

HEPATITIS C
CLASS ACTION SETTLEMENT
1986-1990

YEAR 11

REPORT OF THE JOINT COMMITTEE
FOR THE PERIOD ENDING DECEMBER 31, 2010

INDEX

1. Report of the Joint Committee
- A. Audited Financial Statements of the 1986-1990 Hepatitis C Fund for year ending December 31, 2010
- B. Deloitte & Touche – Report to the Joint Committee
- C. RBC Dexia, Trustee and Custodian Hepatitis C Trust Fund – Information Brief – January 2011
- D. TD Asset Management INC. – Annual Certificate of Compliance for year ended December 31, 2010
- E. TD Asset Management Inc. – Portfolio Review of Trust Fund Assets, dated March 8, 2011
- F. Eckler Ltd. – Report of Activities
- G. Eckler Ltd. – Hepatitis C Settlement Trust Fund Investment Summary
- H. Eckler Ltd. – Report on actual charges
- I. Annual Report of the Administrator
- J. Crawford Year 11 Reconciliation
- K. Summary of Joint Committee Work During Eleventh Year of Operations (2010)
- L. Fees of Joint Committee
- M. Report of Fund Counsel
- N. Report and Fees of Referees and Arbitrators for Year ended December 31, 2010

January 1, 1986 to July 1, 1990
HEPATITIS C
CLASS ACTION SETTLEMENT

YEAR 11

REPORT OF THE JOINT COMMITTEE
FOR THE PERIOD ENDING DECEMBER 31, 2010

I N D E X

EXECUTIVE SUMMARY 1

OVERVIEW..... 2

YEAR 11 (2010) EXPENSES..... 2

YEAR 12 (2011) BUDGETS 4

DELOITTE & TOUCHE LLP 5

RBC DEXIA INVESTMENT SERVICES 6

TD ASSET MANAGEMENT INC. 7

ECKLER LTD. 7

CRAWFORD CLASS ACTION SERVICES 8

PRICEWATERHOUSECOOPERS LLP..... 9

NAVIGANT CONSULTING INC.—PAULA FREDERICK 9

CANADIAN BLOOD SERVICES 10

HÉMA-QUÉBEC..... 10

JOINT COMMITTEE 11

FUND COUNSEL..... 12

REFEREES AND ARBITRATORS 12

THE MONITOR..... 13

January 1, 1986 – July 1, 1990

HEPATITIS C CLASS ACTION SETTLEMENT

EXECUTIVE SUMMARY

1. The 1986-1990 Hepatitis C Settlement (the “Settlement”) completed its eleventh year of operations on December 31, 2010 (“Year 11 (2010)”).

2. In Year 11 (2010), the Hepatitis C Claims Centre (the “Centre”) received 791 new claims as follows:

- 474 Primarily Infected Transfused claims (including claims made on behalf of deceased persons)
- 23 Primarily Infected Hemophiliac claims (including claims made on behalf of deceased persons)
- 12 Secondarily Infected claims
- 282 Family Member/Dependent claims

3. In Year 11 (2010), the Centre approved for payment approximately \$38 million to approved claimants (prior and new). Since its inception, the Centre has paid out a total of approximately \$674 million in benefits in response to approximately 12,846 approved claims.

4. Financial Statements of the 1986-1990 Hepatitis C Trust Fund (the “Trust Fund”) attached at Schedule A indicate a value of about \$989 million held by the Trustee and a total unpaid liability of the provincial governments of about \$186 million for a total available to satisfy the claims of class members of about \$1.175 billion as at December 31, 2010. During Year 11 (2010), the assets held by the Trustee grew by about 5.4% (net of payments out) due in large measure to the continued correction in the markets after the 2008-2009 financial crisis.

5. Expenses for administration of the Settlement for Year 11 (2010), inclusive of a first claim deadline communication campaign, totalled approximately \$3.046 million for all service providers.

OVERVIEW

6. This is the eleventh 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 Settlement and the administration of the Hemophiliac HCV Plan and Transfused HCV Plan (collectively the “Plans”).

7. In year 11 (2010), the Joint Committee was comprised of J.J. Camp, Q.C., Michel Savonitto, Harvey T. Strosberg, Q.C., and Bonnie Tough. Mr. Camp was appointed by Order of the Supreme Court of British Columbia, Mr. Savonitto was appointed by the Order of the Superior Court of Quebec, Mr. Strosberg was appointed by Order of the Superior Court of Justice for Ontario, and Ms. Tough¹ 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.

8. Discussion of the activities of the various service providers to the Settlement is found under the appropriate headings below and/or in their reports which are attached hereto.

9. The budgeting process for Year 12 (2011) went before the Courts in December 2010/January 2011 and the budgets were approved in February 2011. The Annual Report continues to include a significant amount of the information contained in the budgets because it is the single comprehensive reporting document to the public. Because budgeting is based on estimates of the previous years expenditures and not the actual expenditures, a reconciliation of accounts is also included as part of the Annual Report.

YEAR 11 (2010) EXPENSES

10. The expenses to the Settlement for the various service providers for Year 11 (2010) are set out below.

11. The following chart summarizes the budget versus actual expenses for Year 11 (2010) for the service providers supervised by the Joint Committee exclusive of applicable taxes (not including work related to fund sufficiency review matters).

¹ Ms. Tough has since passed away. A new appointment has not yet been made.

Service Provider	Budget Year 11, (2010)	Actual Year 11 (2010)	Variance from Budget	Note
Crawford Class Action Services				
Administration Contract	\$867,000	\$867,000	\$0	See paras. 38 to 44 and Tabs I and J
Appeals and Third Party Expenses	As incurred	\$13,250.20	\$13,250.20	
Adjustments for Measurable Activities	As incurred	\$292,737.70	\$292,737.70	
Deloitte & Touche LLP				
Audit Services	\$76,320	\$76,426	\$106	See paras. 19 to 23 and Tabs A and B
Financial Statements	\$11,978	\$11,978	\$0	
Special Projects	\$15,900	\$13,075	(\$2,825)	
Travel Expenses	As incurred	\$0		
RBC Dexia Investment				
Trustee Services	\$125,000	\$95,472.42	(\$29,527.58)	See paras. 24 to 26 and Tab C
TD Asset Management Inc.				
Investment Management Services	\$200,000	\$171,351.38	(\$28,648.62)	See paras. 27 to 30 and Tabs D and E
Eckler Ltd.				
Actuarial Services & Investment Review	\$60,000	\$38,399	(\$21,601)	See paras. 31 to 37 and Tabs F, G and H
Special Projects	\$25,000	\$16,288	(\$8,712)	
Canadian Blood Services				
Traceback Costs	\$31,664	\$32,002	\$338	See paras. 49 to 52
Frozen Blood Samples	\$26,718	\$26,718	\$0	
PriceWaterhouseCoopers LLP				
Income Loss Software	\$15,000	\$9,878	(\$5,122)	See paras. 45 to 46
Navigant Consulting Inc. – Paula Frederick				
Income Loss Consulting	\$20,000	nil	(\$20,000)	See paras. 47 to 48
Joint Committee				
Fees	\$600,000	\$507,906.50	(\$92,093.50)	See paras. 57 to 60 and Tabs K and L
Disbursements	\$50,000	\$50,377.05	\$377.05	

12. The total expenses of these service providers combined for general work for Year 11 (2010) not including fund sufficiency review matters is \$2,222,859.25 exclusive of taxes. Apart from the adjustments to the Administrator's fees based on the increase in activity levels experienced in Year 11 (2010) which are discussed in paragraphs 41-42, these service providers were essentially at or under budget.

13. The following service providers provided services in Year 11 (2010) and were paid the following (exclusive of taxes) pursuant to applicable orders or the tariff approved by the Courts.

Service Provider	Actual Year 11 (2010)	Note
Fund Counsel		See paras. 61 to 65 and Tab M
Fees	\$80,691.50	
Disbursements	\$5,610.87	
Arbitrators and Referees		See paras. 66 to 68 and Tab N
Fees	\$15,329.40	
Disbursements	\$958.45	
Court Monitor		See paras. 69 to 70
Fees	\$52,673.50	
Disbursements	\$6,647.68	

14. In Year 11 (2010), the following service providers were engaged on fund sufficiency review matters and paid the following (exclusive of taxes) pursuant to applicable Court orders:

Service Provider	Actual Year 11 (2010)	Note
Eckler Ltd.		See para. 37 and Tab H
Fees	\$137,795	
Disbursements	\$15,287	
Joint Committee		See para. 60 and Tabs K and L
Fees	\$63,964.15	
Disbursements	\$8,136.13	

15. In Year 11 (2010), the Courts approved a bilingual first claims deadline communication campaign to be carried out in part by the Administrator and in part by The Bruneau Group at a total cost of \$200,000 inclusive of disbursements and taxes. The campaign is described more fully in the Joint Committee Report. The actual amount paid for the campaign was \$193,261.95 inclusive of taxes and the Joint Committee recommends approval of these charges.

16. Given the introduction of HST, the overall cost to the Trust Fund has increased to the extent that certain service providers previously charged neither a harmonized sales tax nor a provincial sales tax but are now required to charge HST commencing July 1, 2010.

YEAR 12 (2011) BUDGETS

17. The chart below compares the budgets for service providers in Year 12 (2011), to their previous budgets:

Service Provider	Budget Year 11 (2010)	Budget Year 12 (2011)	Payment Methodology
Crawford Class Action Services Administration Contract Appeals and Third Party Expenses Adjustments for Measurable Activities	\$867,000 As incurred As incurred	\$740,000 As incurred As Incurred	\$61,666.67 monthly
Deloitte & Touche LLP Audit Services Financial statements Special Projects Travel Expenses	\$76,320 \$11,978 \$15,900 As incurred	\$76,426 \$11,978 \$35,000 As incurred	\$7,367 monthly subject to approval by the Joint Committee
RBC Dexia Investment Trustee Services	\$125,000	\$110,000	up to \$9,166.67 monthly
TD Asset Management Inc. Investment Management Services	\$200,000	\$185,000	up to \$15,416.67 monthly
Eckler Ltd. Actuarial Services and Investment Review Special Projects	\$60,000 \$25,000	\$50,000 \$25,000	subject to approval by the Joint Committee
Canadian Blood Services Traceback costs Frozen Blood Samples	\$31,664 \$26,718	\$32,641 nil	\$2,720.09 monthly
Price WaterhouseCoopers LLP Income Loss Software	\$15,000	\$13,200	subject to approval by the Joint Committee
Cohen Hamilton Steger Inc. - Paula Frederick Income Loss Consulting	\$20,000	\$60,000	subject to approval by the Joint Committee
Joint Committee Fees Disbursements	\$600,000 \$50,000	\$500,000 \$50,000	subject to Court order

18. The triennial fund sufficiency review will be undertaken in Year 12 (2011) based upon claimant data collected by the Administrator through December 31, 2010. Fund sufficiency budgets went before the Courts in the third quarter of 2010 and were approved as follows exclusive of disbursements and taxes:

Service Provider	Fund Sufficiency Review	Note
Eckler Ltd.	\$540,000	See para. 37
Joint Committee	\$300,000	See para. 60
Medical Modelling	\$90,390	See Tab K

DELOITTE & TOUCHE LLP

19. Deloitte & Touche LLP (“Deloitte”) was appointed auditor of the Trust Fund pursuant to orders of the Courts.

20. In addition to the audit of the Trust Fund, Deloitte prepares the financial statements on behalf of the Joint Committee. Attached as Schedule A is a copy of the Financial Statements prepared and audited by Deloitte. Attached as Schedule B is a copy of Deloitte's Report to the Joint Committee.

21. The Courts approved a budget for Deloitte for the audit and financial reports for Year 11 (2010) of \$88,298 plus travel expenses and taxes. The total amount invoiced by Deloitte for these services of \$88,404 plus taxes has been submitted for payment pursuant to the 2010 budget approval orders. The Joint Committee recommends approval of these charges.

22. For Year 11 (2010), the Courts also approved a special projects budget for Deloitte of \$15,900 plus travel expenses and taxes. The total amount invoiced by Deloitte for these services was \$13,075 plus taxes. The Joint Committee recommends approval of these charges. The projects included resolving the cost discrepancy with the Emerald pooled funds and the audit of the quarterly and annual adjustments owing to the Administrator for the increased measurable activity levels in Year 11 (2010).

23. For Year 12 (2011), the Courts have approved a special projects budget for Deloitte of \$35,000 plus travel expenses and taxes. One project which was begun in 2010 entails an independent review of the CLASS software used in the administration of the Settlement, and in particular, the necessity, feasibility and/or cost of migrating the software to a commercially available database platform.

RBC DEXIA INVESTMENT SERVICES

24. In Year 6 (2005), RBC Dexia Investment Services ("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.

25. Attached as Schedule C is a Report from RBC Dexia of its Custodial Trustee activities in the year ended December 31, 2010.

26. The Courts approved a budget for RBC Dexia for Year 11 (2010) of \$125,000 plus applicable taxes. The actual charge to the Trust Fund by RBC Dexia of \$95,427.42 plus taxes was submitted for payment pursuant to the 2010 budget approval orders. The Joint Committee recommends approval of these charges.

TD ASSET MANAGEMENT INC.

27. TD Asset Management Inc. (“TDAM”) was appointed Investment Manager of the Trust Fund pursuant to the Orders of the Courts.

28. Attached as Schedule D is the Confirmation that TDAM has complied with the court approved Investment Guidelines.

29. The Courts approved a budget for TDAM for Year 11 (2010) of \$200,000 plus taxes. The actual charge by TDAM of \$171,351.38 plus taxes was submitted for payment pursuant to the 2010 budget approval orders. The Joint Committee recommends approval of these charges.

30. Attached as Schedule E is the Portfolio Review of the Trust Fund assets.

ECKLER LTD.

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

32. Eckler Ltd. has also provided advice to the Joint Committee in respect of investments on an as needed basis since the resignation of the Investment Consultants in Year 6 (2005).

33. Attached as Schedule F is the Report of Eckler Ltd. regarding its activities during Year 11 (2010).

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

35. In Year 11 (2010), revised Investment Guidelines developed by Eckler Ltd. with input from TDAM were approved by the Courts. The issue of automatic re-balancing of asset classes which move outside permissible tracking targets was addressed by the revision. The asset classes will require rebalancing in Year 12 (2011). The issue of duration matching between assets against liabilities over time was included in the work done by Eckler Ltd. but duration matching will not be undertaken at this time pending the results of the fund sufficiency review.

36. The Courts approved an annual budget for Eckler Ltd.’s actuarial and investment review services of \$60,000 plus travel expenses and taxes for Year 11 (2010) and a Special Projects budget of \$25,000. Eckler Ltd. incurred charges of \$38,399 plus taxes for Year 11 (2010) on general actuarial services and general investment review work not related to fund

sufficiency review and \$16,288 plus taxes on Special Projects for ongoing work in respect of the proposed revision to the Investment Guidelines. The Joint Committee recommends approval of these charges.

37. The Courts approved a fund sufficiency budget for Eckler Ltd. of \$540,000 plus disbursements and taxes. Eckler Ltd. provided services in Year 11 (2010) in respect of the fund sufficiency review. Those accounts total \$153,082 plus taxes and the approval of these charges is recommended by the Joint Committee. Schedule H is the Eckler Report setting out the actual charges for Year 11 (2011).

CRAWFORD CLASS ACTION SERVICES

38. Crawford Class Action Services (“Crawford”) was appointed Administrator by orders of the Courts in March 2000.

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

40. By orders of the Courts made in 2008, Crawford’s appointment was extended to December 31, 2010 and its budget was also approved through December 31, 2010. The budget provides for a flat administration fee subject to adjustment in the event that certain activity levels increase or decrease by more than 10% per quarter/per annum, as applicable. 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.

41. For Year 11 (2010) the Administrator’s activity levels exceeded the budgeted activity levels by more than 10% in several areas. This was largely as a result of the response to the communications campaign advertising the first claim deadline of June 30, 2010. The number of claims received in the first six months of 2010 was more than four times the claims received in either of the two prior years. An audit of the activity levels was conducted by Deloitte and no anomalies were noted.

42. Schedule J is the Payment Reconciliation for Year 11 (2010). It reflects the Crawford budget, plus the flow-through for appeal and third party expenditures of \$13,250.20 (inclusive of taxes) and the adjustments required as a result of the increase in activity levels of \$292,737.70 (exclusive of taxes). The Joint Committee recommends approval of these charges

and requests an order that RBC Dexia pay the outstanding amount of \$344,043.80 to the Administrator forthwith.

43. In Year 11 (2010) the Courts approved an extension and renewal of the administration contract to the end of 2012.

44. The overpayment of loss of income claims for 10 claimants reported in the Year 10 (2009) Annual Report in the total amount of \$19,346 that resulted because of the tax rates used in the calculations was resolved by a reduction in the Year 11 (2010) loss of income payments to those claimants.

PRICEWATERHOUSECOOPERS LLP

45. 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.

