

AGENDA
REGULAR MEETING OF THE CITY COUNCIL
480 S. ALLISON PARKWAY
CITY OF LAKEWOOD, COLORADO
HYBRID MEETING
SEPTEMBER 8, 2025
7:00 PM

To watch the Council meeting live, please use either one of the following links:

City of Lakewood Website: [Lakewood.org/CouncilVideos](https://lakewood.org/CouncilVideos)

Lakewood Speaks: Lakewoodspeaks.org

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ITEM 1 – CALL TO ORDER

ITEM 2 – ROLL CALL

ITEM 3 – OPENING ITEMS

ITEM A. – PLEDGE OF ALLEGIANCE

ITEM B. – STATEMENT OF CONFLICT OF INTEREST

ITEM C. – PROCLAMATION - LOVE LAKEWOOD DAY

ITEM 4 – INITIAL PUBLIC COMMENT

Anyone who would like to address the Council on any matter other than an agenda item will be given the opportunity. Speakers should limit their comments to three minutes.

**CONSENT AGENDA
ORDINANCES ON FIRST READING**

ITEM 5 – – RESOLUTIONS

ITEM A. – R-2025-51 – APPROVING AN INTERGOVERNMENTAL AGREEMENT

WITH THE COLORADO DEPARTMENT OF TRANSPORTATION
REGARDING SIDEWALK IMPROVEMENTS ALONG URBAN STREET
BETWEEN STOBER ELEMENTARY SCHOOL AND WEST 26TH AVENUE

**ITEM B. – R-2025-52 – ADOPTING AN INTERGOVERNMENTAL AGREEMENT
WITH JEFFERSON COUNTY FOR THE FACILITATION OF HEAD START
PROGRAMS TO LAKEWOOD FAMILIES AT CITY OF LAKEWOOD
FACILITIES AND AUTHORIZING THE CITY MANAGER TO EXECUTE
SAID AGREEMENT**

- C. APPROVING AN AMENDMENT TO AN AGREEMENT FOR
PROFESSIONAL SERVICES FOR THE SIXTH AVENUE AND
WADSWORTH INTERCHANGE AESTHETIC IMPROVEMENTS
- D. APPROVING LAKEWOOD'S PARTICIPATION IN THE PURDUE
DIRECT SETTLEMENT REGARDING THE SETTLEMENT OF CLAIMS
AGAINST PURDUE PHARMA L.P. AND THE SACKLER FAMILY
- E. APPROVING LAKEWOOD'S PARTICIPATION IN THE NATIONAL
OPIOIDS SECONDARY MANUFACTURERS SETTLEMENTS, AND
WAIVER OF ALL CLAIMS AGAINST SUCH OPIOIDS SECONDARY
MANUFACTURERS

ITEM 6 – – ORDINANCES ON FIRST READING

**ITEM A. – O-2025-31 – VACATING RIGHT OF WAY LOCATED AT 10500 WEST
25TH AVE., LAKEWOOD, COLORADO**

**ITEM B. – O-2025-29 – AMENDING THE LAKEWOOD ZONING CODE BY
REPEALING AND REPLACING ARTICLE 3 OF TITLE 17 OF THE
LAKEWOOD MUNICIPAL CODE**

END OF CONSENT AGENDA

ITEM 7 – – ITEMS REMOVED FROM CONSENT AGENDA

**ORDINANCES ON SECOND READING
AND PUBLIC HEARINGS**

ITEM 8 – – PUBLIC HEARINGS — ORDINANCES ON SECOND READING

**ITEM A. – ORDINANCE 2025-28 – AMENDING THE LAKEWOOD ZONING CODE
BY REPEALING AND REPLACING ARTICLES 1, 2, 4, AND 5 OF TITLE 17
OF THE LAKEWOOD MUNICIPAL CODE**

ITEM 9 – GENERAL PUBLIC COMMENT

ITEM 10 – GENERAL BUSINESS

ITEM 11 – EXECUTIVE REPORT

ITEM 12 – MAYOR AND CITY COUNCIL REPORTS

ITEM 13 – ADJOURNMENT

[MEET_FOOT]

STAFF MEMO

DATE OF MEETING: SEPTEMBER 8, 2025 / AGENDA ITEM NO. 3

To: Mayor and City Council

From:

Subject:

SUMMARY STATEMENT:

BACKGROUND INFORMATION:

BUDGETARY IMPACTS: None

STAFF RECOMMENDATIONS: None

ALTERNATIVES: None

PUBLIC OUTREACH: This item has been promoted through the regular communication channels to be considered by the Lakewood City Council.

NEXT STEPS: None

ATTACHMENTS: None

REVIEWED BY: Kathleen E. Hodgson, City Manager
Benjamin B. Goldstein, Deputy City Manager
Alison McKenney Brown, City Attorney

P R O C L A M A T I O N
LOVE LAKEWOOD DAY

WHEREAS, the City of Lakewood values the strength of its community, which is rooted in compassion, service, and civic engagement; and

WHEREAS, Love Lakewood Day, held annually in September, brings together volunteers from all walks of life to serve neighbors, improve neighborhoods, and uplift the entire city through acts of kindness and generosity; and

WHEREAS, Serve Spot Lakewood, a coalition of nonprofit, faith-based, and service organizations, leads this effort by organizing meaningful projects that connect people through shared action; and

WHEREAS, on September 20, 2025, individuals and groups from across the City will come together to complete service projects such as beautifying local schools, cleaning public spaces, and assisting local nonprofits; and

WHEREAS, Love Lakewood Day exemplifies the spirit of unity and the importance of giving back, making the City a more inclusive, supportive, and thriving place to live for all; and

WHEREAS, the City commends all volunteers, organizers, and supporters of Love Lakewood Day for their commitment to making a lasting difference through collective action.

NOW, THEREFORE, on behalf of the City Council and the people of the City of Lakewood, I, Wendi Strom, Mayor of the City of Lakewood, Colorado, by virtue of the authority vested in me, do hereby proclaim:

SEPTEMBER 20, 2025 AS LOVE LAKEWOOD DAY

GIVEN under my hand and Seal of the
City of Lakewood, this 8th day of
September 2025.

Wendi Strom, Mayor

STAFF MEMO

DATE OF MEETING: SEPTEMBER 8, 2025 / AGENDA ITEM NO. 4

To: Mayor and City Council

From:

Subject:

SUMMARY STATEMENT:

BACKGROUND INFORMATION:

BUDGETARY IMPACTS: None

STAFF RECOMMENDATIONS: None

ALTERNATIVES: None

PUBLIC OUTREACH: This item has been promoted through the regular communication channels to be considered by the Lakewood City Council.

NEXT STEPS: None

ATTACHMENTS: None

REVIEWED BY: Kathleen E. Hodgson, City Manager
Benjamin B. Goldstein, Deputy City Manager
Alison McKenney Brown, City Attorney

STAFF MEMO

DATE OF MEETING: SEPTEMBER 8, 2025 / AGENDA ITEM NO. 5

To: Mayor and City Council

From:

Subject:

SUMMARY STATEMENT:

BACKGROUND INFORMATION:

BUDGETARY IMPACTS: None

STAFF RECOMMENDATIONS: None

ALTERNATIVES: None

PUBLIC OUTREACH: This item has been promoted through the regular communication channels to be considered by the Lakewood City Council.

NEXT STEPS: None

ATTACHMENTS: None

REVIEWED BY: Kathleen E. Hodgson, City Manager
Benjamin B. Goldstein, Deputy City Manager
Alison McKenney Brown, City Attorney

STAFF MEMO

DATE OF MEETING: SEPTEMBER 8, 2025 / AGENDA ITEM NO. 5A

To: Mayor and City Council
From: Maria D'Andrea, Director of Public Works
Subject: **Intergovernmental Agreement with the Colorado Department of Transportation for Pedestrian Safety Improvements Grant near Stober Elementary School**

SUMMARY STATEMENT: This resolution would authorize the City Manager to enter into an intergovernmental agreement (IGA) with the Colorado Department of Transportation (CDOT) to accept a Safe Routes to School (SRTS) grant for pedestrian safety improvements along Urban Street between Stober Elementary School and West 26th Avenue.

BACKGROUND INFORMATION: Currently, there are no sidewalk facilities on either side of Urban Street connecting Stober Elementary School to West 26th Avenue. The lack of pedestrian facilities creates unsafe conditions for students and families walking and bicycling to school. Urban Street is very narrow and often, cars are parked on both sides of the street. Thus, there is little room for pedestrians to walk within the roadway. Urban Street provides one of two major connections to Stober Elementary School. CDOT has awarded a SRTS grant to the City to construct sidewalk and related improvements that will provide a safe, accessible connection to the school. The attached IGA establishes the terms and funding for this project.

The project will design and construct the following elements:

- A curb-separated (detached) concrete sidewalk on the east side of Urban Street between Stober Elementary School and W 26th Avenue;
- A curb-separated concrete sidewalk on the north side of W 26th Avenue from Urban Street to Taft Court;
- Associated curb and gutter, ADA-compliant curb ramps, and retaining wall (if needed); and
- Minor storm sewer improvements as needed to accommodate the new sidewalk and drainage.

These improvements will create a continuous, accessible pedestrian route to and from Stober Elementary to address safety concerns.

The project funding in the IGA is divided between CDOT and Lakewood, as described below:

- Total Estimated Project Cost: \$991,813
- CDOT SRTS Grant (FHWA/State pass-through): \$793,450 (reimbursable)
- City Match (20%): \$198,363 (Capital Improvement Fund)

Grant funds are provided on a cost-reimbursement basis pursuant to the IGA. The City will be responsible for any costs exceeding the total project budget unless additional funding is secured and incorporated into the project through an amendment to the IGA. After construction, the City will maintain the improvements.

BUDGETARY IMPACTS: Adequate Capital Improvement funds through the Sidewalks and Bike Paths Program are included in the approved 2025 budget for the proposed IGA.

STAFF RECOMMENDATIONS: Approval of the resolution.

ALTERNATIVES:

- **Approve the resolution (Recommended):** Accept the grant and proceed with the project to improve pedestrian safety and connectivity.
- **Do not approve the resolution:** The project would be delayed indefinitely, and the City would forfeit the grant funds, prolonging existing conditions for pedestrians on Urban Street.

PUBLIC OUTREACH: This item has been promoted through the regular communication channels to be considered by the Lakewood City Council

NEXT STEPS: Pending approval by City Council, the IGA will be executed, design will begin in late 2025 with construction anticipated to commence in Fall 2026.

ATTACHMENTS:

1. Resolution R-2025-51
2. Intergovernmental Agreement with CDOT
3. Project Location Map

REVIEWED BY: Kathleen E. Hodgson, City Manager
Benjamin B. Goldstein, Deputy City Manager
Alison McKenney Brown, City Attorney

R-2025-51

A RESOLUTION

APPROVING AN INTERGOVERNMENTAL AGREEMENT WITH THE COLORADO
DEPARTMENT OF TRANSPORTATION REGARDING SIDEWALK IMPROVEMENTS
ALONG URBAN STREET BETWEEN STOBER ELEMENTARY SCHOOL AND WEST
26TH AVENUE

WHEREAS, pursuant to C.R.S. § 29-1-203 and § 29-1-203.5 as amended, the City of Lakewood (the “City”) and the Colorado Department of Transportation (“CDOT”) have the authority to enter into an Intergovernmental Agreement (IGA);

WHEREAS, the Federal Highway Administration approved CDOT’s Surface Transportation Improvement Program (“STIP”), and authorized federal funding for the same;

WHEREAS, the City applied for a federal grant to add sidewalk, curb and gutter, and curb ramps on the east side of Urban Street, and on the north side of West 26th Avenue from Urban Street to Taft Court, along with retaining wall construction and minor storm sewer replacement, (the “Project”);

WHEREAS, the City’s application for federal grant funding for the Project, was approved, and CDOT, through its STIP and Stewardship Agreement with the federal government will disburse the awarded federal funds, subject to the requirement that the City enter into an IGA with CDOT for use of the federal funds;

WHEREAS, the City and CDOT negotiated an IGA outlining all terms and conditions for the Project;

WHEREAS, the proposed IGA requires the City to contribute “Local Agency Funds” in the amount of one hundred ninety eight thousand, three hundred and sixty three dollars (\$198,363.00), and for a federal contribution, to be distributed by CDOT, in the amount of seven hundred ninety three thousand, four hundred and fifty dollars (\$793,450.00); and

WHEREAS, the City’s “Local Agency Funds” will be contributed via Capital Improvement Fund dollars that were appropriated in the 2025 annual budget.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Lakewood:

SECTION1. The City Council hereby finds and determines that authorizing the City Manager to enter into an IGA, attached hereto as Attachment A and incorporated herein, between the City of Lakewood and the Colorado Department of Transportation for sidewalk improvements along the east side of Urban Street, and on the north side of West 26th Avenue from Urban Street to Taft Court, along with retaining wall construction and minor storm sewer replacement is and shall be in the best interest of the residents of the

City of Lakewood, and hereby authorizes the City Manager to enter into the IGA with the Colorado Department of Transportation on behalf of the City of Lakewood.

SECTION 2. The City's Chief Financial Officer is hereby authorized and directed to pay amounts not to exceed one hundred ninety-eight thousand, three hundred and sixty three dollars (\$198,363.00) for the City's share of the Project.

SECTION 3. This Resolution shall become effective immediately upon signature following adoption.

INTRODUCED, READ AND ADOPTED by a vote of ___ for and ___ against at a hybrid regular meeting of the City Council on September 8, 2025, at 7 o'clock p.m., at the Lakewood Civic Center, 480 South Allison Parkway, Lakewood, Colorado.

Wendi Strom, Mayor

ATTEST:

Jay Robb, City Clerk

APPROVED AS TO FORM:

Alison McKenney Brown, City Attorney

STATE OF COLORADO INTERGOVERNMENTAL AGREEMENT

Signature and Cover Page

State Agency Department of Transportation			Agreement Routing Number 25-HA1-XC-00074
Local Agency CITY OF LAKEWOOD			Agreement Effective Date The later of the effective date or June 20, 2025
Agreement Description STOBER ELEMENTARY SIDEWALK			Agreement Expiration Date June 19, 2035
Project # SAR M760- 054 (27058)	Region # R1	Contract Writer DMM	Agreement Maximum Amount \$991,813.00

THE PARTIES HERETO HAVE EXECUTED THIS AGREEMENT

Each person signing this Agreement represents and warrants that he or she is duly authorized to execute this Agreement and to bind the Party authorizing his or her signature.

LOCAL AGENCY CITY OF LAKEWOOD *See Attached Signature Page*	STATE OF COLORADO Jared S. Polis, Governor Department of Transportation Shoshana M. Lew, Executive Director _____ Keith Stefanik, P.E., Chief Engineer Date: _____
	LEGAL REVIEW Philip J. Weiser, Attorney General _____ Assistant Attorney General _____ By: (Print Name and Title) Date: _____
In accordance with §24-30-202 C.R.S., this Agreement is not valid until signed and dated below by the State Controller or an authorized delegate. STATE CONTROLLER Robert Jaros, CPA, MBA, JD By: _____ Department of Transportation Effective Date: _____	

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EXHIBIT M, OMB UNIFORM GUIDANCE FOR FEDERAL AWARDS
EXHIBIT N, FEDERAL TREASURY PROVISIONS
EXHIBIT O, AGREEMENT WITH SUBRECIPIENT OF FEDERAL RECOVERY FUNDS
EXHIBIT P, SLFRF SUBRECIPIENT QUARTERLY REPORT
EXHIBIT Q, SLFRF REPORTING MODIFICATION FORM
EXHIBIT R, APPLICABLE FEDERAL AWARDS
EXHIBIT S, PII CERTIFICATION (N/A)
EXHIBIT T, CHECKLIST OF REQUIRED EXHIBITS DEPENDENT ON FUNDING SOURCE

1. PARTIES

This Agreement is entered into by and between Local Agency named on the Signature and Cover Page for this Agreement (“Local Agency”), and the STATE OF COLORADO acting by and through the State agency named on the Signature and Cover Page for this Agreement (the “State” or “CDOT”). Local Agency and the State agree to the terms and conditions in this Agreement.

2. TERM AND EFFECTIVE DATE

A. Effective Date

This Agreement shall not be valid or enforceable until the Effective Date, and Agreement Funds shall be expended within the dates shown in **Exhibit C** for each respective phase (“Phase Performance Period(s)”). The State shall not be bound by any provision of this Agreement before the Effective Date, and shall have no obligation to pay Local Agency for any Work performed or expense incurred before 1) the Effective Date of this original Agreement; except as described in **§7.D**; 2) before the encumbering document for the respective phase *and* the official Notice to Proceed for the respective phase; or 3) after the Final Phase Performance End Date, as shown in **Exhibit C**. Additionally, the State shall have no obligation to pay Local Agency for any Work performed or expense incurred after the Agreement Expiration Date or after required billing deadline specified in **§7.B.i.e.**, or the expiration of “Special Funding” if applicable, whichever is sooner. The State’s obligation to pay Agreement Funds exclusive of Special Funding will continue until the Agreement Expiration Date. If Agreement Funds expire before the Agreement Expiration Date, then no payments will be made after expiration of Agreement Funds.

B. Initial Term and Extension

The Parties’ respective performances under this Agreement shall commence on the Agreement Effective Date shown on the Signature and Cover Page for this Agreement and shall terminate on June 19, 2035 as shown on the Signature and Cover Page for this Agreement, unless sooner terminated or further extended in accordance with the terms of this Agreement. Upon request of Local Agency, the State may, in its sole discretion, extend the term of this Agreement by Option Letter pursuant **§7.E.iv**. If the Work will be performed in multiple phases, the period of performance start and end date of each phase is detailed under the Project Schedule in **Exhibit C**.

C. Early Termination in the Public Interest

The State is entering into this Agreement to serve the public interest of the State of Colorado as determined by its Governor, General Assembly, or Courts. If this Agreement ceases to further the public interest of the State, and this ARPA Award is not appropriated, or otherwise become unavailable to fund this ARPA Award the State, in its discretion, may terminate this Agreement in whole or in part. This subsection shall not apply to a termination of this Agreement by the State for breach by Local Agency, which shall be governed by **§14.A.i**.

i. Method and Content

The State shall notify Local Agency by providing written notice to Local Agency of the termination and be in accordance with **§16**. The notice shall specify the effective date of the termination and whether it affects all or a portion of this Agreement.

ii. Obligations and Rights

Upon receipt of a termination notice for termination in the public interest, Local Agency shall be subject to **§14.A.i.a**

iii. Payments

If the State terminates this Agreement in the public interest, the State shall pay Local Agency an amount equal to the percentage of the total reimbursement payable under this Agreement that corresponds to the percentage of Work satisfactorily completed and accepted, as determined by the State, less payments previously made. Additionally, if this Agreement is less than 60% completed, as determined by the State, the State may reimburse Local Agency for a portion of actual out-of-pocket expenses, not otherwise reimbursed under this Agreement, incurred by Local Agency which are directly attributable to the uncompleted portion of Local Agency’s obligations, provided that the sum of any and all reimbursement shall not exceed the maximum amount payable to Local Agency hereunder. This subsection shall not apply to a termination of this ARPA Award by the State for breach by Local Agency.

D. Local Agency Termination Under Federal Requirements

Local Agency may request termination of the ARPA Award by sending notice to the State, which includes the effective date of the termination. If this ARPA Award is terminated in this manner, then Local Agency shall return any advanced payments made for work that will not be performed prior to the effective date of the termination.

3. AUTHORITY

Authority to enter into this Agreement exists in the law as follows:

A. Federal Authority

Pursuant to Title I, Subtitle A, of the “Fixing America’s Surface Transportation Act” (FAST Act) of 2015, and to applicable provisions of Title 23 of the United States Code and implementing regulations at Title 23 of the Code of Federal Regulations, as may be amended, (collectively referred to hereinafter as the “Federal Provisions”), certain federal funds have been and are expected to continue to be allocated for transportation projects requested by Local Agency and eligible under the Surface Transportation Improvement Program that has been proposed by the State and approved by the Federal Highway Administration (“FHWA”).

Pursuant to Title VI of the Social Security Act, Section 602 of the “Coronavirus State and Local Fiscal Recovery Funds”, a part of the American Rescue Plan, provides state, local and Tribal governments with the resources needed to respond to the pandemic and its economic effects and to build a stronger, more equitable economy during the recovery.

B. State Authority

Pursuant to CRS §43-1-223 and to applicable portions of the Federal Provisions, the State is responsible for the general administration and supervision of performance of projects in the Program, including the administration of federal funds for a Program project performed by a Local Agency under a contract with the State. This Agreement is executed under the authority of CRS §§29-1-203, 43-1-110; 43-1-116, 43-2-101(4)(c) and 43-2-104.5.

4. PURPOSE

The purpose of this Agreement is to disburse Federal funds to the Local Agency pursuant to CDOT’s Stewardship Agreement with the FHWA and/or USDT as shown in **Exhibit C**.

5. DEFINITIONS

The following terms shall be construed and interpreted as follows:

- A. “**Agreement**” means this agreement, including all attached Exhibits, all documents incorporated by reference, all referenced statutes, rules and cited authorities, and any future modifications thereto.
- B. “**Agreement Funds**” means the funds that have been appropriated, designated, encumbered, or otherwise made available for payment by the State under this Agreement.
- C. “**ARPA**” means American Rescue Plan Act, funded by the US Department of the Treasury (“USDT”). See “SLFRF” below.
- D. “**Award**” means an award by a Recipient to a Subrecipient funded in whole or in part by a Federal Award. The terms and conditions of the Federal Award flow down to the Award unless the terms and conditions of the Federal Award specifically indicate otherwise.
- E. “**Budget**” means the budget for the Work described in **Exhibit C**.
- F. “**Business Day**” means any day in which the State is open and conducting business, but shall not include Saturday, Sunday or any day on which the State observes one of the holidays listed in §24-11-101(1) C.R.S..
- G. “**Chief Procurement Officer**” means the individual to whom the Executive Director has delegated his or her authority pursuant to §24-102-202 to procure or supervise the procurement of all supplies and services needed by the State.
- H. “**CJI**” means criminal justice information collected by criminal justice agencies needed for the performance of their authorized functions, including, without limitation, all information defined as criminal justice information by the U.S. Department of Justice, Federal Bureau of Investigation, Criminal Justice Information Services Security Policy, as amended and all Criminal Justice Records as defined under §24-72-302, C.R.S.
- I. “**Consultant**” means a professional engineer or designer hired by Local Agency to design the Work Product.
- J. “**Contractor**” means the general construction contractor hired by Local Agency to construct the Work.

- K. **“CORA”** means the Colorado Open Records Act, §§24-72-200.1 *et. seq.*, C.R.S.
- L. **“Effective Date”** means the date on which this Agreement is approved and signed by the Colorado State Controller or designee, as shown on the Signature and Cover Page for this Agreement.
- M. **“Evaluation”** means the process of examining Local Agency’s Work and rating it based on criteria established in §6, **Exhibit A** and **Exhibit E**.
- N. **“Exhibits”** means the following exhibits attached to this Agreement:
- i. **Exhibit A**, Scope of Work.
 - ii. **Exhibit B**, Sample Option Letter.
 - iii. **Exhibit C**, Funding Provisions
 - iv. **Exhibit D**, Local Agency Resolution
 - v. **Exhibit E**, Local Agency Contract Administration Checklist
 - vi. **Exhibit F**, Certification for Federal-Aid Contracts
 - vii. **Exhibit G**, Disadvantaged Business Enterprise
 - viii. **Exhibit H**, Local Agency Procedures for Consultant Services
 - ix. **Exhibit I**, Federal-Aid Contract Provisions for Construction Contracts
 - x. **Exhibit J**, Additional Federal Requirements
 - xi. **Exhibit K**, The Federal Funding Accountability and Transparency Act of 2006 (FFATA) Supplemental Federal Provisions
 - xii. **Exhibit L**, Sample Sub-Recipient Monitoring and Risk Assessment Form
 - xiii. **Exhibit M**, Supplemental Provisions for Federal Awards Subject to The Office of Management and Budget Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards (the “Uniform Guidance”)
 - xiv. **Exhibit N**, Federal Treasury Provisions
 - xv. **Exhibit O**, Agreement with Subrecipient of Federal Recovery Funds
 - xvi. **Exhibit P**, SLFRF Subrecipient Quarterly Report
 - xvii. **Exhibit Q**, SLFRF Reporting Modification Form
 - xviii. **Exhibit R**, Applicable Federal Awards
 - xix. **Exhibit S**, PII Certification
 - xx. **Exhibit T**, Checklist of Required Exhibits Dependent on Funding Source
- O. **“Expiration Date”** means the date on which this Agreement expires, as shown on the Signature and Cover Page for this Agreement.
- P. **“Extension Term”** means the period of time by which the ARPA Expiration Date is extended by the State through delivery of an updated ARPA Letter.
- Q. **“Federal Award”** means an award of Federal financial assistance or a cost-reimbursement contract under the Federal Acquisition Requirements by a Federal Awarding Agency to a Recipient. “Federal Award” also means an agreement setting forth the terms and conditions of the Federal Award. The term does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program.
- R. **“Federal Awarding Agency”** means a Federal agency providing a Federal Award to a Recipient. The US Department of the Treasury is the Federal Awarding Agency for the Federal Award, which may be the subject of this Agreement.
- S. **“FHWA”** means the Federal Highway Administration, which is one of the twelve administrations under the Office of the Secretary of Transportation at the U.S. Department of Transportation. FHWA provides stewardship over the construction, maintenance and preservation of the Nation’s highways and tunnels. FHWA is the Federal Awarding Agency for the Federal Award which is the subject of this Agreement.
- T. **“Goods”** means any movable material acquired, produced, or delivered by Local Agency as set forth in this Agreement and shall include any movable material acquired, produced, or delivered by Local Agency in connection with the Services.

- U. **“Incident”** means any accidental or deliberate event that results in or constitutes an imminent threat of the unauthorized access or disclosure of State Confidential Information or of the unauthorized modification, disruption, or destruction of any State Records.
- V. **“Initial Term”** means the time period defined in §2.B.
- W. **“Local Funds”** means the funds provided by the Local Agency as their obligated contribution to the federal and/or State Awards to receive the federal and/or State funding.
- X. **“Notice to Proceed”** means the letter issued by the State to the Local Agency stating the date the Local Agency can begin work subject to the conditions of this Agreement.
- Y. **“OMB”** means the Executive Office of the President, Office of Management and Budget.
- Z. **“Oversight”** means the term as it is defined in the Stewardship Agreement between CDOT and the FHWA.
- AA. **“Party”** means the State or Local Agency, and **“Parties”** means both the State and Local Agency.
- BB. **“PCI”** means payment card information including any data related to credit card holders’ names, credit card numbers, or the other credit card information as may be protected by state or federal law.
- CC. **“PHI”** means any protected health information, including, without limitation any information whether oral or recorded in any form or medium: (i) that relates to the past, present or future physical or mental condition of an individual; the provision of health care to an individual; or the past, present or future payment for the provision of health care to an individual; and (ii) that identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual. PHI includes, but is not limited to, any information defined as Individually Identifiable Health Information by the federal Health Insurance Portability and Accountability Act.
- DD. **“PII”** means personally identifiable information including, without limitation, any information maintained by the State about an individual that can be used to distinguish or trace an individual’s identity, such as name, social security number, date and place of birth, mother’s maiden name, or biometric records; and any other information that is linked or linkable to an individual, such as medical, educational, financial, and employment information. PII includes, but is not limited to, all information defined as personally identifiable information in §24-72-501 C.R.S. “PII” shall also mean “personal identifying information” as set forth at § 24-74-102, et. seq., C.R.S.
- EE. **“Recipient”** means the Colorado Department of Transportation (CDOT) for this Federal Award.
- FF. **“Services”** means the services to be performed by Local Agency as set forth in this Agreement and shall include any services to be rendered by Local Agency in connection with the Goods.
- GG. **“SLFRF”** means State and Local Fiscal Recovery Funds, provided by ARPA, funded by the US Treasury Department.
- HH. **“Special Funding”** means an award by Federal agency or the State which may include but is not limited to one or a combination of Multimodal Transportation & Mitigation Options Funding, Revitalizing Main Streets, Safer Main Streets, Stimulus Funds, Coronavirus Response and Relief Supplemental Funds, ARPA, SLFRF, or COVID Relief.
- II. **“State Confidential Information”** means any and all State Records not subject to disclosure under CORA. State Confidential Information shall include, but is not limited to, PII and State personnel records not subject to disclosure under CORA.
- JJ. **“State Fiscal Rules”** means the fiscal rules promulgated by the Colorado State Controller pursuant to §24-30-202(13)(a).
- KK. **“State Fiscal Year”** means a 12-month period beginning on July 1 of each calendar year and ending on June 30 of the following calendar year. If a single calendar year follows the term, then it means the State Fiscal Year ending in that calendar year.
- LL. **“State Purchasing Director”** means the position described in the Colorado Procurement Code and its implementing regulations.

- MM. “**State Records**” means any and all State data, information, and records, regardless of physical form, including, but not limited to, information subject to disclosure under CORA.
- NN. “**Sub-Award**” means this Award by the State to Local Agency funded in whole or in part by a Federal Award. The terms and conditions of the Federal Award flow down to this Sub-Award unless the terms and conditions of the Federal Award specifically indicate otherwise.
- OO. “**Subcontractor**” means third parties, if any, engaged by Local Agency to aid in performance of the Work.
- PP. “**Subrecipient**” means a non-Federal entity that receives a sub-award from a Recipient to carry out part of a Federal program but does not include an individual that is a beneficiary of such program. A Subrecipient may also be a recipient of other Federal Awards directly from a Federal Awarding Agency.
- QQ. “**Tax Information**” means Federal and State of Colorado tax information including, without limitation, Federal and State tax returns, return information, and such other tax-related information as may be protected by Federal and State law and regulation. Tax Information includes but is not limited to all information defined as Federal tax Information in Internal Revenue Service Publication 1075.
- RR. “**Uniform Guidance**” means the Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, which supersedes requirements from OMB Circulars A-21, A-87, A-110, A-122, A-89, A-102, and A-133, and the guidance in Circular A-50 on Single Audit Act follow-up.
- SS. “**USDT**” The United States Department of the Treasury (**USDT**) is the national treasury and finance department of the federal government of the United States where it serves as an executive department. The USDT funds ARPA.
- TT. “**Work**” means the delivery of the Goods and performance of the Services in compliance with CDOT’s Local Agency Manual described in this Agreement.
- UU. “**Work Product**” means the tangible and intangible results of the Work, whether finished or unfinished, including drafts. Work Product includes, but is not limited to, documents, text, software (including source code), research, reports, proposals, specifications, plans, notes, studies, data, images, photographs, negatives, pictures, drawings, designs, models, surveys, maps, materials, ideas, concepts, know-how, and any other results of the Work. “Work Product” does not include any material that was developed prior to the Effective Date that is used, without modification, in the performance of the Work.

Any other term used in this Agreement that is defined in an Exhibit shall be construed and interpreted as defined in that Exhibit.

6. SCOPE OF WORK

Local Agency shall complete the Work as described in this Agreement and in accordance with the provisions of **Exhibit A**, and the Local Agency Manual. The State shall have no liability to compensate Local Agency for the delivery of any Goods or the performance of any Services that are not specifically set forth in this Agreement. Work may be divided into multiple phases that have separate periods of performance. The State may not compensate for Work that Local Agency performs outside of its designated phase performance period. The performance period of phases, including, but not limited to Design, Construction, Right of Way, Utilities, or Environment phases, are identified in **Exhibit C**. The State may unilaterally modify **Exhibit C** from time to time, at its sole discretion, to extend the Agreement Expiration Date and/or to extend the period of performance for a phase of Work authorized under this Agreement. To exercise these options to extend the Agreement Expiration Date and/or to update the phase performance period extension option, the State will provide written notice to Local Agency in a form substantially equivalent to **Exhibit B**. The State’s unilateral extension of the Agreement Expiration Date and/or the phase performance periods will not amend or alter in any way the funding provisions or any other terms specified in this Agreement, notwithstanding the options listed under **§7.E**

A. Local Agency Commitments

i. Design

If the Work includes preliminary design, final design, design work sheets, or special provisions and estimates (collectively referred to as the “Plans”), Local Agency shall ensure that it and its Contractors comply with and are responsible for satisfying the following requirements:

- a. Perform or provide the Plans to the extent required by the nature of the Work.
 - b. Prepare final design in accordance with the requirements of the latest edition of the American Association of State Highway Transportation Officials (AASHTO) manual or other standard, such as the Uniform Building Code, as approved by the State.
 - c. Prepare provisions and estimates in accordance with the most current version of the State's Roadway and Bridge Design Manuals and Standard Specifications for Road and Bridge Construction or Local Agency specifications if approved by the State.
 - d. Include details of any required detours in the Plans in order to prevent any interference of the construction Work and to protect the traveling public.
 - e. Stamp the Plans as produced by a Colorado registered professional engineer.
 - f. Provide final assembly of Plans and all other necessary documents.
 - g. Ensure the Plans are accurate and complete.
 - h. Make no further changes in the Plans following the award of the construction contract to Contractor unless agreed to in writing by the Parties. The Plans shall be considered final when approved in writing by CDOT, and when final, they will be deemed incorporated herein.
- ii. Local Agency Work
- a. Local Agency shall comply with the requirements of the Americans With Disabilities Act (ADA) 42 U.S.C. § 12101, et. seq., and applicable federal regulations and standards as contained in the document "ADA Accessibility Requirements in CDOT Transportation Projects".
 - b. Local Agency shall afford the State ample opportunity to review the Plans and shall make any changes in the Plans that are directed by the State to comply with FHWA requirements.
 - c. Local Agency may enter into a contract with a Consultant to perform all or any portion of the Plans and/or construction administration. Provided, however, if federal-aid funds are involved in the cost of such Work to be done by such Consultant, such Consultant contract (and the performance provision of the Plans under the contract) must comply with all applicable requirements of 23 C.F.R. Part 172 and with any procedures implementing those requirements as provided by the State, including those in **Exhibit H**. If Local Agency enters into a contract with a Consultant for the Work:
 - 1) Local Agency shall submit a certification that procurement of any Consultant contract complies with the requirements of 23 C.F.R. 172.5(1) prior to entering into such Consultant contract, subject to the State's approval. If not approved by the State, Local Agency shall not enter into such Consultant contract.
 - 2) Local Agency shall ensure that all changes in the Consultant contract have prior approval by the State and FHWA and that they are in writing. Immediately after the Consultant contract has been awarded, one copy of the executed Consultant contract and any amendments shall be submitted to the State.
 - 3) Local Agency shall require that all billings under the Consultant contract comply with the State's standardized billing format. Examples of the billing formats are available from the CDOT Agreements Office.
 - 4) Local Agency (and any Consultant) shall comply with 23 C.F.R. 172.5(b) and (d) and use the CDOT procedures described in **Exhibit H** to administer the Consultant contract.
 - 5) Local Agency may expedite any CDOT approval of its procurement process and/or Consultant contract by submitting a letter to CDOT from Local Agency's attorney/authorized representative certifying compliance with **Exhibit H** and 23 C.F.R. 172.5(b) and (d).
 - 6) Local Agency shall ensure that the Consultant contract complies with the requirements of 49 CFR 18.36(i) and contains the following language verbatim:
 - (a) The design work under this Agreement shall be compatible with the requirements of the contract between Local Agency and the State (which is incorporated herein by this

reference) for the design/construction of the project. The State is an intended third-party beneficiary of this agreement for that purpose.

- (b) Upon advertisement of the project work for construction, the consultant shall make available services as requested by the State to assist the State in the evaluation of construction and the resolution of construction problems that may arise during the construction of the project.
- (c) The consultant shall review the construction Contractor's shop drawings for conformance with the contract documents and compliance with the provisions of the State's publication, Standard Specifications for Road and Bridge Construction, in connection with this work.
- (d) The State, in its sole discretion, may review construction plans, special provisions and estimates and may require Local Agency to make such changes therein as the State determines necessary to comply with State and FHWA requirements.

iii. Construction

If the Work includes construction, Local Agency shall perform the construction in accordance with the approved design plans and/or administer the construction in accordance with **Exhibit E**. Such administration shall include Work inspection and testing; approving sources of materials; performing required plant and shop inspections; documentation of contract payments, testing and inspection activities; preparing and approving pay estimates; preparing, approving and securing the funding for contract modification orders and minor contract revisions; processing construction Contractor claims; construction supervision; and meeting the quality control requirements of the FHWA/CDOT Stewardship Agreement, as described in **Exhibit E**.

- a. The State may, after providing written notice of the reason for the suspension to Local Agency, suspend the Work, wholly or in part, due to the failure of Local Agency or its Contractor to correct conditions which are unsafe for workers or for such periods as the State may deem necessary due to unsuitable weather, or for conditions considered unsuitable for the prosecution of the Work, or for any other condition or reason deemed by the State to be in the public interest.
- b. Local Agency shall be responsible for the following:
 - 1) Appointing a qualified professional engineer, licensed in the State of Colorado, as Local Agency Project Engineer (LAPE), to perform engineering administration. The LAPE shall administer the Work in accordance with this Agreement, the requirements of the construction contract and applicable State procedures, as defined in the CDOT Local Agency Manual (https://www.codot.gov/business/designsupport/bulletins_manuals/2006-local-agency-manual).
 - 2) For the construction Services, advertising the call for bids, following its approval by the State, and awarding the construction contract(s) to the lowest responsible bidder(s).
 - (a) All Local Agency's advertising and bid awards pursuant to this Agreement shall comply with applicable requirements of 23 U.S.C. §112 and 23 C.F.R. Parts 633 and 635 and C.R.S. § 24-92-101 et seq. Those requirements include, without limitation, that Local Agency and its Contractor(s) incorporate Form 1273 (Exhibit I) in its entirety, verbatim, into any subcontract(s) for Services as terms and conditions thereof, as required by 23 C.F.R. 633.102(e).
 - (b) Local Agency may accept or reject the proposal of the apparent low bidder for Work on which competitive bids have been received. Local Agency must accept or reject such bids within three (3) working days after they are publicly opened.
 - (c) If Local Agency accepts bids and makes awards that exceed the amount of available Agreement Funds, Local Agency shall provide the additional funds necessary to complete the Work or not award such bids.
 - (d) The requirements of **§6.A.iii.b.2** also apply to any advertising and bid awards made by the State.

- (e) The State (and in some cases FHWA) must approve in advance all Force Account Construction, and Local Agency shall not initiate any such Services until the State issues a written Notice to Proceed.

iv. Right of Way (ROW) and Acquisition/Relocation

- a. If Local Agency purchases a ROW for a State highway, including areas of influence, Local Agency shall convey the ROW to CDOT promptly upon the completion of the project/construction.
- b. Any acquisition/relocation activities shall comply with all applicable federal and State statutes and regulations, including but not limited to, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, the Uniform Relocation Assistance and Real Property Acquisition Policies for Federal and Federally Assisted Programs, as amended (49 C.F.R. Part 24), CDOT's Right of Way Manual, and CDOT's Policy and Procedural Directives.
- c. The Parties' respective responsibilities for ensuring compliance with acquisition, relocation and incidentals depend on the level of federal participation as detailed in CDOT's Right of Way Manual (located at <http://www.codot.gov/business/manuals/right-of-way>); however, the State always retains oversight responsibilities.
- d. The Parties' respective responsibilities at each level of federal participation in CDOT's Right of Way Manual, and the State's reimbursement of Local Agency costs will be determined pursuant the following categories:
 - 1) Right of way acquisition (3111) for federal participation and non-participation;
 - 2) Relocation activities, if applicable (3109);
 - 3) Right of way incidentals, if applicable (expenses incidental to acquisition/relocation of right of way – 3114).

v. Utilities

If necessary, Local Agency shall be responsible for obtaining the proper clearance or approval from any utility company that may become involved in the Work. Prior to the Work being advertised for bids, Local Agency shall certify in writing to the State that all such clearances have been obtained.

vi. Railroads

If the Work involves modification of a railroad company's facilities and such modification will be accomplished by the railroad company, Local Agency shall make timely application to the Public Utilities Commission ("PUC") requesting its order providing for the installation of the proposed improvements. Local Agency shall not proceed with that part of the Work before obtaining the PUC's order. Local Agency shall also establish contact with the railroad company involved for the purpose of complying with applicable provisions of 23 C.F.R. 646, subpart B, concerning federal-aid projects involving railroad facilities, and:

- a. Execute an agreement with the railroad company setting out what work is to be accomplished and the location(s) thereof, and which costs shall be eligible for federal participation.
- b. Obtain the railroad's detailed estimate of the cost of the Work.
- c. Establish future maintenance responsibilities for the proposed installation.
- d. Proscribe in the agreement the future use or dispositions of the proposed improvements in the event of abandonment or elimination of a grade crossing.
- e. Establish future repair and/or replacement responsibilities, as between the railroad company and the Local Agency, in the event of accidental destruction or damage to the installation.

vii. Environmental Obligations

Local Agency shall perform all Work in accordance with the requirements of current federal and State environmental regulations, including the National Environmental Policy Act of 1969 (NEPA) as applicable.

viii. Maintenance Obligations

Local Agency shall maintain and operate the Work constructed under this Agreement at its own cost and expense during their useful life, in a manner satisfactory to the State and FHWA. Local Agency shall conduct such maintenance and operations in accordance with all applicable statutes, ordinances, and regulations pertaining to maintaining such improvements. The State and FHWA may make periodic inspections to verify that such improvements are being adequately maintained.

ix. Monitoring Obligations

Local Agency shall respond in a timely manner to and participate fully with the monitoring activities described in §7.F.vi.

B. State's Commitments

- i. The State will perform a final project inspection of the Work as a quality control/assurance activity. When all Work has been satisfactorily completed, the State will sign the FHWA Form 1212.
- ii. Notwithstanding any consents or approvals given by the State for the Plans, the State shall not be liable or responsible in any manner for the structural design, details or construction of any Work constituting major structures designed by, or that are the responsibility of, Local Agency, as identified in **Exhibit E**.

7. PAYMENTS

A. Maximum Amount

Payments to Local Agency are limited to the unpaid, obligated balance of the Agreement Funds set forth in **Exhibit C**. The State shall not pay Local Agency any amount under this Agreement that exceeds the Agreement Maximum set forth in **Exhibit C**.

B. Payment Procedures

i. Invoices and Payment

- a. The State shall pay Local Agency in the amounts and in accordance with conditions set forth in **Exhibit C**.
- b. Local Agency shall initiate payment requests by invoice to the State, in a form and manner approved by the State.
- c. The State shall pay each invoice within 45 days following the State's receipt of that invoice, so long as the amount invoiced correctly represents Work completed by Local Agency and previously accepted by the State during the term that the invoice covers. If the State determines that the amount of any invoice is not correct, then Local Agency shall make all changes necessary to correct that invoice.
- d. The acceptance of an invoice shall not constitute acceptance of any Work performed or deliverables provided under the Agreement.
- e. If a project is funded in part with Federal or State special funding there may be an expiration date for the funds. The expiration date applies to grants and local funds used to match grants. To receive payment or credit for the match, Work must be completed or substantially completed, as outlined in the terms of the grant, prior to the expiration date of the special funding and invoiced in compliance with the rules outlined in the award of the funding. The acceptance of an invoice shall not constitute acceptance of any Work performed or deliverables provided under the Agreement.

ii. Interest

Amounts not paid by the State within 45 days after the State's acceptance of the invoice shall bear interest on the unpaid balance beginning on the 46th day at the rate of 1% per month, as required by §24-30-202(24)(a), C.R.S., until paid in full; provided, however, that interest shall not accrue on unpaid amounts that the State disputes in writing. Local Agency shall invoice the State separately for accrued interest on delinquent amounts, and the invoice shall reference the delinquent payment, the number of days interest to be paid and the interest rate.

iii. Payment Disputes

If Local Agency disputes any calculation, determination, or amount of any payment, Local Agency shall notify the State in writing of its dispute within 30 days following the earlier to occur of Local Agency's receipt of the payment or notification of the determination or calculation of the payment by the State. The State will review the information presented by Local Agency and may make changes to its determination based on this review. The calculation, determination, or payment amount that results from the State's review shall not be subject to additional dispute under this subsection. No payment subject to a dispute under this subsection shall be due until after the State has concluded its review, and the State shall not pay any interest on any amount during the period it is subject to dispute under this subsection.

iv. Available Funds-Contingency-Termination

- a. The State is prohibited by law from making commitments beyond the term of the current State Fiscal Year. Payment to Local Agency beyond the current State Fiscal Year is contingent on the appropriation and continuing availability of Agreement Funds in any subsequent year (as provided in the Colorado Special Provisions). If federal funds or funds from any other non-State funds constitute all or some of the Agreement Funds, the State's obligation to pay Local Agency shall be contingent upon such non-State funding continuing to be made available for payment. Payments to be made pursuant to this Agreement shall be made only from Agreement Funds, and the State's liability for such payments shall be limited to the amount remaining of such Agreement Funds. If State, federal or other funds are not appropriated, or otherwise become unavailable to fund this Agreement, the State may, upon written notice, terminate this Agreement, in whole or in part, without incurring further liability. The State shall, however, remain obligated to pay for Services and Goods that are delivered and accepted prior to the effective date of notice of termination, and this termination shall otherwise be treated as if this Agreement were terminated in the public interest as described in **§2.C**.
- b. If the agreement funds are terminated, the State can terminate the contract early. Payment due for work done to the date of termination will be processed in a manner consistent with **§2.C**.

v. Erroneous Payments

The State may recover, at the State's discretion, payments made to Local Agency in error for any reason, including, but not limited to, overpayments or improper payments, and unexpended or excess funds received by Local Agency. The State may recover such payments by deduction from subsequent payments under this Agreement, deduction from any payment due under any other contracts, grants or agreements between the State and Local Agency, or by any other appropriate method for collecting debts owed to the State. The close out of a Federal Award does not affect the right of FHWA or the State to disallow costs and recover funds on the basis of a later audit or other review. Any cost disallowance recovery is to be made within the Record Retention Period (as defined below in **§9.A.**).

vi. Federal Recovery

The close-out of a Federal Award does not affect the right of the Federal Awarding Agency or the State to disallow costs and recover funds on the basis of a later audit or other review. Any cost disallowance recovery is to be made within the Record Retention Period, as defined below.

C. Local Agency Funds

Local Agency shall provide their obligated contribution funds as outlined in **§7.A.** and **Exhibit C**. Local Agency shall have raised the full amount of their funds prior to the Effective Date and shall report to the State regarding the status of such funds upon request. Local Agency's obligation to pay all or any part of any matching funds, whether direct or contingent, only extend to funds duly and lawfully appropriated for the purposes of this Agreement by the authorized representatives of Local Agency and paid into Local Agency's treasury. Local Agency represents to the State that the amount designated "Local Agency Funds" in **Exhibit C** has been legally appropriated for the purpose of this Agreement by its authorized representatives and paid into its treasury. Local Agency may evidence such obligation by an appropriate ordinance/resolution or other authority letter expressly authorizing Local Agency to enter into this Agreement and to expend its match share of the Work. A copy of any such ordinance/resolution or authority letter is attached hereto as **Exhibit D** if applicable. Local Agency does not by this Agreement irrevocably pledge present cash reserves for payments in future fiscal years, and this Agreement is not intended to create a multiple-fiscal year debt of

Local Agency. Local Agency shall not pay or be liable for any claimed interest, late charges, fees, taxes, or penalties of any nature, except as required by Local Agency's laws or policies.

D. Reimbursement of Local Agency Costs

The State shall reimburse Local Agency's allowable costs, not exceeding the maximum total amount described in **Exhibit C** and §7. However, any costs incurred by Local Agency prior to the Effective Date shall not be reimbursed absent specific allowance of pre-award costs and indication that the Federal Award funding is retroactive. The State shall pay Local Agency for costs or expenses incurred or performance by the Local Agency prior to the Effective Date, only if (1) the Grant Funds involve federal funding and (2) federal laws, rules, and regulations applicable to the Work provide for such retroactive payments to the Local Agency. Any such retroactive payments shall comply with State Fiscal Rules and be made in accordance with the provisions of this Agreement. The applicable principles described in 2 C.F.R. Part 200 shall govern the State's obligation to reimburse all costs incurred by Local Agency and submitted to the State for reimbursement hereunder, and Local Agency shall comply with all such principles. The State shall reimburse Local Agency for the federal-aid share of properly documented costs related to the Work after review and approval thereof, subject to the provisions of this Agreement and **Exhibit C**. Local Agency costs for Work performed prior to the Effective Date shall not be reimbursed absent specific allowance of pre-award costs and indication that the Federal Award funding is retroactive. Local Agency costs for Work performed after any Performance Period End Date for a respective phase of the Work, is not reimbursable. Allowable costs shall be:

- i. Reasonable and necessary to accomplish the Work and for the Goods and Services provided.
- ii. Actual net cost to Local Agency (i.e. the price paid minus any items of value received by Local Agency that reduce the cost actually incurred).

E. Unilateral Modification of Agreement Funds Budget by State Option Letter

The State may, at its discretion, issue an "Option Letter" to Local Agency to add or modify Work phases in the Work schedule in **Exhibit C** if such modifications do not increase total budgeted Agreement Funds. Such Option Letters shall amend and update **Exhibit C**, Sections 2 or 4 of the Table, and sub-sections B and C of the **Exhibit C**. Option Letters shall not be deemed valid until signed by the State Controller or an authorized delegate. **This is NOT a Notice to Proceed.** Modification of **Exhibit C** by unilateral Option Letter is permitted only in the specific scenarios listed below. The State will exercise such options by providing Local Agency a fully executed Option Letter, in a form substantially equivalent to **Exhibit B**. Such Option Letters will be incorporated into this Agreement. This applies to the entire Scope of Work.

- i. Option to Begin a Phase and/or Increase or Decrease the Encumbrance Amount

The State may require by Option Letter that Local Agency begin a new Work phase that may include Design, Construction, Environmental, Utilities, ROW Incidentals or Miscellaneous Work (but may not include Right of Way Acquisition/Relocation or Railroads) as detailed in **Exhibit A**. Such Option Letters may not modify the other terms and conditions stated in this Agreement and must decrease the amount budgeted and encumbered for one or more other Work phases so that the total amount of budgeted Agreement Funds remains the same. The State may also change the funding sources so long as the amount budgeted remains the same and the Local Agency contribution does not increase. The State may also issue a unilateral Option Letter to increase and/or decrease the total encumbrance amount of two or more existing Work phases, as long as the total amount of budgeted Agreement Funds remains the same, replacing the original Agreement Funding exhibit (**Exhibit C**) with an updated **Exhibit C-1** (with subsequent exhibits labeled **C-2**, **C-3**, etc.).

- ii. Option to Transfer Funds from One Phase to Another Phase.

The State may require or permit Local Agency to transfer Agreement Funds from one Work phase (Design, Construction, Environmental, Utilities, ROW Incidentals or Miscellaneous) to another phase as a result of changes to State, federal, and local match funding. In such case, the original funding exhibit (**Exhibit C**) will be replaced with an updated **Exhibit C-1** (with subsequent exhibits labeled **C-2**, **C-3**, etc.) attached to the Option Letter. The Agreement Funds transferred from one Work phase to another are subject to the same terms and conditions stated in the original Agreement with the total budgeted Agreement Funds remaining the same. The State may unilaterally exercise this option by providing a

fully executed Option Letter to Local Agency within thirty (30) days before the initial targeted start date of the Work phase, in a form substantially equivalent to **Exhibit B**.

iii. Option to Exercise Options i and ii.

The State may require Local Agency to add a Work phase as detailed in **Exhibit A**, and encumber and transfer Agreement Funds from one Work phase to another. The original funding exhibit (**Exhibit C**) in the original Agreement will be replaced with an updated **Exhibit C-1** (with subsequent exhibits labeled **C-2**, **C-3**, etc.) attached to the Option Letter. The addition of a Work phase and encumbrance and transfer of Agreement Funds are subject to the same terms and conditions stated in the original Agreement with the total budgeted Agreement Funds remaining the same. The State may unilaterally exercise this option by providing a fully executed Option Letter to Local Agency within 30 days before the initial targeted start date of the Work phase, in a form substantially equivalent to **Exhibit B**.

iv. Option to Extend Agreement/Phase Term and/or modify the OMB Uniform Guidance. The State, at its discretion, shall have the option to extend the term of this Agreement and/or update a Work Phase Performance Period and/or modify information required under the OMB Uniform Guidance, as outlined in **Exhibit C**. Any updated version of **Exhibit C** shall be attached to any executed Option Letter as **Exhibit C-1** (with subsequent exhibits labeled **C-2**, **C-3**, etc.). In order to exercise this option, the State shall provide written notice to the Local Agency in a form substantially equivalent to **Exhibit B**.

F. Accounting

Local Agency shall establish and maintain accounting systems in accordance with generally accepted accounting standards (a separate set of accounts, or as a separate and integral part of its current accounting scheme). Such accounting systems shall, at a minimum, provide as follows:

i. Local Agency Performing the Work

If Local Agency is performing the Work, it shall document all allowable costs, including any approved Services contributed by Local Agency or subcontractors, using payrolls, time records, invoices, contracts, vouchers, and other applicable records.

ii. Local Agency-Checks or Draws

Checks issued or draws made by Local Agency shall be made or drawn against properly signed vouchers detailing the purpose thereof. Local Agency shall keep on file all checks, payrolls, invoices, contracts, vouchers, orders, and other accounting documents in the office of Local Agency, clearly identified, readily accessible, and to the extent feasible, separate and apart from all other Work documents.

iii. State-Administrative Services

The State may perform any necessary administrative support services required hereunder. Local Agency shall reimburse the State for the costs of any such services from the budgeted Agreement Funds as provided for in **Exhibit C**. If FHWA Agreement Funds are or become unavailable, or if Local Agency terminates this Agreement prior to the Work being approved by the State or otherwise completed, then all actual incurred costs of such services and assistance provided by the State shall be reimbursed to the State by Local Agency at its sole expense.

iv. Local Agency-Invoices

Local Agency's invoices shall describe in detail the reimbursable costs incurred by Local Agency for which it seeks reimbursement, the dates such costs were incurred and the amounts thereof, and Local Agency shall not submit more than one invoice per month.

v. Invoicing Within 60 Days

The State shall not be liable to reimburse Local Agency for any costs invoiced more than 60 days after the date on which the costs were incurred, including costs included in Local Agency's final invoice. The State may withhold final payment to Local Agency at the State's sole discretion until completion of final audit. Any costs incurred by Local Agency that are not allowable under 2 C.F.R. Part 200 shall be Local Agency's responsibility, and the State will deduct such disallowed costs from any payments due to Local Agency. The State will not reimburse costs for Work performed after the Performance Period End Date for a respective Work phase. The State will not reimburse costs for Work performed prior to Performance

Period End Date, but for which an invoice is received more than 60 days after the Performance Period End Date.

vi. Risk Assessment & Monitoring

Pursuant to 2 C.F.R. 200.331(b), – CDOT will evaluate Local Agency's risk of noncompliance with federal statutes, regulations, and terms and conditions of this Agreement. Local Agency shall complete a Risk Assessment Form (**Exhibit L**) when that may be requested by CDOT. The risk assessment is a quantitative and/or qualitative determination of the potential for Local Agency's non-compliance with the requirements of the Federal Award. The risk assessment will evaluate some or all of the following factors:

- Experience: Factors associated with the experience and history of the Subrecipient with the same or similar Federal Awards or grants.
- Monitoring/Audit: Factors associated with the results of the Subrecipient's previous audits or monitoring visits, including those performed by the Federal Awarding Agency, when the Subrecipient also receives direct federal funding. Include audit results if Subrecipient receives single audit, where the specific award being assessed was selected as a major program.
- Operation: Factors associated with the significant aspects of the Subrecipient's operations, in which failure could impact the Subrecipient's ability to perform and account for the contracted goods or services.
- Financial: Factors associated with the Subrecipient's financial stability and ability to comply with financial requirements of the Federal Award.
- Internal Controls: Factors associated with safeguarding assets and resources, deterring and detecting errors, fraud and theft, ensuring accuracy and completeness of accounting data, producing reliable and timely financial and management information, and ensuring adherence to its policies and plans.
- Impact: Factors associated with the potential impact of a Subrecipient's non-compliance to the overall success of the program objectives.
- Program Management: Factors associated with processes to manage critical personnel, approved written procedures, and knowledge of rules and regulations regarding federal-aid projects.

Following Local Agency's completion of the Risk Assessment Tool (**Exhibit L**), CDOT will determine the level of monitoring it will apply to Local Agency's performance of the Work. This risk assessment may be re-evaluated after CDOT begins performing monitoring activities.

G. Close Out

Local Agency shall close out this Award within 90 days after the Final Phase Performance End Date. If SLFRF Funds are used the Local Agency shall close out that portion of the Award within 45 days after the ARPA Award Expiration Date. Close out requires Local Agency's submission to the State of all deliverables defined in this Agreement, and Local Agency's final reimbursement request or invoice. The State will withhold 5% of allowable costs until all final documentation has been submitted and accepted by the State as substantially complete. If FHWA or US Treasury has not closed this Federal Award within one (1) year and 90 days after the Final Phase Performance End Date due to Local Agency's failure to submit required documentation, then Local Agency may be prohibited from applying for new Federal Awards through the State until such documentation is submitted and accepted.

8. REPORTING - NOTIFICATION

A. Quarterly Reports

In addition to any reports required pursuant to §19 or pursuant to any exhibit, for any contract having a term longer than 3 months, Local Agency shall submit, on a quarterly basis, a written report specifying progress made for each specified performance measure and standard in this Agreement. Such progress report shall be in accordance with the procedures developed and prescribed by the State. Progress reports shall be submitted to the State not later than ten (10) Business Days following the end of each calendar quarter or at such time as otherwise specified by the State. If SLFRF Funds are used the report must be in the format of **Exhibit P**.

B. Litigation Reporting

If Local Agency is served with a pleading or other document in connection with an action before a court or other administrative decision making body, and such pleading or document relates to this Agreement or may affect Local Agency's ability to perform its obligations under this Agreement, Local Agency shall, within 10 days after being served, notify the State of such action and deliver copies of such pleading or document to the State's principal representative identified in §16.

C. Performance and Final Status

Local Agency shall submit all financial, performance and other reports to the State no later than 60 calendar days after the Final Phase Performance End Date or sooner termination of this Agreement, containing an Evaluation of Subrecipient's performance and the final status of Subrecipient's obligations hereunder.

D. Violations Reporting

Local Agency must disclose, in a timely manner, in writing to the State and FHWA, all violations of federal or State criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal Award. Penalties for noncompliance may include suspension or debarment (2 CFR Part 180 and 31 U.S.C. 3321).

9. LOCAL AGENCY RECORDS

A. Maintenance

Local Agency shall make, keep, maintain, and allow inspection and monitoring by the State of a complete file of all records, documents, communications, notes and other written materials, electronic media files, and communications, pertaining in any manner to the Work or the delivery of Services (including, but not limited to the operation of programs) or Goods hereunder. Local Agency shall maintain such records for a period (the "Record Retention Period") pursuant to the requirements of the funding source and for a minimum of three (3) years following the date of submission to the State of the final expenditure report, whichever is longer, or if this Award is renewed quarterly or annually, from the date of the submission of each quarterly or annual report, respectively. If any litigation, claim, or audit related to this Award starts before expiration of the Record Retention Period, the Record Retention Period shall extend until all litigation, claims, or audit findings have been resolved and final action taken by the State or Federal Awarding Agency. The Federal Awarding Agency, a cognizant agency for audit, oversight or indirect costs, and the State, may notify Local Agency in writing that the Record Retention Period shall be extended. For records for real property and equipment, the Record Retention Period shall extend three (3) years following final disposition of such property.

B. Inspection

Records during the Record Retention Period. Local Agency shall make Local Agency Records available during normal business hours at Local Agency's office or place of business, or at other mutually agreed upon times or locations, upon no fewer than two (2) Business Days' notice from the State, unless the State determines that a shorter period of notice, or no notice, is necessary to protect the interests of the State.

C. Monitoring

The State will monitor Local Agency's performance of its obligations under this Agreement using procedures as determined by the State. The State shall monitor Local Agency's performance in a manner that does not unduly interfere with Local Agency's performance of the Work. Local Agency shall allow the State to perform all monitoring required by the Uniform Guidance, based on the State's risk analysis of Local Agency. The State shall have the right, in its sole discretion, to change its monitoring procedures and requirements at any time during the term of this Agreement. The State shall monitor Local Agency's performance in a manner that does not unduly interfere with Local Agency's performance of the Work. If Local Agency enters into a subcontract with an entity that would also be considered a Subrecipient, then the subcontract entered into by Local Agency shall contain provisions permitting both Local Agency and the State to perform all monitoring of that Subcontractor in accordance with the Uniform Guidance.

D. Final Audit Report

Local Agency shall promptly submit to the State a copy of any final audit report of an audit performed on Local Agency's records that relates to or affects this Agreement or the Work, whether the audit is conducted

by Local Agency or a third party. Additionally, if Local Agency is required to perform a single audit under 2 CFR 200.501, *et seq.*, then Local Agency shall submit a copy of the results of that audit to the State within the same timelines as the submission to the federal government.

10. CONFIDENTIAL INFORMATION-STATE RECORDS

A. Confidentiality

Local Agency shall hold and maintain, and cause all Subcontractors to hold and maintain, any and all State Records that the State provides or makes available to Local Agency for the sole and exclusive benefit of the State, unless those State Records are otherwise publicly available at the time of disclosure or are subject to disclosure by Local Agency under CORA. Local Agency shall not, without prior written approval of the State, use for Local Agency's own benefit, publish, copy, or otherwise disclose to any third party, or permit the use by any third party for its benefit or to the detriment of the State, any State Records, except as otherwise stated in this Agreement. Local Agency shall provide for the security of all State Confidential Information in accordance with all policies promulgated by the Colorado Office of Information Security and all applicable laws, rules, policies, publications, and guidelines. Local Agency shall immediately forward any request or demand for State Records to the State's principal representative. If Local Agency or any of its Subcontractors will or may receive the following types of data, Local Agency or its Subcontractors shall provide for the security of such data according to the following: **(i)** the most recently promulgated IRS Publication 1075 for all Tax Information and in accordance with the Safeguarding Requirements for Federal Tax Information attached to this Award as an Exhibit, if applicable, **(ii)** the most recently updated PCI Data Security Standard from the PCI Security Standards Council for all PCI, **(iii)** the most recently issued version of the U.S. Department of Justice, Federal Bureau of Investigation, Criminal Justice Information Services Security Policy for all CJI, and **(iv)** the federal Health Insurance Portability and Accountability Act for all PHI and the HIPAA Business Associate Agreement attached to this Award, if applicable. Local Agency shall immediately forward any request or demand for State Records to the State's principal representative.

B. Other Entity Access and Nondisclosure Agreements

Local Agency may provide State Records to its agents, employees, assigns and Subcontractors as necessary to perform the Work, but shall restrict access to State Confidential Information to those agents, employees, assigns and Subcontractors who require access to perform their obligations under this Agreement. Local Agency shall ensure all such agents, employees, assigns, and Subcontractors sign nondisclosure agreements with provisions at least as protective as those in this Agreement, and that the nondisclosure agreements are in force at all times the agent, employee, assign or Subcontractor has access to any State Confidential Information. Local Agency shall provide copies of those signed nondisclosure agreements to the State upon request.

C. Use, Security, and Retention

Local Agency shall use, hold and maintain State Confidential Information in compliance with any and all applicable laws and regulations in facilities located within the United States, and shall maintain a secure environment that ensures confidentiality of all State Confidential Information wherever located. Local Agency shall provide the State with access, subject to Local Agency's reasonable security requirements, for purposes of inspecting and monitoring access and use of State Confidential Information and evaluating security control effectiveness. Upon the expiration or termination of this Agreement, Local Agency shall return State Records provided to Local Agency or destroy such State Records and certify to the State that it has done so, as directed by the State. If Local Agency is prevented by law or regulation from returning or destroying State Confidential Information, Local Agency warrants it will guarantee the confidentiality of, and cease to use, such State Confidential Information.

D. Incident Notice and Remediation

If Local Agency becomes aware of any Incident, it shall notify the State immediately and cooperate with the State regarding recovery, remediation, and the necessity to involve law enforcement, as determined by the State. Unless Local Agency can establish that none of Local Agency or any of its agents, employees, assigns, or Subcontractors are the cause or source of the Incident, Local Agency shall be responsible for the cost of notifying each person who may have been impacted by the Incident. After an Incident, Local Agency shall take steps to reduce the risk of incurring a similar type of Incident in the future as directed by the State, which

may include, but is not limited to, developing, and implementing a remediation plan that is approved by the State at no additional cost to the State.

E. Safeguarding Personally Identifying Information "PII"

If Local Agency or any of its Subcontracts will or may receive PII under this agreement, Local Agency shall provide for the security for such PII, in a manner and form acceptable to the State, including, without limitation, State non-disclosure requirements, use of appropriate technology, security practices, computer access security, data access security, data storage encryption, data transmission encryption, security inspections, and audits. Local Agency shall be a "Third Party Service Provider" as defined in §24-73-103(1)(i), C.R.S. and shall maintain security procedures and practices consistent with §§24-73-101 et seq., C.R.S. In addition, as set forth in § 24-74-102, et. seq., C.R.S., Contractor, including, but not limited to, Contractor's employees, agents and Subcontractors, agrees not to share any PII with any third parties for the purpose of investigating for, participating in, cooperating with, or assisting with Federal immigration enforcement unless required to do so to comply with Federal or State law, or to comply with a court-issued subpoena, warrant or order. If Contractor is given direct access to any State databases containing PII, Contractor shall execute, on behalf of itself and its employees, the certification attached hereto as **Exhibit S** on an annual basis Contractor's duty and obligation to certify as set forth in **Exhibit S** shall continue as long as Contractor has direct access to any State databases containing PII. If Contractor uses any Subcontractors to perform services requiring direct access to State databases containing PII, the Contractor shall require such Subcontractors to execute and deliver the certification to the State on an annual basis, so long as the Subcontractor has access to State databases containing PII.

11. CONFLICTS OF INTEREST

A. Actual Conflicts of Interest

Local Agency shall not engage in any business or activities or maintain any relationships that conflict in any way with the full performance of the obligations of Local Agency under this Agreement. Such a conflict of interest would arise when a Local Agency or Subcontractor's employee, officer or agent were to offer or provide any tangible personal benefit to an employee of the State, or any member of his or her immediate family or his or her partner, related to the award of, entry into or management or oversight of this Agreement. Officers, employees, and agents of Local Agency may neither solicit nor accept gratuities, favors or anything of monetary value from contractors or parties to subcontracts.

B. Apparent Conflicts of Interest

Local Agency acknowledges that, with respect to this Agreement, even the appearance of a conflict of interest shall be harmful to the State's interests. Absent the State's prior written approval, Local Agency shall refrain from any practices, activities or relationships that reasonably appear to be in conflict with the full performance of Local Agency's obligations under this Agreement.

C. Disclosure to the State

If a conflict or the appearance of a conflict arises, or if Local Agency is uncertain whether a conflict or the appearance of a conflict has arisen, Local Agency shall submit to the State a disclosure statement setting forth the relevant details for the State's consideration. Failure to promptly submit a disclosure statement or to follow the State's direction in regard to the actual or apparent conflict constitutes a breach of this Agreement.

12. INSURANCE

Local Agency shall obtain and maintain, and ensure that each Subcontractor shall obtain and maintain, insurance as specified in this section at all times during the term of this Agreement. All insurance policies required by this Agreement that are not provided through self-insurance shall be issued by insurance companies with an AM Best rating of A-VIII or better.

A. Local Agency Insurance

Local Agency is a "public entity" within the meaning of the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S. (the "GIA") and shall maintain at all times during the term of this Agreement such liability insurance, by commercial policy or self-insurance, as is necessary to meet its liabilities under the GIA.

B. Subcontractor Requirements

Local Agency shall ensure that each Subcontractor that is a public entity within the meaning of the GIA, maintains at all times during the terms of this Agreement, such liability insurance, by commercial policy or self-insurance, as is necessary to meet the Subcontractor's obligations under the GIA. Local Agency shall ensure that each Subcontractor that is not a public entity within the meaning of the GIA, maintains at all times during the terms of this Agreement all of the following insurance policies:

i. Workers' Compensation

Workers' compensation insurance as required by state statute, and employers' liability insurance covering all Local Agency or Subcontractor employees acting within the course and scope of their employment.

ii. General Liability

Commercial general liability insurance written on an Insurance Services Office occurrence form, covering premises operations, fire damage, independent contractors, products and completed operations, blanket contractual liability, personal injury, and advertising liability with minimum limits as follows:

- a. \$1,000,000 each occurrence;
- b. \$1,000,000 general aggregate;
- c. \$1,000,000 products and completed operations aggregate; and
- d. \$50,000 any 1 fire.

iii. Automobile Liability

Automobile liability insurance covering any auto (including owned, hired and non-owned autos) with a minimum limit of \$1,000,000 each accident combined single limit.

iv. Protected Information (this insurance requirement only applies if the Subcontractor has or will have access to State Confidential Information)

Liability insurance covering all loss of State Confidential Information, such as PII, PHI, PCI, Tax Information, and CJI, and claims based on alleged violations of privacy rights through improper use or disclosure of protected information with minimum limits as follows:

- a. \$1,000,000 each occurrence; and
- b. \$2,000,000 general aggregate.

v. Professional Liability Insurance (this insurance requirement only applies if the Subcontractor is providing professional services including but not limited to engineering, architectural, landscape architectural, professional surveying, industrial hygiene services, or any other commonly understood professional service)

Professional liability insurance covering any damages caused by an error, omission or any negligent act with minimum limits as follows:

- a. \$1,000,000 each occurrence; and
- b. \$1,000,000 general aggregate.

vi. Crime Insurance

Crime insurance including employee dishonesty coverage with minimum limits as follows:

- a. \$1,000,000 each occurrence; and
- b. \$1,000,000 general aggregate.

vii. Cyber/Network Security and Privacy Liability

Liability insurance covering all civil, regulatory and statutory damages, contractual damages, data breach management exposure, and any loss of State Confidential Information, such as PII, PHI, PCI, Tax Information, and CJI, and claims based on alleged violations of breach, violation or infringement of right

to privacy rights through improper use or disclosure of protected consumer data protection law, confidentiality or other legal protection for personal information, as well as State Confidential Information with minimum limits as follows:

- a. \$1,000,000 each occurrence; and
- b. \$2,000,000 general aggregate.

C. Additional Insured

The State shall be named as additional insured on all commercial general liability policies (leases and construction contracts require additional insured coverage for completed operations) required of Local Agency and Subcontractors. In the event of cancellation of any commercial general liability policy, the carrier shall provide at least 10 days prior written notice to CDOT.

D. Primacy of Coverage

Coverage required of Local Agency and each Subcontractor shall be primary over any insurance or self-insurance program carried by Local Agency or the State.

E. Cancellation

All commercial insurance policies shall include provisions preventing cancellation or non-renewal, except for cancellation based on non-payment of premiums, without at least 30 days prior notice to Local Agency and Local Agency shall forward such notice to the State in accordance with §16 within 7 days of Local Agency's receipt of such notice.

F. Subrogation Waiver

All commercial insurance policies secured or maintained by Local Agency or its Subcontractors in relation to this Agreement shall include clauses stating that each carrier shall waive all rights of recovery under subrogation or otherwise against Local Agency or the State, its agencies, institutions, organizations, officers, agents, employees, and volunteers.

G. Certificates

For each commercial insurance plan provided by Local Agency under this Agreement, Local Agency shall provide to the State certificates evidencing Local Agency's insurance coverage required in this Agreement within seven (7) Business Days following the Effective Date. Local Agency shall provide to the State certificates evidencing Subcontractor insurance coverage required under this Agreement within seven (7) Business Days following the Effective Date, except that, if Local Agency's subcontract is not in effect as of the Effective Date, Local Agency shall provide to the State certificates showing Subcontractor insurance coverage required under this Agreement within seven (7) Business Days following Local Agency's execution of the subcontract. No later than 15 days before the expiration date of Local Agency's or any Subcontractor's coverage, Local Agency shall deliver to the State certificates of insurance evidencing renewals of coverage. At any other time during the term of this Agreement, upon request by the State, Local Agency shall, within seven (7) Business Days following the request by the State, supply to the State evidence satisfactory to the State of compliance with the provisions of this §12.

13. BREACH

A. Defined

The failure of a Party to perform any of its obligations in accordance with this Agreement, in whole or in part or in a timely or satisfactory manner, shall be a breach. The institution of proceedings under any bankruptcy, insolvency, reorganization, or similar law, by or against Local Agency, or the appointment of a receiver or similar officer for Local Agency or any of its property, which is not vacated or fully stayed within 30 days after the institution of such proceeding, shall also constitute a breach.

B. Notice and Cure Period

In the event of a breach, the aggrieved Party shall give written notice of breach to the other Party. If the notified Party does not cure the breach, at its sole expense, within 30 days after the delivery of written notice, the Party may exercise any of the remedies as described in §14 for that Party. Notwithstanding any provision of this Agreement to the contrary, the State, in its discretion, need not provide notice or a cure period and

may immediately terminate this Agreement in whole or in part or institute any other remedy in the Agreement in order to protect the public interest of the State.

14. REMEDIES

A. State's Remedies

If Local Agency is in breach under any provision of this Agreement and fails to cure such breach, the State, following the notice and cure period set forth in **§13.B**, shall have all of the remedies listed in this **§14.A**, in addition to all other remedies set forth in this Agreement or at law. The State may exercise any or all of the remedies available to it, in its discretion, concurrently or consecutively.

i. Termination for Breach

In the event of Local Agency's uncured breach, the State may terminate this entire Agreement or any part of this Agreement. Local Agency shall continue performance of this Agreement to the extent not terminated, if any.

a. Obligations and Rights

To the extent specified in any termination notice, Local Agency shall not incur further obligations or render further performance past the effective date of such notice and shall terminate outstanding orders and subcontracts with third parties. However, Local Agency shall complete and deliver to the State all Work not canceled by the termination notice and may incur obligations as necessary to do so within this Agreement's terms. At the request of the State, Local Agency shall assign to the State all of Local Agency's rights, title, and interest in and to such terminated orders or subcontracts. Upon termination, Local Agency shall take timely, reasonable, and necessary action to protect and preserve property in the possession of Local Agency but in which the State has an interest. At the State's request, Local Agency shall return materials owned by the State in Local Agency's possession at the time of any termination. Local Agency shall deliver all completed Work Product and all Work Product that was in the process of completion to the State at the State's request.

b. Payments

Notwithstanding anything to the contrary, the State shall only pay Local Agency for accepted Work received as of the date of termination. If, after termination by the State, the State agrees that Local Agency was not in breach or that Local Agency's action or inaction was excusable, such termination shall be treated as a termination in the public interest, and the rights and obligations of the Parties shall be as if this Agreement had been terminated in the public interest under **§2.C**.

c. Damages and Withholding

Notwithstanding any other remedial action by the State, Local Agency shall remain liable to the State for any damages sustained by the State in connection with any breach by Local Agency, and the State may withhold payment to Local Agency for the purpose of mitigating the State's damages until such time as the exact amount of damages due to the State from Local Agency is determined. The State may withhold any amount that may be due Local Agency as the State deems necessary to protect the State against loss including, without limitation, loss as a result of outstanding liens and excess costs incurred by the State in procuring from third parties replacement Work as cover.

ii. Remedies Not Involving Termination

The State, in its discretion, may exercise one or more of the following additional remedies:

a. Suspend Performance

Suspend Local Agency's performance with respect to all or any portion of the Work pending corrective action as specified by the State without entitling Local Agency to an adjustment in price or cost or an adjustment in the performance schedule. Local Agency shall promptly cease performing Work and incurring costs in accordance with the State's directive, and the State shall not be liable for costs incurred by Local Agency after the suspension of performance.

b. Withhold Payment

Withhold payment to Local Agency until Local Agency corrects its Work.

c. Deny Payment

Deny payment for Work not performed, or that due to Local Agency's actions or inactions, cannot be performed or if they were performed are reasonably of no value to the state; provided, that any denial of payment shall be equal to the value of the obligations not performed.

d. Removal

Demand immediate removal from the Work of any of Local Agency's employees, agents, or Subcontractors from the Work whom the State deems incompetent, careless, insubordinate, unsuitable, or otherwise unacceptable or whose continued relation to this Agreement is deemed by the State to be contrary to the public interest or the State's best interest.

e. Intellectual Property

If any Work infringes a patent, copyright, trademark, trade secret, or other intellectual property right, Local Agency shall, as approved by the State (a) secure that right to use such Work for the State or Local Agency; (b) replace the Work with non infringing Work or modify the Work so that it becomes non infringing; or, (c) remove any infringing Work and refund the amount paid for such Work to the State.

B. Local Agency's Remedies

If the State is in breach of any provision of this Agreement and does not cure such breach, Local Agency, following the notice and cure period in §13.B and the dispute resolution process in §15 shall have all remedies available at law and equity.

15. DISPUTE RESOLUTION

A. Initial Resolution

Except as herein specifically provided otherwise, disputes concerning the performance of this Agreement which cannot be resolved by the designated Agreement representatives shall be referred in writing to a senior departmental management staff member designated by the State and a senior manager designated by Local Agency for resolution.

B. Resolution of Controversies

If the initial resolution described in §15.A fails to resolve the dispute within 10 Business Days, Contractor shall submit any alleged breach of this Contract by the State to the Procurement Official of CDOT as described in §24-101-301(30), C.R.S. for resolution in accordance with the provisions of §§24-106-109, 24-109-101.1, 24-109-101.5, 24-109-106, 24-109-107, 24-109-201 through 24-109-206, and 24-109-501 through 24-109-505, C.R.S., (the "Resolution Statutes"), except that if Contractor wishes to challenge any decision rendered by the Procurement Official, Contractor's challenge shall be an appeal to the executive director of the Department of Personnel and Administration, or their delegate, under the Resolution Statutes before Contractor pursues any further action as permitted by such statutes. Except as otherwise stated in this Section, all requirements of the Resolution Statutes shall apply including, without limitation, time limitations.

C. Questions of Fact

Except as otherwise provided in this Agreement, any dispute concerning a question of fact arising under this Agreement which is not disposed of by agreement shall be decided by the Chief Engineer of the Department of Transportation. The decision of the Chief Engineer will be final and conclusive unless, within 30 calendar days after the date of receipt of a copy of such written decision, Local Agency mails or otherwise furnishes to the State a written appeal addressed to the Executive Director of CDOT. In connection with any appeal proceeding under this clause, Local Agency shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, Local Agency shall proceed diligently with the performance of this Agreement in accordance with the Chief Engineer's decision. The decision of the Executive Director or his duly authorized representative for the determination of such appeals shall be final and conclusive and serve as final agency action. This dispute clause does not preclude consideration of questions of law in connection with decisions provided for herein. Nothing in this Agreement, however, shall be construed as making final the decision of any administrative official, representative, or board on a question of law.

16. NOTICES AND REPRESENTATIVES

Each individual identified below shall be the principal representative of the designating Party. All notices required or permitted to be given under this Agreement shall be in writing and shall be delivered (i) by hand with receipt required, (ii) by certified or registered mail to such Party's principal representative at the address set forth below or (iii) as an email with read receipt requested to the principal representative at the email address, if any, set forth below. If a Party delivers a notice to another through email and the email is undeliverable, then, unless the Party has been provided with an alternate email contact, the Party delivering the notice shall deliver the notice by hand with receipt required or by certified or registered mail to such Party's principal representative at the address set forth below. Either Party may change its principal representative or principal representative contact information by notice submitted in accordance with this §16 without a formal amendment to this Agreement. Unless otherwise provided in this Agreement, notices shall be effective upon delivery of the written notice.

For the State

Colorado Department of Transportation (CDOT)
Paige Maes, Tech III
CDOT
2829 W Howard Pl
Denver, CO 80204
720-546-2197
paige.maes@state.co.us

For the Local Agency

CITY OF LAKEWOOD
Eric King, Design Section Manager
470 S Allison Pkwy
Lakewood, CO 80226
303-987-7994
erikin@lakewood.org

17. RIGHTS IN WORK PRODUCT AND OTHER INFORMATION

A. Work Product

Local Agency hereby grants to the State a perpetual, irrevocable, non-exclusive, royalty free license, with the right to sublicense, to make, use, reproduce, distribute, perform, display, create derivatives of and otherwise exploit all intellectual property created by Local Agency or any Subcontractors. Local Agency assigns to the State and its successors and assigns, the entire right, title, and interest in and to all causes of action, either in law or in equity, for past, present, or future infringement of intellectual property rights related to the Work Product and all works based on, derived from, or incorporating the Work Product. Whether or not Local Agency is under contract with the State at the time, Local Agency shall execute applications, assignments, and other documents, and shall render all other reasonable assistance requested by the State, to enable the State to secure patents, copyrights, licenses and other intellectual property rights related to the Work Product. The Parties intend the Work Product to be works made for hire.

i. Copyrights

To the extent that the Work Product (or any portion of the Work Product) would not be considered works made for hire under applicable law, Local Agency hereby assigns to the State, the entire right, title, and interest in and to copyrights in all Work Product and all works based upon, derived from, or incorporating the Work Product; all copyright applications, registrations, extensions, or renewals relating to all Work Product and all works based upon, derived from, or incorporating the Work Product; and all moral rights or similar rights with respect to the Work Product throughout the world. To the extent that Local Agency cannot make any of the assignments required by this section, Local Agency hereby grants to the State a perpetual, irrevocable, royalty-free license to use, modify, copy, publish, display, perform, transfer, distribute, sell, and create derivative works of the Work Product and all works based upon, derived from,

or incorporating the Work Product by all means and methods and in any format now known or invented in the future. The State may assign and license its rights under this license.

ii. Patents

In addition, Local Agency grants to the State (and to recipients of Work Product distributed by or on behalf of the State) a perpetual, worldwide, no-charge, royalty-free, irrevocable patent license to make, have made, use, distribute, sell, offer for sale, import, transfer, and otherwise utilize, operate, modify and propagate the contents of the Work Product. Such license applies only to those patent claims licensable by Local Agency that are necessarily infringed by the Work Product alone, or by the combination of the Work Product with anything else used by the State.

iii. Assignments and Assistance

Whether or not the Local Agency is under Agreement with the State at the time, Local Agency shall execute applications, assignments, and other documents, and shall render all other reasonable assistance requested by the State, to enable the State to secure patents, copyrights, licenses and other intellectual property rights related to the Work Product. The Parties intend the Work Product to be works made for hire. Local Agency assigns to the State and its successors and assigns, the entire right, title, and interest in and to all causes of action, either in law or in equity, for past, present, or future infringement of intellectual property rights related to the Work Product and all works based on, derived from, or incorporating the Work Product.

B. Exclusive Property of the State

Except to the extent specifically provided elsewhere in this Agreement, any pre-existing State Records, State software, research, reports, studies, photographs, negatives, or other documents, drawings, models, materials, data, and information shall be the exclusive property of the State (collectively, "State Materials"). Local Agency shall not use, willingly allow, cause or permit Work Product or State Materials to be used for any purpose other than the performance of Local Agency's obligations in this Agreement without the prior written consent of the State. Upon termination of this Agreement for any reason, Local Agency shall provide all Work Product and State Materials to the State in a form and manner as directed by the State.

C. Exclusive Property of Local Agency

Local Agency retains the exclusive rights, title, and ownership to any and all pre-existing materials owned or licensed to Local Agency including, but not limited to, all pre-existing software, licensed products, associated source code, machine code, text images, audio and/or video, and third-party materials, delivered by Local Agency under this Agreement, whether incorporated in a Deliverable or necessary to use a Deliverable (collectively, "Local Agency Property"). Local Agency Property shall be licensed to the State as set forth in this Agreement or a State approved license agreement: (i) entered into as exhibits to this Agreement, (ii) obtained by the State from the applicable third-party vendor, or (iii) in the case of open source software, the license terms set forth in the applicable open source license agreement.

18. GOVERNMENTAL IMMUNITY

Liability for claims for injuries to persons or property arising from the negligence of the Parties, their departments, boards, commissions committees, bureaus, offices, employees and officials shall be controlled and limited by the provisions of the GIA; the Federal Tort Claims Act, 28 U.S.C. Pt. VI, Ch. 171 and 28 U.S.C. 1346(b), and the State's risk management statutes, §§24-30-1501, *et seq.* C.R.S. No term or condition of this Contract shall be construed or interpreted as a waiver, express or implied, of any of the immunities, rights, benefits, protections, or other provisions, contained in these statutes.

19. STATEWIDE CONTRACT MANAGEMENT SYSTEM

If the maximum amount payable to Local Agency under this Agreement is \$100,000 or greater, either on the Effective Date or at any time thereafter, this §19 shall apply. Local Agency agrees to be governed by and comply with the provisions of §24-106-103, §24-102-206, §24-106-106, §24-106-107 C.R.S. regarding the monitoring of vendor performance and the reporting of contract performance information in the State's contract management system ("Contract Management System" or "CMS"). Local Agency's performance shall be subject to evaluation and review in accordance with the terms and conditions of this Agreement, Colorado statutes governing CMS, and State Fiscal Rules and State Controller policies.

20. GENERAL PROVISIONS

A. Assignment

Local Agency's rights and obligations under this Agreement are personal and may not be transferred or assigned without the prior, written consent of the State. Any attempt at assignment or transfer without such consent shall be void. Any assignment or transfer of Local Agency's rights and obligations approved by the State shall be subject to the provisions of this Agreement

B. Subcontracts

Local Agency shall not enter into any subcontract in connection with its obligations under this Agreement without the prior, written approval of the State. Local Agency shall submit to the State a copy of each such subcontract upon request by the State. All subcontracts entered into by Local Agency in connection with this Agreement shall comply with all applicable federal and state laws and regulations, shall provide that they are governed by the laws of the State of Colorado, and shall be subject to all provisions of this Agreement.

C. Binding Effect

Except as otherwise provided in **§20.A.** all provisions of this Agreement, including the benefits and burdens, shall extend to and be binding upon the Parties' respective successors and assigns.

D. Authority

Each Party represents and warrants to the other that the execution and delivery of this Agreement and the performance of such Party's obligations have been duly authorized.

E. Captions and References

The captions and headings in this Agreement are for convenience of reference only, and shall not be used to interpret, define, or limit its provisions. All references in this Agreement to sections (whether spelled out or using the § symbol), subsections, exhibits or other attachments, are references to sections, subsections, exhibits or other attachments contained herein or incorporated as a part hereof, unless otherwise noted.

F. Counterparts

This Agreement may be executed in multiple, identical, original counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.

G. Digital Signatures

If any signatory signs this agreement using a digital signature in accordance with the Colorado State Controller Contract, Grant and Purchase Order Policies regarding the use of digital signatures issued under the State Fiscal Rules, then any agreement or consent to use digital signatures within the electronic system through which that signatory signed shall be incorporated into this Contract by reference.

H. Entire Understanding

This Agreement represents the complete integration of all understandings between the Parties related to the Work, and all prior representations and understandings related to the Work, oral or written, are merged into this Agreement. Prior or contemporaneous additions, deletions, or other changes to this Agreement shall not have any force or effect whatsoever, unless embodied herein.

I. Jurisdiction and Venue

All suits or actions related to this Agreement shall be filed and proceedings held in the State of Colorado and exclusive venue shall be in the City and County of Denver.

J. Modification

Except as otherwise provided in this Agreement, any modification to this Agreement shall only be effective if agreed to in a formal amendment to this Agreement, properly executed and approved in accordance with applicable Colorado State law and State Fiscal Rules. Modifications permitted under this Agreement, other than contract amendments, shall conform to the policies promulgated by the Colorado State Controller.

K. Statutes, Regulations, Fiscal Rules, and Other Authority.

Any reference in this Agreement to a statute, regulation, State Fiscal Rule, fiscal policy or other authority shall be interpreted to refer to such authority then current, as may have been changed or amended since the Effective Date of this Agreement.

L. Order of Precedence

In the event of a conflict or inconsistency between this Agreement and any exhibits or attachment such conflict or inconsistency shall be resolved by reference to the documents in the following order of priority:

- i. The provisions of the other sections of the main body of this Agreement.
- ii. **Exhibit N**, Federal Treasury Provisions.
- iii. **Exhibit F**, Certification for Federal-Aid Contracts.
- iv. **Exhibit G**, Disadvantaged Business Enterprise.
- v. **Exhibit I**, Federal-Aid Contract Provisions for Construction Contracts.
- vi. **Exhibit J**, Additional Federal Requirements.
- vii. **Exhibit K**, Federal Funding Accountability and Transparency Act of 2006 (FFATA) Supplemental Federal Provisions.
- viii. **Exhibit L**, Sample Sub-Recipient Monitoring and Risk Assessment Form.
- ix. **Exhibit M**, Supplemental Provisions for Federal Awards Subject to The Office of Management and Budget Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards (the "Uniform Guidance").
- x. **Exhibit O**, Agreement with Subrecipient of Federal Recovery Funds.
- xi. **Exhibit R**, Applicable Federal Awards.
- xii. Colorado Special Provisions in the main body of this Agreement.
- xiii. **Exhibit A**, Scope of Work.
- xiv. **Exhibit H**, Local Agency Procedures for Consultant Services.
- xv. **Exhibit B**, Sample Option Letter.
- xvi. **Exhibit C**, Funding Provisions.
- xvii. **Exhibit P**, SLFRF Subrecipient Quarterly Report.
- xviii. **Exhibit Q**, SLFRF Reporting Modification Form.
- xix. **Exhibit D**, Local Agency Resolution.
- xx. **Exhibit E**, Local Agency Contract Administration Checklist.
- xxi. **Exhibit S**, PII Certification.
- xxii. **Exhibit T**, Checklist of Required Exhibits Dependent on Funding Source.
- xxiii. Other exhibits in descending order of their attachment.

M. Severability

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect, provided that the Parties can continue to perform their obligations under this Agreement in accordance with the intent of the Agreement.

N. Survival of Certain Agreement Terms

Any provision of this Agreement that imposes an obligation on a Party after termination or expiration of the Agreement shall survive the termination or expiration of the Agreement and shall be enforceable by the other Party.

O. Third Party Beneficiaries

Except for the Parties' respective successors and assigns described in **§20.C**, this Agreement does not and is not intended to confer any rights or remedies upon any person or entity other than the Parties. Enforcement of this Agreement and all rights and obligations hereunder are reserved solely to the Parties. Any services or benefits which third parties receive as a result of this Agreement are incidental to the Agreement, and do not create any rights for such third parties.

P. Waiver

A Party's failure or delay in exercising any right, power, or privilege under this Agreement, whether explicit or by lack of enforcement, shall not operate as a waiver, nor shall any single or partial exercise of any right, power, or privilege preclude any other or further exercise of such right, power, or privilege.

Q. CORA Disclosure

To the extent not prohibited by federal law, this Agreement and the performance measures and standards required under §24-106-107 C.R.S., if any, are subject to public release through the CORA.

R. Standard and Manner of Performance

Local Agency shall perform its obligations under this Agreement in accordance with the highest standards of care, skill and diligence in Local Agency's industry, trade, or profession.

S. Licenses, Permits, and Other Authorizations.

Local Agency shall secure, prior to the Effective Date, and maintain at all times during the term of this Agreement, at its sole expense, all licenses, certifications, permits, and other authorizations required to perform its obligations under this Agreement, and shall ensure that all employees, agents and Subcontractors secure and maintain at all times during the term of their employment, agency or subcontract, all license, certifications, permits and other authorizations required to perform their obligations in relation to this Agreement.

T. Compliance with State and Federal Law, Regulations, and Executive Orders

Local Agency shall comply with all State and Federal law, regulations, executive orders, State and Federal Awarding Agency policies, procedures, directives, and reporting requirements at all times during the term of this Agreement.

U. Accessibility

- i. Local Agency shall comply with and the Work Product provided under this Agreement shall be in compliance with all applicable provisions of §§24-85-101, et seq., C.R.S., and the Accessibility Standards for Individuals with a Disability, as established by the Governor's Office of Information Technology (OIT), pursuant to Section §24-85-103 (2.5), C.R.S. Local Agency shall also comply with all State of Colorado technology standards related to technology accessibility and with Level AA of the most current version of the Web Content Accessibility Guidelines (WCAG), incorporated in the State of Colorado technology standards.
- ii. Each Party agrees to be responsible for its own liability incurred as a result of its participation in and performance under this Agreement. In the event any claim is litigated, each Party will be responsible for its own attorneys' fees, expenses of litigation, or other costs. No provision of this Agreement shall be deemed or construed to be a relinquishment or waiver of any kind of the applicable limitations of liability provided to either the Local Agency or the State by the Colorado Governmental Immunity Act, C.R.S. § 24-10-101, et seq. and Article XI of the Colorado Constitution. Nothing in the Agreement shall be construed as a waiver of any provision of the State Fiscal Rules.
- iii. The State may require Local Agency's compliance to the State's Accessibility Standards to be determined by a third party selected by the State to attest to Local Agency's Work Product and software is in compliance with §§24-85-101, et seq., C.R.S., and the Accessibility Standards for Individuals with a Disability as established by OIT pursuant to Section §24-85-103 (2.5), C.R.S.

V. Taxes

The State is exempt from federal excise taxes under I.R.C. Chapter 32 (26 U.S.C., Subtitle D, Ch. 32) (Federal Excise Tax Exemption Certificate of Registry No. 84-730123K) and from State and local government sales and use taxes under §§39-26-704(1), et seq., C.R.S. (Colorado Sales Tax Exemption Identification Number 98-02565). The State shall not be liable for the payment of any excise, sales, or use taxes, regardless of whether any political subdivision of the state imposes such taxes on Local Agency. Local Agency shall be solely responsible for any exemptions from the collection of excise, sales or use taxes that Local Agency may wish to have in place in connection with this Agreement.

21. COLORADO SPECIAL PROVISIONS (COLORADO FISCAL RULE 3-3)

These Special Provisions apply to all contracts. Contractor refers to Local Agency and Contract refers to Agreement.

A. STATUTORY APPROVAL. §24-30-202(1), C.R.S.

This Contract shall not be valid until it has been approved by the Colorado State Controller or designee. If this Contract is for a Major Information Technology Project, as defined in §24-37.5-102(19), then this Contract shall not be valid until it has been approved by the State's Chief Information Officer or designee.

B. FUND AVAILABILITY. §24-30-202(5.5), C.R.S., applicable Local Agency law, rule or regulation.

Financial obligations of the Parties payable after the current State Fiscal Year or fiscal year are contingent upon funds for that purpose being appropriated, budgeted, and otherwise made available.

C. GOVERNMENTAL IMMUNITY.

Liability for claims for injuries to persons or property arising from the negligence of the Parties, its departments, boards, commissions committees, bureaus, offices, employees and officials shall be controlled and limited by the provisions of the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S.; the Federal Tort Claims Act, 28 U.S.C. Pt. VI, Ch. 171 and 28 U.S.C. 1346(b), and the State's risk management statutes, §§24-30-1501, et seq. C.R.S. No term or condition of this Contract shall be construed or interpreted as a waiver, express or implied, of any of the immunities, rights, benefits, protections, or other provisions, contained in these statutes.

D. INDEPENDENT CONTRACTOR

Contractor shall perform its duties hereunder as an independent contractor and not as an employee. Neither Contractor nor any agent or employee of Contractor shall be deemed to be an agent or employee of the State. Contractor shall not have authorization, express or implied, to bind the State to any agreement, liability or understanding, except as expressly set forth herein. **Contractor and its employees and agents are not entitled to unemployment insurance or workers compensation benefits through the State and the State shall not pay for or otherwise provide such coverage for Contractor or any of its agents or employees. Contractor shall pay when due all applicable employment taxes and income taxes and local head taxes incurred pursuant to this Contract. Contractor shall (i) provide and keep in force workers' compensation and unemployment compensation insurance in the amounts required by law, (ii) provide proof thereof when requested by the State, and (iii) be solely responsible for its acts and those of its employees and agents.**

E. COMPLIANCE WITH LAW.

Contractor shall comply with all applicable federal and State laws, rules, and regulations in effect or hereafter established, including, without limitation, laws applicable to discrimination and unfair employment practices.

F. CHOICE OF LAW, JURISDICTION, AND VENUE.

Colorado law, and rules and regulations issued pursuant thereto, shall be applied in the interpretation, execution, and enforcement of this Contract. Any provision included or incorporated herein by reference which conflicts with said laws, rules, and regulations shall be null and void. All suits or actions related to this Contract shall be filed and proceedings held in the State of Colorado and exclusive venue shall be in the City and County of Denver.

G. PROHIBITED TERMS.

Any term included in this Contract that requires the Parties to indemnify or hold Contractor harmless; requires the Parties to agree to binding arbitration; limits Contractor's liability for damages resulting from death, bodily injury, or damage to tangible property; or that conflicts with this provision in any way shall be void ab initio. Nothing in this Contract shall be construed as a waiver of any provision of §24-106-109 C.R.S. Any term included in this Contract that limits Contractor's liability that is not void under this section shall apply only in excess of any insurance to be maintained under this Contract, and no insurance policy shall be interpreted as being subject to any limitations of liability of this Contract.

H. SOFTWARE PIRACY PROHIBITION.

State or other public funds payable under this Contract shall not be used for the acquisition, operation, or maintenance of computer software in violation of federal copyright laws or applicable licensing restrictions. Contractor hereby certifies and warrants that, during the term of this Contract and any extensions, Contractor has and shall maintain in place appropriate systems and controls to prevent such improper use of public funds. If the State determines that Contractor is in violation of this provision, the State may exercise any remedy

available at law or in equity or under this Contract, including, without limitation, immediate termination of this Contract and any remedy consistent with federal copyright laws or applicable licensing restrictions.

I. EMPLOYEE FINANCIAL INTEREST/CONFLICT OF INTEREST. §§24-18-201 and 24-50-507, C.R.S.

The signatories aver that to their knowledge, no employee of the State has any personal or beneficial interest whatsoever in the service or property described in this Contract. Contractor has no interest and shall not acquire any interest, direct or indirect, that would conflict in any manner or degree with the performance of Contractor's services and Contractor shall not employ any person having such known interests.

22. FEDERAL REQUIREMENTS

Local Agency and/or their contractors, subcontractors, and consultants shall at all times during the execution of this Agreement strictly adhere to, and comply with, all applicable federal and State laws, and their implementing regulations, as they currently exist and may hereafter be amended. A summary of applicable federal provisions are attached hereto as **Exhibit F, Exhibit I, Exhibit J, Exhibit K, Exhibit M, Exhibit N and Exhibit O** are hereby incorporated by this reference.

23. DISADVANTAGED BUSINESS ENTERPRISE (DBE)

Local Agency will comply with all requirements of **Exhibit G** and **Exhibit E**, Local Agency Contract Administration Checklist, regarding DBE requirements for the Work, except that if Local Agency desires to use its own DBE program to implement and administer the DBE provisions of 49 C.F.R. Part 26 under this Agreement, it must submit a copy of its program's requirements to the State for review and approval before the execution of this Agreement. If Local Agency uses any State- approved DBE program for this Agreement, Local Agency shall be solely responsible to defend that DBE program and its use of that program against all legal and other challenges or complaints, at its sole cost and expense. Such responsibility includes, without limitation, determinations concerning DBE eligibility requirements and certification, adequate legal and factual bases for DBE goals and good faith efforts. State approval (if provided) of Local Agency's DBE program does not waive or modify the sole responsibility of Local Agency for use of its program.

EXHIBIT A
SCOPE OF WORK

Name of Project: STOBER ELEMENTARY SIDEWALK
Project Number: SAR M760-054
SubAccount #: 27058

This project will improve safety, accessibility, and active transportation for students of Stober Elementary School through the construction of two detached sidewalks, ADA-compliant ramps, and a traffic-calming device at a dangerous intersection. Completion of the project will improve safety, encouraging more students to walk, bike, or roll to school. The project will also reduce traffic, improve air quality, and enrich the community.

By accepting funds for this Scope of Work, Local Agency acknowledges, understands, and accepts the continuing responsibility for the safety of the traveling public after initial acceptance of the project. **Local Agency is responsible for maintaining and operating the scope of work described in this Exhibit A constructed under this Agreement at its own cost and expense during its useful life.**

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EXHIBIT B

SAMPLE IGA OPTION LETTER

Date	State Fiscal Year	Option Letter No.
Project Code	Original Agreement #	

Vendor Name:

Option to unilaterally add phasing to include Design, Construction, Environmental, Utilities, ROW incidentals or Miscellaneous and to update encumbrance amount(s).

Option to unilaterally transfer funds from one phase to another phase.

Option to unilaterally add phasing to include Design, Construction, Environmental, Utilities, ROW incidentals or Miscellaneous, to update encumbrance amount(s), and to unilaterally transfer funds from one phase to another phase.

Option to unilaterally extend the term of this Agreement and/or update a Work Phase Performance Period and/or modify OMB Guidance.

Option A

In accordance with the terms of the original Agreement between the State of Colorado, Department of Transportation and the Local Agency, the State hereby exercises the option to authorize the Local Agency to add a phase and to encumber funds for the phase based on changes in funding availability and authorization. The total encumbrance is (or increased) by \$0.00. A new **Exhibit C-1** is made part of the original Agreement and replaces **Exhibit C**.

Option B

In accordance with the terms of the original Agreement between the State of Colorado, Department of Transportation and the Local Agency, the State hereby exercises the option to transfer funds based on variance in actual phase costs and original phase estimates. A new **Exhibit C-1** is made part of the original Agreement and replaces **Exhibit C**.

Option C

In accordance with the terms of the original Agreement between the State of Colorado, Department of Transportation and the Local Agency, the State hereby exercises the option to 1) release the Local Agency to begin a phase; 2) to encumber funds for the phase based upon changes in funding availability and authorization; and 3) to transfer funds from phases based on variance in actual phase costs and

original phase estimates. A new **Exhibit C-1** is made part of the original Agreement and replaces **Exhibit C**.

Option D

In accordance with the terms of the original Agreement between the State of Colorado, Department of Transportation and the Local Agency, the State hereby exercises the option extend the term of this Agreement and/or update a Work Phase Performance Period and/or modify information required under the OMB Uniform Guidance, as outlined in **Exhibit C**. This is made part of the original Agreement and replaces the Expiration Date shown on the Signature and Cover Page. Any updated version of **Exhibit C** shall be attached to any executed Option Letter as **Exhibit C-1** (with subsequent exhibits labeled **C-2**, **C-3**, etc.).

The effective date of this option letter is upon approval of the State Controller or delegate.

STATE OF COLORADO
Jared S. Polis
Department of Transportation

By: _____
Keith Stefanik, P.E., Chief Engineer
(For) Shoshana M. Lew, Executive Director

Date: _____

ALL AGREEMENTS MUST BE APPROVED BY THE STATE CONTROLLER

CRS §24-30-202 requires the State Controller to approve all State Agreements. This Agreement is not valid until signed and dated below by the State Controller or delegate. Contractor is not authorized to begin performance until such time. If the Local Agency begins performing prior thereto, the State of Colorado is not obligated to pay the Local Agency for such performance or for any goods and/or services provided hereunder.

STATE OF COLORADO
STATE CONTROLLER
Robert Jaros, CPA, MBA, JD

By: _____
Colorado Department of Transportation

Date: _____

EXHIBIT C - FUNDING PROVISIONS**City of Lakewood - SAR M760-054 (27058)****A. Cost of Work Estimate**

The Local Agency has estimated the total cost of the Work to be \$991,813.00, which is to be funded as follows:

1. FUNDING

a. Federal Funds (80% of SRTS Award)	\$793,450.00
b. Local Agency Funds (20% of SRTS Award)	\$198,363.00

TOTAL FUNDS ALL SOURCES	\$991,813.00
--------------------------------	---------------------

2. OMB UNIFORM GUIDANCE

a. Federal Award	
Identification Number (FAIN):	TBD
b. Name of Federal Awarding Agency:	FHWA
c. Local Agency Unique Entity Identifier	V1L8TD75JRQ5
d. Assistance Listing #	
Highway Planning and Construction	ALN 20.205
e. Is the Award for R&D?	No
f. Indirect Cost Rate (if applicable)	N/A
g. Amount of Federal Funds Obligated by this Action:	\$0.00
h. Amount of Federal Funds	
Obligated to Date (including this Action):	\$0.00

3. ESTIMATED PAYMENT TO LOCAL AGENCY

a. Federal Funds Budgeted	\$793,450.00
b. Less Estimated Federal Share of CDOT-Incurred Costs	\$0.00

TOTAL ESTIMATED PAYMENT TO LOCAL AGENCY	80%	\$793,450.00
TOTAL ESTIMATED FUNDING BY LOCAL AGENCY	20%	\$198,363.00

TOTAL PROJECT ESTIMATED FUNDING	100%	\$991,813.00
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4. FOR CDOT ENCUMBRANCE PURPOSES

a. Total Encumbrance Amount (Federal funds + Local Agency funds)	\$991,813.00
b. Less ROW Acquisition 3111 and/or ROW Relocation 3109	\$0.00

NET TO BE ENCUMBERED BY CDOT IS AS FOLLOWS	\$991,813.00
---	---------------------

Note: No funds are currently available. Design and Construction funds will become available after execution of an Option letter (Exhibit B) or formal Amendment.

Design 3020 WBS Element 27058.10.30	Performance Period Start*/End Date TBD-TBD	\$0.00
Const. 3301 WBS Element 27058.20.10	Performance Period Start*/End Date TBD-TBD	\$0.00

* The Local Agency should not begin work until all three (3) of the following are in place: 1) Phase Performance Period Start Date; 2) the execution of the document encumbering funds for the respective phase; and 3) Local Agency receipt of the official Notice to Proceed. Any work performed before these three (3) milestones are achieved will not be reimbursable.

B. Funding Ratios

The funding ratio for the federal funds for this Work is 80% federal funds to 20% Local Agency funds, and this ratio applies only to the \$991,813.00 that is eligible for federal funding. All other costs are borne by the Local Agency at 100%. If the total cost of performance of the Work exceeds \$991,813.00, and additional federal funds are not available, the Local Agency shall pay all such excess costs. If the total cost of performance of the Work is less than \$991,813.00, then the amounts of Local Agency and federal funds will be decreased in accordance with the funding ratio described in **A1. This applies to the entire scope of Work.**

C. Maximum Amount Payable

The maximum amount payable to the Local Agency under this Agreement shall be \$793,450.00. For CDOT accounting purposes, the federal funds of \$793,450.00 and the Local Agency funds of \$198,363.00 will be encumbered for a total encumbrance of \$991,813.00, unless this amount is increased by an executed amendment before any increased cost is incurred. The total budget of this funding source is \$991,813.00, unless this amount is increased by an executed amendment before any increased cost is incurred. The total cost of the Work is the best estimate available, based on the design data as approved at the time of execution of this Agreement, and that any cost is subject to revisions agreed to by the parties prior to bid and award. **This applies to the entire scope of Work.**

D. Single Audit Act Amendment

All state and local government and non-profit organizations receiving \$750,000 or more from all funding sources defined as federal financial assistance for Single Audit Act Amendment purposes shall comply with the audit requirements of 2 CFR part 200, subpart F (Audit Requirements) see also, 49 CFR 18.20 through 18.26. The Single Audit Act Amendment requirements applicable to the Local Agency receiving federal funds are as follows:

i. Expenditure less than \$750,000

If the Local Agency expends less than \$750,000 in Federal funds (all federal sources, not just Highway funds) in its fiscal year then this requirement does not apply.

ii. Expenditure of \$750,000 or more-Highway Funds Only

If the Local Agency expends \$750,000 or more, in Federal funds, but only received federal Highway funds (Catalog of Federal Domestic Assistance, CFDA 20.205) then a program specific audit shall be performed. This audit will examine the "financial" procedures and processes for this program area.

iii. Expenditure of \$750,000 or more-Multiple Funding Sources

If the Local Agency expends \$750,000 or more in Federal funds, and the Federal funds are from multiple sources (FTA, HUD, NPS, etc.) then the Single Audit Act applies, which is an audit on the entire organization/entity.

iv. Independent CPA

Single Audit shall only be conducted by an independent CPA, not by an auditor on staff. An audit is an allowable direct or indirect cost.

EXHIBIT D

LOCAL AGENCY RESOLUTION (IF APPLICABLE)

Exhibit E
Colorado Department of Transportation
Local Agency Contract Administration Checklist

Project Number	STIP Number	Project Code	Region
SAR M760-054	SR17013	27058	01
Project Location			Date
STOBER ELEMENTARY SCHOOL URBAN STREET			6/13/2025
Project Description			
STOBER ELEMENTARY SIDEWALK			
Local Agency		Local Agency Project Manager	
Lakewood		Eric King	
CDOT Resident Engineer		CDOT Project Manager	
Maria Hajiaghaee		Paige Maes	

Instructions:

This checklist shall be used to establish the contractual administrative responsibilities of the individual parties to this agreement. The checklist becomes an attachment to the Local Agency Agreement. Section numbers (No.) correspond to the applicable chapters of the CDOT Local Agency Manual (formerly referred to as the Local Agency Desk Reference). Local Agency Web Resource (LAWR) numbers correspond to the applicable flowchart in the Local Agency Web Resource.

The checklist shall be prepared by placing an X under the responsible party, opposite each of the tasks. The X denotes the party responsible for initiating and executing the task. It is preferred that only one responsible party be selected, however a number of items may have both parties selected based on judgement. When neither CDOT nor the Local Agency is responsible for a task, not applicable (N/A) shall be marked. In addition, # will be marked to denote that CDOT must concur or approve.

The Regions, in accordance with established policies and procedures, will determine who will perform tasks that are the responsibility of CDOT.

The checklist shall be prepared by the CDOT Resident Engineer or the CDOT Project Manager, in cooperation with the Local Agency Project Manager, and submitted to the Region Program Engineer. If contract administration responsibilities change, the CDOT Resident Engineer, in cooperation with the Local Agency Project Manager, will prepare and distribute a revised checklist.

Note:

Failure to comply with applicable Federal and State requirements may result in the loss of Federal or State participation in funding.

Acronyms:

Colorado Department of Transportation - CDOT

Disadvantaged Business Enterprise - DBE

Colorado Department of Transportation - CDOT

Disadvantaged Business Enterprise - DBE

Equal Employment Opportunity - EEO

Federal Highway Administration - FHWA

Field Inspection Review - FIR

Final Office Review - FOR

Hot Mix Asphalt - HMA

Independent Assurance Testing - IAT

Intergovernmental Agreement - IGA

Local Agency - LA

Local Agency Web Resource - LAWR

Not Applicable - N/A

Number - No.

On-The-Job - OJT

Plans, Specifications, and Estimate - PS&E

Professional Engineer - PE

Right-of-Way - ROW

Statewide Transportation Improvement Program - STIP

Transportation Improvement Program - TIP

TIP / STIP Long-Range Plans

LAWR	No.	Description of Task
	2.1	Review Project to ensure it is consistent with Statewide Plan and amendments thereto

Responsible Party

LA	CDOT
☐	☒

Subrecipient Monitoring

LAWR	No.	Description of Task
	3.1	Preparation of Subrecipient Monitoring Compliance Documents • Subrecipient Determination Tool • Subrecipient Risk Assessment • Subrecipient Notification Letter • Subrecipient Project Update Report (Formerly "Performance Report to CDOT") • CDOT Monitoring Report of Subrecipients (If applicable)

Responsible Party

LA	CDOT
☐	☒
☒	☒
☐	☒
☒	☐
☐	☒

Federal Funding Obligation and Authorization

LAWR	No.	Description of Task
	4.1	Authorize funding by phases (Requires FHWA Concurrence if Federal-aid Highway funded project.). Please check N/A, if Not applicable.

Responsible Party

LA	CDOT
☐	☒

Project Development

LAWR	No.	Description of Task
	5.1	Determine Delivery Method
1	5.2	Prepare Design Data - CDOT Form 463
	5.3	Prepare Local Agency/CDOT Inter-Governmental Agreement (see also Chapter 3)
2	5.4	Conduct Consultant Selection/Execute Consultant Agreement • Project Development • Construction Contract Administration (including Fabrication Inspection Services)
3,3A	5.5	Conduct Design Scoping Review Meeting
3,6	5.6	Conduct Public Involvement

Responsible Party

LA	CDOT
☒	☐
☒	☐
☐	☒
☒	☐
☒	☐
☒	☒
☒	☐

			Responsible Party	
LAWR	No.	Description of Task	LA	CDOT
3	5.7	Conduct Field Inspection Review (FIR)	☒	☒
4	5.8	Conduct Environmental Process (may require FHWA concurrence /involvement)	☒	☒
5	5.9	Acquire Right-of-Way (may require FHWA concurrence /involvement)	☒	☒
3	5.10	Obtain Utility and Railroad Agreements	☒	☒
3	5.11	Conduct Final Office Review (FOR)	☒	☒
3A	5.12	Justify Force Account Work by the Local Agency	☒	☒
3B	5.13	Justify Proprietary, Sole Source, or Local Agency Furnished Items	☒	☒
3	5.14	Document Design Exceptions - CDOT Form 464	☒	☒
	5.15	Seek Permission for use of Guaranty and Warranty Clauses	☒	☒
3	5.18	Prepare Plans, Specifications, Construction Cost Estimates and Submittals	☒	☐
	5.19	Comply with Requirements for Off-and On-System Bridges & Other Structural Work	☒	☒
	5.20	Update Approvals on PS&E Package if Project Schedule Delayed	☒	☒
	5.21	Ensure Authorization of Funds for Construction	☐	☒
	5.22	Use Electronic Signatures	☒	☐
	5.23	File Project Development Records/Documentation in ProjectWise (PW)	☐	☒

Project Development Civil Rights and Labor Compliance

			Responsible Party	
LAWR	No.	Description of Task	LA	CDOT
3	6.1	Set Disadvantaged Business Enterprise (DBE) Goals for Consultant and Construction Contracts (CDOT Region Civil Rights Office)	☐	☒
	6.2	Determine Applicability of Davis-Bacon Act	☐	☒
		This project ☐ is ☒ is not exempt from Davis-Bacon Requirements as determined by the functional classification of the project location (Projects located on local roads and rural minor collectors may be exempt.)		

CDOT Design Project Manager

Date

Paige Maes

6/13/2025

			Responsible Party	
LAWR	No.	Description of Task	LA	CDOT
	6.3	Set On-the-Job Training Goals (CDOT Region Civil Rights Office) “NA”, if Not Applicable	☐	☒
	6.4	Enforce Prompt Payment Requirements	☒	☒
	6.5	Use Electronic Tracking and Submission Systems B2Gnow ☒ LCPTTracker ☒	☒	☐
3	6.6	Prepare/submit Title VI Plan and Incorporate Title VI Assurances	☒	☐
6,7		Ensure the correct Federal Wage Decision, all required Disadvantaged Business Enterprise/On-the-Job Training Special provisions and FHWA Form 1273 are included in the Contract (CDOT Resident Engineer)	☒	☒

Advertise, Bid and Award of Construction Projects

			Responsible Party	
		Federal Project (use 7.1 series in Chapter 7) ☒		
		Non-Federal Project (Use 7.2 series in Chapter 7) ☐		
LAWR	No.	Description of Task	LA	CDOT
6,7		Obtain Approval for Advertisement Period of Less Than Three Weeks	☒	☒
7		Advertise for Bids	☒	☒
7		Concurrence to Advertise	☐	☒
7		Distribute “Advertisement Set” of Plans and Specifications	☒	☐
7		Review Worksite & Plan Details w/ Prospective Bidders While Project is Under Advertisement	☒	☐
7		Open Bids	☒	☐
7		Process Bids for Compliance		
		Check CDOT Form 1415 - Commitment Confirmation when the Low bidder meets DBE goals. (“N/A” if Not Applicable)	☐	☒
		Evaluate CDOT Form 1416 - Good Faith Effort Report and determine if the Contractor has made a good faith effort when the low bidder does not meet DBE goals. (“N/A” if Not Applicable)	☐	☒
		Submit required documentation for CDOT award concurrence	☒	☐
		Concurrence from CDOT to Award	☐	☒
		Approve Rejection of Low Bidder	☐	☒
7,8		Award Contract (Federal)	☒	☒
8		Provide “Award” and “Record” Sets of Plans and Specifications (Federal)	☒	☒

Construction Management

			Responsible Party	
LAWR	No.	Description of Task	LA	CDOT
8		Intro File Project Construction Records/Documentation in PW or as Directed	☒	☐
8	8.1	Issue Notice to Proceed to the Contractor	☒	☐ #
8	8.2	Project Safety	☒	☐
8	8.3	Conduct Conferences		
		• Preconstruction Conference (Appendix B)	☒	☐
		○ Fabrication Inspection Notifications (Structures)	☒	☐ #
		• Pre-Survey	☒	☐
		○ Construction Staking	☒	☐
		○ Monumentation	☒	☐
		• Partnering (Optional)	☐ N/A	☐ N/A
		• Structural Concrete Pre-Pour (Agenda is in the CDOT Construction Manual)	☒	☐
		• Concrete Pavement Pre-Paving (Agenda is in the CDOT Construction Manual)	☒	☐
		• HMA Pre-Paving (Agenda is in the CDOT Construction Manual)	☒	☐
8	8.4	Develop and distribute Public Notice of Planned Construction to media and local residents	☒	☐
9	8.5	Supervise Construction		
		A Professional Engineer (PE) registered in Colorado, who will be “in responsible charge of construction supervision”	☒	☐
		Local Agency Professional Engineer or CDOT Design Project Manager		
		Eric King		
		Phone Number		
		(303) 987-7523		
		Provide competent, experienced staff who will ensure the Contract work is constructed in accordance with the plans and specifications	☒	☐
		Construction inspection and documentation (including Projects with structures)	☒	☐
		Fabrication Inspection and Documentation	☒	☐ #
9	8.6	Review and Approve Shop Drawings	☒	☐ #
9	8.7	Perform Traffic Control Inspections	☒	☐ #
9	8.8	Perform Construction Surveying	☒	☐
9	8.9	Monument Right-of-Way	☒	☐

			Responsible Party	
LAWR	No.	Description of Task	LA	CDOT
9,9A	8.10	Prepare and Approve Interim and Final Contractor Pay Estimates. Collect and review CDOT Form 1418 (or equivalent) or use compliance software system. Provide the name and phone number of the person authorized for this task.	☒	☐
		Local Agency Representative Eric King	Phone Number (303) 987-7523	
9	8.11	Prepare and Approve Interim and Final Utility and Railroad Billings	☒	☐
9B	8.12	Prepare and Authorize Change Orders	☒	☒
9B	8.13	Submit Change Order Package to CDOT	☒	☐
9A	8.14	Prepare Local Agency Reimbursement Requests	☒	☐
9	8.15	Monitor Project Financial Status	☒	☐
9	8.16	Prepare and Submit Monthly Progress Reports	☒	☐
9	8.17	Resolve Contractor Claims and Disputes	☒	☐
	8.18	Conduct Routine and Random Project Reviews Provide the name and phone number of the person responsible for this task.	☐	☒
		CDOT Construction Project Manager Andrea Hebard	Email andrea.hebard@cdot.gov	
9	8.19	Ongoing Oversight of DBE Participation	☒	☐

Materials

			Responsible Party	
LAWR	No.	Description of Task	LA	CDOT
9,9C	9.1	Discuss Materials at Pre-Construction Meeting	☒	☒
		Buy America documentation required prior to Installation of steel	☒	☐
		Buy America, Build America documentation required prior to installation of materials	☒	☐

			Responsible Party	
			LA	CDOT
LAWR	No.	Description of Task		
9,9C	9.2	Complete CDOT Form 250 - Materials Documentation Record - Generate form, which includes determining the Minimum number of required tests and applicable Material submittals for all materials placed on the project - Update the form as work progresses - Complete and distribute form after work is completed	☐	☒
9C	9.3	Perform Project Acceptance Samples and Tests	☒	☐
9C	9.4	Perform Laboratory Acceptance Tests	☒	☐
9C	9.6	Accept Manufactured Products Inspection of structural components: - Fabrication of structural steel and pre-stressed concrete structural components - Bridge modular expansion devices (0" to 6" or greater) - Fabrication of bearing devices	☒	☐
9C	9.6	Approve Sources of Materials	☒	☒
9C	9.7	Independent Assurance Testing (IAT) Local Agency Procedures ☐ CDOT Procedures ☒ - Generate IAT schedule - Schedule and provide notification - Conduct IAT	☐	☒
9C	9.8	Approve mix designs - Concrete - Hot Mix Asphalt	☒	☐
9C	9.9	Check Final Materials Documentation	☒	☒
9C	9.10	Complete and Distribute Final Materials Documentation	☒	☒

Construction Civil Rights and Labor Compliance

			Responsible Party	
			LA	CDOT
LAWR	No.	Description of Task		
9	10.1	Fulfill Project Bulletin Board and Pre-Construction Packet Requirements	☒	☐

			Responsible Party	
LAWR	No.	Description of Task	LA	CDOT
8,9	10.2	Process CDOT Form 205 - Sublet Permit Application and CDOT Form 1425 - Supplier Application Approval Request. Review & sign completed forms, or review/approve in compliance software system, as applicable, & submit to Region Civil Rights Office.	☒	☐ #
9	10.3	Conduct Equal Employment Opportunity and Labor Compliance Verification Employee Interviews. Complete CDOT Form 280	☒	☐
9	10.4	Monitor Disadvantaged Business Enterprise Participation to Ensure Compliance with the "Commercially Useful Function" Requirements.	☒	☐
9	10.5	Conduct Interviews when Project Utilizes On-the-Job Trainees.		
		• Complete CDOT Form 1337 - Contractor Commitment to Meet OJT Requirements.	☒	☐
		• Complete CDOT Form 838 - OJT Trainee / Apprentice Record.	☒	☐
		• Complete CDOT Form 200 - OJT Training Questionnaire.	☒	☐
9	10.6	Check Certified Payrolls (Contact the Region Civil Rights Office for training requirements)	☒	☐
9	10.7	Submit FHWA Form 1391 - Highway Construction Contractor's Annual EEO Report	☒	☐
	10.8	Contract Compliance and Project Site Reviews	☒	☐ #

Finals

			Responsible Party	
LAWR	No.	Description of Task	LA	CDOT
	11.1	Conduct Final Project Inspection & Final Inspection of Structures, if applicable	☒	☐ #
10	11.2	Write Final Project Acceptance Letter	☒	☐
10	11.3	Advertise for Final Settlement	☒	☐
11	11.4	Prepare and Distribute Final As-Constructed Plans	☒	☐
11	11.5	Prepare EEO Certification and Collect EEO Forms	☒	☐
11	11.6	Check Final Quantities, Plans, and Pay Estimate; Check Project Documentation; and submit Final Certifications	☒	☐
11	11.7	Check Material Documentation and Accept Final Material Certification (See Chapter 9)	☒	☒
	11.8	Review CDOT Form 1419	☐	☒
	11.9	Submit CDOT Professional Services Closeout Report Form	☒	☐

			Responsible Party	
LAWR	No.	Description of Task	LA	CDOT
	11.10	Complete and Submit CDOT Form 1212 LA - Final Acceptance Report (by CDOT)	☒	☐
11	11.11	Process Final Payment	☒	☐
	11.12	Close out Local Project	☒	☒
	11.13	Complete and Submit CDOT Form 950 - Project Closure	☐	☒
11	11.14	Retain Project Records	☒	☒
11	11.15	Retain Final Version of Local Agency Contract Administration Checklist	☒	☒

Cc: CDOT Resident Engineer/Project Manager
CDOT Region Program Engineer
CDOT Region Civil Rights Office

CDOT Region Materials Engineer
CDOT Contracts and Market Analysis Branch
Local Agency Project Manager

EXHIBIT F

CERTIFICATION FOR FEDERAL-AID CONTRACTS

The Local Agency certifies, by signing this Agreement, to the best of its knowledge and belief, that:

No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any Federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, Agreement, loan, or cooperative agreement.

If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer of Congress, or an employee of a Member of Congress in connection with this Federal contract, Agreement, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

The prospective participant also agrees by submitting his or her bid or proposal that he or she shall require that the language of this certification be included in all lower tier subcontracts, which exceed \$100,000 and that all such sub-recipients shall certify and disclose accordingly.

EXHIBIT G

DISADVANTAGED BUSINESS ENTERPRISES

SECTION 1. Policy

It is the policy of the Colorado Department of Transportation (CDOT) that Disadvantaged Business Enterprises (DBEs) shall have the maximum opportunity to participate in the performance of contracts financed in whole or in part with Federal funds under this agreement, pursuant to 49 CFR Part 26. Accordingly, CDOT's federally approved DBE Program Plan shall apply to this agreement.

SECTION 2. Subrecipient and Participant Obligation.

The Local Agency and its subrecipients agrees to ensure that DBEs certified through the Colorado Unified Certification Program have the maximum opportunity to participate in the performance of contracts and subcontracts financed in whole or in part with Federal funds provided under this agreement.

All participants on contracts and subcontracts financed in whole or in part with Federal funds provided under this Agreement shall take all necessary and reasonable steps in accordance with the CDOT's federally approved DBE Program Plan to ensure that DBEs have the maximum opportunity to compete for and perform contracts.

Local Agency subrecipients and their contractors shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of CDOT and federally assisted contracts.

SECTION 3. DBE Program.

The Local Agency subrecipient shall be responsible for complying with CDOT's FHWA-approved DBE Program Plan.

Local Agency requirements can be found at:

<https://www.codot.gov/business/civilrights>

EXHIBIT H

LOCAL AGENCY PROCEDURES FOR CONSULTANT SERVICES

Title 23 Code of Federal Regulations (CFR) 172 applies to a federally funded Local Agency project agreement administered by CDOT that involves professional consultant services. 23 CFR 172.1 states “The policies and procedures involve federally funded contracts for engineering and design related services for projects subject to the provisions of 23 U.S.C. 112(a) and are issued to ensure that a qualified consultant is obtained through an equitable selection process, that prescribed work is properly accomplished in a timely manner, and at fair and reasonable cost” and according to 23 CFR 172.5 “Price shall not be used as a factor in the analysis and selection phase.” Therefore, local agencies must comply with these CFR requirements when obtaining professional consultant services under a federally funded consultant contract administered by CDOT.

CDOT has formulated its procedures in Procedural Directive (P.D.) 400.1 and the related operations guidebook titled "Obtaining Professional Consultant Services". This directive and guidebook incorporate requirements from both Federal and State regulations, i.e., 23 CFR 172 and CRS §24-30-1401 et seq. Copies of the directive and the guidebook may be obtained upon request from CDOT's Agreements and Consultant Management Unit. [Local agencies should have their own written procedures on file for each method of procurement that addresses the items in 23 CFR 172].

Because the procedures and laws described in the Procedural Directive and the guidebook are quite lengthy, the subsequent steps serve as a short-hand guide to CDOT procedures that a Local Agency must follow in obtaining professional consultant services. This guidance follows the format of 23 CFR 172. The steps are:

1. The contracting Local Agency shall document the need for obtaining professional services.
2. Prior to solicitation for consultant services, the contracting Local Agency shall develop a detailed scope of work and a list of evaluation factors and their relative importance. The evaluation factors are those identified in C.R.S. 24-30-1403. Also, a detailed cost estimate should be prepared for use during negotiations.
3. The contracting agency must advertise for contracts in conformity with the requirements of C.R.S. 24-30-1405. The public notice period, when such notice is required, is a minimum of 15 days prior to the selection of the three most qualified firms and the advertising should be done in one or more daily newspapers of general circulation.
4. The Local Agency shall not advertise any federal aid contract without prior review by the CDOT Regional Civil Rights Office (RCRO) to determine whether the contract shall be subject to a DBE contract goal. If

the RCRO determines a goal is necessary, then the Local Agency shall include the goal and the applicable provisions within the advertisement. The Local Agency shall not award a contract to any Contractor or Consultant without the confirmation by the CDOT Civil Rights and Business Resource Center that the Contractor or Consultant has demonstrated good faith efforts. The Local Agency shall work with the CDOT RCRO to ensure compliance with the established terms during the performance of the contract.

5. The Local Agency shall require that all contractors pay subcontractors for satisfactory performance of work no later than 30 days after the receipt of payment for that work from the contractor. For construction projects, this time period shall be reduced to seven days in accordance with Colorado Revised Statute 24-91-103(2). If the Local Agency withholds retainage from contractors and/or allows contractors to withhold retainage from subcontractors, such retainage provisions must comply with 49 CFR 26.29.

6. Payments to all Subconsultants shall be made within thirty days of receipt of payment from [the Local Agency] or no later than ninety days from the date of the submission of a complete invoice from the Subconsultant, whichever occurs first. If the Consultant has good cause to dispute an amount invoiced by a Subconsultant, the Consultant shall notify [the Local Agency] no later than the required date for payment. Such notification shall include the amount disputed and justification for the withholding. The Consultant shall maintain records of payment that show amounts paid to all Subconsultants. Good cause does not include the Consultant's failure to submit an invoice to the Local Agency or to deposit payments made.

7. The analysis and selection of the consultants shall be done in accordance with CRS §24-30-1403. This section of the regulation identifies the criteria to be used in the evaluation of CDOT pre-qualified prime consultants and their team. It also shows which criteria are used to short-list and to make a final selection.

The short-list is based on the following evaluation factors:

- a. Qualifications,
- b. Approach to the Work,
- c. Ability to furnish professional services.
- d. Anticipated design concepts, and
- e. Alternative methods of approach for furnishing the professional services.

Evaluation factors for final selection are the consultant's:

- a. Abilities of their personnel,

- b. Past performance,
- c. Willingness to meet the time and budget requirement,
- d. Location,
- e. Current and projected work load,
- f. Volume of previously awarded contracts, and
- g. Involvement of minority consultants.

8. Once a consultant is selected, the Local Agency enters into negotiations with the consultant to obtain a fair and reasonable price for the anticipated work. Pre-negotiation audits are prepared for contracts expected to be greater than \$50,000. Federal reimbursements for costs are limited to those costs allowable under the cost principles of 48 CFR 31. Fixed fees (profit) are determined with consideration given to size, complexity, duration, and degree of risk involved in the work. Profit is in the range of six to 15 percent of the total direct and indirect costs.

9. A qualified Local Agency employee shall be responsible and in charge of the Work to ensure that the work being pursued is complete, accurate, and consistent with the terms, conditions, and specifications of the contract. At the end of Work, the Local Agency prepares a performance evaluation (a CDOT form is available) on the consultant.

CRS §§24-30-1401 THROUGH 24-30-1408, 23 CFR PART 172, AND P.D. 400.1, PROVIDE ADDITIONAL DETAILS FOR COMPLYING WITH THE PRECEEDING EIGHT (8) STEPS.

EXHIBIT I

REQUIRED CONTRACT PROVISIONS FEDERAL-AID CONSTRUCTION CONTRACTS

- I. General
- II. Nondiscrimination
- III. Non-segregated Facilities
- IV. Davis-Bacon and Related Act Provisions
- V. Contract Work Hours and Safety Standards Act Provisions
- VI. Subletting or Assigning the Contract
- VII. Safety: Accident Prevention
- VIII. False Statements Concerning Highway Projects
- IX. Implementation of Clean Air Act and Federal Water Pollution Control Act
- X. Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion
- XI. Certification Regarding Use of Contract Funds for Lobbying
- XII. Use of United States-Flag Vessels:

ATTACHMENTS

A. Employment and Materials Preference for Appalachian Development Highway System or Appalachian Local Access Road Contracts (included in Appalachian contracts only)

I. GENERAL

1. Form FHWA-1273 must be physically incorporated in each construction contract funded under title 23, United States Code, as required in 23 CFR 633.102(b) (excluding emergency contracts solely intended for debris removal). The contractor (or subcontractor) must insert this form in each subcontract and further require its inclusion in all lower tier subcontracts (excluding purchase orders, rental agreements and other agreements for supplies or services). 23 CFR 633.102(e).

The applicable requirements of Form FHWA-1273 are incorporated by reference for work done under any purchase order, rental agreement or agreement for other services. The prime contractor shall be responsible for compliance by any subcontractor, lower-tier subcontractor or service provider. 23 CFR 633.102(e).

Form FHWA-1273 must be included in all Federal-aid design-build contracts, in all subcontracts and in lower tier subcontracts (excluding subcontracts for design services, purchase orders, rental agreements and other agreements for supplies or services) in accordance with 23 CFR 633.102. The design-builder shall be responsible for compliance by any subcontractor, lower-tier subcontractor or service provider.

Contracting agencies may reference Form FHWA-1273 in solicitation-for-bids or request-for-proposals documents, however, the Form FHWA-1273 must be physically incorporated (not referenced) in all contracts, subcontracts and lower-tier subcontracts (excluding purchase orders, rental agreements and other agreements for supplies or services related to a construction contract). 23 CFR 633.102(b).

2. Subject to the applicability criteria noted in the following sections, these contract provisions shall apply to all work

performed on the contract by the contractor's own organization and with the assistance of workers under the contractor's immediate superintendence and to all work performed on the contract by piecework, station work, or by subcontract. 23 CFR 633.102(d).

3. A breach of any of the stipulations contained in these Required Contract Provisions may be sufficient grounds for withholding of progress payments, withholding of final payment, termination of the contract, suspension / debarment or any other action determined to be appropriate by the contracting agency and FHWA.

4. Selection of Labor: During the performance of this contract, the contractor shall not use convict labor for any purpose within the limits of a construction project on a Federal-aid highway unless it is labor performed by convicts who are on parole, supervised release, or probation. 23 U.S.C. 114(b). The term Federal-aid highway does not include roadways functionally classified as local roads or rural minor collectors. 23 U.S.C. 101(a).

II. NONDISCRIMINATION (23 CFR 230.107(a); 23 CFR Part 230, Subpart A, Appendix A; EO 11246)

The provisions of this section related to 23 CFR Part 230, Subpart A, Appendix A are applicable to all Federal-aid construction contracts and to all related construction subcontracts of \$10,000 or more. The provisions of 23 CFR Part 230 are not applicable to material supply, engineering, or architectural service contracts.

In addition, the contractor and all subcontractors must comply with the following policies: Executive Order 11246, 41 CFR Part 60, 29 CFR Parts 1625-1627, 23 U.S.C. 140, Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000d et seq.), and related regulations including 49 CFR Parts 21, 26, and 27; and 23 CFR Parts 200, 230, and 633.

The contractor and all subcontractors must comply with: the requirements of the Equal Opportunity Clause in 41 CFR 60-1.4(b) and, for all construction contracts exceeding \$10,000, the Standard Federal Equal Employment Opportunity Construction Contract Specifications in 41 CFR 60-4.3.

Note: The U.S. Department of Labor has exclusive authority to determine compliance with Executive Order 11246 and the policies of the Secretary of Labor including 41 CFR Part 60, and 29 CFR Parts 1625-1627. The contracting agency and the FHWA have the authority and the responsibility to ensure compliance with 23 U.S.C. 140, Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), and Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000d et seq.), and related regulations including 49 CFR Parts 21, 26, and 27; and 23 CFR Parts 200, 230, and 633.

The following provision is adopted from 23 CFR Part 230, Subpart A, Appendix A, with appropriate revisions to conform to the U.S. Department of Labor (US DOL) and FHWA requirements.

1. Equal Employment Opportunity: Equal Employment Opportunity (EEO) requirements not to discriminate and to take affirmative action to assure equal opportunity as set forth under laws, executive orders, rules, regulations (see 28 CFR Part 35, 29 CFR Part 1630, 29 CFR Parts 1625-1627, 41 CFR Part 60 and 49 CFR Part 27) and orders of the Secretary of Labor as modified by the provisions prescribed herein, and imposed pursuant to 23 U.S.C. 140, shall constitute the EEO and specific affirmative action standards for the contractor's project activities under this contract. The provisions of the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) set forth under 28 CFR Part 35 and 29 CFR Part 1630 are incorporated by reference in this contract. In the execution of this contract, the contractor agrees to comply with the following minimum specific requirement activities of EEO:

a. The contractor will work with the contracting agency and the Federal Government to ensure that it has made every good faith effort to provide equal opportunity with respect to all of its terms and conditions of employment and in their review of activities under the contract. 23 CFR 230.409 (g)(4) & (5).

b. The contractor will accept as its operating policy the following statement:

"It is the policy of this Company to assure that applicants are employed, and that employees are treated during employment, without regard to their race, religion, sex, sexual orientation, gender identity, color, national origin, age or disability. Such action shall include: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship, pre-apprenticeship, and/or on-the-job training."

2. EEO Officer: The contractor will designate and make known to the contracting officers an EEO Officer who will have the responsibility for and must be capable of effectively administering and promoting an active EEO program and who must be assigned adequate authority and responsibility to do so.

3. Dissemination of Policy: All members of the contractor's staff who are authorized to hire, supervise, promote, and discharge employees, or who recommend such action or are substantially involved in such action, will be made fully cognizant of and will implement the contractor's EEO policy and contractual responsibilities to provide EEO in each grade and classification of employment. To ensure that the above agreement will be met, the following actions will be taken as a minimum:

a. Periodic meetings of supervisory and personnel office employees will be conducted before the start of work and then not less often than once every six months, at which time the contractor's EEO policy and its implementation will be reviewed and explained. The meetings will be conducted by the EEO Officer or other knowledgeable company official.

b. All new supervisory or personnel office employees will be given a thorough indoctrination by the EEO Officer, covering all major aspects of the contractor's EEO obligations within thirty days following their reporting for duty with the contractor.

c. All personnel who are engaged in direct recruitment for the project will be instructed by the EEO Officer in the contractor's procedures for locating and hiring minorities and women.

d. Notices and posters setting forth the contractor's EEO policy will be placed in areas readily accessible to employees, applicants for employment and potential employees.

e. The contractor's EEO policy and the procedures to implement such policy will be brought to the attention of employees by means of meetings, employee handbooks, or other appropriate means.

4. Recruitment: When advertising for employees, the contractor will include in all advertisements for employees the notation: "An Equal Opportunity Employer." All such advertisements will be placed in publications having a large circulation among minorities and women in the area from which the project work force would normally be derived.

a. The contractor will, unless precluded by a valid bargaining agreement, conduct systematic and direct recruitment through public and private employee referral sources likely to yield qualified minorities and women. To meet this requirement, the contractor will identify sources of potential minority group employees and establish with such identified sources procedures whereby minority and women applicants may be referred to the contractor for employment consideration.

b. In the event the contractor has a valid bargaining agreement providing for exclusive hiring hall referrals, the contractor is expected to observe the provisions of that agreement to the extent that the system meets the contractor's compliance with EEO contract provisions. Where implementation of such an agreement has the effect of discriminating against minorities or women, or obligates the contractor to do the same, such implementation violates Federal nondiscrimination provisions.

c. The contractor will encourage its present employees to refer minorities and women as applicants for employment. Information and procedures with regard to referring such applicants will be discussed with employees.

5. Personnel Actions: Wages, working conditions, and employee benefits shall be established and administered, and personnel actions of every type, including hiring, upgrading, promotion, transfer, demotion, layoff, and termination, shall be taken without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, age or disability. The following procedures shall be followed:

a. The contractor will conduct periodic inspections of project sites to ensure that working conditions and employee facilities do not indicate discriminatory treatment of project site personnel.

b. The contractor will periodically evaluate the spread of wages paid within each classification to determine any evidence of discriminatory wage practices.

c. The contractor will periodically review selected personnel actions in depth to determine whether there is evidence of discrimination. Where evidence is found, the contractor will promptly take corrective action. If the review indicates that the discrimination may extend beyond the actions reviewed, such corrective action shall include all affected persons.

d. The contractor will promptly investigate all complaints of alleged discrimination made to the contractor in connection with its obligations under this contract, will attempt to resolve such complaints, and will take appropriate corrective action

within a reasonable time. If the investigation indicates that the discrimination may affect persons other than the complainant, such corrective action shall include such other persons. Upon completion of each investigation, the contractor will inform every complainant of all of their avenues of appeal.

6. Training and Promotion:

a. The contractor will assist in locating, qualifying, and increasing the skills of minorities and women who are applicants for employment or current employees. Such efforts should be aimed at developing full journey level status employees in the type of trade or job classification involved.

b. Consistent with the contractor's work force requirements and as permissible under Federal and State regulations, the contractor shall make full use of training programs (i.e., apprenticeship and on-the-job training programs for the geographical area of contract performance). In the event a special provision for training is provided under this contract, this subparagraph will be superseded as indicated in the special provision. The contracting agency may reserve training positions for persons who receive welfare assistance in accordance with 23 U.S.C. 140(a).

c. The contractor will advise employees and applicants for employment of available training programs and entrance requirements for each.

d. The contractor will periodically review the training and promotion potential of employees who are minorities and women and will encourage eligible employees to apply for such training and promotion.

7. Unions: If the contractor relies in whole or in part upon unions as a source of employees, the contractor will use good faith efforts to obtain the cooperation of such unions to increase opportunities for minorities and women. 23 CFR 230.409. Actions by the contractor, either directly or through a contractor's association acting as agent, will include the procedures set forth below:

a. The contractor will use good faith efforts to develop, in cooperation with the unions, joint training programs aimed toward qualifying more minorities and women for membership in the unions and increasing the skills of minorities and women so that they may qualify for higher paying employment.

b. The contractor will use good faith efforts to incorporate an EEO clause into each union agreement to the end that such union will be contractually bound to refer applicants without regard to their race, color, religion, sex, sexual orientation, gender identity, national origin, age, or disability.

c. The contractor is to obtain information as to the referral practices and policies of the labor union except that to the extent such information is within the exclusive possession of the labor union and such labor union refuses to furnish such information to the contractor, the contractor shall so certify to the contracting agency and shall set forth what efforts have been made to obtain such information.

d. In the event the union is unable to provide the contractor with a reasonable flow of referrals within the time limit set forth in the collective bargaining agreement, the contractor will, through independent recruitment efforts, fill the employment vacancies without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, age, or disability; making full efforts to obtain qualified and/or qualifiable minorities and women. The failure of a union to provide

sufficient referrals (even though it is obligated to provide exclusive referrals under the terms of a collective bargaining agreement) does not relieve the contractor from the requirements of this paragraph. In the event the union referral practice prevents the contractor from meeting the obligations pursuant to Executive Order 11246, as amended, and these special provisions, such contractor shall immediately notify the contracting agency.

8. Reasonable Accommodation for Applicants /

Employees with Disabilities: The contractor must be familiar with the requirements for and comply with the Americans with Disabilities Act and all rules and regulations established thereunder. Employers must provide reasonable accommodation in all employment activities unless to do so would cause an undue hardship.

9. Selection of Subcontractors, Procurement of Materials and Leasing of Equipment:

The contractor shall not discriminate on the grounds of race, color, religion, sex, sexual orientation, gender identity, national origin, age, or disability in the selection and retention of subcontractors, including procurement of materials and leases of equipment. The contractor shall take all necessary and reasonable steps to ensure nondiscrimination in the administration of this contract.

a. The contractor shall notify all potential subcontractors, suppliers, and lessors of their EEO obligations under this contract.

b. The contractor will use good faith efforts to ensure subcontractor compliance with their EEO obligations.

10. Assurances Required:

a. The requirements of 49 CFR Part 26 and the State DOT's FHWA-approved Disadvantaged Business Enterprise (DBE) program are incorporated by reference.

b. The contractor, subrecipient or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR part 26 in the award and administration of DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as the recipient deems appropriate, which may include, but is not limited to:

- (1) Withholding monthly progress payments;
- (2) Assessing sanctions;
- (3) Liquidated damages; and/or
- (4) Disqualifying the contractor from future bidding as non-responsible.

c. The Title VI and nondiscrimination provisions of U.S. DOT Order 1050.2A at Appendixes A and E are incorporated by reference. 49 CFR Part 21.

11. Records and Reports: The contractor shall keep such records as necessary to document compliance with the EEO requirements. Such records shall be retained for a period of three years following the date of the final payment to the contractor for all contract work and shall be available at reasonable times and places for inspection by authorized representatives of the contracting agency and the FHWA.

a. The records kept by the contractor shall document the following:

(1) The number and work hours of minority and non-minority group members and women employed in each work classification on the project;

(2) The progress and efforts being made in cooperation with unions, when applicable, to increase employment opportunities for minorities and women; and

(3) The progress and efforts being made in locating, hiring, training, qualifying, and upgrading minorities and women.

b. The contractors and subcontractors will submit an annual report to the contracting agency each July for the duration of the project indicating the number of minority, women, and non-minority group employees currently engaged in each work classification required by the contract work. This information is to be reported on [Form FHWA-1391](#). The staffing data should represent the project work force on board in all or any part of the last payroll period preceding the end of July. If on-the-job training is being required by special provision, the contractor will be required to collect and report training data. The employment data should reflect the work force on board during all or any part of the last payroll period preceding the end of July.

III. NONSEGREGATED FACILITIES

This provision is applicable to all Federal-aid construction contracts and to all related construction subcontracts of more than \$10,000. 41 CFR 60-1.5.

As prescribed by 41 CFR 60-1.8, the contractor must ensure that facilities provided for employees are provided in such a manner that segregation on the basis of race, color, religion, sex, sexual orientation, gender identity, or national origin cannot result. The contractor may neither require such segregated use by written or oral policies nor tolerate such use by employee custom. The contractor's obligation extends further to ensure that its employees are not assigned to perform their services at any location under the contractor's control where the facilities are segregated. The term "facilities" includes waiting rooms, work areas, restaurants and other eating areas, time clocks, restrooms, washrooms, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing provided for employees. The contractor shall provide separate or single-user restrooms and necessary dressing or sleeping areas to assure privacy between sexes.

IV. DAVIS-BACON AND RELATED ACT PROVISIONS

This section is applicable to all Federal-aid construction projects exceeding \$2,000 and to all related subcontracts and lower-tier subcontracts (regardless of subcontract size), in accordance with 29 CFR 5.5. The requirements apply to all projects located within the right-of-way of a roadway that is functionally classified as Federal-aid highway. 23 U.S.C. 113. This excludes roadways functionally classified as local roads or rural minor collectors, which are exempt. 23 U.S.C. 101. Where applicable law requires that projects be treated as a project on a Federal-aid highway, the provisions of this subpart will apply regardless of the location of the project. Examples include: Surface Transportation Block Grant Program projects funded under 23 U.S.C. 133 [excluding recreational trails projects], the Nationally Significant Freight and Highway

Projects funded under 23 U.S.C. 117, and National Highway Freight Program projects funded under 23 U.S.C. 167.

The following provisions are from the U.S. Department of Labor regulations in 29 CFR 5.5 "Contract provisions and related matters" with minor revisions to conform to the FHWA-1273 format and FHWA program requirements.

1. Minimum wages (29 CFR 5.5)

a. *Wage rates and fringe benefits.* All laborers and mechanics employed or working upon the site of the work (or otherwise working in construction or development of the project under a development statute), will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act ([29 CFR part 3](#))), the full amount of basic hourly wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics. As provided in paragraphs (d) and (e) of 29 CFR 5.5, the appropriate wage determinations are effective by operation of law even if they have not been attached to the contract. Contributions made or costs reasonably anticipated for bona fide fringe benefits under the Davis-Bacon Act ([40 U.S.C. 3141\(2\)\(B\)](#)) on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of paragraph 1.e. of this section; also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period. Such laborers and mechanics must be paid the appropriate wage rate and fringe benefits on the wage determination for the classification(s) of work actually performed, without regard to skill, except as provided in paragraph 4. of this section. Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: *Provided*, That the employer's payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classifications and wage rates conformed under paragraph 1.c. of this section) and the Davis-Bacon poster (WH-1321) must be posted at all times by the contractor and its subcontractors at the site of the work in a prominent and accessible place where it can be easily seen by the workers.

b. *Frequently recurring classifications.* (1) In addition to wage and fringe benefit rates that have been determined to be prevailing under the procedures set forth in [29 CFR part 1](#), a wage determination may contain, pursuant to § 1.3(f), wage and fringe benefit rates for classifications of laborers and mechanics for which conformance requests are regularly submitted pursuant to paragraph 1.c. of this section, provided that:

(i) The work performed by the classification is not performed by a classification in the wage determination for which a prevailing wage rate has been determined;

(ii) The classification is used in the area by the construction industry; and

(iii) The wage rate for the classification bears a reasonable relationship to the prevailing wage rates contained in the wage determination.

(2) The Administrator will establish wage rates for such classifications in accordance with paragraph 1.c.(1)(iii) of this section. Work performed in such a classification must be paid at no less than the wage and fringe benefit rate listed on the wage determination for such classification.

c. *Conformance.* (1) The contracting officer must require that any class of laborers or mechanics, including helpers, which is not listed in the wage determination and which is to be employed under the contract be classified in conformance with the wage determination. Conformance of an additional classification and wage rate and fringe benefits is appropriate only when the following criteria have been met:

(i) The work to be performed by the classification requested is not performed by a classification in the wage determination; and

(ii) The classification is used in the area by the construction industry; and

(iii) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

(2) The conformance process may not be used to split, subdivide, or otherwise avoid application of classifications listed in the wage determination.

(3) If the contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and the contracting officer agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), a report of the action taken will be sent by the contracting officer by email to DBAconformance@dol.gov. The Administrator, or an authorized representative, will approve, modify, or disapprove every additional classification action within 30 days of receipt and so advise the contracting officer or will notify the contracting officer within the 30-day period that additional time is necessary.

(4) In the event the contractor, the laborers or mechanics to be employed in the classification or their representatives, and the contracting officer do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), the contracting officer will, by email to DBAconformance@dol.gov, refer the questions, including the views of all interested parties and the recommendation of the contracting officer, to the Administrator for determination. The Administrator, or an authorized representative, will issue a determination within 30 days of receipt and so advise the contracting officer or will notify the contracting officer within the 30-day period that additional time is necessary.

(5) The contracting officer must promptly notify the contractor of the action taken by the Wage and Hour Division

under paragraphs 1.c.(3) and (4) of this section. The contractor must furnish a written copy of such determination to each affected worker or it must be posted as a part of the wage determination. The wage rate (including fringe benefits where appropriate) determined pursuant to paragraph 1.c.(3) or (4) of this section must be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.

d. *Fringe benefits not expressed as an hourly rate.* Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the contractor may either pay the benefit as stated in the wage determination or may pay another bona fide fringe benefit or an hourly cash equivalent thereof.

e. *Unfunded plans.* If the contractor does not make payments to a trustee or other third person, the contractor may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program, *Provided*, That the Secretary of Labor has found, upon the written request of the contractor, in accordance with the criteria set forth in § 5.28, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the contractor to set aside in a separate account assets for the meeting of obligations under the plan or program.

f. *Interest.* In the event of a failure to pay all or part of the wages required by the contract, the contractor will be required to pay interest on any underpayment of wages.

2. Withholding (29 CFR 5.5)

a. *Withholding requirements.* The contracting agency may, upon its own action, or must, upon written request of an authorized representative of the Department of Labor, withhold or cause to be withheld from the contractor so much of the accrued payments or advances as may be considered necessary to satisfy the liabilities of the prime contractor or any subcontractor for the full amount of wages and monetary relief, including interest, required by the clauses set forth in this section for violations of this contract, or to satisfy any such liabilities required by any other Federal contract, or federally assisted contract subject to Davis-Bacon labor standards, that is held by the same prime contractor (as defined in § 5.2). The necessary funds may be withheld from the contractor under this contract, any other Federal contract with the same prime contractor, or any other federally assisted contract that is subject to Davis-Bacon labor standards requirements and is held by the same prime contractor, regardless of whether the other contract was awarded or assisted by the same agency, and such funds may be used to satisfy the contractor liability for which the funds were withheld. In the event of a contractor's failure to pay any laborer or mechanic, including any apprentice or helper working on the site of the work all or part of the wages required by the contract, or upon the contractor's failure to submit the required records as discussed in paragraph 3.d. of this section, the contracting agency may on its own initiative and after written notice to the contractor, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased.

b. *Priority to withheld funds.* The Department has priority to funds withheld or to be withheld in accordance with paragraph

2.a. of this section or Section V, paragraph 3.a., or both, over claims to those funds by:

- (1) A contractor's surety(ies), including without limitation performance bond sureties and payment bond sureties;
- (2) A contracting agency for its procurement costs;
- (3) A trustee(s) (either a court-appointed trustee or a U.S. trustee, or both) in bankruptcy of a contractor, or a contractor's bankruptcy estate;
- (4) A contractor's assignee(s);
- (5) A contractor's successor(s); or
- (6) A claim asserted under the Prompt Payment Act, [31 U.S.C. 3901](#)–3907.

3. Records and certified payrolls (29 CFR 5.5)

a. Basic record requirements (1) Length of record retention. All regular payrolls and other basic records must be maintained by the contractor and any subcontractor during the course of the work and preserved for all laborers and mechanics working at the site of the work (or otherwise working in construction or development of the project under a development statute) for a period of at least 3 years after all the work on the prime contract is completed.

(2) Information required. Such records must contain the name; Social Security number; last known address, telephone number, and email address of each such worker; each worker's correct classification(s) of work actually performed; hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in [40 U.S.C. 3141\(2\)\(B\)](#) of the Davis-Bacon Act); daily and weekly number of hours actually worked in total and on each covered contract; deductions made; and actual wages paid.

(3) Additional records relating to fringe benefits. Whenever the Secretary of Labor has found under paragraph 1.e. of this section that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in [40 U.S.C. 3141\(2\)\(B\)](#) of the Davis-Bacon Act, the contractor must maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits.

(4) Additional records relating to apprenticeship. Contractors with apprentices working under approved programs must maintain written evidence of the registration of apprenticeship programs, the registration of the apprentices, and the ratios and wage rates prescribed in the applicable programs.

b. Certified payroll requirements (1) Frequency and method of submission. The contractor or subcontractor must submit weekly, for each week in which any DBA- or Related Acts-covered work is performed, certified payrolls to the contracting

agency. The prime contractor is responsible for the submission of all certified payrolls by all subcontractors. A contracting agency or prime contractor may permit or require contractors to submit certified payrolls through an electronic system, as long as the electronic system requires a legally valid electronic signature; the system allows the contractor, the contracting agency, and the Department of Labor to access the certified payrolls upon request for at least 3 years after the work on the prime contract has been completed; and the contracting agency or prime contractor permits other methods of submission in situations where the contractor is unable or limited in its ability to use or access the electronic system.

(2) Information required. The certified payrolls submitted must set out accurately and completely all of the information required to be maintained under paragraph 3.a.(2) of this section, except that full Social Security numbers and last known addresses, telephone numbers, and email addresses must not be included on weekly transmittals. Instead, the certified payrolls need only include an individually identifying number for each worker (e.g., the last four digits of the worker's Social Security number). The required weekly certified payroll information may be submitted using Optional Form WH-347 or in any other format desired. Optional Form WH-347 is available for this purpose from the Wage and Hour Division website at <https://www.dol.gov/sites/dolgov/files/WHDL/legacy/files/wh347.pdf> or its successor website. It is not a violation of this section for a prime contractor to require a subcontractor to provide full Social Security numbers and last known addresses, telephone numbers, and email addresses to the prime contractor for its own records, without weekly submission by the subcontractor to the contracting agency.

(3) Statement of Compliance. Each certified payroll submitted must be accompanied by a "Statement of Compliance," signed by the contractor or subcontractor, or the contractor's or subcontractor's agent who pays or supervises the payment of the persons working on the contract, and must certify the following:

(i) That the certified payroll for the payroll period contains the information required to be provided under paragraph 3.b. of this section, the appropriate information and basic records are being maintained under paragraph 3.a. of this section, and such information and records are correct and complete;

(ii) That each laborer or mechanic (including each helper and apprentice) working on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in [29 CFR part 3](#); and

(iii) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification(s) of work actually performed, as specified in the applicable wage determination incorporated into the contract.

(4) Use of Optional Form WH-347. The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 will satisfy the requirement for submission of the "Statement of Compliance" required by paragraph 3.b.(3) of this section.

(5) *Signature.* The signature by the contractor, subcontractor, or the contractor's or subcontractor's agent must be an original handwritten signature or a legally valid electronic signature.

(6) *Falsification.* The falsification of any of the above certifications may subject the contractor or subcontractor to civil or criminal prosecution under [18 U.S.C. 1001](#) and [31 U.S.C. 3729](#).

(7) *Length of certified payroll retention.* The contractor or subcontractor must preserve all certified payrolls during the course of the work and for a period of 3 years after all the work on the prime contract is completed.

c. *Contracts, subcontracts, and related documents.* The contractor or subcontractor must maintain this contract or subcontract and related documents including, without limitation, bids, proposals, amendments, modifications, and extensions. The contractor or subcontractor must preserve these contracts, subcontracts, and related documents during the course of the work and for a period of 3 years after all the work on the prime contract is completed.

d. *Required disclosures and access* (1) *Required record disclosures and access to workers.* The contractor or subcontractor must make the records required under paragraphs 3.a. through 3.c. of this section, and any other documents that the contracting agency, the State DOT, the FHWA, or the Department of Labor deems necessary to determine compliance with the labor standards provisions of any of the applicable statutes referenced by § 5.1, available for inspection, copying, or transcription by authorized representatives of the contracting agency, the State DOT, the FHWA, or the Department of Labor, and must permit such representatives to interview workers during working hours on the job.

(2) *Sanctions for non-compliance with records and worker access requirements.* If the contractor or subcontractor fails to submit the required records or to make them available, or refuses to permit worker interviews during working hours on the job, the Federal agency may, after written notice to the contractor, sponsor, applicant, owner, or other entity, as the case may be, that maintains such records or that employs such workers, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available, or to permit worker interviews during working hours on the job, may be grounds for debarment action pursuant to § 5.12. In addition, any contractor or other person that fails to submit the required records or make those records available to WHD within the time WHD requests that the records be produced will be precluded from introducing as evidence in an administrative proceeding under [29 CFR part 6](#) any of the required records that were not provided or made available to WHD. WHD will take into consideration a reasonable request from the contractor or person for an extension of the time for submission of records. WHD will determine the reasonableness of the request and may consider, among other things, the location of the records and the volume of production.

(3) *Required information disclosures.* Contractors and subcontractors must maintain the full Social Security number and last known address, telephone number, and email address

of each covered worker, and must provide them upon request to the contracting agency, the State DOT, the FHWA, the contractor, or the Wage and Hour Division of the Department of Labor for purposes of an investigation or other compliance action.

4. Apprentices and equal employment opportunity (29 CFR 5.5)

a. *Apprentices (1) Rate of pay.* Apprentices will be permitted to work at less than the predetermined rate for the work they perform when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship (OA), or with a State Apprenticeship Agency recognized by the OA. A person who is not individually registered in the program, but who has been certified by the OA or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice, will be permitted to work at less than the predetermined rate for the work they perform in the first 90 days of probationary employment as an apprentice in such a program. In the event the OA or a State Apprenticeship Agency recognized by the OA withdraws approval of an apprenticeship program, the contractor will no longer be permitted to use apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(2) *Fringe benefits.* Apprentices must be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification. If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringe benefits must be paid in accordance with that determination.

(3) *Apprenticeship ratio.* The allowable ratio of apprentices to journeymen on the job site in any craft classification must not be greater than the ratio permitted to the contractor as to the entire work force under the registered program or the ratio applicable to the locality of the project pursuant to paragraph 4.a.(4) of this section. Any worker listed on a payroll at an apprentice wage rate, who is not registered or otherwise employed as stated in paragraph 4.a.(1) of this section, must be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under this section must be paid not less than the applicable wage rate on the wage determination for the work actually performed.

(4) *Reciprocity of ratios and wage rates.* Where a contractor is performing construction on a project in a locality other than the locality in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyworker's hourly rate) applicable within the locality in which the construction is being performed must be observed. If there is no applicable ratio or wage rate for the locality of the project, the ratio and wage rate specified in the contractor's registered program must be observed.

b. *Equal employment opportunity.* The use of apprentices and journeymen under this part must be in conformity with

the equal employment opportunity requirements of Executive Order 11246, as amended, and [29 CFR part 30](#).

c. Apprentices and Trainees (programs of the U.S. DOT).

Apprentices and trainees working under apprenticeship and skill training programs which have been certified by the Secretary of Transportation as promoting EEO in connection with Federal-aid highway construction programs are not subject to the requirements of paragraph 4 of this Section IV. 23 CFR 230.111(e)(2). The straight time hourly wage rates for apprentices and trainees under such programs will be established by the particular programs. The ratio of apprentices and trainees to journeyworkers shall not be greater than permitted by the terms of the particular program.

5. Compliance with Copeland Act requirements. The contractor shall comply with the requirements of 29 CFR part 3, which are incorporated by reference in this contract as provided in 29 CFR 5.5.

6. Subcontracts. The contractor or subcontractor must insert FHWA-1273 in any subcontracts, along with the applicable wage determination(s) and such other clauses or contract modifications as the contracting agency may by appropriate instructions require, and a clause requiring the subcontractors to include these clauses and wage determination(s) in any lower tier subcontracts. The prime contractor is responsible for the compliance by any subcontractor or lower tier subcontractor with all the contract clauses in this section. In the event of any violations of these clauses, the prime contractor and any subcontractor(s) responsible will be liable for any unpaid wages and monetary relief, including interest from the date of the underpayment or loss, due to any workers of lower-tier subcontractors, and may be subject to debarment, as appropriate. 29 CFR 5.5.

7. Contract termination: debarment. A breach of the contract clauses in 29 CFR 5.5 may be grounds for termination of the contract, and for debarment as a contractor and a subcontractor as provided in 29 CFR 5.12.

8. Compliance with Davis-Bacon and Related Act requirements. All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR parts 1, 3, and 5 are herein incorporated by reference in this contract as provided in 29 CFR 5.5.

9. Disputes concerning labor standards. As provided in 29 CFR 5.5, disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR parts 5, 6, and 7. Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and the contracting agency, the U.S. Department of Labor, or the employees or their representatives.

10. Certification of eligibility. a. By entering into this contract, the contractor certifies that neither it nor any person or firm who has an interest in the contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of [40 U.S.C. 3144\(b\)](#) or § 5.12(a).

b. No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of [40 U.S.C. 3144\(b\)](#) or § 5.12(a).

c. The penalty for making false statements is prescribed in the U.S. Code, Title 18 Crimes and Criminal Procedure, [18 U.S.C. 1001](#).

11. Anti-retaliation. It is unlawful for any person to discharge, demote, intimidate, threaten, restrain, coerce, blacklist, harass, or in any other manner discriminate against, or to cause any person to discharge, demote, intimidate, threaten, restrain, coerce, blacklist, harass, or in any other manner discriminate against, any worker or job applicant for:

a. Notifying any contractor of any conduct which the worker reasonably believes constitutes a violation of the DBA, Related Acts, this part, or [29 CFR part 1](#) or [3](#);

b. Filing any complaint, initiating or causing to be initiated any proceeding, or otherwise asserting or seeking to assert on behalf of themselves or others any right or protection under the DBA, Related Acts, this part, or [29 CFR part 1](#) or [3](#);

c. Cooperating in any investigation or other compliance action, or testifying in any proceeding under the DBA, Related Acts, this part, or [29 CFR part 1](#) or [3](#); or

d. Informing any other person about their rights under the DBA, Related Acts, this part, or [29 CFR part 1](#) or [3](#).

V. CONTRACT WORK HOURS AND SAFETY STANDARDS ACT

Pursuant to 29 CFR 5.5(b), the following clauses apply to any Federal-aid construction contract in an amount in excess of \$100,000 and subject to the overtime provisions of the Contract Work Hours and Safety Standards Act. These clauses shall be inserted in addition to the clauses required by 29 CFR 5.5(a) or 29 CFR 4.6. As used in this paragraph, the terms laborers and mechanics include watchpersons and guards.

1. Overtime requirements. No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek. 29 CFR 5.5.

2. Violation; liability for unpaid wages; liquidated damages. In the event of any violation of the clause set forth in paragraph 1. of this section the contractor and any subcontractor responsible therefor shall be liable for the unpaid wages and interest from the date of the underpayment. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or

mechanic, including watchpersons and guards, employed in violation of the clause set forth in paragraph 1. of this section, in the sum currently provided in 29 CFR 5.5(b)(2)* for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph 1. of this section.

* \$31 as of January 15, 2023 (See 88 FR 88 FR 2210) as may be adjusted annually by the Department of Labor, pursuant to the Federal Civil Penalties Inflation Adjustment Act of 1990.

3. Withholding for unpaid wages and liquidated damages

a. *Withholding process.* The FHWA or the contracting agency may, upon its own action, or must, upon written request of an authorized representative of the Department of Labor, withhold or cause to be withheld from the contractor so much of the accrued payments or advances as may be considered necessary to satisfy the liabilities of the prime contractor or any subcontractor for any unpaid wages; monetary relief, including interest; and liquidated damages required by the clauses set forth in this section on this contract, any other Federal contract with the same prime contractor, or any other federally assisted contract subject to the Contract Work Hours and Safety Standards Act that is held by the same prime contractor (as defined in § 5.2). The necessary funds may be withheld from the contractor under this contract, any other Federal contract with the same prime contractor, or any other federally assisted contract that is subject to the Contract Work Hours and Safety Standards Act and is held by the same prime contractor, regardless of whether the other contract was awarded or assisted by the same agency, and such funds may be used to satisfy the contractor liability for which the funds were withheld.

b. *Priority to withheld funds.* The Department has priority to funds withheld or to be withheld in accordance with Section IV paragraph 2.a. or paragraph 3.a. of this section, or both, over claims to those funds by:

- (1) A contractor's surety(ies), including without limitation performance bond sureties and payment bond sureties;
- (2) A contracting agency for its procurement costs;
- (3) A trustee(s) (either a court-appointed trustee or a U.S. trustee, or both) in bankruptcy of a contractor, or a contractor's bankruptcy estate;
- (4) A contractor's assignee(s);
- (5) A contractor's successor(s); or
- (6) A claim asserted under the Prompt Payment Act, [31 U.S.C. 3901](#)–3907.

4. **Subcontracts.** The contractor or subcontractor must insert in any subcontracts the clauses set forth in paragraphs 1. through 5. of this section and a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor is responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in paragraphs 1. through 5. In the

event of any violations of these clauses, the prime contractor and any subcontractor(s) responsible will be liable for any unpaid wages and monetary relief, including interest from the date of the underpayment or loss, due to any workers of lower-tier subcontractors, and associated liquidated damages and may be subject to debarment, as appropriate.

5. **Anti-retaliation.** It is unlawful for any person to discharge, demote, intimidate, threaten, restrain, coerce, blacklist, harass, or in any other manner discriminate against, or to cause any person to discharge, demote, intimidate, threaten, restrain, coerce, blacklist, harass, or in any other manner discriminate against, any worker or job applicant for:

- a. Notifying any contractor of any conduct which the worker reasonably believes constitutes a violation of the Contract Work Hours and Safety Standards Act (CWHSSA) or its implementing regulations in this part;
- b. Filing any complaint, initiating or causing to be initiated any proceeding, or otherwise asserting or seeking to assert on behalf of themselves or others any right or protection under CWHSSA or this part;
- c. Cooperating in any investigation or other compliance action, or testifying in any proceeding under CWHSSA or this part; or
- d. Informing any other person about their rights under CWHSSA or this part.

VI. SUBLETTING OR ASSIGNING THE CONTRACT

This provision is applicable to all Federal-aid construction contracts on the National Highway System pursuant to 23 CFR 635.116.

1. The contractor shall perform with its own organization contract work amounting to not less than 30 percent (or a greater percentage if specified elsewhere in the contract) of the total original contract price, excluding any specialty items designated by the contracting agency. Specialty items may be performed by subcontract and the amount of any such specialty items performed may be deducted from the total original contract price before computing the amount of work required to be performed by the contractor's own organization (23 CFR 635.116).

a. The term "perform work with its own organization" in paragraph 1 of Section VI refers to workers employed or leased by the prime contractor, and equipment owned or rented by the prime contractor, with or without operators. Such term does not include employees or equipment of a subcontractor or lower tier subcontractor, agents of the prime contractor, or any other assignees. The term may include payments for the costs of hiring leased employees from an employee leasing firm meeting all relevant Federal and State regulatory requirements. Leased employees may only be included in this term if the prime contractor meets all of the following conditions: (based on longstanding interpretation)

- (1) the prime contractor maintains control over the supervision of the day-to-day activities of the leased employees;
- (2) the prime contractor remains responsible for the quality of the work of the leased employees;

(3) the prime contractor retains all power to accept or exclude individual employees from work on the project; and

(4) the prime contractor remains ultimately responsible for the payment of predetermined minimum wages, the submission of payrolls, statements of compliance and all other Federal regulatory requirements.

b. "Specialty Items" shall be construed to be limited to work that requires highly specialized knowledge, abilities, or equipment not ordinarily available in the type of contracting organizations qualified and expected to bid or propose on the contract as a whole and in general are to be limited to minor components of the overall contract. 23 CFR 635.102.

2. Pursuant to 23 CFR 635.116(a), the contract amount upon which the requirements set forth in paragraph (1) of Section VI is computed includes the cost of material and manufactured products which are to be purchased or produced by the contractor under the contract provisions.

3. Pursuant to 23 CFR 635.116(c), the contractor shall furnish (a) a competent superintendent or supervisor who is employed by the firm, has full authority to direct performance of the work in accordance with the contract requirements, and is in charge of all construction operations (regardless of who performs the work) and (b) such other of its own organizational resources (supervision, management, and engineering services) as the contracting officer determines is necessary to assure the performance of the contract.

4. No portion of the contract shall be sublet, assigned or otherwise disposed of except with the written consent of the contracting officer, or authorized representative, and such consent when given shall not be construed to relieve the contractor of any responsibility for the fulfillment of the contract. Written consent will be given only after the contracting agency has assured that each subcontract is evidenced in writing and that it contains all pertinent provisions and requirements of the prime contract. (based on long-standing interpretation of 23 CFR 635.116).

5. The 30-percent self-performance requirement of paragraph (1) is not applicable to design-build contracts; however, contracting agencies may establish their own self-performance requirements. 23 CFR 635.116(d).

VII. SAFETY: ACCIDENT PREVENTION

This provision is applicable to all Federal-aid construction contracts and to all related subcontracts.

1. In the performance of this contract the contractor shall comply with all applicable Federal, State, and local laws governing safety, health, and sanitation (23 CFR Part 635). The contractor shall provide all safeguards, safety devices and protective equipment and take any other needed actions as it determines, or as the contracting officer may determine, to be reasonably necessary to protect the life and health of employees on the job and the safety of the public and to protect property in connection with the performance of the work covered by the contract. 23 CFR 635.108.

2. It is a condition of this contract, and shall be made a condition of each subcontract, which the contractor enters into pursuant to this contract, that the contractor and any subcontractor shall not permit any employee, in performance of the contract, to work in surroundings or under conditions which are unsanitary, hazardous or dangerous to his/her health or safety, as determined under construction safety and

health standards (29 CFR Part 1926) promulgated by the Secretary of Labor, in accordance with Section 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 3704). 29 CFR 1926.10.

3. Pursuant to 29 CFR 1926.3, it is a condition of this contract that the Secretary of Labor or authorized representative thereof, shall have right of entry to any site of contract performance to inspect or investigate the matter of compliance with the construction safety and health standards and to carry out the duties of the Secretary under Section 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 3704).

VIII. FALSE STATEMENTS CONCERNING HIGHWAY PROJECTS

This provision is applicable to all Federal-aid construction contracts and to all related subcontracts.

In order to assure high quality and durable construction in conformity with approved plans and specifications and a high degree of reliability on statements and representations made by engineers, contractors, suppliers, and workers on Federal-aid highway projects, it is essential that all persons concerned with the project perform their functions as carefully, thoroughly, and honestly as possible. Willful falsification, distortion, or misrepresentation with respect to any facts related to the project is a violation of Federal law. To prevent any misunderstanding regarding the seriousness of these and similar acts, Form FHWA-1022 shall be posted on each Federal-aid highway project (23 CFR Part 635) in one or more places where it is readily available to all persons concerned with the project:

18 U.S.C. 1020 reads as follows:

"Whoever, being an officer, agent, or employee of the United States, or of any State or Territory, or whoever, whether a person, association, firm, or corporation, knowingly makes any false statement, false representation, or false report as to the character, quality, quantity, or cost of the material used or to be used, or the quantity or quality of the work performed or to be performed, or the cost thereof in connection with the submission of plans, maps, specifications, contracts, or costs of construction on any highway or related project submitted for approval to the Secretary of Transportation; or

Whoever knowingly makes any false statement, false representation, false report or false claim with respect to the character, quality, quantity, or cost of any work performed or to be performed, or materials furnished or to be furnished, in connection with the construction of any highway or related project approved by the Secretary of Transportation; or

Whoever knowingly makes any false statement or false representation as to material fact in any statement, certificate, or report submitted pursuant to provisions of the Federal-aid Roads Act approved July 11, 1916, (39 Stat. 355), as amended and supplemented;

Shall be fined under this title or imprisoned not more than 5 years or both."

IX. IMPLEMENTATION OF CLEAN AIR ACT AND FEDERAL WATER POLLUTION CONTROL ACT (42 U.S.C. 7606; 2 CFR 200.88; EO 11738)

This provision is applicable to all Federal-aid construction contracts in excess of \$150,000 and to all related subcontracts. 48 CFR 2.101; 2 CFR 200.327.

By submission of this bid/proposal or the execution of this contract or subcontract, as appropriate, the bidder, proposer, Federal-aid construction contractor, subcontractor, supplier, or vendor agrees to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal Highway Administration and the Regional Office of the Environmental Protection Agency. 2 CFR Part 200, Appendix II.

The contractor agrees to include or cause to be included the requirements of this Section in every subcontract, and further agrees to take such action as the contracting agency may direct as a means of enforcing such requirements. 2 CFR 200.327.

X. CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION

This provision is applicable to all Federal-aid construction contracts, design-build contracts, subcontracts, lower-tier subcontracts, purchase orders, lease agreements, consultant contracts or any other covered transaction requiring FHWA approval or that is estimated to cost \$25,000 or more – as defined in 2 CFR Parts 180 and 1200. 2 CFR 180.220 and 1200.220.

1. Instructions for Certification – First Tier Participants:

a. By signing and submitting this proposal, the prospective first tier participant is providing the certification set out below.

b. The inability of a person to provide the certification set out below will not necessarily result in denial of participation in this covered transaction. The prospective first tier participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective first tier participant to furnish a certification or an explanation shall disqualify such a person from participation in this transaction. 2 CFR 180.320.

c. The certification in this clause is a material representation of fact upon which reliance was placed when the contracting agency determined to enter into this transaction. If it is later determined that the prospective participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the contracting agency may terminate this transaction for cause of default. 2 CFR 180.325.

d. The prospective first tier participant shall provide immediate written notice to the contracting agency to whom this proposal is submitted if any time the prospective first tier participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances. 2 CFR 180.345 and 180.350.

e. The terms "covered transaction," "debarred," "suspended," "ineligible," "participant," "person," "principal," and "voluntarily excluded," as used in this clause, are defined in 2 CFR Parts 180, Subpart I, 180.900-180.1020, and 1200. "First Tier Covered Transactions" refers to any covered transaction between a recipient or subrecipient of Federal funds and a participant (such as the prime or general contract). "Lower Tier Covered Transactions" refers to any covered transaction under a First Tier Covered Transaction (such as subcontracts). "First Tier Participant" refers to the participant who has entered into a covered transaction with a recipient or subrecipient of Federal funds (such as the prime or general contractor). "Lower Tier Participant" refers any participant who has entered into a covered transaction with a First Tier Participant or other Lower Tier Participants (such as subcontractors and suppliers).

f. The prospective first tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction. 2 CFR 180.330.

g. The prospective first tier participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transactions," provided by the department or contracting agency, entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions exceeding the \$25,000 threshold. 2 CFR 180.220 and 180.300.

h. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. 2 CFR 180.300; 180.320, and 180.325. A participant is responsible for ensuring that its principals are not suspended, debarred, or otherwise ineligible to participate in covered transactions. 2 CFR 180.335. To verify the eligibility of its principals, as well as the eligibility of any lower tier prospective participants, each participant may, but is not required to, check the System for Award Management website (<https://www.sam.gov/>). 2 CFR 180.300, 180.320, and 180.325.

i. Nothing contained in the foregoing shall be construed to require the establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of the prospective participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

j. Except for transactions authorized under paragraph (f) of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default. 2 CFR 180.325.

* * * * *

2. Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – First Tier Participants:

a. The prospective first tier participant certifies to the best of its knowledge and belief, that it and its principals:

(1) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participating in covered transactions by any Federal department or agency, 2 CFR 180.335;.

(2) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property, 2 CFR 180.800;

(3) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (a)(2) of this certification, 2 CFR 180.700 and 180.800; and

(4) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default. 2 CFR 180.335(d).

(5) Are not a corporation that has been convicted of a felony violation under any Federal law within the two-year period preceding this proposal (USDOT Order 4200.6 implementing appropriations act requirements); and

(6) Are not a corporation with any unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted, or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability (USDOT Order 4200.6 implementing appropriations act requirements).

b. Where the prospective participant is unable to certify to any of the statements in this certification, such prospective participant should attach an explanation to this proposal. 2 CFR 180.335 and 180.340.

3. Instructions for Certification - Lower Tier Participants:

(Applicable to all subcontracts, purchase orders, and other lower tier transactions requiring prior FHWA approval or estimated to cost \$25,000 or more - 2 CFR Parts 180 and 1200). 2 CFR 180.220 and 1200.220.

a. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.

b. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department, or agency with which

this transaction originated may pursue available remedies, including suspension and/or debarment.

c. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous by reason of changed circumstances. 2 CFR 180.365.

d. The terms "covered transaction," "debarred," "suspended," "ineligible," "participant," "person," "principal," and "voluntarily excluded," as used in this clause, are defined in 2 CFR Parts 180, Subpart I, 180.900 – 180.1020, and 1200. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations. "First Tier Covered Transactions" refers to any covered transaction between a recipient or subrecipient of Federal funds and a participant (such as the prime or general contractor). "Lower Tier Covered Transactions" refers to any covered transaction under a First Tier Covered Transaction (such as subcontracts). "First Tier Participant" refers to the participant who has entered into a covered transaction with a recipient or subrecipient of Federal funds (such as the prime or general contractor). "Lower Tier Participant" refers any participant who has entered into a covered transaction with a First Tier Participant or other Lower Tier Participants (such as subcontractors and suppliers).

e. The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated. 2 CFR 1200.220 and 1200.332.

f. The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions exceeding the \$25,000 threshold. 2 CFR 180.220 and 1200.220.

g. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant is responsible for ensuring that its principals are not suspended, debarred, or otherwise ineligible to participate in covered transactions. To verify the eligibility of its principals, as well as the eligibility of any lower tier prospective participants, each participant may, but is not required to, check the System for Award Management website (<https://www.sam.gov/>), which is compiled by the General Services Administration. 2 CFR 180.300, 180.320, 180.330, and 180.335.

h. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

i. Except for transactions authorized under paragraph e of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily

excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment. 2 CFR 180.325.

* * * * *

4. Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Participants:

a. The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals:

(1) is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participating in covered transactions by any Federal department or agency, 2 CFR 180.355;

(2) is a corporation that has been convicted of a felony violation under any Federal law within the two-year period preceding this proposal (USDOT Order 4200.6 implementing appropriations act requirements); and

(3) is a corporation with any unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted, or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability. (USDOT Order 4200.6 implementing appropriations act requirements)

b. Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant should attach an explanation to this proposal.

* * * * *

XI. CERTIFICATION REGARDING USE OF CONTRACT FUNDS FOR LOBBYING

This provision is applicable to all Federal-aid construction contracts and to all related subcontracts which exceed \$100,000. 49 CFR Part 20, App. A.

1. The prospective participant certifies, by signing and submitting this bid or proposal, to the best of his or her knowledge and belief, that:

a. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any Federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

b. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any Federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or

cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

2. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

3. The prospective participant also agrees by submitting its bid or proposal that the participant shall require that the language of this certification be included in all lower tier subcontracts, which exceed \$100,000 and that all such recipients shall certify and disclose accordingly.

XII. USE OF UNITED STATES-FLAG VESSELS:

This provision is applicable to all Federal-aid construction contracts, design-build contracts, subcontracts, lower-tier subcontracts, purchase orders, lease agreements, or any other covered transaction. 46 CFR Part 381.

This requirement applies to material or equipment that is acquired for a specific Federal-aid highway project. 46 CFR 381.7. It is not applicable to goods or materials that come into inventories independent of an FHWA funded-contract.

When oceanic shipments (or shipments across the Great Lakes) are necessary for materials or equipment acquired for a specific Federal-aid construction project, the bidder, proposer, contractor, subcontractor, or vendor agrees:

1. To utilize privately owned United States-flag commercial vessels to ship at least 50 percent of the gross tonnage (computed separately for dry bulk carriers, dry cargo liners, and tankers) involved, whenever shipping any equipment, material, or commodities pursuant to this contract, to the extent such vessels are available at fair and reasonable rates for United States-flag commercial vessels. 46 CFR 381.7.

2. To furnish within 20 days following the date of loading for shipments originating within the United States or within 30 working days following the date of loading for shipments originating outside the United States, a legible copy of a rated, 'on-board' commercial ocean bill-of-lading in English for each shipment of cargo described in paragraph (b)(1) of this section to both the Contracting Officer (through the prime contractor in the case of subcontractor bills-of-lading) and to the Office of Cargo and Commercial Sealift (MAR-620), Maritime Administration, Washington, DC 20590. (MARAD requires copies of the ocean carrier's (master) bills of lading, certified onboard, dated, with rates and charges. These bills of lading may contain business sensitive information and therefore may be submitted directly to MARAD by the Ocean Transportation Intermediary on behalf of the contractor). 46 CFR 381.7.

**ATTACHMENT A - EMPLOYMENT AND MATERIALS
PREFERENCE FOR APPALACHIAN DEVELOPMENT
HIGHWAY SYSTEM OR APPALACHIAN LOCAL ACCESS
ROAD CONTRACTS (23 CFR 633, Subpart B, Appendix B)**
This provision is applicable to all Federal-aid projects funded
under the Appalachian Regional Development Act of 1965.

1. During the performance of this contract, the contractor undertaking to do work which is, or reasonably may be, done as on-site work, shall give preference to qualified persons who regularly reside in the labor area as designated by the DOL wherein the contract work is situated, or the subregion, or the Appalachian counties of the State wherein the contract work is situated, except:

a. To the extent that qualified persons regularly residing in the area are not available.

b. For the reasonable needs of the contractor to employ supervisory or specially experienced personnel necessary to assure an efficient execution of the contract work.

c. For the obligation of the contractor to offer employment to present or former employees as the result of a lawful collective bargaining contract, provided that the number of nonresident persons employed under this subparagraph (1c) shall not exceed 20 percent of the total number of employees employed by the contractor on the contract work, except as provided in subparagraph (4) below.

2. The contractor shall place a job order with the State Employment Service indicating (a) the classifications of the laborers, mechanics and other employees required to perform the contract work, (b) the number of employees required in each classification, (c) the date on which the participant estimates such employees will be required, and (d) any other pertinent information required by the State Employment Service to complete the job order form. The job order may be placed with the State Employment Service in writing or by telephone. If during the course of the contract work, the information submitted by the contractor in the original job order is substantially modified, the participant shall promptly notify the State Employment Service.

3. The contractor shall give full consideration to all qualified job applicants referred to him by the State Employment Service. The contractor is not required to grant employment to any job applicants who, in his opinion, are not qualified to perform the classification of work required.

4. If, within one week following the placing of a job order by the contractor with the State Employment Service, the State Employment Service is unable to refer any qualified job applicants to the contractor, or less than the number requested, the State Employment Service will forward a certificate to the contractor indicating the unavailability of applicants. Such certificate shall be made a part of the contractor's permanent project records. Upon receipt of this certificate, the contractor may employ persons who do not normally reside in the labor area to fill positions covered by the certificate, notwithstanding the provisions of subparagraph (1c) above.

5. The provisions of 23 CFR 633.207(e) allow the contracting agency to provide a contractual preference for the use of mineral resource materials native to the Appalachian region.

6. The contractor shall include the provisions of Sections 1 through 4 of this Attachment A in every subcontract for work which is, or reasonably may be, done as on-site work.

EXHIBIT J

ADDITIONAL FEDERAL REQUIREMENTS

Federal laws and regulations that may be applicable to the Work include:

Executive Order 11246

Executive Order 11246 of September 24, 1965 entitled "Equal Employment Opportunity," as amended by Executive Order 11375 of October 13, 1967 and as supplemented in Department of Labor regulations (41 CFR Chapter 60) (All construction contracts awarded in excess of \$10,000 by the Local Agencies and their contractors or the Local Agencies).

Copeland "Anti-Kickback" Act

The Copeland "Anti-Kickback" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR Part 3) (All contracts and sub-Agreements for construction or repair).

Davis-Bacon Act

The Davis-Bacon Act (40 U.S.C. 276a to a-7) as supplemented by Department of Labor regulations (29 CFR Part 5) (Construction contracts in excess of \$2,000 awarded by the Local Agencies and the Local Agencies when required by Federal Agreement program legislation. This act requires that all laborers and mechanics employed by contractors or sub-contractors to work on construction projects financed by federal assistance must be paid wages not less than those established for the locality of the project by the Secretary of Labor).

Contract Work Hours and Safety Standards Act

Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulations (29 CFR Part 5). (Construction contracts awarded by the Local Agency's in excess of \$2,000, and in excess of \$2,500 for other contracts which involve the employment of mechanics or laborers).

Clean Air Act

Standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 1857(h), section 508 of the Clean Water Act (33 U.S.C. 1368). Executive Order 11738, and Environmental Protection Agency regulations (40 CFR Part 15) (contracts, subcontracts, and sub-Agreements of amounts more than \$100,000).

Energy Policy and Conservation Act

Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Pub. L. 94-163).

OMB Circulars

Office of Management and Budget Circulars A-87, A-21 or A-122, and A-102 or A-110, whichever is applicable.

Hatch Act

The Hatch Act (5 USC 1501-1508) and Public Law 95-454 Section 4728. These statutes state that federal funds cannot be used for partisan political purposes of any kind by any person or organization involved in the administration of federally assisted programs.

Nondiscrimination

The Local Agency shall not exclude from participation in, deny the benefits of, or subject to discrimination any person in the United States on the ground of race, color national origin, sex, age or disability. Prior to thereceipt of any Federal financial assistance from CDOT, the Local Agency shall execute the attached Standard DOT Title VI assurance. As appropriate, the Local Agency shall include Appendix A, B, or C to the Standard DOT Title VI assurance

in any contract utilizing federal funds, land, or other aid. The Local Agency shall also include the following in all contract advertisements:

The [Local Agency], in accordance with the provisions of Title VI of the Civil Rights Act of 1964 (79 Stat. 252, 42 U.S.C. §§ 2000d to 2000d-4) and the Regulations, hereby notifies all bidders that it will affirmatively ensure that any contract entered into pursuant to this advertisement, DBEs will be afforded full and fair opportunity to submit bids in response to this invitation and will not be discriminated against on the grounds of race, color, or national origin in consideration for any award.

ADA

In any contract utilizing federal funds, land, or other federal aid, the Local Agency shall require the federal- aid recipient or contractor to provide a statement of written assurance that they will comply with Section 504 and not discriminate on the basis of disability.

Uniform Relocation Assistance and Real Property Acquisition Policies Act

The Uniform Relocation Assistance and Real Property Acquisition Policies Act, as amended (Public Law 91-646, as amended and Public Law 100-17, 101 Stat. 246-256). (If the contractor is acquiring real property and displacing households or businesses in the performance of the Agreement).

Drug-Free Workplace Act

The Drug-Free Workplace Act (Public Law 100-690 Title V, subtitle D, 41 USC 701 et seq.).

Age Discrimination Act of 1975

The Age Discrimination Act of 1975, 42 U.S.C. Sections 6101 et. seq. and its implementing regulation, 45

C.F.R. Part 91; Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. 794, as amended, and implementing regulation 45 C.F.R. Part 84.

23 C.F.R. Part 172

23 C.F.R. Part 172, concerning "Administration of Engineering and Design Related Contracts".

23 C.F.R Part 633

23 C.F.R Part 633, concerning "Required Contract Provisions for Federal-Aid Construction Contracts".

23 C.F.R. Part 635

23 C.F.R. Part 635, concerning "Construction and Maintenance Provisions".

Title VI of the Civil Rights Act of 1964 and 162(a) of the Federal Aid Highway Act of 1973

Title VI of the Civil Rights Act of 1964 and 162(a) of the Federal Aid Highway Act of 1973.

The requirements for which are shown in the Nondiscrimination Provisions, which are attached hereto and made a part hereof.

Nondiscrimination Provisions:

In compliance with Title VI of the Civil Rights Act of 1964 and with Section 162(a) of the Federal Aid Highway Act of 1973, the Contractor, for itself, its assignees, and successors in interest, agree as follows:

i. Compliance with Regulations

The Contractor will comply with the Regulations of the Department of Transportation relative to nondiscrimination in Federally assisted programs of the Department of Transportation (Title 49, Code of Federal Regulations, Part 21, hereinafter referred to as the "Regulations"), which are herein incorporated by reference and made a part of this Agreement.

ii. Nondiscrimination

The Contractor, with regard to the work performed by it after award and prior to

completion of the contract work, will not discriminate on the ground of race, color, sex, mental or physical handicap or national origin in the selection and retention of Subcontractors, including procurement of materials and leases of equipment. The Contractor will not participate either directly or indirectly in the discrimination prohibited by Section 21.5 of the Regulations, including employment practices when the contract covers a program set forth in Appendix C of the Regulations.

iii. Solicitations for Subcontracts, Including Procurement of Materials and Equipment

In all solicitations either by competitive bidding or negotiation made by the Contractor for work to be performed under a subcontract, including procurement of materials or equipment, each potential Subcontractor or supplier shall be notified by the Contractor of the Contractor's obligations under this Agreement and the Regulations relative to nondiscrimination on the ground of race, color, sex, mental or physical handicap or national origin.

iv. Information and Reports

The Contractor will provide all information and reports required by the Regulations, or orders and instructions issued pursuant thereto and will permit access to its books, records, accounts, other sources of information and its facilities as may be determined by the State or the FHWA to be pertinent to ascertain compliance with such Regulations, orders, and instructions. Where any information required of the Contractor is in the exclusive possession of another who fails or refuses to furnish this information, the Contractor shall so certify to the State, or the FHWA as appropriate and shall set forth what efforts have been made to obtain the information.

v. Sanctions for Noncompliance

In the event of the Contractor's noncompliance with the nondiscrimination provisions of this Agreement, the State shall impose such contract sanctions as it or the FHWA may determine to be appropriate, including, but not limited to: **a.** Withholding of payments to the Contractor under the contract until the Contractor complies, and/or **b.** Cancellation, termination or suspension of the contract, in whole or in part.

Incorporation of Provisions §22

The Contractor will include the provisions of this Exhibit J in every subcontract, including procurement of materials and leases of equipment, unless exempt by the Regulations, orders, or instructions issued pursuant thereto. The Contractor will take such action with respect to any subcontract or procurement as the State or the FHWA may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that, in the event the Contractor becomes involved in, or is threatened with, litigation with a Subcontractor or supplier as a result of such direction, the Contractor may request the State to enter into such litigation to protect the interest of the State and in addition, the Contractor may request the FHWA to enter into such litigation to protect the interests of the United States.

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SAMPLE

The United States Department of Transportation (USDOT) Standard Title VI/Non-Discrimination

Assurances for Local Agencies

DOT Order No. 1050.2A

The [Local Agency] (herein referred to as the "Recipient"), **HEREBY AGREES THAT**, as a condition to receiving any Federal financial assistance from the U.S. Department of Transportation (DOT), through the Colorado Department of Transportation and the Federal Highway Administration (FHWA), Federal Transit Administration (FTA), and Federal Aviation Administration (FAA), is subject to and will comply with the following:

Statutory/Regulatory Authorities

- Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq., 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
- 49 C.F.R. Part 21 (entitled Non-discrimination In Federally-Assisted Programs Of The Department Of Transportation-Effectuation Of Title VI Of The Civil Rights Act Of 1964);
- 28 C.F.R. section 50.3 (U.S. Department of Justice Guidelines for Enforcement of Title VI of the Civil Rights Act of 1964);

The preceding statutory and regulatory cites hereinafter are referred to as the "Acts" and "Regulations," respectively.

General Assurances

In accordance with the Acts, the Regulations, and other pertinent directives, circulars, policy, memoranda, and/or guidance, the Recipient hereby gives assurance that it will promptly take any measures necessary to ensure that:

"No person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity, for which the Recipient receives Federal financial assistance from DOT, including the FHWA, FTA, or FAA.

The Civil Rights Restoration Act of 1987 clarified the original intent of Congress, with respect to Title VI and other Non-discrimination requirements (The Age Discrimination Act of 1975, and Section 504 of the Rehabilitation Act of 1973), by restoring the broad, institutional-wide scope and coverage of these non- discrimination statutes and requirements to include all programs and activities of the Recipient, so long as any portion of the program is Federally assisted.

Specific Assurances

More specifically, and without limiting the above general Assurance, the Recipient agrees with and gives the following Assurances with respect to its Federally assisted FHWA, FTA, and FAA assisted programs:

1. The Recipient agrees that each "activity," "facility," or "program," as defined in §§ 21.23(b) and 21.23(e) of 49 C.F.R. § 21 will be (with regard to an "activity") facilitated or will be (with regard to a "facility") operated or will be (with regard to a "program") conducted in compliance with all requirements imposed by, or pursuant to the Acts and the Regulations.
2. The Recipient will insert the following notification in all solicitations for bids, Requests for Proposals for work, or material subject to the Acts and the Regulations made in connection with all FHWA, FTA and FAA programs and, in adapted form, in all proposals for negotiated agreements regardless of funding source:
3. "The [Local Agency] in accordance with the provisions of Title VI of the Civil Rights Act of 1964 (78 Stat. 252, 42 U.S.C. §§ 2000d to 2000d-4) and the Regulations, hereby notifies all bidders that it will affirmatively ensure that any contract entered into pursuant to this advertisement, disadvantaged business enterprises will be afforded full and fair opportunity

4. to submit bids in response to this invitation and will not be discriminated against on the grounds of race, color, or national origin in consideration for an award."
5. The Recipient will insert the clauses of Appendix A and E of this Assurance in every contract or agreement subject to the Acts and the Regulations.
6. The Recipient will insert the clauses of Appendix B of this Assurance, as a covenant running with the land, in any deed from the United States effecting or recording a transfer of real property, structures, use, or improvements thereon or interest therein to a Recipient.
7. That where the Recipient receives Federal financial assistance to construct a facility, or part of a facility, the Assurance will extend to the entire facility and facilities operated in connection therewith.
8. That where the Recipient receives Federal financial assistance in the form, or for the acquisition of real property or an interest in real property, the Assurance will extend to rights to space on, over, or under such property.
9. That the Recipient will include the clauses set forth in Appendix C and Appendix D of this Assurance, as a covenant running with the land, in any future deeds, leases, licenses, permits, or similar instruments entered into by the Recipient with other parties:
 - a. for the subsequent transfer of real property acquired or improved under the applicable activity, project, or program; and
 - b. for the construction or use of, or access to, space on, over, or under real property acquired or improved under the applicable activity, project, or program.
10. That this Assurance obligates the Recipient for the period during which Federal financial assistance is extended to the program, except where the Federal financial assistance is to provide, or is in the form of, personal property, or real property, or interest therein, or structures or improvements thereon, in which case the Assurance obligates the Recipient, or any transferee for the longer of the following periods:
 - a. the period during which the property is used for a purpose for which the Federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits; or
 - b. the period during which the Recipient retains ownership or possession of the property.
11. The Recipient will provide for such methods of administration for the program as are found by the Secretary of Transportation or the official to whom he/she delegates specific authority to give reasonable guarantee that it, other recipients, sub-recipients, sub-grantees, contractors, subcontractors, consultants, transferees, successors in interest, and other participants of Federal financial assistance under such program will comply with all requirements imposed or pursuant to the Acts, the Regulations, and this Assurance.
12. The Recipient agrees that the United States has a right to seek judicial enforcement with regard to any matter arising under the Acts, the Regulations, and this Assurance.

By signing this ASSURANCE, the [Local Agency] also agrees to comply (and require any sub-recipients, sub-grantees, contractors, successors, transferees, and/or assignees to comply) with all applicable provisions governing the FHWA, FTA, and FAA's access to records, accounts, documents, information, facilities, and staff. You also recognize that you must comply with any program or compliance reviews, and/or complaint investigations conducted by CDOT, FHWA, FTA, or FAA. You must keep records, reports, and submit the material for review

upon request to CDOT, FHWA, FTA, or FAA, or its designee in a timely, complete, and accurate way. Additionally, you must comply with all other reporting, data collection, and evaluation requirements, as prescribed by law or detailed in program guidance.

[Local Agency] gives this ASSURANCE in consideration of and for obtaining any Federal grants, loans, contracts, agreements, property, and/or discounts, or other Federal-aid and Federal financial assistance extended after the date hereof to the recipients by the U.S. Department of Transportation under the FHWA, FTA, and FAA. This ASSURANCE is binding on [Local Agency], other recipients, sub-recipients, sub-grantees, contractors, subcontractors and their subcontractors', transferees, successors in interest, and any other participants in the FHWA, FTA, and FAA funded programs. The person(s) signing below is authorized to sign this ASSURANCE on behalf of the Recipient.

(Name of Recipient)

by _____
(Signature of Authorized Official)

DATED _____

APPENDIX A

During the performance of this contract, the contractor, for itself, its assignees, and successors in interest (hereinafter referred to as the "contractor") agrees as follows:

1. **Compliance with Regulations:** The contractor (hereinafter includes consultants) will comply with the Acts and the Regulations relative to Non-discrimination in Federally-assisted programs of the U.S. Department of Transportation, FHWA, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.
2. **Non-discrimination:** The contractor, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The contractor will not participate directly or indirectly in the discrimination prohibited by the Acts and the Regulations, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.
3. **Solicitations for Subcontracts, Including Procurements of Materials and Equipment:** In all solicitations, either by competitive bidding, or negotiation made by the contractor for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by the contractor of the contractor's obligations under this contract and the Acts and the Regulations relative to Non-discrimination on the grounds of race, color, or national origin.
4. **Information and Reports:** The contractor will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the [Local Agency], CDOT or FHWA to be pertinent to ascertain compliance with such Acts, Regulations, and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, the contractor will so certify to the [Local Agency], CDOT or FHWA, as appropriate, and will set forth what efforts it has made to obtain the information.
5. **Sanctions for Noncompliance:** In the event of a contractor's noncompliance with the non-discrimination provisions of this contract, the [Local Agency] will impose such contract sanctions as it, CDOT or FHWA may determine to be appropriate, including, but not limited to:
 - a. withholding payments to the contractor under the contract until the contractor complies; and/or
 - b. cancelling, terminating, or suspending a contract, in whole or in part.
6. **Incorporation of Provisions:** The contractor will include the provisions of paragraphs one through six in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. The contractor will take action with respect to any subcontract or procurement as the Recipient or the [Local Agency], CDOT or FHWA may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the contractor becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, the contractor may request the Recipient to enter into any litigation to protect the interests of the Recipient. In addition, the contractor may request the United States to enter into the litigation to protect the interests of the United States.

APPENDIX B

CLAUSES FOR DEEDS TRANSFERRING UNITED STATES PROPERTY

The following clauses will be included in deeds effecting or recording the transfer of real property, structures, or improvements thereon, or granting interest therein from the United States pursuant to the provisions of Assurance 4:

NOW, THEREFORE, the U.S. Department of Transportation as authorized by law and upon the condition that the [Local Agency] will accept title to the lands and maintain the project constructed thereon in accordance with (*Name of Appropriate Legislative Authority*), the Regulations for the Administration of (*Name of Appropriate Program*), and the policies and procedures prescribed by the FHWA of the U.S. Department of Transportation in accordance and in compliance with all requirements imposed by Title 49, Code of Federal Regulations, U.S. Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-discrimination in Federally-assisted programs of the U.S. Department of Transportation pertaining to and effectuating the provisions of Title VI of the Civil Rights Act of 1964 (78 Stat. 252; 42 U.S.C. § 2000d to 2000d-4), does hereby remise, release, quitclaim and convey unto the [Local Agency] all the right, title and interest of the U.S. Department of Transportation in and to said lands described in Exhibit A attached hereto and made a part hereof.

(HABENDUM CLAUSE)

TO HAVE AND TO HOLD said lands and interests therein unto [Local Agency] and its successors forever, subject, however, to the covenants, conditions, restrictions and reservations herein contained as follows, which will remain in effect for the period during which the real property or structures are used for a purpose for which Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits and will be binding on the [Local Agency] its successors and assigns.

The [Local Agency], in consideration of the conveyance of said lands and interests in lands, does hereby covenant and agree as a covenant running with the land for itself, its successors and assigns, that (1) no person will on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination with regard to any facility located wholly or in part on, over, or under such lands hereby conveyed [,] [and]* (2) that the [Local Agency] will use the lands and interests in lands and interests in lands so conveyed, in compliance with all requirements imposed by or pursuant to Title 49, Code of Federal Regulations, U.S. Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-discrimination in Federally-assisted programs of the U.S. Department of Transportation, Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations and Acts may be amended [, and (3) that in the event of breach of any of the above-mentioned non-discrimination conditions, the Department will have a right to enter or re-enter said lands and facilities on said land, and that above described land and facilities will thereon revert to and vest in and become the absolute property of the U.S. Department of Transportation and its assigns as such interest existed prior to this instruction].*

(*Reverter clause and related language to be used only when it is determined that such a clause is necessary to make clear the purpose of Title VI.)

APPENDIX C

CLAUSES FOR TRANSFER OF REAL PROPERTY ACQUIRED OR IMPROVED UNDER THE ACTIVITY, FACILITY, OR PROGRAM

The following clauses will be included in deeds, licenses, leases, permits, or similar instruments entered into by the [Local Agency] pursuant to the provisions of Assurance 7(a):

- A. The (grantee, lessee, permittee, etc. as appropriate) for himself/herself, his/her heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree [in the case of deeds and leases add "as a covenant running with the land"] that:
 - 1. In the event facilities are constructed, maintained, or otherwise operated on the property described in this (deed, license, lease, permit, etc.) for a purpose for which a U.S. Department of Transportation activity, facility, or program is extended or for another purpose involving the provision of similar services or benefits, the (grantee, licensee, lessee, permittee, etc.) will maintain and operate such facilities and services in compliance with all requirements imposed by the Acts and Regulations (as may be amended) such that no person on the grounds of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities.
- B. With respect to licenses, leases, permits, etc., in the event of breach of any of the above Non-discrimination covenants, [Local Agency] will have the right to terminate the (lease, license, permit, etc.) and to enter, re-enter, and repossess said lands and facilities thereon, and hold the same as if the (lease, license, permit, etc.) had never been made or issued. *
- C. With respect to a deed, in the event of breach of any of the above Non-discrimination covenants, the [Local Agency] will have the right to enter or re-enter the lands and facilities thereon, and the above described lands and facilities will there upon revert to and vest in and become the absolute property of the [Local Agency] and its assigns. *

(*Reverter clause and related language to be used only when it is determined that such a clause is necessary to make clear the purpose of Title VI.)

APPENDIX D

CLAUSES FOR CONSTRUCTION/USE/ACCESS TO REAL PROPERTY ACQUIRED UNDER THE ACTIVITY, FACILITY OR PROGRAM

The following clauses will be included in deeds, licenses, permits, or similar instruments/agreements entered into by [Local Agency] pursuant to the provisions of Assurance 7(b):

- A. The (grantee, licensee, permittee, etc., as appropriate) for himself/herself, his/her heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree (in the case of deeds and leases add, "as a covenant running with the land") that (1) no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land, and the furnishing of services thereon, no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the (grantee, licensee, lessee, permittee, etc.) will use the premises in compliance with all other requirements imposed by or pursuant to the Acts and Regulations, as amended, set forth in this Assurance.
- B. With respect to (licenses, leases, permits, etc.), in the event of breach of any of the above Non- discrimination covenants, [Local Agency] will have the right to terminate the (license, permit, etc., as appropriate) and to enter or re-enter and repossess said land and the facilities thereon, and hold the same as if said (license, permit, etc., as appropriate) had never been made or issued. *
- C. With respect to deeds, in the event of breach of any of the above Non-discrimination covenants, [Local Agency] will there upon revert to and vest in and become the absolute property of [Local Agency] of Transportation and its assigns. *

(*Reverter clause and related language to be used only when it is determined that such a clause is necessary to make clear the purpose of Title VI.)

APPENDIX E

During the performance of this contract, the contractor, for itself, its assignees, and successors in interest (hereinafter referred to as the "contractor") agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:

Pertinent Non-Discrimination Authorities:

- Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq., 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin); and 49 CFR Part 21.
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- Federal-Aid Highway Act of 1973, (23 U.S.C. § 324 et seq.), (prohibits discrimination on the basis of sex);
- Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 et seq.), as amended, (prohibits discrimination on the basis of disability); and 49 CFR Part 27;
- The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 et seq.), (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982, (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms "programs or activities" to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- Titles II and III of the Americans with Disabilities Act, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131-12189) as implemented by Department of Transportation regulations at 49 C.F.R. parts 37 and 38;
- The Federal Aviation Administration's Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of Limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 et seq.).

EXHIBIT K

FFATA SUPPLEMENTAL FEDERAL PROVISIONS

State of Colorado Supplemental Provisions for Federally Funded Contracts, Grants, and Purchase Orders

Subject to

The Federal Funding Accountability and Transparency Act of 2006 (FFATA),

As Amended

Revised as of 3-20-13

The contract, grant, or purchase order to which these Supplemental Provisions are attached has been funded, in whole or in part, with an Award of Federal funds. In the event of a conflict between the provisions of these Supplemental Provisions, the Special Provisions, the contract or any attachments or exhibits incorporated into and made a part of the contract, the provisions of these Supplemental Provisions shall control.

1. **Definitions.** For the purposes of these Supplemental Provisions, the following terms shall have the meanings ascribed to them below.

- 1.1. **“Award”** means an award of Federal financial assistance that a non-Federal Entity receives or administers in the form of:

- 1.1.1. Grants;
- 1.1.2. Contracts;
- 1.1.3. Cooperative agreements, which do not include cooperative research and development agreements (CRDA) pursuant to the Federal Technology Transfer Act of 1986, as amended (15 U.S.C. 3710);
- 1.1.4. Loans;
- 1.1.5. Loan Guarantees;
- 1.1.6. Subsidies;
- 1.1.7. Insurance;
- 1.1.8. Food commodities;
- 1.1.9. Direct appropriations;
- 1.1.10. Assessed and voluntary contributions; and
- 1.1.11. Other financial assistance transactions that authorize the expenditure of Federal funds by non-Federal Entities.

Award *does not* include:

- 1.1.12. Technical assistance, which provides services in lieu of money;
- 1.1.13. A transfer of title to Federally-owned property provided in lieu of money; even if the award is called a grant;
- 1.1.14. Any award classified for security purposes; or
- 1.1.15. Any award funded in whole or in part with Recovery funds, as defined in section 1512 of the American Recovery and Reinvestment Act (ARRA) of 2009 (Public Law 111-5).

- 1.2. **“Contract”** means the contract to which these Supplemental

Provisions are attached and includes all Award types in §1.1.1 through 1.1.11 above.

- 1.3. **“Contractor”** means the party or parties to a Contract funded, in whole or in part, with Federal financial assistance, other than the Prime Recipient, and includes grantees, subgrantees, Subrecipients, and borrowers. For purposes of Transparency Act reporting, Contractor does not include Vendors.
- 1.4. **“Data Universal Numbering System (DUNS) Number”** means the nine-digit number established and assigned by Dun and Bradstreet, Inc. to uniquely identify a business entity. Dun and Bradstreet’s website may be found at: <http://fedgov.dnb.com/webform>.
- 1.5. **“Entity”** means all of the following as defined at 2 CFR part 25, subpart C;
 - 1.5.1. A governmental organization, which is a State, local government, or Indian Tribe;
 - 1.5.2. A foreign public entity;
 - 1.5.3. A domestic or foreign non-profit organization;
 - 1.5.4. A domestic or foreign for-profit organization; and
 - 1.5.5. A Federal agency, but only a Subrecipient under an Award or Subaward to a non-Federal entity.
- 1.6. **“Executive”** means an officer, managing partner or any other employee in a management position.
- 1.7. **“Federal Award Identification Number (FAIN)”** means an Award number assigned by a Federal agency to a Prime Recipient.
- 1.8. **“FFATA”** means the Federal Funding Accountability and Transparency Act of 2006 (Public Law 109- 282), as amended by §6202 of Public Law 110-252. FFATA, as amended, also is referred to as the “Transparency Act.”
- 1.9. **“Prime Recipient”** means a Colorado State agency or institution of higher education that receives an Award.
- 1.10. **“Subaward”** means a legal instrument pursuant to which a Prime Recipient of Award funds awards all or a portion of such funds to a Subrecipient, in exchange for the Subrecipient’s support in the performance of all or any portion of the substantive project or program for which the Award was granted.
- 1.11. **“Subrecipient”** means a non-Federal Entity (or a Federal agency under an Award or Subaward to a non- Federal Entity) receiving Federal funds through a Prime Recipient to support the performance of the Federal project or program for which the Federal funds were awarded. A Subrecipient is subject to the terms and conditions of the Federal Award to the Prime Recipient, including program compliance requirements. The term “Subrecipient” includes and may be referred to as Subgrantee.
- 1.12. **“Subrecipient Parent DUNS Number”** means the subrecipient

parent organization's 9-digit Data Universal Numbering System (DUNS) number that appears in the subrecipient's System for Award Management (SAM) profile, if applicable.

- 1.13. **"Supplemental Provisions"** means these Supplemental Provisions for Federally Funded Contracts, Grants, and Purchase Orders subject to the Federal Funding Accountability and Transparency Act of 2006, As Amended, as may be revised pursuant to ongoing guidance from the relevant Federal or State of Colorado agency or institution of higher education.
- 1.14. **"System for Award Management (SAM)"** means the Federal repository into which an Entity must enter the information required under the Transparency Act, which may be found at <http://www.sam.gov>.
- 1.15. **"Total Compensation"** means the cash and noncash dollar value earned by an Executive during the Prime Recipient's or Subrecipient's preceding fiscal year and includes the following:
 - 1.15.1. Salary and bonus;
 - 1.15.2. Awards of stock, stock options, and stock appreciation rights, using the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the Statement of Financial Accounting Standards No. 123 (Revised 2005) (FAS 123R), Shared Based Payments;
 - 1.15.3. Earnings for services under non-equity incentive plans, not including group life, health, hospitalization or medical reimbursement plans that do not discriminate in favor of Executives and are available generally to all salaried employees;
 - 1.15.4. Change in present value of defined benefit and actuarial pension plans;
 - 1.15.5. Above-market earnings on deferred compensation which is not tax-qualified;
 - 1.15.6. Other compensation, if the aggregate value of all such other compensation (e.g. severance, termination payments, value of life insurance paid on behalf of the employee, perquisites or property) for the Executive exceeds \$10,000.
- 1.16. **"Transparency Act"** means the Federal Funding Accountability and Transparency Act of 2006 (Public Law 109-282), as amended by §6202 of Public Law 110-252. The Transparency Act also is referred to as FFATA.
- 1.17. **"Vendor"** means a dealer, distributor, merchant or other seller providing property or services required for a project or program funded by an Award. A Vendor is not a Prime Recipient or a Subrecipient and is not subject to the terms and conditions of the Federal award. Program compliance requirements do not pass through to a Vendor.

2. **Compliance.** Contractor shall comply with all applicable provisions of the Transparency Act and the regulations issued pursuant thereto, including but not limited to these Supplemental Provisions. Any revisions to such provisions or regulations shall automatically become a part of these Supplemental Provisions, without the necessity of either party executing any further instrument. The State of Colorado may provide written notification to Contractor of such revisions, but such notice shall not be a condition precedent to the effectiveness of such revisions.
3. **System for Award Management (SAM) and Data Universal Numbering System (DUNS) Requirements.**
 - 3.1. **SAM.** Contractor shall maintain the currency of its information in SAM until the Contractor submits the final financial report required under the Award or receives final payment, whichever is later. Contractor shall review and update SAM information at least annually after the initial registration, and more frequently if required by changes in its information.
 - 3.2. **DUNS.** Contractor shall provide its DUNS number to its Prime Recipient, and shall update Contractor's information in Dun & Bradstreet, Inc. at least annually after the initial registration, and more frequently if required by changes in Contractor's information.
4. **Total Compensation.** Contractor shall include Total Compensation in SAM for each of its five most highly compensated Executives for the preceding fiscal year if:
 - 4.1. The total Federal funding authorized to date under the Award is \$25,000 or more; and
 - 4.2. In the preceding fiscal year, Contractor received:
 - 4.2.1. 80% or more of its annual gross revenues from Federal procurement contracts and subcontracts and/or Federal financial assistance Awards or Subawards subject to the Transparency Act; and
 - 4.2.2. \$25,000,000 or more in annual gross revenues from Federal procurement contracts and subcontracts and/or Federal financial assistance Awards or Subawards subject to the Transparency Act; and
 - 4.3. The public does not have access to information about the compensation of such Executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d) or § 6104 of the Internal Revenue Code of 1986.
5. **Reporting.** Contractor shall report data elements to SAM and to the Prime Recipient as required in §7 below if Contractor is a Subrecipient for the Award pursuant to the Transparency Act. No direct payment shall be made to Contractor for providing any reports required under these Supplemental

Provisions and the cost of producing such reports shall be included in the Contract price. The reporting requirements in §7 below are based on guidance from the US Office of Management and Budget (OMB), and as such are subject to change at any time by OMB. Any such changes shall be automatically incorporated into this Contract and shall become part of Contractor's obligations under this Contract, as provided in §2 above. The Colorado Office of the State Controller will provide summaries of revised OMB reporting requirements at <http://www.colorado.gov/dpa/dfp/sco/FFATA.htm>.

6. **Effective Date and Dollar Threshold for Reporting.** The effective date of these Supplemental Provisions apply to new Awards as of October 1, 2010. Reporting requirements in §7 below apply to new Awards as of October 1, 2010, if the initial award is \$25,000 or more. If the initial Award is below \$25,000 but subsequent Award modifications result in a total Award of \$25,000 or more, the Award is subject to the reporting requirements as of the date the Award exceeds \$25,000. If the initial Award is \$25,000 or more, but funding is subsequently de-obligated such that the total award amount falls below \$25,000, the Award shall continue to be subject to the reporting requirements.
7. **Subrecipient Reporting Requirements.** If Contractor is a Subrecipient, Contractor shall report as set forth below.
 - 7.1 **To SAM.** A Subrecipient shall register in SAM and report the following data elements in SAM *for each* Federal Award Identification Number no later than the end of the month following the month in which the Subaward was made:
 - 7.1.1 Subrecipient DUNS Number;
 - 7.1.2 Subrecipient DUNS Number + 4 if more than one electronic funds transfer (EFT) account;
 - 7.1.3 Subrecipient Parent DUNS Number;
 - 7.1.4 Subrecipient's address, including: Street Address, City, State, Country, Zip + 4, and Congressional District;
 - 7.1.5 Subrecipient's top 5 most highly compensated Executives if the criteria in §4 above are met; and
 - 7.1.6 Subrecipient's Total Compensation of top 5 most highly compensated Executives if criteria in §4 above met.
 - 7.2 **To Prime Recipient.** A Subrecipient shall report to its Prime Recipient, upon the effective date of the Contract, the following data elements:
 - 7.2.1 Subrecipient's DUNS Number as registered in SAM.
 - 7.2.2 Primary Place of Performance Information, including: Street Address, City, State, Country, Zipcode + 4, and

Congressional District.

8. Exemptions.

- 8.1. These Supplemental Provisions do not apply to an individual who receives an Award as a natural person, unrelated to any business or non-profit organization he or she may own or operate in his or her name.
- 8.2 A Contractor with gross income from all sources of less than \$300,000 in the previous tax year is exempt from the requirements to report Subawards and the Total Compensation of its most highly compensated Executives.
- 8.3 Effective October 1, 2010, "Award" currently means a grant, cooperative agreement, or other arrangements as defined in Section 1.1 of these Special Provisions. On future dates "Award" may include other items to be specified by OMB in policy memoranda available at the OMB Web site; Award also will include other types of Awards subject to the Transparency Act.
- 8.4 There are no Transparency Act reporting requirements for Vendors.

Event of Default. Failure to comply with these Supplemental Provisions shall constitute an event of default under the Contract and the State of Colorado may terminate the Contract upon 30 days prior written notice if the default remains uncured five calendar days following the termination of the 30 day notice period. This remedy will be in addition to any other remedy available to the State of Colorado under the Contract, at law or in equity.

EXHIBIT L

SAMPLE SUBRECIPIENT MONITORING AND RISK ASSESSMENT

	CDOT SUBRECIPIENT RISK ASSESSMENT	Date:		
Name of Entity (Subrecipient):				
Name of Project / Program:				
Estimated Award Period:				
Entity Executive Director or VP:				
Entity Chief Financial Officer:				
Entity Representative for this Self Assessment:				
Instructions: (See "Instructions" tab for more information) 1. Check only one box for each question. All questions are required to be answered. 2. Utilize the "Comment" section below the last question for additional responses. 3. When complete, check the box at the bottom of the form to authorize.		Yes	No	N/A
EXPERIENCE ASSESSMENT		Yes	No	N/A
1 Is your entity new to operating or managing federal funds (has not done so within the past three years)?		☐	☐	
2 Is this funding program new for your entity (managed for less than three years)? <i>Examples of funding programs include CMAQ, TAP, STP-M, etc.</i>		☐	☐	
3 Does your staff assigned to the program have at least three full years of experience with this federal program?		☐	☐	
MONITORING/AUDIT ASSESSMENT		Yes	No	N/A
4 Has your entity had an on-site project or grant review from an external entity (e.g., CDOT, FHWA) within the last three years?		☐	☐	☐
5 a) Were there non-compliance issues in this prior review?		☐	☐	☐
b) What were the number and extent of issues in prior review?		☐ 1 to 2	☐ >3	☐
OPERATION ASSESSMENT		Yes	No	N/A
6 Does your entity have a time and effort reporting system in place to account for 100% of all employees' time, that can provide a breakdown of the actual time spent on each funded project? <i>If No, in the comment section please explain how you intend to document 100% of hours worked by employees and breakdown of time spent on each funding project.</i>		☐	☐	
FINANCIAL ASSESSMENT		Yes	No	N/A
7 a) Does your entity have an indirect cost rate that is approved and current?		☐	☐	
b) If Yes, who approved the rate, and what date was it approved?				
8 Is this grant/award 10% or more of your entity's overall funding?		☐ >10%	☐ <10%	
9 Has your entity returned lapsed* funds? *Funds "lapse" when they are no longer available for obligation.		☐	☐	☐
10 Has your entity had difficulty meeting local match requirements in the last three years?		☐	☐	☐
11 What is the total federal funding your entity has been awarded for the last federal fiscal year, and what is your entity's fiscal year end?				

INTERNAL CONTROLS ASSESSMENT		Yes	No	N/A
12	Has your entity had any significant changes in key personnel or accounting system(s) in the last year? (e.g., Controller, Exec Director, Program Mgr, Accounting Mgr, etc.) If Yes, in the comment section, please identify the accounting system(s), and / or list personnel positions and identify any that are vacant.	☐	☐	☐
13	Does your entity have financial procedures and controls in place to accommodate a federal-aid project?	☐	☐	
14	Does your accounting system identify the receipts and expenditures of program funds separately for each award?	☐	☐	
15	Will your accounting system provide for the recording of expenditures for each award by the budget cost categories shown in the approved budget?	☐	☐	
16	Does your agency have a review process for all expenditures that will ensure that all costs are reasonable, allowable and allocated correctly to each funding source? If Yes, in the comment section, please explain your current process for reviewing costs.	☐	☐	☐
17	How many total FTE perform accounting functions within your organization?	☐ ≥ 6	☐ 2 to 5	☐ < 2
IMPACT ASSESSMENT		Yes	No	N/A
18	For this upcoming federal award or in the immediate future, does your entity have any potential conflicts of interest* in accordance with applicable Federal awarding agency policy? If Yes, please disclose these conflicts in writing, along with supporting information, and submit with this form. (*Any practices, activities or relationships that reasonably appear to be in conflict with the full performance of the Subrecipient's obligations to the State.)	☐	☐	
19	For this award, has your entity disclosed to CDOT, in writing, violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the award? Response options: YES = Check if have one or more violation(s) and have either disclosed previously to CDOT or as part of this form. In the comment section, list all violations with names of supporting documentation and submit with this form. NO = Check if have one or more violation(s) and have not disclosed previously or will not disclose as part of this form. Explain in the comment section. N/A = Check if have no violations.	☐	☐	☐
PROGRAM MANAGEMENT ASSESSMENT		Yes	No	N/A
20	Does your entity have a written process/procedure or certification statement approved by your governing board ensuring critical project personnel are capable of effectively managing Federal-aid projects? If Yes, please submit with this form.	☐	☐	☐
21	Does your entity have written procurement policies or certification statement for consultant selection approved by your governing board in compliance with 23 CFR 172*? If Yes, please submit with this form. (*The Brooks Act requires agencies to promote open competition by advertising, ranking, selecting, and negotiating contracts based on demonstrated competence and qualifications, at a fair and reasonable price.)	☐	☐	☐
22	a) Is your staff familiar with the relevant CDOT manuals and federal program requirements?	☐	☐	☐
	b) Does your entity have a written policy or a certification statement approved by your governing board assuring federal-aid projects will receive adequate inspections? If Yes, please submit with this form.	☐	☐	☐
	c) Does your entity have a written process or a certification statement approved by your governing board assuring a contractor's work will be completed in conformance with approved plans and specifications? If Yes, please submit with this form.	☐	☐	☐

d) Does your entity have a written policy or certification statement approved by your governing board assuring that materials installed on the projects are sampled and tested per approved processes. <i>If Yes, please submit with this form.</i>	☐	☐	☐
e) Does your entity have a written policy or certification statement approved by your governing board assuring that only US manufactured steel will be incorporated into the project (<i>Buy America requirements</i>)? <i>If Yes, please submit with this form.</i>	☐	☐	☐
Comments - As needed, include the question number and provide comments related to the above questions. Insert additional rows as needed.			
☐ By checking this box, the Executive Director, VP or Chief Financial Officer of this entity certifies that all information provided on this form is true and correct.  <i>Tool Version:</i> v2.0 (081816)			

EXHIBIT M

OMB UNIFORM GUIDANCE FOR FEDERAL AWARDS

Subject to

**The Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”),
Federal Register, Vol. 78, No. 248, 78590**

The agreement to which these Uniform Guidance Supplemental Provisions are attached has been funded, in whole or in part, with an award of Federal funds. In the event of a conflict between the provisions of these Supplemental Provisions, the Special Provisions, the agreement or any attachments or exhibits incorporated into and made a part of the agreement, the provisions of these Uniform Guidance Supplemental Provisions shall control. In the event of a conflict between the provisions of these Supplemental Provisions and the FFATA Supplemental Provisions, the FFATA Supplemental Provisions shall control.

- 1. Definitions.** For the purposes of these Supplemental Provisions, the following terms shall have the meanings ascribed to them below.
 - 1.1. “Award”** means an award by a Recipient to a Subrecipient funded in whole or in part by a Federal Award. The terms and conditions of the Federal Award flow down to the Award unless the terms and conditions of the Federal Award specifically indicate otherwise. 2 CFR §200.38
 - 1.2. “Federal Award”** means an award of Federal financial assistance or a cost-reimbursement contract under the Federal Acquisition Requirements by a Federal Awarding Agency to a Recipient. “Federal Award” also means an agreement setting forth the terms and conditions of the Federal Award. The term does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program.
 - 1.3. “Federal Awarding Agency”** means a Federal agency providing a Federal Award to a Recipient. 2 CFR §200.37
 - 1.4. “FFATA”** means the Federal Funding Accountability and Transparency Act of 2006 (Public Law 109-282), as amended by §6202 of Public Law 110-252.
 - 1.5. “Grant” or “Grant Agreement”** means an agreement setting forth the terms and conditions of an Award. The term does not include an agreement that provides only direct Federal cash assistance to an individual, a subsidy, a loan, a loan guarantee, insurance, or acquires property or services for the direct benefit of use of the Federal Awarding Agency or Recipient. 2 CFR §200.51.
 - 1.6. “OMB”** means the Executive Office of the President, Office of Management and Budget.
 - 1.7. “Recipient”** means a Colorado State department, agency or institution of higher education that receives a Federal Award from a Federal Awarding Agency to carry out an activity under a Federal program. The term does not include Subrecipients. 2 CFR §200.86
 - 1.8. “State”** means the State of Colorado, acting by and through its departments, agencies and institutions of higher education.

- 1.9. **“Subrecipient”** means a non-Federal entity receiving an Award from a Recipient to carry out part of a Federal program. The term does not include an individual who is a beneficiary of such program.
 - 1.10. **“Uniform Guidance”** means the Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, which supersedes requirements from OMB Circulars A-21, A-87, A-110, and A-122, OMB Circulars A-89, A-102, and A-133, and the guidance in Circular A-50 on Single Audit Act follow-up. The terms and conditions of the Uniform Guidance flow down to Awards to Subrecipients unless the Uniform Guidance or the terms and conditions of the Federal Award specifically indicate otherwise.
 - 1.11. **“Uniform Guidance Supplemental Provisions”** means these Supplemental Provisions for Federal Awards subject to the OMB Uniform Guidance, as may be revised pursuant to ongoing guidance from relevant Federal agencies or the Colorado State Controller.
2. **Compliance.** Subrecipient shall comply with all applicable provisions of the Uniform Guidance, including but not limited to these Uniform Guidance Supplemental Provisions. Any revisions to such provisions automatically shall become a part of these Supplemental Provisions, without the necessity of either party executing any further instrument. The State of Colorado may provide written notification to Subrecipient of such revisions, but such notice shall not be a condition precedent to the effectiveness of such revisions.
 3. **Procurement Standards.**
 - 3.1 **Procurement Procedures.** Subrecipient shall use its own documented procurement procedures which reflect applicable State, local, and Tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in the Uniform Guidance, including without limitation,

§§200.318 through 200.326 thereof.
 - 3.2 **Procurement of Recovered Materials.** If Subrecipient is a State Agency or an agency of a political subdivision of a state, its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.
 4. **Access to Records.** Subrecipient shall permit Recipient and auditors to have access to Subrecipient’s records and financial statements as necessary for Recipient to meet the requirements of §200.331 (Requirements for pass through entities), §§200.300 (Statutory and national policy requirements) through 200.309 (Period of performance), and Subpart F-Audit Requirements of the Uniform Guidance. 2 CFR §200.331(a)(5).
 5. **Single Audit Requirements.** If Subrecipient expends \$750,000 or more in Federal Awards during Subrecipient’s fiscal year, Subrecipient shall procure or arrange for a single or program-specific audit conducted for that year in accordance with the

provisions of Subpart F-Audit Requirements of the Uniform Guidance, issued pursuant to the Single Audit Act Amendments of 1996, (31 U.S.C. 7501-7507). 2 CFR §200.501.

5.1 Election. Subrecipient shall have a single audit conducted in accordance with Uniform Guidance §200.514 (Scope of audit), except when it elects to have a program-specific audit conducted in accordance with §200.507 (Program-specific audits). Subrecipient may elect to have a program-specific audit if Subrecipient expends Federal Awards under only one Federal program (excluding research and development) and the Federal program's statutes, regulations, or the terms and conditions of the Federal award do not require a financial statement audit of Recipient. A program-specific audit may not be elected for research and development unless all of the Federal Awards expended were received from Recipient and Recipient approves in advance a program-specific audit.

5.2 Exemption. If Subrecipient expends less than \$750,000 in Federal Awards during its fiscal year, Subrecipient shall be exempt from Federal audit requirements for that year, except as noted in 2 CFR §200.503 (Relation to other audit requirements), but records shall be available for review or audit by appropriate officials of the Federal agency, the State, and the Government Accountability Office.

5.3 Subrecipient Compliance Responsibility. Subrecipient shall procure or otherwise arrange for the audit required by Part F of the Uniform Guidance and ensure it is properly performed and submitted when due in accordance with the Uniform Guidance. Subrecipient shall prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with Uniform Guidance §200.510 (Financial statements) and provide the auditor with access to personnel, accounts, books, records, supporting documentation, and other information as needed for the auditor to perform the audit required by Uniform Guidance Part F-Audit Requirements.

6. Contract Provisions for Subrecipient Contracts. Subrecipient shall comply with and shall include all of the following applicable provisions in all subcontracts entered into by it pursuant to this Grant Agreement.

6.1 Equal Employment Opportunity. Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of "federally assisted construction contract" in 41 CFR Part 60-1.3 shall include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, "Equal Employment Opportunity" (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and implementing regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."

"During the performance of this contract, the contractor agrees as follows:

(1) The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion, or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The

contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

(2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(3) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments

under section 202 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(5) The contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of the contractor's non-compliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be canceled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(7) The contractor will include the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontractor purchase order as may be directed by the Secretary of Labor as a means of enforcing such provisions including sanctions for noncompliance: *Provided, however*, that in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction, the contractor may request the United States to enter into such litigation to protect the interests of the United States."

6.2 Davis-Bacon Act. Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the statute, contractors must be

required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland "Anti-Kickback" Act (40

U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each contractor or Subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled.

The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.

6.3 Rights to Inventions Made Under a Contract or Agreement. If the Federal Award meets the definition of "funding agreement" under 37 CFR §401.2 (a) and Subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that "funding agreement," Subrecipient must comply with the requirements of 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.

6.4 Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251- 1387), as amended. Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

6.5 Debarment and Suspension (Executive Orders 12549 and 12689). A contract award (see 2 CFR 180.220) must not be made to parties listed on the government wide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), "Debarment and Suspension." SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

6.6 Byrd Anti-Lobbying Amendment (31 U.S.C. 1352). Contractors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection

with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.

- 7. Certifications.** Unless prohibited by Federal statutes or regulations, Recipient may require Subrecipient to submit certifications and representations required by Federal statutes or regulations on an annual basis. 2CFR §200.208. Submission may be required more frequently if Subrecipient fails to meet a requirement of the Federal award. Subrecipient shall certify in writing to the State at the end of the Award that the project or activity was completed or the level of effort was expended. 2 CFR §200.201(3). If the required level of activity or effort was not carried out, the amount of the Award must be adjusted.

7.1 Event of Default. Failure to comply with these Uniform Guidance Supplemental Provisions shall constitute an event of default under the Grant Agreement (2 CFR §200.339) and the State may terminate the Grant upon 30 days prior written notice if the default remains uncured five calendar days following the termination of the 30 day notice period. This remedy will be in addition to any other remedy available to the State of Colorado under the Grant, at law or in equity.

- 8. Effective Date.** The effective date of the Uniform Guidance is December 26, 2013. 2 CFR §200.110. The procurement standards set forth in Uniform Guidance §§200.317-200.326 are applicable to new Awards made by Recipient as of December 26, 2015. The standards set forth in Uniform Guidance Subpart F-Audit Requirements are applicable to audits of fiscal years beginning on or after December 26, 2014.

- 9. Performance Measurement.** The Uniform Guidance requires completion of OMB-approved standard information collection forms (the PPR). The form focuses on outcomes, as related to the Federal Award Performance Goals that awarding Federal agencies are required to detail in the Awards.

Section 200.301 provides guidance to Federal agencies to measure performance in a way that will help the Federal awarding agency and other non-Federal entities to improve program outcomes.

The Federal awarding agency is required to provide recipients with clear performance goals, indicators, and milestones (200.210). Also, must require the recipient to relate financial data to performance accomplishments of the Federal award.

Exhibit N

Federal Treasury Provisions

1. APPLICABILITY OF PROVISIONS.

- 1.1. The Grant to which these Federal Provisions are attached has been funded, in whole or in part, with an Award of Federal funds. In the event of a conflict between the provisions of these Federal Provisions, the Special Provisions, the body of the Grant, or any attachments or exhibits incorporated into and made a part of the Grant, the provisions of these Federal Provisions shall control.
- 1.2. The State of Colorado is accountable to Treasury for oversight of their subrecipients, including ensuring their subrecipients comply with the SLFRF statute, SLFRF Award Terms and Conditions, Treasury's Final Rule, and reporting requirements, as applicable.
- 1.3. Additionally, any subrecipient that issues a subaward to another entity (2nd tier subrecipient), must hold the 2nd tier subrecipient accountable to these provisions and adhere to reporting requirements.
- 1.4. These Federal Provisions are subject to the Award as defined in §2 of these Federal Provisions, as may be revised pursuant to ongoing guidance from the relevant Federal or State of Colorado agency or institutions of higher education.

2. DEFINITIONS.

- 2.1. For the purposes of these Federal Provisions, the following terms shall have the meanings ascribed to them below.
 - 2.1.1. "Award" means an award of Federal financial assistance, and the Grant setting forth the terms and conditions of that financial assistance, that a non-Federal Entity receives or administers.
 - 2.1.2. "Entity" means:
 - 2.1.2.1. a Non-Federal Entity;
 - 2.1.2.2. a foreign public entity;
 - 2.1.2.3. a foreign organization;
 - 2.1.2.4. a non-profit organization;
 - 2.1.2.5. a domestic for-profit organization (for 2 CFR parts 25 and 170 only);
 - 2.1.2.6. a foreign non-profit organization (only for 2 CFR part 170) only);
 - 2.1.2.7. a Federal agency, but only as a Subrecipient under an Award or Subaward to a non-Federal entity (or 2 CFR 200.1); or
 - 2.1.2.8. a foreign for-profit organization (for 2 CFR part 170 only).
 - 2.1.3. "Executive" means an officer, managing partner or any other employee in a management position.
 - 2.1.4. "Expenditure Category (EC)" means the category of eligible uses as defined by the US Department of Treasury in "Appendix 1 of the Compliance and Reporting Guidance, State and Local Fiscal Recovery Funds" report available at www.treasury.gov.

- 2.1.5. “Federal Awarding Agency” means a Federal agency providing a Federal Award to a Recipient as described in 2 CFR 200.1
- 2.1.6. “Grant” means the Grant to which these Federal Provisions are attached.
- 2.1.7. “Grantee” means the party or parties identified as such in the Grant to which these Federal Provisions are attached.
- 2.1.8. “Non-Federal Entity” means a State, local government, Indian tribe, institution of higher education, or nonprofit organization that carries out a Federal Award as a Recipient or a Subrecipient.
- 2.1.9. “Nonprofit Organization” means any corporation, trust, association, cooperative, or other organization, not including IHEs, that:
- 2.1.9.1. Is operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest;
 - 2.1.9.2. Is not organized primarily for profit; and
 - 2.1.9.3. Uses net proceeds to maintain, improve, or expand the operations of the organization.
- 2.1.10. “OMB” means the Executive Office of the President, Office of Management and Budget.
- 2.1.11. “Pass-through Entity” means a non-Federal Entity that provides a Subaward to a Subrecipient to carry out part of a Federal program.
- 2.1.12. “Prime Recipient” means the Colorado State agency or institution of higher education identified as the Grantor in the Grant to which these Federal Provisions are attached.
- 2.1.13. “Subaward” means an award by a Prime Recipient to a Subrecipient funded in whole or in part by a Federal Award. The terms and conditions of the Federal Award flow down to the Subaward unless the terms and conditions of the Federal Award specifically indicate otherwise in accordance with 2 CFR 200.101. The term does not include payments to a Contractor or payments to an individual that is a beneficiary of a Federal program.
- 2.1.14. “Subrecipient” or “Subgrantee” means a non-Federal Entity (or a Federal agency under an Award or Subaward to a non-Federal Entity) receiving Federal funds through a Prime Recipient to support the performance of the Federal project or program for which the Federal funds were awarded. A Subrecipient is subject to the terms and conditions of the Federal Award to the Prime Recipient, including program compliance requirements. The term does not include an individual who is a beneficiary of a federal program.
- 2.1.15. “System for Award Management (SAM)” means the Federal repository into which an Entity must enter the information required under the Transparency Act, which may be found at <http://www.sam.gov>. “Total Compensation” means the cash and noncash dollar value earned by an Executive during the Prime Recipient’s or Subrecipient’s preceding fiscal year (see 48 CFR 52.204-10, as prescribed in 48 CFR 4.1403(a)) and includes the following:
- 2.1.15.1. Salary and bonus;
 - 2.1.15.2. Awards of stock, stock options, and stock appreciation rights, using the dollar amount recognized for financial statement reporting purposes with respect to the

fiscal year in accordance with the Statement of Financial Accounting Standards No. 123 (Revised 2005) (FAS 123R), Shared Based Payments;

- 2.1.15.3. Earnings for services under non-equity incentive plans, not including group life, health, hospitalization or medical reimbursement plans that do not discriminate in favor of Executives and are available generally to all salaried employees;
 - 2.1.15.4. Change in present value of defined benefit and actuarial pension plans;
 - 2.1.15.5. Above-market earnings on deferred compensation which is not tax-qualified;
 - 2.1.15.6. Other compensation, if the aggregate value of all such other compensation (e.g., severance, termination payments, value of life insurance paid on behalf of the employee, perquisites or property) for the Executive exceeds \$10,000.
- 2.1.16. “Transparency Act” means the Federal Funding Accountability and Transparency Act of 2006 (Public Law 109-282), as amended by §6202 of Public Law 110-252.
- 2.1.17. “Uniform Guidance” means the Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The terms and conditions of the Uniform Guidance flow down to Awards to Subrecipients unless the Uniform Guidance or the terms and conditions of the Federal Award specifically indicate otherwise.
- 2.1.18. “Unique Entity ID” means the Unique Entity ID established by the federal government for a Grantee at <https://sam.gov/content/home>.

3. COMPLIANCE.

- 3.1. Grantee shall comply with all applicable provisions of the Transparency Act and the regulations issued pursuant thereto, all applicable provisions of the Uniform Guidance, and all applicable Federal Laws and regulations required by this Federal Award Any revisions to such provisions or regulations shall automatically become a part of these Federal Provisions, without the necessity of either party executing any further instrument. The State of Colorado, at its discretion, may provide written notification to Grantee of such revisions, but such notice shall not be a condition precedent to the effectiveness of such revisions.
- 3.2. Per US Treasury Final Award requirements, grantee programs or services must not include a term or conditions that undermines efforts to stop COVID-19 or discourages compliance with recommendations and CDC guidelines.

4. SYSTEM FOR AWARD MANAGEMENT (SAM) AND UNIQUE ENTITY ID (UEI) REQUIREMENTS.

- 4.1. SAM. Grantee shall maintain the currency of its information in SAM until the Grantee submits the final financial report required under the Award or receives final payment, whichever is later. Grantee shall review and update SAM information at least annually.
- 4.2. UEI. Grantee shall provide its Unique Entity ID to its Prime Recipient, and shall update Grantee’s information in Sam.gov at least annually.

5. TOTAL COMPENSATION.

- 5.1. Grantee shall include Total Compensation in SAM for each of its five most highly compensated Executives for the preceding fiscal year if:
 - 5.1.1. The total Federal funding authorized to date under the Award is \$30,000 or more; and
 - 5.1.2. In the preceding fiscal year, Grantee received:

- 5.1.2.1. 80% or more of its annual gross revenues from Federal procurement Agreements and Subcontractors and/or Federal financial assistance Awards or Subawards subject to the Transparency Act; and
- 5.1.2.2. \$30,000,000 or more in annual gross revenues from Federal procurement Agreements and Subcontractors and/or Federal financial assistance Awards or Subawards subject to the Transparency Act; and
- 5.1.2.3. 5.1.2.3 The public does not have access to information about the compensation of such Executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d) or § 6104 of the Internal Revenue Code of 1986.

6. REPORTING.

- 6.1. If Grantee is a Subrecipient of the Award pursuant to the Transparency Act, Grantee shall report data elements to SAM and to the Prime Recipient as required in this Exhibit. No direct payment shall be made to Grantee for providing any reports required under these Federal Provisions and the cost of producing such reports shall be included in the Grant price. The reporting requirements in this Exhibit are based on guidance from the OMB, and as such are subject to change at any time by OMB. Any such changes shall be automatically incorporated into this Grant and shall become part of Grantee's obligations under this Grant.

7. EFFECTIVE DATE AND DOLLAR THRESHOLD FOR FEDERAL REPORTING.

- 7.1. Reporting requirements in §8 below apply to new Awards as of October 1, 2010, if the initial award is \$30,000 or more. If the initial Award is below \$30,000 but subsequent Award modifications result in a total Award of \$30,000 or more, the Award is subject to the reporting requirements as of the date the Award exceeds \$30,000. If the initial Award is \$30,000 or more, but funding is subsequently de-obligated such that the total award amount falls below \$30,000, the Award shall continue to be subject to the reporting requirements. If the total award is below \$30,000 no reporting required; if more than \$30,000 and less than \$50,000 then FFATA reporting is required; and, \$50,000 and above SLFRF reporting is required.
- 7.2. The procurement standards in §9 below are applicable to new Awards made by Prime Recipient as of December 26, 2015. The standards set forth in §11 below are applicable to audits of fiscal years beginning on or after December 26, 2014.

8. SUBRECIPIENT REPORTING REQUIREMENTS.

- 8.1. Grantee shall report as set forth below.
 - 8.1.1. Grantee shall use the SLFRF Subrecipient Quarterly Report Workbook as referenced in Exhibit P to report to the State Agency within ten (10) days following each quarter ended September, December, March and June. Additional information on specific requirements are detailed in the SLFRF Subrecipient Quarterly Report Workbooks and "Compliance and Reporting Guidance, State and Local Fiscal Recovery Funds" report available at www.treasury.gov.

