

HEPATITIS C
CLASS ACTION SETTLEMENT
1986 - 1990

YEAR 9

REPORT OF THE JOINT COMMITTEE
FOR THE PERIOD ENDING DECEMBER 31, 2008

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Hepatitis C Class Action Settlement 1986-1990

OVERVIEW AND SUMMARY

1. The 1986-1990 Hepatitis C Fund (the “Trust Fund”) completed its ninth year of operation on December 31, 2008 (“Year 9”).

2. In Year 9, the Centre received 461 new claims as follows:

91 Primary Infected Transfused

7 Primary Infected Hemophiliac

0 Secondary Infected

56 HCV Personal Representative Claims where deceased died on or after January 1, 1999¹

5 HCV Personal Representative Claims where deceased died before January 1, 1999

302 Family Member/dependent claims

The Centre paid out approximately \$46 million to all claimants (prior and new) in Year 9. Since its inception, the Centre has paid out a total of approximately \$600 million in benefits in response to approximately 12,140 claims.

¹ The 56 HCV Personal Representative Claims include new claims in 2008 (12) and 44 primary claims that became estate claims in 2008.

3. The Investment Summary of Eckler Ltd.² attached at Schedule G indicates a value of \$866,082 million held by the Trustee as at December 31, 2008. The total unpaid liability of the provincial governments is approximately \$205,153 million for a total available to satisfy the claims of class members of approximately \$1,071,235 billion as at December 31, 2008.

4. The following chart summarizes the budget versus actual expenses for the service providers in the year ended December 31, 2008.

Service Provider	Budget to December 31, 2008	Actual	Variance from Budget	Note
Auditor [Audit Only] Deloitte & Touche	67,200.00	70,000.00	2,800.00	See paragraph 18 below
Auditor [Financial Statements] Deloitte & Touche	10,000.00	10,000.00		
Auditor [Special Projects] Deloitte & Touche	5,000.00	_____		Not Requested by Joint Committee
Trustee RBC Dexia Investor Services Trust (RBC Dexia)	125,000.00	103,665.90	(21,334.10)	
Investment Manager TD Asset Management Inc.	200,000.00	182,084.08	(17,915.92)	
Actuarial Services & Investment Review Eckler Ltd.	60,000.00	47,719.00	(12,281.00)	
Canadian Blood Services	57,291.00	54,880.20	(2,410.80)	

² Eckler Ltd. is the new name of Eckler Partners Ltd. effective January 1, 2007. Accordingly, documents originating from Eckler Ltd. that precede January 1, 2007 bear the name "Eckler Partners Ltd." and documents subsequent to this date bear the new name. All references to Eckler Ltd. in this Annual Report, also refer to Eckler Partners Ltd. where appropriate.

PriceWaterhouseCoopers LLP	15,000.00	13,423.41	(1,576.59)	
Navigant	20,000.00	0.00	(20,000.00)	
Joint Committee [total fees & disbursements] General	550,000.00	241,756.13	(308,243.87)	

5. The total net underbudget of all service providers combined is \$380,962.28. This does not include the Administrator whose payment is now subject to a variable fixed fee budget discussed below at paragraphs 39 to 46.

6. The chart below summarizes the proposed budgets for service providers in Year 10.

Service Provider	Proposed Budget to December 31, 2009 (excluding GST)	Proposed Monthly Charges (excluding GST)
Auditor [Audit Only] Deloitte & Touche	70,000.00	5,833.00
Auditor [Financial Statements] Deloitte & Touche	11,000.00	
Auditor [Special Projects] Deloitte & Touche	5,000.00	
Trustee RBC Dexia	125,000.00	up to 10,471.00
Investment Manager TD Asset Management Inc.	200,000.00	up to 16,667.00
Actuarial Services & Investment Review Eckler Ltd.	60,000.00	5,000.00
Crawford	1,020,000.00	85,000.00
Canadian Blood Services	58,691.00	up to 4,890.00
PriceWaterhouseCoopers LLP	15,000.00	
Navigant	20,000.00	
Joint Committee Fees	550,000.00	payments will be subject to court order

7. Fund Counsel incurred fees in the year ending December 31, 2008 of approximately \$136,287 (exclusive of taxes and disbursements). No amounts are paid to Fund Counsel without a specific court order.

8. The Joint Committee had a general budget of \$500,000 in respect of fees and \$50,000 in respect of disbursements in Year 9. The Joint Committee also proposed a \$300,000 budget for sufficiency related matters. Total Joint Committee fees incurred in the year ending December 31, 2008 (exclusive of taxes and disbursements) were \$222,080 in respect of general work and \$177,994 in respect of sufficiency related work for a total of \$400,074.60 of fees. Disbursements totalled \$27,708.90. A detailed breakdown of the global Joint Committee fees for Year 9 is provided in Schedule Q. No amounts are paid to the Joint Committee without a specific court order.

9. The Courts approved a budget for Crawford for the period of April 1, 2006 to December 31, 2010 on the basis of a fixed price subject to increase or decrease if certain measurable activities increased or decreased by more than 10%. The total adjustment for 2008, as is discussed below in paragraphs 39 to 46 is a credit to the fund of \$20,733.16 including \$8,813.63 of flow through expenditures.

GENERAL

10. This is the ninth annual report of the Joint Committee to the Supreme Court of British Columbia, the Superior Court of Justice for Ontario, and the Superior Court of Quebec (collectively the "Courts") on the status of the Trust Fund and the administration of the Hemophiliac HCV Plan and Transfused HCV Plan (collectively the "Plans").

11. The Joint Committee is comprised of Harvey Strosberg, J.J. Camp, Bonnie Tough and Michel Savonitto. Harvey Strosberg was appointed by Order of the Superior Court of Justice for Ontario. J.J. Camp was appointed by Order of the Supreme Court of British Columbia, and Michel Savonitto was appointed by the Order of the Superior Court of Quebec. Bonnie Tough was appointed by Order of each of the Superior Court of Justice for Ontario, the Supreme Court of British Columbia and the Superior Court of Quebec. This Report is prepared by and on behalf of all members of the Joint Committee.

12. In the year ending December 31, 2008, approximately \$46 million was paid to claimants. Since the inception of the Plans, a total of approximately \$600 million has been paid to claimants.

13. The budget and expenses of each of the service providers are discussed in detail below.

14. The Joint Committee recommends that the budgets of the service providers include payment through to April 1, 2010 in order to provide for a reasonable period of time from December 31, 2009 until April 1, 2010 for the audit and accounting review of the expenses in preparation for a report to the Courts in April 2010.

DELOITTE & TOUCHE

15. Deloitte & Touche was appointed auditor of the Trust Fund pursuant to Orders of the Courts. The Joint Committee recommends the continuation of this appointment.

16. In addition to the audit of the Trust Fund, the Joint Committee requested the following services from Deloitte & Touche:

- i) The preparation of annual financial statements. Attached as Schedule A is a copy of financial statements prepared and audited by Deloitte & Touche.³

17. The chart set out below summarizes the work done by Deloitte & Touche in Year 9 in comparison to the Year 9 budget, and the proposed budget for Year 10.

Work	Year 9 Budget	Year 9 Actual	Year 10 Budget
Audit	67,200.00 + administration and travel costs	70,000.00 + administration and travel costs	70,000.00 + administration and travel costs
Financial Statements	10,000.00 + administration and travel costs	10,000.00	11,000.00
Special Projects	5,000.00 + administration and travel costs	Not requested.	5,000.00 + administration and travel costs

18. The cost of the audit and preparation of the financial statements is slightly ahead of budget (\$2,800) due to additional time incurred by Deloitte as a result of personnel changes by the Administrator at the Ottawa Centre.

19. The Deloitte & Touche budget numbers are exclusive of travel costs, administration charges and GST. Variances from budget in the final invoices are a result of the addition of travel and administration charges. The costs incurred for the Audit and the Financial

³ The "medical and other expenses" in note 6 is overstated by \$17,000.00 due to errors discovered at the last minute which had resulted in a slight overstatement of the Crawford and PWC expenses. The "medical and other expenses" were increased by \$17,000.00 to correct for the error without having to incur the cost of redoing the entire financial statement. The error is not material.

Statements are \$80,000 exclusive of an administrative charge of \$4,800 and travel expenses of \$455 for a total of \$85,255.

20. A copy of the invoice for the work of Deloitte & Touche in Year 9 is attached as **Schedule B**. Deloitte & Touche received payment throughout the year of \$82,200. The Joint Committee recommends approval of Deloitte & Touche's outstanding charges for Year 9 and payment of the amount of \$3,055, plus taxes, for a total of \$3,207.75.

21. Deloitte & Touche proposes and the Joint Committee recommends that the budget for Deloitte & Touche for the year January 1, 2009 to December 31, 2009 be \$70,000 (Audit), \$11,000 (Financial Statements) and \$5,000 (Special Projects).

RBC DEXIA

22. In Year 6, RBC Dexia was appointed successor Trustee of the Trust Fund pursuant to the Orders of the Courts, on the same terms and conditions under which Royal Trust was originally appointed.

23. Attached as **Schedule C** is a brief description from RBC Dexia of its Custodial Trustee activities in the year ended December 31, 2008.

24. The Courts approved an annual budget for RBC Dexia for Year 9 of \$125,000.00.

25. The actual charge to the Trust Fund by RBC Dexia for the year ended December 31, 2008 was \$103,665.90. No payments have been made to RBC Dexia beyond those

expenses actually incurred. The Joint Committee recommends approval of the charges of \$103,665.90 incurred by RBC Dexia in Year 9.

26. RBC Dexia proposes and the Joint Committee recommends that RBC Dexia's budget for the year January 1, 2009 to December 31, 2009 be \$125,000. RBC Dexia will charge monthly an amount not to exceed \$10,417.00.

TD ASSET MANAGEMENT INC.

27. TD Asset Management Inc. ("TD Asset Management") was appointed Investment Manager of the Trust Fund pursuant to the Orders of the Courts. The Joint Committee recommends the continuation of that appointment. Attached as Schedule D is confirmation that TD Asset Management has complied with the court approved Investment Guidelines.

28. The Courts approved an annual budget for TD Asset Management of \$200,000 for the year ended December 31, 2008.

29. Total fees charged by TD Asset Management for Year 9 were \$182,084.08. No payments have been made to TD Asset Management beyond those expenses actually incurred. Attached as Schedule E is the TD Asset Management Report setting out the actual charges for the year ended December 31, 2008. The Joint Committee recommends approval of the charge of \$182,084.08 incurred by TD Asset Management in Year 9.

30. TD Asset Management proposes and the Joint Committee recommends that its budget for the year January 1, 2009 to December 31, 2009 be \$200,000. TD Asset Management will charge an amount not to exceed \$16,667 monthly.

ECKLER LTD.

31. Eckler Ltd. was retained by Class Counsel and subsequently the Joint Committee to provide actuarial advice in respect of the Trust Fund.

32. Eckler Ltd. also provides advice to the Joint Committee in respect of investments on an as needed basis.

33. Attached as Schedule F is the Report of Eckler Ltd. regarding its activities during Year 9.

34. Attached as Schedule G is an Investment Summary provided by Eckler Ltd.

35. The Courts approved an annual budget for Eckler Ltd.'s actuarial and investment review services of \$60,000.

36. Eckler Ltd. incurred \$47,719 (plus G.S.T.) in charges for the period from January 1, 2008 to December 31, 2008. However, Eckler had a balance owing to the Fund from Year 8 in the amount of \$14,938 for a net charge in Year 9 of \$32,781 plus GST. Attached as Schedule H is the Accounting Summary of Eckler Ltd. The Joint Committee recommends approval of the charge of \$47,719 incurred in Year 9 and the payment of the net amount of \$32,781 plus GST to Eckler.

37. Eckler Ltd. has proposed and the Joint Committee recommends that the total budget for both actuarial services and investment review services be \$60,000 for the year ending December 31, 2009 to be paid in monthly instalments.