46. The total budget approved by the Courts for PriceWaterhouseCoopers LLP for Year 11 (2010) was \$15,000 exclusive of taxes. The actual charge to the Trust Fund of \$9,878 exclusive of taxes, was paid pursuant to the 2010 budget approval orders. The Joint Committee recommends approval of these charges.

NAVIGANT CONSULTING INC./COHEN HAMILTON STEGER INC.—PAULA FREDERICK

47. Navigant Consulting Inc. was retained by the Administrator to provide expert accounting services in respect of complex self-employment loss of income claims and appeals. Paula Frederick was the partner responsible for this work. Ms. Frederick has since moved her practice to Cohen Hamilton Steger Inc..

48. The budget approved for Ms. Frederick's services in Year 11 (2010) was \$20,000. However her services were not required until two complex claims were received by the Administrator at the end of 2010. Ms. Frederick's services on these files did not actually commence until 2011 and there were no charges to the Trust Fund in Year 11. The budget for

Year 12 (2011) was set to reflect these two identified cases and the potential for two further complex claims to arise in 2011.

CANADIAN BLOOD SERVICES

49. The efficient and effective conduct of tracebacks is a crucial component of the administration of the Plans. Canadian Blood Services (“CBS”) provides the tracebacks required under the Plans in all provinces but Quebec. In the last few years, the demand for and costs of such tracebacks has been reduced significantly. Budgeting is currently based on paying a portion of a single staff person at CBS available to do tracebacks for the Settlement Agreement as they are submitted. The Joint Committee will be revisiting what resources will be required once a protocol for claims made after the first claims deadline is approved by the Courts.

50. The budget approved for CBS for traceback services for Year 11 (2010) was \$31,664. Actual expenses incurred were \$32,002. The Joint Committee recommends approval of these charges and requests an order that RBC Dexia pay the outstanding amount of \$338 to CBS forthwith.

51. A budget of \$26,718 was also approved for CBS to maintain the frozen blood samples for Year 11 (2010). Actual expenses incurred were \$26,718. CBS has been paid \$26,718 for these services pursuant to the 2010 budget approval orders. The Joint Committee recommends approval of these charges.

52. CBS has concluded that the frozen blood samples need no longer be retained and in March 2011 filed a motion in Ontario seeking an order to dispose of these samples. Accordingly, no budget was sought in respect of maintaining frozen blood samples for Year 12 (2011).

HÉMA-QUÉBEC

53. Héma-Québec provides the tracebacks required under the Plans in Quebec. No budget was sought for Héma-Québec for Year 11 (2010) as it had advised that due to the limited number of traceback requests it would in the first instance finance the cost and seek reimbursement at year end if the costs incurred were not insignificant.

54. Indeed, in 2008 and 2009, the tracebacks requests only involved a few units of blood and their costs were absorbed in Hema-Quebec operations costs.

55. In 2010, the number of units involved in the tracebacks performed was more significant and Héma-Quebec seeks reimbursement of its costs in the amount of \$3,436. The Joint Committee recommends the approval of payment to Héma-Québec in this amount and requests an order that RBC Dexia pay the outstanding amount of \$3,436 to Héma-Quebec forthwith.

56. No budget was requested for Héma-Québec for Year 12 (2011) as again it is not anticipated that there will be a significant number of tracebacks required.

JOINT COMMITTEE

57. A Summary Report of the work of the Joint Committee in Year 11 (2010) is set out in Schedule K.

58. In early 2010, the Courts approved a bilingual first claims deadline communications campaign aimed at providing notice that individuals who were transfused or received blood between January 1, 1986 and July 1, 1990 and are or were infected with HCV needed to commence a claim by June 30, 2010 or within three years of when they became aware of their infection, whichever is later. The campaign is more fully described in our Report at Schedule K.

59. The total revised budget for the Joint Committee general work for Year 11 (2010) was \$600,000 for fees and \$50,000 for disbursements, exclusive of taxes. The total fees of the Joint Committee in Year 11 (2010) for general work were \$507,906.50 exclusive of taxes. The total disbursements of the Joint Committee in Year 11 (2010) were \$50,377.05 exclusive of taxes. A Detailed Summary by jurisdiction of the fees and disbursements incurred by the Joint Committee is set out in Schedule L. All accounts were submitted to the appropriate Courts for approval before being paid.

60. In Year 11 (2010), the Joint Committee incurred \$63,964.15 in fees and \$8,136.13 in disbursements relating to preparation for the fund sufficiency review to be undertaken with data collected to December 31, 2010. These accounts have been paid based upon orders received from the appropriate Courts. The Courts have approved a fund sufficiency budget for the Joint Committee of \$300,000 plus disbursements and taxes.

FUND COUNSEL

61. John Callaghan and Belinda Bain were appointed as Fund Counsel in the Ontario Class Actions by Order of the Superior Court of Justice for Ontario. Mason Poplaw was appointed Fund Counsel in Quebec Class Actions by Order of the Quebec Superior Court and William Ferguson was appointed Fund Counsel in the B.C. Class Actions by Order of the Supreme Court of British Columbia.

62. Attached as Schedule M is the Report of Fund Counsel on their activities and their fees incurred in Year 11 (2010).

63. In Year 11 (2010), the following appeals were dealt with in each jurisdiction:

Year 11 (2010)	ON²	BC	QUE	Total
Appeals received	11	1	2	14
Appeals completed	4	0	1	5
Appeals withdrawn	0	1	0	1
Denials rescinded	1	0	0	1
Appeals mediated	0	0	0	0
Requests for Judicial confirmation	2	0	1	3
Judicial decisions	3	1	2	6
Appeals pending (including appeals sent back to Referees)	34	4	1	39

64. Fund Counsel estimates that the volume of appeal work in Year 12 (2011) will remain the same or decrease slightly.

65. In Year 11 (2010), the total Fund Counsel fees were \$80,691.50 and disbursements were \$5,610.87 exclusive of taxes. All accounts for Fund Counsel were submitted to the appropriate Court for approval before payment.

REFEREES AND ARBITRATORS

66. Referees and Arbitrators were appointed for each jurisdiction by court orders.

67. A Summary Report of the work of the Referees and Arbitrators as well as the fees incurred for Year 11 (2010) is set out in Schedule N.

² Ontario covers all provinces and territories other than Quebec and British Columbia.

68. In Year 11 (2010), the total fees for the Arbitrators and Referees were \$15,329.40 and the total disbursements were \$958.45 exclusive of taxes. Accounts for the Arbitrators and Referees are paid based upon the tariff set by the Courts.

THE MONITOR

69. The Monitor was appointed by order of the Ontario Superior Court of Justice.

70. In Year 11 (2010), the total fees of the Monitor were \$52,673.50 exclusive of taxes and total disbursements were \$6,647.68 exclusive of taxes. Accounts for the Monitor are paid based on court order.

Dated:

J.J. Camp, Q.C.
Camp Fiorante Matthews

Dated: July 6, 2011

Michel Savonitto
Savonitto & Ass. Inc.
on behalf of the Joint Committee for Quebec

Dated:

Harvey T. Strosberg, Q.C.
Sutts, Strosberg LLP

Dated:

Kathryn Podrebarac
Tough & Podrebarac LLP

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

Deloitte & Touche LLP
800 - 100 Queen Street
Ottawa, ON K1P 5T8
Canada

Tel: (613) 236-2442
Fax: (613) 236-2195
www.deloitte.ca

Independent Auditor's Report

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

We have audited the accompanying financial statements of the 1986 - 1990 Hepatitis C Fund, which comprise the statement of financial position as at December 31, 2010 and the statements of expenses and revenue and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Rapport de l'auditeur indépendant

Au comité mixte du
Fonds Hépatite C 1986 - 1990

Nous avons effectué l'audit des états financiers ci-joints du Fonds Hépatite C 1986 - 1990, qui comprennent le bilan au 31 décembre 2010 et les états des résultats et des flux de trésorerie de l'exercice clos à cette date ainsi qu'un résumé des principales méthodes comptables et d'autres informations explicatives.

Responsabilité de la direction pour les états financiers

La direction est responsable de la préparation et de la présentation fidèle de ces états financiers conformément aux principes comptables généralement reconnus du Canada, ainsi que du contrôle interne qu'elle considère comme nécessaire pour permettre la préparation d'états financiers exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs.

Responsabilité de l'auditeur

Notre responsabilité consiste à exprimer une opinion sur les états financiers, sur la base de notre audit. Nous avons effectué notre audit selon les normes d'audit généralement reconnues du Canada. Ces normes requièrent que nous nous conformions aux règles de déontologie et que nous planifions et réalisons l'audit de façon à obtenir l'assurance raisonnable que les états financiers ne comportent pas d'anomalies significatives.

Independent Auditor's Report (continued)

Auditor's Responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Jelotte & Touche LLP / s.r.l.

Chartered Accountants
Licensed Public Accountants

March 8, 2011

Rapport de l'auditeur indépendant (suite)

Responsabilité de l'auditeur (suite)

Un audit implique la mise en oeuvre de procédures en vue de recueillir des éléments probants concernant les montants et les informations fournis dans les états financiers. Le choix des procédures relève du jugement de l'auditeur, et notamment de son évaluation des risques que les états financiers comportent des anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs. Dans l'évaluation de ces risques, l'auditeur prend en considération le contrôle interne de l'entité portant sur la préparation et la présentation fidèle des états financiers afin de concevoir des procédures d'audit appropriées aux circonstances, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne de l'entité. Un audit comporte également l'appréciation du caractère approprié des méthodes comptables retenues et du caractère raisonnable des estimations comptables faites par la direction, de même que l'appréciation de la présentation d'ensemble des états financiers.

Nous estimons que les éléments probants que nous avons obtenus sont suffisants et appropriés pour fonder notre opinion d'audit.

Opinion

À notre avis, ces états financiers donnent, dans tous leurs aspects significatifs, une image fidèle de la situation financière du Fonds au 31 décembre 2010 ainsi que de ses résultats d'exploitation et de ses flux de trésorerie pour l'exercice clos à cette date conformément aux principes comptables généralement reconnus du Canada.

Comptables agréés
Experts-comptables autorisés

Le 8 mars 2011

THE 1986 - 1990 HEPATITIS C FUND
Financial Statements
December 31, 2010

FONDS HÉPATITE C 1986 - 1990
États financiers
31 décembre 2010

	<u>PAGE</u>	
Statement of Financial Position	1	Bilan
Statement of Expenses and Revenue	2	État des résultats
Statement of Cash Flows	3	État des flux de trésorerie
Notes to the Financial Statements	4 - 11	Notes complémentaires


THE 1986 - 1990 HEPATITIS C FUND
Statement of Financial Position
as at December 31, 2010
(in thousands of dollars)


FONDS HÉPATITE C 1986 - 1990
Bilan
au 31 décembre 2010
(en milliers de dollars)

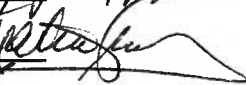
	<u>2010</u>	<u>2009</u>	
ASSETS			ACTIF
Cash	\$ 62	\$ 73	Encaisse
Investments (note 3)	989,292	938,336	Placements (note 3)
Contributions receivable	1,624	1,276	Apports à recevoir
	\$ 990,978	\$ 939,685	
LIABILITIES			PASSIF
Accounts payable and accrued liabilities	\$ 1,007	\$ 785	Créditeurs et charges à payer
Accrued claims in process of payment	5,181	3,983	Demandes accumulées en cours de paiement
Funding held for future expenses (note 4)	984,790	934,917	Financement pour charges futures (note 4)
	\$ 990,978	\$ 939,685	

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

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



 Harry T. Shosberg per 

 Michael Sammitto per 

 B. A. G. J.

THE 1986 - 1990 HEPATITIS C FUND
Statement of Expenses and Revenue
year ended December 31, 2010
(in thousands of dollars)

FONDS HÉPATITE C 1986 - 1990
État des résultats
de l'exercice clos le 31 décembre 2010
(en milliers de dollars)

	<u>2010</u>		<u>2009</u>	
EXPENSES				DÉPENSES
Claims (note 5)	\$ 38,197	\$	37,457	Demandes (note 5)
Operating (note 6)	3,046		2,429	Frais d'exploitation (note 6)
	41,243		39,886	
REVENUE	41,243		39,886	REVENUS
EXCESS OF REVENUE OVER EXPENSES	\$ -	\$	-	EXCÉDENT DES REVENUS SUR LES DÉPENSES

THE 1986 - 1990 HEPATITIS C FUND

Statement of Cash Flows
year ended December 31, 2010
(in thousands of dollars)

FONDS HÉPATITE C 1986 - 1990

État des flux de trésorerie
de l'exercice clos le 31 décembre 2010
(en milliers de dollars)

	<u>2010</u>	<u>2009</u>	
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:			RENTRÉES (SORTIES) NETTES D'ENCAISSE LIÉES AUX ACTIVITÉS SUIVANTES :
OPERATING			EXPLOITATION
Excess of revenue over expenses	\$ -	\$ -	Excédent des revenus sur les dépenses
Items not affecting cash			Éléments sans incidence sur l'encaisse
Realized gains on investments	(316)	(1,319)	Gains réalisés sur placements
Change in unrealized gains on investments	(51,664)	(73,210)	Variation des gains non-réalisés sur placements
	(51,980)	(74,529)	
Changes in non-cash operating working capital items			Variation nette des éléments hors caisse du fonds de roulement d'exploitation
Contributions receivable	(348)	(329)	Apports à recevoir
Accounts payable and accrued liabilities	222	(216)	Créditeurs et charges à payer
Accrued claims in process of payment	1,198	1,484	Demandes accumulées en cours de paiement
Funding held for future expenses	49,873	75,627	Financement pour charges futures
	(1,035)	2,037	
INVESTING			INVESTISSEMENT
Purchase of investments	(119,218)	(114,395)	Acquisition de placements
Proceeds on sale of investments	120,242	112,378	Produits de la vente de placements
	1,024	(2,017)	
NET CASH INFLOW (OUTFLOW)	(11)	20	AUGMENTATION NETTE (DIMINUTION) DE L'ENCAISSE
CASH, BEGINNING OF YEAR	73	53	ENCAISSE AU DÉBUT
CASH, END OF YEAR	\$ 62	\$ 73	ENCAISSE À LA FIN

THE 1986 - 1990 HEPATITIS C FUND
Notes to the Financial Statements
year ended December 31, 2010

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, 2010 those obligations including interest are estimated to be \$185,973,000 (December 31, 2009 - \$195,106,000).

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 (GAAP) and include the following significant accounting policies:

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.

FONDS HÉPATITE C 1986 - 1990
Notes complémentaires
de l'exercice clos le 31 décembre 2010

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 2010, ces obligations, intérêts compris, sont estimées à 185 973 000 \$ (31 décembre 2009 - 195 106 000 \$).

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 (PCGR) du Canada et en fonction des principales conventions comptables suivantes :

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.

THE 1986 - 1990 HEPATITIS C FUND
Notes to the Financial Statements
year ended December 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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 investment earnings.

Loans and receivables

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

Other liabilities

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

Fair value

The Fund's financial instruments consist of cash, investments, receivables and accounts payable and accrued liabilities. The fair value of cash, accounts receivable and accounts payable and accrued liabilities approximates their carrying value due to the short-term nature of these items. The fair value of investments is as disclosed in Note 3.

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.

FONDS HÉPATITE C 1986 - 1990
Notes complémentaires
de l'exercice clos le 31 décembre 2010

2. PRINCIPALES CONVENTIONS COMPTABLES (suite)

Instruments financiers (suite)

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
Créditeurs 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 de placements.

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.

Juste valeur

Les instruments financiers du Fonds sont composés de l'encaisse, de placements, de débiteurs et de créditeurs et charges à payer. La juste valeur de l'encaisse, des débiteurs et des créditeurs et charges à payer se rapproche de leur valeur comptable compte tenu du caractère à court terme de ces éléments. La juste valeur des placements est divulguée à la note 3.

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.

THE 1986 - 1990 HEPATITIS C FUND
Notes to the Financial Statements
year ended December 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

FONDS HÉPATITE C 1986 - 1990
Notes complémentaires
de l'exercice clos le 31 décembre 2010

2. PRINCIPALES CONVENTIONS COMPTABLES (suite)

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 comptabilisées 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.

THE 1986 - 1990 HEPATITIS C FUND
Notes to the Financial Statements
year ended December 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian GAAP 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 changes

In 2010, the Canadian Institute of Chartered Accountants (CICA) issued a new accounting framework applicable to Canadian Not-For-Profit organizations. Effective for fiscal years beginning on or after January 1, 2012, Not-For-Profit organizations may adopt either International Financial Reporting Standards (IFRSs) or GAAP for Not-For-Profit organizations. The Fund currently plans to adopt GAAP for Not-For-Profit organizations effective January 1, 2012.

