with the trust, because, but just in the same way that a claim is pending here it's not, you know, once the debtor knows about it, it's not barred by the statute of limitations.

The trusts have a similar provision set forth in their TDPs, whereas once a claim is filed with the trust, the statute ceases to run. So in that way, it's similar.

Q. Have you ever seen any similar scenario in the tort system?

A. Do you mean where a pending claim can be resolved after a long period of time?

Q. Where older pending claims where a plaintiff's firm goes back and refiles older pending claims or seeks to resolve long pending claims, yeah, in the tort system?

A. To the extent that there are claims that are resolved after a long period of time, something has to happen in order for that resolution to occur. And whether I, you know, I don't know whether that impetus comes from, in any specific context, whether it comes from the plaintiff's firm or from the defendant, but, you know, there are certainly resolutions of claims after a significant period of time.

Q. Have you done any study to determine if you had included claims filed before 2013 in your pay rate analysis how that would have impacted your pay rate?

A. Because I chose -- so the other -- there's a couple of things. Because I chose 2013, because I thought that that was the most accurate way to do it, I didn't run an alternative to see if it was going to be different earlier.

I believe Dr. Mullin had a calculation somewhere in his rebuttal report where he

said it would have gone down.

Q. Do you have any reason to disagree with Dr. Mullin's opinion that had you included pre-2013 filings in the calculation of your pay rate that the numbers would have gone down?

A. I don't think Dr. -- I think Dr. Mullin said what he thought to be correct. Before I answer that, I would want to do my own analysis of that particular question in order to determine whether or not it was actually -- his conclusion is accurate.

Q. And let's, let's look at it real quick, Dr. Sackett. If you go back to Exhibit 2, which is Dr. Mullin's rebuttal report and page 22, you'll see Figures 16, 17, and 18. Dr. Mullin presents pay rate percentages at various lengths of how long the claim had been pending at resolution.

Do you see that?

A. Sorry. I was --

Q. Yeah, no, no.
A. I was just looking at it in general. Could you direct me to where you want me to look?
Q. So Figure 16, 17, and 18, would you agree with me that this is Dr. Mullin's -- you understand this to be Dr. Mullin's analysis of the pay rate depending on how long a claim, a mesothelioma claim, actually in this case each disease, how long those claims have been pending?
A. I understand this to be Dr. Mullin's calculation of payment rates depending on the length of time a case has been pending.
Q. And sitting here today, is it your testimony you have no opinion one way or the other whether Dr. Mullin's figures 16, 17, and 18 are accurate or not?
A. As I said, I would assume that he's being honest. You know, I have no reason to think that he's not, but I haven't

done the calculations.

Q. Okay. So and you would agree with me that at least as Dr. Mullin depicts in figures 16 through 18, as it pertains to mesothelioma, the longer the claim has been pending, the lower the pay rate?

MR. CROWTHER: Objection to form.

A. So I'm not entirely sure how he calculated this because, you know, so if, if he's saying, for example, that, you know, if claims that are filed -- let's just stick with Aldrich for the moment rather than going through all three tables. There are claims that are pending for 0 to 3 years, he's saying that 46 percent of them are going to get paid.

And then I expect he's saying that claims of the claims population remains after three years during that time, 22 percentish would get paid. But again, without doing the calculations myself, I, you know, I don't want to speak to whether or not his are

correct.

BY MR. HIRST:

Q. It's fair to say if you look at Figure 16 and 17, his last row is 10 plus years, in other words, claims that have been pending at least 10 years of resolution, correct?

A. Yes.

Q. Okay. For your pay rate analysis of the claims resolved in 2017 to 2019, you would have excluded all of those claims from your calculation, correct?

A. Well, they would have been filed before 2013, so --

Q. They would not have been included.

A. Yes.

Q. Okay. Are you -- can you name for me any other LAS report that has been submitted in forecasting current and future, asbestos claim values where LAS has -- scratch that.

Are you aware of in the past LAS finding, in past reports they've submitted forecasting current futures asbestos claims values, that LAS has excluded older pending claims and determined that they had no value?

A. LAS reports depend on the particular case that they're issued in, for example. One of the -- there's something about this case that's unique compared to other cases that LAS has worked on, and that is that this case is -- it's my understanding that this case is going to pay all claims in full.

And so given that this case is going to pay all claims in full, but, you know, I think the most prudent thing to do is to estimate assuming that claims are going to be resolved at some point. You know, the claims that are currently pending, we're now talking about going out to 2059.

So do I think that they're going to be resolved between now and 2059? Yeah. Do I

think that, you know, given what I know about law firms going back to old claims and, you know, seeing if they have new evidence and leaving them up, that it's possible that those old claims are going to get -- are going to get paid in the future.

Q. Yes. What is it about this case being a -- I'll refer to it as a full pay case. Are you okay with that term?

A. Yes.

Q. Okay. What is it about your understanding that this case is a full pay case that leads you to deleting from your calculated pay rate claims that have been pending since before 2013?

A. That's not what I said.

Q. So is there nothing about this case being a full pay case that leads you to deleting all pre-2013 claims from the calculation of your pay rate?

A. The pay rate decision was made based on trying to get the most accurate

representation of what is going to happen in the future. That is not -- that has nothing -- that doesn't have to do with meaningful paychecks. In terms of whether or not I think it's more likely that long-pending claims are going to get paid in the future, given that -- and that it's prudent to allocate funds for them. I'm sorry, I'll wait until you're finished.

Q. No, go ahead, please. I'm just reading your answer on the screen.

A. I'm done for now.

Q. Okay. Why is it the most accurate representation of what is going to happen in the future to exclude all claims filed prior to 2013 in calculating your pay rate?

MR. CROWTHER: Objection to form.

A. As I said before, what happened in the recent past is more likely to be -- is more likely to represent what is going to happen in certainly the near future,

and it's the best information we have about the future. So I am looking at what happened in the recent past.

BY MR. HIRST:

Q. Why is that so? Why is that a better representation than including all claims that were resolved from 2017 to 2019 in your pay rate analysis?

A. The mix of the claim -- the mix of claims is likely to change over time. For example, if I was -- so I don't, you know, the claims that are filed in 2026 are more likely to be like claims that were filed in the recent past than they are like claims that were filed in the distant past.

Q. And what is that based on, Dr. Sackett?

A. The fact that there's -- that that is the best data we have available.

Q. Well, you had all data available for all claims filed and resolved -- I'm sorry, for all claims resolved from

2017 to 2019. Why is -- why are the claims that were -- why are the claims prior, filed prior to 2013 not equally reflective of what could happen in the future as claims filed after 2013?

MR. CROWTHER: Object to the form.

A. Most claims -- well, all of the claims filed after, for example, 2020, assuming that -- let's say the debtor goes back into the tort system 2026, right? Since we've, our assumption is we are dealing with a situation where, you know, this is a tort system resolution.

So the claims that they're going to receive in, you know, or would have received if they had not been in bankruptcy in 2020, are going to be more similar to claims that they received in the recent past than they are to claims that were received in the distant past.

BY MR. HIRST:

Q. What's your basis to say that?

A. There's no data to suggest otherwise. That's why all of us are using calibration periods that are generally for recent years.

Q. Well, correct me if I'm wrong though, Dr. Sackett, you understand the calibration periods the other experts use don't exclude claims that were filed before 2013, do you?

MR. CROWTHER: Objection to form.

A. I don't recall how they created their calibration periods.

BY MR. HIRST:

Q. Yeah, you said, Dr. Sackett, there was no data to suggest otherwise in response to my question -- yeah, I guess my question is, what data suggests that claims in the future will be more like claims filed after 2013 and resolved between 2017 and 2019 than claims resolved before 2013 and resolved between 2017 and 2019?

MR. CROWTHER: Objection to form.

A. Did you mean claims filed before 2013?

BY MR. HIRST:

Q. Correct.

A. Over time, the tort system changes, and the conditions in the tort system are going to change, and the, for example, certain defendants may drop out and go into bankruptcy, plaintiffs may find additional sources of information, many things could happen.