EC 1 – Public Health

All Public Health Projects

- a) Description of structure and objectives
- b) Description of relation to COVID-19
- c) Identification of impacted and/or disproportionately impacted communities
- d) Capital Expenditures
 - i. Presence of capital expenditure in project
 - ii. Total projected capital expenditure
 - iii. Type of capital expenditure
 - iv. Written justification
 - v. Labor reporting

COVID-19 Interventions and Mental Health (1.4, 1.11, 1.12, 1.13)

- a) Amount of total project used for evidence-based programs
- b) Evaluation plan description

COVID-19 Small Business Economic Assistance (1.8)

- a) Number of small businesses served

COVID-19 Assistance to Non-Profits (1.9)

- a) Number of non-profits served

COVID-19 Aid to Travel, Tourism, and Hospitality or Other Impacted Industries (1.10)

- a) Sector of employer
- b) Purpose of funds

EC 2 – Negative Economic Impacts

All Negative Economic Impacts Projects

- a) Description of project structure and objectives
- b) Description of project's response to COVID-19
- c) Identification of impacted and/or disproportionately impacted communities
- d) Amount of total project used for evidence-based programs and description of evaluation plan (*not required for 2.5, 2.8, 2.21-2.24, 2.27-2.29, 2.31, 2.34-2.36*)
- e) Number of workers enrolled in sectoral job training programs
- f) Number of workers completing sectoral job training programs
- g) Number of people participating in summer youth employment programs
- h) Capital Expenditures
 - i. Presence of capital expenditure in project
 - ii. Total projected capital expenditure
 - iii. Type of capital expenditure
 - iv. Written justification
 - v. Labor reporting

Household Assistance (2.1-2.8)

- a) Number of households served

- b) Number of people or households receiving eviction prevention services (2.2 & 2.5 only) *(Federal guidance may change this requirement in July 2022)*
- c) Number of affordable housing units preserved or developed (2.2 & 2.5 only) *(Federal guidance may change this requirement in July 2022)*

Healthy Childhood Environments (2.11-2.13)

- a) Number of children served by childcare and early learning *(Federal guidance may change this requirement in July 2022)*
- b) Number of families served by home visiting *(Federal guidance may change this requirement in July 2022)*

Education Assistance (2.14, 2.24-2.27)

- a) National Center for Education Statistics (“NCES”) School ID or NCES District ID
- b) Number of students participating in evidence-based programs *(Federal guidance may change this requirement in July 2022)*

Housing Support (2.15, 2.16, 2.18)

- a) Number of people or households receiving eviction prevention services *(Federal guidance may change this requirement in July 2022)*
- b) Number of affordable housing units preserved or developed *(Federal guidance may change this requirement in July 2022)*

Small Business Economic Assistance (2.29-2.33)

- a) Number of small businesses served

Assistance to Non-Profits (2.34)

- a) Number of non-profits served

Aid to Travel, Tourism, and Hospitality or Other Impacted Industries (2.35-2.36)

- a) Sector of employer
- b) Purpose of funds
- c) If other than travel, tourism and hospitality (2.36) – description of hardship

EC 3 – Public Health – Negative Economic Impact: Public Sector Capacity

Payroll for Public Health and Safety Employees (EC 3.1)

- a) Number of government FTEs responding to COVID-19

Rehiring Public Sector Staff (EC 3.2)

- a) Number of FTEs rehired by governments

EC 4 – Premium Pay

All Premium Pay Projects

- a) List of sectors designated as critical by the chief executive of the jurisdiction, if beyond those listed in the final rule
- b) Numbers of workers served
- c) Employer sector for all subawards to third-party employers
- d) Written narrative justification of how premium pay is responsive to essential work during the public health emergency for non-exempt workers or those making over 150 percent of the state/county’s average annual wage

- e) Number of workers to be served with premium pay in K-12 schools

EC 5 – Infrastructure Projects

All Infrastructure Projects

- a) Projected/actual construction start date (month/year)
- b) Projected/actual initiation of operations date (month/year)
- c) Location (for broadband, geospatial data of locations to be served)
- d) Projects over \$10 million
 - i. Prevailing wage certification or detailed project employment and local impact report
 - ii. Project labor agreement certification or project workforce continuity plan
 - iii. Prioritization of local hires
 - iv. Community benefit agreement description, if applicable

Water and sewer projects (EC 5.1-5.18)

- a) National Pollutant Discharge Elimination System (NPDES) Permit Number (if applicable; for projects aligned with the Clean Water State Revolving Fund)
- b) Public Water System (PWS) ID number (if applicable; for projects aligned with the Drinking Water State Revolving Fund)
- c) Median Household Income of service area
- d) Lowest Quintile Income of the service area

Broadband projects (EC 5.19-5.21)

- a) Confirm that the project is designed to, upon completion, reliably meet or exceed symmetrical 100 Mbps download and upload speeds.
 - i. If the project is not designed to reliably meet or exceed symmetrical 100 Mbps download and upload speeds, explain why not, and
 - ii. Confirm that the project is designed to, upon completion, meet or exceed 100 Mbps download speed and between at least 20 Mbps and 100 Mbps upload speed, and be scalable to a minimum of 100 Mbps download speed and 100 Mbps upload speed.
- b) Additional programmatic data will be required for broadband projects and will be defined in a subsequent version of the US Treasury Reporting Guidance, including, but not limited to (*Federal guidance may change this requirement in July 2022*):
 - i. Number of households (broken out by households on Tribal lands and those not on Tribal lands) that have gained increased access to broadband meeting the minimum speed standards in areas that previously lacked access to service of at least 25 Mbps download and 3 Mbps upload, with the number of households with access to minimum speed standard of reliable 100 Mbps symmetrical upload and download and number of households with access to minimum speed standard of reliable 100 Mbps download and 20 Mbps upload
 - ii. Number of institutions and businesses (broken out by institutions on Tribal lands and those not on Tribal lands) that have projected increased access to broadband meeting the minimum speed standards in areas that previously

lacked access to service of at least 25 Mbps download and 3 Mbps upload, in each of the following categories: business, small business, elementary school, secondary school, higher education institution, library, healthcare facility, and public safety organization, with the number of each type of institution with access to the minimum speed standard of reliable 100 Mbps symmetrical upload and download; and number of each type of institution with access to the minimum speed standard of reliable 100 Mbps download and 20 Mbps upload.

- iii. Narrative identifying speeds/pricing tiers to be offered, including the speed/pricing of its affordability offering, technology to be deployed, miles of fiber, cost per mile, cost per passing, number of households (broken out by households on Tribal lands and those not on Tribal lands) projected to have increased access to broadband meeting the minimum speed standards in areas that previously lacked access to service of at least 25 Mbps download and 3 Mbps upload, number of households with access to minimum speed standard of reliable 100 Mbps symmetrical upload and download, number of households with access to minimum speed standard of reliable 100 Mbps download and 20 Mbps upload, and number of institutions and businesses (broken out by institutions on Tribal lands and those not on Tribal lands) projected to have increased access to broadband meeting the minimum speed standards in areas that previously lacked access to service of at least 25 Mbps download and 3 Mbps upload, in each of the following categories: business, small business, elementary school, secondary school, higher education institution, library, healthcare facility, and public safety organization. Specify the number of each type of institution with access to the minimum speed standard of reliable 100 Mbps symmetrical upload and download; and the number of each type of institution with access to the minimum speed standard of reliable 100 Mbps download and 20 Mbps upload.

All Expenditure Categories

- a) Program income earned and expended to cover eligible project costs
- 8.1.2. A Subrecipient shall report the following data elements to Prime Recipient no later than five days after the end of the month following the month in which the Subaward was made.
- 8.1.2.1. Subrecipient Unique Entity ID;
 - 8.1.2.2. Subrecipient Unique Entity ID if more than one electronic funds transfer (EFT) account;
 - 8.1.2.3. Subrecipient parent's organization Unique Entity ID;
 - 8.1.2.4. Subrecipient's address, including: Street Address, City, State, Country, Zip + 4, and Congressional District;

- 8.1.2.5. Subrecipient's top 5 most highly compensated Executives if the criteria in §4 above are met; and
 - 8.1.2.6. Subrecipient's Total Compensation of top 5 most highly compensated Executives if the criteria in §4 above met.
- 8.1.3. To Prime Recipient. A Subrecipient shall report to its Prime Recipient, the following data elements:
- 8.1.3.1. Subrecipient's Unique Entity ID as registered in SAM.
 - 8.1.3.2. Primary Place of Performance Information, including: Street Address, City, State, Country, Zip code + 4, and Congressional District.
 - 8.1.3.3. Narrative identifying methodology for serving disadvantaged communities. See the "Project Demographic Distribution" section in the "Compliance and Reporting Guidance, State and Local Fiscal Recovery Funds" report available at www.treasury.gov. This requirement is applicable to all projects in Expenditure Categories 1 and 2.
 - 8.1.3.4. Narrative identifying funds allocated towards evidenced-based interventions and the evidence base. See the "Use of Evidence" section in the "Compliance and Reporting Guidance, State and Local Fiscal Recovery Funds" report available at www.treasury.gov. See section 8.1.1 for relevant Expenditure Categories.
 - 8.1.3.5. Narrative describing the structure and objectives of the assistance program and in what manner the aid responds to the public health and negative economic impacts of COVID-19. This requirement is applicable to Expenditure Categories 1 and 2. For aid to travel, tourism, and hospitality or other impacted industries (EC 2.11-2.12), also provide the sector of employer, purpose of funds, and if not travel, tourism and hospitality a description of the pandemic impact on the industry.
 - 8.1.3.6. Narrative identifying the sector served and designated as critical to the health and well-being of residents by the chief executive of the jurisdiction and the number of workers expected to be served. For groups of workers (e.g., an operating unit, a classification of worker, etc.) or, to the extent applicable, individual workers, other than those where the eligible worker receiving premium pay is earning (with the premium pay included) below 150 percent of their residing state or county's average annual wage for all occupations, as defined by the Bureau of Labor Statistics Occupational Employment and Wage Statistics, whichever is higher, OR the eligible worker receiving premium pay is not exempt from the Fair Labor Standards Act overtime provisions, include justification of how the premium pay or grant is responsive to workers performing essential work during the public health emergency. This could include a description of the essential workers' duties, health or financial risks faced due to COVID-19 but should not include personally identifiable information. This requirement applies to EC 4.1, and 4.2.
 - 8.1.3.7. For infrastructure projects (EC 5), or capital expenditures in any expenditure category, narrative identifying the projected construction start date (month/year), projected initiation of operations date (month/year), and location (for broadband, geospatial location data). For projects over \$10 million:
 - 8.1.3.8. Certification that all laborers and mechanics employed by Contractors and Subcontractors in the performance of such project are paid wages at rates not less

than those prevailing, as determined by the U.S. Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code (commonly known as the "Davis-Bacon Act"), for the corresponding classes of laborers and mechanics employed on projects of a character similar to the Agreement work in the civil subdivision of the State (or the District of Columbia) in which the work is to be performed, or by the appropriate State entity pursuant to a corollary State prevailing-wage-in-construction law (commonly known as "baby Davis-Bacon Acts"). If such certification is not provided, a recipient must provide a project employment and local impact report detailing (1) the number of employees of Contractors and sub-contractors working on the project; (2) the number of employees on the project hired directly and hired through a third party; (3) the wages and benefits of workers on the project by classification; and (4) whether those wages are at rates less than those prevailing. Recipients must maintain sufficient records to substantiate this information upon request.

- 8.1.3.8.1. A Subrecipient may provide a certification that a project includes a project labor agreement, meaning a pre-hire collective bargaining agreement consistent with section 8(f) of the National Labor Relations Act (29 U.S.C. 158(f)). If the recipient does not provide such certification, the recipient must provide a project workforce continuity plan, detailing: (1) how the Subrecipient will ensure the project has ready access to a sufficient supply of appropriately skilled and unskilled labor to ensure high-quality construction throughout the life of the project; (2) how the Subrecipient will minimize risks of labor disputes and disruptions that would jeopardize timeliness and cost-effectiveness of the project; and (3) how the Subrecipient will provide a safe and healthy workplace that avoids delays and costs associated with workplace illnesses, injuries, and fatalities; (4) whether workers on the project will receive wages and benefits that will secure an appropriately skilled workforce in the context of the local or regional labor market; and (5) whether the project has completed a project labor agreement.
 - 8.1.3.8.2. Whether the project prioritizes local hires.
 - 8.1.3.8.3. Whether the project has a Community Benefit Agreement, with a description of any such agreement.
- 8.1.4. Subrecipient also agrees to comply with any reporting requirements established by the US Treasury, Governor's Office and Office of the State Controller. The State of Colorado may need additional reporting requirements after this agreement is executed. If there are additional reporting requirements, the State will provide notice of such additional reporting requirements via Exhibit Q – SLFRF Reporting Modification Form.

9. PROCUREMENT STANDARDS.

- 9.1. Procurement Procedures. A Subrecipient shall use its own documented procurement procedures which reflect applicable State, local, and Tribal laws and applicable regulations, provided that the procurements conform to applicable Federal law and the standards identified in the Uniform Guidance, including without limitation, 2 CFR 200.318 through 200.327 thereof.
- 9.2. Domestic preference for procurements (2 CFR 200.322). As appropriate and to the extent consistent with law, the non-Federal entity should, to the greatest extent practicable under a Federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all subawards including all Agreements and purchase orders for work or products under this award.
- 9.3. Procurement of Recovered Materials. If a Subrecipient is a State Agency or an agency of a political subdivision of the State, its Contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247, that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

10. ACCESS TO RECORDS.

- 10.1. A Subrecipient shall permit Prime Recipient and its auditors to have access to Subrecipient's records and financial statements as necessary for Recipient to meet the requirements of 2 CFR 200.332 (Requirements for pass-through entities), 2 CFR 200.300 (Statutory and national policy requirements) through 2 CFR 200.309 (Period of performance), and Subpart F-Audit Requirements of the Uniform Guidance.

11. SINGLE AUDIT REQUIREMENTS.

- 11.1. If a Subrecipient expends \$750,000 or more in Federal Awards during the Subrecipient's fiscal year, the Subrecipient shall procure or arrange for a single or program-specific audit conducted for that year in accordance with the provisions of Subpart F-Audit Requirements of the Uniform Guidance, issued pursuant to the Single Audit Act Amendments of 1996, (31 U.S.C. 7501-7507). 2 CFR 200.501.

- 11.1.1. Election. A Subrecipient shall have a single audit conducted in accordance with Uniform Guidance 2 CFR 200.514 (Scope of audit), except when it elects to have a program-specific audit conducted in accordance with 2 CFR 200.507 (Program-specific audits). The Subrecipient may elect to have a program-specific audit if Subrecipient expends Federal Awards under only one Federal program (excluding research and development) and the Federal program's statutes, regulations, or the terms and conditions of the Federal award do not require a financial statement audit of Prime Recipient. A program-specific audit may not be elected for research and development unless all of the Federal Awards expended were received from Recipient and Recipient approves in advance a program-specific audit.
- 11.1.2. Exemption. If a Subrecipient expends less than \$750,000 in Federal Awards during its fiscal year, the Subrecipient shall be exempt from Federal audit requirements for that year, except as noted in 2 CFR 200.503 (Relation to other audit requirements), but records shall be available for review or audit by appropriate officials of the Federal agency, the State, and the Government Accountability Office.
- 11.1.3. Subrecipient Compliance Responsibility. A Subrecipient shall procure or otherwise arrange for the audit required by Subpart F of the Uniform Guidance and ensure it is properly performed and submitted when due in accordance with the Uniform Guidance. Subrecipient shall prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with 2 CFR 200.510 (Financial statements) and provide the auditor with access to personnel, accounts, books, records, supporting documentation, and other information as needed for the auditor to perform the audit required by Uniform Guidance Subpart F-Audit Requirements.

12. GRANT PROVISIONS FOR SUBRECIPIENT AGREEMENTS.

- 12.1. In addition to other provisions required by the Federal Awarding Agency or the Prime Recipient, Grantees that are Subrecipients shall comply with the following provisions. Subrecipients shall include all of the following applicable provisions in all Subcontractors entered into by it pursuant to this Grant.
 - 12.1.1. [Applicable to federally assisted construction Agreements.] Equal Employment Opportunity. Except as otherwise provided under 41 CFR Part 60, all Agreements that meet the definition of "federally assisted construction Agreement" in 41 CFR Part 60-1.3 shall include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, "Equal Employment Opportunity" (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and implementing regulations at 41 CFR part 60, Office of Federal Agreement Compliance Programs, Equal Employment Opportunity, Department of Labor.
 - 12.1.2. [Applicable to on-site employees working on government-funded construction, alteration and repair projects.] Davis-Bacon Act. Davis-Bacon Act, as amended (40 U.S.C. 3141-3148).

- 12.1.3. Rights to Inventions Made Under a grant or agreement. If the Federal Award meets the definition of “funding agreement” under 37 CFR 401.2 (a) and the Prime Recipient or Subrecipient wishes to enter into an Agreement with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that “funding agreement,” the Prime Recipient or Subrecipient must comply with the requirements of 37 CFR Part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Agreements and Cooperative Agreements,” and any implementing regulations issued by the Federal Awarding Agency.
- 12.1.4. Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended. Agreements and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal awardees to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal Awarding Agency and the Regional Office of the Environmental Protection Agency (EPA).
- 12.1.5. Debarment and Suspension (Executive Orders 12549 and 12689). A Agreement award (see 2 CFR 180.220) must not be made to parties listed on the government wide exclusions in SAM, in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), “Debarment and Suspension.” SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.
- 12.1.6. Byrd Anti-Lobbying Amendment (31 U.S.C. 1352). Contractors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal Agreement, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.
- 12.1.7. Never Contract with the Enemy (2 CFR 200.215). Federal awarding agencies and recipients are subject to the regulations implementing “Never Contract with the Enemy” in 2 CFR part 183. The regulations in 2 CFR part 183 affect covered Agreements, grants and cooperative agreements that are expected to exceed \$50,000 within the period of performance, are performed outside the United States and its territories, and are in support of a contingency operation in which members of the Armed Forces are actively engaged in hostilities.
- 12.1.8. Prohibition on certain telecommunications and video surveillance services or equipment (2 CFR 200.216). Grantee is prohibited from obligating or expending loan or grant funds on certain telecommunications and video surveillance services or equipment pursuant to 2 CFR 200.216.

- 12.1.9. Title VI of the Civil Rights Act. The Subgrantee, Contractor, Subcontractor, transferee, and assignee shall comply with Title VI of the Civil Rights Act of 1964, which prohibits recipients of federal financial assistance from excluding from a program or activity, denying benefits of, or otherwise discriminating against a person on the basis of race, color, or national origin (42 U.S.C. § 2000d et seq.), as implemented by the Department of Treasury's Title VI regulations, 31 CFR Part 22, which are herein incorporated by reference and made a part of this Agreement (or agreement). Title VI also includes protection to persons with "Limited English Proficiency" in any program or activity receiving federal financial assistance, 42 U.S.C. § 2000d et seq., as implemented by the Department of the Treasury's Title VI regulations, 31 CRF Part 22, and herein incorporated by reference and made part of this Agreement or agreement.

13. CERTIFICATIONS.

- 13.1. Subrecipient Certification. Subrecipient shall sign a "State of Colorado Agreement with Recipient of Federal Recovery Funds" Certification Form in Exhibit E and submit to State Agency with signed grant agreement.
- 13.2. Unless prohibited by Federal statutes or regulations, Prime Recipient may require Subrecipient to submit certifications and representations required by Federal statutes or regulations on an annual basis. 2 CFR 200.208. Submission may be required more frequently if Subrecipient fails to meet a requirement of the Federal award. Subrecipient shall certify in writing to the State at the end of the Award that the project or activity was completed or the level of effort was expended. 2 CFR 200.201(3). If the required level of activity or effort was not carried out, the amount of the Award must be adjusted.

14. EXEMPTIONS.

- 14.1. These Federal Provisions do not apply to an individual who receives an Award as a natural person, unrelated to any business or non-profit organization he or she may own or operate in his or her name.
- 14.2. A Grantee with gross income from all sources of less than \$300,000 in the previous tax year is exempt from the requirements to report Subawards and the Total Compensation of its most highly compensated Executives.

15. EVENT OF DEFAULT AND TERMINATION.

- 15.1. Failure to comply with these Federal Provisions shall constitute an event of default under the Grant and the State of Colorado may terminate the Grant upon 30 days prior written notice if the default remains uncured five calendar days following the termination of the 30-day notice period. This remedy will be in addition to any other remedy available to the State of Colorado under the Grant, at law or in equity.
- 15.2. Termination (2 CFR 200.340). The Federal Award may be terminated in whole or in part as follows:
- 15.2.1. By the Federal Awarding Agency or Pass-through Entity, if a Non-Federal Entity fails to comply with the terms and conditions of a Federal Award;
- 15.2.2. By the Federal awarding agency or Pass-through Entity, to the greatest extent authorized by law, if an award no longer effectuates the program goals or agency priorities;

- 15.2.3. By the Federal awarding agency or Pass-through Entity with the consent of the Non-Federal Entity, in which case the two parties must agree upon the termination conditions, including the effective date and, in the case of partial termination, the portion to be terminated;
- 15.2.4. By the Non-Federal Entity upon sending to the Federal Awarding Agency or Pass-through Entity written notification setting forth the reasons for such termination, the effective date, and, in the case of partial termination, the portion to be terminated. However, if the Federal Awarding Agency or Pass-through Entity determines in the case of partial termination that the reduced or modified portion of the Federal Award or Subaward will not accomplish the purposes for which the Federal Award was made, the Federal Awarding Agency or Pass-through Entity may terminate the Federal Award in its entirety; or
- 15.2.5. By the Federal Awarding Agency or Pass-through Entity pursuant to termination provisions included in the Federal Award.

EXHIBIT O

AGREEMENT WITH SUBSUBRECIPIENT OF FEDERAL RECOVERY FUNDS

Section 602(b) of the Social Security Act (the Act), as added by section 9901 of the American Rescue Plan Act (ARPA), Pub. L. No. 117-2 (March 11, 2021), authorizes the Department of the Treasury (Treasury) to make payments to certain Subrecipients from the Coronavirus State Fiscal Recovery Fund. The State of Colorado has signed and certified a separate agreement with Treasury as a condition of receiving such payments from the Treasury. This agreement is between your organization and the State and your organization is signing and certifying the same terms and conditions included in the State's separate agreement with Treasury. Your organization is referred to as a Subrecipient.

As a condition of your organization receiving federal recovery funds from the State, the authorized representative below hereby (i) certifies that your organization will carry out the activities listed in section 602(c) of the Act and (ii) agrees to the terms attached hereto. Your organization also agrees to use the federal recovery funds as specified in bills passed by the General Assembly and signed by the Governor.

Under penalty of perjury, the undersigned official certifies that the authorized representative has read and understood the organization's obligations in the Assurances of Compliance and Civil Rights Requirements, that any information submitted in conjunction with this assurances document is accurate and complete, and that the organization is in compliance with the nondiscrimination requirements.

Subrecipient Name _____

Authorized Representative: _____

Title: _____

Signature: _____

AGREEMENT WITH SUBRECIPIENT OF FEDERAL RECOVERY FUNDS
TERMS AND CONDITIONS

1. Use of Funds.
 - a. Subrecipient understands and agrees that the funds disbursed under this award may only be used in compliance with section 602(c) of the Social Security Act (the Act) and Treasury's regulations implementing that section and guidance.
 - b. Subrecipient will determine prior to engaging in any project using this assistance that it has the institutional, managerial, and financial capability to ensure proper planning, management, and completion of such project.
2. Period of Performance. The period of performance for this award begins on the date hereof and ends on December 31, 2026. As set forth in Treasury's implementing regulations, Subrecipient may use award funds to cover eligible costs incurred during the period that begins on March 3, 2021, and ends on December 31, 2024.
3. Reporting. Subrecipient agrees to comply with any reporting obligations established by Treasury as they relate to this award. Subrecipient also agrees to comply with any reporting requirements established by the Governor's Office and Office of the State Controller.
4. Maintenance of and Access to Records
 - a. Subrecipient shall maintain records and financial documents sufficient to evidence compliance with section 602(c), Treasury's regulations implementing that section, and guidance issued by Treasury regarding the foregoing.
 - b. The Treasury Office of Inspector General and the Government Accountability Office, or their authorized representatives, shall have the right of access to records (electronic and otherwise) of Subrecipient in order to conduct audits or other investigations.
 - c. Records shall be maintained by Subrecipient for a period of five (5) years after all funds have been expended or returned to Treasury, whichever is later.
5. Pre-award Costs. Pre-award costs, as defined in 2 C.F.R. § 200.458, may not be paid with funding from this award.
6. Administrative Costs. Subrecipient may use funds provided under this award to cover both direct and indirect costs. Subrecipient shall follow guidance on administrative costs issued by the Governor's Office and Office of the State Controller.
7. Cost Sharing. Cost sharing or matching funds are not required to be provided by Subrecipient.
8. Conflicts of Interest. The State of Colorado understands and agrees it must maintain a conflict of interest policy consistent with 2 C.F.R. § 200.318(c) and that such conflict of interest policy

is applicable to each activity funded under this award. Subrecipient and Contractors must disclose in writing to the Office of the State Controller or the pass-through entity, as appropriate, any potential conflict of interest affecting the awarded funds in accordance with 2 C.F.R. § 200.112. The Office of the State Controller shall disclose such conflict to Treasury.

9. Compliance with Applicable Law and Regulations.

a. Subrecipient agrees to comply with the requirements of section 602 of the Act, regulations adopted by Treasury pursuant to section 602(f) of the Act, and guidance issued by Treasury regarding the foregoing. Subrecipient also agrees to comply with all other applicable federal statutes, regulations, and executive orders, and Subrecipient shall provide for such compliance by other parties in any agreements it enters into with other parties relating to this award.

b. Federal regulations applicable to this award include, without limitation, the following:

- i. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. Part 200, other than such provisions as Treasury may determine are inapplicable to this Award and subject to such exceptions as may be otherwise provided by Treasury. Subpart F – Audit Requirements of the Uniform Guidance, implementing the Single Audit Act, shall apply to this award.
- ii. Universal Identifier and System for Award Management (SAM), 2 C.F.R. Part 25, pursuant to which the award term set forth in Appendix A to 2 C.F.R. Part 25 is hereby incorporated by reference.
- iii. Reporting Subaward and Executive Compensation Information, 2 C.F.R. Part 170, pursuant to which the award term set forth in Appendix A to 2 C.F.R. Part 170 is hereby incorporated by reference.
- iv. OMB Guidelines to Agencies on Government wide Debarment and Suspension (Nonprocurement), 2 C.F.R. Part 180, including the requirement to include a term or condition in all lower tier covered transactions (Agreements and Subcontractors described in 2 C.F.R. Part 180, subpart B) that the award is subject to 2 C.F.R. Part 180 and Treasury's implementing regulation at 31 C.F.R. Part 19.
- v. Subrecipient Integrity and Performance Matters, pursuant to which the award term set forth in 2 C.F.R. Part 200, Appendix XII to Part 200 is hereby incorporated by reference.
- vi. Government wide Requirements for Drug-Free Workplace, 31 C.F.R. Part 20.
- vii. New Restrictions on Lobbying, 31 C.F.R. Part 21.
- viii. Uniform Relocation Assistance and Real Property Acquisitions Act of 1970 (42 U.S.C. §§ 4601-4655) and implementing regulations.

- ix. Generally applicable federal environmental laws and regulations.
- c. Statutes and regulations prohibiting discrimination applicable to this award include, without limitation, the following:
- i. Title VI of the Civil Rights Act of 1964 (42 U.S.C. §§ 2000d et seq.) and Treasury's implementing regulations at 31 C.F.R. Part 22, which prohibit discrimination on the basis of race, color, or national origin under programs or activities receiving federal financial assistance;
 - ii. The Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§ 3601 et seq.), which prohibits discrimination in housing on the basis of race, color, religion, national origin, sex, familial status, or disability;
 - iii. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794), which prohibits discrimination on the basis of disability under any program or activity receiving federal financial assistance;
 - iv. The Age Discrimination Act of 1975, as amended (42 U.S.C. §§ 6101 et seq.), and Treasury's implementing regulations at 31 C.F.R. Part 23, which prohibit discrimination on the basis of age in programs or activities receiving federal financial assistance; and
 - v. Title II of the Americans with Disabilities Act of 1990, as amended (42 U.S.C. §§ 12101 et seq.), which prohibits discrimination on the basis of disability under programs, activities, and services provided or made available by state and local governments or instrumentalities or agencies thereto.
10. Remedial Actions. In the event of Subrecipient's noncompliance with section 602 of the Act, other applicable laws, Treasury's implementing regulations, guidance, or any reporting or other program requirements, Treasury may impose additional conditions on the receipt of a subsequent tranche of future award funds, if any, or take other available remedies as set forth in 2 C.F.R. § 200.339. In the case of a violation of section 602(c) of the Act regarding the use of funds, previous payments shall be subject to recoupment as provided in section 602(e) of the Act and any additional payments may be subject to withholding as provided in sections 602(b)(6)(A)(ii)(III) of the Act, as applicable.
11. Hatch Act. Subrecipient agrees to comply, as applicable, with requirements of the Hatch Act (5 U.S.C. §§ 1501-1508 and 7324-7328), which limit certain political activities of State or local government employees whose principal employment is in connection with an activity financed in whole or in part by this federal assistance.
12. False Statements. Subrecipient understands that making false statements or claims in connection with this award is a violation of federal law and may result in criminal, civil, or administrative sanctions, including fines, imprisonment, civil damages and penalties, debarment from participating in federal awards or Agreements, and/or any other remedy available by law.

13. Publications. Any publications produced with funds from this award must display the following language: “This project [is being] [was] supported, in whole or in part, by federal award number SLFRF0126 awarded to the State of Colorado by the U.S. Department of the Treasury.”
14. Debts Owed the Federal Government.
- a. Any funds paid to the Subrecipient (1) in excess of the amount to which the Subrecipient is finally determined to be authorized to retain under the terms of this award; (2) that are determined by the Treasury Office of Inspector General to have been misused; or (3) that are determined by Treasury to be subject to a repayment obligation pursuant to sections 602(e) and 603(b)(2)(D) of the Act and have not been repaid by the Subrecipient shall constitute a debt to the federal government.
 - b. Any debts determined to be owed to the federal government must be paid promptly by Subrecipient. A debt is delinquent if it has not been paid by the date specified in Treasury’s initial written demand for payment, unless other satisfactory arrangements have been made or if the Subrecipient knowingly or improperly retains funds that are a debt as defined in paragraph 14(a). Treasury will take any actions available to it to collect such a debt.
15. Disclaimer.
- a. The United States expressly disclaims any and all responsibility or liability to Subrecipient or third persons for the actions of Subrecipient or third persons resulting in death, bodily injury, property damages, or any other losses resulting in any way from the performance of this award or any other losses resulting in any way from the performance of this award or any Agreement, or Subcontractor under this award.
 - b. The acceptance of this award by Subrecipient does not in any way establish an agency relationship between the United States and Subrecipient.
16. Protections for Whistleblowers.
- a. In accordance with 41 U.S.C. § 4712, Subrecipient may not discharge, demote, or otherwise discriminate against an employee in reprisal for disclosing to any of the list of persons or entities provided below, information that the employee reasonably believes is evidence of gross mismanagement of a federal Agreement or grant, a gross waste of federal funds, an abuse of authority relating to a federal Agreement or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a federal Agreement (including the competition for or negotiation of an Agreement) or grant.
 - b. The list of persons and entities referenced in the paragraph above includes the following:
 - i. A member of Congress or a representative of a committee of Congress;
 - ii. An Inspector General;

- iii. The Government Accountability Office;
- iv. A Treasury employee responsible for Agreement or grant oversight or management;
- v. An authorized official of the Department of Justice or other law enforcement agency;
- vi. A court or grand jury; or
- vii. A management official or other employee of Subrecipient, Contractor, or Subcontractor who has the responsibility to investigate, discover, or address misconduct.

c. Subrecipient shall inform its employees in writing of the rights and remedies provided under this section, in the predominant native language of the workforce.

17. Increasing Seat Belt Use in the United States. Pursuant to Executive Order 13043, 62 FR 19217 (Apr. 18, 1997), Subrecipient should encourage its Contractors to adopt and enforce on-the-job seat belt policies and programs for their employees when operating company-owned, rented or personally owned vehicles.

18. Reducing Text Messaging While Driving. Pursuant to Executive Order 13513, 74 FR 51225 (Oct. 6, 2009), Subrecipient should encourage its employees, Subrecipients, and Contractors to adopt and enforce policies that ban text messaging while driving, and Subrecipient should establish workplace safety policies to decrease accidents caused by distracted drivers.

ASSURANCES OF COMPLIANCE WITH CIVIL RIGHTS REQUIREMENTS

ASSURANCES OF COMPLIANCE WITH TITLE VI OF THE CIVIL RIGHTS ACT OF 1964

As a condition of receipt of federal financial assistance from the Department of the Treasury, the Subrecipient provides the assurances stated herein. The federal financial assistance may include federal grants, loans and Agreements to provide assistance to the Subrecipient's beneficiaries, the use or rent of Federal land or property at below market value, Federal training, a loan of Federal personnel, subsidies, and other arrangements with the intention of providing assistance. Federal financial assistance does not encompass Agreements of guarantee or insurance, regulated programs, licenses, procurement Agreements by the Federal government at market value, or programs that provide direct benefits.

The assurances apply to all federal financial assistance from or funds made available through the Department of the Treasury, including any assistance that the Subrecipient may request in the future.

The Civil Rights Restoration Act of 1987 provides that the provisions of the assurances apply to all of the operations of the Subrecipient's program(s) and activity(ies), so long as any portion of the Subrecipient's program(s) or activity(ies) is federally assisted in the manner prescribed above.

1. Subrecipient ensures its current and future compliance with Title VI of the Civil Rights Act of 1964, as amended, which prohibits exclusion from participation, denial of the benefits of, or subjection to discrimination under programs and activities receiving federal financial assistance, of any person in the United States on the ground of race, color, or national origin (42 U.S.C. § 2000d *et seq.*), as implemented by the Department of the Treasury Title VI regulations at 31 CFR Part 22 and other pertinent executive orders such as Executive Order 13166, directives, circulars, policies, memoranda, and/or guidance documents.
2. Subrecipient acknowledges that Executive Order 13166, "Improving Access to Services for Persons with Limited English Proficiency," seeks to improve access to federally assisted programs and activities for individuals who, because of national origin, have Limited English proficiency (LEP). Subrecipient understands that denying a person access to its programs, services, and activities because of LEP is a form of national origin discrimination prohibited under Title VI of the Civil Rights Act of 1964 and the Department of the Treasury's implementing regulations. Accordingly, Subrecipient shall initiate reasonable steps, or comply with the Department of the Treasury's directives, to ensure that LEP persons have meaningful access to its programs, services, and activities. Subrecipient understands and agrees that meaningful access may entail providing language assistance services, including oral interpretation and written translation where necessary, to ensure effective communication in the Subrecipient's programs, services, and activities.
3. Subrecipient agrees to consider the need for language services for LEP persons when Subrecipient develops applicable budgets and conducts programs, services, and activities. As a resource, the Department of the Treasury has published its LEP guidance at 70 FR 6067. For more information on taking reasonable steps to provide meaningful access for LEP persons, please visit <http://www.lep.gov>.

4. Subrecipient acknowledges and agrees that compliance with the assurances constitutes a condition of continued receipt of federal financial assistance and is binding upon Subrecipient and Subrecipient's successors, transferees, and assignees for the period in which such assistance is provided.
5. Subrecipient acknowledges and agrees that it must require any sub-grantees, contractors, subcontractors, successors, transferees, and assignees to comply with assurances 1-4 above, and agrees to incorporate the following language in every Agreement or agreement subject to Title VI and its regulations between the Subrecipient and the Subrecipient's sub-grantees, Contractors, Subcontractors, successors, transferees, and assignees:

The sub-grantee, Contractor, Subcontractor, successor, transferee, and assignee shall comply with Title VI of the Civil Rights Act of 1964, which prohibits Subrecipients of federal financial assistance from excluding from a program or activity, denying benefits of, or otherwise discriminating against a person on the basis of race, color, or national origin (42 U.S.C. § 2000d et seq.), as implemented by the Department of the Treasury's Title VI regulations, 31 CFR Part 22, which are herein incorporated by reference and made a part of this Agreement (or agreement). Title VI also includes protection to persons with "Limited English Proficiency" in any program or activity receiving federal financial assistance, 42 U.S.C. § 2000d et seq., as implemented by the Department of the Treasury's Title VI regulations, 31 CFR Part 22, and herein incorporated by reference and made a part of this Agreement or agreement.

6. Subrecipient understands and agrees that if any real property or structure is provided or improved with the aid of federal financial assistance by the Department of the Treasury, this assurance obligates the Subrecipient, or in the case of a subsequent transfer, the transferee, for the period during which the real property or structure is used for a purpose for which the federal financial assistance is extended or for another purpose involving the provision of similar services or benefits. If any personal property is provided, this assurance obligates the Subrecipient for the period during which it retains ownership or possession of the property.
7. Subrecipient shall cooperate in any enforcement or compliance review activities by the Department of the Treasury of the aforementioned obligations. Enforcement may include investigation, arbitration, mediation, litigation, and monitoring of any settlement agreements that may result from these actions. The Subrecipient shall comply with information requests, on-site compliance reviews and reporting requirements.
8. Subrecipient shall maintain a complaint log and inform the Department of the Treasury of any complaints of discrimination on the grounds of race, color, or national origin, and limited English proficiency covered by Title VI of the Civil Rights Act of 1964 and implementing regulations and provide, upon request, a list of all such reviews or proceedings based on the complaint, pending or completed, including outcome. Subrecipient also must inform the Department of the Treasury if Subrecipient has received no complaints under Title VI.
9. Subrecipient must provide documentation of an administrative agency's or court's findings of non-compliance of Title VI and efforts to address the non-compliance, including any voluntary compliance or other agreements between the Subrecipient and the administrative agency that made the finding. If the Subrecipient settles a case or matter alleging such discrimination, the Subrecipient must provide documentation of the settlement. If Subrecipient has not been the subject of any court or administrative agency finding of

discrimination, please so state.

10. If the Subrecipient makes sub-awards to other agencies or other entities, the Subrecipient is responsible for ensuring that sub-Subrecipients also comply with Title VI and other applicable authorities covered in this document State agencies that make sub-awards must have in place standard grant assurances and review procedures to demonstrate that that they are effectively monitoring the civil rights compliance of sub- Subrecipients.

The United States of America has the right to seek judicial enforcement of the terms of this assurances document and nothing in this document alters or limits the federal enforcement measures that the United States may take in order to address violations of this document or applicable federal law.

EXHIBIT P

SLFRF SUBRECIPIENT QUARTERLY REPORT

1. SLFRF SUBRECIPIENT QUARTERLY REPORT WORKBOOK

- 1.1 The SLFRF Subrecipient Quarterly Report Workbook must be submitted to the State Agency within ten (10) days following each quarter ended September, December, March and June. The SLFRF Subrecipient Quarterly Report Workbook can be found at:
<https://osc.colorado.gov/american-rescue-plan-act> (see SLFRF Grant Agreement Templates tab)

EXHIBIT Q
SAMPLE SLFRF REPORTING MODIFICATION FORM

Local Agency:	Agreement No:
Project Title:	Project No:
Project Duration: To:	From:
State Agency: CDOT	

This form serves as notification that there has been a change to the reporting requirements set forth in the original SLFRF Grant Agreement.

The following reporting requirements have been (add/ remove additional rows as necessary):

Updated Reporting Requirement (Add/Delete/Modify)	Project Number	Reporting Requirement

By signing this form, the Local Agency agrees to and acknowledges the changes to the reporting requirements set forth in the original SLFRF Grant Agreement. All other terms and conditions of the original SLFRF Grant Agreement, with any approved modifications, remain in full force and effect. Grantee shall submit this form to the State Agency within 10 business days of the date sent by that Agency.

Local Agency

Date

CDOT Program Manager

Date

Exhibit R
APPLICABLE FEDERAL AWARDS

FEDERAL AWARD(S) APPLICABLE TO THIS GRANT AWARD

Federal Awarding Office	US Department of the Treasury
Grant Program	Coronavirus State and Local Fiscal Recovery Funds
Assistance Listing Number	21.027
Federal Award Number	SLFRP0126
Federal Award Date *	May 18, 2021
Federal Award End Date	December 31, 2024
Federal Statutory Authority	Title VI of the Social Security Act, Section 602
Total Amount of Federal Award (this is <u>not</u> the amount of this grant agreement)	\$3,828,761,790

* Funds may not be available through the Federal Award End Date subject to the provisions in §2 and §5 below.

EXHIBIT S

PII Certification (If Applicable)

STATE OF COLORADO

LOCAL AGENCY CERTIFICATION FOR ACCESS TO PII THROUGH A DATABASE OR AUTOMATED NETWORK

Pursuant to § 24-74-105, C.R.S., I, _____, on behalf of _____ (legal name of Local Agency) (the "Local Agency"), hereby certify under the penalty of perjury that the Local Agency has not and will not use or disclose any Personal Identifying Information, as defined by § 24-74-102(1), C.R.S., for the purpose of investigating for, participating in, cooperating with, or assisting Federal Immigration Enforcement, including the enforcement of civil immigration laws, and the Illegal Immigration and Immigrant Responsibility Act, which is codified at 8 U.S.C. §§ 1325 and 1326, unless required to do so to comply with Federal or State law, or to comply with a court-issued subpoena, warrant or order.

I hereby represent and certify that I have full legal authority to execute this certification on behalf of the Local Agency.

Signature: _____

Printed Name: _____

Title: _____

Date: _____

EXHIBIT T

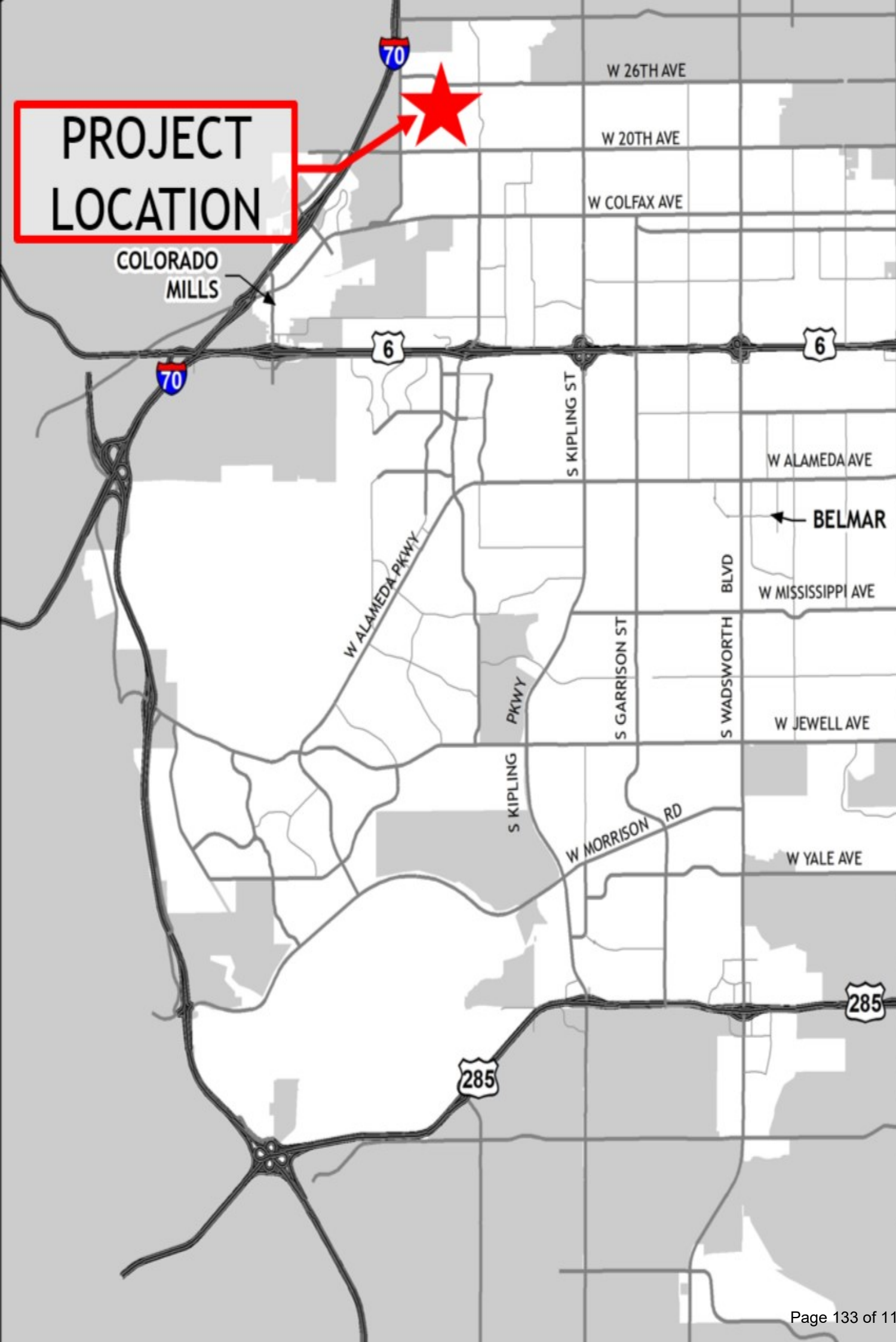
CHECKLIST OF REQUIRED EXHIBITS DEPENDENT ON FUNDING SOURCE

Checklist for required exhibits due to funding sources. Required Exhibits are dependent on the source of funding. This is a guide to assist in the incorporation and completion of Exhibits in relation to funding sources.

Exhibit	Funding only from FHWA	Funding only from ARPA	FHWA and ARPA Funding
EXHIBIT A, SCOPE OF WORK	✓	✓	✓
EXHIBIT B, SAMPLE OPTION LETTER	✓	✓	✓
EXHIBIT C, FUNDING PROVISIONS	✓	✓	✓
EXHIBIT D, LOCAL AGENCY RESOLUTION (IF APPLICABLE)	✓	✓	✓
EXHIBIT E, LOCAL AGENCY AGREEMENT ADMINISTRATION CHECKLIST	✓	✓	✓
EXHIBIT F, CERTIFICATION FOR FEDERAL-AID AGREEMENTS	✓		✓
EXHIBIT G, DISADVANTAGED BUSINESS ENTERPRISE	✓		✓
EXHIBIT H, LOCAL AGENCY PROCEDURES FOR CONSULTANT SERVICES	✓		✓
EXHIBIT I, FEDERAL-AID AGREEMENT PROVISIONS FOR CONSTRUCTION AGREEMENTS	✓		✓
EXHIBIT J, ADDITIONAL FEDERAL REQUIREMENTS	✓		✓

EXHIBIT K, FFATA SUPPLEMENTAL FEDERAL PROVISIONS	✓	✓	✓
EXHIBIT L, SAMPLE SUBRECIPIENT MONITORING AND RISK ASSESSMENT FORM	✓	✓	✓
EXHIBIT M, OMB UNIFORM GUIDANCE FOR FEDERAL AWARDS	✓		✓
EXHIBIT N, FEDERAL TREASURY PROVISIONS		✓	✓
EXHIBIT O, AGREEMENT WITH SUBRECIPIENT OF FEDERAL RECOVERY FUNDS		✓	✓
EXHIBIT P, SLFRF SUBRECIPIENT QUARTERLY REPORT		✓	✓
EXHIBIT Q, SLFRF REPORTING MODIFICATION FORM		✓	✓
EXHIBIT R, APPLICABLE FEDERAL AWARDS		✓	✓
EXHIBIT S, PII CERTIFICATION	✓	✓	✓
EXHIBIT T, CHECKLIST OF REQUIRED EXHIBITS DEPENDENT ON FUNDING SOURCE	✓	✓	✓

PROJECT LOCATION



STAFF MEMO

DATE OF MEETING: SEPTEMBER 8, 2025 / AGENDA ITEM NO. 5B

To: Mayor and City Council
From: Traci Wieland, Director of Community Resources
Subject: **Head Start IGA**

SUMMARY STATEMENT: The City of Lakewood is interested in entering into an Intergovernmental Agreement with Jefferson County Head Start to allow them to offer Head Start at three City-owned locations in Lakewood. This agreement ensures Lakewood families will continue to have access to high-quality, free childcare in buildings specifically designed for early childhood education programs for the foreseeable future.

BACKGROUND INFORMATION: The City of Lakewood successfully completed year five of a five-year grant to provide Head Start classes to Lakewood families on June 30, 2025. This milestone also marked the culmination of the City's 25 years of Head Start programming.

City Council approved staff's recommendation to relinquish its right to non-competitive Head Start grant funding in May 2024. The City subsequently notified the Office of Head Start (OHS) of its intent to open the Lakewood service area to other Head Start providers. OHS posted the Head Start grant to serve Lakewood on April 29, 2025, and conducted a 90-day search for a new provider. Jeffco Head Start was subsequently awarded the grant on July 29, 2025. This award allows Jeffco Head Start to unify all Head Start programs in Jefferson County under one provider, while ensuring income-qualifying families in Lakewood continue to have access to Head Start programs and services. The grant awarded to Jeffco Head Start provides funding to serve 64 Head Start students and 16 toddlers in a classroom environment through the end of the 2029-2030 school year.

OHS has set a target date of October 1, 2025 for Jeffco Head Start to begin classes in Lakewood. This IGA is a critical step toward Jeffco reaching this goal. It sets the parameters for facility usage and the responsibilities of each entity related to the provision of Head Start programs occurring in Lakewood facilities over the upcoming five-year grant period.

BUDGETARY IMPACTS: The City will provide utilities, grounds maintenance, basic infrastructure improvements, and snow removal for the programs held in City-owned facilities. This is estimated at approximately \$75,000 annually. Jeffco Head Start will be able to use in-kind support from the City to offset the non-federal match funds required by the grant by utilizing the appraised valuation of the City-owned facilities, which is estimated at approximately \$220,000 annually.

STAFF RECOMMENDATIONS: Staff recommends approving this IGA.

ALTERNATIVES: City Council can choose not to enter into this IGA with Jefferson County resulting in the County's inability to use the City's childcare facilities for Head Start programming. Such action would result in fewer Lakewood families having access to Head Start programs and services.

PUBLIC OUTREACH: This item has been promoted through the regular communication channels to

be considered by the Lakewood City Council. Additionally, letters were sent to Head Start families enrolled in Lakewood's Head Start program informing them of the upcoming change. Finally, Community Resources staff are working with Jeffco Head Start staff on public outreach to promote Jeffco as the new Head Start provider in Lakewood.

NEXT STEPS: City staff will work with Jeffco Head Start staff to ensure a successful transition of Head Start programming in Lakewood.

ATTACHMENTS:

1. Resolution R-2025-52
2. Head Start IGA and Lease
3. Jeffco IGA - Head Start Locations Map

REVIEWED BY: Kathleen E. Hodgson, City Manager
Benjamin B. Goldstein, Deputy City Manager
Alison McKenney Brown, City Attorney

R-2025-52

A RESOLUTION

ADOPTING AN INTERGOVERNMENTAL AGREEMENT WITH JEFFERSON COUNTY FOR THE FACILITATION OF HEAD START PROGRAMS TO LAKEWOOD FAMILIES AT CITY OF LAKEWOOD FACILITIES AND AUTHORIZING THE CITY MANAGER TO EXECUTE SAID AGREEMENT

WHEREAS, the Lakewood City Council approved the notification to the Office of Head Start on April 8, 2024, alerting the organization that the City of Lakewood did not intend to apply for Head Start and Early Head Start grant funds for the five-year grant cycle that began on July 1, 2025;

WHEREAS, City Council determined that opening up the Head Start and Early Head Start grant funding to other potential Head Start and Early Head Start providers was in the best interest of the residents of Lakewood;

WHEREAS, Jefferson County (the "County") determined it was in its best interest to apply for the Head Start and Early Head Start grant funding to also begin serving Lakewood residents in addition to Jefferson County residents;

WHEREAS, the County was awarded the Head Start and Early Head Start grant funding designated to serve the Lakewood community from the Office of Head Start on July 29, 2025;

WHEREAS, the County desires to lease the five Facilities that were previously used by the City for Head Start and Early Head Start programs to serve the Lakewood community;

WHEREAS, the City wishes to lease these Facilities to the County so the County may continue to provide necessary services to the community.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Lakewood, Colorado, that:

SECTION 1. The City Council hereby authorizes the City Manager to enter into an intergovernmental agreement with Jefferson County to become a provider of Head Start programs.

SECTION 2. This Resolution shall become effective immediately upon adoption.

INTRODUCED, READ AND ADOPTED by a vote of ____ for and ____ against at a hybrid regular meeting of the City Council on September 8, 2025, at 7 o'clock p.m., at the Lakewood Civic Center, 480 South Allison Parkway, Lakewood, Colorado.

Wendi Strom, Mayor

ATTEST:

Jay Robb, City Clerk

APPROVED AS TO FORM:

Alison McKenney Brown, City Attorney

INTERGOVERNMENTAL AGREEMENT AND LEASE FOR HEAD START PROGRAMS AND FACILITIES

THIS INTERGOVERNMENTAL AGREEMENT AND LEASE FOR HEAD START PROGRAMS AND FACILITIES (the “IGA”) is made and entered into between the **CITY OF LAKEWOOD**, a Colorado home rule municipal corporation located at 480 South Allison Parkway, Lakewood, CO 80226 (the “City”), and **COUNTY OF JEFFERSON, STATE OF COLORADO on behalf of JEFFERSON COUNTY HEAD START**, whose business address is 100 Jefferson County Parkway, Golden, CO 80401 (the “County”), effective as of the latest date set forth in the signature blocks below (the “Effective Date”).

RECITALS

WHEREAS, the Lakewood City Council approved the notification to the Office of Head Start on April 8, 2024, that the City of Lakewood does not intend to apply for Head Start and Early Head Start grant funds for the five-year grant cycle that begins on July 1, 2025; and

WHEREAS, City Council determined that opening up the Head Start and Early Head Start grant funding to other potential Head Start and Early Head Start providers was in the best interest of the residents of Lakewood; and

WHEREAS, Jefferson County determined it was in its best interest to apply for the Head Start and Early Head Start grant funding to also begin serving Lakewood residents in addition to Jefferson County residents; and

WHEREAS, the County was awarded the Head Start and Early Head Start grant funding designated to serve the Lakewood community from the Office of Head Start on July 21, 2025;

WHEREAS, the County desires to lease the Facilities previously used by the City for Head Start and Early Head Start programs to serve the Lakewood community; and

WHEREAS, the City wishes to lease these Facilities to the County so the County may continue to provide necessary services to the community.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the City and the County agree as follows:

I. AUTHORIZATION

A. THE CITY. The City hereby leases to the County the following City facilities (Facilities) for the administration of Head Start services:

1. 6201 W. 11th Avenue, Lakewood CO 80214
2. 1301 Union Street, Golden 80401
3. 7735 W Florida Avenue, Lakewood 80232
4. 1480 S Yarrow Street, Lakewood 80232
5. 1470 S Yarrow Street, Lakewood 80232

B. INCLUDED IN THE LEASE.

1. Full use of the Facilities, including all classrooms both indoor and outdoor, playground equipment, and outdoor spaces.
2. Any and all furniture and appliances that remain within the Facilities, which were purchased, installed, and maintained by the City for the purpose of facilitating Head Start services.
3. Keys to the facility. The City shall issue keys to the County for access to the Facilities. The County shall maintain a record of all issued keys, including distribution to authorized staff or contractors. The County is responsible for ensuring keys are tracked, securely stored, and returned to the City upon request or at the conclusion of the Agreement. In the event any keys are lost, stolen, or unreturned, the County shall be responsible for the full cost of rekeying the Facilities, including replacement hardware and locksmith services if necessary.

B. THE COUNTY. The County hereby agrees that by leasing the aforementioned Facilities they agree to be bound by the terms and conditions in this IGA. In addition, the County warrants and represents that they shall comply with all grant and Head Start standards and requirements, as well as maintaining the necessary licenses to be able to perform such services. The City shall provide the County with documentation of the costs incurred by the City to operate of the Facilities during the Term of the IGA upon request by the County, including without limitation the City's utility and maintenance costs for the Facilities, as needed by the County to substantiate its non-federal match obligations under its Head Start grant.

II. TERM; TERMINATION; EXTENSION

- A. TERM. The Term of this IGA shall be from the Effective Date through July 31, 2030, upon which date this IGA shall terminate unless renewed by the parties.
- B. TERMINATION. Either party may terminate this lease with at least ninety (90) days prior notice to the other party, so long as such termination adheres to any Head Start and Early Head Start grant requirements. Further, neither the City nor the County will terminate the lease mid-program year unless the County is in default.

III. FACILITY USE; MAINTENANCE; OPERATIONS

- A. MAINTENANCE RESPONSIBILITIES OF THE COUNTY. The County, including its successors and assigns, shall be solely responsible for the routine and ongoing maintenance of the Facilities for the duration of this Agreement. Routine and ongoing maintenance of the Facilities is meant to account for day-to-day maintenance as described below.
- i. Routine and ongoing maintenance responsibilities include, but are not limited to, daily cleaning, trash removal from inside the Facilities, cosmetic improvements, and all functional repairs necessary throughout the classrooms, playgrounds, and other Facility areas. More specifically, routine and ongoing maintenance includes items such as unclogging inoperable

toilets, sinks, appliances, and p-traps, replacing light bulbs, wall patching or painting, addressing malodorous smells, pest control and the like.

- ii. Maintenance responsibilities shall also include maintenance, repair, and routine inspection of any outdoor playground equipment and outdoor classroom furnishings located on the Premises grounds. This includes surfacing, structural components, movable features, and all outdoor instructional materials or furnishings. The County must ensure that all inspections, repairs, and maintenance meet applicable safety and regulatory standards.
- iii. Maintenance responsibilities shall also include responding to, repairing, and inspecting security and fire alarm codes and costs.
- iv. The County shall notify the City of any hazardous conditions or service deficiencies that could impact safety or operations. The County is responsible for maintaining outdoor cleanliness during regular use, including removing temporary trash, signage, or debris generated by their operations or events.

B. PERFORMANCE OF MAJOR MAINTENANCE. The County shall be responsible for all major maintenance activity and repairs of the Facilities, except to the extent that such major maintenance activity or repairs fall within the scope of the City's responsibilities under Section III(C)(iii) below. All major maintenance and repairs are subject to prior approval by the City for the duration of this Agreement in conformance with the processes as set forth below.

- i. Major maintenance activity and repairs includes but is not limited to maintenance that results in a permanent improvement or involves costs exceeding nine thousand nine hundred and ninety-nine dollars (\$9,999.00) per occurrence.
- ii. The County may not carry out major maintenance without the prior written approval from the City and the City's Facilities and Infrastructure Operations (FIO) Division, including approval of the proposed scope, design, contractor selection, and project timeline. All such work must comply with applicable codes and regulations. The County may either hire a qualified contractor or utilize internal facility maintenance teams to perform maintenance, but prior to any work beginning the County must ensure that any necessary permits and/or licenses are obtained, maintained, and in good standing. Work performed without such approval may be subject to removal, correction, or disallowance at the County's expense. Any fixtures or other appurtenances attached to the buildings by the County will become the property of the City at the end of this arrangement. The County may remove trade fixtures and other personal property not affixed to the buildings at the end of this arrangement.
- iii. The City reserves the right, at its reasonable discretion, to determine whether the County is fulfilling its maintenance obligations under this Agreement. If the City determines that maintenance is not being adequately performed, the City may, with or without notice, enter the Facility to complete required maintenance or repairs. All associated costs, including administrative or contractor expenses, shall be reimbursed by the County within thirty (30) days of invoicing.

C. MAINTENANCE RESPONSIBILITIES OF THE CITY.

- i. The City shall provide and is responsible for routine landscaping and snow removal services for the exterior areas surrounding the Facilities, including parking lots, walkways, playgrounds, and common grounds, at its own expense. The City's snow removal plan shall be triggered when there is one (1) inch of snow accumulation on roads and sidewalks. The City will make reasonable attempts to complete snow removal by 7:30 am so long as the snow accumulation meets or exceeds the City's snow removal plan requirements. If, after the City's snow removal plan is triggered, the City is unable to complete snow removal at a Facility by 7:30 am, the City agrees to use reasonable efforts to notify Jefferson County Head Start.
- ii. The City is responsible for any routine preventative maintenance related to major mechanical, electrical, and plumbing systems.
- iii. The City is responsible for completing repairs and/or purchase replacement of all major mechanical, electrical, and plumbing systems necessary to operate the Facility per Head Start Program Performance Standards, childcare licensing regulations, and health and fire code requirements unless the damage occurred due to improper use of said systems by County staff. Expenses for repairs or replacement required due to improper use or care of mechanical, electrical, or plumbing systems by County staff will be the full responsibility of the County.

D. FACILITY CONDITION WALKTHROUGHS.

- i. Pre-occupancy walkthrough. A joint pre-occupancy walkthrough of all Facilities shall be conducted by the City and the County to document baseline conditions.
- ii. Post-occupancy walkthrough. A post-occupancy walkthrough shall be conducted at the conclusion of the Agreement. The County shall be fully responsible for the cost of repairing any damage or deficiencies identified during the post-occupancy walkthrough, beyond what is reasonably considered normal wear and tear. Failure to address such deficiencies within a timeline established by the City may result in the City completing the work and invoicing the County for all related costs.

E. INCIDENT REPORTING. The County shall notify the City as soon as practicable of any incident involving safety hazards or incidents involving bodily injury or property damage which occurred at the Facilities.

F. CAMERAS, SURVEILLANCE, AND MAINTENANCE. In the event the County wishes to install or use cameras or surveillance equipment at one or more of the Facilities, the County shall agree to maintain copies of such footage for a period of no less than 30 days from the date of recording. Additionally, the County's installation and/or use of such cameras or surveillance equipment shall comply with the County's Record Protection and Management Policy, Use of Security Cameras and Surveillance Policy, and the Head Start Program Performance Standards 1303.22 regarding disclosure consent requirements. Further, the County shall provide copies of such footage to the City within seven (7) days of request. Examples of videos the City might request include but are not limited to vandalism,

property damage, safety concerns related to the Facilities brought to our attention by program participants, staff, law enforcement, or state or federal childcare licensing bodies, and videos that have any relevance to a lawsuit naming the City as a defendant. The City agrees to use any copies of footage provided by the County solely for the above-described purposes and agrees not to further disclose such footage without County consent, subject to the City's obligations to comply with applicable law.

IV. UTILITIES; BILLING; FACILITY ACCESS AND USE

- A. LEASE COMPENSATION. As compensation for the use of the Facilities, the County agrees to serve as the proprietor of Head Start services and to perform maintenance as required in Section III of this IGA. The County shall only use the facilities for Head Start programs and cannot use the facilities for any other purpose without prior approval of the City.
- B. UTILITIES. The City shall be responsible for the payment of the following utility services associated with each Facility: electricity, water, sewer, natural gas, and trash collection. The City shall also maintain the burglary and fire alarm systems, including hardware, inspection compliance, and monthly monitoring. However, all associated costs for the burglary and fire alarm systems shall be reimbursed by the County upon invoicing. The County shall be responsible for conducting all required system testing, fire drills, staff training, and compliance activities as required by law or local code. The County shall be responsible for the reasonable conservation and responsible use of all utilities. The City reserves the right to monitor usage and notify the County of any excessive or abnormal utility consumption. In the event of damage or operational issues caused by the County's misuse or negligence of the available utilities, the County shall be responsible for the cost of any required repairs or excess utility charges.
- C. FACILITY ACCESS, USE, AND CLOSURE. Both the City and the County reserve the right to close the Facilities in the event of inclement weather, emergency conditions, mandatory Facility maintenance or other unforeseen circumstances deemed necessary for public safety or to meet operational needs that cannot reasonably be met without disruption to Head Start programming. In the event either party is required to close a Facility or Facilities, or if a Facility is not available for a particular session, the closing party shall notify the other party of such closures as soon as reasonably possible. The Parties shall be not liable in any manner whatsoever to the other parties' participants, employees, agents or contractors for any such closure.

V. AUTHORIZED REPRESENTATIVES

The County shall submit annually, or upon any change of an authorized staff member, an up to date listing of all persons authorized as official representatives of the County and their telephone numbers and e-mail addresses to the Recreation and Golf Manager or their designee. The City will provide the County a list of City representatives to whom the County shall communicate any Facility requests and notices.

VI. NOTICES

Notices required under this IGA and all other correspondence between the parties shall be directed to the following and shall be deemed received when submitted via e-mail:

If to City:
Brent Berninger
Recreation and Golf Manager
breber@lakewood.org

If to County:
Rachel Meixner
Director, Jefferson County Head Start
rmeixner@jeffco.us

VII. INSURANCE

Both the City and the County shall procure and continuously maintain, during the term of this IGA, Commercial General Liability coverage with a limit of not less than \$1,000,000 each occurrence, plus an additional amount sufficient to pay related defense costs and attorney fees. This coverage shall not exclude damage to City property and shall include contractual liability and products/completed operations liability. Both parties are required to name each other as an additional insured with respect to this IGA.

VIII. LIABILITY

- A. The parties hereto understand and agree that liability for claims for injuries to persons or property arising out of the acts or omissions of the parties is controlled and limited by the Colorado Constitution, the Colorado Governmental Immunity Act (C.R.S. § 24-10-101, *et seq.*), and the Risk Management Act (C.R.S. § 24-30-1501, *et seq.*). The parties shall be responsible for any and all claims incurred as a result of any alleged negligent act or omission of them or their employees, which is alleged to have occurred during the performance of their respective duties, within the scope of their employment, except where such acts or omissions are willful and wanton. Such claims shall be subject to the limitations of the Colorado Governmental Immunity Act. The parties intend that nothing herein shall be deemed or construed as a waiver by either party of any rights, limitations, or protections afforded to it under the Colorado Governmental Immunity Act as now or hereafter amended or otherwise available at law or equity.
- B. Each party agrees to be responsible for its own liability incurred as a result of its participation in this IGA, and neither party shall be responsible for the acts or omissions of the other party's employees, agents or contractors. In the event any claim is litigated, each Party will be responsible for its own expenses of litigation or other costs associated with enforcing this IGA.

IX. GENERAL PROVISIONS

- A. INTEGRATED IGA; BINDING EFFECT. This IGA contains the entire understanding of the parties relating to the subject matter hereof and, except as provided herein, may not be modified or amended except by written IGA of the parties. This IGA shall be binding upon, and shall inure to the benefit of, the parties and their respective heirs, personal representatives, successors and assigns.
- B. No Property Interest. Nothing in this IGA conveys, confers, or creates any legal or equitable ownership or possessory interest in all or any part of the facilities listed in Section I.A in favor of the County, except as expressly provided in this IGA. The County agrees that it will not assert, and hereby waives, any claim to such ownership interest in the City's property based on this IGA.

- C. NO WAIVER. The waiver of any breach of a term, provision or requirement of this IGA shall not be construed or deemed as a waiver of any subsequent breach of such term, provision or requirement or of any other term, provision or requirement.
- D. NO ASSIGNMENT. This lease agreement is not subject to assignment.
- E. NO THIRD-PARTY BENEFICIARIES. It is expressly understood and agreed that enforcement of the terms and conditions of this IGA and all rights of action relating to such enforcement shall be strictly reserved to the parties. It is the express intention of the parties that any person other than the City and County shall be deemed to be only an incidental beneficiary under this IGA.
- F. GOVERNING LAW AND VENUE; RECOVERY OF COSTS. This IGA shall be governed by the laws of the State of Colorado. Venue shall be in Jefferson County, Colorado, or the United States District Court for the District of Colorado.
- G. GOVERNMENTAL IMMUNITY. No term or condition of this IGA shall be construed or interpreted as a waiver, express or implied, of any of the immunities, rights, benefits, protections or other provisions of the Colorado Governmental Immunity Act, C.R.S. §§ 24-10-101, et seq.
- H. PUBLIC DOCUMENT. Both Parties hereby acknowledge that the City and the County are public entities subject to the Colorado Open Records Act, C.R.S. § 24-72-201, et seq., and as such, this IGA may be subject to public disclosure thereunder.
- I. HEADINGS. Paragraph headings used in this IGA are for convenience of reference and shall in no way control or affect the meaning or interpretation of any provision of this IGA.
- J. SEVERABILITY. In the event a court of competent jurisdiction holds any provision of this IGA invalid or unenforceable, such holding shall not invalidate or render unenforceable any other provision of this IGA.
- K. COUNTERPARTS; ELECTRONIC DISPOSITION. This IGA may be executed in any number of counterparts, each of which shall be deemed to be an original and all such counterparts taken together shall be deemed to constitute one and the same instrument. The parties acknowledge and agree that the original of this IGA, including the signature page, may be scanned and stored in a computer database or similar device, and that any printout or other output readable by sight, the reproduction of which is shown to accurately reproduce the original of this IGA, may be used for any purpose as if it were the original, including proof of the content of the original writing.
- L. AUTHORITY. The parties represent and warrant that they have taken all actions necessary to legally authorize the undersigned signatories to execute this IGA on behalf of the parties and to bind the parties to its terms.
- M. INDEPENDENT CONTRACTOR. Notwithstanding any language in this IGA or any representation or warranty to the contrary, the relationship between County and the City shall be as independent contractors, and neither the City nor County shall be deemed or constitute an employee, servant, agent, partner or joint venturer of the other.

- N. PROTECTION OF PARTY INFORMATION. In the event the City or the County disclose any Personal Identifying Information as defined in C.R.S. § 24-73-101, both the City and County shall comply with the applicable requirements of C.R.S. §§ 24-73-101, *et seq.*, relating to Third Party Services Providers. Each party further agrees to use reasonable efforts to maintain the confidentiality of any other categories of confidential information pertaining to the other party, or their clients, that such party has access to in connection with their obligations under this IGA.

[Remainder of page intentionally blank – signatures follow]

IN WITNESS WHEREOF, the parties have executed this IGA as of the Effective Date.

CITY OF LAKEWOOD

Traci Wieland, Director of Community
Resources
Department of Community Resources

ATTEST:

Jay Robb, City Clerk

Approved as to form:

Anna Ferriera, Assistant City Attorney

Recommended for Approval:

Brent Berninger, Recreation and Golf Manager
Department of Community Resources

**COUNTY OF JEFFERSON, STATE OF
COLORADO ON BEHALF OF
JEFFERSON COUNTY HEAD START**

Signature [must be notarized or attested]

Lesley Dahlkemper, Chairman
Board of County Commissioners

STATE OF COLORADO)
) ss.
COUNTY OF _____)

The foregoing IGA was acknowledged before me this ____ day of _____,
2025, by Lesley Dahlkemper, Chairman of the Board of County Commissioners, County of
Jefferson, State of Colorado.

Witness my hand and official seal.

My Commission Expires _____.

Notary Public

Approved as to form:

Jean Biondi, Assistant County Attorney

11th Avenue Head Start



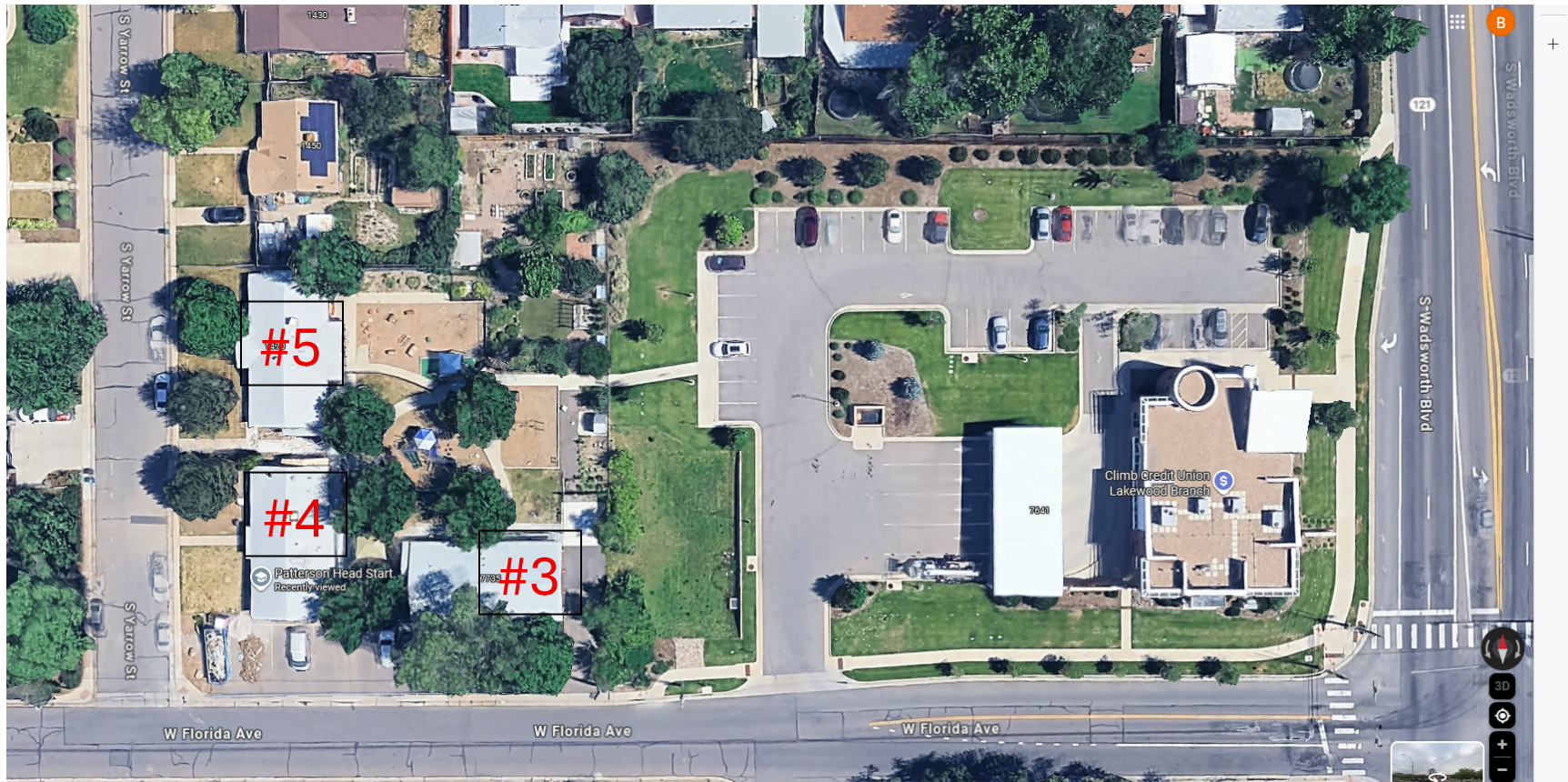
#1 – 6201 W 11th Ave, Lakewood, CO 80214

Daniels Head Start



#2 – 1301 Union St, Golden, CO 80401

Patterson Cottages



#3 – 7735 W Florida Avenue, Lakewood, CO 80232

#4 – 1480 S Yarrow Street, Lakewood, CO 80232

#5 – 1470 S Yarrow Street, Lakewood, CO 80232

STAFF MEMO

DATE OF MEETING: SEPTEMBER 8, 2025 / AGENDA ITEM NO. 5C

To: Mayor and City Council
From: Travis Parker, Chief of the Sustainability & Community Development Branch
Subject: **Architectural Work on the 6th and Wadsworth Project**

SUMMARY STATEMENT: Approval of a sole source contract for architectural work on the 6th & Wadsworth art improvements

BACKGROUND INFORMATION: In 2024, City Council approved budget for artistic improvements at the 6th and Wadsworth interchange. Engineering design is nearing completion and architectural work needs to be contracted. Engineering work was done by Alan Colussy Architecture, LLC so the most efficient path will be to have the same contractor do the architectural work however addition of architectural work to the contract will put the total over the administrative approval limit. Engineering work was contracted at \$75,000 and architectural work will be contracted at \$60,000 for a total of \$135,000 requiring City Council approval for a sole sourced contract.

BUDGETARY IMPACTS: None, the money is already budgeted.

STAFF RECOMMENDATIONS: Staff recommends approval.

ALTERNATIVES: None

PUBLIC OUTREACH: This item has been promoted through the regular communication channels to be considered by the Lakewood City Council.

NEXT STEPS: None

ATTACHMENTS: 1. Resolution R-2025-53

REVIEWED BY: Kathleen E. Hodgson, City Manager
Benjamin B. Goldstein, Deputy City Manager
Alison McKenney Brown, City Attorney

A RESOLUTION

APPROVING AN AMENDMENT TO AN AGREEMENT FOR PROFESSIONAL SERVICES FOR THE SIXTH AVENUE AND WADSWORTH INTERCHANGE AESTHETIC IMPROVEMENTS

WHEREAS, pursuant to Lakewood Municipal Code 3.04.030, certain services are exempt from competitive bidding if the requested services require a high degree of professional skill and may be negotiated with a single or sole source for delivery of the services;

WHEREAS, the City entered into a Professional Services Agreement (the "Agreement") with Al Colussy Architecture, LLC (the "Contractor") to provide architectural and engineering coordination design services to the City of Lakewood (the "City") for the 6th Avenue and Wadsworth Interchange Aesthetic Improvements (the "Services");

WHEREAS, as part of that Agreement, the City agreed to pay Contractor an amount not to exceed seventy-five thousand dollars (\$75,000) for the Services;

WHEREAS, the City now requires Contractor to complete additional engineering plans that are necessary to complete the Services;

WHEREAS, the City must pay an additional sixty thousand dollars (\$60,000) to Contractor for completion of the additional engineering plans;

WHEREAS, to account for the cost of the engineering plans, the City is required to amend the Agreement to reflect the change in consideration;

WHEREAS, the City previously budgeted an additional sixty thousand dollars (\$60,000) to complete the Services and; therefore, a supplemental appropriation is not needed at this time; and

WHEREAS, the City Council hereby finds and determines that approving an additional sixty thousand dollars (\$60,000) to complete the Services is in the best interests of the City.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Lakewood, Colorado, that:

SECTION 1. The City Council hereby finds and determines that authorizing the City Manager, or designee, to amend the Agreement to increase the consideration shall be in the best interests of the residents of the City.

SECTION 2. The City Manager, or designee, is hereby authorized to amend the Agreement to reflect the additional payment of sixty thousand dollars (\$60,000) to Contractor and execute any other documents necessary to complete the Services.

SECTION 3. This Resolution shall become effective immediately upon its adoption.

INTRODUCED, READ AND ADOPTED by a vote of ____ for and ____ against at a hybrid regular meeting of the City Council on September 8, 2025, at 7 o'clock p.m., at the Lakewood Civic Center, 480 South Allison Parkway, Lakewood, Colorado.

Wendi Strom, Mayor

ATTEST:

Jay Robb, City Clerk

APPROVED AS TO FORM:

Alison McKenney Brown, City Attorney

STAFF MEMO

DATE OF MEETING: SEPTEMBER 8, 2025 / AGENDA ITEM NO. 5D

To: Mayor and City Council
From: Alison McKenney Brown, City Attorney
Subject: **City Participation in Opioid Settlements**

SUMMARY STATEMENT: This Resolution seeks to have Lakewood join in the Purdue Direct Settlement, a settlement agreement with Purdue Pharma and the Sackler Family.

BACKGROUND INFORMATION: There has been extensive litigation against opioid manufacturers and opioid distributors for their roles in contributing to the nationwide opioid epidemic. Many local governments throughout the country, including Lakewood, have retained counsel, investigated claims, or initiated suit against opiate manufacturers and distributors. In 2021, Lakewood entered into the Colorado Opioids Settlement Memorandum of Understanding, which was created in response to the nationwide settlements regarding the “Big 3” opioid distributors (McKesson, Cardinal Health, and AmerisourceBergen) and Opioid Manufacturer Johnson and Johnson.

A new proposed national opioids settlement has been reached with Purdue Pharma (and certain of its affiliates) and the Sackler Family. This settlement is referenced as “the Purdue Direct Settlement,” and all eligible territories and states, including the State of Colorado, have elected to participate in the Purdue Direct Settlement. The Purdue Direct Settlement calls for a total potential settlement amount of \$7.4 billion, of which the state of Colorado can expect to receive a maximum total amount of \$75,667,125.39. All funds received from the Purdue Direct Settlement will follow the same Colorado Opioid Settlement Memorandum of Understanding that the City entered into in 2021. The proposed Purdue Direct Settlement is being implemented in connection with Purdue’s bankruptcy proceedings, and consists of, among other things, a settlement of Purdue’s claims against the Sackler Family and certain other parties, and settlements of direct claims against the Sacklers held by States, local governments such as Lakewood, and other creditors. The Purdue Direct Settlement for States and Local Governments is documented in the Governmental Entity and Shareholder Direct Settlement Agreement.

The total amounts owed under the Purdue Direct Settlement are dependent upon a number of factors, including the total number of subdivisions, including Lakewood, that decide to participate in the settlement. As such, the total potential amount the State of Colorado can receive is in part dependent upon subdivisions such as Lakewood executing and submitting the Participation Form for the Purdue Direct Settlement by September 30, 2025. Based on the Participation Forms received by September 30, 2025, the subdivision participation rate will be used to determine whether participation is sufficient for the Purdue Direct Settlement to move forward and whether Colorado earns its maximum potential payment under the Purdue Direct Settlement. Upon the bankruptcy court’s approval of the Purdue Direct Settlement, which will occur after September 30, 2025, and which is in part based on the level of participation from local subdivisions, Lakewood may also receive voting rights in Purdue’s bankruptcy action.

The City joined in litigation against Purdue Pharma L.P., through the law firm of Speights, Worrich,

Newcomb, Roth & Mithcell LLC, which was retained to investigate, litigate, or negotiate settlement of any actionable claims against Purdue and the Sackler family for their contribution to the opioid crisis. If Lakewood joins in the Purdue Direct Settlement, it will be required to dismiss its current case against Purdue, and waive all future causes of action relating to items included in the settlement.

BUDGETARY IMPACTS: Under the Purdue Direct Settlement Agreement, and the Colorado Opioids Settlement Memorandum of Understanding, Lakewood anticipates receiving funds over the next fifteen (15) years, with an estimated total of \$253,703.87. Lakewood will also benefit from an even larger pool of funds that comes to the region shared by Jefferson, Gilpin, and Clear Creek Counties. The total maximum estimated amount to be received by the Region over the next fifteen years is \$4,863,005.08. These amounts are, however, only estimates as the total settlement amount cannot be determined until the total number of participating subdivisions is finalized.

STAFF RECOMMENDATIONS: Staff recommends signing the Participation Form for the Purdue Direct Settlement and subsequently dismissing and releasing any claims against Purdue Pharma L.P. and/or the Sackler Family.

ALTERNATIVES: Lakewood could continue to litigate this matter on its own, and attempt to garner a more favorable outcome.

PUBLIC OUTREACH: This item has been promoted through the regular communication channels to be considered by the Lakewood City Council.

NEXT STEPS: If the City Council approves Resolution 2025-54 the City Manager will sign the Participation Form and submit the signed document no later than September 30, 2025.

ATTACHMENTS:

1. Resolution R-2025-54
2. Participation Form
3. Colorado Opioids Settlement Memorandum of Understanding
4. Government Entity Direct Shareholders Settlement Agreement-June 17, 2025
5. Master Shareholder Settlement Agreement-June 17, 2025
6. Purdue Pharma Settlement Estimated Distribution Chart

REVIEWED BY: Kathleen E. Hodgson, City Manager
Benjamin B. Goldstein, Deputy City Manager
Alison McKenney Brown, City Attorney

A RESOLUTION

APPROVING LAKEWOOD'S PARTICIPATION IN THE PURDUE DIRECT
SETTLEMENT REGARDING THE SETTLEMENT OF CLAIMS AGAINST PURDUE
PHARMA L.P. AND THE SACKLER FAMILY

WHEREAS, the Lakewood City Council recognizes the harms caused to its residents by the opioid epidemic, the need to hold responsible those entities that created said harm, and the need to fund various programs to mitigate the harm caused;

WHEREAS, the City of Lakewood (the "City") previously signed a contract for legal services with Speights, Worrich, Newcomb, Roth & Mitchell LLC to investigate, litigate, or negotiate for settlement, actionable claims against individuals and entities related to the marketing, prescribing, distribution, or sale of opioids;

WHEREAS, through Speights, Worrich, Newcomb, Roth & Mitchell LLC, the City joined in litigation against Purdue Pharma L.P. and the Sackler Family regarding their contribution to the nation's opioid crisis;

WHEREAS, a nationwide settlement has been reached with Purdue Pharma L.P. and the Sackler Family (the "Direct Purdue Settlement"), with a maximum total potential settlement amount of \$7.4 billion, of which, the State of Colorado can expect to receive a maximum total amount of \$75,667,125.39;

WHEREAS, all eligible territories and states, including the State of Colorado, have elected to participate in the Purdue Direct Settlement;

WHEREAS, the total amount owed under the Purdue Direct Settlement is now dependent on a number of factors, including the total number of subdivisions such as the City, signing the Participation Form to join in the Purdue Direct Settlement;

WHEREAS, all funds received from the Purdue Direct Settlement will follow the Colorado Opioid Settlement Memorandum of Understanding (the "MOU") that the City entered into in 2021;

WHEREAS, under the terms of the MOU, the proceeds from the Purdue Direct Settlement will be distributed as: 10% directly to the State; 20% directly to Participating Local Governments such as the City; 60% directly to regions; and 10% to specific state abatement infrastructure projects;

WHEREAS, to participate in the Purdue Direct Settlement, the City must sign and submit the Participation Form for such settlement by September 30, 2025; and

WHEREAS, as part of the global settlement against Purdue Pharma L.P. and the Sackler Family, the City may also receive voting rights in Purdue's bankruptcy action;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Lakewood:

SECTION 1. The City Manager, as the City's authorized signatory, is hereby authorized to execute the Participation Form entering the City of Lakewood into the Purdue Direct Settlement. The City Manager, City Attorney, or City Clerk are hereby authorized to submit the Participation Form for the Purdue Direct Settlement to opioidsparticipation@rubris.com to effect the City's decision to enter into the Purdue Direct Settlement.

SECTION 2. The City Attorney is hereby authorized to direct the law firm of Speights, Worrich, Newcomb, Roth & Mitchell LLC to dismiss any lawsuits filed against Purdue Pharma L.P. and/or the Sackler Family on behalf of the City of Lakewood after the Purdue Direct Settlement is finalized.

SECTION 3. The City Attorney is hereby authorized to waive any and all claims against Purdue Pharma L.P. and/or the Sackler Family that in any way touch upon or relate to the matters settled by the Purdue Direct Settlement and/or the Master Shareholder Settlement Agreement.

SECTION 4. The City Manager is hereby authorized to vote on behalf of the City of Lakewood in any bankruptcy matter relating to either Purdue Pharma L.P. or the Sackler Family.

SECTION 5. This resolution shall become effective immediately upon its adoption.

INTRODUCED, READ AND ADOPTED by a vote of ___ for and ___ against at a hybrid regular meeting of the City Council on September 8, 2025, at 7 o'clock p.m., at the Lakewood Civic Center, 480 South Allison Parkway, Lakewood, Colorado.

Wendi Strom, Mayor

ATTEST:

Jay Robb, City Clerk

APPROVED AS TO FORM:

Alison McKenney Brown, City Attorney

EXHIBIT K
Subdivision Participation and Release Form

Governmental Entity:	State:
Authorized Official:	
Address 1:	
Address 2:	
City, State, Zip:	
Phone:	
Email:	

The governmental entity identified above (“*Governmental Entity*”), in order to obtain and in consideration for the benefits provided to the Governmental Entity pursuant to that certain Governmental Entity & Shareholder Direct Settlement Agreement accompanying this participation form (the “*Agreement*”)¹, and acting through the undersigned authorized official, hereby elects to participate in the Agreement, grant the releases set forth below, and agrees as follows.

1. The Governmental Entity is aware of and has reviewed the Agreement, and agrees that by executing this Participation and Release Form, the Governmental Entity elects to participate in the Agreement and become a Participating Subdivision as provided therein.
2. The Governmental Entity shall promptly after the Effective Date, and prior to the filing of the Consent Judgment, dismiss with prejudice any Shareholder Released Claims and Released Claims that it has filed. With respect to any Shareholder Released Claims and Released Claims pending in *In re National Prescription Opiate Litigation*, MDL No. 2804, the Governmental Entity authorizes the Plaintiffs’ Executive Committee to execute and file on behalf of the Governmental Entity a Stipulation of Dismissal with Prejudice substantially in the form found at <https://nationalopioidsettlement.com>.
3. The Governmental Entity agrees to the terms of the Agreement pertaining to Participating Subdivisions as defined therein.
4. By agreeing to the terms of the Agreement and becoming a Releasor, the Governmental Entity is entitled to the benefits provided therein, including, if applicable, monetary payments beginning following the Effective Date.
5. The Governmental Entity agrees to use any monies it receives through the Agreement solely for the purposes provided therein.
6. The Governmental Entity submits to the jurisdiction of the court in the Governmental Entity’s state where the Consent Judgment is filed for purposes limited to that court’s role as and to the extent provided in, and for resolving disputes to the extent provided in, the

¹ Capitalized terms used in this Exhibit K but not otherwise defined in this Exhibit K have the meanings given to them in the Agreement or, if not defined in the Agreement, the Master Settlement Agreement.

Agreement. The Governmental Entity likewise agrees to arbitrate before the National Arbitration Panel as provided in, and for resolving disputes to the extent otherwise provided in, the Agreement.

7. The Governmental Entity has the right to enforce the Agreement as provided therein.
8. The Governmental Entity, as a Participating Subdivision, hereby becomes a Releasor for all purposes in the Agreement, including without limitation all provisions of Article 10 (Release), and along with all departments, agencies, divisions, boards, commissions, districts, instrumentalities of any kind and attorneys, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, and any other entity identified in the definition of Subdivision Releasor, to the maximum extent of its authority, for good and valuable consideration, the adequacy of which is hereby confirmed, the Shareholder Released Parties and Released Parties are, as of the Effective Date, hereby released and forever discharged by the Governmental Entity and its Subdivision Releasors from: any and all Causes of Action, including, without limitation, any Estate Cause of Action and any claims that the Governmental Entity or its Subdivision Releasors would have presently or in the future been legally entitled to assert in its own right (whether individually or collectively), notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), whether existing or hereinafter arising, in each case, (A) directly or indirectly based on, arising out of, or in any way relating to or concerning, in whole or in part, (i) the Debtors, as such Entities existed prior to or after the Petition Date, and their Affiliates, (ii) the Estates, (iii) the Chapter 11 Cases, or (iv) Covered Conduct and (B) as to which any conduct, omission or liability of any Debtor or any Estate is the legal cause or is otherwise a legally relevant factor (each such release, as it pertains to the Shareholder Released Parties, the “Shareholder Released Claims”, and as it pertains to the Released Parties other than the Shareholder Released Parties, the “Released Claims”). For the avoidance of doubt and without limiting the foregoing: the Shareholder Released Claims and Released Claims include any Cause of Action that has been or may be asserted against any Shareholder Released Party or Released Party by the Governmental Entity or its Subdivision Releasors (whether or not such party has brought such action or proceeding) in any federal, state, or local action or proceeding (whether judicial, arbitral, or administrative) (A) directly or indirectly based on, arising out of, or in any way relating to or concerning, in whole or in part, (i) the Debtors, as such Entities existed prior to or after the Petition Date, and their Affiliates, (ii) the Estates, (iii) the Chapter 11 Cases, or (iv) Covered Conduct and (B) as to which any conduct, omission or liability of any Debtor or any Estate is the legal cause or is otherwise a legally relevant factor.
9. As a Releasor, the Governmental Entity hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Shareholder Released Claims or Released Claims against any Shareholder Released Party or Released Party in any forum whatsoever, subject in all respects to Section 9.02 of the Master Settlement Agreement. The releases provided for herein (including the term “Shareholder Released

Claims” and “Released Claims”) are intended by the Governmental Entity and its Subdivision Releasors to be broad and shall be interpreted so as to give the Shareholder Released Parties and Released Parties the broadest possible release of any liability relating in any way to Shareholder Released Claims and Released Claims and extend to the full extent of the power of the Governmental Entity to release claims. The Agreement shall be a complete bar to any Shareholder Released Claim and Released Claims.

10. To the maximum extent of the Governmental Entity’s power, the Shareholder Released Parties and the Released Parties are, as of the Effective Date, hereby released and discharged from any and all Shareholder Released Claims and Released Claims of the Subdivision Releasors.
11. The Governmental Entity hereby takes on all rights and obligations of a Participating Subdivision as set forth in the Agreement.
12. In connection with the releases provided for in the Agreement, each Governmental Entity expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

General Release; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Shareholder Released Claims or such other Claims released pursuant to this release, but each Governmental Entity hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Shareholder Released Claims or such other Claims released pursuant to this release that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Governmental Entities’ decision to participate in the Agreement.

13. Nothing herein is intended to modify in any way the terms of the Agreement, to which Governmental Entity hereby agrees. To the extent any portion of this Participation and Release Form not relating to the release of, or bar against, liability is interpreted differently from the Agreement in any respect, the Agreement controls.
14. Notwithstanding anything to the contrary herein or in the Agreement, (x) nothing herein shall (A) release any Excluded Claims or (B) be construed to impair in any way the rights and obligations of any Person under the Agreement; and (y) the Releases set forth herein shall be subject to being deemed void to the extent set forth in Section 9.02 of the Master Settlement Agreement.

I have all necessary power and authorization to execute this Participation and Release Form on behalf of the Governmental Entity.

Signature: _____

Name: _____

Title: _____

Date: _____

**COLORADO OPIOIDS SETTLEMENT MEMORANDUM OF UNDERSTANDING
("MOU")**

Thursday, August 26, 2021

August 25, 2021 Attorney General version

A. Definitions

As used in this MOU:

1. "Approved Purpose(s)" shall mean forward-looking strategies, programming, and services to abate the opioid epidemic as identified by the terms of any Settlement. If a Settlement is silent on Approved Purpose(s), then Approved Purpose(s) shall mean those forward-looking strategies to abate the opioid epidemic identified in **Exhibit A** or any supplemental forward-looking abatement strategies added to **Exhibit A** by the Abatement Council. Consistent with the terms of any Settlement, "Approved Purposes" shall also include the reasonable administrative costs associated with overseeing and administering Opioid Funds from each of the four (4) Shares described in Section (B)(2). Reimbursement by the State or Local Governments for past expenses are not Approved Purpose(s). "Approved Purposes" shall include attorneys' fees and expenses incurred in the course of the opioid litigation that are paid through the process discussed below.
2. "County Area" shall mean a county in the State of Colorado plus the Local Governments, or portion of any Local Government, within that county.
3. "Effective Date" shall mean the date on which a court of competent jurisdiction, including any bankruptcy court, enters the first Settlement by order or consent decree. The Parties anticipate that more than one Settlement will be administered according to the terms of this MOU, but that the first entered Settlement will trigger the formation of the Abatement Council in Section (C) and the Regional Councils in Section (F)(5).¹
4. "General Abatement Fund Council," or "Abatement Council," shall have the meaning described in Section (C), below.

¹ For the avoidance of doubt, the McKinsey Settlement and any other Settlement that precedes the finalization of drafting this MOU are not considered a trigger for purposes of the calculation of "Effective Date."

5. “Local Government(s)” shall mean all counties in the State of Colorado and the municipalities, towns, and county and city municipal corporations that are listed in **Exhibit B**.
6. “National Opioid Settlement Administrative Fund” shall mean any fund identified by a Settlement for the national distribution of Opioid Funds.
7. “Opioid Funds” shall mean damage awards obtained through a Settlement.
8. “Opioid Settling Defendant” shall mean any person or entity, or its affiliates, that engages in or has engaged in the manufacture, marketing, promotion, distribution, or dispensing of licit opioids.
9. “Participating Local Government(s)” shall mean all Local Governments that sign this MOU, and if required under terms of a particular Settlement, who have executed a release of claims with the Opioid Settlement Defendant(s). For the avoidance of doubt, a Local Government must sign this MOU to become a “Participating Local Government.” Local Governments may designate the appropriate individual from their entity to sign the MOU.
10. “Party” or “Parties” shall mean the State and/or Participating Local Government(s).
11. “Qualified Settlement Fund Account,” or “QSF Account,” shall mean an account set up as a qualified settlement fund, 468b fund, as authorized by Treasury Regulations 1.468B-1(c) (26 CFR §1.468B-1).
12. “Regional Council” shall have the meaning described in Section (F)(5), below.
13. “Settlement” shall mean the negotiated resolution of legal or equitable claims against an Opioid Settling Defendant when that resolution has been jointly entered into by the State and the Participating Local Governments, or by any individual Party or collection of Parties that opt to subject their Settlement to this MOU. Unless otherwise directed by an order from a United States Bankruptcy Court, “Settlement” shall also include distributions from any liquidation under Chapter 7 of the United States Bankruptcy Code or confirmed plan under Chapter 11 of the United States Bankruptcy Code that treats the claims of the State and Local Governments against an Opioid Settling Defendant.
14. “The State” shall mean the State of Colorado acting through its Attorney General and the Colorado Department of Law.

B. Allocation of Settlement Proceeds

1. All Opioid Funds shall be held in accordance with the terms of any Settlement. If a Settlement allows Opioid Funds to be held in a National Opioid Settlement Administrative Fund, then Opioid Funds shall be held in such National Opioid Settlement Administrative Fund. If a Settlement does not allow for Opioid Funds

to be held in a National Opioid Settlement Administrative Fund, Opioid Funds shall be held in a Colorado-specific QSF Account or, under the following limited circumstances, in the State's Custodial Account: 1) if at the time of a Settlement, a Colorado-specific QSF Account is not yet established, although in such case, the Opioid Funds shall be transferred to the Colorado-specific QSF Account once it is established or 2) where the Abatement Fund Council determines Opioids Funds cannot be legally held in a Colorado-specific QSF Account. Regardless of whether Opioid Funds are held in a National Administrative Fund, a Colorado-specific QSF Account, or in the State's Custodial Account, the Abatement Council shall appoint one of its members to serve as the point of contact in accordance Section (C)(4)(b)(i), below.

2. All Opioid Funds, at the time of a Settlement or at the time designated in the Settlement documents, shall be divided and distributed as follows:²
 - a. **10%** directly to the State ("State Share") for Approved Purposes in accordance with Section (D), below;
 - b. **20%** directly to Participating Local Governments ("LG Share") for Approved Purposes in accordance with Section (E), below;
 - c. **60%** directly to Regions ("Regional Share") for Approved Purposes in accordance with Section (F), below; and
 - d. **10%** to specific abatement infrastructure projects ("Statewide Infrastructure Share") for Approved Purposes in accordance with Section (G), below.
3. Distribution of the Shares in Section B(2)(a) – (d) shall be direct, meaning that funds held in accordance with Section B(1) shall be disbursed directly to the State, Participating Local Governments, Regions, and the Statewide Infrastructure Share according to the terms of this MOU.
4. All Opioid Funds, regardless of allocation, shall be used for Approved Purposes.
5. Participating Local Governments may elect to share, pool, or collaborate with their respective allocation of the LG or Regional Shares in any manner they choose, so long as such sharing, pooling, or collaboration is used for Approved Purposes and complies with the terms of this MOU and any Settlement.

C. General Abatement Fund Council

1. A General Abatement Fund Council (the "Abatement Council"), consisting of representatives appointed by the State and Participating Local Governments, shall

² This MOU treats multi-county health departments as county health departments for purposes of allocation and distribution of abatement proceeds and therefore multi-county health departments shall not receive any Opioid Funds directly. Third-Party Payors ("TPPs") are not Parties to this MOU.

be created to ensure the distribution of Opioid Funds complies with the terms of any Settlement and to provide oversight of the Opioid Funds in accordance with the terms of this MOU.

2. **Membership:** The Abatement Council shall consist of the following thirteen (13) members, who shall serve in their official capacity only.

a. **State Members:** Seven (7) members shall be appointed by the State, as authorized volunteers of the State, as follows:

- (i) A Chair to serve as a non-voting member, except in the event of a tie;
- (ii) Two (2) members who are licensed professionals with significant experience in substance use disorders;
- (iii) Three (3) members who are professionals with significant experience in prevention, education, recovery, treatment, criminal justice, rural public health issues, or government administration related to substance use disorders; and
- (iv) One (1) member or family member affected directly by the opioid crisis.

b. **Local Government Members:** Six (6) members shall be appointed by the Participating Local Governments. Local Government Members shall be a County Commissioner, Mayor, City or Town Council Member, or a professional with significant experience in prevention, education, recovery, treatment, criminal justice, rural public health issues, or governmental administration related to substance use disorders. A Participating Local Government may determine which Local Government Members are eligible (or ineligible) to serve on the General Abatement Fund Council. County Commissioners, City or Town Council Members, and/or Mayors from the Regions identified in **Exhibit C** shall collaborate to appoint Local Government Members as follows:

- (i) Two (2) Members from Regions 1, 5, 13, 14, 15, 17, 18;
- (ii) Two (2) Members from Regions 2, 6, 7, 8, 9, 10, 11, 12, 16; and
- (iii) Two (2) Members from Regions 3, 4, 19.

c. **Terms:** The Abatement Council shall be established within ninety (90) days of the Effective Date. In order to do so, within sixty (60) days of the Effective Date, the State shall appoint the State Members in accordance with Section (C)(2)(a), and after conferral with the Local Governments, CCI and CML shall jointly appoint six (6) Local Government Members for an initial term not to exceed one year. Thereafter, Members shall be

appointed in accordance with this Section and Sections (C)(2)(a) and (b) and may serve no more than two (2) consecutive two-year terms, for a total of four (4) consecutive years. Except that, beginning in the second year only, two (2) State Members and two (2) Local Government members shall be appointed for a three-year term and may serve one consecutive two-year term thereafter. The Chair shall have no term but may be replaced at the State's discretion.

- (i) If a State or Local Government Member resigns or is otherwise removed from the Abatement Council prior to the expiration of their term, a replacement Member shall be appointed within sixty (60) days in accordance with Sections (C)(2)(a) and (b).
- (ii) If a Local Government Member vacancy exists for more than sixty (60) days, the State shall appoint a replacement Local Government Member to serve until the vacancy is filled in accordance with Section (C)(2)(b).

- 3. **Duties:** The Abatement Council is primarily responsible for ensuring that the distribution of Opioid Funds complies with the terms of this MOU. The Abatement Council is also responsible for oversight of Opioid Funds from the Regional Share in accordance with Section (F), below, and for developing processes and procedures for the distribution and oversight of Opioid Funds from the Statewide Infrastructure Share in accordance with Section (G) below.
- 4. **Governance:** The Abatement Council shall draft its own bylaws or other governing documents, which must include appropriate conflict of interest and dispute resolution provisions, in accordance with the terms of this MOU and the following principles:
 - a. **Authority:** The Abatement Council does not have rulemaking authority. The terms of this MOU and any Settlement, as entered by any court of competent jurisdiction, including any bankruptcy court, control the authority of the Abatement Council and the Abatement Council shall not stray outside the bounds of the authority and power vested by this MOU and any Settlement.
 - b. **Administration:** The Abatement Council shall be responsible for an accounting of all Opioid Funds. The Abatement Council shall be responsible for releasing Opioid Funds in accordance with Section (B)(1) for the Regional and Statewide Infrastructure Shares in Sections (B)(2)(c) and (d) and shall develop policies and procedures for the release and oversight of such funds in accordance with Sections (F) and (G). Should the Abatement Council require assistance with providing an accounting of Opioid Funds, it may seek assistance from the State.

- (i) The Abatement Council shall appoint one of its members to serve as a point of contact for the purpose of communicating with the entity holding Opioid Funds in accordance with Section (B)(1) and in that role shall only act as directed by the Abatement Council.
- c. **Transparency:** The Abatement Council shall operate with all reasonable transparency and operate in a manner consistent with all Colorado laws relating to open records and meetings regardless of whether the Abatement Council is otherwise obligated to comply with them.
 - (i) The Abatement Council shall develop a centralized public dashboard or other repository for the publication of expenditure data from any Party or Regional Council that receives Opioid Funds in accordance with Sections (D)-(G).
 - (ii) The Abatement Council may also require outcome related data from any Party or Regional Council that receives Opioid Funds in accordance with Sections (D)-(G) and may publish such outcome related data in the centralized public dashboard or other repository described above. In determining which outcome related data may be required, the Abatement Council shall work with all Parties and Regional Councils to identify appropriate data sets and develop reasonable procedures for collecting such data sets so that the administrative burden does not outweigh the benefit of producing such outcome related data.
 - (iii) For purposes of funding the centralized public dashboard or other repository described above, the Abatement Council shall make good faith efforts to seek funding from outside sources first, otherwise the State shall provide such funding.
- d. **Collaboration:** The Abatement Council shall facilitate collaboration between the State, Participating Local Governments, Regional Councils, and other stakeholders for the purposes of sharing data, outcomes, strategies, and other relevant information related to abating the opioid crisis in Colorado.
- e. **Decision Making:** The Abatement Council shall seek to make all decisions by consensus. In the event consensus cannot be achieved, unless otherwise required in this MOU, the Abatement Council shall make decisions by a majority vote of its Members. The Chair shall only vote in the event of a tie.
- f. **Due Process:** The Abatement Council shall develop the due process procedures required by Section (G)(3)(d) for Parties to dispute or challenge remedial actions taken by the Abatement Council for Opioid Funds from the Statewide Infrastructure Share. The Abatement Council

shall also abide by the due process principles required by Section (F)(12)-(13) for Regions to dispute or challenge remedial actions taken by the Abatement Council for Opioid Funds from the Regional Share.

- g. **Legal Status:** The Abatement Council shall not constitute a separate legal entity.
- h. **Legal Representation:** To the extent permitted by law, the State shall provide legal counsel to State Members for all legal issues arising from those State Members' work on the Abatement Council. At all times, Local Government Members of the Abatement Council are entitled to receive legal representation from their respective governmental entities. In the event of a conflict, the Abatement Council and its members may retain the services of other legal counsel.
- i. **Compensation:** No member of the Abatement Council shall be compensated for their work related to the Abatement Council.

D. State Share

- 1. In accordance with Sections (B)(1) and (B)(2)(a), and the terms of any Settlement, the State Share shall be paid directly to the State in accordance with the terms of this Section (D).
- 2. The State maintains full discretion over distribution of the State Share anywhere within the State of Colorado, however, the State Share shall be used for Approved Purposes only. The State will work to reduce administrative costs as much as practicable.
- 3. On an annual basis, as determined by the Abatement Council, the State shall provide all expenditure data, including administrative costs, from the State Share to the Abatement Council for purposes of maintaining transparency in accordance with Section (C)(4)(c)(i). The Abatement Council may require the State to provide additional outcome-related data in accordance with Section (C)(4)(c)(ii) and the State shall comply with such requirements.
- 4. If the State disputes the amount of Opioid Funds it receives from the State Share, the State shall alert the Abatement Council within sixty (60) days of discovering the information underlying the dispute. Failure to alert the Abatement Council within this time frame shall not constitute a waiver of the State's right to seek recoupment of any deficiency in its State Share.

E. LG Share

- 1. In accordance with Sections (B)(1) and (B)(2)(b), and the terms of any Settlement, the LG Share shall be paid directly to Participating Local Governments in accordance with the terms of this Section (E).

2. Allocations to Participating Local Governments from the LG Share shall first be determined using the percentages shown in **Exhibit D**.
3. The LG Share for each County Area shall then be allocated among the county and the other Participating Local Governments within it. **Exhibit E** reflects the default allocation that will apply unless the Participating Local Governments within a County Area enter into a written agreement providing for a different allocation. The Participating Local Governments may elect to modify the allocation for a County Area in **Exhibit E**, but such modification to the allocation in **Exhibit E** shall not change a County Area's total allocation under Section (E)(2).
4. A Local Government that chooses not to become a Participating Local Government will not receive a direct allocation from the LG Share. The portion of the LG Share that would have been allocated to a Local Government that is not a Participating Local Government will instead be re-allocated to the Regional Share for the Region where the Local Government is located, in accordance with Section (F), below.
5. In the event a Participating Local Government dissolves or ceases to exist during the term of any Settlement, the allocation for that Participating Local Government from the LG Share shall be re-allocated as directed by any Settlement, and if not specified, be re-allocated to the Regional Share for the Region in which the Participating Local Government was located, in accordance with Section (F). If a Participating Local Government merges with another Participating Local Government, the allocation for that Participating Local Government from the LG Share shall be re-allocated as directed by any Settlement, and if not specified, shall be re-allocated to the successor Participating Local Government's allocation of the LG Share. If a Participating Local Government merges with a Local Government that is not a Participating Local Government, the allocation for that Participating Local Government from the LG Share shall be re-allocated as directed by any Settlement, and if not specified, be re-allocated to the Region in which the merging Participating Local Government was located, in accordance with Section (F), below.
6. A Participating Local Government may forego its allocation of the LG Share and direct its allocation to the Regional Share for the Region where the Participating Local Government is located, in accordance with Section (F) below, by affirmatively notifying the Abatement Council on an annual basis of its decision to forego its allocation of the LG Share. A Participating Local Government's election to forego its allocation of the LG Share shall carry over to the following year unless the Participating Local Government notifies the Abatement Council otherwise. If a Participating Local Government elects to forego its allocation of the LG Share, the Participating Local Government shall be excused from the reporting requirements required by Section (E)(8).
7. Participating Local Governments maintain full discretion over the distribution of their allocation of the LG Share anywhere within the State of Colorado, however,

all Participating Local Governments shall use their allocation from the LG Share for Approved Purposes only. Reasonable administrative costs for a Participating Local Government to administer its allocation of the LG Share shall not exceed actual costs or 10% of the Participating Local Government's allocation of the LG Share, whichever is less.

8. On an annual basis, as determined by the Abatement Council, all Participating Local Governments shall provide all expenditure data, including administrative costs, from their allocation of the LG Share to the Abatement Council for purposes of maintaining transparency in accordance with Section (C)(4)(c)(i). The Abatement Council may require Participating Local Governments to provide additional outcome related data in accordance with Section (C)(4)(c)(ii) and all Participating Local Governments shall comply with such requirements.
9. If any Participating Local Government disputes the amount of Opioid Funds it receives from its allocation of the LG Share, the Participating Local Government shall alert the Abatement Council within sixty (60) days of discovering the information underlying the dispute. Failure to alert the Abatement Council within this time frame shall not constitute a waiver of the Participating Local Government's right to seek recoupment of any deficiency in its LG Share.

F. Regional Share

1. In accordance with Sections (B)(1) and (B)(2)(c), and the terms of any Settlement, the Regional Share shall be paid to the Regions in accordance with the terms of this Section (F).
2. Participating Local Governments shall organize themselves into the Regions depicted in **Exhibit C**. Municipalities located in multiple Regions may join all or some of the Regions in which they are located according to **Exhibit C**.
3. Allocations to Regions will be distributed according to **Exhibit F**. For multi-county Regions, each Region's share listed in **Exhibit F** is calculated by summing the individual percentage shares listed in **Exhibit D** for the counties within that Region. The percentages in **Exhibit F** are based on the assumption that every Local Government in each Region becomes a Participating Local Government.
4. In the event a city, town, or other municipality that is a Participating Local Government merges, dissolves, or ceases to exist during the term of any Settlement, the allocation of the Regional Share owed to the Region in which that Participating Local Government existed shall be re-allocated as directed by any Settlement, and if not specified, shall not be modified from **Exhibit F**. If a county that is a Participating Local Government merges with another county within its Region, the allocation of the Regional Share owed to the Region in which that county existed shall be re-allocated as directed by any Settlement, and if not specified, shall not be modified from **Exhibit F**. If a county that is a Participating Local Government merges with a county in a different Region during the term of

any Settlement, the allocation of the Regional Share owed to the Region in which that county existed shall be re-allocated as directed by any Settlement, and if not specified, shall be re-allocated to the Region in which that Participating Local Government merged in accordance with **Exhibit F**.

5. Each Region must create its own Regional Council while giving consideration to the regional governance models illustrated in **Exhibit G**. The Regional Council must be formed by the Participating Local Governments within the Region and each Regional Council shall designate a fiscal agent for the Region. Regional fiscal agents shall be county or municipal governments only. All funds from the Regional Share shall be distributed to the Regional Council's identified fiscal agent for the benefit of the entire Region.
 - a. Subject to this Section F(5), each Region may draft its own intra-regional agreements, bylaws, or other governing documents to determine how the Regional Council will operate. However, each voting member of a Regional Council shall be an employee or elected official of a Participating Local Government within the applicable Region. In the case of Denver, the voting members of its Regional Council shall be appointed by the Mayor. In the case of Broomfield, the voting members of its Regional Council shall be appointed by the Broomfield City and County Manager.
 - b. The Region shall not receive any Opioid Funds from the Regional Share until the Region certifies to the Abatement Council that its Regional Council has been formed and a fiscal agent has been designated. Such certification shall be in a simple form adopted by the Region and may be made via email, so long as it includes the names and affiliations of the Regional Council's members and the designated fiscal agent.
 - c. If a Region does not form and certify its Regional Council and designate its fiscal agent within one-hundred and eighty (180) days of the Effective Date, the Abatement Council shall appoint members to the Region's Regional Council. Regional Council members appointed by the Abatement Council shall serve until the Region certifies the formation of its Regional Council to the Abatement Council.
 - d. A Region shall submit a renewed certification required by Section (F)(5)(b), above, when its membership changes.
 - e. If a membership vacancy exists on a Regional Council for more than ninety (90) days and the Regional Council is unable to fill the vacancy by its regular procedures during that time, the Abatement Council shall appoint a replacement member to serve until the Region fills the vacancy.

6. A Local Government that chooses not to become a Participating Local Government shall not receive any Opioid Funds from the Regional Share or participate in the Regional Councils described in Section (F)(5) above.
7. Each Regional Council shall make requests to the Abatement Council for Opioid Funds from their allocation of the Regional Share. Each Regional Council's request for Opioid Funds from the Regional Share shall be accompanied by a 2-year plan identifying the Approved Purposes for which the requested funds will be used by the Region anywhere within the State of Colorado. A Regional Council's 2-year plan may be amended so long as such amendments comply with the terms of this MOU and any Settlement. Any Regional Council may seek assistance from the Abatement Council for purposes of developing its 2-year plan.
8. Reasonable administrative costs for a Regional Council to administer its Region's allocation of the Regional Share shall not exceed actual costs or 10% of the Region's allocation of the Regional Share, whichever is less.
9. The Abatement Council shall release funds requested by a Regional Council in accordance with Section (B)(1) if the Regional Council's 2-year plan complies with the Approved Purposes, the terms of this MOU, and the terms of any Settlement. The Abatement Council shall not deny any funding request from a Regional Council on the basis that the Abatement Council does not approve or agree with the Approved Purposes for which a Regional Council requests Opioid Funds from the Regional Share. Nor may the Abatement Council hold up, delay, or make unreasonable requests for additional or supporting information of the Regional Council prior to releasing the requested Opioid Funds. The purpose of this MOU is to facilitate Opioid Funds to their intended recipients quickly and efficiently with minimal administrative procedure.
10. On an annual basis, as determined by the Abatement Council, each Regional Council's fiscal agent shall provide to the Abatement Council the Regional Council's expenditure data, including administrative costs, from their allocation of the Regional Share and certify to the Abatement Council that the Regional Council's expenditures were for Approved Purposes and complied with its 2-year plan. The Regional Council shall subject itself to an accounting at the Abatement Council's discretion.
 - a. The Abatement Council shall review a Regional Council's expenditure data and certification to ensure compliance with the Regional Council's 2-year plan, the Approved Purposes, and the terms of this MOU and any Settlement.
 - b. The Abatement Council shall publish the Regional Council's expenditure data, including administrative costs, from the Regional Share in accordance with Section (C)(4)(c)(i). The Abatement Council may require Regional Councils to provide additional outcome related data in

accordance with Section (C)(4)(c)(ii) and all Regional Councils shall comply with such requirements.

11. If any Regional Council disputes the amount of Opioid Funds it receives from its allocation of the Regional Share, the Regional Council shall alert the Abatement Council within sixty (60) days of discovering the information underlying the dispute. Failure to alert the Abatement Council within this time frame shall not constitute a waiver of the Regional Council's right to seek recoupment of any deficiency in its Regional Share.
12. If the Abatement Council has reason to believe a Region's expenditure of its allocation of the Regional Share did not comply with the Region's 2-year Plan, the Approved Purposes, the terms of this MOU or any Settlement, as described in this Section (F), or that the Region otherwise misused its allocation of the Regional Share, the Abatement Council may take remedial action against the alleged offending Region. Such remedial action is left to the discretion of the Abatement Council and may include but not be limited to, withholding future Opioids Funds owed to the offending Region or requiring the offending Region to reimburse improperly expended Opioid Funds to the Regional Share.
13. Within one hundred and twenty (120) days of the Abatement Council being formed, in accordance with Section (C)(2)(c) above, the Abatement Council shall develop and publish due process procedures for allowing a Region to challenge or dispute any remedial action taken by the Abatement Council, including timelines during which the Region may engage in such a challenge or dispute. Such due process procedures shall reflect, at a minimum, the following principles:
 - a. Upon learning of any conduct that may warrant remedial action against a Region, the Abatement Council shall first provide notice to the Region of the conduct at issue, provide the Region an opportunity to respond, and, if appropriate, cure the alleged offending conduct. If after providing the Region such notice and opportunities to respond and cure, the Abatement Council continues to believe remedial action is warranted, the Abatement Council may take such remedial action.
 - b. If the Abatement Council decides to take remedial action against an alleged offending Region, such action may only occur by a two-thirds supermajority vote of the Abatement Council. Thus, an Abatement Council made up of twelve (12) voting members requires a vote of eight (8) Members prior to taking remedial action against an alleged offending Region.
 - c. Prior to taking any remedial action against an alleged offending Region, the Abatement Council shall first provide notice to the alleged offending Region of the remedial action to be taken and the facts underlying such remedial action. The Abatement Council shall then provide the alleged

offending Region an opportunity to challenge or dispute the remedial action in accordance with, at a minimum, the principles below:

- i. The alleged offending Region may request revisions or modifications to the proposed remedial action;
 - ii. The alleged offending Region may submit a written response to and/or request a hearing before the Abatement Council, or a third-party hearing officer,³ regarding the alleged offending conduct and proposed remedial action; and
 - iii. After such written responses are submitted and reviewed and/or a hearing is conducted, the alleged offending Region may submit an appeal to the Abatement Council of the decision to take remedial action.
- d. Remedial actions taken by the Abatement Council, in accordance with the due process principles detailed above, shall be considered final non-appealable orders and offending Regions may not seek judicial relief from remedial action taken by the Abatement Council, except as provided in Section (H), below.
- e. Subject to Section (H)(2), below, if any Party(ies) believes the Abatement Council violated the terms of this MOU, such Party(ies) may seek to enforce the terms of this MOU.

14. If the Abatement Council has reason to believe a Region's conduct, or the conduct of any Participating Local Government or individual in that Region, amounts to a violation of any criminal law, the Abatement Council shall refer such matters to the appropriate authorities and may consider such conduct in its determination of any remedial action to be taken.

15. If the Abatement Council has reason to believe that an individual involved in the receipt or administration of Opioid Funds from the Regional Share has violated any applicable ethics rules or codes, the Abatement Council shall not attempt to adjudicate such a violation. In such instances, the Abatement Council shall lodge a complaint with the appropriate forum for handling such ethical matters, such as a local home rule municipality's ethics board.

16. Costs associated with the Abatement Council's distribution and oversight of the Regional Share, as described above in this Section (F), including costs associated with any remedial action by the Abatement Council, shall be paid from the Statewide

³ Only an alleged offending Region may request the appointment of a third-party hearing officer to review any written responses and conduct any requested hearings. If an alleged offending Region makes such a request, the Abatement Council has sole discretion to appoint the third-party hearing officer and the alleged offending Region shall bear the cost of such review and/or hearing by the third-party hearing officer.

Infrastructure Share. The Abatement Council shall make all good faith efforts to limit such costs to the greatest extent possible.

G. Statewide Infrastructure Share

1. In accordance with Sections B(1) and (B)(2)(d), and the terms of any Settlement, the Statewide Infrastructure Share shall be paid to any Party or Regional Council in accordance with this Section (G).
2. The purpose of the Statewide Infrastructure Share is to promote capital improvements and provide operational assistance for developing or improving the infrastructure necessary to abate the opioid crisis anywhere within the State of Colorado. The Statewide Infrastructure Share is intended to supplement Opioid Funds received by any Party or Region.
3. Prior to distributing any Opioid Funds from the Statewide Infrastructure Share, the Abatement Council shall establish and publish policies and procedures for the distribution and oversight of the Statewide Infrastructure Share, including processes for Parties or Regions to apply for Opioid Funds from the Statewide Infrastructure Share. The Abatement Council's policies and procedures shall, at a minimum, reflect the following principles:
 - a. Opioid Funds from the Statewide Infrastructure Share shall be used for Approved Purposes only;
 - b. Opioid Funds from the Statewide Infrastructure Share shall be paid directly to the appropriate state agencies (including but not limited to the Colorado Department of Law), Regional fiscal agents, or Participating Local Governments only;
 - c. Distribution and oversight of the Statewide Infrastructure Share shall comply with the terms of this MOU and any Settlement;
 - d. Appropriate processes for remedial action will be taken against Parties or Regions that misuse Opioid Funds from the Statewide Infrastructure Share. Such processes shall include procedures for alleged offending Parties or Regions to challenge or dispute such remedial action; and
 - e. Limitations on administrative costs to be expended by recipients for administering Opioid Funds received from the Statewide Infrastructure Fund, not to exceed actual costs expended by the recipient or 10% of the amount received, whichever is less.
4. The distribution and oversight policies and procedures developed by the Abatement Council, in accordance with Section (G)(3), shall be non-appealable orders and no Party or Region may seek judicial relief related to the distribution and oversight of the Statewide Infrastructure Share.

5. On an annual basis, as determined by the Abatement Council, any Party or Regional Council that receives funds from the Statewide Infrastructure Share shall provide all expenditure data, including administrative costs, related to any Opioid Funds it received from the Statewide Infrastructure Share and subject itself to an accounting as required by the Abatement Council. The Abatement Council shall publish all expenditure data from the Statewide Infrastructure Share in accordance with Section (C)(4)(c)(i). The Abatement Council may require the Parties or Regional Councils that receive funds from the Statewide Infrastructure Share to provide additional outcome related data in accordance with Section (C)(4)(c)(ii) and the Parties or Regional Councils shall comply with such requirements.
6. Costs associated with the Abatement Council's distribution and oversight of the Statewide Infrastructure Share, as described in this Section (G), shall be paid for from the Statewide Infrastructure Share. The Abatement Council shall make all good faith efforts to limit such costs to the greatest extent possible.

H. General Terms

1. All Parties and Regional Councils shall maintain all records related to the receipt and expenditure of Opioid Funds for no less than five (5) years and shall make such records available for review by the Abatement Council, any other Party or Regional Council, or the public. Records requested by the public shall be produced in accordance with Colorado's open records laws. Records requested by the Abatement Council or another Party or a Regional Council shall be produced within twenty-one (21) days of the date the record request was received. This requirement does not supplant any Party or Regional Council's obligations under Colorado's open records laws.
2. If any Party(ies) believes the Abatement Council has violated the terms of this MOU, the alleging Party(ies) may seek to enforce the terms of this MOU, provided the alleging Party(ies) first provides notice to the Abatement Council of the alleged violation and a reasonable opportunity to cure the alleged violation. In such an enforcement action, the alleging Party(ies) may only seek to enforce the terms of the MOU against the State and the Participating Local Governments from which the Local Government Members of the Abatement Council were appointed and may only seek declaratory and/or injunctive relief. In defense of such an enforcement action, the State's Members of the Abatement Council shall be represented by the State and the Local Government Members shall be represented by the Participating Local Governments from which the Local Government Members were appointed. In the event of a conflict, the Abatement Council and its Members may seek outside representation to defend itself against such an enforcement action.
3. If any Party(ies) believes another Party(ies), not including the Abatement Council, violated the terms of this MOU, the alleging Party(ies) may seek to enforce the terms of this MOU in the court in which any applicable Settlement(s) was entered, provided the alleging Party(ies) first provide the alleged offending Party(ies)

notice of the alleged violation(s) and a reasonable opportunity to cure the alleged violation(s). In such an enforcement action, any alleging Party or alleged offending Party(ies) may be represented by their respective public entity in accordance with Colorado law.

4. Nothing in this MOU shall be interpreted to waive the right of any Party to seek judicial relief for conduct occurring outside the scope of this MOU that violates any Colorado law. In such an action, the alleged offending Party(ies), including the Abatement Council, may be represented by their respective public entities in accordance with Colorado law. In the event of a conflict, any Party, including the Abatement Council and its Members, may seek outside representation to defend itself against such an action.
5. If any Party(ies) believes another Party(ies), Region(s), or individual(s) involved in the receipt, distribution, or administration of Opioids Funds has violated any applicable ethics codes or rules, a complaint shall be lodged with the appropriate forum for handling such matters, such as a local home rule municipality's ethics board.
6. If any Party(ies) believes another Party(ies), Region(s), or individual(s) involved in the receipt, distribution, or administration of Opioid Funds violated any Colorado criminal law, such conduct shall be reported to the appropriate criminal authorities.
7. Venue for any legal action related to this MOU shall be in a court of competent jurisdiction where any applicable Settlement(s) is entered.
8. Because recovery under the terms of different Settlement(s) may vary depending on the number of Parties required to effectuate a Settlement, the Parties may conditionally agree to sign on to the MOU through a letter of intent, resolution or similar written statement, declaration or pronouncement declaring their intent to sign on to the MOU if the threshold for Party participation in a specific Settlement is achieved.⁴
9. This MOU may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. The Parties approve the use of electronic signatures for execution of this MOU. All use of electronic signatures shall be governed by the Uniform Electronic Transactions Act, C.R.S. §§ 24-71.3-101, *et seq.* The Parties agree not to deny the legal effect or enforceability of the MOU solely because it is in electronic form or

⁴ For instance, the July 21, 2021 "Distributor Settlement Agreement" includes a "Subdivision Settlement Agreement Form" that, once filled out and executed, is meant to indicate that Local Government's (or Subdivision's) election to participate in that Distributor Settlement and also, to require that Local Government to take steps to formally release any claim it may have against the Settling Distributors. With regard to the Distributor Settlement Agreement or any other Settlements that include a form similar to the Subdivision Settlement Agreement Form, the Parties may still conditionally agree to sign on to the MOU if, for instance, the threshold for Party participation in a specific Settlement is achieved.

because an electronic record was used in its formation. The Parties agree not to object to the admissibility of the MOU in the form of an electronic record, or a paper copy of an electronic document, or a paper copy of a document bearing an electronic signature, on the ground that it is an electronic record or electronic signature or that it is not in its original form or is not an original.

10. Each party represents that all procedures necessary to authorize such Party's execution of this MOU have been performed and that the person signing for such Party has been authorized to execute the MOU.

I. Payment of Counsel and Litigation Expenses Through a Back-Stop Fund

1. Some Settlements, including the McKesson Corporation, Cardinal Health, Inc., and AmerisourceBergen Corporation ("Distributor") and Johnson & Johnson/Janssen ("J&J") settlements, may provide for the payment of all or a portion of the fees and litigation expenses owed by Participating Local Governments to counsel specifically retained to file suit in the opioid litigation. If any Settlement is insufficient to cover the fee obligations of the Participating Local Governments (as discussed and modified by Judge Polster's Order of August 6 regarding fees for the Distributor and J&J settlements), the deficiencies will be covered as set forth in further detail below.
2. The Parties also recognize that, as in the Distributor and J&J settlements, certain Opioid Settling Defendants may offer premiums benefiting the entire state of Colorado when Participating Local Governments agree to the Settlement(s), thereby settling their claims in their on-going lawsuits. For example, below is the chart illustrating how Incentive Payment B (a 25% premium to the entire state) works in the Distributor Settlement at Section IV.F.2.b (p. 20):

Percentage of Litigating Subdivision Population that is Incentive B Eligible Subdivision Population⁵	Incentive Payment B Eligibility Percentage
Up to 85%	0%
85%+	30%
86+	40%
91+	50%
95+	60%
99%+	95%
100%	100%

3. If the court in *In Re: National Prescription Opiate Litigation*, MDL No. 2804 (N.D. Ohio), or if a Settlement establishes a common benefit fund or similar device to compensate attorneys for services rendered and expenses incurred that have benefited plaintiffs generally in the litigation (the "Common Benefit Fund"),

and/or requires certain governmental plaintiffs to pay a share of their recoveries from defendants into the Common Benefit Fund (“Court-Ordered Common Benefit Fund Assessment”), then the Participating Local Governments shall be required to first seek to have their attorneys’ fees and expenses paid through the Common Benefit Fund.

4. For the Distributor and J&J settlements only, counsel for Participating Local Governments shall have their expenses otherwise recoverable from Colorado Participating Local Governments compensated only through the Common Benefit Fund(s) established in those settlement(s). For the avoidance of doubt, counsel for Participating Local Governments may recover their attorneys’ fees through the Distributor and J&J settlements and through the other applicable provisions of this Section (I).
5. In addition, as a means of covering any deficiencies in paying counsel for Participating Local Governments, a supplemental Colorado Attorney Fee Back-Stop Fund shall be established. The Colorado Attorney Fee Back-Stop Fund is to be used to compensate counsel for Participating Local Governments that filed an initial complaint in the opioid litigation by September 1, 2020 (“Litigating Participating Local Governments”).
6. Payments out of the Colorado Attorney Fee Back-Stop Fund shall be determined by a committee (the “Opioid Fee and Expense Committee”). The Opioid Fee and Expense Committee shall consist of the following five (5) members:
 - a. One (1) member appointed by CCI from a litigating county or from a litigating county and city municipal corporation;
 - b. One (1) member appointed by CML from a litigating city;
 - c. One (1) member appointed jointly by CCI and CML from a non-litigating county or city;
 - d. One (1) member appointed by the Attorney General’s Office; and
 - e. One (1) neutral member jointly appointed by all of the other members listed above.
7. The Colorado Attorney Fee Back-Stop Fund shall be funded as follows from any Settlement, excluding settlements involving McKinsey and payments resulting from the Purdue or Mallinckrodt bankruptcy. For purposes only of calculating the funding of the Colorado Attorney Fee Back-Stop Fund, the Parties deem 58% of the total LG Share and Regional Share to be attributable to the Litigating Local Governments. The Colorado Attorney Fee Back-Stop Fund shall be funded by 8.7% of the total LG Share and 4.35% of the total Regional Share at the time such funds are actually received. No funds deposited into the Colorado Attorney Fee Back-Stop Fund will be taken from the Statewide Infrastructure Share or State Share.

8. Counsel for Litigating Participating Local Governments may apply to the Colorado Attorney Fee Back-Stop Fund only after applying to the Common Benefit Fund.
9. Counsel for Litigating Participating Local Governments may apply to the Colorado Attorney Fee Back-Stop Fund for only a shortfall – that is, the difference between what their fee agreements would entitle them to (as limited by this Section (I)) minus what they have already collected from the Common Benefit Fund (including both the “common benefit” and “contingency fee” calculations, if any). If they receive fees/costs for common benefit work in the national fee fund, these fees/costs will be allocated proportionately across all their local government opioid clients based on the allocation model used in the Negotiation Class website to allocate the appropriate portion to Colorado clients.
10. Counsel for Litigating Participating Local Governments are limited to being paid, at most, and assuming adequate funds are available in any Common Benefit Fund and Colorado Attorney Fee Back-Stop Fund, fees in an amount equal to 15% of the LG Share and 7.5% of the Regional Share attributable to their Colorado clients.
11. Any funds remaining in the Colorado Attorney Fee Back-Stop Fund in excess of the amounts needed to cover the fees and litigation expenses owed by Litigating Participating Local Governments to their respective counsel shall revert to the Participating Local Governments according to the allocations described in Sections (E) and (F). Every two years, the Opioid Fee and Expense Committee shall assess the amount remaining in the Colorado Attorney Fee Back-Stop Fund to determine if it is overfunded.
12. Despite the fact that a litigating entity bonus benefits the entire state, no portion of the State Share shall be used to fund the Colorado Attorney Fee Back-Stop Fund or in any other way to fund any Participating Local Government’s attorneys’ fees and expenses. Because the state did not hire outside counsel, any funds for attorneys fees that the state receives from the J&J and Distributor settlement will be deposited into the State Share.
13. To participate in the Colorado Attorney Fee Back-Stop Fund, counsel must follow the requirements of C.R.S. § 13-17-304.

This **Colorado Opioids Settlement Memorandum of Understanding** is signed

this 26 day of August, 2021 by:

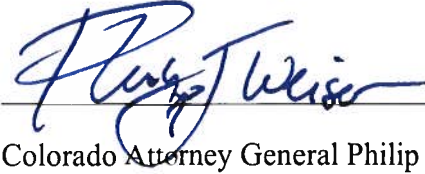

Colorado Attorney General Philip J. Weiser

Exhibit A

POTENTIAL OPIOID ABATEMENT APPROVED PURPOSES

I. TREATMENT

A. TREATMENT OF OPIOID USE DISORDER AND ITS EFFECTS

1. Expand availability of treatment, including Medication-Assisted Treatment (MAT), for Opioid Use Disorder (OUD) and any co-occurring substance use or mental health issues.
2. Supportive housing, all forms of FDA-approved MAT, counseling, peer-support, recovery case management and residential treatment with access to medications for those who need it.
3. Treatment of mental health trauma issues that resulted from the traumatic experiences of the opioid user (e.g., violence, sexual assault, human trafficking) and for family members (e.g., surviving family members after an overdose or overdose fatality).
4. Expand telehealth to increase access to OUD treatment, including MAT, as well as counseling, psychiatric support, and other treatment and recovery support services.
5. Fellowships for addiction medicine specialists for direct patient care, instructors, and clinical research for treatments.
6. Scholarships for certified addiction counselors.
7. Clinicians to obtain training and a waiver under the federal Drug Addiction Treatment Act to prescribe MAT for OUD.
8. Training for health care providers, students, and other supporting professionals, such as peer recovery coaches/recovery outreach specialists, including but not limited to training relating to MAT and harm reduction.
9. Dissemination of accredited web-based training curricula, such as the American Academy of Addiction Psychiatry's Provider Clinical Support Service-Opioids web-based training curriculum and motivational interviewing.
10. Development and dissemination of new accredited curricula, such as the American Academy of Addiction Psychiatry's Provider Clinical Support Service Medication-Assisted Treatment.
11. Development of a multistate/nationally accessible database whereby health care providers can list currently available in-patient and out-patient OUD treatment services that are accessible on a real-time basis.

12. Support and reimburse services that include the full American Society of Addiction Medicine (ASAM) continuum of care for OUD.
13. Improve oversight of Opioid Treatment Programs (OTPs) to assure evidence-informed practices such as adequate methadone dosing.

B. INTERVENTION

1. Ensure that health care providers are screening for OUD and other risk factors and know how to appropriately counsel and treat (or refer, if necessary) a patient for OUD treatment.
2. Fund Screening, Brief Intervention and Referral to Treatment (SBIRT) programs to reduce the transition from use to disorder.
3. Training and long-term implementation of SBIRT in key systems (health, schools, colleges, criminal justice, and probation), with a focus on the late adolescence and young adulthood when transition from misuse to opioid disorder is most common.
4. Purchase automated versions of SBIRT and support ongoing costs of the technology.
5. Training for emergency room personnel treating opioid overdose patients on post-discharge planning, including community referrals for MAT, recovery case management and/or support services.
6. Support work of Emergency Medical Systems, including peer support specialists, to connect individuals to treatment or other appropriate services following an opioid overdose or other opioid-related adverse event.
7. Create school-based contacts whom parents can engage to seek immediate treatment services for their child.
8. Develop best practices on addressing OUD in the workplace.
9. Support assistance programs for health care providers with OUD.
10. Engage non-profits and faith community as a system to support outreach for treatment.

C. CRIMINAL-JUSTICE-INVOLVED PERSONS

1. Address the needs of persons involved in the criminal justice system who have OUD and any co-occurring substance use disorders or mental health (SUD/MH) issues.

2. Support pre-arrest diversion and deflection strategies for persons with OUD and any co-occurring SUD/MH issues, including established strategies such as:
 - a. Self-referral strategies such as Angel Programs or the Police Assisted Addiction Recovery Initiative (PAARI);
 - b. Active outreach strategies such as the Drug Abuse Response Team (DART) model;
 - c. “Naloxone Plus” strategies, which work to ensure that individuals who have received Naloxone to reverse the effects of an overdose are then linked to treatment programs;
 - d. Officer prevention strategies, such as the Law Enforcement Assisted Diversion (LEAD) model; or
 - e. Officer intervention strategies such as the Leon County, Florida Adult Civil Citation Network.
3. Support pre-trial services that connect individuals with OUD and any co-occurring SUD/MH issues to evidence-informed treatment, including MAT, and related services.
4. Support treatment and recovery courts for persons with OUD and any co-occurring SUD/MH issues, but only if they provide referrals to evidence-informed treatment, including MAT.
5. Provide evidence-informed treatment, including MAT, recovery support, harm reduction, or other appropriate services to individuals with OUD and any co-occurring SUD/MH issues who are incarcerated, on probation, or on parole.
6. Provide evidence-informed treatment, including MAT, recovery support, harm reduction, or other appropriate re-entry services to individuals with OUD and any co-occurring SUD/MH issues who are leaving jail or prison or who have recently left jail or prison.
7. Support critical time interventions (CTI), particularly for individuals living with dual-diagnosis OUD/serious mental illness, and services for individuals who face immediate risks and service needs and risks upon release from correctional settings.

D. WOMEN WHO ARE OR MAY BECOME PREGNANT

1. Evidence-informed treatment, including MAT, recovery, and prevention services for pregnant women or women who could become pregnant and have OUD.
2. Training for obstetricians and other healthcare personnel that work with pregnant women and their families regarding OUD treatment.

3. Other measures to address Neonatal Abstinence Syndrome, including prevention, care for addiction and education programs.
4. Child and family supports for parenting women with OUD.
5. Enhanced family supports and child care services for parents receiving treatment for OUD.

E. PEOPLE IN TREATMENT AND RECOVERY

1. The full continuum of care of recovery services for OUD and any co-occurring substance use or mental health issues, including supportive housing, residential treatment, medical detox services, peer support services and counseling, community navigators, case management, and connections to community-based services.
2. Identifying successful recovery programs such as physician, pilot, and college recovery programs, and providing support and technical assistance to increase the number and capacity of high-quality programs to help those in recovery.
3. Training and development of procedures for government staff to appropriately interact and provide social and other services to current and recovering opioid users, including reducing stigma.
4. Community-wide stigma reduction regarding treatment and support for persons with OUD, including reducing the stigma on effective treatment.
5. Engaging non-profits and faith community as a system to support family members in their efforts to help the opioid user in the family.

II. PREVENTION

F. PRESCRIBING PRACTICES

1. Training for health care providers regarding safe and responsible opioid prescribing, dosing, and tapering patients off opioids.
2. Academic counter-detailing.
3. Continuing Medical Education (CME) on prescribing of opioids.
4. Support for non-opioid pain treatment alternatives, including training providers to offer or refer to multi-modal, evidence-informed treatment of pain.
5. Fund development of a multistate/national prescription drug monitoring program (PDMP) that permits information sharing while providing appropriate safeguards on sharing of private information, including but not limited to:

- a. Integration of PDMP data with electronic health records, overdose episodes, and decision support tools for health care providers relating to OUD.
 - b. Ensuring PDMPs incorporate available overdose/naloxone deployment data, including the United States Department of Transportation's Emergency Medical Technician overdose database.
- 6. Educating dispensers on appropriate opioid dispensing.

G. MISUSE OF OPIOIDS

- 1. Corrective advertising/affirmative public education campaigns.
- 2. Public education relating to drug disposal.
- 3. Drug take-back disposal or destruction programs.
- 4. Fund community anti-drug coalitions that engage in drug-abuse prevention efforts.
- 5. School-based programs that have demonstrated effectiveness in preventing drug misuse and seem likely to be effective in preventing the uptake and use of opioids.
- 6. Support community coalitions in implementing evidence-informed prevention, such as reduced social access and physical access, stigma reduction – including staffing, educational campaigns, or training of coalitions in evidence-informed implementation.
- 7. School and community education programs and campaigns for students, families, school employees, school athletic programs, parent-teacher and student associations, and others.
- 8. Engaging non-profits and faith community as a system to support prevention.

H. OVERDOSE DEATHS AND OTHER HARMS

- 1. Increasing availability and distribution of naloxone and other drugs that treat overdoses to first responders, overdose patients, opioid users, families and friends of opioid users, schools, community navigators and outreach workers, drug offenders upon release from jail/prison, and other members of the general public.
- 2. Training and education regarding naloxone and other drugs that treat overdoses for first responders, overdose patients, patients taking opioids, families, schools, and other members of the general public.

3. Developing data tracking software and applications for overdoses/naloxone revivals.
4. Public education relating to emergency responses to overdoses.
5. Free naloxone for anyone in the community.
6. Public education relating to immunity and Good Samaritan laws.
7. Educating first responders regarding the existence and operation of immunity and Good Samaritan laws.
8. Syringe service programs, including supplies, staffing, space, peer support services, and the full range of harm reduction and treatment services provided by these programs.
9. Expand access to testing and treatment for infectious diseases such as HIV and Hepatitis C resulting from intravenous opioid use.

III. ADDITIONAL AREAS

I. SERVICES FOR CHILDREN

1. Support for children's services: Fund additional positions and services, including supportive housing and other residential services, relating to children being removed from the home and/or placed in foster care due to custodial opioid use.

J. FIRST RESPONDERS

1. Law enforcement expenditures relating to the opioid epidemic.
2. Educating first responders regarding appropriate practices and precautions when dealing with fentanyl or other drugs.
3. Increase electronic prescribing to prevent diversion and forgery.

K. COMMUNITY LEADERSHIP

1. Regional planning to identify goals for opioid reduction and support efforts or to identify areas and populations with the greatest needs for treatment intervention services.
2. Government dashboard to track key opioid-related indicators and supports as identified through collaborative community processes.

L. STAFFING AND TRAINING

1. Funding for programs and services regarding staff training and networking to improve staff capability to abate the opioid crisis.
2. Support infrastructure and staffing for collaborative cross-systems coordination to prevent opioid misuse, prevent overdoses, and treat those with OUD (e.g., health care, primary care, pharmacies, PDMPs, etc.).

M. RESEARCH

1. Funding opioid abatement research.
2. Research improved service delivery for modalities such as SBIRT that demonstrate promising but mixed results in populations vulnerable to OUD.
3. Support research for novel harm reduction and prevention efforts such as the provision of fentanyl test strips.
4. Support for innovative supply-side enforcement efforts such as improved detection of mail-based delivery of synthetic opioids.
5. Expanded research for swift/certain/fair models to reduce and deter opioid misuse within criminal justice populations that build upon promising approaches used to address other substances (e.g. Hawaii HOPE and Dakota 24/7).
6. Research expanded modalities such as prescription methadone that can expand access to MAT.

N. OTHER

1. Administrative costs for any of the approved purposes on this list.

Exhibit B

Colorado Local Governments*

Government Name	County	Gov't Type	Multi-County
Adams County	Adams	County	
Arvada	Adams	City	2 counties
Aurora	Adams	City	3 counties
Bennett	Adams	City	2 counties
Brighton	Adams	City	2 counties
Commerce City	Adams	City	
Federal Heights	Adams	City	
Lochbuie	Adams	City	2 counties
Northglenn	Adams	City	2 counties
Thornton	Adams	City	2 counties
Westminster	Adams	City	2 counties
Alamosa County	Alamosa	County	
Alamosa	Alamosa	City	
Hooper	Alamosa	City	
Arapahoe County	Arapahoe	County	
Aurora	Arapahoe	City	3 counties
Bennett	Arapahoe	City	2 counties
Bow Mar	Arapahoe	City	2 counties
Centennial	Arapahoe	City	
Cherry Hills Village	Arapahoe	City	
Columbine Valley	Arapahoe	City	
Deer Trail	Arapahoe	City	
Englewood	Arapahoe	City	
Foxfield	Arapahoe	City	
Glendale	Arapahoe	City	
Greenwood Village	Arapahoe	City	
Littleton	Arapahoe	City	3 counties
Sheridan	Arapahoe	City	
Archuleta County	Archuleta	County	
Pagosa Springs	Archuleta	City	
Baca County	Baca	County	
Campo	Baca	City	
Pritchett	Baca	City	
Springfield	Baca	City	
Two Buttes	Baca	City	
Vilas	Baca	City	
Walsh	Baca	City	
Bent County	Bent	County	
Las Animas	Bent	City	
Boulder County	Boulder	County	
Boulder	Boulder	City	
Erie	Boulder	City	2 counties
Jamestown	Boulder	City	
Lafayette	Boulder	City	

Colorado Local Governments*

Government Name	County	Gov't Type	Multi-County
Longmont	Boulder	City	2 counties
Louisville	Boulder	City	
Lyons	Boulder	City	
Nederland	Boulder	City	
Superior	Boulder	City	2 counties
Ward	Boulder	City	
Broomfield	Broomfield	City/County	
Chaffee County	Chaffee	County	
Buena Vista	Chaffee	City	
Poncha Springs	Chaffee	City	
Salida	Chaffee	City	
Cheyenne County	Cheyenne	County	
Cheyenne Wells	Cheyenne	City	
Kit Carson	Cheyenne	City	
Clear Creek County	Clear Creek	County	
Central City	Clear Creek	City	2 counties
Empire	Clear Creek	City	
Georgetown	Clear Creek	City	
Idaho Springs	Clear Creek	City	
Silver Plume	Clear Creek	City	
Conejos County	Conejos	County	
Antonito	Conejos	City	
La Jara	Conejos	City	
Manassa	Conejos	City	
Romeo	Conejos	City	
Sanford	Conejos	City	
Costilla County	Costilla	County	
Blanca	Costilla	City	
San Luis	Costilla	City	
Crowley County	Crowley	County	
Crowley	Crowley	City	
Olney Springs	Crowley	City	
Ordway	Crowley	City	
Sugar City	Crowley	City	
Custer County	Custer	County	
Silver Cliff	Custer	City	
Westcliffe	Custer	City	
Delta County	Delta	County	
Cedaredge	Delta	City	
Crawford	Delta	City	
Delta	Delta	City	
Hotchkiss	Delta	City	
Orchard City	Delta	City	
Paonia	Delta	City	

Colorado Local Governments*

Government Name	County	Gov't Type	Multi-County
Denver	Denver	City/County	
Dolores County	Dolores	County	
Dove Creek	Dolores	City	
Rico	Dolores	City	
Douglas County	Douglas	County	
Aurora	Douglas	City	3 counties
Castle Pines	Douglas	City	
Castle Rock	Douglas	City	
Larkspur	Douglas	City	
Littleton	Douglas	City	3 counties
Lone Tree	Douglas	City	
Parker	Douglas	City	
Eagle County	Eagle	County	
Avon	Eagle	City	
Basalt	Eagle	City	2 counties
Eagle	Eagle	City	
Gypsum	Eagle	City	
Minturn	Eagle	City	
Red Cliff	Eagle	City	
Vail	Eagle	City	
El Paso County	El Paso	County	
Calhan	El Paso	City	
Colorado Springs	El Paso	City	
Fountain	El Paso	City	
Green Mountain Falls	El Paso	City	2 counties
Manitou Springs	El Paso	City	
Monument	El Paso	City	
Palmer Lake	El Paso	City	
Ramah	El Paso	City	
Elbert County	Elbert	County	
Elizabeth	Elbert	City	
Kiowa	Elbert	City	
Simla	Elbert	City	
Fremont County	Fremont	County	
Brookside	Fremont	City	
Cañon City	Fremont	City	
Coal Creek	Fremont	City	
Florence	Fremont	City	
Rockvale	Fremont	City	
Williamsburg	Fremont	City	
Garfield County	Garfield	County	
Carbondale	Garfield	City	
Glenwood Springs	Garfield	City	
New Castle	Garfield	City	

Colorado Local Governments*

Government Name	County	Gov't Type	Multi-County
Parachute	Garfield	City	
Rifle	Garfield	City	
Silt	Garfield	City	
Gilpin County	Gilpin	County	
Black Hawk	Gilpin	City	
Central City	Gilpin	City	2 counties
Grand County	Grand	County	
Fraser	Grand	City	
Granby	Grand	City	
Grand Lake	Grand	City	
Hot Sulphur Springs	Grand	City	
Kremmling	Grand	City	
Winter Park	Grand	City	
Gunnison County	Gunnison	County	
Crested Butte	Gunnison	City	
Gunnison	Gunnison	City	
Marble	Gunnison	City	
Mount Crested Butte	Gunnison	City	
Pitkin	Gunnison	City	
Hinsdale County	Hinsdale	County	
Lake City	Hinsdale	City	
Huerfano County	Huerfano	County	
La Veta	Huerfano	City	
Walsenburg	Huerfano	City	
Jackson County	Jackson	County	
Walden	Jackson	City	
Jefferson County	Jefferson	County	
Arvada	Jefferson	City	2 counties
Bow Mar	Jefferson	City	2 counties
Edgewater	Jefferson	City	
Golden	Jefferson	City	
Lakeside	Jefferson	City	
Lakewood	Jefferson	City	
Littleton	Jefferson	City	3 counties
Morrison	Jefferson	City	
Mountain View	Jefferson	City	
Superior	Jefferson	City	2 counties
Westminster	Jefferson	City	2 counties
Wheat Ridge	Jefferson	City	
Kiowa County	Kiowa	County	
Eads	Kiowa	City	
Haswell	Kiowa	City	
Sheridan Lake	Kiowa	City	
Kit Carson County	Kit Carson	County	

Colorado Local Governments*

Government Name	County	Gov't Type	Multi-County
Bethune	Kit Carson	City	
Burlington	Kit Carson	City	
Flagler	Kit Carson	City	
Seibert	Kit Carson	City	
Stratton	Kit Carson	City	
Vona	Kit Carson	City	
La Plata County	La Plata	County	
Bayfield	La Plata	City	
Durango	La Plata	City	
Ignacio	La Plata	City	
Lake County	Lake	County	
Leadville	Lake	City	
Larimer County	Larimer	County	
Berthoud	Larimer	City	2 counties
Estes Park	Larimer	City	
Fort Collins	Larimer	City	
Johnstown	Larimer	City	2 counties
Loveland	Larimer	City	
Timnath	Larimer	City	2 counties
Wellington	Larimer	City	
Windsor	Larimer	City	2 counties
Las Animas County	Las Animas	County	
Aguilar	Las Animas	City	
Branson	Las Animas	City	
Cokedale	Las Animas	City	
Kim	Las Animas	City	
Starkville	Las Animas	City	
Trinidad	Las Animas	City	
Lincoln County	Lincoln	County	
Arriba	Lincoln	City	
Genoa	Lincoln	City	
Hugo	Lincoln	City	
Limon	Lincoln	City	
Logan County	Logan	County	
Crook	Logan	City	
Fleming	Logan	City	
Iliff	Logan	City	
Merino	Logan	City	
Peetz	Logan	City	
Sterling	Logan	City	
Mesa County	Mesa	County	
Collbran	Mesa	City	
De Beque	Mesa	City	
Fruita	Mesa	City	

Colorado Local Governments*

Government Name	County	Gov't Type	Multi-County
Grand Junction	Mesa	City	
Palisade	Mesa	City	
Mineral County	Mineral	County	
City of Creede	Mineral	City	
Moffat County	Moffat	County	
Craig	Moffat	City	
Dinosaur	Moffat	City	
Montezuma County	Montezuma	County	
Cortez	Montezuma	City	
Dolores	Montezuma	City	
Mancos	Montezuma	City	
Montrose County	Montrose	County	
Montrose	Montrose	City	
Naturita	Montrose	City	
Nucla	Montrose	City	
Olathe	Montrose	City	
Morgan County	Morgan	County	
Brush	Morgan	City	
Fort Morgan	Morgan	City	
Hillrose	Morgan	City	
Log Lane Village	Morgan	City	
Wiggins	Morgan	City	
Otero County	Otero	County	
Cheraw	Otero	City	
Fowler	Otero	City	
La Junta	Otero	City	
Manzanola	Otero	City	
Rocky Ford	Otero	City	
Swink	Otero	City	
Ouray County	Ouray	County	
Ouray	Ouray	City	
Ridgway	Ouray	City	
Park County	Park	County	
Alma	Park	City	
Fairplay	Park	City	
Phillips County	Phillips	County	
Haxtun	Phillips	City	
Holyoke	Phillips	City	
Paoli	Phillips	City	
Pitkin County	Pitkin	County	
Aspen	Pitkin	City	
Basalt	Pitkin	City	2 counties
Snowmass Village	Pitkin	City	
Prowers County	Prowers	County	

Colorado Local Governments*

Government Name	County	Gov't Type	Multi-County
Granada	Prowers	City	
Hartman	Prowers	City	
Holly	Prowers	City	
Lamar	Prowers	City	
Wiley	Prowers	City	
Pueblo County	Pueblo	County	
Boone	Pueblo	City	
Pueblo	Pueblo	City	
Rye	Pueblo	City	
Rio Blanco County	Rio Blanco	County	
Meeker	Rio Blanco	City	
Rangely	Rio Blanco	City	
Rio Grande County	Rio Grande	County	
Center	Rio Grande	City	2 counties
Del Norte	Rio Grande	City	
Monte Vista	Rio Grande	City	
South Fork	Rio Grande	City	
Routt County	Routt	County	
Hayden	Routt	City	
Oak Creek	Routt	City	
Steamboat Springs	Routt	City	
Yampa	Routt	City	
Saguache County	Saguache	County	
Bonanza	Saguache	City	
Center	Saguache	City	2 counties
Crestone	Saguache	City	
Moffat	Saguache	City	
Saguache	Saguache	City	
San Juan County	San Juan	County	
Silverton	San Juan	City	
San Miguel County	San Miguel	County	
Mountain Village	San Miguel	City	
Norwood	San Miguel	City	
Ophir	San Miguel	City	
Sawpit	San Miguel	City	
Telluride	San Miguel	City	
Sedgwick County	Sedgwick	County	
Julesburg	Sedgwick	City	
Ovid	Sedgwick	City	
Sedgwick	Sedgwick	City	
Summit County	Summit	County	
Blue River	Summit	City	
Breckenridge	Summit	City	
Dillon	Summit	City	

Colorado Local Governments*

Government Name	County	Gov't Type	Multi-County
Frisco	Summit	City	
Montezuma	Summit	City	
Silverthorne	Summit	City	
Teller County	Teller	County	
Cripple Creek	Teller	City	
Green Mountain Falls	Teller	City	2 counties
Victor	Teller	City	
Woodland Park	Teller	City	
Washington County	Washington	County	
Akron	Washington	City	
Otis	Washington	City	
Weld County	Weld	County	
Ault	Weld	City	
Berthoud	Weld	City	2 counties
Brighton	Weld	City	2 counties
Dacono	Weld	City	
Eaton	Weld	City	
Erie	Weld	City	2 counties
Evans	Weld	City	
Firestone	Weld	City	
Fort Lupton	Weld	City	
Frederick	Weld	City	
Garden City	Weld	City	
Gilcrest	Weld	City	
Greeley	Weld	City	
Grover	Weld	City	
Hudson	Weld	City	
Johnstown	Weld	City	2 counties
Keenesburg	Weld	City	
Kersey	Weld	City	
La Salle	Weld	City	
Lochbuie	Weld	City	2 counties
Longmont	Weld	City	2 counties
Mead	Weld	City	
Milliken	Weld	City	
Northglenn	Weld	City	2 counties
Nunn	Weld	City	
Pierce	Weld	City	
Platteville	Weld	City	
Raymer (New Raymer)	Weld	City	
Severance	Weld	City	
Thornton	Weld	City	2 counties
Timnath	Weld	City	2 counties
Windsor	Weld	City	2 counties

Colorado Local Governments*

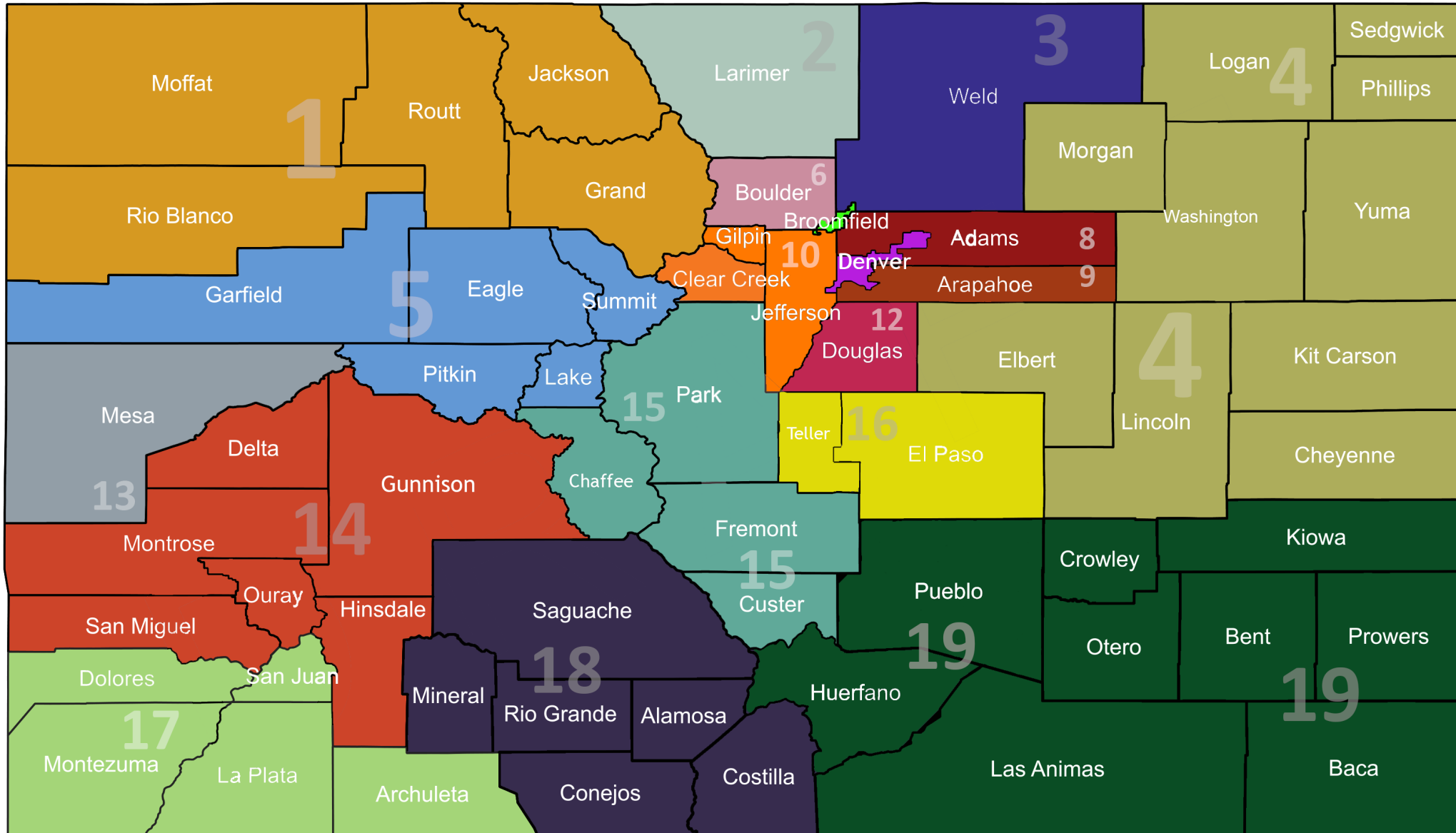
Government Name	County	Gov't Type	Multi-County
Yuma County	Yuma	County	
Eckley	Yuma	City	
Wray	Yuma	City	
Yuma	Yuma	City	

*This list includes all 64 Colorado counties and all 271 municipalities listed in the 2019 Census. Cities located in multiple counties are listed under each corresponding county subheading. City and County of Denver and City and County of Broomfield are counted in both the city and county totals. The City of Carbonate is not included in this list, as there was no population in the 2019 Census data.

This list will be reconciled as necessary to be consistent with the terms of Settlement(s) with Opioid Settling Defendant(s)

Exhibit C

Regions for the distribution of opioid settlement funds



Region 1	Region 5	Region 9	Region 13	Region 17
Region 2	Region 6	Region 10	Region 14	Region 18
Region 3	Region 7 (Broomfield)	Region 11 (Denver)	Region 15	Region 19
Region 4	Region 8	Region 12	Region 16	

Exhibit D

Exhibit D - Allocations to Colorado County Areas

County	Percentage of LG Share
Adams	9.4247%
Alamosa	0.5081%
Arapahoe	10.8071%
Archuleta	0.1370%
Baca	0.0592%
Bent	0.1133%
Boulder	5.7936%
Broomfield	1.0014%
Chaffee	0.3604%
Cheyenne	0.0159%
Clear Creek	0.1380%
Conejos	0.2108%
Costilla	0.0552%
Crowley	0.0934%
Custer	0.0412%
Delta	0.5440%
Denver	15.0042%
Dolores	0.0352%
Douglas	3.6696%
Eagle	0.6187%
El Paso	11.9897%
Elbert	0.2804%
Fremont	0.9937%
Garfield	0.8376%
Gilpin	0.0561%
Grand	0.2037%
Gunnison	0.1913%
Hinsdale	0.0112%
Huerfano	0.2505%
Jackson	0.0310%
Jefferson	10.5173%
Kiowa	0.0142%
Kit Carson	0.0940%
La Plata	0.8127%
Lake	0.0990%
Larimer	6.5211%
Las Animas	0.6304%
Lincoln	0.0819%
Logan	0.3815%
Mesa	2.8911%
Mineral	0.0039%
Moffat	0.2326%
Montezuma	0.4429%

Montrose	0.5695%
Morgan	0.4677%
Otero	0.4486%
Ouray	0.0535%
Park	0.1674%
Phillips	0.0714%
Pitkin	0.1747%
Prowers	0.1727%
Pueblo	5.6757%
Rio Blanco	0.1013%
Rio Grande	0.2526%
Routt	0.3837%
Saguache	0.0666%
San Juan	0.0097%
San Miguel	0.1005%
Sedgwick	0.0618%
Summit	0.3761%
Teller	0.6219%
Washington	0.0357%
Weld	3.8908%
Yuma	0.0992%
TOTAL	100.0000%

Exhibit E

Exhibit E - Intracounty Allocations^{1,2}

The below chart depicts the default percentage that each Local Government will receive from the LG Share amount attributed to its County Area, as described in Section (E)(3) of the MOU. The chart assumes full participation by all Local Governments

Government Name	Intracounty Share
Adams County	68.3372%
Arvada (2 Counties)	0.2632%
Aurora (3 Counties)	4.6336%
Bennett (2 Counties)	0.1670%
Brighton (2 Counties)	1.4527%
Commerce City	4.7314%
Federal Heights	1.1457%
Lochbuie (2 Counties)	0.0001%
Northglenn (2 Counties)	2.0913%
Thornton (2 Counties)	10.6435%
Westminster (2 Counties)	6.5342%

Alamosa County	85.3075%
Alamosa	14.6818%
Hooper	0.0108%

Arapahoe County	42.7003%
Aurora (3 Counties)	35.5997%
Bennett (2 Counties)	0.0324%
Bow Mar (2 Counties)	0.0159%
Centennial	0.4411%
Cherry Hills Village	0.6685%
Columbine Valley	0.1601%
Deer Trail	0.0003%
Englewood	5.5850%
Foxfield	0.0372%
Glendale	1.2289%
Greenwood Village	2.8305%
Littleton (3 Counties)	8.5654%
Sheridan	2.1347%

Archuleta County	90.0864%
Pagosa Springs	9.9136%

Baca County	85.9800%
Campo	2.4443%
Pritchett	1.5680%
Springfield	7.0100%

Government Name	Intracounty Share
Two Buttes	0.4766%
Vilas	0.9070%
Walsh	1.6141%

Bent County	80.9608%
Las Animas	19.0392%

Boulder County	47.6311%
Boulder	31.7629%
Erie (2 Counties)	0.3634%
Jamestown	0.0086%
Lafayette	3.3203%
Longmont (2 Counties)	14.6833%
Louisville	1.4455%
Lyons	0.5916%
Nederland	0.1646%
Superior (2 Counties)	0.0258%
Ward	0.0030%

Broomfield County/City	100.0000%
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Chaffee County	74.8440%
Buena Vista	5.8841%
Poncha Springs	4.2369%
Salida	15.0350%

Cheyenne County	66.8002%
Cheyenne Wells	0.8586%
Kit Carson	32.3412%

Clear Creek County	92.2164%
Central City (2 Counties)	0.0000%
Empire	0.3364%
Georgetown	1.9063%
Idaho Springs	4.7625%
Silver Plume	0.7784%

Conejos County	77.1204%
Antonito	4.6338%
La Jara	2.4313%
Manassa	1.0062%
Romeo	2.4270%
Sanford	12.3812%

Government Name	Intracounty Share
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Costilla County	97.3454%
Blanca	1.2036%
San Luis	1.4509%

Crowley County	80.7081%
Crowley	4.3597%
Olney Springs	8.3683%
Ordway	0.1853%
Sugar City	6.3786%

Custer County	96.6858%
Silver Cliff	0.7954%
Westcliffe	2.5188%

Delta County	76.3512%
Cedaredge	3.6221%
Crawford	0.4938%
Delta	16.2658%
Hotchkiss	1.0963%
Orchard City	0.1473%
Paonia	2.0236%

Denver County/City	100.0000%
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Dolores County	76.3307%
Dove Creek	17.3127%
Rico	6.3566%

Douglas County	71.8404%
Aurora (3 Counties)	0.2099%
Castle Pines	0.2007%
Castle Rock	13.5204%
Larkspur	0.0856%
Littleton (3 Counties)	0.0156%
Lone Tree	5.2786%
Parker	8.8487%

Eagle County	60.8236%
Avon	7.6631%
Basalt (2 Counties)	2.2311%
Eagle	3.1376%
Gypsum	1.7469%
Minturn	0.7771%

Government Name	Intracounty Share
Red Cliff	0.0957%
Vail	23.5250%

El Paso County	18.4181%
Calhan	0.0228%
Colorado Springs	80.1161%
Fountain	0.9892%
Green Mountain Falls (2 Counties)	0.0149%
Manitou Springs	0.2411%
Monument	0.1492%
Palmer Lake	0.0455%
Ramah	0.0033%

Elbert County	86.5840%
Elizabeth	10.2633%
Kiowa	1.5455%
Simla	1.6072%

Fremont County	60.7882%
Brookside	0.0348%
Cañon City	30.9017%
Coal Creek	0.0476%
Florence	8.0681%
Rockvale	0.0687%
Williamsburg	0.0907%

Garfield County	76.3371%
Carbondale	2.4698%
Glenwood Springs	11.8141%
New Castle	1.4295%
Parachute	1.0653%
Rifle	5.2733%
Silt	1.6110%

Gilpin County	46.8613%
Black Hawk	46.3909%
Central City (2 Counties)	6.7478%

Grand County	80.1046%
Fraser	2.4903%
Granby	5.4008%
Grand Lake	0.3174%
Hot Sulphur Springs	0.1431%
Kremmling	2.9284%

Government Name	Intracounty Share
Winter Park	8.6154%

Gunnison County	88.9185%
Crested Butte	2.3562%
Gunnison	5.9501%
Marble	0.1714%
Mount Crested Butte	2.5657%
Pitkin	0.0381%

Hinsdale County	76.0940%
Lake City	23.9060%

Huerfano County	68.2709%
La Veta	11.0719%
Walsenburg	20.6572%

Jackson County	61.5339%
Walden	38.4661%

Jefferson County	58.2140%
Arvada (2 Counties)	11.9733%
Bow Mar (2 Counties)	0.0087%
Edgewater	0.6604%
Golden	3.4815%
Lakeside	0.0030%
Lakewood	15.9399%
Littleton (3 Counties)	0.6176%
Morrison	0.2205%
Mountain View	0.1344%
Superior (2 Counties)	0.0000%
Westminster (2 Counties)	5.4779%
Wheat Ridge	3.2689%

Kiowa County	93.2138%
Eads	5.3777%
Haswell	0.6402%
Sheridan Lake	0.7682%

Kit Carson County	86.3178%
Bethune	0.1841%
Burlington	12.0640%
Flagler	0.4264%
Seibert	0.0291%
Stratton	0.9012%

Government Name	Intracounty Share
Vona	0.0775%

La Plata County	66.8874%
Bayfield	1.6292%
Durango	29.2985%
Ignacio	2.1849%

Lake County	73.4523%
Leadville	26.5477%

Larimer County	56.0589%
Berthoud (2 Counties)	0.4139%
Estes Park	0.3502%
Fort Collins	18.5702%
Johnstown (2 Counties)	0.0711%
Loveland	23.4493%
Timnath (2 Counties)	0.2964%
Wellington	0.3653%
Windsor (2 Counties)	0.4248%

Las Animas County	77.8076%
Aguilar	0.0751%
Branson	0.0101%
Cokedale	0.0188%
Kim	0.0101%
Starkville	0.0087%
Trinidad	22.0696%

Lincoln County	91.3222%
Arriba	0.3444%
Genoa	0.2222%
Hugo	1.4778%
Limon	6.6333%

Logan County	72.7982%
Crook	0.0931%
Fleming	0.3413%
Iliff	0.0095%
Merino	0.4702%
Peetz	0.2029%
Sterling	26.0848%

Mesa County	60.8549%
Collbran	0.0920%

Government Name	Intracounty Share
De Beque	0.0123%
Fruita	1.6696%
Grand Junction	37.1505%
Palisade	0.2208%

Mineral County	87.6744%
City of Creede	12.3256%

Moffat County	91.7981%
Craig	8.1862%
Dinosaur	0.0157%

Montezuma County	79.6682%
Cortez	18.6459%
Dolores	0.6106%
Mancos	1.0753%

Montrose County	92.8648%
Montrose	6.5980%
Naturita	0.1551%
Nucla	0.0703%
Olathe	0.3118%

Morgan County	61.6991%
Brush	8.5522%
Fort Morgan	27.8214%
Hillrose	0.1986%
Log Lane Village	0.6424%
Wiggins	1.0863%

Otero County	60.8168%
Cheraw	0.1888%
Fowler	1.0413%
La Junta	25.9225%
Manzanola	0.6983%
Rocky Ford	8.8215%
Swink	2.5109%

Ouray County	76.0810%
Ouray	17.6541%
Ridgway	6.2649%

Park County	96.3983%
Alma	0.7780%

Government Name	Intracounty Share
Fairplay	2.8237%

Phillips County	52.3463%
Haxtun	13.9505%
Holyoke	33.1803%
Paoli	0.5228%

Pitkin County	47.1379%
Aspen	42.0707%
Basalt (2 Counties)	1.1156%
Snowmass Village	9.6757%

Prowers County	70.4524%
Granada	0.9965%
Hartman	0.3164%
Holly	4.9826%
Lamar	21.5860%
Wiley	1.6661%

Pueblo County	54.6622%
Boone	0.0019%
Pueblo	45.3350%
Rye	0.0008%

Rio Blanco County	78.2831%
Meeker	9.1326%
Rangely	12.5843%

Rio Grande County	68.0724%
Center (2 Counties)	0.7713%
Del Norte	6.7762%
Monte Vista	20.4513%
South Fork	3.9288%

Routt County	58.5353%
Hayden	1.0679%
Oak Creek	0.6360%
Steamboat Springs	39.4499%
Yampa	0.3109%

Saguache County	92.8796%
Bonanza	0.1367%
Center (2 Counties)	6.3687%
Crestone	0.0137%

Government Name	Intracounty Share
Moffat	0.3553%
Saguache	0.2460%

San Juan County	87.0423%
Silverton	12.9577%

San Miguel County	48.7493%
Mountain Village	25.7930%
Norwood	0.4078%
Ophir	0.0816%
Sawpit	0.0272%
Telluride	24.9411%

Sedgwick County	98.7331%
Julesburg	0.3830%
Ovid	0.0295%
Sedgwick	0.8544%

Summit County	57.0567%
Blue River	0.5011%
Breckenridge	26.1112%
Dillon	4.1421%
Frisco	6.5096%
Montezuma	0.0169%
Silverthorne	5.6623%

Teller County	66.1557%
Cripple Creek	17.2992%
Green Mountain Falls (2 Counties)	0.0322%
Victor	3.1685%
Woodland Park	13.3445%

Washington County	99.1320%
Akron	0.7659%
Otis	0.1021%

Weld County	51.9387%
Ault	0.3202%
Berthoud (2 Counties)	0.0061%
Brighton (2 Counties)	0.0927%
Dacono	0.6104%
Eaton	0.4573%
Erie (2 Counties)	0.8591%
Evans	4.5121%

Government Name	Intracounty Share
Firestone	1.4648%
Fort Lupton	0.8502%
Frederick	1.2228%
Garden City	0.1514%
Gilcrest	0.1580%
Greeley	30.6922%
Grover	0.0852%
Hudson	0.0066%
Johnstown (2 Counties)	1.5416%
Keenesburg	0.0215%
Kersey	0.1378%
La Salle	0.4128%
Lochbuie (2 Counties)	0.4004%
Longmont (2 Counties)	0.0154%
Mead	0.0941%
Milliken	1.5373%
Northglenn (2 Counties)	0.0030%
Nunn	0.2558%
Pierce	0.0948%
Platteville	0.3712%
Raymer (New Raymer)	0.0597%
Severance	0.0403%
Thornton (2 Counties)	0.0000%
Timnath (2 Counties)	0.0000%
Windsor (2 Counties)	1.5865%

Yuma County	75.5598%
Eckley	2.5422%
Wray	10.2148%
Yuma	11.6832%

¹ These allocations are based on the allocation model used in the Negotiation Class website. The allocation model is the product of prolonged and intensive research, analysis, and discussion by and among members of the court-appointed Plaintiffs' Executive Committee and Settlement Committee and their retained public health and health economics experts, as well as a series of meetings with scores of cities, counties and subdivisions. Additional information about the allocation model is available on the Negotiation Class website.

The allocations in the Negotiation Class website use two different methodologies:

County-Level Allocation

The allocation model uses three factors, based on reliable, detailed, and objective data collected and reported by the federal government, to determine the share of a settlement fund that each county will receive. The three factors are: (1) the amount of opioids shipped to the county, (2) the number of opioid deaths in that county, and (3) the number of people who suffer opioid use disorder in that county.

County/Municipal-Level Allocation

The county/municipal-level allocation is a default allocation to be used if another agreement is not reached between the county and its constituent cities. The formula uses U.S. Census Bureau data on local government spending. This data covers cities and counties for 98% of the U.S. population. If a jurisdiction lacked this data, it was extrapolated based on available data.

² The municipalities of Bow Mar, Johnstown, and Timnath were not reflected as being in multiple counties in the Negotiation Class website. The estimated allocations to those cities are based on the same methodology used in the website, in consultation with the expert. For cities in multiple counties, please see each county in which that city lies.

Exhibit F

Regional Allocations		
Region Number	Region Description	Total State Share
1	Northwest	0.9522%
2	Larimer	6.5211%
3	Weld	3.8908%
4	Logan	1.5896%
5	North Central	2.1061%
6	Boulder	5.7936%
7	Broomfield	1.0014%
8	Adams	9.4247%
9	Arapahoe	10.8071%
10	Jefferson	10.7114%
11	Denver	15.0042%
12	Douglas	3.6696%
13	Mesa	2.8911%
14	Southwest	1.4700%
15	Central	1.5627%
16	El Paso/Teller	12.6116%
17	Southwest Corner	1.4375%
18	South Central	1.0973%
19	Southeast	7.4580%
Total		100.0000%

Exhibit G

Regional Governance Models

A. Membership Structure

Single-County Regions

1. Voting Members (Recommended List: Participating Local Governments to Decide)
 - 1 or 2 representatives appointed by the county (can be commissioners)
 - 1 representative appointed from the public health department
 - 1 representative from the county human services department
 - 1 representative appointed from law enforcement within region (sheriff, police, local city or town district attorney, etc.)
 - 1 representative appointed from a municipal or county court system within region
 - 1-3 representatives (total) appointed by the cities within the county (or other city or cities agreed upon) (can be councilmembers and mayors)
 - Such other representatives as participating counties/cities agree on (not to include providers who may be recipients of funds)
2. Non-Voting Members (Optional but strongly encouraged)
 - Representatives from behavioral health providers
 - Representatives from health care providers
 - Recovery/treatment experts
 - Other county or city representatives
 - A representative from the Attorney General's Office
 - Community representative(s), preferably those with lived experience with the opioid crisis
 - Harm reduction experts

Multi-County Regions

1. Voting Members (Recommended List: Participating Local Governments to Decide)
 - 1 representative appointed by each county (can be commissioners)
 - 1 representative appointed by a rotating city within each county (or other city agreed upon) (can be councilmembers and mayors)
 - 1 representative from each public health department within the region
 - 1 representative from a county human services department
 - At least 1 representative appointed from law enforcement within region (sheriff, police, local city or town district attorney, etc.)
 - 1 representative from a municipal or county court system within region
 - Such other representatives as participating counties/cities agree on (not to include providers who may be recipients of funds)
2. Non-Voting Members (Optional)
 - Representatives from behavioral health providers

- Representatives from health care providers
- Recovery/treatment experts
- Other county or city representatives
- A representative from the Attorney General's Office
- Community representative(s), preferably those with lived experience with the opioid crisis.
- Harm reduction experts

Single-County Single-City Regions (Denver & Broomfield)

1. Voting Members (Recommended List: Participating Local Government to Decide)¹

- 1 representative appointed by the city and county
- 1 representative appointed from the public health department
- 1 representative from the county human services department
- 1 representative appointed from law enforcement within region (sheriff, police, district attorney, etc.)
- 1 representative appointed from a municipal or county court system within region
- Such other representatives as participating counties/cities agree on (not to include providers who may be recipients of funds)

2. Non-Voting Members (Optional)

- Representatives from behavioral health providers
- Representatives from health care providers
- Recovery/treatment experts
- Other county or city representatives
- A representative from the Attorney General's Office
- Community representative(s), preferably those with lived experience with the opioid crisis.
- Harm reduction experts

B. Member Terms

- Regions may establish terms of appointment for members. Appointment terms may be staggered.

C. Procedures

- Regions will be governed by an intergovernmental agreement ("IGA") or memorandum of understanding ("MOU").
- Regions may adopt the Model Colorado Regional Opioid Intergovernmental Agreement, attached here as Exhibit G-1, in its entirety or alter or amend it as they deem appropriate.

¹ In Denver, the Mayor shall make voting member appointments to the Regional Council. In Broomfield, the City and County Manager shall make voting member appointments to the Regional Council.

- Regions may establish their own procedures through adoption of bylaws (model bylaws to be made available).
- Meetings of regional board/committee shall be open to the public and comply with the Colorado Open Meetings Law (including requirement to keep minutes).

D. Financial Responsibility/Controls

- A local government entity shall nominate and designate a fiscal agent for the Region.
- A Regional fiscal agent must be appointed by the Regional Council on an annual basis. A Regional fiscal agent may serve as long as the Regional Council determines is appropriate, including the length of any Settlement that contemplates the distribution of Opioid Funds within Colorado. However, the Regional fiscal agent also can change over time.
- Regional fiscal agents must be a board of county commissioners or a city or town council or executive department, such as a department of finance.
- Yearly reporting by fiscal agent (using standard form) to the Abatement Council.
- All documents subject to CORA.

E. Conflicts of Interest

- Voting members shall abide by the conflict-of-interest rules applicable to local government officials under state law.

F. Ethics Laws

- Voting members shall abide by applicable state or local ethics laws, as appropriate.

G. Authority

- The Regional Council for each region shall have authority to decide how funds allocated to the region shall be distributed in accordance with the Colorado MOU and shall direct the fiscal agent accordingly.
- Any necessary contracts will be entered into by the fiscal agent, subject to approval by the Regional Council.

H. Legal Status

- The region shall not be considered a separate legal entity, unless the Participating Local Governments decide, through an IGA, to create a separate governmental entity.

Exhibit G-1

MODEL COLORADO REGIONAL OPIOID
INTERGOVERNMENTAL AGREEMENT²

THIS MODEL COLORADO REGIONAL OPIOID INTERGOVERNMENTAL AGREEMENT (the “Regional Agreement”) is made between _____, a Participating Local Government, as defined in the Colorado MOU, in the _____ Region (“_____”) and _____, a Participating Local Government in the _____ Region, (“_____”), individually herein a “Regional PLG” and collectively the “Regional PLGs.””

RECITALS

WHEREAS, the State of Colorado and Participating Local Governments executed the Colorado Opioids Summary Memorandum of Understanding on _____ 2021 (the “Colorado MOU”), establishing the manner in which Opioid Funds shall be divided and distributed within the State of Colorado;

WHEREAS, the Regional Agreement assumes and incorporates the definitions and provisions contained in the Colorado MOU, and the Regional Agreement shall be construed in conformity with the Colorado MOU³;

WHEREAS, all Opioid Funds, regardless of allocation, shall be used for Approved Purposes;

WHEREAS, Participating Local Governments shall organize themselves into Regions, as further depicted in **Exhibit E** to the Colorado MOU;

² This Model Regional Agreement is meant to serve as an example for the various Regions and to facilitate the flow of Opioid Funds to their intended purposes. Regions are free to adopt this Regional Agreement in its entirety or alter or amend it as they deem appropriate.

³ When drafting agreements like this Regional Agreement, Regional PLGs should be conscious of the definitions used therein so as not to confuse such definitions with those used in the Colorado MOU. The Definitions in the Colorado MOU shall supersede any definitions used by Regional PLGs in a Regional Agreement.

WHEREAS, Regions may consist of Single-County Regions, Multi-County Regions, or Single County-Single City Regions (Denver and Broomfield).

WHEREAS, there shall be a 60% direct allocation of Opioid Funds to Regions through a Regional Share;

WHEREAS, each Region shall be eligible to receive a Regional Share according to **Exhibit C** to the Colorado MOU;

WHEREAS, the Colorado MOU establishes the procedures by which each Region shall be entitled to Opioid Funds from the Abatement Council and administer its Regional Share allocation;

WHEREAS, the procedures established by the Colorado MOU include a requirement that each Region shall create its own Regional Council;

WHEREAS, all aspects of the creation, administration, and operation of the Regional Council shall proceed in accordance with the provisions of the Colorado MOU;

WHEREAS, each such Regional Council shall designate a fiscal agent from a county or municipal government within that Region;

WHEREAS, each such Regional Council shall submit a two-year plan to the Abatement Council that identifies the Approved Purposes for which the requested funds will be used, and the Regional Council's fiscal agent shall provide data and a certification to the Abatement Council regarding compliance with its two-year plan on an annual basis;

WHEREAS, the Regional Agreement pertains to the procedures for the Regional PLGs to establish a Regional Council, designate a fiscal agent, and request and administer Opioid Funds in a manner consistent with the Colorado MOU;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Regional PLGs incorporate the recitals set forth above and agree as follows:

1. **DEFINITIONS**. The defined terms used in this Regional Agreement shall have the same meanings as in the Colorado MOU⁴. Capitalized terms used herein and not otherwise defined within the Regional Agreement or in the Colorado MOU shall have the meanings ascribed to them in the body of the Regional Agreement.
2. **OBLIGATIONS OF THE REGIONAL PLGS**. The Regional PLGs shall perform their respective obligations as set forth in the Regional Agreement, the Colorado MOU and the accompanying exhibits to the Colorado MOU and incorporated herein by reference.
3. **REGIONAL COUNCIL**.

3.1. Purpose: In accordance with the Colorado MOU, a Regional Council, consisting of representatives appointed by the Regional PLGs, shall be created to oversee the procedures by which a Region may request Opioid Funds from the Abatement Council and the procedures by which the allocation of its Region's Share of Opioid Funds are administered.

3.2. Membership: The Regional Council of a Multi-County or Single County Region shall consist of the following:

a. **Multi-County Region:**

- (i) **Voting Members.** Voting Members shall be appointed by the Regional PLGs. The Regional PLGs shall collaborate to appoint Regional Council members and to the extent practicable, Voting Members shall be selected from different counties and cities. No single county or city should dominate the make-up of the Regional Council. Voting Members shall be selected as follows:
 - (1) 1 representative appointed by each county (can be commissioners).
 - (2) 1 representative appointed from a rotating city within each county (or other city agreed upon) (can be councilmembers and mayors). A rotating city member shall be selected by majority vote of the cities within each county who do not have a Voting Member currently sitting on the Regional

⁴ See FN 2, *supra*.

Council.

- (3) 1 representative from each public health department within the region.
- (4) 1 representative from a county human services department.
- (5) At least 1 representative appointed from law enforcement within the region (sheriff, police, local city or town district attorney, etc.).
- (6) 1 representative from a municipal or county court system within the region.

b. Single-County Region:

- (i) **Voting Members.** Voting Members shall be appointed by the Regional PLGs. The Regional PLGs shall collaborate to appoint Regional Council members and to the extent practicable, Voting Members shall be selected from different cities within the region. No single city should dominate the make-up of the Regional Council. Voting Members shall be selected as follows:
 - (1) 1 or 2 representatives appointed by the county (can be commissioners)
 - (2) 1 representative appointed from the public health department
 - (3) 1 representative from the county human services department
 - (4) 1 representative appointed from law enforcement within region (sheriff, police, local city or town district attorney, etc.)
 - (5) 1 representative appointed from a municipal or county court system within region
 - (6) 1-3 representatives (total) appointed by rotating cities within the county (or other city or cities agreed upon) (can be councilmembers and mayors). Rotating city members shall be selected by majority vote of the cities who do not have a Voting Member currently sitting on the Regional Council.
 - (7) Such other representatives as participating counties/cities agree on (not to include providers who may be recipients of

funds)

- c. **Non-Voting Members.** For both Multi-County and Single County Regions, Non-Voting Members are optional but are strongly encouraged. Non-voting members shall serve in an advisory capacity. Any Non-Voting Members shall be appointed by the Regional PLGs and may be comprised of all or some of the following, not to include potential recipients of funds:
 - (i) Representatives from behavioral health providers.
 - (ii) Representatives from health care providers.
 - (iii) Recovery/treatment experts.
 - (iv) Other county or city representatives.
 - (v) A representative from the Attorney General's Office.
 - (vi) Community representative(s), preferably those with lived experience with the opioid crisis.
 - (vii) Harm reduction experts.
- d. **Acting Chair:** The Voting Members for both Multi-County and Single-County Regions shall appoint one member to serve as Acting Chair of the Regional Council. The Acting Chair's primary responsibilities shall be to schedule periodic meetings and votes of the Regional Council as needed and to serve as the point of contact for disputes within the Region. The Acting Chair must be either a Member from a county within a Region, such as a county commissioner or their designee, or a Member from a city or town within a Region, such as a mayor or city or town council member or their designee.
- e. **Non-Participation:** A Local Government that chooses not to become a Participating Local Government in the Colorado MOU shall not receive any Opioid Funds from the Regional Share or participate in the Regional Council.
- f. **Terms:** The Regional Council shall be established within ninety (90) days of the first Settlement being entered by a court of competent jurisdiction, including any bankruptcy court. In order to do so, within sixty (60) days of the first Settlement being entered, CCI and CML shall jointly recommend six (6) Voting Members, and so long as such recommendations comply with the terms of Section 3.2 (a) or (b), the Regional Council shall consist of CCI/CML's recommended Members for

an initial term not to exceed one year.⁵ Thereafter, Voting Members shall be appointed in accordance with Section 3.2 (a) or (b) and shall serve two-year terms. Following the expiration of that two-year term, the Regional PLGs, working in concert, shall reappoint that Voting Member, or appoint a new Voting Member according to Section 3.2 (a) or (b).

- (i) If a Voting Member resigns or is otherwise removed from the Regional Council prior to the expiration of their term, a replacement Voting Member shall be appointed within sixty (60) days in accordance with Section 3.2 (a) or (b) to serve the remainder of the term. If the Regional PLGs are unable to fill a Voting Member vacancy within sixty (60) days, the existing Voting Members of the Regional Council at the time of the vacancy shall work collectively to appoint a replacement Voting Member in accordance with Section 3.2 (a) or (b). At the end of his or her term, the individual serving as that replacement Voting Member may be reappointed by the Regional PLGs to serve a full term consistent with this Section.
- (ii) The purpose of the two-year term is to allow Regional PLGs an increased opportunity to serve on the Regional Council. However, Regional Council members who have already served on the Regional Council may be appointed more than once and may serve consecutive terms if appointed to do so by the Regional Council.

3.3. Duties: The Regional Council is primarily responsible for engaging with the Abatement Council on behalf of its Region and following the procedures outlined in the Colorado MOU for requesting Opioid Funds from the Regional Share, which shall include developing 2-year plans, amending those plans as appropriate, and providing the Abatement Council with data through its fiscal agent regarding Opioid Fund expenditures. Upon request from the Abatement Council, the Regional Council may also be subject to an accounting from the Abatement Council.

3.4. Governance: A Regional Council may establish its own procedures through adoption of bylaws if needed. Any governing documents must be consistent with the other provisions in this section and the Colorado MOU.

3.5. Authority: The terms of the Colorado MOU control the authority of a Regional Council and a Regional Council shall not stray outside the bounds of the authority and power vested by the Colorado MOU. Should a Regional Council require legal assistance in determining its authority,

⁵ Local Governments within Multi-County or Single County Regions may decide to select initial Voting Members of the Regional Council between themselves and without CCI and CML involvement. However, the Regional Council must be established within ninety (90) days of the first Settlement being entered by a court of competent jurisdiction, including any bankruptcy court.

it may seek guidance from the legal counsel of the county or municipal government of the Regional Council's fiscal agent at the time the issue arises.

3.6. Collaboration: The Regional Council shall facilitate collaboration between the State, Participating Local Governments within its Region, the Abatement Council, and other stakeholders within its Region for the purposes of sharing data, outcomes, strategies, and other relevant information related to abating the opioid crisis in Colorado.

3.7. Transparency: The Regional Council shall operate with all reasonable transparency and abide by all Colorado laws relating to open records and meetings. To the extent the Abatement Council requests outcome-related data from the Regional Council, the Regional Council shall provide such data in an effort to determine best methods for abating the opioid crisis in Colorado.

3.8. Conflicts of Interest: Voting Members shall abide by the conflict-of-interest rules applicable to local government officials under state law.

3.9. Ethics Laws: Voting Members shall abide by their local ethics laws or, if no such ethics laws exist, by applicable state ethics laws.

3.10. Decision Making: The Regional Council shall seek to make all decisions by consensus. In the event consensus cannot be achieved, the Regional Council shall make decisions by a majority vote of its Members.

4. REGIONAL FISCAL AGENT

4.1. Purpose: According to the Colorado MOU, the Regional Council must designate a fiscal agent for the Region prior to the Region receiving any Opioid funds from the Regional Share. All funds from the Regional Share shall be distributed to the Regional Council's fiscal agent for the benefit of the entire Region.

4.2. Designation: The Regional Council shall nominate and designate a fiscal agent for the Region by majority vote. Regional fiscal agents must be a board of county commissioners or a city or town council or executive department, such as a department of finance.

4.3. Term: A Regional fiscal agent must be appointed by the Regional Council on an annual basis. A Regional fiscal agent may serve as long as the Regional Council determines is appropriate, including the length of any Settlement that contemplates the distribution of Opioid Funds within Colorado.

4.4. Duties: The Regional fiscal agent shall receive, deposit, and make available Opioid Funds distributed from the Abatement Council and provide expenditure reporting data to the

Abatement Council on an annual basis. In addition, the Regional fiscal agent shall perform certain recordkeeping duties outlined below.

- a. **Opioid Funds:** The Regional fiscal agent shall receive all Opioid Funds as distributed by the Abatement Council. Upon direction by the Regional Council, the Regional fiscal agent shall make any such Opioid Funds available to the Regional Council.
- b. **Reporting:** On an annual basis, as determined by the Abatement Council, the Regional fiscal agent shall provide to the Abatement Council the Regional Council's expenditure data from their allocation of the Regional Share and certify to the Abatement Council that the Regional Council's expenditures were for Approved Purposes and complied with its 2-year plan.
- c. **Recordkeeping:** The Regional fiscal agent shall maintain necessary records with regard the Regional Council's meetings, decisions, plans, and expenditure data.

4.5. Authority: The fiscal agent serves at the direction of the Regional Council and in service to the entire Region. The terms of the Colorado MOU control the authority of a Regional Council, and by extension, the Regional fiscal agent. A Regional fiscal agent shall not stray outside the bounds of the authority and power vested by the Colorado MOU.

5. REGIONAL TWO-YEAR PLAN

5.1. Purpose: According to the Colorado MOU, as part of a Regional Council's request to the Abatement Council for Opioid Funds from its Regional Share, the Regional Council must submit a 2-year plan identifying the Approved Purposes for which the requested funds will be used.

5.2 Development of 2-Year Plan: In developing a 2-year plan, the Regional Council shall solicit recommendations and information from all Regional PLGs and other stakeholders within its Region for the purposes of sharing data, outcomes, strategies, and other relevant information related to abating the opioid crisis in Colorado. At its discretion, a Regional Council may seek assistance from the Abatement Council for purposes of developing a 2-year plan.

5.3 Amendment: At any point, a Regional Council's 2-year plan may be amended so long as such amendments comply with the terms of the Colorado MOU and any Settlement.

6. DISPUTES WITHIN REGION. In the event that any Regional PLG disagrees with a decision of the Regional Council, or there is a dispute regarding the appointment of Voting or Non-Voting Members to the Regional Council, that Regional PLG shall inform the Acting Chair of its dispute at the earliest

possible opportunity. In Response, the Regional Council shall gather any information necessary to resolve the dispute. Within fourteen (14) days of the Regional PLG informing the Acting Chair of its dispute, the Regional Council shall issue a decision with respect to the dispute. In reaching its decision, the Regional Council may hold a vote of Voting Members, with the Acting Chair serving as the tie-breaker, or the Regional Council may devise its own dispute resolution process. However, in any disputes regarding the appointment of a Voting Member, that Voting Member will be recused from voting on the dispute. The decision of the Regional Council is a final decision.

7. **DISPUTES WITH ABATEMENT COUNCIL.** If the Regional Council disputes the amount of Opioid Funds it receives from its allocation of the Regional Share, the Regional Council shall alert the Abatement Council within sixty (60) days of discovering the information underlying the dispute. However, the failure to alert the Abatement Council within this time frame shall not constitute a waiver of the Regional Council's right to seek recoupment of any deficiency in its Regional Share.
8. **RECORDKEEPING.** The acting Regional fiscal agent shall be responsible for maintaining records consistent with the Regional Agreement.
9. **AUTHORIZED REPRESENTATIVES.** Each Regional PLGs' representative designated below shall be the point of contact to coordinate the obligations as provided herein. The Regional PLGs designate their authorized representatives under this Regional Agreement as follows:
 - 9.1. _____ designates the _____ of the _____ or their designee(s).
 - 9.2. _____ designates the _____ of the _____ or their designee(s).
10. **OBLIGATIONS OF THE REGIONAL PLGS.** The Regional PLGs shall perform their respective obligations as set forth in the Regional Agreement, the Colorado MOU and the accompanying exhibits to the Colorado MOU and incorporated herein by reference.
11. **TERM.** The Regional Agreement will commence on _____, and shall expire on the date the last action is taken by the Region, consistent with the terms of the Colorado MOU and any Settlement. (the "Term").
12. **INFORMATIONAL OBLIGATIONS.** Each Regional PLG hereto will meet its obligations as set forth in § 29-1-205, C.R.S., as amended, to include information about this Regional Agreement in a filing with the Colorado Division of Local Government; however, failure to do so shall in no way affect the validity of this Regional Agreement or any remedies available to the Regional PLGs hereunder.
13. **CONFIDENTIALITY.** The Regional PLGs, for themselves, their agents, employees and representatives, agree that they will not divulge any confidential or proprietary information they receive from another Regional PLG or otherwise have access to, except as may be required by law. Nothing in this Regional

Agreement shall in any way limit the ability of the Regional PLGs to comply with any laws or legal process concerning disclosures by public entities. The Regional PLGs understand that all materials exchanged under this Regional Agreement, including confidential information or proprietary information, may be subject to the Colorado Open Records Act., § 24-72-201, *et seq.*, C.R.S., (the “Act”). In the event of a request to a Regional PLG for disclosure of confidential materials, the Regional PLG shall advise the Regional PLGs of such request in order to give the Regional PLGs the opportunity to object to the disclosure of any of its materials which it marked as, or otherwise asserts is, proprietary or confidential. If a Regional PLG objects to disclosure of any of its material, the Regional PLG shall identify the legal basis under the Act for any right to withhold. In the event of any action or the filing of a lawsuit to compel disclosure, the Regional PLG agrees to intervene in such action or lawsuit to protect and assert its claims of privilege against disclosure of such material or waive the same. If the matter is not resolved, the Regional PLGs may tender all material to the court for judicial determination of the issue of disclosure.

14. **GOVERNING LAW; VENUE.** This Regional Agreement shall be governed by the laws of the State of Colorado. Venue for any legal action relating solely to this Regional Agreement will be in the applicable District Court of the State of Colorado for the county of the Region’s fiscal agent. Venue for any legal action relating to the Colorado MOU shall be in a court of competent jurisdiction where a Settlement or consent decree was entered, as those terms are described or defined in the Colorado MOU. If a legal action relates to both a Regional Agreement and the Colorado MOU, venue shall also be in a court of competent jurisdiction where a Settlement or consent decree was entered.
15. **TERMINATION.** The Regional PLGs enter into this Regional Agreement to serve the public interest. If this Regional Agreement ceases to further the public interest, a Regional PLG, in its discretion, may terminate their participation in the Regional Agreement, in whole or in part, upon written notice to the other Regional PLGs. Each Regional PLG also has the right to terminate the Regional Agreement with cause upon written notice effective immediately, and without cause upon thirty (30) days prior written notice to the other Regional PLGs. A Regional PLG’s decision to terminate this Regional Agreement, with or without cause, shall have no impact on the other Regional PLGs present or future administration of its Opioid Funds and the other procedures outlined in this Regional Agreement. Rather, a Regional PLG’s decision to terminate this Regional Agreement shall have the same effect as non-participation, as outlined in Section 3.2 (e).
16. **NOTICES.** “Key Notices” under this Regional Agreement are notices regarding default, disputes, or termination of the Regional Agreement. Key Notices shall be given in writing and shall be deemed

received if given by confirmed electronic transmission that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process, but specifically excluding facsimile transmissions and texts when transmitted, if transmitted on a business day and during normal business hours of the recipient, and otherwise on the next business day following transmission; certified mail, return receipt requested, postage prepaid, three business days after being deposited in the United States mail; or overnight carrier service or personal delivery, when received. For Key Notices, the Regional PLGs will follow up any electronic transmission with a hard copy of the communication by the means described above. All other communications or notices between the Regional PLGs that are not Key Notices may be done via electronic transmission. The Regional PLGs agree that any notice or communication transmitted by electronic transmission shall be treated in all manner and respects as an original written document; any such notice or communication shall be considered to have the same binding and legal effect as an original document. All Key Notices shall include a reference to the Regional Agreement, and Key Notices shall be given to the Regional PLGs at the following addresses:

17. GENERAL TERMS AND CONDITIONS

- 17.1. Independent Entities.** The Regional PLGs enter into this Regional Agreement as separate, independent governmental entities and shall maintain such status throughout.
- 17.2. Assignment.** This Regional Agreement shall not be assigned by any Regional PLG without the prior written consent of all Regional PLGs. Any assignment or subcontracting without such consent will be ineffective and void and will be cause for termination of this Regional Agreement.
- 17.3. Integration and Amendment.** This Regional Agreement represents the entire agreement between the Regional PLGs and terminates any oral or collateral agreement or understandings. This Regional Agreement may be amended only by a writing signed by the Regional PLGs. If any provision of this Regional Agreement is held invalid or unenforceable, no other provision shall be affected by such holding, and the remaining provision of this Regional Agreement shall continue in full force and effect.

- 17.4. No Construction Against Drafting Party.** The Regional PLGs and their respective counsel have had the opportunity to review the Regional Agreement, and the Regional Agreement will not be construed against any Regional PLG merely because any provisions of the Regional Agreement were prepared by a particular Regional PLG.
- 17.5. Captions and References.** The captions and headings in this Regional Agreement are for convenience of reference only and shall not be used to interpret, define, or limit its provisions. All references in this Regional Agreement to sections (whether spelled out or using the § symbol), subsections, exhibits or other attachments, are references to sections, subsections, exhibits or other attachments contained herein or incorporated as a part hereof, unless otherwise noted.
- 17.6. Statutes, Regulations, and Other Authority.** Any reference in this Regional Agreement to a statute, regulation, policy or other authority shall be interpreted to refer to such authority then current, as may have been changed or amended since the execution of this Regional Agreement.
- 17.7. Conflict of Interest.** No Regional PLG shall knowingly perform any act that would conflict in any manner with said Regional PLG's obligations hereunder. Each Regional PLG certifies that it is not engaged in any current project or business transaction, directly or indirectly, nor has it any interest, direct or indirect, with any person or business that might result in a conflict of interest in the performance of its obligations hereunder. No elected or employed member of any Regional PLG shall be paid or receive, directly or indirectly, any share or part of this Regional Agreement or any benefit that may arise therefrom.
- 17.8. Inurement.** The rights and obligations of the Regional PLGs to the Regional Agreement inure to the benefit of and shall be binding upon the Regional PLGs and their respective successors and assigns, provided assignments are consented to in accordance with the terms of the Regional Agreement.
- 17.9. Survival.** Notwithstanding anything to the contrary, the Regional PLGs understand and agree that all terms and conditions of this Regional Agreement and any exhibits that require continued performance or compliance beyond the termination or expiration of this Regional Agreement shall survive such termination or expiration and shall be enforceable against a Regional PLG if such Regional PLG fails to perform or comply with such term or condition.
- 17.10. Waiver of Rights and Remedies.** This Regional Agreement or any of its provisions may not be waived except in writing by a Regional PLG's authorized representative. The failure of a

Regional PLG to enforce any right arising under this Regional Agreement on one or more occasions will not operate as a waiver of that or any other right on that or any other occasion.

17.11. No Third-Party Beneficiaries. Enforcement of the terms of the Regional Agreement and all rights of action relating to enforcement are strictly reserved to the Regional PLGs. Nothing contained in the Regional Agreement gives or allows any claim or right of action to any third person or entity. Any person or entity other than the Regional PLGs receiving services or benefits pursuant to the Regional Agreement is an incidental beneficiary only.

17.12. Records Retention. The Regional PLGs shall maintain all records, including working papers, notes, and financial records in accordance with their applicable record retention schedules and policies. Copies of such records shall be furnished to the Parties request.

17.13. Execution by Counterparts; Electronic Signatures and Records. This Regional Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. The Regional PLGs approve the use of electronic signatures for execution of this Regional Agreement. All use of electronic signatures shall be governed by the Uniform Electronic Transactions Act, C.R.S. §§ 24-71.3-101, *et seq.* The Regional PLGs agree not to deny the legal effect or enforceability of the Regional Agreement solely because it is in electronic form or because an electronic record was used in its formation. The Regional PLGs agree not to object to the admissibility of the Regional Agreement in the form of an electronic record, or a paper copy of an electronic document, or a paper copy of a document bearing an electronic signature, on the ground that it is an electronic record or electronic signature or that it is not in its original form or is not an original.

17.14. Authority to Execute. Each Regional PLG represents that all procedures necessary to authorize such Regional PLG's execution of this Regional Agreement have been performed and that the person signing for such Regional PLG has been authorized to execute the Regional Agreement.

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and Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

**PURDUE PHARMA L.P., et al.,

Debtors.¹**

Chapter 11

Case No. 19-23649 (SHL)

(Jointly Administered)

**NOTICE OF FILING OF GOVERNMENTAL ENTITY DIRECT
SHAREHOLDER SETTLEMENT AGREEMENT**

PLEASE TAKE NOTICE that on March 18, 2025, the Debtors filed the *Thirteenth Amended Joint Chapter 11 Plan of Reorganization of Purdue Pharma L.P. and Its Affiliated Debtors* [D.I. 7306] (the “**Thirteenth Amended Plan**”) and the *Disclosure Statement for Thirteenth Amended Joint Chapter 11 Plan of Reorganization of Purdue Pharma L.P. and Its*

¹ The Debtors in these cases, along with the last four digits of each Debtor’s registration number in the applicable jurisdiction, are as follows: Purdue Pharma L.P. (7484), Purdue Pharma Inc. (7486), Purdue Transdermal Technologies L.P. (1868), Purdue Pharma Manufacturing L.P. (3821), Purdue Pharmaceuticals L.P. (0034), Imbrium Therapeutics L.P. (8810), Adlon Therapeutics L.P. (6745), Greenfield BioVentures L.P. (6150), Seven Seas Hill Corp. (4591), Ophir Green Corp. (4594), Purdue Pharma of Puerto Rico (3925), Purdue Products L.P. (4140), Purdue Pharmaceutical Products L.P. (3902), Purdue Neuroscience Company (4712), Nayatt Cove Lifescience Inc. (7805), Button Land L.P. (7502), Rhodes Associates L.P. (N/A), Paul Land Inc. (7425), Quidnick Land L.P. (7584), Rhodes Pharmaceuticals L.P. (6166), Rhodes Technologies (7143), UDF LP (0495), SVC Pharma LP (5717) and SVC Pharma Inc. (4014). The Debtors’ corporate headquarters is located at One Stamford Forum, 201 Tresser Boulevard, Stamford, CT 06901.

Affiliated Debtors [D.I. 7307] (the “**Disclosure Statement for Thirteenth Amended Plan**”). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.

PLEASE TAKE FURTHER NOTICE that on May 16, 2025, the Debtors filed an updated *Thirteenth Amended Joint Chapter 11 Plan of Reorganization of Purdue Pharma L.P. and Its Affiliated Debtors* [D.I. 7445] (the “**May 16 Thirteenth Amended Plan**”) and an updated *Disclosure Statement for Thirteenth Amended Joint Chapter 11 Plan of Reorganization of Purdue Pharma L.P. and Its Affiliated Debtors* [D.I. 7446] (the “**Disclosure Statement for May 16 Thirteenth Amended Plan**”).

PLEASE TAKE FURTHER NOTICE that on June 5, 2025, the Debtors filed a further updated *Thirteenth Amended Joint Chapter 11 Plan of Reorganization of Purdue Pharma L.P. and Its Affiliated Debtors* [D.I. 7508] (the “**June 5 Updated Thirteenth Amended Plan**” and, together with the May 16 Thirteenth Amended Plan and Thirteenth Amended Plan, the “**Plan**”) and a further updated *Disclosure Statement for Thirteenth Amended Joint Chapter 11 Plan of Reorganization of Purdue Pharma L.P. and Its Affiliated Debtors* [D.I. 7509] (the “**Disclosure Statement for June 5 Thirteenth Amended Plan**” and, together with the Disclosure Statement for May 16 Thirteenth Amended Plan and the Disclosure Statement for Thirteenth Amended Plan, the “**Disclosure Statement**”).

PLEASE TAKE FURTHER NOTICE that, as described in the Disclosure Statement, in connection with the Shareholder Settlements, certain holders of Non-Federal Domestic Governmental Claims, the Master Disbursement Trust and the Sackler Payment Parties will enter into the Governmental Entity Shareholder Direct Settlement Agreement (the “**GESA**”) which,

among other things, will govern direct settlement payment determinations, enforcement, and release terms for Settling Creditors holding Non-Federal Domestic Governmental Claims.

PLEASE TAKE FURTHER NOTICE that the Debtors will not be party to the GESA, the GESA will not constitute a Plan Supplement document, and the GESA is filed for informational purposes only.

PLEASE TAKE FURTHER NOTICE that the Debtors hereby file the GESA (without its associated exhibits) attached hereto as **Exhibit A**.

PLEASE TAKE FURTHER NOTICE that the GESA may be amended, supplemented, or modified in accordance with its terms by the Parties prior to its execution.

PLEASE TAKE FURTHER NOTICE that copies of the Plan, the Disclosure Statement, the GESA and certain documents related thereto may be obtained free of charge by visiting the website of Kroll Restructuring Administration LLC at <https://restructuring.ra.kroll.com/purduepharma>. You may also obtain copies of any pleadings by visiting the Bankruptcy Court's website at <http://www.nysb.uscourts.gov> in accordance with the procedures and fees set forth therein.

Dated: June 17, 2025
New York, New York

DAVIS POLK & WARDWELL LLP

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Exhibit A

Governmental Entity Settlement Agreement

GOVERNMENTAL ENTITY
& SHAREHOLDER
DIRECT SETTLEMENT AGREEMENT¹

BY AND AMONG

[●]

[REDACTED], 2025

¹ **NTD:** This draft is a work in progress which is subject to ongoing review and discussion and will need to be revised as all definitive documents evolve. Internal cross-references to be confirmed when revisions are complete.

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Exhibits²

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² NTD: Exhibit list to be conformed/finalized.

GOVERNMENTAL ENTITY & SHAREHOLDER SETTLEMENT AGREEMENT

This Settlement Agreement, dated as of [●], 2025 (the “Agreement”), sets forth the terms of settlement between and among the Settling States, the MDT, solely as of the Effective Date, with respect to Article 4, or otherwise as expressly set forth herein, the Participating Subdivisions, and the Payment Parties (as those terms are defined below). Upon the Effective Date and satisfaction of the conditions set forth in Article 2 and Article 8, this Agreement will be binding on the Settling States, Participating Subdivisions and the Payment Parties. This Agreement will then be filed as part of a Consent Judgment in the respective courts of each of the Settling States, pursuant to the terms set forth in Article 8.

This Agreement addresses and resolves the Settling State and Participating Subdivision alleged direct claims against the Shareholder Released Parties and claims against the Released Parties. However, it is only one part of a set of agreements addressed through the Plan. Party obligations and agreement terms are also addressed in the Plan and its related documents, including the Master Settlement Agreement and the Governmental Remediation Trust Agreement; provided, that (i) in the event of any conflict between this Agreement and the Governmental Remediation Trust Agreement, the terms of this Agreement shall govern; (ii) in the event of any conflict between this Agreement and the Master Settlement Agreement, relating to payment determinations pursuant to this Agreement, enforcement, and/or release terms set forth herein, the terms of this Agreement shall govern, (iii) in the event of any other conflict between this Agreement and the Master Settlement Agreement, the terms of the Master Settlement Agreement shall govern, and (iv) in the event of any conflict between this Agreement and the Plan or Confirmation Order (a) with respect to any matter affecting, or a dispute involving, a party that is not a Party or otherwise bound by this Agreement, the Plan or Confirmation Order shall govern, as applicable, and (b) with respect to all other matters, this Agreement shall govern. This Agreement shall not be enforced against any Person not party to or otherwise bound by this Agreement. The determination of whether there is any inconsistency between this Agreement and the Plan or Confirmation Order shall be made by the Bankruptcy Court.

ARTICLE 1. DEFINITIONS; INTERPRETATION PROVISIONS

Section 1.01 Unless otherwise specified, the following definitions apply:

“A-Side Payment Party” has the meaning set forth in the Master Settlement Agreement.

“Accelerated Payment States” means certain States that qualify for an accelerated payment schedule with Annual Remediation Payments being made over nine or ten Payment Dates. If they become Settling States, Connecticut and Oregon are scheduled to receive payments through Payment Date 9; and Kentucky, Maine, Nevada, New Hampshire, New Mexico, Utah, West Virginia and the Oklahoma Subdivisions (to the extent they are Participating Subdivisions) are scheduled to receive payments through Payment Date 10.

“Advisory Committee” has the meaning set forth in Section 5.05(b)(iv).

“Agreement” means this agreement, as set forth above. For the avoidance of doubt, this Agreement is inclusive of all exhibits.

“Alleged Harms” means the alleged past, present, and future financial, societal, public nuisance, and other harms, as well as any expenditures related to the foregoing, arising out of the conduct, omission, or liability of the Debtors and relating to Covered Conduct, including the alleged use, misuse, and abuse of Products, non-exclusive examples of which are described in the documents listed on Exhibit A, that have

allegedly arisen as a result of the physical and bodily injuries sustained by individuals suffering from opioid-related addiction, abuse, death, and other related diseases and disorders, and that have allegedly been caused by Shareholder Released Parties.

“Allocation Statute” means a state law that governs allocation, distribution, and/or use of some or all of the Settlement Fund amounts allocated to that Settling State and/or its Subdivisions. An Allocation Statute may, without limitation, contain a Statutory Trust, further restrict expenditures of funds, form an advisory committee, establish oversight and reporting requirements, or address other default provisions and other matters related to the funds. An Allocation Statute is not required to address all three (3) types of funds comprising the Settlement Fund or all default provisions.

“Annual Fees Payment” means the amounts payable by the Payment Groups on each Payment Date comprised of the State Direct Expenses payment and the Local Government Costs and Expenses Fund payment as determined pursuant to this Agreement, and not including the Annual Remediation Payment. For the avoidance of doubt, the Annual Fees Payment does not include amounts designated pursuant to Section 5.9 of the Plan as attorneys’ fees and costs based on Estate Distributions.

“Annual Remediation Payment” means the amounts owing pursuant to the Master Settlement Agreement by the Payment Groups on each Payment Date as determined pursuant to this Agreement and comprised of the Base Payments and Incentive Payments. For the avoidance of doubt, the Annual Remediation Payment does not include amounts owing pursuant to the Master Settlement Agreement for Estate Distributions.

“Appropriate Official” has the meaning set forth in Section 13.06(c).

“Authorized Action” has the meaning set forth in Section 13.25(c).

“B-Side Payment Party” has the meaning set forth in the Master Settlement Agreement.

“Bankruptcy Cases” has the meaning set forth in the Master Settlement Agreement.

“Bankruptcy Code” has the meaning set forth in the Master Settlement Agreement.

“Bar” means either: (1) a law barring or having the effect of barring Subdivisions in a Settling State from maintaining Shareholder Released Claims against Shareholder Released Parties (either through a direct bar or through a grant of authority to release claims and the exercise of such authority in full) or (2) a ruling by the highest court of the Settling State (or, in a Settling State with a single intermediate court of appeals, the intermediate court of appeals) when setting forth the general principle that Subdivisions in the Settling State may not maintain any Shareholder Released Claims against Shareholder Released Parties, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Shareholder Released Party (apart from the Annual Remediation Payments by any Payment Group under this Agreement) shall not constitute a Bar.

“Base Payment” has the meaning set forth in Section 4.05.

“Business Day” means a day, other than Saturday, Sunday or a federal holiday.

“Case-Specific Resolution” means either: (1) a law barring or having the effect of barring the Subdivision at issue from maintaining any Shareholder Released Claims against any Shareholder Released Parties (either through a direct bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by a court of competent jurisdiction over the Subdivision at issue that the

Subdivision may not maintain any Shareholder Released Claims at issue against any Shareholder Released Parties, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Shareholder Released Party (apart from the annual payments by any Payment Group under this Agreement) shall not constitute a Case-Specific Resolution.

“Cause of Action” means any Claim, action, class action, claim, cross-claim, counterclaim, third-party claim, cause of action, controversy, dispute, demand, right, Lien, indemnity, contribution, rights of subrogation, reimbursement, guaranty, suit, obligation, liability, debt, damage, judgment, loss, cost, attorneys’ fees and expenses, account, defense, remedy, offset, power, privilege, license or franchise, in each case, of any kind, character or nature whatsoever, asserted or unasserted, accrued or unaccrued, known or unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, foreseen or unforeseen, direct or indirect, choate or inchoate, secured or unsecured, allowable or disallowable, Allowed or Disallowed, assertible directly or derivatively (including, without limitation, under alter-ego theories), in rem, quasi in rem, in personam or otherwise, whether arising before, on or after the Petition Date, arising under federal or state statutory or common law, or any other applicable international, foreign or domestic law, rule, statute, regulation, treaty, right, duty, requirement or otherwise, in contract or in tort, at law, in equity or pursuant to any other theory or principle of law, including fraud, negligence, gross negligence, recklessness, reckless disregard, deliberate ignorance, public or private nuisance, breach of fiduciary duty, avoidance, willful misconduct, veil piercing, alter ego, unjust enrichment, disgorgement, restitution, contribution, indemnification, rights of subrogation and joint liability, regardless of where in the world accrued or arising. For the avoidance of doubt, “Cause of Action” expressly includes (i) any Cause of Action held by a natural person who is not yet born or who has not yet attained majority as of the Petition Date or as of the Effective Date, (ii) any right of setoff, counterclaim or recoupment and any Cause of Action for breach of contract or for breach of duty imposed by law or in equity, (iii) the right to object to or otherwise contest Claims or Interests, (iv) any Cause of Action pursuant to section 362 of the Bankruptcy Code or chapter 5 of the Bankruptcy Code, (v) any claim or defense, including fraud, mistake, duress and usury and any other defense set forth in section 558 of the Bankruptcy Code, and (vi) any claim under any state or foreign law, including for the recovery of any fraudulent transfer or similar theory.

“Claim” has the meaning set forth in the Plan.

“Claim-Over” means a Cause of Action asserted by a Non-Shareholder Released Party against a Shareholder Released Party or, as applicable, Released Party on the basis of contribution, indemnity, or other claim-over on any theory relating to a Non-Party Covered Conduct Claim asserted by a Releasor.

“Co-Defendants” has the meaning set forth in the Plan.

“Compensatory Restitution Amount” means the aggregate amount paid or incurred by or on behalf of any Payment Party hereunder for Opioid Remediation, which includes each Annual Remediation Payment and does not include amounts paid as attorneys’ fees and costs or identified pursuant to Section 5.02(b) as being used to pay attorneys’ fees, investigation costs or litigation costs, which shall be up to the amount of the Total Maximum Remediation Payment.

“Confirmation Order” has the meaning set forth in the Plan.

“Consent Judgment” means a consent judgment in a form to be agreed by the Settling States and the Sackler Parties’ Representative prior to the Effective Date that, among other things, (1) approves this Agreement and (2) reflects the release set forth in Section 10.01, including the dismissal with prejudice of any Shareholder Released Claims that the Settling State has brought against Shareholder Released Parties

or, as applicable, the Released Parties, provided, that notwithstanding the foregoing, any such dismissal may be subject to pursuit by the MDT of a Release Remedy (as defined in the Master Settlement Agreement) under the Master Settlement Agreement Section 9.02(a)(ii)(B) with respect to a Payment Party.

“Covered Conduct” means any actual or alleged act, failure to act, negligence, statement, error, omission, breach of any duty, conduct, event, transaction, agreement, misstatement, misleading statement, or other activity of any kind whatsoever from the beginning of time through the Plan Effective Date (and any past, present, or future consequence of any such act, failure to act, negligence, statement, error, omission, breach of duty, conduct, event, transaction, agreement, misstatement, misleading statement, or other activity) relating in any way to (1) compounding, counseling or documentation relating to any Product or class of Products; (2) the discovery, development, manufacture, packaging, repackaging, marketing, promotion, advertising, labeling, recall, withdrawal, distribution, delivery, monitoring, reporting, supply, sale, prescribing, dispensing, physical security, warehousing, use or abuse of, or operating procedures relating to, any Product, or any system, plan, policy or advocacy relating to any Product or class of Products, including, but not limited to, any unbranded promotion, marketing, programs, or campaigns relating to any Product or class of Products; (3) the characteristics, properties, risks, or benefits of any Product; (4) the reporting, disclosure, non-reporting or nondisclosure to federal, state or other regulators of orders placed with any Shareholder Released Parties or physicians or pharmacists identified by any Shareholder Released Party as potentially engaging in suspicious or problematic conduct; or (5) diversion control programs or suspicious order monitoring.

“Debtors” means Purdue Pharma L.P., Purdue Pharma Inc., Purdue Transdermal Technologies L.P., Purdue Pharma Manufacturing L.P., Purdue Pharmaceuticals L.P., Imbrium Therapeutics L.P., Adlon Therapeutics L.P., Greenfield BioVentures L.P., Seven Seas Hill Corp., Ophir Green Corp., Purdue Pharma of Puerto Rico, Avrio Health L.P., Purdue Pharmaceutical Products L.P., Purdue Neuroscience Company, Nayatt Cove Lifescience Inc., Button Land L.P., Rhodes Associates L.P., Paul Land Inc., Quidnick Land L.P., Rhodes Pharmaceuticals L.P., Rhodes Technologies UDF LP, SVC Pharma LP, and SVC Pharma Inc (each, a “Debtor”).

“Designated State” means New York.

“Effective Date” means the Plan Effective Date unless it is extended by written agreement of the Sackler Parties’ Representative and the MDT Advisory Council.

“Eligible States” means all States except for Oklahoma, which has a preexisting settlement. Oklahoma Subdivisions are eligible to participate pursuant to Exhibit H.

“Emergence Payment States” means certain States that, if they become Settling States and qualify for Incentive Payment A, are scheduled to receive their full Statewide Payment Amount on Payment Date 1. These states are Delaware, the District of Columbia, Rhode Island, and Vermont.

“Estate Causes of Action” means, in each case whether or not asserted, any and all Causes of Action that any Debtor or its Estate may have, hold, or control, or be entitled to assert, or that any Person may be entitled to assert, currently or in the future, by, through, under, or on behalf of any Debtor or its Estate, and each of their respective successors or assigns, including, without limitation, any and all Causes of Action that: (i) were included in the proposed complaint filed by the Creditors’ Committee [D.I. 6685-2]; (ii) seek to avoid or recover any transfer of property or value by any Debtor or its Estate, or to avoid any obligation incurred by any Debtor or its Estate, including on a theory of fraudulent transfer, fraudulent conveyance, preference, turnover, unjust enrichment, constructive trust, or conversion; (iii) arise from an injury suffered by a Debtor, including Causes of Action arising from a breach of fiduciary duty, mismanagement, corporate waste, or similar theories arising out of a Person’s ownership, management, oversight, operation, status,

tenure, conduct, omission, liability, action, or inaction at any time as a stockholder, affiliate, owner, partner, member, manager, director, officer, employee, servant, agent, representative, attorney, creditor, successor, assign, or other relationship with a Debtor or any of its predecessors; (iv) arise from disregarding the separateness of any Debtor or its Estate or imputing the liability of any Debtor or its Estate to another Person, including on a theory of successor liability, vicarious liability, respondeat superior, alter ego, veil piercing, agency, control person liability, or joint venture; (v) arise from a common injury that (a) could be asserted by creditors of a Debtor or its Estate or (b) arises from a breach of duty owed to a Debtor or its Estate; (vi) are property of any Debtor or its Estate or can be asserted, settled, or released by any Debtor or its Estate under the Bankruptcy Code or other applicable law; or (vii) are other derivative claims duplicative of any of the foregoing. Estate Causes of Action shall not include any Cause of Action arising from a breach by a non-Debtor of a legally cognizable duty or statutory prohibition – including not to engage personally in fraud, misrepresentation, or misconduct that causes a nuisance, in each case under consumer protection laws and like regulatory laws or statutes (such as UDAP laws) or the common law – which duty or statutory obligation is owed by such non-Debtor directly to the Person asserting such Cause of Action (or to the citizenry on whose behalf such Person is charged to act), where the injury caused by such breach is particular to the Person asserting such Cause of Action (or the citizenry on whose behalf such Person is charged to act) and is not an injury common to creditors of the Debtor or its Estate.

“Estate Distributions” has the meaning set forth in the Plan.

“Excluded Claim” means (i) any criminal action or criminal proceeding arising under a criminal provision of any statute instituted (A) by a Domestic Governmental Entity (as defined in the Plan) that has authority to bring such a criminal action or criminal proceeding, and (B) to adjudicate a person’s guilt or to set a convicted person’s punishment; (ii) any Cause of Action against a non-Debtor Person (as defined in the MSA) by any federal, state or local authority with respect to taxes (other than tax laws targeting Covered Conduct³) imposed on such non-Debtor Person; (iii) any Estate Cause of Action (as defined in the Plan) that the applicable Releasor does not have authority to release or bring or any Cause of Action against an Excluded Party (as defined in the Plan); (iv) any Cause of Action against any Person to the extent based on the actual conduct of such Person after the Settlement Effective Date (as defined in the MSA); (v) any Cause of Action against Persons or Entities who are not Released Parties or Shareholder Released Parties; (vi) any Cause of Action belonging to private individuals or private entities; or (vii) any claim arising under the Plan, the Master Settlement Agreement, or this Agreement for enforcement of the Plan, the Master Settlement Agreement, or this Agreement; (viii) any claim, potential claim or a cause of action held by a Domestic Governmental Entity (as defined under the Plan) against any (A) Co-Defendants or their insurers, including for the avoidance of doubt, any Settling Co-Defendant or their insurers, or any (B) pharmacy benefit manager (including any entity or third-party administrator of prescription drug programs) that is not a Shareholder Released Party.

“Fee Reimbursement Order” means the *Order Authorizing the Debtors to Assume the Reimbursement Agreement and Pay the Fees and Expenses of the Ad Hoc Committee’s Professionals* [Dkt. No. 553] entered in the Bankruptcy Cases.

³ Provided, however, that none of the following as currently enacted shall be considered a tax law targeting Covered Conduct: 16 Del. Code Chapter 48B; fees assessed by the Minnesota Board of Pharmacy under Minnesota Statutes section 151.065; any penalty assessed under Minnesota’s Opiate Product Registration Fee law, Minnesota Statutes section 151.066; the Minnesota Care Wholesale Drug Distributor and Use Tax, Minnesota Statutes section 292.52; the Excise Tax on sale of Opioids, Article 20-D of New York’s Tax Law; the Opioid Stewardship Act, Article 33, Title 2-A of New York’s Public Health Law; and Rhode Island’s Opioid Stewardship Act, R.I. Gen. Laws §§21-28.10, et seq.

“Final Dispute Response Notice” has the meaning set forth in Section 4.04(c)(ii).

“Fire District” shall correspond to Special Districts categorized by the U.S. Census Bureau under the function name (a) “Local Fire Protection” or (b) “Fire Protection and Water Supply.”

“General Purpose Government” means the three types of local governments recognized by the U.S. Census Bureau as “General Purpose” – county, municipal, and township governments – and match its 2017 list of Governmental Units.⁴ This includes, but is not limited to, a municipality, county, county subdivision, city, town, township, parish, village, borough, gore, or any other entities that provide municipal-type government.

“Governmental Remediation Trust” has the meaning set forth in the Plan.

“Governmental Remediation Trust Agreement” has the meaning set forth in the Plan.

“Health District” shall correspond to Special Districts categorized by the U.S. Census Bureau under the function name “Health.”

“Hospital District” shall correspond to Special Districts categorized by the U.S. Census Bureau under the function name “Hospital.”

“Hospital Shareholder Direct Settlement Agreement” has the meaning set forth in the Plan.

“Implementation Administrator” means Rubris, Inc., which is the vendor to be retained, prior to the Effective Date, pursuant to the Fee Reimbursement Order F, and, as applicable, following the Effective Date, by the MDT, to provide notice pursuant to Section 7.01 and to manage the initial joinder period for Subdivisions, including the issuance and receipt of Subdivision Settlement Participation Forms.

“Incentive B Eligible Subdivisions” has the meaning set forth in Section 4.06(e)(iii)(B).

“Incentive C Eligible Subdivisions” has the meaning set forth Section 4.06(f)(iii)(B).

“Incentive Payment” means each of Incentive Payment A, Incentive Payment B, Incentive Payment C and Incentive Payment D made to the Settling States pursuant to their eligibility to receive such payment, as applicable.

“Incentive Payment A” means the incentive payment described in Section 4.06(d).

“Incentive Payment A Catch-up Payment” has the meaning set forth in Section 4.06(d)(v).

“Incentive Payment B” means the incentive payment described in Section 4.06(e).

“Incentive Payment C” means the incentive payment described in Section 4.06(f).

“Incentive Payment D” means the incentive payment described in Section 4.06(g).

“Incentive Payment D Lookback Date” has the meaning set forth in Section 4.06(g)(iv).

⁴ All such entities are found on the “General Purpose” tab of the Census Bureau’s 2017 Government Units Listing spreadsheet available at https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP.

“Incentive Payment Final Eligibility Date” means with respect to a Settling State, the date that is ninety (90) calendar days prior to the Payment Date for Payment Date 4, unless the Sackler Parties’ Representative, the MDT Advisory Council, and the relevant Settling State agree to allow Incentive Payments for a Settling State to be adjusted for a Later Participating Subdivision that becomes a Participating Subdivision after the Incentive Payment Final Eligibility Date.

“Initial Participating Subdivision” means a Subdivision that meets the requirements set forth in Section 7.04.

“Initial Subdivision Participation Date” means the ninetieth (90th) calendar day immediately following Preliminary Agreement Date, unless it is extended by written agreement of the Sackler Parties’ Representative, the States’ AG Negotiating Group, the MDL PEC, and the MSGE Group.

“Injunctive Relief Terms” means the terms described in Article 3.

“Later Litigating Subdivision” means a Subdivision (or Subdivision official asserting the right of or for the Subdivision to recover for Alleged Harms to the Subdivision and/or the people thereof) that: (1) first files a lawsuit bringing a Shareholder Released Claim against a Shareholder Released Party after the Initial Subdivision Participation Date and had not previously filed a lawsuit against a Debtor; or (2) adds a Shareholder Released Claim against a Shareholder Released Party after the Initial Subdivision Participation Date to a lawsuit brought before the Initial Subdivision Participation Date that, prior to the Initial Subdivision Participation Date, did not include any Shareholder Released Claims against a Shareholder Released Party or any Causes of Action against a Debtor that would otherwise constitute a Shareholder Released Claim if asserted against a Shareholder Released Party; or (3) (a) was a Litigating Subdivision whose Shareholder Released Claims against Shareholder Released Parties were resolved by a legislative Bar or legislative Case-Specific Resolution as of the Initial Subdivision Participation Date, (b) such legislative Bar or legislative Case-Specific Resolution is subject to a Revocation Event after the Initial Subdivision Participation Date, and (c) the earlier of the date of completion of opening statements in a trial in an action brought by a Subdivision in that Settling State that includes a Shareholder Released Claim against a Shareholder Released Party or one hundred eighty (180) calendar days from the Revocation Event passes without a Bar or Case-Specific Resolution being implemented as to that Litigating Subdivision or the Litigating Subdivision’s Shareholder Released Claims being dismissed; (4) (a) was a Litigating Subdivision whose Shareholder Released Claims against Shareholder Released Parties were resolved by a judicial Bar or judicial Case-Specific Resolution as of the Initial Subdivision Participation Date, (b) such judicial Bar or judicial Case-Specific Resolution is subject to a Revocation Event after the Initial Subdivision Participation Date, and (c) such Litigating Subdivision takes any action in its lawsuit asserting a Shareholder Released Claim against a Shareholder Released Party other than seeking a stay or dismissal; or (5) was a Prior Litigating Subdivision and subsequently files a lawsuit bringing a Shareholder Released Claim against a Shareholder Released Party after the Initial Subdivision Participation Date.

“Later Participating Subdivision” means a Participating Subdivision that is not an Initial Participating Subdivision, but meets the requirements set forth in Section 7.05.

“Library District” shall correspond to Special Districts categorized by the U.S. Census Bureau under the function name “Libraries.”

“Litigating Subdivision” means a Subdivision (or Subdivision official asserting the right of or for the Subdivision to recover for Alleged Harms to the Subdivision and/or the people thereof) that brought any Shareholder Released Claim against any Debtor and/or any Shareholder Released Party in connection with Covered Conduct on or prior to the Initial Subdivision Participation Date; *provided, however*, that a Subdivision (or Subdivision official) that is a Prior Litigating Subdivision shall not be considered a

Litigating Subdivision. Exhibit C is an agreed list of all Litigating Subdivisions. Exhibit C will be updated (including with any corrections) periodically, and a final version of Exhibit C will be attached hereto as of the Reference Date.

“Litigation Costs” has the meaning set forth in the Master Settlement Agreement.

“Local Government Costs and Expenses Fund” has the meaning set forth in the Plan.

“Master Disbursement Trust” or “MDT” has the meaning set forth in the Plan.

“Master Settlement Agreement” or “MSA” means that certain Master Settlement Agreement entered into by and among the MDT and each of the parties listed pursuant to the Exhibits A and B of the Master Settlement Agreement and PRA L.P. on or about the date hereof, as it may be amended or supplemented from time to time.

“Maximum Annual Remediation Payment” means the maximum Annual Remediation Payment payable pursuant to the Master Settlement Agreement on a Payment Date by the Payment Groups.

“MDL PEC” means the MDL Plaintiffs’ Executive Committee as defined in the Plan.

“MDT Advisory Council” has the meaning set forth in the Plan.

“MDT Segregated Account” means a segregated account of the MDT to be used in accordance with Section 4.04.

“MSGE Group” means the Multi-State Governmental Entities Group as defined in the Plan.

“National Arbitration Panel” means the panel comprised as described in Section 6.06(b)(ii).

“National Disputes” has the meaning set forth in Section 6.06(b)(i).

“Non-Federal Acute Care Hospital” has the meaning set forth in the Plan.

“Non-Litigating Subdivision” means any Subdivision that is neither a Litigating Subdivision nor a Later Litigating Subdivision.

“Non-Litigating Threshold Subdivision” means any Subdivision that is a General Purpose Government and that is not otherwise a Litigating Subdivision and (1) (a) filed a timely proof of claim against the Debtors in the Bankruptcy Cases pursuant to the applicable deadline set forth in the *Order Establishing (I) Deadlines for Filing Proofs of Claim and Procedures Relating Thereto, (II) Approving the Proof of Claim Forms, and (III) Approving the Form and Manner of Notice Thereof*, Case No., Purdue Pharma L.P. et al., 19-23649 (Bankr. S.D.N.Y. Feb. 3, 2020) [Dkt. No. 800] and (b) is a Primary Subdivision or (2) was a “Litigating Subdivision” or “Later Litigating Subdivision” under any of the Prior National Settlements as of the Initial Subdivision Participation Date. Attached as Exhibit W is a list of the Non-Litigating Threshold Subdivisions in each Eligible State. Exhibit W will be updated (including with any corrections) periodically, and a final version of Exhibit W will be attached hereto as of the Reference Date.

“Non-Participating Subdivision” means any Subdivision that is not a Participating Subdivision.

“Non-Party Covered Conduct Claim” means a Cause of Action against any Non-Shareholder Released Party involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Shareholder Released Party).

“Non-Party Settlement” means a settlement by any Releasor that settles any Non-Party Covered Conduct Claim and includes a release of any Non-Shareholder Released Party.

“Non-Settling State” means any Eligible State that is not a Settling State.

“Non-Shareholder Released Party” means an entity that is not a Shareholder Released Party or Released Party.

“Oklahoma Subdivisions” means [Subdivisions within Oklahoma as specified in Exhibit H].⁵

“Opioid Remediation” means care, treatment, and other programs and expenditures (including reimbursement for past such programs or expenditures⁶ except where this Agreement restricts the use of funds solely to future Opioid Remediation) designed to (1) address the misuse and abuse of opioid products in the Settling States, (2) treat or mitigate opioid use or related disorders in the Settling States, or (3) mitigate other alleged effects of, including on those injured as a result of, the opioid epidemic in the Settling States. Exhibit E provides a non-exhaustive list of expenditures that qualify as being paid for Opioid Remediation. Qualifying expenditures may include reasonable related administrative expenses in connection with the above.

“Participating Subdivision” means any Subdivision that meets the requirements for becoming a Participating Subdivision under Section 7.02 and Section 7.03. Participating Subdivisions include both Initial Participating Subdivisions and Later Participating Subdivisions.

“Parties” means the Payment Parties, the Settling States and, solely as of the Effective Date, with respect to Article 4, or otherwise as expressly set forth herein, the MDT (each, a “Party”).

“Payment Date” means each date on which a payment is required to be made by a Payment Group pursuant to the terms of the Master Settlement Agreement.

“Payment Group” has the meaning set forth in the Master Settlement Agreement.

“Payment Party” means an A-Side Payment Party or a B-Side Payment Party.

“Plan” refers to the chapter 11 plan filed by the Debtors and has the meaning set forth in the Master Settlement Agreement.

“Plan Effective Date” has the meaning set forth in the Master Settlement Agreement.

“Preliminary Agreement Date” has the meaning set forth in Section 2.02.

“Preliminary Payment Determination” has the meaning set forth in Section 4.04(c).

“Primary Fire Districts” shall mean Fire Districts that cover a population of 25,000, or 0.20% of a State’s population if a State’s population is greater than 18 million. If not easily calculable from state data

⁵ Provisions related to Oklahoma Subdivisions are further addressed in Exhibit H.

⁶ Reimbursement includes amounts paid to any governmental entities for past expenditures or programs.

sources and agreed to between the State and the Sackler Parties' Representative, a Fire District's population is calculated by dividing the population of the county or counties a Fire District serves by the number of Fire Districts in the county or counties. For Settling States that earned Incentive A in the July 21, 2021 Janssen Settlement Agreement, Primary Fire Districts are presumptively the list agreed to between the Settling State and Janssen.

"Primary Subdivision" means a Subdivision that is a General Purpose Government with population over 10,000. Attached as Exhibit I is an agreed list of the Primary Subdivisions in each Eligible State.

"Prime Rate" means the rate of interest per annum from time to time published in the money rates section of The Wall Street Journal or any successor publication thereto as the "prime rate" then in effect; *provided*, that if such rate of interest, as set forth from time to time in the money rates section of The Wall Street Journal, becomes unavailable for any reason, the "Prime Rate" shall mean the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank, N.A. or its successor as its prime rate in effect at its principal office in New York City (or the location of its successor's headquarters).

"Prior Litigating Subdivision" means a Subdivision (or Subdivision official asserting the right of or for the Subdivision to recover for Alleged Harms to the Subdivision and/or the people thereof,) that brought any Shareholder Released Claim against any Debtor and/or any Shareholder Released Party prior to the Initial Subdivision Participation Date and all such Debtor and Shareholder Released Claims were separately settled, were dismissed through a final order that is not subject to appeal so that there are no such active claims by the Subdivision (or Subdivision official), including through an order that substitutes another party for the Subdivision (or Subdivision official) or were finally adjudicated prior to the Initial Subdivision Participation Date; provided, however, that if the final adjudication was pursuant to a Bar, such Subdivision shall not be considered a Prior Litigating Subdivision. Notwithstanding the prior sentence, the Sackler Parties' Representative and the Settling State of the relevant Subdivision may agree in writing that the Subdivision shall not be considered a Prior Litigating Subdivision. Any entity that otherwise would qualify as a Prior Litigating Subdivision that subsequently brings a Shareholder Released Claim against any Debtor and/or any Shareholder Released Party shall not be considered a Prior Litigating Subdivision.

"Prior National Settlements" means each of (1) the July 21, 2021 Settlement Agreement concerning McKesson Corporation, Cardinal Health, Inc., and AmerisourceBergen Corporation; (2) the July 21, 2021 Janssen Settlement Agreement; (3) the November 14, 2022 Walmart Settlement Agreement; (4) the November 22, 2022 Allergan Settlement Agreement; (5) the November 22, 2022 Teva Settlement Agreement; (6) the December 9, 2022 Walgreens Settlement Agreement; (7) the December 9, 2022 CVS Settlement Agreement; and (8) the March 22, 2024 Kroger Settlement Agreement.

"Prior Settling Subdivision" means a Subdivision that has fully resolved its claims with Shareholder Released Parties outside of this Agreement.

"Pro Rata" means, with respect to any Payment Group on a Payment Date, the portion of an Annual Remediation Payment or Annual Fee Payment, as applicable, assigned to such Payment Group pursuant to Exhibit M-X.

"Products" means any and all products developed, designed, manufactured, marketed or sold, in research or development, or supported by, the Debtors, whether work in progress or in final form, whether used for medicinal or non-medicinal purposes, and whether natural, synthetic, or semi-synthetic, or any finished pharmaceutical product made from or with such product, including, but not limited to (a) any such products that are: (i) an opioid or opiate, as well as any product containing any such substance; or (ii) benzodiazepine, carisoprodol, or gabapentin; or (iii) a combination or "cocktail" of chemical substances prescribed, sold, bought, or dispensed to be used together that includes opioids or opiates and (b) any such

product consisting of or containing buprenorphine, codeine, fentanyl, hydrocodone, hydromorphone, meperidine, methadone, morphine, oxycodone, oxymorphone, tapentadol, tramadol, opium, heroin, carfentanil, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, midazolam, carisoprodol, gabapentin, or any variant of these substances or any similar substance.

“Proofs of Claim” has the meaning set forth in the Plan.

“Purdue” means Purdue Pharma L.P.

“Reference Date” means the date on which the Sackler Parties’ Representative shall provide to the States’ AG Negotiating Group, the MDL PEC, and the MSGE Group the Sackler (Subdivision) Participation Notice of its election to proceed pursuant to Section 8.03.

“Release” means, with respect to a Settling State, a release in the form attached hereto as Exhibit V, and with respect to a Participating Subdivision, the release granted pursuant to the Subdivision Settlement Participation Form.

“Released Claims” has the meaning set forth in Exhibit [V] or Exhibit [K], as applicable.

“Released Parties” means, collectively, (i) the Debtors, and (ii) each of the Debtors’ Related Parties, solely in their respective capacities as such; *provided, however*, that, notwithstanding the foregoing or anything herein to the contrary, no Excluded Party (as defined in the Plan) or Shareholder Release Snapback Party (as defined in the Plan) shall be a Released Party in any capacity or respect. For purposes of this definition of “Released Parties,” the phrase “solely in their respective capacities as such” means, with respect to a Person, solely to the extent a claim against such Person (x) arises from such Person’s conduct or actions taken in such capacity, or from such Person’s identified capacity in relation to another specified Released Party and not, in either case, from such Person’s conduct or actions independent of such capacity, and (y) to the extent such Person’s liability depends on or derives from the liability of such other Released Party, such claim would be released if asserted against such other Released Party. For the avoidance of doubt, “Released Party” shall not include any Co-Defendants or their insurers, including for the avoidance of doubt any Settling Co-Defendant or their insurers.

“Releasors” means the State Releasors and the Subdivision Releasors.

The inclusion of a specific reference to a type of entity in this definition shall not be construed as meaning that the entity is not a Subdivision.

“Remediation Accounts Fund” means the component of the Settlement Fund described in Article 5.

“Revocation Event” means with respect to a Bar, Settlement Class Resolution, or Case- Specific Resolution, a revocation, rescission, reversal, overruling, or interpretation that in any way limits the effect of such Bar, Settlement Class Resolution, or Case-Specific Resolution on Shareholder Released Claims, or any other action or event that otherwise deprives the Bar, Settlement Class Resolution, or Case-Specific Resolution of force or effect in any material respect.

“Sackler Parties’ Representative” means Plerus AB LLC, a limited liability company organized under the laws of Delaware.

“Sackler (States) Participation Initial Deadline” has the meaning set forth in Section 2.02.

