

EXHIBIT A

# **AHP Settlement Trust**

**Financial Statements (Unaudited)**  
**Six Months Ended June 30, 2004**

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**Assets**

Cash and cash equivalents	\$65,940,665
Investments	75,093,750
Funds held in escrow	6,946,304
Accrued interest receivable	718,309
Prepays and other assets	<u>4,203,296</u>
Total assets	<u>152,902,324</u>

**Liabilities**

Accounts payable and accrued expenses	11,270,342
Claims in course of settlement	<u>85,199</u>
Total liabilities	11,355,541
Net assets available for claims	<u><u>\$141,546,783</u></u>

The accompanying notes are an integral part of these financial statements.

**AHP Settlement Trust**  
**Statement of Changes in Net Assets Available for Claims**  
**For the Six Months Ended June 30, 2004**

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**Additions**

Settlement Funds from American Home Products	\$	-
Investment Income		1,738,630
Change in net unrealized appreciation on investments		<u>(327,986)</u>
Total additions		<u>1,410,644</u>

**Deductions**

Benefit Payments		170,195,137
Claim administration expenses		20,086,765
General and administrative expenses		<u>8,329,799</u>
Total deductions		<u>198,611,701</u>

Decrease in net assets available for claims		(197,201,057)
Net assets available for claims, beginning of year		338,747,840
Net assets available for claims, end of period		<u><u>\$141,546,783</u></u>

The accompanying notes are an integral part of these financial statements.

# AHP Settlement Trust

## Notes to Financial Statements (Unaudited)

### June 30, 2004

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#### 1. Description of the Trust

The AHP Settlement Trust (the "Trust") is a qualified settlement fund under Section 468B of the Internal Revenue Code and Regulations thereunder.

On November 18, 1999, American Home Products Corporation ("AHP," which on March 11, 2002, changed its name to Wyeth) and representatives of a purported class and subclasses in litigation which was pending in various courts and arising from the marketing, sale, distribution and use of the diet drugs Pondimin<sup>(R)</sup> and Redux<sup>(TM)</sup> (the "Diet Drugs") agreed to and proposed a nationwide class action settlement to resolve claims against AHP and other released parties on the terms set forth in a Settlement Agreement, as subsequently amended (the "Settlement Agreement"). The Settlement Agreement called for the creation of a settlement trust to receive the funds to be paid by AHP pursuant to the Settlement Agreement and to administer the provision of benefits to the settlement class under the terms of the Settlement Agreement. The Settlement Agreement calls for monies held in the Trust's estate to be invested as directed by the Board of Trustees of the Trust, subject to certain provisions and limitations set forth in the Settlement Agreement and in a Settlement Trust Agreement that was later approved by the Court that has jurisdiction over administration of the terms of the Settlement Agreement.

On November 23, 1999, the Court appointed Interim Claims Administrators to perform most of the functions that were ultimately to be performed by the Trust. There was also appointed an Interim Escrow Agent to receive funds from AHP pursuant to the Settlement Agreement and to engage in financial transactions of the type that were ultimately to be performed by the Trust upon the establishment of the Trust itself. The Interim Claims Administrators served in this capacity through September 30, 2000, at which time a Claims Administrator appointed by the Trust assumed the duties in question. The Trust was established by order of Court on September 2, 2000, effective as of September 1, 2000. At or about this time, the financial functions of the Interim Escrow Agent and the administrative functions of the Interim Claims Administrators were transferred to the Trust, as were monies held by the Interim Escrow Agent. These financial statements reflect the transactions of the Trust.

The Settlement Agreement required the creation of two separate funds to provide benefits to class members. "Fund A" was intended, as is more specifically stated in the Settlement Agreement, to provide funding to pay all non-Matrix benefits available under the Settlement Agreement and to pay the associated costs of administering those benefits. Fund A benefits include primarily: (1) refunds for certain Diet Drug users' prescription costs; (2) payment of costs associated with some echocardiograms administered to Diet Drug Users, primarily in connection with the rendition of echocardiograms and associated interpretive visits under a program designated in the Settlement Agreement as the "Screening Program;" and (3) payment for certain medical services (or cash in lieu thereof) to certain class members who document having specified left-sided heart valve conditions by specified dates. "Fund B" was intended, as is more specifically stated in the Settlement Agreement, to provide funding to pay all Matrix benefits available under the Settlement Agreement and to pay the associated costs of administering those benefits. A component of Matrix benefits includes "Derivative Benefits" which are benefits for spouses of individuals who qualify for Matrix benefits as a result of having ingested Diet Drugs, and for certain others who have relationships with the individuals whose ingestion of Diet Drugs results in qualification for Matrix benefits.

