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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

In re McKESSON HBOC, INC.
SECURITIES LITIGATION

Master File No. 99-CV-20743 RMW (PVT)
And Related Cases

CLASS ACTION

This Document Relates To:

ALL ACTIONS.

Date: N/A
Time: N/A
Place: Courtroom 6, Fourth Floor
Judge: The Honorable Ronald M. Whyte

~~PROPOSED~~ ORDER APPROVING FURTHER
DISTRIBUTION OF THE NET SETTLEMENT FUNDS

1 Lead Plaintiff's Motion for Approval of Further Distribution of the Net McKesson
2 Settlement Fund and the Net Andersen Settlement Fund and the Plan of Distribution of the Net
3 Bear Stearns Settlement Fund duly came before the Court for hearing on March 6, 2009, at 9:00
4 a.m., pursuant to paragraph 25 of the Stipulation and Agreement of Settlement Between Lead
5 Plaintiff and Defendants McKesson HBOC, Inc. and HBO & Company dated February 11, 2005
6 ("McKesson Settlement"); paragraph 24 of the Stipulation and Agreement of Settlement
7 Between Lead Plaintiff and Defendant Arthur Andersen LLP dated as of December 19, 2006
8 ("Andersen Settlement"); and paragraph 30 of the Stipulation and Agreement of Settlement
9 Between Lead Plaintiff and Defendant Bear Stearns & Co. Inc. dated as of September 24, 2007
10 ("Bear Stearns Settlement"). The Court has read and considered Lead Plaintiff's Motion and all
11 supporting and other related materials, including Lead Plaintiff's Memorandum In Support Of
12 Further Distribution Of The Net Settlement Funds and the Affidavit Of Richard W. Simmons In
13 Support Of Motion For Second Distribution Of The Net McKesson And Arthur Andersen
14 Settlement Funds And Initial Distribution Of the Net Bear Stearns Settlement Fund ("Simmons
15 Affidavit"), submitted therewith, and all additional information submitted in response to the
16 Court's March 6, 2009 Order Regarding Further Distribution of the Net Settlement Funds;

17 NOW, THEREFORE, IT IS HEREBY ORDERED:

18 1. Lead Plaintiff's Motion is GRANTED;

19 2. The administrative recommendation to accept 51,571 Claims, as set forth in
20 Exhibits H-1, H-2, H-4 and H-5 to the Simmons Affidavit, is adopted. For the reasons stated in
21 the Affidavit of Richard Simmons, dated April 14, 2009, the following claims are deemed valid:

22 Joseph R. Stabile, Claim Number 110321;

23 Kenneth Morrison, Claim Number 269936; and

24 Robert S. Cauthen, Claim Number 104489.

25 For the reasons stated in the Affidavit of Richard Simmons, dated April 14, 2009, the
26 following claims are rejected:

27 Robert S. Cauthen, Claim Numbers 311518 and 112415.

1 3. Lead Counsel is authorized to direct a distribution of the previously reserved
2 forty-five percent (45%) of the Net McKesson and Arthur Andersen Settlement Funds and the
3 Net Bear Stearns Settlement Fund to such Authorized claimants;

4 4. The claim submitted by the McKesson Profit Sharing (“PSIP”) is accepted in its
5 entirety for 19,273,435 McKesson shares. Lead Counsel is authorized to distribute to the PSIP
6 its *pro rata* share of the previously reserved forty-five percent (45%) of the Net McKesson and
7 Arthur Andersen Settlement Funds and, in addition, to distribute to the PSIP its *pro rata* share of
8 the Net Bear Stearns Settlement Fund;

9 5. The distribution of the approximately \$5.96 million currently held by the United
10 States Securities and Exchange Commission (“SEC”) and the United States Attorney’s Office
11 (“USAO”) (“Government Funds”) pursuant to the Court-approved Plan of Allocation is
12 approved, and Lead Counsel is authorized to distribute the Government Funds to Authorized
13 Claimants;

14 6. The wholly ineligible or otherwise deficient Claims not disputed, as set forth in
15 Exhibits H-3 and H-6 to the Simmons Affidavit, are rejected;

16 7. The Disputed Claims, as set forth in Exhibits F-1 through F-8 to the Simmons
17 Affidavit, are rejected;

18 8. The following claims are ~~ACCEPTED~~/REJECTED:

Claimant	Claim Number	Position
Kevin Scheckelhoff	295144	Regional Vice President of Consulting
Holly McInerny	6049180	Regional Vice President
Holly McInerny	7124019	Regional Vice President
Holly McInerny	7124020	Regional Vice President
Daniel Hanekamp	122922	Region VP of Distribution Operations
Joanne Konrath IRRA	293524	Area VP Pavor Solutions Group

