

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION
(Electronically Filed)

ARTHUR RAY BOWLING, ET AL., :
 : No. C-1-91-256
 PLAINTIFF, :
 :
 v. : JUDGE HERMAN J. WEBER,
 : SENIOR JUDGE
 PFIZER, INC. ET AL., :
 :
 DEFENDANT. :
 :

**NOTICE OF FILING OF THE THIRTY-THIRD REPORT OF THE
SPECIAL MASTER/TRUSTEE COVERING THE PERIOD
FROM MAY 20, 2010 TO NOVEMBER 16, 2010**

NOTICE IS HEREBY GIVEN to all counsel of record that the THIRTY-THIRD REPORT OF THE SPECIAL MASTER/TRUSTEE COVERING THE PERIOD FROM MAY 20, 2010 TO NOVEMBER 16, 2010 is hereby filed with the Court.

Respectfully submitted,

s/ Nancy A. Lawson
Nancy A. Lawson (0012699)
DINSMORE & SHOHL LLP
1900 Chemed Center
255 East Fifth St.
Cincinnati, OH 45202
(513) 977-8200
Attorney for Special Master/Trustee

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION
(Electronically Filed)**

IN RE: : **Case No. C-1-91-256**
: **BOWLING-PFIZER LITIGATION** : **Judge Herman J. Weber,**
: **Senior Judge**

**THIRTY-THIRD REPORT OF THE SPECIAL MASTER/TRUSTEE
COVERING THE PERIOD FROM MAY 20, 2010 TO NOVEMBER 16, 2010**

SPECIAL MASTER/TRUSTEE

James A. Higgins, Esq.

AGENDA

THIRTY-THIRD REPORT OF THE SPECIAL MASTER/TRUSTEE

In Re: Bowling-Pfizer Litigation

Case No. C-1-91-256

December 1, 2010
10:00 A.M.

Hon. Herman J. Weber, Senior Judge

1. Introductory remarks by Judge Weber.
2. Report of the Special Master/Trustee.
3. Comments from Counsel:
 - Class Counsel.
 - Counsel for Defendants.
4. Questions and comments from those in attendance.
5. Request for date of next report of Trustee.
6. Closing remarks of Judge Weber.

TABLE OF CONTENTS

- A. Thirty-Third Report of the Special Master/Trustee
- B. Appendices to Court Report
 - 1. "Hit Report" regarding the Supervisory Panel's Website.
 - 2. Unaudited balance sheet as of October 31, 2010 and an unaudited statement of income and funds balance for the four months ended October 31, 2010.
 - 3. Independent auditor's report for year ended December 31, 2009.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION

IN RE: : Case No. C-1-91-256
: :
BOWLING-PFIZER LITIGATION : Judge Herman J. Weber,
: Senior Judge

THIRTY-THIRD REPORT OF THE SPECIAL MASTER/TRUSTEE

To the Honorable Herman J. Weber, Senior Judge, United States District Court:

Your Special Master/Trustee respectfully presents his thirty-third periodic report, covering activities from May 20, 2010 to November 16, 2010. This report is submitted fifteen days prior to the status hearing before the Court scheduled for December 1, 2010.

I. PATIENT BENEFIT FUND

A. Supervisory Panel. There are no research projects at this time. Thus, the activities of the Panel have been mainly limited to planning its future scope of work and monitoring and surveillance of issues related to the guidelines.

B. Guidelines. Drs. Harrison, Ibrahim and Ivey regularly monitor the pertinent world-wide literature and review reported events occurring to class members to ensure that any issues which may impact the guidelines are detected and considered by the full panel. The Guidelines Committee reviewed the most current version of the BSCC research database, other relevant data and the risk factors and surgical mortality and morbidity rates which form the basis of the guidelines. The Committee determined that the data does not support the need for a revision of the 2007

Amended Guidelines. The Panel believes that continued monitoring of the data as outlined in Exhibit 2 of the Joint Brief filed on October 25, 2010 is in the best interests of the Class.

C. Repository. The Supervisory Panel maintains a repository of certain documents and information concerning the BSCC heart valve. The repository contains reports on the results of research sponsored by the Supervisory Panel, minutes of meetings of the Supervisory Panel, a bibliography of published literature regarding the BSCC heart valves, certain unpublished reports prepared by Dr. Ron Brookmeyer of his statistical analysis, the Bowling Settlement Agreement, and other information. The repository is available electronically in a database. Some of the information, such as published articles are not available for review due to copyright and other intellectual property concerns.

