

BINDER & SCHWARTZ LLP

Eric B. Fisher
Neil S. Binder
Lindsay A. Bush
Lauren K. Handelsman
366 Madison Avenue, 6th Floor
New York, New York 10017
Telephone: (212) 510-7008
Facsimile: (212) 510-7299

*Attorneys for the Motors Liquidation
Company Avoidance Action Trust*

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X
In re:

MOTORS LIQUIDATION COMPANY, f/k/a
GENERAL MOTORS CORPORATION, *et al.*,

Chapter 11

Case No. 09-50026 (MG)
(Jointly Administered)

Debtors.

-----X
MOTORS LIQUIDATION COMPANY AVOIDANCE
ACTION TRUST, by and through the Wilmington Trust
Company, solely in its capacity as Trust Administrator and
Trustee,

Plaintiff,

Adversary Proceeding

Case No. 09-00504 (MG)

against

JPMORGAN CHASE BANK, N.A., *et al.*,

Defendants.

-----X
**DECLARATION OF NEIL S. BINDER
IN OPPOSITION TO DEFENDANTS' MOTION
FOR AN ORDER ESTOPPING PLAINTIFF FROM ASSERTING THAT
ASSETS LEFT WITH OLD GM SHOULD BE ASSIGNED KPMG OLV VALUES**

I, Neil S. Binder, declare as follows:

1. I am a Partner with Binder & Schwartz LLP, counsel for plaintiff Motors Liquidation Company Avoidance Action Trust (“**Plaintiff**”), by and through the Wilmington Trust Company, solely in its capacity as Trust Administrator and Trustee. I make this declaration in support of Plaintiff’s Opposition to Defendants’ Motion for an Order Estopping Plaintiff from Asserting That Assets Left with Old GM Should Be Assigned KPMG OLV Values (the “**Motion**”). Capitalized terms not defined herein shall have the meaning ascribed to them in Plaintiff’s Memorandum of Law in Opposition to the Motion.

2. Attached hereto as Exhibit A is a true and correct copy of an excerpt of the corrected Direct Testimony of David K. Goesling, dated as of April 14, 2017, the complete version of which was admitted into evidence in blackline form at the Representative Assets Trial.

3. Attached hereto as Exhibit B are true and correct copies of excerpts of the May 5, 2017 trial transcript from the Representative Assets Trial.

4. Attached hereto as Exhibit C is a true and correct copy of the transcript of the deposition of Patrick Furey (Volume 2) taken on October 15, 2018.

5. Attached hereto as Exhibit D is a true and correct copy of the memorandum regarding Fair Value Analysis of Certain Tangible Assets of General Motors, from KPMG to General Motors Management, dated October 26, 2009, Bates stamped KPMG-GM0092553 through KPMG-GM0092562, produced by KPMG in this action.

6. Attached hereto as Exhibit E is a true and correct copy of an excerpt from the Third Edition of Valuing Machinery and Equipment: The Fundamentals of Appraising Machinery and Technical Assets, published by the American Society of Appraisers, the complete

version of which was admitted into evidence at the Representative Assets Trial as Plaintiff's Exhibit PX-0163.

7. Attached hereto as Exhibit F is a true and correct copy of an excerpt from the Expert Witness Report of David K. Goesling, issued November 23, 2016 and amended February 6, 2017, the complete version of which was admitted into evidence at the Representative Assets Trial as Exhibit A to the Direct Testimony of David K. Goesling.

8. Attached hereto as Exhibit G is a true and correct copy of an excerpt of the April 27, 2017 trial transcript from the Representative Assets Trial.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: November 9, 2018

/s/ Neil S. Binder
Neil S. Binder

Exhibit A

BINDER & SCHWARTZ LLP

Eric B. Fisher
Neil S. Binder
Lindsay A. Bush
Lauren K. Handelsman
366 Madison Avenue, 6th Floor
New York, New York 10017
Telephone: (212) 510-7008
Facsimile: (212) 510-7299

*Attorneys for the Motors Liquidation
Company Avoidance Action Trust*

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X
In re:

MOTORS LIQUIDATION COMPANY, f/k/a
GENERAL MOTORS CORPORATION, *et al.*,

Chapter 11

Case No. 09-50026 (MG)
(Jointly Administered)

Debtors.

-----X
MOTORS LIQUIDATION COMPANY AVOIDANCE
ACTION TRUST, by and through the Wilmington Trust
Company, solely in its capacity as Trust Administrator and
Trustee,

Adversary Proceeding

Plaintiff,

Case No. 09-00504 (MG)

against

JPMORGAN CHASE BANK, N.A., *et al.*,

Defendants.

-----X

DIRECT TESTIMONY OF DAVID K. GOESLING

| | | |
|------|--|----|
| I. | PROFESSIONAL BACKGROUND | 1 |
| II. | ASSET CLASSIFICATION | 6 |
| A. | Asset Classification Assignment..... | 6 |
| B. | Key Classification Considerations | 10 |
| C. | Physical Traits of the Asset and Method of Attachment | 12 |
| 1. | Primary method of attachment..... | 13 |
| 2. | Pads/foundations/piers/pits | 13 |
| 3. | Piping/ductwork connections and wiring/electrical connections..... | 14 |
| 4. | Control panel/operator stand..... | 16 |
| 5. | Catwalk/platforms/stairs/railings | 16 |
| 6. | Means of construction/assembly | 17 |
| 7. | Damage to realty upon removal..... | 17 |
| 8. | Damage to subject asset upon removal | 18 |
| 9. | Annexing Party's Own Designation of the Assets..... | 18 |
| 10. | Movement of or Intention to Move the Asset..... | 19 |
| 11. | Essential to the Use of the Real Estate..... | 21 |
| 12. | Other Considerations | 22 |
| III. | OVERVIEW OF ONSITE INSPECTIONS AND ANALYSIS PROCESS | 22 |
| IV. | SUMMARY OF CONCLUSIONS..... | 25 |
| V. | ASSET-SPECIFIC ANALYSIS | 27 |
| A. | Representative Assets at the Lansing Facilities | 27 |
| 1. | Lansing Stamping | 27 |
| a. | Schuler Transfer Press (Representative Asset No. 32) | 27 |
| b. | B3-5 Transfer Press (Representative Asset No. 33) | 32 |
| c. | Danly Tryout Press (Representative Asset No. 31) | 35 |

| | | |
|----|---|----|
| d. | OptiCell Measuring System (Representative Asset No. 10)..... | 38 |
| B. | Representative Assets at the Lansing Delta Township Assembly Plant..... | 41 |
| 1. | General Assembly Building..... | 43 |
| a. | Pits and Trenches (Representative Asset No. 2)..... | 43 |
| b. | Paint Mix Room (Representative Asset No. 8)..... | 44 |
| c. | Wheel Assembly Machine (Representative Asset No. 15)..... | 46 |
| d. | Vertical Adjusting Carriers (Representative Asset No. 18)..... | 49 |
| e. | The General Assembly Conveyance Systems (Representative Asset Nos. 20 & 21)..... | 52 |
| f. | Wheel and Tire Delivery Conveyor (Representative Asset No. 20)... | 53 |
| g. | Skillet Conveyor System (Representative Asset No. 21) | 55 |
| 2. | Body Shop..... | 57 |
| a. | Body Shop Conveyance Systems (Representative Asset Nos. 16 & 17)..... | 58 |
| b. | BS P&F Conveyor (Representative Asset No. 17) | 58 |
| c. | BS Skid Conveyor (Representative Asset No. 16) | 60 |
| d. | BS Framing Robot (Representative Asset No. 12) | 62 |
| e. | BS Weld Bus Duct (Representative Asset No. 13)..... | 66 |
| f. | Full Body Coordinate Measuring Machine (Representative Asset No. 19) | 69 |
| 3. | Paint Shop | 71 |
| a. | ELPO Process Waste Lines (Representative Asset No. 4) | 71 |
| b. | Paint Mix and Circulation Electrical System (Representative Asset No. 5) | 73 |
| c. | ELPO IMC System (Representative Asset No. 6)..... | 76 |
| d. | TC Automation Software (Representative Asset No. 7)..... | 78 |
| e. | Paint TC2 CC Bell Zone (Representative Asset No. 9)..... | 79 |

| | | |
|-----|---|-----|
| 4. | Central Utilities Complex (Representative Asset No. 11)..... | 82 |
| a. | CUC Building | 83 |
| b. | CUC Piping..... | 84 |
| c. | CUC Pumps | 86 |
| d. | CUC Electrical Power Distribution | 87 |
| e. | CUC Air Handling Units | 89 |
| f. | CUC Compressed Air System | 90 |
| g. | CUC Chilled Water System..... | 91 |
| h. | CUC Hot Water Boilers | 93 |
| i. | Water Treatment System..... | 94 |
| j. | Wastewater Treatment | 96 |
| C. | Representative Assets at the GM Powertrain Warren Transmission Plant..... | 99 |
| 1. | Courtyard Enclosure (Representative Asset No. 37) | 99 |
| 2. | Conveyance Systems (Representative Asset Nos. 3 & 35)..... | 101 |
| a. | Torque Converter Housing Conveyor System (Representative Asset No. 3) | 102 |
| b. | Button Up and Test Conveyor (Representative Asset No. 35) | 104 |
| 3. | 4 Speed Transmission Assembly Line (Representative Asset No. 34)... | 107 |
| 4. | Shim Select and Placement Machine (Representative Asset No. 1)..... | 109 |
| 5. | Leak Test System (Representative Asset No. 14)..... | 112 |
| 6. | Robot Gantry System (Representative Asset No. 22)..... | 114 |
| 7. | Aluminum Machining System (Representative Asset No. 23)..... | 117 |
| 8. | CNC Gear Shaper (Representative Asset No. 24) | 120 |
| 9. | Helical Broach (Representative Asset No. 36) | 123 |
| 10. | CNC Gear Hobbing Machine (Representative Asset No. 25) | 127 |
| D. | Representative Assets at Defiance | 131 |

| | | |
|-----|---|-----|
| 1. | Core Delivery Conveyor System (Representative Asset No. 26) | 131 |
| 2. | Cupola No. 4 Emissions System (Representative Asset No. 27)..... | 134 |
| 3. | Ajax 100 Ton Holding Furnace (Representative Asset No. 28) | 137 |
| 4. | Gas Cleaning System (Representative Asset No. 38)..... | 140 |
| 5. | CB91 Unload Robot (Representative Asset No. 39) | 142 |
| 6. | P&H Charger Crane (Representative Asset No. 40)..... | 145 |
| E. | MLC/RACER Assets | 148 |
| 1. | TP-14 Danly Transfer Press (Representative Asset No. 30)..... | 148 |
| 2. | GG-1 Clearing Transfer Press (Representative Asset No. 29) | 151 |
| VI. | VALUATION OF THE SURVIVING COLLATERAL..... | 153 |
| A. | Market Conditions on the Valuation Date | 154 |
| B. | The Appropriate Premise of Value | 157 |
| C. | Appraisal Techniques..... | 162 |
| 1. | The Cost Approach | 164 |
| 2. | The Market Approach | 168 |
| D. | Reconciliation of Approaches..... | 170 |
| E. | Detailed Description of the Appraisal of Representative Asset No. 36 (Helical Broach) Under the Orderly Liquidation Value in Exchange Premise of Value..... | 173 |
| 1. | The Cost Approach | 173 |
| 2. | The Market Approach Applied to Representative Asset No. 36 | 175 |
| 3. | Reconciliation of Cost and Market Approaches for the Helical Broach | 177 |
| F. | Appraisal Review of Mr. Chrappa's Appraisal and the Alternative Valuation .. | 177 |
| 1. | Inappropriate, Unsupported Premise of Value..... | 178 |
| 2. | Alternative Valuation: Liquidation Value in Place..... | 180 |
| a. | Application of Cost Approach | 180 |

| | | |
|----|---|-----|
| b. | Application of Market Approach | 187 |
| c. | Reconciliation of Cost and Market Approaches | 189 |
| 3. | Mr. Chrappa’s Improper Rejection of the Market Approach | 193 |
| 4. | Mr. Chrappa’s Erroneous Calculation of Economic Obsolescence..... | 195 |

I, David K. Goesling, declare as follows:

1. I submit this declaration pursuant to the *Stipulation and Order Amending and Superseding Certain Prior Orders Regarding Discovery and Scheduling* entered by the Court on December 2, 2016. Adv. Pro. Dkt. No. 805. This declaration constitutes the direct testimony I would give if called to testify on behalf of the Motors Liquidation Company Avoidance Action Trust (“**Plaintiff**” or the “**Trust**”).

2. On November 23, 2016, I submitted my initial expert report in this adversary proceeding setting forth my analysis, conclusions, and opinions in this matter. I amended my initial report on February 6, 2017 (as amended, the “**Goesling Initial Report**”). A true and correct copy of the Goesling Initial Report is attached hereto as Exhibit A. On December 21, 2016, I submitted my Appraisal Review Report (the “**Goesling Appraisal Review Rebuttal Report**”), which responds to the Retrospective Sampling Inspection and Appraisal Report that was submitted by Defendants’ appraiser in this case, Carl C. Chrappa (the “**Chrappa Appraisal**”). A true and correct copy of the Goesling Appraisal Review Rebuttal Report is attached hereto as Exhibit B. Finally, on January 9, 2017, I submitted a rebuttal report (the “**Goesling Classification Rebuttal Report**”), which responded to certain analyses contained in the expert reports of Eric Stevens, John Buttermore, Daniel Deeds, Max Miller, John Thomas, and Steven Topping (the “**Former GM Employee Reports**”). A true and correct copy of the Goesling Classification Rebuttal Report is attached hereto as Exhibit C.

I. PROFESSIONAL BACKGROUND

3. I am a Managing Director in the Valuation & Financial Opinions Group at Stout Risius Ross (“**SRR**”) and am currently a senior member of the Machinery & Equipment Group, after managing the group for more than nine years.

4. Prior to joining SRR, I was the president and owner of Sigma Appraisals, Inc., in Palatine, Illinois. Prior to the formation of Sigma Appraisals, Inc., I had served as Director of Corporate Services at Dovebid Valuation Services, Inc., Senior Manager of Valuation Services at KPMG, LLP, Senior Vice President at Valuation Counselors, Inc., and Vice President of Machinery and Equipment Appraisal at Merrill Lynch Business Brokerage & Valuation.

5. I have more than 35 years of experience performing valuations on behalf of a diverse client base for purposes including, but not limited to, financial reporting, federal income tax reporting, asset-based lending, property tax disputes, condemnation, leasing, insurance, litigation and bankruptcy. My appraisal work has involved valuation services to clients in various industries, including in the manufacturing (automotive, food, electronics, steel production, metalworking, pharmaceuticals, chemicals, textiles), communications (voice and data, television, print), mining, energy, transportation (rail, marine and trucking) and retail sectors.

6. I have extensive experience valuing tangible assets used in almost every area of automobile manufacturing and have previously appraised automotive manufacturing assets for purposes including bankruptcy reorganization (fresh-start accounting), mergers and acquisitions, property tax appeals, leasing and asset-based lending. Specifically, I have appraised automotive manufacturing assets used in the production of items ranging from small to large components (spark plugs, drum brake drums and pads, disc brake rotors and pads, door and window seals, leather seat coverings, wheels, transmission gears and housings, carpets and headliners) to subassemblies (electric motors, throttle bodies, instrument panels, seats, engines, transmissions, inner body structural components, and radiators) to entire vehicles, including automotive assembly plants in the United States, Germany, Belgium, and Romania. My clients have included Tier I and

Tier II components/subassembly suppliers and original equipment manufacturers (OEMs), including Ford, Chrysler, and Mitsubishi.

7. My appraisal experience includes numerous assignments that have required the sorting of tangible assets into real and personal property classifications.¹ I have often performed personal property valuations where tangible assets need to be classified into real and personal property categories, including purchase price allocations, goodwill and long-lived asset impairment valuations, property tax appeals, and condemnations.

8. Purchase price allocation refers to the allocation of the total purchase price paid by an acquiring entity for a business to the individual assets of the acquired business, typically for financial and/or tax accounting purposes. Because land is non-depreciable and other real property assets—including buildings, building improvements, and site improvements—have much longer lives than personal property, the classification of tangible assets as either real or personal property can have a significant impact on financial earnings and/or taxable cash flows. In addition, the Internal Revenue Code has different depreciation periods and rates depending on the property classification. Accordingly, purchase price allocation requires consideration of the different kinds of assets that constitute the acquired business, as well as a working understanding of the criteria used by the IRS to classify property as real or personal. Elements of my work in the purchase-price allocation context overlap with what I have been asked to do here, including consideration of whether an asset is essentially an item of machinery or equipment as commonly defined in the

¹ Appraisals first identify the subject assets being valued. For personal property appraisals, this requires a determination of what is and is not personal property. See, e.g., PX-0121 (2015 Duff & Phelps Shreveport appraisal for RACER) at DUFF00000127; PX-0123 (2012 Duff & Phelps appraisal for RACER) at DUFF00000041-42; PX-0124 (2013 Duff & Phelps appraisal for RACER) at DUFF00000092; PX-0239 (2013 Duff & Phelps Shreveport appraisal for RACER) at RT00006.

industry; whether the building in which an asset sits is used exclusively for certain specific manufacturing activities; and whether the use of the building is so closely related to the use of the asset that the building cannot effectively be used without the asset.

9. When SRR is hired to conduct an appraisal for a purchase price allocation, the personal property and real estate appraisers discuss and agree upon the classification of tangible assets after giving consideration to the client's historic classifications, performing physical inspection of the assets, and holding discussions with on-site personnel regarding the nature and use of the assets. In 2015 alone, SRR's personal property group performed more than 125 purchase price allocation appraisals. As a member of the personal property group, I was involved in approximately 50 of the purchase price allocation appraisals and participated in determining whether to classify an asset as personal or real property for tens of thousands of assets.

10. I have also appraised personal property for goodwill and long-lived asset impairment valuations. These appraisals, like purchase price allocation appraisals, require careful and accurate classification of real and personal property. In 2015 alone, SRR's personal property group performed more than 20 such goodwill and long-lived asset impairment valuations, and I was personally involved with eight of them.

11. Appraisals for property tax appeal purposes also require categorization of assets as real or personal property. Typically, the tax assessor will divide the real and personal property of a commercial or industrial facility into separate real estate and personal property parcels, allowing the taxing authority to apply various assessment factors, tax exclusions or exemptions, equalization rates, and tax multipliers. Accordingly, property tax appeals often turn on the accuracy of the tax assessor's classifications of real and personal property, as that determination affects not only the

value of the assets but also whether a particular group of assets is taxable at all. I have personally performed several dozen such appraisals of manufacturing assets for property tax appeal purposes.

12. When categorizing assets for tax appeal purposes, appraisers apply the legal standard for real property/fixtures of the relevant jurisdiction. For example, I have testified as an expert before the Michigan Tax Tribunal about whether assets at a food processing plant were properly considered real property/fixtures or personal property.² As with the purchase price allocation work described above, I considered the client's historic classifications, performed physical inspection of the assets, and consulted with on-site personnel regarding the nature and use of the assets. My analysis included consideration of whether each item (1) was actually attached to the realty or something appurtenant thereto; (2) was appropriated to the use or purpose of that part of the realty with which it was connected; and (3) was intended to be made permanent by the party that placed it on the property. In reaching my conclusion as to the intentions of the party, I considered the nature of the article affixed, the relation and situation of the party making the annexation, the structure and mode of annexation, the difficulty of removal, whether such removal would cause damage, and the purpose or use for which the annexation had been made. I have testified on four other occasions, as part of my valuation work in tax valuation disputes, as to whether assets should be classified as personal or real property.

13. Finally, valuation in the condemnation context typically requires the appraiser to classify property as movable personal property or real property in order to allow the court to determine just compensation. In a condemnation proceeding, for eminent domain purposes, a fixture is an item that is affixed to the realty and therefore condemned along with the realty. Again,

² PX-0058 (*Yoplait USA – General Mills v. City of Reed City*, Final Opinion and Judgment, Nov. 20, 2015).

the typical classification process involves reviewing the client's historic asset classifications, performing a physical inspection of the assets, and holding discussions with on-site personnel regarding the nature and use of the assets. The key criteria considered for condemnation appraisals are annexation and intention. Consideration is given to whether (and, if so, how) an asset is attached; and whether the asset, if removed, could generally be used elsewhere or whether removal would leave the part unfit for use. In condemnation proceedings, I have also considered whether the property owner intended to have permanent use of the item.

14. In short, I have extensive prior experience with machinery and equipment appraisals in which I have applied a fixture definition similar to the definition at issue here. I also have substantial experience applying real and personal property standards to a wide range of manufacturing assets. As explained below, application of the relevant fixture definition that was supplied to me by counsel in this action required me to consider criteria with which I have substantial experience.

15. I have provided expert testimony regarding appraisal matters in courts and other tribunals in Delaware, Illinois, Michigan, Oklahoma, Texas, Colorado and West Virginia, and I have successfully defended my valuations before the Internal Revenue Service and other third parties. Based on my more than thirty-five years of experience classifying and appraising manufacturing assets, I am competent to classify assets as real or personal property and as fixtures or non-fixtures, and to perform a valuation of the assets.

II. ASSET CLASSIFICATION

A. Asset Classification Assignment

16. In this litigation, I was asked to provide my opinion as to whether each of the 40 Representative Assets was or was not a fixture. As part of reaching that opinion, I also formed

369. In reaching my classification conclusion, I put weight on the fact that the GG1 Clearing Transfer Press was removed from Grand Rapids and sold separately before the Grand Rapids realty was sold, demonstrating that GM did not consider the GG1 Clearing Transfer Press to be part of the realty. Further evidencing GM's treatment of its presses, including the GG1 Clearing Transfer Press, as personal property, is the language in the leases discussed above relating to the Schuler and B3-5 Transfer Presses. Although Maynards sold this particular press for scrap, there is a secondary market for similar transfer presses illustrating the movement of similar presses. PX-0350 (Reviewed Asset Auction Lots) [& PX-0348 \(Similar Asset Auction Lots\)](#). I conclude based on my understanding of the equipment market in 2010 and the deposition testimony from Maynards that the lack of a sale for reuse was likely related to the old vintage and technology of the press coupled with the bad economic conditions in 2010, not because of a lack of a market for presses.

VI. VALUATION OF THE SURVIVING COLLATERAL

370. In addition to rendering an opinion as to the classification of each of the Representative Assets, I was also asked to provide an expert opinion of the value of the 40 Representative Assets as of June 30, 2009 (the "**Valuation Date**"), without regard to their classification. In other words, I appraised all 40 of the Representative Assets regardless of whether or not I classified the asset as a fixture.

371. My initial expert report that was submitted in this case, a copy of which is attached hereto as Exhibit A, sets forth in detail the process and assumptions that I employed in conducting my appraisal of the Representative Assets. I prepared my appraisal of the Representative Assets in conformance with the relevant sections of the current Uniform Standards of Professional Appraisal Practice ("**USPAP**") of the Appraisal Foundation and the Principles of Appraisal Practice and Code of Ethics of the American Society of Appraisers.

372. The Competency Rule of USPAP mandates that, as a prerequisite for each assignment performed by an appraiser under USPAP, the appraiser must: (i) have the experience and ability to properly identify the valuation problem to be addressed; (ii) possess the knowledge and experience to complete the assignment competently; and (iii) have the ability to recognize and comply with the laws and regulations that apply to the specific valuation assignment. Prior to performing the appraisal of the Representative Assets, I analyzed the USPAP Competency Rule and, based on my experience and qualifications set forth in Section I above, determined that I was competent to perform the assignment.

A. Market Conditions on the Valuation Date

373. My appraisal was a retrospective appraisal, which valued the assets as of June 30, 2009.²¹ In order to put my appraisal in the appropriate context, it is important to understand the state of affairs of Old GM at that time, as well as overall market conditions that impacted the values of automotive machinery and equipment as of the Valuation Date.

374. In June 2009, the United States was experiencing a large-scale financial crisis that threatened the country's financial system and the U.S. economy was in the worst condition it had been in for a very long time. In connection with my appraisal work, I examined the economic indicators that existed as of the Valuation Date and reviewed data about Gross Domestic Product, unemployment rates, the Industrial Production Index and U.S. light vehicle sales. A more detailed summary of my findings is set forth in Section III of my Initial Expert Report.

²¹ Because my appraisal was a retrospective appraisal, I made the extraordinary assumption (as defined by USPAP) that, unless informed otherwise and except for normal physical deterioration, the observed condition of the assets that were inspected in May and June 2016 was not materially different than the condition as of the Valuation Date. If this assumption is found to be false, my appraisal of the Representative Assets could be affected.

375. As of the Valuation Date, much like the U.S. economy as a whole, the U.S. auto manufacturing industry was in deep trouble and had been for some time. There were several significant existing and emerging trends that impacted the vehicle manufacturing industry, including:

- *Increased competition from foreign-owned automakers.* For example, starting around the time of the 1979 global oil crisis, Japanese and other foreign automakers began to erode the U.S. market share of the domestic OEMs by importing vehicles into the U.S. Shortly thereafter, foreign manufacturers started to build U.S. plants – there have been at least 20 foreign-owned auto assembly or powertrain facilities build in the U.S. between 1980 and 2009. During that time frame, GM, Ford and Chrysler lost half of their domestic market share.
- *Passage of new legislation.* With the passage of new legislation requiring stricter average fuel economy standards, stricter safety standards, and tighter emissions standards, the OEMs were forced to invest capital in new technologies, including diesel applications and hybrid engines, which allowed the OEMs to comply with these increasingly stringent regulations.
- *Increased cost of raw materials.* Prior to the Valuation Date, there were significant increases in the global prices of aluminum, copper, lead, nickel, platinum, resins, and steel leading to increased pressures on the OEMs' profits.
- *Tightened credit markets.* Credit markets had become increasingly tight as of the Valuation Date, and restricted borrowing was preventing potential customers from buying new cars and light trucks in the U.S. and throughout the world.

376. Since mid-2007, the Big Three U.S. OEMs – including GM – were suffering. GM recorded a net loss of \$38.7 billion in 2007 and \$30.9 billion in 2008. In 2008, Chrysler, which had revenues that were only 1/3 of GM's revenues, lost \$16.8 billion. And Ford's automotive operations lost \$5.1 billion and \$11.9 billion in 2007 and 2008, respectively.

377. General Motors' 2008 10-K filing with the SEC stated that due to goodwill impairments in 2008, it no longer had any goodwill on its balance sheet as of the end of 2008. The 10-K also contained the following statement:

Our significant recent operating losses and negative cash flows, negative working capital, stockholders' deficit and the uncertainty of UST approval of the Viability Plan, the UST

funding of the Viability Plan and successful execution of our Viability Plan, among other factors, **raise substantial doubt as to our ability to continue as a going concern.**²²

378. In December 2008, Treasury announced that it would provide up to \$13.4 billion in loans to General Motors using authority provided under the Troubles Asset Relief Program (TARP). The loan closed on December 31, 2008, and required General Motors to submit a detailed restructuring plan demonstrating long-term viability. In February 2009, General Motors presented its restructuring plan to Treasury. The plan reported considerable deterioration in the economic outlook and forecasted significantly worse U.S. auto industry volume for 2009 than previously predicted. At the end of March 2008, Treasury deemed the restructuring plan not viable and required GM to go back to the drawing board and create another plan.

379. On April 30, 2009, Chrysler filed for bankruptcy. With the support of Treasury, under Section 363 of the Bankruptcy Code, Chrysler sold most of its assets to a new entity in which Fiat had a 20% interest, the autoworker's union retirement health care trust (voluntary employee benefit association "VEBA") owned 55%, and the U.S. and Canadian governments were minority stakeholders.

380. By May 2009, General Motors successfully presented to Treasury a restructuring plan that President Obama deemed viable. The restructuring plan required about \$30 billion of additional federal assistance to support the plan and contemplated the use of Section 363 of the Bankruptcy Code to "clear away the remaining impediments to its successful relaunch."²³

²² Form 10-K Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the year ended December 31, 2008 General Motors Corporation, page 20.

²³ "FACT SHEET: Obama Administration Auto Restructuring Initiative General Motors Restructuring" 30 March 2009, U.S. Department of the Treasury, 30 March 2009, available at: <https://www.treasury.gov/presscenter/pressreleases/Pages/tg179.aspx>.

381. On June 1, 2009, immediately after the Government's approval of GM's viability plan, GM filed for bankruptcy. Two days later, the Obama Administration provided a \$30.1 billion Debtor-in-Possession loan to General Motors.

382. In sum, as of the Valuation Date, the U.S. economy was in dire straits and without the U.S. government's intervention, two of the former Big Three automakers would likely have been dissolved. With this as the backdrop, below I discuss my appraisal of the Representative Assets in greater detail.

B. The Appropriate Premise of Value

383. The first step in performing any appraisal is to determine the appropriate premise of value to use. Consideration of the highest and best use of an asset (or group of assets) dictates the appropriate premise of value to apply in valuing the property. Determining the highest and best use of the 40 Representative Assets includes an analysis of the current use and alternative uses of the property, considering what is legally permissible, physically possible, financially feasible, and maximally productive. The highest and best use of the property is a use that meets all four of these criteria.

384. With regard to the 40 Representative Assets, there appear to be no legal issues that would prevent the subject assets from being used in automotive manufacturing operations and the past use of the assets by Old GM demonstrates that it was physically possible to use all of the 40 Representative Assets in automobile manufacturing operations as of June 30, 2009, [except perhaps for the Gas Cleaning System at Defiance](#). Thus, the focus of the highest and best use analysis for the appraisal of the Representative Assets is whether as of the Valuation Date, continued use of the assets was financially feasible and maximally productive.

385. Generally speaking, value can be broadly classified into the two premises of value: value in exchange and value in use. *See generally* Initial Expert Report at 334. Value in exchange

represents the amount that could be realized from a sale of the asset as if removed from use and available on the open market, and is often determined by consideration of actual sales of similar assets. On the other hand, appraising machinery and equipment under the in use premise requires adding the costs (direct and indirect) required to get the equipment installed in the plant and ready to operate to the market value of the asset. By adding these additional costs, the appraiser converts the market price of the asset to the in-use value of the asset.²⁴

386. To value assets in continued use, the collective assemblage of the company's assets must have going-concern value and there must be an adequate return on investment to justify the continued use of the assets. Otherwise, the continued use of the assets is not considered to be "financially feasible" or "maximally productive" under the highest and best use analysis:

A positive income stream indicates that the business enterprise is a going concern, with future benefits of ownership. **If the forecasted income stream is negative or zero, implying that the business is losing money, or at best breaking even, the assets must be valued under a premise of removal (net salvage). In theory, the assets should be deployed elsewhere to maximize their value.**²⁵

387. In connection with my appraisal, I was asked to assume that, absent a substantial government subsidy, Old GM would have been unable to continue as a going concern. As part of understanding why I was asked to make this assumption, I reviewed the Expert Report of Daniel Fischel, which concluded, among other things, that there was "no basis to attribute any value related to Old GM's assets as part of a going concern" and, further "since there are insufficient cash-flows to support the operations of the firm, the value of the firm is estimated based on the prices one would expect to receive for the firm's assets as part of a disposition of those assets on

²⁴ PX-0163 (Machinery and Technical Specialties Committee of the American Society of Appraisers, *Valuing Machinery and Equipment: The Fundamentals of Appraising Machinery and Technical Assets*, 3d ed. (Washington, DC: American Society of Appraisers, 2011) (the "ASA")) at 117.

²⁵ PX-0163 (ASA) at 108 (emphasis added).

a piecemeal basis through the secondary markets.” In addition to the support for the assumption that I found in Mr. Fischel’s report, I note that the assumption that Old GM did not have going concern value on the Valuation Date also comports with my own understanding of the state of Old GM’s business enterprise as of June 30, 2009, and the poor state of the automotive industry on the Valuation Date. Because Old GM’s assets did not have value as part of a going concern as of the Valuation Date, value in exchange, which is based on the market prices that would be received from the sale of the assets on the secondary market, is the appropriate premise to use in a valuation of the Representative Assets and has been used in my analysis.

388. After selecting the appropriate premise of value – here, value in exchange – I then had to determine whether to apply Fair Market Value, Orderly Liquidation Value or Forced Liquidation Value. The primary consideration in selecting the applicable definition of value is the amount of time available for the sale of the asset or assets. Fair Market Value is defined as a situation where there is no compulsion to buy or sell, and thus no time limitation for the sale.²⁶ Orderly Liquidation Value is defined as: “[a]n opinion of gross amount, expressed in terms of money, that typically could be realized from a liquidation sale, given a reasonable period of time to find a purchaser (or purchasers), with the seller being compelled to sell on an as-is, where-is basis, as of a specific date.”²⁷ Finally, Forced Liquidation Value is appropriate in circumstances where a seller is forced to sell in a severely restricted timeframe, such as a quick sale auction occurring in 30 to 60 days.

²⁶ Specifically, Fair Market Value is defined in the M&E literature as “an opinion, expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.” PX-0163 (ASA) at 10. In this Declaration, when I refer to Fair Market Value as a defined term, I am referring to the definition set forth in the ASA.

²⁷ PX-0163 (ASA) at 555.

389. Here, Old GM plainly was under compulsion to sell its assets. More than that, I think it is unreasonable to contend that Old GM did not have any compulsion to sell. GM was in bankruptcy and was on a tight timeframe to complete a 363 sale of most of its assets to avoid having to liquidate. As a managing director of Evercore Group, L.L.C., Old GM's financial advisors, stated in a sworn statement to the Bankruptcy Court:

The availability of financing, or lack thereof, is a principal factor in GM's decision to pursue the 363 Sale. The combination of (a) the fact that no bona fide potential buyers other than Vehicle Acquisition Holdings LLC have expressed an interest in acquiring GM, (b) that there is no alternative source to finance a restructuring for GM, either in or out of bankruptcy, and (c) that the DIP Financing proposal offered by the U.S. Treasury and Export Development Canada is conditioned on the 363 Sale, support the Conclusion that **the Company is faced with a choice between the 363 Sale or the immediate liquidation of the business.**²⁸

390. Under the Orderly Liquidation Value premise of value, the seller has a reasonable but limited amount of time to sell the assets. I determined that this was the most appropriate premise of value under the circumstances as of the Valuation Date (hereinafter, I refer to the Orderly Liquidation Value in exchange premise of value as "**OLV**"). More specifically, in appraising the Representative Assets, I assumed that Old GM would have between nine and eighteen months to dispose of the property.

391. Generally speaking, OLV is less than Fair Market Value because the concept behind Fair Market Value is that you can allow unlimited time for a sale to find the right buyer and maximize proceeds. "It is, however, possible for the value to be very close to fair market value, with the difference being that under the premise of orderly liquidation there is a limited period in which to sell. The seller is compelled to sell, although without the same sense of

²⁸ JX-0003 (Declaration of J. Stephen Worth, dated May 31, 2009 (Case No. 09-50026, Docket No. 3031) (emphasis added).

immediacy or urgency that is assumed in a forced liquidation.”²⁹ Given how depressed the market for automotive machinery and equipment was at the end of June 2009, there was not a significant difference between buyers at the retail level and buyers at the wholesale level, thereby narrowing any potential gap between Fair Market Value and Orderly Liquidation Value. Further, because of the dire state of the market, an extended period of time would have been required – perhaps several years – to maximize the proceeds of the sale of each of the Representative Assets. When you consider the significant holding costs and other costs that would have been associated with keeping the equipment for an extended period of time while waiting for the perfect buyer, it is likely that Fair Market Value would have yielded about the same values as Orderly Liquidation Value and, in some cases, Fair Market Value may even have been lower.

392. To be clear, OLV is not a “fire sale” or foreclosure value of the assets, which would yield much lower values as a result of the associated time pressure of a sale. Specifically, there are usually two types of buyers of automotive assets: end users, who purchase the assets for their own use, and used machinery dealers or brokers, who purchase the assets in anticipation of future resale. End users are more likely to pay a higher price for automotive assets than speculative dealers, who must take into consideration holding costs, including warehousing; any necessary repair or rebuild; marketing; and warranty expense. The less time that a seller has to sell an asset, the more likely it is that the seller will be forced to sell to dealers or brokers at a lower price. In the absence of either end users or used machinery dealers, certain assets (or portions thereof) may be sold for scrap. Here, because I am applying OLV, I have assumed that the buyers would be a mix of end users, speculative purchasers, and scrap dealers. Had I used a Forced Liquidation Value

²⁹ PX-0163 (ASA) at 110-11.

premise, I would have assumed a higher percentage of speculative purchasers and scrap dealers, resulting in lower values for the assets.

393. It is my view that for purposes of this appraisal, OLV most closely approximates a market-based valuation of the Representative Assets. Of course, because my approach is a market-based approach, the state of the economy as of the Valuation Date had a significant impact on the value of Old GM's assets. As discussed above, as of the Valuation Date, the manufacturing sector was significantly affected by poor economic conditions. Many manufacturers had curtailed production and/or closed plants and investment in capital equipment had slowed dramatically. Liquidations of automotive machinery and equipment in early 2009 produced mixed results: machinery that had experienced good demand and marketability in the past had become difficult to sell and equipment remained unsold due to an excessive amount of similar assets available in the marketplace, a lack of buyer interest, or unreasonable expectations on the seller's part regarding the value of the assets.

394. In the next section, I discuss the appraisal techniques that I used to value the Representative Assets employing the OLV premise of value and discuss in greater depth the appraisal of each of the Representative Assets.

C. Appraisal Techniques

395. In order to determine the OLV of the Representative Assets, I considered the potential applicability of the three standard appraisal techniques: the Income Approach, the Cost Approach, and the Market (or sales comparison) Approach.

396. Although I considered the Income Approach, I ultimately determined that it was not an appropriate way to value the Representative Assets because it is not possible to reliably allocate earning capacity when valuing individual assets. Even when income or earnings for a business are known (or can be forecast), it is highly unlikely that some small portion of earnings

can be reasonably attributed to an individual piece of machinery. For that reason, the Income Approach is rarely used when valuing individual pieces of machinery.

397. Accordingly, I applied the Cost and Market Approaches, but ultimately determined that the Market Approach yielded the most accurate values and, where possible, relied on the Market Approach.³⁰

398. I have made every effort to reach value conclusions that are supportable and representative of the automotive market as it was at the time, based on the best information available. In cases where there had been little or no recent activity involving transactions of similar equipment capacity, I have relied heavily on my experience, judgment, and opinion in reaching the value estimates. The assigned value estimates for the equipment are my best-informed opinion regarding the level of value at which a knowledgeable buyer would be motivated to purchase.

³⁰ “The used equipment market is an established means of buying and selling equipment. The used market consists of used machinery dealers, auctions, and public and private sales, and is often (but not always) the most reliable method of determining certain types of value for certain types of value for certain types of properties.” PX-0163 (ASA) at 93.

1. The Cost Approach

399. To value the Representative Assets under the Cost Approach, I first determined the replacement cost new (“RCN”) of the assets using the historic cost trending method. Under this method, a cost index, used to measure changes in prices over time, is applied to historical cost data to determine RCN. The reliability of the results in using the historic cost trending method depends heavily on the quality of the historical cost information used. I chose to apply this method because I believe that the costs and acquisition dates reported by General Motors in the eFAST system were accurate. The other methods for estimating RCN that I considered, but ultimately did not use in my analysis, are discussed in my Initial Expert Report. See pp. 336-37.

400. In order to calculate the RCN, I first segregated the Representative Assets into 15 different categories based on asset type, such as industrial furnaces, metal forming presses, cranes, etc. The cost of each item was then increased to a current cost using price indices from the United States Department of Labor’s Bureau of Labor Statistics. A list of the indices and class codes used for each asset class is set forth in the table below:

| Class Code | Asset Class | Cost Index Source | Producer Price Index |
|------------|---|---|----------------------|
| 1 or 31 | General Equipment | Bureau of Labor Statistics - Producer Price Index | WPU114 |
| 5 | Software | Bureau of Labor Statistics - Producer Price Index | PCU511210511210502 |
| 7 | CNC Machining Equipment | Bureau of Labor Statistics - Producer Price Index | WPU1137 |
| 8 | Leasehold Improvements - Central States | Marshall Valuation Service | Class S Bldgs |
| 11 | Metal Forming Presses | Bureau of Labor Statistics - Producer Price Index | WPU1138 |
| 15 | Cranes | Bureau of Labor Statistics - Producer Price Index | WPU114404 |
| 18 | Conveyor Systems | Bureau of Labor Statistics - Producer Price Index | PCU333922333922 |
| 19 | Switchgear and Electrical Equipment | Bureau of Labor Statistics - Producer Price Index | WPU1175 |
| 37 | Metal Tanks | Bureau of Labor Statistics - Producer Price Index | PU1072 |
| 38 | Industrial Furnaces, Kilns, Ovens | Bureau of Labor Statistics - Producer Price Index | PCU333994333994 |

| | | | |
|-----------|--------------------------|---|-----------------|
| 40 | QC/Test Equipment | Bureau of Labor Statistics - Producer Price Index | PCU334516334516 |
| 43 | Concrete block and brick | Bureau of Labor Statistics - Producer Price Index | WPU1331 |
| 44 | Process Piping | Bureau of Labor Statistics - Producer Price Index | WPU101706 |
| 45 | Utilities | Bureau of Labor Statistics - Producer Price Index | PCU221 |

Exhibit D.1 to my Initial Expert Report summarizes the Cost Approach as applied to each of the Representative Assets and identifies the class code used for each asset. A table summarizing the information obtained from the cost indices is attached hereto as Exhibit E. The trend factor column in Exhibit D.1 to my Initial Expert Report is derived from dividing the price index for applicable class code for the base year (here, 2009 because that is the Valuation Date) by the price index for the year the asset was capitalized. To take one example, Representative Asset No. 4 (the ELPO Process Waste Lines), which was placed into service in 2006 and for which I have assigned a class code of 44 (process piping), to calculate the trend factor of 1.07, I would divide 215 (row N39) by 200.85 (row N36).

401. To the extent possible, I verified the accuracy of the trending analysis through discussions with industry equipment dealers, publicly available data, and recognized industry cost sources. Finally, I compared the trended costs to the cost of assets newly acquired in 2009 to further test the accuracy of the trending process.

402. Since the Representative Assets were not brand new as of the Valuation Date, all forms of accrued depreciation – physical deterioration, functional obsolescence and economic obsolescence – then had to be deducted from the RCN. The depreciation factors were derived from studies of actual retirements of similar assets, discussions with current manufacturers, and my experience with similar assets and the automotive industry more generally.

403. To estimate physical depreciation, I considered the following information regarding the appraised assets: age of the asset as of the Valuation Date, current physical condition, current utilization, operating history, maintenance history, and planned future utility. This information was collected during the physical inspection of the assets and/or through discussions with New GM personnel knowledgeable about the Representative Assets. For each of the Representative Assets, I was able to obtain information regarding the actual age of each asset through numerous sources, including, but not limited to, the eFAST asset listing, discussions with New GM personnel, and serial number research.³¹ Next, I estimated the remaining useful life of each asset by subtracting the effective age of each asset from my estimate of the normal useful life of the asset. For example, looking at the first line of Exhibit D.1, Representative Asset No. 2, Pits and Trenches, I subtracted 2.9 from 35 to calculate a remaining useful life of 32.1 years. I then calculated one minus the remaining useful life (here, 32.1 years) divided by the normal useful life (35 years) times one hundred to arrive at the percentage of physical deterioration (here, approximately 8.4%:

$$\left[\left(1 - \left(\frac{32.1}{35} \right) \right) \times 100 \right] = 8.4$$

One hundred minus the physical deterioration is called the “percentage good” of the asset, as reflected in Exhibit D.1.

404. Next, I considered the other two forms of depreciation: functional and economic obsolescence. Functional obsolescence is a loss in value attributable to the development of new

³¹ Sometimes when conducting appraisals, I also estimate the effective age of assets based on a number of factors, including amount of use, regularity and extent of maintenance, and wear and tear. The effective age for a given asset may be more than, less than, or equal to, the actual age of the asset. In this case, except for the 100 ton furnace (Representative Asset No. 28), we did not have any factual information regarding the assets that would cause me to estimate the effective ages of the assets as different from the chronological ages.

technology that allows for more efficient or less costly replacement property. Economic obsolescence includes any economic or external factors that may have impacted the value of the assets. Signs of economic obsolescence can include: (i) reduced demand for a company's products; (ii) overcapacity in the industry; (iii) dislocation of raw material supplies; (iv) increasing costs of raw materials, labor, utilities, or transportation, while the selling price of the product remains fixed or increases at a much lower rate; (v) government regulations that require capital expenditures to be made, but offer no return on investment; and (vi) environmental considerations that require capital expenditures to be made, but offer no return on investment. The research I conducted for the Market Approach (discussed in detail below) indicated that as of the Valuation Date the market for manufacturing machinery was depressed, with little activity for many types of assets. Thus, additional depreciation was applied to account for economic obsolescence due to general market conditions.

405. The adjustment I made for obsolescence is based on discussions with equipment dealers, as well as a review and comparison of the values indicated under the Cost Approach (before obsolescence adjustments were made) to the value indicated by the Market Approach (discussed below).³² The difference in the values determined by the two approaches has been deemed to be due to unmeasured functional and economic obsolescence since the market prices for similar assets takes into consideration advances in technology and external market factors. Using market prices to quantify economic obsolescence makes intuitive sense given that one would expect the market price of an asset to capture and reflect all of the extrinsic factors that impact the

³² For any assets for which I was unable to locate market comparable transactions, I examined transactions involving assets with similar characteristics, and made any necessary adjustments, in order to estimate the obsolescence factor for those assets.

value of the asset. Thus, I adjusted the Cost Approach value indications to account for the additional depreciation that caused those differences in value.

406. For each of the Representative Assets, I quantified ~~the~~ depreciation due to physical deterioration and obsolescence (functional and economic), and deducted the total amount of depreciation from the RCN. Finally, I deducted the loss in value of installation and the cost of deinstallation in arriving at my indication of value under the Cost Approach for each asset. The adjustments for removal are based on estimates from knowledgeable industry experts, as well as my own experience with the installation and removal of similar assets. The depreciated value of installation costs was also deducted.

2. The Market Approach

407. In developing my opinion of OLV using the Market Approach, I considered the following three techniques to estimate the value of the assets: (1) a direct match of a recent sale in the used market; (2) a comparable match, which determined value based on the analysis of similar used equipment sales; and (3) the percent to cost technique.

408. For the direct match and comparable match techniques, values of the Representative Assets were estimated based on market prices in actual transactions and on asking prices for similar assets. After searching numerous sources and databases for sales or offerings of assets similar to the 40 Representative Assets, I selected the sales or offerings I deemed to be most comparable with the property being valued.³³ I then had to make adjustments to account for differences in factors such as time of sale, location, type, age, condition of the equipment and prospective use.

³³ For the convenience of the Court and the parties, attached hereto as Exhibit F is Exhibit E to the Goesling Initial Report, annotated to include references to PX exhibit numbers where appropriate.

409. The third technique, the percent to cost technique, involved an analysis of the ratio of used sales prices to the RCN of the asset, derived by reviewing transactions in assets similar to the 40 Representative Assets in nature and age. The relationships between age, selling price, and replacement cost were then analyzed to develop a percent to cost factor. These percent to cost factors were then applied to the cost of similar assets for which only limited or no market data was available. This procedure involves direct application of the percent to cost factor if the subject asset is of the same vintage and utility as the assets from which the factor was extracted. If the subject asset is similar but a different age, the appropriate percent to cost factor is developed through a relationship analysis. The percent to cost technique was used at least in part to estimate the market value of Representative Asset Nos. 1 (Shim Select and Placement Machine), 5 (Paint Mix and Circulation Electrical System), 11 (the Central Utilities Complex), 14 (the Leak Test System), 23 (Coolant Filtration System), 27 (Cupola No. 4 Emissions System), 34 (4 Speed Build Line), and 38 (the Gas Cleaning System).

410. I applied all three techniques in applying the Market Approach. In addition, in instances where there were no comparable sales of assets (or portions of assets), I considered whether there was any scrap value for the asset or a portion thereof. I also used these Market Approach techniques to validate and modify the results of the Cost Approach. Market data was obtained from "*Data Ref*" *Machinery & Equipment Pricing Guide*, by L & M Publications, and various new and used automobile machinery and equipment dealer websites. In addition, values were estimated on the basis of contact with manufacturers' representatives, used machinery dealers, internal databases, discussions with other knowledgeable experts, and my experience with cost/value relationships. The market data sources for each asset are set forth in the Goesling Initial Report in Exhibit A.

D. Reconciliation of Approaches

411. To the extent possible, the values indicated by the Cost and Market Approaches have been reconciled into a single conclusion of value for each asset. Based on my experience as an appraiser, I determined that the unique situation of the 40 Representative Assets as of the Valuation Date made it too difficult to reasonably estimate depreciation from all causes. When both approaches were applied, I placed all weight on the Market Approach indication of value.³⁴ It is my opinion that the Market Approach provides a far more reliable indication of value as of the Valuation Date, as the adjustments can be more reliably calculated to develop an indication of value as compared to the Cost Approach.

412. A chart summarizing the approaches to value and indicating which approach was ultimately applied is below:

Summary of OLV

| Rep. Asset No. | Asset ID | Company Name (Location) | Asset Description | Cost Approach Value Indication [b] | Market Approach Value Indication [c] | Concluded Value | Concluded Approach |
|----------------|-----------|------------------------------------|---|------------------------------------|--------------------------------------|-----------------|--------------------|
| 1 | 100006527 | GM POWERTRAIN WARREN TRANSMISSION | OP-150 SELECT; CHECK PLACE SHIMS AUTO STATION | 14,500 | 3,000 | 3,000 | Market Approach |
| 2 | 100017544 | GM ASSEMBLY LANSING DELTA TOWNSHIP | GA PITS & TRENCHES | 0 | 0 | 0 | Cost Approach |
| 3 | 100033438 | GM POWERTRAIN WARREN TRANSMISSION | POWER ZONE ROLLER CONVEYOR AUTOMATION TCH MOD 3 | 23,000 | 3,000 | 3,000 | Market Approach |
| 4 | 100037892 | GM ASSEMBLY LANSING DELTA TOWNSHIP | PAINT BLDG LINES - PROCESS WASTE ELPO | 0 | 0 | 0 | Cost Approach |
| 5 | 100037940 | GM ASSEMBLY LANSING DELTA TOWNSHIP | PAINT MIX & CIRCULATION - ELECTRICAL | 105,150 | 152,000 | 152,000 | Market Approach |
| 6 | 100037954 | GM ASSEMBLY LANSING DELTA TOWNSHIP | PAINT DIP CONVEYOR - ELPO OVEN IMC | 25,035 | 7,000 | 7,000 | Market Approach |

³⁴ I did not apply the Market Approach where I was unable to identify comparable sales transactions. In those circumstances, I had no alternative but to rely on the Cost Approach and to make necessary deductions to account for depreciation and obsolescence.

| Rep. Asset No. | Asset ID | Company Name (Location) | Asset Description | Cost Approach Value Indication [b] | Market Approach Value Indication [c] | Concluded Value | Concluded Approach |
|----------------|-----------|------------------------------------|---|------------------------------------|--------------------------------------|-----------------|--------------------|
| 7 | 100038004 | GM ASSEMBLY LANSING DELTA TOWNSHIP | PAINT TC AUTOMATION SOFTWARE | 0 | 0 | 0 | Cost Approach |
| 8 | 100038035 | GM ASSEMBLY LANSING DELTA TOWNSHIP | GA EOL PAINT SPOT REPROCESS SYS PAINT MIX ROOM | 82,500 | 0 | 82,500 | Cost Approach |
| 9 | 100038119 | GM ASSEMBLY LANSING DELTA TOWNSHIP | PAINT TC2 CC BELL ZONE | 263,400 | 0 | 263,400 | Cost Approach |
| 10 | 100041920 | GM MFD LANSING REGIONAL STAMPING | OPTICELL - ROBOTIC MEASUREMENT SYSTEM | 73,000 | 0 | 73,000 | Cost Approach |
| 11 | 100045909 | GM ASSEMBLY LANSING DELTA TOWNSHIP | LANSING DELTA TOWNSHIP ASSEMBLY UTILITY SERVICES | 2,625,000 | 2,367,000 | 2,367,000 | Market Approach |
| 12 | 100048169 | GM ASSEMBLY LANSING DELTA TOWNSHIP | BS ROBOT LAZN-150R1 | 30,100 | 25,000 | 25,000 | Market Approach |
| 13 | 100050513 | GM ASSEMBLY LANSING DELTA TOWNSHIP | BS WELD BUS DUCTS | 650,000 | 681,000 | 681,000 | Market Approach |
| 14 | 100053677 | GM POWERTRAIN WARREN TRANSMISSION | LEAK TEST BASE MACHINE QTY = 1 | 43,750 | 9,000 | 9,000 | Market Approach |
| 15 | 100060623 | GM ASSEMBLY LANSING DELTA TOWNSHIP | GA T/W: SOAP; MOUNT AND INFLATE | 63,050 | 59,000 | 59,000 | Market Approach |
| 16 | 100061079 | GM ASSEMBLY LANSING DELTA TOWNSHIP | BS SKID CONVEYOR - LAZA | 56,100 | 15,000 | 15,000 | Market Approach |
| 17 | 100061614 | GM ASSEMBLY LANSING DELTA TOWNSHIP | BS P&F CONVEYOR - BODY SIDE INNER LH DEL | 37,250 | 24,000 | 24,000 | Market Approach |
| 18 | 100062269 | GM ASSEMBLY LANSING DELTA TOWNSHIP | GA CONVEYOR: VERTICAL ADJUSTING CARRIER (VAC) SYS - CARRIERS (QTY 87) | 91,800 | 59,000 | 59,000 | Market Approach |
| 19 | 100064667 | GM ASSEMBLY LANSING DELTA TOWNSHIP | BS CMM FULL BODY MACHINE - LY90 | 46,000 | 39,000 | 39,000 | Market Approach |
| 20 | 100065640 | GM ASSEMBLY LANSING DELTA TOWNSHIP | GA CONVEYOR SUB-ASM RECEIVING (SAR): WTD1000 - WHEEL & TIRE DELIVERY | 25,900 | 5,000 | 5,000 | Market Approach |
| 21 | 100066809 | GM ASSEMBLY LANSING DELTA TOWNSHIP | GA CONVEYOR: SKILLET - FINAL - LEG 1 | 33,600 | 1,000 | 1,000 | Market Approach |
| 22 | 100069322 | GM POWERTRAIN WARREN TRANSMISSION | FANUC M-710IB/70T ROBOT - ASSEMBLY | 72,500 | 32,000 | 32,000 | Market Approach |
| 23 | 100070012 | GM POWERTRAIN WARREN TRANSMISSION | ALUMINUM MACHINING SYSTEM | 65,000 | 14,000 | 14,000 | Market Approach |
| 24 | 100071009 | GM POWERTRAIN | LFS220 BASE SHAPING MACHINE- OP 20 TRANSFER DRIVE GEAR | 160,000 | 224,000 | 224,000 | Market Approach |

| Rep. Asset No. | Asset ID | Company Name (Location) | Asset Description | Cost Approach Value Indication [b] | Market Approach Value Indication [c] | Concluded Value | Concluded Approach |
|----------------|--------------|-----------------------------------|--|------------------------------------|--------------------------------------|-----------------|--------------------|
| | | WARREN TRANSMISSION | | | | | |
| 25 | 100071022 | GM POWERTRAIN WARREN TRANSMISSION | LIEBHERR HOBBS MACHINE FROM ST. CATHARINES | 180,000 | 244,000 | 244,000 | Market Approach |
| 26 | 100095344 | GM POWERTRAIN DEFIANCE | CORE DELIVERY CONVEYOR SYSTEM CB116 & 122 | 6,750 | 1,000 | 1,000 | Market Approach |
| 27 | 100098085 | GM POWERTRAIN DEFIANCE | EMISSIONS SYSTEM #4 CUPOLA | 386,500 | 131,000 | 131,000 | Market Approach |
| 28 | 100099125 | GM POWERTRAIN DEFIANCE | 100 TON VERTICAL CHANNEL HOLDING FURNACE | 44,200 | 8,000 | 8,000 | Market Approach |
| 29 | BF2016822 01 | GM MFD GRAND RAPIDS | TRANSFER PRESS-GG-1 | 510,000 | 261,000 | 261,000 | Market Approach |
| 30 | BGI20163301 | GM MFD MANSFIELD | TP-14 CS1-1 TRANSFER PRESS DANLY ET-2 | 710,000 | 800,000 | 800,000 | Market Approach |
| 31 | BUY11820901 | GM MFD LANSING REGIONAL STAMPING | DANLY 4000 TON PRESS | 540,000 | 276,000 | 276,000 | Market Approach |
| 32 | BUYR503469FA | GM MFD LANSING REGIONAL STAMPING | AA-11 SCHULER #1 AA CROSSBAR TRANSFER PRESS | 3,925,000 | 3,675,000 | 3,675,000 | Market Approach |
| 33 | BUYR503481FA | GM MFD LANSING REGIONAL STAMPING | B3-5 TRANSFER PRESS SYSTEM INCL. DESTACKER AND EOL | 3,250,000 | 2,400,000 | 2,400,000 | Market Approach |
| 34 | NIT219381 | GM POWERTRAIN WARREN TRANSMISSION | BUILD LINE W/FOUNDATION | 17,500 | 45,000 | 45,000 | Market Approach |
| 35 | NITC03340 | GM POWERTRAIN WARREN TRANSMISSION | BUTTON UP AND TEST CONVEYOR SYSTEM | 58,400 | 2,000 | 2,000 | Market Approach |
| 36 | NITC03507 | GM POWERTRAIN WARREN TRANSMISSION | HELICAL BROACHING EQUIPMENT | 187,750 | 150,000 | 150,000 | Market Approach |
| 37 | NITW0511026A | GM POWERTRAIN WARREN TRANSMISSION | COURTYARD ENCLOSURE | 0 | 0 | 0 | Cost Approach |
| 38 | NJL2924414P | GM POWERTRAIN DEFIANCE | SYSTEM GAS CLEANING NO.4 CUPOLA | 29,000 | 24,000 | 24,000 | Market Approach |
| 39 | NJL2983009 | GM POWERTRAIN DEFIANCE | CB 91 ROBOT | intentionally omitted | | | |
| 40 | NJL6084400 | GM POWERTRAIN DEFIANCE | P & H 7 1/2 TON CHARGER CRANE 6E CUPOLA | 25,000 | 10,000 | 10,000 | Market Approach |

**E. Detailed Description of the Appraisal of Representative Asset No. 36
(Helical Broach) Under the Orderly Liquidation Value in Exchange Premise
of Value**

413. I am now going to walk through one example of the application of the Cost and Market Approaches to a single Representative Asset to help illustrate the steps followed in my analysis.

414. Representative Asset No. 36 (Asset ID NITC035071) is a vertical broaching machine located at the Warren Transmission plant (discussed above). Broaching is a metalworking operation that uses a toothed cutting tool to remove metal, much like a saw cuts through wood as it is pushed forward. The broaching machine pushes the cutting tool against a metal surface; each tooth on the tool is a little longer and removes a little more metal.

415. The subject broaching machine was manufactured by Federal Broach and was placed in service in June 2006 (“Federal Broaching Machine”). This is a powerful broach, with two stations and a broaching force of 450 kilonewtons, or approximately 45 tons. It is used to cut interior helical splines in transmission components. Based on the inspection of the Federal Broaching Machine in June 2016, it appears to be in good condition overall, and was likely in very good condition in June 2009.

1. The Cost Approach

416. Following the steps described above, I estimated the value of the Federal Broaching Machine using the Cost Approach:

| ASSET ID NITC035071 HELICAL BROACHING EQUIPMENT COST APPROACH | | |
|---|--|-------------|
| | | |
| Original cost | | \$1,472,023 |

| | | |
|---|-------------------------|----------------------|
| Date acquired | | 1-Jun-06 |
| Cost indices applied | CNC Machining Equipment | |
| Cost Index | (Jan 2009) | 173.8 |
| Cost Index | (2006) | 163.4 |
| Trend Factor | | (173.8/163.4) 1.0636 |
| Trended RCN | | \$1,565,618 |
| Normal Useful Life (years) | | 10 |
| Age (years) | | 3.1 |
| Calculated Remaining Useful Life | | 6.9 |
| Appraiser's estimated RUL | | 6.9 |
| Percent Good | | (6.9 ÷ 10) 69.2% |
| RCN less depreciation | | \$1,083,407 |
| Adjust for Installion and Removal | | -30% |
| Adjust for functional obsolescence | | 0% |
| | | \$758,385 |
| Estimated economic obsolescence | | -75% |
| RCN less depreciation | | \$189,596 |
| Rounded Cost Approach value indication | | \$187,750 |

417. Under the indirect Cost Approach method, the historic cost was indexed up to a reproduction cost of \$1,565,618. I have assumed the effective age of the Broaching Machine is equal to its chronological age. Accordingly, physical deterioration is estimated to be approximately 30.8%.

418. Since the Federal Broaching Machine is being valued under a value in exchange premise, further reductions in value were made to account for the lost value of installation as well

as the cost of deinstallation that will be incurred by the buyer. The adjustment for lost installation value and deinstallation was estimated to be 30%.

419. No deduction in value has been made for functional obsolescence because a 3 year old machine tool such as the Federal Broaching Machine is unlikely to be significantly affected by changes in technology.

420. The final depreciation factor applied is economic obsolescence. The indicated value for the Federal Broaching Machine by the Cost Approach before consideration of EO is approximately \$758,000. However, market research indicates that nearly identical machines sold on the open market for hundreds of thousands of dollars less than \$758,000. The difference between \$758,000 and the selling prices of similar machines is due to EO, which was estimated at 75%, based on the observed differences between the Cost Approach calculated value (before EO) and the selling prices for similar broaching machines.

2. The Market Approach Applied to Representative Asset No. 36

421. The Federal Broaching Machine described in the Cost Approach section was also valued by the Market Approach using the direct match and comparable match techniques. I located sales of two Federal broaching machines sold from Old GM's Ypsilanti, Michigan plant in August 2010. One sale was a 2006 Federal model 450Kn X 2250 MM, serial number 07-S-103, reported to be a 2007 vintage machine in good operating condition. *See* PX-0103 (List of assets to be sold at auction at Willow Run Transmission held on 8/3/2010). It was sold at auction for \$150,000, even though it had a total installed cost of \$1,535,729 when placed in service on September 15, 2007. I determined that this broaching machine is comparable in that it is essentially the same age as the subject Federal Broaching Machine and has the same capacity. An upward adjustment for conditions of sale was required because the comparable machine was sold at auction and auction prices are typically lower than orderly liquidation values. Finally, a 10% downward adjustment

was made to the comparable broaching machine to account for the used equipment market being somewhat better in August 2010 than as of the Valuation Date.

422. The second sale is also a Federal broaching machine, a 2004 model 90KN X 1000MM, serial number 04-S-102, ~~with a working area of 56 cubic feet~~. See PX-0103 (List of assets to be sold at auction at Willow Run Transmission held on 8/3/2010). This machine was reportedly in good operating condition and sold for \$100,000, even though it had a total installed cost of \$476,728 when placed in service on September 1, 2005. This comparable broaching machine sale is older than the subject, so a small upward adjustment to the selling price is required for age and condition. Because the subject Federal Broaching Machine is more powerful than the comparable broaching machine, I adjusted the price of the comparable broaching machine up by 30% to account for its smaller capacity. The same upward adjustment for conditions of sale and downward adjustment for date of sale were made as with the other comparable broaching machine.

423. The Market Approach for Helical Broaching Machine is below:

| Subject Asset ID NITC03507 | | | |
|-------------------------------|--|--|--|
| Description | | Comparable No. 1 | Comparable No. 2 |
| Helical Broaching Machine | | Helical Broaching Machine | Helical Broaching Machine |
| Manufacturer | | Federal Broach | Federal Broach |
| Model | | 450KN X 2250 | 90KN X 1000MM |
| Serial Number | | 12-S-105 | 04-S-102 |
| Vintage | | 2006 | 2004 |
| Effective Age (Years) | | 3 | 6 |
| Condition | | Good | Good |
| Other | | Includes coolant filtration system, operators platform, hydraulic powerpacks, and Siemens controller | Includes coolant filtration system, operators platform, hydraulic powerpacks, and Siemens controller |
| As of | | 6/30/2009 | 8/3/2010 |
| Consideration | | 150,000 | 100,000 |
| Consideration Type | | Sale Price (Auction) | Sale Price (Auction) |
| Source | | MAYNARDS001952 (RACER Willow Run Auction) | MAYNARDS001952 (RACER Willow Run Auction) |
| Location | | GM Powertrain Warren Transmission | GM - Ypsilanti, MI |
| Age/Condition | | | 20% |
| Capacity | | | 30% |
| Other equipment | | | |
| Financing terms | | | |

| | | | |
|--|--|-----------|-----------|
| Conditions of sale | | 10% | 10% |
| Market conditions (sale date) | | -10% | -10% |
| Indicated Orderly Liquidation Value | | \$150,000 | \$150,000 |
| 150,000 | | | |

424. For this particular asset, the first comparable sale (listed in the chart as “Comparable No. 1”) was an exact model match, meaning that no adjustments were required for physical characteristics. Because both comparable sales occurred on the same day, both were subject to the same adjustments for conditions of sale and market conditions. Because Comparable No. 1 broaching machine is such a close match physically, it is considered to be most comparable to the subject broaching machine, and so I relied on the value indicated by that sale.

3. Reconciliation of Cost and Market Approaches for the Helical Broach

425. For Representative Asset No. 36, discussed above, the value indicated under the Cost Approach was \$187,750 and the value indicated under the Market Approach was \$150,000. I concluded an Orderly Liquidation Value of \$150,000 for the asset, relying exclusively on the Market Approach value indication because the comparable broaching machine was such a close match to the subject asset. I considered, but ultimately disregarded, the Cost Approach analysis because it required significant adjustments to account for economic obsolescence that would render the concluded value less reliable.

F. Appraisal Review of Mr. Chrappa’s Appraisal and the Alternative Valuation

426. Defendants’ appraiser, Carl C. Chrappa, values the Representative Assets using the Fair Market Value in Continued Use (“FMVICU”) with Assumed Earnings premise of value for 38 of the 40 Representative Assets (the “Chrappa Report”). For all of the reasons set forth in my Appraisal Review Report attached hereto as Exhibit B, it is my opinion that Mr. Chrappa’s premise, methodologies and value conclusions are wrong and generally unreliable.

427. While there were many flaws in Mr. Chrappa's approach, all of which are set out in detail in my Appraisal Review, his four most egregious errors include: (1) use of an inappropriate, unsupported premise of value; (2) failure to use the Market Approach for any of the Representative Assets; (3) failure to appropriately consider market conditions in connection with his Cost Approach; and (4) relying exclusively on inutility data in his calculation of economic obsolescence. Each of these errors is discussed in greater detail below.

1. Inappropriate, Unsupported Premise of Value

428. It is my opinion that Mr. Chrappa's use of FMVICU with Assumed Earnings as the premise of value was inappropriate in light of the circumstances that existed as of the Valuation Date. FMVICU with Assumed Earnings is defined as "an opinion, expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, as of a specific date and assuming that the business earnings support the value reported, without verification."³⁵ Mr. Chrappa's premise of value ignores the precarious financial condition of Old GM as of the Valuation Date and incorrectly applies "fair market value" in continued use even though Old GM had filed for bankruptcy and was clearly under compulsion to sell its assets. In my opinion, even if the Court determines that an in use valuation is appropriate for 38 of the Representative Assets, the proper premise of value would be Liquidation Value in Place ("LVIP")— not FMVICU (as defined by the ASA).

429. In response to Mr. Chrappa's flawed valuation of the Representative Assets on an in-use basis, I was asked to perform an alternative valuation in which I valued the Representative Assets using a LVIP premise of value. LVIP is defined as "an opinion of the gross amount,

³⁵ PX-0163 (ASA) at 10.

expressed in terms of money, that typically could be realized from a properly advertised transaction, with the seller being compelled to sell, as of a specific date, for a failed, non-operating facility, assuming that the entire facility is sold intact.”³⁶

430. In my alternative valuation, I assumed that the assets would have been sold by Old GM to a typical market participant, with full knowledge of all relevant facts, and paying for the assets with cash (or conventional financing), as installed and ready for use in the plants where they were located as of June 30, 2009.³⁷ In other words, the alternative valuation indicates the amount a typical buyer would pay as of the Valuation Date to purchase the Representative Assets in connection with a transaction to purchase all of the plants where the assets are located and assuming that the assets would be left in place at those plants. Since, in reality, there were no market purchasers and there was no market for the purchase of the Representative Assets in place on the Valuation Date, I consider my alternative valuation to be a hypothetical valuation because it uses conditions that are contrary to what is known about the market for automotive assets as of the Valuation Date. For all the reasons set forth above, I continue to believe that the appropriate premise of value is OLV because it is more consistent with actual market conditions as of the Valuation Date.

³⁶ PX-0163 (ASA) at 11.

³⁷ Mr. Chrappa does not use or even consider in his valuation the sale price paid by New GM in connection with the 363 sale, which is an implicit acknowledgement that the sale does not represent a market transaction. It is my understanding, confirmed by my review of Dan Fischel’s opinion, that the 363 sale involved highly unconventional government financing, an unconventional government buyer, and a seller under significant duress. It is my opinion that a competent appraiser would never consider the 363 sale price as representative of fair market value.

2. Alternative Valuation: Liquidation Value in Place

431. Similar to the valuation that I conducted under the OLV premise of value, in estimating LVIP, I considered the potential applicability of the three standard appraisal techniques. I ultimately did not use the Income Approach because of the difficulty in determining the potential cash flow associated with the individual assets (or even with individual plants as a whole). Thus, I applied both the Cost and the Market Approaches and ultimately relied on the approach that I deemed to be most reliable for each Representative Asset.

a. Application of Cost Approach

432. My application of the Cost Approach for the alternative valuation involved the same basic steps described above: calculation of RCN using the historic cost trending method and then deducting for all forms of depreciation (physical depreciation and functional and economic obsolescence). There were two key differences in my application of the Cost Approach under an “in place” premise as compared to an “in exchange” premise.

433. First, when applying the Cost Approach to the in-exchange premise of value, I made a downward adjustment for the installation and removal of the asset, but for the in-place valuation, this adjustment was no longer necessary because the assets were to remain in place.

434. Second, because an in-place value is premised on a sale of an entire facility, while my calculations of physical depreciation for each asset remained the same, my calculation of functional and economic obsolescence used a different approach. As discussed in greater detail above, the research that I conducted indicated that, as of the Valuation Date, the market for manufacturing machinery was depressed, with little activity for many types of assets. In connection with my in-place valuation, it was necessary for me to determine what market conditions indicated to be the appropriate obsolescence factor in connection with the sale of an

entire, intact facility, as compared to the obsolescence factor appropriate to individual assets sold in exchange.

435. To estimate economic obsolescence for purposes of the alternative in-place valuation, I considered sales of two former GM assembly plants located in Shreveport, Louisiana and Wilmington, Delaware. These were instructive data points because both transactions involved market participants purchasing entire Old GM facilities with the manufacturing assets remaining in place. In order to quantify depreciation in each of these transactions due to economic obsolescence, I performed a Cost Approach analysis on all of the assets transferred in each transaction.

436. The first step in the analysis was to estimate RCN for each asset using the historic cost trending method described earlier. Next, depreciation due to physical deterioration and functional obsolescence was deducted from each asset's RCN. The aggregate RCN less physical deterioration and functional obsolescence for all of the assets at each facility was then compared to the respective selling price of each facility. The difference between the aggregate RCN less physical deterioration and functional obsolescence, on the one hand, and the selling price, on the other, is due to economic obsolescence. The economic obsolescence dollar amounts were then converted to a percentage of aggregate RCN less physical deterioration and functional obsolescence to derive an economic obsolescence factor to apply to the Cost Approach analysis of the 40 Representative Assets.

437. In February 2013, the former GM Shreveport, Louisiana assembly plant equipment was purchased by Elio Motors for \$26.0 million.³⁸ The Shreveport plant was not acquired by New

³⁸ In the transaction with Elio, the real estate was sold separately from the personal property. PX-0297 (Purchase and Sale Agreement between RACER Trust and Elio Motors).

GM in the Section 363 sale; instead, it was retained by Motors Liquidation Company (Old GM) and leased to New GM for a 3-year term that expired in July 2012. Most of the equipment remained in place, with the exception of most of the stamping plant equipment. Elio Motors acquired the assets with the intention of using the plant to manufacture a low cost, three-wheeled vehicle. The following table provides a brief description of the physical characteristics of the facility, summarizes the Cost Approach analysis, and shows the derivation of the economic obsolescence imputed from the Shreveport facility transaction.

Obsolescence Estimation (2013 Sale of GM Shreveport)

| General Property Information [a] | |
|--|---|
| Subject Property: | GM Assembly & Stamping Plant in Shreveport, Louisiana |
| Year Built: | Original in 1978 (~1.5M S.F. paint shop & trim assembly), addition in 2002 (~1.8M S.F. - including general assembly and stamping plant). |
| Main Property Features: | Main plant including assembly and stamping areas, associated paint shop and sludge building, wastewater treatment plant, and power house. |
| M&E Included in Sale: (assumed installed) | Complete paint shop with applicators, paint mix system, paint booths, ovens, phosphate & ELPO system, and all necessary conveyance; complete assembly systems including robots, welding equipment, skillet/P&F/inverted conveyors, transfers, automated sub-assembly cells, testing equipment, hem presses, etc. (most stamping equipment was removed prior to sale). |
| Total Floor Area (S.F.): | 3,387,000 |
| Land Area (Acres): | 530 |
| Total Sales Price: | \$ 33,500,000 [b] (as of February 28, 2013) |
| Sales Price of M&E | \$ 26,000,000 [b] |
| Sales Price of Premises | \$ 7,500,000 [b] —————→ (implies \$2.20 per S.F.) |
| Estimation of Obsolescence - GM Shreveport | |
| *****Assets and values shown below only consider machinery & equipment assets included in the sale***** | |
| Number of assets (entries) | 4,817 |
| Original Cost | \$ 446,085,544 |
| Net Book Value | n/a |
| Weighted Average Age | 12 [c] |
| RCN | \$ 624,781,000 [c] |
| RCN less physical deterioration & functional obsolescence | \$ 129,470,000 [c] —————→ |
| Obsolescence (GM Shreveport) | 80% = 1 - (26,000,000 / 129,470,000) |
| [a] GM Shreveport property information was obtained from Racer Trust marketing brochure for Shreveport found at: http://www.racertrust.org/files/shreveport-marketing-brochure.pdf (accessed December 15, 2016) (PX-0341). | |
| [b] Based on information contained in RT01060 (PX-0279); RT04473 (PX-0377); RT04474 (PX-0378). | |
| [c] Based on an analysis of the machinery & equipment assets included in the sale of GM Shreveport. | |

438. In July 2010, GM's Wilmington, Delaware assembly plant was sold to Fisker Automotive, Inc. for \$20.0 million. The plant had been closed in late July, 2009, but the equipment remained intact and installed as it had been when in operation.³⁹ A press release from Fisker indicated that Fisker intended to use the Wilmington plant to manufacture a hybrid gas/electric automobile, beginning in 2012. The following table provides a brief description of the physical characteristics of the facility, summarizes the Cost Approach analysis, and shows the derivation of the economic obsolescence imputed from the Wilmington facility transaction.

³⁹ In the sale to Fisker Automotive, the real estate was sold separately from the personal property. PX-0333 (Closing Documents for Sale by Motors Liquidation Corporation to Fisker Automotive of Wilmington).

Obsolescence Estimation (2010 Sale of GM Wilmington)

| General Property Information [a] | | | |
|---|--|----------------------------------|--|
| Subject Property: | GM Assembly Plant in Wilmington, Delaware | | |
| Year Built: | Original in 1947 (general assembly and former paint shop), various built outs through the years, addition in 1984 (new paint shop), major plant upgrade in 1996 (automation). | | |
| Main Property Features: | Main plant including assembly, associated paint shop, wastewater treatment plant, and power house. | | |
| M&E Included in Sale: | Complete paint shop with applicators, paint mix system, paint booths, ovens, phosphate & ELPO system, and all necessary conveyance; complete assembly systems including robots, welding equipment, skillet/P&F/inverted monorail conveyors, lifts, automated sub-assembly cells, testing equipment, mobile equipment, etc. | | |
| Total Floor Area (S.F.): | 2,500,000 | | |
| Land Area (Acres): | 142 | | |
| Total Sales Price: | \$ | 20,000,000 [b] | (as of July 13, 2010) |
| Sales Price of M&E (est) | \$ | 16,250,000 [c] | —————▶ (residual sales price after premise estimate) |
| Sales Price of Premises (est) | \$ | 3,750,000 [d] | —————▶ (estimate based on \$1.50 per S.F.) |
| Estimation of Obsolescence - GM Wilmington | | | |
| *****Assets and values shown below only consider machinery & equipment assets included in the sale***** | | | |
| Number of assets (entries) | 4,849 | | |
| Original Cost | \$ | 475,707,494 | |
| Net Book Value | \$ | 28,807,178 | |
| Weighted Average Age | 15 [e] | | |
| RCN | \$ | 676,553,000 [e] | |
| RCN less physical deterioration & functional obsolescence | \$ | 122,587,000 [e] | |
| | | ↓ | |
| Obsolescence (GM Wilmington) | 87% | = 1 - (16,250,000 / 122,587,000) | |

[a] As shown in Exhibit B to the Goesling Appraisal Review Rebuttal Report

[b] Based on information contained in RT00969. (PX-0333)

[c] Estimated sales price attributable to machinery & equipment based on the total sales price less the estimated price of the "premises".

[d] Estimated sales price attributable to the "premises" (assumed to include land, building, and certain improvements) based on SRR's previous valuations of GM properties held by the RACER Trust. The above amount is based on a selling price of \$1.50 per square foot multiplied by 2.5 million square feet.

[e] Based on an analysis of the machinery & equipment assets included in the sale of GM Wilmington.

439. From my analysis of these two sales of Old GM plants with the manufacturing assets in place, I determined that aggregate economic obsolescence ranged from 80% to 87% of RCNLD. However, since the two sales occurred one year and three-and-one-half years after the Valuation Date, respectively, when market conditions were generally considered to be better, I made modest upward adjustments to the EO penalties to account for the improvement in market conditions after the Valuation Date. I adjusted up the Shreveport EO from 80% to 85%, and adjusted up the Wilmington EO from 87% to 90%.

440. I then checked this economic obsolescence number on the asset level by looking at commonly traded assets valued by the Market Approach. I made adjustments to the comparable sales information collected for my initial November 23 report to account for differences in physical characteristics and conditions of sale. I also adjusted the comparable sales to account for installation. The in-place values determined by the Market Approach were then compared to the RCN less physical deterioration and functional obsolescence for those assets to estimate economic obsolescence.

Obsolescence Estimation (Certain of the 40 Representative Assets)

| <u>Asset ID</u> | <u>Description</u> | <u>RCNLD</u> | <u>Estimated LVIP</u> | <u>Obsolescence</u> |
|---|--|---------------------|---------------------------|---------------------|
| 100048169 | BS ROBOT LAZN-150R1 | \$ 61,701 | \$ 29,000 | 53% |
| 100064667 | BS CMM FULL BODY MACHINE - LY90 | 272,382 | 58,000 | 79% |
| BUY11820901 | DANLY 4000 TON PRESS | 1,265,262 | 356,000 | 72% |
| NJL2983009 | CB 91 ROBOT | 138,160 | 14,000 | 90% |
| 100069322 | FANUC M-710IB/70T ROBOT - ASSEMBLY | 228,883 | 55,000 | 76% |
| 100071009 | LFS220 BASE SHAPING MACHINE-OP 20 TRANSFER DRIVE GEAR | 811,466 | 274,000 | 66% |
| NITC03507 | HELICAL BROACHING EQUIPMENT | 1,041,517 | 200,000 | 81% |
| 100071022 | LIEBHERR HOBBS MACHINE FROM ST. CATHARINES | 1,034,846 | 298,000 | 71% |
| Total Value | | \$ 4,854,217 | \$ 1,284,000 | |
| Obsolescence (Certain of the 40 Representative Assets) | | | | 74% |

441. From the individual asset analyses, a wider range of economic obsolescence was determined to be present (74% to 87%) than that indicated by the two complete plant sales (80% to 87%). It is my opinion that the range is attributable to several factors. First, some of the assets are more desirable than others because they fulfill more universal functions, and so have more utility to more potential buyers. Second, some of the assets were less desirable simply because they are older and are likely to need more maintenance, or are simply out of fashion. Based on the plant sales and individual asset sales, a range of economic obsolescence factors has been developed to allow for application of economic obsolescence to the 40 Representative Assets on an individual

basis. The following table summarizes the economic obsolescence factors developed, and how they have been applied to the different assets as of the Valuation Date.

| Conclusion of Obsolescence Range | | | |
|--|-------------------------------|-----------------------|------------------------------|
| <u>Consideration</u> | <u>Indicated Obsolescence</u> | <u>Adjustment [a]</u> | <u>Adjusted Obsolescence</u> |
| 2013 Sale of GM Shreveport | 80% | 5% | 85% |
| 2010 Sale of GM Wilmington | 87% | 3% | 90% |
| Certain of the 40 Representative Assets | 74% | 0% | 74% |
| Concluded Range of Obsolescence | | 70% to 95% | |
| <div style="display: flex; align-items: center;"> <div style="flex: 1;"> Relevant asset and asset group examples of how the obsolescence range is intended to be applied. </div> <div style="flex: 2; border: 1px solid black; padding: 5px; margin-left: 10px;"> <div style="display: flex; justify-content: space-between;"> <div style="text-align: center;"> <i>newer more desirable</i> <i>new transmission plant</i> <i>common and flexible use</i> </div> <div style="text-align: center;"> → → → </div> <div style="text-align: center;"> <i>older and less desirable</i> <i>old foundry</i> <i>highly specialized application and use</i> </div> </div> </div> </div> | | | |
| [a] Adjustments to Indicated Obsolescence are based on Exhibit E.35 (Sales Comparable Market Condition Adjustments) in Expert Witness Report of David K. Goesling, issued on November 23, 2016. Comparable sales during 2013 are estimated on average to have a sales price 25% greater than on June 30, 2009. Similarly, comparable sales during 2010 are estimated on average to have a sales price 10% greater than on June 30, 2009. | | | |

442. As illustrated by the chart below, which calculates the LVIP of Representative Asset No. 36 (the Helical Broach) using the Cost Approach, the only difference in applying the Cost Approach under the two difference premises of value is eliminating the deduction for installation and removal costs and the way in which economic obsolescence is calculated.

| ASSET ID NITC035071 HELICAL BROACHING EQUIPMENT COST APPROACH | | | |
|---|-------------------------|---------------|------------------|
| Original cost | | | \$1,472,023 |
| Date acquired | | | 1-Jun-06 |
| Cost indices applied | CNC Machining Equipment | | |
| Cost Index | (Jan 2009) | 173.8 | |
| Cost Index | (2006) | 163.4 | |
| Trend Factor | | (173.8/163.4) | 1.0636 |
| Trended RCN | | | \$1,565,618 |
| Normal Useful Life (years) | | 10 | |
| Age (years) | | 3.1 | |
| Calculated Remaining Useful Life | | 6.9 | |
| Appraiser's estimated RUL | | 6.9 | |
| Percent Good | | (6.9 ÷ 10) | 69.4% |
| RCN less depreciation | | | \$1,086,539 |
| Adjust for functional obsolescence | | | 0% |
| | | | \$1,086,539 |
| Estimated economic obsolescence | | | -75% |
| RCN less depreciation | | | \$271,635 |
| Rounded Cost Approach value indication | | | \$270,000 |

443. An asset-by-asset breakdown of the application of the Cost Approach to each Representative Asset, including the economic obsolescence factor that I applied, is set forth in Exhibit C to my Goesling Appraisal Review Rebuttal Report.

b. Application of Market Approach

444. My application of the Market Approach was very similar for both my in-exchange and in-place valuations: I considered and applied the same three techniques (direct match, comparable match, and percent to cost) in order to arrive at market values for the Representative Assets.

445. In general, for purposes of the in-use alternative valuation, I used the same market data (direct and comparable matches) for the Representative Assets. However, switching from an in-exchange premise of value to an in-place premise of value changed the relevance and applicability of some of the market data. Specifically, for assets that cannot be sold in their entirety, but portions of which can be sold in the market, I typically used the Market Approach to value the saleable portions of such assets for the in-exchange valuation. However, using an in-use premise of value, I had to consider the asset in its entirety. If there was no comparable market data for any of the assets in their entirety, I used the Cost Approach to assign a value to such assets under the LVIP premise. In addition, under my in-exchange appraisal, I considered scrap value as part of the Market Approach for certain assets either in addition to the comparable sales, or in cases where comparable sales did not exist. Since the in-place premise assumes that the assets remain in place, I did not consider scrap value as part of the Market Approach for the LVIP valuation. Because there were fewer market comparables available to conduct the in-place valuation, by necessity, I applied the Market Approach less frequently than I did under in connection with the OLV valuation.

446. For any Representative Assets for which I used the Market Approach to estimate the value both under OLV and LVIP, the only difference in the calculation was a final, upward adjustment for removal and installation costs for LVIP. This final adjustment is necessary because buyers in the market who purchase the assets “as is, where is” with the intention of moving them elsewhere will deduct estimated costs of removal and installation of the asset that they are purchasing from the market price they are willing to pay. Since the LVIP valuation is meant to approximate a market price for the installed asset, this final adjustment brings the market price in line with an in-place value of the asset.

447. As illustrated below, applying the Market Approach to Representative Asset No. 36 (the Helical Broach) under the LVIP premise leads to the same indicated value as under the OLV premise because it relies on the same sales comparables and makes the same adjustments to the market prices. What makes the LVIP value for this asset higher is the additional \$20,000 for removal costs and \$30,000 for installation costs.

| Subject Asset ID NITC03507 | | Comparable No. 1 | Comparable No. 2 |
|--------------------------------------|--|--|--|
| Description | Helical Broaching Machine | Helical Broaching Machine | Helical Broaching Machine |
| Manufacturer | Federal Broach | Federal Broach | Federal Broach |
| Model | 450KN X 2250 | 450KN X 2250MM | 90KN X 1000MM |
| Serial Number | 12-S-105 | 07-S-103 | 04-S-102 |
| Vintage | 2006 | 2007 | 2004 |
| Effective Age (Years) | 3 | 3 | 6 |
| Condition | Good | Good | Good |
| Other | Includes coolant filtration system, operators platform, hydraulic powerpacks, and Siemens controller | Includes coolant filtration system, operators platform, hydraulic powerpacks, and Siemens controller | Includes coolant filtration system, operators platform, hydraulic powerpacks, and Siemens controller |
| As of | 6/30/2009 | 8/3/2010 | 8/3/2010 |
| Consideration | | 150,000 | 100,000 |
| Consideration Type | | Sale Price (Auction) | Sale Price (Auction) |
| Source | | MAYNARDS001952 (RACER Willow Run Auction) | MAYNARDS001952 (RACER Willow Run Auction) |
| Location | GM Powertrain Warren Transmission | GM - Ypsilanti, MI | GM - Ypsilanti, MI |
| Adjustments for: | | | |
| Age/Condition | | | 20% |
| Capacity | | | 30% |
| Other equipment | | | |
| Financing terms | | | |
| Conditions of sale | | 10% | 10% |
| Market conditions (sale date) | | -10% | -10% |
| Adjusted Price | | \$150,000 | \$150,000 |
| Indicated Value of comparables | \$150,000 | | |
| Adjust for removal costs | 20,000 | | |
| Adjust for installation | 30,000 | <i>estimated as 20% of base equipment value</i> | |
| Indicated Liquidation Value in Place | \$200,000 | | |

448. Because I had reliable market data for Representative Asset No. 36 (the Helical Broach), I relied exclusively on the Market Approach in valuing the asset and considered, but ultimately disregarded, the Cost Approach analysis.

c. Reconciliation of Cost and Market Approaches

449. To the extent possible, the values indicated by the Cost and Market Approaches have been reconciled into a single conclusion of value for each Representative Asset. When both approaches were applied, I placed all weight on the Market Approach indication of value because, as discussed above, I believe that the Market Approach provides a far more reliable indication of value as compared to the Cost Approach.

450. There are two significant differences in the reconciliation process when valuing assets in exchange as compared to in place. First, for assets that are not removable, such as Pits and Trenches (Representative Asset No. 2), there would be no market – and therefore no value – for such assets under an in exchange premise. But such assets do have a value under an in-use premise of value. I used the Cost Approach to assign a value to these assets.

451. Second, because I was unable to use the Market Approach for certain assets, as discussed above, I was forced to rely more heavily on the Cost Approach for the alternative valuation than for the OLV appraisal. Specifically, the following is a list of assets that I valued using the Market Approach for the in-exchange valuation, but had to rely on the Cost Approach for purposes of assigning a value under the LVIP valuation: Representative Asset Nos. 1 (Shim Select and Placement Machine); 3 (Torque Converter Housing Conveyor System); 5 (Paint Mix and Circulation Electrical System); 6 (ELPO IMC System); 11 (Central Utilities Complex); 14 (Leak Test System); 16 (BS Skid Conveyor); 17 (B&S P&F Conveyor); 18 (Vertical Adjusting Carriers); 20 (Wheel & Tire Delivery Conveyor); 21 (Skillet Conveyor System); 23 (Aluminum Machining System); 26 (Core Delivery Conveyor System); 27 (Cupola No. 4 Emissions System); 28 (Ajax 100 Ton Holding Furnace); 34 (4 Speed Build Line); and 35 (Button Up and Test Conveyor).

452. As discussed above, the Cost Approach has its limitations, particularly in this hypothetical appraisal because of the inaccuracies in deriving economic obsolescence for each individual asset based on the sale of the plant as a whole. But for many of the Representative Assets, since no comparable sales information could be located, I did not have the option of considering two value indications, and had to exclusively rely on the Cost Approach.

