

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

IN RE DIET DRUGS (Phentermine/Fenfluramine/
Dexfenfluramine)
PRODUCTS LIABILITY LITIGATION

MDL Docket No. 1203

SHEILA BROWN, SHARON GADDIE,
VIVIAN NAUGLE, QUINTIN LAYER, and
JOBY JACKSON-REID
Individually and all others similarly situated,

Civil Action No. 99-20593

Plaintiffs,

v.

AMERICAN HOME PRODUCTS CORPORATION,

Defendant.

COURT APPROVED PROCEDURE NO. 1

(CAP Establishing Procedures to Resolve Non-Federal Subrogation Claims)

AND NOW, this 9th day of February, 2001, it having been represented to the Court by the AHP Settlement Trust (the "Trust") that it has consulted with American Home Products Corporation ("AHP") and Class Counsel (collectively the "Parties"), and that the Parties have concurred with the policies set forth below, and in accordance with the Nationwide Class Action Settlement Agreement with American Home Products Corporation as amended (the "Settlement Agreement"), it is hereby ORDERED that

1. All capitalized terms not otherwise defined herein shall have the meanings given them in the Settlement Agreement.

2. The AHP Settlement Trust shall not recognize a subrogation claim or lien alleging an interest in Claims submitted by Class Members, nor shall such claim or lien be binding on the Trust, AHP or any other Released Parties (as defined in the Settlement Agreement) unless it is affirmatively brought to the Trust's attention in writing prior to distribution of Funds to a Class Member and with sufficient detail to allow the Trust to contact the putative subrogee or lien holder for purposes of determining the amount and merit of the subrogation claim or lien.

3. After receiving written notice of a subrogation claim or lien as described in Paragraph 2 above, the Trust shall issue a Subrogation Notice to the putative subrogee or lien holder in substantially the same form as that set forth in Exhibit A.

4. Within 30 days of mailing of the Subrogation Notice (the "Notice Period"), a putative subrogee or lien holder must respond to the Subrogation Notice by providing the documents and information requested therein or be forever barred from enforcing the alleged subrogation claim or lien against the Trust, AHP or any Released Parties.

5. The Trust shall not consider information submitted after the Notice Period that pertains to additional medical services or benefits that the putative subrogee or lien holder does not substantiate in the reasonable judgment of the Trust as described in the Subrogation Notice.

6. As soon as is practical but prior to issuing the Tentative Determination of the relevant Class Member's Claim, the Trust shall consider information submitted by the putative subrogee or lien holder to determine whether (a) the subrogation claim or lien is based on a positive provision of law or a valid enforceable contract; and (b) the putative subrogee or lien holder clearly establishes that the subrogee or lien holder actually made a payment or payments to or for the benefit of the Class Member which is of a type that the putative subrogee would be entitled to recover against AHP and/or the Released Parties.

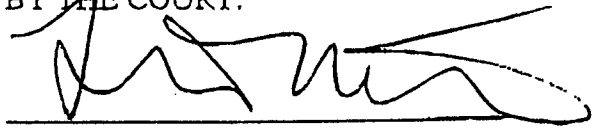
7. If the Trust finds that a subrogation claim or lien meets the criteria in Paragraph 6 above, then it shall determine the value of the subrogation claim or lien only to the extent of the actual payment made less an equitable debit for attorneys' fees and any other allowable or appropriate charges against the putative subrogee or lien holder. The Trust may, in its sole discretion, facilitate or participate in negotiations between the putative subrogee or lien holder and/or the Class Member's attorney if the Class Member is represented by counsel, or the Class Member of the Class Member is not represented by counsel, to determine the valuation of the subrogation claim or lien. The Trust is not bound to conduct such a negotiation, nor is the Trust under any obligation to obtain the assent of the putative subrogee, lien holder or the Class Member's attorney prior to making a determination of the value of a subrogation claim or lien.

8. When the Trust issues a Tentative Determination for a Class Member's Claim, the Trust shall include in the Tentative Determination Letter sent out in accordance with the Settlement Agreement the Trust's valuation of any subrogation claim or lien that will be deducted from the gross Matrix Benefit determined for that Class Member. The subrogee or lien holder, Class Member and Class Member's attorney (if applicable) may contest the Tentative Determination and any resulting Final Determination in accordance with the terms of the Settlement Agreement.