“Sackler (States) Participation Notice” has the meaning set forth in Section 2.02.

“Sackler (Subdivision) Participation Notice” means the notice delivered by the Sackler Parties’ Representative to the States’ AG Negotiating Group, the MDL PEC, and the MSGE Group pursuant to which the Sackler Parties’ Representative elects to proceed with this Agreement based on the satisfaction (which shall be determined at the Sackler Parties’ Representative’s sole discretion) of the conditions set forth in Article 8.

“Sackler Party” has the meaning set forth in the Master Settlement Agreement.

“School District” shall correspond to Special Districts categorized by the U.S. Census Bureau under the tab “School District” or “DEP School District.”

“Separately Settling Payment Group” has the meaning set forth in Section 13.04(b).

“Settlement Class Resolution” means a class action resolution in a court of competent jurisdiction in a Settling State (that is not successfully removed to federal court) with respect to a class of Subdivisions in that Settling State that (1) conforms with that Settling State’s statutes, case law, and rules of procedure regarding class actions; (2) is approved and entered as an order of a court of competent jurisdiction in that Settling State and such order has become a final order; (3) is binding on all Non-Participating Subdivisions in that Settling State (other than opt outs as permitted under the next sentence); (4) provides that all such Non-Participating Subdivisions may not bring any Shareholder Released Claims against any Shareholder Released Parties, whether on the ground of this Agreement (or the releases herein) or otherwise; and (5) does not impose any costs or obligations on a Payment Party or Shareholder Released Party other than those provided for in this Agreement, or contain any provision inconsistent with any provision of this Agreement. If applicable state law requires that opt-out rights be afforded to members of the class, a class action resolution otherwise meeting the foregoing requirements shall qualify as a Settlement Class Resolution unless Subdivisions collectively representing more than one percent (1%) of the total population of that Settling State opt out. In seeking certification of any Settlement Class Resolution, the applicable Settling State and Participating Subdivisions shall make clear that certification is sought solely for settlement purposes and shall have no applicability beyond approval of the settlement for which certification is sought. Nothing in this Agreement constitutes an admission by any Party that class certification would be appropriate for litigation purposes in any case or for purposes unrelated to this Agreement.

“Settlement Administrator” means BrownGreer PLC, or such other entity as may be engaged, prior to the Effective Date, pursuant to the Fee Reimbursement Order, or by the MDT from and after the Effective Date (in each case, subject to the reasonable consent of the Sackler Parties’ Representative), as a representative of the Governmental Remediation Trust (as defined in the Plan) that annually determines the Annual Remediation Payment (including calculating offset or reduction Incentive Payments pursuant to Article 4 and any amounts subject to offset or reduction pursuant to Article 12), administers the Settlement Fund, and distributes amounts into the Remediation Accounts Fund, State Fund, Subdivision Fund, and the State Direct Expenses fund pursuant to this Agreement. References herein to the Settlement Administrator shall refer to the Settlement Administrator in its capacities as the representative of the Governmental Remediation Trust, the MDT or both, as context requires.

“Settlement Fund” means the interest-bearing fund established pursuant to the [Governmental Remediation Trust Agreement] into which Annual Remediation Payments and Estate Distributions received by the MDT that are ultimately payable to the Governmental Remediation Trust. The Settlement Fund may be held and administered by the Settlement Administrator so long as it meets the foregoing requirements.

“Settlement Payment” has the meaning set forth in the Master Settlement Agreement.

“Settlement Payment Dispute Notice” has the meaning set forth in Section 4.04(c)(i).

“Settling Co-Defendants” has the meaning set forth in the Plan.

“Settling State” means an Eligible State that has entered into this Agreement and delivers executed releases in accordance with Section 8.01.

“Shareholder Released Claims” has the meaning set forth in the Release.

“Shareholder Released Party” or “Shareholder Released Parties” has the meaning set forth in the Plan.

“Special District” means formal and legally recognized sub-entities of a State recognized by the U.S. Census Bureau⁷ that are not General Purpose Governments. “Special Districts” shall include Fire Districts, Health Districts, Hospital Districts, and Library Districts. For the avoidance of doubt, “Special District” does not include entities that include any of the following words or phrases in its name: mosquito, pest, insect, spray, vector, animal, air quality, air pollution, clean air, coastal water, tuberculosis, and sanitary.

“Special Operating Reserve” has the meaning set forth in the Plan.

“State” means any state of the United States of America, the District of Columbia, American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands. Additionally, the use of non-capitalized “state” to describe something (e.g., “state court”) shall also be read to include parallel entities in commonwealths, territories, and the District of Columbia (e.g., “territorial court”).

“State Direct Expenses” means the amount payable by the Payment Groups on each Payment Date to the Settling States for their litigation expenses (including attorneys’ fees) as determined pursuant to Section 9.02, Exhibit M-X, and Exhibit S of this Agreement. The maximum amount of State Direct Expenses is \$136,550,050.39 and is subject to reductions described herein and prepayments. For the avoidance of doubt, the State Direct Expenses do not include amounts designated pursuant to Section 5.9(b) of the Plan for the payment of expenses of the Settling States based on Estate Distributions.

“State Expenses Fund” has the meaning set forth in the Plan.

“State Fund” means the component of the Settlement Fund described in Article 5.

“State Participation Initial Deadline” has the meaning set forth in Section 2.01(b).

“State Participation Notice” means the written notice given to the Sackler Parties’ Representative by the Attorneys General of each of the Eligible States pursuant to which such Eligible State elects to proceed with this Agreement and becomes a Settling State.

“State Releasors” means (1) each Settling State; (2) without limitation and to the maximum extent of the power of each Settling State’s Attorney General to release Causes of Action, (a) the Settling State’s departments, agencies, divisions, boards, commissions, Subdivisions, districts, instrumentalities of any kind

⁷ All such entities are found on the “Special District,” “School District,” and “DEP School District” tabs of the Census Bureau’s 2017 Government Units Listing spreadsheet available at https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP. For the avoidance of doubt, certain Special Districts are not Subdivisions for purposes of this settlement term sheet, as noted elsewhere.

and attorneys, including its Attorney General, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, (b) any public entities, public instrumentalities, public educational institutions, unincorporated districts, fire districts, irrigation districts, and other Special Districts in a Settling State, and (c) any person or entity acting in a *parens patriae*, sovereign, quasi-sovereign, private attorney general, *qui tam*, taxpayer, or other capacity seeking relief on behalf of or generally applicable to the general public with respect to a Settling State or Subdivision in a Settling State, whether or not any of them participate in this Agreement; (3) all past and present executive departments, state agencies, divisions, boards, commissions and instrumentalities with the regulatory authority to enforce state and federal controlled substances acts within a Settling State; and (4) any of the Settling State's past and present executive departments, agencies, divisions, boards, commissions, and instrumentalities that have the authority to bring Shareholder Released Claims or Released Claims, whether or not any of them participate in the Agreement (for the purposes of this clause (4), executive departments, agencies, divisions, boards, commissions, and instrumentalities are those that are under the executive authority or direct control of the Settling State's Governor).

"State Review Deadline" has the meaning set forth in Section 2.01(a).

"State-Subdivision Agreement" means an agreement that a Settling State reaches with the Subdivisions in that Settling State regarding the allocation, distribution, and/or use of funds allocated to that Settling State and to its Subdivisions. A State-Subdivision Agreement shall be effective if approved pursuant to the provisions of Exhibit O or if adopted by statute. Preexisting agreements addressing funds other than those allocated pursuant to this Agreement shall qualify if the approval requirements of Exhibit O are met. A Settling State and its Subdivisions may revise a State-Subdivision Agreement if approved pursuant to the provisions of Exhibit O, or if such revision is adopted by statute.

"States AG Negotiating Group" means the negotiating committee of State Attorneys General comprised of: California, Connecticut, Delaware, Florida, Illinois, Massachusetts, New York, North Carolina, Oregon, Pennsylvania, Tennessee, Texas, Vermont, Virginia, and West Virginia, but excluding any State that (i) does not become a Settling State by the Preliminary Agreement Date or (ii) ceases to be a Settling State at any point after the Preliminary Agreement Date.

"Statewide Payment Amount" means the amount from an Annual Remediation Payment to be paid to a Settling State and its Participating Subdivisions listed on Exhibit G.

"Statutory Trust" means a trust fund established by state law to receive funds allocated to a Settling State's Remediation Accounts Fund and restrict any expenditures made using funds from the Settling State's Remediation Accounts Fund to Opioid Remediation, subject to reasonable administrative expenses. A Settling State may give a Statutory Trust authority to allocate one (1) or more of the three (3) types of funds comprising such Settling State's Settlement Fund, but this is not required.

"Subdivision" means any (1) General Purpose Government or Special District within a Settling State, and (2) any other subdivision, subdivision official (acting in an official capacity on behalf of the subdivision) or sub-entity of or located within a Settling State (whether political, geographical or otherwise, whether functioning or non-functioning, regardless of population overlap, and including, but not limited to, public institutions) that has filed a lawsuit (a) against any of the Debtors or that includes a Shareholder Released Claim against a Shareholder Released Party in a direct, *parens patriae*, or any other capacity or (b) against any other person or entity released pursuant to any of the Prior National Settlements in connection with a "Released Claim" as such term (or equivalent terminology) is defined in those settlements; provided, however, "Subdivision" shall not include: (i) any Non-Federal Acute Care Hospitals,

(ii) School Districts, (iii) Health Districts that have filed Proofs of Claim as Third-Party Payors, or (iv) any hospitals listed on Exhibit A of the Hospital Shareholder Direct Settlement Agreement.

“Subdivision Allocation Percentage” means the portion of a Settling State’s Subdivision Fund set forth in Exhibit G that a Subdivision will receive pursuant to Article 5 if it becomes a Participating Subdivision. The aggregate Subdivision Allocation Percentage of all Subdivisions receiving a Subdivision Allocation Percentage in each Settling State shall equal one hundred percent (100%). Immediately upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section 5.04(c) (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section 5.04(c)) that addresses allocation from the Subdivision Fund, whether before or after the Initial Subdivision Participation Date, Exhibit G will automatically be amended to reflect the allocation from the Subdivision Fund pursuant to the State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section 5.04(c). The Subdivision Allocation Percentages contained in Exhibit G may not change once notice is distributed pursuant to Section 7.01, except upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section 5.04(c) (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section 5.04(c)) that addresses allocation from the Subdivision Fund. For the avoidance of doubt, no Subdivision not listed on Exhibit G shall receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

“Subdivision Fund” means the component of the Settlement Fund described in Section 5.01.

“Subdivision Participation Threshold Notice” means a notice from the States’ AG Negotiating Group to the Sackler Parties’ Representative, the MSA PEC and the MSGE Group stating whether or not the States elect to proceed with the Agreement and, if proceeding, listing all Settling States.

“Subdivision Releasors” means with respect to Shareholder Released Claims and such other Claims released pursuant to the Release, (1) each Participating Subdivision, (2) without limitation and to the maximum extent of the power of a Participating Subdivision to release Causes of Action, (a) the Participating Subdivision’s departments, agencies, divisions, boards, commissions, Subdivisions, districts, instrumentalities of any kind and attorneys, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, (b) any public entities, public instrumentalities, public educational institutions, unincorporated districts, fire districts, irrigation districts, and other Special Districts, and (c) any person or entity acting in a *parens patriae*, sovereign, quasi-sovereign, private attorney general, *qui tam*, taxpayer, or other capacity seeking relief on behalf of or generally applicable to the general public with respect to a Participating Subdivision.⁸ The inclusion of a specific reference to a type of entity in this definition shall not be construed as meaning that the entity is not a Subdivision.

“Subdivision Settlement Participation Form” means the form attached as Exhibit K that Participating Subdivisions must execute and return to the Implementation Administrator or Settlement Administrator, and which shall (1) make such Participating Subdivisions signatories to this Agreement, (2) include a full and complete release of any and of such Subdivision’s claims, and (3) require the dismissal with prejudice of any Shareholder Released Claims and such other Claims released pursuant to the Release that have been filed by any such Participating Subdivision, but subject in all cases to the exercise by the

⁸ In addition to being a Releasor as provided herein, a Participating Subdivision shall also provide the Subdivision Settlement Participation Form as set forth in Exhibit K providing for a release to the fullest extent of the Subdivision’s authority.

MDT of a Release Remedy (as defined in the Master Settlement Agreement) pursuant to and in accordance with Master Settlement Agreement Section 9.02(a)(ii)(B) with respect to a Payment Party.

“Tax Matters” has the meaning set forth in Section 13.06.

“Third-Party Payors” has the meaning set forth in the Plan.

“Threshold Motion” means a motion to dismiss or equivalent dispositive motion made at the outset of litigation against any of the Shareholder Released Parties for Covered Conduct under applicable procedure.

“Total Direct Settlement Amount” means the sum of Annual Remediation Payments and Annual Fee Payments.

“Total Maximum Direct Settlement Amount” means the sum of the Total Maximum Remediation Payment and the total maximum amount of Annual Fee Payments to be paid under the Master Settlement Agreement as determined by this Agreement. The Total Maximum Direct Settlement Amount is \$3,485,264,791.64.

“Total Maximum Remediation Payment” means the sum of all Maximum Annual Remediation Payments of all Payment Dates and Payment Groups, as set forth in Exhibit M-2. The Total Maximum Remediation Payment is \$3,090,786,868.28, subject to an increase pursuant to Article 9.

Section 1.02 Interpretation Provision.

(a) “The words “hereof,” “herein” and “hereunder” and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(b) The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. References to Articles, Sections, Annexes and Exhibits are to the Articles, Sections, Annexes and Exhibits of this Agreement unless otherwise specified.

(c) All Exhibits and Annexes annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit or Annex but not otherwise defined therein shall have the meaning as defined in this Agreement.

(d) Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular, and words denoting either gender shall include both genders as the context requires. Where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning.

(e) Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation,” whether or not they are in fact followed by those words or words of like import.

(f) The word “will” shall be construed to have the same meaning and effect as the word “shall.”

(g) The word “party” shall, unless the context otherwise requires, be construed to mean a party to this Agreement. Any reference to a party to this Agreement or any other agreement or document

contemplated hereby shall include such party's estate, legal and personal representatives, successors and permitted assigns.

(h) Any reference in this Agreement to an estate of a deceased individual or trust as a person or party shall, unless the context otherwise requires, be construed to be or include, as the context may require, the personal representatives and trustees thereof, respectively, acting in their capacity as such personal representatives and trustees.

(i) Any reference in this Agreement to the rights and obligations of the estate of a deceased individual or a trust that does not have a separate legal personality under applicable law shall be construed as a reference to the rights and obligations of the personal representatives of such estate and the trustees of those trusts, respectively, in their capacity as such.

(j) All references to "\$" and dollars shall be deemed to refer to United States currency unless otherwise specifically provided.

(k) All references to a day or days shall be deemed to refer to a calendar day or calendar days, as applicable, unless otherwise specifically provided.

(l) Any reference to any contract shall be a reference to such agreement or contract, as amended, amended and restated, modified, supplemented or waived.

(m) A reference to any legislation or to any provision of any legislation shall include any modification, amendment, re-enactment thereof, any legislative provision substituted therefor and all rules, regulations and statutory instruments issued or related to such legislation.

(n) Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement. No prior draft of this Agreement nor any course of performance or course of dealing shall be used in the interpretation or construction of this Agreement. No parol evidence shall be introduced in the construction or interpretation of this Agreement unless the ambiguity or uncertainty in issue is plainly discernable from a reading of this Agreement without consideration of any extrinsic evidence. Although the same or similar subject matters may be addressed in different provisions of this Agreement, the Parties intend that, except as reasonably apparent on the face of the Agreement or as expressly provided in this Agreement, each such provision shall be read separately, be given independent significance and not be construed as limiting any other provision of this Agreement (whether or not more general or more specific in scope, substance or content).

(o) Any reference in this Agreement, including in any exhibit or schedule, to a "maximum" scheduled amount refers to the highest (gross) theoretical amount before applying any reductions, credits, offsets, or limitations under this Agreement or any related document.

ARTICLE 2.

PARTICIPATION BY ELIGIBLE STATES AND CONDITION TO PRELIMINARY AGREEMENT

Section 2.01 Notice to Eligible States; States Participation Initial Deadline. By [●], 2025, this Agreement shall be distributed to all Eligible States.

(a) The Eligible States shall have thirty (30) calendar days from the date this Agreement is distributed to Eligible States (the "State Review Deadline") to review this Agreement. The Attorney

General of any Eligible State may elect to cause the State to become a Settling State by providing its State Participation Notice to the States AG Negotiating Group and shall commit to obtaining any necessary additional state releases prior to the Effective Date. On or prior to the State Review Deadline, the States AG Negotiating Group shall provide a list of the Eligible States that elect to become Settling States and their State Participation Notices to the Sackler Parties' Representative.

(b) On or prior to the third (3rd) Business Day following the State Review Deadline (the "State Participation Initial Deadline"), unless every Eligible State has delivered a State Participation Notice on or prior to the State Participation Initial Deadline and thereby becomes a Settling State, the Settling States may elect, in their sole discretion, to terminate this Agreement by having the States AG Negotiating Group deliver a written termination notice to the Sackler Parties' Representative. If the Settling States elect not to proceed, this Agreement will have no further effect and other commitments or obligations contained herein will be void. The State Participation Initial Deadline may be extended by written agreement of the Sackler Parties' Representative and the States AG Negotiating Group.

Section 2.02 Condition to Preliminary Agreement. On or prior to the seventh (7th) day following the State Participation Initial Deadline (the "Sackler (States) Participation Initial Deadline"), unless every Eligible State has delivered a State Participation Notice on or prior to the State Participation Initial Deadline and thereby becomes a Settling State, the Sackler Parties' Representative may elect, in its sole discretion, to terminate this Agreement by delivering a written termination notice to the States AG Negotiating Group. If the Sackler Parties' Representative delivers a termination notice on or prior to the Sackler (States) Participation Initial Deadline in compliance with the immediately preceding sentence, then this Agreement shall terminate and will have no further effect with respect to the Payment Parties and all releases and other commitments or obligations contained herein will be void. If the Sackler Parties' Representative determines that every Eligible State has delivered a State Participation Notice on or prior to the State Participation Initial Deadline and thereby becomes a Settling State, or otherwise elects not to terminate this Agreement, then the Sackler Parties' Representative shall so notify the States AG Negotiating Group, which notice shall include an instruction to the Implementation Administrator to proceed with the Subdivision solicitation contemplated by Article 7 (a "Sackler (States) Participation Notice"). The date, if any, on which the Sackler Parties' Representative delivers a Sackler (States) Participation Notice is referred to as the "Preliminary Agreement Date".

Section 2.03 Later Joinder by Eligible States. After the Preliminary Agreement Date, an Eligible State may only become a Settling State with the consent of the Sackler Parties' Representative and the States AG Negotiating Group. If an Eligible State becomes a Settling State more than sixty (60) calendar days after the Preliminary Agreement Date, but on or before the Effective Date, the Subdivisions in that Eligible State that become Participating Subdivisions within ninety (90) calendar days of the Eligible State becoming a Settling State shall be considered Initial Participating Subdivisions. An Eligible State may not become a Settling State after the Effective Date without written approval by the Sackler Parties' Representative and the MDT Advisory Council.

Section 2.04 Litigation Activity. Following the Preliminary Agreement Date, Eligible States that elected to become Settling States shall cease litigation activity against the Shareholder Released Parties and the Released Parties, including by jointly seeking stays or, where appropriate, severance of claims against the Shareholder Released Parties or Released Parties, where feasible, and otherwise to minimize such activity by means of agreed deadline extensions and agreed postponement of depositions, document productions, and motion practice if a motion to stay or sever is not feasible or is denied, provided, however, that nothing herein shall require any Settling State to take any action in connection with this Section 2.04 or otherwise that would prejudice such State's ability to recommence or continue such litigation in the event the Effective Date does not occur or, if with respect to a particular Payment Party and pursuant to the Master

Settlement Agreement, the MDT pursues the Release Remedy (as defined in the Master Settlement Agreement) under Master Settlement Agreement Section 9.02(a)(ii)(B) with respect to such Payment Party.

ARTICLE 3. INJUNCTIVE RELIEF

Section 3.01 Injunctive Relief. As part of the Consent Judgment, the Parties agree to enter into the injunctive relief terms set forth in the Master Settlement Agreement.

Section 3.02 State Enforcement. In addition to all of the rights, remedies, and enforcement provisions in the Master Settlement Agreement, a Settling State may enforce MSA Section 8.05 (Naming Rights) and MSA Section 8.08 (Opioid Business) in the state or other court that enters the Settling State's Consent Judgment for alleged violations that occur in such state.

ARTICLE 4. SETTLEMENT FUND PAYMENTS⁹

Section 4.01 General Provisions and Payment Overview

(a) **Master Settlement Agreement.** The payment obligations addressed in this Agreement are a subset of the Payment Group obligations set out in the Master Settlement Agreement. The parties hereto acknowledge and agree that (i) the liability of each Payment Group with respect to the obligations of each other Payment Group are limited in the manner contemplated by this Agreement and the Master Settlement Agreement, and (ii) payment in full to the MDT by or on behalf of a Payment Group of its payment obligations under the Master Settlement Agreement shall satisfy in full all of such Payment Group's payment obligations hereunder.

(b) **Annual Remediation Payments.** The aggregate amount of the Annual Remediation Payments required to be made by the Payment Groups pursuant to the Master Settlement Agreement shall be determined pursuant to this Article 4; provided that (1) each Payment Group's responsibility for an Annual Remediation Payment shall be computed Pro Rata to the Payment Groups and (2) all payments determined under this Article 4 shall be made to the MDT in the manner contemplated by the Master Settlement Agreement. The MDT shall make corresponding payments into the Settlement Fund or the MDT Segregated Account, as required by this Agreement. The Settlement Administrator shall in turn direct the payments from the Settlement Fund and the MDT Segregated Account, as applicable, to the Settling States in the manner contemplated hereby.

(c) **Offset Provisions.** In addition to payment calculation provisions in this Article 4, there are potential adjustments to Annual Remediation Payments as set out in Article 12.

(d) **State Payment Schedules.** Certain Settling States shall be paid over fewer than 16 Payment Dates. Emergence Payment States will be paid on Payment Date 1 and Accelerated Payment States will be paid through Payment Dates 9 or 10. All other Settling States are scheduled to be paid over all 16 Payment Dates. The payment schedule for each Eligible State is set forth in Exhibit M-5.

⁹ [Oklahoma Subdivisions are eligible to participate in this Agreement pursuant to Exhibit H and subject to the amounts scheduled in Exhibit M-5.]

(e) **Fees and Costs.** Attorneys' fees and costs are addressed separately from Annual Remediation Payments. The Local Government Costs and Expenses Fund payment and State Direct Expenses payment are addressed in Article 9.

(f) **Payment Charts.** The Payment Groups' maximum scheduled payment amounts to be made pursuant to this Agreement and the allocation of those payments across Annual Remediation Payments and Annual Fee Payments are set forth in Exhibit M. In showing "maximum" payments, Exhibit M sets forth amounts before the application of any reductions or adjustments required by this Agreement, including those related to Non-Settling States and before accounting for any prepayments. The amounts in the Exhibit M charts have been adjusted to reflect the Samantha Hunt payment terms. Each Payment Group's share of each Payment Date's payment obligations under this Agreement shall be calculated pursuant to Exhibit M-X and are subject to the prepayment provisions set forth in the Master Settlement Agreement. Exhibit M to this Agreement will be updated from time to time to reflect any changes made to Exhibit M of the Master Settlement Agreement (e.g., to account for prepayments), to the extent applicable.

- (i) Exhibit M-1: Payment Schedule – sets out the Maximum Annual Remediation Payment, the maximum Annual Fees Payment and the total maximum payment by Payment Date.
- (ii) Exhibit M-2: Schedule of Maximum Payments – for each Payment Date, Exhibit M-2 sets forth the maximum amounts for Base Payment, Incentive Payment A, Incentive Payment B, Incentive Payment C, Incentive Payment D, Annual Remediation Payment, Local Government Costs and Expenses Fund and State Direct Expenses.
- (iii) Exhibit M-3: Annual Fees Payment Schedule – breaks down the Local Government Costs and Expenses Fund payment and the State Direct Expenses payment by Payment Date, without considering any reductions described in Article 9.
- (iv) Exhibit M-4: Maximum Remediation Payments by Payment Group – sets forth the Maximum Annual Remediation Payments by Payment Group by Payment Date.
- (v) Exhibit M-5: States Maximum Payments Schedule – for each Eligible State, Exhibit M-5 sets forth the maximum amounts for Base Payment, Incentive Payment A, Incentive Payment B, Incentive Payment C, and Incentive Payment D.

Section 4.02 Annual Remediation Payments. Subject to the terms and conditions of the Master Settlement Agreement, the Payment Groups shall make sixteen (16) Annual Remediation Payments, each comprised of Base Payments and Incentive Payments as provided in this Article 4 and as determined by the Settlement Administrator pursuant to this Agreement (including the offsets in Article 12 and permitted prepayments).

Section 4.03 Annual Remediation Payment Distributions

(a) Each Payment Date shall occur as and when required by the Master Settlement Agreement. The Annual Remediation Payments for each Payment Date shall be determined as set forth in Article 4 and made to the MDT pursuant to the Master Settlement Agreement.

(b) The MDT shall pay the Annual Remediation Payments and the Annual Fee Payment for each Payment Date to the Settlement Fund. Payments shall be disbursed by the Settlement Administrator promptly after each payment to the Settlement Fund by the MDT to each Settling State and to its Initial Participating Subdivisions listed on Exhibit G; *provided, however*, that for any Settling State where the

Consent Judgment has not been entered as of the Effective Date, the Settlement Administrator shall not disburse funds allocable to that Settling State and its Participating Subdivisions listed on Exhibit G until ten (10) calendar days after the entry of the Consent Judgment in that Settling State. The Settlement Administrator shall notify the Sackler Parties' Representative of the entry of a Consent Judgment for each State prior to disbursing funds to such State. Neither the Payment Parties nor the Sackler Parties' Representative shall have any obligation or liability with respect to the obligations of the MDT or the Settlement Fund, including under this Section 4.03(b) and Section 4.04(d).

Section 4.04 Payment Determination Process

(a) To determine each Annual Remediation Payment the Settlement Administrator shall use the necessary data to compute amounts under this Agreement as of ninety (90) calendar days prior to the applicable Payment Date, unless another provision of the Agreement specifies a different date.

(b) The Settlement Administrator shall determine the Statewide Payment Amount for each Settling State, and the amount owed by each Payment Group for the Annual Remediation Payment, the State Direct Expenses, and the Local Government Costs and Expenses Fund payments for such Payment Date, consistent with the provisions in Exhibit M-X. As part of this determination, the Settlement Administrator shall:

(i) determine the Statewide Payment Amount for each Settling State by calculating the amount of Base Payments and Incentive Payments to which the Settling State is entitled by applying the criteria under Section 4.05, Section 4.06, and Article 9;

(ii) apply any offsets or reductions as specified under this Article 4 and Article 12 and reflecting all prepayments permitted pursuant to this Agreement and the Master Settlement Agreement; and

(iii) determine the amount owed by each Payment Group, to the MDT, and the amount owed by the MDT to the Settlement Fund or the MDT Segregated Account, as applicable, which shall be directed to the Settling States.

(c) Not later than fifty (50) calendar days prior to the applicable Payment Date, the Settlement Administrator shall give notice to the Sackler Parties' Representative, any Settling State, and the MDT Advisory Council of the amounts determined pursuant to Section 4.04(b) (such notice, a "Preliminary Payment Determination") and the following timeline shall apply:

(i) Within twenty-one (21) calendar days of the Preliminary Payment Determination provided by the Settlement Administrator, the Sackler Parties' Representative, any Settling State or the MDT Advisory Council may dispute, in writing, the amounts provided by the Settlement Administrator. Such disputing party must provide a written notice of dispute to the Settlement Administrator, the MDT Advisory Council, any affected Settling State, and the Sackler Parties' Representative identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) and Payment Group(s) affected (a "Settlement Payment Dispute Notice"). If no Settlement Payment Dispute Notice is timely provided, then the Preliminary Payment Determination is deemed accepted for all purposes. Only matters included in a timely Settlement Payment Dispute Notice will be allowed to be the subject of any dispute regarding the Annual Remediation Amount payable on a given Payment Date.

(ii) Any party that received a Settlement Payment Dispute Notice may submit a response, in writing, to the Settlement Administrator, the MDT Advisory Council, any affected

Settling State, and the Sackler Parties' Representative identifying the basis for disagreement with the Payment Dispute Notice (a "Final Dispute Response Notice") within fourteen (14) calendar days that either:

(A) Agrees to one or more proposals in the Settlement Payment Dispute Notice; or

(B) Rejects one or more proposals in the Settlement Payment Dispute Notice and identifies the basis for disagreement. Any item within the Settlement Payment Dispute Notice that is rejected in the Final Dispute Response Notice will be deemed disputed

(iii) If no party timely delivers a Final Dispute Response Notice, then the Settlement Payment Dispute Notice is accepted for all purposes, and the Settlement Administrator shall adjust amounts determined pursuant to Section 4.04(b) consistent with the Payment Dispute Notice.

(iv) If a Final Dispute Response Notice is timely provided to the Settlement Administrator, the Settlement Administrator shall notify the Sackler Parties' Representative of the preliminary amount to be paid, in the aggregate and for each Payment Group, which shall be the greater of (i) the amount originally calculated by the Settlement Administrator or (ii) the amount that would be consistent with the Payment Dispute Notice, *provided, however*, that in no circumstances shall the preliminary amount determined for a Payment Group for a Payment Date be higher than the Maximum Annual Remediation Payment for that Payment Group for a Payment Date. For the avoidance of doubt, a transfer of payments from the MDT Segregated Account for other Payment Dates does not count toward determining whether the amount determined is higher than the Maximum Annual Remediation Payment.

(v) The Settlement Administrator shall place any disputed amount of the preliminary amount paid by the Payment Groups in accordance with the Master Settlement Agreement into the MDT Segregated Account¹⁰ and shall disburse all undisputed amounts to each Settling State and its Participating Subdivisions listed on Exhibit G pursuant to Section 4.04(d). Upon resolution of a dispute after the Payment Date, amounts in the MDT Segregated Account related to that Payment Date shall be disbursed as follows: (i) to the Settlement Fund if determined to be required payments or (ii) to the applicable Payment Party (or Parties), as designated by the Sackler Parties' Representative, if determined not to be required payments.

(d) The Settlement Administrator shall allocate the Settling State's amount received into the Settlement Fund (including both the Statewide Payment Amount and its portion of the Estate Distributions) for each Payment Date pursuant to Article 5, among the separate types of funds for the Settling State (if applicable), and among its Participating Subdivisions listed on Exhibit G using the following procedures:

(i) As soon as possible but not later than ten (10) calendar days following the determination described in Section 4.04(b) and Section 4.04(c) and the determination of a Settling State's portion of the Estate Distributions for the relevant Payment Date, the Settlement Administrator shall give notice to each Settling State and their Participating Subdivisions listed on Exhibit G of the amount to be received by such Settling State, the amount to be received by the

¹⁰ Note to Draft: There needs to be accounting for 12.4% in attorneys' fees (either elsewhere or in the Plan) that the Plan will pay should be disbursed to the fee funds if some or all of this money is paid to Settlement Fund.

separate types of funds for such Settling State (if applicable), and the amount to be received by each Participating Subdivision listed on Exhibit G for such Settling State.

(ii) Within fourteen (14) calendar days of the notice provided by the Settlement Administrator, any Settling State or Participating Subdivision listed on Exhibit G may dispute, in writing, the calculation of the amount to be received by the relevant Settling State and/or its Participating Subdivision listed on Exhibit G. A dispute will be deemed invalid and disregarded if it challenges the allocations adopted by a State-Subdivision Agreement approved pursuant to the provisions of Exhibit O or by statute. Such disputing party must provide a written notice of dispute to the Settlement Administrator, any affected Settling State, and any affected Participating Subdivision identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

(iii) Within fourteen (14) calendar days of the sending of a written notice of dispute, any affected Settling State or any affected Participating Subdivision may submit a response, in writing, to the Settlement Administrator, any affected Settling State and any affected Participating Subdivision identifying the basis for disagreement with the notice of dispute.

(iv) If no response is filed, the Settlement Administrator shall adjust the amount calculated consistent with the written notice of dispute.

(v) The Settlement Administrator shall not release any disputed amount to the Settling State and its Participating Subdivisions eligible for payment until such dispute has been resolved.

(vi) For the avoidance of doubt, neither the Payment Parties nor the Sackler Parties' Representative shall be liable for any breach of this Section 4.04(d) by any party.

(e) Disputes described in this Section 4.04 shall be resolved in accordance with the terms of Section 6.06.

(f) For the avoidance of doubt, a Subdivision not listed on Exhibit G shall not receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

Section 4.05 Base Payments. Subject to the offset and reduction provisions set forth in this Agreement, the obligation of the Payment Groups to make payments to the MDT pursuant to the Master Settlement Agreement shall include "Base Payments" in a maximum total amount equal to \$818,286,868.28, subject to an increase pursuant to Article 9. The Base Payments shall be due in installments consistent with Exhibit M-2 over the sixteen (16) Payment Dates starting with Payment Date 1. The Base Payment portion of an Annual Remediation Payment of a Payment Group shall be Pro Rata.

Section 4.06 Incentive Payments.

(a) Subject to the offset and reduction provisions set forth in Article 4 and Article 12, the obligation of the Payment Groups to make payments to the MDT pursuant to the Master Settlement Agreement shall include potential additional Incentive Payments totaling up to a maximum of \$2,272,500,000, with the Incentive Payment amount depending on whether and the extent to which the criteria set forth in Section 4.06(d) to (g) are met in each Settling State. The Incentive Payment portion of an Annual Remediation Payment of a Payment Group shall be Pro Rata.

(b) A Settling State qualifies to receive Incentive Payments in addition to Base Payments if it meets the incentive eligibility requirements as set forth in Section 4.06(d) to (g). The maximum total Incentive Payment for any Settling State for a given Payment Date shall be no more than the maximum total for Incentive Payments listed for that Settling State and Payment Date as set forth in Exhibit M-5. Incentive Payments are state-specific, with the actual amount depending on whether and the extent to which the criteria set forth in Section 4.06(d) to (g) are met in such Settling State.

(c) Incentive Payments shall be available from four (4) categories, referred to as Incentive Payment A, Incentive Payment B, Incentive Payment C, and Incentive Payment D and shall be determined with respect to a specific Settling State based on its eligibility for that Payment Date under the criteria set forth in Section 4.06(d) to (g). Eligibility for Incentive Payment A, Incentive Payment B, Incentive Payment C, and Incentive Payment D shall be determined on a Settling State-by-Settling State basis and for each Payment Date as set forth in Section 4.06(d) to (g). Except to the limited extent provided for in Section 4.06(d) with respect to Incentive Payment A, a Settling State may not earn and shall not be paid on any later Payment Date an annual incentive payment for a prior Payment Date, or any portion thereof, that it failed to qualify for that Payment Date. Incentive Payment A, Incentive Payment B, and Incentive Payment C will be due in installments over the sixteen (16) Payment Dates beginning with Payment Date 1, and except for the Emergence Payment States, Incentive Payment D will be due in installments beginning with Payment Date 7, as described in Section 4.06(g). Each Payment Group shall only be responsible for its Pro Rata share of each Incentive Payment. The total amount of Incentive Payments in an Annual Remediation Payment shall be the sum of the Incentive Payments for which individual Settling States are eligible for that Payment Date under the criteria set forth in Section 4.06(d) to (g).

(d) Incentive Payment A.

(i) Incentive Payment A is mutually exclusive with Incentive Payments B and C; if a Settling State receives Incentive Payment A, such Settling State is not eligible for Incentive Payments B or C.

(ii) The total potential maximum amount for Incentive Payment A is \$2,083,125,000, assuming all Eligible States qualify for Incentive Payment A on all Payment Dates and ignoring all offsets and reductions (including prepayments) contemplated or permitted by this Agreement. Each Settling State that qualifies for Incentive Payment A for a Payment Date shall be entitled to receive the amount set forth on Exhibit M-5 for such Settling State and Payment Date, subject to this Agreement and the Master Settlement Agreement.

(iii) Qualification for Incentive Payment A is as follows: A Settling State qualifies for Incentive Payment A if, as of Payment Date 3:

(A) there is a Bar in that Settling State in full force and effect;

(B) there is a Settlement Class Resolution in that Settling State in full force and effect;

(C) there is a ruling from the State's highest court barring all Subdivisions from bringing or maintaining Shareholder Released Claims;

(D) the Shareholder Released Claims of all of the following entities are released through the execution of Subdivision Settlement Participation Forms, or there is a Case-Specific Resolution against such entities:

(i) all Litigating Subdivisions (including Special Districts that are Litigating Subdivisions);

(ii) all Primary Subdivisions that are not also Litigating Subdivisions;

(iii) all Non-Litigating Threshold Subdivisions that are not captured by Section 4.06(d)(iii)(D)(i)-(ii);

(iv) all Subdivisions that are Hospital Districts that have at least one hundred twenty-five (125) hospital beds in one or more hospitals rendering services in that district; and

(v) all Primary Fire Districts; or

(E) a combination of the actions in clauses (A) to (D) above has achieved the same level of resolution of a Cause of Action (e.g., a Bar against future litigation combined with full joinder by Litigating Subdivisions, Non-Litigating Threshold Subdivisions and Primary Fire Districts). For the avoidance of doubt, this clause (E) cannot be satisfied unless all Litigating Subdivisions, Primary Subdivisions, Non-Litigating Threshold Subdivisions, relevant Hospital Districts and Primary Fire Districts are Participating Subdivisions or there is a Case-Specific Resolution against any such Subdivisions that are not Participating Subdivisions.

(iv) A Settling State that does not qualify for Incentive Payment A as of ninety (90) days prior to Payment Date 3 shall not be eligible for Incentive Payment A for that Payment Date or any subsequent Payment Dates.

(v) If a Settling State does not qualify for Incentive Payment A for Payment Date 1, and becomes eligible for Incentive Payment A for Payment Date 2, it shall receive the payment that it would have received for Incentive Payment A for Payment Date 1 (the “Incentive Payment A Catch-up Payment”) on Payment Date 2. If a Settling State does not qualify for Incentive Payment A for Payment Dates 1 or 2, and becomes eligible for Incentive Payment A for Payment Date 3, it shall receive Incentive Payment A Catch-up Payment for both Payment Dates 1 and 2 on Payment Date 3. The Incentive Payment A Catch-up Payments shall be reduced by any amounts paid to the Settling State under Incentives Payments B or C prior to the Settling State’s eligibility for Incentive Payment A.

(vi) Each Payment Group’s share of Incentive Payment A shall be computed on a Pro Rata basis.

(vii) On or prior to the thirtieth (30th) calendar day immediately preceding the Initial Subdivision Participation Date, the Settling States shall provide the Sackler Parties’ Representative with a list of Settling States with existing laws or rulings that they consider sufficient to qualify as a Bar. Settling States with putative Bars shall make their representatives and advisers reasonably available to the Sackler Parties’ Representative and its advisers for investigating the sufficiency of each Bar. The Sackler Parties’ Representative shall notify the Settling States and the Implementation Administrator whether such existing laws or rulings are sufficient to qualify as a Bar no later than the Initial Subdivision Participation Date (such response not to be unreasonably withheld, denied or delayed).

(e) Incentive Payment B.

(i) Incentive Payment B shall be available to Settling States that are not eligible for Incentive Payment A for the applicable Payment Date. Settling States may be eligible for both Incentive Payment B and Incentive Payment C.

(ii) The total potential maximum amount for Incentive Payment B for all Settling States combined is \$1,230,937,500, assuming all Eligible States qualify for the maximum Incentive Payment B on all Payment Dates and ignoring all offsets and reductions (including prepayments) contemplated or permitted by this Agreement.

(iii) Eligibility for Incentive Payment B is determined as follows:

(A) A Settling State's eligibility for Incentive Payment B for a Payment Date shall be determined as of ninety (90) calendar days prior to the Payment Date; provided that the percentage of Incentive Payment B for which a Settling State is eligible as of the Incentive Payment Final Eligibility Date shall cap its eligibility for that Payment Date and all subsequent Payment Dates.

(B) Each Settling State's maximum Incentive Payment B for a Payment Date is set forth in Exhibit M-5. The amount of Incentive Payment B for which a Settling State is eligible for a Payment Date shall be a percentage of that State's maximum Incentive Payment B based on the extent to which (x) Litigating Subdivisions and Non-Litigating Threshold Subdivisions in the State are Participating Subdivisions or (y) there is a Case-Specific Resolution against Litigating Subdivisions and Non-Litigating Threshold Subdivisions in the State, collectively, "Incentive B Eligible Subdivisions." The percentage of the State's maximum share of Incentive Payment B that the State is eligible for a Payment Date shall be determined according to the table below:

Percentage of Litigating Subdivision and Non-Litigating Threshold Subdivision Population that is Incentive B Eligible Subdivision Population¹¹	Incentive Payment B Eligibility Percentage
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¹¹ The "Percentage of Litigating Subdivision and Non-Litigating Threshold Subdivision Population that is Incentive B Eligible Subdivision Population" shall be determined by the aggregate population of the Settling State's Litigating Subdivisions and Non-Litigating Threshold Subdivisions that are Incentive B Eligible Subdivisions divided by the aggregate population of the Settling State's Litigating Subdivisions and Non-Litigating Threshold Subdivisions. In calculating the Settling State's population that resides in Litigating Subdivisions and Non-Litigating Threshold Subdivisions, (a) the population of the Settling State's Litigating Subdivisions and Non-Litigating Threshold Subdivisions shall be the sum of the population of all Litigating Subdivisions and Non-Litigating Threshold Subdivisions in the Settling State, notwithstanding that persons may be included within the population of more than one Litigating Subdivision and/or Non-Litigating Threshold Subdivision, and (b) the population that resides in Incentive B Eligible Subdivisions shall be the sum of the population of the Incentive B Eligible Subdivisions, notwithstanding that persons may be included within the population of more than one Incentive B Eligible Subdivision. An individual Litigating Subdivision or Non-Litigating Threshold Subdivision shall not be included more than once in the numerator, and shall not be included more than once in the denominator, of the calculation regardless of whether it (or any of its officials) is named as multiple plaintiffs in the same lawsuit; provided, however, that for the avoidance of doubt, no Litigating Subdivision or Non-Litigating Threshold Subdivision will be excluded from the numerator or denominator under this sentence unless a Litigating Subdivision or Non-Litigating Threshold Subdivision otherwise counted in the denominator has the authority to release the Claims of the Litigating Subdivision or Non-Litigating Threshold Subdivision to be excluded. For the avoidance of doubt, a Settling State in which the population that resides

Less than 85%	0%
85% or more but less than 86%	30%
86% or more but less than 91%	40%
91% or more but less than 95%	50%
95% or more but less than 97%	60%
97% or more but less than 99%	75%
99% or more but less than 100%	95%
100%	100%

(iv) For each Payment Date, the Settlement Administrator shall: (i) identify all Settling States that are eligible for Incentive Payment B pursuant to this Section 4.06(e); (ii) determine the Incentive Payment B eligibility percentage for each such Settling State; (iii) multiply the Incentive Payment B eligibility percentage for each such Settling State by its maximum Incentive Payment B for that Payment Date as set forth in Exhibit M-5. If all Litigating Subdivisions and Non-Litigating Threshold Subdivisions in a Settling State are Participating Subdivisions, and that Settling State is otherwise eligible for Incentive Payment B, that Settling State will receive its full allocable share of Incentive Payment B consistent with the foregoing calculations.

(v) Each Payment Group's share of Incentive Payment B shall be computed on a Pro Rata basis.

(f) Incentive Payment C.

(i) Incentive Payment C shall be available to Settling States that are not eligible for Incentive Payment A for the applicable Payment Date. Settling States may be eligible for both Incentive Payment B and Incentive Payment C.

(ii) The total potential maximum amount for Incentive Payment C for all Settling States combined is \$852,187,500, assuming all Eligible States qualify for the maximum Incentive Payment C on all Payment Dates and ignoring all offsets and reductions (including prepayments) contemplated or permitted by this Agreement.

(iii) Eligibility for Incentive Payment C is determined as follows:

(A) A Settling State's eligibility for Incentive Payment C for a Payment Date shall be determined as of ninety (90) calendar days prior to the Payment Date; provided that the percentage of Incentive Payment C for which a Settling State is eligible as of the Incentive Payment Final Eligibility Date shall cap its eligibility for that Payment Date and all subsequent Payment Dates.

in Incentive B Eligible Subdivisions is less than eighty-five percent (85%) of the population of Litigating Subdivisions and Non-Litigating Threshold Subdivisions shall not be eligible for any portion of Incentive Payment B.

(B) Each Settling State’s maximum Incentive Payment C for a Payment Date is set forth in Exhibit M-5. The amount of Incentive Payment C for which a Settling State is eligible for a Payment Date shall be a percentage of that State’s maximum Incentive Payment C based on the extent to which (i) Non-Litigating Subdivisions that are Primary Subdivisions with a population over 30,000, Litigating Subdivisions, and Non-Litigating Threshold Subdivisions in the Settling State are Participating Subdivisions or (ii) there is a Case-Specific Resolution against Non-Litigating Subdivisions that are Primary Subdivisions with a population over 30,000, Litigating Subdivisions, and Non-Litigating Threshold Subdivisions in the Settling State, collectively, “Incentive C Eligible Subdivisions.” The percentage of the State’s maximum share of Incentive Payment C that the State is eligible for a Payment Date shall be determined according to the table below:

Percentage of Relevant Subdivision Population that is Incentive C Eligible Population¹²	Incentive Payment C Eligibility Percentage
Less than 60%	0%
60% or more but less than 70%	25%
70% or more but less than 75%	35%
75% or more but less than 80%	40%
80% or more but less than 85%	45%
85% or more but less than 90%	55%
90% or more but less than 93%	60%
93% or more but less than 94%	65%
94% or more but less than 95%	75%
95% or more but less than 98%	90%

¹² The “Percentage of Relevant Subdivision Population that is Incentive C Eligible Population” shall be determined by the aggregate population of the Settling State’s Incentive C Eligible Subdivisions divided by the aggregate population of the Settling State’s Non-Litigating Primary Subdivisions with a population over 30,000, Litigating Subdivisions and Non-Litigating Threshold Subdivisions (“*Incentive Payment C Subdivisions*”). None of the population figures shall include Prior Litigating Subdivisions. In calculating the Settling State’s population that resides in Incentive Payment C Subdivisions, (a) the population shall be the sum of the population of all Incentive Payment C Subdivisions in the Settling State, notwithstanding that persons may be included within the population of more than one Incentive Payment C Subdivision, and (b) the population that resides in Incentive C Eligible Subdivisions shall be the sum of the population of the Incentive C Eligible Subdivisions, notwithstanding that persons may be included within the population of more than one Incentive C Eligible Subdivision. An individual Incentive Payment C Subdivision shall not be included more than once in the numerator, and shall not be included more than once in the denominator, of the calculation regardless if it (or any of its officials) is named as multiple plaintiffs in the same lawsuit. For the avoidance of doubt, a Settling State in which the population that resides in Incentive C Eligible Subdivisions is less than sixty percent (60%) of the population of Incentive Payment C Subdivisions shall not be eligible for any portion of Incentive Payment C.

98% or more but less than 100%	95%
100%	100%

(iv) For each Payment Date, the Settlement Administrator shall: (i) identify all Settling States that are eligible for Incentive Payment C pursuant to this Section 4.06(f); (ii) determine the Incentive Payment C eligibility percentage for each such Settling State; (iii) multiply the Incentive Payment C eligibility percentage for each such Settling State by its maximum Incentive Payment C for that Payment Date as set forth in Exhibit M-5. If all Non-Litigating Subdivisions that are Primary Subdivisions with a population of more than 30,000, Litigating Subdivisions and Non-Litigating Threshold Subdivisions in a Settling State are Participating Subdivisions, and that Settling State is otherwise eligible for Incentive Payment C, that Settling State will receive its full allocable share of Incentive Payment C consistent with the foregoing calculations.

(v) Each Payment Group's share of Incentive Payment C shall be computed on a Pro Rata basis.

(g) Incentive Payment D.

(i) Incentive Payment D shall be available to Settling States that meet the criteria described in this Section 4.06(g). However, for so long as any Settling State qualifies for Incentive A, that State automatically qualifies for Incentive Payment D. Incentive Payment D shall be paid starting on the Payment Date 7, except for the Emergence Payment States that shall be eligible to receive the Incentive Payment D on Payment Date 1, provided that, such Emergence Payment State also qualifies for Incentive Payment A for Payment Date 1.

(ii) The total potential maximum amount for Incentive Payment D is \$189,375,000 for all Settling States, assuming all Eligible States qualify for the maximum Incentive Payment D on all Payment Dates and ignoring all offsets and reductions (including prepayments) contemplated or permitted by this Agreement. Each eligible Settling State's Incentive Payment D on a given Payment Date shall equal its maximum Incentive Payment D for such Payment Date as set forth in Exhibit M-5, subject to reduction as described below.

(iii) Each Payment Group's share of Incentive Payment D shall be computed on a Pro Rata basis.

(iv) A Settling State qualifies for a Payment Group's Incentive Payment D on any Payment Date if, by the applicable Incentive Payment D Lookback Date (as defined below) and subject to Section 4.06(g)(vi) and (vii), no Later Litigating Subdivision (as limited below) in that Settling State has filed a lawsuit against a Shareholder Released Party in that Payment Group after the Initial Subdivision Participation Date that has survived a Threshold Motion. Incentive Payment D is the only Incentive Payment that shall be determined on an individual Payment Group basis as different Payment Groups may experience different litigation by Later Litigating Subdivisions.

For purposes of Incentive Payment D, a Later Litigating Subdivision is limited to (i) a Subdivision that is a General Purpose Government and (ii) a Primary Fire District.

Except with respect to Emergence Payment States, Settling State's qualification for Incentive Payment D shall be determined as of sixty (60) calendar days prior to that date (the "Incentive Payment D Lookback Date").

(v) The Settlement Administrator shall determine a Settling State's eligibility for Incentive Payment D as of the applicable Incentive Payment D Lookback Date. Prior to the Incentive Payment D Lookback Date for each Payment Date, the Sackler Parties' Representative may provide the Settlement Administrator and the MDT Advisory Council with notice identifying any Settling State(s) it believes do not qualify for Incentive Payment D and information supporting its belief.

(vi) If a relevant Later Litigating Subdivision's lawsuit in that Settling State survives a Threshold Motion, the Settling State shall lose all eligibility for Incentive Payment D, subject to Section 4.06(g)(vii). However, a Settling State can become re-eligible for future payments of Incentive Payment D if the lawsuit that survived a Threshold Motion is dismissed pursuant to a later motion on grounds included in the Threshold Motion by the relevant Incentive Payment D Lookback Date, in which case the Settling State shall be eligible for Incentive Payment D less any litigation fees and expenses incurred or paid by or on behalf of Shareholder Released Parties in the interim for the relevant litigation, except that if the dismissal motion occurs after the completion of opening statements in such action, the Settling State shall not be eligible for Incentive Payment D.

(vii) For so long as any Settling State qualifies for Incentive Payment A, that State automatically qualifies for Incentive Payment D. However, if a Later Litigating Subdivision in that Settling State has filed a lawsuit against a Shareholder Released Party after the Initial Subdivision Participation Date that has survived a Threshold Motion, then payments in respect of Incentive Payment D from the Payment Group of which such Shareholder Released Party is a member to such Settling State shall be reduced by any litigation fees and expenses incurred or paid by or on behalf of the Shareholder Released Parties in the interim for the relevant litigation.

Section 4.07 Reserved.

Section 4.08 Pre-payment Option

(a) Each Payment Group shall have the right to prepay all or any portion of its unpaid share of the Annual Remediation Payment and the Annual Fees Payments, as adjusted pursuant to this Agreement, subject to and in accordance with Section 2.02 of the MSA, including any limitations set forth therein.

(b) Each Payment Group shall have the right make advance payments of all or any portion of its unpaid share of the Annual Remediation Payment and the Annual Fees Payments, as adjusted pursuant to this Agreement, subject to and in accordance with Section 2.03 of the MSA or as otherwise permitted by the MSA, including any limitations set forth therein.

ARTICLE 5.
ALLOCATION AND USE OF SETTLEMENT PAYMENTS

Section 5.01 Components of Settlement Fund. The Settlement Fund shall be funded by the Annual Remediation Payments and Estate Distributions made to the MDT that are ultimately payable to the Governmental Remediation Trust and shall be comprised of a Remediation Accounts Fund, a State Fund, and a Subdivision Fund for each Settling State. The payments made under Article 4 by the MDT into the Settlement Fund shall be initially allocated among those three (3) sub-funds and distributed and used as provided below. Payments placed into the Settlement Fund do not revert back to the Payment Groups.

Section 5.02 Use of Settlement Payments.

(a) It is the intent of the Parties that the payments disbursed from the Settlement Fund to Settling States and Participating Subdivisions be for Opioid Remediation, subject to exceptions that must be documented in accordance with Section 5.02(b). In no event may less than ninety-five (95%) of the Payment Groups' amount of Annual Remediation Payments made pursuant to Article 4 over the entirety of all Annual Remediation Payments (but not for any single Payment Date) be spent on Opioid Remediation.

(b) While disfavored by the Parties, a Settling State or a Participating Subdivision set forth on Exhibit G may use monies from the Settlement Fund (that have not been restricted by this Agreement solely to future Opioid Remediation) for purposes that do not qualify as Opioid Remediation. If, at any time, a Settling State or a Participating Subdivision set forth on Exhibit G uses any monies from the Settlement Fund for a purpose that does not qualify as Opioid Remediation, such Settling State or Participating Subdivision set forth on Exhibit G shall identify such amounts and report to the Settlement Administrator and the Sackler Parties' Representative how such funds were used, including if used to pay attorneys' fees, investigation costs, litigation costs, or costs related to the operation and enforcement of this Agreement, respectively. It is the intent of the Parties that the reporting under this Section 5.02(b) shall be available to the public. Such reporting shall be made to the Settlement Administrator with respect to each six-month period ending on June 30 or December 31 of any year in which funds are received from the Settlement Fund. Settling States and Participating Subdivisions shall make each such report within ninety (90) days of the end of the applicable six-month period. The Settlement Administrator shall set up a system to receive and preserve reports from Settling States and Participating Subdivisions that have used monies from the Settlement Fund for purposes that do not qualify as Opioid Remediation. The Settlement Administrator will not require Settling States and Participating Subdivisions without any such uses of money to submit a report, and the Settlement Administrator may treat the failure to submit a report as confirmation that a Settling State or Participating Subdivision had no such uses of money. For the avoidance of doubt, (i) any Annual Remediation Payment amounts not identified under this Section 5.02(b) as used to pay attorneys' fees, investigation costs, or litigation costs shall be included in the Compensatory Restitution Amount for purposes of Section 5.06 and (ii) Participating Subdivisions not listed on Exhibit G may only use monies from the Settlement Fund for purposes that qualify as Opioid Remediation.

Section 5.03 Allocation of Settlement Fund. The allocation of the Settlement Fund allows for different approaches to be taken in different states, such as through a State-Subdivision Agreement. Given the uniqueness of Settling States and their Subdivisions, Settling States and their Subdivisions are encouraged to enter into State-Subdivision Agreements in order to direct the allocation of their portion of the Settlement Fund. As set out below, the Settlement Administrator will make an initial allocation to three (3) state-level sub-funds. The Settlement Administrator will then, for each Settling State and its Participating Subdivisions, apply the terms of this Agreement and any relevant State-Subdivision Agreement, Statutory Trust, Allocation Statute, or voluntary redistribution of funds as set out below before disbursing the funds.

(a) Base Payments. The Settlement Administrator will allocate Base Payments under Section 4.05 among the Settling States on a state-specific basis pursuant to Section 4.05. Base Payments for each Settling State will then be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section 5.04.

(b) Incentive Payments. The Settlement Administrator will treat Incentive Payments under Section 4.06 on a state-specific basis. Incentive Payments for which a Settling State is eligible under Section 4.06 will be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its

Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section 5.04.

(c) Application of Adjustments. If an offset or reduction under Article 12 applies with respect to a Settling State, the offset or reduction shall be applied proportionally to all amounts that would otherwise be apportioned and distributed to the State Fund, the Remediation Accounts Fund, and the Subdivision Fund for that Settling State.

(d) Estate Distributions. The Settlement Administrator will treat Estate Distributions on a state-specific basis as specified in the [Governmental Remediation Trust Agreement]. Estate Distributions directed to a Settling State will be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section 5.04.

(e) Settlement Administrator. Prior to the Effective Date, the Sackler Parties' Representative and the States' AG Negotiating Group, the MDL PEC, and the MSGE Group will agree to a detailed mechanism consistent with the foregoing for the Settlement Administrator to follow in allocating, apportioning, and distributing payments.

Section 5.04 Settlement Fund Reallocation and Distribution. As set forth below, within a particular Settling State's account, amounts contained in the Settlement Fund sub-funds may be reallocated and distributed per a State-Subdivision Agreement or other means. If the apportionment of amounts is not addressed and controlled under Section 5.04(a) and Section 5.04(b), then the default provisions of Section 5.04(d) apply. It is not necessary that a State-Subdivision Agreement or other means of allocating funds pursuant to Section 5.04(a) and Section 5.04(b) address all of the Settlement Fund sub-funds. For example, a Statutory Trust might only address disbursements from a Settling State's Remediation Accounts Fund.

(a) Distribution by State-Subdivision Agreement. If a Settling State has a State-Subdivision Agreement, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section 5.03 shall be reallocated and distributed as provided by that agreement. Any State-Subdivision Agreement entered into after the Preliminary Agreement Date shall be applied only if it requires: (a) that all amounts be used for Opioid Remediation, except as allowed by Section 5.02(b), and (b) that at least seventy percent (70%) of amounts be used solely for future Opioid Remediation.¹³ For a State-Subdivision Agreement to be applied to the relevant portion of an Annual Remediation Payment, notice must be provided to the Sackler Parties' Representative and the Settlement Administrator at least sixty (60) calendar days prior to the Payment Date.

(b) Distribution by Allocation Statute. If a Settling State has an Allocation Statute and/or a Statutory Trust that addresses allocation or distribution of amounts apportioned to such Settling State's State Fund, Remediation Accounts Fund, and/or Subdivision Fund and that, to the extent any or all such sub-funds are addressed, requires (1) all amounts to be used for Opioid Remediation, except as allowed by Section 5.02(b), and (2) at least seventy percent (70%) of all amounts to be used solely for future Opioid Remediation then, to the extent allocation or distribution is addressed, the amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section 5.03 shall be allocated and distributed as addressed and provided by the applicable Allocation Statute or Statutory Trust. For the avoidance of doubt, an Allocation Statute or Statutory Trust need not address all three (3) sub-funds that comprise the Settlement Fund, and if the applicable Allocation Statute or

¹³ Future Opioid Remediation includes amounts paid to satisfy any future demand by another governmental entity to make a required reimbursement in connection with the past care and treatment of a person related to the Alleged Harms.

Statutory Trust does not address distribution of all or some of these three (3) sub-funds, the applicable Allocation Statute or Statutory Trust does not replace the default provisions described in this Article 5 of any such unaddressed fund. For example, if an Allocation Statute or Statutory Trust that meets the requirements of this Section 5.04(b) only addresses funds restricted to remediation, then the default provisions of this Agreement concerning allocation among the three (3) sub-funds comprising the Settlement Fund and the distribution of the State Fund and Subdivision Fund for that Settling State would still apply, while the distribution of the applicable State's Remediation Accounts Fund would be governed by the qualifying Allocation Statute or Statutory Trust.

(c) Voluntary Redistribution. A Settling State may choose to reallocate all or a portion of its State Fund to its Remediation Accounts Fund. A Participating Subdivision included on Exhibit G may choose to reallocate all or a portion of its allocation from the Subdivision Fund to the Settling State's Remediation Accounts Fund or to another Participating Subdivision. The Settlement Administrator is not required to honor a voluntary redistribution for which notice is provided to it less than sixty (60) calendar days prior to the applicable Payment Date.

(d) Distribution in the Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. If Section 5.04(a) and Section 5.04(b) do not apply, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section 5.03 shall be distributed as follows:

(i) Amounts apportioned to that Settling State's State Fund shall be distributed to that Settling State.

(ii) Amounts apportioned to that Settling State's Remediation Accounts Fund shall be distributed consistent with Section 5.05. Each Settling State shall submit to the Settlement Administrator a designation of a lead state agency or other entity to serve as the single point of contact for that Settling State's funding requests from the Remediation Accounts Fund and other communications with the Settlement Administrator. The designation of an individual entity is for administrative purposes only and such designation shall not limit funding to such entity or even require that such entity receive funds from this Agreement. The designated entity shall be the only entity authorized to request funds from the Settlement Administrator to be disbursed from that Settling State's Remediation Accounts Fund. If a Settling State has established a Statutory Trust then that Settling State's single point of contact may direct the Settlement Administrator to release the Settling State's Remediation Accounts Fund to the Statutory Trust.

(iii) Amounts apportioned to that Settling State's Subdivision Fund shall be distributed to Participating Subdivisions in that Settling State included on Exhibit G per the Subdivision Allocation Percentage listed in Exhibit G. Section 7.10 shall govern amounts that would otherwise be distributed to Non-Participating Subdivisions listed in Exhibit G. For the avoidance of doubt and notwithstanding any other provision in this Agreement, no Non-Participating Subdivision will directly receive any amount from the Settlement Fund, regardless of whether such Subdivision is included on Exhibit G.

(iv) Special Districts shall not be allocated funds from the Subdivision Fund, except through a voluntary redistribution allowed by Section 5.04(c) to Special Districts that are Participating Subdivisions. A Settling State may allocate funds from its State Fund or Remediation Accounts Fund for Special Districts that are Participating Subdivisions.

(e) Restrictions on Distribution. No amounts may be distributed from the Subdivision Fund contrary to Article 7, i.e., no amounts may be distributed directly to Non-Participating Subdivisions or to

Later Participating Subdivisions to the extent such a distribution would violate Section 7.05 through Section 7.09. Amounts allocated to the Subdivision Fund that cannot be distributed by virtue of the preceding sentence shall be distributed into the sub-account in the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement described in Section 5.04(a) or by an Allocation Statute or a Statutory Trust described in Section 5.04(b).

Section 5.05 Provisions Regarding the Remediation Accounts Fund.

(a) State-Subdivision Agreement, Allocation Statute, and Statutory Trust Fund Provisions. A State-Subdivision Agreement, Allocation Statute, or Statutory Trust may govern the operation and use of amounts in that Settling State's Remediation Accounts Fund so long as it complies with the requirements of Section 5.04(a) or Section 5.04(b), as applicable, and all direct payments to Subdivisions comply with Section 7.05 through Section 7.09.

(b) Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. In the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust that addresses distribution, the Remediation Accounts Fund will be used solely for future Opioid Remediation and the following shall apply with respect to a Settling State:

(i) *Regional Remediation.*

(A) At least fifty percent (50%) of distributions for remediation from a Settling State's Remediation Accounts Fund shall be annually allocated and tracked to the regional level. A Settling State may allow the Advisory Committee established pursuant to Section 5.05(b)(iv) to define its regions and assign regional allocations percentages. Otherwise, the Settling State shall (x) define its initial regions, which shall consist of one (1) or more General Purpose Governments and which shall be designated by the state agency with primary responsibility for substance abuse disorder services employing, to the maximum extent practical, existing regions established in that Settling State for opioid abuse treatment or other public health purposes; (y) assign initial regional allocation percentages to the regions based on the Subdivision Allocation Percentages in Exhibit G and an assumption that all Subdivisions included on Exhibit G will become Participating Subdivisions.

(B) This minimum regional expenditure percentage is calculated on the Settling State's initial Remediation Accounts Fund allocation and does not include any additional amounts a Settling State has directed to its Remediation Accounts Fund from its State Fund, or any other amounts directed to the fund. A Settling State may dedicate more than fifty percent (50%) of its Remediation Accounts Fund to the regional expenditure and may annually adjust the percentage of its Remediation Accounts Fund dedicated to regional expenditures as long as the percentage remains above the minimum amount.

(C) The Settling State (x) has the authority to adjust the definition of the regions, and (y) may annually revise the percentages allocated to each region to reflect the number of General Purpose Governments in each region that are Non-Participating Subdivisions.

(ii) *Subdivision Block Grants.* Certain Subdivisions shall be eligible to receive regional allocation funds in the form of a block grant for future Opioid Remediation. A Participating Subdivision eligible for block grants is a county or parish (or in the case of Settling

States that do not have counties or parishes that function as political subdivisions, a city) that (1) does not contain a Litigating Subdivision or a Later Litigating Subdivision for which it has the authority to end the litigation through a release, bar or other action, (2) either (i) has a population of 400,000 or more or (ii) in the case of California has a population of 750,000 or more and (3) has funded or otherwise managed an established health care or treatment infrastructure (e.g., health department or similar agency). Each Subdivision eligible to receive block grants shall be assigned its own region.

(iii) *Small Settling States.* Notwithstanding the provisions of Section 5.05(b)(i), Settling States with populations under four (4) million that do not have existing regions described in Section 5.05(b)(i) shall not be required to establish regions. However, such a Settling State that contains one (1) or more Subdivisions eligible for block grants under Section 5.05(b)(ii) shall be divided regionally so that each block-grant eligible Subdivision is a region and the remainder of the state is a region.

(iv) *Advisory Committee.* The Settling State shall designate an Opioid Settlement Remediation Advisory Committee (the “Advisory Committee”) to provide input and recommendations regarding remediation spending from that Settling State’s Remediation Accounts Fund. A Settling State may elect to use an existing advisory committee or similar entity (created outside of a State-Subdivision Agreement or Allocation Statute); *provided, however*, the Advisory Committee or similar entity shall meet the following requirements:

(A) Written guidelines that establish the formation and composition of the Advisory Committee, terms of service for members, contingency for removal or resignation of members, a schedule of meetings, and any other administrative details;

(B) Composition that includes at least an equal number of local representatives as state representatives;

(C) A process for receiving input from Subdivisions and other communities regarding how the opioid crisis is affecting their communities, their remediation needs, and proposals for remediation strategies and responses; and

(D) A process by which Advisory Committee recommendations for expenditures for Opioid Remediation will be made to and considered by the appropriate state agencies.

Section 5.06 Nature of Payment. The Payment Parties, the Settling States and the Participating Subdivisions each acknowledge and agree that notwithstanding anything to the contrary in this Agreement, including, but not limited to, the scope of the Shareholder Released Claims and such other Claims released pursuant to the Release:

(a) They have entered into this Agreement to avoid the delay, expense, inconvenience, and uncertainty of further litigation;

(b) (i) The Settling States and Participating Subdivisions sought compensatory restitution and remediation for alleged damage or harm caused by the potential violation of a law (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i)) as damages for the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; (ii) the Compensatory Restitution Amount is less than or equal to the amount, in the aggregate, of the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; and (iii) the portion of the Compensatory Restitution

Amount received by each Settling State or Participating Subdivision is less than or equal to the amount of the Alleged Harms allegedly suffered by such Settling State or Participating Subdivision;

(c) The payment of the Compensatory Restitution Amount by or on behalf of the Payment Groups constitutes, and is paid for, compensatory restitution and remediation for alleged damage or harm caused by the potential violation of a law (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i)) in order to restore, in whole or in part, the Settling States, Participating Subdivisions, and persons to the same position or condition that they would be in had the Settling States, Participating Subdivisions, and persons not suffered the Alleged Harms, and constitutes compensatory restitution and remediation for alleged damage or harm allegedly caused by the potential violation of a law; and

(d) For the avoidance of doubt: (i) the entire Compensatory Restitution Amount is properly characterized as described in this Section 5.06, (ii) no portion of the Compensatory Restitution Amount represents reimbursement to any Settling State, Participating Subdivision, or other person or entity for the fees or costs of any investigation or litigation, including without limitation attorneys' fees, (iii) no portion of the Total Direct Settlement Amount constitutes the disgorgement of any allegedly ill-gotten gains, and (iv) no portion of the Total Direct Settlement Amount is paid for, is in place of, or is properly characterized as the payment of any fine, penalty, punitive damages, or other punitive assessments.

ARTICLE 6. ENFORCEMENT.

Section 6.01 Enforceability.

- (a) Except as provided in Sections 6.01(b) and 6.01(c), this Agreement is enforceable only by the Settling States and the Payment Parties and/or Sackler Parties' Representative and only to the extent set forth herein; Settling States and Participating Subdivisions shall not have enforcement rights against any Payment Party or Shareholder Released Party with respect to either the terms of this Agreement that apply only to or in other Settling States or any Consent Judgment entered into by another Settling State. Except as provided in Section 6.01(b), Participating Subdivisions shall not have enforcement rights against any Payment Party or Shareholder Released Party with respect to this Agreement or any Consent Judgment; *provided, however*, that each Settling State shall allow Participating Subdivisions in such Settling State to notify it of any perceived violations of this Agreement or the applicable Consent Judgment.
- (b) Participating Subdivisions listed on Exhibit G have enforcement rights as to payment allocations and other matters addressed in Section 6.03(a)(ii) and (iii) and Section 6.04.
- (c) Shareholder Released Parties or Released Parties may enforce Article 10 but, for the avoidance of doubt, Released Parties shall not be entitled to enforce Sections 10.02(a), (b) and (d).
- (d) The obligations of the Payment Parties to make Settlement Payments are set forth in the Master Settlement Agreement and are enforceable by the MDT pursuant to the terms of the Master Settlement Agreement.

Section 6.02 Jurisdiction. Each Payment Party and Settling State consents to the jurisdiction of (i) the National Arbitration Panel with respect to any National Dispute matter, as defined in Section 6.06(b), and (ii) for disputes addressed pursuant to Section 6.06(a), the court which enters each Settling State's Consent Judgment or, if no such Consent Judgment was entered, a state or territorial court with jurisdiction located wherever the seat of the relevant state government is located. For the avoidance of doubt, no Payment Party or Shareholder Released Party consents to the jurisdiction of any state or court

pursuant to subsection (ii) of this Section for any purpose other than for the resolution of disputes addressed pursuant to Section 6.06(a).

Section 6.03 Specific Terms Dispute Resolution.

(a) Payment and Allocation Disputes

(i) The failure of a Payment Group to make full and complete payments of amounts determined pursuant to the terms of this Agreement shall be enforced by the MDT pursuant to the Master Settlement Agreement.

(ii) A dispute concerning amounts to be paid on a Payment Date to a Settling State or the Participating Subdivisions listed on a Settling State's Exhibit G shall be addressed pursuant to Section 6.06. Such disputes include, but are not limited to, the earning of Incentive Payments.

(iii) A dispute concerning the application of intrastate allocation and other provisions in Sections 5.03, 5.04 and 5.05 shall be addressed in state court pursuant to Section 6.06(a).

(b) Disputes Addressed in Master Settlement Agreement. Except for matters addressed this Article 6, any dispute that is addressed by the provisions set forth in the Master Settlement Agreement shall be resolved as provided for therein. Whether a dispute is addressed by the provisions set forth in the Master Settlement Agreement shall be resolved as provided therein.

(c) In the event that the Sackler Parties' Representative believes that the ninety-five percent (95%) threshold established in Section 5.02(a) is not being satisfied, any Party may request that the Sackler Parties' Representative and the MDT Advisory Council meet and confer regarding the use of funds to implement Section 5.02(a). The completion of such meet-and-confer process is a precondition to further action regarding any such dispute. The Sackler Parties' Representative and the MDT Advisory Council shall each use reasonable efforts to complete such meet-and-confer process in a timely manner. Further action concerning Section 5.02(a) shall: (i) be limited to Payment Groups seeking to reduce their Annual Remediation Payments by no more than five percent (5%) of the difference between the actual amount of Opioid Remediation and the ninety-five percent (95%) threshold established in Section 5.02(a); (ii) only reduce Annual Remediation Payments to those Settling States and their Participating Subdivision(s) that are below the ninety-five percent (95%) threshold established in Section 5.02(a); and (iii) not reduce Annual Remediation Payments restricted to future Opioid Remediation.

Section 6.04 State-Subdivision Enforcement.

(a) A Subdivision shall not have enforcement rights against a Settling State in which it is located with respect to this Agreement or any Consent Judgment except that a Participating Subdivision listed on Exhibit G shall have enforcement rights (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust with respect to intrastate allocation or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to assert allegations that (i) the Settling State's use of Remediation Accounts Fund monies were not used for purposes similar to or in the nature of those uses contained in Exhibit E; or (ii) a Settling State failed to pay funds directly from the Remediation Accounts Fund to a Participating Subdivision eligible to receive a block grant pursuant to Section 5.05(b)(ii).

(b) A Settling State shall have enforcement rights against a Participating Subdivision located in its territory (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust; or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to assert

allegations that the Participating Subdivisions' uses of Remediation Accounts Fund monies were not used for purposes similar to or in the nature of those uses contained in Exhibit E.

(c) As between the Settling States and Participating Subdivisions, the above rights are contractual in nature and nothing herein is intended to limit, restrict, change or alter any other existing rights under law.

Section 6.05 [Reserved].

Section 6.06 Other Terms Regarding Dispute Resolution.

(a) Except to the extent provided by Section 6.03 or Section 6.06(b), all disputes shall be resolved by either the court that entered the relevant Consent Judgment or, if no such Consent Judgment was entered, a state or territorial court with jurisdiction located wherever the seat of the relevant state government is located.

(i) State court proceedings shall be governed by the rules and procedures of the relevant forum.

(ii) For the avoidance of doubt, disputes to be resolved in state court consist of the following:

(A) disputes concerning whether expenditures qualify as Opioid Remediation;

(B) disputes between a Settling State and its Participating Subdivisions as provided by Section 6.04, except to the extent a State-Subdivision Agreement provides for other dispute resolution mechanisms. For the avoidance of doubt, disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes;

(C) whether this Agreement and relevant Consent Judgment are binding under state law;

(D) the extent of the Attorney General's or other participating entity's authority under state law, including the extent of the authority to release claims;

(E) whether the definition of a Bar, a Case-Specific Resolution, lead state agency as described in Section 5.04(d)(ii), Later Litigating Subdivision, Litigating Subdivision, or Threshold Motion have been met; and

(F) enforcement of the injunctive relief terms in Article 3.

(iii) Any Party may request that the National Arbitration Panel provide an interpretation of any provision of this Agreement that is relevant to the state court determination, and the National Arbitration Panel shall make reasonable best efforts to supply such interpretation within the earlier of thirty (30) calendar days or the time period required by the state court proceedings. Any Party may submit that interpretation to the state court to the extent permitted by, and for such weight provided by, the state court's rules and procedures. If requested by a Party, the National Arbitration Panel shall request that its interpretation be accepted in the form of an amicus curiae brief, and any attorneys' fees and costs for preparing any such filing shall be paid for by the requesting Party.

(b) National Disputes involving a Settling State and/or a Payment Party or Shareholder Released Party or Released Party (in the case of a Released Party, solely with respect to issues relating to the Release of such Released Party) shall be resolved by the National Arbitration Panel.

(i) “National Disputes” are disputes that are not addressed in Section 6.03, and which are exceptions to Section 6.06(a)’s presumption of resolution in state courts because they involve issues of interpretation of the provisions in Article 10 and the Release. For the avoidance of doubt, disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes. National Disputes include, but are not limited to, the following:

(A) the amount of offset attributable to Non-Settling States;

(B) defined terms relating to Article 10 and the Release;

(C) the interpretation and application of any most-favored nation provision in Section 13.04;

(D) questions regarding the performance and/or removal of the Settlement Administrator;

(E) disputes that require a determination of the sufficiency of participation in order to qualify for Incentive Payment A, Incentive Payment B, Incentive Payment C or Incentive Payment D;

(F) disputes involving a Releasor’s compliance with, and the appropriate remedy under, Section 10.02(d)(iii);

(G) disputes requiring the interpretation of Agreement terms that are national in scope or impact, which shall mean disputes requiring the interpretation of Agreement terms that (i) concretely affect four (4) or more Settling States; and (ii) do not turn on unique definitions and interpretations under state law; and

(H) any dispute subject to resolution under Section 6.06(a) but for which all parties to the dispute agree to arbitration before the National Arbitration Panel under the provisions of this Section 6.06(b).

(ii) The National Arbitration Panel shall be comprised of three (3) arbitrators. One (1) arbitrator shall be chosen by the Sackler Parties’ Representative, one (1) arbitrator shall be chosen by the MDT Advisory Council with due input from Participating Subdivisions listed on Exhibit G, and the third arbitrator shall be agreed upon by the first two (2) arbitrators. The membership of the National Arbitration Panel is intended to remain constant throughout the term of this Agreement, but in the event that replacements are required, the retiring arbitrator shall be replaced by the party(s) that selected him/her.

(iii) Each arbitrator shall be impartial and independent regarding any dispute. If any party disputes the independence or impartiality of any arbitrator on the National Arbitration Panel, the party may request the National Arbitration Panel to replace such arbitrator. The National Arbitration Panel shall have the authority to remove an arbitrator on these grounds. The membership of the National Arbitration Panel is intended to remain constant throughout the term of this Agreement, but in the event that an arbitrator removal occurs, the removed arbitrator shall be replaced by the party(s) that selected him/her.

(iv) The National Arbitration Panel shall make reasonable best efforts to decide all matters within one hundred eighty (180) calendar days of filing, and in no event shall it take longer than one (1) year. The National Arbitration shall make reasonable efforts to decide all contractual interpretation issues that may arise in connection with this agreement within sixty (60) calendar days of filing, and in no event shall it take longer than one hundred eighty (180) calendar days of filing.

(v) The National Arbitration Panel shall conduct all proceedings in a reasonably streamlined process consistent with an opportunity for the parties to be heard. Issues shall be resolved without the need for live witnesses where feasible and with a presumption in favor of remote participation to minimize the burdens on the parties.

(vi) The seat of arbitration shall be New York, New York.

(vii) To the extent allowed under state law, a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section 6.01, and (at any party's request) the National Arbitration Panel may certify to an appropriate state court any question of state law. The National Arbitration Panel shall be bound by a final state court determination of such a certified question. The time period for the arbitration shall be tolled during the course of the certification process.

(viii) The arbitrators shall be guided by any authoritative interpretation of state law, including any declaratory judgment or similar relief obtained by a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section 6.01, or a Payment Party, Shareholder Released Party, or Released Party on a state law issue.

(ix) The decisions of the National Arbitration Panel shall be binding on Settling States, Participating Subdivisions, Payment Parties, the Sackler Parties' Representative, the Settlement Administrator, and, as applicable, Released Parties. In any proceeding before the National Arbitration Panel involving a dispute between a Settling State and Payment Party or the Sackler Parties' Representative whose resolution could prejudice the rights of a Participating Subdivision(s) in that Settling State, such Participating Subdivision(s) shall be allowed to file a statement of view in the proceeding.

(x) Nothing herein shall be construed so as to limit or otherwise restrict a Settling State from seeking injunctive or other equitable relief in state court to protect the health, safety, or welfare of its citizens.

(xi) Each party shall bear its own costs in any arbitration or court proceeding arising under this Article 6. The costs for the arbitrators on the National Arbitration Panel shall be divided and paid equally by the disputing sides for each individual dispute, e.g., a dispute between Payment Groups and/or the Sackler Parties' Representative and Settling States/Participating Subdivisions shall be split fifty percent (50%) by the relevant Payment Parties and fifty percent (50%) by the Settling States/Participating Subdivisions that are parties to the dispute; a dispute between a Settling State and a Participating Subdivision shall be split fifty percent (50%) by the Settling State that is party to the dispute and fifty percent (50%) by any Participating Subdivisions that are parties to the dispute.

(c) Prior to initiating an action to enforce pursuant to this Section 6.06, the complaining party must:

(i) Provide written notice to the MDT Advisory Council and/or the Sackler Parties' Representative of its complaint, including the provision of the Consent Judgment and/or Agreement that the practice appears to violate, as well as the basis for its interpretation of the disputed provision. The MDT Advisory Council shall establish a reasonable process and timeline for obtaining additional information from the involved parties; *provided, however*, that the date the MDT Advisory Council establishes for obtaining additional information from the parties shall not be more than forty-five (45) calendar days following the notice. The MDT Advisory Council may advise the involved parties of its views on the complaint and/or seek to resolve the complaint informally.

(ii) Wait to commence any enforcement action until thirty (30) calendar days after the date that the MDT Advisory Council establishes for obtaining additional information from the involved parties.

(iii) If the parties to a dispute cannot agree on the proper forum for resolution of the dispute under the provisions of Section 6.06(a) or Section 6.06(b), the MDT Advisory Council will determine the forum where the dispute will be initiated within twenty-eight (28) calendar days of receiving notification of the dispute relating to the proper forum. The forum identified by such committee shall be the sole forum for litigating the issue of which forum will hear the substantive dispute, and the MDT Advisory Council's identification of such forum in the first instance shall not be entitled to deference by the forum selected.

Section 6.07 Consent to Be Bound by MSA Arbitration Clauses. Subject to the introductory language in this Agreement relating to enforcement and conflict(s) between this Agreement, the Master Settlement Agreement, the Plan and/or the Confirmation Order, the Parties and each of the Participating Subdivisions acknowledge and agree that the terms and subject matter set forth in Section 11.13 of the MSA shall be binding upon and enforceable against each such Settling States and Participating Subdivisions.

ARTICLE 7. PARTICIPATION BY SUBDIVISIONS.

Section 7.01 Notice. No later than fifteen (15) calendar days after the Preliminary Agreement Date, the Implementation Administrator shall send individual written notice (which may be delivered via e-mail or other electronic means and may be combined with distribution of the Subdivision Settlement Participation Form) of the opportunity to participate in this Agreement and the requirements of participation to all Subdivisions in the Settling States that are (1) Litigating Subdivisions or (2) Non-Litigating Subdivisions listed on Exhibit G.¹⁴ To the extent a Special District is entitled to an allocation for a direct payment through its inclusion in Exhibit G pursuant to a State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution, the Implementation Administrator, with the cooperation of the Settling States shall also send individual written notice (which may be delivered via e-mail or other electronic means) of the opportunity to participate in this Agreement and the requirements of participation to such Special Districts. Unless otherwise agreed by the Parties (which includes the update requirements in the definitions of "Litigating Subdivision" and "Non-Litigating Threshold Subdivision"), the version of Exhibit G used for notice shall be the one in place as of the Preliminary Agreement Date. Notice (which may be delivered via e-mail or other electronic means) shall also be provided simultaneously to counsel of record for Litigating Subdivisions and known counsel for Non-Litigating Subdivisions listed on Exhibit G.

¹⁴ Because the Shareholder Released Parties have settled with Oklahoma, but not with Oklahoma Subdivisions, the Implementation Administrator shall send individual written notice of the opportunity to participate in this Agreement and the requirements of participation to all Oklahoma Subdivisions. For purposes of this Section 7, references to a "Subdivision in a Settling State" shall include Subdivisions in Oklahoma.

The Settling States, with the cooperation of the Sackler Parties' Representative, may also provide general notice reasonably calculated to alert Non-Litigating Subdivisions in the Settling States to this Agreement, the opportunity to participate in it, and the requirements for participation. Such notice may include publication and other standard forms of notification, as well as notice to state and county organizations such as the National Association of Counties and the National League of Cities. The notice will include that the deadline for becoming an Initial Participating Subdivision is the Initial Subdivision Participation Date. Nothing contained herein shall preclude a Settling State from providing further notice to or otherwise contacting any of its Subdivisions about becoming a Participating Subdivision, including beginning any of the activities described in this paragraph prior to the Preliminary Agreement Date. The Sackler Parties' Representative shall have reasonable access to the Implementation Administrator and any of its records and analyses regarding the progress of the Subdivision solicitation as such records and analyses are produced.

Section 7.02 Requirements for Becoming a Participating Subdivision—Non-Litigating Subdivisions. A Non-Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Administrator) specifying (1) that the Subdivision agrees to the terms of this Agreement pertaining to Subdivisions, (2) that the Subdivision releases all Shareholder Released Claims against all Shareholder Released Parties and such other Claims released pursuant to the Release against Released Parties, subject to the terms of this Agreement and provided that any such dismissal may be subject to the pursuit by the MDT of a Release Remedy (as defined in the Master Settlement Agreement) under Master Settlement Agreement Section 9.02(a)(ii)(B) with respect to a Payment Party, (3) that the Subdivision agrees to use monies it receives, if any, from the Settlement Fund pursuant to the applicable requirements of Article 5; *provided, however*, that Non-Litigating Subdivisions may only use monies originating from the Settlement Fund for purposes that qualify as Opioid Remediation, and (4) that the Subdivision submits to the jurisdiction of the court where the applicable Consent Judgment is filed for purposes limited to that court's role under this Agreement.¹⁵ The required Subdivision Settlement Participation Form is attached as Exhibit K.

Section 7.03 Requirements for Becoming a Participating Subdivision—Litigating Subdivisions/Later Litigating Subdivisions. A Litigating Subdivision or Later Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Administrator) and upon dismissal with prejudice of its lawsuit following the Effective Date, provided that any such dismissal may be subject to the pursuit by the MDT of a Release Remedy (as defined in the Master Settlement Agreement) under Master Settlement Agreement Section 9.02(a)(ii)(B) with respect to a Payment Party. The required Subdivision Settlement Participation Form is attached as Exhibit K. A Settling State may require each Litigating Subdivision in that Settling State to specify on the Subdivision Settlement Participation Form whether its counsel has waived any contingency fee contract with that Participating Subdivision and whether, if eligible, it intends to seek fees pursuant to Exhibit R. The Settlement Administrator shall provide quarterly reports of this information to the parties to this Agreement, with such report being organized by Settling State.

Section 7.04 Initial Participating Subdivisions. A Subdivision qualifies as an Initial Participating Subdivision if it meets the applicable requirements for becoming a Participating Subdivision set forth in Section 7.02 or Section 7.03 by the Initial Subdivision Participation Date. All Subdivision Settlement Participation Forms shall be held in escrow by the Implementation Administrator until the

¹⁵ Note to Draft: The form of Subdivision Settlement Participation Form attached as Exhibit K to include all of the foregoing items.

Effective Date. If, for any reason, the Agreement does not become effective, all obligations created by such forms and releases in them shall be void *ab initio* and all Subdivision Settlement Participation Forms shall be returned to counsel for Litigating Subdivisions or to the Subdivisions not represented by counsel or destroyed to the extent that such destruction is not prohibited by then existing document preservation obligation. The holding of Subdivision Settlement Participation Forms in escrow shall only be for the purpose of addressing the contingency that the Agreement does not become effective and the forms shall not be held in escrow by the Implementation Administrator for any other purpose.

Section 7.05 Later Participating Subdivisions. A Subdivision that is not an Initial Participating Subdivision may become a Later Participating Subdivision by meeting the applicable requirements for becoming a Participating Subdivision set forth in Section 7.02 or Section 7.03 after the Initial Subdivision Participation Date and by agreeing to be subject to the terms of a State-Subdivision Agreement (if any) or any other structure adopted or applicable pursuant to Section 5.04 or Section 5.05. The following provisions govern what a Later Participating Subdivision can receive (but do not apply to Initial Participating Subdivisions):

(a) A Later Participating Subdivision shall not receive any share of any Annual Remediation Payment due before it became a Participating Subdivision.

(b) A Later Participating Subdivision that becomes a Participating Subdivision more than six months after the Effective Date, shall receive seventy-five percent (75%) of the share of future Base Payments or Incentive Payments that it would have received had it become a Later Participating Subdivision prior to that date (unless the Later Participating Subdivision is subject to Section 7.05(c) or Section 7.05(d)).

(c) A Later Participating Subdivision that, after the Initial Subdivision Participation Date, maintains a lawsuit for a Shareholder Released Claim(s) against a Shareholder Released Party and has judgment entered against it on every such Shareholder Released Claim before it became a Participating Subdivision (other than a consensual dismissal with prejudice) shall receive fifty percent (50%) of the share of future Base Payments or Incentive Payments that it would have received had it become a Later Participating Subdivision prior to such judgment; *provided, however*, that if the Subdivision appeals the judgment and the judgment is affirmed with finality before the Subdivision becomes a Participating Subdivision, the Subdivision shall not receive any share of any Base Payment or Incentive Payments.

(d) A Later Participating Subdivision that becomes a Participating Subdivision while a Bar has been in effect for thirty (30) days or more shall receive twenty-five percent (25%) of the share of future Base Payments or Incentive Payments that it would have received had it become a Later Participating Subdivision without such Bar being in effect.

(e) The reductions set out in Section 7.05(a)-(d) may be waived by agreement between the Sackler Parties' Representative and the MDT Advisory Council.

Section 7.06 Prior Settling Subdivisions. A Prior Settling Subdivision cannot be a Participating Subdivision. However, subject to approval by the Subdivision's Settling State, the MDT Advisory Council and the Sackler Parties' Representative, a Prior Settling Subdivision can become a Participating Subdivision or a Later Participating Subdivision if the payments it receives for Opioid Remediation from the separate agreement do not exceed amounts it would have received in Annual Remediation Payments if it had been an Initial Participating Subdivision.

Section 7.07 No Increase in Payments. Except for any effect on Incentive Payments, amounts to be received by Later Participating Subdivisions shall not increase the payments due from the Payment Parties.

Section 7.08 Ineligible Subdivisions. Prior Litigating Subdivisions whose claims against the Shareholder Released Parties have already been fully resolved and dismissed with prejudice cannot be Participating Subdivisions, unless the Sackler Parties' Representative consents to their participation. Subdivisions located in Non-Settling States cannot be Participating Subdivisions.

Section 7.09 Non-Participating Subdivisions. Non-Participating Subdivisions shall not directly receive any portion of any Annual Remediation Payment, including from the State Fund and direct distributions from the Remediation Accounts Fund; however, a Settling State may choose to fund future Opioid Remediation that indirectly benefits Non-Participating Subdivisions.

Section 7.10 Unpaid Allocations to Later Participating Subdivisions and Non-Participating Subdivisions. Any Base Payment and Incentive Payments allocated pursuant to Section 5.04 to a Later Participating Subdivision or Non-Participating Subdivision that cannot be paid pursuant to this Article 7, including the amounts that remain unpaid after the reductions required by Section 7.05(b) through Section 7.05(d), will be allocated to the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement or by a Statutory Trust.

ARTICLE 8.

CONDITION TO EFFECTIVENESS OF AGREEMENT AND FILING OF CONSENT JUDGMENT

Section 8.01 Determination to Proceed with Settlement – Settling States. No later than fifteen (15) calendar days after the Initial Subdivision Participation Date, the Settling States, acting through the States' AG Negotiating Group, shall deliver a Subdivision Participation Threshold Notice to the Sackler Parties' Representative, the MSA PEC and the MSGE Group stating whether or not they elect to proceed with the Agreement and, if proceeding, listing all Settling States. If the Settling States elect not to proceed, this Agreement will have no further effect, and all releases (including those contained in Subdivision Settlement Participation Forms) and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms will be void. Within seven (7) calendar days of the Settling States informing the Sackler Parties' Representative that there is sufficient participation to proceed pursuant to this Section 8.01, the Settling States will deliver all signatures and Releases required by the Agreement to be provided by the Settling States to the Sackler Parties' Representative.

Section 8.02 Determination to Proceed with Settlement – Sackler Parties' Representative. If the Settling States elect to proceed, the Sackler Parties' Representative will then have fifteen (15) calendar days to determine whether there is sufficient Eligible State participation, sufficient Subdivision participation, and sufficient resolution of the Cause of Action of the Litigating Subdivisions and the Non-Litigating Threshold Subdivisions in the Settling States (through participation under Article 7, Case-Specific Resolution(s) and Bar(s)) to proceed with this Agreement. The determination shall be communicated by the delivery of the Sackler (Subdivision) Participation Notice to the States' AG Negotiating Group, the MDL PEC, and the MSGE Group, which determination and communication shall be made, subject to any other agreements with any mediator parties, in the sole discretion of the Sackler Parties' Representative and may be based on any criteria or factors deemed relevant by the Sackler Parties' Representative.

Section 8.03 Reference Date. If the Sackler (Subdivision) Participation Notice communicates the Sackler Parties' Representative's decision to proceed, the Reference Date shall occur on the date of such communication and subject to Section 8.05, the obligations in the Subdivision Settlement Participation Forms will be effective and binding as of the Effective Date subject to the terms of this Agreement. If the Sackler (Subdivision) Participation Notice communicates the Sackler Parties' Representative's decision to not proceed, this Agreement will have no further effect and all releases (including those contained in Subdivision Settlement Participation Forms) and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms will be void. Following the Reference Date, Subdivisions that elected to become Participating Subdivisions shall cease litigation activity against the Shareholder Released Parties and Released Parties, including by jointly seeking stays or, where appropriate, severance of claim against the Shareholder Released Parties or Released Parties, where feasible, and otherwise to minimize such activity by means of agreed deadline extensions and agreed postponement of depositions, document productions, and motion practice if a motion to stay or sever is not feasible or is denied, provided, however, that nothing herein shall require any Participating Subdivision to take any action in connection with this Section 8.03 or otherwise that would prejudice such Subdivision's ability to recommence or continue such litigation in the event the Effective Date does not occur or, if with respect to a particular Payment Party and pursuant to the Master Settlement Agreement, the MDT pursues the Release Remedy (as defined in the Master Settlement Agreement) under Master Settlement Agreement Section 9.02(a)(ii)(B) with respect to such Payment Party.

Section 8.04 Consent Judgments. The Settling States will proceed to file the Consent Judgments after the Effective Date.

Section 8.05 Condition to Effectiveness of this Agreement. The Parties agree and acknowledge that this Agreement shall not become effective unless the conditions in Article 10 of the Master Settlement Agreement have been satisfied or waived by the Sackler Parties' Representative and the MDT in accordance with the terms of the Master Settlement Agreement (with the consent of the parties referenced therein, to the extent required to give effect to such satisfaction or waiver). If the conditions in Article 10 of the Master Settlement Agreement are not satisfied or waived by the Sackler Parties' Representative and the MDT (with the consent of the parties referenced therein, to the extent required to give effect to such satisfaction or waiver) pursuant to the terms of the Master Settlement Agreement on the Settlement Effective Date, or the Master Settlement Agreement is terminated, this Agreement will have no further effect and all releases (including the Releases and those contained in Subdivision Settlement Participation Forms) and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms will be void.

ARTICLE 9. ANNUAL FEE PAYMENTS

Section 9.01 Local Government Costs and Expenses Fund¹⁶. The agreed terms concerning the Local Government Costs and Expenses Fund incurred on behalf of Participating Subdivisions are set forth in Exhibit R and incorporated herein by reference. The schedule for the maximum amounts allocable to the Payment Groups on each Payment Date for Local Government Costs and Expenses Fund payments pursuant to this Agreement is set forth in Exhibit M-3 before accounting for any prepayments.¹⁷ Each Payment Group's share of each Payment Date's Local Government Costs and Expenses Fund shall be calculated pursuant to Exhibit M-X. For the avoidance of doubt, the payments to the Local Government

¹⁶ NTD: States discussing moving "Exhibit R" out of GESA and into MSA or Plan.

¹⁷ Note to Draft: Sacklers must sign off on Exhibit R before this Agreement can be finalized.

Costs and Expenses Fund provided by this Section 9.01 do not include amounts designated pursuant to Section 5.9(a) of the Plan as attorneys' fees and costs based on Estate Distributions.

Section 9.02 State Direct Expenses. The agreed terms concerning allocation of the State Direct Expenses are set forth in Exhibit S and are incorporated herein by reference. State Direct Expenses shall not be paid to Non-Settling States. The schedule for the maximum amounts allocable to the Payment Groups on each Payment Date for State Direct Expenses payments is set forth in Exhibit M-3 before accounting for any prepayments. A Payment Group's payment obligation on any Payment Date shall be reduced by the portion of State Direct Expenses attributable to any Non-Settling State for that Payment Date as set out in Exhibit M-X. Each Payment Group's share of each Payment Date's State Direct Expenses shall also be calculated pursuant to Exhibit M-X.

Section 9.03 Payment and Disbursement. The Annual Fee Payment for each Payment Date shall be calculated by the Settlement Administrator pursuant to this Article 9 and made to the MDT pursuant to the Master Settlement Agreement. Disbursements for Subdivision and State attorneys' fees and expenses are made pursuant to Section 5.9 of the Plan. For the avoidance of doubt, except as provided in Section 9.04, the terms in this agreement concerning the Local Government Costs and Expenses Fund and the State Direct Expenses concern payment obligations and do not address the process for the disbursement of those funds, which is covered by the Plan. To the extent Annual Fee Payment obligations are greater than the fee disbursements required by the Plan on any Payment Date, any such excess shall be allocated ratably as additional Base Payment funds to States with scheduled Base Payments for that Payment Date.

Section 9.04 Excess Annual Fee Payment Amounts.

(a) Pursuant to Section 5.9 of the Plan, there is a cap on disbursements for the Local Government Cost and Expense Fund and a cap on disbursements for the State Expenses Fund. Should the cap for the Local Government Cost and Expense Fund be reached prior to the completion of the Local Government Costs and Expenses Fund payment obligations pursuant to Section 9.01 of this Agreement, the remaining Local Government Costs and Expenses Fund obligations pursuant to Section 9.01 of this Agreement shall be directed by the MDT to the Settlement Fund and be allocated ratably as additional Base Payment funds to States with scheduled Base Payments for that Payment Date. Similarly, should the cap for the State Expenses Fund be reached prior to the completion of the State Direct Expenses payment obligations pursuant to Section 9.02 of this Agreement, the remaining State Direct Expenses payments shall be directed by the MDT to the Settlement Fund and be allocated as additional Base Payment funds for that Payment Date. The Settlement Administrator shall keep the Settling States and the Sackler Parties' Representative reasonably informed about when the caps described in this Section 9.04 will be met.

**ARTICLE 10.
RELEASE**

Section 10.01 Delivery of Release. Each Settling State and Participating Subdivision shall, on behalf of itself and its applicable Releasors, deliver a Release, pursuant to this Agreement, which Releases shall be effective upon the occurrence of the Effective Date, provided that such Releases may be subject to the pursuit by the MDT of a Release Remedy (as defined in the Master Settlement Agreement) under Master Settlement Agreement Section 9.02(a)(ii)(B) with respect to a Payment Party. For the avoidance of doubt, the delivery of the Consent Judgments following the Effective Date shall have no impact on the effectiveness of the Releases.

Section 10.02 Claim-Over and Non-Party Settlement.

(a) It is the intent of the Parties that:

(i) Shareholder Released Parties and Released Parties should not seek contribution or indemnification (other than pursuant to an insurance contract) from other parties for their payment obligations under this Agreement;

(ii) the payments made under the Master Settlement Agreement shall be the sole payments made by the Shareholder Released Parties to the Releasors involving, arising out of, or related to Shareholder Released Claims (or conduct that would give rise to a Shareholder Released Claim if engaged in by a Shareholder Released Party);

(iii) A Cause of Action by Releasors against non-Parties should not result in additional payments by Shareholder Released Parties, whether through contribution, indemnification or any other means; and

(iv) the Agreement meets the requirements of the Uniform Contribution Among Joint Tortfeasors Act and any similar state law or doctrine that reduces or discharges a Shareholder Released Party's liability to any other parties.

The provisions of this Section 10.02 are intended to be implemented consistent with these principles. This Agreement and the releases and dismissals provided for herein are made in good faith.

(b) No Shareholder Released Party shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, health care practitioner; provided that a Shareholder Released Party shall be relieved of this prohibition with respect to any entity that asserts a Claim-Over against it. For the avoidance of doubt, nothing herein shall prohibit a Shareholder Released Party or Released Party from recovering amounts owed pursuant to insurance contracts.

(c) To the extent that, on or after the Effective Date, any Releasor negotiates and enters into a Non-Party Settlement, including in any bankruptcy case or through any plan of reorganization (whether individually or as a class of creditors), the Releasor will include (or in the case of a Non-Party Settlement made in connection with a bankruptcy case, will cause the debtor to include), unless prohibited from doing so under applicable law, in the Non-Party Settlement a prohibition on contribution or indemnity of any kind against the Shareholder Released Parties and Released Parties substantially equivalent to that required from the Shareholder Released Parties in Section 10.02(b), or a release from such Non-Shareholder Released Party in favor of the Shareholder Released Parties and Released Parties (in a form equivalent to the releases contained in this Agreement, including the Release) of any Claim-Over. Each Releasor acknowledges and agrees that it shall take reasonable steps to enforce such agreement related to indemnification and contribution, and any other agreement related to indemnification and contribution from a prior opioid settlement, in each case as applicable, for the benefit of the Shareholder Released Parties and the Released Parties. Such agreement is a material term of this Agreement.

(d) In the event that any Releasor obtains a judgment with respect to Non-Party Covered Conduct against a Non-Shareholder Released Party that does not contain a prohibition like that described in Section 10.02(c) or any Releasor files a Non-Party Covered Conduct Claim against a Non-Shareholder Released Party in bankruptcy or a Releasor is prevented for any reason from obtaining a prohibition/release in a Non-Party Settlement as provided in Section 10.02(c), and such Non-Shareholder Released Party asserts a Claim-Over against a Shareholder Released Party, the Shareholder Released Party shall be relieved of the prohibition in Section 10.02(b) with respect to that Non-Shareholder

Released Party and that Releasor and the Sackler Parties' Representative shall take the following actions to ensure that the Shareholder Released Parties do not pay more with respect to Covered Conduct to Releasors or to Non-Shareholder Released Parties than the amounts owed under this Settlement Agreement by Payment Groups:

(i) The Sackler Parties' Representative shall notify that Releasor of the Claim-Over within sixty (60) calendar days of when it becomes aware of the assertion of the Claim-Over or sixty (60) calendar days of the Effective Date of this Settlement Agreement, whichever is later;

(ii) The Sackler Parties' Representative and that Releasor shall meet and confer concerning the means to hold Shareholder Released Parties harmless and ensure that they are not required to pay more with respect to Covered Conduct than the amounts owed by the Payment Groups under this Agreement;

(iii) That Releasor and the Sackler Parties' Representative shall take steps sufficient and permissible under the law of the state of the Releasor to hold Shareholder Released Parties harmless from the Claim-Over and ensure Shareholder Released Parties are not required to pay more with respect to Covered Conduct than the amounts owed by the Payment Groups under this Agreement. Such steps may include, where permissible:

(A) Filing of motions to dismiss or such other appropriate motion by the Sackler Parties' Representative or Shareholder Released Parties and supported by Releasors, in response to any claim filed in litigation or arbitration;

(B) Reduction of that Releasors' Claim and any judgment it has obtained or may obtain against such Non-Shareholder Released Party by whatever amount or percentage is necessary to extinguish such Claim-Over under applicable law, up to the amount that Releasor has obtained, may obtain, or has authority to control from such Non-Shareholder Released Party;

(C) Placement into escrow of funds paid by the Non-Shareholder Released Parties such that those funds are available to satisfy the Claim-Over;

(D) Return of monies paid by Payment Groups to that Releasor under this Settlement Agreement to permit satisfaction of a judgment against or settlement with the Non-Shareholder Released Party to satisfy the Claim-Over;

(E) Payment of monies to Shareholder Released Parties by that Releasor to ensure they are held harmless from such Claim-Over, up to the amount that Releasor has obtained, may obtain, or has authority to control from such Non-Shareholder Released Party;

(F) Credits to Payment Groups under this Agreement to reduce the overall amounts to be paid under the Agreement such that they are held harmless from the Claim-Over; and

(G) Such other actions as that Releasor and Payment Parties, the Sackler Parties' Representative may devise to hold Shareholder Released Parties harmless from the Claim-Over.

(iv) The actions taken pursuant to paragraph (iii) must, in combination, ensure that Payment Groups are not required to pay more with respect to Covered Conduct than the amounts owed by them under this Agreement.

(v) In the event of any dispute over the sufficiency of the actions taken pursuant to paragraph (iii), that Releasor and the Sackler Parties' Representative may seek review by the National Arbitration Panel, provided that, if the parties agree, such dispute may be heard by the state court where the relevant Consent Judgment was filed.

(vi) The National Arbitration Panel shall have authority to require Releasors to implement a remedy that includes one or more of the actions specified in paragraph ((iii)) sufficient to hold Shareholder Released Parties fully harmless in accordance with this Section 10.02. In the event that the Panel's actions do not result in Shareholder Released Parties being held fully harmless in accordance with this Section 10.02, the Shareholder Released Parties shall have a claim for breach of this Agreement by Releasors, with the remedy being payment of sufficient funds to hold the Shareholder Released Parties harmless from the Claim-Over. For the avoidance of doubt, the prior sentence does not limit or eliminate any other remedy that the Shareholder Released Parties or Payment Parties may have.

(e) To the extent that the Claim-Over is based on a contractual indemnity, the obligations under Section 10.02(d) shall extend solely to a Non-Party Covered Conduct Claim against a clinic, hospital or other purchaser, distributor or dispenser of Products, a manufacturer that sold Products, a consultant, and/or a pharmacy benefit manager or other third-party payor. The Sackler Parties' Representative shall notify the Settling States, to the extent permitted by applicable law, in the event that any of these types of Non-Shareholder Released Party asserts a Claim-Over arising out of contractual indemnity against it.

Section 10.03 General Release. In connection with the releases provided for in this Agreement (including the Release), each Settling State (for itself and its Releasors) and Participating Subdivision (for itself and its Releasors) expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

A GENERAL RELEASE DOES NOT EXTEND TO A CAUSE OF ACTION THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Shareholder Released Claims and such other Claims released pursuant to the Release, but each Settling State (for itself and its Releasors) and Participating Subdivision hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Shareholder Released Claims and such other Claims released pursuant to the Release that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Settling States' decision to enter into this Agreement or the Participating Subdivisions' decision to participate in this Agreement.

Section 10.04 Assigned Interest Waiver. To the extent that any Settling State has any direct or indirect interest in any rights of a third-party that is a debtor under the Bankruptcy Code as a result of a claim arising out of Covered Conduct by way of assignment or otherwise, including as a result of being the beneficiary of a trust or other distribution entity, to assert claims against a Shareholder Released Party or Released Party (whether derivatively or otherwise), under any legal or equitable theory, including for indemnification, contribution, or subrogation, the Settling State waives the right to assert any such claim, or to receive a distribution or any benefit on account of such claim and such claim, distribution, or benefit shall be deemed assigned to such Shareholder Released Party or Released Party, as applicable.

Section 10.05 Res Judicata. Nothing in this Agreement shall be deemed to reduce the scope of the res judicata or claim preclusive effect of this Agreement, and/or any Consent Judgment or other judgment entered on this Agreement, gives rise to under applicable law.

Section 10.06 Representation and Warranty. The signatories hereto on behalf of their respective Settling States expressly represent and warrant that they have (or have obtained, or will obtain no later than the date set forth in Section 8.01) the authority to settle and release, to the maximum extent of the Settling State's power, all Shareholder Released Claims and such other Claims released pursuant to the Release of (1) their respective Settling States, (2) all past and present executive departments, state agencies, divisions, boards, commissions and instrumentalities with the regulatory authority to enforce state and federal controlled substances acts, and (3) any of their respective Settling State's past and present executive departments, agencies, divisions, boards, commissions, and instrumentalities that have the authority to bring a Shareholder Released Claim or Released Claim. For the purposes of clause (3) above, executive departments, agencies, divisions, boards, commissions, and instrumentalities are those that are under the executive authority or direct control of the Settling State's Governor. Also for the purposes of clause (3) of this Section 10.06, a release from a Settling State's Governor as set forth in Exhibit V is sufficient to demonstrate that the appropriate releases have been obtained.

Section 10.07 Effectiveness. The releases set forth in this Agreement (including the Release) shall not be impacted in any way by any dispute that exists, has existed, or may later exist between or among the Releasors. Nor shall such releases be impacted in any way by any current or future law, regulation, ordinance, or court or agency order limiting, seizing, or controlling the distribution or use of the Settlement Fund or any portion thereof, or by the enactment of future laws, or by any seizure of the Settlement Fund or any portion thereof.

Section 10.08 Cooperation. Releasors (1) will not encourage any person or entity to bring or maintain any Shareholder Released Claim against any Shareholder Released Party or any other Claims released pursuant to the Release against any Released Parties and (2) will reasonably cooperate with and not oppose any effort by a Shareholder Released Party or Released Party, as applicable, to secure the prompt dismissal of any and all Shareholder Released Claims or any other Claims released pursuant to the Release against any Release Parties, including suits brought by non-Releasors based on Shareholder Released Claims or any other Claims released pursuant to the Release against any Released Parties. Applicable Releasors will meet and confer and make reasonable efforts to resolve any action that is filed by a Subdivision against a Shareholder Released Party or Released Party on or after the date the Preliminary Agreement Date. This provision shall not require a Settling State to make any monetary payment or adjustment to allocation or incur other obligation.

Section 10.09 Non-Released Claims. Notwithstanding the foregoing or anything herein or in any definition of Released Claims to the contrary (either in this Agreement or in the Plan), neither this Agreement nor the Release shall waive, release or limit any Excluded Claims.

**ARTICLE 11.
LATER LITIGATING SUBDIVISIONS**

Section 11.01 Shareholder Released Claims against Shareholder Released Parties. If a Later Litigating Subdivision in a Settling State maintains a lawsuit for a Shareholder Released Claim against a Shareholder Released Party after the Effective Date the Shareholder Released Party shall take ordinary and reasonable measures to defend the action, including filing a Threshold Motion with respect to the Shareholder Released Claim. The Shareholder Released Party shall further notify the Settling State and Settlement Administrator immediately upon notice of a Later Litigating Subdivision bringing a lawsuit for a Shareholder Released Claim and shall not oppose a Settling State's submission in support of the Threshold Motion. The Shareholder Released Parties shall give the relevant Settling State a reasonable opportunity to extinguish the Shareholder Released Claims without any payment or any other obligations being imposed upon any Shareholder Released Parties (apart from the Total Direct Settlement Amount payable by the Payment Groups under the Agreement or the Injunctive Relief Terms incurred by it). The relevant Settling State and Shareholder Released Party shall confer and use reasonable efforts to promptly resolve the lawsuit so that it is dismissed with prejudice. Nothing in this subsection creates an obligation for a Settling State to make a monetary payment or incur any other obligation to an entity filing a lawsuit.

Section 11.02 No Support for Litigating Subdivisions. The Settling States will not encourage, facilitate, or assist in any manner whatsoever Subdivision litigation for Covered Conduct against any Shareholder Released Party or Released Party in any State, regardless of whether those claims were filed against the Shareholder Released Party or Released Party, as applicable, prior to, on, or after the Effective Date.

**ARTICLE 12.
OTHER REDUCTIONS/OFFSETS.**

Section 12.01 Settlement Class Resolution Opt Outs. If a Settling State is eligible for Incentive Payment A on the basis of a Settlement Class Resolution, and a Primary Subdivision that opted out of the Settlement Class Resolution maintains a lawsuit asserting a Shareholder Released Claim against a Shareholder Released Party, the following shall apply. If the lawsuit asserting a Shareholder Released Claim either survives a Threshold Motion or has an unresolved Threshold Motion fewer than sixty (60) calendar days prior to the scheduled start of a trial involving a Shareholder Released Claim, and is resolved with finality on terms requiring payment by the Shareholder Released Party, each Payment Group shall receive a dollar-for-dollar offset for the amount it paid against its obligation to make remaining Incentive Payment A payments that would be apportioned to that Settling State and to its Subdivisions.

Section 12.02 Revoked Bar, Settlement Class Resolution, or Case-Specific Resolution.

(a) If a Payment Group made any Annual Remediation Payments that included any Incentive Payments earned as a result of the existence of a Bar, Settlement Class Resolution, or Case-Specific Resolution in a Settling State, and there is subsequently a Revocation Event with respect to that Bar, Settlement Class Resolution, or Case-Specific Resolution after the determination of the amount of such Annual Remediation Payment, the Payment Parties shall receive a dollar-for-dollar offset against the portion of their remaining Annual Remediation Payments that would be allocated to that Settling State and its Participating Subdivisions. This offset will be calculated for each Payment Group as the dollar amount difference between (1) the total amount of Incentive Payments paid by the Payment Group by virtue of the Bar, Settlement Class Resolution, or Case-Specific Resolution subject to the Revocation Event and (2) the total amount of Incentive Payments that would have been due from the Payment Group during that time had the Bar, Settlement Class Resolution, or Case-Specific Resolution subject to the Revocation Event not been in effect. The amount of incentive payments that would have been due,

referenced in clause (2) above, will be calculated one hundred eighty (180) calendar days after the Revocation Event and the offset will be applied to the next payment that would be allocated to that Settling State and its Participating Subdivisions; for purposes of calculating the amount of Incentive Payments that would have been due, any relevant Subdivision shall be included as a Participating Subdivision if: (x) its Shareholder Released Claims are extinguished by any subsequent Bar, Settlement Class Resolution, or Case-Specific Resolution in effect as of the date of such calculation, or (y) it becomes a Participating Subdivision (in addition to all other Participating Subdivisions) prior to the date of such calculation.

(b) Without limiting the foregoing, if a Payment Group made a payment under Incentive Payment A solely on the basis of a Bar or Settlement Class Resolution in a Settling State and that Bar or Settlement Class Resolution is subsequently subject to a Revocation Event or that Settling State shall not be eligible for Incentive Payment A thereafter, unless the Settling State requalifies for Incentive Payment A through any method pursuant to Article 4, in which case the Settling State shall be eligible for Incentive Payment A less any litigation fees and costs incurred by the Payment Group in the interim as a result of the Revocation Event, except that, if the re-imposition occurs after the completion of opening statements in a trial involving a Shareholder Released Claim, the Settling State shall not be eligible for Incentive Payment A (unless this exception is waived by the Sackler Parties' Representative).

ARTICLE 13. MISCELLANEOUS

Section 13.01 Population of General Purpose Governments. The population figures for General Purpose Governments shall be the published U.S. Census Bureau's population estimates for July 1, 2019, released May 2020. These population figures shall remain unchanged during the term of this Agreement.

Section 13.02 Population of Special Districts. For any purpose in this Agreement in which the population of a Special District is used other than Section 4.06(d) and Section 4.06(g): (a) Health Districts' and Hospital Districts' population will be measured at twenty-five percent (25%) of discharges; and (b) all other Special Districts' (including Fire Districts' and Library Districts') population will be measured at ten percent (10%) of the population served.¹⁸ For the avoidance of doubt, this means that California healthcare districts will be measured at ten percent (10%) of their membership. The Sackler Parties' Representative and the States' AG Negotiating Group shall meet and confer in order to agree on data sources for purposes of this Section prior to the Preliminary Agreement Date.

Section 13.03 Population Associated with Sheriffs. For any purpose in this Agreement in which the population associated with a lawsuit by a sheriff is used, the population will be measured at twenty percent (20%) of the capacity of the jail(s) operated by the sheriff.

Section 13.04 Most-Favored Nation Provisions

(a) No Settling State or Participating Subdivision shall enter into a side settlement or other agreement with one or more Shareholder Released Parties concerning a Cause of Action addressed in this Agreement that provides compensation or other terms that are in addition to what the Settling State or Participating Subdivision receives pursuant to this Agreement and the Master Settlement Agreement.

¹⁸ The estimates for counties and parishes were accessed at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-counties-total.html>. The estimates for cities and towns can currently be found at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-total-cities-and-towns.html>.

(b) For so long as funds remain in the Special Operating Reserve that can be used by a settling Payment Group, all proposed settlement agreements between that Payment Group and non-federal governmental entities or the private claimants, or decisions not to appeal an appealable judgment, must be submitted to the MDT Advisory Council for consent (such consent not to be unreasonably withheld or delayed), as set forth below:

(i) For settlements involving a State or private party settlements, at least five (5) of the members of the MDT Advisory Council are required to consent;

(ii) For settlement involving a Subdivision, the Settling State in which the Subdivision is located shall participate in the MDT Advisory Council's discussions and shall have a vote on whether to approve the settlement as if it were a member of the MDT Advisory Council.

(iii) Upon approval, such settlement payments shall be deemed Litigation Costs.

(c) The MDT Advisory Council may consider any and all factors that it determines are relevant when providing its consent, including the amount of Litigation Costs (including defense costs). spent on litigation by the Payment Parties prior to any proposed settlement. This section shall not prohibit the Sackler Parties from taking the position in any arbitration (or any other proceeding) that the consideration of any particular factor by the MDT Advisory Council is unreasonable, and nothing shall prohibit the MDT Advisory Council from taking the position in any arbitration (or any other proceeding) that the consideration of any particular factor is reasonable.

(d) If a Payment Party or Payment Parties within a Payment Group (a "Separately Settling Payment Group") enters into a settlement agreement with any Non-Settling State that resolves a Cause of Action similar in scope to those released by a Settling State under this Agreement on overall payment terms that are more favorable to the Non-Settling State on a net present value basis (calculated with a 7.5% discount rate, discounted back to the date of the first payment) than the overall payment terms the Non-Settling State would have received under this Agreement based on the same level of participation, the Settling States, individually or collectively, may seek review, pursuant to this Section 13.04(d), of the overall payment terms of this Agreement solely concerning that Separately Settling Payment Group and the Non-Settling State agreement. This review and potential revision of payment terms allows such Settling State(s) to obtain overall payment terms at least as favorable as those secured by the Non-Settling State, solely with respect to the Separately Settling Payment Group. "Overall payment terms" refers to the consideration of, among other things, all payment terms of the Separately Settling Payment Group under the two agreements, taken together, including but not limited to the amount of payments, the timing of payments, the amount of payments that are being made to counsel of the Non-Settling State (as opposed to the Non-Settling State itself) and conditions or contingencies on payments. Any changes to a Separately Settling Payment Group's overall payment terms shall not adversely affect any other Payment Group.

(i) For any settlement involving Shareholder Released Claims entered into with a Non-Settling State, the Separately Settling Payment Group shall provide the MDT Advisory Council (with a copy to the Sackler Parties' Representative) with the settlement agreement or relevant consent judgment within thirty (30) calendar days of the settlement's consummation. The MDT Advisory Council shall promptly distribute a copy to all Settling States.

(ii) In the event that one or more Settling State(s) believes that the overall payment terms of an agreement by a Separately Settling Payment Group with a Non-Settling State are more favorable to the Non-Settling State as set forth in Section 13.04(d), the Settling State(s) and the Separately Settling Payment Group shall engage in the following process:

(A) Within sixty (60) calendar days of the date on which the MDT Advisory Council provides a settlement agreement or consent judgment to Settling States, the Settling State(s) shall provide notice to the Separately Settling Payment Group (with a copy to the Sackler Parties' Representative) of its intent to seek revision of this Agreement to provide payment terms that are, on an overall basis, as favorable as those obtained by the Non-Settling State as described above. To the extent allowed by law, such notice shall be confidential and not disclosed publicly and shall provide, in detail, the basis for the Settling State(s)'s belief that it is entitled to a revision of the Agreement.

(B) The Separately Settling Payment Group shall, within thirty (30) calendar days, provide a response to the Settling State(s) (with a copy to the Sackler Parties' Representative), explaining its position, in detail, as to whether the Settling State(s) are entitled to more favorable overall payment terms than those provided for in this Agreement.

(C) In the event the Settling State(s) and the Separately Settling Payment Group do not reach agreement as to the application of this Section 13.04(d), the Settling State(s) may, at the sole cost of the Settling State(s) and the Separately Settling Payment Group, petition the National Arbitration Panel to seek a ruling from the Panel as to the applicability of this Section 13.04(d), provided that the Settling State(s) may seek such review only if at least five (5) Settling States co-sign the petition. The Panel shall consider submissions and argument by the parties pursuant to the procedures set forth in Section 6.06(b).

(D) The Settling State and the Separately Settling Payment Group shall be bound by the determination of the National Arbitration Panel of the overall payment terms of this Agreement and the Non-Settling State agreement so that such Settling State(s) may obtain, with respect to the Separately Settling Payment Group, overall payment terms at least as favorable as those obtained by such Non-Settling State. A copy of the Panel's decision shall be promptly shared with the Sackler Parties' Representative and the MDT Advisory Council.

(E) In the event that the National Arbitration Panel determines that, following a settlement between a Separately Settling Payment Group and a Non-Settling State, the Separately Settling Payment Group delivered overall payment terms more favorable to the Non-Settling State than the Settling States, and the Separately Settling Payment Group fails to deliver consideration to the Settling States at least as favorable as the overall payment terms delivered to the Non-Settling State (as determined by the National Arbitration Panel) within thirty (30) calendar days of the National Arbitration Panels determination on this issue, the Settling States shall be permitted to exercise all remedies against the Separately Settling Payment Group, and the failure of the Separately Settling Payment Group to deliver such consideration to the Settling States shall be considered a "Specified Breach" under the MSA.

(F) In the event that the MDT Advisory Council does not consent to a particular settlement between a Separately Settling Payment Group and a Non-Settling State pursuant to Section 13.04(b), and the National Arbitration Panel determines that the MDT Advisory Council's withholding of consent was reasonable, and the Separately Settling Payment Group nevertheless consummates such settlement, such action by the Separately Settling Payment Group shall be considered a "Specified Breach" under the MSA and the Settling States shall be permitted to exercise all remedies against the Separately Settling Payment Group.

(e) If a Separately Settling Payment Group enters into a settlement agreement with any Non-Participating Subdivision in a Settling State that resolves a Cause of Action similar in scope to those released by a that State's Participating Subdivisions under this Agreement on overall payment terms that are more favorable to the Non-Participating Subdivision on a net present value basis (calculated with a 7.5% discount rate, discounted back to the date of the first payment) than the overall payment terms the Non-Participating Subdivision would have received under this Agreement (without adjusting for any difference in Incentive Payments that would have occurred if it had been a Participating Subdivision), the Settling State in which such Subdivision is located, on behalf of its Participating Subdivisions, may seek review, pursuant to this Section 13.04(e), of the overall payment terms of this Agreement solely concerning that Separately Settling Payment Group and the Non-Participating Subdivision agreement. This review and potential revision of payment terms allows such Settling State to obtain overall payment terms for its Participating Subdivisions that are at least as favorable as those secured by the Non-Participating Subdivision, solely with respect to the Separately Settling Payment Group. "Overall payment terms" refers to the consideration of, among other things, all payment terms of the Separately Settling Payment Group under the two agreements, taken together, including but not limited to the amount of payments, the timing of payments, the amount of payments that are being made to counsel of the Non-Participating Subdivision (as opposed to amounts being made to fee funds available to counsel of Participating Subdivisions) and conditions or contingencies on payments. Any changes to a Separately Settling Payment Group's overall payment terms shall not adversely affect any other Payment Group or affect the payment terms of Participating Subdivisions in any other Settling State.

(i) For any settlement involving Shareholder Released Claims entered into with a Non-Participating Subdivision, the Separately Settling Payment Group shall provide the MDT Advisory Council and the Setting State in which the Subdivision is located (with a copy to the Sackler Parties' Representative) with the settlement agreement or relevant consent judgment within thirty (30) calendar days of the settlement's consummation.

(ii) In the event that Setting State in which the Subdivision is located believes that the overall payment terms of an agreement by a Separately Settling Payment Group with the Non-Participating Subdivision are more favorable to the Non-Participating Subdivision as set forth in Section 13.04(e), the Settling State and the Separately Settling Payment Group shall engage in the following process:

(A) Within sixty (60) calendar days of the date on which the Setting State in which the Subdivision is located is provided the settlement agreement or consent judgment, the Settling State shall provide notice to the Separately Settling Payment Group (with a copy to the Sackler Parties' Representative) of its intent to seek revision of this Agreement to provide payment terms that are, on an overall basis, as favorable to its Participating Subdivisions as those obtained by the Non-Participating Subdivision as described above. To the extent allowed by law, such notice shall be confidential and not disclosed publicly and shall provide, in detail, the basis for the Settling State's belief that it is entitled to a revision of the Agreement.

(B) The Separately Settling Payment Group shall, within thirty (30) calendar days, provide a response to the Settling State (with a copy to the Sackler Parties' Representative), explaining its position, in detail, as to whether the Settling State's Participating Subdivisions are entitled to more favorable overall payment terms than those provided for in this Agreement.

(C) In the event the Settling State and the Separately Settling Payment Group do not reach agreement as to the application of this Section 13.04(e), the Settling State(s)

may, at the sole cost of the Settling State and the Separately Settling Payment Group, petition the National Arbitration Panel to seek a ruling from the Panel as to the applicability of this Section 13.04(e). The Panel shall consider submissions and argument by the parties pursuant to the procedures set forth in Section 6.06(b).

(D) The Settling State (including its Participating Subdivisions) and the Separately Settling Payment Group shall be bound by the determination of the National Arbitration Panel of the overall payment terms of this Agreement and the Non-Participating Subdivision agreement so that such Settling State's Participating Subdivisions may obtain, with respect to the Separately Settling Payment Group, overall payment terms at least as favorable as those obtained by such Non-Settling State. A copy of the Panel's decision shall be promptly shared with the Sackler Parties' Representative and the MDT Advisory Council.

(E) In the event that the National Arbitration Panel determines that, following a settlement between a Separately Settling Payment Group and a Non-Participating Subdivision that was not the subject of a waiver by the MDT Advisory Council of this Section 13.04, the Separately Settling Payment Group delivered overall payment terms more favorable to the Non-Participating Subdivision than the Participating Subdivisions and Settling States, as applicable, and the Separately Settling Payment Group fails to deliver consideration to the Participating Subdivisions and Settling States, as applicable, at least as favorable as the overall payment terms delivered to the Non-Participating Subdivision (as determined by the National Arbitration Panel) within thirty (30) calendar days of the National Arbitration Panels determination on this issue, the Settling States and Participating Subdivisions shall be permitted to exercise all remedies against the Separately Settling Payment Group, and the failure of the Separately Settling Payment Group to deliver such consideration to the Settling States and Participating Subdivisions shall be considered a "Specified Breach" under the MSA.

(F) In the event that the MDT Advisory Council does not consent to a particular settlement between a Separately Settling Payment Group and a Non-Participating Subdivision pursuant to Section 13.04(b), and the National Arbitration Panel determines that the MDT Advisory Council's withholding of consent was reasonable, and the Separately Settling Payment Group nevertheless consummates such settlement, such action by the Separately Settling Payment Group shall be considered a "Specified Breach" under the MSA and the Settling State where the Non-Participating Subdivision is located shall be permitted to exercise all remedies against the Separately Settling Payment Group.

(f) Exceptions.

(i) Section 13.04(d) through Section 13.04(e) do not apply to, and there is no ability of any Settling State or Participating Subdivision to seek or obtain revision of this Agreement based on, any agreement with a Shareholder Released Party (a) that is entered into with a Non-Settling State or Non-Participating Subdivision after the earlier of (i) the close of expert discovery or (ii) a date ninety (90) calendar days prior to the scheduled start date of a trial (including an administrative proceeding) between the Shareholder Released Party and the Non-Settling State (or Non-Participating Subdivision), provided that, where, in order to complete a settlement, the Non-Settling State (or Non-Participating Subdivision) and the Shareholder Released Party jointly request an adjournment of the scheduled start date of a trial within ninety (90) days of that date, this exception will apply as if the trial date had not been adjourned; or (b) that is entered into with a Non-Settling State (or Non-Participating Subdivision) that has obtained any court order or judicial determination

that grants judgment (in whole or in part) against any Shareholder Released Party in the Non-Settling State's (or Non-Participating Subdivision's) case following an adjudication where (x) the relevant Shareholder Released Party did not consent to the entry of such order or judgment; and (y) the relevant Shareholder Released Party contested to the granting of such award and the entry of such order. The National Arbitration Panel shall have no power to review agreements that satisfy any of the conditions described in this paragraph.

(ii) This Section 13.04 does not apply to, and there is no ability of any Settling State or Participating Subdivision to seek or obtain revision of this Agreement based on, any agreement between a Shareholder Released Party and federally recognized tribes.

(iii) Sections 13.04(d) and (e) will not apply to any agreement entered into more than eighteen (18) months after the Effective Date.

(iv) This Section 13.04 may be waived by the MDT Advisory Council, with a vote to do so by at least five (5) of the MDT Advisory Council members. For waivers concerning an agreement with a Non-Participating Subdivision, the Settling State in which the Subdivision is located shall participate in the MDT Advisory Council's discussions and shall have a vote on whether to approve the waiver.

Section 13.05 No Admission. No Payment Party, other Shareholder Released Party, or Released Party admits liability or wrongdoing. Neither this Agreement nor the Consent Judgments shall be considered, construed or represented to be (1) an admission, concession or evidence of liability or wrongdoing or (2) a waiver or any limitation of any defense otherwise available to any Shareholder Released Party or Released Party.

Section 13.06 Tax Cooperation and Reporting

(a) Subject to the limitations set forth herein, upon the reasonable written request by the Sackler Parties' Representative or PRA LP to the Designated State, the Designated State agrees to cooperate in good faith with the Sackler Party Representative or PRA LP, as the case may be, to timely provide such further information and documents in its possession or reasonably available to it or to the Settling States, and use reasonable efforts to timely execute and deliver such further documents in its possession or in the possession of the Settling States as may be reasonably necessary for Payment Parties or PRA LP to establish the statements set forth in Section 5.06 to the reasonable satisfaction of their tax advisors and their independent financial auditors, including as contemplated by Section 162(f) of the Internal Revenue Code of 1986, as amended, and 26 C.F.R. § 1.162-21(b)(3)(ii) and any subsequently proposed or finalized relevant regulations or administrative guidance, or that are reasonably necessary with respect to any tax claim, dispute, investigation, audit, examination, contest, litigation, or other proceeding with the Internal Revenue Service or other governmental authority relating to such matters ("Tax Matters"). All requests must reasonably detail the purpose for requesting the documents or other information at that time.

(b) The Settling States agree to timely and reasonably cooperate with the Designated State in connection with any reasonable requests made hereunder. Such cooperation shall be limited to (x) the retention and provision (upon reasonable written request by the Sackler Parties' Representative or PRA LP) of records and information which are reasonably relevant to any such Tax Matters, and which are in the possession of the Settling States or reasonably available to them, and (y) making employees and other personnel reasonably available on a mutually convenient basis to timely provide additional information reasonably requested and explain any material provided hereunder to the extent such cooperation does not materially and adversely affect the cooperating party. The Sackler Parties' Representative shall use

reasonable efforts to make requests under this Section 13.06 no more frequently than quarterly, other than in connection with circumstances in which a more timely response is required to respond to a request from a taxing authority.

(c) Nothing in this Section 13.06 shall require the Designated State, any Settling State or any Participating Subdivision to (i) provide any information or document that has been filed with the Bankruptcy Court or otherwise made publicly available by the public posting of such information or document; (ii) retain information or records other than in accordance with any applicable retention policy except with respect to reasonable written requests by the Sackler Parties' Representative made to the Designated State; (iii) provide information or documents that have been previously provided to the Sackler Parties' Representative; (iv) search and/or produce e-mail or physical records, except to the extent reasonably necessary to identify information or documents relevant to any reasonable request made hereunder; (v) provide information or documents that would result in a violation of applicable law; (vi) provide information or documents that are privileged; (vii) bear any out-of-pocket costs or expenses; or (viii) provide information or documents that would result in a breach of a confidentiality agreement or obligation. In each such case where the Designated State, a Settling State or a Participating Subdivision does not provide a document or other information solely pursuant to the preceding sentence, the Designated State, Settling State or Participating Subdivision shall inform the Sackler Parties' Representative, to the extent legally permissible, of the basis on which information was not provided. Other than with respect to Section 5.02(b), and notwithstanding anything else herein to the contrary, the Settling States and Participating Subdivisions shall have no obligation to trace funds received pursuant to this Agreement or the Master Settlement Agreement; and no Settling State or Participating Subdivision shall have any obligation or responsibility for any other Settling State or Participating Subdivision under this Section 13.06.

(d) Pursuant to 26 C.F.R. § 1.6050X-1(a) and (b), the Designated State, on behalf of all Settling States and Participating Subdivisions shall designate one of its officers or employees to act as the "appropriate official" within the meaning of 26 C.F.R. § 1.6050X- 1(f)(1)(ii)(B) (the "Appropriate Official"). The Designated State shall use reasonable best efforts to direct and ensure that the Appropriate Official timely (a) files (i) at the time this Agreement becomes binding on the Parties, an IRS Form 1098-F in the form attached as Exhibit U with respect to PRA LP and the Payment Parties and (ii) any legally required forms, returns or amended returns with any applicable governmental authority, or any returns reasonably requested by PRA LP or a Payment Party, and (b) provides the Sackler Parties' Representative a copy of (i) the IRS Form 1098-F filed with respect to PRA LP or such Payment Party and (ii) any legally required written statement pursuant to any applicable law and any other document referred to in clause (a)(ii) above. Any such forms, returns, or statements shall be prepared and filed in a manner fully consistent with Section 5.06 and as set forth in Section 13.06(e).

(e) Any form, return, amended return, or written statement filed or provided pursuant to Section 13.06(d), and any similar document, shall be prepared and filed in a manner consistent with reporting on IRS Form 1098-F. If the Designated State or Appropriate Official shall be required to file any form, return, amended return, or written statement contemplated by this Section 13.06 other than an IRS Form 1098-F in the form attached as Exhibit U, the Designated State shall use reasonable best efforts to direct and ensure that the Appropriate Official provides to the Sackler Parties' Representative a draft of such form, return, amended return, or written statement in respect of the Payment Parties or PRA LP no later than sixty (60) calendar days prior to the due date thereof, and shall accept and reflect any reasonable revisions from or on behalf of the Sackler Parties' Representative on the return, amended return, or written statement in respect of the Payment Parties or PRA LP.

(f) For the avoidance of doubt, neither the Payment Parties, the Designated State, nor the Settling States make any warranty or representation to any Payment Party, Settling State, or Releasor as

to the tax consequences of the payment of the Compensatory Restitution Amount (or any portion thereof), and nothing in this Agreement shall impose on the Settling States any liability with respect to any tax or related obligation of the Shareholder Released Parties, or obligation to indemnify, defend, or otherwise hold harmless any Shareholder Released Party for any tax or other obligations.

Section 13.07 Third-Party Beneficiaries. Except as expressly provided in this Agreement or the Master Settlement Agreement, no portion of this Agreement shall provide any rights to, or be enforceable by, any person or entity that is not the MDT, a Participating Subdivision (to the extent expressly set forth herein), a Settling State, the Sackler Parties' Representative, Shareholder Released Party, or a Released Party. The Settling States may not assign or otherwise convey any right to enforce any provision of this Agreement.

Section 13.08 Calculation. Any figure or percentage referred to in this Agreement shall be carried to seven decimal places.

Section 13.09 Construction. None of the Parties and no Participating Subdivision shall be considered to be the drafter of this Agreement or of any of its provisions for the purpose of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this Agreement. The headings of the provisions of this Agreement are not binding and are for reference only and do not limit, expand, or otherwise affect the contents or meaning of this Agreement.

Section 13.10 Cooperation and Best Efforts. Each Party and each Participating Subdivision agrees to use its best efforts and to cooperate with the other Parties and Participating Subdivisions to cause this Agreement and the Consent Judgments to become effective, to obtain all necessary approvals, consents, and authorizations, if any, and to execute all documents and to take such other action as may be appropriate in connection herewith. Consistent with the foregoing, each Party and each Participating Subdivision agrees that it will not, directly or indirectly, assist or encourage any challenge to this Agreement or any Consent Judgment by any other person, and will support the integrity and enforcement of the terms of this Agreement, the Master Settlement Agreement and the Consent Judgments. Each Party and each Participating Subdivision further agrees to use its good faith efforts and to cooperate with the other Parties and Participating Subdivisions to meet the deadlines set forth in this Agreement in a timely manner and without requiring extensions.

Section 13.11 Entire Agreement. This Agreement, including its exhibits and any other attachments, and together with the Master Settlement Agreement, embodies the entire agreement and understanding between and among the Parties and Participating Subdivisions relating to the subject matter hereof and supersedes (1) all prior agreements and understandings relating to such subject matter, whether written or oral and (2) all purportedly contemporaneous oral agreements and understandings relating to such subject matter.

Section 13.12 Execution. The Consent Judgments may be executed in counterparts and by different signatories on separate counterparts, each of which shall be deemed an original, but all of which shall together be one and the same Consent Judgment. One or more counterparts of the Consent Judgments may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart thereof. One or more counterparts of the Consent Judgments may be signed by electronic signature. The Payment Parties and MDT may execute their counterpart signature pages to this Agreement in a similar manner (e.g., on separate counterparts and by means of .pdf electronic transmission).

Section 13.13 Good Faith and Voluntary Entry. Each Party warrants and represents that it negotiated the terms of this Agreement in good faith. Each of the Parties and Participating Subdivisions warrants and represents that it freely and voluntarily entered into this Agreement without any degree of

duress or compulsion. The Parties and Participating Subdivisions state that no promise of any kind or nature whatsoever (other than the written terms of this Agreement and the other Agreements listed or referenced in Section 13.11) was made to them to induce them to enter into this Agreement.

Section 13.14 Legal Obligations. Nothing in this Agreement shall be construed as relieving Payment Parties of the obligation to comply with all state and federal laws, regulations or rules, nor shall any of the provisions herein be deemed to be permission to engage in any acts or practices prohibited by such laws, regulations, or rules. Except with respect to the Injunctive Relief Terms, in the event of a conflict between this Agreement and any requirement or requirements of federal, state, or local laws, such that a Payment Party cannot comply with this Agreement without violating such a requirement or requirements, the Payment Party shall document such conflicts and notify the Attorney(s) General of the relevant Settling State(s) that it intends to comply with the requirement or requirements to the extent necessary to eliminate the conflict. With respect to the Injunctive Relief Terms, in the event of such a conflict, the procedures set forth in the Injunctive Relief Terms will be followed.

Section 13.15 No Prevailing Party. The Parties and Participating Subdivisions each agree that they are not the prevailing party in this action, for purposes of any claim for fees, costs, or expenses as prevailing parties arising under common law or under the terms of any statute, because the Parties and Participating Subdivisions have reached a good faith settlement.

Section 13.16 Waive Challenge. The Parties and Participating Subdivisions each further waive any right to challenge or contest the validity of this Agreement on any ground, including, without limitation, that any term is unconstitutional or is preempted by, or in conflict with, any current or future law. Nothing in the previous sentence shall modify, or be construed to conflict with, Section 13.14.

Section 13.17 Non-Admissibility. The settlement negotiations resulting in this Agreement have been undertaken by the Parties and by certain representatives of the Participating Subdivisions in good faith and for settlement purposes only, and no evidence of negotiations or discussions underlying this Agreement shall be offered or received in evidence in any action or proceeding for any purpose. This Agreement shall not be offered or received in evidence in any action or proceeding for any purpose other than in an action or proceeding arising under or relating to this Agreement.

Section 13.18 Notices. All notices or other communications under this Agreement shall be in writing (including, but not limited to, electronic communications) and shall be given to the recipients indicated in Exhibit B.

Any Party, the MDL PEC, or the MSGE Group may change or add the contact information of the persons designated to receive notice on its behalf by notice given (effective upon the giving of such notice) as provided in this Section 13.18.

Section 13.19 No Waiver. The waiver of any rights conferred hereunder shall be effective only if made by written instrument executed by the waiving Party or Parties. The waiver by any Party of any breach of this Agreement shall not be deemed to be or construed as a waiver of any other breach, whether prior, subsequent, or contemporaneous, nor shall such waiver be deemed to be or construed as a waiver by any other Party.

Section 13.20 Preservation of Privilege. Nothing contained in this Agreement or any Consent Judgment, and no act required to be performed pursuant to this Agreement or any Consent Judgment, is intended to constitute, cause, or effect any waiver (in whole or in part) of any attorney-client privilege, work product protection, or common interest/joint defense privilege, and each Party and Participating Subdivision agrees that it shall not make or cause to be made in any forum any assertion to the contrary.

Section 13.21 Successors. This Agreement shall be binding upon, and inure to the benefit of, the Payment Parties and their respective successors and assigns. To the extent a party to the Master Settlement Agreement may assign rights or obligations thereunder, or may be added or removed as a party thereto, such party may assign rights or obligations, or may be added or removed as a party, to this Agreement.¹⁹

Section 13.22 Modification, Amendment, Alteration. Between [●]²⁰ and the Effective Date, in the event the States' AG Negotiating Group, MDL PEC, the MSGE Group, or the Sackler Parties' Representative concludes that corrections are required to this Agreement, the States' AG Negotiating Group, MDL PEC, the MSGE Group, and the Sackler Parties' Representative shall meet and confer and make such amendments as they agree are appropriate. After the Effective Date, any modification, amendment, or alteration of this Agreement by the Parties shall be binding only if evidenced in writing signed by the Sackler Parties' Representative, along with the signature of at least two-thirds of those then serving as Attorney General of the Settling States along with a representation from each Attorney General that either: (1) the advisory committee or similar entity established or recognized by that Settling State (either pursuant to Section 5.05(b)(iv), by a State-Subdivision Agreement, or by statute) voted in favor of the modification, amendment or alteration of this Agreement including at least one member appointed by the Participating Subdivisions listed on Exhibit G; or (2) in Settling States without any advisory committee, that 50.1% (by population) of the Participating Subdivisions listed on Exhibit G expressed approval of the modification, amendment, or alteration of this Agreement in a writing.

Section 13.23 Termination.

(a) Unless otherwise agreed to by each of the Sackler Parties' Representative and the Settling States, this Agreement and all of its terms (except Section 13.17) and any other non-admissibility provisions, which shall continue in full force and effect) shall be canceled and terminated, and the Agreement and all orders issued by the courts in the Settling States pursuant to the Agreement shall become null and void and of no effect if the Master Settlement Agreement terminates.

(b) Unless the Sackler Parties' Representative and the MDT Advisory Council agree otherwise, this Agreement, with the exception of the Injunctive Relief Terms that have their own provisions on duration as set forth in Article 8 of the MSA, shall terminate as to all Parties as of Payment Date 16, provided that the Payment Parties have performed their respective payment obligations under the Agreement as of that date. Notwithstanding any other provision in this Section 13.23(b) or in this Agreement, all releases under this Agreement, including under the Release, will remain effective despite any termination under this Section 13.23(b).

(c) Nothing in this Section 13.23 shall affect the rights of the parties to terminate this Agreement on the terms and subject to the conditions set forth elsewhere in this Agreement or under the Master Settlement Agreement.

Section 13.24 Governing Law. Except as (1) otherwise provided in this Agreement or (2) as necessary, in the sole judgment of the National Arbitration Panel, to promote uniformity of interpretation for matters within the scope of the National Arbitration Panel's authority, this Agreement shall be governed by and interpreted in accordance with the respective laws of the Settling State, without regard to the conflict of law rules of such Settling State, that is seeking to enforce the Agreement against the Payment Parties or against which a Payment Party of the Sackler Parties' Representative is seeking enforcement.

²⁰ NTD: This will be the date referenced in the introductory language of Section 2.01.

Section 13.25 [Reserved]

Section 13.26 Sackler Parties' Representative.

(a) Designation. Subject to the terms and conditions of this Section 13.26, the Sackler Parties' Representative is hereby designated as the representative of the Payment Parties with respect to the matters set forth in this Agreement, and solely to the extent set forth therein, and the other documents or agreements contemplated hereby or thereby to be performed by the Payment Parties.

(b) Authority. By the approval of this Agreement, each of the Payment Parties hereby irrevocably constitutes and appoints the Sackler Parties' Representative as the representative, agent, proxy and attorney-in-fact for each of the Payment Parties for all purposes authorized under this Agreement, including the full power and authority on behalf of the Payment Parties to (i) take all other actions to be taken by or on behalf of each Payment Party (or the Payment Parties collectively) in connection herewith and (ii) do each and every act and exercise any and all rights which each Payment Party (or the Payment Parties collectively) is permitted or required to do or exercise under this Agreement or any other agreement contemplated hereby. Each of the Payment Parties agrees that such agency and proxy are coupled with an interest, are therefore irrevocable without the written consent of the Sackler Parties' Representative and shall survive the bankruptcy, dissolution, liquidation, death or incapacity of any Payment Party. All decisions and actions by the Sackler Parties' Representative (to the extent authorized by this Agreement) shall be binding upon each of the Payment Parties, and no Payment Party shall have the right to object, dissent, protest or otherwise contest the same.

(c) Reliance. Each Payment Party agrees that the other Parties shall be entitled to rely on any action taken by the Sackler Parties' Representative on behalf of such Payment Party and its Payment Group (an "Authorized Action"), and that each Authorized Action shall be binding on each Payment Party and Payment Group as fully as if such Payment Party and Payment Group had taken such Authorized Action.

(d) Limitation of Liability. Each Sackler Party (including but not limited to each Payment Party) acknowledges and agrees that the Sackler Parties' Representative shall have no liability to, and shall not be responsible for any costs or expenses, judgments, fines, losses, claims, damages or liabilities of, any Party or to or of any of their respective officers, directors, employees, affiliates and/or agents in connection with any actions taken or omitted to be taken by the Sackler Parties' Representative under or in respect of this Agreement, except to the extent resulting from fraud or willful misconduct by the Sackler Parties' Representative.

(e) Survival. All of the immunities and powers granted to the Sackler Parties' Representative hereunder shall survive the termination of this Agreement.

EXHIBIT M-1: PAYMENT SCHEDULE

[See Attached.]

EXHIBIT M-2: SCHEDULE OF MAXIMUM PAYMENTS

[See Attached.]

EXHIBIT M-3: ANNUAL FEES PAYMENT SCHEDULE

[See Attached.]

EXHIBIT M-4: MAXIMUM REMEDIATION PAYMENTS BY PAYMENT GROUP

[See Attached.]

EXHIBIT M-5: MAXIMUM REMEDIATION PAYMENTS BY STATE

[See Attached.]

Exhibit M-X
Payment Calculations²¹

For each Payment Date, the following procedure will be used to calculate the Base Payments, Incentive Payments, Local Government Costs and Expenses and State Direct Expenses for each Payment Group other than A-Side Payment Group 8.

(a) For a given Payment Date and Payment Group, the following calculations shall be made to determine such Payment Group's Annual Remediation Payment:

(i) **Base Payments.** The Base Payment is determined by computing

(A) *the sum of* Base Payment Amounts, as set forth in Exhibit M-5, of all Settling States; *multiplied by*

(B) the Base Payment Amount of the Payment Group, as set forth in Exhibit M-2; *divided by*

(C) the sum of the Base Payment Amounts of all Payment Groups, as set forth in Exhibit M-2; *less*

(D) solely in the case of an A-Side Payment Group, an amount equal to 1/7th of the difference between (x) the Base Payment Amount for A-Side Payment Group 8, as set forth in Exhibit M-2, and (y) the amount determined by applying steps (A) – (C) for Base Payments to A-Side Payment Group 8.²²

(ii) **Incentive Payment A.** The Incentive Payment A is determined by computing

(A) *the sum of* amounts, determined for each Settling State eligible to receive Incentive Payment A, equal to (1) the Incentive Payment A Amount for each such Settling State, as set forth in Exhibit M-5, *plus* (2) the Incentive Payment A Catch-up Payment, if any, of such Settling State; *multiplied by*

(B) the Incentive Payment A Amount of the Payment Group, as set forth in Exhibit M-2; *divided by*

(C) the sum of the Incentive Payment A Amounts of all Payment Groups, as set forth in Exhibit M-2, *less*

²¹ Oklahoma shall be considered a Settling State solely for the purposes of calculations made under this Exhibit M-X and for no other purpose.

²² For the avoidance of doubt, any reduction from step (D) shall count as Retained Payments for the applicable A-Side Payment Group.

(D) any applicable state-specific offset or reduction for such Settling State and such Payment Group as determined pursuant to Section 12.01 or Section 12.02(b).

(iii) Incentive Payment B: Incentive Payment B is determined by computing

(A) *the sum of* amounts, determined for each Settling State eligible to receive Incentive Payment B, equal to (1) the Incentive Payment B Amount for each such Settling State, as set forth in Exhibit M-5, *multiplied* by (2) the applicable Incentive Payment B eligibility percentage for such Settling State pursuant to Section 4.06(e), *less* (3) any applicable state-specific offset or reduction for such Settling State as determined pursuant to Section 12.02(a); *multiplied by*

(B) the Incentive Payment B Amount of the Payment Group, as set forth in Exhibit M-2; *divided by*

(C) the sum of the Incentive Payment B Amounts of all Payment Group, as set forth in Exhibit M-2.

(iv) Incentive Payment C: Incentive Payment C is determined by computing

(A) *the sum of* amounts, determined for each Settling State eligible to receive Incentive Payment C, equal to (1) the Incentive Payment C Amount for such Settling State, as set forth in Exhibit M-5, *multiplied* by (2) the applicable Incentive Payment C eligibility percentage for such Settling State pursuant to Section 4.06(f), *less* (3) any applicable state-specific offset or reduction of such Settling State as determined by Section 12.02(a); *multiplied by*

(B) the Incentive Payment C Amount of the Payment Group, as set forth in Exhibit M-2; *divided by*

(C) the sum of the Incentive Payment C Amounts of all Payment Groups, as set forth in Exhibit M-2.

(v) Incentive Payment D. Incentive Payment D is determined by computing *the sum of* amounts, determined for each Settling State eligible for Incentive Payment D with respect to such Payment Group, equal to

(A) the Incentive Payment D Amount for such Settling State, as set forth in Exhibit M-5; *multiplied by*

(B) the Incentive Payment D Amount of the Payment Group, as set forth in Exhibit M-2; *divided by*

(C) *the sum of* the Incentive Payment D Amounts of all Payment Groups for the given Payment Date, as set forth in Exhibit M-2; *less*

(D) any deductions from Incentive Payment D described in Section 4.06(g) applicable to the Payment Group and such Settling State not previously applied.

(b) For a given Payment Date (starting with Payment Date 2) and Payment Group, the following calculations shall be made:

(i) Local Government Costs and Expenses Fund. Local Government Costs and Expenses Fund obligation is determined by computing

(A) the Payment Group's maximum Local Government Costs and Expenses payment, as set forth in Exhibit M-2; *multiplied by*

(B) *the sum of* the maximum Annual Remediation Payment amounts for all Settling States as set forth on Exhibit M-5 on such Payment Date; *divided by*

(C) *the sum of* the maximum Annual Remediation Payment amounts for all Settling States and Non-Settling States, if any, as set forth on Exhibit M-5 on such Payment Date; *less*

(D) solely in the case of an A-Side Payment Group, an amount equal to 1/7th of the difference between (x) the Local Government Costs and Expenses Payment for A-Side Payment Group 8, as set forth in Exhibit M-2, and (y) the amount determined by applying steps (A) – (C) for Local Government Costs and Expenses Fund to A-Side Payment Group 8;²³ *provided that*

(E) once the Local Government Costs and Expenses Fund has received, from all sources (other than as explicitly set forth in the Plan), \$370 million in the aggregate, any portion of this amount in excess of this limit shall be allocated ratably as additional Base Payment funds to States with scheduled Base Payments for that Payment Date.

(ii) State Direct Expenses. The State Direct Expenses obligation is determined by computing

(A) the Payment Group's maximum State Direct Expenses, as set forth in Exhibit M-2; *multiplied by*

(B) *the sum of* the maximum Annual Remediation Payment amounts for all Settling States as set forth on Exhibit M-5 on such Payment Date; *divided by*

(C) *the sum of* the maximum Annual Remediation Payment amounts for all Settling States and Non-Settling States, if any, as set forth on Exhibit M-5 on such Payment Date; *less*

²³ For the avoidance of doubt, any reduction from step (D) shall count as Retained Payments for the applicable A-Side Payment Group.

(D) solely in the case of an A-Side Payment Group, an amount equal to 1/7th of the difference between (x) the State Direct Expenses for A-Side Payment Group 8, as set forth in Exhibit M-2, and (y) the amount determined by applying steps (A) – (C) for State Direct Expenses to A-Side Payment Group 8;²⁴ *provided that*

(E) once the State Direct Expenses has received, from all sources (other than as explicitly set forth in the Plan), \$200 million in the aggregate, any portion of this amount in excess of this limit shall be allocated ratably as additional Base Payment funds to States with scheduled Base Payments for that Payment Date.

(iii) Any amounts paid to the Annual Fees Payment which would cause the Local Government Costs and Expenses Fund to receive more than 8.5% of the Total Direct Settlement Amount, or cause the State Direct Expenses Fund to receive more than 4.5% of the Total Direct Settlement shall be allocated ratably as additional Base Payment funds to States with scheduled Base Payments for that Payment Date.

(c) For the avoidance of doubt, no Annual Remediation Payments or other amounts shall be paid to (or on account of) Non-Settling States. The Annual Remediation Payment for a Payment Date shall not include any payment in respect of the Annual Remediation Payment for any Non-Settling State.

For A-Side Payment Group 8, the Base Payments, Local Government Costs and Expenses and State Direct Expenses will be determined by reference to that Payment Group's maximum scheduled amounts in Exhibit M-2 and without any reduction. A-Side Payment Group 8 has no portion of the Incentive Payments, as reflected in Exhibit M-2. For the avoidance of doubt, any Local Government Costs and Expenses and State Direct Expenses payable by A-Side Payment Group 8 will count towards the caps on disbursement pursuant to Section 5.9 of the Plan.

The following defined terms are used in this Exhibit M-X:

"Base Payment Amount" means either (as the context requires): (i) the amount of the Base Payment for a Settling State and Payment Date, as set forth in Exhibit M-5 or (ii) the amount of the Base Payment for a Payment Group and Payment Date, as set forth in Exhibit M-2.

"Incentive Payment A Amount" means either (as the context requires): (i) the amount of the Incentive Payment A for a Settling State and Payment Date, as set forth on Exhibit M-5 or (ii) the amount of the Incentive Payment A for a Payment Group and Payment Date, as set forth on Exhibit M-2.

"Incentive Payment B Amount" means either (as the context requires): (i) the amount of the Incentive Payment B for a Settling State and Payment Date, as set forth on Exhibit M-5 or

²⁴ For the avoidance of doubt, any reduction from step (D) shall count as Retained Payments for the applicable A-Side Payment Group.

(ii) the amount of the Incentive Payment B for a Payment Group and Payment Date, as set forth on Exhibit M-2.

“Incentive Payment C Amount” means either (as the context requires): (i) the amount of the Incentive Payment C for a Settling State and Payment Date, as set forth on Exhibit M-5 or (ii) the amount of the Incentive Payment C for a Payment Group and Payment Date, as set forth on Exhibit M-2.

“Incentive Payment D Amount” means either (as the context requires): (i) the amount of the Incentive Payment D for a Settling State and Payment Date, as set forth on Exhibit M-5 or (ii) the amount of the Incentive Payment D for a Payment Group and Payment Date, as set forth on Exhibit M-2.

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

**PURDUE PHARMA L.P., et al.,

Debtors.¹**

Chapter 11

Case No. 19-23649 (SHL)

(Jointly Administered)

**NOTICE OF FILING OF PLAN SUPPLEMENT PURSUANT TO THE
THIRTEENTH AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION
OF PURDUE PHARMA L.P. AND ITS AFFILIATED DEBTORS**

PLEASE TAKE NOTICE that on March 18, 2025, the Debtors filed the *Thirteenth Amended Joint Chapter 11 Plan of Reorganization of Purdue Pharma L.P. and Its Affiliated Debtors* [D.I. 7306] (the “**Thirteenth Amended Plan**”) and the *Disclosure Statement for Thirteenth Amended Joint Chapter 11 Plan of Reorganization of Purdue Pharma L.P. and Its*

¹ The Debtors in these cases, along with the last four digits of each Debtor’s registration number in the applicable jurisdiction, are as follows: Purdue Pharma L.P. (7484), Purdue Pharma Inc. (7486), Purdue Transdermal Technologies L.P. (1868), Purdue Pharma Manufacturing L.P. (3821), Purdue Pharmaceuticals L.P. (0034), Imbrium Therapeutics L.P. (8810), Adlon Therapeutics L.P. (6745), Greenfield BioVentures L.P. (6150), Seven Seas Hill Corp. (4591), Ophir Green Corp. (4594), Purdue Pharma of Puerto Rico (3925), Purdue Products L.P. (4140), Purdue Pharmaceutical Products L.P. (3902), Purdue Neuroscience Company (4712), Nayatt Cove Lifescience Inc. (7805), Button Land L.P. (7502), Rhodes Associates L.P. (N/A), Paul Land Inc. (7425), Quidnick Land L.P. (7584), Rhodes Pharmaceuticals L.P. (6166), Rhodes Technologies (7143), UDF LP (0495), SVC Pharma LP (5717) and SVC Pharma Inc. (4014). The Debtors’ corporate headquarters is located at One Stamford Forum, 201 Tresser Boulevard, Stamford, CT 06901.

Affiliated Debtors [D.I. 7307] (the “**Disclosure Statement for Thirteenth Amended Plan**”). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.

PLEASE TAKE FURTHER NOTICE that on May 16, 2025, the Debtors filed an updated *Thirteenth Amended Joint Chapter 11 Plan of Reorganization of Purdue Pharma L.P. and Its Affiliated Debtors* [D.I. 7445] (the “**May 16 Thirteenth Amended Plan**”) and an updated *Disclosure Statement for Thirteenth Amended Joint Chapter 11 Plan of Reorganization of Purdue Pharma L.P. and Its Affiliated Debtors* [D.I. 7446] (the “**Disclosure Statement for May 16 Thirteenth Amended Plan**”).

PLEASE TAKE FURTHER NOTICE that on June 5, 2025, the Debtors filed a further updated *Thirteenth Amended Joint Chapter 11 Plan of Reorganization of Purdue Pharma L.P. and Its Affiliated Debtors* [D.I. 7508] (the “**June 5 Updated Thirteenth Amended Plan**” and, together with the May 16 Thirteenth Amended Plan and Thirteenth Amended Plan, the “**Plan**”) and a further updated *Disclosure Statement for Thirteenth Amended Joint Chapter 11 Plan of Reorganization of Purdue Pharma L.P. and Its Affiliated Debtors* [D.I. 7509] (the “**Disclosure Statement for June 5 Thirteenth Amended Plan**” and, together with the Disclosure Statement for May 16 Thirteenth Amended Plan and the Disclosure Statement for Thirteenth Amended Plan, the “**Disclosure Statement**”).

PLEASE TAKE FURTHER NOTICE that the Plan and Disclosure Statement contemplate the submission of certain documents (or forms thereof), schedules, and exhibits (the “**Plan Supplement**”).

PLEASE TAKE FURTHER NOTICE that the Debtors hereby file the following Plan Supplement document:

Exhibit A Master Shareholder Settlement Agreement

PLEASE TAKE FURTHER NOTICE that the Master Shareholder Settlement Agreement is being filed without its associated exhibits and appendices.

PLEASE TAKE FURTHER NOTICE that the forms of documents contained in the Plan Supplement are integral to, and are considered part of, the Plan. If the Plan is confirmed, the documents contained in the Plan Supplement will be approved by the Bankruptcy Court pursuant to the order confirming the Plan.

PLEASE TAKE FURTHER NOTICE that the Debtors reserve the right, pursuant to the terms and conditions set forth in the Plan and in the Master Shareholder Settlement Agreement, to alter, amend, modify, or supplement any document in the Plan Supplement (including any exhibits or appendices attached thereto); provided that if any document in the Plan Supplement is altered, amended, modified, or supplemented in any material respect prior to the hearing to confirm the Plan, the Debtors will file a blackline of such document with the Bankruptcy Court.

PLEASE TAKE FURTHER NOTICE that copies of the Plan Supplement, the Plan, and the Disclosure Statement may be obtained free of charge by visiting the website of Prime Clerk LLC at <https://restructuring.primeclerk.com/purduepharma>. You may also obtain copies of any pleadings by visiting the Bankruptcy Court's website at <http://www.nysb.uscourts.gov> in accordance with the procedures and fees set forth therein.

PLEASE TAKE FURTHER NOTICE that a hearing to consider the adequacy of the information contained in the Disclosure Statement for Thirteenth Amended Plan (the “**Disclosure Statement Hearing**”) is scheduled for **June 18, 2025, at 10:00 a.m. (prevailing Eastern Time)**

before the Honorable Sean H. Lane, United States Bankruptcy Judge, United States Bankruptcy Court for the Southern District of New York, 300 Quarropas Street, White Plains, New York 10601 (the “**Bankruptcy Court**”).

Dated: June 17, 2025
New York, New York

DAVIS POLK & WARDWELL LLP

By: /s/ Eli J. Vonnegut

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and Debtors in Possession*

Exhibit A

Master Shareholder Settlement Agreement

MASTER SETTLEMENT AGREEMENT

BY AND AMONG

THE MASTER DISBURSEMENT TRUST,

EACH OF THE PARTIES LISTED ON EXHIBIT A HERETO,

EACH OF THE PARTIES LISTED ON EXHIBIT B HERETO,

THE SACKLER PARTIES' REPRESENTATIVE

AND

PRA L.P.

[REDACTED], 2025

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¹ NTD: All exhibits and annexes to be in form and substance satisfactory to all parties.

MASTER SETTLEMENT AGREEMENT

THIS MASTER SETTLEMENT AGREEMENT (together with the Credit Support Annexes and all other exhibits and annexes hereto (as defined below), this “Agreement”), dated as of [REDACTED], 2025 (the “Agreement Effective Date”), is entered into by and among (i) the MDT (as defined below), (ii) the Sackler Parties (as defined below), (iii) each of the parties listed on Exhibit B hereto (collectively, the “Debtors”), (iv) solely for purposes of Article 4 (Tax Matters), Section 2.01(d) (Payments by Beacon Trust), Section 2.01(e) (Payments by 74A Trust (as defined below)) and Section 8.03 (Consent to Cancellation of PPLP Interests and De Minimis PRALP Interests), PRA L.P. (as defined below), and (v) the Sackler Parties’ Representative (as defined below, and, together with PRA L.P., the MDT and the Sackler Parties, the “Parties” and each, a “Party”).

RECITALS

WHEREAS, on September 15, 2019, the Debtors each filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”), thereby commencing the chapter 11 cases that are currently pending and jointly administered by the Bankruptcy Court under the caption *In re Purdue Pharma L.P., et al.*, Case No. 19-23649 (SHL) (the “Bankruptcy Cases”);

WHEREAS, in furtherance of this Agreement, the Debtors filed a plan of reorganization D.I. 7306 on March 18, 2025 and related disclosure statement D.I. 7307 on March 19, 2025 in the Bankruptcy Cases, both of which will be amended from time to time;

WHEREAS, for the purposes of this Agreement, the Sackler Parties are included in distinct Payment Groups (as defined below) as set forth on Exhibit A;

WHEREAS, for the purposes of this Agreement, certain of the Shareholder Released Parties (as defined below) are included in distinct Family Groups (as defined below) as set forth on Exhibit C, each of which corresponds to a specific Payment Group as set forth on Exhibit C;

WHEREAS, in furtherance of the settlement of the Shareholder Released Claims against the Shareholder Released Parties as contemplated and effectuated pursuant to the Plan (as defined below) and each of the Settlement Agreements (as defined below) (such settlements contemplated and effectuated pursuant to the Plan and each of the Settlement Agreements, collectively the “Settlement”), the B-Side Payment Groups (as defined below) and the A-Side Payment Groups (as defined below) have agreed to pay the Settlement Amount (as defined below) to the MDT, subject to the terms of this Agreement;

WHEREAS, in furtherance of the Settlement, each A-Side Payment Party (as defined below) agrees to pay, or cause to be paid, on a joint and several basis (subject to the terms and limitations set forth herein) among the A-Side Payment Parties within such A-Side Payment Party’s A-Side Payment Group, but on a several and not joint basis as among A-Side Payment Groups, their respective portion of the Settlement Payment Obligations and any other Payment Obligations incurred by such A-Side Payment Party’s A-Side Payment Group, subject to the terms of this Agreement;

WHEREAS, in furtherance of the Settlement, each B-Side Payment Party (as defined below) agrees to pay, or cause to be paid, on a joint and several basis (subject to the terms and limitations set forth herein) among the B-Side Payment Parties within such B-Side Payment Party’s B-Side Payment Group, but on a several and not joint basis as among B-Side Payment Groups, their respective portion of the Settlement Payment Obligations and any other Payment Obligations incurred by such B-Side Payment Party’s B-Side Payment Group, subject to the terms of this Agreement;

WHEREAS, in furtherance of the Settlement, each IAC Payment Party agrees to pay, or cause to be paid, its share of the IAC Sale Bonus Payment (as defined below) to the MDT as and when required by this Agreement;

WHEREAS, pursuant to the terms of this Agreement, the Settlement Amount shall include both Estate Payments (as defined below) and Direct Payments (as defined below);

WHEREAS, certain Sackler Parties that are IAC Payment Parties (as defined below) hold interests, directly or indirectly, in the IACs (as defined below) set forth on Exhibit E-1;

WHEREAS, in furtherance of the Settlement, each of the IAC Payment Parties agrees to use commercially reasonable best efforts to sell or cause to be sold, in one or more transactions, all of the issued and outstanding equity interests in each IAC (other than Purdue Canada) and/or the assets of each IAC (other than Purdue Canada) on or prior to the seventh (7th) anniversary of the Settlement Effective Date, subject to this Agreement;

WHEREAS, certain Sackler Parties hold interests, directly or indirectly, in Purdue Pharma L.P. (“PPLP Interests”) and Purdue Pharma Inc. (“PPI Interests”), and Purdue Pharma Inc. holds certain de minimis interests in Pharmaceutical Research Associates L.P. (“De Minimis PRALP Interests”);

WHEREAS, in furtherance of the Settlement, the Sackler Parties agree, subject to the terms and conditions of this Agreement, to the deemed surrender, cancellation, and/or redemption of the PPLP Interests pursuant to the Plan and that the direct and indirect holders thereof shall not receive or retain any property under the Plan on account of the PPLP Interests;

WHEREAS, in furtherance of the Settlement, the Sackler Parties agree, subject to the terms and conditions of this Agreement, to the deemed surrender, cancellation, and/or redemption of the PPI Interests and De Minimis PRALP Interests pursuant to the Plan and that (i) Purdue Pharma Inc. shall not receive or retain any property under the Plan on account of the De Minimis PRALP Interests and (ii) the direct and indirect holders of Purdue Pharma Inc. shall not receive or retain any property under the Plan on account of the PPI Interests;

WHEREAS, in furtherance of the Settlement, the Sackler Parties agree to the treatment of the MDT Shareholder Insurance Rights (as defined below) on the terms and conditions set forth in the Plan;

WHEREAS, in furtherance of the Settlement, the Family Members have agreed to not seek, request or permit any new naming rights with respect to charitable or similar donations to organizations, subject to the terms and conditions of this Agreement and the Confirmation Order (as defined below); and

WHEREAS, in furtherance of the Settlement, certain of the Sackler Parties have agreed to grant a security interest in and Lien (as defined below) on certain of their assets to secure the obligations of certain Payment Parties under this Agreement as more fully set forth below in this Agreement (including each of Annex A, Annex B, Annex C, Annex D, Annex E and Annex F attached hereto (individually, a “Credit Support Annex” and, collectively, the “Credit Support Annexes”), which such Credit Support Annexes are hereby incorporated by reference herein) and the Collateral Documents (as defined below).

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

**ARTICLE 1.
DEFINITIONS**

Section 1.01 Definitions.

(a) As used in this Agreement, the following terms have the following meanings:

"11.17 Assuring Party" means the Assuring Parties indicated by an asterisk ("*") on Exhibit K.

"74A Trust" has the meaning set forth in Section 2.01(e).

"A-Side General Obligors" means each A-Side Payment Party designated as such on Exhibit A.

"A-Side IAC Payment Party" means each Party designated as an "A-Side IAC Payment Party" on Exhibit A.

"A-Side Payment Date Obligation" means, in respect of each A-Side Payment Group as of any given Payment Date, the amount such A-Side Payment Group is obligated to pay on such Payment Date pursuant to this Agreement.

"A-Side Payment Group" means each of the eight (8) Payment Groups, each of which comprises A-Side Payment Parties, designated as such on Exhibit A.

"A-Side Payment Group 8 Representative" means such Person as is designated in writing by A-Side Payment Group 8 from time to time.

"A-Side Payment Party" means a Party designated as an "A-Side Payment Party" on Exhibit A; *provided* that, the Parties designated as A-Side Payment Parties on Exhibit A in respect of the A-Side Payment Group 8 shall not be deemed A-Side Payment Parties for purposes of Section 5.01(c) (with respect to the funding and reimbursement obligations described therein), or Section 5.02(b) (with respect to the funding and reimbursement obligations described therein); *provided* further, the foregoing will not limit any requirement to fund a portion of any Estate Payment due from the Parties designated as A-Side Payment Parties on Exhibit A in respect of the A-Side Payment Group 8 into the Reserve(s), Released Claims Reserve(s) and/or the Special Operating Reserve. For the avoidance of doubt, each of the A-Side General Obligors and A-Side IAC Payment Parties is an A-Side Payment Party.

"Actual Taxes" means, with respect to an IAC Payment Party, an amount equal to the actual cash Tax liability of such IAC Payment Party, its Subsidiaries, or its direct or indirect equityholders or beneficiaries payable with respect to income and gain recognized by or allocated to such Person from an IAC, a Sale or an IAC Distribution, without duplication and taking into account any tax benefits arising under this Agreement and the Plan calculated on a with and without basis, including, for the avoidance of doubt, any deduction that may be available to such Payment Party under Section 162(a) that is not disallowed by Section 162(f) of the Code and the deductibility or creditability, as applicable, of local, state and non-U.S. income Taxes.

"Ad Hoc Committee" has the meaning set forth in the Plan.

"Advance Amount" has the meaning set forth in Section 2.01(l).

"Advance Payment Date" has the meaning set forth in Section 2.01(l).

“Advance Payment Notice” has the meaning set forth in Section 2.01(l).

“Advance Settlement Payment” has the meaning set forth in Section 2.01(l).

“Advance Target Date” has the meaning set forth in Section 2.01(l).

“Advisors” means any nationally recognized investment banking firms and/or such other nationally recognized third-party financial advisors as may be engaged by a Sackler Party, an Affiliate thereof or an IAC to advise such Sackler Party, such Affiliate thereof or IAC and/or other Sackler Parties, their Affiliates or IACs in connection with the Sales.

“Affected Parties” has the meaning set forth in Section 2.04(b)(i).

“Affiliate” means, with respect to any Person, any other Person directly or indirectly Controlling, Controlled by, or under common Control with such Person.

“Agreement” has the meaning set forth in the preamble.

“Agreement Effective Date” has the meaning set forth in the preamble.

“Alleged Harms” means the alleged past, present, and future financial, societal, public nuisance, and other harms, as well as any expenditures related to the foregoing, arising out of the conduct, omission, or liability of the Debtors and relating to Covered Conduct, including the alleged use, misuse, and abuse of Products, non-exclusive examples of which are described in the documents listed on Exhibit J, that have allegedly arisen as a result of the physical and bodily injuries sustained by individuals suffering from opioid-related addiction, abuse, death, and other related diseases and disorders, and that have allegedly been caused by Shareholder Released Parties.

“Allowed” has the meaning set forth in the Plan.

“Appeal” has the meaning set forth in Section 2.05(a).

“Appeals Account” means an interest-bearing escrow account maintained by an independent third-party in connection with the Agreement.

“Appellate Decision” has the meaning set forth in Section 2.04(b).

“Approved Financial Advisor” means an independent financial advisor from the list set forth on Exhibit O.

“Assuring Parties” means (i) the Possible Refunding Trusts of each Trust, (ii) the Power Holders of each Trust and of the JDS Estate, (iii) the Required Interested Persons of the JDS Estate and each Trust (other than each A-Side Payment Party which is a Trust that has received Court Approval and has a Jersey (Channel Islands) Jurisdiction of Administration and no non-Jersey (Channel Islands) trustee), and (iv) the persons not otherwise included in the foregoing clauses (ii) and (iii) who are Beneficiary Interested Persons of any Trust or the JDS Estate.

“Authorized Action” has the meaning set forth in Section 11.07(c).

“B-Side Payment Date Obligation” means, in respect of each B-Side Payment Group as of any given Payment Date, the amount such B-Side Payment Group is obligated to pay on such Payment Date pursuant to this Agreement.

“B-Side IAC Payment Party” means a Party designated as a “B-Side IAC Payment Party” on Exhibit A. Each B-Side IAC Payment Party is a member of the applicable B-Side Payment Group described on Exhibit A.

“B-Side Payment Group” means any of the two (2) groups, each of which is comprised of B-Side Payment Parties, as set forth on Exhibit A.

“B-Side Payment Party” means a Party designated as a “B-Side Payment Party” on Exhibit A. For the avoidance of doubt, each of the B-Side IAC Payment Parties is a “B-Side Payment Party”.

“Bankruptcy Cases” has the meaning set forth in the recitals.

“Bankruptcy Code” has the meaning set forth in the recitals.

“Bankruptcy Court” has the meaning set forth in the recitals.

“Bankruptcy Matters” means bankruptcy, insolvency, reorganization, fraudulent conveyance, arrangement, moratorium or other Laws relating to or affecting the rights of creditors generally.

“Base Payment” means (i) the portion of any payment identified as a base payment under the applicable Settlement Agreement, and (ii) to the extent not so identified in a Settlement Agreement, any similar base payment in a Settlement Agreement.

“Beneficiary Interested Person” means, at any time with respect to a Trust and the JDS Estate, each surviving spouse and descendant (including adoptees) of Mortimer Sackler or Raymond Sackler, and the spouses of any such descendant, to whom, or for whose use, income or principal of such Sackler Party may or is required to be distributed, excluding any Excluded Beneficiary and any person who would at such time be eligible or entitled to receive such a distribution only after the initial or further exercise of a power of appointment or other power to add beneficiaries but, for the avoidance of doubt, including contingent takers in default of the exercise of a power of appointment.

“Breach” shall mean a Specified Breach or a Non-Specified Breach.

“Breach Fee” has the meaning set forth in Section 9.05.

“Breach Notice” has the meaning set forth in Section 9.02(a)(i).

“Breach Trigger” means any event or condition that, with the giving of any notice, the passage of time or both, and satisfaction of such other condition as set forth in Section 9.01, would be a Breach.

“Breaching Party” has the meaning set forth in Section 9.02(a)(i).

“Business Day” means any day other than a Saturday, a Sunday or any other day which is a federal holiday.

“Case Stipulation” has the meaning set forth in the Plan.

“Cash and Cash Equivalents” means cash and cash equivalents such as U.S. government treasury bills and any other financial instruments properly classified as cash equivalents under GAAP.

“Cause of Action” has the meaning set forth in the Plan.

“Challenge” has the meaning set forth in Section 9.01(e).

“Channeling Injunction” has the meaning set forth in the Plan.

“Claim” has the meaning set forth in the Plan.

“Code” means the Internal Revenue Code of 1986, as amended (including any successor statute).

“Collateral” means the IAC Collateral and all other “Collateral” (or similar or equivalent term) as defined in any Credit Support Annex or in any Collateral Document (including any IAC Collateral Document) and shall include all assets and property, whether real, personal or mixed, whether now owned or hereafter acquired and wherever located, in each case, with respect to which a Lien is granted (or required, intended or purported to be granted) as security for any Obligation pursuant to this Agreement (including the Credit Support Annexes) or any Collateral Document, including all proceeds and products thereof.

“Collateral Documents” means, collectively, the IAC Collateral Documents, the Security Documents as defined under each of the Credit Support Annexes, this Agreement (to the extent it provides or purports to provide the grant of a security interest in and Lien on the Collateral), the Collateral Trust and Intercreditor Agreement, and all other security agreements, pledge agreements and other instruments and documents, and each of the amendments, modifications and supplements thereto, executed and delivered pursuant to this Agreement (including the Credit Support Annexes) or otherwise in order to grant or purport to grant a Lien on any assets to secure the Obligations or under which rights or remedies with respect to such Liens are governed.

“Collateral Trust and Intercreditor Agreement” means that certain Collateral Trust and Intercreditor Agreement dated as of [●] among the MDT, and [●], as collateral trustee.

“Common B-Side Payment Party” has the meaning set forth in Section 2.01(f)(iii).

“Compensatory Restitution Amount” means the aggregate amount paid or incurred by or on behalf of any Payment Party hereunder for Opioid Remediation, and does not include any amounts paid as attorneys’ fees and costs pursuant to Section 5.9(a) and Section 5.9(b) of the Plan or otherwise identified as being used to pay attorneys’ fees, investigation costs or litigation costs of a government or governmental entity in the reporting contemplated by Section 4.01(f)(ii), which shall be up to the amount of the total amount of the Settlement Payment.

“Confession of Judgment” has the meaning set forth in Section 11.05(a) and in the Credit Support Annexes.

“Confirmation Hearing” has the meaning set forth in the Plan.

“Confirmation Order” means an order entered by the Bankruptcy Court confirming the Plan and providing related relief.

“Consent” means any approval, consent, ratification, permission, waiver or authorization (including any permit).

“Consent Person” has the meaning set forth in Section 7.01(e).

“Contract” means any contract, agreement, indenture, note, bond, loan, license, instrument, lease, commitment, plan or other arrangement, whether oral or written.

“Control” means, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise, and the terms “Controlling” and “Controlled by” have correlative meanings to the foregoing.

“Court Approval” has the meaning set forth in Section 7.02(b).

“Covered Conduct” means any actual or alleged act, failure to act, negligence, statement, error, omission, breach of any duty, conduct, event, transaction, agreement, misstatement, misleading statement, or other activity of any kind whatsoever from the beginning of time through the Plan Effective Date (and any past, present, or future consequence of any such act, failure to act, negligence, statement, error, omission, breach of duty, conduct, event, transaction, agreement, misstatement, misleading statement, or other activity) relating in any way to (1) compounding, counseling or documentation relating to any Product or class of Products; (2) the discovery, development, manufacture, packaging, repackaging, marketing, promotion, advertising, labeling, recall, withdrawal, distribution, delivery, monitoring, reporting, supply, sale, prescribing, dispensing, physical security, warehousing, use or abuse of, or operating procedures relating to, any Product, or any system, plan, policy or advocacy relating to any Product or class of Products, including, but not limited to, any unbranded promotion, marketing, programs, or campaigns relating to any Product or class of Products; (3) the characteristics, properties, risks, or benefits of any Product; (4) the reporting, disclosure, non-reporting or nondisclosure to federal, state or other regulators of orders placed with any Shareholder Released Parties or physicians or pharmacists identified by any Shareholder Released Party as potentially engaging in suspicious or problematic conduct; or (5) diversion control programs or suspicious order monitoring.

“Credit Support Annex” and “Credit Support Annexes” have the meanings set forth in the recitals.

“Creditors’ Committee” has the meaning set forth in the Plan.

“Creditor Trust” has the meaning set forth in the Plan.

“Creditor Trust Documents” has the meaning set forth in the Plan.

“Creditor Trust Non-Participating Claims Reserves” has the meaning set forth in the Plan, and refer to such accounts established under Section 5.01(a).

“Creditor Trust TDPs” has the meaning set forth in the Plan.

“Crossover Member” means a Payment Party that is a member of more than one Payment Group other than a Payment Party identified as a “Fourth Tier Obligor” in the Credit Support Annexes.

“Debtors” has the meaning set forth in the preamble.

“Definitive Documents” means this Agreement, the Plan, the Disclosure Statement, the Disclosure Statement Order, any other solicitation materials in respect of the Plan, the Settlement Agreements, the Collateral Documents, the Confessions of Judgment, the Further Assurances Undertakings, the Separation Agreements and any documentation establishing or governing the Document Repository, and (a) prior to the Settlement Effective Date, all other documentation or any portion thereof relating to the implementation of the Settlement or Plan, solely to the extent it could reasonably be expected to adversely impact the rights

or interests of any Family Member under the Settlement and (b) after the Settlement Effective Date, any amendments, supplements, or modifications to any of the foregoing documents described in clause (a) solely to the extent it could reasonably be expected to materially and adversely impact the rights or interests of any Family Member under the Settlement.

“De Minimis Payment Party” means the Sackler Parties set forth on Exhibit U; *provided* that if any Sackler Party transfers any assets or property to a De Minimis Payment Party on or after [March 31, 2021], the De Minimis Payment Party that receives such assets or property shall not, from and after the date of receipt, constitute a De Minimis Payment Party.

“De Minimis PRALP Interests” has the meaning set forth in the recitals.

“Designated Release Remedy Event” shall be deemed to have occurred if the remedy described in Section 9.02(a)(ii)(B) is available in respect of a Specified Breach (or Specified Breaches) by any Payment Group.

“Designated Shareholder Released Parties” means the parties set forth on Exhibit T, *provided* that (i) if any Designated Shareholder Released Party is an officer, director, trustee or protector with respect to trusts or trust companies of Family Groups that are not Breaching Parties, such Designated Release Remedy Event shall not include such Designated Shareholder Released Party in their capacities as officers, directors, trustees or protectors of such trusts or trust companies that are not part of the Family Groups of the Breaching Parties and no recourse may be had against any such trusts or trust companies, and (ii) the Designated Shareholder Released Parties shall not include the estate of any natural person and the Designated Release Remedy Event shall not apply (or shall cease to continue to apply) to any person on Exhibit T who has become deceased, *provided* that, for the avoidance of doubt, nothing herein shall prevent the estate of any such natural person from cooperating with the MDT with respect to any discovery process with respect to any litigation or similar proceeding related to the Debtors’ Opioid-Related Activities.

“Designated State” means New York.

“Direct Appeal” has the meaning set forth in Section 2.05(a).

“Direct Payments” has the meaning set forth in Section 2.01(a)(iv).

“Direct Released Claims” means Causes of Action released by the Direct Releases.

“Direct Releases” means (i) the Shareholder Releases other than the Estate Release; and (ii) the releases of the Released Parties set forth in Section 10.6(b) of the Plan and in the applicable Settlement Agreements.

“Disallowed” has the meaning set forth in the Plan.

“Disclosure Statement” means the disclosure statement and other solicitation materials in respect of the Plan, as approved by the Bankruptcy Court, each in form and substance reasonably acceptable to the Governmental Consent Parties, the Creditors’ Committee, and to the Sackler Parties solely with respect to the matters related to the Settlement, the Shareholder Releases and this Agreement. For the avoidance of doubt, the Sackler Parties agree that the approved disclosure statement filed at [●] on the docket of the Bankruptcy Cases is in form and substance acceptable to the Sackler Parties.

“Disclosure Statement Order” means the order entered by the Bankruptcy Court, in form and substance reasonably acceptable to the Sackler Parties solely with respect to the matters related to the

Settlement, the Shareholder Releases and this Agreement (a) approving the Disclosure Statement, (b) approving notice and other procedures for soliciting the Plan and (c) authorizing solicitation of the Plan. For the avoidance of doubt, the Sackler Parties agree that the order entered at Docket No. [●] on the docket of the Bankruptcy Cases is in form and substance acceptable to the Sackler Parties.

“Dispute Proceeding” has the meaning set forth in Section 9.02(a)(i).

“Disputed” has the meaning set forth in the Plan.

“Document Repository” means the document repository referenced in Section 11.15.

“DOJ Conviction Judgment Date” has the meaning set forth in the Plan.

“Early SHP Payments” has the meaning set forth in Section 2.01(g)(ii)

“Effective Date Cash” has the meaning set forth in the Plan.

“Eligible State” has the meaning set forth in the Governmental Entity & Shareholder Direct Settlement Agreement.

“Equity Interest” means, with respect to any Person, any and all stock, shares, interests, rights to purchase or acquire, warrants, options, participation interests or other equivalents (however designated, whether voting or nonvoting), of equity of such Person, including, if such Person is a partnership, partnership interests (whether general or limited), or if such Person is a limited liability company, membership interests, and any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of property or assets of, such issuing Person and whether or not such stock, shares, interests, rights to purchase or acquire, warrants, options, participations or other equivalents are outstanding on any date of determination.

“ER Physician” has the meaning set forth in the Plan.

“Estate Certification” means, with respect to the JDS Estate, a certification of the personal representative(s) thereof substantially in the form of Exhibit S, which includes a recent copy of the fiduciary probate certificate issued by the court having primary supervision of the administration of the decedent’s estate.

“Estate Payments” means the amounts payable or paid on account of the settlement of the Estate Causes of Action pursuant to the Plan, and the amounts of which are as set forth on Exhibit M-2 hereto.

“Estate Released Claims” means the Estate Causes of Action released by the Estate Releases.

“Estate Releases” means the releases provided by the Debtors and their Estates pursuant to Section 10.7(a) of the Plan.

“Estates” has the meaning set forth in the Plan.

“Excess Net Proceeds” has the meaning set forth in Section 2.06(a).

[“Excluded Beneficiary” means Samantha Hunt, the children of Samantha Hunt and the children of Kathe A. Sackler and any minor or other person under a legal disability.]

[“Excluded Trusts” means the Trust Under Declaration of Trust No. 2 dated November 25, 1996 and Trust Under Declaration of Trust No. 1 dated November 25, 1996, each as referred to on Exhibit A.]

“Exhibit H-2 Entity” has the meaning set forth in Section 8.08.

“Expense Allocation Principles” means, with respect to fees, costs and expenses described in clause (i) of each of the definitions of “IAC Distribution Deductions” and “Sale Proceeds Deductions”, that each IAC Payment Party shall receive an allocation of such fees, costs and expenses proportionate to such IAC Payment Party’s share of the total Sale Proceeds or IAC Non-Tax Distributions received by all IAC Payment Parties (including, for the avoidance of doubt, amounts treated as actually received by an IAC Payment Party as described in clauses (x)(a)(iii)(A) through (x)(a)(iii)(C) or clauses (y)(a)(i) through (y)(a)(iii) of the definition of “Net Proceeds”, as applicable).

“Family Group” means each of the groups comprised of Payment Parties and certain Shareholder Released Parties, which are designated as a “Family Group” as set forth on Exhibit C.

“Family Member” means any Payment Party or Shareholder Released Party in a Family Group as set forth on Exhibit C.

“Final Dispute Response Notice” has the meaning set forth in Section 2.07(c)(i).

“Final Order” has the meaning set forth in the Plan.

“Foundation” has the meaning set forth in the Plan.

“Fourth Tier Obligor” means a Payment Party identified as the “Fourth Tier Obligor” in the Credit Support Annexes.

“Funding Trust Appointment” means, with respect to a Funding Trust that provided all or any portion of the funding set forth in Section 10.01(a)(iv), an instrument by which the appointment in further trust of such Funding Trust’s share of such funding of the Rosetta Trust was exercised.

“Funding Trusts” means the trusts for the benefit of beneficiaries including one or more beneficiaries of the Rosetta Trust bearing the names KAS 2010 Family Trust and KAS 2011 Family Trust governed by the laws of Jersey (Channel Islands).

“Further Assurances Undertaking” means, in the case of an Assuring Party with respect to a Trust that is part of the A-Side Payment Group, an undertaking of such Person substantially in form of Exhibit P-1 and, in the case of an Assuring Party with respect to the JDS Estate or a Trust that is part of the B-Side Payment Group, an undertaking of such Person substantially in the form of Exhibit P-2.

“GAAP” means generally accepted accounting principles in the United States applied on a consistent basis.

“General Unsecured Creditors” means holders of contingent litigation claimants in Class 11(c) of the Plan (as classified in the Plan).

“Governing Law Jurisdiction” means, with respect to a trust, the law or laws governing the ongoing operation of the trust under the terms of the documents constituting its current governing instruments, which law may vary as to particular matters such as with respect to administration, validity and construction.

“Governmental Authority” means any: (a) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign or other government; or (c) governmental or quasi-governmental authority of any nature (including any governmental division, department, agency, commission, instrumentality, official, organization, unit, body or Person and any court or other tribunal and including any arbitrator and arbitration panel).

“Governmental Consent Parties” means (i) the States AG Negotiating Group, (ii) the Ad Hoc Committee, and (iii) the MSGE Group.

“Governmental Entity & Shareholder Direct Settlement Agreement” means that certain Settlement Agreement dated on or about the date hereof among the [Payment Parties, the Settling States, the MDT and Participating Subdivisions.]

“Grantor Trust Arrangement” means one or more escrow accounts in respect of each of which a timely election is made, pursuant to Treasury Regulations Section 1.468B-1(k), to be treated as a “*grantor trust*” of which the payor is the sole grantor and reports all items of income, gain, loss, deduction, or credit for federal and applicable state and local income tax purposes.

“Holder” has the meaning set forth in the Plan.

“Hospital” has the meaning set forth in the Plan.

“Hospital District” has the meaning set forth in the Plan.²

“IAC” means an entity or Person set forth on Exhibit E-1, as it may be amended from time to time in accordance herewith (including pursuant to Section 8.13).

“IAC Account” means, in each case, (i) a deposit account subject to an IAC Control Agreement or (ii) an escrow account subject to an IAC Escrow Agreement, in each case located in the U.S., Jersey or such other jurisdiction as reasonably acceptable to the MDT, and in which the proceeds of any Sale or any IAC Distribution shall be deposited and maintained pursuant to the terms of this Agreement and the IAC Collateral Documents.

“IAC Account Bank” means a financial institution in the U.S., Jersey or such other jurisdiction as acceptable to the MDT acting as a deposit bank or securities intermediary, as applicable, in respect of an IAC Account, which financial institution is reasonably acceptable to the MDT.

“IAC Asset” has the meaning set forth in Section 3.06(g).

“IAC Collateral” means all “Collateral” (or similar or equivalent term) as defined in any IAC Collateral Document and shall include all assets and property, whether real, personal or mixed, whether now owned or hereafter acquired and wherever located, in each case, with respect to which a Lien is granted (or required, intended or purported to be granted), as security for any Obligation of the Payment Groups that any IAC Payment Party is a member of, pursuant to this Agreement or any IAC Collateral Document, including all proceeds and products thereof.

“IAC Collateral Documents” means, collectively, the IAC Pledge and Security Agreements, the IAC Control Agreements, the IAC Escrow Agreements, the Credit Support Annexes (to the extent

² The term of Hospital District will be the same in the Plan as in the Governmental Entity & Shareholder Direct Settlement Agreement.

applicable) and all other agreements, instruments and documents that create, perfect or evidence, or are intended to create, perfect or evidence, Liens in the IAC Collateral to secure the payment in full when due of all Obligations of the IAC Payment Parties or under which the Secured Party's rights and remedies with respect to the IAC Collateral are governed, including any and all other security agreements, pledge agreements, loan agreements, notes, guarantees, pledges, powers of attorney, consents, assignments, contracts, fee letters, notices, financing statements and all other written matter whether heretofore, now, or hereafter executed by any IAC Payment Party or any other Person and delivered to the MDT or any other Secured Party for their benefit, in each case, as amended, extended, renewed, restated, refunded, replaced, refinanced, supplemented, modified or otherwise changed from time to time.

"IAC Control Agreement" means a control agreement in a form required by the applicable IAC Account Bank and otherwise in form and substance reasonably acceptable to the MDT executed by the applicable IAC Payment Party, the applicable Secured Party and the IAC Account Bank in respect of an IAC Account and pursuant to which (a) the Secured Party is granted control (as such term is described in Section 9-104 of the UCC or any similar concept under the laws of any jurisdiction outside the United States governing perfection) of such IAC Account and (b) the Secured Party's first-priority Lien on such IAC Account to secure the payment in full when due of all Obligations of the applicable IAC Payment Party is perfected.

"IAC Distribution" means any distribution of cash or other property or other Restricted Payments made by an IAC directly or indirectly to an IAC Holding Company, IAC Payment Party, or a Subsidiary of an IAC Payment Party, including, but not limited to, any IAC Tax Distribution and any IAC Non-Tax Distribution. For the avoidance of doubt, a distribution of Sale Proceeds shall not constitute an IAC Distribution.

"IAC Distribution Deductions" means, with respect to any IAC Non-Tax Distribution actually received by an IAC Payment Party, the sum of:

(i) without duplication and to the extent not previously applied in determining a Permitted Deduction, the following documented, out-of-pocket fees, costs and expenses incurred by any IAC Holding Company or any entity whose equity interests are held, directly or indirectly, by an IAC Holding Company (but, for the avoidance of doubt, not including fees, costs and expenses incurred by any IAC Payment Party or any Subsidiary of an IAC Payment Party (other than any IAC Holding Company or any entity whose equity interests are held, directly or indirectly, by an IAC Holding Company), in each case solely in the amounts allocated to such IAC Payment Party pursuant to the Expense Allocation Principles), solely to the extent such fees, costs and expenses are paid or payable to Third-Party Payees: (A) transfer Taxes incurred in connection with such IAC Non-Tax Distribution and (B) any IAC Distribution Expenses incurred in connection with such IAC Non-Tax Distribution; *plus*

(ii) without duplication and to the extent not previously applied in determining a Permitted Deduction, all amounts funded to any IAC by such IAC Payment Party or another Sackler Party on behalf of such IAC Payment Party (solely to the extent permitted by the relevant Credit Support Annexes, whether funded directly to the IAC or funded through one or more IAC Holding Companies and/or Subsidiaries of such IAC Payment Party) on or after the Agreement Effective Date (other than contributions that reduce the amount of IAC Non-Tax Distributions, as contemplated by the definition of "IAC Non-Tax Distribution"), including in the case of the A-Side IAC Payment Parties any amounts paid or deemed paid in respect of any loan made by an IAC for purposes of funding the Settlement Payment made pursuant to Section 2.01(g)(i)(A).

Notwithstanding the foregoing, IAC Distribution Deductions shall not include income Taxes or withholding Taxes.

“IAC Distribution Expenses” means all documented, out-of-pocket fees, charges, expenses, and other amounts (excluding Taxes) incurred in connection with an IAC Non-Tax Distribution.

“IAC Escrow Agreement” means an escrow agreement, in customary form and otherwise in form reasonably acceptable to the MDT, executed by the applicable IAC Payment Party, the applicable Secured Parties and the escrow agent in respect of an IAC Account, providing that amounts may be withdrawn by notice from the applicable IAC Payment Party (and not requiring notice or other approval of the applicable Secured Parties), *provided* that the applicable IAC Payment Party provides written notice to the MDT of such withdrawal, which notice shall include a certification from an IAC Payment Party that such withdrawal satisfies the conditions hereunder for a Permitted Withdrawal or is being used to pay Payment Obligations.

“IAC Holding Company” means any Person of which an IAC is a Subsidiary and which is jointly owned, directly or indirectly, by (i) one or more A-Side IAC Payment Parties and (ii) one or more B-Side IAC Payment Parties.

“IAC Incentive Compensation Arrangements” has the meaning set forth in Section 8.12.

“IAC Loans” means intercompany loans made by (x) on one hand, any IAC Payment Party or any Subsidiary of an IAC Payment Party (other than an IAC or an IAC Holding Company), to (y) on the other hand, any IAC or IAC Holding Company.

“IAC Non-Tax Distributions” means any cash distributions or other payments made by an IAC and received by an IAC Payment Party in respect of (a) its direct or indirect interest in any IAC or (b) repayment of an IAC Loan or Intercompany Loan to the extent such repayment was made with proceeds of an IAC Non-Tax Distribution (other than a Permitted Withdrawal), other than distributions of Sale Proceeds, IAC Tax Distributions or amounts owing to the Sackler Parties pursuant to Section 3.04; *provided* that no such distribution shall be considered an IAC Non-Tax Distribution unless and until the sixtieth (60th) calendar day following the receipt by such IAC Payment Party of such distribution; *provided, further*, that the amount of any Sackler Party’s IAC Non-Tax Distribution shall be reduced (without duplication) by the amount of any cash contributions made by or on behalf of such Sackler Party’s Payment Group to any IAC or IAC Holding Company during such sixty (60) calendar day period. To the extent any IAC Non-Tax Distributions made by an IAC (or the proceeds thereof) are used to repay an Intercompany Loan (including, for the avoidance of doubt, an Intercompany Loan between IAC Payment Parties), such amounts, to the extent received by an IAC Payment Party (as the payee with respect to such Intercompany Loan or in respect of its direct or indirect interests in a Subsidiary that is the payee with respect to such Intercompany Loan), shall be considered IAC Non-Tax Distributions only of the IAC Payment Party that is the payee (or whose Subsidiary is the payee) with respect to such Intercompany Loan.

“IAC Payment Party” means an A-Side IAC Payment Party or B-Side IAC Payment Party.

“IAC Pledge and Security Agreements” means the pledge and security agreements in respect of the IAC Pledged Shares.

“IAC Pledged Entities” means, collectively, the entities designated as “IAC Pledged Entities” on Exhibit F.

“IAC Pledged Shares” means, collectively, all Equity Interests of the IAC Pledged Entities now or hereafter owned by any IAC Pledgor, together in each case with (a) all certificates representing the same, (b) all Equity Interests representing a dividend on or a distribution or return of capital on or in respect of the IAC Pledged Shares, or resulting from a split-up, revision, reclassification or other like change of the IAC Pledged Shares or otherwise received in exchange therefor or in substitution thereof, and any warrants,

rights or options issued to the holders of, or otherwise in respect of, the IAC Pledged Shares, and (c) all Equity Interests of any successor entity in connection with merger, consolidation, amalgamation or similar transaction.

“IAC Pledgor” means each IAC Payment Party and each Subsidiary of an IAC Payment Party that grants a security interest in IAC Pledged Shares pursuant to Section 3.06.

“IAC Sale Bonus Payment” has the meaning set forth in Section 2.06(a).

“IAC Tax Distributions” means cash distributions received by an IAC Payment Party in respect of its interest in an IAC equal to (x) such IAC Payment Party’s allocable share of net taxable income (as determined for U.S. federal income tax purposes) for any taxable period arising from such direct or indirect ownership of the IAC and its Subsidiaries *multiplied by* (y) the highest marginal U.S. federal, state, local and non-U.S. income and withholding tax rates for such taxable period applicable to a U.S. citizen who is a resident of the State of Connecticut, taking into account the character of the income and the deductibility of non-U.S. Taxes and state and local Taxes for U.S. federal income tax purposes; *provided*, that (i) IAC Tax Distributions may be calculated using a good faith estimate of the book net income of such IAC as reflected in such IAC’s management accounts without adjustment for U.S. federal income tax purposes; (ii) IAC Tax Distributions may be paid in installments during or after the relevant taxable period; (iii) IAC Tax Distributions may be paid in respect of a prior taxable period to the extent insufficient IAC Tax Distributions were made by such IAC in such prior taxable period in respect of its net taxable income. If after the actual U.S. federal net taxable income in respect of an IAC is determined for a relevant taxable year or such actual U.S. federal net taxable income in respect of such IAC is redetermined in connection with an income tax audit or the filing of an amended income tax return, (a) the sum of all IAC Tax Distributions previously received by an IAC Payment Party in respect of its interest in such IAC for such taxable year and not previously recharacterized as an IAC Non-Tax Distribution exceeds (b) such IAC Payment Party’s allocable share of such actual or redetermined net U.S. federal net taxable income in respect of such IAC for such taxable year multiplied by the tax rate described in clause (y) of this paragraph for such taxable year, then the excess of (a) over (b) shall be deemed an IAC Non-Tax Distribution made at the time of such determination.

“IACPP Efforts” means, with respect to an IAC Payment Party in reference to the applicable provisions in Article 3, that such IAC Payment Party shall, and shall cause each Subsidiary that it controls to, as necessary, (a) deliver written notice to the board of directors, board of managers or similar group, and to the chief executive officer (or person holding a similar position), in each case, of each IAC informing such Persons of such covenants and instructing such Persons to cause such IAC to comply, (b) with respect to any officer, director or other manager whose actions or failure to act has resulted in a violation of such covenant, which failure cannot be cured or has not been cured following reasonable notice and opportunity to cure, exercise such voting, approval, consent or similar rights of such IAC Payment Party or such controlled Subsidiary pursuant to the governing documents of such IAC in favor of the removal of such officer, director or other manager and (c) to the extent such IAC Payment Party or controlled Subsidiary has the right to call a meeting or solicit the consent of the equityholders of such IAC for the purpose of removing any officer, director or other manager described in the immediately preceding clause (b), exercise such right. For purposes of the foregoing, an IAC Payment Party “controls” a Subsidiary with respect to a specified action if, acting by itself (or indirectly through other Subsidiaries that it controls), such IAC Payment Party has the authority under applicable law and the governing documents of such Subsidiary, to cause such Subsidiary to take the relevant action.

“IFRS” means the International Financial Reporting Standards.

“Implementation Limitations” has the meaning set forth in Section 3.04.

“Incentive Payment” means (i) the portion of any payment identified as an “incentive payment” under the applicable Settlement Agreement, and (ii) to the extent not so expressly identified in a Settlement Agreement, any similar incentive payment in a Settlement Agreement.

“Indebtedness” of any Person means, as of any date of determination, all of the following: (i) all indebtedness of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person under finance or capital leases, (iv) all indebtedness of others with respect to obligations referred to in clauses (i) to (iii) above, guaranteed in any manner, directly or indirectly, by such Person, (v) all indebtedness of others with respect to obligations referred to in clauses (i) to (iv) above secured by a Lien on any asset owned by such Person (whether or not such indebtedness is assumed by, or is a personal obligation of, such Person); *provided that* the amount of such indebtedness will be the lesser of: (a) the fair market value of such asset at such date of determination and (b) the amount of such indebtedness of such other Person, and (vi) all net reimbursement obligations of such Person with respect to letters of credit, foreign currency sale agreements and bankers’ acceptances, except such as are obtained by such Person to secure performance of obligations (other than for borrowed money or similar obligations).

“Initial Public Creditor Trust Distributions” has the meaning set forth in the Plan.

“Initial Private Creditor Trust Distributions” has the meaning set forth in the Plan.

“Insolvency Proceeding” has the meaning set forth in Section 9.08.

“Intercompany Loans” means intercompany loans made by: (x) (i) on one hand, any IAC Payment Party or any Subsidiary of an IAC Payment Party (other than an IAC or an IAC Holding Company), to (ii) any other IAC Payment Party or Subsidiary of an IAC Payment Party (other than an IAC or an IAC Holding Company); or (y) (i) on one hand, any IAC or IAC Holding Company to (ii) any other IAC or IAC Holding Company.

“IRS” means the United States Internal Revenue Service.

“JDS Estate” means the estate of Jonathan D. Sackler, deceased, on account of its personal representative(s) entering into this Agreement, in their capacity as such.

“Jersey” or “Jersey (Channel Islands)” means the Bailiwick of Jersey, Channel Islands.

“Jersey Administered Trust” means each Trust that is an A-Side Payment Party that has received Court Approval and has a Jersey (Channel Islands) Jurisdiction of Administration and no non-Jersey (Channel Islands) trustee.

“Jurisdiction of Administration” means with respect to a Trust or the JDS Estate, the principal situs of administration of such Trust or JDS Estate, whose court has primary supervision over the administration of the same.

“Law” means any federal, state, local, or foreign law, international or multinational ordinance, rule, statute or other requirement or provision having the force of law of any Governmental Authority.

“Lien” means, with respect to any property or asset (and/or any interest therein), any mortgage, lien, deed of trust, pledge, charge, security interest, collateral assignment, hypothecation, encumbrance or other adverse claim or interest of any kind in respect of such property or asset (or interest therein).

“Limited Joint and Several Allowed Claim” has the meaning set forth in Section 9.08.

“Litigation Costs” means the Shareholder Released Parties’ litigation and settlement costs (and only such costs, to be apportioned as necessary) incurred after the Reference Date relating to Non-Released Claims, which costs shall include (i) reasonable expenses, reasonable attorney and other advisor fees and costs, (ii) settlement amounts (subject to Section 6 of Exhibit N), awards and judgments (solely to the extent of amounts that are or would otherwise be recoverable by applicable claimants without regard to such Shareholder Released Party’s ability to access the Special Operating Reserve, *provided* that, for the avoidance of doubt, any amount actually paid by a Shareholder Released Party in respect of a judgment shall not be excluded from Litigation Costs due to this parenthetical), (iii) bonds, including surety bond obligations, amounts payable to collateralize surety bonds, and other costs and obligations associated with facilitating appeals of judgments (any Litigation Costs referred to in this clause (iii), “Appeal Bond Costs”), and (iv) indemnities, including, for purposes of clauses (i) through (iv), in respect of any participation in litigation or other administration of claims against the Debtors or their Estates. For the avoidance of doubt, Litigation Costs shall not include any costs relating to (i) litigation arising out of or related to the exercise or potential exercise of the Release Remedy, or litigation on account of claims previously released under the Shareholder Release that arises on account of the exercise of the Release Remedy in respect of the applicable Shareholder Released Parties, (ii) litigation amongst the Shareholder Released Parties, (iii) obtaining confirmation of the Plan, including any costs related to appeals of the Confirmation Order, or (iv) any litigation and settlement costs related to criminal proceedings (excluding any non-criminal component thereof). For the avoidance of doubt, Litigation Costs shall not include costs or expenses for objecting to proofs of claim of claimants who have not commenced action against one or more Shareholder Released Parties.

“Major Judgment” means a money judgment (a) for an amount that exceeds the ability of such Payment Party to pay such judgment (including, where applicable, with the proceeds of a permitted Restricted Payment under the applicable Collateral Documents), (b) that has not been paid by or on behalf of such Payment Party out of assets not subject to Collateral Documents or that have been released from the Collateral Documents pursuant to the terms thereof, (c) with respect to which there is a period of five (5) consecutive Business Days during which no stay of enforcement is in effect, (d) that is not covered by (i) independent third-party insurance or (ii) an enforceable indemnity), and (e) for which a judgment creditor is taking steps to enforce a judgment lien.

“Master Disbursement Trust” has the meaning set forth in the Plan. For the purposes of this Agreement, the Master Disbursement Trust may operate through its agents in accordance with its trust documents.

“Material Litigant” means any State; Tribe with a population or membership over 10,000; Primary Subdivision; Public School District with a K-12 student enrollment of at least 25,000 or .10% of a State’s population, whichever is greater; Hospital Districts with at least 125 hospital beds in one or more hospitals rendering services in the district; Third-Party Payor that is obligated to reimburse or otherwise make payments on behalf of 50,000 or more insured persons; or other Subdivision with an aggregate population of 50,000 or more, calculated in accordance with the Governmental Entity & Shareholder Direct Settlement Agreement.

“Material Litigation” means, as of any date of determination, (i) any litigation by a Material Litigant against Shareholder Released Parties regarding Covered Conduct (A) that has survived a Threshold Motion, (B) in which a Threshold Motion is pending as of such date, or (C) that was filed within sixty (60) calendar days prior to such date; or (ii) 500 or more separate lawsuits (i.e., not aggregated and not in a class) pending against Shareholder Released Parties concerning Covered Conduct being pursued by non-Material Litigants.

“MDT” shall mean (i) prior to the Plan Effective Date, the Debtors and (ii) beginning on and following the Plan Effective Date, (A) for all purposes hereunder other than Section 2.05, the Master Disbursement Trust and (B) for purposes of Section 2.05, the Plan Administration Trust. For the purposes of this Agreement, the MDT may operate through its agents in accordance with its trust documents.

“MDT Advisory Council” has the meaning set forth in the Plan.

“MDT Operating Reserve” has the meaning set forth in the Plan.

“MDT Sale Period” has the meaning set forth in Section 3.07(b)(iii).

“MDT Segregated Account” means a segregated account of the MDT to be used in accordance with Section 2.07(c)(ii)(A)(ii).

“MDT Shareholder Insurance Rights” has the meaning set forth in the Plan.

“MDT/IAC Sale Notice Deadline” has the meaning set forth in Section 3.07(b).

“MDT/IAC Sale Process Notice” has the meaning set forth in Section 3.07(b).

“Mediation Parties” means the Debtors, the Creditors’ Committee, the Ad Hoc Committee, the MSGE Group, the “Covered Parties,” consisting of the Initial Covered Sackler Persons and the Additional Covered Sackler Persons (each as defined in the Amended and Restated Case Stipulation Among the Debtors, the Official Committee of Unsecured Creditors and Certain Related Parties [D.I. 518]), the Ad Hoc Group of Hospitals, the NAS Committee, the Ad Hoc Group of Individual Victims, the Third-Party Payors, the Public School District Claimants, the Ratepayer Mediation Participants, (each as defined in the Plan) and the States AG Negotiating Group.

“MSGE Group” has the meaning set forth in the Plan.

“National Arbitration Panel” has the meaning set forth in Section 11.13.

“Net Assets” means, with respect to any Person, as of any date of determination, the aggregate value of all assets of such Person, as of such date, less the aggregate amount of all liabilities of such Person (which liabilities shall exclude the Obligations owed by such Person under this Agreement), as of such date, as determined by an Approved Financial Advisor, which determination and valuation methodologies shall be made using methodologies consistent with those used to prepare the Net Asset Presentations.

“Net Asset Presentations” means the financial reports regarding the net assets of certain Sackler Parties produced pursuant to the Case Stipulation on or around [____], as such financial reports may be updated from time to time, including reports filed at [D.I. 3448 and 3422] in connection with the Confirmation Hearing.

“Net Prepayment Amount” has the meaning set forth in Section 2.02(a).

“Net Proceeds” means, with respect to each IAC Payment Party:

(x) with respect to any Sale, (a) fifty-five percent (55%) of the Sale Proceeds actually received by such IAC Payment Party from such Sale including, for the avoidance of doubt, (i) any cash payments received by way of deferred payment pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise, in each case only as and when received, (ii) any

cash proceeds received from the conversion of non-cash consideration received from any Sale and (iii) any fees or other amounts payable to any Sackler Party in connection with any Sale; *provided* that in determining the amount of Sale Proceeds actually received by such IAC Payment Party for purposes of this clause (x), the amount treated as actually received by an IAC Payment Party shall be calculated without duplication as though such IAC Payment Party's allocable portion of (A) any income Taxes or withholding Taxes imposed in respect of such Sale Proceeds on an IAC, IAC Holding Company or Subsidiary of an IAC Payment Party or IAC Holding Company, (B) any withholding Taxes imposed in respect of such Sale Proceeds on an IAC Payment Party, and (C) any amounts paid directly to any Third-Party Payee (rather than being paid to such IAC Payment Party) in respect of Sale Proceeds Deductions described in clause (i) of the definition thereof directly related to the Sale of such IAC in accordance with Section 3.01(a)(iii) was, in each case, actually received by such IAC Payment Party, *less* (b) one hundred percent (100%) of any Sale Proceeds Deductions described in clause (ii) of the definition thereof of such IAC Payment Party, *less* (c) fifty-five percent (55%) of any Sale Proceeds Deductions described in clause (i) of the definition thereof directly related to the Sale of such IAC; and

(y) with respect to any IAC Non-Tax Distribution, (a) fifty-five percent (55%) (with respect to any IAC Non-Tax Distribution ultimately received by an IAC Payment Party from an IAC that is treated as a corporation for U.S. federal income tax purposes to the extent there has been, is and will be no IAC Tax Distribution with respect to such IAC Non-Tax Distribution) or 100% (with respect to any other IAC Non-Tax Distribution), of the aggregate amount of such IAC Non-Tax Distribution actually received by such IAC Payment Party; *provided* that in determining the amount of IAC Non-Tax Distributions actually received by such IAC Payment Party for purposes of this clause (y), the amount treated as actually received by an IAC Payment Party shall be calculated without duplication as though such IAC Payment Party's allocable portion of (i) any income Taxes or withholding Taxes imposed in respect of such IAC Non-Tax Distribution on an IAC, IAC Holding Company or Subsidiary of an IAC Payment Party or IAC Holding Company, (ii) any withholding Taxes imposed in respect of such IAC Non-Tax Distribution on an IAC Payment Party, and (iii) any amounts paid directly to any Third-Party Payee (rather than being paid to such IAC Payment Party) in respect of IAC Distribution Deductions described in clause (i) of the definition thereof directly related to such IAC Non-Tax Distributions in accordance with Section 3.01(a)(iii) was, in each case, actually received by such IAC Payment Party, *less* (b) one hundred percent (100%) of any IAC Distribution Deductions described in clause (ii) of the definition thereof of such IAC Payment Party, *less* (c) fifty-five percent (55%) of any IAC Distribution Deductions described in clause (i) of the definition thereof directly related to such IAC Non-Tax Distribution.

"NewCo" has the meaning set forth in the Plan.

"NewCo Transferred Assets" has the meaning set forth in the Plan.

"Nominal Prepayment Amount" has the meaning set forth in Section 2.02(a).

"Non-Participating" has the meaning set forth in the Plan.

"Non-Participating Channeled Claims" has the meaning set forth in the Plan.

"Non-Released Claims" means any Cause of Action held by any Relevant Claimant (in any capacity and regardless of whether such Person has been solicited to vote on the Plan or any Settlement or received notice of the Plan, the Settlements, or the Bankruptcy Cases) that would have been released under

the Prior Filed Plan if the Prior Filed Plan were in effect or (ii) is related to proof of claim objection litigation.

“Non-Settling Creditor” has the meaning set forth in the Plan.

“Non-Settling Private Claimant” means a Private Claimant that is a Non-Settling Creditor.

“Non-Specified Breach” has the meaning set forth in Section 9.01.

“Notices Addendum” has the meaning set forth in Section 11.01.

“Obligations” means obligations, covenants, liabilities and duties of the Sackler Parties (or any applicable Sackler Parties, as applicable) arising under this Agreement or the Definitive Documents, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, including, but not limited to, the applicable Payment Obligation(s) of such Sackler Party or Sackler Parties.

“Opinion of Counsel” means a customary written opinion in form and substance and from legal counsel reasonably acceptable to the MDT.

“Opioid Remediation” means care, treatment, and other programs and expenditures (including reimbursement for past such programs or expenditures except where this Agreement restricts the use of funds solely to future Opioid Remediation) designed to (1) address the misuse and abuse of opioid products, (2) treat or mitigate opioid use or related disorders, or (3) mitigate other alleged effects of, including on those injured as a result of, the opioid epidemic. Exhibit J-2 provides a non-exhaustive list of expenditures that qualify as being paid for Opioid Remediation. Qualifying expenditures may include reasonable related administrative expenses in connection with the above.

“Opioid-Related Activities” has the meaning set forth in the Plan.

“Opt-Out Class Action Settlements” has the meaning set forth in the Plan.

“Original Jurisdiction of Creation” means, with respect to a trust, the original jurisdiction in which the trust was validity created upon the execution of the relevant trust organizational document and the original trustees receipt of the initial funding thereof in connection therewith, without giving effect to any express choice of law provision in the trust’s governing instrument that the trust or its governing instrument is to be governed by the laws of another jurisdiction as to validity and construction.

“Other General Unsecured Claims” has the meaning set forth in the Plan.

“Other Parties” has the meaning set forth in Section 4.01(e).

“Participating Subdivision” has the meaning set forth in the Governmental Entity & Shareholder Direct Settlement Agreement.

“Party” and “Parties” have the meanings set forth in the preamble.

“PAT Disputed Claims Reserves” have the meanings set forth in the Plan.

“Payment Computations Dispute Notice” has the meaning set forth in Section 2.07(b)(ii).

“Payment Computations Notice” has the meaning set forth in Section 2.07(b)(i).

“Payment Date” means each date on which a payment is required to be made by a Payment Group pursuant to the terms of this Agreement. The initial Payment Date shall be the Settlement Effective Date, with each subsequent Payment Date occurring on the first Business Day of the month in which each anniversary of the Settlement Effective Date occurs, as set forth on Exhibit M.

“Payment Date Obligation” means, as of any given Payment Date (i) with respect to an A-Side Payment Group, its A-Side Payment Date Obligation and (ii) with respect to a B-Side Payment Group, its B-Side Payment Date Obligation.

“Payment Group” means each set of Payment Parties identified as a “Payment Group” on Exhibit A.

“RCR Top-Off Payment” has the meaning set forth in Exhibit N.

“SOR Top-Off Payment” has the meaning set forth in Exhibit N.

“Payment Party” means an A-Side Payment Party or a B-Side Payment Party; provided that, except for the A-Side General Obligors, the Parties designated as A-Side Payment Parties on Exhibit A in respect of the A-Side Payment Group 8 shall not be deemed Payment Parties for purposes of Section 5.01(c) (with respect to the funding and reimbursement obligations described therein), or Section 5.02(b) (with respect to the funding and reimbursement obligations described therein); *provided* further, the foregoing will not limit any requirement to fund a portion of any Estate Payment due from the Parties designated as A-Side Payment Parties on Exhibit A in respect of the A-Side Payment Group 8 into the Reserve(s), Released Claims Reserve(s) and/or the Special Operating Reserve.

“Payment Obligation” means (a) a Settlement Payment Obligation, (b) any obligation to make an IAC Sale Bonus Payment, (c) Breach Fees owed by any Sackler Party pursuant to this Agreement, (d) any reimbursement obligations of such Sackler Party or Sackler Parties for costs and expenses that are due and payable pursuant to this Agreement and (e) any RCR Top Off Payment and SOR Top Off Payment owed by any Sackler Party’s Payment Group.

“Payment Remedy” has the meaning set forth in Section 9.02(a)(ii)(A)(1).

“Payors” has the meaning set forth in Section 4.01(a).

“Permitted Deductions” means IAC Distribution Deductions and Sale Proceeds Deductions.

“Permitted Withdrawals” means, without duplication and to the extent not previously applied in determining a Permitted Withdrawal:³

(i) with respect to an A-Side IAC Payment Party, (A) any amounts used to pay Actual Taxes, (B) any IAC Distribution Deductions described in clause (i) or (ii) of the definition thereof or any Sale Proceeds Deductions described in clause (i) or (ii) of the definition thereof and any similar expenses (other than any Taxes) incurred by or on behalf of any IAC Payment Party or any Subsidiary of an IAC Payment Party, (C) the costs (including legal, tax advisory and trustee costs and excluding any Taxes) of administering the IAC Payment Parties and their Subsidiaries, (D) the costs (including third-party legal and accounting fees and related expenses) of the A-Side Payment Parties of complying with this Agreement

³ NTD: Sackler Parties to provide in connection with Credit Support Annex discussion. But to include at minimum tax payments and payment of contractual obligations (including indemnity payments and similar payments under IAC sale contracts). Subject to ongoing review.

and the Settlement, or (E) the third-party legal and accounting fees and related expenses incurred by PRA L.P. in respect of this Agreement (but not, for the avoidance of doubt, the costs of any judgment against PRA L.P.); *provided* that the aggregate Permitted Withdrawals that may be made by all A-Side IAC Payment Parties in respect of the third-party legal and accounting fees and related expenses described in this clause (E) shall be limited such total third-party legal and accounting fees and related expenses that are allocated to the A-Side Payment Groups; *provided further* that all Permitted Withdrawals pursuant to this clause (E) must be paid, dollar for dollar, to PRA L.P. (or any direct or indirect owner of PRA L.P., which owner shall promptly contribute the funds to PRA L.P., if such owner is a direct owner of PRA L.P., or, if such owner is an indirect owner of PRA L.P., to such owner's Subsidiaries until such funds are received by PRA L.P.) to be paid, dollar for dollar, to such third-party legal and accounting fees and related expenses, or (F) Litigation Costs of the A-Side Payment Parties up to an aggregate amount equal to the aggregate Retained Payment Amount of the A-Side Payment Parties as of such date (less any amount thereof previously utilized by such Payment Groups to pay Litigation Costs, RCR Top-Off Payments, or SOR Top-Off Payments); (G) any amounts required to be paid to A-Side Payment Group 8 from Sale Proceeds or IAC Non Tax Distributions pursuant to paragraph 8 of the term sheet dated December 18, 2024 titled Samantha Hunt Settlement (or any binding agreement among the applicable parties that is consistent in all material respects with such paragraph 8); and (H) any amount permitted to be withdrawn pursuant to the Credit Support Annex of the A-Side IAC Payment Party's Payment Group; and

(ii) with respect to a B-Side IAC Payment Party, any amount permitted to be withdrawn pursuant to the Credit Support Annex of the B-Side IAC Payment Party's Payment Group.

"Person" means an individual, trust, estate of a deceased individual, corporation, partnership, limited liability company, association or other entity or organization, including a Governmental Authority.

"Personal Injury Claimants" means any holder of a NAS PI Claim (as defined in the Plan) or a Non-NAS PI Claim (as defined in the Plan).

"Personal Injury Payments" means the amounts payable to Personal Injury Claimants pursuant to the direct settlement among the Sackler Parties and electing Personal Injury Claimants as contemplated by the Plan, the maximum amounts of which are as set forth on Exhibit M hereto.

"Plan" means the chapter 11 plan to be filed by the Debtors, including any schedules, annexes, exhibits and supplements thereto, as confirmed by the Bankruptcy Court.

"Plan Administration Trust" has the meaning set forth in the Plan.

"Plan Classes" means the "Classes" of claims or interests, as applicable, as defined in the Plan.

"Plan Documents" has the meaning set forth in the Plan.

"Plan Effective Date" means the effective date of the Plan.

"Possible Refunding Trust" means a trust that is not a Sackler Party over which a power was exercised to cause property of such trust having a cumulative aggregate value (based on the date of contribution value of each contribution) in excess of \$500,000 to pass to a Sackler Party that is a Trust other than as part of a transaction intended to provide the holder of the power full and adequate consideration in exchange for the exercise of the power, excluding, however, any trust that has already terminated.

"Power Holder" means, with respect to any Trust, any Person (other than a trustee thereof acting in its capacity as such trustee) possessing any trust power, including protectors, whether held in a fiduciary

or non-fiduciary capacity or exercisable by such Person alone or only in conjunction with other Persons, with respect to any aspect of the administration or modification of such Trust, including powers to remove, replace or appoint trustees and protectors, to modify governing instruments and to consent to (or deny consent to) or direct others to take or refrain from taking any action relating to that aspect of administering or modifying such trust (including without limitation as referred to in Sections 4.06, 4.08 and 4.10 of Annexes A, C, D, E and F of this Agreement and Sections 4.03, 4.04 and 4.05 of Annex B of this Agreement), including any Consent Person.

“PPI Interests” has the meaning set forth in the recitals.

“PPLP Interests” has the meaning set forth in the recitals.

“PRA L.P.” has the meaning set forth in Section 2.01(d).

“Prejudicial Impact” has the meaning set forth in Section 8.01.

“Preliminary Injunction” has the meaning set forth in the Plan.

“Preliminary Payment Determination” has the meaning set forth in Section 2.07(a)(i).

“Prepayment Date” has the meaning set forth in Section 2.02(a).

“Prepayment Escrow Account” means one or more escrow accounts for the benefit of the MDT established (i) in connection with Section 2.01(l)(iii) and/or (ii) in connection Section 2.02(c)(ii), in each case, out of which Settlement Payment Obligations shall be paid to the MDT if and to the extent the same become due and payable, and otherwise returned to the applicable Transferor funding such escrow account.

“Prepayment Notice” has the meaning set forth in Section 2.02(a).

“Primary Subdivision” has the meaning set forth in the Governmental Entity & Shareholder Direct Settlement Agreement.

“Prime Rate” means the rate of interest per annum from time to time published in the money rates section of *The Wall Street Journal* or any successor publication thereto as the “prime rate” then in effect; *provided*, that if such rate of interest, as set forth from time to time in the money rates section of *The Wall Street Journal*, becomes unavailable for any reason, the “Prime Rate” shall mean the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank, N.A. or its successor as its prime rate in effect at its principal office in New York City (or the location of its successor’s headquarters).

“Prior Filed Plan” means the twelfth amended joint chapter 11 plan of reorganization of Purdue Pharma L.P. and its affiliated debtors [D.I. 3726].

“Private Claimant MFN Representative” means a representative appointed by the Settling Private Claimants holding a majority of the value of all claims held by such Settling Private Claimants (the value of each such claim being determined on the basis of total amounts payable on account of such claim pursuant to the applicable Creditor Trust TDPs).

“Private Claimants” means each of the Hospitals, Public School Districts, ER Physicians, Third-Party Payor, and Personal Injury Claimants.

“Private Creditor Trusts” has the meaning set forth in the Plan.

“Proceeding” means any action, suit, litigation, arbitration, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, inquiry, audit, examination or investigation commenced, brought, conducted or heard by or before, or otherwise involving, any court or other Governmental Authority.

“Products” has the meaning set forth in the Plan.

“Protected Party” has the meaning set forth in the Plan.

“Public School District” has the meaning set forth in the Plan.

“Public School District Claimants” has the meaning set forth in the Plan.

“Purchaser” has the meaning set forth in Section 3.01(a)(i).

“Purdue” means Purdue Pharma L.P.

“Purdue Canada” means Bard Pharmaceuticals (1990) Inc., Elvium Life Sciences GP Inc., Elvium Life Sciences Limited Partnership, Elvium ULC, Purdue Frederick Inc. (Canada), Purdue Pharma (Canada), Purdue Pharma Inc. (Canada), and Purdue Pharma ULC.

“QSF” means a “qualified settlement fund” within the meaning of Section 1.468B-1 et seq. of the QSF Regulations.

“QSF Regulations” means the Treasury Regulations promulgated under Section 468B of the Code.

“Ratepayer Mediation Participants Stipulation” has the meaning set forth in the Plan.

“Recovery” has the meaning set forth in Section 9.01(d).

“Reference Date” has the meaning set forth in the Governmental Entity & Shareholder Direct Settlement Agreement.

“Related Parties” means, as of any time of determination, any Person who is at such time (a) any member of a Family Group; (b) a current or former spouse, qualified domestic partner, stepparent, sibling of the whole or half-blood descendant (including adoptive relationships), stepchild or current or former spouse of any descendant (including adoptive relationships) of any of the Persons described in the preceding clause (a); (c) trusts for the benefit of any one or more of the Persons described in the preceding clauses (a) and (b); (d) any Person identified on Exhibit E-1 or E-2, any IAC Holding Company, any IAC Pledgor, any IAC Pledged Entity and any other Subsidiary of an IAC Payment Party (in each case so long as such Person continues to be Controlled by one or more Sackler Parties); (e) a current beneficiary, trustee or protector to any of the Persons described in the preceding clauses (a) and (c); (f) a current Controlling equity owner, principal, executive officer, director or other equivalent member of senior management to any of the Persons described in the preceding clauses (a) and (d), but in the case of clause (d) only with respect to IACs that are Controlled by one or more Sackler Parties; and (g) any entities directly or indirectly controlling, controlled by, or under common control with any of the Persons described in the preceding clauses (a) and (b).

“Related Party Transaction” has the meaning set forth in Section 3.03(a)(ii).

“Related Person” means, with respect to a Person, (i) such Person’s predecessors, successors, assigns, Subsidiaries, Affiliates, managed accounts or funds, past, present and future officers, board members, directors, principals, agents, servants, independent contractors, co-promoters, third-party sales representatives, medical liaisons, members, partners (general or limited), managers, employees, subcontractors, agents, advisory board members, financial advisors, attorneys and legal representatives, accountants, investment bankers, consultants, representatives, management companies, fund advisors and other professionals and advisors, trusts (including trusts established for the benefit of such Person), trustees, protectors, beneficiaries, direct or indirect owners and/or equityholders, parents, transferees, heirs, executors, estates, nominees, administrators, and legatees, in each case in their respective capacities as such, and (ii) the Related Parties of each of the foregoing, in each case in their respective capacities as such. For the avoidance of doubt, the citizens and residents of a State shall not be deemed to be Related Parties of such State solely as a result of being citizens or residents of such State.

“Release Remedy” has the meaning set forth in Section 9.02(a)(ii)(B).

“Released Claims Reserves” has the meaning set forth in the Plan, and refers to such reserves as established under Section 5.01(b).

“Released Parties” has the meaning set forth in the Plan.

“Releasing Parties” has the meaning set forth in the Plan.

“Relevant Claimant” means any Person that is a (i) State, Subdivision or Tribe; (ii) holder of a Claim classified in Classes 7, 8, 9, 10(a), 10(b), or 11(c) of the Plan (regardless of whether such Person filed a proof of claim in the Bankruptcy Cases); (iii) Public School District; or (vi) holder of a Claim that would have been within the proposed classes of privately insured parties described in the Amended Verified Statement of Stevens & Lee, P.C. pursuant to Bankruptcy Rule 2019 [D.I. 333].

“Relevant Jersey Trust” means each A-Side Payment Party that is a Trust whose Governing Law Jurisdiction is or includes the law of Jersey (Channel Islands) and, in addition, each Funding Trust that funded the Rosetta Trust as set forth in Section 10.01(a)(iv).

“Relevant Parties” has the meaning set forth in Section 4.01(e).

“Remedies Forbearance Period” has the meaning set forth in Section 9.02(a)(i).

“Required Interested Persons” means, (i) at any time with respect to a Trust other than a Jersey Administered Trust, each Person (other than the settlor, if deceased, and the trustees of such Sackler Party if not also beneficiaries thereof) who would be required under the laws of the Jurisdiction of Administration of such Sackler Party to cause an agreement settling each matter described in WY Stat. § 4-10-111 (to the extent the same may be settled by agreement without court involvement under the laws of the Jurisdiction of Administration of such Sackler Party) to be binding on all beneficiaries (including for the avoidance of doubt after application of any applicable rules of virtual representation of minors and other beneficiaries), including beneficiaries not parties thereto, *provided* that an Excluded Beneficiary shall not be a Required Interested Person within the meaning of such term with respect to, but only with respect to, the Excluded Trusts and (ii) at any time with respect to the JDS Estate, each beneficiary thereof who is at that time entitled to receive a further distribution on account of their beneficial interests in the estate, including any unpaid legatee or residuary beneficiary thereof.

“Required SHP Emergence Payment” has the meaning set forth in Section 2.01(g)(i)(B).

“Reserve” and “Reserves” have the meanings set forth in Section 5.01(a).

“Restitution” has the meaning set forth in Section 4.01(a).

“Restricted Payment” means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interest of any Person, or any payment (whether in cash, securities or other property) including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interest (including, but not limited to, the IAC Pledged Shares), or on account of any return of capital to such Person’s shareholders, partners or members (or the equivalent Persons thereof).

“Restricted Person” has the meaning set forth in Section 8.08.

“Retained Interest” has the meaning set forth in Section 3.01(b).

“Retained Payment Amount” means, as of any Payment Date and for a given Payment Group, an amount equal to (i) the Payment Group’s maximum payment amount for all Direct Payments (including any fee and cost fund payments) for that Payment Date as provided by Exhibit M less (ii) the total amount actually paid (or deemed paid) by the Payment Group on such Payment Date for all Direct Payments (including any fee and cost fund payments). When determining the total amount actually paid (or deemed paid) by a given Payment Group:

- (a) *Prepayments*: For any Settlement Prepayment, the Nominal Prepayment Amount shall be deemed to be paid on the Target Payment Date (and not on the Prepayment Date). Except as otherwise provided for in Section 2.01(l), Section 2.02 or Section 2.03 of this Agreement, if the Payment Group’s Nominal Prepayment Amount of such Settlement Prepayment exceeds the Payment Date Obligation it ultimately owes on the related Target Payment Date, the excess shall roll over to the next Payment Date and be applied toward that Settlement’s next Payment Date Obligation.
- (b) *Escrows*: All amounts paid on or about a Payment Date by or behalf of a Payment Group into an escrow account pursuant to this Agreement or any other Settlement Agreement shall be deemed to be actually paid by the Payment Group on such Payment Date, *provided* that if such amounts are returned from such escrow account to the relevant Payment Group, then such amounts shall no longer be deemed to be actually paid by such Payment Group on such Payment Date.

“Rosetta Trust” means the trust bearing that name governed by the laws of Jersey (Channel Islands) of which Stone Fiduciary Management Inc., a Wyoming corporation, is the trustee.

“Sackler Party” means a Payment Party or an IAC Payment Party; *provided* that the Parties designated as A-Side Payment Parties on Exhibit A in respect of the A-Side Payment Group 8 shall not be deemed Sackler Parties for purposes of Section 7.04, Section 7.05, Section 7.06, Section 7.07, Section 8.09, Section 8.13, Section 11.07, or Section 11.08 hereof.

“Sackler Parties’ Representative” means Plerus AB LLC, a limited liability company organized under the laws of Delaware.

“Sackler Sale Period” has the meaning set forth in Section 3.01(a).

“Sale” means (i) any sale of an IAC Payment Party’s direct and/or indirect Equity Interests (whether in whole or in part) in an IAC, (ii) any sale of all or substantially all of the assets of an IAC (including an orderly wind down, dissolution or restructuring) and (iii) any sale of assets or Equity Interests in connection with clauses (i) and (ii) above, in each case to a third party. Restructuring or dissolving or winding down an IAC will not, by itself, be considered a Sale of such IAC unless such restructuring causes any Equity Interest in, or material assets of, such IAC not to be held or controlled, directly or indirectly, by an IAC Payment Party in the Payment Groups that held or controlled, directly or indirectly, Equity Interest or material assets of such IAC immediately prior to such transaction.

“Sale Expenses” means all documented, out-of-pocket fees, charges, expenses, and other amounts (excluding Taxes) incurred in connection with presale restructuring of any IACs, the marketing of such IACs and general publicity and lobbying efforts in each case, incurred in connection with a Sale.

“Sale Obligations” has the meaning set forth in Section 3.05.

“Sale Proceeds” means the gross cash proceeds (a) of a Sale, including, in the event the assets of any IAC Payment Party, IAC Holding Company, IAC, or any other Subsidiary of an IAC Payment Party are sold as part of the same transaction or series of related transactions as a Sale, the gross cash proceeds from the sale of such assets or (b) received in connection with the repayment of an IAC Loan or Intercompany Loan to the extent such repayment was made with proceeds of a Sale (other than a Permitted Withdrawal) and without duplication to amounts included in the definition of “IAC Non-Tax Distributions”, in each case of clauses (a) and (b), as calculated in U.S. dollars at the relevant spot exchange rate published by Bloomberg on any date on which such proceeds are deposited into an IAC Account or otherwise paid to the MDT. To the extent Sale Proceeds are used to repay an Intercompany Loan (including, for the avoidance of doubt, an Intercompany Loan between IAC Payment Parties), such Sale Proceeds shall be considered Sale Proceeds only of the IAC Payment Party that is the payee (or whose Subsidiary is the payee) with respect to such Intercompany Loan.

“Sale Proceeds Deductions” means, with respect to any Sale Proceeds actually received by an IAC Payment Party, the sum of:

(i) without duplication and to the extent not previously applied in determining a Permitted Deduction, the following documented, out-of-pocket fees, costs and expenses incurred by any IAC Holding Company or any entity whose equity interests are held, directly or indirectly, by an IAC Holding Company (but, for the avoidance of doubt, not including fees, costs and expenses incurred by any IAC Payment Party or any Subsidiary of an IAC Payment Party (other than any IAC Holding Company or any entity whose equity interests are held, directly or indirectly, by an IAC Holding Company), in each case solely in the amounts allocated to such IAC Payment Party pursuant to the Expense Allocation Principles), solely to the extent such fees, costs and expenses are paid or payable to Third-Party Payees: (A) transfer Taxes, legal and other fees and expenses incurred in connection with such Sale and (B) any Sale Expenses incurred in connection with such Sale, and (C) reimbursement amounts specified in Section 3.04 with respect to the Sale of any IAC; *plus*

(ii) without duplication and to the extent not previously applied in determining a Permitted Deduction, all amounts funded to any IAC by such IAC Payment Party or another Sackler Party on behalf of such IAC Payment Party (solely to the extent permitted by the relevant Credit Support Annexes, whether funded directly to the IAC or funded through one or more IAC Holding Companies and/or Subsidiaries of such IAC Payment Party) on or after the Agreement Effective Date (other than contributions that reduce the amount of IAC Non-Tax Distributions, as contemplated by the definition of “IAC Non-Tax Distribution”), including in the case of the A-Side IAC Payment Parties any amounts paid or deemed paid

in respect of any loan made by an IAC for purposes of funding the Settlement Payment made pursuant to Section 2.01(g)(i)(A).

Notwithstanding the foregoing, Sale Proceeds Deductions shall not include income Taxes or withholding Taxes. For the avoidance of doubt, Sale Proceeds Deductions shall not include the repayment of Intercompany Loans or IAC Loans funded directly or indirectly from Sale Proceeds.

“Second Circuit” means the United States Court of Appeals for the Second Circuit.

“Secondary Restricted Person” means (i) any child of a Restricted Person who is a natural person or, for Restricted Persons that are estates, any child of the deceased person associated with such estate, who is older than 18 years of age as of June 27, 2024 and (ii) any trusts of which any of the Persons in the foregoing clause (i) are beneficiaries and the trustees thereof (solely in their capacities as such), in each case to the extent such Person is not a Restricted Person.

“Secured Party” means each of (i) the MDT and each of its successors and permitted assigns and (ii) any agent, trustee or other representative or designee (including one or more Subsidiaries or other entities of the MDT formed to carry out its duties and obligations under the Definitive Documents) authorized or appointed to hold any security interest in or Lien on, or take possession or control of, any Collateral on behalf of and for the benefit of itself and any person described in clause (i) above.

“Separately Settling Payment Group” has the meaning set forth in Section 11.20.

“Separation Agreements” means the agreements entered into in accordance with this Agreement to govern continuing business and other commercial relationships among the Debtors, NewCo and other entities owned directly or indirectly by the Sackler Parties and to clarify and confirm such parties’ respective rights under certain intellectual property rights.

“Settlement” has the meaning set forth in the recitals.

“Settlement Administrator” means the entity that annually determines and prepares the Payment Date Obligations and all reports and updates to be provided hereunder by the MDT to the Sackler Parties’ Representative and the other specified Persons pursuant to Section 2.07. Prior to the Settlement Effective Date, the Sackler Parties’ Representative and the MDT shall agree to (i) selection and removal processes for and the identity of the Settlement Administrator, (ii) a detailed description of the Settlement Administrator’s duties and responsibilities, including the relationship of the Settlement Administrator to the MDT and (iii) a detailed mechanism for paying the Settlement Administrator’s fees and costs (which payments shall not be additional obligations of the Sackler Parties), all of which shall be appended to this Agreement as Exhibit D.

“Settlement Agreements” means (a) this Agreement and (b) the settlement agreements being entered into on or about the date hereof among the [Sackler Parties] and various creditor groups, each of which is listed on Exhibit V, and “Settlement Agreement” means any individual settlement agreement listed on Exhibit V.

“Settlement Amount” means \$6.5 billion, subject to adjustments as reflected on Exhibit M, in the Plan and elsewhere in this Agreement and any other Settlement Agreement.

“Settlement Effective Date” has the meaning set forth in Section 10.01(a).

“Settlement Payment Dispute Notice” has the meaning set forth in Section 2.07(a)(ii).

“Settlement Payment Obligations” means, for any Payment Party, such Payment Party’s payment obligations with respect to Settlement Payments hereunder or under a Settlement Agreement, as applicable.

“Settlement Payments” has the meaning set forth in Section 2.01(a)(iv).

“Settlement Prepayment” has the meaning set forth in Section 2.02(a).

“Settling Creditor” has the meaning set forth in the Plan.

“Settling Party” means any Person providing a release under the Settlement.

“Settling Private Claimant” means a Private Claimant that is a Settling Creditor.

“Settling States” has the meaning set forth in the Governmental Entity & Shareholder Direct Settlement Agreement.

“Shareholder Released Claims” means any Cause of Action released pursuant to the Shareholder Releases.

“Shareholder Released Parties” has the meaning set forth in the Plan.

“Shareholder Releases” means any and all releases, waivers, or disclaimers of liability, standstill agreements, or other similar terms in favor of any of the Shareholder Released Parties contained in the Settlement, including the releases contained in Section 10.7(b) of the Plan.

“Special Operating Reserve” has the meaning set forth in Section 5.02(a).

“Specified Breach” has the meaning set forth in Section 9.01.

“Specified Breach Trigger” means a Breach Trigger with respect to a Specified Breach.

“Specified GUC Claims” means the claim of any holder that would have been classified in Plan Class 11(c) but for the fact that the holder of such claim has not filed a proof of claim.

“Specified Shareholder Provisions” means any provision of any Definitive Document: (i) covering the validity or scope, of the Shareholder Releases; (ii) covering the validity, scope, or application of the Special Operating Reserve; (iii) covering the administration of Claims, solely regarding provisions relating to settling or estimating any Disputed Claim, or having the effect of settling or estimating any Disputed Claim, in each case in a manner that is inconsistent with the consent right of the Sackler Parties’ Representative as set forth in Section 7.12 of the Plan; (iv) describing any purported concessions or admissions of the Shareholder Released Parties or of Debtors’ Estates solely to the extent it could reasonably be expected to impact the Shareholder Released Parties; or (v) altering or that has the effect of altering this Agreement, in the case of each of the foregoing clauses (i) through (iv), in a manner that otherwise materially and adversely affects the rights, obligations, or interests of the Shareholder Released Parties.

“States” means except for Oklahoma, all 50 states of the United States of America and the District of Columbia, American Samoa, Guam, Northern Mariana Islands, Puerto Rico, and U.S. Virgin Islands.

“States AG Negotiating Group” has the meaning set forth in the Plan.

“Subdivisions” has the meaning set forth in the Governmental Entity & Shareholder Direct Settlement Agreement.

“Subsidiary” means, with respect to any Person, a corporation, partnership, joint venture, limited liability company or other entity (i) of which a majority of the shares or securities or other equity or ownership interests having ordinary voting power for the election of directors, managers, or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time directly or indirectly beneficially owned by such Person, or (ii) the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person.

“Target Payment Date” has the meaning set forth in Section 2.02(a).

“Tax” or “Taxes” means all taxes, customs, duties, governmental fees or other like assessment or charge of any kind whatsoever, including all federal, state, local or foreign income, gross receipts, windfall profits, severance, property (real or personal), production, sales, use, value-added, ad valorem, license, excise, franchise, transfer, gains, escheat, mortgage recording, transportation, gross operating, capital, employment, unemployment, occupation, social security, pension plan, withholding or similar taxes, customs, duties, governmental or other like assessments or charges, together with any interest, repayment supplement, additions or penalties with respect thereto and any interest in respect of such additions or penalties.

“Tax Advisor” means an accounting or law firm with expertise in the relevant jurisdiction engaged by a Sackler Party or an IAC to provide advice regarding the tax consequences of a Sale.

“Tax Matters” has the meaning set forth in Section 4.08.

“Tax Treatment” has the meaning set forth in Section 4.01(e).

