

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

ARTHUR RAY BOWLING, ET AL.,

PLAINTIFF,

v.

PFIZER, INC. ET AL.,

DEFENDANT.

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No. C-1-91-256

JUDGE HERMAN J. WEBER,  
SENIOR JUDGE

**NOTICE OF FILING OF THE THIRTY-FOURTH REPORT OF THE  
SPECIAL MASTER/TRUSTEE COVERING THE PERIOD  
FROM NOVEMBER 17, 2010 TO DECEMBER 31, 2011**

NOTICE IS HEREBY GIVEN to all counsel of record that the THIRTY-FOURTH REPORT  
OF THE SPECIAL MASTER/TRUSTEE COVERING THE PERIOD FROM NOVEMBER 17,  
2010 TO DECEMBER 31, 2011 is hereby filed with the Court.

Respectfully submitted,

s/ Nancy A. Lawson

Nancy A. Lawson (0012699)  
DINSMORE & SHOHL LLP  
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*Attorney for Special Master/Trustee*

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

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

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**THIRTY-FOURTH REPORT OF THE SPECIAL MASTER/TRUSTEE  
COVERING THE PERIOD FROM NOVEMBER 17, 2010 TO DECEMBER 31, 2011**

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**SPECIAL MASTER/TRUSTEE**

**James A. Higgins, Esq.**

**TABLE OF CONTENTS**

- A. Thirty-Fourth Report of the Special Master/Trustee
- B. Appendices to Court Report

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF OHIO  
WESTERN DIVISION

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

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THIRTY-FOURTH REPORT OF THE SPECIAL MASTER/TRUSTEE

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

Your Special Master/Trustee respectfully presents his thirty-fourth periodic report, covering activities from November 17, 2010 to December 31, 2011.

**I. PATIENT BENEFIT FUND**

A. Supervisory Panel. The Supervisory Panel has continued its program of monitoring and surveillance of issues relating to the guidelines as outlined in the established protocol. It has devoted time to addressing a number of inquiries from a class member seeking background information about prior research and elements of the guidelines. The Panel has also worked to provide the Court with needed information about its long-range scope of work. This resulted in the Trustee filing the Panel's report and recommendations with the court on December 21, 2011.

B. Guidelines. As directed by the court at its hearing on June 2, 2011, the Panel made a comprehensive review of the guidelines and determined that no revision is necessary at this time. The Panel also concluded that based on the information now available, the current guidelines can be considered the final version.



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

D. Website. The Supervisory Panel's website continues to be found at [www.bowling-pfizer.com](http://www.bowling-pfizer.com). The hosting and upkeep of the website was transferred from Dinsmore & Shohl to CAC Services Group in November, 2011. It provides basic information on the parties involved (biographies, addresses, telephone numbers, email, etc.), certain orders of the Court including the Guidelines, the Settlement Agreement, Trustee Reports and a bibliography of relevant articles as well as other important information. The panel prepared a summary of key studies which is intended to provide a more user-friendly bibliography. This user-friendly bibliography is available on the website. A copy of the most recent "hit report" of the Supervisory Panel's website is attached to this Report as Appendix 1.

E. Valve Replacement Surgery Claims and Fracture Claims.

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

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

## **II. ADMINISTRATION AND FINANCIAL INFORMATION**

A. Administrative. The administrative office located at 525 Vine Street, Cincinnati, Ohio closed effective October 31, 2011, at which time the administrative and claims processing functions were transferred to CAC Services Group LLC of Burnsville, Minnesota. Since November 1, 2011, CAC Services Group has maintained the records for the class and has responded to inquiries from class members, their doctors, counsel and the trustee. CAC also maintains the website and the document repository.

On November 30, 2011 R. Wayne Smith resigned as Claims Administrator. Mr. Smith had served as Claims Administrator pursuant to Sec. 5.2.4.1 of the Settlement Agreement since 1995. During his years of service, Mr. Smith provided invaluable service to the Court, counsel and the class members.

Prior to the closure of the administrative office, a contract was issued to Document Solutions, Inc. of Nashville, Tennessee to scan the paper records of the Bowling-Pfizer Heart Valve Settlement Fund. Prior to scanning, records that were determined to be obsolete were destroyed. The scanned documents have been provided to CAC Services Group for its use in administering the settlement. The scanning of all current records has been completed. The scanning of historical records is ongoing and is scheduled to be completed by the end of March 2012.

B. Financial. At December 31, 2011, the total balance of cash and cash equivalents was \$19,098,247.

Attached as Appendix 2 are the following: an unaudited balance sheet as of December 31, 2010 and an unaudited statement of income and funds balance for the year ended December 31, 2010 (which includes the budgeted amounts and expenses for the administrative office for the year ended December 31, 2010), and an unaudited balance sheet as of December 31, 2011 and an unaudited statement of income and funds balance for the year ended December 31, 2011 (which includes the budgeted amounts and expenses for the administrative office for the year ended December 31, 2011).

Attached as Appendix 3 is a copy of the Independent Auditor's Report for the year ended December 31, 2010.

### III. COMMUNICATIONS

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

### IV. APPROVALS

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

- Approve this Report, and
- Approve, or provide guidance with respect to, each of the Appendices to this Report, and
- Provide guidance with respect to any duty of the Special Master/Trustee, and
- Fix the date for the next Report.

Respectfully submitted,

  
\_\_\_\_\_  
James A. Higgins, Esq.

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of this Thirty-Fourth Report of the Special Master/Trustee Covering Period from November 17, 2010 to December 31, 2011, has been electronically sent to the following this 1<sup>st</sup> day of March 2012.

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

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

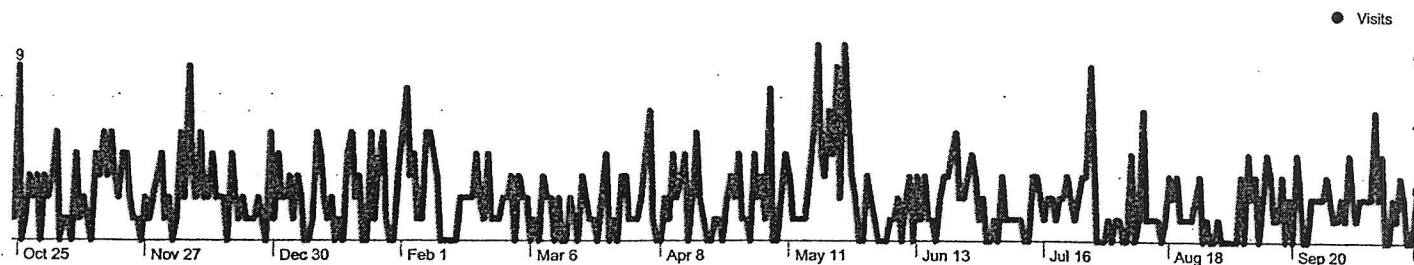
Jack B. Harrison, Esq.  
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Maris Veidemanis, Esq.  
Kaye Scholer LLP  
425 Park Avenue  
New York, NY 10022