FONDS HÉPATITE C 1986 - 1990
Notes complémentaires
de l'exercice clos le 31 décembre 2010

2. PRINCIPALES CONVENTIONS COMPTABLES (suite)

Utilisation d'estimations

Dans le cadre de la préparation des états financiers, conformément aux PCGR 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

En 2010, l'Institut canadien des comptables agréés (ICCA) a publié un nouveau référentiel comptable applicable aux organismes sans but lucratif. Ainsi, pour les exercices ouverts à compter du 1^{er} janvier 2012, les organismes sans but lucratif pourront choisir d'adopter soit les Normes internationales d'information financière (IFRS) ou PCGR pour organismes sans but lucratif. À l'heure actuelle, le Fonds prévoit utiliser les PCGR pour organismes sans but lucratif à compter du 1^{er} janvier 2012.

THE 1986 - 1990 HEPATITIS C FUND
Notes to the Financial Statements
year ended December 31, 2010

FONDS HÉPATITE C 1986 - 1990
Notes complémentaires
de l'exercice clos le 31 décembre 2010

3. INVESTMENTS

Investments are summarized as follows:

	2010		2009		
	(in thousands of dollars) (en milliers de dollars)				
	Fair Value	Cost	Fair Value	Cost	
	Juste valeur	Coût	Juste valeur	Coût	
Cash	\$ 197	\$ 197	\$ 144	\$ 144	Encaisse
Investment earnings receivable	2,334	2,334	2,333	2,333	Revenus de placement à recevoir
Fixed income	898,483	571,114	854,930	571,876	Titres à revenu fixe
Equities	88,278	114,494	80,929	114,494	Actions
	\$ 989,292	\$ 688,139	\$ 938,336	\$ 688,847	

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, 2010, the average duration of the bonds and debentures in the portfolio, weighted on fair value, was 11.8 years (December 31, 2009 - 13.9 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 2010, la durée moyenne des obligations et des débetures du portefeuille, pondérée selon la juste valeur, était de 11,8 ans (31 décembre 2009 - 13,9 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, dans les taux de conversion de devises et dans le marché boursier, national et international 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, 2010

FONDS HÉPATITE C 1986 - 1990
Notes complémentaires
de l'exercice clos le 31 décembre 2010

3. INVESTMENTS (continued)

Investment risk (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>2010</u>	<u>2009</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	83	Gouvernement du Canada
Corporate	2	2	Sociétés
Provinces of Canada	1	1	Provinces du Canada
Fixed income pooled fund units	4	4	Parts de fonds communs à revenu fixe
	<u>90</u>	<u>90</u>	
Equities			Actions
Canadian			Canadiennes
Pooled fund units	5	5	Parts de fonds communs
Foreign			Étrangères
U.S. pooled fund units	2	2	Parts de fonds communs américains
International pooled fund units	2	2	Parts de fonds communs internationaux
	<u>9</u>	<u>9</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:

	<u>2010</u>	<u>2009</u>	
	(in thousands of dollars)		
	(en milliers de dollars)		
Equities			Actions
U.S. pooled fund units	\$ 17,972	\$ 16,534	Parts de fonds communs américains
International pooled fund units	19,945	19,511	Parts de fonds communs internationaux
	<u>\$ 37,917</u>	<u>\$ 36,045</u>	

3. PLACEMENTS (suite)

Risque de placement (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 :

THE 1986 - 1990 HEPATITIS C FUND
Notes to the Financial Statements
year ended December 31, 2010

FONDS HÉPATITE C 1986 - 1990
Notes complémentaires
de l'exercice clos le 31 décembre 2010

4. FUNDING HELD FOR FUTURE EXPENSES

4. FINANCEMENT POUR CHARGES FUTURES

	<u>2010</u>	<u>2009</u>	
	(in thousands of dollars) (en milliers de dollars)		
Balance, beginning of year	\$ 934,917	\$ 859,290	Solde au début
Changes during the year			Variation au cours de l'exercice
Investment earnings	81,093	105,480	Revenus de placement
Amounts recognized as revenue	(31,245)	(29,853)	Montants constatés comme revenu
Additional funding received	25	-	Financement additionnel reçu
Balance, end of year	<u>\$ 984,790</u>	<u>\$ 934,917</u>	Solde à la fin
Comprised of:			Composé de :
Funding contributed by the Government of Canada	\$ 984,508	\$ 933,413	Financement contribué par le gouvernement du Canada
Contributions prepaid by provincial governments	<u>282</u>	<u>1,504</u>	Apports versés à l'avance par des gouvernements provinciaux
	<u>\$ 984,790</u>	<u>\$ 934,917</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>2010</u>	<u>2009</u>	
	(in thousands of dollars) (en milliers de dollars)		
Approved by the Administrator of the Fund			Demandes approuvées par l'Administrateur du Fonds
Disbursed	\$ 36,999	\$ 35,973	Décaissements
Net change in accrued claims in process of payment	<u>1,198</u>	<u>1,484</u>	Variation nette des demandes accumulées en cours de paiement
	<u>\$ 38,197</u>	<u>\$ 37,457</u>	

The claims include payments totalling \$NIL (December 31, 2009 - \$NIL) for HIV secondary claimants.

Les demandes incluent des paiements au total de nul \$ (31 décembre 2009 - nul \$) pour les requérants infectés indirectement par le VIH.

THE 1986 - 1990 HEPATITIS C FUND
Notes to the Financial Statements
year ended December 31, 2010

FONDS HÉPATITE C 1986 - 1990
Notes complémentaires
de l'exercice clos le 31 décembre 2010

6. OPERATING EXPENSES

6. FRAIS D'EXPLOITATION

	<u>2010</u>	<u>2009</u>	
	(in thousands of dollars) (en milliers de dollars)		
Administrator	\$ 1,289	\$ 1,144	Administrateur
Legal (claims' appeal costs, Fund counsel)	146	271	Frais juridiques (frais des demandes en appel, avocats du Fonds)
Joint committee - Administration	610	445	Comité mixte - Administration
Joint committee - Sufficiency Review	81	-	Comité mixte - Révision
Investment management	187	174	Gestion des placements
Audit and related services	115	91	Honoraires d'audit et de services connexes
Custodial trustee	103	101	Frais de garde
Actuarial	42	146	Honoraires d'actuariat
Actuarial - Sufficiency Review	171	-	Honoraires d'actuariat - Révision
			Honoraires d'actuariat - Ligne directrice en matière de placement
Actuarial - Investment guidelines	17	-	Frais de recherche
Traceback fees	58	55	Frais médicaux et autres frais de consultation
Medical and other consulting	227	2	
	<u>\$ 3,046</u>	<u>\$ 2,429</u>	

7. CAPITAL MANAGEMENT

7. GESTION DU CAPITAL

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

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

Deloitte & Touche – Report to the Joint Committee

** Provided to the Judges but not filed **



RBC DEXIA
INVESTOR SERVICES

RBC Dexia Investor Services Trust Information Brief

Trustee and Custodian
Hepatitis 'C' Trust Fund

Prepared for:
The Joint Committee
Of the Hepatitis 'C' Trust Fund

Prepared by:
Anatoli Georgiadis
Client Service Manager
RBC Dexia Investor Services

January 2011

This information is provided for the general information of RBC Dexia Investor Services clients from sources reasonably believed to be reliable. However, RBC Dexia Investor Services accepts no responsibility or liability of any kind for the accuracy, reliability or completeness of the information, or for any action taken, or results obtained, from the use of the information. RBC Dexia Investor Services Limited is a holding company that provides strategic direction and management oversight to its affiliates. All are licensed users of the RBC trademark (a registered trademark of Royal Bank of Canada) and Dexia trademark and conduct their global custody and investment administration business under the RBC Dexia Investor Services brand name.

About RBC Dexia Investor Services

RBC Dexia Investor Services offers a complete range of investor services to institutions worldwide. Our unique offshore and onshore solutions, combined with the expertise of our 5,400 professionals in 15 markets, help clients grow their business and sustain enhanced performance through efficiency improvements and robust risk management practices.

Equally owned by RBC and Dexia, the company ranks among the world's top 10 global custodians with USD 2.8 trillion in client assets under administration as at December 31, 2010.

RBC Dexia offers clients a complete range of investor services supported by:

- a worldwide network of offices in 15 countries on four continents
- unparalleled European transfer agency capabilities
- fund administration services in 13 global markets
- strong credit ratings: Aa3 (Moody's), AA- (S&P)
- more than 100 years of experience in institutional financial services
- products and technology that meet our clients' needs
- top ratings for client service in industry client satisfaction surveys

Our innovative solutions include global custody, fund and pension administration, shareholder services, distribution support, securities lending and borrowing, reconciliation services, compliance monitoring and reporting, investment analytics and treasury services.

RBC Dexia Investor Services Trust (RBC Dexia) was appointed Trustee and Custodian of the Hepatitis 'C' Trust Fund by the Superior Courts of B.C., Ontario and Quebec. A service team comprising administration and operations managers is responsible for the day-to-day activities of the Trust Fund. This team is complemented by professionals with regulatory expertise, providing the Hepatitis 'C' Trust Fund with a wide range of specialized services.

Duties and responsibilities of the trustee/custodian

Custody and safeguarding of securities

RBC Dexia holds in trust the cash and securities of the Trust Fund. The assets of the Trust Fund are invested and reinvested by RBC Dexia strictly in accordance with the directions of the Joint Committee or the investment manager appointed by the Courts. RBC Dexia ensures the safe custody of the assets and reconciles the securities positions in its books daily using the services of the Canadian Depository for Securities Limited (CDS).

Processing of investment transactions

RBC Dexia completes all securities transactions (e.g., acquisitions and dispositions of assets) as per authorized instructions received from the investment manager.

Collection of income

RBC Dexia collects and accounts for all items of principal and income. Stock dividends and bond interest are credited to the account on the day they are payable regardless of whether RBC Dexia actually receives the funds. RBC Dexia tracks stock dividends and splits, bond maturities and redemptions. For cash balances held in the fund, interest is automatically credited. The interest is calculated daily and paid to accounts on the last business day of the month.

Contributions

RBC Dexia receives all contributions flowing into the Trust Fund. RBC Dexia credits receipts of those contributions to the appropriate accounts.

Plan disbursements

All plan disbursements are processed in a timely manner in accordance with the terms of our appointment and/or Court Order. Payments to Service Providers are made pursuant to applicable Court Order.

Maintenance of records

RBC Dexia maintains accurate records with respect to the assets of the Trust Fund and provides timely reports to various parties, including:

- **Monthly investment statements:** These statements provide the full financial picture of the Trust Fund including cash reconciliation investment activity, receipts and disbursements for the reporting period. These reports also provide a list of assets held at a certain date with book and market value, accrued income. Day-to-day activity is reported in chronological order.

- **Quarterly notional reports:** RBC Dexia maintains notional accounts for each of the Provincial and Territorial Governments. These accounts are maintained on the basis of the sharing percentage provided by the Federal Government. The report records the Governments' proportionate contributions, proportionate interest amount and proportionate disbursements. It also reflects when payments are due and when they are actually received.
- **Monthly financial summary:** This report summarizes, at a high level, the market value of the Trust Fund, the investment income earned, payouts to claimants and service providers and recoveries from the Provinces and Territories for those payouts since the inception of the Fund.

Summary of Trust activity

Payments to the Trust Fund

During 2010, the eleventh year of operation of the Hepatitis 'C' Trust Fund, the Trust Fund received contributions totaling CAD 9,704,366.27 representing payments from Provincial and Territorial Governments.

In addition, the Hepatitis 'C' Trust Fund has earned CAD 32,264,941.23 (includes investment income, realized and unrealized capital gains and losses). The closing market value of the fund at December 31, 2010 was CAD 938,335,611.73

Payments from the Trust Fund

Disbursements from the Trust Fund in 2010 totaled CAD 38,633,566.92 representing CAD 35,988,179.05 to the Administrator for the claimants and CAD 2,645,387.87 to service providers for fees and expenses (including RBC Dexia's trustee and custodial fees).

For the period January 1, 2010 to December 31, 2010 the Courts approved a budget of CAD 125,000 for RBC Dexia's trustee and custodial fees. The actual charge to the Trust Fund in 2010 for performing various activities and services was CAD 97,747.15 representing fees for 2008 of CAD 18,509.40 and fees for 2010 of CAD 79,237.75.

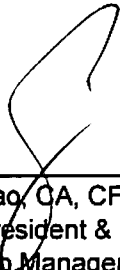
1986-1990 HEPATITIS C SETTLEMENT TRUST FUND

Quarterly Certificate of Compliance

For the quarter ended: December 31, 2010

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.

Compliance verified by:



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

Date: January 14, 2011



1986 - 1990 Hepatitis C Settlement Trust Fund

Portfolio Review

March 8, 2011

Patricia Tiralongo, CFA
Vice President & Director

Eduardo Orfao, CA, CFA
Vice President & Director

Agenda

A. TD Asset Management Update

B. Portfolio Review

- Segregated Fixed Income Mandates
- Indexed Pooled Fund Mandates

Appendix:

- Attribution on Indexed Pooled Funds to December 31, 2010
- Portfolio performance to December 31, 2010



TD Asset Management – 2010 Year in Review

■ Industry recognition:

- TDAM named *Morningstar*® *Fixed Income Fund Manager of the Year* at the 16th annual *Canadian Investment Awards* in Toronto
- TDAM recognized as *Fastest Growing Money Manager of the Year* in the C\$10 billion+ category by *Benefits Canada*

■ 2010 successes include:

- 73 new institutional mandates awarded
 - \$2.7 billion in new Active Fixed Income assets including long duration active core solutions
 - \$1.4 billion in Passive Fixed Income mandates including long bond mandates
 - \$3 billion+ in Bond Overlay mandates

■ TDAM is a leading player in the LDI forum:

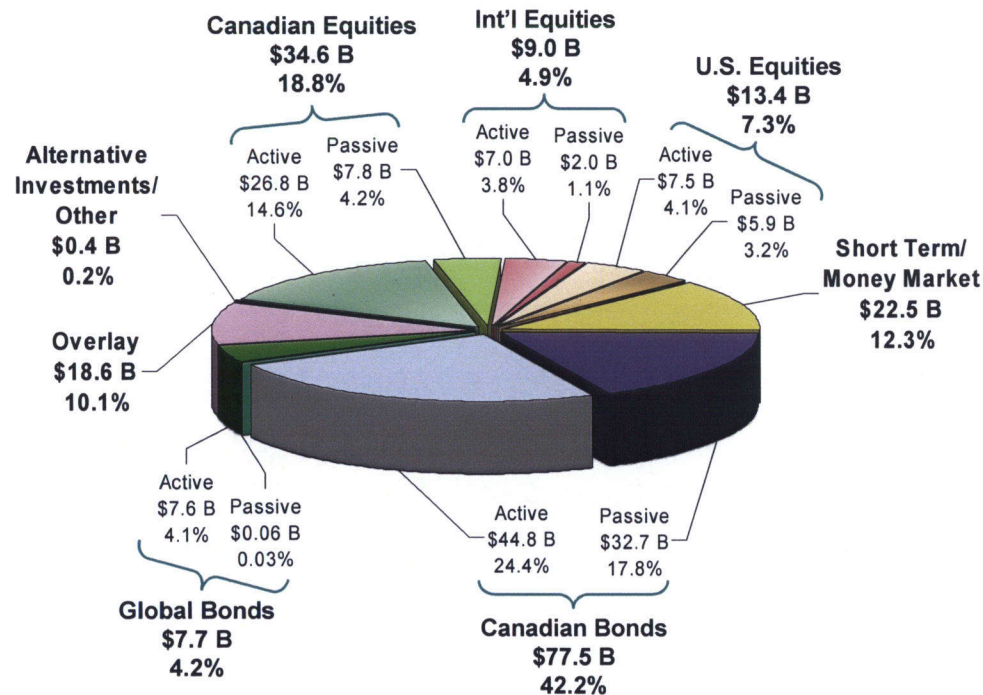
- \$25 billion in interest rate risk management strategies
- F2010 New Fund Launches
 - TD *Emerald* Long Bond Overlay Pooled Fund Trust
 - TD *Emerald* Canadian Long Government Bond Pooled Fund Trust
 - TD *Emerald* Active Canadian Corporate Bond Pooled Fund Trust
 - TD *Emerald* Low Volatility Equity strategies (Canadian and Global)

■ Coming Soon - 8th Annual Sharing of Knowledge Learning Series, April 2011

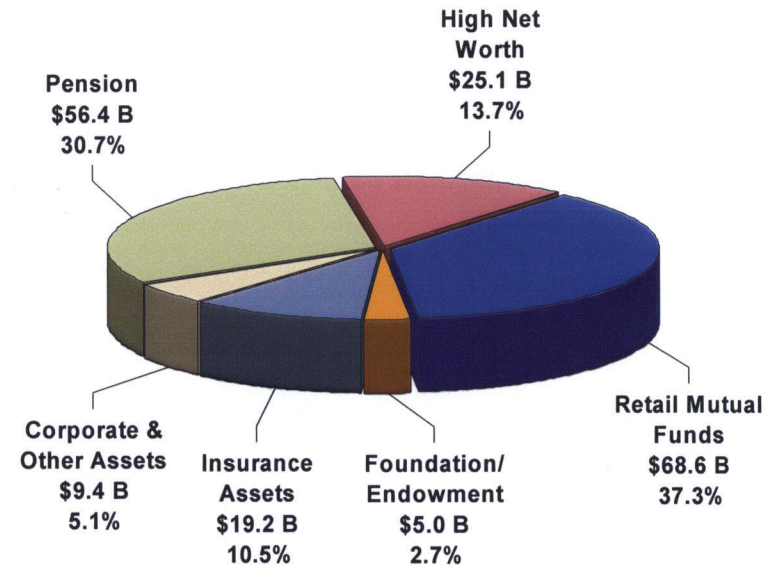


TD Asset Management Assets Under Management as at December 31, 2010

By Asset Type



By Client Type



Note: Active AUM include both active fundamental and active enhanced assets.