D. Website. The Supervisory Panel's website continues to be found at www.bowling-pfizer.com. It provides basic information on the parties involved (biographies, addresses, telephone numbers, email, etc.), certain orders of the Court including the Guidelines, the Settlement Agreement, Trustee Reports and a bibliography of relevant articles as well as other important information. The panel prepared a summary of key studies which is intended to provide a more user-friendly bibliography. This user-friendly bibliography is available on the website. A copy of the most recent "hit report" of the Supervisory Panel's website is attached to this Report as Appendix 1.

E. Valve Replacement Surgery Claims and Fracture Claims.

The last claim for valve replacement surgery received by the Claims Administrator was for a qualified valve replacement surgery that occurred on March 11, 2010. The processing of that claim continues in progress. There have not been any recent outlet strut fracture claims. Some of the claimants have elected other courses of action rather than to receive the Settlement benefits.

From the beginning, there have been 98 (74 foreign) qualified outlet strut fracture claims and 101 (40 foreign) qualified valve replacement surgery claims other than single leg fracture claims. In addition, there have been 39 (16 foreign) single leg fracture claims.

The office of the Claims Administrator continues to fulfill requests to calculate estimated annual fracture rates under the 2007 Guidelines and to respond to other inquiries from and on behalf of Class Members.

II. FINANCIAL INFORMATION

At October 31, 2010, the total balance of cash and cash equivalents was \$19,877,282.

Attached as Appendix 2 are the following: an unaudited balance sheet as of October 31, 2010 and an unaudited statement of income and funds balance for the ten months ended October 31, 2010 (which includes the budgeted amounts for expenses for the administrative office for the year ended December 31 2010).

Attached as Appendix 3 is a copy of the Independent Auditors' Report for the year ended December 31, 2009.

III. COMMUNICATIONS

Communications remain open, whether with physicians, Class Members, other BSCC heart valve implantees, Class Counsel, Special Counsel, Defendant's Counsel, or Counsel for Public Citizen.

IV. APPROVALS

Your honor, the Special Master/Trustee requests that the Court:

- Approve this Report, and
 - Approve, or provide guidance with respect to, each of the Appendices to this Report,
- and

- Provide guidance with respect to any duty of the Special Master/Trustee, and
- Fix the date for the next Report.

Respectfully submitted,



James A. Higgins, Esq.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of this Thirty-Third Report of the Special Master/Trustee Covering Period from May 20, 2010 to November 16, 2010, has been electronically sent to the following this 16th day of November, 2010.

Stanley M. Chesley, Esq.
Fay E. Stilz, Esq.
Paul DeMarco, Esq.
Waite, Schneider, Bayless & Chesley
Co., LPA
1513 PNC Tower
5 West Fourth Street
Cincinnati, OH 45201

Brian Wolfman, Esq.
Public Citizen
1600 20th Street, NW
Washington, D.C. 20009-1001

Jack B. Harrison, Esq.
Cors & Bassett
537 East Pete Rose Way
Cincinnati, OH 45202

James T. Capretz, Esq.
5000 Birch Street
Suite 2500
Newport Beach, CA 92660

John T. Johnson, Esq.
55 Waugh Drive, Suite 505
Houston, TX 77007

Gregory Wallance, Esq.
Maris Veidemanis, Esq.
Kaye Scholer LLP
425 Park Avenue
New York, NY 10022

