

PERRINE DUPONT SETTLEMENT CLAIMS OFFICE  
ATTN: EDGAR C. GENTLE, CLAIMS ADMINISTRATOR  
C/O SPELTER VOLUNTEER FIRE DEPARTMENT OFFICE

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September 6, 2013

VIA HAND DELIVERY

The Honorable Thomas A. Bedell  
Circuit Judge of Harrison County  
301 West Main Street, Room 321  
Clarksburg, West Virginia 26301

Re: Perrine, et al. v. DuPont, et al.;  
Civil Action No. 04-C-296-2 (Circuit Court of Harrison County, West Virginia) -  
Fourth Proposed Settlement Administration Budget (for September 1, 2013  
through August 31, 2014) (the "Budget") Medical Monitoring Program  
Administrative Expenses; Our File Nos. 4609-1 {R}, 4609-1 {NN-5} and 4609-  
1{GG-13}

Dear Judge Bedell:

During this Court's August 22, 2013 Hearing to review the proposed Budget, DuPont's Counsel raised the issue of the ratio of Medical Monitoring Fund administrative expenses as compared to the Medical Monitoring Fund Medical Provider expenditures. DuPont's Counsel further mentioned the administration expense issue in its outreach critique letter that we submitted to the Court on September 3, 2013. Your Claims Administrator submits this Report for the purpose of providing further detail concerning the ratio of all categories of Medical Monitoring Program expenses.

Please note, as detailed in the Perrine DuPont Settlement Administration Budget No. 4 Medical Monitoring Settlement Program Post-Implementation Date Expenses attached as Exhibit A, that the projected Medical Provider expenses for the Budget period equal \$480,855 (or 41.8%) of the projected \$1,151,231 in Medical Monitoring Program expenditures for the Budget period (excluding FASB 5 Contingency Reserve expenses). The fees and expenses of your Claims Administrator account for approximately 20.2% of the Medical Monitoring Program Budget, while the Third Party Administrator (CTIA) fees and expenses account for approximately 30.4% of the Medical Monitoring Program Budget. The remaining 7.6% of projected expenditures consists of Guardian Ad Litem fees and the Finance Committee/Shared Common administrative expenses for both Settlement Funds. As discussed at the Hearing, CTIA's fees and expenses are part of the medical testing provisioning portion of the Budget, which includes Medical Providers and totals 72.2% (41.8% Providers and 30.4% CTIA). The Program is provided on a per unit of service method, with the Program paying for each unit of service that is provided only, and with the cost/unit being negotiated by CTIA. In our experience, this results in cheaper medical service than under alternative methods.

Please also note that after the August 22 Hearing, CTIA mentioned that, due to its efficacy in negotiating lower provider rates and laboratory fees, the ratio of service fees to total cost seems unusually high when compared to a typical medical plan. The average claim payment in the Medical Monitoring Program is approximately 1/3 of what one would find in a typical medical plan (\$51 average claim for the Medical Monitoring Program versus \$160 for a typical medical plan). The cost to process a \$51 claim and a \$160 claim are essentially the same, causing the ratio of CTIA's service fees compared to total claim costs to appear high. The average service fee per claim is only \$12.60 (a very competitive rate). Please see the Table from CTIA attached as Exhibit B. Thus, while the ratio of CTIA's expenses to overhead is increased as Medical Provider prices are decreased by CTIA, the Program realizes a net savings, to the benefit of the Program and DuPont.

As mentioned in prior years during the Budget approval process, the percentage of administrative expenses as compared to Medical Provider expenses will increase when Medical Monitoring Program turnout is low, as in round one at 50%, as some of the Medical Monitoring Program administrative expenses are fixed costs, thereby resulting in an increase in the percent of Medical Monitoring Program Fund administrative expenses.

We have shared this report with the Finance Committee and the Guardian Ad Litem for Children, and this submission reflects their input.

Should the Court have any further questions about this matter, please let us know.

Thank you for the Court's consideration.

Yours very truly,



Edgar C. Gentle, III

ECGIII/av  
Enclosures

cc: (with enclosures)(by e-mail)(confidential)  
David B. Thomas, Esq.  
James S. Arnold, Esq.  
DuPont Representatives on the Settlement Finance Committee

Virginia Buchanan, Esq.  
Plaintiff Class Representative on the Finance Committee

Meredith McCarthy, Esq.,  
Guardian Ad Litem for Children

Clerk of Court of Harrison County,  
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Angela Mason, Esq.  
Mr. Don Brandt

EXHIBIT A

Perline Dupont Settlement Administration Budget No. 4  
 Medical Monitoring Settlement Fund - Post September 1, 2011  
 Implementation Date Expenses (Sept 1, 2013 Through Aug 31, 2014)

	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	TOTAL	Ratio
Claims Administrator Fees	\$ 19,400.00	\$ 19,400.00	\$ 19,400.00	\$ 19,400.00	\$ 19,400.00	\$ 19,400.00	\$ 19,400.00	\$ 19,400.00	\$ 19,400.00	\$ 19,400.00	\$ 19,400.00	\$ 19,400.00	\$ 232,800.00	20.23%
Third Party Administrator Fees (CTM)	\$ 31,111.00	\$ 11,556.00	\$ 16,164.00	\$ 43,591.00	\$ 35,449.00	\$ 33,583.00	\$ 31,113.00	\$ 27,362.00	\$ 25,483.00	\$ 30,167.00	\$ 23,059.00	\$ 11,505.00	\$ 350,442.00	30.41%
Provider Medical Monitoring Expenses	\$ 18,300.00	\$ 18,100.00	\$ 18,100.00	\$ 53,600.00	\$ 93,901.00	\$ 97,436.00	\$ 79,130.00	\$ 30,265.00	\$ 2,598.00	\$ 26,355.00	\$ 26,693.00	\$ 16,667.00	\$ 480,855.00	41.77%
Guardian Ad Litem Fees	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 60,000.00	5.21%
Finance Committee / Shared Common Expenses	\$ 1,969.50	\$ 1,969.50	\$ 1,969.50	\$ 1,969.50	\$ 1,969.50	\$ 1,969.50	\$ 1,969.50	\$ 1,969.50	\$ 1,969.50	\$ 1,969.50	\$ 1,969.50	\$ 1,969.50	\$ 27,134.00	2.36%
<b>Total Fees/Expenses</b>	<b>\$ 75,580.50</b>	<b>\$ 56,025.50</b>	<b>\$ 90,933.50</b>	<b>\$ 123,560.50</b>	<b>\$ 155,718.50</b>	<b>\$ 157,388.50</b>	<b>\$ 136,612.50</b>	<b>\$ 83,096.50</b>	<b>\$ 54,450.50</b>	<b>\$ 82,801.50</b>	<b>\$ 79,531.50</b>	<b>\$ 54,541.50</b>	<b>\$ 1,151,231.00</b>	

EXHIBIT B

