Docket #3366 Date Filed: 09/01/2026

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 UNSEALED COPY OF THE OFFICIAL COMMITTEE OF ASBESTOS PERSONAL INJURY CLAIMANTS' OBJECTION TO DEBTORS' MOTION IN LIMINE TO EXCLUDE "GROUND-UP" ESTIMATE FOR NON-MESOTHELIOMA CLAIMS

The Official Committee of Asbestos Personal Injury Claimants (the "Committee" or "ACC") of Aldrich Pump LLC and Murray Boiler LLC (the "Debtors"), by and through its undersigned counsel, hereby files this Notice (the "Notice") of filing unsealed copy of *The Official Committee of Asbestos Personal Injury Claimants' Objection to Debtors' Motion in Limine to Exclude "Ground-Up" Estimate for Non-Mesothelioma Claims* [Dkt. No. 3222] (the "Objection to MIL"). In support of the Notice, the Committee respectfully states as follows:

1. On July 16, 2026, the Committee filed the Objection to MIL and all exhibits thereto, under seal on the docket. Also on July 16, 2026, the Committee filed a *Motion to File Confidential Documents under Seal* (the "Motion to Seal") Dkt. No. 3223] related to Objection to MIL.

2. Since the filing of the Motion in Limine, the parties have agreed that the Objection to MIL and the Exhibits thereto can be unsealed with certain Exhibits filed with redactions, in

[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.

accordance with the *Stipulated Order Regarding Confidentiality Issues for Phase I Estimation Trial* [Dket. No. 3265] (the "Order") with the corresponding Motion to Seal withdrawn.

3. Accordingly, attached hereto as Exhibit A is an unsealed version of Objection to MIL and Exhibits thereto, with redactions to certain of the Exhibits.

[Signatures appear on the following page]

Dated: September 1, 2026

HAMILTON STEPHENS STEELE
+ MARTIN, PLLC

/s/ Robert A. Cox, Jr.
Glenn C. Thompson (Bar No. 37221)
Robert A. Cox, Jr. (Bar No. 21998)
525 North Tryon Street, Suite 1400
Charlotte, North Carolina 28202
Telephone: (704) 344-1117
Facsimile: (704) 344-1483
Email: gthompson@lawhssm.com
rcox@lawhssm.com

Local Counsel to the Official Committee of Asbestos Personal Injury Claimants

CAPLIN & DRYSDALE, CHARTERED
Kevin C. Maclay (admitted *pro hac vice*)
Todd E. Phillips (admitted *pro hac vice*)
James W. Wehner (admitted *pro hac vice*)
1200 New Hampshire Ave NW #800,
Washington, DC 20036
Telephone: (202) 862-5000
Facsimile: (202) 429-3301
Email: kmaclay@capdale.com
tphillips@capdale.com
jwehner@capdale.co

Counsel to the Official Committee of Asbestos Personal Injury Claimants

ROBINSON & COLE LLP
Natalie D. Ramsey (admitted *pro hac vice*)
Davis Lee Wright (admitted *pro hac vice*)
Rachel Jaffee Mauceri (admitted pro *hac vice*)
1201 North Market Street, Suite 1406
Wilmington, Delaware 19801
Telephone: (302) 516-1700
Facsimile: (302) 516-1699
Email: nramsey@rc.com
dwright@rc.com
rmauceri@rc.com

Counsel to the Official Committee of Asbestos Personal Injury Claimants

EXHIBIT A

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)

THE OFFICIAL COMMITTEE OF ASBESTOS PERSONAL INJURY CLAIMANTS' OBJECTION TO DEBTORS' MOTION *IN LIMINE* TO EXCLUDE "GROUND-UP" ESTIMATE FOR NON-MESOTHELIOMA CLAIMS

The Official Committee of Asbestos Personal Injury Claimants ("**Committee**") of Aldrich Pump LLC, *et al.* ("**Debtors**"), through its undersigned counsel, hereby objects (the "**Objection**") to the *Debtors' Motion In Limine to Exclude "Ground-Up" Estimate for Non-Mesothelioma Claims* [Dkt. No. 3184] (the "**Ground-Up MIL**") and respectfully states as follows:

PRELIMINARY STATEMENT

The Court's Second Amended Case Management Order for Estimation of Asbestos Claims (the "**Second Amended Estimation CMO**") directed the estimation parties to "exchange their initial expert reports setting forth their estimate of the Debtors' liability for current and future mesothelioma claims, plus the application of a "gross-up" for non-mesothelioma claims" (the "**Initial Expert Reports**").[2] On September 15, 2025, the Committee provided the other parties with the Initial Expert Report of Andrew J. Sackett, J.D., Ph.D., which contains a calculation and application of a gross-up for non-mesothelioma claims. The Second Amended Estimation CMO does not specify what method the experts should have used to gross-up non-mesothelioma claims;

[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.

[2] Second Amended Estimation CMO [Dkt. No. 2656] ¶ 3.

nor have the parties agreed on one. The Court's original *Order Authorizing Estimation of Asbestos Claims* (the "**Estimation Order**") provides that if the parties do not come to agreement regarding grossing-up non-mesothelioma claims, they may submit proposals for the Court to decide.[3] Unhappy with Dr. Sackett's gross-up opinion, the Debtors now move to exclude it on pure semantics, misreading the Court's order as well as Dr. Sackett's report and deposition testimony. The Debtors' Ground-Up MIL should be denied.

OBJECTION TO MOTION

A. Dr. Sackett's Report Complies with the Court's Order

1. In the Ground-Up MIL, the Debtors argue that Dr. Sackett improperly uses a ground-up estimate of non-mesothelioma claims in violation of the Court's order to "gross-up" non-mesothelioma claims. Ground-Up MIL at 3. This argument, however, misconstrues the Court's order and ignores Dr. Sackett's actual report. The Court ordered that the Initial Expert Reports should "set[] forth … the application of a 'gross-up' for non-mesothelioma claims" but did not pre-determine any particular gross-up methodology.[4] Dr. Sackett's report expressly sets forth such a gross-up for non-mesothelioma claims and explains how he calculated it:

> The Second Estimation CMO directs the parties to "set . . . forth their estimate of the Debtors' liability for current and future mesothelioma claims, plus the application of a 'gross-up' for non-mesothelioma claims."
>
> Accordingly, in this Report, I have presented indemnity liability disaggregated between mesothelioma Claims and Claims for other diseases. **This disaggregation allowed me to calculate an effective gross-up for non-mesothelioma Claims.**[5]

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[3] Estimation Order ¶ 2.