453. A chart summarizing the approaches to value and indicating which approach was ultimately applied is below:

Summary of Liquidation Value In Place [a]

| Rep. Asset No. | Asset ID | Company Name (Location) | Asset Description | Cost Approach Value Indication [b] | Market Approach Value Indication [c] | Concluded Value | Concluded Approach |
|----------------|-----------|------------------------------------|--|------------------------------------|--------------------------------------|-----------------|--------------------|
| 1 | 100006527 | GM POWERTRAIN WARREN TRANSMISSION | OP-150 SELECT; CHECK PLACE SHIMS AUTO STATION | 37,000 | | 37,000 | Cost Approach |
| 2 | 100017544 | GM ASSEMBLY LANSING DELTA TOWNSHIP | GA PITS & TRENCHES | 231,000 | | 231,000 | Cost Approach |
| 3 | 100033438 | GM POWERTRAIN WARREN TRANSMISSION | POWER ZONE ROLLER CONVEYOR AUTOMATION TCH MOD 3 | 186,000 | | 186,000 | Cost Approach |
| 4 | 100037892 | GM ASSEMBLY LANSING DELTA TOWNSHIP | PAINT BLDG LINES - PROCESS WASTE ELPO | 79,000 | | 79,000 | Cost Approach |
| 5 | 100037940 | GM ASSEMBLY LANSING DELTA TOWNSHIP | PAINT MIX & CIRCULATION - ELECTRICAL | 352,500 | | 352,500 | Cost Approach |
| 6 | 100037954 | GM ASSEMBLY LANSING DELTA TOWNSHIP | PAINT DIP CONVEYOR - ELPO OVEN IMC | 198,300 | | 198,300 | Cost Approach |
| 7 | 100038004 | GM ASSEMBLY LANSING DELTA TOWNSHIP | PAINT TC AUTOMATION SOFTWARE | 10,000 | | 10,000 | Cost Approach |
| 8 | 100038035 | GM ASSEMBLY LANSING DELTA TOWNSHIP | GA EOL PAINT SPOT REPROCESS SYS PAINT MIX ROOM | 170,000 | | 170,000 | Cost Approach |
| 9 | 100038119 | GM ASSEMBLY LANSING DELTA TOWNSHIP | PAINT TC2 CC BELL ZONE | 550,000 | | 550,000 | Cost Approach |
| 10 | 100041920 | GM MFD LANSING REGIONAL STAMPING | OPTICELL - ROBOTIC MEASUREMENT SYSTEM | 113,000 | | 113,000 | Cost Approach |
| 11 | 100045909 | GM ASSEMBLY LANSING DELTA TOWNSHIP | LANSING DELTA TOWNSHIP ASSEMBLY UTILITY SERVICES [d] | 10,212,000 | | 10,212,000 | Cost Approach |
| 12 | 100048169 | GM ASSEMBLY LANSING DELTA TOWNSHIP | BS ROBOT LAZN-150R1 | 19,000 | 29,000 | 29,000 | Market Approach |
| 13 | 100050513 | GM ASSEMBLY LANSING DELTA TOWNSHIP | BS WELD BUS DUCTS | 903,000 | 873,000 | 873,000 | Market Approach |
| 14 | 100053677 | GM POWERTRAIN WARREN TRANSMISSION | LEAK TEST BASE MACHINE QTY = 1 | 165,000 | | 165,000 | Cost Approach |
| 15 | 100060623 | GM ASSEMBLY LANSING DELTA TOWNSHIP | GA T/W: SOAP; MOUNT AND INFLATE | 158,000 | 127,000 | 127,000 | Market Approach |
| 16 | 100061079 | GM ASSEMBLY LANSING DELTA TOWNSHIP | BS SKID CONVEYOR - LAZA | 446,000 | | 446,000 | Cost Approach |

| Rep. Asset No. | Asset ID | Company Name (Location) | Asset Description | Cost Approach Value Indication [b] | Market Approach Value Indication [c] | Concluded Value | Concluded Approach |
|----------------|--------------|------------------------------------|---|------------------------------------|--------------------------------------|-----------------|--------------------|
| 17 | 100061614 | GM ASSEMBLY LANSING DELTA TOWNSHIP | BS P&F CONVEYOR - BODY SIDE INNER LH DEL | 295,000 | | 295,000 | Cost Approach |
| 18 | 100062269 | GM ASSEMBLY LANSING DELTA TOWNSHIP | GA CONVEYOR: VERTICAL ADJUSTING CARRIER (VAC) SYS - CARRIERS (QTY 87) | 551,000 | | 551,000 | Cost Approach |
| 19 | 100064667 | GM ASSEMBLY LANSING DELTA TOWNSHIP | BS CMM FULL BODY MACHINE - LY90 | 68,000 | 58,000 | 58,000 | Market Approach |
| 20 | 100065640 | GM ASSEMBLY LANSING DELTA TOWNSHIP | GA CONVEYOR SUB-ASM RECEIVING (SAR): WTD1000 - WHEEL & TIRE DELIVERY | 205,000 | | 205,000 | Cost Approach |
| 21 | 100066809 | GM ASSEMBLY LANSING DELTA TOWNSHIP | GA CONVEYOR: SKILLET - FINAL - LEG 1 | 264,000 | | 264,000 | Cost Approach |
| 22 | 100069322 | GM POWERTRAIN WARREN TRANSMISSION | FANUC M-710IB/70T ROBOT - ASSEMBLY | 57,000 | 55,000 | 55,000 | Market Approach |
| 23 | 100070012 | GM POWERTRAIN WARREN TRANSMISSION | ALUMINUM MACHINING SYSTEM | 246,000 | | 246,000 | Cost Approach |
| 24 | 100071009 | GM POWERTRAIN WARREN TRANSMISSION | LFS220 BASE SHAPING MACHINE-OP 20 TRANSFER DRIVE GEAR | 277,000 | 274,000 | 274,000 | Market Approach |
| 25 | 100071022 | GM POWERTRAIN WARREN TRANSMISSION | LIEBHERR HOBB MACHINE FROM ST. CATHARINES | 310,000 | 298,000 | 298,000 | Market Approach |
| 26 | 100095344 | GM POWERTRAIN DEFIANCE | CORE DELIVERY CONVEYOR SYSTEM CB116 & 122 | 53,000 | | 53,000 | Cost Approach |
| 27 | 100098085 | GM POWERTRAIN DEFIANCE | EMISSIONS SYSTEM #4 CUPOLA | 1,434,000 | | 1,434,000 | Cost Approach |
| 28 | 100099125 | GM POWERTRAIN DEFIANCE | 100 TON VERTICAL CHANNEL HOLDING FURNACE | 580,000 | | 580,000 | Cost Approach |
| 29 | BF2016822 01 | GM MFD GRAND RAPIDS | TRANSFER PRESS-GG-1 | 600,000 | 261,000 | 261,000 | Market Approach |
| 30 | BGI20163301 | GM MFD MANSFIELD | TP-14 CS1-1 TRANSFER PRESS DANLY ET-2 | 334,000 | 800,000 | 800,000 | Market Approach |
| 31 | BUY11820901 | GM MFD LANSING REGIONAL STAMPING | DANLY 4000 TON PRESS | 253,000 | 356,000 | 356,000 | Market Approach |
| 32 | BUYR503469FA | GM MFD LANSING REGIONAL STAMPING | AA-11 SCHULER #1 AA CROSSBAR TRANSFER PRESS | 4,603,000 | 5,016,000 | 5,016,000 | Market Approach |
| 33 | BUYR503481FA | GM MFD LANSING REGIONAL STAMPING | B3-5 TRANSFER PRESS SYSTEM INCL. DESTACKER AND EOL | 3,823,000 | 3,285,000 | 3,285,000 | Market Approach |

| Rep. Asset No. | Asset ID | Company Name (Location) | Asset Description | Cost Approach Value Indication [b] | Market Approach Value Indication [c] | Concluded Value | Concluded Approach |
|----------------|--------------|-----------------------------------|---|------------------------------------|--------------------------------------|-----------------|--------------------|
| 34 | NIT219381 | GM POWERTRAIN WARREN TRANSMISSION | BUILD LINE W/FOUNDATION | 70,000 | | 70,000 | Cost Approach |
| 35 | NITC03340 | GM POWERTRAIN WARREN TRANSMISSION | BUTTON UP AND TEST CONVEYOR SYSTEM | 228,000 | | 228,000 | Cost Approach |
| 36 | NITC03507 | GM POWERTRAIN WARREN TRANSMISSION | HELICAL BROACHING EQUIPMENT | 271,400 | 200,000 | 200,000 | Market Approach |
| 37 | NITW0S11026A | GM POWERTRAIN WARREN TRANSMISSION | COURTYARD ENCLOSURE [d] | 612,100 | | 612,100 | Cost Approach |
| 38 | NJL2924414P | GM POWERTRAIN DEFIANCE | SYSTEM GAS CLEANING NO.4 CUPOLA | 37,000 | 24,000 | 24,000 | Market Approach |
| 39 | NJL2983009 | GM POWERTRAIN DEFIANCE | CB 91 ROBOT | intentionally omitted | | | |
| 40 | NJL6084400 | GM POWERTRAIN DEFIANCE | P & H 7 1/2 TON CHARGER CRANE 6E CUPOLA | 38,000 | 40,000 | 40,000 | Market Approach |

[a] As stated in Section IV of the Goesling Appraisal Review Rebuttal Report, the valuation and above conclusions are considered hypothetical, since it uses conditions that are contrary to what is known to have happened.

[b] Reference Exhibit C.1 to the Goesling Appraisal Review Rebuttal Report

[c] Reference Exhibit D.1 to the Goesling Appraisal Review Rebuttal Report.

[d] Value considers the total capitalized cost of the asset. For purposes of the alternative valuation, I have not made a distinction as to what portion of the cost/value relate to components classified as fixtures, personal property or real property.

3. Mr. Chrappa's Improper Rejection of the Market Approach

454. In applying the FMVICU premise of value, Mr. Chrappa's most egregious error is that he overlooked relevant current and retrospective comparable sales for commonly traded assets and Representative Assets that were actually sold, and valued the 40 Representative Assets instead solely using the Cost Approach. Ultimately, his disregard of the Market Approach resulted in a number of his concluded values being either significantly overstated or understated.

455. Mr. Chrappa's abbreviated consideration of comparable market data for only one of the 40 Representative Assets (Representative Asset No. 12, the BS Framing Robot) does not give the proper credence to the approach the ASA deems as one of the "most reliable methods" of

determining value for certain assets.⁴⁰ His report states his singular reliance on the Cost Approach is due to “the inability to gather a significant quantity of retrospective secondary market data for an analysis based on market comparables, given both the passage of time and the customized nature of many of the assets.” As shown below, his statement is proved inaccurate based on his misunderstanding of an asset’s customized nature and the omission of available comparable sales information.

456. It is true that certain assets that were designed and fabricated for a specific use, such as the emissions system for the No. 4 cupola furnace (Representative Asset No. 27), which was designed and fabricated specifically for use with a particular type and size of cupola, are not readily marketable on the used machinery and equipment market. However, an appraiser should not disregard the Market Approach for more commonly traded assets with active markets, as Mr. Chrappa has done in his appraisal. The 40 Representative Assets include certain presses, robots, gear hobbers, gear shapers, broaches and inspection equipment that are all commonly traded pieces of equipment having active markets as of the Valuation Date. I provided four examples of critical market data ignored by Mr. Chrappa at pp. 20-25 of my Appraisal Review Report.

457. In failing to use the Market Approach when valuing commonly traded equipment with active markets, Mr. Chrappa makes no mention of, much less considers, the over 23,000 auction lots and resulting sales of GM equipment that occurred between 2006 and 2012.⁴¹ Most notably, Mr. Chrappa ignored the actual market prices paid for two of the subject presses that were sold in a private treaty sale and at auction (Representative Asset Nos. 29 and 30). In most cases,

⁴⁰ Mr. Chrappa initially had a discussion of market comparables for Representative Asset No. 31, the Danly Tryout Press, but subsequently revised his report to delete the information regarding the market data for the Danly Tryout Press.

⁴¹ PX-0350 (Reviewed Asset Auction Lots).

Mr. Chrappa's disregard of the Market Approach results in his values being significantly overstated. The fact that Mr. Chrappa has so blatantly disregarded an applicable approach that the ASA deems to be reliable and often the best indication of value undermines the credibility of his appraisal and the concluded values therein.

4. Mr. Chrappa's Erroneous Calculation of Economic Obsolescence

458. As stated above, perhaps one of the most critical steps involved in applying the Cost Approach is the estimation of economic obsolescence to adjust for depreciation of the value of property due to "external factors," including the economics of the industry, reduced demand for the product, increased competition, and other similar factors. Mr. Chrappa's exclusive use of the Cost Approach and unsupportable rosy view of the economy and automotive outlook as of the Valuation Date resulted in his very limited consideration of economic obsolescence and, ultimately, in concluded values that were overstated.

459. Specifically, inutility was the only form of economic obsolescence that was considered by Mr. Chrappa for 38 of the Representative Assets. Mr. Chrappa made no attempt to acknowledge or verify the existence of other possible forms of economic obsolescence despite specific guidance provided by the ASA to the contrary.⁴² While a competent appraisal might consider inutility as a component of economic obsolescence, there is no possible justification for an appraiser to ignore the other economic obsolescence factors, described in detail in my premise of value discussion above, including, among other things, the severe financial distress of General Motors and the poor general state of the economy as of the Valuation Date. A competent appraisal

⁴² Specifically, the ASA states: "Developing an inutility penalty is a way of measuring one form of economic obsolescence within the Cost Approach. In practice, when dealing with relatively new assets that are not operating at their capacity because of economic reasons, additional economic obsolescence is probably present. To measure this may require a detailed analysis of the business and a subsequent allocation of any economic penalties to the individual assets or groups of assets." (ASA at 79).

would also need to objectively investigate the economics of the industry, reduced demand for the product, and increased competition as possible additional forms of economic obsolescence. When valuing assets under a FMVICU premise, this would likely require a detailed analysis of the business using the Income Approach and a subsequent allocation of economic obsolescence to the individual assets. Mr. Chrappa did not do any of this, and thus his economic obsolescence factors do not meet professional appraisal standards and are entirely unreliable.

460. Mr. Chrappa's inutility penalty was developed based on a comparison of the forecasted production for 2009 through 2014 to capacity at the plant in which the asset was located. The inutility penalties calculated and applied in Mr. Chrappa's appraisal were: 62% at Defiance; - 16% at Warren; and no penalty for economic obsolescence was taken for the Lansing Delta Township assets. For example, Mr. Chrappa determined that utilization at the Defiance foundry was projected to average 25% of capacity in the future, and so computed a 62% inutility penalty that he has applied to five of the six Defiance assets included in the 40 Representative Assets. (The asset where he has not applied the penalty is the Gas Cleaning System for the #4 Cupola, which he has valued at zero.) Presumably, he would apply this penalty to all production-related assets at Defiance if he were to appraise them. Based on the inspection at Defiance, all five of the penalized Defiance assets were observed to be in use but I also observed numerous assets that had been permanently idled or abandoned in place. Clearly, there is inutility at the Defiance plant. While an inutility penalty is often considered and rightfully applied in determining the aggregate value of an entire group of assets used for a given process, it is my opinion that misguided application of the inutility penalty to individual assets results in unintentional distortion of individual asset values, causing some to be overvalued and others to be undervalued. This is confirmed by the circumstances I observed at Defiance.

461. Examination of the two Representative Assets located at plants that were not expected to be part of New GM and were planned for future shutdown and liquidation highlights the absurdity of his approach. Plant specific capacity and utilization information was not available for these two locations, so Mr. Chrappa estimated the economic obsolescence adjustment at -30%, stating, without further explanation or support, that the adjustment would be “reflective of the conditions affecting the industry.” A competent appraisal would question why assets temporarily operating in a plant planned for closure and liquidation would receive an unsubstantiated -30% adjustment for economic obsolescence when asset values in the ongoing operation of GM’s operating Defiance plant were reduced for economic obsolescence by over double the amount. On the other hand, Mr. Chrappa attributes no economic obsolescence to the assets at the Lansing plants.

462. In sum, Mr. Chrappa’s application of economic obsolescence is erratic and so partial as to be entirely unjustifiable. Mr. Chrappa’s concluded values, which are completely divorced from the market realities at the time, significantly overstate the concluded values and are not reliable. For a more in-depth discussion of my criticism of Mr. Chrappa’s calculation of economic obsolescence, please see Section II of my Appraisal Review Report.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Dated: April 14, 2017
Chicago, Illinois



Exhibit B

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL REVISED ON 5/16/17
Hearing Day 10 - May 5, 2017

| | |
|---|--|
| <p style="text-align: right;">Page 3385</p> <p>UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK</p> <hr/> <p>MOTORS LIQUIDATION COMPANY AVOIDANCE ACTION TRUST, by and through the Wilmington Trust Company, solely in its capacity as Trust Administrator and Trustee, Plaintiff.</p> <p>v. JPMORGAN CHASE BANK, N.A., individually and as Administrative Agent for various lenders party to the Term Loan Agreement described herein; ADVENT GLOBAL OPPORTUNITY MASTER FUND; AEGON/TRANSAMERICA SERIES TRUST MFS HIGHYIELD; ALTICOR INC., et al., Defendants.</p> <hr/> <p>PROCEEDINGS OF Hearing Day 10 May 5, 2017 New York, New York</p> <p>BEFORE Judge Martin Glenn</p> <p>FINAL REVISED ON 5/16/17 [Pages 3385 - 3566] JANE ROSE REPORTING 1-800-825-3341</p> | <p style="text-align: right;">Page 3387</p> <p style="text-align: center;">A P P E A R A N C E S (Cont'd)</p> <p>ATTORNEYS FOR DEFENDANTS WACHTELL, LIPTON, ROSEN & KATZ 51 West 52nd Street New York, NY 10019-2000 Phone: 212-403-1000 Marc Wolinsky, Esquire C. Lee Wilson, Esquire Harold S. Novikoff, Esquire Carrie M. Reilly, Esquire S. Christopher Szczerban, Esquire Aneil Kovvali, Esquire Angela K. Herring, Esquire Emil A. Kleinhaus, Esquire</p> |
| <p style="text-align: right;">Page 3386</p> <p style="text-align: center;">A P P E A R A N C E S</p> <p>ATTORNEYS FOR PLAINTIFF BINDER & SCHWARTZ, LLP 366 Madison Avenue, 6th Floor New York, NY 10017 Phone: 212-510-7008 Neil S. Binder, Esquire Eric B. Fisher, Esquire Lisa C. Lightbody, Esquire Lindsay A. Bush, Esquire Lauren K. Handelsman, Esquire Tessa Harvey, Esquire</p> | <p style="text-align: right;">Page 3388</p> <p style="text-align: center;">A P P E A R A N C E S (Cont'd)</p> <p>JONES DAY 51 Louisiana Avenue, N.W. Washington, DC 20001-2113 Phone: 202-879-3939 Christopher DiPompeo, Esquire - and - 555 South Flower Street Fiftieth Floor Los Angeles, CA 90071 Phone: 213-243-2692 Gregory M. Shumacker, Esquire Erin L. Burke, Esquire</p> <p>KASOWITZ BENSON TORRES, LLP 1633 Broadway New York, NY 10019-6799 Phone: 212-506-1700 Isaac S. Sasson, Esquire (Via conference call)</p> |

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL REVISED ON 5/16/17
Hearing Day 10 - May 5, 2017

Page 3389

A P P E A R A N C E S (Cont'd)

DAVIS POLK & WARDWELL LLP
450 Lexington Avenue
New York, NY 10017
Phone: 212-450-3140
Elliot Moskowitz, Esquire
(Via Conference Call)

KELLEY, DRYE & WARREN LLP
101 Park Avenue
New York, NY 10178
Phone: 212-808-7889
John M. Callagy, Esquire
Nicholas J. Panarella, Esquire

Page 3391

ALSO PRESENT

Daniel M. Hinkle
Elenius Frost & Walsh
Kirk Ludtke, Cowen and Company LLC
Keith Martorana
Matthew J. Williams
Gibson Dunn & Crutcher LLP
Patrick Mohan, Reorg Research, Inc.
Naomi Moss
Akin Gump Strauss Hauer & Feld, LLP
Sara Tirschwell, TCW
(Via Conference Call)
Andrew Cepregi
Derek D.W. Cole

JANE ROSE REPORTING

74 Fifth Avenue
New York, New York 10011
800-825-3341
Christina Diaz, CRR, RMR, CSR, CLR
Court Reporter

Page 3390

A P P E A R A N C E S (Cont'd)

ATTORNEYS FOR GENERAL MOTORS CORPORATION,
and GENERAL MOTORS, LLC
KING & SPALDING
1185 Avenue of the Americas
New York, NY 10036-2601
Phone: 212-556-2212
Jennifer Chiang, Esquire
Arthur Steinberg, Esquire
Scott Davidson, Esquire

ATTORNEYS FOR EXPORT DEVELOPMENT CANADA
VEDDER PRICE P.C.
1633 Broadway
31st Floor
New York, NY 10019
Phone: 212-407-6920
Michael L. Schein, Esquire

Page 3392

TABLE OF CONTENTS

| WITNESS | EXAMINATION | PAGE |
|----------------|--------------------|------|
| David Goesling | CROSS - Wolinsky | 3395 |
| | REDIRECT - Fisher | 3461 |
| | RECROSS - Wolinsky | 3530 |
| | CLOSING REMARKS | 3543 |

REPORTER CERTIFICATE.....Page 3565

EXHIBIT INDEX.....PAGE 3566

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL REVISED ON 5/16/17
Hearing Day 10 - May 5, 2017

| | |
|---|--|
| <p style="text-align: right;">Page 3393</p> <p>1 2 PROCEEDINGS (9:01 a.m.) 3 THE COURT: All right. Good 4 morning, everyone. We are here in the matter 5 of Motors Liquidation Company Avoidance 6 Action Trust v. JPMorgan Chase Bank, et 7 al., Adversary Proceeding 09-00504. 8 Mr. Wolinsky. 9 MR. WOLINSKY: Yes. Thank you, Your 10 Honor. May I proceed? 11 THE COURT: No. First, I want to 12 know whether the two of you agreed on an 13 allocation of the time for the day? 14 MR. WOLINSKY: We have. 15 THE COURT: What is it? 16 MR. WILSON: We will have two hours. 17 Excuse me, Your Honor, we will have -- 18 defendants will have two hours between 19 cross and recross and any re-recross, 20 which I'm sure we all hope we avoid, and 21 plaintiff's counsel will have 2.5 hours 22 for redirect and re-redirect. We think 23 that will leave an hour for evidentiary 24 issues, if there are that many, and then 25 just a half hour buffer in case we need</p> | <p style="text-align: right;">Page 3395</p> <p>1 Goesling - cross/Wolinsky 2 MR. WOLINSKY: Your Honor, with 3 respect to documents, the two people who 4 are in the best position to work 5 everything out are sitting in the room 6 right now to do that. 7 THE COURT: All right. 8 MR. FISHER: Your Honor, you should 9 not infer from that that we are 10 uncooperative. 11 THE COURT: That, I wouldn't at all 12 and let me introduce you to your 13 colleague Mr. Wilson. 14 Proceed. 15 MR. WOLINSKY: Good morning, 16 Mr. Goesling. 17 THE WITNESS: Good morning. 18 DAVID GOESLING, 19 having been duly sworn by a Notary 20 Public, was examined and testified as 21 follows: 22 CROSS-EXAMINATION CONTINUED 23 BY MR. WOLINSKY: 24 Q. Let me start with your witness 25 statement at paragraph 383, page 157.</p> |
| <p style="text-align: right;">Page 3394</p> <p>1 2 it. 3 THE COURT: All right. And what 4 about Mr. Duker? 5 MR. FISHER: Your Honor, I wanted to 6 report on that. We were able to reach an 7 agreement that Mr. Duker's testimony may 8 be admitted into evidence based on 9 deposition designations. 10 Yesterday we had talked about how 11 that might be a loose end to be tied up 12 early next week with the Court's 13 permission. I am optimistic or hopeful, 14 maybe I should say, that if we get our 15 designations to the defendants by noon 16 today, perhaps we can get 17 counter-designations and get this loose 18 end tied up as well. 19 THE COURT: I have another trial on 20 Monday. My weekend is devoted to 21 preparing for that. If you get your 22 designations in by Monday, that would be 23 fine. Designations and 24 counter-designations and objections to 25 the deposition.</p> | <p style="text-align: right;">Page 3396</p> <p>1 Goesling - cross/Wolinsky 2 MR. WOLINSKY: Bunky, are you going 3 to put that up? 4 BY MR. WOLINSKY: 5 Q. Do you have it, Mr. Goesling? 6 A. I do. 7 MR. WOLINSKY: Your Honor, I will 8 wait for the Court. 9 THE COURT: Go ahead. 10 BY MR. WOLINSKY: 11 Q. In your witness statement, you say 12 that "Consideration of the highest and best 13 use of an asset (or group of assets) dictates 14 the appropriate premise of value to apply in 15 valuing property." 16 Then you identify four factors that 17 have to be satisfied in order to determine the 18 highest and best use. What is legally 19 permissible, physically possible, financially 20 feasible and maximally productive? 21 That's your view? 22 A. Correct. 23 Q. So let me just ask you as a 24 threshold, you went to the Lansing Delta 25 Township plant with the Court. You saw a</p> |

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL REVISED ON 5/16/17
Hearing Day 10 - May 5, 2017

Page 3429

Goesling - cross/Wolinsky

A. Correct.

Q. And when you found a comp, you had to adjust it for age and condition and all the other factors to make the comp relevant to the asset that you were valuing, true?

A. That's true.

Q. So for example, your comp might be a 50-ton crane and you were trying to value a 7 1/2-ton crane and you'd have to adjust for the size of the crane, the condition of the crane, the age of the crane and on and on, correct?

A. That's correct.

Q. And then you had to estimate the installed cost of the crane and the cost to remove the crane to come to your market value estimate?

A. If I was looking at a market comp, depending on how the comp was sold, those factors may have already been built in to the sale and price.

Q. Just so we are clear, if you look at the liquidation price for a helical broach for Maynards and you wanted to transfer that to a helical broach on GM's EFAST ledger, you would

Page 3431

Goesling - cross/Wolinsky

Q. Maybe I have confused myself. Let's start all over.

You have a \$50,000 market comp for a helical broach, and you have got a helical broach at GM. You have -- just go through the adjustment factors that you have to go through to take your market comp to apply it to the asset that you are valuing.

A. So if I have a market comp that shows a helical broach, such as the one that was installed at Willow Run and it was actually sold by Maynards Hilco, then the selling price of that would have to be adjusted for age, condition, market conditions between the date of sale and the date of valuation.

However, since the broach that I am valuing is in place at the Warren facility and the broach that was sold was in place at the Willow Run facility, I would not make any adjustment for removal. Both are being sold as is/where is and so presumably, that is what a buyer would pay for the asset as is/where is at Warren.

Page 3430

Goesling - cross/Wolinsky

have to back out the installation cost associated with that broach on the EFAST ledger, correct?

A. Under the cost approach, yes. Not under the market approach.

Q. Well, that's the starting point. And then you would -- okay. So you have -- let me make sure I am clear and I understand your answer.

You have a market transaction for a helical broach of \$50,000, take an example. You have an EFAST ledger entry of a million dollars. You are trying to transfer that \$50,000 market comp to a million dollar broach on the ledger. So you have to translate that million dollar EFAST ledger, you have to take out the installed cost, and you would have to estimate the cost of removing that asset at GM in order to adjust your market comp?

A. Well, I am sorry, but now I am confused. I thought initially you were talking about our market approach valuation, but now it sounds like you are talking about our cost approach valuation.

Page 3432

Goesling - cross/Wolinsky

Q. So the adjustments you have to make there for condition, age -- condition, age and time of sale?

A. Correct.

Q. And that's why the kind of analysis the market comp analysis took you sometimes hours, sometimes days?

A. The biggest problem was actually finding comparable sales information.

Q. They just weren't there, right?

A. Correct.

Q. So if the Court were to conclude that liquidation value on the basis of market comps was the way to go, you have no idea how long it would take to go through that exercise, do you?

A. No.

THE COURT: Mr. Goesling, if the sale is as is/where is, it's installed Warren, another facility, who pays for the removal?

THE WITNESS: The buyer does, Your Honor.

THE COURT: And what about restoring

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL REVISED ON 5/16/17
Hearing Day 10 - May 5, 2017

| | |
|---|---|
| <p style="text-align: right;">Page 3433</p> <p>1 Goesling - cross/Wolinsky</p> <p>2 the property, if that's necessary to do?</p> <p>3 THE WITNESS: Given that this would</p> <p>4 come about in a liquidation, there would</p> <p>5 be no requirement for restoring the</p> <p>6 property. As part of the removal</p> <p>7 process, GM required the use of specific</p> <p>8 riggers that they trusted to remove the</p> <p>9 assets in a reasonable manner to minimize</p> <p>10 damage.</p> <p>11 THE COURT: Okay. Thank you, go</p> <p>12 ahead.</p> <p>13 MR. WOLINSKY: This is the easiest</p> <p>14 question you will get all day.</p> <p>15 BY MR. WOLINSKY:</p> <p>16 Q. If the Court would decide</p> <p>17 liquidation value in exchange was the</p> <p>18 appropriate premise of value and we had to go</p> <p>19 through the exercise of valuing 100,000 assets</p> <p>20 and litigating them, you are not signing up</p> <p>21 for that, are you?</p> <p>22 THE COURT: Be careful what you ask</p> <p>23 for.</p> <p>24 A. I would reserve judgment.</p> <p>25 BY MR. WOLINSKY:</p> | <p style="text-align: right;">Page 3435</p> <p>1 Goesling - cross/Wolinsky</p> <p>2 A. The ELPO IMC is the converted</p> <p>3 monorail conveyor system that transports the</p> <p>4 bodies from the ELPO dip tanks through an oven</p> <p>5 system to dry the bodies.</p> <p>6 Q. That's the large conveyor we saw in</p> <p>7 the LTD paint shop?</p> <p>8 A. Correct.</p> <p>9 Q. And you valued that as scrap using</p> <p>10 the market approach, correct?</p> <p>11 A. That's correct.</p> <p>12 Q. And as you go down this list, what I</p> <p>13 did was I pulled out all the assets that you</p> <p>14 valued as scrap using the market approach in</p> <p>15 whole or part, correct?</p> <p>16 Do you remember that now?</p> <p>17 A. Yes.</p> <p>18 Q. Now, we have taken this exhibit and</p> <p>19 we revised it to DX -- what's the correct</p> <p>20 number? I have DX 104. That's not right. I</p> <p>21 am sorry. DDX 2511. This is all --</p> <p>22 MR. FISHER: Your Honor, we would</p> <p>23 like to see a copy of the exhibit.</p> <p>24 MR. WOLINSKY: Sure. It's tab 54 in</p> <p>25 the binder.</p> |
| <p style="text-align: right;">Page 3434</p> <p>1 Goesling - cross/Wolinsky</p> <p>2 Q. Let me ask you some questions about</p> <p>3 how you calculated liquidation value in</p> <p>4 exchange on the market approach.</p> <p>5 MR. WOLINSKY: If you can pull up,</p> <p>6 Bunky, DX 104.</p> <p>7 BY MR. WOLINSKY:</p> <p>8 Q. This is a document that I showed you</p> <p>9 at your deposition and asked you some</p> <p>10 questions about, and do you remember seeing</p> <p>11 this?</p> <p>12 A. Not offhand but I see that it's</p> <p>13 marked so obviously I did see it.</p> <p>14 Q. So for example, for the asset paint</p> <p>15 mix and circulation, electrical -</p> <p>16 THE COURT: Could you enlarge it?</p> <p>17 MR. WOLINSKY: Excuse me?</p> <p>18 THE COURT: Enlarge it.</p> <p>19 BY MR. WOLINSKY:</p> <p>20 Q. So for example -- let's look at the</p> <p>21 ELPO system. The ELPO system is a -- remind</p> <p>22 me what that is?</p> <p>23 A. Are you referring to the second line</p> <p>24 here?</p> <p>25 Q. Yes.</p> | <p style="text-align: right;">Page 3436</p> <p>1 Goesling - cross/Wolinsky</p> <p>2 Here you go, Mr. Goesling, if you</p> <p>3 want to work from the hard copy. Can you</p> <p>4 hand it up?</p> <p>5 THE COURT: All right. I see it in</p> <p>6 the binder at tab 54.</p> <p>7 BY MR. WOLINSKY:</p> <p>8 Q. DDX 2511. Let's go through the</p> <p>9 columns. The far left column is the</p> <p>10 representative asset number.</p> <p>11 Do you see that?</p> <p>12 A. Yes.</p> <p>13 Q. The next column is asset</p> <p>14 description. It's what it is. We talked</p> <p>15 about the ELPO system, right?</p> <p>16 A. Correct.</p> <p>17 Q. And value of the scrap, that would</p> <p>18 indicate that the ELPO system was valued as</p> <p>19 scrap and that's how you valued it?</p> <p>20 A. Correct.</p> <p>21 Q. Adjusting for installation and</p> <p>22 removal, 50 percent. If you can explain for</p> <p>23 the Court what that adjustment -- what</p> <p>24 adjustment you made in your market value</p> <p>25 assessment of the ELPO asset.</p> |

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL REVISED ON 5/16/17
Hearing Day 10 - May 5, 2017

| Page 3545 | Page 3547 |
|---|--|
| <p>1 Proceedings - May 5, 2017</p> <p>2 rather than a joint submission, each</p> <p>3 party should decide to just prepare their</p> <p>4 own submission but the project should be</p> <p>5 to try on that joint submission to</p> <p>6 reflect what it is that the Court has</p> <p>7 requested.</p> <p>8 THE COURT: It will make my life</p> <p>9 easier if whatever each of you submit I</p> <p>10 get one piece of paper. Large, whatever</p> <p>11 it is, that reflects the views of each of</p> <p>12 you so I can look across and down and</p> <p>13 understand. I am not going to be</p> <p>14 throwing darts. I want to see this array</p> <p>15 of values to the extent they are</p> <p>16 available with different methodology you</p> <p>17 think is supported by the evidence and</p> <p>18 the briefings and findings of fact you</p> <p>19 get to do that. I would rather not have</p> <p>20 to hunt between what each of you do</p> <p>21 separately. I am sure in your proposed</p> <p>22 findings of fact and brief you will</p> <p>23 address your views on each of these more</p> <p>24 elaborately. It would be helpful to me</p> <p>25 to get something that reflects both</p> | <p>1 Proceedings - May 5, 2017</p> <p>2 parts of the KPMG report. That's true</p> <p>3 for both sides.</p> <p>4 MR. FISHER: I'm not sure, Your</p> <p>5 Honor, that I agree with that</p> <p>6 characterization of our position. We</p> <p>7 have no quibble whatsoever with the KPMG</p> <p>8 report as fresh start accounting for new</p> <p>9 GM as of July 10th. That's our position</p> <p>10 on the request you put to us.</p> <p>11 THE COURT: I view the KPMG report</p> <p>12 to the extent it has values for the 40</p> <p>13 assets or 33 of the assets as a data</p> <p>14 point. You will address why you don't</p> <p>15 believe it provides an appropriate value</p> <p>16 for purposes of this case. I'm not</p> <p>17 trying to get anybody to buy into that.</p> <p>18 I would just like to see this array of</p> <p>19 numbers.</p> <p>20 Look, at one point I asked one of</p> <p>21 the witnesses about it. What I would</p> <p>22 like to be able to do, and I may not be</p> <p>23 able to do it, I'm searching for an</p> <p>24 approach, whatever the numbers are, that</p> <p>25 would provide some meaningful guidance to</p> |
| Page 3546 | Page 3548 |
| <p>1 Proceedings - May 5, 2017</p> <p>2 sides' views.</p> <p>3 MR. FISHER: Yes, Your Honor. The</p> <p>4 only small resistance I suppose you hear</p> <p>5 to the idea of a joint submission, and</p> <p>6 it's maybe hard to anticipate, is that</p> <p>7 even in trying to report to the Court</p> <p>8 about the values that others have arrived</p> <p>9 at, there may be -- I don't even know for</p> <p>10 sure -- there may be disagreements, for</p> <p>11 example, as to whether using KPMG values</p> <p>12 you can or cannot arrive at a specific</p> <p>13 value for a specific one of the 40</p> <p>14 representative assets. And so it could</p> <p>15 be that if we work on it on a joint basis</p> <p>16 you end up with many footnotes and</p> <p>17 caveats explaining the parties'</p> <p>18 respective positions on a question like</p> <p>19 that.</p> <p>20 THE COURT: I have no problem with a</p> <p>21 footnote that makes clear that you -- the</p> <p>22 plaintiff disagrees that either KPMG</p> <p>23 didn't reach a value or it did. You both</p> <p>24 -- this is an unusual case. You like</p> <p>25 parts of the KPMG report and you dislike</p> | <p>1 Proceedings - May 5, 2017</p> <p>2 both sides when you try to deal with the</p> <p>3 vast number of assets that are not</p> <p>4 involved in this trial. And it may not</p> <p>5 be possible. I don't know. But the one</p> <p>6 thing that's clear me is you are not --</p> <p>7 it's obvious you are not going to try</p> <p>8 what values to assign to 200,000 plus</p> <p>9 assets. It just isn't going to happen.</p> <p>10 MR. FISHER: Your Honor that's clear</p> <p>11 to us as well.</p> <p>12 THE COURT: When I ask a witness is</p> <p>13 there any rule of thumb, he said no. So.</p> <p>14 MR. FISHER: Your Honor, many of</p> <p>15 these issues are sure to come up in</p> <p>16 mediation. Some of the questions the</p> <p>17 Court is asking relate to questions of</p> <p>18 mass appraisal. When you just can't</p> <p>19 value each and every asset on an</p> <p>20 asset-by-asset basis, what's the best way</p> <p>21 to do it. We have ideas about that for</p> <p>22 purposes of mediation. We think that for</p> <p>23 purposes of a trial outcome, though, that</p> <p>24 it would be helpful to the parties to</p> <p>25 know what this Court thinks is a correct</p> |

US Bankruptcy Court - New York
MLC v. JPMorgan Chase BankFINAL REVISED ON 5/16/17
Hearing Day 10 - May 5, 2017

| Page 3549 | Page 3551 |
|---|---|
| <p>1 Proceedings - May 5, 2017</p> <p>2 way.</p> <p>3 THE COURT: I will tell you that. I</p> <p>4 don't know what it is yet. I am not</p> <p>5 shying away from doing that. Let me hear</p> <p>6 from Mr. Wolinsky about -- we will call</p> <p>7 it the chart for shorthand.</p> <p>8 MR. WOLINSKY: Your Honor, Marc</p> <p>9 Wolinsky from Wachtell for JPMorgan. We</p> <p>10 actually thought about it over the break</p> <p>11 and we didn't think this was that big a</p> <p>12 task. I am just making a list of the</p> <p>13 fields and it would start with installed</p> <p>14 cost, net book value, KPMG RCNLD, KPMG --</p> <p>15 then whatever is on General Motors' books</p> <p>16 and records. Evercore did an enterprise</p> <p>17 valuation.</p> <p>18 THE COURT: Evercore didn't do an</p> <p>19 asset-by-asset.</p> <p>20 MR. WOLINSKY: No, but they did an</p> <p>21 enterprise valuation that's comparable to</p> <p>22 the TIC, to the total invested capital</p> <p>23 calculation that --</p> <p>24 THE COURT: I am not telling -- I'm</p> <p>25 not saying you shouldn't include it.</p> | <p>1 Proceedings - May 5, 2017</p> <p>2 for a moment, I was told before lunch</p> <p>3 that they put a value on 33 of the 40</p> <p>4 assets and there was testimony about</p> <p>5 direct approach on some assets, indirect</p> <p>6 approach on others. I don't know what</p> <p>7 approach was used on the 33 that they do</p> <p>8 have numbers for.</p> <p>9 Can you tell me that?</p> <p>10 MR. FISHER: Your Honor, there are</p> <p>11 people on my team who are more</p> <p>12 specialized to answer that particular</p> <p>13 question.</p> <p>14 THE COURT: Mr. Binder.</p> <p>15 MR. BINDER: Neil Binder for the</p> <p>16 Avoidance Action Trust. First of all,</p> <p>17 KPMG has values as part of their</p> <p>18 calculation and you saw for approximately</p> <p>19 36 of the assets, they don't have their</p> <p>20 final concluded value. They did not</p> <p>21 provide individual numbers. So for some</p> <p>22 of these interim numbers we could, I</p> <p>23 believe, identify the approach that was</p> <p>24 used if that's helpful.</p> <p>25 THE COURT: It would be.</p> |
| Page 3550 | Page 3552 |
| <p>1 Proceedings - May 5, 2017</p> <p>2 MR. WOLINSKY: We don't think it's</p> <p>3 that hard and we are prepared obviously</p> <p>4 to work with the plaintiff to get you</p> <p>5 what you want.</p> <p>6 THE COURT: Dean Hubbard said what,</p> <p>7 the break point on WACC, which there</p> <p>8 would be no TIC adjustment, 15.9?</p> <p>9 MR. WOLINSKY: 15.6 or 15.9. 15.9.</p> <p>10 I'm sure a smart person could even do a</p> <p>11 spreadsheet that would show you what</p> <p>12 happens if you pick 14 and if you pick</p> <p>13 20.</p> <p>14 THE COURT: Okay. When you do your</p> <p>15 -- Mr. Fisher, I would like you to -- I</p> <p>16 am not forcing anybody to do it. It</p> <p>17 would be helpful to me to get a chart.</p> <p>18 You can put disclaimers on the footnotes</p> <p>19 or whatever and I want to see -- at least</p> <p>20 have a sense of where each of these --</p> <p>21 from the evidence no one knows what</p> <p>22 conclusion will be reached from it -- I</p> <p>23 don't know whether it's in the evidence</p> <p>24 or not at this point.</p> <p>25 So just focusing on the KPMG again</p> | <p>1 Proceedings - May 5, 2017</p> <p>2 MR. BINDER: The final numbers, KPMG</p> <p>3 didn't do it. General Motors, I think as</p> <p>4 Mr. Wolinsky alluded to, did take</p> <p>5 information from KPMG and then applied</p> <p>6 them to all of the assets and we can</p> <p>7 provide that to the Court as well.</p> <p>8 THE COURT: Do you know at this</p> <p>9 point with respect to all of the disputed</p> <p>10 assets what value new GM applied to them</p> <p>11 as part of their fresh start accounting?</p> <p>12 Not just the 40 but all of them, all of</p> <p>13 the disputed -- assuming that you dispute</p> <p>14 lots of assets. So do you know what</p> <p>15 value new GM assigned to them?</p> <p>16 MR. BINDER: I think we do have that</p> <p>17 information. I think because some the</p> <p>18 assets were leased so they took some of</p> <p>19 the KPMG information. They did not</p> <p>20 assign values to the leased assets. But</p> <p>21 for most of them there is a GM ledger</p> <p>22 that reflects their --</p> <p>23 THE COURT: Is that in evidence? We</p> <p>24 are not looking at all the assets here.</p> <p>25 MR. WOLINSKY: Yes, Your Honor, we</p> |

Exhibit C

JANE ROSE REPORTING

rose

800-825-3341

74 FIFTH AVENUE NYC 10011
JANE ROSE REPORTING.COM
JANE ROSE @ JANE ROSE REPORTING.COM

US Bankruptcy Court - New York

**Motors Liquidation Company
Avoidance Action Trust**

v.

JPMorgan Chase Bank, NA

CONFIDENTIAL

Video Deposition of:
Patrick Furey, Volume 2
October 15, 2018

US Bankruptcy Court - New York
MLC v. JPMorgan Chase BankFINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 330

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE:

MOTORS LIQUIDATION COMPANY, et al.,
Debtors.Chapter 11
Case No.: 09-50026 (REG)
(Jointly Administered)MOTORS LIQUIDATION COMPANY AVOIDANCE ACTION
TRUST, by and through the Wilmington Trust
Company, solely in its capacity as Trust
Administrator and Trustee,
Plaintiff.v.
JPMORGAN CHASE BANK, N.A., individually and
as Administrative Agent for various lenders
party to the Term Loan Agreement described
herein; ADVENT GLOBAL OPPORTUNITY MASTER
FUND; AEGON/TRANSAMERICA SERIES TRUST MFS
HIGHYIELD; ALTICOR INC., et al.,
Defendants.VIDEO DEPOSITION OF
Patrick Furey, Volume 2
October 15, 2018
Houston, Texas
Lead: Neil Binder, Esquire
Firm: Binder & SchwartzFINAL COPY - CONFIDENTIAL
JANE ROSE REPORTING 1-800-825-3341

Page 332

APPEARING ON BEHALF OF CERTAIN OF THE
TERM LOAN LENDERSERIN L. BURKE, ESQUIRE
Jones Day
555 South Flower Street
Los Angeles, California 90071
(213) 489-3939
eburke@jonesday.com

APPEARING ON BEHALF OF KPMG AND THE DEPONENT

ELIZABETH BOWER, ESQUIRE
JOSEPH M. KAUFMAN, ESQUIRE
Willkie Farr & Gallagher LLP
1875 K Street, N.W.
Washington, D.C. 20006-1238
(202) 303-1252
ebower@willkie.com
jkaufman@willkie.com

ALSO PRESENT

Kyle TenHuisen, Stout Risius Ross
Nicholas Bessler, Analysis Group

JANE ROSE REPORTING

74 Fifth Avenue
New York, New York 10011
1-800-825-3341
Linda Russell, CSR, RPR, CLR
Darryl Russell, Legal Videographer

Page 331

APPEARANCES:

APPEARING ON BEHALF OF THE AVOIDANCE ACTION TRUST

NEIL S. BINDER, ESQUIRE
LAUREN HANDELSMAN, ESQUIRE (via video)
TESSA B. HARVEY, ESQUIRE
Binder & Schwartz LLP
366 Madison Avenue
New York, New York 10017
(212) 510-7031
nbinder@binderschwartz.com
lhandelsman@binderschwartz.com
tharvey@binderschwartz.com

APPEARING ON BEHALF OF DEFENDANT JPMORGAN CHASE

EMIL A. KLEINHAUS, ESQUIRE
JOSEPH C. CELENTINO, ESQUIRE
BENJAMIN LEVANDER, ESQUIRE
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019-6150
(212) 403-1000
EAKleinhaus@wlrk.com
JCCelentino@wlrk.com

Page 333

TABLE OF CONTENTS

Witness:

Patrick Furey, Volume 2

| | Page |
|--------------------------|------|
| Examination: | |
| By Mr. Binder | 336 |
| By Mr. Kleinhaus | 484 |
| By Mr. Binder | 589 |
| Reporter's Certification | 599 |
| Notice to Read and Sign | 601 |
| Index of Exhibits | 603 |

US Bankruptcy Court - New York
MLC v. JPMorgan Chase BankFINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 334

P-R-O-C-E-E-D-I-N-G-S

THE VIDEOGRAPHER: Here begins Media Number 1, Volume 2, of the deposition of Patrick Furey in the matter of Motors Liquidation Company, et al, versus JPMorgan Chase Bank. Today's date is October 15th, 2018. The time is 9:07 a.m.

This deposition is being taken at the offices of Willkie Farr & Gallagher and was made at the request of Jones Day.

I am Darryl Russell, the legal videographer. The court reporter is Linda Russell from Jane Rose Reporting New York.

Counsel, please introduce yourselves. And will the court reporter please swear in the witness.

MR. BINDER: Neil Binder with Binder & Schwartz, on behalf of the Avoidance Action Trust.

MS. HARVEY: Tessa Harvey also Binder & Schwartz, on behalf of Avoidance Action Trust.

MR. TENHUISEN: Kyle TenHuisen from Stout, on behalf of the Avoidance Action Trust.

MS. BURKE: Erin Burke with Jones Day on behalf of the group of GM term loan lenders.

Page 336

was served a subpoena by the Avoidance Action Trust for his appearance today, and I believe JPMorgan as well.

PATRICK FUREY,
having been first duly sworn, testified as follows:

EXAMINATION

BY MR. BINDER:

Q. Good morning, Mr. Furey.

A. Good morning.

Q. Nice to see you again.

A. Yeah, good to see you again as well.

Q. And, again, thank you for being here.

I just -- just want to fill in whether there were any changes since you testified at trial now in this case. So, you're still employed by KPMG?

A. Yes, I am.

Q. Okay. And has your position changed?

A. I am now principal with KPMG.

Q. Okay. And what about your -- what group within KPMG do you work within?

A. I'm still within the Economic and Valuation Services practice.

Q. And that's the group you were in when

Page 335

MR. KLEINHAUS: Emil Kleinhaus, Wachtell Lipton Rosen & Katz on behalf of JPMorgan Chase Bank.

MR. CELENTINO: Joseph Celentino Wachtell Lipton on behalf of JPMorgan Chase Bank.

MR. LEVANDER: Ben Levander, Wachtell Lipton on behalf of JPMorgan Chase Bank.

MR. BESSLER: Nicholas Bessler, Analysis Group, on behalf of JPMorgan Chase Bank.

MS. BOWER: Elizabeth Bower, Willkie Farr & Gallagher, on behalf of the witness Mr. Furey.

MR. KAUFMAN: Joseph Kaufman, Willkie Farr & Gallagher, on behalf of the witness Mr. Furey.

(The witness was sworn.)

(A brief interruption occurred.)

MR. BINDER: We're wondering whether someone on -- who is listening in is not on mute? Thank you.

(Discussion off the record.)

MR. BINDER: Before we begin, just for the record, the videographer said this was noticed by Jones Day. I don't know whether it was noticed by Jones Day, but Mr. Furey is here

Page 337

you testified at trial?

A. That's correct.

Q. And that's the group you were in when you did the valuation work for Old GM and New GM?

A. That's correct.

Q. Okay. And the certifications that you had at the time that you did your valuation work for Old GM and New GM, those are still in place?

A. They are, yes.

MR. BINDER: What I want to have marked -- and we're going to resume the marking from the prior -- Mr. Furey's last deposition, and so the AAT -- our last exhibit was --

THE COURT REPORTER: It will be 3.

MR. BINDER: So we're AAT-KPMG 3. (Exhibit AAT-KPMG 3 marked for identification.)

Q. And, Mr. Furey, that's -- that is a copy of the transcript from the first time we were all gathered for your deposition.

(A brief interruption occurred.)

MR. BINDER: Okay. So we'll just put on the record. So, there's a -- Mr. Kleinhaus and I agreed, and Ms. Burke, that we'll continue

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 338

1 without the audio feed to the outside world.

2 MS. BURKE: Yes, we're in agreement.

3 MR. BINDER: Okay.

4 Q. Okay. So, Mr. Furey, can you just
5 take a look at the prior -- the transcript of
6 your prior deposition in this case. And I just
7 want to draw your attention to page 152 of the
8 transcript. It's in the lower right quadrant.
9 Do you see that?

10 A. Yes, I do.

11 Q. Okay. And what I'm going to ask you
12 to do in a moment is just to review -- well, let
13 me ask you, have you reviewed the transcript
14 before your testimony today?

15 A. I reviewed the transcript closer in
16 time to the -- when the testimony was given. I
17 haven't reviewed the transcript recently.

18 Q. Okay. So, actually, before we do
19 that, let me ask you. What did you do to prepare
20 for your deposition today?

21 MS. BOWER: And here I will caution
22 the witness just to answer the question high
23 level. Don't get into the substance of
24 communications that you had with counsel.

25 THE WITNESS: Okay.

Page 340

1 provided as part of the OldCo analysis, as well
2 as I believe two or potentially three different
3 versions of the OldCo memo to our files
4 describing the methodology, as well as the final
5 deliverable for the OldCo valuation, which
6 included the asset details with our valuation
7 conclusions, as well as the supporting models.

8 Q. And when you say a supporting model,
9 what is that?

10 A. The valuation was conducted within a
11 Microsoft Excel valuation model which performed
12 all the calculations that were used in our
13 valuation of the OldCo assets. So reviewing the
14 underlying calculations as well as the summary of
15 all those results also within Excel spreadsheet.

16 Q. So did you actually open up some of
17 the Excel spreadsheets and look around?

18 A. Yes, I did.

19 Q. Okay. Do you remember how many there
20 were?

21 A. I don't specifically remember, but I
22 probably opened half a dozen of them.

23 Q. Okay. And were all of these related
24 to the valuation of the OldCo assets?

25 A. Yes, they were.

Page 339

1 A. I was involved in producing some of
2 the documents for discovery, as well as reviewing
3 the high-level methodology memo that described
4 your valuation procedures.

5 Q. And how many memos -- well, when you
6 say the high-level methodology memo, how many
7 memo -- are you referring to a single memo?

8 A. Primarily the memo that covered the
9 evaluation of the OldCo analysis.

10 Q. Do you remember the date of that memo
11 or the month of the memo?

12 A. I don't remember the specific date.

13 Q. Okay. Did you review other memos as
14 well?

15 A. Not in preparation for this
16 deposition.

17 Q. Okay. You say in preparation for
18 this deposition. Did you review your trial
19 testimony?

20 A. I did not.

21 Q. Did you -- you did not review as well
22 your deposition transcript?

23 A. I did not.

24 Q. Okay. What else did you review?

25 A. Reviewed summary schedules that were

Page 341

1 Q. Okay.

2 A. I did also look at the final summary
3 of asset details for the NewCo valuation, but I
4 did not re-review the models that supported the
5 NewCo analysis.

6 Q. When you say the final summary of
7 asset value for NewCo analysis, what type of
8 document was that?

9 A. It was a large Microsoft Excel
10 document with tens of thousands of rows. It
11 included the -- the discrete fair value estimates
12 for each asset of NewCo.

13 Q. And is this the document that has the
14 supporting valuation analysis for the fresh start
15 accounting that you testified at trial at?

16 A. It's a summary of the analysis. The
17 actual analysis happens in underlying models,
18 which I believe there were approximately thirty
19 of them. And so I only reviewed -- as part of
20 this review only reviewed the summary, not the
21 underlying models.

22 Q. And how large a -- there's a document
23 that we refer to as KPMG 4070. Are you familiar
24 with that?

25 A. Yes, I am.

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 342

1 Q. And is that the document you're
2 referring to --
3 A. That's the document I'm referring to.
4 Q. Okay. That makes it easy.
5 A. Thank you.
6 Q. Okay. And who did you meet with
7 specifically in preparation for your deposition?
8 A. I met with Liz Bower and Joe Kaufman.
9 Q. Anyone else?
10 A. I had a discussion with Andrew Basso
11 at KPMG.
12 Q. And who is Mr. Basso?
13 A. Mr. Basso was a manager who also
14 assisted in the -- primarily in the NewCo
15 valuation of GM.
16 Q. And what was the purpose of your
17 conversations with Mr. Basso?
18 MS. BOWER: And, again, I caution you
19 not to disclose the substance of conversations
20 where I or Joe were present.
21 THE WITNESS: Okay.
22 A. I asked Mr. Basso to direct me to
23 certain supporting files, primarily for the real
24 property analysis on the KPMG network --
25 Q. Okay.

Page 343

1 A. -- as part of the discovery process.
2 Q. Was his assistance -- you said he
3 provided you with assistance, was it substantive
4 or just about locating --
5 A. It was primarily about locating
6 documents.
7 Q. Okay. So if you can look now to
8 page 152 at line 10. You see the line numbers
9 are indicated on the left.
10 I asked a question: "So this
11 liquidation analysis for MLC in which you were
12 involved, I want to ask you about that." Okay?
13 A. Yes.
14 Q. Okay. So, my question for you -- and
15 I'd like you actually just to take the time just
16 to look through here through page 161, at line 3.
17 If you could just review it. And my question is
18 going to be whether this is the OldCo liquidation
19 valuation analysis that -- what that is.
20 A. Can I take a minute to --
21 Q. Yeah, yeah, please do. No, you
22 should take as long as you need to read it.
23 (Witness reviewing document.)
24 A. And, sorry, up until what page?
25 Q. 161.

Page 344

1 A. 161. Okay.
2 Q. And you can stop at line 3 on
3 page 161.
4 A. Okay.
5 Q. Just the third line.
6 (Witness reviewing document.)
7 Q. Mr. Furey, I see you are reading
8 further, and if you want to read further, go
9 right ahead.
10 A. Okay.
11 Q. I was just wanted to make sure
12 you're --
13 A. I was just finishing the --
14 Q. No, no, that's fine. Read as much as
15 you want. I just didn't want you to go on.
16 A. It's a very gripping read. I'm
17 ready.
18 Q. Okay. So do you recall this
19 testimony?
20 A. Yes, I do.
21 Q. Okay. And having reviewed it now, is
22 it accurate?
23 A. Yes, it is.
24 Q. Okay. And are you -- the MLC value
25 liquidation analysis that you were discussing in

Page 345

1 this testimony, is that the same liquidation
2 analysis that you were preparing for in
3 preparation for your deposition today?
4 A. Yes, it is.
5 Q. Okay. And you -- at the end you make
6 reference to a white paper; did you see that?
7 A. Yes, I did.
8 Q. Okay. You said, "There was a white
9 paper outlining the methodology and, you know,
10 providing some context to the company for their
11 understanding as well as for their external
12 auditors to understand the process that we
13 undertook to come up with those numbers."
14 You saw that testimony?
15 A. I do.
16 Q. Okay. Is the white paper you're
17 referring to at page 160 in your prior deposition
18 transcript this document that you were referring
19 to as the high-level methodology memo that you
20 had reviewed?
21 A. Yes, it is.
22 Q. Okay. So, I want to, I guess, pick
23 up on where we left off in September of 2016,
24 when -- when you last gave a deposition. Can you
25 describe what the MLC liquidation analysis

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 346

1 entailed?

2 A. The -- from -- I'm assuming you mean
3 from a valuation perspective?

4 Q. Let me step back. What was it --
5 high level, what did KPMG do?

6 A. KPMG provided a Fair Value Estimate
7 for all of the assets that were remaining behind
8 at what we referred to as OldCo or Motors
9 Liquidation Company. And I -- my understanding
10 was that it was to support their financial
11 reporting in the context of an asset -- asset
12 write-down or asset impairment.

13 Q. Okay. And when you say, "support
14 their financial reporting," what did you
15 understand that to mean?

16 A. Their financial reporting for, you
17 know, SEC reporting purposes. And the context
18 was that the -- they felt that there was a
19 possibility that the fair value of the assets was
20 less than their book value, so they were doing a
21 test under the accounting rules. And our role
22 was supporting that with fair value estimate.

23 Q. What accounting rule in particular?

24 A. I believe the accounting rule is now
25 called ASC 360. At the time it was -- there was

Page 348

1 we called the personal property analysis. But I
2 was also involved in coordinating with our real
3 estate team to produce the overall deliverable
4 for valuation.

5 Q. When you say overseeing machinery and
6 equipment, does that mean overseeing the
7 valuation of the machinery and equipment?

8 A. Yes. Yes.

9 Q. Okay. Is that the same role that you
10 performed at KPMG in connection with the fresh
11 start valuation of New GM?

12 A. Yes, a very similar role.

13 Q. Okay. And how -- how large was your
14 group? How many people were involved in the
15 project?

16 MS. BOWER: Object to form.

17 Q. Okay. How many people were involved
18 in the valuation of the OldCo assets for KPMG?

19 A. The personal property team that I
20 directly oversaw for OldCo was approximately six
21 or seven people, with potentially some others who
22 may have provided minor assistance through the
23 course of the engagement.

24 Q. Okay. And the six or seven, were
25 they working on the project full-time?

Page 347

1 a different numbering system at the time, which I
2 can't recall. But our analysis didn't include
3 the accounting advisory piece of it, it was only
4 limited to providing a fair value estimate.

5 Q. Okay. And the process of providing a
6 fair value estimate for the OldCo assets, that is
7 the assets that would remain at OldCo or MLC, how
8 long -- how long was that process?

9 A. The process took approximately three
10 to four months. I don't remember the exact
11 timeline, but I think about three to four months
12 is probably a reasonable estimate.

13 Q. Uh-huh. And do you remember when it
14 started and when it ended?

15 A. I believe it started around late May
16 of -- I'm trying to remember the year that that
17 was.

18 Q. Does 2009 help?

19 A. 2009, yeah. And would have gone
20 through late summer or potentially into early
21 fall of that same year.

22 Q. And what was your role in this
23 valuation exercise?

24 A. I was the senior manager overseeing
25 specifically the machinery and equipment, or what

Page 349

1 A. Yes, I believe. Although some were
2 involved in both OldCo and NewCo, as there was
3 some overlap between those projects.

4 Q. Well, who were the six or -- who were
5 the people that you recall?

6 A. The -- I would need -- honestly, I
7 would need to pull the timesheet reporting. I
8 remember having a team of about six people. Some
9 of the key people would have been Jeffrey Doyle,
10 Ann Walter. They would have been two of the
11 primary ones. I would need to pull a timesheet
12 to give you a full -- full listing.

13 Q. Okay. What was Mr. Doyle's role?

14 A. He was a manager in our machinery and
15 equipment valuation practice and so he was -- he
16 was involved in some of the day-to-day --
17 day-to-day activities.

18 Q. And Ms. Walter?

19 A. Ms. Walter was primarily involved in
20 helping us collect data and coordinating with
21 General Motors to gather the information that
22 was -- formed the basis of our valuation.

23 Q. And I believe you testified
24 previously that during this project you spent
25 around ninety percent of your time on this

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

| Page 350 | Page 352 |
|--|--|
| <p>1 analysis; it that correct?</p> <p>2 MS. BOWER: Object to form.</p> <p>3 MR. KLEINHAUS: Object to form.</p> <p>4 Q. Let me ask -- withdrawn.</p> <p>5 How much -- how much time did you</p> <p>6 spend on the MLC valuation work?</p> <p>7 A. The -- while I was on the MLC</p> <p>8 valuation project, it was taking up the majority</p> <p>9 of my time. I was also assisting with the team</p> <p>10 that was starting up the NewCo analysis. So</p> <p>11 90-plus percent of my time was spent on MLC</p> <p>12 during the course of that engagement.</p> <p>13 Q. And you saw through to the end?</p> <p>14 A. Yes, I did. The OldCo valuation,</p> <p>15 yes.</p> <p>16 (Exhibit AAT-KPMG 4 marked for</p> <p>17 identification.)</p> <p>18 Q. Mr. Furey, in front of you is a</p> <p>19 document marked AAT-KPMG 4. It's Bates numbered</p> <p>20 KPMG-GM0092553 and goes through 92562. It's</p> <p>21 dated October 26, 2009. It's an e-mail to</p> <p>22 General Motors Management from KPMG. Do you have</p> <p>23 that in front of you?</p> <p>24 A. Yes, I do.</p> <p>25 Q. Okay. Is this the document you were</p> | <p>1 A. I -- I reviewed most versions of it.</p> <p>2 I'm not a hundred percent certain that this is</p> <p>3 the final version, but I have reviewed this memo.</p> <p>4 Q. You're familiar with the contents of</p> <p>5 the memo?</p> <p>6 A. Yes, I am.</p> <p>7 Q. And you were involved in the</p> <p>8 preparation of the memo?</p> <p>9 A. Yes, I was.</p> <p>10 Q. Okay. And you had a chance to review</p> <p>11 it before you came here today, correct?</p> <p>12 A. Yes, I did.</p> <p>13 Q. Okay. And is it -- is it accurate?</p> <p>14 A. Yes.</p> <p>15 Q. I mean, is there anything in there</p> <p>16 that was a mistake, as far as you're aware?</p> <p>17 A. I believe this version is -- is</p> <p>18 correct.</p> <p>19 Q. Okay. And you've seen other</p> <p>20 versions -- earlier versions of this memo?</p> <p>21 A. Yes, I have.</p> <p>22 Q. Okay. And this was a memo prepared</p> <p>23 by KPMG in the ordinary course of its business?</p> <p>24 A. Yes, it was.</p> <p>25 Q. And it was ultimately delivered to</p> |
| Page 351 | Page 353 |
| <p>1 referring to as the white paper?</p> <p>2 A. Yes, it does appear to be.</p> <p>3 Q. Okay. And this -- what is this</p> <p>4 document?</p> <p>5 A. This was a memo that we put together</p> <p>6 to document the major assumptions and</p> <p>7 methodologies that were used in coming up with</p> <p>8 the fair values that were supporting the OldCo</p> <p>9 valuation.</p> <p>10 Q. Okay. And I see that it says from</p> <p>11 KPMG and in parentheses there are two names,</p> <p>12 Michael Crismyre and Kevin Steckel. Do you see</p> <p>13 that?</p> <p>14 A. I do.</p> <p>15 Q. What was your role in connection with</p> <p>16 this memo?</p> <p>17 A. So, I was -- my role was I was</p> <p>18 involved in actually authoring some sections of</p> <p>19 this memo, but primarily involved in gathering</p> <p>20 the information from the various team members who</p> <p>21 were assembling this memo and reviewing it prior</p> <p>22 to providing it to Mr. Crismyre and Mr. Steckel.</p> <p>23 Q. Okay. And prior to delivery to</p> <p>24 General Motors, did you review the final version</p> <p>25 of this memo?</p> | <p>1 General Motors?</p> <p>2 A. I believe that it was. The purpose</p> <p>3 in putting this specific memo together was that</p> <p>4 our scope of work for OldCo did not include a</p> <p>5 full narrative report, so we wanted to make sure</p> <p>6 that the assumptions were documented.</p> <p>7 I don't specifically recall if this</p> <p>8 document was sent to General Motors or if it was</p> <p>9 put together primarily as a work paper and put in</p> <p>10 our files.</p> <p>11 Q. Okay. But it -- but it reflects the</p> <p>12 work done for the Fair Value Analysis of the</p> <p>13 personal -- the property plant and equipment that</p> <p>14 remained at OldCo?</p> <p>15 A. Yes, it does.</p> <p>16 Q. And the ultimate valuations that were</p> <p>17 performed pursuant to the methodology described</p> <p>18 in AAT-KPMG 4 were provided to old -- OldCo,</p> <p>19 correct?</p> <p>20 A. Yes, they were.</p> <p>21 Q. Can you describe for me the process</p> <p>22 of the valuation exercise?</p> <p>23 MS. BOWER: Objection --</p> <p>24 Q. Well, like how did it get started,</p> <p>25 how did you go about it?</p> |

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 354

1 MS. BOWER: Object to form.
2 Just for clarity, you're referring to
3 the OldCo valuation that is addressed in the
4 memo?
5 Q. Well, let me ask this. Was there a
6 valuation of OldCo assets separate from what's
7 addressed in the memo in front of you?
8 A. Not that I'm aware of.
9 Q. Okay. So, yes, for the valuation --
10 what was the process -- sort of how did it get
11 started for KPMG's role in valuing the OldCo
12 assets?
13 A. Well, KPMG was engaged by General
14 Motors. Our understanding was that the fair
15 value estimate was going to be used for their
16 asset impairment calculations for financial
17 reporting purposes.
18 So we were engaged. Our process was
19 to first understand the scope of the assets that
20 were going to remain with OldCo, as well as
21 understanding the what we refer to as the premise
22 of value, so understanding the what we call
23 highest and best use and premise of value
24 consistent with the FAS 157 or ASC 820 guidance
25 to help us develop a plan and scope of work to

Page 356

1 facilities?
2 A. That distinction is a little bit
3 unclear. There was a process undertaken by
4 General Motors management as part of their
5 viability plans to identify certain facilities
6 that would be part of the company going forward
7 and would continue to operate. So we valued
8 those assets as part of the NewCo analysis on a
9 value in use premise.
10 The assets associated with the older
11 facilities that were either shut down as of our
12 valuation date or planned to be shut down in the
13 near future were valued on more of an in exchange
14 or orderly liquidation value based on a future
15 intended use or lack of use of those assets.
16 Q. So just -- just to be clear, when
17 you're referring to the newer assets that were
18 going to be sold to New GM, would that include --
19 in your answer were you including assets, say,
20 that were at Lansing Delta Township?
21 A. I don't specifically remember if
22 Lansing Delta Township was OldCo or NewCo.
23 Q. Okay. So Lansing Delta Township was
24 part of NewCo, the whole plant was part of the
25 transfer. And I'm just trying to see whether

Page 355

1 come up with an estimate of value for the OldCo
2 assets.
3 Q. So what was your understanding as to
4 why an asset impairment analysis was necessary at
5 this time?
6 MS. BOWER: Object to form.
7 A. My understanding was that the certain
8 group of assets of General Motors had been
9 identified to remain behind at what we call OldCo
10 or Old GM, and that certain newer assets --
11 excuse me -- certain newer assets were going to
12 be sold to NewCo. And so our scope for the OldCo
13 valuation was to value the assets that were being
14 left behind as management felt that their fair
15 value was potentially less than their carrying
16 value on their books.
17 Q. In the new assets -- the new --
18 withdrawn.
19 The newer assets that were going to
20 be sold to NewCo -- that's New GM, correct?
21 A. That is -- correct.
22 Q. The newer assets that were going to
23 be sold to New GM, are you referring to the
24 assets that were part of operating facilities or
25 assets that were being taken from non-operating

Page 357

1 there's a distinction as to those plants where it
2 was always understood that the entire plant was
3 going to be transferred and some other category
4 or whether you're describing the assets that were
5 going to be sold to NewCo as anything that was
6 purchased by NewCo.
7 A. I'm describing it as anything that
8 was purchased by NewCo.
9 Q. So you said you had to determine the
10 scope of the assets to review. How did you go
11 about that?
12 A. The scope of the assets was primarily
13 developed through conversations with General
14 Motors management and the discussions primarily
15 around the viability plans that they were
16 developing to identify which assets would be part
17 of the NewCo company versus which would remain at
18 OldCo.
19 Q. So at the time you began the
20 engagement, had any decisions as to which assets
21 were going to NewCo been made? I mean, were you
22 discussing just some subset or was it -- were all
23 of the plants in play?
24 A. By the time I became involved, there
25 was some identification of the assets, although

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 358

1 that identification did change during the course
2 of our valuation as certain assets were moved
3 either from OldCo to NewCo or vice versa.

4 Q. Physically moved or just moved on a
5 ledger?

6 A. Just on a ledger. Our -- the data
7 was provided to us as a listing of unique assets
8 that were part of OldCo. That list did change
9 from the first version we received to what was
10 ultimately in our valuation report.

11 Q. Okay. If you look at AAT-KPMG 4 in
12 front of you, just on the first page under the
13 header, "Scope." Do you see that?

14 A. Yes.

15 Q. It reads, "The PP&E assets included
16 in this analysis as identified by management
17 include certain real and personal property assets
18 associated with certain GM manufacturing
19 facilities, engineering sites, and vacant land
20 parcels transferred to Motors Liquidation
21 Company, MLC or OldCo. The manufacturing
22 facilities with both real and personal property
23 are identified in the table below." Do you see
24 that?

25 A. Yes, I do.

Page 359

1 Q. Okay. And then there's a table that
2 lists various facilities, right?

3 A. Yes.

4 Q. Okay. Is this the full list of
5 facilities that contained assets that were
6 subject to the valuation exercise?

7 A. No, it is not.

8 Q. Okay. So there are -- okay. So what
9 is this list?

10 A. These lists -- this list is the
11 primary manufacturing locations that were part of
12 OldCo.

13 Q. Okay. And then I guess if I read on,
14 it reads, "In addition to the manufacturing
15 sites, there are additional engineering and
16 vacant land sites identified by GM management
17 that were also transferred to MLC." Is that the
18 additional that you are referring to?

19 A. Yes, it is.

20 Q. Okay. So those additional
21 facilities, they are non-manufacturing
22 facilities, correct?

23 A. Yes, I believe that's correct.

24 Q. So this table, then, in this section
25 "Scope" on page 1 is the list of manufacturing

Page 360

1 facilities in which there were property, plant
2 and equipment that was valued at Old GM by KPMG?

3 A. That's correct. The other sites did
4 include some engineering locations, which may
5 have had some machinery and equipment, but not to
6 the extent as the locations on page 1.

7 Q. Okay. And the last one listed is GM
8 Strasbourg. That's not part of GMNA, is it?

9 A. No, it is not.

10 Q. Are the others?

11 A. Yes, they are.

12 Q. And you said that after you
13 determined the scope, you had to determine a
14 premise of value; is that correct?

15 A. That's correct.

16 Q. Okay. And the premise of value,
17 that's fair value?

18 A. Yes, it is.

19 Q. Okay. And that's come up before, but
20 the fair value is defined as the price that would
21 be received to sell an asset or paid to transfer
22 a liability in an orderly transaction between
23 market participants at the measurement date; is
24 that correct?

25 A. That's the definition per the

Page 361

1 financial reporting guidelines.

2 Q. Okay. And so this valuation exercise
3 for the OldCo assets was a fair value exercise
4 under FAS 157?

5 A. Yes, it was.

6 Q. And the fresh start valuation that
7 KPMG performed was also a fair value premise of
8 value under FAS 157, correct?

9 A. Yes, it was.

10 Q. And under the fair value premise, you
11 determined the highest and best use of the
12 assets, correct?

13 A. That is correct.

14 Q. Okay. And did you make a
15 determination of what the highest and best use of
16 the assets that were remaining at OldCo would be?

17 A. Yes, through -- through discussions
18 with management we developed a premise -- premise
19 of value that we felt reflected highest and best
20 use.

21 Q. Okay. And what was that premise of
22 value?

23 A. It was orderly -- orderly liquidation
24 but with consideration for certain facilities
25 that remained in operation as of our valuation

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 362

1 date.

2 Q. So some -- some assets were coming
3 from facilities that KPMG understood were not
4 going to remain in operation as of the valuation
5 date and others the understanding was that the
6 facility was to remain in operation as of the
7 valuation date?

8 A. They would -- certain facilities were
9 closed as of the valuation date. Other
10 facilities were going to remain in operation for
11 a set duration of time, for the most part, as I
12 recall, those were all less than about two years,
13 to support NewCo, and then would be -- then would
14 be closed down.

15 Q. And you said in order to determine
16 the premise of value, you consulted or it was
17 done in consultation with GM management, correct?

18 A. Yes.

19 Q. Okay. What was the nature of the
20 consultation that you -- that KPMG had with GM
21 management in connection with determining the
22 premise of value?

23 A. So the first part of the conversation
24 involved understanding the future use for the
25 facilities if -- you know, if they were already

Page 364

1 Q. In your answer, you said that these
2 facilities had no future utility beyond the
3 Transition Service Agreement timeline, right?

4 A. Yes.

5 Q. So in that answer you were referring
6 to those assets that were at facilities that were
7 subject to some Transition Service Agreement and
8 it was anticipated would continue in use for some
9 period of time even if it's short, correct?

10 A. That's correct.

11 Q. Okay. The other facilities where you
12 understood there were the -- were not going to be
13 continued in use, the premise of value there was
14 orderly liquidation value as well?

15 A. That's correct.

16 Q. Okay. And in both cases you
17 concluded that there was no market to purchase
18 the facilities as a whole, correct?

19 A. That's correct.

20 Q. And is the reason for that inquiry to
21 determine whether the valuation premise should be
22 orderly liquidation value in exchange versus
23 orderly liquidation value in place?

24 A. Yes, that's -- that's correct.

25 Q. Okay.

Page 363

1 shut down; if not, when they would be shut down.
2 So that was -- that was the first part of the
3 conversation.

4 The second was discussing with them
5 their recent experience around selling assets
6 into the secondary market to understand if there
7 was a liquid secondary market for the assets as
8 assembled or if a piecemeal or asset-by-asset
9 valuation process would be more -- a more
10 reasonable approach.

11 Q. And is the idea that -- well, what
12 did they -- what did you conclude with GM?

13 A. Our -- our conclusion was that the
14 orderly liquidation value premise was the highest
15 and best use, given that these facilities had no
16 future utility beyond the Transition Service
17 Agreement timeline, which stated that some of the
18 facilities would remain open for a given number
19 of months.

20 And a review of the secondary market
21 showed us that there was a limited market and
22 limited market participants who would be able to
23 purchase these facilities intact. And the only
24 sales we could identify were individual piecemeal
25 sales of assets.

Page 365

1 A. If I could clarify my answer. The
2 orderly liquidation value premise was primarily
3 specific to the personal property or the
4 machinery and equipment. The real property was
5 valued on an in exchange basis through a sales
6 comparison method.

7 Q. Okay. So -- and for now, we may get
8 to real property later, but for now my questions
9 are directed to personal property. Okay?

10 A. Okay.

11 Q. So why don't you explain for assets
12 at OldCo that were subject to a Transition
13 Service Agreement how they were valued and how
14 that compares to those that were not.

15 A. The assets that were at locations
16 with Transition Service Agreement, our thought
17 process there was that those assets should have
18 an incrementally higher value than assets that
19 are just going to be liquidated or sold into the
20 secondary market as of our valuation date.

21 So in that analysis we gave
22 consideration for the what we called the
23 remaining future utility of those assets. I
24 don't recall the specific calculations, but it
25 would take into consideration the future cash

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 366

1 flow generating capability of those assets as
2 well as what we call the remaining useful life of
3 those assets to come up with an incremental
4 amount of value above just a straight liquidation
5 premise.

6 Q. Okay. So before you got to the point
7 where you had to decide whether it was --
8 withdrawn.

9 You consulted with New GM to
10 determine whether there was a market to sell
11 plants wholesale. And where there wasn't, you
12 concluded liquidation value in place didn't make
13 sense and orderly liquidation value in exchange
14 is the appropriate premise of value, correct?

15 MR. KLEINHAUS: Objection to form.

16 A. That's correct.

17 Q. And before you got to orderly
18 liquidation value, though, there were other
19 possible premises of value, correct?

20 A. That is correct.

21 Q. And going concern, for instance, is
22 one of them, right?

23 A. Yes.

24 Q. Okay. And is it right that going
25 concern was not the appropriate premise of value

Page 368

1 Q. I just want to make sure I
2 understand. So it's a going concern value, but
3 you took account in the valuation the fact that
4 it wasn't actually at the facility as of the
5 valuation date and needed to actually be
6 installed?

7 MS. BOWER: Objection.

8 A. That's correct.

9 Q. Thank you.

10 In the report, the top of page 2 of
11 the actual document, the sentence, "Additionally,
12 within each of the remaining twelve facilities,
13 selected assets have been identified by
14 management that will be transferred and continued
15 to be used at other NewCo facilities." Do you
16 see that?

17 A. Yes, I do.

18 Q. Is that what you were just referring
19 to a moment ago, that is there were certain
20 assets at OldCo that were going to be moved to
21 NewCo and were -- yes?

22 A. That's correct, yes.

23 Q. So those are the one values of going
24 concern taking into account the installation
25 cost?

Page 367

1 for the assets that were going to remain at
2 Old GM because they weren't going to be part of a
3 going concern business?

4 A. That -- that was our working
5 assumption, yes.

6 Q. Okay. In other words to the extent
7 that they -- as of the valuation date, you
8 understood they weren't going to be part of an
9 operating business, they were appropriately
10 valued on an orderly liquidation value in
11 exchange premise?

12 A. That's correct.

13 Q. Okay. And if one of the assets was
14 taken and placed at New GM in an operating
15 facility, that asset would be valued on a going
16 concern basis as part of that New GM facility; is
17 that correct?

18 A. The -- in our NewCo analysis, if
19 there were assets moving from an OldCo facility
20 to a NewCo facility, those assets were valued on
21 a going concern basis with an adjustment for
22 value -- a downward adjustment in value to
23 reflect the installation of that original asset,
24 which we felt wouldn't have value if the asset
25 needed to be moved.

Page 369

1 A. Correct.

2 Q. And those assets were not valued as
3 part of the OldCo valuation?

4 A. That is correct.

5 Q. When you met with people at GM, do
6 you recall who you met with?

7 A. I don't recall the specific names off
8 the top of my head, but there were many -- many
9 people that we -- that we met with over there.

10 Q. How frequently did you meet over the
11 three months with GM folks?

12 A. I would say we communicated with them
13 probably almost daily and met with them probably
14 a couple times a week.

15 Q. And where would you meet?

16 A. Generally at the headquarters
17 building, Renaissance Center.

18 Q. And you said there were -- there were
19 many, many people. Just order of magnitude,
20 dozen, half dozen, twenty?

21 A. Probably approximately a dozen.

22 Q. And did they represent various groups
23 within GM?

24 A. Primarily our contacts -- contacts
25 were within what we called the GFS group, which

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 370

1 was their -- the group that maintained their
2 fixed asset ledgers. But there were a variety of
3 folks within that group as well as some other
4 people who were more knowledgeable about specific
5 areas who provided input to varying levels.

6 Q. And as we've all learned through you
7 and others, there are three approaches to
8 valuation, correct?

9 A. That is correct.

10 Q. All right. Why don't you remind us
11 what they are.

12 A. So, as the memo shows, the three
13 primary approaches that any appraiser would
14 consider in doing a valuation are the market
15 approach, the income approach, and the cost
16 approach.

17 Q. And for valuing the assets at Old GM,
18 what approach or approaches did KPMG use?

19 A. We -- we considered all three
20 approaches. Our modeling was framed up as a
21 combination of the cost and market approaches,
22 but we also considered the income approach
23 specifically for the locations with the
24 Transition Service Agreements, as we felt that
25 the ability to generate some income during those

Page 372

1 Q. Okay. And that's a market approach?

2 A. Yes, it is.

3 Q. You said the model was I think set up
4 to include a cost approach. Does that -- what
5 did you mean by that?

6 A. The -- because of the data that was
7 available to us and the age of some of the
8 assets, a true percent of cost method we didn't
9 feel would accurately give us the correct value
10 for the assets, so to get an equal basis of
11 valuation we took the historical costs, which for
12 some of these assets was cost recorded 50-plus
13 years ago, and we trended those numbers up to our
14 effective date of our valuation to get what's
15 referred to in appraisal terminology as a
16 reproduction cost for those assets and we used
17 that baseline as a starting point for our
18 analysis.

19 Q. And tell me if I'm understanding what
20 you're saying. The methodology was a market
21 methodology, but to get your reproduction cost
22 new numbers as you're starting point you used
23 what would be described as a cost approach?

24 A. A portion of -- the trending
25 methodology that we used was more -- is more

Page 371

1 Transition Service Agreements gave us a value
2 above and beyond what the market comparables
3 would show us.

4 Q. Okay. And putting aside the assets
5 that were subject to Transition Servicing
6 Agreement, you say the model was set up to
7 consider both a market approach and a cost
8 approach; is that right?

9 A. The primary approach is what we would
10 call -- it's a subset of a market approach, it's
11 called the percent -- Percent of Cost method.
12 It's a -- we used a slightly modified variant of
13 that approach, given the size of the population
14 of assets and the data that was available to us.
15 But our primary valuation conclusion was driven
16 as a percentage of the reproduction cost of the
17 assets and those percentages were driven by the
18 available market data that was provided to us.

19 Q. Okay. So, the determination of a
20 value conclusion based on the percentage of the
21 reproduction cost of the assets is called the
22 percent of cost method?

23 A. That is -- that's a broader term, but
24 that was -- you know, the method that we used was
25 a -- was a subset of that methodology.

Page 373

1 normally considered to be part of a cost
2 approach, but we utilized it in our purposes to
3 give us an equal baseline as a starting point.

4 Q. So the process of looking at
5 historical costs for older assets and trending
6 the numbers up to derive a reproduct --
7 pre-production cost new number is a methodology
8 that's associated with a cost approach?

9 A. Re --

10 MS. BOWER: Objection.

11 A. Reproduction cost new is generally
12 considered to be a cost approach terminology,
13 yes.

14 Q. But the ultimate valuation conclusion
15 was a market approach used by this cost percent
16 approach that you described?

17 A. That's correct.

18 Q. And what was -- you said that you
19 trended numbers up of older -- of all assets or
20 just particularly old assets?

21 A. All assets would be -- would have
22 their costs trended based on their inservice date
23 to reflect a reproduction cost that's as of our
24 effective valuation date.

25 Q. Okay. And what was the reason for

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

| Page 374 | Page 376 |
|---|--|
| <p>1 doing that?</p> <p>2 A. The reason for doing that was to get</p> <p>3 an equal basis for all assets.</p> <p>4 For example, you could have two</p> <p>5 similar assets, one acquired as of the valuation</p> <p>6 date, one that was acquired fifteen years ago.</p> <p>7 The cost of those would be different because of</p> <p>8 inflation. So to get an equal starting basis for</p> <p>9 those, we trended up the historical costs of the</p> <p>10 older asset to get a similar starting basis for</p> <p>11 similar assets.</p> <p>12 Q. Throughout this report, Exhibit 4,</p> <p>13 this memo, the term RCN refers to reproduction</p> <p>14 cost new, correct? And you can see on page 4</p> <p>15 it's defined that way.</p> <p>16 A. Yes, that's correct.</p> <p>17 Q. And all of the RCN in this document</p> <p>18 is reproduction cost new, not replacement cost</p> <p>19 new; is that correct?</p> <p>20 A. That's -- I believe that's correct,</p> <p>21 yes.</p> <p>22 Q. Okay. And the only reason I</p> <p>23 highlight it is -- and I'll show you, if you</p> <p>24 don't recall -- in the Fresh Start Report, which</p> <p>25 was Trial Exhibit DX-141, and was JPM-KPMG 1 at</p> | <p>1 I think it's at page 127 and 128. It's at 127.</p> <p>2 You see "Cost of Reproduction New"?</p> <p>3 A. Yes, I do.</p> <p>4 Q. Okay. And it says, "CRN is the</p> <p>5 current cost of reproducing a new replica of</p> <p>6 property with the same or closely similar</p> <p>7 materials." Do you see that definition in the</p> <p>8 Fresh Start Report?</p> <p>9 A. Yes, I do.</p> <p>10 Q. Okay. And that's the same definition</p> <p>11 of "RCN" at page 4 -- well, the same definition</p> <p>12 of "reproduction cost new," it's on page 6, and</p> <p>13 "reproduction cost new" is, "A current cost of</p> <p>14 reproducing a new replica of the property being</p> <p>15 appraised using the same or closely similar</p> <p>16 material"?</p> <p>17 A. Yes.</p> <p>18 Q. Same concept?</p> <p>19 A. Yes.</p> <p>20 Q. Okay. Thank you.</p> <p>21 Is the method of trending numbers for</p> <p>22 assets in order to determine a reproduction cost</p> <p>23 new value that was used in the OldCo valuation</p> <p>24 the same approach that was used in the fresh</p> <p>25 start valuation?</p> |
| Page 375 | Page 377 |
| <p>1 your deposition, "reproduction cost new" is</p> <p>2 defined as CRN. Do you recall that?</p> <p>3 A. I do.</p> <p>4 Q. Okay. It's the same -- RCN in KPMG 4</p> <p>5 that you're looking at now and KPMG --</p> <p>6 JPM-KPMG 1 -- let me withdraw that.</p> <p>7 The document that you have in front</p> <p>8 of you now, AAT-KPMG 4, that references</p> <p>9 reproduction cost new, and the term that's</p> <p>10 abbreviated CRN in JPM-KPMG 1, which was Trial</p> <p>11 Exhibit PX-141 in this report is the same</p> <p>12 concept, correct?</p> <p>13 MS. BOWER: Objection.</p> <p>14 A. That is correct.</p> <p>15 MR. BINDER: What's the objection?</p> <p>16 MS. BOWER: It might be better to</p> <p>17 show him the document.</p> <p>18 MR. BINDER: I can show him the</p> <p>19 document.</p> <p>20 Does anyone in the room want a copy</p> <p>21 of this? Everyone is saying know.</p> <p>22 (Exhibit JPM-KPMG 1, having been</p> <p>23 previously marked was referenced.)</p> <p>24 Q. I'm putting in front of you</p> <p>25 JPM-KPMG 1, which was admitted at trial DX-141.</p> | <p>1 A. The methodology was the same. I -- I</p> <p>2 can't tell you with a hundred percent accuracy if</p> <p>3 every assumption was identical, but the</p> <p>4 methodology was the same.</p> <p>5 Q. Okay. And so I don't have to keep</p> <p>6 referring to the Exhibit 4 in front of you, is it</p> <p>7 reasonable to call this the KPMG Tangible Asset</p> <p>8 Memo?</p> <p>9 A. Yes, that's a reasonable name.</p> <p>10 Q. Okay. At page 9 of the Tangible</p> <p>11 Asset Memo, I think it's -- it would be the</p> <p>12 fourth paragraph. It says, "In the development</p> <p>13 of fair value, we relied exclusively on the</p> <p>14 market approach." Do you see that?</p> <p>15 A. Yes.</p> <p>16 Q. Okay. Why did KPMG rely exclusively</p> <p>17 on the market approach?</p> <p>18 A. Given the premise of value that we</p> <p>19 were considering, we felt that the market</p> <p>20 approach was ultimately the, you know, the best</p> <p>21 approach for giving us the baseline orderly</p> <p>22 liquidation value.</p> <p>23 The word "exclusively" may be a</p> <p>24 little strong there, because the Transition</p> <p>25 Service Agreements did layer in some additional</p> |

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 378

1 value for certain assets.

2 Q. And we'll get to this a bit later,
3 but the -- the additional value that was added in
4 connection with assets subject to a Transition
5 Services Agreement, what method was used for
6 that?

7 A. I don't recall the specifics of the
8 methodology, but it would have considered the --
9 you know, the future remaining utility being
10 longer than the other population of assets, as
11 well as the ability to generate some -- some cash
12 flow associated with those assets.

13 Q. Do you recall -- putting aside what
14 you call it, do you recall the methodology?

15 A. I don't, specifically.

16 MR. BINDER: Okay. Why don't we take
17 a short break.

18 THE VIDEOGRAPHER: Going off the
19 record. The time is 10:15.

20 (A break was taken from 10:14 a.m. to
21 10:33 a.m.)

22 THE VIDEOGRAPHER: Media Number 2.
23 On the record at 10:35.

24 Q. (BY MR. BINDER) Mr. Furey, you --
25 earlier we were discussing the percent of cost

Page 380

1 Q. Okay. And that's what's being
2 described in that sentence, correct?

3 A. That's correct.

4 MR. BINDER: Okay. Let me just hand
5 it to you. Let me just mark it. It's in front
6 you you. No, here it is. We'll mark it as
7 KPM -- AAT-KPMG 5. And it's the document --

8 MS. BOWER: The court reporter needs
9 to mark it.

10 THE COURT REPORTER: Just one second.
11 (Exhibit AAT-KPMG 5 marked for
12 identification.)

13 Q. And so, again, this KPM -- AAT-KPMG 5
14 was PX-0163-0001 at trial. I'm at page 98.
15 You'll see the header, "Percent of Cost." And
16 it's the first sentence that I just read to you.
17 Do you see that?

18 A. Yes, I do.

19 Q. Okay. So using this definition
20 of percent of cost, that's what KPMG did, that
21 was the percent of cost work KPMG did, correct?

22 A. Effectively, yes.

23 Q. Okay. And there was no modification
24 from this approach -- right -- as described here?

25 A. Well, in this description it's a

Page 379

1 method, correct?

2 A. That's correct.

3 Q. You had said there was a slightly
4 modified version, so I just wanted to ask -- try
5 to understand a little more.

6 And so we just -- I'm looking at what
7 was -- it's the Valuing Machinery and Equipment,
8 the Fundamentals of Appraising Machinery and
9 Technical Assets. It was introduced at trial as
10 Plaintiff's Exhibit 0163-0001.

11 MR. BINDER: And we have copies, if
12 anyone wants it. But let me just quote you a
13 sentence and then if anyone wants a copy.

14 Q. The sentence reads, under "Percent of
15 Cost," "This technique establishes a ratio
16 between the selling price and the current cost
17 new of a property at the time of sale.

18 Is that your understanding of the
19 definition of percent of cost approach?

20 A. That's -- that's correct.

21 Q. Okay.

22 A. It's also -- in practice, I've also
23 seen it applied against the historical cost of
24 the asset, but in our practice we applied it
25 against the reproduction cost of the asset.

Page 381

1 single asset, but we -- we performed that
2 approach across a large population of assets.

3 Q. Without modification, correct?

4 A. I would need to read this entire
5 section, but essentially we utilized that -- a
6 similar approach to that.

7 Q. Okay. I guess what I'm trying to
8 get, there's nothing out of the ordinary out of
9 the approach that KPMG did when it did
10 its percent of cost approach, correct?

11 A. That's correct.

12 Q. Just standard market approach
13 methodology?

14 A. Yes, that's correct.

15 Q. Okay. And let me just ask you, who
16 is Michael Crismyre?

17 A. Michael Crismyre was the managing
18 director who was ultimately in charge of the
19 personal property valuation analysis.

20 Q. Okay. What was his role in the OldCo
21 valuation and exercise?

22 A. He was what we refer to internally at
23 KPMG as the engagement partner on that portion of
24 the analysis. So he oversaw -- oversaw the
25 overall project and was sort of our point person

US Bankruptcy Court - New York
MLC v. JPMorgan Chase BankFINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 382

1 in communicating with General Motors management.

2 Q. Was he involved in the day-to-day
3 analysis?

4 A. He was. I was more -- I was more
5 directly involved day to day, but I would
6 communicate with Mr. Crismyre on practically a
7 daily basis.

8 Q. Okay. And Kevin Steckel, who is he?

9 A. Kevin Steckel was the managing
10 director who was in charge of the real property
11 valuation.

12 Q. Okay. Was -- was his role closer to
13 your role as an analog or to Mr. Crismyre's role?

14 A. I -- the hierarchy was I ultimately
15 reported to Mr. Crismyre. Mr. Steckel's
16 operation was somewhat in parallel and more
17 focused on the real property. So Mr. Steckel and
18 Mr. Crismyre were at equal levels. I was a
19 senior manager one level below.

20 Q. I just mean in terms of the actual
21 work, who's doing the work.

22 A. Oh, his -- Mr. Steckel's involvement
23 would have been probably somewhere between me and
24 Mr. Crismyre. And the reason for that is he
25 didn't -- Mr. Steckel didn't have a senior

Page 384

1 What is that list?

2 A. These were the asset categories that
3 we put the underlying assets into to assist in
4 our valuation analysis. The purpose was to put
5 assets of like-kind into groups so that we could
6 apply consistent valuation methodology at the
7 group level rather than going through at the
8 individual asset level.

9 Q. Was this the same approach used for
10 the valuation exercise in the fresh start
11 accounting for New GM?

12 A. The methodology is similar, yes.

13 Q. And the groupings are similar, too?

14 A. I believe they're similar. I don't
15 know if they're exactly the same, but it's a
16 similar concept.

17 Q. Okay. And how was this list -- how
18 were these groupings put together?

19 A. The groupings would have take into
20 consideration GM's asset categories for their own
21 financial reporting purposes as well as our
22 review of the fixed asset ledgers that were
23 provided to us and discussions with the company
24 to come up with a reasonable number of asset
25 categories.

Page 383

1 manager on the job. I believe his staff was a
2 little bit more junior. So he probably had more
3 involvement on a day-to-day basis --

4 Q. Okay.

5 A. -- specific to the OldCo analysis.

6 Q. And specific to the real property?

7 A. Correct. On NewCo there was
8 additional team members who were brought in.

9 Q. What I would like to talk a bit about
10 how KPMG actually performed the orderly
11 liquidation value analysis. The -- so turning to
12 page 9 of the KPMG Tangible Asset Memo. And you
13 see just at the top it says, "The following is a
14 discussion of the valuation methodology employed
15 and applied to the personal property analysis."
16 Do you see that?

17 A. Yes, I see that.

18 Q. And what follows is just what it
19 says, correct?

20 A. Correct.

21 Q. Okay. There's a series of bullet
22 points with asset categories, do you see that?

23 A. Yes I do.

24 Q. It starts with, "Assembly of
25 Equipment" and then ends at, "Welding Equipment."

Page 385

1 Q. And so within any -- say within the
2 asset category Cranes, that would include all
3 cranes, correct?

4 A. Yes, I believe it would.

5 Q. Okay. And for purposing -- purpose
6 of valuing cranes as part of this exercise, is it
7 appropriate to sort of lump all cranes into a
8 single asset category?

9 A. For our purposes, yes, because these
10 categories primarily drive the input assumptions,
11 so we felt that the similarities of the assets
12 within each of the groups were sufficient that we
13 could apply consistent assumptions across each --
14 each group.

15 Q. Okay. And returning to a paragraph I
16 think we discussed a little earlier that begins,
17 "In the development of fair value, we relied
18 exclusively on the market approach." Do you see
19 that?

20 A. Yes, I do.

21 Q. Okay. The next sentence says, "We
22 relied primarily on auction data provided by
23 Maynards (auctioneers and liquidators) who are
24 GM's primary sources related to the disposition
25 of excess personal property assets."

