

Settlement Allocation Methodology

I. INTRODUCTION TO THE COMBAT ARMS v2 EARPLUG SETTLEMENT PROGRAM

On August 29, 2023, the Honorable M. Casey Rodgers, the Federal Judge presiding over the 3M Combat Arms Earplugs Product Liability Litigation¹, appointed Matthew L. Garretson as the independent, third-party neutral (“Allocation Special Master”) to 1) create an Allocation Methodology to calculate Settlement Awards for Eligible Claimants; and 2) review and approve the Settlement Administrator’s application of the Allocation Methodology and resulting Eligible Claimant Settlement Awards. Accordingly, this Allocation Methodology describes the procedures for the calculation of Settlement Awards to Eligible Claimants.

As described herein, Eligible Claimants may receive a Settlement Award from one of the two Payment Program Options: 1) the Expedited Pay Program; or 2) the Deferred Pay Full Evaluation Program. An Extraordinary Injury Fund also will be available to Claimants that qualify. These programs are described below and are the sole and exclusive method by which Claimants may receive a Settlement Award. In addition, Exhibit 1 contains further information and illustrations intended to assist Claimants in deciding which Payment Program is best for them given their circumstances and preferences.

II. THE EXPEDITED PAY PROGRAM

Eligibility to Participate. To be eligible to participate in the Expedited Pay Program a Claimant should:

1. Complete and sign the Registration Form with Expedited Pay Program elected and submit it to the Settlement Administrator on or before December 31, 2023.
2. Meet the required criteria of at least one of the payment levels described in Table 1, below.
3. Execute the Release and submit it to the Settlement Administrator on or before December 31, 2023.

Expedited Pay Levels for Participating Eligible Claimants. Claimants meeting the three requirements above are “Participating Eligible Claimants”. Participating Eligible Claimants in the Expedited Pay Program will be placed in one (and only one) of five levels, based on the criteria set out in Table 1 below. All Payment amounts in Table 1 are gross payments, before deductions for contractual attorneys’ fees,

¹ Order of Appointment, August 29, 2023. *In re Combat Arms Earplug Products Liability Litigation*, MDL No. 2885, U.S.D.C. for the Northern District of Florida (Case No. 3:19-md-02885).

costs, the applicable court-ordered Common Benefit assessment, and any liens. Claimants should speak to their attorney about the amount of these deductions in their individual case.

Table 1.

LEVEL	NAME	MINIMUM GUARANTEED GROSS PAYMENT	CRITERIA
1	Non-US Citizens	\$100	Claimants who did not serve in the US Military and are not US Citizens.
2	Tinnitus Only	\$5,000	Claimants with Tinnitus, but no contemporaneous records to corroborate or confirm and who do not have Slight or greater Hearing Loss, will be placed in Level 2 Expedited Pay.
3A	Recorded Tinnitus	\$10,000	Claimants who provide contemporaneous records of Tinnitus and who do not have evidence of Mild or greater Hearing Loss, will be placed in Level 3A Expedited Pay.
3B	Slight Hearing Loss	\$10,000	Claimants who have evidence that establishes Slight Hearing Loss, will be placed in Level 3B Expedited Pay.
4	Mild Hearing Loss	\$16,000	Claimants who have evidence that establishes Mild Hearing Loss, will be placed in Level 4 Expedited Pay.
5	Moderate or Greater Hearing Loss	\$24,000	Claimants who have evidence that establishes Moderate or greater Hearing Loss, will be placed in Level 5 Expedited Pay.

Definitions and Requirements. The following Definitions and Requirements apply to Participating Eligible Claimants who choose the Expedited Pay Program option²:

1. **Audiogram Impairment Score.** In an audiogram, a Claimant’s hearing is tested at each of the Testing Frequencies and assigned an Impairment Score. The higher the Impairment Score the more that a Claimant’s hearing is impaired.
2. **Hearing Loss (“HL”).** To establish HL for purposes of the Expedited Pay Program, a Claimant must provide the Settlement Administrator with a minimum of two audiograms – a Reference Audiogram and an Injury Audiogram. A Claimant has HL if a comparison of the Reference

² All references to hearing loss and tinnitus impairment levels / category names, definitions, “scores” and impairment calculations utilized in this Allocation Methodology have been designed and / or chosen by the Allocation Special Master for purposes of allocating the Settlement Funds associated with this settlement in a manner that treats similarly situated Claimants the same. While various guidelines were consulted, the levels / category names, definitions, “scores” and impairment calculations are not intended to replicate any single medical standard or impairment rating system.

Audiogram and the Injury Audiogram, demonstrates that the Claimant's Impairment Score has become at least 15 decibels higher in the Injury Audiogram at any one of the Testing Frequencies defined below. If the Claimant submits more than two audiograms, the Settlement Administrator will select the Reference and Injury Audiogram that reflect the greatest increase in Impairment Score for the Claimant, subject to the constraints listed below. Claimants who do not provide the Settlement Administrator with a Reference audiogram and an Injury audiogram and Claimants whose Reference and Injury Audiograms do not establish at least 15 decibels of increase in Impairment Score as described above, do not have the required evidence of HL for the Expedited Pay Program.

- a. The **Reference Audiogram** is the first audiogram after January 1, 2000.
 - i. if a Claimant started in the military before 2000, the closest audiogram to 2000 will be the Reference Audiogram.
 - ii. If a Claimant started in the military after 2000, the closest audiogram to the beginning date of service will be the Reference Audiogram.
 - iii. If a Claimant was a civilian during earplug use, the closest audiogram to 2000 will be the Reference Audiogram.
 - b. The **Injury Audiogram** for military Claimants is the audiogram with the latest date which is dated at least six months after the Reference Audiogram and no more than one year after the end of service; and, for civilian Claimants the Injury Audiogram is the closest to the reported last date of usage of Combat Arms v2 Earplugs but must be prior to April 1, 2019.
 - c. The **Testing Frequencies** for the Expedited Pay Program are 2,000, 3,000, 4,000 and 6,000 hertz.
3. **Slight HL.** A Claimant has Slight HL if the Claimant's Reference and Injury Audiogram establish that the Claimant's Impairment Score has increased 15 decibels at one or more of the Testing Frequencies.
 4. **Mild HL.** A Claimant has Mild HL if the Claimant's Reference and Injury Audiogram establish that the Claimant's Impairment Score has increased at least 20 but not more than 35 decibels at one or more of the Testing Frequencies.
 5. **Moderate HL.** A Claimant has Moderate HL if the Claimant's Reference and Injury Audiogram establish that the Claimant's Impairment Score has increased 40 or more decibels at one or more of the Testing Frequencies.
 6. **Recorded Tinnitus.** To establish recorded tinnitus, a Claimant must supply the Settlement Administrator with evidence that the Claimant was diagnosed with tinnitus or sought treatment for tinnitus or the symptoms of tinnitus any time between first use of the Combat Arms v2 Earplugs to within two years of discharge from the military or, for non-military Claimants within two years of the date Claimant last used the Combat Arms v2 Earplugs as stated on the Registration Form. Records of tinnitus include documentation establishing 1) a diagnosis of tinnitus, or 2) that the Claimant sought treatment for tinnitus, or 3) that tinnitus was

contemporaneously recorded in the ordinary course of a healthcare encounter, or 4) tinnitus was recorded in a disability rating.

7. **Participation Threshold.** To fund the settlement, 3M requires that a minimum of 98% of the Claimants eligible to participate in the Combat Arms Earplug litigation settlement either release their claims against 3M or elect to participate in either the Expedited Pay Program or the Deferred Pay Full Review Program. If 98% of the Claimants eligible to participate in the Combat Arms Earplug litigation settlement do not release their claims against 3M or elect to participate in either the Expedited Pay Settlement Program or the Deferred Pay Full Review Settlement Program, 3M has the option to, but will not necessarily, terminate this Settlement Program.
8. **Minimum Guaranteed Gross Payment.** Expedited Payment Levels each have a “Minimum Guaranteed Gross Payment (**“MGGP”**)” amount described in Table 1 above. Under certain circumstances, described below, Claimants participating in the Expedited Pay Settlement Program may receive an additional payment - the Expedited Pay Program Secondary Payment.

Timing of Minimum Guaranteed Payments. Expedited Pay Program Claimants will be paid their Minimum Guaranteed Gross Payment or MGGP on a “First-in First-out” basis, meaning that Claimants who fully and accurately complete the registration process the earliest in the registration period will be paid before claims received later in the registration period. The Settlement Administrator will track the receipt of Expedited Pay Settlement Program Claimants’ required documents – the Registration Form, the Release, and the Stipulated Order of Dismissal (collectively the “Settlement Program Documents”) – and assign a rank to each Claimant who submits Settlement Program Documents that have no deficiencies.