[4] Second Amended Estimation CMO ¶ 3.

[5] The Conformed Initial Expert Report of Andrew J. Sackett, J.D., Ph.D., dated Sep. 15, 2025, conformed to errata on Mar. 20, 2026 ("**Sackett Initial Report**"), ¶¶ 11-12 (emphasis added; internal citations omitted), excerpt attached hereto as **Exhibit A**.

2. The Sackett Initial Report sets forth the effective gross-up for both Debtors two paragraphs later. *Id.* at ¶¶ 14-15 (using a gross up rate of between 25.2% and 31.8% for Aldrich and between 33.7% and 38% for Murray). To calculate total base indemnity for all diseases, Dr. Sackett grosses up from the amounts he calculated for each of Aldrich's and Murray's mesothelioma indemnity. *Id.* at ¶¶ 19, 24, 29. In other words, Dr. Sackett calculated what multiplier would be needed to gross-up the Debtors' mesothelioma liability to include non-mesothelioma liability. The Debtors concede that this is a gross-up. *See* Ground-Up MIL ¶ 5. They simply disagree with Dr. Sackett's methodology.

3. Further, the Second Amended Estimation CMO does not specify any particular methodology by which experts must reach a gross-up, providing only that "[t]he Debtors and ACC shall exchange their initial expert reports setting forth their estimate of the Debtors' liability for current and future mesothelioma claims, plus the application of a 'gross-up' for non-mesothelioma claims (each, an 'Initial Expert Report') on or before September 15, 2025."[6]

4. While the Debtors may utilize a different gross-up methodology than Dr. Sackett, Ground-Up MIL ¶ 7, that is not a legally sufficient basis to preclude Dr. Sackett's testimony at trial. The Estimation Order specifically provides that, absent agreement of the parties on the proper methodology, the Court will determine the formula for determination of the gross-up.

> Pursuant to section 502(c) of the Bankruptcy Code, the Court shall estimate the Debtors' aggregate liability for all current and future asbestos personal injury claims, which shall include an estimation of mesothelioma claims plus the application of an agreed upon calculation for non-mesothelioma claims. Should the parties not be able to agree on a formula for the calculation of the non-mesothelioma claims, the parties may submit proposals and the Court will determine the formula.[7]

[6] Second Amended Estimation CMO ¶ 3.
[7] Estimation Order ¶ 2.

5. The Debtors cite no authority to support their contentions that the term "gross-up" itself implies a specific "simplified and bounded methodology." Applicable law is clear that "there are many different kinds of experts, and many different kinds of expertise" and the court must keep in mind that "*Daubert*'s description of the Rule 702 inquiry as 'a flexible one." *Kumho Tire Co., Ltd. v. Carmichael*, 526 U.S. 137, 150 (1999).

6. Dr. Sackett's approach will not add "unnecessary complexity," as the Debtors allege. Second Amended Estimation CMO ¶ 2. The goal of the "gross up" is accuracy. As Dr. Sackett explained during his deposition, his approach "enabled [him] to get a more accurate gross-up than . . . if [he] had only calculated mesothelioma claims." May 11, 2026 Sackett Dep. Tr. 29:10-12 (PEO) (excerpt attached hereto as **Exhibit B**); *see also id.* at 163:8-10 ("If you want that [gross-up] to be more accurate, it helps to understand what the liability is for the other diseases."). Moreover, the Debtors' experts had ample opportunity to respond to Dr. Sackett's approach but elected to devote approximately 1 ½ pages, total, to the issue. *See* Martin Rebuttal Report[8] ¶ 10 (single reference to "gross-up" refers to Second Amended Estimation CMO); Mullin Rebuttal Report[9] ¶¶ 60-63 (misconstruing a data selection decision as an "Excel cell reference error"). The Debtors cannot, and do not, argue that inclusion of Dr. Sackett's gross-up opinion would prejudice them. They have had Dr. Sackett's report since September 15, 2025, and have had full opportunity to prepare rebuttal and cross-examination of Dr. Sackett's opinion.

7. The Court's wide discretion to enforce case management orders and manage evidence supports admitting and considering Dr. Sackett's approach here.[10] The examples cited

[8] Rebuttal Report of Denise Neumann Martin, Ph.D. dated March 27, 2026 (excerpt attached hereto as **Exhibit C**).
[9] Rebuttal Expert Report of Charles H. Mullin dated March 27, 2026 (excerpt attached hereto as **Exhibit D**).
[10] To the extent the Debtors may also suggest that the purported noncompliance with the Second Amended Estimation CMO runs afoul of the standards for expert testimony, the Committee notes that this is another area where the Court may exercise broad discretion. *Acosta v. Vinoskey*, 310 F. Supp. 3d 662, 667 (W.D. Va. 2018) ("[T]he Court has increased discretion in how to perform its gatekeeping role in bench trials.").

by the Debtors of appropriate exercise of a Court's discretion involve exclusion of witnesses and exhibits following, in one case, a "history of failure to produce documents and information that the Trustee required, failure to file an answer to the amended complaint, and failure to comply with the deadlines of the pretrial order," *In re Sohail*,438 B.R. 398, 404 (E.D. Va. 2010), and in another, a pattern of behavior and noncompliance including failure to attend a pretrial conference, followed by failure to file required witness and exhibit lists, all culminating in tardy arrival to the actual trial, *In re Hatton*, 204 B.R. 477, 486 (E.D. Va. 1997). Neither of these cases provides a basis to limit or exclude Dr. Sackett's gross-up testimony.

8. In summary, the Debtors seek to exclude Dr. Sackett's gross-up testimony simply because they disagree with his choice of methodology. Dr. Sackett's methodology, however, is reliable, complies with the Court's Second Amended Estimation CMO, and would not unnecessarily complicate the Phase I estimation trial.

