

Current and Emerging Trends

Charles H. Mullin, PhD

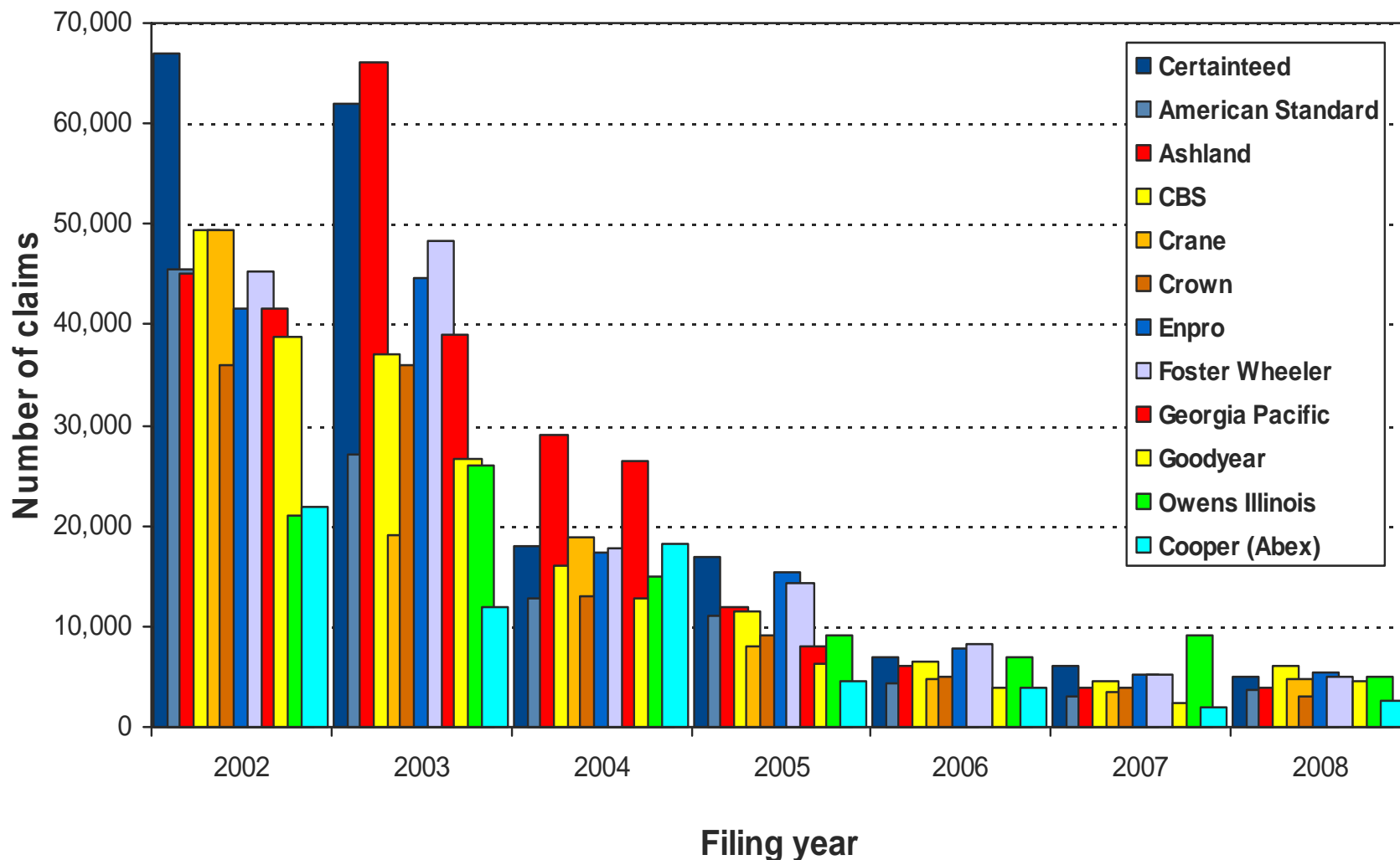
Perrin Conference

Beverly Hills, CA

February 25-26, 2010

Update on U.S. asbestos tort filings

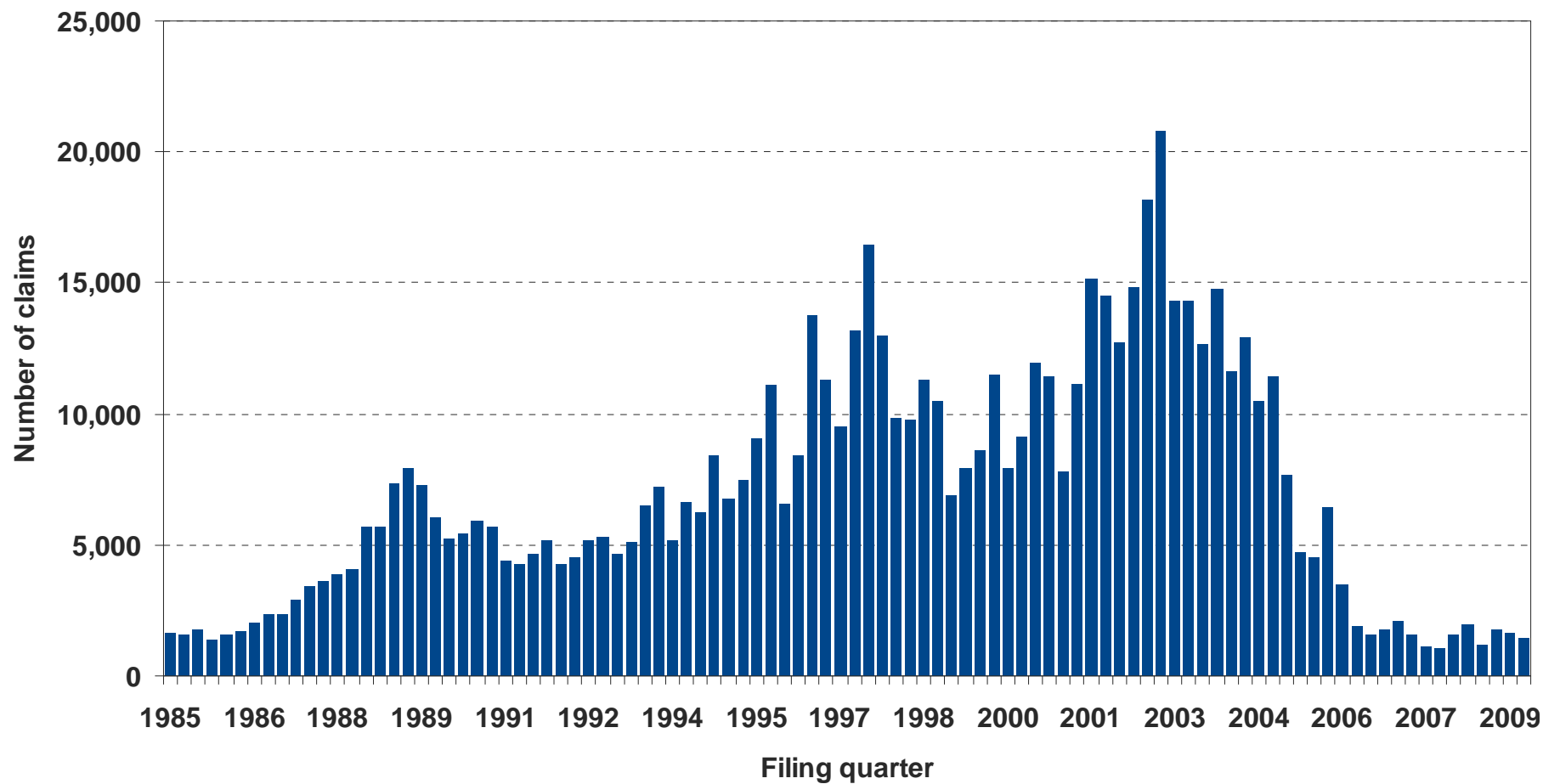