Claims with no deficiencies received earlier will have a higher “rank” than claims received later. Claimants who submit Settlement Program Documents that have a deficiency (e.g., a missing signature) will not receive a rank until the deficiencies are corrected. The Settlement Administrator will notify Claimants who submit Settlement Program Documents whether the Settlement Program Documents do or do not have a deficiency. As funds become available per the Funding Schedule, Claimants will be paid based on their rank.

Funding Schedule. 3M will deposit funds that the Settlement Administrator may use to compensate Expedited Pay Settlement Program Claimants on the following schedule³:

- Prior to December 31, 2023 - \$250,000,000. This payment obligation is triggered when the Settlement Administrator remits 30,000 non-deficient releases to 3M. The Settlement Administrator anticipates that it will remit 30,000 non-deficient releases to 3M prior to 12/31/23.⁴
- March 7, 2024 - \$350,000,000. Subject to satisfaction of the Participation Threshold.

³ If additional funds are required to compensate Expedited Pay Settlement Program Claimants, funds deposited by 3M after this date may be used to compensate Expedited Pay Settlement Program Claimants.

⁴ In the event that the Settlement Administrator does not remit 30,000 non-deficient releases to 3M prior to December 31, 2023, this payment amount will be delayed until such time as the Settlement Administrator does remit 30,000 non-deficient releases to 3M.

- July 15, 2024 - \$900,000,000. Subject to satisfaction of the Participation Threshold.
- January 15, 2025 - \$500,000,000. Subject to satisfaction of the Participation Threshold.
- April 15, 2025 - \$850,000,000. Subject to satisfaction of the Participation Threshold.

Determining when you will receive your MGGP. The date that the Settlement Administrator is able to distribute your MGGP is a function of your rank and the total funds needed to pay all Expedited Pay Program claimants. The greater the total of all MGGP payments, the longer it will take to be able to pay the lowest ranked Expedited Pay Program Claimant. Because the timing of your payment depends on things that are not currently known, the Settlement Administrator cannot give you an exact date for distribution of your MGGP. Instead, the Settlement Administrator can give you a date range, set out below, within which it is anticipated that you will receive your MGP.

- **Early Payment Scenario – Payment prior to December 31, 2023.** If you receive a high rank and 3M’s first funding obligation of \$250,000,000 is triggered, you may receive your MGGP prior to December 31, 2023.
- **Majority Payment Scenario – Payment prior to September 1, 2024.** Subject to the satisfaction of the conditions referenced in the funding schedule, the Settlement Administrator will have a total of \$1,500,000,000 available for Expedited Pay Program Claimants by July 15, 2024. Statistical modeling done by the Allocation Special Master suggests that the total amount that will be needed to fund the MGGP for all Claimants who elect to participate in the Expedited Pay Settlement Program is likely to be between \$2,500,000,000 and \$3,000,000,000.⁵ Accordingly, it is likely that more than half of the Expedited Pay Settlement Program Claimants will receive their MGGP by September 1, 2024⁶.
- **Later Payment Scenario – Payment by February 28, 2025.** Subject to the satisfaction of the conditions referenced in the funding schedule, the Settlement Administrator will have a total of \$2,000,000,000 available for Expedited Pay Settlement Program Claimants by January 15, 2025. Based on the statistical modeling done by the Allocation Special Master, \$2,000,000,000 is likely to be enough to issue the MGGP to 67% to 80% of Expedited Pay Settlement Program Claimants and, therefore, it is likely that the latest that you will receive your MGGP is January 31, 2025.
- **Latest Possible Scenario – Payment by May 30, 2025.** In the event that the total funds necessary to issue the MGGP to all Expedited Pay Settlement Program Claimants within the Later Payment Scenario immediately above are not sufficient, the lowest ranked Claimants would receive their MGGP on or before May 30, 2025. The funds available for payment to Expedited Pay Program Claimants by May 30, 2025, likely will exceed the maximum potential payment to Expedited Pay Program Claimants.

Expedited Pay Settlement Program Secondary Payment. The Allocation Special Master has determined that if the average Deferred Pay Full Evaluation Settlement Program Claimant payment is more than 5 times greater than the average Expedited Pay Settlement Program payment for the Hearing Loss Levels

⁵ These figures do not include any Program administrative expenses.

⁶ The anticipated payment date in this provision reflects a forty-five-day Settlement Administration processing period following the deposit of funds by 3M.

3A - 5 (excluding any Extraordinary Injury Fund payments), additional funds may be allocated to Expedited Pay Settlement Program Claimants in Levels 3A-5. The amount of additional funds, if any, allocated to Expedited Pay Settlement Program Claimants will be equal to the amount necessary to make the average Deferred Pay Full Evaluation Settlement Program Claimant payment no more than 5 times greater than the average Expedited Pay Settlement Program payment. Any additional allocated funds will be distributed to all Expedited Pay Settlement Program Claimants in Levels 3A-5 proportionately.

Extraordinary Injury Fund Eligibility. Expedited Pay Program participants are not eligible to apply for additional compensation unless they establish the limited conditions, such as Recorded Tinnitus as defined in the Deferred Pay Full Evaluation Program (see Section IV, below). The eligibility criteria for the Extraordinary Injury Fund will be provided by the Settlement Administrator as soon as possible after the Final Registration Deadline.

III. DEFERRED PAY FULL EVALUATION PROGRAM

Registration Payment. All Claimants electing to participate in the Deferred Pay Full Evaluation Program will be paid an initial Registration Payment of \$1,000 (gross) before December 31, 2024.

Eligibility to Participate. To be eligible to participate in the Deferred Pay Full Evaluation Program a Claimant should:

1. Complete and sign the Registration Form with Deferred Pay Full Evaluation Settlement Program elected and submit it to the Settlement Administrator on or before December 31, 2023.
2. Establish that the Claimant has mild or greater hearing loss caused by a defect in the Combat Arms v2 Earplugs as set forth in detail below.
3. Execute the Release and submit it to the Settlement Administrator on or before December 31, 2023.

Establishing mild or greater hearing loss caused by a defect in the Combat Arms v2 Earplug (“HL”). For the Settlement Administrator to conclude that a Claimant has HL – and to be considered a Participating Eligible Claimant in the Deferred Pay Full Evaluation Program - the Claimant must satisfy all the conditions below. If a Claimant elects to participate in the Deferred Pay Full Evaluation Program but fails to supply a Reference or Injury Audiogram, or those audiograms fail to establish that the Claimant has mild or greater hearing loss as defined herein, that Claimant will receive the Registration Payment only.

Claimants should supply the Settlement Administrator with a Reference Audiogram and an Injury Audiogram on or before December 31, 2023.

1. The **Reference Audiogram** is an audiogram dated within five years of the date the Claimant first used the Combat Arms v2 Earplugs as stated on the Claimant’s Registration Form.

2. The **Injury Audiogram** is an audiogram dated within five years of the date the Claimant last used the Combat Arms v2 Earplugs as stated on the Claimant's Registration Form.
3. The Reference and Injury Audiograms must establish that the Claimant suffered at least an Impairment Score (defined below) of 20 decibels at one or more of the following frequencies for the Deferred Pay Full Evaluation Program: 2,000, 3,000, 4,000 and 6,000 hertz (the "**Testing Frequencies**").

Evaluation Methodology. The Allocation Special Master has created an objective "point-based" methodology to rate each Claimant's injury based on the severity of that injury and the strength of the association between that injury and the Claimant's use of Combat Arms v2 Earplugs. The Settlement Administrator will apply the Allocation Special Master's methodology to each Claimant's Injury Record Set to calculate a Claimant Point Value. The Allocation Special Master's methodology has the following seven steps:

- Step 1: Determine Initial Impairment Points for Severity of Hearing Impairment at each Testing Frequency.
- Step 2: Adjust Initial Impairment Points with Relatedness Factor to determine Related Impairment Points.
- Step 3: Adjust Related Impairment Points for Audiogram Date to Determine Base Points.
- Step 4: Calculate and add Bilateral Impairment Points to Base Points.
- Step 5: Adjust for Age at Injury Audiogram.
- Step 6: Calculate and Add Recorded Tinnitus Points.
- Step 7: Calculate Final Point Total.