B. Dr. Sackett's Approach Does Not Conflict with the Debtors' Examples or Established Practice

9. Dr. Sackett's calculation of gross-ups for Aldrich and Murray relies on the same underlying concepts as "trend adjustments," a standard technique applied in asbestos (and other) contexts to address discrepancies between expected outcomes based on models and actual results. *In re Eagle-Picher*, 189 B.R. 681 (Bankr. S.D. Ohio 1995), set forth the following "qualitative statement of the considerations" to be applied in estimating such liabilities:

> i. The estimate should be primarily based upon the history of this company, particularly because there was no definitive showing of another or other company's production of a product line identical to that of debtors. This

consideration does not, however, rule out the desirability of considering trends general to the industry, particularly regarding the rate of filing of claims.

ii. The total number of claims to be expected should be estimated.

iii. The estimation of claims should categorize them by disease and occupation, as well as other factors.

iv. Valuation of claims should be based on settlement values for claims close to the filing date of the bankruptcy case.

v. A reasonable rate for indemnity increase with time must be determined so that a future value of filing date indemnity values can be comparable.

vi. A lag time gleaned from the tort system must be determined in order that there be accuracy in projecting future values.

vii. A discount rate must then be applied in order to bring the future nominal value of claims back to the filing date.

Id. at 690-91. *Accord In re Federal-Mogul Global Inc.*, *et al.*, 330 B.R. 133, 156 (D. Del. 2005) (holding that the court "must make reasonable adjustments based on the record created at trial. . . .").

10. Thus, the methodology adopted by the bankruptcy court in *Eagle-Picher* is to value future claims based on the debtors' recent litigation history (*i.e.*, indemnity values being paid) relative to the petition date, and then make appropriate adjustments for industry-wide asbestos-related claim filing trends.

11. All of the expert reports incorporate some form of trend adjustment to reflect changes in the tort system that have occurred in the intervening years between filing and estimation, such as those reflected in revisions to incidence curves, *see* Brattle Report[11] at ¶ 47 (describing use of "a version of the Nicholson Curve resulting from refinements made by KPMG

[11] Expert Report of The Brattle Group on behalf of Future Claimants' Representative dated September 15, 2025, conformed to errata on May 7, 2026 (excerpt attached hereto as **Exhibit E**).

in the National Gypsum case"), or other aspects of the calculations, *see*, *e.g.*, Mullin Report[12] at ¶ 149 and Fig. 41 (describing calculation of propensity to sue); *id.* at ¶¶ 153-55 (describing use of inflation in determining average settlement value).

12. Rather than simply comparing top-line numbers, such as total settlement payments, Dr. Sackett's approach incorporates the inflation-adjusted average settlement values for the same three-year calibration period and applies that to the number of claims. As in trend adjustments, this results in a more accurate calculation.

13. The Debtors point to *Bestwall* and *DBMP*, both pending in this district, in support of the application of non-mesothelioma gross-ups. Ground-Up MIL ¶ 8. However, in both *DBMP* and *Bestwall*, as the Debtors note, the estimation orders include ***agreed-upon*** gross-up values. *See* Order Authorizing Estimation of Current and Future Mesothelioma Claims, *In re DBMP LLC*, No. 20-30080 (Bankr. W.D.N.C. Nov. 29, 2021) [Dkt. No. 1239] at ¶ 4; Order Authorizing Estimation of Current and Future Mesothelioma Claims, *In re Bestwall LLC*, No. 17-31795 (Bankr. W.D.N.C. Jan. 19, 2021) [Dkt. No. 1577] at 6. The bankruptcy court in *Bondex* likewise incorporated a stipulated agreement as to the percentage increase to apply "to arrive at an amount that reflects Debtors' liability for all asbestos claims." *In re Specialty Prods. Holding Corp.*, No. 10-11870-JKF (Bankr. D. Del. May 20, 2013) [Dkt. No. 3852] at 1 n.2.

14. Here, in contrast, the Second Amended Estimation CMO merely requires "application of ***a*** 'gross-up' for non-mesothelioma claims." Second Amended Estimation CMO ¶ 3 (emphasis added). As reflected above, the parties did not agree on a gross-up here, and the Court expressly contemplated that it would determine the formula in the absence of agreement of the parties. *See* ¶ 4, *supra*. The Committee does not dispute that the Court's Second Amended

[12] Corrected Initial Expert Report of Charles H. Mullin Ph.D., dated September 15, 2025 (excerpt attached hereto as **Exhibit F**).

Estimation CMO requires the calculation of the aggregate asbestos liabilities using gross-ups, but the Court never ordered and the Committee never agreed to the use of any particular gross-up methodology.

15. In conclusion, the Ground-Up MIL seeks to improperly exclude portions of Dr. Sackett's Initial Report based on selective readings of both the Sackett Initial Report and Dr. Sackett's deposition testimony. No agreement exists among the parties as to the methodology to calculate the gross-up or whether only a single reliable gross-up methodology exists, let alone the specific gross-up to apply. Under these circumstances, Dr. Sackett's approach provides a sound and appropriate basis for the Court's consideration of the Debtors' aggregate asbestos liabilities based on the tort system extrapolation method.

WHEREFORE, for the reasons set forth herein, the Committee requests that the Court deny the Ground-Up MIL.