“Third-Party Payee” means, with respect to any Sale or IAC Distribution, (a) any Tax authority or other regulatory authority to whom payments are required in connection with such transaction, (b) any contract counterparty that is not a Sackler Party or Related Party whose consent is required to complete such Sale or IAC Distribution, or who is entitled to a payment as a result of such Sale or IAC Distribution, (c) any legal, accounting, financial or other advisor or professional services company that is not a Sackler Party or Related Party that provides services in connection with such Sale or IAC Distribution, or (d) any Person (including any Sackler Party or any of their Affiliates) that advances payments to any Person described in clauses (a) through (c).

“Third-Party Payor” has the meaning set forth in the Plan.

“Third-Party Payor Payments” means the amounts payable to Third-Party Payors pursuant to the direct settlement among the Sackler Parties and electing Third-Party Payors as contemplated by the Plan, the maximum amounts of which are as set forth on Exhibit M hereto.

“Third-Party Released Claims” means any Cause of Action released pursuant to the Third-Party Releases, including, for the avoidance of doubt, the Shareholder Released Claims.

“Third-Party Releases” means any and all releases, waivers, or disclaimers of liability, standstill agreements, or other similar terms in favor of any of the Shareholder Released Parties or Released Parties contained in the Settlement, including the releases contained in Sections 10.6(b), 10.7(a) and 10.7(b) of the Plan.

“Threshold Motion” means a motion to dismiss or equivalent dispositive motion made at the outset of litigation against any of the Shareholder Released Parties for Covered Conduct under applicable procedure.

“Tolled Claims” has the meaning set forth in Section 9.02(a)(ii)(B).

“Total Litigation Costs” means, as of any date and in respect of any Payment Group, the sum of all Litigation Costs incurred or accrued by or on behalf of such Payment Group through such date; *provided*, that total Litigation Costs related to Specified GUC Claims for all Payment Groups in the aggregate shall not exceed \$50 million.

[“Transferor” means, with respect to an applicable QSF, a person for U.S. federal income tax purposes that transfers (or on behalf of whom an insurer or other person transfers) money or property to the QSF to resolve or satisfy claims as described in the Treasury Regulations Section 1.468B-1(c)(2).]

“Treasury Regulations” means the regulations promulgated from time to time under the Code (including any successor regulations).

“Tribe” has the meaning set forth in the Plan.

“Tribe TDP” has the meaning set forth in the Plan.

“Tribe Trust” has the meaning set forth in the Plan.

“Trust Certification” means, with respect to a Trust, a certification of the trustees thereof substantially in the form of Exhibit Q.

“Trusts” means the trusts subject to the terms hereof being Sackler Parties as set forth on Exhibit R, on account of their respective trustees entering into this Agreement, in their capacity as such.

“Unsold IAC Notice” has the meaning set forth in Section 3.07(a).

Section 1.02 Interpretative Provisions.

(a) The words “hereof,” “herein” and “hereunder” and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(b) The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. References to Articles, Sections, Annexes and Exhibits are to the Articles, Sections, Annexes and Exhibits of this Agreement unless otherwise specified.

(c) All Exhibits and Annexes annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit or Annex but not otherwise defined therein shall have the meaning as defined in this Agreement.

(d) Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular, and words denoting either gender shall include both genders as the context requires. Where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning.

(e) Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation,” whether or not they are in fact followed by those words or words of like import.

(f) The use of the word “or” shall not be exclusive.

(g) The word “will” shall be construed to have the same meaning and effect as the word “shall.”

(h) The word “party” shall, unless the context otherwise requires, be construed to mean a party to this Agreement. Any reference to a party to this Agreement or any other agreement or document contemplated hereby shall include such party’s estate, legal and personal representatives, successors and permitted assigns.

(i) Any reference in this Agreement to an estate of a deceased individual or trust as a person or party shall, unless the context otherwise requires, be construed to be or include, as the context may require, the personal representatives and trustees thereof, respectively, acting in their capacity as such personal representatives and trustees.

(j) Any reference in this Agreement to a “natural person” shall not, unless the context otherwise requires, be construed to include a personal representative or trustee that is a natural person acting solely in such person’s capacity as a personal representative or trustee of a deceased individual’s estate or a trust, respectively.

(k) Any reference in this Agreement to the rights and obligations of the estate of a deceased individual (including the JDS Estate) or a trust (including a Trust) that does not have a separate legal personality under applicable Law shall be construed as a reference to the rights and obligations of the personal representatives of such estate (including the JDS Estate) and the trustees of those trusts (including the Trusts), respectively, in their capacity as such.

(l) All references to “\$” and dollars shall be deemed to refer to United States currency unless otherwise specifically provided.

(m) All references to a day or days shall be deemed to refer to a calendar day or calendar days, as applicable, unless otherwise specifically provided.

(n) Any reference to any Contract shall be a reference to such agreement or contract, as amended, amended and restated, modified, supplemented or waived.

(o) A reference to any legislation or to any provision of any legislation shall include any modification, amendment, re-enactment thereof, any legislative provision substituted therefore and all rules, regulations and statutory instruments issued or related to such legislation.

(p) Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement. No prior draft of this Agreement nor any course of performance or course of dealing shall be used in the interpretation or construction of this Agreement. No parol evidence shall be introduced in the construction or interpretation of this Agreement unless the ambiguity or uncertainty in issue is plainly discernable from a reading of this Agreement without consideration of any extrinsic evidence. Although the same or similar subject matters may be addressed in different provisions of this Agreement, the Parties intend that, except as reasonably apparent on the face of the Agreement or as expressly provided in this Agreement, each such provision

shall be read separately, be given independent significance and not be construed as limiting any other provision of this Agreement (whether or not more general or more specific in scope, substance or content).

(q) Unless the context otherwise requires, references to Net Proceeds, Sale Proceeds or IAC Non-Tax Distributions “received by” or “actually received by” an IAC Payment Party, or to the “receipt” of Net Proceeds, Sale Proceeds or IAC Non-Tax Distributions by an IAC Payment Party shall include Net Proceeds, Sale Proceeds, or IAC Non-Tax Distributions that have been received by PRA L.P. and would be received by such IAC Payment Party in a pro rata distribution thereof by PRA L.P. to its equity holders.

(r) Any references to a “payment number” with respect to a Payment Group shall mean the corresponding sequential aggregate Settlement Payment to be made by such Payment Group as set forth on Exhibit M of the applicable Settlement Agreements.

(s) Any references to “scheduled” with respect to the maximum Payment Obligation of a Payment Group on a given Payment Date shall mean the corresponding amount, as set forth on Exhibit M of the applicable Settlement Agreements.

(t) Any references to Plan Effective Date and Settlement Effective Date shall refer to the same calendar date given that the Plan Effective Date and Settlement Effective Date are each conditioned on the occurrence of the other date, among other conditions. Each of the Plan Effective Date and Settlement Effective Date shall be the same date or such date shall be deemed to have not occurred.

(u) Any references to “joint and several”, when referring to liabilities of Payment Parties within a Payment Group, shall have the meaning set forth in the Credit Support Annex applicable to such Payment Group, to the extent the phrase “joint and several” is defined therein.⁴

ARTICLE 2. SETTLEMENT PAYMENTS

Section 2.01 Payment⁵

(a) Settlement Payments. The Payment Parties, the MDT, the Settling States, the Private Claimants and the General Unsecured Creditors each acknowledge and agree that notwithstanding anything to the contrary in this Agreement, including, but not limited to, the scope of the Third-Party Released Claims that each of the Payment Parties and the MDT have entered into this Agreement to avoid the delay, expense, inconvenience, and uncertainty of further litigation. Each Payment Party agrees that it shall, on a joint and several basis with the other Payment Parties within its Payment Group but on a several and not joint basis as among Payment Groups, pay or cause to be paid to the MDT, in the manner and at the times set forth herein, in each Settlement Agreement and in the Plan, and on the terms and conditions and subject to the limitations set forth herein and therein, (x) the amount payable with respect to the Estate Payments, the Third-Party Payor Payments, and the Personal Injury Payments, in each case, by each Payment Group, in connection with the Plan and (y) the amount payable by each Payment Group pursuant to each such Settlement Agreement.

(i) Notwithstanding anything to the contrary herein, the maximum scheduled payments in respect of the Settlement Amount required to be paid by each Payment Group on each Payment Date pursuant to the Plan and all Settlement Agreements, before the application of any

⁴ NTD: Parties to discuss.

⁵ Exhibit AA to contemplate one or more IACs will agree to make an estate payment simultaneous with the first payment which will reduce the amount Side A and Side B are obligated to pay the estate on the first payment date.

reductions or adjustments required by this Agreement, including those related to Non-Settling States (as defined in the Governmental Entity & Shareholder Direct Settlement Agreement) and before accounting for any prepayments, are set forth on Exhibit M. Specifically:

(A) Exhibit M-A: Titled “Maximum Payments by Payment Group Pursuant to the Plan and Related Direct Settlement Agreements Prior to Taking Account of the terms set forth in Section 2.01(g)”, Exhibit M-A sets forth the maximum amounts payable by Payment Group by Payment Date prior to taking account of the terms set forth in Section 2.01(g). Exhibit M-A is not used to determine any payment obligation of any Payment Group.

(B) Exhibit M-B: Titled “Maximum Payments by Payment Group Pursuant to the Plan and Related Direct Settlement Agreements After Taking Account of the terms set forth in Section 2.01(g)”, Exhibit M-B sets forth the maximum amount payable by Payment Group by Payment Date after taking account of the terms set forth in Section 2.01(g).

(C) Exhibit M-2: Titled “Maximum Payment Schedule”, Exhibit M-2 sets forth, for each Payment Date and Payment Group, the Estate Payments and the maximum amounts payable under the Settlement Agreements. Amounts set forth on Exhibit M-2 reflect the adjustments related to the terms set forth in Section 2.01(g).

(D) The actual Payment Date Obligations of each Payment Party are subject to the adjustments set forth in this Agreement, in the other Settlement Agreements, and in the Plan, as applicable, including, in particular, reductions of such Payment Date Obligations pursuant to the provisions of the Governmental Entity & Shareholder Direct Settlement Agreement and the other Settlement Agreements to account for parties that do not join (e.g., unearned Incentive Payments) and increases to account for additional payments otherwise due (e.g., catch up payments for later-earned Incentive Payments, RCR Top-Off Payments and SOR Top-Off Payments). For the avoidance of doubt, the amounts set forth in Exhibit M-2 do not include Payment Obligations other than Settlement Payment Obligations (e.g., IAC Bonus Payments or Breach Fees, as applicable).

(ii) Payment in full of all Payment Obligations by Payment Parties under this Agreement shall constitute full and complete satisfaction of all Payment Obligations of the Payment Parties under the Plan and all Settlement Agreements.

(iii) If any amounts are funded by the Payment Parties into a Grantor Trust Arrangement with respect to any Opt-Out Class Action Settlement pursuant to Section 10.01(a)(xix), and the corresponding Opt-Out Class Action Settlement Agreement has been executed (and all amounts potentially payable thereunder have become due and payable under the terms of such Out Class Action Settlement Agreement, disregarding, for such purposes, requirements or conditions assessed on an individual basis with respect to Private Claimants that may receive consideration under such Opt-Out Class Action Settlement) on or prior to the tenth (10th) Business Day immediately preceding the second (2nd) Payment Date, then all amounts due to the members of the relevant Class under such Opt-Out Class Action Settlement shall be released to the applicable Private Creditor Trust and the balance, if any, of such Grantor Trust Arrangement in respect of such Opt-Out Class Action Settlement shall be promptly released to or at the direction of the applicable Payment Parties. If any amounts are funded by the Payment Parties into a Grantor Trust Arrangement with respect to any such Opt-Out Class Action Settlement pursuant to

Section 10.01(a)(xix), and the corresponding Opt-Out Class Action Settlement Agreement has not been executed (or otherwise if any amounts potentially payable thereunder have not become due and payable under the terms of such Out Class Action Settlement Agreement, disregarding, for such purposes, requirements or conditions assessed on an individual basis with respect to Private Claimants that may receive consideration under such Opt-Out Class Action Settlement) on or prior to the tenth (10th) Business Day immediately preceding the second (2nd) Payment Date, all amounts funded by the Payment Parties into a Grantor Trust Arrangement with respect to such Opt-Out Class Action Settlement pursuant to Section 10.01(a)(xix) shall be promptly released to or at the direction of the applicable Payment Parties. If such Opt-Out Class Action Settlement Agreement is executed after such release from such Grantor Trust Arrangement to or at the direction of the Payment Parties, each Payment Party shall pay to the applicable Private Creditor Trust such amounts due and payable by it within ten (10) Business Days of delivery to such Payment Party of notice that such amounts are due and payable. Additional terms and conditions of the Grantor Trust Arrangement, including with respect to interest earned on amounts funded into Grantor Trust Arrangements, reserves and disposition of funds, are set forth in Exhibit Z (and to the extent of any conflict between this Section 2.01(a)(iii) and Exhibit Z, Exhibit Z shall control).⁶

(iv) The amounts set forth on Exhibit M-2 excluding Estate Payments, are collectively referred to as the “Direct Payments”. The Direct Payments, together with the Estate Payments, collectively constitute the “Settlement Payments”.

(v) To the extent the applicable Private Creditor Trust has not been formed, or is otherwise not in a position to receive its portion of the Initial Private Creditor Trust Distributions, amounts owed to the corresponding Private Creditor Trusts on the Settlement Effective Date shall be funded to an escrow account maintained by a third-party escrow agent, and the parties shall cooperate in good faith to cause such funds to be released to the MDT for further payment to such Private Creditor Trusts as promptly as practicable following the satisfaction of any conditions to such release contemplated herein.

(b) Payment of A-Side Payment Date Obligations. With respect to each A-Side Payment Group, on each Payment Date,

(i) the A-Side General Obligors shall pay, or cause to be paid (on a joint and several basis with the other A-Side General Obligors) to the MDT, on behalf of the A-Side Payment Groups, the A-Side Payment Date Obligation of such A-Side Payment Groups by the applicable Payment Date;

(ii) the A-Side Payment Parties that are trusts (other than the A-Side General Obligors and “bare trusts”) or other entities within each A-Side Payment Group shall pay, or cause to be paid (on a joint and several basis with the other remaining A-Side Payment Parties that are trusts or other entities within such A-Side Payment Group), to the MDT such A-Side Payment Group’s A-

⁶ Exhibit Z will provide that members of a class in an Opt-Out Class Action Settlement who do not “opt out” of the settlement (i.e., those who are bound by the releases contemplated thereby) will receive the actual interest generated on escrowed funds (net of tax distributions) from the Settlement Effective Date through the payment date, based on the escrow principal that correspond to the amounts finally determined to be payable to them. The Payment Party that is a party to the escrow agreement with respect to a Grantor Trust Escrow Account will select the investments made pursuant to such escrow agreement, which – investment shall consist of U.S. Treasuries and money market funds that invest in U.S. Treasuries. Any interest associated with amounts attributed to members of a class who “opt out” will be retained by the Payment Party that is a party to the escrow agreement with respect to such Grantor Trust Escrow Account.

Side Payment Date Obligation by the applicable Payment Date solely to the extent such A-Side Payment Date Obligation is not paid pursuant to clause (i); and

(iii) the A-Side Payment Parties that are natural persons or “Bare Trusts” within each A-Side Payment Group shall pay, or cause to be paid (on a joint and several basis with the other A-Side Payment Parties that are natural persons or “Bare Trusts” within such A-Side Payment Group), to the MDT such A-Side Payment Group’s A-Side Payment Date Obligation by the applicable Payment Date solely to the extent such A-Side Payment Date Obligation is not paid pursuant to clause (i) or (ii);

provided that (1) no A-Side General Obligor shall have any obligation to make any payment pursuant to this Section 2.01 (and shall not be in Breach or otherwise have any liability to the MDT for the failure to make any payment) if and to the extent it does not have sufficient liquid assets (not including any amounts reserved in good faith for the payment of Taxes or any other Permitted Withdrawals applicable to such A-Side General Obligor) to do so; (2) no A-Side General Obligor shall have any obligation to make any payment in respect of A-Side Payment Group 8 other than the \$133 million payment on the Settlement Effective Date contemplated by Section 2.01(g); and (3) nothing in this Section 2.01(b) shall limit the MDT’s right to seek payment in full from any A-Side Payment Party of its A-Side Payment Date Obligation without any requirement to seek collection first from any A-Side General Obligor or any other A-Side Payment Party.

(c) Payment of B-Side Payment Date Obligations. With respect to each Payment Date, each B-Side Payment Group shall pay, or cause to be paid (on a joint and several basis among the members of such B-Side Payment Group, subject to Section 9.03), to the MDT its B-Side Payment Date Obligation by the applicable Payment Date.

(d) Payments by Beacon Trust. All payments by any A-Side Payment Group, except as otherwise designated, shall be made directly or indirectly to Beacon Trust (which received substantial distributions indirectly from Purdue) and contributed by Beacon Trust through intervening entities to Pharmaceutical Research Associates L.P. (“PRA L.P.”), which shall make the required payments under this Section 2.01 to the MDT in accordance with Section 2.01(f) below. All such payments made directly or indirectly to Beacon Trust by any A-Side Payment Group shall be paid, dollar for dollar, to the MDT by PRA L.P.

(e) Payments by 74A Trust. All payments by any B-Side Payment Group, except as otherwise designated, shall be made directly or indirectly to the Trust formed under agreement of trust dated November 5, 1974 for the benefit of Beverly Sackler (the “74A Trust”) (which received substantial distributions indirectly from Purdue) and contributed by the 74A Trust through intervening entities to PRA L.P., which shall make the required payments under this Section 2.01 to the MDT in accordance with Section 2.01(j) below. All such payments made directly or indirectly to the 74A Trust by any B-Side Payment Group shall be paid, dollar for dollar, to the MDT by PRA L.P.

(f) Allocation of Payments.

(i) For all purposes of this Agreement, (A) the first \$133 million of any payment by the A-Side General Obligors on the Settlement Effective Date shall be deemed to have been made by A-Side Payment Group 8 (and not any other A-Side Payment Group) and (B) all other payments by an A-Side General Obligor (including any amount paid on the Settlement Effective Date in excess of \$133 million, any amount paid on any other Payment Date, and any amount paid pursuant to Section 2.02) shall be deemed to have been made by each other A-Side Payment Group (excluding A-Side Payment Group 8) in an amount equal to the lesser of (i) one-seventh (1/7) of

such payment and (ii) such A-Side Payment Group's unpaid Settlement Payment Obligations, provided that if the unpaid Settlement Payment Obligations of any A-Side Payment Group (other than A-Side Payment Group 8) is zero or is reduced to zero by such allocation, then any unallocated portion of such payment by an A-Side General Obligor shall be deemed to have been made in equal proportion by each of the A-Side Payment Group(s) (other than A-Side Payment Group 8) whose unpaid Settlement Payment Obligations are greater than zero.

(ii) Any payment by a Payment Party that is a Crossover Member (other than any A-Side General Obligor or Common B-Side Payment Party), shall be deemed to have been made in equal amounts by each Payment Group of which such Crossover Member is a member.

(iii) For all purposes of this Agreement (including the definition of Settlement Payment Obligation), any payment by any B-Side Payment Party that is a member of more than one B-Side Payment Group (such B-Side Payment Party, a "Common B-Side Payment Party"), shall be deemed to have been made by each B-Side Payment Group, in an amount equal to the lesser of (A) one-half (1/2) of such payment and (B) such Payment Group's unpaid Settlement Payment Obligations; *provided that* if such payment is made by the 74A Trust as a result of a B-Side Payment Party's payment to the 74A Trust pursuant to Section 2.01(e), then, for so long as the 74A Trust is a Common B-Side Payment Party, such payment by the 74A Trust shall be deemed to have been made by the B-Side Payment Group in the amount such Payment Group paid to 74A Trust for such payment.

(g) A-Side Payment Group 8 Payments. Notwithstanding anything to the contrary in this Agreement or otherwise:

(i) On the Settlement Effective Date:

(A) A-Side General Obligors shall pay \$133,000,000 to the MDT and such payment shall have been deemed to have been made by A-Side Payment Group 8; and

(B) A-Side Payment Group 8 shall pay \$50 million to the MDT (the "Required SHP Emergence Payment").

(ii) On the fifth (5th) Payment Date, A-Side Payment Group 8 shall pay \$20,869,075.51 to the MDT, subject to Section 2.01(g)(iv).

(iii) On the sixth (6th) Payment Date, A-Side Payment Group shall pay \$21,808,183.91 to the MDT subject to Section 2.01(g)(iv).

(iv) A-Side Payment Group 8 shall have the option to prepay on the Settlement Effective Date, in whole or in part with at least sixty (60) calendar days prior written notice to the MDT, the Governmental Consent Parties, and the Sackler Parties' Representative, its payment obligations due on the fifth (5th) Payment Date and/or sixth (6th) Payment Date. The amount of any such prepayment shall be equal to the net present value of the nominal amounts otherwise payable by A-Side Payment Group 8 on the fifth (5th) Payment Date and sixth (6th) Payment Date, discounted at an annual rate of 4.5% to the Settlement Effective Date. Prepayment amounts shall be applied first to prepay all or a portion of the amount due on the sixth (6th) Payment Date, with any excess applied to the fifth (5th) Payment Date. Should A-Side Payment Group 8 elect to exercise this prepayment option in full, the amount related thereto to be paid on the Settlement Effective Date shall be \$35,000,000.00, of which \$17,500,000.00 shall be attributable to each of the fifth (5th) Payment Date and the sixth (6th) Payment Date. By way of example only, should A-Side Payment

Group 8 elect to exercise this prepayment option in part in the amount of \$20,000,000.00, (x) \$2,500,000.00 of such amount shall be attributable to the fifth (5th) Payment Date, and the remaining amount payable by A-Side Payment Group 8 on the fifth (5th) Payment Date (after application of the 4.5% discount rate described above) shall be \$17,887,779.00, and (y) \$17,500,000.00 of such amount shall be attributable to the sixth (6th) Payment Date, and no other amounts shall be payable by A-Side Payment Group 8 on the sixth (6th) Payment Date. For the avoidance of doubt, in no event shall any Payment Group other than A-Side Payment Group 8 be entitled to make any prepayments pursuant to this Section 2.01(g)(iv).

(v) If A-Side Payment Group 8 elects to exercise its prepayment option, then:

(A) The Settlement Payment Obligation of each A-Side Payment Group (other than A-Side Payment Group 8) due on the Settlement Effective Date shall be reduced by one-seventh (1/7th) of the amount of the prepayment by A-Side Payment Group 8; and

(B) The Settlement Payment Obligation due on fifth (5th) Payment Date or sixth (6th) Payment Date, as applicable, of each A-Side Payment Group (other than A-Side Payment Group 8) shall be increased by one-seventh (1/7th) of the nominal amount prepaid by A-Side Payment Group 8.

(vi) The total amounts in this section 2.01(g)(i) to (iv) are the agreed upon present value of A-Side Payment Group 8's total \$345 million obligation. Each applicable Exhibit M will be revised to reflect the adjustments described in this Section 2.01(g).

(vii) The A-Side General Obligors and A-Side Payment Group 8 shall fund, at least five (5) Business Days prior to the Settlement Effective Date, the respective amounts payable by them pursuant to this Section 2.01(g) via escrow or a similar arrangement pursuant to which (A) each such amount will be released to the MDT on the Settlement Effective Date only upon receipt of all such amounts, and (B) if any of such amounts are not released to the MDT on or prior to the Settlement Effective Date, all amounts funded into such escrow or similar arrangement will be returned to the respective parties who funded such amounts. In the event that the amounts funded into such escrow or similar arrangement are returned to the respective parties who funded such amounts in accordance herewith, A-Side Payment Group 8 shall be deemed to no longer be a party or subject to this Agreement or any of its terms, and the parties will retain all of their respective rights, remedies and defenses under applicable laws. For the avoidance of doubt, it is agreed and understood that to the extent that the MDT does not receive all of the amounts set forth in Section 2.01(g)(i) on or prior to the Settlement Effective Date, this Section 2.01(g) (other than clause (B) of this Section 2.01(g)(vii)) shall be deemed null and void, and no further obligations shall exist between the parties hereto with respect thereto.

(viii) Except as provided in this Section 2.01(g), A-Side Payment Group 8 shall have no obligation to make any other Settlement Payments under this Agreement or otherwise. In addition, notwithstanding anything to the contrary in this Agreement or otherwise, A-Side Payment Group 8 shall not have any Retained Payment Amounts, and A-Side Payment Group 8 shall have no obligation to make any RCR Top-Off Payments, SOR Top-Off Payments, (i.e., on the basis that A-Side Payment Group 8 would not have Retained Payment Amounts) or IAC Sale Bonus Payments. In addition, in no event will the breach of this Agreement or any other Settlement Agreement by any of the A-Side Payment Groups other than A-Side Payment Group 8 have any impact on A-Side Payment Group 8 hereunder (including, without limitation, that the MDT shall not be entitled to exercise the Release Remedy against the Family Group of which the Payment Parties in A-Side

Payment Group 8 are members). The Parties agree that, notwithstanding anything to the contrary in this Agreement or otherwise, the allocation of the \$133 million payment to A-Side Payment Group 8 pursuant to Section 2.01(g)(i)(A) above, and any other provisions in this Agreement relating thereto (including Section 9.02(a)(v)), do not create any obligation on the part of A-Side Payment Group 8 to pay such amount or any portion thereof, and that the failure by the A-Side General Obligors to pay any such amount shall not be a breach of this Agreement by A-Side Payment Group 8 or give rise to any remedies against A-Side Payment Group 8, other than the rights described in this Section 2.01(g).

(ix) The A-Side General Obligors shall have no obligation with respect to A-Side Payment Group 8 other than to make the payment referred to in Section 2.01(g)(i)(A). No member of any other A-Side Payment Group (other than the A-Side General Obligors) shall have any obligation or liability in respect of the obligations of the A-Side General Obligors set forth Section 2.01(g)(i)(A).

(h) Reserved.

(i) Except as provided in Section 9.03, (1) each Payment Party agrees that its obligations with respect to the Payment Obligations owed by its Payment Group, and such Payment Party's obligations arising as a result of its joint and several liability with each other Payment Party within its Payment Group as provided herein, shall be separate and distinct obligations, but all such obligations shall be primary obligations of each such Payment Party and (2) if a Specified Breach has occurred and is continuing with respect to any Payment Group and the MDT has elected to exercise the Payment Remedy in connection with such Specified Breach pursuant to Section 9.02, the MDT may, solely in accordance with Section 9.02 and subject to Section 9.03, proceed directly and at once, against any Payment Party within such Payment Group to collect and recover the full amount, or any portion of, such Payment Group's Settlement Payment Obligations, without first proceeding against any other Payment Party or any other Person, or against any Collateral securing the Settlement Payment Obligations of such Payment Group. Each Payment Party waives all suretyship defenses and consents and agrees that the MDT (and all other Secured Parties) shall be under no obligation to marshal any assets in favor of any Payment Group or against or in payment of any or all of the Settlement Payment Obligations.

(j) All payments made to the MDT pursuant to this Section 2.01 shall be made by wire transfer of immediately available funds to the account set forth on Exhibit G (or such other account(s) of the MDT as may be designated by the MDT to the Sackler Parties' Representative and A-Side Payment Group 8 Representative in accordance with Section 11.02 at least ten (10) Business Days prior to the applicable Payment Date). The Parties will determine appropriate funds flow mechanics to ensure timely receipt of funds.

(k) Other than as required by Section 2.06, (i) all payment and collateral obligations of any non-breaching Payment Group to the MDT hereunder shall terminate at such time when such Payment Group's Payment Obligations (excluding the IAC Sale Bonus Payment) hereunder, including any applicable RCR Top-Off Payment or a SOR Top-Off Payment, have been paid in full in cash (including as contemplated by Section 2.02) in accordance with the provisions hereof (regardless of whether another Payment Group is in Breach, including if such other Payment Group has not yet paid its Settlement Payment Obligations hereunder), and (ii) upon such payment in full of such non-breaching Payment Group's Payment Obligations (excluding the IAC Sale Bonus Payment), such Payment Group's Credit Support Annex and any related Collateral Documents with respect to the Payment Group and its Payment Parties shall terminate and all corresponding security interests shall be released, *provided*, that, notwithstanding the foregoing, any Collateral that constitutes IAC Collateral shall not be so discharged until the IAC Sale

Bonus Payment obligations (if any) of the IAC Payment Party who owns such IAC Collateral have either been satisfied in full or otherwise terminated pursuant to this Agreement.

(l) Each Payment Group may prepay in cash all or any portion of its Settlement Payment Obligations at nominal value at any time, without any discount applied (an “Advance Settlement Payment”) by providing at least thirty (30) calendar days prior written notice to the MDT (an “Advance Payment Notice”). Any Advance Payment Notice shall be delivered by the Sackler Parties’ Representative and shall specify: (i) the nominal amount of the Settlement Payment Obligation being prepaid by such Advance Settlement Payment (the “Advance Amount”), (ii) the Payment Date to which such Advance Amount shall be applied (such date, the “Advance Target Date”) and (iii) the date on which the Advance Settlement Payment is expected to be made (the “Advance Payment Date”). On the Advance Payment Date, the Payment Group delivering the Advance Payment Notice shall pay the Advance Amount to the MDT. Following such payment, the Payment Group’s Settlement Payment Obligation for the Advance Target Date shall be reduced by the Advance Amount (such reduction to be allocated between “base payments,” “incentive payments” and any other payments (e.g., fees and costs) under the relevant Settlement(s) in accordance with the instructions in the Advance Payment Notice) and any applicable RCR Top-Off Payment or a SOR Top-Off Payment. A Payment Group’s right to make Advance Settlement Payments shall be subject to the following limitations:

(i) the Advance Amount for an Advance Target Date shall not be larger than the anticipated Settlement Payment Obligation due on such Advance Target Date. The “anticipated Settlement Payment Obligation” for an Advance Target Date shall reflect the incentive levels earned by the settling parties as of the Advance Payment Date;

(ii) if a Payment Group has made an Advance Settlement Payment and the Advance Amount is ultimately less than its Settlement Payment Obligation due on the relevant Advance Target Date, the relevant Payment Group shall pay the remaining balance on the Advance Target Date as part of its Settlement Payment Obligation. Conversely, if the Advance Amount ultimately exceeds its Settlement Payment Obligation due on the Advance Target Date, the excess shall be credited to the Payment Group and applied to its next scheduled Settlement Payment Obligation(s) in direct chronological order, *provided* that if a Payment Group has prepaid all subsequent Payment Obligations and, as of the last Payment Date on which such Payment Group owes a payment, and such Payment Group has overpaid its Settlement Payment Obligations in respect of all subsequent prepaid Payment Dates (for such purposes, treating incentives that have been earned since the prior prepayments and incentives still eligible to be earned, in each case, as having been earned), then such overpayment shall be credited against the Settlement Payment Obligations of such Payment Group falling due on such last Payment Date. Any disputes concerning the accuracy of an overpayment shall be decided by fast track arbitration pursuant to Section 11.13; and

(iii) to the extent that such Payment Group prepays only a portion of such Settlement Payment Obligations due on a Payment Date, such Payment Group shall have (x) retained (i.e., not prepaid) the obligation to fund at least (i) \$4 million with respect to a B-Side Payment Group and (ii) \$1 million with respect to an A-Side Payment Group, in each case, of the Estate Payment due on such Payment Date in such prepayment or (y) on or prior to the last Payment Date on which such Payment Group owes a payment, placed into one or more Prepayment Escrow Accounts an amount equal to the maximum amount that may become payable by such Payment Group in respect of such future Settlement Payment Obligations, without discount; provided that in accordance with Exhibit Z, there shall be a separate Prepayment Escrow Account established with respect to each Transferor that makes a payment to such accounts on behalf of a Payment Group; provided, however, that in the event there are any additional Payment Obligations due on a given Payment Date in excess of the total amount in all of the Prepayment Escrow Accounts with respect to such

Payment Group, such amounts shall be paid in full by such Payment Group on such Payment Date, and any subsequent Payment Breach shall be subject at all times to all the remedies and other provisions of this Agreement, including the Payment Remedy and Release Remedy, irrespective of whether the breach is of an Estate Payment or a Direct Payment.

(m) From and after such time as a Payment Group has paid its applicable Payment Obligations in full (including pursuant to prepayments under this Section 2.01), such Payment Group shall forfeit all rights with respect to the Released Claims Reserves or Special Operating Reserve.

Section 2.02 Settlement Prepayments.

(a) Any Payment Group shall have the right, subject to the limitations set forth in this Section 2.02, to prepay all or a portion of any Settlement Payment included in its fourteenth (14th), fifteenth (15th) and/or sixteenth (16th) Settlement Payment Obligation in whole or in part, without premium or penalty (a “Settlement Prepayment”) subject to this Section 2.02 by providing written notice to the MDT and the Settlement Administrator (a “Prepayment Notice”) no more than forty-five (45) calendar days, and no less than thirty (30) calendar days, before the prepayment. Any Prepayment Notice shall be delivered by the Sackler Parties’ Representative and shall specify: (a) the nominal amount of the Settlement Payment Obligation being prepaid by such Settlement Prepayment (the “Nominal Prepayment Amount”), (b) the Payment Date to which such Nominal Prepayment Amount shall be applied (such date, the “Target Payment Date”), (c) the date on which the Settlement Prepayment is expected to be made (the “Prepayment Date”) and (d) the net present value of the Settlement Prepayment as of the Prepayment Date using a discount rate equal to the Prime Rate on the date of the Prepayment Notice plus 1.75%, consistent with the formula in Section 2.02(d) (such net present value amount, the “Net Prepayment Amount”). The right to make Settlement Prepayments shall commence on (x) with respect to the fourteenth (14th) Settlement Payment Obligation, the date the fifth (5th) Settlement Payment Obligation is due, (y) with respect to the fifteenth (15th) Settlement Payment Obligation, the date the fourth (4th) Settlement Payment Obligation is due, and (z) with respect to the sixteenth (16th) Settlement Payment Obligation, the date the third (3rd) Settlement Payment Obligation is due. Any prepayment described in this Section 2.02 can be made on or after the designated commencement date (e.g., a Payment Group can prepay all or any part of its designated share of its fourteenth (14th) Settlement Payment Obligation at any time on or after the date that the fifth (5th) Settlement Payment Obligation is due).

(b) On the Prepayment Date, the electing Payment Group shall pay the Net Prepayment Amount to the MDT. Following such payment, the Payment Group’s Settlement Payment Obligation for the Target Payment Date shall be reduced by the Nominal Prepayment Amount (such reduction to be allocated between Estate Payments and Direct Payments in accordance with the instructions in the Prepayment Notice and, with respect to Direct Payments, shall be allocated ratably among Base Payments, Incentive Payments (to the extent known as of the Payment Date, to be payable on the Target Payment Date) and other payments (e.g., fees and costs). Exhibit M will be updated by the MDT to give effect to such reduction consistent with the Prepayment Notice, and going forward such updated schedule will be Exhibit M.

(c) A Payment Group’s right to make Settlement Prepayments shall be subject to the following limitations:

(i) Each A-Side Payment Group and B-Side Payment Group shall only have the prepayment rights specified on Exhibit L. A Payment Group’s total Nominal Prepayment Amount may not exceed the maximum specified for that Payment Group on Exhibit L, and its Nominal Prepayment Amount for any Payment Date may not exceed the corresponding maximum set for that Payment Group on that date on Exhibit L.

(ii) Prepayments may apply to Direct Payments, Estate Payments or both Direct Payments and Estate Payments according to the instructions of the Payment Group in its Prepayment Notice *provided* that, in the event as of the thirteenth (13th) Payment Date a Payment Group's Settlement Prepayments with respect to the fourteenth (14th), fifteenth (15th) or sixteenth (16th) Settlement Payment Obligation are insufficient to prepay the total Settlement Payment Obligation of such Payment Group on the applicable Target Payment Date (for such purposes, taking into account incentives that have been earned since the prior prepayments and treating incentives still eligible to be earned as having been earned), then such Payment Group shall have either (x) retained (i.e., not prepaid) the obligation to fund at least (i) \$4 million with respect to a B-Side Payment Group and (ii) \$1 million with respect to an A-Side Payment Group, in each case, of the Estate Payment due on such Payment Date in such Settlement Prepayment, or (y) on or prior to the thirteenth (13th) Payment Date, placed into a Prepayment Escrow Account an amount equal to the maximum amount that may become payable by such Payment Group in respect of such fourteenth (14th), fifteenth (15th) or sixteenth (16th) Settlement Payment Obligation, without discount; provided that in accordance with Exhibit Z, there shall be a separate Prepayment Escrow Account established with respect to each Transferor that makes a payment to such accounts on behalf of a Payment Group; provided, however, that in the event there are any additional Payment Obligations due on a given Payment Date in excess of the total amount in all of the Prepayment Escrow Accounts with respect to such Payment Group, such amounts shall be paid in full by such Payment Group on such Payment Date, and any subsequent Payment Breach shall be subject at all times to all the remedies and other provisions of this Agreement, including the Payment Remedy and Release Remedy, irrespective of whether the breach is of an Estate Payment or a Direct Payment.

(iii) The Nominal Prepayment Amount for a Target Payment Date shall not be larger than the anticipated Settlement Payment Obligation due on such Target Payment Date. The "anticipated Settlement Payment Obligation" for a Target Payment Date shall reflect the incentive levels earned by the settling parties as of the Prepayment Date and any offsets or adjustments known at that time pursuant to the terms of the relevant Settlement Agreement and the Plan.

(iv) If a Payment Group has made a Settlement Prepayment and the Nominal Prepayment Amount is ultimately less than its Settlement Payment Obligation due on the relevant Target Payment Date, the relevant Payment Group shall pay the remaining balance on the Target Payment Date as part of its Settlement Payment Obligation. Conversely, if the Nominal Prepayment Amount ultimately exceeds its Settlement Payment Obligation due on the Target Payment Date, the excess shall be credited to the Payment Group and applied to its subsequent scheduled Settlement Payment Obligation(s) in chronological order, starting with its next Settlement Payment Obligation due; *provided* that if as of the thirteenth (13th) Payment Date a Payment Group has overpaid its Settlement Payment Obligations in respect of all subsequent Payment Dates (for such purposes, taking into account incentives that have been earned since the prior prepayments and treating incentives still eligible to be earned as having been earned), then such overpayment shall be credited against the Settlement Payment Obligations of such Payment Group falling due on to the thirteenth (13th) Payment Date.

(d) The Net Prepayment Amount for a given Settlement Prepayment shall be determined by evaluating the following expression:
$$\text{Nominal Prepayment Amount of such Settlement Prepayment} / ((1.0175 + \text{the Prime Rate on the date of the Prepayment Notice expressed as a decimal}) ^ ((\text{the number of days between the Target Payment Date and the Prepayment Date}) / 365))$$
 where '/' denotes division and '^' denotes exponentiation.

(e) The MDT in consultation with the Settlement Administrator shall review each Prepayment Notice to determine the accuracy of all calculations included in the notice, and shall inform the relevant Payment Group of its determination within fifteen (15) calendar days of receiving the notice. Any disputes concerning the accuracy of such Prepayment Notice shall be decided by fast track arbitration pursuant to Section 11.13.

Section 2.03 Modification to Payments Obligations. The parties agree that following the Settlement Effective Date and payment by a Payment Group of all amounts payable by it in connection with the Settlement Effective Date and excluding the prepayment rights set forth in Section 2.01(l) and Section 2.02, which prepayment provisions shall be unaffected by this Section 2.03, any Payment Obligations of such Payment Group may be prepaid on terms and conditions agreed by the Master Disbursement Trust with the written consent of (i)) the Sackler Parties' Representative (except for any prepayment or other modification of any Payment Obligation of A-Side Payment Group 8), (ii) the A-Side Payment Group 8 Representative (solely in respect of any prepayment or other modification of any Payment Obligation of A-Side Payment Group 8), and (iii) the MDT Advisory Council acting by an affirmative vote of all five (5) state representatives on the MDT Advisory Council (i.e., four (4) representatives of Settling States and the one (1) representative selected by the four (4) representatives of Settling States).

Section 2.04 Payments Pending Appeals.

(a) If, on the Settlement Effective Date, an appeal of the Confirmation Order or any Settlement Agreement is pending but (x) such order or agreement has not been stayed and (y) the Plan, Confirmation Order or Settlement Agreement has not been modified by a court of competent jurisdiction in a manner that materially and adversely affects the rights, interests or obligations of the Payment Parties, the Debtors, the Creditors' Committee, the Settling Private Claimants, any Governmental Consent Party, the Settling States, the MDT, or the Shareholder Released Parties, the existence of such an appeal shall not be an impediment to the satisfaction of the conditions to the Settlement Effective Date set forth in Section 10.01 and the Sackler Parties shall make Settlement Effective Date payments under each Settlement Agreement and the Plan, subject to the terms hereof. If, after the Settlement Effective Date, an appeal of the Confirmation Order or any Settlement Agreement is pending but such order has not been vacated or reversed, the Sackler Parties shall make payments under each Settlement Agreement and the Plan, subject to the terms hereof.

(b) In the event that, following the Settlement Effective Date, a court of competent jurisdiction modifies, reverses or vacates the Confirmation Order or modifies the Plan, Confirmation Order, or the Settlement in a manner that materially and adversely affects the rights, interests, or obligations of the Payment Parties, the Debtors, the Creditors' Committee, the Settling Private Claimants, any Governmental Consent Party, the Settling States, the MDT, or the Shareholder Released Parties, (the "Appellate Decision"), all of the following shall apply:

(i) At the discretion of each of the Sackler Parties' Representative, the Debtors, the Creditors' Committee (if in existence), the Governmental Consent Parties, the MDT or the A-Side Payment Group 8 Representative (but in the case of the A-Side Payment Group 8 Representative, only if the rights, interests, or obligations of A-Side Payment Group 8 are materially and adversely affected in a manner that is disproportionate relative to the effects of such action on the rights, interests, or obligations of the other Payment Parties, taken as a whole), in each case, whose rights, interests, or obligations are materially and adversely affected by such court ruling (the "Affected Parties"), each such Affected Party, in good faith consultation with the other aforementioned parties, may: (A) seek to appeal such modification or vacatur, and/or (B) seek to modify the Plan, Confirmation Order, or the Settlement, as applicable, in a manner that is mutually acceptable to the relevant parties; provided that if the Sackler Parties Representative or A-Side Payment Group 8 Representative (as applicable) elects to pursue either option, each of the Debtors, the Creditors'

Committee (if in existence), the Governmental Consent Parties, and the MDT shall continue to comply with the terms of the Settlement and in accordance with this Section 2.04 while such option is being pursued unless a court of competent jurisdiction determines that such Sackler Parties Representative's or A-Side Payment Group 8 Representative's election is unreasonable under the circumstances taken as a whole. If (x) either option is pursued and (y) this Agreement is not otherwise terminated, all Payment Obligations of the Sackler Parties coming due thereafter under the Settlement Agreements or the Plan will be deposited in one or more Appeals Accounts by the applicable Transferor(s) on the date(s) provided for in this Agreement, in each case, without reduction, offset or reallocation as otherwise contemplated or permitted under this Agreement (including Exhibit N), provided that in accordance with Exhibit Z, there shall be a separate Appeals Account established with respect to each Transferor that makes a payment to such accounts on behalf of a Payment Group. No amounts shall be withdrawn from the Appeals Account for any purpose (including the funding of any Replenishment Transfer, provided that the Sackler Parties shall also not be required to make any RCR Top-Off Payments or SOR Top-Off Payments) other than in accordance with this Section 2.04. If the Plan, Confirmation Order, and/or the Settlement (as applicable) is later consummated or reinstated in its original form or in a fashion acceptable to the Affected Parties (the date of such consummation or reinstatement, the "Reinstatement Date"), any amounts deposited into the Appeals Account, including interest, will be remitted within fourteen (14) calendar days after such Reinstatement Date to the MDT to be distributed in accordance with the Plan and the applicable Settlement Agreement(s) as if the reversal or vacatur never occurred. In that event, the MDT shall make all Replenishment Transfers, and the relevant Payment Groups shall make all of their RCR Top-Off Payments and SOR Top-Off Payments, in each case to the extent such transfers and payments would have been required during the period the Appeals Account was funded. All such payments shall be made within ten (10) Business Days following the date the funds are remitted to the MDT. Amounts paid to Settling Parties and/or the MDT prior to the Appellate Decision (including the Special Operating Reserve and/or the Released Claims Reserves) shall continue to be available for use (including distribution) in accordance with the terms of the Agreement, the Settlement Agreements and the Plan then in existence prior to such Appellate Decision.

(ii) In connection with a determination to pursue (A) or (B) under Section 2.04(b)(i) above, the relevant parties shall cooperate in good faith to revise the Plan, Confirmation Order, or the Settlement and/or to pursue appeals (as appropriate) in a manner that materially maintains the spirit and substance of the Plan, Confirmation Order, and the Settlement, *provided* that, in connection therewith and so long as either option is being pursued: (A) following the Settlement Effective Date, all Estate Causes of Action against the Shareholder Released Parties otherwise released pursuant to the Plan shall continue to be exclusively controlled by the Master Disbursement Trust; (B) each Party shall continue to comply with the terms of the Settlement (as modified by this Section 2.04), including that any releases of the Shareholder Released Parties provided by claimants who have received any payment (including partial payment) of the obligations set forth in the Plan and applicable Settlement Agreement(s) shall remain in effect notwithstanding such reversal or vacatur, subject to any rights set forth in the applicable Settlement documentation, including any rights to terminate such releases (other than solely as a result of (I) the pursuit of an appeal as set forth in this Section 2.04 or (II) an Appellate Decision to the extent that it gives rise to the applicability of this Section 2.04(b) or Section 2.04(c)); (C) any tolling or tolling agreements provided by the Sackler Parties shall remain in full force and effect; (D) nothing herein shall prevent the parties from entering into private settlement(s) substantially similar to those set forth in the Plan and Settlement; (E) none of the Debtors, the MDT, or any other Settling Party shall seek from any Shareholder Released Party any additional payment amounts or other economic concessions beyond the aggregate amounts that are agreed in the Settlement (subject to applicable most-favored nations provisions, if any); (F) none of the Sackler Parties shall seek from any Settling

Party, the Debtors, or the MDT any economic concessions beyond what is agreed in the Settlement; (G) none of the Settling Parties, the Debtors, or the MDT shall accept any amounts or other economic concession beyond what they agreed to receive herein on account of any new settlement agreement with the Sackler Parties (other than in respect of applicable most-favored nations provisions, if any); and (H) the MDT and Settling Parties shall consent to modification of the Plan and Settlement so long as such modifications preserve the economic equivalent of the existing Plan and Settlement and do not materially and adversely affect their rights, interests and obligations under the Settlement; in case of clauses (A)-(H), subject to the following proviso, as applicable; provided, further, however, notwithstanding anything to the contrary contained herein, no party shall be required to consent to a modification of the Plan, Confirmation Order, or Settlement that is materially adverse to the rights, interests, or obligations taken as a whole of such party under the Plan or the Settlement.

(iii) If a court of competent jurisdiction modifies, reverses or vacates the Confirmation Order, the Plan, or the Settlement, as applicable, in a manner that materially and adversely affects the rights, interests, or obligations of (A) the Payment Parties, and the Sackler Party Representative or A-Side Payment Group 8 Representative (but in the case of the A-Side Payment Group 8 Representative, only if the rights, interests, or obligations of A-Side Payment Group 8 are materially and adversely affected in a manner that is disproportionate relative to the effects of such action on the rights, interests, or obligations of the other Payment Parties, taken as a whole) determines not to pursue the options set forth in subsection (b)(i) hereof, the Sackler Party Representative or A-Side Payment Group 8 Representative (as applicable) shall have the right to terminate this Agreement on thirty (30) calendar days written notice to all other parties, or (B) the MDT or the Governmental Consent Parties, if following the pursuit of an appeal, the Plan, Confirmation Order, or Settlement is not subsequently reinstated in original form and/or the parties are not otherwise able to reach an agreement in principle to revise the Plan, Confirmation Order, or Settlement in a manner that materially maintains the substance of the Plan, Confirmation Order, and Settlement or that is otherwise acceptable to the applicable parties within one-hundred twenty (120) calendar days (or such extended period as may be agreed to in writing by the (i) Master Disbursement Trust with the unanimous consent of the MDT Advisory Council; and (ii) the Sackler Party Representative), the MDT shall have the right to terminate this Agreement on thirty (30) calendar days written notice to all other parties.

(c) If, following reversal or vacatur of the Confirmation Order, the Plan, Confirmation Order, or Settlement is not subsequently reinstated in original form, and the parties fail to revise the Plan, Confirmation Order, or Settlement in a manner that materially maintains the spirit and substance of the Plan, Confirmation Order, and Settlement, or if this Agreement is terminated, then (i) any payments previously made to any Settling Party pursuant to the Plan or any Settlement Agreement (other than amounts returned in accordance with Section 2.04(c)(iv)) shall be credited against any future settlement agreement among the respective parties or judgment obtained by the Settling Parties against any Shareholder Released Party, (ii) the releases of the Shareholder Released Parties provided by the Estate and any releasing parties whose entitlements under the Plan and applicable Settlement Agreements are not paid in full (without regard to contingent amounts potentially payable from the Special Operating Reserve or any other reserve provided for under the Settlement) shall become null and void, (iii) notwithstanding termination of this Agreement or any Settlement Agreement or vacatur of the Confirmation Order, any releases of releasing parties that are, at any time prior to termination of this Agreement in accordance with its terms, paid the full amount that would be payable to such parties under the Settlement (without regard to any Appellate Decision or contingent amounts potentially payable from the Special Operating Reserve or any other reserve provided for under the Settlement) shall continue in effect unaltered and in perpetuity and no such releasing party shall seek or receive any additional recovery from any party on account of any Causes of Action that would constitute Shareholder Released Claims had the Settlement been fully in effect,

and (iv) any amounts, including interest, in the Appeals Accounts [shall be returned to the applicable Transferor]⁷ and any amounts, including interest, if any, in the Special Operating Reserve shall be paid to PRA L.P.

(d) This Section 2.04 of this Agreement shall be additionally incorporated into the Plan and each Settlement Agreement, *mutatis mutandis*, and survive any order by a court of competent jurisdiction that deems a provision of the Plan, Confirmation Order, Third-Party Releases, or Channeling Injunction to be null, void, illegal or unenforceable.

(e) Nothing in this Section 2.04 shall be construed to restrict any party's ability to appeal any decision of a court that reverses or vacates the Confirmation Order or modifies the Plan, Confirmation Order, or the Settlement in a manner that materially and adversely affects the rights or obligations of such party.

Section 2.05 Appeals; Motion to Stay.

(a) Direct Appeal. In the event the Confirmation Order is not entered by the United States District Court for the Southern District of New York in first instance, if any appeal is taken from the Confirmation Order that could result in vacatur, modification or reversal of the Confirmation Order with respect to the Shareholder Releases (any particular such appeal, the "Appeal"), the MDT, together with the Sackler Parties Representative, the Governmental Consent Parties, and the Creditors' Committee (if it is in existence), shall promptly request that all appellants and appellees with respect to the Appeal consent that the Appeal be certified for direct appeal to the Second Circuit (any particular such direct appeal, the "Direct Appeal") in accordance with 28 U.S.C. § 158(d)(2), and to certify jointly with the MDT, together with the Sackler Parties Representative, the Governmental Consent Parties, and the Creditors' Committee (if it is in existence), that at least one of either 28 U.S.C. § 158(d)(2)(A)(i), 28 U.S.C. § 158(d)(2)(A)(ii), or 28 U.S.C. § 158(d)(2)(A)(iii) applies with respect to the Appeal. The Sackler Parties agree to provide such consent. If such consent and joint certification cannot be obtained promptly with respect to all such appellants and appellees, the MDT, together with the Sackler Parties Representative, the Governmental Consent Parties, and the Creditors' Committee (if it is in existence), shall promptly request such consent with respect to a majority of such appellants and appellees to make a joint request for certification under 28 U.S.C. § 158(d)(2)(B)(ii). If such consent cannot be promptly obtained, the MDT, together with the Sackler Parties Representative, the Governmental Consent Parties, and the Creditors' Committee (if it is in existence), shall promptly make a motion to the Bankruptcy Court under 28 U.S.C. § 158(d)(2)(B)(i) requesting that the Appeal be certified for Direct Appeal. Upon receiving certification for the Direct Appeal, whether by the Bankruptcy Court order or otherwise, the MDT, together with the Sackler Parties Representative, the Governmental Consent Parties, and the Creditors' Committee (if it is in existence) shall immediately request, on an expedited basis, that the Second Circuit authorize the Direct Appeal.

(b) Expedited Appeal. Immediately after the filing of any Appeal, the MDT, together with the Sackler Parties Representative, the Governmental Consent Parties, and the Creditors' Committee (if it is in existence) shall (i) make a motion in the court then assigned to hear such Appeal, requesting that the Appeal be expedited on the fastest feasible schedule and (ii) seek to have such motion heard on an expedited basis.

(c) Motion to Stay. The MDT, together with the Sackler Parties Representative, the Debtors, and the Creditors' Committee (if it is in existence) shall challenge and object to (in the appropriate court) any motion by an applicable appellant for a stay of the Confirmation Order. The MDT, together with the Sackler Parties Representative, the Governmental Consent Parties, and the Creditors' Committee (if it is in existence) also shall request in the appropriate court that, if such challenge is unsuccessful or such objection

⁷ **NTD:** To conform with the treatment of Appeals Account when determined and agreed to.

is overruled, that any stay of the Confirmation Order be conditioned on a bond or equivalent security sufficient to pay the costs and damages sustained or potentially to be sustained by all parties (including, for the avoidance of doubt, the Sackler Parties) that would or could be harmed as a result of such stay, as determined by the appropriate court.

Section 2.06 IAC Sale Bonus Payments.

(a) Subject to the terms of this Section 2.06, if the IAC Payment Parties have collectively received aggregate Net Proceeds in excess of \$4.3 billion (any such excess, “Excess Net Proceeds”), then each IAC Payment Party that thereafter receives Excess Net Proceeds shall, within forty-five (45) calendar days of receipt (or as soon thereafter as legally permissible), pay, or cause to be paid, to the MDT an amount equal to 90% of such IAC Payment Party’s Excess Net Proceeds so received (each such payment, an “IAC Sale Bonus Payment”). The obligation to pay the IAC Sale Bonus Payment shall be joint and several among IAC Payment Parties within each Payment Group (but several and not joint between the Payment Groups).

(b) The aggregate amount of IAC Sale Bonus Payments of the IAC Payment Parties shall not exceed \$500 million. Each IAC Payment Party is solely responsible for making its own IAC Sale Bonus Payments as required under this Section 2.06 (*provided* that such obligation is not conditioned upon payment of the amounts by the other IAC Payment Parties), independent of the obligations of any other IAC Payment Party. Once an IAC Payment Party has made all of its required IAC Sale Bonus Payments, it shall have no further obligations under this Section 2.06.

(c) An IAC Payment Party’s obligations set forth in this Section 2.06 shall terminate on the date that all interests of such IAC Payment Party in the IACs other than the Retained Interests being disposed of and the first to occur of either (i) any resulting IAC Sale Bonus Payment being paid in full to the MDT or (ii) no IAC Sale Bonus Payment is payable. Notwithstanding anything to the contrary in this Agreement or the Collateral Documents, the MDT’s rights to any IAC Payment Party’s IAC Sale Bonus Payment are limited to the IAC Payment Party’s IAC Collateral, and the MDT’s sole recourse with respect to each IAC Payment Party’s failure to timely pay its IAC Sale Bonus Payment in full shall be to exercise remedies only with respect to that IAC Payment Party’s IAC Collateral. Except as set forth in the last sentence of Section 2.06(a), no IAC Payment Party shall be liable for, and no IAC Payment Party’s obligations shall be increased as a result of, any other IAC Payment Party’s failure to make its IAC Sale Bonus Payment.

Section 2.07 Payment Date Calculations and Related Obligations.

(a) Preliminary Payment Determination.

(i) As soon as possible for each payment but not later than fifty (50) calendar days prior to the applicable Payment Date, the MDT shall give notice to the Sackler Parties’ Representative, the A-Side Payment Group 8 Representative (only in the case of any payment to be made by A-Side Payment Group 8 on the fifth (5th) Payment Date and sixth (6th) Payment Date in accordance with this Agreement), any Settling State and the MDT Advisory Council of the following preliminary determinations regarding Payment Date Obligations (such notice, a “Preliminary Payment Determination”):

(A) The total Payment Date Obligations owed on the upcoming Payment Date, itemized by Settlement and by Payment Group, based on the status as of the date that is sixty (60) calendar days prior to such Payment Date. This includes a breakdown of the payments owed by each Payment Group under the Governmental Entity & Shareholder

Direct Settlement Agreement, along with a reasonable amount of supporting computational detail;

(B) The amount to be received by each Settling State, broken down by base payments and incentive payments, and the amount of fee payments, as set forth in the Governmental Entity & Shareholder Direct Settlement Agreement; and

(C) The amount, if any, of (i) RCR Top-Off Payments and (ii) SOR Top-Off Payments.

(ii) Dispute of Preliminary Payment Determination. Any of the Sackler Parties' Representative, the A-Side Payment Group 8 Representative (only in the case of any payment to be made by A-Side Payment Group 8 on the fifth (5th) Payment Date and sixth (6th) Payment Date in accordance with this Agreement), any Settling State or the MDT Advisory Council may dispute the relevant calculation set forth in the Preliminary Payment Determination by providing written notice to the MDT and the MDT Advisory Council, any affected Settling State, the Sackler Parties' Representative, and the A-Side Payment Group 8 Representative (as applicable) within twenty-one (21) calendar days of the notice provided by the MDT (a "Settlement Payment Dispute Notice"). Such disputing party's Settlement Payment Dispute Notice shall identify the nature of the dispute, the amount of money that is disputed, and the settling party (or parties) affected. If no Settlement Payment Dispute Notice is timely provided, then the Preliminary Payment Determination is deemed accepted for all purposes. Only matters included in a timely Settlement Payment Dispute Notice will be allowed to be the subject of any dispute regarding the amounts provided in the calculations set forth in the Preliminary Payment Determination.

(b) Payment Computation Notice.

(i) On the thirtieth (30th) calendar day prior to the applicable Payment Date (or the next Business Day thereafter), the MDT shall provide a written notice (a "Payment Computations Notice") to the Sackler Parties' Representative, the A-Side Payment Group 8 Representative (only in the case of any payment to be made by A-Side Payment Group 8 on the fifth (5th) Payment Date and sixth (6th) Payment Dates in accordance with this Agreement), the MDT Advisory Council and any Settling State containing the following information for each Payment Group for the upcoming Payment Date, along with reasonable calculation details, in each case utilizing relevant data as of the date that is five (5) Business Days prior to the Payment Computations Notice due date except as otherwise specified below (capitalized terms in this Section 2.07 that are not defined in this Agreement are defined in Exhibit N):

(A) Retained Payment Amount, as reported in the most recent Litigation Cost Report pursuant to Exhibit N;

(B) Litigation Costs by Plan Class;

(C) Available Retained Payment Amount;

(D) Litigation Cost Shortfall (if any);

(E) The balances in the Released Claims Reserves by Plan Class as provided to the MDT by each of the Creditor Trusts or the Plan Administration Trust, as applicable, along with a summary of transactions affecting these balances since the prior report of such balances, in each case based on the account statements most recently received by the MDT;

(F) RCR Litigation Cost Advances by Plan Class;

(G) RCR Top-Off Payment by Plan Class;

(H) The balance in the Special Operating Reserve along with a summary of transactions affecting these balances since the prior report of such balances, based on the account statements most recently received by the MDT;

(I) SOR Litigation Cost Advance;

(J) SOR Top-Off Payment; and

(K) The net amount the MDT believes the Payment Group owes on the Payment Date, determined by reference to the Preliminary Payment Determination, regardless of any portion still subject to dispute, and reflecting any offsets described in Exhibit N.

(ii) The Sackler Parties' Representative, A-Side Payment Group 8 Representative (with respect to any purported amounts owed by or obligations of A-Side Payment Group 8), any Settling State or the MDT Advisory Council may submit a written dispute notice to the MDT regarding any amounts in the Payment Computations Notice within ten (10) Business Days of the notice provided by the MDT. This notice must include a reasonably detailed, good-faith calculation and the basis for the dispute (a "Payment Computations Dispute Notice"). If the Sackler Parties' Representative, A-Side Payment Group 8 Representative, any Settling State or the MDT Advisory Council does not provide a timely Payment Computations Dispute Notice, then the Payment Computations Notice is deemed accepted, and Payment Groups must pay their designated top-off payment, if any, on such applicable Payment Date (subject to any unresolved dispute concerning the Preliminary Payment Determination).

(c) Final Payment Amounts

(i) Any party that receives a Settlement Payment Dispute Notice or a Payment Computations Dispute Notice, may provide a written response to the MDT, the MDT Advisory Council, any affected Settling State, the Sackler Parties' Representative, or A-Side Payment Group 8 Representative, (i) in the case of a Settlement Payment Dispute Notice, within fourteen (14) calendar days; or (ii) in the case of a Payment Computations Dispute Notice within five (5) Business Days (each response a "Final Dispute Response Notice") that either:

(A) Agrees to one or more proposals in the Settlement Payment Dispute Notice or Payment Computations Dispute Notice; or

(B) Rejects one or more proposals in the Settlement Payment Dispute Notice or Payment Computations Dispute Notice and identifies the basis for disagreement. Any item within the Settlement Payment Dispute Notice or Payment Computations Dispute Notice that is rejected in the Final Dispute Response Notice will be deemed disputed.

If no party delivers a Final Dispute Response Notice timely, then the Settlement Payment Dispute Notice and Payment Computations Dispute Notice are deemed accepted for all purposes.

(ii) If a Final Dispute Response Notice is timely provided to the MDT, then

(A) The MDT shall provide written notice to the Sackler Parties' Representative (and A-Side Payment Group 8 Representative, if applicable) that describes any outstanding dispute as to the amount owed by each Payment Group to the MDT on the Payment Date. Such notice shall identify:

(1) All undisputed amounts to be paid by each Payment Group to the MDT on the Payment Date (taking into account any offset of undisputed amounts pursuant Exhibit N); and

(2) If a dispute is resolved between the notice and the Payment Date, the Payment Group must pay the full undisputed amount to the MDT on the Payment Date. If a dispute remains unresolved, all disputed payment amounts (if any) shall be paid by each Payment Group to the MDT Segregated Account on the Payment Date pending the dispute resolution set forth in Section 2.07(e). The MDT shall disburse all undisputed amounts to each Creditor Trust for further disbursement in accordance with its associated Settlement Agreement or Creditor Trust Document(s).

(B) The Sackler Parties' Representative shall notify the MDT of the account(s) to which any undisputed portion of a RCR Litigation Cost Advance and SOR Litigation Cost Advance should be transferred to cover any undisputed Litigation Cost Shortfall, along with the amount to be transferred to each such account.

(d) Annual Post-Payment Date Obligations.

(i) Upon receiving any payment from a Payment Group, the MDT shall promptly notify the Sackler Parties' Representative specifying (x) the amount received and (y) the aggregate payments received to date from the Payment Group (broken apart by Settlement).

(ii) Upon resolution of a dispute after the Payment Date, amounts related to that Payment Date shall be disbursed as follows:

(A) To the MDT if determined to be required payments, or

(B) To the applicable Payment Party, as designated by the Sackler Parties' Representative (or by the A-Side Payment Group 8 Representative, in the case of any dispute by A-Side Payment Group 8), if determined not to be required payments. However, if the returned funds result from an overpayment of Payment Date Obligations, the MDT shall first receive any incremental SOR Top-Off Payment or RCR Top-Off Payment that would have been payable by the Payment Group on the Payment Date had its Payment Date Obligation been correctly calculated. Any remaining funds shall be disbursed as prepayments in accordance with Section 2.01(l) and the instructions of the Sackler Parties' Representative. (or A-Side Payment Group 8 Representative, if applicable).

(e) Disputes. All calculations and disputes contemplated by this Section 2.07(e) shall be made in good faith. The parties shall work in good faith to resolve any disputes arising under this Agreement as promptly as reasonably practicable. Unless otherwise provided, if the dispute remains unresolved after five (5) Business Days, it shall be submitted to fast track arbitration pursuant to Section 11.13 for final resolution. Upon resolution of any dispute, the relevant parties shall promptly inform the MDT and the Sackler Parties' Representative (and the A-Side Payment Group 8 Representative, if the dispute involves or affects A-Side Payment Group 8 rights or obligations) of the outcome and any necessary adjustments

resulting from such resolution. MDT shall establish a segregated, interest-bearing account for any disputed amount and such amount shall be retained until such dispute is resolved.

ARTICLE 3. SALE OF IACS

Section 3.01 Covenant to Sell.

(a) Subject to Section 3.01(b) and (c), and subject to Section 3.06, during the seven (7)-year period commencing on the Settlement Effective Date and following the expiration of the MDT Sale Period, if applicable (the “Sackler Sale Period”), which period may be extended by a written instrument duly executed by the MDT and the Sackler Parties’ Representative, the IAC Payment Parties shall:

(i) use their commercially reasonable best efforts to sell or cause to be sold to one or more unaffiliated third parties (each, a “Purchaser”), through any transaction, series of related transactions or separate transactions, all or substantially all of (A) such IAC Payment Parties’ respective direct and/or indirect Equity Interests in the IACs (excluding Purdue Canada) and/or (B) the assets of such IACs (excluding Purdue Canada);

(ii) use their commercially reasonable best efforts to take, or cause to be taken, all actions and do, or cause to be done, all things necessary, proper or advisable under Law to consummate each such Sale, including, without limitation, (A) proposing, negotiating, agreeing to, committing to and effecting the sale, divestiture, transfer, license or disposition of any businesses, product lines or assets of the IACs (excluding Purdue Canada) and (B) executing (or causing to be executed) purchase agreements or other certificates, instruments and other agreements required to consummate the proposed Sale of the IACs (excluding Purdue Canada); and

(iii) cause all Sale Proceeds that are received by an IAC, an IAC Holding Company, an IAC Payment Party or any other Subsidiary of an IAC Payment Party from each Sale to be:

(A) paid directly to a Tax authority to the extent used to satisfy a liability for any Tax imposed with respect to such Sale or the distribution of proceeds therefrom,

(B) paid, to the applicable Third-Party Payees on account of Sale expenses, or

(C) distributed or otherwise paid to one or more IAC Payment Parties (which may include a Person who agrees in writing to become bound by the obligations of an IAC Payment Party hereunder) or Subsidiaries of such IAC Payment Parties (in which case such Sale Proceeds shall be further distributed or paid to the parent entities of such Subsidiaries until they are actually received by an IAC Payment Party) and, upon receipt by such IAC Payment Parties of Sale Proceeds, deposited into an IAC Account in accordance with Section 3.06(c),

provided that with respect to this Section 3.01(a), in connection with any Sale, no such IAC, IAC Holding Company, IAC Payment Party, or any other Subsidiary of an IAC Payment Party shall be obligated to provide any indemnification other than (x) in respect of its representations and warranties relating to ownership and authority and (y) indemnification obligations that are limited by the amount of any escrows established for such purpose, which escrows shall be commercially reasonable in amount and duration.

(b) If and to the extent necessary to facilitate a Sale, an IAC Payment Party, IAC Holding Company, IAC, or any other Subsidiary of an IAC Payment Party shall be permitted to retain (i) in the case

of an asset sale, non-operating, administrative or otherwise *de minimis* assets that a buyer is unwilling to acquire and that the IAC Payment Parties have been unable to liquidate or transfer to another unaffiliated third party after the use of commercially reasonable best efforts, (ii) interests in assets subject to Implementation Limitations, in each case, the retention of which would not (x) materially adversely affect such IAC or (y) violate Section 8.08 of this Agreement and (iii) the Equity Interests of any IAC that has sold all of its assets (other than the assets referred to in the preceding clauses (i) and (ii)) (any assets or interests described in the preceding clauses (i) through (iii), a “Retained Interest”). For the avoidance of doubt, notwithstanding the retention of any Retained Interest, a Sale of all or substantially all assets or direct and/or indirect Equity Interests of the relevant IAC shall be deemed to have occurred for all purposes of this Agreement.

(c) The Sackler Parties’ Representative shall be responsible for (i) the structuring of the Sales, including the tax structuring of any Sale, distribution of proceeds therefrom and the type of consideration to be received, taking into account tax efficiency considerations, (ii) the design and execution of one or more marketing processes to make or solicit offers to or from prospective Purchasers in respect of the IACs and their businesses, (iii) the preparation, negotiation and execution of the definitive documentation for the Sales and (iv) the consummation of the Sales.

Section 3.02 IAC Information Rights.

(a) The Sackler Parties’ Representative shall provide, or shall cause to be provided, the following information to the MDT:

(i) (A) on a semi-annual basis, IAC income statements, balance sheets, cash flow statements and consolidated financial statements (including summary income statements for IACs by regions – i.e., China, Canada and the remaining regions) within thirty (30) calendar days following management’s receipt of the same, (B) audited annual financial statements to the extent provided to IAC directors (annual financial statements to include disclosures on any significant litigation as required by applicable accounting principles; parties to agree on a reasonable template for semi-annual statements, reasonable confidentiality provisions and universe of recipients) and (C) on a quarterly basis, the IAC cash balance by IAC;

(ii) on an annual basis, a legal organization chart for the IACs along with a summary of (A) any changes to IAC Holding Company or any Subsidiary of an IAC Payment Party, and (B) any newly-formed entities, solely to the extent in clauses (A) and (B) within the ownership structure of the IACs;

(iii) copies of amendments, modifications or supplements to any collateral documents with respect to changes described above in the immediately preceding clause (ii), within sixty (60) calendar days of the relevant change;

(iv) upon the termination of any sale process related to the IACs, copies of any indications of interest and letters of intent, and any analyses prepared for the board of same (names of bidding parties may be redacted if required by executed confidentiality agreements); and

(v) within forty-five (45) calendar days after the end of each quarter, and within sixty (60) calendar days after the closing of each IAC sale, an internally-prepared report detailing all IAC gross sale proceeds and IAC Distributions (aggregating IAC Tax Distributions and IAC Non-Tax Distributions), and repayments of IAC Loans made by the IACs and actually received by IAC Payment Parties.

(b) On a semi-annual basis, the Sackler Parties' Representative shall make IAC management and the Advisors available for a teleconference with the MDT (such teleconference not to exceed two (2) hours). Prior to each teleconference, the Sackler Parties' Representative shall provide the MDT, no later than seven (7) calendar days in advance, with a written report that includes:

(i) for each sale process, anonymized summaries of significant events/milestones prior to such consultation and since the prior consultation, including the number of potential bidders who have done any of the following: (A) executed an NDA, (B) accessed the dataroom, (C) met with management, (D) submitted bids or other indications of interest, or (E) submitted final bids and delivered markups or other comments on definitive transaction documents;

(ii) on an anonymous basis any bona fide inquiries, as determined in the Sackler Parties' Representative's reasonable judgment, outside of a formal sale process;

(iii) assets under consideration being sold;

(iv) subject to redaction for confidentiality, copies of marketing materials provided to potential buyers in any sale process of the IACs; and

(v) commentary on the ongoing financial performance of the unsold IACs.

(c) Notwithstanding anything herein to the contrary, information shall only be provided pursuant to this Section 3.02 to the extent that the provision of such information is: (i) subject to confidentiality obligations pursuant to a mutually acceptable confidentiality agreement and (ii) in compliance with applicable Law and not in contravention of any confidentiality or similar obligations of the IACs or the IAC Payment Parties or their respective Subsidiaries are subject to; *provided* that, (x) if information is withheld under this clause (ii), a general description of the withheld information and the reason for its exclusion shall be provided and (y) no such confidentiality or similar obligations with respect to the information described in this Section 3.02 shall be entered into after the Settlement Effective Date outside the ordinary course without prior approval of the MDT (which shall not be unreasonably withheld).

Section 3.03 Other IAC-Related Covenants.

(a) The IAC Payment Parties covenant and agree that, with respect to each IAC directly or indirectly owned by the IAC Payment Parties in whole or in part, from the Settlement Effective Date until the consummation of the Sale of all or substantially all assets or direct and/or indirect Equity Interests in such IAC, except as expressly provided for herein or with the consent of the MDT (which shall not be unreasonably withheld), such IAC Payment Party will use IACPP Efforts to cause such IAC not to:

(i) enter into any material transaction or series of related transactions that would materially restrict the ability of such IAC to participate in a Sale (other than the renewal, amendment or modification of agreements in effect as of the Settlement Effective Date; *provided* that such renewal, amendment or modification is not more restrictive, taken as a whole, compared to the applicable agreement prior to such renewal, amendment or modification);

(ii) enter into any material transaction or series of related transactions between such IAC or any of its Subsidiaries on the one hand, and any Related Party (other than any IACs or their respective Subsidiaries, or any officers, directors or employees of any IACs or any Subsidiaries thereof (in their capacity as such)), on the other hand (each, a "Related Party Transaction"), except for a Related Party Transaction on terms no less favorable to such IAC than those that would reasonably have been obtained in a comparable transaction on an arm's-length basis with an

unrelated Person; *provided* that (A) with respect to any Related Party Transaction or series of Related Party Transactions involving aggregate consideration in excess of \$5,000,000, such IAC has delivered to the MDT an officers' certificate or a written opinion by an Approved Financial Advisor certifying that such Related Party Transaction or series of Related Party Transactions complies with this covenant and (B) with respect to any Related Party Transaction or series of Related Party Transactions involving aggregate consideration in excess of \$10,000,000, such IAC has delivered a written opinion by an Approved Financial Advisor certifying that such Related Party Transaction or series of Related Party Transactions complies with this covenant and has been approved by a majority of the disinterested members of the board of directors or equivalent governing body of such IAC, if any, and if such governing body does not exist, such IAC shall have obtained the written consent of the MDT with respect to such Related Party Transaction; *provided, further* that this subparagraph (ii) shall not restrict any IAC Distribution permitted hereunder, the renewal or extension of any financing arrangements on terms no less favorable in the aggregate to the borrower than those currently in place (except as required by applicable law, such as with respect to minimum interest rate requirements to be treated as indebtedness for Tax purposes), or any other transaction permitted hereunder (including transactions described in clause (ii) of the definitions of "Sale Proceeds Deductions" and "IAC Distribution Deductions," and in the definitions of "IAC Loans" and "Intercompany Loans") or in any of the IAC Collateral Documents;

(iii) take any action in violation of (A) any applicable Law or any material order, writ, injunction and decree of any Governmental Authority applicable to such IAC or to its business or property, to the extent such violation would be materially adverse to such IAC, or (B) the Confirmation Order;

(iv) declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, other than a Restricted Payment that constitutes a distribution of Sale Proceeds or an IAC Distribution with respect to the IAC Payment Parties and IAC Holding Companies and Subsidiaries of IAC Payment Parties that receive such Restricted Payment;

(v) transfer, or grant a Lien in respect of, any direct or indirect equity interests in any IAC, IAC Holding Company, or any other Subsidiary of an IAC, IAC Holding Company or IAC Payment Party that owns interests in IACs (directly or indirectly) other than (A) to another IAC Payment Party that is within the same Payment Group so long as the interests in each IAC held, directly or indirectly, by such IAC Payment Party continue to be IAC Pledged Entities or owned, directly or indirectly, by an IAC Pledged Entity, *provided*, such actions do not adversely affect the perfection or priority of the Secured Party's security interest in the IAC Pledged Shares, (B) in connection with and in furtherance of a Sale, or (C) to the MDT pursuant to the IAC Collateral Documents; or

(vi) amend, restate, supplement or otherwise modify or waive any of its organizational documents, in each case, to the extent the same would reasonably be expected to be material and adverse to the MDT or the ability of the IAC to be sold.

With respect to an IAC, if, at any time from the Settlement Effective Date until a Sale of all or substantially all assets or direct and/or indirect Equity Interests has been consummated with respect to such IAC in accordance with Section 3.01(a), such IAC is not or ceases to be Controlled by any IAC Payment Party but is Controlled by one or more other Sackler Parties, then each such Sackler Party shall use IACPP Efforts to cause such IAC to comply with this Section 3.03.

In the event any Sackler Party or Family Member receives consideration in any transaction with an IAC, IAC Holding Company, IAC Payment Party (or Subsidiary thereof) that is prohibited by this Section 3.03(a), such Sackler Party (or the Payment Parties in the Family Group of such Family Member) shall deposit such amount into one or more of their IAC Accounts, in which event no Breach with respect to this Section 3.03(a) shall have occurred in connection with such transaction, subject to the terms of Section 9.01(b) (and so long as such payment has been made within the applicable cure period under Section 9.01(b)).

(b) Notwithstanding anything in this Section 3.03 to the contrary, any IAC, IAC Holding Company, IAC Payment Party or any entity Controlled (whether individually or as a group) by one or more IAC Payment Parties may (x) take commercially reasonable steps to reorganize the business and/or ownership structure of such IAC to the extent desirable to facilitate a Sale, including engaging in any internal corporate restructuring, reorganization or similar transaction of the applicable IACs or IAC Holding Companies (whether by way of conversion, recapitalization, reorganization or exchange of equity interests of one or more IACs or into one or more corporations, limited liability companies, limited partnerships or other business entities); *provided* that the Sackler Parties' Representative shall use commercially reasonable efforts to consult with the Advisors and the Tax Advisor and take into account in good faith advice, including advice on tax efficiency considerations, received in connection with such consultation, prior to any material decisions being made in respect of the actions in the foregoing clause (x); *provided further* that (I) the resulting, surviving, or transferee Person is an IAC, IAC Holding Company or an entity Controlled (whether individually or as a group) by the same IAC Payment Parties (or by IAC Payment Parties within the same Payment Group as such IAC Payment Party) and is subject to the Sale Obligations hereunder and (II) the interests in each IAC held, directly or indirectly, by each IAC Payment Party continue to be IAC Pledged Entities or owned, directly or indirectly, by an IAC Pledged Entity, and (y) make payments to, or receive payments from, any other IAC, any IAC Holding Company or any Subsidiary of an IAC Holding Company (whether in the form of indebtedness or otherwise), and the IAC Payment Parties may cause any IAC under their Control to take such actions as they deem appropriate, including incurring indebtedness, or providing funds in the form of dividends, IAC Loans, Intercompany Loans or otherwise to another IAC, an IAC Holding Company or an IAC Payment Party, in each case, in order to satisfy the Obligations pursuant to this Agreement; *provided* that, with respect to the foregoing clauses (x) and (y), such actions shall only be permitted if (A) (I) such reorganized, newly-formed or transferee IAC is an entity wholly-owned (whether individually or as a group), directly or indirectly by the same IAC Payment Parties (or by Payment Parties within the same Payment Group as such IAC Payment Party) and an IAC Pledged Entity and (II) the interests in each IAC held, directly or indirectly, by each IAC Payment Party continue to be IAC Pledged Entities or owned, directly or indirectly, by an IAC Pledged Entity, (B) such actions do not result in a disproportionate change to a Payment Group's aggregate level of direct or indirect ownership interests in an IAC, relative to any other Payment Group and (C) such actions do not adversely affect the perfection or priority of the Secured Parties' security interest in the IAC Pledged Shares.

(c) Each IAC Payment Party shall cause all proceeds from any IAC Distribution that are received by an IAC, an IAC Holding Company, an IAC Payment Party or any other Subsidiary of an IAC Payment Party, to be:

- (i) paid directly to a Tax authority to the extent used to satisfy a liability for any Tax imposed with respect to IAC Distribution,
- (ii) paid, to the applicable Third-Party Payees, in respect of Sale expenses, or
- (iii) distributed or otherwise paid to one or more IAC Payment Parties (which may include a Person who agrees in writing to become bound by the obligations of an IAC Payment Party hereunder) or Subsidiaries of such IAC Payment Parties (in which case such proceeds

shall be further distributed or paid to the parent entities of such Subsidiaries until they are actually received by an IAC Payment Party) and, upon the receipt by an IAC Payment Party of such proceeds, deposited into an IAC Account in accordance with Section 3.06(c).

Section 3.04 Implementation Limitations. The Sale Obligations of the IAC Payment Parties shall be subject to compliance with and may be limited by any applicable Laws (including the applicable Laws of any jurisdiction outside of the U.S. where any IAC Payment Parties, entities Controlled (whether individually or as a group) by one or more IAC Payment Parties, IACs or IAC Holding Companies are located and any fiduciary or other duties applicable under such Laws) (collectively, “Implementation Limitations”). In the event any Implementation Limitation prohibits, restricts, limits or conflicts with any of the obligations of the IAC Payment Parties to comply with the Sale Obligations, the IAC Payment Parties shall (and shall cause the IACs and their Subsidiaries to) use their commercially reasonable best efforts to seek any Consent from any applicable Governmental Authority or other Person required to eliminate any such prohibition, restriction, limitation or conflict, with any expenses related thereto deemed to be expenses incurred in connection with the Sale or prospective Sale of IACs for purposes of computing Net Proceeds; *provided* that no such Person shall be required to (i) compensate any Governmental Authority or other Person or (ii) offer or grant any accommodation (financial or otherwise) to any Governmental Authority or other Person to obtain any such Consent, but if any such compensation is made, any such action commenced or any such accommodation is granted, expenses in connection therewith shall be deemed to be expenses incurred in connection with the Sale or prospective Sale of IACs for purposes of computing Net Proceeds; *provided* that if, after the expiration of the Sale Period, the MDT takes any of the actions or otherwise makes a payment referenced in clause (i) or (ii) of this sentence, such payment of compensation, costs or expenses shall be repaid solely from proceeds of the relevant Sale prior to the application of any Sale Proceeds to the relevant Settlement Payment Obligations. Such compensation, costs and expenses, shall (x) be included in the calculation of Net Proceeds and (y) not be considered Payment Obligations hereunder, or obligations of any party to such Sale.

Section 3.05 Termination of Sale Obligations. All obligations of the IAC Payment Parties set forth in Section 3.01 through Section 3.04 and Section 3.07 (collectively, the “Sale Obligations”) shall terminate when all interests of the Sackler Parties in the IACs other than the Retained Interests have been disposed of. For the avoidance of doubt, the obligations set forth in the other provisions of this Agreement shall not be affected by the termination of the Sale Obligations.

Section 3.06 Pledge of Shares; Collateral Account.

(a) Each IAC Payment Party, as collateral security for the payment in full when due of all Obligations of such IAC Payment Party, (i) shall grant a security interest in and Lien on the IAC Pledged Shares (and the proceeds and products thereof) held by such IAC Payment Party, and shall cause each Subsidiary of such IAC Payment Party that is an IAC Pledgor to grant a security interest in and Lien on the IAC Pledged Shares (and the proceeds and products thereof) held by each such Subsidiary to secure such Obligations, and (ii) shall grant a security interest in and Lien on each IAC Account (other than any IAC Account established in the name of the escrow agent in respect of such IAC Account and subject to an IAC Escrow Agreement) of such IAC Payment Party (and the proceeds and products thereof), in each case in favor of and for the benefit of the Secured Party pursuant to the terms and conditions of the IAC Collateral Documents.

(b) Each IAC Payment Party hereby agrees, and shall cause each of its Subsidiaries that are IAC Pledgors to agree, (i) to be bound by the terms of the IAC Collateral Documents applicable to it as the same may be in effect from time to time and (ii) to perform, or cause to be performed, its obligations thereunder in accordance therewith.

(c) Each IAC Payment Party shall promptly deposit and maintain on deposit at all times (subject to the provisions of this Section 3.06), all Sale Proceeds or IAC Distributions (and in the case of any A-Side IAC Payment Party or Subsidiary thereof, any refunds of Taxes previously paid to a Tax authority out of Sale Proceeds received by such A-Side IAC Payment Party or a Subsidiary thereof (in which case such refund shall be further distributed or paid to the parent entities of such Subsidiaries until it is actually received by an A-Side IAC Payment Party)) received by such IAC Payment Party in an IAC Account; *provided*, that (i) Permitted Withdrawals may be made by such IAC Payment Party pursuant to this Agreement; and (ii) such IAC Payment Party or its Subsidiary may (A) pay all or a portion of such Sale Proceeds or IAC Non-Tax Distributions to another IAC Payment Party for deposit in its IAC Account pursuant this Agreement or (B) make payments to Third-Party Payees or Tax authorities or to the MDT.

(d) Until the date on which the MDT has been paid all Payment Obligations of the Payment Group(s) of which such IAC Payment Party is a member (including by way of prepayment or other advance payment pursuant to Section 2.03), (i) such IAC Payment Party shall have no right of withdrawal from an IAC Account other than pursuant to Section 3.06(c); *provided* that, notwithstanding the provisions of this Section 3.06(d), if the remaining unpaid Settlement Payment Obligations of any Payment Group of which such IAC Payment Party is a member are \$0, and no IAC Sale Bonus Payment is owed by such IAC Payment Party, then such IAC Payment Party shall have the right to withdraw from its IAC Account an amount equal to the product of (1) the total amount then held in such IAC Account *multiplied by* (2) a fraction, the numerator of which is the number of Payment Groups of which such IAC Payment Party is a member whose remaining unpaid Payment Obligations are \$0 and the denominator of which is the total number of Payment Groups of which such IAC Payment Party is a member, and (ii) the funds on deposit in IAC Accounts shall be collateral security for the Obligations of the Payment Group(s) of which such IAC Payment Party is a member. In the event that, notwithstanding the provisions of this Section 3.06(d), any IAC Payment Party or any of its Subsidiaries receives any Sale Proceeds or IAC Distributions that are not otherwise permitted to be withdrawn from an IAC Account or are required to be deposited into an IAC Account, in each case pursuant to this Agreement, such Sale Proceeds or IAC Distribution shall be held in trust by such IAC Payment Party or such Subsidiary for the MDT, shall not be commingled with any of such Person's other funds or deposited in any account of such Person other than an IAC Account and shall be promptly deposited in the IAC Account pursuant to Section 3.06(c) hereof.

(e) Each IAC Payment Party shall promptly and duly take, execute, acknowledge and deliver, and shall cause each of its Subsidiaries that is an IAC Pledgor or IAC Pledged Entity to promptly and duly take, execute, acknowledge and deliver, all such further acts, documents and assurances as may from time to time be necessary or as the Secured Party may from time to time reasonably request in order to carry out the intent and purposes of this Article 3 in accordance with the IAC Collateral Documents, including all such actions to establish, create, preserve, protect, perfect, and maintain perfection of a first priority Lien on the IAC Collateral in favor of and for the benefit of the Secured Party (including IAC Collateral acquired after the date hereof) and to exercise any and all remedies in respect thereof.

(f) The IAC Collateral Documents shall provide that if an IAC Payment Party or any of its Subsidiaries becomes the direct or indirect owner of all or a portion of the Equity Interests of any IAC Pledged Entity, which Equity Interests have not previously been pledged pursuant to the IAC Collateral Documents, such IAC Payment Party shall promptly give notice of such acquisition to the Secured Party, and within sixty (60) calendar days (or such longer period as permitted by MDT, which permission shall not be unreasonably withheld) after the acquisition thereof (i) deliver or cause to be delivered to the Secured Party any certificates in respect of the Equity Interests of such IAC Pledged Entity, together with related transfer powers duly executed in blank, (ii) in the case of Equity Interests of such IAC Pledged Entity in the form of uncertificated securities, execute and deliver (or cause to be executed and delivered) uncertificated securities control agreements, (iii) execute and/or deliver (or cause to be executed and delivered) such other IAC Collateral Documents or amendments, modifications or supplements thereto, in

form and substance reasonably acceptable to the Secured Party, in order to maintain the validity and perfection of the security interests in such additional IAC Pledged Shares without lapse or change in priority and (iv) deliver proof of corporate (or comparable) action or incumbency of officers as any Secured Party shall reasonably request. If any IAC Payment Party or any of its Subsidiaries that is an IAC Pledgor or an IAC Pledged Entity (x) changes its legal name, (y) converts to a different form or to a different jurisdiction of organization or (z) changes the location of its chief executive office or principal place of business (or, if applicable, the location of the chief executive office, principal place of business or residence of any trustee of such IAC Payment Party or Subsidiary), such IAC Payment Party (A) shall promptly give notice to the Secured Party of such change describing such change, and (B) within sixty (60) calendar days (or such longer period as permitted by MDT, which permission shall not be unreasonably withheld) of such change shall execute and/or deliver (or cause its Subsidiaries to execute and deliver) such other IAC Collateral Documents and/or amendments, modifications or supplements to the IAC Collateral Documents, in form and substance reasonably acceptable to the Secured Party, in order to maintain the validity and perfection of the security interests in the relevant IAC Pledged Shares without change in priority.

(g) Until the date on which the MDT has been paid the Payment Obligations of the Payment Group(s) of which such IAC Payment Party is a member (including by way of prepayment or other advance payment pursuant to Section 2.03), no Restricted Payment of any asset owned by any IAC, any IAC Holding Company or any Subsidiary of an IAC or IAC Holding Company (such asset, an “IAC Asset”) may be made by an IAC, IAC Holding Company or any Subsidiary of any of the foregoing, unless (i) such IAC Assets remain subject to the Sale Obligations or (ii) such Restricted Payment consists of Sale Proceeds or qualifies as an IAC Distribution; *provided*, that if such Restricted Payment is of IAC Pledged Shares, such Restricted Payment shall not affect the perfection or priority of the Liens in such IAC Pledged Shares granted in favor of the Secured Party. For the avoidance of doubt and notwithstanding anything to the contrary herein, (i) nothing in this paragraph limits or restricts any Person’s ability to use, apply, or make distributions of, and the terms and conditions of Section 3.06(a), (b), (f) and this (g) and the IAC Collateral Documents shall not apply to, assets that are not IAC Assets or IAC Pledged Shares (to the extent such IAC Pledged Shares do not otherwise constitute IAC Assets) and (ii) nothing in this paragraph limits or otherwise modifies the definition of IAC Non-Tax Distributions.

Section 3.07 Failure to Sell IACs.

(a) If any IAC Payment Party has not completed the sale of all or substantially all of (A) its direct and/or indirect Equity Interests in all of the IACs and/or (B) the assets of each of the IACs on or prior to the expiration of the Sackler Sale Period (other than any Retained Interests), then the Sackler Parties’ Representative shall provide written notice to the MDT (an “Unsold IAC Notice”). If an IAC Payment Party has not delivered an Unsold IAC Notice to the MDT on or prior to the expiration of the Sackler Sale Period, the MDT may request that such IAC Payment Party either (x) certify that it has completed the sale of all or substantially all of (A) its direct and/or indirect Equity Interests in all of the IACs and/or (B) the assets of each of the IACs on or prior to the expiration of the Sackler Sale Period (other than any Retained Interests) or (y) deliver an Unsold IAC Notice, and such IAC Payment Party shall promptly comply with such request.

(b) During the period beginning on the date of delivery of an Unsold IAC Notice to the MDT and ending on the 180th calendar day following the date of such delivery (the “MDT/IAC Sale Notice Deadline”), the MDT may notify the Sackler Parties’ Representative that it intends to initiate a sale process with respect to the IAC(s) that are the subject of such Unsold IAC Notice (an “MDT/IAC Sale Process Notice”). If the MDT delivers an MDT/IAC Sale Process Notice to the Sackler Parties’ Representative on or prior to the MDT/IAC Sale Notice Deadline, then:

(i) The Parties will determine the value of the applicable IAC(s) pursuant to the appraisal process set forth below:

(A) Each of (x) the MDT and (y) the IAC Payment Parties shall appoint an independent appraiser to complete a fair market value appraisal of the applicable IAC, which appointment shall include an instruction to the appraiser to exclude from the value of such IAC the effect of any actual or contingent liabilities related to pending, threatened or potential opioid-related litigation.

(B) If the value provided by the appraisals by each of the appraisers are within a fifteen percent (15%) variance of the other, the average of the two appraisals will be used. In the event that the appraisals are not within fifteen percent (15%) variance of each other, a third appraiser shall be jointly appointed by the MDT and the IAC Payment Parties and provided with the same direction with regard to potential opioid-related litigation as was provided to the initial appraisers, the median valuation from the three fair market value appraisals shall serve as the value of the applicable IAC(s).

(ii) The MDT shall have twenty-four (24) months from the delivery of the MDT/IAC Sale Process Notice to identify one or more buyers for a Sale of the IAC(s) referenced in the Unsold IAC Notice. In furtherance thereof, the MDT may direct the IAC Payment Parties to evaluate in good faith any proposed transaction involving the disposition of all or substantially all of the direct or indirect Equity Interests of such IAC or all or substantially all of its assets (excluding Retained Interests), as applicable. This may include directing the IAC Payment Parties to cooperate in an auction of the IAC Pledged Shares or any other direct or indirect Equity Interests in such IAC(s).

(iii) For a period of twenty-four (24) months following the delivery of such MDT/IAC Sale Process Notice (as the same may be extended in accordance with the terms below, the “MDT Sale Period”), each IAC Payment Party shall, and shall cause its relevant Affiliates to, take all actions reasonably necessary to comply with a good faith direction (if any) delivered by the MDT in furtherance of a Sale of such IAC, including entering into a binding Sale agreement; *provided*, the IAC Payment Parties shall not be obligated (and shall not be obligated to cause any IAC) to enter into any such Sale agreement with respect to such IAC unless (A) the Sale Proceeds from such Sale would be greater than 80% of the appraised value of such IAC as determined pursuant to Section 3.07(b)(i) and (B) such Sale agreement is otherwise on customary and reasonable terms, as reasonably determined by the Sackler Parties’ Representative, and *provided, further*, that the MDT Sale Period may be extended for a period of twelve (12) months at the sole option of the MDT if at the time of the expiry of such MDT Sale Period, the MDT has received bona fide expressions of interest from third parties regarding a transaction involving the disposition of all or substantially all of the direct or indirect Equity Interests of such IAC or all or substantially all of its assets (excluding Retained Interests) that the MDT intends to pursue.

(c) If the MDT has not completed a Sale of the IAC(s) referenced in the Unsold IAC Notice by the end of the MDT Sale Period, and so long as a Sale is not otherwise pending consummation in accordance with binding transaction documents related thereto, then the rights of the MDT to conduct the sale process pursuant to Section 3.07(b) shall revert to the IAC Payment Parties, and the IAC Payment Parties shall continue to have the obligations set forth in Section 3.01(a), Section 3.01(b) and Section 3.01(c), subject to Section 3.04 (provided, the obligations set forth in Section 3.02, Section 3.03, Section 3.06, Section 3.07(a) and Section 3.07(b) shall terminate).

(d) THE REMEDIES SET FORTH IN THIS SECTION 3.07 ARE THE SOLE AND EXCLUSIVE REMEDIES OF THE MDT OR ANY PARTY TO ANY SETTLEMENT AGREEMENT WITH RESPECT TO ANY BREACH OR ALLEGED BREACH OF SECTION 3.01 OF THIS AGREEMENT. FOR THE AVOIDANCE OF DOUBT, THE MDT WAIVES ANY RIGHT TO ENFORCE THE OBLIGATIONS OF THE IAC PAYMENT PARTIES PURSUANT TO SECTION 3.01 WITH RESPECT TO ANY IAC PRIOR TO THE EXPIRATION OF THE SACKLER SALE PERIOD APPLICABLE TO SUCH IAC.

ARTICLE 4. TAX MATTERS

Section 4.01 Restitution Payments.

(a) The Restitution Amounts (as defined in the following paragraph) paid in Cash and Cash Equivalents, in kind (by transfers of property) or otherwise, directly or indirectly, by, on behalf of, or at the direction of the Debtors, the IAC Payment Parties, or PRA L.P. or any of its direct or indirect interest holders (the “Payors”) pursuant to the Plan and/or this Agreement are hereby, in each case, based on the origin of the liability and the nature and purpose of the payments (as more fully described in the Disclosure Statement, the Plan, the Governmental Remediation Trust and the Tribe TDP), identified as amounts paid for restitution, remediation or that are paid to come into compliance with any law which was violated, in accordance with Section 162(f)(2)(A)(ii) of the Code (and the applicable Treasury Regulations promulgated thereunder) (collectively, “Restitution”), in each case in relation to the damage done and Alleged Harms suffered in connection with or arising out of Opioid-Related Activities with respect to the Products, as more fully described in the Disclosure Statement, the Plan, the Governmental Remediation Trust and the Tribe TDP. Restitution Amounts are paid by or on behalf of the Payors in order to restore, in whole or in part, the MDT, the Settling States, the Participating Subdivisions, the Private Claimants, and persons to the same or substantially similar position or condition that they would be in had the MDT, the Settling States, the Participating Subdivisions, the Private Claimants, and persons not suffered the Alleged Harms. Nothing in this Agreement, the Plan, Confirmation Order or any documents submitted in connection with the Plan is a binding determination on the IRS regarding whether the amounts paid as described herein satisfy the requirements of Section 162(f)(2) of the Code or any other requirements of Section 162(f) of the Code and applicable Treasury Regulations.

(b) To the extent relevant for purposes of Section 162(f)(2)(A)(ii) of the Code, the term “Restitution Amounts” shall comprise (i) the payment or transfer pursuant to the Plan of the Initial Public Creditor Trust Distributions; the NewCo Transferred Assets; and the Plan Effective Date Cash transferred to fund the MDT Operating Reserve, (ii) the payments to be made to the MDT pursuant to this Agreement in the aggregate amount of \$[●] plus any payments made pursuant to Section 2.06 and (iii) any other amounts paid or properties transferred to, or at the direction of, any government or governmental entity, pursuant to the Plan and/or this Agreement in relation to Opioid-Related Activities with respect to the Products and within the scope of Section 162(f) of the Code. The Restitution Amounts are less than or equal to the amount, in the aggregate, of the Alleged Harms allegedly suffered by the Settling States, the Participating Subdivisions, the Private Claimants and the General Unsecured Creditors; and the portion of the Restitution Amounts received by each of the Settling States, the Participating Subdivisions, the Private Claimants and the General Unsecured Creditors is less than or equal to the amount of the Alleged Harms allegedly suffered by the Settling States, the Participating Subdivisions, the Private Claimants and the General Unsecured Creditors.

(c) Notwithstanding the foregoing, (i) no amounts described in Section 5.9 of the Plan or reported in connection with Section 4.01(f)(ii) and paid in connection with the Plan and/or this Agreement as reimbursement for costs of any government investigation or litigation concerning the violation or

potential violation of any law, including attorney's fees, shall be treated as Restitution Amounts, (ii) neither the DOJ Forfeiture Payment, nor any amount paid to the United States pursuant to Section 4.3(b) of the Plan for Federal Government Unsecured Claims (Class 3), shall be treated as Restitution Amounts, (iii) no portion of the Settlement Payments constitutes the disgorgement of any allegedly ill-gotten gains; and (iv) no portion of the Settlement Payments is paid for, is in place of, or is properly characterized as the payment of any fine, penalty, punitive damages, or other punitive assessments. [All Restitution Amounts shall be used in accordance with the terms of the Plan, this Agreement and the Creditor Trust Documents, including for Opioid Remediation (as defined in the Governmental Remediation Trust and the Tribe TDP, as applicable), as more fully set forth in such documents.⁸]

(d) For purposes of this Section 4.01, (x) the amount of any payment made in Cash and Cash Equivalents shall be equal to the face amount of such Cash and Cash Equivalents, and the amount of any payment made through a transfer of other property shall be equal to the fair market value of such property as of the time of each such transfer; (y) the terms used in this Section 4.01 shall be interpreted in conformity with the meaning of such terms as used in Section 162(f) of the Code and the Treasury Regulations promulgated thereunder; and (z) the term "Plan" shall include the Plan, any other documents and agreements contemplated by the Plan, any other documents and agreements which are supplemental or ancillary to the Plan and any court order or judgment relating to the foregoing.

(e) For the avoidance of doubt, nothing in this Section 4.01 shall bind the IRS with respect to tax treatment, tax reporting or information reporting, and (i) no party other than PRA L.P., the IAC Payment Parties, the Shareholder Released Parties and their non-Debtor Related Persons and other Sackler Parties (collectively, the "Relevant Parties") shall be responsible for obtaining any Tax deductions or other Tax treatment claimed by any Relevant Party in connection any payments or transfers under this Agreement or the Plan, including all amounts intended to constitute Restitution (collectively the "Tax Treatment"), (ii) nothing in this Agreement shall impose on the Debtors, any Holder of an Allowed Claim, the MDT, any Creditor Trust, the Plan Administration Trust or any other entity created pursuant to the Plan (including without limitation Foundation, NewCo and their Subsidiaries), or any Related Person of any of the foregoing (collectively, the "Other Parties") any liability with respect to the Tax Treatment (including without limitation the failure of any Relevant Party to obtain such Tax Treatment) and (iii) none of the Other Parties shall have any obligation to indemnify, defend, or otherwise hold harmless any party with respect to any loss, denial, deferral, curtailment or impairment of such Tax Treatment or any related costs, interest or penalties, nor shall the failure of any party to obtain such Tax Treatment give rise to any right of any Relevant Party to any deduction, counterclaim, defense, recoupment or setoff with respect to any payments they are required to make pursuant to this Agreement or the Plan.

(f) Use of Settlement Payments.

(i) Other than with respect to Estate Payments allocated in accordance with Section 5.9(a) and (b) of the Plan, it is the intent of the Parties that the Estate Payments disbursed to Settling States and Participating Subdivisions be for Opioid Remediation, subject to exceptions that must be documented in accordance with Section 4.01(f)(ii). In no event may less than ninety-five (95%) of the Payment Groups' amount of such Estate Payments disbursed to Settling States and Participating Subdivisions over the entirety of all such Estate Payments (but not for any single Payment Date) be spent on Opioid Remediation.

(ii) While disfavored by the Parties, a Settling State or a Participating Subdivision set forth on Exhibit G to the Governmental Entity & Shareholder Direct Settlement Agreement may use monies from Estate Payments (excepting Estate Payments allocated in accordance with Section 5.9(a)

⁸ NTD: subject to ongoing tax discussions.

and (b) of the Plan) for purposes that do not qualify as Opioid Remediation. If, at any time, a Settling State or a Participating Subdivision set forth on Exhibit G to the Governmental Entity & Shareholder Direct Settlement Agreement uses any monies from such Estate Payments for a purpose that does not qualify as Opioid Remediation, such Settling State or such Participating Subdivision shall identify such amounts and report to the Settlement Administrator and the Sackler Parties' Representative how such funds were used, including if used to pay attorneys' fees, investigation costs, litigation costs, or costs related to the operation and enforcement of this Agreement, respectively; provided, however, that because such fees and costs are anticipated to be funded from Estate Payments and other sources, such reporting shall be provided on aggregate basis regardless of source. It is the intent of the Parties that the limited reporting duty contemplated under this Section shall be discharged by the public posting of such information. Such reporting shall be made to the Settlement Administrator with respect to each six-month period ending on June 30 or December 31 of any year in which funds are received from the Settlement Fund. Settling States and Participating Subdivisions shall make each such report within ninety (90) days of the end of the applicable six-month period. The Settlement Administrator shall set up a system to receive and preserve reports from Settling States and Participating Subdivisions that have used monies from the Settlement Fund for purposes that do not qualify as Opioid Remediation. The Settlement Administrator will not require Settling States and Participating Subdivisions without any such uses of money to submit a report, and the Settlement Administrator may treat the failure to submit a report as confirmation that a Settling State or Participating Subdivision had no such uses of money. For the avoidance of doubt, (i) any Estate Payment amounts (excepting Estate Payments allocated in accordance with Section 5.9(a) and (b) of the Plan) not identified under this Section as used to pay attorneys' fees, investigation costs, or litigation costs shall be included in the Compensatory Restitution Amount and (ii) Participating Subdivisions not listed on Exhibit G to the Governmental Entity & Shareholder Direct Settlement Agreement may only use monies from such Estate Payments for purposes that qualify as Opioid Remediation.

Section 4.02 Settlement Payments. For the avoidance of doubt, all Parties agree that no Settlement Payments or portion thereof are "payments in compensation for late or delayed transfers" under Treasury Regulations Section 1.468B-2 and shall treat and report all such payments consistent with such characterization, unless otherwise required by applicable Law.

Section 4.03 Qualified Settlement Funds. All Parties agree to treat the Master Disbursement Trust, each Creditor Trust, and the Tribe Trust (other than any Tribe Trust entity that is formed as a legal entity other than a trust) QSFs, and all Parties shall report consistently with the foregoing for all applicable U.S. federal income or other Tax purposes. Accordingly, all parties acknowledge and agree notwithstanding anything to the contrary in this Agreement that (i) the Settlement Payments are intended to be treated as amounts transferred to a QSF by, or on behalf of, a Transferor to resolve or satisfy a liability for which the QSF is established, and (ii) the actual or deemed payment or reimbursement of an amount by MDT or any Creditor Trust, if any, is intended to be permitted hereunder solely for claims that are either of the same type as the claims for which MDT and the Creditor Trusts are established or of another type that arises from the same event or related series of events for which MDT and the Creditor Trusts are established within the meaning of QSF Regulations 1.468B-1(h)(2).

Section 4.04 Settlement Agreement. All Parties intend and agree that this Agreement shall be treated for all applicable Tax purposes as a contractual agreement to make payments in respect of an agreed settlement of claims. Breach Fees payable pursuant to Section 9.05 of this Agreement shall be treated for all applicable Tax purposes as a contractual late payment fee in respect of late or delayed transfer of payments due pursuant to this Agreement.

Section 4.05 Forms W-9. On or before the Settlement Effective Date, each of PRA L.P. and MDT shall provide the other with a properly completed and validly executed IRS Form W-9 (or any

successor form) certifying that it is exempt from U.S. federal backup withholding and U.S. federal income withholding tax. Each of PRA L.P. and the Master Disbursement Trust agrees that if the IRS Form W-9 (or any successor form) previously delivered expires or becomes obsolete or inaccurate in any respect, it shall promptly provide the other party with a properly completed and validly executed IRS Form W-9 (or any successor form).

Section 4.06 Intentionally Omitted.

Section 4.07 Tax Reporting. For U.S. federal income tax purposes, the relevant IAC Payment Party(ies) is intended to be treated as the owner of each IAC Account. All interest or other income earned in any IAC Account shall be properly reported to all relevant taxing authorities by the relevant IAC Payment Party(ies) as owner of the IAC Account for all tax purposes whether or not such income has been distributed during such year.

Section 4.08 Tax Cooperation.

(a) [Subject to the limitations set forth herein, upon the reasonable written request by the Sackler Parties' Representative or PRA LP to the MDT or the [Designated State], each of the MDT and the [Designated State] agrees to cooperate in good faith with the Sackler Party Representative or PRA LP, as the case may be, to timely provide such further information and documents in its possession or reasonably available to it or to the Settling States, and use reasonable efforts to timely execute and deliver such further documents in its possession or in the possession of the Settling States as may be reasonably necessary for Payment Parties or PRA LP to establish the statements set forth in Section [4.01] to the reasonable satisfaction of their tax advisors and their independent financial auditors, including as contemplated by Section 162(f) of the Internal Revenue Code of 1986, as amended, and 26 C.F.R § 1.162-21(b)(3)(ii) and any subsequently proposed or finalized relevant regulations or administrative guidance, or that are reasonably necessary with respect to any tax claim, dispute, investigation, audit, examination, contest, litigation, or other proceeding with the Internal Revenue Service or other governmental authority relating to such matters ("Tax Matters"). All requests must reasonably detail the purpose for requesting the documents or other information at that time.

(b) The MDT and the Settling States agree to timely and reasonably cooperate with the [Designated State] in connection with any reasonable requests made hereunder. Such cooperation shall be limited to (x) the retention and provision (upon reasonable written request by the Sackler Parties' Representative or PRA LP) of records and information which are reasonably relevant to any such Tax Matters, and which are in the possession of the MDT or the Settling States or reasonably available to them, and (y) making employees and other personnel reasonably available on a mutually convenient basis to timely provide additional information reasonably requested and explain any material provided hereunder to the extent such cooperation does not materially and adversely affect the cooperating party. The Sackler Parties' Representative shall use reasonable efforts to make requests under this Section 4.08 no more frequently than quarterly, other than in connection with circumstances in which a more timely response is required to respond to a request from a taxing authority.

(c) Nothing in this Section 4.08 shall require the MDT, the [Designated State], any Settling State or any Participating Subdivision to (i) provide any information or document that has been filed with the Bankruptcy Court or otherwise made publicly available by the public posting of such information or document; (ii) retain information or records other than in accordance with any applicable retention policy except with respect to reasonable written requests by the Sackler Parties' Representative or PRA LP made to the MDT or the [Designated State]; (iii) provide information or documents that have been previously provided to the Sackler Parties' Representative or PRA LP; (iv) search and/or produce e-mail or physical records, except to the extent reasonably necessary to identify information or documents relevant to any

reasonable request made hereunder; (v) provide information or documents that would result in a violation of applicable law; (vi) provide information or documents that are privileged; (vii) bear any out-of-pocket costs or expenses; or (viii) provide information or documents that would result in a breach of a confidentiality agreement or obligation. In each such case where the MDT, the [Designated State], a Settling State or a Participating Subdivision does not provide a document or other information solely pursuant to the preceding sentence, the MDT, the [Designated State], Settling State or Participating Subdivision shall inform the Sackler Parties' Representative, or PRA LP to the extent legally permissible, of the basis on which information was not provided. Other than with respect to Section 4.01(f)(ii), and notwithstanding anything else herein to the contrary, the MDT, the [Designated State], the Settling States and Participating Subdivisions shall have no obligation to trace funds received pursuant to this Agreement or the Governmental Entity & Shareholder Direct Settlement Agreement; and no Settling State or Participating Subdivision shall have any obligation or responsibility for any other Settling State or Participating Subdivision under this Section 4.08.

(d) Pursuant to 26 C.F.R. § 1.6050X-1(a) and (b), the Designated State, on behalf of the MDT and all Settling States and Participating Subdivisions shall designate one of its officers or employees to act as the "appropriate official" within the meaning of 26 C.F.R. § 1.6050X- 1(f)(1)(ii)(B) (the "Appropriate Official"). The Designated State shall use reasonable best efforts to direct and ensure that the Appropriate Official timely (a) files (i) at the time this Agreement becomes binding on the Parties, an IRS Form 1098-F in the form attached as Exhibit U to the Governmental Entity & Shareholder Direct Settlement Agreement with respect to [PRA LP and the Payment Parties] and (ii) any legally required forms, returns or amended returns with any applicable governmental authority, or any returns reasonably requested by PRA LP or a Payment Party, and (b) provides the Sackler Parties' Representative a copy of (i) the IRS Form 1098-F filed with respect to [PRA LP or such Payment Party] and (ii) any legally required written statement pursuant to any applicable law and any other document referred to in clause (a)(ii) above. Any such forms, returns, or statements shall be prepared and filed in a manner fully consistent with Section [4.01] and as set forth in Section [4.01(d)].

(e) Any form, return, amended return, or written statement filed or provided pursuant to Section [4.08(d)], and any similar document, shall be prepared and filed in a manner consistent with reporting on IRS Form 1098-F. If the Designated State or Appropriate Official shall be required to file any form, return, amended return, or written statement contemplated by this Section [4.08] other than an IRS Form 1098-F in the form attached as Exhibit U to the Governmental Entity & Shareholder Direct Settlement Agreement, the Designated State shall use reasonable best efforts to direct and ensure that the Appropriate Official provides to the Sackler Parties' Representative or PRA LP a draft of such form, return, amended return, or written statement in respect of [the Payment Parties or PRA LP] no later than sixty (60) calendar days prior to the due date thereof, and shall accept and reflect any reasonable revisions from or on behalf of the Sackler Parties' Representative or PRA LP on the return, amended return, or written statement in respect of [the Payment Parties or PRA LP].

(f) For the avoidance of doubt, neither the Payment Parties, the MDT, the Designated State, nor the Settling States make any warranty or representation to any Payment Party, the MDT, Settling State, or Releasor as to the tax consequences of the payment of the Compensatory Restitution Amount (or any portion thereof), and nothing in this Agreement shall impose on the MDT, the Designated State, or the Settling States any liability with respect to any tax or related obligation of the Shareholder Released Parties, or obligation to indemnify, defend, or otherwise hold harmless any Shareholder Released Party for any tax or other obligations.⁹

⁹ NTD: Subject to ongoing discussions.

Section 4.09 Private Trusts Reporting. Notwithstanding anything to the contrary herein or otherwise, none of the Private Creditor Trusts or the Public Schools Trust shall be required to provide any tax information or cooperation, or to assist in tax reporting or other tax compliance, to or for benefit of the Shareholder Released Parties or the Sackler Parties' Representative or otherwise hereunder in connection with tax matters, except for (a) periodic forwarding, not more frequently than every three months, of applicable bank statements, or, (b) solely at the applicable trustee's election, such other reporting as provides the Sackler Parties' Representative with substantially similar relevant information as appears in such bank statements, in each case, which the applicable trustee may redact (or cause to be redacted) to exclude information that it considers not reasonably necessary for the Shareholder Released Parties' tax reporting.¹⁰

ARTICLE 5. RESERVES.

Section 5.01 PAT Disputed Claims Reserves, Creditor Trust Non-Participating Claims Reserves and Released Claims Reserves.

(a) On the Plan Effective Date, the Plan Administration Trust and each Creditor Trust shall establish the PAT Disputed Claims Reserves and Creditor Trust Non-Participating Claims Reserves (collectively, "Reserves" and each individual reserve, a "Reserve"), by funding amounts in accordance with Sections 7.2(b), 7.2(c) and 7.2(d) of the Plan, as applicable. Following the Plan Effective Date, additional amounts shall be funded to the Reserves in accordance with the terms of the Plan.¹¹

(b) Following the Plan Effective Date, if any Disputed Claim or Non-Participating Claim becomes an Allowed Claim, then (A) the amount reserved for such formerly Disputed Claim or Non-Participating Claim (net of expenses incurred) shall be released from the relevant Reserve(s) and transferred in accordance with the terms of Sections 7.7(a), 7.7(b), and 7.7(c) of the Plan, as applicable, and (B) thereafter, amounts that would have been funded to such Reserve(s) with respect to such Disputed Claim or Non-Participating Claim shall instead be distributed in accordance with the terms of Sections 7.7(a), 7.7(b), and 7.7(c) of the Plan, with the Master Disbursement Trust serving as administrative agent in relation thereto, as applicable. If any Disputed Claim or Non-Participating Claim becomes a Disallowed Claim at any time, then: (A) any amount reserved for such Disputed Claim or Non-Participating Claim and funded to a Reserve from Settlement Payments shall be released from such Reserve, and transferred to the corresponding Released Claims Reserve, in accordance with Sections 7.8(a), 7.8(b), and 7.8(c) of the Plan, and (B) thereafter, amounts of Settlement Payments that would have been funded to a Reserve with respect to such Disputed or Non-Participating Claim shall instead be funded to the relevant Released Claims Reserve, as provided in the Plan. Amounts in a Reserve that were funded from sources other than Settlement Payments and any future such amounts shall be addressed in accordance with the Plan. On the Plan Effective Date (and thereafter to the extent reasonably practicable), all Reserve(s) shall be funded from Settlement Payments.

(c) Each Payment Group shall comply with the funding, reimbursement and reporting obligations with respect to the Released Claims Reserves and its associated Litigation Costs as set forth in Exhibit N, and in furtherance thereof may access the Released Claims Reserves for Litigation Costs related to a given Plan Class on the terms and subject to the conditions and limitations set forth in Exhibit N, other

¹⁰ Subject to Sackler confirmation on remediation reporting for public school trust.

¹¹ NTD: Plan to be updated to ensure that MDT has access to reporting on the Non-Participating Channeled Claims Reserves and Released Claims Reserves.

than a Payment Group or Payment Party in respect of which a Specified Breach has occurred and is continuing.

(d) Amounts shall be released from the Released Claims Reserves at the times and in the amounts, subject to the terms and conditions, as provided in Exhibit N. Amounts released from the Released Claims Reserve to any Creditor Trust, including amounts initially funded by RCR Top Off Payments, if any, shall be distributed in the same manner as Estate Payments under the Settlement.

(e) For the avoidance of doubt, and notwithstanding anything to the contrary in this Section 5.01, Exhibit N, or elsewhere, none of the A-Side Payment Parties comprising A-Side Payment Group 8 shall have any funding or reimbursement obligations under this Section 5.01 or Exhibit N, except for their obligation to pay a portion of the Estate Payment on the Settlement Effective Date, the fifth (5th) Payment Date and the sixth (6th) Payment Date to the Reserve(s) and/or the Special Operating Reserve.

Section 5.02 Special Operating Reserve Initial Funding and Mechanics.

(a) On the Plan Effective Date, the MDT shall establish a separate segregated, interest-bearing escrow account (the “Special Operating Reserve”) and fund the Special Operating Reserve with \$200 million from Estate Payments made on the Plan Effective Date and, by withholding from distributions otherwise included in Estate Payments as follows: (A) \$20 million from distributions to the Private Claimants,¹² and (B) \$180 million from distributions to the non-federal governmental entities and tribes, in each case, as set forth in the Plan.

(b) On the terms and subject to the conditions and limitations set forth in Exhibit N:

(i) Each Payment Group shall comply with the funding, reimbursement and reporting obligations with respect to the Special Operating Reserve and associated Litigation Costs as set forth in Exhibit N, and in furtherance thereof may access the Special Operating Reserve if and to the extent its Litigation Costs exceed its Retained Payment Amount, other than a Payment Group or Payment Party in respect of which a Specified Breach has occurred and is continuing.

(ii) If a Payment Group withdraws funds from the Special Operating Reserve and its Retained Payment Amount subsequently exceeds its Litigation Costs, such Payment Group shall be obligated to top up the Special Operating Reserve, as set forth in Exhibit N.

(iii) As set forth in Exhibit N, on the second Payment Date and each Payment Date thereafter, until there has been reversion as contemplated by Exhibit N (x) if the balance in the Special Operating Reserve is less than \$300 million, the MDT shall deposit out of Estate Payments made on such Payment Date additional amounts into the Special Operating Reserve to the extent necessary to increase the balance in the Special Operating Reserve to \$300 million and (y) if the balance of the Special Operating Reserve is more than \$300 million, the MDT may withdraw the excess and apply such Sweep Amount (as defined in Exhibit N) for the benefit of the [non-federal governmental entities and tribes] as set forth in Exhibit N.

(iv) Following the later of the sixth Payment Date and the date that no Material Litigation is pending, amounts will be released from the Special Operating Reserve as set forth in Exhibit N.

¹² NTD: The Plan to provide for amounts to come from each of the Private Claimants.

(c) Amounts released from the Special Operating Reserve to the MDT, including SOR Top Off Payments, if any, shall be distributed in the same manner as Estate Payments under the Settlement.

(d) So long as funds remain in the Special Operating Reserve that can be used by a Payment Group, all proposed settlement agreements between that Payment Group and non-federal governmental entities or the private claimants, or decisions not to appeal an appealable judgment, must be submitted to the MDT Advisory Council for consent in the manner set forth in Exhibit N.

(e) The MDT and the Sackler Parties' Representative shall be subject to the notification, reporting and review rights and obligations in respect of matters relating to the Released Claims Reserves, the Special Operating Reserve, Retained Payment Amounts and Litigation Costs set forth in Exhibit N.

(f) In case of any conflict between the provisions herein and the provisions of Exhibit N, the provisions of Exhibit N shall control.

(g) For the avoidance of doubt, and notwithstanding anything to the contrary in this Section 5.02, Exhibit N, or elsewhere, none of the A-Side Payment Parties comprising A-Side Payment Group 8 shall have any funding or reimbursement obligations under this Section 5.02 or Exhibit N, except for their obligation to pay a portion of the Estate Payment, on the fifth (5th) Payment Date and/or sixth (6th) Payment Date, to the Reserve(s) and/or the Special Operating Reserve.

ARTICLE 6. TERMINATION.

Section 6.01 Termination of Agreement. This Agreement shall terminate under the circumstances set forth on Exhibit I or Section 11.06(c).

ARTICLE 7. REPRESENTATIONS AND WARRANTIES OF THE SACKLER PARTIES

The Sackler Parties' Representative (with respect to Section 7.07), and each Sackler Party (with respect to each Section in this Article 7 other than Section 7.07) represents and warrants (in each case, solely as to itself) to the MDT that, as of the Agreement Effective Date (*provided* that (i) any A-Side Payment Party that is a Trust governed in whole or in part by the law of Jersey (Channel Islands) makes such representation and warranty as of the date such A-Side Payment Party receives a Court Order applicable to it as described in Section 10.01(a)(viii) and (ii) the JDS Estate and any other Payment Party subject to Section 10.01(c) and Section 10.01(d) makes such representation and warranty as of the date it receives the court approval described in Section 10.01(c)), the Settlement Effective Date, and each anniversary of the Settlement Effective Date (in each case, except to the extent a representation or warranty is expressly made as of a specific date, in which case it is made only as of such date):

Section 7.01 Formation and Power.

(a) Each such Sackler Party that is not a Trust, decedent's estate or natural person, including a corporation, limited liability company or limited partnership, (i) is duly formed, validly existing and in good standing or the equivalent thereof (to the extent such concepts are recognized under applicable Law) under the Laws of its jurisdiction of formation, with full power and authority to enter into this Agreement and the Collateral Documents to which it is a party and perform all of its obligations hereunder and thereunder; *provided*, that solely with respect to any Trust subject to Section 10.01(c) and Section 10.01(d), such power and authority, solely as it relates to the guarantee of an estates obligations, shall be subject to the approval of the applicable court, (ii) is duly qualified and authorized to do business and in good standing or the equivalent thereof (to the extent such concepts are recognized under applicable Law) under the Laws of

each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification and (iii) has all requisite governmental licenses, authorizations, consents and approvals to operate its business as currently conducted; in the case of clauses (ii) and (iii), except as would not materially adversely affect the ability of such Sackler Party to enter into this Agreement or the Collateral Documents to which it is a party and perform its obligations hereunder or thereunder.

(b) Each such Sackler Party that is a Trust (i) was duly created under the laws of its Original Jurisdiction of Creation as set forth on Exhibit R, (ii) has its situs and principal place of administration, and validly exists under the laws of, its Jurisdiction of Administration as set forth on Exhibit R and (iii) is governed (taking into account any express provisions in its organizational documents) by the laws of its Governing Law Jurisdiction as set forth on Exhibit R. With respect to such Trust, Exhibit R sets forth a true and complete list of (A) its currently acting trustees, (B) its Power Holders, (C) its Required Interested Persons, (D) its Beneficiary Interested Persons and beneficiaries under a legal disability (with an accurate notation identifying each such beneficiary, if any, that is under a legal disability (e.g., is a minor) and the date of birth of any such individual under a legal disability who is not a minor and with minors identified by year of birth and familial relationship such as “Child # 1 of [Name], [year of birth]” and not by actual name) and (E) its Possible Refunding Trusts, if any. The information on Exhibit R related to the information regarding the Trusts described in this Section 7.01(b) may be amended by the Sackler Parties’ Representative at any time and from time to time to reflect changes occurring with respect thereto after the date hereof, *provided* that notice and a copy of such amendment shall be provided promptly to the MDT, in which case the representation and warranty set forth above with respect to such Exhibit R shall be true and correct as of the date of such amendment.

(c) With respect to the Sackler Party that is the JDS Estate, the JDS Estate (i) has its situs and principal place of administration as set forth on Exhibit R, and (ii) has a governing instrument that was admitted to original probate, with permanent letters issuing to its personal representative(s), by the court set forth on Exhibit R. Exhibit R sets forth a true and complete list of (A) the JDS Estate’s currently acting personal representatives, (B) the JDS Estate’s Power Holders, (C) the JDS Estate’s Required Interested Persons, and (D) the JDS Estate’s Beneficiary Interested Persons and beneficiaries under a legal disability (with an accurate notation identifying each such beneficiary, if any, that is under a legal disability (e.g., is a minor) and the date of birth of any such beneficiary under a legal disability who is not a minor and with minors identified by year of birth and familial relationship such as “Child # 1 of [Name], [year of birth]” and not by actual name).

(d) In the case of a Sackler Party that is a Trust or the JDS Estate, the trustees of each Trust and the personal representatives of the JDS Estate (i) have been duly appointed and are validly acting as the trustees and personal representatives of each Trust and the JDS Estate, (ii) are resident and/or have their respective principal place of business as set forth on Exhibit R, (iii) in the case of trustees and personal representatives that are not individuals (x) are duly formed, validly existing and in good standing or the equivalent thereof (to the extent such concepts are recognized under applicable Law) under the Laws of their jurisdiction of formation, with full power and authority to act and exercise their powers and authorities as a trustee or personal representative of such Sackler Party, (y) are duly qualified and authorized to do business and in good standing or the equivalent thereof (to the extent such concepts are recognized under applicable Law) under the Laws of their jurisdiction of formation and each other jurisdiction where their acting as trustees or personal representatives of such Sackler Party requires such qualification, authorization and good standing (with respect to the administration of the Trust or the JDS Estate as currently conducted) and (z) have all requisite governmental licenses, authorizations, consents and approvals to operate its businesses (to the extent relevant to acting as a trustee, personal representative or otherwise join in the administration, of the Trust and the JDS Estate) as currently conducted; in the case of clauses (y) and (z), except as would not materially adversely affect the ability of such Sackler Party (or such trustee or personal representative in its own capacity on their behalf) to enter into this Agreement or the Collateral Documents

to which such Sackler Party is a party and perform its obligations hereunder and thereunder (if applicable), (iv) have all requisite power and authority in their own capacities acting on their own behalf to serve as trustees and personal representatives of such Sackler Party, and (v) have all requisite power and authority in their capacities as trustees and personal representatives of such Sackler Party to execute, deliver and perform such Sackler Party's obligations (which for the avoidance of doubt are the obligations of the trustees or personal representatives thereof in their capacities as trustees and personal representatives thereof) under this Agreement and the Collateral Documents to which such Sackler Party is a party.

(e) Except (i) to the extent investment discretion has been delegated to investment managers, and (ii) for contractual restrictions related to specific investments, each trustee of such Sackler Party that is a Trust and each personal representative of the JDS Estate (or, for the avoidance of doubt but subject to the proviso of this Section 7.01(e), in the case of a Trust with more than one trustee or if at the time of the making of this representation there shall be more than one personal representative of the JDS Estate, the trustees of such Trust and the personal representatives of the JDS Estate) has sole discretion, power and authority to manage and control the assets of the Trust and the JDS Estate, as applicable, for both investments and determinations of distributions, to sell, exchange, invest, reinvest, dispose of, or pledge the assets of the Trust and the JDS Estate, as applicable, including the IAC Pledged Shares and the other Collateral owned by such Person, and to incur debt and enter into agreements to pay or make binding guarantees, subject to the restrictions and qualifications (if any) set forth in the governing instruments of such Trust or the JDS Estate requiring the trustee or personal representative, as applicable, to obtain the consent of a protector or other Person (a "Consent Person"), which restrictions and qualifications (including the identity of all Consent Persons) are each listed on Exhibit Q, in order to take certain actions; *provided* that, for the avoidance of doubt, in the case of a Trust with more than one trustee whose Trust instrument confers any such discretion, power or authority on one or more but less than all of the trustees (or if at the time of the making of this representation there shall be more than one personal representative of the JDS Estate), the representation made in this Section 7.01(e) shall, insofar as such discretion, power or authority is concerned, be read to apply only to the trustee or trustees (or personal representative or representatives) having such discretion, power or authority.

Section 7.02 Authority; Enforceability

(a) The execution, delivery and performance of this Agreement and the Collateral Documents to which it is a party by each Sackler Party that is not a Trust, the JDS Estate or a natural person, including a corporation, limited liability company or limited partnership, and the consummation by such Sackler Party of the transactions contemplated hereby and thereby have been duly and validly authorized by all requisite corporate, limited liability company, partnership or other entity action by such Sackler Party, and no other proceedings on the part of such Sackler Party are necessary to authorize the execution, delivery or performance of this Agreement or the Collateral Documents to which it is a party by such Sackler Party. This Agreement and the Collateral Documents to which it is a party have been duly and validly executed and delivered by such Sackler Party, and this Agreement and the Collateral Documents to which it is a party constitute valid and binding obligations of such Sackler Party, enforceable against such Sackler Party in accordance with their terms, except as such enforceability may be limited by Bankruptcy Matters, or by general equitable principles.

(b) The execution, delivery and performance of this Agreement and the Collateral Documents to which it is a party by each Sackler Party that is a Trust or the JDS Estate and the consummation by such Sackler Party of the transactions contemplated hereby and thereby have been duly and validly authorized by all requisite trust or estate administration action, as applicable (including without limitation by any requisite action of any applicable Consent Person and approval by the Royal Court of Jersey (Channel Islands) ("Court Approval")) and no other proceedings on the part of such Sackler Party is necessary to authorize the execution, delivery or performance of this Agreement or the Collateral Documents to which

it is a party by such Sackler Party or any Consent Person. This Agreement and the Collateral Documents to which it is a party have been duly and validly executed and delivered by such Sackler Party, and this Agreement and the Collateral Documents to which it is a party constitute valid and binding obligations of such Sackler Party, enforceable against such Sackler Party in accordance with their terms, except as such enforceability may be limited by Bankruptcy Matters, or general equitable principles which, for the avoidance of doubt, do not include for these purposes any limitations for such purpose by reason of trustee or personal representative fiduciary duties, including duties of prudence and undivided loyalty.

(c) The execution, delivery and performance of this Agreement and the Collateral Documents to which it is a party by each Sackler Party that is a natural person have been duly and validly executed and delivered by such Sackler Party, and this Agreement and the Collateral Documents to which it is a party constitute valid and binding obligations of such Sackler Party, enforceable against such Sackler Party in accordance with their terms, except as such enforceability may be limited by Bankruptcy Matters, or by general equitable principles.

Section 7.03 No Contravention. Subject to the Implementation Limitations, the execution, delivery and performance of this Agreement and the Collateral Documents to which it is a party by each Sackler Party (including for the avoidance of doubt by the trustees of a Sackler Party that is a Trust) does not (a) contravene the terms of any such Sackler Party's organization documents (including trust documentation), (b) violate any Law, (c) violate any fiduciary duty owed to any Person, (d) violate any other agreement, instrument or trust or other restrictions to which such Sackler Party (or the trustees thereof in their capacities as such trustees) are subject or (e) violate or contravene any order or approval of any court or other governmental or judicial authority; in the case of clauses (b) through (e), except as would not materially adversely affect the ability of such Sackler Party (or the applicable trustee on their behalf) to enter into this Agreement or the Collateral Documents to which it is a party and perform its obligations hereunder and thereunder.

Section 7.04 Net Asset Reports. Except with respect to any projections, forecasts or other forward-looking information set forth therein, and subject to the qualifications, estimates and methodology set forth therein, (i) if such Sackler Party is an Initial Covered Sackler Person (as defined in the Case Stipulation), then the applicable Net Asset Presentations fairly present, in all material respects, the balance sheets of such Sackler Party as of the respective dates set forth therein, and (ii) if such Sackler Party is not an Initial Covered Sackler Person, then the additional balance sheet information provided to the Debtors and their advisors by Huron Consulting Group with respect to such Sackler Party and the other members of such Sackler Party's Family Group fairly presents, in all material respects, the balance sheets of such Persons as of the respective dates set forth therein.

Section 7.05 List of IACs. Each of the representations made in clauses (a) through (i) of this Section 7.05 is made by the members of each Payment Group, as of the date hereof, solely with respect to the members of their Family Group, and, any such representation made by the members of a particular Payment Group, to the extent necessary, assumes the accuracy of any corresponding representation made by any Sackler Party that is not a member of such Payment Group.

(a) Exhibit E-1 sets forth:

(i) a true and complete list of all non-U.S. (and certain U.S.) pharmaceutical companies that are operating companies Controlled, directly or indirectly, individually or acting together with other Sackler Parties or their Affiliates, by one or more Sackler Parties, other than those entities set forth on Exhibit E-2 (which for the avoidance of doubt, are not IACs for purposes of this Agreement); and

(ii) with respect to the A-Side IAC Payment Parties and the B-Side IAC Payment Parties, respectively, a true and complete list of all Subsidiaries of such A-Side IAC Payment Parties and B-Side IAC Payment Parties that directly or indirectly holds any common and preferred equity interests in any IAC (and with respect to each such Subsidiary that is not wholly owned by a single A-Side IAC Payment Party or B-Side IAC Payment Party, each other equity owner and the percentage interest thereof).

(b) Besides the IACs and the entities listed on Exhibit E-2, the members of each Payment Group are, solely with respect to the members of their Family Group, not aware of any other operating non-U.S. pharmaceutical headquartered company in which any of their members holds an equity interest in excess of 5% of such company's outstanding equity.

(c) All Equity Interests in each IAC that are owned, directly or indirectly by a member of a Family Group or any other Sackler Party are owned through one or more IAC Pledged Entities.

(d) All of the debt that has been provided directly or indirectly to an IAC or Subsidiary of an IAC by a Related Party of such IAC or Subsidiary of such IAC is ultimately owed, directly or indirectly, to the IAC Payment Parties.

(e) Except as set forth on Exhibit E-3, (i) the A-Side IAC Payment Parties directly or indirectly own 50% of the Equity Interests of the IACs and (ii) the B-Side IAC Payment Parties directly or indirectly own 50% of the Equity Interests of the IACs.

(f) Each IAC Pledgor is the record owner, and holds good and valid title to, the IAC Pledged Shares to be pledged by it pursuant to Section 3.06, free and clear of any and all Liens, and has not granted any option to purchase or agreed to sell any such IAC Pledged Shares to any third party. All Equity Interests in each IAC Pledged Entity are held directly by one or more IAC Pledgors and, collectively, the IAC Pledgors hold one hundred percent (100%) of the Equity Interests in the IAC Pledged Entities.

(g) The IAC Pledgors are comprised of all or certain of the IAC Payment Parties and their Subsidiaries.

(h) All loans owed by an IAC to a Sackler Party are either an Intercompany Loan or an IAC Loan.

(i) Any option to purchase any Equity Interests in an IAC held by any IAC Holding Company or any Subsidiary of an IAC Payment Party has been exercised.

Section 7.06 List of Assuring Parties. Exhibit K represents a true and complete list of each of the Assuring Parties included in such Sackler Party's Family Group as of the date hereof.

Section 7.07 IAC Incentive Compensation Arrangements. The IAC Incentive Compensation Arrangements are, and during the Sackler Sale Period will remain, in place.

ARTICLE 8. COVENANTS

Section 8.01 Non-Circumvention. Each Sackler Party covenants and agrees that it shall not, and shall cause all Persons under its Control not to, intentionally take or fail to take any action a purpose or material effect of which is to avoid, circumvent, frustrate or impair the ability of any Sackler Party to satisfy its Obligations or other obligations under this Agreement or the Collateral Documents to which it is a party,

the enforcement thereof or the ability of the MDT to recover any unpaid Obligations (a “Prejudicial Impact”); *provided that*, notwithstanding the foregoing, any Sackler Party may (i) for the avoidance of doubt, take any action expressly permitted by this Agreement (including the Credit Support Annexes) or the Collateral Documents to which it is a party and (ii) undergo a conversion, recapitalization, reorganization, division, appointment in further trust, appointment of new trustees or personal representatives or exchange of securities into one or more corporations, limited liability companies, limited partnerships, trusts or other entities, or otherwise terminate or restructure and distribute its assets and liabilities (in whole or in part) to one or more other Sackler Parties, and such action shall not constitute a Prejudicial Impact, but only, in each case, to the extent that (A) the resulting entity or trust assumes the obligations of such Sackler Party in this Agreement pursuant to a joinder agreement in the form attached hereto as Exhibit W, (B) to the extent such Sackler Party has provided Collateral to the MDT or any other Secured Party pursuant to any Collateral Document, such conversion, recapitalization, reorganization, division, appointment, exchange or other transaction shall not have the effect of rendering any liens in favor of the MDT or any other Secured Party granted by such Sackler Party pursuant to any Collateral Document invalid, unenforceable or unperfected or adversely affect the priority thereof and any surviving or resulting trust or entity shall take any and all steps as are necessary to maintain the MDT’s or such other Secured Party’s perfected security interest (without lapse or change in priority) and also complies with all applicable limitations and requirements imposed under each Collateral Document to which such Sackler Party is a party, (C) the resulting entity or Trust is in the same Payment Group as its predecessor, or, in the case of a Crossover Member, the Crossover Member allocates its assets and liabilities proportionately among all Payment Groups it belongs to, (D) in the case of a Trust, each trustee and each Assuring Party that is a Power Holder of the continuing or resulting Trust shall have delivered to the MDT a Trust Certification and Further Assurances Undertaking, respectively, and (E) in the case of any change in the personal representatives of the JDS Estate, each personal representative and each Assuring Party that is a Power Holder of the JDS Estate shall have delivered to the MDT an Estate Certification and Further Assurances Undertaking, respectively.

Section 8.02 No Interference. Each Sackler Party hereby covenants and agrees that it will not, and shall cause all Persons under its Control not to, intentionally take any action that would in any material respect interfere with, delay, impede, postpone or frustrate the confirmation or consummation of the Plan and implementation of the transactions contemplated in this Agreement and under the Collateral Documents to which such Sackler Party is a party. Each Sackler Party further covenants and agrees to comply with the provisions of the Plan applicable to it.

Section 8.03 Consent to Cancellation of PPLP Interests and De Minimis PRALP Interests.

(a) PRA L.P. hereby agrees, subject to the terms and conditions of this Agreement, to the deemed surrender, cancellation and/or redemption of the PPLP Interests pursuant to the Plan and that the direct and indirect holders thereof shall not receive or retain any property under the Plan on account of the PPLP Interests.

(b) The Parties agree, subject to the terms and conditions of this Agreement, to the deemed surrender, cancellation and/or redemption of the PPI Interests and the De Minimis PRALP Interests (with any taxes of Purdue Pharma Inc. and any other after-tax costs to Purdue Pharma Inc. attributable to its De Minimis PRALP Interests and resulting from the transactions contemplated in the Plan and this Agreement including, for the avoidance of doubt, any sales of IACs, being borne by the Sackler Parties) pursuant to the Plan and that (i) Purdue Pharma Inc. shall not receive or retain any property under the Plan on account of the De Minimis PRALP Interests and (ii) the direct and indirect holders of Purdue Pharma Inc. shall not receive or retain any property under the Plan on account of the PPI Interests.

Section 8.04 MDT Shareholder Insurance Rights. The Sackler Parties agree to the treatment of the MDT Shareholder Insurance Rights on the terms and conditions set forth in the Plan.

Section 8.05 Naming Rights.

(a) Each Payment Party covenants and agrees that it shall not, and the Confirmation Order shall provide that each Family Member that is a member of the Payment Group to which such Payment Party is a member shall not seek, request, or permit any new naming rights for the “Sackler” name with respect to charitable or similar donations to organizations (irrespective of when such funds were donated or from what source) until the later to occur of (1) the date on which the remaining unpaid Payment Obligations of the Payment Groups that such Family Member is a member have been reduced to zero (accounting, in the case of an A-Side Payment Group, for the maximum amount the A-Side Payment Group may be liable for hereunder) and (2) the first date on which the IAC Payment Parties of such Payment Groups are no longer the owners or holders of any interest in any IAC (other than Retained Interests permitted by Section 3.01(b)); *provided* that at such time such Payment Party and its associated Payment Group and Family Members are in compliance with their obligations under Section 8.08. For the avoidance of doubt, nothing in this Section 8.05 or the Confirmation Order shall prohibit (x) any Payment Party or Family Member from making any charitable or similar donations or (y) the publication of the name of any Payment Party or Family Member making a charitable or similar donation in connection with such donation, *provided* such publication is not pursuant to a naming right.

(b) Each Payment Party further covenants and agrees that it shall, and the Confirmation Order shall provide that each Family Member that is a member of the Payment Group to which such Payment Party is a member shall, upon occurrence of the Plan Effective Date, allow any institution or organization in the United States that has provided naming rights to any such Payment Party or Family Member to remove the “Sackler” name from any applicable (i) physical facilities and (ii) academic, medical, and cultural programs, scholarships, endowments, and the like, subject to the following conditions: (A) such institution or organization shall provide the respective Payment Party or Family Member with forty-five (45) calendar days’ confidential notice of its intention to remove the “Sackler” name; (B) if such institution or organization in its discretion determines that an announcement or other disclosure regarding the removal of the “Sackler” name is necessary, such announcement or disclosure shall include a statement that indicates that such removal is pursuant to an agreement reached in mediation in the Bankruptcy Cases; and (C) any statements issued by such institution or organization in connection with or substantially concurrent with such removal shall not disparage any Payment Party or Family Member, *provided* that nothing in this clause (C) shall restrict any academic or similar work at such institution or organization. For the avoidance of doubt, the removal rights provided in this Section 8.05(b) shall not limit any rights that any applicable institution or organization otherwise may have irrespective of this Agreement.

Section 8.06 Intentionally omitted.

Section 8.07 Notification of Breach. If any Party becomes aware that a Breach Trigger or Breach has occurred, such Party shall provide notice in accordance with Section 11.01 of this Agreement to all other Parties of the occurrence of such Breach Trigger or Breach within five (5) Business Days (for the avoidance of doubt, any such notice provided by the Sackler Parties’ Representative shall constitute notice provided on behalf of all applicable Sackler Parties (other than any A-Side Payment Party that comprises A-Side Payment Group 8). Until the earlier of (i) the commencement of a Dispute Proceeding and (ii) the time at which the MDT is permitted to exercise remedies pursuant to Section 9.02(a) of this Agreement, the Parties shall not disclose any occurrence or notice of Breach Trigger or Breach except (a) to the other Parties, (b) to their respective representatives and advisors to whom the confidential nature of such information is also disclosed, (c) as required by applicable law, rule, regulation, or ethical requirement, or by any governmental, judicial, administrative, regulatory or quasi-regulatory body or

process or any self-regulatory organization or (d) as necessary, in the sole discretion of the MDT, to evaluate or consider enforcement of its rights and remedies in connection with such Breach Trigger or Breach or as necessary to notify potential affected parties as to the impact of such Breach Trigger or Breach on the MDT's abilities to fulfill its contractual or fiduciary duties (including its obligations under the Plan); *provided* that notice to potential affected parties shall not be through the making of a public announcement or public disclosure (whether by press release, social media posting or otherwise).

Section 8.08 Opioid Business. Each Person listed on Exhibit H-1 (each, a “Restricted Person”) shall not, other than by way of ownership of the IACs (unless and to the extent such IAC is no longer owned (directly or indirectly) by such Person (other than Retained Interests)), engage directly or indirectly in the manufacturing or sale of opioids, *provided, however*, that this provision shall not prohibit: (a) any investment in any third-party investment vehicle that is not controlled by any Restricted Person(s) and that makes investment decisions over which such Restricted Person has no discretion; *provided* that it is not an express investment purpose or objective of such third-party investment vehicle to make investments in the opioid business or in entities engaged in the manufacturing or sale of opioids; (b) any investment in less than 5% of the equity of any Person; (c) investments in any Person for whom the researching, development, manufacturing, distribution or sale of opioids is incidental or does not constitute one of such Person's principle businesses or business segments (including, without limitation, the practice of medicine or engaging in academic research on opioids); (d) investments held by such Restricted Person on the Agreement Effective Date and identified on Exhibit H-2 (or received as proceeds from dispositions of such investments); (e) activities related to MN Consulting LLC (as identified on Exhibit H-2), including serving as a director or officer thereof, only for so long as any IAC Payment Party directly or indirectly owns an IAC, to the extent such activities would otherwise violate this Section 8.08; or (f) engaging in activities for which the researching, development, manufacturing, distribution or sale of opioids is incidental, including, without limitation, the practice of medicine or engaging in academic research on opioids. To the extent that any Restricted Person engages in dispositions, sales or other transfers in order to comply with this provision, such dispositions, sales or other transfers shall not be with Persons known to such Restricted Person to be Related Parties, *provided* that for the purposes of this provision, Related Parties shall not include any IAC, any IAC Holding Company or any IAC Pledged Entity that is as of the time of determination not still owned or controlled by any of the Sackler Parties. In the event a Restricted Person holds an investment or interest in a Person and such Person makes acquisitions or changes its business to cause such investment or the holding of such interest to be impermissible under this Section 8.08 but for this sentence, the holding of such interest or investment shall not be a violation of Section 8.08 so long as (i) such Restricted Person uses its commercially reasonable best efforts to dispose of all or a portion of such investment sufficient to cause it no longer to be impermissible within ninety (90) calendar days (in the case of marketable securities) or one-hundred and eighty (180) calendar days (in the case of non-marketable securities) of learning of the pertinent facts of such acquisitions or change in business, and (ii) such Restricted Person has disposed of all or a portion of such investment sufficient to cause it no longer to be impermissible hereunder prior to the second anniversary of learning of the pertinent facts of such acquisitions or change in business.

Each Restricted Person that has any ownership interest in any entity listed on Exhibit H-2 (except for MN Consulting LLC) (each, a “Exhibit H-2 Entity”) shall (i) not actively participate in the ongoing management of any of the Exhibit H-2 Entities; (ii) not provide their consent (where required under the relevant documentation) to any action intended to lead to a material expansion of the opioid business of the Exhibit H-2 Entities; (iii) use commercially reasonable best efforts to explore exit options with regard to their investments in those of the Exhibit H-2 Entities the ownership of which would be prohibited by this Section 8.08 but for the fact that such entities are listed on Exhibit H-2; and (iv) at such time as applicable restrictions on their rights to exit their investments in the Exhibit H-2 Entities lapse, use their commercially reasonable best efforts to dispose of such investments, if and to the extent that their ownership of such entities would be prohibited by this Section 8.08 but for the fact that such entities are listed on Exhibit H-2.

Section 8.09 Additional Assuring Parties. The Sackler Parties shall use commercially reasonable best efforts to cause each Power Holder promptly to execute a Further Assurances Undertaking upon such Person becoming a new Power Holder with respect to any relevant power and promptly notify the MDT of any difficulties encountered in obtaining the same.

Section 8.10 Opinions of Counsel. If counsel to the Ad Hoc Committee or counsel to the Creditors' Committee seeks to secure any Opinions of Counsel as to (1) the enforceability of the security interests with respect to the Collateral granted by the applicable Payment Parties and the IAC Pledgors to the Secured Party pursuant to the Collateral Documents or (2) the perfection of the security interests with respect to the Collateral granted by the applicable Payment Parties and the IAC Pledgors to the Secured Party pursuant to the Collateral Documents, then the applicable Payment Parties and IAC Pledgors shall cooperate with the reasonable requests of such counsel related to the provision of such Opinions of Counsel, *provided* that such cooperation shall not be required if counsel to the applicable Sackler Party has provided the applicable Opinion of Counsel or has communicated to counsel to the Ad Hoc Committee and counsel to the Creditors' Committee that it will provide the applicable Opinion of Counsel (and such Opinion of Counsel is actually provided).

Section 8.11 Refunding. Each Trust hereby covenants and agrees that any property reverting or required to be refunded to such Trust by or from any other Trust shall be held by the trustees of such recipient Trust as a separate resulting trust that will remain subject to the transferring Trust's obligations under the Settlement Agreements as if still held by such transferring Trust (with the satisfaction of obligations due MDT having, with respect to such resulting trust and the property thereof, priority over all other obligations of the recipient Trust to the fullest extent permitted by applicable law), and to execute such further documents as the MDT may reasonably request to evidence and confirm the same.

Section 8.12 IAC Incentive Compensation. The IAC Payment Parties shall ensure that the IACs and/or their Affiliates and associated entities maintain incentive compensation arrangements designed to incentivize key individuals who, in the judgment of the Sackler Parties' Representative, are critical to the Sale of the IACs in accordance with this Agreement ("IAC Incentive Compensation Arrangements").

Section 8.13 Additional IACs. Each Sackler Party hereby covenants and agrees that, in the event there is an entity that is as of the Agreement Effective Date a non-U.S. pharmaceutical operating company Controlled, directly or indirectly, individually or acting together with other Sackler Parties or their Affiliates, by one or more Sackler Parties is not listed on Exhibit E-1 (other than those entities set forth on Exhibit E-2), the applicable Sackler Parties shall, within ninety (90) calendar days of becoming aware of any such entity and that it is not listed on Exhibit E-1, deliver to the Parties an amended Exhibit E-1 that includes such company and such company shall constitute an "IAC" for all purposes under this Agreement as of the date of such delivery. Each Sackler Party that owns (directly or indirectly) Equity Interests in such IAC, as may reasonably be requested by the MDT, shall become an IAC Payment Party under this Agreement and/or shall cause any of its Controlled Affiliates that own any Equity Interest in such IAC to become an IAC Payment Party under this Agreement (in each case to the extent it is not already an IAC Payment Party). Each such Sackler Party shall (or shall cause a Controlled Affiliate to) grant a security interest in an entity that directly or indirectly owns 100% of the Equity Interests of such IAC owned (directly or indirectly) by such Sackler Party to the MDT pursuant to Section 3.07. For the avoidance of doubt, any IAC Payment Party that becomes party to this Agreement subsequent to the Agreement Effective Date pursuant to this Section 8.13 shall be bound by, and subject to the terms of, this Agreement applicable to IAC Payment Parties (including with respect to such newly added IAC) as of the date an amended Exhibit E-1 is delivered to the Parties pursuant to this Section 8.13 (and any representations and warranties made pursuant to this Agreement shall be made as of the date of such delivery) and all references in this Agreement to "Agreement Effective Date" and "Settlement Effective Date" shall, with respect to any such new IAC Payment Party and IAC, be understood to be the date of such delivery.

Section 8.14 Intentionally omitted.

Section 8.15 Cooperation. In connection with any claims by [the MDT] related to matters that are the subject of the Shareholder Released Claims, if [the MDT] believes in good faith that one or more documents relevant to any such claim may exist that (a) are not available in the Document Repository and (b) may be in the possession of a Payment Party that is a Covered Party (as defined in the Amended and Restated Case Stipulation Among the Debtors, the Official Committee of Unsecured Creditors, and Certain Related Parties [D.I. No. 518]), then (x) [the MDT] may deliver a request to such Covered Party, which request shall include the name of each document requested in sufficient detail to identify it, and (y) such Covered Party shall (i) conduct a review of its records to ascertain whether such Covered Party possesses any document identified in a request made in accordance with the immediately preceding clause (x) and (ii) provide a copy of such document or documents to [the MDT] at [the MDT]'s sole cost and expense; provided that no Covered party shall be obligated to provide any document hereunder if doing so would result in the loss of any privilege for such Covered Party.

Section 8.16 Certain Matters related to Probate and Death of a Payment Party. The Sackler Parties' Representative shall provide written notice to the MDT: (i) upon the death of any Payment Party or when any such Payment Party's probate estate is accepting claims and (ii) upon any Sackler Party becoming aware, in each case promptly following any Sackler Party becoming aware of such matter that any Payment Party (or the estate of a Payment Party) is preparing or intending to distribute or transfer material assets to any Person in connection with such death or the death of any Family Member.

ARTICLE 9. BREACH AND REMEDIES

Section 9.01 Breach. The events described in this Section 9.01 shall, as specified herein, constitute a "Breach Trigger", "Specified Breach" or "Non-Specified Breach":

(a) Non-Payment. The Payment Parties in a Payment Group fail to pay when due all or any portion of (A) the Payment Obligations (excluding the IAC Sale Bonus Payment, but including any Payment Date Obligation) owed by such Payment Group pursuant to Article 2) or (B) any Breach Fee pursuant to Section 9.05, each of which, upon notice by the MDT to the Sackler Parties' Representative pursuant to Section 11.01, shall constitute a Specified Breach with respect to all the Payment Parties in such Payment Group. For the avoidance of doubt, no Specified Breach by any Payment Group under this Section 9.01(a) shall be a Specified Breach by any other Payment Group and no obligations of any Payment Group shall be affected by a Breach by any Payment Party pursuant to this Section 9.01(a), other than a Payment Party in such Payment Group. For the avoidance of doubt, there shall be no Breach Trigger associated with the Specified Breaches in this Section 9.01(a).

(b) IAC-Related Specified Breaches. Each of the following shall, upon notice by the MDT to the Sackler Parties' Representative pursuant to Section 11.01, constitute a Breach Trigger, and if such Breach Trigger continues for thirty (30) or more days (or such different period solely to the extent set forth in this Section 9.01(b)), shall constitute a Specified Breach (x) with respect to a Breach Trigger other than as described in Section 9.01(b)(i)(B), only with respect to the breaching IAC Payment Party and (y) with respect to a Breach Trigger described in Section 9.01(b)(i)(B), by all of the IAC Payment Parties in the Payment Group of which the breaching IAC Payment Party is a party pursuant to Section 2.06:

(i) Any IAC Payment Party fails to (A) deposit Sale Proceeds or IAC Distributions in an IAC Account pursuant to Section 3.06(c) or (B) pay when due all or any portion of any IAC Sale Bonus Payment it owes pursuant to Section 2.06; and

(ii) Any IAC Payment Party fails to perform or observe any term, covenant or agreement contained in Section 3.06(d), Section 3.06(e) or Section 3.06(f); *provided* that the Breach Trigger for this subparagraph shall constitute a Specified Breach if such Breach Trigger continues for sixty (60) or more days.

(c) Confessions of Judgment. Any Sackler Party fails to perform or observe any term, covenant or agreement contained in Section 11.05, which shall (i) with respect to the obligation to maintain regular renewals as necessary under applicable law of the Confessions of Judgment, constitute a Breach Trigger, and if such Breach Trigger continues for thirty (30) or more days, shall constitute a Specified Breach with respect to such Sackler Party (but not, for the avoidance of doubt, with respect to other Sackler Parties); and (ii) with respect to any other term, covenant or agreement contained in Section 11.05, constitute a Breach Trigger upon notice by the MDT to the Sackler Parties' Representative or A-Side Payment Group 8 Representative (as applicable) of such Breach Trigger, and if such Breach Trigger continues for thirty (30) or more days, shall constitute a Non-Specified Breach with respect to such Sackler Party (but not, for the avoidance of doubt, with respect to other Sackler Parties).

(d) Clawback of Payment. If the MDT, any Creditor Trust or any recipient of a distribution from a Creditor Trust is required in any Insolvency Proceeding or otherwise to disgorge, turn over or otherwise pay any amount to the estate of any Payment Party (or any trustee, receiver or similar Person therefor), because the payment of such amount was declared to be fraudulent or preferential in any respect or for any other reason, any amount (a "Recovery") to the estate of any Sackler Party (or any trustee, receiver or similar Person therefor), because the payment of such amount was declared to be fraudulent or preferential in any respect or for any other reason, whether received as proceeds of security, enforcement of any right of setoff or otherwise, and the MDT has not been made whole with respect to such amount, which, upon notice by the MDT to the Sackler Parties' Representative or A-Side Payment Group 8 Representative (as applicable) pursuant to Section 11.01, shall constitute a Breach Trigger, and which, if such Breach Trigger continues for thirty (30) or more days, shall constitute a Specified Breach with respect to the Payment Group that includes such Sackler Party.

(e) Contest of Validity of Agreement. If any Sackler Party, through a legal proceeding, (i) contests in writing the validity or enforceability of any provision of this Agreement or any Definitive Document (including in any judicial forum or by asserting that the Agreement or any Definitive Document to which such Sackler Party is a party does not constitute a valid or binding obligation of such Sackler Party), (ii) denies in writing that it has any further liability or obligation under the Agreement or any other Definitive Document (other than in accordance with its terms including as a result of payment in full of its Payment Group's Settlement Payment Obligations and all other Obligations), (iii) purports in writing to revoke or rescind the Agreement or the Collateral Documents to which it is a party or (iv) purports in writing to challenge the validity, enforceability or perfected nature of the liens created thereby (such actions set forth in clauses (i)-(iv), collectively, the "Challenges") which, upon notice by the MDT to the Sackler Parties' Representative or A-Side Payment Group 8 Representative (as applicable) pursuant to Section 11.01, and (x) such Challenge is not withdrawn or otherwise remedied within fifteen (15) calendar days of such notice, then such Challenge shall constitute a Specified Breach with respect to such Sackler Party and, (y) unless each other member of the related Payment Group of which such Sackler Party is a member delivers, within forty-five (45) calendar days of such notice, a written undertaking to the MDT that: (A) reaffirms its liability and obligations with respect to this Agreement and/or any Definitive Document which was the subject of the Challenge by the applicable Sackler Party; (B) disavows expressly the applicability of such Challenge to such other member; (C) agrees not to rely on such Challenge (or any resulting decision or judgment); and (D) confirms its obligations and commits to fully perform under this Agreement and the Definitive Documents to which it is a party, then such Challenge shall also constitute a Specified Breach with respect to each such member of the related Payment Group which fails to timely reaffirm and disavow the Challenge of the applicable Sackler Party in accordance with the terms of this Section 9.01(e).

(f) Invalidity and Enforceability of Agreement. If a court of competent jurisdiction, in a final judgment, determines that any Obligation of a Payment Party (including any successor trustees thereof) under this Agreement or the Collateral Documents (i) is not a valid or binding obligation of such Payment Party (or any successor trustee thereof) or (ii) is not enforceable against such Payment Party (or any successor trustee or property thereof) in accordance with its terms, in either case: (x) to the extent such judgment relates to a Payment Obligation of a Payment Party, upon notice by the MDT to the Sackler Parties' Representative or A-Side Payment Group 8 Representative (as applicable) pursuant to Section 11.01, such judgment shall constitute a Specified Breach with respect to such Payment Party, and unless each other member of the Payment Group of which such Payment Party is a member delivers, within thirty (30) calendar days of such notice, a written undertaking to the MDT that: (A) reaffirms its liability and obligations with respect to their Obligations, including as necessary and appropriate, to reformulate such Obligations to address infirmities identified by the judgment; (B) expressly disavows the applicability of such judgment to such other member; (C) agrees not to rely on such finding, judgement or decision; and (D) confirms its obligations and commits to fully perform its Obligations, such judgment shall also constitute a Specified Breach with respect to each such member of the related Payment Group which does not so reaffirm and disavow such judgment in accordance with this Section 9.01(f); and (y) to the extent such judgment relates to an Obligation other than a Payment Obligation, (i) the breach of which would be a Specified Breach, such judgment shall constitute a Specified Breach with respect to such Payment Party or (ii) the breach of which would be a Non-Specified Breach, such judgment shall constitute a Non-Specified Breach with respect to such Payment Party, and, in the case of either (y)(i) and (y)(ii), unless each other member of the related Payment Group reaffirms its liability and obligations with respect to this Agreement and/or the Collateral Documents which were the subject of such judgment in accordance with clauses (A)-(D) of this Section 9.01(f), within forty-five (45) calendar days of such notice, then such judgment shall constitute a Specified Breach or a Non-Specified Breach, respectively, with respect to each such member of the related Payment Group which does not so reaffirm and disavow such judgment in accordance with this Section 9.01(f).

(g) Collateral. Except as otherwise provided in this Agreement or any Collateral Document, including to the extent any such perfection is not required hereunder or thereunder, and except as the direct and exclusive result of an action or a failure to act on the part of the Secured Party (including the failure to maintain possession of certificates or instruments actually delivered to it representing securities or other possessory collateral pledged under the Collateral Documents or to file Uniform Commercial Code continuation statement), (i) except as set forth in clause (ii) of this Section 9.01(g), any Sackler Party's security interest and Lien on any of the Collateral purported to be created by any Collateral Document shall cease to be in full force and effect, or shall cease to give the Secured Party the Liens, rights, powers and privileges purported to be created and granted under such Collateral Document (including a valid, enforceable, perfected, first priority (except as otherwise expressly provided in this Agreement or such Collateral Document) security interest in and Lien on the Collateral thereunder in favor of the Secured Party), (ii) the Secured Party fails to have a validly perfected, first priority lien on and security interest in 100% of any Sackler Party's Equity Interests of the IAC Pledged Entities or (iii) it shall be asserted by or on behalf of any Sackler Party not to be, a valid, enforceable, perfected, first priority (except as otherwise expressly provided in this Agreement or such Collateral Document) security interest in or Lien on the Collateral covered thereby, which shall, upon notice by the MDT to the Sackler Parties' Representative or A-Side Payment Group 8 Representative (as applicable) pursuant to Section 11.01, constitute a Breach Trigger and which, if such Breach Trigger continues for thirty (30) or more days shall constitute a Specified Breach only with respect to such Sackler Party.

(h) Credit Support Annex Breaches. Each Breach Trigger, Specified Breach or Non-Specified Breach set forth in the Credit Support Annexes shall constitute a Breach Trigger, Specified Breach or Non-Specified Breach as expressly specified in and pursuant to the terms of the Credit Support Annexes.

(i) A-Side Payment Group 1 Cross-Breach. If any of A-Side Payment Group 5, A-Side Payment Group 6, A-Side Payment Group 7 (each of which includes the Fourth Tier Obligor as a member) breaches this Agreement in a manner that constitutes a Specified Breach, such breach shall also constitute a Specified Breach with respect to A-Side Payment Group 1.

(j) Breach of the Governmental Entity & Shareholder Direct Settlement Agreement. The occurrence of any events under Sections 13.04(d)(ii)(E)-(F) and 13.04(e)(ii)(E)-(F) of the Governmental Entity & Shareholder Direct Settlement Agreement shall be considered a “Specified Breach” under this Agreement and parties identified therein under the Governmental Entity & Shareholder Direct Settlement Agreement shall be permitted to exercise all remedies against the relevant Payment Party in accordance with this Article 9.

(k) Other Breaches. To the extent not enumerated in this Section 9.01 or otherwise under this Agreement as a Specified Breach (or Breach Trigger associated with a Specified Breach), any Sackler Party fails to perform or observe any term, covenant or agreement contained in this Agreement or any other Definitive Document on its part to be performed or observed, which, upon notice by the MDT to the Sackler Parties’ Representative or A-Side Payment Group 8 Representative (as applicable) pursuant to Section 11.01, shall constitute a Breach Trigger, and which, if such Breach Trigger continues for thirty (30) or more days, shall constitute a Non-Specified Breach with respect to the Payment Group that includes such Sackler Party.

Section 9.02 Remedies

(a) Payment Group and Payment Party Breaches.

(i) Upon notice (such notice, a “Breach Notice”) from the MDT of either a Specified Breach Trigger or a Specified Breach with respect to a Payment Group or, in the case of certain Specified Breaches as described in Section 9.01, a Payment Party (such Payment Group or Payment Party, as applicable, asserted to be in breach, the “Breaching Party”), the MDT shall forbear from exercising any and all remedies (including the Payment Remedy or the Release Remedy) with respect to such Breaching Party on account of such Breach Trigger or Specified Breach for a period of ten (10) Business Days following such Breach Notice, during which period such Breaching Party shall have the opportunity to contest in good faith that such Breach Trigger or Specified Breach, as applicable, has occurred pursuant to an expedited hearing in the Bankruptcy Court pursuant to Section 11.11(b) of this Agreement or otherwise (such proceeding brought pursuant to this paragraph (a), a “Dispute Proceeding”); *provided* that (A) the motion, application or other pleading filed with the Bankruptcy Court commencing such Dispute Proceeding includes a statement in writing that the Breaching Party believes in good faith that such Breach Trigger or Specified Breach has not occurred and the basis therefor, (B) the foregoing provision shall not apply, and shall not require MDT to forbear from exercising any and all remedies with respect to such Breaching Party, if such Dispute Proceedings are not brought within ten (10) Business Days following the Breach Notice (and the Remedies Forbearance Period shall be deemed to have expired after such ten (10) Business Day period if such Dispute Proceedings are not brought), (C) the sole issue that such Breaching Party may bring before the Bankruptcy Court in any such Dispute Proceeding is whether or not such Breach Trigger or Specified Breach has occurred and/or is continuing, (D) the MDT shall be entitled to contest before the Bankruptcy Court in any such Dispute Proceeding whether or not the Remedies Forbearance Period is applicable to the MDT due to the lack of a good faith dispute and (E) the Breaching Party shall seek to have the matters giving rise to the Dispute Proceeding heard on an emergency or expedited basis by the Bankruptcy Court (and all Sackler Parties party to the Dispute Proceeding hereby consent that the MDT shall also be entitled to seek such emergency or expedited hearing without further notice of any kind). If a Dispute Proceeding

has been brought before the Bankruptcy Court in accordance with the foregoing, the MDT shall further forbear from exercising any and all remedies (including the Payment Remedy or the Release Remedy) with respect to such Breaching Party on account of such Breach Trigger or Specified Breach until the later of (I) the end of the period specified by this Agreement during which the relevant Breach Trigger may be cured in accordance herewith before the occurrence of a corresponding Specified Breach, if applicable and (II) in the event the Bankruptcy Court determines in such Dispute Proceeding, after a good faith dispute, that a Breach Trigger or Specified Breach has occurred, ten (10) Business Days after the Bankruptcy Court has made its determination as to whether such Breach Trigger or Specified Breach has occurred. The forbearance periods described in this Section 9.02(a) shall be referred to herein as the “Remedies Forbearance Period”. Notwithstanding anything to the contrary in this Section 9.02(a), the right to seek a Dispute Proceeding hereunder and the Remedies Forbearance Period shall not apply to (x) Specified Breaches referenced in Section 9.01(a) with respect to amounts that are not disputed in good faith pursuant to Section 2.07 and (y) Non-Specified Breaches (and Breach Triggers with respect thereto). For the avoidance of doubt, a Breaching Party shall not be permitted to bring a Dispute Proceeding with respect to a Specified Breach if a Dispute Proceeding has previously been brought with respect to a Breach Trigger that matured into such Specified Breach, except to the extent that the facts underlying such Specified Breach differ from those underlying such Breach Trigger. For the avoidance of doubt, the MDT may exercise its rights and remedies under Article 9 through a Secured Party or a designee (as appropriate), in its sole discretion.

(ii) If a Specified Breach has occurred and is continuing, then, to the extent applicable, following the expiration of the Remedies Forbearance Period and subject to the limitations set forth in Section 9.03 and the terms of the Collateral Trust and Intercreditor Agreement, with respect to each applicable Breaching Party, the MDT may:

(A) Option 1:

(1) Declare the Settlement Payment Obligations of the Payment Group of which the Breaching Party is a member to be immediately due and payable in whole by the Breaching Party, and thereupon the Settlement Payment Obligations or other Obligations, as applicable, so declared to be due and payable shall become due and payable immediately by the Breaching Party (the “Payment Remedy”), without presentment, demand, protest, or other notice of any kind, all of which are hereby waived by each Sackler Party; *provided*, that the MDT may, in its sole discretion, rescind any such declaration and its consequences if the rescission would not conflict with any judgment or decree (it being understood that no such rescission shall affect any subsequent Breach or impair any right or consequence thereto);

(2) The Secured Party shall have the right to foreclose on the Collateral securing the Obligations of the Breaching Party or liquidate or direct the liquidation of such Collateral in accordance with the applicable Collateral Documents and otherwise exercise remedies against such Collateral as provided in (and subject to) this Agreement (including the Credit Support Annexes) and the applicable Collateral Documents. Additionally, the MDT may pursue any other available remedy at law or in equity to collect the payment of the Settlement Payment Obligations and other Obligations, as applicable, and to the extent payable, of the applicable Payment Group from the Breaching Party or to enforce the

Breaching Party's performance under this Agreement and the Collateral Documents;

(3) The Breaching Party shall reimburse the Secured Party for all costs and out-of-pocket expenses incurred while the Breach Trigger or Specified Breach is continuing. Such reimbursement shall include (I) all costs and expenses incurred by the Secured Party related to any contest of such Breach Trigger or Breach, and (II) costs of collection and expenses, disbursements and advances of the Secured Party's agents, counsel, accountants and experts and all amounts due to the Secured Party under the Collateral Documents; and

(4) In the case of Specified Breach by a Breaching Party, such Breaching Party shall forfeit all rights pursuant to Section 2 of Exhibit N with respect to any Released Claims Reserve and the Special Operating Reserve;

or

(B) Option 2: If the Breaching Party is a Payment Party or a Payment Group, (1) declare the Shareholder Releases to be immediately void *ab initio* and of no further force or effect with respect to (I) if the Breaching Party is a Payment Party, such Payment Party or (II) if the Breaching Party is a Payment Group, or if the Breaching Party is a Payment Party whose Breach leads to a Specified Breach by the Payment Group as specified in this Agreement, or the Collateral Documents in each case and to the extent applicable, the Family Group of which the members of such Payment Group in Breach are members (it being understood for all purposes of this section that with respect to any such member of a Family Group that is an officer, director, trustee or protector with respect to trusts in the pertinent Family Group, such party is liable solely in their capacities as such) and, if a Designated Release Remedy Event has occurred, the Designated Shareholder Released Parties; whereupon; (2) the members of such Family Group and, if a Designated Release Remedy Event has occurred, the Designated Shareholder Released Parties, shall be deemed to not be Shareholder Released Parties under the Plan *nunc pro tunc* to the Plan Effective Date; (3) the *status quo ante* shall be restored with respect to the Shareholder Releases for the members of such Family Group, such Designated Shareholder Released Parties (if a Designated Release Remedy Event has occurred), the Debtors, the MDT, and each of the Releasing Parties (as defined in the Plan) with respect to the members of such Family Group and the Designated Shareholder Released Parties (if a Designated Release Remedy Event has occurred); (4) this Agreement and all related documents, including the Collateral Documents, shall be of no further force and effect with respect to such Family Group and, if a Designated Release Remedy Event has occurred, the Designated Shareholder Released Parties, except for any provisions thereof regarding reinstatement or any provisions contemplated to survive pursuant to Section 11.18 that shall survive indefinitely, *provided* that this Agreement and all related documents, including the Collateral Documents, and the Obligations thereunder (including the security interests under the Collateral Documents), shall be automatically reinstated in the event the Release Remedy or the related provisions of this Agreement are declared invalid, void or unenforceable; (5) for the avoidance of doubt, the Master Disbursement Trust and/or, if any Releasing

Parties' claims are not otherwise assignable to the Master Disbursement Trust, such Releasing Parties (solely for the benefit of the Master Disbursement Trust), shall be entitled to bring any claim or Cause of Action (on behalf of the Debtors and third parties subject to the Settlement) against such members of such Family Group and, if a Designated Release Remedy Event has occurred, the Designated Shareholder Released Parties as if the Shareholder Releases had never been granted; *provided that*, for the avoidance of doubt, the Shareholder Releases shall continue in effect for, and shall be fully enforceable by, all other Shareholder Released Parties (collectively, the "Release Remedy"); and (6) the Payment Group shall forfeit all rights pursuant to Section 2 of Exhibit N with respect to the Special Operating Reserve and any Released Claims Reserve. The rights exercised pursuant to Option 2 shall be applicable with respect to all claims against such Breaching Party that existed as of the Petition Date (as defined in the Plan), including without limitation, estate and third-party direct claims (the "Tolled Claims"), regardless of the allocation of payments of direct and estate claims among the Settlement Agreements. Such claims may be pursued by the Master Disbursement Trust and, if any Releasing Parties' claims are not otherwise assignable to the Master Disbursement Trust, such Releasing Parties (solely for the benefit of the Master Disbursement Trust). To effectuate the intent of this section, each of the Shareholder Released Parties and the other signatories hereto agree that (and the Confirmation Order shall also independently provide that) any and all periods for commencing or continuing any Tolled Claim, whether fixed by statute, agreement, order, or otherwise, shall not expire until the Payment Obligations are paid in full and no Shareholder Released Party shall assert otherwise in the litigation of any such Tolled Claim.¹³

(C) Cause the Breaching Party to forfeit all rights pursuant to Section 2 of Exhibit N with respect to the Special Operating Reserve and any Released Claims Reserve, regardless of whether the MDT exercises Option 1 or Option 2.

(iii) The MDT shall be entitled to elect to exercise the Payment Remedy and all other remedies set forth in Section 9.02(a)(ii)(A) or the Release Remedy and all other remedies set forth in Section 9.02(a)(ii)(A), but in no event shall the MDT be entitled to elect or exercise the Payment Remedy or any other remedy set forth in Section 9.02(a)(ii)(A) simultaneously with the Release Remedy. If the MDT elects the Payment Remedy (or other remedies set forth in Section 9.02(a)(ii)(A)), it shall not be prohibited from electing the Release Remedy (subject to Section 9.02(a)(iii)(A) below), but if the MDT elects the Release Remedy, it shall be prohibited from electing the Payment Remedy (or other remedies set forth in Section 9.02(a)(ii)(A)). The MDT's exercise of remedies shall also be subject to the following:

(A) Following the election of the Payment Remedy with respect to a Breaching Party, the MDT may, at any time, but only upon thirty (30) calendar days' prior written notice to the Sackler Parties' Representative or A-Side Payment Group 8 Representative (as applicable) (*provided that* during such period, the MDT shall be entitled to seek (without limitation) a temporary restraining order or similar relief enjoining the Breaching Party (and if the Breaching Party is a Payment Group all members of the corresponding Family Group) from taking actions with respect to any material amount of his, her or its property with the intent or material effect of frustrating the enforcement of the Shareholder Released Claims), elect to

¹³ NTD: To be included in further assurances undertaking and trust certifications.

forgo any and all rights to exercise or continue to exercise the Payment Remedy with respect to such Breaching Party and to instead exercise the Release Remedy with respect to such Breaching Party (and if the Breaching Party is a Payment Group the members of the corresponding Family Group) of which the members of such Payment Group in Breach are members and, if a Designated Release Remedy Event has occurred, the Designated Shareholder Released Parties. For the avoidance of doubt, if the MDT exercises the Release Remedy in respect of a Family Group, any payments of the Settlement Payment Obligations, Breach Fee or any other Obligations made by or on behalf of a Family Group (including, without limitation, in connection with the exercise of a Payment Remedy) prior to the exercise of the Release Remedy shall not be returned to the Breaching Party, but such Breaching Party shall be entitled to credit (without duplication) any such amounts that were actually received by the MDT against future judgments related to litigation in connection with the exercise of the Release Remedy. For the avoidance of doubt, the MDT shall be permitted to elect the Release Remedy at the outset (without first electing the Payment Remedy), in which case, the thirty (30) day notice period above shall not apply.

(B) If, following the election of the Release Remedy with respect to a Family Group, any court of competent jurisdiction enters an order declaring the Release Remedy or the related provisions of this Agreement invalid, void or unenforceable with respect to such Family Group, the MDT's rights to exercise the Payment Remedy with respect to the Payment Group in Breach related to such Family Group pursuant to this Agreement and all related documents, including the Collateral Documents (and the liens granted therein), shall be automatically reinstated, and the MDT may exercise such Payment Remedy with respect to such Payment Group.

(iv) With respect to A-Side Payment Group 1 and A-Side Payment Group 7 (each of which includes Millennium Trust and Perelle Bay Trust as members), a Breach by any such Payment Group shall give rise to remedies in respect of, and the MDT shall be entitled to exercise any and all remedies (including the Payment Remedy or the Release Remedy) pursuant to Section 9.02 with respect to, Millennium Trust and Perelle Bay Trust in addition to all other Payment Parties within such Payment Group that are not Crossover Members; *provided* that the proceeds resulting from any such exercise of remedies shall be allocated ratably (i.e., 50/50) to A-Side Payment Group 1 and A-Side Payment Group 7, with the proceeds segregated and allocated to any breaching Payment Group being applied in accordance with Section 9.02(d) and any proceeds allocated to a non-breaching Payment Group being deposited into one or more escrow accounts of the Secured Party to secure the obligations of such non-breaching Payment Group; [provided that each such escrow account receives proceeds attributable to a single Transferor.]¹⁴

(v) In the event the MDT is entitled to exercise remedies (including the Payment Remedy or the Release Remedy) pursuant to Section 9.02 with respect to any A-Side General Obligor, the proceeds resulting from any such exercise of remedies shall be segregated and shall be allocated (x) solely in the event that the \$133 million payable on the Settlement Effective Date pursuant to Section 2.01(g) has not been paid, to A-Side Payment Group 8 until such amount has been paid and (y) in all other circumstances, ratably (i.e., one-seventh each) to each A-Side Payment Group other than A-Side Payment Group 8, with the proceeds allocated to any breaching such A-Side Payment Group being applied in accordance with Section 9.02(d) and the proceeds

¹⁴ **NTD:** There needs to be a process to determine how this will occur.

allocated to the non-breaching Payment Groups being deposited into one or more escrow accounts of the Secured Party for the benefit of each A-Side Payment Groups that are not in Breach until the next Payment Date (or until the exercise of rights and remedies against such A-Side Payment Group if it subsequently is in Breach), at which time such amounts shall be applied against such A-Side Payment Group's obligations; [provided that each such escrow account receives proceeds attributable to a single Transferor.]¹⁵

(vi) If a Non-Specified Breach has occurred and is continuing, the MDT shall have the right to seek any additional remedy available at law or equity, including specific performance, damages and/or default interest, and if appropriate, subject to the discretion of the Bankruptcy Court, sanctions.

(vii) The Confirmation Order shall provide that each Party is required to comply in good faith with the terms of this Agreement and applicable Collateral Documents to which it is party.

(b) Delay or Omission. A delay or omission by the MDT in exercising any right or remedy accruing upon a Breach shall not impair the right or remedy or constitute a waiver of or acquiescence in such Breach or any other Breach. Except as set forth in Section 9.02(a)(iii) above, no remedy is exclusive of any other remedy, and all remedies are cumulative.

(c) Waiver of Past Breaches. The MDT may waive an existing Breach and its consequences. When a Breach is waived, it is deemed cured and the MDT and the Sackler Party or Payment Group in Breach will be restored to its former positions and rights under this Agreement, but no such waiver shall extend to any subsequent or other Breach or impair any consequent right.

(d) Priorities. If a Breach has occurred, and the Secured Party collects any cash or property from the members of the Payment Group in Breach (including any Crossover Member that is a part of such Payment Group, but subject to Section 9.03), it shall apply the cash or property (upon conversion of the property to cash) in the following order: *first*, to the Secured Party for all costs out-of-pocket expenses incurred or made by it, including costs of collection and expenses, disbursements and advances of the Secured Party's agents, counsel, accountants and experts and all amounts due to the Secured Party under the relevant Collateral Documents and hereunder; *second*, to pay Breach Fees due hereunder; *third*, to pay the Payment Obligations of the relevant Payment Group to which the Breaching Party belongs pursuant to this Agreement; and *fourth*, with respect any remaining cash or property collected from (i) A-Side Payment Group 1 (including the Fourth Tier Obligor but excluding Millennium Trust and Perelle Bay Trust), to be deposited by the Secured Party into an escrow account to secure, on a pro rata basis, the Obligations of A-Side Payment Group 5, A-Side Payment Group 6 and A-Side Payment Group 7 and (ii) Millennium Trust and Perelle Bay Trust, to be deposited by the Secured Party into an escrow account to secure the Obligations of A-Side Payment Group 7.

(e) Application of Payment Shortfall. If a Payment Party fails to make a payment required to be made on a Payment Date, the MDT shall ratably reduce the amounts paid under each Settlement Agreement, such that the aggregate reductions equal the amount of the payment shortfall from such Payment Party. For the avoidance of doubt, the reductions made pursuant to this Section 9.02(e) shall not reduce the amount of the Settlement Payment owed by the applicable Payment Group and shall not affect any rights of the MDT related to such nonpayment pursuant to this Agreement.

Section 9.03 Certain Limitations. Notwithstanding anything to the contrary set forth herein, with respect to any A-Side General Obligor or any other Crossover Member (other than Millennium Trust

¹⁵ **NTD:** There needs to be a process to determine how this will occur.

and Perelle Bay Trust), and any Payment Group that contains any such Crossover Member (including each A-Side Payment Group with respect to the A-Side General Obligor):

(a) No A-Side General Obligor shall have any liability or obligation in respect of any covenant or other obligation of any other Payment Party, but shall be liable only for the obligations specifically applicable to such A-Side General Obligor (excluding, for the avoidance of doubt, any such obligations that arise solely as a result of being included in a Payment Group but including, for the avoidance of doubt, its obligations as an A-Side General Obligor under Section 2.01(b)).

(b) A Breach by a Crossover Member (including any A-Side General Obligor, but excluding Millennium Trust and Perelle Bay Trust) shall not constitute a Breach by, or give rise to any remedies in respect of, any Payment Party other than such Crossover Member, and the MDT shall be entitled to exercise any and all remedies (including the Payment Remedy or the Release Remedy) pursuant to Section 9.02 solely with respect to such Crossover Member and not any other Payment Party or Family Group member as a result of such Breach by such Crossover Member.

(c) A Breach by any Payment Party that is not a Crossover Member (or a Breach by any Payment Group of which such Crossover Member is a member that is not the result of a Breach by such Crossover Member) shall not constitute a Breach by, or give rise to remedies in respect of, any Crossover Member (including any A-Side General Obligor but excluding Millennium Trust and Perelle Bay Trust). For the avoidance of doubt, upon any such Breach, the MDT shall be entitled to exercise any and all remedies (including the Payment Remedy or the Release Remedy) pursuant to Section 9.02 with respect to each Payment Party that is not a Crossover Member within the breaching Payment Party's Payment Group and, as applicable, the Designated Shareholder Released Parties.

(d) No A-Side General Obligor shall have any obligation in respect of any Breach Fee payable by any Payment Group (or by any other Payment Party), but shall be liable only for any Breach Fee payable in respect of a Breach by such A-Side General Obligor pursuant to Section 9.01.

Section 9.04 Trustee and Personal Representative Liability. The MDT agrees and acknowledges that certain of the Sackler Parties are trustees for the Trusts; that the trustees of such Trusts are entering into this Agreement solely in their capacities as trustees and not individually; any remedy, recourse or right of recovery against a Trust or the JDS Estate is limited to the assets of such Trust or the JDS Estate, as the case may be; and the trustees of such Trusts or personal representative of the JDS Estate shall have no personal liability hereunder except in the case of a trustee's or personal representative's own fraud or willful misconduct. For purposes of this Section 9.04, the term "willful misconduct" means action taken (or not taken) in bad faith and with actual knowledge that such action (or failure to act) is unlawful, prohibited or false and will be harmful to the MDT with respect to its rights or remedies under this Agreement.

Section 9.05 Breach Fee.

(a) In light of the impracticability and extreme difficulty of ascertaining actual damages, the Breaching Party shall pay a fee, as a liquidated damage, to the MDT on (i) the Settlement Payment Obligations and (ii) any other Payment Obligations (other than Breach Fee amounts) that are, in the case of this clause (ii), then due and owing by the Breaching Party, in each case in an amount equal to 10% per annum (a "Breach Fee"), which fee shall accrue from and after the date of the occurrence of a Specified Breach and be payable upon demand and shall continue until the earlier of the date (x) such Specified Breach is no longer continuing or (y) the Settlement Payment Obligations and all other Obligations (including accrued Breach Fees) have been paid; *provided that*:

(i) no Breach Fee shall accrue from and after the date of the occurrence of a Specified Breach or be payable in accordance with the foregoing if the Breaching Party has cured such Specified Breach prior to the expiration of the Remedies Forbearance Period;

(ii) if the Breaching Party initiates a Dispute Proceeding in accordance with Section 9.02(a), the Breaching Party shall reimburse the MDT for all legal fees and expenses incurred in connection with such Dispute Proceeding unless the Bankruptcy Court determines that a Specified Breach has not occurred; and

(iii) the Breaching Party acknowledges and agrees that if no Breach Fee is payable as a result of clause (A) of this proviso, the MDT may seek compensatory damages from the Breaching Party (either during a Dispute Proceeding or in a subsequent proceeding) in connection with such Specified Breach.

(b) For the avoidance of doubt:

(i) If the Breaching Party seeks to initiate a Dispute Proceeding in accordance with Section 9.02(a) and the Bankruptcy Court determines that there is not a good faith dispute with respect to the Specified Breach, (I) the Breach Fee shall accrue from and after the date of the occurrence of a Specified Breach and be payable upon demand and shall continue until the earlier of the date (x) such Specified Breach is no longer continuing or (y) the Settlement Payment Obligations and all the other Payment Obligations, including accrued Breach Fees, have been paid, and (II) the Breaching Party will reimburse the MDT for all legal fees and expenses incurred in connection with such Dispute Proceeding; and

(ii) if the Bankruptcy Court determines following a Dispute Proceeding in accordance with Section 9.02(a) that a Specified Breach has not occurred, no Breach Fee or any other amounts shall be owed or payable in connection therewith by the Breaching Party (and the Breaching Party shall not be required to reimburse the MDT for any legal fees or expenses incurred in connection with such Dispute Proceeding).

The foregoing computation shall be made on the basis of a year of 365 or 366 days, as the case may be.

Section 9.06 Reinstatement. In the event the MDT, any Creditor Trust or any recipient of a distribution from a Creditor Trust is required in any insolvency or liquidation proceeding or otherwise to disgorge, turn over or otherwise pay any Recovery as contemplated under Section 9.01(d) then the Settlement Payment Obligations shall be reinstated to the extent of such Recovery and deemed to be outstanding and the MDT shall be entitled to the benefits of this Agreement until the payment in full of the Settlement Payment Obligations with respect to such Recovery. If this Agreement and/or the Collateral Documents shall have been terminated prior to such Recovery, this Agreement and/or the Collateral Documents (and the Liens granted thereunder) shall be reinstated in full force and effect, and such prior termination shall not diminish, release, discharge, impair or otherwise affect the obligations of the parties hereto, until such time as such Recovery has been paid to the MDT pursuant to Section 9.01(e).

Section 9.07 Turnover. Except for any amounts paid to the [Private Claimants Trust] on the Settlement Effective Date, any and all distributions paid directly to any of the non-federal governmental entities or the private claimants by any of the Sackler Parties shall be received in trust for the benefit of all non-federal governmental entities and private claimants, and shall be segregated from other funds of such non-federal governmental entity or private claimant and shall be paid over to the MDT which shall be distributed in accordance with the terms of this Agreement.

Section 9.08 Special Provisions Regarding Insolvencies and Judgments

(a) If, except as part of any probate proceeding, (i) a Payment Party (other than a De Minimis Payment Party) files for or consents to any insolvency, bankruptcy, reorganization, winding-up, administration, insolvency-related dissolution, composition or similar proceeding under applicable law, (ii) a Payment Party appoints, applies for or consents to the appointment of any receiver, administrator, administrative receiver, trustee, custodian, conservator, liquidator, rehabilitator, judicial manager, provisional liquidator, administrator, receiver and manager, controller, monitor or similar officer for it or for all or any material part of its property in connection with an insolvency related event, (iii) an administrator, administrative receiver, trustee, custodian, conservator, liquidator, rehabilitator, judicial manager, provisional liquidator, administrator, receiver and manager, controller, monitor or similar officer is appointed in connection with an insolvency-related event without the application or consent of such Payment Party and the appointment is undischarged or unstayed for thirty (30) calendar days, or (iv) any insolvency, bankruptcy, reorganization, winding-up, administration, dissolution, composition or similar proceeding relating to any Payment Party or to all or a material part of its property is instituted without the consent of such Payment Party and continues undismissed or unstayed for thirty (30) calendar days (clauses (i)-(iv), collectively, “Insolvency Proceedings”), such event shall cause the total aggregate amount of Payment Obligations of such Payment Group to automatically become immediately due and payable in whole, and be deemed accelerated against such Payment Party (but not any other Payment Party in its Payment Group), in each case, without presentment, demand, protest or other notice of any kind, or any action by the Master Disbursement Trust, and claims for such amount may be asserted without reduction or adjustment in such Insolvency Proceeding on account of the Settlement Payment Obligations hereunder of other Payment Parties in such Payment Group, all of which are waived by each Payment Party hereby (for the avoidance of doubt, without limiting the application of Section 9.08(d));

(i) If any party files a motion pursuant to section 105(a) of the Bankruptcy Code (as defined in the Plan) or otherwise seeks to extend any injunction in such Insolvency Proceeding to enjoin any Sackler Party not party to the Insolvency Proceeding from performing under this Agreement and/or the MDT or Settling Parties from enforcing their rights against a Sackler Party not party to the Insolvency Proceeding under this Agreement, each member of the related Payment Group(s) shall be obligated to use reasonable best efforts: (A) to have such motion withdrawn or modified to permit enforcement of this Agreement in advance of any objection deadline or, (B) in the absence of the withdrawal or modification of the motion, to object to such motion on a timely basis. If, notwithstanding such foregoing efforts such motion is granted, each member of the related Payment Group(s) prospectively waives in connection herewith, and shall be obligated to use reasonable best efforts to retroactively waive following the granting of such motion, any and all benefits of any such injunction and to otherwise reaffirm the enforceability of the Agreement and related Definitive Documents within twenty (20) calendar days of the entry of such order. Each member of the related Payment Group(s) shall be further obligated to use reasonable best efforts to appeal any order granting the motion on a timely basis. If any member of the related Payment Group(s) fails (X) to object to the motion, (Y) to waive the benefits of the injunction and/or (Z) to pursue appeals in respect of the order granting such motion, in each case, as set forth in this Section 9.08(a)(i), such failure shall constitute a Specified Breach with respect to each such breaching Payment Party and shall cause the total aggregate amount of Payment Obligations of such Payment Group of such Payment Party as against such failing additional member(s), to automatically become immediately due and payable in whole, and be deemed accelerated, in each case, without presentment, demand, protest or other notice of any kind, or any action by the Master Disbursement Trust, and claims for such amount may be asserted without reduction or adjustment on account of the Payment Obligations hereunder of other Payment Parties in such Payment Group, all of which are waived by each Payment Party hereby (for the avoidance of doubt, without limiting the application of Section 9.08(d)).

(ii) In light of the Master Disbursement Trust's status as a secured creditor, the Master Disbursement Trust shall be entitled to seek and the Payment Party(ies) in such Insolvency Proceeding shall consent to, a traditional adequate protection package, including replacement liens, superpriority administrative expense claims and current payments of (A) Payment Obligations and (B) professional fees in such Insolvency Proceeding, as shall be further documented in the Credit Support Annexes. The Master Disbursement Trust shall be entitled to seek, and the Payment Party in such Insolvency Proceeding shall consent to, an additional Allowed Claim in such Insolvency Proceeding solely against such insolvent Payment Party for (i) reasonable and documented fees and expenses incurred in the enforcement of Master Disbursement Trust's rights under this Agreement in connection with such proceedings, which such Allowed Claim shall be payable consistent with the priorities set forth in Section 9.02(d) and (ii) the amount of then unpaid Settlement Payment Obligations for all other Payment Groups, determined for these purposes and solely for these purposes as though such Payment Party's Obligations were instead joint and several across all Payment Groups (the "Limited Deemed Joint and Several Allowed Claim"), and not solely within its Payment Group, in respect of the contingent potential for the Master Disbursement Trust to exercise the Release Remedy to otherwise facilitate the actual recovery in full of the Master Disbursement Trust from such Payment Party on account of the Settlement Payment Obligations of its Payment Group, with any Shareholder Release and Channeling Injunction for such Payment Party deemed modified, to the extent necessary and appropriate, to permit the assertion by the Master Disbursement Trust of such Claim in respect of direct and estate Causes of Action previously released by the Settling Parties; *provided, however*, that it shall be understood that for purposes of the Limited Deemed Joint and Several Allowed Claim, the Parties agree that: (x) the Limited Deemed Joint and Several Allowed Claim is reasonable in light of the potential Release Remedy and such an agreement on the liquidated amount of such Claim is the product of an arm's length transaction between sophisticated business people, ably represented by counsel; (y) there has been a course of conduct between Settling Parties and the Shareholder Released Parties giving specific consideration in this settlement for such agreement to permit the assertion and allowance of the Limited Deemed Joint and Several Allowed Claim; and (z) such Payment Party expressly acknowledges that its agreement to permit the assertion and allowance of the Limited Deemed Joint and Several Allowed Claim herein described is a material inducement to the Settling Parties; *provided, further, however*, the aggregate amounts recovered on account of such Limited Deemed Joint and Several Allowed Claim in excess of amounts otherwise owing under this Agreement by such Payment Party shall be paid directly to the applicable Payment Group or Payment Groups, if such Payment Party is a part of multiple Payment Groups. The Limited Deemed Joint and Several Allowed Claim and the related limited exception to the Shareholder Release is granted in lieu of, and to avoid any litigation with respect to, any Causes of Action (including contingent Causes of Action) that otherwise may be asserted in connection with any rights that exist on account of the potential Release Remedy against any applicable Payment Party subject to an Insolvency Proceeding, and such claim and exception is conditioned upon no Settling Party asserting any Causes of Action in such Insolvency Proceeding in connection with the Release Remedy, including asserting any argument on the merits of any Cause of Action subject to the Shareholder Releases.

(b) If any Payment Party is subject to a Major Judgment, then the full amount of the aggregate Payment Obligations of the Payment Group of such Payment Party shall, upon notice from the Master Disbursement Trust, be deemed accelerated and immediately due and payable in whole by such Payment Party (but only such Payment Party); provided that if at any subsequent time the Major Judgment no longer exists, then such aggregate Payment Obligations shall no longer be accelerated or immediately due and payable and such amounts shall instead be payable in accordance with the terms of this Agreement as if no such Major Judgment had existed.

(c) Reserved.

(d) Any amounts recovered by the Master Disbursement Trust in any Insolvency Proceeding of a Payment Party or any other proceeding of any type or nature in which claims of creditors of any Payment Party subject to a Major Judgment are determined or payment or distribution is made on account of such claims (including a foreclosure sale) shall be applied to prepay, in each case, without any discount, the Payment Obligations of such Payment Party's Payment Group or Payment Groups in direct order of maturity and on a dollar-for-dollar basis (with payments applied equally across Payment Groups if such Payment Party is a member of multiple Payment Groups).

Section 9.09 Effect of Acceleration. For the avoidance of doubt: (i) the acceleration of Payment Obligations pursuant to this Agreement as against a Payment Party but not all of other the Payment Parties in such Payment Party's Payment Group (whether as the result of (a) commencement of an Insolvency Proceedings, the occurrence of a Major Judgment or otherwise or (b) the exercise of remedies by the MDT following a Specified Breach) shall not result, on its own, in the acceleration of any Obligation as against any other Person, including other Payment Parties in the same Payment Group, and no other Person shall be obligated jointly or otherwise to satisfy such Payment Obligations on an accelerated basis or shall be in default for not satisfying all or any portion of the accelerated Payment Obligations until it would have been due if not accelerated in accordance with the terms of this Agreement; (ii) the exercise of the Payment Remedy against a Payment Party but not all the Payment Parties in such Payment Party's related Payment Group (whether the result of the occurrence of a Specified Breach, the occurrence of a Non-Specified Breach, the commencement of an Insolvency Proceeding, the occurrence of a Major Judgment or otherwise) shall not constitute, or form the basis for, on its own, a Specified Breach, a Non-Specified Breach, or an accelerated Obligation of any other Payment Party, a related Payment Group, or any other Person and (iii) the acceleration of Payment Obligations pursuant to this Agreement with respect to a Payment Group as opposed to an individual Payment Party as the result of the exercise of remedies by the MDT following a Specified Breach shall result in the acceleration of the Payment Obligations of such Payment Group against all of the Payment Parties in such Payment Group (subject to Section 9.03) and shall not, in and of itself, result in the acceleration of Payment Obligations against any other Payment Group.

ARTICLE 10. CONDITIONS PRECEDENT

Section 10.01 Settlement Effective Date.

(a) The "Settlement Effective Date" shall be the first date on which each of the following conditions has been satisfied or waived by the Sackler Parties' Representative and the MDT, with the consent of the Governmental Consent Parties and the Creditors' Committee (which consent shall not be unreasonably withheld or delayed) (except with respect to the conditions in subparagraphs (iv), (vi), (viii)-(x), and (xii)-(xvii) in this Section 10.01(a)), which may be waived by the MDT in its sole discretion, with the consent of the Governmental Consent Parties and the Creditors' Committee (which consent shall not be unreasonably withheld or delayed), *provided* that should the MDT waive any such conditions with respect to a Sackler Party without the consent of the Sackler Parties' Representative (pursuant to this Section 10.01(a)), then in no event may the MDT (or any other Party) subsequently claim that there has been a Breach due to the failure of the Sackler Parties to satisfy any such condition or any matter related thereto:

(i) the Disclosure Statement Order (A) shall be in full force and effect and (B) shall not have been reversed, modified or stayed, or be subject to a motion to stay;

(ii) the Confirmation Order (A) shall be in full force and effect and (B) shall not have been reversed, modified or stayed, or be subject to a motion to stay;

(iii) the Definitive Documents shall have been executed and delivered by each of the parties thereto and are in form and substance acceptable to the Sackler Parties' Representative in accordance with Section 11.08, and to the other parties thereto in accordance with the consents set forth therein or in the Plan;

(iv) the Rosetta Trust shall have been funded by one or both of the Funding Trusts with Cash Equivalents (as defined in Annex B) in an amount not less than the Initial Collateral Account Amount (as defined in Annex B);

(v) the approval of the terms of this Agreement and the Settlement Agreements, and of the appointment in further trust of the funding of the Rosetta Trust by one or both of the Funding Trusts as set forth in Section 10.01(a)(iv) and the confirmation of the authority of the trustees of each A-Side Payment Party that is a Trust whose Governing Law Jurisdiction is or includes the law of Jersey (Channel Islands) to enter into and perform all obligations thereunder (including, but not limited to, all payment obligations, provision of security and disclosure of documents) by the Royal Court of Jersey (Channel Islands) in connection with a pleading to be brought before that court by each Relevant Jersey Trust and to which all beneficiaries required for the Royal Court of Jersey to issue an order binding on all trust beneficiaries thereof (including those not in attendance) are to be convened and shall have the ability/opportunity to object to the grant of such approval to the trustees of each such Relevant Jersey Trust;

(vi) the MDT shall have received a certificate executed by the trustees of the Rosetta Trust certifying which of the Funding Trusts provided all or any portion of the funding set forth in Section 10.01(a)(iv) and that attached thereto is a true and correct copy of the Funding Trust Appointment with respect to each such Funding Trust and that each such Funding Trust Appointment was consented to by all of the beneficiaries necessary under the laws of such Funding Trust's Jurisdiction of Administration to non-judicially settle an account of proceedings of the trustees thereof covering the exercise of the power of appointment referred to in Section 10.01(a)(v);

(vii) the Master Disbursement Trust has become party to and bound by this Agreement and has assumed all obligations of the MDT as provided in this Agreement;

(viii) the MDT shall have received a copy of the Court Order issued by the Royal Court of Jersey (Channel Islands) or an extract thereof verifying the approval and confirmation set out in Section 10.01(a)(v) above;

(ix) the MDT shall have received Opinions of Counsel regarding:

(A) The corporate and/or trustee authority of the Sackler Parties that are not natural persons to enter into this Agreement and the Collateral Documents except, with respect to any Trust, solely to the extent such authority is addressed to the reasonable satisfaction of the MDT in the Court Order received by the MDT pursuant to Section 10.01(a)(viii); and

(B) The corporate and/or trustee authority of the IAC Payment Parties that are not natural persons and the IAC Pledgors to enter into the IAC Collateral Documents;

(x) each of the Persons listed on Exhibit K shall have executed and delivered to the MDT a Further Assurances Undertaking substantially in the form of Exhibit P;

(xi) the Plan Effective Date shall occur substantially simultaneously with the occurrence of the Settlement Effective Date;

(xii) the MDT shall have received the payment of the first Settlement Payment from each Payment Group;

(xiii) the conditions precedent set forth in each of the Credit Support Annexes shall have been satisfied (or waived) in accordance therewith;

(xiv) the Trustees of each Sackler Party that is a Trust shall have provided a Trust Certification to the MDT substantially in the form of Exhibit Q;

(xv) the personal representative of the JDS Estate shall have provided an Estate Certification to the MDT substantially in the form of Exhibit S;

(xvi) each Restricted Person that is not a Sackler Party shall have delivered an agreement reasonably satisfactory to the MDT to the effect that such Restricted Person has agreed to abide by the covenant set forth in Section 8.09;

(xvii) each Secondary Restricted Person that is not a Sackler Party shall have delivered an agreement reasonably satisfactory to the MDT to the effect that such Secondary Restricted Person has agreed to abide by the covenant set forth on Exhibit H-3;

(xviii) each of the Settling States and Participating Subdivisions under the Governmental Entity & Shareholder Direct Settlement Agreement have delivered Third Party Releases and, concurrently with the Settlement Effective Date, such releases are effective;

(xix) with respect to each Opt-Out Class Action Settlement, (x) the applicable Settlement Agreement shall have been executed and all amounts required to be paid thereunder on the Settlement Effective Date shall have been paid, or (y) all amounts payable by the Payment Parties to the MDT and members of the corresponding Class pursuant to this Agreement (and under the Plan) on the Plan Effective Date shall have been funded by the Payment Parties into a Grantor Trust Arrangement in a manner reasonably acceptable to the Creditors' Committee;

(xx) other than the Opt-Out Class Action Settlements and this Agreement, each Settlement Agreement shall have been executed and all amounts required to be paid thereunder on the Settlement Effective Date shall have been received or will be funded simultaneously with the consummation of the Plan, and all of the conditions precedent to the effectiveness of each Settlement Agreement shall have been satisfied or waived in accordance with the terms of such Settlement Agreement;

(xxi) the Credit Support Annexes, Collateral, and Collateral Documents shall be in a form and manner that is acceptable to all Parties, the Governmental Consent Parties and the Creditors' Committee; and

(xxii) the Sacklers Parties' Representative, Governmental Consent Parties, the Debtors, and the Creditors' Committee shall have reached agreement with respect to the matters contemplated by Footnote 1 to Exhibit N.

(b) The obligations of each Party under this Agreement are subject to, and shall become effective upon, the occurrence of the Settlement Effective Date. Notwithstanding the foregoing sentence,

the following obligations (and only the following obligations) shall become effective upon the Agreement Effective Date (*provided* that the obligations of any A-Side Payment Party that is a Trust whose Governing Law Jurisdiction is or includes the law of Jersey (Channel Islands) shall become effective only on the date such A-Side Payment Party receives a Court Order applicable to it described in Section 10.01(a)(v)):

(i) the obligations set forth in Section 8.02 (No Interference), Section 8.07 (Notification of Breach), Section 8.08 (Opioid Business), and Section 8.10 (Opinions of Counsel);

(ii) each obligation expressly provided to be effective upon the Agreement Effective Date herein; and

(iii) the obligation of the Payment Parties to pay the first Settlement Payment Obligation on the Settlement Effective Date.

(c) [In addition to the conditions to the Settlement Effective Date set forth above, the Settlement Effective Date shall not occur until either (x) any Payment Party that is a decedent's estate, as well as any Payment Party that is a Trust that explicitly guarantees such estate's obligations, shall have secured final approval to the entry into and performance under the relevant Definitive Documents (including the consummation of the transactions contemplated thereby) by the applicable court, and any time period to lodge an initial appeal of such court's approval has expired without any such appeal being lodged, or if such an appeal is timely lodged, it has been denied or withdrawn or (y) the other Payment Parties of each applicable Payment Group shall have agreed with the MDT on alternative collateral accommodations acceptable to the MDT, the Governmental Consent Parties and the Creditors' Committee in their sole and absolute discretion. This condition may not be waived with respect to any Payment Party that is a decedent's estate, or Payment Party that is a Trust that explicitly guarantees such estate's obligations, without the prior written consent of the MDT, the Governmental Consent Parties and the Creditors' Committee. For the avoidance of doubt, none of the Sackler Parties' Representative or any Payment Party or any other member of a Family Group shall have any rights related to the waiver of this condition.]

(d) [For the avoidance of doubt, (i) any Payment Party that is a decedent's estate shall not be bound by the terms of this Agreement or the Definitive Documents until final approval has been granted by the applicable court as described in Section 10.01(c) and any time period to lodge an initial appeal of such court's approval has expired without any such appeal being lodged, or if such an appeal is timely lodged, it has been denied or withdrawn, and (ii) with respect to any Trust explicitly guaranteeing the Obligations of a Payment Party that is a decedent's estate, such guarantee shall not be binding on such Trust until final approval has been granted by the applicable court. Once such approvals are obtained, each such Payment Party shall be bound by this Agreement and the Definitive Documents.]

ARTICLE 11. MISCELLANEOUS

Section 11.01 Notices. All notices, requests and other communications required or permitted under, or otherwise made in connection with, this Agreement, shall be in writing and shall be deemed to have been duly given (a) when delivered in person, (b) upon receipt after dispatch by registered or certified mail, postage prepaid, (c) on the next Business Day if transmitted by national overnight courier (with confirmation of delivery) or (d) on the date delivered if sent by email (with confirmation of delivery), in each case, addressed as provided in a separately provided addendum to this Agreement (the "Notices Addendum").

Notices and other communications sent shall be deemed to have been given when received unless otherwise provided in this Section 11.01; *provided* that if such notice or other communication is not received during the normal business hours of the recipient, such notice or communication shall be deemed to have been received at the opening of the business on the next Business Day for the recipient. Each of the Parties may change its notice address provided for in the Notices Addendum by notice to the other Parties hereto.

Section 11.02 Payments Received. Each payment made by or on behalf of the Payment Groups under this Agreement shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff (except as set forth in Exhibit N) and shall be made to the MDT to an account as the MDT may designate from time to time in U.S. dollars, and in immediately available funds by 11:59 p.m. (New York City time) on the date specified herein. Except as otherwise set forth herein, if any payment to be made by the Payment Groups would have come due on a day other than a Business Day, payment shall be due on the next following Business Day.

Section 11.03 Survival of Representations and Warranties. All representations and warranties made by a Sackler Party hereunder and in any other document delivered pursuant hereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof for so long as the Payment Obligations of the Payment Groups of which such Sackler Party is a member and any other amounts owed hereunder by such Payment Groups remain outstanding (accounting, in the case of an A-Side Payment Group, for the maximum amount the A-Side Payment Group may be liable for hereunder). Such representations and warranties have been or will be relied upon by each Party, regardless of any investigation made by any Party or on their behalf, and shall continue in full force and effect as long as any Payment Obligations of the Payment Groups of which such Sackler is a member and any other amounts owed hereunder by such Payment Groups remains outstanding (accounting, in the case of an A-Side Payment Group, for the maximum amount the A-Side Payment Group may be liable for hereunder).

Section 11.04 Remedies Cumulative; Specific Performance. Subject to Section 3.07, (a) the rights and remedies of the Parties shall be cumulative (and not alternative) and not exclusive of any rights, remedies, powers and privileges provided by Law, (b) the Parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and (c) that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions of this Agreement in addition to any other remedy to which they are entitled at law or in equity, in each case without the requirement of posting any bond or other type of security. For avoidance of doubt, no failure of the MDT or Settling States under any provision of this Agreement or the Collateral Documents shall excuse performance by the Sackler Parties of their respective Obligations.

Section 11.05 Confession of Judgment.

(a) On or before the Settlement Effective Date, each Sackler Party shall execute and deliver a confession of judgment, in substantially the form attached hereto as Exhibit Y (each, a “Confession of Judgment”) and agrees, from time to time upon written request by the MDT, to deliver all supplements (or if so required, new Confessions of Judgment) that the MDT determines are reasonably necessary to maintain the effectiveness and validity of any such Confession of Judgment. For the avoidance of doubt, such supplements or new Confessions of Judgment may be signed on behalf of a Sackler Party by a guardian, conservator or other Person duly appointed to represent such Sackler Party and empowered to execute a Confession of Judgment binding on such Sackler Party under all applicable Law. Notwithstanding the foregoing, if, on the Settlement Effective Date, A-Side Payment Group 8 funds all of the amounts payable by A-Side Payment Group 8 pursuant to Section 2.01(g) (i.e., \$85,000,000) (including making prepayment in full, subject to appropriate discount as contemplated herein, of A-Side Payment

Group 8's Settlement Payment Obligations due on the fifth (5th) and sixth (6th) Payment Dates), no Sackler Party that is a member of A-Side Payment Group 8 shall be required hereby to deliver a Confession of Judgment.

(b) Each Sackler Party hereby irrevocably authorizes any attorney-at-law to, upon the occurrence of any Breach, appear for such Sackler Party in the Bankruptcy Court or other court of competent jurisdiction, admit the obligations of the Sackler Party that have come due and are in breach under this Agreement, and waive the issuing and service of process and confess judgment against such Sackler Party for the amount then due, together with costs of suit, and thereupon to waive all errors and all rights of appeal and stay of execution.

(c) Each confession of judgment executed and delivered under this Section 11.05(c) shall include submission by the executing Sackler Party to the personal jurisdiction of the court in which such confession of judgment is filed, but solely to the extent necessary to effectuate such confession of judgment, and shall otherwise preserve all defenses of such Sackler Party (including jurisdictional defenses) in litigation of any Cause of Action that is not a Shareholder Released Claim.

Section 11.06 Entire Agreement; Severability; Amendments and Waivers.

(a) This Agreement constitutes the entire agreement between the Parties with respect to the subject matter of this Agreement and supersedes all prior agreements and understandings, both oral and written, between the Parties with respect to the subject matter of this Agreement.

(b) Except as provided in Section 11.06(c), if any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other Governmental Authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such a determination, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

(c) Notwithstanding anything else contained in this Agreement or in the Plan or the Plan Documents, the Plan provisions effectuating the Third-Party Releases provided by the Debtors, their Estates, and the Releasing Parties and the Channeling Injunction, (i) are integrated with and integral to this Agreement and the Settlement, (ii) are not and shall not be severable from this Agreement, the Settlement, and those provisions of the Plan or the Plan Documents that do not relate to releases, and (iii) shall not be excised or modified other than in accordance with the Plan and this Agreement. If the Plan provisions effectuating the Third-Party Releases provided by the Debtors, their Estates, and the Releasing Parties and the Channeling Injunction are deemed null, void, illegal or unenforceable, then the terms, provisions, covenants, and restrictions of this Agreement shall be void and shall not remain in force or effect, except as specifically and expressly stated otherwise in this Agreement or the Plan, or as specifically and expressly agreed in writing by all Parties to this Agreement.

(d) No failure or delay by any Party in exercising any right, remedy, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

(e) Any provision of this Agreement or the exhibits hereto may be (i) amended only in a writing signed by the MDT, the Sackler Parties' Representative and the A-Side Payment Group 8

Representative (but in the case of the A-Side Payment Group 8 Representative, only (A) with respect to an increase or advancement of the Payment Obligations of A-Side Payment Group 8 or (B) if the effect of such amendment would materially and adversely affect the rights, interests, or obligations of the A-Side Payment Group 8 in a manner that would be disproportionate to the effect of such amendment on the other Payment Parties, taken as a whole), or (ii) waived only in a writing executed by the Person against which enforcement of such waiver is sought; *provided*, that the Sackler Parties' Representative shall act on behalf of the Sackler Parties in respect of any waiver under this clause (e) (unless the rights, interests, or obligations of A-Side Payment Group 8 are materially and adversely affected in a manner that is disproportionate relative to the effects of such waiver on the rights, interests, or obligations of the other Payment Parties, taken as a whole, in which case the A-Side Payment Group 8 Representative shall so act on behalf of A-Side Payment Group 8); and *provided, further*, that the Sackler Parties' Representative shall be permitted to, solely with the prior consent of the MDT (which shall be given or denied in its reasonable discretion with respect to administrative matters such as changes to exhibits and schedules hereto due to the passage of time and transactions permitted hereunder, but otherwise in its sole discretion), amend Exhibit A hereto at any time and from time to time, to add or remove Sackler Parties, including as a result of any Sackler Party that is a Trust splitting into separate trusts or combining with one or more other trusts or being distributed or appointed (in whole or in part) to another trust, the winding up of a Sackler Party that is a deceased individual's estate or replacing a Sackler Party that is an individual with his or her estate (subject to compliance with Section 11.09 in each case). No waiver of any provision hereunder or any breach thereof shall extend to or affect in any way any other provision or prior or subsequent breach. However, the MDT shall not unreasonably withhold or delay consent for a qualifying restructuring under Section 8.01.

Section 11.07 Sackler Parties' Representative.

(a) Designation. Subject to the terms and conditions of this Section 11.07, the Sackler Parties' Representative is hereby designated as the representative of the Sackler Parties with respect to the matters set forth in this Agreement, and solely to the extent set forth therein, the Collateral Documents and the other documents or agreements contemplated hereby or thereby to be performed by the Sackler Parties.

(b) Authority. By the approval of this Agreement, each of the Sackler Parties hereby irrevocably constitutes and appoints the Sackler Parties' Representative as the representative, agent, proxy and attorney-in-fact for each of the Sackler Parties for all purposes authorized under this Agreement, including the full power and authority on behalf of the Sackler Parties to (i) take all other actions to be taken by or on behalf of each Sackler Party (or the Sackler Parties collectively) in connection herewith and (ii) do each and every act and exercise any and all rights which each Sackler Party (or the Sackler Parties collectively) is permitted or required to do or exercise under this Agreement or any other agreement contemplated hereby. Each of the Sackler Parties agrees that such agency and proxy are coupled with an interest, are therefore irrevocable without the written consent of the Sackler Parties' Representative and shall survive the bankruptcy, dissolution, liquidation, death or incapacity of any Sackler Party. All decisions and actions by the Sackler Parties' Representative (to the extent authorized by this Agreement) shall be binding upon each of the Sackler Parties, and no Sackler Party shall have the right to object, dissent, protest or otherwise contest the same.

(c) Reliance. Each Sackler Party agrees that the other Parties shall be entitled to rely on any action taken by the Sackler Parties' Representative on behalf of such Sackler Party (an "Authorized Action"), and that each Authorized Action shall be binding on each Sackler Party as fully as if such Sackler Party had taken such Authorized Action.

(d) Limitation of Liability. Each Sackler Party (including but not limited to each Sackler Party) acknowledges and agrees that the Sackler Parties' Representative shall have no liability to, and shall not be responsible for any costs or expenses, judgments, fines, losses, claims, damages or liabilities of, any Party

or to or of any of their respective officers, directors, employees, Affiliates and/or agents in connection with any actions taken or omitted to be taken by the Sackler Parties' Representative under or in respect of this Agreement, except to the extent resulting from fraud, or willful misconduct by the Sackler Parties' Representative.

(e) Survival. All of the immunities and powers granted to the Sackler Parties' Representative hereunder shall survive the termination of this Agreement.

(f) Exclusion of A-Side Payment Group 8. For the avoidance of doubt, notwithstanding anything to the contrary in this Section 11.07 or otherwise in this Agreement, the Sackler Parties' Representative shall not (i) be the representative of A-Side Payment Group 8 or any A-Side Payment Party that comprises A-Side Payment Group 8, or (ii) be the attorney-in-fact of, have any authority to take any action or exercise any right on behalf of, consent to any action on behalf of, agree to any amendment of this Agreement on behalf of, or otherwise bind, A-Side Payment Group 8 or any A-Side Payment Party that comprises A-Side Payment Group 8. Instead, by the approval of this Agreement, A-Side Payment Group 8 hereby irrevocably constitutes and appoints the A-Side Payment Group 8 Representative as the representative, agent, proxy and attorney-in-fact for each of the A-Side Payment Parties comprising A-Side Payment Group 8 for all purposes authorized under this Agreement. In addition, wherever in this Agreement any notice, information or other communication is to be given to the Sackler Parties' Representative, the Parties agree that such notice, information or other communication shall instead or also be given to A-Side Payment Group 8 Representative to the extent that the same relates to or affects any of the rights or obligations of A-Side Payment Group 8 under this Agreement.

Section 11.08 Sackler Parties' Consent Rights.

(a) In addition to and in no instance limiting the consent rights of the Sackler Parties' Representative as otherwise set forth in this Agreement and/or in the Definitive Documents, the Definitive Documents shall be in form and substance acceptable to the Sackler Parties' Representative (i) in its sole discretion solely with respect to the Specified Shareholder Provisions and (ii) in its reasonable discretion with respect to all other matters outside the scope of the foregoing clause (i) solely with respect to those terms relating to the rights, obligations, or interests of the Shareholder Released Parties[; provided that the Sackler Parties' Representative's rights to consent to any provisions in the Creditor Trust Documents related to the administration of claims shall be limited to the rights set forth in the preceding subclause (i), and no additional rights shall accrue pursuant to subclause (ii)]. For the avoidance of doubt, the Sackler Parties agree that the Creditor Trust Documents filed at [•] on the docket of the Bankruptcy Cases is in form and substance acceptable to the Sackler Parties in accordance with this Section 11.08.

Section 11.09 Binding Effect; Third Party Beneficiaries; Assignment.

(a) The provisions of this Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors and assigns. No provision of this Agreement (including, without limitation, any right to access the Special Operating Reserve or Released Claims Reserves or receive any information related thereto) is intended to confer any rights, benefits, remedies, obligations or liabilities hereunder upon any Person other than the Parties hereto and their respective successors and assigns, except that the Creditors' Committee and Governmental Consent Parties shall be third-party beneficiaries of Section 2.01(g), Section 2.04, Section 8.10, Article 10 and Exhibit I, the Private Creditor Trusts and the Public Schools Trust shall be third-party beneficiaries of Section 4.09, and the Private Creditor Trust MFN Representative shall be a third-party beneficiary of Section 11.13 and Section 11.20, the Settling States shall be third-party beneficiaries under this Agreement with respect to Section 8.05 and Section 8.08 for purposes of enforcing any Breach thereof in the Bankruptcy Court or any appropriate state court), in each case, entitled to enforce the provisions thereof as if party hereto, as applicable.

(b) No Sackler Party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement, whether by operation of law or otherwise, without the prior written consent of the MDT (*provided*, for the avoidance of doubt, any amendment to any other provision of this Agreement, including without limitation amendments to Exhibit F hereto to reflect changes not expressly contemplated by this Section 11.09, shall require the consent of the MDT). Any purported assignment of this Agreement in violation of this Section 11.09(b) shall be null and *void ab initio*. The MDT shall not unreasonably withhold or delay consent for any qualifying restructuring under Section 8.01.

Section 11.10 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of New York (including in respect of the statute of limitations or other limitations period applicable to any claim, controversy or dispute hereunder), without giving effect to principles of conflicts of laws that would require the application of the laws of any other jurisdiction. For the avoidance of doubt, each of the MDT and the Debtors shall have the benefit in connection with any matter with respect to a Sackler Party that is a Trust arising from or related to this Agreement and the Collateral Documents of the most protective protections afforded third-parties dealing in good faith with trustees in their capacities as such in good faith reliance on representations made by them in their capacities as trustees under the internal laws of such Trust's Jurisdiction of Administration as set forth on Exhibit R, but giving effect to the extent they are even more protective, to the terms of such Trust's governing instrument and the effect of any choice of law provisions contained therein.

Section 11.11 Jurisdiction; Contested Matter.

(a) Except as otherwise set forth in this Agreement, the parties hereto agree that any Proceeding seeking to enforce any provision of, or based on a matter arising out of or in connection with, this Agreement shall be brought in the Bankruptcy Court, and each of the parties hereby irrevocably consents for such purpose to the jurisdiction of the Bankruptcy Court (and of the appropriate appellate courts therefrom) or, in the event Bankruptcy Court does not have or accept such jurisdiction, in any federal court sitting in the Southern District of New York and any appellate court therefrom or, in the event such federal court does not have or accept jurisdiction, a New York State court and any appellate court therefrom in any such Proceeding. Each of the parties hereto irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such Proceeding in any such court or that any such Proceeding brought in any such court has been brought in an inconvenient forum. Process in any such Proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided this Section 11.11(a) shall be deemed effective service of process on such party. For the avoidance of doubt, nothing in this Section 11.11(a) shall prevent any Party from initiating a Proceeding in any relevant jurisdiction to enforce any order, ruling or judgment of any of the courts above.

(b) The Parties agree that any Proceeding arising under, related to, or in connection with this Agreement, including any action seeking specific performance of any provision of this Agreement or declaratory judgment concerning this Agreement, shall be heard and determined by the Bankruptcy Court as a contested matter under Rule 9014 of the Federal Rules of Bankruptcy Procedure. With respect to such Proceeding, each Party agrees to (i) submit to the jurisdiction of the Bankruptcy Court, (ii) consent to the authority of the bankruptcy to enter Final Orders or judgments, and (iii) waive and not advance any argument that such dispute is or must be adjudicated as an adversary proceeding governed by Part VII of the Federal Rules of Bankruptcy Procedure or that the Bankruptcy Court is an improper or inconvenient forum or venue. Any party to such Proceeding shall be permitted to request that the Bankruptcy Court adjudicate such dispute on an expedited basis, and all other parties shall consent to such expedited adjudication. This Section 11.11(b) shall not apply to actions brought in connection with the exercise of the Release Remedy.

(c) Notwithstanding the foregoing, any disputes that relate to matters contemplated to be resolved in accordance with Article 6 of the Governmental Entity & Shareholder Direct Settlement Agreement, shall be resolved on the terms and conditions set forth in the Governmental Entity & Shareholder Direct Settlement Agreement.

Section 11.12 Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 11.13 Dispute Resolution.

(a) For purposes of any provision of this Agreement requiring “fast track arbitration”, this Section 11.13 shall apply.

(b) The National Arbitration Panel shall be comprised of three (3) arbitrators. One (1) arbitrator shall be chosen by the Sackler Parties’ Representative, one (1) arbitrator shall be chosen by the MDT, and the third arbitrator shall be agreed upon by the first two (2) arbitrators (the “National Arbitration Panel”); *provided* that if a panel is constituted on matters arising out of disputes primarily between the Sackler Parties’ Representative (or any other Sackler Party) on the one hand and Private Claimants (or a trustee for the Private Creditor Trusts) on the other: (i) related to Section 11.20 where Private Claimants, any Private Creditor Trusts, or the Private Claimant MFN Representative are a party to the dispute, or (ii) related to Released Claims Reserves pursuant to Section 2(f) of Exhibit N where Private Claimants (or a trustee for one or more Private Creditor Trusts) are a party to the dispute then, (A) in lieu of an arbitrator being selected by the MDT, one arbitrator shall be selected by the Private Claimant MFN Representative; (B) accordingly, the third arbitrator shall be selected by the arbitrators chosen by the Private Claimant MFN Representative and the Sackler Parties’ Representative; and (C) upon receipt of notice in accordance with Section 11.01, the MDT shall have the right, but not the obligation, to participate in such arbitration for the limited purpose of representing and asserting the rights of any other Holder that may be affected by the potential decision therein, upon demonstrating a potential interest in such dispute.] Other than in situations described in the immediately preceding proviso, the membership of the National Arbitration Panel is intended to remain constant throughout the term of this Agreement, but in the event that replacements are required, or otherwise requested, the retiring arbitrator shall be replaced by the party that selected him/her.

(c) The National Arbitration Panel shall make reasonable best efforts to decide all matters within one hundred eighty (180) calendar days of filing, and in no event shall it take longer than one (1) year. The National Arbitration Panel shall make reasonable efforts to decide all contractual interpretation issues and payment calculation disputes that may arise in connection with this agreement within sixty (60) calendar days of filing, and in no event shall it take longer than one hundred eighty (180) calendar days of filing.

(d) The National Arbitration Panel shall conduct all proceedings in a reasonably streamlined process consistent with an opportunity for the parties to be heard. Issues shall be resolved without the need for live witnesses where feasible and with a presumption in favor of remote participation to minimize the burdens on the parties.

(e) The decisions of the National Arbitration Panel shall be binding on the Parties; provided, however, that consistent with principles of res judicata and collateral estoppel, the MDT, as a potential non-party to the dispute matters described in the proviso set forth in Section 11.13(b), shall not be bound, in unrelated disputes, by matters of contractual interpretation determined by such decisions that might otherwise affect such unrelated disputes.

(f) Each party shall bear its own costs in any arbitration or court proceeding arising under this Section 11.13. The costs for the arbitrators on the National Arbitration Panel shall be divided and paid equally by the disputing sides for each individual dispute, e.g., a dispute between Payment Groups and/or the Sackler Parties' Representative and the relevant counterparty from the MDT, the Settling States, the Private Claimants and the General Unsecured Creditors shall be split fifty percent (50%) by the relevant Payment Parties and fifty percent (50%) by the relevant counterparty from the MDT, the Settling States, the Private Claimants and the General Unsecured Creditors that are parties to the dispute.

(g) Each arbitrator shall be impartial and independent regarding any dispute. If any party disputes the independence or impartiality of any arbitrator on the National Arbitration Panel, the party may request the National Arbitration Panel to replace such arbitrator. The National Arbitration Panel shall have the authority to remove an arbitrator on these grounds.

(h) The seat of arbitration shall be New York, New York.

Section 11.14 Counterparts; Trustee of Multiple Trusts; Effectiveness. This Agreement may be signed in any number of counterparts, each of which shall be an original (subject to the last sentence in this Section 11.14), with the same effect as if the signatures thereto and hereto were upon the same instrument. To the extent any Sackler Party signs this agreement in his, her or its capacity as trustee (to the extent such Trusts are Sackler Parties) of a Trust, such signature shall be deemed to be in respect of all Trusts of which such Person is trustee. This Agreement shall become effective on the Agreement Effective Date upon execution by each of the Parties. The exchange of a fully executed Agreement (in counterparts or otherwise) by electronic transmission in .PDF format or by facsimile shall be sufficient to bind the parties to the terms and conditions of this Agreement, subject to the provisions of Article 10.

Section 11.15 Document Repository. The Sackler Parties agree to participate in the public document repository to be established pursuant to the Plan on the terms and conditions set forth in the Plan.

Section 11.16 Defense of Third-Party Releases. If any Person initiates, pursues, or prosecutes in any United States forum any civil proceeding, claim, or Cause of Action of any kind whatsoever against any Shareholder Released Party, in violation of the Third-Party Releases or based on an allegation that the Third-Party Releases do not apply to such Shareholder Released Party or Released Party with respect to such proceeding, claim, or Cause of Action (and the Shareholder Released Party has a reasonable basis to believe that the Third-Party Releases do apply with respect to such proceeding, claim or Causes of Action), including by making a request for leave under Section 11.01(e) of the Plan that the applicable Shareholder Released Party or Released Party has a reasonable basis to challenge, then the MDT shall appear in the relevant United States forum as soon as reasonably practicable after any Shareholder Released Party has provided notice to the MDT of such proceeding, claim, or Cause of Action and shall use commercially reasonable best efforts, based on the advice of the MDT's legal counsel, to assist the applicable Shareholder Released Party or Released Party and its counsel with their enforcement of the provisions of this Agreement (which may include, for example and if appropriate under the applicable facts and circumstances, filing motions, pleadings, briefs, or other documents or papers; advancing arguments or positions; seeking available relief or remedies; supporting any arguments and any requests for a determination that such proceeding, claim, or Cause of Action is covered and barred by the Third-Party Releases; and taking other actions reasonably necessary and appropriate consistent with applicable Law to enforce the provisions of this Agreement), and the costs of doing so shall be borne exclusively by the MDT. For the avoidance of doubt, any Shareholder Released Party or Released Party that is determined by a court of competent jurisdiction not to be covered by the Third-Party Releases with respect to any civil proceeding, claim, or Cause of Action shall retain, or shall have restored, all associated defenses, cross-claims, counterclaims, third-party claims, offsets and recoupments under applicable law that were, or would otherwise have been, transferred to the MDT or subsequently transferred to any Creditor Trust in accordance with [Section 5.6(g)]

of the Plan] and [Section 10 of the Master TDP] (as included in the Plan Documents) for the purposes of such civil proceeding, claim, or Cause of Action; *provided* that (i) no such defenses, claims or rights may be asserted by any Person, directly or indirectly, to seek or obtain any affirmative monetary recovery from any such Protected Party, unless such Protected Party is the Person initiating, pursuing, or prosecuting the applicable civil proceeding, claim, or Cause of Action and (ii) nothing in the foregoing shall limit or affect the transfer of the MDT Shareholder Insurance Rights to the MDT under [Section 5.6(j) of the Plan].

Notwithstanding anything to the contrary herein, (a) nothing in this Section 11.16 shall require the MDT to appear or participate in any proceeding, or pursue any strategy or advance any argument or position, to the extent the MDT determines in good faith, based on advice of its legal counsel, that the claim or Cause of Action that is the subject of such proceeding is not being advanced in violation of the Third-Party Releases, or such argument, position or strategy is not legally justifiable or correct (including that it is not consistent with ethical obligations of its legal counsel (other than any ethical obligation related to a conflict of interest of such counsel)); and (b) nothing in this Section 11.16 shall require the MDT to take any further action in respect of any claim or Cause of Action following a determination by a court of competent jurisdiction that such claim or Cause of Action is not in violation of the Third-Party Releases (or any other determination in a proceeding under Section 11.01(e) of the Plan that is adverse to the Shareholder Released Parties) or the Released Parties.

Section 11.17 Certain Shareholder Released Party Insolvencies. Notwithstanding the Plan or anything to the contrary in this Agreement, if any 11.17 Assuring Party or Subsidiary of a Payment Party], in each case, other than a Payment Party, who received a Shareholder Release, (i) is subject to an unpaid judgment on account of liability for Causes of Action that would have been released had the respective plaintiff been a Settling Party and (ii) voluntarily or involuntarily becomes subject to an Insolvency Proceeding, then such Shareholder Release Party's Shareholder Release shall be modified and the Channeling Injunction solely as relates to such Shareholder Release shall be lifted, in each case, solely to the minimum extent necessary to facilitate the assertion, solely in such proceeding, by the Master Disbursement Trust of Claims on account of the estate and direct Causes of Action against such Shareholder Released Party that were previously held by the Settling Parties for (i) fees and expenses incurred in the enforcement of Master Disbursement Trust's rights under this Agreement in connection with such proceeding (and, in any such proceedings, the Master Disbursement Trust may seek such fees and expenses to be paid currently (with such claim to be afforded status as a superpriority administrative expense), which such Allowed Claim shall be payable consistent with the priorities set forth in Section 9.02(d)) and (ii) the amount of then unpaid Settlement Payment Obligations for all Payment Groups (the "Non-Payment Party Deemed Allowed Claim") in respect of the potential for the Master Disbursement Trust to exercise the Release Remedy to otherwise facilitate the actual recovery in full of the Master Disbursement Trust from such party on account of the Settlement Payment Obligations of the Payment Group(s) associated with the Family Group(s) of which it is a member; *provided, further, however*, the aggregate amounts recovered on account of any such Non-Payment Party Deemed Allowed Claim in excess of amounts otherwise owing under this Agreement by the Payment Group(s) associated with the Family Group(s) of which such party is a member shall be paid directly to the applicable Payment Group or Payment Groups (if such Payment Party is a part of multiple Payment Groups). The Non-Payment Party Deemed Allowed Claim and the related limited exception to the Shareholder Release is being agreed in lieu of, and to avoid any litigation with respect to, any Causes of Action (including contingent Causes of Action) that otherwise may be asserted in connection with any rights that exist on account of the potential Release Remedy against any applicable party subject to an Insolvency Proceeding, and the agreement to such claim and exception is conditioned upon no Settling Party asserting any Causes of Action in such Insolvency Proceeding in connection with the Release Remedy, including asserting any argument on the merits of any Cause of Action subject to the Shareholder Releases.

Section 11.18 Survival. Notwithstanding anything to the contrary in this Agreement, Section 2.01(f)(i) and Section 2.01(f)(iii), shall survive termination of this Agreement solely as between the Sackler Parties and shall continue in full force and effect for the benefit of the applicable Parties in accordance with the terms hereof.

Section 11.19 Acknowledgment. The “allocation” of settlement amounts on account of Estate Releases, on the one hand, and the Direct Release, on the other, is part of an overall compromise and settlement under Bankruptcy Rule 9019 between the Debtors, the Creditors’ Committee, all creditor groups that are Mediation Parties, and the Sackler Parties, and, upon confirmation of the Plan will be deemed to be a settlement between the Debtors, the Creditors’ Committee, all creditor groups that are Mediation Parties, and the Sackler Parties in which, among other things, the Sackler Parties are providing the Settlement Payments in consideration over fifteen (15) years. The “allocation” is intended by the Sackler Parties and the other Mediation Parties, among other things, to facilitate the distribution of proceeds for opioid abatement, victim compensation, and other permitted uses under the Plan and otherwise. All parties, including the public side claimants and the Sackler Parties (as well as the Shareholder Released Parties), agree that neither the amount of the Settlement Payments nor the “allocation” (including any allocation between the Sackler Parties of the payment responsibility) reflects any concession or agreement by any party as to the strength, validity, merits, collectability, amount, or otherwise, of the Estate Released Claims or of the Direct Released Claims or any defenses to the Estate Released Claims or the Direct Released Claims, and that if for whatever reason the agreement in principle is not consummated, neither the amount of the Settlement Payments nor the “allocation” shall be cited or used by the Debtors, the Creditors’ Committee, all creditor groups that are Mediation Parties, or the Sackler Parties (or the Shareholder Released Parties) – or any party hereto – for any purpose whatsoever in any pleading or proceeding wherever or whenever. Further, all parties hereto agree that no party hereto will be bound by this Agreement (other than as set forth in this paragraph and in the last sentence of each of Section 9.08(a) and Section 11.17) with regard to what it may state in a pleading, court hearing, proceeding or otherwise about the strength, validity, merits, collectability, amount, or otherwise, of the Estate Released Claims or of the Direct Released Claims, or any defenses thereto, including, without limitation, in any pleading filed in connection with this Agreement or the Plan. In addition, all parties hereto agree that this paragraph shall be binding forever upon all parties from March 18, 2025, regardless of whether this Agreement becomes effective or any other settlement is consummated, and shall be specifically enforceable by the Bankruptcy Court (with no cap on damages that may be awarded).¹⁶ All parties agree that this provision is non-severable from the overall compromise and settlement, and is an integral part hereof. This paragraph is specifically subject to Federal Rule of Evidence 408 and analogous state provisions barring the use of settlement offers and communications to prove the validity or amount of disputed claims.

Section 11.20 Most Favored Nation Provisions. If (x) a Private Claimant MFN Representative has been appointed and has notified the Sackler Parties’ Representative of such appointment and (y) a Payment Party or Payment Parties within a Payment Group (a “Separately Settling Payment Group”) enters into a settlement agreement with any Non-Settling Private Claimant that resolves a Cause of Action similar in scope to those released by a Settling Private Claimant under this Agreement on overall payment terms that are more favorable to the Non-Settling Private Claimant on a net present value basis (calculated with a 7.0% discount rate, discounted back to the date of the first payment) than the overall payment terms the Non-Settling Private Claimant would have received under this Agreement based on the same level of participation, the Private Claimant MFN Representative shall have thirty (30) calendar days after receiving notice of such settlement to review, pursuant to Section 11.20(b), of the overall payment terms of this Agreement solely concerning that Separately Settling Payment Group and the Non-Settling Private Claimant agreement, pursuant to clauses (a) through (f) below. This review allows such Private Claimant

¹⁶ This sentence shall not apply to the States.

MFN Representative to obtain overall payment terms at least as favorable as those secured by the Non-Settling Private Claimant, solely with respect to the Separately Settling Payment Group. "Overall payment terms" include consideration of all payment terms of both agreements, including, but not limited to, the amount, timing, and any conditions or contingencies of payments. Any changes to a Separately Settling Payment Group's overall payment terms shall not adversely affect any other Payment Group.

(a) For any settlement involving Shareholder Released Claims entered into with a Non-Settling Private Claimant, the Separately Settling Payment Group shall provide the MDT (with a copy to the Sackler Parties' Representative) with the settlement agreement or relevant consent judgment within thirty (30) calendar days of the settlement's consummation. The MDT shall promptly distribute a copy to the Private Claimant MFN Representative, which notice shall start the thirty (30) day review period.

(b) In the event that a Private Claimant MFN Representative believes that the overall payment terms of an agreement by a Separately Settling Payment Group with a Non-Settling Private Claimant are more favorable to the Non-Settling Private Claimant as set forth in Section 11.20(a), the Private Claimant MFN Representative and the Separately Settling Payment Group shall engage in the following process:

(i) Within sixty (60) calendar days of the date on which the MDT provides a settlement agreement or consent judgment to the Private Claimant MFN Representative, the Private Claimant MFN Representative shall provide notice to the Separately Settling Payment Group (with a copy to the Sackler Parties' Representative) of its intent to seek revision of this Agreement to provide payment terms to the [Settling Private Claimants] that are, on an overall basis, as favorable as those obtained by the Non-Settling Private Claimant as described above. To the extent allowed by law, such notice shall be confidential and not disclosed publicly and shall provide, in detail, the basis for the Private Claimant MFN Representative's belief that it is entitled to a revision of the Agreement.

(ii) The Separately Settling Payment Group shall, within thirty (30) calendar days, provide a response to the Private Claimant MFN Representative (with a copy to the Sackler Parties' Representative), explaining its position, in detail, as to whether the Settling Private Claimant(s) are entitled to more favorable overall payment terms than those provided for in this Agreement.

(iii) In the event the Private Claimant MFN Representative and the Separately Settling Payment Group do not reach agreement as to the application of this Section 11.20(b), the Private Claimant MFN Representative may, at the sole cost of the Settling Private Claimant(s) and the separately Payment Group, petition the National Arbitration Panel to seek a ruling from the National Arbitration Panel as to the applicability of this Section 11.20(b), *provided* that the Private Claimant MFN Representative may seek such review only if at least [] Settling Private Claimants co-sign the petition. The National Arbitration Panel shall consider submissions and argument by the parties pursuant to the procedures set forth in Section 2.07(e).

(iv) The Private Claimant MFN Representative and Non-Settling Private Claimant(s) and the Separately Settling Payment Group shall be bound by the determination of the National Arbitration Panel of the overall payment terms of this Agreement and the Non-Settling Private Claimant agreement so that such Private Claimant MFN Representative may obtain, with respect to the Separately Settling Payment Group, overall payment terms at least as favorable as those obtained by such Non-Settling Private Claimant. A copy of the Panel's decision shall be promptly shared with the Sackler Parties' Representative.

(c) [This Section 11.20(c) does not apply to, and there is no ability of any Settling Private Claimant to seek or obtain revision of this Agreement based on, any agreement with a Shareholder Released

Party that is entered into with a Non-Settling Private Claimant after: (a) either the earlier of (i) after the close of expert discovery or (ii) after a date ninety (90) calendar days prior to the scheduled start date of a trial (including an administrative proceeding) between the Shareholder Released Party and the Non-Settling Private Claimant, *provided* that, where, in order to complete a settlement, a Non-Settling Private Claimant and the Released Party jointly request an adjournment of the scheduled start date of a trial within ninety (90) calendar days of that date, this exception will take account of such adjournment; or (b) a Non-Settling Private Claimant that has obtained any court order or judicial determination that grants judgment (in whole or in part) against any Released Party in the Non-Settling Private Claimant's case. The National Arbitration Panel shall have no power to review agreements that satisfy any of the conditions described in this paragraph.]

(d) [This Section 11.20 does not apply to, and there is no ability of any Settling Private Claimant to seek or obtain revision of this Agreement based on, any agreement between a Shareholder Released Party and federally recognized tribes, Non-Participating Subdivisions (as defined in the Governmental Entity & Shareholder Direct Settlement Agreement), Non-Settling States (as defined in the Governmental Entity & Shareholder Direct Settlement Agreement), Non-Participating Special Districts (as defined in the Governmental Entity & Shareholder Direct Settlement Agreement) or [●].]

(e) This Section 11.20 will not apply to any agreement entered into more than eighteen (18) months after the Plan Effective Date.

(f) This Section 11.20 may be waived by the Private Claimant MFN Representative.

Section 11.21 Debtor Asset Sales. The Debtors shall not sell or otherwise dispose of any of their assets (other than in the ordinary course) at any time on or before the Settlement Effective Date without the written consent of the Sackler Parties' Representative unless such asset sale or other disposition would not impose tax costs or liabilities on, or otherwise adversely impact, any Shareholder Released Party. This Section 11.21 shall be effective as of the Agreement Effective Date.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the date first written above.

[MDT]

By: _____
Name:
Title:

[Sackler Parties' Representative]

By: _____
Name:
Title:

[Sackler Party 1]

By: _____
Name:
Title:

[Sackler Party 2]

By: _____
Name:
Title:

[Sackler Party 3]

By: _____
Name:
Title:

[Debtor 1]

By: _____
Name:
Title:

[Debtor 2]

By: _____
Name:
Title:

[Debtor 3]

By: _____
Name:
Title:

Purdue Pharma L.P.

Estimated Distribution Chart

Note: See page 12 for underlying key assumptions.