And so to suggest that something that happened in the year 2000 is likely to be more similar to something that's going to happen in the year 2026 than something that happened in the year 2019 doesn't make any sense.

Q. Well, but we're talking about claims that were all resolved in 2017 to 2019, correct?

A. Yes, which is the most recent time period we have for resolutions.

Q. Understood. But you've still excluded a whole batch of claims that were resolved in 2017 to 2019 from your pay rate, correct?

MR. CROWTHER: Objection to form.

A. I mean, I both say in my report and I've had and I have said today that we look at, I look at claims that were filed in 2013 or later.

BY MR. HIRST:

Q. And can you identify for me any data, one way or the other, that supports your assumption, or that supports your methodology for excluding the pre-2013 file claims?

MR. CROWTHER: Objection to form.

A. As I said before, there can be changes in the tort system. For example, arguably you could say that the Garlock case was resolved in 2013, and so defendants were more aware that they, if they wanted to set off their liability, they would have to be

more aggressive about bringing in other defendants. Like, things change.

And so, again, the most recent past is likely to be more indicative of the future than the distant past. In the year 2000, most, you know, or 2003, most claims being filed, there were far more non-malignant claims being filed because the tort system was different.

The tort system changes over time and so what happened in the recent past is likely to be more indicative of what's going to happen in the immediate future.

BY MR. HIRST:

Q. In resolving claims in 2017 to 2019, even those individuals who had filed claims before 2013 were aware of what happened in Garlock, correct?

MR. CROWTHER: Objection to form.

BY MR. HIRST:

Q. Better question: Had the ability to be aware of what happened to

Garlock?

MR. CROWTHER: Objection to form.

A. I mean, if you filed a case before 2013, then you didn't know what happened in Garlock because it hadn't happened yet.

BY MR. HIRST:

Q. But if you resolved it in 2017 or 2018 or 2019, which is the entire population we're talking about here, you had the ability to be aware of it, correct?

MR. CROWTHER: Objection to form.

A. You had the ability to be aware of it, but it's certainly possible that the nature -- that the evidence that was developed by the debtor was different, the evidence that was developed by the plaintiff was different.

It's again, the most recent years are going to be more predictive of the future than the distant past is.

BY MR. HIRST:

Q. Okay. I understand that's your testimony, that things that happened in the near future are more indicative -- things that happen in the more recent past, I should say, will be more indicative of what happens in the future and that's your justification for excluding claims filed before 2013.

Can you point me to any data or authoritative source that supports your exclusion of those claims?

MR. CROWTHER: Objection to form.

A. In general, as this is the method that LAS uses in other contexts and it's been accepted in other contexts, I can't point you to a specific reference that it, that this is better or worse than another way.

BY MR. HIRST:

Q. Can you name me any case where LAS has employed a method in calculating its pay rate where it excludes from the calculation a certain set of older filed

claims that were accepted -- where that method was accepted by a court?

MR. CROWTHER: Objection to form.

A. I would have to go through all of the prior reports and see that. I can't name one off Off the top of my head.

BY MR. HIRST:

Q. Sitting here today, you can't think of one?

MR. CROWTHER: Objection to form.

A. Like I said, I don't know the answer because LAS has done probably more than 40 or 50 reports over time. I'd have to go through all of them and see.

BY MR. HIRST:

Q. Let's talk, staying on payment rate, but a slightly different topic. In applying your payment rate, you assume that all meso claims in the future will be resolved; in other words, will either be paid or will be dismissed without payment, correct?

A. Correct. We have what, going up to 2059, so we have, you know, 40 years from the petition date to resolve claims. So yes, I assume that.

Q. And other than the time period involved, what is your basis to assume that all pending and future claims will ultimately result in a resolution?

A. Well, as I said, the first thing is, is the time period; secondly, this is, again, this -- let's go back to a couple of earlier things we talked about. First, because this is a full pay case, I am being inclusive. So I don't want to leave any potential claims out of the forecast.

Q. Well, except when it comes to calculating your pay rate, right, Dr. Sackett, where you exclude all the claims filed before 2013?

MR. CROWTHER: Objection to form.

A. That has nothing to do with what I just said.

liability.

Q. And that's a good correction. They lead you to the nominal liability numbers. You'll have to deal with inflation, discounting?

A. You have to deal with time. But yes, it leads you to the nominal numbers.

Q. Actually, one last thing on average settlement values, Dr. Sackett. Do you recall how close you and Dr. Mullin were in your reports on calculating average settlement value?

A. I don't recall. I believe that he, in some of his models, he assumes a decline in settlement values, and then some of them he does not, but I don't recall specifically what the actual numbers were.

Q. Okay. Why don't we go back to Exhibit 2, Dr. Sackett, that's Dr. Mullin's rebuttal report, and specifically page 17. And I wanted to direct your attention to paragraph 28 and Figure 10 at the bottom of

paragraph 28. All right, you see that? And you see there that Dr. Mullin at least reports that based on his measurements, both you and he calculated the average settlement value at $56,000 for Aldrich, and you at $92,000, and he at $93,000 for Murray?

A. So I'm glad it appears both of our teams can make the same calculations.

Q. Do you have any reason dispute Dr. Mullin's calculations of that?

A. Not without going back and doing them myself.

Q. But you don't recall one way or the other how close you and Dr. Mullin were on average settlement values sitting here today?

A. As I said, I didn't -- I don't remember patterns. I don't remember -- I did not remember the particular values.

Q. Okay. So let's stay with Dr. Mullin's report. Of the report. I want you to go back a few pages to page 13, and at the

little green at the bottom and then goes up with orange. Do you dispute Dr. Mullin's calculation that your nominal forecast for 2020 is, you know, above 160 million?

A. That is what the graph shows. The problem with it is that he doesn't, he doesn't explain why it looks like that.

Q. We'll get to the problem in a minute. My question is focused on the actual calculations, not any conclusions to be drawn from them. Do you dispute that Dr. Mullin's Figure 6 accurately depicts your nominal payment forecast?

A. It depicts a nominal payment forecast which, for purposes of cash flow, resolves all the pending claims in the initial few years, which is why it's so high.

Q. And that is not what your forecast called for?

A. That is what, for the purposes of the cash flow, I assumed that the pending claims would be resolved over those years.

You could allocate them however you want, but because I assume that they're going to be resolved, that, you know, they're going to get paid at some point, and to separate their resolution from the payment of future claims, I put -- I moved them up front.

Q. Okay. So to be clear, Figure 6 is -- you would agree is an accurate reflection of your forecast for nominal payments to plaintiffs?

A. For the purposes of discussion, again, I don't have these calculations with me, and so I would have to redo them myself before I could agree 100 percent. I'm, you know, willing to accept that for the purposes discussion, but these are Dr. Mullin's calculations, not my calculations.

Q. And this is a depiction of what you expected would have happened in the tort system, correct?

A. This is a depiction of -- this

reasonable forecast to show the first forecasted year, 2020, to be up about $160 million?

A. Those four years represent the payment of the pending claims. The debtor has been in bankruptcy for six years -- almost six years now. It's likely that the pending claims would be paid, you know -- to the extent that pending claims have been worked up been resolved, for example, with other defendants during the payment -- during the bankruptcy -- during the pendency of the bankruptcy, they would be resolved sooner.

So for the purposes of the cash flow, I allocated the resolution of the pending claims to the first four years.

Q. But you understand --

A. There's not extra claims in there somewhere, it's just they're allocated up front.

Q. But you understand the assignment here was to do a

but-for-the-bankruptcy tort system extrapolation, correct?

A. I understood it was to do a tort system estimation. I don't know if the words but-for-the-bankruptcy are included in the order or not.

Q. Well, and if we continue to tease out your forecast, Dr. Sackett, every year, I believe, up through 2035 you've calculated the debtors' -- well, Dr. Mullin has depicted in Figure 6 your calculations to be above the debtors' single highest year of indemnity.

Do you see that?

A. I see that that is how he has placed it on this graph. Yes.

Q. And like you said before -- So sitting here today, you have no reason to believe that is not an accurate depiction of your nominal forecast?

MR. CROWTHER: Objection to form.

A. Without doing it myself, as I

to the different categories. So it has to be part of it.

