Docket #3279 Date Filed: 08/04/2026

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)

NOTICE OF FILING OF 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 PREVIOUSLY FILED UNDER SEAL

Joseph W. Grier, III, the representative for future asbestos claimants in the above-captioned cases, through counsel, hereby files this *Notice of Filing* relative to *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 Previously Filed Under Seal* (the "Opposition") (Dkt. 3217) and attaches hereto an unsealed copy of the Opposition and the exhibits attached thereto.

This is the 4th day of August, 2026.

Respectfully submitted,

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[1] The Debtors are the following entities (the last four digits of their respective taxpayer identification numbers follow in parentheses): Aldrich Pump LLC (2290) and Murray Boiler LLC (0679). The Debtors' address is 800-E Beaty Street, Davidson, North Carolina 28036.

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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

Joseph W. Grier, III, the representative for future asbestos claimants in the above-captioned cases (the "FCR") files this *Opposition to the Official Committee of Asbestos Personal Injury Claimants' Motion to Exclude Certain Expert Testimony of David L. McKnight*[1] (the "Motion to Exclude" or the "Motion").

PRELIMINARY STATEMENT

The Official Committee of Asbestos Personal Injury Claimants (the "ACC") moves this Court to preclude Mr. McKnight from testifying regarding *In re Garlock Sealing Technologies, LLC* ("*Garlock*"),[2] arguing that *Garlock*, of all cases, is irrelevant.[3] The ACC has filed a similar motion to preclude the Debtors' expert, Dr. Mullin, from testifying about John Crane, Inc. ("JCI"), which, like the Debtors and *Garlock*, has encapsulated, chrysotile asbestos liabilities.[4] The ACC's Motion must be denied.

[1] Dkt. 3190. David L. McKnight ("Mr. McKnight") is a mass torts claim expert with The Brattle Group, Inc. ("Brattle") and the FCR's proposed testifying expert for the upcoming estimation trial.
[2] *In re Garlock Sealing Technologies, LLC,* Case No. 10-31607 (Bankr.W.D.N.C.) (GRH).
[3] Brattle's September 2025 Report also refers to another related asbestos case that is familiar to the Court—*Paddock*—but the ACC did not include reference to that case in its Motion to Exclude.
[4] *See* Dkt. 3189, *Motion in Limine of the Official Committee of Asbestos Personal Injury Claimants to Exclude Certain Expert Testimony of Charles H. Mullin*. Dr. Mullin also discusses Garlock in detail in his September 2025 Report,

No case is more relevant than *Garlock*. Indeed, there is rarely a substantive brief or a hearing in these cases where *Garlock* is not mentioned. The Court well knows the importance the ACC attaches to *Garlock* and how it controls their actions. In truth, the ACC seeks to exclude consideration of *Garlock* not because it is irrelevant but because it shows the shortcomings in their case. *Garlock* involved the same liabilities, and many of the same claimants, tort law firms, ACC counsel, and experts. The ACC's expert, LAS, proffered an opinion on *Garlock*'s liabilities that is $2 billion less than the top-down, inflated mediation number that LAS proffers here many years later. The *Garlock* Court also made specific findings on the risks of disease from occupational exposure to asbestos fibers from encapsulated products. And the $480 million full-pay *Garlock* Trust and its claims procedures were approved by the Court and all parties, including the ACC, with the Trust proving to be uniquely successful.

The ACC purports to only want to exclude three truths about the *Garlock* Trust that are mentioned for context at the end of Brattle's September 2025 Expert Report. Whatever the ACC's actual aim, the Court can readily foresee the confusion that will follow if some *Garlock* testimony is excluded but the remainder is not. Happily, there is no reason for the Court to wade into that morass. The truths about the *Garlock* Trust are incontrovertible, available in the public record, and already known to the Court. The relevance of those truths is self-evident. Individually and collectively, they make it more likely than not that Brattle's range of the Debtors' liabilities based on the tort system extrapolation method, $470 to $675 million, is reliable and reasonable.[5] It is for the Court to decide what weight, if any, to attach to Mr. McKnight's expert testimony.

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but the ACC does not seek to preclude him from testifying about it, a recipe for chaos at the estimation trial if the Motion to Exclude as to Mr. McKnight is granted.

[5] This range is derived using a trust return rate as a discount rate rather than a risk-free rate. Brattle considers the trust return rate to be appropriate. *See* Brattle Report ¶ 97 & nn. 91-93, at 41-42. Use of a lower risk-free rate, on the other hand, derives a range of $522 million to $764 million. Separately, Dr. Mullin conducted a sensitivity analysis using Brattle's methodology, Mullin's and LAS's incidence curves, and both the trust-return and risk-free discount rates. That exercise produced a range of $470 million to $720 million. *See* Mullin Rebuttal Report ¶¶ 4-5; *id*. ¶¶ 13-15 &

APPLICABLE LEGAL STANDARDS

A. Motions in limine

A motion in limine is "a pretrial request that certain inadmissible evidence not be referred to or offered at trial."[6] Because such motions are decided outside of a trial and its factual context, they are rarely granted and only on a clear showing that the challenged evidence is inadmissible on all potential grounds. Instead, courts commonly defer ruling until they have had the opportunity to evaluate the evidence.[7] This makes perfect sense in the context of a bench trial.

B. Threshold for relevance under the Federal Rules of Evidence

The threshold for relevance under the Federal Rules of Evidence is intentionally low. Under controlling Fed. R. Evid. 401, evidence is relevant if "it has any tendency to make a fact more or less probable than it would be without the evidence" and the fact is "of consequence in determining the action." Furthermore, Fed. R. Evid. 402 deems all relevant evidence admissible unless excluded by some other authority. To be sure, Fed. R. Evid. 403 provides that if the probative value of evidence is substantially outweighed by a cognizable danger, such as unfair prejudice, confusion, or waste of time it may be excluded. But as the Fourth Circuit has repeatedly noted, Rule 403 is a rule of inclusion, not exclusion. And, of direct application here, the Fourth

fig. 5, at 10–11 (filed by Debtors under seal). Thus, the $720 million figure reflects Mullin's application of alternative incidence and discount-rate assumptions to Brattle's methodology. In other words, the principal difference between Brattle's $675 million upper bound and Mullin's $720 million upper bound is the discount rate: Brattle's reported upper bound uses the trust return rate, whereas Mullin's uses the lower risk-free rate. Applying the risk-free rate to Brattle's own analysis produces a comparable upper bound of approximately $764 million.

[6] *Luce v. United States*, 469 U.S. 38, 40 n.2 (1984).

[7] *See Finch v. Covil Corp.*, 388 F. Supp. 3d 593, 612 (M.D.N.C. 2019), *aff'd,* 972 F.3d 507 (4th Cir. 2020) ("Courts routinely defer ruling on motions in limine and evidentiary matters until they have enough information" because "[c]ourts are often better situated to assess the value and utility of evidence during trial."); *see also, United States v. Verges*, No. 1:13-cr-222, 2014 WL 559573, at *3 (E.D. Va. Feb. 12, 2014) ("A motion in limine should be granted only when the evidence is clearly inadmissible on all potential grounds"; explaining that a court "may reserve judgment until trial so that the disputed evidence is placed in the appropriate factual context"); *In re Aqueous Film-Forming Foams Prods. Liab. Litig.*, No. 2:18-cv-3487, 2023 WL 3409039, at *1 (D.S.C. May 12, 2023) (same).

Circuit has cautioned that evidence is not "unfairly" prejudicial because it is damaging to the opposing party's position.[8] To the contrary, that just demonstrates its relevance.

C. Amended Federal Rule of Evidence 702

Federal Rule of Evidence 702, which specifically addresses expert testimony, was amended recently to reinforce the Court's expert "gatekeeping" function. Under new Rule 702, a qualified expert may testify if the proponent first demonstrates by a preponderance of the evidence that the expert's testimony will help the trier of fact, is based on sufficient facts or data, is the product of reliable principles and methods, and reflects a reliable application of those principles and methods to the facts of the case. But the amendment did not change the standard for admitting relevant testimony in Rule 401. Nor did it transform Rule 702 into a basis for excluding otherwise relevant expert testimony merely because the opposing party deems it prejudicial to their case. Accordingly, while amended Rule 702 may have bearing in these cases at some point, it does not support the premature exclusion of any relevant, related case testimony, including testimony concerning *Garlock*.

D. Impact of a bench trial

The Fourth Circuit has recognized that excluding evidence from a bench trial on Rule 403's "unfair prejudice" grounds is unnecessary because a judge can consider evidence for proper purposes and disregard improper inferences.[9] Likewise, the Fourth Circuit has held that "there is less need for the gatekeeper to keep the gate when the gatekeeper is keeping the gate only for

[8] *See United States v. Miller,* 61 F.4th 426, 429 (4th Cir. 2023) *("*This Rule 'is a rule of inclusion, generally favoring admissibility.'" "In other words, '[w]here evidence is probative, the balance under Rule 403 should be struck in favor of admissibility, and evidence should be excluded only sparingly.'")*; see also BMG Rts. Mgmt. (US) LLC v. Cox Commc'ns, Inc*., 881 F.3d 293, 313 (4th Cir. 2018) (holding that probative evidence was not unfairly prejudicial merely because it "disfavored" a party's position and explaining that "'[t]he mere fact that the evidence will damage the defendant's case is not enough'")

[9] *Schultz v. Butcher*, 24 F.3d 626, 632 (4th Cir. 1994) ("in the context of a bench trial, evidence should not be excluded under 403 on the ground that it is unfairly prejudicial.").

[herself]."[10] Thus, courts in this Circuit have discretion in bench trials to hear expert testimony, assess it in context, and later give it the weight the court concludes it deserves.[11]

FACTUAL BACKGROUND

I. THE *GARLOCK* CASE

A. *Garlock*'s liabilities mirror the Debtors' and the $480 million *Garlock* Trust pays claims in full

Garlock provides a unique helpful reference for the Court in the upcoming estimation trial, the purpose of which is to determine appropriate funding for an encapsulated, chrysotile asbestos trust. Unusually, the Debtors can fund a full-pay trust because they are solvent. This is a rare and happy happenstance for both classes of claimants, current and future. *Garlock*'s liabilities like the Debtors' stem from encapsulated chrysotile gaskets and packing. Indeed, *Garlock* was named as a defendant in over 80% of mesothelioma claims filed against the Debtors since 2006.[12] The *Garlock* Trust was funded with $480 million and pays valid claims in full.

B. *Garlock* findings concerning risks of exposures to chrysotile asbestos fibers

In addition to providing a reference point for a full pay encapsulated asbestos trust, *Garlock* informs the Court as to what constitutes a valid claim. The *Garlock* Court heard days of testimony from multiple experts on the risks of exposure to asbestos fibers from working on and around encapsulated chrysotile asbestos gaskets and packing. The Court ultimately found that chrysotile asbestos fibers are less toxic than amphibole fibers (crocidolite and amosite), with ratios of 100:5:1

[10] *United States v. Wood*, 741 F.3d 417, 425 (4th Cir. 2013).
[11] *See, e.g., In re Camp Lejeune Water Litig*., No. 7:23-cv-897, Dkt. 818, at 6–12 (E.D.N.C. Feb. 27, 2026) ("[T]he court has greater discretion regarding procedure in a bench trial because there is no risk of jury confusion," and "each judge may reserve expert admissibility determinations until trial"); *Tailored Chem. Prods., Inc. v. DAFCO Inc*., No. 5:21-cv-00069-KDB-SCR, Dkt. 238, at 1–2, 7–9 (W.D.N.C. Sept. 12, 2023) ("[T]he exclusion of evidence is [generally] disfavored in a bench trial," and courts have discretion to admit expert evidence "subject to the ability later to exclude it or disregard it" and allowing expert testimony while deferring "a final ruling on the admissibility and weight" until trial).
[12] *See* Sept. 15, 2025 Brattle Report ¶ 106 ("Prior to the Garlock bankruptcy in 2010, Garlock was named in over 80% of mesothelioma claims filed against Aldrich and Murray from 2006 onwards.").

to 900-2000:0-1 and chrysotile being the least toxic; there is a dose-response element in the development of asbestos diseases, with greater exposures over longer periods increasing the risk of illness; encapsulated gaskets and packing release asbestos fibers when cut or abraded by workers in limited, specific occupations; the amount of fibers released when the gaskets or packing are cut and abraded is limited; and the population exposed to *Garlock*'s products was exposed to far greater quantities of fibers from friable, amphibole asbestos products.[13]

C. The *Garlock* Court's scientific findings were incorporated into the *Garlock* Trust procedures

The *Garlock* Trust incorporated the Court's exposure and other findings in the Trust procedures. The *Garlock* Trust has subsequently paid tens of thousands of claims under transparent, objective procedures by reference to disease, age, duration of exposure, number of dependents, occupation, and proof of exposure, doubling its maximum settlement values since inception.[14] Unlike dozens of other trusts, the *Garlock* Trust has not been overwhelmed by unexpected and invalid claims.[15] To the contrary, it has been able to more than double its maximum settlement values, a rare if not unique occurrence for a national asbestos trust.[16]

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[13] *See In re Garlock Sealing Techs., LLC*, 504 B.R. 71, 75–77, 84 (Bankr. W.D.N.C. 2014).

[14] *See* Garlock Settlement Facility, *Second Amended and Restated Claims Resolution Procedures* §§ 1.1(m), 2.2–2.3, 6.2–6.8 & App. I (Apr. 1, 2021), https://garlocksettlementfacility.com/assets/uploadedFiles/8eedc7d3-3283-4663-b851-3a929d102e94.pdf (incorporating the Bankruptcy Court's exposure findings and providing for settlement amounts calculated under "published and objective formulas" based on characteristics including "occupation, industry, disease, age, life status, number of dependents, economic loss, and duration of exposure"); Garlock Settlement Facility, *Notice of Increase to Maximum Settlement Values* (Nov. 2021), https://garlocksettlementfacility.com/assets/documents/GST-Notice-re-MSV-Increase.pdf; Garlock Settlement Facility, *Notice of Increase to Maximum Settlement Values* (Jan. 1, 2025), https://garlocksettlementfacility.com/assets/uploadedFiles/59cdd4b5-aa63-4b05-96ce-6b4e4e267c75.pdf.

[15] *See* S. Todd Brown, How Long is Forever This Time? The Broken Promise of Bankruptcy Trusts, 61 Buff L. Rev. 537 (2013), at Appendix A (2013) ("The Broken Promise") (attached as Exhibit E to the Debtors' reply to the ACC's objection to the Debtors' motion to appoint the FCR, Dkt. No. 343).

[16] *See* Garlock Settlement Facility, Notice of Increase to Maximum Settlement Values (Nov. 11, 2021), https://garlocksettlementfacility.com/assets/documents/GST-Notice-re-MSV-Increase.pdf (announcing that the Trustee, with the consent of the CAC and FCR, "has increased the Maximum Settlement Values" to as much as $298,200); Garlock Settlement Facility, Notice of Increase to Maximum Settlement Values (Jan. 1, 2025), https://garlocksettlementfacility.com/assets/uploadedFiles/59cdd4b5-aa63-4b05-96ce-6b4e4e267c75.pdf (announcing a further increase to as much as $342,900 and providing proportional additional payments to previously paid claimants).

D. The *Garlock* Trust was approved by a Bankruptcy Court in this District, the District Court, the ACC, and the FCR

The *Garlock* Trust and its funding were approved by the *Garlock* ACC, which was composed of many of the same tort law firms as here (Kazan McClain, Greenwood & Harley, Simmons, Browder, et al., Cooney & Conway, Motley Rice LLC, and Weitz & Luxenberg), represented by the same ACC counsel (Caplin & Drysdale), with the same claims expert (LAS). In addition, the Trust was approved by the FCR (Joseph W. Grier, III), a Bankruptcy Court in this District, and the District Court. Critically, the asbestos claimants voted overwhelmingly in favor of the Trust. Elihu Inselbuch, Caplin & Drysdale, on behalf of the ACC, and Joseph Grier, as the FCR, each submitted declarations attesting to the fairness of the *Garlock* Trust.[17]

E. The ACC's expert report in *Garlock* cannot be reconciled with its report here

The ACC claims expert in *Garlock* was Dr. Mark A. Peterson. The ACC sought and obtained court approval to hire Dr. Peterson (rather than Dr. Sackett) as their claims expert in these cases as well.[18] In fact, Dr. Peterson prepared an LAS estimate for the Debtors starting in 2021.[19] In *Garlock*, Dr. Peterson used the tort system extrapolation method to estimate *Garlock*'s asbestos liabilities to be in the region of $1.1 to $1.3 billion.[20] More than a decade later, Dr. Sackett, using

[17] *Declaration of Elihu Inselbuch* ¶¶ 52-56, 71, *Garlock* Dkt. No. 5916 ("present and future Asbestos Claims are treated fairly and equitably in all matters"); *Declaration of Joseph W. Grier, III in Support of Confirmation of the Modified Joint Plan of Reorganization* ¶¶ 48–65, 79, *id*., Dkt. No. 5914 (same).

[18] Dkt. 900, *Ex Parte Application of the Official Committee of Asbestos Personal Injury Claimants to Retain and Employ Legal Analysis Systems, Inc. as Asbestos Consultants as of October 27, 2021*; Dkt. 901, *Order Approving the Ex Parte Application of the Official Committee of Asbestos Personal Injury Claimants to Retain and Employ Legal Analysis Systems, Inc. as Asbestos Consultants as of October 27, 2021*.

[19] *See* Dkt. 900. In its first fee application from November 2022, LAS noted that "[s]ince its engagement in these cases [in 2021], LAS has reviewed and analyzed the Debtors' asbestos claims data, . . . and began developing an estimate of the Debtors' aggregate asbestos-related personal injury liability." *Id.*, Dkt. 1395, ¶ 10. By the end of February 2022, Dr. Peterson and other professionals at LAS appear to have put together at least three estimates and by the end of June 2022, five. *Compare* Dkt. 1567, Sched. A-1 at 4 *with id.,* Dkt. 1787, Sched. A-1, at 21 of 41.

[20] *See Initial Expert Report of Mark A. Peterson, Ph.D*., *Projected Liabilities for Mesothelioma Claims as of June 2010*, at 1, 32 & tbl. 12, *Garlock*, Dkt. 4464-1.

the same method, estimated the Debtors' liabilities for the same asbestos products to be $3.1 to $3.4 billion, *i.e.*, $2,000,000,000 more. These disparate findings cannot be credibly reconciled.

F. The *Garlock* Court made adverse findings concerning the conduct of tort law firms

In its 2014 decision, the *Garlock* Court found that it was the regular practice by many tort law firms to suppress evidence of exposure to other companies' more toxic asbestos products.[21] All the ACC's actions to date have been focused on dismissal to avoid these findings being made again.[22] If the practice of evidence suppression had not continued post-Garlock, the tort law firms would have no concerns in this regard. Whether it did continue or not is beyond the scope of the Phase I trial. But the fact remains that the fear of *Garlock,* not legitimate concerns about relevancy, continues to drive the ACC's actions, including the filing of this Motion.

II. THE SECOND ESTIMATION CMO, THE SEPTEMBER 2025 REPORTS, THE PHASE I ORDER, AND THE MARCH 2026 REPORTS

The Court entered the Second Estimation CMO[23] in April 2025 and the Phase I Order[24] in January 2026. The former did not circumscribe the experts' opinions in any way; the latter asked for the experts' opinions relevant to the tort system extrapolation method. This directly impacts what the experts said, when they said it, and why they said it.

A. The Second Estimation CMO

[21] *In re Garlock Sealing Technologies, LLC*, 504 B.R. 71, 82 (Bankr. W.D.N.C. Jan. 10, 2014) (finding that "Garlock's evidence at the present hearing demonstrated that the last ten years of its participation in the tort system was infected by the manipulation of exposure evidence by plaintiffs and their lawyers.").

[22] *See, e.g.*, Jan. 26, 2023 Hr'g Tr., at 38:25; 39:1-10, Dkt. 1599 (Counsel for the ACC stating it is motivated to avoid "some very critical determinations about the, the, the way that the plaintiffs and the tort lawyers behaved in the tort system . . . And that is a responsibility that we bear, is to not let that happen again on our watch."); Mar. 27, 2025, Hr'g Tr. at 38:15-18 ("The risk is that, like Judge Hodges in *Garlock*, the Court is presented with an asked to make findings of, essentially, some sort of wrongdoing, some sort of misconduct. That's the risk and that is what we are in a position of trying to avoid").

[23] *Second Amended Case Management Order for Estimation of Asbestos Claims* ("Second Estimation CMO"), Dkt. 2656.

[24] *Order Commencing Phase I of the Estimation Trial with Hearings Based on the Tort System Extrapolation Method and the Parties' Expert Reports* ("Phase I Order") Dkt. 3011.

The Second Estimation CMO, entered on the Debtors' motion with the FCR's support, required the parties to exchange initial expert reports on September 15, 2025 "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" (emphasis added).[25] Thus, the Court placed no limitations on the experts' opinions. The Second Estimation CMO did not call for rebuttal reports. Nor did it set a date for an estimation trial, which all parties expected to be years away given the battles over evidence suppression discovery. The FCR supported the Second Estimation CMO because in five years of litigation the ACC had not provided any estimate of the Debtors' liabilities, frustrating all settlement efforts.

B. Brattle's September 2025 Expert Report

Brattle's September 2025 Expert Report (with minor redactions) is attached hereto as **Exhibit A**.[26] The September 2025 Report estimates the Debtors' liability using a mesothelioma disease forecast, an incidence curve, for **occupational exposure** claims only.[27] This is entirely consistent with the scientific findings of the *Garlock* Court, and the language and experience of the *Garlock* Trust. Brattle concludes that the Debtors' liabilities for those occupational claims range from $470 to $531 million, depending on the discount rate used.[28]

C. *Garlock* truths in Brattle's September 2025 Expert Report

At the end of its September 2025 Expert Report, Brattle notes that the *Garlock* Trust has performed well, is a good benchmark for an asbestos trust, and the Debtors' liabilities are

[25] Second Estimation CMO, ¶ 3, at pg.3 (emphasis added).
[26] The redactions are non-substantive, simply anonymizing prepetition settlements. No other information in the Report is confidential.
[27] Both Mr. McKnight and Paul Hinton have decades of expert experience in the mass torts arena, have testified before, been qualified by Courts as experts, and have the requisite qualifications in the fields of mathematics and economics. The FCR expects, barring some unforeseen eventuality, that Mr. McKnight will be testifying at the estimation trial.
[28] Ex. A, Brattle Sept. 15 Report ¶ 12, ¶ 97 n.93.

necessarily smaller than *Garlock*'s.[29] None of these unremarkable truths is in dispute; all are known to the Court. Brattle, which was not instructed by either the FCR or FCR counsel to take a particular stance on any issue,[30] included these truths on its own volition to provide the Court with context as to the discussion in the main body of its Report. These truths have direct bearing on the reliability and reasonableness of the experts' tort system extrapolation estimates. Among other things, the ACC's experts in *Garlock* used the exact same methodology for fixing settlement values in the *Garlock* Trust—just as they did in *Paddock* and here pursuant to the Phase I Order. In each instance, that expert was LAS.

Dr. Mullin also refers to Garlock on multiple occasions in his September 2025 Report, including by providing a direct comparison between Garlock and these cases in his Appendix C.[31] And Brattle refers to *Paddock* in its Report, another related case like *Garlock*.[32] Confusingly, the ACC does not seek to exclude any of this additional related case testimony.

[29] Ex. A, Brattle Sept. 15 Report, pp. 45-50.
[30] *See* Dep. of David L. McKnight 19:6-20:4, 22:1-6 ("They did not give me any specific instructions" and "[t]here are no assumptions that they asked me to make") (relevant pages attached hereto as **Exhibit C**).
[31] *See* Mullin Report ¶¶ 16, 102, 135-42 & App. C at C-1-C-5.
[32] *See* Brattle Report ¶ 5 & nn.4-5.

D. The Phase I Order

In contrast to the Second Estimation CMO, the January 2026 Phase I Order, entered on the FCR's motion, provides that "[a]t the Phase I hearing, **the scope of evidence**, consistent with F.R.C.P. Rule 26(a)(2), shall be limited to (a) **the opinions**, and support thereof, asserting in the Initial Expert Reports prepared by and exchanged between Charles Mullin (Bates White), Andrew Sackett (LAS), and Paul Hinton and David McKnight (The Brattle Group) **relevant to the tort system extrapolation method**, and (b) any rebuttal expert reports." [33] The Court further ordered rebuttal reports to be exchanged on March 27, 2026, and later set an estimation trial for the week of August 10, 2026.[34] Critically, the Phase I Order does not limit the experts' opinions to only the Debtors' tort system experience or forbid them from talking about relevant, comparable cases. The FCR moved for this relief because all three September 2025 Expert Reports relied in part on the tort system extrapolation method. The FCR saw an opportunity to advance the interests of the classes of claimants after years of stalemate by cutting out the noise and endless delays associated with the Debtors' discovery seeking to prove that the practice of evidence suppression continued post-*Garlock*, a hot-button issue for the ACC. For the first time in these cases, both the Debtors and the ACC were supportive.

It is noteworthy, and dispositive of the ACC's Motion, that paragraph 4 of the Phase I Order delineates the **scope of evidence** that the experts may present, *i.e.*, anything **relevant** to the **tort system extrapolation method**.[35] In contrast, paragraph 2 simply confirms that the Court "will make a finding estimating the Debtors' liability for current and future claims **by using the tort system extrapolation method**, **using the Debtors' settlement and verdict history, and will**

[33] Phase I Order, ¶ 4, pgs. 2-3 (emphasis added).
[34] *See Id.* ¶ 3.
[35] *Id.* ¶ 4.

not address the Debtors' legal liability theory."[36] Paragraph 2 does not address the scope of evidence, nor does it, as the ACC contends, limit expert testimony to an unhelpful recitation of the Debtors' settlement and verdict history in a vacuum. There is no limitation in the Phase I Order as to what the experts may deem relevant to the tort system extrapolation method or, commensurately, what the Court may consider. Yet the ACC again seeks a do-over on a court order, this time to an Order that it wanted and negotiated.

E. The March 2026 Brattle Report

The Brattle March 2026 Report is attached as **Exhibit B**.[37] Therein, Brattle estimates the Debtors' tort-system liability at between $470 million and $675 million, depending on the discount rate applied.[38] For its March 2026 Report, Brattle adopted a long-term asbestos disease forecast curve (an incidence curve) similar to the ones used by the Debtors and the ACC in their September 2025 Reports, *i.e.,* based on all exposures to asbestos, occupational or not. Brattle did so to respond directly to the Phase I Order, narrow the issues in dispute, and give the Court an apples-to-apples tort system comparison across all three experts. The ACC raises no evidentiary challenges to Brattle's March 2026 Report.

F. All three experts used the same methodology, the same claims database, and similar incidence curves but Dr. Sackett's estimate is five times larger

Given that all three experts relied on the same methodology, the same claims database, and, ultimately, similar incidence curves in deriving their estimate ranges, one would expect their final numbers to be similar. And indeed Dr. Mullin's tort system value range in his March 2026

[36] *Id*. ¶ 2 (emphasis added).
[37] Dr. Sackett did not file a March 2026 Report. Instead, the ACC engaged an entirely new expert, Ms. Yvette Austin of Compass Lexecon, to file its March 2026 report, which seeks to challenge the conclusions of Dr. Mullin and Mr. McKnight.
[38] *See* Ex. B, March 27, 2026 Brattle Report ¶¶ 14, 31 & fig. 1, tbl. 1. This range reflects the use of a trust return rate as the discount rate, which Brattle deems appropriate. If a lower risk-free rate is used, the numbers are commensurately larger.

Report of $425 million to $750 million is similar to Brattle's March 2026 range of $470 million to $764 million when adjusted on a like-to-like basis with similar incidence curves and the upper bound derived from risk-free discount rates.[39] Dr. Sackett's range of $3.1 billion to $3.4 billion is a significant outlier. The drivers behind this outlier number are set forth in the Debtors' three pending motions in limine.[40]

III. The ACC's Motion

In late June 2026, the ACC filed its Motion to Exclude. The Motion does not challenge Mr. McKnight's qualifications or experience as a mass tort claims expert, the reliability of his methodology, his implementation of that methodology, or his final conclusions. This is not a surprise.[41] Nor does the ACC suggest that the references to *Garlock* in Brattle's 2025 Expert Report are untruthful or unreliable in any way. Rather, relying exclusively on Fed. R. Evid. 702, the ACC argues that the *Garlock* testimony is "wholly irrelevant" and will "confuse" this Court. Tellingly, the ACC Motion does not reference Fed. R. Evid 401, 402 or 403. Despite the parties holding multiple recent meet and confer sessions, the ACC never once disclosed its intention to seek exclusion of any *Garlock* testimony. Nor did the ACC disclose that it intended to file the FCR's and the Debtors' September 2025 Reports with the Court.[42]

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[39] *See supra* n.5.

[40] *See* Dkt. Nos. 3183, *Debtors' Motion in Limine to Exclude Evidence of Defense Costs*; Dkt. 3184, *Debtors' Motion in Limine to Exclude "Ground-Up" Estimate for Non-Mesothelioma Claims*; and Dkt. 3185, *Debtors' Motion in Limine to Preclude Opinions Asserted by the Committee's Experts on Discount Rates*.

[41] In the recent *Whittaker* bankruptcy case, Judge Kaplan found that Mr. McKnight's report provided "clear explanations, calculations, and justifications" that would assist the court in resolving the issues before it. The *Whittaker* court further described Mr. McKnight as "a qualified and experienced economist and valuation professional" whose "knowledge, experience, and training" supported his opinions, and found that he employed a reliable methodology. *See* Hr'g Tr. 10:6–11:5, *In re Whittaker, Clark & Daniels, Inc*., No. 23-13575 (MBK) (Bankr. D.N.J. Feb. 28, 2025).

[42] The Court will recall that the ACC was previously adamant that the expert reports should never be filed with the Court. The ACC continues to shield Dr. Sackett's report from the Court.

ARGUMENT

The challenged testimony related to *Garlock* is plainly relevant under Rule 401 and will assist the court under Rule 702. The ACC does not challenge Mr. McKnight's qualifications, the sufficiency of the factual basis for his testimony, the reliability of his methodology, or the application of that methodology. Nor does the ACC identify any danger under Rule 403 that substantially outweighs the testimony's probative value. On the contrary, the *Garlock* testimony bears on the reliability and reasonableness of the parties' competing estimates. It is for the Court to decide what weight to afford *Garlock* (or *Paddock* or JCI), not the party who considers that testimony to be prejudicial.

A. *Garlock* provides critical, relevant information to estimation

Garlock answers the questions of what is appropriate funding for a full-pay gasket and packing trust; how the *Garlock* ACC's expert estimated claims; how that estimate compares to the ACC's expert in these cases; how workers are exposed to asbestos fibers from encapsulated products; what level of fibers are released in those situations; the toxicity of the asbestos encapsulated products; and what constitutes a valid claim. All of this is plainly relevant here.

B. The ACC's actions show the relevance of *Garlock*

In addition, the ACC, by their conduct, have made *Garlock* relevant. From the outset, the ACC has pursued a $100-million-plus litigation strategy focused on dismissal rather than establishing a fully funded asbestos trust. The Court need not speculate why. ACC counsel has shockingly admitted on multiple occasions that the ACC is motivated to protect the individual interests of certain mass tort law firms by avoiding *Garlock*-like findings that they behaved badly in the tort system.[43] The collective interests of the class of current claimants in fair and prompt

[43] *See supra* n.22; *see also* Feb. 9, 2023, Hr'g Tr., at 92:22-25, 93:1-6, *In re DBMP*, Case No. 20-30080, Dkt. 2280 (the Court stating: "it is possible that the Matching Claimants are simply a representation of the tort firms themselves

payments are forgotten. Worse, dismissal dooms that class and the future claimants to the inequities, delays, and unpredictability of the tort system. The ACC, the fiduciary tasked with protecting the class of unpaid current claimants, has no legitimate interest in shielding tort law firms from the consequences of prepetition bad conduct undertaken on behalf of paid clients. Thus, it remains the case six years later that dismissal cannot be squared with the continuing fiduciary obligation of the ACC to advance the collective interests of that class.[44] The Court will know when the creditors finally make informed decisions for the benefit of the class when it sees filings from the ACC that actually advance that class's collective interests. What makes this particularly problematic is that a full-pay trust from a solvent debtor is on the table for the taking. Waiting for a company to be insolvent before establishing a trust guarantees that trust claimants, current and future, are paid less than prepetition tort claimants.[45] Having made *Garlock* the centerpiece of its dismissal strategy, at the expense of the collective interests of the class of current claims, the ACC's new arguments that *Garlock* is irrelevant ring hollow.[46]

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protecting their pecuniary interests" and "someone acknowledged that part of this was the fear that they were going to get tarred with the, with the Garlock brush that, of making nondisclosures.").

[44] *See Westmoreland Hum. Opportunities, Inc. v. Walsh*, 246 F.3d 233, 256 (3d Cir. 2001) ("We have construed § 1103(c) as implying a fiduciary duty on the part of members of a creditor's committee … toward their constituent members'); *see also In re Johns–Manville Corp*., 26 B.R. 919, 925 (Bankr. S.D.N.Y. 1983) ("[T]he individuals constituting a committee should be honest, loyal, trustworthy and without conflicting interests, and with undivided loyalty and allegiance to their constituents … Conflicts of interest on the part of the representative persons or committees are … not to be tolerated."); *In re Haskell-Dawes, Inc*., 188 B.R. 515, 522 (Bankr. E.D. Pa. 1995) ("[T]he creditors appointed to the creditors' committee have a fiduciary obligation to act in the interests of the members whom they represent .... This duty prohibits members of the creditors' committee from using their position to advance their own individual interests.").

[45] *See Inselbuch, et al*., The Effrontery of the Asbestos Trust Transparency Legislation Efforts, MEALEY'S LITIGATION REPORT 28.2, at 2 (Feb. 20, 2013) (piece co-authored by Elihu Inselbuch and Ann McMillan of Caplin & Drysdale, counsel to the ACC, acknowledging that "[b]ecause of the hopeless insolvency of their predecessors, the trusts are only able to pay a small percentage of that historical settlement share to each deserving claimant, present and future").

[46] The FCR continues to be concerned that the creditors on the ACC are not, to use Judge Beyer's phrase, "calling the shots"—rather, it is the tort law firms. *See* Oct. 23, 2025 Hr'g Tr. 131:8–138:19, 132:6-11, 133:3-17, 136:11-137:23, (counsel acknowledging that the creditor members "were not present at the committee meetings where these decisions were made," explaining that the members reviewed and ratified the ACC's prior strategic decisions only after the Court's comments at an earlier hearing, and admitting that tort counsel continued attending committee meetings after their clients had died). The ACC recently pressed for dismissal by advancing a *certiorari* petition before the Supreme Court, challenging Judge Beyer's denial of their motion to dismiss the *Bestwall* case. *Brief of Asbestos Creditors'*

C. The ACC fails to apply the Federal Rules of Evidence

The ACC declares that because "the sole focus of the Phase I Proceeding is estimation based upon extrapolation of the Debtors' experience in the tort system," there "can be no real dispute" that testimony concerning "the funding of a trust" and "the experience of a trust established to hold the liabilities of an unrelated asbestos defendant will not assist the Court."[47] The ACC provides no support for this bold statement. First, it misstates the Phase I Order, which, in fact, provides for expert opinions limited to the "**tort system extrapolation method**" not only the Debtor's experience. The ACC agreed to that language in 2025/26. Second, no case is more relevant than *Garlock*, whether by reference to the Court's findings, the experts' estimates, the fiduciaries' actions, or the experience of the *Garlock* Trust. Despite Dr. Mullin discussing *Garlock* in detail in his September 2025 Report, including in Appendix C which is dedicated to comparing the cases, the ACC forget entirely to seek to exclude that testimony or Mr. McKnight's testimony concerning *Paddock.*

Thus, to bring this Motion, the ACC ignores (and asks the Court to ignore) controlling Rule 401, which provides that evidence need only have the "tendency" to help the Court evaluate a consequential issue, such as the reliability of competing estimates, the reasonableness of expert assumptions, and the real-world implications of asbestos claims-administration experience.[48] That is a very low bar. Testimony about *Garlock* easily satisfies that standard. Furthermore, the ACC also ignores (and again asks the Court to ignore) Fed. R. Evid. 403, which under controlling Fourth

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Committees in the DBMP and Aldrich Bankruptcies as Amici Curiae in Support of Petitioner, *Official Committee of Asbestos Claimants of Bestwall LLC v. Bestwall LLC,* No. 25-1013 (Mar. 26, 2026). The ACC did so despite a) the reconstitution of the ACC after years of zero creditor participation; and b) the Court's repeated reminders that class fiduciaries should be focused on collective class interests. The *Bestwall* ACC's cert petition was denied.

[47] *See* ACC Mot. to Exclude at 5.

[48] Fed. R. Evid. 401.

Circuit precedent is a rule of inclusion and evidence is never "unfairly" prejudicial merely because it is damaging to the opposing party's position, the **exact** fact pattern here.[49]

Fed. R. Evid 702, which the ACC does rely upon, is no help.[50] The ACC are not challenging Mr. McKnight's qualifications, experience, his methodology, or any of his final conclusions. Rule 702 may ultimately prove applicable to Dr. Sackett, an historian and lawyer by training, but it has no bearing on the weight the Court may choose to afford to relevant, undisputed *Garlock* testimony from Mr. McKnight.[51] Indeed, the ACC reluctantly acknowledges trust values "may be constructed with reference to the historical claims experience of the applicable debtor," but then argues that a trust remains "a distinct mechanism of compensation" with "no courts involved, no discovery, no trials, no juries and no verdicts."[52] But this is an argument about weight, not admissibility. No one disputes that trusts are not a carbon copy of the tort system. Among other things, the *Garlock* Trust pays all valid claims quickly, fairly, and in full, the proper goal of all fiduciaries in these cases. That the amount a trust pays is not "necessarily correlated to the amount the debtor would have paid had it remained in the tort system"[53] does not make *Garlock* irrelevant. A comparison need not be identical to be helpful. It is worth noting in this regard that the *Garlock* Trust procedures, drafted by the FCR and the ACC and approved by the Court and the claimants, specifically provide in Section 2.1 that they are "designed and shall be implemented by the Trustee to the best of his or her ability to (a) generate settlement offers to Claimants that are

[49] *See United States v. Miller,* 61 F.4th 426, 429 (4th Cir. 2023) *("*This Rule 'is a rule of inclusion, generally favoring admissibility.'" "In other words, '[w]here evidence is probative, the balance under Rule 403 should be struck in favor of admissibility, and evidence should be excluded only sparingly.'"*); see also BMG Rts. Mgmt. (US) LLC v. Cox Commc'ns, Inc*., 881 F.3d 293, 313 (4th Cir. 2018) (holding that probative evidence was not unfairly prejudicial merely because it "disfavored" a party's position and explaining that "'[t]he mere fact that the evidence will damage the defendant's case is not enough'")

[50] Fed. R. Evid. 702.

[51] *See* discussion *infra* at 20-21.

[52] Motion to Exclude at 6-7.

[53] *Id*. at 8.

fair, equitable, expeditious and properly reflective of the injuries allegedly caused to the Injured Parties by exposure to asbestos fibers or dust from the [Garlock] Products, many of which were encapsulated."[54] In other words, a fair approximation of the goal of valid claimants in the tort system.

D. The estimation trial is a bench trial

The Phase I trial is a bench trial to estimate the Debtors' asbestos liabilities—nothing more. There is no risk of confusing a jury. The Court (a neutral, informed expert arbiter) will hear testimony and reach its own conclusions as to a fair and appropriate estimate. The FCR has every confidence that the Court will have no difficulty ascertaining the relevance of the known, incontrovertible facts of *Garlock*, *Paddock*, or JCI, and assigning appropriate weight to their application.

E. The ACC Motion is inconsistent, forgetting *Paddock* entirely

Curiously, the ACC forget to seek the same relief for *Paddock*, another related asbestos case also discussed in Brattle's September 2025 Report.[55] In *Paddock*, the same tort law firms (Simmons Hanly Conroy, Cooney & Conway, MRHFM, and Weitz & Luxenberg) the same ACC counsel (Caplin & Drysdale), and the same claims expert advisors (LAS, Dr. Peterson) argued for a full-pay $610 million capped-fund plan for a solvent Delaware asbestos debtor that went through a prepetition "two-step" restructuring, a plan that claimants approved by a 99.997% vote.[56] Like *Garlock*, *Paddock* is relevant to Dr. Sackett's credibility and the proper subject of testimony. *Paddock's* liabilities stem from one of the most toxic and widely distributed asbestos products ever

[54] Settlement Facility Second Amended and Restated Claims Resolution Procedures, Garlock Sealing Technologies LLC, April 1, 2021, https://garlocksettlementfacility.com/assets/uploadedFiles/8eedc7d3-3283-4663-b851-3a929d102e94.pdf.
[55] *See* Sept. 15, 2025 Brattle Report ¶ 5 & n.4-5, at 2-3.
[56] See *Findings of Fact, Conclusions of Law, and Order Confirming the Third Amended Plan of Reorganization*, *In re Paddock Enters., LLC*, No. 20-10028 (LSS), Dkt. No. 1406 ¶¶ 3, 19, 26–28, 36, 75, 102 & n.5, 127 (Bankr. D. Del. May 26, 2022)

made: Kaylo, a friable insulation product that exposed anyone in its vicinity, workers or not, to amphibole fibers that stay in the body for decades and are a known and accepted cause of mesothelioma.[57] Just as Dr. Sackett's top-down estimate of $3.1 billion to $3.4 billion cannot be credibly reconciled with Dr. Peterson's much smaller *Garlock* estimate, it also cannot be reconciled with the approval by the tort law firms, the claimants, the ACC, its counsel, and its claims expert, Dr. Peterson, of a $610 million trust in *Paddock* for current and future claims against the last "Big Dusty."

F. The ACC's arguments to exclude evidence concerning John Crane, Inc. fall equally flat

In their motion in limine as to Dr. Mullin, the ACC similarly seeks to preclude discussion of known facts concerning JCI. The Debtors will undoubtedly respond in detail, but that motion suffers from the same infirmity as this one. JCI, *Garlock,* and *Paddock* are helpful reference points for the Court, to be weighed as the Court sees fit. That the Court may not rely on them in its ultimate findings does not mean it should be frozen from considering them at all. JCI, another gasket and packing defendant, pursues a strategy of litigating every case brought to trial and never settling before a jury verdict.[58] JCI, *Garlock*, and the Debtors were routinely named in the same tort system complaints. In contrast, *Garlock* and, to a much greater extent, the Debtors, pursued a strategy of settling cases. The Debtors only ever took one case to verdict. Thus, JCI granted the tort law firms' professed wish that every claimant be afforded a day in court. From 2015 to 2019, JCI paid only 9 claimants, with annual average indemnity payments of less than $3 million.[59] JCI

[57] *Id.* ¶¶ 29–33, 36 (Kaylo consisted of "pipe covering and block insulation products" that "contained either chrysotile or amosite asbestos fibers," and Paddock had resolved over "400,000 Asbestos Claims" at a cost of "approximately $5 billion.").
[58] *See* Sept. 15, 2025 Mullin Report ¶¶ 22, 34–39, 110, 135, 139–40 & figs. 3, 35–36 (filed by Debtors under seal) ("JCI employs a more litigious tort system approach: it refuses to settle claims prior to a jury verdict," and explaining that JCI paid 9 mesothelioma claims from 2015 to 2019).
[59] *See* Mullin Report, ¶¶ 36-37 & fig. 3 (showing that JCI paid 9 mesothelioma claims from 2015 to 2019, with average annual indemnity of $2,630,000).

shows exactly how claimants fare in a litigation-only tort environment, the result the ACC has been clamoring for here for the last six years. That is hardly a ringing endorsement of the ACC's dismissal strategy.

G. Dr. Sackett is not qualified as a mass tort claim expert, but the FCR does not seek to preclude the Court from hearing his testimony

Dr. Sackett has a JD and a BA and Ph.D. in **history**. His doctoral dissertation is entitled "The Making of Acapulco: People, Land and the State in the Development of the Mexican Riviera, 1927-1973." Dr. Sackett has no degrees or substantive formal training in mathematics, economics, finance, or statistics, all crucial to mass tort claim estimates.[60] His work experience is limited to being a bankruptcy lawyer at Caplin & Drysdale and then an administrator at LAS, a position he compares to being a managing partner at the law firm, albeit one of eleven employees.[61] Thus, Dr. Sackett lacks both the requisite qualifications and professional experience to be a mass tort claims expert. Unsurprisingly, Dr. Sackett has never been qualified as an expert by any court. Indeed, when Dr. Sackett was recently proffered by the Committee as an expert in the *Imerys* bankruptcy case, he was withdrawn following a challenge to his qualifications, experience, and methodology.[62] It is not clear why the ACC chose an unqualified and untested person to be their

[60] *Compare with* Brattle Report, App. A ¶ 13, at 4 (McKnight holds an M.B.A. with distinction, an M.S. in mathematics, and a B.A. in mathematics); Mullin Report ¶ 9 & App. A at A-1 (Mullin holds a Ph.D. in economics and a B.A. in mathematics and economics).

[61] *See* Dep. of Andrew J. Sackett, 60:15-19 ("There are only 11 people in our organization, so it's a relatively flat chain of command."); 334:17-22 (Q: "in one of your depositions, you said you were sort of the managing partner, the person who keeps the ship, right? A. That would, yes, I think that that quest[ion], you know, that's certainly one part of what I do.") (relevant pages attached hereto as **Exhibit D**); *see also* Certain Insurers' Motion *in Limine* to Preclude Affirmative Expert Testimony of Andrew J. Sackett, *In re Imerys Talc America, Inc.*, No. 19-10289 (LSS) (Bankr. D. Del. Mar. 19, 2025), Dkt. No. 7198, Ex. A to Certification of Joshua P. Mayer at 10:24-11:2 ("Nominally, I'm the president. Because it's a corporation there has to be a president. In terms of function, I'm more like a managing partner.")

[62] *See Certain Insurers' Motion in Limine to Preclude Affirmative Expert Testimony of Andrew J. Sackett*, *Imerys*, Dkt. 7198; Deposition of Andrew J. Sackett at 42:18–43:12, ("This is the first time I've been called to testify"); *id*. at 30:7–31:12 (acknowledging that a colleague designed the supplemental model and selected the data); 33:17–34:11 (he did not know what convolution meant mathematically, did not run the model, and could not explain the process); 36:22–37:22 (he relied on Dr. Rourke's work and understood only what the model produced); 113:24–114:16, 117:23–

testifying expert.[63] Dr. Sackett's deposition suggests an answer: he understood that his report would be used for mediation only and thus would never be seen by the Court.[64] Implicit in this is the notion that the standard for reliability in expert testimony is different for mediation, with unqualified experts free to generate inflated, arbitrary top-down numbers solely for negotiation purposes. A changed venue does not justify inflating a debtor's liabilities by billions of extra dollars overnight.

This begs the question as to why the FCR has not filed a Daubert motion to preclude the ACC's chosen affirmative expert witness from testifying at all. The FCR asked the Court for a streamlined estimation trial in the hope of starting, for the first time, good faith negotiations with all parties over creation of an asbestos trust at a funding level informed by an estimation ruling.[65] The Court's Phase I Order makes clear that it expects to hear expert testimony from all parties. In the context of the ACC's effort to reconsider the Brattle retention order and deprive the Court of a testifying expert altogether, the Court responded, no, it would like to hear from the FCR's expert.[66] The FCR surmised that the Court would not look kindly upon a request to prematurely exclude Dr. Sackett's testimony. The FCR is not waiving his concerns about Dr. Sackett's qualifications and the reliability of his report. The FCR simply believes that those concerns are best addressed by

118:14 (no formal training in mathematics, statistics, or economics); 119:5–12, 120:12–121:24 (he did not independently evaluate the model's mathematics or equations and lacked the training to do so).