s/ Nancy A. Lawson

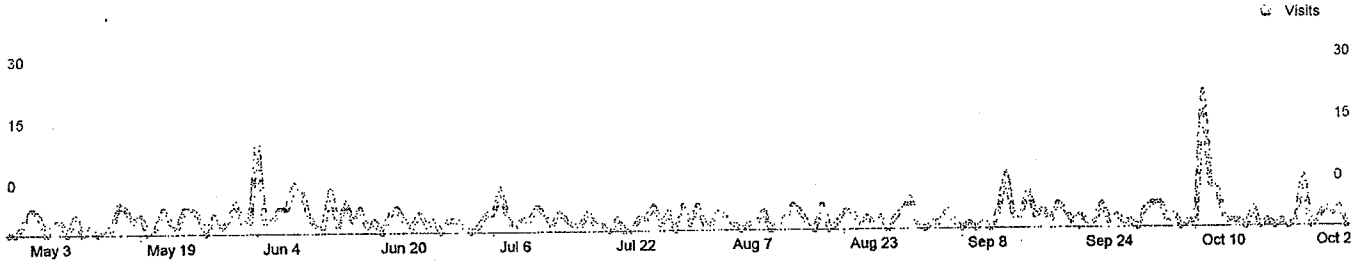
Nancy A. Lawson

www.bowling-pfizer.com

Dashboard

May 1, 2010 - Oct 31, 2010

Comparing to: Site



Site Usage

407 Visits

47.42% Bounce Rate

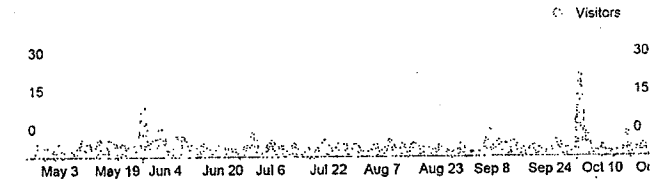
1,237 Pageviews

00:03:43 Avg. Time on Site

3.04 Pages/Visit

73.46% % New Visits

Visitors Overview



Visitors
306

Map Overlay



Traffic Sources Overview



- Direct Traffic**
200.00 (49.14%)
- Search Engines**
146.00 (35.87%)
- Referring Sites**
61.00 (14.99%)

Content Overview

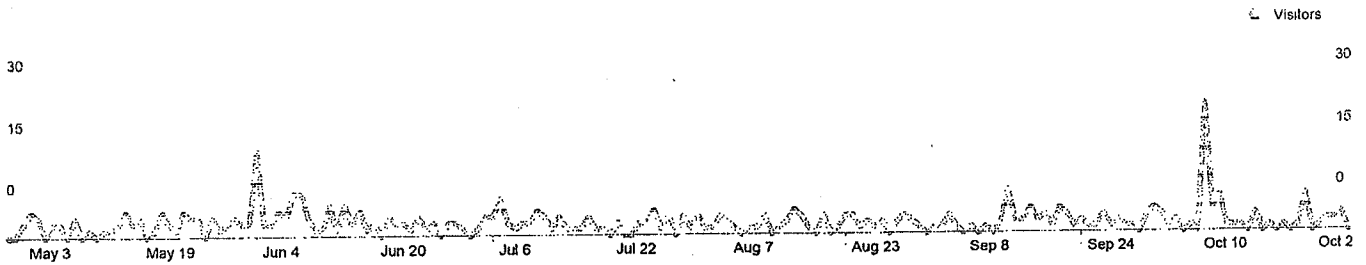
Pages	Pageviews	% Pageviews
/	314	25.38%
/documents.shtml	123	9.94%
/index.shtml	111	8.97%
/reports.shtml	99	8.00%
/supervisor.shtml	72	5.82%

www.bowling-pfizer.com

Visitors Overview

May 1, 2010 - Oct 31, 2010

Comparing to: Site



306 people visited this site

407 Visits

306 Absolute Unique Visitors

1,237 Pageviews

3.04 Average Pageviews

00:03:43 Time on Site

47.42% Bounce Rate

73.46% New Visits

Technical Profile

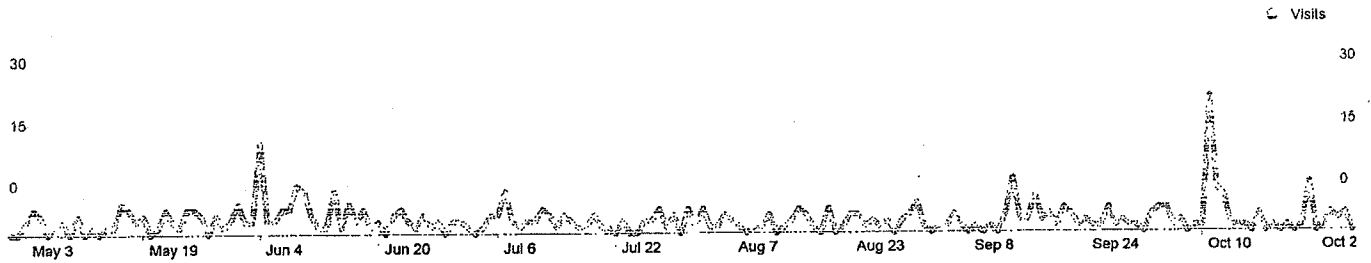
Browser	Visits	% visits	Connection Speed	Visits	% visits
Internet Explorer	276	67.81%	Unknown	139	34.15%
Firefox	79	19.41%	DSL	106	26.04%
Chrome	20	4.91%	T1	88	21.62%
Mozilla	14	3.44%	Cable	63	15.48%
Safari	12	2.95%	Dialup	7	1.72%