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 386

1 Could you just explain what Maynards
2 is and what their role was in the process? "This
3 process" being the valuation of the OldCo assets.

4 A. So -- so our understanding of
5 Maynards was that they had historically worked
6 with General Motors to sell individual assets
7 from their manufacturing facilities through the
8 normal course of business prior to -- prior to
9 our valuation analysis.

10 Their involvement in our analysis was
11 essentially in providing some historical
12 information around the results of their sales of
13 assets into the secondary market.

14 The data they provided reflected
15 disposal proceeds for individual assets and map
16 those into the legacy fixed asset records of
17 General Motors that ultimately served as one of
18 the primary sources of data in developing our
19 liquidation percentages for each asset category.

20 Q. So how did it work with Maynards; I
21 mean, what was the process of getting the data
22 from them?

23 A. The -- so, the majority of our
24 conversations with -- or the majority of our
25 interaction with Maynards was through GM

Page 388

1 A. We didn't have a lot of conference
2 calls with Maynards, but maybe three or four.

3 Q. Through the course of the
4 conversations, did you feel you had an accurate
5 understanding of the data that they had provided?

6 A. Yes, I did.

7 Q. Okay. And did you use all the data
8 they provided?

9 A. No, we did not use all of the data
10 that was provided.

11 Q. So what did they provide?

12 A. They provided -- it was historical --
13 it was a historical listing of their actual sales
14 of assets into the market. I don't remember the
15 exact time frame that they provided, but it was
16 maybe a year or more worth of data.

17 And they also -- they provided it to
18 us in multiple spreadsheets, including I believe
19 it was showing some sales with proceeds, other
20 assets that they were not able to sell which were
21 abandoned in place, and some other categories of
22 assets that we considered in our -- in our
23 analysis.

24 Q. So there was the sales with proceeds.
25 That's just an asset that was sold and GM got

Page 387

1 management, since they had the, you know, the
2 existing relationship with Maynards. So the
3 Maynards data that came across came across to us
4 at the request of GM's management.

5 They provided several spreadsheets,
6 somewhere between maybe half a dozen to a dozen
7 spreadsheets that reflected various categories of
8 disposal proceeds for a variety of different
9 assets.

10 In addition to that, we had I believe
11 several -- several conference calls with them to
12 understand the data, what was being reflected,
13 and, you know, try to understand if there were
14 any, you know, additional pieces of information
15 that they had that would be useful in our
16 analysis.

17 Q. And the "they" in that sentence is
18 Maynards?

19 A. That's correct.

20 Q. Do you recall who you spoke with at
21 Maynards?

22 A. I don't remember their specific
23 names.

24 Q. And then how many times did you speak
25 with them?

Page 389

1 money for it, correct?

2 A. Correct.

3 Q. There's assets which were -- they
4 were not able to sell and which were abandoned in
5 place. That means just that, they tried to sell
6 it but they couldn't?

7 A. That's correct.

8 Q. And there are other categories of
9 assets. What are the other categories that you
10 considered?

11 A. The one other that I recall was there
12 were certain assets that were sold for scrap.

13 Q. Okay.

14 A. Those -- as I recall, those were the
15 three primary ones. But there were several
16 spreadsheets that were provided to us by
17 Maynards.

18 Q. Okay. Do you know what -- do you
19 recall whether or not you saw data going back to
20 2007?

21 A. We potentially did. I don't recall
22 the specific time window of all the data we were
23 provided.

24 Q. Did you gather from Maynards sales
25 data that went back further in time than you

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 390

ultimately determined should be considered?

A. Yes, I believe we did.

Q. And do you recall the time frame of the sales that KPMG ultimately relied on?

A. As I recall, I believe we settled on a three-month time frame prior to -- prior to the effective date of our valuation.

Q. If you look at page 9, the last paragraph, it says, "EVS compared the sale of assets similar in nature to the personal property that GM had disposed of through Maynards during the time period from March of 2009 through May of 2009." Do you see that?

A. Yes, I do.

Q. Is that the time period that KPMG used?

A. That sounds -- sounds approximately right. I don't remember the specific dates.

Q. Okay. What was the reason for using just three months of data when KPMG was provided data going back prior to March of 2009?

A. The purpose in looking at the liquidation data was to develop a picture of what the market looked like as of the effective date of our valuation. Given that the automotive

Page 392

reason during that three months.

Q. Typically when assets are put up for sale there is a close date; is that your understanding?

A. That's -- the two concepts are there's a close date and there's generally a marketing period. So when you put an asset for sale, it doesn't always sell that first day, so there's a period of time where you have to put the asset out to market and then the sale closes on a specific close date.

Q. Okay. So where there's an actual sale price, the sale closed within that three-month March to May 2009 window, correct?

A. That's correct.

Q. And for assets where there was no sale, the sale concluded within the March to May 2009 window?

A. That's our understanding, yes.

Q. But the assets -- the sales process and the putting them out into the market could have occurred well before that time window?

A. That's my understanding, yes.

Q. And that's an understanding based on your conversations with Maynards and the GM

Page 391

market in North America had deteriorated pretty significantly up to the time leading up to our valuation date, we felt that by pulling data that was too old, we would potentially be not accurately reflecting the market as of our valuation date, so we felt that three months was picking up kind of the current market dynamics of the current automotive market, given the struggles of, you know, two of the big three automotive manufacturers at the time.

And so the three-month window was -- we felt was providing a good representation of the market, but also providing us with enough data to be able to draw some reasonable conclusions.

Q. And the data from this three-month period, what does it reflect?

A. The -- our understanding of the data from the three-month period was those were sales that were actually closed during the three months prior to our valuation date. So they could have been listed for sale prior to that, but the transactions actually closed and proceeds were brought in during that three-month period or not brought in, but the sale was closed for whatever

Page 393

management?

A. That's correct.

Q. Did you have an understanding of how long the marketing period was, generally?

A. I don't recall the exact marketing period that was used by Maynards. And I wasn't involved in the conversations between GM and Maynards when those assets were placed into the market.

Q. Do you have a general understanding?

A. No, I -- honestly, I don't know.

Q. And in deciding to use this three-month window to capture the what you described as pretty significant deterioration in the market, how did you go about making a determination? In other words, was there conversations with GM management as part of that process?

A. Yes, there were.

Q. Can you just elaborate on sort of what you did to reach that conclusion? Who was involved in the decision-making analysis?

MR. KLEINHAUS: Objection to form.

MR. BINDER: Withdrawn.

Q. Can you just describe for us who was

US Bankruptcy Court - New York
MLC v. JPMorgan Chase BankFINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 394

1 involved in the process of reaching the
2 determination that the three-month window was
3 appropriate in light of marketing conditions?
4 A. Those conversations would have
5 involved myself, Mr. Crismyre, as well as GM
6 management and, you know, some of the -- some of
7 our team members.
8 Q. And who in GM management was involved
9 in the process?
10 A. I don't specifically remember who was
11 involved in those conversations.
12 Q. Did you have conversations with
13 people at GM's Asset Disposal Group?
14 A. It's possible that we did. I don't
15 remember that specific name for that group. Most
16 of our contacts came, like I mentioned, came
17 through the Financial Services Group, and they
18 did pull in specialists as needed.
19 Q. Do you know a woman named Sara Webb?
20 A. That name does sound familiar, yes.
21 Q. Was she involved in the
22 conversations?
23 A. She likely was, because the name
24 sounds familiar.
25 Q. Okay.

Page 395

1 (Exhibit AAT-KPMG 6 marked for
2 identification.)
3 Q. Let me show you what's been marked as
4 KPMG-AAT 6. It's Bates numbered KPMG-GM0004121
5 through 4123. It says at the top Meetings
6 June 18, 2009.
7 I think this -- this is a prior
8 exhibit from this -- from your prior deposition,
9 although we don't have a copy so we just remarked
10 it.
11 Do you recognize this document?
12 A. It looks like it was probably meeting
13 minutes from -- from one of our meetings, but the
14 specific document doesn't look that familiar.
15 Q. Okay. If you just flip through it
16 you'll see that there are four meetings that are
17 referred to. Do you see that?
18 A. Yes, I do.
19 Q. Would all of those meetings have been
20 on June 18th, 2009?
21 MS. BOWER: Object to form.
22 A. I -- if the notes say that, I would
23 guess, yes. But I can't recall specifically.
24 Q. Okay. And do you see it says, "GM
25 Disposal Group," on the second page?

Page 396

1 A. Yes, I do.
2 Q. Okay. And you see the name Sara Webb
3 and D. Drouillard, D-r-o-u-i-l-l-a-r-d?
4 A. Yes, I do.
5 Q. Okay. Do you remember Mr. or
6 Ms. Drouillard?
7 A. That name doesn't sound familiar to
8 me.
9 Q. Okay. Just taking a look at this
10 "Meeting 2, GM Disposal Group" entry -- just take
11 a look at it and let me know when you're done.
12 A. Okay. Yeah.
13 Q. Does this refresh your recollection
14 about conversations with Ms. Webb or a group
15 known as the GM Disposal Group?
16 MS. BOWER: Objection.
17 A. I do recall the name Sara Webb, and I
18 do remember having a GM contact. Based on this
19 note, I would imagine that that was her, but I
20 can't recall specifically.
21 Q. Okay. And you see where it says,
22 "Requested info from January 2007 to present on
23 disposed assets and their proceeds"? Do you see
24 that?
25 A. Yes, I do.

Page 397

1 Q. Does that refresh your recollection
2 about the time frame from which assets were
3 sought?
4 A. I do know that we requested more than
5 three months of data. I don't have a reason to
6 doubt that January 2007 was our requested date.
7 Q. Right.
8 Returning to the Tangible Asset Memo
9 at page 9. In the middle of the last paragraph
10 there's a sentence that begins -- or reads as
11 follows: "We also compared the average age of
12 the asset dispositions to the average age of the
13 personal property and determined that the asset
14 base was of a similar average age." Do you see
15 that?
16 A. Yes, I do.
17 Q. What does that mean?
18 A. We looked at the comparable sales
19 that we were provided by Maynards and we looked
20 at the average age of the assets within that
21 population and compared them to the average age
22 of the assets that we were trying to value as
23 part of our analysis to get a reasonable level of
24 comfort that we were making a valid comparison
25 between the assets that had been previously sold

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

| Page 398 | Page 400 |
|--|---|
| <p>1 and the assets that we were trying to value. 2 Q. And you ultimately concluded that the 3 asset pool data from Maynards was fairly 4 representative of the larger MLC assets that you 5 were in fact valuing? 6 MS. BOWER: Object to form. 7 A. That's correct. 8 Q. Was it necessary that the average age 9 be the same for this -- for it to be a reliable 10 sample? 11 A. It would be unreasonable to expect 12 that you would get the exact same average age, 13 given the volume of data. The purpose of that 14 analysis was to gain comfort that we weren't 15 comparing brand-new assets to very old assets or 16 vice versa. We were trying to just get a 17 high-level comfort level that our assets were 18 generally representative. 19 Q. So one part of this analysis -- 20 withdrawn. 21 Would one part of this analysis be 22 simply comparing the average ages? 23 A. I believe that's how we did it. I 24 believe we did it at the asset category level. 25 Q. Was there any consideration of sort</p> | <p>1 average age, it says, "In addition, EVS conducted 2 discussions with Maynards and MLC to validate our 3 findings." Do you see that? 4 A. Yes, I do. 5 Q. And that's referring to the findings 6 concerning the average age? 7 A. That would be representative of the 8 findings related to the percentages of proceeds 9 relative to the replacement cost. 10 We -- with General Motors management 11 we would have likely discussed the vintages as 12 well. That wouldn't have been a conversation 13 with Maynards just because it was a straight 14 calculation based on data they provided. 15 Q. So the sentence, "In addition, EVS 16 conducted discussions with Maynards and MLC to 17 validate our findings," refers to the sentence 18 that follows that, not the one above it? 19 MR. KLEINHAUS: Objection. Form. 20 MS. BOWER: Objection. 21 Q. (BY MR. BINDER) I mean, it relates 22 to the following sentence, correct? 23 MS. BOWER: Objection. 24 MR. KLEINHAUS: Objection. 25 A. I'm sorry, I just don't -- I kind of</p> |
| Page 399 | Page 401 |
| <p>1 of the effect of age on the value of the assets, 2 in other words, to make some determination 3 whether if -- whether a one-year or two-year 4 average age difference would have a meaningful 5 impact on the value? 6 A. We -- in our analysis we didn't do a 7 vintage analysis. Part of the purpose of doing 8 the average age analysis between the two pools 9 was to gain comfort that we didn't have to go 10 down that path. So we didn't necessarily go in 11 and look at each vintage year and apply a 12 different value, but we did look at the overall 13 populations to make sure it was an 14 apples-to-apples comparison. 15 Q. And it was an apples-to-apples 16 comparison? 17 MR. KLEINHAUS: Objection to form. 18 A. Like you said, the numbers weren't 19 exactly the same, but we felt that they were 20 close enough to be a representative population. 21 Q. And it says in the same paragraph, 22 "EVS conducted discussions with Maynards and MLC 23 to validate our findings. They confirmed during 24 these discussions" -- withdrawn. 25 Following the paragraph of the</p> | <p>1 lost you on that sentence what you're talking 2 about. 3 Q. When you say, "In addition, EVS 4 conducted discussions with Maynards and MLC to 5 validate our findings," you see that, right? 6 A. Yes. 7 Q. That's not referring to the 8 comparison of the average age but is concerning 9 the sentence that follows where it's discussing 10 the percentages reasonably represented current 11 market conditions? 12 MS. BOWER: Objection. 13 A. Yes. It would have been more 14 referring to that the proceeds for the asset 15 sales average .67 percent of installed cost 16 sentence, because that was the -- that was the 17 key -- those percentages were the key finding. 18 So we would have had more discussions related to 19 that finding relative to the average age. 20 Q. I see. Okay. 21 So let me ask you, then, about that. 22 "In summary, the proceeds from the asset sales 23 average .67 percent of installed cost and 24 .52 percent of RCN, as shown on the following 25 page." You see that sentence?</p> |

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 402

1 A. Yes, I do.
2 Q. Okay. What does that refer to?
3 A. That is reflective of a comparison of
4 the proceeds that were provided to us by Maynards
5 compared to the original installed cost as booked
6 by General Motors for financial reporting and
7 then also compared to our reproduction cost new
8 calculation at the summary level for the three
9 months of data that we utilized.
10 Q. So if you took all the data, that the
11 three-month period that you got from Maynards,
12 and you averaged -- and you added up all of the
13 sale proceeds, including zeros where there was no
14 sale proceeds, and you took that total number and
15 you put it as a numerator, and the denominator
16 was the installed cost for all of those same
17 assets, you would get .67 percent?
18 A. That's correct.
19 Q. And if the denominator was the
20 reproduction cost new that you had calculated in
21 the aggregate for all those assets, it would be
22 .52 percent?
23 A. That's correct.
24 Q. And you shared these findings with
25 Maynards and MLC?

Page 404

1 differences of the concluded proceeds over
2 reproduction cost new for the various categories
3 to make sure that they were comfortable with
4 categories where we were showing more recoverably
5 versus -- versus less for certain other
6 categories.
7 Q. Okay. And is that breakdown the
8 table that's on the top of page 10 of the
9 Tangible Asset Memo?
10 A. Yes, this would have been -- this
11 probably would have been one of the files that we
12 would have shared with them. I don't recall if
13 there was a greater level of granularity below
14 this, but this certainly would have been reviewed
15 with GM management.
16 Q. Okay. And so what exactly is the top
17 table on page 10?
18 A. So the top table is showing the --
19 what we call the KPMG asset classes. So those
20 are the classifications of like-kind assets that
21 we use to -- for our analysis.
22 The Installed Cost is the sum of the
23 historically booked cost for financial reporting
24 from GM's fixed asset ledgers.
25 The Reproduction Cost New would be

Page 403

1 A. Yes.
2 Q. Okay.
3 A. Well, we certainly shared the
4 findings were MLC. We probably discussed the
5 findings with Maynards, but I don't know that we
6 provided any sort of deliverable to Maynards.
7 Q. Okay. And in your conversations with
8 GM management, they confirmed that the 67 percent
9 of installed cost and 52 percent of RCN were
10 comparable to what market participants would
11 typically anticipate from disposition as of the
12 valuation date?
13 A. They -- they confirmed for us that
14 that was consistent with their expectations.
15 Q. Okay. And Maynards as well confirmed
16 that at a higher level that was consistent with
17 what they were seeing in the market as well?
18 A. Yes.
19 MR. KLEINHAUS: Objection. Form.
20 Q. And when you shared the analysis with
21 GM management, did you just show them the summary
22 or did you show them a more granular breakdown?
23 A. They would have seen a more granular
24 breakdown, I believe at at least the asset
25 category level, so that they could see the

Page 405

1 the installed cost adjusted upward for each
2 individual asset based on the asset category and
3 the age of the asset to reflect the reproduction
4 cost as of our effective valuation date.
5 The Disposal Proceeds would have been
6 the sum of the actual proceeds that Maynards --
7 that GM received associated with these
8 transactions that were brokered by Maynards.
9 Proceeds Divided by Replacement Cost
10 New is exactly that, it's just a ratio of the two
11 prior columns.
12 And the last two columns represent
13 the high-level summary of the age comparison that
14 we did to get comfortable that our disposal
15 comparable sales was reasonably comparable to our
16 subject assets. And you see the average --
17 average ages for each of the groups of assets
18 there. And you can see they're not exactly the
19 same, but they are reasonably similar in terms of
20 vintage.
21 Q. And we'll walk through this in more
22 detail, but just, again, at a high level, the --
23 was -- is it correct that the way assets were
24 valued was to take the proceeds over RCN number
25 and then multiply it by the RCN of the individual

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 406

1 asset? So, for instance, if the crane proceeds
2 over RCN number is 2.65 and you were valuing a
3 crane, you would look at the reproduction cost
4 new of a particular crane and then multiply that
5 by 2.65 percent?

6 A. That's correct.

7 Q. Okay. So, as it says on the first
8 page of the memo, the effective date of the
9 analysis is July 9, 2009, correct?

10 A. I believe that's correct, yes.

11 Q. That's the valuation date?

12 A. Yes.

13 Q. The same valuation date for the fresh
14 start accounting?

15 A. I believe they're either the same or
16 they might be off by one day, if I recall
17 correctly.

18 Q. You know what, you do. July 10th --

19 A. I think one is the 9th and one is the
20 10th.

21 Q. July 10th is --

22 A. Yeah.

23 Q. Okay. Thank you.

24 So just looking at the disposed asset
25 average age in years, do you see that line?

Page 408

1 and the average age of what was valued was 9.4
2 years; is that right?

3 A. Yes, that's correct.

4 Q. Okay. And that -- in determining
5 whether that age range was sufficiently close,
6 was a determination made specifically with
7 respect to robots? In other words, you didn't
8 look at the average age of all assets and decide
9 they were a reasonable comparison, you did it on
10 an asset-group-by-asset-group basis; is that
11 right?

12 A. Correct.

13 Q. Okay.

14 A. The analysis was done at the category
15 basis.

16 Q. Okay. And you concluded that it was
17 appropriate to treat -- that 9.9 and 9.4 were
18 close enough with respect to robots?

19 A. That's correct.

20 Q. Okay. So some of them are further
21 apart, for instance, conveyors. The average age
22 of the disposed asset was 28.9 years and then the
23 average age of the valued asset was 11.6 years.
24 You see that?

25 A. Yes.

Page 407

1 A. Yes.

2 Q. Okay. There are documents that refer
3 to a weighted average age. Are you familiar with
4 that? Do you recall what that is?

5 A. In this -- in this document?

6 Q. Well, it's not shown here, but do you
7 recall that KPMG used an average weighted age?

8 A. I don't recall if it was a straight
9 average or if it was a weighted average.

10 Q. Okay. And then let me -- so I'm
11 noticing -- I'm looking at the Disposed Assets
12 Average Age and then the OldCo Assets Average
13 Age. The OldCo Assets Average Age is the average
14 age of the assets that were actually valued,
15 correct?

16 A. Yes.

17 Q. And the disposed assets were the ones
18 that were separate to the Maynards sales?

19 A. Correct.

20 Q. Okay. Some of the ages are closer
21 than others to one another; you see that, right?

22 A. That's correct.

23 Q. Okay. So I just want to sort of
24 identify a couple of assets. So robots, the
25 average age of what was disposed was 9.9 years

Page 409

1 Q. Okay. And that's 17 years apart.
2 How is the conclusion made that that's close
3 enough in age for comparative purposes for the
4 MLC valuation?

5 A. Well, for that -- for that category
6 in particular, as you said, there's obviously a
7 wider -- wider range in the dates there. I guess
8 a couple -- couple of considerations that we
9 would take into account. One is going to be the
10 expected normal useful life of the category. So
11 to the extent that an asset is very new relative
12 to its normal expected useful life versus very
13 old -- you know, 11 years puts those conveyors as
14 fairly significantly into their normal useful
15 life expectation.

16 So I wouldn't normally consider an
17 almost 12-year-old conveyor to be a brand-new
18 asset that would put it in a significantly
19 different category than another conveyor that is
20 still used and but is -- you know, obviously has
21 more years.

22 The other consideration would be, you
23 know, look at other sources of secondary market
24 information, to the extent that those are
25 available, that would either support or

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 410

1 contradict these numbers. Given how specialized
2 these assets are, additional secondary market
3 information was generally not available.

4 So -- so in this case, obviously it's
5 not an ideal comparison between those two, but we
6 felt it was the best available information that
7 we had to work with.

8 Q. And did you -- did you also form the
9 view or conclude that given that the average age
10 of say -- of a conveyor, you know, once it's
11 already 11 years old, that the values you would
12 expect to derive from an 11-year-old crane were
13 reasonably comparable for one that would be
14 obtained in the sale of a 28.9-year-old crane?

15 A. Did we switch to cranes or are we
16 talking conveyors?

17 Q. I'm sorry. Conveyors. Conveyors. I
18 misspoke.

19 A. Sorry.

20 Q. Let me just ask again.

21 Did you also form the view that the
22 average age of a conveyor that's, you know,
23 11.6 years old would have -- expect to realize a
24 sale price comparable to a conveyor of 28.9
25 years?

Page 411

1 A. That was our -- that was our overall
2 viewpoint.

3 The other -- you know, kind of the
4 key considerations on that is, you know, these
5 conveyors are very specialized conveyors used in
6 an automotive assembly operation, not conveyors
7 that could be sold to a warehousing company or
8 some other use.

9 So if I look at the percentage
10 recoverability on the conveyors as compared to
11 the assembly equipment, those are reasonably
12 close, so that would be another layer of
13 consideration we would use in getting comfortable
14 with the percentages on the conveyors.

15 Q. Would another way to say it, that an
16 11-year-old conveyor is not worth very much and
17 neither is a 28-year-old conveyor?

18 A. That would be correct, yes.
19 (Exhibit AAT-KPMG 7 marked for
20 identification.)

21 Q. So marked as AAT-KPMG 7 is a printout
22 of a native document. The Bates is
23 KPMG-G0092368.

24 Mr. Furey, do you recognize this
25 document?

Page 412

1 A. Appears to be a pivot -- pivot table
2 from some of the source data. But the specific
3 document doesn't look familiar.

4 Q. Okay. Is this one of the documents
5 that -- do you recall whether this is something
6 that you reviewed when you were looking at the
7 Excel spreadsheets?

8 A. I don't specifically recall.

9 Q. Okay. We're going to put up on the
10 screen the Excel spreadsheet. And if it's
11 helpful for you to manipulate it, we'll just hand
12 over the computer to you.

13 A. Okay.

14 Q. So, maybe if we could just sort of
15 flip through a couple of the tabs, it might --
16 just to see what we're looking at.

17 And this is the full document
18 that's -- that everyone is looking at. This is
19 the Excel spreadsheet produced by KPMG, which is
20 KPMG-GM-92368, and what we've -- the document
21 that we've marked as just one page from this
22 larger spreadsheet.

23 So just -- do you recognize this as
24 the -- do you recognize the spreadsheet?

25 A. Yes. I believe this is something

Page 413

1 that we created from the source documents that
2 were provided to us by Maynards.

3 Q. This is the Excel spreadsheet that
4 does the calculation applying the percentages to
5 the -- developing the percentages from the
6 Maynards data; is that right?

7 A. I believe that's -- that's correct.

8 Q. Okay. And then the Summary by --
9 by -- by Retirement Year, that's what you're
10 looking at in front of you as Exhibit 7, right?

11 A. Yes.

12 Q. Okay. So just to start at the top.
13 So what this document -- and you can compare it,
14 I think, to page 10 of Exhibit 14, if that's
15 helpful.

16 A. Okay.

17 Q. So you'll see that Assembly Equipment
18 on page 10 in the top table and also the exhibit
19 KPMG 7 and the spreadsheet we're looking at has
20 an installed cost of 52,600 -- \$52,643,263. The
21 disposal proceeds number is the same. The RCN is
22 the same. Do you see that?

23 A. Yes, I do.

24 Q. Okay. So is the table in 10
25 basically a version of what's AAT-KPMG 7?

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 414

1 MS. BOWER: Objection. You said the
2 table in 10?
3 Q. The table that's on the top of
4 page 10 of the KPMG Tangible Asset Memo is
5 taken -- well, withdrawn.
6 What I want to do, Mr. Furey, is
7 just -- we just want to know that the full
8 document that is KPMG 92368 is the spreadsheet
9 that KPMG used to determine its percentages based
10 on the Maynards data.
11 A. Yes. It appears to be, yes.
12 Q. Okay. And the document that you have
13 a printout of is the summary of that calculation.
14 Or you can describe it --
15 A. Yes, I believe that's correct.
16 Q. Okay. So with that --
17 MR. KLEINHAUS: Does this have an
18 exhibit number, too?
19 MR. BINDER: So, the document that
20 you're pointing to on the screen?
21 MR. KLEINHAUS: Yes.
22 MR. BINDER: No. No. Yes, it's
23 the -- it's the one we just handed him and you
24 have in your hand, that's AAT-KPMG 7.
25 MR. KLEINHAUS: Okay.

Page 416

1 question is: Now looking at this, do you recall
2 whether KPMG did an RCN weighted average age?
3 A. It does appear that we applied an RCN
4 weighting to the average.
5 Q. Okay. Do you recall how that's done
6 or can you explain how that was done?
7 A. Generally speaking, the average age
8 would be calculated to more heavily weight the
9 higher investment assets so as to not overstate
10 the proceeds received from maybe a very small
11 dollar asset.
12 So the calculation would affectively
13 consider the age of each individual asset or a
14 calculated reproduction cost new of each asset.
15 Those would be multiplied together for individual
16 assets. And then at the summary level you would
17 divide the product -- sum of that product by the
18 sum of the replace -- reproduction cost new and
19 that would give you a weighted -- the weighted
20 average age.
21 Q. And -- so before we -- before we talk
22 through the steps to getting to the weighted age,
23 could you just -- just say again or in more
24 detail why you would -- well, withdrawn.
25 An average age is you take the age of

Page 415

1 MR. BINDER: So just so everyone is
2 clear, AAT-KPMG 7 is the one page which is the
3 Summary By Retirement Year tab that is part of
4 the Excel spreadsheet which in its entirety was
5 produced as KPMG-GM-92368.
6 MR. KLEINHAUS: Okay.
7 Q. All right. So you'll see on
8 AAT-KPMG 7, the Summary By Retirement Year tab,
9 on the right it says, "Average Age," and then in
10 paren is says "RCN Weighted"?
11 A. Yes, I see that.
12 Q. Okay. And there it's 16.66. Do you
13 see that?
14 A. Yes, I do.
15 Q. Okay. And on -- in the Tangible
16 Asset Memo on the table at the top of page 10,
17 it's 16.7. Do you see that? Where this --
18 A. Yes.
19 Q. -- shows asset average rate.
20 And the difference is rounding.
21 A. I believe so, yes.
22 Q. Okay. So, let us --
23 (Sotto Voce Discussion.)
24 Q. Okay. Well, let me just ask you
25 this. We can -- we can show you this. The

Page 417

1 all the assets, you divide it by the number of
2 assets and you get an average age, correct?
3 A. Correct.
4 Q. Okay. An RCN weighted average age is
5 done the way you just described -- and we'll get
6 into more detail -- but it's different than a
7 straight-up average, right?
8 A. That's correct.
9 Q. Okay. And the reason you prefer or
10 you chose to do an RCN average weighted age -- or
11 an RCN weighted average age rather than a
12 straight-up average age is for what reason?
13 A. The RCN weighted average age would
14 give more consideration to the assets within the
15 group that have a higher investment, feeling that
16 those have more of the value.
17 We're using -- in this case we're
18 using reproduction cost new as a proxy for value,
19 but we're -- the thought is that those higher
20 investments, those higher reproduction cost new
21 assets should have a greater pull in the overall
22 average as compared to much smaller investment
23 assets that would be within that same group.
24 Q. Okay. Thank you.
25 MS. BOWER: Anyone have a pair of

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 418

1 glasses I can wear?
2 MR. BINDER: We can put it up behind
3 you, if that would help.
4 (Exhibit AAT-KPMG 8 marked for
5 identification.)
6 Q. Okay. So marked as AAT-KPMG 8 is a
7 print out from the same KPMG-GM-92368 which is on
8 the screen. This is from the table, "Assets
9 Disposed of After 2-28-09." And it's -- okay.
10 Oh, and it's filtered by the KPMG Asset Class
11 Robots. So this is just showing whatever is
12 pulled up from that tab under robots.
13 So just sticking with the weighted
14 average age, just by reference -- we can just
15 start with the first item, which is -- it's the
16 first number in the far left is at A1 is number
17 1486. Do you see it? It's a robot controller.
18 A. Yes, I do.
19 Q. Okay. So can you just explain by
20 reference to this document how the weighted
21 average age is calculated?
22 A. Okay. So if you look at starting in
23 columns -- column R --
24 Q. Uh-huh.
25 A. -- you'll see the installed cost of

Page 420

1 A. Column V was the data that was
2 provided to us by Maynards. My understanding of
3 the information there was the -- the values there
4 reflected the proceeds back to GM for the sales
5 of these individual assets.
6 Q. So -- okay. Well, let's -- so we'll
7 look at two. We'll look at the first one, which
8 is a disposal proceed of zero. Do you see that?
9 A. Yes, I do.
10 Q. And I guess that means that GM got
11 nothing, zero dollars?
12 A. That's my understanding, yes.
13 Q. Okay. And then the last one on
14 page 7 of this exhibit, which is -- the number is
15 1892, and it's a robot right body side outer
16 epsilon is the description. It has a disposal
17 proceeds of 7,500. Do you see that?
18 A. Yes, I do.
19 Q. Okay. And so that's what you
20 under -- and that's the amount that GM would have
21 received in connection with the sale of that
22 particular asset?
23 A. That's my understanding, yes.
24 Q. So does that mean it's net of cost to
25 Maynards?

Page 419

1 that asset was originally 56 -- call it \$56,000.
2 The next column over, column S, is where we
3 calculate our reproduction cost new. So the
4 reproduction cost new there is the installed cost
5 multiplied by an index factor to estimate the
6 reproduction cost as of our valuation date.
7 Column T is replacement cost new from
8 column S multiplied by the age of the asset. The
9 age of the asset would be calculated as the
10 difference between our effective date valuation
11 and the inservice date that's recorded in
12 column G of this spreadsheet. Those two numbers
13 would be multiplied together to get you the
14 result that is in column T.
15 And the -- for the category, you
16 would take a sum of the replacement cost new
17 times age in column T and divide that by the sum
18 of the replacement cost new in column S. And
19 that should give you a replacement --
20 reproduction cost new weighted age for the assets
21 within that category.
22 Q. Thank you.
23 So just sticking with this
24 AAT-KPMG 8, which is -- the column V, "Disposal
25 Proceeds," what is that column?

Page 421

1 A. My understanding was that the
2 disposal proceeds were the net return to General
3 Motors after cost of disposal and Maynards
4 commissions or whatever, you know, cut they had
5 in the transaction.
6 Q. So what -- okay. So let's -- I just
7 want to make sure I get all of the things that
8 would have been deducted.
9 So it's net of cost to Maynards,
10 meaning Maynards gets some commission for the
11 sales?
12 A. Generally speaking, yes.
13 Q. Okay. So that's not reflected in
14 that number, the 7,500, as you understand it?
15 A. My understanding of column V was that
16 was the net amount that was returned to General
17 Motors after all of those -- any of those
18 adjustments that may or may not apply.
19 Q. But do you know just as a -- do you
20 know what other adjustments there would have
21 been?
22 A. No, I don't.
23 Q. Okay.
24 A. But as you mentioned, a commission
25 would be a common one that we would see in that

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 422

1 sort of a transaction.

2 Q. Okay. And so tying the assets --
3 well...

4 (Sotto Voce Discussion.)

5 MR. BINDER: Withdrawn.

6 Q. So if AAT-KPMG 8 is the list of all
7 the robots that Maynards sold with the disposal
8 proceeds, can you explain how this tied in -- how
9 this ties into AAT-KPMG 7 and the table on the
10 top of page 10 of the Tangible Asset Report?

11 A. It appears to me that Exhibit 7 is a
12 summary of the underlying data that's shown in
13 Exhibit 8.

14 Q. Okay. So the 2.93 percent for robots
15 would be the total disposal proceeds, the sum of
16 all the disposal proceeds for the robots over the
17 total RCN?

18 A. That's correct.

19 Q. Okay. And so just looking at the
20 portion of the spreadsheet, the AAT-KPMG 8, there
21 are many assets where there is a zero disposal
22 proceed. Do you see that?

23 A. I do.

24 Q. Okay. And were those -- those were
25 included in the calculation?

Page 424

1 THE VIDEOGRAPHER: Going off the
2 record. The time is 11:39.

3 (A break was taken from 11:38 a.m. to
4 11:58 a.m.)

5 THE VIDEOGRAPHER: Media Number 3.
6 On the record at 12:00 o'clock.

7 MS. BOWER: Mr. Furey would like to
8 clarify a prior answer given to a question posed
9 by Mr. Binder.

10 A. There was a question about the assets
11 that are showing as zero proceeds on the file
12 from Maynards. And I think the comment that I
13 responded to was that GM was unable to sell
14 assets that had zero proceeds, which I don't
15 think was an accurate representation of the
16 situation.

17 The actual situation, based on our
18 understanding, was that those were transactions
19 that actually did close yet there were zero
20 proceeds back to General Motors.

21 So in some cases assets would be sold
22 as a group and the proceeds would be potentially
23 recorded on a single asset, but the other assets
24 in that group would be assigned zero value. So
25 those were actual trans -- our understanding was

Page 423

1 A. Yes, they were.

2 Q. Okay. Was that appropriate to do so?

3 A. We felt that it was.

4 Q. And why is that?

5 A. We felt that the entire listing of
6 assets that GM had provided to Maynards were
7 assets that they wanted to sell into the market.
8 Certain assets obviously had close transactions
9 with proceeds; others did not. But we felt that
10 including all of those assets was representative
11 of the marketplace conditions as of -- as of the
12 time of our effective date. If we only picked
13 the sales that had proceeds, we felt that it
14 would overstate the value -- the value of the
15 overall population of assets.

16 Q. So is it fair to say -- so, for
17 instance, even though you knew that this robot
18 right body side outer epsilon, that there was a
19 buyer for this particular asset, you also knew
20 that if -- when GM sought to sell all of these
21 robots into the market, they simply wouldn't --
22 weren't able to do so?

23 A. That's correct.

24 MR. BINDER: Okay. Why don't --
25 let's take a break, if that works.

Page 425

1 that those were transactions, not -- not assets
2 that were unable to be sold.

3 Q. (BY MR. BINDER) Is that your
4 understanding for all of the zero?

5 A. That's my -- that is my understanding
6 of those assets, they could have been either
7 assets that were sold as part of a group or
8 assets that were sold at a price that netted zero
9 proceeds back to General Motors.

10 Q. And what would be a circumstance
11 where it would be sold but General Motors would
12 get no money for it?

13 A. If it was sold at a very low scrap
14 value and once Maynards took their commission or
15 other cost associated with the transaction, there
16 were net zero proceeds back to GM.

17 Q. And for those -- in the situations
18 where they were sold as -- it went together as a
19 group, why would zero value be assigned to some
20 assets and not others?

21 A. In certain -- in certain cases we had
22 some conversations with Maynards where assets
23 were marketed as a group. So, for example, maybe
24 five robots would be marketed as a package and
25 somebody might buy that package of assets for

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 426

1 \$10,000. You know, just making up a number. And
2 in certain cases the proceeds would be reflected
3 on one asset of that group and not necessarily
4 allocated out amongst the assets within that sale
5 group.

6 So in some cases you would end up
7 with zero proceeds assets whereas the other --
8 the other assets in that group would have more
9 value allocated to them or more proceeds
10 allocated to them.

11 Q. So just to stick with your example.
12 If you sold -- say you sold five robots for
13 \$10,000, they might attribute \$10,000 to one
14 robot and zero to the other four?

15 A. Potentially, yes.

16 Q. Okay. But then in the process of the
17 valuation exercise that KPMG did, the net effect
18 is that the 10,000 would be spread out over all
19 the robots anyway, right?

20 A. That's correct. That was -- that was
21 our reasoning for using all of the transactional
22 data that was provided by Maynards.

23 Q. So then the zero does not reflect a
24 situation where an asset simply did not sell at
25 all or there was no transaction at all?

Page 428

1 compared to historical cost and reproduction cost
2 new, it led us to believe that some of those
3 sales were going to be scrap sales.

4 Q. And then just a cost of the
5 transaction just may have net GM zero?

6 A. Potentially, yes.

7 (Exhibit AAT-KPMG 9 marked for
8 identification.)

9 (Exhibit AAT-KPMG 10 marked for
10 identification.)

11 Q. So two documents have been placed in
12 front of you, Mr. Furey. One is AAT-KPMG 9 and
13 the other is AAT-KPMG 10. Both of them come from
14 a very large Excel spreadsheet with the Bates
15 number KPMG-GM0092370, which we'll put up on the
16 screen, I hope -- okay. It's up on the screen.

17 And we're going to be showing you a
18 series of documents. We're trying to just make
19 sure we understand what was in the production
20 from KPMG and whether we're -- we're going to
21 want to know through a series of I think there
22 are five of these, whether these are the
23 documents that actually applied the percentage
24 valuation to the specific MLC assets.

25 A. Okay.

Page 427

1 A. That -- our -- our understanding was
2 that all of the information in the Maynards file
3 reflected some sort of a transaction.

4 Q. Okay. And does that -- well, maybe
5 this is tied into your answer or not, but the
6 question is did Maynards or KPMG take account of
7 scrap value of assets?

8 A. Can --

9 Q. In other words --

10 A. I'm sorry.

11 Q. Go ahead.

12 A. KPMG didn't -- we didn't include any
13 scrap value in our analysis. We utilized the
14 proceeds that were provided in the files provided
15 by Maynards.

16 Q. I see.

17 A. Some of those proceeds may have
18 reflected sales with an intended use to scrap the
19 asset, but we didn't -- we didn't necessarily
20 bifurcate between those or other assets that
21 would be used going forward.

22 Q. But you understood that some of the
23 values in the Maynards data reflected a sale as
24 scrap, correct?

25 A. Given the low percentage of proceeds

Page 429

1 Q. Okay?

2 And so the first document,
3 AAT-KPMG 9, is a single page and it corresponds
4 to the Input Global Data tab. I'm just trying to
5 see whether we have the whole document or just a
6 portion of it.

7 Okay. So we have a portion of that
8 tab that just goes through the asset classes.
9 And there's stuff about currency rate at the
10 bottom, which is not reproduced. Okay?

11 A. Yes.

12 Q. So -- so looking now at AAT-KPMG 9,
13 it says -- on the bottom it says, "Input (Global)
14 Data." It has at the top its Project Client
15 General Motors, valuation date 30 June 09.

16 Do you recognize this document?

17 A. Yes, I do.

18 Q. What is it?

19 A. This is what we refer to as an input
20 table for our valuation model. So it's a summary
21 of a variety of different assumptions that are
22 being applied at the asset class level in the
23 overall valuation of the assets.

24 Q. Okay. And the next document,
25 AAT-KPMG 10, is taken -- it's one page of

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 430

53 pages taken from the Asset Details table, and it's filtered by two filters. We applied one we pulled the asset class robots and we did it just for the Moraine assembly. Okay. You see that?

A. Yes, I see that.

Q. Okay. So first -- I'm going to ask you to walk through it a little bit, but is there a way just generally to describe the relationship between AAT-KPMG 9 and the Asset Detail tab of which AAT-KPMG 10 is an excerpt?

A. Sure. So Exhibit 10, the rows in Exhibit 10 are the assets that were provided to us by General Motors management based on their fixed asset ledgers. Some of the columns, I believe the ones primarily with the white headers on them -- well, actually, no, sorry, that doesn't follow.

Some of the -- some of the columns contain information provided to us by GM: Company name, asset class, acquisition date.

The Exhibit 9 input table would drive some of the assumptions that are flowing into the calculations on Exhibit 10. So based on the asset classification of each line item and the inservice date, each of these calculations would

Page 432

number in AF for robots by finding the 2.9 percent liquidation percentage in column 7 on AAT-KPMG 9 and multiplying the two to yield the orderly liquidation value in BO?

A. That's correct.

Q. Okay.

A. Yes, that's correct.

Q. So this KPMG 10 is just an excerpt, but to understand the entire document -- well, let me -- rather than me explain it again, let me just ask you to now in a similar way explain how it works, the relationship between the RCN values that are reflected on the entire KPMG-GM-92370, which is up on the screen, and of which KPMG 10 is an excerpt, so how this input data table, AAT-KPMG 9, is used as part of the calculation of the orderly liquidation value of the MLC assets.

A. When you ask that question, do you mean, like, walk through an example or just in aggregate?

Q. You can do it in aggregate and then maybe we'll talk a little bit about the chart.

A. Okay. So Exhibit 9 provides the cost trends that are used by -- for each category to take the historical cost for each individual

Page 431

look up inputs based on this input table to pull in the appropriate asset trend, liquidation percentage, or other assumptions that would drive the fair value for each of the rows in Exhibit 10.

Q. So in terms of determining the orderly liquidation value of the assets -- let me ask you whether this is correct. Taking the very first asset of 1877 on KPMG 10. Okay. It's -- there is an "RCN USD" in column AF, and it's 61,926 --

A. Yes.

Q. -- do you see that?

Okay. And then going to BR there is a liquidation value, and BO as well, there's an orderly liquidation value. Do you see that?

A. Yeah --

Q. 8,810 --

A. Yes.

Q. -- in that first -- in that first row?

A. Yes, I see it.

Q. Okay. So these are robots.

Is it correct that the function of the global input data table is to multiply the

Page 433

asset and trend that up to or index that up to a reproduction cost new as of our valuation date. And then based on the asset class of each individual line item, there would be -- the lookup table or the input table in Exhibit 9 would be utilized to determine the liquidation percentage for that individual category. And the orderly liquidation value would be the reproduction cost new for that individual asset multiplied by what is called the liquidation percentage on Exhibit 9. The product of those two would result in the liquidation value for that individual asset.

That process would happen over I believe tens of thousands of assets, varying different categories which would utilize different trends and different liquidation percentages to come up with an aggregate orderly liquidation value for the overall population of assets.

Q. So on -- so in KPMG 10 and presumably throughout the entire document, the RCN value found in column AF, here a robot, is multiplied by the liquidation percentage in column 7 on AAT-KPMG 9 for the corresponding asset class, in

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

| Page 434 | Page 436 |
|--|---|
| <p>1 this case robot, and that yields the liquidation 2 value found in both BO and BR? 3 A. I believe that's correct, yes. 4 Q. Okay. Thank you. 5 So -- 6 A. One clarification, though. At some 7 point within these files will be the adjustment 8 that I referred to previously for the Transition 9 Service Agreements. So that adjustment will be 10 in here for certain assets and not for others. 11 But the methodology that you laid out is kind of 12 the base -- baseline methodology. 13 Q. And for those assets where there is 14 additional value added on account of the 15 Transition Servicing Agreement, what column, if 16 it's on here, would you find that in? And I'm 17 going to ask -- I'm going to think -- suggest 18 that maybe BV, because it says, "Liquidation 19 Value with Lease Allocation." I don't know if 20 that is the answer. 21 A. That's potentially correct. Because 22 if I look at columns BR and BV -- 23 Q. Uh-huh. 24 A. -- I believe BR is the replacement 25 cost new times the liquidation percentage. I</p> | <p>1 Transition Servicing Agreement? 2 A. Yes. Potentially, yes. 3 MR. BINDER: Okay. So we're just 4 going to -- we're going to do -- there are four 5 other Excel spreadsheets which we believe, 6 although it will be a question for you, are just 7 a complete set of the analysis of the MLC assets. 8 THE WITNESS: Okay. 9 MR. BINDER: So we've simply pulled 10 one page and then we'll put the others up on the 11 screen. So why don't we just do one at a time. 12 (Exhibit AAT-KPMG 11 marked for 13 identification.) 14 Q. The first one is -- I handed to you 15 is AAT-KPMG 11, and that comes from a document 16 KPMG-GM0092371. It's just another spreadsheet. 17 It's on the screen. What you have in front of 18 you is just the first page of the asset detail. 19 A. Okay. 20 Q. So -- and if you need to have us flip 21 through more pages or you want to do it yourself, 22 the question is simply is this document that you 23 see on the screen of which KPMG -- KPMG 92371 of 24 which AAT-KPMG 11 is an excerpt, is that part of 25 the -- sort of the work done to determine the</p> |
| Page 435 | Page 437 |
| <p>1 believe -- and I notice the values in BV are 2 higher, at least in the sample that I'm looking 3 at here. So it makes me think that that's -- 4 column BV is picking up the incremental value 5 associated with the Transition Service 6 Agreements. 7 Q. So I'm not seeing any that are 8 higher. And let me just -- 9 A. I'm sorry, it's a change in the 10 decimal places. 11 Q. Okay. Also, we're looking at Moraine 12 where there was no Transition Service Agreement. 13 A. Okay. 14 Q. Right? You know that? 15 A. Yeah. 16 Q. Okay. 17 A. Okay. 18 Q. So -- so it wouldn't -- it wouldn't 19 be captured on this page? 20 A. Yeah. Sorry, the type is a little 21 small. I was missing the decimal point. I 22 thought that was showing a higher value. 23 Q. Okay. But the BR is the liquidation 24 value and then there may be some upward 25 adjustment for certain assets where there's a</p> | <p>1 values for the MLC assets? 2 A. It appears -- it appears to be. If I 3 recall correctly because of the volume of data, 4 we had to split it up into multiple models, but 5 this appears to be another model doing the same 6 thing as the previous example that we looked at 7 for Moraine. 8 Q. Okay. So this is the model that 9 actually did the calculation that determined the 10 values for the particular MLC assets shown on 11 that chart? 12 A. It appears to be, yes. 13 (Exhibit AAT-KPMG 12 marked for 14 identification.) 15 Q. Okay. And so let's mark as 16 AAT-KPMG 12 an excerpt from another Excel 17 spreadsheet. This is from the file produced as 18 KPMG-GM0092372. 19 And, again, we're just giving you the 20 first page of the Asset Detail tab. The full 21 document is on the screen and you can see that 22 there's the Input Global Data tab. That's always 23 the same -- correct -- as KPMG 9? 24 A. Yes. 25 Q. Okay.</p> |

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 438

1 A. Should -- should be.
2 Q. Okay. Do you want to look at it?
3 Why don't we look at it, the Input Global Data
4 tab.
5 A. Yeah, it appears to be the same.
6 Q. Okay. And then going to the Asset
7 Details, that -- those are the PP&E values as in
8 the prior exhibits for the MLC assets?
9 A. Yeah, this again appears to be
10 another -- another underlying model similar to
11 the prior two files.
12 MR. BINDER: Okay. Two more.
13 (Exhibit AAT-KPMG 13 marked for
14 identification.)
15 Q. AAT-KPMG 13, again, the first page
16 this document -- from the spreadsheet. The
17 document is KPMG-GM0092373.
18 Looking at the full document on the
19 screen and this excerpt, can you tell us what
20 that is?
21 A. This, again, appears to be the same
22 input table as part of another -- another one of
23 the underlying models that supported our OldCo
24 analysis.
25 Q. And on the screen now you're looking

Page 440

1 first page from the Asset Details. This will be
2 AAT-KPMG 14.
3 And, Mr. Furey, again, this is just
4 one more of the same documents, correct?
5 A. Yes. It appears to be, yes.
6 Q. It contains the individual orderly
7 liquidation value for each of the MLC assets that
8 are actually contained on -- on this document?
9 A. That's correct.
10 Q. Okay. Just to -- if you could just
11 take a look at KPMG 10. It's the first one in
12 the set of these that we looked at.
13 And just for the record, we've -- the
14 documents that we've just went through,
15 AAT-KPMG 10, 11, 12, 13, and 14, we printed out
16 the first page, but we -- we do not -- I do not
17 believe we've included every single column that
18 you can see on the screen.
19 A. Okay.
20 Q. But I want to ask you about some of
21 the columns that are there and whether they --
22 MR. KLEINHAUS: I apologize. Can I
23 just clarify that? So you're saying that for
24 AAT 10, 11, 12, 13, 14, this is a subset of the
25 columns that are on the actual data file?

Page 439

1 at an input table that is the same as KPMG 9,
2 correct?
3 A. That is correct.
4 Q. Okay. And the Asset Detail tab,
5 which a portion of is in front of you as
6 AAT-KPMG 13, what is that an excerpt from? In
7 other words, what is this whole document?
8 A. This, again, is another -- it's one
9 of the underlying models. These assets appear to
10 include GM assembly, Pontiac as part of it; but
11 another part of our underlying analysis for
12 OldCo.
13 Q. And it's on all of these spreadsheets
14 where we're showing you the first page of where
15 you would find the specific value that KPMG
16 determined for the OldCo assets, correct?
17 A. That's correct.
18 MR. BINDER: Okay. And the last one
19 is AAT-KPMG 14.
20 MR. KLEINHAUS: Is this supposed to
21 be two pages or one?
22 (Exhibit AAT-KPMG 14 marked for
23 identification.)
24 Q. And this is KPMG -- KPM -- wait. The
25 Bates number is KPMG-GM0092374. This is the

Page 441

1 MR. BINDER: I think so. So if you
2 look at -- if you look at like column AM, it goes
3 to AT. I'm assuming, and we can check, that
4 there's an AN and an AO that we hid to print it
5 just so we could get the relevant data on a --
6 MR. KLEINHAUS: Okay.
7 MR. BINDER: -- single sheet of
8 paper.
9 Q. (BY MR. BINDER) Maybe we can discuss
10 at a break, but I guess I want to think about a
11 way of sort of marking the Ex -- are you marking
12 the entire file?
13 MR. KLEINHAUS: We took a different
14 approach, as you'll see. We are going to walk
15 the witness through on the screen subsets of full
16 spreadsheets with the idea that the full
17 spreadsheet is the exhibit.
18 So we can reconcile this off the
19 record, but one approach is to print a subset.
20 Another approach is to use the screen, have the
21 full document, and then cut on the screen and we
22 can figure out which approach to use.
23 MR. BINDER: Okay. At the end of
24 this, I want to have -- just the actual full
25 spreadsheet which Mr. Furey has identified as the

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 442

1 MLC valuations. Does everyone agree that we have
2 a document and that's what it is?

3 MR. KLEINHAUS: I agree with that.

4 MR. BINDER: Okay.

5 MR. KLEINHAUS: I think what we can
6 do is we can use these AAT exhibits as exhibits
7 and then we have files, electronic files of the
8 portions of the big spreadsheets that we're going
9 to show the witness. We can transmit those to
10 you so you can see exactly what our portions are
11 as well.

12 MR. BINDER: Let's talk -- let's talk
13 at a break about how we can just simply mark the
14 entire file or just stipulate the witness --

15 MR. KLEINHAUS: Sure.

16 MR. BINDER: -- one way or the other.
17 Okay. Otherwise we can just download
18 them onto a thumb drive and give them to the
19 court reporter, but that seems unnecessary.

20 MR. KLEINHAUS: Okay. Let's discuss
21 this at a break.

22 MR. KLEINHAUS: Okay.

23 Q. (BY MR. BINDER) Okay. So looking at
24 the AAT-KPMG 10, there are -- are there -- are
25 there columns that simply have no role in the

Page 444

1 number just an artifact of a formula that's just
2 sitting in the Excel spreadsheet or does it
3 reflect some actual work done with respect to the
4 particular asset?

5 A. These models have pre-populated
6 formulas in them. So when General Motors data is
7 dropped into the -- into the analysis, some of
8 these -- some of these calculations will
9 pre-populate based on just being mapped to the
10 acquisition date and the asset category, but they
11 don't flow through to the ultimate conclusion of
12 value.

13 Q. Okay. But separate and apart from
14 that, I mean, would the fair value after
15 uninstall for the very first asset, the 1877, be
16 46,700 or is it just an irrelevant number?

17 A. Really for the purposes of what we
18 were doing it's an irrelevant number that would
19 have never been -- never been math-checked or
20 vetted, it just would have been an artifact of
21 having the calculation in the spreadsheet.

22 Q. Okay. And that's true for all of
23 the -- the columns that did not play into the
24 ultimate valuation, the OLV valuation?

25 MR. KLEINHAUS: Objection.

Page 443

1 analysis in calculating OLV?

2 A. Yes, there are.

3 Q. Okay. A lot of them?

4 A. This model was built around our
5 standard valuation model that is intended to
6 cover both this type of analysis as well as a
7 fair value and continued use analysis, which you
8 saw with NewCo.

9 So all of the calculations are
10 included in here for both premises of value, so
11 they're -- but the value and continued use
12 calculations were not used as part of the OldCo
13 analysis, but you will see those columns in here.

14 Q. Just to take BG as an example, the
15 Fair Value With Utility Penalty, rounded USD. Do
16 you see that?

17 A. Yes.

18 Q. Okay. So that -- that number, that
19 54,900, was not part of the calculation of the
20 liquidation value on this page, correct?

21 A. I don't believe it was, no.

22 Q. Right. Because that's a concept that
23 applies to going concern analysis?

24 A. That's correct.

25 Q. Okay. Does the number -- is the

Page 445

1 Q. You know, for the columns that
2 weren't part of the OLV analysis, the numbers are
3 just -- well, withdrawn.

4 Let me -- how would you describe the
5 value and validity of the information in the
6 columns that were not used in calculating the
7 liquidation value?

8 A. The columns that were not used in
9 calculating the liquidation value, I wouldn't be
10 willing to stand behind those numbers because I'm
11 not certain that those numbers were necessarily
12 thoroughly math-checked or vetted, since they
13 weren't flowing into the ultimate conclusion of
14 value for the OldCo analysis.

15 Q. Okay. In looking at this KPMG 10,
16 can you just identify the columns by number -- by
17 column number, you know the AA, AD, whatever the
18 numbers are that were relevant for the
19 determination of the liquidation value of the MLC
20 assets?

21 MS. BOWER: Sorry, I didn't mean to
22 cut you off.

23 I want to object to form here. And I
24 think if you're going to have him do that, he
25 should probably look at the full spreadsheet. I

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 446

1 mean, it's your examination, but --

2 MR. BINDER: Sure.

3 MS. BOWER: -- if you want to limit
4 it to just the columns that you've printed off --

5 MR. BINDER: Okay. Sure. We can --
6 well, sure, why don't we do that, we'll put the
7 full Asset Detail, and we'll just run across the
8 columns. And we'll just scroll across and you
9 can just say, for instance, you know, in column A
10 whether or not it was relevant or not. I mean,
11 obviously some of these aren't numbered.

12 A. Okay.

13 Q. So we're looking at the
14 spreadsheet -- the full spreadsheet or it's on
15 the screen from the KPMG-GM0092370. Okay.

16 A. Okay. So, should I start at the
17 beginning and work my way across?

18 Q. Sure.

19 A. Okay. So column A is just an asset
20 identifier. It was used for mapping purposes,
21 but not part of the calculation.

22 Same for column B. It's a -- just an
23 identifier column. I believe that came from
24 General Motors.

25 Asset Description, again, utilized

Page 448

1 Q. And these were the numbers that
2 KPMG's analysis would impair to the extent
3 necessary; is that right?

4 A. Yes, that's correct.

5 Q. Okay.

6 A. Column H, I -- doesn't -- in this
7 sample appears to be blank. I don't think it had
8 any bearing on the analysis.

9 Columns I and J, the DUNS number and
10 the company name, those were used to identify the
11 location of the asset and were utilized not in a
12 mathematical sense but more in identification of
13 the assets and identifying assets that could
14 potentially be subject to Transition Services
15 Agreement.

16 Column K, Classing Lookup, is just a
17 column that KPMG added to the model. Likely to
18 assist in some summary -- creating summaries for
19 our future review.

20 Columns L, M, and N, I don't recall
21 those specifically flowing into the calculation
22 in any way.

23 Columns O and P could -- those could
24 have been the Transition Service Agreement dates,
25 but I -- in this sample it's difficult to tell

Page 447

1 just to identify the assets.

2 Column D, Client Asset Class is what
3 was used to map to our input table, so it drove
4 our trend -- trend assumptions as well as the
5 liquidation percentages for each asset class.

6 Acquisition Date was utilized in the
7 analysis as far as pulling the appropriate cost
8 trend for the asset class that would be
9 representative of the acquisition date to adjust
10 to replacement -- reproduction cost new as of the
11 effective date.

12 Original Cost was the starting point
13 of the analysis, so would have been included.

14 Net Book Value in column G was not
15 directly flowing into the calculation, but would
16 have been reviewed as part of our analysis.
17 Again, that's General Motors' financial reporting
18 calculation.

19 Column --

20 Q. And that's a number prior to the --
21 your -- the KPMG OLV conclusion?

22 A. That's -- that's a number calculated
23 by GM exclusively for their financial reporting
24 purposes. So that number was provided to us, not
25 calculated by us.

Page 449

1 because Moraine wasn't subject -- as you mention,
2 was not subject to a Transition Service
3 Agreement.

4 And Source File is likely something
5 that KPMG added just to be able to track
6 individual line items back to the original source
7 file that was provided to us by General Motors.

8 Starting in column S, these would
9 generally be columns that KPMG added. Column S
10 is just a unique identifier.

11 Column T is the asset class that was
12 used to look up into the lookup table that was
13 provided in our models?

14 Q. That's KPMG 9?

15 A. That's KPMG 9, correct.

16 Historical Year Override. I don't
17 believe that column was even used in this model.

18 Historical year column V would be the
19 year of the original inservice date of the asset.

20 Local Currency is exactly what -- for
21 GM North America it would have been all wrong --
22 the domestic assets would have been all U.S.
23 dollars.

24 Exchange rate obviously is one, given
25 our conclusion was stated in U.S. dollars.

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 450

Column Y, I don't believe was used for GM North America as there were no local currency overrides.

The cost columns in Z, AA, AB were all sourced information provided to us by GM, converted to -- where necessary converted to U.S. dollars as of our valuation date for the GM domestic assets there were no -- obviously no currency -- currency conversions.

Q. Can I ask you? There was a net book value number that was -- it's zero in AA and going back earlier there was, I thought, in one of the columns prior there was a net -- can we go further? Maybe not. Okay. Never mind.

A. Okay. So column -- so column AC is just the net book value that was provided to us by -- by General Motors.

Column AD is the trend factor. And that is going to use the lookup table in Exhibit -- that is coming from the lookup table in Exhibit 9. So based on the inservice year and the asset class of the asset, a specific trend table would be used to look up the factor that would be used to adjust the historical cost of the asset to reproduction cost new as of our

Page 452

this analysis.

Column AL is a Remaining Useful Life Override. I don't believe that column was used.

Remaining Useful Life, RUL, in column AM is just a calculation based on the normal useful life and the age of the asset. I don't believe that column is used in this -- in the OldCo analysis.

The columns AN, AO, AP, AQ, AR, AS, all the way through AZ, I don't believe are used. Those are all physical depreciation calculations that are not used in the OldCo -- OldCo analysis.

Salvage Value USD. I can't recall exactly what that column is, but I don't believe -- I don't believe that flows into the -- into the final -- to the final answer.

Columns BD -- I believe BD through BK are all fair value in continued use premises of different flavors, some including inutility penalties. I believe all those columns would fall under the category of just having pre-populated formulas where those numbers are just -- they're just pulling from the source data.

Q. Did you -- did you skip BB and BC?

Page 451

effective date.

Column AE I don't believe was used in the OldCo analysis. I don't think there were any RCN -- reproduction cost new overrides.

Column AF, RCN USD, should just be the product of columns AD and column Z.

Effective Age in column AG. I don't believe we made effective age adjustments for the OldCo analysis.

Column AH is actual age. That's just a calculation between the effective date of valuation and the inservice date shown in the fixed asset ledger provided to us by General Motors.

Column AI, I don't believe that was used. That's a column that's only used when there's overrides for the effective age, which I don't believe we did that for OldCo.

Column AJ, NUL, that's Normal Useful Life. That's a column that's used for depreciation. We didn't apply physical depreciation in this analysis using that column.

Column AK is a similar -- is a -- LHI RUL is Leasehold Improvement Remaining Useful Life Override. We did not use that column in

Page 453

A. Oh, sorry. Yes. So, BB and BC. BB would be -- was not utilized in the OldCo analysis. That would be used if we had a specific fair value indication for a specific asset. I don't believe we had those sort of adjustments in OldCo.

BC, Utilization Company, that was a column I believe that was more used in the NewCo analysis to -- it was used to -- as the lookup for our inutility adjustments, which were not applicable for OldCo.

BD through BK, I believe were all fair value in continued use premises, were -- which were not relied upon for -- for OldCo.

Column BL appears to just be some sort of consistency check column. I'm not sure what that -- what that column is representing.

Column BM would be a orderly liquidation value override if we had specific information about a certain asset. I don't believe we made adjustments at that level in this analysis, so I would suspect that's primarily blank throughout the analysis.

And then columns BN, BO, BP, BR appear to be the calculation -- the columns where

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 454

1 the orderly liquidation value is being
2 calculated. The sample that we have here,
3 they're all zeros, so it's a little tough to tell
4 exactly how the math is flowing, but BM through
5 BR, I believe, is the primary columns that are
6 driving the orderly liquidation value analysis.

7 And then column BV --

8 Q. And if it helps, you can look to
9 KPMG 10, the way it was filtered, you can see
10 there are actual values for those columns.

11 A. Okay.

12 Q. There is a BK, BL, BM, BN, BO.

13 A. Yeah, so B -- yeah, so BM, BN and BO,
14 those appear to have -- those do appear to have
15 the calculations where the replaced reproduction
16 cost new is multiplied by the liquidation
17 percentage for each category. BO is just a
18 rounding of that number.

19 "Notes" in column BP would have just
20 been somewhere if there were specific information
21 about an asset that we wanted to record.

22 Q. You mean BU, when you say "Notes"?

23 A. BP.

24 Q. Oh, BP. I'm sorry.

25 A. Yeah.

Page 455

1 Q. Okay. I thought you said --

2 A. BQ, "RP/PP," that's just a column
3 where we would put the identifier of whether an
4 asset was personal property or real property.
5 That's just for our summarization purposes.

6 Column BR, the Liquidation Value,
7 appears -- I believe that is just a carry across
8 from what's in column BO.

9 Column BS -- column BS is not -- it's
10 called impairment before lease allocation.
11 That's not part of the valuation. That may have
12 been some sensitivity we were asked to run to
13 compare against book value. But that's not --
14 not an input into the valuation or an output,
15 it's just a straight calculation based on the
16 book value in our fair value conclusion.

17 Column BT, Other Liquidation
18 Override, I don't specifically recall what that
19 column was intended to be. It would generally be
20 if there was a specific -- again, a more specific
21 discrete adjustment below the asset class level,
22 it would be recorded there.

23 Again, column BU would be notes if
24 there was an other liquidation override. The
25 reason for that should be in column BU. So those

Page 456

1 columns should work together.

2 Column BV is -- appears to be the
3 liquidation value -- it appears to be the
4 liquidation value but also taking into account
5 some consideration for any value associated with
6 the ongoing use of certain OldCo facilities
7 associated with the Transition Service
8 Agreements.

9 Column BW appears to be a similar
10 sensitivity calculation to column BS, again, not
11 an input into the valuation. It was probably
12 something we were asked to just run as a
13 sensitivity.

14 Q. Uh-huh.

15 A. And column BX. I don't recall what
16 that is. Doesn't -- it doesn't appear to be --
17 it looks like some sort of flag that was used for
18 summarizing data at some point.

19 MR. BINDER: All right. Well, thank
20 you. Now we know.

21 There's nothing else? Is that as far
22 as it goes over, I assume?

23 All right. Why don't we have lunch.
24 How long -- we can go off the record.

25 THE VIDEOGRAPHER: Going off the

Page 457

1 record. The time is 12:49.

2 (A break was taken from 12:47 p.m. to
3 1:47 p.m.)

4 THE VIDEOGRAPHER: Media Number 4.
5 On the record at 1:48.

6 MR. BINDER: I just want to put on
7 the record a stipulation among counsel with
8 respect to the following documents produced by
9 KPMG at Bates numbers KPMG-GM0092370, 0092371,
10 0092372, 0092373 and 0092374, which are all the
11 Excel spreadsheets that we discussed earlier
12 today. Those five documents the parties
13 stipulate contain the OLV values calculated by
14 KPMG for the assets at Old GM.

15 MR. KLEINHAUS: Based on Mr. Furey's
16 testimony, I agree those contain OLV valuated --
17 OLV values calculated by KPMG.

18 MR. BINDER: For the assets at Old
19 GM?

20 MR. KLEINHAUS: For assets that were
21 at Old GM, yes.

22 MR. BINDER: Okay.

23 Q. (BY MR. BINDER) I just want to go
24 back. Mr. Furey, when you were walking us
25 through the spreadsheet and identifying each

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 458

1 column, you -- some of the columns involved
2 physical depreciation. Do you recall that?

3 A. Yes, I do.

4 Q. Okay. And you said that physical
5 depreciation was not considered as part of the
6 calculation of the OLV values. Do you recall
7 that?

8 A. Yes, I do.

9 Q. Okay. Why was physical depreciation
10 not part of the calculation?

11 A. The discrete calculation in our model
12 for physical depreciation would be part of a cost
13 approach to valuing the assets. Our methodology
14 was utilizing market approach, primarily
15 a percent of cost method, which includes all
16 adjustments for obsolescence, whether it be
17 physical depreciation, functional obsolescence or
18 economic obsolescence. So the liquidation
19 percentage would inherently include any
20 adjustments to get to an orderly liquidation
21 value.

22 Q. Okay. Thank you.

23 (Exhibit AAT-KPMG 15 marked for
24 identification.)

25 (Exhibit AAT-KPMG 16 marked for

Page 460

1 And the last one, KPMG 18, Bates
2 number KPMG-GM0092233 through 92236, to General
3 Motors Corporation file from Patrick Furey, date
4 August 19, 2009.

5 So, KPMG 15, 16, 17 and 18, are they
6 all part of -- are they all documents prepared in
7 connection with the OLV valuation?

8 A. Yes. They appear to be, yes.

9 Q. Okay. And there are three of them,
10 KPMG 15, 16 and 17, which have a Re: line of
11 "Fair Value Analysis of Certain Assets of General
12 Motors Corporation." And then one of them,
13 KPMG 17, has a Re: line of, "Impairment Analysis
14 of General Motors Corporation." Do you see that?

15 A. I do.

16 MS. BOWER: Objection. They are
17 not -- they're not -- they're not all the same.

18 MR. BINDER: Did I misread one of the
19 Re: lines?

20 THE WITNESS: Yes, 15, 16 and 18 --

21 MR. BINDER: Oh, okay. Thank you.

22 Let me...

23 Q. Let me try it this way. I'm trying
24 to figure out the relationship of these four
25 documents, whether they're drafts of something --

Page 459

1 identification.)

2 (Exhibit AAT-KPMG 17 marked for
3 identification.)

4 Q. So, Mr. Furey --

5 (Exhibit AAT-KPMG 18 marked for
6 identification.)

7 Q. (BY MR. BINDER) So, placed in front
8 of you, Mr. Furey, are four documents. The first
9 one has been marked as KP -- AAT-KPMG 15. It's
10 Bates numbered KPMG-GM0092221 through 92224.
11 It's to General Motors Corporation file from
12 Patrick Furey dated -- the date on it is
13 August 19, 2009. Do you see that?

14 A. Yes, I do.

15 Q. Okay. The next document has been
16 marked as AAT-KPMG 16. It's Bates numbered
17 KPMG-GM009225 through nine-two -- I'm sorry, the
18 Bates number of AAT-KPMG 16 is KPMG-GM0092225
19 through 92228. It is to General Motors
20 Corporation file from Patrick Furey, date
21 August 19, 2009, version one.

22 The next document, AAT-KPMG 17, Bates
23 numbered KPMG-GM0092229 through 92232. It's to
24 General Motors Corporation file from Patrick
25 Furey with a date August 18, 2009.

Page 461

1 one is a draft of another, whether they serve
2 different purposes. By reference to the specific
3 documents, could you explain, you know, are they
4 related to one another and, if so, how?

5 A. All four of these documents, 15, 16,
6 17 and 18, appear to be earlier versions of what
7 we previously discussed, which was Exhibit 4.
8 Based on the dates, it looks like Exhibit 17 was
9 the first draft of our memo to our file to start
10 documenting our assumptions.

11 The subsequent files dated
12 August 19th appear to all be subsequent updated
13 drafts. Given that the dates weren't updated,
14 it's a little bit difficult to tell the sequence
15 of those drafts, but these were all earlier
16 drafts of what was ultimately the October 26th,
17 Exhibit 4 deliverable.

18 Q. And each one of these KPMG 15, 16 and
19 17, 18, just are all memos related to the same
20 process, the same valuation exercise?

21 A. Yes, that's true.

22 Q. Okay. And to the extent that there
23 are changes one from another, did those
24 reflect -- is the latter in time the more
25 accurate version?

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 462

1 MS. BOWER: Objection.
2 A. The final memo should be the one that
3 contains the assumptions and methodologies that
4 are reflected in our final fair value conclusion.
5 Q. Okay. So if there is an
6 inconsistency between AAT-KPMG 1 through 4, and
7 one of the earlier versions, KPMG 15, 16, 17, 18,
8 we should look to AAT-KPMG 4 of the Tangible
9 Asset Memo to know what was done?
10 A. That's --
11 MR. KLEINHAUS: Objection.
12 A. That's my understanding, yes.
13 Q. Okay. There was no separate
14 valuation exercise that was being performed other
15 than the one that was memorialized in the memo
16 that's AAT-KPMG 4 for the OldCo assets -- is that
17 right -- that you're aware of?
18 A. No, for OldCo that was the only
19 valuation analysis.
20 Q. Okay. You can set those aside. And
21 just as for reference, and I'll just put back in
22 front of you the Fresh Start Report.
23 So, now switching gears and focusing
24 on the fresh start valuation work that KPMG did
25 and is reflected in the report that is the trial

Page 464

1 A. Okay.
2 Q. Is this familiar to you?
3 A. Yes, this spreadsheet is generally
4 familiar.
5 Q. Okay. Looking at this does this
6 refresh your recollection that at least some
7 assets as part of the fresh start valuation
8 exercise, the final concluded value was based on
9 an orderly liquidation value?
10 A. Yes, it does. Looking in column BB,
11 I see a note in there that appears this subset of
12 assets was abandoned.
13 So even though they would have -- in
14 this case, if these were identified as NewCo
15 assets, the fact that management identified them
16 as abandoned would have given us reason to adjust
17 our valuation premise to orderly liquidation
18 value.
19 Q. And by abandon, does that just mean
20 they weren't intending to be part of the
21 operations of the Lansing Delta Township facility
22 in this example?
23 A. That's correct.
24 Q. Does the fact that it's abandoned
25 tell you one way or another sort of the nature of

Page 463

1 Exhibit DX-141 and JPM-KPMG 1 from your prior
2 deposition.
3 Let me ask you this. As part of the
4 fresh start valuation exercise, did KPMG value
5 some assets on an orderly liquidation value
6 basis?
7 A. As part of the NewCo analysis?
8 Q. Yes. Yes. For the NewCo analysis,
9 were some assets valued on an orderly liquidation
10 value basis?
11 A. I don't remember specifically. The
12 large majority of the assets were valued on an
13 discontinued use premise. But there could have
14 been tens if not hundreds of thousands of
15 individual assets. So there could have been
16 one-off adjustments for assets that were orderly
17 liquidation value, but I -- I don't recall
18 specifically.
19 (Exhibit AAT-KPMG 19 marked for
20 identification.)
21 Q. KPMG -- AAT-KPMG 19 is a page from
22 KPMG-GM-4070, which has been filtered for
23 order -- in column BA where the basis for
24 completed values orderly liquidation value and it
25 relates to assets out of Lansing Delta Township?

Page 465

1 the asset, in other words, the quality of it,
2 whether it was no longer a good asset or just
3 that it wasn't going to be used?
4 MR. KLEINHAUS: Objection.
5 A. It doesn't necessarily tell us the
6 quality of the asset, but given that our
7 assumption is that management would use the
8 assets in a way that maximizes their value, the
9 fact that they chose to abandon the asset and to
10 not either use it or to sell it indicates that
11 there was a reason for that, so based on that we
12 concluded that orderly liquidation value was the
13 right premise.
14 Q. Okay. In turning to the Fresh Start
15 Report at page 140, Section 9.5.3, Application of
16 Market Approach. Do you see that?
17 A. Yes, I do.
18 Q. Can you just review that section.
19 (Witness reviewing document.)
20 A. Okay. I read it.
21 Q. So in connection with the fresh start
22 accounting, when the -- when -- an orderly
23 liquidation value was used that was because it
24 was considered the highest and best use?
25 A. Yes, that's correct.

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 466

Q. Okay. And when -- and the orderly liquidation value was done on the basis of a market approach in connection with the fresh start accounting when assets were valued at orderly liquidation value?

A. Yes, that's correct.

Q. Okay. And is it the valuation exercise to determine the orderly liquidation value in connection with those assets valued as such in the fresh start accounting, was it the same as used for the orderly liquidation value analysis of the assets at old GM?

MR. KLEINHAUS: Objection.

A. The analysis for NewCo included two estimates of orderly liquidation value: One, which is what we were referring to in Exhibit 19, was similar to the analysis that was done in OldCo. There was also an orderly liquidation value in place analysis that was done to set a minimum floor value for the NewCo assets based on the sale of the Wilmington facility. That analysis was different than what was done for OldCo.

Q. Right. So the orderly liquidation value in place based on the Wilmington facility

Page 468

correct?

A. Yes.

Q. The same percentages?

A. Yes.

Q. Okay. The whole process was the same?

A. Yes.

The only -- if I could clarify one thing. The only thing that may have been potentially different would be the trends utilized in estimating reproduction cost, just given that the NewCo analysis was completed later. I'm not a hundred percent certain. I know the liquidation percentages were the same. I don't recall if we made any changes to the underlying trends that were used, just based on new or better information that became available.

Q. You just don't know one way or the other?

A. I don't remember off the top of my head.

Q. Okay. In turning to page 144 of the Fresh Start Report -- I'm sorry, 141. The -- there's a personal property liquidation percentage header and then there's a table. And

Page 467

was value used to set the whole values for assets valued on a going concern basis; is that correct?

A. That's correct.

Q. Okay. And the orderly liquidation value in place based on the sale of the Wilmington facility as an entire facility is unrelated to the orderly liquidation value that was done for Old GM, correct?

A. That's correct.

MR. KLEINHAUS: Objection.

Q. Okay. And it's also unrelated -- so you're describing -- so that -- separate from the hold values in connection with fresh start, some assets, those that were disposed of, abandoned or idled were valued on an orderly liquidation value basis, correct?

A. For NewCo, that's correct.

Q. For NewCo.

And for those assets, the disposed of, abandoned or idled assets at New GM which were valued on an orderly liquidation basis, the same methodology that was used for valuing the OldCo assets was used?

A. That's correct.

Q. You looked at the same Maynards data,

Page 469

I just wanted to ask you to put that alongside of the table at the top of page 10 on KPMG Tangible Asset Memo. Okay?

A. Okay.

Q. You recall earlier, I think I asked you whether the asset classifications were the same for -- in the Old GM analysis as fresh start. And your answer was same or similar, right?

A. Yes.

Q. So in light -- these are the relevant comparisons, these two charts?

A. Yes, that's correct.

Q. Okay. And how would you -- would you say that they are the same asset classification?

A. Yeah, they appear to be similar. The most notable difference is if you'll notice for, for example, the first three line items are for assembly equipment. Given that our NewCo analysis included an estimate of physical depreciation, we wanted to have additional granularity to be able to adjust the physical depreciation for shorter lived assets, longer lived assets or something that fell in between.

So, you'll notice in the OldCo

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

| Page 470 | Page 472 |
|--|--|
| <p>1 analysis there's only one category for assembly 2 equipment because one percentage -- one 3 liquidation percentage was applied, whereas for 4 NewCo, in addition to doing a liquidation 5 analysis, we also had to do a physical 6 depreciation estimate. So we increased it to 7 three categories for physical depreciation 8 purposes, but for in terms of a liquidation 9 percentage, the same percentage would apply. 10 Q. So for purposes of the OLV 11 calculation of the assets in New GM, the 12 separation of assets into short, medium or long 13 life was not a meaningful distinction? 14 A. That's correct. 15 Q. All right. Which is a carryover for 16 other uses in connection with the going concern 17 valuations? 18 A. Exactly. That's correct. 19 Q. Okay. Take a look -- if you can go 20 back to your deposition, page 158. 21 (Exhibit AAT-KPMG 20 marked for 22 identification.) 23 Q. Marked as Exhibit 20 is your -- a 24 portion of your testimony at the trial in this 25 case. It's a hearing date for April 27, 2017.</p> | <p>1 with the fresh start accounting as well, in other 2 words, as a mass appraisal and not an individual 3 assessment?" 4 Answer: "The approach and 5 categorization would be consistent. The premise 6 of value is obviously different between Motors 7 Liquidation and the fresh start, but the concept 8 of it not being a unique appraisal of each 9 individual asset would be a correct 10 characterization." 11 That's accurate, correct? 12 A. That is correct, yes. 13 Q. Okay. So turning to your trial 14 testimony, which is Exhibit 20, towards the very 15 end, page 1465. 16 A. Okay. 17 Q. Okay. Line 20 -- line 17, rather. 18 Question: "Are you familiar with the term 'mass 19 appraisal'?" 20 Your answer: "Yes, I am." 21 Question: "What's a mass appraisal?" 22 Answer: "Mass appraisal is generally 23 a term that's utilized for large analyses of high 24 volume number of assets." 25 Question: "Was KPMG's work for</p> |
| Page 471 | Page 473 |
| <p>1 But first I want to ask you to look at page 158 2 of your -- of your prior trial testimony. I'm 3 sorry your -- 4 MS. BOWER: Exhibit 3. 5 MR. BINDER: Thank you. 6 Q. -- your prior deposition testimony, 7 which is Exhibit 3. 8 A. Page 158? 9 Q. Yes. 10 A. Okay. 11 Q. On -- let's start on page 157 and at 12 line 15. You -- I'm just going to read you the 13 questions and the answer. 14 The question: "You didn't actually 15 go look at each specific robot, but you did some 16 sort of formula that flowed through to all the 17 assets for the personal property that you were 18 valuing. Is that a fair description?" 19 Answer: "Yeah, that would be 20 correct. We didn't value each individual asset 21 on a stand-alone basis, it was more of what would 22 be considered a mass appraisal." 23 Question: Okay. And, now, is that 24 similar to the appraisal of the sort of 25 individual assets that was done in connection</p> | <p>1 New GM a mass appraisal?" 2 Answer: "I wouldn't characterize it 3 as a mass appraisal; although, we did employ 4 certain techniques related to a mass appraisal to 5 facilitate being able to handle the large volume 6 of assets in this deal." 7 Do you see that? 8 A. Yes, I do. 9 Q. Would your answer at the top of 10 146 -- at 146, line 2 through line 6, apply 11 equally to the orderly liquidation values at 12 Old GM? 13 A. Yes, it would. 14 Q. Thank you. You can set that aside. 15 So earlier, I guess this morning at 16 this point, you described getting information 17 from GM about which assets were going to be 18 transferred to New GM. Do you recall that? 19 A. Yes, I do. 20 Q. Okay. And in addition to the 21 decision as to whether an entire plant was going 22 to be part of the purchase by New GM, there were 23 also individual assets that I think we discussed 24 were going to be taken out of some of the 25 facilities that were where the Old GM assets were</p> |

US Bankruptcy Court - New York
MLC v. JPMorgan Chase BankFINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 474

1 going to be valued for MLC, correct?

2 A. That's correct.

3 Q. Okay. Can you describe for me the
4 process as to how you knew which assets should be
5 counted as Old GM assets and which were -- can be
6 counted as New GM assets?

7 A. As part of our OldCo analysis, we
8 were provided -- we were provided with a
9 carve-out of the fixed asset listings from GM
10 that reflected GM's guidance as to what assets
11 would be in scope for us for the OldCo analysis.

12 We received several versions of that
13 file as GM went through different iterations of
14 what they called their viability plans. So as
15 the plan was being tweaked or modified, we would
16 receive an updated file. That would give us a
17 list of all of the assets that we needed to
18 consider in your analysis.

19 Q. So the list would say, "We're going
20 to add these assets to what's going to New GM and
21 remove these that we previously thought were
22 going to New GM and keep them at OldCo," is
23 that --

24 A. Generally the list would come to us
25 as a consolidated file. So it would be not a

Page 476

1 So there's 45 rows and you have to line up the
2 pages one next to another and you would see all
3 the way across. Most of them are empty.

4 A. Okay.

5 Q. K -- AAT-KPMG 22 is another tab from
6 the same larger document, KPMG-GM0092310, from
7 the tab APA Changes 7-23.

8 And AAT-KPMG 23 is again from that
9 document, KPMG-GM0092310. It's from the tab
10 APA Changes 8-7. And both Exhibits 22 and 23,
11 like 21, all of the pages, if placed side by side
12 would reflect -- capture all of the rows. Do you
13 understand that?

14 A. Yes.

15 MS. BOWER: Columns.

16 Q. Okay. All of the columns of it.

17 And it is up on the screen, too, and
18 if it's helpful to have -- we're just showing the
19 various tabs that you have access from.

20 So, first of all, do you know what
21 APA -- so do you recognize -- looking up on the
22 screen where you have all of KPMG-GM0092310, do
23 you know what that document is?

24 A. These files don't look that familiar
25 to me. The content looks familiar, but the

Page 475

1 list of assets to be moved, it would be, "Here is
2 a complete listing of all of the OldCo assets and
3 here is what you should work from."

4 Over the course of time we would find
5 out that changes had been made to the viability
6 plans and we would receive a new listing that
7 would be at that time an exhaustive listing of
8 all the assets of OldCo. But we did receive
9 multiple versions of that through the course of
10 our analysis.

11 (Exhibit AAT-KPMG 21 marked for
12 identification.)

13 (Exhibit AAT-KPMG 22 marked for
14 identification.)

15 (Exhibit AAT-KPMG 23 marked for
16 identification.)

17 Q. Let me explain.

18 A. Okay. Please do.

19 Q. And we'll put it up on the screen,
20 just so you can -- if that's helpful.

21 First let me just identify the
22 documents. AAT-KPMG 21 is a printout from a much
23 larger document, which is KPMG-GM0092310. It
24 is the first page from the tab of APA 715
25 details. The pages contain all of the columns.

Page 477

1 format and the layout doesn't look like a KPMG
2 deliverable. I think it must be a source GM
3 document, potentially.

4 Q. Okay. Do you understand -- do you
5 know what APA stands for?

6 A. I believe it's Asset Purchase
7 Agreement.

8 Q. If you look at -- these are -- do you
9 understand that these are -- these are documents
10 that were produced by KPMG; do you understand
11 that?

12 A. I have no reason to dispute that.

13 Q. Okay. But were you involved in the
14 collection of documents for KPMG in connection
15 with the subpoena served in this case?

16 A. Yes, I was.

17 Q. Okay. But do you recall whether you
18 actually helped produce the document that is
19 92310, which is what's on the screen?

20 MS. BOWER: I'm going to object,
21 because I think this is from one of our old
22 productions in 2015-2016.

23 MR. BINDER: Okay.

24 MS. BOWER: So, I mean, he may not
25 recall having looked at something from 2015-2016.

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 478

1 A. Yeah, there were -- we received a lot
2 of files from GM. I don't specifically remember
3 these -- these exact files.

4 Q. Okay. So let me -- what I was -- do
5 you understand that these -- that the document,
6 the overall document, KPMG 92310, is one of the
7 documents that identifies for KPMG the assets
8 that are going to be transferred from Old GM to
9 New GM, or to be transferred to New GM as part of
10 the sale?

11 A. I -- to be honest, I don't -- I don't
12 know.

13 Q. Okay.

14 A. I see the APA Change status, which
15 appears to be saying to add or remove certain
16 assets, which makes what you're saying a
17 reasonable assumption, but I can't confirm it a
18 hundred percent.

19 Q. Okay. Fine. Then you can set them
20 aside.

21 So let me -- let me then just ask you
22 generally about that process. The valuation date
23 for OldCo was June 9th and for New GM it was
24 June 10th, 2009, correct?

25 A. July, I believe.

Page 480

1 your word, a considerable amount of flux in the
2 population of the assets as of the actual
3 valuation date. As I recall, there were
4 adjustments that were made to the viability plans
5 after our valuation date and those plans were
6 included in our valuation date as of either the
7 July 9th or July 10th valuation.

8 Q. Okay. So if on July 1st it was
9 expected that an asset was going to go to New GM,
10 but prior to the completion of your analysis, say
11 on July -- say on July 31st, you learned that it
12 was actually going to remain at Old GM, you would
13 value the asset in the hands of Old GM?

14 A. We -- yes, that would be -- that
15 would be correct.

16 Q. Okay.

17 A. We considered changes to the
18 population of assets after the valuation date.
19 We didn't consider external market events after
20 that, but we did consider changes to the
21 population of assets.

22 Q. Okay. So just to be clear, it's also
23 true that if as of the valuation date the
24 expectation was an asset would remain at Old GM,
25 but you learned after the valuation date that it

Page 479

1 Q. July two thousand -- thank you.
2 Withdrawn.

3 The valuation date for OldCo was
4 July 9th, 2009; for New GM it was July 10th,
5 2009?

6 A. That's correct.

7 Q. And there was -- is it fair to say
8 sort of which assets were going to end up where,
9 to some -- from the facilities that were subject
10 to the Old GM valuation was in flux around
11 valuation date?

12 MR. KLEINHAUS: Objection.

13 A. That's -- that's correct.

14 Q. Okay. In determining whether to
15 value it at Old GM or New GM, was the decision
16 based on what people thought as of the valuation
17 date or was the decision based on where it ended
18 up?

19 MR. KLEINHAUS: Objection.

20 MS. BOWER: Objection.

21 Q. (BY MR. BINDER) Do you understand
22 the question?

23 A. Yes, I do.

24 Q. Okay.

25 A. There was a considerable -- to use

Page 481

1 was going -- it was intended to be moved to
2 New GM, you would have valued it as part of
3 New GM?

4 A. That's correct.

5 Q. Okay. Were there any operating
6 facilities, plants, that were sold to New GM
7 where it's -- withdrawn.

8 Were there any plants that were sold
9 to New GM where there was uncertainty as to
10 whether or not those plants would continue in
11 use?

12 A. As I recall, the NewCo facilities
13 were all planned to be used going forward. The
14 facilities that had shortened remaining useful
15 life expectations were considered as part of
16 OldCo.

17 Q. Okay. And do you recall whether that
18 was something that you understood as of the
19 valuation date or might have learned at some
20 point later, and specifically with reference to
21 Janesville Assembly, MFD Pontiac, and Orion
22 Assembly?

23 A. The -- as of the valuation date, a
24 large majority of the population was settled
25 as to whether it would go to OldCo or NewCo.

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 482

1 There were several facilities that had some
2 ongoing discussion after the valuation date. I
3 generally recall Janesville being one of those
4 facilities that had some discussion after the
5 valuation date, but I don't recall the specifics
6 of the -- what the discussion point was, if it
7 was moving from one side to the other. I
8 can't -- I can't recall, but I do specifically
9 remember that facility being subject of more
10 discussion after the valuation date.

11 Q. And for purposes of your analysis for
12 the KPMG valuation, where it ended up is what
13 mattered, not when the decision or even if the
14 decision was made after the valuation date?

15 MR. KLEINHAUS: Objection.

16 A. If it ended up being NewCo or OldCo
17 would drive our premise of value. So that's not
18 where it was as of -- what the thought was as of
19 the valuation date, it would be where it ended
20 up. Our reasoning for that was it was a very
21 fast process that was happening during the
22 bankruptcy, so there were lots of moving pieces
23 that needed to settle out. So, you know, we did
24 allow those changes and assumptions to flow into
25 the analysis.

Page 484

1 concern was the highest and best use and
2 therefore used a going concern value, KPMG also
3 determined an orderly liquidation value in
4 exchange for each asset, correct?

5 A. I believe our models calculated that
6 for each asset, yes.

7 Q. Okay. And the models calculated it
8 using the same methodology that was used in
9 connection with Old GM, correct?

10 A. Yes, that's correct.

11 Q. Okay. But because the going concern
12 value was the highest and best use, the model
13 adopted the going concern value?

14 A. That's correct.

15 MR. BINDER: Okay. Thank you.

16 THE VIDEOGRAPHER: Off the record at
17 2:55.

18 (A break was taken from 2:54 p.m. to
19 2:57 p.m.)

20 THE VIDEOGRAPHER: Media Number 6.
21 On the record at 2:58.

22 EXAMINATION

23 BY MR. KLEINHAUS:

24 Q. Good afternoon, Mr. Furey. For the
25 record, Emil Kleinhaus from Wachtell Lipton Rosen

Page 483

1 MR. BINDER: I'm done, or close to
2 done, so I think if I could organize myself for
3 ten minutes, I should be able to wrap up.

4 MS. BOWER: Okay.

5 THE VIDEOGRAPHER: Going off the
6 record. The time is 2:32.

7 (A break was taken from 2:31 p.m. to
8 2:52 p.m.)

9 THE VIDEOGRAPHER: Media Number 5.
10 On the record at 2:53.

11 Q. (BY MR. BINDER) Mr. Furey, in
12 connection with the fresh start accounting
13 valuation work, as we know, and you testified,
14 most of the assets were valued at a going
15 concern, correct?

16 A. That's correct.

17 Q. And that's because that was the
18 highest and best use?

19 A. That's correct.

20 Q. Okay. And other assets were valued
21 at OLV when that was the highest and best use,
22 correct?

23 A. That's correct.

24 Q. Okay. As part of the valuation work
25 that KPMG did, even where it concluded that going

Page 485

1 & Katz for JPMorgan Chase Bank.

2 Mr. Binder covered some of the things
3 I was going to cover, so I'm going to try to be
4 efficient and rely on the answers that you gave
5 earlier rather than repeating a lot. And I'm
6 also going to go in the same general order, which
7 is starting with assets that were at Old GM and
8 stayed at Old GM and then a couple of things --
9 topics that relate to assets that went to New GM.

10 So, as relates to assets that stayed
11 at Old GM, I think you testified that KPMG's work
12 was requested in connection with financial
13 reporting; is that correct?

14 A. That is correct.

15 Q. And I think you mentioned that there
16 was at least the potential of an impairment by
17 Old GM that KPMG's analysis would be related to a
18 support, is that correct?

