Docket #3369 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 MOTION IN LIMINE OF THE OFFICIAL COMMITTEE OF ASBESTOS PERSONAL INJURY CLAIMANTS TO EXLCUDE CERTAIN EXPERT TESTIMONY OF DAVID L. MCKNIGHT

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 *Motion in Limine of the Official Committee of Asbestos Personal Injury Claimants to Exclude Certain Expert Testimony of David L. McKnight* [Dkt. No. 3190] (the "Motion in Limine"). In support of the Notice, the Committee respectfully states as follows:

1. On June 25, 2026, the Committee filed the Motion in Limine, and all exhibits thereto, under seal on the docket. Also on June 25, 2026, the Committee filed a *Motion to File Confidential Documents under Seal* (the "Motion to Seal") [Dkt. No. 3192] related to Motion in Limine.

2. Since the filing of the Motion in Limine, the parties have agreed that the Motion in Limine 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.

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 No. 3265] (the "Order") with the corresponding Motion to Seal withdrawn.

3. Accordingly, attached hereto as Exhibit A is an unsealed version of Motion in Limine and Exhibits thereto, with redactions in certain of the Exhibits.

[Signatures appear on the following page]

Dated: September 1, 2026

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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)

MOTION IN LIMINE OF THE OFFICIAL COMMITTEE OF ASBESTOS PERSONAL INJURY CLAIMANTS TO EXCLUDE CERTAIN EXPERT TESTIMONY OF DAVID L. MCKNIGHT

The Official Committee of Asbestos Personal Injury Claimants ("**Committee**") of Aldrich Pump LLC, *et al.* ("**Debtors**"), through its undersigned counsel, hereby move (the "**Motion**") to exclude David L. McKnight, the testifying expert put forth by the future claimants' representative in this case, Joseph W. Grier, III (the "**FCR**"), from providing certain testimony at the Phase I Proceeding. In support of the Motion, the Committee respectfully states as follows:

PRELIMINARY STATEMENT

Following a motion filed by the FCR[2], and with the agreement of the Debtors and the Committee, this Court ordered a bifurcated estimation proceeding with a limited first phase (the "**Phase I Proceeding**") focused solely on "estimating the Debtors' liability for current and future asbestos claims by using the tort system extrapolation method, using the Debtors' settlement and verdict history." *See* Order Commencing Phase I of Estimation Trial, Dkt. No. 3011 (the "**Phase I Order**"). The FCR has offered The Brattle Group, Inc.'s ("**Brattle**") David L. McKnight as an

[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] FCR's Mot. Commencing Estimation Trial, Dkt. No. 2941 (the "**FCR's Motion**").

expert witness and has provided an initial report[3] and a rebuttal report under Federal Rule of Civil Procedure 26(a)(2)(B) setting forth Brattle's opinions, thereby disclosing the scope of proposed testimony for Mr. McKnight, the FCR's selected representative.

McKnight's Initial Report discloses an opinion that the Debtors could fund a trust established pursuant to 11 U.S.C. § 524(g) based on the amount that was used to fund the wholly-unrelated Garlock Asbestos Trust. That trust was created as a result of the reorganization of Garlock Sealing Technologies, LLC ("**Garlock**"), a chapter 11 case filed more than a decade and a half ago. Opinions and testimony regarding the amount used to fund a trust from another bankruptcy regarding another company's liability have no relevance to an estimation of these Debtors' liability based solely upon these Debtors' experience in the tort system resolving cases, and will not provide the Court any meaningful assistance. Such opinions and testimony are outside the scope of the Phase I Order, and therefore, irrelevant and unhelpful.

BACKGROUND

The Estimation Proceedings

1. On April 17, 2025, this Court entered the Second Estimation CMO, calling for the parties to exchange "initial expert reports setting forth their estimate of the Debtors' liability for current and future mesothelioma claims, plus the application of a 'gross-up' for non-mesothelioma claims."[4] The Debtors, the Committee, and the FCR exchanged initial expert reports pursuant to the Second Estimation CMO on September 15, 2025.

[3] Expert Report of The Brattle Group on Behalf of Future Claimants' Representative, Sep. 15, 2025 (PEO) (the "**McKnight Initial Report**"), attached hereto as **Exhibit A**.

[4] Second Am. Case Management Order for Estimation ¶ 3, at 3, Dkt. No. 2656 (the "**Second Estimation CMO**").

2. The FCR served an initial report from Brattle authored by Paul J. Hinton and David L. McKnight. The FCR has since confirmed that only Mr. McKnight will be testifying with respect to Brattle's work.[5]

3. On November 25, 2025, the FCR moved for an order bifurcating the estimation proceeding scheduled in these cases, and commencing an initial narrow "estimation trial with hearings based on tort system values and the parties' expert reports."[6] The FCR described the initial proceeding as a "quick, streamlined" trial "focused solely on a tort system extrapolation of the Debtors' asbestos liabilities."[7] The FCR's purported basis for this request was to preserve estate resources and expedite resolution of these cases.[8]

4. On January 23, 2026, the Court entered the Phase I Order granting the FCR's Motion and scheduling the Phase I Proceeding where "the Court will make a finding estimating the Debtors' liability for current and future asbestos claims by using the tort system extrapolation method."[9] The scope of evidence in the Phase I Order is expressly limited to the opinions asserted in the initial expert reports and any rebuttal thereof.[10]

5. The Debtors, the Committee, and the FCR exchanged rebuttal expert reports pursuant to the Phase I Order on March 27, 2026. Depositions of the experts designated by the parties were completed between May 4 and May 14, 2026. Mr. McKnight was deposed on May 12, 2026.

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5 Jonathan Guy, counsel for the FCR, has represented to counsel for the Committee that Mr. McKnight will be the sole Brattle representative testifying at the Phase I Proceeding.

6 FCR's Motion at 1.

7 *Id.*

8 *Id.*

9 Phase I Order ¶ 2, at 2.

10 *Id.* ¶ 4, at 2.

Mr. McKnight's Disclosed Opinions

6. McKnight's Initial Report applies several different methodologies to reach several different opinions regarding the Debtors' asbestos personal injury liability.

7. This motion concerns only one of those opinions. In his Initial Report, Mr. McKnight offers an opinion based on the amount that was used to fund the asbestos trust in another chapter 11 case, the *Garlock* bankruptcy, filed in 2010.[11] The thrust of Mr. McKnight's opinion is that because the Debtors' asbestos-based liability allegedly comes from the same products as Garlock's, the same amount that was paid into the Garlock Asbestos Trust more than a decade ago should be ample to fund a trust here.[12] Mr. McKnight further suggests that the amount used to fund the Garlock trust should be reduced because the Debtors here have paid another decade of claims, and that the difference would be adequate here because the Garlock trust has "performed well."[13]

8. While facially having nothing to do with extrapolation of the tort system experience of these Debtors, or indeed the tort system at all, counsel for the FCR has declined to withdraw this opinion for the purposes of Phase I Proceeding.[14]

ARGUMENT

9. Mr. McKnight's opinions regarding the amount that would be sufficient to fund a trust established to resolve the Debtors' aggregate asbestos liabilities based on the Garlock Asbestos Trust are wholly irrelevant to the limited scope of Phase I and inherently unhelpful to the Court. Such testimony does not meet the requirements of admissibility under the Federal Rules.