Claim filings have decreased and remained down



Source: Company 10-K filings

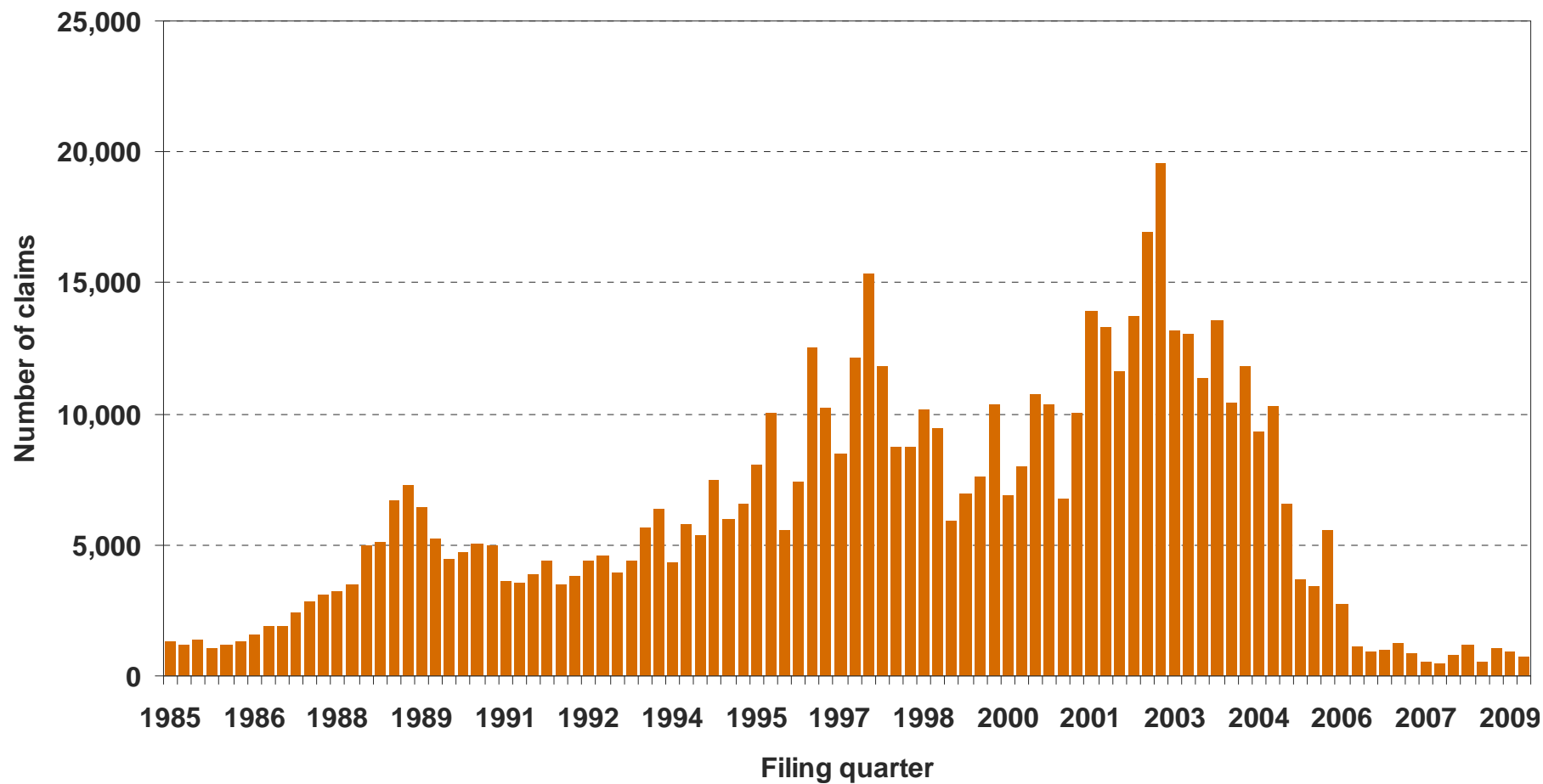
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U.S. asbestos tort filings by quarter through June 2009