19 A. Yes, that's my understanding of the
20 purpose of the valuation.

21 Q. And do you know whether that
22 impairment ended up occurring on Old GM's books?

23 A. I do not specifically, no.

24 Q. So do you know whether Old GM ended
25 up adopting and using the values that KPMG

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

| Page 486 | Page 488 |
|---|---|
| <p>1 derived through its valuation work?</p> <p>2 A. I don't know for certain.</p> <p>3 Q. And do you know if anyone other than</p> <p>4 Old GM ended up for financial reporting or other</p> <p>5 purposes relying on the values that KPMG derived?</p> <p>6 A. I believe that old -- Old GM was the</p> <p>7 only intended user for our valuation, that I'm</p> <p>8 aware of.</p> <p>9 Q. Okay. But you don't know one way or</p> <p>10 the other whether they ended up relying on KPMG's</p> <p>11 work for its financial reporting, correct?</p> <p>12 A. When you say "they," you mean other</p> <p>13 third parties or Old GM?</p> <p>14 Q. Sorry. I'll clarify. Old GM. You</p> <p>15 don't know one way or the other whether Old GM</p> <p>16 ended up relying on KPMG's work for its financial</p> <p>17 reporting; is that right?</p> <p>18 A. I don't know for certain, but I</p> <p>19 assume that they did, given we weren't given any</p> <p>20 feedback to the contrary.</p> <p>21 Q. Okay. So I want to talk about a</p> <p>22 couple of categories of assets that remained at</p> <p>23 Old GM, as you did with Mr. Binder. I'm going to</p> <p>24 start, actually, the shorter section which is I</p> <p>25 believe you testified that there were assets that</p> | <p>1 remove installation costs from the Fair Value</p> <p>2 Estimates. Uninstalled percentages were based on</p> <p>3 our prior experience with valuing similar types</p> <p>4 of assets."</p> <p>5 Does that paragraph accurately</p> <p>6 describe the valuation approach used by KPMG to</p> <p>7 value assets that were to be transferred from Old</p> <p>8 GM to New GM?</p> <p>9 A. That paragraph is generally correct.</p> <p>10 That paragraph was written prior to the NewCo</p> <p>11 analysis actually being completed.</p> <p>12 Q. Okay.</p> <p>13 A. So there are a few generalities in</p> <p>14 there that are slightly different than the</p> <p>15 ultimate approach that was used for NewCo, but</p> <p>16 from a conceptual standpoint, that paragraph is</p> <p>17 still accurate.</p> <p>18 Q. I'm going to follow up on that. And</p> <p>19 for the record, the reason I asked about this</p> <p>20 August 19th memo is because if I look at the</p> <p>21 August -- the October 26 memo, which is AAT 4,</p> <p>22 and I may be wrong, but I don't actually see a</p> <p>23 similar description of what happened to the</p> <p>24 assets that went from Old GM to New GM; is that</p> <p>25 correct?</p> |
| Page 487 | Page 489 |
| <p>1 KPMG was advised would be moved from an Old GM</p> <p>2 location to a NewCo location, correct?</p> <p>3 A. That's correct.</p> <p>4 Q. Let's start by talking about those</p> <p>5 assets. And I'm going to refer you to AAT 15,</p> <p>6 which is a memo dated August 19th 2009, from</p> <p>7 Patrick Furey to General Motors Corporation file.</p> <p>8 If you could turn, please, to</p> <p>9 KPMG-GM-9222, which is the second page of this</p> <p>10 memo. There's a paragraph near the bottom of the</p> <p>11 page with the title NewCo Assets. Do you see</p> <p>12 that?</p> <p>13 A. Yes, I do.</p> <p>14 Q. And it says, "GM indicated that the</p> <p>15 remaining assets will be transferred to a NewCo</p> <p>16 location. To value these assets we applied our</p> <p>17 typical Marshall & Swift MNS depreciation curves</p> <p>18 and considered functional and economic</p> <p>19 obsolescence to estimate fair value and continued</p> <p>20 use. Considering that these assets were to be</p> <p>21 transferred and would inherent new installation</p> <p>22 costs, we considered installation costs incurred</p> <p>23 at the original OldCo locations to be</p> <p>24 unrecoverable costs. Therefore, based on asset</p> <p>25 categories, we applied uninstalled percentages to</p> | <p>1 A. That's correct.</p> <p>2 MS. BOWER: Objection.</p> <p>3 Q. (BY MR. KLEINHAUS) You can't testify</p> <p>4 as to what I see. Is there a similar description</p> <p>5 in the October 26, 2009 memo of assets that went</p> <p>6 from Old GM to New GM?</p> <p>7 A. No, there is not.</p> <p>8 Q. Okay. So let's come back to the</p> <p>9 August 19th memo.</p> <p>10 Given that you testified that this</p> <p>11 information or this paragraph was written at the</p> <p>12 beginning of the process, can you describe in</p> <p>13 your own words how the valuation process for</p> <p>14 those assets occurred? And if there are</p> <p>15 noteworthy differences from what's on 9222,</p> <p>16 please let us know what they are.</p> <p>17 A. So in the context of the OldCo</p> <p>18 valuation, those assets were not valued, they</p> <p>19 were not included in the OldCo valuation. That</p> <p>20 was the reason that that paragraph was</p> <p>21 subsequently taken out of the OldCo memo.</p> <p>22 The -- those assets as they were</p> <p>23 transferred to NewCo were valued as part of the</p> <p>24 NewCo analysis, so we felt that the narrative</p> <p>25 description was better suited to be in the NewCo</p> |

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 490

1 narrative, so hence the adjustment in the various
2 versions of the memo.

3 But the approach, as I said, is
4 conceptually similar. They were valued under a
5 premise of fair value and continued use based on
6 the location that they were associated with for
7 NewCo. And then we did apply a deduction or a
8 diminishment in value to reflect the fact that
9 since our basis of the NewCo valuation, the
10 starting point was the historical cost of the
11 assets, which included both the asset and the
12 installation of that asset, we didn't want to
13 assign value to that installation given that that
14 installation was the installation incurred at an
15 OldCo facility, so we applied an adjustment to
16 diminish the value, given that it would need to
17 be relocated and potentially reinstalled at a new
18 facility.

19 Q. And did KPMG ultimately use Marshall
20 & Swift depreciation curves?

21 A. No, we did not ultimately rely on
22 Marshall & Swift. I believe we -- I believe we
23 utilized the -- more of an age-life physical
24 depreciation methodology.

25 Q. As applied to assets that were

Page 492

1 the assets that were transferred to New GM
2 plants?

3 MS. BOWER: Emil, for the record,
4 which -- when you say "here," which one are you
5 looking at?

6 MR. BINDER: August 19, 2009, the
7 NewCo Assets paragraph.

8 MS. BOWER: Thank you.

9 A. So the -- what we call in this memo
10 the uninstalled percentages were intended to
11 reflect of the originally installed cost of the
12 asset approximate -- an approximate amount
13 associated with soft costs, things like
14 engineering, physical labor for installation of
15 the asset that we felt wouldn't have value, given
16 that the assets needed to be transferred.

17 So we -- we had some discussions with
18 GM's engineering team and their management team
19 to understand their experience with prior capital
20 projects, and also leveraged some of our prior
21 experience in valuing similar type assets, to
22 come up with what we felt were reasonable
23 percentages to -- that would reflect the amount
24 of val -- reflect the amount of cost that was in
25 those assets that didn't really reflect

Page 491

1 transferred from Old GM to New GM?

2 A. For I believe the majority of the
3 assets in the NewCo analysis. So there was no --
4 there was no differentiation for depreciation
5 between transferred assets versus assets that
6 were just at NewCo facilities.

7 Q. So let me ask the question this way
8 then. You testified at a trial in April 2017, at
9 length about the cost approach that KPMG used to
10 value assets in New GM facilities, right?

11 A. That's correct.

12 Q. And putting aside the uninstal
13 aspect of it, which I'll come back to, was the
14 valuation method used to value assets that were
15 transferred from Old GM to New GM the same as the
16 method that was used for other assets that were
17 just in New GM facilities?

18 A. Yes, with the exception you noted,
19 the methodology would have been consistent.

20 Q. Okay. So let's go back to the
21 exception that I noted. And I think you also
22 already began to testify about this. Can you
23 explain how what's described here as uninstalled
24 percentages and the application of uninstalled
25 percentages worked in affecting the valuation of

Page 493

1 physical -- physical hard asset costs. And we
2 applied that as a diminishment in value to the
3 cost approach analysis to reflect the fact that
4 while an asset that was in place in a NewCo
5 facility, the installation and engineering soft
6 cost would have ongoing value, as those assets
7 were going to continued to be used as is, whereas
8 the transferred assets would require some
9 investment to move them and get them incorporated
10 into whatever process they were going to be added
11 to at a NewCo facility.

12 Q. And the uninstalled percentages that
13 you just testified about, they varied by asset
14 category, right?

15 A. That's correct.

16 Q. And can you elaborate on why they
17 would vary by asset category?

18 A. Different types of assets require
19 different levels of engineering and installation.
20 Some assets would require significant foundation,
21 significant electrical work, potentially piping
22 or other mechanical interconnects, whereas other
23 assets are much easier to, I'll use the term plug
24 and play, where the installation costs would
25 be -- would be much less.

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 494

1 Q. And do you believe KPMG applied the
2 best methodology to assets being transferred to a
3 NewCo location? Let me reframe that. Do you
4 think that you -- that KPMG applied an
5 appropriate methodology to value the assets that
6 were transferred from Old GM to New GM?

7 A. I feel like the methodology that we
8 employed was reasonable, given the scope of the
9 assets that we were looking at.

10 In a perfect world somebody would go
11 through each individual asset and come up with
12 estimates for uninstallation, freight and those
13 sort of things. Given the number of assets that
14 we were trying to analyze, we needed to use
15 percentages. And we felt that doing that at the
16 asset class level was a reasonable and
17 supportable way to come up with that calculation.

18 Q. And do you think it was reasonable to
19 value those assets on a going concern basis
20 rather than liquidation basis?

21 A. Yes, I did, given that the management
22 had indicated to us those would be moved to a
23 NewCo facility which would continue to operate
24 for the foreseeable future. So we felt that that
25 was the appropriate premise of value.

Page 496

1 Q. And I think you testified earlier
2 that the overall valuation approach, putting
3 aside the uninstall adjustment, was consistent
4 with the approach for assets that were already in
5 the New GM facilities. Would that include
6 economic obsolescence?

7 MR. BINDER: Objection.

8 A. Yes, they would all -- all of the
9 assets within NewCo were subject to what I think
10 has been previously called the TIC adjustment.
11 So what we call from a valuation perspective
12 economic obsolescence would include all of the
13 assets at those locations for NewCo.

14 Q. And in addition to the TIC
15 adjustment, would those valuations include
16 physical depreciation?

17 A. Yes, they would.

18 Q. And would they include utilization
19 reductions, to the extent that facilities weren't
20 being utilized in full?

21 A. Yes, I believe they did.

22 Q. Okay. The methodology that you've
23 been testifying about where you have a cost
24 approach and then you have an adjustment for the
25 uninstall percent, is that a methodology that's

Page 495

1 Q. And I think it -- well, it says here
2 in the August 19, 2009 memo that uninstalled
3 percentages were based on our prior experience
4 with valuing similar types of assets. Can you
5 explain that?

6 MS. BOWER: Objection. I'll just
7 caution you not to reveal to the extent there's
8 anything confidential about other -- other work
9 that you performed.

10 Q. Understood. I wasn't trying to get
11 at other specific assignments but rather how did
12 you use prior experience to derive uninstalled
13 percentages?

14 A. It would generally be based on
15 experience either appraising similar assets and
16 understanding the component costs that have gone
17 into those similar assets to provide a framework
18 for which assets would potentially have higher
19 uninstalled costs versus lower uninstalled costs.
20 That would be heavily supplemented by our
21 discussions with GM's engineers, who obviously
22 have significant expertise in the installation of
23 these assets. And between the two of those, we
24 would come up with what we could agree to be a
25 reasonable percentage for each asset category.

Page 497

1 been used in other matters, without getting into
2 any confidential specific matters?

3 A. I have used that in not exactly this
4 context, but I have used that methodology before.
5 I don't know that it's -- it's -- according to
6 the American Society of Appraisers, fair value
7 uninstalled is a premise of value that they
8 define. So we felt comfortable, given that that
9 is defined as a premise of value. And it seemed
10 to fit the fact pattern that we had of the assets
11 moving from OldCo to NewCo. We felt like it was
12 a reasonable way to proceed.

13 Q. And just to be clear on that answer,
14 the American Society of Appraisers does identify
15 uninstalled -- fair value uninstalled as a premise
16 of value?

17 A. They do.

18 Q. Okay. Let's talk about assets that
19 were not transferred to New GM but rather assets
20 that stayed at Old GM, which was the subject of
21 most of the testimony so far today.

22 If you could just open up the KPMG
23 report. NEWGM 189 is the first page. Turn to
24 page 328. That's NEWGM 328 on the bottom. It's
25 page 140.

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 498

1 I think you've already testified
2 about this page and I'm not going to make you
3 read the whole thing, but I'm going to ask you a
4 few specific questions here.
5 There's a reference here to, "KPMG
6 relied primarily on auction data provided by
7 Maynards." Do you see that?
8 A. Yes, I do.
9 Q. And you testified today about
10 Maynards, right?
11 A. Yes.
12 Q. And in the next paragraph it says,
13 "KPMG compared the sales of assets similar in
14 nature to the personal property that GM had
15 disposed of through Maynards during the time
16 period from March 2009 through May 2009." Do you
17 see that?
18 A. Yes I do.
19 Q. And is that consistent with your
20 understanding that the Maynards sales that KPMG
21 relied on from a three-month period, March 2009,
22 April 2009, May 2009?
23 A. Yes, it is.
24 Q. And I think you testified earlier
25 that there were no sales prior to March 2009 from

Page 500

1 that.
2 Q. Okay. Do you know what GM's
3 instructions to Maynards were with respect to the
4 time period that Maynards had to sell assets?
5 A. I do not.
6 Q. Do you know whether Maynards, itself,
7 considered the sales in the March to May 2009
8 time period to be a forced liquidation?
9 A. We didn't ask Maynards to classify
10 the premise of value. We were just provided with
11 the proceeds that they realized in arm's length
12 transactions.
13 Q. Okay. So you don't know what
14 their -- what their view was of the premise of
15 value; is that correct?
16 A. No -- no, I don't.
17 Q. Okay. Now, this morning I think you
18 testified, and I was trying to just be very
19 accurate here. After a break you clarified your
20 testimony. And if I understand correctly, you
21 testified that the Maynards dispositions, they
22 were all the result of some kind of a
23 transaction. Is that a fair way to say it?
24 A. That was our understanding of the
25 data, yes.

Page 499

1 the Maynards sample; is that correct?
2 MR. BINDER: Objection.
3 MS. BOWER: Objection.
4 MR. BINDER: Misstates prior
5 testimony.
6 Q. Let me restate it. I certainly
7 wasn't trying to do that.
8 Is it accurate that there was not
9 Maynards data or -- Maynards sale examples from
10 prior to March 2009 that KPMG used for its
11 analysis?
12 A. There were not sales prior to that
13 that we -- that we used in our analysis, that's
14 correct.
15 Q. Okay. And is it also accurate that
16 there were no sales or dispositions from after
17 May 2009?
18 MR. BINDER: Objection.
19 MS. BOWER: Objection.
20 Q. Let me restate it. Is it also
21 accurate that KPMG in its valuation analysis did
22 not rely on any sales or dispositions from after
23 May 2009?
24 A. According to our report, that's what
25 it says. And I don't have a reason to dispute

Page 501

1 Q. And I want to just drill down to the
2 extent you know as to what kinds of transactions
3 they were. So, there were some transactions in
4 that sample that were arm's length sales of
5 individual assets, right?
6 A. Yes.
7 Q. Do you know -- of the over 4,000
8 dispositions, do you know how many fall in that
9 category?
10 A. I do not.
11 Q. And is it your understanding that in
12 that -- among the 4,000-plus dispositions, there
13 were also bulk scrap sales?
14 A. My understanding was that some --
15 some of the assets were sold for scrap, yes.
16 Q. And what other categories are there
17 that you have an understanding happened beyond
18 individual arm's length sales and scrap sales?
19 A. Well, I know some of the -- some of
20 the sales had come through auctions. Part of
21 what Maynards does is run -- run auctions for
22 secondary market assets. So our understanding
23 was that part of the sales proceeds had been
24 derived through that process.
25 We also know that some of the assets

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 502

1 were just not marketable and had no offers and
2 were potentially just abandoned in place. But
3 beyond that, we didn't -- we didn't do -- we
4 didn't do any due diligence at the individual
5 transaction level to understand the exact nature
6 of each transaction.

7 Q. Got it.

8 So when you testified that your
9 understanding is that of the 4,000-plus
10 dispositions, they all involve some sort of
11 transaction, you don't have a detailed
12 understanding by category of what those
13 underlying transactions were; is that a fair
14 statement?

15 A. I would say that's a fair statement.

16 Q. All right. Let's pull up KPMG 92368.
17 This is a document we already looked at.

18 Mr. Furey, do you remember looking at
19 this document earlier today?

20 A. Yes, I do.

21 MR. BINDER: Are you just referring
22 to the whole Excel that's on the screen or just
23 the Summary by Retirement -- Retirement Year
24 page?

25 Q. That's fair. Right now what's on the

Page 504

1 Q. It's a very high percent of the total
2 dispositions, right?

3 A. That's correct.

4 Q. Let's go to -- sorry, I'm just trying
5 to skip things that were already covered.

6 A. Okay.

7 Q. All right. Let's go to "Assets
8 Disposed After 2-28-09" tab.

9 So I -- we just pulled up Assets
10 Disposed After 2-28-09, which is one of the tabs
11 in this spreadsheet, and just a few questions
12 about this.

13 Looking at column B, do you see the
14 heading that says, "KPMG File Source"?

15 A. Yes, I do.

16 Q. And I'm just going to ask that that
17 file source be sorted so that we can see the
18 different ones. And, Mr. Furey, do you see that
19 there are a list of six xls files listed here
20 under KPMG File Source?

21 A. Yes, I do.

22 Q. And the first one says Disposal code
23 scrap 2007 to 2009 categories other than robots,
24 other productive processing dot xls. Do you have
25 an understanding of what that refers to?

Page 503

1 screen is Summary by Retire Year. I'll try to be
2 clear as to what --

3 A. Okay.

4 Q. -- tab we're looking at.

5 I want to direct your attention to
6 the Grand Total row of the Account column. Do
7 you see that?

8 A. Yes I do.

9 Q. And I've been using over 4,000
10 because that's what the KPMG report and some
11 memos say, but when -- is it your understanding
12 that the Maynards data consisted of 4,485
13 transactions or dispositions?

14 MS. BOWER: Objection.

15 A. That appears to be a correct count
16 based on the disposal dates that are listed on
17 the header.

18 Q. Let's go to the count of zero
19 proceeds column, or I'll direct your attention to
20 that column, column C.

21 So out of the 4,485 total
22 dispositions, how many of them reflected a zero
23 proceeds for Old GM?

24 A. Based on -- based on the summary
25 that's shown there, it appears to be 4,243.

Page 505

1 A. I -- the -- the entirety of the name
2 is the identification of the file that that
3 individual transaction came from. I believe that
4 naming convention is the naming convention that
5 came in the files from Maynards, so we included
6 that in our consolidated file so that we would
7 have traceability back to the source documents.
8 Based on the name, it appears to come from a file
9 of assets that were sold for scrap in categories
10 other than robots.

11 Q. Okay. And the second category says,
12 "Proceeds for fixed assets 2007 to 2009 V2
13 disposal code sale." Do you have an
14 understanding what that refers to?

15 A. Again, those were Maynards'
16 terminology. So the disposal codes I'm not a
17 hundred percent clear on, but it appears to be,
18 again, a listing of proceeds that were received
19 from a variety of sales that Maynards has
20 conducted on GM's behalf.

21 Q. I'm not going to ask you to go
22 through each one, but you see 3, 4, 5 and 6 are
23 all file names that include a reference to scrap;
24 is that correct?

25 A. Yes, that is correct.

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 506

1 Q. And your understanding is that those
2 are -- that's Maynards' characterization on a
3 Maynards file; is that correct?
4 A. That's correct.
5 Q. All right. Let's look at column Y,
6 "Disposal Code," please.
7 So this is a column that has one of
8 two letters under it. And can we sort column Y,
9 please, so you see the two options?
10 So there's an option for R and
11 there's an option for S. Can we just sort it so
12 we see how many are R and how many are S, please?
13 MR. BINDER: Objection. Do we know
14 Blanks isn't an option? I just don't know.
15 Q. Let's just sort it. Let's see how
16 many are R and how many are S, please.
17 So based on sorting for R, Mr. Furey,
18 how many of the records appear to be R?
19 A. Based on the count of the screen, it
20 looks like 4,054.
21 Q. Okay. And let's look for S, please.
22 And of the 4,485 records, based on
23 this spreadsheet, how many appear to be S?
24 A. It appears to be 428.
25 Q. Okay. And let's look for Blanks,

Page 508

1 I'm going to ask that this
2 spreadsheet and the R and the S be manipulated a
3 bit to see if it refreshes your recollection at
4 all as to what these categories are.
5 Why don't we filter column V so that
6 we have only the zero -- before I do that,
7 column V is -- what's the title of column V? Can
8 you just manipulate that so we can see the
9 column, please? It says, "Disposal Proceeds,"
10 right? Column V.
11 A. Yes.
12 Q. And under Disposal Proceeds, why
13 don't we manipulate it so it's only zeros
14 under -- under Disposal Proceeds.
15 So out of the 4,485, how many of the
16 records show zero for Disposal Proceeds?
17 A. Appears to be 4,243.
18 Q. Okay. Let's manipulate it further so
19 that it's Disposal Proceeds that have an S
20 instead of an R or anything else.
21 Okay. Out of the disposal proceeds
22 in the S category, how many have a zero?
23 A. Appears to be 186.
24 Q. Okay. Let's change it now so we look
25 at R rather than S.

Page 507

1 please.
2 MR. BINDER: Okay. You're right,
3 Neil, there are three blanks.
4 Q. So before I get into S and R in
5 further detail, do you know what S and R stand
6 for?
7 A. I believe the R and S designations
8 were on the files that came from Maynards. I
9 don't specifically know what R and S stand for.
10 Q. Are you familiar with a concept
11 called reclamation?
12 A. Yes, I am.
13 Q. Are you familiar with it in the
14 concept of a sale of assets, what reclamation
15 would be?
16 A. Not in -- not in this context, no.
17 Q. Okay. So you don't know one way or
18 the other whether R might stand for reclamation?
19 A. I -- I wouldn't know.
20 Q. Okay. And you wouldn't know whether
21 S stands for sale?
22 A. It's a reasonable guess, but I can't
23 say for certain.
24 Q. I don't want you to guess. I'm
25 asking you what you know.

Page 509

1 And in the R category, how many of
2 disposal proceeds are zero?
3 A. Appears to be 4,054.
4 Q. And that's everything in the R
5 category, right? There's nothing in the R
6 category that doesn't have a zero?
7 A. Is that a question for me? Sorry.
8 Q. Well, let's -- if it's not clear from
9 what everybody did, can we sort it in a way to
10 show whether there's anything in the R category
11 that's not a zero?
12 MR. CELENTINO: Filter column Y by R
13 and then sort column B by Anything. If you go
14 down, you sort from largest to smallest and get
15 all the zeros.
16 MR. BINDER: Getting a much needed
17 assist here.
18 Q. So would you agree that based on our
19 manipulation of the spreadsheet it appears that
20 everything in the R categories is a zero for
21 Disposal Proceeds?
22 A. Yes, it does appear that way.
23 Q. And does going through this exercise
24 refresh your recollection at all as to what R and
25 S signify?

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 510

1 A. It doesn't.
2 Q. Okay. Who would know the answer to
3 that, would it be Maynards?
4 MS. BOWER: Objection.
5 Q. Well, can you -- do you have any
6 opinion as to who might know what R and S is?
7 A. Based on my read of the notes earlier
8 today, Sara Webb and/or Maynards would be the two
9 sources. Given that most of these columns were
10 populated by Maynards, I would think they would
11 be probably the most knowledgeable.
12 Q. All right. Let's go to the Summary
13 by Retire Year tab.
14 So just looking at one example, let's
15 look at Press Metal Equipment Medium Life. So
16 Maynards provided data, according to this tab,
17 for 1,140 assets in that category, right?
18 A. Yes.
19 Q. And under count of zero proceeds, it
20 says 1,092. So out of 1,140 assets, 1,092 had
21 zero proceeds for GM, right?
22 A. That's correct.
23 Q. So in this particular category, only
24 48 assets were sold for any value for GM. Is
25 that the right way to understand this?

Page 512

1 identification.)
2 Q. My first question will be have you
3 ever looked at this document before? And just to
4 be clear, what it is, it says, "Direct Testimony
5 of David K. Goesling," on the cover. It says,
6 "Binder & Schwartz LLP," on the top. It has the
7 caption of Motors Liquidation Company on it.
8 A. I don't -- I don't believe that I've
9 ever seen this before.
10 Q. Okay. All right. Let's go back to
11 GM -- KPMG-GM92370.
12 MS. BOWER: Not for you. It's for
13 the screen.
14 MR. BINDER: What's the --
15 MR. KLEINHAUS: You want to go off
16 the record?
17 MR. BINDER: We don't need to.
18 So there was the document -- I don't
19 know whether this is the red line, the one that
20 ultimately made -- is this the red line? The one
21 I think that was ultimately admitted was the red
22 line. I just want to know whether -- and this
23 isn't that. I don't know whether it's going to
24 impact any of your questions or not, but I just
25 wanted to note that.

Page 511

1 A. If that math is -- subtraction is
2 correct, yes, that would be the correct way to
3 characterize it.
4 Q. Okay. And then the .89 percent for
5 that same category, can you just explain -- and
6 here I apologize for making you repeat yourself
7 exactly. What's the division exercise that leads
8 to .89 percent?
9 A. Yeah, so the .89 percent for pressed
10 metal equipment, it would just be the ratio of
11 the disposal proceeds divided by the reproduction
12 cost new. So in that example the 311,000 divided
13 by the 35-odd-million dollars of reproduction
14 cost new.
15 Q. Okay. Are you aware that in this
16 litigation between the Avoidance Action Trust and
17 JPMorgan and others there has been an expert who
18 has done his own separate valuation of certain
19 assets that stayed back at Old GM?
20 A. No, I was not aware of that.
21 MR. KLEINHAUS: All right. Let's
22 mark an exhibit. What's that going to be?
23 THE COURT REPORTER: 16.
24 MR. KLEINHAUS: 16.
25 (Exhibit JPM-KPMG 16, marked for

Page 513

1 MR. CELENTINO: It shouldn't impact
2 any of the questions.
3 MR. KLEINHAUS: All right. Well,
4 look, I'm going to ask a few questions. If it
5 impacts it, we'll talk about it.
6 MR. BINDER: I just wanted to --
7 okay.
8 MR. KLEINHAUS: So just to your
9 point, this is dated -- this is a version dated
10 April 14, 2017, on page 197 at the end of the
11 Declaration.
12 Q. (BY MR. KLEINHAUS) So we're going
13 back to KPMG-GM-92370. And what I want -- let's
14 go to Asset Details tab here, please.
15 What I want to go here -- do now is
16 go through a particular asset, which is going to
17 be row 14736. And this asset is called --
18 MR. KLEINHAUS: Do we have 14736?
19 Q. This is the TP-14 CS-11 Transfer
20 Press Stanley E2-2.
21 Focusing only on the columns that
22 affect the valuation outcome, can you just tell
23 us how KPMG derived the OLV for this particular
24 asset and what that value was?
25 A. So the procedure for coming up with

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 514

1 the orderly liquidation value would be -- for
2 this asset I believe would be consistent with the
3 other assets that we valued for OldCo.
4 Q. All right. Let's go to column AF.
5 We'll try to help this along.
6 Okay. So you have an RCN in
7 column AF, which is \$5,274,394. Do you see that?
8 A. That's correct. That would be the
9 reproduction cost for that asset as of our
10 effective date of valuation.
11 MS. BOWER: Just for the record, I
12 believe you said 274,000 instead of 724,000.
13 MR. KLEINHAUS: You're absolutely
14 right. It's 5,724,394.
15 Q. And then let's go to column BM,
16 please.
17 So, can you tell us how that OLV
18 override of I think it's \$50,817 was calculated?
19 A. I would assume that this asset is
20 being treated similarly to the other assets in
21 that that reproduction cost new is being
22 multiplied by the liquidation percentage that we
23 calculated for that asset category to -- to come
24 up with that number.
25 Q. Right. And we just looked at, and we

Page 516

1 Q. All right. This is an Order of the
2 bankruptcy court in our case on October 4th,
3 2017. I'm not going to ask you to read it in
4 detail, but I am going to ask you to turn to
5 Exhibit A?
6 A. Table A?
7 Q. Exhibit A has -- is followed by
8 Table A. Exactly.
9 A. Okay.
10 Q. If you look at -- there's a list of
11 assets -- right -- asset numbers?
12 A. Yes, I see that.
13 Q. If you look at asset number 30. Do
14 you see here that that's the TP-14 Transfer
15 Press?
16 A. Yes, I see that.
17 Q. And the value that's ascribed here is
18 \$800,000, right?
19 A. Yes, I see that.
20 Q. And that's a lot higher than \$50,800,
21 right?
22 A. Yes, that is higher, correct.
23 Q. And do you happen to know how --
24 well, let me ask this. Under "Source of
25 Valuation," do you see it says, "Goesling OLVIE"?

Page 515

1 can go back to it, we looked at transfer presses
2 which had a .89 percent liquidation percent. Do
3 you remember that?
4 A. That sounds correct, yes.
5 Q. Okay. I'm not going to make you do
6 complex math on the fly here, but --
7 MS. BOWER: You might be surprised.
8 MR. KLEINHAUS: I wouldn't be
9 surprised.
10 Q. But -- all right. So we have the
11 application of the liquidation percent for this
12 category of assets as against the RCN, right?
13 A. That's correct, yes.
14 MR. KLEINHAUS: Let's -- a new
15 exhibit. This is going to be JPM 17.
16 Q. And while we're getting it, you ended
17 up -- you end up in the spreadsheet with rounded
18 number -- right -- which is 50,800? That's in
19 column BO?
20 A. That's correct.
21 MR. KLEINHAUS: This is going to be
22 JPM 17.
23 (Exhibit JPM-KPMG 17 marked for
24 identification.)
25

Page 517

1 A. Yes, I do.
2 Q. So what I want to do now is show you
3 from Exhibit 16, which I put in front of you,
4 Mr. Gossling's analysis of the same asset that
5 KPMG valued at \$50,800.
6 A. Okay.
7 Q. And why don't you start with
8 paragraph 397, please.
9 So I'll just -- it says,
10 "Accordingly, I applied the cost and market
11 approaches, but ultimately determined that the
12 market approach yielded the most accurate values
13 and where possible relied on the market
14 approach."
15 And now I'm going to go to
16 paragraph 407, please, which is under a heading,
17 "The Market Approach." And starting at the
18 beginning of 407 it says, "In developing my
19 opinion of OLV using the market approach, I
20 considered the following three techniques to
21 estimate the value of assets: One, a direct
22 match of a recent sale in the used market; two, a
23 comparable match which determined value based on
24 the analysis of similar used equipment sales;
25 and, three, the percent to cost technique."

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 518

1 And then paragraph 408 says, "For the
2 direct match and comparable match techniques,
3 values of the representative assets were
4 estimated based on market prices and actual
5 transactions and on asking prices for similar
6 assets. After searching numerous sources and
7 databases for sales or offerings of assets
8 similar to the 40 representative assets, I
9 selected the sales or offerings I deemed to be
10 most comparable with the property being valued.
11 I then have to make adjustments to account for
12 differences in factor such as time of sale,
13 location, type, age, condition of the equipment,
14 and prospective use."

15 So a couple of questions. Are you
16 familiar with a valuation approach where you use
17 a direct match to a recent sale in the used
18 market?

19 A. Yes, I am.

20 Q. And for purposes of KPMG's valuation
21 of assets that remained at Old GM, KPMG didn't
22 use that approach, did it?

23 A. That's correct, we did not.

24 Q. And are you familiar with a valuation
25 approach under which a value -- a valuing

Page 520

1 BG120163301"?

2 A. Yes, I do.

3 Q. And then the description of the asset
4 here is the TP-14 Danly Transfer Press." Do you
5 see that?

6 A. Yes, I do.

7 Q. And then do you see that on this page
8 Mr. Goesling identifies four different comparable
9 sales?

10 A. Yes, I do.

11 Q. And do you see that based on an
12 analysis of comparable sales, there's an
13 indicated orderly liquidation value here at the
14 bottom of 800,000?

15 A. Yes, I do.

16 Q. And based on what you've read,
17 understanding that this is a big document, but
18 based on what you've read of Mr. Goesling's
19 approach, fair to say it was quite different than
20 the approach KPMG used for this particular asset?

21 MR. BINDER: Objection to form.
22 Lacks foundation.

23 A. Yes, his -- his approach is clearly
24 much more detailed on discrete assets whereas our
25 approach was covering a broader population of

Page 519

1 valuator would -- a valuation firm would look for
2 a comparable match where a direct match is
3 lacking and determine value based on the analysis
4 of similar used equipment sales?

5 A. Yes, I'm familiar with that approach.

6 Q. And for purposes of valuing assets
7 that remained at Old GM, KPMG did not use that
8 approach in this context, correct?

9 A. That's correct.

10 Q. Okay. I want to turn your attention,
11 please, to page 409 of this document.

12 MS. BOWER: I'm sorry, when you --
13 what document are you --

14 MR. KLEINHAUS: Of Exhibit 16,
15 please, the Goesling opinion.

16 MS. BOWER: So are we outside of the
17 opinion? Mine only goes up to 197.

18 MR. KLEINHAUS: I'm sorry, it's
19 Exhibit A to the opinion.

20 MS. BOWER: Got it.

21 Q. So it's page 409 of the overall
22 document. It's -- on the top it says, "E. Market
23 Approach Analyses."

24 Are you -- do you see it says here,
25 "Exhibit E-32 Market Approach - Asset ID

Page 521

1 assets.

2 Q. Now let's go back to page --
3 paragraph 410 of Mr. Goesling's report. It says
4 here, "I applied all three techniques in applying
5 the market approach. In addition, in instances
6 where there were no comparable sales of assets or
7 portions of assets, I considered whether there
8 was any scrap value for the asset or a portion
9 thereof."

10 In KPMG's valuation of the assets
11 that remained at Old GM, before ascribing a zero
12 value to that asset, did you perform any kind of
13 individualized analysis to see if that asset had
14 scrap value?

15 MR. BINDER: Objection. Form.

16 A. We didn't perform a scrap value
17 analysis at the individual asset level, no.

18 Q. Can you look at paragraph 413 of
19 Mr. Goesling's report here. This is a detailed
20 description of an appraisal of a particular
21 asset. I'm not going to ask you to read it all
22 out loud. If you could just read paragraphs 413
23 to 420 and then I'll ask you a couple of
24 questions.

25 (Witness reviewing document.)

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 522

1 A. Okay.
2 Q. In paragraphs 416 to 420,
3 Mr. Goesling describes a cost approach that was
4 applied to this particular asset, right?
5 A. Yes.
6 Q. Now, KPMG in valuing assets left at
7 Old GM did not apply a cost approach, did it?
8 A. No, we did not.
9 Q. All right. Now, if I could ask you
10 please to read paragraphs 421 and 422.
11 A. How far do you want me to read?
12 Q. Just through 422, please.
13 A. Okay.
14 Q. So do you see here that in applying
15 the market approach applied to representative
16 asset number 36, Mr. Goesling identified
17 particular sales of what he calls comparable
18 assets, right?
19 MR. BINDER: Objection.
20 A. Yes, I do see that.
21 Q. And KPMG did not look for comparable
22 sales of particular assets -- right -- in its
23 valuation of assets that remained at Old GM and
24 were valued on a liquidation basis?
25 A. We didn't look for unique sales of

Page 523

1 individual assets, we looked -- we utilized the
2 Maynards data at the asset category level to
3 reflect those sales.
4 Q. Okay. And do you see here there's a
5 reference to one of the comparable sales being a
6 sale that occurred in August of 2010?
7 A. I do see that, yes.
8 Q. And Mr. Goesling applied an
9 adjustment, a ten percent downward adjustment to
10 account for the used equipment market being
11 somewhat better in August 2010 than as the
12 valuation date. Do you see that?
13 A. I see that, yes.
14 Q. So KPMG didn't take into account any
15 sales after May 2009, right?
16 A. That's -- that's correct, yes.
17 Q. Okay. Now, we've been talking about
18 the valuation approach that KPMG used for assets
19 that remained at Old GM that are in the personal
20 property category, correct?
21 A. That's correct, yes.
22 Q. And KPMG used a different method for
23 buildings and improvements that remained at
24 Old GM; is that correct?
25 A. That's correct, yes.

Page 524

1 Q. All right. I'm going to spend a lot
2 less time on it, but I do want to touch it
3 briefly.
4 If you could look at KPMG -- this is
5 going to be KPMG-GM-92253, which is -- hopefully
6 everybody has, right? Yeah, this is the
7 October 26, 2009 memo, AAT Exhibit 4.
8 Now, the first part of this memo --
9 well, I'm just going to ask you in an open-ended
10 way. Does this memo describe the process for
11 valuing buildings and improvements that remained
12 at Old GM?
13 A. Yes, I believe it does cover -- at a
14 high level covers the methodology that we used.
15 Q. And where is that?
16 A. Let me see. That would be starting
17 on page 5, "Valuation Methodology." The
18 paragraph starts, "The real property valuation
19 conclusions," and continues from there.
20 Q. Okay. Can you just tell us in your
21 own words -- well, let me back up. Are you
22 familiar with the method used by KPMG to value
23 buildings and improvements that remained at
24 Old GM?
25 A. I'm generally familiar with the

Page 525

1 process. I wasn't as intimately involved in the
2 real property analysis, but I'm generally
3 familiar with what we did.
4 Q. And based on that general
5 familiarity, can you describe to us the method
6 used by KPMG to value assets that remained at
7 Old GM in the buildings and improvements
8 category?
9 A. So the valuation for the real
10 property was a bit different than that of the
11 personal property. We relied more on what was
12 previously referred to as a comparable match
13 method, so looking at comparable sized
14 properties. And that analysis covered the land,
15 the buildings, land improvements as well as the
16 building improvements for each of those
17 locations.
18 Given that those properties weren't
19 going to be used for the specialized purpose they
20 were constructed for on a go-forward basis, we
21 felt that doing a sales comparison approach like
22 that was a more accurate representation of the
23 value.
24 Q. And was the value done at an
25 asset-by-asset basis or at a facility basis?

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 526

1 A. It was done more at the property
2 level. For the purposes of our final deliverable
3 those values were pushed back into the fixed
4 asset listings of GM, but the analysis for the
5 real property was done at the property level.

6 Q. What does it mean to say they were
7 pushed back?

8 A. So the -- for example, if for a
9 specific location, say Moraine Assembly, we did a
10 sales comparison approach and came up with a
11 value for the real estate, the underlying fixed
12 asset ledgers for that location would have
13 potentially several thousand line items that make
14 up all of the expenditures that were made over
15 the years to build that facility up.

16 So for the purposes of accounting, we
17 needed to reconcile that conclusion of value back
18 into the underlying sub-ledger, so we would
19 allocate that value back into the detail. So
20 generally our clients like that because they need
21 to upload that detail into their fixed asset
22 system, so it's a -- in that case, the model
23 doesn't drive the valuation, the value comes from
24 the sales comparison approach and is pushed into
25 the asset detail.

Page 528

1 Q. So you said you don't recall now
2 where it ultimately ended. Do you recall now
3 what your understanding was at the time of either
4 Pontiac or Orion?

5 A. I don't recall off the top of my
6 head.

7 Q. Without being specific to plant, did
8 you have an understanding in the June 2009 time
9 period that there were certain plants that were
10 closed for some period of time to be refurbished
11 and then reopened?

12 A. I do recall having some discussions
13 about certain plants that were going to be
14 refurbished for new future vehicle lines, but
15 beyond that I don't recall the specifics.

16 Q. So you don't have a recollection as
17 to whether Orion or Pontiac fell in that category
18 of something that was going to be refurbished?

19 A. I don't specifically recall.

20 Q. I'm going to put on the screen a --
21 well, it's NEWGM 949, a spreadsheet that we've
22 all seen before, Fresh Start Personal Property
23 spreadsheet. And then what --

24 MR. KLEINHAUS: Can you put that on
25 the screen, please?

Page 527

1 MR. KLEINHAUS: You guys want to take
2 a quick break?

3 THE WITNESS: Sounds good.

4 THE VIDEOGRAPHER: Going off the
5 record. The time is 3:59.

6 (A break was taken from 3:58 p.m. to
7 4:12 p.m.)

8 THE VIDEOGRAPHER: Media Number 7.
9 On the record at 4:13.

10 Q. (BY MR. KLEINHAUS) All right.
11 Mr. Furey, at the time of -- well, let me put it
12 this way. In the June 2009 time period, did you
13 have an understanding as to what the proposed
14 disposition of the Orion plant would be?

15 A. At the time, I'm certain I did. I
16 don't recall right now what the ultimate
17 disposition of that plant was.

18 Q. Okay. As of the June 2009 time
19 period, did you have an understanding of what the
20 proposed disposition of the Pontiac plant would
21 be?

22 A. Similarly, at the time I'm sure I was
23 involved in discussions on whether it would be
24 OldCo or NewCo, but I don't recall right now
25 where it ultimately ended.

Page 529

1 (Discussion off the record.)

2 Q. So this is NEWGM 949.

3 MR. KLEINHAUS: Nick, can we put up
4 the excerpt that we've created or the subset that
5 just has Orion and Pontiac?

6 Q. What I can represent here is we've
7 taken 949 and sorted it so we're only covering
8 two plants, that's Orion and Pontiac.

9 A. Okay.

10 Q. And can we go, please, to column BA,
11 "Basis for Concluded Value." And let's sort that
12 so we can see the options.

13 Why don't we start by just sorting it
14 by "inutility," in other words, only assets that
15 have "inutility" as the basis for concluded value
16 included.

17 Now, Mr. Furey, when we last met in
18 2017, you testified regarding inutility as a
19 basis for a concluded value for assets that were
20 in New GM plants. Do you remember that?

21 A. Yes, I do.

22 Q. And at a high level, can you remind
23 us what it means to say that inutility is a basis
24 for concluded value?

25 A. So that terminology was something we

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 530

1 were using specifically on our project team.
2 It's not a broad appraisal term. But what it
3 refers to is that it's -- the model is using our
4 value from our cost approach, considering the
5 application for inutility based on the future
6 utilization plans of the facilities.

7 Q. Now, if there's a plant that was
8 going to be closed in 2010 for refurbishment,
9 would that have affected the valuation to the
10 extent that the basis for valuation was utility?

11 A. To the -- to the extent that the lack
12 of utilization in that facility was reflected in
13 the capacity utilization information that we used
14 in our calculation, it potentially could have. I
15 don't remember the exact plus or minus window
16 that we used for capacity utilization, so I would
17 need to verify that against the planned proposed
18 shut -- theoretical shutdown date for a plant
19 such as that.

20 MR. KLEINHAUS: All right. So let's
21 just follow up on that for a minute. I'm going
22 to introduce an exhibit, I think it's going to be
23 JPM 17.

24 THE COURT REPORTER: No, it will be
25 18.

Page 532

1 A. Yes.

2 Q. So coming back to my question about a
3 plant that would have been closed in 2010 for
4 refurbishment, is it your understanding that that
5 would have been taken into account to the extent
6 that capacity utilization was factored into the
7 valuation?

8 A. To --

9 MR. BINDER: Objection to form.

10 A. To the extent that the data we
11 received reflected a -- say a zero utilization
12 for a plant, that would have been -- would have
13 been potentially reflected in this analysis.

14 Q. Okay. Let's pull up KPMG-GM-4130.
15 This is a spreadsheet. And my first question
16 will be are you familiar with this spreadsheet,
17 KPMG-GM-4130?

18 A. Yes, this looks generally familiar.

19 Q. And generally speaking, what is it?

20 A. It's a summary of the various
21 production facilities, some of the historical
22 information provided by GM as far as cost and net
23 book value, and it also summarizes our direct
24 cost benchmarking exercise as well as the
25 capacity utilization results.

Page 531

1 MR. KLEINHAUS: 18. This is a memo
2 dated January 14th, 2010, KPMG-GM-92434. It's
3 from Michael Crismyre of KPMG to GM Management.
4 And it's Re: Capacity Utilization Analysis.

5 (Exhibit JPM-KPMG 18 marked for
6 identification.)

7 Q. Mr. Furey, are you familiar with this
8 memo, once you get it?

9 A. Once I get it.

10 (Witness reviewing document.)

11 A. Yes, I'm generally familiar with this
12 memo.

13 Q. And, generally speaking, this memo
14 describes KPMG's approach to taking into account
15 capacity utilization in its valuation of assets
16 at New GM, right?

17 A. That's correct, yes.

18 Q. And if you look under "Capacity
19 Utilization Analysis" in the first paragraph, do
20 you see a description of the time period that was
21 used for capacity utilization by KPMG?

22 A. I see it described as 2008 through
23 2010.

24 Q. And it says it's an equal weighting
25 of historical and projected utilization, right?

Page 533

1 Q. Okay. And can we go, please, to
2 "Utilization" tab. And let's direct to column J,
3 please.

4 So column J has each of the relevant
5 GM plants, right?

6 A. Yes.

7 Q. And those will be the plants that
8 New GM was going to continue to operate, right?

9 A. I believe that's correct, yes.

10 Q. And let's look at Row 22, please. Do
11 you see it says "Orion" there?

12 A. Yes.

13 Q. And let's go over to the columns to
14 the right. What does Orion show 2008, 2009, 2010
15 in this document in terms of capacity utili -- in
16 terms of projected and actual utilization.

17 A. So for 2008, it's showing 250,000;
18 2009, 212,000 -- well, sorry. The 2009, it's
19 212,000 of capacity, 90,000 of production. And
20 in 2010, appears to be blank for both production
21 and capacity.

22 Q. And let's go to Row 199, please,
23 which is Pontiac.

24 So this -- this row shows the actual
25 and projected capacity utilization for Pontiac,

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 534

1 the information received from GM Management on
2 that topic, right?

3 A. Yes, I believe so.

4 Q. Okay. Now I want to go back to where
5 we were a few minutes ago, which is Tab 949,
6 which is the Orion and Pontiac Assets, and sort
7 by "inutility" as a basis for concluded value.

8 Based on what you just saw on this
9 spreadsheet summarizing capacity utilization, is
10 it your understanding that utilization
11 projections for 2009 and 2010 would have been
12 taken into account to the extent assets at Orion
13 or Pontiac were valued based on inutility
14 approach?

15 A. It's difficult to say, because
16 there's -- there's actually one additional step
17 between the source data that we saw and the --
18 there's a calculation sheet that produces the
19 percentages that flow in here.

20 So I -- our baseline assumption was
21 2008 to 2010, but to the extent that individual
22 adjustments were made in that formula, it
23 wouldn't -- I wouldn't be able to see that from
24 this spreadsheet or the other spreadsheet.
25 There's actually a sheet in between that actually

Page 536

1 column some of the assets have a note that says,
2 "RUL=1=0.5"?

3 A. Yes, I see that.

4 Q. And do you -- what does that signify?

5 A. I don't recall specifically what that
6 adjustment was. The RUL is Remaining Useful
7 Life. So my assumption is that we made
8 potentially some adjustment remaining --
9 consistent -- relative to the remaining useful
10 life of specific assets. Generally that would be
11 based on some granular information that would be
12 provided to us either by the folks at the
13 facility or management in general that would
14 cause us to want to make specific line item
15 adjustments.

16 Q. Now, to the extent this RUL=1=0.5
17 adjustment is applicable to a particular asset,
18 what would be the effect of that adjustment?

19 A. I'm not a hundred percent certain
20 what that note means, but generally if I said
21 remaining useful life equals one, normally that
22 nomenclature is used for an asset that's proposed
23 to be retired, taken out of service, which
24 generally would reduce the value of that asset,
25 although I can't specifically say here that's the

Page 535

1 does the underlying calculation.

2 Q. Could you tell by looking at this
3 spreadsheet if we went through an asset that was
4 at Orion whether there was any capacity
5 utilization adjustment or would you need that
6 other spreadsheet to tell that?

7 A. Give me one second.

8 Q. Okay.

9 A. Just taking the first asset as an
10 example, I see in column AS, "RCNLD," which is
11 Reproduction Cost New Less Depreciation, it's
12 \$528.

13 If I look two columns over, RCNLD
14 with utility penalty. If there was a utility or,
15 more accurately, inutility penalty being applied,
16 I would expect that number to be less than 528.
17 So the fact that those numbers are the same leads
18 me to believe that there's no inutility
19 adjustment being applied there.

20 Q. For that particular asset?

21 A. For that particular asset, yes.

22 Q. Right.

23 Okay. Well, while we're on this
24 page, let's look at the Asset Details tab,
25 column BB. And do you see that in the "Notes"

Page 537

1 typical methodology I would expect.

2 Q. Let's look at Row 175, please. Let's
3 just start with the name of the asset.

4 A. Okay. Robot controller.

5 Q. Hang on one second.

6 All right. So let's filter it so it
7 only has the assets that have "RUL=1=0.5."

8 MS. BOWER: Anyone else getting
9 vertigo?

10 MR. KLEINHAUS: It should be only the
11 assets that have that note.

12 MR. LEVANDER: It is.

13 MR. KLEINHAUS: Okay. Can we just
14 look for an asset "conveyor finesse to moist
15 sand"?

16 Q. So let's look at this. This is an
17 asset description conveyer finesse to moist sand.
18 I want to go through the valuation of this. We
19 don't have to go through every single column, but
20 I appreciate if you could tell me whether the
21 RUL=1=0.5 override has an effect on the valuation
22 of this asset.

23 A. Okay.

24 Q. So let's...

25 A. So, I think you can see -- you can

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 538

1 see right there it's 2008 asset, which as of our
2 date of valuation means it was relatively new.

3 Our -- you can see in column AB the
4 trend factor was 1.064, which means it's a very
5 small adjustment to bring it up to replacement or
6 reproduction cost new as of the valuation date.

7 You can see in column AC, that is the
8 indirect replacement cost, so that's just the
9 trend factor in column AB multiplied by the
10 historical cost.

11 Column AD is taking into account the
12 benchmarking exercise. So that was where we
13 discussed with the engineering teams what would
14 be -- for entire lines and entire facilities,
15 what would be the theoretical replacement cost.
16 We use that to be more representative of the
17 actual replacement cost of the assets at certain
18 facilities.

19 So you'll see there in column AD, we
20 estimated the replacement cost as \$1.588 million.
21 That was our concluded replacement cost estimate.

22 You can see the actual age is a
23 little less than a year in column AF.

24 Normal useful life, 12 years, based
25 on the category that we put it in.

Page 540

1 only a half a year remaining useful life left.

2 And that half a year RUL is being used to
3 calculate the percent good. That gives you the
4 66,000 in column AO.

5 Q. So the reduction in value here
6 because of this override was over a million
7 dollars in this particular case?

8 A. That's correct, yes.

9 Q. And I can represent to you that there
10 were over 2,000 assets at Orion that had this RUL
11 override, just if we displayed the spreadsheet.

12 A. Yeah.

13 Q. Obviously different assets will have
14 different calculations. But my question for you
15 is: Looking at this override and this asset, do
16 you have any knowledge or understanding as to why
17 this RUL override was applied to assets at Orion?

18 A. I don't recall specifically for this
19 pool of assets, but generally it would have been
20 based on discussions or information that was
21 provided by GM management.

22 Q. Would it make sense that the reason
23 for the override would be if GM indicated the
24 plant was going to be refurbished?

25 MR. BINDER: Objection.

Page 539

1 So if you can keep scrolling over to
2 the right.

3 You can see in column AL, the percent
4 good is 93 percent, which indicates that it's a
5 relatively new asset; it's still in good
6 condition.

7 Column AO is replacement cost new
8 times percent good, so that's -- okay. So -- so,
9 if you look at column AO, if the -- if
10 the percent good was 93 percent based on the age
11 of the asset being relatively new, if no
12 adjustments were being made, the value would be
13 92.9 percent times the 1.588 million, which would
14 give you an answer somewhere around 1.2,
15 \$1.3 million.

16 You can see in column AI that there
17 is an RUL override being applied, which basically
18 tells you that even though that asset is
19 relatively new, it's towards the ends of its
20 productive life, so therefore we adjusted the
21 value -- we adjusted what we call the percent
22 good down to reflect that it only has one year --
23 actually, in this case I think it's half of a
24 year. It's shown as a one on the exhibit because
25 of rounding, but it's shown -- basically showing

Page 541

1 A. That's a potential scenario. If they
2 had indicated a certain line was going to be
3 removed and replaced with a new assembly line,
4 product changeover, things like that, could all
5 be reasons to put a short remaining useful life
6 on certain assets as they would be cycled out as
7 part of the product refresh.

8 Q. Okay. Let's up -- on this
9 spreadsheet with Orion and Pontiac, we've so far
10 sorted by "inutility." We did that -- we sorted
11 by inutility previously in the basis for
12 concluded value. Let's sort now by "uninstall."

13 All right. So just looking at this
14 spreadsheet, how many, approximately, uninstall
15 assets are there out of the 14,000-plus?

16 A. It looks like about 2,920.

17 Q. Now, why would KPMG have used
18 uninstall as a basis for concluded value in
19 plants such as Orion and Pontiac?

20 A. The basis would have been similar to
21 what we've discussed with the OldCo to NewCo
22 transfers. These would have been assets that for
23 whatever reason were being valued not in their
24 current -- to not stay in their current location,
25 but were either going to be reconfigured within

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 542

the existing plant or potentially moved to another facility. So we wanted to adjust the values downward to reflect the fact that the current installation didn't carry much value on a good-forward basis.

Q. Okay. So we've now looked at uninstall as a basis for concluded value. We looked at inutility before. Let's sort now with "NBV" as the basis for concluded value.

Okay. Now, why in plants such as Orion and Pontiac would NBV -- net book value -- be the basis for concluded value for assets?

A. Well, I guess net book value is not really a valuation methodology, it's relying on the current net book value that's being used for financial reporting as of our valuation date as a proxy for the fair value. I don't recall specifically in this case why that was utilized.

Q. Can I draw your attention, please, to page 146 of the KPMG report. It's the very top paragraph. The title is, "Entities Carried at Net Book Value." "Certain entities within the scope of KPMG's valuation were unable to provide details for the assets held on their books. As such, KPMG has assumed the net book value of

Page 544

included in the overall TIC adjustment for the facility they were associated with.

Q. Okay. Let's sort this spreadsheet so that we have OLV as the basis for concluded value.

And here I fear I'm being repetitive, so I'll be very brief. There were certain assets in plants that -- in New GM plants that were valued at OLV rather than on a going concern basis, right?

A. That's correct, yes.

Q. Okay. And as to Orion and Pontiac, it looks like it's 327 out of over 14,000, right?

A. That appears to be correct, yes.

MR. BINDER: Can we just -- that's based on the sorting on the document on the screen, right?

MR. KLEINHAUS: Well, what's on the screen is an extract from 949 that has Orion and Pontiac assets.

MR. BINDER: Okay.

MR. KLEINHAUS: And we've sorted it for OLV being the basis for concluded value.

MR. BINDER: Okay.

Q. Let's just filter for "inutility,"

Page 543

these assets to be proxy for their replacement cost less depreciation of these assets."

Is -- was lack of detailed information for particular assets a reason to apply net book value?

A. That could have been -- could have been a potential reason. If we didn't have sufficient underlying information to do our typical calculations, but management represented that those physical assets did exist in the facility, in those scenarios we would want to give some credence to the fact that management was representing those assets existed. So that could have been a reason we carried them at net book value, but, honestly, I don't recall specifically.

Q. Okay. And when net book value was used for assets that were at New GM plants, were -- was economic obsolescence applied to those assets?

A. Yeah, so if you read here, it says that the net book value was used as a proxy for the replacement cost new less depreciation. So that's the step prior to what's been called the TIC adjustment. So those assets would be

Page 545

please, one more time.

All right. So, row 63 is a conveyor. Conveyor C2 Precision Station. And I just want to look over to BA and BB columns. They're inutility, but let's look at the columns that actually have the inutility or the utilization.

So do you see that for this asset there's a difference between RCNLD and RCNLD with utility penalty?

A. Yes, I do see that.

Q. It goes down from 1240 to 1013; is that right?

A. Yes.

Q. So this is an example of an asset where using the capacity utilization information from GM, you end up having a reduction to RCNLD based on utility?

A. That appears to be correct, yes.

Q. Okay. I want to -- one more topic on Orion. If we can go back to the spreadsheet showing capacity utilization. It's KPMG-GM-41 -- 4130. Let's go direct to row 22, please. Let's keep on going over to show projected capacity utilization.

So this is the Orion row, row 22.

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 546

1 And when you -- I think you already testified and
2 we looked at together that there's no production
3 reflected in 2010. What's the projected
4 production in 2011 and 2012 and 2013, according
5 to this?

6 A. Projected production for 2011 is
7 77,415.

8 Q. And on percentage basis?

9 A. 79 percent.

10 Q. Okay.

11 A. And for 2012, it's 169,915, which
12 equates to 102 percent. And 2013 is 213,027,
13 which equates to 135 percent.

14 Q. How can you get over a hundred
15 percent utilization?

16 A. The -- the baseline hundred percent
17 utilization is based on I believe what's called a
18 Harbor Methodology. And it assumes I believe
19 it's two shifts a day five days a week, if I --
20 if I remember correctly.

21 So for certain product lines, GM was
22 predicting demand that would push those
23 facilities beyond that, so either adding a third
24 shift, working weekends would give you a result
25 over -- over a hundred percent, based on that

Page 548

1 other categories, I think, such as furniture and
2 fixtures.

3 And my understanding is that was
4 where GM, according to their capital policy --
5 capitalization policy would record expenditures
6 that would either improve or extend the useful
7 life of an existing asset.

8 Q. And how did KPMG treat these assets
9 in its valuation?

10 A. So we -- we did assign value to those
11 for the NewCo analysis and we treated those
12 assets similarly to the category in which they
13 were expended.

14 So, for example, a capitalized
15 maintenance on a building would be given
16 underlying valuation assumptions more in line
17 with the assumptions for a building. Similarly
18 for a piece of equipment, that capitalized
19 maintenance would take on the underlying
20 valuation assumptions for the type of equipment
21 that it was associated with to the extent that we
22 could determine that.

23 Q. Why did KPMG choose that approach of
24 using the same valuation method as the underlying
25 asset?

Page 547

1 methodology.

2 Q. And does seeing this projections for
3 capacity utilization at Orion refresh your
4 recollection at all as to the proposed
5 disposition of Orion?

6 A. It does not.

7 Q. And, now, based on the -- your
8 understanding of KPMG's approach to capacity
9 utilization, this projected ramp up to
10 135 percent was not actually taken into
11 account -- right -- because it ends at 2010?

12 A. That's correct.

13 Q. All right. Switching gears a bit.
14 Are you familiar with assets on GM's fixed asset
15 ledger that are classified as capitalized
16 maintenance and repair?

17 A. Yes, I do recall there being some of
18 those in there.

19 Q. And what's your understanding as to
20 what those are?

21 A. My understanding was that those
22 categories -- if I recall correctly, there were
23 several categories of capitalized maintenance for
24 different subsets of assets, some for building,
25 some for machinery and equipment, and some for

Page 549

1 A. We didn't necessarily have sufficient
2 information for each individual capital
3 maintenance line item to determine a unique
4 methodology for every line item, so we utilized
5 the approach that while GM only booked assets for
6 capitalized maintenance that either improved or
7 extended the useful life of the asset, we made
8 the assumption that those investments would carry
9 the same -- you know, same underlying value
10 metrics as the associated asset.

11 Q. Were you familiar at the time with
12 GM's accounting policy with respect to
13 capitalization?

14 A. I believe I probably read through the
15 policy at the time.

16 Q. And why did you think it made sense
17 to assume that the investments that were
18 capitalized by GM should be valued by KPMG?

19 A. We -- so we did -- we did discuss
20 this. And the -- part of the reason was
21 that particularly at certain facilities the base
22 assets were relatively old, but GM had continued
23 to make capital investments and upgrades over the
24 course of time. And we felt that if we excluded
25 those capital upgrades, we would potentially be

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 550

1 undervaluing the assets that existed at the
2 facility. So based on that assumption, we felt
3 it more appropriate to include the value of those
4 assets in our analysis.

5 Q. Can you elaborate as to why you
6 thought it was appropriate from a valuation
7 standpoint to include those investments that GM
8 chose to capitalize?

9 A. Can I give you an example --

10 Q. Please.

11 A. -- of why it would be appropriate?

12 For example, say a robot at an
13 existing facility that we would normally apply
14 a -- I can't remember our assumption, but a
15 12-year life to.

16 If there was a 20-year robot at a
17 facility, using our valuation assumptions, we
18 would assume that that robot is at the very
19 tail-end of its life, probably needs to be
20 replaced like within the next 12 months. So
21 under that methodology we get a very low value.

22 But if GM had just gone in six months
23 ago and spent a large amount of money to
24 refurbish that robot, improve that robot and
25 upgrade the electronics, that robot could be

Page 552

1 20.

2 MR. BINDER: Can you just say which
3 is which?

4 MR. KLEINHAUS: Yes. Thank you. So,
5 Exhibit 19 is GM accounting policy Real Estate,
6 Plant and Equipment, Section 32.V, Acquisition of
7 Fixed Assets. Exhibit 20 is GM accounting policy
8 Real Estate, plant and Equipment, Section 32.VI,
9 Accounting for Completed Fixed Assets.

10 MR. BINDER: Thank you.

11 (Witness reviewing document.)

12 A. Okay.

13 Q. So coming back to my question, are
14 these the -- either the entirety or a portion of
15 the GM accounting policies that you read back at
16 the time in the 2009 time period?

17 A. These do look generally familiar,
18 yes.

19 Q. Okay. Let's put 949 back on the
20 screen, please.

21 (Sotto voce discussion).

22 Q. So we're going to put 949 back on the
23 screen, which is the, quote/unquote, big
24 spreadsheet. And what we've done now is created
25 an excerpt or sorted so that all that's showing

Page 551

1 almost as good as a brand-new robot.

2 If we had excluded that upgrade, we
3 would be undervaluing that pool of -- pool of
4 value there, so under that scenario we felt it
5 more appropriate to include both line items in
6 our analysis.

7 (Sotto Voce Discussion.)

8 Q. Mr. Furey, I'm going to put in front
9 of you KPMG-produced accounting policies from GM.
10 I'm not going to get into them in detail, but I'm
11 going to ask you if you recognize them.

12 A. Okay.

13 MR. BINDER: And these are going to
14 be Exhibits 19 and 20.

15 (Exhibit JPM-KPMG 19 marked for
16 identification.)

17 (Exhibit JPM-KPMG 20 marked for
18 identification.)

19 Q. And take the time you need to review
20 them. My question is going to be are these the
21 GM accounting policies that you testified a few
22 minutes ago that you had read?

23 MR. BINDER: Can you just identify
24 it?

25 MR. KLEINHAUS: Yeah, I said 19 and

Page 553

1 are assets that are classified as capital
2 maintenance and repair. And you can see that in
3 the "GM Asset Class" column, which is column D.

4 A. I see that.

5 Q. And let's go to row 82, just to look
6 at one example. So this is a BB-2 press rebuild.

7 And let's look at the next line,
8 which is row 83 -- no, I'm sorry. Let's just
9 look at row 82, please.

10 So, just as a KP -- in your role at
11 KPMG, when you see an asset like this, what do
12 you understand that to be? It says, "BB-2 press
13 rebuild." What can you deduce from that?

14 A. So, BB-2 was one of the size
15 designations for the metal presses at the
16 stamping facilities. And rebuild is what it
17 says, it's, you know, generally upgrading -- you
18 know, upgrading and enhancing the, you know, the
19 operations of the existing asset.

20 Q. And can you tell from this
21 description that there's an existing asset that
22 is being referenced and...

23 A. BB-2 -- the fact that it's a BB-2
24 press and it's at GM Marion narrows it down, but
25 it would be difficult to identify that specific

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 554

1 rebuild to a specific asset. That one may be a
2 little bit easier just by the sheer magnitude of
3 it, given that it's an \$8.3 million project,
4 people tend to remember projects like that.

5 Q. Yeah.

6 A. When you get down into a couple
7 hundred thousand dollars, those are virtually
8 impossible to trace.

9 Q. Now, can you explain why in your view
10 it's appropriate to -- for KPMG to include in its
11 valuation this BB-2 press rebuild even though you
12 couldn't necessarily identify to the T the exact
13 asset that it refers to?

14 A. Yeah, so similar to my earlier robot
15 example, chances are if you're spending
16 \$8.3 million on a press rebuild, it's likely an
17 older asset that based on our age/life
18 depreciation methodology would likely be being
19 assigned a relatively small value on its own.

20 So given that as of our valuation
21 date this rebuild had just happened, you know,
22 four years prior, we felt that that asset was
23 likely to be in pretty good condition and likely
24 to have a fairly long remaining useful life. So
25 we wanted to include some -- some value for the

Page 556

1 CWIP assets were on the balance sheet as of our
2 effective date of valuation and they were assets
3 owned by the company, we felt it was appropriate
4 for completeness to include the CWIP assets in
5 our analysis of the plant, property and
6 equipment.

7 Q. Is it fair to say that the key
8 feature of CWIP is that the asset is not yet in
9 service?

10 A. Yes, that's correct.

11 Q. And is CWIP a standard term in the
12 accounting field?

13 A. CIP, CWIP, assets under construction,
14 they're all generally synonymous terms.

15 Q. Are there assets that are CWIP that
16 are not yet placed into service but they're
17 already installed?

18 A. That's certainly a possibility, yes.

19 Q. And at GM, do you have awareness as
20 to whether there were categories of assets that
21 were already installed as of June 2009, but had
22 not yet been placed into service?

23 A. I don't have specific knowledge, but
24 our CWIP analysis would include everything from
25 early stage projects where maybe the only spend

Page 555

1 fact that there had been a recent investment in
2 that asset.

3 Q. Okay. As part of your valuation,
4 KPMG's valuation of personal property, did KPMG
5 value construction work in process?

6 A. We -- yes, it was included in our
7 analysis, yes.

8 Q. And that's -- what do you -- it's
9 CWIP. Do you call that, CWIP?

10 A. CIP. CIP is fine.

11 Q. Okay.

12 A. CWIP.

13 Q. CWIP? Okay.

14 And can you describe your
15 understanding as to what CWIP is?

16 A. Yeah, so the CWIP that was reported
17 to us was effectively GM's investment as of our
18 valuation date in new projects where the money
19 had been spent but the associated assets were not
20 yet commissioned or in production.

21 Q. And why did -- why did you think it
22 was appropriate or why did KPMG think it was
23 appropriate to value CWIP?

24 A. So since the ultimate purpose of our
25 valuation was for financial reporting and those

Page 557

1 had been for engineering, there were no actual
2 assets, to up to projects that are almost ready
3 for commissioning where the assets installed and
4 maybe even hooked up but just hasn't entered
5 production.

6 So my expectation is, given the pool
7 of assets, there would be assets all the way
8 across that spectrum.

9 Q. And is it fair to say that CWIP can
10 have value to a buyer?

11 A. Yes.

12 Q. Let's look at the KPMG report page --
13 at NEWGM 24, please. This is page 136. And
14 there's a paragraph here titled, "Construction
15 Work in Progress." It says, "CWIP was provided
16 on a project level basis for all regions. Based
17 on our review and discussions with management,
18 CWIP fair value was determined to be equal to its
19 net book value. However, at manufacturing
20 facilities where a direct cost approach was
21 applied, the replacement cost benchmark of these
22 facilities were adjusted to reflect the CWIP at
23 these locations. CWIP related to facilities not
24 included in direct cost analysis was valued at
25 its net book value as of the valuation date. No

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 558

1 additional economic obsolescence adjustments were
2 applied."

3 Can you just walk through at a
4 general level the CWIP valuation approach? And
5 let me just start asking -- by asking, is the
6 summary on page 136 of the KPMG report an
7 accurate overall summary of the approach for CWIP
8 valuation?

9 A. Yes, I believe it's an accurate --
10 accurate representation of what was done.

11 Q. All right. Now to my open-ended
12 question. Can you explain it to -- to us in
13 terms that we'll understand?

14 A. Sure. So, at a high level there are
15 two -- two situations for construction work in
16 progress. I'll start with the simpler and then
17 work our way up to the advanced one.

18 The first one is a facility where we
19 did not apply direct cost benchmarking, it's just
20 a facility where we used the fixed asset ledger
21 as our primary basis of valuing the underlying
22 assets. And in those facilities we were provided
23 with project level investments for new projects
24 that were in addition to what was already in the
25 fixed asset ledger.

Page 560

1 construction that was planned and the direct cost
2 benchmarks that were given to us by the
3 engineering team to replace the whole facility.

4 So to avoid double counting, we
5 reduced the direct cost benchmarks by the amount
6 of the CWIP to place a little bit less value on
7 the existing assets and we held the CWIP at its
8 cost as of our valuation date.

9 So ultimately a similar valuation
10 methodology. There's just one additional
11 adjustment to the existing assets to the facility
12 where we applied the direct benchmarking
13 analysis.

14 Q. Okay. So going back to the first
15 simpler version.

16 A. Yeah.

17 Q. When you talk -- when you talk about
18 valuing CWIP -- well, let me ask you this way.
19 CWIP is valued at net book value in the simpler
20 version, right?

21 A. Correct.

22 Q. And since -- CWIP, by definition, is
23 new, right?

24 A. Yes.

25 Q. So is it accurate to say it's really

Page 559

1 Based on our discussions with GM,
2 those projects that were in process had been
3 approved based on their own economics. So
4 essentially they were approved projects to spend
5 money because they had a specific return on
6 investment, pay-back period.

7 So the thought process was that given
8 that those were new projects going forward, they
9 didn't suffer from the existing economics of the
10 business, similarly to the inservice assets. So
11 those assets, we assumed that the fair value was
12 equal to the amount that had been spent on them
13 as of our valuation date.

14 So that's the simple version.

15 Q. Okay.

16 A. The less simple version is at
17 facilities where we applied a direct benchmarking
18 cost. And based on that, we would discuss with
19 engineers what the theoretical replacement cost
20 for an entire facility was and that would
21 generally be inclusive of all of the capabilities
22 of that facility.

23 What we found through some of our
24 discussions is that there was some overlap
25 between the capacity that was based on the new

Page 561

1 book value, not net book value?

2 A. Well, for -- my understanding is that
3 CWIP is generally not being depreciated. So cost
4 and net book value are synonymous, for the most
5 part, for CWIP.

6 Q. Right.

7 A. So it would be synonymous to say that
8 it was valued at cost or valued at net book
9 value.

10 Q. Okay. And then to come back to
11 something you talked about before. In terms of
12 other deductions, can you explain specifically
13 why you don't have other economic obsolescence or
14 inutility deductions for CWIP?

15 A. So the inutility adjustments weren't
16 applied to CWIP because the -- inutility was the
17 inutility of the existing facility. And given
18 that these assets had not yet come online, we
19 didn't apply additional adjustments there.

20 We were also -- you know, through our
21 discussions with General Motors, we came to
22 understand that these new projects were being
23 thoroughly vetted, given capital constraints, to
24 make sure that they had an appropriate payback
25 period and could stand on their own economic

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

| Page 562 | Page 564 |
|--|--|
| <p>1 merits.</p> <p>2 So based on that vetting process and</p> <p>3 our understanding of what those projects had gone</p> <p>4 through, we didn't feel it was appropriate to</p> <p>5 additionally penalize those recently incurred</p> <p>6 costs.</p> <p>7 Q. Let's look at GM -- KPMG-GM-92578,</p> <p>8 please.</p> <p>9 While that's being pulled up, before</p> <p>10 I get to that. There were also CWIP assets that</p> <p>11 were related to buildings and improvements as</p> <p>12 opposed to personal property, right?</p> <p>13 A. I believe there were, yes.</p> <p>14 Q. And are you generally familiar with</p> <p>15 how CWIP was valued for buildings and</p> <p>16 improvements as opposed to personal property?</p> <p>17 A. I'm less -- less familiar with the</p> <p>18 exact process on the buildings and improvements.</p> <p>19 Q. Let's just look quickly at NEWGM --</p> <p>20 it's the KPMG report, but it's page 302 at the</p> <p>21 bottom.</p> <p>22 MS. BOWER: Can you give us the page</p> <p>23 number of the report? Sorry.</p> <p>24 MR. KLEINHAUS: Yes, absolutely.</p> <p>25 It's page 114.</p> | <p>1 Q. Okay.</p> <p>2 MR. BINDER: They don't use pictures</p> <p>3 of the globe.</p> <p>4 Q. So as far as you know, have you even</p> <p>5 seen this document before?</p> <p>6 A. It does not -- doesn't look familiar.</p> <p>7 MR. KLEINHAUS: All right.</p> <p>8 Mr. Furey, I'm happy to take a break whenever you</p> <p>9 want. I'm also just trying to get through stuff.</p> <p>10 So I defer to you.</p> <p>11 THE WITNESS: I'm fine.</p> <p>12 MR. KLEINHAUS: Okay. Others as</p> <p>13 well; welcome to speak up.</p> <p>14 MR. BINDER: Maybe just a -- more or</p> <p>15 less than an hour?</p> <p>16 MR. KLEINHAUS: Less. I don't know</p> <p>17 if that...</p> <p>18 Q. KPMG valued special tools in</p> <p>19 connection with its fresh start accounting work,</p> <p>20 correct?</p> <p>21 A. Yes, we did.</p> <p>22 Q. Let's go to NEWGM 306 in the KPMG</p> <p>23 report. And I'll tell you the page number, too.</p> <p>24 Page number 118.</p> <p>25 The title here is, "Property and</p> |
| Page 563 | Page 565 |
| <p>1 Q. There's a short paragraph here in the</p> <p>2 "Buildings and Improvement" section. It says --</p> <p>3 well, I don't have to read it into the record,</p> <p>4 but does this paragraph, Section 8.5.4, give you</p> <p>5 any further information to help explain at least</p> <p>6 at a high level how CWIP was valued for buildings</p> <p>7 and improvements?</p> <p>8 A. Yeah, based on that paragraph, it</p> <p>9 seems like a similar methodology was utilized for</p> <p>10 the real property in that the fair value was</p> <p>11 assumed to be equal to cost --</p> <p>12 Q. Okay. Let's go back --</p> <p>13 A. -- or book value.</p> <p>14 Q. Thank you. Let's go back to</p> <p>15 KPMG-GM-92578.</p> <p>16 My first question is do you recognize</p> <p>17 this document? And just to make a record,</p> <p>18 it's -- on the top against the background of the</p> <p>19 world is "GM Fixed Assets Special Tools and CWIP</p> <p>20 Dashboard."</p> <p>21 A. This file does not look familiar to</p> <p>22 me.</p> <p>23 Q. Can you tell if it's even a KPMG</p> <p>24 format?</p> <p>25 A. This is definitely not a KPMG format.</p> | <p>1 Special Tools." And let's just start with the</p> <p>2 basics. Mr. Furey, what are special tools?</p> <p>3 A. Special tools are specific pieces of</p> <p>4 equipment that are placed into GM's facilities to</p> <p>5 allow them to produce specific lines of vehicles.</p> <p>6 So they're generally enhancements or extensions</p> <p>7 to the basic machinery and equipment that allows</p> <p>8 them to produce whatever vehicle or component</p> <p>9 that it is that is desired to be produced.</p> <p>10 Q. And is it fair to say that special</p> <p>11 tools are very specific and custom to GM?</p> <p>12 A. Yes. The special tooling generally</p> <p>13 would be specific to the vehicle line being</p> <p>14 produced.</p> <p>15 Q. And is it accurate to say that</p> <p>16 special tools primarily have value in the hands</p> <p>17 of the manufacturer using them?</p> <p>18 A. In the hands of the automotive</p> <p>19 manufacturer that's using them, yes.</p> <p>20 Q. Yeah. So for -- the special tools</p> <p>21 that GM had were primarily of value to GM as</p> <p>22 opposed to some third party, right?</p> <p>23 A. Yes, that's correct.</p> <p>24 Q. And just explain briefly why that is.</p> <p>25 A. They're very -- the special tooling</p> |

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 566

1 are very specialized assets that are designed to
2 produce a proprietary product, so the
3 secondary -- well, the secondary market may
4 potentially like to get their hands on those
5 assets, but I don't think that GM would be
6 willing to sell those, primarily for, you know,
7 for proprietary reasons.

8 And then also they're, you know,
9 they're designed to produce a specific GM-related
10 vehicle, so making them less useful to anybody
11 else for purposes other than potentially a scrap
12 value.

13 Q. Go to page 121 of the KPMG report,
14 just a few pages past where you were. There's a
15 subsection here 9.3.2, Special Tools. And it
16 says, "GM owned special tools used for the
17 production of vehicles consisting of tooling dies
18 and molds located either at GM facilities or at
19 GM vendor sites. Also included within this
20 analysis are tools under construction, which
21 are," quote/unquote, "pre-SOP special tools that
22 have not yet reached their start of production,"
23 quote/unquote, "SOP date, and special tools that
24 have exceeded their end of production,"
25 quote/unquote, "EOP date, defined as post-EOP

Page 568

1 (Witness reviewing document.)

2 A. Okay. So the process for collecting
3 data related to special tools would be similar in
4 a lot of ways to the process we used to collect
5 fixed asset ledgers for the personal property.
6 We would generally have a point of contact within
7 GM who would provide us with special tooling
8 listings.

9 As far as the exact assumptions in
10 the analysis, there was actually a separate
11 sub-team who was heavily involved in valuing the
12 special tooling.

13 The general concept for the NewCo
14 special tooling was similar in nature to the
15 personal property, although the underlying
16 assumptions varied in a lot of cases because of
17 the uniqueness of the special tools relative to
18 machinery and equipment, which is -- was a little
19 bit more I'll call it flexible in terms of future
20 utility.

21 Q. Let's talk about how you valued
22 special tools. Special tools were valued on a
23 going concern basis, right?

24 A. That's correct.

25 Q. Why?

Page 567

1 special tools."

2 What are pre-SOP special tools and
3 what are post-EOP special tools?

4 A. So, pre-SOP special tools would be
5 similar in concept to the CWIP that we discussed
6 earlier relative to the personal property. Those
7 would be special tools that have either been
8 ordered or received into a facility, but have not
9 yet started the production for the product that
10 they're intended to produce.

11 And then post-EOP is -- would be
12 tooling for a product line that has been shut
13 down. But in certain cases post-EOP special
14 tools would be maintained for spare parts
15 operations or for other -- for other purposes
16 after the end of production.

17 Q. Okay. Let's look at page 123
18 forward. There is a Section 9.4.2 here in the
19 KPMG report, "Special Tool Sources of
20 Information."

21 Now, I'm not going to read it out
22 loud. I would ask you just to take a quick look
23 at it and then my question is going to be: How
24 did KPMG gather information in order to value
25 special tools?

Page 569

1 A. Because as they were identified to
2 us, the special tools were the special tools that
3 were going to be utilized by GM to produce the
4 vehicles that were going to drive the cash flows
5 that were reflected in I believe it was Viability
6 Plan 4, which formed the basis of the underlying
7 cash flow model for our valuation.

8 Q. And what was the valuation approach
9 used for special tools?

10 A. The -- it was a cost -- cost-based
11 approach utilized for special tools.

12 Q. All right. Let's just look at
13 page 126 of the report for a moment. So we have
14 valuation approaches here starting on 126. And
15 then on 127 it says, quote: Due to the nature of
16 the assets, KPMG relied on the cost and market
17 approaches to value the personal property and
18 special tools." Do you see that?

19 A. Yes, I do.

20 Q. And can you elaborate on how the cost
21 approach which you reference was used for special
22 tools in particular?

23 A. So the cost approach for special
24 tooling was, like I said, was similar to personal
25 property in that we were provided with fixed

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

| Page 570 | Page 572 |
|--|--|
| <p>1 asset ledgers that contained the details of the</p> <p>2 underlying assets.</p> <p>3 We also conducted some discussions</p> <p>4 with General Motors around what we called a cost</p> <p>5 benchmarking exercise to come up with a</p> <p>6 replacement cost new for those assets as opposed</p> <p>7 to just a reproduction cost new.</p> <p>8 We estimated physical depreciation</p> <p>9 based on slightly different depreciation curves</p> <p>10 than we did for the personal property.</p> <p>11 And I believe we also looked at the</p> <p>12 capacity utilization as part of the analysis for</p> <p>13 the special tooling. And then it was ultimately</p> <p>14 all subject to the same TIC -- TIC adjustment</p> <p>15 that was applied to the overall plant, property</p> <p>16 and equipment analysis.</p> <p>17 Q. Go to page 136. It is a section of</p> <p>18 the KPMG report 9.5.2, "Application of the Cost</p> <p>19 Approach, Special Tools." You can just take a</p> <p>20 moment to review this, then I have a few</p> <p>21 questions about it.</p> <p>22 These -- the paragraph on 136 begins</p> <p>23 similar to the application of the cost approach</p> <p>24 in valuing personal property, both the indirect</p> <p>25 and direct methods of the cost approach were used</p> | <p>1 Q. And why was it appropriate to do it</p> <p>2 on a project basis for special tools rather than</p> <p>3 asset-by-asset basis?</p> <p>4 A. Well, there were two -- two reasons.</p> <p>5 One, the data provided to us was on a</p> <p>6 project-by-project basis, so the data lent itself</p> <p>7 to that type of analysis.</p> <p>8 The other is that the start of</p> <p>9 production and end of production are kind of the</p> <p>10 key inputs, as well as the capacity utilization,</p> <p>11 would be consistent for all the tools within a</p> <p>12 specific project.</p> <p>13 So while we could have done the</p> <p>14 analysis potentially at a more granular level had</p> <p>15 the information existed, the same assumptions</p> <p>16 would have been applied as far as start of</p> <p>17 production, end of production, and capacity</p> <p>18 utilization, which likely would have led us to</p> <p>19 the same result.</p> <p>20 Q. Okay. So, generally speaking, can</p> <p>21 you just compare the special tools valuation</p> <p>22 approach that's summarized starting on page 136</p> <p>23 to the approach for other personal property?</p> <p>24 What are the primary similarities and</p> <p>25 differences, in your view?</p> |
| Page 571 | Page 573 |
| <p>1 in the valuation of special tools."</p> <p>2 And then on pages 137 all the way</p> <p>3 through 140, actually, there's a summary of the</p> <p>4 approach used by KPMG. So I think the most</p> <p>5 efficient thing to do is to take a minute to read</p> <p>6 this, to the extent you need to, and then we can</p> <p>7 follow up on particulars.</p> <p>8 (Witness reviewing document.)</p> <p>9 A. Okay.</p> <p>10 Q. All right. First of all, I apologize</p> <p>11 for making you read all that, but I couldn't</p> <p>12 think of a better way to get through it.</p> <p>13 Is the summary, the text starting at</p> <p>14 the bottom of page 136 and going to page 140 of</p> <p>15 the KPMG report an accurate summary of the</p> <p>16 valuation approach that KPMG used for special</p> <p>17 tools at the New GM facilities?</p> <p>18 A. Yeah. To the -- to the best of my</p> <p>19 knowledge, it is. Like I said, I was a little</p> <p>20 less involved in the day-to-day on this, but this</p> <p>21 is consistent with my understanding.</p> <p>22 Q. Okay. A few specific questions. For</p> <p>23 special tools at GMNA, KPMG did its valuation on</p> <p>24 a project basis, right?</p> <p>25 A. I believe so, yes.</p> | <p>1 A. So they're both -- both the special</p> <p>2 tooling and the personal property analysis are</p> <p>3 both -- they're both cost-based approaches.</p> <p>4 As far as estimation of reproduction</p> <p>5 cost, it's trending analysis based on starting</p> <p>6 point of historical cost and pulling in specific</p> <p>7 cost trends.</p> <p>8 Both analyses utilize what we refer</p> <p>9 to as a benchmarking analysis, which is a</p> <p>10 comparison of the calculated reproduction cost</p> <p>11 based on trending to the engineering team's best</p> <p>12 estimate of what the true replacement cost would</p> <p>13 be in dollars as of our valuation date. So that</p> <p>14 is a consistent methodology.</p> <p>15 Both analyses would consider physical</p> <p>16 depreciation. The physical depreciation for</p> <p>17 special tooling is a bit different in that there</p> <p>18 is an underlying assumption that the -- the</p> <p>19 physical depreciation for special tooling would</p> <p>20 be somewhat front-loaded. And that was based on</p> <p>21 discussions with GM that production for specific</p> <p>22 lines tends not to be very static over the life</p> <p>23 of a project -- of a product. There tends to be</p> <p>24 a lot more production in the early years when a</p> <p>25 product is new and there's higher demand, tends</p> |

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

| Page 574 | Page 576 |
|---|--|
| <p>1 to be a higher number of products going out;</p> <p>2 hence, more use on the special tools, which in</p> <p>3 appraisal terminology translates to higher</p> <p>4 physical depreciation and a faster diminishment</p> <p>5 of value.</p> <p>6 So that was reflected in the special</p> <p>7 tooling, whereas the base machinery and equipment</p> <p>8 or personal property is done more on a</p> <p>9 straight-line physical depreciation methodology.</p> <p>10 Both analyses utilize the</p> <p>11 benchmark -- or, sorry, the capacity utilization</p> <p>12 analysis to make a downward adjustment where</p> <p>13 facilities aren't fully utilized.</p> <p>14 One other adjustment would -- or one</p> <p>15 other I guess difference between the two is for</p> <p>16 the hold factors or the minimum values that we</p> <p>17 assign to the assets on the personal property</p> <p>18 side. We relied on the Wilmington transaction</p> <p>19 that set a minimum value for all individual</p> <p>20 assets.</p> <p>21 For special tools, given their lack</p> <p>22 of secondary market use, we assumed that there</p> <p>23 was no value beyond the value in use premise, so</p> <p>24 we didn't set a hold factor below those.</p> <p>25 As far as pre-SOP special tools --</p> | <p>1 applied to get to what we felt was a better</p> <p>2 estimate of the replacement cost as of our</p> <p>3 valuation date.</p> <p>4 Q. Okay. So now would you please</p> <p>5 explain in laymen's terms how the pre-SOP special</p> <p>6 tools were valued, and then let's turn to the</p> <p>7 post-SOP special tools.</p> <p>8 A. So the -- so the pre-SOP special</p> <p>9 tools were similar to what we would call CWIP on</p> <p>10 the -- on the personal property side.</p> <p>11 The -- our initial thinking on those</p> <p>12 was that fair value -- the fair value would be</p> <p>13 assumed to be equal to cost. Through our</p> <p>14 discussions with GM's tooling -- tooling teams,</p> <p>15 we learned about these sort of deflationary</p> <p>16 adjustments that costs had been coming down for</p> <p>17 special tools. Our assumption was that that was</p> <p>18 driven by trouble in the automotive industry and</p> <p>19 that suppliers were becoming more competitive.</p> <p>20 So based on that, we felt that even</p> <p>21 though these were recent expenditures in some</p> <p>22 cases, the current market was actually reflecting</p> <p>23 a lower value on those assets, even though they</p> <p>24 were relatively newly placed and not yet placed</p> <p>25 in service, but recently purchased.</p> |
| Page 575 | Page 577 |
| <p>1 Q. Now, would you mind if I interrupt --</p> <p>2 A. Yes.</p> <p>3 Q. -- just to break it up a little bit?</p> <p>4 A. Yeah.</p> <p>5 Q. Thank you for that explanation.</p> <p>6 One particular point I wanted to</p> <p>7 follow up on before pre-SOP special tools is, can</p> <p>8 you just explain the significance of historical</p> <p>9 tooling cost adjustment factors, which -- and are</p> <p>10 those unique to special tools, and what are they?</p> <p>11 A. So my -- my understanding of those --</p> <p>12 and, again, I'll say that I was not directly</p> <p>13 involved in that. But my -- my understanding of</p> <p>14 that was that it was similar to our benchmarking</p> <p>15 analysis on the personal property in that the</p> <p>16 current -- the current costs to either make or</p> <p>17 acquire tooling were, for the most part, lower</p> <p>18 than would be indicated if you had looked at</p> <p>19 historical costs and applied inflationary factors</p> <p>20 to those.</p> <p>21 So we considered those downward</p> <p>22 adjustments mostly downward adjustments. I think</p> <p>23 in a few geographies they may have actually been</p> <p>24 slightly inflationary. But at GM North America</p> <p>25 those were deflationary adjustments that we</p> | <p>1 So to those, we applied a slight</p> <p>2 downward adjustment to reflect what we felt was a</p> <p>3 more accurate indication of a fair value rather</p> <p>4 than -- rather than just purely relying on cost.</p> <p>5 Q. Okay. Now, post-EOP special tools?</p> <p>6 A. So the post-EOP special tools, I'll</p> <p>7 be honest, I've read this and I'm a little hazy</p> <p>8 on --</p> <p>9 Q. Okay.</p> <p>10 A. -- exactly how that was done. It</p> <p>11 appears that there was some relationship to come</p> <p>12 up with a -- a ratio of kind of minimum value to</p> <p>13 assets beyond their end of production --</p> <p>14 Q. Uh-huh.</p> <p>15 A. -- because the normal expectation is</p> <p>16 at the end of production, most -- the special</p> <p>17 tooling would more or less be sold off into the</p> <p>18 secondary market -- or, sorry, be scrapped,</p> <p>19 because it wouldn't be sold into the secondary</p> <p>20 market.</p> <p>21 Here it looks like there was some</p> <p>22 limited information around selected number of</p> <p>23 post-EOP special tools, but I'm a little unclear</p> <p>24 on the exact details of how that was calculated.</p> <p>25 Q. Okay. And there was a -- some subset</p> |

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

| Page 578 | Page 580 |
|--|--|
| <p>1 of stub period special tools for the period 2 between June 30, 2009, and July 10, 2009, that 3 were valued as pre-SOP tooling, right? 4 A. That's correct. 5 Q. And what's the brief explanation of 6 that? 7 A. So the stub period was are -- the 8 information that we were provided was as of June 9 30. The effective date of our valuation was as 10 of July 10th. 11 Q. Right. 12 A. The stub period was the difference 13 between those two. So the stub period data was 14 just new spend over that period of ten days. 15 So our assumption was that since it 16 was brand-new spend and it had only been spent 17 for ten days, that it was construction in 18 progress or pre-SOP special tooling. 19 Q. All right. Let's put up 20 KPMG-GM-4167, please. 21 This is a spreadsheet. My first 22 question is going to be do you recognize this 23 spreadsheet? 24 A. This looks generally familiar, yes. 25 Q. Is this a KPMG format?</p> | <p>1 total of 538,910. 2 Q. And what was Saturn SPO? 3 A. SPO was Spare Parts Operations, I 4 believe. 5 MR. KLEINHAUS: Okay. I'm very close 6 to being done but I'm told we need to switch the 7 tapes, so let's do that and be done. 8 THE WITNESS: Sounds good. 9 THE VIDEOGRAPHER: Going off the 10 record. The time is 5:32. 11 (A break was taken from 5:30 p.m. to 12 5:45 p.m.) 13 THE VIDEOGRAPHER: Media Number 8. 14 On the record at 5:47. 15 Q. (BY MR. KLEINHAUS) Mr. Furey, 16 generally speaking, do you consider new GM plants 17 to be specialized facilities? 18 A. Generally speaking, yes, they are 19 specialized for the production of vehicle or 20 vehicle components, yes. 21 Q. And what is it about them that makes 22 them specialized for production? 23 A. There's a lot of components that 24 would make them specialized. For example, the 25 assembly facilities, they're extremely large</p> |
| Page 579 | Page 581 |
| <p>1 A. It is. 2 Q. All right. Let's go to the Asset 3 Summary tab, please -- asset summary pivot, to be 4 specific. And do you see this tab shows various 5 GM -- I'm sorry, is this an asset summary pivot? 6 Okay. You see this shows various GM companies 7 and breaks out aggregate value of different types 8 of special tools? 9 A. Yes, I see that. 10 Q. And let's hide rows 4 to 46, please. 11 Are you familiar with Saturn, what Saturn is? 12 A. Yes. Saturn -- Saturn was one of 13 General Motors' brands as of our valuation date. 14 Q. And if you look at the -- these -- 15 the Saturn row here, what was KPMG's concluded 16 value with respect to special tools? 17 MS. BOWER: Objection -- withdrawn. 18 Sorry. 19 A. It appears that the concluded value 20 was -- excuse me -- 53,295,130 for the special 21 tooling at Saturn -- 22 Q. And then for -- 23 A. -- with -- with 38,400 of CWIP. 24 Q. And what about for pre-Saturn SPO? 25 A. Saturn SPO, it looks like there was a</p> | <p>1 facilities. Some of them have square footage 2 measuring in the millions of square feet. 3 There are not many facilities of any 4 kind that have that kind of square footage, so 5 the alternative uses for facilities of that size 6 are pretty limited. 7 MR. KLEINHAUS: Let's put up on the 8 screen KPMG-GM-92549. 9 Oh, you know what, I think we have a 10 hard copy, too. Let's just do that. This is 11 going to be Exhibit 21. 12 (Exhibit JPM-KPMG 21 marked for 13 identification.) 14 Q. So my first question is going to be, 15 Mr. Furey, do you recognize this document? 16 A. Yes. This appears to be the summary 17 of values for the OldCo facilities. 18 Q. And what's the purpose of this 19 document? 20 A. To provide a summary for the 21 high-level asset classifications for each of the 22 OldCo facilities under our OldCo analysis. 23 Q. And let's look at a particular 24 example of a -- of a facility here. Why don't we 25 look at 92550 the Moraine facility, GM Assembly</p> |

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

| Page 582 | Page 584 |
|--|---|
| <p>1 Moraine, which is the top facility on the page.</p> <p>2 A. Okay. I see it.</p> <p>3 Q. And can you just walk us through what</p> <p>4 this summary shows about the GM Assembly Moraine?</p> <p>5 A. Okay. So the DUNS number is the</p> <p>6 identification of the Moraine assembly facility.</p> <p>7 The Asset Classifications, these are summary</p> <p>8 asset classifications, so we've only shown land,</p> <p>9 building and improvements and personal property.</p> <p>10 As we've seen in the other exhibits, there are</p> <p>11 underlying categories below those Summary Asset</p> <p>12 Classifications.</p> <p>13 The Original Cost and Net Book Value</p> <p>14 are just our reporting of the underlying cost and</p> <p>15 book value that was provided in the fixed asset</p> <p>16 ledgers that were provided to us. And the Fair</p> <p>17 Value is our estimation of the fair value of each</p> <p>18 of those categories of assets as of July 9th.</p> <p>19 Q. Do you know why there is no value</p> <p>20 listed here for land?</p> <p>21 A. It's a little unusual that there's</p> <p>22 no -- while there's a fair value but there's no</p> <p>23 original cost for book value listed for land. I</p> <p>24 would assume that would be because we weren't</p> <p>25 able to identify individual fixed asset entries</p> | <p>1 value, 9.66 million is land, correct?</p> <p>2 A. That's correct, yeah.</p> <p>3 Q. What does that tell you?</p> <p>4 A. The general -- general indication, to</p> <p>5 me, is that the large majority of the value for</p> <p>6 that facility if it's not to be used as an</p> <p>7 automotive assembly plant is in the value of the</p> <p>8 land for potentially some other use.</p> <p>9 Q. Is it fair to say that based on this</p> <p>10 information, this facility has far higher value</p> <p>11 to GM than to any buyer?</p> <p>12 MR. BINDER: Objection.</p> <p>13 A. I wouldn't necessarily characterize</p> <p>14 it that way, because the fact that they don't</p> <p>15 have demand for the product that this facility</p> <p>16 was designed to build indicates that while the</p> <p>17 cost basis is high, that doesn't necessarily</p> <p>18 translate into value, because the product that</p> <p>19 that facility was assembled to construct doesn't</p> <p>20 have demand.</p> <p>21 Q. Does this indicate to you that the --</p> <p>22 this is a specialized facility for manufacturing?</p> <p>23 MR. BINDER: Objection to form.</p> <p>24 A. It indicates that it's a specialized</p> <p>25 facility, just based on the numbers. I know from</p> |
| Page 583 | Page 585 |
| <p>1 on the ledgers for the land at that facility, but</p> <p>2 I physically visited the Moraine facility and I</p> <p>3 can testify to the fact that there is indeed land</p> <p>4 underneath the facility --</p> <p>5 Q. Yeah.</p> <p>6 A. -- and, hence, the fair value that's</p> <p>7 shown there.</p> <p>8 Q. Okay. So I can represent to you that</p> <p>9 we have a document, KPMG-GM-92644, which is a</p> <p>10 spreadsheet that has a property value of</p> <p>11 1,791,839 for Moraine. I'm not going to make you</p> <p>12 put that spreadsheet on the screen right now, but</p> <p>13 let me ask you a few other questions about this</p> <p>14 Moraine facility.</p> <p>15 There's an original cost for</p> <p>16 buildings and improvements of over \$238 million</p> <p>17 reflected here, right?</p> <p>18 MR. BINDER: Objection.</p> <p>19 A. Yes, I see that.</p> <p>20 Q. And that original cost goes all the</p> <p>21 way down to, what is that, \$590,000 fair value?</p> <p>22 A. That's correct.</p> <p>23 Q. And when you look at the total fair</p> <p>24 value, put aside what the original land value</p> <p>25 was, out of 12.62 million of estimated fair</p> | <p>1 personal experience I can say it's clearly a</p> <p>2 manufacturing facility purpose built for the</p> <p>3 assembly of vehicles.</p> <p>4 (Exhibit JPM-KPMG 22 marked for</p> <p>5 identification.)</p> <p>6 Q. Let's just look at KPMG-GM-896,</p> <p>7 please. This will be Exhibit 22.</p> <p>8 My first question: This is a</p> <p>9 document, on the cover it's General Motors</p> <p>10 Company Support for Fresh Start Valuation as of</p> <p>11 July 30, 2009, 6.B.1 Real Property Part 1 of 3.</p> <p>12 And my first question is do you</p> <p>13 recognize this document?</p> <p>14 A. Yes, I do.</p> <p>15 Q. There's a lot of handwritten notes on</p> <p>16 this document. Do you see that?</p> <p>17 A. I do.</p> <p>18 Q. Are those your notes?</p> <p>19 A. No, they are not.</p> <p>20 Q. Do you know whose they are?</p> <p>21 A. Those -- I believe those were done by</p> <p>22 our accounting -- accounting advisory team.</p> <p>23 These were, if -- if I am remembering</p> <p>24 correctly, this document is probably part of what</p> <p>25 we referred to as our tie-out binders wherein we</p> |

US Bankruptcy Court - New York
MLC v. JPMorgan Chase BankFINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 586

1 brought another KPMG team in to literally tie out
2 our calculations, make sure all the math was
3 correct, that the references were -- were
4 correct, and their tick marks and notations are
5 what -- I believe what you're seeing in the
6 handwritten notes.
7 Q. Can you tell me which individual it
8 is?
9 A. No, I wouldn't know.
10 Q. Okay. Let's look at KPMG-GM-1152 at
11 the bottom, please.
12 A. Sorry, where are you seeing 1152?
13 Q. The Bates number.
14 A. What's that, this one? Oh, okay.
15 (Witness reviewing document.)
16 Q. So this says here, "General Motors
17 Company, Real Property Valuation, GMVM Lordstown
18 Assembly."
19 What is GMVM Lordstown Assembly?
20 A. That would have -- would have been an
21 assembly facility where they were assembling
22 vehicles obviously in Lordstown.
23 Q. All right. Can you turn to page 1156
24 at the bottom, please. Do you see here that KPMG
25 compares the GMVM Lordstown Assembly to two

Page 588

1 Q. Sure.
2 A. -- is accurate.
3 Q. It's -- I think we were looking at
4 1156.
5 (Witness reviewing document.)
6 A. Could I clarify my answer to the
7 prior question?
8 Q. Yes.
9 A. This -- this definitely would have
10 been an input into our valuation for this
11 property. There could have potentially also been
12 a what we call a cost buildup model, which would
13 have been based on the character --
14 characteristics of gross building area and cost
15 to replace that asset under a cost approach.
16 So this would be representative of
17 the sales comparison approach that was utilized,
18 but there could have also been a cost approach
19 analysis that was also considered to get to the
20 final conclusion of value.
21 Q. And do you know specifically for this
22 asset what -- which approach ended up being used
23 for the final concluded value?
24 A. I can't tell based on this schedule.
25 It's difficult to tell based on just on what's

Page 587

1 listings and then two sales?
2 A. Yes, I see that.
3 Q. And can you generally explain what
4 the purpose of that comparison would have been?
5 A. So this overall sheet would be what
6 we call a comparable sales grid where we would
7 pull what we felt were either comparable closed
8 transactions or comparable properties listed for
9 sale. And through this table we would make
10 adjustments to the closed transactions of the
11 listings in an attempt to make them more
12 comparable to the subject property that we were
13 trying to value. And this table is a summary of
14 the inputs into that analysis. And it appears to
15 show the concluded value at the bottom.
16 Q. So did KPMG value this particular
17 facility here based on these list -- two listings
18 and the two sales?
19 A. I believe that we did, yes.
20 MR. KLEINHAUS: All right. I have
21 nothing further at this time. Thank you.
22 A. Actually, Emil, can we go back one
23 second? What was the page reference that you
24 were -- that we were just looking at? I want to
25 make sure what I told you is --

Page 589

1 shown here.
2 MR. KLEINHAUS: Okay. Thank you.
3 FURTHER EXAMINATION
4 BY MR. BINDER:
5 Q. Just some brief follow-up, Mr. Furey.
6 A. Sure.
7 Q. I just want to go over this concept
8 of what's a specialized facility.
9 There were -- do you know how many
10 facilities were sold to New GM?
11 A. I don't know the exact number off the
12 top of my head, no.
13 Q. It's around 40. Does that seem about
14 right?
15 A. That sounds approximately right.
16 Q. Okay. And you didn't -- I mean,
17 you're not -- you're not a certified real
18 property appraiser, correct?
19 A. No, I'm not.
20 Q. And part of your work for KPMG did
21 not involve making any determination as to what
22 constitutes a specialized property or otherwise,
23 correct?
24 A. No, it did not.
25 Q. Okay. And you weren't using that in

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

| Page 590 | Page 592 |
|--|--|
| <p>1 any legal sense?</p> <p>2 A. No, I was not.</p> <p>3 Q. And you weren't using that in the</p> <p>4 sense of an architect might use those terms</p> <p>5 either, correct?</p> <p>6 A. No.</p> <p>7 Q. Okay. Of the plants that were sold</p> <p>8 to New GM, you didn't do any study as to which</p> <p>9 plants had been used for other purposes prior to</p> <p>10 GM's use; is that correct?</p> <p>11 A. Our real property team would</p> <p>12 investigate prior sale history for -- I believe</p> <p>13 they go back maybe three -- three or so years.</p> <p>14 So to the extent that a facility had recently</p> <p>15 been purchased by GM and repurposed as some sort</p> <p>16 of vehicle manufacturing facility, we would have</p> <p>17 investigated that. But if -- something that</p> <p>18 happened in history beyond that, we -- we</p> <p>19 wouldn't have investigated that.</p> <p>20 Q. And either way, it's not something</p> <p>21 you know?</p> <p>22 A. No.</p> <p>23 Q. Okay. And of the 40 or so facilities</p> <p>24 that were part of the sale to New GM, they varied</p> <p>25 in size, correct --</p> | <p>1 Q. Okay. So you're not qualified to</p> <p>2 testify as to which GM facilities are truly</p> <p>3 specialized facilities or not; is that correct?</p> <p>4 MR. KLEINHAUS: Objection. Form.</p> <p>5 MS. BOWER: Objection.</p> <p>6 A. When I use the word "specialized,"</p> <p>7 it's in a more general sense, not an</p> <p>8 architectural term or anything. It's just that</p> <p>9 they are designed specifically to support the</p> <p>10 operations which they're -- they were currently</p> <p>11 being used for.</p> <p>12 Q. Right. And the extent to which they</p> <p>13 could be used for something else is not an</p> <p>14 analysis that you did, correct?</p> <p>15 A. No, it was not.</p> <p>16 Q. Okay. You recall you had a</p> <p>17 discussion with Mr. Kleinhaus about capital</p> <p>18 maintenance and repair assets?</p> <p>19 A. Yes, I do.</p> <p>20 Q. And I think you were discussing a</p> <p>21 BB-2 press, correct?</p> <p>22 A. Yes, sounds correct.</p> <p>23 Q. And if I recall your testimony,</p> <p>24 your -- it was that, well, this is a particularly</p> <p>25 high-dollar value asset, so you could probably</p> |
| Page 591 | Page 593 |
| <p>1 A. Yes.</p> <p>2 Q. -- one from the other?</p> <p>3 And the layout varied one from the</p> <p>4 other?</p> <p>5 A. Yes, that's correct.</p> <p>6 Q. And the ability of a plant to be used</p> <p>7 for some purpose other than automobile</p> <p>8 manufacturing would -- the degree to which</p> <p>9 something could be repurposed would vary from</p> <p>10 plant to plant?</p> <p>11 A. Yeah, based on the physical</p> <p>12 characteristics of the structure, yes.</p> <p>13 Q. Right. And you didn't do any</p> <p>14 analysis to determine which would be more</p> <p>15 difficult to be repurposed or used for some other</p> <p>16 purpose other than the automobile industry as</p> <p>17 compared to which were really best suited for the</p> <p>18 automobile industry, correct?</p> <p>19 A. Not as --</p> <p>20 MR. KLEINHAUS: Objection to form.</p> <p>21 A. Not as part of my analysis. Our real</p> <p>22 estate team may have looked at sort of a highest</p> <p>23 and best use analysis, similar to what you</p> <p>24 articulated, but I'm -- I didn't undertake an</p> <p>25 effort like that on my own.</p> | <p>1 draw the conclusion that it was tied to a</p> <p>2 particular asset. Is that --</p> <p>3 A. The specific rebuild we were looking</p> <p>4 at was a high-dollar asset. So my statement was</p> <p>5 that given the size of the investment, it would</p> <p>6 be easier to tie that back to an original asset</p> <p>7 relative to a smaller rebuild or upgrade project.</p> <p>8 Q. But as part of the valuation exercise</p> <p>9 that KPMG did, it didn't match the capitalized</p> <p>10 maintenance and repair asset back to the original</p> <p>11 asset, correct?</p> <p>12 A. That is correct, we did not do that.</p> <p>13 Q. Okay. And why not?</p> <p>14 A. Primarily just due to the volume</p> <p>15 of -- volume of data and the quality of the asset</p> <p>16 descriptions that we were provided. In some</p> <p>17 cases the descriptions would be specific to a</p> <p>18 location and specific to an asset category, but</p> <p>19 the actual description would say press rebuild</p> <p>20 and would leave some doubt as to which press it</p> <p>21 was associated with, so we didn't try to go</p> <p>22 through that effort.</p> <p>23 Q. Do you know if General Motors traced</p> <p>24 the maintenance and repair asset back to the</p> <p>25 original asset?</p> |

US Bankruptcy Court - New York
MLC v. JPMorgan Chase BankFINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 594

1 A. I don't know if they did. I would
2 suspect that we would have asked that question
3 and if we could have done it, we probably would
4 have done it. But we wouldn't have done it -- we
5 wouldn't have undertaken a manual process to do
6 that. We only would have done it to the extent
7 that the records were embedded within the
8 existing fixed asset system.
9 Q. So the fact that KPMG didn't do it
10 suggests to you that the data wasn't at GM?
11 A. That would --
12 MR. KLEINHAUS: Objection to form.
13 A. That would -- that would be accurate,
14 yes.
15 Q. I just want to go back to the KPMG
16 Tangible Asset Memo. That's KPMG -- AAT-KPMG 4.
17 And just the discussion on page 2 and 3, I just
18 want to ask you a couple of questions about it.
19 I think it's some ground that's been covered.
20 A. Sorry, bear with me for one second.
21 Q. Oh, certainly.
22 A. My filing system is failing me.
23 Exhibit 4?
24 Q. Yes.
25 A. Okay.