Estimated Distribution Chart

State	Payment Type	Payment Date 1	Payment Date 2	Payment Date 3	Payment Date 4	Payment Date 5	Payment Date 6	Payment Date 7	Payment Date 8	Payment Date 9	Payment Date 10	Payment Date 11	Payment Date 12	Payment Date 13	Payment Date 14	Payment Date 15	Payment Date 16	Totals	State Total Maximum Payment
Alabama	Estate	\$ 5,466,233.45	\$ 177,617.79	\$ 321,925.15	\$ 766,528.10	\$ 163,216.84	\$ 2,361,575.05	\$ 2,747,888.90	\$ 1,961,896.74	\$ 2,000,142.08	\$ 850,689.03	\$ 936,339.08	\$ 936,339.08	\$ 936,339.08	\$ 1,503,030.79	\$ 1,503,030.79	\$ 1,622,384.89	\$ 24,255,176.85	\$ 75,497,381.74
	Base	\$ 2,814,636.32	\$ 965,836.22	\$ 1,177,415.19	\$ 946,667.97	\$ 682,770.71	\$ 481,152.66	\$ 252,604.39	\$ 257,842.21	\$ 281,192.79	\$ 491,717.26	\$ 557,769.81	\$ 557,769.81	\$ 557,769.81	\$ 1,180,415.64	\$ 1,180,415.64	\$ 1,366,391.07	\$ 13,566,391.07	
	Incentive A	\$ 3,706,585.43	\$ 2,915,111.33	\$ 3,530,090.15	\$ 2,850,433.35	\$ 1,438,447.59	\$ 820,848.16	\$ 806,495.14	\$ 819,829.13	\$ 879,273.05	\$ 1,464,017.16	\$ 1,639,300.55	\$ 1,639,300.55	\$ 1,639,300.55	\$ 3,462,376.84	\$ 3,462,376.84	\$ 3,462,376.84	\$ 34,536,162.67	
	Incentive B	\$ 2,190,255.03	\$ 1,722,565.79	\$ 2,085,962.36	\$ 1,684,346.98	\$ 849,991.76	\$ 485,046.64	\$ 476,565.31	\$ 484,444.49	\$ 519,570.44	\$ 585,101.05	\$ 968,677.60	\$ 968,677.60	\$ 968,677.60	\$ 2,045,949.95	\$ 2,045,949.95	\$ 2,045,949.95	\$ 20,407,732.49	
	Incentive C	\$ 1,516,330.40	\$ 1,192,545.55	\$ 1,444,127.79	\$ 1,166,086.37	\$ 588,455.83	\$ 335,801.52	\$ 329,929.83	\$ 335,384.65	\$ 359,702.61	\$ 598,916.11	\$ 670,622.95	\$ 670,622.95	\$ 670,622.95	\$ 1,416,426.89	\$ 1,416,426.89	\$ 1,416,426.89	\$ 14,128,430.18	
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 313,965.12	\$ 313,965.12	\$ 313,965.12	\$ 313,965.12	\$ 313,965.12	\$ 313,965.12	\$ 313,965.12	\$ 313,965.12	\$ 3,139,651.15	
	Max Incentive Payment	\$ 3,706,585.43	\$ 2,915,111.33	\$ 3,530,090.15	\$ 2,850,433.35	\$ 1,438,447.59	\$ 820,848.16	\$ 1,120,460.25	\$ 1,133,794.25	\$ 1,193,238.16	\$ 1,777,982.27	\$ 1,953,265.67	\$ 1,953,265.67	\$ 1,953,265.67	\$ 3,776,341.95	\$ 3,776,341.95	\$ 3,776,341.95	\$ 37,675,813.82	
State Total		\$ 11,987,454.20	\$ 4,058,565.34	\$ 5,029,430.49	\$ 4,563,629.43	\$ 2,284,435.14	\$ 3,663,575.86	\$ 4,120,953.54	\$ 3,353,533.21	\$ 3,474,573.04	\$ 3,120,388.56	\$ 3,447,374.56	\$ 3,447,374.56	\$ 3,447,374.56	\$ 6,459,788.38	\$ 6,459,788.38	\$ 6,579,142.49	\$ 75,497,381.74	
Alaska	Estate	\$ 884,026.54	\$ 28,725.24	\$ 52,063.34	\$ 123,966.75	\$ 26,396.24	\$ 381,925.70	\$ 444,402.30	\$ 317,287.73	\$ 323,472.96	\$ 137,577.67	\$ 151,429.43	\$ 151,429.43	\$ 151,429.43	\$ 243,077.64	\$ 243,077.64	\$ 262,380.18	\$ 3,922,668.20	\$ 12,209,813.19
	Base	\$ 455,196.86	\$ 156,199.85	\$ 190,417.46	\$ 153,099.87	\$ 110,421.08	\$ 77,814.41	\$ 40,852.44	\$ 41,699.53	\$ 45,475.90	\$ 79,522.97	\$ 90,205.32	\$ 90,205.32	\$ 90,205.32	\$ 190,902.71	\$ 190,902.71	\$ 190,902.71	\$ 2,194,024.44	
	Incentive A	\$ 599,447.49	\$ 471,446.35	\$ 570,903.79	\$ 460,986.30	\$ 232,632.92	\$ 132,751.66	\$ 130,430.42	\$ 132,586.86	\$ 142,200.42	\$ 236,768.16	\$ 265,115.86	\$ 265,115.86	\$ 265,115.86	\$ 559,952.85	\$ 559,952.85	\$ 559,952.85	\$ 5,585,360.51	
	Incentive B	\$ 354,218.97	\$ 278,581.93	\$ 337,352.24	\$ 272,401.00	\$ 137,464.91	\$ 78,444.16	\$ 77,072.52	\$ 78,346.78	\$ 84,027.52	\$ 139,908.46	\$ 156,659.37	\$ 156,659.37	\$ 156,659.37	\$ 330,881.23	\$ 330,881.23	\$ 330,881.23	\$ 3,300,440.30	
	Incentive C	\$ 245,228.52	\$ 192,864.41	\$ 233,551.55	\$ 188,585.31	\$ 95,168.01	\$ 54,307.50	\$ 53,357.90	\$ 54,240.08	\$ 58,172.90	\$ 96,859.70	\$ 108,456.49	\$ 108,456.49	\$ 108,456.49	\$ 229,071.62	\$ 229,071.62	\$ 229,071.62	\$ 2,284,920.21	
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,776.00	\$ 50,776.00	\$ 50,776.00	\$ 50,776.00	\$ 50,776.00	\$ 50,776.00	\$ 50,776.00	\$ 50,776.00	\$ 507,760.05	
	Max Incentive Payment	\$ 599,447.49	\$ 471,446.35	\$ 570,903.79	\$ 460,986.30	\$ 232,632.92	\$ 132,751.66	\$ 181,206.42	\$ 183,362.86	\$ 192,976.43	\$ 287,544.16	\$ 315,891.87	\$ 315,891.87	\$ 315,891.87	\$ 610,728.86	\$ 610,728.86	\$ 610,728.86	\$ 6,093,120.56	
State Total		\$ 1,938,670.89	\$ 656,371.43	\$ 813,384.59	\$ 738,052.92	\$ 369,450.25	\$ 592,491.76	\$ 666,461.16	\$ 542,350.12	\$ 561,925.28	\$ 504,644.80	\$ 557,526.61	\$ 557,526.61	\$ 557,526.61	\$ 1,044,709.20	\$ 1,044,709.20	\$ 1,064,011.74	\$ 12,209,813.19	
American Samoa	Estate	\$ 57,732.84	\$ 1,875.95	\$ 3,400.08	\$ 8,095.86	\$ 1,723.85	\$ 24,942.30	\$ 29,022.44	\$ 20,721.01	\$ 21,124.95	\$ 9,884.74	\$ 9,889.35	\$ 9,889.35	\$ 9,889.35	\$ 15,874.59	\$ 15,874.59	\$ 17,135.18	\$ 256,176.46	\$ 797,382.44
	Base	\$ 29,727.40	\$ 10,200.89	\$ 12,435.53	\$ 9,998.44	\$ 7,211.24	\$ 5,081.80	\$ 2,667.94	\$ 2,723.26	\$ 2,969.88	\$ 5,193.38	\$ 5,891.01	\$ 5,891.01	\$ 5,891.01	\$ 12,467.22	\$ 12,467.22	\$ 12,467.22	\$ 143,284.47	
	Incentive A	\$ 39,147.93	\$ 30,788.60	\$ 37,283.83	\$ 30,105.49	\$ 15,192.49	\$ 8,669.57	\$ 8,517.98	\$ 8,658.81	\$ 9,286.64	\$ 15,462.54	\$ 17,313.84	\$ 17,313.84	\$ 17,313.84	\$ 36,568.67	\$ 36,568.67	\$ 36,568.67	\$ 364,761.39	
	Incentive B	\$ 23,132.87	\$ 18,193.26	\$ 22,031.36	\$ 17,891.61	\$ 8,977.38	\$ 5,122.93	\$ 5,033.35	\$ 5,116.57	\$ 5,487.56	\$ 9,136.96	\$ 10,230.90	\$ 10,230.90	\$ 10,230.90	\$ 21,608.76	\$ 21,608.76	\$ 21,608.76	\$ 215,540.82	
	Incentive C	\$ 16,015.06	\$ 12,595.34	\$ 15,252.48	\$ 12,315.88	\$ 6,215.11	\$ 3,546.64	\$ 3,484.63	\$ 3,542.24	\$ 3,799.08	\$ 6,325.59	\$ 7,082.93	\$ 7,082.93	\$ 7,082.93	\$ 14,959.91	\$ 14,959.91	\$ 14,959.91	\$ 149,220.57	
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,316.01	\$ 3,316.01	\$ 3,316.01	\$ 3,316.01	\$ 3,316.01	\$ 3,316.01	\$ 3,316.01	\$ 3,316.01	\$ 3,316.01	\$ 33,160.13	
	Max Incentive Payment	\$ 39,147.93	\$ 30,788.60	\$ 37,283.83	\$ 30,105.49	\$ 15,192.49	\$ 8,669.57	\$ 11,833.99	\$ 11,974.82	\$ 12,602.65	\$ 18,778.56	\$ 20,629.85	\$ 20,629.85	\$ 20,629.85	\$ 39,884.68	\$ 39,884.68	\$ 39,884.68	\$ 397,921.51	
State Total		\$ 126,608.17	\$ 42,865.44	\$ 53,119.45	\$ 46,199.79	\$ 24,127.57	\$ 38,693.67	\$ 43,524.37	\$ 35,419.09	\$ 36,697.48	\$ 32,956.68	\$ 36,410.22	\$ 36,410.22	\$ 36,410.22	\$ 66,226.50	\$ 66,226.50	\$ 69,487.08	\$ 797,382.44	
Arizona	Estate	\$ 7,832,525.65	\$ 254,507.23	\$ 461,284.18	\$ 1,098,352.48	\$ 233,872.21	\$ 3,383,883.50	\$ 3,937,429.76	\$ 2,811,187.39	\$ 2,865,988.86	\$ 1,218,946.05	\$ 1,341,673.37	\$ 1,341,673.37	\$ 1,341,673.37	\$ 2,153,681.74	\$ 2,153,681.74	\$ 2,324,703.37	\$ 34,755,064.25	\$ 108,179,642.18
	Base	\$ 4,033,070.22	\$ 1,383,939.60	\$ 1,687,109.55	\$ 1,356,473.56	\$ 978,337.12	\$ 689,440.10	\$ 361,954.97	\$ 369,460.21	\$ 402,919.08	\$ 704,578.04	\$ 799,224.26	\$ 799,224.26	\$ 799,224.26	\$ 1,691,408.87	\$ 1,691,408.87	\$ 1,691,408.87	\$ 19,439,181.83	
	Incentive A	\$ 5,311,138.96	\$ 4,177,041.56	\$ 5,058,240.18	\$ 4,084,364.95	\$ 2,061,140.96	\$ 1,176,187.27	\$ 1,155,620.94	\$ 1,174,727.13	\$ 1,259,903.87	\$ 2,097,779.40	\$ 2,348,941.69	\$ 2,348,941.69	\$ 2,348,941.69	\$ 4,961,214.27	\$ 4,961,214.27	\$ 4,961,214.27	\$ 49,486,613.10	
	Incentive B	\$ 3,138,400.29	\$ 2,468,251.83	\$ 2,988,960.11	\$ 2,413,488.38	\$ 1,217,946.93	\$ 695,019.75	\$ 682,866.92	\$ 694,156.94	\$ 744,488.65	\$ 1,239,596.92	\$ 1,388,011.00	\$ 1,388,011.00	\$ 1,388,011.00	\$ 2,931,626.61	\$ 2,931,626.61	\$ 2,931,626.61	\$ 29,242,089.56	
	Incentive C	\$ 2,172,738.67	\$ 1,708,789.73	\$ 2,069,280.07	\$ 1,670,876.57	\$ 843,194.03	\$ 481,167.52	\$ 472,754.02	\$ 480,570.19	\$ 515,415.22	\$ 858,182.48	\$ 960,930.69	\$ 960,930.69	\$ 960,930.69	\$ 2,029,587.66	\$ 2,029,587.66	\$ 2,029,587.66	\$ 20,244,523.54	
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 449,878.30	\$ 449,878.30	\$ 449,878.30	\$ 449,878.30	\$ 449,878.30	\$ 449,878.30	\$ 449,878.30	\$ 449,878.30	\$ 4,498,783.01	
	Max Incentive Payment	\$ 5,311,138.96	\$ 4,177,041.56	\$ 5,058,240.18	\$ 4,084,364.95	\$ 2,061,140.96	\$ 1,176,187.27	\$ 1,155,620.94	\$ 1,174,727.13	\$ 1,259,903.87	\$ 2,097,779.40	\$ 2,348,941.69	\$ 2,348,941.69	\$ 2,348,941.69	\$ 4,961,214.27	\$ 4,961,214.27	\$ 4,961,214.27	\$ 49,486,613.10	
State Total		\$ 17,176,734.82	\$ 5,815,488.39	\$ 7,206,633.91	\$ 6,539,190.99	\$ 3,273,350.29	\$ 5,249,510.87	\$ 5,904,883.97	\$ 4,805,253.03	\$ 4,978,690.11	\$ 4,471,181.79	\$ 4,939,717.61	\$ 4,939,717.61	\$ 4,939,717.61	\$ 9,256,183.19	\$ 9,256,183.19	\$ 9,427,204.81	\$ 108,179,642.18	
Arkansas	Estate	\$ 3,224,513.40	\$ 104,776.16	\$ 189,902.60	\$ 452,172.45	\$ 96,281.09	\$ 1,393,085.47	\$ 1,620,970.76	\$ 1,157,316.53	\$ 1,179,877.33	\$ 501,818.70	\$ 552,343.39	\$ 552,343.39	\$ 552,343.39	\$ 886,632.99	\$ 886,632.99	\$ 957,039.59	\$ 14,308,050.24	\$ 44,535,660.89
	Base	\$ 1,660,344.26	\$ 569,743.66	\$ 694,553.40	\$ 558,436.37	\$ 402,764.23	\$ 283,830.39	\$ 149,010.51	\$ 152,100.29	\$ 165,874.72	\$ 290,062.42	\$ 329,026.61	\$ 329,026.61	\$ 329,026.61	\$ 696,323.36	\$ 696,323.36	\$ 696,323.36	\$ 8,002,770.14	
	Incentive A	\$ 2,186,502.74	\$ 1,719,614.73	\$ 2,082,388.75	\$ 1,681,461.40	\$ 848,535.57	\$ 484,215.67	\$ 475,748.87	\$ 483,614.55	\$ 518,680.32	\$ 863,618.98	\$ 967,018.09	\$ 967,018.09	\$ 967,018.09	\$ 2,042,444.88	\$ 2,042,444.88	\$ 2,042,444.88	\$ 20,372,770.47	
	Incentive B	\$ 1,292,024.34	\$ 1,016,135.98	\$ 1,230,502.44	\$ 993,590.83	\$ 501,407.38	\$ 286,127.44	\$ 281,124.33	\$ 285,772.23	\$ 306,492.92	\$ 510,320.31	\$ 571,419.78	\$ 571,419.78	\$ 571,419.78	\$ 1,206,899.25	\$ 1,206,899.25	\$ 1,206,899.25	\$ 12,038,455.28	
	Incentive C	\$ 894,478.39	\$ 703,478.75	\$ 851,886.30	\$ 687,870.57	\$ 347,128.19	\$ 198,088.23	\$ 194,624.54	\$ 197,842.32	\$ 212,187.40	\$ 353,298.67	\$ 395,598.31	\$ 395,598.31	\$ 395,598.31	\$ 835,545.63	\$ 835,545.63	\$ 835,545.63	\$ 8,334,315.19	
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 185,207.00	\$ 185,207.00	\$ 185,207.00	\$ 185,207.00	\$ 185,207.00	\$ 185,207.00	\$ 185,207.00	\$ 185,207.00	\$ 1,8,2	

Estimated Distribution Chart

State	Payment Type	Payment Date 1	Payment Date 2	Payment Date 3	Payment Date 4	Payment Date 5	Payment Date 6	Payment Date 7	Payment Date 8	Payment Date 9	Payment Date 10	Payment Date 11	Payment Date 12	Payment Date 13	Payment Date 14	Payment Date 15	Payment Date 16	Totals	State Total Maximum Payment
Colorado	Estate	\$ 5,478,523.39	\$ 178,017.14	\$ 322,648.95	\$ 768,251.52	\$ 163,583.81	\$ 2,366,884.67	\$ 2,754,067.08	\$ 1,966,307.75	\$ 2,004,639.08	\$ 852,601.67	\$ 938,444.28	\$ 938,444.28	\$ 938,444.28	\$ 1,506,410.11	\$ 1,506,410.11	\$ 1,626,032.56	\$ 24,309,710.69	\$ 75,667,125.39
	Base	\$ 2,820,963.57	\$ 968,007.74	\$ 1,180,062.41	\$ 948,796.40	\$ 684,305.81	\$ 482,234.45	\$ 253,172.33	\$ 258,421.93	\$ 281,825.01	\$ 492,822.81	\$ 559,023.87	\$ 559,023.87	\$ 559,023.87	\$ 1,183,069.61	\$ 1,183,069.61	\$ 1,183,069.61	\$ 13,596,892.90	
	Incentive A	\$ 3,714,919.09	\$ 2,921,665.49	\$ 3,538,026.99	\$ 2,856,842.09	\$ 1,441,681.71	\$ 822,693.70	\$ 808,308.41	\$ 821,672.39	\$ 881,249.95	\$ 1,467,308.76	\$ 1,642,986.26	\$ 1,642,986.26	\$ 1,642,986.26	\$ 3,470,161.43	\$ 3,470,161.43	\$ 3,470,161.43	\$ 34,613,811.65	
	Incentive B	\$ 2,195,179.46	\$ 1,726,438.70	\$ 2,090,652.31	\$ 1,688,133.96	\$ 851,902.83	\$ 486,137.19	\$ 477,636.79	\$ 485,533.68	\$ 520,738.61	\$ 867,046.09	\$ 970,855.51	\$ 970,855.51	\$ 970,855.51	\$ 2,050,549.94	\$ 2,050,549.94	\$ 2,050,549.94	\$ 20,453,615.97	
	Incentive C	\$ 1,519,739.63	\$ 1,195,226.79	\$ 1,447,374.68	\$ 1,168,708.13	\$ 589,778.88	\$ 336,556.51	\$ 330,671.62	\$ 336,138.70	\$ 360,511.34	\$ 600,262.68	\$ 672,130.74	\$ 672,130.74	\$ 672,130.74	\$ 1,419,611.50	\$ 1,419,611.50	\$ 1,419,611.50	\$ 14,160,195.67	
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 314,671.01	\$ 314,671.01	\$ 314,671.01	\$ 314,671.01	\$ 314,671.01	\$ 314,671.01	\$ 314,671.01	\$ 314,671.01	\$ 314,671.01	\$ 3,146,710.15	
	Max Incentive Payment	\$ 3,714,919.09	\$ 2,921,665.49	\$ 3,538,026.99	\$ 2,856,842.09	\$ 1,441,681.71	\$ 822,693.70	\$ 1,122,979.43	\$ 1,136,343.40	\$ 1,195,920.97	\$ 1,781,979.78	\$ 1,957,657.27	\$ 1,957,657.27	\$ 1,957,657.27	\$ 3,784,832.45	\$ 3,784,832.45	\$ 3,784,832.45	\$ 37,760,521.79	
	State Total	\$ 12,014,406.05	\$ 4,067,690.37	\$ 5,040,738.35	\$ 4,573,890.01	\$ 2,289,571.32	\$ 3,671,812.82	\$ 4,130,218.84	\$ 3,361,073.08	\$ 3,482,385.05	\$ 3,127,404.25	\$ 3,455,125.42	\$ 3,455,125.42	\$ 3,455,125.42	\$ 6,474,312.17	\$ 6,474,312.17	\$ 6,593,934.62	\$ 75,667,125.39	
Connecticut	Estate	\$ 5,175,781.37	\$ 2,484,375.06	\$ 2,070,312.55	\$ 2,070,312.55	\$ 2,070,312.55	\$ 2,070,312.55	\$ 1,783,324.27	\$ 1,783,324.27	\$ 334,105.48	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,842,160.64	\$ 61,761,296.81
	Base	\$ 2,894,914.95	\$ 1,389,559.18	\$ 1,157,965.98	\$ 1,157,965.98	\$ 1,157,965.98	\$ 1,157,965.98	\$ 997,447.87	\$ 997,447.87	\$ 186,871.68	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,098,105.47	
	Incentive A	\$ 7,369,627.88	\$ 3,537,421.38	\$ 2,947,851.15	\$ 2,947,851.15	\$ 2,947,851.15	\$ 2,947,851.15	\$ 2,539,217.81	\$ 2,539,217.81	\$ 475,722.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,252,611.47	
	Incentive B	\$ 4,354,780.11	\$ 2,090,294.45	\$ 1,741,912.04	\$ 1,741,912.04	\$ 1,741,912.04	\$ 1,741,912.04	\$ 1,500,446.89	\$ 1,500,446.89	\$ 281,108.46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,694,724.96	
	Incentive C	\$ 3,014,847.77	\$ 1,447,126.93	\$ 1,205,939.11	\$ 1,205,939.11	\$ 1,205,939.11	\$ 1,205,939.11	\$ 1,038,770.92	\$ 1,038,770.92	\$ 194,613.55	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,557,886.51	
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 856,139.74	\$ 856,139.74	\$ 856,139.74	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,568,419.22	
	Max Incentive Payment	\$ 7,369,627.88	\$ 3,537,421.38	\$ 2,947,851.15	\$ 2,947,851.15	\$ 2,947,851.15	\$ 2,947,851.15	\$ 3,395,357.55	\$ 3,395,357.55	\$ 1,331,861.74	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,821,030.69	
	State Total	\$ 15,440,324.20	\$ 7,411,355.62	\$ 6,176,129.68	\$ 6,176,129.68	\$ 6,176,129.68	\$ 6,176,129.68	\$ 6,176,129.68	\$ 6,176,129.68	\$ 6,176,129.68	\$ 1,852,838.90	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,761,296.81	
Delaware	Estate	\$ 8,804,018.52	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,804,018.52	\$ 27,403,648.77
	Base	\$ 4,924,258.40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,924,258.40	
	Incentive A	\$ 12,535,757.53	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,535,757.53	
	Incentive B	\$ 7,407,493.09	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,407,493.09	
	Incentive C	\$ 5,128,264.45	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,128,264.45	
	Incentive D	\$ 1,139,614.32	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,139,614.32	
	Max Incentive Payment	\$ 13,675,371.85	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,675,371.85	
	State Total	\$ 27,403,648.77	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,403,648.77	
District of Columbia	Estate	\$ 6,290,154.81	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,290,154.81	\$ 19,578,922.12
	Base	\$ 3,518,205.64	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,518,205.64	
	Incentive A	\$ 8,956,348.20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,956,348.20	
	Incentive B	\$ 5,292,387.58	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,292,387.58	
	Incentive C	\$ 3,663,960.63	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,663,960.63	
	Incentive D	\$ 814,213.47	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 814,213.47	
	Max Incentive Payment	\$ 9,770,561.68	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,770,561.68	
	State Total	\$ 19,578,922.12	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,578,922.12	
Florida	Estate	\$ 21,318,274.26	\$ 752,714.90	\$ 1,364,265.67	\$ 3,248,419.64	\$ 691,686.06	\$ 10,007,965.45	\$ 11,652,779.59	\$ 8,321,874.53	\$ 8,483,951.96	\$ 3,612,759.58	\$ 3,975,730.34	\$ 3,975,730.34	\$ 3,975,730.34	\$ 6,377,276.31	\$ 6,377,276.31	\$ 6,883,079.33	\$ 101,019,514.62	\$ 314,436,332.73
	Base	\$ 10,895,053.08	\$ 4,093,054.54	\$ 4,989,691.31	\$ 4,011,822.66	\$ 2,893,469.61	\$ 2,039,045.57	\$ 1,074,791.21	\$ 1,096,988.23	\$ 1,195,944.13	\$ 2,088,112.09	\$ 2,368,031.92	\$ 2,368,031.92	\$ 2,368,031.92	\$ 5,006,702.19	\$ 5,006,702.19	\$ 5,006,702.19	\$ 56,502,174.74	
	Incentive A	\$ 13,078,410.80	\$ 12,353,760.88	\$ 14,959,939.65	\$ 12,079,666.26	\$ 6,095,903.56	\$ 3,478,619.05	\$ 3,428,728.37	\$ 3,485,235.65	\$ 3,737,149.15	\$ 6,215,198.21	\$ 6,958,020.32	\$ 6,958,020.32	\$ 6,958,020.32	\$ 14,683,916.84	\$ 14,683,916.84	\$ 14,683,916.84	\$ 143,838,423.08	
	Incentive B	\$ 7,728,151.84	\$ 7,299,949.61	\$ 8,839,964.34	\$ 7,137,984.61	\$ 3,602,124.83	\$ 2,055,547.62	\$ 2,026,066.76	\$ 2,059,457.43	\$ 2,208,315.41	\$ 3,672,617.13	\$ 4,111,557.46	\$ 4,111,557.46	\$ 4,111,557.46	\$ 8,676,859.95	\$ 8,676,859.95	\$ 8,676,859.95	\$ 84,995,431.82	
	Incentive C	\$ 5,350,258.97	\$ 5,053,811.27	\$ 6,119,975.31	\$ 4,941,681.65	\$ 2,493,778.73	\$ 1,423,071.43	\$ 1,402,661.61	\$ 1,425,778.22	\$ 1,528,833.74	\$ 2,542,581.09	\$ 2,846,462.86	\$ 2,846,462.86	\$ 2,846,462.86	\$ 6,007,056.89	\$ 6,007,056.89	\$ 6,007,056.89	\$ 58,842,991.26	
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,307,622.03	\$ 1,307,622.03	\$ 1,307,622.03	\$ 1,307,622.03	\$ 1,307,622.03	\$ 1,307,622.03	\$ 1,307,622.03	\$ 1,307,622.03	\$ 1,307,622.03	\$ 13,076,220.28	
	Max Incentive Payment	\$ 13,078,410.80	\$ 12,353,760.88	\$ 14,959,939.65	\$ 12,079,666.26	\$ 6,095,903.56	\$ 3,478,619.05	\$ 3,476,350.40	\$ 4,792,857.68	\$ 5,044,771.18	\$ 7,522,820.24	\$ 8,265,642.35	\$ 8,265,642.35	\$ 8,265,642.35	\$ 15,991,538.87	\$ 15,991,538.87	\$ 15,991,538.87	\$ 156,914,643.36	
	State Total	\$ 45,291,738.14	\$ 17,199,530.32	\$ 21,313,896.63	\$ 19,339,908.57	\$ 9,681,059.23	\$ 15,525,630.07	\$ 17,463,921.20	\$ 14,211,720.44	\$ 14,742,667.28	\$ 13,223,691.90	\$ 14,609,404.61	\$ 14,609,404.61	\$ 14,609,404.61	\$ 27,375,517.37	\$ 27,375,517.37	\$ 27,881,320.39	\$ 314,436,332.73	
Georgia	Estate	\$ 9,192,943.60	\$ 298,712.15	\$ 541,403.83	\$ 1,289,123.43	\$ 274,493.08	\$ 3,971,624.43	\$ 4,621,315.19	\$ 3,299,457.72	\$ 3,363,777.55	\$ 1,430,662.70	\$ 1,574,706.32	\$ 1,574,706.32	\$ 1,574,706.32	\$ 2,527,751.03	\$ 2,527,751.03	\$ 2,728,477.11	\$ 40,791,611.81	\$ 126,969,178.88
	Base	\$ 4,733,567.27	\$ 1,624,313.70	\$ 1,980,140.72	\$ 1,592,077.13	\$ 1,148,262.82	\$ 809,187.76	\$ 424,822.31	\$ 433,631.12	\$ 472,901.41	\$ 826,954.99	\$ 938,040.15	\$ 938,040.15	\$ 938,040.15	\$ 1,985,186.78	\$ 1,985,186.78	\$ 1,985,186.78	\$ 22,815,540.02	
	Incentive A	\$ 6,233,621.59	\$ 4,902,544.75	\$ 5,936,797.25	\$ 4,793,771.31	\$ 2,419,137.00	\$ 1,380,477.23	\$ 1,356,338.76	\$ 1,378,763.47	\$ 1,478,734.42	\$ 2,462,139.11	\$ 2,756,925.34	\$ 2,756,925.34	\$ 2,756,925.34	\$ 5,822,919.08	\$ 5,822,919.08	\$ 5,822,919.08	\$ 58,081,858.14	
	Incentive B	\$ 3,683,503.66	\$ 2,896,958.26	\$ 3,508,107.47	\$ 2,832,683.04	\$ 1,429,490.04	\$ 815,736.54	\$ 801,472.90	\$ 814,723.87	\$ 873,797.61	\$ 1,454,900.38	\$ 1,629,092.25	\$ 1,629,092.25	\$ 1,629,092.25	\$ 3,440,815.82	\$ 3,440,815.82	\$ 3,440,815.82	\$ 34,321,097.99	
	Incentive C	\$ 2,550,117.92	\$ 2,005,586.49	\$ 2,428,687.48	\$ 1,961,088.26	\$ 989,646.95	\$ 564,740.68	\$ 554,865.86	\$ 564,039.60	\$ 604,936.81	\$ 1,007,238.73	\$ 1,127,833.10	\$ 1,127,833.10	\$ 1,127,833.10	\$ 2,382,103.26	\$ 2,382,103.26	\$ 2,382,103.26	\$ 23,760,700.15	
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 528,016.89	\$ 528,016.89	\$ 528,016.89	\$ 528,016.89	\$ 528,016.89	\$ 528,016.89	\$ 528,016.89	\$ 5,280,168.92		
	Max Incentive Payment	\$ 6,233,621.59	\$ 4,902,544.75	\$ 5,936,797.25	\$ 4,793,771.31	\$ 2,419,137.00	\$ 1,380,477.23	\$ 1,384,356.65	\$ 1,906,780.36	\$ 2,006,751.31	\$ 2,990,156.00	\$							

Estimated Distribution Chart

State	Payment Type	Payment Date 1	Payment Date 2	Payment Date 3	Payment Date 4	Payment Date 5	Payment Date 6	Payment Date 7	Payment Date 8	Payment Date 9	Payment Date 10	Payment Date 11	Payment Date 12	Payment Date 13	Payment Date 14	Payment Date 15	Payment Date 16	Totals	State Total Maximum Payment
Guam	Estate	\$ 171,064.26	\$ 5,558.50	\$ 10,074.56	\$ 23,988.28	\$ 5,107.83	\$ 73,904.84	\$ 85,994.42	\$ 61,397.02	\$ 62,593.89	\$ 26,622.08	\$ 29,302.47	\$ 29,302.47	\$ 29,302.47	\$ 47,036.93	\$ 47,036.93	\$ 50,772.09	\$ 759,059.04	\$ 2,362,669.65
	Base	\$ 88,083.23	\$ 30,225.58	\$ 36,846.88	\$ 29,225.71	\$ 21,367.12	\$ 15,057.54	\$ 7,905.18	\$ 8,069.10	\$ 7,999.85	\$ 15,388.16	\$ 17,455.25	\$ 17,455.25	\$ 17,455.25	\$ 36,940.78	\$ 36,940.78	\$ 36,940.78	\$ 424,556.45	
	Incentive A	\$ 115,996.56	\$ 91,227.60	\$ 110,473.19	\$ 89,203.52	\$ 45,015.82	\$ 25,688.22	\$ 25,239.04	\$ 25,656.33	\$ 27,516.61	\$ 45,816.01	\$ 51,301.46	\$ 51,301.46	\$ 51,301.46	\$ 108,354.12	\$ 108,354.12	\$ 108,354.12	\$ 1,080,799.65	
	Incentive B	\$ 68,543.42	\$ 53,907.22	\$ 65,279.61	\$ 52,711.17	\$ 26,600.26	\$ 15,179.40	\$ 14,913.98	\$ 15,160.56	\$ 16,259.81	\$ 27,073.10	\$ 30,314.50	\$ 30,314.50	\$ 30,314.50	\$ 64,027.44	\$ 64,027.44	\$ 64,027.44	\$ 638,654.34	
	Incentive C	\$ 47,453.14	\$ 37,320.38	\$ 45,193.58	\$ 36,492.35	\$ 18,415.56	\$ 10,508.82	\$ 10,325.06	\$ 10,495.77	\$ 11,256.79	\$ 18,742.91	\$ 20,986.96	\$ 20,986.96	\$ 20,986.96	\$ 44,326.69	\$ 44,326.69	\$ 44,326.69	\$ 442,145.31	
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,825.45	\$ 9,825.45	\$ 9,825.45	\$ 9,825.45	\$ 9,825.45	\$ 9,825.45	\$ 9,825.45	\$ 9,825.45	\$ 9,825.45	\$ 98,254.51	
	Max Incentive Payment	\$ 115,996.56	\$ 91,227.60	\$ 110,473.19	\$ 89,203.52	\$ 45,015.82	\$ 25,688.22	\$ 35,064.49	\$ 35,481.78	\$ 37,342.06	\$ 55,641.46	\$ 61,126.91	\$ 61,126.91	\$ 61,126.91	\$ 118,179.58	\$ 118,179.58	\$ 118,179.58	\$ 1,179,054.16	
State Total	\$ 375,144.06	\$ 127,011.68	\$ 157,394.63	\$ 142,817.52	\$ 71,490.77	\$ 114,650.59	\$ 128,964.10	\$ 104,947.89	\$ 108,735.80	\$ 97,651.70	\$ 107,884.63	\$ 107,884.63	\$ 107,884.63	\$ 202,157.29	\$ 202,157.29	\$ 205,892.44	\$ 2,362,669.65		
Hawaii	Estate	\$ 1,146,285.82	\$ 37,246.99	\$ 67,508.69	\$ 160,743.28	\$ 34,227.07	\$ 495,229.49	\$ 576,240.68	\$ 411,415.73	\$ 419,435.89	\$ 178,392.08	\$ 196,353.16	\$ 196,353.16	\$ 196,353.16	\$ 315,190.14	\$ 315,190.14	\$ 340,219.06	\$ 5,086,384.53	\$ 15,832,031.13
	Base	\$ 590,237.61	\$ 202,538.80	\$ 246,907.55	\$ 198,519.16	\$ 143,179.10	\$ 100,899.18	\$ 52,971.91	\$ 54,070.30	\$ 58,966.99	\$ 103,114.61	\$ 116,966.03	\$ 116,966.03	\$ 116,966.03	\$ 247,536.76	\$ 247,536.76	\$ 247,536.76	\$ 2,844,913.57	
	Incentive A	\$ 777,282.27	\$ 611,307.73	\$ 740,270.67	\$ 597,744.56	\$ 301,646.85	\$ 172,134.36	\$ 169,124.49	\$ 171,920.67	\$ 184,386.24	\$ 307,008.86	\$ 343,766.32	\$ 343,766.32	\$ 343,766.32	\$ 726,070.98	\$ 726,070.98	\$ 726,070.98	\$ 7,242,338.61	
	Incentive B	\$ 459,303.16	\$ 361,227.30	\$ 437,432.67	\$ 353,212.70	\$ 178,245.86	\$ 101,715.76	\$ 99,937.20	\$ 101,589.49	\$ 108,955.50	\$ 181,414.33	\$ 203,134.65	\$ 203,134.65	\$ 203,134.65	\$ 429,041.94	\$ 429,041.94	\$ 429,041.94	\$ 4,279,563.72	
	Incentive C	\$ 317,979.11	\$ 250,080.44	\$ 302,838.00	\$ 244,531.87	\$ 123,400.98	\$ 70,418.60	\$ 69,187.29	\$ 70,331.18	\$ 75,430.73	\$ 125,594.53	\$ 140,631.68	\$ 140,631.68	\$ 140,631.68	\$ 297,029.04	\$ 297,029.04	\$ 297,029.04	\$ 2,962,774.88	
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,839.44	\$ 65,839.44	\$ 65,839.44	\$ 65,839.44	\$ 65,839.44	\$ 65,839.44	\$ 65,839.44	\$ 65,839.44	\$ 65,839.44	\$ 658,394.42	
	Max Incentive Payment	\$ 777,282.27	\$ 611,307.73	\$ 740,270.67	\$ 597,744.56	\$ 301,646.85	\$ 172,134.36	\$ 234,963.93	\$ 237,760.11	\$ 250,225.68	\$ 372,848.30	\$ 409,605.77	\$ 409,605.77	\$ 409,605.77	\$ 791,910.42	\$ 791,910.42	\$ 791,910.42	\$ 7,900,733.02	
State Total	\$ 2,513,805.69	\$ 851,093.53	\$ 1,054,686.91	\$ 957,007.00	\$ 479,053.01	\$ 768,263.03	\$ 864,176.52	\$ 703,246.14	\$ 728,628.56	\$ 654,354.99	\$ 722,924.96	\$ 722,924.96	\$ 722,924.96	\$ 1,354,637.32	\$ 1,354,637.32	\$ 1,379,666.24	\$ 15,832,031.13		
Idaho	Estate	\$ 1,768,829.99	\$ 547,475.72	\$ 104,172.44	\$ 248,042.44	\$ 52,815.68	\$ 764,187.04	\$ 889,195.15	\$ 634,854.30	\$ 647,230.19	\$ 275,276.25	\$ 302,991.93	\$ 302,991.93	\$ 302,991.93	\$ 486,368.90	\$ 486,368.90	\$ 524,990.94	\$ 7,848,783.74	\$ 24,430,356.69
	Base	\$ 910,793.77	\$ 312,536.97	\$ 381,002.26	\$ 306,334.28	\$ 220,939.21	\$ 155,697.20	\$ 81,740.79	\$ 83,435.70	\$ 90,991.77	\$ 159,115.82	\$ 180,489.91	\$ 180,489.91	\$ 180,489.91	\$ 381,973.18	\$ 381,973.18	\$ 381,973.18	\$ 4,389,977.05	
	Incentive A	\$ 1,199,421.78	\$ 943,307.01	\$ 1,142,309.30	\$ 922,377.73	\$ 465,470.28	\$ 265,619.98	\$ 260,975.46	\$ 265,290.24	\$ 284,525.82	\$ 473,744.39	\$ 530,464.72	\$ 530,464.72	\$ 530,464.72	\$ 1,120,397.81	\$ 1,120,397.81	\$ 1,120,397.81	\$ 11,175,629.58	
	Incentive B	\$ 708,749.24	\$ 557,408.69	\$ 675,000.95	\$ 545,041.39	\$ 275,050.62	\$ 156,957.26	\$ 154,212.77	\$ 156,762.41	\$ 168,128.89	\$ 279,939.87	\$ 313,456.42	\$ 313,456.42	\$ 313,456.42	\$ 662,053.25	\$ 662,053.25	\$ 662,053.25	\$ 6,603,781.12	
	Incentive C	\$ 490,672.55	\$ 385,898.32	\$ 467,308.35	\$ 377,336.34	\$ 190,419.66	\$ 108,662.72	\$ 106,762.69	\$ 108,527.82	\$ 116,396.33	\$ 193,804.52	\$ 217,008.29	\$ 217,008.29	\$ 217,008.29	\$ 458,344.56	\$ 458,344.56	\$ 458,344.56	\$ 4,571,848.47	
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101,596.63	\$ 101,596.63	\$ 101,596.63	\$ 101,596.63	\$ 101,596.63	\$ 101,596.63	\$ 101,596.63	\$ 101,596.63	\$ 101,596.63	\$ 1,015,966.33	
	Max Incentive Payment	\$ 1,199,421.78	\$ 943,307.01	\$ 1,142,309.30	\$ 922,377.73	\$ 465,470.28	\$ 265,619.98	\$ 362,572.09	\$ 366,886.87	\$ 386,122.45	\$ 575,341.03	\$ 632,061.35	\$ 632,061.35	\$ 632,061.35	\$ 1,221,994.44	\$ 1,221,994.44	\$ 1,221,994.44	\$ 12,191,595.91	
State Total	\$ 3,879,045.54	\$ 1,313,319.70	\$ 1,627,484.00	\$ 1,476,754.45	\$ 739,225.18	\$ 1,185,504.23	\$ 1,333,508.03	\$ 1,085,176.87	\$ 1,124,344.40	\$ 1,009,733.10	\$ 1,115,543.19	\$ 1,115,543.19	\$ 1,115,543.19	\$ 2,090,336.52	\$ 2,090,336.52	\$ 2,128,958.57	\$ 24,430,356.69		
Illinois	Estate	\$ 10,092,887.08	\$ 356,364.05	\$ 645,895.59	\$ 1,537,926.21	\$ 327,470.66	\$ 4,738,153.94	\$ 5,516,871.92	\$ 3,939,893.96	\$ 4,016,627.62	\$ 1,710,418.68	\$ 1,882,262.93	\$ 1,882,262.93	\$ 1,882,262.93	\$ 3,019,246.72	\$ 3,019,246.72	\$ 3,258,713.23	\$ 47,826,505.18	\$ 148,866,196.33
	Base	\$ 5,158,135.18	\$ 1,937,808.70	\$ 2,362,318.87	\$ 1,899,350.42	\$ 1,369,879.27	\$ 965,362.23	\$ 508,847.30	\$ 519,356.22	\$ 566,205.73	\$ 988,592.19	\$ 1,121,116.96	\$ 1,121,116.96	\$ 1,121,116.96	\$ 2,370,364.47	\$ 2,370,364.47	\$ 2,370,364.47	\$ 26,750,292.39	
	Incentive A	\$ 6,191,820.31	\$ 5,848,743.29	\$ 7,082,608.09	\$ 5,718,976.41	\$ 2,886,034.09	\$ 1,646,911.42	\$ 1,623,291.26	\$ 1,650,043.97	\$ 1,769,309.47	\$ 2,942,512.75	\$ 3,294,193.17	\$ 3,294,193.17	\$ 3,294,193.17	\$ 6,951,928.32	\$ 6,951,928.32	\$ 6,951,928.32	\$ 68,098,615.53	
	Incentive B	\$ 3,658,802.91	\$ 3,456,075.58	\$ 4,185,177.51	\$ 3,379,395.15	\$ 1,705,383.78	\$ 973,174.93	\$ 959,217.56	\$ 975,025.98	\$ 1,045,501.05	\$ 1,738,757.53	\$ 1,946,568.69	\$ 1,946,568.69	\$ 1,946,568.69	\$ 4,107,957.65	\$ 4,107,957.65	\$ 4,107,957.65	\$ 40,240,090.99	
	Incentive C	\$ 2,533,017.40	\$ 2,392,667.71	\$ 2,897,430.58	\$ 2,339,581.26	\$ 1,180,650.31	\$ 673,736.49	\$ 664,073.70	\$ 675,017.99	\$ 723,808.42	\$ 1,203,755.21	\$ 1,347,624.48	\$ 1,347,624.48	\$ 1,347,624.48	\$ 2,843,970.68	\$ 2,843,970.68	\$ 2,843,970.68	\$ 27,858,524.53	
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 619,078.32	\$ 619,078.32	\$ 619,078.32	\$ 619,078.32	\$ 619,078.32	\$ 619,078.32	\$ 619,078.32	\$ 619,078.32	\$ 619,078.32	\$ 6,190,783.23	
	Max Incentive Payment	\$ 6,191,820.31	\$ 5,848,743.29	\$ 7,082,608.09	\$ 5,718,976.41	\$ 2,886,034.09	\$ 1,646,911.42	\$ 2,242,369.58	\$ 2,269,122.29	\$ 2,388,387.79	\$ 3,561,591.07	\$ 3,913,271.49	\$ 3,913,271.49	\$ 3,913,271.49	\$ 7,571,006.65	\$ 7,571,006.65	\$ 7,571,006.65	\$ 74,289,398.76	
State Total	\$ 21,442,842.57	\$ 8,142,916.04	\$ 10,090,814.55	\$ 9,156,253.03	\$ 4,583,384.02	\$ 7,350,427.58	\$ 8,268,088.80	\$ 6,728,372.47	\$ 6,971,221.14	\$ 6,260,601.94	\$ 6,916,651.38	\$ 6,916,651.38	\$ 6,916,651.38	\$ 12,960,617.84	\$ 12,960,617.84	\$ 13,200,084.35	\$ 148,866,196.33		
Indiana	Estate	\$ 7,309,273.57	\$ 237,504.87	\$ 430,468.08	\$ 1,024,977.01	\$ 218,248.38	\$ 3,157,823.08	\$ 3,674,389.67	\$ 2,623,385.95	\$ 2,674,526.40	\$ 1,137,514.32	\$ 1,252,042.84	\$ 1,252,042.84	\$ 1,252,042.84	\$ 2,009,804.98	\$ 2,009,804.98	\$ 2,169,401.50	\$ 32,433,251.31	\$ 100,952,698.49
	Base	\$ 3,763,640.86	\$ 1,291,485.48	\$ 1,574,402.15	\$ 1,265,854.31	\$ 912,979.28	\$ 643,382.03	\$ 337,774.56	\$ 344,778.41	\$ 376,002.06	\$ 657,508.68	\$ 745,832.06	\$ 745,832.06	\$ 745,832.06	\$ 1,578,414.26	\$ 1,578,414.26	\$ 1,578,414.26	\$ 18,140,546.81	
	Incentive A	\$ 4,956,328.19	\$ 3,897,994.19	\$ 4,720,324.32	\$ 3,811,508.85	\$ 1,923,446.38	\$ 1,097,612.05	\$ 1,078,419.66	\$ 1,096,249.45	\$ 1,175,735.97	\$ 1,957,637.20	\$ 2,192,020.58	\$ 2,192,020.58	\$ 2,192,020.58	\$ 4,629,780.23	\$ 4,629,780.23	\$ 4,629,780.23	\$ 46,180,658.68	
	Incentive B	\$ 2,928,739.39	\$ 2,303,360.20	\$ 2,789,283.55	\$ 2,252,255.23	\$ 1,136,581.95	\$ 648,588.94	\$ 637,247.98	\$ 647,783.77	\$ 694,753.07	\$ 1,156,785.62	\$ 1,295,284.89	\$ 1,295,284.89	\$ 1,295,284.89	\$ 2,735,779.22	\$ 2,735,779.22	\$ 2,735,779.22	\$ 27,288,571.04	
	Incentive C	\$ 2,027,588.81	\$ 1,594,633.99	\$ 1,931,041.77	\$ 1,559,253.62	\$ 786,864.43	\$ 449,023.11	\$ 441,171.68	\$ 448,465.69	\$ 480,982.89	\$ 800,851.58	\$ 896,735.69	\$ 896,735.69	\$ 896,735.69	\$ 1,894,001.00	\$ 1,894,001.00	\$ 1,894,001.00	\$ 18,892,087.64	
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 419,824.17	\$ 419,824.17	\$ 419,8								

Estimated Distribution Chart

State	Payment Type	Payment Date 1	Payment Date 2	Payment Date 3	Payment Date 4	Payment Date 5	Payment Date 6	Payment Date 7	Payment Date 8	Payment Date 9	Payment Date 10	Payment Date 11	Payment Date 12	Payment Date 13	Payment Date 14	Payment Date 15	Payment Date 16	Totals	State Total Maximum Payment	
Kansas	Estate	\$ 2,675,329.96	\$ 86,931.19	\$ 157,559.31	\$ 375,160.63	\$ 79,882.96	\$ 1,155,821.93	\$ 1,344,894.90	\$ 960,208.01	\$ 978,926.36	\$ 416,351.38	\$ 458,270.95	\$ 458,270.95	\$ 458,270.95	\$ 735,625.97	\$ 735,625.97	\$ 794,041.26	\$ 11,871,172.68	\$ 36,950,563.64	
	Base	\$ 1,377,562.49	\$ 472,707.69	\$ 576,260.45	\$ 463,326.20	\$ 334,167.38	\$ 235,489.78	\$ 123,631.77	\$ 126,195.31	\$ 137,623.74	\$ 240,660.40	\$ 272,988.39	\$ 272,988.39	\$ 272,988.39	\$ 577,728.95	\$ 577,728.95	\$ 6,639,777.23	\$ 6,639,777.23		
	Incentive A	\$ 1,814,108.22	\$ 1,426,738.31	\$ 1,727,726.42	\$ 1,395,083.07	\$ 704,017.12	\$ 401,746.41	\$ 394,721.63	\$ 401,247.62	\$ 430,341.21	\$ 716,531.59	\$ 802,320.27	\$ 802,320.27	\$ 802,320.27	\$ 1,694,585.60	\$ 1,694,585.60	\$ 1,694,585.60	\$ 16,802,979.24		
	Incentive B	\$ 1,071,973.04	\$ 843,072.64	\$ 1,020,929.25	\$ 824,367.27	\$ 416,010.12	\$ 237,395.61	\$ 233,244.60	\$ 237,100.90	\$ 254,292.53	\$ 423,405.03	\$ 474,098.34	\$ 474,098.34	\$ 474,098.34	\$ 1,001,346.03	\$ 1,001,346.03	\$ 1,001,346.03	\$ 9,988,124.10		
	Incentive C	\$ 742,135.18	\$ 583,665.67	\$ 706,797.17	\$ 570,715.80	\$ 288,007.00	\$ 164,350.80	\$ 161,477.03	\$ 164,146.77	\$ 176,048.68	\$ 293,126.56	\$ 328,221.93	\$ 328,221.93	\$ 328,221.93	\$ 693,239.56	\$ 693,239.56	\$ 693,239.56	\$ 6,914,855.15		
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 153,663.45	\$ 153,663.45	\$ 153,663.45	\$ 153,663.45	\$ 153,663.45	\$ 153,663.45	\$ 153,663.45	\$ 153,663.45	\$ 1,536,634.48		
	Max Incentive Payment	\$ 1,814,108.22	\$ 1,426,738.31	\$ 1,727,726.42	\$ 1,395,083.07	\$ 704,017.12	\$ 401,746.41	\$ 394,721.63	\$ 401,247.62	\$ 430,341.21	\$ 716,531.59	\$ 802,320.27	\$ 802,320.27	\$ 802,320.27	\$ 1,694,585.60	\$ 1,694,585.60	\$ 1,694,585.60	\$ 18,439,613.72		
State Total		\$ 5,867,000.67	\$ 1,986,377.19	\$ 2,461,546.18	\$ 2,233,569.90	\$ 1,118,067.46	\$ 1,793,058.12	\$ 2,016,911.75	\$ 1,641,314.43	\$ 1,700,554.76	\$ 1,527,206.82	\$ 1,687,243.06	\$ 1,687,243.06	\$ 1,687,243.06	\$ 3,161,603.97	\$ 3,161,603.97	\$ 3,220,019.26	\$ 36,950,563.64		
Kentucky	Estate	\$ 3,677,223.92	\$ 2,451,482.61	\$ 2,451,482.61	\$ 2,451,482.61	\$ 2,451,482.61	\$ 2,451,482.61	\$ 2,196,612.84	\$ 2,196,612.84	\$ 2,196,612.84	\$ 970,871.53	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,495,347.04	\$ 73,132,312.97	
	Base	\$ 2,056,742.69	\$ 1,371,161.79	\$ 1,371,161.79	\$ 1,371,161.79	\$ 1,371,161.79	\$ 1,371,161.79	\$ 1,228,608.19	\$ 1,228,608.19	\$ 1,228,608.19	\$ 543,027.29	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,141,403.51		
	Incentive A	\$ 5,235,880.33	\$ 3,490,586.89	\$ 3,490,586.89	\$ 3,490,586.89	\$ 3,490,586.89	\$ 3,490,586.89	\$ 3,490,586.89	\$ 3,127,686.05	\$ 3,127,686.05	\$ 3,127,686.05	\$ 1,382,392.61	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,454,265.55		
	Incentive B	\$ 3,093,929.29	\$ 2,062,619.53	\$ 2,062,619.53	\$ 2,062,619.53	\$ 2,062,619.53	\$ 2,062,619.53	\$ 1,848,178.12	\$ 1,848,178.12	\$ 1,848,178.12	\$ 816,868.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,768,429.64		
	Incentive C	\$ 2,141,951.05	\$ 1,427,967.36	\$ 1,427,967.36	\$ 1,427,967.36	\$ 1,427,967.36	\$ 1,427,967.36	\$ 1,279,507.93	\$ 1,279,507.93	\$ 1,279,507.93	\$ 565,524.25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,685,835.91		
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 760,324.22	\$ 760,324.22	\$ 760,324.22	\$ 760,324.22	\$ -	\$ -	\$ -	\$ -	\$ 3,041,296.87		
	Max Incentive Payment	\$ 5,235,880.33	\$ 3,490,586.89	\$ 3,490,586.89	\$ 3,490,586.89	\$ 3,490,586.89	\$ 3,490,586.89	\$ 3,490,586.89	\$ 3,490,586.89	\$ 3,490,586.89	\$ 3,490,586.89	\$ 760,324.22	\$ 760,324.22	\$ 760,324.22	\$ -	\$ -	\$ -	\$ 36,495,562.42		
State Total		\$ 10,969,846.94	\$ 7,313,231.30	\$ 7,313,231.30	\$ 7,313,231.30	\$ 7,313,231.30	\$ 7,313,231.30	\$ 7,313,231.30	\$ 7,313,231.30	\$ 7,313,231.30	\$ 3,656,615.65	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73,132,312.97		
Louisiana	Estate	\$ 5,053,386.06	\$ 164,202.88	\$ 297,611.16	\$ 708,634.65	\$ 150,889.59	\$ 2,183,212.73	\$ 2,540,349.51	\$ 1,813,720.87	\$ 1,849,077.65	\$ 786,439.17	\$ 865,620.34	\$ 865,620.34	\$ 865,620.34	\$ 1,389,511.61	\$ 1,389,511.61	\$ 1,499,851.28	\$ 22,423,259.78	\$ 69,795,302.42	
	Base	\$ 2,602,054.78	\$ 892,889.65	\$ 1,088,488.73	\$ 875,169.12	\$ 631,203.19	\$ 444,812.71	\$ 233,525.98	\$ 238,368.20	\$ 259,955.19	\$ 454,579.40	\$ 515,643.22	\$ 515,643.22	\$ 515,643.22	\$ 1,091,262.56	\$ 1,091,262.56	\$ 1,091,262.56	\$ 12,541,764.30		
	Incentive A	\$ 3,426,638.71	\$ 2,694,942.16	\$ 3,263,473.57	\$ 2,635,149.10	\$ 1,329,806.18	\$ 758,852.08	\$ 745,583.10	\$ 757,910.02	\$ 812,864.33	\$ 1,353,444.56	\$ 1,515,489.35	\$ 1,515,489.35	\$ 1,515,489.35	\$ 3,200,874.43	\$ 3,200,874.43	\$ 3,200,874.43	\$ 31,927,755.14		
	Incentive B	\$ 2,024,831.97	\$ 1,592,465.82	\$ 1,928,416.20	\$ 1,357,133.56	\$ 785,794.56	\$ 448,412.59	\$ 440,571.83	\$ 447,852.92	\$ 480,328.92	\$ 799,762.69	\$ 895,516.43	\$ 895,516.43	\$ 895,516.43	\$ 1,891,425.80	\$ 1,891,425.80	\$ 1,891,425.80	\$ 18,866,400.76		
	Incentive C	\$ 1,401,806.75	\$ 1,102,476.34	\$ 1,335,057.37	\$ 1,078,015.54	\$ 544,011.62	\$ 310,439.49	\$ 305,011.27	\$ 310,054.10	\$ 332,535.41	\$ 553,681.86	\$ 619,972.92	\$ 619,972.92	\$ 619,972.92	\$ 1,309,448.63	\$ 1,309,448.63	\$ 1,309,448.63	\$ 13,061,354.38		
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 290,252.32	\$ 290,252.32	\$ 290,252.32	\$ 290,252.32	\$ 290,252.32	\$ 290,252.32	\$ 290,252.32	\$ 290,252.32	\$ 2,902,523.19		
	Max Incentive Payment	\$ 3,426,638.71	\$ 2,694,942.16	\$ 3,263,473.57	\$ 2,635,149.10	\$ 1,329,806.18	\$ 758,852.08	\$ 745,583.10	\$ 757,910.02	\$ 812,864.33	\$ 1,353,444.56	\$ 1,515,489.35	\$ 1,515,489.35	\$ 1,515,489.35	\$ 3,200,874.43	\$ 3,200,874.43	\$ 3,200,874.43	\$ 34,830,278.34		
State Total		\$ 11,082,079.56	\$ 3,752,034.69	\$ 4,649,573.46	\$ 4,218,952.88	\$ 2,111,898.95	\$ 3,386,877.52	\$ 3,809,710.91	\$ 3,100,251.41	\$ 3,212,149.49	\$ 2,884,715.45	\$ 3,187,005.22	\$ 3,187,005.22	\$ 3,187,005.22	\$ 5,971,900.92	\$ 5,971,900.92	\$ 6,082,240.59	\$ 69,795,302.42		
Maine	Estate	\$ 1,325,006.52	\$ 883,337.68	\$ 883,337.68	\$ 883,337.68	\$ 883,337.68	\$ 883,337.68	\$ 791,500.98	\$ 791,500.98	\$ 791,500.98	\$ 349,832.14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,466,030.02	\$ 26,351,615.75	
	Base	\$ 741,101.86	\$ 494,067.91	\$ 494,067.91	\$ 494,067.91	\$ 494,067.91	\$ 494,067.91	\$ 442,701.86	\$ 442,701.86	\$ 442,701.86	\$ 195,667.90	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,735,214.87		
	Incentive A	\$ 1,886,633.98	\$ 1,257,755.99	\$ 1,257,755.99	\$ 1,257,755.99	\$ 1,257,755.99	\$ 1,257,755.99	\$ 1,126,992.68	\$ 1,126,992.68	\$ 1,126,992.68	\$ 498,114.68	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,054,506.62		
	Incentive B	\$ 1,114,829.17	\$ 743,219.45	\$ 743,219.45	\$ 743,219.45	\$ 743,219.45	\$ 743,219.45	\$ 665,950.22	\$ 665,950.22	\$ 665,950.22	\$ 294,340.49	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,123,117.55		
	Incentive C	\$ 771,804.81	\$ 514,536.54	\$ 514,536.54	\$ 514,536.54	\$ 514,536.54	\$ 514,536.54	\$ 461,042.46	\$ 461,042.46	\$ 461,042.46	\$ 203,774.19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,931,389.07		
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 273,966.06	\$ 273,966.06	\$ 273,966.06	\$ 273,966.06	\$ 273,966.06	\$ 273,966.06	\$ 273,966.06	\$ 273,966.06	\$ 1,095,864.24		
	Max Incentive Payment	\$ 1,886,633.98	\$ 1,257,755.99	\$ 1,257,755.99	\$ 1,257,755.99	\$ 1,257,755.99	\$ 1,257,755.99	\$ 1,257,755.99	\$ 1,257,755.99	\$ 1,257,755.99	\$ 1,257,755.99	\$ 461,042.46	\$ 461,042.46	\$ 461,042.46	\$ 461,042.46	\$ 461,042.46	\$ 461,042.46	\$ 461,042.46		\$ 13,150,370.86
State Total		\$ 3,952,742.36	\$ 2,635,161.58	\$ 2,635,161.58	\$ 2,635,161.58	\$ 2,635,161.58	\$ 2,635,161.58	\$ 2,635,161.58	\$ 2,635,161.58	\$ 2,635,161.58	\$ 1,317,580.79	\$ 1,082,978.61	\$ 1,192,016.30	\$ 1,192,016.30	\$ 1,192,016.30	\$ 1,913,449.14	\$ 1,913,449.14	\$ 2,065,394.14	\$ 26,351,615.75	
Maryland	Estate	\$ 6,958,845.93	\$ 226,118.20	\$ 409,830.20	\$ 975,836.66	\$ 207,784.92	\$ 3,006,427.94	\$ 3,498,228.83	\$ 2,497,613.26	\$ 2,546,301.89	\$ 1,082,978.61	\$ 1,192,016.30	\$ 1,192,016.30	\$ 1,192,016.30	\$ 1,913,449.14	\$ 1,913,449.14	\$ 2,065,394.14	\$ 30,878,307.74	\$ 96,112,735.08	
	Base	\$ 3,583,201.07	\$ 1,229,567.94	\$ 1,498,920.78	\$ 1,205,165.60	\$ 869,208.42	\$ 612,536.44	\$ 321,580.68	\$ 328,248.74	\$ 357,975.44	\$ 625,985.82	\$ 710,074.72	\$ 710,074.72	\$ 710,074.72	\$ 1,502,740.53	\$ 1,502,740.53	\$ 1,502,740.53	\$ 17,270,836.69		
	Incentive A	\$ 4,718,707.53	\$ 3,711,113.11	\$ 4,494,018.36	\$ 3,628,774.13	\$ 1,831,230.82	\$ 1,044,989.37	\$ 1,026,717.11	\$ 1,043,692.09	\$ 1,119,367.79	\$ 1,863,782.42	\$ 2,086,928.79	\$ 2,086,928.79	\$ 2,086,928.79	\$ 4,407,815.21	\$ 4,407,815.21	\$ 4,407,815.21	\$ 43,966,624.76		
	Incentive B	\$ 2,788,327.18	\$ 2,192,930.48	\$ 2,655,556.30	\$ 2,144,275.62	\$ 1,082,090.94	\$ 617,493.72	\$ 606,696.47	\$ 616,727.15	\$ 661,444.61	\$ 1,101,325.98	\$ 1,233,185.20	\$ 1,233,185.20	\$ 1,233,185.20	\$ 2,604,618.08	\$ 2,604,618.08	\$ 2,604,618.08	\$ 25,980,278.27		
	Incentive C	\$ 1,930,380.35	\$ 1,518,182.64	\$ 1,838,462.06	\$ 1,484,498.51	\$ 749,139.88	\$ 427,495.65	\$ 420,020.63	\$ 426,464.95	\$ 457,923.19	\$ 762,456.45	\$ 853,743.60	\$ 853,743.60	\$ 853,743.60	\$ 1,803,197.13	\$ 1,803,197.13	\$ 1,803,197.13	\$ 17,986,346.49		
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 399,696.59	\$ 399,696.59	\$ 399,696.59	\$ 399,696.59	\$ 399,696.59	\$ 399,696.59	\$ 399,696.59	\$ 399,696.59	\$ 3,396,965.89		
	Max Incentive Payment	\$ 4,718,707.53	\$ 3,711,113.11	\$ 4,494,018.36	\$ 3,628,774.13	\$ 1,831,230.82	\$ 1,044,989.37	\$ 1,026,717.11	\$ 1,043,692.09	\$ 1,119,367.79	\$ 1,863,782.42	\$ 2,086,928.79	\$ 2,086,928.79	\$ 2,086,928.79	\$ 4,407,815.21	\$ 4,407,815.21	\$ 4,407,815.21	\$ 47,963,590.65		
State Total		\$																		

Estimated Distribution Chart

State	Payment Type	Payment Date 1	Payment Date 2	Payment Date 3	Payment Date 4	Payment Date 5	Payment Date 6	Payment Date 7	Payment Date 8	Payment Date 9	Payment Date 10	Payment Date 11	Payment Date 12	Payment Date 13	Payment Date 14	Payment Date 15	Payment Date 16	Totals	State Total	Maximum Payment
Michigan	Estate	\$ 11,216,742.09	\$ 364,472.72	\$ 660,592.24	\$ 1,572,920.03	\$ 334,921.89	\$ 4,845,965.43	\$ 5,638,683.63	\$ 4,025,823.27	\$ 4,104,302.92	\$ 1,745,618.72	\$ 1,921,373.11	\$ 1,921,373.11	\$ 1,921,373.11	\$ 3,084,227.71	\$ 3,084,227.71	\$ 3,329,143.02	\$ 49,771,760.70	\$154,921,056.26	
	Base	\$ 5,775,647.67	\$ 1,981,901.40	\$ 2,416,062.65	\$ 1,942,568.05	\$ 1,401,049.37	\$ 987,327.98	\$ 518,345.65	\$ 529,039.69	\$ 577,009.21	\$ 1,009,006.61	\$ 1,144,546.83	\$ 1,144,546.83	\$ 1,144,546.83	\$ 2,422,219.60	\$ 2,422,219.60	\$ 2,422,219.60	\$ 27,838,311.55		
	Incentive A	\$ 7,605,934.36	\$ 5,981,825.02	\$ 7,243,765.05	\$ 5,849,105.43	\$ 2,951,702.63	\$ 1,684,385.08	\$ 1,654,932.60	\$ 1,682,294.04	\$ 1,864,273.29	\$ 3,004,171.52	\$ 3,363,854.05	\$ 3,363,854.05	\$ 3,363,854.05	\$ 7,104,816.95	\$ 7,104,816.95	\$ 7,104,816.95	\$ 70,688,402.01		
	Incentive B	\$ 4,494,415.76	\$ 3,534,714.78	\$ 4,280,406.62	\$ 3,456,289.57	\$ 1,744,187.92	\$ 995,318.45	\$ 977,914.72	\$ 994,082.84	\$ 1,066,161.49	\$ 1,775,192.26	\$ 1,987,731.94	\$ 1,987,731.94	\$ 1,987,731.94	\$ 4,198,300.92	\$ 4,198,300.92	\$ 4,198,300.92	\$ 41,876,783.01		
	Incentive C	\$ 3,111,518.60	\$ 2,447,110.24	\$ 2,963,358.43	\$ 2,392,815.86	\$ 1,207,514.71	\$ 689,066.62	\$ 677,017.88	\$ 688,211.20	\$ 738,111.80	\$ 1,228,979.26	\$ 1,376,122.11	\$ 1,376,122.11	\$ 1,376,122.11	\$ 2,906,516.02	\$ 2,906,516.02	\$ 2,906,516.02	\$ 28,991,619.00		
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 644,258.20	\$ 644,258.20	\$ 644,258.20	\$ 644,258.20	\$ 644,258.20	\$ 644,258.20	\$ 644,258.20	\$ 644,258.20	\$ 6,442,582.00		
	Max Incentive Payment	\$ 7,605,934.36	\$ 5,981,825.02	\$ 7,243,765.05	\$ 5,849,105.43	\$ 2,951,702.63	\$ 1,684,385.08	\$ 2,299,190.80	\$ 2,326,552.24	\$ 2,448,531.49	\$ 3,648,429.73	\$ 4,008,112.25	\$ 4,008,112.25	\$ 4,008,112.25	\$ 7,749,075.15	\$ 7,749,075.15	\$ 7,749,075.15	\$ 77,310,984.01		
State Total		\$ 24,598,324.12	\$ 8,328,199.14	\$ 10,320,419.94	\$ 9,364,593.51	\$ 4,687,673.89	\$ 7,517,678.49	\$ 8,456,220.08	\$ 6,881,469.19	\$ 7,129,843.61	\$ 6,403,055.06	\$ 7,074,032.18	\$ 7,074,032.18	\$ 7,074,032.18	\$ 13,255,522.45	\$ 13,255,522.45	\$ 13,500,437.76	\$ 154,921,056.26		
Minnesota	Estate	\$ 4,277,168.66	\$ 138,980.76	\$ 251,897.06	\$ 599,785.94	\$ 127,112.43	\$ 1,847,863.78	\$ 2,150,143.12	\$ 1,535,127.13	\$ 1,565,052.99	\$ 665,639.42	\$ 732,658.09	\$ 732,658.09	\$ 732,658.09	\$ 1,176,077.87	\$ 1,176,077.87	\$ 1,269,468.98	\$ 18,978,970.28	\$59,074,504.92	
	Base	\$ 2,202,370.26	\$ 755,738.74	\$ 921,293.13	\$ 740,740.15	\$ 534,248.22	\$ 376,487.96	\$ 197,655.59	\$ 201,754.03	\$ 220,025.18	\$ 384,754.45	\$ 436,438.65	\$ 436,438.65	\$ 436,438.65	\$ 923,640.90	\$ 923,640.90	\$ 923,640.90	\$ 10,615,306.35		
	Incentive A	\$ 2,900,295.27	\$ 2,280,989.82	\$ 2,762,192.85	\$ 2,230,381.18	\$ 1,125,543.39	\$ 642,289.80	\$ 631,058.98	\$ 641,492.45	\$ 688,005.58	\$ 1,145,550.84	\$ 1,282,704.99	\$ 1,282,704.99	\$ 1,282,704.99	\$ 2,709,209.15	\$ 2,709,209.15	\$ 2,709,209.15	\$ 27,023,542.60		
	Incentive B	\$ 1,713,810.84	\$ 1,347,857.62	\$ 1,632,204.87	\$ 1,317,952.51	\$ 665,093.82	\$ 379,534.88	\$ 372,898.49	\$ 379,063.72	\$ 406,548.75	\$ 676,916.40	\$ 757,962.04	\$ 757,962.04	\$ 757,962.04	\$ 1,600,896.32	\$ 1,600,896.32	\$ 1,600,896.32	\$ 15,968,456.99		
	Incentive C	\$ 1,186,484.43	\$ 933,132.20	\$ 1,129,987.98	\$ 912,428.66	\$ 460,449.57	\$ 262,754.92	\$ 258,160.49	\$ 262,428.73	\$ 281,456.83	\$ 468,634.43	\$ 524,742.95	\$ 524,742.95	\$ 524,742.95	\$ 1,108,312.84	\$ 1,108,312.84	\$ 1,108,312.84	\$ 11,055,085.61		
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 245,668.57	\$ 245,668.57	\$ 245,668.57	\$ 245,668.57	\$ 245,668.57	\$ 245,668.57	\$ 245,668.57	\$ 245,668.57	\$ 2,456,685.69		
	Max Incentive Payment	\$ 2,900,295.27	\$ 2,280,989.82	\$ 2,762,192.85	\$ 2,230,381.18	\$ 1,125,543.39	\$ 642,289.80	\$ 876,727.55	\$ 887,161.02	\$ 933,674.15	\$ 1,391,219.41	\$ 1,528,373.56	\$ 1,528,373.56	\$ 1,528,373.56	\$ 2,954,877.72	\$ 2,954,877.72	\$ 2,954,877.72	\$ 29,480,228.29		
State Total		\$ 9,379,834.18	\$ 3,175,709.31	\$ 3,935,383.05	\$ 3,570,907.27	\$ 1,787,504.04	\$ 2,866,641.54	\$ 3,224,526.26	\$ 2,624,042.18	\$ 2,718,752.32	\$ 2,441,613.27	\$ 2,697,470.31	\$ 2,697,470.31	\$ 2,697,470.31	\$ 5,054,596.48	\$ 5,054,596.48	\$ 5,147,987.60	\$ 59,074,504.92		
Mississippi	Estate	\$ 2,965,498.21	\$ 96,359.82	\$ 174,648.31	\$ 415,850.83	\$ 88,547.13	\$ 1,281,183.22	\$ 1,490,763.19	\$ 1,064,352.87	\$ 1,083,101.43	\$ 507,509.16	\$ 507,975.35	\$ 507,975.35	\$ 507,975.35	\$ 815,412.50	\$ 815,412.50	\$ 880,163.56	\$ 13,518,728.79	\$40,958,248.92	
	Base	\$ 1,526,973.93	\$ 523,977.91	\$ 638,762.08	\$ 513,578.90	\$ 370,411.42	\$ 261,031.17	\$ 137,040.96	\$ 139,882.54	\$ 152,550.51	\$ 266,762.60	\$ 302,596.92	\$ 302,596.92	\$ 302,596.92	\$ 640,389.86	\$ 640,389.86	\$ 640,389.86	\$ 7,359,932.35		
	Incentive A	\$ 2,010,867.73	\$ 1,581,483.40	\$ 1,915,116.89	\$ 1,546,394.80	\$ 780,375.33	\$ 445,320.12	\$ 437,533.43	\$ 444,767.29	\$ 477,016.34	\$ 794,247.14	\$ 889,340.51	\$ 889,340.51	\$ 889,340.51	\$ 1,878,381.60	\$ 1,878,381.60	\$ 1,878,381.60	\$ 18,736,288.79		
	Incentive B	\$ 1,188,240.02	\$ 934,512.92	\$ 1,131,659.98	\$ 913,778.75	\$ 461,130.88	\$ 263,143.71	\$ 258,542.48	\$ 262,817.03	\$ 281,873.29	\$ 469,327.85	\$ 525,519.39	\$ 525,519.39	\$ 525,519.39	\$ 1,109,952.76	\$ 1,109,952.76	\$ 1,109,952.76	\$ 11,071,443.38		
	Incentive C	\$ 822,627.71	\$ 646,970.48	\$ 783,456.91	\$ 632,616.06	\$ 319,244.45	\$ 182,176.41	\$ 178,990.95	\$ 181,950.25	\$ 195,143.05	\$ 324,919.28	\$ 363,821.12	\$ 363,821.12	\$ 363,821.12	\$ 768,428.83	\$ 768,428.83	\$ 768,428.83	\$ 7,664,845.41		
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,329.90	\$ 170,329.90	\$ 170,329.90	\$ 170,329.90	\$ 170,329.90	\$ 170,329.90	\$ 170,329.90	\$ 170,329.90	\$ 1,703,298.98		
	Max Incentive Payment	\$ 2,010,867.73	\$ 1,581,483.40	\$ 1,915,116.89	\$ 1,546,394.80	\$ 780,375.33	\$ 445,320.12	\$ 607,863.33	\$ 615,097.19	\$ 647,346.23	\$ 964,577.03	\$ 1,059,670.41	\$ 1,059,670.41	\$ 1,059,670.41	\$ 2,048,711.49	\$ 2,048,711.49	\$ 2,048,711.49	\$ 20,439,587.77		
State Total		\$ 6,503,339.87	\$ 2,201,821.12	\$ 2,728,527.28	\$ 2,475,824.53	\$ 1,239,333.88	\$ 1,987,534.52	\$ 2,235,667.48	\$ 1,819,332.60	\$ 1,884,998.18	\$ 1,692,848.79	\$ 1,870,242.68	\$ 1,870,242.68	\$ 1,870,242.68	\$ 3,504,513.86	\$ 3,504,513.86	\$ 3,569,264.91	\$ 40,958,248.92		
Missouri	Estate	\$ 6,612,779.41	\$ 214,873.24	\$ 389,449.16	\$ 927,307.86	\$ 197,451.68	\$ 2,856,916.93	\$ 3,324,260.35	\$ 2,373,405.84	\$ 2,419,613.16	\$ 1,029,121.60	\$ 1,132,736.80	\$ 1,132,736.80	\$ 1,132,736.80	\$ 1,818,292.45	\$ 1,818,292.45	\$ 1,962,681.16	\$ 29,342,715.68	\$91,333,005.76	
	Base	\$ 3,405,006.87	\$ 1,168,420.98	\$ 1,424,378.77	\$ 1,145,232.18	\$ 825,982.30	\$ 582,074.73	\$ 305,588.33	\$ 311,924.78	\$ 340,173.16	\$ 594,855.27	\$ 674,762.39	\$ 674,762.39	\$ 674,762.39	\$ 1,428,008.57	\$ 1,428,008.57	\$ 1,428,008.57	\$ 16,411,950.26		
	Incentive A	\$ 4,484,044.09	\$ 3,526,557.80	\$ 4,270,528.82	\$ 3,448,313.57	\$ 1,740,162.89	\$ 993,021.58	\$ 975,658.01	\$ 991,788.82	\$ 1,063,701.13	\$ 1,771,095.69	\$ 1,983,144.89	\$ 1,983,144.89	\$ 1,983,144.89	\$ 4,188,612.59	\$ 4,188,612.59	\$ 4,188,612.59	\$ 41,780,144.84		
	Incentive B	\$ 2,649,662.42	\$ 2,083,875.06	\$ 2,523,494.30	\$ 2,037,639.84	\$ 1,028,278.07	\$ 586,785.48	\$ 576,525.19	\$ 586,057.03	\$ 628,550.67	\$ 1,046,556.54	\$ 1,171,858.34	\$ 1,171,858.34	\$ 1,171,858.34	\$ 2,475,089.26	\$ 2,475,089.26	\$ 2,475,089.26	\$ 24,688,267.40		
	Incentive C	\$ 1,834,381.67	\$ 1,442,682.74	\$ 1,747,034.52	\$ 1,410,673.73	\$ 711,884.82	\$ 406,236.10	\$ 399,132.82	\$ 405,731.79	\$ 435,150.46	\$ 724,539.15	\$ 811,286.55	\$ 811,286.55	\$ 811,286.55	\$ 1,713,523.33	\$ 1,713,523.33	\$ 1,713,523.33	\$ 17,091,877.43		
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 379,819.50	\$ 379,819.50	\$ 379,819.50	\$ 379,819.50	\$ 379,819.50	\$ 379,819.50	\$ 379,819.50	\$ 379,819.50	\$ 3,798,194.99		
	Max Incentive Payment	\$ 4,484,044.09	\$ 3,526,557.80	\$ 4,270,528.82	\$ 3,448,313.57	\$ 1,740,162.89	\$ 993,021.58	\$ 1,355,477.51	\$ 1,371,608.32	\$ 1,443,520.63	\$ 2,150,915.19	\$ 2,362,964.39	\$ 2,362,964.39	\$ 2,362,964.39	\$ 4,568,432.09	\$ 4,568,432.09	\$ 4,568,432.09	\$ 45,578,339.82		
State Total		\$ 14,501,830.37	\$ 4,909,852.02	\$ 6,084,356.75	\$ 5,520,853.61	\$ 2,763,596.87	\$ 4,432,013.24	\$ 4,985,326.18	\$ 4,056,938.94	\$ 4,203,366.95	\$ 3,774,892.05	\$ 4,170,463.57	\$ 4,170,463.57	\$ 4,170,463.57	\$ 8,714,733.12	\$ 8,714,733.12	\$ 9,959,121.82	\$ 91,333,005.76		
Montana	Estate	\$ 1,159,828.81	\$ 37,687.05	\$ 68,306.28	\$ 162,642.41	\$ 34,631.45	\$ 501,080.46	\$ 583,048.77	\$ 416,276.47	\$ 424,391.39	\$ 180,499.73	\$ 198,673.01	\$ 198,673.01	\$ 198,673.01	\$ 318,914.01	\$ 318,914.01	\$ 344,238.63	\$ 5,146,478.48	\$16,019,081.33	
	Base	\$ 597,211.07	\$ 204,931.73	\$ 249,824.69	\$ 200,864.60	\$ 144,870.71	\$ 102,091.27	\$ 53,597.76	\$ 54,709.12	\$ 59,663.66	\$ 104,332.87	\$ 118,347.95	\$ 118,347.95	\$ 118,347.95	\$ 250,461.32	\$ 250,461.32	\$ 250,461.32	\$ 2,878,525.28		
	Incentive A	\$ 786,465.60	\$ 618,530.13	\$ 749,016.72	\$ 604,806.72	\$ 305,210.70	\$ 174,168.07	\$ 171,122.64	\$ 173,951.85	\$ 186,564.70	\$ 310,636.07	\$ 347,827.81	\$ 347,827.81	\$ 347,827.81	\$ 734,649.27	\$ 734,649.27	\$ 734,649.27	\$ 7,327,904.44		
	Incentive B	\$ 464,729.67	\$ 365,495.08	\$ 442,600.79	\$ 357,385.79	\$ 180,351.78	\$ 102,917.52	\$ 101,117.92	\$ 102,789.73	\$ 110,242.78	\$ 183,557.68	\$ 205,534.61	\$ 205,534.61	\$ 205,534.61	\$ 434,110.93	\$ 434,110.93	\$ 434,110.93	\$ 4,330,125.35		
	Incentive C	\$ 3																		

Estimated Distribution Chart

State	Payment Type	Payment Date 1	Payment Date 2	Payment Date 3	Payment Date 4	Payment Date 5	Payment Date 6	Payment Date 7	Payment Date 8	Payment Date 9	Payment Date 10	Payment Date 11	Payment Date 12	Payment Date 13	Payment Date 14	Payment Date 15	Payment Date 16	Totals	State Total Maximum Payment	
Nebraska	Estate	\$ 1,429,521.23	\$ 46,450.34	\$ 84,189.39	\$ 200,461.29	\$ 42,684.23	\$ 617,595.59	\$ 718,623.81	\$ 513,072.32	\$ 523,074.18	\$ 222,470.93	\$ 244,870.00	\$ 244,870.00	\$ 244,870.00	\$ 393,070.37	\$ 393,070.37	\$ 424,283.68	\$ 6,343,177.74	\$ 19,743,962.87	
	Base	\$ 736,079.24	\$ 252,584.05	\$ 307,915.87	\$ 247,517.20	\$ 178,557.18	\$ 125,830.33	\$ 66,060.72	\$ 67,430.51	\$ 73,537.12	\$ 128,593.17	\$ 145,867.13	\$ 145,867.13	\$ 145,867.13	\$ 308,700.54	\$ 308,700.54	\$ 308,700.54	\$ 3,547,862.39		
	Incentive A	\$ 969,340.70	\$ 762,355.58	\$ 923,183.92	\$ 745,441.09	\$ 376,180.67	\$ 214,666.99	\$ 210,913.41	\$ 214,400.49	\$ 229,946.18	\$ 382,867.59	\$ 428,707.44	\$ 428,707.44	\$ 428,707.44	\$ 905,475.64	\$ 905,475.64	\$ 905,475.64	\$ 9,031,845.84		
	Incentive B	\$ 572,792.23	\$ 450,482.84	\$ 545,517.77	\$ 440,487.91	\$ 222,288.58	\$ 126,848.67	\$ 124,630.65	\$ 126,691.20	\$ 135,877.29	\$ 226,239.94	\$ 253,327.12	\$ 253,327.12	\$ 253,327.12	\$ 535,053.79	\$ 535,053.79	\$ 535,053.79	\$ 5,336,999.82		
	Incentive C	\$ 396,548.47	\$ 311,872.74	\$ 377,666.15	\$ 304,953.17	\$ 153,892.09	\$ 78,818.31	\$ 86,282.76	\$ 87,709.29	\$ 94,068.89	\$ 156,627.65	\$ 175,380.32	\$ 175,380.32	\$ 175,380.32	\$ 370,421.85	\$ 370,421.85	\$ 370,421.85	\$ 3,694,846.03		
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,107.69	\$ 82,107.69	\$ 82,107.69	\$ 82,107.69	\$ 82,107.69	\$ 82,107.69	\$ 82,107.69	\$ 82,107.69	\$ 82,107.69	\$ 821,076.89		
	Max Incentive Payment	\$ 969,340.70	\$ 762,355.58	\$ 923,183.92	\$ 745,441.09	\$ 376,180.67	\$ 214,666.99	\$ 293,021.10	\$ 296,508.18	\$ 312,053.87	\$ 464,975.28	\$ 510,815.13	\$ 510,815.13	\$ 510,815.13	\$ 987,583.33	\$ 987,583.33	\$ 987,583.33	\$ 9,852,922.74		
State Total	\$ 3,134,941.18	\$ 1,061,389.97	\$ 1,315,289.17	\$ 1,193,473.57	\$ 597,422.08	\$ 958,092.91	\$ 1,077,705.63	\$ 877,011.01	\$ 908,665.17	\$ 816,039.37	\$ 901,552.26	\$ 901,552.26	\$ 901,552.26	\$ 1,689,354.24	\$ 1,689,354.24	\$ 1,720,567.55	\$ 19,743,962.87			
Nevada	Estate	\$ 2,913,418.43	\$ 1,942,278.95	\$ 1,942,278.95	\$ 1,942,278.95	\$ 1,942,278.95	\$ 1,942,278.95	\$ 1,740,348.82	\$ 1,740,348.82	\$ 1,740,348.82	\$ 769,209.35	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,615,069.00	\$ 57,941,815.03	
	Base	\$ 1,629,531.46	\$ 1,086,354.31	\$ 1,086,354.31	\$ 1,086,354.31	\$ 1,086,354.31	\$ 1,086,354.31	\$ 973,410.87	\$ 973,410.87	\$ 973,410.87	\$ 430,233.71	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,411,769.31		
	Incentive A	\$ 4,148,322.37	\$ 2,765,548.25	\$ 2,765,548.25	\$ 2,765,548.25	\$ 2,765,548.25	\$ 2,765,548.25	\$ 2,478,026.46	\$ 2,478,026.46	\$ 2,478,026.46	\$ 1,095,252.34	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,505,395.33		
	Incentive B	\$ 2,451,281.40	\$ 1,634,187.60	\$ 1,634,187.60	\$ 1,634,187.60	\$ 1,634,187.60	\$ 1,634,187.60	\$ 1,464,288.36	\$ 1,464,288.36	\$ 1,464,288.36	\$ 647,194.56	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,662,279.06		
	Incentive C	\$ 1,697,040.97	\$ 1,131,360.65	\$ 1,131,360.65	\$ 1,131,360.65	\$ 1,131,360.65	\$ 1,131,360.65	\$ 1,013,738.10	\$ 1,013,738.10	\$ 1,013,738.10	\$ 448,057.78	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,843,116.27		
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 602,395.35	\$ 602,395.35	\$ 602,395.35	\$ 602,395.35	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,409,581.39		
	Max Incentive Payment	\$ 4,148,322.37	\$ 2,765,548.25	\$ 2,765,548.25	\$ 2,765,548.25	\$ 2,765,548.25	\$ 2,765,548.25	\$ 3,080,421.81	\$ 3,080,421.81	\$ 3,080,421.81	\$ 1,697,647.69	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,914,976.72		
State Total	\$ 8,691,272.25	\$ 5,794,181.50	\$ 5,794,181.50	\$ 5,794,181.50	\$ 5,794,181.50	\$ 5,794,181.50	\$ 5,794,181.50	\$ 5,794,181.50	\$ 5,794,181.50	\$ 5,794,181.50	\$ 2,897,090.75	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,941,815.03		
New Hampshire	Estate	\$ 2,476,363.94	\$ 1,584,872.92	\$ 1,386,763.81	\$ 990,545.58	\$ 990,545.58	\$ 990,545.58	\$ 689,453.83	\$ 194,181.04	\$ 95,126.49	\$ 95,126.49	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,493,525.26	\$ 29,549,827.85	
	Base	\$ 1,385,078.41	\$ 886,450.18	\$ 775,643.91	\$ 554,031.36	\$ 554,031.36	\$ 554,031.36	\$ 554,031.36	\$ 554,031.36	\$ 554,031.36	\$ 554,031.36	\$ 554,031.36	\$ 554,031.36	\$ 554,031.36	\$ 554,031.36	\$ 554,031.36	\$ 554,031.36	\$ 5,309,912.89		
	Incentive A	\$ 3,526,014.61	\$ 2,256,649.35	\$ 1,974,568.18	\$ 1,410,405.84	\$ 1,410,405.84	\$ 1,410,405.84	\$ 981,691.04	\$ 276,488.11	\$ 135,447.53	\$ 135,447.53	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,517,523.89		
	Incentive B	\$ 2,083,554.09	\$ 1,333,474.62	\$ 1,166,790.29	\$ 833,421.64	\$ 833,421.64	\$ 833,421.64	\$ 800,019.16	\$ 163,379.34	\$ 80,037.18	\$ 80,037.18	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,987,627.75		
	Incentive C	\$ 1,442,460.52	\$ 923,174.73	\$ 807,777.89	\$ 576,984.21	\$ 576,984.21	\$ 576,984.21	\$ 401,600.88	\$ 113,108.77	\$ 55,410.35	\$ 55,410.35	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,529,896.14		
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 307,216.45	\$ 307,216.45	\$ 307,216.45	\$ 307,216.45	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 1,228,865.81
	Max Incentive Payment	\$ 3,526,014.61	\$ 2,256,649.35	\$ 1,974,568.18	\$ 1,410,405.84	\$ 1,410,405.84	\$ 1,410,405.84	\$ 1,410,405.84	\$ 1,288,907.49	\$ 583,704.57	\$ 442,663.98	\$ 442,663.98	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 14,746,389.70
State Total	\$ 7,387,456.96	\$ 4,727,972.46	\$ 4,136,975.90	\$ 2,954,982.78	\$ 2,954,982.78	\$ 2,954,982.78	\$ 2,954,982.78	\$ 2,363,986.23	\$ 886,494.84	\$ 590,996.56	\$ 590,996.56	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,549,827.85		
New Jersey	Estate	\$ 9,083,900.75	\$ 295,168.95	\$ 534,981.93	\$ 1,273,832.39	\$ 271,237.16	\$ 3,924,514.68	\$ 4,566,499.08	\$ 3,260,320.93	\$ 3,323,877.83	\$ 1,413,692.77	\$ 1,556,027.81	\$ 1,556,027.81	\$ 1,556,027.81	\$ 2,497,767.91	\$ 2,497,767.91	\$ 2,696,113.06	\$ 40,307,758.77	\$ 125,463,123.60	
	Base	\$ 4,677,419.68	\$ 1,605,046.77	\$ 1,956,653.12	\$ 1,573,192.57	\$ 1,134,642.60	\$ 799,589.52	\$ 419,783.25	\$ 428,487.57	\$ 467,292.05	\$ 817,146.00	\$ 926,913.51	\$ 926,913.51	\$ 926,913.51	\$ 1,961,639.33	\$ 1,961,639.33	\$ 1,961,639.33	\$ 22,544,911.63		
	Incentive A	\$ 6,159,680.98	\$ 4,844,392.81	\$ 5,866,377.44	\$ 4,736,909.60	\$ 2,390,442.21	\$ 1,364,102.58	\$ 1,340,250.44	\$ 1,362,409.15	\$ 1,461,194.29	\$ 2,432,934.25	\$ 2,724,223.85	\$ 2,724,223.85	\$ 2,724,223.85	\$ 5,753,850.05	\$ 5,753,850.05	\$ 5,753,850.05	\$ 57,392,915.44		
	Incentive B	\$ 3,639,811.49	\$ 2,862,595.75	\$ 3,466,495.76	\$ 2,799,082.94	\$ 1,412,534.03	\$ 806,060.62	\$ 791,966.17	\$ 805,059.95	\$ 863,432.99	\$ 1,437,642.96	\$ 1,609,768.64	\$ 1,609,768.64	\$ 1,609,768.64	\$ 3,400,002.30	\$ 3,400,002.30	\$ 3,400,002.30	\$ 33,913,995.49		
	Incentive C	\$ 2,519,869.49	\$ 1,981,797.06	\$ 2,399,881.68	\$ 1,937,826.65	\$ 977,908.18	\$ 558,041.97	\$ 548,284.27	\$ 557,349.20	\$ 597,761.30	\$ 995,291.28	\$ 1,114,455.21	\$ 1,114,455.21	\$ 1,114,455.21	\$ 2,353,847.75	\$ 2,353,847.75	\$ 2,353,847.75	\$ 23,478,919.95		
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 521,753.78	\$ 521,753.78	\$ 521,753.78	\$ 521,753.78	\$ 521,753.78	\$ 521,753.78	\$ 521,753.78	\$ 521,753.78	\$ 521,753.78	\$ 5,217,537.77		
	Max Incentive Payment	\$ 6,159,680.98	\$ 4,844,392.81	\$ 5,866,377.44	\$ 4,736,909.60	\$ 2,390,442.21	\$ 1,364,102.58	\$ 1,362,004.22	\$ 1,884,162.93	\$ 1,982,948.07	\$ 2,954,688.02	\$ 3,245,977.63	\$ 3,245,977.63	\$ 3,245,977.63	\$ 3,245,977.63	\$ 6,275,603.82	\$ 6,275,603.82	\$ 6,275,603.82		\$ 62,610,453.20
State Total	\$ 19,921,001.41	\$ 6,744,608.54	\$ 8,358,012.49	\$ 7,583,934.56	\$ 3,796,321.96	\$ 6,088,206.78	\$ 6,848,286.54	\$ 5,572,971.43	\$ 5,774,117.94	\$ 5,185,526.79	\$ 5,728,918.94	\$ 5,728,918.94	\$ 5,728,918.94	\$ 10,735,011.06	\$ 10,735,011.06	\$ 10,933,356.20	\$ 125,463,123.60			
New Mexico	Estate	\$ 2,018,960.36	\$ 1,345,973.57	\$ 1,345,973.57	\$ 1,345,973.57	\$ 1,345,973.57	\$ 1,345,973.57	\$ 1,206,038.67	\$ 1,206,038.67	\$ 1,206,038.67	\$ 533,051.89	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,899,996.14	\$ 40,152,910.00	
	Base	\$ 1,129,243.71	\$ 752,829.14	\$ 752,829.14	\$ 752,829.14	\$ 752,829.14	\$ 752,829.14	\$ 674,560.83	\$ 674,560.83	\$ 674,560.83	\$ 298,146.26	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,215,218.16		
	Incentive A	\$ 2,874,732.43	\$ 1,916,488.29	\$ 1,916,488.29	\$ 1,916,488.29	\$ 1,916,488.29	\$ 1,916,488.29	\$ 1,717,239.50	\$ 1,717,239.50	\$ 1,717,239.50	\$ 758,995.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,367,887.73		
	Incentive B	\$ 1,698,705.53	\$ 1,132,470.35	\$ 1,132,470.35	\$ 1,132,470.35	\$ 1,132,470.35	\$ 1,132,470.35	\$ 1,014,732.43	\$ 1,014,732.43	\$ 1,014,732.43	\$ 448,497.26	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,853,751.84		
	Incentive C	\$ 1,176,026.90	\$ 784,017.94	\$ 784,017.94	\$ 784,017.94	\$ 784,017.94	\$ 784,017.94	\$ 702,507.07	\$ 702,507.07	\$ 702,507.07	\$ 310,498.10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,514,135.89		
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 417,451.99	\$ 417,451.99	\$ 417,451.99	\$ 417,451.99	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 1,669,807.98
	Max Incentive Payment	\$ 2,874,732.43	\$ 1,916,488.29	\$ 1,916,488.29	\$ 1,916,488.29	\$ 1,916,488.29	\$ 1,916,488.29	\$ 1,916,488.29	\$ 2,134,691.50	\$ 2,134,691.50	\$ 2,134,691.50	\$ 1,176,447.35	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 20,037,695.70
State Total	\$ 6,022,936.50	\$ 4,015,291.00	\$ 4,015,291.00	\$ 4,015,291.00	\$ 4,015,291.00	\$ 4,015,291.00	\$ 4,015,291.00	\$ 4,015,291.00	\$ 4,015,291.00	\$ 4,015,291.00	\$ 2,007,645.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,152,910.00		
New York	Estate	\$ 16,355,685.10	\$ 577,493.65	\$ 1,046,684.15	\$ 2,492,234.04	\$ 530,671.44	\$ 7,678,254.32	\$ 8,940,179.27	\$ 6,384,661.24	\$ 6,509,009.36	\$ 2,771,760.85	\$ 3,050,237.22	\$ 3,050,237.22	\$ 3,050,237.22	\$ 4,892,737.65	\$ 4,892,737.65	\$ 5,280,796.96	\$ 77,503,617.32	\$ 241,240,054.40	
	Base	\$ 8,358																		

Estimated Distribution Chart

State	Payment Type	Payment Date 1	Payment Date 2	Payment Date 3	Payment Date 4	Payment Date 5	Payment Date 6	Payment Date 7	Payment Date 8	Payment Date 9	Payment Date 10	Payment Date 11	Payment Date 12	Payment Date 13	Payment Date 14	Payment Date 15	Payment Date 16	Totals	State Total Maximum Payment
North Carolina	Estate	\$ 9,862,031.02	\$ 348,212.88	\$ 631,121.93	\$ 1,502,749.00	\$ 319,980.37	\$ 4,629,777.46	\$ 5,390,683.71	\$ 3,849,776.20	\$ 3,924,754.72	\$ 1,671,296.02	\$ 1,839,209.66	\$ 1,839,209.66	\$ 1,839,209.66	\$ 2,950,187.06	\$ 2,950,187.06	\$ 3,184,176.22	\$ 46,732,562.64	\$ 145,461,158.38
	Base	\$ 5,040,152.41	\$ 1,893,484.92	\$ 2,308,277.39	\$ 1,855,906.30	\$ 1,338,545.83	\$ 943,281.36	\$ 497,208.36	\$ 507,476.91	\$ 555,254.83	\$ 965,979.98	\$ 1,095,473.49	\$ 1,095,473.49	\$ 1,095,473.49	\$ 2,316,146.78	\$ 2,316,146.78	\$ 2,316,146.78	\$ 26,138,429.10	
	Incentive A	\$ 6,050,193.91	\$ 5,714,964.15	\$ 6,920,606.57	\$ 5,588,165.44	\$ 2,820,021.42	\$ 1,609,241.38	\$ 1,586,161.49	\$ 1,612,302.28	\$ 1,728,839.80	\$ 2,875,208.23	\$ 3,218,844.61	\$ 3,218,844.61	\$ 3,218,844.61	\$ 6,792,915.86	\$ 6,792,915.86	\$ 6,792,915.86	\$ 66,540,986.09	
	Incentive B	\$ 3,575,114.58	\$ 3,377,024.27	\$ 4,089,449.34	\$ 3,302,097.76	\$ 1,666,376.29	\$ 950,915.36	\$ 937,277.24	\$ 952,724.07	\$ 1,021,587.15	\$ 1,698,986.68	\$ 1,902,044.54	\$ 1,902,044.54	\$ 1,902,044.54	\$ 4,013,995.74	\$ 4,013,995.74	\$ 4,013,995.74	\$ 39,319,673.60	
	Incentive C	\$ 2,475,079.33	\$ 2,337,939.88	\$ 2,831,157.23	\$ 2,286,067.68	\$ 1,153,645.13	\$ 658,326.02	\$ 648,884.24	\$ 659,578.20	\$ 707,252.64	\$ 1,176,221.55	\$ 1,316,800.07	\$ 1,316,800.07	\$ 1,316,800.07	\$ 2,778,920.13	\$ 2,778,920.13	\$ 2,778,920.13	\$ 27,221,312.49	
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 604,918.06	\$ 604,918.06	\$ 604,918.06	\$ 604,918.06	\$ 604,918.06	\$ 604,918.06	\$ 604,918.06	\$ 604,918.06	\$ 604,918.06	\$ 6,049,180.55	
	Max Incentive Payment	\$ 6,050,193.91	\$ 5,714,964.15	\$ 6,920,606.57	\$ 5,588,165.44	\$ 2,820,021.42	\$ 1,609,241.38	\$ 2,191,079.54	\$ 2,217,220.33	\$ 2,333,757.85	\$ 3,480,126.28	\$ 3,823,762.67	\$ 3,823,762.67	\$ 3,823,762.67	\$ 7,397,833.92	\$ 7,397,833.92	\$ 7,397,833.92	\$ 72,590,166.64	
State Total		\$ 20,952,377.35	\$ 7,956,661.95	\$ 9,860,005.89	\$ 8,946,820.74	\$ 4,478,547.62	\$ 7,182,300.20	\$ 8,078,971.62	\$ 6,574,473.44	\$ 6,811,767.39	\$ 6,117,402.29	\$ 6,758,445.82	\$ 6,758,445.82	\$ 6,758,445.82	\$ 12,664,167.76	\$ 12,664,167.76	\$ 12,664,167.76	\$ 145,461,158.38	
North Dakota	Estate	\$ 629,977.23	\$ 20,470.25	\$ 37,101.51	\$ 88,341.50	\$ 18,810.56	\$ 272,168.86	\$ 316,691.09	\$ 226,106.38	\$ 230,514.11	\$ 98,040.95	\$ 107,912.02	\$ 107,912.02	\$ 107,912.02	\$ 173,222.60	\$ 173,222.60	\$ 186,978.02	\$ 2,795,381.71	\$ 8,700,987.89
	Base	\$ 324,383.54	\$ 111,311.53	\$ 135,695.77	\$ 109,102.41	\$ 78,688.55	\$ 55,452.30	\$ 29,112.37	\$ 29,716.02	\$ 32,407.15	\$ 56,669.86	\$ 64,282.34	\$ 64,282.34	\$ 64,282.34	\$ 136,041.57	\$ 136,041.57	\$ 136,041.57	\$ 1,563,511.23	
	Incentive A	\$ 427,179.78	\$ 335,963.29	\$ 406,838.90	\$ 328,509.22	\$ 165,779.46	\$ 94,601.82	\$ 92,947.65	\$ 94,484.38	\$ 101,335.22	\$ 168,726.32	\$ 188,927.54	\$ 188,927.54	\$ 188,927.54	\$ 399,035.02	\$ 399,035.02	\$ 399,035.02	\$ 3,980,253.70	
	Incentive B	\$ 252,424.42	\$ 198,523.76	\$ 240,404.80	\$ 194,119.09	\$ 97,960.59	\$ 55,901.08	\$ 54,923.61	\$ 55,831.68	\$ 59,879.91	\$ 99,701.92	\$ 111,639.00	\$ 111,639.00	\$ 111,639.00	\$ 235,793.42	\$ 235,793.42	\$ 235,793.42	\$ 2,351,968.10	
	Incentive C	\$ 174,755.36	\$ 137,439.53	\$ 166,434.10	\$ 134,390.14	\$ 67,818.87	\$ 38,700.75	\$ 38,024.04	\$ 38,652.70	\$ 41,455.32	\$ 69,024.40	\$ 77,288.54	\$ 77,288.54	\$ 77,288.54	\$ 163,241.60	\$ 163,241.60	\$ 163,241.60	\$ 1,628,285.61	
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,184.12	\$ 36,184.12	\$ 36,184.12	\$ 36,184.12	\$ 36,184.12	\$ 36,184.12	\$ 36,184.12	\$ 36,184.12	\$ 36,184.12	\$ 361,841.25	
	Max Incentive Payment	\$ 427,179.78	\$ 335,963.29	\$ 406,838.90	\$ 328,509.22	\$ 165,779.46	\$ 94,601.82	\$ 129,131.78	\$ 130,668.51	\$ 137,519.35	\$ 204,910.45	\$ 225,111.66	\$ 225,111.66	\$ 225,111.66	\$ 435,219.14	\$ 435,219.14	\$ 435,219.14	\$ 4,342,094.95	
State Total		\$ 1,381,540.54	\$ 467,745.07	\$ 579,638.18	\$ 525,953.13	\$ 263,278.57	\$ 422,222.98	\$ 474,935.24	\$ 386,490.91	\$ 400,440.61	\$ 359,621.25	\$ 397,306.02	\$ 397,306.02	\$ 397,306.02	\$ 744,483.31	\$ 744,483.31	\$ 756,238.73	\$ 8,700,987.89	
Ohio	Estate	\$ 14,364,403.41	\$ 466,751.68	\$ 845,968.76	\$ 2,014,315.53	\$ 428,908.25	\$ 6,205,848.52	\$ 7,221,020.65	\$ 5,155,556.66	\$ 5,256,059.41	\$ 2,235,477.23	\$ 2,460,552.11	\$ 2,460,552.11	\$ 2,460,552.11	\$ 3,949,728.96	\$ 3,949,728.96	\$ 4,263,372.82	\$ 63,738,797.15	\$ 198,395,267.53
	Base	\$ 7,396,419.77	\$ 2,538,065.96	\$ 3,094,062.28	\$ 2,487,694.81	\$ 1,794,214.24	\$ 1,264,393.65	\$ 663,804.69	\$ 677,568.86	\$ 738,930.52	\$ 1,292,155.77	\$ 1,465,731.51	\$ 1,465,731.51	\$ 1,465,731.51	\$ 3,101,946.99	\$ 3,101,946.99	\$ 3,101,946.99	\$ 35,650,346.06	
	Incentive A	\$ 9,740,324.65	\$ 7,660,454.97	\$ 9,276,522.77	\$ 7,490,491.39	\$ 3,780,014.46	\$ 2,157,060.09	\$ 2,119,342.61	\$ 2,154,382.77	\$ 2,310,591.54	\$ 3,847,207.27	\$ 4,307,824.51	\$ 4,307,824.51	\$ 4,307,824.51	\$ 9,098,582.81	\$ 9,098,582.81	\$ 9,098,582.81	\$ 90,755,613.96	
	Incentive B	\$ 5,755,646.38	\$ 4,526,632.48	\$ 5,481,581.64	\$ 4,426,199.45	\$ 2,233,644.91	\$ 1,274,626.42	\$ 1,252,338.82	\$ 1,273,044.07	\$ 1,365,349.55	\$ 2,273,349.75	\$ 2,545,532.67	\$ 2,545,532.67	\$ 2,545,532.67	\$ 5,376,435.29	\$ 5,376,435.29	\$ 5,376,435.29	\$ 53,628,317.34	
	Incentive C	\$ 3,984,678.26	\$ 3,133,822.49	\$ 3,794,941.13	\$ 3,064,291.93	\$ 1,546,369.55	\$ 882,433.67	\$ 867,003.80	\$ 881,338.20	\$ 945,241.99	\$ 1,573,857.52	\$ 1,762,291.85	\$ 1,762,291.85	\$ 1,762,291.85	\$ 3,722,147.51	\$ 3,722,147.51	\$ 3,722,147.51	\$ 37,127,296.62	
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 825,051.04	\$ 825,051.04	\$ 825,051.04	\$ 825,051.04	\$ 825,051.04	\$ 825,051.04	\$ 825,051.04	\$ 825,051.04	\$ 825,051.04	\$ 825,051.04	\$ 8,250,510.36	
	Max Incentive Payment	\$ 9,740,324.65	\$ 7,660,454.97	\$ 9,276,522.77	\$ 7,490,491.39	\$ 3,780,014.46	\$ 2,157,060.09	\$ 2,944,339.65	\$ 2,979,433.30	\$ 3,135,642.58	\$ 4,672,258.30	\$ 5,132,875.55	\$ 5,132,875.55	\$ 5,132,875.55	\$ 9,923,633.84	\$ 9,923,633.84	\$ 9,923,633.84	\$ 99,006,124.32	
State Total		\$ 31,501,147.83	\$ 10,665,272.61	\$ 13,216,553.81	\$ 11,992,501.73	\$ 6,003,136.94	\$ 9,627,302.26	\$ 10,829,218.99	\$ 8,812,558.83	\$ 9,130,632.50	\$ 8,199,891.30	\$ 9,059,159.17	\$ 9,059,159.17	\$ 9,059,159.17	\$ 16,975,309.79	\$ 16,975,309.79	\$ 17,288,953.65	\$ 198,395,267.53	
Oklahoma	Estate	\$ 1,408,688.91	\$ 939,125.94	\$ 939,125.94	\$ 939,125.94	\$ 939,125.94	\$ 939,125.94	\$ 841,489.18	\$ 841,489.18	\$ 841,489.18	\$ 371,926.21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,000,712.38	\$ 28,015,883.91
	Base	\$ 787,907.04	\$ 525,271.36	\$ 525,271.36	\$ 525,271.36	\$ 525,271.36	\$ 525,271.36	\$ 470,661.23	\$ 470,661.23	\$ 470,661.23	\$ 208,025.55	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,034,273.09	
	Incentive A	\$ 2,005,786.63	\$ 1,337,191.09	\$ 1,337,191.09	\$ 1,337,191.09	\$ 1,337,191.09	\$ 1,337,191.09	\$ 1,198,169.26	\$ 1,198,169.26	\$ 1,198,169.26	\$ 529,573.72	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,815,823.56	
	Incentive B	\$ 1,185,237.55	\$ 790,158.37	\$ 790,158.37	\$ 790,158.37	\$ 790,158.37	\$ 790,158.37	\$ 708,009.11	\$ 708,009.11	\$ 708,009.11	\$ 312,929.92	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,572,986.65	
	Incentive C	\$ 820,549.08	\$ 547,032.72	\$ 547,032.72	\$ 547,032.72	\$ 547,032.72	\$ 547,032.72	\$ 490,160.15	\$ 490,160.15	\$ 490,160.15	\$ 216,643.79	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,242,836.91	
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 291,268.72	\$ 291,268.72	\$ 291,268.72	\$ 291,268.72	\$ 291,268.72	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,165,074.87	
	Max Incentive Payment	\$ 2,005,786.63	\$ 1,337,191.09	\$ 1,337,191.09	\$ 1,337,191.09	\$ 1,337,191.09	\$ 1,337,191.09	\$ 1,489,437.98	\$ 1,489,437.98	\$ 1,489,437.98	\$ 820,842.44	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,980,898.43	
State Total		\$ 4,202,382.59	\$ 2,801,588.39	\$ 2,801,588.39	\$ 2,801,588.39	\$ 2,801,588.39	\$ 2,801,588.39	\$ 2,801,588.39	\$ 2,801,588.39	\$ 2,801,588.39	\$ 1,400,794.20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,015,883.91	
Oregon	Estate	\$ 4,837,713.58	\$ 2,418,856.79	\$ 2,198,960.72	\$ 2,198,960.72	\$ 2,198,960.72	\$ 2,198,960.72	\$ 1,894,139.13	\$ 1,894,139.13	\$ 1,234,450.92	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,075,142.43	\$ 65,599,112.44
	Base	\$ 2,705,827.08	\$ 1,352,913.54	\$ 1,229,921.40	\$ 1,229,921.40	\$ 1,229,921.40	\$ 1,229,921.40	\$ 1,059,428.77	\$ 1,059,428.77	\$ 690,452.35	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,787,736.11	
	Incentive A	\$ 6,888,264.07	\$ 3,444,132.04	\$ 3,131,029.12	\$ 3,131,029.12	\$ 3,131,029.12	\$ 3,131,029.12	\$ 2,697,003.51	\$ 2,697,003.51	\$ 1,757,694.77	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,008,214.40		
	Incentive B	\$ 4,070,337.86	\$ 2,035,168.93	\$ 1,850,153.57	\$ 1,850,153.57	\$ 1,850,153.57	\$ 1,850,153.57	\$ 1,593,683.89	\$ 1,593,683.89	\$ 1,038,637.82	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,732,126.69	
	Incentive C	\$ 2,817,926.21	\$ 1,408,963.11	\$ 1,280,875.55	\$ 1,280,875.55	\$ 1,280,875.55	\$ 1,280,875.55	\$ 1,103,319.62	\$ 1,103,319.62	\$ 719,056.95	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,276,087.71	
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 909,339.83	\$ 909,339.83	\$ 909,339.83	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,728,019.49	
	Max Incentive Payment	\$ 6,888,264.07	\$ 3,444,132.04	\$ 3,131,029.12	\$ 3,131,029.12	\$ 3,131,029.12	\$ 3,131,029.12	\$ 3,606,343.34	\$ 3,606,343.34	\$ 2,667,034.61	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,736,233.89	
State Total		\$ 14,431,804.74	\$ 7,215,902.37	\$ 6,559,911.24	\$ 6,559,911.24	\$ 6,559,911.24	\$ 6,559,911.24	\$ 6,559,911.24	\$ 6,559,911.24	\$ 4,591,937.87	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,599,112.44	
Pennsylvania																			

Estimated Distribution Chart

State	Payment Type	Payment Date 1	Payment Date 2	Payment Date 3	Payment Date 4	Payment Date 5	Payment Date 6	Payment Date 7	Payment Date 8	Payment Date 9	Payment Date 10	Payment Date 11	Payment Date 12	Payment Date 13	Payment Date 14	Payment Date 15	Payment Date 16	Totals	State Total Maximum Payment
Puerto Rico	Estate	\$ 2,414,806.21	\$ 78,465.83	\$ 142,216.18	\$ 338,627.47	\$ 72,103.95	\$ 1,043,267.94	\$ 1,213,928.97	\$ 866,702.91	\$ 883,598.47	\$ 375,807.07	\$ 413,644.50	\$ 413,644.50	\$ 413,644.50	\$ 663,990.68	\$ 663,990.68	\$ 716,717.49	\$ 10,715,157.37	\$ 33,352,316.14
	Base	\$ 1,243,415.40	\$ 426,675.39	\$ 520,144.18	\$ 418,207.47	\$ 301,626.15	\$ 212,557.77	\$ 111,592.50	\$ 113,906.40	\$ 124,221.94	\$ 217,224.88	\$ 246,404.77	\$ 246,404.77	\$ 246,404.77	\$ 521,469.68	\$ 521,469.68	\$ 521,469.68	\$ 5,993,195.44	
	Incentive A	\$ 1,637,450.28	\$ 1,287,802.47	\$ 1,559,480.34	\$ 1,259,229.82	\$ 635,459.90	\$ 362,624.33	\$ 356,283.62	\$ 362,174.16	\$ 388,434.57	\$ 646,755.71	\$ 724,190.28	\$ 724,190.28	\$ 724,190.28	\$ 1,529,566.78	\$ 1,529,566.78	\$ 1,529,566.78	\$ 15,256,966.39	
	Incentive B	\$ 967,584.26	\$ 760,974.19	\$ 921,511.11	\$ 744,090.35	\$ 375,499.03	\$ 214,278.01	\$ 210,531.23	\$ 214,012.00	\$ 229,529.52	\$ 382,173.83	\$ 427,930.62	\$ 427,930.62	\$ 427,930.62	\$ 903,834.91	\$ 903,834.91	\$ 903,834.91	\$ 9,015,480.14	
	Incentive C	\$ 669,866.02	\$ 526,828.28	\$ 637,969.23	\$ 515,139.47	\$ 259,960.87	\$ 148,346.32	\$ 145,752.39	\$ 148,162.15	\$ 158,905.05	\$ 264,581.88	\$ 296,259.66	\$ 296,259.66	\$ 296,259.66	\$ 625,731.86	\$ 625,731.86	\$ 625,731.86	\$ 6,241,486.25	
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 138,699.69	\$ 138,699.69	\$ 138,699.69	\$ 138,699.69	\$ 138,699.69	\$ 138,699.69	\$ 138,699.69	\$ 138,699.69	\$ 138,699.69	\$ 1,386,996.94	
	Max Incentive Payment	\$ 1,637,450.28	\$ 1,287,802.47	\$ 1,559,480.34	\$ 1,259,229.82	\$ 635,459.90	\$ 362,624.33	\$ 494,983.32	\$ 500,873.85	\$ 527,134.26	\$ 785,455.41	\$ 862,889.98	\$ 862,889.98	\$ 862,889.98	\$ 1,668,266.47	\$ 1,668,266.47	\$ 1,668,266.47	\$ 16,643,963.33	
	State Total	\$ 5,295,671.89	\$ 1,792,943.69	\$ 2,221,840.70	\$ 2,016,064.77	\$ 1,009,190.01	\$ 1,618,450.04	\$ 1,820,504.79	\$ 1,481,483.16	\$ 1,534,954.67	\$ 1,378,487.35	\$ 1,522,939.25	\$ 1,522,939.25	\$ 1,522,939.25	\$ 2,853,726.83	\$ 2,853,726.83	\$ 2,906,453.64	\$ 33,352,316.14	
Rhode Island	Estate	\$ 8,780,571.49	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,330,666.85
	Base	\$ 4,911,144.02	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Incentive A	\$ 12,502,372.06	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,502,372.06	
	Incentive B	\$ 7,387,765.31	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,387,765.31	
	Incentive C	\$ 5,114,606.75	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,114,606.75	
	Incentive D	\$ 1,136,579.28	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,136,579.28	
	Max Incentive Payment	\$ 13,638,951.34	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,638,951.34	
	State Total	\$ 27,330,666.85	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,330,666.85	
South Carolina	Estate	\$ 5,271,712.91	\$ 171,297.11	\$ 310,469.17	\$ 739,250.55	\$ 157,408.64	\$ 2,277,536.41	\$ 2,650,102.95	\$ 1,892,080.99	\$ 1,928,965.34	\$ 820,416.54	\$ 903,018.66	\$ 903,018.66	\$ 903,018.66	\$ 1,449,544.17	\$ 1,449,544.17	\$ 1,564,650.96	\$ 23,392,035.89	\$ 72,810,743.64
	Base	\$ 2,714,474.14	\$ 931,466.12	\$ 1,135,515.87	\$ 912,979.99	\$ 658,473.74	\$ 464,030.43	\$ 243,615.25	\$ 248,666.68	\$ 271,186.31	\$ 474,219.08	\$ 537,921.10	\$ 537,921.10	\$ 537,921.10	\$ 1,138,409.55	\$ 1,138,409.55	\$ 1,138,409.55	\$ 13,083,619.58	
	Incentive A	\$ 3,574,683.46	\$ 2,811,374.63	\$ 3,404,468.91	\$ 2,748,998.27	\$ 1,387,259.22	\$ 791,637.58	\$ 777,795.33	\$ 790,654.82	\$ 847,983.37	\$ 1,411,918.87	\$ 1,580,964.66	\$ 1,580,964.66	\$ 1,580,964.66	\$ 3,339,165.24	\$ 3,339,165.24	\$ 3,339,165.24	\$ 33,307,164.15	
	Incentive B	\$ 2,112,312.95	\$ 1,661,266.83	\$ 2,011,731.63	\$ 1,624,408.07	\$ 819,744.08	\$ 467,785.84	\$ 459,606.33	\$ 467,205.12	\$ 501,081.08	\$ 834,315.70	\$ 934,206.39	\$ 934,206.39	\$ 934,206.39	\$ 1,973,143.09	\$ 1,973,143.09	\$ 1,973,143.09	\$ 19,681,506.09	
	Incentive C	\$ 1,462,370.51	\$ 1,150,107.81	\$ 1,392,737.28	\$ 1,124,590.20	\$ 567,515.13	\$ 323,851.74	\$ 318,189.00	\$ 323,449.70	\$ 346,902.29	\$ 577,603.17	\$ 646,758.27	\$ 646,758.27	\$ 646,758.27	\$ 1,366,022.14	\$ 1,366,022.14	\$ 1,366,022.14	\$ 13,625,658.06	
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 302,792.40	\$ 302,792.40	\$ 302,792.40	\$ 302,792.40	\$ 302,792.40	\$ 302,792.40	\$ 302,792.40	\$ 302,792.40	\$ 3,027,924.01		
	Max Incentive Payment	\$ 3,574,683.46	\$ 2,811,374.63	\$ 3,404,468.91	\$ 2,748,998.27	\$ 1,387,259.22	\$ 791,637.58	\$ 1,080,587.73	\$ 1,093,447.22	\$ 1,150,775.78	\$ 1,714,711.27	\$ 1,883,757.06	\$ 1,883,757.06	\$ 1,883,757.06	\$ 3,641,957.64	\$ 3,641,957.64	\$ 3,641,957.64	\$ 36,355,088.16	
	State Total	\$ 11,560,870.52	\$ 3,914,137.87	\$ 4,850,453.96	\$ 4,401,228.82	\$ 2,203,141.59	\$ 3,533,204.42	\$ 3,974,305.93	\$ 3,234,194.90	\$ 3,350,927.42	\$ 3,009,346.90	\$ 3,324,696.82	\$ 3,324,696.82	\$ 3,324,696.82	\$ 6,229,911.35	\$ 6,229,911.35	\$ 6,345,018.14	\$ 72,810,743.64	
South Dakota	Estate	\$ 735,760.74	\$ 23,907.54	\$ 43,331.46	\$ 103,175.48	\$ 21,969.16	\$ 317,870.47	\$ 369,868.72	\$ 264,073.35	\$ 269,221.22	\$ 114,503.63	\$ 126,032.22	\$ 126,032.22	\$ 126,032.22	\$ 202,309.52	\$ 202,309.52	\$ 218,374.70	\$ 3,264,772.16	\$ 10,162,026.50
	Base	\$ 378,852.86	\$ 130,002.56	\$ 158,481.32	\$ 127,422.50	\$ 91,901.65	\$ 64,763.65	\$ 34,000.82	\$ 34,705.83	\$ 37,848.84	\$ 66,185.66	\$ 75,076.40	\$ 75,076.40	\$ 75,076.40	\$ 158,885.18	\$ 158,885.18	\$ 158,885.18	\$ 1,826,050.42	
	Incentive A	\$ 498,910.27	\$ 392,377.03	\$ 475,153.82	\$ 383,671.31	\$ 193,616.55	\$ 110,487.02	\$ 108,555.09	\$ 110,349.86	\$ 118,351.07	\$ 197,058.24	\$ 220,651.57	\$ 220,651.57	\$ 220,651.57	\$ 466,039.54	\$ 466,039.54	\$ 466,039.54	\$ 4,648,603.60	
	Incentive B	\$ 294,810.62	\$ 231,859.16	\$ 280,772.71	\$ 226,714.86	\$ 114,409.78	\$ 65,287.78	\$ 64,146.19	\$ 65,206.73	\$ 69,934.72	\$ 116,443.51	\$ 130,385.02	\$ 130,385.02	\$ 130,385.02	\$ 275,387.00	\$ 275,387.00	\$ 275,387.00	\$ 2,746,902.13	
	Incentive C	\$ 204,099.66	\$ 160,517.88	\$ 194,381.11	\$ 156,956.44	\$ 79,206.77	\$ 45,199.24	\$ 44,408.90	\$ 45,143.12	\$ 48,416.35	\$ 80,614.73	\$ 90,266.55	\$ 90,266.55	\$ 90,266.55	\$ 190,652.54	\$ 190,652.54	\$ 190,652.54	\$ 1,901,701.47	
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,260.03	\$ 42,260.03	\$ 42,260.03	\$ 42,260.03	\$ 42,260.03	\$ 42,260.03	\$ 42,260.03	\$ 42,260.03	\$ 42,260.03	\$ 422,600.33	
	Max Incentive Payment	\$ 498,910.27	\$ 392,377.03	\$ 475,153.82	\$ 383,671.31	\$ 193,616.55	\$ 110,487.02	\$ 108,555.12	\$ 152,609.89	\$ 160,611.10	\$ 239,318.27	\$ 262,911.60	\$ 262,911.60	\$ 262,911.60	\$ 508,299.57	\$ 508,299.57	\$ 508,299.57	\$ 5,071,203.93	
	State Total	\$ 1,613,523.87	\$ 546,287.14	\$ 676,966.60	\$ 614,269.29	\$ 307,487.36	\$ 493,121.14	\$ 554,684.65	\$ 451,389.08	\$ 467,681.16	\$ 420,007.56	\$ 464,020.22	\$ 464,020.22	\$ 464,020.22	\$ 869,494.27	\$ 869,494.27	\$ 885,559.46	\$ 10,162,026.50	
Tennessee	Estate	\$ 8,863,036.13	\$ 287,992.26	\$ 521,974.46	\$ 1,242,860.62	\$ 264,642.34	\$ 3,829,094.61	\$ 4,455,469.89	\$ 3,181,049.97	\$ 3,243,061.55	\$ 1,379,320.46	\$ 1,518,194.78	\$ 1,518,194.78	\$ 1,518,194.78	\$ 2,437,037.55	\$ 2,437,037.55	\$ 2,630,560.16	\$ 39,327,721.88	\$ 122,412,631.73
	Base	\$ 4,563,693.59	\$ 1,566,021.90	\$ 1,909,079.34	\$ 1,534,942.20	\$ 1,107,055.07	\$ 780,148.42	\$ 409,576.70	\$ 418,069.38	\$ 455,930.38	\$ 797,278.03	\$ 904,376.67	\$ 904,376.67	\$ 904,376.67	\$ 1,913,944.32	\$ 1,913,944.32	\$ 1,913,944.32	\$ 21,996,757.97	
	Incentive A	\$ 6,009,915.40	\$ 4,726,606.96	\$ 5,723,743.21	\$ 4,621,737.07	\$ 2,332,321.35	\$ 1,330,936.00	\$ 1,307,663.79	\$ 1,329,283.74	\$ 1,425,667.03	\$ 2,373,780.24	\$ 2,657,987.47	\$ 2,657,987.47	\$ 2,657,987.47	\$ 5,613,951.78	\$ 5,613,951.78	\$ 5,613,951.78	\$ 55,997,427.56	
	Incentive B	\$ 3,551,313.65	\$ 2,792,995.02	\$ 3,382,211.90	\$ 2,731,026.45	\$ 1,378,189.89	\$ 786,462.18	\$ 772,710.42	\$ 785,485.85	\$ 842,439.61	\$ 1,402,688.33	\$ 1,570,628.96	\$ 1,570,628.96	\$ 1,570,628.96	\$ 3,317,335.15	\$ 3,317,335.15	\$ 3,317,335.15	\$ 33,089,415.60	
	Incentive C	\$ 2,458,601.76	\$ 1,933,611.94	\$ 2,341,531.31	\$ 1,890,710.62	\$ 954,131.46	\$ 544,473.82	\$ 534,953.37	\$ 543,797.89	\$ 583,227.42	\$ 971,091.92	\$ 1,087,358.51	\$ 1,087,358.51	\$ 1,087,358.51	\$ 2,296,616.64	\$ 2,296,616.64	\$ 2,296,616.64	\$ 22,908,056.96	
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 509,067.93	\$ 509,067.93	\$ 509,067.93	\$ 509,067.93	\$ 509,067.93	\$ 509,067.93	\$ 509,067.93	\$ 509,067.93	\$ 509,067.93	\$ 5,090,679.32	
	Max Incentive Payment	\$ 6,009,915.40	\$ 4,726,606.96	\$ 5,723,743.21	\$ 4,621,737.07	\$ 2,332,321.35	\$ 1,330,936.00	\$ 1,181,731.72	\$ 1,388,351.67	\$ 1,934,734.96	\$ 2,882,848.18	\$ 3,167,055.41	\$ 3,167,055.41	\$ 3,167,055.41	\$ 6,123,019.72	\$ 6,123,019.72	\$ 6,123,019.72	\$ 61,088,151.89	
	State Total	\$ 19,436,645.12	\$ 6,580,621.12	\$ 8,154,797.01	\$ 7,399,539.90	\$ 3,704,018.75	\$ 5,940,179.02	\$ 6,681,778.32	\$ 5,437,471.02	\$ 5,633,726.89	\$ 5,059,446.66	\$ 5,589,626.86	\$ 5,589,626.86	\$ 5,589,626.86	\$ 10,474,001.58	\$ 10,474,001.58	\$ 10,667,524.20	\$ 122,412,631.73	
Texas	Estate	\$ 20,749,232.83	\$ 674,217.99	\$ 1,221,993.16	\$ 2,909,658.04	\$ 619,553.54	\$ 8,964,284.29	\$ 10,430,689.98	\$ 7,447,148.52	\$ 7,592,323.70	\$ 3,229,123.84	\$ 3,554,242.19	\$ 3,554,242.19	\$ 3,554,242.19	\$ 5,705,342.82	\$ 5,705,342.82	\$ 6,158,398.14	\$ 92,070,036.24	\$ 286,579,921.29
	Base	\$ 10,684,052.21	\$ 3,666,210.15	\$ 4,469,341.11	\$ 3,593,449.54	\$ 2,591,71													

Estimated Distribution Chart

State	Payment Type	Payment Date 1	Payment Date 2	Payment Date 3	Payment Date 4	Payment Date 5	Payment Date 6	Payment Date 7	Payment Date 8	Payment Date 9	Payment Date 10	Payment Date 11	Payment Date 12	Payment Date 13	Payment Date 14	Payment Date 15	Payment Date 16	Totals	State Total Maximum Payment	
Utah	Estate	\$ 2,772,547.85	\$ 1,848,365.23	\$ 1,848,365.23	\$ 1,848,365.23	\$ 1,848,365.23	\$ 1,848,365.23	\$ 1,656,198.90	\$ 1,656,198.90	\$ 1,656,198.90	\$ 732,016.28	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,714,986.98	\$ 55,140,193.07	
	Base	\$ 1,550,739.81	\$ 1,033,826.54	\$ 1,033,826.54	\$ 1,033,826.54	\$ 1,033,826.54	\$ 1,033,826.54	\$ 926,344.18	\$ 926,344.18	\$ 926,344.18	\$ 409,430.91	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,908,335.97		
	Incentive A	\$ 3,947,741.30	\$ 2,631,827.54	\$ 2,631,827.54	\$ 2,631,827.54	\$ 2,631,827.54	\$ 2,631,827.54	\$ 2,358,208.10	\$ 2,358,208.10	\$ 2,358,208.10	\$ 1,042,294.33	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,223,797.62		
	Incentive B	\$ 2,332,756.22	\$ 1,555,170.82	\$ 1,555,170.82	\$ 1,555,170.82	\$ 1,555,170.82	\$ 1,555,170.82	\$ 1,393,486.61	\$ 1,393,486.61	\$ 1,393,486.61	\$ 615,901.20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,904,971.32		
	Incentive C	\$ 1,614,985.08	\$ 1,076,656.72	\$ 1,076,656.72	\$ 1,076,656.72	\$ 1,076,656.72	\$ 1,076,656.72	\$ 964,721.50	\$ 964,721.50	\$ 964,721.50	\$ 426,393.14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,318,826.30		
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 573,268.13	\$ 573,268.13	\$ 573,268.13	\$ 573,268.13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 2,293,072.51
	Max Incentive Payment	\$ 3,947,741.30	\$ 2,631,827.54	\$ 2,631,827.54	\$ 2,631,827.54	\$ 2,631,827.54	\$ 2,631,827.54	\$ 2,358,208.10	\$ 2,358,208.10	\$ 2,358,208.10	\$ 1,042,294.33	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,516,870.13		
	State Total	\$ 8,271,028.96	\$ 5,514,019.31	\$ 5,514,019.31	\$ 5,514,019.31	\$ 5,514,019.31	\$ 5,514,019.31	\$ 5,514,019.31	\$ 5,514,019.31	\$ 5,514,019.31	\$ 2,757,009.65	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,140,193.07		
Vermont	Estate	\$ 7,018,359.82	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,018,359.82	\$ 21,845,554.62	
	Base	\$ 3,925,504.84	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,925,504.84		
	Incentive A	\$ 9,993,215.80	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,993,215.80		
	Incentive B	\$ 5,905,082.06	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,905,082.06		
	Incentive C	\$ 4,088,133.74	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,088,133.74		
	Incentive D	\$ 908,474.16	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 908,474.16		
	Max Incentive Payment	\$ 10,901,689.96	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,901,689.96		
	State Total	\$ 21,845,554.62	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,845,554.62		
Virgin Islands	Estate	\$ 114,898.73	\$ 3,733.48	\$ 6,766.78	\$ 16,112.21	\$ 3,430.77	\$ 49,639.66	\$ 57,759.87	\$ 41,238.53	\$ 42,042.44	\$ 17,881.25	\$ 19,681.59	\$ 19,681.59	\$ 19,681.59	\$ 31,593.30	\$ 31,593.30	\$ 34,102.09	\$ 509,837.19	\$ 1,586,934.33	
	Base	\$ 59,162.87	\$ 20,301.61	\$ 24,748.95	\$ 19,898.70	\$ 14,351.65	\$ 10,113.70	\$ 5,309.68	\$ 5,419.77	\$ 5,910.60	\$ 10,335.76	\$ 11,724.17	\$ 11,724.17	\$ 11,724.17	\$ 24,812.01	\$ 24,812.01	\$ 24,812.01	\$ 285,161.83		
	Incentive A	\$ 77,911.41	\$ 61,274.84	\$ 74,201.53	\$ 59,915.33	\$ 30,235.78	\$ 17,254.00	\$ 16,952.31	\$ 17,232.58	\$ 18,482.08	\$ 30,773.24	\$ 34,457.65	\$ 34,457.65	\$ 34,457.65	\$ 72,778.21	\$ 72,778.21	\$ 72,778.21	\$ 725,940.70		
	Incentive B	\$ 46,038.56	\$ 36,207.86	\$ 43,846.36	\$ 35,404.51	\$ 17,866.59	\$ 10,195.55	\$ 10,017.27	\$ 10,182.89	\$ 10,921.23	\$ 18,184.19	\$ 20,361.34	\$ 20,361.34	\$ 20,361.34	\$ 43,005.31	\$ 43,005.31	\$ 43,005.31	\$ 428,964.96		
	Incentive C	\$ 31,872.85	\$ 25,066.98	\$ 30,355.17	\$ 24,510.82	\$ 12,369.18	\$ 7,058.46	\$ 6,935.03	\$ 7,049.69	\$ 7,560.85	\$ 12,589.05	\$ 14,096.31	\$ 14,096.31	\$ 14,096.31	\$ 29,772.91	\$ 29,772.91	\$ 29,772.91	\$ 296,975.74		
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,599.46	\$ 6,599.46	\$ 6,599.46	\$ 6,599.46	\$ 6,599.46	\$ 6,599.46	\$ 6,599.46	\$ 6,599.46	\$ 6,599.46	\$ 6,599.46	\$ 65,994.61		
	Max Incentive Payment	\$ 77,911.41	\$ 61,274.84	\$ 74,201.53	\$ 59,915.33	\$ 30,235.78	\$ 17,254.00	\$ 16,952.31	\$ 17,232.58	\$ 18,482.08	\$ 30,773.24	\$ 34,457.65	\$ 34,457.65	\$ 34,457.65	\$ 72,778.21	\$ 72,778.21	\$ 72,778.21	\$ 725,940.70		
	State Total	\$ 251,973.01	\$ 85,309.93	\$ 105,717.25	\$ 95,926.24	\$ 48,018.20	\$ 77,007.36	\$ 86,621.32	\$ 70,490.35	\$ 73,034.58	\$ 65,589.71	\$ 72,462.87	\$ 72,462.87	\$ 72,462.87	\$ 135,782.99	\$ 135,782.99	\$ 138,291.78	\$ 1,586,934.33		
Virginia	Estate	\$ 7,517,720.78	\$ 244,278.07	\$ 442,744.24	\$ 1,054,207.49	\$ 224,472.42	\$ 3,247,878.46	\$ 3,779,176.58	\$ 2,698,200.15	\$ 2,750,799.03	\$ 1,169,954.17	\$ 1,287,748.83	\$ 1,287,748.83	\$ 1,287,748.83	\$ 2,067,120.97	\$ 2,067,120.97	\$ 2,231,268.89	\$ 33,358,188.72	\$ 103,831,686.06	
	Base	\$ 3,870,973.06	\$ 1,328,316.30	\$ 1,619,301.24	\$ 1,301,954.17	\$ 939,015.79	\$ 661,730.12	\$ 347,407.28	\$ 354,610.86	\$ 386,724.96	\$ 676,259.64	\$ 767,101.84	\$ 767,101.84	\$ 767,101.84	\$ 1,623,427.77	\$ 1,623,427.77	\$ 1,623,427.77	\$ 18,657,882.25		
	Incentive A	\$ 5,097,673.67	\$ 4,009,157.91	\$ 4,854,939.39	\$ 3,920,206.16	\$ 1,978,299.58	\$ 1,128,913.96	\$ 1,109,174.22	\$ 1,127,512.50	\$ 1,209,265.82	\$ 2,013,465.45	\$ 2,254,533.02	\$ 2,254,533.02	\$ 2,254,533.02	\$ 4,761,813.15	\$ 4,761,813.15	\$ 4,761,813.15	\$ 47,497,647.17		
	Incentive B	\$ 3,012,261.71	\$ 2,369,047.85	\$ 2,868,827.82	\$ 2,316,485.46	\$ 1,168,995.21	\$ 667,085.52	\$ 655,421.13	\$ 666,257.38	\$ 714,566.17	\$ 1,189,775.04	\$ 1,332,224.06	\$ 1,332,224.06	\$ 1,332,224.06	\$ 2,813,798.68	\$ 2,813,798.68	\$ 2,813,798.68	\$ 28,066,791.51		
	Incentive C	\$ 2,085,411.95	\$ 1,640,110.05	\$ 1,986,111.57	\$ 1,603,720.70	\$ 809,304.37	\$ 461,828.44	\$ 453,753.09	\$ 461,255.11	\$ 494,699.65	\$ 823,690.41	\$ 922,308.96	\$ 922,308.96	\$ 922,308.96	\$ 1,948,014.47	\$ 1,948,014.47	\$ 1,948,014.47	\$ 19,430,855.66		
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 431,796.79	\$ 431,796.79	\$ 431,796.79	\$ 431,796.79	\$ 431,796.79	\$ 431,796.79	\$ 431,796.79	\$ 431,796.79	\$ 431,796.79	\$ 4,317,967.92		
	Max Incentive Payment	\$ 5,097,673.67	\$ 4,009,157.91	\$ 4,854,939.39	\$ 3,920,206.16	\$ 1,978,299.58	\$ 1,128,913.96	\$ 1,109,174.22	\$ 1,127,512.50	\$ 1,209,265.82	\$ 2,013,465.45	\$ 2,254,533.02	\$ 2,254,533.02	\$ 2,254,533.02	\$ 4,761,813.15	\$ 4,761,813.15	\$ 4,761,813.15	\$ 47,497,647.17		
	State Total	\$ 16,486,367.51	\$ 5,581,752.28	\$ 6,916,984.88	\$ 6,276,367.83	\$ 3,141,787.79	\$ 5,038,522.53	\$ 5,667,554.88	\$ 4,612,120.30	\$ 4,778,586.60	\$ 4,291,476.05	\$ 4,741,180.49	\$ 4,741,180.49	\$ 4,741,180.49	\$ 8,884,158.68	\$ 8,884,158.68	\$ 9,048,306.60	\$ 103,831,686.06		
Washington	Estate	\$ 7,645,611.01	\$ 248,433.69	\$ 450,276.14	\$ 1,072,141.50	\$ 228,291.11	\$ 3,303,130.83	\$ 3,843,467.31	\$ 2,744,101.49	\$ 2,797,595.17	\$ 1,189,857.23	\$ 1,309,655.80	\$ 1,309,655.80	\$ 1,309,655.80	\$ 2,102,286.49	\$ 2,102,286.49	\$ 2,269,226.87	\$ 33,925,672.74	\$ 105,598,053.62	
	Base	\$ 3,936,825.42	\$ 1,350,913.40	\$ 1,646,848.53	\$ 1,324,102.80	\$ 954,990.18	\$ 672,987.36	\$ 353,317.32	\$ 360,643.45	\$ 393,303.86	\$ 687,764.06	\$ 780,151.65	\$ 780,151.65	\$ 780,151.65	\$ 1,651,045.25	\$ 1,651,045.25	\$ 1,651,045.25	\$ 18,975,287.07		
	Incentive A	\$ 5,184,394.45	\$ 4,077,361.04	\$ 4,937,530.82	\$ 3,986,896.06	\$ 2,011,954.09	\$ 1,148,118.86	\$ 1,128,043.31	\$ 1,146,693.55	\$ 1,229,837.65	\$ 2,047,718.20	\$ 2,292,886.77	\$ 2,292,886.77	\$ 2,292,886.77	\$ 4,842,820.33	\$ 4,842,820.33	\$ 4,842,820.33	\$ 48,305,669.33		
	Incentive B	\$ 3,063,505.81	\$ 2,409,349.71	\$ 2,917,631.85	\$ 2,355,893.13	\$ 1,188,881.96	\$ 678,433.87	\$ 666,571.05	\$ 677,591.64	\$ 726,722.25	\$ 1,210,015.30	\$ 1,354,887.64	\$ 1,354,887.64	\$ 1,354,887.64	\$ 2,861,666.56	\$ 2,861,666.56	\$ 2,861,666.56	\$ 28,544,259.15		
	Incentive C	\$ 2,120,888.64	\$ 1,668,011.33	\$ 2,019,898.97	\$ 1,631,002.93	\$ 823,072.13	\$ 469,684.99	\$ 461,472.26	\$ 469,101.91	\$ 503,115.40	\$ 837,702.90	\$ 937,999.13	\$ 937,999.13	\$ 937,999.13	\$ 1,981,153.77	\$ 1,981,153.77	\$ 1,981,153.77	\$ 19,761,410.18		
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 439,142.45	\$ 439,142.45	\$ 439,142.45	\$ 439,142.45	\$ 439,142.45	\$ 439,142.45	\$ 439,142.45	\$ 439,142.45	\$ 439,142.45	\$ 4,391,424.48		
	Max Incentive Payment	\$ 5,184,394.45	\$ 4,077,361.04	\$ 4,937,530.82	\$ 3,986,896.06	\$ 2,011,954.09	\$ 1,148,118.86	\$ 1,128,043.31	\$ 1,146,693.55	\$ 1,229,837.65	\$ 2,047,718.20	\$ 2,292,886.77	\$ 2,292,886.77	\$ 2,292,886.77	\$ 4,842,820.33	\$ 4,842,820.33	\$ 4,842,820.33	\$ 48,305,669.33		
	State Total	\$ 16,766,830.88	\$ 5,676,708.13	\$ 7,034,655.49	\$ 6,383,140.36	\$ 3,195,235.37	\$ 5,124,237.05	\$ 5,763,970.39	\$ 4,690,580.94	\$ 4,859,879.13	\$ 4,364,481.93	\$ 4,821,836.67	\$ 4,821,836.67	\$ 4,821,836.67	\$ 9,035,294.52	\$ 9,035,294.52	\$ 9,202,234.90	\$ 105,598,053.62		
West Virginia	Estate	\$ 2,680,790.83	\$ 1,787,193.89	\$ 1,787,193.89	\$ 1,787,193.89	\$ 1,787,193.89	\$ 1,787,193.89	\$ 1,601,387.27	\$ 1,601,387.27	\$ 1,601,387.27	\$ 707,790.32	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,128,712.41	\$ 53,315,337.48	
	Base	\$ 1,499,418.33	\$ 999,612.22	\$ 999,612.22	\$ 999,612.22	\$ 999,612.22	\$ 999,612.22	\$ 895,686.97	\$ 895,686.97	\$ 895,686.97	\$ 395,880.86	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,580,421.22		
	Incentive A	\$ 3,817,091.46	\$ 2,544,727.64	\$ 2,544,727.64	\$ 2,544,727.64	\$ 2,544,727.64	\$ 2,544,727.64	\$ 2,280,163.59	\$ 2,280,163.59	\$ 2,280,163.59	\$ 1,007,799.77	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,411,693.75		
	Incentive B	\$ 2,255,554.04	\$ 1,503,702.69	\$ 1,503,702.69	\$ 1,503,702.69	\$ 1,503,702.69	\$ 1,503,702.69													

Estimated Distribution Chart

State	Payment Type	Payment Date 1	Payment Date 2	Payment Date 3	Payment Date 4	Payment Date 5	Payment Date 6	Payment Date 7	Payment Date 8	Payment Date 9	Payment Date 10	Payment Date 11	Payment Date 12	Payment Date 13	Payment Date 14	Payment Date 15	Payment Date 16	Totals	State Total Maximum Payment
Wisconsin	Estate	\$ 5,797,110.08	\$ 188,369.18	\$ 341,411.60	\$ 812,926.83	\$ 173,096.52	\$ 2,504,523.58	\$ 2,914,221.39	\$ 2,080,652.34	\$ 2,121,212.70	\$ 902,182.10	\$ 993,016.63	\$ 993,016.63	\$ 993,016.63	\$ 1,594,010.76	\$ 1,594,010.76	\$ 1,720,589.49	\$ 25,723,367.20	\$ 80,067,314.49
	Base	\$ 2,985,008.04	\$ 1,024,299.26	\$ 1,248,685.32	\$ 1,003,970.74	\$ 724,099.51	\$ 510,277.31	\$ 267,894.79	\$ 273,449.66	\$ 298,213.68	\$ 521,481.40	\$ 591,532.18	\$ 591,532.18	\$ 591,532.18	\$ 1,251,867.39	\$ 1,251,867.39	\$ 1,251,867.39	\$ 14,387,578.42	
	Incentive A	\$ 3,930,948.79	\$ 3,091,565.97	\$ 3,743,770.08	\$ 3,022,972.96	\$ 1,525,518.28	\$ 870,534.92	\$ 855,313.10	\$ 869,454.22	\$ 932,496.33	\$ 1,552,635.59	\$ 1,738,529.07	\$ 1,738,529.07	\$ 1,738,529.07	\$ 3,671,958.01	\$ 3,671,958.01	\$ 3,671,958.01	\$ 36,626,671.47	
	Incentive B	\$ 2,322,833.38	\$ 1,826,834.43	\$ 2,212,227.77	\$ 1,786,302.20	\$ 901,442.62	\$ 514,407.00	\$ 505,412.29	\$ 513,768.40	\$ 551,020.56	\$ 917,466.49	\$ 1,027,312.63	\$ 1,027,312.63	\$ 1,027,312.63	\$ 2,169,793.37	\$ 2,169,793.37	\$ 2,169,793.37	\$ 21,643,033.14	
	Incentive C	\$ 1,608,115.41	\$ 1,264,731.53	\$ 1,531,542.30	\$ 1,236,670.76	\$ 624,075.66	\$ 356,127.92	\$ 349,900.81	\$ 355,685.82	\$ 381,475.77	\$ 635,169.11	\$ 711,216.44	\$ 711,216.44	\$ 711,216.44	\$ 1,502,164.64	\$ 1,502,164.64	\$ 1,502,164.64	\$ 14,983,638.33	
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 332,969.74	\$ 332,969.74	\$ 332,969.74	\$ 332,969.74	\$ 332,969.74	\$ 332,969.74	\$ 332,969.74	\$ 332,969.74	\$ 3,329,697.41	
	Max Incentive Payment	\$ 3,930,948.79	\$ 3,091,565.97	\$ 3,743,770.08	\$ 3,022,972.96	\$ 1,525,518.28	\$ 870,534.92	\$ 1,188,282.84	\$ 1,202,423.96	\$ 1,265,466.07	\$ 1,885,605.34	\$ 2,071,498.81	\$ 2,071,498.81	\$ 2,071,498.81	\$ 4,004,927.75	\$ 4,004,927.75	\$ 4,004,927.75	\$ 39,956,368.88	
	State Total	\$ 12,713,066.91	\$ 4,304,234.40	\$ 5,333,867.00	\$ 4,839,870.52	\$ 2,422,714.31	\$ 3,885,335.81	\$ 4,370,399.02	\$ 3,556,525.96	\$ 3,684,892.45	\$ 3,309,268.83	\$ 3,656,047.62	\$ 3,656,047.62	\$ 3,656,047.62	\$ 6,850,805.89	\$ 6,850,805.89	\$ 6,977,384.63	\$ 80,067,314.49	
Wyoming	Estate	\$ 674,681.69	\$ 21,922.86	\$ 39,734.31	\$ 94,610.39	\$ 20,145.39	\$ 291,482.51	\$ 339,164.13	\$ 242,151.35	\$ 246,871.86	\$ 104,998.13	\$ 115,569.68	\$ 115,569.68	\$ 115,569.68	\$ 185,514.83	\$ 185,514.83	\$ 200,246.37	\$ 2,993,747.67	\$ 9,318,427.65
	Base	\$ 347,402.45	\$ 119,210.42	\$ 145,325.02	\$ 116,844.54	\$ 84,272.45	\$ 59,387.31	\$ 31,178.24	\$ 31,824.73	\$ 34,706.83	\$ 60,691.27	\$ 68,843.95	\$ 68,843.95	\$ 68,843.95	\$ 145,695.35	\$ 145,695.35	\$ 145,695.35	\$ 1,674,461.16	
	Incentive A	\$ 457,493.32	\$ 359,803.92	\$ 435,709.01	\$ 351,820.90	\$ 177,543.51	\$ 101,314.96	\$ 99,543.41	\$ 101,189.18	\$ 108,526.18	\$ 180,699.48	\$ 202,334.22	\$ 202,334.22	\$ 202,334.22	\$ 427,351.35	\$ 427,351.35	\$ 427,351.35	\$ 4,262,700.58	
	Incentive B	\$ 270,336.96	\$ 212,611.41	\$ 257,464.42	\$ 207,894.17	\$ 104,912.07	\$ 59,867.93	\$ 58,821.10	\$ 59,793.61	\$ 64,129.11	\$ 106,776.97	\$ 119,561.13	\$ 119,561.13	\$ 119,561.13	\$ 252,525.80	\$ 252,525.80	\$ 252,525.80	\$ 2,518,868.53	
	Incentive C	\$ 187,156.36	\$ 147,192.51	\$ 178,244.60	\$ 143,926.73	\$ 72,631.43	\$ 41,447.03	\$ 40,722.30	\$ 41,395.58	\$ 44,397.07	\$ 73,922.52	\$ 82,773.09	\$ 82,773.09	\$ 82,773.09	\$ 174,825.55	\$ 174,825.55	\$ 174,825.55	\$ 1,743,832.06	
	Incentive D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,751.82	\$ 38,751.82	\$ 38,751.82	\$ 38,751.82	\$ 38,751.82	\$ 38,751.82	\$ 38,751.82	\$ 38,751.82	\$ 387,518.23	
	Max Incentive Payment	\$ 457,493.32	\$ 359,803.92	\$ 435,709.01	\$ 351,820.90	\$ 177,543.51	\$ 101,314.96	\$ 138,295.23	\$ 139,941.01	\$ 147,278.00	\$ 219,451.31	\$ 241,086.04	\$ 241,086.04	\$ 241,086.04	\$ 466,103.17	\$ 466,103.17	\$ 466,103.17	\$ 4,650,218.82	
	State Total	\$ 1,479,577.46	\$ 500,937.21	\$ 620,768.34	\$ 563,275.83	\$ 281,961.35	\$ 452,184.78	\$ 508,637.60	\$ 413,917.09	\$ 428,856.69	\$ 385,140.71	\$ 425,499.66	\$ 425,499.66	\$ 425,499.66	\$ 797,313.35	\$ 797,313.35	\$ 812,044.89	\$ 9,318,427.65	
Totals (All States and Territories)	Estate	\$ 340,492,313.81	\$ 27,079,638.91	\$ 33,879,638.91	\$ 56,997,397.50	\$ 25,089,721.56	\$ 141,355,579.56	\$ 159,766,229.06	\$ 117,701,729.06	\$ 117,516,471.06	\$ 49,557,239.06	\$ 49,557,239.06	\$ 49,557,239.06	\$ 49,557,239.06	\$ 79,528,195.31	\$ 79,528,195.31	\$ 85,840,545.94	\$ 1,463,004,612.25	\$ 4,553,791,480.53
	Base	\$ 177,606,283.84	\$ 60,972,791.78	\$ 71,697,301.09	\$ 59,272,025.25	\$ 45,315,136.27	\$ 34,652,044.26	\$ 21,434,541.78	\$ 21,434,541.78	\$ 21,434,541.78	\$ 28,559,786.85	\$ 29,519,528.44	\$ 29,519,528.44	\$ 29,519,528.44	\$ 62,449,762.76	\$ 62,449,762.76	\$ 62,449,762.76	\$ 818,286,868.28	
	Incentive A	\$ 269,214,062.27	\$ 179,355,528.69	\$ 210,695,519.38	\$ 174,185,949.75	\$ 99,509,431.85	\$ 66,846,088.86	\$ 63,209,986.67	\$ 63,209,986.67	\$ 63,209,986.67	\$ 83,930,211.18	\$ 86,750,656.41	\$ 86,750,656.41	\$ 86,750,656.41	\$ 183,168,759.59	\$ 183,168,759.59	\$ 183,168,759.59	\$ 2,083,125,000.00	
	Incentive B	\$ 159,081,036.80	\$ 105,982,812.41	\$ 124,501,897.82	\$ 102,928,061.21	\$ 58,801,027.91	\$ 39,499,961.60	\$ 37,351,355.76	\$ 37,351,355.76	\$ 37,351,355.76	\$ 49,595,124.79	\$ 51,261,751.52	\$ 51,261,751.52	\$ 51,261,751.52	\$ 108,236,085.21	\$ 108,236,085.21	\$ 108,236,085.21	\$ 1,230,937,500.00	
	Incentive C	\$ 110,133,025.47	\$ 73,372,716.28	\$ 86,193,621.57	\$ 71,257,888.53	\$ 40,708,403.94	\$ 27,346,127.26	\$ 25,858,630.91	\$ 25,858,630.91	\$ 25,858,630.91	\$ 34,335,086.39	\$ 35,488,904.90	\$ 35,488,904.90	\$ 35,488,904.90	\$ 74,932,674.38	\$ 74,932,674.38	\$ 74,932,674.38	\$ 852,187,500.00	
	Incentive D	\$ 3,998,881.24	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,041,559.67	\$ 22,041,559.67	\$ 22,041,559.67	\$ 20,276,080.10	\$ 16,495,893.27	\$ 16,495,893.27	\$ 16,495,893.27	\$ 16,495,893.27	\$ 16,495,893.27	\$ 16,495,893.27	\$ 189,375,000.00	
	Max Incentive Payment	\$ 273,212,943.50	\$ 179,355,528.69	\$ 210,695,519.38	\$ 174,185,949.75	\$ 99,509,431.85	\$ 66,846,088.86	\$ 85,251,546.34	\$ 85,251,546.34	\$ 85,251,546.34	\$ 104,206,291.28	\$ 103,246,549.68	\$ 103,246,549.68	\$ 103,246,549.68	\$ 199,664,652.87	\$ 199,664,652.87	\$ 199,664,652.87	\$ 2,272,500,000.00	
	State Total	\$ 791,311,541.15	\$ 267,407,959.38	\$ 316,272,459.38	\$ 290,455,372.50	\$ 169,914,289.69	\$ 242,853,712.69	\$ 266,452,317.19	\$ 224,387,817.19	\$ 224,202,559.19	\$ 182,323,317.19	\$ 182,323,317.19	\$ 182,323,317.19	\$ 182,323,317.19	\$ 341,642,610.94	\$ 341,642,610.94	\$ 347,954,961.56	\$ 4,553,791,480.53	

Note: Subject to Article 9, all figures shown above are the maximum possible scheduled payment amounts as determined pursuant to the Governmental Entity & Direct Shareholder Settlement Agreement. They assume that all Eligible States are Settling States and all Settling States earn the maximum possible Incentive Payments. They also assume no prepayments.

Note: Incentive Payment A is mutually exclusive with Incentive Payment B and Incentive Payment C. Accordingly, an Eligible State qualifies for the maximum Incentive Payments by either (i) qualifying for Incentive Payment A and fully earning Incentive Payment D with no deductions, or (ii) having an Incentive Payment B Eligibility Percentage of 100% and an Incentive Payment C Eligibility Percentage of 100% and earning Incentive Payment D with no deductions.

Key Assumptions:

- 1.) Estate cash flows assume Debtors' estimate as of 2/28/25 of cash available at 2025 year-end emergence from Purdue Pharma.
- 2.) Assumes A-Side Payment Group 8 settlement effectuated in accordance with, and subject to modification by, Section 2.01(g) of the Master Settlement Agreement.
 - Assumes that no other prepayments are exercised.
- 3.) Assumes Special Operating Reserve funded at minimum required amount and reverts starting on payment date 6 (i.e. no Litigation Costs).
- 4.) Insurance, future NewCo distributions, and other MDT proceeds are TBD, and are assumed to be 0.
- 5.) Assumes all creditor classes and attorneys fees funds receive distributions in accordance with Plan.
- 6.) Assumes that reserves are funded at emergence in accordance with Plan. Assumes MDT Operating Reserve is funded \$40M at emergence and \$20M annually thereafter.
 - Any unutilized MDT Operating Reserve budget will be distributed.
- 7.) Assumes same timing cadences by State as set forth by the NY Allocation Model dated 1/22.
- 8.) States all recover same % of Estate, Base, and Incentives, regardless of acceleration.

STAFF MEMO

DATE OF MEETING: SEPTEMBER 8, 2025 / AGENDA ITEM NO. 5E

To: Mayor and City Council
From: Alison McKenney Brown, City Attorney
Subject: **City Participation in Secondary Opioids Manufacturers Settlements**

SUMMARY STATEMENT: This Resolution seeks to have Lakewood join in the national opioids secondary manufacturers settlements, with Alvogen, Inc., Amneal Pharmaceuticals Inc., Apotex Corp., Hikma Pharmaceuticals USA, Inc., Indivior Inc., Mylan, Sun Pharmaceutical Industries, Inc., and Zydus Pharmaceuticals (USA) Inc.

BACKGROUND INFORMATION: There has been extensive litigation against opioid manufacturers and opioid distributors for their roles in contributing to the nationwide opioid epidemic. Many local governments throughout the country have retained counsel, investigated claims, or initiated suit against opiate manufacturers and distributors. In 2021, Lakewood entered into the Colorado Opioids Settlement Memorandum of Understanding, which was created in response to the nationwide settlements regarding the “Big 3” opioid distributors (McKesson, Cardinal Health, and AmerisourceBergen) and Opioid Manufacturer Johnson and Johnson.

Proposed national opioids settlements have been reached with the eight following opioids manufacturers: Alvogen, Inc., Amneal Pharmaceuticals Inc., Apotex Corp., Hikma Pharmaceuticals USA, Inc., Indivior Inc., Mylan, Sun Pharmaceutical Industries, Inc., and Zydus Pharmaceuticals (USA) Inc. Each of the eight aforementioned distributors is subject to a specific settlement agreement, and the eight settlement agreements are jointly referred to hereinafter as the “Secondary Manufacturers Settlements.” All eligible territories and states, including the State of Colorado, have elected to participate in the Secondary Manufacturers Settlements, which are anticipated to provide a total potential settlement amount of \$720,000,000.00. The state of Colorado can expect to receive a potential maximum total settlement amount of approximately \$12,000,000.00 from the Secondary Manufacturers Settlements, and all funds received will follow the same Colorado Opioid Settlement Memorandum of Understanding that Lakewood entered into in 2021. The proposed Secondary Manufacturers Settlements consist of, among other things, a settlement of all present and future claims against the eight manufacturers relating to the actions covered in the settlement agreements.

The total settlement amount to be provided by the Secondary Manufacturers Settlements is dependent upon a number of factors, including the total number of subdivisions, such as Lakewood, that decide to participate in the Secondary Manufacturers Settlements. The total number of the Secondary Manufacturers Combined Subdivision Participation and Release Forms received by October 8, 2025, will be used to determine whether subdivision participation is sufficient for the Secondary Manufacturers Settlements to move forward and whether Colorado earns its maximum potential payment under the Secondary Manufacturers Settlements.

Lakewood did not join in the litigation against any of the eight manufacturers included in the Secondary Manufacturers Settlements, but per the terms of the eight settlement agreements, Lakewood is still eligible to participate in the settlements.

BUDGETARY IMPACTS: Under the Secondary Manufacturers Settlements and the Colorado Opioids Settlement Memorandum of Understanding, Lakewood anticipates receiving funds over the next ten years, with an estimated maximum total of \$40,234.73. Lakewood will also benefit from an even larger pool of funds that comes to the region shared by Jefferson, Gilpin, and Clear Creek Counties. The total maximum estimated amount to be received by the Region over the next ten years is \$771,220.80. These amounts are, however, only estimates as the total settlement amount cannot be determined until the total number of participating subdivisions is finalized.

STAFF RECOMMENDATIONS: Staff recommends signing the Secondary Manufacturers Combined Subdivision Participation and Release Form and thereby joining in the settlement agreements for and releasing any claims against Alvogen, Inc., Amneal Pharmaceuticals Inc., Apotex Corp., Hikma Pharmaceuticals USA, Inc., Indivior Inc., Mylan, Sun Pharmaceutical Industries, Inc., and Zydus Pharmaceuticals (USA) Inc.

ALTERNATIVES: Lakewood could continue to litigate this matter on its own, and attempt to garner a more favorable outcome.

PUBLIC OUTREACH: This item has been promoted through the regular communication channels to be considered by the Lakewood City Council.

NEXT STEPS: To join the Secondary Manufacturers Settlements, the City Council must approve the Combined Subdivision Participation and Release Form Participation Form submit the signed document no later than October 8, 2025.

ATTACHMENTS:

1. Resolution R-2025-55
2. Secondary Manufacturers Combined Subdivision Participation and Release Form
3. Colorado Opioids Settlement Memorandum of Understanding
4. Alvogen Settlement Agreement
5. Amneal Settlement Agreement
6. Apotex Settlement Agreement
7. Hikma Settlement Agreement
8. Indivior Settlement Agreement
9. Mylan Settlement Agreement
10. Sun Pharma Settlement Agreement
11. Zydus Settlement Agreement

REVIEWED BY: Kathleen E. Hodgson, City Manager
Benjamin B. Goldstein, Deputy City Manager
Alison McKenney Brown, City Attorney

A RESOLUTION

APPROVING LAKEWOOD'S PARTICIPATION IN THE NATIONAL OPIOIDS
SECONDARY MANUFACTURERS SETTLEMENTS, AND WAIVER OF ALL CLAIMS
AGAINST SUCH OPIOIDS SECONDARY MANUFACTURERS

WHEREAS, the Lakewood City Council recognizes the harms caused to its residents by the opioid epidemic, the need to hold responsible those entities that created said harm, and the need to fund various programs to mitigate the harm caused;

WHEREAS, proposed nationwide settlements (the "Secondary Manufacturers Settlements") have been reached with the following eight opioids manufacturers: Alvogen, Inc., Amneal Pharmaceuticals Inc., Apotex Corp., Hikma Pharmaceuticals USA, Inc., Indivior Inc., Mylan, Sun Pharmaceutical Industries, Inc., and Zydus Pharmaceuticals (USA) Inc.;

WHEREAS, the Secondary Manufacturers Settlements carry a maximum total potential settlement amount of approximately \$720,000,000.00, of which, the State of Colorado can expect to receive a maximum potential total amount of approximately \$12,000,000.00;

WHEREAS, all eligible territories and states, including the State of Colorado, have elected to participate in the Secondary Manufacturers Settlements;

WHEREAS, the total amount owed under the Secondary Manufacturers Settlements is now dependent on a number of factors, including the total number of subdivisions such as the City of Lakewood (the "City"), signing the Secondary Manufacturers Combined Subdivision Participation and Release Form to join in the Secondary Manufacturers Settlements;

WHEREAS, all funds received from the Secondary Manufacturers Settlements will follow the Colorado Opioid Settlement Memorandum of Understanding (the "MOU") that the City entered into in 2021;

WHEREAS, under the terms of the MOU, the proceeds from the Secondary Manufacturers Settlements will be distributed as: 10% directly to the State; 20% directly to Participating Local Governments such as the City; 60% directly to regions; and 10% to specific state abatement infrastructure projects; and

WHEREAS, to participate in the Secondary Manufacturers Settlements, the City must sign and submit the Secondary Manufacturers Combined Subdivision Participation and Release Form for such settlement by October 8, 2025.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Lakewood:

SECTION 1. The City Manager, as the City's authorized signatory, is hereby authorized to execute the Secondary Manufacturers Combined Subdivision Participation and Release Form thereby entering the City of Lakewood into the Secondary Manufacturers Settlements. The City Manager, City Attorney, or City Clerk are hereby authorized to submit the Secondary Manufacturers Combined Subdivision Participation and Release Form for the Secondary Manufacturers Settlements to opioidsparticipation@rubris.com to effect the City's decision to enter into the Secondary Manufacturers Settlements.

SECTION 2. The City Attorney is hereby authorized to waive any and all claims against Alvogen, Inc., Amneal Pharmaceuticals Inc., Apotex Corp., Hikma Pharmaceuticals USA, Inc., Indivior Inc., Mylan, Sun Pharmaceutical Industries, Inc., and Zydus Pharmaceuticals (USA) Inc. that in any way touch upon or relate to the matters settled by the Secondary Manufacturers Settlements.

SECTION 3. This resolution shall become effective immediately upon its adoption.

INTRODUCED, READ AND ADOPTED by a vote of ___ for and ___ against at a hybrid regular meeting of the City Council on September 8, 2025, at 7 o'clock p.m., at the Lakewood Civic Center, 480 South Allison Parkway, Lakewood, Colorado.

Wendi Strom, Mayor

ATTEST:

Jay Robb, City Clerk

APPROVED AS TO FORM:

Alison McKenney Brown, City Attorney

EXHIBIT K**Secondary Manufacturers' Combined Subdivision Participation and Release Form**
("Combined Participation Form")

Governmental Entity: Lakewood city	State: CO
Authorized Official:	
Address 1:	
Address 2:	
City, State, Zip:	
Phone:	
Email:	

The governmental entity identified above ("*Governmental Entity*"), in order to obtain and in consideration for the benefits provided to the Governmental Entity pursuant to each of the settlements which are listed in paragraph 1 below (each a "Secondary Manufacturer's Settlement" and collectively, "the Secondary Manufacturers' Settlements"), and acting through the undersigned authorized official, hereby elects to participate in each of the Secondary Manufacturers' Settlements, release all Released Claims against all Released Entities in each of the Secondary Manufacturers' Settlements, and agrees as follows.

1. The Participating Entity hereby elects to participate in each of the following Secondary Manufacturers' Settlements as a Participating Entity:
 - a. Settlement Agreement for Alvogen, Inc. dated April 4, 2025.
 - b. Settlement Agreement for Apotex Corp. dated April 4, 2025.
 - c. Settlement Agreement for Amneal Pharmaceuticals LLC dated April 4, 2025.
 - d. Settlement Agreement for Hikma Pharmaceuticals USA Inc. dated April 4, 2025.
 - e. Settlement Agreement for Indivior Inc. dated April 4, 2025.
 - f. Settlement Agreement for Viatris Inc. ("Mylan") dated April 4, 2025.
 - g. Settlement Agreement for Sun Pharmaceutical Industries, Inc. dated April 4, 2025.
 - h. Settlement Agreement for Zydus Pharmaceuticals (USA) Inc. dated April 4, 2025.
2. The Governmental Entity is aware of and has reviewed each of the Secondary Manufacturers' Settlements, understands that all capitalized terms not defined in this Combined Participation Form have the meanings defined in each of the Secondary Manufacturers' Settlements, and agrees that by executing this Combined Participation Form, the Governmental Entity elects to participate in each of the Secondary Manufacturers' Settlements and become a Participating Subdivision as provided in each of the Secondary Manufacturers' Settlements.
3. The Governmental Entity shall promptly, and in any event no later than 14 days after the Reference Date and prior to the filing of the Consent Judgment, dismiss with prejudice any Released Claims that it has filed against any Released Entity in each of the Secondary Manufacturers' Settlements. With respect to any Released Claims pending in *In re National Prescription Opiate Litigation*, MDL No. 2804, the Governmental Entity



authorizes the Plaintiffs' Executive Committee to execute and file on behalf of the Governmental Entity a Stipulation of Dismissal with Prejudice for each of the manufacturers listed in paragraph 1 above substantially in the form found at <https://nationalopioidsettlement.com/additional-settlements/>.

4. The Governmental Entity agrees to the terms of each of the Secondary Manufacturers' Settlements pertaining to Participating Subdivisions as defined therein.
5. By agreeing to the terms of each of the Secondary Manufacturers' Settlements and becoming a Releasor, the Governmental Entity is entitled to the benefits provided therein, including, if applicable, monetary payments beginning after the Effective Date.
6. The Governmental Entity agrees to use any monies it receives through each of the Secondary Manufacturers' Settlements solely for the purposes provided therein.
7. The Governmental Entity submits to the jurisdiction of the court and agrees to follow the process for resolving any disputes related to each Secondary Manufacturer's Settlement as described in each of the Secondary Manufacturers' Settlements.¹
8. The Governmental Entity has the right to enforce each of the Secondary Manufacturers' Settlements as provided therein.
9. The Governmental Entity, as a Participating Subdivision, hereby becomes a Releasor for all purposes in each of the Secondary Manufacturers' Settlements, including without limitation all provisions related to release of any claims,² and along with all departments, agencies, divisions, boards, commissions, districts, instrumentalities of any kind and attorneys, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, and any other entity identified in the definition of Releasor, provides for a release to the fullest extent of its authority. As a Releasor, the Governmental Entity hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in each of the Secondary Manufacturers' Settlements in any forum whatsoever. The releases provided for in each of the Secondary Manufacturers' Settlements are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities in each of the Secondary Manufacturers' Settlements the broadest possible bar against any liability relating in any way to Released

¹ See Settlement Agreement for Alvogen, Inc. Section VII.F.2; Settlement Agreement for Apotex Corp. Section VII.F.2; Settlement Agreement for Amneal Pharmaceuticals LLC Section VII.F.2; Settlement Agreement for Hikma Pharmaceuticals USA Inc. Section VII.F.2; Settlement Agreement for Indivior Section VI.F.2; Settlement Agreement for Mylan Section VI.F.2; Settlement Agreement for Sun Pharmaceutical Industries, Inc. Section VII.F.2; Settlement Agreement for Zydus Pharmaceuticals (USA) Inc. Section VII.F.2.

² See Settlement Agreement for Alvogen, Inc. Section XI; Settlement Agreement for Amneal Pharmaceuticals LLC Section X; Settlement Agreement for Apotex Corp. Section XI; Settlement Agreement for Hikma Pharmaceuticals USA Inc. Section XI; Settlement Agreement for Indivior Section X; Settlement Agreement for Mylan Section X; Settlement Agreement for Sun Pharmaceutical Industries, Inc. Section XI; Settlement Agreement for Zydus Pharmaceuticals (USA) Inc. Section XI.



Claims and extend to the full extent of the power of the Governmental Entity to release claims. Each of the Secondary Manufacturers' Settlements shall be a complete bar to any Released Claim against that manufacturer's Released Entities.

10. The Governmental Entity hereby takes on all rights and obligations of a Participating Subdivision as set forth in each of the Secondary Manufacturers' Settlements.
11. In connection with the releases provided for in each of the Secondary Manufacturers' Settlements, each Governmental Entity expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

General Release; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release that, if known by him or her would have materially affected his or her settlement with the debtor or released party.

A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims in each of the Secondary Manufacturers' Settlements, but each Governmental Entity hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Governmental Entities' decision to participate in each of the Secondary Manufacturers' Settlements.

12. The Governmental Entity understands and acknowledges that each of the Secondary Manufacturers' Settlements is an independent agreement with its own terms and conditions. Nothing herein is intended to modify in any way the terms of any of the Secondary Manufacturers' Settlements, to which Governmental Entity hereby agrees, aside from the exceptions in paragraph 13 below. To the extent this Combined Participation Form is interpreted differently from any of the Secondary Manufacturers' Settlements in any respect, the individual Secondary Manufacturer's Settlement controls.
13. For the avoidance of doubt, in the event that some but not all of the Secondary Manufacturers' Settlements proceed past their respective Reference Dates, all releases and other commitments or obligations shall become void **only as to** those Secondary Manufacturers' Settlements that fail to proceed past their Reference Dates. All releases and other commitments or obligations (including those contained in this Combined Participation Form) shall remain in full effect as to each Secondary Manufacturer's Settlement that proceeds past its Reference Date, and this Combined Participation Form need not be modified, returned, or destroyed as long as any Secondary Manufacturer's Settlement proceeds past its Reference Date.



I have all necessary power and authorization to execute this Combined Participation Form on behalf of the Governmental Entity.

Signature: _____

Name: _____

Title: _____

Date: _____



**COLORADO OPIOIDS SETTLEMENT MEMORANDUM OF UNDERSTANDING
("MOU")**

Thursday, August 26, 2021

August 25, 2021 Attorney General version

A. Definitions

As used in this MOU:

1. "Approved Purpose(s)" shall mean forward-looking strategies, programming, and services to abate the opioid epidemic as identified by the terms of any Settlement. If a Settlement is silent on Approved Purpose(s), then Approved Purpose(s) shall mean those forward-looking strategies to abate the opioid epidemic identified in **Exhibit A** or any supplemental forward-looking abatement strategies added to **Exhibit A** by the Abatement Council. Consistent with the terms of any Settlement, "Approved Purposes" shall also include the reasonable administrative costs associated with overseeing and administering Opioid Funds from each of the four (4) Shares described in Section (B)(2). Reimbursement by the State or Local Governments for past expenses are not Approved Purpose(s). "Approved Purposes" shall include attorneys' fees and expenses incurred in the course of the opioid litigation that are paid through the process discussed below.
2. "County Area" shall mean a county in the State of Colorado plus the Local Governments, or portion of any Local Government, within that county.
3. "Effective Date" shall mean the date on which a court of competent jurisdiction, including any bankruptcy court, enters the first Settlement by order or consent decree. The Parties anticipate that more than one Settlement will be administered according to the terms of this MOU, but that the first entered Settlement will trigger the formation of the Abatement Council in Section (C) and the Regional Councils in Section (F)(5).¹
4. "General Abatement Fund Council," or "Abatement Council," shall have the meaning described in Section (C), below.

¹ For the avoidance of doubt, the McKinsey Settlement and any other Settlement that precedes the finalization of drafting this MOU are not considered a trigger for purposes of the calculation of "Effective Date."

5. “Local Government(s)” shall mean all counties in the State of Colorado and the municipalities, towns, and county and city municipal corporations that are listed in **Exhibit B**.
6. “National Opioid Settlement Administrative Fund” shall mean any fund identified by a Settlement for the national distribution of Opioid Funds.
7. “Opioid Funds” shall mean damage awards obtained through a Settlement.
8. “Opioid Settling Defendant” shall mean any person or entity, or its affiliates, that engages in or has engaged in the manufacture, marketing, promotion, distribution, or dispensing of licit opioids.
9. “Participating Local Government(s)” shall mean all Local Governments that sign this MOU, and if required under terms of a particular Settlement, who have executed a release of claims with the Opioid Settlement Defendant(s). For the avoidance of doubt, a Local Government must sign this MOU to become a “Participating Local Government.” Local Governments may designate the appropriate individual from their entity to sign the MOU.
10. “Party” or “Parties” shall mean the State and/or Participating Local Government(s).
11. “Qualified Settlement Fund Account,” or “QSF Account,” shall mean an account set up as a qualified settlement fund, 468b fund, as authorized by Treasury Regulations 1.468B-1(c) (26 CFR §1.468B-1).
12. “Regional Council” shall have the meaning described in Section (F)(5), below.
13. “Settlement” shall mean the negotiated resolution of legal or equitable claims against an Opioid Settling Defendant when that resolution has been jointly entered into by the State and the Participating Local Governments, or by any individual Party or collection of Parties that opt to subject their Settlement to this MOU. Unless otherwise directed by an order from a United States Bankruptcy Court, “Settlement” shall also include distributions from any liquidation under Chapter 7 of the United States Bankruptcy Code or confirmed plan under Chapter 11 of the United States Bankruptcy Code that treats the claims of the State and Local Governments against an Opioid Settling Defendant.
14. “The State” shall mean the State of Colorado acting through its Attorney General and the Colorado Department of Law.

B. Allocation of Settlement Proceeds

1. All Opioid Funds shall be held in accordance with the terms of any Settlement. If a Settlement allows Opioid Funds to be held in a National Opioid Settlement Administrative Fund, then Opioid Funds shall be held in such National Opioid Settlement Administrative Fund. If a Settlement does not allow for Opioid Funds

to be held in a National Opioid Settlement Administrative Fund, Opioid Funds shall be held in a Colorado-specific QSF Account or, under the following limited circumstances, in the State's Custodial Account: 1) if at the time of a Settlement, a Colorado-specific QSF Account is not yet established, although in such case, the Opioid Funds shall be transferred to the Colorado-specific QSF Account once it is established or 2) where the Abatement Fund Council determines Opioids Funds cannot be legally held in a Colorado-specific QSF Account. Regardless of whether Opioid Funds are held in a National Administrative Fund, a Colorado-specific QSF Account, or in the State's Custodial Account, the Abatement Council shall appoint one of its members to serve as the point of contact in accordance Section (C)(4)(b)(i), below.

2. All Opioid Funds, at the time of a Settlement or at the time designated in the Settlement documents, shall be divided and distributed as follows:²
 - a. **10%** directly to the State ("State Share") for Approved Purposes in accordance with Section (D), below;
 - b. **20%** directly to Participating Local Governments ("LG Share") for Approved Purposes in accordance with Section (E), below;
 - c. **60%** directly to Regions ("Regional Share") for Approved Purposes in accordance with Section (F), below; and
 - d. **10%** to specific abatement infrastructure projects ("Statewide Infrastructure Share") for Approved Purposes in accordance with Section (G), below.
3. Distribution of the Shares in Section B(2)(a) – (d) shall be direct, meaning that funds held in accordance with Section B(1) shall be disbursed directly to the State, Participating Local Governments, Regions, and the Statewide Infrastructure Share according to the terms of this MOU.
4. All Opioid Funds, regardless of allocation, shall be used for Approved Purposes.
5. Participating Local Governments may elect to share, pool, or collaborate with their respective allocation of the LG or Regional Shares in any manner they choose, so long as such sharing, pooling, or collaboration is used for Approved Purposes and complies with the terms of this MOU and any Settlement.

C. General Abatement Fund Council

1. A General Abatement Fund Council (the "Abatement Council"), consisting of representatives appointed by the State and Participating Local Governments, shall

² This MOU treats multi-county health departments as county health departments for purposes of allocation and distribution of abatement proceeds and therefore multi-county health departments shall not receive any Opioid Funds directly. Third-Party Payors ("TPPs") are not Parties to this MOU.

be created to ensure the distribution of Opioid Funds complies with the terms of any Settlement and to provide oversight of the Opioid Funds in accordance with the terms of this MOU.

2. **Membership:** The Abatement Council shall consist of the following thirteen (13) members, who shall serve in their official capacity only.

a. **State Members:** Seven (7) members shall be appointed by the State, as authorized volunteers of the State, as follows:

- (i) A Chair to serve as a non-voting member, except in the event of a tie;
- (ii) Two (2) members who are licensed professionals with significant experience in substance use disorders;
- (iii) Three (3) members who are professionals with significant experience in prevention, education, recovery, treatment, criminal justice, rural public health issues, or government administration related to substance use disorders; and
- (iv) One (1) member or family member affected directly by the opioid crisis.

b. **Local Government Members:** Six (6) members shall be appointed by the Participating Local Governments. Local Government Members shall be a County Commissioner, Mayor, City or Town Council Member, or a professional with significant experience in prevention, education, recovery, treatment, criminal justice, rural public health issues, or governmental administration related to substance use disorders. A Participating Local Government may determine which Local Government Members are eligible (or ineligible) to serve on the General Abatement Fund Council. County Commissioners, City or Town Council Members, and/or Mayors from the Regions identified in **Exhibit C** shall collaborate to appoint Local Government Members as follows:

- (i) Two (2) Members from Regions 1, 5, 13, 14, 15, 17, 18;
- (ii) Two (2) Members from Regions 2, 6, 7, 8, 9, 10, 11, 12, 16; and
- (iii) Two (2) Members from Regions 3, 4, 19.

c. **Terms:** The Abatement Council shall be established within ninety (90) days of the Effective Date. In order to do so, within sixty (60) days of the Effective Date, the State shall appoint the State Members in accordance with Section (C)(2)(a), and after conferral with the Local Governments, CCI and CML shall jointly appoint six (6) Local Government Members for an initial term not to exceed one year. Thereafter, Members shall be

appointed in accordance with this Section and Sections (C)(2)(a) and (b) and may serve no more than two (2) consecutive two-year terms, for a total of four (4) consecutive years. Except that, beginning in the second year only, two (2) State Members and two (2) Local Government members shall be appointed for a three-year term and may serve one consecutive two-year term thereafter. The Chair shall have no term but may be replaced at the State's discretion.

- (i) If a State or Local Government Member resigns or is otherwise removed from the Abatement Council prior to the expiration of their term, a replacement Member shall be appointed within sixty (60) days in accordance with Sections (C)(2)(a) and (b).
- (ii) If a Local Government Member vacancy exists for more than sixty (60) days, the State shall appoint a replacement Local Government Member to serve until the vacancy is filled in accordance with Section (C)(2)(b).

- 3. **Duties:** The Abatement Council is primarily responsible for ensuring that the distribution of Opioid Funds complies with the terms of this MOU. The Abatement Council is also responsible for oversight of Opioid Funds from the Regional Share in accordance with Section (F), below, and for developing processes and procedures for the distribution and oversight of Opioid Funds from the Statewide Infrastructure Share in accordance with Section (G) below.
- 4. **Governance:** The Abatement Council shall draft its own bylaws or other governing documents, which must include appropriate conflict of interest and dispute resolution provisions, in accordance with the terms of this MOU and the following principles:
 - a. **Authority:** The Abatement Council does not have rulemaking authority. The terms of this MOU and any Settlement, as entered by any court of competent jurisdiction, including any bankruptcy court, control the authority of the Abatement Council and the Abatement Council shall not stray outside the bounds of the authority and power vested by this MOU and any Settlement.
 - b. **Administration:** The Abatement Council shall be responsible for an accounting of all Opioid Funds. The Abatement Council shall be responsible for releasing Opioid Funds in accordance with Section (B)(1) for the Regional and Statewide Infrastructure Shares in Sections (B)(2)(c) and (d) and shall develop policies and procedures for the release and oversight of such funds in accordance with Sections (F) and (G). Should the Abatement Council require assistance with providing an accounting of Opioid Funds, it may seek assistance from the State.

- (i) The Abatement Council shall appoint one of its members to serve as a point of contact for the purpose of communicating with the entity holding Opioid Funds in accordance with Section (B)(1) and in that role shall only act as directed by the Abatement Council.
- c. **Transparency:** The Abatement Council shall operate with all reasonable transparency and operate in a manner consistent with all Colorado laws relating to open records and meetings regardless of whether the Abatement Council is otherwise obligated to comply with them.
 - (i) The Abatement Council shall develop a centralized public dashboard or other repository for the publication of expenditure data from any Party or Regional Council that receives Opioid Funds in accordance with Sections (D)-(G).
 - (ii) The Abatement Council may also require outcome related data from any Party or Regional Council that receives Opioid Funds in accordance with Sections (D)-(G) and may publish such outcome related data in the centralized public dashboard or other repository described above. In determining which outcome related data may be required, the Abatement Council shall work with all Parties and Regional Councils to identify appropriate data sets and develop reasonable procedures for collecting such data sets so that the administrative burden does not outweigh the benefit of producing such outcome related data.
 - (iii) For purposes of funding the centralized public dashboard or other repository described above, the Abatement Council shall make good faith efforts to seek funding from outside sources first, otherwise the State shall provide such funding.
- d. **Collaboration:** The Abatement Council shall facilitate collaboration between the State, Participating Local Governments, Regional Councils, and other stakeholders for the purposes of sharing data, outcomes, strategies, and other relevant information related to abating the opioid crisis in Colorado.
- e. **Decision Making:** The Abatement Council shall seek to make all decisions by consensus. In the event consensus cannot be achieved, unless otherwise required in this MOU, the Abatement Council shall make decisions by a majority vote of its Members. The Chair shall only vote in the event of a tie.
- f. **Due Process:** The Abatement Council shall develop the due process procedures required by Section (G)(3)(d) for Parties to dispute or challenge remedial actions taken by the Abatement Council for Opioid Funds from the Statewide Infrastructure Share. The Abatement Council

shall also abide by the due process principles required by Section (F)(12)-(13) for Regions to dispute or challenge remedial actions taken by the Abatement Council for Opioid Funds from the Regional Share.

- g. **Legal Status:** The Abatement Council shall not constitute a separate legal entity.
- h. **Legal Representation:** To the extent permitted by law, the State shall provide legal counsel to State Members for all legal issues arising from those State Members' work on the Abatement Council. At all times, Local Government Members of the Abatement Council are entitled to receive legal representation from their respective governmental entities. In the event of a conflict, the Abatement Council and its members may retain the services of other legal counsel.
- i. **Compensation:** No member of the Abatement Council shall be compensated for their work related to the Abatement Council.

D. State Share

- 1. In accordance with Sections (B)(1) and (B)(2)(a), and the terms of any Settlement, the State Share shall be paid directly to the State in accordance with the terms of this Section (D).
- 2. The State maintains full discretion over distribution of the State Share anywhere within the State of Colorado, however, the State Share shall be used for Approved Purposes only. The State will work to reduce administrative costs as much as practicable.
- 3. On an annual basis, as determined by the Abatement Council, the State shall provide all expenditure data, including administrative costs, from the State Share to the Abatement Council for purposes of maintaining transparency in accordance with Section (C)(4)(c)(i). The Abatement Council may require the State to provide additional outcome-related data in accordance with Section (C)(4)(c)(ii) and the State shall comply with such requirements.
- 4. If the State disputes the amount of Opioid Funds it receives from the State Share, the State shall alert the Abatement Council within sixty (60) days of discovering the information underlying the dispute. Failure to alert the Abatement Council within this time frame shall not constitute a waiver of the State's right to seek recoupment of any deficiency in its State Share.

E. LG Share

- 1. In accordance with Sections (B)(1) and (B)(2)(b), and the terms of any Settlement, the LG Share shall be paid directly to Participating Local Governments in accordance with the terms of this Section (E).

2. Allocations to Participating Local Governments from the LG Share shall first be determined using the percentages shown in **Exhibit D**.
3. The LG Share for each County Area shall then be allocated among the county and the other Participating Local Governments within it. **Exhibit E** reflects the default allocation that will apply unless the Participating Local Governments within a County Area enter into a written agreement providing for a different allocation. The Participating Local Governments may elect to modify the allocation for a County Area in **Exhibit E**, but such modification to the allocation in **Exhibit E** shall not change a County Area's total allocation under Section (E)(2).
4. A Local Government that chooses not to become a Participating Local Government will not receive a direct allocation from the LG Share. The portion of the LG Share that would have been allocated to a Local Government that is not a Participating Local Government will instead be re-allocated to the Regional Share for the Region where the Local Government is located, in accordance with Section (F), below.
5. In the event a Participating Local Government dissolves or ceases to exist during the term of any Settlement, the allocation for that Participating Local Government from the LG Share shall be re-allocated as directed by any Settlement, and if not specified, be re-allocated to the Regional Share for the Region in which the Participating Local Government was located, in accordance with Section (F). If a Participating Local Government merges with another Participating Local Government, the allocation for that Participating Local Government from the LG Share shall be re-allocated as directed by any Settlement, and if not specified, shall be re-allocated to the successor Participating Local Government's allocation of the LG Share. If a Participating Local Government merges with a Local Government that is not a Participating Local Government, the allocation for that Participating Local Government from the LG Share shall be re-allocated as directed by any Settlement, and if not specified, be re-allocated to the Region in which the merging Participating Local Government was located, in accordance with Section (F), below.
6. A Participating Local Government may forego its allocation of the LG Share and direct its allocation to the Regional Share for the Region where the Participating Local Government is located, in accordance with Section (F) below, by affirmatively notifying the Abatement Council on an annual basis of its decision to forego its allocation of the LG Share. A Participating Local Government's election to forego its allocation of the LG Share shall carry over to the following year unless the Participating Local Government notifies the Abatement Council otherwise. If a Participating Local Government elects to forego its allocation of the LG Share, the Participating Local Government shall be excused from the reporting requirements required by Section (E)(8).
7. Participating Local Governments maintain full discretion over the distribution of their allocation of the LG Share anywhere within the State of Colorado, however,

all Participating Local Governments shall use their allocation from the LG Share for Approved Purposes only. Reasonable administrative costs for a Participating Local Government to administer its allocation of the LG Share shall not exceed actual costs or 10% of the Participating Local Government's allocation of the LG Share, whichever is less.

8. On an annual basis, as determined by the Abatement Council, all Participating Local Governments shall provide all expenditure data, including administrative costs, from their allocation of the LG Share to the Abatement Council for purposes of maintaining transparency in accordance with Section (C)(4)(c)(i). The Abatement Council may require Participating Local Governments to provide additional outcome related data in accordance with Section (C)(4)(c)(ii) and all Participating Local Governments shall comply with such requirements.
9. If any Participating Local Government disputes the amount of Opioid Funds it receives from its allocation of the LG Share, the Participating Local Government shall alert the Abatement Council within sixty (60) days of discovering the information underlying the dispute. Failure to alert the Abatement Council within this time frame shall not constitute a waiver of the Participating Local Government's right to seek recoupment of any deficiency in its LG Share.

F. Regional Share

1. In accordance with Sections (B)(1) and (B)(2)(c), and the terms of any Settlement, the Regional Share shall be paid to the Regions in accordance with the terms of this Section (F).
2. Participating Local Governments shall organize themselves into the Regions depicted in **Exhibit C**. Municipalities located in multiple Regions may join all or some of the Regions in which they are located according to **Exhibit C**.
3. Allocations to Regions will be distributed according to **Exhibit F**. For multi-county Regions, each Region's share listed in **Exhibit F** is calculated by summing the individual percentage shares listed in **Exhibit D** for the counties within that Region. The percentages in **Exhibit F** are based on the assumption that every Local Government in each Region becomes a Participating Local Government.
4. In the event a city, town, or other municipality that is a Participating Local Government merges, dissolves, or ceases to exist during the term of any Settlement, the allocation of the Regional Share owed to the Region in which that Participating Local Government existed shall be re-allocated as directed by any Settlement, and if not specified, shall not be modified from **Exhibit F**. If a county that is a Participating Local Government merges with another county within its Region, the allocation of the Regional Share owed to the Region in which that county existed shall be re-allocated as directed by any Settlement, and if not specified, shall not be modified from **Exhibit F**. If a county that is a Participating Local Government merges with a county in a different Region during the term of

any Settlement, the allocation of the Regional Share owed to the Region in which that county existed shall be re-allocated as directed by any Settlement, and if not specified, shall be re-allocated to the Region in which that Participating Local Government merged in accordance with **Exhibit F**.

5. Each Region must create its own Regional Council while giving consideration to the regional governance models illustrated in **Exhibit G**. The Regional Council must be formed by the Participating Local Governments within the Region and each Regional Council shall designate a fiscal agent for the Region. Regional fiscal agents shall be county or municipal governments only. All funds from the Regional Share shall be distributed to the Regional Council's identified fiscal agent for the benefit of the entire Region.
 - a. Subject to this Section F(5), each Region may draft its own intra-regional agreements, bylaws, or other governing documents to determine how the Regional Council will operate. However, each voting member of a Regional Council shall be an employee or elected official of a Participating Local Government within the applicable Region. In the case of Denver, the voting members of its Regional Council shall be appointed by the Mayor. In the case of Broomfield, the voting members of its Regional Council shall be appointed by the Broomfield City and County Manager.
 - b. The Region shall not receive any Opioid Funds from the Regional Share until the Region certifies to the Abatement Council that its Regional Council has been formed and a fiscal agent has been designated. Such certification shall be in a simple form adopted by the Region and may be made via email, so long as it includes the names and affiliations of the Regional Council's members and the designated fiscal agent.
 - c. If a Region does not form and certify its Regional Council and designate its fiscal agent within one-hundred and eighty (180) days of the Effective Date, the Abatement Council shall appoint members to the Region's Regional Council. Regional Council members appointed by the Abatement Council shall serve until the Region certifies the formation of its Regional Council to the Abatement Council.
 - d. A Region shall submit a renewed certification required by Section (F)(5)(b), above, when its membership changes.
 - e. If a membership vacancy exists on a Regional Council for more than ninety (90) days and the Regional Council is unable to fill the vacancy by its regular procedures during that time, the Abatement Council shall appoint a replacement member to serve until the Region fills the vacancy.

6. A Local Government that chooses not to become a Participating Local Government shall not receive any Opioid Funds from the Regional Share or participate in the Regional Councils described in Section (F)(5) above.
7. Each Regional Council shall make requests to the Abatement Council for Opioid Funds from their allocation of the Regional Share. Each Regional Council's request for Opioid Funds from the Regional Share shall be accompanied by a 2-year plan identifying the Approved Purposes for which the requested funds will be used by the Region anywhere within the State of Colorado. A Regional Council's 2-year plan may be amended so long as such amendments comply with the terms of this MOU and any Settlement. Any Regional Council may seek assistance from the Abatement Council for purposes of developing its 2-year plan.
8. Reasonable administrative costs for a Regional Council to administer its Region's allocation of the Regional Share shall not exceed actual costs or 10% of the Region's allocation of the Regional Share, whichever is less.
9. The Abatement Council shall release funds requested by a Regional Council in accordance with Section (B)(1) if the Regional Council's 2-year plan complies with the Approved Purposes, the terms of this MOU, and the terms of any Settlement. The Abatement Council shall not deny any funding request from a Regional Council on the basis that the Abatement Council does not approve or agree with the Approved Purposes for which a Regional Council requests Opioid Funds from the Regional Share. Nor may the Abatement Council hold up, delay, or make unreasonable requests for additional or supporting information of the Regional Council prior to releasing the requested Opioid Funds. The purpose of this MOU is to facilitate Opioid Funds to their intended recipients quickly and efficiently with minimal administrative procedure.
10. On an annual basis, as determined by the Abatement Council, each Regional Council's fiscal agent shall provide to the Abatement Council the Regional Council's expenditure data, including administrative costs, from their allocation of the Regional Share and certify to the Abatement Council that the Regional Council's expenditures were for Approved Purposes and complied with its 2-year plan. The Regional Council shall subject itself to an accounting at the Abatement Council's discretion.
 - a. The Abatement Council shall review a Regional Council's expenditure data and certification to ensure compliance with the Regional Council's 2-year plan, the Approved Purposes, and the terms of this MOU and any Settlement.
 - b. The Abatement Council shall publish the Regional Council's expenditure data, including administrative costs, from the Regional Share in accordance with Section (C)(4)(c)(i). The Abatement Council may require Regional Councils to provide additional outcome related data in

accordance with Section (C)(4)(c)(ii) and all Regional Councils shall comply with such requirements.

11. If any Regional Council disputes the amount of Opioid Funds it receives from its allocation of the Regional Share, the Regional Council shall alert the Abatement Council within sixty (60) days of discovering the information underlying the dispute. Failure to alert the Abatement Council within this time frame shall not constitute a waiver of the Regional Council's right to seek recoupment of any deficiency in its Regional Share.
12. If the Abatement Council has reason to believe a Region's expenditure of its allocation of the Regional Share did not comply with the Region's 2-year Plan, the Approved Purposes, the terms of this MOU or any Settlement, as described in this Section (F), or that the Region otherwise misused its allocation of the Regional Share, the Abatement Council may take remedial action against the alleged offending Region. Such remedial action is left to the discretion of the Abatement Council and may include but not be limited to, withholding future Opioids Funds owed to the offending Region or requiring the offending Region to reimburse improperly expended Opioid Funds to the Regional Share.
13. Within one hundred and twenty (120) days of the Abatement Council being formed, in accordance with Section (C)(2)(c) above, the Abatement Council shall develop and publish due process procedures for allowing a Region to challenge or dispute any remedial action taken by the Abatement Council, including timelines during which the Region may engage in such a challenge or dispute. Such due process procedures shall reflect, at a minimum, the following principles:
 - a. Upon learning of any conduct that may warrant remedial action against a Region, the Abatement Council shall first provide notice to the Region of the conduct at issue, provide the Region an opportunity to respond, and, if appropriate, cure the alleged offending conduct. If after providing the Region such notice and opportunities to respond and cure, the Abatement Council continues to believe remedial action is warranted, the Abatement Council may take such remedial action.
 - b. If the Abatement Council decides to take remedial action against an alleged offending Region, such action may only occur by a two-thirds supermajority vote of the Abatement Council. Thus, an Abatement Council made up of twelve (12) voting members requires a vote of eight (8) Members prior to taking remedial action against an alleged offending Region.
 - c. Prior to taking any remedial action against an alleged offending Region, the Abatement Council shall first provide notice to the alleged offending Region of the remedial action to be taken and the facts underlying such remedial action. The Abatement Council shall then provide the alleged

offending Region an opportunity to challenge or dispute the remedial action in accordance with, at a minimum, the principles below:

- i. The alleged offending Region may request revisions or modifications to the proposed remedial action;
 - ii. The alleged offending Region may submit a written response to and/or request a hearing before the Abatement Council, or a third-party hearing officer,³ regarding the alleged offending conduct and proposed remedial action; and
 - iii. After such written responses are submitted and reviewed and/or a hearing is conducted, the alleged offending Region may submit an appeal to the Abatement Council of the decision to take remedial action.
- d. Remedial actions taken by the Abatement Council, in accordance with the due process principles detailed above, shall be considered final non-appealable orders and offending Regions may not seek judicial relief from remedial action taken by the Abatement Council, except as provided in Section (H), below.
- e. Subject to Section (H)(2), below, if any Party(ies) believes the Abatement Council violated the terms of this MOU, such Party(ies) may seek to enforce the terms of this MOU.

14. If the Abatement Council has reason to believe a Region's conduct, or the conduct of any Participating Local Government or individual in that Region, amounts to a violation of any criminal law, the Abatement Council shall refer such matters to the appropriate authorities and may consider such conduct in its determination of any remedial action to be taken.

15. If the Abatement Council has reason to believe that an individual involved in the receipt or administration of Opioid Funds from the Regional Share has violated any applicable ethics rules or codes, the Abatement Council shall not attempt to adjudicate such a violation. In such instances, the Abatement Council shall lodge a complaint with the appropriate forum for handling such ethical matters, such as a local home rule municipality's ethics board.

16. Costs associated with the Abatement Council's distribution and oversight of the Regional Share, as described above in this Section (F), including costs associated with any remedial action by the Abatement Council, shall be paid from the Statewide

³ Only an alleged offending Region may request the appointment of a third-party hearing officer to review any written responses and conduct any requested hearings. If an alleged offending Region makes such a request, the Abatement Council has sole discretion to appoint the third-party hearing officer and the alleged offending Region shall bear the cost of such review and/or hearing by the third-party hearing officer.

Infrastructure Share. The Abatement Council shall make all good faith efforts to limit such costs to the greatest extent possible.

G. Statewide Infrastructure Share

1. In accordance with Sections B(1) and (B)(2)(d), and the terms of any Settlement, the Statewide Infrastructure Share shall be paid to any Party or Regional Council in accordance with this Section (G).
2. The purpose of the Statewide Infrastructure Share is to promote capital improvements and provide operational assistance for developing or improving the infrastructure necessary to abate the opioid crisis anywhere within the State of Colorado. The Statewide Infrastructure Share is intended to supplement Opioid Funds received by any Party or Region.
3. Prior to distributing any Opioid Funds from the Statewide Infrastructure Share, the Abatement Council shall establish and publish policies and procedures for the distribution and oversight of the Statewide Infrastructure Share, including processes for Parties or Regions to apply for Opioid Funds from the Statewide Infrastructure Share. The Abatement Council's policies and procedures shall, at a minimum, reflect the following principles:
 - a. Opioid Funds from the Statewide Infrastructure Share shall be used for Approved Purposes only;
 - b. Opioid Funds from the Statewide Infrastructure Share shall be paid directly to the appropriate state agencies (including but not limited to the Colorado Department of Law), Regional fiscal agents, or Participating Local Governments only;
 - c. Distribution and oversight of the Statewide Infrastructure Share shall comply with the terms of this MOU and any Settlement;
 - d. Appropriate processes for remedial action will be taken against Parties or Regions that misuse Opioid Funds from the Statewide Infrastructure Share. Such processes shall include procedures for alleged offending Parties or Regions to challenge or dispute such remedial action; and
 - e. Limitations on administrative costs to be expended by recipients for administering Opioid Funds received from the Statewide Infrastructure Fund, not to exceed actual costs expended by the recipient or 10% of the amount received, whichever is less.
4. The distribution and oversight policies and procedures developed by the Abatement Council, in accordance with Section (G)(3), shall be non-appealable orders and no Party or Region may seek judicial relief related to the distribution and oversight of the Statewide Infrastructure Share.

5. On an annual basis, as determined by the Abatement Council, any Party or Regional Council that receives funds from the Statewide Infrastructure Share shall provide all expenditure data, including administrative costs, related to any Opioid Funds it received from the Statewide Infrastructure Share and subject itself to an accounting as required by the Abatement Council. The Abatement Council shall publish all expenditure data from the Statewide Infrastructure Share in accordance with Section (C)(4)(c)(i). The Abatement Council may require the Parties or Regional Councils that receive funds from the Statewide Infrastructure Share to provide additional outcome related data in accordance with Section (C)(4)(c)(ii) and the Parties or Regional Councils shall comply with such requirements.
6. Costs associated with the Abatement Council's distribution and oversight of the Statewide Infrastructure Share, as described in this Section (G), shall be paid for from the Statewide Infrastructure Share. The Abatement Council shall make all good faith efforts to limit such costs to the greatest extent possible.

H. General Terms

1. All Parties and Regional Councils shall maintain all records related to the receipt and expenditure of Opioid Funds for no less than five (5) years and shall make such records available for review by the Abatement Council, any other Party or Regional Council, or the public. Records requested by the public shall be produced in accordance with Colorado's open records laws. Records requested by the Abatement Council or another Party or a Regional Council shall be produced within twenty-one (21) days of the date the record request was received. This requirement does not supplant any Party or Regional Council's obligations under Colorado's open records laws.
2. If any Party(ies) believes the Abatement Council has violated the terms of this MOU, the alleging Party(ies) may seek to enforce the terms of this MOU, provided the alleging Party(ies) first provides notice to the Abatement Council of the alleged violation and a reasonable opportunity to cure the alleged violation. In such an enforcement action, the alleging Party(ies) may only seek to enforce the terms of the MOU against the State and the Participating Local Governments from which the Local Government Members of the Abatement Council were appointed and may only seek declaratory and/or injunctive relief. In defense of such an enforcement action, the State's Members of the Abatement Council shall be represented by the State and the Local Government Members shall be represented by the Participating Local Governments from which the Local Government Members were appointed. In the event of a conflict, the Abatement Council and its Members may seek outside representation to defend itself against such an enforcement action.
3. If any Party(ies) believes another Party(ies), not including the Abatement Council, violated the terms of this MOU, the alleging Party(ies) may seek to enforce the terms of this MOU in the court in which any applicable Settlement(s) was entered, provided the alleging Party(ies) first provide the alleged offending Party(ies)

notice of the alleged violation(s) and a reasonable opportunity to cure the alleged violation(s). In such an enforcement action, any alleging Party or alleged offending Party(ies) may be represented by their respective public entity in accordance with Colorado law.

4. Nothing in this MOU shall be interpreted to waive the right of any Party to seek judicial relief for conduct occurring outside the scope of this MOU that violates any Colorado law. In such an action, the alleged offending Party(ies), including the Abatement Council, may be represented by their respective public entities in accordance with Colorado law. In the event of a conflict, any Party, including the Abatement Council and its Members, may seek outside representation to defend itself against such an action.
5. If any Party(ies) believes another Party(ies), Region(s), or individual(s) involved in the receipt, distribution, or administration of Opioids Funds has violated any applicable ethics codes or rules, a complaint shall be lodged with the appropriate forum for handling such matters, such as a local home rule municipality's ethics board.
6. If any Party(ies) believes another Party(ies), Region(s), or individual(s) involved in the receipt, distribution, or administration of Opioid Funds violated any Colorado criminal law, such conduct shall be reported to the appropriate criminal authorities.
7. Venue for any legal action related to this MOU shall be in a court of competent jurisdiction where any applicable Settlement(s) is entered.
8. Because recovery under the terms of different Settlement(s) may vary depending on the number of Parties required to effectuate a Settlement, the Parties may conditionally agree to sign on to the MOU through a letter of intent, resolution or similar written statement, declaration or pronouncement declaring their intent to sign on to the MOU if the threshold for Party participation in a specific Settlement is achieved.⁴
9. This MOU may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. The Parties approve the use of electronic signatures for execution of this MOU. All use of electronic signatures shall be governed by the Uniform Electronic Transactions Act, C.R.S. §§ 24-71.3-101, *et seq.* The Parties agree not to deny the legal effect or enforceability of the MOU solely because it is in electronic form or

⁴ For instance, the July 21, 2021 "Distributor Settlement Agreement" includes a "Subdivision Settlement Agreement Form" that, once filled out and executed, is meant to indicate that Local Government's (or Subdivision's) election to participate in that Distributor Settlement and also, to require that Local Government to take steps to formally release any claim it may have against the Settling Distributors. With regard to the Distributor Settlement Agreement or any other Settlements that include a form similar to the Subdivision Settlement Agreement Form, the Parties may still conditionally agree to sign on to the MOU if, for instance, the threshold for Party participation in a specific Settlement is achieved.

because an electronic record was used in its formation. The Parties agree not to object to the admissibility of the MOU in the form of an electronic record, or a paper copy of an electronic document, or a paper copy of a document bearing an electronic signature, on the ground that it is an electronic record or electronic signature or that it is not in its original form or is not an original.

10. Each party represents that all procedures necessary to authorize such Party's execution of this MOU have been performed and that the person signing for such Party has been authorized to execute the MOU.

I. Payment of Counsel and Litigation Expenses Through a Back-Stop Fund

1. Some Settlements, including the McKesson Corporation, Cardinal Health, Inc., and AmerisourceBergen Corporation ("Distributor") and Johnson & Johnson/Janssen ("J&J") settlements, may provide for the payment of all or a portion of the fees and litigation expenses owed by Participating Local Governments to counsel specifically retained to file suit in the opioid litigation. If any Settlement is insufficient to cover the fee obligations of the Participating Local Governments (as discussed and modified by Judge Polster's Order of August 6 regarding fees for the Distributor and J&J settlements), the deficiencies will be covered as set forth in further detail below.
2. The Parties also recognize that, as in the Distributor and J&J settlements, certain Opioid Settling Defendants may offer premiums benefiting the entire state of Colorado when Participating Local Governments agree to the Settlement(s), thereby settling their claims in their on-going lawsuits. For example, below is the chart illustrating how Incentive Payment B (a 25% premium to the entire state) works in the Distributor Settlement at Section IV.F.2.b (p. 20):

Percentage of Litigating Subdivision Population that is Incentive B Eligible Subdivision Population⁵	Incentive Payment B Eligibility Percentage
Up to 85%	0%
85%+	30%
86+	40%
91+	50%
95+	60%
99%+	95%
100%	100%

3. If the court in *In Re: National Prescription Opiate Litigation*, MDL No. 2804 (N.D. Ohio), or if a Settlement establishes a common benefit fund or similar device to compensate attorneys for services rendered and expenses incurred that have benefited plaintiffs generally in the litigation (the "Common Benefit Fund"),

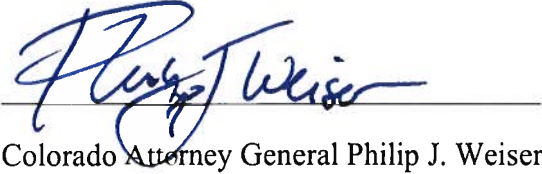
and/or requires certain governmental plaintiffs to pay a share of their recoveries from defendants into the Common Benefit Fund (“Court-Ordered Common Benefit Fund Assessment”), then the Participating Local Governments shall be required to first seek to have their attorneys’ fees and expenses paid through the Common Benefit Fund.

4. For the Distributor and J&J settlements only, counsel for Participating Local Governments shall have their expenses otherwise recoverable from Colorado Participating Local Governments compensated only through the Common Benefit Fund(s) established in those settlement(s). For the avoidance of doubt, counsel for Participating Local Governments may recover their attorneys’ fees through the Distributor and J&J settlements and through the other applicable provisions of this Section (I).
5. In addition, as a means of covering any deficiencies in paying counsel for Participating Local Governments, a supplemental Colorado Attorney Fee Back-Stop Fund shall be established. The Colorado Attorney Fee Back-Stop Fund is to be used to compensate counsel for Participating Local Governments that filed an initial complaint in the opioid litigation by September 1, 2020 (“Litigating Participating Local Governments”).
6. Payments out of the Colorado Attorney Fee Back-Stop Fund shall be determined by a committee (the “Opioid Fee and Expense Committee”). The Opioid Fee and Expense Committee shall consist of the following five (5) members:
 - a. One (1) member appointed by CCI from a litigating county or from a litigating county and city municipal corporation;
 - b. One (1) member appointed by CML from a litigating city;
 - c. One (1) member appointed jointly by CCI and CML from a non-litigating county or city;
 - d. One (1) member appointed by the Attorney General’s Office; and
 - e. One (1) neutral member jointly appointed by all of the other members listed above.
7. The Colorado Attorney Fee Back-Stop Fund shall be funded as follows from any Settlement, excluding settlements involving McKinsey and payments resulting from the Purdue or Mallinckrodt bankruptcy. For purposes only of calculating the funding of the Colorado Attorney Fee Back-Stop Fund, the Parties deem 58% of the total LG Share and Regional Share to be attributable to the Litigating Local Governments. The Colorado Attorney Fee Back-Stop Fund shall be funded by 8.7% of the total LG Share and 4.35% of the total Regional Share at the time such funds are actually received. No funds deposited into the Colorado Attorney Fee Back-Stop Fund will be taken from the Statewide Infrastructure Share or State Share.

8. Counsel for Litigating Participating Local Governments may apply to the Colorado Attorney Fee Back-Stop Fund only after applying to the Common Benefit Fund.
9. Counsel for Litigating Participating Local Governments may apply to the Colorado Attorney Fee Back-Stop Fund for only a shortfall – that is, the difference between what their fee agreements would entitle them to (as limited by this Section (I)) minus what they have already collected from the Common Benefit Fund (including both the “common benefit” and “contingency fee” calculations, if any). If they receive fees/costs for common benefit work in the national fee fund, these fees/costs will be allocated proportionately across all their local government opioid clients based on the allocation model used in the Negotiation Class website to allocate the appropriate portion to Colorado clients.
10. Counsel for Litigating Participating Local Governments are limited to being paid, at most, and assuming adequate funds are available in any Common Benefit Fund and Colorado Attorney Fee Back-Stop Fund, fees in an amount equal to 15% of the LG Share and 7.5% of the Regional Share attributable to their Colorado clients.
11. Any funds remaining in the Colorado Attorney Fee Back-Stop Fund in excess of the amounts needed to cover the fees and litigation expenses owed by Litigating Participating Local Governments to their respective counsel shall revert to the Participating Local Governments according to the allocations described in Sections (E) and (F). Every two years, the Opioid Fee and Expense Committee shall assess the amount remaining in the Colorado Attorney Fee Back-Stop Fund to determine if it is overfunded.
12. Despite the fact that a litigating entity bonus benefits the entire state, no portion of the State Share shall be used to fund the Colorado Attorney Fee Back-Stop Fund or in any other way to fund any Participating Local Government’s attorneys’ fees and expenses. Because the state did not hire outside counsel, any funds for attorneys fees that the state receives from the J&J and Distributor settlement will be deposited into the State Share.
13. To participate in the Colorado Attorney Fee Back-Stop Fund, counsel must follow the requirements of C.R.S. § 13-17-304.

This **Colorado Opioids Settlement Memorandum of Understanding** is signed

this 26 day of August, 2021 by:

A handwritten signature in blue ink, appearing to read "Philip J. Weiser", is written over a horizontal line.

Colorado Attorney General Philip J. Weiser

Exhibit A

POTENTIAL OPIOID ABATEMENT APPROVED PURPOSES

I. TREATMENT

A. TREATMENT OF OPIOID USE DISORDER AND ITS EFFECTS

1. Expand availability of treatment, including Medication-Assisted Treatment (MAT), for Opioid Use Disorder (OUD) and any co-occurring substance use or mental health issues.
2. Supportive housing, all forms of FDA-approved MAT, counseling, peer-support, recovery case management and residential treatment with access to medications for those who need it.
3. Treatment of mental health trauma issues that resulted from the traumatic experiences of the opioid user (e.g., violence, sexual assault, human trafficking) and for family members (e.g., surviving family members after an overdose or overdose fatality).
4. Expand telehealth to increase access to OUD treatment, including MAT, as well as counseling, psychiatric support, and other treatment and recovery support services.
5. Fellowships for addiction medicine specialists for direct patient care, instructors, and clinical research for treatments.
6. Scholarships for certified addiction counselors.
7. Clinicians to obtain training and a waiver under the federal Drug Addiction Treatment Act to prescribe MAT for OUD.
8. Training for health care providers, students, and other supporting professionals, such as peer recovery coaches/recovery outreach specialists, including but not limited to training relating to MAT and harm reduction.
9. Dissemination of accredited web-based training curricula, such as the American Academy of Addiction Psychiatry's Provider Clinical Support Service-Opioids web-based training curriculum and motivational interviewing.
10. Development and dissemination of new accredited curricula, such as the American Academy of Addiction Psychiatry's Provider Clinical Support Service Medication-Assisted Treatment.
11. Development of a multistate/nationally accessible database whereby health care providers can list currently available in-patient and out-patient OUD treatment services that are accessible on a real-time basis.

12. Support and reimburse services that include the full American Society of Addiction Medicine (ASAM) continuum of care for OUD.
13. Improve oversight of Opioid Treatment Programs (OTPs) to assure evidence-informed practices such as adequate methadone dosing.

B. INTERVENTION

1. Ensure that health care providers are screening for OUD and other risk factors and know how to appropriately counsel and treat (or refer, if necessary) a patient for OUD treatment.
2. Fund Screening, Brief Intervention and Referral to Treatment (SBIRT) programs to reduce the transition from use to disorder.
3. Training and long-term implementation of SBIRT in key systems (health, schools, colleges, criminal justice, and probation), with a focus on the late adolescence and young adulthood when transition from misuse to opioid disorder is most common.
4. Purchase automated versions of SBIRT and support ongoing costs of the technology.
5. Training for emergency room personnel treating opioid overdose patients on post-discharge planning, including community referrals for MAT, recovery case management and/or support services.
6. Support work of Emergency Medical Systems, including peer support specialists, to connect individuals to treatment or other appropriate services following an opioid overdose or other opioid-related adverse event.
7. Create school-based contacts whom parents can engage to seek immediate treatment services for their child.
8. Develop best practices on addressing OUD in the workplace.
9. Support assistance programs for health care providers with OUD.
10. Engage non-profits and faith community as a system to support outreach for treatment.

C. CRIMINAL-JUSTICE-INVOLVED PERSONS

1. Address the needs of persons involved in the criminal justice system who have OUD and any co-occurring substance use disorders or mental health (SUD/MH) issues.

2. Support pre-arrest diversion and deflection strategies for persons with OUD and any co-occurring SUD/MH issues, including established strategies such as:
 - a. Self-referral strategies such as Angel Programs or the Police Assisted Addiction Recovery Initiative (PAARI);
 - b. Active outreach strategies such as the Drug Abuse Response Team (DART) model;
 - c. “Naloxone Plus” strategies, which work to ensure that individuals who have received Naloxone to reverse the effects of an overdose are then linked to treatment programs;
 - d. Officer prevention strategies, such as the Law Enforcement Assisted Diversion (LEAD) model; or
 - e. Officer intervention strategies such as the Leon County, Florida Adult Civil Citation Network.
3. Support pre-trial services that connect individuals with OUD and any co-occurring SUD/MH issues to evidence-informed treatment, including MAT, and related services.
4. Support treatment and recovery courts for persons with OUD and any co-occurring SUD/MH issues, but only if they provide referrals to evidence-informed treatment, including MAT.
5. Provide evidence-informed treatment, including MAT, recovery support, harm reduction, or other appropriate services to individuals with OUD and any co-occurring SUD/MH issues who are incarcerated, on probation, or on parole.
6. Provide evidence-informed treatment, including MAT, recovery support, harm reduction, or other appropriate re-entry services to individuals with OUD and any co-occurring SUD/MH issues who are leaving jail or prison or who have recently left jail or prison.
7. Support critical time interventions (CTI), particularly for individuals living with dual-diagnosis OUD/serious mental illness, and services for individuals who face immediate risks and service needs and risks upon release from correctional settings.

D. WOMEN WHO ARE OR MAY BECOME PREGNANT

1. Evidence-informed treatment, including MAT, recovery, and prevention services for pregnant women or women who could become pregnant and have OUD.
2. Training for obstetricians and other healthcare personnel that work with pregnant women and their families regarding OUD treatment.

3. Other measures to address Neonatal Abstinence Syndrome, including prevention, care for addiction and education programs.
4. Child and family supports for parenting women with OUD.
5. Enhanced family supports and child care services for parents receiving treatment for OUD.

E. PEOPLE IN TREATMENT AND RECOVERY

1. The full continuum of care of recovery services for OUD and any co-occurring substance use or mental health issues, including supportive housing, residential treatment, medical detox services, peer support services and counseling, community navigators, case management, and connections to community-based services.
2. Identifying successful recovery programs such as physician, pilot, and college recovery programs, and providing support and technical assistance to increase the number and capacity of high-quality programs to help those in recovery.
3. Training and development of procedures for government staff to appropriately interact and provide social and other services to current and recovering opioid users, including reducing stigma.
4. Community-wide stigma reduction regarding treatment and support for persons with OUD, including reducing the stigma on effective treatment.
5. Engaging non-profits and faith community as a system to support family members in their efforts to help the opioid user in the family.

II. PREVENTION

F. PRESCRIBING PRACTICES

1. Training for health care providers regarding safe and responsible opioid prescribing, dosing, and tapering patients off opioids.
2. Academic counter-detailing.
3. Continuing Medical Education (CME) on prescribing of opioids.
4. Support for non-opioid pain treatment alternatives, including training providers to offer or refer to multi-modal, evidence-informed treatment of pain.
5. Fund development of a multistate/national prescription drug monitoring program (PDMP) that permits information sharing while providing appropriate safeguards on sharing of private information, including but not limited to:

- a. Integration of PDMP data with electronic health records, overdose episodes, and decision support tools for health care providers relating to OUD.
 - b. Ensuring PDMPs incorporate available overdose/naloxone deployment data, including the United States Department of Transportation's Emergency Medical Technician overdose database.
- 6. Educating dispensers on appropriate opioid dispensing.

G. MISUSE OF OPIOIDS

- 1. Corrective advertising/affirmative public education campaigns.
- 2. Public education relating to drug disposal.
- 3. Drug take-back disposal or destruction programs.
- 4. Fund community anti-drug coalitions that engage in drug-abuse prevention efforts.
- 5. School-based programs that have demonstrated effectiveness in preventing drug misuse and seem likely to be effective in preventing the uptake and use of opioids.
- 6. Support community coalitions in implementing evidence-informed prevention, such as reduced social access and physical access, stigma reduction – including staffing, educational campaigns, or training of coalitions in evidence-informed implementation.
- 7. School and community education programs and campaigns for students, families, school employees, school athletic programs, parent-teacher and student associations, and others.
- 8. Engaging non-profits and faith community as a system to support prevention.

H. OVERDOSE DEATHS AND OTHER HARMS

- 1. Increasing availability and distribution of naloxone and other drugs that treat overdoses to first responders, overdose patients, opioid users, families and friends of opioid users, schools, community navigators and outreach workers, drug offenders upon release from jail/prison, and other members of the general public.
- 2. Training and education regarding naloxone and other drugs that treat overdoses for first responders, overdose patients, patients taking opioids, families, schools, and other members of the general public.

3. Developing data tracking software and applications for overdoses/naloxone revivals.
4. Public education relating to emergency responses to overdoses.
5. Free naloxone for anyone in the community.
6. Public education relating to immunity and Good Samaritan laws.
7. Educating first responders regarding the existence and operation of immunity and Good Samaritan laws.
8. Syringe service programs, including supplies, staffing, space, peer support services, and the full range of harm reduction and treatment services provided by these programs.
9. Expand access to testing and treatment for infectious diseases such as HIV and Hepatitis C resulting from intravenous opioid use.

III. ADDITIONAL AREAS

I. SERVICES FOR CHILDREN

1. Support for children's services: Fund additional positions and services, including supportive housing and other residential services, relating to children being removed from the home and/or placed in foster care due to custodial opioid use.

J. FIRST RESPONDERS

1. Law enforcement expenditures relating to the opioid epidemic.
2. Educating first responders regarding appropriate practices and precautions when dealing with fentanyl or other drugs.
3. Increase electronic prescribing to prevent diversion and forgery.

K. COMMUNITY LEADERSHIP

1. Regional planning to identify goals for opioid reduction and support efforts or to identify areas and populations with the greatest needs for treatment intervention services.
2. Government dashboard to track key opioid-related indicators and supports as identified through collaborative community processes.

L. STAFFING AND TRAINING

1. Funding for programs and services regarding staff training and networking to improve staff capability to abate the opioid crisis.
2. Support infrastructure and staffing for collaborative cross-systems coordination to prevent opioid misuse, prevent overdoses, and treat those with OUD (e.g., health care, primary care, pharmacies, PDMPs, etc.).

M. RESEARCH

1. Funding opioid abatement research.
2. Research improved service delivery for modalities such as SBIRT that demonstrate promising but mixed results in populations vulnerable to OUD.
3. Support research for novel harm reduction and prevention efforts such as the provision of fentanyl test strips.
4. Support for innovative supply-side enforcement efforts such as improved detection of mail-based delivery of synthetic opioids.
5. Expanded research for swift/certain/fair models to reduce and deter opioid misuse within criminal justice populations that build upon promising approaches used to address other substances (e.g. Hawaii HOPE and Dakota 24/7).
6. Research expanded modalities such as prescription methadone that can expand access to MAT.

N. OTHER

1. Administrative costs for any of the approved purposes on this list.

Exhibit B

Colorado Local Governments*

Government Name	County	Gov't Type	Multi-County
Adams County	Adams	County	
Arvada	Adams	City	2 counties
Aurora	Adams	City	3 counties
Bennett	Adams	City	2 counties
Brighton	Adams	City	2 counties
Commerce City	Adams	City	
Federal Heights	Adams	City	
Lochbuie	Adams	City	2 counties
Northglenn	Adams	City	2 counties
Thornton	Adams	City	2 counties
Westminster	Adams	City	2 counties
Alamosa County	Alamosa	County	
Alamosa	Alamosa	City	
Hooper	Alamosa	City	
Arapahoe County	Arapahoe	County	
Aurora	Arapahoe	City	3 counties
Bennett	Arapahoe	City	2 counties
Bow Mar	Arapahoe	City	2 counties
Centennial	Arapahoe	City	
Cherry Hills Village	Arapahoe	City	
Columbine Valley	Arapahoe	City	
Deer Trail	Arapahoe	City	
Englewood	Arapahoe	City	
Foxfield	Arapahoe	City	
Glendale	Arapahoe	City	
Greenwood Village	Arapahoe	City	
Littleton	Arapahoe	City	3 counties
Sheridan	Arapahoe	City	
Archuleta County	Archuleta	County	
Pagosa Springs	Archuleta	City	
Baca County	Baca	County	
Campo	Baca	City	
Pritchett	Baca	City	
Springfield	Baca	City	
Two Buttes	Baca	City	
Vilas	Baca	City	
Walsh	Baca	City	
Bent County	Bent	County	
Las Animas	Bent	City	
Boulder County	Boulder	County	
Boulder	Boulder	City	
Erie	Boulder	City	2 counties
Jamestown	Boulder	City	
Lafayette	Boulder	City	

Colorado Local Governments*

Government Name	County	Gov't Type	Multi-County
Longmont	Boulder	City	2 counties
Louisville	Boulder	City	
Lyons	Boulder	City	
Nederland	Boulder	City	
Superior	Boulder	City	2 counties
Ward	Boulder	City	
Broomfield	Broomfield	City/County	
Chaffee County	Chaffee	County	
Buena Vista	Chaffee	City	
Poncha Springs	Chaffee	City	
Salida	Chaffee	City	
Cheyenne County	Cheyenne	County	
Cheyenne Wells	Cheyenne	City	
Kit Carson	Cheyenne	City	
Clear Creek County	Clear Creek	County	
Central City	Clear Creek	City	2 counties
Empire	Clear Creek	City	
Georgetown	Clear Creek	City	
Idaho Springs	Clear Creek	City	
Silver Plume	Clear Creek	City	
Conejos County	Conejos	County	
Antonito	Conejos	City	
La Jara	Conejos	City	
Manassa	Conejos	City	
Romeo	Conejos	City	
Sanford	Conejos	City	
Costilla County	Costilla	County	
Blanca	Costilla	City	
San Luis	Costilla	City	
Crowley County	Crowley	County	
Crowley	Crowley	City	
Olney Springs	Crowley	City	
Ordway	Crowley	City	
Sugar City	Crowley	City	
Custer County	Custer	County	
Silver Cliff	Custer	City	
Westcliffe	Custer	City	
Delta County	Delta	County	
Cedaredge	Delta	City	
Crawford	Delta	City	
Delta	Delta	City	
Hotchkiss	Delta	City	
Orchard City	Delta	City	
Paonia	Delta	City	

Colorado Local Governments*

Government Name	County	Gov't Type	Multi-County
Denver	Denver	City/County	
Dolores County	Dolores	County	
Dove Creek	Dolores	City	
Rico	Dolores	City	
Douglas County	Douglas	County	
Aurora	Douglas	City	3 counties
Castle Pines	Douglas	City	
Castle Rock	Douglas	City	
Larkspur	Douglas	City	
Littleton	Douglas	City	3 counties
Lone Tree	Douglas	City	
Parker	Douglas	City	
Eagle County	Eagle	County	
Avon	Eagle	City	
Basalt	Eagle	City	2 counties
Eagle	Eagle	City	
Gypsum	Eagle	City	
Minturn	Eagle	City	
Red Cliff	Eagle	City	
Vail	Eagle	City	
El Paso County	El Paso	County	
Calhan	El Paso	City	
Colorado Springs	El Paso	City	
Fountain	El Paso	City	
Green Mountain Falls	El Paso	City	2 counties
Manitou Springs	El Paso	City	
Monument	El Paso	City	
Palmer Lake	El Paso	City	
Ramah	El Paso	City	
Elbert County	Elbert	County	
Elizabeth	Elbert	City	
Kiowa	Elbert	City	
Simla	Elbert	City	
Fremont County	Fremont	County	
Brookside	Fremont	City	
Cañon City	Fremont	City	
Coal Creek	Fremont	City	
Florence	Fremont	City	
Rockvale	Fremont	City	
Williamsburg	Fremont	City	
Garfield County	Garfield	County	
Carbondale	Garfield	City	
Glenwood Springs	Garfield	City	
New Castle	Garfield	City	

Colorado Local Governments*

Government Name	County	Gov't Type	Multi-County
Parachute	Garfield	City	
Rifle	Garfield	City	
Silt	Garfield	City	
Gilpin County	Gilpin	County	
Black Hawk	Gilpin	City	
Central City	Gilpin	City	2 counties
Grand County	Grand	County	
Fraser	Grand	City	
Granby	Grand	City	
Grand Lake	Grand	City	
Hot Sulphur Springs	Grand	City	
Kremmling	Grand	City	
Winter Park	Grand	City	
Gunnison County	Gunnison	County	
Crested Butte	Gunnison	City	
Gunnison	Gunnison	City	
Marble	Gunnison	City	
Mount Crested Butte	Gunnison	City	
Pitkin	Gunnison	City	
Hinsdale County	Hinsdale	County	
Lake City	Hinsdale	City	
Huerfano County	Huerfano	County	
La Veta	Huerfano	City	
Walsenburg	Huerfano	City	
Jackson County	Jackson	County	
Walden	Jackson	City	
Jefferson County	Jefferson	County	
Arvada	Jefferson	City	2 counties
Bow Mar	Jefferson	City	2 counties
Edgewater	Jefferson	City	
Golden	Jefferson	City	
Lakeside	Jefferson	City	
Lakewood	Jefferson	City	
Littleton	Jefferson	City	3 counties
Morrison	Jefferson	City	
Mountain View	Jefferson	City	
Superior	Jefferson	City	2 counties
Westminster	Jefferson	City	2 counties
Wheat Ridge	Jefferson	City	
Kiowa County	Kiowa	County	
Eads	Kiowa	City	
Haswell	Kiowa	City	
Sheridan Lake	Kiowa	City	
Kit Carson County	Kit Carson	County	

Colorado Local Governments*

Government Name	County	Gov't Type	Multi-County
Bethune	Kit Carson	City	
Burlington	Kit Carson	City	
Flagler	Kit Carson	City	
Seibert	Kit Carson	City	
Stratton	Kit Carson	City	
Vona	Kit Carson	City	
La Plata County	La Plata	County	
Bayfield	La Plata	City	
Durango	La Plata	City	
Ignacio	La Plata	City	
Lake County	Lake	County	
Leadville	Lake	City	
Larimer County	Larimer	County	
Berthoud	Larimer	City	2 counties
Estes Park	Larimer	City	
Fort Collins	Larimer	City	
Johnstown	Larimer	City	2 counties
Loveland	Larimer	City	
Timnath	Larimer	City	2 counties
Wellington	Larimer	City	
Windsor	Larimer	City	2 counties
Las Animas County	Las Animas	County	
Aguilar	Las Animas	City	
Branson	Las Animas	City	
Cokedale	Las Animas	City	
Kim	Las Animas	City	
Starkville	Las Animas	City	
Trinidad	Las Animas	City	
Lincoln County	Lincoln	County	
Arriba	Lincoln	City	
Genoa	Lincoln	City	
Hugo	Lincoln	City	
Limon	Lincoln	City	
Logan County	Logan	County	
Crook	Logan	City	
Fleming	Logan	City	
Iliff	Logan	City	
Merino	Logan	City	
Peetz	Logan	City	
Sterling	Logan	City	
Mesa County	Mesa	County	
Collbran	Mesa	City	
De Beque	Mesa	City	
Fruita	Mesa	City	

Colorado Local Governments*

Government Name	County	Gov't Type	Multi-County
Grand Junction	Mesa	City	
Palisade	Mesa	City	
Mineral County	Mineral	County	
City of Creede	Mineral	City	
Moffat County	Moffat	County	
Craig	Moffat	City	
Dinosaur	Moffat	City	
Montezuma County	Montezuma	County	
Cortez	Montezuma	City	
Dolores	Montezuma	City	
Mancos	Montezuma	City	
Montrose County	Montrose	County	
Montrose	Montrose	City	
Naturita	Montrose	City	
Nucla	Montrose	City	
Olathe	Montrose	City	
Morgan County	Morgan	County	
Brush	Morgan	City	
Fort Morgan	Morgan	City	
Hillrose	Morgan	City	
Log Lane Village	Morgan	City	
Wiggins	Morgan	City	
Otero County	Otero	County	
Cheraw	Otero	City	
Fowler	Otero	City	
La Junta	Otero	City	
Manzanola	Otero	City	
Rocky Ford	Otero	City	
Swink	Otero	City	
Ouray County	Ouray	County	
Ouray	Ouray	City	
Ridgway	Ouray	City	
Park County	Park	County	
Alma	Park	City	
Fairplay	Park	City	
Phillips County	Phillips	County	
Haxtun	Phillips	City	
Holyoke	Phillips	City	
Paoli	Phillips	City	
Pitkin County	Pitkin	County	
Aspen	Pitkin	City	
Basalt	Pitkin	City	2 counties
Snowmass Village	Pitkin	City	
Prowers County	Prowers	County	

Colorado Local Governments*

Government Name	County	Gov't Type	Multi-County
Granada	Prowers	City	
Hartman	Prowers	City	
Holly	Prowers	City	
Lamar	Prowers	City	
Wiley	Prowers	City	
Pueblo County	Pueblo	County	
Boone	Pueblo	City	
Pueblo	Pueblo	City	
Rye	Pueblo	City	
Rio Blanco County	Rio Blanco	County	
Meeker	Rio Blanco	City	
Rangely	Rio Blanco	City	
Rio Grande County	Rio Grande	County	
Center	Rio Grande	City	2 counties
Del Norte	Rio Grande	City	
Monte Vista	Rio Grande	City	
South Fork	Rio Grande	City	
Routt County	Routt	County	
Hayden	Routt	City	
Oak Creek	Routt	City	
Steamboat Springs	Routt	City	
Yampa	Routt	City	
Saguache County	Saguache	County	
Bonanza	Saguache	City	
Center	Saguache	City	2 counties
Crestone	Saguache	City	
Moffat	Saguache	City	
Saguache	Saguache	City	
San Juan County	San Juan	County	
Silverton	San Juan	City	
San Miguel County	San Miguel	County	
Mountain Village	San Miguel	City	
Norwood	San Miguel	City	
Ophir	San Miguel	City	
Sawpit	San Miguel	City	
Telluride	San Miguel	City	
Sedgwick County	Sedgwick	County	
Julesburg	Sedgwick	City	
Ovid	Sedgwick	City	
Sedgwick	Sedgwick	City	
Summit County	Summit	County	
Blue River	Summit	City	
Breckenridge	Summit	City	
Dillon	Summit	City	

Colorado Local Governments*

Government Name	County	Gov't Type	Multi-County
Frisco	Summit	City	
Montezuma	Summit	City	
Silverthorne	Summit	City	
Teller County	Teller	County	
Cripple Creek	Teller	City	
Green Mountain Falls	Teller	City	2 counties
Victor	Teller	City	
Woodland Park	Teller	City	
Washington County	Washington	County	
Akron	Washington	City	
Otis	Washington	City	
Weld County	Weld	County	
Ault	Weld	City	
Berthoud	Weld	City	2 counties
Brighton	Weld	City	2 counties
Dacono	Weld	City	
Eaton	Weld	City	
Erie	Weld	City	2 counties
Evans	Weld	City	
Firestone	Weld	City	
Fort Lupton	Weld	City	
Frederick	Weld	City	
Garden City	Weld	City	
Gilcrest	Weld	City	
Greeley	Weld	City	
Grover	Weld	City	
Hudson	Weld	City	
Johnstown	Weld	City	2 counties
Keenesburg	Weld	City	
Kersey	Weld	City	
La Salle	Weld	City	
Lochbuie	Weld	City	2 counties
Longmont	Weld	City	2 counties
Mead	Weld	City	
Milliken	Weld	City	
Northglenn	Weld	City	2 counties
Nunn	Weld	City	
Pierce	Weld	City	
Platteville	Weld	City	
Raymer (New Raymer)	Weld	City	
Severance	Weld	City	
Thornton	Weld	City	2 counties
Timnath	Weld	City	2 counties
Windsor	Weld	City	2 counties

Colorado Local Governments*

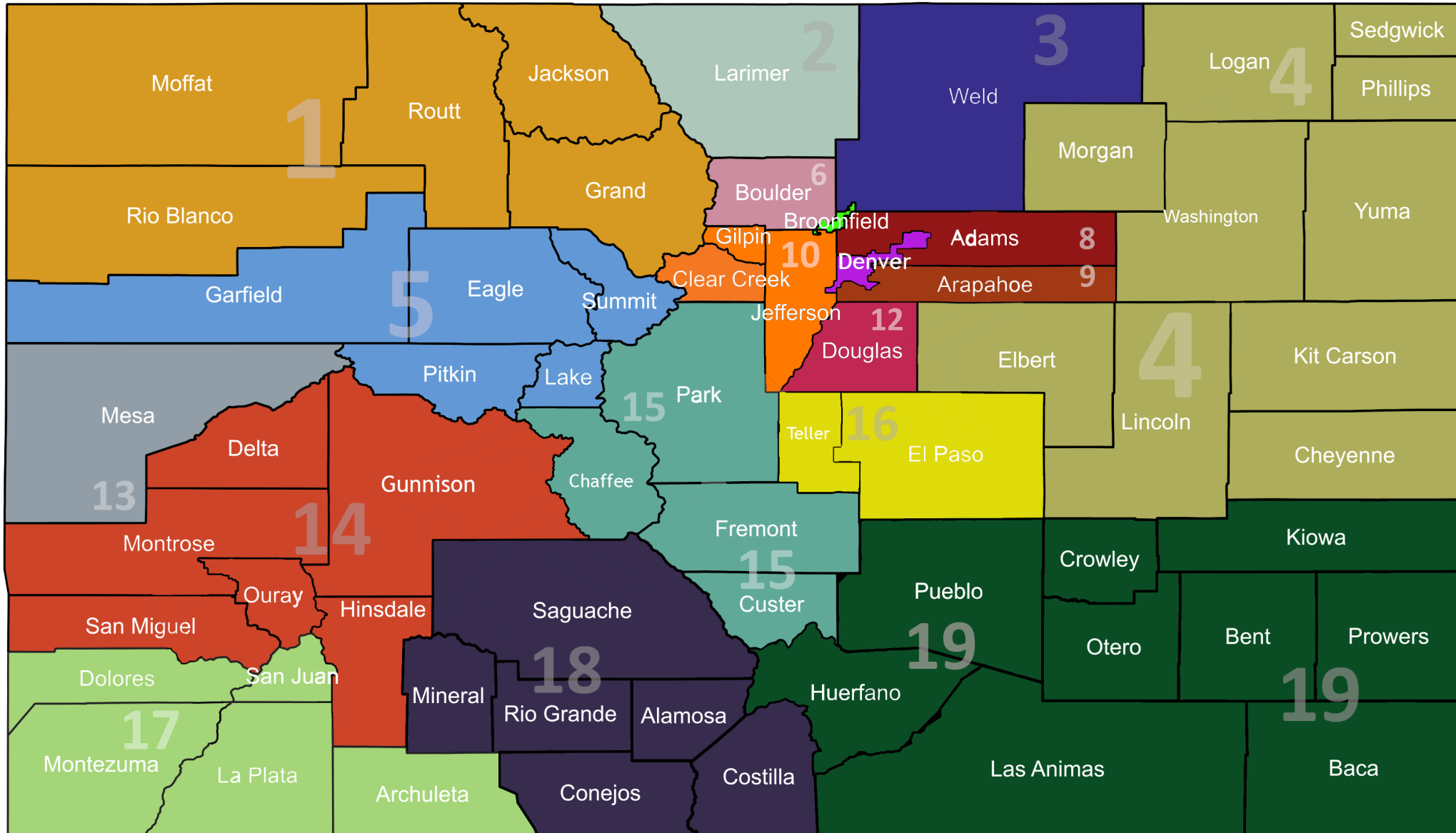
Government Name	County	Gov't Type	Multi-County
Yuma County	Yuma	County	
Eckley	Yuma	City	
Wray	Yuma	City	
Yuma	Yuma	City	

*This list includes all 64 Colorado counties and all 271 municipalities listed in the 2019 Census. Cities located in multiple counties are listed under each corresponding county subheading. City and County of Denver and City and County of Broomfield are counted in both the city and county totals. The City of Carbonate is not included in this list, as there was no population in the 2019 Census data.

This list will be reconciled as necessary to be consistent with the terms of Settlement(s) with Opioid Settling Defendant(s)

Exhibit C

Regions for the distribution of opioid settlement funds



Region 1	Region 5	Region 9	Region 13	Region 17
Region 2	Region 6	Region 10	Region 14	Region 18
Region 3	Region 7 (Broomfield)	Region 11 (Denver)	Region 15	Region 19
Region 4	Region 8	Region 12	Region 16	

Exhibit D

Exhibit D - Allocations to Colorado County Areas

County	Percentage of LG Share
Adams	9.4247%
Alamosa	0.5081%
Arapahoe	10.8071%
Archuleta	0.1370%
Baca	0.0592%
Bent	0.1133%
Boulder	5.7936%
Broomfield	1.0014%
Chaffee	0.3604%
Cheyenne	0.0159%
Clear Creek	0.1380%
Conejos	0.2108%
Costilla	0.0552%
Crowley	0.0934%
Custer	0.0412%
Delta	0.5440%
Denver	15.0042%
Dolores	0.0352%
Douglas	3.6696%
Eagle	0.6187%
El Paso	11.9897%
Elbert	0.2804%
Fremont	0.9937%
Garfield	0.8376%
Gilpin	0.0561%
Grand	0.2037%
Gunnison	0.1913%
Hinsdale	0.0112%
Huerfano	0.2505%
Jackson	0.0310%
Jefferson	10.5173%
Kiowa	0.0142%
Kit Carson	0.0940%
La Plata	0.8127%
Lake	0.0990%
Larimer	6.5211%
Las Animas	0.6304%
Lincoln	0.0819%
Logan	0.3815%
Mesa	2.8911%
Mineral	0.0039%
Moffat	0.2326%
Montezuma	0.4429%

Montrose	0.5695%
Morgan	0.4677%
Otero	0.4486%
Ouray	0.0535%
Park	0.1674%
Phillips	0.0714%
Pitkin	0.1747%
Prowers	0.1727%
Pueblo	5.6757%
Rio Blanco	0.1013%
Rio Grande	0.2526%
Routt	0.3837%
Saguache	0.0666%
San Juan	0.0097%
San Miguel	0.1005%
Sedgwick	0.0618%
Summit	0.3761%
Teller	0.6219%
Washington	0.0357%
Weld	3.8908%
Yuma	0.0992%
TOTAL	100.0000%

Exhibit E

Exhibit E - Intracounty Allocations^{1,2}

The below chart depicts the default percentage that each Local Government will receive from the LG Share amount attributed to its County Area, as described in Section (E)(3) of the MOU. The chart assumes full participation by all Local Governments

Government Name	Intracounty Share
Adams County	68.3372%
Arvada (2 Counties)	0.2632%
Aurora (3 Counties)	4.6336%
Bennett (2 Counties)	0.1670%
Brighton (2 Counties)	1.4527%
Commerce City	4.7314%
Federal Heights	1.1457%
Lochbuie (2 Counties)	0.0001%
Northglenn (2 Counties)	2.0913%
Thornton (2 Counties)	10.6435%
Westminster (2 Counties)	6.5342%

Alamosa County	85.3075%
Alamosa	14.6818%
Hooper	0.0108%

Arapahoe County	42.7003%
Aurora (3 Counties)	35.5997%
Bennett (2 Counties)	0.0324%
Bow Mar (2 Counties)	0.0159%
Centennial	0.4411%
Cherry Hills Village	0.6685%
Columbine Valley	0.1601%
Deer Trail	0.0003%
Englewood	5.5850%
Foxfield	0.0372%
Glendale	1.2289%
Greenwood Village	2.8305%
Littleton (3 Counties)	8.5654%
Sheridan	2.1347%

Archuleta County	90.0864%
Pagosa Springs	9.9136%

Baca County	85.9800%
Campo	2.4443%
Pritchett	1.5680%
Springfield	7.0100%

Government Name	Intracounty Share
Two Buttes	0.4766%
Vilas	0.9070%
Walsh	1.6141%

Bent County	80.9608%
Las Animas	19.0392%

Boulder County	47.6311%
Boulder	31.7629%
Erie (2 Counties)	0.3634%
Jamestown	0.0086%
Lafayette	3.3203%
Longmont (2 Counties)	14.6833%
Louisville	1.4455%
Lyons	0.5916%
Nederland	0.1646%
Superior (2 Counties)	0.0258%
Ward	0.0030%

Broomfield County/City	100.0000%
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Chaffee County	74.8440%
Buena Vista	5.8841%
Poncha Springs	4.2369%
Salida	15.0350%

Cheyenne County	66.8002%
Cheyenne Wells	0.8586%
Kit Carson	32.3412%

Clear Creek County	92.2164%
Central City (2 Counties)	0.0000%
Empire	0.3364%
Georgetown	1.9063%
Idaho Springs	4.7625%
Silver Plume	0.7784%

Conejos County	77.1204%
Antonito	4.6338%
La Jara	2.4313%
Manassa	1.0062%
Romeo	2.4270%
Sanford	12.3812%

Government Name	Intracounty Share
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Costilla County	97.3454%
Blanca	1.2036%
San Luis	1.4509%

Crowley County	80.7081%
Crowley	4.3597%
Olney Springs	8.3683%
Ordway	0.1853%
Sugar City	6.3786%

Custer County	96.6858%
Silver Cliff	0.7954%
Westcliffe	2.5188%

Delta County	76.3512%
Cedaredge	3.6221%
Crawford	0.4938%
Delta	16.2658%
Hotchkiss	1.0963%
Orchard City	0.1473%
Paonia	2.0236%

Denver County/City	100.0000%
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Dolores County	76.3307%
Dove Creek	17.3127%
Rico	6.3566%

Douglas County	71.8404%
Aurora (3 Counties)	0.2099%
Castle Pines	0.2007%
Castle Rock	13.5204%
Larkspur	0.0856%
Littleton (3 Counties)	0.0156%
Lone Tree	5.2786%
Parker	8.8487%

Eagle County	60.8236%
Avon	7.6631%
Basalt (2 Counties)	2.2311%
Eagle	3.1376%
Gypsum	1.7469%
Minturn	0.7771%

Government Name	Intracounty Share
Red Cliff	0.0957%
Vail	23.5250%

El Paso County	18.4181%
Calhan	0.0228%
Colorado Springs	80.1161%
Fountain	0.9892%
Green Mountain Falls (2 Counties)	0.0149%
Manitou Springs	0.2411%
Monument	0.1492%
Palmer Lake	0.0455%
Ramah	0.0033%

Elbert County	86.5840%
Elizabeth	10.2633%
Kiowa	1.5455%
Simla	1.6072%

Fremont County	60.7882%
Brookside	0.0348%
Cañon City	30.9017%
Coal Creek	0.0476%
Florence	8.0681%
Rockvale	0.0687%
Williamsburg	0.0907%

Garfield County	76.3371%
Carbondale	2.4698%
Glenwood Springs	11.8141%
New Castle	1.4295%
Parachute	1.0653%
Rifle	5.2733%
Silt	1.6110%

Gilpin County	46.8613%
Black Hawk	46.3909%
Central City (2 Counties)	6.7478%

Grand County	80.1046%
Fraser	2.4903%
Granby	5.4008%
Grand Lake	0.3174%
Hot Sulphur Springs	0.1431%
Kremmling	2.9284%

Government Name	Intracounty Share
Winter Park	8.6154%

Gunnison County	88.9185%
Crested Butte	2.3562%
Gunnison	5.9501%
Marble	0.1714%
Mount Crested Butte	2.5657%
Pitkin	0.0381%

Hinsdale County	76.0940%
Lake City	23.9060%

Huerfano County	68.2709%
La Veta	11.0719%
Walsenburg	20.6572%

Jackson County	61.5339%
Walden	38.4661%

Jefferson County	58.2140%
Arvada (2 Counties)	11.9733%
Bow Mar (2 Counties)	0.0087%
Edgewater	0.6604%
Golden	3.4815%
Lakeside	0.0030%
Lakewood	15.9399%
Littleton (3 Counties)	0.6176%
Morrison	0.2205%
Mountain View	0.1344%
Superior (2 Counties)	0.0000%
Westminster (2 Counties)	5.4779%
Wheat Ridge	3.2689%

Kiowa County	93.2138%
Eads	5.3777%
Haswell	0.6402%
Sheridan Lake	0.7682%

Kit Carson County	86.3178%
Bethune	0.1841%
Burlington	12.0640%
Flagler	0.4264%
Seibert	0.0291%
Stratton	0.9012%

Government Name	Intracounty Share
Vona	0.0775%

La Plata County	66.8874%
Bayfield	1.6292%
Durango	29.2985%
Ignacio	2.1849%

Lake County	73.4523%
Leadville	26.5477%

Larimer County	56.0589%
Berthoud (2 Counties)	0.4139%
Estes Park	0.3502%
Fort Collins	18.5702%
Johnstown (2 Counties)	0.0711%
Loveland	23.4493%
Timnath (2 Counties)	0.2964%
Wellington	0.3653%
Windsor (2 Counties)	0.4248%

Las Animas County	77.8076%
Aguilar	0.0751%
Branson	0.0101%
Cokedale	0.0188%
Kim	0.0101%
Starkville	0.0087%
Trinidad	22.0696%

Lincoln County	91.3222%
Arriba	0.3444%
Genoa	0.2222%
Hugo	1.4778%
Limon	6.6333%

Logan County	72.7982%
Crook	0.0931%
Fleming	0.3413%
Iliff	0.0095%
Merino	0.4702%
Peetz	0.2029%
Sterling	26.0848%

Mesa County	60.8549%
Collbran	0.0920%

Government Name	Intracounty Share
De Beque	0.0123%
Fruita	1.6696%
Grand Junction	37.1505%
Palisade	0.2208%

Mineral County	87.6744%
City of Creede	12.3256%

Moffat County	91.7981%
Craig	8.1862%
Dinosaur	0.0157%

Montezuma County	79.6682%
Cortez	18.6459%
Dolores	0.6106%
Mancos	1.0753%

Montrose County	92.8648%
Montrose	6.5980%
Naturita	0.1551%
Nucla	0.0703%
Olathe	0.3118%

Morgan County	61.6991%
Brush	8.5522%
Fort Morgan	27.8214%
Hillrose	0.1986%
Log Lane Village	0.6424%
Wiggins	1.0863%

Otero County	60.8168%
Cheraw	0.1888%
Fowler	1.0413%
La Junta	25.9225%
Manzanola	0.6983%
Rocky Ford	8.8215%
Swink	2.5109%

Ouray County	76.0810%
Ouray	17.6541%
Ridgway	6.2649%

Park County	96.3983%
Alma	0.7780%

Government Name	Intracounty Share
Fairplay	2.8237%

Phillips County	52.3463%
Haxtun	13.9505%
Holyoke	33.1803%
Paoli	0.5228%

Pitkin County	47.1379%
Aspen	42.0707%
Basalt (2 Counties)	1.1156%
Snowmass Village	9.6757%

Prowers County	70.4524%
Granada	0.9965%
Hartman	0.3164%
Holly	4.9826%
Lamar	21.5860%
Wiley	1.6661%

Pueblo County	54.6622%
Boone	0.0019%
Pueblo	45.3350%
Rye	0.0008%

Rio Blanco County	78.2831%
Meeker	9.1326%
Rangely	12.5843%

Rio Grande County	68.0724%
Center (2 Counties)	0.7713%
Del Norte	6.7762%
Monte Vista	20.4513%
South Fork	3.9288%

Routt County	58.5353%
Hayden	1.0679%
Oak Creek	0.6360%
Steamboat Springs	39.4499%
Yampa	0.3109%

Saguache County	92.8796%
Bonanza	0.1367%
Center (2 Counties)	6.3687%
Crestone	0.0137%

Government Name	Intracounty Share
Moffat	0.3553%
Saguache	0.2460%

San Juan County	87.0423%
Silverton	12.9577%

San Miguel County	48.7493%
Mountain Village	25.7930%
Norwood	0.4078%
Ophir	0.0816%
Sawpit	0.0272%
Telluride	24.9411%

Sedgwick County	98.7331%
Julesburg	0.3830%
Ovid	0.0295%
Sedgwick	0.8544%

Summit County	57.0567%
Blue River	0.5011%
Breckenridge	26.1112%
Dillon	4.1421%
Frisco	6.5096%
Montezuma	0.0169%
Silverthorne	5.6623%

Teller County	66.1557%
Cripple Creek	17.2992%
Green Mountain Falls (2 Counties)	0.0322%
Victor	3.1685%
Woodland Park	13.3445%

Washington County	99.1320%
Akron	0.7659%
Otis	0.1021%

Weld County	51.9387%
Ault	0.3202%
Berthoud (2 Counties)	0.0061%
Brighton (2 Counties)	0.0927%
Dacono	0.6104%
Eaton	0.4573%
Erie (2 Counties)	0.8591%
Evans	4.5121%

Government Name	Intracounty Share
Firestone	1.4648%
Fort Lupton	0.8502%
Frederick	1.2228%
Garden City	0.1514%
Gilcrest	0.1580%
Greeley	30.6922%
Grover	0.0852%
Hudson	0.0066%
Johnstown (2 Counties)	1.5416%
Keenesburg	0.0215%
Kersey	0.1378%
La Salle	0.4128%
Lochbuie (2 Counties)	0.4004%
Longmont (2 Counties)	0.0154%
Mead	0.0941%
Milliken	1.5373%
Northglenn (2 Counties)	0.0030%
Nunn	0.2558%
Pierce	0.0948%
Platteville	0.3712%
Raymer (New Raymer)	0.0597%
Severance	0.0403%
Thornton (2 Counties)	0.0000%
Timnath (2 Counties)	0.0000%
Windsor (2 Counties)	1.5865%

Yuma County	75.5598%
Eckley	2.5422%
Wray	10.2148%
Yuma	11.6832%

¹These allocations are based on the allocation model used in the Negotiation Class website. The allocation model is the product of prolonged and intensive research, analysis, and discussion by and among members of the court-appointed Plaintiffs' Executive Committee and Settlement Committee and their retained public health and health economics experts, as well as a series of meetings with scores of cities, counties and subdivisions. Additional information about the allocation model is available on the Negotiation Class website.