Dated: July 16, 2026
Charlotte, North Carolina

HAMILTON STEPHENS STEELE
+ MARTIN, PLLC

/s/ Robert A. Cox, Jr.
Glenn C. Thompson (Bar No. 37221)
Robert A. Cox, Jr. (Bar No. 21998)
525 North Tryon Street, Suite 1400
Charlotte, North Carolina 28202
Telephone: (704) 344-1117
Facsimile: (704) 344-1483
Email: gthompson@lawhssm.com
rcox@lawhssm.com

Local Counsel for the Official Committee of Asbestos Personal Injury Claimants

CAPLIN & DRYSDALE, CHARTERED
Kevin C. Maclay (admitted *pro hac vice*)
James P. Wehner (admitted *pro hac vice*)
Kevin M. Davis (admitted *pro hac vice*)
Jeanna R. Koski (admitted *pro hac vice*)
Wendy J. Barnett (admitted *pro hac vice*)
1200 New Hampshire Avenue NW, 8th Floor
Washington, DC 20036
Telephone: (202) 862-5000
Facsimile: (202) 429-3301
Email: kmaclay@capdale.com
jwehner@capdale.com
kdavis@capdale.com
jkoski@capdale.com
wbarnett@capdale.com

ROBINSON & COLE LLP
Natalie D. Ramsey (admitted *pro hac vice*)
Rachel Jaffe Mauceri (admitted *pro hac vice*)
John L. Cordani (admitted *pro hac vice*)
Victor R. Salgado (*pro hac vice* forthcoming)
Annecca H. Smith (*pro hac vice* forthcoming)
1201 North Market Street, Suite 1406
Wilmington, Delaware 19801
Telephone: (302) 516-1700
Facsimile: (302) 516-1699
Email: nramsey@rc.com
rmauceri@rc.com
jcordani@rc.com
vsalgado@rc.com
asmith@rc.com

Counsel for the Official Committee of Asbestos Personal Injury Claimants

Exhibit A
Excerpts of Sackett Initial Report

LAS LEGAL ANALYSIS SYSTEMS

CONFIDENTIAL – REDACTED FROM PEO PURSUANT TO PROTECTIVE ORDER
[Docket No. 345]

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

Initial Liability Estimate

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

September 15, 2025

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

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

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

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

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

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

[10] Second Estimation CMO, at ¶3.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

30. These figures for tolled Claims liability are set forth in Table 1(d).

Exhibit B
Excerpts of Sackett Deposition Transcript

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

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

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

APPEARANCES OF COUNSEL

ON BEHALF OF THE ASBESTOS CLAIMANTS COMMITTEE:

CURTIS CROWTHER, ESQUIRE
NATALIE RAMSEY, ESQUIRE
ROBINSON & COLE
1201 North Market Street
Suite 1406
Wilmington, DE 19801
Telephone: (302) 516-1707
E-mail: Ccrowther@rc.com

ON BEHALF OF DEBTORS AND DEBTORS IN POSSESSION:

MORGAN R. HIRST, ESQUIRE
CAITLIN CAHOW, ESQUIRE
JONES DAY
110 North Wacker Drive
Chicago, Illinois 60606
Telephone (312) 782-3939
E-mail: Mhirst@jonesday.com

APPEARANCES CONTINUED

ON BEHALF OF DEBTORS AND DEBTORS IN POSSESSION:

JEANNA RICKARDS KOSKI, ESQUIRE
WENDY BARNETT, ESQUIRE
CAPLIN & DRYSDALE
1200 New Hampshire Avenue, NW
Washington, DC 20036
Telephone (202) 862-5069
E-mail: Jkoski@capdale.com

ON BEHALF OF DEFENDANTS FCR:

JONATHAN GUY, ESQUIRE
ORRICK, HERRINGTON & SUTCLIFFE, LLP
2100 Pennsylvania Avenue, NW
Washington, D.C. 20037
Telephone (202) 339-8516
E-mail: Jguy@orrick.com

Anonymized Pursuant to Court Order

ALSO PRESENT:

BRADLEY LOY, VIDEOGRAPHER

DAVID MCKNIGHT

MIKE ROSENBERG, ESQUIRE

BETH SEIG

MICHAEL EVERT, ESQUIRE

ultimately factors into your total liability numbers in your report for non-mesothelial claims?

A. The gross-up is there for comparative purposes. In order to get it as accurate as possible, I calculated liability for current and future mesothelial claims, and I also calculated liability for non-mesothelial claims.

That enabled me to get a more accurate gross-up than I would have got if I had only calculated mesothelioma claims.

Q. So just so I'm clear, Dr. Sackett, when I look at your -- back to your report, Exhibit 1, and I look on page 61 and 62 at your total indemnity estimates and total claims estimates, let's do the total and combined total indemnity and defense cost estimate in Table 19.

When I look at those numbers in the overall total indemnity and total liability, those numbers do not represent a gross up

A. A mesothelioma gross-up is what you multiply the mesothelioma number to.

THE COURT REPORTER: I'm sorry.

THE WITNESS: Yeah, sure. I apologize.

A. Mesothelioma gross-up is the number you multiply your mesothelioma number by to get the total value. If you want that to be more accurate, it helps to understand what the liability is for the other diseases.

BY MR. HIRST:

Q. I understand that's your position on accuracy. My question simply is, including a higher lung cancer incidence is not part of a gross-up of mesothelioma claims, is it?

MR. CROWTHER: Objection of form.

A. First, it's not the incidence that's higher, it's the number of claims that are high. Second, the gross-up, for it to be accurate, has to reflect the different portions of the liability that are assigned

Exhibit C
Excerpts of Martin Rebuttal Report

In re Aldrich Pump, LLC et al.

Bankr. W.D.N.C.

Case No. 20-30608

REBUTTAL REPORT
OF
DENISE NEUMANN MARTIN, PH.D.

27 MARCH 2026

As detailed in a reference text that I co-authored, an accepted methodology, grounded in economics, has been developed to prepare such estimates.[4]

11. Specifically, estimation of the net present value of the indemnity associated with claims paid in Year t (where t runs from 1 to the number of years in the forecast) is governed by the following equation:

$$\text{Net Present Value of Indemnity Costs Payable in Year t} = [\text{Pending Claims} + \text{Future Claims}] \times \text{Payment Rate} \times \text{Average Settlement Value} \times \frac{1 + \text{Expected Inflation Rate from Year 1 to t}}{1 + \text{Expected Nominal Discount Rate from Year 1 to t}}$$

12. While the number of pending claims is known, the number of future claims must be estimated. As such, this formula becomes:

$$\text{Net Present Value of Indemnity Costs Payable in Year t} = [\text{Pending Claims} + (\text{Future Disease Incidence} \times \text{Filing Rate})] \times \text{Payment Rate} \times \text{Average Settlement Value} \times \frac{1 + \text{Expected Inflation Rate from Year 1 to t}}{1 + \text{Expected Nominal Discount Rate from Year 1 to t}}$$

13. Each element of that equation is reviewed briefly below.

[4] Dunbar, F. C., D. N. Martin, and P. J. Dhrymes, *Estimating Future Claims,* Andrews Professional Books, 1996; see also, Dunbar, F. C. and D. A. Neumann, "Estimating Future Asbestos Claims: Lessons from The National Gypsum Litigation," *NERA White Paper,* 1993.