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[11] McKnight Initial Report at Part VIII.

[12] *Id.* at Part VIII.A.

[13] *Id.* at Part VIII.

[14] Jonathan Guy, counsel for the FCR, has refused to agree to any limits upon Mr. McKnight's opinions or testimony at the Phase I Proceeding on numerous occasions. This Motion addresses only the Phase I Proceeding.

I. MR. MCKNIGHT'S OPINIONS REGARDING THE AMOUNT SUFFICIENT TO FUND A TRUST IN THESE CASES ARE WHOLLY IRRELEVANT TO AN ESTIMATION EXTRAPOLATED FROM THE DEBTORS' EXPERIENCE IN THE TORT SYSTEM AND SHOULD BE EXCLUDED

A. Relevance is an Essential Prerequisite for Admissibility of Expert Testimony

10. Under the Federal Rules, the proponent of an expert witness's opinion must demonstrate by a preponderance of the evidence that it "will help the trier of fact to understand the evidence or to determine a fact in issue". Fed. R. Evid. 702. The Supreme Court has explained that this condition "goes primarily to relevance." *Daubert v. Merrell Dow Pharms., Inc.*, 509 U.S. 579, 591 (1993). An expert's opinion is relevant if it has "a valid scientific connection to the pertinent inquiry." *Belville v. Ford Motor Co.*, 919 F.3d 224, 232 (4th Cir. 2019) (quoting *Daubert*, 509 U.S. at 592). This ensures that the expert "helps 'the trier of fact to understand the evidence or to determine a fact in issue.'" *Sardis v. Overhead Door Corp.*, 10 F.4th 268, 281 (4th Cir. 2021) (citation omitted). Here, where 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 opinions regarding the funding of a trust and the experience of an trust established to hold the liabilities of an unrelated asbestos defendant will not assist the Court.

11. "Expert testimony which does not relate to any issue in the case is not relevant and, ergo, non-helpful." *Daubert*, 509 U.S. at 591 (quoting 3 Weinstein & Berger ¶ 702[02]). Irrelevant evidence is inadmissible. *See Sardis*, 10 F.4th at 281 ("Simply put, if an opinion is not relevant to a fact at issue, *Daubert* requires that it be excluded."). *See also PBM Prods., LLC v. Mead Johnson & Co.*, 639 F.3d 111, 123 (4th Cir. 2011) (citing *Daubert*, 509 U.S. at 597); Fed. R. Evid. 402 advisory committee's note to 1972 proposed rules ("[E]vidence which is not relevant is not admissible . . . .").

12. This Court must act as a gatekeeper and prevent irrelevant evidence from diverting the restricted nature of this limited proceeding. *See Sardis*, 10 F.4th at 281-82 (reversing a district court that had "abandoned its gatekeeping function" by treating challenges to expert admissibility as going to weight).

B. Mr. McKnight's Opinions Regarding the Level of Funding Needed for a Trust Established to Resolve the Debtors' Liabilities are Irrelevant and Unhelpful to the Court's Phase I Inquiry

13. This Court has ordered that the sole focus of Phase I is "estimating the Debtors' liability for current and future asbestos claims by using the tort system extrapolation method, using the Debtors' settlement and verdict history."[15] Mr. McKnight's speculative testimony that the Debtors could fund a trust for an amount equal to if not less than the funding provided to the Garlock Asbestos Trust simply has no relevance to that undertaking. The tort system and payment of claims in a trust system are distinct. A trust established pursuant to section 524(g) is created to take the debtor's liability out of the tort system. *See In re Kaiser Gypsum Co.*, 135 F.4th 185, 190 (4th Cir. 2025) (Under section 524(g), a debtor's present and future asbestos liabilities are diverted to a trust pursuant to a channeling injunction to protect the debtor from future asbestos claims in state and federal tort proceedings nationwide.).

14. A section 524(g) asbestos bankruptcy trust pays asbestos personal injury claims pursuant to criteria set out in a plan document approved by a bankruptcy court. These are often called "trust distribution procedures" or a "TDP" (although the TDP in the *Garlock* case was denominated "claims resolution procedures" or a "CRP").

15. While the claims payment criteria under which an asbestos bankruptcy trust pays claims may be constructed with reference to the historical claims experience of the applicable

[15] Phase I Order ¶ 2, at 2.

debtor, the trust is a distinct mechanism of compensation. Claims are paid after providing information that satisfies the trust's criteria. There are, with exceedingly rare exceptions, no courts involved, no discovery, no trials, no juries and no verdicts.

16. Trusts may pay claims differently than a debtor did pre-bankruptcy. Indeed, Mr. McKnight conceded this point in his deposition:

> Q. And so it's possible that there are claimants who would receive a payment in the tort system on their claim, but would not receive a payment under a Garlock-style trust implemented here?
>
> A. Yeah, that's possible.[16]

17. Ultimately, an asbestos trust pays the claims that its governing documents—its TDP or CRP—say should be paid and on the conditions and in the amounts they provide for. A restrictive trust, for example, might pay less or have more stringent obligations. In any event, the amount a trust pays is not necessarily correlated to the amount the debtor would have paid had it remained in the tort system; it is simply the amount the trust documents dictate. Thus, a trust has no particular bearing on the liability that debtors might otherwise have incurred in the tort system, and that is all the more the case when the trust in question was set up to pay an entirely different company's asbestos liability. The Garlock CRP requires various showings of evidence that explicitly relate to Garlock products, not the Ingersoll Rand and Trane products that form the basis of the Debtors' liability at issue in this case.

18. This mismatch is confirmed by Mr. McKnight's own estimates. His opinion for appropriate funding based on the Garlock trust contribution is substantially lower than his estimates for the Debtors using extrapolation of the Debtors' actual tort system history,[17] which is the only estimation methodology contemplated by the Phase I Order. That one could imagine an

[16] McKnight Dep. 201:8-13 (PEO), excerpt attached hereto as **Exhibit B**.

[17] McKnight Initial Report at Part II.

asbestos trust that paid claimants here less than the full pay they have been promised in these cases is not relevant to the task before this Court.

19. In any event, no trust of any kind whatsoever has been proposed or agreed to in the present case. No mechanisms for claims payment exist, no funding levels have been agreed to, and no criteria have been established. Opining on what a trust might pay claimants here, individually or in aggregate, is simply premature.

