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HEARING HELD ON PROPOSED SETTLEMENT IN WTC LITIGATION

(NEW YORK, NY, June 23, 2010)—Parties to the settlement reached among the WTC Captive Insurance Company (the “WTC Captive”), the City of New York, the contractors the City hired, their subcontractors, and attorneys for over 10,000 plaintiffs alleging injuries from the WTC site operations addressed Judge Alvin K. Hellerstein of the U.S. District Court for the Southern District of New York today regarding the amended settlement that was announced June 10, 2010.

Judge Alvin K. Hellerstein opened the proceedings, and interjected during the parties’ presentations to clarify how the settlement values claims: “People were compensated [based] on two key criteria. How serious, objectively speaking, objectively quantifiable, is the disease, and what is the general relationship between the disease and their work at the site.”

The Judge emphasized that the settlement process values each individual claim, unlike class actions, where plaintiffs divide the settlement proceeds equally: “This is not a class settlement but a series of individual settlements, each plaintiff having an individual stake.”

The settlement will cost the taxpayer-funded WTC Captive \$625 million in cash at the required 95% plaintiff participation, with an additional \$87.5 million paid if certain conditions are met, totaling up to \$712.5 million. Plaintiffs’ attorneys are voluntarily reducing their fees to 25% and waiving entirely their fees on certain other aspects of the settlement, resulting in savings to plaintiffs of over \$50 million. Plaintiffs will have 90 days to opt into the settlement, unless that period is extended.

Plaintiffs were expected to address the Court in the afternoon session. Suzanne Conroy, whose husband Daniel worked at the WTC site and died, according to her claim, from an illness caused by his exposure there, wrote a letter to the Court praising the settlement.

“...I strongly feel that this settlement is fair and reasonable,” Ms. Conroy wrote. “Lastly, I would like to state that this settlement is great because people do not have to prove that their injuries were a direct cause of their toxic exposure.”

Kenneth R. Feinberg, who was appointed Claims Appeal Neutral over the Settlement Process Agreement, addressed the Court by video hook-up, saying he will be fully engaged in his role overseeing appeals by plaintiffs of their compensation awards. Mr. Feinberg listed several reasons why the court should approve the settlement, noting it was an improvement on the 9/11 Victim Compensation Fund by guaranteeing each person a minimum payment, making payments more quickly, and establishing a process for valuing each claim objectively.

“The final reason I would approve the settlement is because, what is the alternative? These eligible plaintiffs have waited and waited and waited and if they litigate they will continue to wait,” Mr. Feinberg said. “When you consider the alternative, more litigation, uncertainty of

result, I have no problem urging that the Court approve this settlement and it be implemented as soon as possible.”

Paul J. Napoli, a senior partner at the law firm Worby, Groner, Edelman & Napoli, Bern, LLP, which is representing over 9,000 litigants, addressed the Court regarding the difficult negotiations that lasted over two years but, he said, resulted in the “best possible” outcome.

“After seven long years of hard-fought litigation and negotiations, we have finally achieved a settlement of historic proportions and significance,” Mr. Napoli said. “These brave men and women, heroes of 9/11, will receive the compensation to which they are entitled. They will no longer be subjected to months and years of further discovery and will finally have closure.”

Mr. Napoli described a range of payments from \$3,250 for plaintiffs filing a legal claim for fear of cancer to over \$1 million for asthma severe enough to permanently disable the claimant.

Nicholas Papain, managing partner of Sullivan Papain Block McGrath & Cannavo, P.C., attorneys for nearly 700 New York City firefighters and 9/11 rescue and recovery workers, said his firm has fully explained the terms of the settlement and the procedures that will be utilized to calculate the settlement sums to be awarded to his clients through several communications and town hall meetings attended by the majority of his clients: “Based on the questions and comments from our clients, we believe they have a sound understanding of the settlement terms and believe it to be the best and most effective way to resolve their claims and receive reasonable compensation for their losses.”

“A trial, if they get past the motions to dismiss, will cost more than the money being put into the settlement,” Mr. Papain told the Court. He noted that if 95 percent of the plaintiffs do not opt in, the taxpayer funded WTC Captive would be required to use that money “not to pay claims but to defeat those claims.”