**AHP Settlement Trust**  
**Notes to Financial Statements (Unaudited)**  
**June 30, 2004**

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The two funds described as “Fund A” and “Fund B,” above, were merged on January 31, 2003 into a single fund designated as the “Settlement Fund.” This was done pursuant to a Revised Fifth Amendment to the Settlement Agreement that was approved by the Court with jurisdiction over the administration of the Settlement Agreement on December 10, 2002 (the “Fifth Amendment” or the “Fifth Amendment to the Settlement Agreement”). In connection with the completion of the Fifth Amendment, it was determined that it was highly unlikely that the “Fund A” benefits and the costs associated therewith would exceed the amount already expended plus the amount that was left in “Fund A” at the time of the merger of the two settlement funds and that was transferred from “Fund A” to the Settlement Fund. Nevertheless, if the cost of “Fund A” benefits and administration of such benefits exceeds the amount left in “Fund A” at the time of the merger and transferred from “Fund A” to the Settlement Fund, Wyeth will be required to deposit funds necessary to meet the obligations other than drug refund and echocardiogram screening benefits associated with the former “Fund A” upon request from the Trust without reducing the Maximum Available Fund B Amount, which is described below.

Each class member who is diagnosed as being FDA Positive or as having Mild Mitral Regurgitation as a result of an echocardiogram performed by a deadline that has now passed, with respect to all but a small number of class members who have had or who are likely to have their deadlines for performance of their echocardiograms extended, and who registered for benefits with the Trust by May 3, 2003, will be entitled to recover compensatory damages pursuant to a settlement “Matrix” in the event that the class member develops more serious levels of regurgitation and/or other specified conditions by the end of the year 2015. In addition, there are certain conditions under which individuals will have the right to opt out of the settlement and to pursue a claim for compensatory damages in the tort system, subject to certain limitations. A determination by a class member to opt out of the settlement may result in reduction of the amount of funds that ultimately will be available to the Trust for the purpose of paying benefits and administering claims.

On March 12, 2003, the Court approved a Sixth Amendment to the Settlement Agreement, which provides new rights to certain class members to opt out under certain conditions that may arise in the future. Under the Sixth Amendment, this additional right to opt out will be triggered for certain class members in the event that the amount available to the Trust to pay Fund B benefits, either from its own Settlement Fund or from amounts that are payable by Wyeth pursuant to the Settlement Agreement, falls to \$255 million. Under this Sixth Amendment, in the event that the amount available to the Trust to pay Fund B benefits falls to this level, Wyeth will be permitted to contribute to the Trust amounts sufficient to pay Fund B benefits to claimants who have claimed Matrix benefits by May 3, 2003, who have not been paid any Matrix benefits, and whose claims Wyeth elects to have adjudicated and paid, if payable, pursuant to the Settlement Agreement. Class members who have claimed Matrix benefits by May 3, 2003, whose claims have been deemed qualified for payment by the Trust and who have not received any Matrix benefit payments by the time the available amount falls to \$255 million, and who are not the subject of Wyeth’s election, will be able to opt out of the settlement and pursue claims for compensatory damages in the tort system, subject to certain limitations. The exercise of this right to opt out and pursue compensatory damages in the tort system pursuant to the Sixth Amendment will be subject to certain limitations on the kinds of damages which may be obtained and on procedural aspects of how they may be pursued. At the same time, \$255 million will be reserved to pay supplemental claims of class members who will then have been paid Matrix level benefits, but whose conditions may progress in a way which will permit them to be paid additional Matrix level benefits upon such progression.

**AHP Settlement Trust**  
**Notes to Financial Statements (Unaudited)**  
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There are four matrices under the settlement. Two of them apply to Diet Drug users, and the application of one or the other depends on the severity of the class member's illness and on other aspects of a Diet Drug user's medical history. The other two matrices apply to Derivative Benefit claims. The matrices are composed of cells formed by the intersection of five separate Matrix levels of severity and eleven separate age intervals. Class members do not have to demonstrate that their injuries were caused by ingestion of the Diet Drugs in order to recover Matrix compensation benefits. Matrices represent a system of compensation whereby claimants need only prove that they meet objective criteria to determine which Matrix is applicable, which Matrix level they qualify for and the age at which that qualifying event occurred. In addition, the amounts specified by each cell of each Matrix have been and will be increased by 2% per year.