www.bowling-pfizer.com

Traffic Sources Overview

May 1, 2010 - Oct 31, 2010

Comparing to: Site



All traffic sources sent a total of 407 visits

49.14% Direct Traffic

14.99% Referring Sites

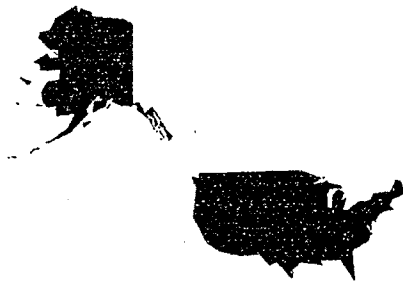
35.87% Search Engines



Direct Traffic
 200.00 (49.14%)
Search Engines
 146.00 (35.87%)
Referring Sites
 61.00 (14.99%)

Top Traffic Sources

Sources	Visits	% visits	Keywords	Visits	% visits
(direct) ((none))	200	49.14%	bowling pfizer	13	8.90%
google (organic)	113	27.76%	supervisory panel	10	6.85%
bing (organic)	17	4.18%	bowling pfizer heart valve	6	4.11%
yahoo (organic)	15	3.69%	bowling v pfizer	6	4.11%
capretz.com (referral)	14	3.44%	bowling pfizer ddl	5	3.42%



407 visits came from 36 countries/territories

Site Usage

Visits	Pages/Visit	Avg. Time on Site	% New Visits	Bounce Rate	
407	3.04	00:03:43	73.46%	47.42%	
% of Site Total: 100.00%	Site Avg: 3.04 (0.00%)	Site Avg: 00:03:43 (0.00%)	Site Avg: 73.46% (0.00%)	Site Avg: 47.42% (0.00%)	
Country/Territory	Visits	Pages/Visit	Avg. Time on Site	% New Visits	Bounce Rate
United States	230	3.19	00:04:29	71.30%	45.22%
Japan	28	2.36	00:03:05	53.57%	39.29%
Italy	23	2.39	00:01:06	100.00%	65.22%
Switzerland	16	5.06	00:10:42	25.00%	12.50%
Germany	13	1.69	00:00:29	92.31%	76.92%
Canada	11	4.91	00:01:57	54.55%	18.18%
India	11	1.27	00:00:09	100.00%	72.73%
Netherlands	9	3.00	00:00:57	88.89%	11.11%
Australia	7	3.57	00:00:59	85.71%	57.14%

Poland

7

7.00

00:04:53

71.43%

42.86%

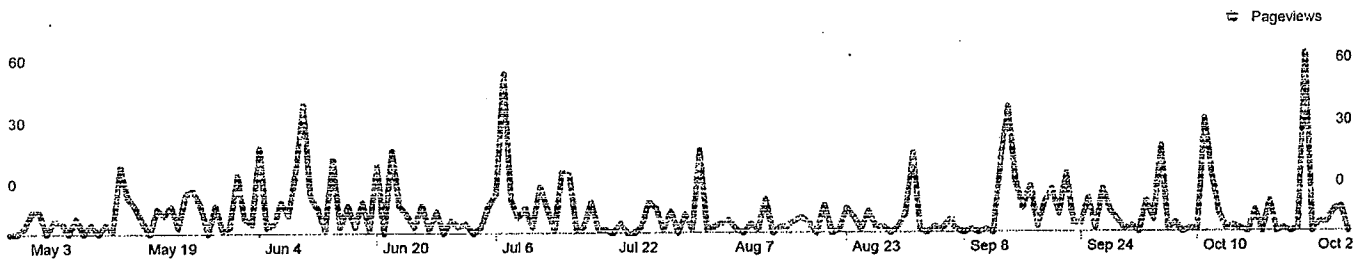
1 - 10 of 36

www.bowling-pfizer.com

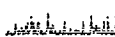
Content Overview

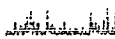
May 1, 2010 - Oct 31, 2010

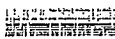
Comparing to: Site



Pages on this site were viewed a total of 1,237 times

 1,237 Pageviews

 924 Unique Views

 47.42% Bounce Rate

Top Content

Pages	Pageviews	% Pageviews
/	314	25.38%
/documents.shtml	123	9.94%
/index.shtml	111	8.97%
/reports.shtml	99	8.00%
/supervisor.shtml	72	5.82%