BY MR. HIRST:

Q. So do you understand what a gross-up is, Dr. Sackett?

A. Yes.

Q. Okay. So you're telling me that calculating a higher lung cancer pay rate is or is not part of a gross-up of mesothelioma claims?

MR. CROWTHER: Objection to form.

A. Knowing how much is going to be paid to lung cancer claims affects what the gross-up figure is.

BY MR. HIRST:

Q. Okay. Dr. Sackett, you also said in an earlier answer at 158, you said -- I asked you, here's my question: [As read] "Explain why it's reasonable, given the debtors' tort system history, that, why it is reasonable to forecast that in the first four years of 2020 the rates will all be above

$100 million, that the total indemnity spent would all be over $100 million." And you answered that "Those four years represent the payment of pending claims.

The debtor has been in bankruptcy for almost six years now, and it is likely that the pending claims would be paid to the extent pending claims have been worked up and resolved."

But I thought you told me earlier that the bankruptcy had no impact on your forecasting?

MR. CROWTHER: Objection to form.

A. You could also see it a different way, which is what I did is I took all the pending claims and I assumed the resolution in the first four -- in those first four years.

BY MR. HIRST:

Q. Why did you assume that?

A. For simplicity.

Q. Any other reason?

A. No.

Q. All right. New topic, Dr. Sackett. Back to your report, page 8, paragraph 36. You reference there -- this is your introduction, first sentence of your introduction actually, that [As read] "The report is an initial estimate of the aggregate anticipated tort liability for all pending and future asbestos personal injury claims against Aldrich and Murray."

Do you see that?

A. Yes.

Q. When you refer to "tort liability," what are you referring to?

A. In that particular sentence?

Q. Let's start with that particular sentence.

A. Sure. Estimating what they are going to pay in the tort system for the resolution of all their pending claims.

Q. And who's that liability to?

A. Some of it is in -- I'd

A. In this particular situation because I -- because I'm operating under the assumption that claim -- that settlement values will increase with inflation, because, in general, that's what happens -- prices go up over time due to inflation, that's the first thing you have to take into account because these dollars are being paid in the future.

Q. You wrote you're operating under the assumption that settlement values will increase with inflation. What did you base that assumption on?

A. The trend over the last three years that -- okay. The amount of money paid will increase with inflation. It's -- they -- I assume that they're going to remain stable in present dollars. So to make the future dollars equal present dollars, I have to inflate them.

Q. Just so I'm clear when you say "I assume they're going to remain stable in

Q. For the period 2020 to 2025, you used actual observed CPI numbers, correct?

A. It was either 2020 to 2024 or 2025, I don't remember where you draw that cutoff because forecast is as of 2025.

Q. And then for the future claims, you inflated based on what I'll call a blended rate; is that correct?

A. Yes, I think I call it a blended rate too.

Q. Let's start with the -- I think it was through 2025 but let me double-check here make sure my notes are correct. Yeah, if you look, Dr. Sackett, at page 22, table 6A, kind of a notes at the bottom of the table, you write, [As read] "claim payment averages adjusted for inflation with actual CPI through 2025" and then 3.20 percent per year?

A. Which footnote are you asking?

Q. It's not a footnote, it's the

bottom of Table 6A on page 22. It's the second note.

A. Yes, with the assumption -- with the note if it was 3/2025, it would only have been through August or September 2025 because we didn't have actual --

Q. Because your report was September 15?

A. Yes.

Q. Why did you decide to break up your inflation rates this way?

A. Why did I decide to create a blended rate?

Q. No. Why did you decide to use actuals for 2020 through 2025 and then a forecast after that?

A. The -- it's partially because I was thinking of payments from 2025 onward as being future and the one -- and the period from '20 to 2024 as being present. As I said earlier, I -- I could have also applied the blended rate from the period 2020 to 2025.

That work was also derived from ongoing work over time. I didn't do all of the work for the report in -- you know, in 2025. I did pieces of it over time from when I was first retained through when I submitted the report.

And so, that part was done before I put the full report together. So when I started thinking about the futures, which is when the money actually goes out, I focused more on what I thought should go into an inflation rate. I began to reconsider just using the CPIU, which is commonly used, but I started to think that it probably wasn't fully representative of the particular circumstances of what the asbestos personal injury claimant would be expecting in a settlement.

Q. So is that why you didn't use CPIU for your forecast for 20- -- post-2025 claims?

A. Yes, because I -- when I focussed in on the question of what inflation

25 of your report which is footnote 31.

A. Yes, that's what that footnote explains.

Q. Why did you choose these three components to calculate I'll call it future inflation?

A. Because they approximate my understanding of components that would go into a settlement for asbestos claim. There's not -- at least we have not yet seen any data for this case that breaks down the settlements, I don't know if the debtors maintained it or not or if -- but I haven't seen it. So this is a -- this is an approximation of categories that I think would go into it.

Q. So how does -- let's start with the CPIU itself or the CPI itself.

How does -- it's actually the CPIU. How does the CPIU factor into the debtors' settlement asbestos claims?

A. So the CPIU's, you know, basic

costs, to my understanding.

Q. And what do you base that on, that understanding?

A. At some point, I read the description of what it says when you download it, I just don't remember the exact words now.

Q. Have you ever had occasion to apply a medical care or CPI to a forecast before?

A. This is the first forecast I have done as we have established before for a bankruptcy court system, so I haven't because Immeris (ph) was for the number of claims so it's the first opportunity I have had to develop a method to do this.

Q. Have you ever done it in a trust system, apply to Medical Care CPI?

A. In the trust inflation, it's generally set by their -- by the TDP with agreement with the parties or an amendment to the TDP or a policy change with the trust, so

it hasn't been necessary to come up with it.

Q. So that's a no, never applied it before?

A. I never needed to determine whether or not it should be applied before.

Q. Do you know what percentage of the debtors's historical settlement payments related to medical care?

A. No, I think I've said earlier that I was not provided with any data as to the breakdown of those historical settlement costs.

Q. And then in applying a medical care CPI, did that -- well, there are three components of your inflation, your future inflation rate, are those a third, a third, a third?

A. Yes.

Q. Okay. What did you base that decision on?

A. I had no data to privilege one over the others.

Q. Okay. Then let's talk about your third component then which is the employment costs CPI.

What's employment cost CPI measure?

A. It -- it measures the growth of -- depending on what specifically you're looking at growth in wages and/or benefits.

Q. And how does employment costs CPI factor into the debtor settlement of asbestos claims?

A. Again, recall that I'm looking at what I'll -- what I'm attempting to estimate is the components of the settlement and part of what goes into damages is it can be -- it can be lost wages or lost benefits. And this case, given that this population is older, I focused on benefits rather than salaries.

Q. Okay. I was going to answer one question for me.

So there are different components of employment cost CPI; one is salaries, one is

benefits, correct?

A. Yes.

Q. And you chose here to use the benefits category because of the fact of the population here in the future will be aging and less likely --

A. Yes, I mean, roughly 20 percent of people over 65, I think, something like that, are still in the workforce. But when you sort of stop and think about the likely makeup of this population, they would have been working in the last century, not in this century.

There -- in addition given that a lot of them are industrial workers of some sort, they were likely in unions. They would have a retirement benefit plan of some sort that came out of that. I also focused on -- I used the benefit index for state and local government workers because -- partly because it's more stable from the private sector and these benefits come from the past when

benefits were more stable in the private sector.

Q. It's not your opinion that future mesothelioma claimants are likely -- are more likely to work in state and government roles than they are in the private sectors?

A. No, I expect they would have been working in the private sector.

Q. Okay. And so the reason you use the state and local rate for employment cost was because its more stable?

A. Because in general, benefits for government workers nowadays are going back. The ECI, I think, may have only gone back about 20 years. And so it represents the kind of stability that you don't necessarily get in the private sector anymore which is why I chose it. I was -- you know, I'm forecasting out for a long term -- the future, I'm trying to at least at some point limit variability.

Q. Did you do any analysis of private sector employment cost CPI, say, prior to 2000 versus the employment cost CPI for state and local government workers?