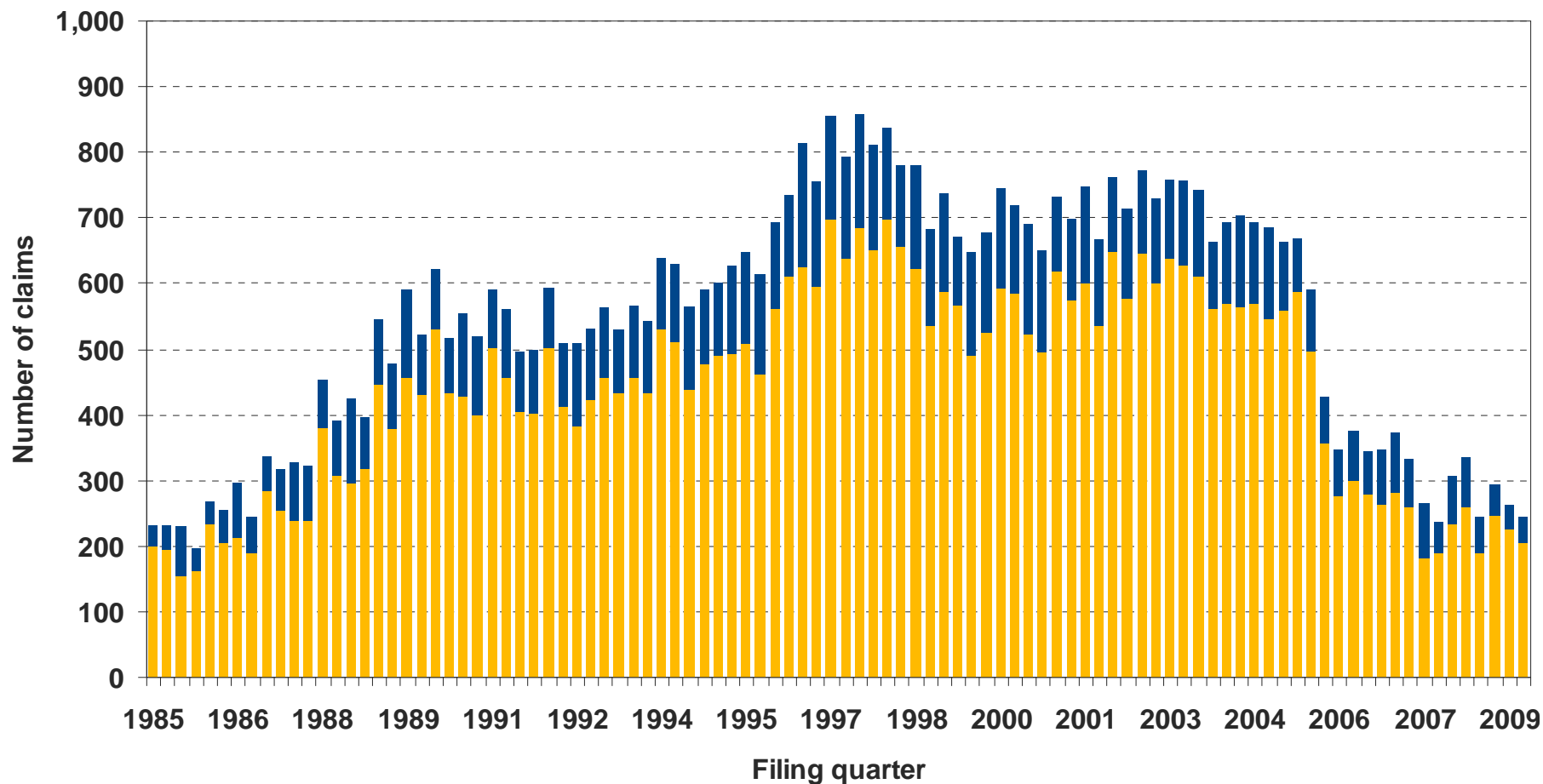
Source: Bates White claimant database

Non-malignant tort filings by quarter through June 2009



Source: Bates White claimant database

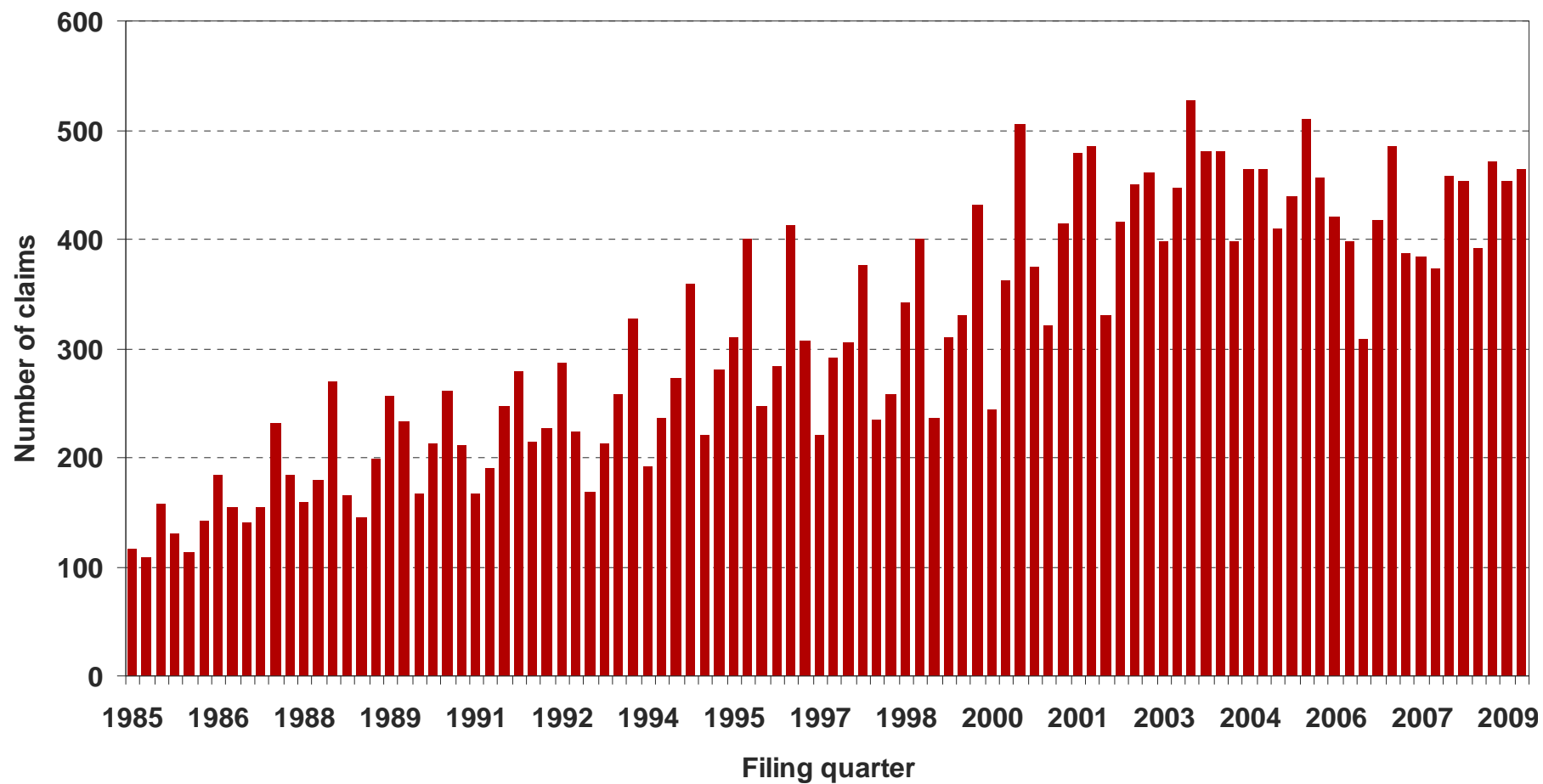
U.S. lung and other cancer tort filings by quarter through June 2009