Total Assets Under Management: \$183.7 Billion



Numbers may not add due to rounding.

Investment Mandates

Passive Mandates	Benchmark Index	Tracking Error Target (%/year over 1 year)	Tracking Error Target (%/year over 4 years)
Real Return Bonds (buy-and-hold)	N/A	N/A	N/A
Short-Term Bonds	DEX Short Bond Index	± 0.20	± 0.10
Universe Bonds (no BBB-rated corporates)	DEX Universe Bond Index	± 0.20	± 0.10
Canadian Equities* (no income trusts)	S&P/TSX Equity TR Index	± 0.30	± 0.15
U.S. Equities	S&P 500 Total Return ND (C\$)	± 0.30	± 0.15
International Equities	MSCI EAFE ND Index (C\$)	± 0.60	± 0.30

* Canadian equity exposure migrated from the TD *Emerald* Canadian Equity Index Fund to the TD *Emerald* Canadian Market Capped PFT in July 2003, and then to the TD *Emerald* Canadian Market Pooled Fund Trust II excluding income trusts in November 2005.

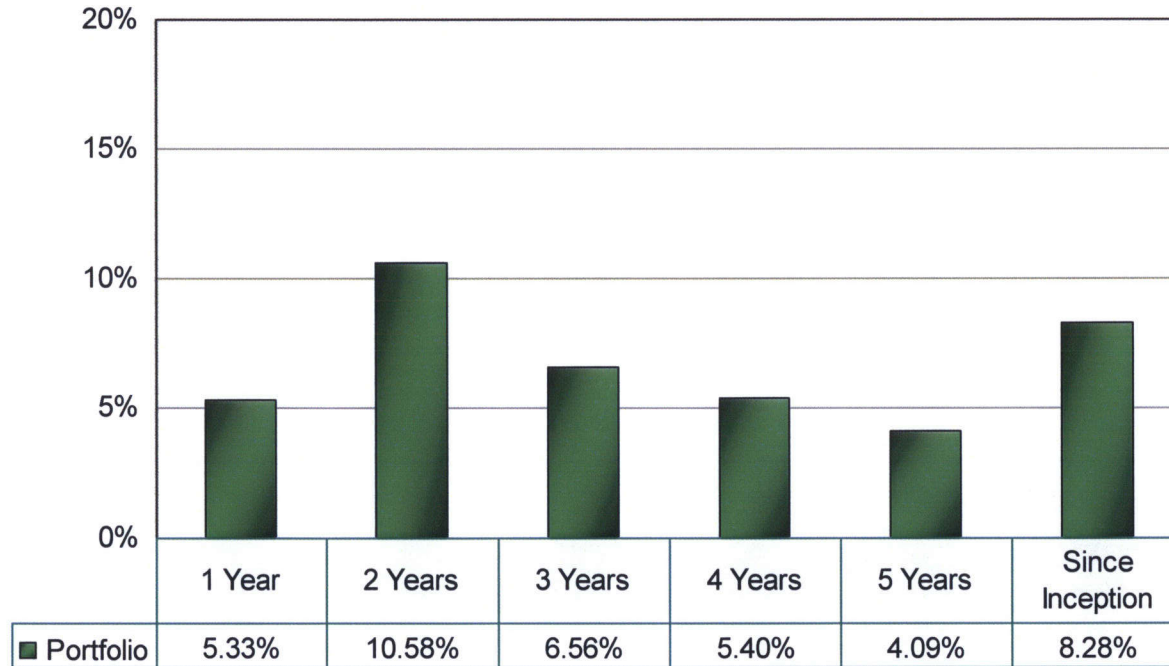
Tracking error target is per Investment Guidelines for the 1986-1990 Hepatitis C Settlement Trust Fund.

Tracking within expected tolerances



1986-1990 Hepatitis C Settlement Trust Fund Segregated Real Return Bonds

Performance as at January 31, 2011



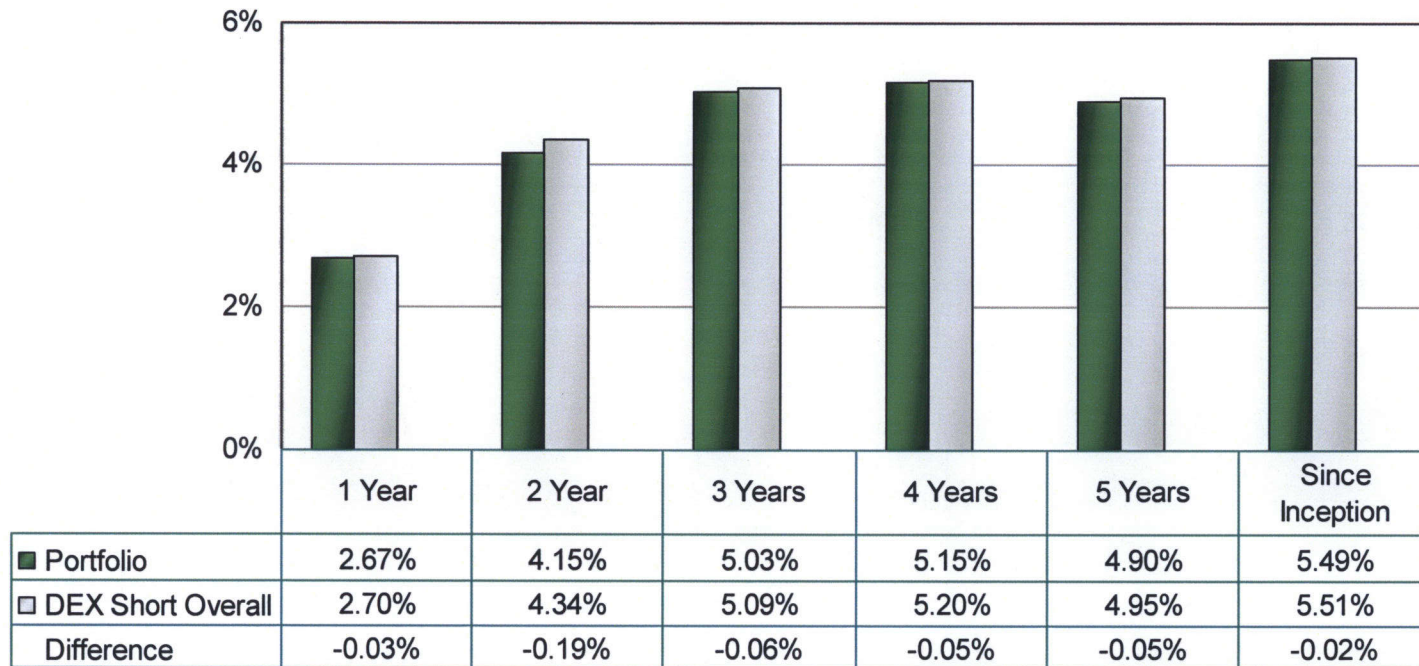
Inception Date: February 29, 2000

**Assets as at January 31, 2011:
\$758,493,060**



1986-1990 Hepatitis C Settlement Trust Fund Segregated Short Term Bonds

Performance as at January 31, 2011



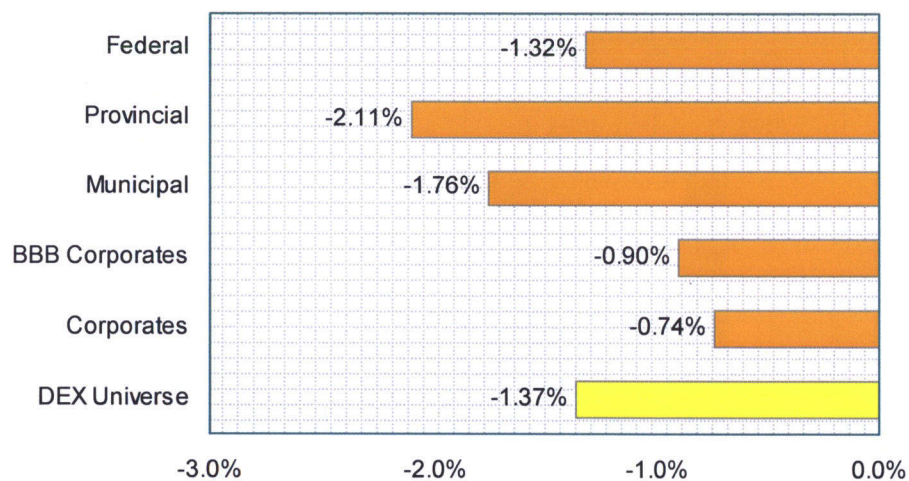
Inception Date: February 29, 2000
Benchmark Source: PC-Bond

**Assets as at January 31, 2011:
\$81,897,782**

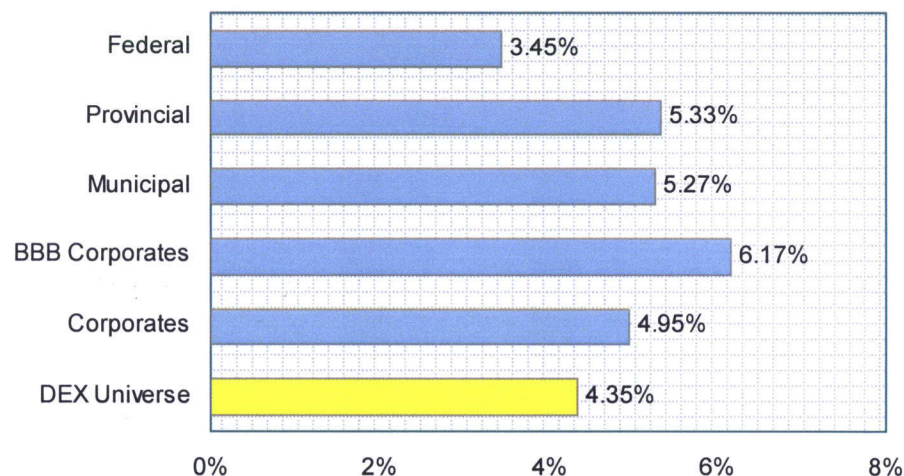


Bond Market Update January 31, 2011

3-Month Returns



1-Year Returns



3-Month Commentary

- Canadian bonds fell over the three months, as yields rose amid signs of an improving global economy. Corporate bonds continued to outperform federal bonds, and the short-term segment of the market outperformed the mid- and long-term.
- The Bank of Canada left the overnight rate unchanged at 1.00% for a third consecutive time in January and reiterated that any further rate increases would need to be carefully considered, given the slow pace of growth and level of risk globally.
- Overall, yields rose 37 basis points November through January, with the average yield on the DEX index ending at 3.16%.

Sources: PC-Bond, TDAM



Current Observations in the Fixed Income Market

- Bond yields in Canada and the U.S. fell dramatically in recent weeks as a flight-to-quality bid took over the market triggered by uprisings in Libya and other parts of the Middle East.
- European sovereign debt issues remain a concern with increased pressure on Portugal to seek IMF and EU assistance. Spreads have recovered in Spain but remain wide for Portugal and Greece.
- A large number of issuers have come to market in recent weeks taking advantage of the current environment of low yields.

Source: TDAM
March 1, 2011



Real Return Bond Market – Performance Drivers

■ Performance Drivers

- Inflation Expectations
- Rate of Inflation
- Supply and Demand

■ Recent Performance

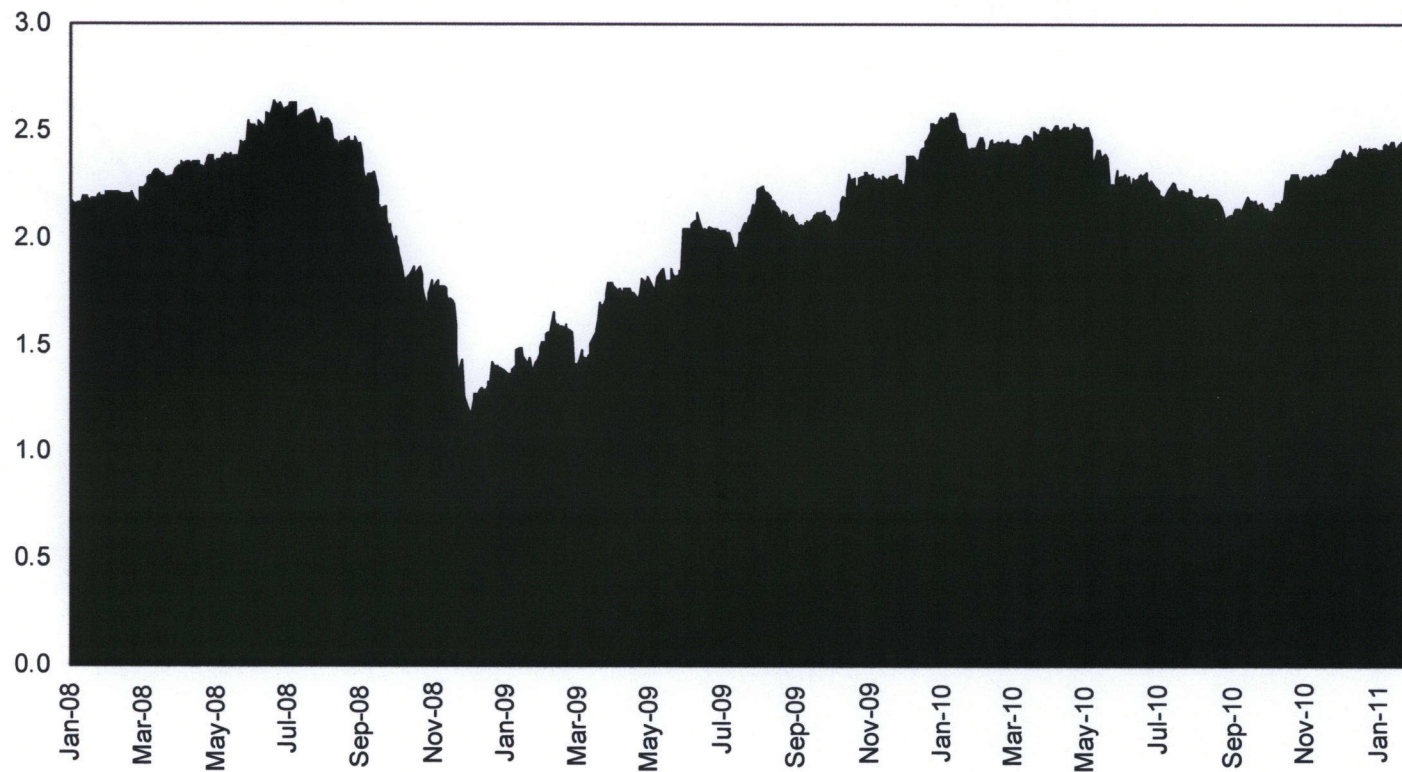
- DEX Real Return Index return for the year ending February 28, 2011 was 9.79%