s/ Nancy A. Lawson  
Nancy A. Lawson



## Site Usage

718 Visits

2,141 Pageviews

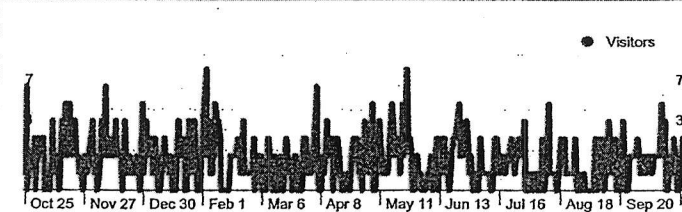
2.98 Pages/Visit

53.48% Bounce Rate

00:02:48 Avg. Time on Site

68.38% % New Visits

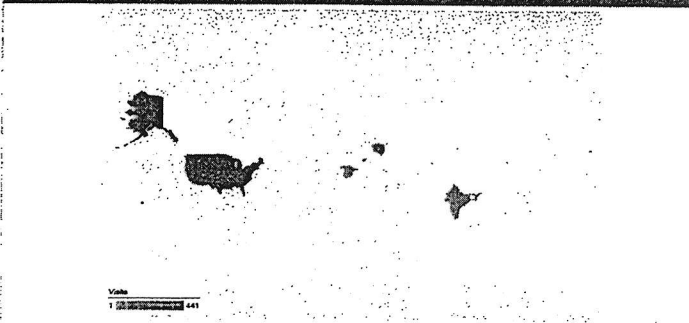
## Visitors Overview



Visitors

512

## Map Overlay



## Traffic Sources Overview

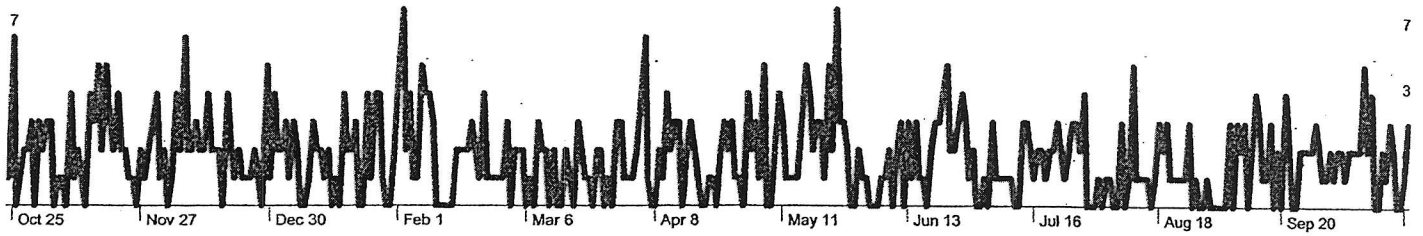


- Search Engines  
345.00 (48.05%)
- Direct Traffic  
249.00 (34.68%)
- Referring Sites  
124.00 (17.27%)

## Content Overview

| Pages               | Pageviews | % Pageviews |
|---------------------|-----------|-------------|
|                     | 579       | 27.04%      |
| /announcement.shtml | 193       | 9.01%       |
| /index.shtml        | 168       | 7.85%       |
| /documents.shtml    | 166       | 7.75%       |
| /guidelines.shtml   | 153       | 7.15%       |

● Visitors



512 people visited this site

718 Visits

512 Absolute Unique Visitors

2,141 Pageviews

2.98 Average Pageviews

00:02:48 Time on Site

53.48% Bounce Rate

68.38% New Visits

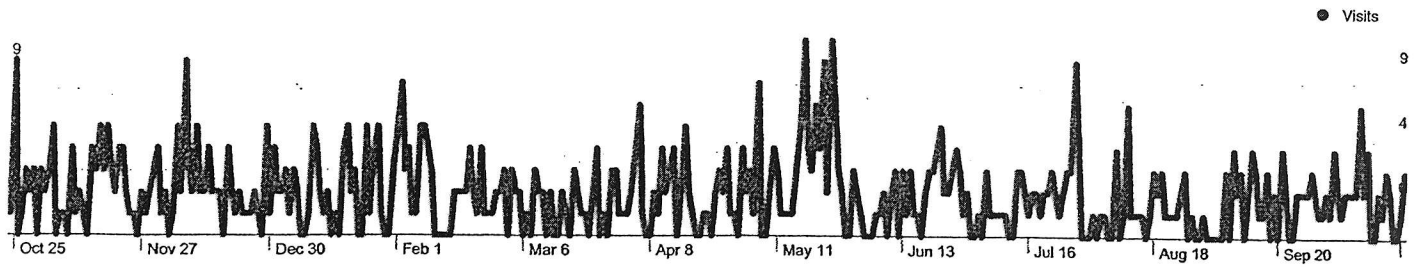
## Technical Profile

| Browser           | Visits | % visits |
|-------------------|--------|----------|
| Internet Explorer | 453    | 63.09%   |
| Firefox           | 125    | 17.41%   |
| Safari            | 48     | 6.69%    |
| Chrome            | 43     | 5.99%    |
| Opera             | 41     | 5.71%    |

## Traffic Sources Overview

Oct 24, 2010 - Oct 24, 2011

Comparing to: Site

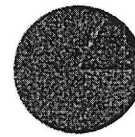


All traffic sources sent a total of 718 visits

34.68% Direct Traffic

17.27% Referring Sites

48.05% Search Engines



■ Search Engines  
345.00 (48.05%)

■ Direct Traffic  
249.00 (34.68%)

■ Referring Sites  
124.00 (17.27%)

## Top Traffic Sources

| Sources                     | Visits | % visits | Keywords                  | Visits | % visits |
|-----------------------------|--------|----------|---------------------------|--------|----------|
| google (organic)            | 267    | 37.19%   | bowling pfizer            | 33     | 9.57%    |
| (direct) ((none))           | 249    | 34.68%   | supervisory panel         | 25     | 7.25%    |
| bing (organic)              | 40     | 5.57%    | bowling pfizer settlement | 13     | 3.77%    |
| yahoo (organic)             | 28     | 3.90%    | bowling-pfizer            | 11     | 3.19%    |
| biomed.brown.edu (referral) | 24     | 3.34%    | bowling-pfizer.com        | 9      | 2.61%    |