[63] The decision to rely on Dr. Sackett would have been made at a time when 8 of the Committee members had died and during a period when, as ACC counsel has admitted, no ACC meetings with the members and ACC counsel ever took place.

[64] *See* Ex. D, Dep. of Andrew J. Sackett, 169:14-16 ("Second, it was my understanding that this initial report was for purposes of mediation.").

[65] The FCR and the Debtors agreed to Trust funding of $545 million in 2021, shortly after the commencement of the cases. The ACC declined to participate in the parties' negotiations. That $545 million compromise funding number was derived from the Debtors' claims database using the tort system extrapolation method and assumed that the final trust documents would mirror those of *Garlock* Trust, which has proven successful in paying valid occupational exposure claims at full values. This demonstrates anew the relevance of *Garlock* testimony. *See Notice of Filing of Plan Support Agreement*, , Dkt. 832, Ex. A (providing for $545 million in trust funding and contemplating claims resolution procedures substantially similar to the *Garlock* Trust's claims resolution procedures).

[66] *Order Denying Official Committee of Asbestos Personal Injury Claimants' Motion to Reconsider*, Dkt. No. 2747.

the Court at trial.[67] To the extent Dr. Sackett is permitted to testify, subject to reservations or not, the Court would hear the parties' respective affirmative cases and any rebuttals in standard trial order, with time divided between them in a fair (hopefully agreed) allocation and, if the Court permits, the use of "chess clock" to keep the trial on track so it can be completed by the end of the week.

[67] *See, e.g., In re Camp Lejeune Water Litig*., No. 7:23-cv-897, Dkt. 818, at 6–12 (E.D.N.C. Feb. 27, 2026) (applying amended Rule 702 and holding that "[e]ach judge may reserve expert admissibility determinations until trial" because the 2023 amendment "imposes [no] new, specific procedures"); *Tailored Chem. Prods., Inc. v. DAFCO Inc*., No. 5:21-cv-00069-KDB-SCR, Dkt. 238, at 1–2, 7–9 (W.D.N.C. Sept. 12, 2023) (recognizing that, although Rule 702 applies in a bench trial, the court has "increased discretion in how to perform its gatekeeping role").

CONCLUSION

For the reasons stated herein, the FCR respectfully submits that the Motion should be denied.

Dated: July 16, 2026
Charlotte, North Carolina

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EXHIBIT A

PROFESSIONAL EYES ONLY.

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)**

EXPERT REPORT OF

THE BRATTLE GROUP

ON BEHALF OF

FUTURE CLAIMANTS' REPRESENTATIVE

SEPTEMBER 15, 2025

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I. INTRODUCTION

A. ASSIGNMENT

1. The Court-appointed legal representative for future asbestos personal injury claims (the "FCR"), Joseph W. Grier, III, in the Chapter 11 Cases of Aldrich Pump LLC ("Aldrich") and Murray Boiler LLC ("Murray") (collectively, the "Debtors"),[1] was authorized by the Bankruptcy Court to retain and employ The Brattle Group, Inc. ("Brattle") as his claims testifying expert on June 17, 2025.

2. The FCR has asked Brattle to compute the Debtors' liability for pending and future asbestos personal injury claims ("Tort Claims") as of June 18, 2020 (the "Petition Date") assuming that the Debtors had not filed for bankruptcy and had remained in the tort system. We have also been asked to evaluate the GST Settlement Facility ("Garlock Trust") – the trust established pursuant to the bankruptcy of Garlock Sealing Technologies LLC ("Garlock") in 2010 – as a benchmark for a trust that could be established to resolve the Debtors' claims.

3. The Brattle Group expert opinions are developed at the direction of mass torts experts Paul Hinton and David McKnight, whose qualifications are summarized in **Appendices A – C**. The materials relied upon in the analysis presented in this report are listed in **Appendix D**. The Brattle Group's fees are not contingent upon the opinions presented in this report or upon the outcome of this matter. The Brattle Group is being compensated at a rate of $1,250 per hour for Paul Hinton's time and $1,050 per hour for David McKnight's time.

II. SUMMARY OF OPINIONS

4. The historical claims for mesothelioma filed against Aldrich and Murray in the tort system represent a large proportion of the total number of diagnosed and reported cases in the entire

[1] The Debtors are the following entities (the last four digits of their respective taxpayer identification numbers follow in parentheses): Aldrich Pump LLC (2290) and Murray Boiler LLC (0679). The Debtors' address is 800-E. Beaty Street, Davidson, North Carolina 28036. *See* Informational Brief of Aldrich Pump LLC and Murray Boiler LLC, *In re Aldrich Pump LLC, et al.,* Chapter 11 Case No. 20-30608, June 18, 2020.

United States. While many filed cases against the Debtors were dismissed or otherwise resolved without payment, the number of cases that the Debtors resolved through payment is large relative to the national incidence of mesothelioma. This implies a large proportion of workers in occupations and industries at-risk of asbestos exposure from 1940 to 1980 ("At-Risk Occupations and Industries")[2] were exposed to Aldrich and Murray gaskets. Alternatively, it suggests that the tort system has been unable to reliably determine the sources of exposure that resulted in claimants' asbestos-related injuries and has attributed liability to Aldrich and Murray in more claims than expected. In either case, our valuation of the Tort Claims liability of the Debtors as of the Petition Date is based on the frequency with which the Debtors resolved asbestos claims in the tort system over the five years preceding the Petition Date and the amounts paid by the Debtors.

5. The Debtors' historical operations gave rise to alleged asbestos fiber exposures from replacement and maintenance of Aldrich and Murray's pumps and compressors which contained encapsulated asbestos gaskets and packing.[3] The Debtors' historical settlements of asbestos claims account for product identification and other defenses they asserted in the tort system. They also account for the contribution of other defendants and third parties to asbestos exposures, both in the specific occupations and industries where these gaskets were encountered and in other At-Risk Occupations and Industries where the same claimants worked without contact with Aldrich or Murray gaskets. 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 ("Paddock"), the O-I Glass, Inc. wholly owned

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[2] Most U.S. asbestos fiber exposure occurred through occupational exposures to friable asbestos products that were widely used prior to 1980, largely in insulation applications, by workers who manufactured, installed, repaired, maintained, or worked in close proximity to these products. The highest exposures occurred in high temperature industrial and marine settings. *See, e.g.*, 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.

[3] For a short period prior to the mid-1950s, Murray used asbestos insulation manufactured by third parties to wrap its boilers. *See* Informational Brief of Aldrich Pump LLC and Murray Boiler LLC, *In re Aldrich Pump LLC, et al.,* Chapter 11 Case No. 20-30608, June 18, 2020, Section I.

subsidiary, responsible for Kaylo insulation, which was made from the highly toxic amosite asbestos fibers.[4] Paddock emerged from Chapter 11 protection on June 22, 2022, achieving a final resolution of its asbestos-related legacy liabilities under its Plan that was funded with $610 million.[5]

6. We forecast future asbestos claims expected to arise against the Debtors by modeling the population of persons exposed in At-Risk Occupations and Industries, their risk of mesothelioma, and their claiming behavior, based on claims filed during the five years prior to the Petition Date. Most claims against Aldrich and Murray allege occupational exposures to asbestos and identify periods of employment in a variety of traditional At-Risk Occupations and Industries ("primary exposure" or "direct exposure"). However, like other major defendants, about one-third of the Aldrich and Murray claims allege at least some secondary exposure to asbestos fibers ("secondary exposure claims").[6] Secondary exposure refers to cases alleging indirect exposure to asbestos fibers (e.g., through a household member employed in an At-Risk Occupation and Industry), although such claims frequently include allegations of primary exposure as well. Based on this mixed definition of secondary exposure, we find that secondary exposure claims have a distinctive litigation experience and therefore forecast their associated liabilities separately. Historically, secondary exposure claims against the Debtors were less likely to be paid and received smaller settlements on average than claims without any allegations of secondary exposure.[7]

7. Economists have developed several alternative models to forecast asbestos claims. Here, for reasons we explain below, we use two such models: the Nicholson Model, and the Hazard Model. Each approach to estimating future claims has distinguishing features that take advantage

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[4] O-I Newsroom, "Paddock Enterprises, LLC, an O-I Glass, Inc. Affiliate, Seeks a Final and Equitable Resolution of its Legacy Asbestos-Related Claims," January 6, 2020, last accessed September 15, 2025, https://www.o-i.com/news/paddock-enterprises-llc-an-o-i-glass-inc-affiliate-seeks-a-final-and-equitable-resolution-of-its-legacy-asbestos-related-claims/. *See also*, Asbestos Product Guide (ASSEA), "K-Lite insulation material," last accessed September 15, 2025, https://products.asbestossafety.gov.au/insulation/k-lite-insulation-material/.

[5] James Woods, "O-I Glass Subsidiary, Paddock Enterprises, LLC, Emerges from Chapter 11," Company News, July 18, 2022, last accessed September 15, 2025, https://www.o-i.com/news/o-i-glass-subsidiary-paddock-enterprises-llc-emerges-from-chapter-11/.

[6] KCIC Industry Report, "Asbestos Litigation: 2024 Year in Review," p. 16. *See also,* Bates White Debtors' Claims Database dated July 24, 2025, PACE Occupation Data.

[7] *See* Bates White Debtors' Claims Database dated July 24, 2025, PACE Occupation Data. *See also*, Table 5.

of different features of the data and assumptions about the risks of mesothelioma and claiming behavior.

8. The Nicholson Model is calibrated to estimate the national incidence of mesothelioma in persons who worked in At-Risk Occupations and Industries, based on published studies of industrial hygiene and epidemiology. When used to forecast the Debtors claims, this model assumes that the Debtors' claims will follow the national pattern of incidence in occupationally exposed individuals.

9. The Hazard Model matches the claims against the Debtors to the population of individuals who were occupationally exposed to asbestos to estimate the relationship between asbestos exposure and the likelihood of filing a claim against the Debtors. This model estimates the joint probability of both developing mesothelioma and filing a claim against the Debtors. The Hazard Model incorporates the demographics of the claims against the Debtors, including both individuals with direct occupational exposure to asbestos and individuals with secondary exposures, who may have different demographic characteristics.

10. We have implemented the Nicholson Model and the Hazard Model to estimate the number of mesothelioma claims filed against Aldrich and Murray. We then model the payment probability and value of the mesothelioma claims based on the Debtors' experience in the tort system. We estimate the percentage of filed claims expected to be paid and their average values separately for Aldrich and Murray. We estimate the liabilities associated with non-mesothelioma claims based on the fraction of Tort Claim payments that were made to non-mesothelioma claims in the five years leading up to the Petition Date. We adjust the liability for mesothelioma settlements upward to account for non-mesothelioma claims.

11. In 2013, REDACTED - Law Firm 3 entered into an agreement to resolve its claims against the Debtors outside of the tort system for a fixed payment of $20 million per year.[8] As a result, REDACTED - Law Firm 3 did not file claims against the Debtors until they were paid, and its claims allocated a larger share of liability to non-mesothelioma claims than would

[8] *See* Settlement Agreement, Trane US Inc. and REDACTED - Law Firm 3 March 18, 2013. *See also*, Settlement Agreement, Ingersoll Rand Company and REDACTED - Law Firm 3 March 18, 2013, Aldrich-Murray-EST_00146534, at -6537–6538.

be expected in the tort system. REDACTED - Law Firm 1 and the REDACTED - Law Firm 2 REDACTED - Law Firm 2 also entered into similar agreements with at least one of the Debtors.[9] None of these agreements are extant, having been terminated years ago by the Debtors. To control for associated potential distortions to apparent filing rates and payment rates, we model the Tort Claims against the Debtors excluding REDACTED - Law Firms 1, 2 and 3, and then scale up those Tort Claim values by their share of total claim payments over the period 2015–2019.

12. Comparing the results of different methods of estimation provides a means of assessing the extent of uncertainty in the number of future claims expected in the tort system. The range of our estimates of the Debtors' asbestos liability in the tort system, discounted at the risk-free rate, is between $522 million using the Nicholson Model and $531 million using the Hazard Model.

TABLE 1: NPV OF THE DEBTORS LIABILITIES IN THE TORT SYSTEM

	Nicholson Model [A]	Hazard Model [B]
$ in millions	$521.8	$531.1

Sources and Notes: Brattle Workpapers. *See also*, Table 9.

13. We also develop 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. The similarity of product exposures and the extensive overlap between Garlock and Aldrich/Murray claims make Garlock a natural point of comparison.

14. Because of claims resolution procedures ("CRP"), approved by this Court (Judge Whitley), which properly require evidence of occupational exposure sufficient to establish credible exposure to fibers in asbestos gaskets and packing materials, fewer claims have been paid in the GST Settlement Facility than had been paid in the tort system. As a result, the GST Settlement Facility has performed well and, in a rare event for asbestos trusts, has increased its claim matrix

[9] *See* Section III.C.1.

values twice, in 2021 and 2025, reflecting a greater capacity to fund claims than originally forecast.[10]

15. If a similar trust were established to administer the Debtors' claims, the cost to fund such a trust would be less than the cost to fund the GST Settlement Facility. This reflects the fact that more individuals were exposed to asbestos gaskets and packing materials manufactured by Garlock than to the Debtors' products. This is borne out by the fact that Garlock paid more to resolve its asbestos liabilities than the Debtors did during their overlapping time in the tort system. In addition, the Debtors were in the tort system for a decade after Garlock declared bankruptcy, and the Debtors have already paid ten years of claims that Garlock funded through the GST Settlement Facility.

III. DEBTORS' ASBESTOS CLAIMS HISTORY

16. Our analysis of the Debtors' claim liabilities is derived from their recent history of litigation in the tort system. This history is described in the Debtors' Informational Brief of Aldrich Pump LLC and Murray Boiler LLC.[11] The Debtors' claims database contains detailed information on the Tort Claims as well as data submitted in this bankruptcy, such as proof of claim forms and personal injury questionnaires. A brief overview of this history is provided below.

17. As of the Petition Date, the Debtors, Aldrich and Murray were each direct subsidiaries of Trane Technologies PLC ("Trane"), a publicly traded company, and both maintained their principal place of business in Davidson, North Carolina.[12]

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[10] Garlock Settlement Facility, "GST Settlement Facility Notice of Increase to Maximum Settlement Values," January 1, 2025, last accessed September 14, 2025, https://garlocksettlementfacility.com/assets/uploadedFiles/59cdd4b5-aa63-4b05-96ce-6b4e4e267c75.pdf; Garlock Settlement Facility, "GST Settlement Facility Notice of Increase to Maximum Settlement Values," November 11, 2021, last accessed September 14, 2025, https://garlocksettlementfacility.com/assets/documents/GST-Notice-re-MSV-Increase.pdf.

[11] Informational Brief of Aldrich Pump LLC and Murray Boiler LLC, *In re Aldrich Pump LLC, et al.,* Chapter 11 Case No. 20-30608, June 18, 2020, Section IV.

[12] Informational Brief of Aldrich Pump LLC and Murray Boiler LLC, *In re Aldrich Pump LLC, et al.,* Chapter 11 Case No. 20-30608, June 18, 2020, p. 1.

18. The Debtors' historical business operations have included the manufacture and sale of industrial equipment, such as pumps, compressors, HVAC systems, and boilers. These historical operations have given rise to certain claims against the Debtors within the tort system.[13]

A. SOURCE OF ASBESTOS CLAIM LIABILITY

19. At points during their history, Aldrich Pump LLC and/or its predecessors incorporated into their equipment certain component parts—primarily gaskets and packing—containing asbestos fibers, which were purchased from third-party suppliers.[14] Similarly, Murray Boiler LLC and its predecessors manufactured and sold heating and cooling equipment, including boilers, some of which, prior to the mid-1950s, may have been insulated with external asbestos-containing insulation.[15] Exposure to asbestos has been linked with various illnesses, including mesothelioma, an aggressive and almost always fatal cancer. Individuals have filed claims against Aldrich and Murray, alleging exposure to asbestos-containing components associated with the Debtors' equipment before the use of asbestos was eliminated from their products in the 1970s and 1980s.[16]

20. The Debtors filed for bankruptcy to address the substantial and ongoing burden of asbestos-related claims asserted against them, and to pursue a comprehensive resolution of their asbestos liabilities through the establishment of a trust under section 524(g) of the Bankruptcy Code. In connection with these proceedings, we have been asked to assist the FCR in evaluating the aggregate Net Present Value ("NPV"), as of the Petition Date, of all pending and future personal injury claims arising from alleged exposure to asbestos fiber containing components in the Debtors' historical products. This analysis informs the determination of an appropriate funding amount for the proposed section 524(g) trust and facilitates a fair and equitable resolution of the Debtors' current and future asbestos liabilities.

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[13] Informational Brief of Aldrich Pump LLC and Murray Boiler LLC, *In re Aldrich Pump LLC, et al.,* Chapter 11 Case No. 20-30608, June 18, 2020, Sections I and II.

[14] Informational Brief of Aldrich Pump LLC and Murray Boiler LLC, *In re Aldrich Pump LLC, et al.,* Chapter 11 Case No. 20-30608, June 18, 2020, pp. 2-3.

[15] Informational Brief of Aldrich Pump LLC and Murray Boiler LLC, *In re Aldrich Pump LLC, et al.,* Chapter 11 Case No. 20-30608, June 18, 2020, p. 3.

[16] Informational Brief of Aldrich Pump LLC and Murray Boiler LLC, *In re Aldrich Pump LLC, et al.,* Chapter 11 Case No. 20-30608, June 18, 2020, Section II.

21. In preparing this analysis, we have reviewed a comprehensive database of asbestos claims that have been filed against Aldrich and Murray over the past several decades.[17] This database encompasses tens of thousands of claims, including approximately 7,500 pending mesothelioma claims at the time of the bankruptcy filing. Most of these claims allege exposure to encapsulated chrysotile-containing gaskets and packing in Aldrich's pumps and compressors, or to asbestos insulation and internal components associated with certain legacy Murray boilers and HVAC equipment, most commonly in industrial, shipyard, and power plant settings. When this equipment contained asbestos, the asbestos parts were internal and usually consisted of chrysotile bound in a matrix.[18] The boilers that Murray sold prior to the mid-1950s may have been insulated externally with standard asbestos-containing insulation of that time period.[19] This exposure history and the associated claims provide a foundation for analyzing filing patterns, exposure allegations, and settlement practices in connection with the Debtors' asbestos liabilities.

22. The use of asbestos in the US, with some exceptions, effectively ended with workplace reforms in the 1970s and 1980s.[20] Consequently, the incidence of occupational mesothelioma in the US has fallen from its peak in the 1990s, as the number of surviving individuals who were occupationally exposed to asbestos fibers has been declining due to natural mortality.[21] The

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[17] Bates White Debtors' Claims Database dated July 24, 2025. The database consists of claims filed against Aldrich and Murray, which are primarily derived from the PACE's tort system database. It is also supplemented by data from POC's ("Proof of claims) and PIQ's (patient information questionnaires). We understand that Bates White applied a series of processing steps, including merging together information from various PACE tables, adding supplemental information from PIQ, POC, and Garlock trust data, standardizing data values, deduplicating the data such that each record is one claim per claimant-debtor-disease. We have not undertaken a comprehensive independent analysis of the underlying claims and payment data. However, based on our review, the Bates White Debtors' Claims Database has complete coverage of Tort Claims filed against the Debtors and is sufficiently reliable for our analysis.

[18] Informational Brief of Aldrich Pump LLC and Murray Boiler LLC, *In re Aldrich Pump LLC, et al.,* Chapter 11 Case No. 20-30608, June 18, 2020, p. 12.

[19] *Ibid.*

[20] Aldrich Pump LLC and Murray Boiler LLC generally eliminated the use of asbestos-containing products by the mid-1980s and the 1970s-1980s, respectively. Informational Brief of Aldrich Pump LLC and Murray Boiler LLC, *In re Aldrich Pump LLC, et al.,* Chapter 11 Case No. 20-30608, June 18, 2020, Section I.

Robert L. Virta, "Worldwide Asbestos Supply and Consumption Trends from 1900 through 2003," U.S. Geological Survey, Circular 1298, 2006, last accessed September 12, 2025, https://pubs.usgs.gov/circ/2006/1298/c1298.pdf, p. 25.

[21] Bertram Price, "Projection of future numbers of mesothelioma cases in the US and the increasing prevalence of background cases: an update based on SEER data for 1975 through 2018," *Critical Reviews in Toxicology* 52(4) (2022): 317–324, p. 319.

Debtors faced a substantial volume of new mesothelioma claims each year, with over 2,000 new claims asserted annually between 2005 and the Petition Date.[22]

23. The historical pattern of asbestos claim filings and resolutions against Aldrich Pump LLC and Murray Boiler LLC reflects the evolution of the broader asbestos litigation landscape in the United States. The Debtors' involvement in asbestos litigation began in the early 1980s, following the bankruptcy of major primary defendants such as Johns-Manville in 1982.[23] Aldrich and Murray were first named in asbestos lawsuits in 1983 and 1986, respectively.[24] For nearly two decades, the Debtors were not considered primary targets in the tort system, and their products were not viewed as significant contributors to asbestos-related disease.[25] During this period, the Debtors collectively paid less than $4 million to resolve mesothelioma claims, and most claims were dismissed or resolved for nominal amounts.[26]

24. A dramatic shift occurred in the early 2000s, as the remaining primary defendants—manufacturers of friable, amphibole-containing insulation and other high-risk asbestos products—filed for bankruptcy and exited the tort system. This "Bankruptcy Wave" led to an increase in the number of claims asserted against Aldrich and Murray. Between 2001 and 2002, the number of mesothelioma claims filed against each Debtor more than doubled, and by the late 2000s, the Debtors estimated that they were named in over 2,500 new mesothelioma claims annually; by 2019, Aldrich was named in roughly 80% of all U.S. mesothelioma lawsuits, and Murray in nearly 60%.[27]

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[22] *See* Figure 1.

[23] Informational Brief of Aldrich Pump LLC and Murray Boiler LLC, *In re Aldrich Pump LLC, et al.,* Chapter 11 Case No. 20-30608, June 18, 2020, p. 17.

[24] Informational Brief of Aldrich Pump LLC and Murray Boiler LLC, *In re Aldrich Pump LLC, et al.,* Chapter 11 Case No. 20-30608, June 18, 2020, p. 17.

[25] Informational Brief of Aldrich Pump LLC and Murray Boiler LLC, *In re Aldrich Pump LLC, et al.,* Chapter 11 Case No. 20-30608, June 18, 2020, p. 17.

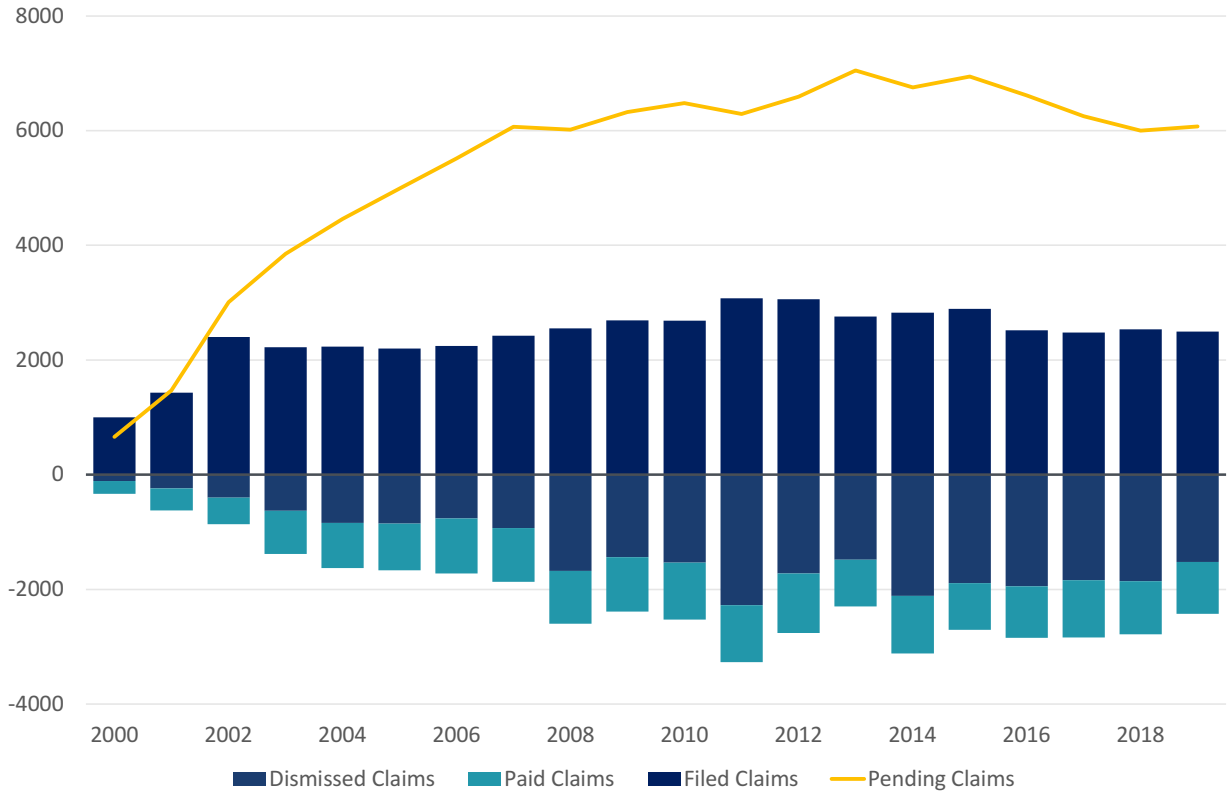
[26] Informational Brief of Aldrich Pump LLC and Murray Boiler LLC, *In re Aldrich Pump LLC, et al.,* Chapter 11 Case No. 20-30608, June 18, 2020, p. 4.

[27] Informational Brief of Aldrich Pump LLC and Murray Boiler LLC, *In re Aldrich Pump LLC, et al.,* Chapter 11 Case No. 20-30608, June 18, 2020, p. 19.

B. PATTERN OF FILINGS AND RESOLUTIONS

25. By 2002, Aldrich and Murray were being named in a high fraction of all cases of mesothelioma recorded in the U.S. Mesothelioma filings against the Debtors peaked in fiscal year 2012[28] and exceeded 2,000 claims a year through the Petition Date (see Figure 1). Approximately 61% of mesothelioma cases against the Debtor were dismissed and did not result in payment.[29]

FIGURE 1: MESOTHELIOMA ASBESTOS CLAIM ACTIVITY, BY FISCAL YEAR



Sources and Notes: Bates White Debtors' Claims Database.

26. Historically, the resolved cases against the Debtors have been settled or dismissed, with only one case being litigated to verdict.[30] On average, settlements for mesothelioma claims have been in the mid-five figures, with roughly 99% of claims resolved for less than $250,000. In recent years, the Debtors have paid approximately $70 million per year in asbestos-related settlements

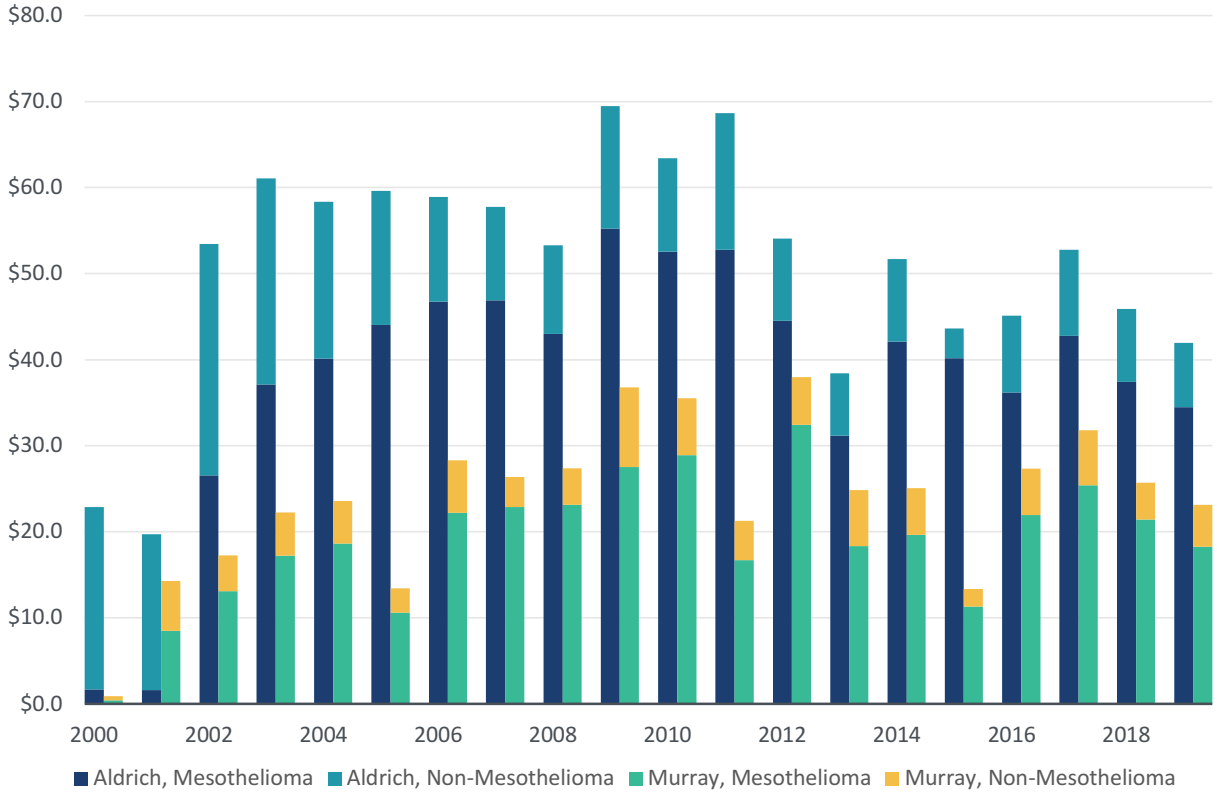
[28] In this report, fiscal year is defined as the one-year period starting on June 19 and ending on June 18 of the following year. For instance, fiscal year 2019 represents the one-year period between June 19, 2019 and June 18, 2020.

[29] Bates White Debtors' Claims Database.

[30] Bates White Debtors' Claims Database.

and an additional $25 million per year in defense costs, for a total annual outlay nearing $100 million.[31] The annual indemnity paid in mesothelioma settlements with Aldrich and Murray and the additional amounts paid to settle non-mesothelioma cases are depicted in Figure 2.

FIGURE 2: SETTLEMENTS BY FISCAL YEAR AND DEBTOR



Sources and Notes: Bates White Debtors' Claims Database.

C. SETTLEMENT PRACTICES

27. As discussed in Section III.B, during the five years prior to the Petition Date, Aldrich and Murray resolved most claims without payment and – with the exception of a single case that resulted in a plaintiff verdict – settled those claims not dismissed. Several factors may have contributed to the high rate of dismissals in mesothelioma claims against the Debtors:

a. Lack of Product Identification: Plaintiffs often cannot provide credible evidence that they were exposed to asbestos-containing products manufactured or supplied by the Debtors. The

[31] Informational Brief of Aldrich Pump LLC and Murray Boiler LLC, *In re Aldrich Pump LLC, et al.,* Chapter 11 Case No. 20-30608, June 18, 2020, p. 7.

Debtors' products were frequently sold through distributors, and records of specific installations are often unavailable or incomplete.[32]

b. Encapsulated and Low-Potency Asbestos: The majority of the Debtors' products at issue contained encapsulated chrysotile asbestos in gaskets and packing, which is less likely to release fibers and is considered less potent than types of asbestos from the amphibole family, such as amosite asbestos fibers. This makes it more difficult for plaintiffs to establish causation.[33]

c. Over-Naming and Litigation Practices: The practice of naming dozens of defendants in each complaint, leads to many claims being dismissed once discovery reveals the lack of connection to the Debtors' products.[34]

1. REDACTED - Law Firm 2 and REDACTED - Law Firm 1 Settlements

28. One of the strategies that Aldrich used to manage its litigation with certain law firms that had a significant flow of cases was to enter into settlement agreements that pre-agreed to defined levels of compensation that would be paid to claims that met agreed evidentiary requirements. Examples of these agreements include those with REDACTED - Law Firm 1 and REDACTED - Law Firm 2

29. The Law Firm 2 settlement agreement dates back to 2004, and was entered into by the predecessor company to Aldrich, Ingersoll Rand Company ("Ingersoll-Rand").[35] The 2004 agreement defined categories of claimants with an agreed settlement amount for each, ranging from

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[32] Informational Brief of Aldrich Pump LLC and Murray Boiler LLC, *In re Aldrich Pump LLC, et al.,* Chapter 11 Case No. 20-30608, June 18, 2020, p. 22.

[33] Informational Brief of Aldrich Pump LLC and Murray Boiler LLC, *In re Aldrich Pump LLC, et al.,* Chapter 11 Case No. 20-30608, June 18, 2020, p. 17.

[34] Informational Brief of Aldrich Pump LLC and Murray Boiler LLC, *In re Aldrich Pump LLC, et al.,* Chapter 11 Case No. 20-30608, June 18, 2020, p. 21.

[35] Settlement Agreement, Ingersoll-Rand Company and the REDACTED - Law Firm 2 June 8, 2004, Aldrich-Murray EST_00146575.

[redacted][36] to [redacted].[37] This agreement stipulated that "claimants need not name or serve Ingersoll-Rand with the petition," but [redacted] would provide a copy of the petition, a medical report, an exposure affidavit, and a release as part of their submission for payment.[38] The settlement included an expectation that [redacted] would seek to manage their submissions "as to maintain an average of the settlement dollars within a given group of submissions to be under [redacted] per worker," limited settlement dollars to [redacted] within a quarter, and capped the highest-paying category at 2 submissions per year.[39]

30. We understand that a similar [redacted] settlement agreement was also entered by Ingersoll-Rand, starting in 2002.[40] It was modified in 2004,[41] and again in 2017, each modification increasing the settlement values and reiterating the requirement that "proof of product identification and confirmation of disease is a contingency of any settlement."[42] Additionally, the 2017 amendment raised the annual opt-out to [redacted] "limited to heavy product identification cases involving, but not exclusive to millwrights and mechanics, both land and navy based."[43]

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[36] Settlement Agreement, Ingersoll-Rand Company and th [redacted] June 8, 2004, Aldrich-Murray EST_00146575, at -6576 ("Other Cancers: Category OC1: Claimant asserts no hands-on work with Ingersoll-Rand equipment or machinery but by virtue of his craft was in the close proximity of said machinery or equipment over a reasonable amount of time to cause exposure to asbestos-containing materials.").

[37] Settlement Agreement, Ingersoll-Rand Company and the [redacted], June 8, 2004, Aldrich-Murray EST_00146575, at -6575–6576 ("Mesothelioma… M3: Claimant asserts similar level of alleged exposure as in Category M2 [worked directly on Ingersoll-Rand equipment for a substantial amount of time and was exposed to asbestos from inside the equipment while working on it] and warrants special consideration or has some extraordinary circumstance such as young age, minor children, life-long machinists or mechanics trade.").

[38] Settlement Agreement, Ingersoll-Rand Company and the [redacted], June 8, 2004, Aldrich-Murray EST_00146575, at -6575, -6577–6578.

[39] Settlement Agreement, Ingersoll-Rand Company and the [redacted] June 8, 2004, Aldrich-Murray EST_00146575, at -6578 ([redacted] will make every effort to submit cases in such a manner as to maintain the average of the settlement dollars within a given group of submissions to be under [redacted] per worker.… No more than [redacted] in settlement dollars may be submitted in any given quarter. Only two Category M3 workers will be submitted per year for the disease of mesothelioma.").

[40] *See* Ingersoll Rand Settlement Matrix Increase Agreement, Pascarella Divita, PLLC to [redacted], August 21, 2017, Aldrich-Murray-EST_00146533 ("Please allow this correspondence to memorialize Ingersoll Rand's agreement to increase the settlement matrix for upstate and downstate Mesothelioma cases under the 2002 deal as amended in 2004.").

[41] Settlement Agreement, Ingersoll Rand Company and [redacted] January 12, 2004, Aldrich-Murray-EST_00146548.

[42] Ingersoll Rand Settlement Matrix Increase Agreement, Pascarella Divita, PLLC to [redacted] August 21, 2017, Aldrich-Murray-EST_00146533.

[43] Ingersoll Rand Settlement Matrix Increase Agreement, Pascarella Divita, PLLC to [redacted], August 21, 2017, Aldrich-Murray-EST_00146533.

2. REDACTED - Law Firm 3 Settlement

31. The Debtors' predecessor companies, Trane and Ingersoll-Rand, also entered into settlement agreements with REDACTED - Law Firm 3. These agreements obliged the Debtors' predecessors to pay a fixed amount per calendar year to REDACTED - Law Firm 3 to settle cases against Aldrich and Murray, with the settlement funds to be distributed to plaintiffs by REDACTED - Law Firm 3.[44]

3. The Non-Tort Firms

32. Together the agreements with REDACTED - Law Firms 1, 2 and 3 (the "Non-Tort Firms") allowed the Non-Tort Firms to settle asbestos personal injury claims without filing them directly in the tort system. Consequently, we do not include claims against these firms in the estimation and calibration of our forecasts. We account for the fraction of indemnity payments made to these firms in the final step of our valuation. Table 2 reports the total payments to Non-Tort Firms of approximately $75 million from Aldrich and $64 million from Murray over the period 2015 to 2019. Aldrich paid a larger amount to the Non-Tort Firms because Murray was not covered by the agreement with Law Firm 2 hese settlements together represented 38% percent of indemnity payments of the Debtors over the five years prior to the Petition Date. See Table 2.

TABLE 2: TOTAL SETTLEMENTS PAID TO NON-TORT FIRMS, NOMINAL $

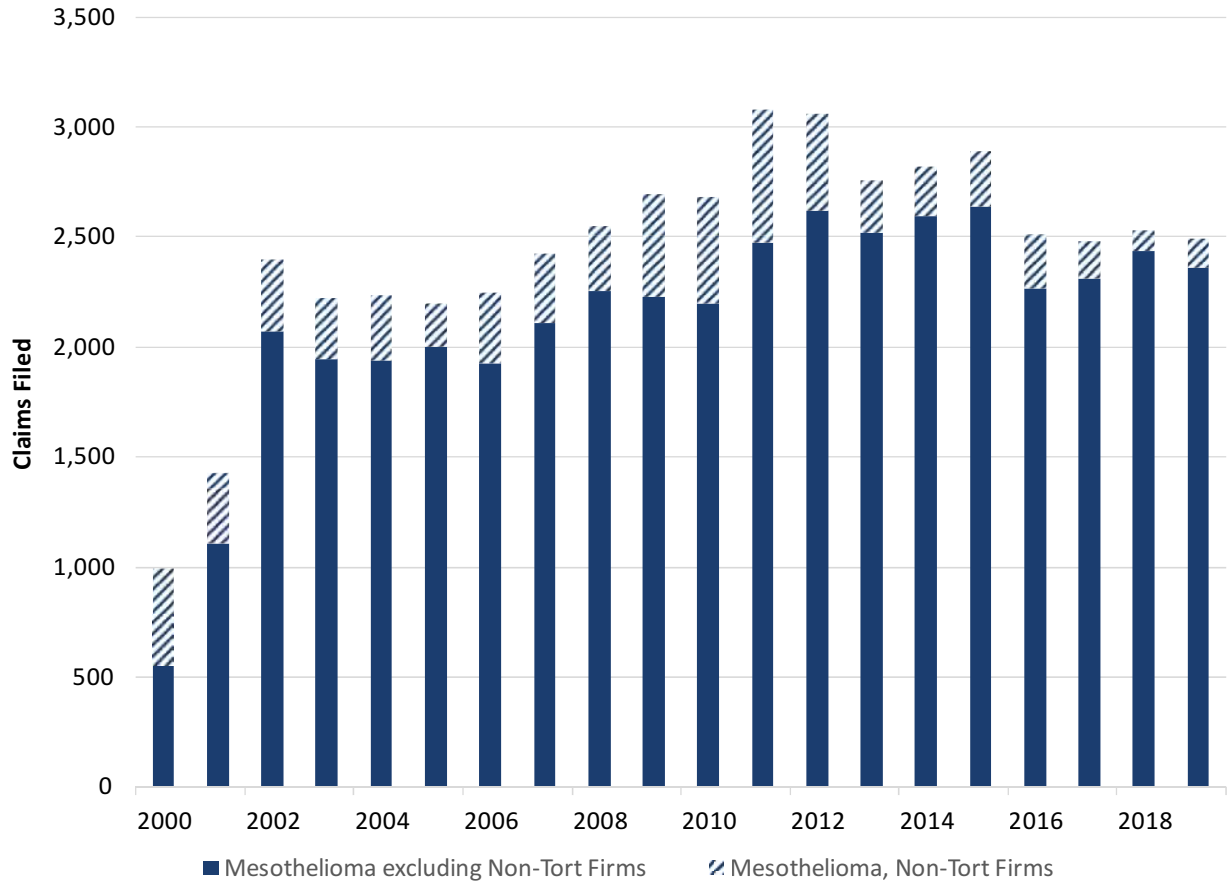
Calendar Year	Non-Tort Firm Payout, $ Millions			Total Payout, $ Millions			Non-Tort Firm Share		
	Aldrich [A]	Murray [B]	Total [C]	Aldrich [D]	Murray [E]	Total [F]	Aldrich [G]	Murray [H]	Total [I]
2015	$14.84	$13.52	$28.36	$45.08	$19.69	$64.76	33%	69%	44%
2016	$14.94	$12.59	$27.53	$55.25	$26.28	$81.53	27%	48%	34%
2017	$15.36	$12.60	$27.96	$46.38	$29.65	$76.02	33%	43%	37%
2018	$15.30	$12.60	$27.90	$46.71	$25.69	$72.40	33%	49%	39%
2019	$14.26	$12.60	$26.86	$45.93	$25.71	$71.63	31%	49%	37%
Overall	$74.70	$63.91	$138.61	$239.35	$127.01	$366.35	31%	50%	38%

Sources and Notes: Bates White Debtors' Claims Database.

[44] Settlement Agreement, Ingersoll Rand Company and REDACTED - Law Firm 3 March 18, 2013, Aldrich-Murray-EST_00146534, § 5(a) ("IR is obligated to pay $10,000,000 total per calendar year under this Agreement for both Future Cases and cases in Schedule A that are designated for trial during the term of this agreement, and in each quarter IR shall make quarterly payments of up to $2,500,000 (subject to the preconditions to settlement payments set forth in Section 2 of this agreement)."); Settlement Agreement, Trane US Inc. and REDACTED - Law Firm 3 March 18, 2013, § 5(a) (same, substituting "Trane" for "IR").

33. Because of the settlement agreement with the Non-Tort Firms, those Firms stopped filing claims against Aldrich and Murray except those that were settled under the agreements. This had the effect of reducing the number of filed claims and decreasing the rate at which claims were dismissed. Figure 3 illustrates the declining number of claims filed by the Non-Tort Firms.

FIGURE 3: MESOTHELIOMA CLAIM FILINGS WITH AND WITHOUT NON-TORT CLAIMS



Sources and Notes: Bates White Debtors' Claims Database.

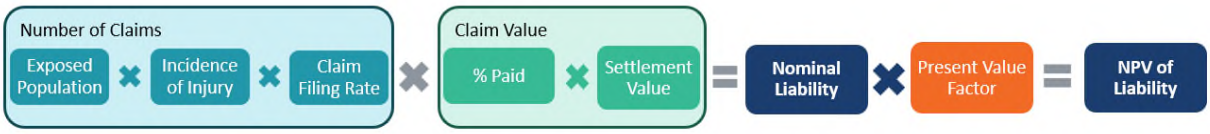
IV. VALUATION METHODOLOGY

34. The purpose of our evaluation of the Tort Claims is to calculate the present value of all such claims that, as of the Petition Date, have been or may be asserted against the Debtors. Claims are forecasted as if the Debtors had not filed for bankruptcy protection and had continued to be brought and litigated against the Debtors in the tort system as it existed on the Petition Date. We understand that the Debtors dispute whether any products they or their predecessors supplied

exposed workers to asbestos in a manner sufficient to cause disease and therefore dispute legal liable for many of the mesothelioma claims. However, for purposes of our analysis, we have estimated the present value of the claims in the tort system, as it existed on the Petition Date.[45]

35. Our analysis computes the nominal value of the Debtors' pending and future asbestos claims as the product of the "Number of Claims" and the "Claim Value" and then discounts the nominal value of the claims to the Petition Date using a "Present Value Factor." Figure 4 illustrates the valuation framework.[46]

FIGURE 4: VALUATION FRAMEWORK



36. The "Number of Claims" is equal to (i) an estimate of the population of individuals exposed to asbestos fibers, multiplied by (ii) the incidence of asbestos-related injury over time based on such exposure, multiplied by (iii) the rate that such individuals file asbestos claims on account of their injuries. The number of pending claims as of the Petition Date is added to this forecast of future claims. As with other mass torts, a commonly applied methodology is to estimate the number of individuals that were exposed to a product, actuarially age the population, and apply incidence rates of injury to forecast the potential number of future claims.[47]

37. The "Claim Value" is the probability that a claimant is compensated multiplied by the expected value of a compensated claim.

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[45] We understand that in some instances, courts have estimated asbestos claims based on the Debtors' "legal liability," resulting in a far lower estimated value for such claims. *See* Order Estimating Aggregate Liability, *In re Garlock Sealing Techs., LLC*, Case No. 10-31607, December 19, 2013, p. 4 ("The best evidence of Garlock's aggregate responsibility is the projection of its legal liability that takes into consideration causation, limited exposure and the contribution of exposures to other products."). By estimating the value of the Tort Claims in the tort system, our analysis likely calculates a far higher value for those claims than a legal liability approach.

[46] This methodology is described in general terms in the literature. *See*, *e.g.*, Frederick C. Dunbar, Denise Neumann Martin, Phoebus J. Dhrymes, *Estimating Future Claims: Case Studies from Mass Tort and Product Liability Litigation* (Wayne, PA: Andrews Professional Books, 1996). *See also*, Lucy P. Allen, Denise N. Martin, Simona Heumann, Paul Hinton and Faten Sabry, "Forecasting Product Liability by Understanding the Driving Forces" in *Global Legal Group, The International Comparative Legal Guide to Product Liability 2006: A Practical Insight to Cross-Border Product Liability Work* (June 2006).

[47] Frederick C. Dunbar, Denise Neumann Martin, Phoebus J. Dhrymes, *Estimating Future Claims: Case Studies from Mass Tort and Product Liability Litigation*, (Wayne, PA: Andrews Professional Books, 1996), p. 64.

38. The product of Number of Claims and Claim Value represents the nominal value of claims. The net present value as of the Petition Date is calculated by multiplying the nominal value of the claims by a "Present Value Factor," which is a function of the discount rate and the timing of the future claims.

39. The valuation framework for estimating mass tort claim liabilities applied here is consistent with the standards of mass tort claim liability valuation, including those used in past asbestos bankruptcy estimation proceedings.[48]

40. In our forecast models, we separately estimate the number of secondary exposure claims, and conversely, those arising solely from primary exposure to asbestos fibers. Primary exposure refers to cases in which claimants were directly exposed to fibers from asbestos-containing products, while secondary exposure applies to cases where the claimants alleged "indirect" or "secondary" exposure to asbestos fibers. Secondary exposure claims often arise from so-called take-home exposures that occur when a household member who was occupationally exposed to fibers from friable asbestos in an At-Risk Occupation or Industry brings asbestos fibers home on their clothing. In theory, this means that claimants alleging secondary exposure to asbestos fibers could include a spouse or child of an employee in an At-Risk Occupation or Industry. Such secondary exposure was the fact pattern that a Louisiana jury found in 2016 was the basis for the only trial award against Aldrich in *Jimmy Williams v. Ingersoll-Rand*.[49]

41. Claimants who alleged primary exposure and those who alleged secondary exposure both arise from the same underlying occupations. However, the intensity of secondary exposure is necessarily lower than primary exposure. Consequently, the risk of mesothelioma is correspondingly lower. However, very few claims allege only secondary exposure to asbestos fibers, and most claims that allege secondary exposure also allege primary exposure. We identify claims against the Debtors that allege secondary exposure based on the occupation and exposure

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[48] Paul Hinton and Adrienna Huffman, "Mass Torts Gap in Contingent Liability Valuation Guidance," *ABI Journal* (March 2024), citing cases including: *In re Eagle-Picher Indus*., 189 B.R. 681 (Bankr. S.D. Ohio 1995), *Babcock & Wilcox Co. v. Babcock & Wilcox Co*., 274 B.R. 230 (Bankr. E.D. La. 2002), *Owens Corning v. Credit Suisse First Boston*, 322 B.R. 719 (D. Del. 2005).