14. **Pending Claims**: Pending claims are those that have been filed but not yet resolved; as such, they do not need to be estimated. However, such claims may have been filed without a disease being specified (commonly referenced as "unknown" disease claims). Before estimating future claims, it is customary to reallocate pending claims without a specified disease to a known disease. Such reallocations recognize that claimants who have developed an asbestos-related cancer, particularly mesothelioma, are more likely to include that information at the time of their claim filing than claimants who have developed a non-malignant disease. As a result, such reallocations recognize that pending claims with an unknown disease are unlikely to be resolved with the same disease mix as known pending claims but, instead, are disproportionately likely to be resolved as non-malignant claims, if at all.

15. **Disease Incidence**: Some experts estimate the Disease Incidence for mesothelioma independently by combining estimates of employment and turnover in industries/occupations with potential asbestos exposure over the historical period with epidemiological dose/response functions that govern the development of mesothelioma in an exposed population. Other experts (such as LAS) elect to use mesothelioma incidence projections included in a paper published by Dr. William Nicholson, calibrated to match the observed incidence of the disease over the recent period.[5]

16. **Filing Rate**: The Filing Rate for mesothelioma is estimated by dividing mesothelioma claims received by the defendant over a recent historical period (the "calibration period") by the Disease Incidence of mesothelioma that is estimated to have developed over that same historical period. This input is also often referred to as the "Propensity to Sue." The Filing Rate (which may be estimated by age group) is then multiplied by the estimated future Disease Incidence for mesothelioma, yielding an estimate of future mesothelioma claim filings.

17. **Payment Rate**: The Payment Rate for mesothelioma is estimated by analyzing the rate at which such claims filed in the past have been paid (vs. being dismissed or remaining pending) over a calibration period. Because some claims may never resolve, it is customary to

[5] Nicholson, W. J., G. Perkel, and I. J. Selikoff, "Occupational Exposure to asbestos: population at risk and projected mortality – 1980-2030," *American Journal of Industrial Medicine,* 1982, pp. 3:259-311.

Exhibit D
Excerpts of Mullin Rebuttal Report

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NORTH CARONLINA
CHARLOTTE DIVISION

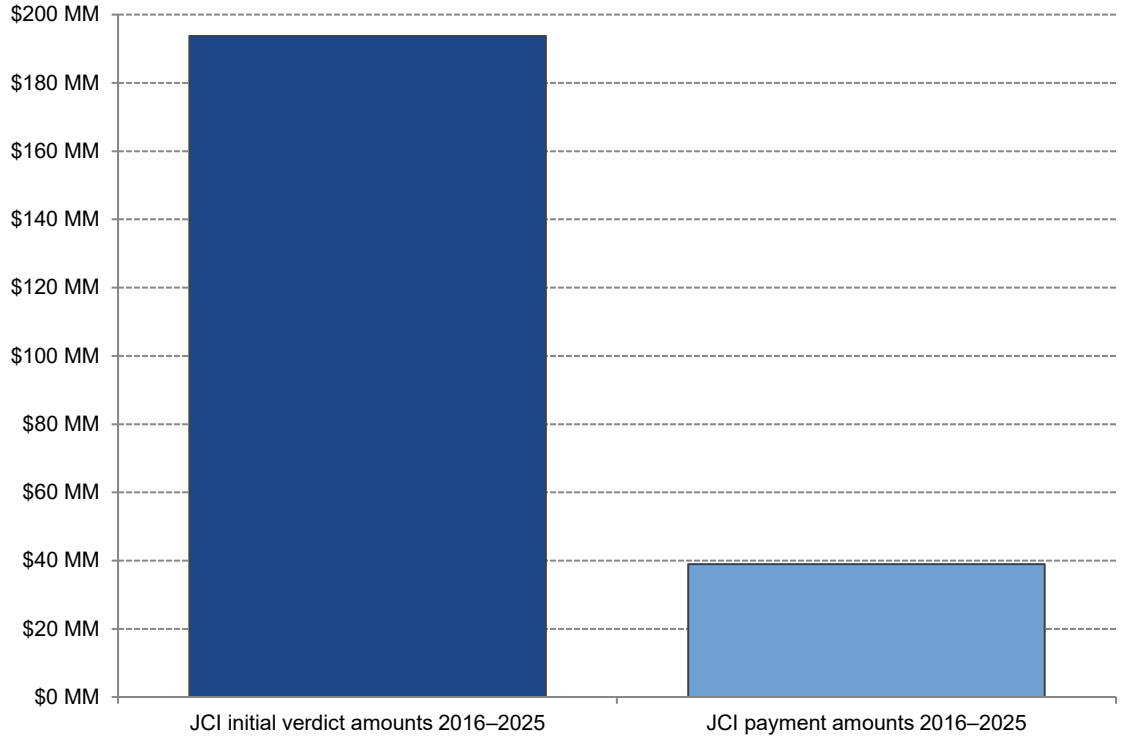
In re	Chapter 11
ALDRICH PUMP LLC, *et al.*,[1]	Case No. 20-30608 (LMJ)
Debtors.	(Jointly Administered)

REBUTTAL EXPERT REPORT OF CHARLES H. MULLIN, PHD

March 27, 2026

[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.

Figure 24: Resolution of JCI plaintiff verdicts



III.B.4. Non-mesothelioma gross-up errors

(60) The Sackett Report makes two mistakes in its forecast of non-mesothelioma claims, resulting in an overestimate of future payments for these diseases. First, as explained in Section III.B.2, it assigns value to thousands of non-mesothelioma claims filed prior to 2015. Additionally, the Sackett Report's work papers contain a reference error, causing the forecast to use an incorrect actuarial curve. Once corrected, the Sackett Report non-mesothelioma forecast is no longer an overestimate.