## 718 visits came from 47 countries/territories

### Site Usage

| Visits<br><b>718</b><br>% of Site Total:<br>100.00% | Pages/Visit<br><b>2.98</b><br>Site Avg:<br>2.98 (0.00%) | Avg. Time on Site<br><b>00:02:48</b><br>Site Avg:<br>00:02:48 (0.00%) | % New Visits<br><b>68.38%</b><br>Site Avg:<br>68.38% (0.00%) | Bounce Rate<br><b>53.48%</b><br>Site Avg:<br>53.48% (0.00%) |             |
|---|---|---|--|---|-------------|
| Country/Territory                                   | Visits  | Pages/Visit   | Avg. Time on Site  | % New Visits  | Bounce Rate |
| United States                                       | 441   | 3.04  | 00:02:46   | 70.52%  | 49.66%      |
| Poland  | 49  | 2.86  | 00:01:45   | 24.49%  | 75.51%      |
| India   | 25  | 2.28  | 00:03:35   | 92.00%  | 64.00%      |
| Spain   | 25  | 6.08  | 00:09:50   | 40.00%  | 24.00%      |
| Switzerland   | 22  | 3.14  | 00:03:02   | 4.55%   | 18.18%      |
| United Kingdom                                      | 17  | 3.29  | 00:03:33   | 76.47%  | 41.18%      |
| South Korea   | 11  | 1.00  | 00:00:00   | 100.00%   | 100.00%     |
| Japan   | 10  | 3.60  | 00:02:33   | 80.00%  | 70.00%      |
| Canada  | 10  | 3.10  | 00:03:02   | 90.00%  | 80.00%      |



Germany

10

2.40

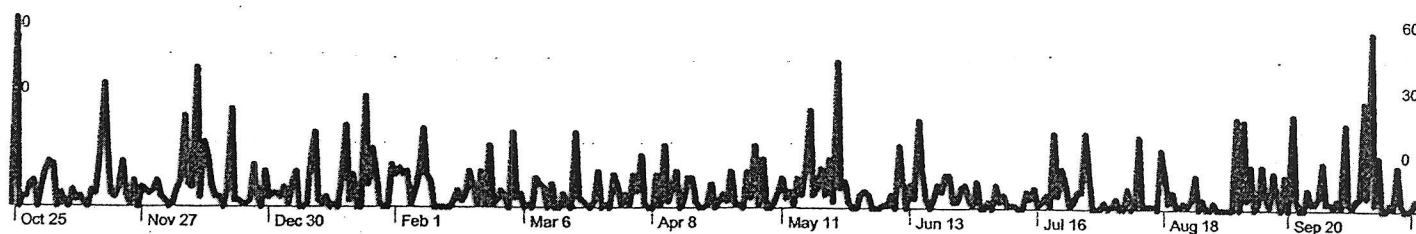
00:05:59

40.00%

60.00%

1 - 10 of 47

● Pageviews



Pages on this site were viewed a total of 2,141 times

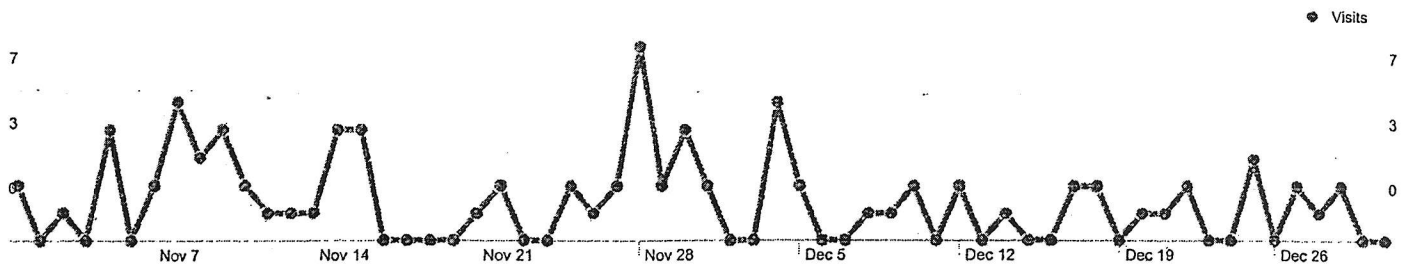
2,141 Pageviews

1,580 Unique Views

53.48% Bounce Rate

## Top Content

| Pages               | Pageviews | % Pageviews |
|---------------------|-----------|-------------|
| /                   | 579       | 27.04%      |
| /announcement.shtml | 193       | 9.01%       |
| /index.shtml        | 168       | 7.85%       |
| /documents.shtml    | 166       | 7.75%       |
| /guidelines.shtml   | 153       | 7.15%       |



### Site Usage

87 Visits

40.23% Bounce Rate

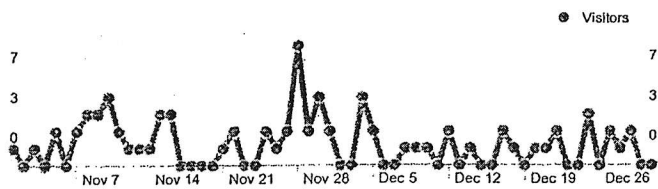
284 Pageviews

00:03:09 Avg. Time on Site

3.26 Pages/Visit

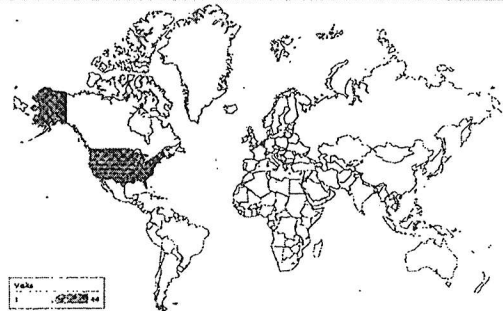
60.92% % New Visits

### Visitors Overview



Visitors  
62

### Map Overlay



### Traffic Sources Overview



- Search Engines  
36.00 (41.38%)
- Direct Traffic  
29.00 (33.33%)
- Referring Sites  
22.00 (25.29%)