A. I didn't look at both and then decide to pick one, I expect that -- so no, I didn't -- I didn't do that.

Q. So I'm trying to understand what your assumption is based on that the state and local workers employment cost CPI more accurately reflects the employment cost CPI in the private sector for when this population that the mesothelioma in the future was working.

A. Again, as I said, I was looking for stability over time and the benefits of what state and local governments are -- state and local governments employees because they are done by contract as it used to be in the past for industrial workers, I think, tend to believe stable over time.

Q. Why were you looking for

stability over time?

A. Because I'm forecasting for a long period of time in the future and I'm trying to avoid unnecessary variability.

Q. Any other reason?

A. No.

Q. Do you know what would have happened to your blended inflation rate had you chosen to use private sector -- the private sector calculation for employment cost CPI as opposed to just state and local workers?

A. I think one of the rebuttal reports may have had a conclusion about that. I don't remember which one it was.

Q. Did you personally do any analysis to determine what would have happened had you replaced all private sector individuals employment cost CPI with state and local Government?

A. I had someone look into it. I believe it was Dr. Dertouzos after I saw the

criticism. And I think the conclusion was that they -- the rates more or less move in unison but I would have lowered mine. I don't think it was a massive amount.

Q. How about changing from -- I think you said you used the benefits tab as opposed to seller and wages or total compensation which are the other choices unemployment cost CPI; is that correct?

A. Yes, as I recall the drop-down menus for the download you get include the -- those various options.

Q. Do you do any analysis of how your overall forecast inflation rate would have changed had you shown -- had you utilized either total compensation or salaries and wages instead of total benefits?

A. I mean, mathematically, it would have changed less using total compensation because that incorporates the benefits. I don't recall if I asked Dr. Dertouzos to do that calculation as well.

Q. So you don't know whether it would reduce the inflation rate one way or the other?

A. I don't remember.

Q. I was so excited to work with pivot tables, Dr. Sackett, but now you answered all my questions.

So did you consider the debtors -- the movement in the debtors' historical average settlement values from mesothelioma claims in determining what inflation rate to apply?

A. So I think there's a disagreement about the trend in the debtors' historical settlement value. I think that Dr. Mullin, depending on what years you use, finds a decrease, I don't -- I didn't find a decrease, you know, over the years that I looked at.

Q. Did you find an increase?

A. I found that it was fairly stable as I recall.

Q. What did you do to make that determination?

A. When we calculated the average settlement values, we looked at the -- I think we talked about this, we looked at the last three years and looked at the values and there wasn't -- there wasn't a strongly visible trend one way or the other over those years.

Q. Okay. Let's turn to discount rate. Here, according to your report, I'm turning to paragraph 100 which is page 26, you wrote that, [As read] "Using the discount rate as of the petition date is an appropriate estimation."

Do.

Do you see that?

A. Let me see. Where?

Q. Paragraph 100, top of page 26.

A. Yes.

Q. And that discount rate, you chose, if you go back to the paragraph

rate, correct?

A. Well, if you're valuing claims to a specific date, then you apply the discount rate as of that date.

Q. What you cite for -- in paragraph 100 -- well, strike that.

Do you have any experience in applying discount rates -- do you have any experience before this report, applying discount rates to the value in future claims?

A. Yes.

Q. Okay. What's that experience?

A. When I do payment percentage reports for trusts, part of that process is doing a cash flow forecast. And so the cash flow forecast incorporates the inflation rate generally as I said before as set by the trust in the documents and the discount rate.

Q. And when you do that for the trust, what discount -- do you have a standard discount rate that you choose?

A. It's usually around -- so

it's -- sometimes, it's based on instruction from the -- so in those situations, the -- it's not a standard discount rate for everyone. The -- in a trust situation, the trust financial professionals will provide an estimate of the rate of return on the trust assets going forward. And so the trustees or -- and then again, this in general terms, not for a specific client. If I'm working for a trust of trustees, they will instruct me to rely on the number set -- you know, chosen by their financial professional.

Q. So in other words, for these trust cases, the financial professionals are choosing the discount rate and you're just applying them?

A. At times. Sometimes, it depends on -- it depends on the client. Sometimes, we -- sometimes, we choose it if the -- you know, particularly, if it's a smaller client or they have -- there are certain trusts that only have one type of

in 2021, I think that they were -- over the long term that -- that's low if you were looking at a ten-year treasury.

Again, as we talked more about risk that -- you know, we thought about, you know would it make more sense to use a one-year because that's less risky than a ten-year, you know. The -- generally, the higher interest on a ten years because it's more risky, right? And so we could -- I could say I considered that as well.

Q. Would you agree with me, Dr. Sackett, that the -- whether it's the three-month, the -- you use three-month, five-year, ten-year, right?

A. Three, ten and 30 --

Q. Sorry, three, ten and 30.

For the three-month, ten-year and the 30-year, all three of those rates was June of 2020, the lowest those rates were in the entire 21st century?

A. I don't know if that -- I know

it's part of a period in which they were very low. I don't know if that particular month is lower than July or August or September but it's in a period where they were very low, yes.

Q. In a period that they were the lowest, they were in this entire century?

A. I think so. I'm -- you know, I'm certain it was certainly within a period in which they were at their lowest point in recent history.

Q. Did you come to any determination as to whether those treasury rates on that date were anomalous?

A. I came to the determination that it was more important to use the date that in the bankruptcy context is used to value claims and the rates were what they were as of that date.

Q. Let's talk about what happens in the bank so we can come back to this other point in a second.

Q. It showed a long-term forecasted rate after 2021 of well above the 1 percent you showed, didn't it, sir?

MR. CROWTHER: Objection to the form.

A. It was higher. I don't know if it was well above or not.

BY MR. HIRST:

Q. All right. We talked a little bit earlier about what a real discount rate is, right? That's nominal discount rate minus inflation?

A. We talked about the difference, yes.

Q. So your real discount rate -- let's say for the future claims because I know your inflation rate is two different components, let's say for the post-2025 claims, you would agree with me that the real discount rate you applied is negative 2.2 percent, that's 1 percent nominal discount minus 3 percent inflation -- 3.2 percent

inflation?

A. Yes.

Q. And you apply that negative real discount rate to calculate the debtors' net -- the net present value of the debtors' liabilities from 2025 to 2059, correct?

A. Yes. And I understand that that relationship is -- you know, is not what you want to see, but even if I applied the same inflation rate, it would have had the same -- you know, as of the date, it might -- if I had applied my same method for calculating inflation rate, it would have been that same relationship --

Q. It's not -- Dr. Sackett, not that I want to see.

Can you name a time in U.S. history any 30-year period of time where there was a negative real discount rate in existence?

A. I can -- it depends on how -- you know, on what you use for your rate of return but there have certainly been periods

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

one way or the other about using a negative real discount rate for 34 years into the future?

MR. CROWTHER: Objection to the form.

A. No, because once we determined that we were valuing it as a petition -- as of the petition date, then that's -- that's an effect of using the low discount rate.

BY MR. HIRST:

Q. You understand that the impact of using a negative real discount rate for 34 years is that the value of a dollar today is therefore worthless than a dollar in ten years, in 20 years, in 30 years, correct?

A. So if a dollar today is worth -- I mean, the numbers lead to what they lead to.

Q. So you understand that your numbers lead to the idea that a dollar today is worthless than a dollar in ten years, 20 years and 30 years?

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.

form.

A. I'm not sure if this is the question we talked about before or not. I, again, that analysis, if I did it, is not part of this report. I, like, you know, there are lots of tests that, you know, I ran or had run over time. I don't remember that. If -- I don't remember the results of that.

BY MR. HIRST:

Q. Do you think it's reasonable to believe that claims that have been pending for greater than 10 years are going to be paid at the same rate and at the same amount as claims pending for less than 10 years?

MR. CROWTHER: Objection as to form.

A. Partially it depends on -- I mean, given again what we said, what I said about time and that there's a substantial amount of time to resolve pending claims going into the future, I think it's a plausible assumption.

There are certainly claims that have been paid at higher rates after being pending for a long period of time. We all know about the Williams case, which I think was filed in 2014 and not paid -- or 2004 and not paid 'till 2017.