TRUSTEES FOR THE BOWLING-PFIZER
HEART VALVE SETTLEMENT FUNDS

BALANCE SHEET

AS OF OCTOBER 31, 2010

UNAUDITED

ASSETS

CASH	\$	38,342
U.S. TREASURY BILLS		19,838,940
OTHER ASSETS		<u>6,238</u>
	\$	<u>19,883,520</u>

LIABILITIES AND FUNDS BALANCE

ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$	101,720
FUNDS BALANCE		<u>19,781,800</u>
	\$	<u>19,883,520</u>

TRUSTEES FOR THE BOWLING-PFIZER
HEART VALVE SETTLEMENT FUNDS

STATEMENT OF INCOME AND FUNDS BALANCE

FOR THE TEN MONTHS ENDED OCTOBER 31, 2010

UNAUDITED

INVESTMENT INTEREST INCOME		\$ <u>30,501</u>
VALVE REPLACEMENT SURGERY BENEFITS		<u>603</u>
LITIGATION ATTORNEYS - FEES & EXPENSES		<u>89,447</u>
 EXPENSES:		
Supervisory Panel		97,392 (1)
Trustees' fees		37,713
Professional fees		110,296
Administrative office		<u>314,906 (1)</u>
Total		<u>560,307</u>
NET CHANGE IN FUNDS BALANCE		(619,856)
FUNDS BALANCE, DECEMBER 31, 2009		<u>20,401,656 (2)</u>
FUNDS BALANCE, OCTOBER 31, 2010		<u>\$ 19,781,800</u>

(1) - See Schedule 1 herewith.

(2) - This amount is different than the balance in the audited financial statements due to accruing certain expenses on the unaudited financial statements to more currently reflect the financial condition of the Settlement Funds.

Schedule 1

TRUSTEES FOR THE BOWLING-PFIZER
HEART VALVE SETTLEMENT FUNDS

SCHEDULE OF EXPENSES
UNAUDITED

	<u>BUDGET</u>	<u>ACTUAL</u>
	<u>1/1/10-12/31/10</u>	<u>1/1/10-10/31/10</u>
SUPERVISORY PANEL:		
Panel members' compensation		\$ 84,160
Consultants' compensation		7,187
Miscellaneous		<u>6,045</u>
Total		<u>\$ 97,392</u>
 ADMINISTRATIVE OFFICE:		
Rents	\$ 75,000	\$ 57,875
Office payroll	388,000	204,080
Payroll taxes	30,000	16,827
Employee benefits	47,000	25,913
Outside services	12,000	608
Printing and postage	6,000	1,064
General insurance	2,000	1,000
Telephone	9,000	6,093
Office supplies and expense	6,000	1,394
Miscellaneous	6,000	1,462
Administrative services income		<u>(1,410)</u>
Total	<u>\$ 581,000</u>	<u>\$ 314,906</u>

Bowling-Pfizer Heart Valve Litigation Settlement Fund

Financial Statements — Modified Cash Basis
as of and for the Years Ended
December 31, 2009 and 2008, and
Independent Auditors' Report

Deloitte.

Deloitte & Touche LLP
250 East Fifth Street
Suite 1900
Cincinnati, OH 45202-5109
USA

Tel: +1 513 784 7100
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

Bowling-Pfizer Heart Valve Litigation Settlement Fund:

We have audited the accompanying statements of assets, liabilities, and fund balance — modified cash basis of the Bowling-Pfizer Heart Valve Litigation Settlement Fund (the "Fund") as of December 31, 2009 and 2008, and the related statements of income, expenses, and change in fund balance — modified cash basis, and of cash flows — modified cash basis for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2 to the financial statements, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, such financial statements present fairly, in all material respects, the assets, liabilities, and fund balance of the Fund at December 31, 2009 and 2008, and its income, expenses, and change in fund balance, and its cash flows for the years then ended, on the basis of accounting described in Note 2.