Step 1: Determine Initial Impairment Points for Hearing Impairment at each Testing Frequency. In an audiogram, a Claimant's hearing is tested at each of the Testing Frequencies and assigned an Impairment Score and associated Impairment Category. The higher the Impairment Score, the more that a Claimant's hearing is impaired.⁷ Accordingly, Claimants will be awarded points based on a Claimant's Injury Audiogram Impairment Score at each of the Testing Frequencies, with greater points being assigned to greater levels of impairment. Points are awarded, based on the Injury Audiogram, at each of the Testing Frequencies for each ear. Impairment Categories, Scores and Initial Impairment Point Awards are as follows:

⁷ An "NR" designation at a Testing Frequency on an Injury or Reference Audiogram will be treated as follows: If a Claimant has an "NR" designated at a Testing Frequency(ies) in one ear, but has a numerical Impairment Score in at least two other Testing Frequencies in that same ear, the Settlement Administrator will use the average of the highest two available numerical Impairment Scores to determine the Impairment Score to be utilized for the "NR" designation(s). If a Claimant has an "NR" designated at 3 or 4 of the Testing Frequencies in one ear, the Allocation Special Master will independently review all available claim data and / or audiograms to determine the Impairment Score, if any, to be utilized for those "NR" designations. Additionally, audiogram results documented as "X+" or ">X" will be computed using the lowest score greater than the indication. For example, any audiogram results indicating "100+", or ">100" will be evaluated as 105. Similarly, any results of "110+" or ">110" would be evaluated as 115.

Table 2.

IMPAIRMENT CATEGORY	IMPAIRMENT SCORE	INITIAL IMPAIRMENT POINTS
Mild	20 - 35	1
Moderate	40 - 50	1.5
Moderate/Severe	55 - 65	2.5
Severe	70 - 85	4
Profound	90 +	6

The illustration below demonstrates Impairment Score and Initial Impairment Points being assigned at each Testing Frequency in a hypothetical case. The hypothetical Claimant, John, is currently 61. He was age 35 at the time of his Reference Audiogram and age 46 at the time of his Injury Audiogram. In the “Setup” section, John’s Reference and Injury Audiogram scores have been entered and based upon his Impairment Scores from the Injury Audiogram, in “Step 1” John’s Impairment Categories and Initial Impairment Points have been computed at each Testing Frequency. At the bottom of the illustration, the sum of John’s Initial Impairment Points at all Testing Frequencies is determined to be 17.5 points.

Name:	John Doe
DOB:	05/01/1962

Date of Reference Audiogram:	08/05/1997
Age at Reference Audiogram:	35
Usage Start Date	01/01/2000
Months from Reference to Usage Start	28

Date of Injury Audiogram:	03/05/2009
Age at Injury Audiogram:	46
Usage End Date	05/02/2010
Months from Usage End to Inj. Audiogram	0
Recorded Tinnitus	Yes

Setup: Enter Reference and Injury Audiogram Data							
LEFT EAR Reference Audiogram				RIGHT EAR Reference Audiogram			
2k Hz	3k Hz	4k Hz	6k Hz	2k Hz	3k Hz	4k Hz	6k Hz
15	10	25	15	10	5	10	15
LEFT EAR Injury Audiogram				RIGHT EAR Injury Audiogram			
2k Hz	3k Hz	4k Hz	6k Hz	2k Hz	3k Hz	4k Hz	6k Hz
15	50	50	105	15	15	60	95

Step 1: Determine Initial Impairment Points for Hearing Impairment at each Testing Frequency							
LEFT EAR Impairment Category				RIGHT EAR Impairment Category			
2k Hz	3k Hz	4k Hz	6k Hz	2k Hz	3k Hz	4k Hz	6k Hz
Normal	Moderate	Moderate	Profound	Normal	Normal	Mod - Sev	Profound
LEFT EAR Impairment Points				RIGHT EAR Impairment Points			
2k Hz	3k Hz	4k Hz	6k Hz	2k Hz	3k Hz	4k Hz	6k Hz
0	1.5	1.5	6	0	0	2.5	6
Initial Impairment Points							17.500

Step 2: Adjusting Initial Impairment Points with Relatedness Factor to determine Related Impairment Points. The more a Claimant's impairment is related to the time period during which the Claimant wore the Combat Arms v2 Earplug, the greater the point award. To determine the degree of relatedness, the following calculations are made.

Determine Hearing Shift at each Testing Frequency. The Settlement Administrator first will compare the Impairment Score at each of the Testing Frequencies in the Claimant's *Injury Audiogram* to the Impairment Score at each of the Testing Frequencies in the Claimant's *Reference Audiogram*. The Injury Audiogram Impairment Score minus the Reference Audiogram Impairment Score (comparing the same frequency in each audiogram) equals the Hearing Shift. For example, if our hypothetical Claimant John (first introduced in Step 1) had an Injury Audiogram Impairment Score of 60 decibels at 4,000 hertz in his right ear and had a Reference Audiogram demonstrating 10 decibels Impairment Score at 4,000 hertz, John's Hearing Shift in the 4,000 hertz Testing Frequency is 50 (60-10) decibels.

Calculate Relatedness Factor. The Relatedness Factor is calculated by dividing the Hearing Shift at each of the Testing Frequencies by the Injury Audiogram Impairment Score at each of the Testing Frequencies. Continuing with the example above, since John had an Injury Audiogram Impairment Score of 60 decibels at 4,000 hertz in his right ear and had a Hearing Shift of 50 decibels at 4,000 hertz in his right ear, John's Relatedness Factor would be .833 for that frequency and ear (i.e., Hearing Shift of 50 / Impairment Score of 60 = Relatedness Factor of .833). If initial audiogram readings are negative, the relatedness factor is capped at 1. The illustration below shows this calculation.

Multiply Initial Impairment Points (from Step 1) by the Relatedness Factor to Determine Related Impairment Points. The Claimant's Initial Impairment Points for each ear at each of the Testing Frequencies (determined in Step 1) is multiplied by the Claimant's Relatedness Factor for each frequency and each ear to calculate the **Related Impairment Points**. For instance, in the example above, since the John's Audiogram Impairment Score is 60 decibels at 4,000 hertz, the Initial Impairment Point Award for John is 2.5 points at the 4,000 hertz Testing Frequency. However, since his Relatedness Factor is .833 for that Testing Frequency, John's Related Impairment Points are 2.083 for the 4,000 hertz Testing Frequency. The illustration below shows this calculation as well.

The illustration below demonstrates the determination of Hearing Shift change, the calculation and application of the Relatedness Factor, and the determination of Related Impairment Points in the hypothetical case from Step 1. The hypothetical Claimant's Initial Impairment Points at each of the Testing Frequencies in Step 1 have been adjusted by the Relatedness Factor at each of these Testing Frequencies in Step 2 to determine his total Related Impairment Points of 14.229.

Step 2: Adjust Initial Impairment Points with Relatedness Factor to determine Related Impairment Points							
LEFT EAR Relatedness Factor				RIGHT EAR Relatedness Factor			
2k Hz	3k Hz	4k Hz	6k Hz	2k Hz	3k Hz	4k Hz	6k Hz
$(15 - 15) / 15 = 0$	$(50 - 10) / 50 = 0.8$	$(50 - 25) / 50 = 0.5$	$(105 - 15) / 105 = 0.86$	$(15 - 10) / 15 = 0.33$	$(15 - 5) / 15 = 0.67$	$(60 - 10) / 60 = 0.83$	$(95 - 15) / 95 = 0.84$
0.000	0.800	0.500	0.857	0.333	0.667	0.833	0.842
LEFT EAR Related Impairment Points				RIGHT EAR Related Impairment Points			
2k Hz	3k Hz	4k Hz	6k Hz	2k Hz	3k Hz	4k Hz	6k Hz
0.000	1.200	0.750	5.143	0.000	0.000	2.083	5.053
Related Impairment Points							14.229

Step 3: Apply Audiogram Date Adjustment to Related Impairment Points to Determine Base Points. In addition to calculating and applying the Relatedness Factor, the Settlement Administrator will evaluate the connection between a Claimant’s Reference and Injury audiogram date and the Claimant’s first and last use of the Combat Arms v2 Earplugs, as reported on the Claimant’s Registration Form. The more time that has elapsed between the date of the Reference or Injury audiogram and the Claimant’s first and last use of the Combat Arms v2 Earplugs, the less certain it is that any hearing impairment the Claimant suffers was caused by a defect in the Combat Arms v2 Earplug. Accordingly, the Settlement Administrator will apply the following additional adjustments to a Claimant’s total Related Impairment Points and the result will be the Claimant’s Base Points.