The allocations in the Negotiation Class website use two different methodologies:

County-Level Allocation

The allocation model uses three factors, based on reliable, detailed, and objective data collected and reported by the federal government, to determine the share of a settlement fund that each county will receive. The three factors are: (1) the amount of opioids shipped to the county, (2) the number of opioid deaths in that county, and (3) the number of people who suffer opioid use disorder in that county.

County/Municipal-Level Allocation

The county/municipal-level allocation is a default allocation to be used if another agreement is not reached between the county and its constituent cities. The formula uses U.S. Census Bureau data on local government spending. This data covers cities and counties for 98% of the U.S. population. If a jurisdiction lacked this data, it was extrapolated based on available data.

²The municipalities of Bow Mar, Johnstown, and Timnath were not reflected as being in multiple counties in the Negotiation Class website. The estimated allocations to those cities are based on the same methodology used in the website, in consultation with the expert. For cities in multiple counties, please see each county in which that city lies.

Exhibit F

Regional Allocations		
Region Number	Region Description	Total State Share
1	Northwest	0.9522%
2	Larimer	6.5211%
3	Weld	3.8908%
4	Logan	1.5896%
5	North Central	2.1061%
6	Boulder	5.7936%
7	Broomfield	1.0014%
8	Adams	9.4247%
9	Arapahoe	10.8071%
10	Jefferson	10.7114%
11	Denver	15.0042%
12	Douglas	3.6696%
13	Mesa	2.8911%
14	Southwest	1.4700%
15	Central	1.5627%
16	El Paso/Teller	12.6116%
17	Southwest Corner	1.4375%
18	South Central	1.0973%
19	Southeast	7.4580%
Total		100.0000%

Exhibit G

Regional Governance Models

A. Membership Structure

Single-County Regions

1. Voting Members (Recommended List: Participating Local Governments to Decide)
 - 1 or 2 representatives appointed by the county (can be commissioners)
 - 1 representative appointed from the public health department
 - 1 representative from the county human services department
 - 1 representative appointed from law enforcement within region (sheriff, police, local city or town district attorney, etc.)
 - 1 representative appointed from a municipal or county court system within region
 - 1-3 representatives (total) appointed by the cities within the county (or other city or cities agreed upon) (can be councilmembers and mayors)
 - Such other representatives as participating counties/cities agree on (not to include providers who may be recipients of funds)
2. Non-Voting Members (Optional but strongly encouraged)
 - Representatives from behavioral health providers
 - Representatives from health care providers
 - Recovery/treatment experts
 - Other county or city representatives
 - A representative from the Attorney General's Office
 - Community representative(s), preferably those with lived experience with the opioid crisis
 - Harm reduction experts

Multi-County Regions

1. Voting Members (Recommended List: Participating Local Governments to Decide)
 - 1 representative appointed by each county (can be commissioners)
 - 1 representative appointed by a rotating city within each county (or other city agreed upon) (can be councilmembers and mayors)
 - 1 representative from each public health department within the region
 - 1 representative from a county human services department
 - At least 1 representative appointed from law enforcement within region (sheriff, police, local city or town district attorney, etc.)
 - 1 representative from a municipal or county court system within region
 - Such other representatives as participating counties/cities agree on (not to include providers who may be recipients of funds)
2. Non-Voting Members (Optional)
 - Representatives from behavioral health providers

- Representatives from health care providers
- Recovery/treatment experts
- Other county or city representatives
- A representative from the Attorney General's Office
- Community representative(s), preferably those with lived experience with the opioid crisis.
- Harm reduction experts

Single-County Single-City Regions (Denver & Broomfield)

1. Voting Members (Recommended List: Participating Local Government to Decide)¹

- 1 representative appointed by the city and county
- 1 representative appointed from the public health department
- 1 representative from the county human services department
- 1 representative appointed from law enforcement within region (sheriff, police, district attorney, etc.)
- 1 representative appointed from a municipal or county court system within region
- Such other representatives as participating counties/cities agree on (not to include providers who may be recipients of funds)

2. Non-Voting Members (Optional)

- Representatives from behavioral health providers
- Representatives from health care providers
- Recovery/treatment experts
- Other county or city representatives
- A representative from the Attorney General's Office
- Community representative(s), preferably those with lived experience with the opioid crisis.
- Harm reduction experts

B. Member Terms

- Regions may establish terms of appointment for members. Appointment terms may be staggered.

C. Procedures

- Regions will be governed by an intergovernmental agreement ("IGA") or memorandum of understanding ("MOU").
- Regions may adopt the Model Colorado Regional Opioid Intergovernmental Agreement, attached here as Exhibit G-1, in its entirety or alter or amend it as they deem appropriate.

¹ In Denver, the Mayor shall make voting member appointments to the Regional Council. In Broomfield, the City and County Manager shall make voting member appointments to the Regional Council.

- Regions may establish their own procedures through adoption of bylaws (model bylaws to be made available).
- Meetings of regional board/committee shall be open to the public and comply with the Colorado Open Meetings Law (including requirement to keep minutes).

D. Financial Responsibility/Controls

- A local government entity shall nominate and designate a fiscal agent for the Region.
- A Regional fiscal agent must be appointed by the Regional Council on an annual basis. A Regional fiscal agent may serve as long as the Regional Council determines is appropriate, including the length of any Settlement that contemplates the distribution of Opioid Funds within Colorado. However, the Regional fiscal agent also can change over time.
- Regional fiscal agents must be a board of county commissioners or a city or town council or executive department, such as a department of finance.
- Yearly reporting by fiscal agent (using standard form) to the Abatement Council.
- All documents subject to CORA.

E. Conflicts of Interest

- Voting members shall abide by the conflict-of-interest rules applicable to local government officials under state law.

F. Ethics Laws

- Voting members shall abide by applicable state or local ethics laws, as appropriate.

G. Authority

- The Regional Council for each region shall have authority to decide how funds allocated to the region shall be distributed in accordance with the Colorado MOU and shall direct the fiscal agent accordingly.
- Any necessary contracts will be entered into by the fiscal agent, subject to approval by the Regional Council.

H. Legal Status

- The region shall not be considered a separate legal entity, unless the Participating Local Governments decide, through an IGA, to create a separate governmental entity.

Exhibit G-1

MODEL COLORADO REGIONAL OPIOID
INTERGOVERNMENTAL AGREEMENT²

THIS MODEL COLORADO REGIONAL OPIOID INTERGOVERNMENTAL AGREEMENT (the “Regional Agreement”) is made between _____, a Participating Local Government, as defined in the Colorado MOU, in the _____ Region (“_____”) and _____, a Participating Local Government in the _____ Region, (“_____”), individually herein a “Regional PLG” and collectively the “Regional PLGs.””

RECITALS

WHEREAS, the State of Colorado and Participating Local Governments executed the Colorado Opioids Summary Memorandum of Understanding on _____ 2021 (the “Colorado MOU”), establishing the manner in which Opioid Funds shall be divided and distributed within the State of Colorado;

WHEREAS, the Regional Agreement assumes and incorporates the definitions and provisions contained in the Colorado MOU, and the Regional Agreement shall be construed in conformity with the Colorado MOU³;

WHEREAS, all Opioid Funds, regardless of allocation, shall be used for Approved Purposes;

WHEREAS, Participating Local Governments shall organize themselves into Regions, as further depicted in **Exhibit E** to the Colorado MOU;

² This Model Regional Agreement is meant to serve as an example for the various Regions and to facilitate the flow of Opioid Funds to their intended purposes. Regions are free to adopt this Regional Agreement in its entirety or alter or amend it as they deem appropriate.

³ When drafting agreements like this Regional Agreement, Regional PLGs should be conscious of the definitions used therein so as not to confuse such definitions with those used in the Colorado MOU. The Definitions in the Colorado MOU shall supersede any definitions used by Regional PLGs in a Regional Agreement.

WHEREAS, Regions may consist of Single-County Regions, Multi-County Regions, or Single County-Single City Regions (Denver and Broomfield).

WHEREAS, there shall be a 60% direct allocation of Opioid Funds to Regions through a Regional Share;

WHEREAS, each Region shall be eligible to receive a Regional Share according to **Exhibit C** to the Colorado MOU;

WHEREAS, the Colorado MOU establishes the procedures by which each Region shall be entitled to Opioid Funds from the Abatement Council and administer its Regional Share allocation;

WHEREAS, the procedures established by the Colorado MOU include a requirement that each Region shall create its own Regional Council;

WHEREAS, all aspects of the creation, administration, and operation of the Regional Council shall proceed in accordance with the provisions of the Colorado MOU;

WHEREAS, each such Regional Council shall designate a fiscal agent from a county or municipal government within that Region;

WHEREAS, each such Regional Council shall submit a two-year plan to the Abatement Council that identifies the Approved Purposes for which the requested funds will be used, and the Regional Council's fiscal agent shall provide data and a certification to the Abatement Council regarding compliance with its two-year plan on an annual basis;

WHEREAS, the Regional Agreement pertains to the procedures for the Regional PLGs to establish a Regional Council, designate a fiscal agent, and request and administer Opioid Funds in a manner consistent with the Colorado MOU;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Regional PLGs incorporate the recitals set forth above and agree as follows:

1. **DEFINITIONS**. The defined terms used in this Regional Agreement shall have the same meanings as in the Colorado MOU⁴. Capitalized terms used herein and not otherwise defined within the Regional Agreement or in the Colorado MOU shall have the meanings ascribed to them in the body of the Regional Agreement.
2. **OBLIGATIONS OF THE REGIONAL PLGS**. The Regional PLGs shall perform their respective obligations as set forth in the Regional Agreement, the Colorado MOU and the accompanying exhibits to the Colorado MOU and incorporated herein by reference.
3. **REGIONAL COUNCIL**.

3.1. Purpose: In accordance with the Colorado MOU, a Regional Council, consisting of representatives appointed by the Regional PLGs, shall be created to oversee the procedures by which a Region may request Opioid Funds from the Abatement Council and the procedures by which the allocation of its Region's Share of Opioid Funds are administered.

3.2. Membership: The Regional Council of a Multi-County or Single County Region shall consist of the following:

a. **Multi-County Region:**

- (i) **Voting Members.** Voting Members shall be appointed by the Regional PLGs. The Regional PLGs shall collaborate to appoint Regional Council members and to the extent practicable, Voting Members shall be selected from different counties and cities. No single county or city should dominate the make-up of the Regional Council. Voting Members shall be selected as follows:
 - (1) 1 representative appointed by each county (can be commissioners).
 - (2) 1 representative appointed from a rotating city within each county (or other city agreed upon) (can be councilmembers and mayors). A rotating city member shall be selected by majority vote of the cities within each county who do not have a Voting Member currently sitting on the Regional

⁴ See FN 2, *supra*.

Council.

- (3) 1 representative from each public health department within the region.
- (4) 1 representative from a county human services department.
- (5) At least 1 representative appointed from law enforcement within the region (sheriff, police, local city or town district attorney, etc.).
- (6) 1 representative from a municipal or county court system within the region.

b. Single-County Region:

- (i) **Voting Members.** Voting Members shall be appointed by the Regional PLGs. The Regional PLGs shall collaborate to appoint Regional Council members and to the extent practicable, Voting Members shall be selected from different cities within the region. No single city should dominate the make-up of the Regional Council. Voting Members shall be selected as follows:
 - (1) 1 or 2 representatives appointed by the county (can be commissioners)
 - (2) 1 representative appointed from the public health department
 - (3) 1 representative from the county human services department
 - (4) 1 representative appointed from law enforcement within region (sheriff, police, local city or town district attorney, etc.)
 - (5) 1 representative appointed from a municipal or county court system within region
 - (6) 1-3 representatives (total) appointed by rotating cities within the county (or other city or cities agreed upon) (can be councilmembers and mayors). Rotating city members shall be selected by majority vote of the cities who do not have a Voting Member currently sitting on the Regional Council.
 - (7) Such other representatives as participating counties/cities agree on (not to include providers who may be recipients of

funds)

- c. **Non-Voting Members.** For both Multi-County and Single County Regions, Non-Voting Members are optional but are strongly encouraged. Non-voting members shall serve in an advisory capacity. Any Non-Voting Members shall be appointed by the Regional PLGs and may be comprised of all or some of the following, not to include potential recipients of funds:
 - (i) Representatives from behavioral health providers.
 - (ii) Representatives from health care providers.
 - (iii) Recovery/treatment experts.
 - (iv) Other county or city representatives.
 - (v) A representative from the Attorney General's Office.
 - (vi) Community representative(s), preferably those with lived experience with the opioid crisis.
 - (vii) Harm reduction experts.
- d. **Acting Chair:** The Voting Members for both Multi-County and Single-County Regions shall appoint one member to serve as Acting Chair of the Regional Council. The Acting Chair's primary responsibilities shall be to schedule periodic meetings and votes of the Regional Council as needed and to serve as the point of contact for disputes within the Region. The Acting Chair must be either a Member from a county within a Region, such as a county commissioner or their designee, or a Member from a city or town within a Region, such as a mayor or city or town council member or their designee.
- e. **Non-Participation:** A Local Government that chooses not to become a Participating Local Government in the Colorado MOU shall not receive any Opioid Funds from the Regional Share or participate in the Regional Council.
- f. **Terms:** The Regional Council shall be established within ninety (90) days of the first Settlement being entered by a court of competent jurisdiction, including any bankruptcy court. In order to do so, within sixty (60) days of the first Settlement being entered, CCI and CML shall jointly recommend six (6) Voting Members, and so long as such recommendations comply with the terms of Section 3.2 (a) or (b), the Regional Council shall consist of CCI/CML's recommended Members for

an initial term not to exceed one year.⁵ Thereafter, Voting Members shall be appointed in accordance with Section 3.2 (a) or (b) and shall serve two-year terms. Following the expiration of that two-year term, the Regional PLGs, working in concert, shall reappoint that Voting Member, or appoint a new Voting Member according to Section 3.2 (a) or (b).

- (i) If a Voting Member resigns or is otherwise removed from the Regional Council prior to the expiration of their term, a replacement Voting Member shall be appointed within sixty (60) days in accordance with Section 3.2 (a) or (b) to serve the remainder of the term. If the Regional PLGs are unable to fill a Voting Member vacancy within sixty (60) days, the existing Voting Members of the Regional Council at the time of the vacancy shall work collectively to appoint a replacement Voting Member in accordance with Section 3.2 (a) or (b). At the end of his or her term, the individual serving as that replacement Voting Member may be reappointed by the Regional PLGs to serve a full term consistent with this Section.
- (ii) The purpose of the two-year term is to allow Regional PLGs an increased opportunity to serve on the Regional Council. However, Regional Council members who have already served on the Regional Council may be appointed more than once and may serve consecutive terms if appointed to do so by the Regional Council.

3.3. Duties: The Regional Council is primarily responsible for engaging with the Abatement Council on behalf of its Region and following the procedures outlined in the Colorado MOU for requesting Opioid Funds from the Regional Share, which shall include developing 2-year plans, amending those plans as appropriate, and providing the Abatement Council with data through its fiscal agent regarding Opioid Fund expenditures. Upon request from the Abatement Council, the Regional Council may also be subject to an accounting from the Abatement Council.

3.4. Governance: A Regional Council may establish its own procedures through adoption of bylaws if needed. Any governing documents must be consistent with the other provisions in this section and the Colorado MOU.

3.5. Authority: The terms of the Colorado MOU control the authority of a Regional Council and a Regional Council shall not stray outside the bounds of the authority and power vested by the Colorado MOU. Should a Regional Council require legal assistance in determining its authority,

⁵ Local Governments within Multi-County or Single County Regions may decide to select initial Voting Members of the Regional Council between themselves and without CCI and CML involvement. However, the Regional Council must be established within ninety (90) days of the first Settlement being entered by a court of competent jurisdiction, including any bankruptcy court.

it may seek guidance from the legal counsel of the county or municipal government of the Regional Council's fiscal agent at the time the issue arises.

3.6. Collaboration: The Regional Council shall facilitate collaboration between the State, Participating Local Governments within its Region, the Abatement Council, and other stakeholders within its Region for the purposes of sharing data, outcomes, strategies, and other relevant information related to abating the opioid crisis in Colorado.

3.7. Transparency: The Regional Council shall operate with all reasonable transparency and abide by all Colorado laws relating to open records and meetings. To the extent the Abatement Council requests outcome-related data from the Regional Council, the Regional Council shall provide such data in an effort to determine best methods for abating the opioid crisis in Colorado.

3.8. Conflicts of Interest: Voting Members shall abide by the conflict-of-interest rules applicable to local government officials under state law.

3.9. Ethics Laws: Voting Members shall abide by their local ethics laws or, if no such ethics laws exist, by applicable state ethics laws.

3.10. Decision Making: The Regional Council shall seek to make all decisions by consensus. In the event consensus cannot be achieved, the Regional Council shall make decisions by a majority vote of its Members.

4. REGIONAL FISCAL AGENT

4.1. Purpose: According to the Colorado MOU, the Regional Council must designate a fiscal agent for the Region prior to the Region receiving any Opioid funds from the Regional Share. All funds from the Regional Share shall be distributed to the Regional Council's fiscal agent for the benefit of the entire Region.

4.2. Designation: The Regional Council shall nominate and designate a fiscal agent for the Region by majority vote. Regional fiscal agents must be a board of county commissioners or a city or town council or executive department, such as a department of finance.

4.3. Term: A Regional fiscal agent must be appointed by the Regional Council on an annual basis. A Regional fiscal agent may serve as long as the Regional Council determines is appropriate, including the length of any Settlement that contemplates the distribution of Opioid Funds within Colorado.

4.4. Duties: The Regional fiscal agent shall receive, deposit, and make available Opioid Funds distributed from the Abatement Council and provide expenditure reporting data to the

Abatement Council on an annual basis. In addition, the Regional fiscal agent shall perform certain recordkeeping duties outlined below.

- a. **Opioid Funds:** The Regional fiscal agent shall receive all Opioid Funds as distributed by the Abatement Council. Upon direction by the Regional Council, the Regional fiscal agent shall make any such Opioid Funds available to the Regional Council.
- b. **Reporting:** On an annual basis, as determined by the Abatement Council, the Regional fiscal agent shall provide to the Abatement Council the Regional Council's expenditure data from their allocation of the Regional Share and certify to the Abatement Council that the Regional Council's expenditures were for Approved Purposes and complied with its 2-year plan.
- c. **Recordkeeping:** The Regional fiscal agent shall maintain necessary records with regard the Regional Council's meetings, decisions, plans, and expenditure data.

4.5. Authority: The fiscal agent serves at the direction of the Regional Council and in service to the entire Region. The terms of the Colorado MOU control the authority of a Regional Council, and by extension, the Regional fiscal agent. A Regional fiscal agent shall not stray outside the bounds of the authority and power vested by the Colorado MOU.

5. REGIONAL TWO-YEAR PLAN

5.1. Purpose: According to the Colorado MOU, as part of a Regional Council's request to the Abatement Council for Opioid Funds from its Regional Share, the Regional Council must submit a 2-year plan identifying the Approved Purposes for which the requested funds will be used.

5.2 Development of 2-Year Plan: In developing a 2-year plan, the Regional Council shall solicit recommendations and information from all Regional PLGs and other stakeholders within its Region for the purposes of sharing data, outcomes, strategies, and other relevant information related to abating the opioid crisis in Colorado. At its discretion, a Regional Council may seek assistance from the Abatement Council for purposes of developing a 2-year plan.

5.3 Amendment: At any point, a Regional Council's 2-year plan may be amended so long as such amendments comply with the terms of the Colorado MOU and any Settlement.

6. DISPUTES WITHIN REGION. In the event that any Regional PLG disagrees with a decision of the Regional Council, or there is a dispute regarding the appointment of Voting or Non-Voting Members to the Regional Council, that Regional PLG shall inform the Acting Chair of its dispute at the earliest

possible opportunity. In Response, the Regional Council shall gather any information necessary to resolve the dispute. Within fourteen (14) days of the Regional PLG informing the Acting Chair of its dispute, the Regional Council shall issue a decision with respect to the dispute. In reaching its decision, the Regional Council may hold a vote of Voting Members, with the Acting Chair serving as the tie-breaker, or the Regional Council may devise its own dispute resolution process. However, in any disputes regarding the appointment of a Voting Member, that Voting Member will be recused from voting on the dispute. The decision of the Regional Council is a final decision.

7. **DISPUTES WITH ABATEMENT COUNCIL.** If the Regional Council disputes the amount of Opioid Funds it receives from its allocation of the Regional Share, the Regional Council shall alert the Abatement Council within sixty (60) days of discovering the information underlying the dispute. However, the failure to alert the Abatement Council within this time frame shall not constitute a waiver of the Regional Council's right to seek recoupment of any deficiency in its Regional Share.
8. **RECORDKEEPING.** The acting Regional fiscal agent shall be responsible for maintaining records consistent with the Regional Agreement.
9. **AUTHORIZED REPRESENTATIVES.** Each Regional PLGs' representative designated below shall be the point of contact to coordinate the obligations as provided herein. The Regional PLGs designate their authorized representatives under this Regional Agreement as follows:
 - 9.1. _____ designates the _____ of the _____ or their designee(s).
 - 9.2. _____ designates the _____ of the _____ or their designee(s).
10. **OBLIGATIONS OF THE REGIONAL PLGS.** The Regional PLGs shall perform their respective obligations as set forth in the Regional Agreement, the Colorado MOU and the accompanying exhibits to the Colorado MOU and incorporated herein by reference.
11. **TERM.** The Regional Agreement will commence on _____, and shall expire on the date the last action is taken by the Region, consistent with the terms of the Colorado MOU and any Settlement. (the "Term").
12. **INFORMATIONAL OBLIGATIONS.** Each Regional PLG hereto will meet its obligations as set forth in § 29-1-205, C.R.S., as amended, to include information about this Regional Agreement in a filing with the Colorado Division of Local Government; however, failure to do so shall in no way affect the validity of this Regional Agreement or any remedies available to the Regional PLGs hereunder.
13. **CONFIDENTIALITY.** The Regional PLGs, for themselves, their agents, employees and representatives, agree that they will not divulge any confidential or proprietary information they receive from another Regional PLG or otherwise have access to, except as may be required by law. Nothing in this Regional

Agreement shall in any way limit the ability of the Regional PLGs to comply with any laws or legal process concerning disclosures by public entities. The Regional PLGs understand that all materials exchanged under this Regional Agreement, including confidential information or proprietary information, may be subject to the Colorado Open Records Act., § 24-72-201, *et seq.*, C.R.S., (the “Act”). In the event of a request to a Regional PLG for disclosure of confidential materials, the Regional PLG shall advise the Regional PLGs of such request in order to give the Regional PLGs the opportunity to object to the disclosure of any of its materials which it marked as, or otherwise asserts is, proprietary or confidential. If a Regional PLG objects to disclosure of any of its material, the Regional PLG shall identify the legal basis under the Act for any right to withhold. In the event of any action or the filing of a lawsuit to compel disclosure, the Regional PLG agrees to intervene in such action or lawsuit to protect and assert its claims of privilege against disclosure of such material or waive the same. If the matter is not resolved, the Regional PLGs may tender all material to the court for judicial determination of the issue of disclosure.

14. GOVERNING LAW; VENUE. This Regional Agreement shall be governed by the laws of the State of Colorado. Venue for any legal action relating solely to this Regional Agreement will be in the applicable District Court of the State of Colorado for the county of the Region’s fiscal agent. Venue for any legal action relating to the Colorado MOU shall be in a court of competent jurisdiction where a Settlement or consent decree was entered, as those terms are described or defined in the Colorado MOU. If a legal action relates to both a Regional Agreement and the Colorado MOU, venue shall also be in a court of competent jurisdiction where a Settlement or consent decree was entered.

15. TERMINATION. The Regional PLGs enter into this Regional Agreement to serve the public interest. If this Regional Agreement ceases to further the public interest, a Regional PLG, in its discretion, may terminate their participation in the Regional Agreement, in whole or in part, upon written notice to the other Regional PLGs. Each Regional PLG also has the right to terminate the Regional Agreement with cause upon written notice effective immediately, and without cause upon thirty (30) days prior written notice to the other Regional PLGs. A Regional PLG’s decision to terminate this Regional Agreement, with or without cause, shall have no impact on the other Regional PLGs present or future administration of its Opioid Funds and the other procedures outlined in this Regional Agreement. Rather, a Regional PLG’s decision to terminate this Regional Agreement shall have the same effect as non-participation, as outlined in Section 3.2 (e).

16. NOTICES. “Key Notices” under this Regional Agreement are notices regarding default, disputes, or termination of the Regional Agreement. Key Notices shall be given in writing and shall be deemed

received if given by confirmed electronic transmission that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process, but specifically excluding facsimile transmissions and texts when transmitted, if transmitted on a business day and during normal business hours of the recipient, and otherwise on the next business day following transmission; certified mail, return receipt requested, postage prepaid, three business days after being deposited in the United States mail; or overnight carrier service or personal delivery, when received. For Key Notices, the Regional PLGs will follow up any electronic transmission with a hard copy of the communication by the means described above. All other communications or notices between the Regional PLGs that are not Key Notices may be done via electronic transmission. The Regional PLGs agree that any notice or communication transmitted by electronic transmission shall be treated in all manner and respects as an original written document; any such notice or communication shall be considered to have the same binding and legal effect as an original document. All Key Notices shall include a reference to the Regional Agreement, and Key Notices shall be given to the Regional PLGs at the following addresses:

17. GENERAL TERMS AND CONDITIONS

- 17.1. Independent Entities.** The Regional PLGs enter into this Regional Agreement as separate, independent governmental entities and shall maintain such status throughout.
- 17.2. Assignment.** This Regional Agreement shall not be assigned by any Regional PLG without the prior written consent of all Regional PLGs. Any assignment or subcontracting without such consent will be ineffective and void and will be cause for termination of this Regional Agreement.
- 17.3. Integration and Amendment.** This Regional Agreement represents the entire agreement between the Regional PLGs and terminates any oral or collateral agreement or understandings. This Regional Agreement may be amended only by a writing signed by the Regional PLGs. If any provision of this Regional Agreement is held invalid or unenforceable, no other provision shall be affected by such holding, and the remaining provision of this Regional Agreement shall continue in full force and effect.

- 17.4. No Construction Against Drafting Party.** The Regional PLGs and their respective counsel have had the opportunity to review the Regional Agreement, and the Regional Agreement will not be construed against any Regional PLG merely because any provisions of the Regional Agreement were prepared by a particular Regional PLG.
- 17.5. Captions and References.** The captions and headings in this Regional Agreement are for convenience of reference only and shall not be used to interpret, define, or limit its provisions. All references in this Regional Agreement to sections (whether spelled out or using the § symbol), subsections, exhibits or other attachments, are references to sections, subsections, exhibits or other attachments contained herein or incorporated as a part hereof, unless otherwise noted.
- 17.6. Statutes, Regulations, and Other Authority.** Any reference in this Regional Agreement to a statute, regulation, policy or other authority shall be interpreted to refer to such authority then current, as may have been changed or amended since the execution of this Regional Agreement.
- 17.7. Conflict of Interest.** No Regional PLG shall knowingly perform any act that would conflict in any manner with said Regional PLG's obligations hereunder. Each Regional PLG certifies that it is not engaged in any current project or business transaction, directly or indirectly, nor has it any interest, direct or indirect, with any person or business that might result in a conflict of interest in the performance of its obligations hereunder. No elected or employed member of any Regional PLG shall be paid or receive, directly or indirectly, any share or part of this Regional Agreement or any benefit that may arise therefrom.
- 17.8. Inurement.** The rights and obligations of the Regional PLGs to the Regional Agreement inure to the benefit of and shall be binding upon the Regional PLGs and their respective successors and assigns, provided assignments are consented to in accordance with the terms of the Regional Agreement.
- 17.9. Survival.** Notwithstanding anything to the contrary, the Regional PLGs understand and agree that all terms and conditions of this Regional Agreement and any exhibits that require continued performance or compliance beyond the termination or expiration of this Regional Agreement shall survive such termination or expiration and shall be enforceable against a Regional PLG if such Regional PLG fails to perform or comply with such term or condition.
- 17.10. Waiver of Rights and Remedies.** This Regional Agreement or any of its provisions may not be waived except in writing by a Regional PLG's authorized representative. The failure of a

Regional PLG to enforce any right arising under this Regional Agreement on one or more occasions will not operate as a waiver of that or any other right on that or any other occasion.

17.11. No Third-Party Beneficiaries. Enforcement of the terms of the Regional Agreement and all rights of action relating to enforcement are strictly reserved to the Regional PLGs. Nothing contained in the Regional Agreement gives or allows any claim or right of action to any third person or entity. Any person or entity other than the Regional PLGs receiving services or benefits pursuant to the Regional Agreement is an incidental beneficiary only.

17.12. Records Retention. The Regional PLGs shall maintain all records, including working papers, notes, and financial records in accordance with their applicable record retention schedules and policies. Copies of such records shall be furnished to the Parties request.

17.13. Execution by Counterparts; Electronic Signatures and Records. This Regional Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. The Regional PLGs approve the use of electronic signatures for execution of this Regional Agreement. All use of electronic signatures shall be governed by the Uniform Electronic Transactions Act, C.R.S. §§ 24-71.3-101, *et seq.* The Regional PLGs agree not to deny the legal effect or enforceability of the Regional Agreement solely because it is in electronic form or because an electronic record was used in its formation. The Regional PLGs agree not to object to the admissibility of the Regional Agreement in the form of an electronic record, or a paper copy of an electronic document, or a paper copy of a document bearing an electronic signature, on the ground that it is an electronic record or electronic signature or that it is not in its original form or is not an original.

17.14. Authority to Execute. Each Regional PLG represents that all procedures necessary to authorize such Regional PLG's execution of this Regional Agreement have been performed and that the person signing for such Regional PLG has been authorized to execute the Regional Agreement.

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ALVOGEN SETTLEMENT **AGREEMENT**

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This Settlement Agreement, dated as of April 4, 2025 (the “*Agreement*”), sets forth the terms of settlement between and among the Settling States, the Participating Subdivisions, and Alvogen (as those terms are defined below). Upon satisfaction of the conditions set forth in Sections II and VIII, this Agreement will be binding on the Settling States, Alvogen, and the Participating Subdivisions. This Agreement will then be filed as part of a Consent Judgment in the respective courts of each of the Settling States, pursuant to the terms set forth in Section IX.

I. Definitions

Unless otherwise specified, the following definitions apply:

A. “*Additional Remediation Amount.*” The amount available to the Settling States listed in Exhibit M totaling up to \$373,603.23.

B. “*Adjusted Maximum Remediation Payment.*” The Maximum Remediation Payment reduced by the State Allocation Percentage specified in Exhibit F for each Non-Settling State.

C. “*Agreement.*” This agreement, as set forth above. For the avoidance of doubt, this Agreement is inclusive of all exhibits.

D. “*Alleged Harms.*” The alleged past, present, and future damages, harms, losses, and related expenditures allegedly incurred by the Settling States and Participating Subdivisions arising out of the use of Products, non-exclusive examples of which are described in the documents listed on Exhibit A, that have allegedly arisen as a result of the physical and bodily injuries sustained by individuals suffering from opioid-related addiction, death, and other related diseases and disorders, and that have allegedly been caused by Released Entities.

E. “*Allocation Statute.*” A state law that governs allocation, distribution, and/or use of some or all of the Settlement Fund amounts allocated to that Settling State and/or its Subdivisions. An Allocation Statute may, without limitation, contain a Statutory Trust, further restrict expenditures of funds, form an advisory committee, establish oversight and reporting requirements, or address other default provisions and other matters related to the funds. An Allocation Statute is not required to address all three (3) types of funds comprising the Settlement Fund or all default provisions.

F. “*Alvogen.*” Alvogen, Inc.

G. “*Appropriate Official.*” As defined in Section XIII.E.3.

H. “*Bankruptcy Code.*” Title 11 of the United States Code, 11 U.S.C. § 101, et seq.

I. “*Bar.*” Either: (1) a law barring Subdivisions in a Settling State from maintaining or asserting Released Claims against Released Entities (either through a direct bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by the highest court of the Settling State (or, in a Settling State with a single intermediate court of appeals, the intermediate court of appeals) when setting forth the general principle that Subdivisions in the Settling State may not maintain or assert any Released Claims against Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the Remediation Payment by Alvogen under this Agreement) shall not constitute a Bar.

J. “*Base Payment.*” As defined in Section V.D.

K. “*Case-Specific Resolution.*” Either: (1) a law barring the Subdivision at issue from maintaining any Released Claims against any Released Entities (either through a direct Bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by a court of competent jurisdiction over the Subdivision at issue that the Subdivision may not maintain any Released Claims at issue against any Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the payment by Alvogen under this Agreement) shall not constitute a Case-Specific Resolution.

L. “*Claim.*” Any past, present or future cause of action, claim for relief, cross-claim or counterclaim, theory of liability, demand, derivative claim, request, assessment, charge, covenant, damage, debt, lien, loss, fine, penalty, restitution, reimbursement, disgorgement, expenses, remediation, judgment, right, obligation, dispute, suit, contract, controversy, agreement, *parens patriae* claim, promise, performance, warranty, omission, or grievance of any nature whatsoever, whether legal, equitable, statutory, regulatory or administrative, whether arising under federal, state or local common law, statute, regulation, guidance, ordinance or principles of equity, whether filed or unfiled, whether asserted or unasserted, whether known or unknown, whether accrued or unaccrued, whether foreseen, unforeseen or unforeseeable, whether discovered or undiscovered, whether suspected or unsuspected, whether fixed or contingent, and whether existing or hereafter arising, in all such cases, including, but not limited to, any request for declaratory, injunctive, or equitable relief, compensatory, punitive, or statutory damages, absolute liability, strict liability, restitution, remediation, subrogation, contribution, indemnity, apportionment, disgorgement, reimbursement, attorney fees, expert fees, consultant fees, fines, penalties, expenses, costs or any other legal, equitable, civil, administrative, or regulatory remedy whatsoever.

M. “*Claim-Over.*” A Claim asserted by a Non-Released Entity against a Released Entity on the basis of contribution, indemnity, or other claim-over on any theory relating to a Non-Party Covered Conduct Claim asserted by a Releasor.

N. “*Compensatory Restitution Amount.*” The aggregate amount paid or incurred by Alvogen hereunder for Opioid Remediation, which includes the aggregate Base

and Incentive Payments earned by Settling States and does not include amounts paid as attorneys' fees and costs or identified pursuant to Section VI.B.2 as being used to pay attorneys' fees, investigation costs or litigation costs, which shall be up to the amount of the Adjusted Maximum Remediation Payment.

O. *"Consent Judgment."* A consent judgment in a form to be agreed by the Settling States and Alvogen prior to the Effective Date that, among other things, (1) approves this Agreement and (2) provides for the release set forth in Section XI.A, including the dismissal with prejudice of any Released Claims that the Settling State has brought against Released Entities.

P. *"Covered Conduct"* means any actual or alleged act, failure to act, negligence, statement, error, omission, breach of any duty, conduct, event, transaction, agreement, service, work, sale, misstatement, misleading statement, or other activity of any kind whatsoever from the beginning of time through the Reference Date (and any past, present, or future consequence of any such act, failure to act, negligence, statement, error, omission, breach of duty, conduct, event, transaction, agreement, service, work, sale, misstatement, misleading statement, or other activity) arising from or relating in any way to (a) compounding, counseling, and documentation related to any Product or class of Products; (b) the availability, discovery, research, development, manufacture, packaging, repackaging, marketing, promotion, advertising, labeling, relabeling, recall, withdrawal, distribution, delivery, monitoring, reporting, regulatory compliance supply, sale, prescribing, dispensing, physical security, warehousing, use or abuse of, or operating procedures relating to any Product, or any system, plan, policy, procedure, or advocacy relating to any Product or class of Products, including but not limited to any unbranded or branded promotion, marketing, or advertising, information, patient support or assistance, educational programs, consultancy, research, other programs or campaigns, lobbying, grants, sponsorships, charitable donations, or other funding relating to any Product or class of Products; (c) the characteristics, properties, risks, or benefits of any Product or class of Products; (d) the monitoring or non-monitoring of orders placed of any Product; (e), reporting, disclosure, non-monitoring, non-reporting or non-disclosure to federal, state or other regulators of orders for any Product placed with any Released Entity; (f) the selective breeding, harvesting, extracting, purifying, exporting, importing, applying for quota for, procuring quota for, handling, promoting, manufacturing, processing, packaging, supplying, distributing, converting, or selling of, or otherwise engaging in any activity relating to, precursor or component Products, including but not limited to natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, or any related intermediate Products; or (g) diversion control programs, suspicious order monitoring, or regulatory compliance related to any Product.

Q. *"Deposit Date."* July 25, 2025. This Date is the date by which Alvogen shall deposit the Adjusted Maximum Remediation Payment, Private Attorney Fees, and the Additional Remediation Amount, pursuant to Section IV.D. This date is after the Preliminary Agreement Date, on which Alvogen agrees to proceed with the agreement; this date may be changed by written agreement of Alvogen and the Enforcement Committee.

R. *"Designated State."* The state of New York.

S. *“Effective Date.”* The date sixty (60) calendar days after the Reference Date.

T. *“Eligible States.”* The states, commonwealths, and territories of the United States of America. The 56 Eligible States are listed in Exhibit F.

U. *“Enforcement Committee.”* A committee consisting of representatives of the Settling States and of the Participating Subdivisions. Exhibit B contains the organizational bylaws of the Enforcement Committee. Notice pursuant to Section XIII.Q shall be provided when there are changes in membership or contact information.

V. *“Fees Payment.”* The amount payable by Alvogen on the Payment Date comprised of the Additional Remediation Amount payment, and the Private Attorney Fees payment. The Fees Payment does not include the Remediation Payment.

W. *“Final Order.”* An order or judgment of a court of competent jurisdiction with respect to the applicable subject matter (1) which has not been reversed or superseded by a modified or amended order, is not currently stayed, and as to which any right to appeal or seek certiorari, review, reargument, stay, or rehearing has expired, and as to which no appeal or petition for certiorari, review, reargument, stay, or rehearing is pending, or (2) as to which an appeal has been taken or petition for certiorari, review, reargument, stay, or rehearing has been filed and (a) such appeal or petition for certiorari, review, reargument, stay, or rehearing has been resolved by the highest court to which the order or judgment was appealed or from which certiorari, review, reargument, stay, or rehearing was sought, or (b) the time to appeal further or seek certiorari, review, reargument, stay, or rehearing has expired and no such further appeal or petition for certiorari, review, reargument, stay, or rehearing is pending.

X. *“Global Settlement Amount.”* The Global Settlement Amount is \$21,370,104.95, which is comprised of the Maximum Remediation Payment, Private Attorney Fees, and Additional Remediation Amount. Notwithstanding any other language or provisions in this or any other agreement, the Global Settlement Amount is the maximum dollar amount Alvogen can pay in connection with the Agreement.

Y. *“Implementation Administrator.”* Rubris, Inc., which is the vendor that will be retained by Alvogen to provide notice pursuant to Section VIII.A and to manage the initial joinder period for Subdivisions, including the issuance and receipt of Subdivision Settlement Participation Forms.

Z. *“Incentive Payment A.”* The incentive payment described in Section V.E.4.

AA. *“Incentive Payment A Catch-Up Date.”* August 1, 2026.

BB. *“Incentive Payment BC.”* The incentive payment described in Section V.E.5.

CC. *“Initial Participating Subdivision.”* A Subdivision that meets the requirements set forth in Section VIII.D.

DD. *“Initial Participation Date.”* The date ninety (90) calendar days after the Preliminary Agreement Date, unless it is extended by written agreement of Alvogen and the Enforcement Committee.

EE. *“Injunctive Relief Terms.”* The terms described in Section III and set forth in Exhibit P.

FF. *“Later Litigating Subdivision.”* A Subdivision (or Subdivision official asserting the right of or for the Subdivision to recover for Alleged Harms to the Subdivision and/or the people thereof) that: (1) first files a lawsuit bringing a Released Claim against a Released Entity after the Reference Date; or (2) adds a Released Claim against a Released Entity after the Reference Date to a lawsuit brought before the Reference Date that, prior to the Reference Date, did not include any Released Claims against a Released Entity; or (3) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a legislative Bar or legislative Case-Specific Resolution as of the Reference Date, (b) such legislative Bar or legislative Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) the earlier of the date of completion of opening statements in a trial in an action brought by a Subdivision in that Settling State that includes a Released Claim against a Released Entity or one hundred eighty (180) days from the Revocation Event passes without a Bar or Case-Specific Resolution being implemented as to that Litigating Subdivision or the Litigating Subdivision's Released Claims being dismissed; or (4) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a judicial Bar or judicial Case-Specific Resolution as of the Reference Date, (b) such judicial Bar or judicial Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) such Litigating Subdivision takes any action in its lawsuit asserting a Released Claim against a Released Entity other than seeking a stay or dismissal.

GG. *“Later Participating Subdivision.”* A Participating Subdivision that is not an Initial Participating Subdivision, but meets the requirements set forth in Section VIII.E.

HH. *“Litigating Subdivision.”* A Subdivision (or Subdivision official) that brought any Released Claim against any Released Entity prior to the Reference Date. Exhibit C is an agreed list of all Litigating Subdivisions. Exhibit C will be updated (including with any corrections) periodically, and a final version of Exhibit C will be attached hereto as of the Reference Date.

II. *“Maximum Remediation Payment.”* The maximum amount owed by Alvogen to the Settling States and Subdivisions, exclusive of the Private Attorney Fees, and the Additional Remediation Amount. The amount of the Maximum Remediation Payment is \$18,680,161.67.

JJ. *“National Arbitration Panel.”* The panel comprised as described in Section VII.F.3.b.

KK. “*National Disputes.*” As defined in Section VII.F.3.a.

LL. “*Non-Litigating Subdivision.*” Any Subdivision that is not a Litigating Subdivision.

MM. “*Non-Participating Subdivision.*” Any Subdivision that is not a Participating Subdivision.

NN. “*Non-Party Covered Conduct Claim.*” A Claim against any Non-Released Entity involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity).

OO. “*Non-Party Settlement.*” A settlement by any Releaser that settles any Non-Party Covered Conduct Claim and includes a release of any Non-Released Entity.

PP. “*Non-Released Entity.*” An entity that is not a Released Entity.

QQ. “*Non-Settling State.*” Any Eligible State that is not a Settling State.

RR. “*Opioid Remediation.*” Care, treatment, and other programs and expenditures (including reimbursement for past such programs or expenditures¹ except where this Agreement restricts the use of funds solely to future Opioid Remediation) designed to (1) address the use of opioid products in the Settling States, (2) treat or mitigate opioid use or related disorders in the Settling States, or (3) mitigate other alleged effects of, including on those injured as a result of, the opioid epidemic in the Settling States. Exhibit E provides a non-exhaustive list of expenditures that qualify as being paid for Opioid Remediation. Qualifying expenditures may include reasonable related administrative expenses in connection with the above.

SS. “*Participating Subdivision.*” Any Subdivision that meets the requirements for becoming a Participating Subdivision under Section VIII.B and Section VIII.C. Participating Subdivisions include both Initial Participating Subdivisions and Later Participating Subdivisions.

TT. “*Participation Percentage of Incentive BC Eligible Subdivision Population.*” As defined in Section V.E.5.e.

UU. “*Parties.*” Alvogen and the Settling States (each, a “*Party*”).

VV. “*Payment Calculation Date.*” October 20, 2025, which is sixty (60) days before the Payment Date. This date may be changed by written agreement of Alvogen and the Enforcement Committee.

WW. “*Payment Date.*” December 19, 2025, which is the date by which Alvogen makes the Remediation Payment and the Fees Payment. This date may be changed by written agreement of Alvogen and the Enforcement Committee.

¹ Reimbursement includes amounts paid to any governmental entities for past expenditures or programs.

XX. *“Preliminary Agreement Date.”* The date Alvogen informs the Settling States of its determination that the condition in Section II.B has been satisfied. The Preliminary Agreement Date shall be no more than fourteen (14) calendar days after the end of the notice period to Eligible States, unless it is extended by written agreement of Alvogen and the Enforcement Committee.

YY. *“Primary Fire District.”* A fire district that covers a population of 25,000, or 0.20% of an Eligible State’s population if an Eligible State’s population is greater than 18 million. If not easily calculable from state data sources and agreed to between the Eligible State and Alvogen, a fire district’s population is calculated by dividing the population of the county or counties a fire district serves by the number of fire districts in the county or counties. “Primary Fire Districts” shall mean fire districts as identified in connection with the implementation of the July 21, 2021, Janssen Settlement Agreement.

ZZ. *“Primary Subdivision.”* A Subdivision that is a General Purpose Government (including, but not limited to, a municipality, county, county subdivision, city, town, township, parish, village, borough, gore, or any other entities that provide municipal-type government) with population over 10,000; provided, however, that as used in connection with Incentive Payment BC, the population threshold is 30,000. Attached as Exhibit I is an agreed list of the Primary Subdivisions in each Eligible State.

AAA. *“Private Attorney Fees”* are the amount to be paid by Alvogen for private attorneys’ litigation fees and costs on behalf of Participating Subdivisions. The maximum amount of Private Attorney Fees is \$2,316,340.05. For avoidance of doubt, Private Attorney Fees do not include the Additional Remediation Amount.

BBB. *“Product.”* Any chemical substance, whether used for medicinal or non-medicinal purposes, and whether natural, synthetic, or semi-synthetic, or any finished pharmaceutical product made from or with such substance, that is: (1) an opioid or opiate, as well as any product containing any such substance; (2) benzodiazepine, carisoprodol, or gabapentin; or (3) a combination or “cocktail” of chemical substances prescribed, sold, bought, or dispensed to be used together that includes opioids or opiates. “Product” shall include, but is not limited to, any substance consisting of or containing buprenorphine, codeine, fentanyl, hydrocodone, hydromorphone, meperidine, methadone, morphine, naloxone, naltrexone, oxycodone, oxymorphone, pentazocine, propoxyphene, tapentadol, tramadol, opium, heroin, carfentanil, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, midazolam, carisoprodol, gabapentin, or any variant of these substances or any similar substance. Notwithstanding the foregoing, nothing in this section prohibits a Settling State from taking administrative or regulatory action related to benzodiazepine (including, but not limited to, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, and midazolam), carisoprodol, or gabapentin that is wholly independent from the use of such drugs in combination with opioids, *provided* such action does not seek money (including abatement and/or remediation) for conduct prior to the Initial Participation Date. “Product” also includes any natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, and any

intermediate products used or created in the manufacturing process for any of the substances described above.

CCC. “*Reference Date.*” The date on which Alvogen is to inform the Settling States of its determination whether the condition in Section IX has been satisfied. The Reference Date shall be no later than thirty (30) calendar days after the Initial Participation Date, unless it is extended by written agreement of Alvogen and the Enforcement Committee.

DDD. “*Released Claims.*” Any and all Claims that directly or indirectly are based on, arise out of, or in any way relate to or concern the Covered Conduct and/or Alleged Harms occurring prior to the Initial Participation Date. Without limiting the foregoing, Released Claims include any Claims that have been asserted against Released Entities by a Settling State or any of its Litigating Subdivisions in any federal, state, or local action or proceeding (whether judicial, arbitral, or administrative) based on, arising out of, or relating to, in whole or in part, the Covered Conduct and/or Alleged Harms, or any such Claims that could be or could have been asserted now or in the future in those actions or in any comparable action or proceeding brought by a Settling State, Subdivision, or Releasor (whether or not such Settling State, Subdivision, or Releasor has brought such action or proceeding). Released Claims also include all Claims against Released Entities asserted in any proceeding to be dismissed pursuant to the Agreement, whether or not such claims related to Covered Conduct and/or Alleged Harms. The Parties intend that this term, “Released Claims,” be interpreted broadly. This Agreement does not release Claims by private individuals. It is the intent of the Parties that Claims by private individuals be treated in accordance with applicable law. Released Claims is also used herein to describe claims brought by a non-party Subdivision that would have been Released Claims if they had been brought by a Releasor against a Released Entity.

EEE. “*Released Entities.*” With respect to Released Claims, Alvogen and (1) all past and present subsidiaries, divisions, affiliates, predecessors, successors, and assigns (in each case, whether direct or indirect) of Alvogen; (2) all past and present subsidiaries and divisions (in each case, whether direct or indirect) of any entity described in subsection (1); (3) the respective past and present officers, directors, members, trustees, and employees of any of the foregoing (each for actions that occurred during and related to their work for, or employment with, any of Alvogen or the foregoing entities); (4) all past and present joint ventures (whether direct or indirect) of Alvogen or its subsidiaries, including in any subsidiary’s capacity as a participating member in such joint venture; (5) all direct or indirect parents and shareholders of Alvogen (solely in their capacity as parents or shareholders of Alvogen with respect to Covered Conduct); and (6) any insurer of Alvogen or any person or entity otherwise described in subsections (1)-(5) (solely in its role as insurer of such person or entity and subject to the last sentence of Section XI.C). A list of Alvogen’s joint ventures, subsidiaries and affiliates and predecessor entities is set forth in Exhibit J. Any person or entity described in subsections (3)-(6) shall be a Released Entity solely in the capacity described in such clause and shall not be a Released Entity with respect to its conduct in any other capacity. Any entity acquired, or joint venture entered into, by Alvogen after the Initial Participation Date is not a Released Entity. Further and notwithstanding anything else in this paragraph, no entity sued in *In re: National*

Prescription Opiate Litigation, No. 1:17-md-2804 (N.D. Ohio) is included as a Released Entity other than the entities listed on Exhibit J.

FFF. “*Releasors.*” With respect to Released Claims, (1) each Settling State; (2) each Participating Subdivision; and (3) without limitation and to the maximum extent of the power of each Settling State’s Attorney General and/or Participating Subdivision to release Claims, (a) the Settling State’s and Participating Subdivision’s departments, agencies, divisions, boards, commissions, Subdivisions, districts, instrumentalities of any kind and attorneys, including its Attorney General, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, (b) any public entities, public instrumentalities, public educational institutions, unincorporated districts, fire districts, irrigation districts, water districts, emergency services districts, school districts, healthcare districts, hospital districts, Sheriffs and law enforcement districts, library districts, coroner’s offices, and public transportation authorities, and other Special Districts in a Settling State, including those with the regulatory authority to enforce state and federal controlled substances acts or the authority to bring Claims related to Covered Conduct seeking money (including abatement (or remediation and/or restitution)) or revoke a pharmaceutical distribution license, and (c) any person or entity acting in a *parens patriae*, sovereign, quasi-sovereign, private attorney general, *qui tam*, taxpayer, or other capacity seeking relief, including but not limited to fines, penalties, or punitive damages, on behalf of or generally applicable to the general public with respect to a Settling State or Subdivision in a Settling State, whether or not any of them participate in this Agreement. The inclusion of a specific reference to a type of entity in this definition shall not be construed as meaning that the entity is not a Subdivision. Each Settling State’s Attorney General represents that he or she has obtained (or will obtain no later than the Initial Participation Date) the authority set forth in Section XI.G. In addition to being a Releasor as provided herein, a Participating Subdivision shall also provide the Subdivision Settlement Participation Form referenced in Section VIII providing for a release to the fullest extent of the Participating Subdivision’s authority.

GGG. “*Remediation Accounts Fund.*” The component of the Settlement Fund described in Section VI.C.

HHH. “*Remediation Payment.*” The amount payable to the Settlement Fund by Alvogen for Settling States’ Base Payments and Incentive Payments on the Payment Date, as calculated by the Settlement Fund Administrator.

III. “*Revocation Event.*” With respect to a Bar or Case-Specific Resolution, a legislative amendment, revocation, rescission, reversal, overruling, or interpretation that in any way limits the effect of such Bar or Case-Specific Resolution on Released Claims, or any other action or event that otherwise deprives the Bar, or Case-Specific Resolution of force or effect in any material respect.

JJJ. “*Settlement Fund.*” The interest-bearing fund established at [Bank TBD] pursuant to this Agreement into which the Remediation Payment is made under Section V, which is intended to be classified as a “qualified settlement fund” within the meaning of

26 C.F.R. §§ 1.468B-1 *et seq.* and which shall be approved by any Settling State in accordance with the requirements of 26 C.F.R. § 1.468B-1.

KKK. “*Settlement Fund Administrator.*” BrownGreer PLC, which is the entity that determines the Remediation Payment (including calculating offset or reduction and Incentive Payments pursuant to Section V) and Additional Remediation Amount, administers the Settlement Fund, and distributes amounts into the Remediation Accounts Fund, State Fund, and Subdivision Fund pursuant to this Agreement. The duties of the Settlement Fund Administrator shall be governed by this Agreement. Prior to the Effective Date, Alvogen and the Enforcement Committee shall agree to a detailed description of the Settlement Fund Administrator’s duties and responsibilities, including a detailed mechanism for paying the Settlement Fund Administrator’s fees and costs, all of which shall be appended to the Agreement as Exhibit L.

LLL. “*Settlement Fund Escrow.*” The interest-bearing escrow fund established pursuant to this Agreement to hold disputed payments made under this Agreement.

MMM. “*Settling State.*” An Eligible State that has entered into this Agreement and delivers executed releases in accordance with Section IX.A.

NNN. “*State Allocation Percentage.*” A Settling State’s percentage as set forth in Exhibit F.

OOO. “*State Fund.*” The component of the Settlement Fund described in Section VI.C.

PPP. “*State-Subdivision Agreement.*” An agreement that a Settling State reaches with the Subdivisions in that Settling State regarding the allocation, distribution, and/or use of funds allocated to that Settling State and to its Subdivisions. A State-Subdivision Agreement shall be effective if approved pursuant to the provisions of Exhibit O or if adopted by statute. Preexisting agreements addressing funds other than those allocated pursuant to this Agreement shall qualify if the approval requirements of Exhibit O are met. A Settling State and its Subdivisions may revise a State-Subdivision Agreement if approved pursuant to the provisions of Exhibit O, or if such revision is adopted by statute.

QQQ. “*Statutory Trust.*” A trust fund established by state law to receive funds allocated to a Settling State’s Remediation Accounts Fund and restrict any expenditures made using funds from the Settling State’s Remediation Accounts Fund to Opioid Remediation, subject to reasonable administrative expenses. A Settling State may give a Statutory Trust authority to allocate one (1) or more of the three (3) types of funds comprising such Settling State’s Settlement Fund, but this is not required.

RRR. “*Statewide Payment Amount.*” The amount from the Remediation Payment to be paid to a Settling State, including its separate types of funds (if applicable) and its Participating Subdivisions listed in Exhibit G, on or as soon as practical after the Payment Date.

SSS. “*Subdivision.*” Any (1) General Purpose Government (including, but not limited to, a municipality, county, county subdivision, city, town, township, parish, village, borough, gore, or any other entities that provide municipal-type government), School District, or Special District within a Settling State, and (2) any other subdivision, subdivision official acting in an official capacity on behalf of the subdivision (including, without limitation, district attorneys, county attorneys, city attorneys, sheriffs, and any other official, employee, or representative), or sub-entity of or located within a Settling State (whether political, geographical or otherwise, whether functioning or non-functioning, regardless of population overlap, and including, but not limited to, Nonfunctioning Governmental Units and public institutions) that has filed a lawsuit that includes a Released Claim against a Released Entity in a direct, *parens patriae*, or any other capacity. “General Purpose Government,” “School District,” and “Special District” shall correspond to the “five basic types of local governments” recognized by the U.S. Census Bureau and match the 2017 list of Governmental Units.² The three (3) General Purpose Governments are county, municipal, and township governments; the two (2) special purpose governments are School Districts and Special Districts.³ “Fire District,” “Health District,” “Hospital District,” and “Library District” shall correspond to categories of Special Districts recognized by the U.S. Census Bureau.⁴ References to a Settling State’s Subdivisions or to a Subdivision “in,” “of,” or “within” a Settling State include Subdivisions located within the Settling State even if they are not formally or legally a sub-entity of the Settling State; *provided, however*, that a “Health District” that includes any of the following words or phrases in its name shall not be considered a Subdivision: mosquito, pest, insect, spray, vector, animal, air quality, air pollution, clean air, coastal water, tuberculosis, and sanitary.

TTT. “*Subdivision Allocation Percentage.*” The portion of a Settling State’s Subdivision Fund set forth in Exhibit G that a Subdivision will receive pursuant to Section VI if it becomes a Participating Subdivision. The aggregate Subdivision Allocation Percentage of all Subdivisions receiving a Subdivision Allocation Percentage in each Settling State shall equal one hundred percent (100%). Immediately upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3 (or upon the effectiveness of an amendment to

² https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP

³ *E.g.*, U.S. Census Bureau, “Technical Documentation: 2017 Public Use Files for State and Local Government Organization” at 7 (noting that “the Census Bureau recognizes five basic types of local governments,” that three of those are “general purpose governments” (county governments, municipal governments, and township governments), and that the other two are “school district and special district governments”), https://www2.census.gov/programs-surveys/gus/datasets/2017/2017_govt_org_meth_tech_doc.pdf.

⁴ A list of 2017 Government Units provided by the Census Bureau identifies 38,542 Special Districts and categorizes them by “FUNCTION_NAME.” “Govt_Units_2017_Final” spreadsheet, “Special District” sheet, included in “Independent Governments - list of governments with reference information,” https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP. As used herein, “Fire District” corresponds to Special District function name “24 — Local Fire Protection,” “Health District” corresponds to Special District function name “32 — Health,” “Hospital District” corresponds to Special District function name “40 — Hospitals,” and “Library District” corresponds to Special District function name “52 — Libraries.” *See id.*

any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3) that addresses allocation from the Subdivision Fund, whether before or after the Initial Participation Date, Exhibit G will automatically be amended to reflect the allocation from the Subdivision Fund pursuant to the State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3. The Subdivision Allocation Percentages contained in Exhibit G may not change once notice is distributed pursuant to Section VIII.A, except upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3 (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3) that addresses allocation from the Subdivision Fund. For the avoidance of doubt, no Subdivision not listed on Exhibit G shall receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

UUU. “*Subdivision Fund.*” The component of the Settlement Fund described in Section VI.A.

VVV. “*Subdivision Settlement Participation Form.*” The form attached as Exhibit K that Participating Subdivisions must execute and return to the Implementation Administrator or Settlement Fund Administrator, and which shall (1) make such Participating Subdivisions signatories to this Agreement, (2) include a full and complete release of any and all of such Participating Subdivisions’ claims, and (3) require the prompt dismissal with prejudice of any Released Claims that have been filed by any such Participating Subdivision.

WWW. “*Threshold Motion.*” A motion to dismiss or equivalent dispositive motion made at the outset of litigation under applicable procedure. A Threshold Motion must include as potential grounds for dismissal any applicable Bar or the relevant release by a Settling State or Participating Subdivision provided under this Agreement and, where appropriate under applicable law, any applicable limitations defense.

II. Participation by Eligible States and Condition to Preliminary Agreement

A. *Notice to Eligible States.* On May 26, 2025, this Agreement shall be distributed to all Eligible States. The Attorneys General of the Eligible States shall then have until June 25, 2025, to decide whether to become Settling States and notify the Enforcement Committee and Alvogen of that decision. Eligible States that determine to become Settling States shall so notify Alvogen and shall further commit to obtaining any necessary additional state releases prior to the Reference Date. This notice period may be extended by written agreement of Alvogen and the Enforcement Committee.

B. *Condition to Preliminary Agreement.* Following the notice period set forth in Section II.A, Alvogen shall have fourteen (14) calendar days to determine whether, in its sole discretion (based on any criteria or factors deemed relevant to Alvogen), enough Eligible States have agreed to become Settling States to proceed with notice to

Subdivisions as set forth in Section VIII. This period may be extended by written agreement of Alvogen and the Enforcement Committee. If Alvogen determines that this condition has been satisfied, and that notice to the Subdivisions should proceed, it will so notify the Settling States by providing notice to the Enforcement Committee. The date of such notice shall be the Preliminary Agreement Date. If Alvogen determines that this condition has not been satisfied, this Agreement will have no further effect and all releases and other commitments or obligations contained herein will be void.

C. *Later Joinder by Eligible States.* After the Preliminary Agreement Date, an Eligible State may only become a Settling State with the consent of Alvogen and the Enforcement Committee, provided that the Enforcement Committee may not withhold consent to an Eligible State's later joinder if the Eligible State agrees to join pursuant to the terms of this Agreement and the allocation set forth on Exhibit F. If an Eligible State becomes a Settling State more than thirty (30) calendar days after the Preliminary Agreement Date, but on or before the Reference Date, the Subdivisions in that Eligible State that become Participating Subdivisions within ninety (90) calendar days of the Eligible State becoming a Settling State shall be considered Initial Participating Subdivisions. An Eligible State may not become a Settling State after the Reference Date.

D. *Litigation Activity.* Following the Preliminary Agreement Date, Eligible States that determine to become Settling States shall make reasonable efforts to cease litigation activity against Alvogen, including by jointly seeking stays or, where appropriate, severance of claim against Alvogen, where feasible, and otherwise to minimize such activity by means of agreed deadline extensions and agreed postponement of depositions, document productions, and motion practice if a motion to stay or sever is not feasible or is denied.

III. Injunctive Relief

A. *Injunctive Relief.* As part of the Consent Judgment, the Parties agree to the injunctive relief terms attached in Exhibit P.

IV. Procedure for Segregated Account Deposits and Payments

A. By the Deposit Date, Alvogen shall deposit into a segregated interest-bearing bank account it establishes the Adjusted Maximum Remediation Payment amount. Alvogen shall also deposit into two (2) separate segregated interest-bearing bank accounts it establishes: (a) the Private Attorney Fees amount; and (b) the Additional Remediation Amount. Alvogen shall separately account for the interest earned on each of the three (3) accounts.

B. Alvogen shall provide proof to the Enforcement Committee of the deposits required by Section IV.D.1 by the Deposit Date. Alvogen shall not remove any money from the segregated bank accounts, except as provided by Section IV.F and Section IV.H.

C. If an Eligible State joins the agreement pursuant to Section II.C and that joinder is after the Deposit Date, Alvogen shall deposit that Settling State's maximum Statewide Payment Amount, which is the Maximum Remediation Payment multiplied by the Settling State's State Allocation Percentage. Such deposit shall be within fifteen (15) days of the Settling State's joinder.

D. If the condition set forth in Section IX.B is met, Alvogen shall:

1. Transfer into the Settlement Fund on the Payment Date (unless the Enforcement Committee specifies a later date) the Remediation Payment amount calculated by the Settlement Fund Administrator pursuant to Section V.C.2 from the segregated account. For the avoidance of doubt, this transfer includes any amounts that the Settlement Fund Administrator will place into the Settlement Fund Escrow pursuant to Section V.C.4.e.

a. The interest earned from the deposit account holding the Remediation Amount shall be used, first, to pay for the Implementation Administrator, then to pay for the Implementation Administrator in the Amneal, Apotex, Hikma, Indivior, Mylan, Sun, and Zydus Settlement Agreements, and finally to be transferred to the Settlement Fund to be used to pay for the Settlement Fund Administrator pursuant to Section VI.C.4.

2. Transfer into the relevant funds as directed by the Enforcement Committee, no later than the Payment Date (unless the Enforcement Committee specifies a later date) the amount in the segregated account holding the Private Attorney Fees (including all interest accrued on that account), minus any amounts not payable pursuant to the terms of Exhibit R, and the amount in the segregated account holding the Additional Remediation Amount (including all interest accrued on that account), minus the Additional Remediation Amount that would have been owed to Non-Settling States as calculated by multiplying the Additional Remediation Amount by the sum of allocations on Exhibit N for Non-Settling States.

E. The Remediation Payment transferred by Alvogen into the Settlement Fund pursuant to Section IV.D.1 shall be disbursed by the Settlement Fund Administrator to each Settling State and to its Participating Subdivisions listed on Exhibit G pursuant to Section V.C.5 through Section V.C.8; provided, however, that for any Settling State where the Consent Judgment has not been entered as of the Effective Date, the funds allocable to that Settling State and its Participating Subdivisions listed on Exhibit G shall not be disbursed until ten (10) calendar days after the entry of the Consent Judgment in that Settling State.

F. Any amounts in the segregated accounts not subject to transfer pursuant to Section IV.D shall immediately revert to Alvogen after Alvogen makes the transfers required by Section IV.D.

G. Except for the interest earned on the payment amounts, any unearned Incentive Payment A amount in the Settlement Fund shall immediately revert to Alvogen after the Incentive Payment A Catch-Up Date. This excess reflects Settling States who sought, but did not achieve, a Bar by the Incentive Payment A Catch-Up Date. Any amount in the Settlement Fund exceeding the payments described in Section V.C.3 shall immediately revert to Alvogen after the Payment Date. This excess is Settling States' unearned Maximum Incentive Payment amounts.

H. In the event that, in accordance with the terms of Section IX.B, Alvogen determines not to proceed with the Settlement, or the Settlement does not become effective for any other reason, the funds held in the segregated bank accounts shall immediately revert to Alvogen.

V. Settlement Payment Calculation Process

A. *Settlement Fund.* All payments under this Section V shall be made into the Settlement Fund, except that, where specified, they shall be made into the Settlement Fund Escrow. The Settlement Fund shall be allocated and used only as specified in Section VI.

B. Remediation Payment

1. Alvogen shall make one Remediation Payment comprised of both Base Payments and Incentive Payments as provided in Section IV.D.1.

2. In no instance shall Alvogen's Remediation Payment obligations exceed the Adjusted Maximum Remediation Amount.

C. Settlement Fund Payment Process

1. To determine the Remediation Payment, the Settlement Fund Administrator shall use the data as of the Payment Calculation Date. Prior to the Effective Date, the Parties will include Exhibit L, which sets forth in detail the process for the Settlement Fund Administrator to obtain relevant data and for distributing funds to the Settling States and their Participating Subdivisions listed on Exhibit G consistent with the terms of this Agreement as quickly as practical.

2. On the Payment Calculation Date, the Settlement Fund Administrator shall determine the Remediation Payment, consistent with the provisions in Exhibit L, by determining the sum, for all Settling States, of the Base Payment amount, Incentive Payments A or BC amount to which each Settling State is entitled (or could in the future be entitled for states who notify Defendants of an intent to obtain a Bar by the Incentive Payment A Catch-Up Date) by applying the criteria under Section V.D and Section V.E;

3. On the Payment Calculation Date and Incentive Payment A Catch-Up Date, the Settlement Fund Administrator shall determine the Statewide Payment Amount for each Settling State, consistent with the provisions in Exhibit L, by determining, for each Settling State, the Base Payment amount (only on the Payment Calculation Date) and Incentive Payment amount to which the Settling State is entitled on that date by applying the criteria under Section V.D and Section V.E, after subtracting the portion of any Settlement Fund Administrator costs and fees owed out of funds from the Settlement Fund pursuant to Section VI.C.4.

4. No later than fifty (50) days prior to the Payment Date, the Settlement Fund Administrator shall give notice to Alvogen, the Settling States, and the Enforcement Committee of the amount of the Remediation Payment, and/or the Statewide Payment Amount for each Settling State, following the determination described in Section V.C.2 and V.C.3, and the following timeline shall apply:

a. Within twenty-one (21) calendar days of the notice provided by the Settlement Fund Administrator, Alvogen, any Settling State or the Enforcement Committee may dispute, in writing, the calculation of the Remediation Payment and/or the Statewide Payment Amount for a Settling State. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Alvogen identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

b. Within twenty-one (21) calendar days of the sending of a written notice of dispute, any affected party may submit a response, in writing, to the Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Alvogen identifying the basis for disagreement with the notice of dispute.

c. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute. In the case of the Remediation Payment, Alvogen shall pay the adjusted amount, collectively totaling the Remediation Payment, on the Payment Date.

d. If a written response to the written notice of dispute is timely sent to the Settlement Fund Administrator, the Settlement Fund Administrator shall notify Alvogen, the Enforcement Committee, and any affected Settling State of the preliminary amount, which shall be the greater of the amount originally calculated by the Settlement Fund Administrator or the amount that would be consistent with the notice of dispute. In the case of the Remediation Payment, Alvogen shall pay this preliminary amount, *provided, however*, that in no circumstances shall the preliminary amount to be paid be higher than the Maximum Remediation Payment.

e. The Settlement Fund Administrator shall place any disputed amount of the preliminary amount paid by Alvogen into the Settlement Fund Escrow and shall disburse any undisputed amount to each Settling State and its Participating Subdivisions listed on Exhibit G pursuant to Section V.C.5.

5. If a Settling State informs the Settlement Fund Administrator that it and its Participating Subdivisions listed on Exhibit G have agreed on the amount of its Statewide Payment Amount, determined pursuant to Section V.C.3, to be distributed to the Settling State, among its separate types of funds (if applicable), and among its Participating Subdivisions listed on Exhibit G, the Settlement Fund Administrator shall disburse the Statewide Payment Amount pursuant to the consensus distribution amounts provided by the Settling State as quickly as practical. For a Settling State that does not so notify the Settlement Fund Administrator, the Settlement Fund Administrator shall allocate the Settling State's Statewide Payment Amount, pursuant to Section VI, among the separate types of funds for the Settling State (if applicable), and among its Participating Subdivisions listed on Exhibit G using the following procedures:

a. As soon as possible for each payment and following the determination described in Section V.C.3, the Settlement Fund Administrator shall give notice to the relevant Settling States and their Participating Subdivisions listed on Exhibit G of the amount to be received by each Settling State, the amount to be received by the separate types of funds for each Settling State (if applicable), and the amount to be received by each Participating Subdivision listed on Exhibit G for each Settling State.

b. Within twenty-one (21) days of the notice provided by the Settlement Fund Administrator, any Settling State or Participating Subdivision listed on Exhibit G may dispute, in writing, the calculation of the amount to be received by the relevant Settling State and/or its Participating Subdivision listed on Exhibit G. A dispute will be deemed invalid and disregarded if it challenges the allocations adopted by a State-Subdivision Agreement approved pursuant to the provisions of Exhibit O or by statute. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, any affected Settling State, and any affected Participating Subdivision identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

c. Within twenty-one (21) days of the sending of a written notice of dispute, any affected Settling State or any affected Participating Subdivision may submit a response, in writing, to the Settlement Fund Administrator, any affected Settling State, and any affected Participating Subdivision identifying the basis for disagreement with the notice of dispute.

d. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute.

e. The Settlement Fund Administrator shall place any disputed amount into the Settlement Fund Escrow and shall disburse any undisputed amount to the Settling State and its Participating Subdivisions eligible for payment.

6. Disputes described in this subsection (other than those for which no response is filed under Sections V.C.4.c or V.C.5.d) shall be resolved in accordance with the terms of Section VII.F.

7. The Settlement Fund Administrator may combine the disbursements of the Remediation Payment with the disbursement of funds under other comparable opioid settlements. In determining when disbursements of the Remediation Payment will be made, the Settlement Fund Administrator may take into account the timeline for the availability of disbursements under other comparable opioid settlements.

8. For the avoidance of doubt, Subdivisions not listed on Exhibit G shall not receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

D. *Base Payments.*

1. Alvogen shall make Base Payments into the Settlement Fund in an amount equal to forty percent (40%) of the Adjusted Maximum Remediation Payment. The maximum total for Base Payments is \$7,472,064.67.

2. The Base Payment for any Settling State shall be the maximum total for Base Payments, \$7,472,064.67, times the Settling State's State Allocation Percentage specified in Exhibit F.

E. *Incentive Payments.*

1. Settling States may earn Incentive Payments totaling up to a maximum of sixty percent (60%) of the Adjusted Maximum Remediation Payment, with the Incentive Payment amount depending on whether and the extent to which the criteria set forth below are met in each Settling State. The maximum total for Incentive Payments is \$11,208,097.

2. A Settling State qualifies to receive an Incentive Payment in addition to its Base Payment if it meets the incentive eligibility requirements specified below. The maximum total Incentive Payment for any Settling State shall be no more than the maximum total for Incentive Payments, \$11,208,097, times the Settling State's State Allocation Percentage specified in Exhibit F. Incentive Payments are state-specific,

with the actual amount depending on whether and the extent to which the criteria set forth below are met in such Settling State.

3. The Incentive Payments shall be divided among two (2) categories, referred to as Incentive Payments A and BC. Incentive Payments A and BC will be due to Settling States on the Payment Date. The total amount of Incentive Payments due to Settling States shall be the sum of the Incentive Payments for which the individual Settling States are eligible under the criteria set forth below. The Incentive Payments shall be made with respect to a specific Settling State based on its eligibility under the criteria set forth below. For the avoidance of doubt, eligibility for Incentive Payments A and BC shall be determined on a Settling State-by-Settling State basis.

4. Incentive Payment A.

a. Incentive Payment A is mutually exclusive with Incentive Payment BC; if a Settling State receives Incentive Payment A in the Remediation Payment, such Settling State is not eligible for Incentive Payment BC.

b. Incentive Payment A shall be equal to sixty percent (60%) of the Adjusted Maximum Remediation Payment, provided all Settling States satisfy the requirements of Incentive Payment A. Incentive Payment A will be due to a Settling State as part of the Remediation Payment, and shall equal a total potential maximum of \$11,208,097 if all Eligible States qualify for Incentive Payment A. Each Settling State's share of Incentive Payment A, *provided* that Settling State qualifies, shall equal the total maximum amount available for Incentive Payment A, \$11,208,097, times the Settling State's State Allocation Percentage.

c. Qualification for Incentive Payment A is as follows: A Settling State qualifies for Incentive Payment A if, as of the Payment Calculation Date: (i) there is a Bar in that Settling State in full force and effect, (ii) the Released Claims of all of the following entities are released through the execution of Subdivision Settlement Participation Forms, or there is a Case-Specific Resolution against such entities: all Primary Subdivisions, Litigating Subdivisions, School Districts with a K-12 student enrollment of at least 25,000 or .10% of a Settling State's population, whichever is greater, Hospital Districts that have at least one hundred twenty-five (125) hospital beds in one or more hospitals rendering services in that district, and Primary Fire Districts; or (iii) a combination of the actions in clauses (i) and (ii) has achieved the same level of resolution of Subdivision Claims (*e.g.*, a Bar against future litigation combined with full joinder by Litigating Subdivisions). For the avoidance of doubt, subsection (iii) cannot be satisfied unless all Litigating Subdivisions are Participating Subdivisions or there is a Case-Specific Resolution against any such Subdivisions that are not Participating Subdivisions. Alvogen and the

Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Initial Participation Date.

d. If a Settling State intends to achieve Incentive A by a Bar in effect after the Payment Calculation date but before the Incentive A Catch-Up Date, the Settling State shall notify Alvogen no later than 30 days before the Initial Participation Date. A Settling State who so notifies Alvogen and does not qualify for Incentive Payment A as of the Payment Date but becomes eligible for Incentive Payment A as of the Incentive Payment A Catch-Up Date shall receive the payment that it would have received for Incentive Payment A (the “Incentive Payment A Catch-up Payment”) on the Incentive Payment A Catch-Up Date. The Incentive Payment A Catch-up Payment shall be reduced by any amounts paid to the Settling State under Incentive Payment BC prior to the Settling State’s eligibility for Incentive Payment A. A Settling State that does not qualify for Incentive Payment A as of the Incentive Payment A Catch-Up Date shall not be eligible for Incentive Payment A.

e. To the extent a Settling State asserts that existing legislation qualifies as a Bar, the Settling State shall provide notice to Alvogen no later than 30 days before the Initial Participation Date. Alvogen shall indicate before the Initial Participation Date whether existing legislation in a Settling State is sufficient to qualify as a Bar.

5. Incentive Payment BC.

a. Incentive Payment BC shall be available to Settling States that do not qualify for Incentive Payment A.

b. Incentive Payment BC shall be up to a maximum of sixty percent (60%) of the Settling State’s share of the Remediation Payment. Incentive Payment BC will be due to a Settling State as part of the Remediation Payment. Incentive Payment BC shall equal a total potential maximum of \$11,208,097 if all Eligible States qualify for Incentive Payment BC (and do not qualify for Incentive Payment A).

c. The maximum Incentive Payment BC for any Settling State shall be the maximum potential Incentive Payment BC, \$11,208,097, times the Settling State’s State Allocation Percentage specified in Exhibit F, provided such Settling State becomes eligible for Incentive Payment BC by the Payment Calculation Date.

d. The amount of Incentive Payment BC for which a Settling State is eligible shall be determined based on the aggregate population of the Settling State’s Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of all the Settling State’s

Incentive BC Subdivisions. The Settling State’s Incentive BC Subdivisions are (i) all Litigating Subdivisions (including School Districts and Special Districts) and (ii) all Primary Subdivisions that have not sued Alvogen as of the Initial Participation Date (collectively “*Incentive BC Subdivisions*”).

e. The percentage of the Settling State’s maximum Incentive Payment BC provided by Section V.E.5.c to which the Settling State is entitled shall be determined according to the table of Incentive BC payment levels below:

Participation Percentage of Incentive BC Eligible Subdivision Population⁵	Incentive Payment BC Percentage
Less than 85%	0%
85% or more but less than 86%	3.57%
86% or more but less than 87%	8.93%
87% or more but less than 88%	14.29%
88% or more but less than 89%	19.64%
89% or more but less than 90%	25%
90% or more but less than 91%	30.36%
91% or more but less than 92%	35.71%
92% or more but less than 93%	41.07%
93% or more but less than 94%	46.43%
94% or more but less than 95%	51.79%
95% or more but less than 96%	60.71%

⁵ The “Participation Percentage of Incentive BC Eligible Subdivision Population” shall be determined by the aggregate population of the Settling State’s Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of the Settling State’s Incentive BC Subdivisions. In calculating the Settling State’s population that resides in Incentive BC Subdivisions, the population of the Settling State’s Incentive BC Subdivisions shall be the sum of the population of all Incentive BC Subdivisions in the Settling State, notwithstanding that persons may be included within the population of more than one Incentive BC Subdivision. An individual Subdivision shall not be included more than once in the numerator, and shall not be included more than once in the denominator, of the calculation regardless if it (or any of its officials) is named as multiple plaintiffs in the same lawsuit; provided, however, that for the avoidance of doubt, no Subdivision will be excluded from the numerator or denominator under this sentence unless a Subdivision otherwise counted in the denominator has the authority to release the Claims (consistent with Section X) of the Subdivision to be excluded.

96% or more but less than 97%	68.75%
97% or more but less than 98%	76.79%
98% or more but less than 99%	84.82%
99% or more but less than 100%	92.86%
100%	100%

f. The percentage of the available Incentive Payment BC amount for which a Settling State is eligible will be based on the Participation Percentage of Incentive BC Eligible Subdivision Population as of the Payment Calculation Date. If Incentive BC Eligible Subdivisions that have become Participating Subdivisions, or achieved Case-Specific Resolution status, collectively represent less than eighty-five percent (85%) of a Settling State's Incentive BC Eligible Subdivision population by the Payment Calculation Date, the Settling State shall not receive any Incentive Payment BC.

g. If there are no Incentive BC Eligible Subdivisions in a Settling State, and that Settling State is otherwise eligible for Incentive Payment BC, that Settling State will receive its maximum Incentive Payment BC provided by Section V.E.5.c.

In no event shall any Settling State receive a Base Payment and Incentive Payment totaling more than one hundred percent (100%) of its respective State Allocation Percentage specified in Exhibit F times the Maximum Remediation Payment.

VI. Allocation and Use of Settlement Payments

A. *Components of Settlement Fund.* The Settlement Fund shall be funded by the Remediation Payment and comprised of a Remediation Accounts Fund, a State Fund, and a Subdivision Fund for each Settling State. The payments made under Section IV into the Settlement Fund shall be initially allocated among those three (3) sub-funds and distributed and used as provided below. Unless otherwise specified herein, payments placed into the Settlement Fund do not revert back to Alvogen.

B. *Use of Settlement Payments.*

1. It is the intent of the Parties that the payments disbursed from the Settlement Fund to Settling States and Participating Subdivisions be for Opioid Remediation, subject to exceptions that must be documented in accordance with Section VI.B.2. In no event may less than ninety-five percent (95%) of Alvogen's maximum amount of payments pursuant to Section V be spent on Opioid Remediation.

2. While disfavored by the Parties, a Settling State or a Participating Subdivision set forth on Exhibit G may use monies from the Settlement Fund (that have not been restricted by this Agreement solely to future Opioid Remediation) for purposes that do not qualify as Opioid Remediation. If, at any time, a Settling State or a Participating Subdivision set forth on Exhibit G uses any monies from the Settlement Fund for a purpose that does not qualify as Opioid Remediation, such Settling State or Participating Subdivision set forth on Exhibit G shall identify such amounts and report to the Settlement Fund Administrator and Alvogen how such funds were used, including if used to pay attorneys' fees, investigation costs, litigation costs, or costs related to the operation and enforcement of this Agreement, respectively. It is the intent of the Parties that the reporting under this Section VI.B.2 shall be available to the public. For the avoidance of doubt, (a) any amounts not identified under this Section VI.B.2 as used to pay attorneys' fees, investigation costs, or litigation costs shall be included in the Compensatory Restitution Amount for purposes of Section VI.F and (b) Participating Subdivisions not listed on Exhibit G may only use monies from the Settlement Fund for purposes that qualify as Opioid Remediation.

C. *Allocation of Settlement Fund.* The allocation of the Settlement Fund allows for different approaches to be taken in different states, such as through a State-Subdivision Agreement. Given the uniqueness of Settling States and their Subdivisions, Settling States and their Subdivisions are encouraged to enter into State-Subdivision Agreements in order to direct the allocation of their portion of the Settlement Fund. As set out below, the Settlement Fund Administrator will make an initial allocation to three (3) state-level sub-funds. The Settlement Fund Administrator will then, for each Settling State and its Participating Subdivisions, apply the terms of this Agreement and any relevant State-Subdivision Agreement, Statutory Trust, Allocation Statute, or voluntary redistribution of funds as set out below before disbursing the funds.

1. Base Payments. The Settlement Fund Administrator will allocate Base Payments under Section V.D among the Settling States pursuant to Section V.D.2. Base payments for each Settling State will then be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section VI.D.

2. Incentive Payments. The Settlement Fund Administrator will treat Incentive Payments under Section V.E on a state-specific basis. Incentive Payments for which a Settling State is eligible will be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section VI.D.

3. Settlement Fund Administrator. Prior to the Effective Date, Alvogen and the Enforcement Committee will agree to a detailed mechanism consistent with the foregoing for the Settlement Fund Administrator to follow in allocating,

apportioning, and distributing payments, which shall then be appended hereto as Exhibit L.

4. **Settlement Fund Administrator Costs.** Any costs and fees associated with or arising out of the duties of the Settlement Fund Administrator as described in Exhibit L shall be paid from the interest accrued in the Settlement Fund Escrow and the Settlement Fund; provided, however, that if such accrued interest is insufficient to pay the entirety of any such costs and fees, the additional amount shall be paid out of the Settlement Fund. For the avoidance of doubt, nothing in this provision shall require Alvogen to pay any costs, fees or other amounts in excess of the Global Settlement Amount.

D. *Settlement Fund Reallocation and Distribution.* As set forth below, within a particular Settling State's account, amounts contained in the Settlement Fund sub-funds may be reallocated and distributed per a State-Subdivision Agreement or other means. If the apportionment of amounts is not addressed and controlled under Section VI.D.1 and Section VI.D.2, then the default provisions of Section VI.D.4 apply. It is not necessary that a State-Subdivision Agreement or other means of allocating funds pursuant to Section VI.D.1 and Section VI.D.2 address all of the Settlement Fund sub-funds. For example, a Statutory Trust might only address disbursements from a Settling State's Remediation Accounts Fund.

1. Distribution by State-Subdivision Agreement. If a Settling State has a State-Subdivision Agreement, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section VI.C shall be reallocated and distributed as provided by that agreement. Any State-Subdivision Agreement entered into after the Preliminary Agreement Date shall be applied only if it requires: (a) that all amounts be used for Opioid Remediation, except as allowed by Section VI.B.2, and (b) that at least seventy percent (70%) of amounts be used solely for future Opioid Remediation.⁶ For a State-Subdivision Agreement to be applied to the relevant portion of the Remediation Payment, notice must be provided to Alvogen and the Settlement Fund Administrator by the Payment Calculation Date.

2. Distribution by Allocation Statute. If a Settling State has an Allocation Statute and/or a Statutory Trust that addresses allocation or distribution of amounts apportioned to such Settling State's State Fund, Remediation Accounts Fund, and/or Subdivision Fund and that, to the extent any or all such sub-funds are addressed, requires (1) all amounts to be used for Opioid Remediation, except as allowed by Section VI.B.2, and (2) at least seventy percent (70%) of all amounts to be used solely for future Opioid Remediation then, to the extent allocation or distribution is addressed, the amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section VI.C shall be allocated and

⁶ Future Opioid Remediation includes amounts paid to satisfy any future demand by another governmental entity to make a required reimbursement in connection with the past care and treatment of a person related to the Alleged Harms

distributed as addressed and provided by the applicable Allocation Statute or Statutory Trust. For the avoidance of doubt, an Allocation Statute or Statutory Trust need not address all three (3) sub-funds that comprise the Settlement Fund, and if the applicable Allocation Statute or Statutory Trust does not address distribution of all or some of these three (3) sub-funds, the applicable Allocation Statute or Statutory Trust does not replace the default provisions described in Section VI of any such unaddressed fund. For example, if an Allocation Statute or Statutory Trust that meets the requirements of this Section VI.D.2 only addresses funds restricted to remediation, then the default provisions of this Agreement concerning allocation among the three (3) sub-funds comprising the Settlement Fund and the distribution of the State Fund and Subdivision Fund for that Settling State would still apply, while the distribution of the applicable State's Remediation Accounts Fund would be governed by the qualifying Allocation Statute or Statutory Trust.

3. Voluntary Redistribution. A Settling State may choose to reallocate all or a portion of its State Fund to its Remediation Accounts Fund. A Participating Subdivision included on Exhibit G may choose to reallocate all or a portion of its allocation from the Subdivision Fund to the Settling State's Remediation Accounts Fund or to another Participating Subdivision. The Settlement Fund Administrator is not required to honor a voluntary redistribution for which notice is provided to it after the Payment Calculation Date.

4. Distribution in the Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. If Section VI.D.1, Section VI.D.2, and Section VI.D.3 do not apply, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section VI.C shall be distributed as follows:

a. Amounts apportioned to that Settling State's State Fund shall be distributed to that Settling State.

b. Amounts apportioned to that Settling State's Remediation Accounts Fund shall be distributed consistent with Section VI.E. Each Settling State shall submit to the Settlement Fund Administrator a designation of a lead state agency or other entity to serve as the single point of contact for that Settling State's funding requests from the Remediation Accounts Fund and other communications with the Settlement Fund Administrator. The designation of an individual entity is for administrative purposes only and such designation shall not limit funding to such entity or even require that such entity receive funds from this Agreement. The designated entity shall be the only entity authorized to request funds from the Settlement Fund Administrator to be disbursed from that Settling State's Remediation Accounts Fund. If a Settling State has established a Statutory Trust then that Settling State's single point of contact may direct the Settlement Fund Administrator to release the Settling State's Remediation Accounts Fund to the Statutory Trust.

c. Amounts apportioned to that Settling State's Subdivision Fund shall be distributed to Participating Subdivisions in that Settling State included on Exhibit G per the Subdivision Allocation Percentage listed in Exhibit G. Section VIII.H shall govern amounts that would otherwise be distributed to Non-Participating Subdivisions listed in Exhibit G. For the avoidance of doubt and notwithstanding any other provision in this Agreement, no Non-Participating Subdivision will directly receive any amount from the Settlement Fund, regardless of whether such Subdivision is included on Exhibit G.

d. Special Districts shall not be allocated funds from the Subdivision Fund, except through a voluntary redistribution allowed by Section VI.D.3 to Special Districts that are Participating Subdivisions. A Settling State may allocate funds from its State Fund or Remediation Accounts Fund for Special Districts that are Participating Subdivisions.

5. Restrictions on Distribution. No amounts may be distributed from the Subdivision Fund contrary to Section VIII, i.e., no amounts may be distributed directly to Non-Participating Subdivisions or to Later Participating Subdivisions to the extent such a distribution would violate Section VIII.E through Section VIII.G. Amounts allocated to the Subdivision Fund that cannot be distributed by virtue of the preceding sentence shall be distributed into the sub-account in the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement described in Section VI.D.1 or by an Allocation Statute or a Statutory Trust described in Section VI.D.2.

E. *Provisions Regarding the Remediation Accounts Fund.*

1. State-Subdivision Agreement, Allocation Statute, and Statutory Trust Fund Provisions. A State-Subdivision Agreement, Allocation Statute, or Statutory Trust may govern the operation and use of amounts in that Settling State's Remediation Accounts Fund so long as it complies with the requirements of Section VI.D.1 or Section VI.D.2, as applicable, and all direct payments to Subdivisions comply with Section VIII.E through Section VIII.G.

2. Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. In the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust that addresses distribution, the Remediation Accounts Fund will be used solely for future Opioid Remediation and the following shall apply with respect to a Settling State:

a. Regional Remediation.

(i) At least fifty percent (50%) of distributions for remediation from a Settling State's Remediation Accounts Fund shall be annually allocated and tracked to the regional level. A

Settling State may allow the Advisory Committee established pursuant to Section VI.E.2.d to define its regions and assign regional allocations percentages. Otherwise, the Settling State shall (A) define its initial regions, which shall consist of one (1) or more General Purpose Subdivisions and which shall be designated by the state agency with primary responsibility for substance abuse disorder services employing, to the maximum extent practical, existing regions established in that Settling State for opioid abuse treatment or other public health purposes; (B) assign initial regional allocation percentages to the regions based on the Subdivision Allocation Percentages in Exhibit G and an assumption that all Subdivisions included on Exhibit G will become Participating Subdivisions.

(ii) This minimum regional expenditure percentage is calculated on the Settling State's initial Remediation Accounts Fund allocation and does not include any additional amounts a Settling State has directed to its Remediation Accounts Fund from its State Fund, or any other amounts directed to the fund. A Settling State may dedicate more than fifty percent (50%) of its Remediation Accounts Fund to the regional expenditure and may annually adjust the percentage of its Remediation Accounts Fund dedicated to regional expenditures as long as the percentage remains above the minimum amount.

(iii) The Settling State (A) has the authority to adjust the definition of the regions, and (B) may annually revise the percentages allocated to each region to reflect the number of General Purpose Subdivisions in each region that are Non-Participating Subdivisions.

b. *Subdivision Block Grants.* Certain Subdivisions shall be eligible to receive regional allocation funds in the form of a block grant for future Opioid Remediation. A Participating Subdivision eligible for block grants is a county or parish (or in the case of Settling States that do not have counties or parishes that function as political subdivisions, a city) that (1) does not contain a Litigating Subdivision or a Later Litigating Subdivision for which it has the authority to end the litigation through a release, bar or other action; (2) either (i) has a population of 400,000 or more or (ii) in the case of California has a population of 750,000 or more; and (3) has funded or otherwise managed an established health care or treatment infrastructure (e.g., health department or similar agency). Each Subdivision eligible to receive block grants shall be assigned its own region.

c. *Small Settling States.* Notwithstanding the provisions of Section VI.E.2.a, Settling States with populations under four (4) million that do not have existing regions described in Section VI.E.2.a shall not be

required to establish regions. However, such a Settling State that contains one (1) or more Subdivisions eligible for block grants under Section VI.E.2.b shall be divided regionally so that each block-grant eligible Subdivision is a region, and the remainder of the state is a region.

d. *Advisory Committee.* The Settling State shall designate an Opioid Settlement Remediation Advisory Committee (the “*Advisory Committee*”) to provide input and recommendations regarding remediation spending from that Settling State’s Remediation Accounts Fund. A Settling State may elect to use an existing advisory committee or similar entity (created outside of a State-Subdivision Agreement or Allocation Statute); *provided, however*, the Advisory Committee or similar entity shall meet the following requirements:

(i) Written guidelines that establish the formation and composition of the Advisory Committee, terms of service for members, contingency for removal or resignation of members, a schedule of meetings, and any other administrative details;

(ii) Composition that includes at least an equal number of local representatives as state representatives;

(iii) A process for receiving input from Subdivisions and other communities regarding how the opioid crisis is affecting their communities, their remediation needs, and proposals for remediation strategies and responses; and

(iv) A process by which Advisory Committee recommendations for expenditures for Opioid Remediation will be made to and considered by the appropriate state agencies.

3. Remediation Accounts Fund Reporting. The Settlement Fund Administrator shall track and assist in the report of remediation disbursements as agreed to between Alvogen and the Enforcement Committee

F. *Nature of Payment.* Alvogen, the Settling States, and the Participating Subdivisions each acknowledge and agree that notwithstanding anything to the contrary in this Agreement, including, but not limited to, the scope of the Released Claims:

1. They have entered into this Agreement to avoid the delay, expense, inconvenience, and uncertainty of further litigation;

2. (a) The Settling States and Participating Subdivisions sought compensatory restitution and remediation (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i)) as damages for the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; (b) the Compensatory Restitution Amount is less than or equal to the amount, in the aggregate, of the Alleged Harms

allegedly suffered by the Settling States and Participating Subdivisions; and (c) the portion of the Compensatory Restitution Amount received by each Settling State or Participating Subdivision is less than or equal to the amount of the Alleged Harms allegedly suffered by such Settling State or Participating Subdivision;

3. The payment of the Compensatory Restitution Amount by Alvogen constitutes, and is paid for, compensatory restitution and remediation (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i), (ii)) for alleged damage or harm (as compensation for alleged damage or harm arising out of alleged bodily injury) allegedly caused by Alvogen in order to restore, in whole or in part, the Settling States, Participating Subdivisions, and persons to the same position or condition that they would be in had the Settling States, Participating Subdivisions, and persons not suffered the Alleged Harms, and constitutes compensatory restitution and remediation for alleged damage or harm allegedly caused by the potential violation of a law; and

4. For the avoidance of doubt: (a) the entire Compensatory Restitution Amount is properly characterized as described in Section VI.F, (b) no portion of the Compensatory Restitution Amount represents reimbursement to any Settling State or Participating Subdivision or other person or entity for the fees or costs of any investigation or litigation, including without limitation attorneys' fees, (c) no portion of the Global Settlement Amount constitutes the disgorgement of any allegedly ill-gotten gains, and (d) no portion of the Global Settlement Amount is paid for, is in place of, or is properly characterized as the payment of any fine, penalty, punitive damages, or other punitive assessments.

VII. Enforcement

A. *Enforceability.* This Agreement is enforceable only by the Settling States and Alvogen; *provided, however*, that Released Entities may enforce Section XI and Participating Subdivisions listed on Exhibit G have the enforcement rights described later in this paragraph and in Section VII.D. Except to the extent allowed by the Injunctive Relief Terms, Settling States and Participating Subdivisions shall not have enforcement rights against Alvogen with respect to either the terms of this Agreement that apply only to or in other Settling States or any Consent Judgment entered into by another Settling State. Participating Subdivisions shall not have enforcement rights against Alvogen with respect to this Agreement or any Consent Judgment except that Participating Subdivisions listed on Exhibit G shall have enforcement rights as set forth herein as to payments that would be allocated to the Participating Subdivisions or the Remediation Accounts Fund in such Settling State pursuant to Section V; *provided, however*, that each Settling State shall allow Participating Subdivisions in such Settling State to notify it of any perceived violations of this Agreement or the applicable Consent Judgment.

B. *Jurisdiction.* Alvogen consents to the jurisdiction of the court in which each Settling State files its Consent Judgment, limited to resolution of disputes identified in Section VII.F.2 for resolution in that court.

C. *Specific Terms Dispute Resolution.*

1. Any dispute that is addressed by the provisions set forth in the Injunctive Relief Terms shall be resolved as provided therein.

D. *State-Subdivision Enforcement.*

1. A Subdivision shall not have enforcement rights against a Settling State in which it is located with respect to this Agreement or any Consent Judgment except that a Participating Subdivision listed on Exhibit G shall have enforcement rights (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust with respect to intrastate allocation or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that (i) the Settling State's use of Remediation Accounts Fund monies were not used for uses similar to or in the nature of those uses contained in Exhibit E; or (ii) a Settling State failed to pay funds directly from the Remediation Accounts Fund to a Participating Subdivision eligible to receive a block grant pursuant to Section VI.E.2.b.

2. A Settling State shall have enforcement rights against a Participating Subdivision located in its territory (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust; or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that the Participating Subdivisions' uses of Remediation Accounts Fund monies were not used for purposes similar to or in the nature of those uses contained in Exhibit E.

3. As between the Settling States and Participating Subdivisions, the above rights are contractual in nature and nothing herein is intended to limit, restrict, change or alter any other existing rights under law.

E. *Subdivision Alvogen Payment Enforcement.* A Participating Subdivision listed on Exhibit G shall have the same right as a Settling State to seek resolution regarding the failure by Alvogen to make its Remediation Payment.

F. *Other Terms Regarding Dispute Resolution.*

1. The parties to a dispute shall promptly meet and confer in good faith to resolve any dispute. If the parties cannot resolve the dispute informally, and unless otherwise agreed in writing, they shall follow the remaining provisions of this subsection to resolve the dispute.

2. Except to the extent provided by Section VII.C or Section VII.F.3, disputes not resolved informally shall be resolved in either the court that entered the relevant Consent Judgment or, if no such Consent Judgment was entered, a state or territorial court with jurisdiction located wherever the seat of the relevant state government is located.

a. State court proceedings shall be governed by the rules and procedures of the relevant forum.

b. For the avoidance of doubt, disputes to be resolved in state court include, but are not limited to, the following:

(i) disputes concerning whether expenditures qualify as Opioid Remediation;

(ii) disputes between a Settling State and its Participating Subdivisions as provided by Section VII.D, except to the extent the State-Subdivision Agreement provides for other dispute resolution mechanisms. For the avoidance of doubt, disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes;

(iii) whether this Agreement and relevant Consent Judgment are binding under state law;

(iv) the extent of the Attorney General's or other participating entity's authority under state law, including the extent of the authority to release claims;

(v) whether the definition of a Bar, a Case-Specific Resolution, Final Order, lead state agency as described in Section VI.D.4.b, Later Litigating Subdivision, Litigating Subdivision, or Threshold Motion have been met; and

(vi) all other disputes not specifically identified in Section VII.C or Section VII.F.3.

c. Any Party may request that the National Arbitration Panel provide an interpretation of any provision of the settlement that is relevant to the state court determination, and the National Arbitration Panel shall make reasonable best efforts to supply such interpretation within the earlier of thirty (30) calendar days or the time period required by the state court proceedings. Any Party may submit that interpretation to the state court to the extent permitted by, and for such weight provided by, the state court's rules and procedures. If requested by a Party, the National Arbitration Panel shall request that its interpretation be accepted in the form of an *amicus curiae* brief, and any attorneys' fees and costs for preparing any such filing shall be paid for by the requesting Party.

3. National Disputes involving a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VII.A, and/or Alvogen shall be resolved by the National Arbitration Panel.

a. National Disputes are disputes that are not addressed by Section VII.C, and which are exceptions to Section VII.F.2's presumption of resolution in state courts because they involve issues of interpretation of terms contained in this Agreement applicable to all Settling States without reference to a particular state's law. Disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes. National Disputes are limited to the following:

(i) the amount of offset and/or credit attributable to Non-Settling States;

(ii) issues involving the scope and definition of Product;

(iii) interpretation and application of the terms "Covered Conduct," "Released Entities," and "Released Claims;"

(iv) the failure by Alvogen to pay the Remediation Payment or the Additional Remediation Amount, but for the avoidance of doubt, disputes between Alvogen and a Settling State over the amounts owed only to that state that do not affect any other Settling State shall not be considered National Disputes;

(v) questions regarding the performance and/or removal of the Settlement Fund Administrator;

(vi) disputes involving liability of successor entities;

(vii) disputes that require a determination of the sufficiency of participation in order to qualify for Incentive Payments A or BC;

(viii) disputes involving a Releasor's compliance with, and the appropriate remedy under, Section XI.B.5.c;

(ix) disputes requiring the interpretation of Agreement terms that are national in scope or impact, which shall mean disputes requiring the interpretation of Agreement terms that (i) concretely affect four (4) or more Settling States; and (ii) do not turn on unique definitions and interpretations under state law; and

(x) any dispute subject to resolution under Section VII.F.2 but for which all parties to the dispute agree to arbitration before the National Arbitration Panel under the provisions of this Section VII.F.3.

b. The National Arbitration Panel shall be comprised of three (3) neutral arbitrators. One (1) arbitrator shall be chosen by Alvogen, one (1) arbitrator shall be chosen by the Enforcement Committee with due input from Participating Subdivisions listed on Exhibit G, and the third arbitrator shall be agreed upon by the first two (2) arbitrators. The membership of the National Arbitration Panel is intended to remain constant throughout the term of this Agreement, but in the event that replacements are required, the retiring arbitrator shall be replaced by the party that selected him/her.

c. The National Arbitration Panel shall make reasonable best efforts to decide all matters within one hundred eighty (180) calendar days of filing, and in no event shall it take longer than one (1) year.

d. The National Arbitration Panel shall conduct all proceedings in a reasonably streamlined process consistent with an opportunity for the parties to be heard. Issues shall be resolved without the need for live witnesses where feasible and with a presumption in favor of remote participation to minimize the burdens on the parties.

e. To the extent allowed under state law, a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VII.A, and (at any party's request) the National Arbitration Panel may certify to an appropriate state court any question of state law. The National Arbitration Panel shall be bound by a final state court determination of such a certified question. The time period for the arbitration shall be tolled during the course of the certification process.

f. The arbitrators will give due deference to any authoritative interpretation of state law, including any declaratory judgment or similar relief obtained by a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VII.A, or Alvogen on a state law issue.

g. The decisions of the National Arbitration Panel shall be binding on Settling States, Participating Subdivisions, Alvogen, and the Settlement Fund Administrator. In any proceeding before the National Arbitration Panel involving a dispute between a Settling State and Alvogen whose resolution could prejudice the rights of a Participating Subdivision(s) in that Settling State, such Participating Subdivision(s) shall be allowed to file a statement of view in the proceeding.

h. Nothing herein shall be construed so as to limit or otherwise restrict a Settling State from seeking injunctive or other equitable relief in state court to protect the health, safety, or welfare of its citizens.

i. Each party shall bear its own costs in any arbitration or court proceeding arising under this Section VII. The costs for the arbitrators on

the National Arbitration Panel shall be divided and paid equally by the disputing sides for each individual dispute, e.g., a dispute between Alvogen and Settling States/Participating Subdivisions shall be split fifty percent (50%) by Alvogen and fifty percent (50%) by the Settling States/Participating Subdivisions that are parties to the dispute; a dispute between a Settling State and a Participating Subdivision shall be split fifty percent (50%) by the Settling State that is party to the dispute and fifty percent (50%) by any Participating Subdivisions that are parties to the dispute. For the avoidance of doubt, Alvogen shall not be responsible for the National Arbitration Panel costs in disputes that do not concern Alvogen.

4. Prior to initiating an action to enforce pursuant to this Section VII.F, the complaining party must:

a. Provide written notice to the Enforcement Committee and Alvogen of its complaint, including the provision of the Consent Judgment and/or Agreement that the practice appears to violate, as well as the basis for its interpretation of the disputed provision. The Enforcement Committee shall establish a reasonable process and timeline for obtaining additional information from the involved parties; *provided, however*, that the date the Enforcement Committee establishes for obtaining additional information from the parties shall not be more than forty-five (45) calendar days following the notice. The Enforcement Committee may advise the involved parties of its views on the complaint and/or seek to resolve the complaint informally.

b. Wait to commence any enforcement action until thirty (30) calendar days after the date that the Enforcement Committee establishes for obtaining additional information from the involved parties.

5. If the parties to a dispute cannot agree on the proper forum for resolution of the dispute under the provisions of Section VII.F.2 or Section VII.F.3, a committee comprising the Enforcement Committee and sufficient representatives of Alvogen such that the members of the Enforcement Committee have a majority of one (1) member will determine the forum where the dispute will be initiated within twenty-eight (28) calendar days of receiving notification of the dispute relating to the proper forum. The forum identified by such committee shall be the sole forum for litigating the issue of which forum will hear the substantive dispute, and the committee's identification of such forum in the first instance shall not be entitled to deference by the forum selected.

G. *Lien or Encumbrance.* To the extent allowed by applicable law, this Settlement Agreement shall not be deemed to create a lien or encumbrance against any real property owned by Alvogen or its affiliates, unless in the event of a default or breach of the payment provisions by Alvogen. Nothing in this Section shall be construed to limit any

remedy of any Settling State or Participating Subdivision in the event of a default or breach of this Agreement by Alvogen.

H. *No Effect.* Nothing in this Agreement shall be interpreted to limit the Settling States' Civil Investigative Demand ("CID") or investigative subpoena authority, to the extent such authority exists under applicable state law and the CID or investigative subpoena is issued pursuant to such authority, and Alvogen reserves all of its rights in connection with a CID or investigative subpoena issued pursuant to such authority.

VIII. Participation by Subdivisions

A. *Notice.* No later than fifteen (15) calendar days after the Preliminary Agreement Date, the Implementation Administrator shall send individual written notice (which may be delivered via e-mail or other electronic means and may be combined with distribution of the Subdivision Settlement Participation Form) of the opportunity to participate in this Agreement and the requirements of participation to all Subdivisions in the Settling States that are (1) Litigating Subdivisions or (2) Non-Litigating Subdivisions listed on Exhibit G. To the extent a Special District is entitled to an allocation for a direct payment through its inclusion in Exhibit G pursuant to a State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution, the Implementation Administrator, with the cooperation of the Settling States shall also send individual written notice (which may be delivered via e-mail or other electronic means) of the opportunity to participate in this Agreement and the requirements of participation to such Special Districts. Unless otherwise agreed by the Parties, the version of Exhibit G used for notice shall be the one in place as of the Preliminary Agreement Date. Notice (which may be delivered via e-mail or other electronic means) shall also be provided simultaneously to counsel of record for Litigating Subdivisions and known counsel for Non-Litigating Subdivisions and Special Districts listed on Exhibit G. The costs of the Implementation Administrator shall be paid for by the interest earned from the deposit accounts holding the Adjusted Maximum Remediation Payment for Alvogen, and nothing in this provision shall require Alvogen to pay any costs, fees or other amounts in excess of the Global Settlement Amount. The Settling States, with the cooperation of Alvogen, may also provide general notice reasonably calculated to alert Non-Litigating Subdivisions in the Settling States to this Agreement, the opportunity to participate in it, and the requirements for participation. Such notice may include publication and other standard forms of notification, as well as notice to state and county organizations such as the National Association of Counties and the National League of Cities. The notice will include that the deadline for becoming an Initial Participating Subdivision is the Initial Participation Date. Nothing contained herein shall preclude a Settling State from providing further notice to or otherwise contacting any of its Subdivisions about becoming a Participating Subdivision, including beginning any of the activities described in this paragraph prior to the Preliminary Agreement Date.

B. *Requirements for Becoming a Participating Subdivision—Non-Litigating Subdivisions.* A Non-Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or

Settlement Fund Administrator) specifying (1) that the Subdivision agrees to the terms of this Agreement pertaining to Subdivisions, (2) that the Subdivision releases all Released Claims against all Released Entities, (3) that the Subdivision agrees to use monies it receives, if any, from the Settlement Fund pursuant to the applicable requirements of Section VI; *provided, however*, that Non-Litigating Subdivisions may only use monies originating from the Settlement Fund for purposes that qualify as Opioid Remediation, and (4) that the Subdivision submits to the jurisdiction of the court where the applicable Consent Judgment is filed for purposes limited to that court's role under this Agreement. The required Subdivision Settlement Participation Form is attached as Exhibit K.

C. *Requirements for Becoming a Participating Subdivision—Litigating Subdivisions.* A Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Fund Administrator) and upon prompt dismissal with prejudice of its lawsuit following the Reference Date or the date on which the conditions for effectiveness in Section IX.B have been met, whichever is later. A Settling State may require each Litigating Subdivision in that Settling State to specify on the Subdivision Settlement Participation Form whether its counsel has waived any contingency fee contract with that Participating Subdivision and whether, if eligible, it intends to seek fees pursuant to Exhibit R. The Settlement Fund Administrator shall provide reports of this information to the parties upon request. A Litigating Subdivision may not become a Participating Subdivision after the completion of opening statements in a trial of a lawsuit it brought that includes a Released Claim against a Released Entity.

D. *Initial Participating Subdivisions.* A Subdivision qualifies as an Initial Participating Subdivision if it meets the applicable requirements for becoming a Participating Subdivision set forth in Section VIII.B or Section VIII.C by the Initial Participation Date. All Subdivision Settlement Participation Forms shall be held in escrow by the Implementation Administrator until the Reference Date. If, for any reason, the Agreement does not become effective, all obligations created by such forms and releases in them shall be void *ab initio* and all Subdivision Settlement Participation Forms shall be returned to Counsel for Litigating Subdivisions or to the Subdivisions not represented by counsel or destroyed to the extent that such destruction is not prohibited by then existing document preservation obligations.

E. *Later Participating Subdivisions.* A Subdivision that is not an Initial Participating Subdivision may become a Later Participating Subdivision by meeting the applicable requirements for becoming a Participating Subdivision set forth in Section VIII.B or Section VIII.C after the Initial Participation Date but before the Payment Calculation Date and by agreeing to be subject to the terms of a State-Subdivision Agreement (if any) or any other structure adopted or applicable pursuant to Section VI.D or Section VI.E. Unless waived by Alvogen, the following provisions govern what a Later Participating Subdivision can receive (but do not apply to Initial Participating Subdivisions):

1. A Later Participating Subdivision shall receive seventy-five percent (75%) of the share of the Base Payment or Incentive Payment that it would have received had it become an Initial Participating Subdivision.

2. A Later Participating Subdivision that had maintained a lawsuit for a Released Claim against a Released Entity and had judgment entered against it on any such Claim before it became a Participating Subdivision (other than consensual dismissal with prejudice) shall receive 50% of the share of future Base Payments and Incentive Payments that it would have received had it become a Participating Subdivision prior to such judgment; provided, however that if the Subdivision appeals the judgment and the judgment is affirmed with finality, the Subdivision shall not receive any share of any Base Payments or Incentive Payments, and shall return to Alvogen any share of any Base Payments or Incentive Payments such Subdivision had already received.

3. A Later Participating Subdivision that becomes a Participating Subdivision while a Bar or Case-Specific Resolution involving a different Subdivision exists in its state shall receive twenty-five percent (25%) of the share of the Base Payment and Incentive Payment that it would have received if it had become an Initial Participating Subdivision.

F. *No Increase in Payments.* Amounts to be received by Later Participating Subdivisions shall not increase the payments due from Alvogen.

G. *Non-Participating Subdivisions.* Non-Participating Subdivisions shall not directly receive any portion of the Remediation Payment, including from the State Fund and direct distributions from the Remediation Accounts Fund; however, a Settling State may choose to fund future Opioid Remediation that indirectly benefits Non-Participating Subdivisions.

H. *Unpaid Allocations to Later Participating Subdivisions and Non-Participating Subdivisions.* Any Base Payment and Incentive Payment allocated pursuant to Section VI.D to a Later Participating Subdivision or Non-Participating Subdivision that cannot be paid pursuant to this Section VIII, including the amounts that remain unpaid after the reductions required by Section VIII.E., will be allocated to the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement or by a Statutory Trust.

IX. Condition to Effectiveness of Agreement and Filing of Consent Judgment

A. *Determination to Proceed with Settlement. —Settling States.* Following the Initial Subdivision Participation Date, the Enforcement Committee shall determine whether to proceed with the Agreement on behalf of the Settling States, and the Settling States shall be bound by the determination of the Enforcement Committee. No later than fifteen (15) calendar days prior to the Reference Date, the Enforcement Committee shall provide notice to Alvogen of its decision. If the Enforcement Committee elects not to

proceed, this Agreement will have no further effect, and all releases (including those contained in Subdivision Settlement Participation Forms and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms) will be void. Within seven (7) calendar days of informing Alvogen that there is sufficient participation to proceed, the Enforcement Committee will deliver all signatures and releases required by the Agreement to be provided by the Settling States to Alvogen.

B. *Determination to Proceed with Settlement—Alvogen.* If the Settling States elect to proceed, Alvogen will then determine on or before the Reference Date whether there is sufficient Eligible State participation, sufficient Subdivision participation, and sufficient resolution of the Claims of the Litigating Subdivisions in the Settling States (through participation under Section VIII, Case-Specific Resolution(s) and Bar(s)) to proceed with this Agreement. The determination shall be in the sole discretion of Alvogen and may be based on any criteria or factors deemed relevant by Alvogen.

C. *Notice by Alvogen.* On or before the Reference Date, Alvogen shall inform the Settling States of its determination pursuant to Section IX.B. If Alvogen determines to proceed, the Parties will proceed to file the Consent Judgments, each of which shall be signed by the relevant Settling State and Alvogen, and the obligations in the Subdivision Settlement Participation Forms will be effective and binding as of the Reference Date. If Alvogen determines not to proceed, this Agreement will have no further effect, any amounts deposited, including funds referenced in Section IV.D. and Exhibit M, shall revert to Alvogen, and all releases (including those contained in Subdivision Settlement Participation Forms) and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms will be void.

X. Settling State and Participating Subdivision Attorneys' Fees and Costs and Additional Remediation Amount

A. The Agreement on Subdivision Attorneys' Fees, Expenses and Costs is set forth in Exhibit R and incorporated herein by reference.

B. *Additional Remediation Amount.*

1. Subject to the reduction specified in Section X.B.2, Alvogen shall pay an Additional Remediation Amount to the Settling States listed in Exhibit N. Such funds shall be paid as allocated by the Settlement Fund Administrator pursuant to Exhibit N.

2. *Reduction of Additional Remediation Amount.* The amounts owed by Alvogen pursuant to this Section X.B shall be reduced by the allocations set forth on Exhibit N for Non-Settling States.

3. For the avoidance of doubt, (1) a Settling State that retained outside counsel in connection with the investigation of Alvogen that receives an Additional Remediation Amount may choose to have the Additional Remediation Amount designated to pay the Settling State's outside counsel, and may instruct the

Settlement Fund Administrator to pay those funds directly to the Settling State's outside counsel, and (2) Additional Remediation Amount funds, including funds designated by a Settling State to pay its outside counsel under this paragraph, shall not be subject to allocation as provided in Section VI.C through Section VI.E.

C. All payments addressed by this Section X will be made no later than the Payment Date pursuant to Section V.

XI. Release

A. *Scope.* As of the Effective Date, the Released Entities are hereby released and forever discharged from all of the Releasors' Released Claims. Each Settling State (for itself and its Releasors) and Participating Subdivision (for itself and its Releasors) hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist in bringing, or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in this Agreement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of each Settling State and its Attorney General to release claims. This Agreement shall be a complete bar to any Released Claim.

B. *Claim-Over and Non-Party Settlement.*

1. It is the intent of the Parties that:

a. Released Entities should not seek contribution or indemnification (other than pursuant to an insurance contract), from other parties for their payment obligations under this Agreement;

b. the payments made under this Agreement shall be the sole payments made by the Released Entities to the Releasors involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity);

c. Claims by Releasors against non-Parties should not result in additional payments by Released Entities, whether through contribution, indemnification or any other means; and

d. the Agreement meets the requirements of the Uniform Contribution Among Joint Tortfeasors Act and any similar state law or doctrine that reduces or discharges a released party's liability to any other parties.

2. The provisions of Section XI.B are intended to be implemented consistent with these principles. This Agreement and the releases and dismissals provided for herein are made in good faith.

3. No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner; provided that a Released Entity shall be relieved of this prohibition with respect to any entity that asserts a Claim-Over against it. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

4. To the extent that, on or after the Reference Date, any Releasor enters into a Non-Party Settlement, including in any bankruptcy case or through any plan of reorganization, the Releasor will include (or in the case of a Non-Party Settlement made in connection with a bankruptcy case, will cause the debtor to include), unless prohibited from doing so under applicable law, in the Non-Party Settlement a prohibition on contribution or indemnity of any kind substantially equivalent to that required from Alvogen in Section XI.B.3, or a release from such Non-Released Entity in favor of the Released Entities (in a form equivalent to the releases contained in this Agreement) of any Claim-Over. The obligation to obtain the prohibition and/or release required by this subsection is a material term of this Agreement.

5. In the event that any Releasor obtains a judgment with respect to Non-Party Covered Conduct against a Non-Released Entity that does not contain a prohibition like that described in Section XI.B.3 or any Releasor files a Non-Party Covered Conduct Claim against a Non-Released Entity in bankruptcy or a Releasor is prevented for any reason from obtaining a prohibition/release in a Non-Party Settlement as provided in Section XI.B.3, and such Non-Released Entity asserts a Claim-Over against a Released Entity, the Released Entity shall be relieved of the prohibition in Section XI.B.3 with respect to that Non-Released Entity and that Releasor and Alvogen shall take the following actions to ensure that the Released Entities do not pay more with respect to Covered Conduct to the Releasor or to Non-Released Entities than the amount owed under this Settlement Agreement by Alvogen:

a. Alvogen shall notify that Releasor of the Claim-Over within sixty (60) calendar days of the assertion of the Claim-Over or sixty (60) calendar days of the Effective Date of this Settlement Agreement, whichever is later;

b. Alvogen and that Releasor shall meet and confer concerning the means to hold Released Entities harmless and ensure that Alvogen is not required to pay more with respect to Covered Conduct than the amounts owed by Alvogen to the Releasor under this Agreement;

c. The Releasor and Alvogen shall take steps sufficient and permissible under the law of the state of the Releasor to hold Released Entities harmless from the Claim-Over and ensure Released Entities are not

required to pay more with respect to Covered Conduct than the amounts owed by Alvogen under this Agreement. Such steps may include, where permissible:

(i) Filing of motions to dismiss or such other appropriate motion by Alvogen or Released Entities, and supported by Releasor, in response to any claim filed in litigation or arbitration;

(ii) Reduction of the Releasor's Claim and any judgment it has obtained or may obtain against such Non-Released Entity by whatever amount or percentage is necessary to extinguish such Claim-Over under applicable law, up to the amount the Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(iii) Placement into escrow of funds paid by the Non-Released Entities such that those funds are available to satisfy the Claim-Over;

(iv) Return of monies paid by Alvogen to the Releasor under this Settlement Agreement to permit satisfaction of a judgment against or settlement with the Non-Released Entity to satisfy the Claim-Over;

(v) Payment of monies to Alvogen by the Releasor to ensure it is held harmless from such Claim-Over, up to the amount that Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(vi) Credit to Alvogen under this Agreement to reduce the overall amounts to be paid under the Agreement such that it is held harmless from the Claim-Over; and

(vii) Such other actions as the Releasor and Alvogen may devise to hold Alvogen harmless from the Claim-Over.

d. The actions of the Releasor and Alvogen taken pursuant to paragraph (c) must, in combination, ensure Alvogen is not required to pay more with respect to Covered Conduct than the amounts owed to the Releasor by Alvogen under this Agreement.

e. In the event of any dispute over the sufficiency of the actions taken pursuant to paragraph (c), the Releasor and Alvogen may seek review by the National Arbitration Panel, provided that, if the parties agree, such dispute may be heard by the state court where the relevant Consent Judgment was filed. The National Arbitration Panel shall have authority to require Releasor to implement a remedy that includes one or more of the

actions specified in paragraph (c) sufficient to hold Released Entities fully harmless. In the event that the Panel's actions do not result in Released Entities being held fully harmless, Alvogen shall have a claim for breach of this Agreement by Releasor, with the remedy being payment of sufficient funds to hold Alvogen harmless from the Claim-Over up to the amount that Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity. For the avoidance of doubt, the prior sentence does not limit or eliminate any other remedy that Alvogen may have.

6. To the extent that the Claim-Over is based on a contractual indemnity, the obligations under Section XI.B.4 shall extend solely to a Non-Party Covered Conduct Claim against a pharmacy, clinic, hospital or other purchaser, distributor or dispenser of Products, a manufacturer that sold Products, a consultant, and/or a pharmacy benefit manager or other third-party payor. Alvogen shall notify the Settling States, to the extent permitted by applicable law, in the event that any of these types of Non-Released Entities asserts a Claim-Over arising out of contractual indemnity against it.

C. *Indemnification and Contribution Prohibited.* No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory, from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

D. *General Release.* In connection with the releases provided for in this Agreement, each Settling State (for itself and its Releasors) and Participating Subdivision expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

General Release; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that if known by him or her, would have materially affected his or her settlement with the debtor or released party.

A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Settling State (for itself and its Releasors) and Participating Subdivision (for itself and its Releasors) hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Settling States' decision to enter into this Agreement or the Participating Subdivisions' decision to participate in this Agreement.

E. *Assigned Interest Waiver.* To the extent that any Settling State has any direct or indirect interest in any rights of a third-party that is a debtor under the Bankruptcy Code as a result of a claim arising out of Covered Conduct by way of assignment or otherwise, including as a result of being the beneficiary of a trust or other distribution entity, to assert claims against Alvogen (whether derivatively or otherwise), under any legal or equitable theory, including for indemnification, contribution, or subrogation, the Settling State waives the right to assert any such claim, or to receive a distribution or any benefit on account of such claim and such claim, distribution, or benefit shall be deemed assigned to Alvogen.

F. *Res Judicata.* Nothing in this Agreement shall be deemed to reduce the scope of the res judicata or claim preclusive effect that the settlement memorialized in this Agreement, and/or any Consent Judgment or other judgment entered on this Agreement, gives rise to under applicable law.

G. *Representation and Warranty.* The signatories hereto on behalf of their respective Settling States and its Participating Subdivisions expressly represent and warrant that they will obtain on or before the Effective Date (or have obtained) the authority to settle and release, to the maximum extent of the State's power, all Released Claims of (1) their respective Settling States; (2) any of the respective Settling State's past and present executive departments, state agencies, divisions, boards, commissions and instrumentalities with the regulatory authority to enforce state and federal controlled substances acts; (3) any of their respective Settling State's past and present executive departments, agencies, divisions, boards, commissions and instrumentalities that have the authority to bring Claims related to Covered Conduct seeking money (including abatement and/or remediation) or revocation of a pharmaceutical distribution license; and (4) any Participating Subdivisions. For the purposes of clause (3) above, executive departments, agencies, divisions, boards, commission, and instrumentalities are those that are under the executive authority or direct control of the State's Governor. Also, for the purposes of clause (3), a release from a State's Governor as set forth in Exhibit X is sufficient to demonstrate that the appropriate releases have been obtained.

H. *Effectiveness.* The releases set forth in this Agreement shall not be impacted in any way by any dispute that exists, has existed, or may later exist between or among the Releasors. Nor shall such releases be impacted in any way by any current or future law, regulation, ordinance, or court or agency order limiting, seizing, or controlling the distribution or use of the Settlement Fund or any portion thereof, or by the enactment of future laws, or by any seizure of the Settlement Fund or any portion thereof.

I. *Cooperation.* Releasors (1) will not encourage any person or entity to bring or maintain any Released Claim against any Released Entity and (2) will reasonably cooperate with and not oppose any effort by a Released Entity to secure the prompt dismissal of any and all Released Claims, including suits brought by non-Releasors based on Released Claims. Releasors will meet and confer and make reasonable efforts to resolve any action that is filed by a Subdivision against Alvogen on or after the date the Preliminary Agreement Date. This provision shall not require a Settling State to make any monetary payment or adjustment to allocation or incur other obligation.

J. *Non-Released Claims.* Notwithstanding the foregoing or anything in the definition of Released Claims, the Agreement does not waive, release or limit any criminal liability, Claims for any outstanding liability under any tax or securities law, Claims against parties who are not Released Entities, Claims by private individuals, Claims for Medicaid rebates, Claims asserted, or that could be asserted, by any State or Subdivision, related to the causes of action in *In re: Generic Pharmaceuticals Pricing Antitrust Litigation*, in the United States District court for the District of Pennsylvania, MDL No. 2724; *Connecticut et al v. Aurobindo Pharma USA, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:16-cv-2056-NPS; *Connecticut et al. v. Teva Pharmaceuticals USA, Inc.*, in the United States District Court for the District of Connecticut, Case No. 3:19-cv-710-NPS; *Connecticut et al v. Sandoz, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:20-cv-802-NPS; and any related action (such excluded claims include, but are not limited to, all antitrust claims and any claims related to any non-opioid generic drugs), State false claim violations; Medicaid fraud or abuse claims (whether common law, statutory or otherwise) and/or kickback violations; and any claims arising under the Agreement for enforcement of the Agreement.

XII. Later Litigating Subdivisions

A. *Released Claims against Released Entities.* If a Later Litigating Subdivision in a Settling State maintains a lawsuit for a Released Claim against a Released Entity after the Reference Date, the following shall apply subject to Section XII.B:

1. The Released Entity shall take ordinary and reasonable measures to defend the action, including filing a Threshold Motion with respect to the Released Claim. The Released Entity shall further notify the Settling State and Settlement Fund Administrator immediately upon notice of a Later Litigating Subdivision bringing a lawsuit for a Released Claim and shall not oppose a Settling State's submission in support of the Threshold Motion. Alvogen shall give the relevant Settling State a reasonable opportunity to extinguish the Released Claims without any payment or any other obligations being imposed upon any Released Entities (apart from the Global Settlement Amount payable by Alvogen under the Agreement or the Injunctive Relief Terms incurred by it). The relevant Settling State and Alvogen shall confer and use reasonable efforts to promptly resolve the lawsuit so that it is dismissed with prejudice. Nothing in this subsection creates an obligation for a Settling State to make a monetary payment or incur any other obligation to an entity filing a lawsuit.

2. "*Terms requiring payment*" shall mean (i) a final monetary judgment or (ii) a settlement; provided that the Released Entity sought the applicable State Attorney General's consent to the settlement and such consent was either obtained or unreasonably withheld. Should the judgment or settlement resolve claims that are not Released Claims, the offset shall be for the Released Claims portion only, which shall be distinguishable in the judgment or settlement.

B. *Exceptions*

1. Section XII.A shall not apply where the Settling State at issue meets the eligibility criteria for and is entitled to Incentive Payment A, except as expressly provided therein.

2. Section XII.A shall not apply where the Later Litigating Subdivision seeks less than \$10 million, or so long as its total claim is reduced to less than \$10 million, in the lawsuit for a Released Claim at issue.

C. *No Effect on Other Provisions.* An offset under Section XII.A shall not affect the Injunctive Relief Terms or the Consent Judgment.

D. *No Effect on Other States.* An offset under Section XII.A applicable to one State shall not affect the allocation or payment of the Remediation Payment to other Settling States.

E. *Litigating Subdivisions in Non-Eligible States.* The Settling States will not encourage, facilitate, or assist in any manner whatsoever claims for Covered Conduct against Alvogen in any Settling, Non-Settling, or Non-Eligible State, regardless of whether those claims were filed against Alvogen prior to, on, or after the Effective Date.

XIII. Miscellaneous

A. *Population of General Purpose Governments.* The population figures for General Purpose Governments shall be the published U.S. Census Bureau's population estimates for July 1, 2019, released May 2020. These population figures shall remain unchanged during the term of this Agreement.

B. *Population of Special Districts.* For any purpose in this Agreement in which the population of a Special District is used other than Section V.E.4.b: (a) School Districts' population will be measured by the number of students enrolled who are eligible under the Individuals with Disabilities Education Act ("*IDEA*") or Section 504 of the Rehabilitation Act of 1973; (b) Health Districts' and Hospital Districts' population will be measured at twenty-five percent (25%) of discharges; and (c) all other Special Districts' (including Fire Districts' and Library Districts') population will be measured at ten percent (10%) of the population served.⁷ For the avoidance of doubt, this means that California healthcare districts will be measured at ten percent (10%) of their membership. Alvogen and the Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Preliminary Agreement Date.

C. *Population Associated with Sheriffs.* For any purpose in this Agreement in which the population associated with a lawsuit by a sheriff is used, the population will be measured at twenty percent (20%) of the capacity of the jail(s) operated by the sheriff.

D. *No Admission.* Alvogen does not admit liability or wrongdoing. Neither this Agreement nor the Consent Judgments shall be considered, construed or represented to be (1) an admission, concession or evidence of liability or wrongdoing or (2) a waiver or any limitation of any defense otherwise available to Alvogen.

E. *Tax Cooperation and Reporting.*

1. Upon request by Alvogen, the Settling States and Participating Subdivisions agree to perform such further acts and to execute and deliver such further documents as may be reasonably necessary for Alvogen to establish the statements set forth in Section VI.F to the satisfaction of their tax advisors, their independent financial auditors, the Internal Revenue Service, or any other governmental authority, including as contemplated by 26 C.F.R. § 1.162-21(b)(3)(ii) and any subsequently proposed or finalized relevant regulations or administrative guidance.

⁷ The estimates for counties and parishes were accessed at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-counties-total.html>. The estimates for cities and towns can currently be found at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-total-cities-and-towns.html>.

2. Without limiting the generality of Section XIII.E.1, each Settling State and Participating Subdivision shall cooperate in good faith with Alvogen with respect to any tax claim, dispute, investigation, audit, examination, contest, litigation, or other proceeding relating to this Agreement.

3. Pursuant to 26 C.F.R. § 1.6050X-1(a) and (b), the Designated State, on behalf of all Settling States and Participating Subdivisions, shall designate one of its officers or employees to act as the “appropriate official” within the meaning of 26 C.F.R. § 1.6050X-1(f)(1)(ii)(B) (the “Appropriate Official”). The Designated State shall direct and ensure that the Appropriate Official timely (a) files (i) at the time this Agreement becomes binding on the Parties, an IRS Form 1098-F in the form attached as Exhibit U with respect to Alvogen and (ii) any legally required forms, returns or amended returns with any applicable governmental authority, or any returns requested by Alvogen, and (b) provides to Alvogen a copy of (i) the IRS Form 1098-F filed with respect to Alvogen and (ii) any legally required written statement pursuant to any applicable law and any other document referred to in clause (a)(ii) above. Any such forms, returns, or statements shall be prepared and filed in a manner fully consistent with Section VI.F. and as set forth in Section XIII.E.4.

4. Any form, return, amended return, or written statement filed or provided pursuant to Section XIII.E.3, and any similar document, shall be prepared and filed in a manner consistent with reporting the Global Settlement Amount as the “Total amount to be paid” pursuant to this Agreement in Box 1 of IRS Form 1098-F and the Compensatory Restitution Amount as “Restitution/remediation amount” in Box 3 of IRS Form 1098-F, as reflected in the attached Exhibit U. If the Designated State or Appropriate Official shall be required to file any form, return, amended return, or written statement contemplated by this Section XIII.E other than an IRS Form 1098-F in the form attached as Exhibit U, the Designated State shall direct and ensure that the Appropriate Official provides to Alvogen a draft of such form, return, amended return, or written statement no later than sixty (60) calendar days prior to the due date thereof, and shall accept any reasonable revisions from Alvogen on the return, amended return, or written statement.

5. For the avoidance of doubt, neither Alvogen nor the Settling States and Participating Subdivisions make any warranty or representation to any Settling State, Participating Subdivision, or Releasor as to the tax consequences of the payment of the Compensatory Restitution Amount (or any portion thereof).

F. *No Third-Party Beneficiaries.* Except as expressly provided in this Agreement, no portion of this Agreement shall provide any rights to, or be enforceable by, any person or entity that is not the Settling State or Released Entity. Settling States may not assign or otherwise convey any right to enforce any provision of this Agreement.

G. *Calculation.* Any figure or percentage referred to in this Agreement shall be carried to seven decimal places.

H. *Construction.* None of the Parties and no Participating Subdivision shall be considered to be the drafter of this Agreement or of any of its provisions for the purpose of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this Agreement. The headings of the provisions of this Agreement are not binding and are for reference only and do not limit, expand, or otherwise affect the contents or meaning of this Agreement.

I. *Cooperation.* Each Party and each Participating Subdivision agrees to use its best efforts and to cooperate with the other Parties and Participating Subdivisions to cause this Agreement and the Consent Judgments to become effective, to obtain all necessary approvals, consents and authorizations, if any, and to execute all documents and to take such other action as may be appropriate in connection herewith. Consistent with the foregoing, each Party and each Participating Subdivision agrees that it will not directly or indirectly assist or encourage any challenge to this Agreement or any Consent Judgment by any other person, and will support the integrity and enforcement of the terms of this Agreement and the Consent Judgments.

J. *Entire Agreement.* This Agreement, including its exhibits and any other attachments, embodies the entire agreement and understanding between and among the Parties and Participating Subdivisions relating to the subject matter hereof and supersedes (1) all prior agreements and understandings relating to such subject matter, whether written or oral and (2) all purportedly contemporaneous oral agreements and understandings relating to such subject matter.

K. *Execution.* This Agreement may be executed in counterparts and by different signatories on separate counterparts, each of which shall be deemed an original, but all of which shall together be one and the same Agreement. One or more counterparts of this Agreement may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart hereof. One or more counterparts of this Agreement may be signed by electronic signature.

L. *Good Faith and Voluntary Entry.* Each Party warrants and represents that it negotiated the terms of this Agreement in good faith. Each of the Parties and Participating Subdivisions warrants and represents that it freely and voluntarily entered into this Agreement without any degree of duress or compulsion. The Parties and Participating Subdivisions state that no promise of any kind or nature whatsoever (other than the written terms of this Agreement) was made to them to induce them to enter into this Agreement.

M. *Legal Obligations.* Nothing in this Agreement shall be construed as relieving Alvogen of the obligation to comply with all state and federal laws, regulations or rules, nor shall any of the provisions herein be deemed to be permission to engage in any acts or practices prohibited by such laws, regulations, or rules.

N. *No Prevailing Party.* The Parties and Participating Subdivisions each agree that they are not the prevailing party in this action, for purposes of any claim for fees, costs, or expenses as prevailing parties arising under common law or under the terms of any

statute, because the Parties and Participating Subdivisions have reached a good faith settlement.

O. *Waive Challenge.* The Parties and Participating Subdivisions each further waive any right to challenge or contest the validity of this Agreement on any ground, including, without limitation, that any term is unconstitutional or is preempted by, or in conflict with, any current or future law. Nothing in the previous sentence shall modify, or be construed to conflict with, Section XIII.M.

P. *Non-Admissibility.* The settlement negotiations resulting in this Agreement have been undertaken by the Parties and by certain representatives of the Participating Subdivisions in good faith and for settlement purposes only, and no evidence of negotiations or discussions underlying this Agreement shall be offered or received in evidence in any action or proceeding for any purpose. This Agreement shall not be offered or received in evidence in any action or proceeding for any purpose other than in an action or proceeding arising under or relating to this Agreement or in any litigation or arbitration concerning Alvogen's right to coverage under an insurance contract.

Q. *Notices.* All notices or other communications under this Agreement shall be in writing (including, but not limited to, electronic communications) and shall be given to the recipients indicated below:

For the Attorney(s) General:

Jeff Jackson, Attorney General
North Carolina Department of Justice
Attn: Daniel Mosteller, Associate Deputy Attorney General
PO Box 629
Raleigh, NC 27602
Dmosteller@ncdoj.gov

Jonathan Skrmetti, Attorney General
Tennessee Attorney General's Office
Attn: Michael Leftwich, Senior Deputy Attorney General
Hamilton Millwee, Assistant Attorney General
P.O. Box 20207
Nashville, TN 37202
Michael.Leftwich@ag.tn.gov
Hamilton.Millwee@ag.tn.gov

Letitia James, Attorney General
New York State Attorney General
Attn: Jennifer Levy, First Deputy Attorney General
Monica Hanna, Special Counsel
Matthew Conrad, Assistant Attorney General
28 Liberty Street, New York, NY 10005

Jennifer.Levy@ag.ny.gov
Monica.Hanna@ag.ny.gov
Matthew.Conrad@ag.ny.gov

For the Plaintiffs' Executive Committee:

Co-leads
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7th Floor
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Joseph F. Rice
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jrice@motleyrice.com

Paul T. Farrell, Jr.
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For Alvogen:

Alvogen, Inc.
44 Whippany Road, Suite 300
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Eva Yung
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45 Rockefeller Plaza
New York, NY 10111
creiser@axinn.com
eyung@axinn.com

Any Party or the Plaintiffs' Executive Committee may change or add the contact information of the persons designated to receive notice on its behalf by notice given (effective upon the giving of such notice) as provided in this Section XIII.Q.

R. *No Waiver.* The waiver of any rights conferred hereunder shall be effective only if made by written instrument executed by the waiving Party or Parties. The waiver by any Party of any breach of this Agreement shall not be deemed to be or construed as a waiver of any other breach, whether prior, subsequent, or contemporaneous, nor shall such waiver be deemed to be or construed as a waiver by any other Party.

S. *Preservation of Privilege.* Nothing contained in this Agreement or any Consent Judgment, and no act required to be performed pursuant to this Agreement or any Consent Judgment, is intended to constitute, cause, or effect any waiver (in whole or in part) of any attorney-client privilege, work product protection, or common interest/joint defense privilege, and each Party and Participating Subdivision agrees that it shall not make or cause to be made in any forum any assertion to the contrary.

T. *Successors.*

1. This Agreement shall be binding upon, and inure to the benefit of, Alvogen and its respective successors and assigns.

2. Alvogen shall not, in one (1) transaction or a series of related transactions, sell or transfer U.S. assets having a fair market value equal to twenty-five percent (25%) or more of the consolidated assets of Alvogen (other than sales or transfers of inventories, or sales or transfers to an entity owned directly or indirectly by Alvogen) where the sale or transfer is announced after the Reference Date, is not for fair consideration, and would foreseeably and unreasonably jeopardize Alvogen's ability to make the payments under this Agreement following the close of a sale or transfer transaction, unless Alvogen obtains the acquiror's agreement that it will be either a guarantor of or successor to the percentage of Alvogen's remaining Payment Obligations under this Agreement equal to the percentage of Alvogen's consolidated assets being sold or transferred in such transaction; provided, that liens and security interests granted by Alvogen to its lenders and/or noteholders, and any agent and/or trustee for any lenders and/or noteholders, shall not constitute a transfer or sale for purposes of this Section. Percentages under this section shall be determined in accordance with United States generally accepted accounting principles and as of the date of Alvogen's most recent publicly filed consolidated balance sheet prior to the date of entry into the sale or transfer agreement at issue. This Section XIII.T shall be enforceable solely by the Settling States, and any objection under this Section XIII.T not raised within sixty (60) calendar days of the announcement of the relevant transaction is waived.

U. *Modification, Amendment, Alteration.* In the event the Plaintiffs' Executive Committee, the Executive Committee of the State Attorneys General, or Alvogen concludes prior to the Reference Date that technical corrections are required to this Agreement, the Plaintiffs' Executive Committee, the Executive Committee of the State

Attorneys General, and Alvogen shall meet and confer and make such amendments as they agree are appropriate. After the Reference Date, any modification, amendment, or alteration of this Agreement by the Parties shall be binding only if evidenced in writing signed by Alvogen, along with the signature of at least two-thirds of those then serving as Attorneys General of the Settling States along with a representation from each Attorney General that either: (1) the advisory committee or similar entity established or recognized by that Settling State (either pursuant to Section VI.E.2.d, by a State-Subdivision Agreement, or by statute) voted in favor of the modification, amendment or alteration of this Agreement including at least one member appointed by the Participating Subdivisions listed on Exhibit G; or (2) in Settling States without any advisory committee, that 50.1% (by population) of the Participating Subdivisions listed on Exhibit G expressed approval of the modification, amendment, or alteration of this Agreement in a writing.

V. *Termination.*

1. Unless otherwise agreed to by each of Alvogen and the Settling States, this Agreement and all of its terms (except Section XIII.P and any other non-admissibility provisions, which shall continue in full force and effect) shall be canceled and terminated with respect to the Settling State, and the Agreement and all orders issued by the courts in the Settling State pursuant to the Agreement shall become null and void and of no effect if one or more of the following conditions applies:

a. a Consent Judgment approving this Agreement without modification of any of the Agreement's terms has not been entered as to a Settling State by a court of competent jurisdiction on or before one hundred eighty (180) calendar days after the Effective Date;

b. this Agreement or the Consent Judgment as to that Settling State has been disapproved by a court of competent jurisdiction to which it was presented for approval and/or entry (or, in the event of an appeal from or review of a decision of such a court to approve this Agreement and the Consent Judgment, by the court hearing such appeal or conducting such review), and the time to appeal from such disapproval has expired, or, in the event of an appeal from such disapproval, the appeal has been dismissed or the disapproval has been affirmed by the court of last resort to which such appeal has been taken and such dismissal or disapproval has become no longer subject to further appeal (including, without limitation, review by the United States Supreme Court); or

2. If this Agreement is terminated with respect to a Settling State and its Subdivisions for whatever reason pursuant to Section XIII.V.1, then:

a. an applicable statute of limitation or any similar time requirement (excluding any statute of repose) shall be tolled from the date the Settling State signed this Agreement until the later of the time permitted by applicable law or for one year from the date of such termination, with

the effect that Alvogen and the Settling State shall be in the same position with respect to the statute of limitation as they were at the time the Settling State filed its action; and

b. Alvogen and the Settling State and its Participating Subdivisions shall jointly move the relevant court of competent jurisdiction for an order reinstating the actions and claims dismissed pursuant to the terms of this Agreement governing dismissal, with the effect that Alvogen and the Settling State and its Participating Subdivisions shall be in the same position with respect to those actions and claims as they were at the time the action or claim was stayed or dismissed.

3. Unless Alvogen and the Enforcement Committee agree otherwise, this Agreement, with the exception of the Injunctive Relief Terms that have their own provisions on duration, shall terminate upon the disbursement of all funds in the Settlement Fund and Settlement Fund Escrow to Settling States and to their Participating Subdivisions listed on Exhibit G. Notwithstanding any other provision in this Section XIII.V.3 or in this Agreement and the provisions of Section XI, all releases under this Agreement will remain effective despite any termination under this Section XIII.V.3.

W. *Governing Law.* Except as (1) otherwise provided in this Agreement or (2) as necessary, in the sole judgment of the National Arbitration Panel, to promote uniformity of interpretation for matters within the scope of the National Arbitration Panel's authority, this Agreement shall be governed by and interpreted in accordance with the respective laws of the Settling State, without regard to the conflict of law rules of such Settling State, that is seeking to enforce the Agreement against Alvogen or against which Alvogen is seeking enforcement. Notwithstanding any other provision in this subsection on governing law, any disputes relating to the Settlement Fund Escrow shall be governed by and interpreted in accordance with the law of the state where the escrow agent has its primary place of business.

X. *Bankruptcy.* The following provisions shall apply if Alvogen enters bankruptcy and (i) the Alvogen bankruptcy estate recovers, pursuant to 11 U.S.C. § 550, any payments made under this Agreement, or (ii) this Agreement is deemed executory and is rejected by Alvogen pursuant to 11 U.S.C. § 365:

1. In the event that the both a number of Settling States equal to at least seventy-five percent (75%) of the total number of Settling States and Settling States having aggregate State Allocation Percentages as set forth on Exhibit F equal to at least seventy-five percent (75%) of the total aggregate State Allocation Percentages assigned to all Settling States deem (by written notice to Alvogen) that the financial obligations of this Agreement have been terminated and rendered null and void (except as provided in Section XIII.X.1.a) due to a material breach by Alvogen, whereupon:

a. all agreements, all concessions, all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall immediately and automatically be deemed null and void as to Alvogen; the Settling States shall be deemed immediately and automatically restored to the same position they were in immediately prior to their entry into this Settlement Agreement in respect to Alvogen and the Settling States shall have the right to assert any and all claims against Alvogen in the bankruptcy or otherwise without regard to any limits or agreements as to the amount of the settlement otherwise provided in this Agreement; *provided, however*, that notwithstanding the foregoing sentence, (i) all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall remain in full force and effect as to all persons or entities other than Alvogen itself; and (ii) in the event the Settling State asserts any Released Claim against Alvogen after the rejection and/or termination of this Agreement as described in this Section XIII.X.1.a and receives a judgment, settlement or distribution arising from such Released Claim, then the amount of any payments the Settling State has previously received from Alvogen under this Agreement shall be applied to reduce the amount of any such judgment, settlement or distribution (provided that no credit shall be given against any such judgment, settlement or distribution for any payment that the Settling State is required to disgorge or repay to Alvogen's bankruptcy estate); and

b. the Settling States may exercise all rights provided under the federal Bankruptcy Code (or other applicable bankruptcy or non-bankruptcy law) with respect to their Claims against Alvogen subject to all defenses and rights of the Alvogen.

Y. *Waiver.* Alvogen, for good and valuable consideration the receipt of which is acknowledged, hereby (a) waives, foregoes and relinquishes all rights to utilize and/or seek relief under any of the following laws of the State of Texas for the restructuring of its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement: Tex. Bus. Orgs. Code § 10.003 (Contents of Plan of Merger: More Than One Successor) or any other statute of Subchapter A of Chapter 10 of Tex. Bus. Orgs. Code to the extent such statute relates to multi-successor mergers (and/or any other similar laws or statutes in any other state or territory); Tex. Bus. Orgs. Code §§ 11.01–11.414 (Winding Up and Termination of Domestic Entity); or Tex. Bus. & Com. Code §§ 23.01–23.33 (Assignments for the Benefit of Creditors) (collectively, the “Texas Statutes”), and (b) agrees, warrants and represents that it will not file, request or petition for relief under the Texas Statutes related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement, in each case until such time as all of Alvogen’s payment obligations incurred hereunder are satisfied in full. The foregoing waiver and relinquishment includes, without limitation, until such time as all of Alvogen’s payment obligations incurred hereunder are satisfied in full, Alvogen’s rights to execute a divisional merger or equivalent transaction or restructuring related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement that in each case has the intent or foreseeable effect of (i) separating material assets from material liabilities and (ii) assigning or allocating all or a substantial portion of those liabilities to any subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code, or pursuant to which such subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code would be assuming or retaining all or a substantial portion of those liabilities.

AMNEAL SETTLEMENT AGREEMENT

AMNEAL SETTLEMENT AGREEMENT

This Settlement Agreement, dated as of April 4, 2025 (the “*Agreement*”), sets forth the terms of settlement between and among the Settling States, the Participating Subdivisions, and Amneal (as those terms are defined below). Upon satisfaction of the conditions set forth in Sections II and VIII, this Agreement will be binding on the Settling States, Amneal, and the Participating Subdivisions. This Agreement will then be filed as part of a Consent Judgment in the respective courts of each of the Settling States, pursuant to the terms set forth in Section VIII.

I. Definitions

Unless otherwise specified, the following definitions apply:

A. “*Additional Remediation Amount.*” The amount available to the Settling States totaling up to \$2,101,518 to be paid in accord with the payment schedule at Exhibit M-3.

B. “*Adjusted Maximum Remediation Payment.*” The Maximum Remediation Payment reduced by the State Allocation Percentage for each Non-Settling State on Exhibit F.

C. “*Agreement.*” This agreement, as set forth above. For the avoidance of doubt, this Agreement is inclusive of all exhibits.

D. “*Alleged Harms.*” The alleged past, present, and future damages, harms, losses and related expenditures allegedly incurred by the Settling States and Participating Subdivisions arising out of the use of Products, non-exclusive examples of which are described in the documents listed on Exhibit A, that have allegedly arisen as a result of the physical and bodily injuries sustained by individuals suffering from opioid-related addiction, , death, and other related diseases and disorders, and that have allegedly been caused by Released Entities.

E. “*Allocation Statute.*” A state law that governs allocation, distribution, and/or use of some or all of the Settlement Fund amounts allocated to that Settling State and/or its Subdivisions. An Allocation Statute may, without limitation, contain a Statutory Trust, further restrict expenditures of funds, form an advisory committee, establish oversight and reporting requirements, or address other default provisions and other matters related to the funds. An Allocation Statute is not required to address all three (3) types of funds comprising the Settlement Fund or all default provisions.

F. “*Amneal*” means Amneal Pharmaceuticals LLC.

G. “*Annual Fees Payment.*” The amounts payable by Amneal in each Payment Year comprised of the Additional Remediation Amount payment, State AG Fees payment and the Private Attorney Fees payment, and not including the Annual Remediation Payment.

H. *“Annual Remediation Maximum.”* The total amount available to Eligible States for Annual Remediation Payments in each Payment Year as set forth in the “Maximum Annual Remediation Payment” column of Exhibit M-1. In no event shall an Annual Remediation Payment in Payment Years 1-2, or 5-10 exceed the Annual Remediation Maximum for that Payment Year set forth in Exhibit M-1. For Payment Years 3-4, the Annual Remediation Payment may exceed the Annual Remediation Maximum for that Payment Year only to the extent needed for the Incentive Payment A Catch-up Payment for a Settling State that has not earned some or all of Incentive Payment BC in prior Payment Years, having resulted in correspondingly lower Annual Remediation Payments in those prior Payment Years.

I. *“Annual Remediation Payment.”* The amount payable to the Settlement Fund by Amneal for Settling States’ Base Payments and Incentive Payments on the Payment Date for each Payment Year, as calculated by the Settlement Fund Administrator.

J. *“Appropriate Official.”* As defined in Section XIII.E.3.

K. *“Bankruptcy Code.”* Title 11 of the United States Code, 11 U.S.C. § 101, et seq.

L. *“Bar.”* Either: (1) a law barring Subdivisions in a Settling State from maintaining or asserting Released Claims against Released Entities (either through a direct bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by the highest court of the Settling State (or, in a Settling State with a single intermediate court of appeals, the intermediate court of appeals) when setting forth the general principle that Subdivisions in the Settling State may not maintain or assert any Released Claims against Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the Annual Remediation Payments by Amneal under this Agreement) shall not constitute a Bar.

M. *“Base Payment.”* As defined in Section IV.G.

N. *“Case-Specific Resolution.”* Either: (1) a law barring the Subdivision at issue from maintaining any Released Claims against any Released Entities (either through a direct Bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by a court of competent jurisdiction over the Subdivision at issue that the Subdivision may not maintain any Released Claims at issue against any Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the annual payments by Amneal under this Agreement) shall not constitute a Case-Specific Resolution.

O. *“Claim.”* Any past, present or future cause of action, claim for relief, cross-claim or counterclaim, theory of liability, demand, derivative claim, request, assessment, charge, covenant, damage, debt, lien, loss, fine, penalty, restitution, reimbursement, disgorgement, expenses, remediation, judgment, right, obligation, dispute, suit, contract, controversy, agreement, *parens patriae* claim, promise, performance, warranty, omission, or grievance of any nature whatsoever, whether legal, equitable, statutory, regulatory or administrative, whether arising under federal, state or local common law, statute, regulation, guidance, ordinance or principles of equity,

whether filed or unfiled, whether asserted or unasserted, whether known or unknown, whether accrued or unaccrued, whether foreseen, unforeseen or unforeseeable, whether discovered or undiscovered, whether suspected or unsuspected, whether fixed or contingent, and whether existing or hereafter arising, in all such cases, including, but not limited to, any request for declaratory, injunctive, or equitable relief, compensatory, punitive, or statutory damages, absolute liability, strict liability, restitution, remediation, subrogation, contribution, indemnity, apportionment, disgorgement, reimbursement, attorney fees, expert fees, consultant fees, fines, penalties, expenses, costs or any other legal, equitable, civil, administrative, or regulatory remedy whatsoever.

P. *“Claim-Over.”* A Claim asserted by a Non-Released Entity against a Released Entity on the basis of contribution, indemnity, or other claim-over on any theory relating to a Non-Party Covered Conduct Claim asserted by a Releasor.

Q. *“Compensatory Restitution Amount.”* The aggregate amount paid or incurred by Amneal hereunder for Opioid Remediation, which includes each Annual Remediation Payment and does not include amounts paid as attorneys’ fees and costs or identified pursuant to Section V.B.2 as being used to pay attorneys’ fees, investigation costs or litigation costs, which shall be up to the amount of the Adjusted Maximum Remediation Payment.

R. *“Consent Judgment.”* A consent judgment in a form to be agreed by the Settling States and Amneal prior to the Effective Date that, among other things, (1) approves this Agreement and (2) provides for the release set forth in Section X.A, including the dismissal with prejudice of any Released Claims that the Settling State has brought against Released Entities.

S. *“Covered Conduct” means* any actual or alleged act, failure to act, negligence, statement, error, omission, breach of any duty, conduct, event, transaction, agreement, service, work, sale misstatement, misleading statement or other activity of any kind whatsoever from the beginning of time through the Reference Date (and any past, present, or future consequence of any such act, failure to act, negligence, statement, error, omission, breach of duty, conduct, event, transaction, agreement, service, work, sale misstatement, misleading statement or other activity) relating in any way to (a) compounding, counseling and documentation relating to any Product or class of Products (b) the availability, discovery, research, development, manufacture, packaging, repackaging, marketing, promotion, advertising, labeling, re-labeling, recall, withdrawal, distribution, delivery, monitoring, reporting, regulatory compliance, supply, sale, prescribing, dispensing, physical security, warehousing, use or abuse of, or operating procedures relating to, any Product, or any system, plan, policy, procedure, or advocacy relating to any Product or class of Products, including, but not limited to, any unbranded or unbranded promotion, marketing, or advertising, information, patient support or assistance, educational programs, consultancy, research, other programs, or campaigns, lobbying, or grants, sponsorships, charitable donations, or other funding relating to any Product or class of Products; (c) the characteristics, properties, risks, or benefits of any Product; (d) the monitoring or non-monitoring of orders placed of any Product; (e) the reporting, disclosure, non-monitoring, nonreporting or non-disclosure to federal, state or other regulators of orders for any Product placed with any Released Entity; (f) the selective breeding, harvesting, extracting, purifying, exporting, importing, applying for quota for, procuring quota for, handling, promoting, manufacturing, processing, packaging, supplying, distributing,

converting, or selling of, or otherwise engaging in any activity relating to, precursor or component Products, including but not limited to natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, or any related intermediate Products; or (g) diversion control programs, suspicious order monitoring, or regulatory compliance related to any Product.

T. “*Designated State.*” The State of New York.

U. “*Effective Date.*” The date sixty (60) calendar days after the Reference Date.

V. “*Eligible States.*” The states, commonwealths, and territories of the United States of America, excluding New Mexico and West Virginia. The 54 Eligible States are listed in Exhibit F.

W. “*Enforcement Committee.*” A committee consisting of representatives of the Settling States and of the Participating Subdivisions. Exhibit B contains the organizational bylaws of the Enforcement Committee. Notice pursuant to Section XIII.Q shall be provided when there are changes in membership or contact information.

X. “*Final Order.*” An order or judgment of a court of competent jurisdiction with respect to the applicable subject matter (1) which has not been reversed or superseded by a modified or amended order, is not currently stayed, and as to which any right to appeal or seek certiorari, review, reargument, stay, or rehearing has expired, and as to which no appeal or petition for certiorari, review, reargument, stay, or rehearing is pending, or (2) as to which an appeal has been taken or petition for certiorari, review, reargument, stay, or rehearing has been filed and (a) such appeal or petition for certiorari, review, reargument, stay, or rehearing has been resolved by the highest court to which the order or judgment was appealed or from which certiorari, review, reargument, stay, or rehearing was sought, or (b) the time to appeal further or seek certiorari, review, reargument, stay, or rehearing has expired and no such further appeal or petition for certiorari, review, reargument, stay, or rehearing is pending.

W. “*Force Majeure Event.*” Any event reasonably beyond the control of Amneal that prevents Amneal from manufacturing or distributing Settlement Product, including wars, hostilities, revolution, riots, civil commotion, national emergency, unavailability of supplies, epidemics, pandemics, health crisis, fire, flood, earthquake, force of nature, explosion, terrorist act, embargo, or any act of God, or any law, regulation, ordinance, or other act or order of any court or governmental authority.

Y. “*Global Settlement Amount.*” The Global Settlement Amount is \$132,913,155, which is comprised of the Maximum Remediation Payment, Private Attorney Fees, State AG Fees, Additional Remediation Amount, and the Settlement Product Cash Conversion Amount. Notwithstanding any other language or provisions in this or any other agreement, the Global Settlement Amount is the maximum dollar amount Amneal can pay in connection with the Agreement.

Z. “*Implementation Administrator.*” Rubris, Inc., which is the vendor that will be retained by Amneal to provide notice pursuant to Section VII.A and to manage the initial joinder

period for Subdivisions, including the issuance and receipt of Subdivision Participation Agreements.

AA. *“Incentive Payment A.”* The incentive payment described in Section IV.H.4.

BB. *“Incentive Payment A Catch-up Payment.”* As defined in Section IV.H.4.f.

CC. *“Incentive Payment BC.”* The incentive payment described in Section IV.H.5.

DD. *“Incentive Payment D.”* The incentive payment described in Section IV.H.6

EE. *“Initial Participating Subdivision.”* A Subdivision that meets the requirements set forth in Section VII.D.

FF. *“Initial Participation Date.”* The date ninety (90) calendar days after the Preliminary Agreement Date, unless it is extended by written agreement of Amneal and the Enforcement Committee.

GG. *“Injunctive Relief Terms.”* The terms described in Section III and set forth in Exhibit P.

HH. *“Later Litigating Subdivision.”* A Subdivision (or Subdivision official asserting the right of or for the Subdivision to recover for Alleged Harms to the Subdivision and/or the people thereof) that: (1) first files a lawsuit bringing a Released Claim against a Released Entity after the Reference Date; or (2) adds a Released Claim against a Released Entity after the Reference Date to a lawsuit brought before the Reference Date that, prior to the Reference Date, did not include any Released Claims against a Released Entity; or (3) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a legislative Bar or legislative Case-Specific Resolution as of the Reference Date, (b) such legislative Bar or legislative Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) the earlier of the date of completion of opening statements in a trial in an action brought by a Subdivision in that Settling State that includes a Released Claim against a Released Entity or one hundred eighty (180) days from the Revocation Event passes without a Bar or Case-Specific Resolution being implemented as to that Litigating Subdivision or the Litigating Subdivision's Released Claims being dismissed; or (4) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a judicial Bar or judicial Case-Specific Resolution as of the Reference Date, (b) such judicial Bar or judicial Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) such Litigating Subdivision takes any action in its lawsuit asserting a Released Claim against a Released Entity other than seeking a stay or dismissal.

II. *“Later Participating Subdivision.”* A Participating Subdivision that is not an Initial Participating Subdivision, but meets the requirements set forth in Section VII.E.

JJ. *“Litigating Subdivision.”* A Subdivision (or Subdivision official) that brought any Released Claim against any Released Entity prior to the Reference Date. Exhibit C is an agreed list of all Litigating Subdivisions. Exhibit C will be updated (including with any corrections) periodically, and a final version of Exhibit C will be attached hereto as of the Reference Date.

KK. *“Maximum Remediation Payment.”* The maximum amount owed by Amneal to the Settling States and Subdivisions, exclusive of the Private Attorney Fees, State AG Fees, the Additional Remediation Amount, and the Settlement Product Cash Conversion Amount. The amount of the Maximum Remediation Payment is \$71,751,010.

LL. *“National Arbitration Panel.”* The panel comprised as described in Section VI.F.3.b.

MM. *“National Disputes.”* As defined in Section VI.F.3.a.

NN. *“Non-Litigating Subdivision.”* Any Subdivision that is not a Litigating Subdivision.

OO. *“Non-Participating Subdivision.”* Any Subdivision that is not a Participating Subdivision.

PP. *“Non-Party Covered Conduct Claim.”* A Claim against any Non-Released Entity involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity).

QQ. *“Non-Party Settlement.”* A settlement by any Releasor that settles any Non-Party Covered Conduct Claim and includes a release of any Non-Released Entity.

RR. *“Non-Released Entity.”* An entity that is not a Released Entity.

SS. *“Non-Settling State.”* Any Eligible State that is not a Settling State.

TT. *“Opioid Remediation.”* Care, treatment, and other programs and expenditures (including reimbursement for past such programs or expenditures¹ except where this Agreement restricts the use of funds solely to future Opioid Remediation) designed to (1) address the misuse and abuse of opioid products, (2) treat or mitigate opioid use or related disorders, or (3) mitigate other alleged effects of, including on those injured as a result of, the opioid epidemic. Exhibit E provides a non-exhaustive list of expenditures that qualify as being paid for Opioid Remediation. Qualifying expenditures may include reasonable related administrative expenses in connection with the above.

¹ Reimbursement includes amounts paid to any governmental entities for past expenditures or programs

UU. *“Participating Subdivision.”* Any Subdivision that meets the requirements for becoming a Participating Subdivision under Section VII.B and Section VII.C. Participating Subdivisions include both Initial Participating Subdivisions and Later Participating Subdivisions.

VV. *“Participation Percentage of Incentive BC Eligible Subdivision Population.”* As defined in Section IV.H.5.e.

WW. *“Parties.”* Amneal and the Settling States (each, a *“Party”*).

XX. *“Payment Date.”* March 1 for each Payment Year, besides the initial payment year which is to be payable as outlined in Section IV.D.1 , which is the date by which Amneal makes the Annual Remediation Payment and the Annual Fees Payment.

YY. *“Payment Year.”* The calendar year during which the applicable Annual Remediation Payment and the Annual Fees Payment are due. Payment Year 1 is 2025, Payment Year 2 is 2026 and so forth. References to payment *“for a Payment Year”* mean the Annual Remediation Payment and/or Annual Fees Payment due during that year. References to eligibility *“for a Payment Year”* mean eligibility in connection with the Annual Remediation Payment and/or Annual Fees Payment due during that year.

ZZ. *“Preliminary Agreement Date.”* The date on which Amneal is to inform the Settling States of its determination that the condition in Section II.B has been satisfied. The Preliminary Agreement Date shall be no more than fourteen (14) calendar days after the end of the notice period to Eligible States, unless it is extended by written agreement of Amneal and the Enforcement Committee.

AAA. *“Primary Fire District.”* A fire district that covers a population of 25,000, or 0.20% of an Eligible State’s population if an Eligible State’s population is greater than 18 million. If not easily calculable from state data sources and agreed to between the Eligible State and Amneal, a fire district’s population is calculated by dividing the population of the county or counties a fire district serves by the number of fire districts in the county or counties. “Primary Fire Districts” shall mean fire districts as identified in connection with the implementation of the July 21, 2021, Janssen Settlement Agreement.

BBB. *“Primary Subdivision.”* A Subdivision that is a General Purpose Government (including, but not limited to, a municipality, a county, county subdivision, city town, township, parish, village, borough, gore, or any other entities that provide municipal-type government) with population over 10,000; *provided, however*, that as used in connection with Incentive Payment BC, the population threshold is 30,000. Attached as Exhibit I is an agreed list of the Primary Subdivisions in each Eligible State

CCC. *“Private Attorney Fees”* are the amount to be paid for private attorneys’ litigation fees and costs on behalf of Participating Subdivisions. The maximum amount of Private Attorney Fees is \$14,477,125. For avoidance of doubt, Private Attorney Fees do not include State AG Fees or the Additional Remediation Amount.

DDD. “*Product.*” Any chemical substance, whether used for medicinal or non-medicinal purposes, and whether natural, synthetic, or semi-synthetic, or any finished pharmaceutical product made from or with such substance, that is: (1) an opioid or opiate, as well as any product containing any such substance; (2) benzodiazepine, carisoprodol, or gabapentin; or (3) a combination or “cocktail” of chemical substances prescribed, sold, bought, or dispensed to be used together that includes opioids or opiates. “Product” shall include, but is not limited to, any substance consisting of or containing buprenorphine, codeine, fentanyl, hydrocodone, hydromorphone, meperidine, methadone, morphine, naloxone, naltrexone, oxycodone, oxymorphone, pentazocine, propoxyphene, tapentadol, tramadol, opium, heroin, carfentanil, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, midazolam, carisoprodol, gabapentin, or any variant of these substances or any similar substance. Notwithstanding the foregoing, nothing in this section prohibits a Settling State from taking administrative or regulatory action related to benzodiazepine (including, but not limited to, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, and midazolam), carisoprodol, or gabapentin that is wholly independent from the use of such drugs in combination with opioids, *provided* such action does not seek money (including abatement and/or remediation) for conduct prior to the Initial Participation Date. “Product” also includes any natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, and any intermediate products used or created in the manufacturing process for any of the substances described above.

EEE. “*Reference Date.*” The date on which Amneal is to inform the Settling States of its determination whether the condition in Section VIII has been satisfied. The Reference Date shall be no later than thirty (30) calendar days after the Initial Participation Date, unless it is extended by written agreement of Amneal and the Enforcement Committee.

FFF. “*Released Claims.*” Any and all Claims that directly or indirectly are based on, arise out of, or in any way relate to or concern the Covered Conduct and/or Alleged Harms occurring prior to the Initial Participation Date. Without limiting the foregoing, Released Claims include any Claims that have been asserted against Released Entities by a Settling State or Litigating Subdivision in any federal, state, or local action or proceeding (whether judicial, arbitral, or administrative) based on, arising out of, or relating to, in whole or in part, the Covered Conduct and/or Alleged Harms, or any such Claims that could be or could have been asserted now or in the future in those actions or in any comparable action or proceeding brought by a Settling State, Subdivision, or Releasor (whether or not such Settling State, Subdivision, or Releasor has brought such action or proceeding). Released Claims also include all Claims against Released Entities asserted in any proceeding to be dismissed pursuant to the Agreement, whether or not such claims relate to Covered Conduct and/or Alleged Harms. The Parties intend that this term, “Released Claims,” be interpreted broadly. This Agreement does not release Claims by private individuals. It is the intent of the Parties that Claims by private individuals be treated in accordance with applicable law. Released Claims is also used herein to describe claims brought by a non-party Subdivision that would have been Released Claims if they had been brought by a Releasor against a Released Entity.

GGG. “*Released Entities.*” This includes Amneal and (1) all past and present subsidiaries, divisions, affiliates, predecessors, successors, and assigns (in each case, whether direct or indirect)

of Amneal; (2) all past and present subsidiaries and divisions (in each case, whether direct or indirect) of any entity described in subsection (1); (3) the respective past and present officers, directors, members, trustees, and employees of any of the foregoing (each for actions that occurred during and related to their work for, or employment with, any of Amneal or the foregoing entities); (4) all past and present joint ventures (whether direct or indirect) of Amneal or its subsidiaries, including in any subsidiary's capacity as a participating member in such joint venture; (5) all direct or indirect parents and shareholders of Amneal (solely in their capacity as parents or shareholders of Amneal with respect to Covered Conduct); and (6) any insurer of Amneal or any person or entity otherwise described in subsections (1)-(5) (solely in its role as insurer of such person or entity and subject to the last sentence of Section X.C). A list of Amneal's joint ventures, subsidiaries and affiliates and predecessor entities is set forth in Exhibit J. Any person or entity described in subsections (3)-(6) shall be a Released Entity solely in the capacity described in such clause and shall not be a Released Entity with respect to its conduct in any other capacity. Any entity acquired, or joint venture entered into, by Amneal after the Initial Participation Date is not a Released Entity. Further and notwithstanding anything else in this paragraph, no entity sued in *In re: National Prescription Opiate Litigation*, No. 1:17-md-2804 (N.D. Ohio) is included as a Released Entity other than the entities listed on Exhibit J.

HHH. "*Releasors.*" With respect to Released Claims, (1) each Settling State; (2) each Participating Subdivision; and (3) without limitation and to the maximum extent of the power of each Settling State's Attorney General and/or Participating Subdivision to release Claims, (a) the Settling State's and Participating Subdivision's departments, agencies, divisions, boards, commissions, Subdivisions, districts, instrumentalities of any kind and attorneys, including its Attorney General, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, (b) any public entities, public instrumentalities, public educational institutions, unincorporated districts, fire districts, irrigation districts, water districts, emergency services districts, school districts, healthcare districts, hospital districts, Sheriffs and law enforcement districts, library districts, coroner's offices, and public transportation authorities, and other Special Districts in a Settling State, including those with the regulatory authority to enforce state and federal controlled substances acts or the authority to bring Claims related to Covered Conduct seeking money (including abatement (or remediation and/or restitution)) or revoke a pharmaceutical distribution license, and (c) any person or entity acting in a *parens patriae*, sovereign, quasi-sovereign, private attorney general, *qui tam*, taxpayer, or other capacity seeking relief, including but not limited to fines, penalties, or punitive damages, on behalf of or generally applicable to the general public with respect to a Settling State or Subdivision in a Settling State, whether or not any of them participate in this Agreement. The inclusion of a specific reference to a type of entity in this definition shall not be construed as meaning that the entity is not a Subdivision. Each Settling State's Attorney General represents that he or she has or has obtained (or will obtain no later than the Initial Participation Date) the authority set forth in Section XI.G. In addition to being a Releasor as provided herein, a Participating Subdivision shall also provide the Subdivision Settlement Participation Form referenced in Section VIII providing for a release to the fullest extent of the Participating Subdivision's authority.

III. *“Remediation Accounts Fund.”* The component of the Settlement Fund described in Section V.

JJJ. *“Revocation Event.”* With respect to a Bar, or Case-Specific Resolution, a revocation, rescission, reversal, overruling, or interpretation that in any way limits the effect of such Bar, or Case-Specific Resolution on Released Claims, or any other action or event that otherwise deprives the Bar, or Case-Specific Resolution of force or effect in any material respect.

KKK. *“Settlement Fund.”* The interest-bearing fund established at [Bank TBD] pursuant to this Agreement into which the Annual Remediation Payments are made under Section IV, which is intended to be classified as a “qualified settlement fund” within the meaning of 26 C.F.R. §§ 1.468B-1 *et seq.* and which shall be approved by any Settling State in accordance with the requirements of 26 C.F.R. § 1.468B-1.

LLL. *“Settlement Fund Administrator.”* BrownGreer PLC, which is the entity that annually determines the Annual Remediation Payment (including calculating offset or reduction and Incentive Payments pursuant to Section IV and any amounts subject to offset pursuant to Section XII) and Additional Remediation Amount, administers the Settlement Fund, and distributes amounts into the Remediation Accounts Fund, State Fund, and Subdivision Fund pursuant to this Agreement. The duties of the Settlement Fund Administrator shall be governed by this Agreement. Prior to the Effective Date, Amneal and the Enforcement Committee shall agree to a detailed description of the Settlement Fund Administrator’s duties and responsibilities, including a detailed mechanism for paying the Settlement Fund Administrator’s fees and costs, all of which shall be appended to the Agreement as Exhibit L.

MMM. *“Settlement Fund Escrow.”* The interest-bearing escrow fund established pursuant to this Agreement to hold disputed payments made under this Agreement.

NNN. *“Settlement Payment Schedule.”* The schedule attached to this Agreement as Exhibit M-1, Exhibit M-2, and Exhibit M-3.

OOO. *“Settlement Product”* means Naloxone HCl nasal spray 4mg that is listed in Amneal’s then-current generics catalog and can be viewed at <https://amnealnalozone.com/>, and is provided to the Settling State as part of the settlement, at no cost as set forth in Section XIV and Exhibit D.

PPP. *“Settlement Product Cash Conversion Amount”* means the resulting dollar amount from when a Settling State has elected to convert all or a portion of its Settlement Product Allocation into a cash payment pursuant to Section XIV and Exhibit D. The aggregate, maximum amount that could be paid from the conversion of Settlement Product into cash is \$44,350,000.

QQQ. “*Settlement Product Cash Conversion Amount Payment Date*” is March 1 of each Payment Year 7 through Payment Year 10. This date may be changed by written agreement of Amneal and the Enforcement Committee.

RRR. “*Settlement Product Election Date*” is the date thirty (30) days after the Effective Date by which a Settling State must submit its election of the Settling State’s allocation of Settlement Product or cash conversion of Settlement Product pursuant to Section XIV and Exhibit D.

SSS. “*Settlement Product Election Form*” means the form a Settling State uses to submit its election of the Settling State’s allocation of Settlement Product or cash conversion of Settlement Product pursuant to Section XIV and Exhibit D.

TTT. “*Settling State.*” An Eligible State that has entered into this Agreement and delivers executed releases in accordance with Section VIII.A.

UUU. “*State Allocation.*” The Maximum Remediation Payment multiplied by the State Allocation Percentage for each Eligible State listed in Exhibit F.

VVV. “*State Allocation Percentage.*” A Settling State’s percentage as set forth in Exhibit F.

WWW. “*State AG Fees*” The amount to be paid by Amneal to the Settling States for their litigation fees and costs pursuant to Exhibit S. The State AG Fees are 2% times the Maximum Remediation Payment plus the maximum Settlement Product Cash Conversion Amount, minus the Additional Remediation Amount, with the maximum amount being \$233,502.

XXX. “*State Fund.*” The component of the Settlement Fund described in Section V.

YYY. “*State-Subdivision Agreement.*” An agreement that a Settling State reaches with the Subdivisions in that Settling State regarding the allocation, distribution, and/or use of funds allocated to that Settling State and to its Subdivisions. A State-Subdivision Agreement shall be effective if approved pursuant to the provisions of Exhibit O or if adopted by statute. Preexisting agreements addressing funds other than those allocated pursuant to this Agreement shall qualify if the approval requirements of Exhibit O are met. A Settling State and its Subdivisions may revise a State-Subdivision Agreement if approved pursuant to the provisions of Exhibit O, or if such revision is adopted by statute.

ZZZ. “*Statutory Trust.*” A trust fund established by state law to receive funds allocated to a Settling State’s Remediation Accounts Fund and restrict any expenditures made using funds from the Settling State’s Remediation Accounts Fund to Opioid Remediation, subject to reasonable administrative expenses. A Settling State may give a Statutory Trust authority to allocate one (1) or more of the three (3) types of funds comprising such Settling State’s Settlement Fund, but this is not required.

AAAA. “*Statewide Payment Amount.*” The amount the Settlement Fund Administrator is to pay from the Remediation Payment to be paid to a Settling State, including its separate types of funds (if applicable) and its Participating Subdivisions listed in Exhibit G.

BBBB. “*Subdivision.*” Any (1) General Purpose Government (including, but not limited to, a municipality, county, county subdivision, city, town, township, parish, village, borough, gore, or any other entities that provide municipal-type government), School District, or Special District within a Settling State, and (2) any other subdivision, subdivision official acting in an official capacity on behalf of the subdivision (including, without limitation, district attorneys, county attorneys, city attorneys, sheriffs, and any other official, employee, or representative), or sub-entity of or located within a Settling State (whether political, geographical or otherwise, whether functioning or non-functioning, regardless of population overlap, and including, but not limited to, Nonfunctioning Governmental Units and public institutions) that has filed a lawsuit that includes a Released Claim against a Released Entity in a direct, *parens patriae*, or any other capacity. “General Purpose Government,” “School District,” and “Special District” shall correspond to the “five basic types of local governments” recognized by the U.S. Census Bureau and match the 2017 list of Governmental Units.² The three (3) General Purpose Governments are county, municipal, and township governments; the two (2) special purpose governments are School Districts and Special Districts.³ “Fire District,” “Health District,” “Hospital District,” and “Library District” shall correspond to categories of Special Districts recognized by the U.S. Census Bureau.⁴ References to a Settling State’s Subdivisions or to a Subdivision “in,” “of,” or “within” a Settling State include Subdivisions located within the Settling State even if they are not formally or legally a sub-entity of the Settling State; *provided, however*, that a “Health District” that includes any of the following words or phrases in its name shall not be considered a Subdivision: mosquito, pest, insect, spray, vector, animal, air quality, air pollution, clean air, coastal water, tuberculosis, and sanitary.

CCCC. “*Subdivision Allocation Percentage.*” The portion of a Settling State’s Subdivision Fund set forth in Exhibit G that a Subdivision will receive pursuant to Section V if it becomes a Participating Subdivision. The aggregate Subdivision Allocation Percentage of all Subdivisions

² https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP

³ *E.g.*, U.S. Census Bureau, “Technical Documentation: 2017 Public Use Files for State and Local Government Organization” at 7 (noting that “the Census Bureau recognizes five basic types of local governments,” that three of those are “general purpose governments” (county governments, municipal governments, and township governments), and that the other two are “school district and special district governments”), https://www2.census.gov/programs-surveys/gus/datasets/2017/2017_gov_org_meth_tech_doc.pdf.

⁴ A list of 2017 Government Units provided by the Census Bureau identifies 38,542 Special Districts and categorizes them by “FUNCTION_NAME.” “Govt_Units_2017_Final” spreadsheet, “Special District” sheet, included in “Independent Governments - list of governments with reference information,” https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP. As used herein, “Fire District” corresponds to Special District function name “24 — Local Fire Protection,” “Health District” corresponds to Special District function name “32 — Health,” “Hospital District” corresponds to Special District function name “40 — Hospitals,” and “Library District” corresponds to Special District function name “52 — Libraries.” *See id.*

receiving a Subdivision Allocation Percentage in each Settling State shall equal one hundred percent (100%). Immediately upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section V.D.3 (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section V.D.3) that addresses allocation from the Subdivision Fund, whether before or after the Initial Participation Date, Exhibit G will automatically be amended to reflect the allocation from the Subdivision Fund pursuant to the State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section V.D.3. The Subdivision Allocation Percentages contained in Exhibit G may not change once notice is distributed pursuant to Section VII.A, except upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section V.D.3 (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section V.D.3) that addresses allocation from the Subdivision Fund. For the avoidance of doubt, no Subdivision not listed on Exhibit G shall receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

DDDD. “*Subdivision Fund.*” The component of the Settlement Fund described in Section V.A.

EEEE. “*Subdivision Settlement Participation Form.*” The form attached as Exhibit K that Participating Subdivisions must execute and return to the Implementation Administrator or Settlement Fund Administrator, and which shall (1) make such Participating Subdivisions signatories to this Agreement, (2) include a full and complete release of any and all of such Subdivision’s claims, and (3) require the prompt dismissal with prejudice of any Released Claims that have been filed by any such Participating Subdivision

FFFF. “*Threshold Motion.*” A motion to dismiss or equivalent dispositive motion made at the outset of litigation under applicable procedure. A Threshold Motion must include as potential grounds for dismissal any applicable Bar or the relevant release by a Settling State or Participating Subdivision provided under this Agreement and, where appropriate under applicable law, any applicable limitations defense.

II. Participation by Eligible States and Condition to Preliminary Agreement

A. *Notice to Eligible States.* On May 26, 2025, this Agreement shall be distributed to all Eligible States. The Attorneys General of the Eligible States shall then have until June 25, 2025, to decide whether to become Settling States and notify Amneal of that decision. Eligible States that determine to become Settling States shall so notify Amneal and shall further commit to obtaining any necessary additional state releases prior to the Reference Date. This notice period may be extended by written agreement of Amneal and the Enforcement Committee.

B. *Condition to Preliminary Agreement.* Following the notice period set forth in Section II.A, Amneal shall have fourteen (14) calendar days to determine whether, in its sole discretion (based on any criteria or factors deemed relevant to Amneal), enough Eligible States have agreed to become Settling States to proceed with notice to Subdivisions as set forth in Section

VII. This period may be extended by written agreement of Amneal and the Enforcement Committee. If Amneal determines that this condition has been satisfied, and that notice to the Subdivisions should proceed, it will so notify the Settling States by providing notice to the Enforcement Committee. The date of such notice shall be the Preliminary Agreement Date. If Amneal determines that this condition has not been satisfied, this Agreement will have no further effect and all releases and other commitments or obligations contained herein will be void.

C. *Later Joinder by Eligible States.* After the Preliminary Agreement Date, an Eligible State may only become a Settling State with the consent of Amneal and the Enforcement Committee, provided that the Enforcement Committee may not withhold consent to an Eligible State's later joinder if the Eligible State agrees to join pursuant to the terms of this Agreement and the allocation set forth on Exhibit F. If an Eligible State becomes a Settling State more than thirty (30) calendar days after the Preliminary Agreement Date, but on or before the Reference Date, the Subdivisions in that Eligible State that become Participating Subdivisions within ninety (90) calendar days of the Eligible State becoming a Settling State shall be considered Initial Participating Subdivisions. An Eligible State may not become a Settling State after the Reference Date.

D. *Litigation Activity.* Following the Preliminary Agreement Date, Eligible States that determine to become Settling States shall make reasonable efforts to cease litigation activity against Amneal, including by jointly seeking stays or, where appropriate, severance of claim against Amneal, where feasible, and otherwise to minimize such activity by means of agreed deadline extensions and agreed postponement of depositions, document productions, and motion practice if a motion to stay or sever is not feasible or is denied.

III. Injunctive Relief

A. *Injunctive Relief.* As part of the Consent Judgment, the Parties agree to the entry of the injunctive relief terms attached in Exhibit P.

IV. Settlement Payments

A. *Settlement Fund.* All payments under this Section IV shall be made into the Settlement Fund, except that, where specified, they shall be made into the Settlement Fund Escrow. The Settlement Fund shall be allocated and used only as specified in Section V.

B. Annual Remediation Payments

1. Amneal shall make ten (10) Annual Remediation Payments, each comprised of Base Payments and Incentive Payments as provided in this Section IV and as determined by the Settlement Fund Administrator as set forth in this Agreement, *provided that* the Annual Remediation Payment in Payment Year 1 shall consist solely of Base Payments. The payment schedule for the Annual Remediation Payments is attached hereto as Exhibit M-2.

2. In no instance shall Amneal's Annual Remediation Payment obligation exceed the Annual Remediation Maximum, reduced for Non-Settling States, except as specified in the definition of "Annual Remediation Maximum" for Payment Years 3, 4, and 10. In no instance shall the sum of Amneal's Annual Remediation Payment obligations for Payment Years 1-10 exceed the sum of Amneal's Annual Remediation Maximums for Payment Years 1-10, reduced for Non-Settling States.

C. *Settlement Fund Payment Process*

1. To determine each Annual Remediation Payment for Payment Year 2 and forward, the Settlement Fund Administrator shall use the data as of sixty (60) days prior to the Payment Date for each payment, unless another provision of the Agreement specifies a different date. Prior to the Effective Date, the Parties will include Exhibit L, which sets forth in detail the process for the Settlement Fund Administrator to obtain relevant data and for distributing funds to the Settling States and their Participating Subdivisions listed on Exhibit G consistent with the terms of this Agreement as quickly as practical.

2. The Settlement Fund Administrator shall determine the Annual Remediation Payment and the Statewide Payment Amount for each Settling State, consistent with the provisions in Exhibit L, by:

- a. Determining, for each Settling State, the Base Payment amount and Incentive Payment amount to which the Settling State is entitled by applying the criteria under Section IV.F, Section IV.G, and Section IV.H;
- b. applying any offsets as specified under Section XII
- c. determining the total amount owed by Amneal to all Settling States and the Participating Subdivisions listed on Exhibit G; and
- d. the Settlement Fund Administrator shall then allocate, after subtracting the portion of any Settlement Fund Administrator costs and fees owed out of funds from the Settlement Fund pursuant to Section V.C.5, the Annual Remediation Payment pursuant to Section V among the Settling States, among the separate types of funds for each Settling State (if applicable), and among the Participating Subdivisions listed on Exhibit G.

3. If, no later than fifty (50) days prior to the Payment Date, Amneal and the Enforcement Committee inform the Settlement Fund Administrator that they agree on the amount of the Annual Remediation Payment and the Statewide Payment Amount for each Settling State, Amneal shall pay the agreed-upon Annual Remediation Payment amount on the Payment Date and the Settlement Fund Administrator shall treat those amounts as the determination described in Section IV.C.2. If the Settlement Fund Administrator is not so informed, it shall give notice to Amneal, the Settling States, and the Enforcement Committee of the amount of the Annual Remediation Payment, and the Statewide Payment Amount for

each Settling State, following the determination described in Section IV.C.2, and the following timeline shall apply:

a. Within twenty-one (21) calendar days of the notice provided by the Settlement Fund Administrator, Amneal, any Settling State or the Enforcement Committee may dispute, in writing, the calculation of the Annual Remediation Payment or the Statewide Payment Amount for a Settling State. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Amneal identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

b. Within twenty-one (21) calendar days of the sending of a written notice of dispute, any affected party may submit a response, in writing, to the Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Amneal identifying the basis for disagreement with the notice of dispute.

c. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute, and Amneal shall pay the adjusted amount, collectively totaling that Payment Year's Annual Remediation Payment, on the Payment Date. If a written response to the written notice of dispute is timely sent to the Settlement Fund Administrator, the Settlement Fund Administrator shall notify Amneal of the preliminary amount to be paid, which shall be the greater of the amount originally calculated by the Settlement Fund Administrator or the amount that would be consistent with the notice of dispute, *provided, however*, that in no circumstances shall the preliminary amount to be paid be higher than the Annual Remediation Maximum. For the avoidance of doubt, a transfer of payments from the Settlement Fund Escrow for other Payment Years does not count toward determining whether the amount to be paid is higher than the Annual Remediation Maximum or other relevant maximum payment.

d. The Settlement Fund Administrator shall place any disputed amount of the preliminary amount paid by Amneal into the Settlement Fund Escrow and shall disburse any undisputed amount to each Settling State and its Participating Subdivisions listed on Exhibit G pursuant to Section IV.C.4.

4. If a Settling State informs the Settlement Fund Administrator that it and its Participating Subdivisions listed on Exhibit G have agreed on the amount of its Statewide Payment Amount, determined pursuant to Section IV.C.2 or Section IV.C.3, to be distributed to the Settling State, among its separate types of funds (if applicable), and among its Participating Subdivisions listed on Exhibit G, the Settlement Fund Administrator shall disburse the Statewide Payment Amount pursuant to the consensus distribution amounts provided by the Settling State as quickly as practical. For a Settling State that does not so notify the Settlement Fund Administrator, the Settlement Fund Administrator shall allocate

the Settling State's Statewide Payment Amount, pursuant to Section V, among the separate types of funds for the Settling State (if applicable), and among its Participating Subdivisions listed on Exhibit G using the following procedures:

a. As soon as possible for each payment and following the determination described in Section IV.C.2 or Section IV.C.3, the Settlement Fund Administrator shall give notice to the relevant Settling States and their Participating Subdivisions listed on Exhibit G of the amount to be received by each Settling State, the amount to be received by the separate types of funds for each Settling State (if applicable), and the amount to be received by each Participating Subdivision listed on Exhibit G for each Settling State.

b. Within twenty-one (21) days of the notice provided by the Settlement Fund Administrator, any Settling State or Participating Subdivision listed on Exhibit G may dispute, in writing, the calculation of the amount to be received by the relevant Settling State and/or its Participating Subdivision listed on Exhibit G. A dispute will be deemed invalid and disregarded if it challenges the allocations adopted by a State-Subdivision Agreement approved pursuant to the provisions of Exhibit O or by statute. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, any affected Settling State, and any affected Participating Subdivision identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

c. Within twenty-one (21) days of the sending of a written notice of dispute, any affected Settling State or any affected Participating Subdivision may submit a response, in writing, to the Settlement Fund Administrator, any affected Settling State and any affected Participating Subdivision identifying the basis for disagreement with the notice of dispute.

d. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute.

e. The Settlement Fund Administrator shall place any disputed amount into the Settlement Fund Escrow and shall disburse any undisputed amount to the Settling State and its Participating Subdivisions eligible for payment.

5. Disputes described in this subsection shall be resolved in accordance with the terms of Section VI.F.

6. The Settlement Fund Administrator may combine the disbursements of Annual Remediation Payments with disbursement of funds under other comparable opioid settlements. In determining when disbursements for each Annual Remediation Payment will be made, the Settlement Fund Administrator may take into account the timeline for the availability of disbursements under other comparable opioid settlements.

7. For the avoidance of doubt, a Subdivision not listed on Exhibit G shall not receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

D. *Procedure for Annual Remediation Payment and Annual Fees Payment in Payment Year 1.* The process described in Section IV.C shall not apply to Payment Year 1. The procedure in lieu of Section IV.C for Payment Year 1 is as set forth below:

1. The Payment Date for Payment Year 1 is 30 days after every Eligible State has notified Amneal of its intent to become Settling States. Amneal shall deposit into a segregated interest-bearing bank account it establishes the “Adjusted Maximum Base Payment” for Payment Year 1 as specified in Exhibit M-2. This amount shall be calculated by multiplying the aggregate State Allocation Percentage attributable to Eligible States that have agreed to become Settling States by the Preliminary Agreement Date by the “Maximum Base Payment” amount specified in Exhibit M-2 for Payment Year 1. Amneal shall also deposit into two (2) separate segregated interest-bearing bank accounts it establishes: (a) the “Maximum Exhibit R Attorney Fee and Cost Funds” for Payment Year 1 as specified in Exhibit M-3; and (b) the sum of the “Maximum State AG Fees” and the “Maximum Additional Remediation Amount” for Payment Year 1 as specified in Exhibit M-3. Amneal shall separately account for the interest earned on each of the three (3) accounts.

2. Amneal shall provide proof to the Enforcement Committee of the deposits required by Section IV.D.1 by July 25, 2025. Amneal shall not remove any money from the segregated bank accounts, except as provided by Sections IV.D.3-5.

3. In the event that, in accordance with the terms of Section VIII.B, Amneal determines not to proceed with the Settlement, or the Settlement does not become effective for any other reason, the funds held in the segregated bank accounts shall immediately revert to Amneal.

4. If the condition set forth in Section VIII.B is met, Amneal shall transfer into the Settlement Fund, no later than five (5) business days after the Reference Date (unless the Enforcement Committee specifies a later date), the amount in the segregated account holding the “*Adjusted Maximum Base Payment*” for Payment Year 1 (including all interest accrued on that account) plus the *total amount of the Base Payment* owed in Payment Year 1 for the Eligible States that newly agreed to become a Settling State between the Preliminary Agreement Date and the Reference Date, which shall be calculated by multiplying those Settling States’ State Allocation Percentage by the amount specified in Exhibit M-2 for Payment Year 1. If the condition set forth in Section VIII.B is met, Amneal also shall transfer into the relevant funds as directed by the Enforcement Committee, no later than five (5) business days after the Reference Date (unless the Enforcement Committee specifies a later date), the amount in the segregated account holding the “*Maximum Exhibit R Attorney Fee and Cost Funds*” for Payment Year 1 (including all interest accrued on that account), and the amount in the segregated account holding the Maximum State AG Fees and “Maximum

Additional Remediation Amount” for Payment Year 1 (including all interest accrued on that account), except that any reductions provided by Section IX.B and Exhibits R and S shall revert to Amneal. Amneal shall provide an accounting to the Enforcement Committee of the transfers, including Statewide Payment Amount for Payment Year 1 for each Eligible State that newly agreed to become a Settling State between the Preliminary Agreement Date and the Reference Date.

5. The interest earned from the deposit account holding the Adjusted Maximum Base Payment for Payment Year 1 shall be used, first, to pay for the Implementation Administrator, then to pay for the Implementation Administrator in the Alvogen, Apotex, Hikma, Indivior, Mylan, Sun, and Zydus Settlement Agreements, and finally to be transferred to the Settlement Fund to be used to pay for the Settlement Fund Administrator pursuant to Section V.C.5.

6. The Annual Remediation Payment for Payment Year 1 transferred by Amneal into the Settlement Fund pursuant to Section IV.D.4 shall be disbursed by the Settlement Fund Administrator after the Effective Date to each Settling State and to its Initial Participating Subdivisions listed on Exhibit G pursuant to Section IV.C.4 through Section IV.C.7; *provided, however*, that for any Settling State where the Consent Judgment has not been entered as of the Effective Date, the funds allocable to that Settling State and its Participating Subdivisions listed on Exhibit G shall not be disbursed until ten (10) calendar days after the entry of the Consent Judgment in that Settling State.

E. *Payment Date for Payment Years 2 through 10.* The Payment Date for Payment Year 2 is March 1, 2026. The Payment Date for Payment Years 3 through 10 shall be each successive March 1. The Annual Remediation Payments for those Payment Years shall be made pursuant to the process set forth in Section IV.C.

F. *Offsets to Annual Remediation Payments to the Settlement Fund for Non-Settling States.* An offset equal to \$71,751,010 times the State Allocation Percentage assigned to each Non-Settling State in Exhibit F shall be deducted from the total amount to be paid by Amneal to the Settlement Fund. For the avoidance of doubt, the Adjusted Maximum Remediation Payment is calculated in a way that reflects this offset. The Base Payments and Incentive Payments are also subject to offset as provided in Section XII.

G. *Base Payments.*

1. Subject to the offset provisions set forth in Section XII, Amneal shall make Base Payments into the Settlement Fund in an amount equal to forty percent (40%) of the Adjusted Maximum Remediation Payment. The maximum total for Base Payments is \$28,700,404. The Base Payments shall be due in installments consistent with Exhibit M-2 over the ten (10) Payment Years.

2. The Base Payment for any Settling State in each Payment Year shall be the Base Payment for that Payment Year specified in Exhibit M-2 times the Settling State's State Allocation Percentage specified in Exhibit F.

H. *Incentive Payments.*

1. Subject to the offset provisions set forth in Section XII, Amneal shall make potential additional incentive payments totaling up to a maximum of sixty percent (60%) of the Adjusted Maximum Remediation Payment, with the Incentive Payment amount depending on whether and the extent to which the criteria set forth below are met in each Settling State. The maximum total for Incentive Payments is \$43,050,606.

2. A Settling State qualifies to receive Incentive Payments in addition to Base Payments if it meets the incentive eligibility requirements specified below. The maximum total Incentive Payment for any Settling State shall be no more than the maximum total for Incentive Payments listed in Section IV.H.1 times the Settling State's State Allocation Percentage specified in Exhibit F. Incentive Payments are state-specific, with the actual amount depending on whether and the extent to which the criteria set forth below are met in such Settling State.

3. The incentive payments shall be divided among three (3) categories, referred to as Incentive Payments A, BC, and D. Incentive Payments A and BC will be due in installments over the nine (9) Payment Years beginning with Payment Year 2, while Incentive D will be due in installments over six (6) Payment Years beginning with Payment Year 5, as shown on Exhibit M-2. The total amount of incentive payments in an Annual Remediation Payment shall be the sum of the incentive payments for which the individual Settling States are eligible for that Payment Year under the criteria set forth below. The incentive payments shall be made with respect to a specific Settling State based on its eligibility for that Payment Year under the criteria set forth below. For the avoidance of doubt, eligibility for Incentive Payments A, BC, and D shall be determined on a Settling State-by-Settling State basis.

4. Incentive Payment A.

a. Incentive Payment A is mutually exclusive with Incentive Payments BC and D; if a Settling State receives Incentive Payment A in an Annual Remediation Payment, such Settling State is not eligible for Incentive Payment BC or D in that Annual Remediation Payment.

b. Incentive Payment A shall be equal to sixty percent (60%) of the Adjusted Maximum Remediation Payment, provided all Settling States satisfy the requirements of Incentive Payment A. Incentive Payment A will be due to a Settling State as part of the Annual Remediation Payment over nine (9) Payment Years, starting in Payment Year 2, and shall equal a total potential maximum of \$43,050,606 if all Eligible States qualify for Incentive Payment A. Each Settling

State's share of Incentive Payment A in a given year, *provided* that Settling State qualifies, shall equal the total maximum amount available for Incentive Payment A for that year as reflected in Exhibit M-2 times the Settling State's State Allocation Percentage.

c. Qualification for Incentive Payment A is as follows: A Settling State qualifies for Incentive Payment A if, as of two (2) years of the Effective Date: (i) there is a Bar in that Settling State in full force and effect, (ii) the Released Claims of all of the following entities are released through the execution of Subdivision Settlement Participation Forms, or there is a Case-Specific Resolution against such entities: all Primary Subdivisions, Litigating Subdivisions, School Districts with a K-12 student enrollment of at least 25,000 or .10% of a Settling State's population, whichever is greater, Hospital Districts that have at least one hundred twenty-five (125) hospital beds in one or more hospitals rendering services in that district, and Primary Fire Districts; or (iii) a combination of the actions in clauses (i) and (ii) has achieved the same level of resolution of Claims by Subdivisions (*e.g.*, a Bar against future litigation combined with full joinder by Litigating Subdivisions). For the avoidance of doubt, subsection (iii) cannot be satisfied unless all Litigating Subdivisions are Participating Subdivisions or there is a Case-Specific Resolution against any such Subdivisions that are not Participating Subdivisions. Amneal and the Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Initial Participation Date.

d. A Settling State that does not qualify for Incentive Payment A as of two (2) years after the Effective Date shall not be eligible for Incentive Payment A for that Payment Year or any subsequent Payment Years.

e. To the extent a Settling State asserts that existing legislation qualifies as a Bar, the Settling State shall provide notice to Amneal no later than 30 days before the Initial Participation Date. Amneal shall indicate before the Initial Participation Date whether existing legislation in a Settling State is sufficient to qualify as a Bar.

f. If a Settling State does not qualify for Incentive Payment A as of the Payment Date for Payment Year 2 and becomes eligible for Incentive Payment A as of Payment Date for Payment Year 3, it shall receive the payment that it would have received for Incentive Payment A for Payment Year 2 (the "Incentive Payment A Catch-up Payment") on the Payment Date for Payment Year 3. If a Settling State is not eligible for Incentive Payment A as of the Payment Date for Payment Year 3 and becomes eligible for Incentive Payment A as of two (2) years after the Effective Date, it shall receive the payment that it would have received for Incentive Payment A for Payment Years 2 and 3 (also an "Incentive Payment A Catch-up Payment") on the Payment Date for Payment Year 4. The Incentive Payment A Catch-up Payment shall be reduced by any amounts paid to the Settling State under Incentive Payment BC prior to the Settling State's eligibility for Incentive Payment A.

g. If Amneal made a payment under Incentive Payment A solely on the basis of a Bar in a Settling State and that Bar is subsequently removed, revoked, rescinded, reversed, overruled, interpreted in a manner to limit the scope of the release, or otherwise deprived of force or effect in any material respect, that Settling State shall not be eligible for Incentive Payment A thereafter, unless the Settling State requalifies for Incentive Payment A through any method pursuant to Section IV.H.4.c, in which case the Settling State shall be eligible for Incentive Payment A less any litigation fees and costs incurred by Amneal in the interim, except that, if the re-imposition occurs after the completion of opening statements in a trial involving a Released Claim, the Settling State shall not be eligible for Incentive Payment A (unless this exception is waived by Amneal).

5. Incentive Payment BC.

a. Incentive Payment BC shall be available to Settling States that do not qualify for Incentive Payment A.

b. Incentive Payment BC shall be up to a maximum of fifty-seven percent (57%) of the Settling State's State Allocation. Incentive Payment BC will be due to a Settling State as part of the Annual Remediation Payment over nine (9) Payment Years, starting in Annual Remediation Payment 2. Subject to Section IV.F, Incentive Payment BC shall equal a total potential maximum of \$40,898,076 if all Eligible States qualify for Incentive Payment BC (and do not qualify for Incentive Payment A).

c. A Settling State may earn Incentive Payment BC in Annual Remediation Payments 2 through 10 and may receive, when combined with the Settling State's Base Payment, up to ninety-seven percent (97%) of the Settling State's State Allocation. The maximum Incentive Payment BC for any Settling State in a given Payment Year shall be the maximum potential Incentive Payment BC for that Payment Year specified in Exhibit M-2 times the Settling State's State Allocation Percentage specified in Exhibit F, provided such Settling State becomes eligible for Incentive Payment BC by sixty (60) days before the Payment Date for Payment Year 6.

d. The amount of Incentive Payment BC for which a Settling State is eligible shall be determined based on the aggregate population of the Settling State's Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of all the Settling State's Incentive BC Subdivisions. The Settling State's Incentive BC Subdivisions are (i) all Litigating Subdivisions (including School Districts and Special Districts) and (ii) all Primary Subdivisions that have not sued Amneal as of the Initial Participation Date (collectively, "*Incentive BC Subdivisions*").

e. The percentage of the Settling State’s maximum Incentive Payment BC for the Payment Year provided by Section IV.H.5.c to which the Settling State is entitled shall be determined according to the table of Incentive BC payment levels below:

Participation Percentage of Incentive BC Eligible Subdivision Population ⁵	Incentive Payment BC Percentage for the Relevant Payment Year
Less than 85%	0%
85% or more but less than 86%	3.57%
86% or more but less than 87%	8.93%
87% or more but less than 88%	14.29%
88% or more but less than 89%	19.64%
89% or more but less than 90%	25%
90% or more but less than 91%	30.36%
91% or more but less than 92%	35.71%
92% or more but less than 93%	41.07%
93% or more but less than 94%	46.43%
94% or more but less than 95%	51.79%
95% or more but less than 96%	60.71%

⁵ The “Participation Percentage of Incentive BC Eligible Subdivision Population” shall be determined by the aggregate population of the Settling State’s Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of the Settling State’s Incentive BC Subdivisions. In calculating the Settling State’s population that resides in Incentive BC Subdivisions, the population of the Settling State’s Incentive BC Subdivisions shall be the sum of the population of all Incentive BC Subdivisions in the Settling State, notwithstanding that persons may be included within the population of more than one Incentive BC Subdivision. An individual Subdivision shall not be included more than once in the numerator, and shall not be included more than once in the denominator, of the calculation regardless if it (or any of its officials) is named as multiple plaintiffs in the same lawsuit; provided, however, that for the avoidance of doubt, no Subdivision will be excluded from the numerator or denominator under this sentence unless a Subdivision otherwise counted in the denominator has the authority to release the Claims (consistent with Section X) of the Subdivision to be excluded.

96% or more but less than 97%	68.75%
97% or more but less than 98%	76.79%
98% or more but less than 99%	84.82%
99% or more but less than 100%	92.86%
100%	100%

f. For Payment Years 2-5, the percentage of the available Incentive Payment BC amount for which a Settling State is eligible will be based on the Participation Percentage of Incentive BC Eligible Subdivision Population as of sixty (60) days before the Payment Date. For Payment Years 6-10, the percentage of the available Incentive Payment BC amount for which a Settling State is eligible will be based on the Participation Percentage of Incentive BC Eligible Subdivision Population as of sixty (60) days before the Payment Date for Payment Year 6. If Incentive BC Eligible Subdivisions that have become Participating Subdivisions, or achieved Case-Specific Resolution status, collectively represent less than eighty-five percent (85%) of a Settling State's Incentive BC Eligible Subdivision population by sixty (60) days before the Payment Date for Payment Year 6, the Settling State shall not receive any Incentive Payment BC.

g. If there are no Incentive BC Eligible Subdivisions in a Settling State, and that Settling State is otherwise eligible for Incentive Payment BC because it is not eligible for Incentive Payment A, that Settling State will receive its maximum Incentive Payment BC for that Annual Remediation Payment provided by Section IV.H.5.c.

6. Incentive Payment D.

a. Incentive Payment D shall be available to Settling States that do not qualify for Incentive Payment A.

b. Incentive Payment D shall be equal to up to a maximum of ten percent (10%) of the Adjusted Maximum Remediation Payment, with the actual amount depending whether and the extent to which the criteria set forth below are met in each Settling State. The maximum total for Incentive Payment D is \$7,175,101.⁶

⁶ The Incentive Payment BC table specified in Section IV.H.5.e and Incentive Payment D table specified in Section IV.H.6.f operate so that the combined amount of Incentive Payment BC and Incentive Payment D cannot exceed

c. Incentive Payment D shall be paid starting at Payment Year 5 and the amount of Incentive Payment D in Payment Years 5-10 will depend on (i) the Settling State meeting the qualifications set out in Section IV.H.6.d and (ii) the Participation Percentage of Incentive BC Eligible Subdivision Population achieved by the Settling State as of sixty (60) days prior to the Payment Date for Payment Year 5.

d. A Settling State qualifies for Incentive Payment D if no Later Litigating Subdivision (for purposes of Incentive Payment D, Later Litigating Subdivisions are limited to (i) a Primary Subdivision; (ii) a school district with a K-12 student enrollment of at least 25,000 or 0.10% of the Settling State's population, whichever is greater; (iii) a health district or hospital district that has at least one hundred twenty-five (125) hospital beds in one or more hospitals rendering services in that district; and (iv) Primary Fire Districts) in that Settling State has a lawsuit against a Released Entity survive more than six (6) months after denial in whole or in part of a Threshold Motion.

e. A Settling State's qualification for Incentive Payment D shall be determined as of sixty (60) calendar days prior to the Payment Date ("*Incentive Payment D Look-Back Date*"). If a Later Litigating Subdivision's lawsuit in that Settling State survives more than six (6) months after denial in whole or in part a Threshold Motion after that date, that Settling State shall not be eligible for Incentive Payment D for the Payment Year in which that occurs and any subsequent Payment Year.

f. The Incentive Payment D for any Settling State qualifying for Incentive Payment D in Payment Years 5-10 shall be equal to between three percent (3%) and ten percent (10%) of the of the State Remediation Payment times the Settling State's Overall Allocation Percentage specified in Exhibit F. The applicable percentage shall be determined based on the Participation Percentage of Incentive BC Eligible Subdivision Population achieved by the Incentive Payment D Look-Back Date for Payment Year 5 as shown in the table below:

Participation Percentage of Incentive BC Eligible Subdivision Population as of sixty (60) days prior to the Payment Date for Payment Year 5	Each Eligible Settling State's Applicable Incentive Payment D Percentage
Participation of less than 95%	10% of State Allocation
Participation of 95% but less than 96%	9% of State Allocation
Participation of 96% but less than 97%	8% of State Allocation
Participation of 97% but less than 98%	7% of State Allocation

sixtypercent (60%) of the Adjusted Maximum Remediation Payment over the term of the Agreement. Amneal will have no obligation to pay more than \$43,050,606 for the combined amounts of Incentive Payment BC and Incentive Payment D minus any offsets for Non-Settling States specified in Section IV.F.

Participation of 98% but less than 99%	6% of State Allocation
Participation of 99% but less than 100%	5% of State Allocation
Participation of 100%	3% of State Allocation

g. Incentive Payment D shall be paid in six installments. The Incentive Payment D for any Settling State in a given Payment Year shall be the Maximum Incentive Payment D for that Payment Year specified in Exhibit M-2 times the Settling State's State Allocation Percentage specified in Exhibit F times the ratio between the applicable percentage determined by Section IV.H.6.f and ten percent (10%).⁷ Prior to making the Annual Remediation Payment for Payment Years 5-10, the Settlement Fund Administrator shall determine a Settling State's qualification for Incentive Payment D as of the Incentive Payment D Look-Back Date for that Payment Year. Prior to the Incentive Payment D Look-Back Date for each Payment Year, Amneal may provide the Settlement Fund Administrator and the Enforcement Committee with notice identifying any Settling State(s) it believes do not qualify for Incentive Payment D and information supporting its belief.

h. Notwithstanding Section IV.H.6.d and Section IV.H.6.e, a Settling State can become re-eligible for Incentive Payment D if the lawsuit that survived a Threshold Motion is dismissed pursuant to a later motion on grounds included in the Threshold Motion, in which case the Settling State shall be eligible for Incentive Payment D less any litigation fees and costs incurred by Amneal in the interim, except that if the dismissal motion occurs after the completion of opening statements in such action, the Settling State shall not be eligible for Incentive Payment D.

7. In no event shall any Settling State receive Base Payments and Incentive Payments A, BC, and D totaling more than one hundred percent (100%) of its respective Overall State Allocation Percentage specified in Exhibit F times the Maximum Remediation Payment.

V. Allocation and Use of Settlement Payments

A. *Components of Settlement Fund.* The Settlement Fund shall be funded by the Annual Remediation Payments and comprised of a Remediation Accounts Fund, a State Fund, and a Subdivision Fund for each Settling State. The payments made under Section IV into the

⁷ For example, for a Settling State with a Participation Percentage of Incentive BC Eligible Subdivision Population as of 60 days prior to the Payment Date for Payment Year 5 of 100%, the Incentive Payment D for any given Payment Year shall be the Maximum Incentive Payment D for that Payment Year specified in Exhibit M-2 times the Settling State's State Allocation Percentage specified in Exhibit F times 0.3. For a Settling State with a Participation Percentage of Incentive BC Eligible Subdivision Population as of 60 days prior to the Payment Date for Payment Year 5 of less than 95%, the Incentive Payment D for any given Payment Year shall be the Maximum Incentive Payment D for that Payment Year specified in Exhibit M-2 times the Settling State's State Allocation Percentage specified in Exhibit F times .1.

Settlement Fund shall be initially allocated among those three (3) sub-funds and distributed and used as provided below. Payments placed into the Settlement Fund do not revert back to Amneal.

B. Use of Settlement Payments.

1. It is the intent of the Parties that the payments disbursed from the Settlement Fund to Settling States and Participating Subdivisions be for Opioid Remediation, subject to exceptions that must be documented in accordance with Section V.B.2. In no event may less than ninety-five percent (95%) of Amneal's maximum amount of payments pursuant to Section IV as set forth on Exhibit M-2 over the entirety of all Payments Years (but not any single Payment Year) be spent on Opioid Remediation.

2. While disfavored by the Parties, a Settling State or a Participating Subdivision set forth on Exhibit G may use monies from the Settlement Fund (that have not been restricted by this Agreement solely to future Opioid Remediation) for purposes that do not qualify as Opioid Remediation. If, at any time, a Settling State or a Participating Subdivision set forth on Exhibit G uses any monies from the Settlement Fund for a purpose that does not qualify as Opioid Remediation, such Settling State or Participating Subdivision set forth on Exhibit G shall identify such amounts and report to the Settlement Fund Administrator and Amneal how such funds were used, including if used to pay attorneys' fees, investigation costs, litigation costs, or costs related to the operation and enforcement of this Agreement, respectively. It is the intent of the Parties that the reporting under this Section V.B.2 shall be available to the public. For the avoidance of doubt, (a) any amounts not identified under this Section V.B.2 as used to pay attorneys' fees, investigation costs, or litigation costs shall be included in the Compensatory Restitution Amount for purposes of Section V.F and (b) Participating Subdivisions not listed on Exhibit G may only use monies from the Settlement Fund for purposes that qualify as Opioid Remediation.

C. Allocation of Settlement Fund. The allocation of the Settlement Fund allows for different approaches to be taken in different states, such as through a State-Subdivision Agreement. Given the uniqueness of Settling States and their Subdivisions, Settling States and their Subdivisions are encouraged to enter into State-Subdivision Agreements in order to direct the allocation of their portion of the Settlement Fund. As set out below, the Settlement Fund Administrator will make an initial allocation to three (3) state-level sub-funds. The Settlement Fund Administrator will then, for each Settling State and its Participating Subdivisions, apply the terms of this Agreement and any relevant State-Subdivision Agreement, Statutory Trust, Allocation Statute, or voluntary redistribution of funds as set out below before disbursing the funds.

1. Base Payments. The Settlement Fund Administrator will allocate Base Payments under Section IV.G among the Settling States pursuant to Section IV.G.2. Base payments for each Settling State will then be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section V.D.

2. Incentive Payments. The Settlement Fund Administrator will treat Incentive Payments under Section IV.H on a state-specific basis. Incentive Payments for which a Settling State is eligible will be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section V.D.

3. Application of Adjustments. If an offset under Section XII applies with respect to a Settling State, the offset shall be applied proportionally to all amounts that would otherwise be apportioned and distributed to the State Fund, the Remediation Accounts Fund, and the Subdivision Fund for that Settling State.

4. Settlement Fund Administrator. Prior to the Effective Date, Amneal and the Enforcement Committee will agree to a detailed mechanism consistent with the foregoing for the Settlement Fund Administrator to follow in allocating, apportioning, and distributing payments, which shall then be appended hereto as Exhibit L.

5. Settlement Fund Administrator Costs. Any costs and fees associated with or arising out of the duties of the Settlement Fund Administrator as described in Exhibit L shall be paid from the interest accrued in the Settlement Fund Escrow and the Settlement Fund; *provided, however,* that if such accrued interest is insufficient to pay the entirety of any such costs and fees, the additional amount shall be paid out of the Settlement Fund. For the avoidance of doubt, nothing in this provision shall require Amneal to pay any costs, fees or other amounts in excess of the Global Settlement Amount.

D. *Settlement Fund Reallocation and Distribution.* As set forth below, within a particular Settling State's account, amounts contained in the Settlement Fund sub-funds may be reallocated and distributed per a State-Subdivision Agreement or other means. If the apportionment of amounts is not addressed and controlled under Section V.D.1 and Section V.D.2, then the default provisions of Section V.D.4 apply. It is not necessary that a State-Subdivision Agreement or other means of allocating funds pursuant to Section V.D.1 and Section V.D.2 address all of the Settlement Fund sub-funds. For example, a Statutory Trust might only address disbursements from a Settling State's Remediation Accounts Fund.

1. Distribution by State-Subdivision Agreement. If a Settling State has a State-Subdivision Agreement, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section V.C shall be reallocated and distributed as provided by that agreement. Any State-Subdivision Agreement entered into after the Preliminary Agreement Date shall be applied only if it requires: (a) that all amounts be used for Opioid Remediation, except as allowed by Section V.B.2, and (b) that at least seventy percent (70%) of amounts be used solely for future Opioid Remediation.⁸ For a State-

⁸ Future Opioid Remediation includes amounts paid to satisfy any future demand by another governmental entity to make a required reimbursement in connection with the past care and treatment of a person related to the Alleged Harms

Subdivision Agreement to be applied to the relevant portion of an Annual Payment, notice must be provided to Amneal and the Settlement Fund Administrator at least sixty (60) calendar days prior to the Payment Date.

2. Distribution by Allocation Statute. If a Settling State has an Allocation Statute and/or a Statutory Trust that addresses allocation or distribution of amounts apportioned to such Settling State's State Fund, Remediation Accounts Fund, and/or Subdivision Fund and that, to the extent any or all such sub-funds are addressed, requires (1) all amounts to be used for Opioid Remediation, except as allowed by Section V.B.2, and (2) at least seventy percent (70%) of all amounts to be used solely for future Opioid Remediation then, to the extent allocation or distribution is addressed, the amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section V.C shall be allocated and distributed as addressed and provided by the applicable Allocation Statute or Statutory Trust. For the avoidance of doubt, an Allocation Statute or Statutory Trust need not address all three (3) sub-funds that comprise the Settlement Fund, and if the applicable Allocation Statute or Statutory Trust does not address distribution of all or some of these three (3) sub-funds, the applicable Allocation Statute or Statutory Trust does not replace the default provisions described in Section V of any such unaddressed fund. For example, if an Allocation Statute or Statutory Trust that meets the requirements of this Section V.D.2 only addresses funds restricted to remediation, then the default provisions of this Agreement concerning allocation among the three (3) sub-funds comprising the Settlement Fund and the distribution of the State Fund and Subdivision Fund for that Settling State would still apply, while the distribution of the applicable State's Remediation Accounts Fund would be governed by the qualifying Allocation Statute or Statutory Trust.

3. Voluntary Redistribution. A Settling State may choose to reallocate all or a portion of its State Fund to its Remediation Accounts Fund. A Participating Subdivision included on Exhibit G may choose to reallocate all or a portion of its allocation from the Subdivision Fund to the Settling State's Remediation Accounts Fund or to another Participating Subdivision. The Settlement Fund Administrator is not required to honor a voluntary redistribution for which notice is provided to it less than sixty (60) calendar days prior to the applicable Payment Date.

4. Distribution in the Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. If Section V.D.1 and Section V.D.2 do not apply, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section V.C shall be distributed as follows:

- a. Amounts apportioned to that Settling State's State Fund shall be distributed to that Settling State.
- b. Amounts apportioned to that Settling State's Remediation Accounts Fund shall be distributed consistent with Section V.E. Each Settling State shall submit to the Settlement Fund Administrator a designation of a lead state agency or other entity to serve as the single point of contact for that Settling State's funding

requests from the Remediation Accounts Fund and other communications with the Settlement Fund Administrator. The designation of an individual entity is for administrative purposes only and such designation shall not limit funding to such entity or even require that such entity receive funds from this Agreement. The designated entity shall be the only entity authorized to request funds from the Settlement Fund Administrator to be disbursed from that Settling State's Remediation Accounts Fund. If a Settling State has established a Statutory Trust then that Settling State's single point of contact may direct the Settlement Fund Administrator to release the Settling State's Remediation Accounts Fund to the Statutory Trust.

c. Amounts apportioned to that Settling State's Subdivision Fund shall be distributed to Participating Subdivisions in that Settling State included on Exhibit G per the Subdivision Allocation Percentage listed in Exhibit G. Section VII.H shall govern amounts that would otherwise be distributed to Non-Participating Subdivisions listed in Exhibit G. For the avoidance of doubt and notwithstanding any other provision in this Agreement, no Non-Participating Subdivision will directly receive any amount from the Settlement Fund, regardless of whether such Subdivision is included on Exhibit G.

d. Special Districts shall not be allocated funds from the Subdivision Fund, except through a voluntary redistribution allowed by Section V.D.3 to Special Districts that are Participating Subdivisions. A Settling State may allocate funds from its State Fund or Remediation Accounts Fund for Special Districts that are Participating Subdivisions.

5. Restrictions on Distribution. No amounts may be distributed from the Subdivision Fund contrary to Section VII, i.e., no amounts may be distributed directly to Non-Participating Subdivisions or to Later Participating Subdivisions to the extent such a distribution would violate Section VII.E through Section VII.H. Amounts allocated to the Subdivision Fund that cannot be distributed by virtue of the preceding sentence shall be distributed into the sub-account in the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement described in Section V.D.1 or by an Allocation Statute or a Statutory Trust described in Section V.D.2.

E. *Provisions Regarding the Remediation Accounts Fund.*

1. State-Subdivision Agreement, Allocation Statute, and Statutory Trust Fund Provisions. A State-Subdivision Agreement, Allocation Statute, or Statutory Trust may govern the operation and use of amounts in that Settling State's Remediation Accounts Fund so long as it complies with the requirements of Section V.D.1 or Section V.D.2, as applicable, and all direct payments to Subdivisions comply with Section VII.E through Section VII.H.

2. Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. In the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust that addresses distribution, the Remediation Accounts Fund will be used solely for future Opioid Remediation and the following shall apply with respect to a Settling State:

a. Regional Remediation.

(i) At least fifty percent (50%) of distributions for remediation from a Settling State's Remediation Accounts Fund shall be annually allocated and tracked to the regional level. A Settling State may allow the Advisory Committee established pursuant to Section V.E.2.d to define its regions and assign regional allocations percentages. Otherwise, the Settling State shall (A) define its initial regions, which shall consist of one (1) or more General Purpose Subdivisions and which shall be designated by the state agency with primary responsibility for substance abuse disorder services employing, to the maximum extent practical, existing regions established in that Settling State for opioid abuse treatment or other public health purposes; (B) assign initial regional allocation percentages to the regions based on the Subdivision Allocation Percentages in Exhibit G and an assumption that all Subdivisions included on Exhibit G will become Participating Subdivisions.

(ii) This minimum regional expenditure percentage is calculated on the Settling State's initial Remediation Accounts Fund allocation and does not include any additional amounts a Settling State has directed to its Remediation Accounts Fund from its State Fund, or any other amounts directed to the fund. A Settling State may dedicate more than fifty percent (50%) of its Remediation Accounts Fund to the regional expenditure and may annually adjust the percentage of its Remediation Accounts Fund dedicated to regional expenditures as long as the percentage remains above the minimum amount.

(iii) The Settling State (A) has the authority to adjust the definition of the regions, and (B) may annually revise the percentages allocated to each region to reflect the number of General Purpose Subdivisions in each region that are Non-Participating Subdivisions.

b. *Subdivision Block Grants.* Certain Subdivisions shall be eligible to receive regional allocation funds in the form of a block grant for future Opioid Remediation. A Participating Subdivision eligible for block grants is a county or parish (or in the case of Settling States that do not have counties or parishes that function as political subdivisions, a city) that (1) does not contain a Litigating Subdivision or a Later Litigating Subdivision for which it has the authority to end the litigation through a release, bar or other action; (2) either (i) has a population of 400,000 or more or (ii) in the case of California has a population of 750,000 or more; and (3) has funded or otherwise managed an established health care or

treatment infrastructure (e.g., health department or similar agency). Each Subdivision eligible to receive block grants shall be assigned its own region.

c. *Small Settling States.* Notwithstanding the provisions of Section V.E.2.a, Settling States with populations under four (4) million that do not have existing regions described in Section V.E.2.a shall not be required to establish regions. However, such a Settling State that contains one (1) or more Subdivisions eligible for block grants under Section V.E.2.b shall be divided regionally so that each block-grant eligible Subdivision is a region, and the remainder of the state is a region.

d. *Advisory Committee.* The Settling State shall designate an Opioid Settlement Remediation Advisory Committee (the “*Advisory Committee*”) to provide input and recommendations regarding remediation spending from that Settling State’s Remediation Accounts Fund. A Settling State may elect to use an existing advisory committee or similar entity (created outside of a State-Subdivision Agreement or Allocation Statute); *provided, however*, the Advisory Committee or similar entity shall meet the following requirements:

(i) Written guidelines that establish the formation and composition of the Advisory Committee, terms of service for members, contingency for removal or resignation of members, a schedule of meetings, and any other administrative details;

(ii) Composition that includes at least an equal number of local representatives as state representatives;

(iii) A process for receiving input from Subdivisions and other communities regarding how the opioid crisis is affecting their communities, their remediation needs, and proposals for remediation strategies and responses; and

(iv) A process by which Advisory Committee recommendations for expenditures for Opioid Remediation will be made to and considered by the appropriate state agencies.

3. Remediation Accounts Fund Reporting. The Settlement Fund Administrator shall track and assist in the report of remediation disbursements as agreed to between Amneal and the Enforcement Committee

F. *Nature of Payment.* Amneal, the Settling States, and the Participating Subdivisions each acknowledge and agree that notwithstanding anything to the contrary in this Agreement, including, but not limited to, the scope of the Released Claims:

1. They have entered into this Agreement to avoid the delay, expense, inconvenience, and uncertainty of further litigation;

2. (a) The Settling States and Participating Subdivisions sought compensatory payments (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i)) as damages for the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; (b) the Compensatory Restitution Amount is less than or equal to the amount, in the aggregate, of the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; and (c) the portion of the Compensatory Restitution Amount received by each Settling State or Participating Subdivision is less than or equal to the amount of the Alleged Harms allegedly suffered by such Settling State or Participating Subdivision;

3. The payment of the Compensatory Restitution Amount by Amneal constitutes payment (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i), (ii)) for alleged damage or harm allegedly caused by Amneal in order to restore, in whole or in part, the Settling States, Participating Subdivisions, and persons to the same position or condition that they would be in had the Settling States, Participating Subdivisions, and persons not suffered the Alleged Harms, and constitutes compensatory restitution and remediation for alleged damage or harm allegedly caused by the potential violation of a law; and

4. For the avoidance of doubt: (a) the entire Compensatory Restitution Amount is properly characterized as described in Section V.F, (b) no portion of the Compensatory Restitution Amount represents reimbursement to any Settling State or Participating Subdivision or other person or entity for the fees or costs of any investigation or litigation, including without limitation attorneys' fees, (c) no portion of the Global Settlement Amount constitutes the disgorgement of any allegedly ill-gotten gains, and (d) no portion of the Global Settlement Amount is paid for, is in place of, or is properly characterized as the payment of any fine, penalty, punitive damages, or other punitive assessments.

VI. Enforcement

A. *Enforceability.* This Agreement is enforceable only by the Settling States and Amneal; *provided, however*, that Released Entities may enforce Section X and Participating Subdivisions listed on Exhibit G have the enforcement rights described later in this paragraph and in Section VI.D. Except to the extent allowed by the Injunctive Relief Terms, Settling States and Participating Subdivisions shall not have enforcement rights against Amneal with respect to either the terms of this Agreement that apply only to or in other Settling States or any Consent Judgment entered into by another Settling State. Participating Subdivisions shall not have enforcement rights against Amneal with respect to this Agreement or any Consent Judgment except that Participating Subdivisions listed on Exhibit G shall have enforcement rights as set forth herein as to payments that would be allocated to the Participating Subdivisions or the Remediation Accounts Fund in such Settling State; *provided, however*, that each Settling State shall allow Participating Subdivisions in such Settling State to notify it of any perceived violations of this Agreement or the applicable Consent Judgment.

B. *Jurisdiction.* Amneal consents to the jurisdiction of the court in which each Settling State files its Consent Judgment, limited to resolution of disputes identified in Section VI.F.2 for resolution in that court.

C. *Specific Terms Dispute Resolution.*

1. Any dispute that is addressed by the provisions set forth in the Injunctive Relief Terms shall be resolved as provided therein.

2. In the event that Amneal believes that the ninety-five percent (95%) threshold established in Section V.B.1 is not being satisfied, any Party may request that Amneal and the Enforcement Committee meet and confer regarding the use of funds to implement Section V.B.1. The completion of such meet-and-confer process is a precondition to further action regarding any such dispute. Further action concerning Section V.B.1 shall: (i) be limited to Amneal seeking to reduce its Annual Remediation Payments by no more than five percent (5%) of the difference between the actual amount of Opioid Remediation and the ninety-five percent (95%) threshold established in Section V.B.1; (ii) only reduce Annual Remediation Payments to those Settling States and their Participating Subdivision(s) that are below the ninety-five percent (95%) threshold established in Section V.B.1; and (iii) not reduce Annual Remediation Payments restricted to future Opioid Remediation.

D. *State-Subdivision Enforcement.*

1. A Subdivision shall not have enforcement rights against a Settling State in which it is located with respect to this Agreement or any Consent Judgment except that a Participating Subdivision listed on Exhibit G shall have enforcement rights (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust with respect to intrastate allocation or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that (i) the Settling State's use of Remediation Accounts Fund monies were not used for uses similar to or in the nature of those uses contained in Exhibit E; or (ii) a Settling State failed to pay funds directly from the Remediation Accounts Fund to a Participating Subdivision eligible to receive a block grant pursuant to Section V.E.2.b.

2. A Settling State shall have enforcement rights against a Participating Subdivision located in its territory (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust; or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that the Participating Subdivisions' uses of Remediation Accounts Fund monies were not used for purposes similar to or in the nature of those uses contained in Exhibit E.

3. As between the Settling States and Participating Subdivisions, the above rights are contractual in nature and nothing herein is intended to limit, restrict, change or alter any other existing rights under law.

E. *Subdivision Amneal Payment Enforcement.* A Participating Subdivision listed on Exhibit G shall have the same right as a Settling State to seek resolution regarding the failure by Amneal to make its Annual Remediation Payment in a Payment Year.

F. *Other Terms Regarding Dispute Resolution.*

1. The parties to a dispute shall promptly meet and confer in good faith to resolve any dispute. If the parties cannot resolve the dispute informally, and unless otherwise agreed in writing, they shall follow the remaining provisions in this section to resolve the dispute.

2. Except to the extent provided by Section VI.C or Section VI.F.3, all disputes not resolved informally shall be resolved in either the court that entered the relevant Consent Judgment or, if no such Consent Judgment was entered, a state or territorial court with jurisdiction located wherever the seat of the relevant state government is located.

a. State court proceedings shall be governed by the rules and procedures of the relevant forum.

b. For the avoidance of doubt, disputes to be resolved in state court include, but are not limited to, the following:

(i) disputes concerning whether expenditures qualify as Opioid Remediation;

(ii) disputes between a Settling State and its Participating Subdivisions as provided by Section VI.D, except to the extent the State-Subdivision Agreement provides for other dispute resolution mechanisms. For the avoidance of doubt, disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes;

(iii) whether this Agreement and relevant Consent Judgment are binding under state law;

(iv) the extent of the Attorney General's or other participating entity's authority under state law, including the extent of the authority to release claims; and

(v) whether the definition of a Bar, a Case-Specific Resolution, Final Order, lead state agency as described in Section V.D.4.b, Later Litigating Subdivision, Litigating Subdivision, or Threshold Motion have been met; and

(vi) all other disputes not specifically identified in Section VI.C or Section VI.F.3.

c. Any Party may request that the National Arbitration Panel provide an interpretation of any provision of the settlement that is relevant to the state court determination, and the National Arbitration Panel shall make reasonable best efforts to supply such interpretation within the earlier of thirty (30) calendar days or the time period required by the state court proceedings. Any Party may submit that interpretation to the state court to the extent permitted by, and for such weight provided by, the state court's rules and procedures. If requested by a Party, the National Arbitration Panel shall request that its interpretation be accepted in the form of an *amicus curiae* brief, and any attorneys' fees and costs for preparing any such filing shall be paid for by the requesting Party.

3. National Disputes involving a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VI.A, and/or Amneal shall be resolved by the National Arbitration Panel.

a. National Disputes are disputes that are not addressed by Section VI.C, and which are exceptions to Section VI.F.2's presumption of resolution in state courts because they involve issues of interpretation of terms contained in this Agreement applicable to all Settling States without reference to a particular state's law. Disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes. National Disputes are limited to the following:

(i) the amount of offset and/or credit attributable to Non-Settling States;

(ii) issues involving the scope and definition of Product;

(iii) interpretation and application of the terms "Covered Conduct," "Released Entities," and "Released Claims;"

(iv) the failure by Amneal to pay the Annual Remediation Payment or the Additional Remediation Amount in a Payment Year, but for the avoidance of doubt, disputes between Amneal and a Settling State over the amounts owed only to that state that do not affect any other Settling State shall not be considered National Disputes;

(v) questions regarding the performance and/or removal of the Settlement Fund Administrator;

(vi) disputes involving liability of successor entities;

(vii) disputes that require a determination of the sufficiency of participation in order to qualify for Incentive Payments A, BC, or D;

(viii) disputes involving a Releasor's compliance with, and the appropriate remedy under, Section X.B.4;

(ix) disputes requiring the interpretation of Agreement terms that are national in scope or impact, which shall mean disputes requiring the interpretation of Agreement terms that (i) concretely affect four (4) or more Settling States; and (ii) do not turn on unique definitions and interpretations under state law; and

(x) any dispute subject to resolution under Section VI.F.2 but for which all parties to the dispute agree to arbitration before the National Arbitration Panel under the provisions of this Section VI.F.3.

b. The National Arbitration Panel shall be comprised of three (3) arbitrators. One (1) arbitrator shall be chosen by Amneal, one (1) arbitrator shall be chosen by the Enforcement Committee with due input from Participating Subdivisions listed on Exhibit G, and the third arbitrator shall be agreed upon by the first two (2) arbitrators. The membership of the National Arbitration Panel is intended to remain constant throughout the term of this Agreement, but in the event that replacements are required, the retiring arbitrator shall be replaced by the party that selected him/her.

c. The National Arbitration Panel shall make reasonable best efforts to decide all matters within one hundred eighty (180) calendar days of filing, and in no event shall it take longer than one (1) year.

d. The National Arbitration Panel shall conduct all proceedings in a reasonably streamlined process consistent with an opportunity for the parties to be heard. Issues shall be resolved without the need for live witnesses where feasible and with a presumption in favor of remote participation to minimize the burdens on the parties.

e. To the extent allowed under state law, a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VI.A, and (at any party's request) the National Arbitration Panel may certify to an appropriate state court any question of state law. The National Arbitration Panel shall be bound by a final state court determination of such a certified question. The time period for the arbitration shall be tolled during the course of the certification process.

f. The arbitrators will give due deference to any authoritative interpretation of state law, including any declaratory judgment or similar relief obtained by a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VI.A, or Amneal on a state law issue.

g. The decisions of the National Arbitration Panel shall be binding on Settling States, Participating Subdivisions, Amneal, and the Settlement Fund Administrator. In any proceeding before the National Arbitration Panel involving a dispute between a Settling State and Amneal whose resolution could prejudice the

rights of a Participating Subdivision(s) in that Settling State, such Participating Subdivision(s) shall be allowed to file a statement of view in the proceeding.

h. Nothing herein shall be construed so as to limit or otherwise restrict a Settling State from seeking injunctive or other equitable relief in state court to protect the health, safety, or welfare of its citizens.

i. Each party shall bear its own costs in any arbitration or court proceeding arising under this Section VI. The costs for the arbitrators on the National Arbitration Panel shall be divided and paid equally by the disputing sides for each individual dispute, e.g., a dispute between Amneal and Settling States/Participating Subdivisions shall be split fifty percent (50%) by Amneal and fifty percent (50%) by the Settling States/Participating Subdivisions that are parties to the dispute; a dispute between a Settling State and a Participating Subdivision shall be split fifty percent (50%) by the Settling State that is party to the dispute and fifty percent (50%) by any Participating Subdivisions that are parties to the dispute. For the avoidance of doubt, Amneal shall not be responsible for the National Arbitration Panel costs in disputes that do not concern Amneal.

4. Prior to initiating an action to enforce pursuant to this Section VI.F, the complaining party must:

a. Provide written notice to the Enforcement Committee and/or Amneal of its complaint, including the provision of the Consent Judgment and/or Agreement that the practice appears to violate, as well as the basis for its interpretation of the disputed provision. The Enforcement Committee shall establish a reasonable process and timeline for obtaining additional information from the involved parties; *provided, however*, that the date the Enforcement Committee establishes for obtaining additional information from the parties shall not be more than forty-five (45) calendar days following the notice. The Enforcement Committee may advise the involved parties of its views on the complaint and/or seek to resolve the complaint informally.

b. Wait to commence any enforcement action until thirty (30) calendar days after the date that the Enforcement Committee establishes for obtaining additional information from the involved parties.

5. If the parties to a dispute cannot agree on the proper forum for resolution of the dispute under the provisions of Section VI.F.2 or Section VI.F.3, a committee comprising the Enforcement Committee and sufficient representatives of Amneal such that the members of the Enforcement Committee have a majority of one (1) member will determine the forum where the dispute will be initiated within twenty-eight (28) calendar days of receiving notification of the dispute relating to the proper forum. The forum identified by such committee shall be the sole forum for litigating the issue of which forum will hear the

substantive dispute, and the committee's identification of such forum in the first instance shall not be entitled to deference by the forum selected.

G. *Lien or Encumbrance.* To the extent allowed by applicable law, this Settlement Agreement shall not be deemed to create a lien or encumbrance against any real property owned by Amneal or its affiliates, unless in the event of a default or breach of the payment provisions by Amneal. Nothing in this Section shall be construed to limit any remedy of any Settling State or Participating Subdivision in the event of a default or breach of this Agreement by Amneal.

H. *No Effect.* Nothing in this Agreement shall be interpreted to limit the Settling States' Civil Investigative Demand ("CID") or investigative subpoena authority, to the extent such authority exists under applicable state law and the CID or investigative subpoena is issued pursuant to such authority, and Amneal reserves all of its rights in connection with a CID or investigative subpoena issued pursuant to such authority.

VII. Participation by Subdivisions

A. *Notice.* No later than fifteen (15) calendar days after the Preliminary Agreement Date, the Implementation Administrator shall send individual written notice (which may be delivered via e-mail or other electronic means and may be combined with distribution of the Subdivision Settlement Participation Form) of the opportunity to participate in this Agreement and the requirements of participation to all Subdivisions in the Settling States that are (1) Litigating Subdivisions or (2) Non-Litigating Subdivisions listed on Exhibit G. To the extent a Special District is entitled to an allocation for a direct payment through its inclusion in Exhibit G pursuant to a State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution, the Implementation Administrator, with the cooperation of the Settling States shall also send individual written notice (which may be delivered via e-mail or other electronic means) of the opportunity to participate in this Agreement and the requirements of participation to such Special Districts. Unless otherwise agreed by the Parties, the version of Exhibit G used for notice shall be the one in place as of the Preliminary Agreement Date. Notice (which may be delivered via e-mail or other electronic means) shall also be provided simultaneously to counsel of record for Litigating Subdivisions and known counsel for Non-Litigating Subdivisions and Special Districts listed on Exhibit G. The costs of the Implementation Administrator shall be paid for by the interest earned from the deposit accounts holding the Adjusted Maximum Base Payment for Payment Year 1 for Amneal and nothing in this provision shall require Amneal to pay any costs, fees or other amounts in excess of the Global Settlement Amount. The Settling States, with the cooperation of Amneal, may also provide general notice reasonably calculated to alert Non-Litigating Subdivisions in the Settling States to this Agreement, the opportunity to participate in it, and the requirements for participation. Such notice may include publication and other standard forms of notification, as well as notice to state and county organizations such as the National Association of Counties and the National League of Cities. The notice will include that the deadline for becoming an Initial Participating Subdivision is the Initial Participation Date. Nothing contained herein shall preclude a Settling State from providing further notice to or otherwise contacting any of its Subdivisions about becoming a Participating Subdivision, including beginning any of the activities described in this paragraph prior to the Preliminary Agreement Date.