38. In addition to its general actuarial and investment services, Eckler also provided services in respect of the 2007 Sufficiency Review. The Courts approved a budget of up to \$450,000 plus GST to be paid by RBC Dexia, provided each invoice was specifically approved by the Joint Committee. A total amount of \$297,055.00 (plus GST), as set out in the attached invoice as Schedule H, was incurred by Eckler and paid in accordance with the court orders. Approximately \$153,000.00 (plus GST) remains in the Eckler budget in respect of the 2007 Sufficiency Study. Some of those funds may be required for Eckler to respond to any queries on the 2007 Sufficiency Study and to respond to the federal government's position once it is received. Any excess funds will be used in preparatory work relating to the 2010 Sufficiency Study which is already under discussion and will continue through 2009. The Joint Committee anticipates a special application to the courts in respect of other costs related to the 2010 Sufficiency Study.

CRAWFORD

39. The Annual Report of the Administrator is attached as Schedule I.

40. By Order of the Courts in 2008, the appointment of Crawford was extended to December 31, 2010 and the budget for Crawford was approved to December 31, 2010. Attached as Schedule J is the approved budget for Crawford. The budget provides for a flat

fee subject to adjustment in the event that certain Measurable Activities increase or decrease by more than 10% during the year.

41. In addition to the flat fee subject to adjustments, there is a flow-through of certain out-of-pocket expenditures incurred by the Administrator relating to appeals and expert reports.

42. **Schedule K** is the Payment Reconciliation for 2008. It reflects the Crawford budget, plus the flow-through expenditures minus certain adjustments as a result of a decrease in Measurable Activities for a net credit to the Fund of \$20,733.16. This amount will be deducted from Year 10 payments in accordance with the credit note at **Schedule K**.

43. The Joint Committee asks that this Court approve payments to Crawford for the year ended 2008 in the total amount of \$1,261,316.84 inclusive of GST.

44. The Year 10 budget for Crawford as previously approved by the Courts is \$1,020,000, subject to adjustment for increases or decreases in Measurable Activities and subject to certain flow-through appeal charges. The monthly budget for Crawford for 2009 will be \$85,000, subject to periodic adjustments.

45. The Crawford Terms of Appointment as ordered by the Courts in November of 1999 and as subsequently amended by the Courts by Order in Ontario dated March 16, 2007, British Columbia by Order dated April 5, 2007 and in Quebec by Order dated April 10, 2007 provides as follows in section 9(e):

“Crawford shall ensure that the most senior permanent staff person of the Claims Centre is able to read, write and speak both English and French proficiently”.

46. There have been personnel changes at the Centre and the current most senior permanent staff person at the Centre is not fluently bilingual. However, Crawford has assured the Joint Committee that several senior staff members are fluently bilingual and that the Centre will continue to provide full service in both English and French. The Joint Committee is satisfied that there will be no diminution in the ability of the Centre to service French-speaking class members. The Joint Committee therefore seeks an Order deleting 9(e) from the Terms of Appointment of Crawford.

PRICEWATERHOUSECOOPERS LLP

47. PriceWaterhouseCoopers LLP provides annual updates for tax calculations on software used to calculate income loss, software maintenance for the software used to calculate loss of income claims, and separate software used to calculate and track loss of income payment caps and holdbacks, and advice, assistance and training to the Administrator with respects to both types of software.

48. The total budget approved for PriceWaterhouseCoopers LLP for Year 9 by Court Order was \$15,000 exclusive of GST.

49. Actual billings by PriceWaterhouseCoopers LLP for the year ended December 31, 2008 were \$13,423.41, inclusive of taxes and disbursements. Attached as Schedule L is a copy of the outstanding invoice from PriceWaterhouseCoopers LLP.

50. PriceWaterhouseCoopers LLP was under budget by \$1,576.59 in Year 9.

51. There were no monthly billings by PriceWaterhouseCoopers LLP in Year 9. The Joint Committee asks for approval of the actual expenses of PriceWaterhouseCoopers LLP and a direction that PriceWaterhouseCoopers LLP be paid the outstanding amount of \$13,423.41 by RBC Dexia.

52. The Joint Committee recommends that the budget of PriceWaterhouseCoopers LLP for the year January 1, 2009 to December 31, 2009 be \$15,000.

NAVIGANT CONSULTING INC.

53. LECG was retained initially by the Joint Committee and subsequently by the Administrator to provide expert accounting services in respect of a number of complex self-employment loss of income claims and appeals. The Partner responsible, Paula Frederick, who has performed all of LECG's work for the Trust Fund, has moved her practice from LECG to LAC Ltd. carrying on business as Navigant Consulting ("Navigant"). The Joint Committee recommends that the Trust Fund continue to use Ms. Frederick's services at her new firm, Navigant Consulting.

54. The Joint Committee budgeted \$20,000 for the cost of Navigant's services in Year 9.

55. Navigant's services were not used in Year 9 and therefore no monies are owing to Navigant.

56. The Joint Committee is aware that a single large loss of income appeal could result in significant expert accounting expense and accordingly, the Joint Committee recommends a budget of \$20,000 for Navigant for the period of January 1, 2009 to December 31, 2009. All amounts paid or payable to Navigant in Year 10 will be subject to approval by the Courts.

CANADIAN BLOOD SERVICES

57. The total budget approved for Canadian Blood Services (“CBS”) for Year 9 was \$57,291 exclusive of taxes. Actual expenses incurred by CBS in Year 9 were \$54,880.20, which was \$2,410.80 under budget. The CBS actual versus budget reconciliation is attached as Schedule M.

58. The efficiency and effective conduct of tracebacks is a crucial component of the administration of the Plans. However, in the last few years, the demand for and costs of such tracebacks has been reduced significantly.

59. Attached as Schedule N is a copy of the proposed budget for CBS for the period January 1, 2009 to December 31, 2009. The budgeted amount is \$58,691 to be paid in monthly instalments not exceeding \$4,890 plus GST.

60. The Joint Committee expects a motion will be brought by Canadian Blood Services in respect of the retention of the stored samples. This decision may impact the CBS budget insofar as it relates to storage costs.

HÉMA-QUÉBEC

61. There was no budget approved for Héma-Québec for Year 9 as Héma-Québec advised that, due to the limited number of requests, Héma-Québec would finance the cost of any individual requests and not seek any monthly payment.

62. Héma-Québec advised that it would report to the Court at the end of the year and only seek reimbursement if the total costs incurred are significant.

63. Héma-Québec has advised that it will not seek any reimbursement for Year 9.

FUND COUNSEL

64. Belinda Bain and John Callaghan were appointed as Fund Counsel in the Ontario Class Actions by Order of the Ontario Court of Justice for Ontario. Catherine Mandeville was appointed Fund Counsel in Quebec Class Actions by Order of the Quebec Superior Court and Bill Ferguson was appointed Fund Counsel in the B.C. Class Actions by Order of the Supreme Court of British Columbia.

65. In the year ending December 31, 2008, the total Fund Counsel fees were \$136,287 exclusive of taxes and disbursements. No amounts have been or will be paid to Fund Counsel without prior court approval of the fees and disbursements.

66. Fund Counsel estimates that the volume of appeal work in Year 10 will remain the same as or decrease slightly from Year 9.

67. Attached as Schedule O is the report of Fund Counsel on their activities and their fees incurred in the nine months ending December 31, 2008.

JOINT COMMITTEE

68. A summary of the work of the Joint Committee in the past year is set out in Schedule P.

69. The total budget for the Joint Committee general work for the period ending December 31, 2008 was \$500,000 for fees and \$50,000 for disbursements. The total actual fees of the Joint Committee in Year 9 for regular work were under budget at \$222,080.50. The total actual disbursements of the Joint Committee in Year 9 were also significantly under budget at \$19,675.63. A breakdown of these amounts is provided in the following chart.

JOINT COMMITTEE ACTUAL VERSUS BUDGET FOR YEAR 8			
BUDGET ITEM	Year 8 Budget	Year 9 Actual	Variance from Budget
Fees	500,000	222,080.50	(277,919.50)
Disbursements	50,000	19,675.63	(30,324.37)
TOTALS	550,000	241,756.13	(308,243.87)

70. The Joint Committee incurred an additional \$177,994 in fees and \$8,033.27 in disbursements relating to the 2007 sufficiency review. These fees and disbursements are subject to a separate budget of \$300,000 provided to the Courts.

71. A detailed summary by jurisdiction of the fees and disbursements incurred by the Joint Committee in Year 8 is also set out in **Schedule Q**. No amounts have been or will be paid to the Joint Committee without prior court approval of the fees and disbursements.

72. The Joint Committee proposes a budget for general fees and disbursements for the year January 1, 2009 to December 31, 2009 of \$500,000 in fees and \$50,000 in disbursements. The Joint Committee further proposes a budget of \$200,000 in fees and \$25,000 in disbursements for work to be done in Year 10 relating to the 2007 Sufficiency Review. The budget of the Joint Committee is discussed in more detail at **Schedule P**.

REFEREES AND ARBITRATORS

73. In the year ending December 31, 2008, the total fees for the Arbitrators and Referees were approximately \$54,030 exclusive of taxes and disbursements.

74. A brief summary of the work of the Referees and Arbitrators as well as the fees incurred for the period January 1, 2008 to December 31, 2008 is set out in **Schedule R**.

75. The Joint Committee notes that the number of appeals is declining markedly and if that trend continues the fees of Fund Counsel and of the Arbitrators and Referees in Year 10 will be similar to or less than those incurred in Year 9.

Dated: *October 16, 2009*



J.J. Camp,
Camp Florante Matthews

Dated: *October 16, 2009*



Harvey Strosberg,
Sutts Strosberg LLP

Dated: *October 16, 2009*



Michel Savonitto,
Marchand Melançon Forget LLP

Dated: *October 16, 2009*



Bonnie A. Tough,
Tough & Podrebarac LLP

*Proprietary, personal and financially sensitive information has been excluded from the publicly-disclosed copies of this report.

SCHEDULE A

TO THE REPORT OF THE JOINT COMMITTEE

FOR THE PERIOD ENDING DECEMBER 31, 2008

*Financial Statements of
États financiers du*

**THE 1986 - 1990 HEPATITIS C FUND
FONDS HÉPATITE C 1986 - 1990**

*December 31, 2008
31 décembre 2008*



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Auditors' Report

To the Joint Committee of the 1986 - 1990 Hepatitis C Fund

We have audited the statement of financial position of the 1986-1990 Hepatitis C Fund as at December 31, 2008 and the statement of expenses and revenue for the year then ended. These financial statements are the responsibility of the Joint Committee of the Fund. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. 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.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP / s.r.l.
Chartered Accountants
Licensed Public Accountants

March 11, 2009

Rapport des vérificateurs

Au comité mixte du Fonds Hépatite C 1986 - 1990

Nous avons vérifié le bilan du Fonds Hépatite C 1986-1990 au 31 décembre 2008 et l'état des résultats de l'exercice terminé à cette date. La responsabilité de ces états financiers incombe au comité mixte du Fonds. Notre responsabilité consiste à exprimer une opinion sur ces états financiers en nous fondant sur notre vérification.

Notre vérification a été effectuée conformément aux normes de vérification généralement reconnues du Canada. Ces normes exigent que la vérification soit planifiée et exécutée de manière à fournir l'assurance raisonnable que les états financiers sont exempts d'inexactitudes importantes. La vérification comprend le contrôle par sondages des éléments probants à l'appui des montants et des autres éléments d'information fournis dans les états financiers. Elle comprend également l'évaluation des principes comptables suivis et des estimations importantes faites par la direction, ainsi qu'une appréciation de la présentation d'ensemble des états financiers.

À notre avis, ces états financiers donnent, à tous les égards importants, une image fidèle de la situation financière du Fonds au 31 décembre 2008 ainsi que des résultats de son exploitation et de ses flux de trésorerie pour l'exercice terminé à cette date selon les principes comptables généralement reconnus du Canada.