Page 595

1 Q. That's the KPMG Tangible Asset Memo,
2 correct?
3 A. Okay. I've got it.
4 Q. Right. Okay. So the approach the
5 highest and best use was -- is orderly
6 liquidation value, we discussed that, for the
7 Old GM assets, correct?
8 A. Correct.
9 Q. And to do that calculation, KPMG
10 determined to use the market approach, correct?
11 A. That's correct.
12 Q. Right. And it says -- and within the
13 market approach, there were various techniques to
14 determine an orderly liquidation value, correct?
15 A. That's correct.
16 Q. Right. And, in fact, it says the
17 statement -- and I assume that refers to the
18 FAS 157. The statement recommends -- I'm sorry,
19 do you see where I am? I'm on the fourth
20 paragraph of page 3. It says, "The statement
21 recommends." Do you see --
22 A. Okay.
23 Q. Is the statement there the FAS 157 or
24 something else?
25 A. Yes. Yeah, that's within the 157

Page 596

1 section. So, yeah.
2 Q. Okay. So under the accounting
3 standards, there are various valuation techniques
4 that one can employ that are appropriate to
5 determine an orderly liquidation value, correct?
6 A. That's correct.
7 Q. And you would determine which
8 technique to use based on the circumstances?
9 A. That's correct.
10 Q. And KPMG chose percentage of cost
11 approach as its technique, right?
12 A. Yes.
13 Q. And it was appropriate under the
14 circumstances, the circumstances largely being
15 that there were over 40,000 assets that KPMG was
16 valuing, right?
17 MR. KLEINHAUS: Objection to form.
18 MS. BOWER: Objection.
19 A. That's -- that's correct.
20 Q. Right. And 40,000 assets is many
21 fewer than, say, 40 assets --
22 MR. KLEINHAUS: I think you meant
23 more.
24 Q. -- correct?
25 MS. BOWER: Objection.

Page 597

1 MR. BINDER: Withdrawn.
2 Q. 40,000 is many, many more assets --
3 40,000 is many, many more assets than 40 assets;
4 is that right?
5 A. That's correct.
6 Q. Right. If you were -- if KPMG's
7 assignment were to value 40 discrete assets, it
8 might take a different -- it might use a
9 different technique, correct?
10 MR. KLEINHAUS: Objection to form.
11 A. Correct. The approach would be
12 driven by the, you know, scope and purpose of
13 the -- of the exercise.
14 Q. Right. And if there were 40 specific
15 assets that KPMG had been asked, it might be more
16 reasonable to consider market prices for
17 identical assets, correct?
18 MR. KLEINHAUS: Objection to form.
19 A. Forty -- 40 assets would be certainly
20 more amenable to doing a true comparable sales
21 method as opposed to forty -- over 40,000.
22 Q. Right. So if you were doing 40, you
23 might use a different technique than if you're
24 doing over 40,000?
25 A. Potential --

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

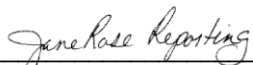

Page 598

1 MR. KLEINHAUS: Objection to form.
2 A. Potentially, yes.
3 Q. Right.
4 But whether you're doing percentage
5 of cost, whether you're employing that technique,
6 or whether you're looking at market comparables
7 and making adjustments, all of that is under
8 FAS 157 Appropriate Methodologies for Concluding
9 Orderly Liquidation Values --
10 MR. KLEINHAUS: Objection to form.
11 Q. -- correct?
12 A. To the extent that the circumstances
13 support the use of those approaches, those would
14 be supported under FAS 157.
15 MR. BINDER: Okay. No further
16 questions.
17 MR. KLEINHAUS: No further questions.
18 Thank you.
19 THE VIDEOGRAPHER: This concludes the
20 deposition. Off the record at 6:11.
21 (Deposition concluded at 6:11 p.m.)
22
23
24
25

Page 600

1 INSTRUCTIONS FOR ERRATA
2
3 NOTARY PUBLIC SIGNATURE
4 Not required unless agreed upon by counsel
5 that notary public signature is required.
6
7
8 Please return a copy of the signed errata within
9 30 days of receipt, unless otherwise agreed upon
10 by counsel. Once we receive the signed errata, we
11 will distribute an electronic copy to all
12 parties.
13
14
15 RETURN A SIGNED COPY VIA FAX, EMAIL OR MAIL TO:
16 FAX: 1-800-825-9055
17 EMAIL: Janerose@janerosereporting.com
18
19 Jane Rose Reporting
20 Administrative Offices
21 PO Box 542
22 Luck, WI 54853
23
24
25

Page 599

1 REPORTER'S CERTIFICATION
2 STATE OF TEXAS)
3)
4 COUNTY OF HARRIS)
5 I, LINDA RUSSELL, a Certified Shorthand
6 Reporter within and for the State of Texas, do
7 hereby certify:
8 That the witness whose deposition is
9 hereinbefore set forth, appeared and was duly
10 sworn by me, and that such deposition is a true
11 record of the testimony given by such witness;
12 That a review of the transcript by the
13 deponent was requested;
14 I further certify that I am not related to
15 any of the parties to this action by blood or
16 marriage; and that I am in no way interested in
17 the outcome of this matter.
18 IN WITNESS WHEREOF, I have hereunto set my
19 hand this 16th of October, 2018.
20 
21 LINDA RUSSELL, Texas CSR #2965
22 Expiration Date: 12/31/2018
23 Jane Rose Reporting
24 Firm Registration No. CRF-714
25 

Page 601

1
2 NOTICE TO READ & SIGN
3
4 This transcript was electronically distributed
5 to WILLKIE FARR & GALLAGHER to forward to
6 the witness.
7
8
9 ACKNOWLEDGMENT OF THE DEPONENT
10
11 I, PATRICK FUREY, do hereby certify that I have
12 read the foregoing pages and that the same is a
13 correct transcription of the answers given by me
14 to the questions therein propounded, except for
15 the corrections or changes in form or substance,
16 if any, noted in the attached Errata Sheet.
17
18
19 (DATE) PATRICK FUREY, Volume 2
20
21 Signed and subscribed to before me this
22 ____ day of _____, 2018.
23
24
25 Notary Public

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

| Page 602 | | | | | Page 604 | | | | |
|----------|-------------|-------------|-------------|-------------|----------|-----------------------|------------------------------------|-----|--|
| 1 | PAGE | LINE | CHANGE | REASON | 1 | EXHIBIT INDEX (Cont.) | | | |
| 2 | ___/___/___ | ___/___/___ | ___/___/___ | ___/___/___ | 2 | | | | |
| 3 | ___/___/___ | ___/___/___ | ___/___/___ | ___/___/___ | 3 | AAT-KPMG EXHIBITS: | | | |
| 4 | ___/___/___ | ___/___/___ | ___/___/___ | ___/___/___ | 4 | Exhibit 9 | Excel spreadsheet, | 428 | |
| 5 | ___/___/___ | ___/___/___ | ___/___/___ | ___/___/___ | 5 | | KPMG-GM0092370 | | |
| 6 | ___/___/___ | ___/___/___ | ___/___/___ | ___/___/___ | 6 | | | | |
| 7 | ___/___/___ | ___/___/___ | ___/___/___ | ___/___/___ | 7 | Exhibit 10 | Excel spreadsheet, | 428 | |
| 8 | ___/___/___ | ___/___/___ | ___/___/___ | ___/___/___ | 8 | | KPMG-GM0092370 | | |
| 9 | ___/___/___ | ___/___/___ | ___/___/___ | ___/___/___ | 9 | | | | |
| 10 | ___/___/___ | ___/___/___ | ___/___/___ | ___/___/___ | 10 | Exhibit 11 | Excel spreadsheet, | 436 | |
| 11 | ___/___/___ | ___/___/___ | ___/___/___ | ___/___/___ | 11 | | KPMG-GM0092371 | | |
| 12 | ___/___/___ | ___/___/___ | ___/___/___ | ___/___/___ | 12 | | | | |
| 13 | ___/___/___ | ___/___/___ | ___/___/___ | ___/___/___ | 13 | Exhibit 12 | Excel spreadsheet | 437 | |
| 14 | ___/___/___ | ___/___/___ | ___/___/___ | ___/___/___ | 14 | | KPMG-GM0092372 | | |
| 15 | ___/___/___ | ___/___/___ | ___/___/___ | ___/___/___ | 15 | | | | |
| 16 | ___/___/___ | ___/___/___ | ___/___/___ | ___/___/___ | 16 | Exhibit 13 | Excel spreadsheet, | 438 | |
| 17 | ___/___/___ | ___/___/___ | ___/___/___ | ___/___/___ | 17 | | KPMG-GM0092373 | | |
| 18 | ___/___/___ | ___/___/___ | ___/___/___ | ___/___/___ | 18 | | | | |
| 19 | ___/___/___ | ___/___/___ | ___/___/___ | ___/___/___ | 19 | Exhibit 14 | Excel spreadsheet, | 439 | |
| 20 | ___/___/___ | ___/___/___ | ___/___/___ | ___/___/___ | 20 | | KPMG-GM0092374 | | |
| 21 | ___/___/___ | ___/___/___ | ___/___/___ | ___/___/___ | 21 | | | | |
| 22 | ___/___/___ | ___/___/___ | ___/___/___ | ___/___/___ | 22 | Exhibit 15 | 8-19-2009 e-mail to General | 458 | |
| 23 | ___/___/___ | ___/___/___ | ___/___/___ | ___/___/___ | 23 | | Motors Corporation file from | | |
| 24 | ___/___/___ | ___/___/___ | ___/___/___ | ___/___/___ | 24 | | Patrick Furey, KPMG-GM0092221 - 24 | | |
| 25 | ___/___/___ | ___/___/___ | ___/___/___ | ___/___/___ | 25 | | | | |

| Page 603 | | | | | Page 605 | | | | |
|----------|--------------------|---------------------------------|-----|--|----------|-----------------------|------------------------------------|-----|--|
| 1 | EXHIBIT INDEX | | | | 1 | EXHIBIT INDEX (Cont.) | | | |
| 2 | | | | | 2 | | | | |
| 3 | AAT-KPMG EXHIBITS: | | | | 3 | AAT-KPMG EXHIBITS: | | | |
| 4 | Exhibit 3 | Deposition transcript of | 337 | | 4 | Exhibit 16 | 8-19-2009 e-mail to General | 459 | |
| 5 | | Patrick Furey, 9-23-2016 | | | 5 | | Motors Corporation file from | | |
| 6 | | | | | 6 | | Patrick Furey, KPMG-GM0092225 - 28 | | |
| 7 | Exhibit 4 | 10-26-2009 memo to General | 350 | | 7 | Exhibit 17 | 8-18-2009 e-mail to General | 459 | |
| 8 | | Motors Management, from Michael | | | 8 | | Motors Corporation file from | | |
| 9 | | Crismyre and Kevin Steckel, | | | 9 | | Patrick Furey, KPMG-GM0092229 - 32 | | |
| 10 | | KPMG-GM0092553 - 92562 | | | 10 | | | | |
| 11 | | | | | 11 | Exhibit 18 | 8-19-2009 e-mail to General | 459 | |
| 12 | Exhibit 5 | ASA Valuing Machinery and | 380 | | 12 | | Motors Corporation file from | | |
| 13 | | Equipment: The Fundamentals of | | | 13 | | Patrick Furey, KPMG-GM0092233 - 36 | | |
| 14 | | Appraising Machinery and | | | 14 | | | | |
| 15 | | Technical Assets, Third | | | 15 | Exhibit 19 | Excel spreadsheet, | 463 | |
| 16 | | Edition, PX-0163-0001 - 0612 | | | 16 | | KPMG-GM004070 | | |
| 17 | | | | | 17 | | | | |
| 18 | Exhibit 6 | KPMG-GM0004121 - 4123 | 395 | | 18 | Exhibit 20 | Transcript of Hearing Day 4, | 470 | |
| 19 | | | | | 19 | | taken on 4-27-2017 | | |
| 20 | Exhibit 7 | Excel spreadsheet, | 411 | | 20 | | | | |
| 21 | | KPMG-GM00092368 | | | 21 | Exhibit 21 | Excel spreadsheet tab APA 7-15 | 475 | |
| 22 | | | | | 22 | | Details, KPMG-GM0092310 | | |
| 23 | Exhibit 8 | Excel spreadsheet, | 418 | | 23 | | | | |
| 24 | | KPMG-GM0092368 | | | 24 | Exhibit 22 | Excel spreadsheet, tab APA | 475 | |
| 25 | | | | | 25 | | Changes 8-7, KPMG-GM0092310 | | |

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 606

EXHIBIT INDEX (Cont.)

AAT-KPMG EXHIBITS:

Exhibit 23 Excel spreadsheet, tab APA 475
Changes 7-23, KPMG-GM0092310

JPM-KPMG EXHIBITS:

Exhibit 1 DX-0141-0001 - 0558 375

Exhibit 16 Direct Testimony of David K. 512
Goesling

Exhibit 17 Order Modifying "Table A" to 515
Memorandum Opinion Regarding
Fixture Classification and
Valuation

Exhibit 18 1-14-2010 memo from Michael 531
Crismyre to GM Management,
KPMG-GM0092434 - 92438

Exhibit 19 Real Estate, Plant and 551
Equipment Section 32,
KPMG-GM0003928 - 3936

Page 607

EXHIBIT INDEX

JPM-KPMG EXHIBITS:

Exhibit 20 Real Estate, Plant and 551
Equipment Section 32 I. General
Guidelines, KPMG-GM0003939 - 3945

Exhibit 21 Excel spreadsheet, 581
KPMG-GM0092549 - 92552

Exhibit 22 KPMG Support for Fresh Start 585
Valuation as of July 10, 2009:
6B.1.Real Property
KPMG-GM0000896 - 1279

US Bankruptcy Court - New York
MLC v. JPMorgan Chase BankFINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 608

| | | | | |
|------------------------------|-----------------------------|------------------------------|------------------------------|-----------------------------|
| A | 549:12 551:9,21 | adjusted 405:1 539:20 | age-life 490:23 | 353:12 355:4 356:8 |
| a.m 334:7 378:20,21 | 552:5,7,9,15 556:12 | 539:21 557:22 | age/life 554:17 | 358:16 365:21 |
| 424:3,4 | 564:19 585:22,22 | adjustment 367:21,22 | Agent 330:13 | 367:18 372:18 |
| A1 418:16 | 596:2 | 434:7,9 435:25 | ages 398:22 405:17 | 381:19,24 382:3 |
| AA 445:17 450:4,11 | accuracy 377:2 | 455:21 490:1,15 | 407:20 | 383:5,11,15 384:4 |
| AAT 337:14 440:24 | accurate 344:22 | 496:3,10,15,24 | aggregate 402:21 | 386:9,10 387:16 |
| 442:6 487:5 488:21 | 352:13 388:4 424:15 | 523:9,9 535:5,19 | 432:20,21 433:18 | 388:23 393:22 |
| 524:7 | 461:25 472:11 | 536:6,8,17,18 538:5 | 579:7 | 397:23 398:14,19,21 |
| AAT-KPMG 337:16,17 | 488:17 499:8,15,21 | 543:25 544:1 560:11 | ago 368:19 372:13 | 399:6,7,8 403:20 |
| 350:16,19 353:18 | 500:19 517:12 | 570:14 574:12,14 | 374:6 534:5 550:23 | 404:21 406:9 408:14 |
| 358:11 375:8 380:7 | 525:22 558:7,9,10 | 575:9 577:2 | 551:22 | 427:13 436:7 438:24 |
| 380:11,13 395:1 | 560:25 565:15 | adjustments 421:18 | agree 442:1,3 457:16 | 439:11 443:1,6,7,13 |
| 411:19,21 413:25 | 571:15 577:3 588:2 | 421:20 451:8 453:6 | 495:24 509:18 | 443:23 444:7 445:2 |
| 414:24 415:2,8 | 594:13 | 453:10,21 458:16,20 | agreed 337:25 600:4,9 | 445:14 447:7,13,16 |
| 418:4,6 419:24 | accurately 372:9 | 463:16 480:4 518:11 | agreement 330:14 | 448:2,8 451:3,9,22 |
| 422:6,9,20 428:7,9 | 391:5 488:5 535:15 | 534:22 536:15 | 338:2 363:17 364:3 | 452:1,8,12 453:3,9 |
| 428:12,13 429:3,12 | ACKNOWLEDGMENT | 539:12 558:1 561:15 | 364:7 365:13,16 | 453:22,23 454:6 |
| 429:25 430:9,10 | 601:9 | 561:19 575:22,22,25 | 371:6 378:5 434:15 | 460:11,13 462:19 |
| 432:3,16 433:25 | acquire 575:17 | 576:16 587:10 598:7 | 435:12 436:1 448:15 | 463:7,8 466:12,14 |
| 436:12,15,24 437:13 | acquired 374:5,6 | Administered 330:7 | 448:24 449:3 477:7 | 466:17,19,22 468:12 |
| 437:16 438:13,15 | acquisition 430:20 | Administrative 330:13 | Agreements 370:24 | 469:7,20 470:1,5 |
| 439:6,19,22 440:2 | 444:10 447:6,9 | 600:20 | 371:1 377:25 434:9 | 474:7,11,18 475:10 |
| 440:15 442:24 | 552:6 | Administrator 330:11 | 435:6 456:8 | 480:10 482:11,25 |
| 458:23,25 459:2,5,9 | action 330:9 331:3 | admitted 375:25 | AH 451:10 | 485:17 488:11 |
| 459:16,18,22 462:6 | 334:18,21,23 336:1 | 512:21 | ahead 344:9 427:11 | 489:24 491:3 493:3 |
| 462:8,16 463:19,21 | 511:16 599:15 | adopted 484:13 | AI 451:15 539:16 | 499:11,13,21 517:4 |
| 470:21 475:11,13,15 | activities 349:17 | adopting 485:25 | AJ 451:19 | 517:24 519:3 520:12 |
| 475:22 476:5,8 | actual 341:17 368:11 | advanced 558:17 | AK 451:23 | 521:13,17 525:2,14 |
| 594:16 603:3 604:3 | 382:20 388:13 | ADVENT 330:15 | al 330:4,16 334:5 | 526:4 531:4,19 |
| 605:3 606:3 | 392:12 405:6 424:17 | advised 487:1 | 452:2 539:3 | 532:13 548:11 550:4 |
| AB 450:4 538:3,9 | 424:25 440:25 | advisory 347:3 585:22 | allocate 526:19 | 551:6 555:7 556:5 |
| abandon 464:19 465:9 | 441:24 444:3 451:10 | AE 451:2 | allocated 426:4,9,10 | 556:24 557:24 |
| abandoned 388:21 | 454:10 480:2 518:4 | AEGON/TRANSAM... | allocation 434:19 | 560:13 566:20 |
| 389:4 464:12,16,24 | 533:16,24 538:17,22 | 330:15 | 455:10 | 568:10 570:12,16 |
| 467:14,20 502:2 | 557:1 593:19 | AF 431:10 432:1 | allow 482:24 565:5 | 572:7,14 573:2,5,9 |
| abbreviated 375:10 | AD 445:17 450:18 | 433:23 451:5 514:4 | allows 565:7 | 574:12 575:15 |
| ability 370:25 378:11 | 451:6 538:11,19 | 514:7 538:23 | alongside 469:1 | 581:22 587:14 |
| 591:6 | add 474:20 478:15 | affect 513:22 | alternative 581:5 | 588:19 591:14,21,23 |
| able 363:22 388:20 | added 378:3 402:12 | affectively 416:12 | ALTICOR 330:16 | 592:14 |
| 389:4 391:14 423:22 | 434:14 448:17 449:5 | afternoon 484:24 | amenable 597:20 | analyze 494:14 |
| 449:5 469:22 473:5 | 449:9 493:10 | AG 451:7 | America 391:1 449:21 | and/or 510:8 |
| 483:3 534:23 582:25 | adding 546:23 | age 372:7 397:11,12 | 450:2 575:24 | Andrew 342:10 |
| absolutely 514:13 | addition 359:14 | 397:14,20,21 398:8 | American 497:6,14 | Angeles 332:5 |
| 562:24 | 387:10 400:1,15 | 398:12 399:1,4,8 | amount 366:4 420:20 | Ann 349:10 |
| AC 450:15 538:7 | 401:3 470:4 473:20 | 400:1,6 401:8,19 | 421:16 480:1 492:12 | answer 338:22 356:19 |
| access 476:19 | 496:14 521:5 558:24 | 405:3,13 406:25 | 492:23,24 550:23 | 364:1,5 365:1 424:8 |
| account 368:3,24 | additional 359:15,18 | 407:3,7,12,13,13,14 | 559:12 560:5 | 427:5 434:20 452:16 |
| 409:9 427:6 434:14 | 359:20 377:25 378:3 | 407:25 408:1,5,8,21 | analog 382:13 | 469:8 471:13,19 |
| 456:4 503:6 518:11 | 383:8 387:14 410:2 | 408:23 409:3 410:9 | analyses 472:23 | 472:4,20,22 473:2,9 |
| 523:10,14 531:14 | 434:14 469:21 | 410:22 415:9 416:2 | 519:23 573:8,15 | 497:13 510:2 539:14 |
| 532:5 534:12 538:11 | 534:16 558:1 560:10 | 416:7,13,20,22,25 | 574:10 | 588:6 |
| 547:11 | 561:19 | 416:25 417:2,4,10 | analysis 332:19 335:9 | answers 485:4 601:13 |
| accounting 341:15 | additionally 368:11 | 417:11,12,13 418:14 | 339:9 340:1 341:5,7 | anticipate 403:11 |
| 346:21,23,24 347:3 | 562:5 | 418:21 419:8,9,17 | 341:14,16,17 342:24 | anticipated 364:8 |
| 384:11 406:14 | addressed 354:3,7 | 419:20 451:7,8,10 | 343:11,19 344:25 | anybody 566:10 |
| 465:22 466:4,10 | adjust 447:9 450:24 | 451:17 452:6 518:13 | 345:2,25 347:2 | anyway 426:19 |
| 472:1 483:12 526:16 | 464:16 469:22 542:2 | 538:22 539:10 | 348:1 350:1,10 | AO 441:4 452:9 539:7 |

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 609

| | | | | |
|---|---|--|---|---|
| <p>539:9 540:4 AP 452:9 APA 475:24 476:7,10 476:21 477:5 478:14 605:21,24 606:4 apart 408:21 409:1 444:13 apologize 440:22 511:6 571:10 appear 351:2 416:3 439:9 453:25 454:14 454:14 456:16 460:8 461:6,12 469:16 506:18,23 509:22 appearance 336:2 APPEARANCES 331:1 appeared 599:9 APPEARING 331:3,15 332:1,9 appears 412:1 414:11 422:11 437:2,2,5,12 438:5,9,21 440:5 448:7 453:15 455:7 456:2,3,9 464:11 478:15 503:15,25 505:8,17 506:24 508:17,23 509:3,19 533:20 544:14 545:18 577:11 579:19 581:16 587:14 apples-to-apples 399:14,15 applicable 453:11 536:17 application 465:15 491:24 515:11 530:5 570:18,23 applied 379:23,24 383:15 416:3 428:23 429:22 430:2 470:3 487:16,25 490:15,25 493:2 494:1,4 517:10 521:4 522:4 522:15 523:8 535:15 535:19 539:17 540:17 543:19 557:21 558:2 559:17 560:12 561:16 570:15 572:16 575:19 576:1 577:1 applies 443:23 apply 384:6 385:13 399:11 421:18 451:21 470:9 473:10 490:7 522:7 543:5</p> | <p>550:13 558:19 561:19 applying 413:4 521:4 522:14 appraisal 372:15 471:22,24 472:2,8 472:21,22 473:1,3,4 521:20 530:2 574:3 appraisal' 472:19 appraised 376:15 appraiser 370:13 589:18 Appraisers 497:6,14 appraising 379:8 495:15 603:14 appreciate 537:20 approach 363:10 370:15,15,16,18,22 371:7,8,9,10,13 372:1,4,23 373:2,8 373:12,15,16 376:24 377:14,17,20,21 379:19 380:24 381:2 381:6,9,10,12 384:9 385:18 441:14,19,20 441:22 458:13,14 465:16 466:3 472:4 488:6,15 490:3 491:9 493:3 496:2,4 496:24 517:12,14,17 517:19 518:16,22,25 519:5,8,23,25 520:19,20,23,25 521:5 522:3,7,15 523:18 525:21 526:10,24 530:4 531:14 534:14 547:8 548:23 549:5 557:20 558:4,7 569:8,11,21 569:23 570:19,23,25 571:4,16 572:22,23 588:15,17,18,22 595:4,10,13 596:11 597:11 approaches 370:7,13 370:18,20,21 517:11 569:14,17 573:3 598:13 appropriate 366:14,25 385:7 394:3 408:17 423:2 431:2 447:7 494:5,25 550:3,6,11 551:5 554:10 555:22 555:23 556:3 561:24 562:4 572:1 596:4 596:13 598:8 appropriately 367:9</p> | <p>approved 559:3,4 approximate 492:12 492:12 approximately 341:18 347:9 348:20 369:21 390:17 541:14 589:15 April 470:25 491:8 498:22 513:10 AQ 452:9 AR 452:9 architect 590:4 architectural 592:8 area 588:14 areas 370:5 arm's 500:11 501:4,18 articulated 591:24 artifact 444:1,20 ASA 603:12 ASC 346:25 354:24 ascribed 516:17 ascribing 521:11 aside 371:4 378:13 462:20 473:14 478:20 491:12 496:3 583:24 asked 342:22 343:10 455:12 456:12 469:5 488:19 594:2 597:15 asking 507:25 518:5 558:5,5 aspect 491:13 assembled 363:8 584:19 assembling 351:21 586:21 assembly 383:24 411:6,11 413:17 430:4 439:10 469:19 470:1 481:21,22 526:9 541:3 580:25 581:25 582:4,6 584:7 585:3 586:18 586:19,21,25 assessment 472:3 asset 340:6 341:3,7 341:12 346:11,11,12 354:16 355:4 360:21 367:15,23,24 370:2 374:10 377:7,11 379:24,25 381:1 383:12,22 384:2,8 384:20,22,24 385:2 385:8 386:16,19 388:25 392:7,10 394:13 397:8,12,13 398:3,24 401:14,22</p> | <p>403:24 404:9,19,24 405:2,2,3 406:1,24 408:22,23 409:11,18 414:4 415:16,19 416:11,13,14 418:10 419:1,8,9 420:22 422:10 423:19 424:23 426:3,24 427:19 429:8,22 430:1,3,9,14,20,24 431:2,9 433:1,3,9,13 433:25 436:18 437:20 438:6 439:4 440:1 444:4,10,15 446:7,19,25 447:2,5 447:8 448:11 449:11 449:19 450:22,22,25 451:13 452:6 453:5 453:20 454:21 455:4 455:21 462:9 465:1 465:2,6,9 469:3,6,15 471:20 472:9 474:9 477:6 480:9,13,24 484:4,6 487:24 490:11,12 492:12,15 493:1,4,13,17 494:11,16 495:25 513:14,16,17,24 514:2,9,19,23 516:11,13 517:4 519:25 520:3,20 521:8,12,13,17,21 522:4,16 523:2 526:4,12,21,25 535:3,9,20,21,24 536:17,22,24 537:3 537:14,17,22 538:1 539:5,11,18 540:15 545:7,14 547:14 548:7,25 549:7,10 553:3,11,19,21 554:1,13,17,22 555:2 556:8 558:20 558:25 568:5 570:1 579:2,3,5 581:21 582:7,8,11,15,25 588:15,22 592:25 593:2,4,6,10,11,15 593:18,24,25 594:8 594:16 595:1 asset-by-asset 363:8 525:25 572:3 asset-group-by-ass... 408:10 assets 340:13,24 346:7,19 347:6,7 348:18 354:6,12,19</p> | <p>355:2,8,10,11,13,17 355:19,22,24,25 356:8,10,15,17,19 357:4,10,12,16,20 357:25 358:2,7,15 358:17 359:5 361:3 361:12,16 362:2 363:5,7,25 364:6 365:11,15,17,18,23 366:1,3 367:1,13,19 367:20 368:13,20 369:2 370:17 371:4 371:14,17,21 372:8 372:10,12,16 373:5 373:19,20,21 374:3 374:5,11 376:22 378:1,4,10,12 379:9 381:2 384:3,5 385:11,25 386:3,6 386:13,15 387:9 388:14,20,22 389:3 389:9,12 390:10 392:2,16,20 393:8 396:23 397:2,20,22 397:25 398:1,4,15 398:15,17 399:1 402:17,21 404:20 405:16,17,23 407:11 407:12,13,14,17,24 408:8 410:2 416:9 416:16 417:1,2,14 417:21,23 418:8 419:20 420:5 422:2 422:21 423:6,7,8,10 423:15 424:10,14,21 424:23 425:1,6,7,8 425:20,22,25 426:4 426:7,8 427:7,20 428:24 429:23 430:12 431:7 432:17 433:15,20 434:10,13 435:25 436:7 437:1 437:10 438:8 439:9 439:16 440:7 445:20 447:1 448:13,13 449:22 450:8 457:14 457:18,20 458:13 460:11 462:16 463:5 463:9,12,15,16,25 464:7,12,15 465:8 466:4,9,12,20 467:1 467:14,19,20,23 469:23,24 470:11,12 471:17,25 472:24 473:6,17,23,25 474:4,5,6,10,17,20 475:1,2,8 478:7,16</p> |
|---|---|--|---|---|

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 610

| | | | | |
|--|--|---|---|--|
| 479:8 480:2,18,21 483:14,20 485:7,9 485:10 486:22,25 487:5,11,15,16,20 488:4,7,24 489:5,14 489:18,22 490:11,25 491:3,5,5,10,14,16 492:1,7,16,21,25 493:6,8,18,20,23 494:2,5,9,13,19 495:4,15,17,18,23 496:4,9,13 497:10 497:18,19 498:13 500:4 501:5,15,22 501:25 504:7,9 505:9,12 507:14 510:17,20,24 511:19 514:3,20 515:12 516:11 517:21 518:3 518:6,7,8,21 519:6 520:24 521:1,6,7,10 522:6,18,22,23 523:1,18 525:6 529:14,19 531:15 534:6,12 536:1,10 537:7,11 538:17 540:10,13,17,19 541:6,15,22 542:12 542:24 543:1,2,4,10 543:13,18,20,25 544:7,20 547:14,24 548:8,12 549:5,22 550:1,4 552:7,9 553:1 555:19 556:1 556:2,4,13,15,20 557:2,3,7,7 558:22 559:10,11 560:7,11 561:18 562:10 563:19 566:1,5 569:16 570:2,6 574:17,20 576:23 577:13 582:18 592:18 595:7 596:15 596:20,21 597:2,3,3 597:7,15,17,19 603:15 assign 490:13 548:10 574:17 assigned 424:24 425:19 554:19 assignment 597:7 assignments 495:11 assist 384:3 448:18 509:17 assistance 343:2,3 348:22 assisted 342:14 | assisting 350:9 associated 356:10 358:18 373:8 378:12 405:7 425:15 435:5 456:5,7 490:6 492:13 544:2 548:21 549:10 555:19 593:21 assume 456:22 486:19 514:19 549:17 550:18 582:24 595:17 assumed 542:25 559:11 563:11 574:22 576:13 assumes 546:18 assuming 346:2 441:3 assumption 367:5 377:3 465:7 478:17 534:20 536:7 549:8 550:2,14 573:18 576:17 578:15 assumptions 351:6 353:6 385:10,13 429:21 430:22 431:3 447:4 461:10 462:3 482:24 548:16,17,20 550:17 568:9,16 572:15 attached 601:16 attempt 587:11 attention 338:7 503:5 503:19 519:10 542:19 attribute 426:13 auction 385:22 498:6 auctioneers 385:23 auctions 501:20,21 audio 338:1 auditors 345:12 August 459:13,21,25 460:4 461:12 487:6 488:20,21 489:9 492:6 495:2 523:6 523:11 authoring 351:18 automobile 591:7,16 591:18 automotive 390:25 391:8,10 411:6 565:18 576:18 584:7 available 371:14,18 372:7 409:25 410:3 410:6 468:17 Avenue 331:8 332:21 average 397:11,12,14 397:20,21 398:8,12 | 398:22 399:4,8 400:1,6 401:8,15,19 401:23 405:16,17 406:25 407:3,7,9,9 407:12,12,13,13,25 408:1,8,21,23 410:9 410:22 415:9,19 416:2,4,7,20,25 417:2,4,7,10,11,12 417:13,22 418:14,21 averaged 402:12 avoid 560:4 Avoidance 330:9 331:3 334:18,21,23 336:1 511:16 aware 352:16 354:8 462:17 486:8 511:15 511:20 awareness 556:19 AZ 452:10 B B 331:6 446:22 454:13 504:13 509:13 BA 463:23 529:10 545:4 back 346:4 389:19,25 390:21 420:4 424:20 425:9,16 449:6 450:12 457:24 462:21 470:20 489:8 491:13,20 505:7 511:19 512:10 513:13 515:1 521:2 524:21 526:3,7,17 526:19 532:2 534:4 545:20 552:13,15,19 552:22 560:14 561:10 563:12,14 587:22 590:13 593:6 593:10,24 594:15 background 563:18 balance 556:1 Bank 330:13 334:5 335:3,5,7,9 485:1 bankruptcy 330:1 482:22 516:2 base 397:14 434:12 549:21 574:7 based 356:14 371:20 373:22 392:24 396:18 400:14 405:2 414:9 424:17 430:13 430:23 431:1 433:3 444:9 450:21 452:5 455:15 457:15 461:8 464:8 465:11 466:20 | 466:25 467:5 468:16 479:16,17 487:24 488:2 490:5 495:3 495:14 503:16,24,24 505:8 506:17,19,22 509:18 510:7 517:23 518:4 519:3 520:11 520:16,18 525:4 530:5 534:8,13 536:11 538:24 539:10 540:20 544:16 545:17 546:17,25 547:7 550:2 554:17 557:16 559:1,3,18,25 562:2 563:8 570:9 573:5 573:11,20 576:20 584:9,25 587:17 588:13,24,25 591:11 596:8 baseline 372:17 373:3 377:21 434:12 534:20 546:16 basic 565:7 basically 413:25 539:17,25 basics 565:2 basis 349:22 365:5 367:16,21 372:10 374:3,8,10 382:7 383:3 408:10,15 463:6,10,23 466:2 467:2,16,21 471:21 490:9 494:19,20 522:24 525:20,25,25 529:11,15,19,23 530:10 534:7 541:11 541:18,20 542:5,7,9 542:12 544:4,10,23 546:8 557:16 558:21 568:23 569:6 571:24 572:2,3,6 584:17 Basso 342:10,12,13 342:17,22 Bates 350:19 395:4 411:22 428:14 439:25 457:9 459:10 459:16,18,22 460:1 586:13 BB 452:25 453:1,1 464:10 535:25 545:4 BB-2 553:6,12,14,23 553:23 554:11 592:21 BC 452:25 453:1,7 BD 452:17,17 453:12 bear 594:20 | bearing 448:8 becoming 576:19 began 357:19 491:22 beginning 446:17 489:12 517:18 begins 334:2 385:16 397:10 570:22 behalf 331:3,15 332:1 332:9 334:18,21,23 334:25 335:2,5,7,9 335:11,14 505:20 believe 336:2 340:2 341:18 346:24 347:15 349:1,23 352:17 353:2 359:23 374:20 383:1 384:14 385:4 387:10 388:18 390:2,5 398:23,24 403:24 406:10,15 412:25 413:7 414:15 415:21 428:2 430:15 433:15 434:3,24 435:1 436:5 440:17 443:21 446:23 449:17 450:1 451:2 451:8,15,18 452:3,7 452:10,15,15,17,20 453:5,8,12,21 454:5 455:7 477:6 478:25 484:5 486:6,25 490:22,22 491:2 494:1 496:21 505:3 507:7 512:8 514:2 514:12 524:13 533:9 534:3 535:18 546:17 546:18 549:14 558:9 562:13 569:5 570:11 571:25 580:4 585:21 586:5 587:19 590:12 Ben 335:6 benchmark 557:21 574:11 benchmarking 532:24 538:12 558:19 559:17 560:12 570:5 573:9 575:14 benchmarks 560:2,5 BENJAMIN 331:18 Bessler 332:19 335:8 335:8 best 354:23 361:11,15 361:19 363:15 377:20 410:6 465:24 483:18,21 484:1,12 494:2 571:18 573:11 591:17,23 595:5 better 375:16 468:17 |
|--|--|---|---|--|

US Bankruptcy Court - New York
MLC v. JPMorgan Chase BankFINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 611

| | | | | |
|---|--|--|--|---|
| 489:25 523:11 571:12 576:1 beyond 363:16 364:2 371:2 501:17 502:3 528:15 546:23 574:23 577:13 590:18 BG 443:14 BG120163301 520:1 bifurcate 427:20 big 391:9 442:8 520:17 552:23 Binder 330:21,21 331:4,7 333:9,11 334:17,17,17,20 335:18,22 336:8 337:11,16,23 338:3 375:15,18 378:16,24 379:11 380:4 393:24 400:21 414:19,22 415:1 418:2 422:5 423:24 424:9 425:3 436:3,9 438:12 439:18 441:1,7,9,23 442:4,12,16,23 446:2,5 456:19 457:6,18,22,23 459:7 460:18,21 471:5 477:23 479:21 483:1,11 484:15 485:2 486:23 492:6 496:7 499:2,4,18 502:21 506:13 507:2 509:16 512:6,14,17 513:6 520:21 521:15 522:19 532:9 540:25 544:15,21,24 551:13 551:23 552:2,10 564:2,14 583:18 584:12,23 589:4 597:1 598:15 binders 585:25 bit 356:2 378:2 383:2 383:9 430:7 432:22 461:14 508:3 525:10 547:13 554:2 560:6 568:19 573:17 575:3 BK 452:17 453:12 454:12 BL 453:15 454:12 blank 448:7 453:23 533:20 blanks 506:14,25 507:3 blood 599:15 BM 453:18 454:4,12 454:13 514:15 | BN 453:24 454:12,13 BO 431:15 432:4 434:2 453:24 454:12 454:13,17 455:8 515:19 body 420:15 423:18 book 346:20 447:14 450:10,16 455:13,16 532:23 542:11,13,15 542:22,25 543:5,15 543:17,22 557:19,25 560:19 561:1,1,4,8 563:13 582:13,15,23 booked 402:5 404:23 549:5 books 355:16 485:22 542:24 bottom 429:10,13 487:10 497:24 520:14 562:21 571:14 586:11,24 587:15 Bower 332:10 335:10 335:10 338:21 342:8 342:18 348:16 350:2 353:23 354:1 355:6 368:7 373:10 375:13 375:16 380:8 395:21 396:16 398:6 400:20 400:23 401:12 414:1 417:25 424:7 445:21 446:3 460:16 462:1 471:4 476:15 477:20 477:24 479:20 483:4 489:2 492:3,8 495:6 499:3,19 503:14 510:4 512:12 514:11 515:7 519:12,16,20 537:8 562:22 579:17 592:5 596:18,25 Box 600:21 BP 453:24 454:19,23 454:24 BQ 455:2 BR 431:14 434:2,22,24 435:23 453:24 454:5 455:6 brand-new 398:15 409:17 551:1 578:16 brands 579:13 break 378:17,20 423:25 424:3 441:10 442:13,21 457:2 483:7 484:18 500:19 527:2,6 564:8 575:3 580:11 breakdown 403:22,24 | 404:7 breaks 579:7 brief 335:17 337:22 544:7 578:5 589:5 briefly 524:3 565:24 bring 538:5 broad 530:2 broaden 371:23 520:25 brokered 405:8 brought 383:8 391:24 391:25 586:1 BS 455:9,9 456:10 BT 455:17 BU 454:22 455:23,25 build 526:15 584:16 building 369:17 525:16 547:24 548:15,17 582:9 588:14 buildings 523:23 524:11,23 525:7,15 562:11,15,18 563:2 563:6 583:16 buildup 588:12 built 443:4 585:2 bulk 501:13 bullet 383:21 Burke 332:3 334:24,24 337:25 338:2 business 352:23 367:3,9 386:8 559:10 buy 425:25 buyer 423:19 557:10 584:11 BV 434:18,22 435:1,4 454:7 456:2 BW 456:9 BX 456:15 | 444:21 446:21 447:15,18 448:21 451:11 452:5 453:25 455:15 456:10 458:6 458:10,11 470:11 494:17 530:14 534:18 535:1 595:9 calculations 340:12 340:14 354:16 365:24 430:23,25 443:9,12 444:8 452:11 454:15 540:14 543:9 586:2 California 332:5 call 354:22 355:9 366:2 371:10 377:7 378:14 404:19 419:1 492:9 496:11 539:21 555:9 568:19 576:9 587:6 588:12 called 346:25 348:1 365:22 369:25 371:11,21 433:10 455:10 474:14 496:10 507:11 513:17 543:24 546:17 570:4 calls 387:11 388:2 522:17 capabilities 559:21 capability 366:1 capacity 330:10 530:13,16 531:4,15 531:18,21 532:6,25 533:15,19,21,25 534:9 535:4 545:15 545:21,23 547:3,8 559:25 570:12 572:10,17 574:11 capital 492:19 548:4 549:2,23,25 553:1 561:23 592:17 capitalization 548:5 549:13 capitalize 550:8 capitalized 547:15,23 548:14,18 549:6,18 593:9 caption 512:7 capture 393:13 476:12 captured 435:19 carried 542:21 543:14 carry 455:7 542:4 549:8 carrying 355:15 carryover 470:15 carve-out 474:9 | case 330:7 336:16 338:6 410:4 417:17 434:1 464:14 470:25 477:15 516:2 526:22 539:23 540:7 542:18 cases 364:16 424:21 425:21 426:2,6 567:13 568:16 576:22 593:17 cash 365:25 378:11 569:4,7 categories 383:22 384:2,20,25 385:10 387:7 388:21 389:8 389:9 404:2,4,6 433:16 470:7 486:22 487:25 501:16 504:23 505:9 508:4 509:20 547:22,23 548:1 556:20 582:11 582:18 categorization 472:5 category 357:3 385:2 385:8 386:19 398:24 403:25 405:2 408:14 409:5,10,19 419:15 419:21 432:24 433:7 444:10 452:21 454:17 470:1 493:14 493:17 495:25 501:9 502:12 505:11 508:22 509:1,5,6,10 510:17,23 511:5 514:23 515:12 523:2 523:20 525:8 528:17 538:25 548:12 593:18 cause 536:14 caution 338:21 342:18 495:7 Celentino 331:17 335:4,4 509:12 513:1 Center 369:17 certain 332:1 342:23 352:2 355:7,10,11 356:5 358:2,17,18 361:24 362:8 368:19 378:1 389:12 404:5 423:8 425:21,21 426:2 434:10 435:25 445:11 453:20 456:6 460:11 468:13 473:4 478:15 486:2,18 507:23 511:18 527:15 528:9,13 536:19 538:17 541:2 |
|---|--|--|--|---|

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 612

| | | | | |
|---|---|--|--|--|
| <p>541:6 542:22 544:7 546:21 549:21 567:13 certainly 403:3 404:14 499:6 556:18 594:21 597:19 Certification 333:15 599:1 certifications 337:6 certified 589:17 599:5 certify 599:7,14 601:11 chance 352:10 chances 554:15 change 358:1,8 435:9 478:14 508:24 602:1 changed 336:19 changeover 541:4 changes 336:15 461:23 468:15 475:5 476:7,10 480:17,20 482:24 601:15 605:25 606:5 Chapter 330:6 character 588:13 characteristics 588:14 591:12 characterization 472:10 506:2 characterize 473:2 511:3 584:13 charge 381:18 382:10 chart 432:22 437:11 charts 469:12 Chase 330:13 331:15 334:5 335:3,5,7,9 485:1 check 441:3 453:16 choose 548:23 chose 417:10 465:9 550:8 596:10 CIP 555:10,10 556:13 circumstance 425:10 circumstances 596:8 596:14,14 598:12 clarification 434:6 clarified 500:19 clarify 365:1 424:8 440:23 468:8 486:14 588:6 clarity 354:2 class 418:10 429:22 430:3,20 433:3,25 447:2,5,8 449:11 450:22 455:21 494:16 553:3 classes 404:19 429:8</p> | <p>classification 430:24 469:15 606:16 classifications 404:20 469:6 581:21 582:7 582:8,12 classified 547:15 553:1 classify 500:9 Classing 448:16 clear 356:16 415:2 480:22 497:13 503:2 505:17 509:8 512:4 clearly 520:23 585:1 Client 429:14 447:2 clients 526:20 close 392:3,6,11 399:20 408:5,18 409:2 411:12 423:8 424:19 483:1 580:5 closed 362:9,14 391:20,23,25 392:13 528:10 530:8 532:3 587:7,10 closely 376:6,15 closer 338:15 382:12 407:20 closes 392:10 CLR 332:24 code 504:22 505:13 506:6 codes 505:16 collect 349:20 568:4 collecting 568:2 collection 477:14 column 418:23 419:2 419:2,7,8,12,14,17 419:18,24,25 420:1 421:15 431:10 432:2 433:23,24 434:15 435:4 440:17 441:2 445:17 446:9,19,22 446:23 447:2,14,19 448:6,16,17 449:8,9 449:11,17,18 450:1 450:15,15,18 451:2 451:5,6,7,10,15,16 451:19,20,22,23,25 452:2,3,5,7,14 453:8 453:15,16,17,18 454:7,19 455:2,6,8,9 455:9,17,19,23,25 456:2,9,10,15 458:1 463:23 464:10 503:6 503:19,20,20 504:13 506:5,7,8 508:5,7,7 508:9,10 509:12,13 514:4,7,15 515:19</p> | <p>529:10 533:2,4 535:10,25 536:1 537:19 538:3,7,9,11 538:19,23 539:3,7,9 539:16 540:4 553:3 553:3 columns 405:11,12 418:23 430:14,18 434:22 440:21,25 442:25 443:13 444:23 445:1,6,8,16 446:4,8 448:9,20,23 449:9 450:4,13 451:6 452:9,17,20 453:24,25 454:5,10 456:1 458:1 475:25 476:15,16 510:9 513:21 533:13 535:13 545:4,5 combination 370:21 come 345:13 355:1 360:19 366:3 384:24 428:13 433:18 474:24 489:8 491:13 492:22 494:11,17 495:24 501:20 505:8 514:23 561:10,18 570:5 577:11 comes 436:15 526:23 comfort 397:24 398:14,17 399:9 comfortable 404:3 405:14 411:13 497:8 coming 351:7 362:2 450:20 513:25 532:2 552:13 576:16 comment 424:12 commission 421:10 421:24 425:14 commissioned 555:20 commissioning 557:3 commissions 421:4 common 421:25 communicate 382:6 communicated 369:12 communicating 382:1 communications 338:24 companies 579:6 company 330:4,9,10 334:5 345:10 346:9 356:6 357:17 358:21 384:23 411:7 430:20 448:10 453:7 512:7 556:3 585:10 586:17 comparable 397:18</p> | <p>403:10 405:15,15 410:13,24 517:23 518:2,10 519:2 520:8,12 521:6 522:17,21 523:5 525:12,13 587:6,7,8 587:12 597:20 comparables 371:2 598:6 comparative 409:3 compare 413:13 455:13 572:21 compared 390:9 397:11,21 402:5,7 411:10 417:22 428:1 498:13 591:17 compares 365:14 586:25 comparing 398:15,22 comparison 365:6 397:24 399:14,16 401:8 402:3 405:13 408:9 410:5 525:21 526:10,24 573:10 587:4 588:17 comparisons 469:12 competitive 576:19 complete 436:7 475:2 completed 463:24 468:12 488:11 552:9 completeness 556:4 completion 480:10 complex 515:6 component 495:16 565:8 components 580:20 580:23 computer 412:12 concept 375:12 376:18 384:16 443:22 472:7 507:10 507:14 567:5 568:13 589:7 concepts 392:5 conceptual 488:16 conceptually 490:4 concern 366:21,25 367:3,16,21 368:2 368:24 443:23 467:2 470:16 483:15 484:1 484:2,11,13 494:19 544:9 568:23 concerning 400:6 401:8 conclude 363:12 410:9 concluded 364:17</p> | <p>366:12 392:17 398:2 404:1 408:16 464:8 465:12 483:25 529:11,15,19,24 534:7 538:21 541:12 541:18 542:7,9,12 544:4,23 579:15,19 587:15 588:23 598:21 concludes 598:19 Concluding 598:8 conclusion 363:13 371:15,20 373:14 393:21 409:2 444:11 445:13 447:21 449:25 455:16 462:4 526:17 588:20 593:1 conclusions 340:7 391:15 524:19 condition 518:13 539:6 554:23 conditions 394:3 401:11 423:11 conducted 340:10 399:22 400:1,16 401:4 505:20 570:3 conference 387:11 388:1 confidential 330:24 495:8 497:2 confirm 478:17 confirmed 399:23 403:8,13,15 connection 348:10 351:15 362:21 378:4 420:21 460:7 465:21 466:3,9 467:13 470:16 471:25 477:14 483:12 484:9 485:12 564:19 consider 370:14 371:7 409:16 416:13 474:18 480:19,20 573:15 580:16 597:16 considerable 479:25 480:1 consideration 361:24 365:22,25 384:20 398:25 409:22 411:13 417:14 456:5 considerations 409:8 411:4 considered 370:19,22 373:1,12 378:8 388:22 389:10 390:1 458:5 465:24 471:22</p> |
|---|---|--|--|--|

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 613

| | | | | |
|---|---|--|--|--|
| 480:17 481:15 487:18,22 500:7 517:20 521:7 575:21 588:19 considering 377:19 487:20 530:4 consisted 503:12 consistency 453:16 consistent 354:24 384:6 385:13 403:14 403:16 472:5 491:19 496:3 498:19 514:2 536:9 571:21 572:11 573:14 consisting 566:17 consolidated 474:25 505:6 constitutes 589:22 constraints 561:23 construct 584:19 constructed 525:20 construction 555:5 556:13 557:14 558:15 560:1 566:20 578:17 consultation 362:17 362:20 consulted 362:16 366:9 Cont 604:1 605:1 606:1 contact 396:18 568:6 contacts 369:24,24 394:16 contain 430:19 457:13 457:16 475:25 contained 359:5 440:8 570:1 contains 440:6 462:3 content 476:25 contents 333:1 352:4 context 345:10 346:11 346:17 489:17 497:4 507:16 519:8 continue 337:25 356:7 364:8 481:10 494:23 533:8 continued 364:13 368:14 443:7,11 452:18 453:13 487:19 490:5 493:7 549:22 continues 524:19 contradict 410:1 contrary 486:20 controller 418:17 537:4 | convention 505:4,4 conversation 362:23 363:3 400:12 conversations 342:17 342:19 357:13 386:24 388:4 392:25 393:7,17 394:4,11 394:12,22 396:14 403:7 425:22 conversions 450:9 converted 450:6,6 conveyer 537:17 conveyor 409:17,19 410:10,22,24 411:16 411:17 537:14 545:2 545:3 conveyors 408:21 409:13 410:16,17,17 411:5,5,6,10,14 coordinating 348:2 349:20 copies 379:11 copy 330:24 337:20 375:20 379:13 395:9 581:10 600:8,11,15 Corporation 459:11 459:20,24 460:3,12 460:14 487:7 604:23 605:5,8,12 correct 337:2,5 350:1 352:11,18 353:19 355:20,21 359:22,23 360:3,14,15,24 361:8,12,13 362:17 364:9,10,15,18,19 364:24 366:14,16,19 366:20 367:12,17 368:8,22 369:1,4 370:8,9 372:9 373:17 374:14,16,19 374:20 375:12,14 379:1,2,20 380:2,3 380:21 381:3,10,11 381:14 383:7,19,20 385:3 387:19 389:1 389:2,7 392:14,15 393:2 398:7 400:22 402:18,23 405:23 406:6,9,10 407:15 407:19,22 408:3,12 408:19 411:18 413:7 414:15 417:2,3,8 422:18 423:23 426:20 427:24 431:8 431:24 432:5,7 434:3,21 437:23 439:2,3,16,17 440:4 | 440:9 443:20,24 448:4 449:15 464:23 465:25 466:6 467:2 467:3,8,9,16,17,24 468:1 469:13 470:14 470:18 471:20 472:9 472:11,12 474:1,2 478:24 479:6,13 480:15 481:4 483:15 483:16,19,22,23 484:4,9,10,14 485:13,14,18 486:11 487:2,3 488:9,25 489:1 491:11 493:15 499:1,14 500:15 503:15 504:3 505:24 505:25 506:3,4 510:22 511:2,2 514:8 515:4,13,20 516:22 518:23 519:8 519:9 523:16,20,21 523:24,25 531:17 533:9 540:8 544:11 544:14 545:18 547:12 556:10 560:21 564:20 565:23 568:24 578:4 583:22 584:1,2 586:3,4 589:18,23 590:5,10,25 591:5 591:18 592:3,14,21 592:22 593:11,12 595:2,7,8,10,11,14 595:15 596:5,6,9,19 596:24 597:5,9,11 597:17 598:11 601:13 corrections 601:15 correctly 406:17 437:3 500:20 546:20 547:22 585:24 corresponding 433:25 corresponds 429:3 cost 368:25 370:15,21 371:7,11,16,21,22 372:4,8,12,16,21,23 373:1,7,8,11,12,15 373:23 374:7,14,18 374:18 375:1,9 376:2,5,12,13,13,22 378:25 379:15,16,19 379:23,25 380:15,20 380:21 381:10 400:9 401:15,23 402:5,7 402:16,20 403:9 404:2,22,23,25 405:1,4,9 406:3 | 413:20 416:14,18 417:18,20 418:25 419:3,4,4,6,7,16,18 419:20 420:24 421:3 421:9 425:15 428:1 428:1,4 432:23,25 433:2,9 434:25 447:7,10,12 450:4 450:24,25 451:4 454:16 458:12,15 468:11 490:10 491:9 492:11,24 493:3,6 496:23 511:12,14 514:9,21 517:10,25 522:3,7 530:4 532:22,24 535:11 538:6,8,10,15,17,20 538:21 539:7 543:2 543:23 557:20,21,24 558:19 559:18,19 560:1,5,8 561:3,8 563:11 569:10,16,20 569:23 570:4,6,7,18 570:23,25 573:5,6,7 573:10,12 575:9 576:2,13 577:4 582:13,14,23 583:15 583:20 584:17 588:12,14,15,18 596:10 598:5 cost-based 569:10 573:3 costs 372:11 373:5,22 374:9 487:22,22,24 488:1 492:13 493:1 493:24 495:16,19,19 562:6 575:16,19 576:16 counsel 334:14 338:24 457:7 600:4 600:10 count 503:15,18 506:19 510:19 counted 474:5,6 counting 560:4 COUNTY 599:4 couple 369:14 407:24 409:8,8 412:15 485:8 486:22 518:15 521:23 554:6 594:18 course 348:23 350:12 352:23 358:1 386:8 388:3 475:4,9 549:24 court 330:1 334:12,15 337:15 380:8,10 442:19 511:23 516:2 | 530:24 cover 443:6 485:3 512:5 524:13 585:9 covered 339:8 485:2 504:5 525:14 594:19 covering 520:25 529:7 covers 524:14 crane 406:1,3,4 410:12,14 cranes 385:2,3,6,7 410:15 created 413:1 529:4 552:24 creating 448:18 credence 543:12 CRF-714 599:25 Crismyer's 382:13 Crismyre 351:12,22 381:16,17 382:6,15 382:18,24 394:5 531:3 603:9 606:20 CRN 375:2,10 376:4 CS-11 513:19 CSR 332:24 599:22 currency 429:9 449:20 450:3,9,9 current 376:5,13 379:16 391:7,8 401:10 541:24,24 542:4,15 575:16,16 576:22 currently 592:10 curves 487:17 490:20 570:9 custom 565:11 cut 421:4 441:21 445:22 CWIP 555:9,9,12,13 555:15,16,23 556:1 556:4,8,11,13,15,24 557:9,15,18,22,23 558:4,7 560:6,7,18 560:19,22 561:3,5 561:14,16 562:10,15 563:6,19 567:5 576:9 579:23 cycled 541:6 |
|---|---|--|--|--|

D

D 396:3 447:2 553:3
D-r-o-u-i-l-l-a-r-d
396:3
D.C 332:13
daily 369:13 382:7
Danly 520:4
Darryl 332:25 334:11
Dashboard 563:20

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 614

| | | | | |
|--|---|---|--|--|
| <p>data 349:20 358:6 371:14,18 372:6 385:22 386:14,18,21 387:3,12 388:5,7,9 388:16 389:19,22,25 390:20,21,23 391:3 391:14,16,18 397:5 398:3,13 400:14 402:9,10 412:2 413:6 414:10 420:1 422:12 426:22 427:23 429:4,14 431:25 432:15 437:3 437:22 438:3 440:25 441:5 444:6 452:24 456:18 467:25 498:6 499:9 500:25 503:12 510:16 523:2 532:10 534:17 568:3 572:5 572:6 578:13 593:15 594:10 databases 518:7 date 334:6 339:10,12 356:12 360:23 362:1 362:5,7,9 365:20 367:7 368:5 372:14 373:22,24 374:6 390:7,24 391:3,6,21 392:3,6,11 397:6 403:12 405:4 406:8 406:11,13 419:6,10 419:11 423:12 429:15 430:20,25 433:2 444:10 447:6 447:9,11 449:19 450:7 451:1,11,12 459:12,20,25 460:3 470:25 478:22 479:3 479:11,17 480:3,5,6 480:18,23,25 481:19 481:23 482:2,5,10 482:14,19 514:10 523:12 530:18 538:2 538:6 542:16 554:21 555:18 556:2 557:25 559:13 560:8 566:23 566:25 573:13 576:3 578:9 579:13 599:23 601:19 dated 350:21 459:12 461:11 487:6 513:9 513:9 531:2 dates 390:18 409:7 448:24 461:8,13 503:16 David 512:5 606:11 day 332:3 334:10,24</p> | <p>335:24,25 382:5,5 392:8 406:16 546:19 601:22 605:18 day-to-day 349:16,17 382:2 383:3 571:20 days 546:19 578:14,17 600:9 deal 473:6 Debtors 330:4 decide 366:7 408:8 deciding 393:12 decimal 435:10,21 decision 473:21 479:15,17 482:13,14 decision-making 393:22 decisions 357:20 Declaration 513:11 deduce 553:13 deducted 421:8 deduction 490:7 deductions 561:12,14 deemed 518:9 DEFENDANT 331:15 Defendants 330:17 defer 564:10 define 497:8 defined 360:20 374:15 375:2 497:9 566:25 definitely 563:25 588:9 definition 360:25 376:7,10,11 379:19 380:19 560:22 deflationary 575:25 576:15 degree 591:8 deliverable 340:5 348:3 403:6 461:17 477:2 526:2 delivered 352:25 delivery 351:23 Delta 356:20,22,23 463:25 464:21 demand 546:22 573:25 584:15,20 denominator 402:15 402:19 deponent 332:9 599:13 601:9 deposition 330:19 334:3,8 337:13,21 338:6,20 339:16,18 339:22 342:7 345:3 345:17,24 375:1 395:8 463:2 470:20 471:6 598:20,21</p> | <p>599:8,10 603:4 depreciated 561:3 depreciation 451:21 451:22 452:11 458:2 458:5,9,12,17 469:21,23 470:6,7 487:17 490:20,24 491:4 496:16 535:11 543:2,23 554:18 570:8,9 573:16,16 573:19 574:4,9 derive 373:6 410:12 495:12 derived 486:1,5 501:24 513:23 describe 345:25 353:21 393:25 414:14 430:8 445:4 474:3 488:6 489:12 524:10 525:5 555:14 described 330:14 339:3 353:17 372:23 373:16 380:2,24 393:14 417:5 473:16 491:23 531:22 describes 522:3 531:14 describing 340:4 357:4,7 467:12 description 380:25 420:16 446:25 471:18 488:23 489:4 489:25 520:3 521:20 531:20 537:17 553:21 593:19 descriptions 593:16 593:17 designations 507:7 553:15 designed 566:1,9 584:16 592:9 desired 565:9 detail 405:22 416:24 417:6 430:9 436:18 437:20 439:4 446:7 507:5 516:4 526:19 526:21,25 551:10 detailed 502:11 520:24 521:19 543:3 details 340:6 341:3 430:1 438:7 440:1 475:25 513:14 535:24 542:24 570:1 577:24 605:22 deteriorated 391:1 deterioration 393:14 determination 361:15</p> | <p>371:19 393:16 394:2 399:2 408:6 445:19 589:21 determine 357:9 360:13 362:15 364:21 366:10 376:22 414:9 433:6 436:25 466:8 519:3 548:22 549:3 591:14 595:14 596:5,7 determined 360:13 361:11 390:1 397:13 437:9 439:16 484:3 517:11,23 557:18 595:10 determining 362:21 408:4 431:6 479:14 develop 354:25 390:23 developed 357:13 361:18 developing 357:16 386:18 413:5 517:18 development 377:12 385:17 dies 566:17 difference 399:4 415:20 419:10 469:17 545:8 574:15 578:12 differences 404:1 489:15 518:12 572:25 different 340:2 347:1 374:7 387:8 399:12 409:19 417:6 429:21 433:16,17,17 441:13 452:19 461:2 466:22 468:10 472:6 474:13 488:14 493:18,19 504:18 520:8,19 523:22 525:10 540:13,14 547:24 570:9 573:17 579:7 597:8,9,23 differentiation 491:4 difficult 448:25 461:14 534:15 553:25 588:25 591:15 diligence 502:4 diminish 490:16 diminishment 490:8 493:2 574:4 direct 342:22 503:5,19 512:4 517:21 518:2 518:17 519:2 532:23 533:2 545:22 557:20</p> | <p>557:24 558:19 559:17 560:1,5,12 570:25 606:11 directed 365:9 directly 348:20 382:5 447:15 575:12 director 381:18 382:10 disclose 342:19 discovery 339:2 343:1 discrete 341:11 455:21 458:11 520:24 597:7 discuss 441:9 442:20 549:19 559:18 discussed 385:16 400:11 403:4 457:11 461:7 473:23 538:13 541:21 567:5 595:6 discussing 344:25 357:22 363:4 378:25 401:9 592:20 discussion 335:21 342:10 383:14 415:23 422:4 482:2 482:4,6,10 529:1 551:7 552:21 592:17 594:17 discussions 357:14 361:17 384:23 399:22,24 400:2,16 401:4,18 492:17 495:21 527:23 528:12 540:20 557:17 559:1,24 561:21 570:3 573:21 576:14 displayed 540:11 disposal 386:15 387:8 394:13 395:25 396:10,15 405:5,14 413:21 419:24 420:8 420:16 421:2,3 422:7,15,16,21 503:16 504:22 505:13,16 506:6 508:9,12,14,16,19 508:21 509:2,21 511:11 disposed 390:11 396:23 406:24 407:11,17,25 408:22 418:9 467:14,19 498:15 504:8,10 disposition 385:24 403:11 527:14,17,20 547:5</p> |
|--|---|---|--|--|

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 615

| | | | | |
|--|---|---|---|---|
| dispositions 397:12 499:16,22 500:21 501:8,12 502:10 503:13,22 504:2 dispute 477:12 499:25 distinction 356:2 357:1 470:13 distribute 600:11 distributed 601:4 DISTRICT 330:1 divide 416:17 417:1 419:17 divided 405:9 511:11 511:12 division 511:7 document 341:8,10,13 341:22 342:1,3 343:23 344:6 345:18 350:19,25 351:4,6 353:8 368:11 374:17 375:7,17,19 380:7 395:11,14 407:5 411:22,25 412:3,17 412:20 413:13 414:8 414:12,19 418:20 429:2,5,16,24 432:9 433:22 436:15,22 437:21 438:16,17,18 439:7 440:8 441:21 442:2 459:15,22 465:19 475:23 476:6 476:9,23 477:3,18 478:5,6 502:17,19 512:3,18 519:11,13 519:22 520:17 521:25 531:10 533:15 544:16 552:11 563:17 564:5 568:1 571:8 581:15 581:19 583:9 585:9 585:13,16,24 586:15 588:5 documented 353:6 documenting 461:10 documents 339:2 343:6 407:2 412:4 413:1 428:11,18,23 440:4,14 457:8,12 459:8 460:6,25 461:3,5 475:22 477:9,14 478:7 505:7 doing 346:20 370:14 374:1,2 382:21 399:7 437:5 444:18 470:4 494:15 525:21 597:20,22,24 598:4 | dollar 416:11 dollars 420:11 449:23 449:25 450:7 511:13 540:7 554:7 573:13 domestic 449:22 450:8 dot 504:24 double 560:4 doubt 397:6 593:20 download 442:17 downward 367:22 523:9 542:3 574:12 575:21,22 577:2 Doyle 349:9 Doyle's 349:13 dozen 340:22 369:20 369:20,21 387:6,6 draft 461:1,9 drafts 460:25 461:13 461:15,16 draw 338:7 391:14 542:19 593:1 drill 501:1 drive 385:10 430:21 431:3 442:18 482:17 526:23 569:4 driven 371:15,17 576:18 597:12 driving 454:6 dropped 444:7 Drouillard 396:3,6 drove 447:3 due 502:4 569:15 593:14 duly 336:5 599:9 DUNS 448:9 582:5 duration 362:11 DX-0141-0001 606:9 DX-141 374:25 375:25 463:1 dynamics 391:7 | early 347:20 556:25 573:24 easier 493:23 554:2 593:6 easy 342:4 ebower@willkie.com 332:15 eburke@jonesday.c... 332:7 economic 336:23 458:18 487:18 496:6 496:12 543:19 558:1 561:13,25 economics 559:3,9 Edition 603:16 effect 399:1 426:17 536:18 537:21 effective 372:14 373:24 390:7,24 405:4 406:8 419:10 423:12 447:11 451:1 451:7,8,11,17 514:10 556:2 578:9 effectively 380:22 555:17 efficient 485:4 571:5 effort 591:25 593:22 either 356:11 358:3 406:15 409:25 425:6 465:10 480:6 495:15 528:3 536:12 541:25 546:23 548:6 549:6 552:14 566:18 567:7 575:16 587:7 590:5 590:20 elaborate 393:20 493:16 550:5 569:20 electrical 493:21 electronic 442:7 600:11 electronically 601:4 electronics 550:25 Elizabeth 332:10 335:10 EMAIL 600:15,17 embedded 594:7 Emil 331:16 335:1 484:25 492:3 587:22 employ 473:3 596:4 employed 336:17 383:14 494:8 employing 598:5 empty 476:3 ended 347:14 479:17 482:12,16,19 485:22 485:24 486:4,10,16 515:16 527:25 528:2 | 588:22 ends 383:25 539:19 547:11 engaged 354:13,18 engagement 348:23 350:12 357:20 381:23 engineering 358:19 359:15 360:4 492:14 492:18 493:5,19 538:13 557:1 560:3 573:11 engineers 495:21 559:19 enhancements 565:6 enhancing 553:18 entailed 346:1 entered 557:4 entire 357:2 381:4 423:5 432:9,13 433:22 441:12 442:14 467:6 473:21 538:14,14 559:20 entirety 415:4 505:1 552:14 entities 542:21,22 entries 582:25 entry 396:10 EOP 566:25 epsilon 420:16 423:18 equal 372:10 373:3 374:3,8 382:18 531:24 557:18 559:12 563:11 576:13 equally 473:11 equals 536:21 equates 546:12,13 equipment 347:25 348:6,7 349:15 353:13 360:2,5 365:4 379:7 383:25 383:25 411:11 413:17 469:19 470:2 510:15 511:10 517:24 518:13 519:4 523:10 547:25 548:18,20 552:6,8 556:6 565:4,7 568:18 570:16 574:7 603:13 606:24 607:5 Erin 332:3 334:24 errata 600:1,8,10 601:16 Esquire 330:21 331:4 331:5,6,16,17,18 332:3,10,11 | essentially 381:5 386:11 559:4 establishes 379:15 estate 348:3 526:11 552:5,8 591:22 606:23 607:4 estimate 346:6,22 347:4,6,12 354:15 355:1 419:5 469:20 470:6 487:19 517:21 538:21 573:12 576:2 estimated 518:4 538:20 570:8 583:25 estimates 341:11 466:15 488:2 494:12 estimating 468:11 estimation 573:4 582:17 et 330:4,16 334:5 evaluation 339:9 events 480:19 everybody 509:9 524:6 EVS 390:9 399:22 400:1,15 401:3 Ex 441:11 exact 347:10 388:15 393:5 398:12 478:3 502:5 530:15 554:12 562:18 568:9 577:24 589:11 exactly 384:15 399:19 404:16 405:10,18 442:10 449:20 452:14 454:4 470:18 497:3 511:7 516:8 577:10 examination 333:8 336:7 446:1 484:22 589:3 example 374:4 425:23 426:11 432:19 437:6 443:14 464:22 469:18 510:14 511:12 526:8 535:10 545:14 548:14 550:9 550:12 553:6 554:15 580:24 581:24 examples 499:9 exceeded 566:24 Excel 340:11,15,17 341:9 412:7,10,19 413:3 415:4 428:14 436:5 437:16 444:2 457:11 502:22 603:20,23 604:4,7 604:10,13,16,19 |
|--|---|---|---|---|

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 616

| | | | | |
|---|---|---|---|---|
| 605:15,21,24 606:4 607:8 exception 491:18,21 excerpt 430:10 432:8 432:15 436:24 437:16 438:19 439:6 529:4 552:25 excess 385:25 exchange 356:13 364:22 365:5 366:13 367:11 449:24 484:4 excluded 549:24 551:2 exclusively 377:13,16 377:23 385:18 447:23 excuse 355:11 579:20 exercise 347:23 353:22 359:6 361:2 361:3 381:21 384:10 385:6 426:17 461:20 462:14 463:4 464:8 466:8 509:23 511:7 532:24 538:12 570:5 593:8 597:13 exhaustive 475:7 exhibit 337:14,17 350:16 374:12,25 375:11,22 377:6 379:10 380:11 395:1 395:8 411:19 413:10 413:14,18 414:18 418:4 420:14 422:11 422:13 428:7,9 430:11,12,21,23 431:5 432:23 433:5 433:11 436:12 437:13 438:13 439:22 441:17 450:20,21 458:23,25 459:2,5 461:7,8,17 463:1,19 466:16 470:21,23 471:4,7 472:14 475:11,13,15 511:22,25 515:15,23 516:5,7 517:3 519:14,19,25 524:7 530:22 531:5 539:24 551:15,17 552:5,7 581:11,12 585:4,7 594:23 603:1,4,7,12 603:18,20,23 604:1 604:4,7,10,13,16,19 604:22 605:1,4,7,11 605:15,18,21,24 606:1,4,9,11,14,19 606:23 607:1,4,8,11 | exhibits 333:19 438:8 442:6,6 476:10 551:14 582:10 603:3 604:3 605:3 606:3,8 607:3 exist 543:10 existed 543:13 550:1 572:15 existing 387:2 542:1 548:7 550:13 553:19 553:21 559:9 560:7 560:11 561:17 594:8 expect 398:11 410:12 410:23 535:16 537:1 expectation 409:15 480:24 557:6 577:15 expectations 403:14 481:15 expected 409:10,12 480:9 expended 548:13 expenditures 526:14 548:5 576:21 experience 363:5 488:3 492:19,21 495:3,12,15 585:1 expert 511:17 expertise 495:22 Expiration 599:23 explain 365:11 386:1 416:6 418:19 422:8 432:10,11 461:3 475:17 491:23 495:5 511:5 554:9 558:12 561:12 563:5 565:24 575:8 576:5 587:3 explanation 575:5 578:5 extend 548:6 extended 549:7 extensions 565:6 extent 360:6 367:6 409:11,24 448:2 461:22 495:7 496:19 501:2 530:10,11 532:5,10 534:12,21 536:16 548:21 571:6 590:14 592:12 594:6 598:12 external 345:11 480:19 extract 544:19 extremely 580:25 | 356:5,11 358:19,22 359:2,5,21,22 360:1 361:24 362:3,8,10 362:25 363:15,18,23 364:2,6,11,18 368:12,15 386:7 456:6 473:25 479:9 481:6,12,14 482:1,4 491:6,10,17 496:5 496:19 530:6 532:21 538:14,18 546:23 549:21 553:16 557:20,22,23 558:22 559:17 565:4 566:18 571:17 574:13 580:17,25 581:1,3,5 581:17,22 589:10 590:23 592:2,3 facility 362:6 367:15 367:16,19,20 368:4 464:21 466:21,25 467:6,6 482:9 490:15,18 493:5,11 494:23 525:25 526:15 530:12 536:13 542:2 543:11 544:2 550:2,13,17 558:18,20 559:20,22 560:3,11 561:17 567:8 581:24,25 582:1,6 583:1,2,4,14 584:6,10,15,19,22 584:25 585:2 586:21 587:17 589:8 590:14 590:16 fact 368:3 398:5 464:15,24 465:9 490:8 493:3 497:10 535:17 542:3 543:12 553:23 555:1 583:3 584:14 594:9 595:16 factor 419:5 450:18,23 518:12 538:4,9 574:24 factored 532:6 factors 574:16 575:9 575:19 failing 594:22 fair 341:11 346:6,19 346:22 347:4,6 351:8 353:12 354:14 355:14 360:17,20 361:3,7,10 377:13 385:17 423:16 431:4 443:7,15 444:14 452:18 453:4,13 455:16 460:11 462:4 | 471:18 479:7 487:19 488:1 490:5 497:6 497:15 500:23 502:13,15,25 520:19 542:17 556:7 557:9 557:18 559:11 563:10 565:10 576:12,12 577:3 582:16,17,22 583:6 583:21,23,25 584:9 fairly 398:3 409:14 554:24 fall 347:21 452:21 501:8 familiar 341:23 352:4 394:20,24 395:14 396:7 407:3 412:3 464:2,4 472:18 476:24,25 507:10,13 518:16,24 519:5 524:22,25 525:3 531:7,11 532:16,18 547:14 549:11 552:17 562:14,17 563:21 564:6 578:24 579:11 familiarity 525:5 far 352:16 418:16 447:7 456:21 497:21 522:11 532:22 541:9 564:4 568:9 572:16 573:4 574:25 584:10 Farr 332:11 334:9 335:11,14 601:5 FAS 354:24 361:4,8 595:18,23 598:8,14 fast 482:21 faster 574:4 FAX 600:15,16 fear 544:6 feature 556:8 feed 338:1 feedback 486:20 feel 372:9 388:4 494:7 562:4 feeling 417:15 feet 581:2 fell 469:24 528:17 felt 346:18 355:14 361:19 367:24 370:24 377:19 385:11 391:3,6,12 399:19 410:6 423:3 423:5,9,13 489:24 492:15,22 494:15,24 497:8,11 525:21 549:24 550:2 551:4 | 554:22 556:3 576:1 576:20 577:2 587:7 fewer 596:21 field 556:12 fifteen 374:6 Fifth 332:21 figure 441:22 460:24 file 424:11 427:2 437:17 440:25 441:12 442:14 449:4 449:7 459:11,20,24 460:3 461:9 474:13 474:16,25 487:7 504:14,17,20 505:2 505:6,8,23 506:3 563:21 604:23 605:5 605:8,12 files 340:3 342:23 353:10 404:11 427:14 434:7 438:11 442:7,7 461:11 476:24 478:2,3 504:19 505:5 507:8 filing 594:22 fill 336:14 filter 508:5 509:12 537:6 544:25 filtered 418:10 430:2 454:9 463:22 filters 430:2 final 330:24 340:4 341:2,6 351:24 352:3 452:16,16 462:2,4 464:8 526:2 588:20,23 financial 346:10,14,16 354:16 361:1 384:21 394:17 402:6 404:23 447:17,23 485:12 486:4,11,16 542:16 555:25 find 434:16 439:15 475:4 finding 401:17,19 432:1 findings 399:23 400:3 400:5,8,17 401:5 402:24 403:4,5 fine 344:14 478:19 555:10 564:11 finesse 537:14,17 finishing 344:13 firm 330:21 519:1 599:25 first 336:5 337:20 354:19 358:9,12 362:23 363:2 380:16 |
|---|---|---|---|---|

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 617

| | | | | |
|---|--|---|---|--|
| 392:8 406:7 418:15 418:16 420:7 429:2 430:6 431:9,20,20 436:14,18 437:20 438:15 439:14 440:1 440:11,16 444:15 459:8 461:9 469:18 471:1 475:21,24 476:20 497:23 504:22 512:2 524:8 531:19 532:15 535:9 558:18 560:14 563:16 571:10 578:21 581:14 585:8 585:12 fit 497:10 five 425:24 426:12 428:22 457:12 546:19 fixed 370:2 384:22 386:16 404:24 430:14 451:13 474:9 505:12 526:3,11,21 547:14 552:7,9 558:20,25 563:19 568:5 569:25 582:15 582:25 594:8 Fixture 606:16 fixtures 548:2 flag 456:17 flavors 452:19 flexible 568:19 flip 395:15 412:15 436:20 floor 466:20 flow 366:1 378:12 444:11 482:24 534:19 569:7 flowed 471:16 Flower 332:4 flowing 430:22 445:13 447:15 448:21 454:4 flows 452:15 569:4 flux 479:10 480:1 fly 515:6 focused 382:17 focusing 462:23 513:21 folks 369:11 370:3 536:12 follow 430:17 488:18 530:21 571:7 575:7 follow-up 589:5 followed 516:7 following 383:13 399:25 400:22 401:24 457:8 517:20 | follows 336:6 383:18 397:11 400:18 401:9 footage 581:1,4 forced 500:8 foregoing 601:12 foreseeable 494:24 form 348:16 350:2,3 354:1 355:6 366:15 393:23 395:21 398:6 399:17 400:19 403:19 410:8,21 445:23 520:21 521:15 532:9 584:23 591:20 592:4 594:12 596:17 597:10,18 598:1,10 601:15 format 477:1 563:24 563:25 578:25 formed 349:22 569:6 formula 444:1 471:16 534:22 formulas 444:6 452:22 forth 599:9 forty 597:19,21 forward 356:6 427:21 481:13 559:8 567:18 601:5 found 433:23 434:2 559:23 foundation 493:20 520:22 four 347:10,11 388:2 395:16 426:14 436:4 459:8 460:24 461:5 520:8 554:22 fourth 377:12 595:19 frame 388:15 390:3,6 397:2 framed 370:20 framework 495:17 freight 494:12 frequently 369:10 fresh 341:14 348:10 361:6 374:24 376:8 376:24 384:10 406:13 462:22,24 463:4 464:7 465:14 465:21 466:3,10 467:13 468:23 469:7 472:1,7 483:12 528:22 564:19 585:10 607:11 front 350:18,23 354:7 358:12 375:7,24 377:6 380:5 413:10 428:12 436:17 439:5 459:7 462:22 517:3 | 551:8 front-loaded 573:20 full 349:12,12 353:5 359:4 412:17 414:7 437:20 438:18 441:15,16,21,24 445:25 446:7,14 496:20 full-time 348:25 fully 574:13 function 431:24 functional 458:17 487:18 FUND 330:15 Fundamentals 379:8 603:13 Furey 330:19 333:4 334:4 335:12,15,25 336:4,9 337:19 338:4 344:7 350:18 378:24 411:24 414:6 424:7 428:12 440:3 441:25 457:24 459:4 459:8,12,20,25 460:3 483:11 484:24 487:7 502:18 504:18 506:17 527:11 529:17 531:7 551:8 564:8 565:2 580:15 581:15 589:5 601:11 601:19 603:5 604:24 605:6,9,13 Furey's 337:13 457:15 furniture 548:1 further 344:8,8 389:25 408:20 450:14 507:5 508:18 563:5 587:21 589:3 598:15,17 599:14 future 356:13,14 362:24 363:16 364:2 365:23,25 378:9 448:19 494:24 528:14 530:5 568:19 | 351:24 353:1,8 354:13 355:8 356:4 357:13 382:1 386:6 386:17 393:10 400:10 402:6 421:2 421:16 424:20 425:9 425:11 429:15 430:13 444:6 446:24 447:17 449:7 450:17 451:13 459:11,19,24 460:2,11,14 485:6 487:7 525:4 536:13 558:4 561:21 568:13 570:4 579:13 584:4 584:4 585:9 586:16 592:7 593:23 603:7 604:22 605:4,7,11 607:5 generalities 488:13 generally 369:16 373:11 392:6 393:4 398:18 410:3 416:7 421:12 430:8 449:9 455:19 464:3 472:22 474:24 478:22 482:3 488:9 495:14 524:25 525:2 526:20 531:11 531:13 532:18,19 536:10,20,24 540:19 552:17 553:17 556:14 559:21 561:3 562:14 565:6,12 568:6 572:20 578:24 580:16,18 587:3 generate 370:25 378:11 generating 366:1 geographies 575:23 getting 386:21 411:13 416:22 473:16 497:1 509:16 515:16 537:8 GFS 369:25 give 349:12 372:9 373:3 416:19 417:14 419:19 442:18 474:16 535:7 539:14 543:12 546:24 550:9 562:22 563:4 given 338:16 363:15 363:18 371:13 377:18 390:25 391:8 398:13 410:1,9 424:8 427:25 449:24 461:13 464:16 465:6 468:12 469:19 486:19,19 489:10 490:13,16 492:15 | 494:8,13,21 497:8 510:9 525:18 548:15 554:3,20 557:6 559:7 560:2 561:17 561:23 574:21 593:5 599:11 601:13 gives 540:3 giving 377:21 437:19 glasses 418:1 global 330:15 429:4 429:13 431:25 437:22 438:3 globe 564:3 GM 334:25 337:4,4,8,8 342:15 348:11 355:10,20,23 356:18 358:18 359:16 360:2 360:7 362:17,20 363:12 366:9 367:2 367:14,16 369:5,11 369:23 370:17 384:11 386:25 388:25 390:11 392:25 393:7,17 394:5,8 395:24 396:10,15,18 403:8 403:21 404:15 405:7 420:4,10,20 423:6 423:20 424:13 425:16 428:5 430:20 439:10 447:23 449:21 450:2,5,7 457:14,19,21 466:12 467:8,20 469:7 470:11 473:1,12,17 473:18,22,25 474:5 474:6,9,13,20,22 477:2 478:2,8,9,23 479:4,10,15,15 480:9,12,13,24 481:2,3,6,9 484:9 485:7,8,9,11,17,24 486:4,6,13,14,15,23 487:1,14 488:8,8,24 488:24 489:6,6 491:1,1,10,15,15,17 492:1 494:6,6 496:5 497:19,20 498:14 503:23 510:21,24 511:19 512:11 518:21 519:7 521:11 522:7,23 523:19,24 524:12,24 525:7 526:4 529:20 531:3 531:16 532:22 533:5 533:8 534:1 540:21 540:23 543:18 544:8 |
|---|--|---|---|--|

