

**MINUTE ENTRY
FALLON, J.
AUGUST 20, 2009**

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA**

IN RE: PROPULSID : **MDL NO. 1355**
PRODUCTS LIABILITY LITIGATION : **SECTION "L"**
: **JUDGE FALLON**
..... :

THIS DOCUMENT RELATES TO ALL CASES

A Monthly Status Conference was held on this date by telephone in the Chambers of Judge Eldon E. Fallon. At the conference, counsel reported to the Court on the topics set forth in Joint Report No. 77 of Plaintiffs' Liaison Counsel (PLC) and Defendants' Liaison Counsel (DLC). This conference was transcribed by Ms. Cathy Pepper, Official Court Reporter. Counsel may contact Ms. Pepper at (504) 589-7779 to request a copy of the transcript. A summary of the Monthly Status Conference follows.

I. State Liaison Counsel/MDL Resolution Program II

The enrollment requirements have been met for the State Settlement Program (Propulsid II). Escrow Agreements have been executed and Defendants have funded the various funds. The claims, medical records and claimant memoranda deadlines have passed. Administrative claims are being processed and disbursements have begun. The Special Master's Office has begun clearing claims for defense briefing, and the defendants have begun submitting defense memoranda. One hundred thirty-six (136) claims have been submitted to the Medical Panel for review, of which defendants have treated 133 on an expedited basis (these numbers are current through August 13, 2009). No claim has been found eligible. The current Propulsid II

Timeline Status Report is attached.

II. MDL Mediation and Resolution Program

The deadline for enrollment and the submission of Claim Forms for the First MDL Resolution Program has expired.

The Special Master's office continues to review Claims Forms to determine if the Forms meet the qualifying criteria for submission to the Medical Panel set forth in the Term Sheet. The Special Master's office advises that it will be submitting a Status Report to the Court. The Special Master continues to notify the attorneys for the claimants that have deficiencies. Thus far, in Propulsid I, the Special Master has submitted 3,121 Tier I, II and III claims to the Medical Panel for review. Of the 3,126 claims the Defendants have treated 2,690 on an expedited basis. Twenty-four (24) of the tiered claims submitted to the Panel have been found eligible by the Panel, and the Special Master has made those awards. One hundred six (106) tiered claims are still in review by the Panel, 94 of which are considered expedited by the Defendants. (All numbers in this paragraph are current through August 13, 2009.)

A training session for the newly agreed upon Medical Panel Replacement member took place with the Special Master and the Court on July 16, 2009. The Special Master has asked the parties for additional nominations for the Panel. On Friday, August 14, 2009, Defendant submitted its nomination to the Special Master and PSC.

On July 8, 2009, the Special Master filed a Motion for Order to Aid in the Implementation of the Propulsid Resolution Programs. The parties await further direction from the Court with respect to the motion.

On April 29, 2008 the Court entered an Order regarding the waiver of the 6% MDL assessment fee as to those claimants found eligible by the Medical Panel. As for those claimants

who have already received awards as of April 14, 2008 and whose awards were subject to the 6% assessment, the Clerk of the Court remitted a check to the Special Master to reimburse those claimants for such assessment and further, the balance of the awards, the holdback 50% of the award, was paid out from the Settlement Fund to each claimant that was found eligible for an award, and who had previously received 50% of their award.

Defendants continue to submit a list of plaintiffs/claimants whose records have already been obtained by defendants in whole or in part, so when necessary, the parties, the Special Master and the attorneys for these plaintiffs/claimants can expedite the submission and review of the Claim Forms for these individuals.

The Special Master is evaluating the Tiered Claims and has preliminarily concluded that a significant number of them are essentially Administrative Claims. They will be processed as such after they have been reviewed.

The parties have agreed on a select number of cases that will be subject to a second review, 9 of which have been deemed eligible for awards.

The parties have agreed on a new investment for the Settlement Fund and will be prepared to discuss this further at the monthly status conference on August 20, 2009.

The weekly telephone conference with the Special Master, PLC, DLC and SLC continues to take place to discuss a number of administrative issues germane to the Resolution Program.

There are approximately 1,412 enrolled Tiered Claims yet to be sent to the Panel in Propulsid I, and 416 enrolled Tiered claims in Propulsid II.

III. Attorney's Fees Issues

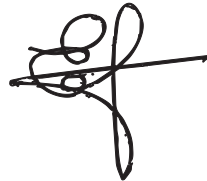
The PSC will be filing a motion and the Court will address the attorney fees issue at a later date.

IV. Blue Cross Blue Shield

Blue Cross Blue Shield indicated at the Status Conference that they would be filing a motion regarding unsealing records so a determination may be made as to whether claimants are covered by Blue Cross Blue Shield health insurance. The Court will set a hearing on this matter upon receiving the motion.

V. Next Status Conference

The next status conference will be held by telephone on September 24, 2009 at 1:30 p.m, Central Standard Time. The dial-in is 1-866-213-7163 and the conference ID is 26658664.

A handwritten signature in black ink, consisting of several loops and a horizontal line extending to the right.

Dear Judge Fallon,

Please find below the current Propulsid II timeline status report.

1. Claim Forms were due on 12/1/07. The Special Master's Office has received 1,673 claim forms. Claims received in Propulsid I which belong in Propulsid II continue to be transferred and entered in the Propulsid II database.
2. Medical Records were due on 1/30/08. To date, approximately 98 % of the claimants who have submitted claim forms have submitted medical records.
3. Claimant memorandums were due on 3/30/08. To date, the Special Master's Office has received 9 % of these on Tier claims.
4. Administrative claims began being processed on 4/1/08. To date, 312 of these claims have been paid and proceeds forwarded to claimants.
5. The Special Master's Office began clearing claims for defense briefing on 5/31/08. It is anticipated that the next batch of expedited and non-expedited will be cleared by August 31, 2009.
6. The Special Master's Office began receiving defense memorandums on August 22, 2008.
7. Expedited claims began going to medical panels on August 28, 2008. Disbursements began on December 23, 2008 regarding administrative payments on any of these claims which were declared ineligible. The most recent batch released to the defense for approval for payment August 19, 2009.
8. Non-expedited claims began going to medical panels on September 27, 2008 and administrative payments on any of these claims which were declared ineligible began on December 23, 2008. The most recent batch released to the defense for approval for payment August 19, 2009.
9. Payment of claims which are declared eligible will begin as soon as they are cleared by the panel and the required

documentation has been submitted.

10. Panel review status:

Total to Panel: **136** (of that, **133** are expedited)

In review: **18** (of that, **18** are expedited)

Ineligible: **118** (of that, **115** are expedited)

The Special Master agrees that this is a correct and reasonable projected timeline with the caveat that it is based on and assumes timely filings by claimants and the defendant.

Respectfully submitted,

Richard J. Arsenault