20. Moreover, even if such testimony could have some attenuated relevance to an estimation of liability in the abstract, it is not relevant to the scope of the Phase I Order, which is focused on estimation by using the tort system extrapolation method, using the Debtors' settlement and verdict history. Whatever else could be said about Mr. McKnight's Garlock analogy, it does not represent the use of the tort system extrapolation method, using the Debtors' settlement and verdict history. Such irrelevant testimony is plainly unhelpful to the Court, and risks wasting judicial resources, including the limited time set aside for the Phase I Proceeding. It should be excluded.

II. THE COURT SHOULD EXCLUDE MR. MCKNIGHT'S TESTIMONY NOW TO PROMOTE EFFICIENCY AND CLARITY AT TRIAL

21. In the context of a bench trial, courts have flexibility in determining "when to make Rule 702 expert admissibility decisions." *In re Camp Lejeune Water Litig.*, No. 7:23-CV-897, 2026 WL 561123, at *4-5 (E.D.N.C. Feb. 27, 2026). Courts typically make Rule 702 determinations "at a time efficient and sensible to the court." *See id.* at *6 (collecting cases).

22. The FCR has refused to limit Mr. McKnight's opinions regarding the funding of a section 524(g) trust in these cases. If the FCR is unwilling to remedy this deficiency in Mr. McKnight's work, the Court should rule the opinions unhelpful and off limits for the Phase I

Proceeding. Doing so in advance will streamline the proceedings, spare the Court unnecessary testimony and cross examination, and save the parties time and money.

CONCLUSION

For the reasons stated above, the Committee respectfully requests that the Court enter an order excluding the above-described testimony of Mr. McKnight from the Phase I Proceeding.

WHEREFORE, for the reasons set forth herein, the Committee requests that the Court grant the Motion and grant such other and further relief as the Court deems just and proper.

Dated: June 25, 2026
Charlotte, North Carolina

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EXHIBIT
A

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

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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.

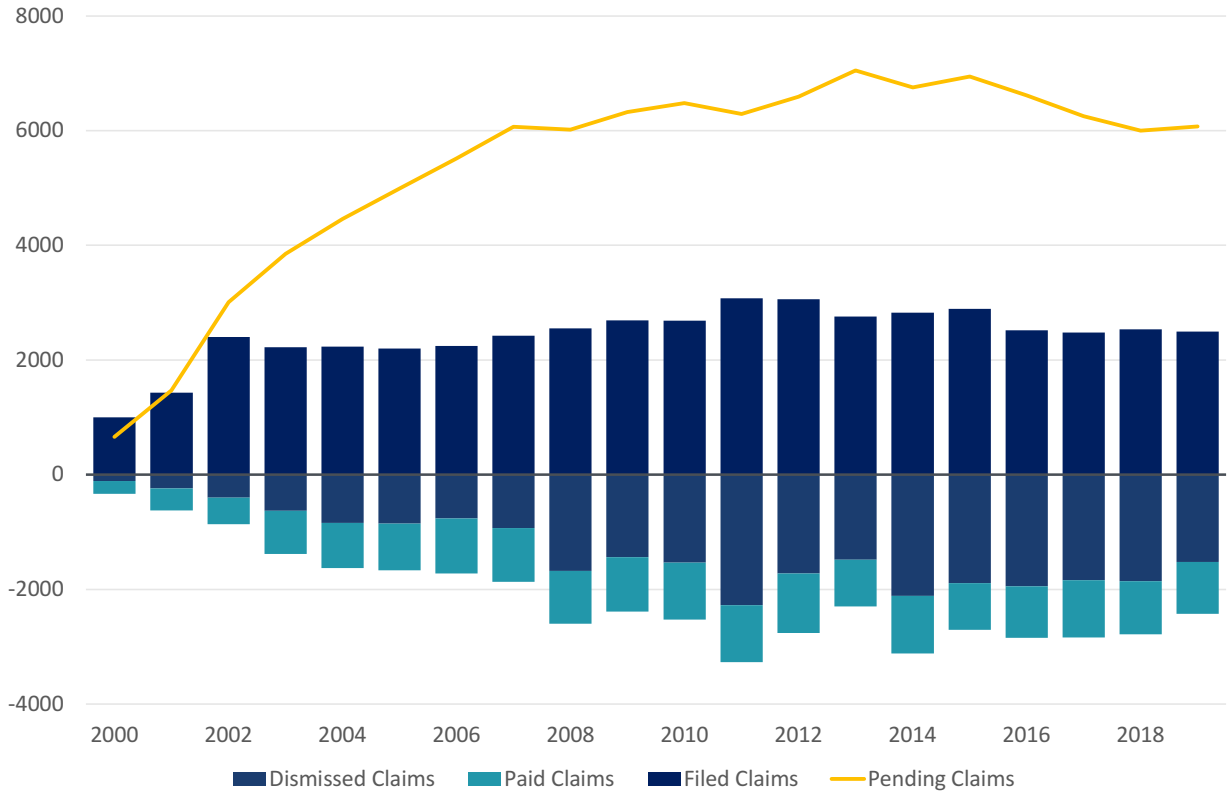
[26] Informational Brief of Aldrich Pump LLC and Murray Boiler LLC, *In re Aldrich Pump LLC, et al.,* Chapter 11 Case No. 20-30608, June 18, 2020, p. 4.

[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

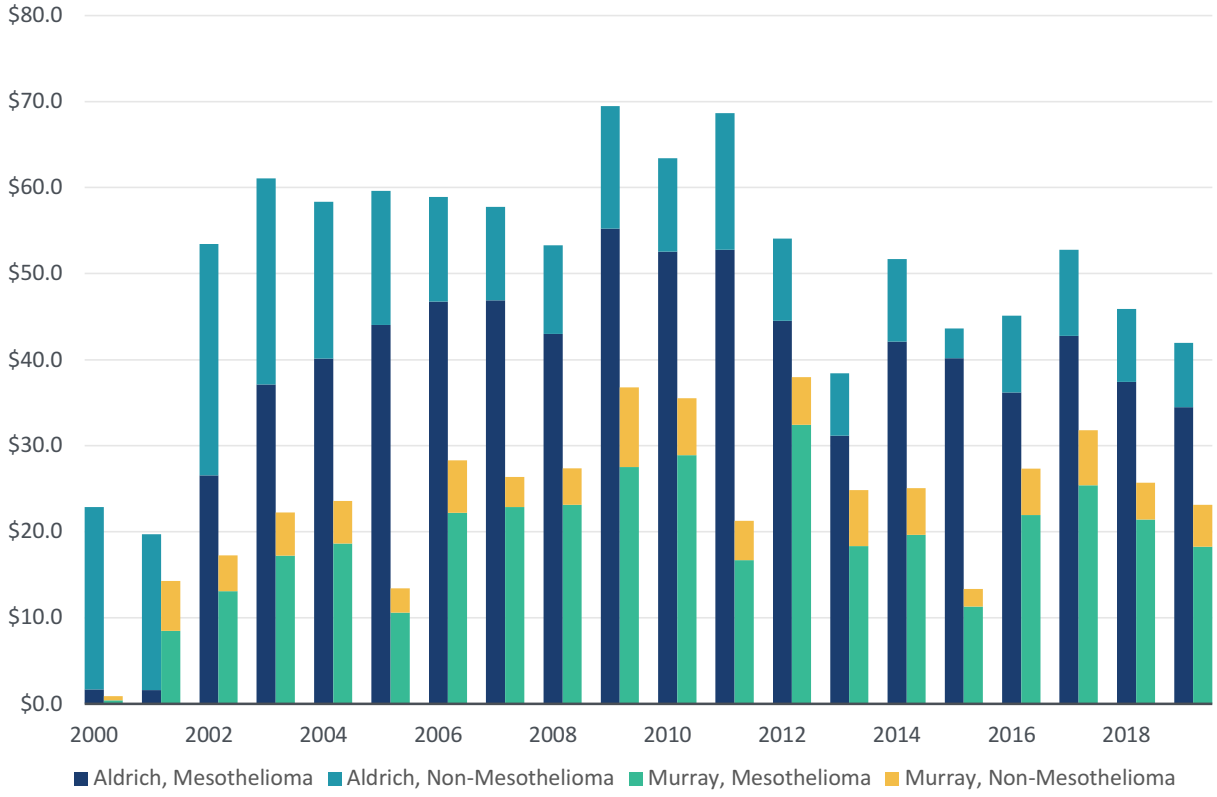
[28] In this report, fiscal year is defined as the one-year period starting on June 19 and ending on June 18 of the following year. For instance, fiscal year 2019 represents the one-year period between June 19, 2019 and June 18, 2020.