[49] Judgement, *Jimmy Williams, Sr., et al.*, *vs*. *Placid Oil Company, et al*, (10th Jud. Dist. Louisiana), No. 76,787-B, April 29, 2016. *See also*, Appeal from the Tenth Judicial District Court Parish of Natchitoches, *Jimmy Williams, Sr., et al., vs. Placid Oil Company, et al.*, (Ct. App. 3d Cir. Louisiana), No. 16-839, 2017, p. 3.

information reported in the Debtors' asbestos claims database.[50] Approximately 30% of mesothelioma claims against the Debtors are recorded as having alleged at least some secondary exposure.[51]

42. The proportion of the Debtors claims alleging secondary exposure is similar to other major defendants whose claims are reported by KCIC. KCIC is a consulting and technology firm that serves as claims administrator for many corporations with asbestos claim liability. Through its role in claims administration, KCIC collects and publishes data on asbestos claim filings in the U.S. One of the claim attributes that KCIC tracks is the fraction of claims that allege secondary exposure. According to KCIC, 28% of claims in the tort system alleged some secondary exposure in 2020. Most of those claims also alleged primary exposure and only 2% alleged indirect exposure only.[52]

A. THE NICHOLSON MODEL

43. The Nicholson Model is frequently used to forecast the incidence of mesothelioma arising from the occupational exposures of workers in jobs which posed high risks of asbestos exposure from 1940 to 1980.

44. The Nicholson Model involves developing a ground-up estimate of the population of individuals exposed to asbestos, and then forecasting how many of those individuals will become sick, and then how many of the sick individuals will file a claim. The earliest applications of the Nicholson Model relied on a national forecast of asbestos-related disease developed by a group of researchers at Mount Sinai School of Medicine in 1982 (the "Nicholson Curve").[53] The Nicholson Curve utilizes workplace employment data to estimate the population of individuals with occupational exposure to asbestos, the average amount of asbestos that individuals inhaled

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[50] From the data we have at this time, we are unable to distinguish individuals who allege only secondary exposure with those that allege both primary and secondary exposure. We treat the combined exposure and secondary exposure only claims identically and refer to these as "secondary exposure" claims.

[51] Bates White Debtors' Claims Database.

[52] KCIC reports more than 34 percent of claims in 2024 allege secondary exposure alongside some primary exposure. Approximately 2 percent alleged secondary exposure only. KCIC Industry Report, "Asbestos Litigation: 2024 Year in Review," p. 16.

[53] 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.

during their working life (their "dose" of asbestos exposure), and applies dose-response data to compute the probability that such individuals would develop mesothelioma ("Mesothelioma Incidence").

45. The resulting Nicholson Curve, which predicts the annual incidence of mesothelioma, can then be scaled to match the observed level of claims over a calibration period. If the relationship between the incidence of mesothelioma and the claims made by the same exposed population does not change over time, the scaled Nicholson Curve can be used to forecast future claims.

46. The principal steps in implementing the Nicholson Model are as follows:

    a. use national employment statistics for occupations and industries most at risk of asbestos exposure to identify the exposed populations,

    b. use estimates of average intensity of asbestos exposure in those occupations and industries to gauge the amount of exposure for the exposed populations,

    c. use mesothelioma epidemiology (also known as dose-response functions) to predict Mesothelioma Incidence in those populations as they age, and then

    d. use claims data to "calibrate" the Nicholson Curve by measuring the proportion of individuals with mesothelioma that file claims in each year.

47. We use a version of the Nicholson Curve resulting from refinements made by KPMG in the National Gypsum case, to forecast claims against the Debtors ("Nicholson-KMPG") and scale the Nicholson-KPMG curve to fit the number of claims filed against the Debtors' in the year prior to the Petition Date.

48. Versions of the Nicholson curve were relied upon by each of the estimation experts in the Garlock Bankruptcy proceedings:

    - Dr. Charles Bates, retained by the Debtor (Garlock), relied on a modified version of the Nicholson Curve to simulate the aggregate yearly incidence for occupational mesothelioma by industry, occupation, age, and year of diagnosis;[54]

[54] Expert Report of Charles E. Bates, *In re Garlock Sealing Technologies, et al.*, February 15, 2013, ¶ 215.

- Dr. Francine Rabinovitz, now retired, retained by the Future Claimants' Representative, also relied on the Nicholson-KPMG forecast future claims;[55] and
- Dr. Mark A. Peterson, retained by the Official Committee of Asbestos Personal Injury Claimants, relied on the "standard 'Nicholson' forecasting method" to estimate Garlock's future claims.[56]

B. HAZARD MODEL

49. An alternative empirical method of estimating future claims is to develop a model of the observed probability of claims and apply that to the underlying affected population: a Hazard Model.[57]

50. Hazard Models are a particular class of mathematical and statistical models that describe the frequency, timing and drivers of uncertain events.

51. In this setting, a Hazard Model combines data on the estimated size of the exposed population, for example by following the approach developed by Dr. Nicholson, with data on the number of individuals who file a claim. The exposed population is actuarially aged to estimate the size of the surviving exposed population in each year. The surviving population is matched with the number of claims within age and exposure cohorts to estimate the frequency with which exposed individuals bring claims. This approach captures both the risk of developing mesothelioma as well as the propensity for an individual to file a claim.

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[55] Expert Report of Dr. Francine F. Rabinovitz Hamilton, *In re Garlock Sealings Technologies, et al.*, Case No. 10-31607, February 14, 2013, p. 3, FN 11, and Appendix 2.

[56] Expert Report of Dr. Mark. A Peterson, *In re Garlock Sealings Technologies, et al.*, Case No. 10-31607, February 2013, p. 23.

[57] In statistics and econometrics, hazard models analyze time-to-event outcomes by modeling the hazard, the instantaneous risk of an event, as a function of time and factors correlated with the event. From the hazard, one can compute the probability that an event occurs by a given time. In this report, we use "Hazard Model" more broadly to include econometric models that estimate the expected number of claims from a surviving population over certain time intervals (such as Poisson and negative binomial regressions).

52. Stallard and Manton showed how this framework could be used to express the risk of asbestos-related disease and subsequent claiming against the Manville Trust.[58] They used the rates measured for different cohorts of claims to forecast claims in each future year for the corresponding surviving exposed population. They defined their cohorts to capture claim characteristics that contribute to risk, specifically: age and time since first exposure. In another study estimating Mesothelioma Incidence in Britain, Peto, Hodgson, Matthews and Jones, used a Poisson regression to estimate an age and birth cohort model.[59]

53. This method was also used in the National Gypsum bankruptcy litigation. One of the experts from NERA used regression analysis to correlate the estimated surviving exposed population with the number of claims. The joint probability of alleging exposure, developing a disease, and making a claim against National Gypsum was estimated as a function of the year the claim was made, the age of the claimant, the duration of alleged exposure and, the time since first exposure.[60] The regression coefficients were applied to the surviving exposed population to forecast future claims.

C. WALKER MODEL

54. The Walker Model is a well-established alternative to the Nicholson and Hazard Models that instead of starting with an exposed population developed from Census and employment data, uses claims data as the basis to impute an exposed population.[61] This approach is also attributed

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[58] Eric Stallard, Kenneth G. Manton, Joel E. Cohen, *Statistics for Biology and Health, Forecasting Product Liability Claims, Epidemiology and Modeling in the Manville Asbestos Case*, (New York, NY: Springer-Verlag, 2005), pp. 208–209.

[59] Julian Peto, John T. Hodgson, Fiona E. Matthews and Jacqueline R Jones, "Continuing increase in mesothelioma mortality in Britain," *The Lancet* 345 (March 1995): 535–539.

[60] Frederick C. Dunbar, Denise Neumann Martin, Phoebus J. Dhrymes, *Estimating Future Claims: Case Studies from Mass Tort and Product Liability Litigation*, (Wayne, PA: Andrews Professional Books, 1996), pp. 132–133.

[61] Alexander M. Walker, Jeanne E. Loughlin, Emmy R. Friedlander, Kenneth J. Rothman, and Nancy A. Dreyer, "Projections of Asbestos-Related Disease 1980-2009," *Journal of Occupational Medicine* 25(5) (May 1983): 409–425, p. 409 ("...we provide here estimates of the total amount of disease in persons with nontrivial exposure to asbestos. ... The projections were undertaken out of a need to estimate the numbers of lawsuits which might arise from asbestos-exposed, ill persons."; and "The number of cases of mesothelioma, lung cancer, and asbestosis which will arise in the United States between the years 1980 and 2009... all ill persons in an exposed population represent potential litigants, and it is their number that we seek to estimate.").

to Professor Peto who along with coauthors presented a version of this model at the Cold Spring Harbor Laboratory in 1981.[62]

55. This approach begins with the actual mesothelioma filings, imputes the size of the population that must have been exposed to produce those filings during the calibration period, and then ages that population forward using mortality rates to compute the size of the surviving population in each future year. Disease incidence rates are used to forecast future claims.

56. The typical steps involved in implementing the Walker Model are as follows:

    a. The age, year of first exposure ("YOFE") to asbestos and occupational exposure history for each claimant is determined and their "dose" of asbestos is estimated based on published industrial hygiene research.

    b. The dose-response function is applied to quantify disease-incidence rates for exposed individuals (based on age, time since first exposure, and dose) and to estimate the size of the identically exposed population from which the claim arose.

    c. The estimated population from which all the claims arose is aged forward in time by applying natural mortality rates to estimate the size of the surviving population in each future year.

    d. The dose-response function is used again to estimate the number of mesothelioma claims expected in each future year from the surviving population.

57. To illustrate the procedure, consider the following example: suppose that 10 claims had been filed from individuals in their sixties that were first exposed to certain asbestos-containing products in their twenties and that this exposure ended in their forties.

    - Further suppose that the incidence of mesothelioma for an individual of that age with that exposure history would be approximately one in 58,000.

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[62] Julian Peto, Brian E. Henderson, and Malcolm C. Pike, "Trends in Mesothelioma Incidence in the United States and the Forecast Epidemic Due to Asbestos Exposure During World War II," in *Banbury Report 9*, *Quantification of Occupational Cancer* (Cold Spring Harbor Laboratory, 1981).

- Therefore, in order to observe 10 such claimants, there must be a population of 580,000 individuals with that age and exposure history, most of whom did not develop mesothelioma and bring a claim.
- Additional members of the imputed 580,000-person population will develop mesothelioma in the future, and some portion of them will also bring a claim. The Walker Model forecasts the number of such claims.

58. An advantage of the Walker Model is that it leverages the case-specific claims data available, accurately reflecting the timing and duration of stated occupational exposures for individual claimants, rather than relying solely on national forecasts of the exposure of asbestos workers.[63] The Walker Model embeds claiming behavior and predicts the frequency that individuals develop mesothelioma *and* file a claim.

59. We believe that the Walker Model could be useful in developing an additional forecast that would reflect sources of claims from outside the Nicholson population. The population imputed from the Walker Model can differ from the population of workers in traditional asbestos occupations and industries. As such it could provide insights into the risk posed by ongoing claims from individuals alleging indirect or secondary exposure to the Debtors' products. Problematically, discovery concerning the claims sample ordered by the Court is ongoing and far from complete. Thus, we cannot at this time determine whether they would form a reliable basis to impute an exposed population. We may well supplement this report with a forecast based on the Walker Model at a later stage of this case once that discovery is complete.

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[63] Alexander M. Walker, Jeanne E. Loughlin, Emmy R. Friedlander, Kenneth J. Rothman, and Nancy A. Dreyer, "Projections of Asbestos-Related Disease 1980-2009," *Journal of Occupational Medicine* 25(5) (May 1983): 409–425, p. 409 ("We chose this latter approach because the projections were undertaken out of a need to estimate the numbers of lawsuits which might arise from asbestos-exposed, ill persons. Since attribution of the cause of an illness is difficult at best on an individual case basis, all ill persons in an exposed population represent potential litigants, and it is their number that we seek to estimate.").

V. FORECASTING THE NUMBER OF FUTURE CLAIMS

60. We develop forecasts for Aldrich and Murray using a Nicholson Model and a Hazard Model. We calibrate the various parameters used to implement the models using the five years of claims prior to the Petition Date.

A. CALIBRATING THE NICHOLSON MODEL

61. We use a version of the Nicholson Curve developed by KPMG in the National Gypsum case, to forecast claims against the Debtors. This curve was also used by the FCR in the Garlock bankruptcy estimation proceeding and is similar to the curve developed in that same proceeding by Bates White.[64] We use the asbestos claims against Aldrich and Murray filed in the year prior to the Petition Date to calibrate the claiming rate against the Debtors.

62. The claiming rate is the proportion of persons in the relevant population estimated to file claims in the tort system. The claiming rate is computed as the number of claims filed over a given period, divided by the total number of individuals in the relevant forecast curve. For example, the Nicholson-KPMG Curve predicts that 1,583 individuals with occupational exposure to asbestos in the U.S. would develop mesothelioma in fiscal year 2015. During this period, Aldrich received 1,444 mesothelioma claims and Murray received 1,194 (excluding those filed by Non-Tort Firms), implying that 91% of occupational mesothelioma cases resulted in a claim against Aldrich and 75% in a claim against Murray. See Table 3.[65]

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[64] Expert Report of Charles E. Bates, PhD, *In re Garlock Sealing Technologies, et al.*, February 15, 2013, ¶216.

[65] The claiming rate among only those workers exposed to products distributed by the Debtors would be higher. However, any adjustment for the higher claiming rate would be offset by the correspondingly smaller exposed population rendering such an adjustment mathematically unnecessary.

TABLE 3: ASBESTOS MESOTHELIOMA CLAIMING RATES

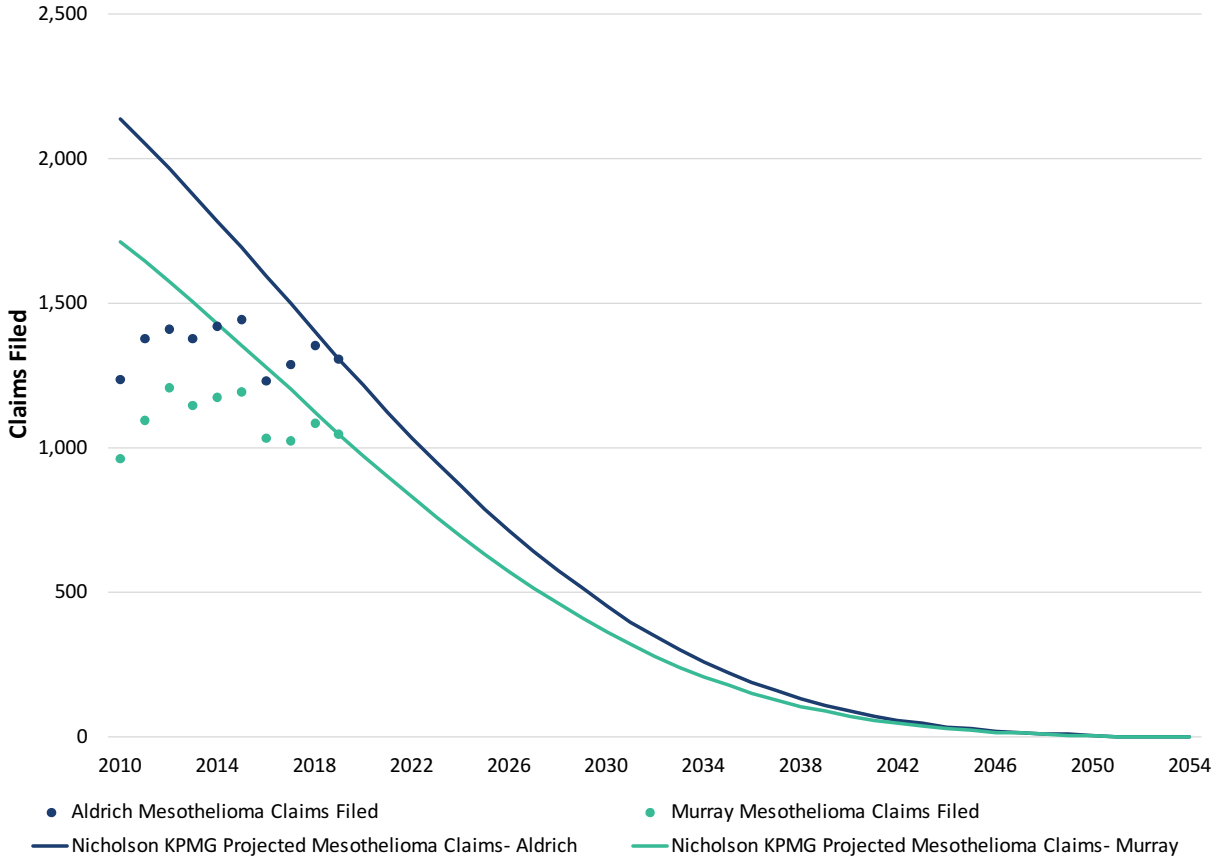
Fiscal Year	Nicholson Mesothelioma Incidence	Mesothelioma Claims		Mesothelioma Claims (Excl. Non-Tort Firms)		Claiming Rate (Excl. Non-Tort Firms)	
		Aldrich	Murray	Aldrich	Murray	Aldrich	Murray
	[A]	[B]	[C]	[D]	[E]	[F]	[G]
2015	1,583	1,598	1,292	1,444	1,194	91%	75%
2016	1,493	1,404	1,110	1,231	1,033	82%	69%
2017	1,402	1,410	1,070	1,286	1,026	92%	73%
2018	1,313	1,421	1,112	1,352	1,084	103%	83%
2019	1,225	1,438	1,058	1,309	1,049	107%	86%
Total	7,015	7,271	5,642	6,622	5,386	94%	77%

Sources and Notes: Bates White Debtors' Claims Database, Nicholson-KPMG Mesothelioma Forecast, Brattle Workpapers. Nicholson fiscal year Mesothelioma Incidence numbers are calculated using averages (e.g., of the 2015 and 2016 calendar year values for the fiscal year starting in 2015).

63. For purposes of our forecast, we use a one-year calibration period and compute the claiming rate for mesothelioma claims against Aldrich and Murray, excluding claims filed by Non-Tort Firms. The resulting claiming rates are 107% for Aldrich and 86% for Murray. A filing rate greater than 100% indicates that the Debtors have been receiving claims from a significant number of individuals who did not contract mesothelioma from primary asbestos exposure in At-Risk Occupations and Industries underlying the Nicholson-KPMG forecast. This fact may have contributed to the high dismissal rates the Debtors achieved in the tort system. These claiming rates are applied to the Nicholson-KPMG Curve to estimate the number of mesothelioma asbestos claims that would have been brought against the Debtors had they not filed for bankruptcy protection. We separately forecast secondary exposure claims and claims alleging solely primary exposure to asbestos fibers based on the share of secondary exposure claims in the five years prior to the Petition Date. Liability estimates associated with Non-Tort Firms are added at the final stage of our analysis by scaling up our forecasts, as described in Section VII.

64. Rescaling the Nicholson-KPMG curve using these claiming rates results in the forecasts depicted in Figure 5.

FIGURE 5: NICHOLSON-KPMG CLAIMS FORECAST (EXCLUDING NON-TORT FIRMS)



Sources and Notes: Bates White Debtor's Claims Database, Nicholson-KPMG Forecast.

We estimate the number of claims alleging primary and secondary exposure against the Debtors by multiplying the calibrated forecast the share of claims with primary and secondary exposure in the five years prior to the Petition Date.

B. ESTIMATING THE HAZARD MODEL

65. To estimate a Hazard Model, we develop risk metrics for cohorts of claims based on the frequency of claims for a surviving population. We do this by constructing cohorts of claims and matching these to corresponding cohorts of the surviving exposed population as described below.

1. Defining Cohorts of Claimants Based on Historical Claims Data

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. Within

each cohort we determine the percentage of claimants that are secondary exposure claims, and conversely, the percentage that allege solely primary exposure to asbestos fibers.

2. Developing Representative Populations for Relevant Occupations Aged Over Time by Natural Mortality

67. To construct our estimate of the exposed population, we identify industry–occupation groups using 1950 Census codes as our classification framework. Selection of relevant industries is informed first by identifying the distribution of occupations within the database of historical claims against the Debtors and, second, mapping these occupations to asbestos-exposed industries as identified in Nicholson (1982).[66] We select the top seven asbestos-exposed industries: construction, secondary manufacturing, automobile repair, shipbuilding, maritime, chemical plants and petroleum refineries, and utilities. While many of these industries would not normally lead to contact with gaskets and packing materials, these are the industries from which the claims against the Debtors arose in the tort system. Many of the claims that were filed against the Debtors in the tort system were subsequently dismissed.

68. Within construction, we include laborers as a category of workers with potential exposure to gaskets,[67] as well as a set of specialized occupations. For Census years 1960 through 1970, we assume that 50% of specialized trade workers are exposed to asbestos; for years before 1960 and after 1970, we assume that 20% of specialized construction workers are exposed to asbestos.[68]

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[66] We rely on the Various Asbestos Trusts and Paddock Claims database and filter to mesothelioma claims appearing in Bates White Debtors' Claims Database only, excluding REDACTED - Law Firms 1, 2 and 3 Law Firms 1, 2 and 3 claims.

[67] Garlock Contact Group 3, includes occupation code O-34 for Laborers that handled certain asbestos-containing materials including gaskets, and were classified by Nicholson within the Construction industry. Asbestos containing materials to which Laborers were identified to have been exposed are: "acoustical material, arc shields, Bakelite, blankets, block insulation, brakes, cement, drywall, electrical materials, felt, firebrick, floor tile, gaskets, gloves, gunite, insulation, jacket, joint compound, lagging, mixed insulation, mud, packing, paper, pipe insulation, refractory bricks, refractory furnace spray, roofing, rope packing, sheetrock, siding, tape, tile, Transite pipe." Expert Report of Charles E. Bates, *In re Garlock Sealing Technologies, et al.*, February 15, 2013, Exhibit 40: Garlock occupational groups.

[68] We apply these scalars to the decennial Census before linear interpolation, which has the effect of partially applying the 50% scalar to years in the 1950s and 1970s. This is consistent with the methodology in Nicholson (1982), which assumes the period of high exposure is 1958 through 1972. We identify the following specialized occupations for which time-varying exposure scalars are applied: electricians, stone cutters and stone carvers, brickmasons, stonemasons, and tile setters, tinsmiths, coppersmiths, and sheet metal workers, glaziers, blasters and powdermen, plasterers, carpenters, roofers and slaters, foremen, forgemen and hammermen, mechanics and

69. Among secondary manufacturing industries, we include the following industries and assumed shares of physical workers exposed: fabricated steel products (50% exposed), blast furnaces, steel works, and rolling mills (100% exposed), other primary iron and steel industries (50% exposed), primary nonferrous industries (50% exposed), and electrical machinery, equipment, and supplies (10% exposed). We exclude occupational categories which are unlikely to experience asbestos exposure, such as salespeople and clerical workers.[69] We scale this population by a factor of three to account for workers in other secondary manufacturing industries who would have exposure to asbestos.[70]

70. For automobile repair, the Census occupation classification for automobile repair provides a straightforward one-to-one mapping, which we rely on to identify the exposed population. For maritime occupations, we include sailors/deck hands, as well as ship officers, pilots, pursers and engineers, in the water transportation industry.[71]

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repairmen, pattern and model makers (except paper), craftsmen and kindred workers, and associated apprentices. In general construction trades, we include plumbers and pipefitters and apply a 30% scalar to reflect the Nicholson estimate that 30% of these workers are exposed to asbestos. We include the following occupations under the assumption that the entire working population may be exposed to asbestos: painters (construction and maintenance only), paper hangers, decorators and window dressers, and laborers. *See* 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, p. 265. *See also*, IPUMS USA, "Occupation, 1950 basis, Codes and Frequencies," last accessed September 14, 2025, https://usa.ipums.org/usa-action/variables/occ1950#codes_section; and IPUMS USA, "Industry, 1950 basis, Codes and Frequencies," last accessed September 14, 2025, https://usa.ipums.org/usa-action/variables/ind1950#codes_section.

[69] Specifically, we exclude the following occupation categories: professional/technical, farmers, managers, officials and proprietors except "officers, pilots, pursers, and engineers, ship," clerical and kindred, sales workers, private household service workers, non-household service workers except firemen, fire protection, farm laborers, fishermen and oystermen, and non-occupations. *See* IPUMS USA, "Occupation, 1950 basis, Codes and Frequencies," last accessed September 14, 2025, https://usa.ipums.org/usa-action/variables/occ1950#codes_section.

[70] 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.

[71] *See* 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, p. 269.

71. The following industries similarly map directly between the Census and Nicholson industry classifications: ship building,[72] chemical manufacturing and petroleum refining,[73] and electric/gas utilities.[74] For each of these industries, we exclude unexposed occupations.

72. Using this mapping from Census industry and occupation codes to Nicholson defined asbestos-exposed industries, we estimate the size of the exposed worker population using U.S. Census microdata as provided by IPUMS, 2024.[75] We use individual-level Census data to calculate the number of workers employed in each of the selected industries for each decennial Census from 1920 through 1990. The Census is conducted every ten years. For non-Census years, worker counts are estimated through linear interpolation between adjacent Census years.

73. After calculating the number of exposed workers by year, we estimate the number of new workers entering the industry each year. We rely on Census totals to calculate year-to-year level changes in industry employment. We rely on the Nicholson new hire estimates to capture industry-specific turnover. We apply these turnover parameters to estimate the total number of new workers each year by industry, and we rely on age-specific occupational mobility estimates

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[72] We assume all physical workers in shipbuilding are exposed to asbestos. *See* 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, p. 264.

[73] We assume 27% of all physical workers in chemical manufacturing are exposed to asbestos. We assume 40% of physical workers in petroleum refining production are exposed, and that 20% of physical workers in miscellaneous petroleum and coal products are exposed. *See* 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, p. 269.

[74] We assume 25% of all physical workers in gas/electric/combination utilities are exposed to asbestos. *See* 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, p. 267.

[75] We construct a data set of workers potentially exposed to asbestos by year using the IPUMS micro data. *See* Steven Ruggles, Sarah Flood, Matthew Sobek, Daniel Backman, Grace Cooper, Julia A. Rivera Drew, Stephanie Richards, Renae Rodgers, Jonathan Schroeder, and Kari C.W. Williams, "IPUMS USA: Version 16.0 U.S. Census Data for Social, Economic, and Health Research," 2025, last accessed August 1, 2025, https://doi.org/10.18128/D010.V16.0 . The following samples were selected: 1850 1%, 1860 1%, 1870 1%, 1880 1%, 1900 1%, 1910 1%, 1920 1%, 1930 1%, 1940 1%, 1950 1%, 1960 1%, 1970 1% Metro Form 2, 1980 1% Metro, 1990 1% Metro, 2000 1%, 2001 ACS, 2002 ACS, 2003 ACS, 2004 ACS, 2005 ACS, 2007 ACS, 2008 ACS, 2009 ACS, 2010 ACS, 2011 ACS, 2012 ACS, 2013 ACS, 2013 ACS, 2014 ACS, 2015 ACS, 2016 ACS, 2017 ACS, 2018 ACS, 2019 ACS, 2020 ACS, 2021 ACS, 2022 ACS, 2023 ACS. For each census year (YEAR) and sample (SAMPLE), the following demographic and occupational variables were selected: SERIAL, CBSERIAL, HHWT, CLUSTER, STRATA, GQ, PERNUM, PERWT, SEX, AGE, LABFORCE, CLASSWKR, CLASSWKRD, OCC, OCC1950, OCC1990, OCC2010, OCCSOC, OCC1930, IND, IND1950, IND 1990, INDNAICS, IND1930, UOCC, UOCC95, UIND, UCLASSWK, ROCC, RIND.

(Bureau of Labor Statistics, 1975) to distribute estimated new hires by age group.[76] We identify cohorts of new entrants to exposed industries/occupations by birth year and the year that the new entrant was first exposed to asbestos fibers – often referred to as the year of first exposure ("YOFE").

74. We apply natural-mortality rates to each cohort, assuming the average mortality rates for blue collar labor, to estimate the size of the surviving population for each year from the YOFE through 2090.[77] We group individuals exposed in childhood with the youngest adult YOFE cohort from the same birth year cohort.

3. Estimating Hazard Model to Explain Risk of Mesothelioma and Claiming

75. We estimate a Hazard Model on the observed number of claims brought against Aldrich and Murray in the calibration period – 2015 through 2019.[78] The mathematical expression of the number of claims arising per interval of time, can be described by a negative binomial distribution.[79] 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.[80]

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[76] James J. Byrne, "Occupational Mobility of Workers, Special Labor Force Report 176," U.S. Department of Labor Bureau of Labor Statistics, 1975.

[77] We multiply mortality rates in the general population (Social Security Administration) by the ratio of mortality rates for blue collar workers and the general population as reported by the Society of Actuaries in 2014. Society of Actuaries, "RP-2014 Mortality Tables Report," October 2014 (Revised November 2014), last accessed September 15, 2015, https://www.soa.org/49380b/globalassets/assets/files/research/exp-study/research-2014-rp-report.pdf; Felicite C. Bell and Michael L. Miller, "Life Tables for the United States Social Security Area 1900-2100," Social Security Administration, Actuarial Study No. 120, August 2005, last accessed September 15, 2025, https://www.ssa.gov/OACT/NOTES/pdf_studies/study120.pdf.

[78] We exclude non-mesothelioma and Non-Tort Firm claims from this analysis.

[79] The negative binomial distribution is related to the Poisson distribution, which is an expression of the number of times an event will occur over a fixed interval, such as a unit of time. The negative binomial allows greater dispersion than the Poisson, which requires that the mean of the independent variable is equal to its variance. For a description of both models, *see* Marno Verbeek, *A Guide to Modern Econometrics*, Fourth Edition (John Wiley & Sons Ltd., 2012), pp. 231–235.

[80] We also estimate the number of claims filed as a fraction of the aggregate person-years of exposure for the population in each cohort. This alternative specification yields similar results.

76. The model uses fixed effects to capture the unique filing risk of each birth cohort. Birth cohorts are defined in five-year increments spanning from 1915-1919 to 1965-1969.[81] The inclusion of birth cohort fixed effects absorbs (micro) generational differences in asbestos exposure, as well as general lifecycle factors that vary by birth year cohort and heavily impact diagnosis risk and filing rate, but which are unobservable in the data.

77. When fixed effects are included in a regression model, coefficients on all other control variables are determined only by variation within cohorts, not across cohorts. Using a Five-Year Calibration Period (from 2015 to 2019) allows us to capture variation over time, within cohorts, in latency in dose response and age effects in claiming rates.[82] We control for age at filing, measured as the time between a cohort's median year of birth and the observed filing year, to capture the impact of a person's age on their likelihood of filing a claim. We also include explanatory variables to account for the fraction of each cohort that is composed of claims naming Aldrich and claims with the fraction of claims with secondary exposures. These variables allow us to measure differential risks for these subsets of claims.

78. We control for latency, meaning the time from when an individual is first exposed to asbestos, to when they develop mesothelioma.[83] Epidemiologists have developed formulas which estimate the mathematical relationship between latency and the probability that an exposed individual develops mesothelioma. These studies have determined that the formulas which fit the data most closely rely on latency cubed (latency^3) or latency to the fourth power (latency^4). We thus include latency, latency^2, latency^3, and latency^4 in our regression analysis.[84]

79. The regression results measure the predictive value ("coefficients") of each of the cohort fixed effects and explanatory variables for forecasting claims to be filed. These results, omitting the

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[81] We assume that valid claims will have YOFE no later than 1985, yielding a final YOFE cohort from 1980-1984. We separately group any claims alleging first exposure below the age of 15 with the YOFE cohort corresponding to claimants who were first exposed at age 15. The final birth year cohort is 1965-1969.

[82] This is an extension of a simple non-parametric model which captures fixed effects alone. *See, e.g.*, Eric Stallard, Kenneth G. Manton, Joel E. Cohen, *Statistics for Biology and Health, Forecasting Product Liability Claims, Epidemiology and Modeling in the Manville Asbestos Case*, (New York, NY: Springer-Verlag, 2005), pp. 208–209.

[83] We rely on filing year as a proxy for year of diagnosis.

[84] The relevant epidemiology is summarized in Frederick C. Dunbar, Denise Neumann Martin, Phoebus J. Dhrymes, *Estimating Future Claims: Case Studies from Mass Tort and Product Liability Litigation* (Wayne, PA: Andrews Professional Books, 1996).

fixed effects, are reported in Table 4 below. The coefficients on the explanatory variables must be interpreted with caution because the effects of age and latency can only be measured with regard to changes over a five-year period within cohort, and the additional variables simply improve the fit of the model rather than capture the impact of these features on the risk in each cohort.

TABLE 4: HAZARD MODEL COEFFICIENTS

	Coefficient [1]	Standard Error [2]
Dependent Variable		
Number of claims by filing year		
Exposure Variable		
Surviving population since YOFE		
Explanatory Variables		
Constant	-73.35***	
[10 birth-year cohort fixed effects not shown]		
Age at Filing	-0.170***	(0.0188)
Latency	4.936***	(1.395)
$Latency^2$	-0.123***	(0.0378)
$Latency^3$	0.00139***	(0.000442)
$Latency^4$	-5.95e-06***	(1.89e-06)
Secondary Share	0.566**	(0.280)
Aldrich Share	-0.482	(0.683)
Observations	265	

Sources and Notes: Brattle workpapers.

Negative binomial regression model estimated using Stata nbreg command.

YOFE: Year of First Exposure.

Standard errors clustered at the birth year-YOFE cohort level.

*** p<0.01, ** p<0.05, * p<0.1

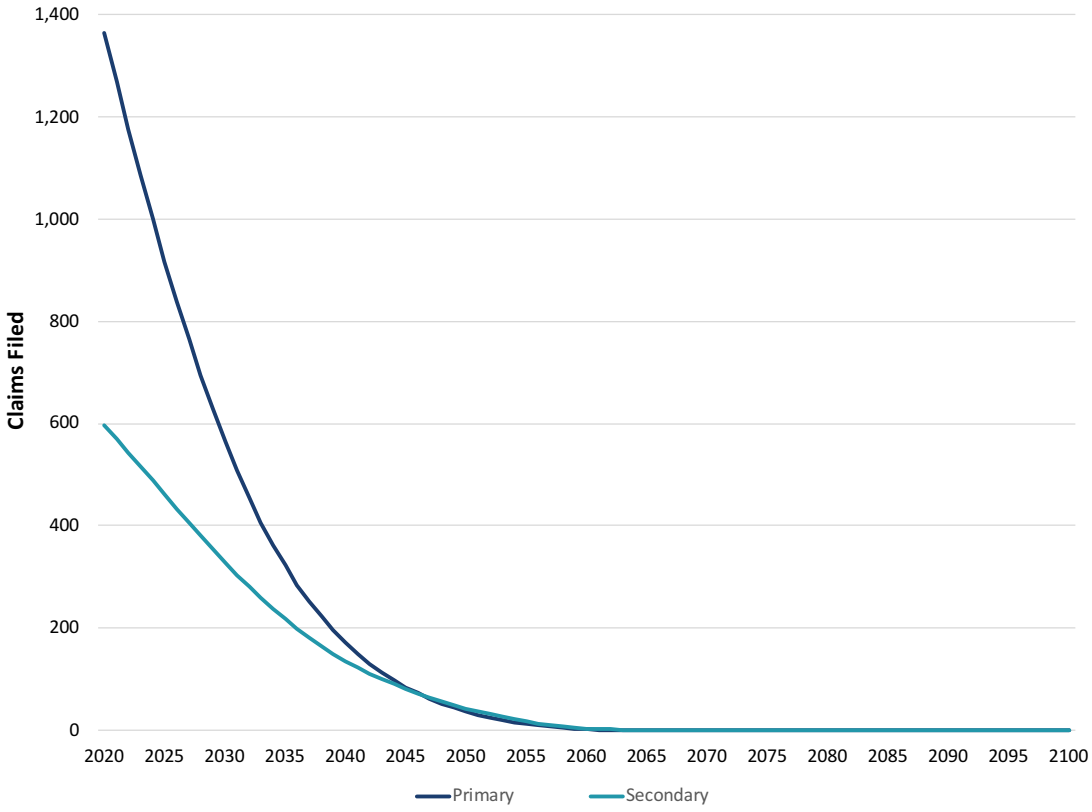
4. Forecasting Future Rates of Mesothelioma and Claiming

80. Using the regression results discussed above, we predict future filings based on the size of the surviving exposed population in each cohort and the corresponding cohort characteristics. We assume that the share of claims that are secondary, and the share attributable to Aldrich, remain constant over time within birth year-YOFE cohort. Because cohorts are constructed according to year of birth and years since first exposure, the age and latency of claimants is the same for all

members of a cohort. From one year to the next, each cohort ages one year, increases time since first exposure by one year, and experiences a decline in surviving population corresponding to its age-based natural mortality rate.

81. We calibrate the results to set the total number of predicted claims in 2015 through 2019 equal to the total number of observed claims in this period. These predictions are depicted in Figure 6 below.

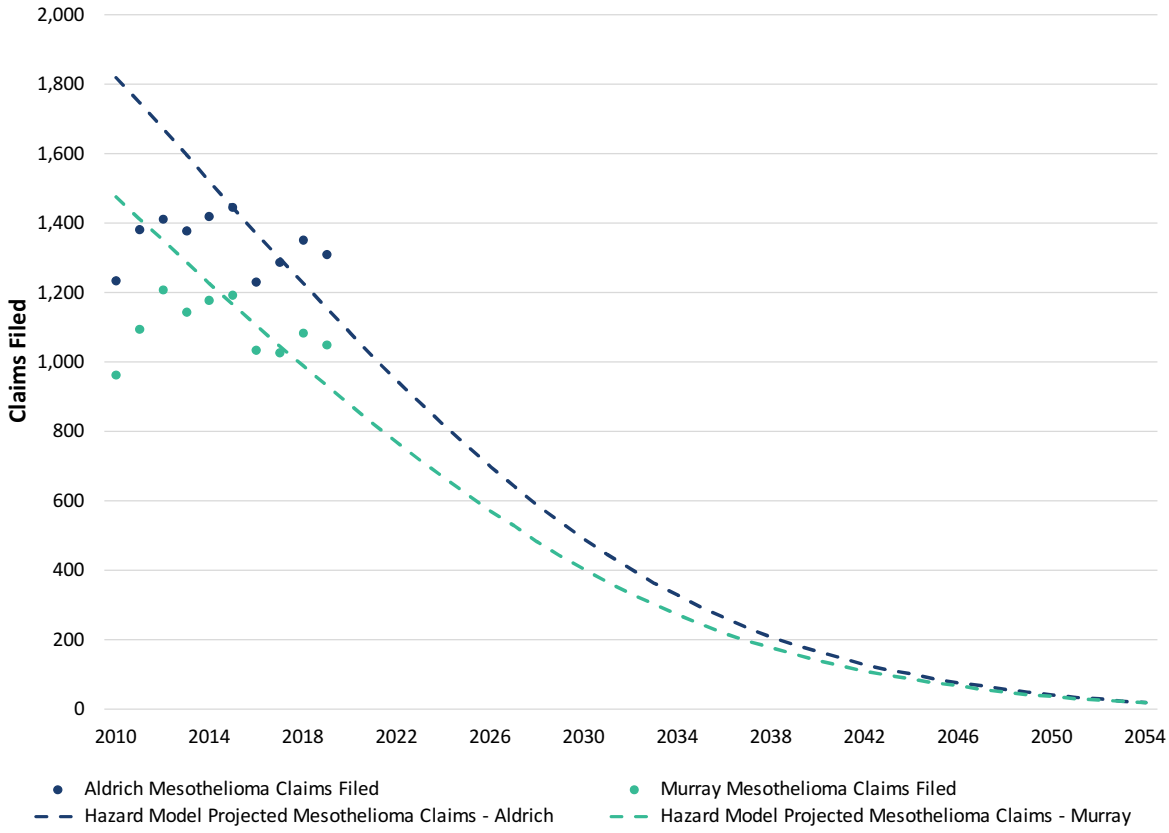
FIGURE 6: HAZARD MODEL FORECAST OF DEBTORS' MESOTHELIOMA CLAIMS WITH PRIMARY AND SECONDARY EXPOSURES (EXCLUDING NON-TORT FIRMS)



Sources and Notes: Bates White Debtors' Claims Database, Brattle Workpapers.

82. Overall, the forecast of future claims as of 2020 is higher than the corresponding indexed Nicholson-KPMG forecast but the forecast curve for secondary exposure claims is not as steep. The resulting Hazard Model forecast curves for Aldrich and Murray are reported in Figure 7.

FIGURE 7: HAZARD MODEL FORECAST CURVES (EXCLUDING NON-TORT FIRMS)



Sources and Notes: Bates White Debtors' Claims Database, Brattle Workpapers.

C. COMPARISON OF FORECAST CURVES

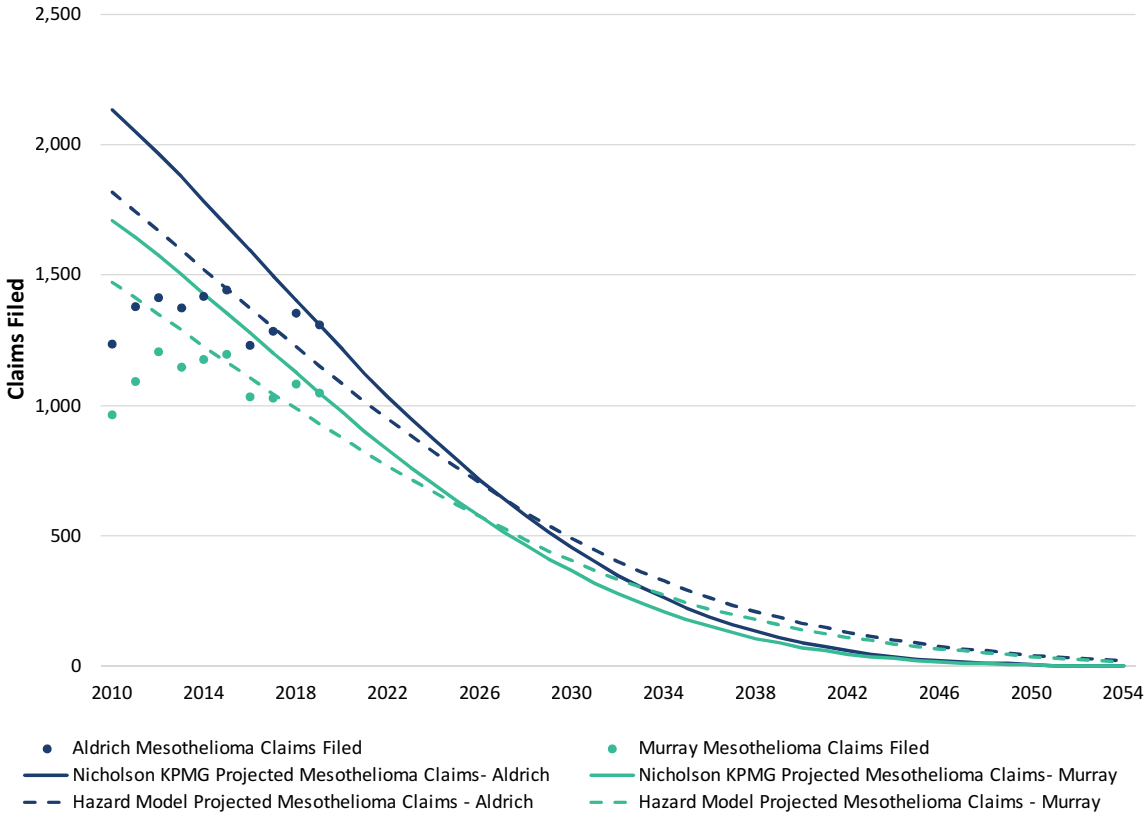
83. The two alternative methods of estimating future mesothelioma claims are depicted in Figure 8 below. Each of the curves estimated as described above is fitted to the Aldrich and Murray claims data during the calibration period of 2015-2019.

84. The Nicholson-KPMG curve exhibits the steepest decline in claims. This reflects the fact that it is based on an epidemiological estimate of the incidence of mesothelioma caused by occupation exposure to asbestos in the most intensively exposed occupations. The Hazard Model results in a flatter forecast curve.

85. We assess the performance of the alternative forecast models, by comparing the forecast curves relative to the actual number of filed claims against Aldrich and Murray between 2010 and 2019. While neither model exactly matches the historical trends in filings against the Debtors, the

flatter slope of the Hazard Model better fits the decline in filings in the decade prior to the Petition Date.

FIGURE 8: COMPARISON OF FORECAST CURVES (EXCLUDING NON-TORT FIRMS)



Sources and Notes: Bates White Debtors' Claims Database, Brattle Workpapers.

VI. NOMINAL VALUATION OF CLAIMS

86. As depicted in the Valuation Framework in Figure 4, claim values are the product of the number of claims, the payment rate (percentage of claims ultimately paid) and the average claim value.

A. PAYMENT RATES

87. Claims may ultimately not be paid and may become dismissed, withdrawn, or inactive. Payment rates for the Debtors' pending and future asbestos claims are estimated based on the Debtors' experience in the tort system. Claims alleging secondary exposure to asbestos have lower

payment rates than those solely alleging occupational exposure. Therefore, we estimate separate payment rates by type of exposure.

88. We estimate payment rates of mesothelioma claims accounting for time elapsed since the claim was filed (the "age" of the claim) using a "competing risk" model. The competing risk model accounts for the dynamic nature of litigation and controls for the fact that older claims are less likely to be paid. Specifically, the payment rate is calculated by (a) calculating the probability of a claim being paid at each possible claim age, and (b) using these annual payment probabilities to compute the aggregate proportion of claims that are expected to ultimately be paid.

89. Payment rates for mesothelioma claims against the Debtors have declined over time. Therefore, we use the payment rates estimated for claims filed after January 1, 2014, in our forecast. In addition, the number of claims settled by the Debtors declined in the months leading up to the Petition Date. To account for potential changes in settlement behavior in anticipation of the bankruptcy, we exclude any filings or resolutions after March 31, 2020, from the calculation of payment rates. For this analysis, we use a standard statistical model to estimate payment rates accounting for (i) whether the claim was filed against Aldrich or Murray, (ii) whether the claim alleged secondary asbestos exposure, and (iii) whether the claim was filed after January 1, 2014.[85] Since pending claims are necessarily older than newly filed claims, separate estimates of average payment rates are calculated for pending claims based on their specific claim age.

90. The analysis of payment rates by age of claim allows us to determine the average timing lag between filing and payment. We use this to forecast the timing of settlements for pending and future claims. Expected payment rates by year since filing are shown in Table 5.

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[85] A competing risk model considers the probability that, after a specific amount of time, a specified outcome (payment or dismissal) occurs. Until one of these "competing" outcomes arises, the claim remains pending and moves forward in time. In this way, a competing risk model indicates the probability that a claim is paid out or not paid out over time. The competing risk model is built upon separate risk (or "hazard") models for each outcome that interact with one another to determine the payout odds over time. Specifically, Cox proportional Hazard Models, which allow for flexible risk patterns over time, are used. Claims pending for more than 6 years are assumed to not be paid out. This is because over 96% of paid claims are resolved within 6 years of filing. *See* Bates White Claims Database.