Comptables agréés
Experts-comptables autorisés

11 mars 2009

THE 1986 - 1990 HEPATITIS C FUND
Financial Statements
December 31, 2008

FONDS HÉPATITE C 1986 - 1990
États financiers
31 décembre 2008

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THE 1986 - 1990 HEPATITIS C FUND
Statement of Financial Position
as at December 31, 2008
(in thousands of dollars)

FONDS HÉPATITE C 1986 - 1990
Bilan
au 31 décembre 2008
(en milliers de dollars)

	<u>2008</u>	<u>2007</u>	
ASSETS			ACTIF
Cash	\$ 53	\$ 57	Encaisse
Investments (note 3)	861,790	895,716	Placements (note 3)
Contributions receivable	947	466	Apports à recevoir
	\$ 862,790	\$ 896,239	
LIABILITIES			PASSIF
Accounts payable and accrued liabilities	\$ 1,001	\$ 421	Créditeurs et charges à payer
Accrued claims in process of payment	2,499	1,471	Demandes accumulées en cours de paiement
Funding held for future expenses (note 4)	859,290	894,347	Financement pour charges futures (note 4)
	\$ 862,790	\$ 896,239	

APPROVED BY THE JOINT COMMITTEE OF
THE 1986 - 1990 HEPATITIS C FUND

AU NOM DU COMITÉ MIXTE DU FONDS
HÉPATITE C 1986 - 1990

THE 1986 - 1990 HEPATITIS C FUND
Statement of Expenses and Revenue
year ended December 31, 2008
(in thousands of dollars)

FONDS HÉPATITE C 1986 - 1990
État des résultats
de l'exercice terminé le 31 décembre 2008
(en milliers de dollars)

	<u>2008</u>	<u>2007</u>	
EXPENSES			DÉPENSES
Claims (note 5)	\$ 47,992	\$ 40,693	Demandes (note 5)
Operating (note 6)	2,920	3,485	Frais d'exploitation (note 6)
	<u>50,912</u>	<u>44,178</u>	
REVENUE	50,912	44,178	REVENUS
EXCESS OF REVENUE OVER EXPENSES	\$ -	\$ -	EXCÉDENT DES REVENUS SUR LES DÉPENSES

THE 1986 - 1990 HEPATITIS C FUND
Notes to the Financial Statements
year ended December 31, 2008

1. DESCRIPTION OF THE FUND

The 1986-1990 Hepatitis C Fund (the "Fund") was established to hold and invest funds and administer their payment as compensation to claimants who qualify as class members, all pursuant to the terms of the January 1, 1986 - July 1, 1990 Hepatitis C Settlement Agreement (the "Agreement") made as of June 15, 1999 and the Judgments of the Supreme Court of British Columbia, Superior Court of Justice for Ontario and Superior Court of Quebec (the "Courts").

The maximum obligations to the Fund established as at January 10, 2000 were \$1.203 billion, shared between the Government of Canada (72.7273%) and the governments of the provinces and territories (27.2727%), plus interest accruing thereafter on the unpaid obligations. The Government of Canada has made contributions to the Fund, which totally satisfy its obligation to the Fund. The provincial and territorial governments are required to contribute as and when required for payment of their share of expenses. Provinces and territories may elect to prepay their contributions. To the extent provinces and territories do not prepay their contributions, interest is calculated on their outstanding obligations at treasury bill rates applied quarterly. As at December 31, 2008 those obligations including interest are estimated to be \$204,295,000 (December 31, 2007 - \$214,127,000).

The operations of the Fund are subject to various reviews and approvals by the Courts.

The Fund is a trust that is exempt from income tax under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

FONDS HÉPATITE C 1986 - 1990
Notes complémentaires
de l'exercice terminé le 31 décembre 2008

1. DESCRIPTION DU FONDS

Le Fonds Hépatite C 1986-1990 (le "Fonds") a été constitué dans le but de conserver et d'investir des fonds et de gérer leur versement sous forme d'indemnités aux requérants admissibles comme personnes inscrites au recours collectif, conformément aux modalités de l'entente de règlement relative à l'hépatite C pour la période allant du 1^{er} janvier 1986 au 1^{er} juillet 1990 (l'"entente"), datée du 15 juin 1999, et aux décisions de la Cour suprême de la Colombie-Britannique, de la Cour supérieure de justice de l'Ontario et de la Cour supérieure du Québec (les "tribunaux").

Au 10 janvier 2000, les obligations maximales revenant au Fonds s'élevaient à 1,203 milliards de dollars, et elles étaient partagées entre le gouvernement du Canada (72,7273 %) et les gouvernements provinciaux et territoriaux (27,2727 %), plus les intérêts cumulés par la suite sur les obligations impayées. Le gouvernement du Canada a versé des apports au Fonds, lesquels règlent entièrement son obligation envers le Fonds. Les gouvernements provinciaux et territoriaux sont tenus de verser des apports pour régler leur part des charges au moment où elles deviennent exigibles. Les provinces et les territoires peuvent choisir de verser leurs apports à l'avance. Dans la mesure où ils ne versent pas d'apports à l'avance, l'intérêt est calculé trimestriellement sur les obligations impayées aux taux des bons du Trésor. Au 31 décembre 2008, ces obligations, intérêts compris, sont estimées à 204 295 000 \$ (31 décembre 2007 - 214 127 000 \$).

Les activités du Fonds sont assujetties à divers examens et approbations des tribunaux.

Le Fonds est une fiducie exonérée de l'impôt sur les bénéfices en vertu de la Loi de l'impôt sur le revenu.

2. PRINCIPALES CONVENTIONS COMPTABLES

Les présents états financiers ont été dressés conformément aux principes comptables généralement reconnus du Canada et en fonction des principales conventions comptables suivantes :

THE 1986 - 1990 HEPATITIS C FUND
Notes to the Financial Statements
year ended December 31, 2008

FONDS HÉPATITE C 1986 - 1990
Notes complémentaires
de l'exercice terminé le 31 décembre 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in accounting policy

On January 1, 2008, the Fund adopted a new disclosure standard that was issued by the Canadian Institute of Chartered Accountants (CICA): Handbook Section 1535, *Capital Disclosures*. Section 1535 specifies the disclosure of (i) an entity's objectives, policies and procedures and process for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

The Fund did not adopt CICA Sections 3862 and 3863 *Financial Instruments - Disclosures and Presentation* this year as the adoption of these sections became optional in late 2008 for not-for-profit organizations.

Financial instruments

All financial assets are required to be classified as held-for-trading, held-to-maturity, loans and receivables or as available-for-sale. All financial liabilities are required to be classified as held-for-trading or as other liabilities.

The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Fund's designation of said instruments at the time of initial recognition. Settlement date accounting is used and transaction costs related to investments are expensed as incurred.

Classifications made by the Fund:

Cash	Held-for-trading
Investments	Held-for-trading
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities

Held-for-trading

These financial assets are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in interest income.

Loans and receivables

These financial assets are measured at amortized cost using the effective interest method, less any impairment.

Other liabilities

These financial liabilities are recorded at amortized cost using the effective interest method.

2. PRINCIPALES CONVENTIONS COMPTABLES (suite)

Informations à fournir concernant le capital

Le 1^{er} janvier 2008, le Fonds a adopté la nouvelle norme publiée par l'Institut canadien des comptables agréés (ICCA) sur la présentation d'informations de la section 1535 du guide, intitulée *Informations à fournir concernant le capital*. Le chapitre 1535 établit les informations que l'entité doit fournir : (i) les objectifs, politiques et procédures de gestion de son capital; (ii) des données quantitatives sur les éléments relevant de sa gestion du capital; (iii) si l'entité est soumise à des exigences concernant son capital; et (iv) si elle ne les a pas respectées, les conséquences.

Le Fonds a choisi de ne pas adopter les chapitres 3862 et 3863 *Instruments financiers - Information à fournir et présentation* pour l'exercice actuel étant donné que l'adoption de ces chapitres est devenue facultative à la fin de 2008 pour les organismes sans but lucratif.

Instruments financiers

Tous les actifs financiers doivent être classés soit comme détenus à des fins de transaction, détenus jusqu'à leur échéance, prêts et créances ou disponibles à la vente. Tous les passifs financiers doivent être classés soit comme détenus à des fins de transaction ou autres passifs.

Le classement des instruments financiers dépend de l'objet visé lorsque les instruments financiers ont été acquis ou émis, de leurs caractéristiques et de leur désignation par le Fonds au moment de leur comptabilisation initiale. La comptabilisation à la date de règlement est utilisée et les coûts de transactions relatifs aux placements sont passés en charge lorsqu'ils sont encourus.

Classements effectués par le Fonds :

Encaisse	Détenus à des fins de transaction
Placements	Détenus à des fins de transaction
Débiteurs	Prêts et créances
Créiteurs et frais courus	Autres passifs

Détenus à des fins de transaction

Ces actifs financiers sont comptabilisés à la juste valeur à la date du bilan. Les fluctuations de la juste valeur qui incluent les intérêts gagnés, les intérêts courus, les gains et les pertes réalisés sur cession et les gains et pertes non réalisés sont inclus dans les revenus d'intérêts.

Prêts et créances

Les actifs financiers sont comptabilisés au coût amorti selon la méthode du taux d'intérêt effectif, moins toute dévaluation.

Autres passifs

Les passifs financiers sont comptabilisés au coût amorti selon la méthode du taux d'intérêt effectif.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment earnings

Realized and unrealized gains (losses) together with interest and dividend revenue constitute the investment earnings of the Fund, and are deferred, pending their allocation to pay expenses.

Liabilities and funding for future payments

These financial statements do not present liabilities for payments to be made to class members in future years nor the related future funding requirements of provincial and territorial governments.

Revenue recognition

The Fund follows the deferral method of accounting for contributions. Revenue is recognized as expenses are incurred and shares of such expenses are allocated to governments, as set out in the Agreement. To the extent that contributions are paid to the Fund in advance of expenses being incurred and allocated, the contributions and the investment earnings thereon are deferred and recorded as funding held for future expenses. Accordingly, the funding held for future expenses includes:

- a) Funding contributed in payment of the Government of Canada obligation;
- b) Contributions prepaid by provinces and territories, if any; and
- c) Investment earnings for the period.

As expenses are incurred and allocated, amounts are deducted from the balance of the funding held for future expenses and are recognized as revenue.

Where provincial and territorial governments have not prepaid contributions and expenses are allocated to them, such amounts are requisitioned by the Fund and are recognized directly as revenue of the Fund.

Claims

A claim is recognized as an expense in the period in which the claim approval process has been completed.

Operating expenses

Operating expenses are recorded in the period in which they are incurred. Operating expenses are subject to approval by the Courts.

2. PRINCIPALES CONVENTIONS COMPTABLES (suite)

Revenus de placements

Les gains et les pertes réalisés et non réalisés ainsi que les intérêts et les revenus de dividendes forment le revenu de placement du Fonds et sont reportés, jusqu'à ce qu'ils soient affectés au paiement des charges.

Obligations et financement pour paiements futurs

Ces états financiers ne présentent aucune obligation pour des paiements futurs devant être faits aux personnes inscrites aux recours collectifs, ni aucune exigence connexe future en matière de financement des gouvernements provinciaux et territoriaux.

Constatation des revenus

Le Fonds comptabilise les apports selon la méthode du report. Les revenus sont comptabilisés à mesure que les charges sont engagées, et une tranche de ces charges est attribuée aux gouvernements, comme le prévoit l'entente. Lorsque les apports sont versés au Fonds avant que les charges ne soient engagées et réparties, les apports et le revenu de placement en découlant sont reportés et constatés à titre de financement pour charges futures. Par conséquent, le financement pour charges futures comprend ce qui suit :

- a) Apport sous forme de paiement de l'obligation du gouvernement du Canada;
- b) Apports versés à l'avance par les gouvernements provinciaux et territoriaux, le cas échéant;
- c) Revenus de placement de la période.