At one point we did an analysis of whether claim payments went up or down over, over time, depending on how long a claim was pending. I think at least for lung cancers, the highest values occurred 6 or 7 years after they were filed.

In general, my recollection of the results of that analysis were that claims that have been pending for a long time split and they tended to either get lower values or substantially higher values. But again, I didn't -- these were sort of explorations of the data and they're not in my report.

BY MR. HIRST:

Q. And I think we did, this is why we both are probably remembering this, we

did look at Dr. Mullin's rebuttal report, Exhibit 2, and Figures 16 and 17 in that report, if you want to turn back to that.

And at least as to pay rate, let's focus on mesothelioma claims. At least as to the pay rate, you agree with me that Dr. Mullin's findings at least, and I understand you haven't had a chance to review his findings, but his findings demonstrate that the payment rate drops as time goes on, correct?

MR. CROWTHER: Objection as to form.

A. Can you point me to the particular table?

MR. HIRST: Sure. Figures 16 Figure 17 on page 22. I think you're there.

A. That is what his, that is what his tables are saying.

BY MR. HIRST:

Q. And it's the average settlement value, which is the next table

down, Figure 18, at least for Aldrich, it shows the same pattern; is that correct, that the average settlement values drop as the length of time the claim pens, continues?

MR. CROWTHER: Objection as to form.

A. Yes, but again, that's something that I would want to go back and look at the tables we developed before discussing it further because I'm not sure what all the underlying criteria are in here.

BY MR. HIRST:

Q. Sitting here today, you can't recall what your own analysis showed?

A. Like I said, as I recall, for lung cancers there was a different pattern. I don't recall what it showed for mesothelioma.

Q. And either way, you didn't rely on those analysis in constructing your report here?

A. As I said, I -- with this

report, I decided to apply the same rate across the board.

Q. Can you name for me any cases where a claims forecast that accepted -- or a court, I should say, accepted a claims forecast that valued claims that have been pending for greater than 10 years at the same values as claims pending for one year?

MR. CROWTHER: Objection as to form.

A. I don't remember any. Again, that's a question where I would have to do the research before being able to give you an answer as to whether or not that was the case.

BY MR. HIRST:

Q. We talked briefly about -- so we talked about open unknown claims. We talked briefly about your two dismissal categories, the generic dismissals and the prejudice. The good news is we agree you didn't value those and they're not part of

I don't remember what it was for.

Q. And you don't have a degree in economics, correct?

A. We went through my academic background at some length this morning. The answer is still the same.

Q. And same for mathematics?

A. Yes. And my answer to that is also it's not necessarily the niche subject you focus on that teaches you something in a Ph.D.

Q. And statistics?

A. My answer has not changed in the last six hours. You can, you know, ask the same questions the prior counsel did. I'll give you the same answer.

Q. And you also don't have a degree in econometrics, correct?

A. Also correct.

Q. So in preparing this report, you said that you're probably the best person, given that Dr. Peterson is ill,

correct? I guess to present this report, yes?

A. You don't need to be an econometrician or a statistician or a mathematician to do it. In fact, nobody, or very few people are all three of those things. That's why I have a team of people that I work with who will have different disciplinary specialties.

Q. So you're -- is it fair to say that you're the spokesperson for your colleagues who do have those -- that expertise and those disciplines?

MR. CROWTHER: Objection to form.

A. No, I think that that is a superficial way to represent what I do, which is work with a number of different experts and then place the particular projects they've done in conjunction with me that I have supervised into context, into a larger report.

BY MR. GUY:

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.

Q. Yeah, I was about to say, Dr. Sackett, I'm sure you remember the title of your dissertation that you worked on for years?

A. I was not -- the funny thing is I couldn't remember if those were the exact dates. I think they are, but yes, that is my dissertation.

Q. And you would agree with me that that has nothing to do with mass tort evaluations, correct?

MR. CROWTHER: Objection to form.

BY MR. GUY:

Q. That subject?

A. That's correct.

Q. And you would agree with me that your undergraduate degree in history has nothing to do -- the subject matter has nothing to do with mass tort valuations?

A. Yes. I did not say that it did.

Q. And you would agree with me

that your legal degree, even though it informs the legal questions, has -- doesn't inform your expertise as such in mass torts valuations, correct?

MR. CROWTHER: Objection to form.

A. As I testified earlier, my expertise comes through experience and through training on the job.

BY MR. GUY:

Q. That was training at LAS?

A. Yes, for the most part, yes.

Q. So when you were at Caplin, you worked as a lawyer; we knew each other then, correct?

A. Yes, we did.

Q. And We worked on a number of cases together, correct?

A. Yes.

Q. And then when you left Caplin and you went to LAS, you became a claims expert?

MR. CROWTHER: Objection to form.

apply a different discount rate than the gentleman from the Brattle Group do.

Although I believe they note, I think it's in their rebuttal report, that it's appropriate to use a discount rate as of the petition date.

Q. And you use a discount rate over a 35 year period that's never been seen in the history of American economics, correct?

A. I believe your predecessor asking me questions called it the history of the Republic, but you're both welcome to use hyperbole in describe things.

Q. Well, it's a fact, not hyperbole?

MR. CROWTHER: Objection to form.

A. Using terms in a deposition like the history of the American republic seems like hyperbole to me, but as I said, it has never -- to the best of my knowledge no, it has never been a discounted at length for

that period of time.

Q. You've read Dr. Peterson's expert report, correct?

A. I testified to that earlier that at one point I knew it quite well. It's been some time since I read it.

Q. His total estimate was in the region of 1.3 billion as of 2010, correct?

A. As I recall, it was around that.

Q. And your calculation for the debtors is as of 2020, correct?

A. Yes.

Q. So there's been a lot of claims in that intervening period, correct?

A. There have -- the debtors were in the tort system for 10 years longer than Garlock, so they received claims during that period that Garlock did not receive, yes.

Q. You're familiar with the methodology that Dr. Peterson used in his Garlock report?

Q. And no court has ever accepted you or qualified you as an expert, correct?

A. I have never been -- as I said before, I have never been asked to testify in court.

Q. That wasn't my question.

A. Well --

Q. It's a yes or no. Has any --

A. If I've never been asked to testify, then why would a court accept me as a testifying witness.

Q. I think the court would have to figure that one out all by itself.

MR. CROWTHER: Objection, Counsel. Stop with the editorial.

BY MR. GUY:

Q. You have three publications in your CV. One is a critique of RAND 3 reports and other two talk about underwater mortgages, correct?

A. I don't see that. Yes, I listed three publications here.

Q. None of those publications have anything to do with the methodology for assessing asbestos liabilities, correct?

A. I don't recall to what extent that critique of RANDS reports dealt with claims. It's been some time since I wrote that.

Q. Would it refresh your recollection if I told you that the summary of that critique was challenging efforts by RAND to support the FACT Act?

A. I would have to double check the dates. I don't remember the chronology between when the FACT Act -- it was considered a couple of times and I don't remember the exact dates of those RAND reports.

Q. You would agree with me that this critique of RAND's three reports is an academic peer reviewed article discussing methodology for claims estimates?

MR. CROWTHER: Objection to form.

A. That report is not an article about claims forecasting, no.

Q. And the other two articles, they don't have anything to do with claims forecasting, we can tell that just from their titles?

A. That's correct.

Q. I think I wrote an article on underwater (inaudible) too?

MR. CROWTHER: Counsel, can you stop with the editorial. You're here to ask questions --

MR. GUY: I will ask the questions.

MR. CROWTHER: Yeah, stop with the editorials.

MR. GUY: You don't need to raise your voice, sir. No one's upset.

MR. CROWTHER: So stop.

BY MR. GUY:

Q. So to confirm for the court, you haven't written a single academic article, peer reviewed or otherwise, about

claim estimate methodologies?

A. That is correct.

Q. Now, are these all your publications?

A. They -- I believe the rule said the last 10 years.

Q. Do you remember an article you wrote about the -- The Affrontery of the Asbestos Trust Transparency Legislation Efforts?