Source: Bates White claimant database

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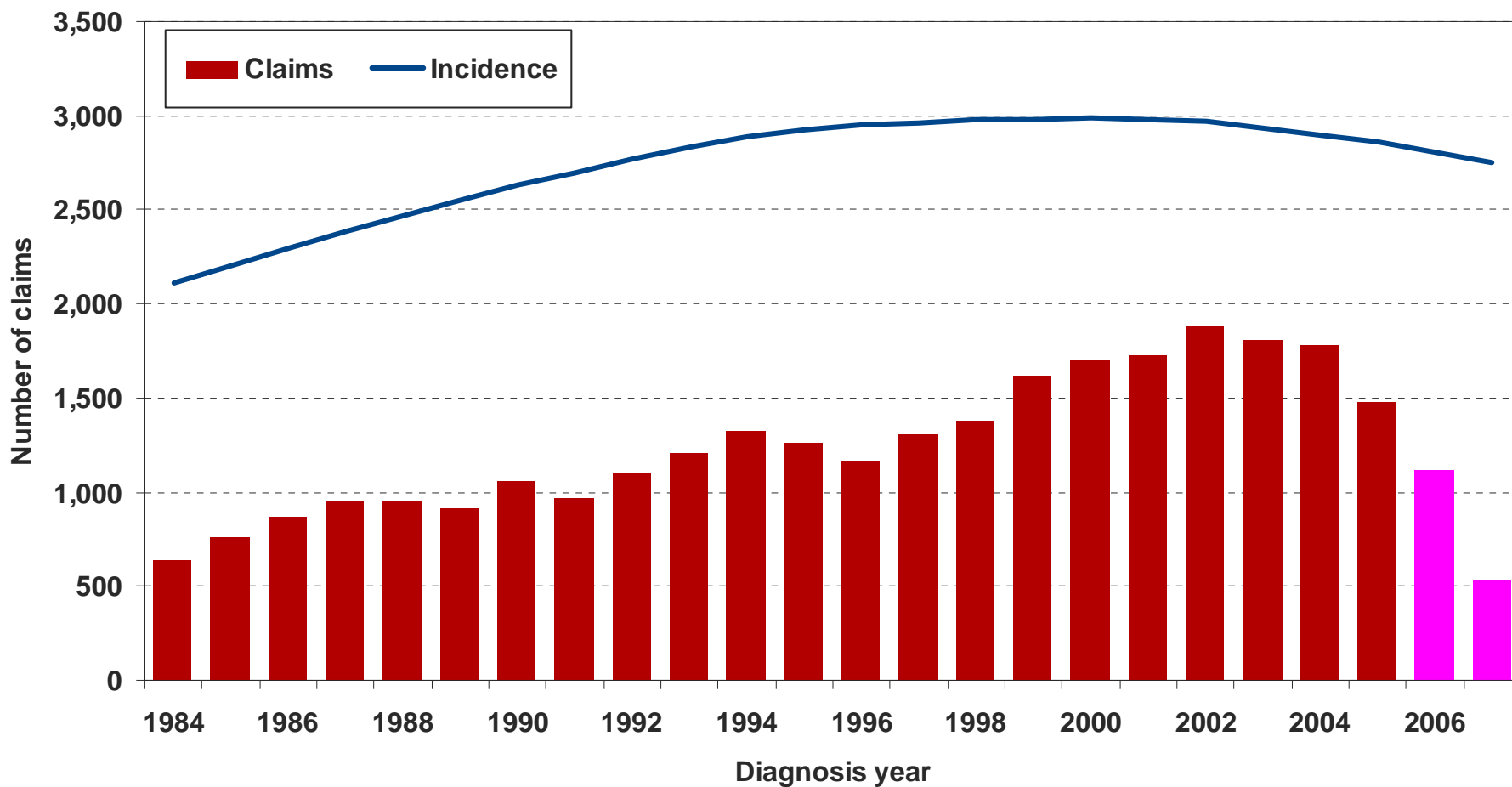
U.S. mesothelioma tort filings by quarter



Source: Bates White claimant database

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Comparison of mesothelioma claims to estimated disease incidence



Source: Bates White claimant data and Bates White incidence model (lagged two years)