RRB performance is being driven by strong demand vs. limited supply

Source: TDAM



Canadian Inflation Breakeven Rates



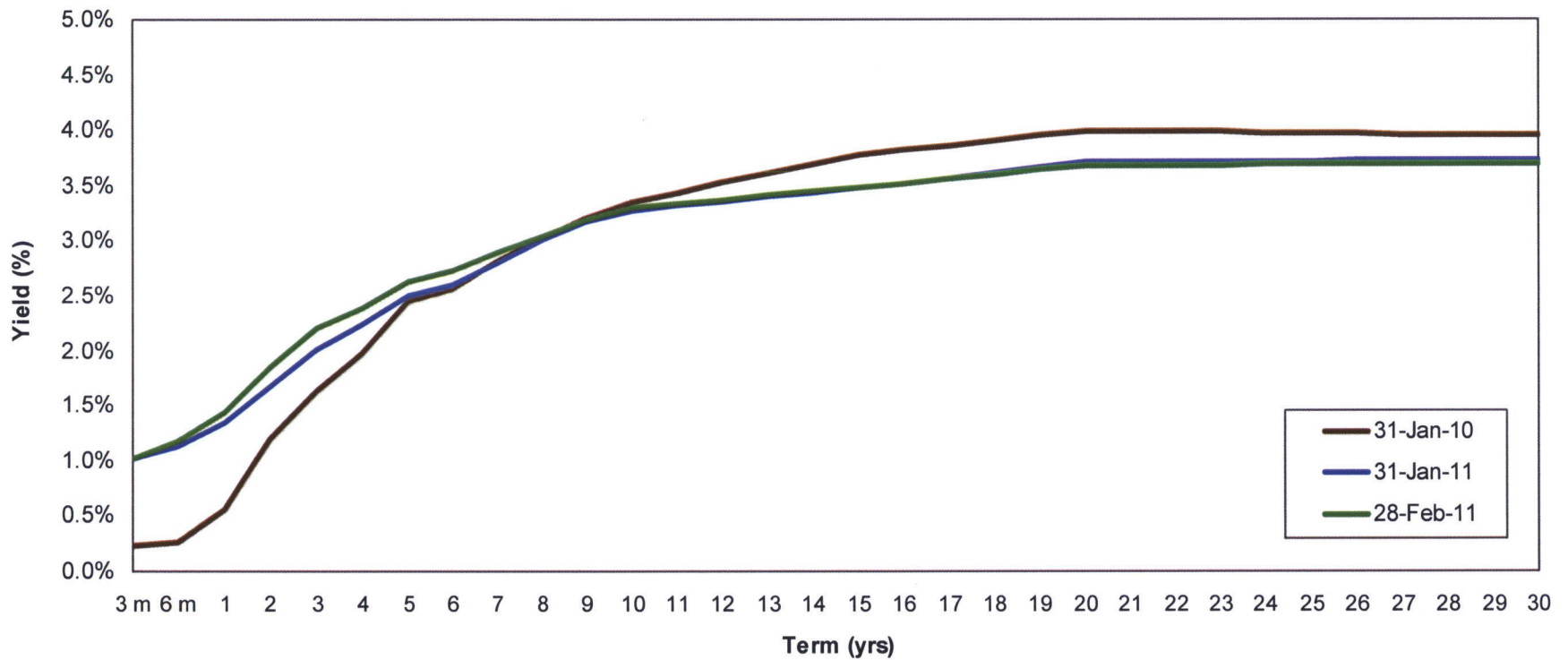
Source: TDAM

Breakeven rates have remained above 2% throughout 2010





Canada Yield Curves

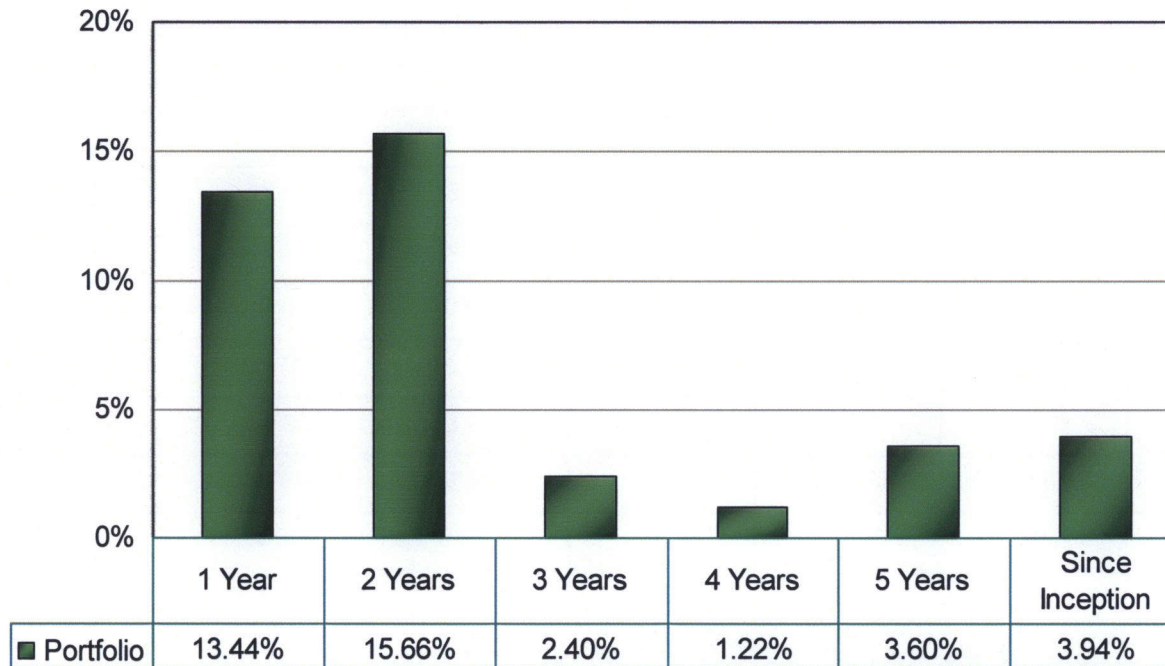


Yield curves continue to be steep despite recent flattening



1986-1990 Hepatitis C Settlement Trust Fund - Other

Performance as at January 31, 2011



Inception Date: February 29, 2000

**Assets as at January 31, 2011:
\$128,254,993**



1986-1990 Hepatitis C Settlement Trust Fund - Other Performance by Asset Class as at January 31, 2011

TD <i>Emerald</i> Funds	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Assets as at 01/31/2011
Canadian Bond Index Fund	4.27%	6.05%	5.63%	5.34%	5.18%	6.41%	\$42,612,065
DEX Universe Bond Index	4.35%	6.35%	5.81%	5.47%	5.29%	6.48%	
Difference	-0.08%	-0.30%	-0.18%	-0.13%	-0.11%	-0.07%	
Canadian Equity Market PFT II	24.83%	27.82%	3.37%	3.39%	5.56%	6.24%	\$47,370,497
S&P/TSX Equity TR Index	24.86%	27.85%	3.31%	3.33%	5.51%	6.01%	
Difference	-0.03%	-0.03%	0.06%	0.06%	0.05%	0.23%	
U.S. Market Index Fund	14.32%	14.14%	-0.64%	-4.96%	-0.78%	-2.47%	\$18,222,941
S&P 500 Total Return ND (C\$)	14.02%	13.81%	-0.99%	-5.27%	-1.09%	-2.65%	
Difference	0.30%	0.33%	0.35%	0.31%	-0.31%	0.18%	
International Equity Index Fund	8.43%	14.07%	-3.34%	-6.24%	-0.89%	-1.11%	\$19,985,421
MSCI EAFE Cap Wgtd ND Index (C\$)	8.31%	14.02%	-3.47%	-6.32%	-0.96%	-1.08%	
Difference	0.12%	0.05%	0.13%	0.08%	0.07%	-0.03%	
TOTAL:							\$128,254,993*

Return: Post-expense, numbers may not add due to rounding

Account Inception Date: February 29, 2000

* includes Cash assets of \$64,069

Benchmark Sources:

DEX Universe
S&P/TSX Equity
S&P 500
MSCI EAFE

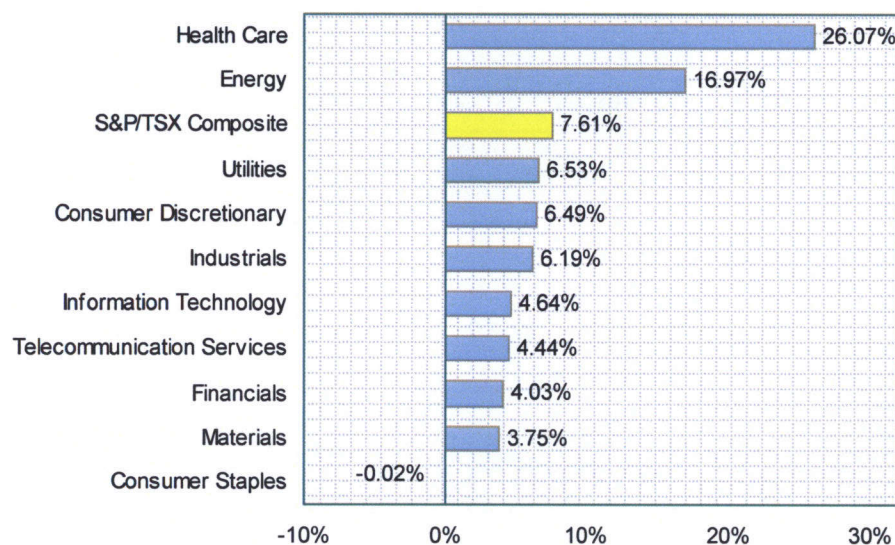
PC-Bond
TSX Group
Standard & Poor's
Morgan Stanley Capital Int'l. Inc.



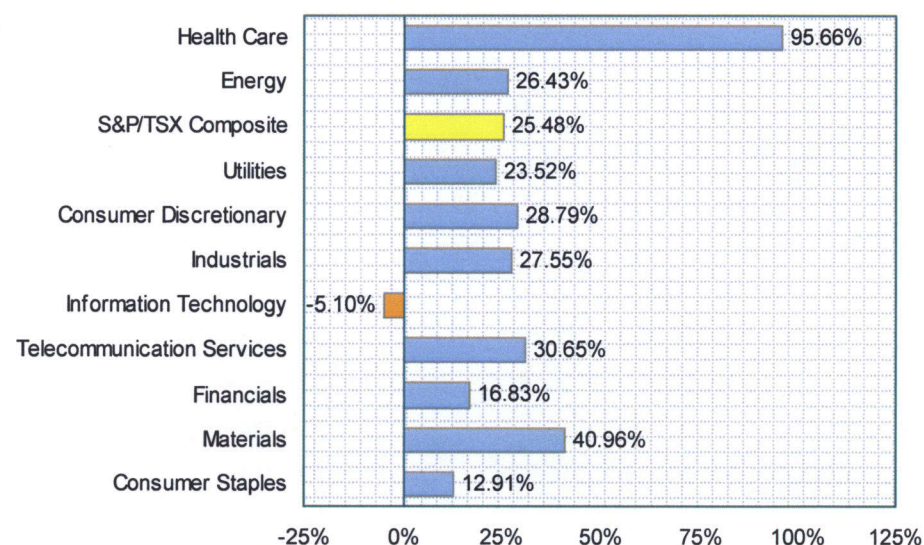
Canadian Equity Market Update

January 31, 2011

3-Month Returns



1-Year Returns



3-Month Commentary

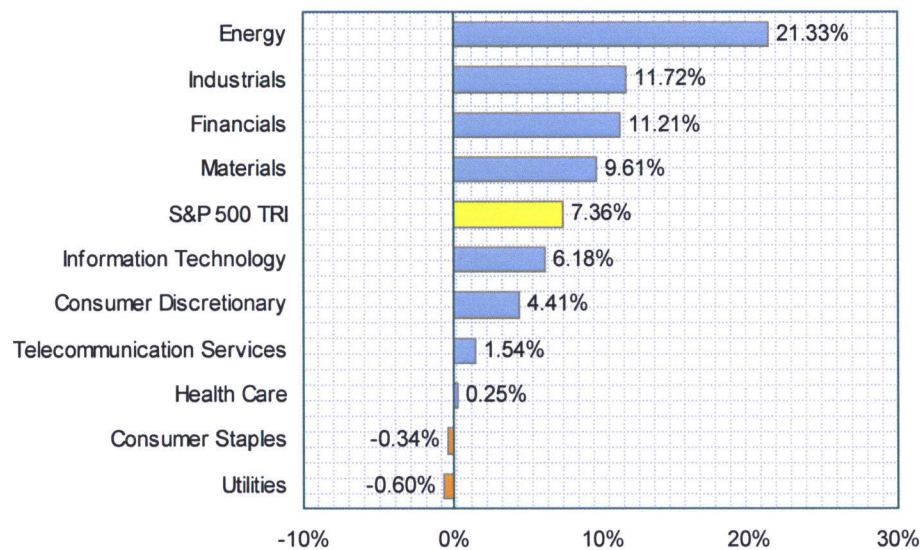
- Canadian stocks began the year on a solid footing, with a gain in January that added to a strong showing for the three-month period. The global economy continues to improve and growth forecasts for 2011 and 2012 have been upgraded.
- Commodity prices continued to firm, notably for oil and agricultural commodities. The outlook for the resource sector remains positive as the supply/demand fundamentals are tight and countries like China and India are growing at a healthy pace.
- However, risks remain that could hamper the recovery, including the ongoing European sovereign debt issues, tighter monetary policy in China, and a fragile housing market and high unemployment in the U.S.

Sources: TSX Group, TDAM

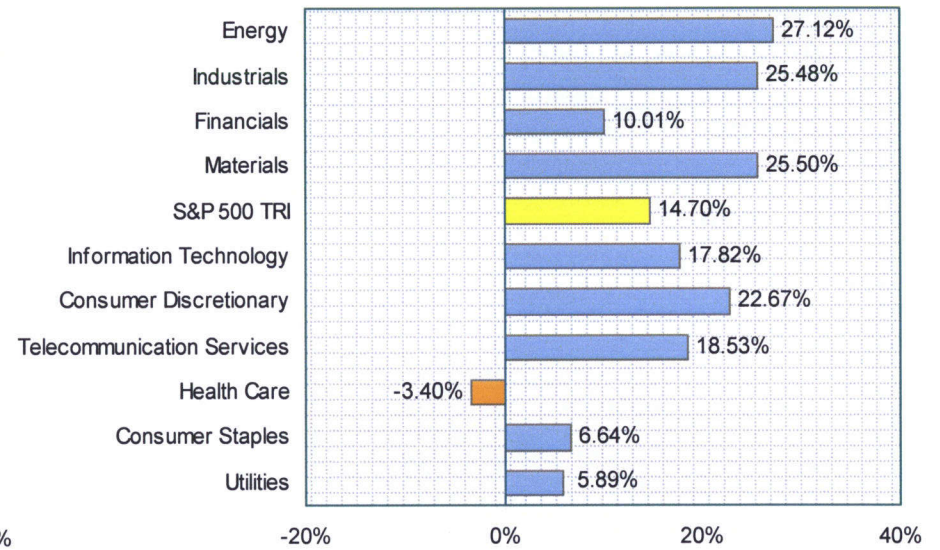


U.S. Equity Market Update January 31, 2011

3-Month Returns



1-Year Returns



(Performance numbers in C\$ terms)

3-Month Commentary

- U.S. equities extended recent gains into January amid further signs the economy is improving, including better-than-expected consumer spending and corporate earnings. As well, U.S. businesses expanded at the fastest pace since 1988.
- Investor sentiment continues to be buoyed by higher expectations for domestic growth, as stronger economic data, combined with continued fiscal and monetary stimulus, have fed optimism about the recovery.
- Still, investors continue to monitor key risks that could hamper the recovery, including the ongoing European sovereign debt issues, tighter monetary policy in China, and a fragile housing market and high unemployment in the U.S.
- Positive returns for the three months were tempered in Canadian dollars, as the currency gained in value versus its U.S. counterpart.

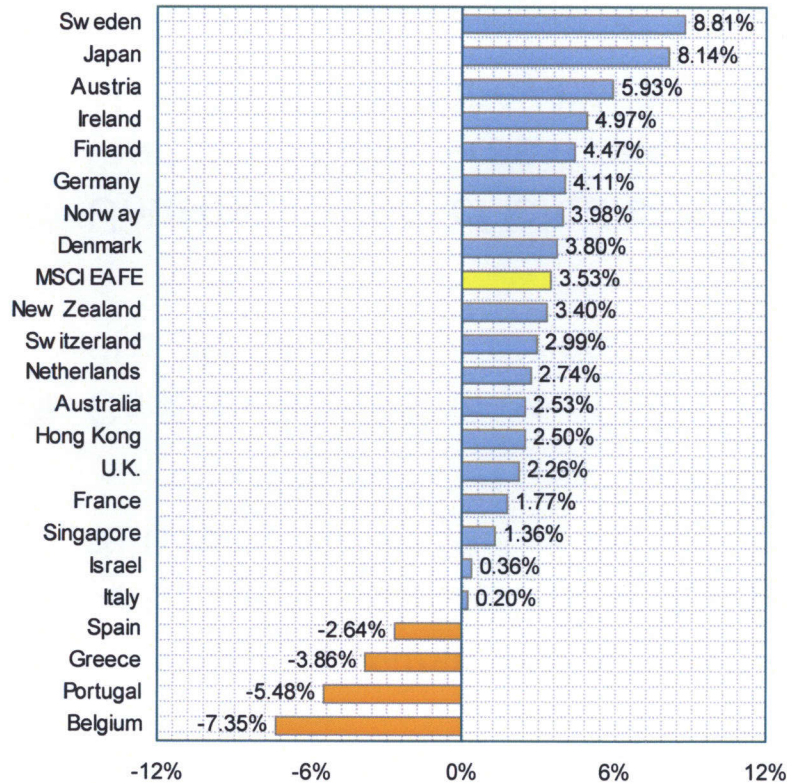
Sources: Standard & Poor's, TDAM



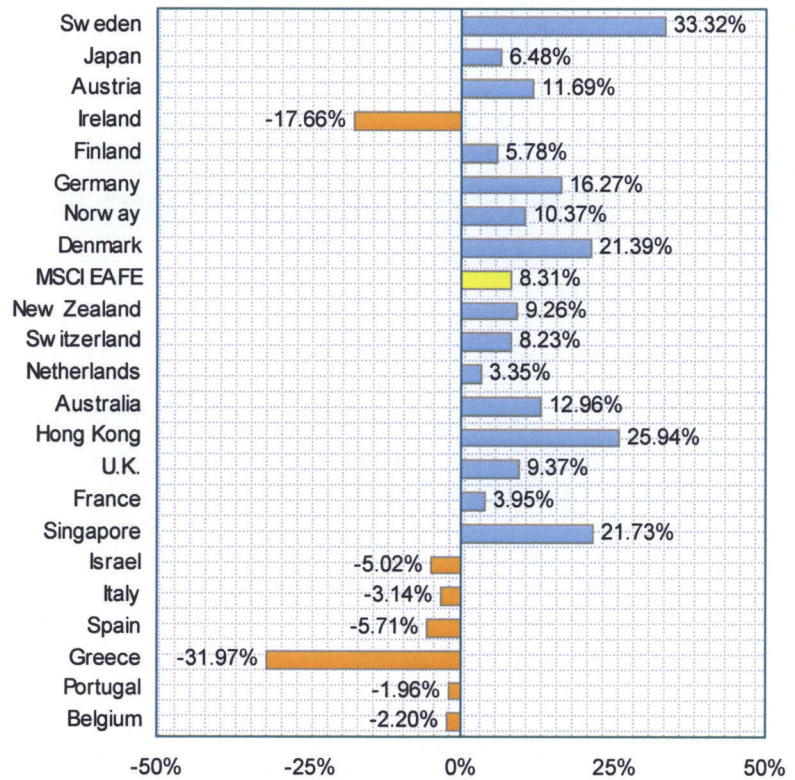
International Equity Market Update*

January 31, 2011

3-Month Returns



1-Year Returns



3-Month Commentary

- International equities began the year on a solid footing, extending recent gains into January. Investor sentiment continues to be buoyed by expectations for higher global growth as leading economic data continue to improve.
- Share prices received a further boost from better-than-expected earnings, merger and acquisition activity, as well as mounting optimism that European policy makers will step up their efforts to contain the sovereign debt crisis.