G

G 419:12 447:14
gain 398:14 399:9
Gallagher 332:11
334:9 335:11,14
601:5
gather 349:21 389:24
567:24
gathered 337:21
gathering 351:19
gears 462:23 547:13
general 349:21 350:22

US Bankruptcy Court - New York
MLC v. JPMorgan Chase BankFINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 618

| | | | | |
|--|---|---|---|--|
| 545:16 546:21 548:4 549:5,18,22 550:7 550:22 551:9,21 552:5,7,15 553:3,24 556:19 559:1 562:7 563:19 565:11,21,21 566:5,16,18,19 568:7 569:3 571:17 573:21 575:24 579:5 579:6 580:16 581:25 582:4 584:11 589:10 590:8,15,24 592:2 594:10 595:7 606:20 GM's 384:20 385:24 387:4 394:13 404:24 474:10 485:22 492:18 495:21 500:2 505:20 547:14 549:12 555:17 565:4 576:14 590:10 GM-related 566:9 GMNA 360:8 571:23 GMVM 586:17,19,25 go 344:8,15 353:25 357:10 393:15 399:9 399:10 427:11 450:13 456:24 457:23 470:19 471:15 480:9 481:25 485:6 491:20 494:10 503:18 504:4,7 505:21 509:13 510:12 512:10,15 513:14,15,16 514:4 514:15 515:1 517:15 521:2 529:10 533:1 533:13,22 534:4 537:18,19 545:20,22 553:5 563:12,14 564:22 566:13 570:17 579:2 587:22 589:7 590:13 593:21 594:15 go-forward 525:20 goes 350:20 429:8 441:2 456:22 519:17 545:11 583:20 Goesling 512:5 516:25 519:15 520:8 522:3,16 523:8 606:12 Goesling's 520:18 521:3,19 going 337:12 338:11 343:18 354:15,20 355:11,19,22 356:6 356:18 357:3,5,21 | 362:4,10 364:12 365:19 366:21,24 367:1,2,3,8,15,21 368:2,20,23 378:18 384:7 389:19 390:21 409:9 412:9 424:1 427:21 428:3,17,20 430:6 431:14 434:17 434:17 436:4,4 438:6 441:14 442:8 443:23 445:24 450:12,19 456:25 465:3 467:2 470:16 471:12 473:17,21,24 474:1,19,20,22 477:20 478:8 479:8 480:9,12 481:1,13 483:5,14,25 484:2 484:11,13 485:3,3,6 486:23 487:5 488:18 493:7,10 494:19 498:2,3 504:16 505:21 508:1 509:23 511:22 512:23 513:4 513:12,16 515:5,15 515:21 516:3,4 517:15 521:21 524:1 524:5,9 525:19 527:4 528:13,18,20 530:8,21,22 533:8 540:24 541:2,25 544:9 545:23 551:8 551:10,11,13,20 552:22 559:8 560:14 567:21,23 568:23 569:3,4 571:14 574:1 578:22 580:9 581:11,14 583:11 good 336:9,10,12 391:12 465:2 484:24 527:3 539:4,5,8,10 539:22 540:3 551:1 554:23 580:8 good-forward 542:5 Gossling's 517:4 Grand 503:6 granular 403:22,23 536:11 572:14 granularity 404:13 469:22 greater 404:13 417:21 grid 587:6 gripping 344:16 gross 588:14 ground 594:19 group 332:19 334:25 335:9 336:22,25 | 337:3 348:14 355:8 369:25 370:1,3 384:7 385:14 394:13 394:15,17 395:25 396:10,14,15 417:15 417:23 424:22,24 425:7,19,23 426:3,5 426:8 groupings 384:13,18 384:19 groups 369:22 384:5 385:12 405:17 guess 345:22 359:13 381:7 395:23 409:7 420:10 441:10 473:15 507:22,24 542:13 574:15 guidance 354:24 474:10 guidelines 361:1 607:6 guys 527:1 <hr/> H H 448:6 half 340:22 369:20 387:6 539:23 540:1 540:2 hand 380:4 412:11 414:24 599:19 handed 414:23 436:14 HANDELSMAN 331:5 handle 473:5 hands 480:13 565:16 565:18 566:4 handwritten 585:15 586:6 Hang 537:5 happen 433:14 516:23 happened 488:23 501:17 554:21 590:18 happening 482:21 happens 341:17 happy 564:8 Harbor 546:18 hard 493:1 581:10 HARRIS 599:4 Harvey 331:6 334:20 334:20 hazy 577:7 head 369:8 468:21 528:6 589:12 header 358:13 380:15 468:25 503:17 headers 430:15 heading 504:14 | 517:16 headquarters 369:16 hearing 470:25 605:18 heavily 416:8 495:20 568:11 held 542:24 560:7 help 347:18 354:25 418:3 514:5 563:5 helped 477:18 helpful 412:11 413:15 475:20 476:18 helping 349:20 helps 454:8 hereinbefore 599:9 HEREOF 599:18 hereunto 599:18 hid 441:4 hide 579:10 hierarchy 382:14 high 338:22 346:5 405:22 472:23 504:1 524:14 529:22 558:14 563:6 584:17 high-dollar 592:25 593:4 high-level 339:3,6 345:19 398:17 405:13 581:21 higher 365:18 403:16 416:9 417:15,19,20 435:2,8,22 495:18 516:20,22 573:25 574:1,3 584:10 highest 354:23 361:11 361:15,19 363:14 465:24 483:18,21 484:1,12 591:22 595:5 highlight 374:23 HIGHYIELD 330:16 historical 372:11 373:5 374:9 379:23 386:11 388:12,13 428:1 432:25 449:16 449:18 450:24 490:10 531:25 532:21 538:10 573:6 575:8,19 historically 386:5 404:23 history 590:12,18 hold 467:13 574:16,24 honest 478:11 577:7 honestly 349:6 393:11 543:15 hooked 557:4 hope 428:16 | hopefully 524:5 hour 564:15 Houston 330:20 hundred 352:2 377:2 468:13 478:18 505:17 536:19 546:14,16,25 554:7 hundreds 463:14 <hr/> I ID 519:25 idea 363:11 441:16 ideal 410:5 identical 377:3 597:17 identification 337:18 350:17 357:25 358:1 380:12 395:2 411:20 418:5 428:8,10 436:13 437:14 438:14 439:23 448:12 458:24 459:1 459:3,6 463:20 470:22 475:12,14,16 505:2 512:1 515:24 531:6 551:16,18 581:13 582:6 585:5 identified 355:9 358:16,23 359:16 368:13 441:25 464:14,15 522:16 569:1 identifier 446:20,23 449:10 455:3 identifies 478:7 520:8 identify 356:5 357:16 363:24 407:24 445:16 447:1 448:10 475:21 497:14 551:23 553:25 554:12 582:25 identifying 448:13 457:25 idled 467:15,20 imagine 396:19 impact 399:5 512:24 513:1 impacts 513:5 impair 448:2 impairment 346:12 354:16 355:4 455:10 460:13 485:16,22 impossible 554:8 improve 548:6 550:24 improved 549:6 Improvement 451:24 563:2 improvements 523:23 |
|--|---|---|---|--|

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 619

| | | | | |
|--|---|---|--|--|
| <p>524:11,23 525:7,15 525:16 562:11,16,18 563:7 582:9 583:16 include 347:2 353:4 356:18 358:17 360:4 372:4 385:2 427:12 439:10 458:19 496:5 496:12,15,18 505:23 550:3,7 551:5 554:10,25 556:4,24 included 340:6 341:11 358:15 422:25 440:17 443:10 447:13 466:14 469:20 480:6 489:19 490:11 505:5 529:16 544:1 555:6 557:24 566:19 includes 458:15 including 356:19 388:18 402:13 423:10 452:19 inclusive 559:21 income 370:15,22,25 inconsistency 462:6 incontinued 463:13 incorporated 493:9 increased 470:6 incremental 366:3 435:4 incrementally 365:18 incurred 487:22 490:14 562:5 index 333:19 419:5 433:1 603:1 604:1 605:1 606:1 607:1 indicate 584:21 indicated 343:9 487:14 494:22 520:13 540:23 541:2 575:18 indicates 465:10 539:4 584:16,24 indication 453:4 577:3 584:4 indirect 538:8 570:24 individual 363:24 384:8 386:6,15 405:2,25 416:13,15 420:5 432:25 433:4 433:7,9,13 440:6 449:6 463:15 471:20 471:25 472:2,9 473:23 494:11 501:5 501:18 502:4 505:3 521:17 523:1 534:21 549:2 574:19 582:25</p> | <p>586:7 individualized 521:13 individually 330:13 industry 576:18 591:16,18 inflation 374:8 inflationary 575:19,24 info 396:22 information 349:21 351:20 386:12 387:14 409:24 410:3 410:6 420:3 427:2 430:19 445:5 450:5 453:20 454:20 468:17 473:16 489:11 530:13 532:22 534:1 536:11 540:20 543:4,8 545:15 549:2 563:5 567:20,24 572:15 577:22 578:8 584:10 inherent 487:21 inherently 458:19 initial 576:11 input 370:5 385:10 429:4,13,19 430:21 431:1,25 432:15 433:5 437:22 438:3 438:22 439:1 447:3 455:14 456:11 588:10 inputs 431:1 572:10 587:14 inquiry 364:20 inservice 373:22 419:11 430:25 449:19 450:21 451:12 559:10 installation 367:23 368:24 487:21,22 488:1 490:12,13,14 490:14 492:14 493:5 493:19,24 495:22 542:4 installed 368:6 401:15 401:23 402:5,16 403:9 404:22 405:1 413:20 418:25 419:4 492:11 556:17,21 557:3 instance 366:21 406:1 408:21 423:17 446:9 instances 521:5 instructions 500:3 600:1 intact 363:23 intended 356:15</p> | <p>427:18 443:5 455:19 481:1 486:7 492:10 567:10 intending 464:20 interaction 386:25 interconnects 493:22 interested 599:16 internally 381:22 interrupt 575:1 interruption 335:17 337:22 intimately 525:1 introduce 334:14 530:22 introduced 379:9 inutility 452:19 453:10 529:14,15,18,23 530:5 534:7,13 535:15,18 541:10,11 542:8 544:25 545:5 545:6 561:14,15,16 561:17 investigate 590:12 investigated 590:17 590:19 investment 416:9 417:15,22 493:9 555:1,17 559:6 593:5 investments 417:20 549:8,17,23 550:7 558:23 involve 502:10 589:21 involved 339:1 343:12 348:2,14,17 349:2 349:16,19 351:18,19 352:7 357:24 362:24 382:2,5 393:7,22 394:1,5,8,11,21 458:1 477:13 525:1 527:23 568:11 571:20 575:13 involvement 382:22 383:3 386:10 irrelevant 444:16,18 item 418:15 430:24 433:4 536:14 549:3 549:4 items 449:6 469:18 526:13 551:5 iterations 474:13</p> | <p>Janerose@janerose... 600:17 Janesville 481:21 482:3 January 396:22 397:6 531:2 JCCelentino@wlrk.... 331:24 Jeffrey 349:9 jkaufman@willkie.c... 332:15 job 383:1 Joe 342:8,20 Jointly 330:7 Jones 332:3 334:10 334:24 335:24,25 Joseph 331:17 332:11 335:4,13 JPM 515:15,22 530:23 JPM-KPMG 374:25 375:6,10,22,25 463:1 511:25 515:23 531:5 551:15,17 581:12 585:4 606:8 607:3 JPMorgan 330:13 331:15 334:5 335:3 335:5,7,9 336:3 485:1 511:17 July 406:9,18,21 478:25 479:1,4,4 480:7,7,8,11,11 578:2,10 582:18 585:11 607:12 June 395:6,20 429:15 478:23,24 527:12,18 528:8 556:21 578:2 578:8 junior 383:2</p> | <p>kinds 501:2 Kleinhaus 331:16 333:10 335:1,1 337:24 350:3 366:15 393:23 399:17 400:19,24 403:19 414:17,21,25 415:6 439:20 440:22 441:6 441:13 442:3,5,15 442:20,22 444:25 457:15,20 462:11 465:4 466:13 467:10 479:12,19 482:15 484:23,25 489:3 511:21,24 512:15 513:3,8,12,18 514:13 515:8,14,21 519:14,18 527:1,10 528:24 529:3 530:20 531:1 537:10,13 544:18,22 551:25 552:4 562:24 564:7 564:12,16 580:5,15 581:7 587:20 589:2 591:20 592:4,17 594:12 596:17,22 597:10,18 598:1,10 598:17 knew 423:17,19 474:4 know 335:24 345:9 346:17 362:25 371:24 375:21 377:20 378:9 384:15 387:1,13,14 389:18 391:9 393:11 394:6 394:19 396:11 397:4 403:5 406:18 409:13 409:20,23 410:10,22 411:3,4 414:7 421:4 421:19,20 426:1 428:21 434:19 435:14 445:1,17 446:9 456:20 461:3 462:9 468:14,18 476:20,23 477:5 478:12 482:23 483:13 485:21,24 486:2,3,9,15,18 489:16 497:5 500:2 500:6,13 501:2,7,8 501:19,25 506:13,14 507:5,9,17,19,20,25 510:2,6 512:19,22 512:23 516:23 549:9 553:17,18,18 554:21 561:20 564:4,16 566:6,8 581:9</p> |
| J | | | | |
| <p>J 448:9 533:2,4 Jane 330:25 332:20 334:13 599:24 600:19</p> | | | | |
| K | | | | |
| <p>K 332:12 448:16 476:5 512:5 606:11 Katz 331:19 335:2 485:1 Kaufman 332:11 335:13,13 342:8 keep 377:5 474:22 539:1 545:23 Kevin 351:12 382:8,9 603:9 key 349:9 401:17,17 411:4 556:7 572:10 kind 391:7 400:25 411:3 434:11 500:22 521:12 572:9 577:12 581:4,4</p> | | | | |

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 620

| | | | | |
|---|--|--|---|---|
| 582:19 584:25 585:20 586:9 588:21 589:9,11 590:21 593:23 594:1 597:12 knowledge 540:16 556:23 571:19 knowledgeable 370:4 510:11 known 396:15 KP 459:9 553:10 KPM 380:7,13 439:24 KPMG 332:9 336:17 336:20,22 341:23 342:11,24 346:5,6 348:10,18 350:22 351:11 352:23 354:13 360:2 361:7 362:3,20 370:18 375:4,5 377:7,16 380:20,21 381:9,23 383:10,12 390:4,15 390:20 404:19 407:7 412:19 413:19 414:4 414:8,9 416:2 418:10 426:17 427:6 427:12 428:20 431:9 432:8,14 433:21 436:23,23 437:23 439:1,15,24 440:11 445:15 447:21 448:17 449:5,9,14 449:15 454:9 457:9 457:14,17 460:1,5 460:10,13 461:18 462:7,24 463:4,21 469:2 477:1,10,14 478:6,7 482:12 483:25 484:2 485:25 486:5 487:1 488:6 490:19 491:9 494:1 494:4 497:22 498:5 498:13,20 499:10,21 502:16 503:10 504:14,20 513:23 517:5 518:21 519:7 520:20 522:6,21 523:14,18,22 524:4 524:22 525:6 531:3 531:21 541:17 542:20,25 548:8,23 549:18 553:11 554:10 555:4,22 557:12 558:6 562:20 563:23,25 564:18,22 566:13 567:19,24 569:16 570:18 571:4 571:15,16,23 578:25 | 586:1,24 587:16 589:20 593:9 594:9 594:15,16 595:1,9 596:10,15 597:15 607:11 KPMG's 354:11 448:2 472:25 485:11,17 486:10,16 518:20 521:10 531:14 542:23 547:8 555:4 579:15 597:6 KPMG-AAT 395:4 KPMG-G0092368 411:23 KPMG-GM-1152 586:10 KPMG-GM-4070 463:22 KPMG-GM-41 545:21 KPMG-GM-4130 532:14,17 KPMG-GM-4167 578:20 KPMG-GM-896 585:6 KPMG-GM-9222 487:9 KPMG-GM-92253 524:5 KPMG-GM-92368 412:20 415:5 418:7 KPMG-GM-92370 432:13 513:13 KPMG-GM-92434 531:2 KPMG-GM-92549 581:8 KPMG-GM-92578 562:7 563:15 KPMG-GM-92644 583:9 KPMG-GM0000896 607:14 KPMG-GM0003928 606:25 KPMG-GM0003939 607:6 KPMG-GM0004121 395:4 603:18 KPMG-GM00092368 603:21 KPMG-GM004070 605:16 KPMG-GM0092221 459:10 604:24 KPMG-GM0092225 459:18 605:6 KPMG-GM0092229 459:23 605:9 | KPMG-GM0092233 460:2 605:13 KPMG-GM009225 459:17 KPMG-GM0092310 475:23 476:6,9,22 605:22,25 606:5 KPMG-GM0092368 603:24 KPMG-GM0092370 428:15 446:15 457:9 604:5,8 KPMG-GM0092371 436:16 604:11 KPMG-GM0092372 437:18 604:14 KPMG-GM0092373 438:17 604:17 KPMG-GM0092374 439:25 604:20 KPMG-GM0092434 606:21 KPMG-GM0092549 607:9 KPMG-GM0092553 350:20 603:10 KPMG-GM92370 512:11 KPMG-produced 551:9 Kyle 332:18 334:22 L L 332:3 448:20 labor 492:14 lack 356:15 530:11 543:3 574:21 lacking 519:3 Lacks 520:22 laid 434:11 land 358:19 359:16 525:14,15 582:8,20 582:23 583:1,3,24 584:1,8 Lansing 356:20,22,23 463:25 464:21 large 341:9,22 348:13 381:2 428:14 463:12 472:23 473:5 481:24 550:23 580:25 584:5 largely 596:14 larger 398:4 412:22 475:23 476:6 largest 509:14 late 347:15,20 LAUREN 331:5 layer 377:25 411:12 | laymen's 576:5 layout 477:1 591:3 Lead 330:21 leading 391:2 leads 511:7 535:17 learned 370:6 480:11 480:25 481:19 576:15 lease 434:19 455:10 Leasehold 451:24 leave 593:20 led 428:2 572:18 ledger 358:5,6 451:13 547:15 558:20,25 ledgers 370:2 384:22 404:24 430:14 526:12 568:5 570:1 582:16 583:1 left 343:9 345:23 355:14 418:16 522:6 540:1 legacy 386:16 legal 332:25 334:11 590:1 lenders 330:13 332:2 334:25 length 491:9 500:11 501:4,18 lent 572:6 let's 420:6 421:6 423:25 437:15 442:12,12,20 471:11 487:4 489:8 491:20 497:18 502:16 503:18 504:4,7 506:5,15,15,21,25 508:18,24 509:8 510:12,14 511:21 512:10 513:13 514:4 514:15 515:14 521:2 529:11 530:20 532:14 533:2,10,13 533:22 535:24 537:2 537:2,6,16,24 541:8 541:12 542:8 544:3 544:25 545:5,22,22 552:19 553:5,7,8 557:12 562:7,19 563:12,14 564:22 565:1 567:17 568:21 569:12 576:6 578:19 579:2,10 580:7 581:7,10,23 585:6 586:10 letters 506:8 Levander 331:18 335:6,6 537:12 | level 338:23 346:5 382:19 384:7,8 397:23 398:17,24 402:8 403:16,25 404:13 405:22 416:16 429:22 453:21 455:21 494:16 502:5 521:17 523:2 524:14 526:2 526:5 529:22 557:16 558:4,14,23 563:6 572:14 levels 370:5 382:18 493:19 leveraged 492:20 lhandelsman@bind... 331:12 LHI 451:24 liability 360:22 life 366:2 409:10,12 409:15 451:20,25 452:2,4,6 470:13 481:15 510:15 536:7 536:10,21 538:24 539:20 540:1 541:5 548:7 549:7 550:15 550:19 554:24 573:22 light 394:3 469:11 like-kind 384:5 404:20 limit 446:3 limited 347:4 363:21 363:22 577:22 581:6 Linda 332:24 334:12 599:5,22 line 343:8,8,16 344:2 344:5 406:25 430:24 433:4 449:6 460:10 460:13 469:18 471:12 472:17,17 473:10,10 476:1 512:19,20,22 526:13 536:14 541:2,3 548:16 549:3,4 551:5 553:7 565:13 567:12 602:1 lines 460:19 528:14 538:14 546:21 565:5 573:22 Lipton 331:19 335:2,5 335:7 484:25 liquid 363:7 liquidated 365:19 liquidation 330:4,9 334:4 343:11,18 344:25 345:1,25 346:9 356:14 358:20 |
|---|--|--|---|---|

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 621

| | | | | |
|---|--|---|---|--|
| 361:23 363:14 364:14,22,23 365:2 366:4,12,13,18 367:10 377:22 383:11 386:19 390:23 431:2,7,15 431:16 432:2,4,17 433:6,8,10,12,17,19 433:24 434:1,18,25 435:23 440:7 443:20 445:7,9,19 447:5 453:19 454:1,6,16 455:6,17,24 456:3,4 458:18,20 463:5,9 463:17,24 464:9,17 465:12,23 466:2,5,8 466:11,15,18,24 467:4,7,15,21 468:14,24 470:3,4,8 472:7 473:11 484:3 494:20 500:8 512:7 514:1,22 515:2,11 520:13 522:24 595:6 595:14 596:5 598:9 liquidators 385:23 list 358:8 359:4,9,10 359:25 384:1,17 422:6 474:17,19,24 475:1 504:19 516:10 587:17 listed 360:7 391:22 503:16 504:19 582:20,23 587:8 listening 335:19 listing 349:12 358:7 388:13 423:5 475:2 475:6,7 505:18 listings 474:9 526:4 568:8 587:1,11,17 lists 359:2,10 literally 586:1 litigation 511:16 little 356:2 377:24 379:5 383:2 385:16 430:7 432:22 435:20 454:3 461:14 538:23 554:2 560:6 568:18 571:19 575:3 577:7 577:23 582:21 lived 469:23,24 Liz 342:8 LLP 331:7 332:11 512:6 loan 330:14 332:2 334:25 local 449:20 450:2 located 566:18 | locating 343:4,5 location 448:11 487:2 487:2,16 490:6 494:3 518:13 526:9 526:12 541:24 593:18 locations 359:11 360:4,6 365:15 370:23 487:23 496:13 525:17 557:23 long 343:22 347:8,8 393:4 456:24 470:12 554:24 longer 378:10 465:2 469:23 look 338:5 340:17 341:2 343:7,16 358:11 390:8 395:14 396:9,11 399:11,12 406:3 408:8 409:23 411:9 412:3 418:22 420:7,7 431:1 434:22 438:2,3 440:11 441:2,2 445:25 449:12 450:23 454:8 462:8 470:19 471:1,15 476:24 477:1,8 488:20 506:5,21,25 508:24 510:15 513:4 516:10,13 519:1 521:18 522:21,25 524:4 531:18 533:10 535:13,24 537:2,14 537:16 539:9 545:4 545:5 552:17 553:5 553:7,9 557:12 562:7,19 563:21 564:6 567:17,22 569:12 579:14 581:23,25 583:23 585:6 586:10 looked 390:24 397:18 397:19 437:6 440:12 467:25 477:25 502:17 512:3 514:25 515:1 523:1 542:6,8 546:2 570:11 575:18 591:22 looking 373:4 375:5 379:6 390:22 406:24 407:11 412:6,16,18 413:10,19 416:1 422:19 429:12 435:2 435:11 438:18,25 442:23 445:15 | 446:13 464:5,10 476:21 492:5 494:9 502:18 503:4 504:13 510:14 525:13 535:2 540:15 541:13 587:24 588:3 593:3 598:6 looks 395:12 456:17 461:8 476:25 506:20 532:18 541:16 544:13 577:21 578:24 579:25 lookup 433:5 448:16 449:12 450:19,20 453:9 Lordstown 586:17,19 586:22,25 Los 332:5 lost 401:1 lot 388:1 443:3 478:1 485:5 516:20 524:1 568:4,16 573:24 580:23 585:15 lots 482:22 loud 521:22 567:22 low 425:13 427:25 550:21 lower 338:8 495:19 575:17 576:23 Luck 600:22 lump 385:7 lunch 456:23 <hr/> M M 332:11 448:20 machinery 347:25 348:5,7 349:14 360:5 365:4 379:7,8 547:25 565:7 568:18 574:7 603:12,14 Madison 331:8 magnitude 369:19 554:2 MAIL 600:15 maintained 370:1 567:14 maintenance 547:16 547:23 548:15,19 549:3,6 553:2 592:18 593:10,24 major 351:6 majority 350:8 386:23 386:24 463:12 481:24 491:2 584:5 making 393:15 397:24 426:1 511:6 566:10 571:11 589:21 598:7 | management 350:22 355:14 356:4 357:14 358:16 359:16 361:18 362:17,21 368:14 382:1 387:1 387:4 393:1,17 394:6,8 400:10 403:8,21 404:15 430:13 464:15 465:7 492:18 494:21 531:3 534:1 536:13 540:21 543:9,12 557:17 603:8 606:20 manager 342:13 347:24 349:14 382:19 383:1 managing 381:17 382:9 manipulate 412:11 508:8,13,18 manipulated 508:2 manipulation 509:19 manual 594:5 manufacturer 565:17 565:19 manufacturers 391:10 manufacturing 358:18 358:21 359:11,14,25 386:7 557:19 584:22 585:2 590:16 591:8 map 386:15 447:3 mapped 444:9 mapping 446:20 March 390:12,21 392:14,17 498:16,21 498:25 499:10 500:7 Marion 553:24 mark 380:5,6,9 437:15 442:13 511:22 marked 337:12,17 350:16,19 375:23 380:11 395:1,3 411:19,21 412:21 418:4,6 428:7,9 436:12 437:13 438:13 439:22 458:23,25 459:2,5,9 459:16 463:19 470:21,23 475:11,13 475:15 511:25 515:23 531:5 551:15 551:17 581:12 585:4 market 360:23 363:6,7 363:20,21,22 364:17 365:20 366:10 370:14,21 371:2,7 371:10,18 372:1,20 | 373:15 377:14,17,19 381:12 385:18 386:13 388:14 390:24 391:1,5,7,8 391:13 392:10,21 393:9,15 401:11 403:10,17 409:23 410:2 423:7,21 458:14 465:16 466:3 480:19 501:22 517:10,12,13,17,19 517:22 518:4,18 519:22,25 521:5 522:15 523:10 566:3 569:16 574:22 576:22 577:18,20 595:10,13 597:16 598:6 marketable 502:1 marketed 425:23,24 marketing 392:7 393:4 393:5 394:3 marketplace 423:11 marking 337:12 441:11,11 marks 586:4 marriage 599:16 Marshall 487:17 490:19,22 mass 471:22 472:2,18 472:21,22 473:1,3,4 MASTER 330:15 match 517:22,23 518:2,2,17 519:2,2 525:12 593:9 material 376:16 materials 376:7 math 454:4 511:1 515:6 586:2 math-checked 444:19 445:12 mathematical 448:12 matter 334:4 599:17 mattered 482:13 matters 497:1,2 maximizes 465:8 Maynards 385:23 386:1,5,20,25 387:2 387:3,18,21 388:2 389:17,24 390:11 392:25 393:6,8 397:19 398:3 399:22 400:2,13,16 401:4 402:4,11,25 403:5,6 403:15 405:6,8 407:18 413:2,6 414:10 420:2,25 |
|---|--|---|---|--|

US Bankruptcy Court - New York
MLC v. JPMorgan Chase BankFINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 622

| | | | | |
|---|--|--|---|--|
| <p>421:3,9,10 422:7 423:6 424:12 425:14 425:22 426:22 427:2 427:6,15,23 467:25 498:7,10,15,20 499:1,9,9 500:3,4,6 500:9,21 501:21 503:12 505:5,19 506:3 507:8 510:3,8 510:10,16 523:2 Maynards' 505:15 506:2 mean 346:2,15 348:6 352:15 357:21 372:5 382:20 386:21 397:17 400:21 420:24 432:19 444:14 445:21 446:1 446:10 454:22 464:19 477:24 486:12 526:6 589:16 meaning 421:10 meaningful 399:4 470:13 means 389:5 420:10 529:23 536:20 538:2 538:4 meant 596:22 measurement 360:23 measuring 581:2 mechanical 493:22 Media 334:2 378:22 424:5 457:4 483:9 484:20 527:8 580:13 medium 470:12 510:15 meet 342:6 369:10,15 meeting 395:12 396:10 meetings 395:5,13,16 395:19 members 351:20 383:8 394:7 memo 339:3,6,7,7,8 339:10,11 340:3 345:19 351:5,16,19 351:21,25 352:3,5,8 352:20,22 353:3 354:4,7 370:12 374:13 377:8,11 383:12 397:8 404:9 406:8 414:4 415:16 461:9 462:2,9,15 469:3 487:6,10 488:20,21 489:5,9 489:21 490:2 492:9 495:2 524:7,8,10</p> | <p>531:1,8,12,13 594:16 595:1 603:7 606:19 Memorandum 606:15 memorialized 462:15 memos 339:5,13 461:19 503:11 mention 449:1 mentioned 394:16 421:24 485:15 merits 562:1 met 342:8 369:5,6,9 369:13 529:17 metal 510:15 511:10 553:15 method 365:6 371:11 371:22,24 372:8 376:21 378:5 379:1 458:15 491:14,16 523:22 524:22 525:5 525:13 548:24 597:21 methodologies 351:7 462:3 598:8 methodology 339:3,6 340:4 345:9,19 353:17 371:25 372:20,21,25 373:7 377:1,4 378:8,14 381:13 383:14 384:6 384:12 434:11,12 458:13 467:22 484:8 490:24 491:19 494:2 494:5,7 496:22,25 497:4 524:14,17 537:1 542:14 546:18 547:1 549:4 550:21 554:18 560:10 563:9 573:14 574:9 methods 570:25 metrics 549:10 MFD 481:21 MFS 330:15 Michael 351:12 381:16,17 531:3 603:8 606:19 Microsoft 340:11 341:9 middle 397:9 million 538:20 539:13 539:15 540:6 554:3 554:16 583:16,25 584:1 millions 581:2 mind 450:14 575:1 Mine 519:17 minimum 466:20</p> | <p>574:16,19 577:12 minor 348:22 minus 530:15 minute 343:20 530:21 571:5 minutes 395:13 483:3 534:5 551:22 misread 460:18 missing 435:21 misspoke 410:18 Misstates 499:4 mistake 352:16 MLC 343:11 344:24 345:25 347:7 350:6 350:7,11 358:21 359:17 398:4 399:22 400:2,16 401:4 402:25 403:4 409:4 428:24 432:17 436:7 437:1,10 438:8 440:7 442:1 445:19 474:1 MNS 487:17 model 340:8,11 371:6 372:3 429:20 437:5 437:8 438:10 443:4 443:5 448:17 449:17 458:11 484:12 526:22 530:3 569:7 588:12 modeling 370:20 models 340:7 341:4 341:17,21 437:4 438:23 439:9 444:5 449:13 484:5,7 modification 380:23 381:3 modified 371:12 379:4 474:15 Modifying 606:14 moist 537:14,17 molds 566:18 moment 338:12 368:19 569:13 570:20 money 389:1 425:12 550:23 555:18 559:5 month 339:11 months 347:10,11 363:19 369:11 390:20 391:6,20 392:1 397:5 402:9 550:20,22 Moraine 430:4 435:11 437:7 449:1 526:9 581:25 582:1,4,6 583:2,11,14</p> | <p>morning 336:9,10 473:15 500:17 Motors 330:4,9 334:4 346:8 349:21 350:22 351:24 353:1,8 354:14 355:8 356:4 357:14 358:20 382:1 386:6,17 400:10 402:6 421:3,17 424:20 425:9,11 429:15 430:13 444:6 446:24 449:7 450:17 451:14 459:11,19,24 460:3,12,14 472:6 487:7 512:7 561:21 570:4 585:9 586:16 593:23 603:8 604:23 605:5,8,12 Motors' 447:17 579:13 move 493:9 moved 358:2,4,4 367:25 368:20 475:1 481:1 487:1 494:22 542:1 moving 367:19 482:7 482:22 497:11 multiple 388:18 437:4 475:9 multiplied 416:15 419:5,8,13 433:10 433:23 454:16 514:22 538:9 multiply 405:25 406:4 431:25 multiplying 432:3 mute 335:19</p> | <p>331:11 NBV 542:9,11 near 356:13 487:10 necessarily 399:10 426:3 427:19 445:11 465:5 549:1 554:12 584:13,17 necessary 355:4 398:8 448:3 450:6 need 343:22 349:6,7 349:11 381:4 436:20 490:16 512:17 526:20 530:17 535:5 551:19 571:6 580:6 needed 367:25 368:5 394:18 474:17 482:23 492:16 494:14 509:16 526:17 needs 380:8 550:19 Neil 330:21 331:4 334:17 507:3 neither 411:17 net 420:24 421:2,9,16 425:16 426:17 428:5 447:14 450:10,13,16 532:22 542:11,13,15 542:22,25 543:5,14 543:17,22 557:19,25 560:19 561:1,4,8 582:13 netted 425:8 network 342:24 never 444:19,19 450:14 new 330:1 331:9,9,21 331:21 332:22,22 334:13 337:4,8 348:11 355:17,17,20 355:23 356:18 366:9 367:14,16 372:22 373:7,11 374:14,18 374:19 375:1,9 376:2,5,12,13,14,23 379:17 384:11 402:7 402:20 404:2,25 405:10 406:4 409:11 416:14,18 417:18,20 419:3,4,7,16,18,20 428:2 433:2,9 434:25 447:10 450:25 451:4 454:16 467:20 468:17 470:11 473:1,18,22 474:6,20,22 475:6 478:9,23 479:4,15 480:9 481:2,3,6,9</p> |
|---|--|--|---|--|

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 623

| | | | | |
|--|--|--|---|---|
| <p>485:9 487:21 488:8 488:24 489:6 490:17 491:1,10,15,17 492:1 494:6 496:5 497:19 511:12,14 514:21 515:14 528:14 529:20 531:16 533:8 535:11 538:2,6 539:5,7,11 539:19 541:3 543:18 543:23 544:8 555:18 558:23 559:8,25 560:23 561:22 570:6 570:7 571:17 573:25 578:14 580:16 589:10 590:8,24 NewCo 341:3,5,7,12 342:14 349:2 350:10 355:12,20 356:8,22 356:24 357:5,6,8,17 357:21 358:3 362:13 367:18,20 368:15,21 383:7 443:8 453:8 463:7,8 464:14 466:14,20 467:17,18 468:12 469:19 470:4 481:12,25 482:16 487:2,11,15 488:10 488:15 489:23,24,25 490:7,9 491:3,6 492:7 493:4,11 494:3,23 496:9,13 497:11 527:24 541:21 548:11 568:13 newer 355:10,11,19 355:22 356:17 NEWGM 497:23,24 528:21 529:2 557:13 562:19 564:22 newly 576:24 Nice 336:11 Nicholas 332:19 335:8 Nick 529:3 nine-two 459:17 ninety 349:25 nomenclature 536:22 non-manufacturing 359:21 non-operating 355:25 normal 386:8 409:10 409:12,14 451:19 452:6 538:24 577:15 normally 373:1 409:16 536:21 550:13 North 391:1 449:21 450:2 575:24</p> | <p>notable 469:17 notary 600:3,5 601:25 notations 586:4 note 396:19 464:11 512:25 536:1,20 537:11 noted 491:18,21 601:16 notes 395:22 454:19 454:22 455:23 510:7 535:25 585:15,18 586:6 noteworthy 489:15 notice 333:17 435:1 469:17,25 601:2 noticed 335:24,25 noticing 407:11 NUL 451:19 number 334:3 363:18 373:7 378:22 384:24 402:14 405:24 406:2 413:21 414:18 417:1 418:16,16 420:14 421:14 424:5 426:1 428:15 432:1 439:25 443:18,25 444:1,16 444:18 445:16,17 447:20,22,24 448:9 450:11 454:18 457:4 459:18 460:2 472:24 483:9 484:20 494:13 514:24 515:18 516:13 522:16 527:8 535:16 562:23 564:23,24 574:1 577:22 580:13 582:5 586:13 589:11 numbered 350:19 395:4 446:11 459:10 459:16,23 numbering 347:1 numbers 343:8 345:13 372:13,22 373:6,19 376:21 399:18 410:1 419:12 445:2,10,11 445:18 448:1 452:22 457:9 516:11 535:17 584:25 numerator 402:15 numerous 518:6</p> <hr/> <p>O</p> <hr/> <p>O 448:23 o'clock 424:6 object 348:16 350:2,3 354:1 355:6 395:21 398:6 445:23 477:20</p> | <p>objection 353:23 366:15 368:7 373:10 375:13,15 393:23 396:16 399:17 400:19,20,23,24 401:12 403:19 414:1 444:25 460:16 462:1 462:11 465:4 466:13 467:10 479:12,19,20 482:15 489:2 495:6 496:7 499:2,3,18,19 503:14 506:13 510:4 520:21 521:15 522:19 532:9 540:25 579:17 583:18 584:12,23 591:20 592:4,5 594:12 596:17,18,25 597:10 597:18 598:1,10 obsolescence 458:16 458:17,18 487:19 496:6,12 543:19 558:1 561:13 obtained 410:14 obviously 409:6,20 410:4 423:8 446:11 449:24 450:8 472:6 495:21 540:13 586:22 occurred 335:17 337:22 392:22 489:14 523:6 occurring 485:22 October 330:20 334:6 350:21 461:16 488:21 489:5 516:2 524:7 599:19 offerings 518:7,9 offers 502:1 offices 334:9 600:20 Oh 382:22 418:10 453:1 454:24 460:21 581:9 586:14 594:21 okay 336:19,21 337:6 337:23 338:3,4,11 338:18,25 339:13,17 339:24 340:19,23 341:1 342:4,6,21,25 343:7,12,14 344:1,4 344:10,18,21,24 345:5,8,16,22 346:13 347:5 348:9 348:13,17,24 349:13 350:25 351:3,10,23 352:10,13,19,22 353:11 354:9 356:23 358:11 359:1,4,8,8</p> | <p>359:13,20 360:7,16 360:19 361:2,14,21 362:19 364:11,16,25 365:7,9,10 366:6,24 367:6,13 371:4,19 372:1 373:25 374:22 375:4 376:4,10,20 377:5,10,16 378:16 379:21 380:1,4,19 380:23 381:7,15,20 382:8,12 383:4,21 384:17 385:5,15,21 388:7 389:13,18 390:19 392:12 394:25 395:15,24 396:2,5,9,12,21 401:20 402:2 403:2 403:7,15 404:7,16 406:7,23 407:2,10 407:20,23 408:4,13 408:16,20 409:1 412:4,9,13 413:8,12 413:16,24 414:12,16 414:25 415:6,12,15 415:22,24 416:5 417:4,9,24 418:6,9 418:19,22 420:6,13 420:19 421:6,13,23 422:2,14,19,24 423:2,24 426:16 427:4 428:16,25 429:1,7,10,24 430:4 430:6 431:9,14,23 432:6,23 434:4 435:11,13,16,17,23 436:3,8,19 437:8,15 437:25 438:2,6,12 439:4,18 440:10,19 441:6,23 442:4,17 442:20,22,23 443:3 443:18,25 444:13,22 445:15 446:5,12,15 446:16,19 448:5 450:14,15 454:11 455:1 457:22 458:4 458:9,22 459:15 460:9,21 461:22 462:5,13,20 464:1,5 465:14,20 466:1,7 467:4,11 468:5,22 469:3,4,14 470:19 471:10,23 472:13,16 472:17 473:20 474:3 475:18 476:4,16 477:4,13,17,23 478:4,13,19 479:14 479:24 480:8,16,22</p> | <p>481:5,17 483:4,20 483:24 484:7,11,15 486:9,21 488:12 489:8 491:20 496:22 497:18 499:15 500:2 500:13,17 503:3 504:6 505:11 506:21 506:25 507:2,17,20 508:18,21,24 510:2 511:4,15 512:10 513:7 514:6 515:5 516:9 517:6 519:10 522:1,13 523:4,17 524:20 527:18 529:9 532:14 533:1 534:4 535:8,23 537:4,13 537:23 539:8 541:8 542:6,10 543:17 544:3,12,21,24 545:19 546:10 551:12 552:12,19 555:3,11,13 559:15 560:14 561:10 563:12 564:1,12 567:17 568:2 571:9 571:22 572:20 576:4 577:5,9,25 579:6 580:5 582:2,5 583:8 586:10,14 589:2,16 589:25 590:7,23 592:1,16 593:13 594:25 595:3,4,22 596:2 598:15 old 337:4,8 353:18 355:10 360:2 367:2 370:17 373:20 391:4 398:15 409:13 410:11,23 457:14,18 457:21 466:12 467:8 469:7 473:12,25 474:5 477:21 478:8 479:10,15 480:12,13 480:24 484:9 485:7 485:8,11,17,22,24 486:4,6,6,13,14,15 486:23 487:1 488:7 488:24 489:6 491:1 491:15 494:6 497:20 503:23 511:19 518:21 519:7 521:11 522:7,23 523:19,24 524:12,24 525:7 549:22 595:7 OldCo 339:9 340:1,3,5 340:13,24 343:18 346:8 347:6,7 348:18,20 349:2</p> |
|--|--|--|---|---|

US Bankruptcy Court - New York
MLC v. JPMorgan Chase BankFINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 624

| | | | | |
|---|---|--|---|--|
| 350:14 351:8 353:4 353:14,18 354:3,6 354:11,20 355:1,9 355:12 356:22 357:18 358:3,8,21 359:12 361:3,16 365:12 367:19 368:20 369:3 376:23 381:20 383:5 386:3 407:12,13 438:23 439:12,16 443:12 445:14 451:3,9,18 452:8,12,12 453:2,6 453:11,14 456:6 462:16,18 466:18,23 467:23 469:25 474:7 474:11,22 475:2,8 478:23 479:3 481:16 481:25 482:16 487:23 489:17,19,21 490:15 497:11 514:3 527:24 541:21 581:17,22,22 older 356:10 373:5,19 374:10 554:17 OLV 443:1 444:24 445:2 447:21 457:13 457:16,17 458:6 460:7 470:10 483:21 513:23 514:17 517:19 544:4,9,23 OLVIE 516:25 once 410:10 425:14 531:8,9 600:10 one-off 463:16 one-year 399:3 ones 349:11 389:15 407:17 430:15 504:18 ongoing 456:6 482:2 493:6 online 561:18 open 340:16 363:18 497:22 open-ended 524:9 558:11 opened 340:22 operate 356:7 494:23 533:8 operating 355:24 367:9,14 481:5 operation 361:25 362:4,6,10 382:16 411:6 operations 464:21 553:19 567:15 580:3 592:10 | opinion 510:6 517:19 519:15,17,19 606:15 OPPORTUNITY 330:15 opposed 562:12,16 565:22 570:6 597:21 option 506:10,11,14 options 506:9 529:12 order 362:15 369:19 376:22 463:23 485:6 516:1 567:24 606:14 ordered 567:8 orderly 356:14 360:22 361:23,23 363:14 364:14,22,23 365:2 366:13,17 367:10 377:21 383:10 431:7 431:16 432:4,17 433:8,18 440:6 453:18 454:1,6 458:20 463:5,9,16 463:24 464:9,17 465:12,22 466:1,5,8 466:11,15,18,24 467:4,7,15,21 473:11 484:3 514:1 520:13 595:5,14 596:5 598:9 ordinary 352:23 381:8 organize 483:2 original 367:23 402:5 447:12 449:6,19 487:23 582:13,23 583:15,20,24 593:6 593:10,25 originally 419:1 492:11 Orion 481:21 527:14 528:4,17 529:5,8 533:11,14 534:6,12 535:4 540:10,17 541:9,19 542:11 544:12,19 545:20,25 547:3,5 outcome 513:22 599:17 outer 420:15 423:18 outlining 345:9 output 455:14 outside 338:1 519:16 overall 348:3 381:25 399:12 411:1 417:21 423:15 429:23 433:19 478:6 496:2 519:21 544:1 558:7 570:15 587:5 overlap 349:3 559:24 | override 449:16 451:25 452:3 453:19 455:18,24 514:18 537:21 539:17 540:6 540:11,15,17,23 overrides 450:3 451:4 451:17 oversaw 348:20 381:24,24 overseeing 347:24 348:5,6 overstate 416:9 423:14 owned 556:3 566:16 P P 448:23 P-R-O-C-E-E-D-I-N-... 334:1 p.m 457:2,3 483:7,8 484:18,19 527:6,7 580:11,12 598:21 package 425:24,25 page 333:7 338:7 343:8,16,24 344:3 345:17 358:12 359:25 360:6 368:10 374:14 376:1,11,12 377:10 380:14 383:12 390:8 395:25 397:9 401:25 404:8 404:17 406:8 412:21 413:14,18 414:4 415:2,16 420:14 422:10 429:3,25 435:19 436:10,18 437:20 438:15 439:14 440:1,16 443:20 463:21 465:15 468:22 469:2 470:20 471:1,8,11 472:15 475:24 487:9 487:11 497:23,24,25 498:2 502:24 513:10 519:11,21 520:7 521:2 524:17 535:24 542:20 557:12,13 558:6 562:20,22,25 564:23,24 566:13 567:17 569:13 570:17 571:14,14 572:22 582:1 586:23 587:23 594:17 595:20 602:1 pages 430:1 436:21 439:21 475:25 476:2 476:11 566:14 571:2 | 601:12 paid 360:21 pair 417:25 paper 345:6,9,16 351:1 353:9 441:8 paragraph 377:12 385:15 390:9 397:9 399:21,25 487:10 488:5,9,10,16 489:11,20 492:7 498:12 517:8,16 518:1 521:3,18 524:18 531:19 542:21 557:14 563:1 563:4,8 570:22 595:20 paragraphs 521:22 522:2,10 parallel 382:16 parcels 358:20 paren 415:10 parentheses 351:11 part 340:1 341:19 343:1 355:24 356:4 356:6,8,24,24 357:16 358:8 359:11 360:8 362:11,23 363:2 367:2,8,16 369:3 373:1 385:6 393:17 397:23 398:19,21 399:7 415:3 425:7 432:16 436:24 438:22 439:10,11 443:12,19 445:2 446:21 447:16 455:11 458:5,10,12 460:6 463:3,7 464:7 464:20 473:22 474:7 478:9 481:2,15 483:24 489:23 501:20,23 524:8 541:7 549:20 555:3 561:5 570:12 575:17 585:11,24 589:20 590:24 591:21 593:8 participants 360:23 363:22 403:10 particular 346:23 406:4 409:6 420:22 423:19 437:10 444:4 510:23 513:16,23 520:20 521:20 522:4 522:17,22 535:20,21 536:17 540:7 543:4 569:22 575:6 581:23 587:16 593:2 particularly 373:20 | 549:21 592:24 particulars 571:7 parties 457:12 486:13 599:15 600:12 partner 381:23 parts 567:14 580:3 party 330:14 565:22 path 399:10 Patrick 330:19 333:4 334:3 336:4 459:12 459:20,24 460:3 487:7 601:11,19 603:5 604:24 605:6 605:9,13 pattern 497:10 pay-back 559:6 payback 561:24 penalize 562:5 penalties 452:20 penalty 443:15 535:14 535:15 545:9 people 348:14,17,21 349:5,8,9 369:5,9,19 370:4 394:13 479:16 554:4 percent 349:25 350:11 352:2 371:11,11,22 372:8 373:15 377:2 378:25 379:14,19 380:15,20,21 381:10 401:15,23,24 402:17 402:22 403:8,9 406:5 422:14 432:2 458:15 468:13 478:18 496:25 504:1 505:17 511:4,8,9 515:2,2,11 517:25 523:9 536:19 539:3 539:4,8,10,10,13,21 540:3 546:9,12,13 546:15,16,25 547:10 percentage 371:16,20 411:9 427:25 428:23 431:3 432:2 433:7 433:11,24 434:25 454:17 458:19 468:25 470:2,3,9,9 495:25 514:22 546:8 596:10 598:4 percentages 371:17 386:19 400:8 401:10 401:17 411:14 413:4 413:5 414:9 433:18 447:5 468:3,14 487:25 488:2 491:24 491:25 492:10,23 493:12 494:15 495:3 |
|---|---|--|---|--|

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 625

| | | | | |
|--|--|--|---|---|
| <p>495:13 534:19 perfect 494:10 perform 521:12,16 performed 340:11 348:10 353:17 361:7 381:1 383:10 462:14 495:9 period 364:9 390:12 390:15 391:17,19,24 392:7,9 393:4,6 402:11 498:16,21 500:4,8 527:12,19 528:9,10 531:20 552:16 559:6 561:25 578:1,1,7,12,13,14 person 381:25 personal 348:1,19 353:13 358:17,22 365:3,9 381:19 383:15 385:25 390:10 397:13 455:4 468:24 471:17 498:14 523:19 525:11 528:22 555:4 562:12,16 567:6 568:5,15 569:17,24 570:10,24 572:23 573:2 574:8,17 575:15 576:10 582:9 585:1 perspective 346:3 496:11 physical 451:21 452:11 458:2,4,9,12 458:17 469:20,22 470:5,7 490:23 492:14 493:1,1 496:16 543:10 570:8 573:15,16,19 574:4 574:9 591:11 physically 358:4 583:2 pick 345:22 picked 423:12 picking 391:7 435:4 picture 390:23 pictures 564:2 piece 347:3 548:18 piecemeal 363:8,24 pieces 387:14 482:22 565:3 pipng 493:21 pivot 412:1,1 579:3,5 place 337:9 364:23 366:12 388:21 389:5 466:19,25 467:5 493:4 502:2 560:6 placed 367:14 393:8</p> | <p>428:11 459:7 476:11 556:16,22 565:4 576:24,24 places 435:10 Plaintiff 330:11 Plaintiff's 379:10 plan 354:25 474:15 569:6 planned 356:12 481:13 530:17 560:1 plans 356:5 357:15 474:14 475:6 480:4 480:5 530:6 plant 353:13 356:24 357:2 360:1 473:21 527:14,17,20 528:7 530:7,18 532:3,12 540:24 542:1 552:6 552:8 556:5 570:15 584:7 591:6,10,10 606:23 607:4 plants 357:1,23 366:11 481:6,8,10 492:2 528:9,13 529:8,20 533:5,7 541:19 542:10 543:18 544:8,8 580:16 590:7,9 play 357:23 444:23 493:24 please 334:14,15 343:21 475:18 487:8 489:16 506:6,9,12 506:16,21 507:1 508:9 513:14 514:16 517:8,16 519:11,15 522:10,12 528:25 529:10 533:1,3,10 533:22 537:2 542:19 545:1,22 550:10 552:20 553:9 557:13 562:8 576:4 578:20 579:3,10 585:7 586:11,24 600:8 plug 493:23 plus 530:15 PO 600:21 point 366:6 372:17,22 373:3 381:25 434:7 435:21 447:12 456:18 473:16 481:20 482:6 490:10 513:9 568:6 573:6 575:6 pointing 414:20 points 383:22 policies 551:9,21</p> | <p>552:15 policy 548:4,5 549:12 549:15 552:5,7 Pontiac 439:10 481:21 527:20 528:4,17 529:5,8 533:23,25 534:6,13 541:9,19 542:11 544:12,20 pool 398:3 540:19 551:3,3 557:6 pools 399:8 populated 510:10 population 371:13 378:10 381:2 397:21 399:20 423:15 433:19 480:2,18,21 481:24 520:25 populations 399:13 portion 372:24 381:23 422:20 429:6,7 439:5 470:24 521:8 552:14 portions 442:8,10 521:7 posed 424:8 position 336:19 possibility 346:19 556:18 possible 366:19 394:14 517:13 post-EOP 566:25 567:3,11,13 577:5,6 577:23 post-SOP 576:7 potential 485:16 541:1 543:7 597:25 potentially 340:2 347:20 348:21 355:15 389:21 391:4 424:22 426:15 428:6 434:21 436:2 448:14 468:10 477:3 490:17 493:21 495:18 502:2 526:13 530:14 532:13 536:8 542:1 549:25 566:4,11 572:14 584:8 588:11 598:2 PP&E 358:15 438:7 practically 382:6 practice 336:24 349:15 379:22,24 pre-populate 444:9 pre-populated 444:5 452:22 pre-production 373:7 pre-Saturn 579:24</p> | <p>pre-SOP 566:21 567:2 567:4 574:25 575:7 576:5,8 578:3,18 Precision 545:3 predicting 546:22 prefer 417:9 premise 354:21,23 356:9 360:14,16 361:7,10,18,18,21 362:16,22 363:14 364:13,21 365:2 366:5,14,25 367:11 377:18 463:13 464:17 465:13 472:5 482:17 490:5 494:25 497:7,9,15 500:10 500:14 574:23 premises 366:19 443:10 452:18 453:13 preparation 339:15,17 342:7 345:3 352:8 prepare 338:19 prepared 352:22 460:6 preparing 345:2 present 332:17 342:20 396:22 press 510:15 513:20 516:15 520:4 553:6 553:12,24 554:11,16 592:21 593:19,20 pressed 511:9 presses 515:1 553:15 presumably 433:21 pretty 391:1 393:14 554:23 581:6 previous 437:6 previously 349:24 375:23 397:25 434:8 461:7 474:21 496:10 525:12 541:11 price 360:20 379:16 392:13 410:24 425:8 prices 518:4,5 597:16 primarily 339:8 342:14 342:23 343:5 349:19 351:19 353:9 357:12 357:14 365:2 369:24 385:10,22 430:15 453:22 458:14 498:6 565:16,21 566:6 593:14 primary 349:11 359:11 370:13 371:9,15 385:24 386:18 389:15 454:5 558:21</p> | <p>572:24 principal 336:20 print 418:7 441:4,19 printed 440:15 446:4 printout 411:21 414:13 475:22 prior 337:13 338:5,6 345:17 351:21,23 386:8,8 390:6,6,21 391:21,22 395:7,8 405:11 424:8 438:8 438:11 447:20 450:13 463:1 471:2 471:6 480:10 488:3 488:10 492:19,20 495:3,12 498:25 499:4,10,12 543:24 554:22 588:7 590:9 590:12 probably 340:22 347:12 369:13,13,21 382:23 383:2 395:12 403:4 404:11 445:25 456:11 510:11 549:14 550:19 585:24 592:25 594:3 procedure 513:25 procedures 339:4 proceed 420:8 422:22 497:12 proceeds 386:15 387:8 388:19,24 391:23 396:23 400:8 401:14,22 402:4,13 402:14 404:1 405:5 405:6,9,24 406:1 413:21 416:10 419:25 420:4,17 421:2 422:8,15,16 423:9,13 424:11,14 424:20,22 425:9,16 426:2,7,9 427:14,17 427:25 500:11 501:23 503:19,23 505:12,18 508:9,12 508:14,16,19,21 509:2,21 510:19,21 511:11 process 343:1 345:12 347:5,8,9 353:21 354:10,18 356:3 363:9 365:17 373:4 386:2,3,21 392:20 393:18 394:1,9 426:16 433:14 461:20 468:5 474:4 478:22 482:21</p> |
|--|--|--|---|---|

US Bankruptcy Court - New York
MLC v. JPMorgan Chase BankFINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 626

| | | | | |
|---|--|---|---|---|
| <p>489:12,13 493:10 501:24 524:10 525:1 555:5 559:2,7 562:2 562:18 568:2,4 594:5 processing 504:24 produce 348:3 477:18 565:5,8 566:2,9 567:10 569:3 produced 412:19 415:5 437:17 457:8 477:10 565:9,14 produces 534:18 producing 339:1 product 416:17,17 433:11 451:6 541:4 541:7 546:21 566:2 567:9,12 573:23,25 584:15,18 production 428:19 532:21 533:19,20 546:2,4,6 555:20 557:5 566:17,22,24 567:9,16 572:9,9,17 572:17 573:21,24 577:13,16 580:19,22 productions 477:22 productive 504:24 539:20 products 574:1 progress 557:15 558:16 578:18 project 348:15,25 349:24 350:8 381:25 429:14 530:1 554:3 557:16 558:23 571:24 572:2,12 573:23 593:7 project-by-project 572:6 projected 531:25 533:16,25 545:23 546:3,6 547:9 projections 534:11 547:2 projects 349:3 492:20 554:4 555:18 556:25 557:2 558:23 559:2 559:4,8 561:22 562:3 properties 525:14,18 587:8 property 342:24 348:1 348:19 353:13 358:17,22 360:1 365:3,4,8,9 376:6,14 379:17 381:19</p> | <p>382:10,17 383:6,15 385:25 390:10 397:13 455:4,4 468:24 471:17 498:14 518:10 523:20 524:18 525:2 525:10,11 526:1,5,5 528:22 555:4 556:5 562:12,16 563:10 564:25 567:6 568:5 568:15 569:17,25 570:10,15,24 572:23 573:2 574:8,17 575:15 576:10 582:9 583:10 585:11 586:17 587:12 588:11 589:18,22 590:11 607:13 proposed 527:13,20 530:17 536:22 547:4 propounded 601:14 proprietary 566:2,7 prospective 518:14 provide 388:11 495:17 542:23 568:7 581:20 provided 340:1 343:3 346:6 348:22 353:18 358:7 370:5 371:18 384:23 385:22 386:14 387:5 388:5 388:8,10,12,15,17 389:16,23 390:20 397:19 400:14 402:4 403:6 413:2 420:2 423:6 426:22 427:14 427:14 430:12,19 447:24 449:7,13 450:5,16 451:13 474:8,8 498:6 500:10 510:16 532:22 536:12 540:21 557:15 558:22 569:25 572:5 578:8 582:15,16 593:16 provides 432:23 providing 345:10 347:4,5 351:22 386:11 391:12,13 proxy 417:18 542:17 543:1,22 public 600:3,5 601:25 pull 349:7,11 394:18 417:21 431:1 502:16 532:14 587:7 pulled 418:12 430:3 436:9 504:9 562:9</p> | <p>pulling 391:3 447:7 452:23 573:6 purchase 363:23 364:17 473:22 477:6 purchased 357:6,8 576:25 590:15 purely 577:4 purpose 342:16 353:2 384:4 385:5 390:22 398:13 399:7 485:20 525:19 555:24 581:18 585:2 587:4 591:7,16 597:12 purposes 346:17 354:17 373:2 384:21 385:9 409:3 444:17 446:20 447:24 455:5 461:2 470:8,10 482:11 486:5 518:20 519:6 526:2,16 566:11 567:15 590:9 purposing 385:5 pursuant 353:17 push 546:22 pushed 526:3,7,24 put 337:23 351:5 353:9,9 384:3,4,18 392:2,7,9 402:15 409:18 412:9 418:2 428:15 436:10 446:6 455:3 457:6 462:21 469:1 475:19 517:3 527:11 528:20,24 529:3 538:25 541:5 551:8 552:19,22 578:19 581:7 583:12 583:24 puts 409:13 putting 353:3 371:4 375:24 378:13 392:21 491:12 496:2 PX-0163-0001 380:14 603:16 PX-141 375:11</p> | <p>551:20 552:13 558:12 563:16 567:23 578:22 581:14 585:8,12 588:7 594:2 questions 365:8 471:13 498:4 504:11 512:24 513:2,4 518:15 521:24 570:21 571:22 583:13 594:18 598:16,17 601:14 quick 527:2 567:22 quickly 562:19 quite 520:19 quote 379:12 569:15 quote/unquote 552:23 566:21,23,25</p> | <p>reads 358:15 359:14 379:14 397:10 ready 344:17 557:2 real 342:23 348:2 358:17,22 365:4,8 382:10,17 383:6 455:4 524:18 525:2 525:9 526:5,11 552:5,8 563:10 585:11 586:17 589:17 590:11 591:21 606:23 607:4 realize 410:23 realized 500:11 really 444:17 492:25 542:14 560:25 591:17 reason 364:20 373:25 374:2,22 382:24 390:19 392:1 397:5 417:9,12 455:25 464:16 465:11 477:12 488:19 489:20 499:25 540:22 541:23 543:4 543:7,14 549:20 602:1 reasonable 347:12 363:10 377:7,9 384:24 391:14 397:23 408:9 478:17 492:22 494:8,16,18 495:25 497:12 507:22 597:16 reasonably 401:10 405:15,19 410:13 411:11 reasoning 426:21 482:20 reasons 541:5 566:7 572:4 rebuild 553:6,13,16 554:1,11,16,21 593:3,7,19 recall 344:18 347:2 349:5 353:7 362:12 365:24 369:6,7 374:24 375:2 378:7 378:13,14 387:20 389:11,14,19,21 390:3,5 393:5 395:23 396:17,20 404:12 406:16 407:4 407:7,8 412:5,8 416:1,5 437:3 448:20 452:13 455:18 456:15 458:2</p> |
|---|--|---|---|---|

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 627

| | | | | |
|---|--|--|---|---|
| 458:6 463:17 468:15 469:5 473:18 477:17 477:25 480:3 481:12 481:17 482:3,5,8 527:16,24 528:1,2,5 528:12,15,19 536:5 540:18 542:17 543:15 547:17,22 592:16,23 receipt 600:9 receive 474:16 475:6 475:8 600:10 received 358:9 360:21 405:7 416:10 420:21 474:12 478:1 505:18 532:11 534:1 567:8 reclamation 507:11,14 507:18 recognize 395:11 411:24 412:23,24 429:16 476:21 551:11 563:16 578:22 581:15 585:13 recollection 396:13 397:1 464:6 508:3 509:24 528:16 547:4 recommends 595:18 595:21 reconcile 441:18 526:17 reconfigured 541:25 record 335:21,23 337:24 378:19,23 424:2,6 440:13 441:19 454:21 456:24 457:1,5,7 483:6,10 484:16,21 484:25 488:19 492:3 512:16 514:11 527:5 527:9 529:1 548:5 563:3,17 580:10,14 598:20 599:11 recorded 372:12 419:11 424:23 455:22 records 386:16 506:18 506:22 508:16 594:7 recoverability 411:10 recoverably 404:4 red 512:19,20,21 reduce 536:24 reduced 560:5 reduction 540:5 545:16 reductions 496:19 refer 341:23 354:21 | 381:22 402:2 407:2 429:19 487:5 573:8 reference 345:6 418:14,20 461:2 462:21 481:20 498:5 505:23 523:5 569:21 587:23 referenced 375:23 553:22 references 375:8 586:3 referred 346:8 372:15 395:17 434:8 525:12 585:25 referring 339:7 342:2 342:3 345:17,18 351:1 354:2 355:23 356:17 359:18 364:5 368:18 377:6 400:5 401:7,14 466:16 502:21 refers 374:13 400:17 504:25 505:14 530:3 554:13 595:17 reflect 367:23 373:23 391:17 405:3 426:23 444:3 461:24 476:12 490:8 492:11,23,24 492:25 493:3 523:3 539:22 542:3 557:22 577:2 reflected 361:19 386:14 387:7,12 420:4 421:13 426:2 427:3,18,23 432:13 462:4,25 474:10 503:22 530:12 532:11,13 546:3 569:5 574:6 583:17 reflecting 391:5 576:22 reflective 402:3 reflects 353:11 reframe 494:3 refresh 396:13 397:1 464:6 509:24 541:7 547:3 refreshes 508:3 refurbish 550:24 refurbished 528:10,14 528:18 540:24 refurbishment 530:8 532:4 REG 330:7 regarding 529:18 606:15 regions 557:16 | Registration 599:25 reinstalled 490:17 relate 485:9 related 340:23 385:24 400:8 401:18 461:4 461:19 473:4 485:17 557:23 562:11 568:3 599:14 relates 400:21 463:25 485:10 relationship 387:2 430:8 432:12 460:24 577:11 relative 400:9 401:19 409:11 536:9 567:6 568:17 593:7 relatively 538:2 539:5 539:11,19 549:22 554:19 576:24 relevant 441:5 445:18 446:10 469:11 533:4 reliable 398:9 relied 377:13 385:17 385:22 390:4 453:14 498:6,21 517:13 525:11 569:16 574:18 relocated 490:17 rely 377:16 485:4 490:21 499:22 relying 486:5,10,16 542:14 577:4 remain 347:7 354:20 355:9 357:17 362:4 362:6,10 363:18 367:1 480:12,24 remained 353:14 361:25 486:22 518:21 519:7 521:11 522:23 523:19,23 524:11,23 525:6 remaining 346:7 361:16 365:23 366:2 368:12 378:9 451:24 452:2,4 481:14 487:15 536:6,8,9,21 540:1 541:5 554:24 remarked 395:9 remember 339:10,12 340:19,21 347:10,13 347:16 349:8 356:21 387:22 388:14 390:18 394:10,15 396:5,18 463:11 468:20 478:2 482:9 502:18 515:3 529:20 530:15 546:20 | 550:14 554:4 remembering 585:23 remind 370:10 529:22 remove 474:21 478:15 488:1 removed 541:3 Renaissance 369:17 reopened 528:11 repair 547:16 553:2 592:18 593:10,24 repeat 511:6 repeating 485:5 repetitive 544:6 replace 416:18 560:3 588:15 replaced 454:15 541:3 550:20 replacement 374:18 400:9 405:9 419:7 419:16,18,19 434:24 447:10 538:5,8,15 538:17,20,21 539:7 543:1,23 557:21 559:19 570:6 573:12 576:2 replica 376:5,14 report 353:5 358:10 368:10 374:12,24 375:11 376:8 422:10 462:22,25 465:15 468:23 497:23 499:24 503:10 521:3 521:19 542:20 557:12 558:6 562:20 562:23 564:23 566:13 567:19 569:13 570:18 571:15 reported 382:15 555:16 reporter 334:12,15 337:15 380:8,10 442:19 511:23 530:24 599:6 Reporter's 333:15 599:1 reporting 330:25 332:20 334:13 346:11,14,16,17 349:7 354:17 361:1 384:21 402:6 404:23 447:17,23 485:13 486:4,11,17 542:16 555:25 582:14 599:24 600:19 represent 369:22 405:12 529:6 540:9 | 583:8 representation 391:12 424:15 525:22 558:10 representative 398:4 398:18 399:20 400:7 423:10 447:9 518:3 518:8 522:15 538:16 588:16 represented 401:10 543:9 representing 453:17 543:13 reproduced 429:10 reproducing 376:5,14 reproduct 373:6 reproduction 371:16 371:21 372:16,21 373:11,23 374:13,18 375:1,9 376:2,12,13 376:22 379:25 402:7 402:20 404:2,25 405:3 406:3 416:14 416:18 417:18,20 419:3,4,6,20 428:1 433:2,9 447:10 450:25 451:4 454:15 468:11 511:11,13 514:9,21 535:11 538:6 570:7 573:4 573:10 repurposed 590:15 591:9,15 request 334:10 387:4 requested 396:22 397:4,6 485:12 599:13 require 493:8,18,20 required 600:4,5 respect 408:7,18 444:3 457:8 500:3 549:12 579:16 responded 424:13 restate 499:6,20 result 419:14 433:12 500:22 546:24 572:19 results 340:15 386:12 532:25 resume 337:12 Retire 503:1 510:13 retired 536:23 Retirement 413:9 415:3,8 502:23,23 return 421:2 559:5 600:8,15 returned 421:16 |
|---|--|--|---|---|

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 628

| | | | | |
|--|---|---|--|---|
| <p>returning 385:15 397:8 reveal 495:7 review 338:12 339:13 339:18,21,24 341:20 343:17 351:24 352:10 357:10 363:20 384:22 448:19 465:18 551:19 557:17 570:20 599:12 reviewed 338:13,15 338:17 339:25 341:19,20 344:21 345:20 352:1,3 404:14 412:6 447:16 reviewing 339:2 340:13 343:23 344:6 351:21 465:19 521:25 531:10 552:11 568:1 571:8 586:15 588:5 right 338:8 344:9 359:2 364:3 366:22 366:24 370:10 371:8 380:24 390:18 397:7 401:5 407:21 408:2 408:11 413:6,10 415:7,9 417:7 420:15 423:18 426:19 435:14 443:22 448:3 456:19 456:23 462:17 465:13 466:24 469:9 470:15 486:17 491:10 493:14 498:10 501:5 502:16 502:25 504:2,7 506:5 507:2 508:10 509:5 510:12,17,21 510:25 511:21 512:10 513:3 514:4 514:14,25 515:10,12 515:18 516:1,11,18 516:21 522:4,9,18 522:22 523:15 524:1 524:6 527:10,16,24 530:20 531:16,25 533:5,8,14 534:2 535:22 537:6 538:1 539:2 541:13 544:10 544:13,17 545:2,12 547:11,13 558:11 560:20,23 561:6 562:12 564:7 565:22 568:23 569:12 571:10,24 578:3,11</p> | <p>578:19 579:2 583:12 583:17 586:23 587:20 589:14,15 591:13 592:12 595:4 595:12,16 596:11,16 596:20 597:4,6,14 597:22 598:3 Risius 332:18 robot 418:17 420:15 423:17 426:14 433:23 434:1 471:15 537:4 550:12,16,18 550:24,24,25 551:1 554:14 robots 407:24 408:7 408:18 418:11,12 422:7,14,16 423:21 425:24 426:12,19 430:3 431:23 432:1 504:23 505:10 role 346:21 347:22 348:9,12 349:13 351:15,17 354:11 381:20 382:12,13,13 386:2 442:25 553:10 room 375:20 Rose 330:25 332:20 334:13 599:24 600:19 Rosen 331:19 335:2 484:25 Ross 332:18 rounded 443:15 515:17 rounding 415:20 454:18 539:25 row 431:21 503:6 513:17 533:10,22,24 537:2 545:2,22,25 545:25 553:5,8,9 579:15 rows 341:10 430:11 431:4 476:1,12 579:10 RP/PP 455:2 RPR 332:24 RUL 451:24 452:4 536:6 539:17 540:2 540:10,17 RUL=1=0.5 536:2,16 537:7,21 rule 346:23,24 rules 346:21 run 446:7 455:12 456:12 501:21,21 Russell 332:24,25 334:11,13 599:5,22</p> | <p>S S 331:4 419:2,8,18 449:8,9 506:11,12 506:16,21,23 507:4 507:5,7,9,21 508:2 508:19,22,25 509:25 510:6 sale 379:17 390:9 391:22,25 392:3,8 392:10,13,13,17,17 402:13,14 410:14,24 420:21 426:4 427:23 466:21 467:5 478:10 499:9 505:13 507:14 507:21 517:22 518:12,17 523:6 587:9 590:12,24 sales 363:24,25 365:5 386:12 388:13,19,24 389:24 390:4 391:19 392:20 397:18 401:15,22 405:15 407:18 420:4 421:11 423:13 427:18 428:3 428:3 498:13,20,25 499:12,16,22 500:7 501:4,13,18,18,20 501:23 505:19 517:24 518:7,9 519:4 520:9,12 521:6 522:17,22,25 523:3,5,15 525:21 526:10,24 587:1,6 587:18 588:17 597:20 Salvage 452:13 sample 398:10 435:2 448:7,25 454:2 499:1 501:4 sand 537:15,17 Sara 394:19 396:2,17 510:8 Saturn 579:11,11,12 579:12,15,21,25 580:2 saw 345:14 350:13 389:19 443:8 534:8 534:17 saying 372:20 375:21 440:23 478:15,16 says 351:10 376:4 377:12 383:13,19 385:21 390:9 395:5 395:24 396:21 399:21 400:1 406:7 415:9,10 429:13,13 434:18 487:14 495:1</p> | <p>498:12 499:25 504:14,22 505:11 508:9 510:20 512:4 512:5 516:25 517:9 517:18 518:1 519:22 519:24 521:3 531:24 533:11 536:1 543:21 553:12,17 557:15 563:2 566:16 569:15 586:16 595:12,16,20 scenario 541:1 551:4 scenarios 543:11 schedule 588:24 schedules 339:25 Schwartz 330:21 331:7 334:18,21 512:6 scope 353:4 354:19 354:25 355:12 357:10,12 358:13 359:25 360:13 474:11 494:8 542:23 597:12 scrap 389:12 425:13 427:7,13,18,24 428:3 501:13,15,18 504:23 505:9,23 521:8,14,16 566:11 scrapped 577:18 screen 412:10 414:20 418:8 428:16,16 432:14 436:11,17,23 437:21 438:19,25 440:18 441:15,20,21 446:15 475:19 476:17,22 477:19 502:22 503:1 506:19 512:13 528:20,25 544:17,19 552:20,23 581:8 583:12 scroll 446:8 scrolling 539:1 searching 518:6 SEC 346:17 second 363:4 380:10 395:25 487:9 505:11 535:7 537:5 587:23 594:20 secondary 363:6,7,20 365:20 386:13 409:23 410:2 501:22 566:3,3 574:22 577:18,19 section 359:24 381:5 465:15,18 486:24 552:6,8 563:2,4 567:18 570:17 596:1</p> | <p>606:24 607:5 sections 351:18 see 336:11,12 338:9 343:8 344:7 345:6 351:10,12 356:25 358:13,23 368:16 374:14 376:2,7 377:14 380:15,17 383:13,16,17,22 385:18 390:13 395:16,17,24 396:2 396:21,23 397:14 400:3 401:5,20,25 403:25 405:16,18 406:25 407:21 408:24 412:16 413:17,22 415:7,11 415:13,17 418:17,25 420:8,17 421:25 422:22 427:16 429:5 430:4,5 431:13,16 431:22 436:23 437:21 440:18 441:14 442:10 443:13,16 454:9 459:13 460:14 464:11 465:16 473:7 476:2 478:14 487:11 488:22 489:4 498:7 498:17 503:7 504:13 504:17,18 505:22 506:9,12,15 508:3,8 514:7 516:12,14,16 516:19,25 519:24 520:5,7,11 521:13 522:14,20 523:4,7 523:12,13 524:16 529:12 531:20,22 533:11 534:23 535:10,25 536:3 537:25 538:1,3,7,19 538:22 539:3,16 545:7,10 553:2,4,11 569:18 579:4,6,9 582:2 583:19 585:16 586:24 587:2 595:19 595:21 seeing 403:17 435:7 547:2 586:5,12 seen 352:19 379:23 403:23 512:9 528:22 564:5 582:10 selected 368:13 518:9 577:22 sell 360:21 366:10 386:6 388:20 389:4 389:5 392:8 423:7</p> |
|--|---|---|--|---|

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 629

| | | | | |
|---|--|--|--|---|
| 423:20 424:13 426:24 465:10 500:4 566:6 selling 363:5 379:16 senior 347:24 382:19 382:25 sense 366:13 448:12 540:22 549:16 590:1 590:4 592:7 sensitivity 455:12 456:10,13 sent 353:8 sentence 368:11 379:13,14 380:2,16 385:21 387:17 397:10 400:15,17,22 401:1,9,16,25 separate 354:6 407:18 444:13 462:13 467:12 511:18 568:10 separation 470:12 September 345:23 sequence 461:14 series 330:15 383:21 428:18,21 serve 461:1 served 336:1 386:17 477:15 service 363:16 364:3 364:7 365:13,16 370:24 371:1 377:25 434:9 435:5,12 448:24 449:2 456:7 536:23 556:9,16,22 576:25 Services 336:24 378:5 394:17 448:14 Servicing 371:5 434:15 436:1 set 362:11 371:6 372:3 436:7 440:12 462:20 466:19 467:1 473:14 478:19 574:19,24 599:9,18 settle 482:23 settled 390:5 481:24 seven 348:21,24 shared 402:24 403:3 403:20 404:12 sheer 554:2 sheet 441:7 534:18,25 556:1 587:5 601:16 shift 546:24 shifts 546:19 short 364:9 378:17 470:12 541:5 563:1 | shortened 481:14 shorter 469:23 486:24 Shorthand 599:5 show 371:3 374:23 375:17,18 395:3 403:21,22 415:25 442:9 508:16 509:10 517:2 533:14 545:23 587:15 showed 363:21 showing 388:19 404:4 404:18 418:11 424:11 428:17 435:22 439:14 476:18 533:17 539:25 545:21 552:25 shown 401:24 407:6 422:12 437:10 451:12 503:25 539:24,25 582:8 583:7 589:1 shows 370:12 415:19 533:24 579:4,6 582:4 shut 356:11,12 363:1 363:1 530:18 567:12 shutdown 530:18 side 420:15 423:18 476:11,11 482:7 574:18 576:10 Sign 333:17 601:2 signature 600:3,5 signed 600:8,10,15 601:21 significance 575:8 significant 393:14 493:20,21 495:22 significantly 391:2 409:14,18 signify 509:25 536:4 similar 348:12 374:5 374:10,11 376:6,15 381:6 384:12,13,14 384:16 390:10 397:14 405:19 432:11 438:10 451:23 456:9 466:17 469:8,16 471:24 488:3,23 489:4 490:4 492:21 495:4 495:15,17 498:13 517:24 518:5,8 519:4 541:20 554:14 560:9 563:9 567:5 568:3,14 569:24 570:23 575:14 576:9 | 591:23 similarities 385:11 572:24 similarly 514:20 527:22 548:12,17 559:10 simple 559:14,16 simpler 558:16 560:15 560:19 simply 398:22 423:21 426:24 436:9,22 442:13,25 single 339:7 381:1 385:8 424:23 429:3 440:17 441:7 537:19 sites 358:19 359:15 359:16 360:3 566:19 sitting 444:2 situation 424:16,17 426:24 situations 425:17 558:15 six 348:20,24 349:4,8 504:19 550:22 size 371:13 553:14 581:5 590:25 593:5 sized 525:13 skip 452:25 504:5 slight 577:1 slightly 371:12 379:3 488:14 570:9 575:24 small 416:10 435:21 538:5 554:19 smaller 417:22 593:7 smallest 509:14 Society 497:6,14 soft 492:13 493:5 sold 355:12,20,23 356:18 357:5 365:19 388:25 389:12 397:25 411:7 422:7 424:21 425:2,7,8,11 425:13,18 426:12,12 481:6,8 501:15 505:9 510:24 577:17 577:19 589:10 590:7 solely 330:10 somebody 425:25 494:10 somewhat 382:16 523:11 573:20 SOP 566:23 sorry 343:24 400:25 410:17,19 427:10 430:16 435:9,20 445:21 453:1 454:24 459:17 468:23 471:3 | 486:14 504:4 509:7 519:12,18 533:18 553:8 562:23 574:11 577:18 579:5,18 586:12 594:20 595:18 sort 354:10 381:25 385:7 393:20 398:25 403:6 407:23 412:14 422:1 427:3 436:25 441:11 453:5,16 456:17 464:25 471:16,24 479:8 494:13 502:10 506:8 506:11,15 509:9,13 509:14 529:11 534:6 541:12 542:8 544:3 576:15 590:15 591:22 sorted 504:17 529:7 541:10,10 544:22 552:25 sorting 506:17 529:13 544:16 Sotto 415:23 422:4 551:7 552:21 sought 397:3 423:20 sound 394:20 396:7 sounds 390:17,17 394:24 515:4 527:3 580:8 589:15 592:22 source 412:2 413:1 449:4,6 452:23 477:2 504:14,17,20 505:7 516:24 534:17 sourced 450:5 sources 385:24 386:18 409:23 510:9 518:6 567:19 South 332:4 SOUTHERN 330:1 spare 567:14 580:3 speak 387:24 564:13 speaking 416:7 421:12 531:13 532:19 572:20 580:16,18 special 563:19 564:18 565:1,2,3,10,12,16 565:20,25 566:15,16 566:21,23 567:1,2,3 567:4,7,13,19,25 568:3,7,12,14,17,22 568:22 569:2,2,9,11 569:18,21,23 570:13 570:19 571:1,16,23 572:2,21 573:1,17 | 573:19 574:2,6,21 574:25 575:7,10 576:5,7,8,17 577:5,6 577:16,23 578:1,18 579:8,16,20 specialists 394:18 specialized 410:1 411:5 525:19 566:1 580:17,19,22,24 584:22,24 589:8,22 592:3,6 specific 339:12 353:3 365:3,24 369:7 370:4 383:5,6 387:22 389:22 390:18 392:11 394:15 395:14 412:2 428:24 439:15 450:22 453:4,4,19 454:20 455:20,20 461:2 471:15 495:11 497:2 498:4 526:9 528:7 536:10,14 553:25 554:1 556:23 559:5 565:3,5,11,13 566:9 571:22 572:12 573:6,21 579:4 593:3,17,18 597:14 specifically 340:21 342:7 347:25 353:7 356:21 370:23 378:15 394:10 395:23 396:20 408:6 412:8 448:21 455:18 463:11,18 478:2 481:20 482:8 485:23 507:9 528:19 530:1 536:5,25 540:18 542:18 543:16 561:12 588:21 592:9 specifics 378:7 482:5 528:15 spectrum 557:8 spend 350:6 524:1 556:25 559:4 578:14 578:16 spending 554:15 spent 349:24 350:11 550:23 555:19 559:12 578:16 split 437:4 SPO 579:24,25 580:2 580:3 spoke 387:20 spread 426:18 spreadsheet 340:15 412:10,19,22,24 |
|---|--|--|--|---|

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 630

| | | | | |
|--|--|--|---|--|
| <p>413:3,19 414:8 415:4 419:12 422:20 428:14 436:16 437:17 438:16 441:17,25 444:2,21 445:25 446:14,14 457:25 464:3 504:11 506:23 508:2 509:19 515:17 528:21,23 532:15,16 534:9,24 534:24 535:3,6 540:11 541:9,14 544:3 545:20 552:24 578:21,23 583:10,12 603:20,23 604:4,7 604:10,13,16,19 605:15,21,24 606:4 607:8 spreadsheets 340:17 387:5,7 388:18 389:16 412:7 436:5 439:13 441:16 442:8 457:11 square 581:1,2,4 staff 383:1 stage 556:25 stamping 553:16 stand 445:10 507:5,9 507:18 561:25 stand-alone 471:21 standard 381:12 443:5 556:11 standards 596:3 standpoint 488:16 550:7 stands 477:5 507:21 Stanley 513:20 start 341:14 348:11 361:6 374:24 376:8 376:25 384:10 406:14 413:12 418:15 446:16 461:9 462:22,24 463:4 464:7 465:14,21 466:4,10 467:13 468:23 469:8 471:11 472:1,7 483:12 486:24 487:4 517:7 528:22 529:13 537:3 558:5,16 564:19 565:1 566:22 572:8 572:16 585:10 607:11 started 347:14,15 353:24 354:11 567:9 starting 350:10 372:17 372:22 373:3 374:8</p> | <p>374:10 418:22 447:12 449:8 485:7 490:10 517:17 524:16 569:14 571:13 572:22 573:5 starts 383:24 524:18 State 599:2,6 stated 363:17 449:25 statement 502:14,15 593:4 595:17,18,20 595:23 STATES 330:1 static 573:22 Station 545:3 status 478:14 stay 541:24 stayed 485:8,10 497:20 511:19 Steckel 351:12,22 382:8,9,17,25 603:9 Steckel's 382:15,22 step 346:4 534:16 543:24 steps 416:22 stick 426:11 sticking 418:13 419:23 stipulate 442:14 457:13 stipulation 457:7 stop 344:2 Stout 332:18 334:23 straight 366:4 400:13 407:8 455:15 straight-line 574:9 straight-up 417:7,12 Strasbourg 360:8 Street 331:20 332:4,12 strong 377:24 structure 591:12 struggles 391:9 stub 578:1,7,12,13 study 590:8 stuff 429:9 564:9 sub-ledger 526:18 sub-team 568:11 subject 359:6 364:7 365:12 371:5 378:4 405:16 448:14 449:1 449:2 479:9 482:9 496:9 497:20 570:14 587:12 subpoena 336:1 477:15 subscribed 601:21 subsection 566:15 subsequent 461:11,12</p> | <p>subsequently 489:21 subset 357:22 371:10 371:25 440:24 441:19 464:11 529:4 577:25 subsets 441:15 547:24 substance 338:23 342:19 601:15 substantive 343:3 subtraction 511:1 suffer 559:9 sufficient 385:12 543:8 549:1 sufficiently 408:5 suggest 434:17 suggests 594:10 suited 489:25 591:17 sum 404:22 405:6 416:17,18 419:16,17 422:15 summaries 448:18 summarization 455:5 summarized 572:22 summarizes 532:23 summarizing 456:18 534:9 summary 339:25 340:14 341:2,6,16 341:20 401:22 402:8 403:21 405:13 413:8 414:13 415:3,8 416:16 422:12 429:20 448:18 502:23 503:1,24 510:12 532:20 558:6 558:7 571:3,13,15 579:3,3,5 581:16,20 582:4,7,11 587:13 summer 347:20 supplemented 495:20 suppliers 576:19 support 346:10,13 362:13 409:25 485:18 585:10 592:9 598:13 607:11 supportable 494:17 supported 341:4 438:23 598:14 supporting 340:7,8 341:14 342:23 346:22 351:8 supposed 439:20 sure 344:11 353:5 368:1 399:13 404:3 421:7 428:19 430:11 442:15 446:2,5,6,18</p> | <p>453:16 527:22 558:14 561:24 586:2 587:25 588:1 589:6 surprised 515:7,9 suspect 453:22 594:2 swear 334:15 Swift 487:17 490:20 490:22 switch 410:15 580:6 switching 462:23 547:13 sworn 335:16 336:5 599:10 synonymous 556:14 561:4,7 system 347:1 526:22 594:8,22</p> <hr/> <p style="text-align: center;">T</p> <hr/> <p>T 419:7,14,17 449:11 554:12 tab 415:3,8 418:12 429:4,8 430:9 437:20,22 438:4 439:4 475:24 476:5 476:7,9 503:4 504:8 510:13,16 513:14 533:2 534:5 535:24 579:3,4 605:21,24 606:4 table 333:1 358:23 359:1,24 404:8,17 404:18 412:1 413:18 413:24 414:2,3 415:16 418:8 422:9 429:20 430:1,21 431:1,25 432:15 433:5,5 438:22 439:1 447:3 449:12 450:19,20,23 468:25 469:2 516:6,8 587:9 587:13 606:14 tabs 412:15 476:19 504:10 tail-end 550:19 take 338:5 343:15,20 343:22 365:25 378:16 384:19 396:10 405:24 409:9 416:25 419:16 423:25 427:6 432:25 440:11 443:14 470:19 523:14 527:1 548:19 551:19 564:8 567:22 570:19 571:5 597:8 taken 334:8 355:25</p> | <p>367:14 378:20 414:5 424:3 429:25 430:1 457:2 473:24 483:7 484:18 489:21 527:6 529:7 532:5 534:12 536:23 547:10 580:11 605:19 talk 383:9 416:21 432:22 442:12,12 486:21 497:18 513:5 560:17,17 568:21 talked 561:11 talking 401:1 410:16 487:4 523:17 Tangible 377:7,10 383:12 397:8 404:9 414:4 415:15 422:10 462:8 469:2 594:16 595:1 tapes 580:7 team 348:3,19 349:8 350:9 351:20 383:8 394:7 492:18,18 530:1 560:3 585:22 586:1 590:11 591:22 team's 573:11 teams 538:13 576:14 Technical 379:9 603:15 technique 379:15 517:25 596:8,11 597:9,23 598:5 techniques 473:4 517:20 518:2 521:4 595:13 596:3 tell 372:19 377:2 438:19 448:25 454:3 461:14 464:25 465:5 513:22 514:17 524:20 535:2,6 537:20 553:20 563:23 564:23 584:3 586:7 588:24,25 tells 539:18 ten 483:3 523:9 578:14,17 tend 554:4 tends 573:22,23,25 TenHuisen 332:18 334:22,22 tens 341:10 433:15 463:14 term 330:14 332:2 334:25 371:23 374:13 375:9 472:18 472:23 493:23 530:2 556:11 592:8</p> |
|--|--|--|---|--|