Funding under the Settlement Agreement has been and is provided by Wyeth through certain specified payments made heretofore and through Wyeth's contribution of up to \$2.55 billion (subject to certain adjustments) in funding for Fund B benefit payments as required by the Trust. Fund B contributions are based upon the amount needed to pay Matrix claims that are ready for payment, administrative costs related to Fund B and attorneys' fees awarded by the court out of Fund B. The \$2.55 billion (plus accretions at 1.5% per quarter less potential credits against such amounts for certain opt out and other credits) will be one component of the total the Trust can draw upon to meet its Fund B obligations. The other component is the amount transferred from Fund A pursuant to the Fifth Amendment to the Settlement Agreement. This amount, \$669,019,032, along with the amount in Fund B of \$9,777,076, as of January 31, 2003, were merged into a single Settlement Fund of the Trust. The amount deposited into the merged Settlement Fund will be available after the merger date to pay both Fund A benefits and Fund B benefits and the costs associated therewith. As described above, in the event that the amount transferred from Fund A to the merged Settlement Fund is not sufficient to pay Fund A benefits other than drug refund and echocardiogram screening benefits and associated administrative costs, Wyeth will be required to deposit additional amounts for that purpose. In the event that the amount transferred from Fund A to the merged Settlement Fund is more than sufficient to pay Fund A benefits and associated administrative costs, then the amount transferred from Fund A will be available to pay Fund B benefits and the associated administrative costs. If and when payment of benefits and administrative expenses from the merged Settlement Fund results in reduction or depletion of the Settlement Fund to an amount designated as an Administrative Reserve, which is described below, Wyeth will be obligated to resume its periodic contributions of up to \$2.55 billion (as adjusted to take into account payments already made, certain accretions and certain credits) in funding for Fund B benefit payments.

On January 3, 2002, the Settlement Agreement received Final Judicial Approval by the courts having jurisdiction over the litigation that resulted in the Settlement Agreement. No further appeals that would have prevented all of the terms of the Settlement Agreement from being implemented (except for Amendments to the Settlement Agreement approved thereafter) were permitted.

Upon Final Judicial Approval, the Trust began to be able to request on a quarterly basis, and Wyeth became obligated to pay in response to such a request, an amount sufficient to enable the Trust to maintain a reserve of \$50.0 million in Fund B for certain administrative expenses (the "Administrative Reserve"). Upon merger of Funds A and B into the merged Settlement Fund pursuant to the Fifth Amendment, the Administrative Reserve is maintained in the Settlement Fund. Wyeth's obligation to make periodic payments for purposes of funding payment of claims and administrative expenses associated with Fund B is limited, as described above.

**AHP Settlement Trust**  
**Notes to Financial Statements (Unaudited)**  
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On January 18, 2002, Wyeth established a Security Fund with \$370 million in assets. Pursuant to the Settlement Agreement and a Security Fund and Escrow Agreement established thereunder, as is more specifically stated therein, in the event that Wyeth fails to make a number of payments required to fund the Fund B benefits payments and in the event that Wyeth's credit rating falls below investment grade, the Trust will be able, after approval of the Court, to draw on funds in the Security Fund and AHP may be required to deposit additional assets having a value of \$180 million into the Security Fund.

Pursuant to the Fifth Amendment, the Security Fund and Escrow Agreement was amended as of the date the Fifth Amendment became effective. Pursuant to the Security Fund and Escrow Agreement, Wyeth deposited assets having a value of \$535.2 million into the Security Fund. The requirement that there be additional deposits in the event of Wyeth's failure to make a number of payments required to fund the Fund B benefits payments and in the event that Wyeth's credit rating falls below investment grade continue in effect. Wyeth will be permitted, under the amendments to the Security Fund and Escrow Agreement, to withdraw funds from the Security Fund when and as Wyeth makes payments to the Trust for purpose of funding Matrix benefits payments and thereby reduces the amounts that it may be called upon in the future to pay to the Trust for that purpose. The amount in the Security Fund will not be required to exceed 110% of the amount that Wyeth may be called upon to pay to the Trust in the future. The balance of the investments, at market value, in the Security Fund as of June 30, 2004 as reported to the Trust is \$942,264,815.

In November 2002, the Court that has jurisdiction over the Settlement Agreement imposed a requirement that all Matrix claims be subjected to a medical audit or review before being paid. This review has been implemented, though the order imposing the requirement is the subject of an appeal. The order could be reconsideration for good cause pursuant to the Settlement Agreement.