À mesure que les charges sont engagées et réparties, les montants sont déduits du solde du financement pour charges futures et comptabilisés dans les revenus.

Lorsque les apports ne sont pas versés à l'avance par les gouvernements provinciaux et territoriaux et que des charges leur sont attribuées, ces montants leur sont demandés par le Fonds puis comptabilisés directement dans les revenus.

Demandes

Les demandes sont constatées à titre de charges dans la période au cours de laquelle le processus d'approbation des demandes a été mené à terme.

Frais d'exploitation

Les frais d'exploitation sont constatés dans la période au cours de laquelle ils sont engagés. Ils sont assujettis à l'approbation des tribunaux.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include the fair value of investments and accrued liabilities. Actual results could differ from these estimates.

Foreign currency

Transactions denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing at the dates of the transactions. Investments and cash balances denominated in foreign currencies are translated at the rates in effect at year-end. Resulting gains or losses from changes in these rates are included in investment earnings.

Future accounting policy

In September 2008, the (CICA) issued amendments to several of the existing sections in the 4400 series - *Financial Statements by Not-For-Profit Organizations*. Changes apply to annual financial statements relating to fiscal years beginning on or after January 1, 2009. Accordingly, the Fund will have to adopt the amended standards for its fiscal year beginning January 1, 2009. The amendments include: a) additional guidance in the applicability of Section 1100, *Generally Accepted Accounting Principles*; b) removal of the requirement to report separately net assets invested in capital assets; c) requirement to disclose revenues and expenses in accordance with EIC 123, *Reporting Revenue Gross as a Principal Versus Net as an Agent*; d) requirement to include a statement of cash flows in accordance with Section 1540, *Cash Flow Statements*; e) requirement to apply Section 1751, *Interim Financial Statements*, when preparing interim financial statements in accordance with GAAP; f) requirement for non-for-profit organizations that recognize capital assets to depreciate and assess these capital assets for impairment in the same manner as other entities reporting on a GAAP basis; g) requirement to disclose related party transactions in accordance with Section 3840, *Related Party Transactions*; and h) new disclosure requirements regarding the allocation of fundraising and general support costs.

The Fund is currently evaluating the impact of the adoption of these new standards on its financial statements. The Fund does not expect that the adoption of these new Sections will have a material impact on its financial statements.

2. PRINCIPALES CONVENTIONS COMPTABLES (suite)

Utilisation d'estimations

Dans le cadre de la préparation des états financiers, conformément aux principes comptables généralement reconnus du Canada, la direction doit établir des estimations et des hypothèses qui ont une incidence sur les montants des actifs et des passifs présentés et sur la présentation des actifs et des passifs éventuels à la date des états financiers, ainsi que sur les montants des produits d'exploitation et des charges constatés au cours de la période visée par les états financiers. Les estimations importantes comprennent la juste valeur des placements et des charges à payer. Les résultats réels pourraient varier par rapport à ces estimations.

Devises étrangères

Les opérations libellées en devises étrangères sont converties en dollars canadiens aux taux de change en vigueur aux dates auxquelles les opérations sont effectuées. Les placements et l'encaisse libellés en devises sont convertis aux taux en vigueur à la fin de l'exercice. Les gains ou les pertes de change découlant de la variation de ces taux sont inclus dans le revenu de placement.

Modifications comptables futures

En septembre 2008, l'ICCA a publié les changements à plusieurs chapitres dans la série 4400, intitulée *Présentation des états financiers des organismes sans but lucratif*. Ces changements s'appliquent aux états financiers des exercices ouverts à partir du 1^{er} janvier 2009. Par conséquent, le Fonds devra adopter les changements aux normes au cours de son exercice débutant le 1^{er} janvier 2009. Les changements comprennent : a) les lignes directrices fournies dans l'application du chapitre 1100; intitulé *Principes comptables généralement reconnus*; b) le retrait de l'exigence de présenter séparément l'actif net investi en immobilisations; c) l'exigence de fournir les revenus et les dépenses en vertu du CPN-123, intitulé *Présentation du montant brut ou du montant net des produits selon que l'entité agit pour son propre compte ou à titre d'intermédiaire*; d) l'exigence de fournir un état des flux de trésorerie conformément au chapitre 1540, intitulé *États des flux de trésorerie*; e) l'exigence d'appliquer le chapitre 1751, intitulé *États financiers intermédiaires* lors de la préparation des états financiers intermédiaires selon les PCGR; f) l'exigence des organismes sans but lucratif de comptabiliser les actifs nets afin d'amortir et de déterminer la dépréciation de ces actifs nets de la même manière que d'autres entités comptabilisées conformément aux PCGR; g) l'exigence de présenter les opérations entre apparentés conformément au chapitre 3840, intitulé *Opérations entre apparentés*; h) nouvelles exigences de divulgation en ce qui concerne les coûts alloués au financement et au soutien général.

Le Fonds évalue présentement l'incidence de l'adoption de ces nouvelles normes sur ses états financiers. Le Fonds ne prévoit pas que l'adoption de ces nouveaux chapitres aura une incidence importante sur ses états financiers.

THE 1986 - 1990 HEPATITIS C FUND
Notes to the Financial Statements
year ended December 31, 2008

FONDS HÉPATITE C 1986 - 1990
Notes complémentaires
de l'exercice terminé le 31 décembre 2008

3. INVESTMENTS

Investments are summarized as follows:

	2008		2007		
	Fair Value	Cost	Fair Value	Cost	
	Juste valeur	Coût	Juste valeur	Coût	
Cash	\$ 106	\$ 106	\$ 164	\$ 164	Encaisse
Investment earnings receivable	2,454	2,454	2,331	2,331	Revenus de placement à recevoir
Fixed income	795,290	570,758	796,588	559,723	Titres à revenu fixe
Equities	63,940	117,522	96,633	117,521	Actions
	\$ 861,790	\$ 690,840	\$ 895,716	\$ 679,739	

Determination of fair value

Fixed income includes debt obligations of governments and corporate bodies paying interest at rates appropriate to the market at the date of their purchase. Bonds are recorded at prices based upon published bid prices. The fixed income portfolio's sensitivity to a change in market rates is represented by the duration of the portfolio. As at December 31, 2008, the average duration of the bonds and debentures in the portfolio, weighted on fair value, was 14.77 years (December 31, 2007 - 15.69 years).

Pooled fund units are valued at prices based on the market value of the underlying securities held by the pooled funds.

Investment risk

Investment in financial instruments renders the Fund subject to investment risks. These include the risks arising from changes in interest rates, in rates of exchange for foreign currency, and in equity markets both domestic and foreign. They also include the risks arising from the failure of a counterparty to a financial instrument to discharge an obligation when it is due.

The Fund has adopted investment policies, standards and procedures to control the amount of risk to which it is exposed. The investment practices of the Fund are designed to avoid undue risk of loss and impairment of assets and to provide a reasonable expectation of fair return given the nature of the investments. The maximum investment risk to the Fund is represented by the fair value of the investments.

3. PLACEMENTS

Les placements se résument ainsi :

Détermination de la juste valeur

Les titres à revenu fixe proviennent de titres de créance de gouvernements et de sociétés qui versent des intérêts à des taux conformes à ceux du marché à la date d'achat. Les obligations sont comptabilisées à des prix offerts publiés. La sensibilité du portefeuille de titres à revenu fixe aux variations des taux d'intérêt du marché correspond à la durée du portefeuille. Au 31 décembre 2008, la durée moyenne des obligations et des débetures du portefeuille, pondérée selon la juste valeur, était de 14,77 ans (31 décembre 2007 - 15,69 ans).

Les fonds communs sont évalués selon la valeur marchande des titres sous-jacents détenus par les fonds communs.

Risque de placement

Les placements dans des instruments financiers placent le Fonds face à des risques liés aux placements. Ceux-ci incluent les risques provenant des variations dans les taux d'intérêts ainsi que ceux provenant du danger éventuel qu'une des parties engagées par rapport à un instrument financier ne puisse faire face à ses obligations.

Le Fonds a adopté des politiques, des normes et des méthodes pour contrôler le niveau de risque auquel il s'expose. Les habitudes du Fonds en ce qui concerne les placements ont pour but d'éviter tout risque inutile de perte et d'insuffisance d'actif et de fournir une espérance raisonnable quant à leur juste rendement, étant donné la nature des placements. Le maximum de risque auquel s'expose le Fonds se trouve dans la juste valeur des placements.

THE 1986 - 1990 HEPATITIS C FUND
Notes to the Financial Statements
year ended December 31, 2008

FONDS HÉPATITE C 1986 - 1990
Notes complémentaires
de l'exercice terminé le 31 décembre 2008

3. INVESTMENTS (continued)

a) Concentration risk

Concentration risk exists when a significant proportion of the portfolio is invested in securities with similar characteristics or subject to similar economic, political or other conditions. The relative proportions of the types of investments, in the portfolio are as follows:

	<u>2008</u>	<u>2007</u>	
	% of Fair Value	% of Fair Value	
	% de la juste valeur	% de la juste valeur	
Investment earnings receivable	1	1	Revenus de placement à recevoir
Fixed income			Titres à revenu fixe
Government of Canada	83	80	Gouvernement du Canada
Corporate	3	2	Sociétés
Provinces of Canada	1	1	Provinces du Canada
Fixed income pooled fund units	5	5	Parts de fonds communs à revenu fixe
	<u>92</u>	<u>88</u>	
Equities			Actions
Canadian			Canadiennes
Pooled fund units	4	6	Parts de fonds communs
Foreign			Étrangères
U.S. pooled fund units	1	2	Parts de fonds communs américains
International pooled fund units	2	3	Parts de fonds communs internationaux
	<u>7</u>	<u>11</u>	
	<u>100</u>	<u>100</u>	

b) Foreign currency risk

Foreign currency exposure arises from the Fund's holdings of non-Canadian denominated investments, as follows:

3. PLACEMENTS (suite)

a) Risque de concentration

Le risque de concentration existe lorsqu'une part importante du portefeuille est investie dans des titres ayant des caractéristiques semblables ou qui sont soumis à des conditions similaires d'ordre économique, politique ou autre. Les proportions relatives des types de placements du portefeuille sont les suivantes :

b) Risque de change

Le risque de change découle de la possession, par le Fonds, de placements qui ne sont pas libellés en dollars canadiens, comme l'indique le tableau suivant :

	<u>2008</u>	<u>2007</u>	
	(in thousands of dollars)	(in thousands of dollars)	
	(en milliers de dollars)	(en milliers de dollars)	
Equities			Actions
U.S. pooled fund units	\$ 13,308	\$ 17,284	Parts de fonds communs américains
International pooled fund units	17,818	26,046	Parts de fonds communs internationaux
	<u>\$ 31,126</u>	<u>\$ 43,330</u>	

THE 1986 - 1990 HEPATITIS C FUND
Notes to the Financial Statements
year ended December 31, 2008

FONDS HÉPATITE C 1986 - 1990
Notes complémentaires
de l'exercice terminé le 31 décembre 2008

4. FUNDING HELD FOR FUTURE EXPENSES

4. FINANCEMENT POUR CHARGES FUTURES

	<u>2008</u>	<u>2007</u>	
	(in thousands of dollars) (en milliers de dollars)		
Balance, beginning of year	\$ 894,347	\$ 916,985	Solde au début
Changes during the year			Variation au cours de l'exercice
Investment earnings (losses)	(16,701)	2,521	Revenus (pertes) de placement
Amounts recognized as revenue	(20,354)	(25,303)	Montants constatés comme revenu
Additional funding received	2,000	144	Financement additionnel reçu
Balance, end of year	<u>\$ 859,290</u>	<u>\$ 894,347</u>	Solde à la fin
Comprised of:			Composé de :
Funding contributed by the Government of Canada	\$ 856,949	\$ 893,108	Financement contribué par le gouvernement du Canada
Contributions prepaid by provincial governments	2,341	1,239	Apports versés à l'avance par des gouvernements provinciaux
	<u>\$ 859,290</u>	<u>\$ 894,347</u>	

5. CLAIMS

5. DEMANDES

Claims recognized as expenses of the Fund during the current year consist of the following:

Les demandes comptabilisées dans les charges du Fonds au cours de l'exercice comprennent ce qui suit :

	<u>2008</u>	<u>2007</u>	
	(in thousands of dollars) (en milliers de dollars)		
Approved by the Administrator of the Fund			Demandes approuvées par l'Administrateur du Fonds
Disbursed	\$ 46,964	\$ 41,889	Décaissements
Net change in accrued claims in process of payment	1,028	(1,196)	Variation nette des demandes accumulées en cours de paiement
	<u>\$ 47,992</u>	<u>\$ 40,693</u>	

The claims include payments totalling \$480,000 (December 31, 2007 - \$NIL) for HIV secondary claimants.