23 9. Lead Counsel is authorized to distribute the remaining Net Settlement Funds
24 (after deducting estimated taxes and the costs of preparing appropriate final tax returns) and the
25 approximately \$5.96 million in restitution and penalty funds recovered by the SEC and the
26 USAO in connection with their investigations and enforcement proceedings to the Authorized
27 Claimants in proportion to their Recognized Loss Amounts;

1 10. No Claim received after December 31, 2008, may be accepted;

2 11. Each Claimant receiving an initial payment from the Net Settlement Funds in
3 connection with the further distribution shall simultaneously receive a letter, substantially in the
4 form set forth in Exhibit A hereto, which shall inform the Authorized Claimant that the payment
5 represents a *pro rata* share of both the \$550 million initial distribution amount and the
6 approximately \$465 million further distribution amount. The letter shall include a notice
7 advising that should an Authorized Claimant disagree with the calculation of his, her or its
8 Recognized Amount or distribution amount, such disagreement must be made in writing,
9 detailing the disagreement, and must be sent to the Claims Administrator, postmarked no later
10 than a date thirty days after the distribution check is mailed. The letter shall also advise the
11 Authorized Claimant that the failure to timely inform the Claims Administrator of his, her or its
12 objection in the manner provided shall be deemed to have forever waived all objections to the
13 amount of the distribution.

14 12. Each Authorized Claimant receiving a second payment from the Net Settlement
15 Funds in connection with the further distribution shall simultaneously receive a letter,
16 substantially in the form set forth in Exhibit B hereto, which shall inform the Authorized
17 Claimant that the payment represents a *pro rata* share of the approximately \$465 million further
18 distribution amount.

19 13. Lead Counsel is authorized to direct payment of \$142,900 out of the Net
20 Settlement Funds to the Claims Administrator, Analytics, Inc., for its fees and expenses in
21 connection with the administration of the McKesson, Andersen and Bear Stearns Settlements;

22 14. The administration of the Net Settlement Funds and the distribution of the Net
23 Settlement Funds comply with the terms of the Stipulations and the Plan of Allocation. All
24 persons involved in the review, verification, calculation, tabulation, or any other aspect of the
25 processing of the claims submitted herein, or otherwise involved in the administration or taxation
26 of the Settlement Funds or the Net Settlement Funds, are released and discharged from any and
27 all claims arising out of such involvement; and all Settlement Class Members, whether or not
28 they received or are to receive payment from the Net Settlement Funds, are barred from making

1 any further claims against the Net Settlement Funds or Lead Plaintiff, Lead Counsel, the Claims
2 Administrator, the escrow agent or any other agent retained by Lead Plaintiff or Lead Counsel in
3 connection with the administration of the Settlements beyond the amount allocated to such Class
4 Members pursuant to this Order and the Court's prior distribution orders in this litigation; and

5 15. The Court retains jurisdiction to consider further applications concerning the
6 administration of the Settlements, including, without limitation, any further administrative fees
7 and expenses relating to the distribution of the reserved funds, and such other and further relief
8 as this Court deems appropriate.

9 IT IS SO ORDERED.

10 DATED: April 27, 2009

Ronald M. Whyte

11
12 THE HONORABLE RONALD M. WHYTE
13 United States District Court Judge
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EXHIBIT A

**BERNSTEIN LITOWITZ BERGER &
GROSSMANN LLP**

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(215) 963-0600
TELECOPIER (215) 963-0808

March __, 2009

Dear Claimant(s):

The attached check represents a distribution to you of funds recovered in the federal securities law class action entitled *In re McKesson HBOC, Inc. Securities Litigation*, Case No. 99-CV-20743 RMW (PVT), brought on behalf of (1) all persons and entities who purchased or otherwise acquired publicly traded securities of HBO & Company ("HBOC") during the period from January 20, 1997 through and including January 12, 1999, and all persons or entities who purchased or otherwise acquired call options or sold put options of HBOC during the period from January 20, 1997 through and including April 27, 1999; (2) all persons or entities who purchased or otherwise acquired publicly traded securities or call options, or who sold put options, of McKesson or of McKesson HBOC, Inc. during the period from October 18, 1998 through and including April 27, 1999; and (3) all persons or entities who held McKesson common stock on November 27, 1998 and still held those shares on January 12, 1999; and who were injured thereby. **Except as otherwise defined on the check stub, all capitalized terms used herein have the meaning defined in the Notice of Pendency and Proposed Settlement of Class Action Against McKesson HBOC, Inc. and HBO & Company you previously received.** Although it has been some time since these settlements were reached, please note that the settlement funds have been continually accruing interest during the processing phase.