Taking into account a quarterly accretion that is applied at the end of each calendar quarter, the maximum additional amount that Wyeth may be called upon to pay for the purpose of funding Matrix benefits is \$1,603,005,530 if all of its Matrix benefits funding obligations under the Settlement Agreement were to come due in the third quarter of 2004. This would occur only if the Trust were to adjudicate claims in that amount in that quarter that qualified for payment. The amount will be adjusted pursuant to the Settlement Agreement, which calls for accretions on the adjusted amount at 1.5% per quarter less potential credits against such amounts arising from payments and from certain opt out and other credits.

Any assets remaining at the end of the Trust's term are to be donated to heart research facilities.

This Description of the Trust is not intended to be a legal interpretation of the benefits available to class members or others; nor is it a legal description of the obligations of any parties to the Settlement Agreement. A complete description of the rights and benefits of any parties and class members must be derived from the Settlement Agreement and any other applicable documents.

**AHP Settlement Trust**  
**Notes to Financial Statements (Unaudited)**  
**June 30, 2004**

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**2. Summary of Significant Accounting Policies**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the Trust to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

**Investments**

Investments include U.S. Treasury Notes, which are classified as held-to-maturity. Short-term investments are due in one year or less. Investment securities are stated at market value and are based on quoted market prices with the change in unrealized gains and losses recorded in the statement of changes in net assets available for claims. Investment income is recognized when earned. Gains and losses on sales are determined by specific identification.

**Property**

Property, including computer software, is recorded at cost. Depreciation and amortization are computed using the straight-line method over estimated useful lives ranging from two to five years. Property is included in prepaids and other assets in the accompanying statement of net assets available for claims.

**Income Taxes**

The Trust is organized as a qualified settlement fund under Section 468B of the Internal Revenue Code and Regulations thereunder. As a result, the Trust is subject to federal income taxes based on modified gross income, as defined by the Code. The Trust is subject to state income taxes only in the State of New Jersey, based on the proportion of claimants that reside in New Jersey.

**Claims**

Claims are recorded as expense when approved for payment by the Trust.

**Claims in Course of Settlement**

Claims in course of settlement include accruals for claims that have completed all phases of the claim payment review process but have not yet been paid.

**Claims Administration Expenses**

Claims administration expenses represent costs associated with the settlement and payment of claims and are recorded as expense when incurred.

**AHP Settlement Trust**  
**Notes to Financial Statements (Unaudited)**  
**June 30, 2004**

**3. Investments**

A summary of investments as of June 30, 2004 follows:

	<u>Amortized Cost</u>	<u>Unrealized Gain</u>	<u>Unrealized Loss</u>	<u>Market Value</u>
US Treasury Securities and Obligations of US Government Corporations and Agencies	\$75,086,662	\$9,623	\$ (2,535)	\$75,093,750
	<u>\$75,086,662</u>	<u>\$9,623</u>	<u>\$ (2,535)</u>	<u>\$75,093,750</u>

The amortized cost and fair value of debt securities at June 30, 2004, by contractual maturity are shown below:

	<u>Amortized Cost</u>	<u>Estimated Fair Value</u>
Due in one year or less	\$75,086,662	\$75,093,750
	<u>\$75,086,662</u>	<u>\$75,093,750</u>

Investment income, by type of investment, is as follows for the three months ended June 30, 2004:

Gross Investment Income:	
Investments	\$827,637
Short-term Investments	-
Cash and cash equivalents	910,993
Investment Income	<u>\$1,738,630</u>

Investment expenses were \$318,649 for the six months ended June 30, 2004 and are included in general and administrative expenses in the statement of changes in net assets available for claims.

The Trust regularly reviews its investment portfolio for any securities whose fair value is below its cost. Upon identification of such securities, a detailed review is performed for all securities to determine whether such decline is other than temporary. If the Trust determines such a decline in value to be other than temporary, the cost basis of the security is written down to its fair value with the amount of the write down included in earnings as a realized loss in the period the impairment arose. No impairment losses were recorded by the Trust during the three months ended June 30, 2004.

**AHP Settlement Trust**  
**Notes to Financial Statements (Unaudited)**  
**June 30, 2004**

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**4. Funds Held in Escrow**

**Subrogation Escrow**

The Trust has been ordered by the Court to set aside \$7 million in an escrow account, which may be used to satisfy certain obligations that may arise as a result of claims that may be made by governmental agencies and entities in the nature of subrogation (Note 8). Release of funds from this escrow account is permitted only upon a final order of the Court that is not subject to appeal.