Les demandes incluent des paiements au total de 480 000 \$ (31 décembre 2007 - nul \$) pour les requérants infectés indirectement par le VIH.

THE 1986 - 1990 HEPATITIS C FUND
Notes to the Financial Statements
year ended December 31, 2008

FONDS HÉPATITE C 1986 - 1990
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de l'exercice terminé le 31 décembre 2008

6. OPERATING EXPENSES

6. FRAIS D'EXPLOITATION

	<u>2008</u>		<u>2007</u>	
	(in thousands of dollars)			
	(en milliers de dollars)			
Administrator	\$ 1,262	\$	1,947	Administrateur
Legal (claims' appeal costs, Fund counsel)	335		646	Frais juridiques (frais des demandes en appel, avocats du Fonds)
Joint committee	464		408	Comité mixte
Investment management	191		183	Gestion des placements
Audit and related services	88		100	Honoraires de vérification et de services connexes
Custodial trustee	104		92	Frais de garde
Actuarial	367		48	Honoraires d'actuariat
Traceback fees	57		42	Frais de recherche
Medical and other consulting	52		19	Frais médicaux et autres frais de consultation
	<u>\$ 2,920</u>	<u>\$</u>	<u>3,485</u>	

7. STATEMENT OF CASH FLOWS

A statement of cash flows has not been prepared as information relating to cash flows is otherwise adequately disclosed.

7. ÉTAT DES FLUX DE TRÉSORERIE

Aucun état des flux de trésorerie n'a été préparé étant donné que l'information liée aux flux de trésorerie est adéquatement présentée dans ces états financiers.

8. CAPITAL MANAGEMENT

The Fund's objectives when managing capital are to hold, invest and administer funds as described in Note 1.

8. GESTION DU CAPITAL

Les objectifs du Fonds quant à la gestion de son capital est de conserver, d'investir et de gérer des fonds tel que décrit à la note 1.

SCHEDULE D

TO THE REPORT OF THE JOINT COMMITTEE

FOR THE PERIOD ENDING DECEMBER 31, 2008


1986-1990 HEPATITIS C SETTLEMENT TRUST FUND

Quarterly Certificate of Compliance

For the period ending: March 31, 2008

We are in compliance with your Investment Policy Guidelines as set out in Schedule 5 to the Judgment of the Honourable Mr. Justice Warren K. Winkler of October 22, 1999.

Verified by:



Bruce Geddes, CFA
Managing Director
Portfolio Management

Date: April 7, 2008



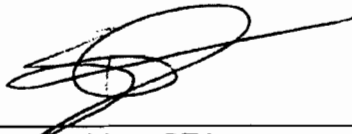
1986-1990 HEPATITIS C SETTLEMENT TRUST FUND

Quarterly Certificate of Compliance

For the period ending: June 30, 2008

We are in compliance with your Investment Policy Guidelines as set out in Schedule 5 to the Judgment of the Honourable Mr. Justice Warren K. Winkler of October 22, 1999.

Verified by:



Bruce Geddes, CFA
Managing Director
Portfolio Management

Date: July 9, 2008





Asset Management

1986-1990 HEPATITIS C SETTLEMENT TRUST FUND

Quarterly Certificate of Compliance

For the period ending: September 30, 2008

We are in compliance with your Investment Policy Guidelines as set out in Schedule 5 to the Judgment of the Honourable Mr. Justice Warren K. Winkler of October 22, 1999.

Verified by:

A handwritten signature in black ink, appearing to be 'Ed Orfao', written over a horizontal line.

Ed Orfao, CA, CFA
Vice President
Portfolio Management

Date: October 8, 2008



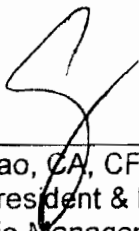
1986-1990 HEPATITIS C SETTLEMENT TRUST FUND

Quarterly Certificate of Compliance

For the period ending: December 31, 2008

We are in compliance with your Investment Policy Guidelines as set out in Schedule 5 to the Judgment of the Honourable Mr. Justice Warren K. Winkler of October 22, 1999.

Verified by:



Ed Orfao, CA, CFA
Vice President & Director
Portfolio Management

Date: January 15, 2009

SCHEDULE E

TO THE REPORT OF THE JOINT COMMITTEE

FOR THE PERIOD ENDING DECEMBER 31, 2008



Asset Management

TD Asset Management Inc.
TD Canada Trust Tower
161 Bay Street, 34th Floor
Toronto, Ontario M5J 2T2

RECEIVED

FEB 20 2009

VIA FAX
(619) 563-3461

January 23, 2009

Dawn Kelly-Bertrand
Deloitte & Touche
800-100 Queen Street
Ottawa, Ontario
K1P 5T8

Dear Dawn:

Re: Audit for 1986-1990 Hepatitis C Settlement Trust Fund- Accounts 45050, 45060, 45065

In response to the client's audit request, please find the following documents enclosed:

- Portfolio Valuation as at December 31, 2008 for account numbers 45050, 45060 & 45065.
 1. There were no unsettled trades for the above accounts as at December 31, 2008.
 2. Please note that 2008 Annual Financial Reports will not be available until April 2009 at which point, we will forward a hard copy to your attention.
 3. We also confirm that there were no outstanding or unsettled option transactions as at December 31, 2008.
 4. Below is the list of management fees billed for the year ending December 31, 2008.

Account Number	Account Name	Mar-08	Jun-08	Sep-08	Dec-08
45050	1986-1990 Hepatitis C Settlement Trust Fund-RRB	\$9,136.21	\$9,478.06	\$9,782.39	\$8,791.85
45060	1986-1990 Hepatitis C Settlement Trust Fund-STF	12,704.79	11,611.96	11,997.68	12,881.50
45065	1986-1990 Hepatitis C Settlement Trust Fund-Other	24,381.72	25,637.75	24,509.33	21,170.84
Total		\$46,222.72	\$46,727.77	\$46,289.40	\$42,844.19

- 5. Investments calculated at Bid prices are not applicable as at December 31, 2008.

Should you require additional information, please contact me at (416) 944-5414 or your Relationship Manager, Debbie Fong at (416) 308-4131.

Sincerely yours,

Shari Fung
Associate, Institutional Client Service

cc: Bonnie Tough ✓
Debbie Fong



SCHEDULE F

TO THE REPORT OF THE JOINT COMMITTEE

FOR THE PERIOD ENDING DECEMBER 31, 2008

REPORT OF ECKLER LTD. ACTIVITIES

The firm of Eckler Ltd. was engaged to provide the Trust Fund with continuing actuarial advice during the period from January to December, 2008. During this fiscal year Eckler Ltd. provided continuing assistance to the Joint Committee on a number of issues including, reviewing TD asset reports; reviewing Royal Trust asset statements, checking Royal Trust quarterly interest calculations/allocations, reconciling various asset statements, reviewing/updating investment results, preparing a summary of the 2007 investment results, updating payment amounts for the change in the Pension Index for 2009 and other miscellaneous items. In addition, Eckler Ltd completed the third triennial actuarial valuation of the assets and liabilities of the Trust Fund as at December 31, 2007.

SCHEDULE G

TO THE REPORT OF THE JOINT COMMITTEE

FOR THE PERIOD ENDING DECEMBER 31, 2008

Hepatitis C Settlement Trust Fund
Investment Summary
as at December 31, 2008

April 2009

Eckler

CONSUMER INVESTMENT SERVICES

Overview

- > **Total assets consist of two main components:**
 - An Investible Fund, split into two portfolios
 - Long Term Fund investing in real return bonds, equities and other bonds
 - Short Term Fund investing in short term bonds
 - A Notional Fund, consisting of amounts owed by the provincial governments
- > **Invested assets are managed by TD Asset Management, either passively or on an indexed basis**
- > **RBC Dexia are the custodians of the investible assets**
- > **Our analysis is based on statements provided by both RBC Dexia and TD Asset Management as well as previous performance analyses done by Towers Perrin**
- > **In particular**
 - All dollar amounts, including asset values and cashflows, are taken from RBC Dexia accounts
 - Returns are derived from the TD quarterly statements and have not been independently verified
- > **TD Asset Management is required to certify that it has complied with the investment guidelines specified by the trustees. We have not verified that this has taken place or that the guidelines have been complied with.**

Asset Summary

(\$,000's)

Fund	Portfolio	Strategy	Bench- mark	Dec-08			Dec-07		
				Value	Asset Alloc	Fund Alloc	Value	Asset Alloc	Fund Alloc
Long term	Real Return Bonds	Passive	80.0%	675,966	86.1%		691,049	81.6%	
	Universe Bonds	Index	6.0%	42,085	5.4%		41,494	4.9%	
	Canadian Equity	Index	7.0%	35,339	4.5%		69,805	8.2%	
	US Equity	Index	3.5%	13,585	1.7%		17,636	2.1%	
	EAFE Equity	Index	3.5%	18,506	2.4%		26,741	3.2%	
	Cash		0.0%	27	0.0%		27	0.0%	
				100.0%	785,508	100.0%	73.3%	846,752	100.0%
Short Term									
	Short Term Bonds	Index		80,496			66,971		
	Cash			78			138		
				80,574		7.5%	67,109		5.9%
Total Invested Assets *				866,082		80.8%	913,861		81.0%
Provinces Notional Assets (net of prepayments/include outstanding payments)				205,153		19.2%	214,467		19.0%
Total Assets				1,071,235		100.0%	1,128,328		100.0%

* Total Invested Assets includes prepayments from Alberta and Yukon

Split of Invested Assets between:			
	Long Term Fund		92.7%
	Short Term Fund		7.3%
	Total Invested Assets		100.0%

Totals may not add due to rounding

Eckler

Comments on Asset Summary

As of December 31, 2008

- > **Weighting for real return bonds is currently 6.1% above their benchmark of 80% of the Long Term Fund**
 - This has increased from December 31, 2007 (1.6% above benchmark)

- > **Universe bonds are 0.6% below their benchmark of 6%**
 - This underweight has reduced from a 1.1% underweight as at December 31, 2007

- > **Equities are below their benchmark by 5.4%**
 - This is due to the significant fall in the equity markets in 2008
 - At December 31, 2007 they were 0.5% below their benchmark

- > **Provinces/Territories' (PT) Notional Funds are net of prepayments by Alberta and Yukon**
 - See further detail on page 7

- > **As a percentage of the Invested Assets, the Long Term Fund has decreased from 92.7% to 90.7%, while the Short Term Fund has increased from 7.3% to 9.3% during the fiscal year**

Eckler

Asset Development (\$,000's)

	Invested Assets ¹			Total Invested Assets	Provinces' Notional Assets ¹	Total Assets
	Real Return Bond Fund	Other Long Term Funds	Short Term Fund			
Initial, at December 31, 2007	691,067	155,685	67,109	913,861	214,467	1,128,328
Investment Income (realized and unrealized)	7,229	(26,606)	6,448	(12,928)	5,138	(7,791)
Inflow: Recoveries from Provinces	-	-	12,453	12,453	(12,453)	0
: Additional prepayments	-	-	2,000	2,000	(2,000)	0
Outflow: Benefit Payments	-	-	(46,964)	(46,964)	-	(46,964)
Expenses	-	-	(2,340)	(2,340)	-	(2,340)
Transfers between funds	(22,312)	(19,556)	41,868	-	-	-
Closing, at December 31, 2008	675,985 ²	109,523 ²	80,574	866,082	205,153	1,071,235