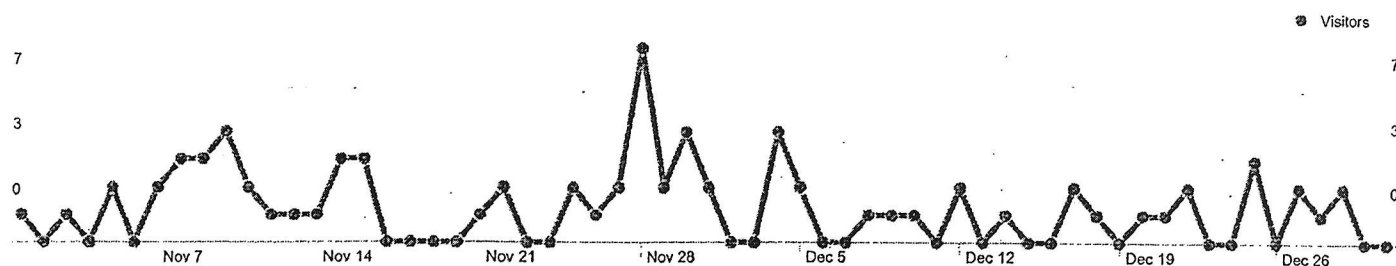
### Content Overview

| Pages                   | Pageviews | % Pageviews |
|-------------------------|-----------|-------------|
| /                       | 98        | 34.51%      |
| /keydocuments.cfm       | 30        | 10.56%      |
| /trusteereports.cfm     | 25        | 8.80%       |
| /contactus.cfm          | 22        | 7.75%       |
| /documentrepository.cfm | 14        | 4.93%       |

## Visitors Overview

Nov 1, 2011 - Dec 31, 2011

Comparing to: Site



62 people visited this site

87 Visits

62 Absolute Unique Visitors

284 Pageviews

3.26 Average Pageviews

00:03:09 Time on Site

40.23% Bounce Rate

60.92% New Visits

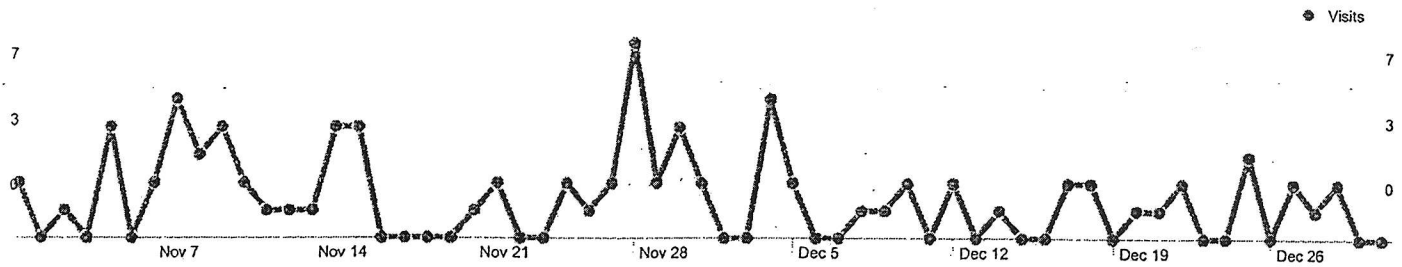
## Technical Profile

| Browser           | Visits | % visits |
|-------------------|--------|----------|
| Internet Explorer | 42     | 48.28%   |
| Firefox           | 25     | 28.74%   |
| Safari            | 9      | 10.34%   |
| Chrome            | 6      | 6.90%    |
| Opera 9.4         | 1      | 1.15%    |

# Traffic Sources Overview

Nov 1, 2011 - Dec 31, 2011

Comparing to: Site

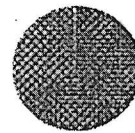


All traffic sources sent a total of 87 visits

33.33% Direct Traffic

25.29% Referring Sites

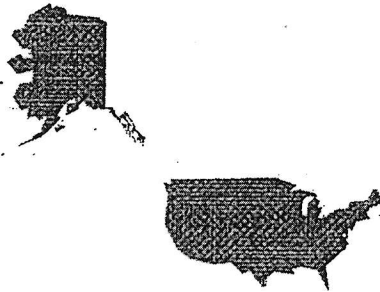
41.38% Search Engines



Search Engines  
36.00 (41.38%)  
Direct Traffic  
29.00 (33.33%)  
Referring Sites  
22.00 (25.29%)

## Top Traffic Sources

| Sources                          | Visits | % visits | Keywords                     | Visits | % visits |
|----------------------------------|--------|----------|------------------------------|--------|----------|
| google (organic)                 | 31     | 35.63%   | www bowling                  | 3      | 8.33%    |
| (direct) ((none))                | 29     | 33.33%   | bowling pfizer               | 2      | 5.56%    |
| johnsonlawfirmnpc.com (referral) | 7      | 8.05%    | (not provided)               | 1      | 2.78%    |
| capretz.com (referral)           | 5      | 5.75%    | 1601 southcross dr w         | 1      | 2.78%    |
| bing (organic)                   | 3      | 3.45%    | bjork shiley settlement fund | 1      | 2.78%    |



Visits

1

44

## 87 visits came from 20 countries/territories

## Site Usage

|                             |                           |                               |                             |                             |             |
|-----------------------------|---------------------------|-------------------------------|-----------------------------|-----------------------------|-------------|
| Visits                      | Pages/Visit               | Avg. Time on Site             | % New Visits                | Bounce Rate                 |             |
| 87                          | 3.26                      | 00:03:09                      | 60.92%                      | 40.23%                      |             |
| % of Site Total:<br>100.00% | Site Avg:<br>3.26 (0.00%) | Site Avg:<br>00:03:09 (0.00%) | Site Avg:<br>60.92% (0.00%) | Site Avg:<br>40.23% (0.00%) |             |
| Country/Territory           | Visits                    | Pages/Visit                   | Avg. Time on Site           | % New Visits                | Bounce Rate |
| United States               | 44                        | 3.48                          | 00:03:26                    | 45.45%                      | 29.55%      |
| Canada                      | 5                         | 1.60                          | 00:00:27                    | 100.00%                     | 40.00%      |
| United Kingdom              | 5                         | 2.20                          | 00:00:52                    | 80.00%                      | 40.00%      |
| Germany                     | 4                         | 5.75                          | 00:03:50                    | 75.00%                      | 50.00%      |
| Australia                   | 4                         | 3.25                          | 00:01:20                    | 50.00%                      | 25.00%      |
| Switzerland                 | 4                         | 9.25                          | 00:18:16                    | 0.00%                       | 0.00%       |
| Poland                      | 3                         | 3.00                          | 00:04:12                    | 66.67%                      | 33.33%      |
| Russia                      | 3                         | 1.00                          | 00:00:00                    | 100.00%                     | 100.00%     |
| Turkey                      | 2                         | 1.00                          | 00:00:00                    | 100.00%                     | 100.00%     |