DELOITTE & TOUCHE LLP

May 25, 2010

BOWLING-PFIZER HEART VALVE LITIGATION SETTLEMENT FUND

**STATEMENTS OF ASSETS, LIABILITIES, AND FUND BALANCE — MODIFIED CASH BASIS
AS OF DECEMBER 31, 2009 AND 2008**

	2009	2008
ASSETS		
CASH	\$ 71,062	\$ 79,750
INVESTMENTS	20,533,381	21,801,196
OTHER ASSETS	<u>6,237</u>	<u>6,287</u>
TOTAL	<u>\$20,610,680</u>	<u>\$21,887,233</u>
LIABILITIES AND FUND BALANCE		
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$ 118,318	\$ 129,805
FUND BALANCE	<u>20,492,362</u>	<u>21,757,428</u>
TOTAL	<u>\$20,610,680</u>	<u>\$21,887,233</u>

See notes to modified cash basis financial statements.

BOWLING-PFIZER HEART VALVE LITIGATION SETTLEMENT FUND**STATEMENTS OF INCOME, EXPENSES, AND CHANGE IN
FUND BALANCE — MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2009	2008
INCOME — Net investment income	\$ 86,469	\$ 547,344
EXPENSES AND BENEFIT PAYMENTS:		
Benefit payments	1,145	
Litigation attorneys — fees and expenses	237,631	331,879
Research programs	129,906	52,733
Supervisory panel expenses	255,992	263,798
Trustees' fees and expenses	69,450	47,946
Professional fees	138,764	163,611
Other administrative expenses	518,647	574,610
Total expenses and benefit payments	<u>1,351,535</u>	<u>1,434,577</u>
DECREASE IN FUND BALANCE	(1,265,066)	(887,233)
FUND BALANCE — Beginning of year	<u>21,757,428</u>	<u>22,644,661</u>
FUND BALANCE — End of year	<u>\$20,492,362</u>	<u>\$21,757,428</u>

See notes to modified cash basis financial statements.

BOWLING-PFIZER HEART VALVE LITIGATION SETTLEMENT FUND**STATEMENTS OF CASH FLOWS — MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in fund balance	\$ (1,265,066)	\$ (887,233)
Adjustments to reconcile decrease in fund balance to net cash used in operating activities:		
Decrease (increase) in other assets	50	(310)
(Decrease) increase in accounts payable and accrued expenses	<u>(11,487)</u>	<u>35,273</u>
Net cash used in operating activities	<u>(1,276,503)</u>	<u>(852,270)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(42,188,459)	(39,986,849)
Sale of investments	<u>43,456,274</u>	<u>40,570,610</u>
Net cash provided by investing activities	<u>1,267,815</u>	<u>583,761</u>
DECREASE IN CASH	(8,688)	(268,509)
CASH:		
Beginning of year	<u>79,750</u>	<u>348,259</u>
End of year	<u>\$ 71,062</u>	<u>\$ 79,750</u>

See notes to modified cash basis financial statements.

BOWLING-PFIZER HEART VALVE LITIGATION SETTLEMENT FUND

NOTES TO MODIFIED CASH BASIS FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

1. ORGANIZATION AND GENERAL INFORMATION

The Bowling-Pfizer Heart Valve Litigation Settlement Fund (the "Fund") is the result of a settlement between Pfizer Inc. ("Pfizer") and its wholly owned subsidiary Shiley Incorporated ("Shiley") and a class of plaintiffs ("Plaintiffs") consisting of all persons who were alive on January 23, 1992, with a Bjork-Shiley Convexo-Concave (BSCC) heart valve still implanted, and their spouses on that date, except those persons who filed valid and timely requests for exclusion from the class.

The settlement required that Pfizer/Shiley pay a minimum of \$165 million to the Fund to settle the claims of the Plaintiffs. Certain provisions exist whereby Pfizer may be required to pay additional amounts to the Fund based on certain criteria as defined in the settlement. The minimum settlement is allocated between the "Patient Benefit Fund" (\$75 million) and the "Consultation Fund" (\$90 million).

The Patient Benefit Fund is to be used for: research and development of diagnostic techniques to identify implantees who may have a significant risk of strut fracture and to make such diagnostic techniques available to Plaintiff implantees; research concerning the characterization and/or reduction of the risks of valve replacement surgery; and payment of covered medical expenses for qualifying surgery to explant, due to the risk of strut fracture, a Plaintiff implantee's BSCC heart valve and replace it with another prosthetic heart valve.