1. Invested Assets include PT prepayments; Provinces' Notional Assets are net of prepayments and include outstanding payments
2. These figures differ slightly from those on page 3 because of allocation of cash balances
3. Based on RBC Dexia statements
4. Totals may not add due to rounding

Comments on Asset Development

- > **Total invested assets (i.e. excluding PT assets) have decreased since December 31, 2007 by \$47.8m**
 - As a result of negative investment returns and the "federal" 8/11ths share of the total payouts
- > **The notional PT assets have decreased by \$9.3m**
 - As a result of their 3/11ths share of the total payout exceeding interest credits at T-bill rates.
- > **Total assets (i.e. including PT assets) have decreased by \$57.1m**
- > **Benefits are paid from the Short Term Fund**
- > **From June 2002 onwards all recoveries from the provinces were allocated to the Short Term Fund**
 - This practice is expected to continue in the future
- > **TD Asset Management made net transfers from the Long Term Fund to the Short Term Fund of \$42m**
 - \$22m from real return bonds in June and December 2008
 - \$20m from other long term funds - spread over the period

Expansion of PT Assets (\$,000's)

	Gross PT Assets	Less: prepayments		Net PT Assets
		Yukon	Alberta	
Initial, at December 31, 2007	215,832	17	1,349	214,467
Interest Credits	5,198	-	60	5,138
Additional Prepayments	-	-	2,000	(2,000)
3/11th share of benefits/expenses	(13,448)	(1)	(996)	(12,452)
Closing, At December 31, 2008	207,582	16	2,412	205,153

Notes:

Ontario's prepayments were used up by August 2002.

Totals may not add due to rounding.

Investment Returns

Fund	Portfolio	Fiscal Year ending		9 months to Dec-06	Fiscal Year ending		Quarterly Returns Fiscal Dec 2008			
		Mar-05	Mar-06		Dec-07	Dec-08	Mar-08	Jun-08	Sep-08	Dec-08
Long term	Real Return Bonds	10.4%	10.5%	-0.8%	2.0%	1.0%	5.2%	4.6%	-7.4%	-0.9%
	Universe Bonds	5.0%	4.9%	4.5%	3.6%	6.5%	3.0%	-0.7%	-0.4%	4.5%
	Canadian Equity	13.9%	28.7%	11.1%	10.2%	-33.7%	-3.8%	8.2%	-18.3%	-22.1%
	US Equity	-2.1%	7.4%	10.6%	-10.8%	-21.4%	-5.9%	-3.9%	-4.0%	-9.4%
	EAFE Equity	5.9%	20.1%	15.3%	-5.9%	-29.0%	-5.2%	-3.3%	-16.7%	-7.0%
	Total	9.9%	11.5%	1.0%	2.2%	-2.4%	3.9%	4.2%	-7.9%	-2.1%
Short Term	Short Term Bonds	3.0%	2.3%	3.5%	4.1%	8.8%	3.3%	-0.4%	1.2%	4.5%
Total Invested Assets		9.1%	10.8%	1.2%	2.3%	-1.6%	3.9%	3.8%	-7.2%	-1.6%
Notional PT Assets		2.2%	2.9%	3.1%	4.2%	2.5%	0.9%	0.5%	0.6%	0.4%
Total Assets		7.7%	9.2%	1.5%	2.7%	-0.8%	3.3%	3.2%	-5.8%	-1.2%

Notes:

- The 2007 and 2008 annual and quarterly returns for the component portfolios are as reported by TD Asset Management in their quarterly investment reports. Eckler has not independently verified these.
- Aggregated annual and quarterly returns (Total Long Term, Total Invested Assets and Total Assets) are calculated by Eckler taking into account the relative market values, cashflows and investment returns of the component portfolios.
- Returns for the fiscal years 2005 to 2006 are calculated by Eckler based on the quarterly returns shown above.
- Eckler returns are calculated on an approximate basis, using average cashflows; they may differ slightly from returns calculated by a performance measurement service using daily cashflows.



Comments on Investment Returns

- > The overall return of -0.8% for the 2008 calendar year is the result of the very large negative returns on equities outweighing the positive returns on all the bond portfolios
- > Canadian equities produced the worst returns in 2008 of -33.7%.
- > The weakening of the Canadian dollar helped mitigate the very poor US and EAFE equity returns, but these were still strongly negative. US equities -21.4%, EAFE equities -29.0%
- > The PT notional fund is charged interest at the 3 month T-bill rate; as in 2007, these rates were higher than the total return on the invested assets.

Tracking Error

		Fiscal Year ending		9 months to	Fiscal Year ending		4 years	Target tracking error	
		Mar-05	Mar-06	Dec-06	Dec-07	Dec-08	to Dec 2008	1 year	4 years
Universe Bonds	Actual	5.0%	4.9%	4.5%	3.6%	6.5%	5.14%	0.20%	0.10%
	Index	5.0%	4.9%	4.5%	3.7%	6.4%	5.14%		
	t/e	0.0%	0.0%		-0.1%	0.1%	0.00%		
Canadian Equity	Actual	13.9%	28.7%	11.1%	10.2%	-33.7%	2.18%	0.30%	0.15%
	Index	13.9%	28.7%	11.1%	10.2%	-33.9%	2.13%		
	t/e	0.00%	0.0%		0.0%	0.2%	0.05%		
US Equity	Actual	-2.1%	7.4%	10.6%	-10.8%	-21.4%	-4.78%	0.30%	0.15%
	Index	-2.1%	7.4%	10.6%	-10.8%	-21.5%	-4.78%		
	t/e	0.0%	0.0%		0.0%	0.1%	0.00%		
EAFE Equity	Actual	5.9%	20.1%	15.3%	-5.9%	-29.0%	-1.72%	0.60%	0.30%
	Index	5.9%	20.0%	15.2%	-5.7%	-29.2%	-1.79%		
	t/e	0.0%	0.1%		-0.2%	0.2%	0.07%		
Short Term Bonds	Actual	3.0%	2.3%	3.5%	4.1%	8.8%	4.79%	0.20%	0.10%
	Index	2.9%	2.3%	3.5%	4.1%	8.6%	4.73%		
	t/e	0.1%	0.0%		0.0%	0.2%	0.06%		

- Actual returns for the fiscal years 2005 - 2006 are calculated by Eckler based on the quarterly returns reported by TD Asset Management

- Index Returns for the fiscal years 2005 - 2006 are calculated by Eckler, based on quarterly index returns reported by TD Asset Management



Comments on Tracking Error

- > All portfolios met their tracking error target over both one and four years

SCHEDULE I

TO THE REPORT OF THE JOINT COMMITTEE

FOR THE PERIOD ENDING DECEMBER 31, 2008

1986-1990 Hepatitis C Claims Centre

Annual Report for the Period Ending December 31, 2008

Appointment

On March 9, 2000, the Courts appointed Crawford Canada to act as Administrator of the 1986-1990 Hepatitis C Class Actions Settlement. The administration of this complex class action settlement celebrated its eighth anniversary on March 9, 2008.

Duties of the Administrator

The duties and responsibilities of the Administrator as outlined in the Settlement Agreement include:

- a. establishing and staffing "The 1986-1990 Hepatitis C Claims Centre";
- b. developing, installing and implementing systems and procedures for receiving, processing, evaluating and making decisions respecting Claims including making all necessary inquiries (including consulting medical personnel) to determine the validity of any Claim and requiring any claimant to have a medical examination;
- c. reporting to the Joint Committee and the Courts respecting Claims received and being administered;
- d. providing personnel in such reasonable numbers as are required for the performance of its duties, and training and instructing them;
- e. keeping or causing to be kept accurate accounts of its activities and its administration of the Plans, preparing such financial statements, reports and records as are required by the Joint Committee, Fund Counsel and the Courts, in form and content as directed by the Courts, and submitting them to the Joint Committee, Fund Counsel and the Courts monthly or so often as the Courts direct;
- f. receiving and responding to all enquiries and correspondence respecting Claims, supplying claim forms, reviewing and evaluating all Claims, making decisions in respect of Claims, giving notice of its decision, receiving compensation payments on behalf of the Class Members out of the Trust and forwarding the compensation in accordance with the provisions of the Plans within a reasonable period of time and communicating with a claimant, in either English or French, as the claimant elects;
- g. assisting in the completion of claim forms and attempting to resolve any disputes with claimants;
- h. maintaining a database with all information necessary to permit the Courts to evaluate the financial viability and sufficiency of the Trust Fund from time to time; and
- i. such other duties and responsibilities as the Courts may from time to time by order direct.

Year Nine (January 1st to December 31st, 2008)

Some important tasks in Year Nine included the following:

- ✓ Updated Loss of Income process due to court approved change to the pre-claim gross income limitation.
- ✓ Provided reports and statistical data for fund sufficiency purposes.
- ✓ Processed all claimants' requests for a disease-level reassessment. <http://www.hepc8690.ca/content/documents/CAPs.cap.AlternativeToBiopsy-e.shtml>
- ✓ Prepared files for Fund Counsel, Referees, and Arbitrators and attended the appeal hearings.
- ✓ Continued to work in collaboration with Canadian Blood Services, Héma-Québec, British Columbia Center for Disease Control, provincial programs and medical experts.
- ✓ Worked in collaboration with the auditors from Deloitte to complete the year-end audit process.
- ✓ Updated the www.hepc8690.ca Web site on a monthly basis with statistics on approved and denied claims, and posting of appeal decisions.
- ✓ Reported and met with the Joint Committee (January & June).
- ✓ Prepared and submitted monthly reports to the Joint Committee.

Key Claims Evaluation Statistics as of December 31, 2008

<i>Total Funds Disbursed to Date</i>	\$595,937,970
<i>Claims Received to Date</i>	14,939
<i>Claims Approved to Date</i>	12,140
<i>Claims Denied to Date</i>	2,271
<i>Traceback Requests Initiated</i>	4,578

Summary of Payments by Fiscal Year

	Total Amount Paid
<i>Year 1</i>	\$72,341,110
<i>Year 2</i>	137,263,842
<i>Year 3</i>	91,603,092
<i>Year 4</i>	60,634,359
<i>Year 5</i>	65,060,633
<i>Year 6</i>	50,375,247
<i>Year 7 (9 months)</i>	30,288,044
<i>Year 8</i>	41,887,973
<i>Year 9</i>	46,483,670
<i>Total</i>	\$595,937,970

Service Performance Criteria / Deliverables

Crawford continues to meet or exceed all service performance criteria as per the Terms of Appointment of the Administrator. Some of these criteria include the following:

- Making a decision on a claim and advising the claimant of the decision no later than 30 days after the receipt of all relevant information;
- Compensating all Class Members within 45 days of the payment being approved;
- Capturing all data accurately for reporting purposes;
- Maintaining historical data.