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 631

| | | | | |
|--|--|--|---|--|
| terminology 372:15 373:12 505:16 529:25 574:3 terms 382:20 405:19 431:6 470:8 533:15 533:16 556:14 558:13 561:11 568:19 576:5 590:4 Tessa 331:6 334:20 test 346:21 testified 336:5,16 337:1 341:15 349:23 483:13 485:11 486:25 489:10 491:8 493:13 496:1 498:1 498:9,24 500:18,21 502:8 529:18 546:1 551:21 testify 489:3 491:22 583:3 592:2 testifying 496:23 testimony 338:14,16 339:19 344:19 345:1 345:14 457:16 470:24 471:2,6 472:14 497:21 499:5 500:20 512:4 592:23 599:11 606:11 Texas 330:20 599:2,6 599:22 text 571:13 thank 335:20 336:13 342:5 368:9 376:20 406:23 417:24 419:22 434:4 456:19 458:22 460:21 471:5 473:14 479:1 484:15 492:8 552:4,10 563:14 575:5 587:21 589:2 598:18 tharvey@bindersch... 331:13 theoretical 530:18 538:15 559:19 thereof 521:9 thing 437:6 468:9,9 498:3 571:5 things 421:7 485:2,8 492:13 494:13 504:5 541:4 think 347:11 372:3 376:1 377:11 385:16 395:7 406:19 413:14 424:12,15 428:21 434:17 435:3 441:1 441:10 442:5 445:24 448:7 451:3 469:5 | 473:23 477:2,21 483:2 485:11,15 491:21 494:4,18 495:1 496:1,9 498:1 498:24 500:17 510:10 512:21 514:18 530:22 537:25 539:23 546:1 548:1 549:16 555:21 555:22 566:5 571:4 571:12 575:22 581:9 588:3 592:20 594:19 596:22 thinking 576:11 third 344:5 486:13 546:23 565:22 603:15 thirty 341:18 thoroughly 445:12 561:23 thought 365:16 417:19 435:22 450:12 455:1 474:21 479:16 482:18 550:6 559:7 thousand 479:1 526:13 554:7 thousands 341:10 433:15 463:14 three 340:2 347:9,11 369:11 370:7,12,19 388:2 389:15 390:20 391:6,9,20 392:1 397:5 402:8 460:9 469:18 470:7 507:3 517:20,25 521:4 590:13,13 three-month 390:6 391:11,16,19,24 392:14 393:13 394:2 402:11 498:21 thumb 442:18 TIC 496:10,14 543:25 544:1 570:14,14 tick 586:4 tie 586:1 593:6 tie-out 585:25 tied 422:8 427:5 593:1 ties 422:9 time 334:6 337:7,20 338:16 343:15 346:25 347:1 349:25 350:5,9,11 355:5 357:19,24 362:11 364:9 378:19 379:17 388:15 389:22,25 390:3,6,12,15 391:2 | 391:10 392:9,22 397:2 423:12 424:2 436:11 457:1 461:24 475:4,7 483:6 498:15 500:4,8 518:12 524:2 527:5 527:11,12,15,18,22 528:3,8,10 531:20 545:1 549:11,15,24 551:19 552:16,16 580:10 587:21 timeline 347:11 363:17 364:3 times 369:14 387:24 419:17 434:25 539:8 539:13 timesheet 349:7,11 title 487:11 508:7 542:21 564:25 titled 557:14 today 336:2 338:14,20 345:3 352:11 457:12 497:21 498:9 502:19 510:8 Today's 334:6 told 580:6 587:25 Tool 567:19 tooling 565:12,25 566:17 567:12 568:7 568:12,14 569:24 570:13 573:2,17,19 574:7 575:9,17 576:14,14 577:17 578:3,18 579:21 tools 563:19 564:18 565:1,2,3,11,16,20 566:15,16,20,21,23 567:1,2,3,4,7,14,25 568:3,17,22,22 569:2,2,9,11,18,22 570:19 571:1,17,23 572:2,11,21 574:2 574:21,25 575:7,10 576:6,7,9,17 577:5,6 577:23 578:1 579:8 579:16 top 368:10 369:8 383:13 395:5 404:8 404:16,18 413:12,18 414:3 415:16 422:10 429:14 468:20 469:2 473:9 512:6 519:22 528:5 542:20 563:18 582:1 589:12 topic 534:2 545:19 topics 485:9 total 402:14 422:15,17 | 503:6,21 504:1 580:1 583:23 touch 524:2 tough 454:3 Township 356:20,22 356:23 463:25 464:21 TP-14 513:19 516:14 520:4 trace 554:8 traceability 505:7 traced 593:23 track 449:5 trans 424:25 transaction 360:22 421:5 422:1 425:15 426:25 427:3 428:5 500:23 502:5,6,11 505:3 574:18 transactional 426:21 transactions 391:23 405:8 423:8 424:18 425:1 500:12 501:2 501:3 502:13 503:13 518:5 587:8,10 transcript 337:20 338:5,8,13,15,17 339:22 345:18 599:12 601:4 603:4 605:18 transcription 601:13 transfer 356:25 360:21 513:19 515:1 516:14 520:4 transferred 357:3 358:20 359:17 368:14 473:18 478:8 478:9 487:15,21 488:7 489:23 491:1 491:5,15 492:1,16 493:8 494:2,6 497:19 transfers 541:22 Transition 363:16 364:3,7 365:12,16 370:24 371:1,5 377:24 378:4 434:8 434:15 435:5,12 436:1 448:14,24 449:2 456:7 translate 584:18 translates 574:3 transmit 442:9 treat 408:17 548:8 treated 514:20 548:11 trend 431:2 433:1 447:4,4,8 450:18,22 | 538:4,9 trended 372:13 373:19 373:22 374:9 trending 372:24 373:5 376:21 573:5,11 trends 432:24 433:17 468:10,16 573:7 trial 336:16 337:1 339:18 341:15 374:25 375:10,25 379:9 380:14 462:25 470:24 471:2 472:13 491:8 tried 389:5 trouble 576:18 true 372:8 444:22 461:21 480:23 573:12 597:20 599:10 truly 592:2 Trust 330:9,9,10,15 331:3 334:19,21,23 336:2 511:16 Trustee 330:11 try 379:4 387:13 460:23 485:3 503:1 514:5 593:21 trying 347:16 356:25 381:7 397:22 398:1 398:16 428:18 429:4 460:23 494:14 495:10 499:7 500:18 504:4 564:9 587:13 turn 487:8 497:23 516:4 519:10 576:6 586:23 turning 383:11 465:14 468:22 472:13 tweaked 474:15 twelve 368:12 twenty 369:20 two 340:2 349:10 351:11 362:12 374:4 391:9 392:5 399:8 405:10,12 410:5 419:12 420:7 428:11 430:2 432:3 433:12 438:11,12 439:21 466:14 469:12 479:1 495:23 506:8,9 510:8 517:22 529:8 535:13 546:19 558:15,15 572:4,4 574:15 578:13 586:25 587:1,17,18 two-year 399:3 tying 422:2 |
|--|--|--|---|--|

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 632

| | | | | |
|---|--|---|---|--|
| <p>type 341:7 435:20 443:6 492:21 518:13 548:20 572:7 types 488:3 493:18 495:4 579:7 typical 487:17 537:1 543:9 typically 392:2 403:11</p> <hr/> <p>U</p> <p>U.S 449:22,25 450:6 Uh-huh 347:13 418:24 434:23 456:14 577:14 ultimate 353:16 373:14 444:11,24 445:13 488:15 527:16 555:24 ultimately 352:25 358:10 377:20 381:18 382:14 386:17 390:1,4 398:2 461:16 490:19 490:21 512:20,21 517:11 527:25 528:2 560:9 570:13 unable 424:13 425:2 542:23 uncertainty 481:9 unclear 356:3 577:23 underlying 340:14 341:17,21 384:3 422:12 438:10,23 439:9,11 468:16 502:13 526:11,18 535:1 543:8 548:16 548:19,24 549:9 558:21 568:15 569:6 570:2 573:18 582:11 582:14 underneath 583:4 understand 345:12 346:15 354:19 363:6 368:2 379:5 387:12 387:13 421:14 428:19 432:9 476:13 477:4,9,10 478:5 479:21 492:19 500:20 502:5 510:25 553:12 558:13 561:22 understanding 345:11 346:9 354:14,21,22 355:3,7 362:5,24 372:19 379:18 386:4 388:5 391:18 392:4 392:19,23,24 393:3</p> | <p>393:10 420:2,12,23 421:1,15 424:18,25 425:4,5 427:1 462:12 485:19 495:16 498:20 500:24 501:11,14,17 501:22 502:9,12 503:11 504:25 505:14 506:1 520:17 527:13,19 528:3,8 532:4 534:10 540:16 547:8,19,21 548:3 555:15 561:2 562:3 571:21 575:11,13 understood 357:2 362:3 364:12 367:8 427:22 481:18 495:10 undertake 591:24 undertaken 356:3 594:5 undertook 345:13 undervaluing 550:1 551:3 uninstall 444:15 491:12 496:3,25 497:15 541:12,14,18 542:7 uninstallation 494:12 uninstalled 487:25 488:2 491:23,24 492:10 493:12 495:2 495:12,19,19 497:7 497:15 unique 358:7 449:10 472:8 522:25 549:3 575:10 uniqueness 568:17 UNITED 330:1 unnecessary 442:19 unreasonable 398:11 unrecoverable 487:24 unrelated 467:7,11 unusual 582:21 updated 461:12,13 474:16 upgrade 550:25 551:2 593:7 upgrades 549:23,25 upgrading 553:17,18 upload 526:21 upward 405:1 435:24 USD 431:10 443:15 451:5 452:13 use 354:23 356:9,15 356:15 361:11,15,20 362:24 363:15 364:8</p> | <p>364:13 370:18 388:7 388:9 393:12 404:21 411:8,13 427:18 441:20,22 442:6 443:7,11 450:19 451:25 452:18 453:13 456:6 463:13 465:7,10,24 479:25 481:11 483:18,21 484:1,12 487:20 490:5,19 493:23 494:14 495:12 518:14,16,22 519:7 538:16 564:2 574:2 574:22,23 584:8 590:4,10 591:23 592:6 595:5,10 596:8 597:8,23 598:13 useful 366:2 387:15 409:10,12,14 451:19 451:24 452:2,4,6 481:14 536:6,9,21 538:24 540:1 541:5 548:6 549:7 554:24 566:10 user 486:7 uses 470:16 581:5 utili 533:15 utility 363:16 364:2 365:23 378:9 443:15 530:10 535:14,14 545:9,17 568:20 utilization 453:7 496:18 530:6,12,13 530:16 531:4,15,19 531:21,25 532:6,11 532:25 533:2,16,25 534:9,10 535:5 545:6,15,21,24 546:15,17 547:3,9 570:12 572:10,18 574:11 utilize 433:16 573:8 574:10 utilized 373:2 381:5 402:9 427:13 433:6 446:25 447:6 448:11 453:2 468:11 472:23 490:23 496:20 523:1 542:18 549:4 563:9 569:3,11 574:13 588:17 utilizing 458:14</p> <hr/> <p>V</p> <p>v 330:12 419:24 420:1</p> | <p>421:15 449:18 508:5 508:7,7,10 V2 505:12 vacant 358:19 359:16 val 492:24 valid 397:24 validate 399:23 400:2 400:17 401:5 validity 445:5 valuated 457:16 valuation 336:24 337:4,7 339:4 340:5 340:6,10,11,13,24 341:3,14 342:15 343:19 346:3 347:23 348:4,7,11,18 349:15,22 350:6,8 350:14 351:9 353:22 354:3,6,9 355:13 356:12 358:2,10 359:6 361:2,6,25 362:4,7,9 363:9 364:21 365:20 367:7 368:3,5 369:3 370:8 370:14 371:15 372:11,14 373:14,24 374:5 376:23,25 381:19,21 382:11 383:14 384:4,6,10 386:3,9 390:7,25 391:3,6,21 403:12 405:4 406:11,13 409:4 419:6,10 426:17 428:24 429:15,20,23 433:2 443:5 444:24,24 450:7 451:12 455:11 455:14 456:11 460:7 461:20 462:14,19,24 463:4 464:7,17 466:7 478:22 479:3 479:10,11,16 480:3 480:5,6,7,18,23,25 481:19,23 482:2,5 482:10,12,14,19 483:13,24 485:20 486:1,7 488:6 489:13,18,19 490:9 491:14,25 496:2,11 499:21 511:18 513:22 514:10 516:25 518:16,20,24 519:1 521:10 522:23 523:12,18 524:17,18 525:9 526:23 530:9 530:10 531:15 532:7 537:18,21 538:2,6</p> | <p>542:14,16,23 548:9 548:16,20,24 550:6 550:17 554:11,20 555:3,4,18,25 556:2 557:25 558:4,8 559:13 560:8,9 569:7,8,14 571:1,16 571:23 572:21 573:13 576:3 578:9 579:13 585:10 586:17 588:10 593:8 596:3 606:17 607:12 valuations 353:16 442:1 470:17 496:15 valuator 519:1 value 341:7,11 344:24 346:6,19,20,22 347:4,6 353:12 354:15,22,23 355:1 355:13,15,16 356:9 356:14 360:14,16,17 360:20 361:3,7,8,10 361:19,22 362:16,22 363:14 364:13,14,22 364:23 365:2,18 366:4,12,13,14,18 366:19,25 367:10,22 367:22,24 368:2 371:1,20 372:9 376:23 377:13,18,22 378:1,3 383:11 385:17 397:22 398:1 399:1,5,12 417:16 417:18 423:14,14 424:24 425:14,19 426:9 427:7,13 431:4,7,15,16 432:4 432:17 433:8,12,19 433:22 434:2,14,19 435:4,22,24 439:15 440:7 443:7,10,11 443:15,20 444:12,14 445:5,7,9,14,19 447:14 450:11,16 452:13,18 453:4,13 453:19 454:1,6 455:6,13,16,16 456:3,4,5 458:21 460:11 462:4 463:4 463:5,10,17,24 464:8,9,18 465:8,12 465:23 466:2,5,9,11 466:15,19,20,25 467:1,5,7,15 471:20 472:6 479:15 480:13 482:17 484:2,3,12 484:13 487:16,19</p> |
|---|--|---|---|--|

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

FINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 633

| | | | | |
|---|---|--|--|--|
| 488:1,7 490:5,8,13 490:16 491:10,14 492:15 493:2,6 494:5,19,25 497:6,7 497:9,15,16 500:10 500:15 510:24 513:24 514:1 516:17 517:21,23 518:25 519:3 520:13 521:8 521:12,14,16 524:22 525:6,23,24 526:11 526:17,19,23 529:11 529:15,19,24 530:4 532:23 534:7 536:24 539:12,21 540:5 541:12,18 542:4,7,9 542:11,12,13,15,17 542:22,25 543:5,15 543:17,22 544:5,23 548:10 549:9 550:3 550:21 551:4 554:19 554:25 555:5,23 557:10,18,19,25 559:11 560:6,19 561:1,1,4,9 563:10 563:13 565:16,21 566:12 567:24 569:17 574:5,19,23 574:23 576:12,12,23 577:3,12 579:7,16 579:19 582:13,15,17 582:17,19,22,23 583:6,10,21,24,24 584:1,5,7,10,18 587:13,15,16 588:20 588:23 592:25 595:6 595:14 596:5 597:7 valued 356:7,13 360:2 365:5,13 367:10,15 367:20 369:2 405:24 407:14 408:1,23 463:9,12 466:4,9 467:2,15,21 474:1 481:2 483:14,20 489:18,23 490:4 514:3 517:5 518:10 522:24 534:13 541:23 544:9 549:18 557:24 560:19 561:8 561:8 562:15 563:6 564:18 568:21,22 576:6 578:3 values 351:8 368:23 410:11 420:3 427:23 432:12 435:1 437:1 437:10 438:7 454:10 457:13,17 458:6 | 463:24 467:1,13 473:11 485:25 486:5 517:12 518:3 526:3 542:3 574:16 581:17 598:9 valuing 354:11 370:17 379:7 385:6 398:5 406:2 458:13 467:22 471:18 488:3 492:21 495:4 518:25 519:6 522:6 524:11 558:21 560:18 568:11 570:24 596:16 603:12 variant 371:12 varied 493:13 568:16 590:24 591:3 variety 370:2 387:8 429:21 505:19 various 330:13 351:20 359:2 369:22 387:7 404:2 476:19 490:1 532:20 579:4,6 595:13 596:3 vary 493:17 591:9 varying 370:5 433:15 vehicle 528:14 565:8 565:13 566:10 580:19,20 590:16 vehicles 565:5 566:17 569:4 585:3 586:22 vendor 566:19 verify 530:17 versa 358:3 398:16 version 351:24 352:3 352:17 358:9 379:4 413:25 459:21 461:25 513:9 559:14 559:16 560:15,20 versions 340:3 352:1 352:20,20 461:6 462:7 474:12 475:9 490:2 versus 334:5 357:17 364:22 404:5,5 409:12 491:5 495:19 vertigo 537:9 vetted 444:20 445:12 561:23 vetting 562:2 viability 356:5 357:15 474:14 475:5 480:4 569:5 vice 358:3 398:16 video 330:19 331:5 videographer 332:25 334:2,12 335:23 | 378:18,22 424:1,5 456:25 457:4 483:5 483:9 484:16,20 527:4,8 580:9,13 598:19 view 410:9,21 500:14 554:9 572:25 viewpoint 411:2 vintage 399:7,11 405:20 vintages 400:11 virtually 554:7 visited 583:2 voce 415:23 422:4 551:7 552:21 volume 330:19 333:4 334:3 398:13 437:3 472:24 473:5 593:14 593:15 601:19 W Wachtell 331:19 335:2 335:5,6 484:25 wait 439:24 walk 405:21 430:7 432:19 441:14 558:3 582:3 walking 457:24 Walter 349:10,18,19 want 336:14 337:11 338:7 343:12 344:8 344:15,15 345:22 368:1 375:20 407:23 414:6,7 421:7 428:21 436:21 438:2 440:20 441:10,24 445:23 446:3 457:6 457:23 471:1 486:21 490:12 501:1 503:5 507:24 512:15,22 513:13,15 517:2 519:10 522:11 524:2 527:1 534:4 536:14 537:18 543:11 545:3 545:19 564:9 587:24 589:7 594:15,18 wanted 344:11 353:5 379:4 423:7 454:21 469:1,21 512:25 513:6 542:2 554:25 575:6 wants 379:12,13 warehousing 411:7 Washington 332:13 wasn't 366:11 368:4 393:6 449:1 465:3 495:10 499:7 525:1 | 594:10 way 374:15 405:23 411:15 417:5 430:8 432:11 441:11 442:16 446:17 448:22 452:10 454:9 460:23 464:25 465:8 468:18 476:3 486:9 486:15 491:7 494:17 497:12 500:23 507:17 509:9,22 510:25 511:2 524:10 527:12 557:7 558:17 560:18 571:2,12 583:21 584:14 590:20 599:16 ways 568:4 we'll 337:23,25 378:2 380:6 405:21 412:11 417:5 420:6,7 428:15 432:22 436:10 446:6,7,8 475:19 513:5 514:5 558:13 we're 335:18 337:12 337:16 338:2 412:9 412:16 413:19 417:17,17,19 428:17 428:18,20,20 435:11 436:3,4 437:19 439:14 442:8 446:13 474:19 476:18 503:4 513:12 515:16 529:7 535:23 552:22 we've 370:6 412:20,21 436:9 440:13,14,17 523:17 528:21 529:4 529:6 541:9,21 542:6 544:22 552:24 582:8,10 wear 418:1 Webb 394:19 396:2,14 396:17 510:8 week 369:14 546:19 weekends 546:24 weight 416:8 weighted 407:3,7,9 415:10 416:2,19,19 416:22 417:4,10,11 417:13 418:13,20 419:20 weighting 416:4 531:24 welcome 564:13 Welding 383:25 went 389:25 425:18 440:14 474:13 485:9 | 488:24 489:5 535:3 weren't 367:2,8 398:14 399:18 423:22 445:2,13 461:13 464:20 486:19 496:19 525:18 561:15 582:24 589:25 590:3 West 331:20 white 345:6,8,16 351:1 430:15 wholesale 366:11 WI 600:22 wider 409:7,7 willing 445:10 566:6 Willkie 332:11 334:9 335:10,13 601:5 Wilmington 330:9 466:21,25 467:6 574:18 window 389:22 391:11 392:14,18,22 393:13 394:2 530:15 withdraw 375:6 withdrawn 350:4 355:18 366:8 393:24 398:20 399:24 414:5 416:24 422:5 445:3 479:2 481:7 579:17 597:1 witness 333:3 334:16 335:11,14,16 338:22 338:25 342:21 343:23 344:6 436:8 441:15 442:9,14 460:20 465:19 521:25 527:3 531:10 552:11 564:11 568:1 571:8 580:8 586:15 588:5 599:8,11,18 601:6 woman 394:19 wondering 335:18 word 377:23 480:1 592:6 words 367:6 393:16 399:2 408:7 427:9 439:7 465:1 472:2 489:13 524:21 529:14 work 336:22 337:4,8 350:6 353:4,9,12 354:25 380:21 382:21,21 386:20 410:7 436:25 444:3 446:17 456:1 462:24 472:25 475:3 483:13 |
|---|---|--|--|--|

US Bankruptcy Court - New York
MLC v. JPMorgan Chase BankFINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 634

| | | | | |
|--|--|---|--|---|
| 483:24 485:11 486:1 486:11,16 493:21 495:8 555:5 557:15 558:15,17 564:19 589:20 worked 386:5 491:25 working 348:25 367:4 546:24 works 423:25 432:12 world 338:1 494:10 563:19 worth 388:16 411:16 wouldn't 367:24 400:12 409:16 423:21 435:18,18 445:9 473:2 492:15 507:19,20 515:8 534:23,23 577:19 584:13 586:9 590:19 594:4,5 wrap 483:3 write-down 346:12 written 488:10 489:11 wrong 449:21 488:22 | yielded 517:12 yields 434:1 York 330:1 331:9,9,21 331:21 332:22,22 334:13 | 469:2 578:2 604:7 607:12 10-26-2009 603:7 10,000 426:1,13,13,18 10:14 378:20 10:15 378:19 10:33 378:21 10:35 378:23 10011 332:22 10017 331:9 10019-6150 331:21 1013 545:11 102 546:12 10th 406:18,20,21 478:24 479:4 480:7 578:10 11 330:6 409:13 410:11 436:12,15,24 440:15,24 604:10 11-year-old 410:12 411:16 11.6 408:23 410:23 11:38 424:3 11:39 424:2 11:58 424:4 114 562:25 1152 586:12 1156 586:23 588:4 118 564:24 12 437:13,16 440:15 440:24 538:24 550:20 604:13 12-year 550:15 12-year-old 409:17 12.62 583:25 12/31/2018 599:23 12:00 424:6 12:47 457:2 12:49 457:1 121 566:13 123 567:17 1240 545:11 126 569:13,14 127 376:1,1 569:15 1279 607:14 128 376:1 13 438:13,15 439:6 440:15,24 604:16 135 546:13 547:10 136 557:13 558:6 570:17,22 571:14 572:22 137 571:2 14 413:14 439:19,22 440:2,15,24 513:10 604:19 14,000 544:13 | 14,000-plus 541:15 140 465:15 497:25 571:3,14 141 468:23 144 468:22 146 473:10,10 542:20 1465 472:15 14736 513:17,18 1486 418:17 14th 531:2 15 330:20 458:23 459:9 460:5,10,20 461:5,18 462:7 471:12 487:5 604:22 152 338:7 343:8 157 354:24 361:4,8 471:11 595:18,23,25 598:8,14 158 470:20 471:1,8 15th 334:6 16 458:25 459:16,18 460:5,10,20 461:5 461:18 462:7 511:23 511:24,25 517:3 519:14 605:4 606:11 16.66 415:12 16.7 415:17 160 345:17 161 343:16,25 344:1,3 169,915 546:11 16th 599:19 17 409:1 459:2,22 460:5,10,13 461:6,8 461:19 462:7 472:17 515:15,22,23 530:23 605:7 606:14 175 537:2 18 395:6 459:5,25 460:1,5,20 461:6,19 462:7 530:25 531:1 531:5 605:11 606:19 186 508:23 1875 332:12 1877 431:9 444:15 189 497:23 1892 420:15 18th 395:20 19 459:13,21 460:4 463:19,21 466:16 492:6 495:2 551:14 551:15,25 552:5 605:15 606:23 197 513:10 519:17 199 533:22 19th 461:12 487:6 488:20 489:9 1st 480:8 | 2 2 330:19 333:4 334:3 368:10 378:22 396:10 473:10 594:17 601:19 2-28-09 418:9 504:8 504:10 2,000 540:10 2,920 541:16 2.65 406:2,5 2.9 432:2 2.93 422:14 2:31 483:7 2:32 483:6 2:52 483:8 2:53 483:10 2:54 484:18 2:55 484:17 2:57 484:19 2:58 484:21 20 470:21,23 472:14 472:17 551:14,17 552:1,7 605:18 607:4 20-year 550:16 20006-1238 332:13 2007 389:20 396:22 397:6 504:23 505:12 2008 531:22 533:14,17 534:21 538:1 2009 347:18,19 350:21 390:12,13,21 392:14 392:18 395:6,20 406:9 459:13,21,25 460:4 478:24 479:4 479:5 487:6 489:5 492:6 495:2 498:16 498:16,21,22,22,25 499:10,17,23 500:7 504:23 505:12 523:15 524:7 527:12 527:18 528:8 533:14 533:18,18 534:11 552:16 556:21 578:2 578:2 585:11 607:12 2010 523:6,11 530:8 531:2,23 532:3 533:14,20 534:11,21 546:3 547:11 2011 546:4,6 2012 546:4,11 2013 546:4,12 2015-2016 477:22,25 2016 345:23 2017 470:25 491:8 513:10 516:3 529:18 2018 330:20 334:6 |
|--|--|---|--|---|

US Bankruptcy Court - New York
MLC v. JPMorgan Chase BankFINAL - CONFIDENTIAL
Patrick Furey, V2 - Oct. 15, 2018

Page 635

| | | | | |
|---|--|--|---|--|
| 599:19 601:22 202 332:14 21 475:11,22 476:11 581:11,12 605:21 607:8 212 331:10,22 212,000 533:18,19 213 332:6 213,027 546:12 22 475:13 476:5,10 533:10 545:22,25 585:4,7 605:24 607:11 23 475:15 476:8,10 606:4 238 583:16 24 557:13 604:24 250,000 533:17 26 350:21 488:21 489:5 524:7 26th 461:16 27 470:25 274,000 514:12 28 605:6 28-year-old 411:17 28.9 408:22 410:24 28.9-year-old 410:14 2965 599:22 | 38,400 579:23 380 603:12 3936 606:25 3945 607:6 395 603:18 397 517:8 | 470 605:18 475 605:21,24 606:4 48 510:24 484 333:10 489-3939 332:6 4th 516:2 | 63 545:2 66,000 540:4 67 401:15,23 402:17 403:8 6B.1.Real 607:13 | 90071 332:5 92.9 539:13 9222 489:15 92224 459:10 92228 459:19 92232 459:23 92236 460:2 92310 477:19 478:6 92368 414:8 502:16 92371 436:23 92438 606:21 92550 581:25 92552 607:9 92562 350:20 603:10 93 539:4,10 949 528:21 529:2,7 534:5 544:19 552:19 552:22 98 380:14 9th 406:19 478:23 479:4 480:7 582:18 |
| 3 | 4 | 5 | 7 | |
| 3 337:15,16,17 343:16 344:2 424:5 471:4,7 505:22 585:11 594:17 595:20 603:4 3:58 527:6 3:59 527:5 30 429:15 516:13 578:2,9 585:11 600:9 302 562:20 303-1252 332:14 306 564:22 311,000 511:12 31st 480:11 32 605:9 606:24 607:5 32.V 552:6 32.VI 552:8 327 544:13 328 497:24,24 336 333:9 337 603:4 35-odd-million 511:13 350 603:7 36 522:16 605:13 360 346:25 366 331:8 375 606:9 | 4 350:16,19 353:18 358:11 374:12,14 375:4,8 376:11 377:6 457:4 461:7 461:17 462:6,8,16 488:21 505:22 524:7 569:6 579:10 594:16 594:23 603:7 605:18 4-27-2017 605:19 4,000 501:7 503:9 4,000-plus 501:12 502:9 4,054 506:20 509:3 4,243 503:25 508:17 4,485 503:12,21 506:22 508:15 4:12 527:7 4:13 527:9 40 518:8 589:13 590:23 596:21 597:3 597:7,14,19,22 40,000 596:15,20 597:2,3,21,24 403-1000 331:22 407 517:16,18 4070 341:23 408 518:1 409 519:11,21 410 521:3 411 603:20 4123 395:5 603:18 413 521:18,22 4130 545:22 416 522:2 418 603:23 420 521:23 522:2 421 522:10 422 522:10,12 428 506:24 604:4,7 436 604:10 437 604:13 438 604:16 439 604:19 45 476:1 458 604:22 459 605:4,7,11 46 579:10 46,700 444:16 463 605:15 | 5 380:7,11,13 483:9 505:22 524:17 603:12 5,274,394 514:7 5,724,394 514:14 5:30 580:11 5:32 580:10 5:45 580:12 5:47 580:14 50-plus 372:12 50,800 515:18 516:20 517:5 50,817 514:18 51 331:20 510-7031 331:10 512 606:11 515 606:14 52 401:24 402:22 403:9 52,600 413:20 52,643,263 413:20 528 535:12,16 52nd 331:20 53 430:1 53,295,130 579:20 531 606:19 538,910 580:1 54,900 443:19 542 600:21 54853 600:22 551 606:23 607:4 555 332:4 56 419:1 56,000 419:1 581 607:8 585 607:11 589 333:11 590,000 583:21 599 333:15 | 63 545:2 66,000 540:4 67 401:15,23 402:17 403:8 6B.1.Real 607:13 | 7 7 411:19,21 413:10,19 413:25 414:24 415:2 415:8 420:14 422:9 422:11 432:2 433:24 527:8 603:20 7-15 605:21 7-23 476:7 606:5 7,500 420:17 421:14 715 475:24 724,000 514:12 74 332:21 77,415 546:7 79 546:9 |
| | | 6 | 8 | |
| | | 6 376:12 395:1,4 473:10 484:20 505:22 603:18 6.B.1 585:11 6:11 598:20,21 601 333:17 603 333:19 61,926 431:11 | 8 8 418:4,6 419:24 422:6 422:13,20 580:13 603:23 8-18-2009 605:7 8-19-2009 604:22 605:4,11 8-7 476:10 605:25 8,810 431:18 8.3 554:3,16 8.5.4 563:4 800,000 516:18 520:14 82 553:5,9 820 354:24 83 553:8 89 511:4,8,9 515:2 | |
| | | | 9 | |
| | | | 9 377:10 383:12 390:8 397:9 406:9 428:7 428:12 429:3,12 430:9,21 432:3,16 432:23 433:5,11,25 437:23 439:1 449:14 449:15 450:21 604:4 9-23-2016 603:5 9.3.2 566:15 9.4 408:1,17 9.4.2 567:18 9.5.2 570:18 9.5.3 465:15 9.66 584:1 9.9 407:25 408:17 9:07 334:7 90-plus 350:11 90,000 533:19 | |

Exhibit D



Private and Confidential

To General Motors Management Date October 26, 2009
From KPMG (Michael R. Crismyre, Kevin Steckel) Ref
Re Fair Value Analysis of Certain Tangible Assets of General Motors

General Motors Corporation ("GM" or "Management") requested KPMG Economic and Valuation Services ("EVS") to assist GM management in estimating the fair value of certain tangible assets ("Property, Plant and Equipment" or "PP&E"). The purpose of this memo is to outline the methodologies and assumptions utilized in the analysis. The effective date of this analysis is July 9, 2009 (the "Valuation Date").

Scope

The PP&E assets included in this analysis, as identified by Management, include certain real and personal property assets associated with certain GM manufacturing facilities, engineering sites, and vacant land parcels transferred to Motors Liquidation Company ("MLC" or "OldCo"). The manufacturing facilities with both real and personal property are identified in the table below.

| OldCo Facilities | | | |
|----------------------------------|---|----------------------------|-----------------|
| Location | Address | City, State, Zip | Status |
| GM MFD Mansfield | 2525 West Fourth Street, PO Box 2567-44906 | Mansfield, OH 44906-1269 | Operating Lease |
| GM MFD Grand Rapids | 300 36th Street SW | Wyoming, MI 49548 | Operating Lease |
| GM Assembly Shreveport | 7600 General Motors Boulevard | Shreveport, LA 71129 | Operating Lease |
| GM Assembly Saturn Wilmington | 801 Boxwood Road | Wilmington, DE 19804 | Operating Lease |
| GM Powertrain Parma | 5400 Chevrolet Boulevard, PO Box 30098 | Parma, OH 44130 | Operating Lease |
| GM Assembly Moraine | 2601 West Stroop Road | Moraine, OH 45439 | Closed |
| GM MFD Indianapolis | 340 White River Parkway West Drive South 50 | Indianapolis, IN 46206 | Operating Lease |
| GM Powertrain Fredericksburg | 11032 Tidewater Trail | Fredericksburg, VA 22408 | Operating Lease |
| GM Powertrain Flint Engine North | 902 E. Hamilton Avenue | Flint, MI 48550 | Operating Lease |
| GM Powertrain Livonia | 12200 Middlebelt | Livonia, MI 48150 | Operating Lease |
| GM MFD Pittsburgh | 1451 Lebanon School Road | West Mifflin, PA 15122 | Closed |
| GM Assembly Pontiac East | 2100 S. Opdyke Road | Pontiac, MI 48341 | Operating Lease |
| GM MFD Pontiac | 220 East Columbia | Pontiac, MI 48340 | Capital Lease |
| GM Powertrain Massena | Route 37 East | Massena, NY 13662 | Closed |
| GM Powertrain Willow Run | 2930 Ecorse Road | Ypsilanti, MI 48198 | Operating Lease |
| GM Strasbourg | 81, rue de La Rochelle, BP33 | Strasbourg, Alsace F-67026 | n/a |

In addition to the manufacturing sites, there are additional engineering and vacant land sites identified by GM Management that were also transferred to MLC. The listing of the non-manufacturing properties transferred to MLC is outlined in the subsequent sections of this narrative.

The real property consists of land, land improvements, and buildings. The personal property assets located at the facilities consist of the following asset types: Assembly Equipment, Computer Equipment, Conveyors, Cranes, Electric Power Equipment, Foundry Equipment, General Plant Equipment, Machine Tools – Cutting, Office Equipment, Office Furniture & Fixtures, Press Metal Equipment, Robots, Software, Steam Power Equipment, Testing Equipment, and Welding Equipment. Excluded from this analysis are assets identified by GM which are to be transferred from the facilities listed above to General Motors Company ("NewCo") facilities.





*Fair Value of Certain PP&E Assets of GM
October 26, 2009*

Within these facilities, Management has identified specific PP&E assets that will remain with each facility and which are subject to operating or capital leases between NewCo and MLC. As indicated in the chart above, three of the fifteen facilities have been closed. Additionally, within each of the remaining twelve facilities, selected assets have been identified by Management that will be transferred and continued to be used at other NewCo facilities. These transferred assets are excluded within the scope of this analysis.

Fair Value

Statement of Financial Accounting Standards No. 157 ("FAS 157" or "the Statement") defines fair value as:

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The objective of a fair value measurement is to determine the price that would be received to sell the asset at the measurement date (an exit price). FAS 157 specifies that fair value represents the exit price in the entity's principal (or most advantageous) market. In other words, it uses a market participant view in measuring fair value, as opposed to an "entity specific view". A principal market is generally defined as the market in which the entity would transfer the asset with the greatest volume of activity. Fair value must be measured from the perspective of *hypothetical potential buyers* (i.e., market participants). The fair value of an asset or liability is not to be measured from the perspective of the asset's owner.

Marketplace participants are buyers and sellers in the principal (or most advantageous) market for the asset that are:

- Independent of the reporting entity
- Knowledgeable (having a reasonable understanding about the asset)
- Able to transact for the asset
- Willing to transact (motivated but not forced or otherwise compelled to do so)

For assets, a fair value measurement assumes the highest and best use by market participants considering the use of the asset that is physically possible, legally permissible, and financially feasible at the measurement date. In broad terms, highest and best use refers to the use of an asset by market participants that would maximize the value of the asset. Highest and best use is determined based on the use of the asset by market participants, even if the intended use of the asset by the reporting entity is different. Because the highest and best use of the asset is determined based on its use by market participants, the fair value measurement considers the assumptions that market participants would use in pricing the asset, whether using an in-use or in-exchange premise.

FAS 157 indicates the fair value can be measured based on one or more of the following valuation techniques:

- Market approach
- Income approach
- Cost approach



*Fair Value of Certain PP&E Assets of GM
October 26, 2009*

The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets. The fair value of a given PP&E asset may be estimated based on transactions in a secondary market for similar assets.

The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts.

The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (often referred to as current replacement cost). From the perspective of a market participant (seller), the price that would be received for the asset is determined based on the cost to a market participant (buyer) to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence. Obsolescence encompasses physical deterioration, functional (technological) obsolescence, and economic (external) obsolescence and is broader than depreciation for financial reporting purposes (an allocation of historical cost) or tax purposes (based on specified service lives).

The statement recommends that valuation techniques that are appropriate in the circumstances and for which sufficient data are available are to be used to measure fair value and shall be consistently applied.

In the Statement, inputs refer broadly to the assumptions that market participants would use in pricing the asset. Inputs may be observable or unobservable. Observable inputs are inputs that reflect assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available in the circumstances. FAS 157 classifies inputs to valuation techniques into one of three categories:

- Level 1: Quoted market prices for identical assets
- Level 2: Observable inputs other than quoted prices included within Level 1
- Level 3: Unobservable inputs

Level 1 inputs are quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date. Level 2 inputs include quoted prices for similar assets in active markets. Adjustments to Level 2 inputs will vary depending on factors specific to the asset including the location and/or condition of the asset, the extent to which the inputs relate to items that are comparable to the asset, and the volume and level of activity in the markets within which the inputs are observed. Level 3 inputs are unobservable inputs for the asset.

Given the facts and circumstances of the analysis, EVS has determined that the market approach using Level 2 inputs is applicable and appropriate for the determination of the fair value for the PP&E. These facts and circumstances are summarized as:

- There are limited Level 1 inputs available to estimate the fair value of the Subject Assets (identical asset sales are typically not available for the appraisal of personal property assets)



*Fair Value of Certain PP&E Assets of GM
October 26, 2009*

- There are Level 2 inputs available based on sales of similar assets. In connection with the Real Property, the comparable sales data varies dependent upon the local subject markets. For the Personal property, we have applied the previous three months of data in our analysis (as documented below there is an active market that can be measured)
- There is no economic support for the Subject Assets and therefore the income approach is not applicable (the assets have been abandoned by NewCo and are contemplated to be liquidated by MLC)
- The estimation of fair value via the cost approach would need to consider obsolescence factors which are implicitly included in the market approach

Valuation Procedures

GM provided EVS with fixed asset listings ("FALs") showing the PP&E associated with each property. Within these FALs, GM identified the assets that are to be kept with OldCo and the assets to be transferred to NewCo. In addition, GM provided details related to the subdivision of those properties where MLC will only acquire a portion of the entire site. Further, it should be noted that as of the Valuation Date, the legal subdivisions are not complete and those proposed subdivisions are subject to change.

To determine the fair value of the PP&E, we performed the following procedures:

- Conducted site inspections of all the manufacturing properties, except for Strasbourg;
- Reviewed the FALs in detail to ensure that PP&E assets are not being double counted or omitted;
- Reviewed information pertaining to the physical property characteristics such as land and building sizes;
- Held discussions with site Management personnel to understand the general age of the PP&E assets, repair and maintenance programs, custom and installed nature of the assets, and future intended use of the assets;
- For certain personal property assets, we estimated the personal property Reproduction Cost New ("RCN");
- Performed market research to gather comparable sales data for use in our application of the market approach;
- Reviewed and relied heavily on the FALs descriptions and attributes including but not limited to: DUNs number, asset id, asset category, asset description, historical installed cost, in-service date, and net book value; and
- Performed a valuation analysis of the PP&E using the appropriate valuation methodologies.

As mentioned prior, we relied on the FALs provided by Management as a starting point in the valuation. Per Management, the FALs include all capitalized cost associated with placing an asset



*Fair Value of Certain PP&E Assets of GM
October 26, 2009*

into service. In addition, the FALs had been assembled to include specific fields of data that are necessary for estimating the fair value of the tangible assets. We then incorporated the FALs into our valuation model.

Valuation Methodology

The real property valuation conclusions were developed through the application of the market approach, which is commonly known as the sales comparison approach, the cost approach and the income approach.

The market approach involves gathering data on sales and offerings of similar assets. The market approach measures the loss in value from all forms of physical, functional, and economic factors inherent in the individual asset. It should be noted that the market approach does not include economic obsolescence attributable to the earnings power of a business. The market approach is most reliable when there are sufficient sales of comparable properties that can be independently verified.

There are three techniques available to apply the market approach. The first method, referred to as the Direct Match Method, estimates fair value by relying on a direct match of an asset to assign a value. For this purpose, the asset is being directly compared to the comparable or identical asset to conclude on fair value.

A second method of estimating fair value based on the market approach is referred to as the Comparable Match Method. The Comparable Match Method assigns value to a subject based on an analysis of similar but not identical assets using a measure of utility as the basis of comparison. Rather than relying on identical assets as an indication of fair value, similar assets are compared to the subject asset.

The final method of estimating fair value based on the market approach is the Percent of Cost Method. This method establishes the ratio of the selling price to the current cost new of a subject asset at the time of sale. If there is sufficient data, similar types of assets can be analyzed and similarities developed among age, selling price, and cost.

In applying the market approach to determine the fair value of the real property, we utilized the Comparable Match Method. We consulted with local brokers and appraisers as well as searched real estate data bases such as Costar and Loopnet for recent sales and listings of comparable properties within the pertinent market areas.

The available market data was analyzed, and compared to the subject parcels, with adjustments made for dissimilar characteristics. Dissimilar property characteristics were identified through the site visits of the subject properties as well as through discussions with current brokers familiar with the subject properties. Differences in property rights conveyed, financing, market conditions and location, access/frontage, size, entitlements, intended use/zoning, and topography were researched with adjustments being made where applicable. After appropriate adjustments were made for these differences, a unit cost of fair value per building square footage and fair value per acre was estimated and applied to the subject properties to conclude on fair value.



*Fair Value of Certain PP&E Assets of GM
October 26, 2009*

It should be noted that the market approach was utilized for all properties except for GM MFD Pontiac, the Syracuse Warehouse and the Strasbourg Powertrain facility. The Pontiac property is currently under a capital lease while the Syracuse property is actively being leased as warehouse space; therefore, we have utilized the income approach to determine the FV of these facilities. Furthermore, we understand Strasbourg is still an operational facility and is currently being marketed as an operational automotive powertrain manufacturing facility; therefore, we utilized the cost approach to determine the FV of this facility.

The estimation of FV under the Cost Approach is based on current Replacement and/or Reproduction costs of the asset as new ("RCN"), less depreciation attributable to physical, functional, and economic factors. In order to fully understand the Cost Approach, it is necessary to define the following terms:

Replacement Cost New – Replacement Cost New is the current cost of similar new property having the nearest equivalent as the property being appraised.

Reproduction Cost New – Reproduction Cost New is the current cost of reproducing a new replica of the property being appraised using the same, or closely similar materials.

Physical Deterioration – The loss in value or usefulness of a property due to the using up or expiration of its useful life caused by wear and tear, deterioration, exposure to various elements, physical stresses, and similar factors.

Functional Obsolescence – The loss in value or usefulness of a property caused by inefficiencies or inadequacies of the property itself, when compared to a more efficient or less costly replacement property that new technology has developed.

Economic Obsolescence – The loss in value of a property caused by factors external to the property such as economics of the industry, availability of financing, loss of material and/or labor sources; passage of new legislation; changes in ordinances; increased cost of raw material, labor, or utilities; reduced demand for the product; increased competition; inflation or high interest rates; or similar factors.

Economic Useful Life – The estimated period of time that a new property may be profitably utilized for the purpose for which it was intended.

Remaining Useful Life – The estimated period during which a property of a certain effective age is expected to actually be used before it is retired from service.

Replacement costs are typically obtained from costing guides, publications, on-site management and published price lists.

Reproduction costs are estimated by applying an index to the historical acquisition costs, inclusive of installation costs, delivery, and other applicable costs. The index applied is selected from industry accepted and published cost indices such as the Bureau of Labor Statistics ("BLS")¹, Marshall Valuation Service ("MVS")², or other public sources specific to the industry in which the subject company operates.

¹ Bureau of Labor and Statistics, December 2007

² Marshall & Swift/Boeckh, LLC, Los Angeles, California



Fair Value of Certain PP&E Assets of GM
October 26, 2009

For assets located in countries outside of the U.S., an adjustment to the building cost index was made to account for differences between U.S. and local construction cost factors based upon data published within the 2nd quarter of 2009 International Construction Intelligence report.³

Depreciation factors, representing physical deterioration, were calculated based upon straight-line depreciation curves developed over the economic useful lives of the assets with consideration to estimated effective age of the assets and then applied to each asset's RCN. The economic useful lives relied on in this analysis were based on discussions with management, industry research, and our experience in appraising similar assets. Depreciation was then subtracted from the RCN to result in Replacement Cost New Less Physical Depreciation. Finally, functional and economic obsolescence is estimated, and applied where applicable, to conclude on FV.

The Income Approach is predicated upon the value of the future cash flows that an asset will generate over its remaining useful life. The first step involves a projection of the cash flows that the asset is expected to generate. This involves an analysis of financial information and discussions with marketing, operations and financial personnel to develop the future income stream attributable to the asset.

The second step involves converting these cash flows into a present value equivalent through discounting. This discounting process uses a rate of return, which discounts the future income streams for the relevant risk associated with the asset and the time value of money.

The following table is a summary of all the properties transferred to MLC and their corresponding concluded real property fair values.

³ International Construction Intelligence is a publication offered by Faithful+Gould a member of the Atkins Group.



Fair Value of Certain PP&E Assets of GM
October 26, 2009

Location

Manufacturing Sites

| | |
|------------------------------------|-----------------|
| Pontiac, MI - GMMFD Pontiac | 7.31 |
| Ypsilanti, MI - GMPT Willow Run | 12.53 |
| Flint, MI - GMPT Flint North | 2.36 |
| Moraine, OH - Assembly | 10.25 |
| Pontiac, MI - Assembly | 9.62 |
| Wilmington, DE - Assembly | 11.97 |
| Mansfield, OH - Stamping | 6.60 |
| Grand Rapids, MI - Stamping | 7.05 |
| Indianapolis, IN - Stamping | 6.30 |
| Livonia, MI - GMPT | 8.81 |
| Pittsburgh, PA - MFD | 3.00 |
| Massena, NY - GMPT | 6.91 |
| Parma, OH - GMPT | 6.62 |
| Fredericksburg, VA - GMPT | 7.37 |
| Shreveport, LA | 13.82 |
| GM Strasbourg | 29.77 |
| Manufacturing - Grand Total | \$150.29 |

Engineering and Other Sites

| | |
|--|----------------|
| Pontiac, MI - Pontiac Centerpoint Campus Central | 7.04 |
| Pontiac, MI - Employee Development Center | 0.20 |
| Syracuse, NY - Warehouse | 9.24 |
| Pontiac, MI - Pontiac Fiero Site | 1.45 |
| Romulus, MI - Engineering Center | 3.51 |
| Pontiac, MI - Pontiac Centerpoint Campus West | 2.06 |
| Janesville, WI - Training Center | 0.41 |
| RFO Training Center | 0.79 |
| Engineering and Other Sites - Grand Total | \$24.70 |

Vacant Land and Other

| | |
|---|----------------|
| Lansing, MI - 237 Acres - Plant 2,3 & 6 | 1.19 |
| Burton, MI - 200 Acres - Davison Rd | 3.00 |
| Flint, MI - 175 Acres - Buick City | 0.90 |
| Lordstown, OH - 171 Acres - Lordstown Excess Land | 1.28 |
| Anderson, IN - 153 Acres - Venture 2000 | 3.67 |
| Saginaw, MI - 122.5 Acres - Greenpoint Landfill | 0.24 |
| Flint, MI - 119 Acres - Coldwater | 1.79 |
| Livonia, MI - 117 Acres - Former Delco | 4.68 |
| Elyria, OH - 95 Acres - Elyria Landfill | 1.14 |
| Ewing, NJ - 84 Acres - 1445 Parkway Ave | 4.07 |
| Pontiac, MI - 82 Acres - PCC-Validation | 2.30 |
| Mt. Morris, MI - 81 Acres - Stanley Rd | 1.38 |
| Fairfax, KS - 77 Acres - Fairfax Land | 3.40 |
| Van Buren Township, MI - 75.69 Acres - NEC of Denton and Ecorse | 1.51 |
| Van Buren Township, MI - 67.88 Acres - Vacant Land South of Van Born | 0.68 |
| Detroit, MI - 67 Acres - Clark St | 1.92 |
| Ypsilanti, MI - 62 Acres - Textile Road | 0.31 |
| Danville, IL - 54 Acres - 900 I-74 and G Street | 1.35 |
| Saginaw, MI - 235.16 Acres - Saginaw Modular Iron | 1.65 |
| Frammingham, MA - 29 Acres - Frammingham Landfill | 0.35 |
| Flint, MI - 28 Acres - Linden Rd | 0.53 |
| Grand Blanc, MI - 25 Acres - Dort Hwy | 0.53 |
| Lansing, MI - 20 Acres - Former Plant 5 | 0.50 |
| Kokomo, IN - 15 Acres - Parking lot | 1.95 |
| Flint, MI - 15 Acres - James Cole Blvd | 0.60 |
| Flint, MI - 11 Acres - Atherton & Saginaw | 0.37 |
| Burton, MI - 7 Acres - Hemphill & Saginaw | 0.30 |
| Moraine, OH - 5.5 Acres - 3100 Dryden Road | 0.39 |
| Pontiac, MI - 5 Acres - ACG Penske Site | 0.75 |
| Syracuse, NY - 5 Acres - Factory Road | 0.30 |
| Saginaw, MI - 3.77 Acres - Former Howard WH | 0.11 |
| Livonia, MI - 3.5 Acres - Former Delco | 0.46 |
| Flint, MI - Tool & Die - 1.5 Acres - Stevenson & Chevrolet & Glenwood | 0.06 |
| Saginaw, MI - 2.29 Acres - Saginaw Malleable Iron | 0.07 |
| Flint, MI - 2 Acres - Windate Park Lots | 0.01 |
| Pontiac, MI - 1.01 Acres - 607 Meadow Drive | 0.05 |
| Pontiac, MI - 0.94 Acres - 631 Meadow Drive | 0.05 |
| Pontiac, MI - 0.34 Acres - 652 Meadow Drive | 0.02 |
| Pontiac, MI - 0.34 Acres - 642 Meadow Drive | 0.02 |
| Bay City, MI - 9.55 Acres - GMPT Bay City REALM | 0.11 |
| Kansas City, MO - 19.66 Acres - Stadium Dr | 0.59 |
| Toledo, OH - 35 Acres - GMPT Toledo REALM Parcel | 0.42 |
| Detroit, MI - 1.72 Acres - Cass Ave | 0.30 |
| Buffalo, NY - 15 Acres - GMPT Tonawanda ENCORE Parcel | 0.18 |
| Vacant Land and Other - Grand Total | \$45.54 |

Other Properties

| | |
|---|---------------|
| Milford, MI - Residential - Grondinwood | 0.38 |
| Milford, MI - Residential - Oak Hollow | 0.31 |
| Bedford Residential Properties - Total of Assessments | 2.66 |
| Vacant Land and Other - Grand Total | \$3.35 |

Grand Total Real Property

\$223.87



*Fair Value of Certain PP&E Assets of GM
October 26, 2009*

The following is a discussion of the valuation methodology employed and applied to the personal property analysis:

Based on the GM asset category provided in the FALs and a review of the asset descriptions within each asset category, EVS classified the personal property into the following valuation categories:

- Assembly Equipment
- Computer Equipment
- Conveyors
- Cranes
- Electric Power Equipment
- Foundry Equipment
- General Plant Equipment
- Machine Tools – Cutting
- Office Equipment
- Office Furniture & Fixtures
- Press Metal Equipment
- Robots
- Software
- Steam Power Equipment
- Testing Equipment
- Welding Equipment

EVS relied on an indexing method to estimate the RCN of the personal property. RCN is defined as the current cost of reproducing a new replica of a property with the same or closely similar materials. To estimate the RCN, we used cost indices sourced from industry standard resources including the United States Bureau of Labor Statistics (“BLS”) and Marshall Valuation Service (“MVS”) for assets located in the United States and Destatis for European assets. The appropriate indices used are based upon the nature of each asset’s class. We then developed trend factors which were applied to the specific asset’s historical cost based on its class and vintage in order to estimate RCN. For European assets, local currency was converted to USD as of the Valuation Date, using an exchange rate of 0.74307 as published by OANDA Corporation.

In the development of fair value we relied exclusively on the market approach. We relied primarily on auction data provided by Maynards (Auctioneers and Liquidators) who are GM’s primary sources related to the disposition of excess personal property assets. Maynards has extensive experience in marketing assets in various industry sectors, including but not limited to, automotive, metalworking, machine shops, and tools and dies. We held extensive discussions with Maynards to understand the nature of data provided to us.

EVS compared the sales of assets similar in nature to the personal property that GM had disposed of through Maynards during the time period from March of 2009 through May of 2009. The records of over 4,000 asset sales were compared to the installed cost and estimated RCN of the individual assets. In summary, the proceeds from the asset sales averaged 0.67% of installed cost and 0.52% of RCN as shown on the following page. We also compared the average age of the asset dispositions to the average age of the personal property and determined that the asset base was of a similar average age. In addition, EVS conducted discussions with Maynards and MLC to validate our findings. They confirmed during these discussions that the percentages reasonably represented current market conditions and were comparable to what market participants would typically anticipate from disposition. A summary of the findings of our market analysis is shown on the following page.



*Fair Value of Certain PP&E Assets of GM
October 26, 2009*

| Disposal Dates: 03/01/2009 | | | | | | | |
|-----------------------------|-----------------------|-------------------------|-------------------|--------------|---------------------------------|------------------------------|--|
| KPMG Asset Class | Installed Cost | Reproduction Cost (RCN) | Disposal Proceeds | Proceeds/RCN | Disposed Assets Avg Age (Years) | OldCo Assets Avg Age (Years) | |
| Assembly Equipment | \$ 52,643,263 | \$ 57,515,945 | \$ 15,570 | 0.03% | 16.7 | 12.0 | |
| Computer Equipment | 4,446,689 | 4,446,689 | - | 0.00% | 9.1 | 9.2 | |
| Conveyors | 7,295,437 | 16,041,361 | 890 | 0.01% | 28.9 | 11.6 | |
| Cranes | 1,394,858 | 5,112,829 | 135,623 | 2.65% | 39.4 | 30.2 | |
| Electric Power Equipment | 139,600 | 378,559 | - | 0.00% | 35.0 | 30.5 | |
| Foundry Equipment | 1,319,637 | 1,567,167 | - | 0.00% | 12.0 | 11.1 | |
| General Plant Equipment | 5,855,212 | 8,193,661 | 46,718 | 0.57% | 20.9 | 15.7 | |
| Machine Tools - Cutting | 23,401,707 | 32,807,662 | 271,042 | 0.83% | 17.5 | 19.1 | |
| Office Equipment | 502,394 | 669,670 | - | 0.00% | 10.4 | 10.2 | |
| Office Furniture & Fixtures | 641,150 | 1,090,601 | - | 0.00% | 23.5 | 24.5 | |
| Press Metal Equipment | 28,511,210 | 35,075,218 | 311,374 | 0.89% | 15.9 | 18.1 | |
| Robots | 7,226,787 | 7,280,459 | 213,375 | 2.93% | 9.9 | 9.4 | |
| Software | 74,825 | 74,825 | - | 0.00% | 2.7 | 4.7 | |
| Steam Power Equipment | 22,345 | 32,613 | - | 0.00% | 10.0 | 27.0 | |
| Testing Equipment | 14,857,091 | 18,207,198 | 146 | 0.00% | 15.6 | 10.5 | |
| Welding Equipment | 1,291,468 | 2,071,296 | 4,889 | 0.24% | 14.5 | 12.8 | |
| Total | \$ 149,623,672 | \$ 190,565,753 | \$ 999,626 | 0.52% | | | |

The developed percentages were applied to the calculated RCN to estimate the fair value of the personal property, which is summarized in the chart below.

| Fair Value of OldCo Assets as of July 9, 2009 (USD Millions) | | | | |
|--|--------------------|------------------|------------|--------------|
| Location | Original Cost | Net Book Value | Fair Value | |
| GM MFD Mansfield | \$ 336.92 | \$ 12.83 | \$ | 3.70 |
| GM MFD Grand Rapids | 230.76 | 4.74 | | 8.09 |
| GM Assembly Shreveport | 623.53 | 231.15 | | 4.99 |
| GM Assembly Saturn Wilmington | 430.20 | 11.94 | | 2.54 |
| GM Powertrain Parma | 58.96 | 5.32 | | 0.64 |
| GM Assembly Moraine | 344.98 | 6.71 | | 2.37 |
| GM MFD Indianapolis | 261.89 | 11.85 | | 2.91 |
| GM Powertrain Fredericksburg | 39.04 | 4.50 | | 0.30 |
| GM Powertrain Flint Engine North | 435.50 | 17.85 | | 4.97 |
| GM Powertrain Livonia | 207.34 | 24.19 | | 2.32 |
| GM MFD Pittsburgh | 67.24 | 3.29 | | 1.13 |
| GM Assembly Pontiac East | 450.81 | 37.81 | | 3.16 |
| GM MFD Pontiac | 46.11 | 11.98 | | 1.56 |
| GM Powertrain Massena | 149.34 | 2.00 | | 0.78 |
| GM Powertrain Willow Run | 832.40 | 38.35 | | 7.57 |
| GM Strasbourg | 428.82 | 189.40 | | 3.78 |
| Non-Manufacturing Personal Property Assets | 115.07 | 12.20 | | 0.61 |
| Construction Work in Progress | 5.59 | 5.59 | | 0.06 |
| Total | \$ 5,064.50 | \$ 631.70 | \$ | 51.48 |

Exhibit E

Valuing Machinery and Equipment: The Fundamentals of Appraising Machinery and Technical Assets

Third Edition

American Society of Appraisers

Valuing Machinery and Equipment: The Fundamentals of Appraising Machinery and Technical Assets

Third Edition

by

Machinery and Technical Specialties Committee
of the American Society of Appraisers



ISBN 0-937828-07-6

© Copyright 2000, 2005, 2011 by the
American Society of Appraisers,
Washington, D.C.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form by any means, electronic, mechanical photocopying, recording or otherwise, without the prior written permission of the American Society of Appraisers, 11107 Sunset Hills Rd., Suite 310, Reston, VA 20190.

Published in the United States of America.

For information about the American Society of Appraisers, call (800) 272-8258 or (703) 478-2228, or write American Society of Appraisers, 11107 Sunset Hills Rd., Suite 310, Reston, VA 20190.

4

Sales Comparison Approach

Objectives:

1. Describe the sales comparison approach.
2. Discuss elements of comparability.
3. Illustrate the application of the sales comparison approach to individual assets, production lines, and whole plants.

The MTS appraiser uses the sales comparison approach¹ to indicate value by analyzing recent sales (or offering prices) of properties that are similar (i.e., comparable) to the subject property. If the comparables are not exactly like the properties being appraised, the selling prices of the comparables are adjusted to equate them to the characteristics of the properties being appraised.

The basic procedure in the sales comparison approach is as follows:

1. Gather data on sales and offerings of similar properties
2. Determine their comparability to the subject property
3. Determine the appropriate units of comparison
4. Organize the data into an array (or comparison chart) as appropriate
5. Analyze and adjust the comparable data
6. Apply the results to the subject

Like the cost and income approaches, the sales comparison approach assumes that the informed purchaser would pay no more for a property than the cost of acquiring a comparable property with the same utility.

This approach focuses on the actions of actual buyers and sellers. In theory, the sales comparison approach measures the loss in value from all forms of appraisal depreciation and obsolescence that are inherent in the individual asset, assuming appropriate adjustments are made to the comparables to reflect differences between them and the subject.²

The used equipment market is an established means of buying and selling equipment. The used market consists of used machinery dealers, auctions, and public and private sales, and it is often (but not always) the most reliable method of determining certain types of value for certain types of properties.

Sales Comparison Approach

The sales comparison approach is most reliable when there is an active market providing a sufficient number of sales of comparable property that can be independently verified through reliable sources. Examples of properties generally having such markets are automobiles and trucks, computers, aircraft, standard machine tools, and other properties with an identifiable market. The important concepts to consider are “active market” and “verifiable information.” An active market has truly independent transactions occurring under free market conditions. When researching market sales, the appraiser should verify that the sales are independent rather than being conducted by more than one seller or buyer, as the latter situation could create a false appearance of an active market. No set number of sales makes a market.

The sales comparison approach is not feasible when the subject property is unique, and it generally will not be feasible if an active market for the property does not exist. An inactive market, or one where there are a limited number of sales of comparable property, may indicate a lack of demand or the existence of economic obsolescence. When an inactive market exists, property might be better analyzed using the income or cost approaches.³

This chapter discusses the sales comparison approach as applied to an individual asset (such as a single item of equipment), a related group of assets (such as a production line), and an entire industrial facility. The implementation of the sales comparison approach may differ significantly depending on whether the subject is an individual asset, a group of assets, or an entire facility. The approach generally becomes more complicated when applied to a group of assets or an entire facility, because buyers (and by implication sellers) of these more substantial assets often, either explicitly or implicitly, consider the present value of the future benefits of ownership (e.g., net cash flow) in making purchasing decisions. Although this consideration reflects an income approach, this concept also must be taken into account in the sales comparison approach, since all valuation methods must attempt to replicate the analysis and behavior of buyers and sellers in the real world.

Premises of Value

The appraiser’s analysis begins, not with the search for comparables, but with the determination of both the appraisal’s purpose and its appropriate premise of value. It is essential to determine the proper value premise at the beginning of the valuation assignment, as discussed in Chapter 1. Different premises may require consideration of different facts. Premises of value embody fundamental concepts and various level-of-trade considerations. Certain appraisals may require variations of the various premises of value as defined in this text. For example, leases, contracts, regulations, laws, and court decisions may require certain variations; or different appraisers or appraisal firms may have a preference for certain variations. Thus, it may be appropriate to modify definitions to match the purpose or use of a particular appraisal, but the appraiser should be careful not to alter the fundamental concepts embodied in these definitions without compelling reason.

Identification of the Subject Property

One of the first steps in the sales comparison approach is the proper identification of the subject asset. The microidentification of the subject property is discussed in detail in Chapter 2. Microidentification includes determining and listing characteristics

such as make, model, serial number, size, capacity, year of manufacture, attachments, and condition.

Comparable Sales and Adjustments

Recent sales of assets identical to the subject often cannot be found. If this is the case, it is necessary to find sales of assets providing comparable or equivalent utility. It should be understood that “comparables” will often be just that: comparable but not identical to the subject.

If the comparable sale is not identical to the subject, the selling price of the comparable must be adjusted to indicate what the selling price of the comparable would have been if the comparable had been identical to the subject. The appraiser should remember that adjustments are made to the comparables, not to the subject property. Adjustments are made for differences between the comparable’s and subject’s chronological and effective age, condition, capacity, location, size, date of sale, circumstances of sale (e.g., level of trade or “as-is/where-is” condition), environmental compliance, safety compliance, and other factors that would have affected the comparable’s sale price. These are discussed in greater detail later in this chapter.

When adjusting a comparable sale, the appraiser is determining how much more or how much less the comparable would have sold for if it had been identical to the subject in a given single characteristic, such as effective age. For example, if the comparable’s effective age was ten years, compared to the subject’s effective age of five years, the appraiser normally would make an upward adjustment to the comparable’s actual selling price (i.e., increase the comparable’s selling price) to reflect the appraiser’s opinion of what the comparable’s selling price would have been if its effective age (when it sold) was five years instead of its actual effective age of ten years. Similar considerations should be made for other differences between the comparable and the subject.

When appraising under the concept of in continued use or installed, the appraiser generally adjusts the comparables to include any value that may be associated with direct and indirect installation costs. The appraiser will need to make further adjustments to the comparables to reflect a different type of sale. For example, if the comparable is a sale to a dealer by an end-user (or conversely if from a dealer to an end-user), an adjustment may need to be made to equate that sale with the appropriate level of trade.

Unlike real estate appraisal, the MTS appraiser generally does not inspect each comparable. This would be impractical in most cases because of the large number of individual assets being appraised and the fact that comparables may come from a large geographical area. The appraiser often uses databases organized by equipment category and covering sales in a large geographical area. It is important that this market data come from reliable sources, which can be verified for accuracy where possible. This does not mean that every comparable sale must be verified, but it does mean that a professional appraiser should use databases that are generally reliable and that provide an understanding of the transaction basis of the comparable sale (e.g., sale to a dealer, from a dealer).

Sales are not the only value indicators an appraiser may use. Current offerings or listings, if properly adjusted, also may be considered as comparable sales.

Sales Comparison Approach

In and of itself, the number of comparable assets currently available in the used market may have a bearing on the subject's value. If many comparables are being offered for sale, prices may be depressed and there may be little demand for the subject property.

The appraiser should become familiar with the market applicable to the subject property. This market may be local, regional, national or international. The international market may require special consideration when older production equipment is sold to users in developing countries. Equipment that is obsolete or unable to be operated competitively in the United States may be profitably operated in developing economies where there are lower labor, raw material, or other costs.

Elements of Comparability

Ideally, when using the sales comparison approach, the MTS appraiser should strive to base conclusions on sales of identical assets that have been exchanged in the marketplace. Unfortunately, it is rare to find sales of units identical to the subject. In practice, the market investigation probably will reveal sales of assets that are similar but not identical, and it is this analysis of similarity upon which the appraiser should base an opinion of value. Some of the elements of comparability are the following:

Chronological age and effective age

The appraiser should try to determine the chronological age and the effective age of the comparable at the time it was sold. This usually requires comparing both the age and reported condition of the comparable and making adjustments to account for upgrades and rebuilds as necessary.

Condition

Differences in condition affect selling prices of similar assets. This is a difficult area of comparison, because while the subject's condition may be known, it is often difficult to ascertain the condition of the comparable. If possible, there should be an investigation into the comparable's condition.

Capacity

Ideally, the comparable should have the same, or very similar, capacity as the subject. If not, it may be necessary to adjust the comparable's selling price to account for capacity differences.

Features (accessories)

The appraiser should strive to compare the subject to comparables with the same features and accessories.

Location

The geographical location of the comparable sale may affect the selling price. In addition, the physical location of an asset within a plant also may affect the selling price. For example, under removal concepts, two identical package boilers, one on the main floor and one on the third floor, would be expected to have different selling prices (all other factors being equal) because the one on the third floor will require greater dismantling and removal costs.

Manufacturer and quality

The appraiser should try, if possible, to compare the subject to sales of similar assets made by the same manufacturer. If data from the same manufacturer are not available, the appraiser should compare the subject to units manufactured by a company that market participants consider comparable to the manufacturer of the subject property. The marketplace may equate certain manufacturers with higher-quality equipment and others with lesser-quality equipment. In some cases, this may be based on a real quality difference; in other cases, this may be simply a “perception” in the marketplace. Either way, it may drive equipment value. If the comparable’s quality is not equivalent to the subject, the appraiser should either discard the comparable or make the appropriate adjustments.

Motivation of parties

This is an important item of comparison, especially for larger units. Appraisers should attempt to identify the motivation of the buyer and seller and how this motivation affects the subject’s value. In most cases the selling price of a comparable will differ, for various levels of trade, depending on whether it is purchased by a dealer (for resale) or by an end user (for use in a facility).

Price

In all cases, especially where properties are sold as an entire entity and not piecemeal, the transaction price should be investigated and expressed on a cash basis. This is particularly true if favorable financing or a trade-in was involved in the comparable sale transaction. This commonly is called a cash equivalency adjustment.

Quantity

Unit prices can vary considerably depending on the quantity sold. Adjustments must be made for bulk or large-quantity sales. Quantity is also related to market conditions: a buyer’s market may suggest that a larger quantity is available or simply that demand is not as high, while a seller’s market may suggest a limited quantity available or that current demands are high.

Time of sale

The appraiser should strive to obtain sales occurring within a reasonable period of time from the appraisal’s effective date. This is especially important during volatile markets. In theory, comparable sales should be close to the effective date of the appraisal, but these are not always possible to obtain. When sales that occur beyond “a reasonable” period of time need to be considered, the appraiser should explain this and make appropriate adjustments if the data is less than desirable.

Type of sale

The type and terms of sale generally indicate different price levels or levels of trade. The same asset that is purchased by a machinery dealer at an auction (usually a *liquidation* premise) probably will have a higher price when it is sold by the dealer to an end-user (a *market* premise). The dealer is purchasing for profitable resale, while the end-user is purchasing for immediate installation at the facility. The end-user’s other options are to purchase from the dealer or from another end-user, each of which requires that the seller be compensated above the level of a liquidation sale as motivation to sell.

Techniques of Comparison

The following are the three most commonly used techniques for establishing value of individual items of machinery and equipment using the sales comparison approach:

Direct match

This technique establishes value based on a direct match of the subject to an identical asset or comparable. A good example is an automobile valued using a published pricing guide. If the manufacturer, model number, age, mileage, and accessories are known, it is relatively simple to determine the subject's value. Adjustments are limited to mileage and, more important, condition. In this case, the appraiser is directly comparing the subject to the compilation of sales of other identical autos. The direct match technique provides what is probably the most accurate indication of value using the sales comparison approach. Without a direct match, value conclusions become somewhat more subjective.

Comparable match

This technique establishes value based on analysis of similar (but not identical) assets using some measure of utility (e.g., size, capacity) as the basis of comparison. For example, when appraising an engine lathe manufactured by Company A, the appraiser finds no sales of similar engine lathes manufactured by Company A, but does find sales of similar engine lathes manufactured by Companies B and C. Obviously, this technique is more subjective than a direct match, requiring additional adjustments based on an analysis of the elements of comparability previously discussed. For example, the appraiser would have to judge whether the typical market participant would consider engine lathes manufactured by Companies A, B, and C to be approximately equal in value. If not, adjustments would have to be made to the comparable to bring them in line with the subject.

Percent of cost

This technique establishes a ratio between the selling price and the current cost new of a property at the time of sale. With sufficient data, similar properties can be analyzed and relationships developed among age, selling price, and cost. For example, an appraiser is valuing a 16" × 208" engine lathe manufactured by Company A. The market investigation does not find a direct match. It does identify several similar lathes manufactured by several companies (including some by Company A), but the sizes of these lathes are either much smaller or much larger than the subject lathe. Assuming the analysis suggests that selling prices of engine lathes with an age and condition similar to the subject are in the range of 40–50% of current cost new, it would be logical to conclude that the subject's value falls somewhere between 40% and 50% of its current cost new. It should be noted that the market for a unit may vary according to the unit's size. For example, small lathes may appeal only to maintenance shops, medium-size lathes may appeal to standard machine shops, while very large lathes may be used only in oilfield, shipyard repair, or railroad applications. Appraisers should ensure that their data set fits their subject.

Appraising an Individual Unit

The following example applies the sales comparison approach to an individual unit, such as a single piece of equipment. Sources of market data used for appraising a single piece of equipment include used equipment dealers or other sellers, used equipment

buyers, equipment databases, auction sales databases, Internet databases, client-fixed asset ledgers, trade publication classifieds, and leasing companies.

Again, adequate identification of the subject is necessary before implementing the sales comparison approach. A sample description for a hypothetical single piece of equipment is shown below.

| | |
|------------------------------|--|
| Type of Equipment: | Crawler loader |
| Manufacturer: | XYZ Industries |
| Model: | CT4 |
| Serial Number: | CT478 |
| Year Manufactured: | 2006 |
| Observed Condition: | Very good |
| Description: | Low ground pressure model with a six-way blade, rollover protection system, diesel engine, very good undercarriage |
| Location: | Houston, Texas |
| Effective Date of Appraisal: | Current Date |

This description is an example of one way to list a piece of equipment. There are other acceptable formats. Some may include certain attachments or appurtenances. Once the subject is described, the process of identifying market sales begins.

Liquidation Value—Individual Unit

If the premise of value is *liquidation value (orderly or forced)* for the crawler loader described above, the first step would be to search a number of data sources for comparable sales at a liquidation level of trade. Data sources might include publications such as *The Book*, *Equipment World*, and *Top Bid*, covering transactions relating to construction equipment, trucks, and trailers. Other possible sources include used equipment dealers and other publications, some of which are listed in Appendix G. It also may be helpful to contact other appraisers and dealers who maintain individual databases.

After accurately describing the property and conducting a search for market sales, suppose eight auction sales are found as potential comparables. These are shown in the following list for illustration purposes.

- | | |
|--------------|---|
| Description: | XYZ Industries M/N CT4 S/N 430 (Very Good Condition) Low Ground Pressure Model, Six-Way blade, Rollover Protection Structure, Very Good Undercarriage |
| Transaction: | Auctioneers, Inc. April 2010, Gadsden, AL \$54,000 Sale Price |

Sales Comparison Approach

2. Description: XYZ Industries M/N CT4 S/N 414
(Very Good Condition)
Low Ground Pressure Model, Six-Way
Blade, Drawbar, Engine
Enclosed, Open Rollover Protection
Structure, Single Bar Grousers,
30" Pyramid Pads, Very Good Undercarriage
- Transaction: Local Auctioneers
January 2010, Fort Worth, TX
\$50,000 Sale Price
3. Description: XYZ Industries M/N CT4 S/N 444
(Good Condition)
Low Ground Pressure Model, Six-Way
Blade, Drawbar, Engine
Enclosed, Open Rollover Protection
Structure, Single Bar Grousers,
30" Pyramid Pads, Good Undercarriage
- Transaction: South-Atlantic Auctions
January 2010, Houston, TX
\$45,000 Sale Price
4. Description: XYZ Industries M/N CT4 S/N 430
(Good Condition)
Low Ground Pressure Model, Six-Way
Blade, Rollover Protection
Structure, Diesel Engine, 30" Shoes,
Good Undercarriage
- Transaction: Sun Auction Co.
February 2010, Kissimmee, FL
\$55,000 Sale Price
5. Description: XYZ Industries M/N CT3 S/N 325
(Condition Unknown)
Engine Enclosed, Canopy with Sweeps
and Rear Screen
- Transaction: Complete Auctioneers
March 2010, Nashville, TN
\$48,000 Sale Price
6. Description: XYZ Industries M/N CT3 S/N 190
(Good Condition)
Low Ground Pressure Model, Six-Way
Blade, Canopy, 36" Single
Bar Grousers, Pads, Fair Undercarriage

- Transaction: Family Auctioneers, Inc.
June 2010, Surrey, BC, Canada
\$42,000 Sale Price (US\$)
7. Description: XYZ Industries M/N CT3 S/N 167
(Good Condition)
Low Ground Pressure Model, Six-Way
Blade, Hydraulic Controls,
Engine Enclosed, Rollover Protection
Structure, 30" Pads,
Good Undercarriage
- Transaction: Auctioneers, Inc.
February 2010, Fort Worth, TX
\$51,000 Sale Price
8. Description: XYZ Industries M/N CT3 S/N 146
(Good Condition)
Low Ground Pressure Model, Six-Way
Blade, Engine Enclosed,
Rollover Protection Structure, Canopy with
Sweeps, Good Undercarriage
- Transaction: Auctioneers, Inc.
April 2010, Gadsden, AL
\$52,000 Sale Price

The eight sales are summarized in Table 4.1.

| | Price | Date of Sale | Condition | Sale Location |
|--------|----------|--------------|-----------|---------------|
| Sale 1 | \$54,000 | 4/10 | VG | AL |
| Sale 2 | \$50,000 | 1/10 | VG | TX |
| Sale 3 | \$45,000 | 1/10 | G | TX |
| Sale 4 | \$55,000 | 2/10 | G | FL |
| Sale 5 | \$48,000 | 3/10 | UNK | TN |
| Sale 6 | \$42,000 | 6/10 | G | CAN |
| Sale 7 | \$51,000 | 2/10 | G | TX |
| Sale 8 | \$52,000 | 4/10 | G | AL |

Table 4.1. Comparable Sales Summary.

The following is an example of the analysis of various comparable sales data for the purpose of determining an indication of liquidation value.

After analyzing the eight comparable sales and checking serial number guides, it is determined that the properties from Sales 1 through 4 were manufactured in 2006, the same year as the subject, while the properties from the remaining four sales (5 through 8) were a year older, or 2005 models. Prices range from \$42,000 to \$52,000 for the 2005 models and \$45,000 to \$55,000 for the 2006 models.

Sales Comparison Approach

The next step in the valuation process is to compare these sales to the subject property. For the crawler loaders manufactured in 2006, the first adjustment is made for condition. The subject's condition is "very good." A review of the sales shows that Sales 1 and 2 were in "very good" condition, while Sales 3 and 4 were in only "good" condition. Thus, the appraiser needs to consider how much higher the prices in Sales 3 and 4 might have been if the items' condition had been equal to the subject's. Under the circumstances, an upward adjustment to Sales 3 and 4 is probably warranted. But by how much? Quantifying adjustments is one of the most difficult aspects of sales comparison approach appraisals. The best technique, if the data is available, is the *paired sales* technique. The appraiser notes that Sales 2 and 3 are identical in every relevant respect except for condition and selling price. Sale 3's condition was good and it sold for \$45,000; Sale 2's condition was very good and it sold for \$50,000. Sales 2 and 3 are *paired sales*, and it would be logical to conclude, in the example given, that Sale 3 would have sold for \$5,000 more if its condition had been very good, like the subject's. Even though Sale 4 is not identical to Sales 2 or 3, it would be appropriate, in the example given, to adjust its selling price upward by \$5,000 to equate its condition with that of the subject. Most machinery and equipment appraisals will have too short a time frame to perform this analysis on every single asset being appraised.

It also is necessary to investigate the prevailing market conditions when these crawler loaders were sold. Note that the subject is located in Texas. Assuming (for purposes of illustration) (1) a lack of construction activity in Texas in 2010 limited the demand for crawler loaders; (2) this situation continues to exist in Texas as of the effective date of the appraisal; and (3) construction activity was surging in Florida in 2010 when Sale 4 was consummated, suggesting that the price in Sale 4 should be adjusted downward to equate the market conditions at the time of this sale with those prevailing at the time of the subject's. Determining the extent of the adjustment will be more subjective than determining the adjustment for condition, because in this case the data does not provide the appraiser with a *paired sale* (and in the real world this often will be the case). The point here is that the appraiser has investigated the market conditions pertaining to the various sales and realizes that a downward adjustment to Sale 4 is needed. The amount of adjustment often will not be precisely quantifiable, but at least the appraiser has done his or her job by investigating those conditions of the market sales that are relevant for valuation purposes.

The appraiser should, whenever possible, contact the liquidator to determine the conditions surrounding an auction sale. The appraiser should ask questions regarding the number of people in attendance, the number of active bidders, the weather conditions, the type of advertising, and the number of brochures mailed out. For example, the appraiser would want to know if there were seven people at the auction but only one active bidder, which may have depressed the selling prices. Although it may be difficult to gather this type of information, its absence can impair the reliability of the appraisal conclusions.

This discussion is not intended to illustrate all the adjustments that would be made to arrive at a value conclusion for the subject crawler loader. Rather, it is intended to emphasize that the appraiser's job is to investigate and develop those facts about the market sales and the subject property that are relevant for valuation purposes. Adjustments differ from property to property and from project to project. There are no rules of thumb or specific guidelines that apply in every case. In fact, it is inadvisable to apply the same adjustments to every appraisal assignment. The appraiser cannot simply rely on databases

and use information without considering whether adjustments need to be made. The appraiser is primarily an investigator and developer of facts—not all possible facts, but those facts that affect value.

Fair Market Value in Continued Use⁴ or Installed—Individual Unit

Consider a situation in which the buyer of a property in liquidation intends to use that asset in an industrial operation (a *continued use* or an *installed* premise). Assume the buyer purchased for cash on an “as-is, where-is” basis. In this case, the buyer must pay the cost of dismantling and removing the asset, as well as any maintenance or rebuilding costs. If the asset were purchased from a dealer, these costs would normally be “buried,” or incorporated, in the dealer’s selling price. In theory, the sum of the purchase price plus dismantling, removal, rebuilding, and maintenance costs should be the same for a dealer as for an end-user, except for the dealer’s overhead and profit (excluding any differences that may exist for relocation costs).

The analysis for *fair market value in continued use* (with assumed earnings or with an earnings analysis) or *fair market value – installed* is the same until the profitability of the property is analyzed or assumed. The following examples address the analysis for an in use or installed premise prior to analyzing the profitability.

Example 1: Using the sales comparison approach to estimate *fair market value in continued use* or *fair market value–installed*.

Your task is to estimate the *fair market value in continued use* or *fair market value–installed* of an eight-year-old milling machine, using the sales comparison approach. The machine currently is being used for custom work, is used frequently, and is well maintained. Observation and discussion with plant personnel confirm that the machine is in good condition.

You attend auctions regularly and have noticed that this particular machine is very popular. Data suggest the machine sells at auction prices ranging from \$1,000 to \$7,500, depending on age and condition. Recent sales data suggest that, given the subject’s age and condition, it would sell for between \$5,500 and \$6,500. Discussions with used machinery dealers indicate they would ask \$6,500 for this asset and would expect to sell it for \$6,000. Based on your knowledge of the market and the confirming discussions with dealers, it is logical to conclude that \$6,000 would represent the value of the milling machine itself, excluding any indirect cost considerations.

The next step is to add the value, if any, attributable to, or value contribution, if any, of the installation and other costs that convert this base unit value amount to a *fair market value–installed* or *fair market value in continued use* basis. This asset is relatively simple to install and connect. Because it is a common item, assume that the asset would be purchased locally with a freight cost of \$200. The time for two millwrights to unload and set the machine in place is two hours at a cost of \$125. Electrical installation, including controls, is \$300. Therefore, the total cost new of the installation and other assemblage costs is the sum of all of these, or \$625.

Since the asset was installed new eight years ago, therefore all these installed or in-use elements that exist in conjunction with the subject installed milling machine are also eight years old on the effective date of the appraisal and should be depreciated, because they are not new and do not have the same remaining useful life as if they were new. Based on an age of eight years and an expected life of 20 years, depreciation is estimated on an age/life basis to be 40% ($8 \div 20 \times 100 = 40\%$). Applying 40% to the cost new of \$625 results in a value of \$375 for the costs of freight, installation, and connections. The sum of the base unit (\$6,000) plus the value of the freight, installation, and other costs (\$375) equals the indicated *fair market value in continued use* or *fair market value – installed*, that is, \$6,375.

The fair market value in continued use may require adding state sales tax to the value, whereas the fair market value–installed does not usually apply that tax, since the fair market value–installed may be for assets and tax may be required upon that value. Some states have sales tax on certain assets but not on others, and it is up to the appraiser to be aware of the appropriate statute when assigning value.

This example has been simplified to illustrate the concept behind the sales comparison approach. The numbers used above are fictitious, but such a wide range in selling prices can be realistic. To conclude a specific number from that broad a range (as described in the example) requires supporting data and a strong knowledge of the marketplace. The more supportable the data gathered, the more accurate the end results will be.

Appraising a Related Group of Assets

There are many reasons for appraising a group of assets such as a production line: to determine *fair market value* under various premises at the end of a lease, for acquisition or sale, or for insurance purposes. Although many of the methods just discussed (concerning the appraisal of a single unit) are applicable to the appraisal of a group of assets, appraising these assets introduces complexities not encountered when appraising a single asset. This is especially true when using the sales comparison approach to appraise a group of assets under the premise of fair market value–installed or fair market value in continued use.

The appraiser will need to be familiar with the subject property's industry. Information that will assist in the valuation process can be obtained from trade publications, library research, and interviews with the client and used equipment dealers. The research for *fair market value in continued use* should include the industry's past, current, and projected economic conditions: the research for *fair market value – installed* may or may not include any or all of these conditions depending on the use of the asset in specific industries.

In the following examples, it is assumed that the client has requested value estimates for a production line under several different market value and liquidation value premises of value. Each value concept will be discussed as it applies to the valuation of a production line or other group of related assets. To illustrate the appraisal methods, the following complete plastic vacuum molding production line will be used as an example:

| | |
|--|-----------------------------------|
| ABC Model XXX Molding Line Manufactured New in 1985. | |
| Size: | 100' Long x Three Mole Wide Index |
| Overall Condition at Time of Inspection: | Good |
| Location: | Pennsylvania |
| Effective Date of Appraisal: | September 2007 |

Table 4.2. Plastic Vacuum Molding Production Line.

Fair Market Value—Production Line

Assume that the appraiser's research has revealed market sales to end-users by reputable used equipment dealers specializing in plastics industry equipment.⁵ During the verification process, calls to the used equipment dealers indicate the information already obtained by the appraiser was accurate in all material respects. For purposes of the following examples, assume the appraiser has analyzed the market sales, compared the market sales to the subject, made appropriate adjustments to the comparables (as discussed earlier in this chapter), and concluded that the subject's fair market value is \$200,000.

Fair Market Value in Continued Use—Production Line

Most valuation of *Fair Market Value in Continued Use* as a concept is accomplished by the cost approach in which the economic obsolescence is derived from the industry and not from item-specific sales. If the industry as a whole has an economic penalty, it is often that factor or penalty that is used for the depreciation for that factor. If there is no industry-wide penalty, there may be an item-specific economic penalty, or there may be no economic obsolescence. Economic obsolescence is easier to define and apply in the cost approach using the three factors, whether independently or accrued, for purposes of depreciation adjustment. It is much harder to determine in the market approach, since sales in that market may have an industry-wide or item-specific obsolescence factor built into the other sales which would have to be removed. However, it may be possible that a case could be made for that method as determining that additional value, if any, for an *in continued use* over and above an *installed* value.

In determining the *fair market value in continued use* by the sales comparison approach of an assemblage of assets such as a production line, two additional steps are taken to those previously described. First, the appraiser needs to add the value contribution of the installation and other costs required to get the base unit up and running and contributing to the overall operation of the production line or facility. Second, the appraiser must address whether there are sufficient business earnings to support the value indication obtained by adding the value of the installation and other costs to the used market value of the base unit at the appropriate level of trade. At that point it is still necessary to adjust for the difference, if any, of the industry penalty vs. the item specific economic factor if one is to truly accomplish an *in continued use* value as opposed to the *installed* concept.

Adding the value contribution of assemblage costs (when applied only to an *in continued use* concept)

Appraising assets under the premise of *continued use* requires adding the value contribution of the costs required to get the base units installed in the plant and ready to operate. In effect, the appraiser converts the market price of the base unit into the *fair market value in continued use*. In this chapter, the various costs that accomplish this conversion will be referred to as “assemblage costs.”

Thus, to determine *fair market value in continued use*, the appraiser replicates the actions of a buyer who desires to assemble an operating package of assets from the used equipment market (at an end-user to end-user or used-equipment-dealer to end-user level of trade). The appraiser, in effect, purchases base units (i.e., individual assets) in the used market, and then adds the value of those assemblage costs required to make the base unit an operable unit contributing (or capable of contributing) to the overall operation of the facility or production line. Typical assemblage costs include sales tax (if applicable); costs of dismantling, moving, and setting in place; freight costs necessary to get the assets to the plant site; rebuilding or retrofitting costs; installation costs, including connections, foundations, and millwright work; connection costs, including piping, wiring, and instrumentation; design, engineering, or evaluation costs (if necessary); start-up and testing costs; and any other direct or indirect costs that are normally required to place the asset in service. These are the same direct and indirect costs discussed in the cost approach.⁶

Whether and when assemblage costs (i.e. freight, taxes, installation, and other such costs) should or should not be depreciated continues to be a matter of debate even amongst members of the MTS Committee of the American Society of Appraisers. As of the date of publication of this text, most appraisers take the position that appraisals for *fair market value in continued use*, assemblage costs should be depreciated, and that is the position consistently adopted in this text. Most appraisers agree that when an owner sells assets on an *in continued-use* basis, or when a potential buyer of those assets purchases on that basis, the transaction entails used assets and used assemblage costs and therefore the assemblage costs should be depreciated along with the asset itself. However, there may be occasions when it is appropriate not to depreciate assemblage costs. This position arises most often regarding insurance appraisals, especially where an actual loss has occurred, but differing opinions do arise regarding appraisals for other purposes. Ultimately it is up to the appraiser to weigh all of the factors surrounding the purpose and intended use of any appraisal, including the intent and terms of any insurance policy, to determine how to proceed.

Up to this point, depreciation of the assemblage costs has not been considered. Under most *in continued use* appraisal premises, assemblage costs should be depreciated.⁷ Suppose that ten years ago a new asset was purchased and installed, and now that asset is being appraised. Because the asset has been operating for ten years, both the base unit and the assemblage costs (e.g., freight, installation, connections) are not new and both have

shorter remaining useful lives than they did when new. Assuming that the depreciation affecting the value of the base unit already has been measured by the used equipment market,⁸ the appraiser still needs to calculate the loss in value of the assemblage costs by depreciating the replacement cost new of the assemblage costs, using the same techniques described in the cost approach. Once these assemblage costs are accounted for, the used machine is installed and ready to operate. The sum of the base unit and depreciated indirect assemblage costs represents the market price for the machine plus the current cost new (depreciated) to make the machine operable.

To illustrate one method of depreciating assemblage costs, assume that the replacement cost new installed of the previously discussed vacuum molding line is \$500,000, and the following additional information is provided for the complete 1985 ABC Model X vacuum molding line example:

| | |
|---|-----------|
| Fair Market Value as Determined Earlier: | \$200,000 |
| Replacement Cost New: | \$500,000 |
| Therefore the Indicated Depreciation from All Causes Can be Calculated as $1 - (\$200,000 / \$500,000)$ or: | 60% |

Table 4.3. 1985 ABC Model X Vacuum Molding Line Example.

Note: Figures are for illustration only and are not intended to suggest actual market values of this type of equipment.

The appraisal depreciation that is inherent in the equipment itself, 60%, already is reflected in the \$200,000 *fair market value* of the uninstalled production line that was obtained from the used equipment market.⁹ Adding the depreciated value of assemblage costs will provide an indication of *fair market value in continued use*. The best place to obtain installation and other assemblage cost information is from the engineering department of the company owning the asset in question. If it is not available from that source, the appraiser should estimate these costs.

Thus, to determine *fair market value in continued use*, the appraiser replicates the actions of a buyer who desires to assemble an operating package of assets from the used equipment market (at an end-user to end-user or used-equipment-dealer to end-user level of trade). The appraiser, in effect, purchases base units (i.e., individual assets) in the used market, and then adds the value contribution of those assemblage costs required to make the base unit an operable unit contributing (or capable of contributing) to the overall operation of the facility or production line. Typical assemblage costs include sales tax (if applicable); costs of dismantling, moving, and setting in place; freight costs necessary to get the assets to the owner's site; rebuilding or retrofitting costs; installation costs, including connections, foundations, and millwright work; connection costs, including piping, wiring, and instrumentation; design, engineering, or evaluation costs (if necessary); start-up and testing costs; and any other direct or indirect costs that are normally required to place the asset in service. These are the same direct and indirect costs discussed in the cost approach. It should be pointed out that taxes are typically not added on the in place concept as it is the value of assets in the market place in which taxes would be paid to own rather than a corporate purchase in which taxes are already paid and therefore are acceptable to be a part of an *in continued use* value.

Sales Comparison Approach

This step quantifies the contribution to value of the assemblage costs and adds these to the value previously determined for the production line:

| | | |
|---|-----------|------------|
| Fair Market Value of Production Line: | | \$200,000 |
| Replacement Cost New of Assemblage Costs: | \$100,000 | |
| Minus Depreciation of Assemblage Costs @ 60%: -\$60,000 | -\$60,000 | |
| Thus the Value Contribution of the Installation is: | | + \$40,000 |
| Preliminary Indication of <i>Fair Market Value In Continued Use</i> : | | \$240,000 |

Table 4.4. Contribution of Assemblage.

Previously it was stated that in determining *fair market value in continued use*, two additional steps are added to the steps taken to measure *fair market value*: the appraiser must first add the depreciated value of the assemblage costs; and second, determine whether there are sufficient business earnings to support the value conclusion as to the underlying assets. It should be noted that although our discussion of business earnings has been postponed until now to facilitate the presentation of sales comparison approach techniques, in practice it may be that the business earnings have been analyzed before, or concurrently with, the machinery and equipment valuation process.

Are there sufficient business earnings to support the “in continued use” value conclusion?

The definition of *fair market value in continued use* includes an assumption that there are sufficient business earnings to support the value conclusion as to the assets in question. The appraiser has two options for dealing with this issue. The first option is to assume that there are sufficient earnings (*Fair Market Value in Continued Use with Assumed Earnings*). The second option is to use income approach methods to actually determine whether there are sufficient earnings (*Fair Market Value in Continued Use with an Earnings Analysis*). If the first option is selected, the appraiser must ensure that the appraisal report clearly states that the value reported for the assets in question assumes that business earnings are sufficient to support the value conclusion; otherwise the appraisal report may be misleading.¹⁰

There may be times, however, when the appraisal’s purpose, use, or other requirements preclude the appraiser from assuming that earnings are sufficient to support the value conclusion. In such cases, the appraiser needs to actually determine whether the business earnings are sufficient to support the value conclusion. The appraiser can conduct the analysis personally, or if not qualified, involve another, qualified, appraiser.

Using the previous example, suppose that the option of merely assuming sufficient earnings is not available to the appraiser. Recall that we had just concluded that the preliminary indication¹¹ of *fair market value in continued use (with assumed earnings)* is \$240,000. Suppose that further investigation reveals that the vacuum molding line is one of the plant’s five production lines, the total facility generates \$300,000 of net cash flow annually, the subject line contributes approximately 20% of the total net cash flow, the subject production line is expected to generate this cash flow for ten more years, and the discount

rate is 12%. Because the present value of \$60,000 ($\$300,000 \times 20\%$) per year for ten years is greater than \$240,000,¹² the appraiser can conclude that there is in fact sufficient cash flow to support the preliminary indication of \$240,000 as the correct *fair market value in continued use with an earnings analysis*.

On the other hand, if the subject line is generating net cash flow of only \$30,000 per year, the present value of the cash flow stream generated by the line would be substantially less than the \$240,000 preliminary indication of value.¹³ This result would suggest the possibility that the subject's value has been further reduced, from what it would otherwise be, by plant-specific obsolescence that the used equipment market is not capable of measuring. *Plant-specific obsolescence* refers to a condition within the particular plant that reduces the utility or profitability of the subject property. At this point, appraisers should ask themselves what kinds of obsolescence, especially economic obsolescence, is the used equipment market not capable of measuring.

An example of *plant-specific obsolescence* not measurable by the used equipment market would be a production bottleneck caused by the slower capacity of equipment installed ahead of the subject in the production process. Assume that the subject production line has a capacity of 1,000 units per hour but that slower capacity equipment installed ahead of the subject limits it to actual production of only 800 units per hour; that there is sufficient economic demand for the extra 200 units; that except for the slower capacity equipment that is creating the bottleneck, there is no reason why the subject line could not produce 1,000 units per hour; and that the company owning the facility plans to expend the capital required to remove the production bottleneck (in appraisal language, to cure the obsolescence), but that due to constraints on the company's capital spending, it will be three years from the effective date of the appraisal before the company can cure the obsolescence.