A. I remember writing that report. I think judging by the title, I think Mr. Insalbuck probably titled it.

MR. GUY: Can I say something.

MR. CROWTHER: Please.

MR. GUY: I think you're probably right.

BY MR. GUY:

Q. But you co-authored that report?

A. Yes.

Q. But you didn't include it

EXHIBIT F

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EXHIBIT G

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	:	Chapter 11
PADDOCK ENTERPRISES, LLC	:	Case No. 20-10028
Debtor.[1]	:	

DECLARATION OF THOMAS VASQUEZ, Ph.D. IN SUPPORT OF CONFIRMATION OF SECOND AMENDED PLAN OF REORGANIZATION FOR PADDOCK ENTERPRISES, LLC UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

I, Thomas Vasquez, pursuant to 28 U.S.C. § 1764, hereby declare that the following is true and correct to the best of my knowledge, information, and belief:

1. I have personal knowledge of the facts set forth in this declaration and, if called as a witness, could and would testify competently to such facts under oath.

2. I am a senior managing director at Ankura Consulting Group, LLC ("Ankura"), an internationally recognized leader in economic and management consulting services that provides mass tort settlement administration, statistical, econometric and financial analysis, claim processing consulting, and expert testimony to a wide variety of clients. I have held this position since 2016. I have over thirty-five (35) years of experience in economic consulting for private sector clients as well as the United States and foreign governments. Prior to joining Ankura, I served as a vice president at Analysis, Research & Planning Corporation from 1998 through 2015, and as Chief Executive Officer of Yankelovich Partners from 1997 to 1998. Prior to that, I served as the Partner in charge of KPMG's Corporate Transactions practice, which

[1] The last four digits of the Debtor's federal tax identification number are 0822. The Debtor's mailing address is One Michael Owens Way, Perrysburg, Ohio 43551.

includes the bankruptcy practice, the valuation practice, the investment banking and litigation support practice, and the expert testimony practice. I was also the founder and President of the Policy Economics Group, a firm that was subsequently sold to KPMG. In that role, I was responsible for all database development and tax simulation modeling for federal and state government clients in the United States as well as many foreign governments. Early in my career, I also served as the Deputy Director of the Office of Tax Analysis at the U.S. Department of Treasury, where I designed and built economic models used to analyze U.S. Government policies.

3. In recent years, I have designed the algorithms used to assess damages relating to the BP Gulf Oil Spill, NFL Concussion Settlement, and GM Ignition Switch Failure. Over the course of my career, I have provided expert testimony and analytical support for a broad spectrum of issues and industries. I have consulted on numerous complex litigations including cases for National Gypsum, Fireboard Corporation, Reynolds Tobacco, CSX Inc., Owens Corning, Tyson Foods, Halliburton, AstraZeneca, Foster Wheeler, and Oracle. I have provided depositions and/or expert testimony in connection with over twenty (20) legal proceedings. A copy of my Curriculum Vitae is attached hereto as **Appendix A**.

4. Ankura charges $750 per hour for my time on this matter. This compensation is not contingent in any way upon the outcome of this proceeding. Ankura's offices are located at 2000 K Street NW, 12th Floor, Washington, DC 20006.

5. On June 26, 2020, the Court approved the Future Claimants' Representative's retention of Ankura as claims evaluation consultants.

6. I submit this declaration in support of confirmation of the Debtor's Second Amended Plan of Reorganization (the "Plan"), including as related to the Asbestos Trust

proposed under the Plan (the "Trust"),[2] and the Trust's associated Trust Distribution Procedures (the "TDP").[3] Any capitalized terms not defined herein shall be given the same definition as provided in the TDP.

7. The estimations of the cost of resolving all current and future claims has a number of key steps: (1) the first step is the forecast of the number of individuals that will contract an asbestos related disease in the future; (2) the second is to estimate the number of these individuals that will file a claim against the company; (3) the third step is to estimate the number of future and current claims that will actually be compensated by the company; (4) the fourth step is to estimate the average amount paid to these compensable claimants; and (5) the final step is to estimate the administrative costs associated with resolving all current and future claims.

I. FUTURE INCIDENCE OF ASBESTOS-RELATED DISEASE AND FORECAST OF FUTURE CLAIMS

8. Although the amounts numbers and timing of future asbestos-related Demands cannot be determined with absolute mathematical certainty, it is possible to estimate with reasonable degree of probability the amounts numbers and timing of claims which are likely to be brought against the Trust.

9. I employed three methods, which are described further below, for forecasting the number of individuals contracting Mesothelioma and Lung Cancer.[4] First, I used "Ankura's Revised Nicholson Model," which begins with an estimate of the number of U.S. workers who

[2] *See* Notice of Filing of Revised Schedules and Exhibits to Plan at Exhibit A [Asbestos Trust Agreement], In re Paddock Enterprises, LLC, No. 20-10028 (Bankr. D. Del. April 22, 2022) [hereinafter "Asbestos Trust Agreement"].

[3] Plan at Exhibit B [Asbestos Trust Distribution Procedures].

[4] My analysis assumes that a claimants' exposure took place no later than December 31, 1960, which is two years from the year that the Debtor's predecessor stopped manufacturing and selling asbestos-containing products. The additional two years accounts for potential shelf life.

were exposed to asbestos occupationally. Then, risk functions were applied to this set of workers to determine the number of exposed workers that will contract an asbestos-related disease over time and those that will die of unrelated causes. Second, I used the "Peto Model,"[5] which estimates the population of people exposed to a specific defendant's products by relying on the annual number of mesothelioma and lung cancer diagnoses which are actually observed by that defendant. Then, risk functions are applied to this population to determine the number of individuals that will contract an asbestos-related disease over time and those that will die of unrelated causes. Finally, I used the "HSE Method,"[6] which is calibrated to the national incidence of mesothelioma in the United States.[7]

10. I also forecasted the number of current and future Other Cancer and non-malignant disease claims. I estimated these forecasts based on the particular disease's historical relationship to Lung Cancer claims.

11. The number of future claims is based on the historical relationship between incidence and claim filing rates, accounting for the expected volume of claim filings against the Trust and the criteria under the TDP. I believe that through the TDP, these future claims will be paid in comparable amounts to the historical values paid by the Debtor's predecessor.

i. Ankura's Revised Nicholson Model

12. Ankura's Revised Nicholson Model forecasts the annual incidence of mesothelioma and lung cancer by estimating the number of workers occupationally exposed to

[5] Peto, J., Henderson, B.E., & Pike, M.C., *Trends in mesothelioma incidence in the United States and the forecast epidemic due to asbestos exposure during World War II.*, in Peto, R. & Schneiderman, M. (Eds.) *Quantification of Occupational Cancer* at 51–69, Banbury Report 9, Cold Spring Harbor Laboratory, 1981.

[6] Hodgson, J., McElvenny, D., Darnton, A., Price, M., and Peto, J. (2005), *The Expected Burden of Mesothelioma Mortality in Great Britain from 2002 to 2050* at 587-93," BRITISH JOURNAL OF CANCER 4.

[7] The HSE Method only applies to the forecasting of mesothelioma claims.

asbestos estimating the intensity and duration of exposure applying dose-response functions to compute the probability of contracting disease and ageing the exposed population in order to determine the number of workers that will contract an asbestos-related disease before dying of other causes.

13. This methodology was originally developed by William Nicholson in a joint effort among scientists, physicians, lawyers, economists, and statisticians from the Mt. Sinai School of Medicine and other institutions to forecast the total number of cancer deaths attributable to asbestos exposure (the "Nicholson Methodology").[8] I subsequently built upon the Nicholson Methodology by updating dose-response information incorporating workers entering the work force in the 1930s expanding the industries or occupation categories included and refining the estimated age of individuals entering the workforce. The Nicholson Methodology, as I subsequently enhanced, is the accepted methodology for forecasting asbestos liability and has been used in virtually all major asbestos-related bankruptcies.

