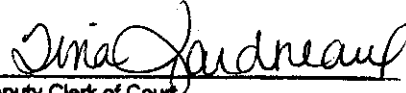


DARCY GUIDRY, SALLY GUIDRY,  
GENITA DOMINGUE, RAYMOND  
DOMINGUE, AND EARL WAYMAN,  
ET AL.

14<sup>TH</sup> JUDICIAL DISTRICT COURT

FILED 7-29-08



Deputy Clerk of Court

Case No. 2008-3465 DIV. G

VERSUS

AMERICAN PUBLIC LIFE INS. CO.,  
AND AMERICAN FIDELITY  
ASSURANCE COMPANY

CALCASIEU PARISH, LOUISIANA

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**SPECIAL MASTER'S REPORT ON RESERVES**

In order to commence the allocation process in the APL and AFA Settlement, reserves for the class action should be established. In preparation of that task, the undersigned Special Master reviewed the status of the case, including a review of the expenses incurred to date and an analysis of the number and types of claims which are involved in this action. On the basis of that review, Special Master recommends the following reserves:

- (A) Reserve for class litigation costs; 2% of the entire Settlement. Class Members are obligated to pay these costs, incurred in the process of litigation, such as court costs, deposition costs, expert witness charges, transcript costs, investigation costs, copy and personnel costs, etc. Normally these costs are deducted from the clients portion of the settlement; however, a class action individual assessment of these costs is impossible. The Court seeks an equitable method of recovering these costs of litigation where these claimant-related costs and expenses may be defrayed by all Class Members in advance. By using this method, each claimant pays his or her share of these costs and expenses on the basis of his or her recovery. Residual funds in this reserve, when not necessary for use and other costs reserve, shall revert to the benefit of the class at the discretion of the Court.
- (B) Reserve for class administrative and distribution costs, expenses and taxes; 8% of the entire Settlement. In addition to the claimant-related litigation costs, Class Members are obligated to pay costs and expenses which have been incurred and continue to be incurred in matters which are unique to a class action. These costs include publications, notices, rental and maintenance of primary and satellite offices, telephone and copying expenses, and personnel for management of claims processing and evaluation in a class action. Except as otherwise provided in the settlement agreement, Class Members are obligated to pay all costs that will be incurred by the PSC, the Special Master and the CADA for the management and distribution of the entire settlement prior to and after judgment on the settlement becomes final and distribution is ordered by the Court. These costs shall include setting up offices, procedures and personnel to assist with disbursement, arranging banking depositories for funds allocated to minors and incapacitated Class Members, calculation of settlement allocations, identification and security procedures, equipment and supplies, preparation and filing of reports required by the United States Internal Revenue Service, and payment of all accrued taxes on all settlement funds prior to final distribution. Residual funds in these reserves, when not necessary for use and other cost reserves, shall revert to the benefit of the class at the discretion of the Court.
- (C) Attorney fee reserve: 35% of the entire Settlement. The Class Members are obligated to their attorneys for their work performed in the resolution of this litigation. The Special Master has recommended that the reserve for attorneys fees shall not exceed a maximum of 35% of the entire Settlement. The actual amount of the fee award

shall be decided by the Court at a hearing to be held after the Fairness Hearing. It is the intent of the Court that the members of the PSC shall file an appropriate fee application document with the Court for a lump sum fee award to be determined, in no instance to exceed this maximum reserve amount. Residual funds in this reserve, when not necessary for use and other costs reserves, shall revert to the benefit of the class at the discretion of the Court.

The recommended categories as set-aside in reserves are intended for purposes of budgeting sufficient funds to cover these obligations. Except as may be otherwise provided in the settlement agreement, actual payment of funds from the set-aside in reserves are subject to approval by the Court. This report does not address any reserves which may be established pursuant to the mechanism provided in Paragraph 52 of the Settlement Agreement and a reserve fund for necessary adjustments.

Respectfully submitted,

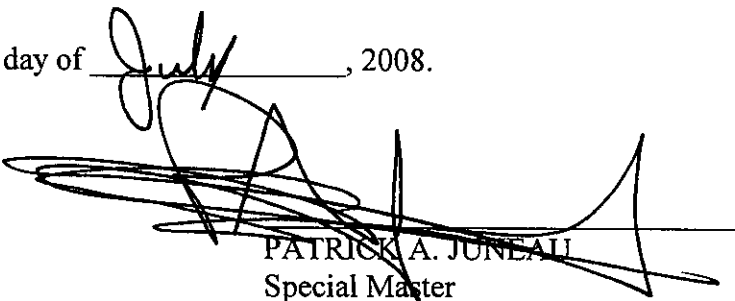


PATRICK A. JUNEAU, #7694  
Special Master  
1018 Harding Street, Suite 202  
Lafayette, Louisiana 70503  
Telephone: (337) 269-0052  
Facsimile: (337) 269-0061

**CERTIFICATE OF SERVICE**

I **HEREBY CERTIFY** that copies of the foregoing report were this day served on the plaintiff's class through the Plaintiffs' Steering Committee and on the Attorneys for the settling defendants by U.S. Mail.

Lafayette, Louisiana this 25 day of July, 2008.



PATRICK A. JUNEAU  
Special Master

DARCY GUIDRY, SALLY GUIDRY,  
GENITA DOMINGUE, RAYMOND  
DOMINGUE, AND EARL WAYMAN,  
ET AL.

14<sup>TH</sup> JUDICIAL DISTRICT COURT  
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*Ima Audreault*  
Deputy Clerk of Court  
Calcasieu Parish, Louisiana  
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\*\*\*\*\*

**ORDER**

Considering the Special Master's Report on Recommended Reserves:

IT IS ORDERED, that the recommended reserves contained in the attached Report of the Special Master, with respect to the **APL and AFA Settlement**, are preliminarily approved.

THUS DONE AND SIGNED on this the 29 day of July, 2008, Lake Charles, Louisiana.

*S/D. Kent Savore*  
FOR HONORABLE G. MICHAEL CANADAY  
DISTRICT JUDGE

A TRUE COPY  
Lake Charles, Louisiana

*Ima Audreault*  
Deputy Clerk of Court  
Calcasieu Parish, Louisiana