9. The Trust shall create a mechanism for withholding a portion of a Class Member's Matrix Compensation Benefit in cases where, due to operation of law or lawfully promulgated and enforceable regulation, the Trust is unable to finally adjudicate a subrogation claim, lien, or other claim of a subrogatory nature. The Trust will withhold and set aside from relevant individual awards sufficient funds reasonably calculated to protect the interest of the putative subrogee or lien holder and may, in the absence of any other dispute, distribute the balance of the award to the appropriate

parties. The Trust will distribute to the appropriate party any funds set aside upon final resolution of the putative subrogee or lien holder's claim.

BY THE COURT:

A handwritten signature in black ink, appearing to read "Louis C. Bechtel", written over a horizontal line.

The Honorable Louis C. Bechtel
Chief Judge Emeritus

SUBROGATION NOTICE

TO: NAME OF SUBROGEE
ADDRESS

Re: NAME
ADDRESS
CLAIM NO.
SOCIAL SECURITY NO.
DOB

The AHP Settlement Trust (the "Trust") has been directed by order of the United States District Court for the Eastern District of Pennsylvania to adjudicate all subrogation claims that may be asserted against Class Members who are entitled to monetary benefits under the terms of the Nationwide Class Action Settlement with American Home Products Corporation as amended and approved by the Court on August 28, 2000 (hereafter the "Settlement Agreement"). By further order of the Court, the Trust is required to give you notice of the possible claim and to set forth the information you must give us in order to adjudicate the validity of your claim. **THE COURT HAS ORDERED THAT THE TRUST GIVE NOTICE TO ALL SUCH CLAIMANTS THAT THEY MUST DOCUMENT THEIR CLAIMS AS DESCRIBED BELOW AND THAT THE FAILURE TO TIMELY COMPLY WITH THIS OBLIGATION WILL BE DEEMED AN ABANDONEMENT OF ANY SUBROGATION CLAIM. TO BE CONSIDERED TIMELY, ANY SUBMISSION MUST BE RECEIVED IN FACT AT THE AHP SETTLEMENT TRUST OFFICE AT THE ADDRESS SET FORTH BELOW, OR POSTMARKED, ON OR BEFORE THE 30TH DAY FOLLOWING THE DATE OF THIS NOTICE.**

This letter shall serve as notice upon you that the above named claimant may be entitled to monetary benefits against which you may have a subrogation claim. If you wish to assert such a claim you must provide us the following documentary information within 30 days of this letter in order to perfect your claim:

1. The nature and limits of your contract coverage and its applicable dates.
2. A true copy of the policy provisions governing your subrogation rights.
3. The named covered persons on the contract.
4. The amount and dates of benefits actually paid by you to providers net of any co-pay or coordination of benefits.
5. The dates and nature of medical services/supplies/prescriptions paid for by you that were medically related or causally connected to the ingestion of the Diet Drugs known as Pondimin®, Redux™, otherwise known as Fenfluramine or Dexfenfluramine. You should enclose in your submission the following applicable forms if you have them in your records:

- a) HCFA 1500
- b) UB 92

Exhibit A

- c) ER slips
- d) Ambulance trip sheets
- e) Diagnostic reports
- f) Any and all other narrative records

This is to advise you that you may only assert those subrogation rights that arise from benefits paid in the diagnosis and treatment of conditions arising from the ingestion of the diet drugs which are the subject of this Class Action litigation. Claims for medical benefits paid for unrelated conditions **WILL NOT** be considered.

The court has also ordered that, in certain cases in which it may be appropriate, the Trust may, under procedures to be established, direct that funds be escrowed to permit later adjudication of the extent of any subrogation claim so as to avoid undue delays in distribution of awards.

A copy of your reply to us must be provided to the claimant/insured whose address appears above. If the claimant is represented by an attorney, you must copy such named attorney at the address indicated below:

ATTORNEY NAME

FIRM NAME

STREET ADDRESS

CITY, STATE, ZIP

Failure to respond within the 30 day period will be considered an abandonment of your right to recover any subrogation claims against the Trust, the American Home Products Corporation and any Released Parties as that term is defined in the Settlement Agreement. You will receive timely written notice of the Trust's adjudication of your subrogation claim. Your right to arbitration or review of a negative determination by the Trust is provided for in the Settlement Agreement which may be reviewed at <http://www.settlementdietdrugs.com> or by requesting a copy of same from the Trust at:

AHP Settlement Trust
P.O. Box 42805
Philadelphia, PA 19101.

Sincerely,

AHP Settlement Trust