B. *Requirements for Becoming a Participating Subdivision—Non-Litigating Subdivisions.* A Non-Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Fund Administrator) specifying (1) that the Subdivision agrees to the terms of this Agreement pertaining to Subdivisions, (2) that the Subdivision releases all Released Claims against all Released Entities, (3) that the Subdivision agrees to use monies it receives, if any, from the Settlement Fund pursuant to the applicable requirements of Section V; *provided, however*, that Non-Litigating Subdivisions may only use monies originating from the Settlement Fund for purposes that qualify as Opioid Remediation, and (4) that the Subdivision submits to the jurisdiction of the court where the applicable Consent Judgment is filed for purposes limited to that court's role under this Agreement. The required Subdivision Settlement Participation Form is attached as Exhibit K.

C. *Requirements for Becoming a Participating Subdivision—Litigating Subdivisions/Later Litigating Subdivisions.* A Litigating Subdivision or Later Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Fund Administrator) and upon prompt dismissal with prejudice of its lawsuit following the Reference Date or the date on which the conditions for effectiveness in Section VIII.B have been met, whichever is later. A Settling State may require each Litigating Subdivision in that Settling State to specify on the Subdivision Settlement Participation Form whether its counsel has waived any contingency fee contract with that Participating Subdivision and whether, if eligible, it intends to seek fees pursuant to Exhibit R. The Settlement Fund Administrator shall provide reports of this information to the parties upon request. A Litigating Subdivision or Later Litigating Subdivision may not become a Participating Subdivision after the completion of opening statements in a trial of the lawsuit it brought that includes a Released Claim against a Released Entity.

D. *Initial Participating Subdivisions.* A Subdivision qualifies as an Initial Participating Subdivision if it meets the applicable requirements for becoming a Participating Subdivision set forth in Section VII.B or Section VII.C by the Initial Participation Date. All Subdivision Settlement Participation Forms shall be held in escrow by the Implementation Administrator until the Reference Date. If, for any reason, the Agreement does not become effective, all obligations created by such forms and releases in them shall be void *ab initio* and/ all Subdivision Participation Agreements shall be returned to Counsel for Litigating Subdivisions or to the Subdivisions not represented by counsel or destroyed to the extent that such destruction is not prohibited by then existing document preservation obligations.

E. *Later Participating Subdivisions.* A Subdivision that is not an Initial Participating Subdivision may become a Later Participating Subdivision by meeting the applicable requirements for becoming a Participating Subdivision set forth in Section VII.B or Section VII.C after the Initial Participation Date and by agreeing to be subject to the terms of a State-Subdivision Agreement (if any) or any other structure adopted or applicable pursuant to Section V.D or Section V.E. Unless

waived by Amneal, the following provisions govern what a Later Participating Subdivision can receive (but do not apply to Initial Participating Subdivisions):

1. A Later Participating Subdivision shall not receive any share of any Annual Remediation Payment due before it became a Participating Subdivision.

2. A Later Participating Subdivision that becomes a Participating Subdivision after December 15, 2026, shall receive seventy-five percent (75%) of the share of future Base Payments or Incentive Payments that it would have received had it become a Later Participating Subdivision prior to that date (unless the Later Participating Subdivision is subject to Section VII.E.3 or Section VII.E.4).

3. A Later Participating Subdivision that, after the Initial Participation Date, maintains a lawsuit for a Released Claim(s) against a Released Entity and has judgment entered against it on every such Claim before it became a Participating Subdivision (other than a consensual dismissal with prejudice) shall receive fifty percent (50%) of the share of future Base Payments or Incentive Payments that it would have received had it become a Later Participating Subdivision prior to such judgment; *provided, however*, that if the Subdivision appeals the judgment and the judgment is affirmed with finality before the Subdivision becomes a Participating Subdivision, the Subdivision shall not receive any share of any Base Payment or Incentive Payments.

4. A Later Participating Subdivision that becomes a Participating Subdivision while a Bar or Case-Specific Resolution involving a different Subdivision exists in its state shall receive twenty-five percent (25%) of the share of future Base Payments or Incentive Payments that it would have received had it become a Later Participating Subdivision without such Bar or Case-Specific Resolution.

F. *No Increase in Payments.* Amounts to be received by Later Participating Subdivisions shall not increase the payments due from Amneal.

G. *Non-Participating Subdivisions.* Non-Participating Subdivisions shall not directly receive any portion of any Annual Remediation Payment, including from the State Fund and direct distributions from the Remediation Accounts Fund; however, a Settling State may choose to fund future Opioid Remediation that indirectly benefits Non-Participating Subdivisions.

H. *Unpaid Allocations to Later Participating Subdivisions and Non-Participating Subdivisions.* Any Base Payment and Incentive Payments allocated pursuant to Section V.D to a Later Participating Subdivision or Non-Participating Subdivision that cannot be paid pursuant to this Section VII, including the amounts that remain unpaid after the reductions required by Section VII.E.2 through Section VII.E.4, will be allocated to the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement or by a Statutory Trust.

VIII. Condition to Effectiveness of Agreement and Filing of Consent Judgment

A. *Determination to Proceed with Settlement—Settling States.* Following the Initial Subdivision Participation Date, the Enforcement Committee shall determine whether to proceed with the Agreement on behalf of the Settling States, and the Settling States shall be bound by the determination of the Enforcement Committee. No later than fifteen (15) calendar days prior to the Reference Date, the Enforcement Committee shall provide notice to Amneal of its decision. If the Enforcement Committee elects not to proceed, this Agreement will have no further effect, and all releases (including those contained in Subdivision Participation Agreements) and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms will be void. Within seven (7) calendar days of informing Amneal that there is sufficient participation to proceed, the Enforcement Committee will deliver all signatures and releases required by the Agreement to be provided by the Settling States to Amneal.

B. *Determination to Proceed with Settlement—Amneal.* If the Settling States elect to proceed, Amneal will then determine on or before the Reference Date whether there is sufficient Eligible State participation, sufficient Subdivision participation, and sufficient resolution of the Claims of the Litigating Subdivisions in the Settling States (through participation under Section VII, Case-Specific Resolution(s) and Bar(s)) to proceed with this Agreement. The determination shall be in the sole discretion of Amneal and may be based on any criteria or factors deemed relevant by Amneal.

C. *Notice by Amneal.* On or before the Reference Date, Amneal shall inform the Settling States of its determination pursuant to Section VIII.B. If Amneal determines to proceed, the Parties will proceed to file the Consent Judgments and the obligations in the Subdivision Settlement Participation Forms will be effective and binding as of the Reference Date. If Amneal determines not to proceed, this Agreement will have no further effect, any amounts deposited for Payment Year 1, including funds referenced in Section IV.D.1 and Exhibit M, shall revert to Amneal, and all releases (including those contained in Subdivision Settlement Participation Forms) and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms will be void.

IX. Participating Subdivision Attorneys' Fees and Costs and Additional Remediation Amount

A. The Agreement on Subdivision Attorneys' Fees, Expenses and Costs is set forth in Exhibit R and incorporated herein by reference. Agreed terms concerning the State AG Fees are set forth in Exhibit S and are incorporated herein by reference.

B. *Additional Remediation Amount.*

1. Subject to and without exceeding the maximum payment amounts set forth in the "Additional Remediation Amount" column of Exhibit M-3 and subject to the reduction specified in Section IX.B.2, Amneal shall pay an Additional Remediation Amount to the Settling States listed in Exhibit N. Such funds shall be paid, on the schedule set forth in Exhibit M-3, as allocated by the Settlement Fund Administrator pursuant to Exhibit N.

2. *Reduction of Additional Remediation Amount.* The amounts owed by Amneal pursuant to this Section IX.B shall be reduced by the allocations set forth on Exhibit N for Non-Settling States.

3. For the avoidance of doubt, (1) a Settling State that retained outside counsel in connection with the investigation of Amneal that receives an Additional Remediation Amount may choose to have the Additional Remediation Amount designated to pay the Settling State's outside counsel, and may instruct the Settlement Fund Administrator to pay those funds directly to the Settling State's outside counsel, and (2) Additional Remediation Amount funds, including funds designated by a Settling State to pay its outside counsel under this paragraph, shall not be subject to allocation as provided in Section V.C through Section V.E.

C. All payments addressed by this Section IX will be made no later than the Payment Date for the Payment Year in which they are due, pursuant to Exhibit M-3.

X. Release

A. *Scope.* As of the Effective Date, the Released Entities are hereby released and forever discharged from all of the Releasors' Released Claims. Each Settling State (for itself and its Releasors) and Participating Subdivisions (for itself and its Releasors) hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist in bringing or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in this Agreement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of each Settling State and its Attorney General to release claims. This Agreement shall be a complete bar to any Released Claim.

B. *Claim-Over and Non-Party Settlement.*

1. It is the intent of the Parties that:

a. Released Entities should not seek contribution or indemnification (other than pursuant to an insurance contract), from other parties for their payment obligations under this Agreement;

b. the payments made under this Agreement shall be the sole payments made by the Released Entities to the Releasors involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity);

c. Claims by Releasors against non-Parties should not result in additional payments by Released Entities, whether through contribution, indemnification or any other means; and

d. the Agreement meets the requirements of the Uniform Contribution Among Joint Tortfeasors Act and any similar state law or doctrine that reduces or discharges a released party's liability to any other parties.

2. The provisions of this Section X.B are intended to be implemented consistent with these principles. This Agreement and the releases and dismissals provided for herein are made in good faith.

3. No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner; *provided* that a Released Entity shall be relieved of this prohibition with respect to any entity that asserts a Claim-Over against it. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

4. To the extent that, on or after the Reference Date, any Releasor enters into a Non-Party Settlement, including in any bankruptcy case or through any plan of reorganization, the Releasor will include (or in the case of a Non-Party Settlement made in connection with a bankruptcy case, will cause the debtor to include), unless prohibited from doing so under applicable law, in the Non-Party Settlement a prohibition on contribution or indemnity of any kind substantially equivalent to that required from Amneal in Section X.B.3, or a release from such Non-Released Entity in favor of the Released Entities (in a form equivalent to the releases contained in this Agreement) of any Claim-Over. The obligation to obtain the prohibition and/or release required by this subsection is a material term of this Agreement.

5. In the event that any Releasor obtains a judgment with respect to Non-Party Covered Conduct against a Non-Released Entity that does not contain a prohibition like that described in Section X.B.3 or any Releasor files a Non-Party Covered Conduct Claim against a Non-Released Entity in bankruptcy or a Releasor is prevented for any reason from obtaining a prohibition/release in a Non-Party Settlement as provided in Section X.B.3, and such Non-Released Entity asserts a Claim-Over against a Released Entity, the Released Entity shall be relieved of the prohibition in Section X.B.3 with respect to that Non-Released Entity and that Releasor and Amneal shall take the following actions to ensure that the Released Entities do not pay more with respect to Covered Conduct to the Releasor or to Non-Released Entities than the amounts owed under this Settlement Agreement by Amneal:

a. Amneal shall notify that Releasor of the Claim-Over within sixty (60) calendar days of the assertion of the Claim-Over or sixty (60) calendar days of the Effective Date of this Settlement Agreement, whichever is later;

b. Amneal and that Releasor shall meet and confer concerning the means to hold Released Entities harmless and ensure that they are not required to

pay more with respect to Covered Conduct than the amounts owed by Amneal to the Releasor under this Agreement;

c. That Releasor and Amneal shall take steps sufficient and permissible under the law of the state of the Releasor to hold Released Entities harmless from the Claim-Over and ensure Released Entities are not required to pay more with respect to Covered Conduct than the amounts owed by Amneal under this Agreement. Such steps may include, where permissible:

(i) Filing of motions to dismiss or such other appropriate motion by Amneal or Released Entities, and supported by Releasor, in response to any claim filed in litigation or arbitration;

(ii) Reduction of that Releasor's Claim and any judgment it has obtained or may obtain against such Non-Released Entity by whatever amount or percentage is necessary to extinguish such Claim-Over under applicable law, up to the amount the Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(iii) Placement into escrow of funds paid by the Non-Released Entities such that those funds are available to satisfy the Claim-Over;

(iv) Return of monies paid by Amneal to the Releasor under this Settlement Agreement to permit satisfaction of a judgment against or settlement with the Non-Released Entity to satisfy the Claim-Over;

(v) Payment of monies to Amneal by the Releasor to ensure it is held harmless from such Claim-Over, up to the amount that Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(vi) Credit to Amneal under this Agreement to reduce the overall amounts to be paid under the Agreement such that it is held harmless from the Claim-Over; and

(vii) Such other actions as that Releasor and Amneal may devise to hold Amneal harmless from the Claim-Over.

d. The actions of that Releasor and Amneal taken pursuant to paragraph (c) must, in combination, ensure Amneal is not required to pay more with respect to Covered Conduct than the amounts owed by Amneal to the Releasor under this Agreement.

e. In the event of any dispute over the sufficiency of the actions taken pursuant to paragraph (c), the Releasor and Amneal may seek review by the National Arbitration Panel, provided that, if the parties agree, such dispute may be

heard by the state court where the relevant Consent Judgment was filed. The National Arbitration Panel shall have authority to require Releasor to implement a remedy that includes one or more of the actions specified in paragraph (c) sufficient to hold Released Entities fully harmless. In the event that the Panel's actions do not result in Released Entities being held fully harmless, Amneal shall have a claim for breach of this Agreement by Releasor, with the remedy being payment of sufficient funds to hold Amneal harmless from the Claim-Over up to the amount the Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity. For the avoidance of doubt, the prior sentence does not limit or eliminate any other remedy that Amneal may have.

6. To the extent that the Claim-Over is based on a contractual indemnity, the obligations under Section X.B.4 shall extend solely to a Non-Party Covered Conduct Claim against a pharmacy, clinic, hospital or other purchaser, distributor or dispenser of Products, a manufacturer that sold Products, a consultant, and/or a pharmacy benefit manager or other third-party payor. Amneal shall notify the Settling States, to the extent permitted by applicable law, in the event that any of these types of Non-Released Entities asserts a Claim-Over arising out of contractual indemnity against it.

C. *Indemnification and Contribution Prohibited.* No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory, from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

D. *General Release.* In connection with the releases provided for in this Agreement, each Settling State (for itself and its Releasors) and Participating Subdivision expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

General Release; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that if known by him or her, would have materially affected his or her settlement with the debtor or released party.

A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Settling State (for itself and its Releasors) and Participating Subdivision (for itself and its Releasors) hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever,

and which, if known, would materially affect the Settling States' decision to enter into this Agreement or the Participating Subdivisions' decision to participate in this Agreement.

E. *Assigned Interest Waiver.* To the extent that any Settling State has any direct or indirect interest in any rights of a third-party that is a debtor under the Bankruptcy Code as a result of a claim arising out of Covered Conduct by way of assignment or otherwise, including as a result of being the beneficiary of a trust or other distribution entity, to assert claims against Amneal (whether derivatively or otherwise), under any legal or equitable theory, including for indemnification, contribution, or subrogation, the Settling State waives the right to assert any such claim, or to receive a distribution or any benefit on account of such claim and such claim, distribution, or benefit shall be deemed assigned to Amneal.

F. *Res Judicata.* Nothing in this Agreement shall be deemed to reduce the scope of the res judicata or claim preclusive effect that the settlement memorialized in this Agreement, and/or any Consent Judgment or other judgment entered on this Agreement, gives rise to under applicable law.

G. *Representation and Warranty.* The signatories hereto on behalf of their respective Settling States and its Participating Subdivisions expressly represent and warrant that they will obtain on or before the Effective Date (or have obtained) the authority to settle and release, to the maximum extent of the State's power, all Released Claims of (1) their respective Settling States; (2) any of the respective Settling State's past and present executive departments, state agencies, divisions, boards, commissions and instrumentalities with the regulatory authority to enforce state and federal controlled substances acts; (3) any of their respective Settling State's past and present executive departments, agencies, divisions, boards, commissions and instrumentalities that have the authority to bring Claims related to Covered Conduct seeking money (including abatement and/or remediation) or revocation of a pharmaceutical distribution license; and (4) any Participating Subdivisions. For the purposes of clause (3) above, executive departments, agencies, divisions, boards, commission, and instrumentalities are those that are under the executive authority or direct control of the State's Governor. Also, for the purposes of clause (3), a release from a State's Governor as set forth in Exhibit X is sufficient to demonstrate that the appropriate releases have been obtained.

H. *Effectiveness.* The releases set forth in this Agreement shall not be impacted in any way by any dispute that exists, has existed, or may later exist between or among the Releasors. Nor shall such releases be impacted in any way by any current or future law, regulation, ordinance, or court or agency order limiting, seizing, or controlling the distribution or use of the Settlement Fund or any portion thereof, or by the enactment of future laws, or by any seizure of the Settlement Fund or any portion thereof.

I. *Cooperation.* Releasors (1) will not encourage any person or entity to bring or maintain any Released Claim against any Released Entity and (2) will reasonably cooperate with and not oppose any effort by a Released Entity to secure the prompt dismissal of any and all Released Claims, including suits brought by non-Releasors based on Released Claims. Releasors will meet and confer and make reasonable efforts to resolve any action that is filed by a Subdivision against Amneal on or after the date the Preliminary Agreement Date. This provision shall not

require a Settling State to make any monetary payment or adjustment to allocation or incur other obligation.

J. *Non-Released Claims.* Notwithstanding the foregoing or anything in the definition of Released Claims, the Agreement does not waive, release or limit any criminal liability, Claims for any outstanding liability under any tax or securities law, Claims against parties who are not Released Entities, Claims by private individuals, Claims for Medicaid rebates, Claims asserted, or that could be asserted, by any State or Subdivision, related to the causes of action in *In re: Generic Pharmaceuticals Pricing Antitrust Litigation*, in the United States District court for the District of Pennsylvania, MDL No. 2724; *Connecticut et al v. Aurobindo Pharma USA, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:16-cv-2056-NPS; *Connecticut et al. v. Teva Pharmaceuticals USA, Inc.*, in the United States District Court for the District of Connecticut, Case No. 3:19-cv-710-NPS; *Connecticut et al v. Sandoz, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:20-cv-802-NPS; and any related action (such excluded claims include, but are not limited to, all antitrust claims and any claims related to any non-opioid generic drugs), and any claims arising under the Agreement for enforcement of the Agreement

XI. Later Litigating Subdivisions

A. *Released Claims against Released Entities.* If a Later Litigating Subdivision in a Settling State maintains a lawsuit for a Released Claim against a Released Entity after the Reference Date, the following shall apply subject to Section XI.B:

1. The Released Entity shall take ordinary and reasonable measures to defend the action, including filing a Threshold Motion with respect to the Released Claim. The Released Entity shall further notify the Settling State and Settlement Fund Administrator immediately upon notice of a Later Litigating Subdivision bringing a lawsuit for a Released Claim and shall not oppose a Settling State's submission in support of the Threshold Motion. Amneal shall give the relevant Settling State a reasonable opportunity to extinguish the Released Claims without any payment or any other obligations being imposed upon any Released Entities (apart from the Global Settlement Amount payable by Amneal under the Agreement or the Injunctive Relief Terms incurred by it). The relevant Settling State and Amneal shall confer and use reasonable efforts to promptly resolve the lawsuit so that it is dismissed with prejudice. Nothing in this subsection creates an obligation for a Settling State to make a monetary payment or incur any other obligation to an entity filing a lawsuit.

2. If the lawsuit asserting a Released Claim is resolved with finality on terms requiring payment by the Released Entity, Amneal shall receive a dollar-for-dollar offset against Incentive Payment D for the amount paid. The offset shall be applied against the relevant portion of the Annual Remediation Payments starting in Payment Year 10 and working backwards.

3. For the avoidance of doubt, any offset pursuant to this Section XI in a Settling State that at the time is not eligible for Incentive Payment A shall continue to apply even if the Settling State at issue subsequently becomes eligible for Incentive Payment A.

4. “*Terms requiring payment*” shall mean (i) a final monetary judgment or (ii) a settlement; provided that the Released Entity sought the applicable State Attorney General's consent to the settlement and such consent was either obtained or unreasonably withheld. Should the judgment or settlement resolve claims that are not Released Claims, the offset shall be for the Released Claims portion only, which shall be distinguishable in the judgment or settlement.

B. *Exceptions*

1. Section XI.A shall not apply where the Settling State at issue meets the eligibility criteria for and is entitled to Incentive Payment A for the Payment Year at issue, except as expressly provided therein.

2. Section XI.A shall not apply where the Later Litigating Subdivision seeks less than \$10 million, or so long as its total claim is reduced to less than \$10 million, in the lawsuit for a Released Claim at issue.

C. *No Effect on Other Provisions.* An offset under Section XI.A shall not affect the Injunctive Relief Terms or the Consent Judgment.

D. *No Effect on Other States.* An offset under Section XI.A applicable to one State shall not affect the allocation or payment of the Annual Remediation Payment to other Settling States.

E. *Litigating Subdivisions in Non-Eligible States.* The Settling States will not encourage, facilitate, or assist in any manner whatsoever claims for Covered Conduct against Amneal in any Settling, Non-Settling, or Non-Eligible State, regardless of whether those claims were filed against Amneal prior to, on, or after the Effective Date.

XII. Offset

A. *Revoked Bar or Case-Specific Resolution.* If Amneal made any Annual Remediation Payments that included any incentive payments earned as a result of the existence of a Bar or Case-Specific Resolution in a Settling State, and there is subsequently a Revocation Event with respect to that Bar or Case-Specific Resolution after the determination of the amount of such Annual Remediation Payment, Amneal shall receive a dollar-for-dollar offset against the portion of remaining Annual Remediation Payments that would be allocated to that Settling State and its Participating Subdivisions. This offset will be calculated as the dollar amount difference between (1) the total amount of incentive payments paid by Amneal by virtue of the Bar or Case-Specific Resolution subject to the Revocation Event and (2) the total amount of incentive payments that would have been due from Amneal during that time had the Bar or Case-Specific Resolution

subject to the Revocation Event not been in effect. The amount of incentive payments that would have been due, referenced in clause (2) above, will be calculated one hundred eighty (180) calendar days after the Revocation Event; for purposes of calculating the amount of incentive payments that would have been due, any relevant Subdivision shall be included as a Participating Subdivision if: (1) its Released Claims are extinguished by any subsequent Bar or Case-Specific Resolution in effect as of the date of such calculation, or (2) it becomes a Participating Subdivision (in addition to all other Participating Subdivisions) prior to the date of such calculation.

XIII. Miscellaneous

A. *Population of General Purpose Governments.* The population figures for General Purpose Governments shall be the published U.S. Census Bureau's population estimates for July 1, 2019, released May 2020. These population figures shall remain unchanged during the term of this Agreement.

B. *Population of Special Districts.* For any purpose in this Agreement in which the population of a Special District is used other than Section IV.H.4.c: (a) School Districts' population will be measured by the number of students enrolled who are eligible under the Individuals with Disabilities Education Act ("*IDEA*") or Section 504 of the Rehabilitation Act of 1973; (b) Health Districts' and Hospital Districts' population will be measured at twenty-five percent (25%) of discharges; and (c) all other Special Districts' (including Fire Districts' and Library Districts') population will be measured at ten percent (10%) of the population served.⁹ For the avoidance of doubt, this means that California healthcare districts will be measured at ten percent (10%) of their membership. Amneal and the Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Preliminary Agreement Date.

C. *Population Associated with Sheriffs.* For any purpose in this Agreement in which the population associated with a lawsuit by a sheriff is used, the population will be measured at twenty percent (20%) of the capacity of the jail(s) operated by the sheriff.

D. *No Admission.* Amneal does not admit liability or wrongdoing. Neither this Agreement nor the Consent Judgments shall be considered, construed or represented to be (1) an admission, concession or evidence of liability or wrongdoing or (2) a waiver or any limitation of any defense otherwise available to Amneal.

E. *Tax Cooperation and Reporting.*

1. Upon request by Amneal, the Settling States and Participating Subdivisions agree to perform such further acts and to execute and deliver such further documents as may be reasonably necessary for Amneal to establish the statements set forth in Section V.F to the satisfaction of their tax advisors, their independent financial auditors, the Internal Revenue

⁹ The estimates for counties and parishes were accessed at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-counties-total.html>. The estimates for cities and towns can currently be found at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-total-cities-and-towns.html>.

Service, or any other governmental authority, including as contemplated by 26 C.F.R § 1.162-21(b)(3)(ii) and any subsequently proposed or finalized relevant regulations or administrative guidance.

2. Without limiting the generality of Section XIII.E.1, each Settling State and Participating Subdivision shall cooperate in good faith with Amneal with respect to any tax claim, dispute, investigation, audit, examination, contest, litigation, or other proceeding relating to this Agreement.

3. Pursuant to 26 C.F.R. § 1.6050X-1(a) and (b), the Designated State, on behalf of all Settling States and Participating Subdivisions, shall designate one of its officers or employees to act as the “appropriate official” within the meaning of 26 C.F.R. § 1.6050X-1(f)(1)(ii)(B) (the “Appropriate Official”). The Designated State shall direct and ensure that the Appropriate Official timely (a) files (i) at the time this Agreement becomes binding on the Parties, an IRS Form 1098-F in the form attached as Exhibit U with respect to Amneal and (ii) any legally required forms, returns or amended returns with any applicable governmental authority, or any returns requested by Amneal, and (b) provides to Amneal a copy of (i) the IRS Form 1098-F filed with respect to Amneal and (ii) any legally required written statement pursuant to any applicable law and any other document referred to in clause (a)(ii) above. Any such forms, returns, or statements shall be prepared and filed in a manner fully consistent with Section V.F. and as set forth in Section XIII.E.4.

4. Any form, return, amended return, or written statement filed or provided pursuant to Section XIII.E.3, and any similar document, shall be prepared and filed in a manner consistent with reporting the Global Settlement Amount as the “Total amount to be paid” pursuant to this Agreement in Box 1 of IRS Form 1098-F and the Compensatory Restitution Amount as “Restitution/remediation amount” in Box 3 of IRS Form 1098-F, as reflected in the attached Exhibit U. If the Designated State or Appropriate Official shall be required to file any form, return, amended return, or written statement contemplated by this Section XIII.E other than an IRS Form 1098-F in the form attached as Exhibit U, the Designated State shall direct and ensure that the Appropriate Official provides to Amneal a draft of such form, return, amended return, or written statement no later than sixty (60) calendar days prior to the due date thereof, and shall accept any reasonable revisions from Amneal on the return, amended return, or written statement.

5. For the avoidance of doubt, neither Amneal nor the Settling States and Participating Subdivisions make any warranty or representation to any Settling State, Participating Subdivision, or Releasor as to the tax consequences of the payment of the Compensatory Restitution Amount (or any portion thereof).

F. *No Third-Party Beneficiaries.* Except as expressly provided in this Agreement, no portion of this Agreement shall provide any rights to, or be enforceable by, any person or entity that is not the Settling State or Released Entity. Settling States may not assign or otherwise convey any right to enforce any provision of this Agreement.

G. *Calculation.* Any figure or percentage referred to in this Agreement shall be carried to seven decimal places.

H. *Construction.* None of the Parties and no Participating Subdivision shall be considered to be the drafter of this Agreement or of any of its provisions for the purpose of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this Agreement. The headings of the provisions of this Agreement are not binding and are for reference only and do not limit, expand, or otherwise affect the contents or meaning of this Agreement.

I. *Cooperation.* Each Party and each Participating Subdivision agrees to use its best efforts and to cooperate with the other Parties and Participating Subdivisions to cause this Agreement and the Consent Judgments to become effective, to obtain all necessary approvals, consents and authorizations, if any, and to execute all documents and to take such other action as may be appropriate in connection herewith. Consistent with the foregoing, each Party and each Participating Subdivision agrees that it will not directly or indirectly assist or encourage any challenge to this Agreement or any Consent Judgment by any other person and will support the integrity and enforcement of the terms of this Agreement and the Consent Judgments.

J. *Entire Agreement.* This Agreement, including its exhibits and any other attachments, embodies the entire agreement and understanding between and among the Parties and Participating Subdivisions relating to the subject matter hereof and supersedes (1) all prior agreements and understandings relating to such subject matter, whether written or oral and (2) all purportedly contemporaneous oral agreements and understandings relating to such subject matter.

K. *Execution.* This Agreement may be executed in counterparts and by different signatories on separate counterparts, each of which shall be deemed an original, but all of which shall together be one and the same Agreement. One or more counterparts of this Agreement may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart hereof. One or more counterparts of this Agreement may be signed by electronic signature.

L. *Good Faith and Voluntary Entry.* Each Party warrants and represents that it negotiated the terms of this Agreement in good faith. Each of the Parties and Participating Subdivisions warrants and represents that it freely and voluntarily entered into this Agreement without any degree of duress or compulsion. The Parties and Participating Subdivisions state that no promise of any kind or nature whatsoever (other than the written terms of this Agreement) was made to them to induce them to enter into this Agreement.

M. *Legal Obligations.* Nothing in this Agreement shall be construed as relieving Amneal of the obligation to comply with all state and federal laws, regulations or rules, nor shall any of the provisions herein be deemed to be permission to engage in any acts or practices prohibited by such laws, regulations, or rules.

N. *No Prevailing Party.* The Parties and Participating Subdivisions each agree that they are not the prevailing party in this action, for purposes of any claim for fees, costs, or expenses

as prevailing parties arising under common law or under the terms of any statute, because the Parties and Participating Subdivisions have reached a good faith settlement.

O. *Waive Challenge.* The Parties and Participating Subdivisions each further waive any right to challenge or contest the validity of this Agreement on any ground, including, without limitation, that any term is unconstitutional or is preempted by, or in conflict with, any current or future law. Nothing in the previous sentence shall modify, or be construed to conflict with, Section XIII.M.

P. *Non-Admissibility.* The settlement negotiations resulting in this Agreement have been undertaken by the Parties and by certain representatives of the Participating Subdivisions in good faith and for settlement purposes only, and no evidence of negotiations or discussions underlying this Agreement shall be offered or received in evidence in any action or proceeding for any purpose. This Agreement shall not be offered or received in evidence in any action or proceeding for any purpose other than in an action or proceeding arising under or relating to this Agreement relating to this Agreement or in any litigation or arbitration concerning Amneal's right to coverage under an insurance contract.

Q. *Notices.* All notices or other communications under this Agreement shall be in writing (including, but not limited to, electronic communications) and shall be given to the recipients indicated below:

For the Attorney(s) General:

Jeff Jackson, Attorney General
North Carolina Department of Justice
Attn: Daniel Mosteller, Associate Deputy Attorney General
PO Box 629
Raleigh, NC 27602
Dmosteller@ncdoj.gov

Jonathan Skrmetti, Attorney General
Tennessee Attorney General's Office
Attn: Michael Leftwich, Senior Deputy Attorney General
Hamilton Millwee, Assistant Attorney General
P.O. Box 20207
Nashville, TN 37202
Michael.Leftwich@ag.tn.gov
Hamilton.Millwee@ag.tn.gov

Letitia James, Attorney General
New York State Attorney General
Attn: Jennifer Levy, First Deputy Attorney General
Monica Hanna, Special Counsel
Matthew Conrad, Assistant Attorney General

28 Liberty Street, New York, NY 10005
Jennifer.Levy@ag.ny.gov
Monica.Hanna@ag.ny.gov
Matthew.Conrad@ag.ny.gov

For the Plaintiffs' Executive Committee:

Co-leads
Jayne Conroy
Simmons Hanly Conroy LLC
112 Madison Avenue
7th Floor
New York, NY 10016-7416
JConroy@simmonsfirm.com
Joseph F. Rice
Motley Rice LLC
28 Bridgeside Blvd.
Mount Pleasant, SC 29464
jrice@motleyrice.com

For Amneal:

General Counsel
Amneal Pharmaceuticals
400 Crossing Blvd., 3rd Floor
Bridgewater, NJ 08807

Any Party or the Plaintiffs' Executive Committee may change or add the contact information of the persons designated to receive notice on its behalf by notice given (effective upon the giving of such notice) as provided in this Section XIII.R.

R. *No Waiver.* The waiver of any rights conferred hereunder shall be effective only if made by written instrument executed by the waiving Party or Parties. The waiver by any Party of any breach of this Agreement shall not be deemed to be or construed as a waiver of any other breach, whether prior, subsequent, or contemporaneous, nor shall such waiver be deemed to be or construed as a waiver by any other Party.

S. *Preservation of Privilege.* Nothing contained in this Agreement or any Consent Judgment, and no act required to be performed pursuant to this Agreement or any Consent Judgment, is intended to constitute, cause, or effect any waiver (in whole or in part) of any attorney-client privilege, work product protection, or common interest/joint defense privilege, and each Party and Participating Subdivision agrees that it shall not make or cause to be made in any forum any assertion to the contrary.

T. *Successors.*

1. This Agreement shall be binding upon, and inure to the benefit of, Amneal and its respective successors and assigns.

2. Amneal shall not, in one (1) transaction or a series of related transactions, sell or transfer U.S. assets having a fair market value equal to twenty-five percent (25%) or more of the consolidated assets of Amneal (other than sales or transfers of inventories, or sales or transfers to an entity owned directly or indirectly by Amneal) where the sale or transfer is announced after the Reference Date, is not for fair consideration, and would foreseeably and unreasonably jeopardize Amneal's ability to make the payments under this Agreement or its obligations regarding Settlement Product under Section XIV following the close of a sale or transfer transaction, unless Amneal obtains the acquiror's agreement that it will be either a guarantor of or successor to the percentage of Amneal's remaining payment obligations under this Agreement equal to the percentage of Amneal's consolidated assets being sold or transferred in such transaction; provided, that liens and security interests granted by Amneal to its lenders and/or noteholders, and any agent and/or trustee for any lenders and/or noteholders, shall not constitute a transfer or sale for purposes of this Section. Percentages under this section shall be determined in accordance with United States generally accepted accounting principles and as of the date of Amneal most recent publicly filed consolidated balance sheet prior to the date of entry into the sale or transfer agreement at issue. This Section XIII.U shall be enforceable solely by the Settling States, and any objection under this Section XIII.U not raised within sixty (60) calendar days of the announcement of the relevant transaction is waived.

U. *Modification, Amendment, Alteration.* In the event the Plaintiffs' Executive Committee, the Executive Committee of the State Attorneys General, or Amneal concludes prior to the Reference Date that technical corrections are required to this Agreement, the Plaintiffs' Executive Committee, the Executive Committee of the State Attorneys General, and Amneal shall meet and confer and make such amendments as they agree are appropriate. After the Reference Date, any modification, amendment, or alteration of this Agreement by the Parties shall be binding only if evidenced in writing signed by Amneal, along with the signature of at least two-thirds of those then serving as Attorneys General of the Settling States along with a representation from each Attorney General that either: (1) the advisory committee or similar entity established or recognized by that Settling State (either pursuant to Section V.E.2.d, by a State-Subdivision Agreement, or by statute) voted in favor of the modification, amendment or alteration of this Agreement including at least one member appointed by the Participating Subdivisions listed on Exhibit G; or (2) in Settling States without any advisory committee, that 50.1% (by population) of the Participating Subdivisions listed on Exhibit G expressed approval of the modification, amendment, or alteration of this Agreement in a writing.

V. *Termination.*

1. Unless otherwise agreed to by each of Amneal and the Settling States, this Agreement and all of its terms (except Section XIII.P and any other non-admissibility provisions, which shall continue in full force and effect) shall be canceled and terminated with respect to the Settling State, and the Agreement and all orders issued by the courts in the

Settling State pursuant to the Agreement shall become null and void and of no effect if one or more of the following conditions applies:

a. a Consent Judgment approving this Agreement without modification of any of the Agreement's terms has not been entered as to a Settling State by a court of competent jurisdiction on or before one hundred eighty (180) calendar days after the Effective Date;

b. this Agreement or the Consent Judgment as to that Settling State has been disapproved by a court of competent jurisdiction to which it was presented for approval and/or entry (or, in the event of an appeal from or review of a decision of such a court to approve this Agreement and the Consent Judgment, by the court hearing such appeal or conducting such review), and the time to appeal from such disapproval has expired, or, in the event of an appeal from such disapproval, the appeal has been dismissed or the disapproval has been affirmed by the court of last resort to which such appeal has been taken and such dismissal or disapproval has become no longer subject to further appeal (including, without limitation, review by the United States Supreme Court); or

2. If this Agreement is terminated with respect to a Settling State for whatever reason pursuant to Section XIII.V.1, then:

a. an applicable statute of limitation or any similar time requirement (excluding any statute of repose) shall be tolled from the date the Settling State signed this Agreement until the later of the time permitted by applicable law or for one year from the date of such termination, with the effect that Amneal and the Settling State shall be in the same position with respect to the statute of limitation as they were at the time the Settling State filed its action; and

b. Amneal and the Settling State shall jointly move the relevant court of competent jurisdiction for an order reinstating the actions and claims dismissed pursuant to the terms of this Agreement governing dismissal, with the effect that Amneal and the Settling State shall be in the same position with respect to those actions and claims as they were at the time the action or claim was stayed or dismissed.

3. Unless Amneal and the Enforcement Committee agree otherwise, this Agreement, with the exception of the Injunctive Relief Terms that have their own provisions on duration, shall terminate as of the Payment Date for Payment Year 10, *provided* that Amneal has performed its payment and Settlement Product obligations under the Agreement as of that date. Notwithstanding any other provision in this Section XIII.V.3 or in this Agreement, all releases under this Agreement will remain effective despite any termination under this Section XIII.W.3.

W. *Governing Law.* Except as (1) otherwise provided in this Agreement or (2) as necessary, in the sole judgment of the National Arbitration Panel, to promote uniformity of interpretation for matters within the scope of the National Arbitration Panel's authority, this Agreement shall be governed by and interpreted in accordance with the respective laws of the Settling State, without regard to the conflict of law rules of such Settling State, that is seeking to enforce the Agreement against Amneal or against which Amneal is seeking enforcement. Notwithstanding any other provision in this subsection on governing law, any disputes relating to the Settlement Fund Escrow shall be governed by and interpreted in accordance with the law of the state where the escrow agent has its primary place of business.

X. *Bankruptcy.* The following provisions shall apply if Amneal enters bankruptcy and (i) the Amneal bankruptcy estate recovers, pursuant to 11 U.S.C. § 550, any payments made under this Agreement, or (ii) this Agreement is deemed executory and is rejected by Amneal pursuant to 11 U.S.C. § 365:

1. In the event that the both a number of Settling States equal to at least seventy-five percent (75%) of the total number of Settling States and Settling States having aggregate State Allocation Percentages as set forth on Exhibit F equal to at least seventy-five percent (75%) of the total aggregate State Allocation Percentages assigned to all Settling States deem (by written notice to Amneal) that the financial obligations of this Agreement have been terminated and rendered null and void (except as provided in Section XIII.X.1.a) due to a material breach by Amneal, whereupon:

a. all agreements, all concessions, all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall immediately and automatically be deemed null and void as to Amneal; the Settling States shall be deemed immediately and automatically restored to the same position they were in immediately prior to their entry into this Settlement Agreement in respect to Amneal and the Settling States shall have the right to assert any and all claims against Amneal in the bankruptcy or otherwise without regard to any limits or agreements as to the amount of the settlement otherwise provided in this Agreement; *provided, however*, that notwithstanding the foregoing sentence, (i) all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall remain in full force and effect as to all persons or entities other than Amneal itself; and (ii) in the event the Settling State asserts any Released Claim against Amneal after the rejection and/or termination of this Agreement as described in this Section XIII.X.1.a and receives a judgment, settlement or distribution arising from such Released Claim, then the amount of any payments the Settling State has previously received from Amneal under this Agreement shall be applied to reduce the amount of any such judgment, settlement or distribution (provided that no credit shall be given against any such judgment, settlement or distribution for any payment that the Settling State is required to disgorge or repay to Amneal's bankruptcy estate); and

b. the Settling States may exercise all rights provided under the federal Bankruptcy Code (or other applicable bankruptcy or non-bankruptcy law) with respect to their Claims against Amneal subject to all defenses and rights of the Amneal.

Y. *Waiver.* Amneal, for good and valuable consideration the receipt of which is acknowledged, hereby (a) waives, foregoes and relinquishes all rights to utilize and/or seek relief under any of the following laws of the State of Texas for the restructuring of its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement: Tex. Bus. Orgs. Code § 10.003 (Contents of Plan of Merger: More Than One Successor) or any other statute of Subchapter A of Chapter 10 of Tex. Bus. Orgs. Code to the extent such statute relates to multi-successor mergers (and/or any other similar laws or statutes in any other state or territory); Tex. Bus. Orgs. Code §§ 11.01–11.414 (Winding Up and Termination of Domestic Entity); or Tex. Bus. & Com. Code §§ 23.01–23.33 (Assignments for the Benefit of Creditors) (collectively, the “Texas Statutes”), and (b) agrees, warrants and represents that it will not file, request or petition for relief under the Texas Statutes related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement, in each case until such time as all of Amneal’s payment obligations incurred hereunder are satisfied in full. The foregoing waiver and relinquishment includes, without limitation, until such time as all of Amneal’s payment obligations incurred hereunder are satisfied in full, Amneal’s rights to execute a divisional merger or equivalent transaction or restructuring related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement that in each case has the intent or foreseeable effect of (i) separating material assets from material liabilities and (ii) assigning or allocating all or a substantial portion of those liabilities to any subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code, or pursuant to which such subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code would be assuming or retaining all or a substantial portion of those liabilities.

XIV. Settlement Product

- A. The Settlement Product is Naloxone Hydrochloride Nasal Spray (generic Narcan®), a medication that counteracts the life-threatening effects of opioid overdose and significantly reduces opioid-overdose mortality.
- B. For the purposes of this agreement, Amneal has agreed to provide the Settling States Settlement Product valued at \$177,400,000, which equals 1,419,200 kits of Settlement Product, valued at a fixed Wholesale Acquisition Cost (WAC) of \$125 per kit, allocated in accordance with the allocation percentage as reflected in Exhibit F. For the avoidance of doubt, if a Settling State does not elect to participate in the settlement, that State’s Settlement Product Allocation will not be the responsibility of Amneal and will not be transferred to the allocation of other Settling States. Amneal shall cover the cost of the Settlement Product distribution set forth in this Agreement. For the avoidance of doubt,

Participating Subdivisions and Special Districts are not eligible to make a Settlement Product election pursuant to this Agreement.

- C. Consistent with the Settlement Product Election Form contained in Exhibit D, each Settling State shall have the discretion to convert any portion of the Settlement Product allocated to the Settling State into a cash value equaling twenty-five percent (25%) of the WAC value of the Settling State's allocated Settlement Product for each Payment Year 7-10. Such decision must be made prior to the Settlement Product Election Date; Settling States will have no ability to convert any portion of the Settlement Product to Settlement Product Cash Conversion Amount following the Settlement Product Election Date. Unless cash conversion amounts are specifically addressed in a State-Subdivision Agreement or Allocation Statute, a Settling State's Settlement Product Cash Conversion Amount shall be disbursed to the Settling State in the same manner as its Remediation Accounts Fund payments are made pursuant to Section V. This cash conversion payment is due on the Payment Date of each Payment Year 7-10.. If a Settling State does not elect to receive all of its allocation in its initial notice, such Settling State may submit a new or updated Settlement Product Election Form in lieu of converting the outstanding portion of Settlement Product to cash value and Amneal and the Settling States agree to work in good faith to maximize the availability of Settlement Product.
- D. A Settling State that has submitted a Settlement Product Election Form may place periodic orders for Settlement Product consistent with this Section XIV and Exhibit D. A Settling State may request up to twenty-five percent (25%) of its full Settlement Product allocation for each Payment Year 7-10.
- E. Within thirty (30) days of the Effective Date, each Settling State shall notify Amneal and the Settlement Fund Administrator of its Settlement Product election by submitting the Settlement Product Election Form reflected in Exhibit D.
- F. Settling States that do not make a Settlement Product Election within 30 days of the Effective Date shall be deemed to have elected to full Settlement Product and to have elected not to convert any portion of the Settlement Product into Settlement Product Cash Conversion Amount. If a Settling State elects to receive a partial allocation of Settlement Product, the elected portion shall decrease Amneal's payment in earliest years to later years. For example, if a Settling State has a total allocation of \$4,000,000 in settlement product (and cash conversion of \$1,000,000), and elects to receive \$1,500,000 in settlement product (and cash conversion deduction of \$375,000), Amneal shall make payments to the Settling State in the following amounts: (1) Year 7: \$0; (2) Year 8: \$125,000; (3) Year 9: \$250,000 and (4) Year 10: \$250,000 for a total amount of \$625,000 to the State.
- G. In addition to offering Naloxone HCl nasal spray 4mg per this Section and Exhibit D, Amneal, at its sole discretion, may also offer Settling States different versions or greater amounts of Settlement Product or different products that can be accepted by the Settling State in lieu of its full allotment of the Settlement Product or Settlement Product Cash Conversion Amount. Distribution and other terms related to such substitute product shall

be set out in Amneal's offer. Nothing in this subsection changes the terms of this Agreement regarding the provision of Settlement Product or the calculation or availability of the Settlement Product Cash Conversion Amount.

- H. In the event of a Force Majeure Event, Amneal shall promptly provide written notice to the Settling States. Amneal and the States shall meet and confer within seven (7) days of such written notice to establish a commercially reasonable plan to resolve any inability to supply as quickly as reasonably possible, it being understood that, unless otherwise agreed to by the Parties, it is Amneal's obligation to use reasonable efforts which are consistent with accepted industry practices to resume performance as soon as practicable under the circumstances.
- I. Settling States shall not be permitted to return to Amneal any Settlement Product under any circumstances other than a recall of the Settlement Product initiated by Amneal or FDA, in which case Amneal's sole obligation shall be to supply the same number of Settlement Product units to replace the recalled product.
- J. The Parties understand that the provision of Settlement Product constitutes compensatory restitution within the meaning of 26 U.S.C. § 162(f)(2)(A) and that the receipt of Settlement Product must be reported on IRS Form 1098-F consistent with subsection XIII.E.

APOTEX SETTLEMENT **AGREEMENT**

APOTEX SETTLEMENT AGREEMENT

This Settlement Agreement, dated as of April 4, 2025 (the “*Agreement*”), sets forth the terms of settlement between and among the Settling States, the Participating Subdivisions, and Apotex (as those terms are defined below). Upon satisfaction of the conditions set forth in Sections II and VIII, this Agreement will be binding on the Settling States, Apotex, and the Participating Subdivisions. This Agreement will then be filed as part of a Consent Judgment in the respective courts of each of the Settling States, pursuant to the terms set forth in Section IX.

I. Definitions

Unless otherwise specified, the following definitions apply:

A. “*Additional Remediation Amount.*” The amount available to the Settling States listed in Exhibit M totaling up to \$1,273,648

B. “*Adjusted Maximum Remediation Payment.*” The Maximum Remediation Payment reduced by the State Allocation Percentage specified in Exhibit F for each Non-Settling State.

C. “*Agreement.*” The Apotex Settlement Agreement, as set forth above. For the avoidance of doubt, this Agreement is inclusive of all exhibits.

D. “*Alleged Harms.*” The alleged past, present, and future damages, harms, losses, and related expenditures allegedly incurred by the Settling States and Participating Subdivisions arising out of the use of Products, non-exclusive examples of which are described in the documents listed on Exhibit A, that have allegedly arisen as a result of the physical and bodily injuries sustained by individuals suffering from opioid-related addiction, death, and other related diseases and disorders, and that have allegedly been caused by Released Entities.

E. “*Allocation Statute.*” A state law that governs allocation, distribution, and/or use of some or all of the Settlement Fund amounts allocated to that Settling State and/or its Subdivisions. An Allocation Statute may, without limitation, contain a Statutory Trust, further restrict expenditures of funds, form an advisory committee, establish oversight and reporting requirements, or address other default provisions and other matters related to the funds. An Allocation Statute is not required to address all three (3) types of funds comprising the Settlement Fund or all default provisions.

F. “*Apotex.*” Apotex Corp.

G. “*Appropriate Official.*” As defined in Section XIII.E.3.

H. “*Aveva.*” Aveva Drug Delivery Systems, Inc.

I. “*Bankruptcy Code.*” Title 11 of the United States Code, 11 U.S.C. § 101, et seq.

J. “*Bar.*” Either: (1) a law barring Subdivisions in a Settling State from maintaining or asserting Released Claims against Released Entities (either through a direct bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by the highest court of the Settling State (or, in a Settling State with a single intermediate court of appeals, the intermediate court of appeals) when setting forth the general principle that Subdivisions in the Settling State may not maintain or assert any Released Claims against Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the Remediation Payment by Apotex under this Agreement) shall not constitute a Bar.

K. “*Base Payment.*” As defined in Section V.D.

L. “*Case-Specific Resolution.*” Either: (1) a law barring the Subdivision at issue from maintaining any Released Claims against any Released Entities (either through a direct Bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by a court of competent jurisdiction over the Subdivision at issue that the Subdivision may not maintain any Released Claims at issue against any Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the payment by Apotex under this Agreement) shall not constitute a Case-Specific Resolution.

M. “*Claim.*” Any past, present or future cause of action, claim for relief, cross-claim or counterclaim, theory of liability, demand, derivative claim, request, assessment, charge, covenant, damage, debt, lien, loss, fine, penalty, restitution, reimbursement, disgorgement, expenses, remediation, judgment, right, obligation, dispute, suit, contract, controversy, agreement, *parens patriae* claim, promise, performance, warranty, omission, or grievance of any nature whatsoever, whether legal, equitable, statutory, regulatory or administrative, whether arising under federal, state or local common law, statute, regulation, guidance, ordinance or principles of equity, whether filed or unfiled, whether asserted or unasserted, whether known or unknown, whether accrued or unaccrued, whether foreseen, unforeseen or unforeseeable, whether discovered or undiscovered, whether suspected or unsuspected, whether fixed or contingent, and whether existing or hereafter arising, in all such cases, including, but not limited to, any request for declaratory, injunctive, or equitable relief, compensatory, punitive, or statutory damages, absolute liability, strict liability, restitution, remediation, subrogation, contribution, indemnity, apportionment, disgorgement, reimbursement, attorney fees, expert fees, consultant fees, fines, penalties, expenses, costs or any other legal, equitable, civil, administrative, or regulatory remedy whatsoever.

N. “*Claim-Over.*” A Claim asserted by a Non-Released Entity against a Released Entity on the basis of contribution, indemnity, or other claim-over on any theory relating to a Non-Party Covered Conduct Claim asserted by a Releasor.

O. *“Compensatory Restitution Amount.”* The aggregate amount paid or incurred by Apotex hereunder for Opioid Remediation, which includes the aggregate Base and Incentive Payments earned by Settling States and does not include amounts paid as attorneys’ fees and costs or identified pursuant to Section VI.B.2 as being used to pay attorneys’ fees, investigation costs or litigation costs, which shall be up to the amount of the Adjusted Maximum Remediation Payment.

P. *“Consent Judgment.”* A consent judgment in a form to be agreed by the Settling States and Apotex prior to the Effective Date that, among other things, (1) approves this Agreement and (2) provides for the release set forth in Section XI.A, including the dismissal with prejudice of any Released Claims that the Settling State has brought against Released Entities.

Q. *“Covered Conduct”* means any actual or alleged act, failure to act, negligence, statement, error, omission, breach of any duty, conduct, event, transaction, agreement, service, work, sale, misstatement, misleading statement, or other activity of any kind whatsoever from the beginning of time through the Reference Date (and any past, present, or future consequence of any such act, failure to act, negligence, statement, error, omission, breach of duty, conduct, event, transaction, agreement, service, work, sale, misstatement, misleading statement, or other activity) arising from or relating in any way to (a) compounding, counseling, and documentation related to any Product or class of Products; (b) the availability, discovery, research, development, manufacture, packaging, repackaging, marketing, promotion, advertising, labeling, relabeling, recall, withdrawal, distribution, delivery, monitoring, reporting, regulatory compliance supply, sale, prescribing, dispensing, physical security, warehousing, use or abuse of, or operating procedures relating to any Product, or any system, plan, policy, procedure, or advocacy relating to any Product or class of Products, including but not limited to any unbranded or branded promotion, marketing, or advertising, information, patient support or assistance, educational programs, consultancy, research, other programs or campaigns, lobbying, grants, sponsorships, charitable donations, or other funding relating to any Product or class of Products; (c) the characteristics, properties, risks, or benefits of any Product or class of Products; (d) the monitoring or non-monitoring of orders placed of any Product; (e), reporting, disclosure, non-monitoring, non-reporting or non-disclosure to federal, state or other regulators of orders for any Product placed with any Released Entity; (f) the selective breeding, harvesting, extracting, purifying, exporting, importing, applying for quota for, procuring quota for, handling, promoting, manufacturing, processing, packaging, supplying, distributing, converting, or selling of, or otherwise engaging in any activity relating to, precursor or component Products, including but not limited to natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, or any related intermediate Products; or (g) diversion control programs, suspicious order monitoring, or regulatory compliance related to any Product.

R. *“Deposit Date.”* July 25, 2025. This Date is the date by which Apotex shall deposit the Adjusted Maximum Remediation Payment, Private Attorney Fees, and the Additional Remediation Amount, pursuant to Section V.D. This date is after the Preliminary Agreement Date, on which Apotex agrees to proceed with the agreement; this date may be changed by written agreement of Apotex and the Enforcement Committee.

- S. “*Designated State.*” The state of New York.
- T. “*DifGen.*” DifGen Pharmaceuticals LLC.
- U. “*Effective Date.*” The date sixty (60) calendar days after the Reference Date.
- V. “*Eligible States.*” The states, commonwealths, and territories of the United States of America. The 56 Eligible States are listed in Exhibit F.
- W. “*Enforcement Committee.*” A committee consisting of representatives of the Settling States and of the Participating Subdivisions. Exhibit B contains the organizational bylaws of the Enforcement Committee. Notice pursuant to Section XIII.Q shall be provided when there are changes in membership or contact information.
- X. “*Fees Payment.*” The amount payable by Apotex on the Payment Date comprised of the Additional Remediation Amount payment, and the Private Attorney Fees payment. The Fees Payment does not include the Remediation Payment.
- Y. “*Final Order.*” An order or judgment of a court of competent jurisdiction with respect to the applicable subject matter (1) which has not been reversed or superseded by a modified or amended order, is not currently stayed, and as to which any right to appeal or seek certiorari, review, reargument, stay, or rehearing has expired, and as to which no appeal or petition for certiorari, review, reargument, stay, or rehearing is pending, or (2) as to which an appeal has been taken or petition for certiorari, review, reargument, stay, or rehearing has been filed and (a) such appeal or petition for certiorari, review, reargument, stay, or rehearing has been resolved by the highest court to which the order or judgment was appealed or from which certiorari, review, reargument, stay, or rehearing was sought, or (b) the time to appeal further or seek certiorari, review, reargument, stay, or rehearing has expired and no such further appeal or petition for certiorari, review, reargument, stay, or rehearing is pending.
- Z. “*Global Settlement Amount.*” The Global Settlement Amount is \$72,852,631, which is comprised of the Maximum Remediation Payment, Private Attorney Fees, and the Additional Remediation Amount. Notwithstanding any other language or provisions in this or any other agreement, the Global Settlement Amount is the maximum dollar amount Apotex can pay in connection with the Agreement.
- AA. “*Implementation Administrator.*” Rubris, Inc., which is the vendor that will be retained by Apotex to provide notice pursuant to Section VIII.A and to manage the initial joinder period for Subdivisions, including the issuance and receipt of Subdivision Settlement Participation Forms.
- BB. “*Incentive Payment A.*” The incentive payment described in Section V.E.4.
- CC. “*Incentive Payment A Catch-Up Date.*” August 1, 2026.

DD. *“Incentive Payment BC.”* The incentive payment described in Section V.E.5.

EE. *“Initial Participating Subdivision.”* A Subdivision that meets the requirements set forth in Section VIII.D.

FF. *“Initial Participation Date.”* The date ninety (90) calendar days after the Preliminary Agreement Date, unless it is extended by written agreement of Apotex and the Enforcement Committee.

GG. *“Injunctive Relief Terms.”* The terms described in Section III and set forth in Exhibits P and Q.

HH. *“Later Litigating Subdivision.”* A Subdivision (or Subdivision official asserting the right of or for the Subdivision to recover for Alleged Harms to the Subdivision and/or the people thereof) that: (1) first files a lawsuit bringing a Released Claim against a Released Entity after the Reference Date; or (2) adds a Released Claim against a Released Entity after the Reference Date to a lawsuit brought before the Reference Date that, prior to the Reference Date, did not include any Released Claims against a Released Entity; or (3) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a legislative Bar or legislative Case-Specific Resolution as of the Reference Date, (b) such legislative Bar or legislative Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) the earlier of the date of completion of opening statements in a trial in an action brought by a Subdivision in that Settling State that includes a Released Claim against a Released Entity or one hundred eighty (180) days from the Revocation Event passes without a Bar or Case-Specific Resolution being implemented as to that Litigating Subdivision or the Litigating Subdivision's Released Claims being dismissed; or (4) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a judicial Bar or judicial Case-Specific Resolution as of the Reference Date, (b) such judicial Bar or judicial Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) such Litigating Subdivision takes any action in its lawsuit asserting a Released Claim against a Released Entity other than seeking a stay or dismissal.

II. *“Later Participating Subdivision.”* A Participating Subdivision that is not an Initial Participating Subdivision, but meets the requirements set forth in Section VIII.E.

JJ. *“Litigating Subdivision.”* A Subdivision (or Subdivision official) that brought any Released Claim against any Released Entity prior to the Reference Date. Exhibit C is an agreed list of all Litigating Subdivisions. Exhibit C will be updated (including with any corrections) periodically, and a final version of Exhibit C will be attached hereto as of the Reference Date.

KK. *“Maximum Remediation Payment.”* The maximum amount owed by Apotex to the Settling States and Subdivisions, exclusive of the Private Attorney Fees, and the Additional Remediation Amount. The amount of the Maximum Remediation Payment is \$63,682,369.

LL. *“National Arbitration Panel.”* The panel comprised as described in Section VII.F.3.b.

MM. *“National Disputes.”* As defined in Section VII.F.3.a.

NN. *“Non-Litigating Subdivision.”* Any Subdivision that is not a Litigating Subdivision.

OO. *“Non-Participating Subdivision.”* Any Subdivision that is not a Participating Subdivision.

PP. *“Non-Party Covered Conduct Claim.”* A Claim against any Non-Released Entity involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity).

QQ. *“Non-Party Settlement.”* A settlement by any Releasor that settles any Non-Party Covered Conduct Claim and includes a release of any Non-Released Entity.

RR. *“Non-Released Entity.”* An entity that is not a Released Entity.

SS. *“Non-Settling State.”* Any Eligible State that is not a Settling State.

TT. *“Opioid Remediation.”* Care, treatment, and other programs and expenditures (including reimbursement for past such programs or expenditures¹ except where this Agreement restricts the use of funds solely to future Opioid Remediation) designed to (1) address the use of opioid products in the Settling States, (2) treat or mitigate opioid use or related disorders in the Settling States, or (3) mitigate other alleged effects of, including on those injured as a result of, the opioid epidemic in the Settling States. Exhibit E provides a non-exhaustive list of expenditures that qualify as being paid for Opioid Remediation. Qualifying expenditures may include reasonable related administrative expenses in connection with the above.

UU. *“Participating Subdivision.”* Any Subdivision that meets the requirements for becoming a Participating Subdivision under Section VIII.B and Section VIII.C. Participating Subdivisions include both Initial Participating Subdivisions and Later Participating Subdivisions.

VV. *“Participation Percentage of Incentive BC Eligible Subdivision Population.”* As defined in Section V.E.5.e.

WW. *“Parties.”* Apotex and the Settling States (each, a “Party”).

XX. *“Payment Calculation Date.”* October 20, 2025, which is sixty (60) days before the Payment Date. This date may be changed by written agreement of Apotex and the Enforcement Committee.

¹ Reimbursement includes amounts paid to any governmental entities for past expenditures or programs.

YY. *“Payment Date.”* December 19, 2025, which is the date by which Apotex makes the Remediation Payment and the Fees Payment. This date may be changed by written agreement of Apotex and the Enforcement Committee.

ZZ. *“Preliminary Agreement Date.”* The date Apotex informs the Settling States of its determination that the condition in Section II.B has been satisfied. The Preliminary Agreement Date shall be no more than fourteen (14) calendar days after the end of the notice period to Eligible States, unless it is extended by written agreement of Apotex and the Enforcement Committee.

AAA. *“Primary Fire District.”* A fire district that covers a population of 25,000, or 0.20% of an Eligible State’s population if an Eligible State’s population is greater than 18 million. If not easily calculable from state data sources and agreed to between the Eligible State and Apotex, a fire district’s population is calculated by dividing the population of the county or counties a fire district serves by the number of fire districts in the county or counties. “Primary Fire Districts” shall mean fire districts as identified in connection with the implementation of the July 21, 2021, Janssen Settlement Agreement.

BBB. *“Primary Subdivision.”* A Subdivision that is a General Purpose Government (including, but not limited to, a municipality, county, county subdivision, city, town, township, parish, village, borough, gore, or any other entities that provide municipal-type government) with population over 10,000; provided, however, that as used in connection with Incentive Payment BC, the population threshold is 30,000. Attached as Exhibit I is an agreed list of the Primary Subdivisions in each Eligible State.

CCC. *“Private Attorney Fees.”* The amount to be paid by Apotex for private attorneys’ litigation fees and costs on behalf of Participating Subdivisions. The maximum amount of Private Attorney Fees is \$7,896,614. For avoidance of doubt, Private Attorney Fees do not include the Additional Remediation Amount.

DDD. *“Product.”* Any chemical substance, whether used for medicinal or non-medicinal purposes, and whether natural, synthetic, or semi-synthetic, or any finished pharmaceutical product made from or with such substance, that is: (1) an opioid or opiate, as well as any product containing any such substance; (2) benzodiazepine, carisoprodol, or gabapentin; or (3) a combination or “cocktail” of chemical substances prescribed, sold, bought, or dispensed to be used together that includes opioids or opiates. “Product” shall include, but is not limited to, any substance consisting of or containing buprenorphine, codeine, fentanyl, hydrocodone, hydromorphone, meperidine, methadone, morphine, naloxone, naltrexone, oxycodone, oxymorphone, pentazocine, propoxyphene, tapentadol, tramadol, opium, heroin, carfentanil, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, midazolam, carisoprodol, gabapentin, or any variant of these substances or any similar substance. Notwithstanding the foregoing, nothing in this section prohibits a Settling State from taking administrative or regulatory action related to benzodiazepine (including, but not limited to, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, and midazolam), carisoprodol, or gabapentin that is wholly independent from the use of such drugs in combination with opioids, *provided* such action does not seek money

(including abatement and/or remediation) for conduct prior to the Initial Participation Date. “Product” also includes any natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, and any intermediate products used or created in the manufacturing process for any of the substances described above.

EEE. “*Reference Date.*” The date on which Apotex is to inform the Settling States of its determination whether the condition in Section IX has been satisfied. The Reference Date shall be no later than thirty (30) calendar days after the Initial Participation Date, unless it is extended by written agreement of Apotex and the Enforcement Committee.

FFF. “*Released Claims.*” Any and all Claims that directly or indirectly are based on, arise out of, or in any way relate to or concern the Covered Conduct and/or Alleged Harms occurring prior to the Initial Participation Date. Without limiting the foregoing, Released Claims include any Claims that have been asserted against Released Entities by a Settling State or any of its Litigating Subdivisions in any federal, state, or local action or proceeding (whether judicial, arbitral, or administrative) based on, arising out of, or relating to, in whole or in part, the Covered Conduct and/or Alleged Harms, or any such Claims that could be or could have been asserted now or in the future in those actions or in any comparable action or proceeding brought by a Settling State, Subdivision, or Releasor (whether or not such Settling State, Subdivision, or Releasor has brought such action or proceeding). Released Claims also include all Claims against Released Entities asserted in any proceeding to be dismissed pursuant to the Agreement, whether or not such claims relate to Covered Conduct and/or Alleged Harms. The Parties intend that this term, “Released Claims,” be interpreted broadly. This Agreement does not release Claims by private individuals. It is the intent of the Parties that Claims by private individuals be treated in accordance with applicable law. Released Claims is also used herein to describe claims brought by a non-party Subdivision that would have been Released Claims if they had been brought by a Releasor against a Released Entity.

GGG. “*Released Entities.*” With respect to Released Claims, Apotex, Aveva, and (1) all past and present subsidiaries, divisions, affiliates, predecessors, successors, and assigns (in each case, whether direct or indirect) of Apotex or Aveva; (2) all past and present subsidiaries and divisions (in each case, whether direct or indirect) of any entity described in subsection (1); (3) the respective past and present officers, directors, members, trustees, and employees of any of the foregoing (each for actions that occurred during and related to their work for, or employment with, any of Apotex, Aveva, or the foregoing entities); (4) all past and present joint ventures (whether direct or indirect) of Apotex or Aveva or their subsidiaries, including in any subsidiary’s capacity as a participating member in such joint venture; (5) all direct or indirect parents and shareholders of Apotex or Aveva (solely in their capacity as parents or shareholders of Apotex or Aveva with respect to Covered Conduct); and (6) any insurer of Apotex, Aveva, or any person or entity otherwise described in subsections (1)-(5) (solely in its role as insurer of such person or entity and subject to the last sentence of Section XI.C). A list of Apotex’s and Aveva’s joint ventures, subsidiaries and affiliates and predecessor entities is set forth in Exhibit J. Any person or entity described in subsections (3)-(6) shall be a Released Entity solely in

the capacity described in such clause and shall not be a Released Entity with respect to its conduct in any other capacity. Any entity acquired, or joint venture entered into, by Apotex or Aveva after the Initial Participation Date is not a Released Entity. Additionally, except for Aveva and its past and present subsidiaries and divisions, DifGen and its subsidiaries, divisions, affiliates, predecessors, successors, and assigns (or any entity otherwise covered by subsections (1)-(5) based on a relationship to DifGen and such entities) are not Released Entities for their conduct prior to DifGen's acquisition of Aveva, or for their post-acquisition conduct related to activities they undertook prior to DifGen's acquisition of Aveva. Further and notwithstanding anything else in this paragraph, no entity sued in *In re: National Prescription Opiate Litigation*, No. 1:17-md-2804 (N.D. Ohio) is included as a Released Entity other than Apotex, Aveva, and the entities listed on Exhibit J.

HHH. "*Releasors.*" With respect to Released Claims, (1) each Settling State; (2) each Participating Subdivision; and (3) without limitation and to the maximum extent of the power of each Settling State's Attorney General and/or Participating Subdivision to release Claims, (a) the Settling State's and Participating Subdivision's departments, agencies, divisions, boards, commissions, Subdivisions, districts, instrumentalities of any kind and attorneys, including its Attorney General, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, (b) any public entities, public instrumentalities, public educational institutions, unincorporated districts, fire districts, irrigation districts, water districts, emergency services districts, school districts, healthcare districts, hospital districts, Sheriffs and law enforcement districts, library districts, coroner's offices, and public transportation authorities, and other Special Districts in a Settling State, including those with the regulatory authority to enforce state and federal controlled substances acts or the authority to bring Claims related to Covered Conduct seeking money (including abatement (or remediation and/or restitution)) or revoke a pharmaceutical distribution license, and (c) any person or entity acting in a *parens patriae*, sovereign, quasi-sovereign, private attorney general, *qui tam*, taxpayer, or other capacity seeking relief, including but not limited to fines, penalties, or punitive damages, on behalf of or generally applicable to the general public with respect to a Settling State or Subdivision in a Settling State, whether or not any of them participate in this Agreement. The inclusion of a specific reference to a type of entity in this definition shall not be construed as meaning that the entity is not a Subdivision. Each Settling State's Attorney General represents that he or she has obtained (or will obtain no later than the Initial Participation Date) the authority set forth in Section XI.G. In addition to being a Releasor as provided herein, a Participating Subdivision shall also provide the Subdivision Settlement Participation Form referenced in Section VIII providing for a release to the fullest extent of the Participating Subdivision's authority.

III. "*Remediation Accounts Fund.*" The component of the Settlement Fund described in Section VI.C.

JJJ. "*Remediation Payment.*" The amount payable to the Settlement Fund by Apotex for Settling States' Base Payments and Incentive Payments on the Payment Date, as calculated by the Settlement Fund Administrator.

KKK. “*Revocation Event.*” With respect to a Bar or Case-Specific Resolution, a legislative amendment, revocation, rescission, reversal, overruling, or interpretation that in any way limits the effect of such Bar or Case-Specific Resolution on Released Claims, or any other action or event that otherwise deprives the Bar, or Case-Specific Resolution of force or effect in any material respect.

LLL. “*Settlement Fund.*” The interest-bearing fund established at [Bank TBD] pursuant to this Agreement into which the Remediation Payment is made under Section V, which is intended to be classified as a “qualified settlement fund” within the meaning of 26 C.F.R. §§ 1.468B-1 *et seq.* and which shall be approved by any Settling State in accordance with the requirements of 26 C.F.R. § 1.468B-1.

MMM. “*Settlement Fund Administrator.*” BrownGreer PLC, which is the entity that determines the Remediation Payment (including calculating offset or reduction and Incentive Payments pursuant to Section V) and Additional Remediation Amount, administers the Settlement Fund, and distributes amounts into the Remediation Accounts Fund, State Fund, and Subdivision Fund pursuant to this Agreement. The duties of the Settlement Fund Administrator shall be governed by this Agreement. Prior to the Effective Date, Apotex and the Enforcement Committee shall agree to a detailed description of the Settlement Fund Administrator’s duties and responsibilities, including a detailed mechanism for paying the Settlement Fund Administrator’s fees and costs, all of which shall be appended to the Agreement as Exhibit L.

NNN. “*Settlement Fund Escrow.*” The interest-bearing escrow fund established pursuant to this Agreement to hold disputed payments made under this Agreement.

OOO. “*Settling State.*” An Eligible State that has entered into this Agreement and delivers executed releases in accordance with Section IX.A.

PPP. “*State Allocation Percentage.*” A Settling State’s percentage as set forth in Exhibit F.

QQQ. “*State Fund.*” The component of the Settlement Fund described in Section VI.C.

RRR. “*State-Subdivision Agreement.*” An agreement that a Settling State reaches with the Subdivisions in that Settling State regarding the allocation, distribution, and/or use of funds allocated to that Settling State and to its Subdivisions. A State-Subdivision Agreement shall be effective if approved pursuant to the provisions of Exhibit O or if adopted by statute. Preexisting agreements addressing funds other than those allocated pursuant to this Agreement shall qualify if the approval requirements of Exhibit O are met. A Settling State and its Subdivisions may revise a State-Subdivision Agreement if approved pursuant to the provisions of Exhibit O, or if such revision is adopted by statute.

SSS. “*Statutory Trust.*” A trust fund established by state law to receive funds allocated to a Settling State’s Remediation Accounts Fund and restrict any expenditures made using funds from the Settling State’s Remediation Accounts Fund to Opioid Remediation, subject to reasonable administrative expenses. A Settling State may give a

Statutory Trust authority to allocate one (1) or more of the three (3) types of funds comprising such Settling State's Settlement Fund, but this is not required.

TTT. "*Statewide Payment Amount.*" The amount from the Remediation Payment to be paid to a Settling State, including its separate types of funds (if applicable) and its Participating Subdivisions listed in Exhibit G, on or as soon as practical after the Payment Date.

UUU. "*Subdivision.*" Any (1) General Purpose Government (including, but not limited to, a municipality, county, county subdivision, city, town, township, parish, village, borough, gore, or any other entities that provide municipal-type government), School District, or Special District within a Settling State, and (2) any other subdivision, subdivision official acting in an official capacity on behalf of the subdivision (including, without limitation, district attorneys, county attorneys, city attorneys, sheriffs, and any other official, employee, or representative), or sub-entity of or located within a Settling State (whether political, geographical or otherwise, whether functioning or non-functioning, regardless of population overlap, and including, but not limited to, Nonfunctioning Governmental Units and public institutions) that has filed a lawsuit that includes a Released Claim against a Released Entity in a direct, *parens patriae*, or any other capacity. "General Purpose Government," "School District," and "Special District" shall correspond to the "five basic types of local governments" recognized by the U.S. Census Bureau and match the 2017 list of Governmental Units.² The three (3) General Purpose Governments are county, municipal, and township governments; the two (2) special purpose governments are School Districts and Special Districts.³ "Fire District," "Health District," "Hospital District," and "Library District" shall correspond to categories of Special Districts recognized by the U.S. Census Bureau.⁴ References to a Settling State's Subdivisions or to a Subdivision "in," "of," or "within" a Settling State include Subdivisions located within the Settling State even if they are not formally or legally a sub-entity of the Settling State; *provided, however*, that a "Health District" that includes any of the following words or phrases in its name shall not be considered a Subdivision: mosquito, pest, insect, spray, vector, animal, air quality, air pollution, clean air, coastal water, tuberculosis, and sanitary.

² https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP

³ *E.g.*, U.S. Census Bureau, "Technical Documentation: 2017 Public Use Files for State and Local Government Organization" at 7 (noting that "the Census Bureau recognizes five basic types of local governments," that three of those are "general purpose governments" (county governments, municipal governments, and township governments), and that the other two are "school district and special district governments"), https://www2.census.gov/programs-surveys/gus/datasets/2017/2017_gov_org_meth_tech_doc.pdf.

⁴ A list of 2017 Government Units provided by the Census Bureau identifies 38,542 Special Districts and categorizes them by "FUNCTION_NAME." "Govt_Units_2017_Final" spreadsheet, "Special District" sheet, included in "Independent Governments - list of governments with reference information," https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP. As used herein, "Fire District" corresponds to Special District function name "24 — Local Fire Protection," "Health District" corresponds to Special District function name "32 — Health," "Hospital District" corresponds to Special District function name "40 — Hospitals," and "Library District" corresponds to Special District function name "52 — Libraries." *See id.*

VVV. “*Subdivision Allocation Percentage.*” The portion of a Settling State's Subdivision Fund set forth in Exhibit G that a Subdivision will receive pursuant to Section VI if it becomes a Participating Subdivision. The aggregate Subdivision Allocation Percentage of all Subdivisions receiving a Subdivision Allocation Percentage in each Settling State shall equal one hundred percent (100%). Immediately upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3 (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3) that addresses allocation from the Subdivision Fund, whether before or after the Initial Participation Date, Exhibit G will automatically be amended to reflect the allocation from the Subdivision Fund pursuant to the State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3. The Subdivision Allocation Percentages contained in Exhibit G may not change once notice is distributed pursuant to Section VIII.A, except upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3 (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3) that addresses allocation from the Subdivision Fund. For the avoidance of doubt, no Subdivision not listed on Exhibit G shall receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

WWW. “*Subdivision Fund.*” The component of the Settlement Fund described in Section VI.A.

XXX. “*Subdivision Settlement Participation Form.*” The form attached as Exhibit K that Participating Subdivisions must execute and return to the Implementation Administrator or Settlement Fund Administrator, and which shall (1) make such Participating Subdivisions signatories to this Agreement, (2) include a full and complete release of any and all of such Participating Subdivisions' claims, and (3) require the prompt dismissal with prejudice of any Released Claims that have been filed by any such Participating Subdivision.

YYY. “*Threshold Motion.*” A motion to dismiss or equivalent dispositive motion made at the outset of litigation under applicable procedure. A Threshold Motion must include as potential grounds for dismissal any applicable Bar or the relevant release by a Settling State or Participating Subdivision provided under this Agreement and, where appropriate under applicable law, any applicable limitations defense.

II. Participation by Eligible States and Condition to Preliminary Agreement

A. *Notice to Eligible States.* On May 26, 2025, this Agreement shall be distributed to all Eligible States. The Attorneys General of the Eligible States shall then have until June 25, 2025, to decide whether to become Settling States and notify the Enforcement Committee and Apotex of that decision. Eligible States that determine to become Settling States shall so notify Apotex and shall further commit to obtaining any

necessary additional state releases prior to the Reference Date. This notice period may be extended by written agreement of Apotex and the Enforcement Committee.

B. *Condition to Preliminary Agreement.* Following the notice period set forth in Section II.A, Apotex shall have fourteen (14) calendar days to determine whether, in its sole discretion (based on any criteria or factors deemed relevant to Apotex), enough Eligible States have agreed to become Settling States to proceed with notice to Subdivisions as set forth in Section VIII. This period may be extended by written agreement of Apotex and the Enforcement Committee. If Apotex determines that this condition has been satisfied, and that notice to the Subdivisions should proceed, it will so notify the Settling States by providing notice to the Enforcement Committee. The date of such notice shall be the Preliminary Agreement Date. If Apotex determines that this condition has not been satisfied, this Agreement will have no further effect and all releases and other commitments or obligations contained herein will be void.

C. *Later Joinder by Eligible States.* After the Preliminary Agreement Date, an Eligible State may only become a Settling State with the consent of Apotex and the Enforcement Committee, provided that the Enforcement Committee may not withhold consent to an Eligible State's later joinder if the Eligible State agrees to join pursuant to the terms of this Agreement and the allocation set forth on Exhibit F. If an Eligible State becomes a Settling State more than thirty (30) calendar days after the Preliminary Agreement Date, but on or before the Reference Date, the Subdivisions in that Eligible State that become Participating Subdivisions within ninety (90) calendar days of the Eligible State becoming a Settling State shall be considered Initial Participating Subdivisions. An Eligible State may not become a Settling State after the Reference Date.

D. *Litigation Activity.* Following the Preliminary Agreement Date, Eligible States that determine to become Settling States shall make reasonable efforts to cease litigation activity against Apotex or Aveva, including by jointly seeking stays or, where appropriate, severance of claim against Apotex or Aveva, where feasible, and otherwise to minimize such activity by means of agreed deadline extensions and agreed postponement of depositions, document productions, and motion practice if a motion to stay or sever is not feasible or is denied.

III. Injunctive Relief

A. *Injunctive Relief.* As part of the Consent Judgment, the Parties agree to the respective injunctive relief terms attached in Exhibits P (Apotex) and Q (Aveva).

IV. Procedure for Segregated Account Deposits and Payments

A. By the Deposit Date, Apotex shall deposit into a segregated interest-bearing bank account it establishes the Adjusted Maximum Remediation Payment amount. Apotex shall also deposit into two (2) separate segregated interest-bearing bank accounts it establishes: (a) the Private Attorney Fees amount; and (b) the Additional Remediation Amount. Apotex shall separately account for the interest earned on each of the three (3) accounts.

B. Apotex shall provide proof to the Enforcement Committee of the deposits required by Section IV.D.1 by the Deposit Date. Apotex shall not remove any money from the segregated bank accounts, except as provided by Section IV.F and Section IV.H.

C. If an Eligible State joins the agreement pursuant to Section II.C and that joinder is after the Deposit Date, Apotex shall deposit that Settling State's maximum Statewide Payment Amount, which is the Maximum Remediation Payment multiplied by the Settling State's State Allocation Percentage. Such deposit shall be within fifteen (15) days of the Settling State's joinder.

D. If the condition set forth in Section IX.B is met, Apotex shall:

1. Transfer into the Settlement Fund on the Payment Date (unless the Enforcement Committee specifies a later date) the Remediation Payment amount calculated by the Settlement Fund Administrator pursuant to Section V.C.2 from the segregated account. For the avoidance of doubt, this transfer includes any amounts that the Settlement Fund Administrator will place into the Settlement Fund Escrow pursuant to Section V.C.4.e.

- a. The interest earned from the deposit account holding the Remediation Amount shall be used, first, to pay for the Implementation Administrator, then to pay for the Implementation Administrator in the Alvogen, Amneal, Hikma, Indivior, Mylan, Sun, and Zydus Settlement Agreements, and finally to be transferred to the Settlement Fund to be used to pay for the Settlement Fund Administrator pursuant to Section VI.C.4.

2. Transfer into the relevant funds as directed by the Enforcement Committee, no later than the Payment Date (unless the Enforcement Committee specifies a later date) the amount in the segregated account holding the Private Attorney Fees (including all interest accrued on that account), minus any amounts not payable pursuant to the terms of Exhibit R, and the amount in the segregated account holding the Additional Remediation Amount (including all interest accrued on that account), minus the Additional Remediation Amount that would have been owed to Non-Settling States as calculated by multiplying the Additional Remediation Amount by the sum of allocations on Exhibit N for Non-Settling States.

E. The Remediation Payment transferred by Apotex into the Settlement Fund pursuant to Section IV.D.1 shall be disbursed by the Settlement Fund Administrator to each Settling State and to its Participating Subdivisions listed on Exhibit G pursuant to Section V.C.5 through Section V.C.8; provided, however, that for any Settling State where the Consent Judgment has not been entered as of the Effective Date, the funds allocable to that Settling State and its Participating Subdivisions listed on Exhibit G shall not be disbursed until ten (10) calendar days after the entry of the Consent Judgment in that Settling State.

F. Any amounts in the segregated accounts not subject to transfer pursuant to Section IV.D shall immediately revert to Apotex after Apotex makes the transfers required by Section IV.D.

G. Except for the interest earned on the payment amounts, any unearned Incentive Payment A amount in the Settlement Fund shall immediately revert to Apotex after the Incentive Payment A Catch-Up Date. This excess reflects Settling States who sought, but did not achieve, a Bar by the Incentive Payment A Catch-Up Date. Any amount in the Settlement Fund exceeding the payments described in Section V.C.3 shall immediately revert to Apotex after the Payment Date. This excess is Settling States' unearned Maximum Incentive Payment amounts.

H. In the event that, in accordance with the terms of Section IX.B, Apotex determines not to proceed with the Settlement, or the Settlement does not become effective for any other reason, the funds held in the segregated bank accounts shall immediately revert to Apotex.

V. Settlement Payment Calculation Process

A. *Settlement Fund.* All payments under this Section V shall be made into the Settlement Fund, except that, where specified, they shall be made into the Settlement Fund Escrow. The Settlement Fund shall be allocated and used only as specified in Section VI.

B. Remediation Payment

1. Apotex shall make one Remediation Payment comprised of both Base Payments and Incentive Payments as provided in Section IV.D.1.

2. In no instance shall Apotex's Remediation Payment obligations exceed the Adjusted Maximum Remediation Amount.

C. Settlement Fund Payment Process

1. To determine the Remediation Payment, the Settlement Fund Administrator shall use the data as of the Payment Calculation Date. Prior to the Effective Date, the Parties will include Exhibit L, which sets forth in detail the process for the Settlement Fund Administrator to obtain relevant data and for distributing funds to the Settling States and their Participating Subdivisions listed on Exhibit G consistent with the terms of this Agreement as quickly as practical.

2. On the Payment Calculation Date, the Settlement Fund Administrator shall determine the Remediation Payment, consistent with the provisions in Exhibit L, by determining the sum, for all Settling States, of the Base Payment amount and Incentive Payments A or BC amount to which each Settling State is entitled (or could in the future be entitled for states who notify Defendants of an intent to obtain a Bar by the Incentive Payment A Catch-Up Date) by applying the criteria under Section V.D and Section V.E;

3. On the Payment Calculation Date and Incentive Payment A Catch-Up Date, the Settlement Fund Administrator shall determine the Statewide Payment Amount for each Settling State, consistent with the provisions in Exhibit L, by determining, for each Settling State, the Base Payment amount (only on the Payment Calculation Date) and Incentive Payment amount to which the Settling State is entitled on that date by applying the criteria under Section V.D and Section V.E, after subtracting the portion of any Settlement Fund Administrator costs and fees owed out of funds from the Settlement Fund pursuant to Section VI.C.4.

4. No later than fifty (50) days prior to the Payment Date, the Settlement Fund Administrator shall give notice to Apotex, the Settling States, and the Enforcement Committee of the amount of the Remediation Payment, and/or the Statewide Payment Amount for each Settling State, following the determination described in Section V.C.2 and V.C.3, and the following timeline shall apply:

a. Within twenty-one (21) calendar days of the notice provided by the Settlement Fund Administrator, Apotex, any Settling State or the Enforcement Committee may dispute, in writing, the calculation of the Remediation Payment and/or the Statewide Payment Amount for a Settling State. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Apotex identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

b. Within twenty-one (21) calendar days of the sending of a written notice of dispute, any affected party may submit a response, in writing, to the Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Apotex identifying the basis for disagreement with the notice of dispute.

c. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute. In the case of the Remediation Payment, Apotex shall pay the adjusted amount, collectively totaling the Remediation Payment, on the Payment Date.

d. If a written response to the written notice of dispute is timely sent to the Settlement Fund Administrator, the Settlement Fund Administrator shall notify Apotex, the Enforcement Committee, and any affected Settling State of the preliminary amount, which shall be the greater of the amount originally calculated by the Settlement Fund Administrator or the amount that would be consistent with the notice of dispute. In the case of the Remediation Payment, Apotex shall pay this preliminary amount, *provided, however*, that in no circumstances shall the preliminary amount to be paid be higher than the Maximum Remediation Payment.

e. The Settlement Fund Administrator shall place any disputed amount of the preliminary amount paid by Apotex into the Settlement Fund Escrow and shall disburse any undisputed amount to each Settling State and its Participating Subdivisions listed on Exhibit G pursuant to Section V.C.5.

5. If a Settling State informs the Settlement Fund Administrator that it and its Participating Subdivisions listed on Exhibit G have agreed on the amount of its Statewide Payment Amount, determined pursuant to Section V.C.3, to be distributed to the Settling State, among its separate types of funds (if applicable), and among its Participating Subdivisions listed on Exhibit G, the Settlement Fund Administrator shall disburse the Statewide Payment Amount pursuant to the consensus distribution amounts provided by the Settling State as quickly as practical. For a Settling State that does not so notify the Settlement Fund Administrator, the Settlement Fund Administrator shall allocate the Settling State's Statewide Payment Amount, pursuant to Section VI, among the separate types of funds for the Settling State (if applicable), and among its Participating Subdivisions listed on Exhibit G using the following procedures:

a. As soon as possible for each payment and following the determination described in Section V.C.3, the Settlement Fund Administrator shall give notice to the relevant Settling States and their Participating Subdivisions listed on Exhibit G of the amount to be received by each Settling State, the amount to be received by the separate types of funds for each Settling State (if applicable), and the amount to be received by each Participating Subdivision listed on Exhibit G for each Settling State.

b. Within twenty-one (21) days of the notice provided by the Settlement Fund Administrator, any Settling State or Participating Subdivision listed on Exhibit G may dispute, in writing, the calculation of the amount to be received by the relevant Settling State and/or its Participating Subdivision listed on Exhibit G. A dispute will be deemed invalid and disregarded if it challenges the allocations adopted by a State-Subdivision Agreement approved pursuant to the provisions of Exhibit O or by statute. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, any affected Settling State, and any affected Participating Subdivision identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

c. Within twenty-one (21) days of the sending of a written notice of dispute, any affected Settling State or any affected Participating Subdivision may submit a response, in writing, to the Settlement Fund Administrator, any affected Settling State, and any affected Participating Subdivision identifying the basis for disagreement with the notice of dispute.

d. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute.

e. The Settlement Fund Administrator shall place any disputed amount into the Settlement Fund Escrow and shall disburse any undisputed amount to the Settling State and its Participating Subdivisions eligible for payment.

6. Disputes described in this subsection (other than those for which no response is filed under Sections V.C.4.c or V.C.5.d) shall be resolved in accordance with the terms of Section VII.F.

7. The Settlement Fund Administrator may combine the disbursements of the Remediation Payment with the disbursement of funds under other comparable opioid settlements. In determining when disbursements of the Remediation Payment will be made, the Settlement Fund Administrator may take into account the timeline for the availability of disbursements under other comparable opioid settlements.

8. For the avoidance of doubt, Subdivisions not listed on Exhibit G shall not receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

D. *Base Payments.*

1. Apotex shall make Base Payments into the Settlement Fund in an amount equal to forty percent (40%) of the Adjusted Maximum Remediation Payment. The maximum total for Base Payments is \$25,472,948.

2. The Base Payment for any Settling State shall be the maximum total for Base Payments, \$25,472,948, times the Settling State's State Allocation Percentage specified in Exhibit F.

E. *Incentive Payments.*

1. Settling States may earn Incentive Payments totaling up to a maximum of sixty percent (60%) of the Adjusted Maximum Remediation Payment, with the Incentive Payment amount depending on whether and the extent to which the criteria set forth below are met in each Settling State. The maximum total for Incentive Payments is \$38,209,421.

2. A Settling State qualifies to receive an Incentive Payment in addition to its Base Payment if it meets the incentive eligibility requirements specified below. The maximum total Incentive Payment for any Settling State shall be no more than the maximum total for Incentive Payments, \$38,209,421, times the Settling State's State Allocation Percentage specified in Exhibit F. Incentive Payments are state-specific, with the actual amount depending on whether and the extent to which the criteria set forth below are met in such Settling State.

3. The Incentive Payments shall be divided among two (2) categories, referred to as Incentive Payments A and BC. Incentive Payments A and BC will be due to Settling States on the Payment Date. The total amount of Incentive Payments due to Settling States shall be the sum of the Incentive Payments for which the individual Settling States are eligible under the criteria set forth below. The Incentive Payments shall be made with respect to a specific Settling State based on its eligibility under the criteria set forth below. For the avoidance of doubt, eligibility for Incentive Payments A and BC shall be determined on a Settling State-by-Settling State basis.

4. Incentive Payment A.

a. Incentive Payment A is mutually exclusive with Incentive Payment BC; if a Settling State receives Incentive Payment A in the Remediation Payment, such Settling State is not eligible for Incentive Payment BC.

b. Incentive Payment A shall be equal to sixty percent (60%) of the Adjusted Maximum Remediation Payment, provided all Settling States satisfy the requirements of Incentive Payment A. Incentive Payment A will be due to a Settling State as part of the Remediation Payment, and shall equal a total potential maximum of \$38,209,421 if all Eligible States qualify for Incentive Payment A. Each Settling State's share of Incentive Payment A, *provided* that Settling State qualifies, shall equal the total maximum amount available for Incentive Payment A, \$38,209,421, times the Settling State's State Allocation Percentage.

c. Qualification for Incentive Payment A is as follows: A Settling State qualifies for Incentive Payment A if, as of the Payment Calculation Date: (i) there is a Bar in that Settling State in full force and effect, (ii) the Released Claims of all of the following entities are released through the execution of Subdivision Settlement Participation Forms, or there is a Case-Specific Resolution against such entities: all Primary Subdivisions, Litigating Subdivisions, School Districts with a K-12 student enrollment of at least 25,000 or .10% of a Settling State's population, whichever is greater, Hospital Districts that have at least one hundred twenty-five (125) hospital beds in one or more hospitals rendering services in that district, and Primary Fire Districts; or (iii) a combination of the actions in clauses (i) and (ii) has achieved the same level of resolution of Subdivision Claims (*e.g.*, a Bar against future litigation combined with full joinder by Litigating Subdivisions). For the avoidance of doubt, subsection (iii) cannot be satisfied unless all Litigating Subdivisions are Participating Subdivisions or there is a Case-Specific Resolution against any such Subdivisions that are not Participating Subdivisions. Apotex and the Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Initial Participation Date.

d. If a Settling State intends to achieve Incentive A by a Bar in effect after the Payment Calculation date but before the Incentive A Catch-Up Date, the Settling State shall notify Apotex no later than 30 days before the Initial Participation Date. A Settling State who so notifies Apotex and does not qualify for Incentive Payment A as of the Payment Date but becomes eligible for Incentive Payment A as of the Incentive Payment A Catch-Up Date shall receive the payment that it would have received for Incentive Payment A (the “Incentive Payment A Catch-up Payment”) on the Incentive Payment A Catch-Up Date. The Incentive Payment A Catch-up Payment shall be reduced by any amounts paid to the Settling State under Incentive Payment BC prior to the Settling State’s eligibility for Incentive Payment A. A Settling State that does not qualify for Incentive Payment A as of the Incentive Payment A Catch-Up Date shall not be eligible for Incentive Payment A.

e. To the extent a Settling State asserts that existing legislation qualifies as a Bar, the Settling State shall provide notice to Apotex no later than 30 days before the Initial Participation Date. Apotex shall indicate before the Initial Participation Date whether existing legislation in a Settling State is sufficient to qualify as a Bar.

5. Incentive Payment BC.

a. Incentive Payment BC shall be available to Settling States that do not qualify for Incentive Payment A.

b. Incentive Payment BC shall be up to a maximum of sixty percent (60%) of the Settling State’s share of the Remediation Payment. Incentive Payment BC will be due to a Settling State as part of the Remediation Payment. Incentive Payment BC shall equal a total potential maximum of \$38,209,421 if all Eligible States qualify for Incentive Payment BC (and do not qualify for Incentive Payment A).

c. The maximum Incentive Payment BC for any Settling State shall be the maximum potential Incentive Payment BC, \$38,209,421, times the Settling State’s State Allocation Percentage specified in Exhibit F, provided such Settling State becomes eligible for Incentive Payment BC by the Payment Calculation Date.

d. The amount of Incentive Payment BC for which a Settling State is eligible shall be determined based on the aggregate population of the Settling State’s Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of all the Settling State’s Incentive BC Subdivisions. The Settling State’s Incentive BC Subdivisions are (i) all Litigating Subdivisions (including School Districts and Special

Districts) and (ii) all Primary Subdivisions that have not sued Apotex as of the Initial Participation Date (collectively “*Incentive BC Subdivisions*”).

e. The percentage of the Settling State’s maximum Incentive Payment BC provided by Section V.E.5.c to which the Settling State is entitled shall be determined according to the table of Incentive BC payment levels below:

Participation Percentage of Incentive BC Eligible Subdivision Population⁵	Incentive Payment BC Percentage
Less than 85%	0%
85% or more but less than 86%	3.57%
86% or more but less than 87%	8.93%
87% or more but less than 88%	14.29%
88% or more but less than 89%	19.64%
89% or more but less than 90%	25%
90% or more but less than 91%	30.36%
91% or more but less than 92%	35.71%
92% or more but less than 93%	41.07%
93% or more but less than 94%	46.43%
94% or more but less than 95%	51.79%
95% or more but less than 96%	60.71%
96% or more but less than 97%	68.75%

⁵ The “Participation Percentage of Incentive BC Eligible Subdivision Population” shall be determined by the aggregate population of the Settling State’s Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of the Settling State’s Incentive BC Subdivisions. In calculating the Settling State’s population that resides in Incentive BC Subdivisions, the population of the Settling State’s Incentive BC Subdivisions shall be the sum of the population of all Incentive BC Subdivisions in the Settling State, notwithstanding that persons may be included within the population of more than one Incentive BC Subdivision. An individual Subdivision shall not be included more than once in the numerator, and shall not be included more than once in the denominator, of the calculation regardless if it (or any of its officials) is named as multiple plaintiffs in the same lawsuit; provided, however, that for the avoidance of doubt, no Subdivision will be excluded from the numerator or denominator under this sentence unless a Subdivision otherwise counted in the denominator has the authority to release the Claims (consistent with Section X) of the Subdivision to be excluded.

97% or more but less than 98%	76.79%
98% or more but less than 99%	84.82%
99% or more but less than 100%	92.86%
100%	100%

f. The percentage of the available Incentive Payment BC amount for which a Settling State is eligible will be based on the Participation Percentage of Incentive BC Eligible Subdivision Population as of the Payment Calculation Date. If Incentive BC Eligible Subdivisions that have become Participating Subdivisions, or achieved Case-Specific Resolution status, collectively represent less than eighty-five percent (85%) of a Settling State's Incentive BC Eligible Subdivision population by the Payment Calculation Date, the Settling State shall not receive any Incentive Payment BC.

g. If there are no Incentive BC Eligible Subdivisions in a Settling State, and that Settling State is otherwise eligible for Incentive Payment BC, that Settling State will receive its maximum Incentive Payment BC provided by Section V.E.5.c.

F. In no event shall any Settling State receive a Base Payment and Incentive Payment totaling more than one hundred percent (100%) of its respective State Allocation Percentage specified in Exhibit F times the Maximum Remediation Payment.

VI. Allocation and Use of Settlement Payments

A. *Components of Settlement Fund.* The Settlement Fund shall be funded by the Remediation Payment and comprised of a Remediation Accounts Fund, a State Fund, and a Subdivision Fund for each Settling State. The payments made under Section IV into the Settlement Fund shall be initially allocated among those three (3) sub-funds and distributed and used as provided below. Unless otherwise specified herein, payments placed into the Settlement Fund do not revert back to Apotex.

B. *Use of Settlement Payments.*

1. It is the intent of the Parties that the payments disbursed from the Settlement Fund to Settling States and Participating Subdivisions be for Opioid Remediation, subject to exceptions that must be documented in accordance with Section VI.B.2. In no event may less than ninety-five percent (95%) of Apotex's maximum amount of payments pursuant to Section V be spent on Opioid Remediation.

2. While disfavored by the Parties, a Settling State or a Participating Subdivision set forth on Exhibit G may use monies from the Settlement Fund (that

have not been restricted by this Agreement solely to future Opioid Remediation) for purposes that do not qualify as Opioid Remediation. If, at any time, a Settling State or a Participating Subdivision set forth on Exhibit G uses any monies from the Settlement Fund for a purpose that does not qualify as Opioid Remediation, such Settling State or Participating Subdivision set forth on Exhibit G shall identify such amounts and report to the Settlement Fund Administrator and Apotex how such funds were used, including if used to pay attorneys' fees, investigation costs, litigation costs, or costs related to the operation and enforcement of this Agreement, respectively. It is the intent of the Parties that the reporting under this Section VI.B.2 shall be available to the public. For the avoidance of doubt, (a) any amounts not identified under this Section VI.B.2 as used to pay attorneys' fees, investigation costs, or litigation costs shall be included in the Compensatory Restitution Amount for purposes of Section VI.F and (b) Participating Subdivisions not listed on Exhibit G may only use monies from the Settlement Fund for purposes that qualify as Opioid Remediation.

C. *Allocation of Settlement Fund.* The allocation of the Settlement Fund allows for different approaches to be taken in different states, such as through a State-Subdivision Agreement. Given the uniqueness of Settling States and their Subdivisions, Settling States and their Subdivisions are encouraged to enter into State-Subdivision Agreements in order to direct the allocation of their portion of the Settlement Fund. As set out below, the Settlement Fund Administrator will make an initial allocation to three (3) state-level sub-funds. The Settlement Fund Administrator will then, for each Settling State and its Participating Subdivisions, apply the terms of this Agreement and any relevant State-Subdivision Agreement, Statutory Trust, Allocation Statute, or voluntary redistribution of funds as set out below before disbursing the funds.

1. *Base Payments.* The Settlement Fund Administrator will allocate Base Payments under Section V.D among the Settling States pursuant to Section V.D.2. Base payments for each Settling State will then be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section VI.D.

2. *Incentive Payments.* The Settlement Fund Administrator will treat Incentive Payments under Section V.E on a state-specific basis. Incentive Payments for which a Settling State is eligible will be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section VI.D.

3. *Settlement Fund Administrator.* Prior to the Effective Date, Apotex and the Enforcement Committee will agree to a detailed mechanism consistent with the foregoing for the Settlement Fund Administrator to follow in allocating, apportioning, and distributing payments, which shall then be appended hereto as Exhibit L.

4. Settlement Fund Administrator Costs. Any costs and fees associated with or arising out of the duties of the Settlement Fund Administrator as described in Exhibit L shall be paid from the interest accrued in the Settlement Fund Escrow and the Settlement Fund; provided, however, that if such accrued interest is insufficient to pay the entirety of any such costs and fees, the additional amount shall be paid out of the Settlement Fund. For the avoidance of doubt, nothing in this provision shall require Apotex to pay any costs, fees or other amounts in excess of the Global Settlement Amount.

D. *Settlement Fund Reallocation and Distribution.* As set forth below, within a particular Settling State's account, amounts contained in the Settlement Fund sub-funds may be reallocated and distributed per a State-Subdivision Agreement or other means. If the apportionment of amounts is not addressed and controlled under Section VI.D.1 and Section VI.D.2, then the default provisions of Section VI.D.4 apply. It is not necessary that a State-Subdivision Agreement or other means of allocating funds pursuant to Section VI.D.1 and Section VI.D.2 address all of the Settlement Fund sub-funds. For example, a Statutory Trust might only address disbursements from a Settling State's Remediation Accounts Fund.

1. Distribution by State-Subdivision Agreement. If a Settling State has a State-Subdivision Agreement, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section VI.C shall be reallocated and distributed as provided by that agreement. Any State-Subdivision Agreement entered into after the Preliminary Agreement Date shall be applied only if it requires: (a) that all amounts be used for Opioid Remediation, except as allowed by Section VI.B.2, and (b) that at least seventy percent (70%) of amounts be used solely for future Opioid Remediation.⁶ For a State-Subdivision Agreement to be applied to the relevant portion of the Remediation Payment, notice must be provided to Apotex and the Settlement Fund Administrator by the Payment Calculation Date.

2. Distribution by Allocation Statute. If a Settling State has an Allocation Statute and/or a Statutory Trust that addresses allocation or distribution of amounts apportioned to such Settling State's State Fund, Remediation Accounts Fund, and/or Subdivision Fund and that, to the extent any or all such sub-funds are addressed, requires (1) all amounts to be used for Opioid Remediation, except as allowed by Section VI.B.2, and (2) at least seventy percent (70%) of all amounts to be used solely for future Opioid Remediation then, to the extent allocation or distribution is addressed, the amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section VI.C shall be allocated and distributed as addressed and provided by the applicable Allocation Statute or Statutory Trust. For the avoidance of doubt, an Allocation Statute or Statutory Trust need not address all three (3) sub-funds that comprise the Settlement Fund, and if the applicable Allocation Statute or Statutory Trust does not address distribution of

⁶ Future Opioid Remediation includes amounts paid to satisfy any future demand by another governmental entity to make a required reimbursement in connection with the past care and treatment of a person related to the Alleged Harms

all or some of these three (3) sub-funds, the applicable Allocation Statute or Statutory Trust does not replace the default provisions described in Section VI of any such unaddressed fund. For example, if an Allocation Statute or Statutory Trust that meets the requirements of this Section VI.D.2 only addresses funds restricted to remediation, then the default provisions of this Agreement concerning allocation among the three (3) sub-funds comprising the Settlement Fund and the distribution of the State Fund and Subdivision Fund for that Settling State would still apply, while the distribution of the applicable State's Remediation Accounts Fund would be governed by the qualifying Allocation Statute or Statutory Trust.

3. Voluntary Redistribution. A Settling State may choose to reallocate all or a portion of its State Fund to its Remediation Accounts Fund. A Participating Subdivision included on Exhibit G may choose to reallocate all or a portion of its allocation from the Subdivision Fund to the Settling State's Remediation Accounts Fund or to another Participating Subdivision. The Settlement Fund Administrator is not required to honor a voluntary redistribution for which notice is provided to it after the Payment Calculation Date.

4. Distribution in the Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. If Section VI.D.1, Section VI.D.2, and Section VI.D.3 do not apply, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section VI.C shall be distributed as follows:

a. Amounts apportioned to that Settling State's State Fund shall be distributed to that Settling State.

b. Amounts apportioned to that Settling State's Remediation Accounts Fund shall be distributed consistent with Section VI.E. Each Settling State shall submit to the Settlement Fund Administrator a designation of a lead state agency or other entity to serve as the single point of contact for that Settling State's funding requests from the Remediation Accounts Fund and other communications with the Settlement Fund Administrator. The designation of an individual entity is for administrative purposes only and such designation shall not limit funding to such entity or even require that such entity receive funds from this Agreement. The designated entity shall be the only entity authorized to request funds from the Settlement Fund Administrator to be disbursed from that Settling State's Remediation Accounts Fund. If a Settling State has established a Statutory Trust then that Settling State's single point of contact may direct the Settlement Fund Administrator to release the Settling State's Remediation Accounts Fund to the Statutory Trust.

c. Amounts apportioned to that Settling State's Subdivision Fund shall be distributed to Participating Subdivisions in that Settling State included on Exhibit G per the Subdivision Allocation Percentage listed in Exhibit G. Section VIII.H shall govern amounts that would otherwise be

distributed to Non-Participating Subdivisions listed in Exhibit G. For the avoidance of doubt and notwithstanding any other provision in this Agreement, no Non-Participating Subdivision will directly receive any amount from the Settlement Fund, regardless of whether such Subdivision is included on Exhibit G.

d. Special Districts shall not be allocated funds from the Subdivision Fund, except through a voluntary redistribution allowed by Section VI.D.3 to Special Districts that are Participating Subdivisions. A Settling State may allocate funds from its State Fund or Remediation Accounts Fund for Special Districts that are Participating Subdivisions.

5. Restrictions on Distribution. No amounts may be distributed from the Subdivision Fund contrary to Section VIII, i.e., no amounts may be distributed directly to Non-Participating Subdivisions or to Later Participating Subdivisions to the extent such a distribution would violate Section VIII.E through Section VIII.G. Amounts allocated to the Subdivision Fund that cannot be distributed by virtue of the preceding sentence shall be distributed into the sub-account in the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement described in Section VI.D.1 or by an Allocation Statute or a Statutory Trust described in Section VI.D.2.

E. *Provisions Regarding the Remediation Accounts Fund.*

1. State-Subdivision Agreement, Allocation Statute, and Statutory Trust Fund Provisions. A State-Subdivision Agreement, Allocation Statute, or Statutory Trust may govern the operation and use of amounts in that Settling State's Remediation Accounts Fund so long as it complies with the requirements of Section VI.D.1 or Section VI.D.2, as applicable, and all direct payments to Subdivisions comply with Section VIII.E through Section VIII.G.

2. Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. In the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust that addresses distribution, the Remediation Accounts Fund will be used solely for future Opioid Remediation and the following shall apply with respect to a Settling State:

a. Regional Remediation.

(i) At least fifty percent (50%) of distributions for remediation from a Settling State's Remediation Accounts Fund shall be annually allocated and tracked to the regional level. A Settling State may allow the Advisory Committee established pursuant to Section VI.E.2.d to define its regions and assign regional allocations percentages. Otherwise, the Settling State shall (A) define its initial regions, which shall consist of one (1) or more General Purpose Subdivisions and which shall be designated by the state agency with primary responsibility for substance abuse disorder services employing, to the maximum extent practical, existing regions established in that Settling State for opioid abuse treatment or other public health purposes; (B) assign initial regional allocation percentages to the regions based on the Subdivision Allocation Percentages in Exhibit G and an assumption that all Subdivisions included on Exhibit G will become Participating Subdivisions.

(ii) This minimum regional expenditure percentage is calculated on the Settling State's initial Remediation Accounts Fund allocation and does not include any additional amounts a Settling State has directed to its Remediation Accounts Fund from its State Fund, or any other amounts directed to the fund. A Settling State may dedicate more than fifty percent (50%) of its Remediation Accounts Fund to the regional expenditure and may annually adjust the percentage of its Remediation Accounts Fund dedicated to regional expenditures as long as the percentage remains above the minimum amount.

(iii) The Settling State (A) has the authority to adjust the definition of the regions, and (B) may annually revise the percentages allocated to each region to reflect the number of General Purpose Subdivisions in each region that are Non-Participating Subdivisions.

b. *Subdivision Block Grants.* Certain Subdivisions shall be eligible to receive regional allocation funds in the form of a block grant for future Opioid Remediation. A Participating Subdivision eligible for block grants is a county or parish (or in the case of Settling States that do not have counties or parishes that function as political subdivisions, a city) that (1) does not contain a Litigating Subdivision or a Later Litigating Subdivision for which it has the authority to end the litigation through a release, bar or other action; (2) either (i) has a population of 400,000 or more or (ii) in the case of California has a population of 750,000 or more; and (3) has funded or otherwise managed an established health care or treatment infrastructure (e.g., health department or similar agency). Each Subdivision eligible to receive block grants shall be assigned its own region.

c. *Small Settling States.* Notwithstanding the provisions of Section VI.E.2.a, Settling States with populations under four (4) million that do not have existing regions described in Section VI.E.2.a shall not be required to establish regions. However, such a Settling State that contains one (1) or more Subdivisions eligible for block grants under Section VI.E.2.b shall be divided regionally so that each block-grant eligible Subdivision is a region, and the remainder of the state is a region.

d. *Advisory Committee.* The Settling State shall designate an Opioid Settlement Remediation Advisory Committee (the “*Advisory Committee*”) to provide input and recommendations regarding remediation spending from that Settling State’s Remediation Accounts Fund. A Settling State may elect to use an existing advisory committee or similar entity (created outside of a State-Subdivision Agreement or Allocation Statute); *provided, however*, the Advisory Committee or similar entity shall meet the following requirements:

(i) Written guidelines that establish the formation and composition of the Advisory Committee, terms of service for members, contingency for removal or resignation of members, a schedule of meetings, and any other administrative details;

(ii) Composition that includes at least an equal number of local representatives as state representatives;

(iii) A process for receiving input from Subdivisions and other communities regarding how the opioid crisis is affecting their communities, their remediation needs, and proposals for remediation strategies and responses; and

(iv) A process by which Advisory Committee recommendations for expenditures for Opioid Remediation will be made to and considered by the appropriate state agencies.

3. Remediation Accounts Fund Reporting. The Settlement Fund Administrator shall track and assist in the report of remediation disbursements as agreed to between Apotex and the Enforcement Committee

F. *Nature of Payment.* Apotex, the Settling States, and the Participating Subdivisions each acknowledge and agree that notwithstanding anything to the contrary in this Agreement, including, but not limited to, the scope of the Released Claims:

1. They have entered into this Agreement to avoid the delay, expense, inconvenience, and uncertainty of further litigation;

2. (a) The Settling States and Participating Subdivisions sought compensatory restitution and remediation (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i)) as damages for the Alleged Harms allegedly suffered by

the Settling States and Participating Subdivisions; (b) the Compensatory Restitution Amount is less than or equal to the amount, in the aggregate, of the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; and (c) the portion of the Compensatory Restitution Amount received by each Settling State or Participating Subdivision is less than or equal to the amount of the Alleged Harms allegedly suffered by such Settling State or Participating Subdivision;

3. The payment of the Compensatory Restitution Amount by Apotex constitutes, and is paid for, compensatory restitution and remediation (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i), (ii)) for alleged damage or harm (as compensation for alleged damage or harm arising out of alleged bodily injury) allegedly caused by Apotex in order to restore, in whole or in part, the Settling States, Participating Subdivisions, and persons to the same position or condition that they would be in had the Settling States, Participating Subdivisions, and persons not suffered the Alleged Harms, and constitutes compensatory restitution and remediation for alleged damage or harm allegedly caused by the potential violation of a law; and

4. For the avoidance of doubt: (a) the entire Compensatory Restitution Amount is properly characterized as described in Section VI.F, (b) no portion of the Compensatory Restitution Amount represents reimbursement to any Settling State or Participating Subdivision or other person or entity for the fees or costs of any investigation or litigation, including without limitation attorneys' fees, (c) no portion of the Global Settlement Amount constitutes the disgorgement of any allegedly ill-gotten gains, and (d) no portion of the Global Settlement Amount is paid for, is in place of, or is properly characterized as the payment of any fine, penalty, punitive damages, or other punitive assessments.

VII. Enforcement

A. *Enforceability.* This Agreement is enforceable only by the Settling States and Apotex; *provided, however*, that Released Entities may enforce Section XI and Participating Subdivisions listed on Exhibit G have the enforcement rights described later in this paragraph and in Section VII.D. Except to the extent allowed by the Injunctive Relief Terms, Settling States and Participating Subdivisions shall not have enforcement rights against Apotex with respect to either the terms of this Agreement that apply only to or in other Settling States or any Consent Judgment entered into by another Settling State. Participating Subdivisions shall not have enforcement rights against Apotex with respect to this Agreement or any Consent Judgment except that Participating Subdivisions listed on Exhibit G shall have enforcement rights as set forth herein as to payments that would be allocated to the Participating Subdivisions or the Remediation Accounts Fund in such Settling State pursuant to Section V; *provided, however*, that each Settling State shall allow Participating Subdivisions in such Settling State to notify it of any perceived violations of this Agreement or the applicable Consent Judgment.

B. *Jurisdiction.* Apotex and Aveva consent to the jurisdiction of the court in which each Settling State files its Consent Judgment, limited to resolution of disputes identified in Section VII.F.2 for resolution in that court.

C. *Specific Terms Dispute Resolution.*

1. Any dispute that is addressed by the provisions set forth in the Injunctive Relief Terms shall be resolved as provided therein.

D. *State-Subdivision Enforcement.*

1. A Subdivision shall not have enforcement rights against a Settling State in which it is located with respect to this Agreement or any Consent Judgment except that a Participating Subdivision listed on Exhibit G shall have enforcement rights (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust with respect to intrastate allocation or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that (i) the Settling State's use of Remediation Accounts Fund monies were not used for uses similar to or in the nature of those uses contained in Exhibit E; or (ii) a Settling State failed to pay funds directly from the Remediation Accounts Fund to a Participating Subdivision eligible to receive a block grant pursuant to Section VI.E.2.b.

2. A Settling State shall have enforcement rights against a Participating Subdivision located in its territory (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust; or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that the Participating Subdivisions' uses of Remediation Accounts Fund monies were not used for purposes similar to or in the nature of those uses contained in Exhibit E.

3. As between the Settling States and Participating Subdivisions, the above rights are contractual in nature and nothing herein is intended to limit, restrict, change or alter any other existing rights under law.

E. *Subdivision Apotex Payment Enforcement.* A Participating Subdivision listed on Exhibit G shall have the same right as a Settling State to seek resolution regarding the failure by Apotex to make its Remediation Payment.

F. *Other Terms Regarding Dispute Resolution.*

1. The parties to a dispute shall promptly meet and confer in good faith to resolve any dispute. If the parties cannot resolve the dispute informally, and unless otherwise agreed in writing, they shall follow the remaining provisions of this subsection to resolve the dispute.

2. Except to the extent provided by Section VII.C or Section VII.F.3, disputes not resolved informally shall be resolved in either the court that entered the relevant Consent Judgment or, if no such Consent Judgment was entered, a state or territorial

court with jurisdiction located wherever the seat of the relevant state government is located.

a. State court proceedings shall be governed by the rules and procedures of the relevant forum.

b. For the avoidance of doubt, disputes to be resolved in state court include, but are not limited to, the following:

(i) disputes concerning whether expenditures qualify as Opioid Remediation;

(ii) disputes between a Settling State and its Participating Subdivisions as provided by Section VII.D, except to the extent the State-Subdivision Agreement provides for other dispute resolution mechanisms. For the avoidance of doubt, disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes;

(iii) whether this Agreement and relevant Consent Judgment are binding under state law;

(iv) the extent of the Attorney General's or other participating entity's authority under state law, including the extent of the authority to release claims;

(v) whether the definition of a Bar, a Case-Specific Resolution, Final Order, lead state agency as described in Section VI.D.4.b, Later Litigating Subdivision, Litigating Subdivision, or Threshold Motion have been met; and

(vi) all other disputes not specifically identified in Section VII.C or Section VII.F.3.

c. Any Party may request that the National Arbitration Panel provide an interpretation of any provision of the settlement that is relevant to the state court determination, and the National Arbitration Panel shall make reasonable best efforts to supply such interpretation within the earlier of thirty (30) calendar days or the time period required by the state court proceedings. Any Party may submit that interpretation to the state court to the extent permitted by, and for such weight provided by, the state court's rules and procedures. If requested by a Party, the National Arbitration Panel shall request that its interpretation be accepted in the form of an *amicus curiae* brief, and any attorneys' fees and costs for preparing any such filing shall be paid for by the requesting Party.

3. National Disputes involving a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VII.A, and/or Apotex shall be resolved by the National Arbitration Panel.

a. National Disputes are disputes that are not addressed by Section VII.C, and which are exceptions to Section VII.F.2's presumption of resolution in state courts because they involve issues of interpretation of terms contained in this Agreement applicable to all Settling States without reference to a particular state's law. Disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes. National Disputes are limited to the following:

(i) the amount of offset and/or credit attributable to Non-Settling States;

(ii) issues involving the scope and definition of Product;

(iii) interpretation and application of the terms "Covered Conduct," "Released Entities," and "Released Claims;"

(iv) the failure by Apotex to pay the Remediation Payment or the Additional Remediation Amount, but for the avoidance of doubt, disputes between Apotex and a Settling State over the amounts owed only to that state that do not affect any other Settling State shall not be considered National Disputes;

(v) questions regarding the performance and/or removal of the Settlement Fund Administrator;

(vi) disputes involving liability of successor entities;

(vii) disputes that require a determination of the sufficiency of participation in order to qualify for Incentive Payments A or BC;

(viii) disputes involving a Releasor's compliance with, and the appropriate remedy under, Section XI.B.5.c;

(ix) disputes requiring the interpretation of Agreement terms that are national in scope or impact, which shall mean disputes requiring the interpretation of Agreement terms that (i) concretely affect four (4) or more Settling States; and (ii) do not turn on unique definitions and interpretations under state law; and

(x) any dispute subject to resolution under Section VII.F.2 but for which all parties to the dispute agree to arbitration before the National Arbitration Panel under the provisions of this Section VII.F.3.

b. The National Arbitration Panel shall be comprised of three (3) neutral arbitrators. One (1) arbitrator shall be chosen by Apotex, one (1) arbitrator shall be chosen by the Enforcement Committee with due input from Participating Subdivisions listed on Exhibit G, and the third arbitrator shall be agreed upon by the first two (2) arbitrators. The membership of the National Arbitration Panel is intended to remain constant throughout the term of this Agreement, but in the event that replacements are required, the retiring arbitrator shall be replaced by the party that selected him/her.

c. The National Arbitration Panel shall make reasonable best efforts to decide all matters within one hundred eighty (180) calendar days of filing, and in no event shall it take longer than one (1) year.

d. The National Arbitration Panel shall conduct all proceedings in a reasonably streamlined process consistent with an opportunity for the parties to be heard. Issues shall be resolved without the need for live witnesses where feasible and with a presumption in favor of remote participation to minimize the burdens on the parties.

e. To the extent allowed under state law, a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VII.A, and (at any party's request) the National Arbitration Panel may certify to an appropriate state court any question of state law. The National Arbitration Panel shall be bound by a final state court determination of such a certified question. The time period for the arbitration shall be tolled during the course of the certification process.

f. The arbitrators will give due deference to any authoritative interpretation of state law, including any declaratory judgment or similar relief obtained by a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VII.A, or Apotex on a state law issue.

g. The decisions of the National Arbitration Panel shall be binding on Settling States, Participating Subdivisions, Apotex, and the Settlement Fund Administrator. In any proceeding before the National Arbitration Panel involving a dispute between a Settling State and Apotex whose resolution could prejudice the rights of a Participating Subdivision(s) in that Settling State, such Participating Subdivision(s) shall be allowed to file a statement of view in the proceeding.

h. Nothing herein shall be construed so as to limit or otherwise restrict a Settling State from seeking injunctive or other equitable relief in state court to protect the health, safety, or welfare of its citizens.

i. Each party shall bear its own costs in any arbitration or court proceeding arising under this Section VII. The costs for the arbitrators on

the National Arbitration Panel shall be divided and paid equally by the disputing sides for each individual dispute, e.g., a dispute between Apotex and Settling States/Participating Subdivisions shall be split fifty percent (50%) by Apotex and fifty percent (50%) by the Settling States/Participating Subdivisions that are parties to the dispute; a dispute between a Settling State and a Participating Subdivision shall be split fifty percent (50%) by the Settling State that is party to the dispute and fifty percent (50%) by any Participating Subdivisions that are parties to the dispute. For the avoidance of doubt, Apotex shall not be responsible for the National Arbitration Panel costs in disputes that do not concern Apotex.

4. Prior to initiating an action to enforce pursuant to this Section VII.F, the complaining party must:

a. Provide written notice to the Enforcement Committee and Apotex of its complaint, including the provision of the Consent Judgment and/or Agreement that the practice appears to violate, as well as the basis for its interpretation of the disputed provision. The Enforcement Committee shall establish a reasonable process and timeline for obtaining additional information from the involved parties; *provided, however*, that the date the Enforcement Committee establishes for obtaining additional information from the parties shall not be more than forty-five (45) calendar days following the notice. The Enforcement Committee may advise the involved parties of its views on the complaint and/or seek to resolve the complaint informally.

b. Wait to commence any enforcement action until thirty (30) calendar days after the date that the Enforcement Committee establishes for obtaining additional information from the involved parties.

5. If the parties to a dispute cannot agree on the proper forum for resolution of the dispute under the provisions of Section VII.F.2 or Section VII.F.3, a committee comprising the Enforcement Committee and sufficient representatives of Apotex such that the members of the Enforcement Committee have a majority of one (1) member will determine the forum where the dispute will be initiated within twenty-eight (28) calendar days of receiving notification of the dispute relating to the proper forum. The forum identified by such committee shall be the sole forum for litigating the issue of which forum will hear the substantive dispute, and the committee's identification of such forum in the first instance shall not be entitled to deference by the forum selected.

G. *Lien or Encumbrance.* To the extent allowed by applicable law, this Settlement Agreement shall not be deemed to create a lien or encumbrance against any real property owned by Apotex or its affiliates, unless in the event of a default or breach of the payment provisions by Apotex. Nothing in this Section shall be construed to limit any remedy of any Settling State or Participating Subdivision in the event of a default or breach of this Agreement by Apotex.

H. *No Effect.* Nothing in this Agreement shall be interpreted to limit the Settling States' Civil Investigative Demand ("CID") or investigative subpoena authority, to the extent such authority exists under applicable state law and the CID or investigative subpoena is issued pursuant to such authority, and Apotex and Aveva reserve all of its rights in connection with a CID or investigative subpoena issued pursuant to such authority.

VIII. Participation by Subdivisions

A. *Notice.* No later than fifteen (15) calendar days after the Preliminary Agreement Date, the Implementation Administrator shall send individual written notice (which may be delivered via e-mail or other electronic means and may be combined with distribution of the Subdivision Settlement Participation Form) of the opportunity to participate in this Agreement and the requirements of participation to all Subdivisions in the Settling States that are (1) Litigating Subdivisions or (2) Non-Litigating Subdivisions listed on Exhibit G. To the extent a Special District is entitled to an allocation for a direct payment through its inclusion in Exhibit G pursuant to a State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution, the Implementation Administrator, with the cooperation of the Settling States shall also send individual written notice (which may be delivered via e-mail or other electronic means) of the opportunity to participate in this Agreement and the requirements of participation to such Special Districts. Unless otherwise agreed by the Parties, the version of Exhibit G used for notice shall be the one in place as of the Preliminary Agreement Date. Notice (which may be delivered via e-mail or other electronic means) shall also be provided simultaneously to counsel of record for Litigating Subdivisions and known counsel for Non-Litigating Subdivisions and Special Districts listed on Exhibit G. The costs of the Implementation Administrator shall be paid for by the interest earned from the deposit accounts holding the Adjusted Maximum Remediation Payment for Apotex, and nothing in this provision shall require Apotex to pay any costs, fees or other amounts in excess of the Global Settlement Amount. The Settling States, with the cooperation of Apotex, may also provide general notice reasonably calculated to alert Non-Litigating Subdivisions in the Settling States to this Agreement, the opportunity to participate in it, and the requirements for participation. Such notice may include publication and other standard forms of notification, as well as notice to state and county organizations such as the National Association of Counties and the National League of Cities. The notice will include that the deadline for becoming an Initial Participating Subdivision is the Initial Participation Date. Nothing contained herein shall preclude a Settling State from providing further notice to or otherwise contacting any of its Subdivisions about becoming a Participating Subdivision, including beginning any of the activities described in this paragraph prior to the Preliminary Agreement Date.

B. *Requirements for Becoming a Participating Subdivision—Non-Litigating Subdivisions.* A Non-Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Fund Administrator) specifying (1) that the Subdivision agrees to the terms of this Agreement pertaining to Subdivisions, (2) that the Subdivision releases all Released Claims against all Released Entities, (3) that the Subdivision agrees to use monies it

receives, if any, from the Settlement Fund pursuant to the applicable requirements of Section VI; *provided, however*, that Non-Litigating Subdivisions may only use monies originating from the Settlement Fund for purposes that qualify as Opioid Remediation, and (4) that the Subdivision submits to the jurisdiction of the court where the applicable Consent Judgment is filed for purposes limited to that court's role under this Agreement. The required Subdivision Settlement Participation Form is attached as Exhibit K.

C. *Requirements for Becoming a Participating Subdivision—Litigating Subdivisions.* A Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Fund Administrator) and upon prompt dismissal with prejudice of its lawsuit following the Reference Date or the date on which the conditions for effectiveness in Section IX.B have been met, whichever is later. A Settling State may require each Litigating Subdivision in that Settling State to specify on the Subdivision Settlement Participation Form whether its counsel has waived any contingency fee contract with that Participating Subdivision and whether, if eligible, it intends to seek fees pursuant to Exhibit R. The Settlement Fund Administrator shall provide reports of this information to the parties upon request. A Litigating Subdivision may not become a Participating Subdivision after the completion of opening statements in a trial of a lawsuit it brought that includes a Released Claim against a Released Entity.

D. *Initial Participating Subdivisions.* A Subdivision qualifies as an Initial Participating Subdivision if it meets the applicable requirements for becoming a Participating Subdivision set forth in Section VIII.B or Section VIII.C by the Initial Participation Date. All Subdivision Settlement Participation Forms shall be held in escrow by the Implementation Administrator until the Reference Date. If, for any reason, the Agreement does not become effective, all obligations created by such forms and releases in them shall be void *ab initio* and all Subdivision Settlement Participation Forms shall be returned to Counsel for Litigating Subdivisions or to the Subdivisions not represented by counsel or destroyed to the extent that such destruction is not prohibited by then existing document preservation obligations.

E. *Later Participating Subdivisions.* A Subdivision that is not an Initial Participating Subdivision may become a Later Participating Subdivision by meeting the applicable requirements for becoming a Participating Subdivision set forth in Section VIII.B or Section VIII.C after the Initial Participation Date but before the Payment Calculation Date and by agreeing to be subject to the terms of a State-Subdivision Agreement (if any) or any other structure adopted or applicable pursuant to Section VI.D or Section VI.E. Unless waived by Apotex, the following provisions govern what a Later Participating Subdivision can receive (but do not apply to Initial Participating Subdivisions):

1. A Later Participating Subdivision shall receive seventy-five percent (75%) of the share of the Base Payment or Incentive Payment that it would have received had it become an Initial Participating Subdivision.

2. A Later Participating Subdivision that had maintained a lawsuit for a Released Claim against a Released Entity and had judgment entered against it on any such Claim before it became a Participating Subdivision (other than consensual dismissal with prejudice) shall receive 50% of the share of future Base Payments and Incentive Payments that it would have received had it become a Participating Subdivision prior to such judgment; provided, however that if the Subdivision appeals the judgment and the judgment is affirmed with finality, the Subdivision shall not receive any share of any Base Payments or Incentive Payments, and shall return to Apotex any share of any Base Payments or Incentive Payments such Subdivision had already received.

3. A Later Participating Subdivision that becomes a Participating Subdivision while a Bar or Case-Specific Resolution involving a different Subdivision exists in its state shall receive twenty-five percent (25%) of the share of the Base Payment and Incentive Payment that it would have received if it had become an Initial Participating Subdivision.

F. *No Increase in Payments.* Amounts to be received by Later Participating Subdivisions shall not increase the payments due from Apotex.

G. *Non-Participating Subdivisions.* Non-Participating Subdivisions shall not directly receive any portion of the Remediation Payment, including from the State Fund and direct distributions from the Remediation Accounts Fund; however, a Settling State may choose to fund future Opioid Remediation that indirectly benefits Non-Participating Subdivisions.

H. *Unpaid Allocations to Later Participating Subdivisions and Non-Participating Subdivisions.* Any Base Payment and Incentive Payment allocated pursuant to Section VI.D to a Later Participating Subdivision or Non-Participating Subdivision that cannot be paid pursuant to this Section VIII, including the amounts that remain unpaid after the reductions required by Section VIII.E., will be allocated to the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement or by a Statutory Trust.

IX. Condition to Effectiveness of Agreement and Filing of Consent Judgment

A. *Determination to Proceed with Settlement. —Settling States.* Following the Initial Subdivision Participation Date, the Enforcement Committee shall determine whether to proceed with the Agreement on behalf of the Settling States, and the Settling States shall be bound by the determination of the Enforcement Committee. No later than fifteen (15) calendar days prior to the Reference Date, the Enforcement Committee shall provide notice to Apotex of its decision. If the Enforcement Committee elects not to proceed, this Agreement will have no further effect, and all releases (including those contained in Subdivision Settlement Participation Forms and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms) will be void. Within seven (7) calendar days of informing Apotex that there is sufficient

participation to proceed, the Enforcement Committee will deliver all signatures and releases required by the Agreement to be provided by the Settling States to Apotex.

B. *Determination to Proceed with Settlement—Apotex.* If the Settling States elect to proceed, Apotex will then determine on or before the Reference Date whether there is sufficient Eligible State participation, sufficient Subdivision participation, and sufficient resolution of the Claims of the Litigating Subdivisions in the Settling States (through participation under Section VIII, Case-Specific Resolution(s) and Bar(s)) to proceed with this Agreement. The determination shall be in the sole discretion of Apotex and may be based on any criteria or factors deemed relevant by Apotex.

C. *Notice by Apotex.* On or before the Reference Date, Apotex shall inform the Settling States of its determination pursuant to Section IX.B. If Apotex determines to proceed, the Parties will proceed to file the Consent Judgments, each of which shall be signed by the relevant Settling State, Apotex, and Aveva, and the obligations in the Subdivision Settlement Participation Forms will be effective and binding as of the Reference Date. If Apotex determines not to proceed, this Agreement will have no further effect, any amounts deposited, including funds referenced in Section IV.D. and Exhibit M, shall revert to Apotex, and all releases (including those contained in Subdivision Settlement Participation Forms) and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms will be void.

X. Settling State and Participating Subdivision Attorneys' Fees and Costs and Additional Remediation Amount

A. The Agreement on Subdivision Attorneys' Fees, Expenses and Costs is set forth in Exhibit R and incorporated herein by reference.

B. *Additional Remediation Amount.*

1. Subject to the reduction specified in Section X.B.2, Apotex shall pay an Additional Remediation Amount to the Settling States listed in Exhibit N. Such funds shall be paid as allocated by the Settlement Fund Administrator pursuant to Exhibit N.

2. *Reduction of Additional Remediation Amount.* The amounts owed by Apotex pursuant to this Section X.B shall be reduced by the allocations set forth on Exhibit N for Non-Settling States.

3. For the avoidance of doubt, (1) a Settling State that retained outside counsel in connection with the investigation of Apotex that receives an Additional Remediation Amount may choose to have the Additional Remediation Amount designated to pay the Settling State's outside counsel, and may instruct the Settlement Fund Administrator to pay those funds directly to the Settling State's outside counsel, and (2) Additional Remediation Amount funds, including funds designated by a Settling State to pay its outside counsel under this paragraph, shall not be subject to allocation as provided in Section VI.C through Section VI.E.

C. All payments addressed by this Section X will be made no later than the Payment Date pursuant to Section V.

XI. Release

A. *Scope.* As of the Effective Date, the Released Entities are hereby released and forever discharged from all of the Releasors' Released Claims. Each Settling State (for itself and its Releasors) and Participating Subdivision (for itself and its Releasors) hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist in bringing, or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in this Agreement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of each Settling State and its Attorney General to release claims. This Agreement shall be a complete bar to any Released Claim.

B. *Claim-Over and Non-Party Settlement.*

1. It is the intent of the Parties that:

a. Released Entities should not seek contribution or indemnification (other than pursuant to an insurance contract), from other parties for their payment obligations under this Agreement;

b. the payments made under this Agreement shall be the sole payments made by the Released Entities to the Releasors involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity);

c. Claims by Releasors against non-Parties should not result in additional payments by Released Entities, whether through contribution, indemnification or any other means; and

d. the Agreement meets the requirements of the Uniform Contribution Among Joint Tortfeasors Act and any similar state law or doctrine that reduces or discharges a released party's liability to any other parties.

2. The provisions of Section XI.B are intended to be implemented consistent with these principles. This Agreement and the releases and dismissals provided for herein are made in good faith.

3. No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner; provided that a Released Entity shall be relieved of this prohibition with respect to any entity that asserts a Claim-Over against it. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

4. To the extent that, on or after the Reference Date, any Releasor enters into a Non-Party Settlement, including in any bankruptcy case or through any plan of reorganization, the Releasor will include (or in the case of a Non-Party Settlement made in connection with a bankruptcy case, will cause the debtor to include), unless prohibited from doing so under applicable law, in the Non-Party Settlement a prohibition on contribution or indemnity of any kind substantially equivalent to that required from Apotex in Section XI.B.3, or a release from such Non-Released Entity in favor of the Released Entities (in a form equivalent to the releases contained in this Agreement) of any Claim-Over. The obligation to obtain the prohibition and/or release required by this subsection is a material term of this Agreement.

5. In the event that any Releasor obtains a judgment with respect to Non-Party Covered Conduct against a Non-Released Entity that does not contain a prohibition like that described in Section XI.B.3 or any Releasor files a Non-Party Covered Conduct Claim against a Non-Released Entity in bankruptcy or a Releasor is prevented for any reason from obtaining a prohibition/release in a Non-Party Settlement as provided in Section XI.B.3, and such Non-Released Entity asserts a Claim-Over against a Released Entity, the Released Entity shall be relieved of the prohibition in Section XI.B.3 with respect to that Non-Released Entity and that Releasor and Apotex and/or Aveva shall take the following actions to ensure that the Released Entities do not pay more with respect to Covered Conduct to the Releasor or to Non-Released Entities than the amount owed under this Settlement Agreement by Apotex:

a. Apotex and/or Aveva shall notify that Releasor of the Claim-Over within sixty (60) calendar days of the assertion of the Claim-Over or sixty (60) calendar days of the Effective Date of this Settlement Agreement, whichever is later;

b. Apotex and/or Aveva and that Releasor shall meet and confer concerning the means to hold Released Entities harmless and ensure that Apotex is not required to pay more with respect to Covered Conduct than the amounts owed by Apotex to the Releasor under this Agreement;

c. The Releasor and Apotex and/or Aveva shall take steps sufficient and permissible under the law of the state of the Releasor to hold Released Entities harmless from the Claim-Over and ensure Released Entities are not required to pay more with respect to Covered Conduct than

the amounts owed by Apotex under this Agreement. Such steps may include, where permissible:

(i) Filing of motions to dismiss or such other appropriate motion by Apotex and/or Aveva or Released Entities, and supported by Releasor, in response to any claim filed in litigation or arbitration;

(ii) Reduction of the Releasor's Claim and any judgment it has obtained or may obtain against such Non-Released Entity by whatever amount or percentage is necessary to extinguish such Claim-Over under applicable law, up to the amount the Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(iii) Placement into escrow of funds paid by the Non-Released Entities such that those funds are available to satisfy the Claim-Over;

(iv) Return of monies paid by Apotex to the Releasor under this Settlement Agreement to permit satisfaction of a judgment against or settlement with the Non-Released Entity to satisfy the Claim-Over;

(v) Payment of monies to Apotex by the Releasor to ensure it is held harmless from such Claim-Over, up to the amount that Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(vi) Credit to Apotex under this Agreement to reduce the overall amounts to be paid under the Agreement such that it is held harmless from the Claim-Over; and

(vii) Such other actions as the Releasor and Apotex and/or Aveva may devise to hold Apotex and/or Aveva harmless from the Claim-Over.

d. The actions of the Releasor and Apotex and/or Aveva taken pursuant to paragraph (c) must, in combination, ensure Apotex and/or Aveva is not required to pay more with respect to Covered Conduct than the amounts owed to the Releasor by Apotex under this Agreement.

e. In the event of any dispute over the sufficiency of the actions taken pursuant to paragraph (c), the Releasor and Apotex and/or Aveva may seek review by the National Arbitration Panel, provided that, if the parties agree, such dispute may be heard by the state court where the relevant Consent Judgment was filed. The National Arbitration Panel shall have authority to require Releasor to implement a remedy that includes one or

more of the actions specified in paragraph (c) sufficient to hold Released Entities fully harmless. In the event that the Panel's actions do not result in Released Entities being held fully harmless, Apotex shall have a claim for breach of this Agreement by Releasor, with the remedy being payment of sufficient funds to hold Apotex and/or Aveva harmless from the Claim-Over up to the amount that Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity. For the avoidance of doubt, the prior sentence does not limit or eliminate any other remedy that Apotex and/or Aveva may have.

6. To the extent that the Claim-Over is based on a contractual indemnity, the obligations under Section XI.B.4 shall extend solely to a Non-Party Covered Conduct Claim against a pharmacy, clinic, hospital or other purchaser, distributor or dispenser of Products, a manufacturer that sold Products, a consultant, and/or a pharmacy benefit manager or other third-party payor. Apotex and/or Aveva shall notify the Settling States, to the extent permitted by applicable law, in the event that any of these types of Non-Released Entities asserts a Claim-Over arising out of contractual indemnity against it.

C. *Indemnification and Contribution Prohibited.* No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory, from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

D. *General Release.* In connection with the releases provided for in this Agreement, each Settling State (for itself and its Releasors) and Participating Subdivision expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

General Release; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that if known by him or her, would have materially affected his or her settlement with the debtor or released party.

A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Settling State (for itself and its Releasors) and Participating Subdivision (for itself and its Releasors) hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially

affect the Settling States' decision to enter into this Agreement or the Participating Subdivisions' decision to participate in this Agreement.

E. *Assigned Interest Waiver.* To the extent that any Settling State has any direct or indirect interest in any rights of a third-party that is a debtor under the Bankruptcy Code as a result of a claim arising out of Covered Conduct by way of assignment or otherwise, including as a result of being the beneficiary of a trust or other distribution entity, to assert claims against Apotex (whether derivatively or otherwise), under any legal or equitable theory, including for indemnification, contribution, or subrogation, the Settling State waives the right to assert any such claim, or to receive a distribution or any benefit on account of such claim and such claim, distribution, or benefit shall be deemed assigned to Apotex.

F. *Res Judicata.* Nothing in this Agreement shall be deemed to reduce the scope of the res judicata or claim preclusive effect that the settlement memorialized in this Agreement, and/or any Consent Judgment or other judgment entered on this Agreement, gives rise to under applicable law.

G. *Representation and Warranty.* The signatories hereto on behalf of their respective Settling States and its Participating Subdivisions expressly represent and warrant that they will obtain on or before the Effective Date (or have obtained) the authority to settle and release, to the maximum extent of the State's power, all Released Claims of (1) their respective Settling States; (2) any of the respective Settling State's past and present executive departments, state agencies, divisions, boards, commissions and instrumentalities with the regulatory authority to enforce state and federal controlled substances acts; (3) any of their respective Settling State's past and present executive departments, agencies, divisions, boards, commissions and instrumentalities that have the authority to bring Claims related to Covered Conduct seeking money (including abatement and/or remediation) or revocation of a pharmaceutical distribution license; and (4) any Participating Subdivisions. For the purposes of clause (3) above, executive departments, agencies, divisions, boards, commission, and instrumentalities are those that are under the executive authority or direct control of the State's Governor. Also, for the purposes of clause (3), a release from a State's Governor as set forth in Exhibit X is sufficient to demonstrate that the appropriate releases have been obtained.

H. *Effectiveness.* The releases set forth in this Agreement shall not be impacted in any way by any dispute that exists, has existed, or may later exist between or among the Releasors. Nor shall such releases be impacted in any way by any current or future law, regulation, ordinance, or court or agency order limiting, seizing, or controlling the distribution or use of the Settlement Fund or any portion thereof, or by the enactment of future laws, or by any seizure of the Settlement Fund or any portion thereof.

I. *Cooperation.* Releasors (1) will not encourage any person or entity to bring or maintain any Released Claim against any Released Entity and (2) will reasonably cooperate with and not oppose any effort by a Released Entity to secure the prompt dismissal of any and all Released Claims, including suits brought by non-Releasors based on Released Claims. Releasors will meet and confer and make reasonable efforts to resolve

any action that is filed by a Subdivision against Apotex and/or Aveva on or after the date the Preliminary Agreement Date. This provision shall not require a Settling State to make any monetary payment or adjustment to allocation or incur other obligation.

J. *Non-Released Claims.* Notwithstanding the foregoing or anything in the definition of Released Claims, the Agreement does not waive, release or limit any criminal liability, Claims for any outstanding liability under any tax or securities law, Claims against parties who are not Released Entities, Claims by private individuals, Claims for Medicaid rebates, Claims asserted, or that could be asserted, by any State or Subdivision, related to the causes of action in *In re: Generic Pharmaceuticals Pricing Antitrust Litigation*, in the United States District court for the District of Pennsylvania, MDL No. 2724; *Connecticut et al v. Aurobindo Pharma USA, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:16-cv-2056-NPS; *Connecticut et al. v. Teva Pharmaceuticals USA, Inc.*, in the United States District Court for the District of Connecticut, Case No. 3:19-cv-710-NPS; *Connecticut et al v. Sandoz, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:20-cv-802-NPS; and any related action (such excluded claims include, but are not limited to, all antitrust claims and any claims related to any non-opioid generic drugs), and any claims arising under the Agreement for enforcement of the Agreement.

XII. Later Litigating Subdivisions

A. *Released Claims against Released Entities.* If a Later Litigating Subdivision in a Settling State maintains a lawsuit for a Released Claim against a Released Entity after the Reference Date, the following shall apply subject to Section XII.B:

1. The Released Entity shall take ordinary and reasonable measures to defend the action, including filing a Threshold Motion with respect to the Released Claim. The Released Entity shall further notify the Settling State and Settlement Fund Administrator immediately upon notice of a Later Litigating Subdivision bringing a lawsuit for a Released Claim and shall not oppose a Settling State's submission in support of the Threshold Motion. Apotex shall give the relevant Settling State a reasonable opportunity to extinguish the Released Claims without any payment or any other obligations being imposed upon any Released Entities (apart from the Global Settlement Amount payable by Apotex under the Agreement or the Injunctive Relief Terms incurred by it). The relevant Settling State and Apotex shall confer and use reasonable efforts to promptly resolve the lawsuit so that it is dismissed with prejudice. Nothing in this subsection creates an obligation for a Settling State to make a monetary payment or incur any other obligation to an entity filing a lawsuit.

2. "*Terms requiring payment*" shall mean (i) a final monetary judgment or (ii) a settlement; provided that the Released Entity sought the applicable State Attorney General's consent to the settlement and such consent was either obtained or unreasonably withheld. Should the judgment or settlement resolve claims that are not Released Claims, the offset shall be for the Released Claims portion only, which shall be distinguishable in the judgment or settlement.

B. *Exceptions*

1. Section XII.A shall not apply where the Settling State at issue meets the eligibility criteria for and is entitled to Incentive Payment A, except as expressly provided therein.

2. Section XII.A shall not apply where the Later Litigating Subdivision seeks less than \$10 million, or so long as its total claim is reduced to less than \$10 million, in the lawsuit for a Released Claim at issue.

C. *No Effect on Other Provisions.* An offset under Section XII.A shall not affect the Injunctive Relief Terms or the Consent Judgment.

D. *No Effect on Other States.* An offset under Section XII.A applicable to one State shall not affect the allocation or payment of the Remediation Payment to other Settling States.

E. *Litigating Subdivisions in Non-Eligible States.* The Settling States will not encourage, facilitate, or assist in any manner whatsoever claims for Covered Conduct against Apotex in any Settling, Non-Settling, or Non-Eligible State, regardless of whether those claims were filed against Apotex prior to, on, or after the Effective Date.

XIII. Miscellaneous

A. *Population of General Purpose Governments.* The population figures for General Purpose Governments shall be the published U.S. Census Bureau's population estimates for July 1, 2019, released May 2020. These population figures shall remain unchanged during the term of this Agreement.

B. *Population of Special Districts.* For any purpose in this Agreement in which the population of a Special District is used other than Section V.E.4.b: (a) School Districts' population will be measured by the number of students enrolled who are eligible under the Individuals with Disabilities Education Act ("*IDEA*") or Section 504 of the Rehabilitation Act of 1973; (b) Health Districts' and Hospital Districts' population will be measured at twenty-five percent (25%) of discharges; and (c) all other Special Districts' (including Fire Districts' and Library Districts') population will be measured at ten percent (10%) of the population served.⁷ For the avoidance of doubt, this means that California healthcare districts will be measured at ten percent (10%) of their membership. Apotex and the Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Preliminary Agreement Date.

C. *Population Associated with Sheriffs.* For any purpose in this Agreement in which the population associated with a lawsuit by a sheriff is used, the population will be measured at twenty percent (20%) of the capacity of the jail(s) operated by the sheriff.

⁷ The estimates for counties and parishes were accessed at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-counties-total.html>. The estimates for cities and towns can currently be found at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-total-cities-and-towns.html>.

D. *No Admission.* Apotex and Aveva do not admit liability or wrongdoing. Neither this Agreement nor the Consent Judgments shall be considered, construed or represented to be (1) an admission, concession or evidence of liability or wrongdoing or (2) a waiver or any limitation of any defense otherwise available to Apotex or Aveva.

E. *Tax Cooperation and Reporting.*

1. Upon request by Apotex, the Settling States and Participating Subdivisions agree to perform such further acts and to execute and deliver such further documents as may be reasonably necessary for Apotex to establish the statements set forth in Section VI.F to the satisfaction of their tax advisors, their independent financial auditors, the Internal Revenue Service, or any other governmental authority, including as contemplated by 26 C.F.R. § 1.162-21(b)(3)(ii) and any subsequently proposed or finalized relevant regulations or administrative guidance.

2. Without limiting the generality of Section XIII.E.1, each Settling State and Participating Subdivision shall cooperate in good faith with Apotex with respect to any tax claim, dispute, investigation, audit, examination, contest, litigation, or other proceeding relating to this Agreement.

3. Pursuant to 26 C.F.R. § 1.6050X-1(a) and (b), the Designated State, on behalf of all Settling States and Participating Subdivisions, shall designate one of its officers or employees to act as the “appropriate official” within the meaning of 26 C.F.R. § 1.6050X-1(f)(1)(ii)(B) (the “Appropriate Official”). The Designated State shall direct and ensure that the Appropriate Official timely (a) files (i) at the time this Agreement becomes binding on the Parties, an IRS Form 1098-F in the form attached as Exhibit U with respect to Apotex and (ii) any legally required forms, returns or amended returns with any applicable governmental authority, or any returns requested by Apotex, and (b) provides to Apotex a copy of (i) the IRS Form 1098-F filed with respect to Apotex and (ii) any legally required written statement pursuant to any applicable law and any other document referred to in clause (a)(ii) above. Any such forms, returns, or statements shall be prepared and filed in a manner fully consistent with Section VI.F. and as set forth in Section XIII.E.4.

4. Any form, return, amended return, or written statement filed or provided pursuant to Section XIII.E.3, and any similar document, shall be prepared and filed in a manner consistent with reporting the Global Settlement Amount as the “Total amount to be paid” pursuant to this Agreement in Box 1 of IRS Form 1098-F and the Compensatory Restitution Amount as “Restitution/remediation amount” in Box 3 of IRS Form 1098-F, as reflected in the attached Exhibit U. If the Designated State or Appropriate Official shall be required to file any form, return, amended return, or written statement contemplated by this Section XIII.E other than an IRS Form 1098-F in the form attached as Exhibit U, the Designated State shall direct and ensure that the Appropriate Official provides to Apotex a draft of such form, return, amended return, or written statement no later than sixty (60) calendar days prior to the due date thereof, and shall accept any reasonable revisions from Apotex on the return, amended return, or written statement.

5. For the avoidance of doubt, neither Apotex nor the Settling States and Participating Subdivisions make any warranty or representation to any Settling State, Participating Subdivision, or Releasor as to the tax consequences of the payment of the Compensatory Restitution Amount (or any portion thereof).

F. *No Third-Party Beneficiaries.* Except as expressly provided in this Agreement, no portion of this Agreement shall provide any rights to, or be enforceable by, any person or entity that is not the Settling State or Released Entity. Settling States may not assign or otherwise convey any right to enforce any provision of this Agreement.

G. *Calculation.* Any figure or percentage referred to in this Agreement shall be carried to seven decimal places.

H. *Construction.* None of the Parties and no Participating Subdivision shall be considered to be the drafter of this Agreement or of any of its provisions for the purpose of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this Agreement. The headings of the provisions of this Agreement are not binding and are for reference only and do not limit, expand, or otherwise affect the contents or meaning of this Agreement.

I. *Cooperation.* Each Party and each Participating Subdivision agrees to use its best efforts and to cooperate with the other Parties and Participating Subdivisions to cause this Agreement and the Consent Judgments to become effective, to obtain all necessary approvals, consents and authorizations, if any, and to execute all documents and to take such other action as may be appropriate in connection herewith. Consistent with the foregoing, each Party and each Participating Subdivision agrees that it will not directly or indirectly assist or encourage any challenge to this Agreement or any Consent Judgment by any other person, and will support the integrity and enforcement of the terms of this Agreement and the Consent Judgments.

J. *Entire Agreement.* This Agreement, including its exhibits and any other attachments, embodies the entire agreement and understanding between and among the Parties and Participating Subdivisions relating to the subject matter hereof and supersedes (1) all prior agreements and understandings relating to such subject matter, whether written or oral and (2) all purportedly contemporaneous oral agreements and understandings relating to such subject matter.

K. *Execution.* This Agreement may be executed in counterparts and by different signatories on separate counterparts, each of which shall be deemed an original, but all of which shall together be one and the same Agreement. One or more counterparts of this Agreement may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart hereof. One or more counterparts of this Agreement may be signed by electronic signature.

L. *Good Faith and Voluntary Entry.* Each Party warrants and represents that it negotiated the terms of this Agreement in good faith. Each of the Parties and Participating Subdivisions warrants and represents that it freely and voluntarily entered into this

Agreement without any degree of duress or compulsion. The Parties and Participating Subdivisions state that no promise of any kind or nature whatsoever (other than the written terms of this Agreement) was made to them to induce them to enter into this Agreement.

M. *Legal Obligations.* Nothing in this Agreement shall be construed as relieving Apotex of the obligation to comply with all state and federal laws, regulations or rules, nor shall any of the provisions herein be deemed to be permission to engage in any acts or practices prohibited by such laws, regulations, or rules.

N. *No Prevailing Party.* The Parties and Participating Subdivisions each agree that they are not the prevailing party in this action, for purposes of any claim for fees, costs, or expenses as prevailing parties arising under common law or under the terms of any statute, because the Parties and Participating Subdivisions have reached a good faith settlement.

O. *Waive Challenge.* The Parties and Participating Subdivisions each further waive any right to challenge or contest the validity of this Agreement on any ground, including, without limitation, that any term is unconstitutional or is preempted by, or in conflict with, any current or future law. Nothing in the previous sentence shall modify, or be construed to conflict with, Section XIII.M.

P. *Non-Admissibility.* The settlement negotiations resulting in this Agreement have been undertaken by the Parties and by certain representatives of the Participating Subdivisions in good faith and for settlement purposes only, and no evidence of negotiations or discussions underlying this Agreement shall be offered or received in evidence in any action or proceeding for any purpose. This Agreement shall not be offered or received in evidence in any action or proceeding for any purpose other than in an action or proceeding arising under or relating to this Agreement or in any litigation or arbitration concerning Apotex's right to coverage under an insurance contract.

Q. *Notices.* All notices or other communications under this Agreement shall be in writing (including, but not limited to, electronic communications) and shall be given to the recipients indicated below:

For the Attorney(s) General:

Jeff Jackson, Attorney General
North Carolina Department of Justice
Attn: Daniel Mosteller, Associate Deputy Attorney General
PO Box 629
Raleigh, NC 27602
Dmosteller@ncdoj.gov

Jonathan Skrmetti, Attorney General
Tennessee Attorney General's Office
Attn: Michael Leftwich, Senior Deputy Attorney General
Hamilton Millwee, Assistant Attorney General
P.O. Box 20207

Nashville, TN 37202
Michael.Leftwich@ag.tn.gov
Hamilton.Millwee@ag.tn.gov

Letitia James, Attorney General
New York State Attorney General
Attn: Jennifer Levy, First Deputy Attorney General
Monica Hanna, Special Counsel
Matthew Conrad, Assistant Attorney General
28 Liberty Street, New York, NY 10005
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Monica.Hanna@ag.ny.gov
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For the Plaintiffs' Executive Committee:

Co-leads
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Joseph F. Rice
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Mount Pleasant, SC 29464
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Paul T. Farrell, Jr.
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For Apotex:

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April N. Williams
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2100 Pennsylvania Avenue NW
Washington, DC 20037
April.williams@wilmerhale.com

Any Party or the Plaintiffs' Executive Committee may change or add the contact information of the persons designated to receive notice on its behalf by notice given (effective upon the giving of such notice) as provided in this Section XIII.Q.

R. *No Waiver.* The waiver of any rights conferred hereunder shall be effective only if made by written instrument executed by the waiving Party or Parties. The waiver by any Party of any breach of this Agreement shall not be deemed to be or construed as a waiver of any other breach, whether prior, subsequent, or contemporaneous, nor shall such waiver be deemed to be or construed as a waiver by any other Party.

S. *Preservation of Privilege.* Nothing contained in this Agreement or any Consent Judgment, and no act required to be performed pursuant to this Agreement or any Consent Judgment, is intended to constitute, cause, or effect any waiver (in whole or in part) of any attorney-client privilege, work product protection, or common interest/joint defense privilege, and each Party and Participating Subdivision agrees that it shall not make or cause to be made in any forum any assertion to the contrary.

T. *Successors.*

1. This Agreement shall be binding upon, and inure to the benefit of, Apotex and its respective successors and assigns.

2. Apotex shall not, in one (1) transaction or a series of related transactions, sell or transfer U.S. assets having a fair market value equal to twenty-five percent (25%) or more of the consolidated assets of Apotex (other than sales or transfers of inventories, or sales or transfers to an entity owned directly or indirectly by Apotex) where the sale or transfer is announced after the Reference Date, is not for fair consideration, and would foreseeably and unreasonably jeopardize Apotex's ability to make the payments under this Agreement following the close of a sale or transfer transaction, unless Apotex obtains the acquiror's agreement that it will be either a guarantor of or successor to the percentage of Apotex's remaining Payment Obligations under this Agreement equal to the percentage of Apotex's consolidated assets being sold or transferred in such transaction. Percentages under this section shall be determined in accordance with United States generally accepted accounting principles and as of the date of Apotex's most recent publicly filed consolidated balance sheet prior to the date of entry into the sale or transfer agreement at issue. This Section XIII.T shall be enforceable solely by the Settling States, and any objection under this Section XIII.T not raised within sixty (60) calendar days of the announcement of the relevant transaction is waived.

U. *Modification, Amendment, Alteration.* In the event the Plaintiffs' Executive Committee, the Executive Committee of the State Attorneys General, or Apotex concludes prior to the Reference Date that technical corrections are required to this Agreement, the Plaintiffs' Executive Committee, the Executive Committee of the State Attorneys General, and Apotex shall meet and confer and make such amendments as they agree are appropriate. After the Reference Date, any modification, amendment, or alteration of this Agreement by the Parties shall be binding only if evidenced in writing signed by Apotex, along with the signature of at least two-thirds of those then serving as Attorneys General of the Settling States along with a representation from each Attorney General that either: (1) the advisory committee or similar entity established or recognized by that Settling State (either pursuant to Section VI.E.2.d, by a State-Subdivision Agreement, or by statute) voted in favor of the modification, amendment or alteration of this Agreement including at least one member appointed by the Participating Subdivisions listed on Exhibit G; or (2) in Settling States without any advisory committee, that 50.1% (by population) of the Participating Subdivisions listed on Exhibit G expressed approval of the modification, amendment, or alteration of this Agreement in a writing.

V. *Termination.*

1. Unless otherwise agreed to by each of Apotex and the Settling States, this Agreement and all of its terms (except Section XIII.P and any other non-admissibility provisions, which shall continue in full force and effect) shall be canceled and terminated with respect to the Settling State, and the Agreement and all orders issued by the courts in the Settling State pursuant to the Agreement shall become null and void and of no effect if one or more of the following conditions applies:

a. a Consent Judgment approving this Agreement without modification of any of the Agreement's terms has not been entered as to a Settling State by a court of competent jurisdiction on or before one hundred eighty (180) calendar days after the Effective Date;

b. this Agreement or the Consent Judgment as to that Settling State has been disapproved by a court of competent jurisdiction to which it was presented for approval and/or entry (or, in the event of an appeal from or review of a decision of such a court to approve this Agreement and the Consent Judgment, by the court hearing such appeal or conducting such review), and the time to appeal from such disapproval has expired, or, in the event of an appeal from such disapproval, the appeal has been dismissed or the disapproval has been affirmed by the court of last resort to which such appeal has been taken and such dismissal or disapproval has become no longer subject to further appeal (including, without limitation, review by the United States Supreme Court); or

2. If this Agreement is terminated with respect to a Settling State and its Subdivisions for whatever reason pursuant to Section XIII.V.1, then:

a. an applicable statute of limitation or any similar time requirement (excluding any statute of repose) shall be tolled from the date the Settling State signed this Agreement until the later of the time permitted by applicable law or for one year from the date of such termination, with the effect that Apotex and the Settling State shall be in the same position with respect to the statute of limitation as they were at the time the Settling State filed its action; and

b. Apotex and the Settling State and its Participating Subdivisions shall jointly move the relevant court of competent jurisdiction for an order reinstating the actions and claims dismissed pursuant to the terms of this Agreement governing dismissal, with the effect that Apotex and the Settling State and its Participating Subdivisions shall be in the same position with respect to those actions and claims as they were at the time the action or claim was stayed or dismissed.

3. Unless Apotex and the Enforcement Committee agree otherwise, this Agreement, with the exception of the Injunctive Relief Terms that have their own provisions on duration, shall terminate upon the disbursement of all funds in the Settlement Fund and Settlement Fund Escrow to Settling States and to their Participating Subdivisions listed on Exhibit G. Notwithstanding any other provision in this Section XIII.V.3 or in this Agreement, all releases under this Agreement and the provisions of Section XI will remain effective despite any termination under this Section XIII.V.3.

W. *Governing Law.* Except as (1) otherwise provided in this Agreement or (2) as necessary, in the sole judgment of the National Arbitration Panel, to promote uniformity of interpretation for matters within the scope of the National Arbitration Panel's authority, this Agreement shall be governed by and interpreted in accordance with the respective laws of the Settling State, without regard to the conflict of law rules of such Settling State, that is seeking to enforce the Agreement against Apotex and/or Aveva or against which Apotex and/or Aveva is seeking enforcement. Notwithstanding any other provision in this subsection on governing law, any disputes relating to the Settlement Fund Escrow shall be governed by and interpreted in accordance with the law of the state where the escrow agent has its primary place of business.

X. *Bankruptcy.* The following provisions shall apply if Apotex enters bankruptcy and (i) the Apotex bankruptcy estate recovers, pursuant to 11 U.S.C. § 550, any payments made under this Agreement, or (ii) this Agreement is deemed executory and is rejected by Apotex pursuant to 11 U.S.C. § 365:

1. In the event that the both a number of Settling States equal to at least seventy-five percent (75%) of the total number of Settling States and Settling States having aggregate State Allocation Percentages as set forth on Exhibit F equal to at least seventy-five percent (75%) of the total aggregate State Allocation Percentages assigned to all Settling States deem (by written notice to Apotex) that the financial obligations of this Agreement have been terminated and rendered null and void (except as provided in Section XIII.X.1.a) due to a material breach by Apotex, whereupon:

a. all agreements, all concessions, all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall immediately and automatically be deemed null and void as to Apotex; the Settling States shall be deemed immediately and automatically restored to the same position they were in immediately prior to their entry into this Settlement Agreement in respect to Apotex and the Settling States shall have the right to assert any and all claims against Apotex in the bankruptcy or otherwise without regard to any limits or agreements as to the amount of the settlement otherwise provided in this Agreement; *provided, however,* that notwithstanding the foregoing sentence, (i) all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall remain in full force and effect as to all persons or entities other than Apotex itself; and (ii) in

the event the Settling State asserts any Released Claim against Apotex after the rejection and/or termination of this Agreement as described in this Section XIII.X.1.a and receives a judgment, settlement or distribution arising from such Released Claim, then the amount of any payments the Settling State has previously received from Apotex under this Agreement shall be applied to reduce the amount of any such judgment, settlement or distribution (provided that no credit shall be given against any such judgment, settlement or distribution for any payment that the Settling State is required to disgorge or repay to Apotex's bankruptcy estate); and

b. the Settling States may exercise all rights provided under the federal Bankruptcy Code (or other applicable bankruptcy or non-bankruptcy law) with respect to their Claims against Apotex subject to all defenses and rights of the Apotex.

Y. *Waiver.* Apotex, for good and valuable consideration the receipt of which is acknowledged, hereby (a) waives, foregoes and relinquishes all rights to utilize and/or seek relief under any of the following laws of the State of Texas for the restructuring of its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement: Tex. Bus. Orgs. Code § 10.003 (Contents of Plan of Merger: More Than One Successor) or any other statute of Subchapter A of Chapter 10 of Tex. Bus. Orgs. Code to the extent such statute relates to multi-successor mergers (and/or any other similar laws or statutes in any other state or territory); Tex. Bus. Orgs. Code §§ 11.01–11.414 (Winding Up and Termination of Domestic Entity); or Tex. Bus. & Com. Code §§ 23.01–23.33 (Assignments for the Benefit of Creditors) (collectively, the “Texas Statutes”), and (b) agrees, warrants and represents that it will not file, request or petition for relief under the Texas Statutes related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement, in each case until such time as all of Apotex's payment obligations incurred hereunder are satisfied in full. The foregoing waiver and relinquishment includes, without limitation, until such time as all of Apotex's payment obligations incurred hereunder are satisfied in full, Apotex's rights to execute a divisional merger or equivalent transaction or restructuring related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement that in each case has the intent or foreseeable effect of (i) separating material assets from material liabilities and (ii) assigning or allocating all or a substantial portion of those liabilities to any subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code, or pursuant to which such subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code would be assuming or retaining all or a substantial portion of those liabilities.

HIKMA SETTLEMENT **AGREEMENT**

HIKMA SETTLEMENT AGREEMENT

This Settlement Agreement, dated as of April 4, 2025 (the “*Agreement*”), sets forth the terms of settlement between and among the Settling States, the Participating Subdivisions, and Hikma (as those terms are defined below). Upon satisfaction of the conditions set forth in Sections II and VIII, this Agreement will be binding on the Settling States, Hikma, and the Participating Subdivisions. This Agreement will then be filed as part of a Consent Judgment in the respective courts of each of the Settling States, pursuant to the terms set forth in Section IX.

I. Definitions

Unless otherwise specified, the following definitions apply:

A. “*Additional Remediation Amount.*” The amount available to the Settling States listed in Exhibit M totaling up to \$2,055,248.

B. “*Adjusted Maximum Remediation Payment.*” The Maximum Remediation Payment reduced by the State Allocation Percentage specified in Exhibit F for each Non-Settling State.

C. “*Agreement.*” The Hikma Settlement Agreement, as set forth above. For the avoidance of doubt, this Agreement is inclusive of all exhibits.

D. “*Alleged Harms.*” The alleged past, present, and future damages, harms, losses, and related expenditures allegedly incurred by the Settling States and Participating Subdivisions arising out of the use of Products, non-exclusive examples of which are described in the documents listed on Exhibit A, that have allegedly arisen as a result of the physical and bodily injuries sustained by individuals suffering from opioid-related addiction, death, and other related diseases and disorders, and that have allegedly been caused by Released Entities.

E. “*Allocation Statute.*” A state law that governs allocation, distribution, and/or use of some or all of the Settlement Fund amounts allocated to that Settling State and/or its Subdivisions. An Allocation Statute may, without limitation, contain a Statutory Trust, further restrict expenditures of funds, form an advisory committee, establish oversight and reporting requirements, or address other default provisions and other matters related to the funds. An Allocation Statute is not required to address all three (3) types of funds comprising the Settlement Fund or all default provisions.

F. “*Appropriate Official.*” As defined in Section XIV.E.3.

G. “*Bankruptcy Code.*” Title 11 of the United States Code, 11 U.S.C. § 101, et seq.

H. “*Bar.*” Either: (1) a law barring Subdivisions in a Settling State from maintaining or asserting Released Claims against Released Entities (either through a direct

bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by the highest court of the Settling State (or, in a Settling State with a single intermediate court of appeals, the intermediate court of appeals) when setting forth the general principle that Subdivisions in the Settling State may not maintain or assert any Released Claims against Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the Remediation Payment by Hikma under this Agreement) shall not constitute a Bar.

I. “*Base Payment.*” As defined in Section V.D.

J. “*Case-Specific Resolution.*” Either: (1) a law barring the Subdivision at issue from maintaining any Released Claims against any Released Entities (either through a direct Bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by a court of competent jurisdiction over the Subdivision at issue that the Subdivision may not maintain any Released Claims at issue against any Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the payments by Hikma under this Agreement) shall not constitute a Case-Specific Resolution.

K. “*Claim.*” Any past, present or future cause of action, claim for relief, cross-claim or counterclaim, theory of liability, demand, derivative claim, request, assessment, charge, covenant, damage, debt, lien, loss, fine, penalty, restitution, reimbursement, disgorgement, expenses, judgment, right, obligation, dispute, suit, contract, controversy, agreement, *parens patriae* claim, promise, performance, warranty, omission, or grievance of any nature whatsoever, whether legal, equitable, statutory, regulatory or administrative, whether arising under federal, state or local common law, statute, regulation, guidance, ordinance or principles of equity, whether filed or unfiled, whether asserted or unasserted, whether known or unknown, whether accrued or unaccrued, whether foreseen, unforeseen or unforeseeable, whether discovered or undiscovered, whether suspected or unsuspected, whether fixed or contingent, and whether existing or hereafter arising, in all such cases, including, but not limited to, any request for declaratory, injunctive, or equitable relief, compensatory, punitive, or statutory damages, absolute liability, strict liability, restitution, remediation, subrogation, contribution, indemnity, apportionment, disgorgement, reimbursement, attorney fees, expert fees, consultant fees, fines, penalties, expenses, costs or any other legal, equitable, civil, administrative, or regulatory remedy whatsoever.

L. “*Claim-Over.*” A Claim asserted by a Non-Released Entity against a Released Entity on the basis of contribution, indemnity, or other claim-over on any theory relating to a Non-Party Covered Conduct Claim asserted by a Releasor.

M. “*Compensatory Restitution Amount.*” The aggregate amount paid or incurred by Hikma hereunder for Opioid Remediation, which includes the aggregate Base and Incentive Payments earned by Settling Sates and does not include amounts paid as attorneys’ fees and costs or identified pursuant to Section VI.B.2 as being used to pay

attorneys' fees, investigation costs or litigation costs, which shall be up to the amount of the Adjusted Maximum Remediation Payment.

N. *"Consent Judgment."* A consent judgment in a form to be agreed by the Settling States and Hikma prior to the Effective Date that, among other things, (1) approves this Agreement and (2) provides for the release set forth in Section XI.A, including the dismissal with prejudice of any Released Claims that the Settling State has brought against Released Entities.

O. *"Covered Conduct"* means any actual or alleged act, failure to act, negligence, statement, error, omission, breach of any duty, conduct, event, transaction, agreement, service, work, sale, misstatement, misleading statement, or other activity of any kind whatsoever from the beginning of time through the Reference Date (and any past, present, or future consequence of any such act, failure to act, negligence, statement, error, omission, breach of duty, conduct, event, transaction, agreement, service, work, sale, misstatement, misleading statement, or other activity) arising from or relating in any way to (a) compounding, counseling, and documentation related to any Product or class of Products; (b) the availability, discovery, research, development, manufacture, packaging, repackaging, marketing, promotion, advertising, labeling, relabeling, recall, withdrawal, distribution, delivery, monitoring, reporting, regulatory compliance supply, sale, prescribing, dispensing, physical security, warehousing, use or abuse of, or operating procedures relating to any Product, or any system, plan, policy, procedure, or advocacy relating to any Product or class of Products, including but not limited to any unbranded or branded promotion, marketing, or advertising, information, patient support or assistance, educational programs, consultancy, research, other programs or campaigns, lobbying, grants, sponsorships, charitable donations, or other funding relating to any Product or class of Products; (c) the characteristics, properties, risks, or benefits of any Product or class of Products; (d) the monitoring or non-monitoring of orders placed of any Product; (e), reporting, disclosure, non-monitoring, non-reporting or non-disclosure to federal, state or other regulators of orders for any Product placed with any Released Entity; (f) the selective breeding, harvesting, extracting, purifying, exporting, importing, applying for quota for, procuring quota for, handling, promoting, manufacturing, processing, packaging, supplying, distributing, converting, or selling of, or otherwise engaging in any activity relating to, precursor or component Products, including but not limited to natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, or any related intermediate Products; or (g) diversion control programs, suspicious order monitoring, or regulatory compliance related to any Product.

P. *"Deposit Date."* July 25, 2025. This Date is the date by which Hikma shall deposit the Adjusted Maximum Remediation Payment, Private Attorney Fees, the Additional Remediation Amount, pursuant to Section V.D. This date is after the Preliminary Agreement Date, on which Hikma agrees to proceed with the agreement; this date may be changed by written agreement of Hikma and the Enforcement Committee.

Q. *"Designated State."* The state of New York.

R. *“Effective Date.”* The date sixty (60) calendar days after the Reference Date.

S. *“Eligible States.”* The states, commonwealths, and territories of the United States of America, excluding New Mexico. The 55 Eligible States are listed in Exhibit F.

T. *“Enforcement Committee.”* A committee consisting of representatives of the Settling States and of the Participating Subdivisions. Exhibit B contains the organizational bylaws of the Enforcement Committee. Notice pursuant to Section XIV.Q shall be provided when there are changes in membership or contact information.

U. *“Fees Payment.”* The amount payable by Hikma on the Payment Date comprised of the Additional Remediation Amount payment, and the Private Attorney Fees payment. The Fees Payment does not include the Remediation Payment.

V. *“Final Order.”* An order or judgment of a court of competent jurisdiction with respect to the applicable subject matter (1) which has not been reversed or superseded by a modified or amended order, is not currently stayed, and as to which any right to appeal or seek certiorari, review, reargument, stay, or rehearing has expired, and as to which no appeal or petition for certiorari, review, reargument, stay, or rehearing is pending, or (2) as to which an appeal has been taken or petition for certiorari, review, reargument, stay, or rehearing has been filed and (a) such appeal or petition for certiorari, review, reargument, stay, or rehearing has been resolved by the highest court to which the order or judgment was appealed or from which certiorari, review, reargument, stay, or rehearing was sought, or (b) the time to appeal further or seek certiorari, review, reargument, stay, or rehearing has expired and no such further appeal or petition for certiorari, review, reargument, stay, or rehearing is pending.

W. *“Force Majeure Event.”* Any event reasonably beyond the control of Hikma that prevents Hikma from manufacturing or distributing Settlement Product, including wars, hostilities, revolution, riots, civil commotion, national emergency, unavailability of supplies, epidemics, pandemics, health crisis, fire, flood, earthquake, force of nature, explosion, terrorist act, embargo, or any act of God, or any law, regulation, ordinance, or other act or order of any court or governmental authority.

X. *“Global Settlement Amount.”* The Global Settlement Amount is \$110,616,074, which is comprised of the Maximum Remediation Payment, Private Attorney Fees, Additional Remediation Amount, and the Settlement Product Cash Conversion Amount. The Global Settlement Amount reflects a dollar figure that has been reduced by a credit for New Mexico, which has previously settled with Hikma. Notwithstanding any other language or provisions in this or any other agreement, the Global Settlement Amount is the maximum dollar amount Hikma can pay in connection with the Agreement.

Y. *“Hikma.”* Hikma Pharmaceuticals USA Inc. f/k/a West-Ward Pharmaceuticals Corp.

Z. *“Implementation Administrator.”* Rubris, Inc., which is the vendor that will be retained by Hikma to provide notice pursuant to Section VIII.A and to manage the initial joinder period for Subdivisions, including the issuance and receipt of Subdivision Settlement Participation Forms.

AA. *“Incentive Payment A.”* The incentive payment described in Section V.E.4.

BB. *“Incentive Payment A Catch-Up Date.”* August 1, 2026.

CC. *“Incentive Payment BC.”* The incentive payment described in Section V.E.5.

DD. *“Incentive Payment D.”* The incentive payment described in Section V.E.6.

EE. *“Incentive Payment D Look-Back Dates.”* Sixty days before each Incentive Payment D Release Date.

FF. *“Incentive Payment D Release Dates.”* August 1, 2027, and August 1, 2029. These dates are when the Settlement Fund Administrator is to release Incentive Payment D from the Settlement Fund to Settling States in accordance with Section V.E.6.

GG. *“Initial Participating Subdivision.”* A Subdivision that meets the requirements set forth in Section VIII.D.

HH. *“Initial Participation Date.”* The date ninety (90) calendar days after the Preliminary Agreement Date, unless it is extended by written agreement of Hikma and the Enforcement Committee.

II. *“Injunctive Relief Terms.”* The terms described in Section III and set forth in Exhibit P.

JJ. *“Later Litigating Subdivision.”* A Subdivision (or Subdivision official asserting the right of or for the Subdivision to recover for Alleged Harms to the Subdivision and/or the people thereof) that: (1) first files a lawsuit bringing a Released Claim against a Released Entity after the Reference Date; or (2) adds a Released Claim against a Released Entity after the Reference Date to a lawsuit brought before the Reference Date that, prior to the Reference Date, did not include any Released Claims against a Released Entity; or (3) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a legislative Bar or legislative Case-Specific Resolution as of the Reference Date, (b) such legislative Bar or legislative Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) the earlier of the date of completion of opening statements in a trial in an action brought by a Subdivision in that Settling State that includes a Released Claim against a Released Entity or one hundred eighty (180) days from the Revocation Event passes without a Bar or Case-Specific Resolution being implemented as to that Litigating Subdivision or the Litigating Subdivision's Released Claims being dismissed; or (4) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a judicial Bar or judicial Case-Specific

Resolution as of the Reference Date, (b) such judicial Bar or judicial Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) such Litigating Subdivision takes any action in its lawsuit asserting a Released Claim against a Released Entity other than seeking a stay or dismissal.

KK. *“Later Participating Subdivision.”* A Participating Subdivision that is not an Initial Participating Subdivision, but meets the requirements set forth in Section VIII.E.

LL. *“Litigating Subdivision.”* A Subdivision (or Subdivision official) that brought any Released Claim against any Released Entity prior to the Reference Date. Exhibit C is an agreed list of all Litigating Subdivisions. Exhibit C will be updated (including with any corrections) periodically, and a final version of Exhibit C will be attached hereto as of the Reference Date.

MM. *“Maximum Incentive Payment D Amount.”* The maximum amount that may be owed by Hikma to Settling States and Subdivisions under Incentive Payment D, section V.E.6, adjusted for Non-Settling States, States that qualify for Incentive Payment A, and the Participation Percentage of Incentive BC Eligible Subdivision Population achieved by the Payment Calculation Date.

NN. *“Maximum Remediation Payment.”* The maximum amount owed by Hikma to the Settling States and Subdivisions, exclusive of the Private Attorney Fees, and the Additional Remediation Amount. The amount of the Maximum Remediation Payment is \$95,818,293.

OO. *“National Arbitration Panel.”* The panel comprised as described in Section VII.F.3.b.

PP. *“National Disputes.”* As defined in Section VII.F.3.a.

QQ. *“Non-Litigating Subdivision.”* Any Subdivision that is not a Litigating Subdivision.

RR. *“Non-Participating Subdivision.”* Any Subdivision that is not a Participating Subdivision.

SS. *“Non-Party Covered Conduct Claim.”* A Claim against any Non-Released Entity involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity).

TT. *“Non-Party Settlement.”* A settlement by any Releasor that settles any Non-Party Covered Conduct Claim and includes a release of any Non-Released Entity.

UU. *“Non-Released Entity.”* An entity that is not a Released Entity.

VV. *“Non-Settling State.”* Any Eligible State that is not a Settling State.

WW. *“Opioid Remediation.”* Care, treatment, and other programs and expenditures (including reimbursement for past such programs or expenditures¹ except where this Agreement restricts the use of funds solely to future Opioid Remediation) designed to (1) address the use of opioid products in the Settling States, (2) treat or mitigate opioid use or related disorders in the Settling States, or (3) mitigate other alleged effects of, including on those injured as a result of, the opioid epidemic in the Settling States. Exhibit E provides a non-exhaustive list of expenditures that qualify as being paid for Opioid Remediation. Qualifying expenditures may include reasonable related administrative expenses in connection with the above.

XX. *“Participating Subdivision.”* Any Subdivision that meets the requirements for becoming a Participating Subdivision under Section VIII.B and Section VIII.C. Participating Subdivisions include both Initial Participating Subdivisions and Later Participating Subdivisions.

YY. *“Participation Percentage of Incentive BC Eligible Subdivision Population.”* As defined in Section V.E.5.e.

ZZ. *“Parties.”* Hikma and the Settling States (each, a *“Party”*).

AAA. *“Payment Calculation Date.”* October 20, 2025, which is sixty (60) days before the Payment Date. This date may be changed by written agreement of Hikma and the Enforcement Committee.

BBB. *“Payment Date.”* December 19, 2025, which is the date by which Hikma makes the Remediation Payment and the Fees Payment. This date may be changed by written agreement of Hikma and the Enforcement Committee.

CCC. *“Preliminary Agreement Date.”* The date Hikma informs the Settling States of its determination that the condition in Section II.B has been satisfied. The Preliminary Agreement Date shall be no more than fourteen (14) calendar days after the end of the notice period to Eligible States, unless it is extended by written agreement of Hikma and the Enforcement Committee.

DDD. *“Primary Fire District.”* A fire district that covers a population of 25,000, or 0.20% of an Eligible State’s population if an Eligible State’s population is greater than 18 million. If not easily calculable from state data sources and agreed to between the Eligible State and Hikma, a fire district’s population is calculated by dividing the population of the county or counties a fire district serves by the number of fire districts in the county or counties. “Primary Fire Districts” shall mean fire districts as identified in connection with the implementation of the July 21, 2021, Janssen Settlement Agreement.

EEE. *“Primary Subdivision.”* A Subdivision that is a General Purpose Government (including, but not limited to, a municipality, county, county subdivision, city, town, township, parish, village, borough, gore, or any other entities that provide municipal-

¹ Reimbursement includes amounts paid to any governmental entities for past expenditures or programs

type government) with population over 10,000; *provided, however*, that as used in connection with Incentive Payment BC, the population threshold is 30,000. Attached as Exhibit I is an agreed list of the Primary Subdivisions in each Eligible State.

FFF. “*Private Attorney Fees*” are the amount to be paid by Hikma for private attorneys’ litigation fees and costs on behalf of Participating Subdivisions. The maximum amount of Private Attorney Fees is \$12,742,534. For avoidance of doubt, Private Attorney Fees do not include the Additional Remediation Amount.

GGG. “*Product*.” Any chemical substance, whether used for medicinal or non-medicinal purposes, and whether natural, synthetic, or semi-synthetic, or any finished pharmaceutical product made from or with such substance, that is: (1) an opioid or opiate, as well as any product containing any such substance; (2) benzodiazepine, carisoprodol, or gabapentin; or (3) a combination or “cocktail” of chemical substances prescribed, sold, bought, or dispensed to be used together that includes opioids or opiates. “Product” shall include, but is not limited to, any substance consisting of or containing buprenorphine, codeine, fentanyl, hydrocodone, hydromorphone, meperidine, methadone, morphine, naloxone, naltrexone, oxycodone, oxymorphone, pentazocine, propoxyphene, tapentadol, tramadol, opium, heroin, carfentanil, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, midazolam, carisoprodol, gabapentin, or any variant of these substances or any similar substance. Notwithstanding the foregoing, nothing in this section prohibits a Settling State from taking administrative or regulatory action related to benzodiazepine (including, but not limited to, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, and midazolam), carisoprodol, or gabapentin that is wholly independent from the use of such drugs in combination with opioids, *provided* such action does not seek money (including abatement and/or remediation) for conduct prior to the Initial Participation Date. “Product” also includes any natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, and any intermediate products used or created in the manufacturing process for any of the substances described above.

HHH. “*Reference Date*.” The date on which Hikma is to inform the Settling States of its determination whether the condition in Section IX has been satisfied. The Reference Date shall be no later than thirty (30) calendar days after the Initial Participation Date, unless it is extended by written agreement of Hikma and the Enforcement Committee.

III. “*Released Claims*.” Any and all Claims that directly or indirectly are based on, arise out of, or in any way relate to or concern the Covered Conduct and/or Alleged Harms occurring prior to the Initial Participation Date. Without limiting the foregoing, Released Claims include any Claims that have been asserted against Released Entities by a Settling State or any of its Litigating Subdivisions in any federal, state, or local action or proceeding (whether judicial, arbitral, or administrative) based on, arising out of, or relating to, in whole or in part, the Covered Conduct and/or Alleged Harms, or any such Claims that could be or could have been asserted now or in the future in those actions or in any comparable action or proceeding brought by a Settling State, Subdivision, or Releasor (whether or not such Settling State, Subdivision, or Releasor has brought such action or

proceeding). Released Claims also include all Claims against Released Entities asserted in any proceeding to be dismissed pursuant to the Agreement, whether or not such claims related to Covered Conduct and/or Alleged Harms. The Parties intend that this term, “Released Claims,” be interpreted broadly. This Agreement does not release Claims by private individuals. It is the intent of the Parties that Claims by private individuals be treated in accordance with applicable law. Released Claims is also used herein to describe claims brought by a non-party Subdivision that would have been Released Claims if they had been brought by a Releasor against a Released Entity.

JJJ. “*Released Entities.*” With respect to Released Claims, Hikma and (1) all past and present subsidiaries, divisions, affiliates, predecessors, successors, and assigns (in each case, whether direct or indirect) of Hikma; (2) all past and present subsidiaries and divisions (in each case, whether direct or indirect) of any entity described in subsection (1); (3) the respective past and present officers, directors, members, trustees, and employees of any of the foregoing (each for actions that occurred during and related to their work for, or employment with, any of Hikma or the foregoing entities); (4) all past and present joint ventures (whether direct or indirect) of Hikma or its subsidiaries, including in any subsidiary’s capacity as a participating member in such joint venture; (5) all direct or indirect parents and shareholders of Hikma (solely in their capacity as parents or shareholders of Hikma with respect to Covered Conduct); and (6) any insurer of Hikma or any person or entity otherwise described in subsections (1)-(5) (solely in its role as insurer of such person or entity and subject to the last sentence of Section XI.C). A list of Hikma’s joint ventures, subsidiaries and affiliates and predecessor entities is set forth in Exhibit J. Any person or entity described in subsections (3)-(6) shall be a Released Entity solely in the capacity described in such clause and shall not be a Released Entity with respect to its conduct in any other capacity. Any entity acquired, or joint venture entered into, by Hikma after the Initial Participation Date is not a Released Entity. Further and notwithstanding anything else in this paragraph, no entity sued in *In re: National Prescription Opiate Litigation*, No. 1:17-md-2804 (N.D. Ohio) is included as a Released Entity other than the entities listed on Exhibit J.

KKK. “*Releasors.*” With respect to Released Claims, (1) each Settling State; (2) each Participating Subdivision; and (3) without limitation and to the maximum extent of the power of each Settling State’s Attorney General and/or Participating Subdivision to release Claims, (a) the Settling State’s and Participating Subdivision’s departments, agencies, divisions, boards, commissions, Subdivisions, districts, instrumentalities of any kind and attorneys, including its Attorney General, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, (b) any public entities, public instrumentalities, public educational institutions, unincorporated districts, fire districts, irrigation districts, water districts, emergency services districts, school districts, healthcare districts, hospital districts, Sheriffs and law enforcement districts, library districts, coroner’s offices, and public transportation authorities, and other Special Districts in a Settling State, including those with the regulatory authority to enforce state and federal controlled substances acts or the authority to bring Claims related to Covered Conduct seeking money (including abatement (or remediation and/or restitution)) or revoke a

pharmaceutical distribution license, and (c) any person or entity acting in a *parens patriae*, sovereign, quasi-sovereign, private attorney general, *qui tam*, taxpayer, or other capacity seeking relief, including but not limited to fines, penalties, or punitive damages, on behalf of or generally applicable to the general public with respect to a Settling State or Subdivision in a Settling State, whether or not any of them participate in this Agreement. The inclusion of a specific reference to a type of entity in this definition shall not be construed as meaning that the entity is not a Subdivision. Each Settling State's Attorney General represents that he or she has or has obtained (or will obtain no later than the Initial Participation Date) the authority set forth in Section XI.G. In addition to being a Releasor as provided herein, a Participating Subdivision shall also provide the Subdivision Settlement Participation Form referenced in Section VIII providing for a release to the fullest extent of the Participating Subdivision's authority.

LLL. "*Remediation Accounts Fund.*" The component of the Settlement Fund described in Section VI.C.

MMM. "*Remediation Payment.*" The amount payable to the Settlement Fund by Hikma for Settling States' Base Payments and Incentive Payments on the Payment Date, as calculated by the Settlement Fund Administrator.

NNN. "*Revocation Event.*" With respect to a Bar or Case-Specific Resolution, a legislative amendment, revocation, rescission, reversal, overruling, or interpretation that in any way limits the effect of such Bar or Case-Specific Resolution on Released Claims, or any other action or event that otherwise deprives the Bar, or Case-Specific Resolution of force or effect in any material respect.

OOO. "*Settlement Fund.*" The interest-bearing fund established at [Bank TBD] pursuant to this Agreement into which the Remediation Payment is made under Section V, which is intended to be classified as a "qualified settlement fund" within the meaning of 26 C.F.R. §§ 1.468B-1 *et seq.* and which shall be approved by any Settling State in accordance with the requirements of 26 C.F.R. § 1.468B-1.

PPP. "*Settlement Fund Administrator.*" BrownGreer PLC, which is the entity that determines the Remediation Payment (including calculating offset or reduction and Incentive Payments pursuant to Section V and any amounts subject to offset pursuant to Section XIII) and Additional Remediation Amount, administers the Settlement Fund, and distributes amounts into the Remediation Accounts Fund, State Fund, and Subdivision Fund pursuant to this Agreement. The duties of the Settlement Fund Administrator shall be governed by this Agreement. Prior to the Effective Date, Hikma and the Enforcement Committee shall agree to a detailed description of the Settlement Fund Administrator's duties and responsibilities, including a detailed mechanism for paying the Settlement Fund Administrator's fees and costs, all of which shall be appended to the Agreement as Exhibit L.

QQQ. "*Settlement Fund Escrow.*" The interest-bearing escrow fund established pursuant to this Agreement to hold disputed payments made under this Agreement.

RRR. “*Settlement Product*” naloxone hydrochloride 8mg nasal spray approved pursuant to FDA New Drug Application No. 212045, currently listed in Hikma’s generics catalog, which can be viewed at <https://www.hikma.com/en-us/products> , and is provided to the Settling State as part of the settlement, at no cost as set forth in Section XV and Exhibit D.

SSS. “*Settlement Product Cash Conversion Amount*” means the resulting dollar amount from when a Settling State has elected to convert all or a portion of its Settlement Product Allocation into a cash payment pursuant to Section XV and Exhibit D. The aggregate, maximum amount that could be paid from the conversion of Settlement Product into cash is \$6,944,074.

TTT. “*Settlement Product Cash Conversion Amount Payment Date*” is May 15, 2027. This date may be changed by written agreement of Hikma and the Enforcement Committee.

UUU. “*Settlement Product Election Date*” is the date thirty (30) days after the Effective Date by which a Settling State must submit its election of the Settling State’s allocation of Settlement Product or cash conversion of Settlement Product pursuant to Section XIV and Exhibit D.

VVV. “*Settlement Product Election Form*” means the form a Settling State uses to submit its election of the Settling State’s allocation of Settlement Product or cash conversion of Settlement Product pursuant to Section XV and Exhibit D.

WWW. “*Settling State.*” An Eligible State that has entered into this Agreement and delivers executed releases in accordance with Section IX.A.

XXX. “*State Allocation Percentage.*” A Settling State’s percentage as set forth in Exhibit F.

YYY. “*State Fund.*” The component of the Settlement Fund described in Section VI.C.

ZZZ. “*State-Subdivision Agreement.*” An agreement that a Settling State reaches with the Subdivisions in that Settling State regarding the allocation, distribution, and/or use of funds allocated to that Settling State and to its Subdivisions. A State-Subdivision Agreement shall be effective if approved pursuant to the provisions of Exhibit O or if adopted by statute. Preexisting agreements addressing funds other than those allocated pursuant to this Agreement shall qualify if the approval requirements of Exhibit O are met. A Settling State and its Subdivisions may revise a State-Subdivision Agreement if approved pursuant to the provisions of Exhibit O, or if such revision is adopted by statute.

AAAA. “*Statutory Trust.*” A trust fund established by state law to receive funds allocated to a Settling State’s Remediation Accounts Fund and restrict any expenditures made using funds from the Settling State’s Remediation Accounts Fund to Opioid Remediation, subject to reasonable administrative expenses. A Settling State may

give a Statutory Trust authority to allocate one (1) or more of the three (3) types of funds comprising such Settling State's Settlement Fund, but this is not required.

BBBB. *Statewide Payment Amount.*" The amount the Settlement Fund Administrator is to pay from the Remediation Payment to a Settling State, including its separate types of funds (if applicable) and its Participating Subdivisions listed in Exhibit G, on or as soon as practical after the Payment Date and Incentive Payment D Release Dates.

CCCC. *"Subdivision."* Any (1) General Purpose Government (including, but not limited to, a municipality, county, county subdivision, city, town, township, parish, village, borough, gore, or any other entities that provide municipal-type government), School District, or Special District within a Settling State, and (2) any other subdivision, subdivision official acting in an official capacity on behalf of the subdivision (including, without limitation, district attorneys, county attorneys, city attorneys, sheriffs, and any other official, employee, or representative), or sub-entity of or located within a Settling State (whether political, geographical or otherwise, whether functioning or non-functioning, regardless of population overlap, and including, but not limited to, Nonfunctioning Governmental Units and public institutions) that has filed a lawsuit that includes a Released Claim against a Released Entity in a direct, *parens patriae*, or any other capacity. "General Purpose Government," "School District," and "Special District" shall correspond to the "five basic types of local governments" recognized by the U.S. Census Bureau and match the 2017 list of Governmental Units.² The three (3) General Purpose Governments are county, municipal, and township governments; the two (2) special purpose governments are School Districts and Special Districts.³ "Fire District," "Health District," "Hospital District," and "Library District" shall correspond to categories of Special Districts recognized by the U.S. Census Bureau.⁴ References to a Settling State's Subdivisions or to a Subdivision "in," "of," or "within" a Settling State include Subdivisions located within the Settling State even if they are not formally or legally a sub-entity of the Settling State; *provided, however*, that a "Health District" that includes any of the following words or phrases in its name shall not be considered a

² https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP

³ *E.g.*, U.S. Census Bureau, "Technical Documentation: 2017 Public Use Files for State and Local Government Organization" at 7 (noting that "the Census Bureau recognizes five basic types of local governments," that three of those are "general purpose governments" (county governments, municipal governments, and township governments), and that the other two are "school district and special district governments"), https://www2.census.gov/programs-surveys/gus/datasets/2017/2017_gov_org_meth_tech_doc.pdf.

⁴ A list of 2017 Government Units provided by the Census Bureau identifies 38,542 Special Districts and categorizes them by "FUNCTION_NAME." "Govt_Units_2017_Final" spreadsheet, "Special District" sheet, included in "Independent Governments - list of governments with reference information," https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP. As used herein, "Fire District" corresponds to Special District function name "24 — Local Fire Protection," "Health District" corresponds to Special District function name "32 — Health," "Hospital District" corresponds to Special District function name "40 — Hospitals," and "Library District" corresponds to Special District function name "52 — Libraries." *See id.*

Subdivision: mosquito, pest, insect, spray, vector, animal, air quality, air pollution, clean air, coastal water, tuberculosis, and sanitary.

DDDD. “*Subdivision Allocation Percentage.*” The portion of a Settling State's Subdivision Fund set forth in Exhibit G that a Subdivision will receive pursuant to Section VI if it becomes a Participating Subdivision. The aggregate Subdivision Allocation Percentage of all Subdivisions receiving a Subdivision Allocation Percentage in each Settling State shall equal one hundred percent (100%). Immediately upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3 (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3) that addresses allocation from the Subdivision Fund, whether before or after the Initial Participation Date, Exhibit G will automatically be amended to reflect the allocation from the Subdivision Fund pursuant to the State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3. The Subdivision Allocation Percentages contained in Exhibit G may not change once notice is distributed pursuant to Section VIII.A, except upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3 (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3) that addresses allocation from the Subdivision Fund. For the avoidance of doubt, no Subdivision not listed on Exhibit G shall receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

EEEE. “*Subdivision Fund.*” The component of the Settlement Fund described in Section VI.A.

FFFF. “*Subdivision Settlement Participation Form.*” The form attached as Exhibit K that Participating Subdivisions must execute and return to the Implementation Administrator or Settlement Fund Administrator, and which shall (1) make such Participating Subdivisions signatories to this Agreement, (2) include a full and complete release of any and all of such Participating Subdivisions' claims, and (3) require the prompt dismissal with prejudice of any Released Claims that have been filed by any such Participating Subdivision.

GGGG. “*Threshold Motion.*” A motion to dismiss or equivalent dispositive motion made at the outset of litigation under applicable procedure. A Threshold Motion must include as potential grounds for dismissal any applicable Bar or the relevant release by a Settling State or Participating Subdivision provided under this Agreement and, where appropriate under applicable law, any applicable limitations defense.

II. Participation by Eligible States and Condition to Preliminary Agreement

A. *Notice to Eligible States.* On May 26, 2025, this Agreement shall be distributed to all Eligible States. The Attorneys General of the Eligible States shall then

have until June 25, 2025, to decide whether to become Settling States and notify the Enforcement Committee and Hikma of that decision. Eligible States that determine to become Settling States shall so notify Hikma and shall further commit to obtaining any necessary additional state releases prior to the Reference Date. This notice period may be extended by written agreement of Hikma and the Enforcement Committee.

B. *Condition to Preliminary Agreement.* Following the notice period set forth in Section II.A, Hikma shall have fourteen (14) calendar days to determine whether, in its sole discretion (based on any criteria or factors deemed relevant to Hikma), enough Eligible States have agreed to become Settling States to proceed with notice to Subdivisions as set forth in Section VIII. This period may be extended by written agreement of Hikma and the Enforcement Committee. If Hikma determines that this condition has been satisfied, and that notice to the Subdivisions should proceed, it will so notify the Settling States by providing notice to the Enforcement Committee. The date of such notice shall be the Preliminary Agreement Date. If Hikma determines that this condition has not been satisfied, this Agreement will have no further effect and all releases and other commitments or obligations contained herein will be void.

C. *Later Joinder by Eligible States.* After the Preliminary Agreement Date, an Eligible State may only become a Settling State with the consent of Hikma and the Enforcement Committee, provided that the Enforcement Committee may not withhold consent to an Eligible State's later joinder if the Eligible State agrees to join pursuant to the terms of this Agreement and the allocation set forth in Exhibit F. If an Eligible State becomes a Settling State more than thirty (30) calendar days after the Preliminary Agreement Date, but on or before the Reference Date, the Subdivisions in that Eligible State that become Participating Subdivisions within ninety (90) calendar days of the Eligible State becoming a Settling State shall be considered Initial Participating Subdivisions. An Eligible State may not become a Settling State after the Reference Date.

D. *Litigation Activity.* Following the Preliminary Agreement Date, Eligible States that determine to become Settling States shall make reasonable efforts to cease litigation activity against Hikma, including by jointly seeking stays or, where appropriate, severance of claim against Hikma, where feasible, and otherwise to minimize such activity by means of agreed deadline extensions and agreed postponement of depositions, document productions, and motion practice if a motion to stay or sever is not feasible or is denied.

III. Injunctive Relief

A. *Injunctive Relief.* As part of the Consent Judgment, the Parties agree to the injunctive relief terms attached in Exhibit P.

IV. Procedure for Segregated Account Deposits and Payments

A. By the Deposit Date, Hikma shall deposit into a segregated interest-bearing bank account it establishes the Adjusted Maximum Remediation Payment amount. Hikma shall also deposit into two (2) separate segregated interest-bearing bank accounts it establishes: (a) the Private Attorney Fees amount; and (b) the Additional Remediation Amount. Hikma shall separately account for the interest earned on each of the three (3) accounts.

B. Hikma shall provide proof to the Enforcement Committee of the deposits required by Section IV.D.1 by the Deposit Date. Hikma shall not remove any money from the segregated bank accounts, except as provided by Section IV.F and Section IV.H.

C. If an Eligible State joins the agreement pursuant to Section II.C and that joinder is after the Deposit Date, Hikma shall deposit that Settling State's maximum Statewide Payment Amount, which is the Maximum Remediation Payment multiplied by the Settling State's State Allocation Percentage. Such deposit shall be within fifteen (15) days of the Settling State's joinder.

D. If the condition set forth in Section IX.B is met, Hikma shall:

1. Transfer into the Settlement Fund on the Payment Date (unless the Enforcement Committee specifies a later date) the Remediation Payment amount calculated by the Settlement Fund Administrator pursuant to Section V.C.2 from the segregated account. For the avoidance of doubt, this transfer includes the Maximum Incentive Payment D Amount and includes any amounts that the Settlement Fund Administrator will place into the Settlement Fund Escrow pursuant to Section V.C.4.e.

- a. The interest earned from the deposit account holding the Remediation Amount shall be used, first, to pay for the Implementation Administrator, then to pay for the Implementation Administrator in the Alvogen, Amneal, Apotex, Indivior, Mylan, Sun, and Zydus Settlement Agreements, and finally to be transferred to the Settlement Fund to be used to pay for the Settlement Fund Administrator pursuant to Section VI.C.4.

2. Transfer into the relevant funds as directed by the Enforcement Committee, no later than the Payment Date (unless the Enforcement Committee specifies a later date) the amount in the segregated account holding the Private Attorney Fees (including all interest accrued on that account), minus any amounts not payable pursuant to the terms of Exhibit R, and the amount in the segregated account holding the Additional Remediation Amount (including all interest accrued on that account), minus the Additional Remediation Amount that would have been owed to Non-Settling States as calculated by multiplying the Additional Remediation Amount by the sum of allocations on Exhibit N for Non-Settling States.

E. The Remediation Payment transferred by Hikma into the Settlement Fund pursuant to Section IV.D.1 shall be disbursed by the Settlement Fund Administrator to each Settling State and to its Participating Subdivisions listed on Exhibit G pursuant to Section V.C.5 through Section V.C.8; provided, however, that for any Settling State where the Consent Judgment has not been entered as of the Effective Date, the funds allocable to that Settling State and its Participating Subdivisions listed on Exhibit G shall not be disbursed until ten (10) calendar days after the entry of the Consent Judgment in that Settling State.

F. Any amounts in the segregated accounts not subject to transfer pursuant to Section IV.D shall immediately revert to Hikma after Hikma makes the transfers required by Section IV.D.

G. Except for the interest earned on the payment amounts, any unearned Incentive Payment A amount in the Settlement Fund shall immediately revert to Hikma after the Incentive Payment A Catch-Up Date. This excess reflects Settling States who sought, but did not achieve, a Bar by the Incentive Payment A Catch-Up Date. Any additional amount in the Settlement Fund exceeding the payments described in Section V.C.3 shall immediately revert to Hikma after the last Incentive Payment D Release Date. This excess is Settling States' unearned Maximum Incentive Payment D amounts.

H. In the event that, in accordance with the terms of Section X.B, Hikma determines not to proceed with the Settlement, or the Settlement does not become effective for any other reason, the funds held in the segregated bank accounts shall immediately revert to Hikma.

V. Settlement Payment Calculation Process

A. *Settlement Fund.* All payments under this Section V shall be made into the Settlement Fund, except that, where specified, they shall be made into the Settlement Fund Escrow. The Settlement Fund shall be allocated and used only as specified in Section VI.

B. Remediation Payment

1. Hikma shall make one Remediation Payment comprised of both Base Payments and Incentive Payments as provided in Section IV.D.1.

2. In no instance shall Hikma's Remediation Payment obligations exceed the Adjusted Maximum Remediation Amount.

C. Settlement Fund Payment Process

1. To determine the Remediation Payment, the Settlement Fund Administrator shall use the data as of the Payment Calculation Date. Prior to the Effective Date, the Parties will include Exhibit L, which sets forth in detail the process for the Settlement Fund Administrator to obtain relevant data and for distributing funds to the Settling States and their Participating Subdivisions listed on Exhibit G consistent with the terms of this Agreement as quickly as practical.

2. On the Payment Calculation Date, the Settlement Fund Administrator shall determine the Remediation Payment, consistent with the provisions in Exhibit L, by determining the sum, for all Settling States, of the Base Payment amount, Incentive Payments A or BC amount to which each Settling State is entitled (or could in the future be entitled for states who notify Defendants of an intent to obtain a Bar by the Incentive Payment A Catch-Up Date), and Incentive Payment D each Settling State could in the future be entitled (e.g. the Maximum Incentive Payment D Amount) by applying the criteria under Section V.D and Section V.E;

3. On the Payment Calculation Date, Incentive Payment A Catch-Up Date, and each subsequent Incentive D Look-Back Date, the Settlement Fund Administrator shall determine the Statewide Payment Amount for each Settling State, consistent with the provisions in Exhibit L, by determining, for each Settling State, the Base Payment amount (only on the Payment Calculation Date) and Incentive Payment amount to which the Settling State is entitled on that date by applying the criteria under Section V.D and Section V.E, after subtracting the portion of any Settlement Fund Administrator costs and fees owed out of funds from the Settlement Fund pursuant to Section VI.C.4.

4. No later than fifty (50) days prior to the Payment Date and Incentive Payment D Release Dates, the Settlement Fund Administrator shall give notice to Hikma, the Settling States, and the Enforcement Committee of the amount of the Remediation Payment, and/or the Statewide Payment Amount for each Settling State, following the determination described in Section V.C.2 and V.C.3, and the following timeline shall apply:

a. Within twenty-one (21) calendar days of the notice provided by the Settlement Fund Administrator, Hikma, any Settling State or the Enforcement Committee may dispute, in writing, the calculation of the Remediation Payment and/or the Statewide Payment Amount for a Settling State. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Hikma identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

b. Within twenty-one (21) calendar days of the sending of a written notice of dispute, any affected party may submit a response, in writing, to the Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Hikma identifying the basis for disagreement with the notice of dispute.

c. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute. In the case of the Remediation Payment, Hikma shall pay the adjusted amount, collectively totaling the Remediation Payment, on the Payment Date.

d. If a written response to the written notice of dispute is timely sent to the Settlement Fund Administrator, the Settlement Fund Administrator shall notify Hikma, the Enforcement Committee, and any affected Settling State of the preliminary amount, which shall be the greater of the amount originally calculated by the Settlement Fund Administrator or the amount that would be consistent with the notice of dispute. In the case of the Remediation Payment, Hikma shall pay this preliminary amount, *provided, however*, that in no circumstances shall the preliminary amount to be paid be higher than the Maximum Remediation Payment.

e. The Settlement Fund Administrator shall place any disputed amount of the preliminary amount paid by Hikma into the Settlement Fund Escrow and shall disburse any undisputed amount to each Settling State and its Participating Subdivisions listed on Exhibit G pursuant to Section V.C.5.

5. If a Settling State informs the Settlement Fund Administrator that it and its Participating Subdivisions listed on Exhibit G have agreed on the amount of its Statewide Payment Amount, determined pursuant to Section V.C.3, to be distributed to the Settling State, among its separate types of funds (if applicable), and among its Participating Subdivisions listed on Exhibit G, the Settlement Fund Administrator shall disburse the Statewide Payment Amount pursuant to the consensus distribution amounts provided by the Settling State as quickly as practical. For a Settling State that does not so notify the Settlement Fund Administrator, the Settlement Fund Administrator shall allocate the Settling State's Statewide Payment Amount, pursuant to Section VI, among the separate types of funds for the Settling State (if applicable), and among its Participating Subdivisions listed on Exhibit G using the following procedures:

a. As soon as possible for each payment and following the determination described in Section V.C.3, the Settlement Fund Administrator shall give notice to the relevant Settling States and their Participating Subdivisions listed on Exhibit G of the amount to be received by each Settling State, the amount to be received by the separate types of funds for each Settling State (if applicable), and the amount to be received by each Participating Subdivision listed on Exhibit G for each Settling State.

b. Within twenty-one (21) days of the notice provided by the Settlement Fund Administrator, any Settling State or Participating Subdivision listed on Exhibit G may dispute, in writing, the calculation of the amount to be received by the relevant Settling State and/or its Participating Subdivision listed on Exhibit G. A dispute will be deemed invalid and disregarded if it challenges the allocations adopted by a State-Subdivision Agreement approved pursuant to the provisions of Exhibit O or by statute. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, any affected Settling State, and any affected Participating Subdivision identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

c. Within twenty-one (21) days of the sending of a written notice of dispute, any affected Settling State or any affected Participating Subdivision may submit a response, in writing, to the Settlement Fund Administrator, any affected Settling State, and any affected Participating Subdivision identifying the basis for disagreement with the notice of dispute.

d. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute.

e. The Settlement Fund Administrator shall place any disputed amount into the Settlement Fund Escrow and shall disburse any undisputed amount to the Settling State and its Participating Subdivisions eligible for payment.

6. Disputes described in this subsection (other than those for which no response is filed under Sections V.C.4.c or V.C.5.d) shall be resolved in accordance with the terms of Section VII.F.

7. The Settlement Fund Administrator may combine the disbursements of the Remediation Payment with the disbursement of funds under other comparable opioid settlements. In determining when disbursements of the Remediation Payment will be made, the Settlement Fund Administrator may take into account the timeline for the availability of disbursements under other comparable opioid settlements.

8. For the avoidance of doubt, Subdivisions not listed on Exhibit G shall not receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

D. *Base Payments.*

1. Hikma shall make Base Payments into the Settlement Fund in an amount equal to forty percent (40%) of the Adjusted Maximum Remediation Payment. The maximum total for Base Payments is \$38,327,317.

2. The Base Payment for any Settling State shall be the maximum total for Base Payments, \$38,327,317, times the Settling State's State Allocation Percentage specified in Exhibit F.

E. *Incentive Payments.*

1. Hikma shall make potential additional Incentive Payments totaling up to a maximum of sixty percent (60%) of the Adjusted Maximum Remediation Payment, with the Incentive Payment amount depending on whether and the extent to which the criteria set forth below are met in each Settling State. The maximum total for Incentive Payments is \$57,490,976.

2. A Settling State qualifies to receive an Incentive Payment in addition to its Base Payment if it meets the incentive eligibility requirements specified below. The maximum total Incentive Payment for any Settling State shall be no more than the maximum total for Incentive Payments, \$57,490,976, times the Settling State's State Allocation Percentage specified in Exhibit F. Incentive Payments are state-specific, with the actual amount depending on whether and the extent to which the criteria set forth below are met in such Settling State.

3. The Incentive Payments shall be divided among three (3) categories, referred to as Incentive Payments A, BC, and D. Incentive Payments A and BC will be due to Settling States on the Payment Date. Incentive Payment D will be paid to Settling States in two equal installments on the Incentive Payment Release Dates. The total amount of Incentive Payments due to Settling States shall be the sum of the Incentive Payments for which the individual Settling States are eligible under the criteria set forth below. The Incentive Payments shall be made with respect to a specific Settling State based on its eligibility under the criteria set forth below. For the avoidance of doubt, eligibility for Incentive Payments A, BC, and D shall be determined on a Settling State-by-Settling State basis.

4. Incentive Payment A.

a. Incentive Payment A is mutually exclusive with Incentive Payment BC and D; if a Settling State receives Incentive Payment A in the Remediation Payment, such Settling State is not eligible for Incentive Payment BC or D.

b. Incentive Payment A shall be equal to sixty percent (60%) of the Adjusted Maximum Remediation Payment, provided all Settling States satisfy the requirements of Incentive Payment A. Incentive Payment A will be due to a Settling State as part of the Remediation Payment, and shall equal a total potential maximum of \$57,490,976 if all Eligible States qualify for Incentive Payment A. Each Settling State's share of Incentive Payment A, *provided* that Settling State qualifies, shall equal the total maximum amount available for Incentive Payment A, \$57,490,976, times the Settling State's State Allocation Percentage.

c. Qualification for Incentive Payment A is as follows: A Settling State qualifies for Incentive Payment A if, as of the Payment Calculation Date: (i) there is a Bar in that Settling State in full force and effect, (ii) the Released Claims of all of the following entities are released through the execution of Subdivision Settlement Participation Forms, or there is a Case-Specific Resolution against such entities: all Primary Subdivisions, Litigating Subdivisions, School Districts with a K-12 student enrollment of at least 25,000 or .10% of a Settling State's population, whichever is greater, Hospital Districts that have at least one hundred twenty-five (125) hospital beds in one or more hospitals rendering services in that district, and Primary Fire Districts; or (iii) a combination of the

actions in clauses (i) and (ii) has achieved the same level of resolution of Subdivision Claims (*e.g.*, a Bar against future litigation combined with full joinder by Litigating Subdivisions). For the avoidance of doubt, subsection (iii) cannot be satisfied unless all Litigating Subdivisions are Participating Subdivisions or there is a Case-Specific Resolution against any such Subdivisions that are not Participating Subdivisions. Hikma and the Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Initial Participation Date.

d. If a Settling State intends to achieve Incentive A by a Bar in effect after the Payment Calculation date but before the Incentive A Catch-Up Date, the Settling State shall notify Hikma no later than 30 days before the Initial Participation Date. A Settling State who so notifies Hikma and does not qualify for Incentive Payment A as of the Payment Date but becomes eligible for Incentive Payment A as of the Incentive Payment A Catch-Up Date shall receive the payment that it would have received for Incentive Payment A (the “Incentive Payment A Catch-up Payment”) on the Incentive Payment A Catch-Up Date. The Incentive Payment A Catch-up Payment shall be reduced by any amounts paid to the Settling State under Incentive Payment BC prior to the Settling State’s eligibility for Incentive Payment A. A Settling State that does not qualify for Incentive Payment A as of the Incentive Payment A Catch-Up Date shall not be eligible for Incentive Payment A.

e. To the extent a Settling State asserts that existing legislation qualifies as a Bar, the Settling State shall provide notice to Hikma no later than 30 days before the Initial Participation Date. Hikma shall indicate before the Initial Participation Date whether existing legislation in a Settling State is sufficient to qualify as a Bar.

5. Incentive Payment BC.

a. Incentive Payment BC shall be available to Settling States that do not qualify for Incentive Payment A.

b. Incentive Payment BC shall be up to a maximum of fifty-seven percent (57%) of the Settling State’s share of the Remediation Payment. Incentive Payment BC will be due to a Settling State as part of the Remediation Payment. Incentive Payment BC shall equal a total potential maximum of \$54,616,427 if all Eligible States qualify for Incentive Payment BC (and do not qualify for Incentive Payment A).

c. The maximum Incentive Payment BC for any Settling State shall be the maximum potential Incentive Payment BC, \$ 54,616,427, times the Settling State’s State Allocation Percentage specified in Exhibit F, provided such Settling State becomes eligible for Incentive Payment BC by the Payment Calculation Date.

d. The amount of Incentive Payment BC for which a Settling State is eligible shall be determined based on the aggregate population of the Settling State's Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of all the Settling State's Incentive BC Subdivisions. The Settling State's Incentive BC Subdivisions are (i) all Litigating Subdivisions (including School Districts and Special Districts) and (ii) all Primary Subdivisions that have not sued Hikma as of the Initial Participation Date (collectively "*Incentive BC Subdivisions*").

e. The percentage of the Settling State's maximum Incentive Payment BC provided by Section V.E.5.c to which the Settling State is entitled shall be determined according to the table of Incentive BC payment levels below:

Participation Percentage of Incentive BC Eligible Subdivision Population⁵	Incentive Payment BC Percentage
Less than 85%	0%
85% or more but less than 86%	3.57%
86% or more but less than 87%	8.93%
87% or more but less than 88%	14.29%
88% or more but less than 89%	19.64%
89% or more but less than 90%	25%
90% or more but less than 91%	30.36%
91% or more but less than 92%	35.71%
92% or more but less than 93%	41.07%
93% or more but less than 94%	46.43%

⁵ The "Participation Percentage of Incentive BC Eligible Subdivision Population" shall be determined by the aggregate population of the Settling State's Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of the Settling State's Incentive BC Subdivisions. In calculating the Settling State's population that resides in Incentive BC Subdivisions, the population of the Settling State's Incentive BC Subdivisions shall be the sum of the population of all Incentive BC Subdivisions in the Settling State, notwithstanding that persons may be included within the population of more than one Incentive BC Subdivision. An individual Subdivision shall not be included more than once in the numerator, and shall not be included more than once in the denominator, of the calculation regardless if it (or any of its officials) is named as multiple plaintiffs in the same lawsuit; provided, however, that for the avoidance of doubt, no Subdivision will be excluded from the numerator or denominator under this sentence unless a Subdivision otherwise counted in the denominator has the authority to release the Claims (consistent with Section X) of the Subdivision to be excluded.

94% or more but less than 95%	51.79%
95% or more but less than 96%	60.71%
96% or more but less than 97%	68.75%
97% or more but less than 98%	76.79%
98% or more but less than 99%	84.82%
99% or more but less than 100%	92.86%
100%	100%

f. The percentage of the available Incentive Payment BC amount for which a Settling State is eligible will be based on the Participation Percentage of Incentive BC Eligible Subdivision Population as of the Payment Calculation Date. If Incentive BC Eligible Subdivisions that have become Participating Subdivisions, or achieved Case-Specific Resolution status, collectively represent less than eighty-five percent (85%) of a Settling State's Incentive BC Eligible Subdivision population by the Payment Calculation Date, the Settling State shall not receive any Incentive Payment BC.

g. If there are no Incentive BC Eligible Subdivisions in a Settling State, and that Settling State is otherwise eligible for Incentive Payment BC, that Settling State will receive its maximum Incentive Payment BC provided by Section V.E.5.c.

6. Incentive Payment D.

a. Incentive Payment D shall be available to Settling States that do not qualify for Incentive Payment A.

b. Incentive Payment D shall be equal to up to a maximum of ten percent (10%) of the Adjusted Maximum Remediation Payment, with the actual amount depending whether and the extent to which the criteria set forth below are met in each Settling State. The maximum total for Incentive Payment D is \$9,581,829.⁶

⁶ The Incentive Payment BC table specified in Section V.E.5.e and Incentive Payment D table specified in Section V.E.6.f operate so that the combined amount of Incentive Payment BC and Incentive Payment D cannot exceed sixty percent (60%) of the Adjusted Maximum Remediation Payment over the term of the Agreement. Hikma will have no obligation to pay more than \$57,490,976 for the combined amounts of Incentive Payment BC and Incentive Payment D minus any offsets for Non-Settling States.

c. Incentive Payment D shall be released in two equal installments—one installment on each Incentive Payment Release Date—and the amount of Incentive Payment D released will depend on (i) the Settling State meeting the qualifications set out in Section V.E.6.d and (ii) the Participation Percentage of Incentive BC Eligible Subdivision Population achieved by the Settling State as of the Payment Calculation Date.

d. A Settling State qualifies for Incentive Payment D if no Later Litigating Subdivision (for purposes of Incentive Payment D, Later Litigating Subdivisions are limited to (i) a Primary Subdivision; (ii) a school district with a K-12 student enrollment of at least 25,000 or 0.10% of the Settling State’s population, whichever is greater; (iii) a health district or hospital district that has at least one hundred twenty-five (125) hospital beds in one or more hospitals rendering services in that district; and (iv) Primary Fire Districts) in that Settling State has a lawsuit against a Released Entity survive more than six (6) months after denial in whole or in part of a Threshold Motion.

e. A Settling State’s qualification for Incentive Payment D shall be determined on each Incentive Payment D Look-Back Date. If a Later Litigating Subdivision’s lawsuit in that Settling State survives more than six (6) months after denial in whole or in part a Threshold Motion after that date, that Settling State shall not be eligible for Incentive Payment D on that or any subsequent Incentive Payment D Release Date.

f. The Incentive Payment D for any Settling State qualifying for Incentive Payment D shall be equal to between three percent (3%) and ten percent (10%) of the of the Maximum Remediation Payment times the Settling State’s Allocation Percentage specified in Exhibit F. The applicable percentage shall be determined based on the Participation Percentage of Incentive BC Eligible Subdivision Population achieved by the Payment Calculation Date as shown in the table below:

Participation Percentage of Incentive BC Eligible Subdivision Population as of the Payment Calculation Date	Each Eligible Settling State’s Applicable Incentive Payment D Percentage
Participation of less than 95%	10% of State Allocation
Participation of 95% but less than 96%	9% of State Allocation
Participation of 96% but less than 97%	8% of State Allocation
Participation of 97% but less than 98%	7% of State Allocation
Participation of 98% but less than 99%	6% of State Allocation
Participation of 99% but less than 100%	5% of State Allocation
Participation of 100%	3% of State Allocation

g. Incentive Payment D shall be paid in two equal installments on the Incentive Payment D Release Dates. On each Incentive Payment D Look-Back Date, the Settlement Fund Administrator shall determine a Settling State's qualification for Incentive Payment D. Prior to each Incentive Payment D Look-Back Date, Hikma may provide the Settlement Fund Administrator and the Enforcement Committee with notice identifying any Settling State(s) it believes do not qualify for Incentive Payment D and information supporting its belief.

h. Notwithstanding Section V.E.6.d and Section V.E.6.e, a Settling State can become re-eligible for Incentive Payment D if the lawsuit that survived a Threshold Motion is dismissed pursuant to a later motion on grounds included in the Threshold Motion, in which case the Settling State shall be eligible for Incentive Payment D less any litigation fees and costs incurred by Hikma in the interim, except that if the dismissal motion occurs after the completion of opening statements in such action, the Settling State shall not be eligible for Incentive Payment D.

F. In no event shall any Settling State receive a Base Payment and Incentive Payment totaling more than one hundred percent (100%) of its respective State Allocation Percentage specified in Exhibit F times the Maximum Remediation Payment.

VI. Allocation and Use of Settlement Payments

A. *Components of Settlement Fund.* The Settlement Fund shall be funded by the Remediation Payment and comprised of a Remediation Accounts Fund, a State Fund, and a Subdivision Fund for each Settling State. The payments made under Section IV into the Settlement Fund shall be initially allocated among those three (3) sub-funds and distributed and used as provided below. Unless otherwise specified herein, payments placed into the Settlement Fund do not revert back to Hikma.

B. *Use of Settlement Payments.*

1. It is the intent of the Parties that the payments disbursed from the Settlement Fund to Settling States and Participating Subdivisions be for Opioid Remediation, subject to exceptions that must be documented in accordance with Section VI.B.2. In no event may less than ninety-five percent (95%) of Hikma's maximum amount of payments pursuant to Section V be spent on Opioid Remediation.

2. While disfavored by the Parties, a Settling State or a Participating Subdivision set forth on Exhibit G may use monies from the Settlement Fund (that have not been restricted by this Agreement solely to future Opioid Remediation) for purposes that do not qualify as Opioid Remediation. If, at any time, a Settling State or a Participating Subdivision set forth on Exhibit G uses any monies from the Settlement Fund for a purpose that does not qualify as Opioid Remediation, such Settling State or Participating Subdivision set forth on Exhibit G shall identify such amounts and report to the Settlement Fund Administrator and Hikma how such funds

were used, including if used to pay attorneys' fees, investigation costs, litigation costs, or costs related to the operation and enforcement of this Agreement, respectively. It is the intent of the Parties that the reporting under this Section VI.B.2 shall be available to the public. For the avoidance of doubt, (a) any amounts not identified under this Section VI.B.2 as used to pay attorneys' fees, investigation costs, or litigation costs shall be included in the Compensatory Restitution Amount for purposes of Section VI.F and (b) Participating Subdivisions not listed on Exhibit G may only use monies from the Settlement Fund for purposes that qualify as Opioid Remediation.

C. *Allocation of Settlement Fund.* The allocation of the Settlement Fund allows for different approaches to be taken in different states, such as through a State-Subdivision Agreement. Given the uniqueness of Settling States and their Subdivisions, Settling States and their Subdivisions are encouraged to enter into State-Subdivision Agreements in order to direct the allocation of their portion of the Settlement Fund. As set out below, the Settlement Fund Administrator will make an initial allocation to three (3) state-level sub-funds. The Settlement Fund Administrator will then, for each Settling State and its Participating Subdivisions, apply the terms of this Agreement and any relevant State-Subdivision Agreement, Statutory Trust, Allocation Statute, or voluntary redistribution of funds as set out below before disbursing the funds.

1. *Base Payments.* The Settlement Fund Administrator will allocate Base Payments under Section V.D among the Settling States pursuant to Section V.D.2. Base payments for each Settling State will then be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section VI.D.

2. *Incentive Payments.* The Settlement Fund Administrator will treat Incentive Payments under Section V.E on a state-specific basis. Incentive Payments for which a Settling State is eligible will be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section VI.D.

3. *Settlement Fund Administrator.* Prior to the Effective Date, Hikma and the Enforcement Committee will agree to a detailed mechanism consistent with the foregoing for the Settlement Fund Administrator to follow in allocating, apportioning, and distributing payments, which shall then be appended hereto as Exhibit L.

4. *Settlement Fund Administrator Costs.* Any costs and fees associated with or arising out of the duties of the Settlement Fund Administrator as described in Exhibit L shall be paid from the interest accrued in the Settlement Fund Escrow and the Settlement Fund; provided, however, that if such accrued interest is insufficient to pay the entirety of any such costs and fees, the additional amount shall be paid out of the Settlement Fund. For the avoidance of doubt, nothing in this provision

shall require Hikma to pay any costs, fees or other amounts in excess of the Global Settlement Amount.

D. *Settlement Fund Reallocation and Distribution.* As set forth below, within a particular Settling State's account, amounts contained in the Settlement Fund sub-funds may be reallocated and distributed per a State-Subdivision Agreement or other means. If the apportionment of amounts is not addressed and controlled under Section VI.D.1 and Section VI.D.2, then the default provisions of Section VI.D.4 apply. It is not necessary that a State-Subdivision Agreement or other means of allocating funds pursuant to Section VI.D.1 and Section VI.D.2 address all of the Settlement Fund sub-funds. For example, a Statutory Trust might only address disbursements from a Settling State's Remediation Accounts Fund.

1. Distribution by State-Subdivision Agreement. If a Settling State has a State-Subdivision Agreement, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section VI.C shall be reallocated and distributed as provided by that agreement. Any State-Subdivision Agreement entered into after the Preliminary Agreement Date shall be applied only if it requires: (a) that all amounts be used for Opioid Remediation, except as allowed by Section VI.B.2, and (b) that at least seventy percent (70%) of amounts be used solely for future Opioid Remediation.⁷ For a State-Subdivision Agreement to be applied to the relevant portion of the Remediation Payment, notice must be provided to Hikma and the Settlement Fund Administrator by the Payment Calculation Date.

2. Distribution by Allocation Statute. If a Settling State has an Allocation Statute and/or a Statutory Trust that addresses allocation or distribution of amounts apportioned to such Settling State's State Fund, Remediation Accounts Fund, and/or Subdivision Fund and that, to the extent any or all such sub-funds are addressed, requires (1) all amounts to be used for Opioid Remediation, except as allowed by Section VI.B.2, and (2) at least seventy percent (70%) of all amounts to be used solely for future Opioid Remediation then, to the extent allocation or distribution is addressed, the amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section VI.C shall be allocated and distributed as addressed and provided by the applicable Allocation Statute or Statutory Trust. For the avoidance of doubt, an Allocation Statute or Statutory Trust need not address all three (3) sub-funds that comprise the Settlement Fund, and if the applicable Allocation Statute or Statutory Trust does not address distribution of all or some of these three (3) sub-funds, the applicable Allocation Statute or Statutory Trust does not replace the default provisions described in Section VI of any such unaddressed fund. For example, if an Allocation Statute or Statutory Trust that meets the requirements of this Section VI.D.2 only addresses funds restricted to remediation, then the default provisions of this Agreement concerning allocation among the three (3) sub-funds comprising the Settlement Fund and the distribution

⁷ Future Opioid Remediation includes amounts paid to satisfy any future demand by another governmental entity to make a required reimbursement in connection with the past care and treatment of a person related to the Alleged Harms

of the State Fund and Subdivision Fund for that Settling State would still apply, while the distribution of the applicable State's Remediation Accounts Fund would be governed by the qualifying Allocation Statute or Statutory Trust.

3. Voluntary Redistribution. A Settling State may choose to reallocate all or a portion of its State Fund to its Remediation Accounts Fund. A Participating Subdivision included on Exhibit G may choose to reallocate all or a portion of its allocation from the Subdivision Fund to the Settling State's Remediation Accounts Fund or to another Participating Subdivision. The Settlement Fund Administrator is not required to honor a voluntary redistribution for which notice is provided to it after the Payment Calculation Date.

4. Distribution in the Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. If Section VI.D.1, Section VI.D.2, and Section VI.D.3 do not apply, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section VI.C shall be distributed as follows:

a. Amounts apportioned to that Settling State's State Fund shall be distributed to that Settling State.

b. Amounts apportioned to that Settling State's Remediation Accounts Fund shall be distributed consistent with Section VI.E. Each Settling State shall submit to the Settlement Fund Administrator a designation of a lead state agency or other entity to serve as the single point of contact for that Settling State's funding requests from the Remediation Accounts Fund and other communications with the Settlement Fund Administrator. The designation of an individual entity is for administrative purposes only and such designation shall not limit funding to such entity or even require that such entity receive funds from this Agreement. The designated entity shall be the only entity authorized to request funds from the Settlement Fund Administrator to be disbursed from that Settling State's Remediation Accounts Fund. If a Settling State has established a Statutory Trust then that Settling State's single point of contact may direct the Settlement Fund Administrator to release the Settling State's Remediation Accounts Fund to the Statutory Trust.

c. Amounts apportioned to that Settling State's Subdivision Fund shall be distributed to Participating Subdivisions in that Settling State included on Exhibit G per the Subdivision Allocation Percentage listed in Exhibit G. Section VIII.H shall govern amounts that would otherwise be distributed to Non-Participating Subdivisions listed in Exhibit G. For the avoidance of doubt and notwithstanding any other provision in this Agreement, no Non-Participating Subdivision will directly receive any amount from the Settlement Fund, regardless of whether such Subdivision is included on Exhibit G.

d. Special Districts shall not be allocated funds from the Subdivision Fund, except through a voluntary redistribution allowed by Section VI.D.3 to Special Districts that are Participating Subdivisions. A Settling State may allocate funds from its State Fund or Remediation Accounts Fund for Special Districts that are Participating Subdivisions.

5. Restrictions on Distribution. No amounts may be distributed from the Subdivision Fund contrary to Section VIII, i.e., no amounts may be distributed directly to Non-Participating Subdivisions or to Later Participating Subdivisions to the extent such a distribution would violate Section VIII.E through Section VIII.G. Amounts allocated to the Subdivision Fund that cannot be distributed by virtue of the preceding sentence shall be distributed into the sub-account in the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement described in Section VI.D.1 or by an Allocation Statute or a Statutory Trust described in Section VI.D.2.

E. *Provisions Regarding the Remediation Accounts Fund.*

1. State-Subdivision Agreement, Allocation Statute, and Statutory Trust Fund Provisions. A State-Subdivision Agreement, Allocation Statute, or Statutory Trust may govern the operation and use of amounts in that Settling State's Remediation Accounts Fund so long as it complies with the requirements of Section VI.D.1 or Section VI.D.2, as applicable, and all direct payments to Subdivisions comply with Section VIII.E through Section VIII.G.

2. Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. In the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust that addresses distribution, the Remediation Accounts Fund will be used solely for future Opioid Remediation and the following shall apply with respect to a Settling State:

a. Regional Remediation.

(i) At least fifty percent (50%) of distributions for remediation from a Settling State's Remediation Accounts Fund shall be annually allocated and tracked to the regional level. A Settling State may allow the Advisory Committee established pursuant to Section VI.E.2.d to define its regions and assign regional allocations percentages. Otherwise, the Settling State shall (A) define its initial regions, which shall consist of one (1) or more General Purpose Subdivisions and which shall be designated by the state agency with primary responsibility for substance abuse disorder services employing, to the maximum extent practical, existing regions established in that Settling State for opioid abuse treatment or other public health purposes; (B) assign initial regional allocation percentages to the regions based on the Subdivision

Allocation Percentages in Exhibit G and an assumption that all Subdivisions included on Exhibit G will become Participating Subdivisions.

(ii) This minimum regional expenditure percentage is calculated on the Settling State's initial Remediation Accounts Fund allocation and does not include any additional amounts a Settling State has directed to its Remediation Accounts Fund from its State Fund, or any other amounts directed to the fund. A Settling State may dedicate more than fifty percent (50%) of its Remediation Accounts Fund to the regional expenditure and may annually adjust the percentage of its Remediation Accounts Fund dedicated to regional expenditures as long as the percentage remains above the minimum amount.

(iii) The Settling State (A) has the authority to adjust the definition of the regions, and (B) may annually revise the percentages allocated to each region to reflect the number of General Purpose Subdivisions in each region that are Non-Participating Subdivisions.

b. *Subdivision Block Grants.* Certain Subdivisions shall be eligible to receive regional allocation funds in the form of a block grant for future Opioid Remediation. A Participating Subdivision eligible for block grants is a county or parish (or in the case of Settling States that do not have counties or parishes that function as political subdivisions, a city) that (1) does not contain a Litigating Subdivision or a Later Litigating Subdivision for which it has the authority to end the litigation through a release, bar or other action; (2) either (i) has a population of 400,000 or more or (ii) in the case of California has a population of 750,000 or more; and (3) has funded or otherwise managed an established health care or treatment infrastructure (e.g., health department or similar agency). Each Subdivision eligible to receive block grants shall be assigned its own region.

c. *Small Settling States.* Notwithstanding the provisions of Section VI.E.2.a, Settling States with populations under four (4) million that do not have existing regions described in Section VI.E.2.a shall not be required to establish regions. However, such a Settling State that contains one (1) or more Subdivisions eligible for block grants under Section VI.E.2.b shall be divided regionally so that each block-grant eligible Subdivision is a region, and the remainder of the state is a region.

d. *Advisory Committee.* The Settling State shall designate an Opioid Settlement Remediation Advisory Committee (the "*Advisory Committee*") to provide input and recommendations regarding remediation spending from that Settling State's Remediation Accounts Fund. A Settling State may elect to use an existing advisory committee or similar entity

(created outside of a State-Subdivision Agreement or Allocation Statute); *provided, however*, the Advisory Committee or similar entity shall meet the following requirements:

(i) Written guidelines that establish the formation and composition of the Advisory Committee, terms of service for members, contingency for removal or resignation of members, a schedule of meetings, and any other administrative details;

(ii) Composition that includes at least an equal number of local representatives as state representatives;

(iii) A process for receiving input from Subdivisions and other communities regarding how the opioid crisis is affecting their communities, their remediation needs, and proposals for remediation strategies and responses; and

(iv) A process by which Advisory Committee recommendations for expenditures for Opioid Remediation will be made to and considered by the appropriate state agencies.

3. Remediation Accounts Fund Reporting. The Settlement Fund Administrator shall track and assist in the report of remediation disbursements as agreed to between Hikma and the Enforcement Committee

F. *Nature of Payment.* Hikma, the Settling States, and the Participating Subdivisions each acknowledge and agree that notwithstanding anything to the contrary in this Agreement, including, but not limited to, the scope of the Released Claims:

1. They have entered into this Agreement to avoid the delay, expense, inconvenience, and uncertainty of further litigation;

2. (a) The Settling States and Participating Subdivisions sought compensatory payments (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i)) as damages for the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; (b) the Compensatory Restitution Amount is less than or equal to the amount, in the aggregate, of the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; and (c) the portion of the Compensatory Restitution Amount received by each Settling State or Participating Subdivision is less than or equal to the amount of the Alleged Harms allegedly suffered by such Settling State or Participating Subdivision;

3. The payment of the Compensatory Restitution Amount by Hikma constitutes payment (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i), (ii)) for alleged damage or harm allegedly caused by Hikma in order to restore, in whole or in part, the Settling States, Participating Subdivisions, and persons to the same position or condition that they would be in had the Settling

States, Participating Subdivisions, and persons not suffered the Alleged Harms, and constitutes compensatory restitution and remediation for alleged damage or harm allegedly caused by the potential violation of a law; and

4. For the avoidance of doubt: (a) the entire Compensatory Restitution Amount is properly characterized as described in Section VI.F, (b) no portion of the Compensatory Restitution Amount represents reimbursement to any Settling State or Participating Subdivision or other person or entity for the fees or costs of any investigation or litigation, including without limitation attorneys' fees, (c) no portion of the Global Settlement Amount constitutes the disgorgement of any allegedly ill-gotten gains, and (d) no portion of the Global Settlement Amount is paid for, is in place of, or is properly characterized as the payment of any fine, penalty, punitive damages, or other punitive assessments.

VII. Enforcement

A. *Enforceability.* This Agreement is enforceable only by the Settling States and Hikma; *provided, however,* that Released Entities may enforce Section XI and Participating Subdivisions listed on Exhibit G have the enforcement rights described later in this paragraph and in Section VII.D. Except to the extent allowed by the Injunctive Relief Terms, Settling States and Participating Subdivisions shall not have enforcement rights against Hikma with respect to either the terms of this Agreement that apply only to or in other Settling States or any Consent Judgment entered into by another Settling State. Participating Subdivisions shall not have enforcement rights against Hikma with respect to this Agreement or any Consent Judgment except that Participating Subdivisions listed on Exhibit G shall have enforcement rights as set forth herein as to payments that would be allocated to the Participating Subdivisions or the Remediation Accounts Fund in such Settling State pursuant to Section V; *provided, however,* that each Settling State shall allow Participating Subdivisions in such Settling State to notify it of any perceived violations of this Agreement or the applicable Consent Judgment.

B. *Jurisdiction.* Hikma consents to the jurisdiction of the court in which each Settling State files its Consent Judgment, limited to resolution of disputes identified in Section VII.F.2 for resolution in that court.

C. *Specific Terms Dispute Resolution.*

1. Any dispute that is addressed by the provisions set forth in the Injunctive Relief Terms shall be resolved as provided therein.

2. In the event that Hikma believes that the ninety-five percent (95%) threshold established in Section VI.B.1 is not being satisfied, any Party may request that Hikma and the Enforcement Committee meet and confer regarding the use of funds to implement Section VI.B.1. The completion of such meet-and-confer process is a precondition to further action regarding any such dispute. Further action concerning Section VI.B.1 shall: (i) be limited to Hikma seeking to reduce its Settlement Product or Settlement Product Cash Conversion Amount by no more than

five percent (5%) of the difference between the actual amount of Opioid Remediation and the ninety-five percent (95%) threshold established in Section VI.B.1; (ii) only reduce to those Settling States and their Participating Subdivision(s) that are below the ninety-five percent (95%) threshold established in Section VI.B.1; and (iii) not reduce Remediation Payments restricted to future Opioid Remediation.

D. *State-Subdivision Enforcement.*

1. A Subdivision shall not have enforcement rights against a Settling State in which it is located with respect to this Agreement or any Consent Judgment except that a Participating Subdivision listed on Exhibit G shall have enforcement rights (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust with respect to intrastate allocation or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that (i) the Settling State's use of Remediation Accounts Fund monies were not used for uses similar to or in the nature of those uses contained in Exhibit E; or (ii) a Settling State failed to pay funds directly from the Remediation Accounts Fund to a Participating Subdivision eligible to receive a block grant pursuant to Section VI.E.2.b.

2. A Settling State shall have enforcement rights against a Participating Subdivision located in its territory (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust; or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that the Participating Subdivisions' uses of Remediation Accounts Fund monies were not used for purposes similar to or in the nature of those uses contained in Exhibit E.

3. As between the Settling States and Participating Subdivisions, the above rights are contractual in nature and nothing herein is intended to limit, restrict, change or alter any other existing rights under law.

E. *Subdivision Hikma Payment Enforcement.* A Participating Subdivision listed on Exhibit G shall have the same right as a Settling State to seek resolution regarding the failure by Hikma to make its Remediation Payment.

F. *Other Terms Regarding Dispute Resolution.*

1. The parties to a dispute shall promptly meet and confer in good faith to resolve any dispute. If the parties cannot resolve the dispute informally, and unless otherwise agreed in writing, they shall follow the remaining provisions of this subsection to resolve the dispute.

2. Except to the extent provided by Section VII.C or Section VII.F.3, disputes not resolved informally shall be resolved in either the court that entered the relevant Consent Judgment or, if no such Consent Judgment was entered, a state or territorial court with jurisdiction located wherever the seat of the relevant state government is located.

a. State court proceedings shall be governed by the rules and procedures of the relevant forum.

b. For the avoidance of doubt, disputes to be resolved in state court include, but are not limited to, the following:

(i) disputes concerning whether expenditures qualify as Opioid Remediation;

(ii) disputes between a Settling State and its Participating Subdivisions as provided by Section VII.D, except to the extent the State-Subdivision Agreement provides for other dispute resolution mechanisms. For the avoidance of doubt, disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes;

(iii) whether this Agreement and relevant Consent Judgment are binding under state law;

(iv) the extent of the Attorney General's or other participating entity's authority under state law, including the extent of the authority to release claims;

(v) whether the definition of a Bar, a Case-Specific Resolution, Final Order, lead state agency as described in Section VI.D.4.b, Later Litigating Subdivision, Litigating Subdivision, or Threshold Motion have been met; and

(vi) all other disputes not specifically identified in Section VII.C or Section VII.F.3.

c. Any Party may request that the National Arbitration Panel provide an interpretation of any provision of the settlement that is relevant to the state court determination, and the National Arbitration Panel shall make reasonable best efforts to supply such interpretation within the earlier of thirty (30) calendar days or the time period required by the state court proceedings. Any Party may submit that interpretation to the state court to the extent permitted by, and for such weight provided by, the state court's rules and procedures. If requested by a Party, the National Arbitration Panel shall request that its interpretation be accepted in the form of an *amicus curiae* brief, and any attorneys' fees and costs for preparing any such filing shall be paid for by the requesting Party.

3. National Disputes involving a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VII.A, and/or Hikma shall be resolved by the National Arbitration Panel.

a. National Disputes are disputes that are not addressed by Section VII.C, and which are exceptions to Section VII.F.2's presumption of resolution in state courts because they involve issues of interpretation of terms contained in this Agreement applicable to all Settling States without reference to a particular state's law. Disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes. National Disputes are limited to the following:

(i) the amount of offset and/or credit attributable to Non-Settling States;

(ii) issues involving the scope and definition of Product;

(iii) interpretation and application of the terms "Covered Conduct," "Released Entities," and "Released Claims;"

(iv) the failure by Hikma to pay the Remediation Payment or the Additional Remediation Amount, but for the avoidance of doubt, disputes between Hikma and a Settling State over the amounts owed only to that state that do not affect any other Settling State shall not be considered National Disputes;

(v) questions regarding the performance and/or removal of the Settlement Fund Administrator;

(vi) disputes involving liability of successor entities;

(vii) disputes that require a determination of the sufficiency of participation in order to qualify for Incentive Payments A, BC, or D;

(viii) disputes involving a Releasor's compliance with, and the appropriate remedy under, Section XI.B.5.c;

(ix) disputes requiring the interpretation of Agreement terms that are national in scope or impact, which shall mean disputes requiring the interpretation of Agreement terms that (i) concretely affect four (4) or more Settling States; and (ii) do not turn on unique definitions and interpretations under state law; and

(x) any dispute subject to resolution under Section VII.F.2 but for which all parties to the dispute agree to arbitration before the National Arbitration Panel under the provisions of this Section VII.F.3.

b. The National Arbitration Panel shall be comprised of three (3) neutral arbitrators. One (1) arbitrator shall be chosen by Hikma, one (1) arbitrator shall be chosen by the Enforcement Committee with due input from Participating Subdivisions listed on Exhibit G, and the third arbitrator shall be agreed upon by the first two (2) arbitrators. The membership of the National Arbitration Panel is intended to remain constant throughout the term of this Agreement, but in the event that replacements are required, the retiring arbitrator shall be replaced by the party that selected him/her.

c. The National Arbitration Panel shall make reasonable best efforts to decide all matters within one hundred eighty (180) calendar days of filing, and in no event shall it take longer than one (1) year.

d. The National Arbitration Panel shall conduct all proceedings in a reasonably streamlined process consistent with an opportunity for the parties to be heard. Issues shall be resolved without the need for live witnesses where feasible and with a presumption in favor of remote participation to minimize the burdens on the parties.

e. To the extent allowed under state law, a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VII.A, and (at any party's request) the National Arbitration Panel may certify to an appropriate state court any question of state law. The National Arbitration Panel shall be bound by a final state court determination of such a certified question. The time period for the arbitration shall be tolled during the course of the certification process.

f. The arbitrators will give due deference to any authoritative interpretation of state law, including any declaratory judgment or similar relief obtained by a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VII.A, or Hikma on a state law issue.

g. The decisions of the National Arbitration Panel shall be binding on Settling States, Participating Subdivisions, Hikma, and the Settlement Fund Administrator. In any proceeding before the National Arbitration Panel involving a dispute between a Settling State and Hikma whose resolution could prejudice the rights of a Participating Subdivision(s) in that Settling State, such Participating Subdivision(s) shall be allowed to file a statement of view in the proceeding.

h. Nothing herein shall be construed so as to limit or otherwise restrict a Settling State from seeking injunctive or other equitable relief in state court to protect the health, safety, or welfare of its citizens.

i. Each party shall bear its own costs in any arbitration or court proceeding arising under this Section VII. The costs for the arbitrators on the National Arbitration Panel shall be divided and paid equally by the

disputing sides for each individual dispute, e.g., a dispute between Hikma and Settling States/Participating Subdivisions shall be split fifty percent (50%) by Hikma and fifty percent (50%) by the Settling States/Participating Subdivisions that are parties to the dispute; a dispute between a Settling State and a Participating Subdivision shall be split fifty percent (50%) by the Settling State that is party to the dispute and fifty percent (50%) by any Participating Subdivisions that are parties to the dispute. For the avoidance of doubt, Hikma shall not be responsible for the National Arbitration Panel costs in disputes that do not concern Hikma.