**Common Benefit Attorney Escrow**

In accordance with the Settlement Agreement, the Trust is required to deduct 9% of the total gross Matrix payments due class members. All or a portion of such amount may be awarded to certain attorneys designated in the Settlement Agreement as Class Counsel or as Common Benefit Attorneys. The portion not awarded to Class Counsel or to Common Benefit Attorneys will be distributed to Class Members or their individual attorneys. An escrow account was established into which the Trust deposited amounts so deducted; such escrow is maintained separately from the Trust.

In February 2002, a motion for award of attorneys' fees to Class Counsel and Common Benefit Attorneys was filed in the Court; pursuant to that motion and the Settlement Agreement, the Court may award a sum of up to \$229 million.

On April 5, 2002, as required by the Settlement Agreement, Wyeth created a Fund B Attorneys' Fees Escrow account that is maintained separately from the Trust. This Fund B Attorneys' Fees Escrow Account was established, among other reasons, to hold the maximum attorneys' fees payable under Fund B, \$229,000,000, in escrow until the Court establishes the proper distribution. The entire amount held in escrow by the Trust as of April 5, 2002, \$59,819,625, was transferred to this account. The balance of the Fund B Attorneys' Fees Escrow amount, \$169,180,375, was funded by Wyeth. Release of funds from this escrow account will be permitted only upon a final order of the Court that is not subject to appeal.

The Court that has jurisdiction of the administration of the Settlement Agreement will ultimately rule on the amount of fees to be awarded to Class Counsel and Common Benefit Attorneys. If the Court ultimately rules that an amount less than what is in the Fund B Attorneys' Fees Escrow Account is payable to Class Counsel and Common Benefit Attorneys, then the difference between the amount awarded and the amount in that Escrow Account will be paid to the Trust. The Trust will also adjust the amount of its 9% reduction of Matrix payments to reflect the partial grant of attorneys' fees, and the Trust will make additional payments to Matrix claimants or their attorneys who were paid previously to reflect a diminution of the percentage reduction of Matrix payments.

Funds held in escrow are invested in U.S. Government and Agency securities. They are stated at market value and are based on quoted market prices.

**AHP Settlement Trust**  
**Notes to Financial Statements (Unaudited)**  
**June 30, 2004**

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**5. Property**

A summary of property at June 30, 2004 is as follows:

Equipment	\$559,829
Computer systems/software	5,160,880
Furniture and fixtures	296,005
Leasehold Improvements	810,433
	<u>6,827,147</u>
Less accumulated depreciation and amortization	<u>(3,757,639)</u>
	<u>\$3,069,508</u>

The net property balance is included in prepaids and other assets in the accompanying statement of net assets available for claims. Depreciation expense was \$876,038 for the six months ended June 30, 2004.

**6. Income Taxes**

The Trust had approximately \$111,574,593 of net operating loss carryforwards for income tax purposes at December 31, 2003. The carryforwards begin to expire in 2019.

The Trust had a deferred tax asset of \$39,051,108 at December 31, 2003 arising from the difference in recording certain expense items for financial statement and income tax reporting purposes and from the carryforward of the net operating losses. The Trust recorded a valuation allowance of the same amount against the deferred tax asset, as it is uncertain that the deferred tax asset will be realized.

**7. Leases**

The Trust leases office space and uses certain equipment under various operating leases. Rental expense under such arrangements was approximately \$720,839 for the six months ended June 30, 2004.

The following is a schedule of future minimum lease payments on non-cancelable operating leases as of June 30, 2004:

2004	\$720,839
2005	441,960
2006	220,980
	<u>\$1,383,779</u>

**AHP Settlement Trust**  
**Notes to Financial Statements (Unaudited)**  
**June 30, 2004**

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**8. Subrogation**

On March 21, 2001, the Court that is supervising the Settlement ordered the Trust to set aside \$7 million from Fund B in escrow that may, subject to further proceedings, be utilized in the event that the United States government establishes an interest in proceeds of Matrix awards made to class members. The reserve arises from a determination made by the Court on the question of whether it was necessary for the Trust to await a determination of whether certain class members owed money to the government before the Trust could make benefit payments to those class submembers. The Court determined that it was not necessary for the Trust to do so, yet ordered the Trust to set aside the reserve described herein. The reserve may be distributed only upon order of the Court. These funds have been recorded in Funds Held in Escrow at June 30, 2004.