TABLE 5: FUTURE PAYMENT RATES, FILED AND PENDING CLAIMS (EXCLUDING NON-TORT FIRMS)

	Filed Claims				Pending Claims			
	Aldrich		Murray		Aldrich		Murray	
Future Fiscal Year	Primary Exposure [1]	Secondary Exposure [2]	Primary Exposure [3]	Secondary Exposure [4]	Primary Exposure [5]	Secondary Exposure [6]	Primary Exposure [7]	Secondary Exposure [8]
2020	8.5%	6.9%	4.0%	3.1%	9.7%	9.0%	3.7%	3.6%
2021	11.7%	8.5%	5.5%	3.5%	5.4%	4.9%	1.8%	1.6%
2022	7.8%	5.5%	3.1%	2.2%	2.7%	2.7%	0.7%	0.8%
2023	3.9%	3.1%	0.9%	0.8%	0.9%	1.1%	0.2%	0.4%
2024	0.7%	1.6%	0.2%	0.7%	0.3%	0.5%	0.1%	0.1%
2025	0.7%	0.3%	0.2%	0.0%	0.1%	0.0%	0.0%	0.0%
Total	33.4%	26.0%	13.9%	10.3%	19.0%	18.2%	6.4%	6.5%

Sources and Notes: Bates White Debtors' Claims Database, Brattle Workpapers.

Note that the full 2025 future fiscal year value for pending Aldrich secondary exposure cases is 0.01%; for pending Murray primary exposure cases is 0.04%; and for pending Murray secondary exposure cases the value is 0.001%. For other values shown as 0.0% they are equal to 0.

B. AVERAGE VALUES

91. Average historical settlement values for asbestos claims are calculated for mesothelioma claims using a Five-Year Calibration Period. All claim values are expressed in June 2020-dollar equivalents by adjusting historical settlement values for inflation based on the consumer price index ("CPI"). During the Five-Year Calibration Period, mesothelioma settlements averaged approximately $56,000 for Aldrich and $70,000 for Murray. The average resolution values for asbestos claims are summarized in Table 6.

TABLE 6: AVERAGE MESOTHELIOMA CLAIMS VALUE OVER TIME (2020$) (EXCLUDING NON-TORT FIRMS)

Fiscal Year	Average Meso Settlement	
	Aldrich [A]	Murray [B]
2010	$66,983	$95,498
2011	$62,675	$68,159
2012	$57,675	$96,445
2013	$48,490	$64,970
2014	$55,405	$67,774
2015	$60,489	$65,649
2016	$57,399	$60,104
2017	$54,921	$92,169
2018	$57,809	$58,553
2019	$49,429	$76,501
5Y Average	$55,979	$69,938

Sources and Notes: Bates White Debtors' Claims Database. Values include the final verdict in the [redacted] trial against Aldrich, issued on April 29, 2016 ([redacted]; adjusted for inflation to [redacted] as of June 2020). Values exclude settlements reached with Non-Tort Firms.

92. The average value of Aldrich claims has been relatively stable prior to the Petition Date. A plaintiff verdict was rendered against Aldrich and paid in April 2016, raising the average value for fiscal year 2015. The average value of Murray settlements has been more volatile and is higher than Aldrich's claims. The average values used to compute the nominal liability of the Debtors' claims are calculated excluding the Non-Tort Firm settlements. Average values are calculated separately for Aldrich and Murray, and for primary and secondary exposure claims.

93. Tort claim values tend to be lower for older claimants than for younger claimants. This reflects both the higher economic damages associated with younger claimants (due to their longer life-expectancy), and higher expected jury awards for younger claimants. The impact of age on claim values is reflected in the trust distribution procedures for many asbestos trusts, which explicitly account for age in their payment values. We estimate the impact of a claimant's age on the Debtors' settlement values using regression analysis. We find that, controlling for other important determinants of settlement value (i.e., jurisdiction, resolution year, law firms, debtor, exposure type and time elapsed since filing), 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.[86]

94. The Debtors stopped manufacturing and distributing products that contained asbestos in 1985, and the population exposed to asbestos fibers in the Debtors' products is fixed and aging. As a result, claims against the Debtors will arise from progressively older claimants in the future. We account for the impact of age on claim values by comparing the average age of claimants in the calibration period to the average age of claimants we forecast will file claims in the future. We reduce the value of future claims by 1.0% and 1.3% for each one-year increase in projected age at filing of primary and secondary exposure claims, respectively.

C. NOMINAL AGGREGATE LIABILITIES

95. As depicted in Figure 4, the nominal value of Tort Claims is equal to the product of the number of claims, payment rate, and average claim value. These calculations for the Nicholson Model and Hazard Model are reported in Table 7. The nominal amounts forecast to be paid in future years are adjusted to account for expected inflation and the age-adjustment discussed in Section VI.B.[87]

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[86] We estimate the relationship between the natural logarithm of mesothelioma settlement amounts and claimant age using a linear regression model. We separately estimate the relationship between claimant age and settlement value for claims with primary and secondary exposures.

[87] We rely on inflation estimates from Congressional Budget Office (CBO), "The Budget and Economic Outlook: 2020 to 2030," January 2020, last accessed September 12, 2025, https://www.cbo.gov/system/files/2020-01/56020-CBO-Outlook.pdf, p. 30, and from 2031 from the Federal Reserve's long run yearly inflation projection, U.S. Federal Open Market Committee and Federal Reserve Bank of St. Louis, "Longer Run FOMC Summary of Economic Projections for the Personal Consumption Expenditures Inflation Rate, Central Tendency, Midpoint [PCECTPICTMLR]," last accessed September 12, 2025, https://fred.stlouisfed.org/series/PCECTPICTMLR.

TABLE 7: CALCULATION OF NOMINAL VALUE OF MESOTHELIOMA CLAIMS (EXCLUDING NON-TORT FIRMS)

		Nicholson Model		Hazard Model	
		Aldrich [A]	Murray [B]	Aldrich [C]	Murray [D]
Number of Claims	[1]	15,019	12,339	16,016	13,416
Payment Rate	[2]	28%	11%	28%	11%
Paid Claims	[3]	4,236	1,373	4,502	1,489
Average Values	[4]	$55,787	$68,839	$55,676	$67,952
Value in 2020 Dollars ($ millions)	[5]	$236.3	$94.5	$250.6	$101.2
Nominal Value ($ millions)	[6]	$278.0	$111.1	$303.4	$122.5

Sources and Notes: Brattle Workpapers. Total may not add due to rounding.

[3]:[2]x[1].

[5]:[3]x[4].

[6]:[5] x Inflation Adjustment x Age Adjustment.

96. The Nicholson Model and the Hazard Model use the same underlying inputs for the number of pending claims, payment rates, and average claim values. Average values are applied at the debtor and exposure type level (i.e., primary or secondary).[88] The differences in aggregate nominal liabilities between the Nicholson Model and the Hazard Model reflect the variation in each model's respective forecast of future claims. The resulting aggregate liability for each forecast model, for primary and secondary exposure claims, are reported side-by-side in Table 8.

[88] The average values reported in Table 7 are reported at the Debtor level. In the underlying analysis, average values differ between secondary exposure claims and those alleging only primary exposure to asbestos fibers.

TABLE 8: AGGREGATE NOMINAL LIABILITY OF MESOTHELIOMA CLAIMS ADJUSTED FOR INFLATION (EXCLUDING NON-TORT FIRMS)

			Nicholson Model		Hazard Model	
$ in millions		Pending [A]	Future [B]	Total [C]: [A]+[B]	Future [D]	Total [E]: [A]+[D]
Aldrich						
Primary	[1]	$28.5	$181.7	**$210.2**	$188.1	**$216.5**
Secondary	[2]	$10.8	$57.0	**$67.8**	$76.0	**$86.8**
Murray						
Primary	[3]	$11.0	$76.6	**$87.6**	$80.1	**$91.1**
Secondary	[4]	$3.6	$20.0	**$23.5**	$27.8	**$31.4**
Total	**[5]**	**$53.9**	**$335.2**	**$389.1**	**$372.0**	**$425.9**

Sources and Notes: Brattle Workpapers. Total may not add due to rounding.

VII. PRESENT VALUE OF ASBESTOS CLAIM LIABILITIES

97. To calculate the NPV of future liabilities relating to the Tort Claims, future payments are inflated at expected CPI, adjusted to account for the average age of the claimants, and then discounted to the Petition Date. Between 2020 and 2030, Claims are inflated according to the projections of the Congressional Budget Office as of January 2020,[89] and from 2031 onward according to the long run Federal Reserve's 2% yearly inflation projection.[90] The discount rate used to estimate the tort liability is the risk-free rate, which is the lowest possible rate of return applicable to discount future payments and therefore the most conservative.[91] We note that the expected return on a

[89] Congressional Budget Office (CBO), "The Budget and Economic Outlook: 2020 to 2030," last accessed September 12, 2025, January 2020, https://www.cbo.gov/system/files/2020-01/56020-CBO-Outlook.pdf, p. 30.

[90] U.S. Federal Open Market Committee and Federal Reserve Bank of St. Louis, "Longer Run FOMC Summary of Economic Projections for the Personal Consumption Expenditures Inflation Rate, Central Tendency, Midpoint [PCECTPICTMLR]," last accessed September 12, 2025, https://fred.stlouisfed.org/series/PCECTPICTMLR.

[91] We use June 2025 risk-free rates as a better proxy for long term rates than rates in 2020 that were depressed, in part, by concerns for the economy of the impact of Covid-19. The duration-adjusted risk-free rate of June 2025 was 4.48%. By comparison, the average risk-free rate over the 1928-2024 period was 4.50%. Treasury bond spot yield curve is from U.S. Department of the Treasury, "Treasury Coupon Issues, TNC Treasury Yield Curve Spot Rates, Monthly Average," last accessed September 12, 2025, https://home.treasury.gov/data/treasury-

diversified portfolio combining debt, equity, and cash that could be used to fund the same liabilities would result in a higher discount rate,[92] and a correspondingly lower NPV.[93]

98. Two scaling factors are required to adjust our estimate of the NPV of pending and forecasted future mesothelioma claims, both to account for the exclusion of non-mesothelioma claims and to incorporate claims brought by the Non-Tort Firms.

A. ESTIMATING LIABILITY FOR NON-MESOTHELIOMA CLAIMS

99. We scale up the estimated NPV of the mesothelioma claims to account for amounts paid to resolve non-mesothelioma claims. During the Five-Year Calibration Period, mesothelioma claims represented 86% and 87% of all payments made by Aldrich and Murray, excluding payments made to the Non-Tort Firms. We scale up the mesothelioma liability estimates, excluding the Non-Tort Firms, by dividing by these percentages to reflect expected payments for non-mesothelioma claims.

B. ESTIMATING LIABILITY FOR SETTLEMENTS WITH NON-TORT FIRMS

100. As discussed in III.C.1, we omitted claims filed by Non-Tort Firms from our estimates of pending and forecast claim liabilities because settlements with these firms result in an understatement of claims filed and an overstatement of payment rates during the calibration period. 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. As reported in Table 2, these

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coupon-issues-and-corporate-bond-yield-curves/treasury-coupon-issues. Historical average risk-free is the geometric average of US Treasury 10 years bond from Aswath Damodaran, "Historical Returns on Stocks, Bonds and Bills: 1928-2024," January 2025, last accessed September 15, 2025, pages.stern nyu.edu/~adamodar/New_Home_Page/datafile/histretSP html.

[92] For instance, the average asset composition of eight large asbestos liability trusts (Western Asbestos Settlement Trust, ASARCO Personal Injury Settlement Trust, Babcock & Wilcox Company Asbestos PI Trust, DII Industries, LLC Asbestos PI Trust, Eagle-Picher Industries, Inc Personal Injury Settlement Trust, J Thorpe Trust Company Successor Trust, Manville Personal Injury Settlement Trust and Garlock Sealing Technologies LLC Settlement Facility) is 56.4% Debt Instruments, 39.6% Equity and Alternative Investments, and 4.0% in cash. The expected return on such an investment portfolio would be 6.1%.

[93] Using this higher discount rate, the NPV of the Debtors' claim liabilities would be $470 million under the Nicholson model and $475 million under the Hazard model.

shares are 31% for Aldrich and 50% for Murray. The results of these NPV calculations and scaling factors are presented in Table 9.

TABLE 9: PRESENT VALUE OF DEBTOR LIABILITIES

$ in millions		Nicholson Model [A]	Hazard Model [B]
Aldrich			
Nominal	[1]	$278.0	$303.4
NPV	[2]	$198.6	$201.6
Non-Meso	[3]	$33.1	$33.6
Non-Tort Firms	[4]	$105.1	$106.7
Total NPV	**[5]**	**$336.8**	**$342.0**
Murray			
Nominal	[6]	$111.1	$122.5
NPV	[7]	$79.7	$81.6
Non-Meso	[8]	$12.1	$12.4
Non-Tort Firms	[9]	$93.1	$95.2
Total NPV	**[10]**	**$184.9**	**$189.1**
Total NPV	**[11]**	**$521.8**	**$531.1**

Sources and Notes: Brattle Workpapers.

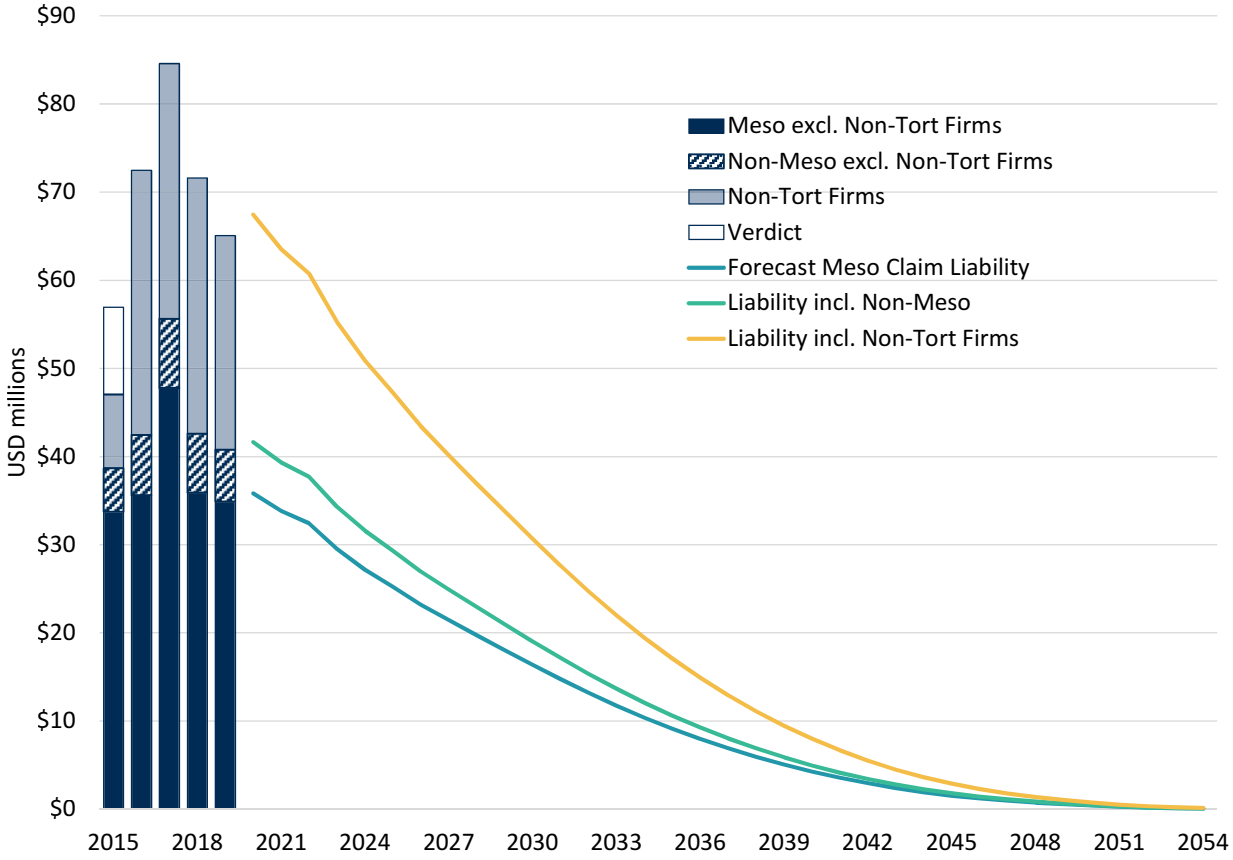
[5]: [2] + [3] + [4]

[10]: [7] + [8] + [9]

[11]: [5] + [10]

101. The forecast payments (including payments of pending claims), adjusted for inflation but before discounting to the Petition Date represent the dollar amounts expected to be paid in each future year starting in fiscal year 2020. These estimates for Aldrich and Murray combined are reported below in Figure 9. The forecast payments are compared to the actual historical payments and indicate that, after accounting for the expected payment rates and timing of settlements, the projected fiscal year 2020 payments are consistent with payment levels prior to the Petition Date.

FIGURE 9: 2015-2019 INDEMNITY PAYMENTS VS. FORECAST



Sources and Notes: Bates White Debtors' Claims Database, Brattle Workpapers.

VIII. ASSESSMENT OF GARLOCK TRUST ADMINISTRATION OF CLAIMS

102. The claims experience of Garlock in the tort system and subsequently through a claimant compensation trust provides a basis for estimating the funding needed for a similar trust to resolve the Debtors' asbestos personal injury claims.

103. 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.

104. The Garlock experience reveals that when a trust requires credible proof of exposure through employment history, and compensation levels are adjusted to reflect the likelihood of exposure to the Debtors' asbestos-containing products based on uniform and consistently applied objective

factors (e.g., disease, age, life status, dependants, economic loss, duration of exposure, year of exposure), the number and value of claims differ from the experience in the tort system.

105. We use the Garlock Trust experience as a benchmark for assessing the funding needs of a similar trust that could be used to resolve the Debtors' claims in this case.

A. GARLOCK IS A GOOD BENCHMARK FOR A TRUST TO RESOLVE THE DEBTORS' CLAIMS

106. Like Aldrich and Murray, Garlock's asbestos exposure arose from gaskets and packing. Prior to the Garlock bankruptcy in 2010, Garlock was named in over 80% of mesothelioma claims filed against Aldrich and Murray from 2006 onwards. As a result, the level of filings against Garlock was similar to those experienced by the Debtors when they were in the tort system together.

107. Garlock supplied and manufactured asbestos-containing products through December 31, 2000.[94] More specifically, Garlock made compressed asbestos sheet gaskets and asbestos packing. The products had a wide variety of applications and were generally used in places where steam, hot liquid, or acids moved through pipes, including in shipbuilding, oil refining, chemical manufacturing, and other industries.[95] By contrast, the Debtors purchased gaskets and packing from suppliers (including Garlock) and ceased using asbestos in their products in the 1980s.[96] According to the Debtors, "the asbestos-containing components in the Debtors' products were largely the same type of sealing products at issue in *Garlock*."[97]

108. Aldrich and Murray paid a similar fraction of claims as Garlock but had lower average settlement values in the years leading up to Garlock's bankruptcy filing on June 5, 2010.

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[94] "Some of the gasket and packing products GST manufactured before 2001 contained asbestos bound in rubber or other encapsulating material." MultiVu, "Garlock Bankruptcy Overview of the Disclosure Statement and the Plan of Reorganization," last accessed September 15, 2025, p. 2, https://www.multivu.com/players/English/7476251-garlock-bankruptcy-asbestos/links/7476251-150519-2737-Overview-Final-approvedbyclient.pdf.

[95] MultiVu, "Garlock Bankruptcy Overview of the Disclosure Statement and the Plan of Reorganization," last accessed September 15, 2025, p. 2, https://www.multivu.com/players/English/7476251-garlock-bankruptcy-asbestos/links/7476251-150519-2737-Overview-Final-approvedbyclient.pdf.

[96] Informational Brief of Aldrich Pump LLC and Murray Boiler LLC, *In re Aldrich Pump LLC*, *et al.*, Chapter 11 Case No. 20-30608, June 18, 2020, pp. 3, 11, 12.

[97] Informational Brief of Aldrich Pump LLC and Murray Boiler LLC, *In re Aldrich Pump LLC*, *et al.*, Chapter 11 Case No. 20-30608, June 18, 2020, p. 6.

Consequently, Aldrich and Murray paid less to resolve their asbestos liabilities than did Garlock, while they were all in the tort system together. The Debtors' pre-bankruptcy mesothelioma claims are compared with those of Garlock in Table 10 below.

TABLE 10: GARLOCK VS ALDRICH AND MURRAY TORT SYSTEM COMPARISON (1/1/2006 – 6/5/2010)

	Aldrich and Murray [A]	Garlock [B]	Aldrich and Murray as a % of Garlock [C]
Average Meso Settlement	$71,174	$76,654	92.9%
Total Payments ($ millions)	$323	$379	85.2%

Sources:

Bates White Debtors' Claims Database, Peterson Report, pp. 16, 23. The average value of an Aldrich and Murray claim is computed as the average amount paid to an injured party to resolve all claims against both Aldrich and Murray.

[C]: [A]/[B].

B. THE GARLOCK TRUST HAS PERFORMED WELL AND WAS ADEQUATELY FUNDED

109. Historically, many trusts established to pay asbestos claims have received and paid more claims than originally anticipated, requiring those trusts to lower the amounts paid to future claimants. This underperformance may be the result of adverse developments in the incidence of asbestos-related disease or from overly permissive trust distribution procedures that resulted in the overpayment of weaker claims. The Garlock Trust funding was not constrained by the financial condition of the company, and the Garlock Trust has performed well in meeting payment obligations, as evidenced by the fact that its maximum payment values have increased twice (with retroactive effect).[98] The ability of the trust to raise maximum payment values reflects the

[98] *See* Garlock Settlement Facility, "GST Settlement Facility Notice of Increase to Maximum Settlement Values," January 1, 2025, last accessed September 14, 2025, https://garlocksettlementfacility.com/assets/uploadedFiles/59cdd4b5-aa63-4b05-96ce-6b4e4e267c75.pdf. *See also* Garlock Settlement Facility, "GST Settlement Facility Notice of Increase to Maximum Settlement Values," November 11, 2021, last accessed September 14, 2025, https://garlocksettlementfacility.com/assets/documents/GST-Notice-re-MSV-Increase.pdf. *See also* Settlement

expectation that there remain sufficient invested trust assets to fund expected future claims at the current filing rates, payment rates and average values.

110. The Garlock Trust pays settlements based on the Maximum Settlement Value for the relevant Contact Group (or Groups) multiplied by the IP Factors Index for the Contact Group, which accounts for the factors that are expected to influence the relative value of individual claims. These factors consist of the following:

- I.B.1 Medical Information Factor;
- I.B.2 Age Factor;
- I.B.3 Life Status Factor;
- I.B.4 Dependents Factor;
- I.B.5 Economic Loss Factor; and
- I.B.6 Duration of Coltec/GST Product Contact Factor.[99]

111. Notwithstanding the downward adjustments likely for typical claimants, the mesothelioma claimants most at risk from Garlock gasket exposure qualify for settlements of $102,900 and up to $342,900 (Contact Groups 2 and 1 respectively).[100] These Garlock values are approximately 2.6 and 8.6 times the median Aldrich and Murray tort system settlement value of $40,000 in 2015-2019.[101] As seen in Figure 10 below, the lowest matrix value (Contact Groups 3-5) is above the median settlement value. Comparing the Aldrich and Murray settlements to the Garlock Maximum Settlement Values, we find that fewer than one percent of settlements of the Debtors in the tort system exceed the Contact Group 1 value.

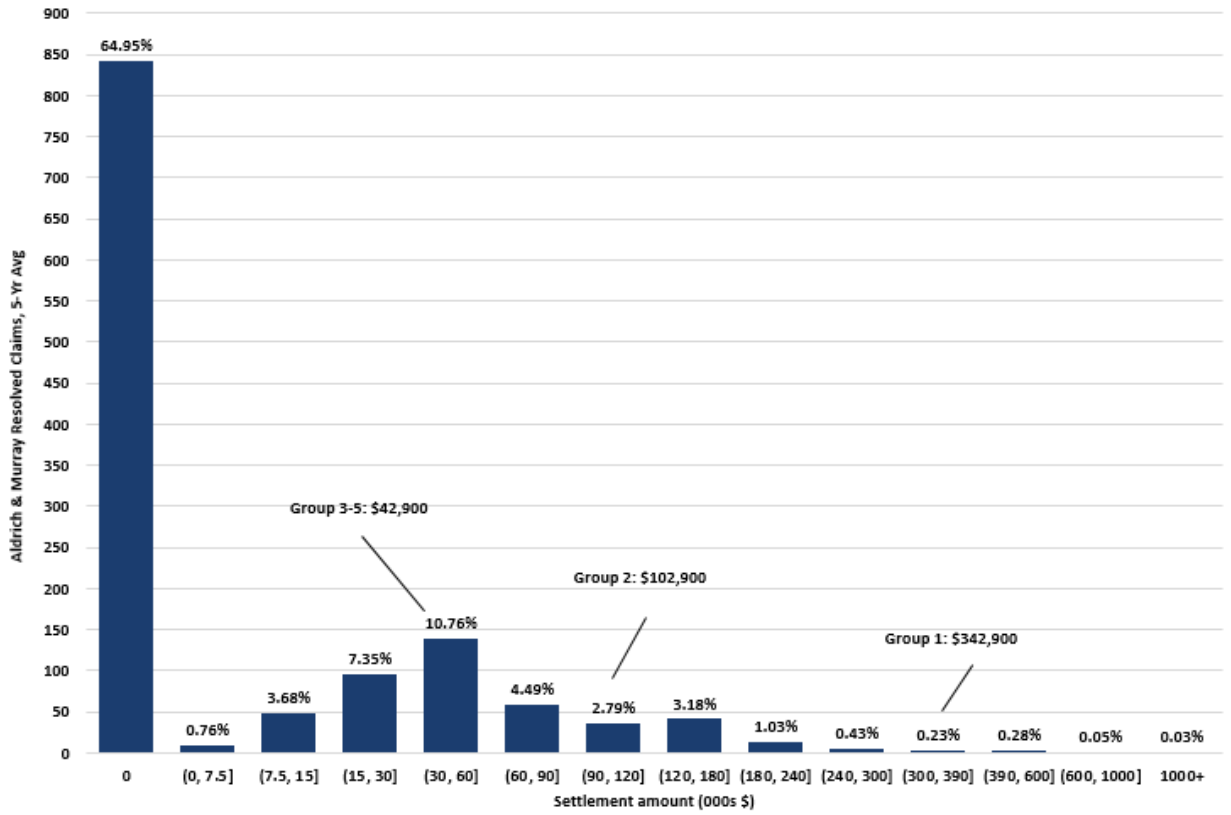
Facility Second Amended and Restated Claims Resolution Procedures, Garlock Sealing Technologies LLC, April 1, 2021, last accessed September 14, 2025, https://garlocksettlementfacility.com/assets/uploadedFiles/8eedc7d3-3283-4663-b851-3a929d102e94.pdf, p. 11.

[99] Settlement Facility Second Amended and Restated Claims Resolution Procedures, Garlock Sealing Technologies LLC, April 1, 2021, last accessed September 14, 2025, https://garlocksettlementfacility.com/assets/uploadedFiles/8eedc7d3-3283-4663-b851-3a929d102e94.pdf, pp. I-3 to I-12.

[100] *See* Garlock Settlement Facility, "GST Settlement Facility Notice of Increase to Maximum Settlement Values," January 1, 2025, last accessed September 14, 2025, https://garlocksettlementfacility.com/assets/uploadedFiles/59cdd4b5-aa63-4b05-96ce-6b4e4e267c75.pdf.

[101] Bates White Debtors' Claims Database. Values are not inflation adjusted and include Non-Tort Firms. The calculation includes all paid mesothelioma claims filed from June 19, 2015 to June 18, 2020.

FIGURE 10: FREQUENCY OF DEBTOR SETTLEMENTS VS. GARLOCK CRP

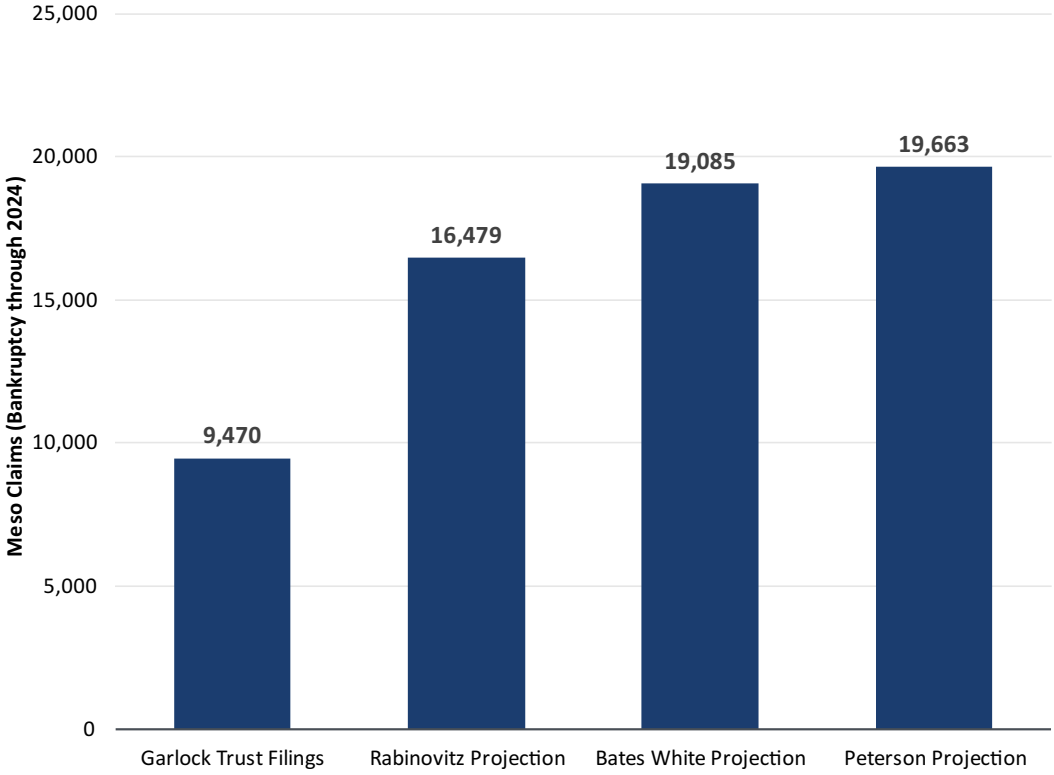


Sources and Notes: Bates White Debtors' Claims Database. Values are not inflation adjusted and include Non-Tort Firms. The figure contains all mesothelioma claims filed from June 19, 2015 to June 18, 2020.

112. This performance resulted in part from the effective design of the trust procedures[102] to base compensation on evidence of employment in specific at-risk occupations. Another factor was the lower cumulative number of claims filed against Garlock than had been forecast, given the filing incentives that existed prior to the bankruptcy. Figure 11 shows the cumulative number of claims that were projected to be filed against Garlock through 2024 by each of the experts in the bankruptcy proceeding. The actual number of claims received by the GST Settlement Facility though 2024 are lower than any of the projections.

[102] Settlement Facility Second Amended and Restated Claims Resolution Procedures, Garlock Sealing Technologies LLC, April 1, 2021, last accessed September 14, 2025, https://garlocksettlementfacility.com/assets/uploadedFiles/8eedc7d3-3283-4663-b851-3a929d102e94.pdf.

FIGURE 11: GARLOCK TRUST FILINGS AND FORECASTS THROUGH 2024



Sources and Notes: Garlock Trust Annual Report mesothelioma filings (2018-2024), Rabinovitz Report mesothelioma forecast (2010-2024), Bates White mesothelioma forecast (2010-2024), Peterson Report mesothelioma forecast (2010-2024). The 2010 Bates White projection is multiplied by the fraction of the year after the bankruptcy.

C. AN EQUIVALENT ALDRICH TRUST WOULD BE SMALLER SINCE THERE ARE FEWER YEARS LEFT OF FUTURE CLAIMS

113. The similarity in their tort system liability implies that the funding needed to establish a trust to pay Aldrich and Murray claims, adopting the Claims Resolution Procedures from Garlock, would be comparable to the funding of the GST Settlement Facility, which was funded with $480 million.[103]

[103] GST Settlement Facility Audited Special-Purpose Financial Statements with Supplementary Information for the Year Ended December 31, 2018 and for the Period From July 31, 2017 (Inception) Through December 31, 2017, *In re Garlock Sealing Technologies LLC, et al.,* Chapter 11 Case No. 10-31607, April 29, 2019, p. 9 (p. 4 of Independent Auditor's Report).

114. An equivalent 2020 Petition Date Aldrich and Murray trust would be smaller than the Garlock Trust for two principal reasons. First, Aldrich and Murray paid less to resolve asbestos claims than Garlock when all three companies were in the tort system together. Garlock sold more asbestos gaskets and packing materials than Aldrich and Murray used in their products and therefore had a larger share of the total liability expenses. This suggests that a trust established to pay Aldrich and Murray claims would be smaller than the GST Settlement Facility. Second, the GST Settlement Facility was established to pay all pending and future claims following Garlock's bankruptcy filing in June 2010. A comparable Aldrich and Murray trust would be responsible for ten fewer years of claims because the Petition Date in this case was June 2020. An Aldrich and Murray trust would need to adjust its funding to account for inflation in the tort system and the broader economy since the GST Settlement Facility was established, but the impact of the other factors far exceeds the effects of inflation.

IX. CONCLUSION

115. The two forecasting methods used to forecast mesothelioma claims, scaled up to include non-mesothelioma claims and claims from the Non-Tort Firms, produce a range of estimates for the asbestos tort liability of the Debtors as of the Petition Date of $522 million to $531 million. This range reflects the different projections of future mesothelioma claims between the Nicholson Model and the Hazard Model.

Dated: September 15, 2025



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APPENDIX A: SUMMARY OF EXPERTS' QUALIFICATIONS

A.1 QUALIFICATIONS OF PAUL HINTON

1. Paul Hinton is a Principal of The Brattle Group in New York City. He earned a B.A. in Engineering Science in 1988 from New College, Oxford University, and a Masters in Public Policy in 1994 from the John F. Kennedy School of Government at Harvard University, where his studies included economics, statistics, and finance. A focus of his practice and professional experience in economic consulting has been the forecasting of mass tort claims and analysis of mass tort risk exposures.

2. He has assisted U.S. and multinational industrial companies in estimating, modeling and valuing mass tort liabilities and providing expert testimony in related disputes. This work has involved advisory projects in M&A due diligence, insurance coverage litigation, bankruptcy estimation hearings, bankruptcy plan confirmation and Federal Rule of Bankruptcy 9019 hearings, fraudulent conveyance actions, and commercial disputes.

3. During the period 2000 through 2009, Mr. Hinton was engaged in asbestos claims liability estimation on behalf of asbestos defendants including: W.R. Grace & Co., Owens Corning, Combustion Engineering, Armstrong World Industries, Federal Mogul, and Babcock & Wilcox, in which the solvency implications of contingent liability valuations were litigated.

4. Mr. Hinton performed expert analysis for Dow Corning in connection with the fairness hearing on the Breast Implant Personal Injury Compensation Trust. Over the approximately 20-year life of the Trust, he analyzed the Trust's performance in accordance with Trust Distribution Procedures and testified in litigation over contingent funding obligations.

5. In relation to the public policy issues posed by mass torts, Mr. Hinton has conducted analyses of pharmaceutical mass tort liability risk and no-fault compensation alternatives to the tort system. He has also analyzed trends in U.S. tort costs, putative legislative reforms, and challenges to global settlement strategies, including the role of third-party releases.

6. Mr. Hinton has testified on mass torts bankruptcy issues in the Diocese of Camden, Boy Scouts of America, and Rite Aid bankruptcies. In the Diocese of Camden case, he testified on issues including the reasonableness of proposed insurer settlements and insurance neutrality concerns arising from the features of proposed trust distribution procedures. In the Rite Aid confirmation hearing, his report on moral hazard implications for insurers of the proposed plan was admitted as direct testimony.

7. In PFAS mass tort litigation, Mr. Hinton testified earlier this year on behalf of the States of New Jersey and North Carolina as their contingent liability valuation expert. This involved valuing PFOA liabilities of The Chemours Company as of the date of the spin-off of Chemours from its former corporate parent, DuPont. This testimony provided a critique of the valuation methods used by Deloitte, an advisor to Dupont at the time of the spin-off, and the development of a Hazard Model to estimate future PFOA claims. This litigation is ongoing.

8. In recent consulting assignments, Mr. Hinton has developed liability estimates for future mass tort claims arising from pharmaceutical products, baby formula, and talc products. In particular, this work included talc personal injury claims estimation analysis conducted in connection with the Whittaker Clark & Daniels' Chapter 11 settlement of successor liability claims against Brenntag North America which were determined to be property of the estate.

9. Since 2005, Mr. Hinton has presented at industry conferences, testified before Congress, and published on mass tort liability valuation topics, including, but not limited to, the following:

   - "The Outlook on Mass Tort Reform," conference panel with Mark Eveland, Joe Hargraves, Esq., and Benjamin J. Nellans, Perrin Conferences, Environmental Risk and PFAS Litigation, New York Bar Association, June 18, 2025.
   - "Third-Party Releases, Is there a fair price to pay?" ABI, AIRA, VALCON conference panel with Matthew Dundon, Hon. Melanie L. Cyganowski (ret.), Chad Husnick, March 18-20, 2024, New Orleans.
   - "Mass Torts Gap in Contingent-Liability Valuation Guidance," *ABI Journal*, Value & Cents, with Dr. Adrienna Huffman, March 2024.

- "The Verdict Valuation Paradox: Implications for Mass Torts," *ABI Journal*, Value & Cents, with David McKnight and Pietro Grandi, April 2023.
- Testimony before the U.S. House of Representatives Committee on the Judiciary, Subcommittee on the Constitution, hearing on "Can We Sue Our Way to Prosperity? Litigation's Effect on America's Global Competitiveness," May 2011.
- "Forecasting Product Liability by Understanding the Driving Forces," *The International Comparative Legal Guide to Product Liability 2006: A Practical Insight to Cross-Border Product Liability Work*, with Lucy Allen, Denise Martin, Simona Heumann, and Faten Sabry, June 2006.
- "Estimating Future Asbestos Claims, Lessons from Owens Corning," Mealey's Asbestos Bankruptcy Conference, Chicago, June 9, 2005.

10. More generally, Mr. Hinton has testified previously as an expert witness on matters of economics and finance. He has testified in federal court, state court, and before arbitration tribunals as an economic expert. The types of cases in which he has testified include mass tort litigation, securities litigation, commercial disputes, and white-collar criminal proceedings. Mr. Hinton's curriculum vitae, including testimony given over the last four years and publications over the last ten years, is attached hereto as **Appendix B.**

A.2 QUALIFICATIONS OF DAVID MCKNIGHT

11. David McKnight is a Principal in the Securities Group of The Brattle Group, Inc., with over 25 years of experience consulting in mass tort litigations, including matters involving talc, asbestos, opioids, sex abuse, and various drugs and medical devices. He has consulted, written and presented on issues relating to valuation, tort liability, analyzing claims data, forecasting future claims, estimating settlement amounts, and bankruptcy, and has submitted expert oral and written testimony in multiple venues including the United States Bankruptcy Courts for the Districts of Delaware, New Jersey and the Southern District of Texas, the United States District Courts for the Northern District of Alabama and the Eastern District of Virginia, the Supreme Court of the State of New York, the American Arbitration Association, FINRA, and JAMS.

12. Mr. McKnight has provided oral or written expert testimony in the bankruptcy cases of *Whittaker, Clark & Daniels*, *Wellpath Holdings*, *The Diocese of Camden, New Jersey* and *Boy Scouts of America and Delaware BSA, LLC* and has provided expert consulting services in the bankruptcy cases of *LTL Management LLC*, *Purdue Pharma L.P.*, *Dow Corning Corp*, *Enron Corp.*, *W.R. Grace & Co.*, *Owens Corning*, *Combustion Engineering, Inc.*, *Armstrong World Industries, Inc.*, and *Federal Mogul Global, Inc*.

13. At the recent Plan Confirmation hearing in the Whittaker Clark & Daniels Chapter 11 proceeding, Mr. McKnight testified for the Debtors on the value of talc and asbestos related personal injury claim liabilities and on the value of certain environmental liabilities. His valuation of talc-related personal injury claims involved applying methods for claims forecasting originally developed to model asbestos related injuries to the population of persons exposed to Whittaker talc products. Mr. McKnight also advised the board on the estimated value of Whittaker's liabilities, and successor liability claims deemed property of the estate, in connection with a proposed $535 million settlement.

    Mr. McKnight holds an M.B.A. with Distinction from New York University's Leonard N. Stern School of Business, an M.S. in Mathematics from New York University's Graduate School of Arts and Science, and a B.A. in Mathematics from Vassar College. A copy of his curriculum vitae, which lists all cases at which he has testified as an expert at trial or by deposition in the past four years and all publications he has authored in the past ten years, is attached as **Appendix C**.

APPENDIX B: CURICULUM VITAE OF PAUL HINTON

EDUCATION

- **Harvard University, John F. Kennedy School of Government**
  Master of Public Policy
- **Oxford University**
  BA in Engineering Science

SELECTED CONSULTING EXPERIENCE

EXPERT EVIDENCE

- **Mass Torts and Product Liability**
  - Deposition Testimony on PFAS personal injury valuation in connection with alleged fraudulent conveyance, State of North Carolina v. E. I. Dupont de Nemours and Company; The Chemours Company et al., State of North Carolina, Cumberland County, in the General Court of Justice, Superior Court Division, 20 CVS 5612, February 28, 2025.
  - Expert Report on PFAS personal injury valuation in connection with alleged fraudulent conveyance, New Jersey Department of Environmental Protection v. E. I. Dupont de Nemours and Company, United States District Court, District of New Jersey, 1:19-cv-14766, January 15, 2025.
  - Expert Reply Report on PFAS personal injury valuation in connection with alleged fraudulent conveyance, State of North Carolina v. E. I. Dupont de Nemours and Company; The Chemours Company et al., State of North Carolina, Cumberland County, in the General Court of Justice, Superior Court Division, 20 CVS 5612, January 14, 2025.
  - Commissioned study on "Tort Costs in America," U.S. Chamber of Commerce, Institute for Legal Reform, November 2024.
  - Declaration of Paul J. Hinton on the effects of the proposed stay lift motions, The Diocese of Buffalo, New York, Chapter 11, in the United States Bankruptcy Court for the Western District of New York, Case No. 20-10322 (CLB), October 29, 2024.
  - Expert Report on PFAS personal injury valuation in connection with alleged fraudulent conveyance, State of North Carolina v. E. I. Dupont de Nemours and Company; The Chemours Company et al., State of North Carolina, Cumberland County, in the General Court of Justice, Superior Court Division, 20 CVS 5612, August 13, 2024.
  - Deposition testimony on expert report regarding moral hazard to insurers in opposition to Plan of Reorganization, In re: Rite Aid Corporation, et al., Debtors, Chapter 11, United

States Bankruptcy Court, District of New Jersey, Case No. 23-18993 (MBK), June 26, 2024.

- Declaration of Paul J. Hinton Addressing the Economic Effect of Early Plan Funding, In re: The Diocese of Camden, New Jersey Debtor, Chapter 11 Case No. 20-21257 (JNP), the United States Bankruptcy Court for the District of New Jersey, March 26, 2024.
- Declaration of Paul J. Hinton Addressing Modifications to the First Modified Eighth Amended Plan of Reorganization, In re: The Diocese of Camden, New Jersey Debtor, Chapter 11 Case No. 20-21257 (JNP), the United States Bankruptcy Court for the District of New Jersey, November 7, 2023.
- Declaration of Paul J. Hinton in Connection with Confirmation Hearing For Eighth Amended Chapter 11 Plan of Reorganization for The Diocese of Camden, NJ, in the United States Bankruptcy Court for The District of New Jersey, Case No. 20-21257 (JNP), September 28, 2022, Amended October 20, 2022.
- In re: The Diocese of Camden, New Jersey Debtor, Chapter 11 Case No. 20-21257 (JNP), the United States Bankruptcy Court for the District of New Jersey, November 7, 2023.
- Testimony of Paul J. Hinton, in Plan Confirmation hearing, In re: The Diocese of Camden, New Jersey Debtor, Chapter 11 Case No. 20-21257 (JNP), the United States Bankruptcy Court for the District of New Jersey, November 30, 2022.
- Testimony of Paul J. Hinton, in the 9019 hearing, In re: The Diocese of Camden, New Jersey Debtor, Chapter 11 Case No. 20-21257 (JNP), the United States Bankruptcy Court for the District of New Jersey, October 20, 2022.
- Rebuttal Report of Paul James Hinton, In re: The Diocese of Camden, New Jersey Debtor, Chapter 11 Case No. 20-21257 (JNP), the United States Bankruptcy Court for the District of New Jersey, August 5, 2022.
- Rebuttal Report of Paul James Hinton, In re: The Diocese of Camden, New Jersey Debtor, Chapter 11 Case No. 20-21257 (JNP), the United States Bankruptcy Court for the District of New Jersey, July 28, 2022.
- Declaration of Paul James Hinton, re. Plan Disclosure, In re: The Diocese of Camden, New Jersey Debtor, Chapter 11 Case No. 20-21257 (JNP), the United States Bankruptcy Court for the District of New Jersey, May 17, 2022.
- Deposition testimony of Paul James Hinton, In re: The Diocese of Camden, New Jersey Debtor, Chapter 11 Case No. 20-21257 (JNP), the United States Bankruptcy Court for the District of New Jersey, March 28, 2022.
- Expert Report of Paul J. Hinton, In re: The Diocese of Camden, New Jersey Debtor, Chapter 11 Case No. 20-21257 (JNP), the United States Bankruptcy Court for the District of New Jersey, March 18, 2022.

- Hearing testimony on damages in connection with the valuation of mass tort cases pledged as collateral in connection with litigation financing provided to a law firm, in commercial arbitration between a law firm and a litigation funding partner firm, February 2021.
- Testimony before Judge Laurie Selber Silverstein, Virtual Hearing, The United States Bankruptcy Court For The District of Delaware, In Re: Boy Scouts of America and Delaware BSA, LLC, Chapter 11, Case No. 20-10343 (LSS), February 17, 2021.
- Arbitration testimony on damages in connection with mass tort litigation financing dispute, American Arbitration Association Commercial Arbitration, February 23, 2021.
- Damages supplemental expert report in connection with mass tort litigation financing dispute, American Arbitration Association Commercial Arbitration, February 12, 2021.
- Damages expert report in connection with mass tort litigation financing dispute, American Arbitration Association Commercial Arbitration, December 18, 2020.
- Expert Briefing Paper for Scheme Adjudicator on potential exposure from future mass tort claims in connection with An Amending Scheme of Arrangement, between OIC Run-Off Limited, The London and Overseas Insurance Company Limited, and their Scheme Creditors, February 2018.
- Expert Report on valuation of a provision for future mass tort direct action claims in connection with An Amending Scheme of Arrangement, between OIC Run-Off Limited, The London and Overseas Insurance Company Limited, and their Scheme Creditors, October 2017.
- Declaration, In re: Dow Corning Corporation (United States District Court for the Eastern District of Michigan Southern Division), to assess claims estimation methods and uncertainty in personal injury claims forecasts for the Breast Implant Product Liability Settlement Trust, January 2012.
- Declaration, In re: Dow Corning Corporation (United States District Court for the Eastern District of Michigan Southern Division), to provide an economic expert opinion as to the enforcement of Time Value Credits in relation to the Breast Implant Product Liability Settlement Trust, November 2011.
- Testimony before the United States House of Representatives, Committee on the Judiciary, Subcommittee on the Constitution, Hearing on: Can We Sue Our Way to Prosperity? Litigation's Effect on America's Global Competitiveness. May 2011.
- Deposition and Expert report filed in the matter of Harmon, et al. v. Atlantic Richfield, et al., No. 08-LL-0005, regarding the estimation and funding of future medical monitoring costs accounting for inflation and typical participation rates, March 2011.
- Declaration, In re: Dow Corning Corporation (United States District Court for the Eastern District of Michigan Southern Division), to provide an economic expert opinion as to the

calculation of Time Value Credits and adjustment of Annual Payment Ceilings in determining Dow Corning's ongoing payment obligations to the Breast Implant Product Liability Settlement Trust, January 2010.