An initial distribution of the McKesson HBOC Settlement Fund and the Arthur Andersen Settlement Fund occurred in March 2008 (the "Initial Distribution"). In the Initial Distribution, a total of \$550 million of the Settlement Funds was distributed to Authorized Claimants. In this second distribution, an additional approximately \$450 million, plus approximately \$8.4 million from the Bear Stearns Net Settlement Fund (for a total of approximately \$458.4 million), is being distributed to Authorized Claimants (the "Second Distribution"). In addition, the United States Securities Exchange Commission ("SEC") and the United States Attorney's Office ("USAO") separately recovered approximately \$5.96 million in restitution and penalty funds in connection with their investigations and enforcement proceedings ("Government Funds"). The SEC and the USAO requested, and Lead Plaintiff agreed, to distribute these monies to Authorized Claimants pursuant to the Plan of Allocation previously approved by the Court.

Because your proof of claim was either not received or not determined to be valid, you did not receive a distribution check in the Initial Distribution. The Claims Administrator has now determined that your proof of claim is valid and that you are entitled to receive both the Initial and Second Distribution amounts. Accordingly, the attached check includes (i) an amount equal to your *pro rata* share of the \$550 million Initial Distribution amount; and (ii) your *pro rata* share of the approximately \$466 million being distributed at this time.

The amount of your distribution from the Net Settlement Fund was determined by the Claims Administrator, Analytics Incorporated, by applying the Court-approved Plan of Allocation, a copy of which you previously received. It is also available at <http://www.mckessonhboctesttlement.com>. Your Recognized Claim is shown on your check stub.

Under the Court-approved Plan of Allocation, the total distributions to each Claimant from the Net Settlement Funds represent a *pro rata* share of the available funds, which the Claims Administrator calculated, pursuant to the terms of the Plan of Allocation, by dividing each Claimant's Recognized Claim by the total Recognized Claims of all Claimants, and then multiplying the result by the amount of the available funds.

Please note that the tax treatment of this distribution varies based upon the individual circumstances and tax status of each Claimant. Accordingly, neither we nor the Claims Administrator are able to determine the appropriate tax reporting for any Claimant. You should consult with your tax advisor to determine the tax consequences, if any, that the distribution of the Net Settlement Fund may have to you.

By Order dated _____, 2009, if you do not agree with the calculation of your Claim or the amount of your distribution check, you must send a detailed written statement of the reasons for your disagreement, postmarked no later than 30 days from the date of this letter, that is, by _____, 2009, to: *In re McKesson HBOC Sec. Litig.*, c/o Analytics Incorporated, Claims Administrator, P.O. Box 2005, Chanhassen, MN 55317-2005. Unless otherwise ordered by the Court, any Claimant who does not submit his, her or its objection in the manner described above shall be deemed to have waived all objections to the amount of his, her or its distribution.

All other inquiries and notices of address change should reference your Claim Number, be in writing only, and sent to: *In re McKesson HBOC Sec. Litig.*, c/o Analytics Incorporated, Claims Administrator, and P.O. Box 2005, Chanhassen, MN 55317-2005.

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EXHIBIT B

**BERNSTEIN LITOWITZ BERGER &
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You previously received an initial payment from the McKesson HBOC Settlement Fund and the Arthur Andersen Settlement Fund representing your *pro rata* share of the Initial Distribution of \$550 million of these Settlement Funds.

In this second distribution, an additional approximately \$452 million from the McKesson HBOC and Arthur Andersen Settlement Funds, plus approximately \$8.4 million from the Bear Stearns Net Settlement Fund (for a total of approximately \$460.4 million), is being distributed to Authorized Claimants (the "Second Distribution"). In addition, the United States Securities Exchange Commission ("SEC") and the United States Attorney's Office ("USAO") separately recovered approximately \$5.96 million in restitution and penalty funds in connection with their investigations and enforcement proceedings ("Government Funds"). The SEC and the USAO requested, and Lead Plaintiff agreed, to distribute these monies to Authorized Claimants pursuant to the Plan of Allocation previously approved by the Court. The attached check represents your *pro rata* share of the additional approximately \$466 million being distributed at this time.

Please note that the tax treatment of this distribution varies based upon the individual circumstances and tax status of each Claimant. Accordingly, neither we nor the Claims Administrator are able to determine the appropriate tax reporting for any Claimant. You should consult with your tax advisor to determine the tax consequences, if any, that the distribution of the Net Settlement Fund may have to you.

All inquiries and notices of address change should reference your Claim Number, be in writing only, and sent to: *In re McKesson HBOC Sec. Litig.*, c/o Analytics Incorporated, Claims Administrator, and P.O. Box 2005, Chanhassen, MN 55317-2005.

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