(61) The Second Amended Case Management Order entered on April 17, 2025, instructs the experts to submit reports containing forecasts that apply a gross-up to account for non-mesothelioma claims.[52] Non-mesothelioma gross-ups have been used in other asbestos bankruptcies, such as Bondex (6%), Bestwall (7%) and DBMP (8%).[53] These gross-ups allow for a simpler estimation process where

[52] "The Debtors and ACC shall exchange their initial expert reports setting forth their estimate of the Debtors' liability for current and future mesothelioma claims, plus the application of a "gross-up" for non-mesothelioma claims (each, an "Initial Expert Report") on or before September 15, 2025." Second Amended Case Management Order for Estimation of Asbestos Claims, 2656, No. 20-BK-30608 (W.D.N.C. April 17, 2025) at 3.

[53] Order Authorizing Estimation of Current and Future Mesothelioma Claims, *In re DBMP LLC*, No. 20-30080 (Bankr. W.D.N.C. November 29, 2021), at ¶ 4; Order Authorizing Estimation of Current and Future Mesothelioma Claims, *In re Bestwall LLC*, No. 17-31795 (Bankr. D. Del. January 19, 2021) at 6; Memorandum Opinion, *In re Bondex International, Inc.*, No. 10-11780 (Bankr. D. Del. May 20, 2013), at ¶ 1 n. 2.

experts do not need to pursue extensive discovery and build out forecasts for non-mesothelioma claims. Debtors benefit economically by avoiding expensive discovery and estimation expenses. Claimants benefit as well as epidemiology predicts that the ratio of non-mesothelioma to mesothelioma expenditures will decline in the future. Thus, assessing future non-mesothelioma claims based on the recent historical ratio overvalues those claims relative to a ground-up estimate.

(62) Unlike the "gross-up" process as implemented in cases like Bondex, Bestwall, and DBMP, the Sackett Report does not forecast non-mesothelioma liability as a percentage gross-up relative to mesothelioma. Instead, it undertakes a "ground-up" process that forecasts lung cancer, other cancer, and non-malignant payments based on the lung cancer actuarial curve.[54] In this process, the Sackett Report asserts it relies on asbestos-related incidence for mesothelioma and follows the same procedure for lung cancer incidence.[55] Its work papers follow this asserted approach for mesothelioma. However, the Sackett Report's work papers deviate from the stated intent for non-mesothelioma claims. Instead of relying on asbestos-related lung cancer incidence, the work papers erroneously use the total lung cancer incidence (due to an Excel cell reference error).[56] Correcting the cell reference error reduces the Sackett Report's non-mesothelioma gross-up, as displayed in Figure 25.

Figure 25: Forecasted non-mesothelioma payments as a percent of total spend

Report	Aldrich	Murray
Sackett Report	20.0%	24.7%
Sackett Report - corrected	13.5%	17.2%
Mullin Report	17.3%	19.4%

(63) Correcting that cell reference error updates the Sackett Report's forecasted ratio of non-mesothelioma payments relative to total spend to below that of the Mullin Report. That is, the corrected Sackett Report non-mesothelioma percentage falls below the historical experience of the Debtors. This aligns with the relevant epidemiology, as projected asbestos-related lung cancer incidence declines faster than projected mesothelioma incidence.[57] Thus, the percentage of claims and claim payments

[54] Sackett Report, at ¶ 102 n. 34.

[55] Sackett Report, at ¶ 102 n. 34; For avoidance of doubt, the Sackett Report's working papers label the asbestos-related mesothelioma incidence as "Use for Meso-thelioma" and the asbestos-related lung cancer incidence as "Use for Lung Cancer." Sackett Reliance Materials, File name: "Mesothelioma_Forecast.xlsm", Exposure_to_1989.

[56] Sackett Reliance Materials, File name: "Mesothelioma_Forecast.xlsm", Exposure_to_1989; Sackett Reliance Materials, File name: "Nicholson_Forecast_(Aldrich).xlsb", Lung_Cancer; Sackett Reliance Materials, File name: "Nicholson_Forecast_(Murray).xlsb", Lung_Cancer.

[57] *See* US Department of Health and Human Services, "Toxicological Profile for Asbestos," September, 2001, Appendix F; 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*, no. 3 (1982): 293–294.

associated with diseases other than mesothelioma should decline in the future.[58] This illustrates the conservative nature of the approach adopted in the Mullin Report, which likely overstates future non-mesothelioma claim payments by calibrating to the recent tort experience.

III.C. Financial Parameters

(64) The Sackett Report inexplicably inverts the time value of money. The Sackett Report uses a 3.2% inflation rate and a 1% discount rate.[59] Using an inflation rate larger than the discount rate requires claimants to prefer having their claims resolved five, ten, or even fifty years into the future instead of today. According to the Sackett Report, claimants would be financially better off waiting decades to resolve their claims.[60] As seen in Figure 26, correcting this fundamental error results in a forecast range that is less than half of the one presented in the Sackett Report.

Figure 26: Waterfall quantifying the impact of Sackett Report Financial Parameters

Waterfall	Aldrich	Murray	Total
Sackett Report total corrected for erroneous Additions	$1,050 MM	$610 MM	$1,670 MM
Financial Parameters	($570 MM)	($330 MM)	($900 MM)
Sackett Report total corrected for erroneous Additions and Financial Parameters	**$480 MM**	**$280 MM**	**$760 MM**

III.C.1. Inflation rates

(65) The Brattle Report and the Mullin Report assume a long-run general inflation rate of 2%, consistent with the long-term expectation of the Congressional Budget Office and financial markets.[61] The Sackett Report assumes a long-run inflation rate of 3.2%. The Sackett Report also applies the observed (higher) CPI inflation between 2020 and 2024, despite not doing the same for discount rates.[62] Figure 27 shows the long-run general inflation rate used by each expert.

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58 For example, the Sackett Report's mesothelioma and lung cancer incidence curves demonstrate this pattern. Sackett Reliance Materials, File name: "Mesothelioma_Forecast.xlsm", Exposure_to_1989.