In this instance, the appraiser has several alternatives for determining whether the subject's *fair market value in continued use* is affected by obsolescence not measured by the used equipment market. If there are market sales of 800-unit-per-hour vacuum molding lines, those could be used as comparables instead of market sales of 1,000-unit-per-hour lines. There are two possible problems with this analysis: first, the bottleneck is scheduled to be removed in three years; and second, suppose (as often is the case) that there are no sales of 800-unit-per-hour lines available to be used as comparables (perhaps because, for example, the next lower-capacity model available for sale has a 500-unit-per-hour capacity).

A second possible way to analyze the situation would be to focus on quantifying the reduction in utility (and thus value) caused by the line operating at only 80% of its rated capacity (the reader is referred to the discussion of this subject in the cost approach chapter). A possible problem with this analysis in the given case is that this inutility is not permanent.

A third possible way of analyzing the situation would be to determine the present value of the lost cash flow caused by the bottleneck during the next three years.¹⁴ The kind of information necessary to make this calculation often is available, if the appraiser is able to identify the condition in the first place. For example, usually the management of a process plant is able to provide the appraiser with the kind of data that enable the appraiser to estimate the present value of lost cash flow caused by a condition such as the above.

Sales Comparison Approach

The essential point here is that when appraising *fair market value in continued use*, the appraiser should remember that the used equipment market may not automatically measure all depreciation and obsolescence, especially as it pertains to certain forms of economic obsolescence that may be apparent in the subject company but which may not be evident in any other property. Appraisers always should ask themselves whether there may be additional depreciation or obsolescence that the used equipment market does not reflect. The appraiser may not become aware of the possible existence of unmeasured obsolescence unless the *preliminary* value indication of the sales comparison approach is independently checked against income- or cost-based analyses.

Fair Market Value—Installed—Production Line

It can be seen from the above discussion that it is difficult for an MTS appraiser to find the adjustment to the costs (value) to reflect *fair market value in continued use* versus *fair market value—installed*. However, there are differences as taught in both the basic advanced courses of the ASA. Except for sale/leaseback, other lease types, and a few other purposes, the appraiser rarely will be called upon to perform a *fair market value—installed* appraisal of only one production line in a facility containing multiple lines. If the facility were sold, it probably would be sold as an overall facility, and it would be necessary to value all of the lines. However, if only one line needs to be valued, such as in an appraisal in connection with a sale and leaseback, it should generally consider the same factors as a *fair market value in continued use* appraisal, except that it would not be necessary to assume (or independently determine) that there are sufficient earnings to support the underlying asset value conclusion. Other things to consider would be the segregation of utilities, workforce, and other considerations that generally could point to a lower value than *fair market value in continued use*.

Fair Market Value—Removed—Production Line¹⁵

This valuation concept is similar to the *fair market value—installed* or *fair market value in continued use* concept, except that the cost of removal must be considered. Recall that the market comparables (in an earlier example) indicated a *fair market value* of \$200,000 for the subject vacuum line. The removed concept applies to a property within a dealer's warehouse, a property ready to ship or currently installed. Under certain circumstances, if the cost of removing or reinstalling is significant, an adjustment may be required for the additional removal expense. Many times this is the case with production lines. A potential buyer would pay no more than \$200,000 for the equipment if it were ready to be picked up and delivered to the buyer. The appraiser must be aware, however, that buyers of installed equipment under liquidation or market value conditions often make conscious (and sometimes unconscious) adjustments to the price offered to cover any removal or relocation costs.¹⁶ The appraiser needs to determine if this is the case with the subject production line.

Orderly Liquidation Value—Production Line

Orderly liquidation value is typically lower than *fair market value*, due to the compulsion to sell inherent in the definition. It is, however, possible for the value to be very close to *fair market value*, with the difference being that under the premise of orderly liquidation there is a limited period in which to sell. The seller is compelled to sell, although

without the same sense of immediacy or urgency that is assumed in a forced liquidation sale (see the following *forced liquidation value* discussion). The orderly liquidation sale may be necessitated by a bankruptcy court ruling, a leasing company, a bank, or another institution holding a note. The company may need to sell assets for some other reason. Regardless of the reason for the sale, the compulsion factor must be present. Additionally, there is generally an assumption that all assets will be sold, though over a longer period than in a forced liquidation in order to obtain greater net results.

Forced Liquidation Value—Production Line

Under the *forced liquidation value* premise, a sense of immediacy or urgency affects the period of time and circumstances of the sale. In *forced* liquidation, the means of sale are a properly advertised auction or other public sale. It is important to note that in some instances, auction sales may result in prices equal to *fair market value* because of the desirability of the equipment, proper advertisement, and/or high attendance at the auction. At other times, auction sales can result in prices substantially below the assets' *fair market value*. It is incorrect to automatically assume that the results of an auction always produce a *forced liquidation value*. An independent study of the circumstances of each auction sale should be conducted. An auction is a method of sale, not a value premise. The auction attendees have a wide range of motivations that are reflected in their bid, which may or may not mirror the premise of forced liquidation value.

Liquidation Value in Place—Production Line

Under the *liquidation value in place* premise, because of the limited time to complete the sale, the value for the subject production line usually would decrease considerably. The dilemma the appraiser faces is how to quantify the amount of this decrease. When analyzing the market data gathered, the appraiser always should ask how long the similar items (about which market data has been collected) were exposed to the market and whether there was an excess of this type of asset on the used equipment market at the time of the sale. One option for measuring this is to look at sales in which a line of similar complexity has sold, and compare those to what they might be worth under another premise such as cost or fair market, thereby determining what difference may be applied to the subject.

Appraising an Industrial Facility

Applying the sales comparison approach to an entire industrial facility introduces complexities not encountered when appraising a single asset. This is especially true when using the approach to appraise an operating facility under the premise of *fair market value in continued use* or *fair market value—installed* (capable of being used).

The appraiser using the sales comparison approach to determine the *fair market value—installed* or *fair market value in continued use* of an entire industrial facility has, in theory, two alternative methodologies. The first alternative is to use the methods already discussed to, in effect, replicate the process of a plant owner assembling an operating package of assets from the used equipment market—that is, purchase individual assets in the used market (possibly considering the need to dismantle the assets if installed); and add the value of the various assemblage costs, such as sales tax (if applicable), freight, installation, connection, and other costs, including any adjustments for level of trade.

Sales Comparison Approach

The second alternative is to compare the subject property (an entire industrial facility) to sales of comparable industrial facilities. In the following discussion, these sales will be referred to as “whole plant sales,” and the method will be referred to as “the whole plant sales comparison approach.” Several of the ASA’s machinery and technical specialties courses include exercises using the whole plant approach to value using all of the three approaches to value.

Limitations of the Whole Plant Approach

Before discussing the whole plant sales comparison approach, it is important to note that this approach often will not be feasible. Most industrial facilities infrequently change ownership. Their unique characteristics make comparability difficult to evaluate and adjustments difficult to quantify without undue speculation. Most industrial facilities change ownership based on the parties’ perceptions of the present value of the future cash flow that the facility is capable of generating. Differences in perceived profitability are crucial and often explain the large difference in the selling prices of ostensibly comparable facilities. The details of industrial facility transactions are usually confidential. Often even the selling price, let alone other vital details such as future cash flow projections, is difficult or impossible to obtain.

In addition to the above problems, the reported selling price of an industrial facility often includes the value of working capital, other business enterprise intangibles, or other assets (such as land) that are not included in the subject property the MTS appraiser needs to value. The value of these assets often is difficult to segregate from the total selling price. For example, the total selling price of a paper mill may include the value of large timber reserves, in addition to working capital and other business enterprise intangibles.

Notwithstanding the above, there are situations in which these difficulties do not exist or can be overcome, and in those cases the whole plant sales comparison approach may be useful. The approach is best used when the comparables are virtually identical to the subject and have been sold relatively recently and in an active market. Obviously, the use of this approach requires extensive research and analysis of comparability, adjustments, and other issues. To employ this approach, the MTS appraiser may need to have an adequate understanding of business or real property valuation, or to work closely with appraisers from those disciplines.

Methodology

The whole plant sales comparison approach compares the subject property to whole plant sales of comparable industrial facilities. It is based on the observation of actual market sales involving comparable facilities. The market sales that are initially identified as possible comparables should be analyzed carefully to ensure that their profitability and risk characteristics are sufficiently similar to those of the subject facility. While the sold facilities may differ from the subject facility, the effect of these differences should be minimized by initially selecting transactions that possess characteristics as similar as possible to the subject facility.

After gathering market sales data, the appraiser makes adjustments to the comparables to reflect differences between them and the subject with respect to numerous factors, including such things as current and future profitability, future growth, product, future market for the product, transaction terms and date, market conditions, physical characteristics

such as facility size and capacity, physical condition, deferred maintenance, raw material costs, labor costs, impact of labor unions, facility location, and distance from market for finished goods, and numerous other factors that affect value.

After the selling prices of the comparables have been adjusted to equate them with the subject, the adjusted selling prices are then converted to a common unit of measure, such as price per unit of output capacity. An indication of the subject facility's value can then be developed by multiplying its productive capacity by the price per unit of output derived from the comparable facility transactions.

Example 2: Whole plant sales comparison approach.

You have been asked to determine the *fair market value in continued use* or *fair market value—installed* of a 500-megawatt (mw) coal-fired electric generating facility.¹⁷ You have performed an income approach (or had another appraiser do it), and are now considering whether a whole plant sales comparison approach is feasible. Industry research and discussions with knowledgeable persons have disclosed a significant number of relatively recent sales (say, within the past two years) of coal-fired electric generating facilities. You are aware that the whole plant sales comparison approach is best applied when the comparables are virtually identical to, or at least extremely similar to, the subject property. Potential sources of information regarding electric generating facility transactions include United States Securities and Exchange Commission (SEC) filings, corporate annual reports, industry trade publications, and news articles.

After much research, you have concluded that only six of the relatively recent market sales meet the threshold requirements for comparability. Some of the sales have involved facilities using other sources than coal—gas, oil, or hydroelectric—to produce power. You have rejected other sales because of significant differences between them and the subject with respect to future cash flow potential, growth in cash flow, and capacity. You are now satisfied that the six sales that have survived the “comparable qualification” process are extremely similar to the subject property; that is, they are truly comparable to the subject. These six sales are listed in Table 4.5 for illustration purposes only.

| Purchaser | Selling Price | Capacity (kW) | \$/kW |
|-----------|------------------|---------------|------------------|
| Sale 1 | \$425,000,000 | 550,000 | \$773 |
| Sale 2 | \$350,000,000 | 425,000 | \$824 |
| Sale 3 | \$400,000,000 | 525,000 | \$762 |
| Sale 4 | \$365,000,000 | 450,000 | \$811 |
| Sale 5 | \$400,000,000 | 500,000 | \$800 |
| Sale 6 | \$310,000,000 | 400,000 | \$775 |
| Subject | To Be Determined | 500,000 | To Be Determined |

Table 4.5. Comparable Sales of Electric Generating Facilities.

Analysis of these transactions indicates the selling price per kW ranges from \$762 to \$824 and has a mean of approximately \$791. Because you eliminated all market sales except those that were virtually identical to the subject in all important respects relating to value, you conclude that no adjustments to the

Sales Comparison Approach

comparables are needed. The indicated range of values for the subject is \$380 million to \$412 million ($\$762/\text{kW} \times 500,000 \text{ kW} = \381 million and $\$824/\text{kW} \times 500,000 \text{ kW} = \412 million), with a mean of \$395,500 ($\$791/\text{kW} \times 500,000 \text{ kW}$). The best use of the whole plant sales comparison approach may be to indicate a reasonable range of value rather than a specific point value estimate, in which case the appraiser could stop here. If a point value estimate is required, assume that Sale 5 is virtually a direct match to the subject, in which case the appraiser might give it extra weight and conclude that the subject's *fair market value in continued use* (or *fair market value—installed*) is \$800 per kilowatt, or \$400 million ($\$800/\text{kW} \times 500,000 \text{ kW} = \400 million). Once the \$400 million conclusion of value is reached by the sales comparison approach, it should be compared to the results indicated by the income approach (which we have assumed was also done). If the results of the sales comparison approach are substantially higher than those of the income approach, the appraiser should check for additional plant-specific functional or economic obsolescence that has not been measured by the sales comparison approach.

Example 3: Whole plant sales comparison approach using percentage of cost technique.

Your task is to estimate the *fair market value in continued use* or *fair market value—installed* of a coal preparation plant. The subject is ten years old and rated at 800 tons per day. The facility receives maintenance on a preventive basis and the plant is in reasonably good condition. Investigation reveals a recent upturn in the coal mining industry, and because of this, there seems to be an increased demand for coal preparation plants. Having already concluded a value by the cost approach (and possibly the income approach), your investigation of the facts also has disclosed two sales of coal preparation plants within the past year.

The first sale involved the purchase of an operating company, including both its tangible and intangible assets. The company assets included the coal preparation plant, a fleet of trucks, other above-ground mining equipment, and two long-term contracts negotiated before the sale of the company. The company's primary business is to process coal for two nearby strip mines. You have been told that the operating company was purchased for approximately \$10 million. You talk to the new owner who says the \$10 million is "a little high," but does not disclose the exact purchase price; he adds that he "wanted the contracts."

Based on the above information, you conclude that the first sale is not a valid comparable to the subject property because this was a sale of an operating company that included intangible assets, including contracts and other business enterprise intangibles (such as net working capital). In addition, you have not been able to obtain sufficient verified facts to serve as a basis of comparison.

The second sale involved the purchase of a coal preparation plant rated at 1,000 tons per day. The facility had been idle for two years before the sale. Its former owner declared bankruptcy in the midst of a recession. The bank retained ownership and contracted with a local equipment broker to maintain the facility and subsequently to sell it in operating condition. It recently was purchased by a large

coal company that relocated it so it could operate in conjunction with another of the purchaser's nearby operations (note that although the plant was idle for two years, the purchaser clearly purchased it with the intention of operating it). The dealer who sold the plant confirmed that the bank had held the asset, hoping the market would rebound, which in fact it did. The dealer also said there was substantial interest from many companies, but the facility was ultimately purchased by a company that had another operation nearby.

The second sale plant was eight years old and required minimal capital expenditures, since the broker operated the plant periodically to verify that everything worked. The buyer tells you that the purchase price was \$3.5 million and that an additional \$1.5 million was spent to dismantle, move, and install it at their nearby site. The buyer is satisfied and feels the purchase was a good deal, because the current replacement cost new of a plant of the same capacity is approximately \$12 million installed. The buyer is planning to operate the purchased plant at a mine with a limited remaining economic life, estimated to be five years, and the purchase of a new plant for that application could not be justified.

Since you rejected using the first sale, you are left with only this one market sale of a coal preparation plant, and you must decide if this second sale can be used. Although the plant was idle for two years before the sale, the buyer clearly purchased it with the intention of operating it. You have confirmed with the dealer who sold the plant that the bank held the asset hoping that the market would rebound, which in fact it did. You also have learned that several buyers were interested in buying the plant for continued use. On the basis of these facts, you decide this is a valid comparable sale. In this situation, it would be appropriate to use the %age-of-cost technique (discussed previously). The ratio of the \$5 million purchase price (including relocation cost) to the current cost new of \$12 million is approximately 40% ($\$5 \text{ million} \div \$12 \text{ million} = 0.417$ or 41.7%, rounded to 40%).

The subject is somewhat less desirable than the comparable because it is a little smaller and two years older, and the subject's installation and other assemblage value components are not new. Thus, because the subject is somewhat less desirable than the comparable, something less than 40% of cost new would be appropriate for the subject. For illustration purposes assume the conclusion that 35% is a reasonable ratio of value to cost new for the subject. If the cost new of the subject is determined to be \$10 million (it is smaller than the comparable, and so the cost new would be less than \$12 million), then the subject's *fair market value in continued use* is approximately \$3.5 million ($\$10 \text{ million} \times 35\%$).

Once the \$3.5 million conclusion of value is reached by the sales comparison approach it should be compared to the results indicated by the cost approach (which we assume was also done). If the results of the cost approach are substantially higher than \$3.5 million, the sales comparison approach may be used as a basis to conclude the existence of additional depreciation (probably economic obsolescence). If the results of the two approaches are reasonably close, both value conclusions are probably reasonable. If the results of the cost approach are significantly lower than \$3.5 million, the value derived

Sales Comparison Approach

by the sales comparison approach may be a more reasonable answer, reflecting additional desirability in the marketplace.¹⁸

Key Points

- The MTS appraiser uses the sales comparison approach to indicate value by analyzing recent sales (or offering prices) of property that are similar (i.e., comparable) to the subject property. If the comparables are not exactly like the assets being appraised, adjustments are made to the selling prices of the comparables to equate them to the characteristics of the assets being appraised. The basic procedure is to gather data on sales and offerings of similar properties, determine whether they are for continued use or for an alternative use even if left in place, determine their comparability to the subject property, determine the appropriate units of comparison, collect and array the data, analyze and adjust the data, and apply the results to the subject.
- The sales comparison approach is most reliable when there is an active market providing a sufficient number of sales of comparable property that can be independently verified through reliable sources. Examples of assets generally having markets meeting this definition include automobiles and trucks, computers, aircraft, and standard machine tools, and other assets with an identifiable market.
- The sales comparison approach is not feasible when the subject property is unique. Even if the subject property is not unique, the approach generally will not be feasible if an active market does not exist. An inactive market or limited number of sales of comparable property often indicates a lack of demand and may indicate the existence of economic obsolescence, which may be measured using the income approach or cost approach.
- The implementation of the sales comparison approach may differ significantly depending on whether the subject is an individual asset, a related group of assets, or an entire facility.
- The appraiser should remember that adjustments are made to the comparables, not to the subject property. Elements of comparison are the comparable's chronological age and effective age, condition, capacity, location, size, date of sale, circumstances of sale (e.g., level of trade or to a dealer, "as-is, where-is" condition), environmental compliance, safety compliance, and other factors.
- The three most commonly used techniques for establishing value of individual items of machinery and equipment using the sales comparison approach are direct match, comparable match, and percentage of cost.
- Using the sales comparison approach to appraise an installed group of related assets or an entire industrial facility introduces complexities not encountered when appraising a single asset. This is especially true when using the approach to appraise the group or plant under the premise of *fair market value in continued use* or *fair market value—installed* (capable of being used). In such a case, the appraised value may be more appropriately found through the cost approach.

- Appraising machinery and equipment under the premise of continued use requires adding to the value of the base units the value contribution of the costs (direct and indirect) required to get the base units installed in the plant and ready to operate. In effect, the appraiser converts the market price of the base unit into *fair market value in continued use* or *fair market value—installed* (capable of being used) depending on the proper application.
- One definition of *fair market value in continued use* includes an *assumption* that there are sufficient business earnings to support the value conclusion as to the assets in question. The appraiser has two options for dealing with the issue of sufficient business earnings. Under *fair market value in continued with assumed earnings*, the appraiser assumes, without verification, that there are sufficient earnings. Under *fair market value in continued with an earnings analysis*, the appraiser uses income approach methods to actually determine whether there are sufficient earnings.
- There are a limited number of situations in which it may be feasible to use the “whole plant” sales comparison approach to value an entire industrial plant. This approach often will not be feasible because most industrial facilities infrequently change ownership; their unique characteristics make comparability difficult to evaluate and adjustments difficult to quantify without undue speculation; most facilities change ownership based on the parties’ perceptions of the present value of the future cash flow that the facility is capable of generating; differences in profitability are crucial and often explain the large difference in the selling prices of ostensibly comparable facilities; the reported selling price of an industrial facility often includes the value of net working capital; or the presence of other business enterprise intangibles or other assets (such as land) that are not included in the subject property the appraiser needs to value.
- Notwithstanding the above, there are situations in which these difficulties do not exist or can be overcome, and in those cases the whole plant sales comparison approach may be useful. The approach is best used when the comparables are virtually identical to the subject and have sold relatively recently in an active market. The use of this approach requires extensive research and analysis of comparability, adjustments, and other issues. Just as real property or business appraisers may need to have an adequate understanding of MTS appraisal techniques, it may be that the MTS appraiser will need to have an adequate understanding of business or real property valuation, or work closely with appraisers from those disciplines.

Notes¹⁹

¹ The sales comparison approach is sometimes referred to as the market approach or market data approach.

² Comparable sales may not measure some of the types of obsolescence that the used market cannot reflect because of facts that may not be apparent to outside parties, such as functional or economic obsolescence caused by (1) the relationship of the subject machine to other machines in its production line (e.g., a production bottleneck ahead of the subject property); (2) the subject’s relationship to a building or other structure in which it is located (e.g., lower productivity or other obsolescence caused by multiple buildings or poor layout); (3) localized economic obsolescence due to regional raw material shortages; or (4) other conditions or circumstances that the used market could not possibly reflect. Appraisers always should ask themselves what kinds of obsolescence the used equipment market is measuring and what kinds of obsolescence it is not reflecting, and the appraiser then may need to make adjustments as appropriate.

Sales Comparison Approach

³ In some instances, the income approach may be the best method for measuring economic obsolescence, but some forms of economic obsolescence can be at least partially measured by the cost or sales comparison approaches; see discussion of economic obsolescence in the cost and income approach chapters.

⁴ According to FAS 157, fair value requires the appraiser to value the assets in the most advantageous marketplace, which relates market value to the level of trade. USPAP also requires the appraiser to address the appropriate level of trade. If the asset would provide maximum value to a market participant in combination with other assets (i.e., its highest and best use is to be used as part of an ongoing operation), then an in-use premise should be utilized. Under this scenario, the asset would assume to be sold, and consequently operated, with the other assets in its group. Under this scenario, fair value relates to the MTS definitions of *fair market value in continued use* or, under certain situations, *fair market value—installed*. However, if the asset would provide maximum value to a market participant as a stand-alone asset (i.e., its highest and best use is to be sold on a stand-alone basis and removed), due to a lack of income support or for any other reason, then another premise of value should be used. A valuation on this basis would assume that the assets would sell independent of each other and not necessarily in concert with the other assets in its group. Under this scenario, fair value typically relates to the definitions of fair market value as defined in this text. In some limited cases, such as under SFAS 144, fair value may relate to the definition of orderly liquidation value as defined in this text. See Chapter 9 (Valuing for Financial Reporting) and the Glossary for more details.

⁵ For this discussion, it is assumed that the sales by the used equipment dealers have already considered the used dealers' costs of dismantling and removal. When analyzing sales of comparable items, the appraiser may need to make adjustments for any such dismantling and removal costs. In most instances, fair market value will not go below the amount for which a used equipment dealer would sell the item.

⁶ The appraiser will have to use considerable caution and judgment concerning the handling of freight, taxes, and dismantling and removal costs. While the subject's initial installation may have incurred all applicable freight and taxes, these historical new costs may not be the same as that which would be applicable to used costs; if they are significantly different, they could cause problems when the appraiser attempts to correlate the results of the sales comparison approach with the results of the cost approach. Similarly, while dismantling and removal cost may occur with used data, such costs obviously were not involved when the subject was first installed new, and these costs also could cause reconciliation disparities that would need to be addressed by the appraiser.

⁷ Whether assemblage costs (i.e. freight, taxes, installation, and other such costs) should or should not be depreciated continues to be a matter of debate even amongst members of the MTS Committee of the American Society of Appraisers. As of the date of publication of this text, most appraisers take the position that appraisals for *fair market value in continued use* or *fair market value—installed*, assemblage costs should be depreciated, and that is the position consistently adopted in this text. Most appraisers agree that when an owner sells assets on an *in continued-use* or on an *installed* basis, or when a potential buyer of those assets purchases on that basis, the transaction entails used assets and used assemblage costs and therefore the assemblage costs should be depreciated along with the asset itself. However, there may be occasions when it is appropriate not to depreciate assemblage costs. This position arises most often regarding insurance appraisals, especially where an actual loss has occurred, but differing opinions do arise regarding appraisals for other purposes. Ultimately it is up to the appraiser to weigh all of the factors surrounding the purpose and intended use of any appraisal, including the intent and terms of any insurance policy, to determine how to proceed.

⁸ See notes 2 and 7.

⁹ See notes 2 and 7, and further discussion below.

¹⁰ This assumption cannot apply to valuations performed for financial reporting purposes. For these appraisals, an overall business enterprise valuation is typically performed as part of the valuation (by a business valuation firm), and as such economic support is either indicated as being present or not being present. If it is present, the MTS appraiser should indicate this. If it is not there, this should be indicated as well and the fair market value may have to be adjusted accordingly. (Also see note 4.)

¹¹ The result was reflected as preliminary, because the adequacy of earnings issue had not yet been addressed.

¹² The present value annuity factor for ten years at a discount rate of 12% is 5.650223 (see financial tables in Appendix C) or $\$60,000 \times 5.650223 = \$339,013$.

¹³ The present value annuity factor would be the same as the previous calculation (see note 12), but the present value would be only $\$169,507$ ($\$30,000 \times 5.650223 = \$169,507$).

¹⁴ It is important to note that any obsolescence penalties quantified by sales comparison, income, or cost approach methods cannot be greater than the cost to cure the problem.

¹⁵ *Fair market value* as it pertains to MTS appraisals is sometimes also called *fair market value – removed*. In any case, the underlying concept of machinery and equipment *fair market value* analysis is that the item being appraised probably will not remain where it presently exists, as in the case where an appraisal is done on an *in continued-use* or *installed* basis. Confusion occurs in legal definitions that usually have their root origin based in real property (i.e., land and its improvements thereon), where it is understood that the property will not be removed. However, personal property is portable in nature and therefore often requires further expansion or clarification of the definition of *fair market value*. Therefore, MTS appraisers use the terms of *fair market value in continued use* and *fair market value—installed* to reflect installed properties and *fair market value* (and sometimes even *fair market value—removed*) to delineate properties that are not to continue as installed properties.

¹⁶ See note 11. If the equipment is installed in a facility, the prudent buyer probably would not pay \$200,000 for the line. Assume that the buyer wants to purchase the given line and is willing to pay whatever it costs to ship it to the buyer's facility but the buyer wishes to pay no more than \$200,000 for the line. If the line is still installed, and if the cost of dismantling and removal is estimated to be \$30,000, then the buyer probably would only offer \$170,000 for the line. Buyers often knowingly or unknowingly make this type of analysis in buying decisions, and the appraiser needs to be aware of these factors and make adjustments as appropriate.

¹⁷ The editors do not intend to imply that electrical generating facilities, as a class of property, necessarily meet the requirements discussed above for use of this approach; the selection of this particular kind of property is for purposes of illustration only.

¹⁸ Remember that the results of the cost and sales comparison approaches also must be considered in light of the results of the income approach.

¹⁹ Portions of this chapter were excerpted, with the author's prior assent, from "Fair Market Value Concepts," a chapter authored by Robert S. Svoboda, ASA, in the book *Appraising Machinery and Equipment* (Herndon, VA: American Society of Appraisers, 1989).

Exhibit F

CONFIDENTIAL – SUBJECT TO PROTECTIVE ORDER

**EXPERT WITNESS REPORT OF
David K. Goesling**

**Appraisal and Fixture Classification Analysis of 40 Representative Assets
as of June 30, 2009**

**Issued: November 23, 2016
Amended: February 6, 2017**

Presented in:

**Motors Liquidation Company Avoidance Action Trust v.
JPMorgan Chase Bank, N.A.**

**CHAPTER 11 CASE NO. 09-50026 (MG)
ADVERSARY PROCEEDING CASE NO. 09-00504 (MG)**

**IN THE UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

[This page is intentionally left blank.]

For more information, please contact the following:

David K. Goesling
Managing Director
(312) 752-3308
dgoesling@srr.com



Atlanta | Baltimore | Chicago | Cleveland | Dallas | Denver | Detroit | Houston
Irvine | Los Angeles | New York | Philadelphia | Tysons Corner | Washington, D.C.

www.srr.com

TABLE OF CONTENTS

I. Introduction and Summary of Opinions.....1

II. Assignment Overview5

III. U.S. Economic Outlook.....10

IV. Classification of 40 Representative Assets17

V. Valuation of 40 Representative Assets332

VI. Summary of Opinions344

VII. Certification.....347

Exhibits349

EXHIBITS

| | |
|------------------|-------------------------------------|
| Exhibit A | Assumptions and Limiting Conditions |
| Exhibit B | Listing of 40 Representative Assets |
| Exhibit C | Valuation Conclusion Summary |
| Exhibit D | Cost Approach Analyses |
| Exhibit E | Market Approach Analyses |
| Exhibit F | Sources of Information |
| Exhibit G | Statement of Qualifications |

CONFIDENTIAL – SUBJECT TO PROTECTIVE ORDER

Section I

Introduction and Summary of Opinions

I. INTRODUCTION AND SUMMARY OF OPINIONS

I and my firm Stout, Risius, Ross (“SRR”) were retained by Wilmington Trust Company, acting as trustee and trust administrator of the Motors Liquidation Company Avoidance Action Trust (“AAT” or the “Client”), through its counsel, Binder & Schwartz LLP (“Counsel to the AAT”), to prepare a fixture analysis and appraisal of certain specific assets formerly owned by General Motors Corporation and its affiliated debtors (“Old GM”) in connection with *Motors Liquidation Company Avoidance Action Trust v. JPMorgan Chase Bank, N.A.*, Case No. 09-00504 (MG) in the United States Bankruptcy Court, Southern District of New York (the “Surviving Collateral Dispute”).

It is my understanding that the defendants in the above named case (“Defendants”) were parties to a syndicated term loan (the “Term Loan”) of approximately \$1.5 billion extended to Old GM pursuant to a term loan agreement, dated as of November 29, 2006, as amended on March 4, 2009 (the “Term Loan Agreement”). The Term Loan was secured by a large number of Old GM’s assets, including all of Old GM’s equipment and fixtures at 42 of Old GM’s domestic manufacturing facilities, including Saturn equipment and fixtures at a facility in Delaware (the “Collateral”).

JPMorgan Chase Bank, N.A. (“JPMorgan”), the administrative and collateral agent for the Term Loan, took a security interest in the Collateral and caused a UCC-1 financing statement to be filed with the Delaware Secretary of State that perfected the term lenders’ security interest in all the equipment and fixtures at the 42 Old GM facilities other than the Saturn equipment and fixtures in Delaware (the “Main Lien”). JPMorgan also caused 26 fixture filings to be filed with respect to certain facilities listed in Schedule 3.12 to the Term Loan Agreement (the “Fixture Filings”).

In 2008, the financing statement perfecting the Main Lien was terminated. Old GM filed for Chapter 11 bankruptcy protection on June 1, 2009, and obtained debtor-in-possession financing from Treasury and Export Development Canada in the amount of \$33.3 billion. The bankruptcy court authorized Old GM to repay the Term Loan subject to a litigation carve-out for the Surviving Collateral Dispute. The Defendants were paid more than \$1.4 billion on June 30, 2009.

However, due to termination of the financing statement perfecting the Main Lien, the Defendants had no perfected security interest in any of the personal property at the 42 facilities or the fixtures at the facilities not covered by a Fixture Filing (except the Saturn equipment and fixtures at the Delaware facility covered by a separate UCC-1 financing statement). Defendants only had a perfected security in the fixtures covered by the Fixture Filings (and the Saturn equipment and fixtures at the Delaware facility) (the “Surviving Collateral”).

In dispute is the proper amount of the Defendants’ secured claim, which is the value of the Surviving Collateral as of June 30, 2009. The issues in dispute include (i) which facilities are covered by the fixture filings; (ii) which of the assets at those facilities are fixtures; and (iii) what those fixtures were worth.

I was initially provided with a ledger listing approximately 253,000 line items, describing Old GM’s fixed assets at 35 U.S. facilities. Some of the line items described a single asset, others described only a portion of an asset, and some described multiple assets. The parties selected 40 specified assets from the fixed asset ledger located at Old GM production facilities in Lansing, Warren, and Grand Rapids, Michigan and Defiance and Mansfield, Ohio (the “40 Representative Assets”). The Listing of 40 Representative Assets is set forth in Exhibit B. Some of the 40 Representative Assets have since been moved or sold.

I have been asked to determine whether the 40 Representative Assets are personal or real property and also whether they are fixtures or non-fixtures. In addition, I have been asked to provide an expert opinion of the value of the 40 Representative Assets as of June 30, 2009 (the “Valuation Date”), without regard to their classification.

I. INTRODUCTION AND SUMMARY OF OPINIONS

My conclusion as to whether each of the 40 Representative Assets is a fixture and the value of each of the 40 Representative Assets, as of June 30, 2009, is summarized in the table “Summary of 40 Representative Asset Classifications and Appraisals” below.

My explanation of my process and assumptions as to the classification is contained in Section IV and my process and assumptions as to the appraisals are contained in Section V and Section VI. My review, report, and analyses are subject to the Statement of Assumptions and Limiting Conditions set forth in Exhibit A. A list of the sources of information considered is presented in Exhibit F. My curriculum vitae and lists of recent testimony, publications, and relevant presentations are presented in Exhibit G.

Summary of 40 Representative Asset Classifications and Appraisals

| Location | Asset ID | Description | 3 Part Test Met? | | | Concluded to be Fixture? | Orderly Liquidation Value (\$) |
|----------------------|--------------|---|------------------|----------|----------|--------------------------|--------------------------------|
| | | | Attached | Adapted | Intent | | |
| LDT Ass'y | 100017544 | GA PITS & TRENCHES | Yes | Yes | Yes | Yes | 0 |
| LDT Ass'y | 100037892 | PAINT BLDG LINES - PROCESS WASTE ELPO | Yes | Yes | Yes | Yes | 0 |
| LDT Ass'y | 100037940 | PAINT MIX & CIRCULATION- ELECTRICAL | Yes | No | No | No | 152,000 |
| LDT Ass'y | 100037954 | PAINT DIP CONVEYOR - ELPO OVEN IMC | Yes | No | No | No | 7,000 |
| LDT Ass'y | 100038004 | PAINT TC AUTOMATION SOFTWARE | No | No | No | No | 0 |
| LDT Ass'y | 100038035 | GA EOL PAINT SPOT REPROCESS SYS PAINT MIX ROOM | Yes | No | No | No | 82,500 |
| LDT Ass'y | 100038119 | PAINT TC2 CC BELL ZONE | Yes | No | No | No | 263,400 |
| LDT Ass'y | 100041920 | OPTICELL - ROBOTIC MEASUREMENT SYSTEM | Yes | No | No | No | 73,000 |
| LDT Ass'y | 100045909 | LANSING DELTA TOWNSHIP ASSEMBLY UTILITY SERVICES | No & Yes | No & Yes | No & Yes | No & Yes | 2,367,000 |
| LDT Ass'y | 100048169 | BS ROBOT LAZN-150R1 | Yes | No | No | No | 25,000 |
| LDT Ass'y | 100050513 | BS WELD BUS DUCTS | Yes | No | No | No | 681,000 |
| LDT Ass'y | 100060623 | GA T/W: SOAP; MOUNT AND INFLATE | Yes | No | No | No | 59,000 |
| LDT Ass'y | 100061079 | BS SKID CONVEYOR – LAZA | Yes | No | No | No | 15,000 |
| LDT Ass'y | 100061614 | BS P&F CONVEYOR - BODY SIDE INNER LH DEL | Yes | No | No | No | 24,000 |
| LDT Ass'y | 100062269 | GA CONVEYOR: VERTICAL ADJUSTING CARRIER SYS - CARRIERS (QTY 87) | No | No | No | No | 59,000 |
| LDT Ass'y | 100064667 | BS CMM FULL BODY MACHINE - LY90 | No | No | No | No | 39,000 |
| LDT Ass'y | 100065640 | GA CONVEYOR SUB-ASM RECEIVING: WTD1000 - WHEEL & TIRE DELIVERY | Yes | No | No | No | 5,000 |
| LDT Ass'y | 100066809 | GA CONVEYOR: SKILLET - FINAL - LEG 1 | Yes | No | No | No | 1,000 |
| Lansing Reg Stamping | BUY11820901 | DANLY 4000 TON PRESS | Yes | No | No | No | 276,000 |
| Lansing Reg Stamping | BUYR503469FA | AA-11 SCHULER #1 AA CROSSBAR TRANSFER PRESS | Yes | No | No | No | 3,675,000 |
| Lansing Reg Stamping | BUYR503481FA | B3-5 TRANSFER PRESS SYSTEM INCL. DESTACKER AND EOL | Yes | No | No | No | 2,400,000 |
| Defiance PT | 100095344 | CORE DELIVERY CONVEYOR SYSTEM CB116 & 122 | Yes | No | No | No | 1,000 |
| Defiance PT | 100098085 | EMISSIONS SYSTEM #4 CUPOLA | Yes | No & Yes | No & Yes | No * | 131,000 |
| Defiance PT | 100099125 | 100 TON VERTICAL CHANNEL HOLDING FURNACE | Yes | No & Yes | No & Yes | No * | 8,000 |
| Defiance PT | NJL2924414P | SYSTEM GAS CLEANING NO.4 CUPOLA | Yes | No & Yes | No & Yes | No * | 24,000 |
| Defiance PT | NJL2983009 | CB 91 ROBOT | Yes | No | No | No | 8,000 |
| Defiance PT | NJL6084400 | P & H 7 1/2 TON CHARGER CRANE 6E CUPOLA | No | No | No | No | 10,000 |
| Warren PT | 100006527 | OP-150 SELECT; CHECK PLACE SHIMS AUTO STATION | Yes | No | No | No | 3,000 |
| Warren PT | 100033438 | POWER ZONE ROLLER CONVEYOR AUTOMATION TCH MOD 3 | Yes | No | No | No | 3,000 |

I. INTRODUCTION AND SUMMARY OF OPINIONS

| Location | Asset ID | Description | 3 Part Test Met? | | | Concluded to be Fixture? | Orderly Liquidation Value (\$) |
|--------------------|--------------|---|------------------|----------|----------|--------------------------|--------------------------------|
| | | | Attached | Adapted | Intent | | |
| Warren PT | 100053677 | LEAK TEST BASE MACHINE QTY = 1 | Yes | No | No | No | 9,000 |
| Warren PT | 100069322 | FANUC M-710IB/70T ROBOT – ASSEMBLY | Yes | No | No | No | 32,000 |
| Warren PT | 100070012 | ALUMINUM MACHINING SYSTEM | Yes | No & Yes | No & Yes | No & Yes | 14,000 |
| Warren PT | 100071009 | LFS220 BASE SHAPING MACHINE-OP 20 TRANS. DRIVE GEAR | No & Yes | No | No | No | 224,000 |
| Warren PT | NIT219381 | BUILD LINE W/FOUNDATION | Yes | Unknown | No | No | 45,000 |
| Warren PT | NITC03340 | BUTTON UP AND TEST CONVEYOR SYSTEM | Yes | No | No | No | 2,000 |
| Warren PT | NITC03507 | HELICAL BROACHING EQUIPMENT | No | No | No | No | 150,000 |
| Warren PT | NITW0S11026A | COURTYARD ENCLOSURE | Yes | Yes | Yes | No ** | 0 |
| Mansfield Stamping | BGI20163301 | TP-14 CS1-1 TRANSFER PRESS DANLY ET-2 | Yes | No | No | No | 800,000 |
| Grand Rapids MFD | BF2016822 01 | TRANSFER PRESS-GG-1 | Yes | No | No | No | 261,000 |
| Warren PT | 100071022 | LIEBHERR HOBBS MACHINE FROM ST. CATHARINES | No & Yes | No | No | No | 244,000 |

* Not a fixture due to being situated in Ohio and not essential to the use of the real estate.

** Not a fixture due to being real estate.

The analyses and opinions expressed in this report are my own. I am being compensated at my usual rate of \$525 per hour. I have been assisted in this matter by staff at SRR, who worked under my direction. My compensation is not based on the content of my opinions or the outcome of this or any other matter.

A detailed description of my procedures, methodologies, assumptions, and conclusions is contained in this report. This summary should not be separated from, nor considered independent of, the report of which it is a part.

Changes to this amended report are as follows:

Table of Contents page – Certification and Exhibits page numbers updated;

Pages 3 and 4 – Summary table revised;

Page 25 – Added discussion of classification considerations and application to three part test;

Page 117 – Corrected GM property tax classification

Page 335 – Correction of typographical error

Pages 334 and 335 - Summary table revised

Page 359 – Exhibit header corrected

Section V

Valuation of 40 Representative Assets

V. VALUATION OF 40 REPRESENTATIVE ASSETS

Overview

This appraisal was prepared in conformance with the current USPAP of the Appraisal Foundation and The Principles of Appraisal Practice and Code of Ethics of the American Society of Appraisers. My report is considered to be a Summary Report.

In estimating the value of the 40 Representative Assets, I determined, for the reasons discussed below, that Value in Exchange was the appropriate premise of value. Specifically, given Old GM's economic situation as of the Valuation Date, I applied the Orderly Liquidation in Exchange premise of value. Finally, I considered the potential applicability of the three standard appraisal techniques.

Extraordinary Assumptions

My analysis and report are subject to the Statement of Assumptions and Limiting Conditions set forth in Exhibit A of this report. In addition to the assumptions shown in Exhibit A, it was necessary for me to make an extraordinary assumption.

An extraordinary assumption is defined in USPAP as "an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions." USPAP further comments, "Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis."

Because my analysis and report occurred more than seven years after the Valuation Date, my work is considered to be a retrospective appraisal. I have made the extraordinary assumption that, unless informed otherwise and except for normal physical deterioration, the observed condition of the assets that were inspected in May and June 2016 was not materially different than the condition as of the Valuation Date. If this assumption is found to be false, the appraisal-related conclusions could be affected.

Definitions

Orderly Liquidation Value, as used in this report, is defined as:

An opinion of the gross amount, expressed in terms of money, that typically could be realized from a liquidation sale, given a reasonable period of time to find a purchaser (or purchasers), with the seller being compelled to sell on an as-is, where-is basis, as of a specific date.

My opinion of Orderly Liquidation Value is a gross amount, and I have not considered the expenses of conducting a sale, such as liquidator's fees, storage or warehousing costs, accounting or legal fees, or any other expenses associated with the cost of liquidation.

The following additional terms, as used in this report, are defined as follows:

- **Reproduction Cost New**: The cost of reproducing a new replica of a property on the basis of current prices with the same or closely similar materials, as of a specific date.¹
- **Replacement Cost New**: The current cost of a similar new property having the nearest equivalent utility as the property being appraised, as of specific date.²

¹ Machinery and Technical Specialties Committee, *Valuing Machinery and Equipment: The Fundamentals of Appraising Machinery and Technical Assets – Third Edition* (Washington, DC: American Society of Appraisers, 2011), p. 555.

² Ibid, p. 554.

V. VALUATION OF 40 REPRESENTATIVE ASSETS

- **Highest and Best Use:** The most probable and legal use of a property (including machinery and equipment), which is physically possible, appropriately supported, financially feasible, and that results in the highest value.³
- **Chronological Age:** The number of years that have elapsed since an item or property was originally built or placed in service for the first time.⁴
- **Effective Age:** The apparent age of a property in comparison with a new property of like kind, that is, the age indicated by the actual condition of a property.⁵
- **Remaining Useful Life:** The estimated period during which a property of a certain effective age is expected to actually be used before it is retired from service.⁶
- **Historical Cost:** The original total purchase price (including all freight and installation) of a property when it was first placed into service by its first owner.⁷
- **Original Cost:** The initial capitalized cost of an asset in the hands of its present owner.⁸
- **Depreciation:** The actual loss in value or worth of a property from all causes including those resulting from physical deterioration, functional obsolescence, and economic obsolescence. Depreciation may be curable or incurable. The estimated loss in value of an asset.⁹
- **Physical Deterioration:** A form of depreciation where the loss in value or usefulness of a property is due to the using up or expiration of its useful life caused by wear and tear, deterioration, exposure to various elements, physical stresses, and similar factors. Physical deterioration may be curable (or partially curable), by replacement or rebuilding, to some percentage of its full physical life.¹⁰
- **Functional Obsolescence:** A form of depreciation in which the loss in value or usefulness of a property is caused by inefficiencies or inadequacies of the property itself, when compared to a more efficient or less costly replacement property that new technology and changes in design, materials, or process that result in inadequacy, overcapacity, excess construction, lack of functional utility, excess operating costs, etc. has developed. Symptoms suggesting the presence of functional obsolescence are excess operating cost, excess construction (excess capital cost), over-capacity, inadequacy, lack of utility, or similar conditions.¹¹
- **Economic Obsolescence:** A form of depreciation or loss in value or usefulness of a property caused by factors external to the property. These may include such things as the economics of the industry; availability of financing; loss of material and/or labor sources; passage of new legislation; changes in ordinances; increased cost of raw materials, labor or utilities (without an offsetting increase in product price); reduced demand for the product; increased competition; inflation or high interest rates; or similar factors.¹²

Highest and Best Use

Consideration of the highest and best use of an asset (or group of assets) establishes the appropriate premise to apply in valuing the property. Determination of the highest and best use of the 40 Representative Assets includes an analysis of the current use and alternative uses of the property, considering what is

³ Machinery and Technical Specialties Committee, *Valuing Machinery and Equipment: The Fundamentals of Appraising Machinery and Technical Assets – Third Edition* (Washington, DC: American Society of Appraisers, 2011), p. 529.

⁴ Ibid, p. 512.

⁵ Ibid, p. 520.

⁶ Ibid, p. 554.

⁷ Ibid, p. 529.

⁸ Ibid, p. 547.

⁹ Ibid, p. 517.

¹⁰ Ibid, p. 549.

¹¹ Ibid, p. 526.

¹² Ibid, p. 526.

V. VALUATION OF 40 REPRESENTATIVE ASSETS

legally permissible, physically possible, financially feasible, and maximally productive. The highest and best use of the property is a use that meets all four criteria.

I am not aware of any legal restrictions limiting the use of the 40 Representative Assets, so any reasonable use of the property would likely be allowed. The physical use of the 40 Representative Assets has been demonstrated by their prior and/or current use as part of an automotive manufacturing business. I have been asked to assume that Old GM would have been unable to continue as a going concern absent a substantial government subsidy, and so continued use of the 40 Representative Assets by Old GM was not financially feasible, and would not have been maximally productive.

Premise of Value

The definition of value must take into account the purpose of the appraisal and the highest and best use of the asset. Value can be broadly classified into two premises, which are distinguished mainly by an asset's anticipated use:

- Value in Exchange: Under this value premise, it is anticipated that the asset will be removed from its current location and sold for a similar or alternate use; and
- Value in Continued Use: Under this value premise, it is anticipated that the asset will continue to be used in the same location and for the same purpose for which it was designed, acquired, and installed.

There must be an adequate return on investment to justify the continued use of those assets. The appraiser can either assume there is an economic justification for the reported value or perform an analysis of the business earnings to provide justification for the reported value. The Value in Continued Use premise values the property as part of a business enterprise in circumstances where the collective assemblage of all of a company's assets has going-concern value.

I have been asked to assume by Counsel to the AAT that Old GM would have been unable to continue as a going concern absent a substantial government subsidy. Such an assumption comports with my understanding of the state of Old GM's business enterprise as of June 30, 2009.

Because Old GM was not a going concern as of the Valuation Date, Value in Exchange is the appropriate premise to use in a valuation of the 40 Representative Assets and has been used in my analysis. To determine the Value in Exchange, I applied Liquidation Value in Exchange. That premise of value is appropriate because Old GM was in bankruptcy and thus did not have an unlimited time to sell its assets.

Under the Liquidation Value in Exchange premise, the seller has a limited time in which to sell. If the seller has a reasonable but limited amount of time to sell the asset, an Orderly Liquidation Value in Exchange premise is used. If a seller is forced to sell in a severely restricted timeframe, such as a quick sale auction occurring in 30 to 60 days, then a Forced Liquidation Value in Exchange premise is used. Although the abbreviated time frame makes it reasonable to use Forced Liquidation Value in Exchange as the premise of value, I have conservatively assumed an Orderly Liquidation Value in Exchange premise of value (which yields a higher value). Under Forced Liquidation Value in Exchange, my appraisal values would have been significantly lower.

Application of Orderly Liquidation

In calculating the Orderly Liquidation Value, I kept the following principles in mind. First, the valuation recognizes that the assets are being sold "as is, where is." "As is" means that the equipment is offered for sale without any warranties, guarantees, or representations of fitness for use; if there are any defects in the equipment, buyers will have to remedy them at their own expense. Such a "buyer beware" situation may

V. VALUATION OF 40 REPRESENTATIVE ASSETS

have an adverse impact on the marketability of the machinery given that alternative equipment may be available in the market from other sources. The “where is” component means that assets are being sold for removal at the expense of the buyer. A buyer will have to consider the removal and reinstallation costs at its facilities, potentially lowering the sale price.

Second, the valuation recognized that there are usually two types of buyers of automotive assets: end users, who purchase the assets for their own use, or used machinery dealers or brokers, who purchase the assets in anticipation of its future resale. End users are more apt to pay more for automotive assets than speculative purchasers, who must take into consideration holding costs, including warehousing; any necessary repair or rebuild; marketing; and warranty expense, as well as profit. The less time that the seller has to sell an asset, the more likely it is that the seller will be forced to sell to dealers or brokers at a lower price. In the absence of either end users or used machinery dealers, there is a possibility that certain assets (or portions thereof) may be sold for scrap. Here, because I am applying Orderly Liquidation, I have assumed that buyers would be a mix of end users, speculative purchasers, and scrap dealers. Had I used a Forced Liquidation Value, I would have assumed a higher percentage of speculative purchasers and scrap dealers.

Because I am determining the Orderly Liquidation Value of the 40 Representative Assets, the state of the economy as of the Valuation Date had a significant impact on the value of Old GM's assets. As of the Valuation Date, the manufacturing sector was significantly affected by poor economic conditions: Many manufacturers had curtailed production and/or closed plants, resulting in idle capacity; investment in capital equipment had slowed dramatically; and equipment manufacturers had responded to poor sales by lowering prices and offering favorable financing terms on new purchases. Such conditions negatively affected the value of Old GM's used assets.

Liquidations of automotive machinery and equipment in early 2009 produced mixed results. Machinery that had experienced good demand and marketability in the past had become difficult to sell. In many sales in 2009, equipment remained unsold, due to an excessive amount of similar assets available in the marketplace, a lack of buyer interest, or unreasonable expectations on the seller's part regarding the value of the assets.

In order to fully understand the automotive market as of the Valuation Date, I conducted significant research of the economic conditions. Every effort has been made to reach value conclusions that are supportable and representative of the automobile market as it was at the time, based on the best information available. In cases where there has been little or no recent activity involving transactions of similar equipment capacity, I have relied heavily on my experience, judgment, and opinion in reaching the value estimates. The assigned value estimates for the equipment are my best-informed opinion regarding the level of value at which a knowledgeable buyer would be motivated to purchase.

Appraisal Techniques

In order to determine the Orderly Liquidation Value, I considered the potential applicability of the three standard appraisal techniques. As is my general practice, I considered all three techniques, but I ultimately did not use the Income Approach because it is in general not possible to reliably allocate earning capacity when valuing individual assets. I applied both the Cost and the Market Approaches but ultimately determined that the Market Approach was the most accurate.

Under the Cost Approach, Replacement Cost New (“RCN”) of an asset normally sets the upper limit of value. RCN is estimated using either an indirect or direct approach. The indirect approach applies specific

V. VALUATION OF 40 REPRESENTATIVE ASSETS

indices to the historical cost of an asset to estimate current replacement cost. The direct approach involves using published sources, cost estimating techniques, and input from dealers and manufacturers.

Because the 40 Representative Assets are not brand new, accrued depreciation (defined as loss in value) needs to be deducted to arrive at the indication of value, including physical deterioration, functional obsolescence, and economic obsolescence. Although I calculated value for each asset using the Cost Approach, market conditions as of the Valuation Date made it extremely difficult to reasonably estimate depreciation from all causes. Accordingly, the Cost Approach was useful to check my values under the Market Approach but was not appropriate for directly valuing the 40 Representative Assets unless relevant sales data was unavailable.

The Market Approach relies on the assumption that the value of the property to be appraised can be measured by the selling or asking prices of similar assets, either individually or collectively, in the used market. Under this approach, the best evidence of the value of each of the 40 Representative Assets would be market sales of the same type of asset. Where there is insufficient sales data for a particular representative asset, the best evidence is the sales and asking prices of similar assets with adjustments made for any differences. Examples of possible adjustments include those for the age, condition, and capacity of the assets or the location, date, and type of sale (e.g., retail sale, auction sale, or asking price). I relied primarily on the Market Approach and relied on values derived using the Cost Approach only where reliable sales data was not available to apply the Market Approach.

The Income Approach requires that the earning capacity of the 40 Representative Assets be determined and that the expected capacity, whether derived from a past, current, or projected earnings stream, be capitalized at a rate sufficient to satisfy the investment requirements associated with ownership.

Although I considered this approach, I ultimately concluded that the Income Approach was not appropriate for valuing the 40 Representative Assets because it was not possible or practical to determine the earning capacity of the individual assets. Even when the income or earnings for a business is known or can be forecast, it is highly unlikely that some small portion of earnings can be reasonably attributed to an individual piece of machinery. For that reason, the Income Approach is rarely used when valuing individual pieces of machinery.

1. Cost Approach Methodology

To value the 40 Representative Assets under the Cost Approach, I first determined the RCN of the assets. A number of techniques are available to estimate RCN. The most prevalent techniques are the detail method and the historic cost trending method. Other methods include engineering estimating techniques, such as the investment cost per unit of capacity (sometimes referred to as “modeling”) method. Each method has strengths and weaknesses that must be considered when deciding which is most appropriate to use.

-Detail method: Under this method, each cost component of each asset is “detailed.” First, an inventory of the assets are created and then a current cost is assigned to each asset by estimating the direct and indirect costs incurred in acquiring and installing that item. Direct costs include the cost of the equipment, sales tax, freight, and installation labor and supplies. Indirect costs include costs such as design and engineering fees, permits, and debugging costs. The detail method generally provides the most accurate indication of RCN but can be difficult and very time consuming to carry out depending on the number of cost components of each asset.

V. VALUATION OF 40 REPRESENTATIVE ASSETS

-Historic cost trending method: Under this method, a cost index is applied to historical cost data to determine RCN. A cost index is a number used to measure change in prices and normally represents the percent variation from an arbitrary standard (usually 100) at some earlier point in time. The historic cost trending method is generally easier to use than other methods, but the reliability of the results depends heavily on the quality of the historical cost information used. When the historic cost and acquisition dates of the assets being appraised are reliable, the results are likely to be more accurate.

-Engineering estimating technique: Under engineering estimating techniques, the investment cost per unit of capacity is used to estimate the cost of entire facilities or components of facilities. The cost-per-unit is derived from dividing the construction cost of a number of similar facilities by their capacity. Although the engineering estimating technique is relatively easy to apply, it cannot be used here because there are no cost-per-unit numbers for automobile manufacturing. Furthermore, the method calculates an aggregate amount that cannot easily be divided among the underlying components.

In valuing the 40 Representative Assets, I used the historic cost trending method to estimate RCN. I chose this method because I believe the costs and acquisition dates reported by General Motors in the eFAST system are accurate. Further, because of the specialized nature of many of the 40 Representative Assets, I concluded that indexing GM's historic acquisition costs is more accurate than the other costing methods described above.

I applied the Cost Approach analysis to the list of 40 Representative Assets. A summary of that information is attached as Exhibit D to this report. The summary contains, among other information, asset descriptions, acquisition dates, and the historical cost of each asset. The 40 Representative Assets were then segregated into categories of similar asset types. Ultimately, I separated the 40 Representative Assets into 15 different asset types, such as industrial furnaces, metal forming presses, cranes, quality control/test equipment, etc. The cost of each item was increased to a current cost using price indices. These cost indices were derived from recognized sources such as the United States Department of Labor's Bureau of Labor Statistics. A list of the indices used for each asset class is displayed below; a table with class codes is presented in Exhibit D.1, which allows the reader to determine the index used for any particular asset.

| Asset Class | Cost Index Source | Producer Price Index |
|---|---|----------------------|
| General Equipment | Bureau of Labor Statistics - Producer Price Index | WPU114 |
| Software | Bureau of Labor Statistics - Producer Price Index | PCU511210511210502 |
| CNC Machining Equipment | Bureau of Labor Statistics - Producer Price Index | WPU1137 |
| Leasehold Improvements - Central States | Marshall Valuation Service | Class S Bldgs |
| Metal Forming Presses | Bureau of Labor Statistics - Producer Price Index | WPU1138 |
| Cranes | Bureau of Labor Statistics - Producer Price Index | WPU114404 |
| Conveyor Systems | Bureau of Labor Statistics - Producer Price Index | PCU333922333922 |
| Switchgear and Electrical Equipment | Bureau of Labor Statistics - Producer Price Index | WPU1175 |
| Metal Tanks | Bureau of Labor Statistics - Producer Price Index | PU1072 |
| Industrial Furnaces, Kilns, Ovens | Bureau of Labor Statistics - Producer Price Index | PCU333994333994 |
| QC/Test Equipment | Bureau of Labor Statistics - Producer Price Index | PCU334516334516 |
| Concrete block and brick | Bureau of Labor Statistics - Producer Price Index | WPU1331 |
| Process Piping | Bureau of Labor Statistics - Producer Price Index | WPU101706 |
| Utilities | Bureau of Labor Statistics - Producer Price Index | PCU221 |

The original cost information provided by GM included all of the costs incurred to acquire, install, and startup each asset. Thus, my cost analysis includes both direct costs (the cost new of the equipment) and indirect costs (such as installation, freight, design and engineering, and the cost of startup and debugging).

V. VALUATION OF 40 REPRESENTATIVE ASSETS

To the extent possible, I verified the accuracy of the trending analysis through discussions with industry equipment dealers, publicly available data, and recognized industry cost sources. I also compared the trended costs to the cost of assets newly acquired in 2009 to test the accuracy of the trending process.

The estimated replacement costs were then reduced by the loss in value attributable to depreciation. Depreciation factors were derived from studies of actual retirement of similar assets, discussions with current manufacturers, and my experience with the automotive industry and similar assets. To determine physical deterioration, I considered the following information regarding the assets appraised: age of the asset as of the Valuation Date, current physical condition, current utilization, operating history, maintenance history, and planned future utility. This information was collected during the physical inspection of the assets and/or through discussions with New GM personnel knowledgeable about the 40 Representative Assets.

Where possible, I researched the actual age of each asset. Asset age data was obtained through numerous sources including, but not limited to, the eFAST asset listing, discussions with New GM personnel, and serial number research. I also estimated the effective age as of the Valuation Date for each asset. The effective age for a given asset varies depending on a variety of factors, including amount of use, regularity and extent of maintenance, and wear and tear. For this reason, the effective age for a given asset may be more than, less than, or equal to the actual age.

I evaluated the functional use and then-current technology for the 40 Representative Assets and made adjustments to cost where applicable. In 2009, the 40 Representative Assets ranged from being fairly new to nearly 30 years old and suffered from varying amounts of functional obsolescence.

I also considered economic obsolescence—that is, any economic or external factors that may have impacted the value of the assets. Signs of economic obsolescence can include:

- 1) Reduced demand for a company's products
- 2) Overcapacity in the industry
- 3) Dislocation of raw material supplies
- 4) Increasing costs of raw materials, labor, utilities, or transportation, while the selling price of the product remains fixed or increases at a much lower rate
- 5) Government regulations that require capital expenditures to be made, but offer no return on investment
- 6) Environmental considerations that require capital expenditures to be made, but offer no return on investment

The research conducted for the Market Approach indicated that, as of the Valuation Date, the market for manufacturing machinery was depressed, with little activity for many types of assets. Thus, additional depreciation was applied to account for economic obsolescence due to general market conditions.

Consideration has also been given to the circumstances under which the assets would be sold during an orderly liquidation. Based on discussions with buyers and sellers of used equipment, and my own observations and knowledge of used machinery transactions, I have considered that a potential buyer will ignore the seller's original installation or other indirect costs incurred to procure an asset and make it operational at the seller's location. I also considered that a buyer will deduct any costs that have to be incurred in removing the asset from the seller's premises; if the buyer were to purchase a similar asset from an equipment dealer's warehouse, those removal costs would not be incurred, so that, all other things being equal, a buyer would pay more for a machine in a dealer's inventory than installed in a plant.

The depreciation due to physical deterioration, functional obsolescence, and economic obsolescence were quantified and deducted from RCN. The loss in value of installation and the cost of deinstallation were also deducted in arriving at an indication of value for each asset.

V. VALUATION OF 40 REPRESENTATIVE ASSETS

2. Sample Cost Approach

An example of the cost approach is provided here to illustrate the steps followed in my analysis. An asset identified as NITC035071 in Exhibit C is a vertical broaching machine located at the Warren Transmission plant. Broaching is a metalworking operation that uses a toothed cutting tool to remove metal, much like a saw cuts through wood as it is pushed forward. The broaching machine pushes the cutting tool against a metal surface; each tooth on the tool is a little longer and removes a little more metal.

The subject broaching machine was manufactured by Federal Broach and was placed in service in June 2006 ("Federal Broaching Machine") This is a powerful broach, with two stations and a broaching force of 450 kilonewtons, or approximately 45 tons. It is used to cut interior helical splines in transmission components. Based on the inspection of the Federal Broaching Machine in June 2016, it appears to be in good condition overall, and was likely in very good condition in June 2009.

Following the steps described above, I estimated the value of the Federal Broaching Machine using the Cost Approach:

| ASSET ID NITC035071 HELICAL BROACHING EQUIPMENT COST APPROACH | | | |
|--|-------------------------|---------------|------------------|
| Original cost | | | \$1,472,023 |
| Date acquired | | | 1-Jun-06 |
| Cost indices applied | CNC Machining Equipment | | |
| Cost Index | (Jan 2009) | 173.8 | |
| Cost Index | (2006) | 163.4 | |
| Trend Factor | | (173.8/163.4) | 1.0636 |
| Trended RCN | | | \$1,565,618 |
| Normal Useful Life (years) | | 10 | |
| Age (years) | | 3.1 | |
| Calculated Remaining Useful Life | | 6.9 | |
| Appraiser's estimated RUL | | 6.9 | |
| Percent Good | | (6.9 ÷ 10) | 69.2% |
| RCN less depreciation | | | \$1,083,407 |
| Adjust for Installion and Removal | | | -30% |
| Adjust for functional obsolescence | | | 0% |
| | | | \$758,385 |
| Estimated economic obsolescence | | | -75% |
| RCN less depreciation | | | \$189,596 |
| Rounded Cost Approach value indication | | | \$187,750 |

Under the indirect cost approach method, the historic cost was indexed up to a reproduction cost of \$1,565,618. I have assumed the effective age of the Broaching Machine is equal to its chronological age. Accordingly, physical deterioration is estimated to be approximately 30.8%.

The adjustment for removal is based on estimates from knowledgeable industry experts, as well as my own experience with the installation and removal of similar assets. The depreciated value of installation costs was also deducted.

The adjustment for obsolescence is based on discussions with equipment dealers, as well as a review and comparison of the values indicated under the Cost Approach (before obsolescence adjustments were made) to the value indicated by the Market Approach (discussed below). The difference in the values

V. VALUATION OF 40 REPRESENTATIVE ASSETS

determined by the two approaches has been deemed to be due to unmeasured obsolescence. Thus, I adjusted the Cost Approach value indications to account for the additional depreciation which causes those differences in value.

3. Market Approach Methodology

Under the Market Approach, value was estimated based on market prices in actual transactions and on asking prices for similar assets available as of the Valuation Date. Similar assets recently sold or offered for sale in the current market were analyzed and compared with the property being valued. Adjustments were made for differences in factors such as time of sale, location, type, age, condition of the equipment, and prospective use. In developing my opinion of Orderly Liquidation Value using the Market Approach, I considered three techniques, which are as follows:

- The first technique involved establishing the value of the assets based on finding a *direct match* of a recent sale in the used market;
- The second technique involved a *comparable match*, which determined value based on the analysis of similar used equipment sales; and
- The third technique, called the *percent to cost* technique, involved an analysis of the ratio of used sales prices to the Replacement Cost New of the asset, derived by reviewing transactions in assets similar to the 40 Representative Assets in nature and age. The relationships between age, selling price, and cost were then analyzed to develop a percent to cost factor. These percent to cost factors can then be applied to the cost of similar assets for which only limited or no market data was available. This procedure involves direct application of the percent to cost factor if the subject asset is of the same vintage and utility as the assets from which the factor was extracted. If the subject asset is similar but a different age, the appropriate percent to cost factor is developed through a relationship analysis.

I applied all three techniques in applying the Market Approach. In addition, in instances where there were no comparable sales of assets (or portions of assets), I considered whether there was any scrap value for the asset or a portion thereof. I also used these Market Approach techniques to validate and modify the results of the Cost Approach. Market data was obtained from "*Data Ref*" *Machinery & Equipment Pricing Guide*, by L & M Publications, and various new and used automobile machinery and equipment dealer websites. In addition, values were estimated on the basis of contact with manufacturers' representatives, used machinery dealers, internal databases, discussions with other knowledgeable experts, and my experience with cost/value relationships. A complete list of market data sources is displayed in Exhibit E1.

4. Sample Market Approach

The Federal Broaching Machine described in the Cost Approach section was also valued by the Market Approach using the direct match and comparable match techniques. I located sales of two Federal broaching machines sold from Old GM's Ypsilanti, Michigan plant in August 2010. One sale was a 2006 Federal model 450Kn X 2250 MM, serial number 07-S-103, reported to be a 2007 vintage machine in good operating condition. It was sold at auction for \$150,000, even though it had a total installed cost of \$1,535,729 when placed in service on September 15, 2007. I determined that this broaching machine is comparable in that it is essentially the same age as the subject Federal Broaching Machine and has the same capacity. An upward adjustment for conditions of sale was required because the comparable machine was sold at auction and auction prices are typically lower than orderly liquidation values. Finally, a 10% downward adjustment was made to the comparable broaching machine to account for the used equipment market being somewhat better in August 2010 than as of the Valuation Date.

V. VALUATION OF 40 REPRESENTATIVE ASSETS

The second sale is also a Federal broaching machine, a 2004 model 90KN X 1000MM, serial number 04-S-102, with a working area of 56 cubic feet. This machine was reportedly in good operating condition and sold for \$100,000, even though it had a total installed cost of \$476,728 when placed in service on September 1, 2005. This comparable broaching machine sale is older than the subject, so a small upward adjustment to the selling price is required for age and condition. Because the subject Federal Broaching Machine is more powerful than the comparable broaching machine, I adjusted the price of the comparable broaching machine up by 30% to account for its smaller capacity. The same upward adjustment for conditions of sale and downward adjustment for date of sale were made as with the other comparable broaching machine.

The Market Approach is displayed below for the Helical Broaching Machine, Asset ID NITC035071.

| | Subject Asset ID NITC03507 | Comparable No. 1 | Comparable No. 2 |
|--|--|--|--|
| Description | Helical Broaching Machine | Helical Broaching Machine | Helical Broaching Machine |
| Manufacturer | Federal Broach | Federal Broach | Federal Broach |
| Model | 450KN X 2250 | 450KN X 2250MM | 90KN X 1000MM |
| Serial Number | 12-S-105 | 07-S-103 | 04-S-102 |
| Vintage | 2006 | 2007 | 2004 |
| Effective Age (Years) | 3 | 3 | 6 |
| Condition | Good | Good | Good |
| Other | Includes coolant filtration system, operators platform, hydraulic powerpacks, and Siemens controller | Includes coolant filtration system, operators platform, hydraulic powerpacks, and Siemens controller | Includes coolant filtration system, operators platform, hydraulic powerpacks, and Siemens controller |
| As of | 6/30/2009 | 8/3/2010 | 8/3/2010 |
| Consideration | | 150,000 | 100,000 |
| Consideration Type | | Sale Price (Auction) | Sale Price (Auction) |
| Source | | MAYNARDS001952 (RACER Willow Run Auction) | MAYNARDS001952 (RACER Willow Run Auction) |
| Location | GM Powertrain Warren Transmission | GM - Ypsilanti, MI | GM - Ypsilanti, MI |
| Adjustments for: | | | |
| Age/Condition | | | 20% |
| Capacity | | | 30% |
| Other equipment | | | |
| Financing terms | | | |
| Conditions of sale | | 10% | 10% |
| Market conditions (sale date) | | -10% | -10% |
| Adjusted Price | | | |
| | | \$150,000 | \$150,000 |
| Indicated Orderly Liquidation Value | \$150,000 | | |

For this particular asset, the first comparable sale (listed in the chart as "Comparable No. 1") was an exact model match, meaning that no adjustments were required for physical characteristics. Because both comparable sales occurred on the same day, both were subject to the same adjustments for conditions of sale and market conditions. Because Comparable No. 1 broaching machine is such a close match physically, it is considered to be most comparable to the subject broaching machine, and so I relied on the value indicated by that sale.

Comparable sales data considered in my Market Approach analysis is contained in Exhibit E. For certain assets, I also considered scrap value as part of the Market Approach, either in addition to the comparable sales or in cases where comparable sales did not exist. My analysis of the scrap value considered as part of the Market Approach for certain assets is also contained in Exhibit E..

V. VALUATION OF 40 REPRESENTATIVE ASSETS

5. Sample Reconciliation of Approaches

To the extent possible, the values indicated by the Cost and Market Approaches have been reconciled into a single conclusion of value for each asset. Based on my experience as an appraiser, I determined that the unique situation of the 40 Representative Assets as of the Valuation Date made it too difficult to reasonably estimate depreciation from all causes. When both approaches were applied, I placed all weight on the Market Approach indication of value. It is my opinion that the Market Approach provides a far more reliable indication of value as of the Valuation Date, as fewer adjustments are required to develop an indication of value than in the Cost Approach.

For example, in the case of Asset ID NITC035071, the Federal Broaching Machine, discussed in the samples above, the value indicated under the Cost Approach was \$187,750 and the value indicated under the Market Approach was \$150,000. I concluded an Orderly Liquidation Value of \$150,000 for the Federal Broach, relying exclusively on the Market Approach value indication because the comparable broaching machine was such a close match to the subject asset. I considered, but ultimately discarded, the Cost Approach analysis because it required significant adjustments to account for economic obsolescence.

Section VI

Summary of Opinions

VI. SUMMARY OF OPINIONS

Based on the foregoing analysis, my conclusion as to whether each of the 40 Representative Assets is a fixture and the value of each of the 40 Representative Assets, as of June 30, 2009, is summarized below:

Summary of 40 Representative Asset Classifications and Appraisals

| Location | Asset ID | Description | 3 Part Test Met? | | | Concluded to be Fixture? | Orderly Liquidation Value (\$) |
|----------------------|--------------|---|------------------|----------|----------|--------------------------|--------------------------------|
| | | | Attached | Adapted | Intent | | |
| LDT Ass'y | 100017544 | GA PITS & TRENCHES | Yes | Yes | Yes | Yes | 0 |
| LDT Ass'y | 100037892 | PAINT BLDG LINES - PROCESS WASTE ELPO | Yes | Yes | Yes | Yes | 0 |
| LDT Ass'y | 100037940 | PAINT MIX & CIRCULATION- ELECTRICAL | Yes | No | No | No | 152,000 |
| LDT Ass'y | 100037954 | PAINT DIP CONVEYOR - ELPO OVEN IMC | Yes | No | No | No | 7,000 |
| LDT Ass'y | 100038004 | PAINT TC AUTOMATION SOFTWARE | No | No | No | No | 0 |
| LDT Ass'y | 100038035 | GA EOL PAINT SPOT REPROCESS SYS PAINT MIX ROOM | Yes | No | No | No | 82,500 |
| LDT Ass'y | 100038119 | PAINT TC2 CC BELL ZONE | Yes | No | No | No | 263,400 |
| LDT Ass'y | 100041920 | OPTICELL - ROBOTIC MEASUREMENT SYSTEM | Yes | No | No | No | 73,000 |
| LDT Ass'y | 100045909 | LANSING DELTA TOWNSHIP ASSEMBLY UTILITY SERVICES | No & Yes | No & Yes | No & Yes | No & Yes | 2,367,000 |
| LDT Ass'y | 100048169 | BS ROBOT LAZN-150R1 | Yes | No | No | No | 25,000 |
| LDT Ass'y | 100050513 | BS WELD BUS DUCTS | Yes | No | No | No | 681,000 |
| LDT Ass'y | 100060623 | GA T/W: SOAP; MOUNT AND INFLATE | Yes | No | No | No | 59,000 |
| LDT Ass'y | 100061079 | BS SKID CONVEYOR - LAZA | Yes | No | No | No | 15,000 |
| LDT Ass'y | 100061614 | BS P&F CONVEYOR - BODY SIDE INNER LH DEL | Yes | No | No | No | 24,000 |
| LDT Ass'y | 100062269 | GA CONVEYOR: VERTICAL ADJUSTING CARRIER SYS - CARRIERS (QTY 87) | No | No | No | No | 59,000 |
| LDT Ass'y | 100064667 | BS CMM FULL BODY MACHINE - LY90 | No | No | No | No | 39,000 |
| LDT Ass'y | 100065640 | GA CONVEYOR SUB-ASM RECEIVING: WTD1000 - WHEEL & TIRE DELIVERY | Yes | No | No | No | 5,000 |
| LDT Ass'y | 100066809 | GA CONVEYOR: SKILLET - FINAL - LEG 1 | Yes | No | No | No | 1,000 |
| Lansing Reg Stamping | BUY11820901 | DANLY 4000 TON PRESS | Yes | No | No | No | 276,000 |
| Lansing Reg Stamping | BUYR503469FA | AA-11 SCHULER #1 AA CROSSBAR TRANSFER PRESS | Yes | No | No | No | 3,675,000 |
| Lansing Reg Stamping | BUYR503481FA | B3-5 TRANSFER PRESS SYSTEM INCL. DESTACKER AND EOL | Yes | No | No | No | 2,400,000 |
| Defiance PT | 100095344 | CORE DELIVERY CONVEYOR SYSTEM CB116 & 122 | Yes | No | No | No | 1,000 |
| Defiance PT | 100098085 | EMISSIONS SYSTEM #4 CUPOLA | Yes | No & Yes | No & Yes | No * | 131,000 |
| Defiance PT | 100099125 | 100 TON VERTICAL CHANNEL HOLDING FURNACE | Yes | No & Yes | No & Yes | No * | 8,000 |
| Defiance PT | NJL2924414P | SYSTEM GAS CLEANING NO.4 CUPOLA | Yes | No & Yes | No & Yes | No * | 24,000 |
| Defiance PT | NJL2983009 | CB 91 ROBOT | Yes | No | No | No | 8,000 |
| Defiance PT | NJL6084400 | P & H 7 1/2 TON CHARGER CRANE 6E CUPOLA | No | No | No | No | 10,000 |
| Warren PT | 100006527 | OP-150 SELECT; CHECK PLACE SHIMS AUTO STATION | Yes | No | No | No | 3,000 |
| Warren PT | 100033438 | POWER ZONE ROLLER CONVEYOR AUTOMATION TCH MOD 3 | Yes | No | No | No | 3,000 |
| Warren PT | 100053677 | LEAK TEST BASE MACHINE QTY = 1 | Yes | No | No | No | 9,000 |
| Warren PT | 100069322 | FANUC M-710IB/70T ROBOT - ASSEMBLY | Yes | No | No | No | 32,000 |
| Warren PT | 100070012 | ALUMINUM MACHINING SYSTEM | Yes | No & Yes | No & Yes | No & Yes | 14,000 |
| Warren PT | 100071009 | LFS220 BASE SHAPING MACHINE-OP 20 TRANS. DRIVE GEAR | No & Yes | No | No | No | 224,000 |
| Warren PT | NIT219381 | BUILD LINE W/FOUNDATION | Yes | Unknown | No | No | 45,000 |
| Warren PT | NITC03340 | BUTTON UP AND TEST CONVEYOR SYSTEM | Yes | No | No | No | 2,000 |
| Warren PT | NITC03507 | HELICAL BROACHING EQUIPMENT | No | No | No | No | 150,000 |
| Warren PT | NITW0S11026A | COURTYARD ENCLOSURE | Yes | Yes | Yes | No ** | 0 |

VI. SUMMARY OF OPINIONS

| Location | Asset ID | Description | 3 Part Test Met? | | | Concluded to be Fixture? | Orderly Liquidation Value (\$) |
|-----------------------|--------------|--|------------------|---------|--------|--------------------------------|--------------------------------------|
| | | | Attached | Adapted | Intent | | |
| Mansfield Stamping | BGI20163301 | TP-14 CS1-1 TRANSFER PRESS DANLY ET-2 | Yes | No | No | No | 800,000 |
| Grand Rapids MFD | BF2016822 01 | TRANSFER PRESS-GG-1 | Yes | No | No | No | 261,000 |
| Warren PT | 100071022 | LIEBHERR HOBBS MACHINE FROM ST. CATHARINES | No & Yes | No | No | No | 244,000 |

* Not a fixture due to being situated in Ohio and not essential to the use of the real estate.

** Not a fixture due to being real estate.

Section VII

Certification

VII. CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report, upon which the analysis, opinions, and conclusions expressed herein are based, are true and accurate.
- The reported analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, unbiased professional analysis, opinions, and conclusions.
- The data used in this report was obtained from sources believed to be reliable. All facts known to me that have bearing on the values presented in this report have been considered, and no facts of importance have been intentionally omitted herein.
- I have no present or prospective interest in the business or property that is the subject of this report, and I and no one at SRR have any personal interest or bias with respect to the parties involved.
- I have no bias with respect to the business or property that is the subject of this report or the parties involved with this assignment.
- My and SRR's engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My and SRR's compensation for completing this assignment is fee-based and is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation and the Principles of Appraisal Practice and Code of Ethics of the American Society of Appraisers.
- I have not performed any services, as an appraiser or in any other capacity, regarding the 40 Representative Assets within the three-year period immediately preceding acceptance of this assignment.
- David K. Goesling, Kyle K. TenHuisen, ASA and Adam C. Bakula made inspections of GM facilities during May and June 2016.
- Kyle K. TenHuisen, ASA and Adam C. Bakula provided significant professional assistance to the undersigned in the preparation of this report. However, all opinions and conclusions are my own.



David K. Goesling
Managing Director

Exhibit G

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

REVISED FINAL - April 27, 2017
Hearing Day 4

Page 1082

IN THE MATTER OF THE ARBITRATION BETWEEN

MOTORS LIQUIDATION COMPANY AVOIDANCE ACTION
TRUST, by and through the Wilmington Trust
Company, solely in its capacity as Trust
Administrator and Trustee,
Plaintiff.

v.

JPMORGAN CHASE BANK, N.A., individually and as
Administrative Agent for various lenders party
to the Term Loan Agreement described herein;
ADVENT GLOBAL OPPORTUNITY MASTER FUND;
AEGON/TRANSAMERICA SERIES TRUST MFS HIGHYIELD;
ALTICOR INC., et al.,
Defendants.

PROCEEDINGS OF
Hearing Day 4
April 27, 2017
New York, New York

BEFORE
Judge Martin Glenn

REVISED FINAL [Pages 1082 through 1472]
JANE ROSE REPORTING 1-800-825-3341

Page 1084

WACHTELL, LIPTON, ROSEN & KATZ
51 West 52nd Street
New York, NY 10019-2000
Phone: 212-403-1000
Marc Wolinsky, Esquire
C. Lee Wilson, Esquire
Harold S. Novikoff, Esquire
Carrie M. Reilly, Esquire
S. Christopher Szczerban, Esquire
Aneil Kovvali, Esquire
Emil A. Kleinhaus, Esquire

DAVIS POLK & WARDWELL LLP
450 Lexington Avenue
New York, NY 10017
Phone: 212-450-3140
Marc J. Tobak, Esquire
Elliot Moskowitz, Esquire

KELLEY, DRYE & WARREN LLP
101 Park Avenue
New York, NY 10178
Phone: 212-808-7889
John M. Callagy, Esquire

Page 1083

A P P E A R A N C E S

ATTORNEYS FOR PLAINTIFF
BINDER & SCHWARTZ, LLP
366 Madison Avenue, 6th Floor
New York, NY 10017
Phone: 212-510-7008
Eric B. Fisher, Esquire
Lisa C. Lightbody, Esquire
Lindsay A. Bush, Esquire
Lauren K. Handelsman, Esquire

ATTORNEYS FOR DEFENDANTS
JONES DAY
555 South Flower Street
Fiftieth Floor
Los Angeles, CA 90071
Phone: 213-243-2692
Bruce Bennett, Esquire
Gregory M. Shumacker, Esquire

Page 1085

ALSO PRESENT
Andre Cepregi
Derek Cole

JANE ROSE REPORTING
74 Fifth Avenue
New York, New York 10011
800-825-3341
Mary Agnes Drury, RRM, NYSACR, CLR
Court Reporter

Page 1086

TABLE OF CONTENTS

| WITNESS | EXAMINATION | PAGE |
|-----------------|---------------------|------|
| Max Miller | | |
| | DIRECT - WOLINSKY | 1087 |
| | CROSS-FISHER | 1161 |
| | REDIRECT - WOLINSKY | 1248 |
| Ronald Pniewski | | |
| | DIRECT - CALLAGY | 1266 |
| | CROSS - FISHER | 1271 |
| | REDIRECT - CALLAGY | 1281 |
| John Buttermore | | |
| | DIRECT - CALLAGY | 1282 |
| | CROSS - FISHER | 1306 |
| Patrick Furey | | |
| | DIRECT - KLEINHAUS | 1322 |

REPORTER CERTIFICATE.....Page 1471

EXHIBIT INDEX.....PAGE 1472

Page 1088

1 Miller - Direct/Wolinsky
2 that back up on, please?
3 And Bunky, if you could also put up
4 or take that down for a moment and put up the
5 pre-trial -- plaintiff's pretrial brief of 53
6 and 54. And specifically, Mr. Miller, I'd like
7 to ask you about that top sentence. "The
8 evidence will further show that when old GM has
9 in the past closed similar stamping facilities,
10 several of these facilities have been converted
11 to nonautomotive uses?"
12 And in context, I think the similar there,
13 he is referring to Lansing Delta Township. If
14 we can now go back to the list, Bunky thanks
15 DDX 601 focusing on the stamping facilities?
16 Umm, is what Mr. -- is the
17 assertions in the brief true?
18 A. No, it is not.
19 Q. And since your area is stamping, if
20 you could comment on what happened -- what you
21 saw?
22 A. Yeah. There -- there were five
23 stamping facilities that I either visited
24 firsthand, or I had an opportunity to look at
25 aerials, and none of these appear to be

Page 1087

1 Miller - Direct/Wolinsky
2 PROCEEDINGS (9:04 a.m.)
3 MR. WOLINSKY: Thank you, Your
4 Honor. One small housekeeping. Yesterday
5 during Mr. Topping's testimony, my colleague,
6 Ms. Reilly showed DDX 401, 402, 404 and 405 for
7 demonstrative purposes. And so that we can
8 follow the transcript, we're going to offer
9 them for demonstrative purposes, so they'll be
10 available to anyone, to Your Honor, and others.
11 THE COURT: Mr. Fisher?
12 MR. FISHER: Certainly, if they are
13 being offered for demonstrative purposes, we
14 have no objection.
15 THE COURT: Okay. They will be
16 admitted for demonstrative purposes.
17 (Exhibits DDX 401, 402, 404, 405 are
18 admitted into evidence.)
19 MR. WOLINSKY: Thank you. Proceed?
20 THE COURT: Yes, good morning.
21 BY MR. WOLINSKY:
22 Q. Good morning, Mr. Miller.
23 A. Good morning.
24 Q. Yesterday, we left off with DDX 601,
25 the chart on the road trip. If we could put

Page 1089

1 Miller - Direct/Wolinsky
2 standing based on my observation. They have
3 all been demolished.
4 Q. Based on your experience in stamping
5 operations, and the work you've done in this
6 case, do you have an opinion as to why all of
7 these five stamping plants were demolished
8 rather than being repurposed for other
9 manufacturing?
10 A. I do.
11 Q. Please tell us?
12 A. Yes. Stamping plants are erected
13 for the purpose of housing stamping operations.
14 Unless there is a stamping operation going into
15 that facility, and it just doesn't make sense
16 to repurpose it for any other manufacturing.
17 Q. And the purpose-built nature of
18 these assets -- of these buildings, did that
19 inform your opinion in this case?
20 A. Yes, it did.
21 Q. Can you explain for the Courthouse
22 then?
23 A. Yeah, absolutely. It's -- it's my
24 opinion that it is one of the -- the elements
25 of intent. I think in terms of what General

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

REVISED FINAL - April 27, 2017
Hearing Day 4

Page 1462

1 Furey - Direct/Kleinhaus
2 flows didn't provide enough value to support
3 this entire investment or the entire RCNLD Pre
4 EO.

5 So based on that, we felt that the
6 economics of the industry, the economics of the
7 business indicated that an economic
8 obsolescence penalty should apply to bring that
9 value back in line with the results of the
10 approach.

11 THE COURT: Does that equate to your
12 professional judgment as to what a willing
13 buyer would have paid for the asset at that
14 time?

15 THE WITNESS: The underlying
16 assumption for us is that yes, that is true,
17 that this would be a value to a market
18 participant. So somebody who has the ability
19 and the resources to transact on a business
20 like this, not necessarily on that individual
21 asset, but to transact on that asset as it's
22 installed in a facility and producing cars.
23 BY MR. KLEINHAUS:

24 Q. Mr. Furey, were you personally
25 involved in determining the amount of the TIC

Page 1464

1 Furey - Direct/Kleinhaus
2 economic obsolescence penalty, or in this case
3 it's actually not a penalty, it's shown as a
4 percent good, so it's 55 percent penalty. The
5 multiplication of those two numbers is 432,969
6 and 433 is that same number rounded.

7 Q. Okay. I want to come back to one
8 thing we discussed earlier in terms of the TIC
9 adjustment. If you go to the fourth asset from
10 the bottom, I think you told this to the Judge
11 before, if you have an asset where you are
12 using the whole value, is that the unusual case
13 where the TIC adjustment doesn't apply?

14 A. That's exactly right. So if the
15 asset is already at its whole value or floor
16 value, we wouldn't apply an additional
17 TIC-based adjustment to that asset, because it
18 would push it below what we would consider to
19 be it's originally liquidated value in place.

20 Q. Okay. I want to show you a
21 statement that's been filed in this case. This
22 is from the Plaintiff's Motion in Limine to
23 exclude KPMG, on page 13. I want to read you
24 the highlighted language. It says, "KPMG's
25 assignment of value to individual assets which

Page 1463

1 Furey - Direct/Kleinhaus
2 adjustment?

3 A. I was not.

4 Q. Were you personally involved in the
5 economic analysis underlying the TIC
6 adjustment?

7 A. I was not.

8 Q. And were you personally involved in
9 any accounting analysis underlying TIC
10 adjustment?

11 A. No, I was not.

12 Q. Who were the people who did those
13 things?

14 A. That was primarily lead by our
15 business valuation team. The two leads on that
16 team were -- the partner was a gentleman by the
17 name of Eric Greenwall and the -- I can't
18 remember if he was a manager or senior manager,
19 a gentleman by the name of Patrick Ripley.

20 Q. Thank you. Let's just get through
21 the left of this line. We just talked about
22 EO. Let's just remind us "final concluded
23 value" and "final concluded value rounded"?

24 A. So final concluded value is the
25 final RCNLD Pre EO adjusted downward for the

Page 1465

1 Furey - Direct/Kleinhaus
2 only occurred at certain interim point in its
3 analysis was an exercise that merely involved a
4 rote pushdown allocation of final concluded
5 asset category values to constituent fixed
6 assets listed in supplemental work papers.
7 This was nothing more than a perfunctory task."

8 Do you agree with that statement?

9 A. I completely disagree with that
10 statement. Our analysis was done at the asset
11 level. The summaries that are shown at the
12 asset category basis are roundup summaries to
13 the individual assets, it could summed up to
14 produce those summaries rather than some
15 producing asset values at summary level and
16 pushing them down.

17 Q. Are you familiar with the term "mass
18 appraisal"?

19 A. Yes, I am.

20 Q. What's a mass appraisal?

21 A. Mass appraisal is generally a term
22 that's utilized for large analyses of high
23 volume number of assets.

24 Q. Was KPMG's work for New GM a mass
25 appraisal?

Page 1466

Furey - Direct/Kleinhaus

A. I wouldn't characterize it is a mass appraisal; although, we did employ certain techniques related to a mass appraisal to facilitate being able to handle the large volume of assets in this deal.

Q. Can you elaborate on what that means in terms of what KPMG did to deal with the scale of the assets, the 400,000 asset?

A. Yeah. So the basic modeling that we would undertake, you know, the assignment of assets to categories, you know, using sort of the mass modeling techniques, those would be broadly considered as a mass, you know, techniques that are utilized in a mass appraisal.

But above and beyond that we conducted the direct replacement cost analysis, which had a pretty significant adjustment in our value. We conducted a pretty thorough capacity utilization analysis, which was done at the line-by-line or the facility level.

So those are two examples of what I would not characterize as mass appraisal techniques. Those are more discrete asset

Page 1468

Furey - Direct/Kleinhaus

countless meetings? During those nine months how often were you meeting with GM?

A. We would generally meet with them -- well, I guess it depends on how you define GM. But generally speaking, we would be meeting with somebody from GM, someone from my team would meet with somebody from GM probably, on average, two to three times a week.

We would go up to the Warren technical center pretty regularly, probably once a week or every other week to review intermedia drafts with them, to sort of show them where things were starting to shake out. And understand if there were areas where they felt we needed adjustments or didn't have a complete set of information to use in our analysis.

Q. And in terms of the levels at GM, what levels in terms of senior management or more junior people, who were you talking to?

A. It was a variety. I would say on the physical site visit, generally, those tended to be more, you know, line manager type people, but people who were very familiar with

Page 1467

Furey - Direct/Kleinhaus

valuation techniques. And while they're done at a facility level, we felt that was appropriate, given that most of these assets represent an assemblage of assets that were put together to produce a certain product, rather than a collection of unrelated individual assets in that listing.

Q. Were there other steps that KPMG did, took to try to control for the imprecisions of valuing so many assets at once?

A. Yes. So the site visits that we undertook for a large percentage of the facilities, that was another step that we took to -- for one, verify the accuracy of the underlying information that was provided to us, make specific, in some cases, asset-by-asset adjustments to reflect the results of the site visits. And we had countless meetings with their engineering and management teams to understand situations where there were adjustments that needed to be done, either at the asset level, line level, or in some cases even in a facility level.

Q. Can you give us a flavor of the

Page 1469

Furey - Direct/Kleinhaus

the facility.

Part of the reason that we generally ask to talk to those sort of people is they are more familiar with the day-to-day operations and the actual assets themselves.

For our meetings in Detroit, in Warren, both in Warren and The Renaissance Center; generally, those are with the higher level. I can't remember exact titles, but more senior manager/director level type people.

Q. Thank you. Can you put on the screen please the KPMG Report, page 102. I'm going to at least start to transition now from personal property as KPMG called to it buildings and improvements or real property leaseholds.

Coming back to something I asked you when we started, to what extent did you work hand-in-hand with the people who are responsible for the real property and leaseholds?

A. So I was not ultimately responsible for the real property analysis, but my team was communicating heavily with the real property

US Bankruptcy Court - New York
MLC v. JPMorgan Chase Bank

REVISED FINAL - April 27, 2017
Hearing Day 4

Page 1470

Furey - Direct/Kleinhaus team, as real and personal property have a lot of -- I want say overlap, but a lot of interplay in terms of coming up with an overall fair value conclusion for each facility.

Q. And through that process, did you learn about the methods used for real property and leaseholds?

A. Yes, I did gain a basic understanding of their approach.

THE COURT: Are you going to do a deep dive into real property?

MR. KLEINHAUS: Not as deep, but not shallow.

THE COURT: Well, I think it would be a good time to stop then and pick up in the morning with the real property and leaseholds.

MR. KLEINHAUS: Sure.

THE COURT: So we'll adjourn for the day. See you at 9:00. Tomorrow we will end at 5:30.

(Proceedings adjourned. Time noted is 6:25 p.m.)

Page 1472

EXHIBIT INDEX (RETAINED)

DEFENDANTS' EXHIBITS REC'D IN EVID.

| | |
|----------|------|
| DDX 401 | 1087 |
| DDX 402 | 1087 |
| DDX 404 | 1087 |
| DDX 405 | 1087 |
| DX 603 | 1100 |
| DX 1016 | 1144 |
| DX 604 | 1160 |
| DX 17 | 1306 |
| DX 172 | 1321 |
| Joint 19 | 1321 |
| DX 141 | 1344 |
| DX 151 | 1375 |
| DX 153 | 1388 |
| DX 145 | 1408 |
| DX 156 | 1444 |

Page 1471

C E R T I F I C A T E

STATE OF NEW YORK
COUNTY OF NEW YORK

I, Mary Agnes Drury, a Registered Professional Reporter and Notary Public within and for the State of New York, do hereby certify:

That the foregoing transcript is a true record of the proceedings on April 28, 2017.

I further certify that I am not related to any of the parties to this action by blood or marriage and that I am in no way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand this day of 2017.

MARY AGNES DRURY, RPR, NYSACR, CLR