[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 [Law Firm 2] 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 [Law Firm 2] 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 - Law Firm 1] 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 - Law Firm 2] 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] [REDACTED - Law Firm 2], 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] [REDACTED - Law Firm 2], June 8, 2004, Aldrich-Murray EST_00146575, at -6575, -6577–6578.

[39] Settlement Agreement, Ingersoll-Rand Company and the [REDACTED - Law Firm 2] June 8, 2004, Aldrich-Murray EST_00146575, at -6578 ([Law Firm 2] 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 [Law Firm 2] 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 - Law Firm 1], 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 - Law Firm 1] January 12, 2004, Aldrich-Murray-EST_00146548.

[42] Ingersoll Rand Settlement Matrix Increase Agreement, Pascarella Divita, PLLC to [REDACTED - Law Firm 1] August 21, 2017, Aldrich-Murray-EST_00146533.

[43] Ingersoll Rand Settlement Matrix Increase Agreement, Pascarella Divita, PLLC to [REDACTED - Law Firm 1], 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 $

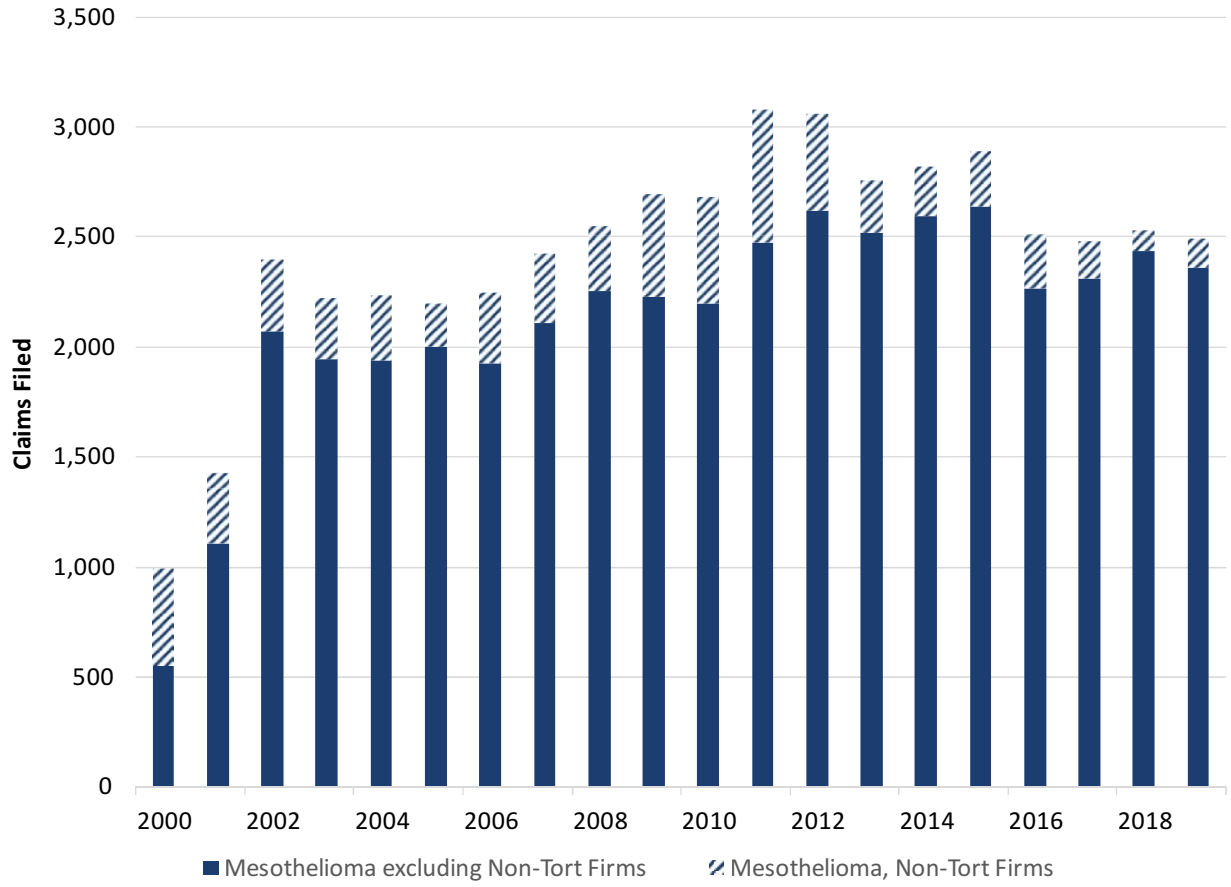
Calendar Year	Non-Tort Firm Payout, $ Millions			Total Payout, $ Millions			Non-Tort Firm Share		
	Aldrich [A]	Murray [B]	Total [C]	Aldrich [D]	Murray [E]	Total [F]	Aldrich [G]	Murray [H]	Total [I]
2015	$14.84	$13.52	$28.36	$45.08	$19.69	$64.76	33%	69%	44%
2016	$14.94	$12.59	$27.53	$55.25	$26.28	$81.53	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.