- No adjustment will be made to the Claimant’s point calculation if the Claimant’s Reference and Injury audiogram are each dated less than twelve (12) months before or after the first and last date the Claimant wore the Combat Arms v2 Earplugs.
- A 20% deduction will apply if a Claimant’s Reference Audiogram is dated twelve (12) or more months, but less than twenty-four (24) months before the Claimant’s first use of Combat Arms v2 Earplugs. Similarly, a 20% deduction will apply if a Claimant’s Injury Audiogram is dated twelve (12) or more months, but less than twenty-four (24) months after the last Claimant’s use of Combat Arms v2 Earplugs. To apply the 20% deduction, the Claimant’s Related Impairment Points will be multiplied by 0.80 (100% - 20% = 80% or 0.80).
- A 40% deduction will apply if a Claimant’s Reference Audiogram is dated twenty-four (24) or more months, but less than thirty-six (36) months before the Claimant’s first use of Combat Arms v2 Earplugs. Similarly, a 40% deduction will apply if a Claimant’s Injury Audiogram is dated twenty-four (24) or more months, but less than thirty-six (36) months after the Claimant’s last use of Combat Arms v2 Earplugs. To apply the 40% deduction, the Claimant’s Related Impairment Points will be multiplied by 0.60 (100% - 40% = 60% or 0.60).
- A 60% deduction will apply if a Claimant’s Reference Audiogram is dated thirty-six (36) or more months, but less than forty-eight (48) months before the Claimant’s first use of Combat Arms v2 Earplugs. Similarly, a 60% deduction will apply if a Claimant’s Injury Audiogram is dated thirty-six (36) or more months, but less than forty-eight (48) months after the Claimant’s last use of Combat Arms v2 Earplugs. To apply the 60% deduction, the Claimant’s Related Impairment Points will be multiplied by 0.40 (100% - 60% = 40% or 0.40).

- An 80% deduction will apply if a Claimant’s Reference Audiogram is dated forty-eight (48) or more months, but less than sixty (60) months before the Claimant’s first use of Combat Arms v2 Earplugs. Similarly, an 80% deduction will apply if a Claimant’s Injury Audiogram is dated forty-eight (48) or more months, but less than sixty (60) months after the Claimant’s last use of Combat Arms v2 Earplugs. To apply the 80% deduction, the Claimant’s Related Impairment Points will be multiplied by 0.20 (100% - 80% = 20% or 0.20).
- If a Claimant does not have a Reference and/or Injury Audiogram dated less than sixty (60) months before the Claimant’s first use of the Combat Arms v2 Earplugs or sixty (60) months after the Claimant’s last use of the Combat Arms v2 Earplugs, the Claimant shall receive no points for their hearing impairment.

The total Related Impairment Points times the Audiogram Date Adjustment is the Claimant’s **Base Point Award**. Table 3, below, summarizes the above Audiogram Date Adjustments to a Claimant’s total Related Impairment Points.

Table 3.

TIME ELAPSED	DEDUCTION
Dated less than 12 months	No adjustment
Dated 12 or more months, but less than 24 months.	20%
Dated 24 or more months, but less than 36 months.	40%
Dated 36 or more months, but less than 48 months.	60%
Dated 48 or more months, but less than 60 months.	80%
Dated 60 months or more.	Ineligible

The following illustrations demonstrate the application of the Audiogram Date Adjustments to determine Base Point Awards. In Table 4 below, the hypothetical Claimant John’s Related Impairment Points awarded in his left ear at 2k Hz are 0 points, at 3k Hz are 1.200 points, at 4k Hz are 0.750 points and at 6k Hz are 5.143 points (see bottom left of the illustration in Step 2, above). Table 4 demonstrates how those Related Impairment Points may be adjusted (i.e., reduced) for time that has elapsed between the date of the Reference or Injury audiogram and John’s first and last use of the Combat Arms v2 Earplugs. Since John’s Reference Audiogram was dated 28 months prior to his first use of Combat Arms v2 Earplug, a 40% deduction is applied to his Related Impairment Points.

Table 4.

	LEFT EAR RELATED IMPAIRMENT POINTS			
	2k HZ	3k HZ	4k Hz	6k Hz
RELATED IMPAIRMENT POINTS	-	1.200	0.750	5.143
WITHIN 12 MO.	-	1.200	0.750	5.143
12 TO 24 MO. (DEDUCT 20%)	-	0.960	0.600	4.114
24 TO 36 MO. (DEDUCT 40%)	-	0.720	0.450	3.084
36 TO 48 MO. (DEDUCT 60%)	-	0.480	0.300	2.057
48 TO 60 MO. (DEDUCT 80%)	-	0.240	0.150	1.029
60+ MO. (DEDUCT 100%)	-	0.00	0.00	0.00

The sum of all Related Impairment Points after the Audiogram Date Adjustments is made at each Testing Frequency equals the Claimant’s Base Points. In the illustration below, the hypothetical Claimant John’s Related Impairment Points of 14.229 from Step 2 have been adjusted to 8.537 (i.e., a 40% deduction) because of his Reference Audiogram date.

Step 3: Adjust Related Impairment Points for Audiogram Date to Determine Base Points							
LEFT EAR				RIGHT EAR			
Adjustment for Audiogram Date				Adjustment for Audiogram Date			
2k Hz	3k Hz	4k Hz	6k Hz	2k Hz	3k Hz	4k Hz	6k Hz
40%	40%	40%	40%	40%	40%	40%	40%
0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600
0.000	0.720	0.450	3.086	0.000	0.000	1.250	3.032
Date Adjusted, Related Impairment Points = Initial Base Points							8.537

Step 4: Calculate and add Bilateral Impairment Points to Base Points. Recognizing that the real-world effect of bilateral hearing impairment is generally greater than unilateral hearing impairment, the

Allocation Special Master has determined that Claimants who suffer from moderate or greater bilateral hearing impairment should receive more points than Claimants whose hearing impairment is unilateral. Similarly, the more severe the bilateral impairment at each Testing Frequency, the more points that a Claimant should receive. Accordingly, the Allocation Special Master has directed the Settlement Administrator to add a Bilateral Impairment Point Award to a Claimant’s Base Point Award.

The Settlement Administrator will determine the Bilateral Impairment Point Award by comparing the Impairment Category (see Step 1) of each Testing Frequency in each ear. At each Testing Frequency where Moderate or greater impairment exists in each ear at that frequency, the sum of the Claimant’s Base Points for that Testing Frequency in each ear will be multiplied by the amounts set forth below in Table 5. After this calculation is done for each Testing Frequency, the total of these points will comprise the Bilateral Impairment Award.

Table 5.

	EAR 2			
EAR 1	MODERATE	MODERATE/ SEVERE	SEVERE	PROFOUND
MODERATE	20%	40%	60%	80%
MODERATE/ SEVERE	40%	100%	120%	140%
SEVERE	60%	120%	160%	180%
PROFOUND	80%	140%	180%	200%

The total value of the Bilateral Impairment Points may not exceed the Base Point Award. In other words, the Bilateral Impairment Points are capped at the sum of the Base Points.

The illustration below demonstrates the calculation (and capping) of the Bilateral Impairment Points for our hypothetical Claimant, John. His Impairment Categories are shown below for both ears at 2k Hz, 3k Hz, 4k Hz and 6k Hz. Based upon those Impairment Category combinations, the illustration below demonstrates how John’s Bilateral Impairment Points were calculated. For instance, at the 4k Hz Testing Frequency, John had an Impairment Category of Moderate and 0.450 Base Points in his left ear and an Impairment Category of Moderate-Severe and 1.250 Base Points in his right ear. Based upon that Impairment Category combination, the multiplier from Table 4 is 40% and so the sum of his Base Points of 1.70 (left ear 0.450 + right ear 1.250) is multiplied by 40% and his additional Bilateral Impairment Points at that Testing Frequency are 0.680. After this process is completed at each Testing