- Report for ING Insurance N.V. on the potential exposure from future mass tort claims in connection with run-off of its UK insurance subsidiary and development of IBNR reserves, In re. An Amending Scheme of Arrangement, between OIC Run-Off Limited, The London and Overseas Insurance Company Limited, and their Scheme Creditors, July 2008.
- Witness statement (with Faten Sabry) In re: Kerr-McGee Chemical Worldwide LLC et al. v. Kemira Pigments OY et al., Arbitration No. 3439, on valuation of asbestos liabilities. December 2005.

- **Securities, Finance, and Economics**
  - Testimony in federal court white collar case on summary bank statement flows and intercompany agreements, U.S. v. Guo et al., Case No. 1:23-cr-00118 (ANT), in the U.S. District Court for the Southern District of New York, June 25-26, 2024.
  - Declaration on tracing of crypto mining business proceeds in support of a motion to revoke a detention order, United States of America, v. Sergei Potapenko and Ivan Turõgin, United States District Court, Western District of Washington, Case No. 2:22-CR-00185-RSL, July 12, 2024.
  - Supplemental Declaration of Paul J. Hinton In Opposition to Plaintiffs' Motion For Class Certification, Joseph Puddu Et Al. V 6D Global Technologies, Inc., NYGG (Asia), Ltd., Benjamin Tianbing Wei A/K/A Benjamin Wey, Et al. SDNY, Case No: 15-Cv-8061-DLC, June 6, 2022.
  - Declaration of Paul J. Hinton In Opposition to Plaintiffs' Motion For Class Certification, Joseph Puddu Et Al. V 6d Global Technologies, Inc., NYGG (Asia), Ltd., Benjamin Tianbing Wei A/K/A Benjamin Wey, Et al. SDNY, Case No: 15-Cv-8061-DLC, May 12, 2022.
  - Testimony in Federal Court in criminal securities fraud case US v. Blakstad on the tracing of investor funds in Midcontinental Petroleum Inc. fund controlled by the defendant and use of proceeds of insider trading in Illumina Inc. stock options. Jury conviction before U.S. District Judge Edgardo Ramos, 1:19-cr-00486, in the U.S. District Court for the Southern District of New York, June 2021.
  - Hearing testimony before Hon. Lorna G. Schofield on damages in connection with valuation of micro-cap restricted stock subject to dilution and delisting risks, in an illiquid market, in the case of John Cottam v. Global Emerging Capital Group, LLC, et al., 16 CV 4584(LGS), SDNY, March 2021.

- Deposition Testimony on tracing property pledged as the source of repayment of three billion dollars of bonds issued by the Puerto Rico public pension administration ("ERS"). In re: The Financial Oversight and Management Board of Puerto Rico, et al., Debtors, PROMESA Title III, Case No. 3:17-bk-03283 (LTS), August 2020.
- Deposition testimony on 10b-5 damages to bondholders in connection with alleged misleading statements and omissions concerning the terms of government support for BTA bank in connection with a restructuring, Atlantica Holdings, Inc. et al v. BTA Bank JSC, SDNY, 1:13-cv-05790, April 2019.
- Trial testimony on damages for breach of contract and counterclaim for unjust enrichment in connection with repo lending dispute involving the valuation of restricted stock and the impact of lack of liquidity on securities prices in Lantau Holdings Ltd., v. General Pacific Group Ltd., and SVK Capital Management, Ltd, Supreme Court of New York State, Index No. 650085/2017, Hon. Barry Ostrager, October 2018.
- Deposition testimony on damages in Lantau Holdings Ltd., v. General Pacific Group Ltd., and SVK Capital Management, Ltd, Supreme Court of New York State, Index No. 650085/2017, June 2018.
- Trial testimony on the results of tracing transactions as evidence of the misappropriation and misuse of investor funds. U.S. v. David Bergstein, case number 1:16-cr-00746, before Judge Geoffrey S. Berman, in the U.S. District Court for the Southern District of New York, February 2018.
- Trial testimony on behalf of United States, on mechanics of a financial fraud, matched trading and tracing of proceeds, United States of America v. Jason Galanis, John Galanis, Jared Galanis, Gary Hirst, Derek Galanis, Ymer Shahini, and Gavin Hamels, before Judge P. Kevin Castel, United States District Court, SDNY, 15 Crim, 643, September 2016.
- Deposition testimony on behalf of Williams Capital, In re Lehman Brothers Securities and ERISA Litigation, The California Public Employees' Retirement System vs. Richard S. Fuld, Jr., Christopher M. O'Meara, Erin M. Callan, Michael L. Ainslie, John F. Akers, Roger S. Berlind, Et Al., U.S. District Court SDNY, No. 09-md-02017-LAK. May 2014.
- Hearing testimony in a FINRA arbitration concerning the risk and performance of a margin account versus a synthetic basket option structure for making leveraged investments in a custom hedge fund portfolio; quantification of alleged damages from alternative investment structure and leverage. October 2013 – April 2014.
- Testimony before a tribunal of the International Centre for Dispute Resolution of the American Arbitration Association on the profitability of a luxury cosmetics business and the value of a distribution contract in the context of restitution and lost profits claims. October 2010.

- Deposition Testimony, on behalf of Celgene Corporation in Cambrex Corporation Plaintiff v. Celgene Corporation Defendant on the lost profits from API manufacturing and patent rights (Superior Court of New Jersey Law Division: Bergen County). November 2009.
- Deposition Testimony, on behalf of IDEX in MARTIN RAPAPORT, et al. Plaintiffs v. IDEX Online Ltd., et al. Defendants, Index No. (United States District Court Southern District Of New York). August 2008.
- Deposition Testimony, on behalf of a defendant in IDT Telecom, Inc., and Union Telecard Alliance, LLC v. CVT Prepaid Solutions, Inc. et al. on Lanham Act false advertising claims (United States District Court for the District of New Jersey). May 2007.
- Deposition Testimony in William H. Wilkerson v. Centura Banks, Inc. et al., on executive compensation. January 2003.

LITIGATION CONSULTING AND BANKRUPTCY PROCEEDING LIABILITY ESTIMATION

- Expert consulting on forecasting and valuation of Talc related personal injury claims, In re: Whittaker, Clark & Daniels, Inc., et al., Chapter 11, United States Bankruptcy Court, District of New Jersey, Case No. 23-13575 (MBK) October 2023-present.
- Insurance allocation of future asbestos claims in connection with determining the liability of an insurance carrier defendant in bankruptcy, 2007–2009.
- Economic consulting in connection with *In re: W.R. Grace & Co. et. Al.* (United States Bankruptcy Court for the District of Delaware), concerning the estimation of future allowable asbestos claim liabilities, 2007–2008.
- Economic consulting in connection with *In re: Owens Corning, et al.* (United States Bankruptcy Court for the District of Delaware), concerning the estimation of future allowable asbestos claim liabilities, 2004.
- Economic consulting in connection with trial in *Kelly Moore v. Union Carbide* regarding alleged commercial damages arising from asbestos liability, 2004.
- Economic consulting in connection with *In re: LTV Steel Corporation, Inc., et al.*, *Oil States International, Inc., et al. v. The LTV Corporation* (U.S. Bankruptcy Court for the Northern District of Ohio – Youngstown Division), on trends in asbestos litigation, 2003.
- Economic consulting in connection with *In re: Combustion Engineering, et al.* (United States Bankruptcy Court for the District of Delaware), concerning the indeterminacy in the estimation of future asbestos claim liabilities, 2003.

- Economic consulting in connection with *In re: Armstrong World Industries Corning, et al.* (United States Bankruptcy Court for the District of Delaware), concerning the estimation of future allowable asbestos claim liabilities, 2002.
- Asbestos tort claims liability valuation, Babcock & Wilcox Co. v. Babcock & Wilcox Co. United States Bankruptcy Court for the Eastern District of Louisiana, 2001.
- Economic consulting in connection with *Ezell Thomas and Owens Corning v. R.J. Reynolds Tobacco Company, et al.* (Circuit Court of Jefferson County, Mississippi) concerning damages arising from asbestos related diseases, 2000.
- Economic consulting in connection with *In re: Dow Corning Corporation* (United States Bankruptcy Court for the Eastern District of Michigan Northern Division), concerning the administrative and indemnity cost of liquidating personal injury claims allegedly caused by breast implants in the Dow Corning Plan of Reorganization, 1999.

ADVISORY CONSULTING

- Asbestos claims liability due diligence analysis; development and calibration of a model of the projected flow of future claims through the tort system including estimation of defense costs, on behalf of investor group, February 2019.
- Benchmarking Study on the number and average size of product liability losses in excess of $100 million for large US and European pharmaceutical companies in relation to their level of US sales, September 2010.
- Economic consulting in connection with an anticipated insurance coverage dispute to value disputed healthcare claims, November 2015.
- Insurance allocation analysis of asbestos related injury liability claims and valuation of liability exposure in connection with coverage-in-place negotiations, July 2013.
- Economic consulting in connection with due diligence review of an indemnification agreement for drug-related injury liability claims exposure, January 2013.
- Advisory work for Ace Group to develop a national forecast of mesothelioma incidence that accounts for SEER to assess background rates and develop a critique of the Stallard and Manton methodology, 2006.
- Due diligence advisory work to value liability exposures from asbestos personal injury claims in Australia, South Africa, U.S. and Europe. May 2005.
- Due diligence advisory work to value potential liability exposure from Manganese personal injury claims, December 2007.

- Advisory engagement on behalf of pharmaceutical companies, analyzing product liability costs, 2003–2005.
- Advisory engagement on behalf of Velsicol Chemical Corporation concerning the valuation product liability insurance rights, 2003.
- Advisory engagement *In re: Federal-Mogul Global, Inc., et al.*, regarding asbestos liabilities, 2001.

PUBLIC POLICY RESEARCH

- "Tort Costs in America an Empirical Analysis of Costs and Compensation of the U.S. Tort System," US Chamber, Institute for Legal Reform, November 2024.
- "Tort Costs in America an Empirical Analysis of Costs and Compensation of the U.S. Tort System," US Chamber, Institute for Legal Reform, November 2022.
- Research study on small business tort costs commissioned by US Chamber Institute for Legal Reform, September 2020.
- Research study on "Costs and Compensation of the U.S. Tort System," commissioned by US Chamber Institute for Legal Reform, October 2018.
- "International Comparisons of Litigation Costs, Canada, Europe, Japan, and the United States," US Chamber, Institute for Legal Reform, June 2013 Update.
- Paul Hinton, David McKnight, and Ronald I. Miller, "Determinants of State Tort Costs: The Predictive Power of the Harris State Liability Systems Ranking Study," September 2012, SSRN-id2154124.
- "Creating Conditions for Economic Growth: The role of the legal environment," A study for the U.S. Chamber Institute for Legal Reform, (with David L. McKnight), October 2011.
- "Study of the Tort Liability Costs of Small Businesses," commissioned by the US Chamber Institute for Legal Reform (May 2010)
- "Tort Liability Costs for Small Business," with Judyth W. Pendell, in conjunction with the US Chamber of Commerce Institute for Legal Reform (2007)
- "Construction Defect Disputes: Getting to Yes without Going to Court," in conjunction with the National Association of Home Builders (June 2005)
- "Liability Costs for Small Business" with Judyth W. Pendell, in conjunction with the US Chamber of Commerce Institute for Legal Reform (June 2004)

ARTICLES, PUBLICATIONS & PRESENTATIONS

- "Third-Party Releases, Is there a fair price to pay?" ABI, AIRA, VALCON Conference panel with Matthew Dundon, Hon. Melanie L. Cyganowski (ret.), Chad Husnick, March 18-20, 2024, New Orleans.
- "Mass Torts Gap in Contingent-Liability Valuation Guidance," ABI Journal, Value & Cents, with Dr. Adrienna Huffman, March 2024.
- "The Verdict Valuation Paradox: Implications for Mass Torts," with David McKnight and Pietro Grandi, ABI Journal, Value & Cents, April 2023.
- "Use of Sample Surveys in Product Liability Litigation," with Kent van Liere and Frances Barlas, *The International Comparative Guide to: Product Liability* (2007)
- "Where are Mesothelioma Claims Heading?" with Frederick C. Dunbar, Ronald Miller, and Faten Sabry, paper for Mealey's Asbestos Conference (December 2006)
- "Forecasting Asbestos Liability After Recent Bankruptcy Decisions: How Forecasts Must Adjust for Changes in the Tort System" with Frederick C. Dunbar and Faten Sabry, paper for Mealey's Asbestos Bankruptcy Conference (June 2006)
- "Forecasting Product Liability by Understanding the Driving Forces," with Lucy Allen, Denise Martin, Simona Heumann, and Faten Sabry, *The International Comparative Legal Guide to Product Liability 2006: A Practical Insight to Cross-Border Product Liability Work* (June 2006)
- United States Senate Committee on the Judiciary, Hearing on Recent Developments in Assessing Future Asbestos Claims Under the Fair Act, work on behalf of National Association of Manufacturers (November 2005)
- "Costs of Asbestos Litigation and Benefits of Reform," with Denise Martin, Faten Sabry, Ron Miller, and Stephanie Plancich, prepared for National Association of Manufacturers Asbestos Alliance (April 25, 2005)
- "Non-Malignant Dose Response Models: A Basis for Forecasting Asbestos Related Non-Malignant Disease," with Lexis-Nexis, *Wall Street Forum: Asbestos* (February 2005)

APPENDIX C: CURICULUM VITAE OF DAVID MCKNIGHT

EDUCATION

- **New York University, Leonard N. Stern School of Business**
  MBA (with distinction)
- **New York University, Graduate School of Arts and Science**
  MS in Mathematics
- **Vassar College**
  BA in Mathematics (departmental honors)

EXPERT TESTIMONY

- ***In re Wellpath Holdings, Inc. et al., United States Bankruptcy Court for the Southern District of Texas Houston Division, Case No. 24-90533 (ARP)***
  Deposition on behalf of Certain Claimants regarding the regarding estimation of medical professional liabilities (April 29, 2025)
- ***In re Capital One 360 Savings Account Interest Rate Litigation, United States District Court Eastern District of Virginia, Case No. 1:24-md-03111-DJN-WBP***
  Deposition on behalf of Plaintiffs regarding estimation of damages (March 21, 2025)
- ***In re Whittaker, Clark & Daniels, Inc., et al., United States Bankruptcy Court for the District of New Jersey, Case No. 23-13575 (MBK)***
  Trial testimony on behalf of Debtors regarding talc claims estimation and environmental liabilities (March 5, 2025)

  Deposition on behalf of Debtors regarding talc claims estimation and environmental liabilities (November 25-26, 2024)
- ***In re The Diocese of Camden, New Jersey, United States Bankruptcy Court for the District of New Jersey, Case No. 20-21257 (JNP)***
  Trial testimony on behalf of Century Indemnity Company regarding the plan of reorganization (December 1, 2022)
- ***Strategic Consulting Alliance, LLC, D/B/A JCG Consulting Group v. S.D.C. Designs, LLC***
  Testimony before panel in American Arbitration Association proceedings regarding damages for breach of contract (December 7, 2016)
- ***Ontonimo (OMO) Limited vs. BNP Paribas Securities Corp***
  Testimony before a majority-public panel in FINRA arbitration regarding the risk and suitability of a Hedge Fund of Funds Option investment product (April 2, 2015)

EXPERT REPORTS

- ***In re Wellpath Holdings, Inc. et al., United States Bankruptcy Court for the Southern District of Texas Houston Division, Case No. 24-90533 (ARP)***

  Expert Report of David McKnight on behalf of Certain Claimants regarding estimation of medical professional liabilities (April 22, 2025)

- ***In re Capital One 360 Savings Account Interest Rate Litigation, United States District Court Eastern District of Virginia, Case No. 1:24-md-03111-DJN-WBP***

  Expert Report of David McKnight on behalf of Plaintiffs regarding estimation of damages (January 21, 2025)

  Expert Reply Report of David McKnight on behalf of Plaintiffs regarding estimation of damages (March 14, 2025)

- ***In re Whittaker, Clark & Daniels, Inc., et al., United States Bankruptcy Court for the District of New Jersey, Case No. 23-13575 (MBK)***

  Written Direct Testimony of David L. McKnight on behalf of Debtors regarding talc claims estimation and environmental liabilities (February 13, 2025)

  Rebuttal Report of David McKnight on behalf of Debtors regarding talc claims estimation and environmental liabilities (November 12, 2024)

  Expert Report of David McKnight on behalf of Debtors regarding talc claims estimation and environmental liabilities (October 25, 2024)

  Declaration of David L. McKnight in Support of the Debtors' Motion for Entry of an Order (I) Approving the Settlement Agreement Between the Debtors and the Contributing Parties, (II) Authorizing the Debtors to Perform All of Their Obligations Thereunder, and (III) Granting Related Relief (September 3, 2024)

- ***In re Blue Cross Blue Shield Antitrust Litigation, United States District Court for the Northern District of Alabama, MDL No. 2406***

  Declaration of David L. McKnight on behalf of Settlement Class Counsel and Self-Funded Sub-Class Settlement Counsel regarding damages to Class Members (November 1, 2022)

- ***In re The Diocese of Camden, New Jersey, United States Bankruptcy Court for the District of New Jersey, Case No. 20-21257 (JNP)***

  Declaration of David L. McKnight on behalf of Century Indemnity Company regarding the plan of reorganization (September 28, 2022)

  Expert Report of David L. McKnight on behalf of Century Indemnity Company regarding the plan of reorganization (July 29, 2022)

  Declaration of David L. McKnight on behalf of Century Indemnity Company regarding the plan of reorganization (May 4, 2022)

- ***Avon Cosmetics Limited and Avon International Operations, Inc. v. FMG & Mission Co., LTD., Supreme Court of the State of New York County of New York, Index No. 654499/2020***

Affidavit of David L. McKnight on behalf of Avon Cosmetics Limited and Avon International Operations, Inc. to compute the present value of a stream of future royalties (July 15, 2021)

- ***In re Boy Scouts of America and Delaware BSA, LLC, United States Bankruptcy Court for the District of Delaware, Case No. 20-10343***

  Declaration of David L. McKnight on behalf of Century Indemnity Company regarding claim sampling (May 12, 2021)

- ***Babo International Trade, LLC v. CVS Pharmacy, Inc., JAMS, Case No. 1340018943***

  Supplemental expert report of David McKnight on behalf of claimant to estimate breach of contract damages (December 9, 2020)

  Expert report of David McKnight on behalf of claimant to estimate breach of contract damages (November 30, 2020)

- **Expert report for the Kentucky Division of Water**

  Expert report of Mark Berkman and David McKnight for the Kentucky Division of Water, on behalf of a company requesting a hexachlorobenzene discharge variance (July 8, 2020)

- **Strategic Consulting Alliance, LLC, D/B/A JCG Consulting Group, v. S.D.C. Designs, LLC, American Arbitration Association, Claim No. 01-16-0000-3265**

  Expert report of Paul J. Hinton and David McKnight on behalf of S.D.C. Designs, LLC to compute damages for breach of contract (September 30, 2016)

ARTICLES & PUBLICATIONS

- "Tort Costs in America: An Empirical Analysis of Costs and Compensation of the U.S. Tort System – Third Edition," with Paul J. Hinton, *US Chamber of Commerce Institute for Legal Reform* (November 2024)
- "Tort Costs for Small Business," with Paul Hinton, U.S. Chamber Institute for Legal Reform (December 2023)
- "Ensuring Event Study Accuracy for Securities Class Actions," with Ferdose al-Taie and Ryan Leary, *Law360* (June 26, 2023)
- "The Verdict Valuation Paradox: Implications for Mass Torts," with Paul Hinton and Pietro Grandi, *ABI Journal* (April 2023)
- "Tort Costs in America: An Empirical Analysis of Costs and Compensation of the U.S. Tort System," with Paul J. Hinton, *US Chamber of Commerce Institute for Legal Reform* (November 2022)
- "Tort Liability Costs for Small Businesses," with Paul J. Hinton, *US Chamber Institute for Legal Reform* (October 2020)

- "Costs and Compensation of the U.S. Tort System," with Paul J. Hinton and Lawrence Powel, *US Chamber Institute for Legal Reform* (October 2018)
- "Delaware Appraisal Case Reaffirms Valuation Premium for S Corporations," with Yvette Austin Smith and Torben Voetmann, *Deal Points,* Volume XX, Issue 3 (Fall 2015)
- "How Costly is the U.S. Tort System? An International Comparison of Liability Costs," with Paul J. Hinton, *US Chamber Institute for Legal Reform* (2013)
- "Measuring Improvements in the Tort System. Inside ALEC," with Paul J. Hinton, *American Legislative Exchange Council* (2012)
- "Measuring Improvements in the Tort System. Inside ALEC," with Paul J. Hinton, *NERA Economic Consulting* (October 26, 2011)

PRESENTATIONS & SPEAKING ENGAGMENTS

- "High Stakes: The Rising Costs of the U.S. Tort System," with Shira Rawlinson and Oriana Senatore, U.S. Chamber of Commerce Institute for Legal Reform Summit 2024, (November 2024)
- "The Impact of Event Studies in Assessing Damages in Securities Litigation," with Ryan Leary, The Brattle Exchange (podcast), (October 2023)
- "Future in Focus – Focusing on Small Business Tort Costs," with Chuck Jones and Oriana Senatore, US Chamber Institute for Legal Reform Summit 2020 (October 20, 2020)
- "Calculating Damages in ERISA Litigation: Practical Guide," with Denise M. Clark and Patrick D. Krivoshia, The Knowledge Group (March 21, 2019)
- "Corporate Restructuring and Bankruptcy: Trends, Developments, and Opportunities for the Year Ahead for 2017 LIVE Webcast," with David Berliner, Mark D. Podgainy, and Ryan Wagner, The Knowledge Congress (December 7, 2017)
- "Fair Value: Friend or Foe for 2016 LIVE Webcast," with Dirk Van Dyke and Florin Dorobantu, The Knowledge Congress (June 28, 2016)
- "Fair Value Measurements and Reporting for 2012 LIVE Webcast," with John Lehman, Linda MacDonald, Rothstein Kass, and Raymond Wong, The Knowledge Congress (July 18, 2012)

AWARDS

- American Antitrust Institute, Outstanding Antitrust Litigation Achievement in Economics honoree (2021)

APPENDIX D: MATERIALS RELIED UPON

D.1 CASE DOCUMENTS

- Informational Brief of Aldrich Pump LLC and Murray Boiler LLC, *In re Aldrich Pump LLC*, *et al.*, Chapter 11 Case No. 20-30608, June 18, 2020.

D.2 COURT CASES AND LEGAL FILINGS

- Appeal from the Tenth Judicial District Court Parish of Natchitoches, *Jimmy Williams, Sr., et al., vs. Placid Oil Company, et al.*, (Ct. App. 3d Cir. Louisiana), No. 16-839, 2017.
- *Babcock & Wilcox Co. v. Babcock & Wilcox Co.*, 274 B.R. 230 (Bankr. E.D. La. 2002).
- Expert Report of Charles E. Bates, *In re Garlock Sealing Technologies, et al.*, February 15, 2013.
- Expert Report of Dr. Francine F. Rabinovitz Hamilton, *In re Garlock Sealings Technologies, et al.*, Case No. 10-31607, February 14, 2013
- Expert Report of Dr. Mark A. Peterson, *In re Garlock Sealings Technologies, et al*., Case No. 10-31607, February 2013.
- *In re Eagle-Picher Indus.,* 189 B.R. 681 (Bankr. S.D. Ohio 1995).
- Judgement, *Jimmy Williams, Sr., et al.*, *vs*. *Placid Oil Company, et al*, (10th Jud. Dist. Louisiana), No. 76,787-B, April 29, 2016.
- Order Estimating Aggregate Liability, *In re Garlock Sealing Techs., LLC*, Case No. 10-31607, December 19, 2013.
- *Owens Corning v. Credit Suisse First Boston*, 322 B.R. 719 (D. Del. 2005).
- Twenty-First Annual Report and Accounting, Audited Financial Statements, and Claim Report, *In re Western Asbestos Company*, Chapter 11 Case No. 13-31914-HLB, April 29, 2025.

- Annual Report, Financial Statements and Results of Operations of the Asarco Asbestos Personal Injury Settlement Trust for the Fiscal Year Ended December 31, 2024, *In re Asarco LLC, et al.,* Chapter 11 Case No. 05-21207, April 29, 2025.
- Notice of Filing Annual Report and Claims Summary, *In re the Babcock & Wilcox Company, et al.*, Chapter 11 Case No. 00-10992, April 28, 2025.
- DII Industries, LLC Asbestos PI Trust's 2024 Annual Report, *In re Mid-Valley, Inc., et al.,* Chapter 11 Case No. 03-35592-JFK, April 28, 2025.
- Annual Report and Account of the Trustees of the Eagle-Picher Industries, Inc. Personal Injury Settlement Trust for the Year Ending December 31, 2024, *In re Eagle-Picher Industries, Inc., et al.,* Chapter 11 Consolidated Case No. 1-91-10100, April 30, 2025.
- Notice of Filing of Audited Annual Report and Claims Summary, *In re J T Thorpe Company,* Chapter 11 Case No. 02-41487-H5-11, April 29, 2025.
- Financial Statements and Report of Manville Personal Injury Settlement Trust for the Period Ending December 31, 2024, Pursuant to Sections 3.02 (d) (i) and (iii) of the Trust Agreement, *In re Johns-Manville Corporation, et al.,* Chapter 11 Case Nos. 82 B 11656 (CGM) Through 82 B 11676 (CGM), February 27, 2025.
- GST Settlement Facility's Notice of Filing of Annual Report for the Year Ended December 31, 2024, *In re Garlock Sealing Technologies LLC, et al.,* Chapter 11 Case No. 10-31607-JCW, April 29, 2025.
- GST Settlement Facility's Notice of Filing of Annual Report for the Year Ended December 31, 2018, *In re Garlock Sealing Technologies LLC, et al.*, Chapter 11 Case No. 10-31607-JCW, April 29, 2019.
- GST Settlement Facility Audited Special-Purpose Financial Statements with Supplementary Information for the Year Ended December 31, 2018 and for the Period From July 31, 2017 (Inception) Through December 31, 2017, *In re Garlock Sealing Technologies LLC, et al.,* Chapter 11 Case No. 10-31607, April 29, 2019.

D.3 ACADEMIC ARTICLES AND BOOKS

- Alexander M. Walker, Jeanne E. Loughlin, Emmy R. Friedlander, Kenneth J. Rothman, and Nancy A. Dreyer, "Projections of Asbestos-Related Disease 1980-2009," *Journal of Occupational Medicine* 25(5) (May 1983): 409–425.
- Bertram Price, "Projection of future numbers of mesothelioma cases in the US and the increasing prevalence of background cases: an update based on SEER data for 1975 through 2018," *Critical Reviews in Toxicology* 52(4) (2022): 317–324
- Eric Stallard, Kenneth G. Manton, Joel E. Cohen, *Statistics for Biology and Health, Forecasting Product Liability Claims, Epidemiology and Modeling in the Manville Asbestos Case*, (New York, NY: Springer-Verlag, 2005).
- Frederick C. Dunbar, Denise Neumann Martin, Phoebus J. Dhrymes, *Estimating Future Claims: Case Studies from Mass Tort and Product Liability Litigation*, (Wayne, PA: Andrews Professional Books, 1996).
- Julian Peto, John T. Hodgson, Fiona E. Matthews and Jacqueline R Jones, "Continuing increase in mesothelioma mortality in Britain," *The Lancet* 345 (March 1995): 535–539.
- Julian Peto, Brian E. Henderson, Malcolm C. Pike, "Trends in Mesothelioma Incidence in the United States and the Forecast Epidemic Due to Asbestos Exposure During World War II," in *Banbury Report 9*, *Quantification of Occupational Cancer* (Cold Spring Harbor Laboratory, 1981).
- Lucy P. Allen, Denise N. Martin, Simona Heumann, Paul Hinton and Faten Sabry, "Forecasting Product Liability by Understanding the Driving Forces" in *Global Legal Group*, *The International Comparative Legal Guide to Product Liability 2006: A Practical Insight to Cross-Border Product Liability Work* (June 2006).
- Marno Verbeek, *A Guide to Modern Econometrics,* Fourth Edition (John Wiley & Sons Ltd., 2012).
- Paul Hinton and Adrienna Huffman, "Mass Torts Gap in Contingent Liability Valuation Guidance," *ABI Journal* (March 2024).

- 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.

D.4 WEBSITES AND PUBLICLY AVAILABLE INFORMATION

- Asbestos Product Guide (ASSEA), "K-Lite insulation material," last accessed September 15, 2025, https://products.asbestossafety.gov.au/insulation/k-lite-insulation-material/.
- Aswath Damodaran, "Historical Returns on Stocks, Bonds and Bills: 1928-2024," January 2025, last accessed September 15, 2025, pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/histretSP.html.
- Congressional Budget Office (CBO), "The Budget and Economic Outlook: 2020 to 2030," January 2020, last accessed September 12, 2025, https://www.cbo.gov/system/files/2020-01/56020-CBO-Outlook.pdf.
- Federal Reserve Bank of New York, "Treasury Term Premia," last accessed September 12, 2025, https://www.newyorkfed.org/research/data_indicators/term-premia-tabs#/overview.
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- Garlock Settlement Facility, "GST Settlement Facility Notice of Increase to Maximum Settlement Values," January 1, 2025, last accessed September 14, 2025, https://garlocksettlementfacility.com/assets/uploadedFiles/59cdd4b5-aa63-4b05-96ce-6b4e4e267c75.pdf.

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- IPUMS USA, "Occupation, 1950 basis, Codes and Frequencies," last accessed September 14, 2025, https://usa.ipums.org/usa-action/variables/occ1950#codes_section.
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- MultiVu, "Garlock Bankruptcy Overview of the Disclosure Statement and the Plan of Reorganization," last accessed September 15, 2025, https://www.multivu.com/players/English/7476251-garlock-bankruptcy-asbestos/links/7476251-150519-2737-Overview-Final-approvedbyclient.pdf.
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- Settlement Facility Second Amended and Restated Claims Resolution Procedures, Garlock Sealing Technologies LLC, April 1, 2021, last accessed September 14, 2025, https://garlocksettlementfacility.com/assets/uploadedFiles/8eedc7d3-3283-4663-b851-3a929d102e94.pdf.
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- U.S. Federal Open Market Committee and Federal Reserve Bank of St. Louis, "Longer Run FOMC Summary of Economic Projections for the Personal Consumption Expenditures Inflation Rate, Central Tendency, Midpoint [PCECTPICTMLR]," last accessed September 12, 2025, https://fred.stlouisfed.org/series/PCECTPICTMLR.

D.5 PRODUCED DATASETS

- Debtors' Claims Database Files, as maintained by PACE Claims Services, Inc., as received December 4, 2020.
- Bates White Debtors' Claims Database dated July 24, 2025.
- PIQ TCF Data dated February 13, 2025.
- Various Asbestos Trusts and Paddock Claims Database dated May 16, 2025.

D.6 PRODUCED DOCUMENTS

- Ingersoll Rand Settlement Matrix Increase Agreement, Pascarella Divita, PLLC to REDACTED - Law Firm 1 REDACTED - Law Firm 1, August 21, 2017, Aldrich-Murray-EST_00146533.
- Settlement Agreement, Ingersoll Rand Company and REDACTED - Law Firm 1, January 12, 2004, Aldrich-Murray-EST_00146548.
- Settlement Agreement, Ingersoll Rand Company and REDACTED - Law Firm 3, P.C., March 18, 2013, Aldrich-Murray-EST_00146534.
- Settlement Agreement, Ingersoll-Rand Company and the REDACTED - Law Firm 2 June 8, 2004, Aldrich-Murray-EST_00146575.
- Settlement Agreement, Trane US Inc. and REDACTED - Law Firm 3, P.C., March 18, 2013.

EXHIBIT B

PROFESSIONAL EYES ONLY.

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)**

EXPERT REPORT OF

THE BRATTLE GROUP

ON BEHALF OF

FUTURE CLAIMANTS' REPRESENTATIVE

MARCH 27, 2026

McKnight
EXHIBIT 4
5/12/26 JVC

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Appendix C : Additional Materials Relied Upon 1

I. INTRODUCTION

A. ASSIGNMENT

1. The Court-appointed legal representative for future asbestos personal injury claims (the "FCR"), Joseph W. Grier, III, in the Chapter 11 cases of Aldrich Pump LLC ("Aldrich") and Murray Boiler LLC ("Murray") (collectively, the "Debtors"),[1] was authorized by the Bankruptcy Court to retain and employ The Brattle Group, Inc. ("Brattle") as his testifying claims expert on June 17, 2025.

2. The FCR, through counsel, has asked Brattle to review and comment on the Initial Expert Reports of Charles H. Mullin, Ph.D. (the "Bates White Initial Report" or "BW Initial Report") and Andrew J. Sackett, J.D., Ph.D. (the "LAS Conformed Initial Report").[2] Brattle has been asked to assess the Bates White and LAS tort system estimates of the Debtors' liability for pending and future asbestos personal injury claims ("Tort Claims") as of June 18, 2020 (the "Petition Date").

3. Brattle's expert opinions were developed at the direction of David McKnight and Paul Hinton, whose qualifications are summarized in the appendices to our September 15, 2025 Expert Report of the Brattle Group on Behalf of the Future Claimants' Representative (the "Brattle Initial Report").

4. The materials Brattle relied upon for the analyses herein are listed in Appendix C, in addition to those identified in the Brattle Initial Report. The Brattle Group is being compensated at a rate of $1,250 per hour for Paul Hinton's time and $1,050 per hour for David McKnight's time. The Brattle Group's fees are not contingent upon the opinions presented in this report or upon the outcome of this matter.

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[1] The Debtors are the following entities (the last four digits of their respective taxpayer identification numbers follow in parentheses): Aldrich Pump LLC (2290) and Murray Boiler LLC (0679). The Debtors' address is 800-E. Beaty Street, Davidson, North Carolina 28036. *See* Informational Brief of Aldrich Pump LLC and Murray Boiler LLC, *In re Aldrich Pump LLC, et al.*, Chapter 11 Case No. 20-30608, June 18, 2020.

[2] LAS filed an Initial Report on September 15, 2025 and issued a corrected report (Conformed Initial Report) on March 20, 2026.

II. SUMMARY OF OPINIONS

5. The experts for the Official Committee of Asbestos Personal Injury Claimants (Legal Analysis Systems or "LAS"), for the Debtors (Bates White, LLC or "Bates White" or "BW"), and for the FCR (Brattle) each developed estimates of claim liability for Aldrich and Murray using a well-established framework. This framework identifies pending claims; forecasts future claims; determines expected payment rates; calculates average settlement values; determines incremental liabilities for non-mesothelioma diseases; and adjusts future cash flows for inflation and discounting to present value.

6. The differences in the experts' respective estimates arise from deviations from this established framework and from differences in implementation. The largest differences are between the estimates of Brattle and Bates White on one side and LAS on the other. LAS's estimates range between $3.1 billion and $3.4 billion,[3] Brattle's estimates range between $470 million and $531 million,[4] and Bates White's estimates range between $425 million and $750 million.[5] For purposes of comparison in this report we use the Brattle Nicholson forecast, the LAS Nicholson forecast, and the Bates White Nicholson forecast with a 5-year calibration period including 20% non-occupationally exposed incidence and without a trend to asbestos settlement values. The ranges of the estimates compared in this report are depicted in Figure 1.

7. Outside of secondary exposures, discussed below, there is substantial agreement among all experts with respect to their projections of future mesothelioma claims—despite being derived from different models. The treatment of disease mix, i.e., the contribution of non-mesothelioma claims to total liability, is similar, based on the Debtors' historical claims experience. As a result, differences in projected claim counts and disease mix do not result in material differences in the experts' liability estimates.

8. The largest differences arise from deviations from the standard framework made by LAS, as well as divergent financial discounting and inflation adjustments. The deviations include: the

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[3] LAS Conformed Initial Report, ¶ 35. This is the full range of reported LAS estimates. For comparison purposes in this report we reference the LAS Nicholson-Data Estimate, described in more detail below.

[4] Brattle Initial Report, ¶ 12; footnote 93. For comparison purposes this range is only the Brattle Nicholson forecast estimates.

[5] Bates White Initial Report, ¶ 116.

inclusion of defense costs in their estimates; the use of an anomalously low discount rate and a selectively high assumed rate of inflation, which results in a negative real discount rate; the assumption that a higher proportion of pending and future claims would be paid compared to historical claims; and the assumption that a greater number of future claims would be resolved through plaintiff verdicts than in the past. Differences between the upper bound of the Bates White estimates and the Brattle estimates arise primarily from Bates White including non-occupational exposures in their estimates whereas Brattle did not. These differences create a "basis mismatch" across the estimates.

9. **Defense Costs.** Defense costs are incurred by defendants in the tort system but are not part of claimant awards, which we understand are the basis for the valuation of tort claim liabilities in bankruptcy cases. Adding defense costs increases the LAS liability estimate by $853 million.

10. **Discount and Inflation Rates.** LAS calculates the value of claims across more than 50 years using the abnormally low interest rates instituted by the Federal Reserve at the start of the COVID-19 pandemic.[6] On top of that, LAS assumes an inflation rate which exceeds expected inflation in the U.S. economy. Because LAS's assumed inflation rate exceeds its discount rate, its estimates are based on a negative time value of money. In other words, LAS assumes that the present value of a claim paid 50 years in the future is worth more than a claim paid today. This negative time value of money violates basic economic principles. It is an established empirical feature of the economy that time value effects outweigh inflation, such that the combined effect of inflation and discounting results in a net present value of future cash flows that is lower than their nominal value. By assuming inflation and discount rates that diverge from this longstanding economic relationship, LAS implicitly assumes a macroeconomic environment in which inflation persistently exceeds the risk-free rate, a condition that is not supported by historical or expected economic conditions. This increases the LAS liability estimate by $1.1 billion on top of the adjustment for defense costs.

11. **Payment Rates for Pending and Future Claims.** LAS assumes that, on average, the proportion of all pending claims that will be paid in the tort system is the same as the proportion of recently

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[6] *See* LAS Conformed Initial Report Reliance Material, "Liability_Estimation-Cash_Flow_Model_Aldrich.xlsx" and "Liability_Estimation-Cash_Flow_Model_Murray.xlsx".

paid claims. But this ignores the essential fact that many pending claims are much older and have a lower probability of payment. When this difference is properly reflected in the average payment rate, the liability for pending claims is materially lower. In addition, LAS's estimated payment rates for both future and pending claims are overstated because they do not account for a decline in the payment rate for recently filed claims nor do they account for a growing number of claims that allege secondary exposure which have lower payment rates. These factors increase the LAS liability estimate by $367 million, on top of the adjustments for defense costs, discounting and inflation.

12. **Hypothetical Verdicts.** The Debtors only paid one asbestos verdict in the tort system. All other paid claimants were resolved by settlement. LAS, however, assumes they will pay six verdicts (three for each Debtor) in the future. By adding hypothetical verdicts above and beyond what is estimated in its claims forecast, LAS departs from the standard valuation framework. Historical average payment values, even though dominated by settlements, already reflect the probability-weighted expected value of losing at trial and paying a verdict award.[7] This increases the LAS liability estimate by $61 million, on top of the adjustment for defense costs, discounting and inflation, and payment rates.

13. **Non-Occupational Exposures.** The liability estimates presented in the Brattle Initial Report are based on a population that was occupationally exposed to asbestos. This is because the Debtors' asbestos liabilities stem from third-party encapsulated asbestos products, for example gaskets sleeved in polymer. This is to be compared to friable asbestos products such as pipe insulation, which degrade and release asbestos fibers into the air. I understand that outside of very rare cases of take-home exposure (asbestos fibers on workers' clothes), only people working on encapsulated products (grinding, cutting, etc.) and those working in close proximity have credible asbestos claims.[8] In contrast, the Bates White forecast curve includes a substantial

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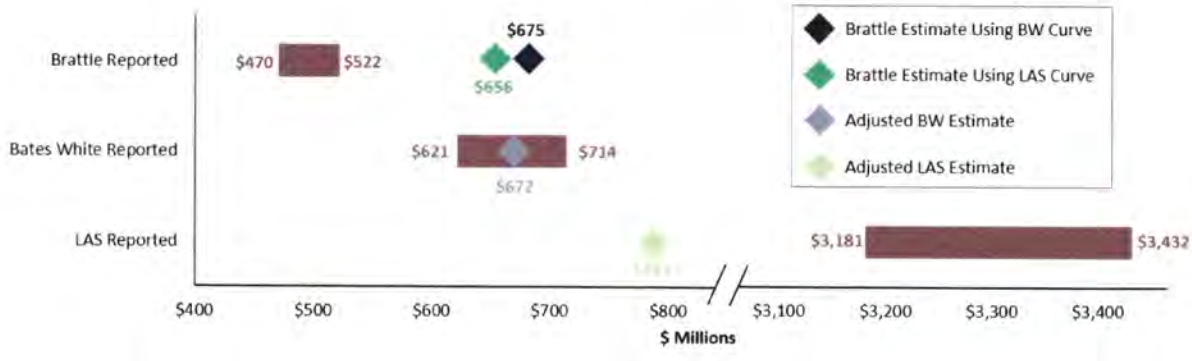
[7] George L. Priest and Benjamin Klein, "The Selection of Disputes for Litigation," *The Journal of Legal Studies* 13(1) (1984): 1–55.

[8] *See In re Garlock Sealing Techs., LLC*, 504 B.R. 71 (Bankr. W.D.N.C. 2014) ¶¶ 21, 26, 27–29. The Court found that asbestos in gaskets was "encapsulated in a polymer substance" and did not release fibers in normal use, but only when "cut, hammered, scraped, brushed or abraded"; that exposure from such products was "minimal" and limited, while removal of surrounding thermal insulation created a "snowstorm" of asbestos dust and exposures exceeding permissible levels by 50 to 80 times.

number of individuals with mesothelioma who did not work in asbestos industries, and the LAS forecast curve closely matches it.

14. To provide the Court with a like-for-like comparison, Brattle uses both the LAS and Bates White forecast curves in its analysis, yielding liability estimates similar to Bates White, and similar to LAS once the deviations discussed above are addressed. Figure 1 reports the range of these liability estimates developed by LAS, Bates White, and Brattle and shows the effect of making reconciling adjustments for defense costs, discount and inflation rates, payment rates for pending and future claims, hypothetical verdicts, and claims forecasts, using in each instance the Trust Return rate ("Adjusted LAS Estimate" and "Adjusted BW Estimate"). It also shows the adjustment to Brattle's estimate when the LAS and Bates White forecast curves are used ("Brattle Estimate Using LAS Curve" and "Brattle Estimate Using BW Curve").

FIGURE 1: COMPARISON OF EXPERT CLAIM LIABILITY ESTIMATES



Sources: Brattle Rebuttal Report, Table 1, Figure 4, and Figure 5; Brattle Rebuttal Report Workpapers.

III. THE MASS TORTS VALUATION FRAMEWORK PROVIDES A BASIS FOR UNDERSTANDING DIFFERENCES BETWEEN THE EXPERTS

15. The current assignment of each expert is to value the asbestos claims liabilities of the Debtors as of the Petition Date assuming the Debtors had not filed for bankruptcy and had remained in the tort system. There is a commonly accepted framework for performing such valuations. This framework (the "Mass Tort Valuation Framework") is grounded in the economics literature, has

been widely accepted by courts,[9] and has been employed by practitioners to estimate the value of current and future liabilities associated with asbestos claims and mass torts more generally.[10]

16. The Mass Tort Valuation Framework consists of a series of steps used to estimate both the number of claims that will be filed against a defendant and the value of those claims. In this case, aggregate liability is determined by estimating the nominal value of the Debtors' pending and future asbestos claims and discounting those amounts using an appropriate discount rate to compute the net present value of those liabilities. Figure 2 illustrates the steps in the Mass Tort Valuation Framework.

FIGURE 2: MASS TORT VALUATION FRAMEWORK



17. The "Number of Claims" is equal to (i) an estimate of the population of individuals exposed to asbestos, multiplied by (ii) the incidence of asbestos-related injury over time arising from such exposure, and multiplied by (iii) the rate at which such individuals file asbestos claims to seek compensation for their injuries. The number of claims pending as of the Petition Date is then added to this forecast of future claims.

18. The "Claim Value" is equal to the probability that a claimant will be compensated, multiplied by the expected value of such compensation.

19. The nominal value of the claims is the product of the Number of Claims and the Claim Value. The net present value as of the Petition Date is calculated by multiplying the nominal value of

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[9] Paul Hinton and Adrienna Huffman, "The Mass Torts Gap in Contingent-Liability Valuation Guidance," *ABI Journal* (March 2024), citing cases including: *In re Eagle-Picher Indus., Inc.*, 189 B.R. 681 (Bankr. S.D. Ohio 1995), *Babcock & Wilcox Co. v. Babcock & Wilcox Co.*, 274 B.R. 230 (Bankr. E.D. Louisiana 2002), *Owens Corning v. Credit Suisse First Boston*, 322 B.R. 719 (D. Del. 2005).

[10] This methodology is described in general terms in the literature. *See, e.g.*, Frederick C. Dunbar, Denise Neumann Martin, Phoebus J. Dhrymes, *Estimating Future Claims: Case Studies from Mass Tort and Product Liability Litigation*, (Wayne, PA: Andrews Professional Books, 1996). *See also*, Lucy P. Allen, Denise N. Martin, Simona Heumann, Paul Hinton and Faten Sabry, "Forecasting Product Liability by Understanding the Driving Forces" in *Global Legal Group, The International Comparative Legal Guide to Product Liability 2006: A Practical Insight to Cross-Border Product Liability Work* (2006).

the claims by a "Present Value Factor," which is a function of the discount rate and the forecast timing of payment for each asbestos claim.

20. Each expert analysis implements the steps of the Mass Tort Valuation Framework. Each analysis consists of a forecast of the number of future claims, applies an assumed average settlement value and probability of payment to both pending and future claims, and discounts the resulting projected cash flows to present value. Along several key dimensions—most notably the projection of the number of future mesothelioma claims—there is substantial agreement among the experts. The over $2 billion disparity between LAS on the one hand and Brattle and Bates White on the other arises from additional steps taken by LAS that are not contemplated in the Mass Tort Valuation Framework and from assumptions that cannot be reconciled with basic, long-established economic principles.

IV. ALL EXPERTS ESTIMATE SIMILAR NUMBERS OF FUTURE CLAIMS

21. An initial step in the Mass Tort Valuation Framework is to estimate the number of future asbestos claims and their expected timing.

22. The Debtors' asbestos claims arise primarily from individuals who were occupationally exposed to asbestos, e.g., people who in their jobs would take apart the Debtors' pumps and compressors to repair them and in doing so would remove, by scraping and grinding, the encapsulated asbestos gaskets inside the equipment, thereby becoming exposed to asbestos fibers.

23. In occupational exposure cases, a commonly applied methodology, the "Nicholson Method," is used to estimate future claims.[11] The Nicholson Method starts by identifying a population occupationally exposed to asbestos, then models the duration and intensity of the population's exposure, and applies a dose-response relationship to forecast the incidence of asbestos-related

[11] Paul Hinton and Adrienna Huffman, "The Mass Torts Gap in Contingent-Liability Valuation Guidance," *ABI Journal* (March 2024).

disease.[12] The Nicholson Method has proven reliable and has been frequently relied upon in asbestos trust confirmation hearings and other legal proceedings.[13]

24. All three expert analyses use the "Nicholson Method" to forecast the number and timing of future claims. Although the experts differ in certain assumptions and inputs, the Nicholson Method provides a common analytical approach, resulting in each expert estimating similar numbers of future claims.