Current Observations in the Equity Markets

- Correlations within and across markets moderating somewhat from multi-year highs – should lead to fundamentals being a more important driver of returns
- Cash as a percentage of corporate assets stands at a high in the post-war era - M&A activity, dividend increases and share buybacks on the rise
- Unusual number of large-cap stocks globally with dividend yields greater than bond yields – as a result, equities being viewed by some as generators of income, a role they have not played in many years

Sources: TDAM, RBC
January 11, 2011



Trends

- Investment search activity continues for:
 - de-risking solutions
 - All Country World Index investments (ACWI)
 - inflation-linked investments
 - alpha with a risk-adjusted outcome

Source: TDAM
January 12, 2011



TD *Emerald* Canadian Bond Index Fund Tracking Variance Attribution – December 31, 2010

Fund:	3 Months	1 Year
Canadian Bond Index Fund	-0.69%	6.64%
DEX Universe Bond Index	-0.71%	6.74%
Difference	0.02%	-0.10%
Attribution:		
Exclusion of BBBs ①	0.02%	-0.07%
Transactions Costs ②	0.00%	-0.01%
Misweightings ③	0.00%	-0.01%
Fund Expenses/Securities Lending ④	0.00%	-0.01%
Total	0.02%	-0.10%

- ① Fund owns no BBB corporates, whereas the Index does. Spread changes cause tracking variance.
- ② Transactions costs, due to the bid/ask spread, are negative.
- ③ Other tracking variance, due to deviations from Index weights, is randomly positive or negative.
- ④ These include legal, custody and audit expenses net of any securities lending revenues.

Benchmark source: PC Bond

Numbers may not add due to rounding.
Please see end of document for important disclosures.



TD Emerald Canadian Equity Market Pooled Fund Trust II Tracking Variance Attribution – December 31, 2010

Fund:	3 Months	1 Year
Canadian Equity Market PFT II	9.35%	16.86%
S&P/TSX Equity TR Index	9.39%	16.90%
Difference	-0.04%	-0.04%
Attribution:		
Index Changes/Implementation ①	0.00%	0.01%
Weighting Deviations ②	-0.02%	-0.01%
Transactions Costs ③	-0.01%	-0.01%
Fund Expenses ④	-0.01%	-0.03%
Other ⑤	0.00%	0.00%
Total	-0.04%	-0.04%

- ① Index change implementation and trading can cause tracking variance.
- ② Portfolio weights may differ slightly from index weights, causing tracking variance.
- ③ Commissions and bid/ask spread have negative impact.
- ④ These include custody, legal and audit fees, net of any securities lending revenue.
- ⑤ This includes class action settlements and tracking variance attributable to corporate actions.

Benchmark source: TSX Group
PFT = Pooled Fund Trust



Numbers may not add due to rounding.
Please see end of document for important disclosures.

TD Emerald U.S. Market Index Fund Tracking Variance Attribution – December 31, 2010

Fund:	3 Months	1 Year
U.S. Market Index Fund	7.19%	8.71%
S&P 500 Total Return ND (C\$)	7.12%	8.41%
Difference	0.07%	0.30%
Attribution:		
Index Changes/Implementation ①	0.00%	0.00%
Weighting Deviations ②	0.00%	0.01%
Transactions Costs ③	0.00%	-0.01%
Fund Expenses ④	-0.01%	-0.03%
Withholding Tax Differential ⑤	0.08%	0.33%
Other ⑥	0.00%	0.00%
Total	0.07%	0.30%

- ① Index change implementation and trading can cause tracking variance.
- ② Portfolio weights may differ slightly from index weights, causing tracking variance.
- ③ Commissions and bid/ask spread have negative impact.
- ④ These include custody, legal and audit fees, net of any securities lending revenue.
- ⑤ The difference between withholding tax rates assumed by S&P in its index vs. actual withholding rate applicable to the fund.
- ⑥ This includes class action settlements and tracking variance attributable to corporate actions.

Benchmark source: Standard & Poor's

Numbers may not add due to rounding.
Please see end of document for important disclosures.



TD *Emerald* International Equity Index Fund Tracking Variance Attribution – December 31, 2010

Fund:	3 Months	1 Year
International Equity Index Fund	3.27%	2.22%
MSCI EAFE Cap Wgtd ND Index (C\$)	3.26%	2.13%
Difference	0.01%	0.09%
Attribution:		
Index Changes/Implementation ①	0.00%	-0.01%
Weighting Deviations ②	0.04%	0.14%
Withholding Tax Differential ③	0.00%	0.07%
Transactions Costs ④	-0.01%	-0.04%
Pricing ⑤	0.00%	0.00%
Fund Expenses ⑥	-0.02%	-0.07%
Other ⑦	0.00%	0.00%
Total	0.01%	0.09%

- ① Index change implementation and trading can cause tracking variance.
- ② Portfolio weights may differ slightly from index weights, causing tracking variance.
- ③ Impact of differential between withholding tax rates assumed in MSCI indices and rates applicable to the fund.
- ④ Commissions and bid/ask spread have negative impact.
- ⑤ Difference in pricing between the fund pricing source and the benchmark.
- ⑥ These include legal, custody and audit expenses net of any securities lending revenues.
- ⑦ Settlement of class action litigation and other corporate action items.

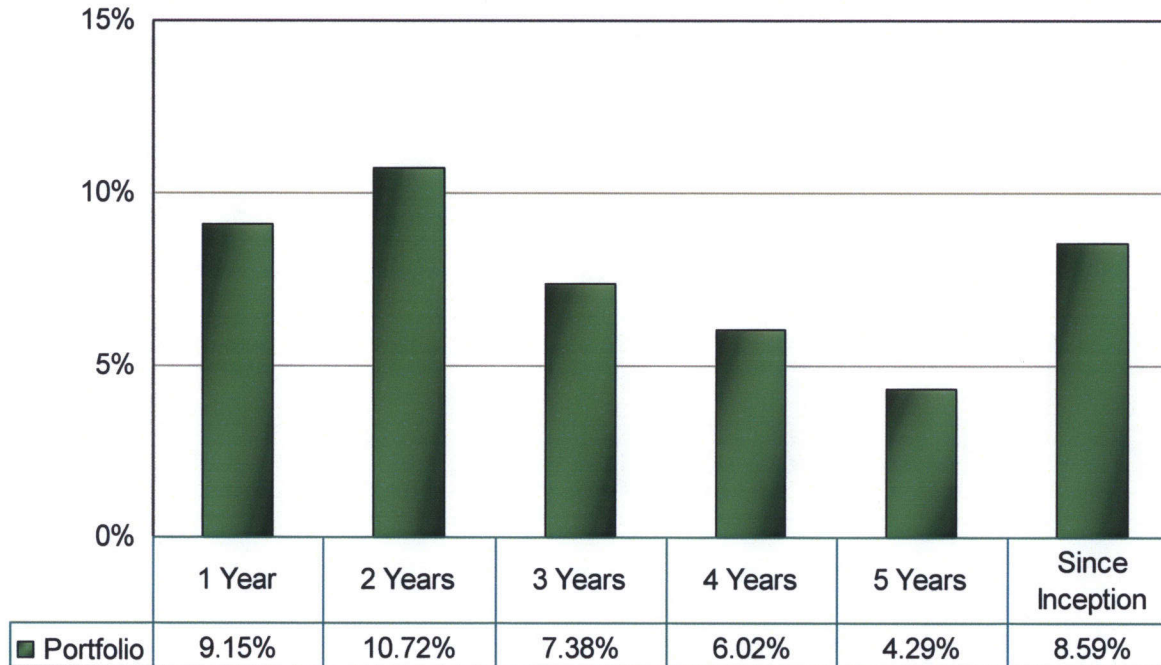
Benchmark source: Morgan Stanley Capital International Inc.



Numbers may not add due to rounding.
Please see end of document for important disclosures.

1986-1990 Hepatitis C Settlement Trust Fund Segregated Real Return Bonds

Performance as at December 31, 2010



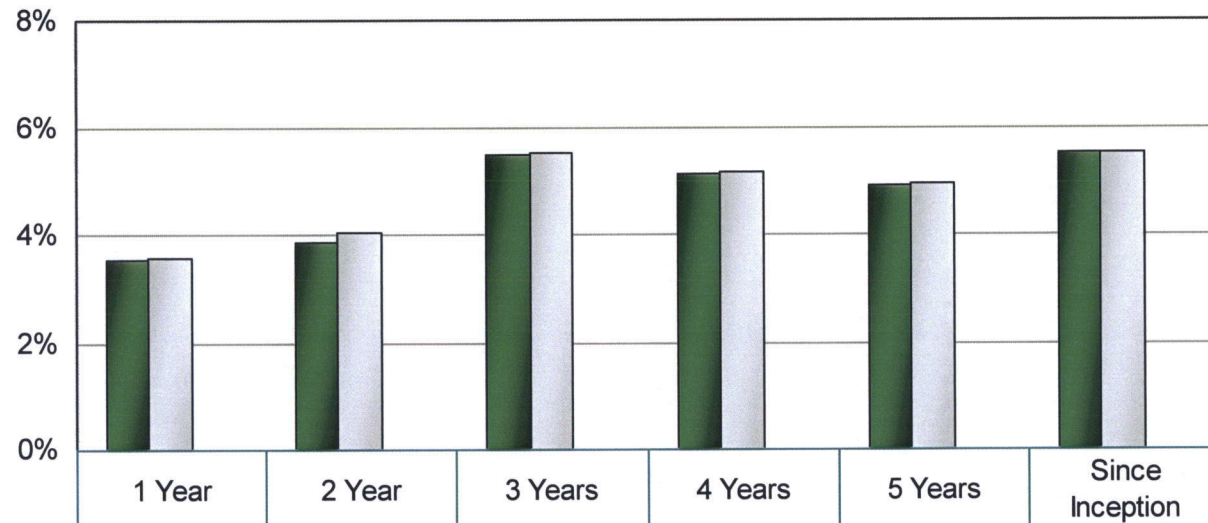
Inception Date: February 29, 2000

**Assets as at December 31, 2010:
\$777,000,000**



1986-1990 Hepatitis C Settlement Trust Fund Segregated Short Term Bonds

Performance as at December 31, 2010



■ Portfolio	3.53%	3.84%	5.46%	5.11%	4.89%	5.50%
□ DEX Short Overall	3.56%	4.05%	5.53%	5.17%	4.93%	5.52%
Difference	-0.03%	-0.21%	-0.07%	-0.06%	-0.04%	-0.02%

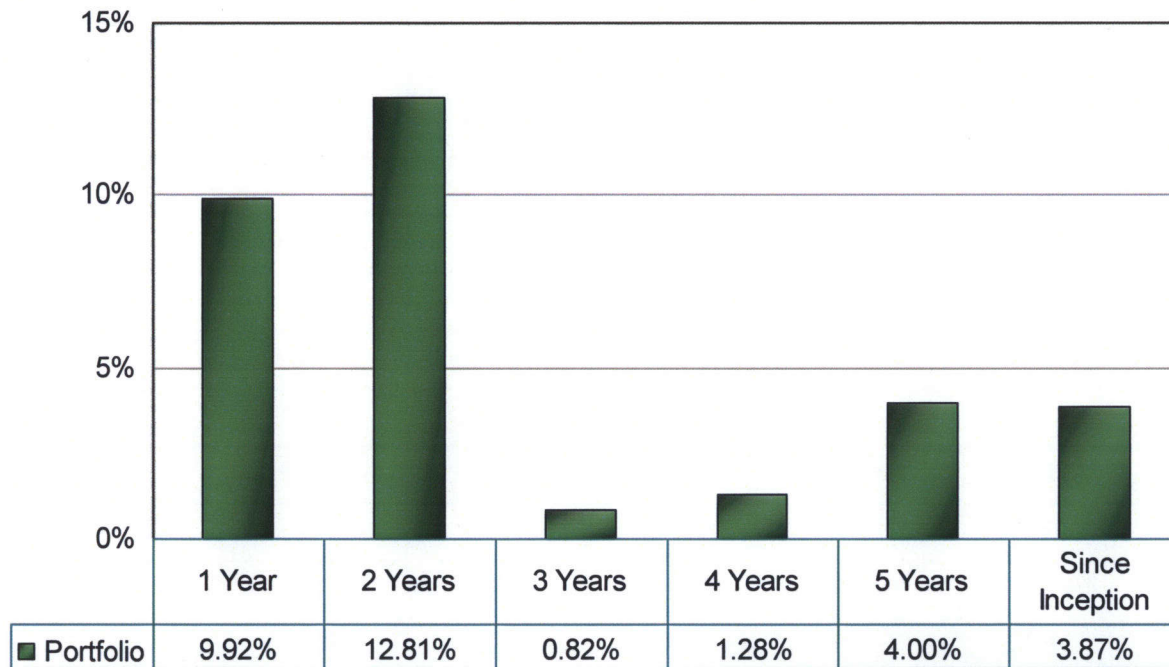
Inception Date: February 29, 2000
Benchmark Source: PC-Bond

**Assets as at December 31, 2010:
\$81,332,332**



1986-1990 Hepatitis C Settlement Trust Fund - Other

Performance as at December 31, 2010



Inception Date: February 29, 2000

**Assets as at December 31, 2010:
\$127,187,184**



1986-1990 Hepatitis C Settlement Trust Fund - Other Performance by Asset Class as at December 31, 2010

TD <i>Emerald</i> Funds	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Assets as at 12/31/2010
Canadian Bond Index Fund	6.64%	5.79%	6.01%	5.42%	5.14%	6.51%	\$43,005,326
DEX Universe Bond Index	6.74%	6.08%	6.19%	5.56%	5.25%	6.57%	
Difference	-0.10%	-0.29%	-0.18%	-0.14%	-0.11%	-0.06%	
Canadian Equity Market PFT II	16.86%	25.36%	1.38%	3.52%	6.66%	6.22%	\$47,033,308
S&P/TSX Equity TR Index	16.90%	25.40%	1.32%	3.47%	6.62%	5.99%	
Difference	-0.04%	-0.04%	0.06%	0.05%	0.04%	0.23%	
U.S. Market Index Fund	8.71%	7.86%	-2.94%	-4.98%	-1.28%	-2.75%	\$17,687,306
S&P 500 Total Return ND (C\$)	8.41%	7.51%	-3.30%	-5.29%	-1.59%	-2.93%	
Difference	0.30%	0.35%	0.36%	0.31%	0.31%	0.18%	
International Equity Index Fund	2.22%	7.00%	-6.65%	-6.45%	-0.73%	-1.39%	\$19,397,175
MSCI EAFE Cap Wgtd ND Index (C\$)	2.13%	6.91%	-6.81%	-6.53%	-0.80%	-1.36%	
Difference	0.09%	0.09%	0.16%	0.08%	0.07%	-0.03%	
TOTAL:							\$127,187,184*

Return: Post-expense, numbers may not add due to rounding

Account Inception Date: February 29, 2000

*includes Cash assets of \$64,069

Benchmark Sources:

DEX Universe
S&P/TSX Equity
S&P 500
MSCI EAFE

PC-Bond
TSX Group
Standard & Poor's
Morgan Stanley Capital Int'l. Inc.