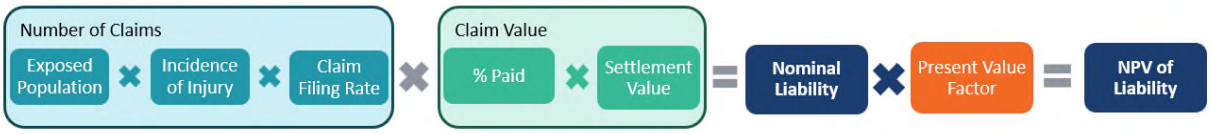
IV. VALUATION METHODOLOGY

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

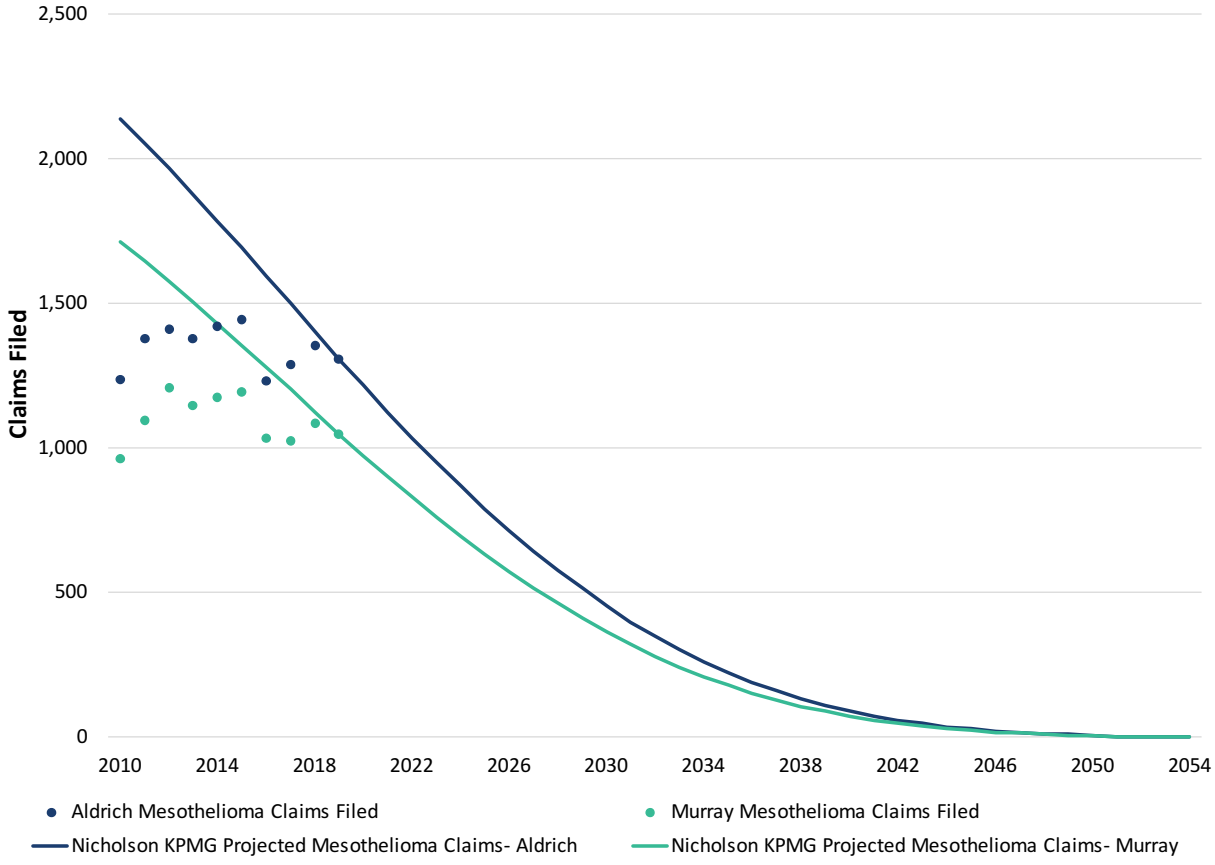
Fiscal Year	Nicholson Mesothelioma Incidence	Mesothelioma Claims		Mesothelioma Claims (Excl. Non-Tort Firms)		Claiming Rate (Excl. Non-Tort Firms)	
		Aldrich	Murray	Aldrich	Murray	Aldrich	Murray
	[A]	[B]	[C]	[D]	[E]	[F]	[G]
2015	1,583	1,598	1,292	1,444	1,194	91%	75%
2016	1,493	1,404	1,110	1,231	1,033	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

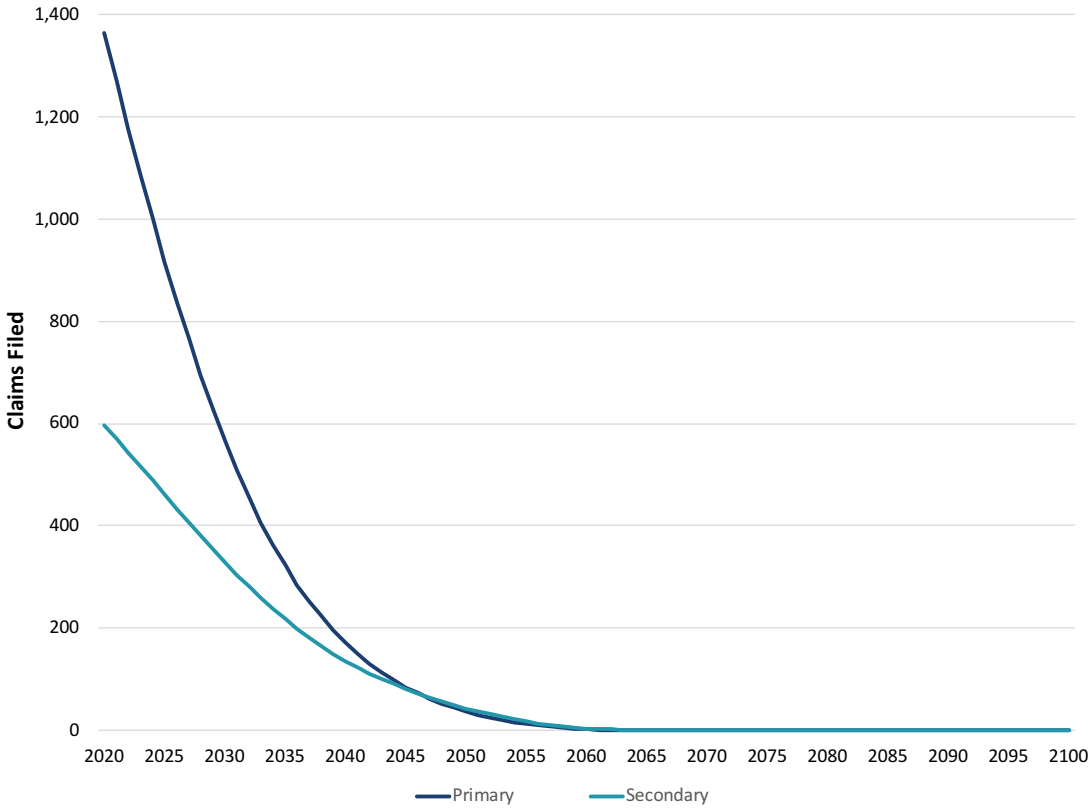
4. Forecasting Future Rates of Mesothelioma and Claiming

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.