James E. Tyrrell, a partner at Patton Boggs, LLP and attorney for the settling defendants, listed the defenses that would be available to the defendants if plaintiffs decide not to “opt in” to the settlement process, making the litigation process costly, lengthy, and uncertain. He explained how the settlement valued the strength of each plaintiff’s legal case based on their likelihood of success at trial, which, for some, was unlikely.

“If these cases go to trial, the defendants can and will assert the defenses available to them. They too came to the aid of the people of New York and all they have to show is that they acted with reasonable care under the circumstances.” said Mr. Tyrrell. “Exposure to dust at the WTC site is not enough to prove that an alleged injury or illness was caused by that exposure. The plaintiffs will bear the burden of proving that a specific exposure occurred and caused the alleged injury to a ‘reasonable degree of medical certainty.’ Frankly, that means the road to resolution in this case for those who do not accept this settlement will be long, difficult, costly, and uncertain. That said, the WTC Captive does not want to spend its money on continued defense costs, but rather on compensating these claims.”

Mr. Tyrrell said it could take one to two years, if not longer, for the first of the trials to begin. Moreover, if the City and contractors prevail in their argument that state and federal laws make them immune from lawsuits stemming from the performance of such recovery operations, the claims may be dismissed and never reach a jury.

Margaret H. Warner, a partner at McDermott Will & Emery, LLP, who represents the WTC Captive and was the lead negotiator of the settlement, explained why claims of certain illnesses, like hard-cell or skin cancers, were paid less than other illnesses like asthma. Ms. Warner said that many of the alleged illnesses were medically unlikely to have been caused by any exposures at the WTC operations sites.

“We believed that based on the principles of fairness and justice, the most money should go to those most injured, whose injury is most causally related to 9/11,” said Ms. Warner.

“Every effort was made here to find a mechanism to provide compensation. This settlement avoids the necessity of each plaintiff proving causation, but we valued claims higher that were more plausibly related.”

Michael Cardozo, Corporation Counsel of the City of New York, told the Court the City strongly supports the settlement because it provides certain and swift payments as opposed to the uncertainty of litigation. Mr. Cardozo listed the additional benefits the City already provides and will continue to provide to most of the plaintiffs, including medical monitoring and health care services through the three Centers of Excellence, currently serving over 13,000 people, with no out-of-pocket costs.

“It is our hope and desire that this settlement will help to heal the rift between the heroes who performed so nobly for their country at Ground Zero and the City and the companies that provided essential services to the public when New Yorkers and all Americans most needed them,” Mr. Cardozo told the Court. “All the pensions, benefits and medical care that are being provided from the City to many of these plaintiffs will continue with or without the settlement.”

In addition, while the law allows payments from workers’ compensation awards to be repaid from the tort settlement proceeds by enforcing what is called a “lien” on the settlement money, in this case, the City of New York and its WTC workers’ compensation insurer, which holds some of those liens, have agreed to waive them. For many of the plaintiffs, this waiver means their settlement payments will be free and clear of liens and their workers’ compensation benefits will continue in the future with no deductions. Mr. Cardozo said this would mean an additional \$20 million in value to those opting in to the settlement.

About the WTC Captive Insurance Company

In the absence of commercially available insurance, the WTC Captive Insurance Company was formed in July 2004 to insure the City of New York and nearly 140 contractors, subcontractors and others it engaged against claims arising out of the debris removal process that began immediately after the collapse of the twin towers of the World Trade Center on September 11, 2001. The mission of the WTC Captive is to insure and defend in court, and thereby to

protect, the City and the contractor and subcontractor policyholders as claims are processed, adjudicated and resolved.

Organized as a not-for-profit corporation under the laws of the State of New York and licensed by the New York State Insurance Department, the WTC Captive is governed by a five-member Board of Directors composed of current and former City officials plus a representative of the City's lead contractors.

The WTC Captive was funded with just under \$1 billion in federal funds provided through a grant from the Federal Emergency Management Agency (FEMA)—part of the \$20 billion of such funds requested by the Administration and authorized by Congress to help New York City and its people recover and rebuild after 9/11.

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