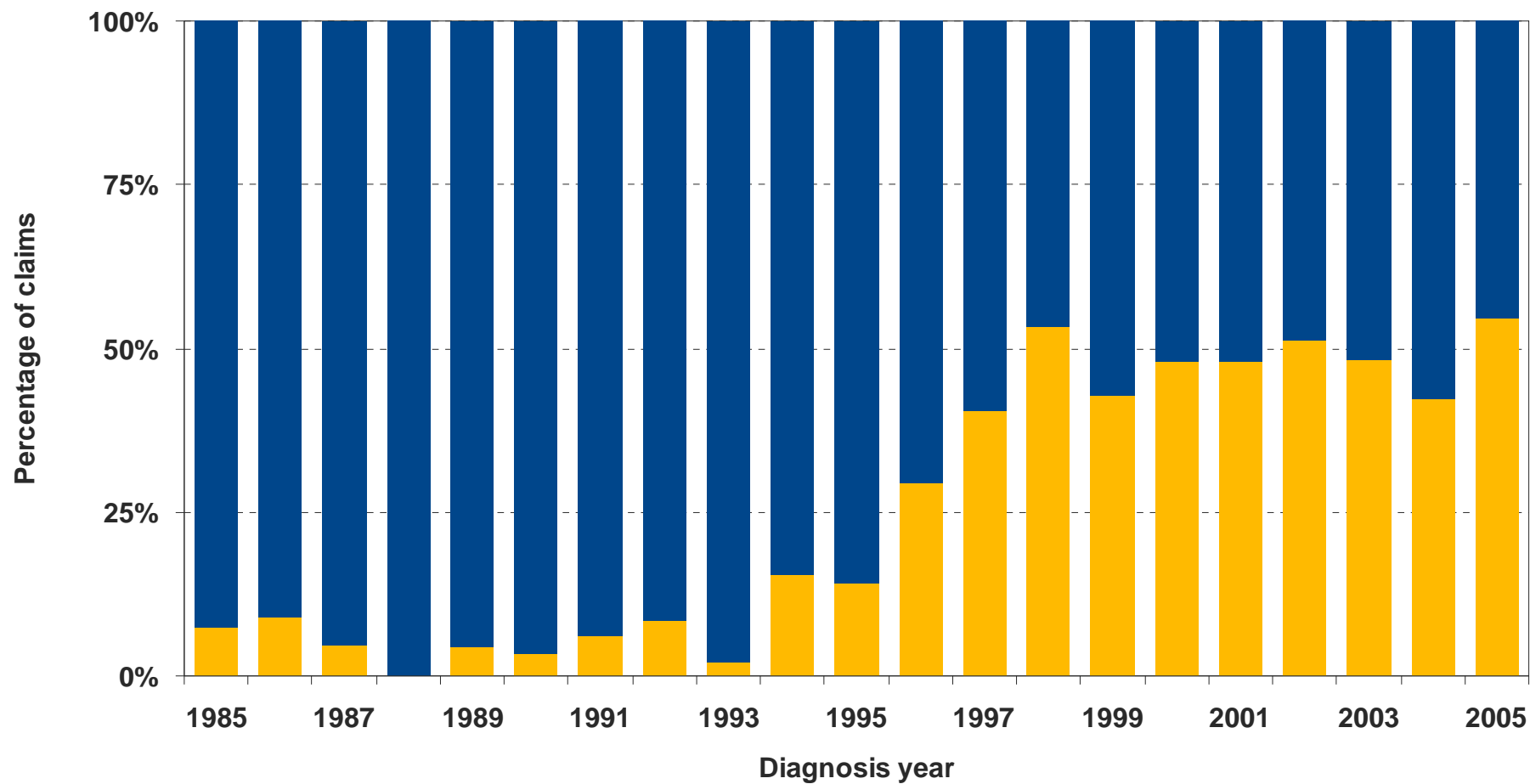
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Summary of recent filing patterns

- Total claim counts are down
 - Non-malignant claims are down 95%
 - Lung and other cancer claims are down 60%