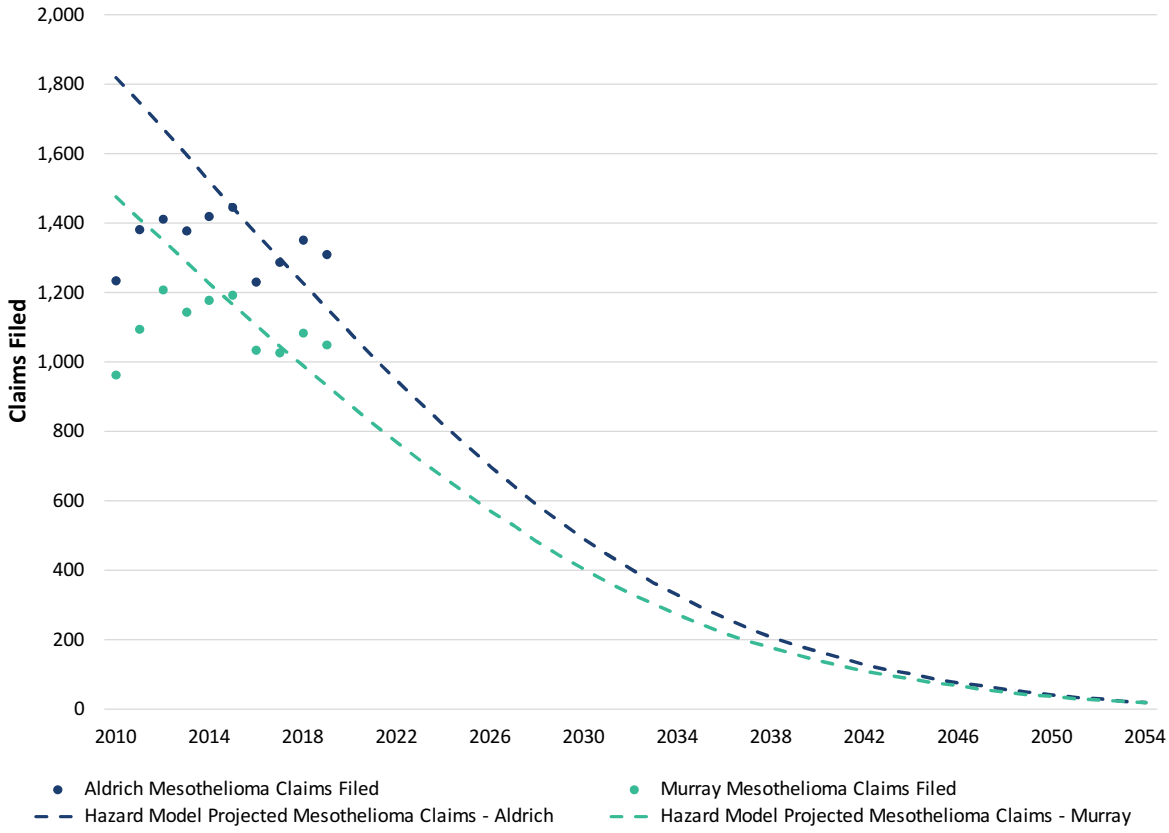
FIGURE 6: HAZARD MODEL FORECAST OF DEBTORS' MESOTHELIOMA CLAIMS WITH PRIMARY AND SECONDARY EXPOSURES (EXCLUDING NON-TORT FIRMS)



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

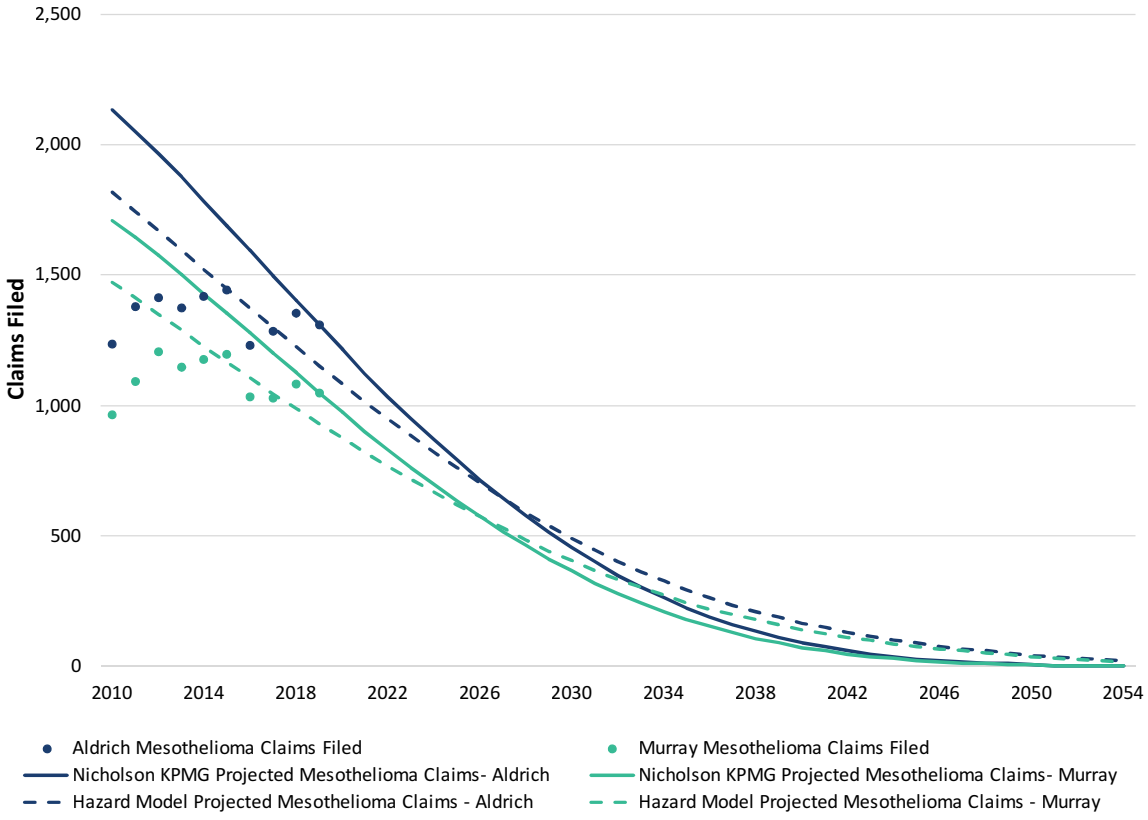
83. The two alternative methods of estimating future mesothelioma claims are depicted in Figure 8 below. Each of the curves estimated as described above is fitted to the Aldrich and Murray claims data during the calibration period of 2015-2019.

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.

