

**UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF MISSOURI
KANSAS CITY, MISSOURI**

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| MEDICAL SUPPLY CHAIN, INC., |) |
| <i>Plaintiff,</i> |) |
| v. |) Case No. 05-0210-CV-W-SWH |
| NOVATION, LLC |) Attorney Lien |
| NEOFORMA, INC. |) |
| ROBERT J. ZOLLARS |) |
| VOLUNTEER HOSPITAL ASSOCIATION |) |
| CURT NONOMAQUE |) |
| UNIVERSITY HEALTHSYSTEM CONSORTIUM |) |
| ROBERT J. BAKER |) |
| US BANCORP, NA |) |
| US BANK |) |
| JERRY A. GRUNDHOFFER |) |
| ANDREW CESERE |) |
| THE PIPER JAFFRAY COMPANIES |) |
| ANDREW S. DUFF |) |
| SHUGHART THOMSON & KILROY |) |
| WATKINS BOULWARE, P.C. |) |
| <i>Defendants.</i> |) |

REPORT ON SETTLEMENT PROGRESS

The plaintiff Medical Supply Chain, Inc. and its counsel Bret D. Landrith directed an intermediary to arrange a settlement conference of all parties in Kansas City, Missouri during the last week of April, 2005. Medical Supply offered that a settlement meeting Medical Supply's approval that could be finalized on Friday April 29th, 2005 would be accepted by the plaintiff. Medical Supply sought primarily injunctive relief believing that if allowed to enter the market, the company would realize profits equal to its damages claims and would write off the four year losses created by the defendants.

The plaintiff's intermediary contacted Ruse of Shughart, Thomson & Kilroy who instructed Mark Olthoff to return the call. Mark Olthoff stated it was not in the interest of the defendants he represented to meet for a settlement conference. Bruce Blefeld and Stephen N. Roberts responded similarly.

Medical Supply Chain, Inc. originally offered to settle with US Bancorp NA (USB) and Piper Jaffray Companies (PJC) in November 2002 over their concerted refusal to deal in combination with Novation, LLC and Neoforma, Inc. (NEOF) through a proffered agreement to pay US Bank \$6000.00 in return for ten escrow accounts allowing Medical Supply to prevent the December 1, 2002 loss of \$300,000.00 and the projected damages of \$450 million dollars that is claimed in the present action. The offer was rejected by US Bancorp NA (USB) and the Piper Jaffray Company (PJC).

Medical Supply Chain, Inc.'s next settlement offer was in the form of a letter to Jerry Grundhoffer delivered to his counsel Andrew DeMarea was to release US Bancorp, NA from \$900 million dollars of its then \$450 million dollar trebled antitrust liability to Medical Supply Chain, Inc. in exchange for the investment bank subsidiary Piper Jaffray, believing the firm's healthcare research reputation could be salvaged by eliminating the corrupt practice of selling favorable research data and covering publicly traded stocks of hospital suppliers that were lowering costs. Andrew DeMarea and Mark Olthoff failed to forward the offer to US Bancorp NA until Bret Landrith pointed it out to Steven Ruse of Shughart, Thomson & Kilroy when it was then rejected.

US Bancorp NA instead spun off Piper Jaffray creating the public traded corporation Piper Jaffray Companies (PJC) which then continued to violate SEC rules and to make fraudulent research, destroying any potential value it might have held for Medical Supply Chain, Inc.

Medical Supply Chain, Inc. does not presently believe an opportunity to settle its claims before a jury trial exists. While Sam Lipari, its president is concerned that the defendants Neoforma (NEOF) and Piper Jaffray Companies (PJC) do not have the means to pay a judgment or even to survive until a jury trial takes place, the joint and several liability under antitrust law will ensure US Bancorp NA, UHC, VHA, Shughart, Thomson & Kilroy and Novation, LLC will pay the damages.

Respectfully Submitted

S/Bret D. Landrith

Bret D. Landrith

KS00500

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Certificate of Service

I certify that on May 16th, 2005 I have served the above via electronic mail to the following:

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