The research activities of the Patient Benefit Fund are supervised by a Supervisory Panel (the "Panel"). The Panel, subject to Court approval, shall adopt and amend guidelines for valve replacement surgery. Also, the Panel will create a publicly accessible repository of information concerning the status of the research and the risks of valve fracture and of valve replacement. The Panel is made up of six members who are recognized scientific or medical experts and one member who is not a scientist or physician.

The Consultation Fund, initially \$80,000,000 for Plaintiff implantees, was intended to provide Plaintiff implantees with funds to obtain medical and psychological consultation as they deemed best. It was to be divided equally among qualified Plaintiff implantees after paying or providing for fees and expenses to be paid out of the implantee portion of the Fund. In addition, \$10,000,000 was paid into the Fund which was paid, after fees and expenses, equally to all qualified Plaintiff spouses.

The terms of the settlement required Pfizer/Shiley to initially deposit \$12,500,000 into the Patient Benefit Fund. Additionally, beginning on the second anniversary of the final approval of the settlement, Pfizer/Shiley was required to make annual deposits into the Patient Benefit Fund of not less than \$6,250,000 until a total of \$75,000,000 had been paid.

Pfizer/Shiley paid \$80,000,000 to the Consultation Fund in 1992. In 1994, Pfizer/Shiley paid \$10,000,000 to the Consultation Fund and \$12,500,000 to the Patient Benefit Fund. Pfizer/Shiley also paid \$6,250,000 annually in 1996 through 2005 to the Patient Benefit Fund. Pfizer/Shiley made the last fund payment during 2005 to fulfill the \$165 million dollar settlement.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting — The Fund prepares its financial statements on the modified cash basis of accounting. Therefore, it records interest receivable for interest earned not yet received, taxes receivable (payable) (see Note 5), and accounts payable and accrued expenses for expenses when incurred rather than when paid (modified cash basis). Under this basis all settlement payments by Pfizer/Shiley are recognized when received and all benefit payments and Plaintiffs' counsel fees and expenses are recognized when paid rather than when incurred.

Litigation Attorneys, Fees, and Expenses — Represents Court approved payments to Plaintiffs' counsel and to Public Citizen, Inc.

Other Assets — Other assets represent prepaid expenses for the Fund.

Fair Value Measurements — ASC Topic 820 (previously SFAS No. 157, *Fair Value Measurements*), defines fair value, provides a framework for measuring fair value, and expands disclosures required for fair value measurements. This guidance also defines a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels. The adoption of this statement has had no impact on the Fund's financial statements as of December 31, 2009 or 2008.

The Fund adopted ASC Topic 820 (previously FASB Staff Position FAS 157-2, *Effective Date of FASB Statement No. 157*) for all non-financial assets and liabilities in 2009. The adoption did not have a material impact on the Fund's financial statements as of and for the year ended December 31, 2009.

3. INVESTMENTS

Investments at December 31, 2009 and 2008, consist of short term (6-month maturity) U.S. Treasury Bills and are carried at cost. The fair value, at quoted market prices, of such investments was approximately \$20,533,000 and \$21,816,000 at December 31, 2009 and 2008, respectively, which approximates cost. All investments are considered Level 1 investments under the hierarchy established within ASC Topic 820.

4. OPERATING LEASES

The Fund leases its office facilities under an agreement classified as an operating lease from an unrelated party. Total future minimum lease payments due in 2010 are \$16,372. In April 2010, the Fund executed an amendment to extend the lease term through March of 2012 at a monthly rate of \$5,458.

5. TAX STATUS

For Federal income tax purposes, the Fund is treated as a taxable designated settlement fund under Section 468(B) of the Internal Revenue Code. The Fund is required to pay taxes on the excess of interest income earned over expenses incurred for the administration of the Fund. The settlement payments by Pfizer/Shiley, benefit payments, and payment of Plaintiffs' counsel fees and expenses are not taxable transactions.

In March 1996, the Fund requested a ruling from the Internal Revenue Service regarding the taxability of the Fund and the deductibility of certain disbursements from the Fund. In January 1997, the Fund received a favorable ruling regarding these issues and, consequently, recorded no tax provision for 2009 or 2008.

6. SUBSEQUENT EVENTS

The Fund has evaluated all activity of the Fund through May 25, 2010 (the date financial statements were available for issuance).

* * * * *