Spain

2

3.00

00:03:52

50.00%

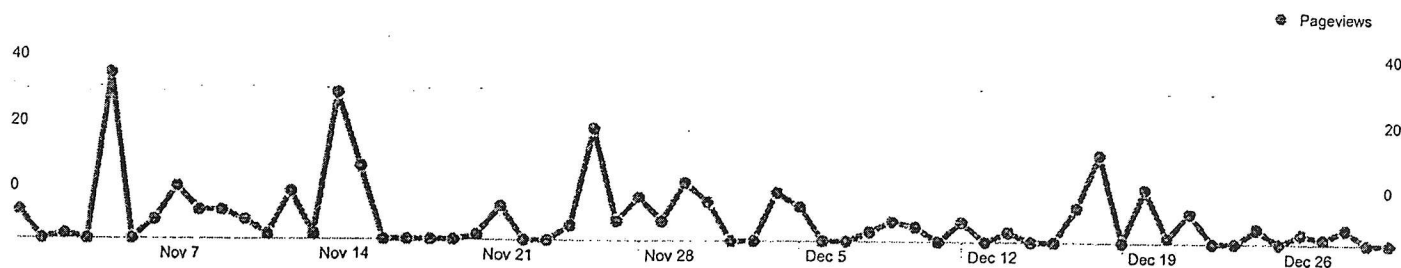
50.00%

1 - 10 of 20

## Content Overview

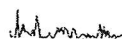
Nov 1, 2011 - Dec 31, 2011

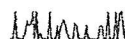
Comparing to: Site



Pages on this site were viewed a total of 284 times

 284 Pageviews

 213 Unique Views

 40.23% Bounce Rate

## Top Content

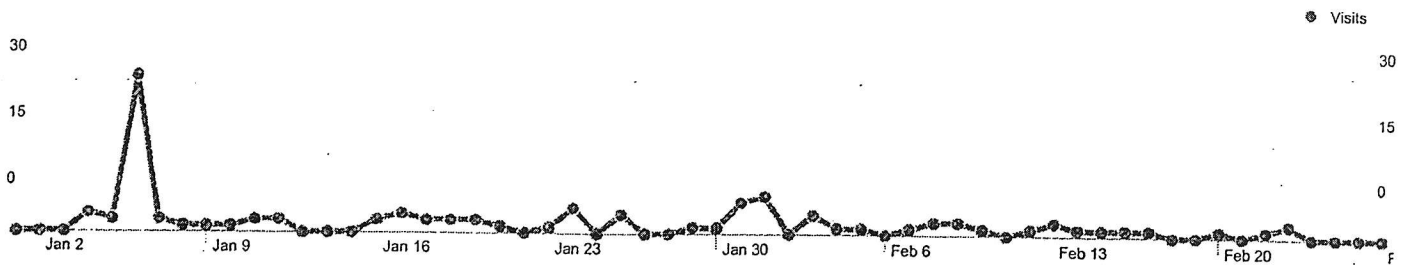
| Pages                   | Pageviews | % Pageviews |
|-------------------------|-----------|-------------|
| /                       | 98        | 34.51%      |
| /keydocuments.cfm       | 30        | 10.56%      |
| /trusteereports.cfm     | 25        | 8.80%       |
| /contactus.cfm          | 22        | 7.75%       |
| /documentrepository.cfm | 14        | 4.93%       |



## Dashboard

Jan 1, 2012 - Feb 27, 2012

Comparing to: Site



## Site Usage

93 Visits

66.67% Bounce Rate

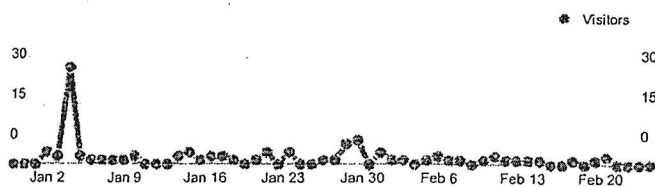
234 Pageviews

00:01:41 Avg. Time on Site

2.52 Pages/Visit

83.87% % New Visits

## Visitors Overview

Visitors  
84

## Map Overlay



## Traffic Sources Overview



- Search Engines  
49.00 (52.69%)
- Referring Sites  
28.00 (30.11%)
- Direct Traffic  
16.00 (17.20%)

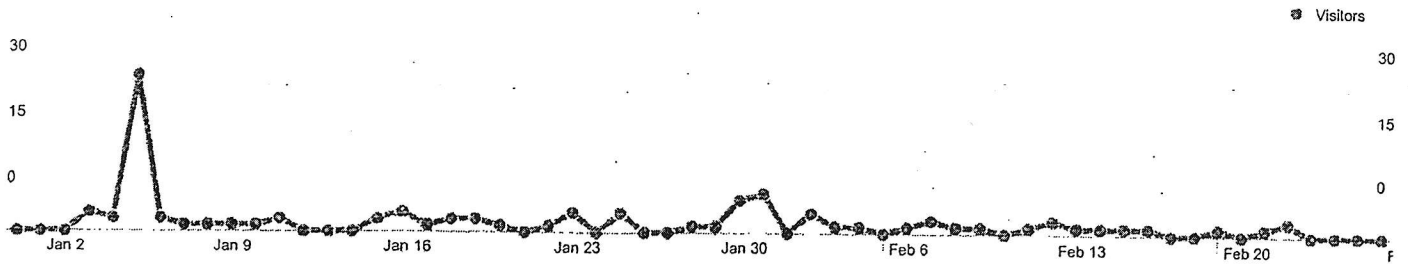
## Content Overview

| Pages                   | Pageviews | % Pageviews |
|-------------------------|-----------|-------------|
| /                       | 105       | 44.87%      |
| /guidelines.cfm         | 19        | 8.12%       |
| /keydocuments.cfm       | 18        | 7.69%       |
| /contactus.cfm          | 15        | 6.41%       |
| /documentrepository.cfm | 14        | 5.98%       |