SCHEDULE O

TO THE REPORT OF THE JOINT COMMITTEE

FOR THE PERIOD ENDING DECEMBER 31, 2008

REPORT OF FUND COUNSEL

1. The duties and responsibilities of Fund Counsel are defined by Section 7.01 of the January 1, 1986 - July 1, 1990 Hepatitis C Settlement Agreement. These duties and responsibilities include:
 - (a) defending decisions made by the Administrator;
 - (b) defending and advancing the interests of the Trust Fund;
 - (c) receiving financial statements and actuarial and other reports relating to the financial sufficiency of the Trust Fund from time to time;if deemed necessary or desirable by Fund Counsel, making applications to courts pursuant to Section 10.01 of the Settlement Agreement.
2. John Callaghan and Belinda Bain have been appointed as Fund Counsel for the Ontario Class Actions by Order of the Ontario Superior Court of Justice. Mason Poplaw was appointed Fund Counsel for the Quebec Class Actions by Order of the Quebec Superior Court. William Ferguson was appointed Fund Counsel for the British Columbia Class Actions by Order of the British Columbia Supreme Court.
3. During the fiscal period January 1, 2008 to December 31, 2008, Fund Counsel were primarily involved in defending decisions made by the Administrator on appeals instituted by claimants. The appeals are conducted either as References or Arbitrations. Appeals can be conducted in writing or in person. In each case, written submissions are delivered to the claimant and the Referee/Arbitrator in advance of the appeal. When the appeal is conducted in person, Fund Counsel attends the hearing. The hearing is held where the claimant resides.
4. If the appeal is conducted by way of Reference, the Referee's decision is final and binding within 30 days of the release of the decision unless a claimant opposes confirmation within the 30 day period. If confirmation of the Referee's decision is opposed by the claimant, the Referee's decision is reviewed by the Court.
5. In addition to the appeals, Fund Counsel have also handled claims where court approval was necessary for payments involving minors or a mentally incompetent adult.
6. Fund Counsel also receive and review financial statements and other reports relating to the financial sufficiency of the Trust Fund.

7. Below is a report of the activities of each Fund Counsel in relation to the appeals conducted:

(a) **Ontario Fund Counsel**

Ontario Fund Counsel handles appeals from Claimants in Alberta, Manitoba, Ontario, Saskatchewan, New Brunswick, Newfoundland, Nova Scotia, Prince Edward Island, Yukon Territory, The Northwest Territories and Nunavut.

Number of total appeals received from the beginning to Dec 31, 2008	276
Number of appeals received from January 1, 2008 to December 31, 2008	5
Number of total completed appeals (decisions rendered) from the beginning to December 31, 2008	186
Number of completed appeals (decisions rendered) from January 1, 2008 to December 31, 2008	8
Number of total withdrawals from the beginning to December 31, 2008	32
Number of withdrawals from January 1, 2008 to December 31, 2008	4
Number of total rescissions of denial from the beginning to December 31, 2008	18
Number of rescissions of denial from January 1, 2008 to December 31, 2008	1
Number of total Mediated Appeals from the beginning to December 31, 2008	7
Number of Mediated appeals from January 1, 2008 to December 31, 2008	0
Number of Archived Appeals	5
Number of pending Appeals as of December 31, 2008 (subtotal-see below)	28
Number of total requests for judicial confirmation from the beginning to December 31, 2008	48
Number of requests for judicial confirmation from January 1, 2008 to December 31, 2008	2
Number of total judicial decisions from the beginning to December 31 2008	***33
Number of judicial decisions from January 1, 2008 to December 31, 2008	***2

Number of Appeals Justice Winkler has sent back to Referee up to December 31, 2008	4
Number of Appeals that have been sent back that now have Final Decision from Justice Winkler	1
Number of Appeals sent back by Justice Winkler that have been withdrawn by claimant up to December 31, 2008	1
Total Number of pending Appeals as of December 31, 2008 including Appeals sent back to Referee by Justice Winkler	30

*** These numbers of the judicial decisions do not include the decisions from Justice Winkler sending them back to the Referee to be reheard.

Archived – Represents appeals where the Claimant cannot be located before a decision has been rendered or the Arbitrator or Referee has agreed to an indefinite adjournment.

Ontario Fund Counsel incurred fees of **\$91,681.00** plus GST on fees of **\$4,584.06** and disbursements of **\$42,408.94**, including **\$4,336.35** for traveling expenses and \$34,843.13 in connection with expert expenses. With taxes, the total amount of fees and disbursements incurred is **\$140,765.24**.

(b) **Quebec Fund Counsel**

Particulars of the appeals are as follows:

Number of total appeals received from the beginning to December 31, 2008:	75
Number of appeals received from January 1, 2008 to December 31, 2008:	3
Number of total completed appeals (decisions rendered) from the beginning to December 31, 2008:	58
Number of completed appeals (decisions rendered) from January 1, 2008 to December 31, 2008:	3
Number of total withdrawals from the beginning to December 31, 2008:	10
Number of withdrawals from January 1, 2008 to December 31, 2008:	1
Number of total mediated appeals from the beginning to December 31, 2008:	1

Number of mediated appeals from January 1, 2008 to December 31, 2008:	0
Number of total rescissions of denial from the beginning to December 31, 2008:	5
Number of rescissions of denial from January 1, 2008 to December 31, 2008:	0
Number of pending appeals as of December 31, 2008:	1
Number of total requests for Judicial confirmation from the beginning to December 31, 2008:	18
Number of requests for Judicial confirmation from January 1, 2008 to December 31, 2008:	1
Number of total Judicial decisions from the beginning to December 31, 2008:	16
Number of requests for Judicial confirmation withdrawn by claimant to December 31, 2008	1
Number of judicial decisions from January 1, 2008 to December 31, 2008:	1

Quebec Fund Counsel has incurred fees of **\$24,768.50** and disbursements of **\$1,775.79** including **\$686.97** for travel expenses. There will no costs incurred with respect to expert fees in 2008. With taxes, the total amount of fees and disbursements incurred in Quebec is **\$27,870.90**.

(c) **British Columbia**

Particulars of the appeals are as follows:

Number of total appeals received from the beginning to December 31, 2008:	66
Number of appeals received from January 1, 2008 to December 31, 2008:	2
Number of total completed appeals (decisions rendered) from the beginning to December 31, 2008:	46
Number of completed appeals (decisions rendered) from January 1, 2008 to December 31, 2008:	2
Number of total withdrawals from the beginning to December 31 2008:	12
Number of withdrawals from January 1 2008 to December 31, 2008	1

Number of total rescissions from the beginning to December 31, 2008:	0
Number of rescissions from January 1, 2008 to December 31, 2008:	0
Number of total mediated appeals from the beginning to December 31, 2008:	1
Number of mediated appeals from January 1, 2008 to December 31, 2008:	1
Number of Archived Appeals	2
Number of pending appeals as of December 31, 2008:	5
Number of total request for judicial confirmation from the beginning to December 31, 2008:	17
Number of requests for judicial confirmation from January 1, 2008 to December 31, 2008:	0
Number of total judicial decisions from the beginning to December 31, 2008:	17
Number of judicial decisions from January 1, 2008 to December 31, 2008:	0

B.C. Fund Counsel has incurred fees of **\$19,837.50** and disbursements of **\$791.94**, there were no travel or expert expenses. With taxes, the total amount of fees and disbursements incurred in B.C. is **\$23,049.54**.

Appeals that are pending generally fall into one of the following categories:

- (a) Appeals that have been requested but not yet commenced. Some Arbitrators and Referees schedule a pre-appeal conference call before a date for the appeal is set. This can result in the delay in scheduling a date for the appeal. Often, claimants require additional time to collect evidence before commencing the appeal. Fund Counsel generally consent to a reasonable period of delay for the benefit of the claimant.
- (b) Appeals that have been commenced but not yet concluded. Appeals are often adjourned to allow the claimant an opportunity to collect and provide additional evidence. Fund Counsel generally consent to these adjournments. The Referee/Arbitrator usually monitors the adjournment to ensure that the appeal resumes in a reasonable period of time.

- (c) Appeals that have been concluded and the decision from the Arbitrator or Referee is pending.

Pursuant to the Court Approved Protocol for Arbitration/References and subject to the discretion of the Referees and Arbitrators, Fund Counsel endeavour to conduct the appeals in the simplest, least expensive and most expeditious procedure. When practical and reasonable to do so, evidence from witnesses is introduced in writing or by telephone to eliminate the expense of having the witness testify in person. However, in some appeals, it is preferable to have the witness testify in person and on these occasions the expense is unavoidable.

- 8. Fund Counsel anticipates that the time required to handle appeals during this fiscal year will either remain the same or decrease slightly. This will depend upon the number of appeals which raise complicated medical and other issues and which might require expert evidence.

FOR LAW 79421321

SCHEDULE P

TO THE REPORT OF THE JOINT COMMITTEE

FOR THE PERIOD ENDING DECEMBER 31, 2008

BRIEF SUMMARY OF JOINT COMMITTEE WORK DURING NINTH YEAR OF OPERATIONS

Overview

1. The Joint Committee ("JC") has a mandate to implement the 1986-1990 Hepatitis C Settlement Agreement and Plans, to supervise the ongoing administration of claims, to oversee the performance of the investment portfolio, to oversee all services providers and to undertake the triennial fund sufficiency review. .
2. In 2008 (Year Nine), approximately \$46 million in claims were paid. Operating expenses of administration and all service providers were approximately \$3 million. The total amount of claims paid over the life of the settlement now total approximately \$600 million.
3. The year ended December 31, 2007 triggered a triennial sufficiency review, the work for which was mostly done in Year Nine.
4. Overall, the administration was smooth in Year 9 and the day to day administration is largely in "maintenance mode" as the claims administration has several years of experience behind it. Most issues pertaining to administration which involve the JC now entail overseeing reduced administrative resources due to dwindling claims volumes, some advice to the administrator on new or unusual issues, and planning for the future.

Portfolio Oversight

5. The JC continued to closely monitor the sufficiency of the Trust Fund, the performance of the portfolio of assets held by the Trust Fund, and whether the portfolio components are meeting benchmark targets and disbursements out of the Trust Fund. Against the double digit losses experienced in the world markets in 2008, the Trust Fund's investment portfolio decreased by about \$34 million, from about \$896 million to \$862 million, or by about 3.8%. The investment portfolio is largely in fixed income instruments, with the greatest portion of the fixed income instruments being real return bonds. A small portion, (7% at December 31, 2008) is held in equities. Of the \$34 million decrease, 32.7 million came from decreases in the value of the equities held.

Fund Sufficiency

6. In 2008, the JC continued the work of the triennial Trust Fund sufficiency hearing. Briefly, this work included: (a) liaison with Dr. Murray Krahn and his associates with respect to medical modeling for the class members; (b) liaison with Dr. Frank Anderson to update medical developments and treatments pertaining to HCV; (c) review of administrative data necessary for the actuarial review, summarization of the data, preparation of the assumptions necessary for the review, and preparation of a report pertaining to the data; and (d) liaison with Eckler Ltd. to prepare an actuarial assessment

of Trust Fund sufficiency; and (e) preliminary planning for the 2010 Trust Fund sufficiency hearing.

7. The JC also explored with the Federal, Provincial and Territorial Governments (primarily the Federal Government) the prospect of minimizing or avoiding an adversarial approach to the current Fund Sufficiency review on the premise that the 2010 Trust Fund sufficiency hearing would be the definitive hearing pertaining to potential surplus and dealing with that potential surplus. This initiative, if successful, will generate substantial cost savings by avoiding, for instance, in person hearings in each of the three jurisdictions. The Federal Government is currently having the December 31, 2007 actuarial review prepared by and on behalf of the Joint Committee reviewed by the actuarial experts retained by the Federal Government.

Administrator

8. The JC had a face to face meeting with the Administrator and telephone calls and conference calls as necessary. The following issues were addressed:
 - (a) staffing levels for the claims centre as the volume of new claims levels off at a low level compared the historical claims volumes;;
 - (b) ideas to more efficiently process ongoing claims;
 - (c) the administrator's performance;
 - (d) the administrator's activity levels and budget; and
 - (e) computer and technology issues.
9. An administration contract is in place until 2010 which provides for remuneration of Crawford on a fixed fee basis subject to adjustment based on certain predetermined volumes.
10. At the end of year nine, Crawford advised the JC that it was making changes to its senior staffing levels. As a result of these changes Crawford no longer met the requirement of the terms of its appointment that the most senior person in the Centre be fluent (both orally and in writing) in French and English. The JC undertook inquiries to ensure that appropriate levels of service is available in French and is satisfied that is the case. A motion will be brought to amend the terms of appointment of Crawford to permit the bilingualism requirement to be satisfied by having senior personnel who are bilingual.