A. FORECASTING CLAIMS WITH SECONDARY EXPOSURE

25. One distinguishing feature of the experts' forecast models is the extent to which they include, in the relevant exposed population, individuals without occupational exposure to asbestos. Historically, asbestos claims forecasts were built from the population of individuals who worked in industries with high levels of exposure to asbestos. The original Nicholson curve used in our Initial Report has been used extensively in asbestos bankruptcy litigation.[14] However, asbestos in the U.S. was largely eliminated by the 1980s, and the population of individuals with occupational exposure to asbestos is rapidly declining. Increasingly, tort claims against asbestos defendants are arising from individuals who were not occupationally exposed. Accordingly, an important question in modeling asbestos claims is the extent to which models include non-occupationally exposed individuals.[15] As noted in both the Brattle Initial Report and the Bates White Initial Report, most claims against Aldrich and Murray allege occupational exposure to asbestos and identify periods of employment in traditional At-Risk Occupations and Industries (referred to as "primary exposure"). However, the Debtors have also received claims alleging at least some secondary exposure to asbestos fibers ("secondary exposure claims").[16]

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[12] 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. 282–285, 295.

[13] The Nicholson Method has been utilized to forecast asbestos claims in a number of different bankruptcy cases. *See, e.g., In re Federal-Mogul Global Inc.*, 330 B.R. 133 (Bankr. D. Del. 2005); *In re Garlock Sealing Techs., LLC*, 504 B.R. 71 (Bankr. W.D.N.C. 2014).

[14] Paul Hinton and Adrienna Huffman, "The Mass Torts Gap in Contingent-Liability Valuation Guidance," *ABI Journal* (March 2024). *See also, e.g., In re Federal-Mogul Global Inc.*, 330 B.R. 133 (Bankr. D. Del. 2005); *In re Garlock Sealing Techs., LLC*, 504 B.R. 71 (Bankr. W.D.N.C. 2014).

[15] *See* Brattle Initial Report, ¶¶ 6, 22.

[16] *See* Brattle Initial Report, ¶ 6; Bates White Initial Report, ¶ 126.

26. Bates White's implementation of the Nicholson Method explicitly incorporates both occupational and non-occupational exposure to asbestos. In other words, Bates White's framework allows for the possibility that individuals exposed to asbestos either within or outside of their occupational history may develop mesothelioma and file claims against the Debtors.[17] By contrast, the Nicholson curve used in the Brattle Initial Report does not incorporate a separate population of individuals alleging non-occupational exposure.[18] Similarly, Brattle's Hazard Model estimates future claims – both primary (occupational) and secondary (non-occupational) – by analyzing the Debtors' historical filing experience in relation to the size and characteristics of the occupationally exposed population over time.[19]

27. Given the Court's findings in *Garlock* on the circumstances whereby someone would have a credible claim for exposure to asbestos fibers from encapsulated products, forecasts based solely on occupational exposure are appropriate.[20] The Nicholson curve discussed in the Brattle Initial Report is such a forecast.[21]

28. However, to facilitate comparison with the Bates White forecast on a like-for-like basis, Brattle developed a forecast that includes a non-occupationally exposed population, using the "Walker Model."[22] As shown in Figure 3 below, the resulting "Walker Model" forecast curve closely aligns with both the Bates White[23] and LAS[24] curves (depicted here for Aldrich).

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17 *See* Bates White Initial Report, ¶¶ 147–148

18 *See* Brattle Initial Report, ¶ 8.

19 *See* Brattle Initial Report, Section V.B.

20 *See In re Garlock Sealing Techs., LLC*, 504 B.R. (Bankr. W.D.N.C. 2014) ¶¶ 21, 26, 27–28.

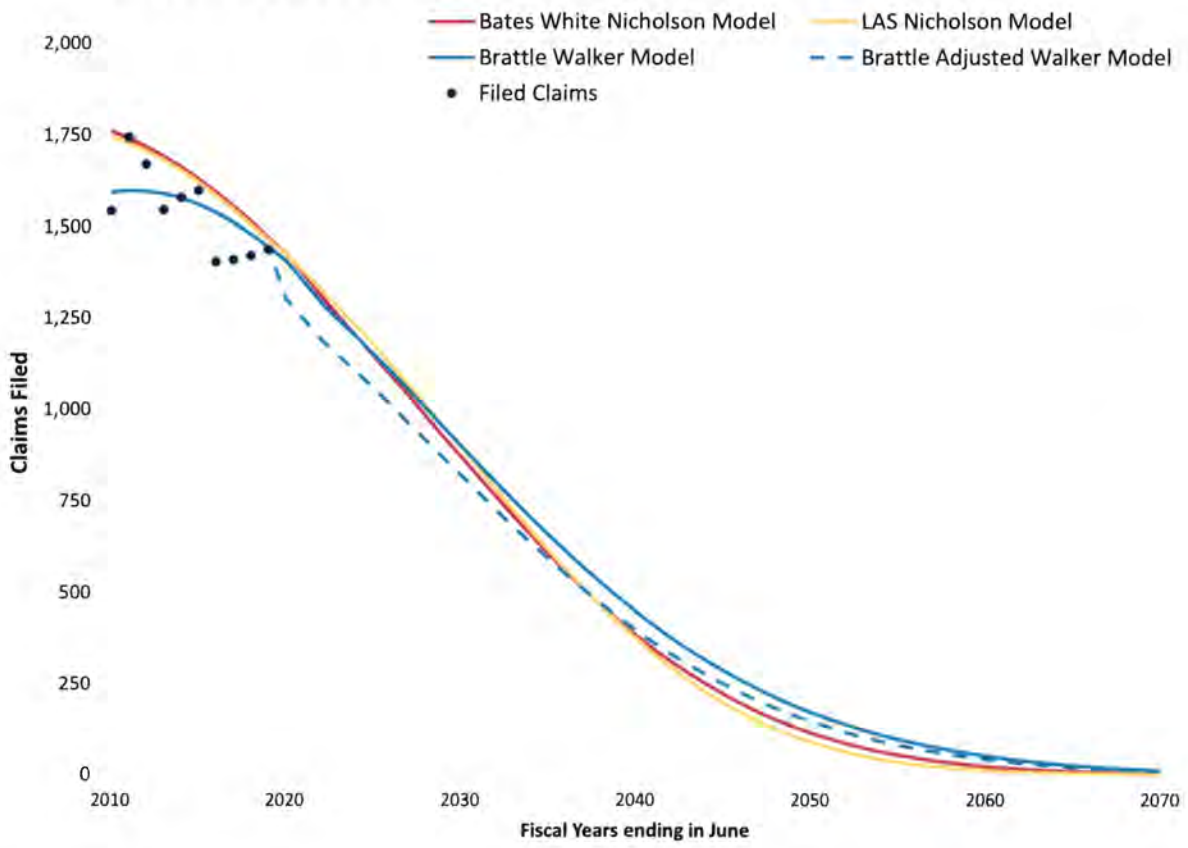
21 *See* Brattle Initial Report, ¶¶ 8–9.

22 Alexander M. Walker, Jeanne E. Loughlin, Emmy R. Friedlander, Kenneth J. Rothman, and Nancy A. Dreyer, "Projections of Asbestos-Related Disease 1980-2009," *Journal of Occupational Medicine* 25(5) (May 1983): 409–425.

23 For purpose of comparison, we use the Bates White forecast that is based on a 5-year calibration period, includes a 20% non-asbestos-related share, and no historical trend applied to average settlement value.

24 For purpose of comparison, we use the LAS Nicholson forecast. (LAS Conformed Initial Report, ¶¶ 104–105 and Workpapers).

FIGURE 3: EXPERTS' MESOTHELIOMA CLAIMS ESTIMATES (ALDRICH)



Notes: For purposes of comparability, the Brattle Walker Model and Adjusted Walker Model claims forecasts have been adjusted to include claims forecasts for REDACTED - Law Firms 1, 2 and 3 ("Non-Tort Firms"). The Non-Tort Firms had tolling agreements with the Debtors' which effectively allowed them to settle their inventory of claims without litigation. The Non-Tort Firms are included in the Bates White and LAS Nicholson forecasts, and are added to the Walker Model forecast for comparability. *See* Brattle Initial Report, Section III.C. The LAS and Bates White claims forecasts have also been reported by fiscal year ending in June.

Sources: Bates White Initial Report Workpapers; LAS Conformed Initial Report Workpapers; Brattle Rebuttal Report Workpapers.

29. An adjusted Walker Model ("Adjusted Walker Model") forecast is also depicted that accounts for changes in the number of claims observed since the Petition Date for gasket and packing manufacturers who continued to litigate in the tort system after the Debtors filed for bankruptcy. As reported by Bates White, filings against traditional gasket and packing defendants declined between 2019 and 2020. Had Aldrich and Murray remained in the tort system, they likely would have experienced a similar decline in claims.[25] The Adjusted Walker Model calibrates the forecast of future claims against Aldrich and Murray to those of other gasket and packing

[25] Bates White Initial Report, pp. 54–55.

manufacturers between 2015 and 2024. A detailed exposition of the Walker Model and the Adjusted Walker Model can be found in Appendix B.

V. DIFFERENCES WITH LAS ARE DRIVEN BY A FEW ASSUMPTIONS, WHILE DIFFERENCES WITH BATES WHITE ARE MODEST

30. The substantial gap between LAS's liability estimate and other experts' estimates is explained by four differences—specifically, the inclusion of defense costs, the selection of inflation and discount rates that result in a negative time value of money, the improper benchmarking of payment rates, and the inclusion of additional verdicts. We also evaluate Bates White's estimates along the same dimensions and find relatively small differences compared to our own implementation of discounting, inflation and payment rates.

31. Table 1 shows the effect of adjusting the LAS and Bates White estimates for these four differences. We also show that these adjusted LAS and Bates White estimates are similar to the estimates that are produced by the Brattle analysis substituting the LAS forecast curve or the Bates White forecast curve. The Brattle estimate using the LAS curve is $656 million and the Brattle estimate using the Bates White curve is $675 million discounted at trust return rates in column [D].[26]

[26] Brattle Initial Report, ¶ 97. To estimate the effects of using the LAS or Bates White forecast curves while otherwise adopting the implementation approach and assumptions developed in the Brattle analysis, we made minor refinements to the Brattle Competing Risk Model resulting in revised payment rates (*see* Table 2). The refinements to the Brattle Competing Risk Model (i) incorporate claims filed from 2013 onward, a period over which payment rate curves are relatively stable, and (ii) allow for a limited tail of payments beyond six years post-filing by assigning such payments to year seven. These changes result in an upward revision of the liability estimate of the Brattle Nicholson Model by $30 million. We also apply a mid-year discounting convention to future cash flows. In addition, the average age of claimants and mix of primary and secondary exposure claims used to account for the impact of age and claim mix on claim values is now derived from the Walker Model forecast.

TABLE 1: NPV OF THE DEBTORS' LIABILITIES IN THE TORT SYSTEM USING NICHOLSON MODEL FORECAST CURVES

		Estimates in Initial Report		Trust Return	
$ in millions		Trust Return [A]	Risk-Free Rate [B]	LAS and BW Estimates Adjusted for Four Differences [C]	Brattle Estimates Using LAS and BW Forecast Curves [D]
Brattle	[1]	$470	$522		
LAS	[2]	N/A	$3,181	$791	$656
Bates White	[3]	$621	$714	$672	$675

Sources and Notes: Brattle Rebuttal Report Workpapers
[1][A]-[B]: Brattle Initial Report.
[2][B]: LAS Nicholson-Date Estimate.
[3][A]-[B]: 5-year calibration period Upper Bound, Bates White Initial Report.

32. The four principal adjustments are quantified as sequential steps starting from the LAS estimates based on the LAS Nicholson forecast curve. This starting point of $3.2 billion[27] is $200 million below the upper bound of estimate reported in the LAS report based on their alternative forecast curve of $3.4 billion.

33. The magnitudes of the four principal adjustments to the LAS Nicholson liability estimate are: a $853 million reduction from removing defense costs; a $1.11 billion reduction for discounting and inflation (the combination of a $955 million correction to discounting and a $154 million correction to inflation[28]); a $367 million reduction from correcting payment rates; and a $61 million impact of including additional verdicts. The adjustments are depicted in Figure 4.[29] Together, these adjustments reduce the LAS estimated liabilities by approximately $2.4 billion. The "residual differences" reconcile the remaining implementation differences with the Brattle

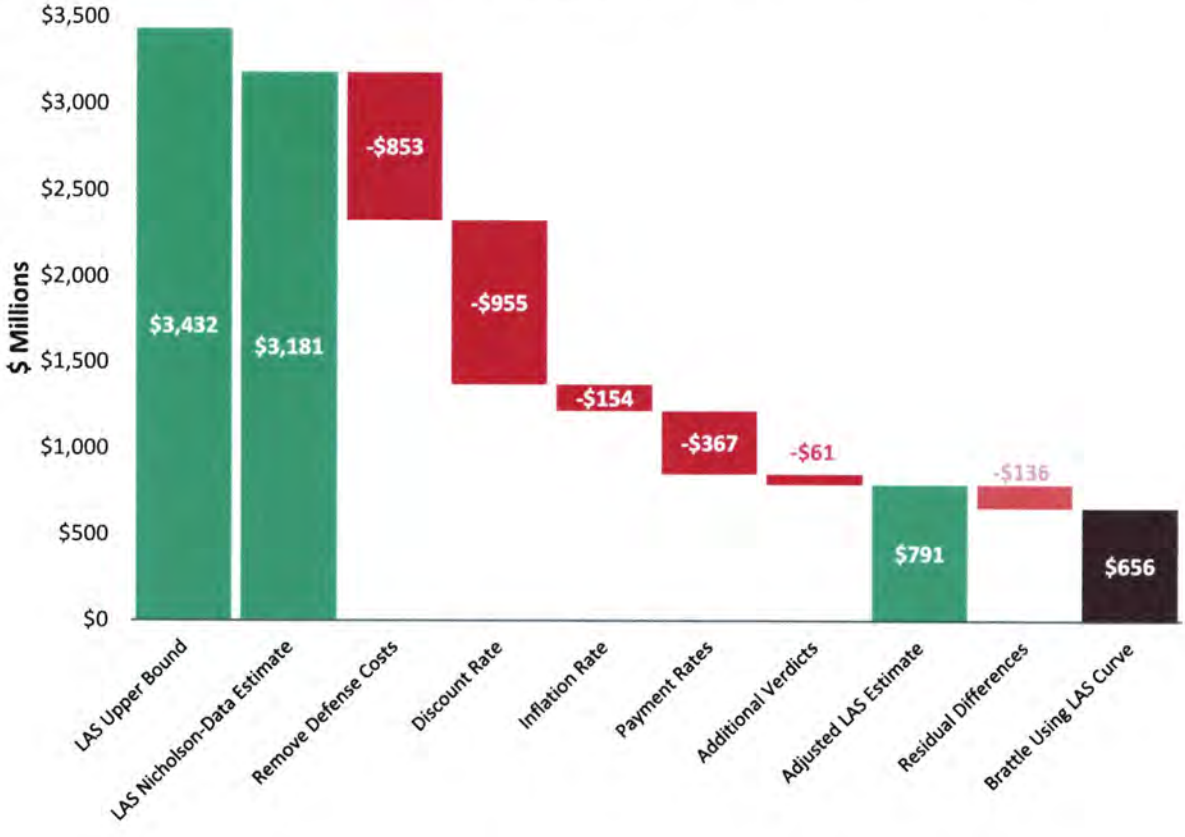
[27] This estimate is labelled in the LAS Production Materials as the Nicholson-Data Scenario. However, the reliance materials do not specify the precise mechanics by which two liability components ("Unknown Claims" and "Tolled Claims") are integrated into the model. For purposes of reconstructing the LAS "Nicholson-Data" scenario, we treat these components as fixed proportions of total liability using the reported values for the upper bound ("Sales-Data") estimate. *See* LAS Conformed Initial Report, Sections VIII–X. Further detail regarding this methodology is provided in Appendix A.

[28] For the purposes of comparison, Figure 4 and Figure 5 rely on the Trust Return discount rate. *See* Brattle Rebuttal Workpapers.

[29] Discount rate and inflation rate effects are reported separately resulting in five reconciliation steps in Figure 4.

estimate using the LAS curve of $656 million. The adjustments made for the remaining "residual factors" (the light pink bar in the figure) are discussed in Appendix A.

FIGURE 4: RECONCILING KEY DIFFERENCES BETWEEN LAS AND BRATTLE ESTIMATES



Source and Notes: LAS Conformed Initial Report, Brattle Rebuttal Report Workpapers.

34. By contrast, reconciling the Bates White's Initial Report estimate to the Brattle estimate using the Bates White curve results in only modest adjustments that largely offset one another. Adjustments to payment rates that reduce the Bates White's estimate are offset by a lower discount rate and higher inflation rate in the Brattle analysis. The magnitudes of these adjustments are depicted in Figure 5 and amount to $50 million. The residual differences amount to $3 million (the light blue bar in the figure) and are discussed in Appendix A.

FIGURE 5: RECONCILING KEY DIFFERENCES BETWEEN BATES WHITE AND BRATTLE ESTIMATES



Source and Notes: Bates White Initial Report, Brattle Rebuttal Report Workpapers.

A. DEFENSE COSTS

35. LAS includes defense costs in its estimation of total liabilities, such that their estimate of the Debtors' Tort Claim liabilities includes both indemnity payments and the legal expenses the Debtors would have incurred in the tort system.[30] The inclusion of defense costs in LAS's liability estimate is inconsistent with the general purpose of claim valuation in Chapter 11 proceedings, which we understand is to determine appropriate funding for an asbestos trust by reference to compensation paid prepetition to claimants by a debtor[31] Including hypothetical

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30 *See* LAS Conformed Initial Report, ¶¶ 210–214, pp. 60–61.

31 *See In re Federal-Mogul Global Inc.*, 330 B.R. 133, 135–37 (D. Del. 2005) explaining that estimation seeks to determine what claims would have been worth but for bankruptcy, in order to allocate equity between an asbestos trust and noteholders. *See also, In re Eagle-Picher Indus., Inc.*, 189 B.R. 681, 686–87 (Bankr. S.D. Ohio 1995).

defense costs of the Debtors inflates the liability estimate beyond what would be necessary to meet indemnity obligations to claimants.

36. Neither Brattle nor Bates White include defense costs in their respective liability estimates, and an adjustment is needed to express the LAS estimates on the same basis. As illustrated in Figure 4, removing defense costs reduces its liability estimate by $853 million.

B. INFLATION AND DISCOUNT RATE

1. LAS's Inflation and Discount Rate Assumptions Are Inconsistent With Long-Term Valuation Principles

37. To estimate the average claim values for future claims, LAS applies actual inflation rates observed between 2020 and 2024 and develops an estimate of expected annual inflation of 3.2% thereafter. To discount projected cash flows to present value, LAS applies a constant annual discount rate of 1% over the duration of the forecast based on treasury rates in 2020.[32] These inflation assumptions are higher and the discount rate lower than the values used by Brattle and Bates White. Taken together, they produce a paradoxical and economically unsound result: the present value of a claim resolved in 2060 would exceed the present value of an otherwise identical claim resolved in 2020.

38. LAS also makes internally inconsistent methodological choices by adjusting its inflation assumptions to reflect post-Petition Date price increases during COVID, while simultaneously extending a depressed 2020 discount rate of 1% and disregarding the corresponding rise in U.S. treasury rates to above 4.6% by June 2025.[33]

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[32] LAS Conformed Initial Report, ¶ 99.

[33] The average of the daily midpoint of the 10-year Treasury and the 30-year Treasury rate across all dates of data in June 2025. *See* U.S. Department of the Treasury, "Daily Treasury Rates," last accessed March 26, 2026, https://home.treasury.gov/resource-center/data-chart-center/interest-rates/TextView?type=daily_treasury_yield_curve&field_tdr_date_value=202603. *See also*, Section V.B.1.c for further discussion.

a. Inflation Rate

39. LAS uses actual inflation rates observed between 2020 and 2024 to estimate future expected tort cost inflation as of the Petition Date in 2020. To estimate future inflation, LAS calculates an average of inflation rates for consumer goods, medical care costs, and employment costs without providing foundational empirical evidence to show whether these CPI metrics explain changes in tort costs.[34] In fact, although tort economic damage *claims* may be derived in part from estimates of medical costs and lost income caused by a defendant, settlements are based on expected recoveries at trial.

40. For 2025 and beyond, LAS assumes a 3.2% annual inflation rate, described as a blend of: (i) forecast CPI growth of approximately 2.3%; (ii) historical Medical Care CPI growth of 3.4%; and (iii) historical Employment Cost Index ("ECI") growth of 4.0%. The 3.2% is an equally weighted average of these components.[35] This blended methodology is problematic for two reasons.

41. First, the inflation series itself is internally inconsistent: it is unclear why standard CPI inflation alone is used to measure inflation from 2020 through 2024, but blended with other cost indices to predict future inflation. LAS forecasts CPI growth to be approximately 2.3%, compared to its 3.2% blended rate.[36]

42. Second, LAS's blended methodology lacks economic foundation. In asbestos liability valuation, historical settlement values are typically indexed to broad price-level measures such as CPI to preserve purchasing power. This methodology reflects the economic reality that settlements are negotiated dollar amounts that reflect litigation risk and historical benchmarks, as distinguished from direct valuations of medical expenditures or employer wage costs.[37] Medical Care CPI and ECI measure specific input costs, healthcare pricing and employer compensation, but there is no

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[34] *See* LAS Conformed Initial Report, ¶ 98, p. 25. *See also*, LAS Conformed Initial Report, Appendix I.

[35] LAS Conformed Initial Report, footnote 31, p. 25 and Appendix I. *See also*, LAS Conformed Initial Report Reliance Materials, "Blended_Inflation_Rate.xlsx".

[36] LAS Conformed Initial Report, footnote 31, p. 25.

[37] More specifically, negotiated settlement values reflect the parties' joint assessment of the probability-weighted and risk-adjusted present value of expected trial outcomes. *See* Paul Hinton, David McKnight, and Pietro Grandi, "The Verdict Valuation Paradox: Implications for Mass Torts," *American Bankruptcy Institute Journal* 42(4) (April 2023).

demonstrated empirical basis for assuming they are directly correlated with asbestos settlement values. LAS's methodology therefore assumes an economic relationship that has not been established.

b. Discount rate

43. To discount projected cash flows to present value, LAS applies a constant annual discount rate of 1% over the duration of the forecast. This rate is based on Treasury yields on the Petition Date.[38] However, an observed rate on a particular date may not be a reliable estimate of future rates. As discussed in our Initial Report, contemporaneous spot rates as of the Petition Date are not a good estimate of expected long-term rates.[39]

44. Further, the specific timing of the yield curve LAS chose to use occurred at a particularly extraordinary moment in financial market history: Figure 6 compares June 2020 spot rates to the rates over a 35-year period from 1990–2025. In response to the COVID-19 shock, the Federal Reserve reduced the Federal Funds Rate to near zero and implemented large-scale asset purchases of Treasury securities and agency mortgage-backed securities to stabilize markets and ease financial conditions.[40] These measures were expressly designed to address acute market stress and restore market function. Empirical research on the Spring 2020 Treasury market finds that Federal Reserve asset purchases were causal in lowering Treasury yields.[41]

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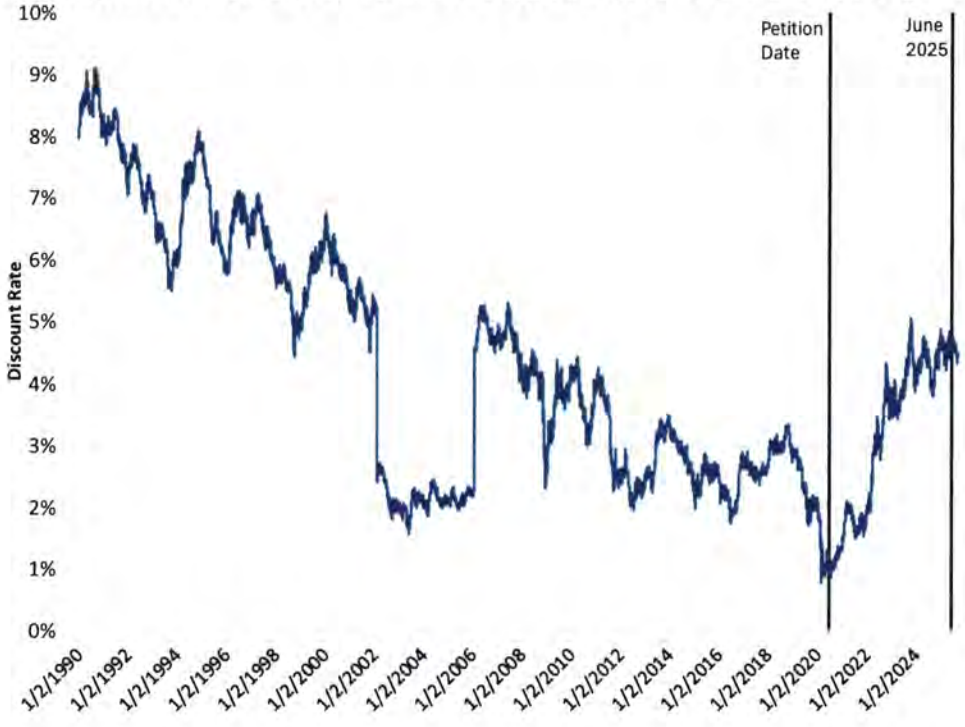
38 *See* LAS Conformed Initial Report, footnote 32, p. 25. *See also*, U.S. Department of the Treasury, "Daily Treasury Rate Archives," last accessed March 26, 2026, https://home.treasury.gov/resource-center/data-chart-center/interest-rates/daily-treasury-rate-archives.

39 *See* Brattle Initial Report, footnote 91.

40 Board of Governors of the Federal Reserve System, "Federal Reserve issues FOMC Statement," March 15, 2020, last accessed March 26, 2026, https://www.federalreserve.gov/newsevents/pressreleases/monetary20200315a.htm?utm_.com.

41 Annette Vissing-Jorgensen, "The Treasury Market in Spring 2020 and the Response of the Federal Reserve," *Journal of Monetary Economics* 124 (2021): 19–47, p. 19.

FIGURE 6: MIDPOINT OF DAILY 10-YEAR AND 30-YEAR TREASURY RATE, 1990 - 2025



Source and Notes: U.S. Department of the Treasury, "Daily Treasury Rate Archives," last accessed March 26, 2026, https://home.treasury.gov/resource-center/data-chart-center/interest-rates/daily-treasury-rate-archives. The discount rate calculated here is the daily average of the 10-year and 30-year Treasury rates. Data from January 1990 through September 2025 is presented to reflect information reasonably available at the time of the Initial Reports.

45. Accordingly, observed yields in June 2020 reflect both crisis conditions and the effects of extraordinary monetary intervention which do not represent long-run equilibrium interest rates appropriate for valuing liabilities extending decades into the future. However, LAS's 1% discount rate is based on yields observed immediately following these emergency interventions. For the purpose of discounting long-dated cash flows to net present value, it is standard in finance and regulatory practice to avoid anchoring discount rates to temporarily distorted spot conditions. Instead, practitioners frequently rely on longer-horizon rate inputs—such as historical averages, normalized rates, or stabilized term structures—that are designed to be robust to exceptional changes in monetary policy.

46. Regulatory frameworks governing other long-duration liabilities adopt this approach explicitly. For example, U.S. defined-benefit pension funding rules constrain discount rates using corridors

around 25-year average segment rates rather than prevailing spot yields.[42] Congress enacted such interest rate stabilization provisions that constrain pension funding discount rates in response to historically low post-crisis interest rates.[43] Similarly, the National Association of Insurance Commissioners (NAIC) recommends insurance companies to apply discount rates based on projected asset returns over time to their long-dated liabilities, reflecting forward-looking expectations rather than spot market yields.[44]

47. Consistent with this principle, valuation guidance likewise recognizes that when observed spot rates are abnormally low, it may be appropriate to use a normalized risk-free rate as a proxy for a sustainable long-term level. Duff & Phelps (now Kroll), for example, recommended a normalized 20-year U.S. Treasury yield of 3% during March–June 2020, reflecting the view that contemporaneous Treasury yields understated long-run expectations.[45] Historical evidence reinforces this point: the average risk-free rate over the 1928–2024 period was approximately 4.5%, underscoring how unusual the 1% environment was by historical standards.[46]

48. In summary, the 1% discount rate adopted by LAS extends an exceptional, policy-distorted point in time into the future rather than implementing a reasonable contemporary estimate of long-term expected risk-free rates based on information available as of the Petition Date. Applying that rate uniformly over a multi-decade forecast significantly understates the time value of money and inflates the present value of projected liabilities. The accepted methodology for this type of analysis applies a normalized discount rate consistent with long-run expectations.

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42 Internal Revenue Service, "Pension Plan Funding Segment Rates," last accessed March 26, 2026, https://www.irs.gov/retirement-plans/pension-plan-funding-segment-rates?utm_.com.

43 Congressional Research Service, "Single-Employer Defined Benefit Pension Plans: Funding Relief and Modifications to Funding Rules," May 18, 2023, last accessed March 26, 2026, https://www.congress.gov/crs-product/R46366, p. 1 of Summary (PDF p. 2).

44 NAIC specifies that discount rates are determined as the path of Net Asset Earned Rates ("NAER"), which are derived from projected asset returns over time and therefore incorporate expectations regarding future investment yields. *See* National Association of Insurance Commissioners, "Valuation Manual," January 1, 2025, VM-20, pp. 20-41–20-42, last accessed March 26, 2026, https://content.naic.org/sites/default/files/pbr-data-valuation-manual-2025-edition.pdf.

45 Kroll, "Kroll Recommended U.S. Equity Risk Premium (ERP) and Corresponding Risk-free Rates (R f); January 2008–Present," last accessed March 26, 2026, https://edge.sitecorecloud.io/krollllc17bf0-kroll6fee-proda464-0e9b/media/Cost-of-Capital/kroll-uk-erp-rf-table-new-2022-updated.pdf.

46 Historical average risk-free is the geometric average of U.S. Treasury 10 years bond from Aswath Damodaran, "Historical Returns on Stocks, Bonds and Bills: 1928-2024," January 2025, last accessed September 15, 2025, pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/histretSP.html. *See* Brattle Initial Report, footnote 91.

c. Combining Discount and Inflation Rate

49. As discussed in the previous sections, LAS diverges from standard methodology both in its use of a blended inflation rate and its reliance on an unusually low spot yield rate for its discount rate. However, LAS's selection is additionally unsound due to the temporal mismatch of these time series. Whereas the inflation rate relies on information known at the time of the Initial Report, the discount rate is anchored to information known at the Petition Date.

50. Had LAS relied only on information available at the Petition Date, it would have measured a lower inflation rate. At the Petition Date, policymakers and market participants broadly anticipated inflation consistent with the Federal Reserve's 2% target, slightly lower than the 2025 forecast CPI value of 2.3%.[47] Prior to the Petition Date, the Centers for Medicare and Medicaid Services projected that medical price growth (as measured by the personal health care deflator) would average approximately 2.4% annually over 2019–2028—consistent with general inflation expectations and roughly one percentage point below LAS's 3.4% assumption based on more recently-available data.[48] Similarly, Congressional Budget Office projections near the Petition Date implied ECI growth of approximately 3.1% over 2025–2030—again, nearly one percentage point below LAS's 4.0% growth assumption.[49] These projections would yield a blended rate of approximately 2.5%, not 3.2%.

51. Conversely, had LAS relied on information available in 2025 for both inflation and discounting, its discount rate as of June 2025 would have been approximately 4.6%, not 1%.[50]

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47 Board of Governors of the Federal Reserve System, "Monetary Policy Report," June 2020, last accessed March 26, 2026, https://www.federalreserve.gov/monetarypolicy/2020-06-mpr-part3.htm.

48 Centers for Medicare & Medicaid Services, "National Health Expenditure Projections 2019-2028," last accessed March 26, 2026, https://www.cms.gov/files/document/nhe-projections-2019-2028-forecast-summary.pdf.

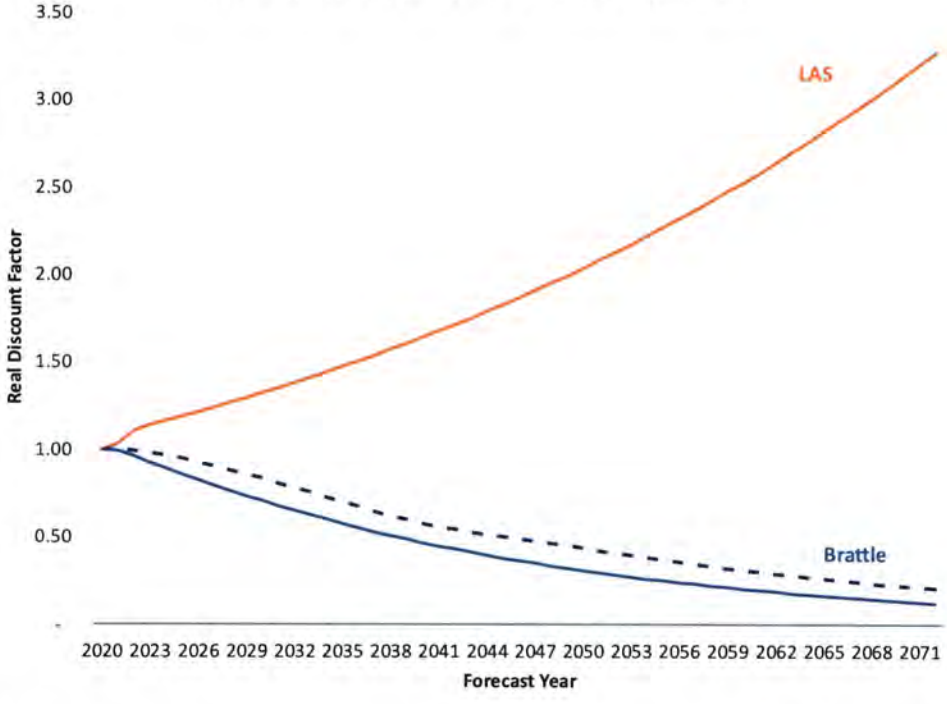
49 Congressional Budget Office (CBO), "The Budget and Economic Outlook: 2020 to 2030," January 2020, last accessed March 26, 2026, https://www.cbo.gov/system/files/2020-01/56020-CBO-Outlook.pdf, p. 30.

50 LAS does not explain its exact methodology to determine discount rate, stating only that "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* LAS Conformed Initial Report, footnote 32, p. 25. Brattle approximates this calculation by using the midpoint of the 10-year Treasury and the 30-year Treasury rate. 4.6% is calculated as the average of this midpoint across all dates of data in June 2025. *See* U.S. Department of the Treasury, "Daily Treasury Rates," last accessed March 26, 2026, https://home.treasury.gov/resource-center/data-chart-center/interest-rates/TextView?type=daily_treasury_yield_curve&field_tdr_date_value=202603.

52. LAS's incongruous selection of a historically low discount rate combined with a comparatively high inflation assumption implies a negative real discount rate over the forecast horizon, because the assumed rate of inflation exceeds the nominal discount rate. Under standard present value principles, a negative real discount rate means that future cash flows grow faster than they are discounted.

53. The interaction of these assumptions produces an economically implausible result: the present value of an otherwise identical claim resolved in 2070 exceeds—by more than threefold—the present value of a claim resolved in 2020. Such an outcome is inconsistent with fundamental time-value-of-money principles and indicates that the combined inflation and discount rate assumptions distort the valuation of long-dated liabilities.[51] *See* Figure 7.

FIGURE 7: LAS'S REAL DISCOUNT RATE



Source and Notes: Brattle Rebuttal Report Workpapers. The solid blue line represents the trust return–based real discount factor, while the dashed blue line represents the risk-free rate–based real discount factor.

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[51] LAS's assumptions imply that nominal cash flows grow faster than they are discounted, resulting in a negative real discount rate. Under standard present value principles, this implies that the discounting mechanism no longer reduces value over time and can instead increase the present value of more distant cash flows. This contradicts the fundamental time-value-of-money principle that, for otherwise identical cash flows, present value should decline with delay in timing. *See* Richard A. Brealey, Stewart C. Myers, and Franklin Allen, *Principles of Corporate Finance,* 10th ed. (New York, NY: McGraw-Hill/Irwin, 2011), pp. 21–23.

54. As illustrated in Figure 4, replacing LAS 1% discount rate with a rate consistent with long-term expected interest rates results in a reduction of $955 million. Replacing LAS's inflation assumption with an assumption consistent with projections as of the Petition Date reduces estimated liabilities by a further $154 million. Taken together, these adjustments reduce LAS's liability estimate by about $1.1 billion, after removing defense costs.

2. Bates White's Inflation and Discount Rate Assumptions Are Conceptually Consistent With Brattle's After Accounting for Claimant Age and Claim Mix

55. The Bates White and Brattle trust return discount rates used to compare the forecasts are similar. Bates White adopts discount rates ranging from 4.5% to 6.5%. The 4.5% rate corresponds to the historical post-tax rate of return earned by a sample of 524(g) asbestos trusts between 2010 and 2024, which Bates White estimates at approximately 4.5%. The 6.5% rate reflects an expected trust portfolio return, constructed by adding a roughly two-percentage-point risk premium—consistent with historical trust performance—to contemporaneous U.S. Treasury yields of approximately 4.5%.[52] The Brattle estimate of the trust return discount rate is 6.3%.[53] Adjusting the Bates White rate to match the Brattle rate increases Bates White's lower-bound estimated liability by approximately $8.5 million. *See* Figure 5.

56. In Bates White's "historical trend" scenario, their adjustment of claim values for inflation is informed by a finding that between 2010 and 2019, real average settlement values for both Debtors declined.[54] Bates White concludes that settlement values have not historically tracked general price inflation and should not be assumed to do so going forward.[55] Bates White attributes the observed real decline primarily to demographic shifts—specifically, an aging claimant population and the fact that older claimants tend to receive lower damages.

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[52] By comparison, Brattle's cash-flow-tenor-adjusted risk-free rate applied to the Bates White forecast curve is 4.7%.

[53] *See* Brattle Rebuttal Report Workpapers.

[54] Bates White presents a range of scenarios, including the historical trend scenario. Bates White Initial Report, Figure 29. As discussed above in Section IV.A, our comparison of the three expert analyses uses the Bates White forecast that is based on a 5-year calibration period, includes a 20% non-asbestos-related share, and does not include a historical trend applied to average settlement value.

[55] Bates White Initial Report, Appendix D.1, pp. 8–12.

57. Based on this analysis, Bates White models damages by holding settlement values flat in nominal terms going forward, meaning no inflation adjustment and no continuation of the historical downward trend.[56] Because Bates White does not increase settlement values for inflation during the forecast horizon, the real value of their estimated future cash flows declines over time when expressed in 2020 dollars (i.e. deflating future claim values for inflation).

58. Brattle also forecasts that the real value of the claims declines over time, which is captured through its adjustments to the average claim values in each future year of the forecast. Specifically, the Brattle model includes an age adjustment that models a decline in the average value per resolved claim as the average age of future claimants increases. In addition, Brattle calculates the effect of differences in claim value and payment rates by type of exposure.[57] Neither Bates White nor LAS explicitly adjust for these effects. Historically, claims alleging secondary exposure exhibit lower average settlement values and lower payment probabilities than primary exposure claims.[58] Brattle therefore forecasts primary and secondary claims separately and applies exposure-specific values and payment rates. As the projected mix of claims shifts toward a greater share of secondary exposure claims over time, Brattle's framework naturally produces a decreasing weighted-average claim value, similar to the trend that Bates White observed.[59] In Figure 8, below, we compare Bates White's approach (with nominally flat settlement values adjusted to 2020 dollar values by deflating using CPI) with Brattle's calculation, which incorporates inflation as well as adjustments for the observed effects of claimant aging and the shift towards secondary exposure claims.

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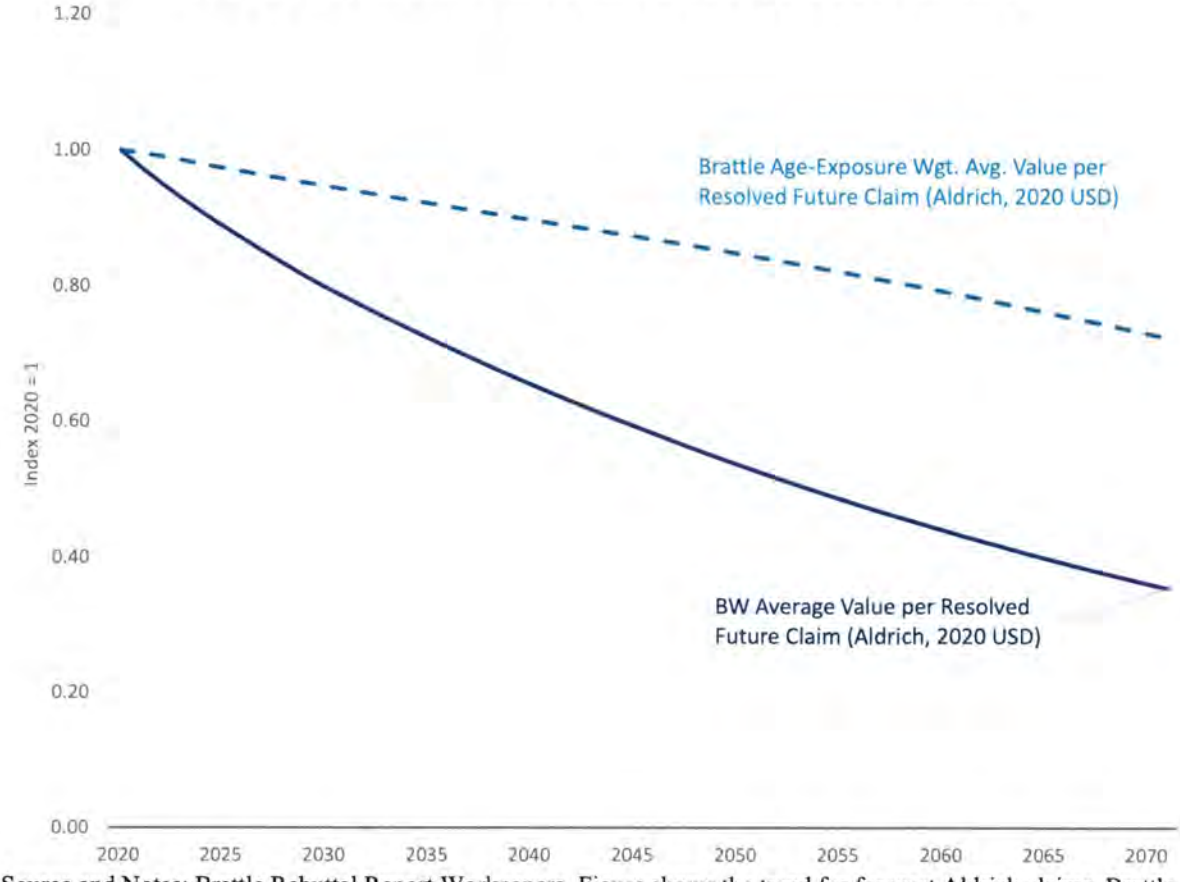
[56] Bates White Initial Report, Appendix D.1.e.

[57] *See* Brattle Initial Report, §VI.B, ¶¶ 93–94.

[58] In the Brattle Initial Report, payment rates for future primary claims were estimated at 33.4% for Aldrich and 13.9% for Murray. By contrast, the payment rates for future secondary claims were estimated at 26% for Aldrich and 10.3% for Murray. Similarly, average settlement values for primary claims were computed at $57,000 for Aldrich and $74,000 for Murray. By contrast, average settlement values for secondary claims were computed at $54,000 for Aldrich and $55,000 for Murray. *See* Brattle Initial Report, Table 5, and Brattle Initial Report Workpapers, "Tables 1, 7-9 and Figure 9.xlsx" file, tab "Settlement Amounts".

[59] *See* Brattle Initial Report, Figure 6, and Brattle Initial Report Workpapers, "Figure 6 - Hazard Model Forecasted Claims.xlsx," tab "Hazard Prim & Sec Claims."

FIGURE 8: AVERAGE VALUE PER RESOLVED CLAIM IN 2020$



Source and Notes: Brattle Rebuttal Report Workpapers. Figure shows the trend for forecast Aldrich claims. Brattle values (dashed line) are computed by calculating an average value per resolved claim, payment rate, and age adjustment factor for each year, weighted by the number of primary and secondary claims in that year. All values are indexed to 1 in 2020. The age, payment rate, and average value indexes are then multiplied together to create the overall downward trend. Bates White values (solid line) are computed by adjusting Bates White's average value per resolved claim to $2020 using Brattle's inflation series.

59. The gap between the lines in Figure 8 quantifies the difference between Bates White's and Brattle's approach to accounting for the expected decline in average claim values. To align Bates White's average claim value assumptions with Brattle's approach we adjust their claim values upwards for inflation, but also apply offsetting adjustments to incorporate (i) Brattle's age-based adjustment to reflect the increasing average age of future claimants and (ii) the effect on claim values and payment rates from the projected shift in the mix of claims towards secondary exposure claims. These offsetting effects explain why even though the standalone impact of

applying price inflation to Bates White's estimated liability in Figure 5 is $134 million,[60] the difference after all other adjustments are applied is more modest.[61]

C. PAYMENT RATE

60. An important step in the Mass Tort Valuation Framework is estimating the probability that a given claim will ultimately be paid. This requires assessing both the likelihood and timing of payment for claims not yet asserted and for claims that are currently open and pending in the tort system.

1. LAS Truncates the Claims Sample and Ignores That the Payment Probability of Pending Claims Declines With Age

61. LAS calculates payment rates by measuring the percentage of resolved claims that resulted in payment during the 2017–2019 period, after excluding claims filed prior to 2013. This observed payment rate is then applied to both pending and projected future claims to estimate the number of claims expected to be paid in each year of the forecast.[62] This methodology overstates payment rates by basing the calculation on a group of claims paid ("estimation sample") that are not representative of pending claims nor future claim filings in terms of the factors with greatest influence on their likelihood of being paid: time since filing (i.e. the age of the claim, or resolution period) and whether the claim alleges primary or secondary exposure.

62. By restricting the dataset to claims filed after 2013 without further adjustment, LAS truncates the estimation sample to exclude the oldest claims with the lowest payment rates. Claims filed in 2013 and earlier have outcomes observed during the estimation window but are excluded. This leads to an upward bias in estimated payment rates, as claims that resolve more quickly are overrepresented while claims with longer time to resolve are underrepresented. When claims

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60 After adjusting the discount rate.

61 As an illustration, applying the Brattle Age-Exposure trend (dashed line) to the Bates White NPV cashflows reduces the total forecasted NPV from $621 million to $497 million. Applying Bates White's downward trend in real values (solid line) reduces the total forecasted NPV from $621 million to $447 million. Therefore, after accounting for differences in claimant age, claim mix, and the treatment of real claim values, the remaining difference between Brattle's and Bates White's inflation-related assumptions is approximately $50 million. *See* Brattle Rebuttal Report Workpapers.

62 *See* LAS Conformed Initial Report, Table 4(a), Table 4(b), pp. 17–19.

filed on or before 2013 are included in the estimation sample, the estimated mesothelioma payment rate decreases by 3.7 percentage points for Aldrich and 1.9 percentage points for Murray. This change reduces LAS estimated liability by $143 million.[63]

63. The LAS payment rate calculation also fails to account for the fact that the likelihood that a claim is paid varies as time elapses after filing (i.e. by age of claim). Empirically, the probability that a claim will be paid generally declines with claim age, as claims that are likely to settle tend to resolve earlier, while older claims are more likely to be dismissed or otherwise remain unpaid. For example, in the five years prior to the petition, claims settled by Aldrich took on average 2.3 years to resolve, whereas dismissed claims took approximately 3.1 years—nearly one year longer.[64]

64. LAS treats older pending claims as if they had the same likelihood of payment as more recently filed claims, which is inconsistent with observed outcomes in the tort system. Figure 9 illustrates this by comparing LAS's estimates—where a single payment rate is applied to all pending claims regardless of how long they have been open—with an approach that applies claim age-specific payment rates to the same set of claims.