14. The dose-response models for mesothelioma and lung cancer are based on the asbestos exposure risk assessment models of the Occupational and Health Administration ("OSHA") of the Department of Labor first described in *Quantitative Risk Assessment for Asbestos Related Cancers* published in October 1983 (the "OSHA Models"). Both prior to and after its publication, the paper was subject to peer review among government agencies and academics. The risk assessment models contained in the paper were then elaborated in OSHA's proposed rulemaking on permissible levels of asbestos exposure. After extensive public hearing and comment, OSHA published final rulemaking and risk assessment models in the Federal

[8] Nicholson, W.J., Perkel, G., & Selikoff, I.J., *Occupational exposure to asbestos: Population at risk and projected mortality—1980–2030*. AMERICAN JOURNAL OF INDUSTRIAL MEDICINE, 1982, 3, 259–311 with updates by T. Vasquez in 1991.

Register. The mathematical equations in the OSHA Models to predict risk of lung cancer and mesothelioma from asbestos exposure were never challenged by any peer reviewer. The models and results have been adopted by other regulatory and scientific bodies for use in risk assessment.

15. The OSHA Models assume that the fiber concentration does not change over the duration of asbestos exposure. In fact, however, there are substantial changes in fiber concentration over time for each of the industry/occupation categories. Accordingly, I enhanced the models to adjust more precisely for fiber concentration to change over time. The validity of the incidence model has been demonstrated by comparing the projections it generates to the actual number of mesothelioma deaths derived from the National Cancer Institute's annual study of the number of deaths from mesothelioma published as part of the Institute's Survey of Epidemiological End Results ("SEER") Program.

ii. The Peto Model

16. The second forecasting method, the Peto Model, can be characterized as an "inverse" method. Beginning with the same OSHA dose-response models as used by Ankura's Revised Nicholson Model and the characteristics of the individuals filing mesothelioma claims against the company within the calibration range, the model computes the number of asbestos workers still alive at the start of the calibration period necessary to yield the average number of mesothelioma filings during the calibration period. Given an estimate of this number, the OSHA dose-response models and mortality rates for lung cancer and all other causes then can be used to "age" the population estimate of exposed workers to yield the future claim estimates for Mesothelioma and Lung Cancer.

17. As discussed earlier, the OSHA Models link asbestos exposure conditions to the incidence (number of deaths per unit of time) of Mesothelioma and of Lung Cancer. According to the OSHA Models, the death rates for mesothelioma and lung cancer for persons exposed to asbestos depend upon the following four factors:

1. intensity of asbestos exposure (fiber concentration),
2. duration of asbestos exposure,
3. date of initial exposure (elapsed time since first exposure to onset of the injury), and
4. date of birth (age).

The two OSHA "dose-response" models take these factors as their inputs and yield as their output estimates of the absolute risk of death due to mesothelioma and the relative risk of death due to lung cancer.

18. The rates for all other causes of death that diminish the exposed population depend most strongly upon age. This death rate is estimated using data from the Social Security Administration. If the size of the exposed population could be estimated when coupled with information about how the four key factors listed above apply to this population, then the number of deaths per year for mesothelioma, lung cancer, and all other causes can be determined.

19. Single years of age at the time since exposure are used to determine the number of persons still living that can be expected to be alive at the end of the following year. The process is repeated again and again, year-by-year, until none of the original people are still alive. At each step of the process, the number of individuals still living is reduced by applying death rates. Furthermore, the process is applied in parallel to all of the groups with similar exposure conditions into which the original population was partitioned.

20. The annual number of deaths due to mesothelioma for the population is obtained by adding up the number of Mesothelioma deaths over all of the similar exposure groups. The

number of annual deaths attributable to lung cancer is computed the same way. In summary, this method is dependent upon an estimate of the population of persons allegedly exposed to the asbestos in a company's products. Using the OSHA Models, the population of persons allegedly exposed to a company's products is estimated from the claims filed against the company. In other words, if one knows the rate of injury from the OSHA Models, the size of the exposed population is calculated based on the number of diagnoses seen in the company's filings. Finally, it is assumed that the exposure conditions and age characteristics of the claimants who have filed to date are consistent across the exposed population.

iii. HSE Method

21. The HSE method was undertaken by the British Health and Safety Executive. They examined the relationship between risk of mesothelioma diagnosis and certain occupations and work practices. The HSE model has epidemiological foundations. Similar to earlier models developed by Dr. Peto and others, it uses a "backcasting" technique.[9] The model uses data on historical incidences and an epidemiological model to identify the exposed population, i.e., the number of individuals that were exposed to asbestos in each year throughout the relevant time frame. This technique is referred to as backcasting, because the (observed) number of incidences in a particular year is used to infer the (unobserved) number of individuals exposed in the years prior to the year of incidence. Unlike occupational-based studies that use information on the size of the exposed population, this model infers the exposed population from incidence data and an appropriate epidemiological model.[10] Using the estimate of the exposed population and standard

[9] Peto, J., Henderson, B. E., and Pike, M. C. (1981) "Trends in Mesothelioma Incidence in the United States and the Forecast Epidemic Due to Asbestos Exposure during World War II"

[10] A seminal study that uses information on the size of the exposed population to estimate mortality from asbestos exposure is Nicholson W. J., Perkel, G., and Selikoff, I. J. (1982) "Occupational Exposure to Asbestos: Population at Risk and Projected Mortality – 1980-2030," *American Journal of Industrial Medicine* 3, 259-311

mortality rates, the model can estimate the number of exposed individuals alive in each future year. This, together with the epidemiological model yields an estimate of the incidences in each future year.

II. TRUST PAYMENTS AND CASH FLOWS

22. The two broad categories of expenditures the Trust will face are payments to claimants and administrative costs incurred through operation of the Trust. After calculating the expected size of the exposed population, anticipated incidences of exposure over time, and volume of claims likely to be received by employing the Nicholson Methodology, Peto Model, and HSE Method, I based my projection of future claims' values on the Debtors' historical settlement values, which are consistent with Paddock's recent historical average settlements of Asbestos Claims, and are consistent with the average settlement values provided in the TDP. To estimate the Trust's administrative costs, I examined data from the annual reports submitted by other asbestos trusts.

23. To properly account for the time value of money, however, a discount rate must be applied to the nominal value of the Trust's expenditures in order to determine the expenditures' net present value ("NPV"). I used discount rates ranging from 1.8% in the first year to 4.7% for the fourth and later years, which are similar to the rates earned by other existing asbestos trusts.

24. Based on this work and my claims forecast described above, I estimate that the NPV of the Trust's aggregate expenditures is approximately $610 million. Accordingly, I believe, assuming even a marginal rate of return on the Trust's investments, that the Trust's current funding of $610 million will likely be sufficient to fully compensate Asbestos Claims and

Demands and that the Trust should be able to maintain a 100% Payment Percentage at the Average Values set forth in the TDP.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on May 13, 2022

/s/ Thomas Vasquez
Thomas Vasquez, Ph.D.

Appendix A: CV of Thomas Vasquez Ph.D.

Dr. Vasquez is a Senior Managing Director at Ankura Consulting Group (Ankura) in the New York office. Dr. Vasquez has over 35 years of experience in management consulting for private sector clients, the development of economic models for US and foreign governments to analyze and develop tax, expenditure and regulatory policy and providing expert testimony over a wide range of issues.

Dr. Vasquez has provided management consulting services for private sector companies in a wide array of industry sectors. The services include identifying methods to: (1) increase the stock price or value of the company; (2) leverage the firm's brand asset; (3) assist underperforming companies and (4) provide general valuation services.

Dr. Vasquez has assisted US and foreign governments in the development of tax, expenditure and regulatory policy. The services include the development of large scale micro-economic models to allow policymakers to determine individual and company behavioral reactions to tax and regulatory policy.