59 Sackett Report, at ¶¶ 98–99.

60 When Pollack, et al., define the time value of money, they point out that "most individuals would prefer to have a dollar to spend today rather than having to wait until some point in the future. For those individuals, if money payable in the future is suddenly available today, there may be a willingness to accept a discount in order to eliminate the waiting period." The Sackett Report predicts a sustained departure of this standard economic principle. Richard A. Pollack et al., *Calculating Lost Profits* (New York: AICPA, 2006): 35.

61 The Brattle Report applies short-term CBO rates that are initially higher than 2% before transitioning to the 2% long-run rate. Mullin Report, at ¶ 154; Brattle Report, at ¶ 97.

62 Sackett Report, at ¶ 98, Appendix I; Sackett Reliance Materials, File name: "Liability_Estimation-Cash_Flow_Model_Aldrich.xlsx", Nicholson-Data; Sackett Reliance Materials, File name: "Liability_Estimation-Cash_Flow_Model_Murray.xlsx", Nicholson-Data.

Exhibit E
Excerpts of Brattle Initial Report

Anonymized Pursuant to Court Order

UNITED STATES BANKRUPTCY COURT

WESTERN DISTRICT OF NORTH CAROLINA

CHARLOTTE DIVISION

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

EXPERT REPORT OF

THE BRATTLE GROUP

ON BEHALF OF

FUTURE CLAIMANTS' REPRESENTATIVE

SEPTEMBER 15, 2025

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]

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

Exhibit F
Excerpts of Mullin Initial Report

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
Debtors.	(Jointly Administered)

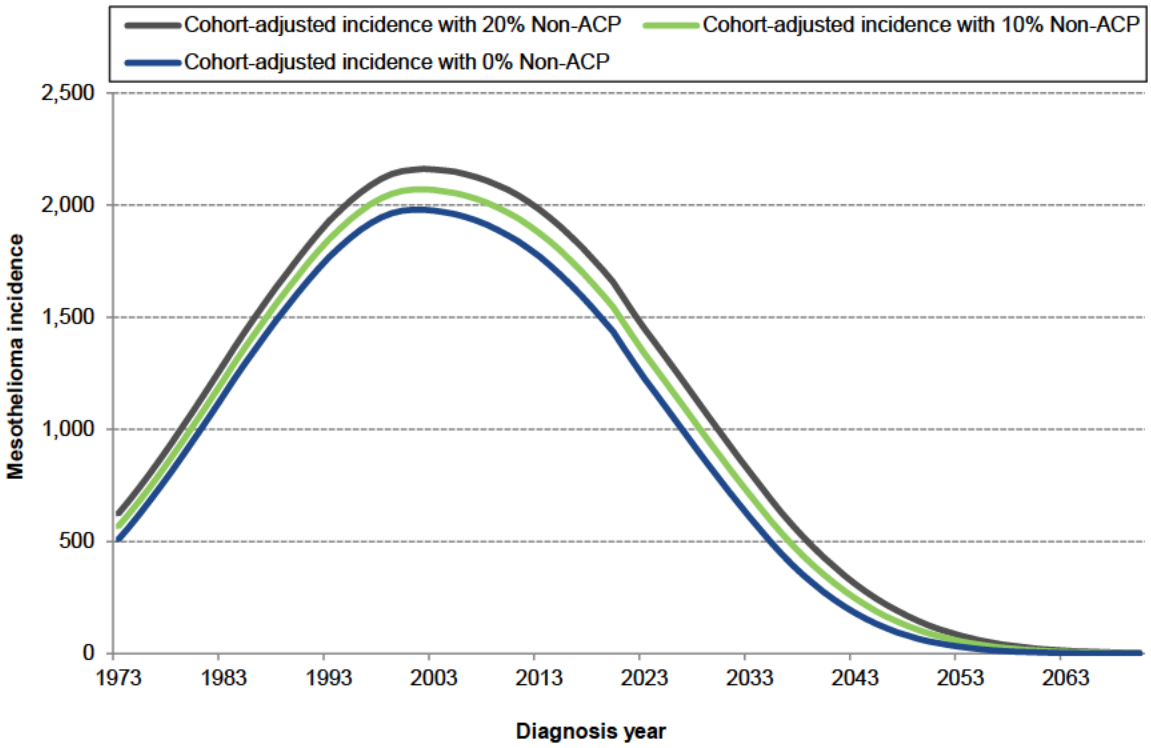
CORRECTED INITIAL EXPERT REPORT OF CHARLES H. MULLIN, PHD

September 15, 2025

[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.

components in their products. The blue line in Figure 40 shows the preliminary curve Dr. Gallardo-García provided in response to my request. I also requested two additional curves with that same ACP incidence supplemented with 10% and 20%, respectively, of the non-ACP mesothelioma incidence (the yellow line from Figure 39) included. Those two curves are the green and black lines in the figure below, respectively.

Figure 40: Dr. Gallardo-García's cohort-adjusted mesothelioma incidence model



D.1.b. Propensity to sue ("PTS")

(149) The propensity to sue reflects the number of claims filed against a defendant for a specific disease, relative to the number of observed or predicted diagnoses of that disease. To calculate the propensity to sue, I observe Aldrich and Murray's counts of filed mesothelioma claims by filing year. I then observe the incidence for those years from Dr. Gallardo-García's model. As seen in Figure 41, the propensity to sue for Aldrich is about 77% and the propensity to sue for Murray is about 63% in the last 5 years.

Figure 41: Filed claims relative to incidence[167]

Filing year	Predicted incidence[168]	Aldrich		Murray	
		Filed claims	PTS	Filed claims	PTS
2010	1,990	1,286	65%	989	50%
2011	1,968	1,234	63%	988	50%
2012	1,941	1,427	74%	1,159	60%
2013	1,911	1,391	73%	1,208	63%
2014	1,877	1,422	76%	1,159	62%
2015	1,839	1,473	80%	1,217	66%
2016	1,798	1,267	70%	1,050	58%
2017	1,752	1,293	74%	1,080	62%
2018	1,705	1,296	76%	1,038	61%
2019	1,655	1,409	85%	1,116	67%
2015–2019	**8,748**	**6,738**	**77%**	**5,501**	**63%**

D.1.c. Resolution rate

(150) The resolution rate equates to the portion of filed claims ever resolved. While asbestos defendants typically resolve most of the claims filed against them, some of those claims remain unresolved (abandoned or not updated in defendant claims databases) for decades. Figure 42 displays the percentage of unresolved claims as of the Petition Date by filing year for each Debtor. Aldrich typically resolves about 98% of claims, with 2% remaining unresolved. Murray typically resolves about 96% of claims, with 4% remaining unresolved. Unresolved claims appear in asbestos defendants' databases for multiple reasons, including such claims matching one of the following fact patterns: (i) dismissed claims for which the status was never updated; (ii) administratively closed claims for which the status was never updated; and (iii) open claims abandoned by plaintiffs' counsel. Regardless of the reason, about 2% of claims filed against Aldrich and 4% of claims against Murray remain unresolved effectively indefinitely.