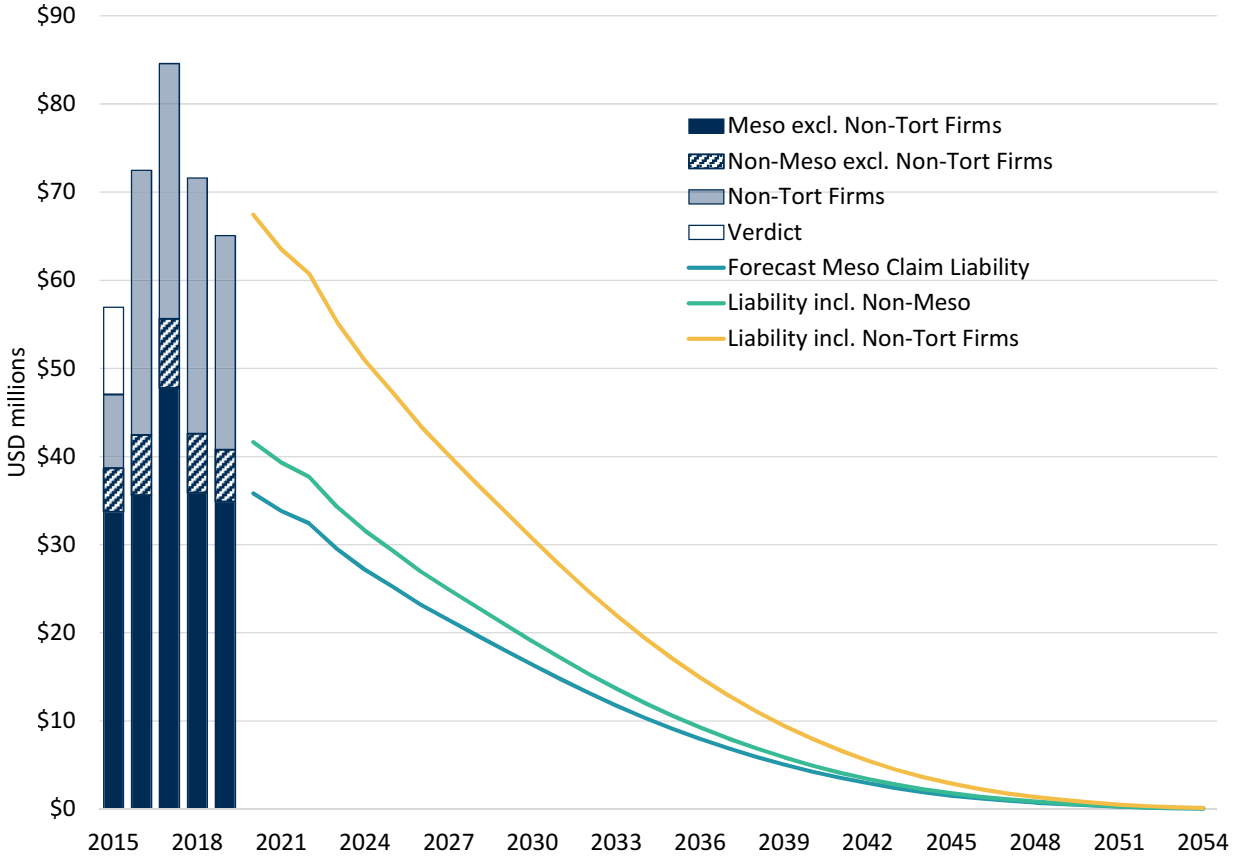
[5]: [2] + [3] + [4]

[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.

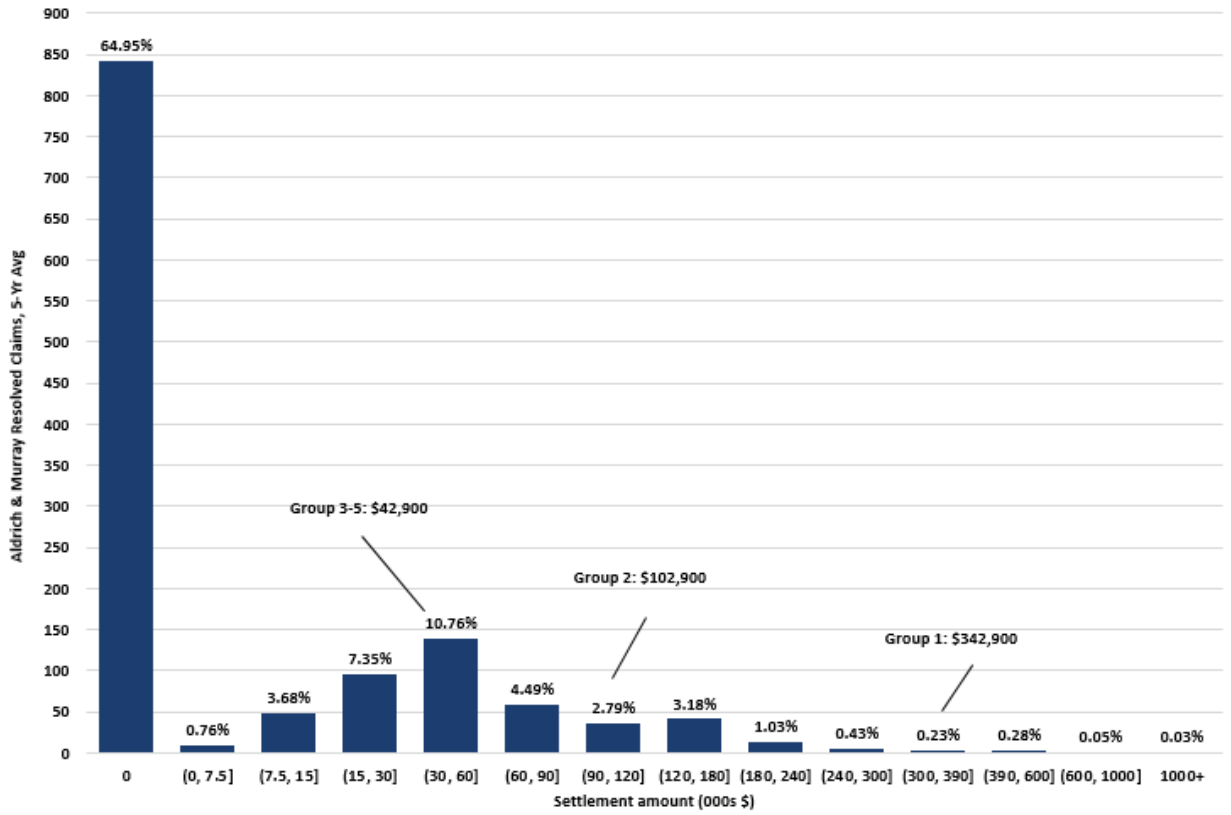
Facility Second Amended and Restated Claims Resolution Procedures, Garlock Sealing Technologies LLC, April 1, 2021, last accessed September 14, 2025, https://garlocksettlementfacility.com/assets/uploadedFiles/8eedc7d3-3283-4663-b851-3a929d102e94.pdf, p. 11.