Dr. Vasquez has provided expert testimony, depositions and analytical litigation support on a broad spectrum of issues involving statistical techniques, computer simulation, economic behavior and economic models, including, among others:

- Evaluating the economic and non-economic loss from bodily injury claims. In recent years, Dr. Vasquez has designed the algorithm for determining the damage from the BP Gulf Oil Spill, the NFL Concussion Settlement, the GM Ignition Failure settlement fund, the Takata air bag rupture litigation and virtually all of the major asbestos settlement trusts.
- Using statistical models to forecast a company's future liability from lawsuits related to its former production of asbestos including the following representative assignments – National Gypsum Corporation, the Fibreboard Corporation, Owens Corning, Congoleum, Western MacArthur, Burns and Roe, Inc. and Specialty Products Holding Corp.,
- Using statistical models to forecast a company's future liability from lawsuits related to its former sales of products.
- Using statistical models to determine the settlement value of bodily injury and financial loss claims resulting from exposure to a wide range of hazardous or defective materials or activities.
- The statistical analysis of the determinants of supply and demand in certain industry segments for use in business valuations, determining the reasonable compensation levels in closely held and other companies and the impact of regulation and tax policy on prices, sales and production.

Prior to joining Ankura, Dr. Vasquez was a vice president at Analysis, Research & Planning Corporation (ARPC) from 1998 through 2016. From 1997 to 1998, Dr. Vasquez was the president and CEO of Yankelovich Partners, Inc., a leading market research firm. While at Yankelovich Partners, Dr. Vasquez had responsibility for engagements designed to determine the best approach to maximize the value of the client's firm. These engagements involved understanding the source of the value components of the firm – value of the firm's brand, product/service lines responsible for increasing (decreasing) stock price, the role of joint products and other key components of the firm's value.

From 1993 to 1997, Dr. Vasquez was the National Partner in Charge of Corporate Transactions Services for KPMG Peat Marwick. In this role he practiced in and led four of KPMG's national practices. One practice area was in the area of litigation support. This area involved almost exclusively the use of highly trained professionals in providing expert testimony in a wide range of litigation issues. The second practice area involved providing consulting services in the bankruptcy and troubled company area. This area involved analyzing the condition and prospects of a company in financial distress, generally involving recommendations for expense control, revenue growth, elimination/sale of product and distribution lines and the elimination/selling of production sites. The third area is investment banking. This area focused on three major components: (1) buying and/or selling of companies for middle market clients; (2) advice to non-public clients preparing an Initial Public Offering, and (3) advice to clients on methods to increase share price and/or cash flow in anticipation of sale. The fourth area was business valuation. This area focused on the valuation of businesses in a wide range of settings including bankruptcy, fairness opinions, mergers and acquisitions, estate planning and other venues requiring valuation services.

Dr. Vasquez served on the Firm's Board of Directors from 1993 to 1997 and served as the Chairman of the Board's Strategic Planning Committee.

Prior to selling his firm to KPMG, Dr. Vasquez was the founder and President of the Policy Economics Group. Dr. Vasquez was responsible for all data base development and tax simulation modeling for federal and state government clients in the United States as well as foreign governments including among others Egypt, Pakistan, Hungary, the former Soviet Union, Trinidad-Tobago, Virgin Islands, Guam, El Salvador and Guatemala. Dr. Vasquez also developed similar models using specialized industry data bases to determine tax impacts and behavioral responses for commercial firms, industry associations and law firms. These models were also used to formulate the client's strategic direction, market initiatives and value maximization strategies.

Prior to establishing the Policy Economics Group, Dr. Vasquez was the Deputy Director for the U.S. Department of the Treasury Office of Tax Analysis. While there, he guided U.S. tax policy analysis and designed large micro-simulation models and data bases for the U.S. Treasury Department and the Joint Tax Committee of the U.S. Congress. He appeared before Congress to provide testimony on such issues as capital gains taxation. He also designed numerous specialized models and data bases for analyzing policy issues at the company, industry, and individual levels.

Professional Experience:
President and CEO, Yankelovich Partners Inc., 1997 to 1999
National Partner in Charge, Corporate Transactions Services, KPMG Peat Marwick, 1993 to 1997.
Managing Partner, Policy Economics Group, KPMG Peat Marwick, 1987 to 1993.
Founder and President, Policy Economics Group, 1983 to 1987.
Deputy Director, Office of Tax Analysis, U.S. Department of the Treasury, 1979 to 1983. Assistant Director, 1978 to 1979; Fiscal Economist, 1972 to 1976.
Chief Economist, New York State Economic Development Board, 1977 to 1978.
Staff Economist, Congressional Joint Committee on Taxation, 1976.
Staff Economist, American Enterprise Institute for Public Policy Research, 1972.

Education:
Ph.D., Economics, Clark University, 1973.

M.A., Economics, Clark University, 1972.
B.S., Mathematics, State University of New York - Potsdam, 1970.

Legal Experience and Testimony:

National Gypsum Company Bankruptcy Proceedings, 1991
- Deposition
- Testimony

Gerald Ahern, et. al. vs. Fiberboard Corporation, et. al., 1994
- Deposition
- Testimony

Ezell Thomas, et. al. vs. R.J. Reynolds Tobacco Company, et. al., 1999
- Deposition

Fiberboard Corporation and Owens Corning vs. R.J.Reynolds Tobacco Company, et. al., 1999
- Deposition

Western Mac Arthur Company and Mac Arthur Company vs. General Accident Insurance Co. of America; United States Fidelity & Guaranty Co.; Argonaut Insurance Company, 1999
- Affidavit

CSX Transportation, Inc. and American Home Ins. Co., 2000
- Deposition

ADR Proceeding Celotex vs. Travelers Casualty and Surety Co. and London Market Insurers, 2000
- Deposition, 2004
- Testimony, 2004

Owens Corning Bankruptcy Proceedings, 2001
- Deposition, 2004
- Trial Testimony, 2005

Michael Albanese vs. Compaq Computer Corporation, 2002
- Affidavit

ADR Proceeding ACandS, Inc. vs. Travelers Casualty and Surety Co., 2003

ASARCO vs
- Deposition, 2003

Western Mac Arthur Company and Mac Arthur Company Bankruptcy Proceedings, 2003

Oglebay Norton Bankruptcy Proceedings, 2004
- Deposition, 2004
- Trial Testimony, 2004

Halliburton Bankruptcy Proceedings, 2004

Congoleum vs Ace Ins. Et al, 2005
- Deposition, 2005
- Trial Testimony, 2006

Gene B. Griego, et al., Plaintiffs, vs. Bechtel National, Inc. et al., Defendants
- Deposition, 2005

Sandra Sue Fullen, et al, Plaintiffs v. Philips Electronics North America Corporation, a Delaware corporation, et al., Defendants
- Deposition, 2005

St. Paul Fire and Marine Insurance Company, Plaintiff, vs. A.P.I., Inc., Defendant and Counter-Claimant
- Deposition, 2005

Dana Corporation Bankruptcy Proceedings, Case No. 06-10354(BLR), 2007

Deposition, 2007
Trial Testimony, 2007

API, INC. Asbestos Settlement Trust v. Atlantic Mutual Insurance Company; Civil No. 09-0665 (JRT/JJG); United States District Court, D. Minnesota; July 9, 2010.
Deposition, 2010

Applebee's International, Inc., DineEquity, Inc. and Weight Watchers International, Inc. Sheree Shepard and Anthony Watts, On Behalf of Themselves and All Others Similarly Situated vs. DineEquity, Inc. et al.; United States District Court; District of Kansas; No. 08-cv-2416.
Deposition, 2010

API, Inc. Asbestos Settlement trust, et al. v. Zurich American Insurance Company, et al. Court File No. 09-CV-975 (JRT/JJG)
Deposition, March 29, 2011

Tronox Incorporated, Tronox Worldwide, LLC f/k/a; Kerr-McGee Chemical Worldwide LLC, and Tronox, LLC, f/k/a Kerr-McGee Chemical LLC vs. Anadarko Petroleum Corporation and Kerr-McGee Corporation
Deposition 2012

Specialty Products Holding Corp., et al Bankruptcy proceedings, Case No. 10-11780(JFK), 2012
Deposition, 2012
Trial Testimony, 2013

David M. Elsea, et al, vs U.S. Engineering Company and Jackson County, Missouri; Case No. 1016-CV159-76; Circuit Court of Jackson County, Missouri at Kansas City.
Deposition, 2016

Snyder, et al. -v- California Insurance Guarantee Association; Case No. RG13666656
Deposition 2017
Deposition 2018