

FOR IMMEDIATE RELEASE:

NEW ENGLAND COMPOUNDING CHAPTER 11 TRUSTEE AND CREDITORS' COMMITTEE SUBMIT JOINT PLAN TO COMPENSATE VICTIMS OF TAINTED STEROIDS

Plan Anticipates At Least \$135 Million will be Available to Compensate
Victims

BOSTON (December 3, 2014) - - Paul D. Moore, Chapter 11 Trustee (the "Trustee"), and the Official Unsecured Creditors' Committee (the "Committee") of New England Compounding Pharmacy ("NECC") have filed a proposed Chapter 11 Plan and related Disclosure Statement in the Chapter 11 bankruptcy of NECC, pending before Judge Henry J. Boroff in the United States Bankruptcy Court for the District of Massachusetts.

The primary objective of the Plan is to compensate those persons that have suffered personal injury and/or death due to allegedly contaminated drugs compounded by NECC. The Plaintiffs' Steering Committee (the "PSC") in multidistrict litigation involving NECC, which represents the interests of all individuals pursuing personal injury lawsuits in the multi-district litigation against NECC and its affiliates, also has expressed its support for the Plan.

If Judge Boroff confirms the Plan, the Trustee and the Committee expect that **at least \$135 million** will be available for distribution to individuals with personal injury or death claims against NECC. NECC's owners and insurers already have contributed nearly \$50 million in cash to the NECC estate for eventual distribution, and are expected to contribute additional sums through tax refunds and the sale of a related business. Other third parties, including NECC's insurers and insurers of its affiliates, a company that provided product sample testing services to NECC, a company that installed ventilation systems at NECC, and certain clinics and health care providers that administered tainted NECC drugs, are expected to contribute an additional \$56.8 million. If the Plan is confirmed, these contributing parties will receive releases from NECC-related liability, as well as injunctions in aid thereof.

The Plan also provides for the establishment of a Tort Trust to be administered by a Tort Trustee. In addition to distributing those funds to NECC's creditors, the Tort Trustee will be responsible for pursuing further claims of the NECC estate against responsible third parties who have yet to settle with the NECC estate. Any recoveries on account of those claims will also be available under the Plan for further distributions to injured victims.

The Centers for Disease Control estimates that at least 751 people nation-wide have been diagnosed with fungal meningitis or other serious injuries as a result of the administration of NECC products. At least 64 deaths have been confirmed.

Paul Moore, the Chapter 11 Trustee of NECC and a partner at the law firm of Duane Morris LLP, which also serves as his counsel, said that "The Plan is the product of substantial efforts by me, the Committee and the PSC to secure, as expeditiously as possible, meaningful compensation for NECC's creditors. The Committee's and the PSC's input on behalf of NECC's creditors and victims has been invaluable in achieving that goal. Once the Plan is confirmed, NECC's creditors finally can receive initial distributions on account of their claims, as well as additional distributions as the Tort Trustee continues to pursue NECC's remaining claims."

David Molton, a partner at the law firm Brown Rudnick LLP and counsel to the Committee with his partner **Bill Baldiga** and fellow Brown Rudnick attorney **Kiersten Taylor**, said: "The filing of this Plan marks a crucial step in this tragic saga to provide much needed financial relief to the victims and their families. When NECC entered bankruptcy, many people doubted that the victims would ever receive compensation through the bankruptcy process. Working hand in hand in a fully cooperative effort, the Committee, the Trustee and the PSC kept their eyes on the prize and proved the doubters wrong."

"The Chapter 11 plan filing is a critical step towards providing compensation for the victims of this tragedy", said attorney **Harry Roth**, co-chair of the Official Creditors Committee and one of the attorney's instrumental in creating and developing the plan. "The cooperation among the Trustee and the various groups representing those injured has been vital to formulating a plan that will fairly and expediently distribute the settlement proceeds to those who have been harmed or the families of those who passed away from the complications of receiving this contaminated product."

Attorney **Anne Andrews** of Irvine, California, co-chair of the Committee, said that "The filing of the Plan helps bring a sense of closure to the victims of this tragedy and their loved ones, who have waited so patiently for justice and some form of compensation for all they have endured."

Thomas Sobol, lead counsel for the PSC, stated "The filing of the Chapter 11 Plan is the first step in a process that we hope will bring this matter to conclusion for many of the victims of this tragedy and provide them much needed compensation. It represents an enormous amount of work on behalf of the Trustee and everyone else involved in the process."

Pursuant to the bankruptcy process, Judge Boroff will first be asked to approve a "disclosure statement", which describes the terms of the Plan and which will be sent to all qualified creditors along with instructions on how to vote on the Plan. The hearing to approve the disclosure statement is expected to be held shortly. Judge Boroff will then be asked to confirm the plan at a hearing anticipated to be held in the early spring.

Information regarding the bankruptcy case and copies of the plan documents can be found at <http://drcdrx.com/Cases/CaseInfo/necp>.

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