Traceback Issues

11. The JC continued to liaise with Canadian Blood Services and Héma-Québec on trace back issues including one issue brought to the attention of the JC through independent counsel for a claimant. The JC resolved the difficulty that claimant was having obtaining a large amount of information from CBS outside of the usual information it is asked to provide and in the circumstances of a unique claim. The JC satisfied itself that the difficulty in that case did not point to a more systemic issue with tracebacks.

12. As has been previously reported, some class members are approved before their tracebacks are finalized because the court approved traceback protocol requires the Administrator to make a decision on approval after a traceback has been outstanding for 180 days. In these circumstances the traceback requested by the Administrator is terminated but a traceback conducted under the rules of Health Canada continues “in the background”. If that traceback yields results, the Administrator is notified. In some cases, those Health Canada traceback results require the Administrator to then deny previously approved claims. Where that occurs, the claimants are advised that no further funds will be paid but the funds paid to the claimants to date are not required to be refunded.
13. The number of preliminary approvals that have been terminated by the completed Health Canada trace backs has indeed dramatically declined. The following charts shows the amounts paid on claims terminated over the last six years:

Year	Amount Paid to Health Canada Negative Traceback Claimants
4	\$1,282,000 (26 claimants)
5	\$840,000 (13 claimants)
6	\$404,000 (3 claimants)
7	\$231,000 (1 claimant)
8	\$538,000 (3 claimants)
9	\$207,723.88 (5 claimants)

14. The total paid to date is \$6,563,604.61 of total claims paid of \$595,937,970, or 1.1%.
15. The JC considered whether the requirement to approve a claim at 180 days should be changed. However, the Health Canada tracebacks are concluding at an average of 611 days. The average number of days for the Heath Canada negative tracebacks to conclude in Year nine was over 1,800 days. Changing the requirement to make an approval decision on a claim after 180 days will affect those whose claims will ultimately be permanently approved as well as those who might ultimately be denied based on negative traceback. The JC is of the view that to have all claimants who have unresolved tracebacks to wait for them to conclude for an average of 600 days or more, and in some cases not conclude at all, would be unfair.
16. The Joint Committee expects that as the unresolved tracebacks diminish in number, so too will the amounts paid to claimants who later must be denied. However, in some cases the amount paid to an individual with advanced IICV disease will be large, as occurred in Year Eight when \$500,000 of the \$538,000 was paid to one claimant.

Financial Matters and Budgetary Process

17. The JC is responsible for making recommendations to the courts pertaining to the appointments of service providers, negotiating budgets for service providers, obtaining court orders pertaining to approval of their budgets, instructing service providers and receiving and assessing advice and reports from service providers. The service providers to which this description applies include:
- (a) the administrator;
 - (b) the trustee;
 - (c) the investment managers;
 - (d) the investment consultants;
 - (e) the auditors;
 - (f) the actuaries;
 - (g) physicians who assist in medical modelling; and
 - (h) epidemiologists.
18. The JC has oversight responsibility on both the revenue side and, in particular, on the expense side of the Trust Fund. On the revenue side, the Trust Fund is very robust. On the expense side, the JC has taken great care to discharge its responsibilities as a watchdog. For example, the JC has negotiated the annual budget with the Administrator and has effected savings over time well in excess of \$1,000,000. The JC has closely monitored the budgets and activities of other service providers and the JC has effected further savings wherever possible. Generally speaking, expenses by service providers have declined over time, in some cases quite markedly. There are JC costs and services over which it has little control such as:
- (a) political interests which surface from time to time and must be addressed in this highly charged area;
 - (b) press inquiries and other public relations concerns to ensure, as far as possible, that the implementation of the settlement is correctly understood and the judges, as far as possible, are protected from attack and adverse publicity;
 - (c) communication with and correspondence to and from class members regarding concerns about their particular circumstances and requests for assistance;
 - (d) preparation for an attendance at fund sufficiency hearings; and
 - (e) exceptional events such as the overpayment of certain cohort members by the Administrator unearthed by the JC and addressed and resolved by the JC.
19. Since fiscal year 6, the JC has proposed budgets for Joint Committee work.

20. For fiscal year 9, the JC proposed a budget of \$500,000.00 for fees and \$50,000 for disbursements exclusive of taxes, for general JC matters. The actual fees incurred by the JC for general matters in fiscal year 9 was under budget at \$222,080.50 and the actual disbursements were also under budget at \$19,675.63.
21. For fund sufficiency matters pertaining to the December 31, 2007 review, the JC proposed a budget of \$300,000 in fees and reasonable disbursements for sufficiency related matters. The actual fees incurred by the JC for fund sufficiency matters in fiscal year 9 was \$177,994 and the disbursements incurred were \$8,033.27.
22. Some of the December 31, 2007 fund sufficiency matters budget may still be required as that process is still outstanding before the courts. In addition, the JC has begun planning for the 2010 Sufficiency Review. It is expected to be a significant review primarily because at that time the first claim deadline will have passed and so greater precision on the number of primarily infected claimants who will be approved should be possible.
23. The JC understands that it must rigorously apply the same standards to its own fees and disbursements as the JC applies to other service providers. The JC strives to ensure that its fees are constrained as much as reasonably possible. Some of the ways the JC has achieved fees savings without sacrificing essential JC services include:
 - (a) introducing more junior lawyers/paralegals to perform routine tasks such as minute taking, recordkeeping, charting and other purely administrative tasks, and to conduct legal research and prepare memoranda and motion materials in respect of various legal questions and issues that arise from time to time;
 - (b) having junior lawyers implement policy decisions made by senior JC members;
 - (c) reducing the number of face-to-face JC meetings and the number of JC and JC/FC/Administrator conference calls;
 - (d) assigning JC tasks to appropriate individual JC members and ensuring that those tasks are not duplicated by other JC members; and
 - (e) avoiding in-person hearings in court wherever possible and utilizing consent orders wherever possible.
24. The JC proposes a budget for year 10 of \$400,000 in fees and \$50,000 in disbursements for all general JC matters.
25. The JC proposes a budget for year 10 of \$200,000 in fees and \$25,000 in disbursements for matters pertaining to the December 31, 2007 sufficient review and preparing for the 2010 sufficiency review.

Provincial-Territorial Allocations

26. The JC was advised by counsel for British Columbia that the provinces and territories are reviewing the proportions each province and territory pays of claims based on claimant data as they are entitled to do under the Settlement Agreement.
27. The JC has liaised with counsel for British Columbia and some of the other provinces during this process and with Eckler Ltd. to ensure that the process is carried out appropriately from the perspective of the ongoing administration of the claims process. It is expected that this process will be completed in 2009.

Miscellaneous Matters

28. The JC monitored appeal decisions for claimants whose claims were denied by the Administrator. The JC reviewed appeals taken to the Courts.
29. The JC continued holding conference calls to discuss and resolve administrative and other issues as they arose. The JC also held periodic conference calls with Fund Counsel, the Administrator and the Monitor to discuss and resolve issues as they arose.
30. The JC has also done the following to improve the administration of the Plans:
 - (a) addressed the complaints and inquiries of class members including meetings with class members and representatives of class members;
 - (b) met with physicians/experts to keep abreast of medical science pertaining to HCV; and
 - (c) responded to direction from the Courts of Ontario, British Columbia and Quebec with respect to the implementation of the plan and issues pertaining to sufficiency.
31. The JC continues to seek orders as necessary for the implementation and administration of the Plans and to report to the Courts on material issues.

SCHEDULE Q

TO THE REPORT OF THE JOINT COMMITTEE

FOR THE PERIOD ENDING DECEMBER 31, 2008

YEAR 9 JC FEES

**Joint Committee Fees and Disbursements Incurred in the Period from
January 1, 2008 to December 31, 2008**

GENERAL

	British Columbia	Quebec	Ontario (Hemophiliac)	Ontario (Transfused)	Total
General Fees	\$43,817.50	\$76,741.00	\$60,357.50	\$41,164.50	\$222,080.50
General Disbursements	\$8,971.64	\$5,300.00	\$2,422.93	\$2,981.06	\$19,675.63
Total	\$52,789.14	\$82,041.00	\$62,780.43	\$44,145.56	\$241,756.13

SUFFICIENCY-RELATED

GENERAL	British Columbia	Quebec	Ontario (Hemophiliac)	Ontario (Transfused)	Total
Sufficiency Fees	\$47,987.50	\$15,704.00	\$7,035.00	\$107,267.50	\$177,994.00
Sufficiency Disbursements	\$4,482.07	\$1,084.49	\$0.00	\$2,466.71	\$8,033.27
Total	\$52,469.57	\$16,788.49	\$7,035.00	\$109,734.21	\$186,027.27

**TOTAL FEES AND DISBURSEMENTS
(GENERAL PLUS SUFFICIENCY-RELATED)**

GENERAL	British Columbia	Quebec	Ontario (Hemophiliac)	Ontario (Transfused)	Total
Fees	\$91,805.00	\$92,445.00	\$67,392.50	\$148,432.00	\$400,074.50
Disbursements	\$13,453.71	\$6,384.49	\$2,422.93	\$5,447.77	\$27,708.90
Total	\$105,258.71	\$98,829.49	\$69,815.43	\$153,879.77	\$427,783.40

SCHEDULE R

TO THE REPORT OF THE JOINT COMMITTEE

FOR THE PERIOD ENDING DECEMBER 31, 2008

Hepatitis C Fund 1986-1990 – Year Nine Annual Report (January 1, 2008 – December 31, 2008)

Prepared for:

The Joint Committee of the Hepatitis C 86-90 Trust Fund

Prepared by:

Reva Devins
Associate Chair, Ontario Roster of Arbitrators and Referees

Duties and Responsibilities of Arbitrators and Referees

1. Under the terms of the Court approved settlement, Arbitrators and Referees are responsible for determining all appeals brought by claimants seeking review of the decision of the Administrator. An appeal may proceed by Arbitration or Reference, either by an in person hearing or by review of the written material submitted by the parties. Arbitrators and Referees are to conduct their review using the simplest, least expensive and most expeditious procedure.
2. Upon conclusion of the appeal, the Arbitrator or Referee must release their decision within thirty days of completion of an oral hearing or within thirty days following receipt of final written submissions. Reasons for Decision are released in writing to the individual claimant and to Fund Counsel representing the Administrator. In all decisions, the Arbitrator or Referee must state the facts and conclusion without identifying the claimant; decisions are then posted on the Website.

Roster of Arbitrator/Referees

3. There are currently 16 Court appointed Arbitrator/Referees: one in each of Alberta, Saskatchewan, Manitoba, Nova Scotia and Quebec, **three** in British Columbia, and 7 in Ontario, including a French speaking Arbitrator/Referee who conducts all French language appeals outside of Quebec and British Columbia.

Appeal Activity

4. The number of appeals assigned to Arbitrators and Referees continues to decline, although the remaining appeals remain more complex than those submitted for review in the initial years of the Plan.

Financial Activity to December 31, 2008

5. The fees and expenses incurred by the Arbitrators and Referees are summarized below:

	<u>British Columbia</u>	<u>Quebec</u>	<u>Ontario (includes all remaining provinces)</u>
Fees:	\$ 13,342.50	\$ 5,800.00	\$ 34,887.50
Disbursements:	\$ 426.20	\$ 88.70	\$ 6,743.17
Taxes:	\$ 1,321.54	\$ 758.18	\$ 2,004.04
TOTALS	\$ 15,090.24	\$ 6,646.88	\$43,634.71

In the past fiscal year, no cases were approved for payment in excess of the tariff rate.

Proposed Budget

6. As in previous years, the number and complexity of appeals pursued by claimants will determine the fiscal needs of Appeal administration. Consequently, absent a reliable predictor of incoming Appeals, the proposed budget for Arbitrators and Referees should be based on expenses, fees and related expenses incurred in the preceding year. We would therefore recommend that the 2009 Budget be set at an amount equal to that actually paid in 2008. Any additional amounts, if required, would be subject to Court approval.