65. The light blue bars in Figure 9 show LAS's estimates of claims expected to be paid in each year, while the dark blue bars show the number of claims expected to be paid when Competing Risk Model payment rates are applied to the same set of pending claims. The dashed lines show the corresponding cumulative number of paid claims (right-hand axis). The comparison shows that failing to account for claim age leads LAS to overstate expected payments, resulting in 1,191 additional pending claims projected to be paid.[65]

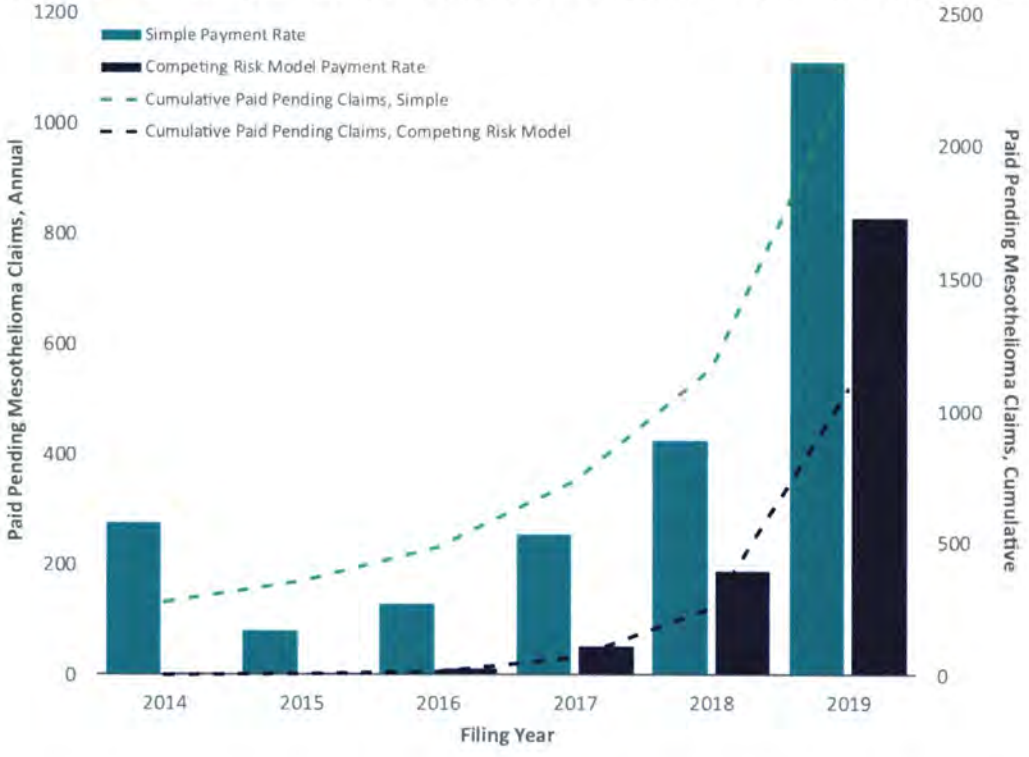
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63 *See* Brattle Rebuttal Report Workpapers.

64 *See* Brattle Rebuttal Report Workpapers.

65 *See* Brattle Rebuttal Report Workpapers.

FIGURE 9: EFFECT OF APPLYING A CONSTANT PAYMENT RATE TO PENDING CLAIMS



Sources and Notes: LAS Conformed Initial Report, Brattle Rebuttal Report Workpaper. Pending claims filed in 2020 are grouped with those filed in 2019. Pending claims filed prior to 2014 are grouped with those filed in 2014.

66. LAS's payment rate is overstated for two other reasons. First, the observed payment rates of claims have been changing over time and this is reflected in the observed payment rates computed by filing year. Second, the payment rates for claims alleging primary exposure differ from those alleging secondary exposures and this mix of claims has been and will continue to change over the forecast period, and contribute to ongoing reductions in the payment rate. LAS's methodology does not account for either of these two dynamics. However, the effects of these dynamics are captured by the Brattle Competing Risks Model developed in our Initial Report, which produces lower estimates of the payment rates than LAS estimates applicable to both pending and future claims. The extent of these dynamics are discussed in more detail in the next section.

67. The effect of correcting these various overstatements of the payment rate in the LAS analysis is depicted in Figure 5 after applying the preceding adjustments to remove defense costs and

applying the same discount rate and inflation assumptions. This adjustment reduces LAS's liability estimates by $367 million.

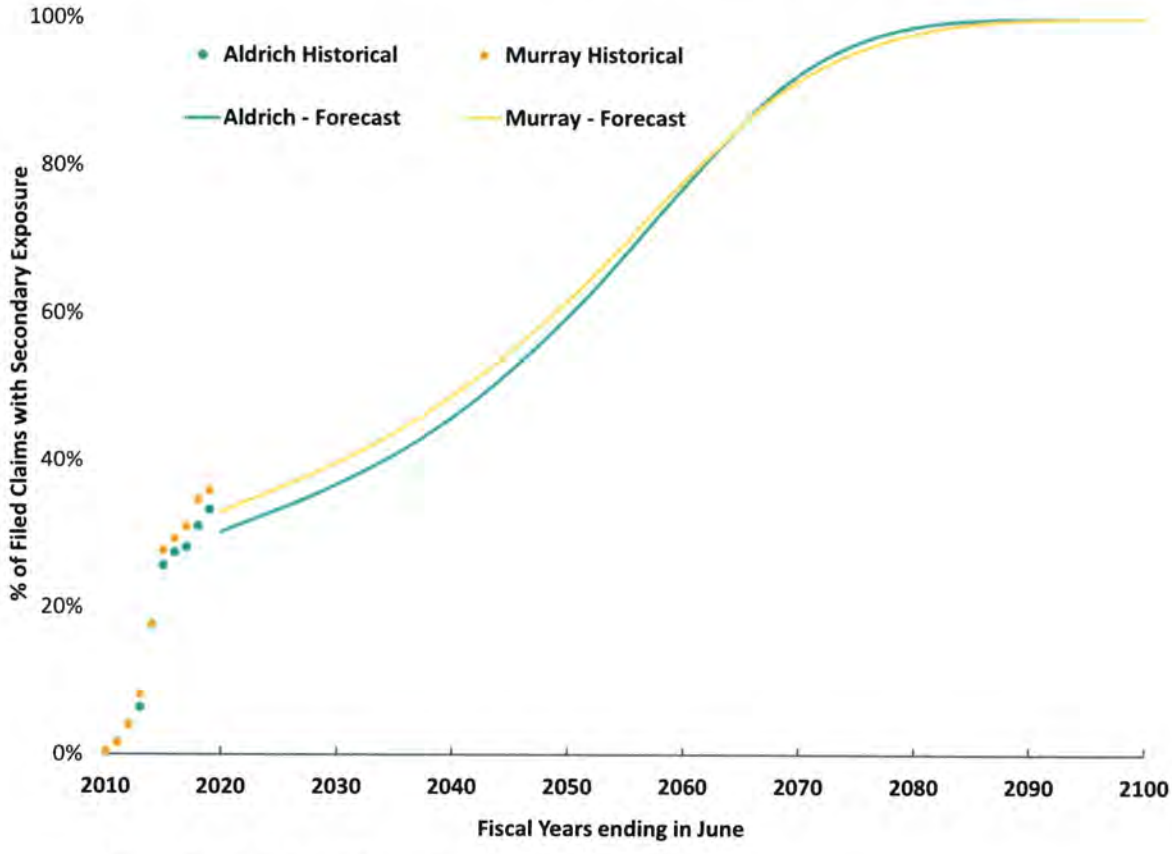
2. Bates White's Payment Rate Does Not Reflect the Expected Share of Secondary Claims and Relies on Filing Cohorts with Atypically High Payment Rates

68. Bates White applies a payment rate of 38% for Aldrich and 15% for Murray, based on claims resolved over the 2015–2019 period. This approach does not account for the important dynamics described above. First, the composition of claims has evolved over time, with the proportion of secondary claims increasing historically and expected to continue rising over the forecast horizon. *See* Figure 10. As demonstrated in our Initial Report, secondary claims are associated with lower payment rates.[66] Accordingly, a payment rate applied to future claims should reflect the anticipated shift in mix toward a higher share of secondary claims and the corresponding reduction in payment probability.

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[66] In the Brattle Initial Report, payment rates for future primary claims were estimated at 33.4% for Aldrich and 19% for Murray. By contrast, the payment rates for future secondary claims were estimated at 26% for Aldrich and 10.3% for Murray. *See* Brattle Initial Report, Table 5.

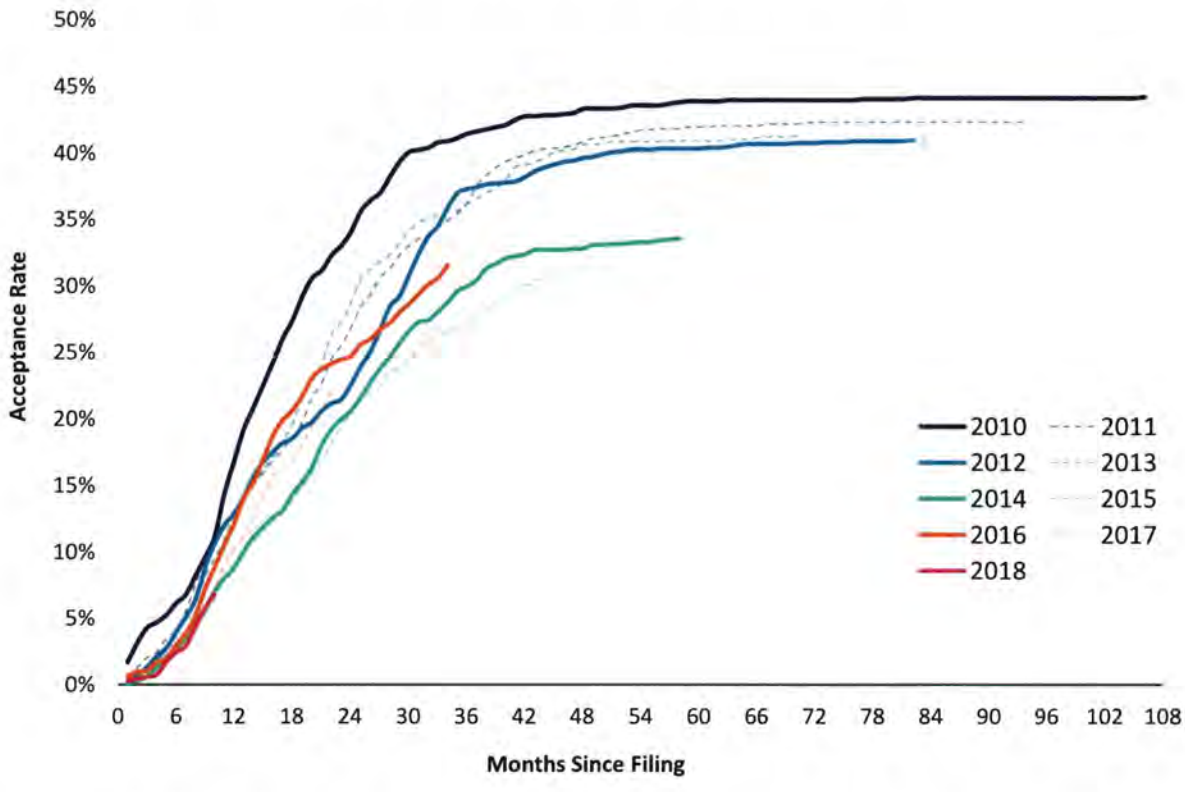
FIGURE 10: PERCENTAGE OF SECONDARY CLAIMS BY YEAR FILED



Sources and Notes: Brattle Rebuttal Report Workpaper.

69. Second, cohort-level analysis indicates that acceptance rates, i.e. the fraction of paid claims relative to claims filed in a given year, vary materially by filing year. Figure 11 shows that claims filed in 2014 and 2015 exhibit significantly lower acceptance rates than other cohorts, particularly so relative to earlier cohorts. Acceptance rates for claims filed in 2010 appear unusually high relative to subsequent experience. These patterns suggest that a simple aggregation across resolution years may not appropriately capture the underlying cohort dynamics relevant for forecasting.

FIGURE 11: ACCEPTANCE RATE BY FILING YEAR COHORT (ALDRICH)



Sources and Notes: Brattle Rebuttal Report Workpaper.
The cutoff date for resolutions in this chart is March 31, 2020.
Each series is truncated at the point where the months since filing exceeds the number of months between the end of the fiscal year and March 31, 2020. For example, fiscal year 2018 begins June 19, 2018 and ends June 18, 2019. April 2020 is the first month that exceeds the resolution cutoff date. June 2019 – April 2020 is 11 months, so the series only has values for the first 10 months since filing.

70. When cohort effects and claim exposure type composition are considered, a payment rate of approximately 35% for primary claims for Aldrich is more consistent with recent historical experience. This approach is implemented in the updated Competing Risks Model, which (i) incorporates claims filed from 2013 onward, a period over which payment rate curves are relatively stable, and (ii) allows for a limited tail of payments beyond six years post-filing by assigning such payments to year seven. The corresponding estimated payment rates for Aldrich are 35.4 % for primary claims and 27.7 % for secondary claims. *See* Table 2.

TABLE 2: ESTIMATED PAYMENT RATES FOR FUTURE CLAIMS

		Cumulative Probability of Settlement Before Year t						
		1 [A]	2 [B]	3 [C]	4 [D]	5 [E]	6 [F]	7 [G]
Aldrich								
Primary	[1]	9.1%	21.0%	29.5%	33.7%	34.3%	35.0%	35.4%
Secondary	[2]	6.9%	15.7%	21.7%	25.0%	27.0%	27.3%	27.7%
Murray								
Primary	[3]	3.9%	9.4%	12.7%	13.7%	13.9%	14.0%	14.1%
Secondary	[4]	3.1%	6.8%	9.2%	10.1%	10.8%	10.8%	10.8%

Sources and Notes: Brattle Rebuttal Report Workpaper.

71. Replacing Bates White's payment rates with the payment rate schedule for future claims reported in Table 2 leads to the $92 million decrease in estimated liabilities depicted in Figure 5.

D. ADDITIONAL VERDICTS ASSUMED BY LAS

72. The Debtors' Claims Database reflects a single jury verdict, entered against Aldrich in 2016. LAS contends that this verdict "reflects the possibility of jury verdicts in the future" and, on that basis, assumes that each of the Debtors will be subject to three jury verdicts between 2025 and 2060.[67] LAS assigns a value of $15.3 million to each assumed verdict. [68] This approach is unfounded and inflates the expected value of claims. Furthermore, the resulting estimated average expected claim value is invalidated by the empirical evidence of the actual average values observed in the tort system.

73. No empirical analysis is offered to support this assumed frequency of verdicts. The inclusion of these projected verdicts in LAS's forecast of future mesothelioma liabilities lacks foundation and rests on conjecture rather than on historical evidence or modeled expectations.

74. The inclusion of additional projected verdicts is not only unfounded but also conflicts with the methodology to calculate average settlement value, resulting in double counting. LAS relies on

[67] LAS Conformed Initial Report, p. 51.

[68] LAS Conformed Initial Report, p. 51.

both historical settlement values and verdict values to estimate average payment amounts for pending and future claims. Including historical verdict values in these averages, while also adding projected verdicts, results in duplicative counting of verdict values.

75. Settlement values already reflect the expected likelihood and size of jury verdicts based on the information available to parties at the time.[69] Settlements are negotiated at arm's length between knowledgeable and economically rational parties who agree on a value that reflects their considered assessment of each claim. That assessment necessarily includes the case-specific probability of a trial outcome and the likely award amount if the case were litigated to verdict, informed by prior jury awards that are public and widely reported.[70]

76. From an economic perspective, a plaintiff's willingness to settle reflects the expected net recovery from trial—i.e., the anticipated verdict adjusted for probability and reduced by avoided litigation costs. Likewise, a defendant's maximum settlement offer reflects the expected cost of proceeding to trial—i.e., the anticipated verdict adjusted for probability and increased by avoided defense costs. A settlement occurs only when these expectations overlap, meaning both parties conclude they are better off resolving the claim than litigating it.[71]

77. Accordingly, negotiated settlement values already represent the litigant's mutual calculations of the probability-weighted, risk-adjusted present value of expected verdict outcomes.[72] Adding

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69 *In re Federal-Mogul Global Inc.*, 330 B.R. 133, 158, 162 (D. Del. Sep. 13, 2005) ("Pursuant to the first factor of Eagle Picher, the focus must be on TN's [Turner and Newall's] actual settlement history in determining what a claim would have been worth but for the bankruptcy. [...] The market is just that, a market; as such, it would not be prudent to second-guess the historic resolutions that were driven by factors by both plaintiffs and defendants, and relied upon here by competent experts in formulating an estimate.").

70 *See* Seth A. Seabury, "Jury Verdicts, Settlement Behavior and Expected Trial Outcomes," *International Review of Law and Economics* 33 (2013): 15–22, p. 15. Settlement-based valuations are also consistent with principles of equity, as they more reliably align compensation with underlying economic losses rather than presuming that a subset of claimants will obtain outsized "lottery" verdicts. In the context of mass torts that create insolvency risk due to the costs and uncertainties of litigation, compensation at settlement values—paid through a trust without incurring ongoing defense and transaction costs—can promote more uniform recoveries and help ensure that claimants who might otherwise receive no recovery in protracted litigation are able to obtain meaningful compensation. *See, e.g.*, Jack B. Weinstein and Eileen B. Hershenov, "The Effect of Equity on Mass Tort Law," *University of Illinois Law Review* 1991(2) (1991): 269–328.

71 George L. Priest and Benjamin Klein, "The Selection of Disputes for Litigation," *The Journal of Legal Studies* 13(1) (1984): 1–55, p. 12. *See also*, Gary M. Fournier and Thomas W. Zuehlke, "Litigation and Settlement: An Empirical Approach," *The Review of Economics and Statistics* 71 (2) (1989): 189–195, p. 189.

72 Paul Hinton, David McKnight, and Pietro Grandi, "The Verdict Valuation Paradox: Implications for Mass Torts," *American Bankruptcy Institute Journal* 42(4) (April 2023).

separate assumed future verdicts on top of settlement-based valuations therefore double counts the very trial risk that is already valued by consensus as reflected in observed settlements.

78. The way LAS incorporates the three additional assumed verdicts is also itself problematic. LAS inserts three verdicts at selected future intervals, removes three projected claims to accommodate them, and assumes that each verdict will be paid with 100% probability at a value of $15.3 million. This treatment does not reflect the uncertainty and risk valuation inherent in jury outcomes; specifically, in order for three trials to result in plaintiff-favorable verdicts, in expectation more than three claims would need to go to trial instead of settlement. By simply replacing three future settlement payments with three future damages awards, LAS fails to incorporate any assessment of the probability of success at trial, and instead assumes a 100% success rate from a historical population size of one.

79. LAS assigns verdicts values of $15.3 million, which are unsupported and inconsistent with available empirical data. LAS based this value on a review of Mealey's Asbestos Verdicts and Settlements reports between 2022 and 2024. However, the verdicts summarized in these reports represent the full range of mesothelioma verdicts, and are not indicative of the types of verdicts that can be expected for gasket defendants.[73] The resulting $15.3 million verdict value materially exceeds the amount of the single verdict observed over more than 30 years of the Debtors' litigation history, as well as that of *Garlock*, a similarly situated gasket and packing defendant. *See* Table 3.

TABLE 3: AVERAGE VALUE OF OBSERVED VERDICTS AGAINST THE DEBTORS AND GARLOCK ($2020, MILLIONS)

		Aldrich Verdict Values [A]	Garlock Verdict Values [B]	Assigned LAS Value [C]
Nominal Payout	[1]	[redacted]	$1.9	
CPI & Social Inflation Adjusted	[2]	$11.7	$2.3	$15.3

Source and Notes: LAS Conformed Initial Report, Brattle Rebuttal Report Workpapers. Adjusted to 2020 dollars.

[73] LexisNexis, "Mealey's Asbestos Law - Asbestos Verdicts & Settlements: January 2024 - December 2024," July 23, 2025.

80. The effect of LAS's decision to include additional assumed verdicts is to artificially increase the average payment value assigned to future mesothelioma claims, above the expected value reflected in past payments. Table 4 reports the projected average settlement value both including and excluding these additional verdicts. Incorporating the assumed verdicts increases the average value of future claims by $4,400 for Aldrich and by approximately $13,000 for Murray. This 10% increase in claim values increases their aggregate liability estimate by 8%, after accounting for defense costs, discount and inflation rates, and payment rates. *See* Table 4.

TABLE 4: EFFECTIVE IMPACT OF VERDICTS ON SETTLEMENT VALUE

		Aldrich [A]	Murray [B]
Including Verdicts	[1]	$60,368	$104,675
Excluding Verdicts	[2]	$55,964	$91,632
Difference	[3]	$4,404	$13,043

Source and Notes: LAS Conformed Initial Report, Brattle Rebuttal Report Workpapers.

81. As shown in Figure 4, eliminating the three assumed verdicts from LAS's liability estimates reduces its projected liabilities by approximately $61 million, after already removing defense costs, adjusting the discount and inflation rates used and adjusting for overstatements in expected payment rates.

VI. CONCLUSION

82. The gap between LAS's liability estimate and the estimates of the other experts is driven by multiple inappropriate valuation assumptions—principally the inclusion of defense costs, unrealistic inflation and discount rate assumptions, payment rates that are too high, and the addition of unsubstantiated verdict projections. Adjusting the LAS analysis for these differences reduces their estimated liabilities to $791 million. These four adjustments explain most of the difference between LAS's original $3.2 billion estimate and the $656 million value obtained using the LAS forecast in the Brattle model. This is also very close to the $675 million value obtained using the Bates White forecast in the Brattle model.

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APPENDIX A: RESIDUAL DIFFERENCES IN LIABILITY ESTIMATION

1. The residual difference in liability estimates depicted in Figure 4 and Figure 5 amount to $136 million for LAS and $3.0 million for Bates White. These differences arise from adjustments made to reconcile with the Brattle estimate using the LAS and the Bates White forecast curves. Specifically, the differences arise from the following five implementation steps: the scaling up of mesothelioma liabilities to include liability for non-mesothelioma claims ("non-mesothelioma gross-up"), differences in procedures for estimating claims liability for Non-Tort Firms ("Non-Tort Adjustment"), difference to account for fiscal year ending in June ("Fiscal Year Adjustment"), differences in settlement values, and differences in the treatment of claims with unknown disease. The magnitude of the adjustments to the LAS and Bates White estimates to reconcile these differences are reported in Table 5 and described in more detail below.

TABLE 5: RESIDUAL DIFFERENCES IN LIABILITY ESTIMATES TO RECONCILE IMPLEMENTATION WITH THE BRATTLE ANALYSIS

Step		LAS [A]	Bates White [B]
Non-Mesothelioma Claims Liability	[1]	-$40	-$33
Non-Tort Adjustment	[2]	-$6.3	$31
Fiscal Year Adjustment	[3]	$4.6	$24
Settlement Values	[4]	-$63	-$20
Claims with Unknown Disease	[5]	-$31	
Total	[6]	$136	$3.0

Source and Notes: Brattle Rebuttal Report Workpapers.

A.1 NON-MESOTHELIOMA CLAIMS LIABILITY

2. **LAS:** Unlike the other expert reports, LAS estimates inputs —including average values, payment rates, and claim forecasts—separately for each non-mesothelioma disease category (lung cancer, non-malignancies, and other cancers). Specifically, the number of future lung cancer claims is forecast using the same methodology (i.e., the Nicholson Method or Sales Method) applied to mesothelioma claims. Forecasts for non-malignancies and other cancers are then derived as

proportions of the projected lung cancer claims.[74] Disease-specific average values and payment rates are subsequently applied to each category to estimate future liabilities. These components are then aggregated to produce a total non-mesothelioma liability, implying a non-mesothelioma gross-up factor—i.e., the ratio of mesothelioma liability to total liability—of 79%.[75] However, this percentage is overstated due to a calculation error in LAS reliance materials.

3. Specifically, LAS uses total lung cancer incidence, rather than asbestos-related lung cancer incidence, when forecasting lung cancer claims. Correcting this error reduces LAS estimated liabilities by $142 million, and increases the non-mesothelioma gross-up factor to 85%, similar to the Bates White and Brattle values.[76]

4. **Bates White**: Bates White calculates that 17.3% (Aldrich) and 19.4% (Murray) of nominal claim liability over calendar years 2015 through 2020 was paid on non-mesothelioma claims, after the single plaintiff verdict is adjusted downwards, implying non-mesothelioma gross-up factors of 83% and 81%, respectively.[77] Accordingly, as the final step of their analysis, they gross up their estimates by those respective percentages for each debtor.

5. **Brattle:** Brattle estimates that 86% and 87% of liabilities of Aldrich and Murray in the five-year calibration period, excluding Non-Tort claims, are attributable to mesothelioma claims.[78] The estimated future mesothelioma liability is scaled up by dividing by this percentage to compute the corresponding future non-mesothelioma claim liability.

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[74] This is calculated as the percent of filings pertaining to that disease relative to the number of lung cancer filings during their calibration period.

[75] Non-meso gross-up percent is calculated as the total mesothelioma NPV divided by the total NPV in the LAS Nicholson-Data specification, excluding defense costs.

[76] To correct for the error in forecasting non-mesothelioma claims, replace the lung cancer incidence column in LAS's Nicholson forecast workbooks with the 'Asbestos-related (Use for Lung Cancer)' column in their mesothelioma incidence workbook. Migrate the updated non-mesothelioma forecasts into their DCF files to compute the updated non-mesothelioma NPV. *See* LAS Conformed Initial Report Production Materials, 'Liability_Estimation-Cash_Flow_Model_Aldrich', 'Liability_Estimation-Cash_Flow_Model_Murray', 'Nicholson_Forecast_(Aldrich)', 'Nicholson_Forecast_(Murray)', 'Mesothelioma_Forecast'.

[77] *See* Bates White Initial Report Workpapers, Data tabulations – 07 Spend by disease.

[78] *See* Brattle Initial Report, Section VII.A.

6. As shown in Table 5, aligning LAS's and Bates White's approaches with Brattle's treatment of the non-mesothelioma gross-up factor reduces estimated liabilities by $40 million for LAS and $33 million for Bates White.

A.2 NON-TORT ADJUSTMENT

7. As discussed in our Initial Report, Non-Tort Firms—specifically REDACTED - Law Firm 3 REDACTED - Law Firm 1] Law Firm 1 and, for Aldrich, the REDACTED - Law Firm 2 resolved claims against the Debtors through pre-negotiated settlement agreements that operated outside the tort system. Under these arrangements, claims were submitted and paid without being formally filed or litigated, which reduced observed filings and altered measured payment rates during the calibration period. As a result, these claims are not directly comparable to claims proceeding through the tort system and, if included without adjustment, would distort estimates of filing behavior and resolution probabilities.[79] This section describes how each expert accounts for claims associated with Non-Tort Firms and the impact of these differing approaches on estimated liabilities.

8. **LAS**: LAS does not exclude claims associated with Non-Tort Firms from the calculation of key inputs, including claim forecasts, payment rates, and average values. Instead, LAS addresses these claims directly through its treatment of "claims subject to tolling agreements," which correspond to the Non-Tort Firm claims identified in the Brattle Initial Report.[80] LAS contends that these agreements allowed claims to be resolved without the filing of a legal complaint, resulting in an understatement of total claims in the Debtors' Claims Database.[81] To address this, LAS conducts a review of Personal Injury Questionnaires (PIQs) to identify "off-complaint"

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79 *See* Brattle Initial Report, Section III.C.

80 *See* LAS Conformed Initial Report, Section IX, pp. 54–57. LAS did not provide supporting materials for their 'Tolled Claims' adjustment, and as such the values presented in its report reflect only the results associated with its upper- and lower-bound results. To perform our analysis on LAS's Nicholson-Database estimation, while reflecting the effect of the adjustments made in Section IX, we apply a Tolled Gross-Up factor to our analysis. The Tolled Gross-Up factor is calculated by dividing the upper bound tolled claims estimate by the upper bound base tort indemnity estimate in Table 17 of the LAS Conformed Initial Report. Separate estimates are calculated for each debtor, and for Mesothelioma and Non-Mesothelioma totals. We treat these components as fixed proportions of total liability for the purposes of our analysis. *See* LAS Conformed Initial Report, Section X, Table 17, pp. 53–58. *See also*, Brattle Rebuttal Workpapers.

81 LAS Conformed Initial Report, p. 54.

claims—i.e., PIQs without a corresponding complaint—and adjusts the estimated propensity to sue for both Aldrich and Murray accordingly. [82]

9. However, LAS incorporates the effects of Non-Tort Firms directly into its estimates of claim frequency, payment rates, and average values by including them when computing these inputs from historical data. The effects of Non-Tort Firms on expected outcomes are therefore already reflected in its projected liabilities. By additionally applying a gross-up for tolled claims, LAS effectively double-counts the impact of Non-Tort Firms in its net present value calculations.

10. **Brattle:** Brattle excludes claims associated with Non-Tort Firms—specifically REDACTED - Law Firms 1, 2 and 3 –from the estimation and calibration of claim forecasts, payment rates, and average values. This is because these claims were resolved through pre-negotiated agreements outside the tort system and were often not formally filed, which would otherwise distort observed filing patterns and resolution dynamics. [83] Instead, Brattle models claims based on tort system experience excluding these firms and incorporates their impact at the final stage of the analysis through a scaling adjustment. This gross-up is based on the historical share of indemnity payments made to Non-Tort Firms during the calibration period, thereby ensuring that total liabilities reflect their contribution without affecting the estimation of underlying model inputs.[84]

11. **Bates White:** Bates White includes the non-tort firms throughout its estimates of pending and forecast claim liabilities, including its claims forecast, payment rates, and average values. However, pending claims associated with the REDACTED - Law Firm 3 and REDACTED - Law Firm 1 law firms are excluded from the analysis, and the filing years for resolved claims associated with those firms are replaced with their respective resolution years. Additionally, claims from those two firms are forecast to resolve in the year they are filed, rather than following Bates White's general time-to-resolution distribution. Separately, payouts to Law Firm 2 for claims against Aldrich are divided by

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82 "PIQ" refers to Personal Injury Questionnaires, a claimant-completed questionnaire providing exposure, medical, and background information. LAS Conformed Initial Report, pp. 55–56.

83 *See* Brattle Initial Report, Section VII.B, pp. 42–44.

84 *See* Brattle Initial Report, Section VII.B pp. 42-44.

three in the 0% background rate scenario, and halved in the intermediate 10% background rate scenario.

12. To account for LAS's inclusion of Tolled claims, we apply a fixed percent gross up equal to the proportion of tolled claim indemnity for mesothelioma and non-mesothelioma claims in their upper bound-scenario to our totals. [85] As shown in Table 5, aligning LAS's and Bates White's approaches with Brattle's for Non-Tort Firms reduces estimated liabilities by $6.3 million for LAS and increases estimated liabilities by $31 million for Bates White.

A.3 FISCAL YEAR ADJUSTMENT

13. **LAS:** The number of claims filed between between January 1, 2020 and the Petition Date in June is annualized, implicitly assuming that filings in the remainder of the year will equal those observed prior to the Petition Date. The claims imputed for the second half of 2020 are valued as part of the forecast liability. For subsequent years, from 2021 through 2059, claims are forecast on a calendar year basis.

14. **Bates White:** Bates White's analysis is conducted on a calendar-year basis and includes the full year forecast for 2020. The amount actually paid by Debtors on mesothelioma claims through the Petition Date in June 2020 is then subtracted from the 2020 estimate. No portion of 2020 is included in the calibration periods, which all end in calendar year 2019.

15. **Brattle**. Fiscal years are defined as ending in June, such that annual claim forecasts and payments are reported for consecutive twelve-month periods following the Petition Date.

16. As shown in Table 5, aligning Bates White's approach to Brattle's, by expressing cash flows on a fiscal-year basis and removing the reduction for 2020 historical payments, increases estimated liabilities by $24 million. Aligning LAS's approach to Brattle's by adjusting the claims forecast to fiscal years and expressing cash flows on a fiscal-year basis increases estimated liabilities by $4.6 million.

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[85] *See* Brattle Rebuttal Workpapers.

A.4 SETTLEMENT VALUES

17. In this report, claim value is defined as the combined effect of three components. First, the average settlement values historically paid by the Debtors for mesothelioma claims. Second, the effect of claimant age on settlement value—specifically, that older claimants tend to receive lower settlements—together with the expectation that future claimants will, on average, be older given the use of epidemiological models and the cessation of asbestos exposure by the 1980s. Third, adjustments to reflect that claimants alleging secondary exposure to asbestos typically receive lower settlement values than those alleging primary exposure, as well as the expectation that the share of secondary exposure claims will increase over time and become more prevalent among future claimants. The specific assumptions and adjustments applied by the experts with respect to claim value are discussed below.

18. **LAS:** Average settlement values are calculated as the average value of claims settled in a 3-year calibration period between 2017 and 2019, after having removed claims that were filed before 2013, including the plaintiff verdict rendered against Aldrich in 2017, which was filed in 2004. LAS reports a disease-specific settlement value for each disease category: mesothelioma, lung cancer, other cancer and non-malignancies. Average values are expressed in 2020 dollars. No adjustments are applied to account for claimant age or for the changing share of future claims by primary and secondary exposure.

19. **Bates White:** Average settlement values are computed for each law firm separately and adjusted to 2020 dollars using CPI. Bates White computes different average values for different calibration periods: 10-year (2010-2019), 5-year (2015-2019), and 3-year (2017-2019). Average settlement values include the plaintiff verdict rendered against Aldrich. However, the verdict is adjusted from $9,200,000 on December 1, 2017 to $5,500,000 ($5,776,433.587 CPI-adjusted) on April 1, 2016. Average settlement values generally include settlements paid to Non-Tort Firms. However, payouts to Law Firm 2 for Aldrich are divided by 3 in the 0% background rate scenario, and by two in the 10% background rate scenario. Other than the general downward trend in settlement value discussed in Section V.B.2, Bates White does not apply adjustments to account for claimant age or for the changing share of future claims between primary and secondary exposure.

20. **Brattle:** Average settlement values are calculated on claims settled between June 19, 2015, and June 18, 2020 (i.e., FY 2015 – FY 2019) and include the plaintiff verdict rendered against Aldrich.[86] Payouts to Non-Tort Firms are excluded from this calculation. Settlements in the calibration period are adjusted to 2020 dollars using CPI. Average settlement values are estimated separately for primary and secondary mesothelioma claims and applied over the forecast horizon based on the projected share of primary and secondary claims. In addition, the impact of age on claim values is incorporated by comparing the average age of claimants in the calibration period to the projected average age of future claimants, and adjusting future payouts accordingly.[87]

21. As shown in Table 5, aligning LAS's and Bates White's approaches with Brattle's treatment of claim value—including average settlement values, age adjustments, and changes in the mix of claims over time—reduces estimated liabilities by $63 million for LAS and $20 million for Bates White.

A.5 CLAIMS WITH UNKNOWN DISEASE

22. **LAS:** LAS assumes that pending claims with unknown disease in the Debtors' Claims Database should be allocated across mesothelioma, lung cancer, other cancers, and non-malignancies based on the historical distribution of filed claims. Notwithstanding that the claims record indicates that no unknown-disease claims have been resolved with payment since 2015, LAS allocates these claims across disease categories, assigns them value, and adjusts the forecast of future claims upward to reflect the assumption that unknown disease claims filings will continue based on the number of these filings in the calibration period.

23. **Brattle and Bates White**. Unknown disease claims are assumed to be non-mesothelioma claims and are accordingly included in the non-mesothelioma gross-up.[88] No additional adjustment is applied.

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[86] Defined as the period between June 19, 2015 – June 18, 2020. *See* Brattle Initial Report, footnote 28.

[87] *See* Brattle Initial Report, Section VI.B, pp. 37–39.

[88] *See* Brattle Initial Report, Section VII.A. p. 42.

24. To account for LAS's inclusion of Unknown claims, we apply a fixed percent gross up equal to the proportion of Unknown claim indemnity for mesothelioma and non-mesothelioma claims in their upper bound-scenario to our totals.[89] As shown in Table 5, aligning LAS's approach with Bates White's and Brattle's reduces LAS's liabilities by $31 million.[90]

[89] *See* Brattle Rebuttal Workpapers.

[90] After all steps are applied, a difference of less than 0.1% remains for LAS for due to rounding.

APPENDIX B: THE WALKER MODEL

1. The Walker forecasting method ("Walker Method") uses claims data to estimate the size of the population from which the historical claims arose and then uses that population to forecast future claims. The Walker Method uses the same dose-response relationship employed in the Nicholson Method to forecast disease incidence from an exposed population, but the Walker Method proceeds in the opposite direction. The Walker Method starts with the claims actually filed against Aldrich and Murray and then imputes the size of the population exposed to asbestos necessary to observe that number of claims, assuming the number of claims is proportional to incidence.

2. Members of the imputed population are estimated to continue to develop mesothelioma in each future year and bring claims against Aldrich and Murray. The Walker Method forecasts the number of such claims. Specifically, natural mortality is applied to age the initial implied population over time and forecast the number of exposed individuals that would be alive in each future year. The incidence rate of mesothelioma is then updated for each future year to account for aging and the elapsed time since first exposure to asbestos. Finally, the incidence rate of mesothelioma is used to determine how many people in that surviving population would develop mesothelioma in the future and bring a claim. Details of the imputation and forecasting methodology specific to our analysis are outlined below.

B.1 IMPUTE EXPOSED POPULATION BY APPLYING INCIDENCE TO MESOTHELIOMA CLAIMS

3. The Walker Method begins with a subset of 6,622 Aldrich and 5,386 Murray claims drawn from the Bates White Debtors' Claims Database: a total of 12,008 claims. This subset is restricted to claims filed during the calibration period (June 19, 2015 through June 18, 2020), with a diagnosis of mesothelioma, excluding claims filed by claims attributable Non-Tort Firms.

4. The Walker Method requires claim-level information on gender, birth date, timing of first and last asbestos exposure, and the intensity of asbestos exposure. Because these characteristics are not consistently reported across all claims, additional data processing steps are required to

address missing information and to ensure that the resulting sample remains representative of mesothelioma claims against the Debtors during the calibration period.

5. Missing data are addressed in several steps. First, gender is imputed from the claimant's first name.[91] Second, claims are grouped into five categories based on the availability of birth and exposure information: (i) claims with complete information;[92] (ii) claims missing first exposure;[93] (iii) claims missing birth information; (iv) claims missing last exposure; and (v) claims missing all such information.

6. To account for missing birth, first exposure or last exposure, scaling factors are applied to the subset of claims with complete information so that, in aggregate, the weighted sample reflects the full set of observed mesothelioma claims. These factors are computed within cohorts defined by birth year[94] and year of first exposure[95], each constructed over five-year intervals. For each cohort, ratios are calculated corresponding to the four categories of incomplete data, and these ratios are used to derive claim-level weights. The sum of weighted claims therefore reproduces the full observed claim count.

7. To estimate the average asbestos exposure associated with each claim, four steps are applied:

8. First, 12,008 selected claims in the Bates White Debtor's Claim Database are mapped to the claim records in the Trust Claims Forms and Paddock claims data[96], which contain information on claimant's occupations over time and associated industries.

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[91] We apply the *gender* package in R to impute missing gender using a claimant's first name. The package assigns a likely gender based on historical name–gender associations derived from datasets such as U.S. Social Security records, returning the most probable classification conditional on the name. For the one claim filed by "Ateo Ricciardelli" which the *gender* package fails to render an imputed gender, we determined this was likely a misspelling of "Matteo" and classified the claimant as male. *See* Lincoln Mullen, "Predict Gender from Names Using Historical Data," R package version 0.6.0 (or current), July 22, 2025, last accessed March 26, 2026, https://cran.r-project.org/web/packages/gender/gender.pdf.

[92] Claims with first exposure on or after January 1, 1985 are treated as having missing information, based on the fact that the Debtors ceased manufacturing and distributing asbestos-containing products in 1985. *See* Brattle Initial Report, ¶ 94.

[93] This category includes claims with and without reported date of last exposure to asbestos.

[94] The birth years cohorts cover fixed 5-year windows from 1915 through 1984.

[95] The year of first exposure cohorts cover fixed 5-year windows from 1925 through 1984.

[96] PIQ TCF Data dated February 13, 2025; Various Asbestos Trusts and Paddock Claims Database dated May 16, 2025.

9. Second, records in the Trust Claims Forms and Paddock claims data are linked to an occupation and industry category in the Nicholson Method whenever possible[97] to retrieve the amount of occupational exposure to asbestos associated with a certain occupation and industry.[98]

10. Third, average fiber exposure for each claimant is calculated as the time-weighted average exposure over the claimant's employment history, with weights based on the number of months worked in each occupation and industry. The exposure level is also adjusted to reflect how asbestos exposure varied over time.[99]

11. Lastly, birth year cohorts are formed for the selected claims over fixed 10-year windows from 1915 to 1984. Average exposure values are then calculated within each birth year cohort.

12. The subset of 9,630 claims with complete information forms the basis for estimating the exposed population under the Walker Method. For each claim, the implied exposed population is calculated as the weighted claim count divided by the corresponding mesothelioma incidence rate, and the aggregate implied exposed population is obtained by summing across claims. The incidence rate is modeled as the sum of (i) a background mesothelioma rate and (ii) an incidence rate attributable to occupational asbestos exposure ("occupational incidence rate"). The background rate is based on age-specific estimates from Moolgavkar et al. (2009), incorporating both pleural and peritoneal mesothelioma.[100, 101] The occupational incidence rate follows

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97 Trust Claims Forms are submissions to asbestos bankruptcy trusts (typically 524(g) trusts) in which claimants provide exposure and disease information to seek compensation, often without contemporaneous disclosure in the tort system. Claims-level data are produced by Paddock Enterprises, LLC—a separate asbestos defendant and bankruptcy debtor—used in discovery as a comparable dataset to analyze claimant exposures, filings, and recoveries alongside the Debtors' claims data. *See* Bates White Initial Report, pp. 2, 18-19, D-13 – D-14. For more information on the Paddock-Nicholson mapping procedure, *see* "Nicholson Mapping Rules" in the Brattle Rebuttal Report Workpapers

98 The amount of occupational asbestos exposure is measured by the fiber concentration estimated for each occupation-industry category in the Nicholson Method. *See* 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.

99 Brattle Rebuttal Report Workpapers. 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): 286–287. Expert Report of Charles E. Bates, *In re Garlock Sealing Technologies, et al.*, February 15, 2013, p. 150.

100 Suresh H. Moolgavkar, Rafael Meza, and Jay Turim, "Pleural and Peritoneal Mesotheliomas in SEER: Age Effects and Temporal Trends, 1973–2005," *Cancer Causes & Control* 20(6) (2009): 935–944, p. 937.

101 Specifically, the background incidence rate h(t) is determined as:

standard epidemiological models, which depends on age, timing and duration of exposure,[102] and exposure intensity.[103]

13. Mesothelioma rarely develops below the age of 45.[104] However, 14 claims were brought by individuals in their thirties and early forties at filing (i.e., claims in the 1975 to 1984 birth cohort). For these claims, the standard incidence model produces near-zero incidence rates, implying unrealistically large exposed populations, relative to either the U.S. population or the size of exposed population imputed for claims in the other birth cohorts. [105] To address this issue, implied populations for this cohort are linked to the size of implied population in the

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$$h(t) = rpq\frac{e^{-qt} - e^{-pt}}{qe^{-pt} - pe^{-qt}}$$

where:

- t is the age of the individual;
- $r = 2.80 \times 10^{-4}$ (pleural) and 3.17×10^{-5} (peritoneal);
- p = -0.12 (pleural) and -0.11 (peritoneal); and
- $q = 1.40 \times 10^{-5}$ (pleural) and 1.78×10^{-4} (peritoneal).

[102] We cap the date of last exposure on January 1, 1985 when calculating the duration of exposure. That is, we keep any reported date of last exposure on or before January 1, 1985 as is and set any last exposure at later dates to January 1, 1985.

[103] The occupational incidence rate $I_M(t,d,f)$ is determined as:

$$I_M(t,d,f) = K_M \times f \times [(t-10)^3 - (t-10-d)^3] \; for \; t > 10+d \; years$$
$$= K_M \times f \times [(t-10)^3] \; for \; 10 < t < 10+d \; years$$
$$= 0 \; for \; t < 10 \; years$$

where:

- K_M is the carcinogenicity of asbestos with respect to mesothelioma ($K_M = 1.7 \times 10^{-8}$);
- f is the exposure intensity;
- t is the time since onset of exposure; and
- d is the duration of exposure.

See Expert Report of Charles E. Bates, *In re Garlock Sealing Technologies, et al.*, February 15, 2013, pp. 150–151.

[104] The incidence rate of mesothelioma increases with age. The CDC reports that the incidence of mesothelioma in individuals below the age of 45 is less than 1.5 in a million. *See* U.S. Centers for Disease and Control Prevention, "Cancer Statistics: Incidence Mesothelioma," last accessed March 26, 2026, https://gis.cdc.gov/Cancer/USCS/#/explore/incidence?cancer=19&sexes=1&dataset=standard&indicator=value&area=1&timeperiod=1&races=1&ages=1_2_11_3_4_5_6_7_8_9_10_12_13_14_15_16_17_18_19&tab=2&view=table&xaxis=ages&shownational=1.

[105] An application of the Walker Method in the Manville asbestos case revealed that cohorts of particularly young individuals can lead to unstable projections. Specifically, the authors found that the two youngest cohorts, projected based on about 8 cases of mesothelioma in 1977, represented 55% of 21,572 total cases projected. *See* Eric Stallard, Kenneth G. Manton, and Joel E. Cohen, *Statistics for Biology and Health, Forecasting Product Liability Claims: Epidemiology and Modeling in the Manville Asbestos Case* (New York, NY: Springer-Verlag, 2005), p. 152.

immediately preceding older cohort. Specifically, claims in the 1975–1984 birth cohort are mapped to the subset of claims in the immediately preceding 1965–1974 cohort that also exhibit limited exposure histories (i.e., fewer than 10 years of exposure) to create a "synthetic" cohort.

14. This synthetic cohort is subsequently adjusted to reflect the substantial decline in asbestos use between the mapped birth years (1965-1974) and the actual claims birth years (1975-1984). In particular, the implied populations are scaled by the observed reduction in U.S. asbestos consumption between the 1965–1974 and 1975–1984 periods.[106] This adjustment reflects the assumption that the marked decline in asbestos consumption during this interval would be associated with a proportionally smaller population of similarly exposed individuals in the later cohort.

B.2 FORECAST: APPLY INCIDENCE AND MORTALITY TO IMPUTED EXPOSED POPULATION

15. When applying the exposed population implied by each claim into the "future" (or the subsequent years following its filing year), two claim characteristics, age and number of years since first exposure, mechanically increase by the number of years elapsed since a claim's filing year. As described above, these two characteristics are part of the calculation of the incidence rate and, therefore, the estimated incidence rate for each subsequent year following filing are updated to reflect this change. The number of forecast claims in each subsequent year are then calculated as the surviving exposed population that have not yet filed a claim in that year multiplied by the updated incidence rate in the same year.[107, 108]

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[106] *See* Brattle Rebuttal Report Workpapers.

[107] For example, the exposed population one year after the filing year = exposed population in filing year × (1 – incidence rate in filing year) × (1 – death probability based on the characteristics in filing year). The number of forecast claims one year after the filing year = exposed population one year after the filing year × incidence rate one year after the filing year.