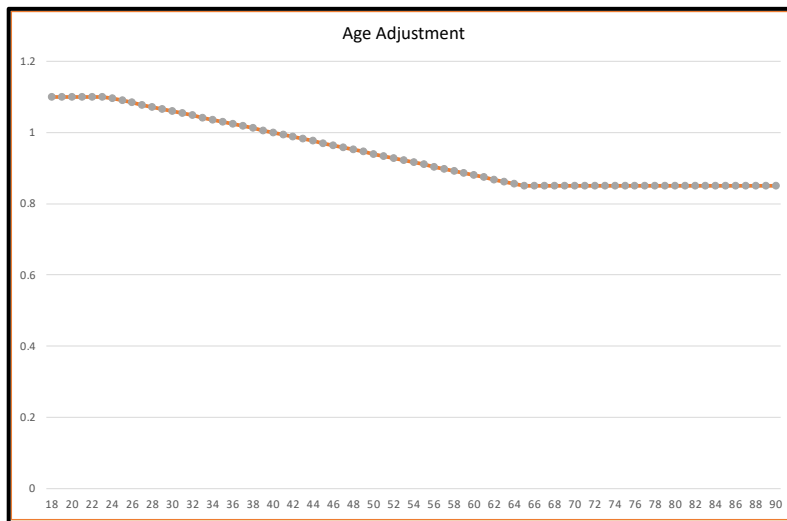
Frequency, John had additional Bilateral Impairment Points of 12.915. Since Bilateral Impairment Points are capped at the sum of John’s Base Points, his Capped Bilateral Impairment Points are 8.537 points. John’s total points at the conclusion of Step 4 are 17.075 (8.537 Base Points + 8.537 Bilateral Impairment Points = 17.075)

Step 4: Calculate and Add Bilateral Impairment Points to Base Points					
Additional Bilateral Impairment Points (based on last audiogram rating of both ears)					
2k Hz	3k Hz	4k Hz	6k Hz		
Normal & Normal = 0%	Moderate & Normal = 0%	Moderate & Mod- Sev = 40%	Profound & Profound = 200%		
0.000	0.720	1.700	6.117		
0	0	40%	200%		
0.000	0.000	0.680	12.235		
				Uncapped Bilateral Points	12.915
				Capped Bilateral Points	8.537

Step 5: Adjust for Age at Injury Audiogram. The Allocation Special Master has determined that because hearing impairment occurs with age, independent of any defect in the Combat Arms v2 Earplug, that Claimants over a certain age will receive an **Age-Related Point Adjustment** to the sum of their Base Point Award and any Bilateral Impairment Point Award. Accordingly, the sum of the Claimant’s Base Point Award and any Bilateral Impairment Point Award are adjusted for Claimant age at the date of the Injury Audiogram used to compute points. The adjustment is applied linearly such that at age 40 the multiplier is 1, at and at age 65 the multiplier is 0.85 (and thereafter remains constant at .85).⁸ The equation for the adjustment is:

$$adjustment = \max(\min(\max(1 + (age_at_inj_audiogram - 40) * -0.006, 0.85), 1.1))$$

The illustration below demonstrates the linear nature of the Age Adjustment



The illustration below demonstrates the Age Adjustment calculation for the hypothetical Claimant John. John’s Total Base Points after Step 4 are 17.075. John was age 46 at the date of his Injury Audiogram,

⁸ The multiplier for Claimants younger than age 40 is capped at 1.1.

which corresponds to an Age Adjustment of 0.964. His age adjustment results in 16.460 “Age Adjusted” Total Points at the conclusion of Step 5 (17.075 x 0.964).

Step 5: Adjust for Age at Injury Audiogram		
Initial Base Points	8.537	
Bilateral Impairment Points	8.537	
Total Base Points	17.075	
Age at Injury Audiogram	46	
Age Adjustment	0.964	
Age Adjusted Points	16.460	

Step 6: Calculate and Add Recorded Tinnitus Points. The Allocation Special Master has determined that Claimants who can establish that they developed tinnitus during the time they wore the Combat Arms v2 Earplugs should receive a **Tinnitus Point Adjustment**. To receive a Tinnitus Point Adjustment a Claimant must provide the Settlement Administrator with documentation dated after the date the Claimant first wore the Combat Arms v2 Earplugs but no more than two years after the date the Claimant last wore the Combat Arms v2 Earplugs establishing 1) a diagnosis of tinnitus, or 2) that the Claimant sought treatment for tinnitus, or 3) that tinnitus was contemporaneously recorded in the ordinary course of a healthcare encounter, or 4) tinnitus was recorded in a disability rating.

To determine a Claimant’s Recorded Tinnitus Adjustment the sum of all points awarded in Steps 1 through 5 ((Base Point Award + Bilateral Impairment Adjustment) x Age Adjustment) are multiplied by 0.1. The Tinnitus Adjustment cannot exceed 2 points.

Continuing with the hypothetical Claimant case from above, John received a 10% increase to his points on account of his Recorded Tinnitus. Since, at the conclusion of Step 5, John’s Total Points are 16.460, John receives 1.646 additional points for his Tinnitus. (16.460 x 10% = 1.646). John now has 18.106 (16.460 + 1.646) Total Points.

Step 6: Calculate and Add Recorded Tinnitus Points		
Tinnitus Uncapped Points	1.646	
Tinnitus Capped Points	1.646	
Tinnitus Adjusted Points	18.106	

Step 7: Calculate Final Point Total. A Claimant’s Final Point Total is the product of calculating the Base Point Award (Steps 1 through 3), calculating and adding the Bilateral Impairment Adjustment (Step 4), applying the Age Adjustment (Step 5) and applying the Recorded Tinnitus Adjustment (Step 6). The final calculation therefore would be as follows: ((Base Point Award + Bilateral Impairment Adjustment) x Age Adjustment) + Recorded Tinnitus Adjustment = Final Point Total.

The illustration below demonstrates the resulting Final Point Total for the hypothetical Claimant, John. Exhibit 2 shows all the steps and resulting calculations described above in a single illustration.

Step 7: Calculate Final Point Total		
Total Points	18.106	

Claimant Injury Record Set. To determine a Claimant’s Final Point Total, the Settlement Administrator will evaluate the “Injury Records” submitted by the Claimant and / or Claimant’s counsel. The Injury Records will be those records the Claimant and/or Claimant’s Counsel provides the Settlement Administrator that substantiate the highest possible Final Point Total under the rules set forth herein. The Injury Records must be highlighted to call out the data that supports an award of points. In addition to the Injury Records, the Settlement Administrator may evaluate all other records and / or data in its possession to ensure that the Claimant receives an accurate Final Point Total.

Determining a Claimant’s Point Award Settlement Amount. The amount of money that will be allocated to a Deferred Pay Full Evaluation Program Claimant is determined by multiplying the Claimant’s Final Point Total times the **Point Dollar Value**.

The **Point Dollar Value** is determined by dividing the **Deferred Pay Full Evaluation Program Funds** by the sum of all Deferred Pay Full Evaluation Settlement Program Claimants’ Final Point Totals. So, for example, if the Deferred Pay Full Evaluation Settlement Value Funds was equal to \$100 and the sum of all Deferred Pay Full Evaluation Settlement Program Claimants’ Final Point Totals was 10, the **Point Dollar Value** would be \$10 (\$100/10).

$$\frac{\text{Available Settlement Funds}}{\text{Total of all Claimants' Points}} = \text{Point Dollar Value}$$

The amount of the Deferred Pay Full Evaluation Settlement Program Funds. The Deferred Pay Full Evaluation Settlement Program Funds are all funds deposited by 3M into the Settlement Trust on or before the Point Dollar Value Calculation Dates less the funds needed to compensate all Expedited Pay Settlement Program Claimants, Registration Payments, Extraordinary Injury Funds and Costs of Administration (collectively the “Program Expenses”).

The timing for determining the Point Dollar Value. Because the Settlement Agreement requires 3M to make payments, so long as certain conditions are satisfied, on a series of dates, Point Dollar Value will be determined on five separate dates, the **Point Dollar Value Calculation Dates**.⁹

- **Point Dollar Value Calculation Date One:** October 1, 2025
- **Point Dollar Value Calculation Date Two:** October 1, 2026
- **Point Dollar Value Calculation Date Three:** October 1, 2027
- **Point Dollar Value Calculation Date Four:** October 1, 2028
- **Point Dollar Value Calculation Date Five:** October 1, 2029

⁹ Because 3M’s payment schedule is dependent on the satisfaction of certain conditions, the Settlement Administrator has the authority to modify the Point Value Calculation Date as needed to accommodate changes in the anticipated payment schedule.

A Claimant's Point Award Settlement Amount will be the sum of the Claimant's Final Point times the Point Dollar Value on each of the Point Dollar Value Calculation Dates. An example is given below in the Claimant Payment Illustration.

Projected Point Values. Based upon some preliminary statistical modeling, the dollar value of a point when Claimants have received all of their payments (adding the point values for each of the five Calculation Dates above) is anticipated to be in the range of \$3,000 to \$7,000 USD per point. The preliminary modeling was based upon assumptions regarding the number of Participating Eligible Claimants and their respective selection to participate in either the Expedited Pay Program or the Deferred Pay Full Evaluation Program, and, if in the latter, the likely Final Point Total for those Claimants. While the Allocation Special Master believes that this is the likely dollar-per-point value range, the final dollar-per-point value may be higher or lower than this range.