The View from TD Economics

- Since reaching a trough in the second quarter of 2009, the U.S. economy has grown at an average annual rate of 3.0%, healthy growth in normal times, but in the wake of the deepest recession since the Great Depression, it does not feel like much growth at all.
- The Fed's second round of quantitative easing and recent fiscal stimulus measures are helping strengthen the U.S. economy. But headwinds remain, including: weak housing and constrained credit markets. As these factors fade over the next few years, growth will rebound, even without the aid of additional stimulus measures. Real GDP is forecast to grow by 3.1% in 2011 and 2.9% in 2012.
- Global growth rose off its 2009 lows on the back of strong emerging market activity. The outlook is somewhat tempered by the high inflation faced by many developing economies. Global economic output is expected to rise by 4.4% in 2010 and 4.0% in 2011.
- Stronger growth in the U.S. will help the Canadian economy but export growth will be tempered by a high Canadian dollar. Domestic conditions are important too: Canadian households and governments will need to address their sizable debt loads. In this environment, economic growth will be slow and Canadian interest rates are likely to remain exceptionally low. Canadian output is forecast to grow by 2.9% in 2010 and around 2.5% in 2011 and 2012.

Source: TD Economics
February 23, 2011



Disclosure / Disclaimer

TD Asset Management Inc. (TDAM) is a wholly-owned subsidiary of The Toronto-Dominion Bank (TD Bank).

®/ The TD logo and other trade-marks are the property of The Toronto-Dominion Bank or a wholly-owned subsidiary, in Canada and/or other countries. All trademarks are the property of their respective owners.

The statements contained herein are based on material believed to be reliable. Where such statements are based in whole or in part on information provided by third parties, they are not guaranteed to be accurate or complete. The information does not provide individual financial, legal, tax or investment advice and is for information purposes only. Graphs and charts are used for illustrative purposes only and do not reflect future values or changes. Past performance is not indicative of future returns. TD Asset Management Inc., The Toronto-Dominion Bank and its affiliates and related entities are not liable for any errors or omissions in the information or for any loss or damage suffered.

Please read the prospectus, which contains detailed investment information, before investing. The indicated rates of return (other than for each money market fund) are the historical annual compounded total returns for the period indicated including changes in unit value and reinvestment of distributions. The indicated rates of return for each money market fund is an annualized historical yield based on the seven-day period ended as indicated and annualized in the case of effective yield by compounding the seven day return and does not represent an actual one year return. The indicated rates of return do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. Mutual funds are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer and are not guaranteed or insured. Their values change frequently. There can be no assurances that a money market fund will be able to maintain its net asset value per unit at a constant amount or that the full amount of your investment will be returned to you. Management fees and expenses may all be associated with these mutual fund investments. Past performance may not be repeated.

Important information about the pooled fund investment is contained in their offering circular, which we encourage you to read before investing. Please obtain a copy. All performance data represent past returns and are not necessarily indicative of future performance. Pooled Fund units are not deposits as defined by the Canada Deposit Insurance Corporation or by the Autorité des marchés financiers du Québec and are not guaranteed by the TD Bank.

Certain portions of this presentation may contain forward-looking statements. Forward-looking statements are based on current expectations and projections about future general economic, political and relevant market factors, such as interest rates, foreign exchange rates, equity and capital markets, and the general business environment, in each case assuming no changes to applicable tax or other laws or government regulation. Expectations and projections about future events are inherently subject to, among other things, risks and uncertainties, some of which may be unforeseeable. Accordingly, assumptions concerning future economic and other factors may prove to be incorrect at a future date.

Forward-looking statements are not guarantees of future performance, and actual events could differ materially from those expressed or implied in any forward-looking statements made by the presentation. We encourage you to consider these and other factors carefully before making any investment decisions and we urge you to avoid placing any undue reliance on forward-looking statements. Further, you should be aware of the fact that TDAM, The Toronto-Dominion Bank and its affiliates and related entities have no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise.



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, 2010. 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, preparation of investment summary for the Joint Committee, updating payment amounts for the change in the Pension Index for 2011, review of investment policy, various discussions with counsel (including planning for the 2010 sufficiency review), and other miscellaneous items.



Hepatitis C Settlement Trust Fund

Investment Summary as at December 31, 2010

March 2011

A MEMBER OF ABELICA GLOBAL

Eckler

CONSULTANTS + ACTUARIES



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

- > **Investible 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-10			Dec-09		
				Value	Asset Alloc	Fund Alloc	Value	Asset Alloc	Fund Alloc
Long term	Real Return Bonds	Passive	80.0%	776,979	85.5%		732,665	85.6%	
	Universe Bonds	Index	6.0%	43,104	4.7%		42,168	4.9%	
	Canadian Equity	Index	7.0%	50,361	5.5%		44,128	5.2%	
	US Equity	Index	3.5%	17,972	2.0%		16,846	2.0%	
	EAFE Equity	Index	3.5%	19,945	2.2%		19,957	2.3%	
	Cash		0.0%	85	0.0%		85	0.0%	
			100.0%	908,445	100.0%	77.2%	855,848	100.0%	75.4%
Short Term									
	Short Term Bonds	Index		81,217			82,428		
	Cash			113			59		
				81,329		6.9%	82,487		7.3%
Total Invested Assets *				989,775		84.1%	938,336		82.7%
Provinces Notional Assets (net of prepayments/include outstanding payments)				187,487		15.9%	196,285		17.3%
Total Assets				1,177,262		100.0%	1,134,621		100.0%

* Total Invested Assets includes prepayments from Alberta and Yukon

Split of Invested Assets between:	Dec-10	Dec-09
Long Term Fund	91.8%	91.2%
Short Term Fund	8.2%	8.8%
Total Invested Assets	100.0%	100.0%

Totals may not add due to rounding

Comments on Asset Summary

As of December 31, 2010

- > **Weighting for real return bonds is currently 5.5% above their benchmark of 80% of the Long Term Fund**
 - This was virtually unchanged from December 31, 2009 (5.6% above benchmark)

- > **Universe bonds are 1.3% below their benchmark of 6%**
 - This underweight has increased from a 1.1% underweight as at December 31, 2009

- > **Equities are below their benchmark by 4.3%**
 - At December 31, 2009 they were 4.5% below their benchmark

- > **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 increased from 91.2% to 91.8%, while the Short Term Fund has decreased from 8.8% to 8.2% during the fiscal year**

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, 2009	732,686	123,163	82,487	938,336	196,285	1,134,621
Investment Income (realized and unrealized)	66,956	11,885	2,737	81,579	876	82,455
Inflow: Recoveries from Provinces	-	-	9,649	9,649	(9,649)	-
Additional prepayments	-	-	25	25	(25)	-
Outflow: Benefit Payments	-	-	(36,991)	(36,991)	-	(36,991)
Expenses	-	-	(2,824)	(2,824)	-	(2,824)
Transfers between funds	(22,642)	(3,602)	26,245	-	-	-
Closing, at December 31, 2010	777,000 ²	131,446 ²	81,329	989,775	187,487	1,177,262

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 increased since December 31, 2009 by \$51.4m**
 - As a result of positive investment returns and the “federal” 8/11ths share of the total payouts
- > **The notional PT assets have decreased by \$8.8m**
 - 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 increased by \$42.6m**
- > **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 \$26m**
 - \$23m from real return bonds in June and December 2010
 - \$3m from other long term funds - spread over the period

PT Assets (\$,000's)

	Gross PT Assets	Less: prepayments		Net PT Assets
		Yukon	Alberta	
Initial, at December 31, 2009	197,886	16	1,585	196,285
Interest Credits	880	-	3	876
Additional Prepayments	-	25	-	(25)
3/11th share of benefits/expenses	(10,887)	(21)	(1,217)	(9,649)
Closing, At December 31, 2010	187,878	20	371	187,487

Notes:

Ontario's prepayments were used up by August 2002.

Totals may not add due to rounding.



Investment Returns

Fund	Portfolio	Fiscal Year ending		
		Dec-08	Dec-09	Dec-10
Long term	Real Return Bonds	1.0%	12.3%	9.2%
	Universe Bonds	6.5%	5.0%	6.6%
	Canadian Equity	-33.7%	34.5%	16.9%
	US Equity	-21.4%	7.0%	8.7%
	EAFE Equity	-29.0%	12.0%	2.2%
	Total	-2.4%	12.7%	9.3%
Short Term	Short Term Bonds	8.8%	4.1%	3.5%
Total Invested Assets		-1.6%	12.0%	8.9%
Notional PT Assets		2.5%	0.4%	0.5%
Total Assets		-0.8%	9.8%	7.5%

Quarterly Returns Fiscal Dec 2010			
Mar-10	Jun-10	Sep-10	Dec-10
1.3%	2.2%	4.7%	0.8%
1.2%	2.9%	3.1%	-0.7%
2.8%	-5.7%	10.2%	9.4%
1.9%	-7.3%	7.3%	7.2%
-2.5%	-9.7%	12.4%	3.3%
1.4%	1.3%	5.1%	1.3%
0.4%	1.7%	1.6%	-0.2%
1.3%	1.4%	4.8%	1.2%
0.0%	0.1%	0.1%	0.2%
1.1%	1.1%	4.0%	1.0%

Notes:

- The 2008, 2009 and 2010 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.
- 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 7.5% for the 2010 calendar year is the result of positive returns from all the component portfolios.**
- > **Canadian equities produced the best returns in 2010 of 16.9%.**
- > **US and EAFE equity also shown positive returns in 2010, but these were adversely affected by the strengthening of the Canadian dollar.**
- > **Real Return Bond have continued to show a very good return, as a result of continued falls in real return bond yields.**
- > **The PT notional fund is charged interest at the 3 month T-bill rate; In 2010, these rates were significantly lower than the returns on the invested assets.**



Tracking Error

		Fiscal Year ending			4 years to Dec 2010	Target tracking error	
		Dec-08	Dec-09	Dec-10		1 year	4 years
Universe Bonds	Actual	6.5%	5.0%	6.6%	5.42%	0.20%	0.10%
	Index	6.4%	5.4%	6.7%	5.55%		
	t/e	0.1%	-0.4%	-0.1%	-0.13%		
Canadian Equity	Actual	-33.7%	34.5%	16.9%	3.52%	0.30%	0.15%
	Index	-33.9%	34.5%	16.9%	3.47%		
	t/e	0.2%	0.0%	0.0%	0.05%		
US Equity	Actual	-21.4%	7.0%	8.7%	-4.98%	0.30%	0.15%
	Index	-21.5%	7.0%	8.4%	-5.05%		
	t/e	0.1%	0.0%	0.3%	0.07%		
EAFE Equity	Actual	-29.0%	12.0%	2.2%	-6.47%	0.60%	0.30%
	Index	-29.2%	11.9%	2.1%	-6.53%		
	t/e	0.2%	0.1%	0.1%	0.06%		
Short Term Bonds	Actual	8.8%	4.1%	3.5%	5.11%	0.20%	0.10%
	Index	8.6%	4.5%	3.6%	5.17%		
	t/e	0.2%	-0.4%	-0.1%	-0.06%		



Comments on Tracking Error

- > **Universe Bonds had a negative tracking error outside the target range for 4 years ending 2010, but was inside the 1 year target range for 2010.**
- > **All other portfolios met their tracking error target over both one and four years for 2010.**

Hepatitis C Fund - 2010 Charges plus expenses

Invoice No.	Period	Description	Time charges	Expenses	Total
5113	January to June	Actuarial services & investment monitoring	\$ 20,049	-	\$ 20,049
5121	July to September	Actuarial services & investment monitoring	7,965	-	7,965
5159	October to December	Actuarial services & investment monitoring	10,385	-	10,385
Sub-total					\$38,399
5114	January to June	Special projects - investment guidelines	14,320	\$ 1,968	16,288
Sub-total					\$16,288
5167	January to June	Fund sufficiency	3,117	1,948	5,065
5168	July to December	Fund sufficiency	134,678	13,339	148,017
Sub-total					\$153,082
2010 Total charges and expenses					\$207,769

1986-1990 Hepatitis C Claims Centre

Annual Report for the Period Ending December 31, 2010

Appointment

Crawford and Company Canada Inc. has been administering the 1986-1990 Hepatitis C Class Action Settlement since our appointment by the Courts March 9, 2000.

Activities of Year 11

1. Complied with all Administrator duties as outlined in Article Five of the Settlement Agreement.
2. Worked in collaboration with the auditors from Deloitte to complete the year-end audit process.
3. Met with the Joint Committee in March; provided and discussed updated claim statistics.
4. In partnership with the Joint Committee, a highly successful communication campaign was administered in regards to the June 30, 2010 first claim deadline. The campaign resulted in the Administrator issuing 8,189 notice letters and receiving 497 new primary claims in 2010.
5. Completed numerous late claim questionnaires on behalf of the Joint Committee in regards to individuals who wish to submit a claim after the June 30, 2010 first claim deadline.
6. Continued to work in collaboration with Canadian Blood Services, Héma-Québec, British Columbia Center for Disease Control, provincial hepatitis c programs, and medical experts.
7. Updated the www.hepc8690.ca website monthly and as needed.
8. Prepared files for Fund Counsel, Referees, and Arbitrators and attended three (3) in person hearings and five (5) by conference call.

Key Claims Evaluation Statistics as of December 31, 2010

Funds disbursed	\$668,916,907.63
Claims received	16,170
Claims approved	12,846
Claims denied	2,390
Claims in progress	934
Appeals	442
Decisions Rendered	305
Mediated/Withdrawn/Rescinded/Archived	101
Traceback requests initiated	4,842

Crawford continues to meet or exceed all service performance criteria.

Administration Costs	Fee	Tax	Total	Payable Month
janv-10	\$ 72 000,00	\$ 3 600,00	\$ 75 600,00	mars-10
févr-10	\$ 72 000,00	\$ 3 600,00	\$ 75 600,00	mars-10
mars-10	\$ 72 000,00	\$ 3 600,00	\$ 75 600,00	avr-10
avr-10	\$ 72 000,00	\$ 3 600,00	\$ 75 600,00	mai-10
mai-10	\$ 72 000,00	\$ 3 600,00	\$ 75 600,00	juil-10
juin-10	\$ 72 000,00	\$ 3 600,00	\$ 75 600,00	juil-10
juil-10	\$ 72 000,00	\$ 9 360,00	\$ 81 360,00	août-10
août-10	\$ 72 000,00	\$ 9 360,00	\$ 81 360,00	sept-10
sept-10	\$ 72 000,00	\$ 9 360,00	\$ 81 360,00	oct-10
oct-10	\$ 72 000,00	\$ 9 360,00	\$ 81 360,00	nov-10
nov-10	\$ 72 000,00	\$ 9 360,00	\$ 81 360,00	déc-10
déc-10	\$ 75 000,00	\$ 9 750,00	\$ 84 750,00	janv-11
Total	\$ 867 000,00	\$ 78 150,00	\$ 945 150,00	

Appeal Costs - Includes Tax	Fee	Tax	Total	Payable Month
	\$ 2 885,55	\$ -	\$ 2 885,55	Not yet paid

Third Party Costs - Includes Tax	Fee	Tax	Total	Payable Month
	\$ 10 364,65	\$ -	\$ 10 364,65	Not yet paid

Quarterly Adjustment Costs	Fee	Tax	Total	Payable Month
	\$ 292 737,70	\$ 38 055,90	\$ 330 793,60	Not yet paid

Communication Plan Cost	Fee	Tax	Total	Payable Month
	\$ 55 424,00	\$ 2 771,20	\$ 58 195,20	juil-10

**SUMMARY OF JOINT COMMITTEE WORK
DURING ELEVENTH YEAR OF OPERATIONS (2010)**

OVERVIEW

1. The Joint Committee 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 Trust Fund investment portfolio, to oversee service providers and to undertake the triennial fund sufficiency review.
2. In Year 11 (2010), approximately \$38 million in claims were paid. Operating expenses of administration and all service providers were approximately \$3.046 million. The total amount of claims paid over the life of the settlement now total approximately \$674 million.
3. The most time consuming issues for the Joint Committee in Year 11 (2010) were:
 - (a) bifurcating in the budgeting and Annual Report process which resulted in two motions for budget approval (one in the first quarter for Year 11 and one in the last quarter for Year 12) as well as the material and motion for the Annual Report;
 - (b) the communications project to make class members who had not applied aware of the first claims deadline;
 - (c) directing the Administrator in the handling of persons wishing to make a claim after June 30, 2010 and reviewing the data pertaining to such persons and for the purposes of developing a court approved protocol pertaining to the same;
 - (d) updating court approved protocols, standard operating procedures and forms to improve administrative efficiency (both from the perspective of the claimants and of the Administrator);
 - (e) updating court approved protocols to reflect advancement in medical diagnosis; and
 - (f) preparing for the fund sufficiency review triggered December 31, 2010.
4. Other projects commenced and/or completed by the Joint Committee in Year 11 (2010) were:
 - (a) renegotiation and court approval of an extension to the administration contract;
 - (b) ongoing liaison with Canadian Blood Services pertaining to the stored frozen samples and the costs of storing them;
 - (c) finalization of the Investment Guideline revisions;
 - (d) investigating the need and feasibility of migrating the Administrator's software system to a more modern, commercially common platform; and

- (e) responding to various policy issues raised by the Administrator for direction from the Joint Committee.
- 5. Certain issues including the Administrator contract renewal, the communication campaign and the investment oversight and Investment Guidelines revisions are addressed in more detail below.
- 6. The Joint Committee predicted that Year 11 (2010) would be busier than Year 10 (2009) and that proved to be correct. For the first time in the history of the Plans, the Joint Committee underestimated the budget necessary to do its work and had to apply to the Courts to increase the budget.
- 7. The Joint Committee anticipates that the most pressing issues in Year 12 (2011) will be the 2010 fund sufficiency review and the motion for a court approved protocol to adapt the administrative processes to deal with claims brought after June 30, 2010.