## Visitors Overview

Jan 1, 2012 - Feb 27, 2012

Comparing to: Site



84 people visited this site

93 Visits

84 Absolute Unique Visitors

234 Pageviews

2.52 Average Pageviews

00:01:41 Time on Site

66.67% Bounce Rate

83.87% New Visits

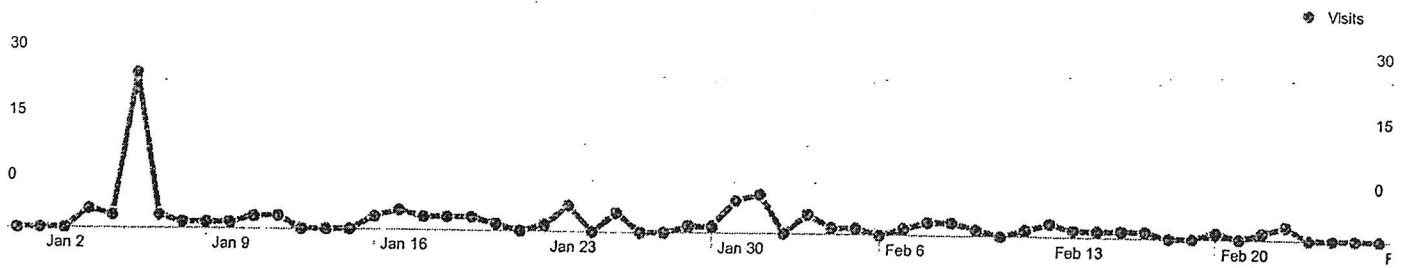
## Technical Profile

| Browser           | Visits | % visits |
|-------------------|--------|----------|
| Internet Explorer | 40     | 43.01%   |
| Firefox           | 19     | 20.43%   |
| Chrome            | 15     | 16.13%   |
| Opera             | 6      | 6.45%    |
| Safari            | 5      | 5.38%    |

# Traffic Sources Overview

Jan 1, 2012 - Feb 27, 2012

Comparing to: Site

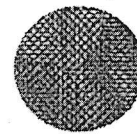


All traffic sources sent a total of 93 visits

17.20% Direct Traffic

30.11% Referring Sites

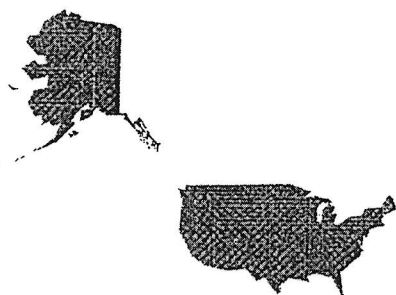
52.69% Search Engines



Search Engines  
49.00 (52.69%)  
Referring Sites  
28.00 (30.11%)  
Direct Traffic  
16.00 (17.20%)

## Top Traffic Sources

| Sources                         | Visits | % visits | Keywords                       | Visits | % visits |
|---------------------------------|--------|----------|--------------------------------|--------|----------|
| google (organic)                | 34     | 36.56%   | (not provided)                 | 7      | 14.29%   |
| (direct) ((none))               | 16     | 17.20%   | bijork shiley law suit         | 2      | 4.08%    |
| forex-ninjas.com (referral)     | 12     | 12.90%   | bowling pfizer settlement fund | 2      | 4.08%    |
| www.forex-ninjas.com (referral) | 12     | 12.90%   | pfizer heart valve             | 2      | 4.08%    |
| bing (organic)                  | 6      | 6.45%    | "bowling pfizer heart valve    | 1      | 2.04%    |



## 93 visits came from 21 countries/territories

| Site Usage   |   |   |  |   |             |  |
|--|---|---|--|---|-------------|--|
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| Country/Territory                                  | Visits  | Pages/Visit   | Avg. Time on Site  | % New Visits  | Bounce Rate |  |
| United States                                      | 53  | 2.68  | 00:02:22   | 75.47%  | 54.72%      |  |
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| Brazil   | 6   | 1.00  | 00:00:00   | 100.00%   | 100.00%     |  |
| Germany  | 4   | 2.50  | 00:02:00   | 75.00%  | 75.00%      |  |
| Bangladesh   | 2   | 1.00  | 00:00:00   | 100.00%   | 100.00%     |  |
| India  | 2   | 1.00  | 00:00:00   | 100.00%   | 100.00%     |  |
| Turkey   | 2   | 6.50  | 00:02:56   | 100.00%   | 50.00%      |  |
| Netherlands  | 2   | 1.00  | 00:00:00   | 100.00%   | 100.00%     |  |
| Italy  | 2   | 1.00  | 00:00:00   | 100.00%   | 100.00%     |  |

Bulgaria

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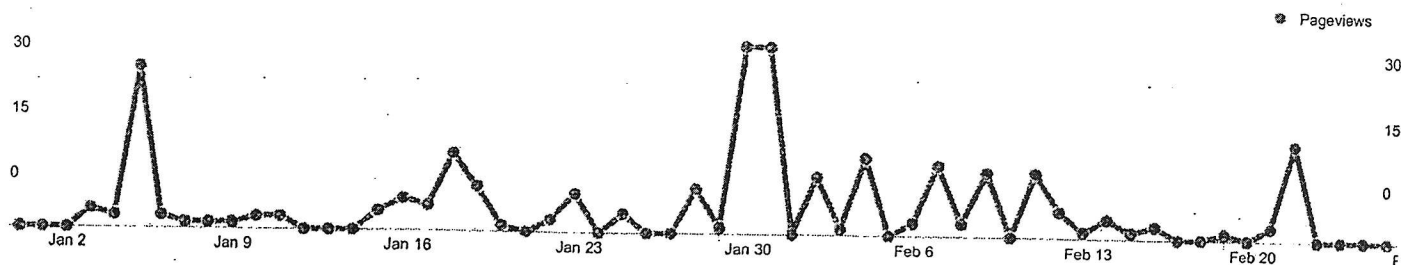
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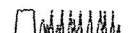
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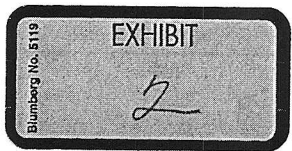
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APPENDIX 2

TRUSTEES FOR THE BOWLING-PFIZER  
HEART VALVE SETTLEMENT FUNDS

BALANCE SHEET

AS OF DECEMBER 31, 2010

UNAUDITED

ASSETS

|                     |                     |
|---------------------|---------------------|
| CASH                | \$11,876,429        |
| U.S. TREASURY BILLS | 7,897,492           |
| OTHER ASSETS        | <u>6,088</u>        |
|                     | <u>\$19,780,009</u> |

LIABILITIES AND FUNDS BALANCE

|                                       |                     |
|---------------------------------------|---------------------|
| ACCOUNTS PAYABLE AND ACCRUED EXPENSES | \$113,044           |
| FUNDS BALANCE                         | <u>19,666,965</u>   |
|                                       | <u>\$19,780,009</u> |

**TRUSTEES FOR THE BOWLING-PFIZER**  
**HEART VALVE SETTLEMENT FUNDS**

**STATEMENT OF INCOME AND FUNDS BALANCE**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

**UNAUDITED**

|  |                       |
|--|-----------------------|
| INVESTMENT INTEREST INCOME             | <u>\$35,940</u>       |
| VALVE REPLACEMENT SURGERY BENEFITS     | <u>724</u>            |
| LITIGATION ATTORNEYS – FEES & EXPENSES | <u>118,402</u>        |
| EXPENSES:                              |                       |
| Supervisory Panel                      | 108,690 (1)           |
| Trustee fees                           | 45,759                |
| Legal and Accounting                   | 125,498               |
| Administrative office                  | <u>371,558 (1)</u>    |
| Total                                  | <u>651,505</u>        |
| NET CHANGE IN FUNDS BALANCE            | (734,691)             |
| FUNDS BALANCE, DECEMBER 31, 2009       | <u>20,401,656 (2)</u> |
| FUNDS BALANCE, DECEMBER 31, 2010       | <u>\$19,666,965</u>   |

(1) - See Schedule 1 herewith.