Timing for payments to Claimants. All Claimants electing to participate in the Deferred Pay Full Evaluation Program will be paid an initial Registration Payment of \$1,000 (gross) before December 31, 2024. Thereafter, the Settlement Administrator will distribute funds to Claimants as quickly as possible following each of the Point Dollar Value Calculation Dates. Typically, it takes the Settlement Administrator approximately 30 – 60 days to distribute funds.¹⁰

Claimant Payment Illustration. The following hypothetical is offered to illustrate how the allocation methodology, described above, results in payments to the hypothetical Claimant, John, used throughout this document. This is an illustration only and not a prediction of likely values in the Deferred Pay Full Evaluation Settlement Program.

Assumptions:

- John's Final Point Total: 18.106
- Sum of all Deferred Pay Full Evaluation Settlement Program Claimants' Final Point Values: 450,000
- Total funds deposited by 3M as of each of the Point Dollar Value Calculation Dates¹¹
 - Point Dollar Value Calculation Date One: \$100,000,000
 - Point Dollar Value Calculation Date Two: \$475,000,000
 - Point Dollar Value Calculation Date Three: \$475,000,000
 - Point Dollar Value Calculation Date Four: \$475,000,000
 - Point Dollar Value Calculation Date Five: \$475,000,000

¹⁰ The actual date of distribution to any Claimant depends on the satisfaction of all conditions precedent to distribution.

¹¹ The illustration above assumes \$2,000,000,000 will be available to pay Claimants who participate in the Deferred Pay Full Evaluation Program (after deducting funds required to pay the Expedited Pay Program Claimants, the EIF set aside, the Registration Payments and Program Administrative Expenses). The actual amount available to pay Claimants in the Deferred Pay Full Evaluation Program may be more or less than this amount.

Calculations

- Point Dollar Value on Point Dollar Value Calculation Date One equals the Total funds deposited on Point Dollar Value Calculation Date One \$100,000,000 divided by the sum of all Claimants' Final Point Awards (450,000). $\$100,000,000 / 450,000 = \222.22 Point Dollar Value.
- Point Dollar Value on Point Dollar Value Calculation Date Two equals the Total funds deposited on Point Dollar Value Calculation Date Two \$475,000,000 divided by the sum of all Claimants' Final Point Awards (450,000). $\$475,000,000 / 450,000 = \$1,055.56$ Point Dollar Value.
- Point Dollar Value on Point Dollar Value Calculation Date Three equals the Total funds deposited on Point Dollar Value Calculation Date Three \$475,000,000 divided by the sum of all Claimants' Final Point Awards (450,000). $\$475,000,000 / 450,000 = \$1,055.56$ Point Dollar Value.
- Point Dollar Value on Point Dollar Value Calculation Date Four equals the Total funds deposited on Point Dollar Value Calculation Date Four \$475,000,000 divided by the sum of all Claimants' Final Point Awards (450,000). $\$475,000,000 / 450,000 = \$1,055.56$ Point Dollar Value.
- Point Dollar Value on Point Dollar Value Calculation Date Five equals the Total funds deposited on Point Dollar Value Calculation Date Five \$475,000,000 divided by the sum of all Claimants' Final Point Awards (450,000). $\$475,000,000 / 450,000 = \$1,055.56$ Point Dollar Value.

Claimant Payments:

- December 1, 2025: $\$222.22 * 18.106 = \$4,023.52$
- December 1, 2026: $\$1,055.56 * 18.106 = \$19,111.97$
- December 1, 2027: $\$1,055.56 * 18.106 = \$19,111.97$
- December 1, 2028: $\$1,055.56 * 18.106 = \$19,111.97$
- December 1, 2029: $\$1,055.56 * 18.106 = \$19,111.97$

If all these payments are made, the total Point Dollar Value at the conclusion of the Settlement payment time frame would be \$4,444.46 (i.e., $\$222.22 + \$1,055.56 + \$1,055.56 + \$1,055.56 + \$1,055.56$) and the total Settlement Payments would be \$80,471.40 (i.e., $\$4,023.52 + \$19,111.97 + \$19,111.97 + \$19,111.97 + \$19,111.97$).

IV. EXTRAORDINARY INJURY FUND

Claimants who are eligible to participate in the Deferred Pay Full Evaluation Settlement Program may apply to the Extraordinary Injury Fund ("EIF") for compensation in addition to their Point Award Settlement Amount. Expedited Pay Program participants are not eligible to apply for additional compensation unless they establish the limited conditions, such as Recorded Tinnitus as defined in the Deferred Pay Full Evaluation Program.

Up to ten percent (10%) of the Total Settlement Funds available at each of the Point Value Calculation Dates (see Section III, above), less the amount required to fund the Expedited Pay Program, administrative expenses and Registration Payments, will be set aside in the EIF. The Special Master will allocate the EIF, prior to the conclusion of the Deferred Pay Full Evaluation payment process described in Section III, above, to claims with unique circumstances not taken into consideration in the Claimant's Total Points Assignment and / or factors unknown at the time of drafting the Allocation Methodology that are necessary to implement in order to preserve the integrity of the Settlement Program.

Any unallocated money remaining in the Extraordinary Injury Fund will be distributed to all Deferred Pay Full Evaluation Claimants in proportion to their Settlement Award, excluding any EIF award.

The application form, terms and conditions related to the EIF will be provided by the Settlement Administrator as soon as possible after the Final Registration Deadline. The application date for the EIF – which is later and different than the Final Registration Deadline for participation in the settlement - will be contained in those materials when they are provided to potentially eligible Claimants and their attorneys by the Settlement Administrator.

V. RECONSIDERATION PROCESS FOR EXPEDITED PAY AND DEFERRED PAY FULL EVALUATION PROGRAM

The Allocation Special Master will review and approve the Settlement Administrator's application of the Allocation Methodology and resulting Eligible Claimant Settlement Awards in the Expedited Pay and Deferred Pay Full Evaluation Programs. Claimants and their attorneys are reminded that the Allocation Methodology described in this document is the sole and exclusive method by which Claimants may receive a Settlement Award. Accordingly, the Allocation Special Masters' determination shall be final unless the Claimant makes a timely request for reconsideration. The Reconsideration Process and timeline will be explained in detail when Settlement Award determinations are presented to Claimants and their attorney(s). A request for reconsideration can only be made on the basis that the Claimant believes that the Settlement Administrator made a clerical error in applying this Allocation Methodology set out above. The Allocation Special Master shall have sole discretion to determine how to proceed with the request for reconsideration and ultimately may increase, decrease, or leave intact the amount of Claimant's initial Settlement Award determination. The determination of such request for reconsideration shall be final and not subject to any further appeal.

The Reconsideration Process for the Extraordinary Injury Fund ("EIF") will be detailed when the registration procedures for the EIF are provided in the future.

EXHIBIT 1

Deciding which Settlement Program is Best for You. Deciding which Settlement Program – the Expedited Pay or the Deferred Pay Full Evaluation Program – is best for you requires you to consider several things.

1. **Am I eligible for the Deferred Pay Full Evaluation Program?** Please refer to the “Eligibility to Participate” section at the outset of Section III of this disclosure. If you are not eligible to participate in the Deferred Pay Full Evaluation Program, your only option is to elect the Expedited Pay Settlement Program.
2. **In the Deferred Pay Full Evaluation Program, what will my Final Point Total be?** While the Settlement Administrator will determine your Final Point Total based on its review of your records, you can estimate your Final Point Total by entering your injury data in the Point Total Estimator, a copy of which will be accessible on the Settlement Administrator’s website.
3. **What will the final award value of my claim be in the Deferred Pay Full Evaluation Program?** You can multiply your estimated Final Point Total times the Projected Point Values to determine a potential range of final award values under the Deferred Pay Full Evaluation Program.
4. **In the Expedited Pay Settlement Program, what is my Payment Level and award?** Your Registration Form reflects the Settlement Administrator’s initial determination regarding your Expedited Pay Settlement Program Payment Level and corresponding award amount.
5. **Compare your Expedited Pay Program award to your potential final award value range under the Deferred Pay Full Evaluation Program and consider the likely timing of payments for each Settlement Program.** This comparison will yield three general scenarios which are described below. The facts and circumstances of your case may or may not fit into those scenarios and you are encouraged to consider what is best for you considering all those facts and circumstances in consultation with your attorney. The general scenarios that Claimants are likely to fall into are as follows:
 - Your potential final value award range under the Deferred Pay Full Evaluation Program is equal or substantially similar to your Expedited Pay Program award. If this is the case, you should probably elect the Expedited Pay Program. If you are receiving substantially the same award under either Settlement Program, generally it will be in your interest to select the Program in which you receive that award soonest.
 - Your potential final value award range under the Deferred Pay Full Evaluation Program is slightly or moderately greater than your Expedited Pay Program award. Whether an award is “slightly” or “moderately” greater is for you to decide, but for purposes of illustration, we assume slightly to moderately will be 25% to 150% more. If, for example you are Expedited Pay Level 4 and will receive a gross award of \$16,000, you would fall into this scenario if your estimated Deferred Pay Full Evaluation award range was \$25,000 - \$35,000 gross. In this example, you must decide whether you prefer to receive a guaranteed gross award of \$16,000 within six to eighteen months after the Final Registration Date or potentially