[108] Natural mortality rates are applied to each cohort, assuming the average mortality rates for blue collar labor. *See* Social Security Administration, "Period Life Tables," 2022, last accessed March 26, 2026, https://www.ssa.gov/oact/HistEst/PerLifeTables/2022/PerLifeTables2022.html for the mortality rates used in the Walker Model.

We multiply our natural mortality rates by the ratio of mortality rates for blue collar workers and the general population as reported by the Society of Actuaries in 2014. Society of Actuaries, "RP-2014 Mortality Tables Report," October 2014 (Revised November 2014), last accessed March 27, 2026, https://www.soa.org/globalassets/assets/files/research/exp-study/research-2014-rp-report.pdf. *See also,* Brattle Rebuttal Report Workpapers, Blue Collar Mortality Adjustment.xlsx.

16. The Walker Method estimates a population of exposed individuals that would file a claim after having been diagnosed with mesothelioma based on filing rates in the calibration period. However, since claiming rates decline as individuals age, it is necessary to apply adjustments to the claims forecast to account for the fact that over time, the average age of forecast claimants increases over time. To do so, age-specific claiming rates from Dunbar and Sabry (2007) are linked to the forecast table using the claimant's age at each forecast year. [109] Using the 2020 forecast year as a baseline, an adjustment factor is calculated for each subsequent year as the ratio of the claiming rate in that year to the 2020 claiming rate. The number of forecast claims in each year is then scaled by the corresponding adjustment factor, thereby incorporating the expected decline in claiming propensity as the population ages.

B.3 WALKER MODEL FORECAST

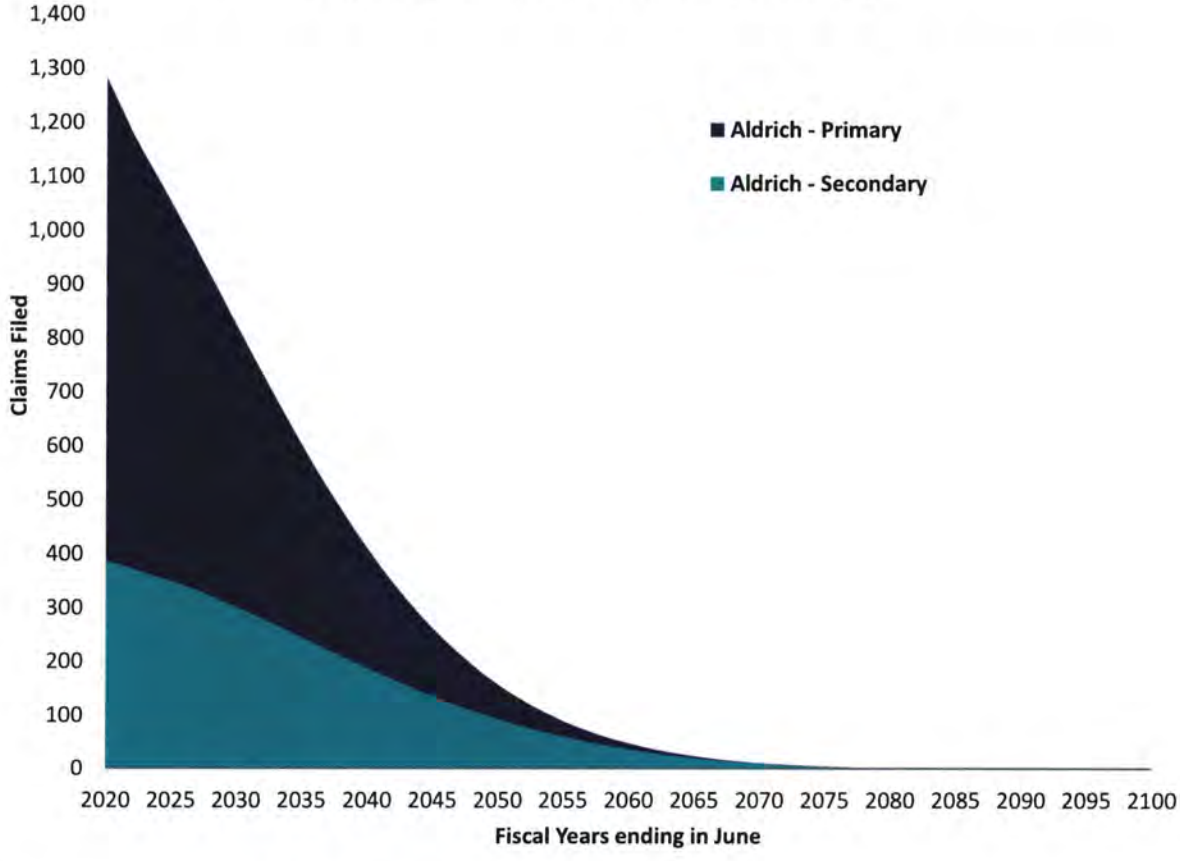
17. The main results of the Walker Model are shown in Figure 12 and Figure 13. The total number of forecast claims from 2020 to 2100 associated with Aldrich and Murray are broken out by exposure type to asbestos. The number of claims associated with primary and secondary exposure to asbestos in 2020 are approximately 1,600 and 730 claims, respectively.[110] Forecast claims progressively decline thereafter, which reflects the effects of several dynamics. The pool of possible claimants declines due to natural mortality but the likelihood of being diagnosed with mesothelioma increases with latency while the propensity to claim declines with age.

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[109] *See* Frederick C. Dunbar and Faten Sabry, "The Propensity to Sue: Why Do People Seek Legal Actions? A Sense of Grievance Appears to Be As Important as Economic Factors," *Business Economics* 42(2) (2007): 31–42, Figure 1.

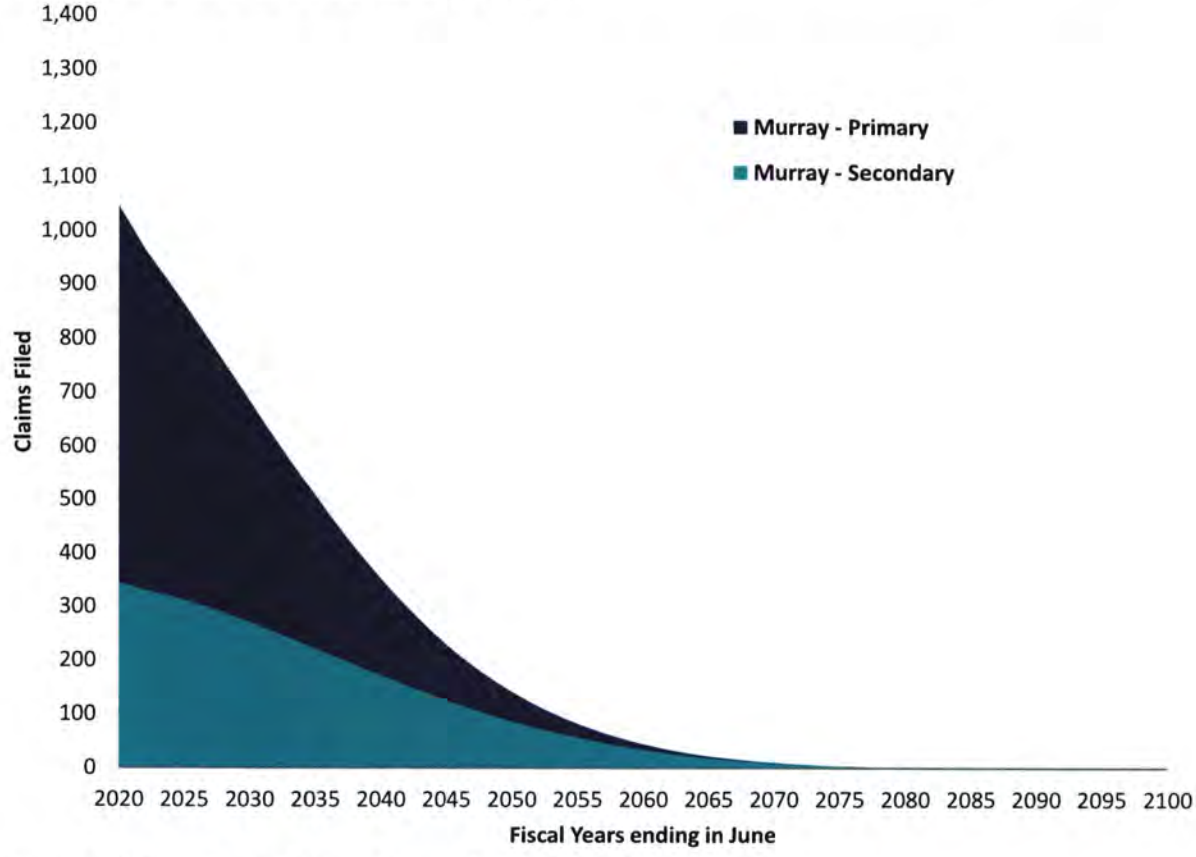
[110] We divide the number of forecast claims for each fiscal year by 5 because the calibration-period includes mesothelioma claims observed within a five-year period. This step scales the series of forecast claims down to quantities one may observe for one-year periods.

FIGURE 12: WALKER MODEL FORECAST OF MESOTHELIOMA CLAIMS WITH PRIMARY AND SECONDARY EXPOSURES (ALDRICH)



Sources and Notes: Brattle Rebuttal Report Workpapers.

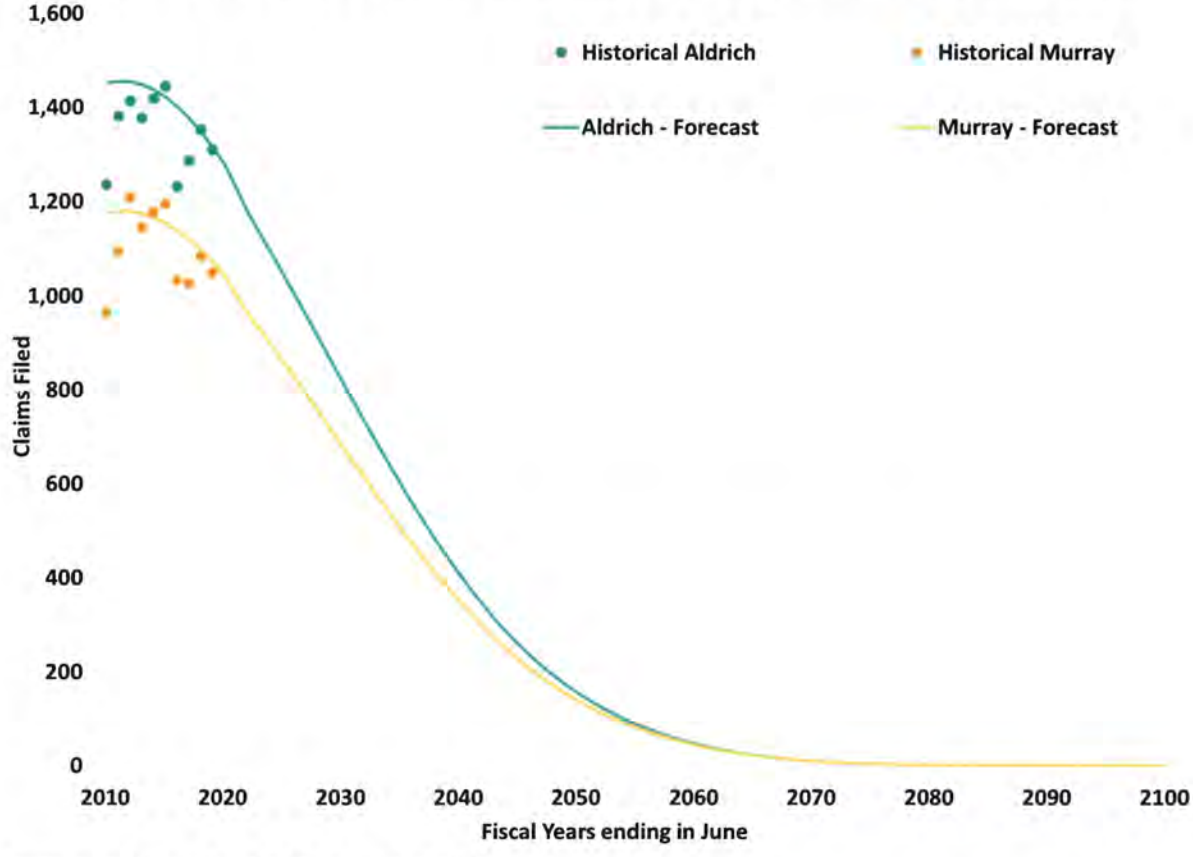
FIGURE 13: WALKER MODEL FORECAST OF MESOTHELIOMA CLAIMS WITH PRIMARY AND SECONDARY EXPOSURES (MURRAY)



Sources and Notes: Brattle Rebuttal Report Workpapers.

18. Figure 14 plots the historical claims that were realized and recorded by Aldrich and Murray, adjusted to remove claims associated with Non-Tort Firms, and the forecast claims produced by the Walker Model for each Debtor.

FIGURE 14: WALKER MODEL FORECAST CURVES AND HISTORICAL FILINGS



Sources and Notes: Brattle Rebuttal Report Workpapers.

B.4 CALIBRATING WALKER MODEL TO MESOTHELIOMA FILINGS AGAINST GASKET AND PACKING MANUFACTURERS

19. As discussed in Section IV, publicly available filings data indicate that mesothelioma claims against traditional asbestos defendants have declined in recent years, with a more pronounced decline beginning around 2019. This pattern is also observed specifically among gasket and packing defendants comparable to the Debtors, for example, John Crane Inc., and other manufacturers of industrial sealing products. Across this group of defendants, filings decreased materially between 2019 and 2024, with declines on the order of approximately 26% on average over this period.[111]

[111] *See* Brattle Rebuttal Report Workpapers.

20. Because the Debtors filed for bankruptcy in 2020, their claims data do not reflect post-2019 filing behavior. As a result, forecasts based solely on pre-petition data do not incorporate these more recent developments. To address this limitation, observed filing trends for comparable gasket and packing defendants that remained in the tort system are used as an external benchmark. The Walker Model is calibrated to replicate this observed decline over the 2020–2024 period, thereby aligning the model-implied claim trajectory with the most recent empirical evidence. The mechanics of this calibration are described below.

B.4.a Measuring Trends in Filings Against Gasket and Packing Defendants

21. First, the total number of mesothelioma claims filed against six gasket and packing defendants identified in the Bates White report—John Crane, Aurora Pump, Goulds Pumps, Crane/Redco, Goodyear, and Flowserve—is analyzed over the period 2015–2024. Consistent with Bates White's analysis, the average number of filings across these defendants is computed for each year and the resulting series is normalized to equal one in 2015 ("Total Filings Method" filing index).[112]

22. Second, underlying claim-level data provided by Bates White is used. Using claimant-level identifiers (including first name, last name, and filing date), claims filed against these defendants are matched to claims asserted against the Debtors to estimate the degree of overlap in their respective claim populations.[113] An alternative index is then constructed as a weighted average of filing counts across defendants, where weights are based on observed overlap with the Debtors ("Overlap Method" index). This approach reflects the fact that mesothelioma claims are frequently asserted against multiple defendants and that the Debtors historically shared a common pool of claims with other gasket and packing defendants. By assigning greater weight to defendants with higher historical overlap, the index is designed to approximate the claim trajectory that would have been observed for the Debtors absent bankruptcy.

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[112] Bates White Initial Report, pp. 54–55.

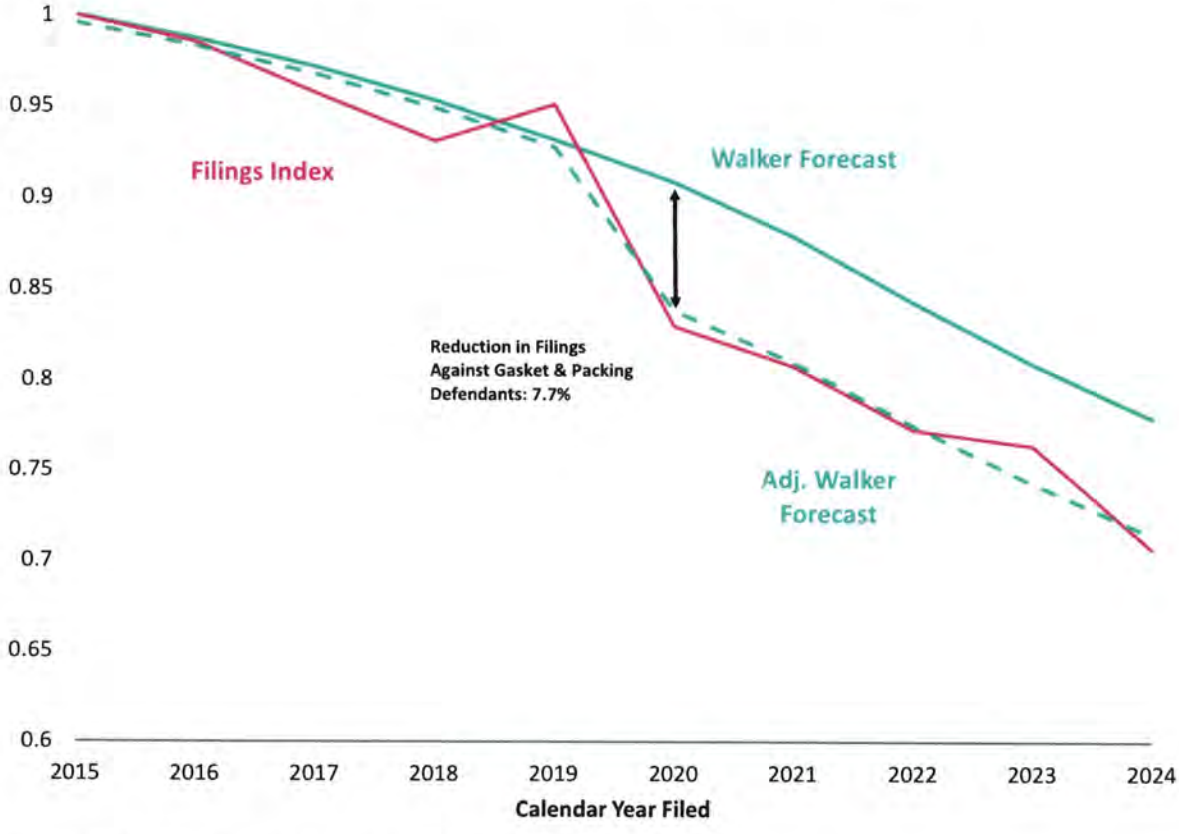
[113] The claim-level data provided by Bates White for John Crane lack filing dates but include yearly numbers of John Crane claims also filed against each of the Debtors, which are thus used instead.

B.4.b Calibrating Walker Model Forecasts to Trends in Mesothelioma Filings Against Gasket and Packing Defendants

23. To incorporate the decline in filings observed for comparable gasket and packing defendants after the Petition Date, the Walker Model is calibrated to achieve the best match with each of the two indexes described above over the 2015–2024 period. The calibration begins with the Walker Model's projected counts of primary and secondary claims for Aldrich and Murray.

24. A Walker forecast index is developed to reflect the change in number of forecast claims to match each filing index (the Total Filings Method filing index and the Overlap Method filing index), normalized to equal one in 2015 to capture the relative decline in filings thereafter. Calibration parameters are selected for 2015 and 2020 to shift the Walker forecast index down to match the filing index as closely as possible in each year to minimize the sum of squared differences between the Walker forecast index and the corresponding filing index for Aldrich and Murray. The result of this calibration is the dashed line depicted in Figure 15. A similar curve would result for Murray and using the Overlap Method.

FIGURE 15: FILINGS INDEX CALIBRATION (ALDRICH)



Sources and Notes: Brattle Rebuttal Report Workpapers.

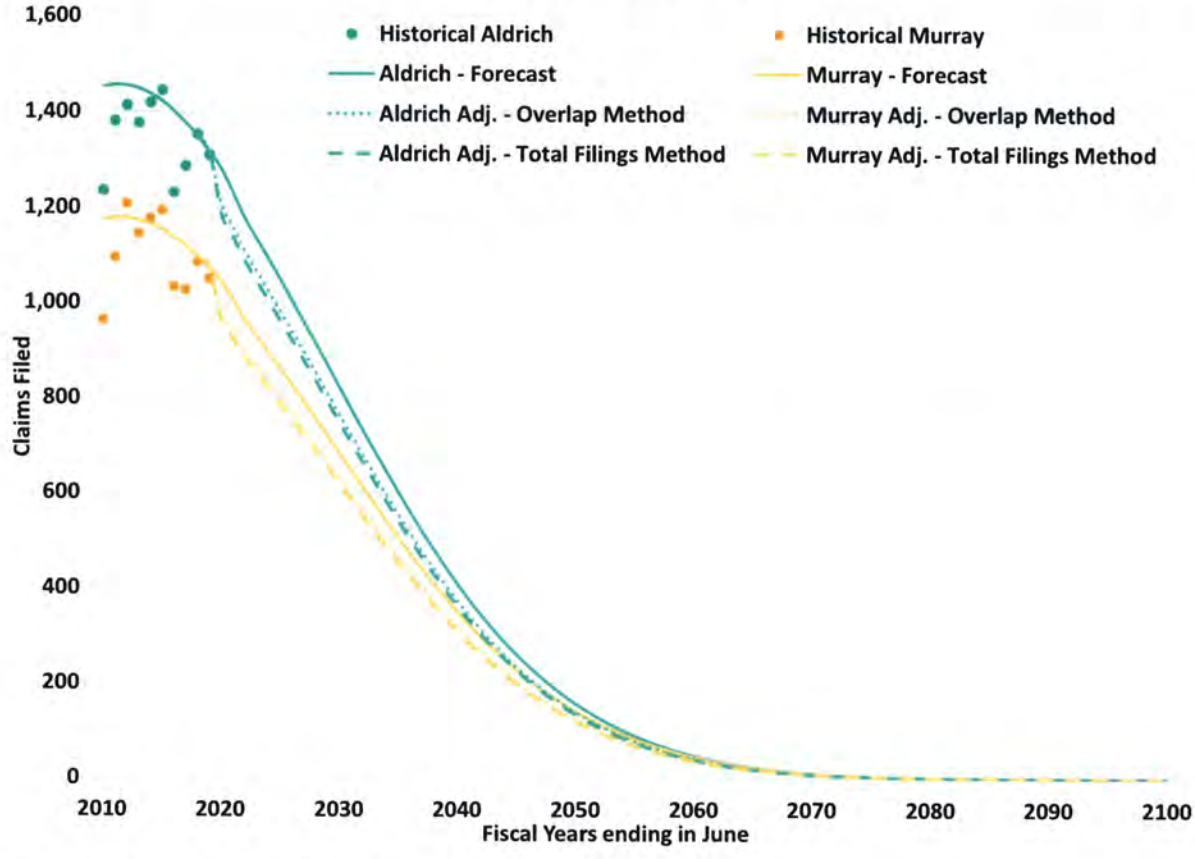
25. For each Debtor, two calibration parameters are defined. First, a scaling parameter shifts the Walker index to fit through the filings index between 2015 and 2019. Second, a downward adjustment is applied to secondary-exposure claims for years after 2019, while primary claims are left unchanged. This structure reflects the assumption that the observed post-2019 decline in filings is driven by a shift in litigation away from claims with secondary or non-occupational exposure toward other categories of defendants, including talc-related claims. Consistent with this interpretation, the decline in filings is modeled as a reduction in the share of secondary claims in the projected claim mix over this period.[114]

[114] More specifically, for each filing index, the calibration solves for the set of Debtor-specific parameters that best fit the external filing trajectory in a least-squares sense. The resulting parameters imply multiplicative adjustment factors applied to secondary claims for years 2020 and later, separately for Aldrich and Murray. Those adjusted secondary-claim forecasts are then recombined with the unadjusted primary-claim forecasts to produce the final adjusted Walker forecasts.

26. The solid lines in Figure 15 show that, while the Walker forecast index closely tracks the historical decline in the filing index through 2019, a divergence emerges thereafter as observed filings for gasket and packing defendants decline more sharply. To reconcile this difference, the calibrated (adjusted) Walker forecast incorporates a post-2019 reduction in projected claims. The magnitude of this reduction is reflected in the gap between the unadjusted (dashed) and adjusted Walker forecasts, corresponding to a reduction in filings attributable to changes in the composition of claims after 2019.

27. Accordingly, the Adjusted Walker Model preserves the original Walker framework and its treatment of occupational and non-occupational exposure, while recalibrating the post-2019 secondary-claim component so that the overall filing trajectory is consistent with the decline observed among comparable gasket and packing defendants that remained in the tort system. Results are reported under both calibration approaches in Figure 16.

FIGURE 16: WALKER MODEL FORECAST, ADJUSTMENT USING TOTAL FILINGS AND OVERLAP METHOD



Sources and Notes: Brattle Rebuttal Report Workpapers.

APPENDIX C : ADDITIONAL MATERIALS RELIED UPON

D.1 CASE DOCUMENTS

- Expert Report of The Brattle Group on Behalf of Future Claimants' Representative, September 15, 2025.
- Initial Expert Report of Andrew J. Sackett, J.D., Ph.D., Initial Liability Estimate, September 15, 2025, Conformed March 20, 2026.
- Initial Expert Report of Charles H. Mullin, PHD, September 15, 2025.

D.2 COURT CASES AND LEGAL FILINGS

- *In re Federal-Mogul Global Inc.*, 330 B.R. 133 (D. Del. 2005).
- *In re Garlock Sealing Techs., LLC*, 504 B.R. 71 (Bankr. W.D.N.C. 2014).

D.3 ACADEMIC ARTICLES AND BOOKS

- Annette Vissing-Jorgensen, "The Treasury Market in Spring 2020 and the Response of the Federal Reserve," *Journal of Monetary Economics* 124 (2021): 19–47.
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- Gary M. Fournier and Thomas W. Zuehlke, "Litigation and Settlement: An Empirical Approach," *The Review of Economics and Statistics* 71 (2) (1989): 189–195.
- George L. Priest and Benjamin Klein, "The Selection of Disputes for Litigation," *The Journal of Legal Studies* 13(1) (1984): 1–55.
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- Paul Hinton, David McKnight, and Pietro Grandi, "The Verdict Valuation Paradox: Implications for Mass Torts," *American Bankruptcy Institute Journal* 42(4) (April 2023).
- Richard A. Brealey, Stewart C. Myers, and Franklin Allen, *Principles of Corporate Finance,* 10th ed. (New York, NY: McGraw-Hill/Irwin, 2011).
- Seth A. Seabury, "Jury Verdicts, Settlement Behavior and Expected Trial Outcomes," *International Review of Law and Economics* 33 (2013): 15–22.
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D.4 WEBSITES AND PUBLICLY AVAILABLE INFORMATION

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- Congressional Research Service, "Single-Employer Defined Benefit Pension Plans: Funding Relief and Modifications to Funding Rules," May 18, 2023, last accessed March 26, 2026, https://www.congress.gov/crs-product/R46366.
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- Kroll, "Kroll Recommended U.S. Equity Risk Premium (ERP) and Corresponding Risk-free Rates (R f); January 2008–Present," last accessed March 26, 2026,

https://edge.sitecorecloud.io/krolllllc17bf0-kroll6fee-proda464-0e9b/media/Cost-of-Capital/kroll-uk-erp-rf-table-new-2022-updated.pdf.

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D.5 INDUSTRY REPORTS

- LexisNexis, "Mealey's Asbestos Law - Asbestos Verdicts & Settlements: January 2024 - December 2024," July 23, 2025.

- Swiss Re Institute, "Litigation Costs Drive Claims Inflation: Indexing Liability Loss Trends," *Sigma*, No. 4, 2024.

Exhibit 1: Calculation of Nominal Value of Mesothelioma Claims for Brattle Estimate Using BW Curve

		Primary			Secondary			Grand Total
		Pending [A]	Future [B]	Total [C]: [A]+[B]	Pending [D]	Future [E]	Total [F]: [D]+[E]	Grand Total [G]: [C]+[F]
Aldrich								
Number of Claims	[1]	2,537	11,731	14,269	1,064	7,171	8,234	22,503
Payment Rate	[2]	20%	35%	33%	20%	28%	27%	30%
Paid Claims	[3]	513	4,154	4,667	209	1,985	2,194	6,860
Average Values	[4]	$56,537	$56,537	$56,537	$53,573	$53,573	$53,573	$55,589
Nominal Values ($ millions)	[5]	$29.0	$234.9	$263.8	$11.2	$106.3	$117.5	$381.4
Nominal Adj. for Inflation	[6]	$30.3	$289.2	$319.5	$11.7	$136.9	$148.6	$468.0
Murray								
Number of Claims	[7]	2,225	9,143	11,369	964	6,289	7,253	18,621
Payment Rate	[8]	7%	14%	13%	7%	11%	10%	12%
Paid Claims	[9]	147	1,294	1,440	67	682	748	2,189
Average Values	[10]	$74,048	$74,048	$74,048	$54,530	$54,530	$54,530	$67,375
Nominal Values ($ millions)	[11]	$10.9	$95.8	$106.7	$3.6	$37.2	$40.8	$147.5
Nominal Adj. for Inflation	[12]	$11.3	$117.6	$129.0	$3.8	$47.6	$51.3	$180.3

Sources and Notes:
Brattle Rebuttal Report Workpapers.

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Exhibit 2: Comparison of Inputs Across Experts

		Brattle Estimate Using BW Curve [A]	Brattle Estimate Using LAS Curve [B]	Bates White [C]	LAS [D]
Aldrich					
Claim Value (Future)	[1]	$55,579	$55,590	$54,460	$55,964
Non-Meso Gross-up	[2]	86%	86%	83%	79%
Non-Tort Firms	[3]	Exclude	Exclude	Include*	Include
Claims Forecast (Future)	[4]	18,902	18,138	22,061	21,073
Adjustment for claimant age	[5]	Yes	Yes	No	No
Payment Rate (Future)	[6]	32%	33%	44%	49%
Adjustment for claims with unknown disease	[7]	No	No	No	Yes
Fiscal/Calendar Year	[8]	Fiscal	Fiscal	Calendar	Calendar
Adjustment for claims paid out after six years	[9]	Yes	Yes	No	No
Murray					
Claim Value (Future)	[10]	$67,312	$67,383	$88,982	$91,632
Non-Meso Gross-up	[11]	87%	87%	81%	79%
Non-Tort Firms	[12]	Exclude	Exclude	Include*	Include
Claims Forecast (Future)	[13]	15,432	15,108	17,180	16,316
Adjustment for claimant age	[14]	Yes	Yes	No	No
Payment Rate (Future)	[15]	13%	13%	18%	21%
Adjustment for claims with unknown disease	[16]	No	No	No	Yes
Fiscal/Calendar Year	[17]	Fiscal	Fiscal	Calendar	Calendar
Adjustment for claims paid out after six years	[18]	Yes	Yes	No	No

Sources and Notes:

[A]-[B]: Brattle Rebuttal Report Workpapers.

[C]: Bates White Initial Report.

[D]: LAS Conformed Initial Report.

* See Brattle Rebuttal Report, Appendix A.2.

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UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

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

THE FUTURE ASBESTOS CLAIMANTS' REPRESENTATIVE'S RESPONSE TO THE DEBTORS' MOTION FOR ESTIMATION OF PREPETITION ASBESTOS CLAIMS

Joseph W. Grier, III, the representative for future asbestos claimants in the above-captioned cases (the "FCR"), through counsel, hereby responds to the Debtors' Motion for Estimation of Prepetition Asbestos Claims (the "Estimation Motion") [Dkt. No. 833]. The FCR supports the Estimation Motion. In sum, the FCR is determined that all valid asbestos claims against the Debtors be paid as soon as possible, pursuant to claims procedures modelled on those already approved by this Court and by the asbestos creditor fiduciaries in Garlock. Estimation of the Debtors' present asbestos claims will allow the Court to confirm whether the Debtors' proposed funding for their plan of reorganization is sufficient to address the Debtors' asbestos liabilities. That confirmation will put the Debtors on the path to reorganization but, of far greater importance to the FCR, will ensure that all persons injured by exposure to asbestos fibers in the Debtors' products will be compensated promptly and fairly.

DISCUSSION

A. Duties and obligations of Court-appointed creditor fiduciaries

The FCR is the Court-appointed bankruptcy fiduciary for the class of future claimants, the largest creditor constituency in this case. [Dkt. No. 389]. In turn, the Official Committee of Asbestos Personal Injury Claimants (the "ACC") is the Court-appointed bankruptcy fiduciary for

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the much smaller class of present claimants. [Dkt. No. 147].[1] As fiduciaries for their respective creditor classes, the FCR and the ACC have been tasked by this Court, and by Congress, through Section 524(g) of the Bankruptcy Code, with the prompt creation of an asbestos trust that will be in a financial position to make distributions to the holders of similar asbestos claims in substantially the same manner. 11 U.S.C. § 524(g)(2)(B)(V) (providing same). That is their purpose and function. Indeed, for every asbestos bankruptcy case, a fully funded asbestos trust is the optimal result for the separate classes of present and future claims. Such trusts, properly configured and funded, provide the maximum benefit for the greatest number of asbestos victims – ensuring that every valid claim can be paid quickly, efficiently, and fairly. Trusts also permit asbestos debtors to reorganize for the benefit of their employees, equity holders, and vendors. It is for that reason – fair and quick compensation for asbestos victims while preserving viable businesses – that Congress enacted Section 524(g) in the first instance.

B. Negotiation and finalization of Debtors' Plan of Reorganization.

The FCR, since his appointment in late 2020, has focused his energies on due diligence of the Debtors' asbestos claims database, assets, and insurance; negotiation of a consensual plan of

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[1] During the January 28, 2021 hearing before this Court in connection with the Debtors' and FCR's joint motion establishing a bar date and approving personal injury questionnaires [Dkt. No. 471], counsel for the ACC acknowledged that the ACC's constituency is a "tiny little population" as compared to the future claimants:

> The idea that this [PIQ process] would significantly inform a plan negotiation also is belied by the fact that you're talking about a relatively small population of claims. In the, in the scheme of the debtors' long history and in the scheme of the anticipated future litigation, this is a tiny little population that does not uniquely or specially inform the issue of what it is that the trust is likely to need. The real issue here is the futures. As Mr. Guy said, the currents are, are, you know, a small percentage of the money that is going to be required in order to fully pay all of the asbestos claims against these debtors."

Jan. 28, 2021 Hr'g Tr. at 139:8-18 [Dkt. No. 575]

reorganization (the "Plan"); and finalization of that Plan, which was filed on September 24, 2021 [Dkt. No. 831]. The Plan provides for two asbestos creditor classes, present asbestos claims and future asbestos claims, and the creation of a trust to pay those classes funded in the amount of $545 million (the "Settlement Amount"). The Debtors are responsible for any prepetition settled claims and recovery on their insurance.

The Plan was the subject of lengthy, detailed, and hard-fought negotiations between the FCR on one side and the Debtors and their non-debtor affiliates on the other.[2] The Settlement Amount, $545 million, is far greater than the $480 million agreed to by all parties in the Garlock bankruptcy case.[3] By comparison, the Paddock divisional merger bankruptcy in Delaware concerns one of the biggest dusties, Owens-Illinois, the manufacturer of a friable asbestos insulation product (Kaylo) with far greater liabilities. There, the debtor and present and future class fiduciaries recently agreed, early in the case and with minimal litigation, to funding of an asbestos trust with $610 million. With that settlement, Paddock's parent (O-I Glass, Inc.) is solvent to the tune of hundreds of millions of dollars.[4] Approval of the Plan in this case will likewise ensure that holders of asbestos claims against the Debtors will be paid promptly, subject to claims resolution procedures modelled on those from the Garlock bankruptcy case, as amended by agreement post confirmation. Those claims resolution procedures were approved not only by this Court, but also by the fiduciaries for present claims and, of course, the FCR.

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2 The ACC was repeatedly invited by both the FCR and the Debtors to join these negotiations. They did not do so.

3 The Settlement Amount is greater in absolute terms ($545 million compared to $480 million) but the positive difference is much more when one considers that the Garlock settlement number was reached years prior and, necessarily, addressed a larger potential claims pool (estimation experts agree that asbestos related claims decline with the passage of time reflecting the fact that most companies pulled their asbestos products in the 1980s and before).

4 The market capitalization of O-I Glass, Inc., Paddock's parent, as of November 12, 2021, is $1.95 billion.

C. Acknowledgement and application of the Court's findings and rulings in the Garlock bankruptcy

The FCR was able to agree to the terms of the Plan relatively quickly because he is not starting with a blank slate.[5] With the exception of certain Murray boilers manufactured prior to the mid-1950s, the Debtors' asbestos products were the same encapsulated chrysotile gaskets and packing that were presented in the Garlock bankruptcy where Mr. Grier was also the FCR. In Garlock, the Court (both Judge Hodges and Judge Whitley) made detailed findings and rulings on numerous issues following multiple hearings and a lengthy estimation trial, including how encapsulated products must be cut or abraded to release asbestos fibers, the workers most likely to be engaged in those tasks, the toxicity of chrysotile asbestos, the form and usefulness of various questionnaires, application of a bar date, approval of a plan and disclosure statement, and approval of detailed claims resolution procedures. Each of those findings and rulings has direct application to these cases. The FCR, consistent with his fiduciary obligations to the class of future claims and respecting the Court's limited time, sees no benefit to asbestos victims in delaying these cases to revisit those on-point findings and rulings.

D. An estimation trial will determine if the funding in the Debtors' Plan is sufficient and whether the divisional merger must be unwound.

The FCR is determined to get payments to his creditor class as expeditiously as possible following confirmation of the Plan. As part of that process, the Court must determine that the Settlement Amount of $545 million is greater or equal to the Debtors' aggregate asbestos liabilities.[6] For that to occur, it is a given that there must be an estimation trial. Such a trial need

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5 Many asbestos bankruptcies languish for years, with endless (and incredibly expensive) bitter battles between the asbestos debtors and creditor fiduciaries, repeated over and over from case to case without regard to prior court rulings. The FCR eschews that approach because it does nothing to help those who are ill or dying from exposure to asbestos fibers.

6 The Debtors seek only to estimate the class of present claims in light of the fact that they have reached agreement with the FCR on total funding of $545 million. It is generally accepted that present claims

not be overly cumbersome. Indeed, as noted, Judge Hodges has already heard and ruled in Garlock on much of the science surrounding the circumstances under which asbestos fibers are released from encapsulated asbestos products, the likelihood of injury, and the occupations most likely to have strong claims. Further, under the FCR's negotiated agreement with the Debtors, even if the Court finds that the Debtors' asbestos liabilities are significantly less than the $545 million (as was the case in Garlock), the Debtors and their affiliates must nevertheless fund the trust with that amount.[7] If the Court's estimate of present claims extrapolates to total asbestos liabilities that are greater than $545 million, then the parties will have to go back to the negotiating table. Whatever number is finally decided will also inform the Court as to the merits of the ACC's argument that the prepetition divisional merger should be unwound. To the extent that the Debtors and affiliates fund the Plan with an amount greater than the Court's estimation, then any complaint that the Debtors are seeking, wrongly, to underpay their asbestos liabilities will be moot. Put another way, the sooner the Court can estimate the Debtors' prepetition claims, the sooner all litigation other than that concerning plan confirmation will be put to bed and the sooner asbestos victims can be compensated.

E. Acknowledgement of the Court's on-point rulings in Garlock, Bestwall, and DBMP.

Judge Hodges, Judge Beyer, and Judge Whitley have already granted the requests of Garlock, Bestwall, and DBMP for estimation trials for the same reasons set forth in the Debtors' Estimation Motion, just like dozens of courts before them. Despite the Debtors' cases being very

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represent 20% of all claims, present and future. Thus, the Court and the parties will be able to extrapolate from the Court's estimation of present claims as to whether the Settlement Amount is greater than all the Debtors' asbestos liabilities.

7 The $545 million Settlement Amount does not reflect what the Debtors believe to be their asbestos liabilities by reference to the Bates White legal liability theory. Rather, it was derived by reference to the Debtors' prepetition claims information.

different from Bestwall and DBMP, particularly in terms of the fact that there is a confirmable Plan on file ready to be funded, there is no valid reason why the same result would not obtain here.

Accordingly, for these reasons and those set forth in the Estimation Motion, the FCR respectfully requests that the Court grant the Estimation Motion and award such other relief as may be just and proper.

Dated: November 12, 2021
Charlotte, North Carolina

Respectfully submitted,

/s/ A. Cotten Wright

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COUNSEL FOR JOSEPH W. GRIER, III,
FUTURE CLAIMANTS' REPRESENTATIVE

EXHIBIT C

UNITED STATES BANKRUPTCY COURT

WESTERN DISTRICT OF NORTH CAROLINA

CHARLOTTE DIVISION

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

In re: : Chapter 11

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

Debtors. : 20-30608 (LMJ)

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

PROFESSIONALS' EYES ONLY

VIDEOTAPED DEPOSITION OF

DAVID L. MCKNIGHT

Washington, D.C.

Tuesday, May 12, 2026

10:20 a.m.

Job No.: 633626

Pages 1 - 207

Reported By: Joan V. Cain

P R O C E E D I N G S

- - -

10:20 a.m. EDT

May 12, 2026

- - - 10:19:47

THE VIDEOGRAPHER: Here begins Media No. 1 10:20:09
in the videotaped deposition of David L. McKnight, 10:20:12
in the matter of in re: Aldrich Pump LLC, et al., 10:20:15
in the United States Bankruptcy Court, Western 10:20:19
District of North Carolina, Charlotte Division, Case 10:20:22
No. 20-30608 (LMJ). 10:20:26

Today's date is May 12th, 2026. The time 10:20:29
on the video monitor is 10:20 a.m. Eastern Time. 10:20:32
The videographer today is Konly Harding, 10:20:36
representing Planet Depos, headquartered at 451 10:20:39
Hungerford Drive, Suite 400, Rockville, Maryland 10:20:39
20850. 10:20:45

This video deposition is taking place at 10:20:45
1200 New Hampshire Avenue, Northwest, Suite 800, 10:20:48
Washington, D.C. 20036. 10:20:53

Counsel appearances are noted on the 10:20:56
record. 10:20:59

The court reporter today is Joan Cain, 10:21:00
representing Planet Depos. 10:21:01

The witness will now be sworn, and then we 10:21:02

may proceed. 10:21:05
Whereupon, 10:21:05
DAVID L. MCKNIGHT, 10:21:05
having been duly sworn under penalties of perjury by the Notary Public, was examined and did testify as follows: 10:21:05
EXAMINATION BY COUNSEL FOR THE OFFICIAL COMMITTEE OF ASBESTOS PERSONAL INJURY CLAIMANTS 10:21:15
BY MR. DAVIS: 10:21:17
Q Thank you. 10:21:17
Good morning, Mr. McKnight. Good to see you again. 10:21:20
A Good morning. 10:21:23
Q My name's Kevin Davis. I'm with Caplin & Drysdale in Washington, D.C., and we represent the Official Committee of Asbestos Claimants in the Aldrich and Murray bankruptcies. I know you've been deposed before, so I'll dispatch with a lot of the preliminaries. I'll just say if you need a break, just let me know. Do our best to accommodate that so long as there's not a question pending when the request is made. 10:21:24
Before we start with the questioning, we are going to be using Professionals' Eyes Only or PEO-labeled material in this deposition, so if any 10:21:51

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

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

A It is. 10:30:18

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

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

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

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

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

A No. 10:30:57

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

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

think -- I can't say which sentence any individual wrote, but at the end of the day, I've reviewed the entire report, and I agree with everything that's in here. 10:31:14 10:31:18 10:31:20 10:31:23

Q Who were the, I guess, primary drafters of this report? 10:31:23 10:31:28

A So the primary drafters would be myself, Paul Hinton. There were also a team of -- of associates and analysts that worked on it, and they would have done some of the drafting. 10:31:28 10:31:31 10:31:36 10:31:39

Q Who were those associates and analysts who participated in the drafting? 10:31:41 10:31:44

A Yeah, so there's a senior sales associate, Pietro Grandi. He would have assisted. There's an associate, Angela Gunn, and she would have assisted. And there's an associate, Tim Zheng, and he also would have assisted in drafting some parts of the appendix. 10:31:46 10:31:51 10:31:55 10:31:58 10:32:01 10:32:04

Q Have you worked with these associates previously? 10:32:04 10:32:06

A I have. 10:32:06

Q Did you work with these associates in your work for Whittaker, Clark & Daniels? 10:32:06 10:32:09

A I believe Pietro and Angela both worked on that. I don't believe Tim had. 10:32:12 10:32:16

the FCR or his professionals? 10:33:33

A No. 10:33:35

Q Were any parts of this report derived from filings or other documents drafted by the FCR or his professionals? 10:33:35 10:33:37 10:33:42

A No. 10:33:42

Q Did you have any communications with the debtors or any of their professionals concerning this report, prior -- prior to September 15th, 2025? 10:33:43 10:33:45 10:33:50

A So early on in the process, pretty soon after we were retained, we did have a meeting with the debtors and their experts. Primarily, the purpose of that was to get us the data that we would need to do the analysis. So that did happen. 10:33:57 10:33:59 10:34:02 10:34:06 10:34:08

Q Was there any discussion of the debtors' professionals' opinions or analysis at that meeting? 10:34:13 10:34:17

A I think it was really focused on the data that we would need. We were provided some background about the history of these asbestos liabilities at the company, but really it was provided as background, to give us -- to get us up to speed. 10:34:21 10:34:24 10:34:27 10:34:31 10:34:34 10:34:37

Q Who specifically provided that background? 10:34:38

A So the meeting that I can recall in D.C. was at Bates White's office. I believe that 10:34:42 10:34:44

CERTIFICATE OF SHORTHAND REPORTER-NOTARY PUBLIC

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

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

My commission expires:
July 31, 2029

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

EXHIBIT D

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

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

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

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

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

Reported by: Okeemah S. Henderson, RPR

Day representing the debtors.

MR. CROWTHER: Curtis Crowther from Robinson & Cole on behalf of the Asbestos Claimants Committee.

THE VIDEOGRAPHER: And will the court reporter please swear in the witness.

ANDREW J. SACKETT, J.D., Ph.D., was called as a witness, and having been first duly sworn or affirmed to testify to the truth, the whole truth, and nothing but the truth, was examined and testified as follows:

THE WITNESS: I do.

EXAMINATION

BY MR. HIRST:

Q. Good morning, Dr. Sackett. We met briefly in the room. I'm Morgan Hirst, represent the debtors in this case. I will be asking you questions today, and you're a lawyer, so you're familiar with depositions and how they work, correct?

recall specifically what we talked about.

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

A. Yes.

Q. When did you become the president?

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

Q. Who did you take over from?

A. Dr. Peterson.

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

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

costs in your forecast; you or counsel?

A. I did.

Q. Okay. What about Judge James' case management order at Exhibit 5 led you to believe that she was looking for a calculation of defense costs?

MR. CROWTHER: Objection to form.

A. There are a couple of things. First, defense costs are a liability for resolving claims in the tort system. They don't, they don't go to the claimants, but I don't suggest they go to the claimants, but they're a liability.

Second, it was my understanding that this initial report was for purposes of mediation. I may be wrong with that, that's my understanding. And so it's an attempt to calculate what the debtor would have had to pay to resolve all of these claims in the tort system.

BY MR. HIRST:

Q. How did you obtain the

A. I began working in the field of claims forecasting. I did not become an expert on my first day. My first day I think I spent reading background materials, for example.

BY MR. GUY:

Q. And that was going to be my next question. At what point did you consider that you crossed over from being someone who was hired to do administrative work to someone who considered themselves a claims expert?

A. I was never hired to do administrative work.

Q. All right. I will restate it. I believe you said that you were sort of like the -- in one of your depositions, you said you were sort of the managing partner, the person who keeps the ship, right?

A. That would, yes, I think that that quest, you know, that's certainly one part of what I do. Thinking about it more

CERTIFICATE

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

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

My commission expires:

September 30, 2029

Okeemah S. Henderson

Okeemah S. Henderson, RPR
Official Court Reporter