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



**TRUSTEES FOR THE BOWLING-PFIZER**  
**HEART VALVE SETTLEMENT FUNDS**

**SCHEDULE OF EXPENSES**  
**UNAUDITED**

|                                | <b><u>BUDGET</u></b><br><b><u>1/1/10-12/31/10</u></b> | <b><u>ACTUAL</u></b><br><b><u>1/1/10-12/31/10</u></b> |
|--------------------------------|---|---|
| <b>SUPERVISORY PANEL:</b>      |   |   |
| Panel members' compensation    |   | \$95,400  |
| Consultants' compensation      |   | 7,187   |
| Miscellaneous                  |   | <u>6,103</u>  |
| Total                          |   | <u>\$108,690</u>                                      |
| <b>ADMINISTRATIVE OFFICE:</b>  |   |   |
| Rents                          | \$75,000  | \$69,655  |
| Office payroll                 | 388,000   | 247,084   |
| Payroll taxes                  | 30,000  | 20,267  |
| Employee benefits              | 47,000  | 30,167  |
| Outside services               | 12,000  | 1,045   |
| Printing and postage           | 6,000   | 1,705   |
| General insurance              | 2,000   | 1,000   |
| Telephone                      | 9,000   | 7,285   |
| Office supplies and expense    | 6,000   | 2,729   |
| Miscellaneous                  | 6,000   | (6,000)   |
| Administrative services income | <u>          </u>                                     | <u>(3,379)</u>  |
| Total                          | <u>\$581,000</u>                                      | <u>\$371,558</u>                                      |

TRUSTEES FOR THE BOWLING-PFIZER  
HEART VALVE SETTLEMENT FUNDS

BALANCE SHEET

AS OF DECEMBER 31, 2011

UNAUDITED

ASSETS

|                     |                     |
|---------------------|---------------------|
| CASH                | \$53,941            |
| U.S. TREASURY BILLS | <u>19,044,306</u>   |
|                     | <u>\$19,098,247</u> |

LIABILITIES AND FUNDS BALANCE

|                                       |                     |
|---------------------------------------|---------------------|
| ACCOUNTS PAYABLE AND ACCRUED EXPENSES | \$16,050            |
| FUNDS BALANCE                         | <u>19,082,197</u>   |
|                                       | <u>\$19,098,247</u> |

TRUSTEES FOR THE BOWLING-PFIZER  
HEART VALVE SETTLEMENT FUNDS

STATEMENT OF INCOME AND FUNDS BALANCE

FOR THE YEAR ENDED DECEMBER 31, 2011

UNAUDITED

|  |                       |
|--|-----------------------|
| INVESTMENT INTEREST INCOME             | <u>\$23,292</u>       |
| VALVE REPLACEMENT SURGERY BENEFITS     | <u>1,117</u>          |
| LITIGATION ATTORNEYS – FEES & EXPENSES | <u>18,191</u>         |
| EXPENSES:                              |                       |
| Supervisory Panel                      | 73,483 (1)            |
| Trustee fees                           | 39,651                |
| Legal and Accounting                   | 73,992                |
| Administrative office                  | 350,762 (1)           |
| Scanning services                      | 47,500                |
| Settlement Administrator               | <u>3,364</u>          |
| Total                                  | <u>588,752</u>        |
| NET CHANGE IN FUNDS BALANCE            | (584,768)             |
| FUNDS BALANCE, DECEMBER 31, 2010       | <u>19,666,965 (2)</u> |
| FUNDS BALANCE, DECEMBER 31, 2011       | <u>\$19,082,197</u>   |

(1) - See Schedule 1 herewith.

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

**TRUSTEES FOR THE BOWLING-PFIZER**  
**HEART VALVE SETTLEMENT FUNDS**

**SCHEDULE OF EXPENSES**  
**UNAUDITED**

|                               | <u>BUDGET</u><br><u>1/1/11-12/31/11</u> | <u>ACTUAL</u><br><u>1/1/11-12/31/11</u> |
|-------------------------------|---|---|
| <b>SUPERVISORY PANEL:</b>     |   |   |
| Panel members' compensation   |   | \$57,360                                |
| Consultants' compensation     |   | 5,375                                   |
| Miscellaneous                 |   | <u>10,748</u>                           |
| Total                         |   | <u>\$73,483</u>                         |
| <b>ADMINISTRATIVE OFFICE:</b> |   |   |
| Rents                         | \$75,000                                | \$60,875                                |
| Office payroll                | 244,000                                 | 229,074                                 |
| Payroll taxes                 | 23,000                                  | 25,143                                  |
| Employee benefits             | 27,000                                  | 22,342                                  |
| Outside services              | 12,000                                  | 555                                     |
| Printing and postage          | 6,000                                   | 993                                     |
| General insurance             | 2,000                                   | 1,000                                   |
| Telephone                     | 9,000                                   | 6,056                                   |
| Office supplies and expense   | 6,000                                   | 1,742                                   |
| Miscellaneous                 | <u>6,000</u>                            | <u>2,982</u>                            |
| Total                         | <u>\$410,000</u>                        | <u>\$350,762</u>                        |

**BARNES DENNIG**

Accounting • Tax • Business Insight

**Independent Auditors' Report**

Trustee  
Bowling-Pfizer Heart Valve Litigation Settlement Fund

We have audited the accompanying statement of assets, liabilities and fund balance – modified cash basis of the Bowling-Pfizer Heart Valve Litigation Settlement Fund (Fund) as of December 31, 2010 and the related statements of income, expenses and change in fund balance – modified cash basis and cash flows – modified cash basis for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit. The Fund's financial statements as of December 31, 2009, were audited by other auditors whose report dated May 25, 2010, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above, present fairly, in all material respects, the assets, liabilities and fund balance of the Bowling-Pfizer Heart Valve Litigation Settlement Fund as of December 31, 2010 and its income, expenses and change in fund balance and its cash flows for the year then ended on the basis of accounting described in Note 2.