**9. Uncertainties**

**Claims and Availability of Funds to Pay Them from the Net Assets of the Trust**

The ultimate number of claims to be filed and the liability for all such claims is not determinable at this time. Net assets available for claims at June 30, 2004 represent excess of funding received for claims and administrative expenses over amounts paid.

The deadlines for filing of some claims have not yet come to pass, and there are class members who are seeking relief from certain deadlines that have come to pass.

Net assets available for the payment of Matrix claims and associated administrative expenses at June 30, 2004, are to be supplemented, pursuant to the Settlement Agreement as in effect at that date, by contributions from AHP or withdrawals from the Security Fund as and when it becomes necessary to have additional funds to pay claims and to maintain an Administrative Reserve. The maximum amount required to be paid by AHP or that may be made available to the Trust from the Security Fund may or may not be sufficient to pay all claims for Matrix benefits that have been or will be submitted to the Trust and that are, upon processing and review, determined to be valid and well founded.

The Trust has initiated civil litigation against individuals who the Trust alleges made material misstatements of fact in connection with the submission of Matrix claims, resulting in overpayment or mispayment of claims. The Trust is attempting to recover monies paid on account of these claims from the individuals whom it has sued. The outcome of these actions and the likelihood of recovery therefrom is uncertain and these financial statements do not reflect the possibility of recovery as an asset of the Trust. The Trust has a program whereby it applies a medical audit of all Matrix claims and another program called the Claims Integrity Program. Both programs were instituted during the fiscal year ended December 31, 2003. The Trust uses information from these programs to try to avoid payment of claims which are not well founded and to make determinations about whether it should attempt to recover monies paid as a result of misstatements of material facts in the presentation of claims or as a result of other matters.

# **AHP Settlement Trust**

## **Notes to Financial Statements (Unaudited)**

### **June 30, 2004**

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As of June 30, 2004, the Trust has received a total of \$2.010 billion from Wyeth, of which \$1.0 billion was for Fund A and \$1.010 billion was for Fund B. Taking into account these payments and the quarterly accretion that is applied at the turn of each calendar quarter, the maximum additional amount that AHP could be called upon to pay for the purpose of funding Matrix benefits was \$1,603,005,530 if all of its Matrix obligations under the Settlement Agreement were to come due in the third quarter of 2004. This would occur only if the Trust were to adjudicate claims in that amount in that quarter that qualified for payment. This amount will be adjusted prospectively pursuant to the Settlement Agreement, which calls for accretions on the adjusted amount at 1.5% per quarter less potential credits against such amounts arising from payments and from certain opt out and other credits.

#### **Court Jurisdiction**

The Court that has jurisdiction over the Trust and the administration of the Settlement Agreement has ordered that it retains continuing jurisdiction to, among other things, interpret and enforce the Settlement Agreement in accordance with its terms. Pursuant to its continuing jurisdiction, the Court has imposed and may impose certain financial obligations on the Trust that are not foreseen at this time, and could approve certain amendments to the Settlement Agreement that would provide material benefits to the Trust and its beneficiaries or otherwise materially alter the operations and financial position of the Trust.

The Court's approval of the Sixth Amendment to the Settlement Agreement is the subject of an appeal, which is pending. Accordingly, the continued effectiveness of the Sixth Amendment is uncertain.

In footnote 10 of these statements, describing subsequent events, the consideration of proposals that could cause such material alterations is described.

#### **10. Subsequent Events**

In the period following the end of the financial quarter that is the subject of these statements, the Parties and some Class Members have proposed a Seventh Amendment to the Settlement Agreement. If the Amendment is approved, it is likely to result in an arrangement whereby a substantial number of Level I and Level II Matrix Claims will no longer be the financial obligation of the Trust. Higher Level Matrix Claims will remain the financial responsibility of the Trust, under an arrangement whereby some of those claims will become the subject of additional commitments or agreements to fund them from Wyeth, even if this results in a contribution by Wyeth to the Trust that exceeds the amount of contributions to which Wyeth is currently committed. Other material aspects of the financial standing of the Trust may be affected by a Seventh Amendment. The Trust is not able to state whether the Seventh Amendment will be approved by the Court and become effective; nor is the Trust able to state how long the process of consideration of a Seventh Amendment will take. During the period when a proposal for the Seventh Amendment is being considered, the Trust obligations to process and pay a substantial number of its Matrix claims has been made the subject of a stay order issued by the Court, and this has reduced the amount of funds applied to the payment of Matrix Claims since May, 2004.