 - Mesothelioma claims are down 5%
- Mesothelioma claims dominate the current landscape

Non-US based exposure is becoming more common

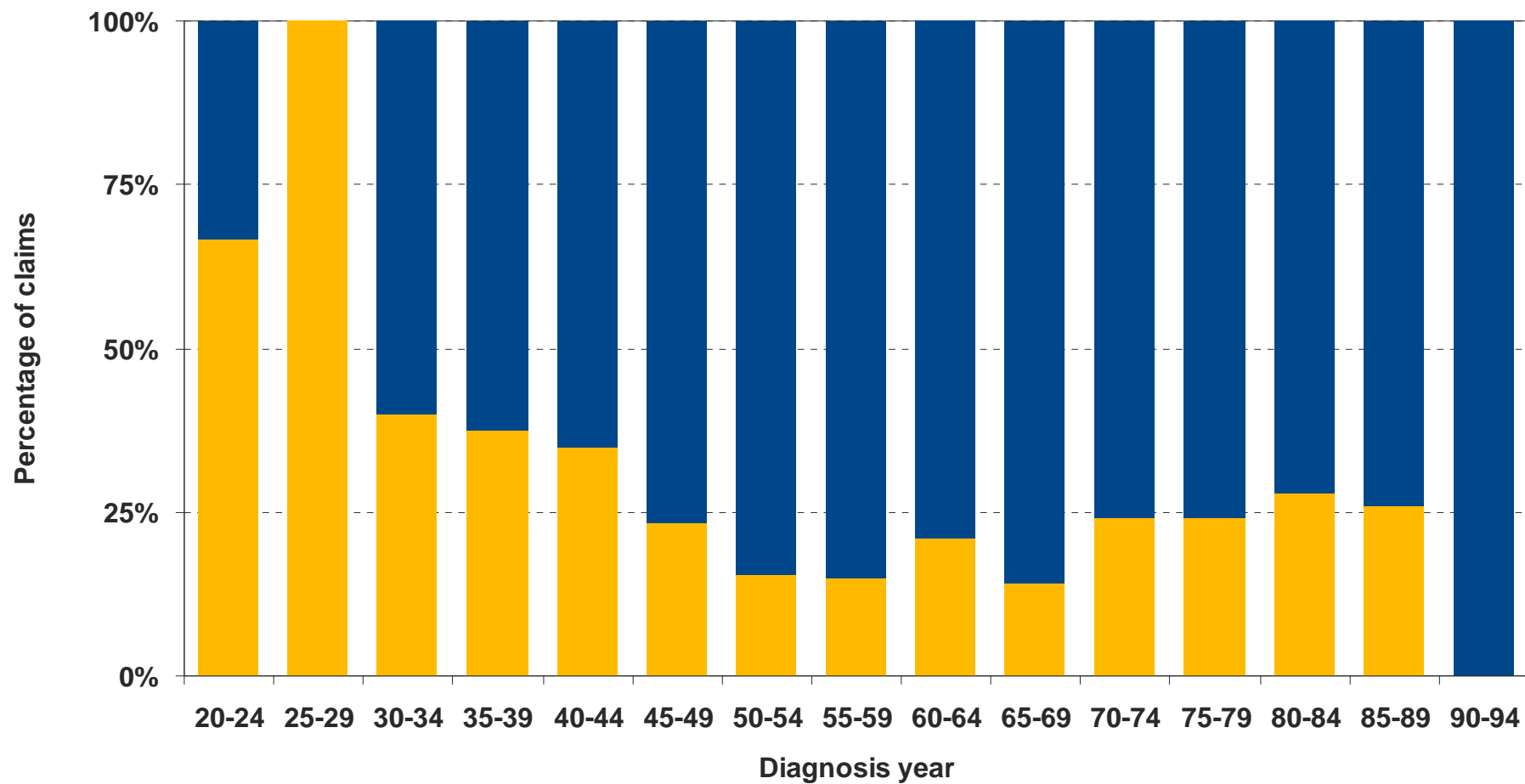
CA mesothelioma diagnosis with unknown birth place