*Barnes, Dennig & Co., Ltd.*

July 14, 2011

## BOWLING-PFIZER HEART VALVE LITIGATION SETTLEMENT FUND

Statements of Assets, Liabilities and Fund Balance – Modified Cash Basis  
December 31, 2010 and 2009

|                                       | <u>2010</u>          | <u>2009</u>          |
|---------------------------------------|----------------------|----------------------|
| <b>Assets</b>                         |                      |                      |
| Cash                                  | \$ 11,876,429        | \$ 71,062            |
| Investments                           | 7,897,492            | 20,533,381           |
| Other assets                          | <u>6,088</u>         | <u>6,237</u>         |
| Total assets                          | <u>\$ 19,780,009</u> | <u>\$ 20,610,680</u> |
| <b>Liabilities and Fund Balance</b>   |                      |                      |
| Accounts payable and accrued expenses | \$ 82,697            | \$ 118,318           |
| Fund balance                          | <u>19,697,312</u>    | <u>20,492,362</u>    |
| Total liabilities and fund balance    | <u>\$ 19,780,009</u> | <u>\$ 20,610,680</u> |

See accompanying notes to modified cash basis financial statements

# BOWLING-PFIZER HEART VALVE LITIGATION SETTLEMENT FUND

Statements of Income, Expenses and Changes in Fund Balance – Modified Cash Basis  
Years Ended December 31, 2010 and 2009

|  | <u>2010</u>          | <u>2009</u>          |
|--|----------------------|----------------------|
| Income - Net investment income           | \$ 35,940            | \$ 86,469            |
| Expenses and benefit payments            |                      |                      |
| Benefit payments                         | 724                  | 1,145                |
| Litigation attorneys - fees and expenses | 178,760              | 237,631              |
| Research programs                        | -                    | 129,906              |
| Supervisory panel expenses               | 108,690              | 255,992              |
| Trustees' fees and expenses              | 45,759               | 69,450               |
| Professional fees                        | 125,498              | 138,764              |
| Other administrative expenses            | <u>371,559</u>       | <u>518,647</u>       |
| Total expenses and benefit payments      | <u>830,990</u>       | <u>1,351,535</u>     |
| Decrease in fund balance                 | (795,050)            | (1,265,066)          |
| Fund balance, beginning of year          | <u>20,492,362</u>    | <u>21,757,428</u>    |
| Fund balance, end of year                | <u>\$ 19,697,312</u> | <u>\$ 20,492,362</u> |

See accompanying notes to modified cash basis financial statements

# BOWLING-PFIZER HEART VALVE LITIGATION SETTLEMENT FUND

## Statements of Cash Flows – Modified Cash Basis Years Ended December 31, 2010 and 2009

|  | <u>2010</u>                 | <u>2009</u>             |
|--|-----------------------------|-------------------------|
| <b>Cash flows from operating activities</b>  |                             |                         |
| Change in fund balance   | \$ (795,050)                | \$ (1,265,066)          |
| Adjustment to reconcile change in fund balance to net cash used in operating activities: |                             |                         |
| Changes in:  |                             |                         |
| Other assets   | 149                         | 50                      |
| Accounts payable and accrued expenses  | <u>(35,621)</u>             | <u>(11,487)</u>         |
| Net cash used in operating activities  | <u>(830,522)</u>            | <u>(1,276,503)</u>      |
| <b>Cash flows from investing activities</b>  |                             |                         |
| Purchase of investments  | (27,758,111)                | (42,188,459)            |
| Sale of investments  | <u>40,394,000</u>           | <u>43,456,274</u>       |
| Net cash provided by investing activities  | <u>12,635,889</u>           | <u>1,267,815</u>        |
| Net change in cash   | 11,805,367                  | (8,688)                 |
| Cash, beginning of year  | <u>71,062</u>               | <u>79,750</u>           |
| Cash, end of year  | <u><u>\$ 11,876,429</u></u> | <u><u>\$ 71,062</u></u> |

See accompanying notes to modified cash basis financial statements



## BOWLING-PFIZER HEART VALVE LITIGATION SETTLEMENT FUND

### Notes to Modified Cash Basis Financial Statements

#### NOTE 1 ORGANIZATION AND GENERAL INFORMATION

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

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

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

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

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

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

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

## BOWLING-PFIZER HEART VALVE LITIGATION SETTLEMENT FUND

### Notes to Modified Cash Basis Financial Statements (Continued)

#### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### *Basis of Accounting*

The Fund prepares its financial statements on the modified cash basis of accounting. The principal effect of using a modified cash basis for the preparation of the Fund's financial statements are that all settlement payments by Pfizer/Shiley are recognized when received and all benefit payments and Plaintiffs' counsel fees and expenses are recognized when paid rather than when incurred.

##### *Cash*

The Fund maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. The Fund has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

##### *Other Assets*

Other assets represent prepaid expenses for the Fund.

##### *Litigation Attorneys, Fees, and Expenses*

Represents Court approved payments to Plaintiffs' counsel and to Public Citizen, Inc.

##### *Fair Value Measurements*

ASC Topic 820 (previously SFAS No. 157 *Fair Value Measurements*), defines fair value, provides a framework for measuring fair value, and expands disclosures required for fair value measurements. This guidance also defines a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels.

#### NOTE 3 INVESTMENTS

Investments at December 31, 2010 and 2009 consist of short term (6-month maturity) U.S. Treasury Bills and are carried at cost. The fair value, at quoted market prices, of such investments was approximately \$7,900,000 and \$20,533,000 at December 31, 2010 and 2009, respectively, which approximates cost. All investments are considered Level 1 investments under the hierarchy established within ASC Topic 820.

#### NOTE 4 OPERATING LEASES

The Fund leases its office facilities under an agreement classified as an operating lease from an unrelated party. In April 2010, the Fund executed an amendment to extend the lease term through March of 2012 at a monthly rate of \$5,458. Under the lease agreement, either party may terminate the lease upon 30 days written notice of termination.

## BOWLING-PFIZER HEART VALVE LITIGATION SETTLEMENT FUND

### Notes to Modified Cash Basis Financial Statements (Continued)

#### NOTE 5 TAX STATUS

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

In March 1996, the Fund requested a ruling from the Internal Revenue Service regarding the taxability of the Fund and the deductibility of certain disbursements from the Fund. In January 1997, the Fund received a favorable ruling regarding these issues and, consequently, recorded no tax provision for 2010 and 2009.

#### NOTE 6 SUBSEQUENT EVENTS

The Fund has evaluated all activity of the Fund through July 14, 2011, which is the date the financial statements were available to be issued. It is anticipated that the Fund will outsource its administrative services and will close its office prior to December 31, 2011.