[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



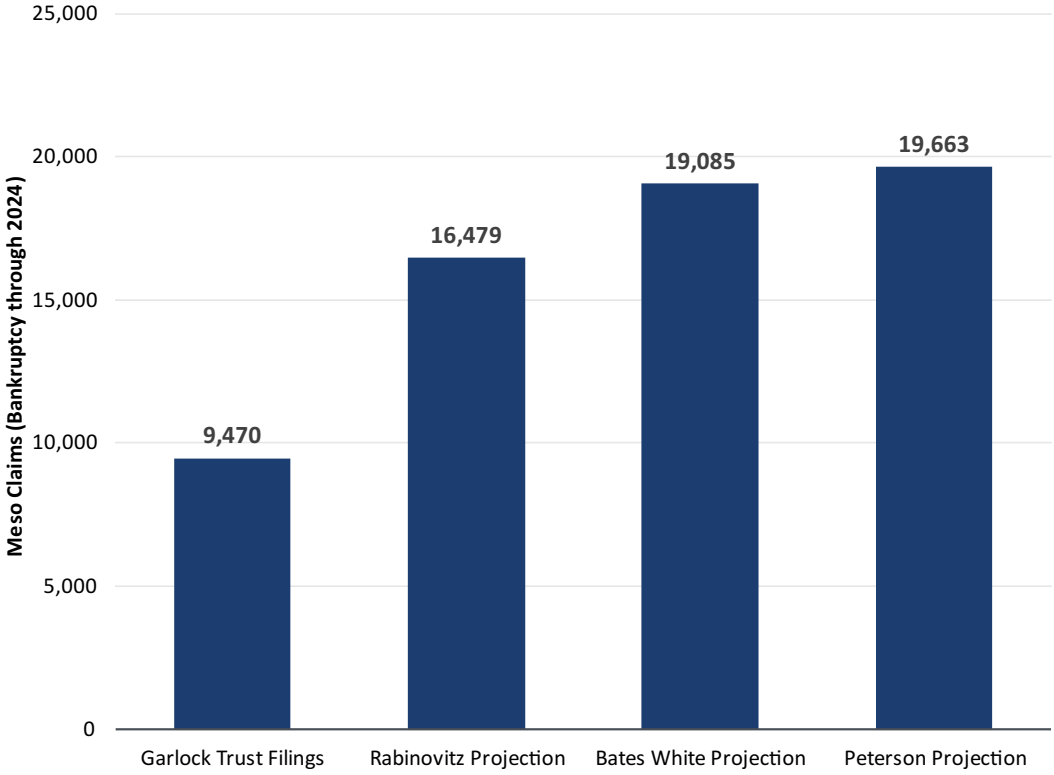
Sources and Notes: Bates White Debtors' Claims Database. Values are not inflation adjusted and include Non-Tort Firms. The figure contains all mesothelioma claims filed from June 19, 2015 to June 18, 2020.

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.

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[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

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- 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.
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- 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-coupon-issues-and-corporate-bond-yield-curves/treasury-coupon-issues.
- 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



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Transcript of David L. McKnight

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

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Email: transcripts@planetdepos.com
www.planetdepos.com

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

Videotaped Deposition of DAVID L. MCKNIGHT, held at the law offices of:

CAPLIN & DRYSDALE, CHARTERED
1200 New Hampshire Avenue, Northwest
Suite 800
Washington, D.C. 20036
(202) 862-5000

Pursuant to Notice, before Joan V. Cain, Court Reporter and Notary Public in and for the District of Columbia.

would be less than $480 million? 16:26:11

A Yes, that's fair. 16:26:14

Q And your estimates of tort system liability for Aldrich and Murray are above $480 million, correct? 16:26:15 16:26:20 16:26:26

A I believe most of them are. I think if you use a trust return rate and the Nicholson forecast, I believe that you get a forecast that might be lower than that, but, in general, it's true that the estimates that I have of the liabilities in the tort system exceed $480 million. 16:26:28 16:26:35 16:26:40 16:26:42 16:26:49 16:26:54

Q So isn't the implication of this that an, quote/unquote, equivalent Aldrich trust would provide, on an aggregate level, less compensation to claimants than you would forecast they would receive in the tort system? 16:26:57 16:27:05 16:27:14 16:27:18 16:27:20

A I think it depends on the claimant. Some claimants using the procedures -- the CRP from the Garlock settlement trust might receive payments in the tort system; whereas, they would not receive those payments under the CRP while other claimants who had certain factors and would qualify might get paid more. 16:27:22 16:27:25 16:27:33 16:27:39 16:27:42 16:27:50 16:27:57

So I think people would be paid different, but it would depend claimant to claimant. 16:27:58 16:28:00

Q But my question was on an aggregate basis. 16:28:02
On an aggregate basis? 16:28:06
A So on an aggregate basis, it is true that 16:28:08
most of my tort system values are higher than $480 16:28:11
million, so if -- there would be more money paid to 16:28:15
claimants in the tort system than in a $480 million 16:28:19
trust. 16:28:23
Q And so it's possible that there are 16:28:23
claimants who would receive a payment in the tort 16:28:24
system on their claim, but would not receive a 16:28:27
payment under a Garlock-style trust implemented 16:28:30
here? 16:28:34
A Yeah, that's possible. 16:28:34
Q And it's also possible that a claimant who 16:28:36
might receive -- who might have their claim resolved 16:28:40
for payment in the tort system may have their claim 16:28:43
resolved for less in this hypothetical Garlock-style 16:28:46
trust? 16:28:50
A Correct, just as it's possible that certain 16:28:50
claims would get resolved for more. 16:28:52
Q You have a chart here on page 49, figure 16:28:57
11. How do you explain the stark contrast between 16:29:15
the number of claims projected in the Garlock 16:29:23
bankruptcy through 2024 and the actual number of 16:29:27
Garlock Trust filings? 16:29:31

A The Garlock Trust instituted particular requirements -- as I understand, particular requirements to prove that individuals worked in occupations where they would have come into contact with the gaskets and packing materials at issue here. As a result, there have been many fewer claims filed against the Garlock Trust than would have been filed in the tort system, where there weren't such requirements. 16:29:40 16:29:43 16:29:45 16:29:49 16:29:53 16:29:56 16:29:59 16:30:08 16:30:11

Q So with that answer, is it fair to say that you believe that the Garlock Trust has higher barriers to entry than the tort system? 16:30:19 16:30:22 16:30:31

MR. GUY: Objection. 16:30:33

You may answer. 16:30:34

THE WITNESS: I would say that the Garlock Trust has a -- claims resolution procedures that require certain proof. In order to file a claim in the tort system, you're not required to have that same proof. 16:30:35 16:30:37 16:30:39 16:30:48 16:30:51

BY MR. DAVIS: 16:30:54

Q Is there a place in your report where you discuss the percentage of claims against the Garlock Trust that are resolved for payment? 16:30:55 16:30:57 16:31:01

A Not to my recollection. 16:31:08

Q Are you aware of that number? 16:31:11