[167] This figure excludes Law Firm 3 and Law Firm 1 claims for both Debtors and Law Firm 2 for Aldrich for the reasons stated in Footnote 138.

[168] The predicted incidence has been lagged one year to account for the typical time it takes for claims to file their claim after diagnosis. This change aligns filing year with the incidence year. The incidence curve used for this figure is the cohort-adjusted incidence with 10% Non-ACP.

Figure 43: Pay rates for mesothelioma claims from 2011 to 2020[170]

Resolution year	Aldrich	Murray
2011	41%	21%
2012	52%	20%
2013	46%	16%
2014	36%	14%
2015	42%	10%
2016	33%	16%
2017	43%	17%
2018	35%	16%
2019	37%	16%
2020	43%	17%
2011–2020 average	**40%**	**16%**
2015–2019 average	**38%**	**15%**

D.1.e. Average settlement value ("ASV")

(153) Forecasting future ASVs requires one to address future inflation rates. Inflation accounts for the purchasing power of a dollar. For example, if an apple cost $1.00 in 2020, but $1.02 in 2021, then the price increased 2%. Economists refer to the increase in price for the identical product as inflation. The Consumer Price Index ("CPI") generalizes this concept to a bundle of goods. If a bundle of goods cost $100.00 in 2020, but $102.30 in 2021, then general inflation rose at 2.3%. The government also publishes inflation indexes for different sectors of the economy, such as medical costs or home prices. Subsectors of the economy can persistently have different inflation rates (even deflation, a decrease in prices) from the general or global average inflation rate. For example, over the past several decades, the cost of medical services has risen faster than general inflation, while the price of computing power has decreased.

(154) The investment markets trade assets that provide hedges against future inflation.[171] These assets also provide third-party arms-length projections of future inflation rates. Figure 44 displays those market projected annual inflation rates through 2055. These forecasts align with the Congressional Budget

[170] This figure excludes Law Firm 3 and Law Firm 1 claims for both Debtors and Law Firm 2 for Aldrich for the reasons stated in Footnote 138.

[171] Treasury Inflation Protected Securities ("TIPS") are structured to protect investors from inflation. The face value (the principal) of a TIPS increases with inflation and decreases with deflation. When a TIPS matures, an investor receives the inflation-adjusted principal or the original principal, whichever is greater. Comparing the yields on Treasury Notes, Bonds and TIPS provides the investment market's projection of future inflation rates. For example, as of the beginning of September 2025, comparing the 4.3% yield on a 10-Year Treasury Bond to the 1.9% yield on a 10-Year TIPS implies investors expect average inflation to be 2.4% over the next ten years (4.3% – 1.9% = 2.4%). Bruce Tuckman and Angel Serrat, *Fixed Income Securities, Tools for Today's Markets* (Hoboken, New Jersey: John Wiley & Sons, Inc., 2022): 6–7.

Office ("CBO"). The CBO expects inflation to decline over the next 10 years, decreasing from 2.5% in 2024 to 2.0% in 2027, where it is expected to remain.[172]

Figure 44: Projected general inflation rates through 2055[173]

Maturity	Current yields		Expected average inflation
	T-bonds	TIPS	
5-year	3.7%	1.3%	2.4%
10-year	4.3%	1.9%	2.4%
30-year	5.0%	2.7%	2.3%

(155) Mesothelioma settlement values have not historically followed general inflation, nor are they expected to do so in the future. While US inflation less food and energy averaged 1.9% per year between 2010 and 2019, Aldrich and Murray nominal mesothelioma average settlement values remained constant or declined over that same period.[174] Figure 45 displays the average settlement value by year for Aldrich. It has remained almost constant at approximately $55,000. As indicated by the trend line, if anything, the average nominal value has been mildly declining at a rate of 0.8% per year over this period; it has not increased with general inflation.

[172] *See* "The Budget and Economic Outlook: 2025 to 2035," Congressional Budget Office, January 2025, https://www.cbo.gov/publication/61172: PCE price index row.

[173] This figure uses rates as of September 2, 2025 (the first business day of September). Federal Reserve Bank of St. Louis, "Market Yield on U.S. Treasury Securities at 5-Year Constant Maturity, Quoted on an Investment Basis," Series DGS5, https://fred.stlouisfed.org/series/DGS5. I also cite to the Federal Reserve Bank of St. Louis for the yields on the 10, 20, and 30-Year Treasurys [hereinafter "Market Yield on U.S. Treasury Securities at 5, 10, 20, and 30-Year Constant Maturity"]: Federal Reserve Bank of St. Louis, "Market Yield on U.S. Treasury Securities at 5-Year Constant Maturity, Quoted on an Investment Basis, Inflation-Indexed," Series DFII5, https://fred.stlouisfed.org/series/DFII5. I also cite to the Federal Reserve Bank of St. Louis for the Inflation-Indexed yields on the 5, 10, and 30-year Treasurys [hereinafter "Inflation-Indexed Market Yield on U.S. Treasury Securities at 5, 10, and 30-Year Constant Maturity"]: Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity; Inflation-Indexed Market Yield on U.S. Treasury Securities at 5, 10, and 30-Year Constant Maturity; Market Yield on U.S. Treasury Securities at 30-Year Constant Maturity; Inflation-Indexed Market Yield on U.S. Treasury Securities at 30-Year Constant Maturity.

[174] CPI-U Series CUUR0000SA0L1E.