

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION**

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In re:)	Chapter 11
)	
AEARO TECHNOLOGIES LLC, et al.,)	Case No. 22-02890-JJG-11
)	
Debtors.)	(Jointly Administered)
)	
)	

First Joint Statement Of The Co-Mediators, Pursuant To (A) Order (I) Appointing The Honorable Christopher S. Sontchi (Ret.) and Randi S. Ellis as Co-Mediators to Mediate the Chapter 11 Plan and Confirmation Related Matters, (II) Referencing Such Matters to Mediation, (III) Directing the Mediation Parties to Participate in the Mediation, and (IV) Granting Related Relief, D.I. 923; and (B) Order Granting Debtors’ Motion for Entry of an Order (I) Amending the Order Authorizing Participation in the MDL Mediation, (II) Appointing The Honorable Christopher S. Sontchi, Ret. as Replacement Co-Mediator in the MDL Mediation, (III) Authorizing Payment of Mediation Fees and Costs, and (IV) Granting Related Relief (D.I. 922)

1. On December 14, 2022, the United States Bankruptcy Court for the Southern District of Indiana (“Bankruptcy Court”) entered the Order (I) Appointing The Honorable Christopher S. Sontchi (Ret.) and Randi S. Ellis as Co-Mediators to Mediate the Chapter 11 Plan and Confirmation Related Matters, (II) Referencing Such Matters to Mediation, (III) Directing the Mediation Parties to Participate in the Mediation, and (IV) Granting Related Relief, D.I. 923 (the “Chapter 11 Order”).
2. On the same date, the Bankruptcy Court entered the Order Granting Debtors’ Motion for Entry of an Order (I) Amending the Order Authorizing Participation in the MDL Mediation, (II) Appointing The Honorable Christopher S. Sontchi, Ret. as Replacement Co-Mediator in the MDL Mediation, (III) Authorizing Payment of Mediation Fees and Costs, and (IV) Granting Related Relief (D.I. 922) (the “MDL Order”).
3. Pursuant to the Chapter 11 Order and the MDL Order, the Bankruptcy Court appointed Christopher S. Sontchi and Randi S. Ellis as Co-Mediators.
4. Paragraph 7 of the Chapter 11 Order provides that “[o]n or about the first day of each month that the Chapter 11 Mediation is proceeding, beginning January 1, 2023, the

Co-Mediators shall file a joint statement with the {Bankruptcy Court} identifying, based on their personal experience in the Chapter 11 Mediation, whether the Mediation Parties are participating in the Chapter 11 Mediation in good faith. If the Mediation is no longer ongoing notwithstanding the Mediation Parties' good faith participation, the Co-Mediators shall so report that development as well in their joint monthly statement. Prior to the filing of any statement regarding the mediation (including but not limited to the monthly joint statement), the Co-Mediators shall provide a draft of such statement to the Mediation Parties and provide them an opportunity to comment." Paragraph 6 of the MDL Order contains substantially similar language.

5. The Mediation Parties are defined in paragraph 5 of the Chapter 11 Order as to "include: (i) the Debtors, including the Disinterested Directors; (ii) 3M; (iii) the CAE Committee; (iv) the Respirator Committee; and (v) any other person or entity that the Co-Mediators determine is necessary for mediation, including without limitation the Ad Hoc Committee of CARv2 Earplug Claimants, American Optical Corporation, and Cabot CSC LLC, or by further order of the Court." Paragraph 6 of the MDL Order defines the Mediation Parties as "the parties to the MDL Mediation." The term "Mediation Parties" as hereinafter used in this Joint Statement includes all the Mediation Parties identified in the Chapter 11 Order and the MDL Order.

6. On January 18, 2023, Judge Casey Rodgers entered an Order. That Order provided, among other things, that the MDL Mediation was at an impasse and terminated the MDL Mediation.

7. Pursuant to paragraph 7 of the Chapter 11 Order and paragraph 6 of the MDL Order, the Co-Mediators, based on their personal experience, hereby submit their joint statement ("Joint Statement") as follows:

a. Since the entry of the Chapter 11 Order and MDL Order on December 14, 2022, through the date of this Joint Statement, the Co-Mediators and the Mediation Parties have been actively involved in mediation. More specifically, the Co-Mediators have followed on the previous work of the Hon. James M. Carr and Ms. Ellis in the mediation.

b. The Co-Mediators have held numerous meetings via telephone, via ZOOM, and in-person with representatives of many of the Mediation Parties, including, without limitation, (i) the Debtors; (ii) 3M; (iii) the CAE Committee; (iv) the Respirator Committee; (v) other participants in the mediation; and (vi) counsel representing numerous plaintiffs. In addition, the Co-Mediators have engaged in extensive email correspondence and text messages with many of the Mediation Parties.

c. The Co-Mediators intend to hold a formal mediation session between the Debtors, 3M, the CAE Committee in early February.

d. The Co-Mediators believe that all of the Mediation Parties have acted in good faith. The mediation is active and on-going, and the Co-Mediators have every expectation the parties will continue to act in good faith.

e. Judge Rodgers ruled in her January 18, 2023, Order that the MDL Mediation was at an impasse. In addition, certain creditors have stated that the Debtors and 3M are not acting in good faith. The Co-Mediators respectfully disagree with the characterization of certain of the facts that underlie those conclusions. While the Co-Mediators believe that any settlement will need to be consummated through a confirmed plan of reorganization, it also our expectation that any resolution will involve the MDL Court. In any event, to be clear, the Co-Mediators are continuing to mediate under the authority of the Chapter 11 Order, and all the participating parties are engaged and acting in good faith.

f. The Co-Mediators provided an initial draft of this Joint Statement to the Mediation Parties and provided them an opportunity to comment. The Co-Mediators received certain comments that have been addressed herein.

/s/ Randi S. Ellis

Co-Mediator

/s/ Christopher S. Sontchi

Co-Mediator

Dated January 20, 2023