FINANCIAL MATTERS AND BUDGETARY PROCESS

- 8. The Joint Committee is responsible for making recommendations to the Courts pertaining to the appointments of service providers, negotiating budgets for service providers, obtaining orders pertaining to approval of the 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.
- 9. Up to Year 10 (2009) the Joint Committee prepared the current year budgets and the previous year Annual Report at the same time. This worked for a period of time, especially since the extent to which some service providers were over/under budget and/or were owed, or owed, the Trust Fund, was not finalized until the audit had been completed.
- 10. As a result of a request from the Courts, the Joint Committee bifurcated this process in Year 11 (2010). The budget for Year 12 was prepared separately, and in advance of, the Annual Report for Year 11. In the last quarter of Year 11, the budget for Year 12 (2011)

was prepared and it was submitted to the court in British Columbia in December 2010 and to the courts in Ontario and Quebec in January 2011.

11. Accordingly, in Year 11, the Joint Committee prepared two budgets and one Annual Report, instead of one budget combined with the Annual Report.
12. This additional work is part of the reason that the Joint Committee moderately exceeded its initial budget for Year 11 (2010) and sought an increase. In addition, work on the communications campaign, revisions to court approved protocols and dealing with late claims were all more time intensive than anticipated.
13. In the third quarter, the Joint Committee sought and the Courts approved, a revision to the Joint Committee budget from \$500,000 (\$50,000 in disbursements) to \$600,000 plus disbursements. The actual fees compared to budgets are detailed in Schedule L and summarized in the body of the Annual Report.
14. In the third quarter, the Joint Committee also sought approval of the budgets for the fund sufficiency review work which were approved as follows:
 - (a) Medical modeling – \$90,390 plus applicable taxes;
 - (b) Actuarial – \$540,000 plus reasonable disbursements and applicable taxes; and
 - (c) Joint Committee - \$300,000 plus reasonable disbursements and applicable taxes.

COMMUNICATIONS PERTAINING TO FIRST CLAIMS DEADLINE

15. In early 2010, the Courts approved a bilingual first claims deadline communications campaign aimed at providing notice that individuals who were transfused or received blood between January 1, 1986 and July 1, 1990 and are or were infected with HCV needed to commence a claim by June 30, 2010 or within three years of when they became aware of their infection, whichever is later.
16. The communication campaign which was carried out included:
 - (a) the mailing of 8,189 notices to persons who had registered or claimed within the 11 years of Plan operations;
 - (b) the mailing of a notice and “waiting room” poster to 29,959 Doctors, 11,368 Nurse Practitioners, 1,639 Laboratories and 102 Patient Groups and/or Associations;
 - (c) re-engineering of the administration website in order to communicate the first claim deadline and provide additional information to potential claimants; and
 - (d) re-introduction of a live bilingual toll-free help desk for assistance of potential claimants.

17. The number of claims received in the first six months of 2010 (497) was more than four times the number of claims received in either of the two prior years and the number of persons seeking to claim in the 8 months since the first claims deadline has been almost as high as the total claims for either of the two prior years.

CLAIMANTS WISHING TO MAKE A CLAIM AFTER THE JUNE 30, 2010 DEADLINE

18. Due to the first claims deadline contained in sections 3.08 of the Transfused HCV Plan and section 3.07 of the Hemophiliac HCV Plan, as of July 1, 2010, the Administrator ceased issuing application forms to first time claimants. The Joint Committee subsequently instructed the Administrator to re-commence issuing claims forms to those persons who reached the age of majority one year or less before contacting the Administrator.
19. Claimants have continued to contact the Administrator to make a claim after June 30, 2010.
20. The Joint Committee instructed the Administrator to survey the claimants as to the reasons why they were attempting to make a first claim after June 30, 2010. The Joint Committee assisted the Administrator in preparing the form of the survey which was to be completed by the Administrator over the telephone, with the written summary of the survey to be sent to the claimant for review and confirmation and/or correction of the information provided and finally to be returned to the Administrator.
21. Ninety-two surveys were conducted by the Administrator between July 1, 2010 and February 2011. Of those, a total of 72 were confirmed or amended by the would be claimant and returned to the Administrator.¹
22. The Joint Committee reviewed and analyzed the surveys. As a result of the review of this information, and taking into account the informal views expressed at the January 28, 2010 meeting with Chief Justice Winkler, Justice Pitfield and Justice Tingley, the Joint Committee has prepared a draft protocol for dealing with claims made after June 30, 2010 for court approval. This protocol is intended to replace the previous Court Approved Protocol – Requirements For the Exceptional Filing of Claims After Applicable Time Limits - which dealt with claims filed outside of the time provided in s.3.05(1), s. 3.06 and s.3.07 of the Transfused HCV Plan and s.3.04(1), s.3.05 and s.3.06 of the Hemophiliac HCV Plan.
23. The Joint Committee has finalized the protocol and filed material to bring an application for approval by the Courts. Counsel for the federal government has advised he anticipates receiving instructions to oppose the applications.

¹ Since the survey was completed in February 2011, a further 29 claimants have contacted the Administrator seeking to make a claim.

AMENDMENTS OF COURT APPROVED PROTOCOLS

24. The Joint Committee liaised with the Administrator and medical experts and consultants as a result of concerns and feedback from class members and the Administrator about the following court approved protocols:
 - (a) Medical Evidence
 - (b) Alternative to Biopsy; and
 - (c) Out of Pocket Expenses.
25. Those court approved protocols were redrafted to align with current medical practices and standards, diagnostic measures and to facilitate efficient claims administration. The Courts approved the amendments in the last quarter of the year of 2010 and the first quarter of 2011.
26. The Administrator reports that the implementation of these amended court approved protocols is proceeding well.

PORTFOLIO OVERSIGHT

27. In Year 11 (2010), the invested portion of the Trust Fund closed at \$989 million, up from \$938 million the previous year, after having paid out \$38 million in claims and approximately \$3.046 million in administration and service provider expenses. (The obligation of the provinces which fund on a pay as you go basis is estimated to be about \$186 million as at December 31, 2010.)
28. 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 is held in equities. The value of the invested assets of the Trust Fund increased by approximately 5.4% in Year 11 (2010) (net of payments to claimants and expenses of administration of the Settlement).
29. The vast majority of the assets (approximately \$760 million) are invested in Government of Canada Real Return Bonds which returned 5.33% in 2010. The return on these bonds since inception is 8.28%. The performance is driven by strong demand for these bonds with a limited supply. The next largest asset class is short term bonds which increased by 2.67% in 2010. The “other” assets, which include Canadian and foreign equities and bond funds, increased by 13.44% in 2010.
30. In Year 11 (2010) the Investment Guidelines were revised to provide for automatic rebalancing in the event any of the asset classes strayed outside permissible tracking targets.
31. The Joint Committee also addressed the issue of duration matching which is a prudent aligning of assets against liabilities over time. Because duration matching has not been addressed for a long period, the duration of the liabilities is much longer at the present time than the duration of the assets. The revised Investment Guidelines contained provisions on duration matching. In BC and Ontario the revised Investment Guidelines

were approved but the provisions pertaining to duration matching were suspended pending further order. In Quebec the revised Investment Guidelines were approved excluding the provisions pertaining to duration matching. Implementing duration matching would incur a considerable expense and it was considered prudent not to incur this expense at this time. The issue of duration matching is likely to be revisited after the proposed hearings pertaining to the fund sufficiency.

32. The Trust Fund was out of balance at the end of the first quarter of 2012 due to the continued strong performance of the real return bonds, putting that asset class above permissible tracking tolerances. Pursuant to the revised Investment Guidelines, automatic rebalancing will occur so as to achieve the midpoint of permissible tracking tolerances.

ADMINISTRATOR'S CONTRACT

33. An administration contract which provides for remuneration of Crawford on a fixed fee basis subject to adjustment based on certain predetermined volumes of activities has been in place since 2008. It was set to expire at the end of 2010. The Joint Committee negotiated a renewal of the contract with the same structure but with modifications to the adjustment provisions and activity levels.
34. As is detailed elsewhere in this Annual Report, in Year 11 (2010) the Administrator's actual activity levels exceeded the budgeted activity levels by more than 10% in several categories, triggering additional fees to be paid to Crawford pursuant to the contract. This was largely a result of the communications plan which resulted in many more claims, phone calls, and coincidental matters than were budgeted for when the activity levels were set three years prior (on a declining year by year basis).
35. As a result the Joint Committee asked, and Crawford agreed, to have its activity levels audited. The activity level audit was conducted and no anomalies were noted.
36. As a result of the experience in Year 11 (2010), attention was paid in negotiating the contract extension to balancing the necessity of efficiently administering some claims types which are diminishing in number, while at the same time not under estimating or under staffing the work required to administer the claims which will be made.
37. A two year administration contract extension was reached with the Administrator and it was approved by the Courts in late 2010.

FUND SUFFICIENCY REVIEW

38. In Year 11 (2010) the Joint Committee undertook significant work with both the medical modelling experts and the actuaries pertaining to the fund sufficiency review triggered at December 31, 2010.
39. That work continues and will intensify in Year 12 (2011) as the Joint Committee's report to the court is due by June 30, 2011.

YEAR 11 JC FEES

**Joint Committee Fees and Disbursements Incurred in the Period from
January 1, 2010 to December 31, 2010**

GENERAL

	British Columbia	Quebec	Ontario (Hemophiliac)	Ontario (Transfused)	Total
General Fees	168,851.54	145,292.00	20,211.25	171,176.50	505,531.29
General Disbursements	21,169.99	11,293.93	572.73	16,698.87	49,735.52
GST	6,141.09	7,829.30	--	--	13,970.39
SST/QST	7,342.06	13,975.30	--	--	21,317.36
HST	7,928.59	--	2,701.92	24,423.80	35,054.31
Total	211,433.27	178,390.53	23,485.90	212,299.17	625,608.87

SUFFICIENCY-RELATED

	British Columbia	Quebec	Ontario (Hemophiliac)	Ontario (Transfused)	Total
Sufficiency Fees	22,038.75	12,670.00	8,362.00	21,392.00	64,462.75
Sufficiency Disbursements	1,907.62	1,370.38	709.12	4,139.01	8,126.13
GST	217.43	702.02	--	--	919.45
SST/QST	304.24	1,253.10	--	--	1,557.34
HST	2,332.52	--	1179.25	3,319.03	6,830.80
Total	26,800.56	15,995.50	10,250.37	28,850.04	81,896.47

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

	British Columbia	Quebec	Ontario (Hemophiliac)	Ontario (Transfused)	Total
Total Fees	190,890.29	157,962.00	28,573.25	192,568.50	569,994.04
Total Disbursements	23,077.61	12,664.31	1,281.85	20,837.88	57,861.65
GST	6,358.52	8,531.32	--	--	14,889.84
SST/QST	7,646.30	15,228.40	--	--	22,874.70
HST	10,261.11	--	3,881.16	27,742.83	41,885.10
Total	238,233.83	194,386.03	33,736.26	241,149.21	707,505.33

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, 2010 to December 31, 2010**, 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, 2010	297
Number of appeals received from January 1, 2010 to December 31, 2010	11
Number of total completed appeals (decisions rendered) from the beginning to December 31, 2010	198
Number of completed appeals (decisions rendered) from January 1, 2010 to December 31, 2010	4
Number of total withdrawals from the beginning to December 31, 2010	36
Number of withdrawals from January 1, 2010 to December 31, 2010	0
Number of total rescissions of denial from the beginning to December 31, 2010	19
Number of rescissions of denial from January 1, 2010 to December 31, 2010	1
Number of total Mediated Appeals from January 1, 2010 to December 1, 2010	7
Number of Mediated appeals from January 1, 2010 to December 31, 2010	0
Number of Archived Appeals	5
Number of pending Appeals as of December 31, 2010 (subtotal-see below)	32
Number of total requests for judicial confirmation from the beginning to December 31, 2010	52
Number of requests for judicial confirmation from January 1, 2010 to December 31, 2010	2
Number of total judicial decisions from the beginning to December 31, 2010	***38
Number of judicial decisions from January 1, 2010 to December 31, 2010	3
Number of Appeals Justice Winkler has sent back to Referee up to December	4

31, 2010	
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, 2010	1
Total Number of pending Appeals as of December 31, 2010 including Appeals sent back to Referee by Justice Winkler	34

*** 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 **\$42,256.50** plus GST on fees of **\$4,016.74**. With respect to disbursements, Ontario Fund Counsel incurred disbursements in the total sum of **\$3,457.47, \$1,011.69** of which related to travel expenses. With taxes, the total amount of fees and disbursements incurred is **\$49,730.71**.

(b) **Quebec Fund Counsel**

Particulars of the appeals are as follows:

Number of total appeals received from the beginning to December 31, 2010:	77
Number of appeals received from January 1, 2010 to December 31, 2010:	2
Number of total completed appeals (decisions rendered) from the beginning to December 31, 2010:	60
Number of completed appeals (decisions rendered) from January 1, 2010 to December 31, 2010:	1
Number of total withdrawals from the beginning to December 31, 2010:	10
Number of withdrawals from January 1, 2010 to December 31, 2010:	0
Number of total mediated appeals from the beginning to December 31, 2010:	1
Number of mediated appeals from January 1, 2010 to December 31, 2010:	0

Number of total rescissions of denial from the beginning to December 31, 2010:	5
Number of rescissions of denial from January 1, 2010 to December 31, 2010:	0
Number of pending appeals as of December 31, 2010:	1
Number of total requests for Judicial confirmation from the beginning to December 31, 2010:	19
Number of requests for Judicial confirmation from January 1, 2010 to December 31, 2010: (Notice filed after deadline- Court reviewing)	1
Number of total Judicial decisions from the beginning to December 31, 2010:	18
Number of requests for Judicial confirmation withdrawn by claimant to December 31, 2010	1
Number of judicial decisions from January 1, 2010 to December 31, 2010:	2

Quebec Fund Counsel has incurred fees of **\$16,497.50** and disbursements of **\$1,248.46**. There were no costs incurred with respect to expert fees or travel. With taxes, the total amount of fees and disbursements incurred in Quebec is **\$19,120.71**.

(c) **British Columbia**

Particulars of the appeals are as follows:

Number of total appeals received from the beginning to December 31, 2010:	68
Number of appeals received from January 1, 2010 to December 31, 2010:	1
Number of total completed appeals (dec rendered) from the beginning to December 31, 2010:	47
Number of completed appeals (dec rendered) from January 1, 2010 to December 31, 2010:	0
Number of total withdrawals from the beginning to December 31, 2010:	14
Number of withdrawals from January 1, 2010 to December 31, 2010:	1
Number of total rescissions from the beginning to December 31, 2010:	0
Number of rescissions from January 1, 2010 to December 31, 2010:	0
Number of total mediated appeals from the beginning to December 31, 2010:	1

Number of mediated appeals from January 1, 2010 to December 31, 2010:	0
Number of Archived Appeals	2
Number of pending appeals as of December 31, 2010:	4
Number of total request for judicial confirmation from the beginning to December 31, 2010:	19
Number of requests for judicial confirmation from January 1, 2010 to December 31, 2010:	0
Number of total judicial decisions from the beginning to December 31, 2010:	19
Number of judicial decisions from January 1, 2010 to December 31, 2010:	1

B.C. Fund Counsel has incurred fees of **\$21,937.50** and disbursements of **\$904.94**. There were no costs incurred with respect to expert fees or travel. With taxes, the total amount of fees and disbursements incurred in B.C. is **\$25,534.46**.

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.

Annual Report 2010

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, 7 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 has dramatically declined. There were correspondingly fewer decisions rendered by the Arbitrator/Referees.

5. Financial Activity to December 31, 2010

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:	\$ 9,147.50	\$ 2,250.00	\$ 9,495.00
Disbursements:	\$ 544.90	\$ 20.82	\$ 1,418.29
Taxes on fees:	\$ 1,190.98	\$ 292.37	\$ 648.42
TOTALS	\$ 10,883.38	\$ 2,563.19	\$11,561.71

In the past fiscal year, there was no request for approval 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 2011 Budget be set at an amount equal to that actually paid in 2010. Any additional amounts, if required, would be subject to Court approval.