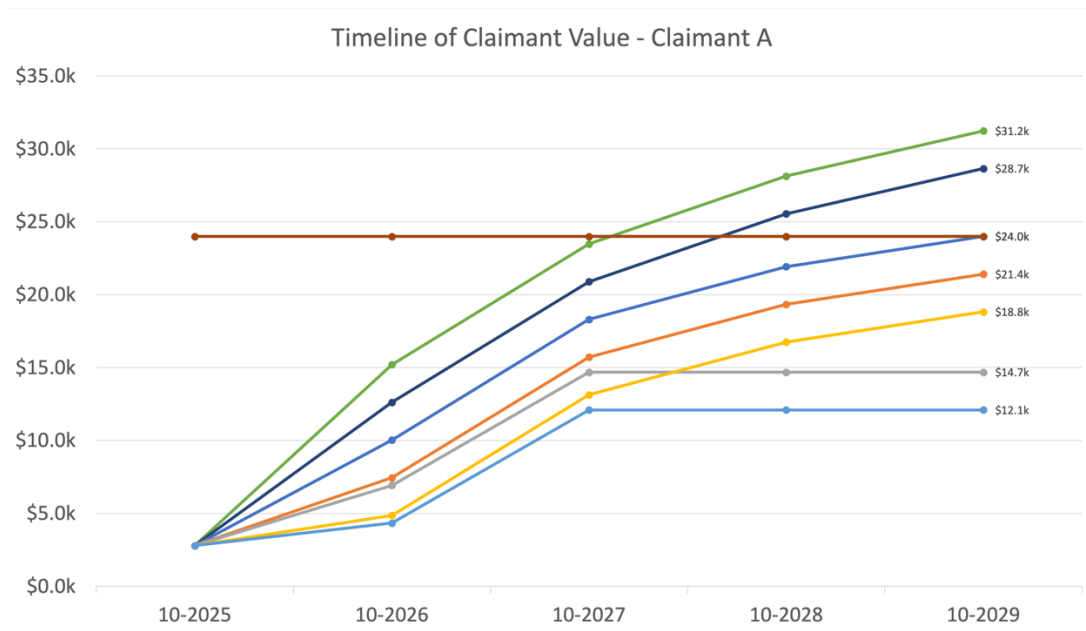
receive a total gross award of \$25,000 - \$35,000 paid over five payment dates with the last date likely being in 2029.

- Your potential final value award range under the Deferred Pay Full Evaluation Program is substantially more than your Expedited Pay Program award. Again, whether an award is “substantially” more than is for you to decide, but for purposes of illustration, we assume substantially more to be at least 200% greater. If, for example you are Expedited Pay Level 4 and will receive a gross award of \$16,000, you would fall into this scenario if your estimated Deferred Pay Full Evaluation award range was \$50,000 - \$60,000 or more. In this scenario, despite the delay in receiving the funds under the Deferred Pay Full Evaluation Program compared to the Expedited Pay Program, the additional award funds in the Deferred Pay Full Evaluation Program will be enough to convince many Claimants to elect that Program.

Below are some further examples to help illustrate the considerations above. For purposes of these examples, all hypothetical Claimants are assumed to be age 33 years old at the time of their last audiogram and none of them are eligible for the Recorded Tinnitus Adjustment. In the illustrations, the straight line represents the Guaranteed Gross Minimum Payment in the Expedited Pay Program. The various Deferred Pay Evaluation Program Awards (the series of curved lines) are based on a low and high estimated value of a point at each of the Point Dollar Valuation Calculation Dates referenced in Section III of the Allocation Methodology. The final dollar-per-point value may be higher or lower than this range.

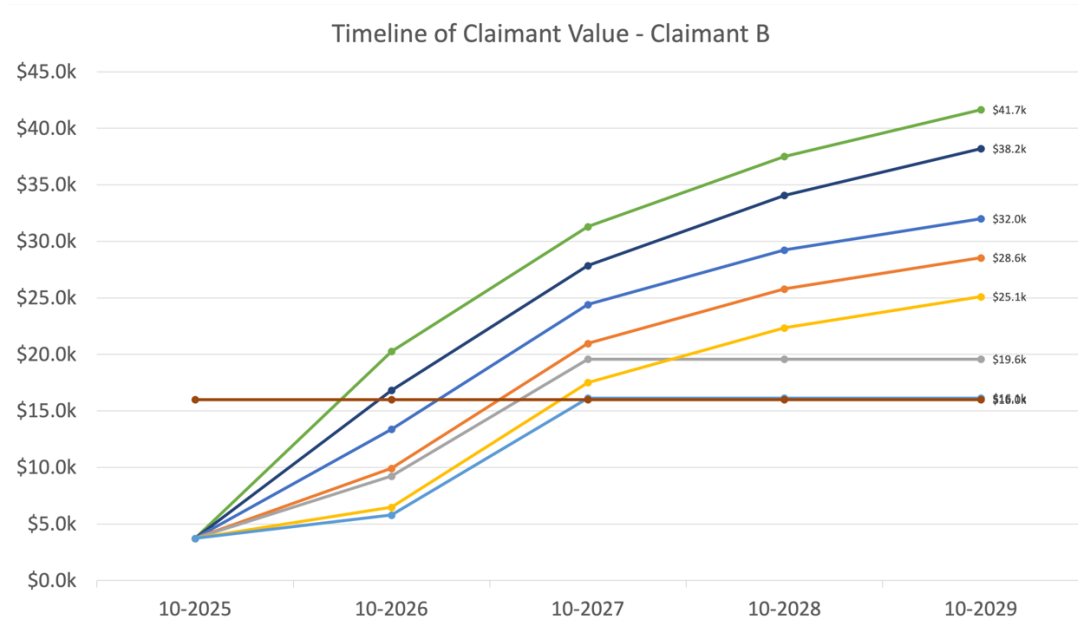
Example 1: Claimant A suffered Moderate hearing loss in one ear across all Testing Frequencies, and Slight hearing loss in the other ear.

- Total Final Points if Participating in the Deferred Pay Full Evaluation Program: 4.5 Points
- Guaranteed Minimum Payment in the Expedited Pay Program: \$24,000.



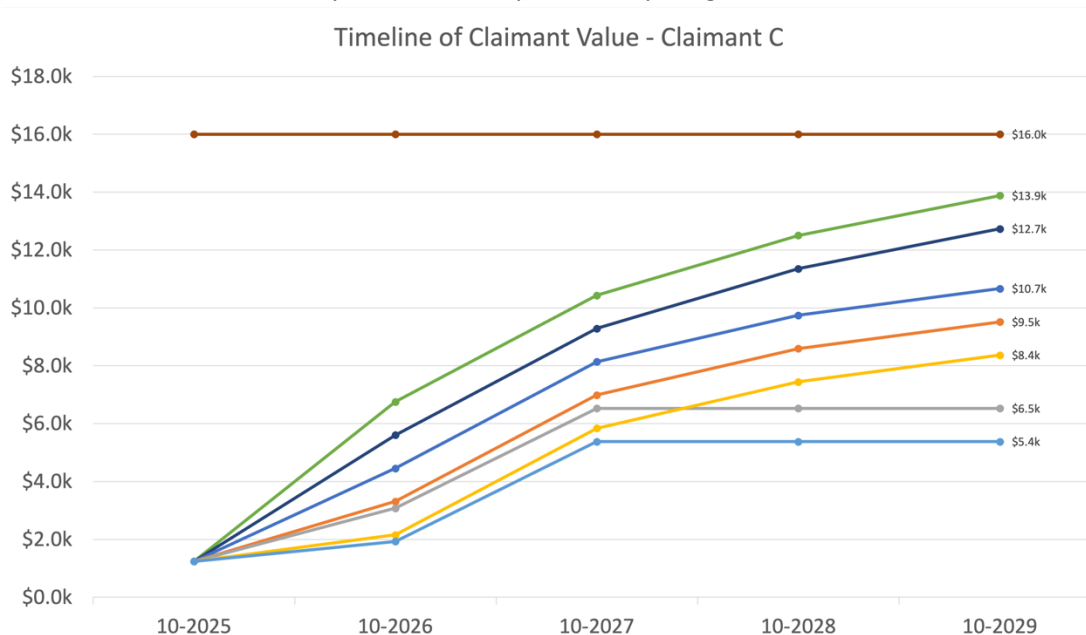
Example 2: Claimant B has Mild hearing loss in one ear across all Testing Frequencies, and Mild hearing loss in two Testing Frequencies in the other ear.