Source: National Cancer Institute (NCI) Survey of Epidemiological End-Results (SEER)

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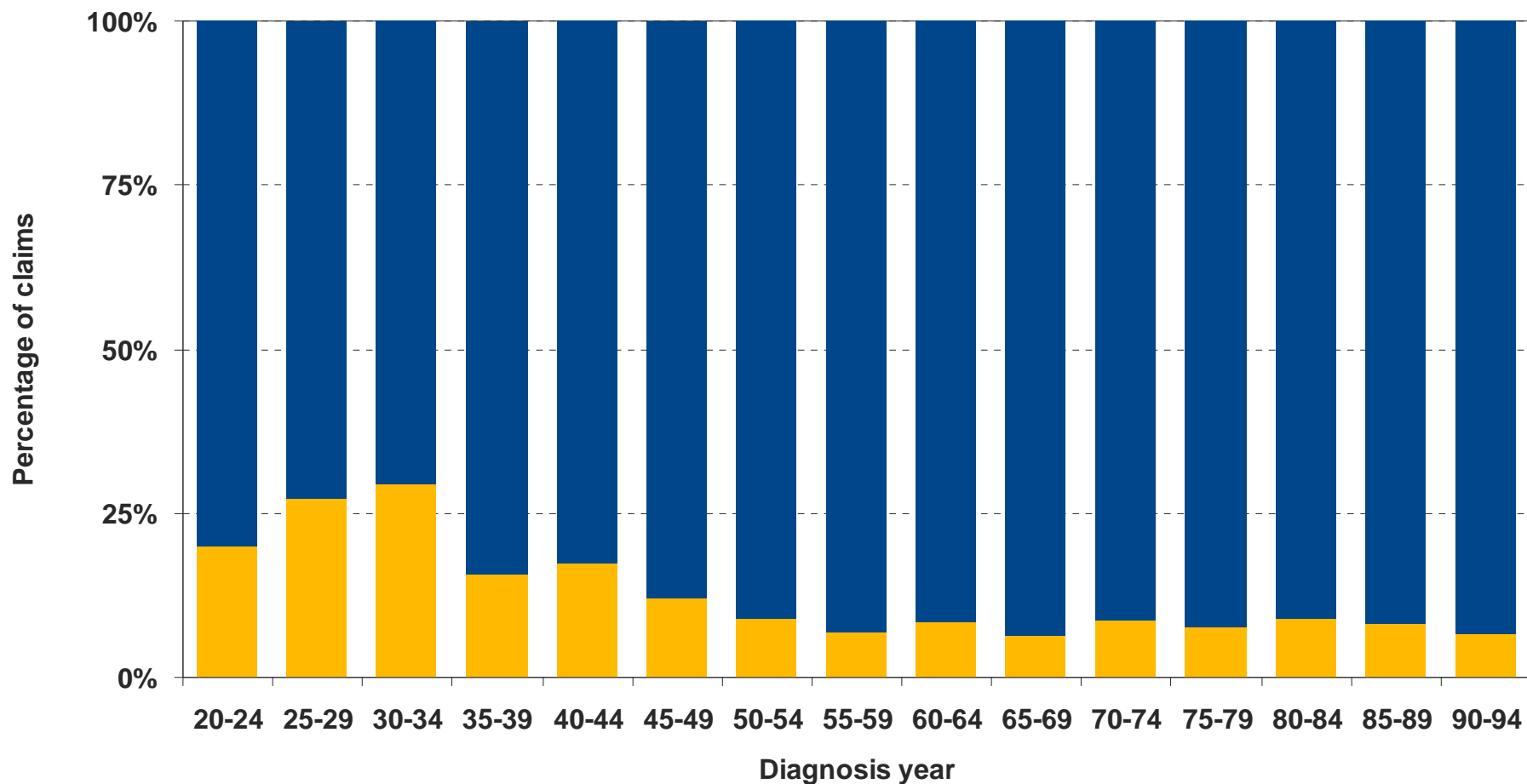
CA diagnoses with an unknown birth place are younger