- Total Final Points if Participating in the Deferred Pay Full Evaluation Program: 6 Points
- Guaranteed Minimum Payment in the Expedited Pay Program: \$16,000



Example 3: Claimant C has Mild hearing loss in one ear within two Testing Frequencies, and no hearing loss in the other ear.

- Total Final Points if Participating in the Deferred Pay Full Evaluation Program: 2 Points
- Guaranteed Minimum Payment in the Expedited Pay Program: \$16,000



Example 4: Claimant D suffered Moderate hearing loss in both ears across all Testing Frequencies.

- Total Final Points if Participating in the Deferred Pay Full Evaluation Program: 14.4 Points
- Guaranteed Minimum Payment in the Expedited Pay Program: \$24,000
-

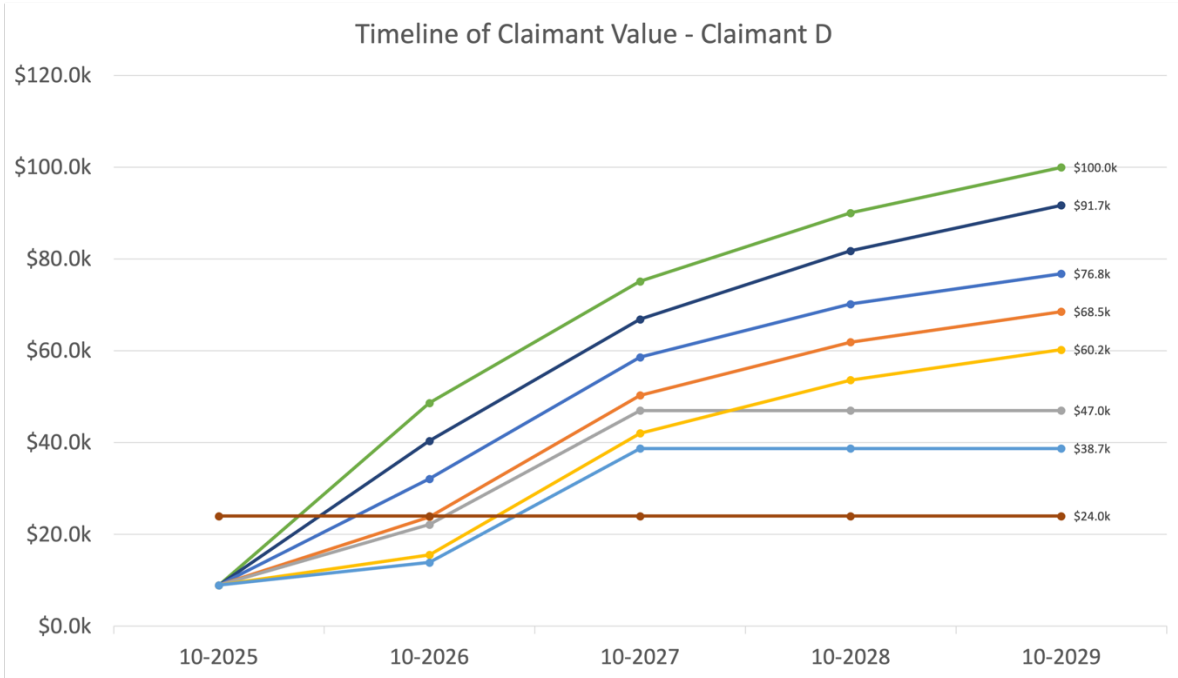


EXHIBIT 2

Name:	John Doe
DOB:	05/01/1962

Date of Reference Audiogram:	08/05/1997
Age at Reference Audiogram:	35
Usage Start Date	01/01/2000
Months from Reference to Usage Start	28

Date of Injury Audiogram:	03/05/2009
Age at Injury Audiogram:	46
Usage End Date	05/02/2010
Months from Usage End to Inj. Audiogram	0
Recorded Tinnitus	Yes

Setup: Enter Reference and Injury Audiogram Data							
LEFT EAR Reference Audiogram				RIGHT EAR Reference Audiogram			
2k Hz	3k Hz	4k Hz	6k Hz	2k Hz	3k Hz	4k Hz	6k Hz
15	10	25	15	10	5	10	15
LEFT EAR Injury Audiogram				RIGHT EAR Injury Audiogram			
2k Hz	3k Hz	4k Hz	6k Hz	2k Hz	3k Hz	4k Hz	6k Hz
15	50	50	105	15	15	60	95

Step 1: Determine Initial Impairment Points for Hearing Impairment at each Testing Frequency								
LEFT EAR Impairment Category				RIGHT EAR Impairment Category				
2k Hz	3k Hz	4k Hz	6k Hz	2k Hz	3k Hz	4k Hz	6k Hz	
Normal	Moderate	Moderate	Profound	Normal	Normal	Mod - Sev	Profound	
LEFT EAR Impairment Points				RIGHT EAR Impairment Points				
2k Hz	3k Hz	4k Hz	6k Hz	2k Hz	3k Hz	4k Hz	6k Hz	
0	1.5	1.5	6	0	0	2.5	6	
							Initial Impairment Points	17.500

Step 2: Adjust Initial Impairment Points with Relatedness Factor to determine Related Impairment Points								
LEFT EAR Relatedness Factor				RIGHT EAR Relatedness Factor				
2k Hz	3k Hz	4k Hz	6k Hz	2k Hz	3k Hz	4k Hz	6k Hz	
$(15 - 15) / 15 = 0$	$(50 - 10) / 50 = 0.8$	$(50 - 25) / 50 = 0.5$	$(105 - 15) / 105 = 0.86$	$(15 - 10) / 15 = 0.33$	$(15 - 5) / 15 = 0.67$	$(60 - 10) / 60 = 0.83$	$(95 - 15) / 95 = 0.84$	
0.000	0.800	0.500	0.857	0.333	0.667	0.833	0.842	
LEFT EAR Related Impairment Points				RIGHT EAR Related Impairment Points				
2k Hz	3k Hz	4k Hz	6k Hz	2k Hz	3k Hz	4k Hz	6k Hz	
0.000	1.200	0.750	5.143	0.000	0.000	2.083	5.053	
							Related Impairment Points	14.229

Step 3: Adjust Related Impairment Points for Audiogram Date to Determine Base Points								
LEFT EAR Adjustment for Audiogram Date				RIGHT EAR Adjustment for Audiogram Date				
2k Hz	3k Hz	4k Hz	6k Hz	2k Hz	3k Hz	4k Hz	6k Hz	
40%	40%	40%	40%	40%	40%	40%	40%	
0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600	
0.000	0.720	0.450	3.086	0.000	0.000	1.250	3.032	
							Date Adjusted, Related Impairment Points = Initial Base Points	8.537

Step 4: Calculate and Add Bilateral Impairment Points to Base Points								
Additional Bilateral Impairment Points (based on last audiogram rating of both ears)								
2k Hz	3k Hz	4k Hz	6k Hz					
Normal & Normal = 0%	Moderate & Normal = 0%	Moderate & Mod- Sev = 40%	Profound & Profound = 200%					
0.000	0.720	1.700	6.117					
0	0	40%	200%					
0.000	0.000	0.680	12.235					
							Uncapped Bilateral Points	12.915
							Capped Bilateral Points	8.537

Step 5: Adjust for Age at Injury Audiogram	
Initial Base Points	8.537
Bilateral Impairment Points	8.537
Total Base Points	17.075
Age at Injury Audiogram	46
Age Adjustment	0.964
Age Adjusted Points	16.460

Step 6: Calculate and Add Recorded Tinnitus Points	
Tinnitus Uncapped Points	1.646
Tinnitus Capped Points	1.646
Tinnitus Adjusted Points	18.106

Step 7: Calculate Final Point Total	
Total Points	18.106