Source: National Cancer Institute (NCI) Survey of Epidemiological End-Results (SEER)

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CA pattern holds nationally—Diagnoses with unknown birth place are younger



Source: National Cancer Institute (NCI) Survey of Epidemiological End-Results (SEER)

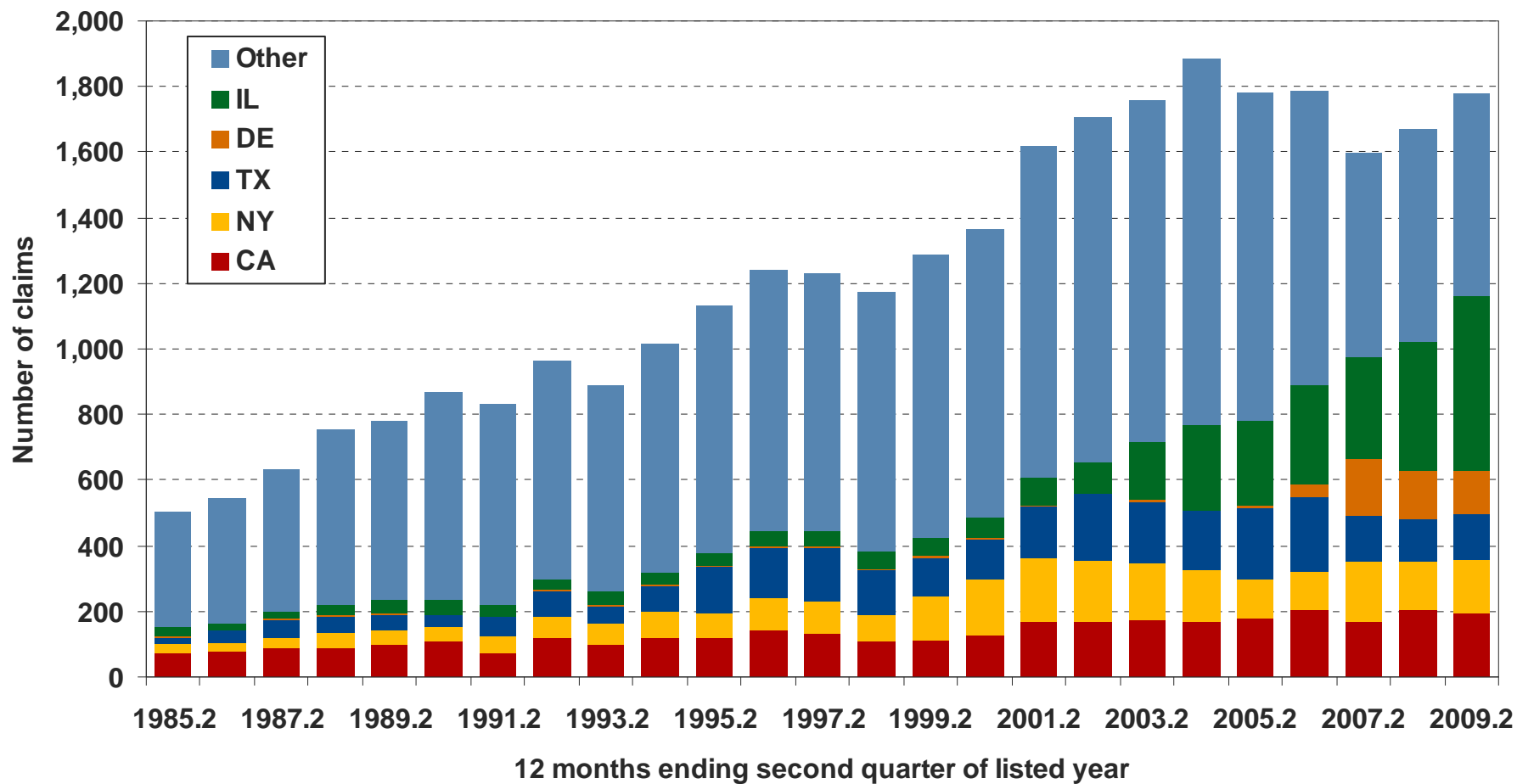
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Implications of non-US based asbestos exposure

- The importance of non-US based exposure will grow with time
 - US was 20 years ahead in reducing the use of asbestos
 - Mesothelioma incidence will peak later among immigrant populations
 - Non-US based exposure will explain an ever increasing share of US diagnoses
- How will the courts treat non-US based exposure?
 - Will foreign companies/governments several share be taken into account
 - Will non-US based compensation be taken into account
 - Will non-US based exposure impact venue choice

The litigation environment affects venue choice

Annual number of US mesothelioma tort filings



Source: Bates White

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Key trends that may alter venue choice

- Additional capacity to process cases in NY
 - Appointment of additional judges
 - Consolidation
- Evolving CA litigation environment
 - Taylor, etc.
- Treatment of 524(g) trust settlements
 - Unlikely to have uniform treatment across states
 - More than \$1 million per future mesothelioma claimant
 - States that take these settlements into account will see fewer cases
 - States that ignore these settlements will see more cases

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