4. Prior to initiating an action to enforce pursuant to this Section VII.F, the complaining party must:

a. Provide written notice to the Enforcement Committee and Hikma of its complaint, including the provision of the Consent Judgment and/or Agreement that the practice appears to violate, as well as the basis for its interpretation of the disputed provision. The Enforcement Committee shall establish a reasonable process and timeline for obtaining additional information from the involved parties; *provided, however*, that the date the Enforcement Committee establishes for obtaining additional information from the parties shall not be more than forty-five (45) calendar days following the notice. The Enforcement Committee may advise the involved parties of its views on the complaint and/or seek to resolve the complaint informally.

b. Wait to commence any enforcement action until thirty (30) calendar days after the date that the Enforcement Committee establishes for obtaining additional information from the involved parties.

5. If the parties to a dispute cannot agree on the proper forum for resolution of the dispute under the provisions of Section VII.F.2 or Section VII.F.3, a committee comprising the Enforcement Committee and sufficient representatives of Hikma such that the members of the Enforcement Committee have a majority of one (1) member will determine the forum where the dispute will be initiated within twenty-eight (28) calendar days of receiving notification of the dispute relating to the proper forum. The forum identified by such committee shall be the sole forum for litigating the issue of which forum will hear the substantive dispute, and the committee's identification of such forum in the first instance shall not be entitled to deference by the forum selected.

G. *Lien or Encumbrance.* To the extent allowed by applicable law, this Settlement Agreement shall not be deemed to create a lien or encumbrance against any real property owned by Hikma or its affiliates, unless in the event of a default or breach of the payment provisions by Hikma. Nothing in this Section shall be construed to limit any remedy of any Settling State or Participating Subdivision in the event of a default or breach of this Agreement by Hikma.

H. *No Effect.* Nothing in this Agreement shall be interpreted to limit the Settling States' Civil Investigative Demand ("CID") or investigative subpoena authority, to the extent such authority exists under applicable state law and the CID or investigative subpoena is issued pursuant to such authority, and Hikma reserves all of its rights in connection with a CID or investigative subpoena issued pursuant to such authority.

VIII. Participation by Subdivisions

A. *Notice.* No later than fifteen (15) calendar days after the Preliminary Agreement Date, the Implementation Administrator shall send individual written notice (which may be delivered via e-mail or other electronic means and may be combined with distribution of the Subdivision Settlement Participation Form) of the opportunity to participate in this Agreement and the requirements of participation to all Subdivisions in the Settling States that are (1) Litigating Subdivisions or (2) Non-Litigating Subdivisions listed on Exhibit G. To the extent a Special District is entitled to an allocation for a direct payment through its inclusion in Exhibit G pursuant to a State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution, the Implementation Administrator, with the cooperation of the Settling States shall also send individual written notice (which may be delivered via e-mail or other electronic means) of the opportunity to participate in this Agreement and the requirements of participation to such Special Districts. Unless otherwise agreed by the Parties, the version of Exhibit G used for notice shall be the one in place as of the Preliminary Agreement Date. Notice (which may be delivered via e-mail or other electronic means) shall also be provided simultaneously to counsel of record for Litigating Subdivisions and known counsel for Non-Litigating Subdivisions and Special Districts listed on Exhibit G. The costs of the Implementation Administrator shall be paid for by the interest earned from the deposit accounts holding the Adjusted Maximum Remediation Payment for Hikma, and nothing in this provision shall require Hikma to pay any costs, fees or other amounts in excess of the Global Settlement Amount. The Settling States, with the cooperation of Hikma, may also provide general notice reasonably calculated to alert Non-Litigating Subdivisions in the Settling States to this Agreement, the opportunity to participate in it, and the requirements for participation. Such notice may include publication and other standard forms of notification, as well as notice to state and county organizations such as the National Association of Counties and the National League of Cities. The notice will include that the deadline for becoming an Initial Participating Subdivision is the Initial Participation Date. Nothing contained herein shall preclude a Settling State from providing further notice to or otherwise contacting any of its Subdivisions about becoming a Participating Subdivision, including beginning any of the activities described in this paragraph prior to the Preliminary Agreement Date.

B. *Requirements for Becoming a Participating Subdivision—Non-Litigating Subdivisions.* A Non-Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Fund Administrator) specifying (1) that the Subdivision agrees to the terms of this Agreement pertaining to Subdivisions, (2) that the Subdivision releases all Released Claims against all Released Entities, (3) that the Subdivision agrees to use monies it

receives, if any, from the Settlement Fund pursuant to the applicable requirements of Section VI; *provided, however*, that Non-Litigating Subdivisions may only use monies originating from the Settlement Fund for purposes that qualify as Opioid Remediation, and (4) that the Subdivision submits to the jurisdiction of the court where the applicable Consent Judgment is filed for purposes limited to that court's role under this Agreement. The required Subdivision Settlement Participation Form is attached as Exhibit K.

C. *Requirements for Becoming a Participating Subdivision—Litigating Subdivisions/Later Litigating Subdivisions.* A Later Litigating Subdivision and Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Fund Administrator) and upon prompt dismissal with prejudice of its lawsuit following the Reference Date or the date on which the conditions for effectiveness in Section IX.B have been met, whichever is later. A Settling State may require each Litigating Subdivision in that Settling State to specify on the Subdivision Settlement Participation Form whether its counsel has waived any contingency fee contract with that Participating Subdivision and whether, if eligible, it intends to seek fees pursuant to Exhibit R. The Settlement Fund Administrator shall provide reports of this information to the parties upon request. A Litigating Subdivision or Later Litigating Subdivision may not become a Participating Subdivision after the completion of opening statements in a trial of a lawsuit it brought that includes a Released Claim against a Released Entity.

D. *Initial Participating Subdivisions.* A Subdivision qualifies as an Initial Participating Subdivision if it meets the applicable requirements for becoming a Participating Subdivision set forth in Section VIII.B or Section VIII.C by the Initial Participation Date. All Subdivision Settlement Participation Forms shall be held in escrow by the Implementation Administrator until the Reference Date. If, for any reason, the Agreement does not become effective, all obligations created by such forms and releases in them shall be void *ab initio* and all Subdivision Settlement Participation Forms shall be returned to Counsel for Litigating Subdivisions or to the Subdivisions not represented by counsel or destroyed to the extent that such destruction is not prohibited by then existing document preservation obligations.

E. *Later Participating Subdivisions.* A Subdivision that is not an Initial Participating Subdivision may become a Later Participating Subdivision by meeting the applicable requirements for becoming a Participating Subdivision set forth in Section VIII.B or Section VIII.C after the Initial Participation Date but before the Payment Calculation Date and by agreeing to be subject to the terms of a State-Subdivision Agreement (if any) or any other structure adopted or applicable pursuant to Section VI.D or Section VI.E. Unless waived by Hikma, the following provisions govern what a Later Participating Subdivision can receive (but do not apply to Initial Participating Subdivisions):

1. A Later Participating Subdivision shall receive seventy-five percent (75%) of the share of the Base Payment or Incentive Payment that it would have received had it become an Initial Participating Subdivision.

2. A Later Participating Subdivision that had maintained a lawsuit for a Released Claim against a Released Entity and had judgment entered against it on any such Claim before it became a Participating Subdivision (other than consensual dismissal with prejudice) shall receive 50% of the share of future Base Payments and Incentive Payments that it would have received had it become a Participating Subdivision prior to such judgment; provided, however that if the Subdivision appeals the judgment and the judgment is affirmed with finality, the Subdivision shall not receive any share of any Base Payments or Incentive Payments, and shall return to Hikma any share of any Base Payments or Incentive Payments such Subdivision had already received.

3. A Later Participating Subdivision that becomes a Participating Subdivision while a Bar or Case-Specific Resolution involving a different Subdivision exists in its state shall receive twenty-five percent (25%) of the share of the Base Payment and Incentive Payment that it would have received if it had become an Initial Participating Subdivision.

F. *No Increase in Payments.* Amounts to be received by Later Participating Subdivisions shall not increase the payments due from Hikma.

G. *Non-Participating Subdivisions.* Non-Participating Subdivisions shall not directly receive any portion of the Remediation Payment, including from the State Fund and direct distributions from the Remediation Accounts Fund; however, a Settling State may choose to fund future Opioid Remediation that indirectly benefits Non-Participating Subdivisions.

H. *Unpaid Allocations to Later Participating Subdivisions and Non-Participating Subdivisions.* Any Base Payment and Incentive Payment allocated pursuant to Section VI.D to a Later Participating Subdivision or Non-Participating Subdivision that cannot be paid pursuant to this Section VIII, including the amounts that remain unpaid after the reductions required by Section VIII.E., will be allocated to the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement or by a Statutory Trust.

IX. Condition to Effectiveness of Agreement and Filing of Consent Judgment

A. *Determination to Proceed with Settlement. —Settling States.* Following the Initial Subdivision Participation Date, the Enforcement Committee shall determine whether to proceed with the Agreement on behalf of the Settling States, and the Settling States shall be bound by the determination of the Enforcement Committee. No later than fifteen (15) calendar days prior to the Reference Date, the Enforcement Committee shall provide notice to Hikma of its decision. If the Enforcement Committee elects not to

proceed, this Agreement will have no further effect, and all releases (including those contained in Subdivision Settlement Participation Forms and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms) will be void. Within seven (7) calendar days of informing Hikma that there is sufficient participation to proceed, the Enforcement Committee will deliver all signatures and releases required by the Agreement to be provided by the Settling States to Hikma.

B. *Determination to Proceed with Settlement—Hikma.* If the Settling States elect to proceed, Hikma will then determine on or before the Reference Date whether there is sufficient Eligible State participation, sufficient Subdivision participation, and sufficient resolution of the Claims of the Litigating Subdivisions in the Settling States (through participation under Section VIII, Case-Specific Resolution(s) and Bar(s)) to proceed with this Agreement. The determination shall be in the sole discretion of Hikma and may be based on any criteria or factors deemed relevant by Hikma.

C. *Notice by Hikma.* On or before the Reference Date, Hikma shall inform the Settling States of its determination pursuant to Section IX.B. If Hikma determines to proceed, the Parties will proceed to file the Consent Judgments and the obligations in the Subdivision Settlement Participation Forms will be effective and binding as of the Reference Date. If Hikma determines not to proceed, this Agreement will have no further effect, any amounts deposited, including funds referenced in Section IV.D. and Exhibit M, shall revert to Hikma, and all releases (including those contained in Subdivision Settlement Participation Forms) and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms will be void.

X. Settling State and Participating Subdivision Attorneys' Fees and Costs and Additional Remediation Amount

A. The Agreement on Subdivision Attorneys' Fees, Expenses and Costs is set forth in Exhibit R and incorporated herein by reference.

B. *Additional Remediation Amount.*

1. Subject to the reduction specified in Section X.B.2, Hikma shall pay an Additional Remediation Amount to the Settling States listed in Exhibit N. Such funds shall be paid as allocated by the Settlement Fund Administrator pursuant to Exhibit N.

2. *Reduction of Additional Remediation Amount.* The amounts owed by Hikma pursuant to this Section X.B shall be reduced by the allocations set forth on Exhibit N for Non-Settling States.

3. For the avoidance of doubt, (1) a Settling State that retained outside counsel in connection with the investigation of Hikma that receives an Additional Remediation Amount may choose to have the Additional Remediation Amount designated to pay the Settling State's outside counsel, and may instruct the Settlement Fund Administrator to pay those funds directly to the Settling State's

outside counsel, and (2) Additional Remediation Amount funds, including funds designated by a Settling State to pay its outside counsel under this paragraph, shall not be subject to allocation as provided in Section VI.C through Section VI.E.

C. All payments addressed by this Section X will be made no later than the Payment Date pursuant to Section V.

XI. Release

A. *Scope.* As of the Effective Date, the Released Entities are hereby released and forever discharged from all of the Releasors' Released Claims. Each Settling State (for itself and its Releasors) and Participating Subdivision (for itself and its Releasors) hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist in bringing, or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in this Agreement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of each Settling State and its Attorney General to release claims. This Agreement shall be a complete bar to any Released Claim.

B. *Claim-Over and Non-Party Settlement.*

1. It is the intent of the Parties that:

a. Released Entities should not seek contribution or indemnification (other than pursuant to an insurance contract), from other parties for their payment obligations under this Agreement;

b. the payments made under this Agreement shall be the sole payments made by the Released Entities to the Releasors involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity);

c. Claims by Releasors against non-Parties should not result in additional payments by Released Entities, whether through contribution, indemnification or any other means; and

d. the Agreement meets the requirements of the Uniform Contribution Among Joint Tortfeasors Act and any similar state law or doctrine that reduces or discharges a released party's liability to any other parties.

2. The provisions of Section XI.B are intended to be implemented consistent with these principles. This Agreement and the releases and dismissals provided for herein are made in good faith.

3. No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner; provided that a Released Entity shall be relieved of this prohibition with respect to any entity that asserts a Claim-Over against it. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

4. To the extent that, on or after the Reference Date, any Releasor enters into a Non-Party Settlement, including in any bankruptcy case or through any plan of reorganization, the Releasor will include (or in the case of a Non-Party Settlement made in connection with a bankruptcy case, will cause the debtor to include), unless prohibited from doing so under applicable law, in the Non-Party Settlement a prohibition on contribution or indemnity of any kind substantially equivalent to that required from Hikma in Section XI.B.3, or a release from such Non-Released Entity in favor of the Released Entities (in a form equivalent to the releases contained in this Agreement) of any Claim-Over. The obligation to obtain the prohibition and/or release required by this subsection is a material term of this Agreement.

5. In the event that any Releasor obtains a judgment with respect to Non-Party Covered Conduct against a Non-Released Entity that does not contain a prohibition like that described in Section XI.B.3 or any Releasor files a Non-Party Covered Conduct Claim against a Non-Released Entity in bankruptcy or a Releasor is prevented for any reason from obtaining a prohibition/release in a Non-Party Settlement as provided in Section XI.B.3, and such Non-Released Entity asserts a Claim-Over against a Released Entity, the Released Entity shall be relieved of the prohibition in Section XI.B.3 with respect to that Non-Released Entity and that Releasor and Hikma shall take the following actions to ensure that the Released Entities do not pay more with respect to Covered Conduct to the Releasor or to Non-Released Entities than the amount owed under this Settlement Agreement by Hikma:

a. Hikma shall notify that Releasor of the Claim-Over within sixty (60) calendar days of the assertion of the Claim-Over or sixty (60) calendar days of the Effective Date of this Settlement Agreement, whichever is later;

b. Hikma and that Releasor shall meet and confer concerning the means to hold Released Entities harmless and ensure that Hikma is not required to pay more with respect to Covered Conduct than the amounts owed by Hikma to the Releasor under this Agreement;

c. The Releasor and Hikma shall take steps sufficient and permissible under the law of the state of the Releasor to hold Released Entities harmless from the Claim-Over and ensure Released Entities are not required to pay more with respect to Covered Conduct than the amounts

owed by Hikma under this Agreement. Such steps may include, where permissible:

(i) Filing of motions to dismiss or such other appropriate motion by Hikma or Released Entities, and supported by Releasor, in response to any claim filed in litigation or arbitration;

(ii) Reduction of the Releasor's Claim and any judgment it has obtained or may obtain against such Non-Released Entity by whatever amount or percentage is necessary to extinguish such Claim-Over under applicable law, up to the amount the Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(iii) Placement into escrow of funds paid by the Non-Released Entities such that those funds are available to satisfy the Claim-Over;

(iv) Return of monies paid by Hikma to the Releasor under this Settlement Agreement to permit satisfaction of a judgment against or settlement with the Non-Released Entity to satisfy the Claim-Over;

(v) Payment of monies to Hikma by the Releasor to ensure it is held harmless from such Claim-Over, up to the amount that Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(vi) Credit to Hikma under this Agreement to reduce the overall amounts to be paid under the Agreement such that it is held harmless from the Claim-Over; and

(vii) Such other actions as the Releasor and Hikma may devise to hold Hikma harmless from the Claim-Over.

d. The actions of the Releasor and Hikma taken pursuant to paragraph (c) must, in combination, ensure Hikma is not required to pay more with respect to Covered Conduct than the amounts owed to the Releasor by Hikma under this Agreement.

e. In the event of any dispute over the sufficiency of the actions taken pursuant to paragraph (c), the Releasor and Hikma may seek review by the National Arbitration Panel, provided that, if the parties agree, such dispute may be heard by the state court where the relevant Consent Judgment was filed. The National Arbitration Panel shall have authority to require Releasor to implement a remedy that includes one or more of the actions specified in paragraph (c) sufficient to hold Released Entities fully

harmless. In the event that the Panel's actions do not result in Released Entities being held fully harmless, Hikma shall have a claim for breach of this Agreement by Releasor, with the remedy being payment of sufficient funds to hold Hikma harmless from the Claim-Over up to the amount that Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity. For the avoidance of doubt, the prior sentence does not limit or eliminate any other remedy that Hikma may have.

6. To the extent that the Claim-Over is based on a contractual indemnity, the obligations under Section XI.B.4 shall extend solely to a Non-Party Covered Conduct Claim against a pharmacy, clinic, hospital or other purchaser, distributor or dispenser of Products, a manufacturer that sold Products, a consultant, and/or a pharmacy benefit manager or other third-party payor. Hikma shall notify the Settling States, to the extent permitted by applicable law, in the event that any of these types of Non-Released Entities asserts a Claim-Over arising out of contractual indemnity against it.

C. *Indemnification and Contribution Prohibited.* No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory, from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

D. *General Release.* In connection with the releases provided for in this Agreement, each Settling State (for itself and its Releasors) and Participating Subdivision expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

General Release; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that if known by him or her, would have materially affected his or her settlement with the debtor or released party.

A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Settling State (for itself and its Releasors) and Participating Subdivision (for itself and its Releasors) hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Settling States' decision to enter into this Agreement or the Participating Subdivisions' decision to participate in this Agreement.

E. *Assigned Interest Waiver.* To the extent that any Settling State has any direct or indirect interest in any rights of a third-party that is a debtor under the Bankruptcy Code as a result of a claim arising out of Covered Conduct by way of assignment or otherwise, including as a result of being the beneficiary of a trust or other distribution entity, to assert claims against Hikma (whether derivatively or otherwise), under any legal or equitable theory, including for indemnification, contribution, or subrogation, the Settling State waives the right to assert any such claim, or to receive a distribution or any benefit on account of such claim and such claim, distribution, or benefit shall be deemed assigned to Hikma.

F. *Res Judicata.* Nothing in this Agreement shall be deemed to reduce the scope of the res judicata or claim preclusive effect that the settlement memorialized in this Agreement, and/or any Consent Judgment or other judgment entered on this Agreement, gives rise to under applicable law.

G. *Representation and Warranty.* The signatories hereto on behalf of their respective Settling States and its Participating Subdivisions expressly represent and warrant that they will obtain on or before the Effective Date (or have obtained) the authority to settle and release, to the maximum extent of the State's power, all Released Claims of (1) their respective Settling States; (2) any of the respective Settling State's past and present executive departments, state agencies, divisions, boards, commissions and instrumentalities with the regulatory authority to enforce state and federal controlled substances acts; (3) any of their respective Settling State's past and present executive departments, agencies, divisions, boards, commissions and instrumentalities that have the authority to bring Claims related to Covered Conduct seeking money (including abatement and/or remediation) or revocation of a pharmaceutical distribution license; and (4) any Participating Subdivisions. For the purposes of clause (3) above, executive departments, agencies, divisions, boards, commission, and instrumentalities are those that are under the executive authority or direct control of the State's Governor. Also, for the purposes of clause (3), a release from a State's Governor as set forth in Exhibit X is sufficient to demonstrate that the appropriate releases have been obtained.

H. *Effectiveness.* The releases set forth in this Agreement shall not be impacted in any way by any dispute that exists, has existed, or may later exist between or among the Releasors. Nor shall such releases be impacted in any way by any current or future law, regulation, ordinance, or court or agency order limiting, seizing, or controlling the distribution or use of the Settlement Fund or any portion thereof, or by the enactment of future laws, or by any seizure of the Settlement Fund or any portion thereof.

I. *Cooperation.* Releasors (1) will not encourage any person or entity to bring or maintain any Released Claim against any Released Entity and (2) will reasonably cooperate with and not oppose any effort by a Released Entity to secure the prompt dismissal of any and all Released Claims, including suits brought by non-Releasors based on Released Claims. Releasors will meet and confer and make reasonable efforts to resolve any action that is filed by a Subdivision against Hikma on or after the date the Preliminary Agreement Date. This provision shall not require a Settling State to make any monetary payment or adjustment to allocation or incur other obligation.

J. *Non-Released Claims.* Notwithstanding the foregoing or anything in the definition of Released Claims, the Agreement does not waive, release or limit any criminal liability, Claims for any outstanding liability under any tax or securities law, Claims against parties who are not Released Entities, Claims by private individuals, Claims for Medicaid rebates, Claims asserted, or that could be asserted, by any State or Subdivision, related to the causes of action in *In re: Generic Pharmaceuticals Pricing Antitrust Litigation*, in the United States District court for the District of Pennsylvania, MDL No. 2724; *Connecticut et al v. Aurobindo Pharma USA, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:16-cv-2056-NPS; *Connecticut et al. v. Teva Pharmaceuticals USA, Inc.*, in the United States District Court for the District of Connecticut, Case No. 3:19-cv-710-NPS; *Connecticut et al v. Sandoz, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:20-cv-802-NPS; and any related action (such excluded claims include, but are not limited to, all antitrust claims and any claims related to any non-opioid generic drugs), and any claims arising under the Agreement for enforcement of the Agreement.

XII. Later Litigating Subdivisions

A. *Released Claims against Released Entities.* If a Later Litigating Subdivision in a Settling State maintains a lawsuit for a Released Claim against a Released Entity after the Reference Date, the following shall apply subject to Section XII.B:

1. The Released Entity shall take ordinary and reasonable measures to defend the action, including filing a Threshold Motion with respect to the Released Claim. The Released Entity shall further notify the Settling State and Settlement Fund Administrator immediately upon notice of a Later Litigating Subdivision bringing a lawsuit for a Released Claim and shall not oppose a Settling State's submission in support of the Threshold Motion. Hikma shall give the relevant Settling State a reasonable opportunity to extinguish the Released Claims without any payment or any other obligations being imposed upon any Released Entities (apart from the Global Settlement Amount payable by Hikma under the Agreement or the Injunctive Relief Terms incurred by it). The relevant Settling State and Hikma shall confer and use reasonable efforts to promptly resolve the lawsuit so that it is dismissed with prejudice. Nothing in this subsection creates an obligation for a Settling State to make a monetary payment or incur any other obligation to an entity filing a lawsuit.

2. If the lawsuit asserting a Released Claim is resolved with finality on terms requiring payment by the Released Entity, Hikma shall receive a dollar-for-dollar offset against Incentive Payment D for the amount paid. The offset shall be applied against the relevant portion of Incentive Payment D to be released on the last Incentive Payment D Release Date and working backwards.

3. "*Terms requiring payment*" shall mean (i) a final monetary judgment or (ii) a settlement; provided that the Released Entity sought the applicable State Attorney General's consent to the settlement and such consent was either obtained or unreasonably withheld. Should the judgment or settlement resolve claims that are not Released Claims, the offset shall be for the Released Claims portion only, which shall be distinguishable in the judgment or settlement.

B. *Exceptions*

1. Section XII.A shall not apply where the Settling State at issue meets the eligibility criteria for and is entitled to Incentive Payment A, except as expressly provided therein.

2. Section XII.A shall not apply where the Later Litigating Subdivision seeks less than \$10 million, or so long as its total claim is reduced to less than \$10 million, in the lawsuit for a Released Claim at issue.

C. *No Effect on Other Provisions.* An offset under Section XII.A shall not affect the Injunctive Relief Terms or the Consent Judgment.

D. *No Effect on Other States.* An offset under Section XII.A applicable to one State shall not affect the allocation or payment of the Remediation Payment to other Settling States.

E. *Litigating Subdivisions in Non-Eligible States.* The Settling States will not encourage, facilitate, or assist in any manner whatsoever claims for Covered Conduct against Hikma in any Settling, Non-Settling, or Non-Eligible State, regardless of whether those claims were filed against Hikma prior to, on, or after the Effective Date.

XIII. Offset

A. *Revoked Bar or Case-Specific Resolution.* If Hikma's Remediation Payment included any incentive payments earned as a result of the existence of a Bar or Case-Specific Resolution in a Settling State, and there is subsequently a Revocation Event with respect to that Bar or Case-Specific Resolution after the Payment Calculation Date but before provision of Settlement Product or payment of the Settlement Product Cash Conversion Amount, Hikma shall receive a dollar-for-dollar offset against the Settlement Product or Settlement Product Cash Conversion Amount that would be allocated to that Settling State and its Subdivisions. This offset or reimbursement will be calculated as the dollar amount difference between (1) the total amount of incentive payments paid by Hikma by virtue of the Bar or Case-Specific Resolution subject to the Revocation Event and (2) the total amount of incentive payments that would have been due from Hikma during that time had the Bar or Case-Specific Resolution subject to the Revocation Event not been in effect. For purposes of calculating the amount of incentive payments that would have been due, any relevant Subdivision shall be included as a Participating Subdivision if: (1) its Released Claims are extinguished by any subsequent Bar or Case-Specific Resolution in effect as of the date of such calculation, or (2) it becomes a Participating Subdivision (in addition to all other Participating Subdivisions) prior to the date of such calculation. At no point will the offset be greater than the Settlement Product or Settlement Product Cash Conversion Amount for such Settling State.

XIV. Miscellaneous

A. *Population of General Purpose Governments.* The population figures for General Purpose Governments shall be the published U.S. Census Bureau's population estimates for July 1, 2019, released May 2020. These population figures shall remain unchanged during the term of this Agreement.

B. *Population of Special Districts.* For any purpose in this Agreement in which the population of a Special District is used other than Section V.E.4.b: (a) School Districts' population will be measured by the number of students enrolled who are eligible under the Individuals with Disabilities Education Act ("*IDEA*") or Section 504 of the Rehabilitation Act of 1973; (b) Health Districts' and Hospital Districts' population will be measured at twenty-five percent (25%) of discharges; and (c) all other Special Districts' (including Fire Districts' and Library Districts') population will be measured at ten percent (10%) of the population served.⁸ For the avoidance of doubt, this means that California healthcare districts will be measured at ten percent (10%) of their membership. Hikma and the

⁸ The estimates for counties and parishes were accessed at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-counties-total.html>. The estimates for cities and towns can currently be found at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-total-cities-and-towns.html>.

Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Preliminary Agreement Date.

C. *Population Associated with Sheriffs.* For any purpose in this Agreement in which the population associated with a lawsuit by a sheriff is used, the population will be measured at twenty percent (20%) of the capacity of the jail(s) operated by the sheriff.

D. *No Admission.* Hikma does not admit liability or wrongdoing. Neither this Agreement nor the Consent Judgments shall be considered, construed or represented to be (1) an admission, concession or evidence of liability or wrongdoing or (2) a waiver or any limitation of any defense otherwise available to Hikma.

E. *Tax Cooperation and Reporting.*

1. Upon request by Hikma, the Settling States and Participating Subdivisions agree to perform such further acts and to execute and deliver such further documents as may be reasonably necessary for Hikma to establish the statements set forth in Section VI.F to the satisfaction of their tax advisors, their independent financial auditors, the Internal Revenue Service, or any other governmental authority, including as contemplated by 26 C.F.R. § 1.162-21(b)(3)(ii) and any subsequently proposed or finalized relevant regulations or administrative guidance.

2. Without limiting the generality of Section XIV.E.1, each Settling State and Participating Subdivision shall cooperate in good faith with Hikma with respect to any tax claim, dispute, investigation, audit, examination, contest, litigation, or other proceeding relating to this Agreement.

3. Pursuant to 26 C.F.R. § 1.6050X-1(a) and (b), the Designated State, on behalf of all Settling States and Participating Subdivisions, shall designate one of its officers or employees to act as the “appropriate official” within the meaning of 26 C.F.R. § 1.6050X-1(f)(1)(ii)(B) (the “Appropriate Official”). The Designated State shall direct and ensure that the Appropriate Official timely (a) files (i) at the time this Agreement becomes binding on the Parties, an IRS Form 1098-F in the form attached as Exhibit U with respect to Hikma and (ii) any legally required forms, returns or amended returns with any applicable governmental authority, or any returns requested by Hikma, and (b) provides to Hikma a copy of (i) the IRS Form 1098-F filed with respect to Hikma and (ii) any legally required written statement pursuant to any applicable law and any other document referred to in clause (a)(ii) above. Any such forms, returns, or statements shall be prepared and filed in a manner fully consistent with Section VI.F. and as set forth in Section XIV.E.4.

4. Any form, return, amended return, or written statement filed or provided pursuant to Section XIV.E.3, and any similar document, shall be prepared and filed in a manner consistent with reporting the Global Settlement Amount as the “Total amount to be paid” pursuant to this Agreement in Box 1 of IRS Form 1098-F and the Compensatory Restitution Amount as “Restitution/remediation amount” in Box 3 of IRS Form 1098-F, as reflected in the attached Exhibit U. If the Designated State

or Appropriate Official shall be required to file any form, return, amended return, or written statement contemplated by this Section XIV.E other than an IRS Form 1098-F in the form attached as Exhibit U, the Designated State shall direct and ensure that the Appropriate Official provides to Hikma a draft of such form, return, amended return, or written statement no later than sixty (60) calendar days prior to the due date thereof, and shall accept any reasonable revisions from Hikma on the return, amended return, or written statement.

5. For the avoidance of doubt, neither Hikma nor the Settling States and Participating Subdivisions make any warranty or representation to any Settling State, Participating Subdivision, or Releasor as to the tax consequences of the payment of the Compensatory Restitution Amount (or any portion thereof).

F. *No Third-Party Beneficiaries.* Except as expressly provided in this Agreement, no portion of this Agreement shall provide any rights to, or be enforceable by, any person or entity that is not the Settling State or Released Entity. Settling States may not assign or otherwise convey any right to enforce any provision of this Agreement.

G. *Calculation.* Any figure or percentage referred to in this Agreement shall be carried to seven decimal places.

H. *Construction.* None of the Parties and no Participating Subdivision shall be considered to be the drafter of this Agreement or of any of its provisions for the purpose of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this Agreement. The headings of the provisions of this Agreement are not binding and are for reference only and do not limit, expand, or otherwise affect the contents or meaning of this Agreement.

I. *Cooperation.* Each Party and each Participating Subdivision agrees to use its best efforts and to cooperate with the other Parties and Participating Subdivisions to cause this Agreement and the Consent Judgments to become effective, to obtain all necessary approvals, consents and authorizations, if any, and to execute all documents and to take such other action as may be appropriate in connection herewith. Consistent with the foregoing, each Party and each Participating Subdivision agrees that it will not directly or indirectly assist or encourage any challenge to this Agreement or any Consent Judgment by any other person, and will support the integrity and enforcement of the terms of this Agreement and the Consent Judgments.

J. *Entire Agreement.* This Agreement, including its exhibits and any other attachments, embodies the entire agreement and understanding between and among the Parties and Participating Subdivisions relating to the subject matter hereof and supersedes (1) all prior agreements and understandings relating to such subject matter, whether written or oral and (2) all purportedly contemporaneous oral agreements and understandings relating to such subject matter.

K. *Execution.* This Agreement may be executed in counterparts and by different signatories on separate counterparts, each of which shall be deemed an original,

but all of which shall together be one and the same Agreement. One or more counterparts of this Agreement may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart hereof. One or more counterparts of this Agreement may be signed by electronic signature.

L. *Good Faith and Voluntary Entry.* Each Party warrants and represents that it negotiated the terms of this Agreement in good faith. Each of the Parties and Participating Subdivisions warrants and represents that it freely and voluntarily entered into this Agreement without any degree of duress or compulsion. The Parties and Participating Subdivisions state that no promise of any kind or nature whatsoever (other than the written terms of this Agreement) was made to them to induce them to enter into this Agreement.

M. *Legal Obligations.* Nothing in this Agreement shall be construed as relieving Hikma of the obligation to comply with all state and federal laws, regulations or rules, nor shall any of the provisions herein be deemed to be permission to engage in any acts or practices prohibited by such laws, regulations, or rules.

N. *No Prevailing Party.* The Parties and Participating Subdivisions each agree that they are not the prevailing party in this action, for purposes of any claim for fees, costs, or expenses as prevailing parties arising under common law or under the terms of any statute, because the Parties and Participating Subdivisions have reached a good faith settlement.

O. *Waive Challenge.* The Parties and Participating Subdivisions each further waive any right to challenge or contest the validity of this Agreement on any ground, including, without limitation, that any term is unconstitutional or is preempted by, or in conflict with, any current or future law. Nothing in the previous sentence shall modify, or be construed to conflict with, Section XIV.M.

P. *Non-Admissibility.* The settlement negotiations resulting in this Agreement have been undertaken by the Parties and by certain representatives of the Participating Subdivisions in good faith and for settlement purposes only, and no evidence of negotiations or discussions underlying this Agreement shall be offered or received in evidence in any action or proceeding for any purpose. This Agreement shall not be offered or received in evidence in any action or proceeding for any purpose other than in an action or proceeding arising under or relating to this Agreement or in any litigation or arbitration concerning Hikma's right to coverage under an insurance contract.

Q. *Notices.* All notices or other communications under this Agreement shall be in writing (including, but not limited to, electronic communications) and shall be given to the recipients indicated below:

For the Attorney(s) General:

Josh Stein, Attorney General
North Carolina Department of Justice
Attn: Daniel Mosteller, Deputy General Counsel

PO Box 629
Raleigh, NC 27602
Dmosteller@ncdoj.gov

Jonathan Skrmetti, Attorney General
Tennessee Attorney General's Office
Attn: Michael Leftwich, Senior Deputy Attorney General
Hamilton Millwee, Assistant Attorney General
P.O. Box 20207
Nashville, TN 37202
Michael.Leftwich@ag.tn.gov
Hamilton.Millwee@ag.tn.gov

Letitia James, Attorney General
New York State Attorney General
Attn: Jennifer Levy, First Deputy Attorney General
Monica Hanna, Special Counsel
Matthew Conrad, Assistant Attorney General
28 Liberty Street, New York, NY 10005
Jennifer.Levy@ag.ny.gov
Monica.Hanna@ag.ny.gov
Matthew.Conrad@ag.ny.gov

For the Plaintiffs' Executive Committee:

Co-leads
Jayne Conroy
Simmons Hanly Conroy LLC
112 Madison Avenue
7th Floor
New York, NY 10016-7416
JConroy@simmonsfirm.com

Joseph F. Rice
Motley Rice LLC
28 Bridgeside Blvd.
Mount Pleasant, SC 29464
jrice@motleyrice.com

Paul T. Farrell, Jr.
Farrell & Fuller, LLC
270 Munzo Rivera Ave, Suite 201
San Juan, Puerto Rico 00918
paul@farrellfuller.com

For Hikma:

Hikma Pharmaceuticals USA Inc.
200 Connell Drive
Berkeley Heights, NJ 07922
Attn: Legal Department
Email: USLegal@hikma.com

With a copy to Hikma's counsel:

Christopher Essig
Winston & Strawn LLP
35 W. Wacker Dr.
Chicago, IL 60601
T: (312) 399-4334
Email: CEssig@winston.com

Any Party or the Plaintiffs' Executive Committee may change or add the contact information of the persons designated to receive notice on its behalf by notice given (effective upon the giving of such notice) as provided in this Section XIV.Q.

R. *No Waiver.* The waiver of any rights conferred hereunder shall be effective only if made by written instrument executed by the waiving Party or Parties. The waiver by any Party of any breach of this Agreement shall not be deemed to be or construed as a waiver of any other breach, whether prior, subsequent, or contemporaneous, nor shall such waiver be deemed to be or construed as a waiver by any other Party.

S. *Preservation of Privilege.* Nothing contained in this Agreement or any Consent Judgment, and no act required to be performed pursuant to this Agreement or any Consent Judgment, is intended to constitute, cause, or effect any waiver (in whole or in part) of any attorney-client privilege, work product protection, or common interest/joint defense privilege, and each Party and Participating Subdivision agrees that it shall not make or cause to be made in any forum any assertion to the contrary.

T. *Successors.*

1. This Agreement shall be binding upon, and inure to the benefit of, Hikma and its respective successors and assigns.

2. Hikma shall not, in one (1) transaction or a series of related transactions, sell or transfer U.S. assets having a fair market value equal to twenty-five percent (25%) or more of the consolidated assets of Hikma (other than sales or transfers of inventories, or sales or transfers to an entity owned directly or indirectly by Hikma) where the sale or transfer is announced after the Reference Date, is not for fair consideration, and would foreseeably and unreasonably jeopardize Hikma's ability to make the payments under this Agreement or its obligations regarding Settlement

Product under Section XV following the close of a sale or transfer transaction, unless Hikma obtains the acquiror's agreement that it will be either a guarantor of or successor to the percentage of Hikma's remaining Payment Obligations under this Agreement equal to the percentage of Hikma's consolidated assets being sold or transferred in such transaction. Percentages under this section shall be determined in accordance with United States generally accepted accounting principles and as of the date of Hikma's most recent publicly filed consolidated balance sheet prior to the date of entry into the sale or transfer agreement at issue. This Section XIV.T shall be enforceable solely by the Settling States, and any objection under this Section XIV.T not raised within sixty (60) calendar days of the announcement of the relevant transaction is waived.

U. *Modification, Amendment, Alteration.* In the event the Plaintiffs' Executive Committee, the Executive Committee of the State Attorneys General, or Hikma concludes prior to the Reference Date that technical corrections are required to this Agreement, the Plaintiffs' Executive Committee, the Executive Committee of the State Attorneys General, and Hikma shall meet and confer and make such amendments as they agree are appropriate. After the Reference Date, any modification, amendment, or alteration of this Agreement by the Parties shall be binding only if evidenced in writing signed by Hikma, along with the signature of at least two-thirds of those then serving as Attorneys General of the Settling States along with a representation from each Attorney General that either: (1) the advisory committee or similar entity established or recognized by that Settling State (either pursuant to Section VI.E.2.d, by a State-Subdivision Agreement, or by statute) voted in favor of the modification, amendment or alteration of this Agreement including at least one member appointed by the Participating Subdivisions listed on Exhibit G; or (2) in Settling States without any advisory committee, that 50.1% (by population) of the Participating Subdivisions listed on Exhibit G expressed approval of the modification, amendment, or alteration of this Agreement in a writing.

V. *Termination.*

1. Unless otherwise agreed to by each of Hikma and the Settling States, this Agreement and all of its terms (except Section XIV.P and any other non-admissibility provisions, which shall continue in full force and effect) shall be canceled and terminated with respect to the Settling State, and the Agreement and all orders issued by the courts in the Settling State pursuant to the Agreement shall become null and void and of no effect if one or more of the following conditions applies:

- a. a Consent Judgment approving this Agreement without modification of any of the Agreement's terms has not been entered as to a Settling State by a court of competent jurisdiction on or before one hundred eighty (180) calendar days after the Effective Date;
- b. this Agreement or the Consent Judgment as to that Settling State has been disapproved by a court of competent jurisdiction to which it was presented for approval and/or entry (or, in the event of an appeal from

or review of a decision of such a court to approve this Agreement and the Consent Judgment, by the court hearing such appeal or conducting such review), and the time to appeal from such disapproval has expired, or, in the event of an appeal from such disapproval, the appeal has been dismissed or the disapproval has been affirmed by the court of last resort to which such appeal has been taken and such dismissal or disapproval has become no longer subject to further appeal (including, without limitation, review by the United States Supreme Court); or

2. If this Agreement is terminated with respect to a Settling State and its Subdivisions for whatever reason pursuant to Section XIV.V.1, then:

a. an applicable statute of limitation or any similar time requirement (excluding any statute of repose) shall be tolled from the date the Settling State signed this Agreement until the later of the time permitted by applicable law or for one year from the date of such termination, with the effect that Hikma and the Settling State shall be in the same position with respect to the statute of limitation as they were at the time the Settling State filed its action; and

b. Hikma and the Settling State and its Participating Subdivisions shall jointly move the relevant court of competent jurisdiction for an order reinstating the actions and claims dismissed pursuant to the terms of this Agreement governing dismissal, with the effect that Hikma and the Settling State and its Participating Subdivisions shall be in the same position with respect to those actions and claims as they were at the time the action or claim was stayed or dismissed.

3. Unless Hikma and the Enforcement Committee agree otherwise, this Agreement, with the exception of the Injunctive Relief Terms that have their own provisions on duration, shall terminate as of May 15, 2027, provided that Hikma has performed its payment and Settlement Product obligations under the Agreement as of that date. Notwithstanding any other provision in this Section XIV.V.3 or in this Agreement, all releases under this Agreement will remain effective despite any termination under this Section XIV.V.3.

W. *Governing Law.* Except as (1) otherwise provided in this Agreement or (2) as necessary, in the sole judgment of the National Arbitration Panel, to promote uniformity of interpretation for matters within the scope of the National Arbitration Panel's authority, this Agreement shall be governed by and interpreted in accordance with the respective laws of the Settling State, without regard to the conflict of law rules of such Settling State, that is seeking to enforce the Agreement against Hikma or against which Hikma is seeking enforcement. Notwithstanding any other provision in this subsection on governing law, any disputes relating to the Settlement Fund Escrow shall be governed by and interpreted in accordance with the law of the state where the escrow agent has its primary place of business.

X. *Bankruptcy.* The following provisions shall apply if Hikma enters bankruptcy and (i) the Hikma bankruptcy estate recovers, pursuant to 11 U.S.C. § 550, any payments made under this Agreement, or (ii) this Agreement is deemed executory and is rejected by Hikma pursuant to 11 U.S.C. § 365:

1. In the event that the both a number of Settling States equal to at least seventy-five percent (75%) of the total number of Settling States and Settling States having aggregate State Allocation Percentages as set forth on Exhibit F equal to at least seventy-five percent (75%) of the total aggregate State Allocation Percentages assigned to all Settling States deem (by written notice to Hikma) that the financial obligations of this Agreement have been terminated and rendered null and void (except as provided in Section XIV.X.1.a) due to a material breach by Hikma, whereupon:

a. all agreements, all concessions, all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall immediately and automatically be deemed null and void as to Hikma; the Settling States shall be deemed immediately and automatically restored to the same position they were in immediately prior to their entry into this Settlement Agreement in respect to Hikma and the Settling States shall have the right to assert any and all claims against Hikma in the bankruptcy or otherwise without regard to any limits or agreements as to the amount of the settlement otherwise provided in this Agreement; *provided, however*, that notwithstanding the foregoing sentence, (i) all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall remain in full force and effect as to all persons or entities other than Hikma itself; and (ii) in the event the Settling State asserts any Released Claim against Hikma after the rejection and/or termination of this Agreement as described in this Section XIV.X.1.a and receives a judgment, settlement or distribution arising from such Released Claim, then the amount of any payments the Settling State has previously received from Hikma under this Agreement shall be applied to reduce the amount of any such judgment, settlement or distribution (provided that no credit shall be given against any such judgment, settlement or distribution for any payment that the Settling State is required to disgorge or repay to Hikma's bankruptcy estate); and

b. the Settling States may exercise all rights provided under the federal Bankruptcy Code (or other applicable bankruptcy or non-bankruptcy law) with respect to their Claims against Hikma subject to all defenses and rights of the Hikma.

Y. *Waiver.* Hikma, for good and valuable consideration the receipt of which is acknowledged, hereby (a) waives, foregoes and relinquishes all rights to utilize and/or seek relief under any of the following laws of the State of Texas for the restructuring of its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date,

or this Agreement: Tex. Bus. Orgs. Code § 10.003 (Contents of Plan of Merger: More Than One Successor) or any other statute of Subchapter A of Chapter 10 of Tex. Bus. Orgs. Code to the extent such statute relates to multi-successor mergers (and/or any other similar laws or statutes in any other state or territory); Tex. Bus. Orgs. Code §§ 11.01–11.414 (Winding Up and Termination of Domestic Entity); or Tex. Bus. & Com. Code §§ 23.01–23.33 (Assignments for the Benefit of Creditors) (collectively, the “Texas Statutes”), and (b) agrees, warrants and represents that it will not file, request or petition for relief under the Texas Statutes related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement, in each case until such time as all of Hikma’s payment obligations incurred hereunder are satisfied in full. The foregoing waiver and relinquishment includes, without limitation, until such time as all of Hikma’s payment obligations incurred hereunder are satisfied in full, Hikma’s rights to execute a divisional merger or equivalent transaction or restructuring related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement that in each case has the intent or foreseeable effect of (i) separating material assets from material liabilities and (ii) assigning or allocating all or a substantial portion of those liabilities to any subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code, or pursuant to which such subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code would be assuming or retaining all or a substantial portion of those liabilities.

XV. Settlement Product

- A. The Settlement Product is Kloxado (naloxone HCl) nasal spray 8mg, a medication that counteracts the life-threatening effects of opioid overdose and significantly reduces opioid-overdose mortality.
- B. For the purposes of this agreement, Hikma has agreed to provide the Settling States Settlement Product valued at \$34,720,371, which equals 277,763 cartons of Settlement Product (each carton contains two devices), valued at a fixed Wholesale Acquisition Cost (WAC) of \$125 per carton, allocated in accordance with the allocation percentage as reflected in Exhibit D-1. Hikma shall cover the cost of the Settlement Product distribution set forth in this Agreement. For the avoidance of doubt, Participating Subdivisions and Special Districts are not eligible to make a Settlement Product election pursuant to this agreement.
- C. Hikma shall provide the full Settlement Product to Settling States by May 15, 2027.
- D. Consistent with the Settlement Product Election Form contained in Exhibit D, each Settling State shall have the discretion to convert any portion of the Settlement Product allocated to the Settling State into a cash value equaling twenty percent (20%) of the WAC value of the Settling State’s allocated Settlement Product. Such decision must be made prior to the Settlement Product Election Date; Settling States will have no ability to convert any portion of the Settlement Product to Settlement Product Cash Conversion Amount following the Settlement Product Election Date. Unless cash conversion amounts are specifically

addressed in a State-Subdivision Agreement or Allocation Statute, a Settling State's Settlement Product Cash Conversion Amount shall be disbursed to the Settling State in the same manner as its Remediation Accounts Fund payments are made pursuant to Section VI. This cash conversion payment is due by May 15, 2027.

- E. Within thirty (30) days of the Effective Date, each Settling State shall notify Hikma and the Settlement Fund Administrator of its Settlement Product election by submitting the Settlement Product Election Form reflected in Exhibit D.
- F. Settling States that do not make a Settlement Product Election within 30 days of the Effective Date shall be deemed to have elected to receive full Settlement Product and to have elected not to convert any portion of the Settlement Product into Settlement Product Cash Conversion Amount. Commencing within thirty (30) days of the Effective Date, the Settling States that have submitted a Settlement Product Election Form may place periodic orders for Settlement Product consistent with Section XV and Exhibit D.
- G. The Parties understand that the provision of Settlement Product constitutes compensatory restitution within the meaning of 26 U.S.C. § 162(f)(2)(A) and that the receipt of Settlement Product must be reported on IRS Form 1098-F consistent with subsection XIV.E.
- H. In addition to offering Kloxxado (naloxone HCl) nasal spray 8mg per this Section XV and Exhibit D, Hikma, at its sole discretion, may also offer Settling States different versions or greater amounts of Settlement Product or different products that can be accepted by the Settling State in lieu of its full allotment of the Settlement Product or Settlement Product Cash Conversion Amount. Distribution and other terms related to such substitute product shall be set out in Hikma's offer. Nothing in this subsection changes the terms of this Agreement regarding the provision of Settlement Product or the calculation or availability of the Settlement Product Cash Conversion Amount.
- I. In the event of a Force Majeure Event, Hikma shall promptly provide written notice to the Settling States. Hikma and the States shall meet and confer within seven (7) days of such written notice to establish a commercially reasonable plan to resolve any inability to supply as quickly as reasonably possible, it being understood that, unless otherwise agreed to by the Parties, it is Hikma's obligation to use reasonable efforts which are consistent with accepted industry practices to resume performance as soon as practicable under the circumstances.
- J. Settling States shall not be permitted to return to Hikma any Settlement Product under any circumstances other than a recall of the Settlement Product initiated by Hikma or FDA, in which case Hikma's sole obligation shall be to supply the same number of Settlement Product units to replace the recalled product.

INDIVIOR SETTLEMENT AGREEMENT

INDIVIOR SETTLEMENT AGREEMENT

This Settlement Agreement, dated as of April 4, 2025 (the “*Agreement*”), sets forth the terms of settlement between and among the Settling States, the Participating Subdivisions, and Indivior (as those terms are defined below). Upon satisfaction of the conditions set forth in Sections II and VIII, this Agreement will be binding on the Settling States, Indivior, and the Participating Subdivisions. This Agreement will then be filed as part of a Consent Judgment in the respective courts of each of the Settling States, pursuant to the terms set forth in Section VIII.

I. Definitions

Unless otherwise specified, the following definitions apply:

A. “*Additional Remediation Amount.*” The amount available to the Settling States totaling up to \$1,460,450 to be paid in accord with the payment schedule at Exhibit M-3.

B. “*Adjusted Maximum Remediation Payment.*” The Maximum Remediation Payment reduced by the State Allocation Percentage for each Non-Settling State on Exhibit F.

C. “*Agreement.*” This agreement, as set forth above. For the avoidance of doubt, this Agreement is inclusive of all exhibits.

D. “*Alleged Harms.*” The alleged past, present, and future damages, harms, losses, and related expenditures allegedly incurred by the Settling States and Participating Subdivisions arising out of the use of Products, non-exclusive examples of which are described in the documents listed on Exhibit A, that have allegedly arisen as a result of the physical and bodily injuries sustained by individuals suffering from opioid-related addiction, death, and other related diseases and disorders, and that have allegedly been caused by Released Entities.

E. “*Allocation Statute.*” A state law that governs allocation, distribution, and/or use of some or all of the Settlement Fund amounts allocated to that Settling State and/or its Subdivisions. An Allocation Statute may, without limitation, contain a Statutory Trust, further restrict expenditures of funds, form an advisory committee, establish oversight and reporting requirements, or address other default provisions and other matters related to the funds. An Allocation Statute is not required to address all three (3) types of funds comprising the Settlement Fund or all default provisions.

F. “*Annual Fees Payment.*” The amounts payable by Indivior in each Payment Year comprised of the Additional Remediation Amount payment, and the Private Attorney Fees payment, and not including the Annual Remediation Payment.

G. *“Annual Remediation Maximum.”* The total amount available to Eligible States for Annual Remediation Payments in each Payment Year as set forth in the “Maximum Annual Remediation Payment” column of Exhibit M-1. In no event shall an Annual Remediation Payment in Payment Years 1-2 exceed the Annual Remediation Maximum for that Payment Year set forth in Exhibit M-1. For Payment Years 3-4, the Annual Remediation Payment may exceed the Annual Remediation Maximum for that Payment Year only to the extent needed for the Incentive Payment A Catch-up Payment for a Settling State that has not earned some or all of Incentive Payment BC in prior Payment Years, having resulted in correspondingly lower Annual Remediation Payments in those prior Payment Years.

H. *“Annual Remediation Payment.”* The amount payable to the Settlement Fund by Indivior for Settling States’ Base Payments and Incentive Payments on the Payment Date for each Payment Year, as calculated by the Settlement Fund Administrator.

I. *“Appropriate Official.”* As defined in Section XIII.E.3.

J. *“Bankruptcy Code.”* Title 11 of the United States Code, 11 U.S.C. § 101, et seq.

K. *“Bar.”* Either: (1) a law barring Subdivisions in a Settling State from maintaining or asserting Released Claims against Released Entities (either through a direct bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by the highest court of the Settling State (or, in a Settling State with a single intermediate court of appeals, the intermediate court of appeals) when setting forth the general principle that Subdivisions in the Settling State may not maintain or assert any Released Claims against Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the Annual Remediation Payments by Indivior under this Agreement) shall not constitute a Bar.

L. *“Base Payment.”* As defined in Section IV.G.

M. *“Case-Specific Resolution.”* Either: (1) a law barring the Subdivision at issue from maintaining any Released Claims against any Released Entities (either through a direct Bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by a court of competent jurisdiction over the Subdivision at issue that the Subdivision may not maintain any Released Claims at issue against any Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the annual payments by Indivior under this Agreement) shall not constitute a Case-Specific Resolution.

N. *“Claim.”* Any past, present or future cause of action, claim for relief, cross-claim or counterclaim, theory of liability, demand, derivative claim, request, assessment, charge, covenant, damage, debt, lien, loss, fine, penalty, restitution, reimbursement, disgorgement, expenses, remediation, judgment, right, obligation, dispute, suit, contract, controversy, agreement, *parens patriae* claim, promise, performance, warranty, omission, or grievance of any nature whatsoever, whether legal, equitable, statutory, regulatory or administrative, whether arising under

federal, state or local common law, statute, regulation, guidance, ordinance or principles of equity, whether filed or unfiled, whether asserted or unasserted, whether known or unknown, whether accrued or unaccrued, whether foreseen, unforeseen or unforeseeable, whether discovered or undiscovered, whether suspected or unsuspected, whether fixed or contingent, and whether existing or hereafter arising, in all such cases, including, but not limited to, any request for declaratory, injunctive, or equitable relief, compensatory, punitive, or statutory damages, absolute liability, strict liability, restitution, remediation, subrogation, contribution, indemnity, apportionment, disgorgement, reimbursement, attorney fees, expert fees, consultant fees, fines, penalties, expenses, costs or any other legal, equitable, civil, administrative, or regulatory remedy whatsoever.

O. *“Claim-Over.”* A Claim asserted by a Non-Released Entity against a Released Entity on the basis of contribution, indemnity, or other claim-over on any theory relating to a Non-Party Covered Conduct Claim asserted by a Releasor.

P. *“Compensatory Restitution Amount.”* The aggregate amount paid or incurred by Indivior hereunder for Opioid Remediation, which includes each Annual Remediation Payment and does not include amounts paid as attorneys’ fees and costs or identified pursuant to Section V.B.2 as being used to pay attorneys’ fees, investigation costs or litigation costs, which shall be up to the amount of the Adjusted Maximum Remediation Payment.

Q. *“Consent Judgment.”* A consent judgment in a form to be agreed by the Settling States and Indivior prior to the Effective Date that, among other things, (1) approves this Agreement and (2) provides for the release set forth in Section X.A, including the dismissal with prejudice of any Released Claims that the Settling State has brought against Released Entities.

R. *“Covered Conduct” means* any actual or alleged act, failure to act, negligence, statement, error, omission, breach of any duty, conduct, event, transaction, agreement, service, work, sale, misstatement, misleading statement or other activity of any kind whatsoever from the beginning of time through the Reference Date (and any past, present, or future consequence of any such act, failure to act, negligence, statement, error, omission, breach of duty, conduct, event, transaction, agreement, service, work, misstatement, misleading statement or other activity) relating in any way to (a) compounding, counseling and documentation relating to any Product or class of Products (b) the availability, discovery, research, development, manufacture, packaging, repackaging, marketing, promotion, advertising, labeling, re-labeling, recall, withdrawal, distribution, delivery, monitoring, reporting, regulatory compliance, supply, sale, offering, prescribing, dispensing, physical security, warehousing, use or abuse of, or operating procedures relating to, any Product, or any system, plan, policy, procedure, or advocacy relating to any Product or class of Products, including, but not limited to, any branded or unbranded promotion, marketing, or advertising, information, patient support or assistance, educational programs, consultancy, research, other programs, or campaigns, lobbying, or grants, sponsorships, charitable donations, or other funding relating to any Product or class of Products; (c) the characteristics, properties, risks, or benefits of any Product; (d) the monitoring or non-monitoring of orders placed of any Product; (e) the reporting, disclosure, nonreporting or non-disclosure to federal, state or other regulators of orders for any Product placed with any Released Entity; (f) the selective breeding,

harvesting, extracting, purifying, exporting, importing, applying for quota for, procuring quota for, handling, promoting, manufacturing, processing, packaging, supplying, distributing, converting, or selling of, or otherwise engaging in any activity relating to, precursor or component Products, including but not limited to natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, or any related intermediate Products; or (g) diversion control programs, suspicious order monitoring, or regulatory compliance related to any Product.

S. “*Designated State.*” The State of New York.

T. “*Effective Date.*” The date sixty (60) calendar days after the Reference Date.

U. “*Eligible States.*” The states, commonwealths, and territories of the United States of America. The 56 Eligible States are listed in Exhibit F.

V. “*Enforcement Committee.*” A committee consisting of representatives of the Settling States and of the Participating Subdivisions. Exhibit B contains the organizational bylaws of the Enforcement Committee. Notice pursuant to Section XIII.Q shall be provided when there are changes in membership or contact information.

W. “*Final Order.*” An order or judgment of a court of competent jurisdiction with respect to the applicable subject matter (1) which has not been reversed or superseded by a modified or amended order, is not currently stayed, and as to which any right to appeal or seek certiorari, review, reargument, stay, or rehearing has expired, and as to which no appeal or petition for certiorari, review, reargument, stay, or rehearing is pending, or (2) as to which an appeal has been taken or petition for certiorari, review, reargument, stay, or rehearing has been filed and (a) such appeal or petition for certiorari, review, reargument, stay, or rehearing has been resolved by the highest court to which the order or judgment was appealed or from which certiorari, review, reargument, stay, or rehearing was sought, or (b) the time to appeal further or seek certiorari, review, reargument, stay, or rehearing has expired and no such further appeal or petition for certiorari, review, reargument, stay, or rehearing is pending.

X. “*Force Majeure Event.*” Any event reasonably beyond the control of Indivior that prevents Indivior from manufacturing or distributing Settlement Product, including wars, hostilities, revolution, riots, civil commotion, national emergency, unavailability of supplies, epidemics, pandemics, health crisis, fire, flood, earthquake, force of nature, explosion, terrorist act, embargo, or any act of God, or any law, regulation, ordinance, or other act or order of any court or governmental authority.

Y. “*Global Settlement Amount.*” The Global Settlement Amount is \$83,537,683, which is comprised of the Maximum Remediation Payment, Private Attorney Fees, Additional Remediation Amount, and the Settlement Product Cash Conversion Amount.

Z. “*Implementation Administrator.*” Rubris, Inc., which is the vendor that will be retained by Indivior to provide notice pursuant to Section VII.A and to manage the initial joinder

period for Subdivisions, including the issuance and receipt of Subdivision Participation Agreements.

AA. *"Incentive Payment A."* The incentive payment described in Section IV.H.4.

BB. *"Incentive Payment A Catch-up Payment."* As defined in Section IV.H.4.f.

CC. *"Incentive Payment BC."* The incentive payment described in Section IV.H.5.

DD. *"Incentive Payment D."* The incentive payment described in Section IV.H.6

EE. *"Indivior."* Indivior Inc.

FF. *"Initial Participating Subdivision."* A Subdivision that meets the requirements set forth in Section VII.D.

GG. *"Initial Participation Date."* The date ninety (90) calendar days after the Preliminary Agreement Date, unless it is extended by written agreement of Indivior and the Enforcement Committee.

HH. *"Injunctive Relief Terms."* The terms described in Section III and set forth in Exhibit P.

II. *"Later Litigating Subdivision."* A Subdivision (or Subdivision official asserting the right of or for the Subdivision to recover for Alleged Harms to the Subdivision and/or the people thereof) that: (1) first files a lawsuit bringing a Released Claim against a Released Entity after the Reference Date; or (2) adds a Released Claim against a Released Entity after the Reference Date to a lawsuit brought before the Reference Date that, prior to the Reference Date, did not include any Released Claims against a Released Entity; or (3) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a legislative Bar or legislative Case-Specific Resolution as of the Reference Date, (b) such legislative Bar or legislative Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) the earlier of the date of completion of opening statements in a trial in an action brought by a Subdivision in that Settling State that includes a Released Claim against a Released Entity or one hundred eighty (180) days from the Revocation Event passes without a Bar or Case-Specific Resolution being implemented as to that Litigating Subdivision or the Litigating Subdivision's Released Claims being dismissed; or (4) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a judicial Bar or judicial Case-Specific Resolution as of the Reference Date, (b) such judicial Bar or judicial Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) such Litigating Subdivision takes any action in its lawsuit asserting a Released Claim against a Released Entity other than seeking a stay or dismissal.

JJ. *"Later Participating Subdivision."* A Participating Subdivision that is not an Initial Participating Subdivision, but meets the requirements set forth in Section VII.E.

KK. *“Litigating Subdivision.”* A Subdivision (or Subdivision official) that brought any Released Claim against any Released Entity prior to the Reference Date. Exhibit C is an agreed list of all Litigating Subdivisions. Exhibit C will be updated (including with any corrections) periodically, and a final version of Exhibit C will be attached hereto as of the Reference Date.

LL. *“Maximum Remediation Payment.”* The maximum amount owed by Indivior to the Settling States and Subdivisions, exclusive of the Private Attorney Fees, the Additional Remediation Amount and the Settlement Product Cash Conversion Amount. The amount of the Maximum Remediation Payment is \$38,022,450.

MM. *“National Arbitration Panel.”* The panel comprised as described in Section VI.F.3.b.

NN. *“National Disputes.”* As defined in Section VI.F.3.a.

OO. *“Non-Litigating Subdivision.”* Any Subdivision that is not a Litigating Subdivision.

PP. *“Non-Participating Subdivision.”* Any Subdivision that is not a Participating Subdivision.

QQ. *“Non-Party Covered Conduct Claim.”* A Claim against any Non-Released Entity involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity).

RR. *“Non-Party Settlement.”* A settlement by any Releasor that settles any Non-Party Covered Conduct Claim and includes a release of any Non-Released Entity.

SS. *“Non-Released Entity.”* An entity that is not a Released Entity.

TT. *“Non-Settling State.”* Any Eligible State that is not a Settling State.

UU. *“Opioid Remediation.”* Care, treatment, and other programs and expenditures (including reimbursement for past such programs or expenditures¹ except where this Agreement restricts the use of funds solely to future Opioid Remediation) designed to (1) address the misuse and abuse of opioid products, (2) treat or mitigate opioid use or related disorders, or (3) mitigate other alleged effects of, including on those injured as a result of, the opioid epidemic. Exhibit E provides a non-exhaustive list of expenditures that qualify as being paid for Opioid Remediation. Qualifying expenditures may include reasonable related administrative expenses in connection with the above.

¹ Reimbursement includes amounts paid to any governmental entities for past expenditures or programs

VV. *“Participating Subdivision.”* Any Subdivision that meets the requirements for becoming a Participating Subdivision under Section VII.B and Section VII.C. Participating Subdivisions include both Initial Participating Subdivisions and Later Participating Subdivisions.

WW. *“Participation Percentage of Incentive BC Eligible Subdivision Population.”* As defined in Section IV.H.5.e.

XX. *“Parties.”* Indivior and the Settling States (each, a *“Party”*).

YY. *“Payment Date.”* July 25, 2025, for Payment Year 1 and March 1 for each Payment Year thereafter, which are the dates by which Indivior shall make the Annual Remediation Payment, the Annual Fees Payment in Payment Years 2-4, and the payment for Settlement Product Cash Conversion Amount in Payment Year 5.

ZZ. *“Payment Year.”* The calendar year during which the applicable Annual Remediation Payment and/or the Annual Fees Payment and/or the payment for Settlement Product Cash Conversion Amount, are due. Payment Year 1 is 2025, Payment Year 2 is 2026 and so forth. References to payment *“for a Payment Year”* mean the Annual Remediation Payment and/or Annual Fees Payment and/or the payment for Settlement Product Cash Conversion Amount due during that year. References to eligibility *“for a Payment Year”* mean eligibility in connection with the Annual Remediation Payment and/or Annual Fees Payment and/or the payment for Settlement Product Cash Conversion Amount due during that year.

AAA. *“Preliminary Agreement Date.”* The date on which Indivior is to inform the Settling States of its determination that the condition in Section II.B has been satisfied. The Preliminary Agreement Date shall be no more than fourteen (14) calendar days after the end of the notice period to Eligible States, unless it is extended by written agreement of Indivior and the Enforcement Committee.

BBB. *“Primary Fire District.”* A fire district that covers a population of 25,000, or 0.20% of an Eligible State’s population if an Eligible State’s population is greater than 18 million. If not easily calculable from state data sources and agreed to between the Eligible State and Indivior, a fire district’s population is calculated by dividing the population of the county or counties a fire district serves by the number of fire districts in the county or counties. *“Primary Fire Districts”* shall mean fire districts as identified in connection with the implementation of the July 21, 2021, Janssen Settlement Agreement.

CCC. *“Primary Subdivision.”* A Subdivision that is a General Purpose Government (including, but not limited to, a municipality, a county, county subdivision, city town, township, parish, village, borough, gore, or any other entities that provide municipal-type government) with population over 10,000; *provided, however*, that as used in connection with Incentive Payment BC, the population threshold is 30,000. Attached as Exhibit I is an agreed list of the Primary Subdivisions in each Eligible State.

DDD. “*Private Attorney Fees*” are the amount to be paid for private attorneys’ litigation fees and costs on behalf of Participating Subdivisions. The maximum amount of Private Attorney Fees is \$9,054,783. For avoidance of doubt, Private Attorney Fees do not include the Additional Remediation Amount.

EEE. “*Product*.” Any chemical substance, whether used for medicinal or non-medicinal purposes, and whether natural, synthetic, or semi-synthetic, or any finished pharmaceutical product made from or with such substance, that is: (1) an opioid or opiate, as well as any product containing any such substance; (2) benzodiazepine, carisoprodol, or gabapentin; or (3) a combination or “cocktail” of chemical substances prescribed, sold, bought, or dispensed to be used together that includes opioids or opiates. “Product” shall include, but is not limited to, any substance consisting of or containing buprenorphine, codeine, fentanyl, hydrocodone, hydromorphone, meperidine, methadone, morphine, naloxone, naltrexone, oxycodone, oxymorphone, pentazocine, propoxyphene, tapentadol, tramadol, opium, heroin, carfentanil, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, midazolam, carisoprodol, gabapentin, or any variant of these substances or any similar substance. Notwithstanding the foregoing, nothing in this section prohibits a Settling State from taking administrative or regulatory action related to benzodiazepine (including, but not limited to, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, and midazolam), carisoprodol, or gabapentin that is wholly independent from the use of such drugs in combination with opioids, *provided* such action does not seek money (including abatement and/or remediation) for conduct prior to the Initial Participation Date. “Product” also includes any natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, and any intermediate products used or created in the manufacturing process for any of the substances described above.

FFF. “*Reference Date*.” The date on which Indivior is to inform the Settling States of its determination whether the condition in Section VIII has been satisfied. The Reference Date shall be no later than thirty (30) calendar days after the Initial Participation Date, unless it is extended by written agreement of Indivior and the Enforcement Committee.

GGG. “*Released Claims*.” Any and all Claims that directly or indirectly are based on, arise out of, or in any way relate to or concern the Covered Conduct and/or Alleged Harms occurring prior to the Initial Participation Date. Without limiting the foregoing, Released Claims include any Claims that have been asserted against Released Entities by a Settling State or Litigating Subdivision in any federal, state, or local action or proceeding (whether judicial, arbitral, or administrative) based on, arising out of, or relating to, in whole or in part, the Covered Conduct and/or Alleged Harms, or any such Claims that could be or could have been asserted now or in the future in those actions or in any comparable action or proceeding brought by a Settling State, Subdivision, or Releasor (whether or not such Settling State, Subdivision, or Releasor has brought such action or proceeding). Released Claims also include all Claims against Released Entities asserted in any proceeding to be dismissed pursuant to the Agreement, whether or not such claims relate to Covered Conduct and/or Alleged Harms. The Parties intend that this term, “Released Claims,” be interpreted broadly. This Agreement does not release Claims by private individuals. It is the intent of the Parties that Claims by private individuals be treated in accordance with

applicable law. Released Claims is also used herein to describe claims brought by a non-party Subdivision that would have been Released Claims if they had been brought by a Releasor against a Released Entity. Claims relating to or concerning Covered Conduct pertaining to Indivior's product Sublocade® are not "Released Claims" under this Agreement.

HHH. "*Released Entities.*" This includes Indivior and (1) all past and present parents, subsidiaries, affiliates, divisions, predecessors, successors, and assigns (in each case, whether direct or indirect) of Indivior; (2) all past and present parents, subsidiaries, affiliates, and divisions (in each case, whether direct or indirect) of any entity described in subsection (1); (3) the respective past and present officers, directors, members, trustees, and employees of any of the foregoing (each for actions that occurred during and related to their work for, or employment with, any of Indivior or the foregoing entities); (4) all past and present joint ventures (whether direct or indirect) of Indivior or its parents, subsidiaries, or affiliates, including in any such entity's capacity as a participating member in such joint venture; (5) all past and present direct or indirect parents and shareholders of Indivior (solely in their capacity as parents or shareholders of Indivior with respect to Covered Conduct); and (6) all past and present contract manufacturers of any Product commercialized by Indivior or any person or entity otherwise described in subsections (1)-(5) (solely in their capacity as contract manufacturers); and (7) any past or present insurer of Indivior or any person or entity otherwise described in subsections (1)-(6) (solely in its role as insurer of such person or entity and subject to the last sentence of Section X.C). A list of Indivior's joint ventures, subsidiaries, affiliates, contract manufacturers, and predecessor entities is set forth in Exhibit J. Any person or entity described in subsections (3)-(7) shall be a Released Entity solely in the capacity described in such clause and shall not be a Released Entity with respect to its conduct in any other capacity. Any entity acquired, or joint venture entered into, by Indivior after the Initial Participation Date is not a Released Entity. Further and notwithstanding anything else in this paragraph, no entity sued in *In re: National Prescription Opiate Litigation*, No. 1:17-md-2804 (N.D. Ohio) is included as a Released Entity other than the entities listed on Exhibit J.

III. "*Releasors.*" This includes (1) each Settling State; (2) each Participating Subdivision; and (3) without limitation and to the maximum extent of the power of each Settling State's Attorney General's and/or Participating Subdivision to release Claims, (a) the Settling State's and Participating Subdivision's departments, agencies, divisions, boards, commissions, Subdivisions, districts, instrumentalities of any kind and attorneys, including its Attorney General, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, (b) any public entities, public instrumentalities, public educational institutions, unincorporated districts, fire districts, irrigation districts, water districts, emergency services districts, school districts, healthcare districts, hospital districts, Sheriffs and law enforcement districts, library districts, coroner's offices, and public transportation authorities, and other Special Districts in a Settling State, including those with the regulatory authority to enforce state and federal controlled substances acts or the authority to bring Claims related to Covered Conduct seeking money (including abatement (or remediation and/or restitution)) or revoke a pharmaceutical distribution license, and (c) any person or entity acting in a *parens patriae*, sovereign, quasi-sovereign, private attorney general, *qui tam*, taxpayer, or other capacity seeking relief, including but not limited to, fines, penalties, or punitive damages, on behalf of or generally applicable to the general public

with respect to a Settling State or Subdivision in a Settling State, whether or not any of them participate in this Agreement. The inclusion of a specific reference to a type of entity in this definition shall not be construed as meaning that the entity is not a Subdivision. Each Settling State's Attorney General represents that he or she has or has obtained (or will obtain no later than the Initial Participation Date) the authority set forth in Section X.G. In addition to being a Releasor as provided herein, a Participating Subdivision shall also provide the Subdivision Settlement Participation Form referenced in Section VII providing for a release to the fullest extent of the Participating Subdivision's authority.

JJJ. *"Remediation Accounts Fund."* The component of the Settlement Fund described in Section V.

KKK. *"Revocation Event."* With respect to a Bar, or Case-Specific Resolution, a revocation, rescission, reversal, overruling, or interpretation that in any way limits the effect of such Bar, or Case-Specific Resolution on Released Claims, or any other action or event that otherwise deprives the Bar, or Case-Specific Resolution of force or effect in any material respect.

LLL. *"Settlement Fund."* The interest-bearing fund established at [Bank TBD] pursuant to this Agreement into which the Annual Remediation Payments are made under Section IV, which is intended to be classified as a "qualified settlement fund" within the meaning of 26 C.F.R. §§ 1.468B-1 *et seq.* and which shall be approved by any Settling State in accordance with the requirements of 26 C.F.R. § 1.468B-1.

MMM. *"Settlement Fund Administrator."* BrownGreer PLC, which is the entity that annually determines the Annual Remediation Payment (including calculating offset or reduction and Incentive Payments pursuant to Section IV and any amounts subject to offset pursuant to Section XII) and Additional Remediation Amount, administers the Settlement Fund, and distributes amounts into the Remediation Accounts Fund, State Fund, and Subdivision Fund pursuant to this Agreement. The duties of the Settlement Fund Administrator shall be governed by this Agreement. Prior to the Effective Date, Indivior and the Enforcement Committee shall agree to a detailed description of the Settlement Fund Administrator's duties and responsibilities, including a detailed mechanism for paying the Settlement Fund Administrator's fees and costs, all of which shall be appended to the Agreement as Exhibit L.

NNN. *"Settlement Fund Escrow."* The interest-bearing escrow fund established pursuant to this Agreement to hold disputed payments made under this Agreement.

OOO. *"Settlement Payment Schedule."* The schedule attached to this Agreement as Exhibit M-1, Exhibit M-2, and Exhibit M-3.

PPP. *"Settlement Product"* means SUBLOCADE® (buprenorphine extended-release) injection for subcutaneous use and Indivior's OPVEE (nalmefene) nasal spray, which are provided to the Settling States as part of the settlement, at no cost as set forth in Section XIV and Exhibit D.

QQQ. “*Settlement Product Cash Conversion Amount*” means the resulting dollar amount from when a Settling State has elected to convert all or a portion of its Settlement Product Allocation into a cash payment pursuant to Section XIV and Exhibit D. The aggregate, maximum amount that could be paid from the conversion of Settlement Product into cash is \$35,000,000.

RRR. “*Settlement Product Election Date*” is the date thirty (30) days after the Effective Date by which a Settling State must submit its election of the Settling State’s allocation of Settlement Product or cash conversion of Settlement Product pursuant to Section XIV and Exhibit D.

SSS. “*Settlement Product Election Form*” means the form a Settling State uses to submit its election of the Settling State’s allocation of Settlement Product or cash conversion of Settlement Product pursuant to Section XIV and Exhibit D.

TTT. “*Settling State.*” An Eligible State that has entered into this Agreement and delivers executed releases in accordance with Section VIII.A.

UUU. “*State Allocation.*” The Maximum Remediation Payment multiplied by the State Allocation Percentage for each Eligible State listed in Exhibit F.

VVV. “*State Allocation Percentage.*” A Settling State’s percentage as set forth in Exhibit F.

WWW. “*State Fund.*” The component of the Settlement Fund described in Section V.

XXX. “*State-Subdivision Agreement.*” An agreement that a Settling State reaches with the Subdivisions in that Settling State regarding the allocation, distribution, and/or use of funds allocated to that Settling State and to its Subdivisions. A State-Subdivision Agreement shall be effective if approved pursuant to the provisions of Exhibit O or if adopted by statute. Preexisting agreements addressing funds other than those allocated pursuant to this Agreement shall qualify if the approval requirements of Exhibit O are met. A Settling State and its Subdivisions may revise a State-Subdivision Agreement if approved pursuant to the provisions of Exhibit O, or if such revision is adopted by statute.

YYY. “*Statutory Trust.*” A trust fund established by state law to receive funds allocated to a Settling State’s Remediation Accounts Fund and restrict any expenditures made using funds from the Settling State’s Remediation Accounts Fund to Opioid Remediation, subject to reasonable administrative expenses. A Settling State may give a Statutory Trust authority to allocate one (1) or more of the three (3) types of funds comprising such Settling State’s Settlement Fund, but this is not required.

ZZZ. “*Statewide Payment Amount.*” The amount from the Remediation Payment to be paid to a Settling State, including its separate types of funds (if applicable) and its Participating Subdivisions listed in Exhibit G.

AAAA. “*Subdivision.*” Any (1) General Purpose Government (including, but not limited to, a municipality, county, county subdivision, city, town, township, parish, village, borough, gore, or any other entities that provide municipal-type government), School District, or Special District within a Settling State, and (2) any other subdivision, subdivision official (acting in an official capacity on behalf of the subdivision) or sub-entity of or located within a Settling State (whether political, geographical or otherwise, whether functioning or non-functioning, regardless of population overlap, and including, but not limited to, Nonfunctioning Governmental Units and public institutions) that has filed a lawsuit that includes a Released Claim against a Released Entity in a direct, *parens patriae*, or any other capacity. “General Purpose Government,” “School District,” and “Special District” shall correspond to the “five basic types of local governments” recognized by the U.S. Census Bureau and match the 2017 list of Governmental Units.² The three (3) General Purpose Governments are county, municipal, and township governments; the two (2) special purpose governments are School Districts and Special Districts.³ “Fire District,” “Health District,” “Hospital District,” and “Library District” shall correspond to categories of Special Districts recognized by the U.S. Census Bureau.⁴ References to a Settling State’s Subdivisions or to a Subdivision “in,” “of,” or “within” a Settling State include Subdivisions located within the Settling State even if they are not formally or legally a sub-entity of the Settling State; *provided, however*, that a “Health District” that includes any of the following words or phrases in its name shall not be considered a Subdivision: mosquito, pest, insect, spray, vector, animal, air quality, air pollution, clean air, coastal water, tuberculosis, and sanitary.

BBBB. “*Subdivision Allocation Percentage.*” The portion of a Settling State’s Subdivision Fund set forth in Exhibit G that a Subdivision will receive pursuant to Section V if it becomes a Participating Subdivision. The aggregate Subdivision Allocation Percentage of all Subdivisions receiving a Subdivision Allocation Percentage in each Settling State shall equal one hundred percent (100%). Immediately upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section V.D.3 (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute,

² https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP.

³ *E.g.*, U.S. Census Bureau, “Technical Documentation: 2017 Public Use Files for State and Local Government Organization” at 7 (noting that “the Census Bureau recognizes five basic types of local governments,” that three of those are “general purpose governments” (county governments, municipal governments, and township governments), and that the other two are “school district and special district governments”), https://www2.census.gov/programs-surveys/gus/datasets/2017/2017_gov_org_meth_tech_doc.pdf.

⁴ A list of 2017 Government Units provided by the Census Bureau identifies 38,542 Special Districts and categorizes them by “FUNCTION_NAME.” “Govt_Units_2017_Final” spreadsheet, “Special District” sheet, included in “Independent Governments - list of governments with reference information,” https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP. As used herein, “Fire District” corresponds to Special District function name “24 — Local Fire Protection,” “Health District” corresponds to Special District function name “32 — Health,” “Hospital District” corresponds to Special District function name “40 — Hospitals,” and “Library District” corresponds to Special District function name “52 — Libraries.” *See id.*

Statutory Trust, or voluntary redistribution allowed by Section V.D.3) that addresses allocation from the Subdivision Fund, whether before or after the Initial Participation Date, Exhibit G will automatically be amended to reflect the allocation from the Subdivision Fund pursuant to the State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section V.D.3. The Subdivision Allocation Percentages contained in Exhibit G may not change once notice is distributed pursuant to Section VII.A, except upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section V.D.3 (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section V.D.3) that addresses allocation from the Subdivision Fund. For the avoidance of doubt, no Subdivision not listed on Exhibit G shall receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

CCCC. “*Subdivision Fund.*” The component of the Settlement Fund described in Section V.A.

DDDD. “*Subdivision Settlement Participation Form.*” The form attached as Exhibit K that Participating Subdivisions must execute and return to the Implementation Administrator or Settlement Fund Administrator, and which shall (1) make such Participating Subdivisions signatories to this Agreement, (2) include a full and complete release of any and all of such Subdivision’s claims, and (3) require the prompt dismissal with prejudice of any Released Claims that have been filed by any such Participating Subdivision

EEEE. “*Threshold Motion.*” A motion to dismiss or equivalent dispositive motion made at the outset of litigation under applicable procedure. A Threshold Motion must include as potential grounds for dismissal any applicable Bar or the relevant release by a Settling State or Participating Subdivision provided under this Agreement and, where appropriate under applicable law, any applicable limitations defense.

II. Participation by Eligible States and Condition to Preliminary Agreement

A. *Notice to Eligible States.* On May 26, 2025, this Agreement shall be distributed to all Eligible States. The Attorneys General of the Eligible States shall then have until June 25, 2025, to decide whether to become Settling States and notify Indivior of that decision. Eligible States that determine to become Settling States shall so notify Indivior and shall further commit to obtaining any necessary additional state releases prior to the Reference Date. This notice period may be extended by written agreement of Indivior and the Enforcement Committee.

B. *Condition to Preliminary Agreement.* Following the notice period set forth in Section II.A, Indivior shall have fourteen (14) calendar days to determine whether, in its sole discretion, enough Eligible States have agreed to become Settling States to proceed with notice to Subdivisions as set forth in Section VII. This period may be extended by written agreement of Indivior and the Enforcement Committee. If Indivior determines that this condition has been satisfied, and that notice to the Subdivisions should proceed, it will so notify the Settling States by providing notice to the Enforcement Committee. The date of such notice shall be the Preliminary

Agreement Date. If Indivior determines that this condition has not been satisfied, this Agreement will have no further effect and all releases and other commitments or obligations contained herein will be void.

C. *Later Joinder by Eligible States.* After the Preliminary Agreement Date, an Eligible State may only become a Settling State with the consent of Indivior and the Enforcement Committee, provided that the Enforcement Committee may not withhold consent to an Eligible State's later joinder if the Eligible State agrees to join pursuant to the terms of this Agreement and the allocation set forth on Exhibit F. If an Eligible State becomes a Settling State more than sixty (60) calendar days after the Preliminary Agreement Date, but on or before the Reference Date, the Subdivisions in that Eligible State that become Participating Subdivisions within ninety (90) calendar days of the Eligible State becoming a Settling State shall be considered Initial Participating Subdivisions. An Eligible State may not become a Settling State after the Reference Date.

D. *Litigation Activity.* Following the Preliminary Agreement Date, Eligible States that determine to become Settling States shall make reasonable efforts to cease litigation activity against Indivior, including by jointly seeking stays or, where appropriate, severance of claim against Indivior, where feasible, and otherwise to minimize such activity by means of agreed deadline extensions and agreed postponement of depositions, document productions, and motion practice if a motion to stay or sever is not feasible or is denied.

III. Injunctive Relief

A. *Injunctive Relief.* As part of the Consent Judgment, the Parties agree to the entry of the injunctive relief terms attached in Exhibit P.

IV. Settlement Payments

A. *Settlement Fund.* All payments under this Section IV shall be made into the Settlement Fund, except that, where specified, they shall be made into the Settlement Fund Escrow. The Settlement Fund shall be allocated and used only as specified in Section V.

B. *Annual Remediation Payments*

1. Indivior shall make four (4) Annual Remediation Payments, each comprised of Base Payments and Incentive Payments as provided in this Section IV and as determined by the Settlement Fund Administrator as set forth in this Agreement, *provided that* the Annual Remediation Payment in Payment Year 1 shall consist solely of Base Payments. The payment schedule for the Annual Remediation Payments is attached hereto as Exhibit M-2.

2. In no instance shall Indivior's Annual Remediation Payment obligation exceed the Annual Remediation Maximum, reduced for Non-Settling States, except as specified in the

definition of “Annual Remediation Maximum” for Payment Years 3 and 4. In no instance shall the sum of Indivior’s Annual Remediation Payment obligations for Payment Years 1-4 exceed the sum of Indivior’s Annual Remediation Maximums for Payment Years 1-4, reduced for Non-Settling States.

C. *Settlement Fund Payment Process*

1. To determine each Annual Remediation Payment for Payment Year 2 and forward, the Settlement Fund Administrator shall use the data as of sixty (60) days prior to the Payment Date for each payment, unless another provision of the Agreement specifies a different date. Prior to the Effective Date, the Parties will include Exhibit L, which sets forth in detail the process for the Settlement Fund Administrator to obtain relevant data and for distributing funds to the Settling States and their Participating Subdivisions listed on Exhibit G consistent with the terms of this Agreement as quickly as practical.

2. The Settlement Fund Administrator shall determine the Annual Remediation Payment and the Statewide Payment Amount for each Settling State, consistent with the provisions in Exhibit L, by:

- a. Determining, for each Settling State, the Base Payment amount and Incentive Payment amount to which the Settling State is entitled by applying the criteria under Section IV.F, Section IV.G, and Section IV.H;
- b. applying any offsets as specified under Section XII;
- c. determining the total amount owed by Indivior to all Settling States and the Participating Subdivisions listed on Exhibit G; and
- d. the Settlement Fund Administrator shall then allocate, after subtracting the portion of any Settlement Fund Administrator costs and fees owed out of funds from the Settlement Fund pursuant to Section V.C.5, the Annual Remediation Payment pursuant to Section V among the Settling States, among the separate types of funds for each Settling State (if applicable), and among the Participating Subdivisions listed on Exhibit G.

3. If, no later than fifty (50) days prior to the Payment Date, Indivior and the Enforcement Committee inform the Settlement Fund Administrator that they agree on the amount of the Annual Remediation Payment and the Statewide Payment Amount for each Settling State, Indivior shall pay the agreed-upon Annual Remediation Payment amount on the Payment Date and the Settlement Fund Administrator shall treat those amounts as the determination described in Section IV.C.2. If the Settlement Fund Administrator is not so informed, it shall give notice to Indivior, the Settling States, and the Enforcement Committee of the amount of the Annual Remediation Payment, and the Statewide Payment

Amount for each Settling State, following the determination described in Section IV.C.2, and the following timeline shall apply:

a. Within twenty-one (21) calendar days of the notice provided by the Settlement Fund Administrator, Indivior, any Settling State or the Enforcement Committee may dispute, in writing, the calculation of the Annual Remediation Payment or the Statewide Payment Amount for a Settling State. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Indivior identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

b. Within twenty-one (21) calendar days of the sending of a written notice of dispute, any affected party may submit a response, in writing, to the Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Indivior identifying the basis for disagreement with the notice of dispute.

c. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute, and Indivior shall pay the adjusted amount, collectively totaling that Payment Year's Annual Remediation Payment, on the Payment Date. If a written response to the written notice of dispute is timely sent to the Settlement Fund Administrator, the Settlement Fund Administrator shall notify Indivior of the preliminary amount to be paid, which shall be the greater of the amount originally calculated by the Settlement Fund Administrator or the amount that would be consistent with the notice of dispute, *provided, however*, that in no circumstances shall the preliminary amount to be paid be higher than the Annual Remediation Maximum. For the avoidance of doubt, a transfer of payments from the Settlement Fund Escrow for other Payment Years does not count toward determining whether the amount to be paid is higher than the Annual Remediation Maximum or other relevant maximum payment.

d. The Settlement Fund Administrator shall place any disputed amount of the preliminary amount paid by Indivior into the Settlement Fund Escrow and shall disburse any undisputed amount to each Settling State and its Participating Subdivisions listed on Exhibit G pursuant to Section IV.C.4.

4. If a Settling State informs the Settlement Fund Administrator that it and its Participating Subdivisions listed on Exhibit G have agreed on the amount of its Statewide Payment Amount, determined pursuant to Section IV.C.2 or Section IV.C.3, to be distributed to the Settling State, among its separate types of funds (if applicable), and among its Participating Subdivisions listed on Exhibit G, the Settlement Fund Administrator shall disburse the Statewide Payment Amount pursuant to the consensus distribution amounts provided by the Settling State as quickly as practical. For a Settling State that does not so notify the Settlement Fund Administrator, the Settlement Fund Administrator shall allocate

the Settling State's Statewide Payment Amount, pursuant to Section V, among the separate types of funds for the Settling State (if applicable), and among its Participating Subdivisions listed on Exhibit G using the following procedures:

a. As soon as possible for each payment and following the determination described in Section IV.C.2 or Section IV.C.3, the Settlement Fund Administrator shall give notice to the relevant Settling States and their Participating Subdivisions listed on Exhibit G of the amount to be received by each Settling State, the amount to be received by the separate types of funds for each Settling State (if applicable), and the amount to be received by each Participating Subdivision listed on Exhibit G for each Settling State.

b. Within twenty-one (21) days of the notice provided by the Settlement Fund Administrator, any Settling State or Participating Subdivision listed on Exhibit G may dispute, in writing, the calculation of the amount to be received by the relevant Settling State and/or its Participating Subdivision listed on Exhibit G. A dispute will be deemed invalid and disregarded if it challenges the allocations adopted by a State-Subdivision Agreement approved pursuant to the provisions of Exhibit O or by statute. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, any affected Settling State, and any affected Participating Subdivision identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

c. Within twenty-one (21) days of the sending of a written notice of dispute, any affected Settling State or any affected Participating Subdivision may submit a response, in writing, to the Settlement Fund Administrator, any affected Settling State and any affected Participating Subdivision identifying the basis for disagreement with the notice of dispute.

d. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute.

e. The Settlement Fund Administrator shall place any disputed amount into the Settlement Fund Escrow and shall disburse any undisputed amount to the Settling State and its Participating Subdivisions eligible for payment.

5. Disputes described in this subsection shall be resolved in accordance with the terms of Section VI.F.

6. The Settlement Fund Administrator may combine the disbursements of Annual Remediation Payments with disbursement of funds under other comparable opioid settlements. In determining when disbursements for each Annual Remediation Payment will be made, the Settlement Fund Administrator may take into account the timeline for the availability of disbursements under other comparable opioid settlements.

7. For the avoidance of doubt, a Subdivision not listed on Exhibit G shall not receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

D. *Procedure for Annual Remediation Payment and Annual Fees Payment in Payment Year 1.* The process described in Section IV.C shall not apply to Payment Year 1. The procedure in lieu of Section IV.C for Payment Year 1 is as set forth below:

1. The Payment Date for Payment Year 1 is July 25, 2025. Indivior shall deposit into a segregated interest-bearing bank account it establishes the “Adjusted Maximum Base Payment” for Payment Year 1. This amount shall be calculated by multiplying the aggregate State Allocation Percentage attributable to Eligible States that have agreed to become Settling States by the Preliminary Agreement Date by the “Maximum Base Payment” amount specified in Exhibit M-2 for Payment Year 1. Indivior shall also deposit into two (2) separate segregated interest-bearing bank accounts it establishes: (a) the “Maximum Exhibit R Private Attorney Fees” for Payment Year 1 as specified in Exhibit M-3; and (b) the “Additional Remediation Amount” for Payment Year 1 as specified in Exhibit M-3. Indivior shall separately account for the interest earned on each of the three (3) accounts.

2. Indivior shall provide proof to the Enforcement Committee of the deposits required by Section IV.D.1 by July 25, 2025. Indivior shall not remove any money from the segregated bank accounts, except as provided by Sections IV.D.3-5.

3. In the event that, in accordance with the terms of Section VIII.B, Indivior determines not to proceed with the Settlement, or the Settlement does not become effective for any other reason, the funds held in the segregated bank accounts shall immediately revert to Indivior.

4. If the condition set forth in Section VIII.B is met, Indivior shall transfer into the Settlement Fund, no later than five (5) business days after the Reference Date (unless the Enforcement Committee specifies a later date), the amount in the segregated account holding the “*Adjusted Maximum Base Payment*” for Payment Year 1 plus the *total amount of the Base Payment* owed in Payment Year 1 for the Eligible States that newly agreed to become a Settling State between the Preliminary Agreement Date and the Reference Date, which shall be calculated by multiplying those Settling States’ State Allocation Percentage by the amount specified in Exhibit M-2 for Payment Year 1. If the condition set forth in Section VIII.B is met, Indivior also shall transfer into the relevant funds as directed by the Enforcement Committee, no later than five (5) business days after the Reference Date (unless the Enforcement Committee specifies a later date), the amount in the segregated account holding the “*Maximum Exhibit R Private Attorney Fees*” for Payment Year 1 (including all interest accrued on that account), and the amount in the segregated account holding the “*Additional Remediation Amount*” for Payment Year 1 (including all interest accrued on that account), except that any reductions provided by Section IX.B and Exhibit

R shall revert to Indivior. Indivior shall provide an accounting to the Enforcement Committee of the transfers, including Statewide Payment Amount for Payment Year 1 for each Eligible State that newly agreed to become a Settling State between the Preliminary Agreement Date and the Reference Date.

5. The interest earned from the deposit account holding the Adjusted Maximum Base Payment for Payment Year 1 shall be used, first, to pay for the Implementation Administrator, then to pay for the Implementation Administrator in the Alvogen, Amneal, Apotex, Hikma, Mylan, Sun, and Zydus Settlement Agreements, and finally to be transferred to the Settlement Fund to be used to pay for the Settlement Fund Administrator pursuant to Section V.C.5.

6. The Annual Remediation Payment for Payment Year 1 transferred by Indivior into the Settlement Fund pursuant to Section IV.D.4 shall be disbursed by the Settlement Fund Administrator after the Effective Date to each Settling State and to its Initial Participating Subdivisions listed on Exhibit G pursuant to Section IV.C.4 through Section IV.C.7; *provided, however*, that for any Settling State where the Consent Judgment has not been entered as of the Effective Date, the funds allocable to that Settling State and its Participating Subdivisions listed on Exhibit G shall not be disbursed until ten (10) calendar days after the entry of the Consent Judgment in that Settling State.

E. *Payment Date for Payment Years 2 through 4.* The Payment Date for Payment Year 2 is March 1, 2026. The Payment Date for Payment Years 3 through 4 shall be each successive March 1. The Annual Remediation Payments for those Payment Years shall be made pursuant to the process set forth in Section IV.C.

F. *Offsets to Annual Remediation Payments to the Settlement Fund for Non-Settling States.* An offset equal to \$38,022,450 times the State Allocation Percentage assigned to each Non-Settling State in Exhibit F shall be deducted from the total amount to be paid by Indivior to the Settlement Fund. For the avoidance of doubt, the Adjusted Maximum Remediation Payment is calculated in a way that reflects this offset. The Base Payments and Incentive Payments are also subject to offset as provided in Section XII.

G. *Base Payments.*

1. Subject to the offset provisions set forth in Section XII, Indivior shall make Base Payments into the Settlement Fund in an amount equal to forty percent (40%) of the Adjusted Maximum Remediation Payment. The maximum total for Base Payments is \$15,208,980. The Base Payments shall be due in installments consistent with Exhibit M-2 over the four (4) Payment Years.

2. The Base Payment for any Settling State in each Payment Year shall be the Base Payment for that Payment Year specified in Exhibit M-2 times the Settling State's State Allocation Percentage specified in Exhibit F.

H. *Incentive Payments.*

1. Subject to the offset provisions set forth in Section XII, Indivior shall make potential additional incentive payments totaling up to a maximum of sixty percent (60%) of the Adjusted Maximum Remediation Payment, with the Incentive Payment amount depending on whether and the extent to which the criteria set forth below are met in each Settling State. The maximum total for Incentive Payments is \$22,813,470.

2. A Settling State qualifies to receive Incentive Payments in addition to Base Payments if it meets the incentive eligibility requirements specified below. The maximum total Incentive Payment for any Settling State shall be no more than the maximum total for Incentive Payments listed in Section IV.H.1 times the Settling State's State Allocation Percentage specified in Exhibit F. Incentive Payments are state-specific, with the actual amount depending on whether and the extent to which the criteria set forth below are met in such Settling State.

3. The incentive payments shall be divided among three (3) categories, referred to as Incentive Payments A, BC, and D. Incentive Payments A and BC will be due in installments over the three (3) Payment Years beginning with Payment Year 2, while Incentive D will be due in a single installment in Payment Year 4, as shown on Exhibit M-2. The total amount of incentive payments in an Annual Remediation Payment shall be the sum of the incentive payments for which the individual Settling States are eligible for that Payment Year under the criteria set forth below. The incentive payments shall be made with respect to a specific Settling State based on its eligibility for that Payment Year under the criteria set forth below. For the avoidance of doubt, eligibility for Incentive Payments A, BC, and D shall be determined on a Settling State-by-Settling State basis.

4. Incentive Payment A.

a. Incentive Payment A is mutually exclusive with Incentive Payments BC and D; if a Settling State receives Incentive Payment A in an Annual Remediation Payment, such Settling State is not eligible for Incentive Payment BC or D in that Annual Remediation Payment.

b. Incentive Payment A shall be equal to sixty percent (60%) of the Adjusted Maximum Remediation Payment, provided all Settling States satisfy the requirements of Incentive Payment A. Incentive Payment A will be due to a Settling State as part of the Annual Remediation Payment over three (3) Payment Years, starting in Payment Year 2, and shall equal a total potential maximum of

\$22,813,470 if all Eligible States qualify for Incentive Payment A. Each Settling State's share of Incentive Payment A in a given year, *provided* that Settling State qualifies, shall equal the total maximum amount available for Incentive Payment A for that year as reflected in Exhibit M-2 times the Settling State's State Allocation Percentage.

c. Qualification for Incentive Payment A is as follows: A Settling State qualifies for Incentive Payment A if, as of two (2) years of the Effective Date: (i) there is a Bar in that Settling State in full force and effect, (ii) the Released Claims of all of the following entities are released through the execution of Subdivision Settlement Participation Forms, or there is a Case-Specific Resolution against such entities: all Primary Subdivisions, Litigating Subdivisions, School Districts with a K-12 student enrollment of at least 25,000 or .10% of a Settling State's population, whichever is greater, Hospital Districts that have at least one hundred twenty-five (125) hospital beds in one or more hospitals rendering services in that district, and Primary Fire Districts; or (iii) a combination of the actions in clauses (i) and (ii) has achieved the same level of resolution of Claims by Subdivisions (*e.g.*, a Bar against future litigation combined with full joinder by Litigating Subdivisions). For the avoidance of doubt, subsection (iii) cannot be satisfied unless all Litigating Subdivisions are Participating Subdivisions or there is a Case-Specific Resolution against any such Subdivisions that are not Participating Subdivisions. Indivior and the Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Initial Participation Date.

d. A Settling State that does not qualify for Incentive Payment A as of two (2) years after the Effective Date shall not be eligible for Incentive Payment A for that Payment Year or any subsequent Payment Years.

e. To the extent a Settling State asserts that existing legislation qualifies as a Bar, the Settling State shall provide notice to Indivior no later than 30 days before the Initial Participation Date. Indivior shall indicate before the Initial Participation Date whether existing legislation in a Settling State is sufficient to qualify as a Bar.

f. If a Settling State does not qualify for Incentive Payment A as of the Payment Date for Payment Year 2 and becomes eligible for Incentive Payment A as of Payment Date for Payment Year 3, it shall receive the payment that it would have received for Incentive Payment A for Payment Year 2 (the "Incentive Payment A Catch-up Payment") on the Payment Date for Payment Year 3. If a Settling State is not eligible for Incentive Payment A as of the Payment Date for Payment Year 3 and becomes eligible for Incentive Payment A as of two (2) years after the Effective Date, it shall receive the payment that it would have received for Incentive Payment A for Payment Years 2 and 3 (also an "Incentive Payment A Catch-up Payment") on the Payment Date for Payment Year 4. The Incentive Payment A Catch-up

Payment shall be reduced by any amounts paid to the Settling State under Incentive Payment BC prior to the Settling State's eligibility for Incentive Payment A.

g. If Indivior made a payment under Incentive Payment A solely on the basis of a Bar in a Settling State and that Bar is subsequently removed, revoked, rescinded, reversed, overruled, interpreted in a manner to limit the scope of the release, or otherwise deprived of force or effect in any material respect, that Settling State shall not be eligible for Incentive Payment A thereafter, unless the Settling State requalifies for Incentive Payment A through any method pursuant to Section IV.H.4.c, in which case the Settling State shall be eligible for Incentive Payment A less any litigation fees and costs incurred by Indivior in the interim, except that, if the re-imposition occurs after the completion of opening statements in a trial involving a Released Claim, the Settling State shall not be eligible for Incentive Payment A (unless this exception is waived by Indivior).

5. Incentive Payment BC.

a. Incentive Payment BC shall be available to Settling States that do not qualify for Incentive Payment A.

b. Incentive Payment BC shall be up to a maximum of fifty-seven percent (57%) of the Settling State's State Allocation. Incentive Payment BC will be due to a Settling State as part of the Annual Remediation Payment over three (3) Payment Years, starting in Payment Year 2. Subject to Section IV.F, Incentive Payment BC shall equal a total potential maximum of \$21,672,797 if all Eligible States qualify for Incentive Payment BC (and do not qualify for Incentive Payment A).

c. A Settling State may earn Incentive Payment BC in Annual Remediation Payments 2 through 4 and may receive, when combined with the Settling State's Base Payment, up to ninety-seven percent (97%) of the Settling State's State Allocation. The maximum Incentive Payment BC for any Settling State in a given Payment Year shall be the maximum potential Incentive Payment BC for that Payment Year specified in Exhibit M-2 times the Settling State's State Allocation Percentage specified in Exhibit F, provided such Settling State becomes eligible for Incentive Payment BC by sixty (60) days before the Payment Date for that Payment Year.

d. The amount of Incentive Payment BC for which a Settling State is eligible shall be determined based on the aggregate population of the Settling State's Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of all the Settling State's Incentive BC Subdivisions. The Settling State's Incentive BC Subdivisions are (i) all Litigating Subdivisions (including School Districts and Special Districts) and (ii) all Primary Subdivisions that have

not sued Individior as of the Initial Participation Date (collectively, “*Incentive BC Subdivisions*”).

e. The percentage of the Settling State’s maximum Incentive Payment BC for the Payment Year provided by Section IV.H.5.c to which the Settling State is entitled shall be determined according to the table of Incentive BC payment levels below:

Participation Percentage of Incentive BC Eligible Subdivision Population ⁵	Incentive Payment BC Percentage for the Relevant Payment Year
Less than 85%	0%
85% or more but less than 86%	3.57%
86% or more but less than 87%	8.93%
87% or more but less than 88%	14.29%
88% or more but less than 89%	19.64%
89% or more but less than 90%	25%
90% or more but less than 91%	30.36%
91% or more but less than 92%	35.71%
92% or more but less than 93%	41.07%
93% or more but less than 94%	46.43%

⁵ The “Participation Percentage of Incentive BC Eligible Subdivision Population” shall be determined by the aggregate population of the Settling State’s Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of the Settling State’s Incentive BC Subdivisions. In calculating the Settling State’s population that resides in Incentive BC Subdivisions, the population of the Settling State’s Incentive BC Subdivisions shall be the sum of the population of all Incentive BC Subdivisions in the Settling State, notwithstanding that persons may be included within the population of more than one Incentive BC Subdivision. An individual Subdivision shall not be included more than once in the numerator, and shall not be included more than once in the denominator, of the calculation regardless if it (or any of its officials) is named as multiple plaintiffs in the same lawsuit; provided, however, that for the avoidance of doubt, no Subdivision will be excluded from the numerator or denominator under this sentence unless a Subdivision otherwise counted in the denominator has the authority to release the Claims (consistent with Section X) of the Subdivision to be excluded.

94% or more but less than 95%	51.79%
95% or more but less than 96%	60.71%
96% or more but less than 97%	68.75%
97% or more but less than 98%	76.79%
98% or more but less than 99%	84.82%
99% or more but less than 100%	92.86%
100%	100%

f. For Payment Years 2-4, the percentage of the available Incentive Payment BC amount for which a Settling State is eligible will be based on the Participation Percentage of Incentive BC Eligible Subdivision Population as of sixty (60) days before the Payment Date.

g. If there are no Incentive BC Eligible Subdivisions in a Settling State, and that Settling State is otherwise eligible for Incentive Payment BC because it is not eligible for Incentive Payment A, that Settling State will receive its maximum Incentive Payment BC for that Annual Remediation Payment provided by Section IV.H.5.c.

6. Incentive Payment D.

a. Incentive Payment D shall be available to Settling States that do not qualify for Incentive Payment A.

b. Incentive Payment D shall be equal to up to a maximum of ten percent (10%) of the Adjusted Maximum Remediation Payment, with the actual amount depending whether and the extent to which the criteria set forth below are met in each Settling State. The maximum total for Incentive Payment D is \$3,802,245.⁶

⁶ The Incentive Payment BC table specified in Section IV.H.5.e and Incentive Payment D table specified in Section IV.H.6.f operate so that the combined amount of Incentive Payment BC and Incentive Payment D cannot exceed sixty percent (60%) of the Adjusted Maximum Remediation Payment over the term of the Agreement. Indivior will have no obligation to pay more than \$22,813,470 for the combined amounts of Incentive Payment BC and Incentive Payment D minus any offsets for Non-Settling States specified in Section IV.F.

c. Incentive Payment D shall be paid in Payment Year 4 and the amount of Incentive Payment D in Payment Year 4 will depend on (i) the Settling State meeting the qualifications set out in Section IV.H.6.d and (ii) the Participation Percentage of Incentive BC Eligible Subdivision Population achieved by the Settling State as of sixty (60) days prior to the Payment Date for Payment Year 4.

d. A Settling State qualifies for Incentive Payment D if no Later Litigating Subdivision (for purposes of Incentive Payment D, Later Litigating Subdivisions are limited to (i) a Primary Subdivision; (ii) a school district with a K-12 student enrollment of at least 25,000 or 0.10% of the Settling State's population, whichever is greater; (iii) a health district or hospital district that has at least one hundred twenty-five (125) hospital beds in one or more hospitals rendering services in that district; and (iv) Primary Fire Districts) in that Settling State has a lawsuit against a Released Entity survive more than six (6) months after denial in whole or in part of a Threshold Motion.

e. A Settling State's qualification for Incentive Payment D shall be determined as of sixty (60) calendar days prior to the Payment Date ("*Incentive Payment D Look-Back Date*"). If a Later Litigating Subdivision's lawsuit in that Settling State survives more than six (6) months after denial in whole or in part a Threshold Motion after that date, that Settling State shall not be eligible for Incentive Payment D for the Payment Year in which that occurs and any subsequent Payment Year.

f. The Incentive Payment D for any Settling State qualifying for Incentive Payment D in Payment Year 4 shall be equal to between three percent (3%) and ten percent (10%) of the of the State Remediation Payment times the Settling State's Overall Allocation Percentage specified in Exhibit F. The applicable percentage shall be determined based on the Participation Percentage of Incentive BC Eligible Subdivision Population achieved by the Incentive Payment D Look-Back Date for Payment Year 4 as shown in the table below:

Participation Percentage of Incentive BC Eligible Subdivision Population as of sixty (60) days prior to the Payment Date for Payment Year 4	Each Eligible Settling State's Applicable Incentive Payment D Percentage
Participation of less than 95%	10% of State Allocation
Participation of 95% but less than 96%	9% of State Allocation
Participation of 96% but less than 97%	8% of State Allocation
Participation of 97% but less than 98%	7% of State Allocation
Participation of 98% but less than 99%	6% of State Allocation
Participation of 99% but less than 100%	5% of State Allocation
Participation of 100%	3% of State Allocation

g. Incentive Payment D shall be paid in one installment. The Incentive Payment D for any Settling State in a given Payment Year shall be the Maximum Incentive Payment D for that Payment Year specified in Exhibit M-2 times the Settling State's State Allocation Percentage specified in Exhibit F times the ratio between the applicable percentage determined by Section IV.H.6.f and ten percent (10%).⁷ Prior to making the Annual Remediation Payment for Payment Year 4, the Settlement Fund Administrator shall determine a Settling State's qualification for Incentive Payment D as of the Incentive Payment D Look-Back Date for that Payment Year. Prior to the Incentive Payment D Look-Back Date for each Payment Year, Indivior may provide the Settlement Fund Administrator and the Enforcement Committee with notice identifying any Settling State(s) it believes do not qualify for Incentive Payment D and information supporting its belief.

h. Notwithstanding Section IV.H.6.d and Section IV.H.6.e, a Settling State can become re-eligible for Incentive Payment D if the lawsuit that survived a Threshold Motion is dismissed pursuant to a later motion on grounds included in the Threshold Motion, in which case the Settling State shall be eligible for Incentive Payment D less any litigation fees and costs incurred by Indivior in the interim, except that if the dismissal motion occurs after the completion of opening statements in such action, the Settling State shall not be eligible for Incentive Payment D.

7. In no event shall any Settling State receive Base Payments and Incentive Payments A, BC, and D totaling more than one hundred percent (100%) of its respective Overall State Allocation Percentage specified in Exhibit F times the Maximum Remediation Payment.

V. Allocation and Use of Settlement Payments

A. *Components of Settlement Fund.* The Settlement Fund shall be funded by the Annual Remediation Payments and comprised of a Remediation Accounts Fund, a State Fund, and a Subdivision Fund for each Settling State. The payments made under Section IV into the Settlement Fund shall be initially allocated among those three (3) sub-funds and distributed and used as provided below. Payments placed into the Settlement Fund do not revert back to Indivior.

⁷ For example, for a Settling State with a Participation Percentage of Incentive BC Eligible Subdivision Population as of 60 days prior to the Payment Date for Payment Year 4 of 100%, the Incentive Payment D for any given Payment Year shall be the Maximum Incentive Payment D for that Payment Year specified in Exhibit M-2 times the Settling State's State Allocation Percentage specified in Exhibit F times 0.3. For a Settling State with a Participation Percentage of Incentive BC Eligible Subdivision Population as of 60 days prior to the Payment Date for Payment Year 4 of less than 95%, the Incentive Payment D for any given Payment Year shall be the Maximum Incentive Payment D for that Payment Year specified in Exhibit M-2 times the Settling State's State Allocation Percentage specified in Exhibit F times 0.1.

B. *Use of Settlement Payments.*

1. It is the intent of the Parties that the payments disbursed from the Settlement Fund to Settling States and Participating Subdivisions be for Opioid Remediation, subject to exceptions that must be documented in accordance with Section V.B.2. In no event may less than ninety-five percent (95%) of Indivior's maximum amount of payments pursuant to Section IV as set forth on Exhibit M-2 over the entirety of all Payment Years (but not any single Payment Year) be spent on Opioid Remediation.

2. While disfavored by the Parties, a Settling State or a Participating Subdivision set forth on Exhibit G may use monies from the Settlement Fund (that have not been restricted by this Agreement solely to future Opioid Remediation) for purposes that do not qualify as Opioid Remediation. If, at any time, a Settling State or a Participating Subdivision set forth on Exhibit G uses any monies from the Settlement Fund for a purpose that does not qualify as Opioid Remediation, such Settling State or Participating Subdivision set forth on Exhibit G shall identify such amounts and report to the Settlement Fund Administrator and Indivior how such funds were used, including if used to pay attorneys' fees, investigation costs, litigation costs, or costs related to the operation and enforcement of this Agreement, respectively. It is the intent of the Parties that the reporting under this Section V.B.2 shall be available to the public. For the avoidance of doubt, (a) any amounts not identified under this Section V.B.2 as used to pay attorneys' fees, investigation costs, or litigation costs shall be included in the Compensatory Restitution Amount for purposes of Section V.F and (b) Participating Subdivisions not listed on Exhibit G may only use monies from the Settlement Fund for purposes that qualify as Opioid Remediation.

C. *Allocation of Settlement Fund.* The allocation of the Settlement Fund allows for different approaches to be taken in different states, such as through a State-Subdivision Agreement. Given the uniqueness of Settling States and their Subdivisions, Settling States and their Subdivisions are encouraged to enter into State-Subdivision Agreements in order to direct the allocation of their portion of the Settlement Fund. As set out below, the Settlement Fund Administrator will make an initial allocation to three (3) state-level sub-funds. The Settlement Fund Administrator will then, for each Settling State and its Participating Subdivisions, apply the terms of this Agreement and any relevant State-Subdivision Agreement, Statutory Trust, Allocation Statute, or voluntary redistribution of funds as set out below before disbursing the funds.

1. Base Payments. The Settlement Fund Administrator will allocate Base Payments under Section IV.G among the Settling States pursuant to Section IV.G.2. Base payments for each Settling State will then be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section V.D.

2. Incentive Payments. The Settlement Fund Administrator will treat Incentive Payments under Section IV.H on a state-specific basis. Incentive Payments for which a Settling State is eligible will be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section V.D.

3. Application of Adjustments. If an offset under Section XII applies with respect to a Settling State, the offset shall be applied proportionally to all amounts that would otherwise be apportioned and distributed to the State Fund, the Remediation Accounts Fund, and the Subdivision Fund for that Settling State.

4. Settlement Fund Administrator. Prior to the Effective Date, Indivior and the Enforcement Committee will agree to a detailed mechanism consistent with the foregoing for the Settlement Fund Administrator to follow in allocating, apportioning, and distributing payments, which shall then be appended hereto as Exhibit L.

5. Settlement Fund Administrator Costs. Any costs and fees associated with or arising out of the duties of the Settlement Fund Administrator as described in Exhibit L shall be paid from the interest accrued in the Settlement Fund Escrow and the Settlement Fund; *provided, however*, that if such accrued interest is insufficient to pay the entirety of any such costs and fees, the additional amount shall be paid out of the Settlement Fund. For the avoidance of doubt, nothing in this provision shall require Indivior to pay any costs, fees or other amounts in excess of the Global Settlement Amount.

D. *Settlement Fund Reallocation and Distribution.* As set forth below, within a particular Settling State's account, amounts contained in the Settlement Fund sub-funds may be reallocated and distributed per a State-Subdivision Agreement or other means. If the apportionment of amounts is not addressed and controlled under Section V.D.1 and Section V.D.2, then the default provisions of Section V.D.4 apply. It is not necessary that a State-Subdivision Agreement or other means of allocating funds pursuant to Section V.D.1 and Section V.D.2 address all of the Settlement Fund sub-funds. For example, a Statutory Trust might only address disbursements from a Settling State's Remediation Accounts Fund.

1. Distribution by State-Subdivision Agreement. If a Settling State has a State-Subdivision Agreement, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section V.C shall be reallocated and distributed as provided by that agreement. Any State-Subdivision Agreement entered into after the Preliminary Agreement Date shall be applied only if it requires: (a) that all amounts be used for Opioid Remediation, except as allowed by Section V.B.2, and (b) that

at least seventy percent (70%) of amounts be used solely for future Opioid Remediation.⁸ For a State-Subdivision Agreement to be applied to the relevant portion of an Annual Payment, notice must be provided to the Settling State and the Settlement Fund Administrator at least sixty (60) calendar days prior to the Payment Date.

2. Distribution by Allocation Statute. If a Settling State has an Allocation Statute and/or a Statutory Trust that addresses allocation or distribution of amounts apportioned to such Settling State's State Fund, Remediation Accounts Fund, and/or Subdivision Fund and that, to the extent any or all such sub-funds are addressed, requires (1) all amounts to be used for Opioid Remediation, except as allowed by Section V.B.2, and (2) at least seventy percent (70%) of all amounts to be used solely for future Opioid Remediation then, to the extent allocation or distribution is addressed, the amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section V.C shall be allocated and distributed as addressed and provided by the applicable Allocation Statute or Statutory Trust. For the avoidance of doubt, an Allocation Statute or Statutory Trust need not address all three (3) sub-funds that comprise the Settlement Fund, and if the applicable Allocation Statute or Statutory Trust does not address distribution of all or some of these three (3) sub-funds, the applicable Allocation Statute or Statutory Trust does not replace the default provisions described in Section V of any such unaddressed fund. For example, if an Allocation Statute or Statutory Trust that meets the requirements of this Section V.D.2 only addresses funds restricted to remediation, then the default provisions of this Agreement concerning allocation among the three (3) sub-funds comprising the Settlement Fund and the distribution of the State Fund and Subdivision Fund for that Settling State would still apply, while the distribution of the applicable State's Remediation Accounts Fund would be governed by the qualifying Allocation Statute or Statutory Trust.

3. Voluntary Redistribution. A Settling State may choose to reallocate all or a portion of its State Fund to its Remediation Accounts Fund. A Participating Subdivision included on Exhibit G may choose to reallocate all or a portion of its allocation from the Subdivision Fund to the Settling State's Remediation Accounts Fund or to another Participating Subdivision. The Settlement Fund Administrator is not required to honor a voluntary redistribution for which notice is provided to it less than sixty (60) calendar days prior to the applicable Payment Date.

4. Distribution in the Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. If Section V.D.1 and Section V.D.2 do not apply, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section V.C shall be distributed as follows:

⁸ Future Opioid Remediation includes amounts paid to satisfy any future demand by another governmental entity to make a required reimbursement in connection with the past care and treatment of a person related to the Alleged Harms.

a. Amounts apportioned to that Settling State's State Fund shall be distributed to that Settling State.

b. Amounts apportioned to that Settling State's Remediation Accounts Fund shall be distributed consistent with Section V.E. Each Settling State shall submit to the Settlement Fund Administrator a designation of a lead state agency or other entity to serve as the single point of contact for that Settling State's funding requests from the Remediation Accounts Fund and other communications with the Settlement Fund Administrator. The designation of an individual entity is for administrative purposes only and such designation shall not limit funding to such entity or even require that such entity receive funds from this Agreement. The designated entity shall be the only entity authorized to request funds from the Settlement Fund Administrator to be disbursed from that Settling State's Remediation Accounts Fund. If a Settling State has established a Statutory Trust then that Settling State's single point of contact may direct the Settlement Fund Administrator to release the Settling State's Remediation Accounts Fund to the Statutory Trust.

c. Amounts apportioned to that Settling State's Subdivision Fund shall be distributed to Participating Subdivisions in that Settling State included on Exhibit G per the Subdivision Allocation Percentage listed in Exhibit G. Section VII.H shall govern amounts that would otherwise be distributed to Non-Participating Subdivisions listed in Exhibit G. For the avoidance of doubt and notwithstanding any other provision in this Agreement, no Non-Participating Subdivision will directly receive any amount from the Settlement Fund, regardless of whether such Subdivision is included on Exhibit G.

d. Special Districts shall not be allocated funds from the Subdivision Fund, except through a voluntary redistribution allowed by Section V.D.3 to Special Districts that are Participating Subdivisions. A Settling State may allocate funds from its State Fund or Remediation Accounts Fund for Special Districts that are Participating Subdivisions.

5. Restrictions on Distribution. No amounts may be distributed from the Subdivision Fund contrary to Section VII, i.e., no amounts may be distributed directly to Non-Participating Subdivisions or to Later Participating Subdivisions to the extent such a distribution would violate Section VII.E through Section VII.H. Amounts allocated to the Subdivision Fund that cannot be distributed by virtue of the preceding sentence shall be distributed into the sub-account in the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement described in Section V.D.1 or by an Allocation Statute or a Statutory Trust described in Section V.D.2.

E. *Provisions Regarding the Remediation Accounts Fund.*

1. State-Subdivision Agreement, Allocation Statute, and Statutory Trust Fund Provisions. A State-Subdivision Agreement, Allocation Statute, or Statutory Trust may govern the operation and use of amounts in that Settling State's Remediation Accounts Fund so long as it complies with the requirements of Section V.D.1 or Section V.D.2, as applicable, and all direct payments to Subdivisions comply with Section VII.E through Section VII.H.

2. Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. In the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust that addresses distribution, the Remediation Accounts Fund will be used solely for future Opioid Remediation and the following shall apply with respect to a Settling State:

a. Regional Remediation.

(i) At least fifty percent (50%) of distributions for remediation from a Settling State's Remediation Accounts Fund shall be annually allocated and tracked to the regional level. A Settling State may allow the Advisory Committee established pursuant to Section V.E.2.d to define its regions and assign regional allocations percentages. Otherwise, the Settling State shall (A) define its initial regions, which shall consist of one (1) or more General Purpose Subdivisions and which shall be designated by the state agency with primary responsibility for substance abuse disorder services employing, to the maximum extent practical, existing regions established in that Settling State for opioid abuse treatment or other public health purposes; and (B) assign initial regional allocation percentages to the regions based on the Subdivision Allocation Percentages in Exhibit G and an assumption that all Subdivisions included on Exhibit G will become Participating Subdivisions.

(ii) This minimum regional expenditure percentage is calculated on the Settling State's initial Remediation Accounts Fund allocation and does not include any additional amounts a Settling State has directed to its Remediation Accounts Fund from its State Fund, or any other amounts directed to the fund. A Settling State may dedicate more than fifty percent (50%) of its Remediation Accounts Fund to the regional expenditure and may annually adjust the percentage of its Remediation Accounts Fund dedicated to regional expenditures as long as the percentage remains above the minimum amount.

(iii) The Settling State (A) has the authority to adjust the definition of the regions, and (B) may annually revise the percentages allocated to each region to reflect the number of General Purpose Subdivisions in each region that are Non-Participating Subdivisions.

b. *Subdivision Block Grants.* Certain Subdivisions shall be eligible to receive regional allocation funds in the form of a block grant for future Opioid Remediation. A Participating Subdivision eligible for block grants is a county or parish (or in the case of Settling States that do not have counties or parishes that function as political subdivisions, a city) that (1) does not contain a Litigating Subdivision or a Later Litigating Subdivision for which it has the authority to end the litigation through a release, bar or other action; (2) either (i) has a population of 400,000 or more or (ii) in the case of California has a population of 750,000 or more; and (3) has funded or otherwise managed an established health care or treatment infrastructure (*e.g.*, health department or similar agency). Each Subdivision eligible to receive block grants shall be assigned its own region.

c. *Small Settling States.* Notwithstanding the provisions of Section V.E.2.a, Settling States with populations under four (4) million that do not have existing regions described in Section V.E.2.a shall not be required to establish regions. However, such a Settling State that contains one (1) or more Subdivisions eligible for block grants under Section V.E.2.b shall be divided regionally so that each block-grant eligible Subdivision is a region, and the remainder of the state is a region.

d. *Advisory Committee.* The Settling State shall designate an Opioid Settlement Remediation Advisory Committee (the “*Advisory Committee*”) to provide input and recommendations regarding remediation spending from that Settling State’s Remediation Accounts Fund. A Settling State may elect to use an existing advisory committee or similar entity (created outside of a State-Subdivision Agreement or Allocation Statute); *provided, however*, the Advisory Committee or similar entity shall meet the following requirements:

(i) Written guidelines that establish the formation and composition of the Advisory Committee, terms of service for members, contingency for removal or resignation of members, a schedule of meetings, and any other administrative details;

(ii) Composition that includes at least an equal number of local representatives as state representatives;

(iii) A process for receiving input from Subdivisions and other communities regarding how the opioid crisis is affecting their communities, their remediation needs, and proposals for remediation strategies and responses; and

(iv) A process by which Advisory Committee recommendations for expenditures for Opioid Remediation will be made to and considered by the appropriate state agencies.

3. Remediation Accounts Fund Reporting. The Settlement Fund Administrator shall track and assist in the report of remediation disbursements as agreed to between Indivior and the Enforcement Committee

F. *Nature of Payment.* Indivior, the Settling States, and the Participating Subdivisions each acknowledge and agree that notwithstanding anything to the contrary in this Agreement, including, but not limited to, the scope of the Released Claims:

1. They have entered into this Agreement to avoid the delay, expense, inconvenience, and uncertainty of further litigation;

2. (a) The Settling States and Participating Subdivisions sought compensatory restitution and remediation for alleged damage or harm caused by the potential violation of a law (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i)) as damages for the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; (b) the Compensatory Restitution Amount is less than or equal to the amount, in the aggregate, of the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; and (c) the portion of the Compensatory Restitution Amount received by each Settling State or Participating Subdivision is less than or equal to the amount of the Alleged Harms allegedly suffered by such Settling State or Participating Subdivision;

3. The payment of the Compensatory Restitution Amount by Indivior constitutes, and is paid for, compensatory restitution and remediation (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i), (ii)) for alleged damage or harm (as compensation for alleged damage or harm arising out of alleged bodily injury) allegedly caused by Indivior in order to restore, in whole or in part, the Settling States, Participating Subdivisions, and persons to the same position or condition that they would be in had the Settling States, Participating Subdivisions, and persons not suffered the Alleged Harms, and constitutes compensatory restitution and remediation for alleged damage or harm allegedly caused by the potential violation of a law; and

4. For the avoidance of doubt: (a) the entire Compensatory Restitution Amount is properly characterized as described in Section V.F, (b) no portion of the Compensatory Restitution Amount represents reimbursement to any Settling State or Participating Subdivision or other person or entity for the fees or costs of any investigation or litigation, including without limitation attorneys' fees, (c) no portion of the Global Settlement Amount constitutes the disgorgement of any allegedly ill-gotten gains, and (d) no portion of the Global Settlement Amount is paid for, is in place of, or is properly characterized as the payment of any fine, penalty, punitive damages, or other punitive assessments.

VI. Enforcement

A. *Enforceability.* This Agreement is enforceable only by the Settling States and Indivior; *provided, however,* that Released Entities may enforce Section X and Participating Subdivisions listed on Exhibit G have the enforcement rights described later in this paragraph and in Section VI.D. Except to the extent allowed by the Injunctive Relief Terms, Settling States and Participating Subdivisions shall not have enforcement rights against Indivior with respect to either the terms of this Agreement that apply only to or in other Settling States or any Consent Judgment entered into by another Settling State. Participating Subdivisions shall not have enforcement rights against Indivior with respect to this Agreement or any Consent Judgment except that Participating Subdivisions listed on Exhibit G shall have enforcement rights as set forth herein as to payments that would be allocated to the Participating Subdivisions or the Remediation Accounts Fund in such Settling State; *provided, however,* that each Settling State shall allow Participating Subdivisions in such Settling State to notify it of any perceived violations of this Agreement or the applicable Consent Judgment.

B. *Jurisdiction.* Indivior consents to the jurisdiction of the court in which each Settling State files its Consent Judgment, limited to resolution of disputes identified in Section VI.F.2 for resolution in that court.

C. *Specific Terms Dispute Resolution.*

1. Any dispute that is addressed by the provisions set forth in the Injunctive Relief Terms shall be resolved as provided therein.

2. In the event that Indivior believes that the ninety-five percent (95%) threshold established in Section V.B.1 is not being satisfied, any Party may request that Indivior and the Enforcement Committee meet and confer regarding the use of funds to implement Section V.B.1. The completion of such meet-and-confer process is a precondition to further action regarding any such dispute. Further action concerning Section V.B.1 shall: (i) be limited to Indivior seeking to reduce its Annual Remediation Payments by no more than five percent (5%) of the difference between the actual amount of Opioid Remediation and the ninety-five percent (95%) threshold established in Section V.B.1; (ii) only reduce Annual Remediation Payments to those Settling States and their Participating Subdivision(s) that are below the ninety-five percent (95%) threshold established in Section V.B.1; and (iii) not reduce Annual Remediation Payments restricted to future Opioid Remediation.

D. *State-Subdivision Enforcement.*

1. A Subdivision shall not have enforcement rights against a Settling State in which it is located with respect to this Agreement or any Consent Judgment except that a Participating Subdivision listed on Exhibit G shall have enforcement rights (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust with respect to intrastate allocation or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that (i) the Settling State's use of Remediation

Accounts Fund monies were not used for uses similar to or in the nature of those uses contained in Exhibit E; or (ii) a Settling State failed to pay funds directly from the Remediation Accounts Fund to a Participating Subdivision eligible to receive a block grant pursuant to Section V.E.2.b.

2. A Settling State shall have enforcement rights against a Participating Subdivision located in its territory (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust; or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that the Participating Subdivisions' uses of Remediation Accounts Fund monies were not used for purposes similar to or in the nature of those uses contained in Exhibit E.

3. As between the Settling States and Participating Subdivisions, the above rights are contractual in nature and nothing herein is intended to limit, restrict, change or alter any other existing rights under law.

E. *Subdivision Indivior Payment Enforcement.* A Participating Subdivision listed on Exhibit G shall have the same right as a Settling State to seek resolution regarding the failure by Indivior to make its Annual Remediation Payment in a Payment Year.

F. *Other Terms Regarding Dispute Resolution.*

1. The parties to a dispute shall promptly meet and confer in good faith to resolve any dispute. If the parties cannot resolve the dispute informally, and unless otherwise agreed in writing, they shall follow the remaining provisions in this section to resolve the dispute.

2. Except to the extent provided by Section VI.C or Section VI.F.3, all disputes not resolved informally shall be resolved in either the court that entered the relevant Consent Judgment or, if no such Consent Judgment was entered, a state or territorial court with jurisdiction located wherever the seat of the relevant state government is located.

a. State court proceedings shall be governed by the rules and procedures of the relevant forum.

b. For the avoidance of doubt, disputes to be resolved in state court include, but are not limited to, the following:

(i) disputes concerning whether expenditures qualify as Opioid Remediation;

(ii) disputes between a Settling State and its Participating Subdivisions as provided by Section VI.D, except to the extent the State-Subdivision Agreement provides for other dispute resolution mechanisms.

For the avoidance of doubt, disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes;

(iii) whether this Agreement and relevant Consent Judgment are binding under state law;

(iv) the extent of the Attorney General's or other participating entity's authority under state law, including the extent of the authority to release claims; and

(v) whether the definition of a Bar, a Case-Specific Resolution, Final Order, lead state agency as described in Section V.D.4.b, Later Litigating Subdivision, Litigating Subdivision, or Threshold Motion have been met; and

(vi) all other disputes not specifically identified in Section VI.C or Section VI.F.3.

c. Any Party may request that the National Arbitration Panel provide an interpretation of any provision of the settlement that is relevant to the state court determination, and the National Arbitration Panel shall make reasonable best efforts to supply such interpretation within the earlier of thirty (30) calendar days or the time period required by the state court proceedings. Any Party may submit that interpretation to the state court to the extent permitted by, and for such weight provided by, the state court's rules and procedures. If requested by a Party, the National Arbitration Panel shall request that its interpretation be accepted in the form of an *amicus curiae* brief, and any attorneys' fees and costs for preparing any such filing shall be paid for by the requesting Party.

3. National Disputes involving a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VI.A, and/or Indivior shall be resolved by the National Arbitration Panel.

a. National Disputes are disputes that are not addressed by Section VI.C, and which are exceptions to Section VI.F.2's presumption of resolution in state courts because they involve issues of interpretation of terms contained in this Agreement applicable to all Settling States without reference to a particular state's law. Disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes. National Disputes are limited to the following:

(i) the amount of offset and/or credit attributable to Non-Settling States;

(ii) issues involving the scope and definition of Product;

(iii) interpretation and application of the terms “Covered Conduct,” “Released Entities,” and “Released Claims;”

(iv) the failure by Indivior to pay the Annual Remediation Payment or the Additional Remediation Amount in a Payment Year, but for the avoidance of doubt, disputes between Indivior and a Settling State over the amounts owed only to that state that do not affect any other Settling State shall not be considered National Disputes;

(v) questions regarding the performance and/or removal of the Settlement Fund Administrator;

(vi) disputes involving liability of successor entities;

(vii) disputes that require a determination of the sufficiency of participation in order to qualify for Incentive Payments A, BC, or D;

(viii) disputes involving a Releasor’s compliance with, and the appropriate remedy under, Section X.B.5.c;

(ix) disputes requiring the interpretation of Agreement terms that are national in scope or impact, which shall mean disputes requiring the interpretation of Agreement terms that (i) concretely affect four (4) or more Settling States; and (ii) do not turn on unique definitions and interpretations under state law; and

(x) any dispute subject to resolution under Section VI.F.2 but for which all parties to the dispute agree to arbitration before the National Arbitration Panel under the provisions of this Section VI.F.3.

b. The National Arbitration Panel shall be comprised of three (3) arbitrators. One (1) arbitrator shall be chosen by Indivior, one (1) arbitrator shall be chosen by the Enforcement Committee with due input from Participating Subdivisions listed on Exhibit G, and the third arbitrator shall be agreed upon by the first two (2) arbitrators. The membership of the National Arbitration Panel is intended to remain constant throughout the term of this Agreement, but in the event that replacements are required, the retiring arbitrator shall be replaced by the party that selected him/her.

c. The National Arbitration Panel shall make reasonable best efforts to decide all matters within one hundred eighty (180) calendar days of filing, and in no event shall it take longer than one (1) year.

d. The National Arbitration Panel shall conduct all proceedings in a reasonably streamlined process consistent with an opportunity for the parties to be heard. Issues shall be resolved without the need for live witnesses where feasible

and with a presumption in favor of remote participation to minimize the burdens on the parties.

e. To the extent allowed under state law, a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VI.A, and (at any party's request) the National Arbitration Panel may certify to an appropriate state court any question of state law. The National Arbitration Panel shall be bound by a final state court determination of such a certified question. The time period for the arbitration shall be tolled during the course of the certification process.

f. The arbitrators will give due deference to any authoritative interpretation of state law, including any declaratory judgment or similar relief obtained by a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VI.A, or Indivior on a state law issue.

g. The decisions of the National Arbitration Panel shall be binding on Settling States, Participating Subdivisions, Indivior, and the Settlement Fund Administrator. In any proceeding before the National Arbitration Panel involving a dispute between a Settling State and Indivior whose resolution could prejudice the rights of a Participating Subdivision(s) in that Settling State, such Participating Subdivision(s) shall be allowed to file a statement of view in the proceeding.

h. Nothing herein shall be construed so as to limit or otherwise restrict a Settling State from seeking injunctive or other equitable relief in state court to protect the health, safety, or welfare of its citizens.

i. Each party shall bear its own costs in any arbitration or court proceeding arising under this Section VI. The costs for the arbitrators on the National Arbitration Panel shall be divided and paid equally by the disputing sides for each individual dispute, e.g., a dispute between Indivior and Settling States/Participating Subdivisions shall be split fifty percent (50%) by Indivior and fifty percent (50%) by the Settling States/Participating Subdivisions that are parties to the dispute; a dispute between a Settling State and a Participating Subdivision shall be split fifty percent (50%) by the Settling State that is party to the dispute and fifty percent (50%) by any Participating Subdivisions that are parties to the dispute. For the avoidance of doubt, Indivior shall not be responsible for the National Arbitration Panel costs in disputes that do not concern Indivior.

4. Prior to initiating an action to enforce pursuant to this Section VI.F, the complaining party must:

a. Provide written notice to the Enforcement Committee and/or Indivior of its complaint, including the provision of the Consent Judgment and/or Agreement that the practice appears to violate, as well as the basis for its interpretation of the disputed provision. The Enforcement Committee shall

establish a reasonable process and timeline for obtaining additional information from the involved parties; *provided, however*, that the date the Enforcement Committee establishes for obtaining additional information from the parties shall not be more than forty-five (45) calendar days following the notice. The Enforcement Committee may advise the involved parties of its views on the complaint and/or seek to resolve the complaint informally.

b. Wait to commence any enforcement action until thirty (30) calendar days after the date that the Enforcement Committee establishes for obtaining additional information from the involved parties.

5. If the parties to a dispute cannot agree on the proper forum for resolution of the dispute under the provisions of Section VI.F.2 or Section VI.F.3, a committee comprising the Enforcement Committee and sufficient representatives of Indivior such that the members of the Enforcement Committee have a majority of one (1) member will determine the forum where the dispute will be initiated within twenty-eight (28) calendar days of receiving notification of the dispute relating to the proper forum. The forum identified by such committee shall be the sole forum for litigating the issue of which forum will hear the substantive dispute, and the committee's identification of such forum in the first instance shall not be entitled to deference by the forum selected.

G. *Lien or Encumbrance.* To the extent allowed by applicable law, this Settlement Agreement shall not be deemed to create a lien or encumbrance against any real property owned by Indivior or its affiliates, unless in the event of a default or breach of the payment provisions by Indivior. Nothing in this Section shall be construed to limit any remedy of any Settling State or Participating Subdivision in the event of a default or breach of this Agreement by Indivior.

H. *No Effect.* Nothing in this Agreement shall be interpreted to limit the Settling States' Civil Investigative Demand ("*CID*") or investigative subpoena authority, to the extent such authority exists under applicable state law and the CID or investigative subpoena is issued pursuant to such authority, and Indivior reserves all of its rights in connection with a CID or investigative subpoena issued pursuant to such authority.

VII. Participation by Subdivisions

A. *Notice.* No later than fifteen (15) calendar days after the Preliminary Agreement Date, the Implementation Administrator shall send individual written notice (which may be delivered via e-mail or other electronic means and may be combined with distribution of the Subdivision Settlement Participation Form) of the opportunity to participate in this Agreement and the requirements of participation to all Subdivisions in the Settling States that are (1) Litigating Subdivisions or (2) Non-Litigating Subdivisions listed on Exhibit G. To the extent a Special District is entitled to an allocation for a direct payment through its inclusion in Exhibit G pursuant to a State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution, the Implementation Administrator, with the cooperation of the Settling States shall also send individual written notice (which may be delivered via e-mail or other electronic means) of the

opportunity to participate in this Agreement and the requirements of participation to such Special Districts. Unless otherwise agreed by the Parties, the version of Exhibit G used for notice shall be the one in place as of the Preliminary Agreement Date. Notice (which may be delivered via e-mail or other electronic means) shall also be provided simultaneously to counsel of record for Litigating Subdivisions and known counsel for Non-Litigating Subdivisions and Special Districts listed on Exhibit G. The costs of the Implementation Administrator shall be paid for by the interest earned from the deposit accounts holding the Adjusted Maximum Base Payment for Payment Year 1 for Indivior and nothing in this provision shall require Indivior to pay any costs, fees or other amounts in excess of the Global Settlement Amount. The Settling States, with the cooperation of Indivior, may also provide general notice reasonably calculated to alert Non-Litigating Subdivisions in the Settling States to this Agreement, the opportunity to participate in it, and the requirements for participation. Such notice may include publication and other standard forms of notification, as well as notice to state and county organizations such as the National Association of Counties and the National League of Cities. The notice will include that the deadline for becoming an Initial Participating Subdivision is the Initial Participation Date. Nothing contained herein shall preclude a Settling State from providing further notice to or otherwise contacting any of its Subdivisions about becoming a Participating Subdivision, including beginning any of the activities described in this paragraph prior to the Preliminary Agreement Date.

B. Requirements for Becoming a Participating Subdivision—Non-Litigating Subdivisions. A Non-Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Fund Administrator) specifying (1) that the Subdivision agrees to the terms of this Agreement pertaining to Subdivisions, (2) that the Subdivision releases all Released Claims against all Released Entities, (3) that the Subdivision agrees to use monies it receives, if any, from the Settlement Fund pursuant to the applicable requirements of Section V; *provided, however*, that Non-Litigating Subdivisions may only use monies originating from the Settlement Fund for purposes that qualify as Opioid Remediation, and (4) that the Subdivision submits to the jurisdiction of the court where the applicable Consent Judgment is filed for purposes limited to that court's role under this Agreement. The required Subdivision Settlement Participation Form is attached as Exhibit K.

C. Requirements for Becoming a Participating Subdivision—Litigating Subdivisions/Later Litigating Subdivisions. A Litigating Subdivision or Later Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Fund Administrator) and upon prompt dismissal with prejudice of its lawsuit following the Reference Date or the date on which the conditions for effectiveness in Section VIII.B have been met, whichever is later. A Settling State may require each Litigating Subdivision in that Settling State to specify on the Subdivision Settlement Participation Form whether its counsel has waived any contingency fee contract with that Participating Subdivision and whether, if eligible, it intends to seek fees pursuant to Exhibit R. The Settlement Fund Administrator shall provide reports of this information to the parties upon

request. A Litigating Subdivision or Later Litigating Subdivision may not become a Participating Subdivision after the completion of opening statements in a trial of the lawsuit it brought that includes a Released Claim against a Released Entity.

D. *Initial Participating Subdivisions.* A Subdivision qualifies as an Initial Participating Subdivision if it meets the applicable requirements for becoming a Participating Subdivision set forth in Section VII.B or Section VII.C by the Initial Participation Date. All Subdivision Settlement Participation Forms shall be held in escrow by the Implementation Administrator until the Reference Date. If, for any reason, the Agreement does not become effective, all obligations created by such forms and releases in them shall be void *ab initio* and/ all Subdivision Participation Agreements shall be returned to Counsel for Litigating Subdivisions or to the Subdivisions not represented by counsel or destroyed to the extent that such destruction is not prohibited by then existing document preservation obligations.

E. *Later Participating Subdivisions.* A Subdivision that is not an Initial Participating Subdivision may become a Later Participating Subdivision by meeting the applicable requirements for becoming a Participating Subdivision set forth in Section VII.B or Section VII.C after the Initial Participation Date and by agreeing to be subject to the terms of a State-Subdivision Agreement (if any) or any other structure adopted or applicable pursuant to Section V.D or Section V.E. Unless waived by Indivior, the following provisions govern what a Later Participating Subdivision can receive (but do not apply to Initial Participating Subdivisions):

1. A Later Participating Subdivision shall not receive any share of any Annual Remediation Payment due before it became a Participating Subdivision.

2. A Later Participating Subdivision that becomes a Participating Subdivision after December 15, 2026, shall receive seventy-five percent (75%) of the share of future Base Payments or Incentive Payments that it would have received had it become a Later Participating Subdivision prior to that date (unless the Later Participating Subdivision is subject to Section VII.E.3 or Section VII.E.4).

3. A Later Participating Subdivision that, after the Initial Participation Date, maintains a lawsuit for a Released Claim(s) against a Released Entity and has judgment entered against it on every such Claim before it became a Participating Subdivision (other than a consensual dismissal with prejudice) shall receive fifty percent (50%) of the share of future Base Payments or Incentive Payments that it would have received had it become a Later Participating Subdivision prior to such judgment; *provided, however*, that if the Subdivision appeals the judgment and the judgment is affirmed with finality before the Subdivision becomes a Participating Subdivision, the Subdivision shall not receive any share of any Base Payment or Incentive Payments.

4. A Later Participating Subdivision that becomes a Participating Subdivision while a Bar or Case-Specific Resolution involving a different Subdivision exists in its state shall

receive twenty-five percent (25%) of the share of future Base Payments or Incentive Payments that it would have received had it become a Later Participating Subdivision without such Bar or Case-Specific Resolution.

F. *No Increase in Payments.* Amounts to be received by Later Participating Subdivisions shall not increase the payments due from Indivior.

G. *Non-Participating Subdivisions.* Non-Participating Subdivisions shall not directly receive any portion of any Annual Remediation Payment, including from the State Fund and direct distributions from the Remediation Accounts Fund; however, a Settling State may choose to fund future Opioid Remediation that indirectly benefits Non-Participating Subdivisions.

H. *Unpaid Allocations to Later Participating Subdivisions and Non-Participating Subdivisions.* Any Base Payment and Incentive Payments allocated pursuant to Section V.D to a Later Participating Subdivision or Non-Participating Subdivision that cannot be paid pursuant to this Section VII, including the amounts that remain unpaid after the reductions required by Section VII.E.2 through Section VII.E.4, will be allocated to the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement or by a Statutory Trust.

VIII. Condition to Effectiveness of Agreement and Filing of Consent Judgment

A. *Determination to Proceed with Settlement—Settling States.* Following the Initial Subdivision Participation Date, the Settling States on the Enforcement Committee shall determine whether to proceed with the Agreement. No later than fifteen (15) calendar days prior to the Reference Date, the Settling States shall provide notice to Indivior and the Enforcement Committee of their decision. If the Settling States elect not to proceed, this Agreement will have no further effect, and all releases (including those contained in Subdivision Participation Agreements) and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms will be void. Within seven (7) calendar days of informing Indivior that there is sufficient participation to proceed, the Settling States will deliver all signatures and releases required by the Agreement to be provided by the Settling States to Indivior.

B. *Determination to Proceed with Settlement—Indivior.* If the Settling States elect to proceed, Indivior will then determine on or before the Reference Date whether there is sufficient Eligible State participation, sufficient Subdivision participation, and sufficient resolution of the Claims of the Litigating Subdivisions in the Settling States (through participation under Section VII, Case-Specific Resolution(s) and Bar(s)) to proceed with this Agreement. The determination shall be in the sole discretion of Indivior and may be based on any criteria or factors deemed relevant by Indivior.

C. *Notice by Indivior.* On or before the Reference Date, Indivior shall inform the Settling States of its determination pursuant to Section VIII.B. If Indivior determines to proceed, the Parties will proceed to file the Consent Judgments and the obligations in the Subdivision Settlement Participation Forms will be effective and binding as of the Reference Date. If Indivior

determines not to proceed, this Agreement will have no further effect, any amounts deposited for Payment Year 1, including funds referenced in Section IV.D.1 and Exhibit M, shall revert to Indivior, and all releases (including those contained in Subdivision Settlement Participation Forms) and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms will be void.

IX. Participating Subdivision Attorneys' Fees and Costs and Additional Remediation Amount

A. The Agreement on Subdivision Attorneys' Fees, Expenses and Costs is set forth in Exhibit R and incorporated herein by reference.

B. *Additional Remediation Amount.*

1. Subject to and without exceeding the maximum payment amounts set forth in the "Additional Remediation Amount" column of Exhibit M-3 and subject to the reduction specified in Section IX.B.2, Indivior shall pay an Additional Remediation Amount to the Settling States listed in Exhibit N. Such funds shall be paid, on the schedule set forth in Exhibit M-3, as allocated by the Settlement Fund Administrator pursuant to Exhibit N.

2. *Reduction of Additional Remediation Amount.* The amounts owed by Indivior pursuant to this Section IX.B shall be reduced by the allocations set forth on Exhibit N for Non-Settling States.

3. For the avoidance of doubt, (1) a Settling State that retained outside counsel in connection with the investigation of Indivior that receives an Additional Remediation Amount may choose to have the Additional Remediation Amount designated to pay the Settling State's outside counsel, and may instruct the Settlement Fund Administrator to pay those funds directly to the Settling State's outside counsel, and (2) Additional Remediation Amount funds, including funds designated by a Settling State to pay its outside counsel under this paragraph, shall not be subject to allocation as provided in Section V.C through Section V.E.

C. All payments addressed by this Section IX will be made no later than the Payment Date for the Payment Year in which they are due, pursuant to Exhibit M-3.

X. Release

A. *Scope.* As of the Effective Date, the Released Entities are hereby released and forever discharged from all of the Releasors' Released Claims. Each Settling State (for itself and its Releasors) and Participating Subdivisions hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in this Agreement are intended by the Parties to

be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of each Settling State and its Attorney General to release claims. This Agreement shall be a complete bar to any Released Claim.

B. *Claim-Over and Non-Party Settlement.*

1. It is the intent of the Parties that:

a. Released Entities should not seek contribution or indemnification (other than pursuant to an insurance contract), from other parties for their payment obligations under this Agreement;

b. the payments made under this Agreement shall be the sole payments made by the Released Entities to the Releasers involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity);

c. Claims by Releasers against non-Parties should not result in additional payments by Released Entities, whether through contribution, indemnification or any other means; and

d. the Agreement meets the requirements of the Uniform Contribution Among Joint Tortfeasors Act and any similar state law or doctrine that reduces or discharges a released party's liability to any other parties.

2. The provisions of this Section X.B are intended to be implemented consistent with these principles. This Agreement and the releases and dismissals provided for herein are made in good faith.

3. No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner; *provided* that a Released Entity shall be relieved of this prohibition with respect to any entity that asserts a Claim-Over against it. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

4. To the extent that, on or after the Reference Date, any Releaser enters into a Non-Party Settlement, including in any bankruptcy case or through any plan of reorganization, the Releaser will include (or in the case of a Non-Party Settlement made in connection with a bankruptcy case, will cause the debtor to include), unless prohibited from doing so under applicable law, in the Non-Party Settlement a prohibition on contribution or indemnity of any kind substantially equivalent to that required from Indivior in Section X.B.3, or a release

from such Non-Released Entity in favor of the Released Entities (in a form equivalent to the releases contained in this Agreement) of any Claim-Over. The obligation to obtain the prohibition and/or release required by this subsection is a material term of this Agreement.

5. In the event that any Releasor obtains a judgment with respect to Non-Party Covered Conduct against a Non-Released Entity that does not contain a prohibition like that described in Section X.B.3 or any Releasor files a Non-Party Covered Conduct Claim against a Non-Released Entity in bankruptcy or a Releasor is prevented for any reason from obtaining a prohibition/release in a Non-Party Settlement as provided in Section X.B.3, and such Non-Released Entity asserts a Claim-Over against a Released Entity, the Released Entity shall be relieved of the prohibition in Section X.B.3 with respect to that Non-Released Entity and that Releasor and Indivior shall take the following actions to ensure that the Released Entities do not pay more with respect to Covered Conduct to the Releasor or to Non-Released Entities than the amounts owed under this Settlement Agreement by Indivior:

a. Indivior shall notify that Releasor of the Claim-Over within sixty (60) calendar days of the assertion of the Claim-Over or sixty (60) calendar days of the Effective Date of this Settlement Agreement, whichever is later;

b. Indivior and that Releasor shall meet and confer concerning the means to hold Released Entities harmless and ensure that they are not required to pay more with respect to Covered Conduct than the amounts owed by Indivior to the Releasor under this Agreement;

c. That Releasor and Indivior shall take steps sufficient and permissible under the law of the state of the Releasor to hold Released Entities harmless from the Claim-Over and ensure Released Entities are not required to pay more with respect to Covered Conduct than the amounts owed by Indivior under this Agreement. Such steps may include, where permissible:

(i) Filing of motions to dismiss or such other appropriate motion by Indivior or Released Entities, and supported by Releasor, in response to any claim filed in litigation or arbitration;

(ii) Reduction of that Releasor's Claim and any judgment it has obtained or may obtain against such Non-Released Entity by whatever amount or percentage is necessary to extinguish such Claim-Over under applicable law, up to the amount the Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(iii) Placement into escrow of funds paid by the Non-Released Entities such that those funds are available to satisfy the Claim-Over;

(iv) Return of monies paid by Indivior to the Releasor under this Settlement Agreement to permit satisfaction of a judgment against or settlement with the Non-Released Entity to satisfy the Claim-Over;

(v) Payment of monies to Indivior by the Releasor to ensure it is held harmless from such Claim-Over, up to the amount that Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(vi) Credit to Indivior under this Agreement to reduce the overall amounts to be paid under the Agreement such that it is held harmless from the Claim-Over; and

(vii) Such other actions as that Releasor and Indivior may devise to hold Indivior harmless from the Claim-Over.

d. The actions of that Releasor and Indivior taken pursuant to paragraph (c) must, in combination, ensure Indivior is not required to pay more with respect to Covered Conduct than the amounts owed by Indivior to the Releasor under this Agreement.

e. In the event of any dispute over the sufficiency of the actions taken pursuant to paragraph (c), the Releasor and Indivior may seek review by the National Arbitration Panel, provided that, if the parties agree, such dispute may be heard by the state court where the relevant Consent Judgment was filed. The National Arbitration Panel shall have authority to require Releasor to implement a remedy that includes one or more of the actions specified in paragraph (c) sufficient to hold Released Entities fully harmless. In the event that the Panel's actions do not result in Released Entities being held fully harmless, Indivior shall have a claim for breach of this Agreement by Releasor, with the remedy being payment of sufficient funds to hold Indivior harmless from the Claim-Over up to the amount the Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity. For the avoidance of doubt, the prior sentence does not limit or eliminate any other remedy that Indivior may have.

6. To the extent that the Claim-Over is based on a contractual indemnity, the obligations under Section X.B.4 shall extend solely to a Non-Party Covered Conduct Claim against a clinic, hospital or other purchaser, distributor or dispenser of Products, a manufacturer that sold Products, a consultant, and/or a pharmacy benefit manager or other third-party payor. Indivior shall notify the Settling States, to the extent permitted by applicable law, in the event that any of these types of Non-Released Entity asserts a Claim-Over arising out of contractual indemnity against it.

C. *Indemnification and Contribution Prohibited.* No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory, from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

D. *General Release.* In connection with the releases provided for in this Agreement, each Settling State (for itself and its Releasors) and Participating Subdivision expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

General Release; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that if known by him or her, would have materially affected his or her settlement with the debtor or released party.

A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Settling State (for itself and its Releasors) and Participating Subdivision hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Settling States' decision to enter into this Agreement or the Participating Subdivisions' decision to participate in this Agreement.

E. *Assigned Interest Waiver.* To the extent that any Settling State has any direct or indirect interest in any rights of a third-party that is a debtor under the Bankruptcy Code as a result of a claim arising out of Covered Conduct by way of assignment or otherwise, including as a result of being the beneficiary of a trust or other distribution entity, to assert claims against Indivior (whether derivatively or otherwise), under any legal or equitable theory, including for indemnification, contribution, or subrogation, the Settling State waives the right to assert any such claim, or to receive a distribution or any benefit on account of such claim and such claim, distribution, or benefit shall be deemed assigned to Indivior.

F. *Res Judicata.* Nothing in this Agreement shall be deemed to reduce the scope of the res judicata or claim preclusive effect that the settlement memorialized in this Agreement, and/or any Consent Judgment or other judgment entered on this Agreement, gives rise to under applicable law.

G. *Representation and Warranty.* The signatories hereto on behalf of their respective Settling States and its Participating Subdivisions expressly represent and warrant that they will obtain on or before the Effective Date (or have obtained) the authority to settle and release, to the

maximum extent of the State's power, all Released Claims of (1) their respective Settling States; (2) any of the respective Settling State's past and present executive departments, state agencies, divisions, boards, commissions and instrumentalities with the regulatory authority to enforce state and federal controlled substances acts; (3) any of their respective Settling State's past and present executive departments, agencies, divisions, boards, commissions and instrumentalities that have the authority to bring Claims related to Covered Conduct seeking money (including abatement and/or remediation) or revocation of a pharmaceutical distribution license; and (4) any Participating Subdivisions. For the purposes of clause (3) above, executive departments, agencies, divisions, boards, commission, and instrumentalities are those that are under the executive authority or direct control of the State's Governor. Also, for the purposes of clause (3), a release from a State's Governor as set forth in Exhibit X is sufficient to demonstrate that the appropriate releases have been obtained.

H. *Effectiveness.* The releases set forth in this Agreement shall not be impacted in any way by any dispute that exists, has existed, or may later exist between or among the Releasors. Nor shall such releases be impacted in any way by any current or future law, regulation, ordinance, or court or agency order limiting, seizing, or controlling the distribution or use of the Settlement Fund or any portion thereof, or by the enactment of future laws, or by any seizure of the Settlement Fund or any portion thereof.

I. *Cooperation.* Releasors (1) will not encourage any person or entity to bring or maintain any Released Claim against any Released Entity and (2) will reasonably cooperate with and not oppose any effort by Indivior to secure the prompt dismissal of any and all Released Claims, including suits brought by non-Releasors based on Released Claims. Releasors will meet and confer and make reasonable efforts to resolve any action that is filed by a Subdivision against Indivior on or after the date the Preliminary Agreement Date. This provision shall not require a Settling State to make any monetary payment or adjustment to allocation or incur other obligation.

J. *Non-Released Claims* Notwithstanding the foregoing or anything in the definition of Released Claims, the Agreement does not waive, release or limit any criminal liability, Claims for any outstanding liability under any tax or securities law, Claims against parties who are not Released Entities, Claims by private individuals, Claims for Medicaid rebates, Claims asserted, or that could be asserted, by any State or Subdivision, related to the causes of action in *In re: Generic Pharmaceuticals Pricing Antitrust Litigation*, in the United States District court for the District of Pennsylvania, MDL No. 2724; *Connecticut et al v. Aurobindo Pharma USA, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:16-cv-2056-NPS; *Connecticut et al. v. Teva Pharmaceuticals USA, Inc.*, in the United States District Court for the District of Connecticut, Case No. 3:19-cv-710-NPS; *Connecticut et al v. Sandoz, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:20-cv-802-NPS; and any related action (such excluded claims include, but are not limited to, all antitrust claims and any claims related to any non-opioid generic drugs), and any claims arising under the Agreement for enforcement of the Agreement.

XI. Later Litigating Subdivisions

A. *Released Claims against Released Entities.* If a Later Litigating Subdivision in a Settling State maintains a lawsuit for a Released Claim against a Released Entity after the Reference Date, the following shall apply subject to Section XI.B:

1. The Released Entity shall take ordinary and reasonable measures to defend the action, including filing a Threshold Motion with respect to the Released Claim. The Released Entity shall further notify the Settling State and Settlement Fund Administrator immediately upon notice of a Later Litigating Subdivision bringing a lawsuit for a Released Claim and shall not oppose a Settling State's submission in support of the Threshold Motion. Indivior shall give the relevant Settling State a reasonable opportunity to extinguish the Released Claims without any payment or any other obligations being imposed upon any Released Entities (apart from the Global Settlement Amount payable by Indivior under the Agreement or the Injunctive Relief Terms incurred by it). The relevant Settling State and Indivior shall confer and use reasonable efforts to promptly resolve the lawsuit so that it is dismissed with prejudice. Nothing in this subsection creates an obligation for a Settling State to make a monetary payment or incur any other obligation to an entity filing a lawsuit.

2. If the lawsuit asserting a Released Claim is resolved with finality on terms requiring payment by the Released Entity, Indivior shall receive a dollar-for-dollar offset against Incentive Payment D for the amount paid. The offset shall be applied against the relevant portion of the Annual Remediation Payments starting in Payment Year 4 and working backwards.

3. For the avoidance of doubt, any offset pursuant to this Section XI in a Settling State that at the time is not eligible for Incentive Payment A shall continue to apply even if the Settling State at issue subsequently becomes eligible for Incentive Payment A.

4. "*Terms requiring payment*" shall mean (i) a final monetary judgment or (ii) a settlement; provided that the Released Entity sought the applicable State Attorney General's consent to the settlement and such consent was either obtained or unreasonably withheld. Should the judgment or settlement resolve claims that are not Released Claims, the offset shall be for the Released Claims portion only, which shall be distinguishable in the judgment or settlement.

B. *Exceptions*

1. Section XI.A shall not apply where the Settling State at issue meets the eligibility criteria for and is entitled to Incentive Payment A for the Payment Year at issue, except as expressly provided therein.

2. Section XI.A shall not apply where the Later Litigating Subdivision seeks less than \$10 million, or so long as its total claim is reduced to less than \$10 million, in the lawsuit for a Released Claim at issue.

C. *No Effect on Other Provisions.* An offset under Section XI.A shall not affect the Injunctive Relief Terms or the Consent Judgment.

D. *No Effect on Other States.* An offset under Section XI.A applicable to one State shall not affect the allocation or payment of the Annual Remediation Payment to other Settling States.

E. *Litigating Subdivisions in Non-Eligible States.* The Settling States will not encourage, facilitate, or assist in any manner whatsoever claims for Covered Conduct against Indivior in any Settling, Non-Settling, or Non-Eligible State, regardless of whether those claims were filed against Indivior prior to, on, or after the Effective Date.

XII. Offset

A. *Revoked Bar or Case-Specific Resolution.* If Indivior made any Annual Remediation Payments that included any incentive payments earned as a result of the existence of a Bar or Case-Specific Resolution in a Settling State, and there is subsequently a Revocation Event with respect to that Bar or Case-Specific Resolution after the determination of the amount of such Annual Remediation Payment, Indivior shall receive a dollar-for-dollar offset against the portion of remaining Annual Remediation Payments that would be allocated to that Settling State and its Participating Subdivisions. This offset will be calculated as the dollar amount difference between (1) the total amount of incentive payments paid by Indivior by virtue of the Bar or Case-Specific Resolution subject to the Revocation Event and (2) the total amount of incentive payments that would have been due from Indivior during that time had the Bar or Case-Specific Resolution subject to the Revocation Event not been in effect. The amount of incentive payments that would have been due, referenced in clause (2) above, will be calculated one hundred eighty (180) calendar days after the Revocation Event; for purposes of calculating the amount of incentive payments that would have been due, any relevant Subdivision shall be included as a Participating Subdivision if: (1) its Released Claims are extinguished by any subsequent Bar or Case-Specific Resolution in effect as of the date of such calculation, or (2) it becomes a Participating Subdivision (in addition to all other Participating Subdivisions) prior to the date of such calculation.

XIII. Miscellaneous

A. *Population of General Purpose Governments.* The population figures for General Purpose Governments shall be the published U.S. Census Bureau's population estimates for July 1, 2019, released May 2020. These population figures shall remain unchanged during the term of this Agreement.

B. *Population of Special Districts.* For any purpose in this Agreement in which the population of a Special District is used other than Section IV.H.4.c: (a) School Districts' population will be measured by the number of students enrolled who are eligible under the Individuals with Disabilities Education Act ("*IDEA*") or Section 504 of the Rehabilitation Act of 1973; (b) Health Districts' and Hospital Districts' population will be measured at twenty-five percent (25%) of discharges; and (c) all other Special Districts' (including Fire Districts' and Library Districts')

population will be measured at ten percent (10%) of the population served.⁹ For the avoidance of doubt, this means that California healthcare districts will be measured at ten percent (10%) of their membership. Indivior and the Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Preliminary Agreement Date.

C. *Population Associated with Sheriffs.* For any purpose in this Agreement in which the population associated with a lawsuit by a sheriff is used, the population will be measured at twenty percent (20%) of the capacity of the jail(s) operated by the sheriff.

D. *No Admission.* Indivior does not admit liability or wrongdoing. Neither this Agreement nor the Consent Judgments shall be considered, construed or represented to be (1) an admission, concession or evidence of liability or wrongdoing or (2) a waiver or any limitation of any defense otherwise available to Indivior.

E. *Tax Cooperation and Reporting.*

1. Upon request by Indivior, the Settling States and Participating Subdivisions agree to perform such further acts and to execute and deliver such further documents as may be reasonably necessary for Indivior to establish the statements set forth in Section V.F to the satisfaction of their tax advisors, their independent financial auditors, the Internal Revenue Service, or any other governmental authority, including as contemplated by 26 C.F.R. § 1.162-21(b)(3)(ii) and any subsequently proposed or finalized relevant regulations or administrative guidance.

2. Without limiting the generality of Section XIII.E.1, each Settling State and Participating Subdivision shall cooperate in good faith with Indivior with respect to any tax claim, dispute, investigation, audit, examination, contest, litigation, or other proceeding relating to this Agreement.

3. Pursuant to 26 C.F.R. § 1.6050X-1(a) and (b), the Designated State, on behalf of all Settling States and Participating Subdivisions, shall designate one of its officers or employees to act as the “appropriate official” within the meaning of 26 C.F.R. § 1.6050X-1(f)(1)(ii)(B) (the “Appropriate Official”). The Designated State shall direct and ensure that the Appropriate Official timely (a) files (i) at the time this Agreement becomes binding on the Parties, an IRS Form 1098-F in the form attached as Exhibit U with respect to Indivior and (ii) any legally required forms, returns or amended returns with any applicable governmental authority, or any returns requested by Indivior, and (b) provides to Indivior a copy of (i) the IRS Form 1098-F filed with respect to Indivior and (ii) any legally required written statement pursuant to any applicable law and any other document referred to in

⁹ The estimates for counties and parishes were accessed at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-counties-total.html>. The estimates for cities and towns can currently be found at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-total-cities-and-towns.html>.

clause (a)(ii) above. Any such forms, returns, or statements shall be prepared and filed in a manner fully consistent with Section V.F. and as set forth in Section XIII.E.4.

4. Any form, return, amended return, or written statement filed or provided pursuant to Section XIII.E.3, and any similar document, shall be prepared and filed in a manner consistent with reporting the Global Settlement Amount as the “Total amount to be paid” pursuant to this Agreement in Box 1 of IRS Form 1098-F and the Compensatory Restitution Amount as “Restitution/remediation amount” in Box 3 of IRS Form 1098-F, as reflected in the attached Exhibit U. If the Designated State or Appropriate Official shall be required to file any form, return, amended return, or written statement contemplated by this Section XIII.E other than an IRS Form 1098-F in the form attached as Exhibit U, the Designated State shall direct and ensure that the Appropriate Official provides to Indivior a draft of such form, return, amended return, or written statement no later than sixty (60) calendar days prior to the due date thereof, and shall accept any reasonable revisions from Indivior on the return, amended return, or written statement.

5. For the avoidance of doubt, neither Indivior nor the Settling States and Participating Subdivisions make any warranty or representation to any Settling State, Participating Subdivision, or Releasor as to the tax consequences of the payment of the Compensatory Restitution Amount (or any portion thereof).

F. *No Third-Party Beneficiaries.* Except as expressly provided in this Agreement, no portion of this Agreement shall provide any rights to, or be enforceable by, any person or entity that is not the Settling State or Released Entity. Settling States may not assign or otherwise convey any right to enforce any provision of this Agreement.

G. *Calculation.* Any figure or percentage referred to in this Agreement shall be carried to seven decimal places.

H. *Construction.* None of the Parties and no Participating Subdivision shall be considered to be the drafter of this Agreement or of any of its provisions for the purpose of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this Agreement. The headings of the provisions of this Agreement are not binding and are for reference only and do not limit, expand, or otherwise affect the contents or meaning of this Agreement.

I. *Cooperation.* Each Party and each Participating Subdivision agrees to use its best efforts and to cooperate with the other Parties and Participating Subdivisions to cause this Agreement and the Consent Judgments to become effective, to obtain all necessary approvals, consents and authorizations, if any, and to execute all documents and to take such other action as may be appropriate in connection herewith. Consistent with the foregoing, each Party and each Participating Subdivision agrees that it will not directly or indirectly assist or encourage any challenge to this Agreement or any Consent Judgment by any other person and will support the integrity and enforcement of the terms of this Agreement and the Consent Judgments.

J. *Entire Agreement.* This Agreement, including its exhibits and any other attachments, embodies the entire agreement and understanding between and among the Parties and Participating Subdivisions relating to the subject matter hereof and supersedes (1) all prior agreements and understandings relating to such subject matter, whether written or oral and (2) all purportedly contemporaneous oral agreements and understandings relating to such subject matter.

K. *Execution.* This Agreement may be executed in counterparts and by different signatories on separate counterparts, each of which shall be deemed an original, but all of which shall together be one and the same Agreement. One or more counterparts of this Agreement may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart hereof. One or more counterparts of this Agreement may be signed by electronic signature.

L. *Good Faith and Voluntary Entry.* Each Party warrants and represents that it negotiated the terms of this Agreement in good faith. Each of the Parties and Participating Subdivisions warrants and represents that it freely and voluntarily entered into this Agreement without any degree of duress or compulsion. The Parties and Participating Subdivisions state that no promise of any kind or nature whatsoever (other than the written terms of this Agreement) was made to them to induce them to enter into this Agreement.

M. *Legal Obligations.* Nothing in this Agreement shall be construed as relieving Indivior of the obligation to comply with all state and federal laws, regulations or rules, nor shall any of the provisions herein be deemed to be permission to engage in any acts or practices prohibited by such laws, regulations, or rules.

N. *No Prevailing Party.* The Parties and Participating Subdivisions each agree that they are not the prevailing party in this action, for purposes of any claim for fees, costs, or expenses as prevailing parties arising under common law or under the terms of any statute, because the Parties and Participating Subdivisions have reached a good faith settlement.

O. *Waive Challenge.* The Parties and Participating Subdivisions each further waive any right to challenge or contest the validity of this Agreement on any ground, including, without limitation, that any term is unconstitutional or is preempted by, or in conflict with, any current or future law. Nothing in the previous sentence shall modify, or be construed to conflict with, Section XIII.M.

P. *Non-Admissibility.* The settlement negotiations resulting in this Agreement have been undertaken by the Parties and by certain representatives of the Participating Subdivisions in good faith and for settlement purposes only, and no evidence of negotiations or discussions underlying this Agreement shall be offered or received in evidence in any action or proceeding for any purpose. This Agreement shall not be offered or received in evidence in any action or proceeding for any purpose other than in an action or proceeding arising under or relating to this Agreement.

Q. *Notices.* All notices or other communications under this Agreement shall be in writing (including, but not limited to, electronic communications) and shall be given to the recipients indicated below:

For the Attorney(s) General:

Jeff Jackson, Attorney General
North Carolina Department of Justice
Attn: Daniel Mosteller, Associate Deputy Attorney General
PO Box 629
Raleigh, NC 27602
Dmosteller@ncdoj.gov

Jonathan Skrmetti, Attorney General
Tennessee Attorney General's Office
Attn: Michael Leftwich, Senior Deputy Attorney General
Hamilton Millwee, Assistant Attorney General
P.O. Box 20207
Nashville, TN 37202
Michael.Leftwich@ag.tn.gov
Hamilton.Millwee@ag.tn.gov

Letitia James, Attorney General
New York State Attorney General
Attn: Jennifer Levy, First Deputy Attorney General
Monica Hanna, Special Counsel
Matthew Conrad, Assistant Attorney General
28 Liberty Street, New York, NY 10005
Jennifer.Levy@ag.ny.gov
Monica.Hanna@ag.ny.gov
Matthew.Conrad@ag.ny.gov

For the Plaintiffs' Executive Committee:

Co-leads
Jayne Conroy
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112 Madison Avenue
7th Floor
New York, NY 10016-7416
JConroy@simmonsfirm.com
Joseph F. Rice
Motley Rice LLC
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Mount Pleasant, SC 29464
jrice@motleyrice.com

For Indivior:

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kate.mancuso@hoganlovells.com

Any Party or the Plaintiffs' Executive Committee may change or add the contact information of the persons designated to receive notice on its behalf by notice given (effective upon the giving of such notice) as provided in this Section XIII.Q.

R. *No Waiver.* The waiver of any rights conferred hereunder shall be effective only if made by written instrument executed by the waiving Party or Parties. The waiver by any Party of any breach of this Agreement shall not be deemed to be or construed as a waiver of any other breach, whether prior, subsequent, or contemporaneous, nor shall such waiver be deemed to be or construed as a waiver by any other Party.

S. *Preservation of Privilege.* Nothing contained in this Agreement or any Consent Judgment, and no act required to be performed pursuant to this Agreement or any Consent

Judgment, is intended to constitute, cause, or effect any waiver (in whole or in part) of any attorney-client privilege, work product protection, or common interest/joint defense privilege, and each Party and Participating Subdivision agrees that it shall not make or cause to be made in any forum any assertion to the contrary.

T. *Successors.*

1. This Agreement shall be binding upon, and inure to the benefit of, Indivior and its respective successors and assigns.

2. Indivior shall not, in one (1) transaction or a series of related transactions, sell or transfer U.S. assets having a fair market value equal to twenty-five percent (25%) or more of the consolidated assets of Indivior (other than sales or transfers of inventories, or sales or transfers to an entity owned directly or indirectly by Indivior) where the sale or transfer is announced after the Reference Date, is not for fair consideration, and would foreseeably and unreasonably jeopardize Indivior's ability to make the payments under this Agreement or its obligations regarding Settlement Product under Section XIV following the close of a sale or transfer transaction, unless Indivior obtains the acquiror's agreement that it will be either a guarantor of or successor to the percentage of Indivior's remaining payment obligations under this Agreement equal to the percentage of Indivior's consolidated assets being sold or transferred in such transaction. Percentages under this section shall be determined in accordance with United States generally accepted accounting principles and as of the date of Indivior's most recent publicly filed consolidated balance sheet prior to the date of entry into the sale or transfer agreement at issue. This Section XIII.T shall be enforceable solely by the Settling States, and any objection under this Section XIII.T not raised within sixty (60) calendar days of the announcement of the relevant transaction is waived.

U. *Modification, Amendment, Alteration.* In the event the Plaintiffs' Executive Committee, the Executive Committee of the State Attorneys General, or Indivior concludes prior to the Reference Date that technical corrections are required to this Agreement, the Plaintiffs' Executive Committee, the Executive Committee of the State Attorneys General, and Indivior shall meet and confer and make such amendments as they agree are appropriate. After the Reference Date, any modification, amendment, or alteration of this Agreement by the Parties shall be binding only if evidenced in writing signed by Indivior, along with the signature of at least two-thirds of those then serving as Attorney General of the Settling States along with a representation from each Attorney General that either: (1) the advisory committee or similar entity established or recognized by that Settling State (either pursuant to Section V.E.2.d, by a State-Subdivision Agreement, or by statute) voted in favor of the modification, amendment or alteration of this Agreement including at least one member appointed by the Participating Subdivisions listed on Exhibit G; or (2) in Settling States without any advisory committee, that 50.1% (by population) of the Participating Subdivisions listed on Exhibit G expressed approval of the modification, amendment, or alteration of this Agreement in a writing.

V. *Termination.*

1. Unless otherwise agreed to by each of Indivior and the Settling States, this Agreement and all of its terms (except Section XIII.P and any other non-admissibility provisions, which shall continue in full force and effect) shall be canceled and terminated with respect to the Settling State, and the Agreement and all orders issued by the courts in the Settling State pursuant to the Agreement shall become null and void and of no effect if one or more of the following conditions applies:

a. a Consent Judgment approving this Agreement without modification of any of the Agreement's terms has not been entered as to a Settling State by a court of competent jurisdiction on or before one hundred eighty (180) calendar days after the Effective Date; or

b. this Agreement or the Consent Judgment as to that Settling State has been disapproved by a court of competent jurisdiction to which it was presented for approval and/or entry (or, in the event of an appeal from or review of a decision of such a court to approve this Agreement and the Consent Judgment, by the court hearing such appeal or conducting such review), and the time to appeal from such disapproval has expired, or, in the event of an appeal from such disapproval, the appeal has been dismissed or the disapproval has been affirmed by the court of last resort to which such appeal has been taken and such dismissal or disapproval has become no longer subject to further appeal (including, without limitation, review by the United States Supreme Court).

2. If this Agreement is terminated with respect to a Settling State for whatever reason pursuant to Section XIII.V.1, then:

a. an applicable statute of limitation or any similar time requirement (excluding any statute of repose) shall be tolled from the date the Settling State signed this Agreement until the later of the time permitted by applicable law or for one year from the date of such termination, with the effect that Indivior and the Settling State shall be in the same position with respect to the statute of limitation as they were at the time the Settling State filed its action; and

b. Indivior and the Settling State shall jointly move the relevant court of competent jurisdiction for an order reinstating the actions and claims dismissed pursuant to the terms of this Agreement governing dismissal, with the effect that Indivior and the Settling State shall be in the same position with respect to those actions and claims as they were at the time the action or claim was stayed or dismissed.

3. Unless Indivior and the Enforcement Committee agree otherwise, this Agreement, with the exception of the Injunctive Relief Terms that have their own provisions on duration, shall terminate as of the Payment Date for Payment Year 5, *provided* that Indivior has performed its payment and Settlement Product obligations under the Agreement as of that

date. Notwithstanding any other provision in this Section XIII.V.3 or in this Agreement, all releases under this Agreement will remain effective despite any termination under this Section XIII.V.3.

W. *Governing Law.* Except as (1) otherwise provided in this Agreement or (2) as necessary, in the sole judgment of the National Arbitration Panel, to promote uniformity of interpretation for matters within the scope of the National Arbitration Panel's authority, this Agreement shall be governed by and interpreted in accordance with the respective laws of the Settling State, without regard to the conflict of law rules of such Settling State, that is seeking to enforce the Agreement against Indivior or against which Indivior is seeking enforcement. Notwithstanding any other provision in this subsection on governing law, any disputes relating to the Settlement Fund Escrow shall be governed by and interpreted in accordance with the law of the state where the escrow agent has its primary place of business.

X. *Bankruptcy.* The following provisions shall apply if Indivior enters bankruptcy and (i) the Indivior bankruptcy estate recovers, pursuant to 11 U.S.C. § 550, any payments made under this Agreement, or (ii) this Agreement is deemed executory and is rejected by Indivior pursuant to 11 U.S.C. § 365:

1. In the event that the both a number of Settling States equal to at least seventy-five percent (75%) of the total number of Settling States and Settling States having aggregate State Allocation Percentages as set forth on Exhibit F equal to at least seventy-five percent (75%) of the total aggregate State Allocation Percentages assigned to all Settling States deem (by written notice to Indivior) that the financial obligations of this Agreement have been terminated and rendered null and void (except as provided in Section XIII.X.1.a) due to a material breach by Indivior, whereupon:

a. all agreements, all concessions, all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall immediately and automatically be deemed null and void as to Indivior; the Settling States shall be deemed immediately and automatically restored to the same position they were in immediately prior to their entry into this Settlement Agreement in respect to Indivior and the Settling States shall have the right to assert any and all claims against Indivior in the bankruptcy or otherwise without regard to any limits or agreements as to the amount of the settlement otherwise provided in this Agreement; *provided, however*, that notwithstanding the foregoing sentence, (i) all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall remain in full force and effect as to all persons or entities other than Indivior itself; and (ii) in the event the Settling State asserts any Released Claim against Indivior after the rejection and/or termination of this Agreement as described in this Section XIII.X.1.a and receives a judgment, settlement or distribution arising from such Released Claim, then the amount of any payments the Settling State has previously received from Indivior under this Agreement shall be applied to reduce the amount of any such judgment, settlement

or distribution (provided that no credit shall be given against any such judgment, settlement or distribution for any payment that the Settling State is required to disgorge or repay to Indivior's bankruptcy estate); and

b. the Settling States may exercise all rights provided under the federal Bankruptcy Code (or other applicable bankruptcy or non-bankruptcy law) with respect to their Claims against Indivior subject to all defenses and rights of the Indivior.

Y. *Waiver.* Indivior, for good and valuable consideration the receipt of which is acknowledged, hereby (a) waives, foregoes and relinquishes all rights to utilize and/or seek relief under any of the following laws of the State of Texas for the restructuring of its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement: Tex. Bus. Orgs. Code § 10.003 (Contents of Plan of Merger: More Than One Successor) or any other statute of Subchapter A of Chapter 10 of Tex. Bus. Orgs. Code to the extent such statute relates to multi-successor mergers (and/or any other similar laws or statutes in any other state or territory); Tex. Bus. Orgs. Code §§ 11.01–11.414 (Winding Up and Termination of Domestic Entity); or Tex. Bus. & Com. Code §§ 23.01–23.33 (Assignments for the Benefit of Creditors) (collectively, the “Texas Statutes”), and (b) agrees, warrants and represents that it will not file, request or petition for relief under the Texas Statutes related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement, in each case until such time as all of Indivior's payment obligations incurred hereunder are satisfied in full. The foregoing waiver and relinquishment includes, without limitation, until such time as all of Indivior's payment obligations incurred hereunder are satisfied in full, Indivior's rights to execute a divisional merger or equivalent transaction or restructuring related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement that in each case has the intent or foreseeable effect of (i) separating material assets from material liabilities and (ii) assigning or allocating all or a substantial portion of those liabilities to any subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code, or pursuant to which such subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code would be assuming or retaining all or a substantial portion of those liabilities.

XIV. Settlement Product

A. The Settlement Products are Indivior's SUBLOCADE® (buprenorphine extended-release) injection for subcutaneous use and Indivior's OPVEE® (nalmefene) nasal spray. For the purposes of this agreement, Indivior has agreed to provide the Settling States Settlement Product valued at \$140,000,000. The Settlement Product consists of SUBLOCADE® (available in 100mg and 300mg), valued at a fixed Wholesale Acquisition Cost (WAC) of \$2,017.34 per unit, and OPVEE® 2.7mg, valued at a fixed WAC of \$98.00 per unit, allocated in accordance with the allocation percentage as reflected in Exhibit F. For the avoidance of doubt, if a Settling State does not elect to participate in the settlement, that State's Settlement Product Allocation will not be the

responsibility of Indivior and will not be transferred to the allocation of other Settling States. Indivior shall cover the cost of the Settlement Product distribution set forth in this Agreement. For the avoidance of doubt, Participating Subdivisions and Special Districts are not eligible to make a Settlement Product election pursuant to this Agreement.

B. Consistent with the Settlement Product Election Form contained in Exhibit D, each Settling State shall have the discretion to convert any portion of the Settlement Product allocated to the Settling State into a cash value equaling twenty-five percent (25%) of the WAC value of the Settling State's allocated Settlement Product. Unless cash conversion amounts are specifically addressed in a State-Subdivision Agreement or Allocation Statute, a Settling State's Settlement Product Cash Conversion Amount shall be disbursed to the Settling State in the same manner as its Remediation Accounts Fund payments are made pursuant to Section V. This cash conversion payment is due on the Payment Date of Payment Year 5. The Settling State's election shall apply and remain in place for each following Payment Year unless the Settling State notifies Indivior of a change to the Settling State's election form at least ninety (90) days prior to the Payment Date for that Payment Year. If a Settling State does not elect to receive all of its allocation in its initial notice, such Settling State may submit a new or updated Settlement Product Election Form in lieu of converting the outstanding portion of Settlement Product to cash value and Indivior and the Settling States agree to work in good faith to maximize the availability of Settlement Product.

C. A Settling State that has submitted a Settlement Product Election Form may place periodic orders for Settlement Product consistent with this Section XIV and Exhibit D. A Settling State may request up to twenty-five percent (25%) of its full Settlement Product allocation for each Payment Year 2-5.

D. Within thirty (30) days of the Effective Date, each Settling State shall notify Indivior and the Settlement Fund Administrator of its Settlement Product election by submitting the Settlement Product Election Form reflected in Exhibit D.

E. Settling States that do not make a Settlement Product Election within 30 days of the Effective Date shall be deemed to have elected to receive the full Settlement Product Cash Conversion Amount, allocated in accordance with the State Allocation Percentage as reflected in Exhibit F.

F. In the event of a Force Majeure Event, Indivior shall promptly provide written notice to the Settling States. Indivior and the States shall meet and confer within seven (7) days of such written notice to establish a commercially reasonable plan to resolve any inability to supply as quickly as reasonably possible, it being understood that, unless otherwise agreed to by the Parties, it is Indivior's obligation to use reasonable efforts which are consistent with accepted industry practices to resume performance as soon as practicable under the circumstances.

G. Settling States shall not be permitted to return to Indivior any Settlement Product under any circumstances other than a recall of the Settlement Product initiated by Indivior or FDA,

in which case Indivior's sole obligation shall be to supply the same number of Settlement Product units to replace the recalled product.

H. The Parties understand that the provision of Settlement Product constitutes compensatory restitution within the meaning of 26 U.S.C. § 162(f)(2)(A) and that the receipt of Settlement Product must be reported on IRS Form 1098-F consistent with subsection XIII.E.

MYLAN SETTLEMENT AGREEMENT

MYLAN SETTLEMENT AGREEMENT

This Settlement Agreement, dated as of April 4, 2025 (the “*Agreement*”), sets forth the terms of settlement between and among the Settling States, the Participating Subdivisions, and Mylan (as those terms are defined below). Upon satisfaction of the conditions set forth in Sections II and VIII, this Agreement will be binding on the Settling States, Mylan, and the Participating Subdivisions. This Agreement will then be filed as part of a Consent Judgment in the respective courts of each of the Settling States, pursuant to the terms set forth in Section VIII.

I. Definitions

Unless otherwise specified, the following definitions apply:

A. “*Additional Remediation Amount.*” The amount available to the Settling States totaling up to \$5,688,958 to be paid in accord with the payment schedule at Exhibit M-3.

B. “*Adjusted Maximum Remediation Payment.*” The Maximum Remediation Payment reduced by the State Allocation Percentage for each Non-Settling State on Exhibit F.

C. “*Agreement.*” This agreement, as set forth above. For the avoidance of doubt, this Agreement is inclusive of all exhibits.

D. “*Alleged Harms.*” The alleged past, present, and future damages, harms, losses, and related expenditures allegedly incurred by the Settling States and Participating Subdivisions arising out of the use of Products, non-exclusive examples of which are described in the documents listed on Exhibit A, that have allegedly arisen as a result of the physical and bodily injuries sustained by individuals suffering from opioid-related addiction, death, and other related diseases and disorders, and that have allegedly been caused by Released Entities.

E. “*Allocation Statute.*” A state law that governs allocation, distribution, and/or use of some or all of the Settlement Fund amounts allocated to that Settling State and/or its Subdivisions. An Allocation Statute may, without limitation, contain a Statutory Trust, further restrict expenditures of funds, form an advisory committee, establish oversight and reporting requirements, or address other default provisions and other matters related to the funds. An Allocation Statute is not required to address all three (3) types of funds comprising the Settlement Fund or all default provisions.

F. “*Annual Fees Payment.*” The amounts payable by Mylan in each Payment Year comprised of the Additional Remediation Amount payment and the Private Attorney Fees payment, and not including the Annual Remediation Payment.

G. *“Annual Remediation Maximum.”* The total amount available to Eligible States for Annual Remediation Payments in each Payment Year as set forth in the “Maximum Annual Remediation Payment” column of Exhibit M-1. In no event shall an Annual Remediation Payment in Payment Years 1-2, or 5-9 exceed the Annual Remediation Maximum for that Payment Year set forth in Exhibit M-1. For Payment Years 3-4, the Annual Remediation Payment may exceed the Annual Remediation Maximum for that Payment Year only to the extent needed for the Incentive Payment A Catch-up Payment for a Settling State that has not earned some or all of Incentive Payment BC in prior Payment Years, having resulted in correspondingly lower Annual Remediation Payments in those prior Payment Years.

H. *“Annual Remediation Payment.”* The amount payable to the Settlement Fund by Mylan for Settling States’ Base Payments and Incentive Payments on the Payment Date for each Payment Year, as calculated by the Settlement Fund Administrator.

I. *“Appropriate Official.”* As defined in Section XIII.E.3.

J. *“Bankruptcy Code.”* Title 11 of the United States Code, 11 U.S.C. § 101, et seq.

K. *“Bar.”* Either: (1) a law barring Subdivisions in a Settling State from maintaining or asserting Released Claims against Released Entities (either through a direct bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by the highest court of the Settling State (or, in a Settling State with a single intermediate court of appeals, the intermediate court of appeals) when setting forth the general principle that Subdivisions in the Settling State may not maintain or assert any Released Claims against Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the Annual Remediation Payments by Mylan under this Agreement) shall not constitute a Bar.

L. *“Base Payment.”* As defined in Section IV.G.

M. *“Case-Specific Resolution.”* Either: (1) a law barring the Subdivision at issue from maintaining any Released Claims against any Released Entities (either through a direct Bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by a court of competent jurisdiction over the Subdivision at issue that the Subdivision may not maintain any Released Claims at issue against any Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the annual payments by Mylan under this Agreement) shall not constitute a Case-Specific Resolution.

N. *“Claim.”* Any past, present or future cause of action, claim for relief, cross-claim or counterclaim, theory of liability, demand, derivative claim, request, assessment, charge, covenant, damage, debt, lien, loss, fine, penalty, restitution, reimbursement, disgorgement, expenses, judgment, right, obligation, dispute, suit, contract, controversy, agreement, *parens patriae* claim, promise, performance, warranty, omission, or grievance of any nature whatsoever, whether legal, equitable, statutory, regulatory or administrative, whether arising under federal, state or local common law, statute, regulation, guidance, ordinance or principles of equity, whether filed or unfiled, whether asserted or unasserted, whether known or unknown, whether accrued or

unaccrued, whether foreseen, unforeseen or unforeseeable, whether discovered or undiscovered, whether suspected or unsuspected, whether fixed or contingent, and whether existing or hereafter arising, in all such cases, including, but not limited to, any request for declaratory, injunctive, or equitable relief, compensatory, punitive, or statutory damages, absolute liability, strict liability, restitution, remediation, subrogation, contribution, indemnity, apportionment, disgorgement, reimbursement, attorney fees, expert fees, consultant fees, fines, penalties, expenses, costs or any other legal, equitable, civil, administrative, or regulatory remedy whatsoever.

O. *“Claim-Over.”* A Claim asserted by a Non-Released Entity against a Released Entity on the basis of contribution, indemnity, or other claim-over on any theory relating to a Non-Party Covered Conduct Claim asserted by a Releasor.

P. *“Compensatory Restitution Amount.”* The aggregate amount paid or incurred by Mylan hereunder for Opioid Remediation, which includes each Annual Remediation Payment and does not include amounts paid as attorneys’ fees and costs or identified pursuant to Section V.B.2 as being used to pay attorneys’ fees, investigation costs or litigation costs, which shall be up to the amount of the Adjusted Maximum Remediation Payment.

Q. *“Consent Judgment.”* A consent judgment in a form to be agreed by the Settling States and Mylan prior to the Effective Date that, among other things, (1) approves this Agreement and (2) provides for the release set forth in Section X.A, including the dismissal with prejudice of any Released Claims that the Settling State has brought against Released Entities.

R. *“Covered Conduct”* means any actual or alleged act, failure to act, negligence, statement, error, omission, breach of any duty, conduct, event, transaction, agreement, service, work, sale, misstatement, misleading statement, or other activity of any kind whatsoever from the beginning of time through the Reference Date (and any past, present, or future consequence of any such act, failure to act, negligence, statement, error, omission, breach of duty, conduct, event, transaction, agreement, service, work, sale, misstatement, misleading statement, or other activity) arising from or relating in any way to (a) compounding, counseling, and documentation related to any Product or class of Products; (b) the availability, discovery, research, development, manufacture, packaging, repackaging, marketing, promotion, advertising, labeling, relabeling, recall, withdrawal, distribution, delivery, monitoring, reporting, regulatory compliance supply, sale, prescribing, dispensing, physical security, warehousing, use or abuse of, or operating procedures relating to any Product, or any system, plan, policy, procedure, or advocacy relating to any Product or class of Products, including but not limited to any unbranded or branded promotion, marketing, or advertising, information, patient support or assistance, educational programs, consultancy, research, other programs or campaigns, lobbying, grants, sponsorships, charitable donations, or other funding relating to any Product or class of Products; (c) the characteristics, properties, risks, or benefits of any Product or class of Products; (d) the monitoring or non-monitoring of orders placed of any Product; (e), reporting, disclosure, non-monitoring, non-reporting or non-disclosure to federal, state or other regulators of orders for any Product placed with any Released Entity; (f) the selective breeding, harvesting, extracting, purifying, exporting, importing, applying for quota for, procuring quota for, handling, promoting, manufacturing, processing, packaging, supplying, distributing, converting, or selling of, or otherwise engaging in any activity relating to, precursor or component Products, including but not limited to natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, or any

related intermediate Products; or (g) diversion control programs, suspicious order monitoring, or regulatory compliance related to any Product.

S. “*Designated State.*” The State of New York.

T. “*Effective Date.*” The date sixty (60) calendar days after the Reference Date.

U. “*Eligible States.*” The states, commonwealths, and territories of the United States of America, excluding West Virginia. The 55 Eligible States are listed in Exhibit F.

V. “*Enforcement Committee.*” A committee consisting of representatives of the Settling States and of the Participating Subdivisions. Exhibit B contains the organizational bylaws of the Enforcement Committee. Notice pursuant to Section XIII.Q shall be provided when there are changes in membership or contact information.

W. “*Final Order.*” An order or judgment of a court of competent jurisdiction with respect to the applicable subject matter (1) which has not been reversed or superseded by a modified or amended order, is not currently stayed, and as to which any right to appeal or seek certiorari, review, reargument, stay, or rehearing has expired, and as to which no appeal or petition for certiorari, review, reargument, stay, or rehearing is pending, or (2) as to which an appeal has been taken or petition for certiorari, review, reargument, stay, or rehearing has been filed and (a) such appeal or petition for certiorari, review, reargument, stay, or rehearing has been resolved by the highest court to which the order or judgment was appealed or from which certiorari, review, reargument, stay, or rehearing was sought, or (b) the time to appeal further or seek certiorari, review, reargument, stay, or rehearing has expired and no such further appeal or petition for certiorari, review, reargument, stay, or rehearing is pending.

X. “*Global Settlement Amount.*” The Global Settlement Amount is \$325,408,416, which is composed of the Maximum Remediation Payment, Private Attorney Fees, and Additional Remediation Amount.

Y. “*Implementation Administrator.*” Rubris, Inc., which is the vendor that will be retained by Mylan to provide notice pursuant to Section VII.A and to manage the initial joinder period for Subdivisions, including the issuance and receipt of Subdivision Participation Agreements.

Z. “*Incentive Payment A.*” The incentive payment described in Section IV.H.4.

AA. “*Incentive Payment A Catch-up Payment.*” As defined in Section IV.H.4.f.

BB. “*Incentive Payment BC.*” The incentive payment described in Section IV.H.5.

CC. “*Incentive Payment D.*” The incentive payment described in Section IV.H.6.

DD. “*Initial Participating Subdivision.*” A Subdivision that meets the requirements set forth in Section VII.D.

EE. *“Initial Participation Date.”* The date ninety (90) calendar days after the Preliminary Agreement Date, unless it is extended by written agreement of Mylan and the Enforcement Committee.

FF. *“Injunctive Relief Terms.”* The terms described in Section III and set forth in Exhibit P.

GG. *“Later Litigating Subdivision.”* A Subdivision (or Subdivision official asserting the right of or for the Subdivision to recover for Alleged Harms to the Subdivision and/or the people thereof) that: (1) first files a lawsuit bringing a Released Claim against a Released Entity after the Reference Date; or (2) adds a Released Claim against a Released Entity after the Reference Date to a lawsuit brought before the Reference Date that, prior to the Reference Date, did not include any Released Claims against a Released Entity; or (3) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a legislative Bar or legislative Case-Specific Resolution as of the Reference Date, (b) such legislative Bar or legislative Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) the earlier of the date of completion of opening statements in a trial in an action brought by a Subdivision in that Settling State that includes a Released Claim against a Released Entity or one hundred eighty (180) days from the Revocation Event passes without a Bar or Case-Specific Resolution being implemented as to that Litigating Subdivision or the Litigating Subdivision's Released Claims being dismissed; or (4) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a judicial Bar or judicial Case-Specific Resolution as of the Reference Date, (b) such judicial Bar or judicial Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) such Litigating Subdivision takes any action in its lawsuit asserting a Released Claim against a Released Entity other than seeking a stay or dismissal.

HH. *“Later Participating Subdivision.”* A Participating Subdivision that is not an Initial Participating Subdivision, but meets the requirements set forth in Section VII.E.

II. *“Litigating Subdivision.”* A Subdivision (or Subdivision official) that brought any Released Claim against any Released Entity prior to the Reference Date. Exhibit C is an agreed list of all Litigating Subdivisions. Exhibit C will be updated (including with any corrections) periodically, and a final version of Exhibit C will be attached hereto as of the Reference Date.

JJ. *“Maximum Remediation Payment.”* The maximum amount owed by Mylan to the Settling States and Subdivisions, exclusive of the Private Attorney Fees and the Additional Remediation Amount. The amount of the Maximum Remediation Payment is \$284,447,916.

KK. *“Mylan.”* Viatris Inc.

LL. *“National Arbitration Panel.”* The panel comprised as described in Section VI.F.3.b.

MM. *“National Disputes.”* As defined in Section VI.F.3.a.

NN. *“Non-Litigating Subdivision.”* Any Subdivision that is not a Litigating Subdivision.

OO. *“Non-Participating Subdivision.”* Any Subdivision that is not a Participating Subdivision.

PP. *“Non-Party Covered Conduct Claim.”* A Claim against any Non-Released Entity involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity).

QQ. *“Non-Party Settlement.”* A settlement by any Releasor that settles any Non-Party Covered Conduct Claim and includes a release of any Non-Released Entity.

RR. *“Non-Released Entity.”* An entity that is not a Released Entity.

SS. *“Non-Settling State.”* Any Eligible State that is not a Settling State.

TT. *“Opioid Remediation.”* Care, treatment, and other programs and expenditures (including reimbursement for past such programs or expenditures¹ except where this Agreement restricts the use of funds solely to future Opioid Remediation) designed to (1) address the use of opioid products in the Settling States, (2) treat or mitigate opioid use or related disorders in the Settling States, or (3) mitigate other alleged effects of, including on those injured as a result of, the opioid epidemic in the Settling States. Exhibit E provides a non-exhaustive list of expenditures that qualify as being paid for Opioid Remediation. Qualifying expenditures may include reasonable related administrative expenses in connection with the above.

UU. *“Participating Subdivision.”* Any Subdivision that meets the requirements for becoming a Participating Subdivision under Section VII.B and Section VII.C. Participating Subdivisions include both Initial Participating Subdivisions and Later Participating Subdivisions but not Prior Litigating Subdivisions.

VV. *“Participation Percentage of Incentive BC Eligible Subdivision Population.”* As defined in Section IV.H.5.e.

WW. *“Parties.”* Mylan and the Settling States (each, a “Party”).

XX. *“Payment Date.”* The date by which Mylan makes the Annual Remediation Payment and the Annual Fees Payment. The Payment Date shall be July 25, 2025, for Payment Year 1 as outlined in Section IV.D.1, and March 1 for each subsequent Payment Year.

YY. *“Payment Year.”* The calendar year during which the applicable Annual Remediation Payment and the Annual Fees Payment are due. Payment Year 1 is 2025, Payment Year 2 is 2026 and so forth. References to payment “*for a Payment Year*” mean the Annual Remediation Payment and/or Annual Fees Payment due during that year. References to eligibility “*for a Payment Year*” mean eligibility in connection with the Annual Remediation Payment and/or Annual Fees Payment due during that year.

¹ Reimbursement includes amounts paid to any governmental entities for past expenditures or programs.

ZZ. “*Preliminary Agreement Date.*” The date on which Mylan is to inform the Settling States of its determination that the condition in Section II.B has been satisfied. The Preliminary Agreement Date shall be no more than fourteen (14) calendar days after the end of the notice period to Eligible States, unless it is extended by written agreement of Mylan and the Enforcement Committee.

AAA. “*Primary Fire District.*” A fire district that covers a population of 25,000, or 0.20% of an Eligible State’s population if an Eligible State’s population is greater than 18 million. If not easily calculable from state data sources and agreed to between the Eligible State and Mylan, a fire district’s population is calculated by dividing the population of the county or counties a fire district serves by the number of fire districts in the county or counties. “Primary Fire Districts” shall mean fire districts as identified in connection with the implementation of the July 21, 2021, Janssen Settlement Agreement.

BBB. “*Primary Subdivision.*” A Subdivision that is a General Purpose Government (including, but not limited to, a municipality, a county, county subdivision, city town, township, parish, village, borough, gore, or any other entities that provide municipal-type government) with population over 10,000; *provided, however*, that as used in connection with Incentive Payment BC, the population threshold is 30,000. Attached as Exhibit I is an agreed list of the Primary Subdivisions in each Eligible State.

CCC. “*Prior Litigating Subdivision.*” A Subdivision (or Subdivision official) that brought any Released Claim against any Released Entity prior to the Reference date and all such Released Claims were separately settled or finally adjudicated prior to the Reference Date; *provided, however*, that if the final adjudication was pursuant to a Bar, such Subdivision shall not be considered a Prior Litigating Subdivision. Notwithstanding the prior sentence, Mylan and the Settling State of the relevant Subdivision may agree in writing that the Subdivision shall not be considered a Prior Litigating Subdivision.

DDD. “*Private Attorney Fees*” are the amount to be paid for private attorneys’ litigation fees and costs on behalf of Participating Subdivisions. The maximum amount of Private Attorney Fees is \$35,271,542, as set forth in Exhibit M-3 (“Maximum Exhibit R Attorneys Fee and Cost Funds”). For avoidance of doubt, Private Attorney Fees do not include Additional Remediation Amount.

EEE. “*Product.*” Any chemical substance, whether used for medicinal or non-medicinal purposes, and whether natural, synthetic, or semi-synthetic, or any finished pharmaceutical product made from or with such substance, that is: (1) an opioid or opiate, as well as any product containing any such substance; (2) benzodiazepine, carisoprodol, or gabapentin; or (3) a combination or “cocktail” of chemical substances prescribed, sold, bought, or dispensed to be used together that includes opioids or opiates. “Product” shall include, but is not limited to, any substance consisting of or containing buprenorphine, butorphanol, codeine, diphenoxylate, fentanyl, hydrocodone, hydromorphone, meperidine, methadone, morphine, naloxone, naltrexone, oxycodone, oxymorphone, pentazocine, propoxyphene, remifentanyl, tapentadol, tramadol, opium, heroin, carfentanyl, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, midazolam, carisoprodol, gabapentin, or any variant of these substances or any similar substance. Notwithstanding the foregoing, nothing in this section prohibits a Settling

State from taking administrative or regulatory action related to benzodiazepine (including, but not limited to, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, and midazolam), carisoprodol, or gabapentin that is wholly independent from the use of such drugs in combination with opioids, *provided* such action does not seek money (including abatement and/or remediation) for conduct prior to the Initial Participation Date. “Product” also includes any natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, and any intermediate products used or created in the manufacturing process for any of the substances described above.

FFF. “*Reference Date.*” The date on which Mylan is to inform the Settling States of its determination whether the condition in Section VIII has been satisfied. The Reference Date shall be no later than thirty (30) calendar days after the Initial Participation Date, unless it is extended by written agreement of Mylan and the Enforcement Committee.

GGG. “*Released Claims.*” Any and all Claims that directly or indirectly are based on, arise out of, or in any way relate to or concern the Covered Conduct and/or Alleged Harms occurring prior to the Initial Participation Date. Without limiting the foregoing, Released Claims include any Claims that have been asserted against Released Entities by a Settling State or any of its Litigating Subdivisions in any federal, state, or local action or proceeding (whether judicial, arbitral, or administrative) based on, arising out of, or relating to, in whole or in part, the Covered Conduct and/or Alleged Harms, or any such Claims that could be or could have been asserted now or in the future in those actions or in any comparable action or proceeding brought by a Settling State, Subdivision, or Releasor (whether or not such Settling State, Subdivision, or Releasor has brought such action or proceeding). Released Claims also include all Claims against Released Entities asserted in any proceeding to be dismissed pursuant to the Agreement, whether or not such claims related to Covered Conduct and/or Alleged Harms. The Parties intend that this term, “Released Claims,” be interpreted broadly. This Agreement does not release Claims by private individuals. It is the intent of the Parties that Claims by private individuals be treated in accordance with applicable law. Released Claims is also used herein to describe claims brought by a non-party Subdivision that would have been Released Claims if they had been brought by a Releasor against a Released Entity.

HHH. “*Released Entities.*” With respect to Released Claims, Mylan and (1) all past and present subsidiaries, divisions, affiliates, predecessors, successors, and assigns (in each case, whether direct or indirect) of Mylan; (2) all past and present subsidiaries and divisions (in each case, whether direct or indirect) of any entity described in subsection (1); (3) the respective past and present officers, directors, members, trustees, and employees of any of the foregoing (each for actions that occurred during and related to their work for, or employment with, any of Mylan or the foregoing entities); (4) all past and present joint ventures (whether direct or indirect) of Mylan or its subsidiaries, including in any subsidiary’s capacity as a participating member in such joint venture; (5) all direct or indirect parents and shareholders of Mylan (solely in their capacity as parents or shareholders of Mylan with respect to Covered Conduct); and (6) any insurer of Mylan or any person or entity otherwise described in subsections (1)-(5) (solely in its role as insurer of such person or entity and subject to the last sentence of Section X.B.3). A list of Mylan’s joint ventures, subsidiaries and affiliates and predecessor entities is set forth in Exhibit J. Any person or entity described in subsections (3)-(6) shall be a Released Entity solely in the capacity described in such clause and shall not be a Released Entity with respect to its conduct in any other capacity.

Any entity acquired, or joint venture entered into, by Mylan after the Initial Participation Date is not a Released Entity. Further and notwithstanding anything else in this paragraph, no entity sued in *In re: National Prescription Opiate Litigation*, No. 1:17-md-2804 (N.D. Ohio) is included as a Released Entity other than the entities listed on Exhibit J.

III. “*Releasors.*” With respect to Released Claims, (1) each Settling State; (2) each Participating Subdivision; and (3) without limitation and to the maximum extent of the power of each Settling State’s Attorney General and/or Participating Subdivision to release Claims, (a) the Settling State’s and Participating Subdivision’s departments, agencies, divisions, boards, commissions, Subdivisions, districts, instrumentalities of any kind and attorneys, including its Attorney General, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, (b) any public entities, public instrumentalities, public educational institutions, unincorporated districts, fire districts, irrigation districts, water districts, emergency services districts, school districts, healthcare districts, hospital districts, Sheriffs and law enforcement districts, library districts, coroner’s offices, and public transportation authorities, and other Special Districts in a Settling State, including those with the regulatory authority to enforce state and federal controlled substances acts or the authority to bring Claims related to Covered Conduct seeking money (including abatement (or remediation and/or restitution)) or revoke a pharmaceutical distribution license, and (c) any person or entity acting in a *parens patriae*, sovereign, quasi-sovereign, private attorney general, *qui tam*, taxpayer, or other capacity seeking relief, including but not limited to fines, penalties, or punitive damages, on behalf of or generally applicable to the general public with respect to a Settling State or Subdivision in a Settling State, whether or not any of them participate in this Agreement. The inclusion of a specific reference to a type of entity in this definition shall not be construed as meaning that the entity is not a Subdivision. Each Settling State’s Attorney General represents that he or she has or has obtained (or will obtain no later than the Initial Participation Date) the authority set forth in Section XI.G. In addition to being a Releasor as provided herein, a Participating Subdivision shall also provide the Subdivision Settlement Participation Form referenced in Section VIII providing for a release to the fullest extent of the Participating Subdivision’s authority.

JJJ. “*Remediation Accounts Fund.*” The component of the Settlement Fund described in Section V.

KKK. “*Revocation Event.*” With respect to a Bar, or Case-Specific Resolution, a revocation, rescission, reversal, overruling, or interpretation that in any way limits the effect of such Bar, or Case-Specific Resolution on Released Claims, or any other action or event that otherwise deprives the Bar, or Case-Specific Resolution of force or effect in any material respect.

LLL. “*Settlement Fund.*” The interest-bearing fund established at [Bank TBD] pursuant to this Agreement into which the Annual Remediation Payments are made under Section IV, which is intended to be classified as a “qualified settlement fund” within the meaning of 26 C.F.R. §§ 1.468B-1 *et seq.* and which shall be approved by any Settling State in accordance with the requirements of 26 C.F.R. § 1.468B-1.

MMM. “*Settlement Fund Administrator.*” BrownGreer PLC, which is the entity that annually determines the Annual Remediation Payment (including calculating offset or reduction

and Incentive Payments pursuant to Section IV and any amounts subject to offset pursuant to Section XII) and Additional Remediation Amount, administers the Settlement Fund, and distributes amounts into the Remediation Accounts Fund, State Fund, and Subdivision Fund pursuant to this Agreement. The duties of the Settlement Fund Administrator shall be governed by this Agreement. Prior to the Effective Date, Mylan and the Enforcement Committee shall agree to a detailed description of the Settlement Fund Administrator's duties and responsibilities, including a detailed mechanism for paying the Settlement Fund Administrator's fees and costs, all of which shall be appended to the Agreement as Exhibit L.

NNN. "*Settlement Fund Escrow.*" The interest-bearing escrow fund established pursuant to this Agreement to hold disputed payments made under this Agreement.

OOO. "*Settlement Payment Schedule.*" The schedule attached to this Agreement as Exhibit M-1, Exhibit M-2, and Exhibit M-3.

PPP. "*Settling State.*" An Eligible State that has entered into this Agreement and delivers executed releases in accordance with Section VIII.A.

QQQ. "*State Allocation.*" The Maximum Remediation Payment multiplied by the State Allocation Percentage for each Eligible State listed in Exhibit F.

RRR. "*State Allocation Percentage.*" A Settling State's percentage as set forth in Exhibit F.

SSS. "*State Fund.*" The component of the Settlement Fund described in Section V.

TTT. "*State-Subdivision Agreement.*" An agreement that a Settling State reaches with the Subdivisions in that Settling State regarding the allocation, distribution, and/or use of funds allocated to that Settling State and to its Subdivisions. A State-Subdivision Agreement shall be effective if approved pursuant to the provisions of Exhibit O or if adopted by statute. Preexisting agreements addressing funds other than those allocated pursuant to this Agreement shall qualify if the approval requirements of Exhibit O are met. A Settling State and its Subdivisions may revise a State-Subdivision Agreement if approved pursuant to the provisions of Exhibit O, or if such revision is adopted by statute.

UUU. "*Statutory Trust.*" A trust fund established by state law to receive funds allocated to a Settling State's Remediation Accounts Fund and restrict any expenditures made using funds from the Settling State's Remediation Accounts Fund to Opioid Remediation, subject to reasonable administrative expenses. A Settling State may give a Statutory Trust authority to allocate one (1) or more of the three (3) types of funds comprising such Settling State's Settlement Fund, but this is not required.

VVV. "*Statewide Payment Amount.*" The amount from the Remediation Payment to be paid to a Settling State, including its separate types of funds (if applicable) and its Participating Subdivisions listed in Exhibit G.

WWW. "*Subdivision.*" Any (1) General Purpose Government (including, but not limited to, a municipality, county, county subdivision, city, town, township, parish, village,

borough, gore, or any other entities that provide municipal-type government), School District, or Special District within a Settling State, and (2) any other subdivision, subdivision official (acting in an official capacity on behalf of the subdivision) or sub-entity of or located within a Settling State (whether political, geographical or otherwise, whether functioning or non-functioning, regardless of population overlap, and including, but not limited to, Nonfunctioning Governmental Units and public institutions) that has filed a lawsuit that includes a Released Claim against a Released Entity in a direct, *parens patriae*, or any other capacity. “General Purpose Government,” “School District,” and “Special District” shall correspond to the “five basic types of local governments” recognized by the U.S. Census Bureau and match the 2017 list of Governmental Units.² The three (3) General Purpose Governments are county, municipal, and township governments; the two (2) special purpose governments are School Districts and Special Districts.³ “Fire District,” “Health District,” “Hospital District,” and “Library District” shall correspond to categories of Special Districts recognized by the U.S. Census Bureau.⁴ References to a Settling State’s Subdivisions or to a Subdivision “in,” “of,” or “within” a Settling State include Subdivisions located within the Settling State even if they are not formally or legally a sub-entity of the Settling State; *provided, however*, that a “Health District” that includes any of the following words or phrases in its name shall not be considered a Subdivision: mosquito, pest, insect, spray, vector, animal, air quality, air pollution, clean air, coastal water, tuberculosis, and sanitary.

XXX. “*Subdivision Allocation Percentage.*” The portion of a Settling State’s Subdivision Fund set forth in Exhibit G that a Subdivision will receive pursuant to Section V if it becomes a Participating Subdivision. The aggregate Subdivision Allocation Percentage of all Subdivisions receiving a Subdivision Allocation Percentage in each Settling State shall equal one hundred percent (100%). Immediately upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section V.D.3 (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section V.D.3) that addresses allocation from the Subdivision Fund, whether before or after the Initial Participation Date, Exhibit G will automatically be amended to reflect the allocation from the Subdivision Fund pursuant to the State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed

² https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP

³ *E.g.*, U.S. Census Bureau, “Technical Documentation: 2017 Public Use Files for State and Local Government Organization” at 7 (noting that “the Census Bureau recognizes five basic types of local governments,” that three of those are “general purpose governments” (county governments, municipal governments, and township governments), and that the other two are “school district and special district governments”), https://www2.census.gov/programs-surveys/gus/datasets/2017/2017_gov_org_meth_tech_doc.pdf.

⁴ A list of 2017 Government Units provided by the Census Bureau identifies 38,542 Special Districts and categorizes them by “FUNCTION_NAME.” “Govt_Units_2017_Final” spreadsheet, “Special District” sheet, included in “Independent Governments - list of governments with reference information,” https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP. As used herein, “Fire District” corresponds to Special District function name “24 — Local Fire Protection,” “Health District” corresponds to Special District function name “32 — Health,” “Hospital District” corresponds to Special District function name “40 — Hospitals,” and “Library District” corresponds to Special District function name “52 — Libraries.” *See id.*

by Section V.D.3. The Subdivision Allocation Percentages contained in Exhibit G may not change once notice is distributed pursuant to Section VII.A, except upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section V.D.3 (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section V.D.3) that addresses allocation from the Subdivision Fund. For the avoidance of doubt, no Subdivision not listed on Exhibit G shall receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

YYY. “*Subdivision Fund.*” The component of the Settlement Fund described in Section V.A.

ZZZ. “*Subdivision Settlement Participation Form.*” The form attached as Exhibit K that Participating Subdivisions must execute and return to the Implementation Administrator or Settlement Fund Administrator, and which shall (1) make such Participating Subdivisions signatories to this Agreement, (2) include a full and complete release of any and all of such Subdivision’s claims, and (3) require the prompt dismissal with prejudice of any Released Claims that have been filed by any such Participating Subdivision.

AAAA. “*Threshold Motion.*” A motion to dismiss or equivalent dispositive motion made at the outset of litigation under applicable procedure. A Threshold Motion must include as potential grounds for dismissal any applicable Bar or the relevant release by a Settling State or Participating Subdivision provided under this Agreement and, where appropriate under applicable law, any applicable limitations defense.

II. Participation by Eligible States and Condition to Preliminary Agreement

A. *Notice to Eligible States.* On May 26, 2025, this Agreement shall be distributed to all Eligible States. The Attorneys General of the Eligible States shall then have until June 25, 2025, to decide whether to become Settling States and notify Mylan of that decision. Eligible States that determine to become Settling States shall so notify Mylan and shall further commit to obtaining any necessary additional state releases prior to the Reference Date. This notice period may be extended by written agreement of Mylan and the Enforcement Committee.

B. *Condition to Preliminary Agreement.* Following the notice period set forth in Section II.A, Mylan shall have fourteen (14) calendar days to determine whether, in its sole discretion, enough Eligible States have agreed to become Settling States to proceed with notice to Subdivisions as set forth in Section VII. This period may be extended by written agreement of Mylan and the Enforcement Committee. If Mylan determines that this condition has been satisfied, and that notice to the Subdivisions should proceed, it will so notify the Settling States by providing notice to the Enforcement Committee. The date of such notice shall be the Preliminary Agreement Date. If Mylan determines that this condition has not been satisfied, this Agreement will have no further effect and all releases and other commitments or obligations contained herein will be void.

C. *Later Joinder by Eligible States.* After the Preliminary Agreement Date, an Eligible State may only become a Settling State with the consent of Mylan and the Enforcement Committee, provided that the Enforcement Committee may not withhold consent to an Eligible State’s later

joinder if the Eligible State agrees to join pursuant to the terms of this Agreement and the allocation set forth on Exhibit F. If an Eligible State becomes a Settling State more than thirty (30) calendar days after the Preliminary Agreement Date, but on or before the Reference Date, the Subdivisions in that Eligible State that become Participating Subdivisions within ninety (90) calendar days of the Eligible State becoming a Settling State shall be considered Initial Participating Subdivisions. An Eligible State may not become a Settling State after the Reference Date.

D. *Litigation Activity.* Following the Preliminary Agreement Date, Eligible States that determine to become Settling States shall make reasonable efforts to cease litigation activity against Mylan, including by jointly seeking stays or, where appropriate, severance of claims against Mylan, where feasible, and otherwise to minimize such activity by means of agreed deadline extensions and agreed postponement of depositions, document productions, and motion practice if a motion to stay or sever is not feasible or is denied.

III. Injunctive Relief

A. *Injunctive Relief.* As part of the Consent Judgment, the Parties agree to the entry of the injunctive relief terms attached in Exhibit P.

IV. Settlement Payments

A. *Settlement Fund.* All payments under this Section IV shall be made into the Settlement Fund, except that, where specified, they shall be made into the Settlement Fund Escrow. The Settlement Fund shall be allocated and used only as specified in Section V.

B. *Annual Remediation Payments*

1. Mylan shall make nine (9) Annual Remediation Payments, each composed of Base Payments and Incentive Payments as provided in this Section IV and as determined by the Settlement Fund Administrator as set forth in this Agreement, *provided that* the Annual Remediation Payment in Payment Year 1 and Payment Year 9 shall consist solely of Base Payments. The payment schedule for the Annual Remediation Payments is attached hereto as Exhibit M-2.

2. In no instance shall Mylan's Annual Remediation Payment obligation exceed the Annual Remediation Maximum, reduced for Non-Settling States, except as specified in the definition of "Annual Remediation Maximum" for Payment Years 3-4. In no instance shall the sum of Mylan's Annual Remediation Payment obligations for Payment Years 1-9 exceed the sum of Mylan's Annual Remediation Maximums for Payment Years 1-9, reduced for Non-Settling States.

C. *Settlement Fund Payment Process*

1. To determine each Annual Remediation Payment for Payment Year 2 and forward, the Settlement Fund Administrator shall use the data as of sixty (60) days prior to the Payment Date for each payment, unless another provision of the Agreement specifies a

different date. Prior to the Effective Date, the Parties will include Exhibit L, which sets forth in detail the process for the Settlement Fund Administrator to obtain relevant data and for distributing funds to the Settling States and their Participating Subdivisions listed on Exhibit G consistent with the terms of this Agreement as quickly as practical.

2. The Settlement Fund Administrator shall determine the Annual Remediation Payment and the Statewide Payment Amount for each Settling State, consistent with the provisions in Exhibit L, by:

- a. Determining, for each Settling State, the Base Payment amount and Incentive Payment amount to which the Settling State is entitled by applying the criteria under Section IV.F, Section IV.G, and Section IV.H;
- b. applying any offsets as specified under Section XII;
- c. determining the total amount owed by Mylan to all Settling States and the Participating Subdivisions listed on Exhibit G; and
- d. the Settlement Fund Administrator shall then allocate, after subtracting the portion of any Settlement Fund Administrator costs and fees owed out of funds from the Settlement Fund pursuant to Section V.C.5, the Annual Remediation Payment pursuant to Section V among the Settling States, among the separate types of funds for each Settling State (if applicable), and among the Participating Subdivisions listed on Exhibit G.

3. If, no later than fifty (50) days prior to the Payment Date, Mylan and the Enforcement Committee inform the Settlement Fund Administrator that they agree on the amount of the Annual Remediation Payment and the Statewide Payment Amount for each Settling State, Mylan shall pay the agreed-upon Annual Remediation Payment amount on the Payment Date and the Settlement Fund Administrator shall treat those amounts as the determination described in Section IV.C.2. If the Settlement Fund Administrator is not so informed, it shall give notice to Mylan, the Settling States, and the Enforcement Committee of the amount of the Annual Remediation Payment, and the Statewide Payment Amount for each Settling State, following the determination described in Section IV.C.2, and the following timeline shall apply:

- a. Within twenty-one (21) calendar days of the notice provided by the Settlement Fund Administrator, Mylan, any Settling State, or the Enforcement Committee may dispute, in writing, the calculation of the Annual Remediation Payment or the Statewide Payment Amount for a Settling State. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Mylan identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.
- b. Within twenty-one (21) calendar days of the sending of a written notice of dispute, any affected party may submit a response, in writing, to the

Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Mylan identifying the basis for disagreement with the notice of dispute.

c. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute, and Mylan shall pay the adjusted amount, collectively totaling that Payment Year's Annual Remediation Payment, on the Payment Date. If a written response to the written notice of dispute is timely sent to the Settlement Fund Administrator, the Settlement Fund Administrator shall notify Mylan of the preliminary amount to be paid, which shall be the greater of the amount originally calculated by the Settlement Fund Administrator or the amount that would be consistent with the notice of dispute, *provided, however*, that in no circumstances shall the preliminary amount to be paid be higher than the Annual Remediation Maximum. For the avoidance of doubt, a transfer of payments from the Settlement Fund Escrow for other Payment Years does not count toward determining whether the amount to be paid is higher than the Annual Remediation Maximum or other relevant maximum payment.

d. The Settlement Fund Administrator shall place any disputed amount of the preliminary amount paid by Mylan into the Settlement Fund Escrow and shall disburse any undisputed amount to each Settling State and its Participating Subdivisions listed on Exhibit G pursuant to Section IV.C.4.

4. If a Settling State informs the Settlement Fund Administrator that it and its Participating Subdivisions listed on Exhibit G have agreed on the amount of its Statewide Payment Amount, determined pursuant to Section IV.C.2 or Section IV.C.3, to be distributed to the Settling State, among its separate types of funds (if applicable), and among its Participating Subdivisions listed on Exhibit G, the Settlement Fund Administrator shall disburse the Statewide Payment Amount pursuant to the consensus distribution amounts provided by the Settling State as quickly as practical. For a Settling State that does not so notify the Settlement Fund Administrator, the Settlement Fund Administrator shall allocate the Settling State's Statewide Payment Amount, pursuant to Section V, among the separate types of funds for the Settling State (if applicable), and among its Participating Subdivisions listed on Exhibit G using the following procedures:

a. As soon as possible for each payment and following the determination described in Section IV.C.2 or Section IV.C.3, the Settlement Fund Administrator shall give notice to the relevant Settling States and their Participating Subdivisions listed on Exhibit G of the amount to be received by each Settling State, the amount to be received by the separate types of funds for each Settling State (if applicable), and the amount to be received by each Participating Subdivision listed on Exhibit G for each Settling State.

b. Within twenty-one (21) days of the notice provided by the Settlement Fund Administrator, any Settling State or Participating Subdivision listed on Exhibit G may dispute, in writing, the calculation of the amount to be received by the relevant Settling State and/or its Participating Subdivision listed on

Exhibit G. A dispute will be deemed invalid and disregarded if it challenges the allocations adopted by a State-Subdivision Agreement approved pursuant to the provisions of Exhibit O or by statute. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, any affected Settling State, and any affected Participating Subdivision identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

c. Within twenty-one (21) days of the sending of a written notice of dispute, any affected Settling State or any affected Participating Subdivision may submit a response, in writing, to the Settlement Fund Administrator, any affected Settling State and any affected Participating Subdivision identifying the basis for disagreement with the notice of dispute.

d. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute.

e. The Settlement Fund Administrator shall place any disputed amount into the Settlement Fund Escrow and shall disburse any undisputed amount to the Settling State and its Participating Subdivisions eligible for payment.

5. Disputes described in this subsection shall be resolved in accordance with the terms of Section VI.F.

6. The Settlement Fund Administrator may combine the disbursements of Annual Remediation Payments with disbursement of funds under other comparable opioid settlements. In determining when disbursements for each Annual Remediation Payment will be made, the Settlement Fund Administrator may take into account the timeline for the availability of disbursements under other comparable opioid settlements.

7. For the avoidance of doubt, a Subdivision not listed on Exhibit G shall not receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

D. *Procedure for Annual Remediation Payment and Annual Fees Payment in Payment Year 1.* The process described in Section IV.C shall not apply to Payment Year 1. The procedure in lieu of Section IV.C for Payment Year 1 is as set forth below:

1. The Payment Date for Payment Year 1 is July 25, 2025. Mylan shall deposit into a segregated interest-bearing bank account it establishes the “Adjusted Maximum Base Payment” for Payment Year 1 as specified in Exhibit M-2. This amount shall be calculated by multiplying the aggregate State Allocation Percentage attributable to Eligible States that have agreed to become Settling States by the Preliminary Agreement Date by the “Maximum Base Payment” amount specified in Exhibit M-2 for Payment Year 1. Mylan shall also deposit into two (2) separate segregated interest-bearing bank accounts it establishes: (a) the “Maximum Exhibit R Attorney Fee and Cost Funds” for Payment Year 1 as specified in Exhibit M-3; and (b) the “Additional Remediation Amount” for Payment

Year 1 as specified in Exhibit M-3. Mylan shall separately account for the interest earned on each of the three (3) accounts.

2. Mylan shall provide proof to the Enforcement Committee of the deposits required by Section IV.D.1 by July 25, 2025. Mylan shall not remove any money from the segregated bank accounts, except as provided by Sections IV.D.3-5.

3. In the event that, in accordance with the terms of Section VIII.B, Mylan determines not to proceed with the Settlement, or the Settlement does not become effective for any other reason, all funds held in the segregated bank accounts shall immediately revert to Mylan.

4. If the condition set forth in Section VIII.B is met, Mylan shall transfer into the Settlement Fund, no later than five (5) business days after the Reference Date (unless the Enforcement Committee specifies a later date), the amount in the segregated account holding the “*Adjusted Maximum Base Payment*” for Payment Year 1 plus the *total amount of the Base Payment* owed in Payment Year 1 for the Eligible States that newly agreed to become a Settling State between the Preliminary Agreement Date and the Reference Date, which shall be calculated by multiplying those Settling States’ State Allocation Percentage by the amount specified in Exhibit M-2 for Payment Year 1. If the condition set forth in Section VIII.B is met, Mylan also shall transfer into the relevant funds as directed by the Enforcement Committee, no later than five (5) business days after the Reference Date (unless the Enforcement Committee specifies a later date), the amount in the segregated account holding the “*Maximum Exhibit R Attorney Fee and Cost Funds*” for Payment Year 1 (including all interest accrued on that account), and the amount in the segregated account holding the Additional Remediation Amount for Payment Year 1 (including all interest accrued on that account), except that any reductions provided by Section IX.B and Exhibit R shall revert to Mylan. Mylan shall provide an accounting to the Enforcement Committee of the transfers, including Statewide Payment Amount for Payment Year 1 for each Eligible State that newly agreed to become a Settling State between the Preliminary Agreement Date and the Reference Date.

5. The interest earned from the deposit account holding the Adjusted Maximum Base Payment for Payment Year 1 shall be used, first, to pay for the Implementation Administrator, then to pay for the Implementation Administrator in the Alvogen, Amneal, Apotex, Hikma, Indivior, Sun, and Zydus Settlement Agreements, and finally to be transferred to the Settlement Fund to be used to pay for the Settlement Fund Administrator pursuant to Section V.C.5.

6. The Annual Remediation Payment for Payment Year 1 transferred by Mylan into the Settlement Fund pursuant to Section IV.D.4 shall be disbursed by the Settlement Fund Administrator after the Effective Date to each Settling State and to its Initial Participating Subdivisions listed on Exhibit G pursuant to Section IV.C.4 through Section IV.C.7; *provided, however*, that for any Settling State where the Consent Judgment has not been entered as of the Effective Date, the funds allocable to that Settling State and its

Participating Subdivisions listed on Exhibit G shall not be disbursed until ten (10) calendar days after the entry of the Consent Judgment in that Settling State.

E. *Payment Date for Payment Years 2 through 9.* The Payment Date for Payment Year 2 is March 1, 2026. The Payment Date for Payment Years 3 through 9 shall be each successive March 1. The Annual Remediation Payments for those Payment Years shall be made pursuant to the process set forth in Section IV.C.

F. *Offsets to Annual Remediation Payments to the Settlement Fund for Non-Settling States.* An offset equal to \$284,447,916 times the State Allocation Percentage assigned to each Non-Settling State in Exhibit F shall be deducted from the total amount to be paid by Mylan to the Settlement Fund. For the avoidance of doubt, the Adjusted Maximum Remediation Payment is calculated in a way that reflects this offset. The Base Payments and Incentive Payments are also subject to offset as provided in Section XII.

G. *Base Payments.*

1. Subject to the offset provisions set forth in Section XII, Mylan shall make Base Payments into the Settlement Fund in an amount equal to 48.4373968835% of the Adjusted Maximum Remediation Payment. The maximum total for Base Payments is \$137,779,166. The Base Payments shall be due in installments consistent with Exhibit M-2 over the nine (9) Payment Years.

2. The Base Payment for any Settling State in each Payment Year shall be the Base Payment for that Payment Year specified in Exhibit M-2 times the Settling State's State Allocation Percentage specified in Exhibit F.

H. *Incentive Payments.*

1. Subject to the offset provisions set forth in Section XII, Mylan shall make potential additional incentive payments totaling up to a maximum of 51.5626031165% of the Adjusted Maximum Remediation Payment, with the Incentive Payment amount depending on whether and the extent to which the criteria set forth below are met in each Settling State. The maximum total for Incentive Payments is \$146,668,750.

2. A Settling State qualifies to receive Incentive Payments in addition to Base Payments if it meets the incentive eligibility requirements specified below. The maximum total Incentive Payment for any Settling State shall be no more than the maximum total for Incentive Payments listed in Section IV.H.1 times the Settling State's State Allocation Percentage specified in Exhibit F. Incentive Payments are state-specific, with the actual amount depending on whether and the extent to which the criteria set forth below are met in such Settling State.

3. The incentive payments shall be divided among three (3) categories, referred to as Incentive Payments A, BC, and D. Incentive Payments A and BC will be due in installments

over the seven (7) Payment Years beginning with Payment Year 2 and ending with Payment Year 8, while Incentive D will be due in installments over four (4) Payment Years beginning with Payment Year 5, as shown on Exhibit M-2. The total amount of incentive payments in an Annual Remediation Payment shall be the sum of the incentive payments for which the individual Settling States are eligible for that Payment Year under the criteria set forth below. The incentive payments shall be made with respect to a specific Settling State based on its eligibility for that Payment Year under the criteria set forth below. For the avoidance of doubt, eligibility for Incentive Payments A, BC, and D shall be determined on a Settling State-by-Settling State basis.

4. Incentive Payment A.

a. Incentive Payment A is mutually exclusive with Incentive Payments BC and D; if a Settling State receives Incentive Payment A in an Annual Remediation Payment, such Settling State is not eligible for Incentive Payment BC or D in that Annual Remediation Payment.

b. Incentive Payment A shall be equal to 51.5626031165% of the Adjusted Maximum Remediation Payment, provided all Settling States satisfy the requirements of Incentive Payment A. Incentive Payment A will be due to a Settling State as part of the Annual Remediation Payment over seven (7) Payment Years, starting in Payment Year 2, and shall equal a total potential maximum of \$146,668,750 if all Eligible States qualify for Incentive Payment A. Each Settling State's share of Incentive Payment A in a given year, *provided* that Settling State qualifies, shall equal the total maximum amount available for Incentive Payment A for that year as reflected in Exhibit M-2 times the Settling State's State Allocation Percentage.

c. Qualification for Incentive Payment A is as follows: A Settling State qualifies for Incentive Payment A if, as of two (2) years of the Effective Date: (i) there is a Bar in that Settling State in full force and effect, (ii) the Released Claims of all of the following entities are released through the execution of Subdivision Settlement Participation Forms, or there is a Case-Specific Resolution against such entities: all Primary Subdivisions, Litigating Subdivisions, School Districts with a K-12 student enrollment of at least 25,000 or .10% of a Settling State's population, whichever is greater, Hospital Districts that have at least one hundred twenty-five (125) hospital beds in one or more hospitals rendering services in that district, and Primary Fire Districts; or (iii) a combination of the actions in clauses (i) and (ii) has achieved the same level of resolution of Claims by Subdivisions (*e.g.*, a Bar against future litigation combined with full joinder by Litigating Subdivisions). For the avoidance of doubt, subsection (iii) cannot be satisfied unless all Litigating Subdivisions are Participating Subdivisions or there is a Case-Specific Resolution against any such Subdivisions that are not Participating Subdivisions. Mylan and the Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Initial Participation Date.

d. A Settling State that does not qualify for Incentive Payment A as of two (2) years after the Effective Date shall not be eligible for Incentive Payment A for that Payment Year or any subsequent Payment Years.

e. To the extent a Settling State asserts that existing legislation qualifies as a Bar, the Settling State shall provide notice to Mylan no later than thirty (30) days before the Initial Participation Date. Mylan shall indicate before the Initial Participation Date whether existing legislation in a Settling State is sufficient to qualify as a Bar.

f. If a Settling State does not qualify for Incentive Payment A as of the Payment Date for Payment Year 2 and becomes eligible for Incentive Payment A as of Payment Date for Payment Year 3, it shall receive the payment that it would have received for Incentive Payment A for Payment Year 2 (the “Incentive Payment A Catch-up Payment”) on the Payment Date for Payment Year 3. If a Settling State is not eligible for Incentive Payment A as of the Payment Date for Payment Year 3 and becomes eligible for Incentive Payment A as of two (2) years after the Effective Date, it shall receive the payment that it would have received for Incentive Payment A for Payment Years 2 and 3 (also an “Incentive Payment A Catch-up Payment”) on the Payment Date for Payment Year 4. The Incentive Payment A Catch-up Payment shall be reduced by any amounts paid to the Settling State under Incentive Payment BC prior to the Settling State’s eligibility for Incentive Payment A.

g. If Mylan made a payment under Incentive Payment A solely on the basis of a Bar in a Settling State and that Bar is subsequently removed, revoked, rescinded, reversed, overruled, interpreted in a manner to limit the scope of the release, or otherwise deprived of force or effect in any material respect, that Settling State shall not be eligible for Incentive Payment A thereafter, unless the Settling State requalifies for Incentive Payment A through any method pursuant to Section IV.H.4.c, in which case the Settling State shall be eligible for Incentive Payment A less any litigation fees and costs incurred by Mylan in the interim, except that, if the re-imposition occurs after the completion of opening statements in a trial involving a Released Claim, the Settling State shall not be eligible for Incentive Payment A (unless this exception is waived by Mylan).

5. Incentive Payment BC.

a. Incentive Payment BC shall be available to Settling States that do not qualify for Incentive Payment A.

b. Incentive Payment BC shall be up to a maximum of 48.9844727848% of the Settling State’s State Allocation. Incentive Payment BC will be due to a Settling State as part of the Annual Remediation Payment over seven (7) Payment Years, starting in Annual Remediation Payment 2. Subject to Section IV.F, Incentive Payment BC shall equal a total potential maximum of \$139,335,312 if all Eligible States qualify for Incentive Payment BC (and do not qualify for Incentive Payment A).

c. A Settling State may earn Incentive Payment BC in Annual Remediation Payments 2 through 8 and may receive, when combined with the Settling State's Base Payment, up to 97.4218696683% of the Settling State's State Allocation. The maximum Incentive Payment BC for any Settling State in a given Payment Year shall be the maximum potential Incentive Payment BC for that Payment Year specified in Exhibit M-2 times the Settling State's State Allocation Percentage specified in Exhibit F, provided such Settling State becomes eligible for Incentive Payment BC by sixty (60) days before the Payment Date for Payment Year 5.

d. The amount of Incentive Payment BC for which a Settling State is eligible shall be determined based on the aggregate population of the Settling State's Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of all the Settling State's Incentive BC Subdivisions. The Settling State's Incentive BC Subdivisions are (i) all Litigating Subdivisions (including School Districts and Special Districts) and (ii) all Primary Subdivisions that have not sued Mylan as of the Initial Participation Date (collectively, "*Incentive BC Subdivisions*").

e. The percentage of the Settling State's maximum Incentive Payment BC for the Payment Year provided by Section IV.H.5.c to which the Settling State is entitled shall be determined according to the table of Incentive BC payment levels below:

Participation Percentage of Incentive BC Eligible Subdivision Population ⁵	Incentive Payment BC Percentage for the Relevant Payment Year
Less than 85%	0%
85% or more but less than 86%	3.57%
86% or more but less than 87%	8.93%

⁵ The "Participation Percentage of Incentive BC Eligible Subdivision Population" shall be determined by the aggregate population of the Settling State's Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of the Settling State's Incentive BC Subdivisions. None of the population figures shall include Prior Litigating Subdivisions. In calculating the Settling State's population that resides in Incentive BC Subdivisions, the population of the Settling State's Incentive BC Subdivisions shall be the sum of the population of all Incentive BC Subdivisions in the Settling State, notwithstanding that persons may be included within the population of more than one Incentive BC Subdivision. An individual Subdivision shall not be included more than once in the numerator, and shall not be included more than once in the denominator, of the calculation regardless if it (or any of its officials) is named as multiple plaintiffs in the same lawsuit; provided, however, that for the avoidance of doubt, no Subdivision will be excluded from the numerator or denominator under this sentence unless a Subdivision otherwise counted in the denominator has the authority to release the Claims (consistent with Section X) of the Subdivision to be excluded.

87% or more but less than 88%	14.29%
88% or more but less than 89%	19.64%
89% or more but less than 90%	25%
90% or more but less than 91%	30.36%
91% or more but less than 92%	35.71%
92% or more but less than 93%	41.07%
93% or more but less than 94%	46.43%
94% or more but less than 95%	51.79%
95% or more but less than 96%	60.71%
96% or more but less than 97%	68.75%
97% or more but less than 98%	76.79%
98% or more but less than 99%	84.82%
99% or more but less than 100%	92.86%
100%	100%

f. For Payment Years 2-5, the percentage of the available Incentive Payment BC amount for which a Settling State is eligible will be based on the Participation Percentage of Incentive BC Eligible Subdivision Population as of sixty (60) days before the Payment Date. For Payment Years 6-8, the percentage of the available Incentive Payment BC amount for which a Settling State is eligible will be based on the Participation Percentage of Incentive BC Eligible Subdivision Population as of sixty (60) days before the Payment Date for Payment Year 5. If Incentive BC Eligible Subdivisions that have become Participating Subdivisions, or achieved Case-Specific Resolution status, collectively represent less than eighty-five percent (85%) of a Settling State's Incentive BC Eligible Subdivision population by sixty (60) days before the Payment Date for Payment Year 5, the Settling State shall not receive any Incentive Payment BC.

g. If there are no Incentive BC Eligible Subdivisions in a Settling State, and that Settling State is otherwise eligible for Incentive Payment BC because it is not eligible for Incentive Payment A, that Settling State will receive its maximum Incentive Payment BC for that Annual Remediation Payment provided by Section IV.H.5.c.

6. Incentive Payment D.

a. Incentive Payment D shall be available to Settling States that do not qualify for Incentive Payment A.

b. Incentive Payment D shall be equal to up to a maximum of 8.5937673033% of the Adjusted Maximum Remediation Payment, with the actual amount depending whether and the extent to which the criteria set forth below are met in each Settling State. The maximum total for Incentive Payment D is \$24,444,792.⁶

c. Incentive Payment D shall be paid starting at Payment Year 5 and the amount of Incentive Payment D in Payment Years 5-8 will depend on (i) the Settling State meeting the qualifications set out in Section IV.H.6.d and (ii) the Participation Percentage of Incentive BC Eligible Subdivision Population achieved by the Settling State as of sixty (60) days prior to the Payment Date for Payment Year 5.

d. A Settling State qualifies for Incentive Payment D if no Later Litigating Subdivision (for purposes of Incentive Payment D, Later Litigating Subdivisions are limited to (i) a Primary Subdivision; (ii) a school district with a K-12 student enrollment of at least 25,000 or 0.10% of the Settling State's population, whichever is greater; (iii) a health district or hospital district that has at least one hundred twenty-five (125) hospital beds in one or more hospitals rendering services in that district; and (iv) Primary Fire Districts) in that Settling State has a lawsuit against a Released Entity survive more than six (6) months after denial in whole or in part of a Threshold Motion.

e. A Settling State's qualification for Incentive Payment D shall be determined as of sixty (60) calendar days prior to the Payment Date ("*Incentive Payment D Look-Back Date*"). If a Later Litigating Subdivision's lawsuit in that Settling State survives more than six (6) months after denial in whole or in part a Threshold Motion after that date, that Settling State shall not be eligible for Incentive Payment D for the Payment Year in which that occurs and any subsequent Payment Year.

f. The Incentive Payment D for any Settling State qualifying for Incentive Payment D in Payment Years 5-8 shall be equal to between 2.5781301910% and 8.5937673033% of the State Remediation Payment times the Settling State's Overall Allocation Percentage specified in Exhibit F. The applicable percentage shall be determined based on the Participation Percentage of

⁶ The Incentive Payment BC table specified in Section IV.H.5.e and Incentive Payment D table specified in Section IV.H.6.f operate so that the combined amount of Incentive Payment BC and Incentive Payment D cannot exceed 51.5626031165% of the Adjusted Maximum Remediation Payment over the term of the Agreement. Mylan will have no obligation to pay more than \$146,668,750 for the combined amounts of Incentive Payment BC and Incentive Payment D minus any offsets for Non-Settling States specified in Section IV.F.

Incentive BC Eligible Subdivision Population achieved by the Incentive Payment D Look-Back Date for Payment Year 5 as shown in the table below:

Participation Percentage of Incentive BC Eligible Subdivision Population as of sixty (60) days prior to the Payment Date for Payment Year 5	Each Eligible Settling State's Applicable Incentive Payment D Percentage
Participation of less than 95%	8.5937673033% of State Allocation
Participation of 95% but less than 96%	7.7343905729% of State Allocation
Participation of 96% but less than 97%	6.8750138426% of State Allocation
Participation of 97% but less than 98%	6.0156371123% of State Allocation
Participation of 98% but less than 99%	5.1562603820% of State Allocation
Participation of 99% but less than 100%	4.2968836516% of State Allocation
Participation of 100%	2.5781301910% of State Allocation

g. Incentive Payment D shall be paid in four equal installments. Prior to making the Annual Remediation Payment for Payment Years 5-8, the Settlement Fund Administrator shall determine a Settling State's qualification for Incentive Payment D as of the Incentive Payment D Look-Back Date for that Payment Year. Prior to the Incentive Payment D Look-Back Date for each Payment Year, Mylan may provide the Settlement Fund Administrator and the Enforcement Committee with notice identifying any Settling State(s) it believes do not qualify for Incentive Payment D and information supporting its belief.

h. Notwithstanding Section IV.H.6.d and Section IV.H.6.e, a Settling State can become re-eligible for Incentive Payment D if the lawsuit that survived a Threshold Motion is dismissed pursuant to a later motion on grounds included in the Threshold Motion, in which case the Settling State shall be eligible for Incentive Payment D less any litigation fees and costs incurred by Mylan in the interim, except that if the dismissal motion occurs after the completion of opening statements in such action, the Settling State shall not be eligible for Incentive Payment D.

7. In no event shall any Settling State receive Base Payments and Incentive Payments A, BC, and D totaling more than one hundred percent (100%) of its respective Overall State Allocation Percentage specified in Exhibit F times the Maximum Remediation Payment.

V. Allocation and Use of Settlement Payments

A. *Components of Settlement Fund.* The Settlement Fund shall be funded by the Annual Remediation Payments and comprised of a Remediation Accounts Fund, a State Fund, and a Subdivision Fund for each Settling State. The payments made under Section IV into the Settlement Fund shall be initially allocated among those three (3) sub-funds and distributed and used as provided below. Payments placed into the Settlement Fund do not revert back to Mylan.

B. *Use of Settlement Payments.*

1. It is the intent of the Parties that the payments disbursed from the Settlement Fund to Settling States and Participating Subdivisions be for Opioid Remediation, subject to exceptions that must be documented in accordance with Section V.B.2. In no event may less than ninety-five percent (95%) of Mylan's maximum amount of payments pursuant to Section IV as set forth on Exhibit M-2 over the entirety of all Payment Years (but not any single Payment Year) be spent on Opioid Remediation.

2. While disfavored by the Parties, a Settling State or a Participating Subdivision set forth on Exhibit G may use monies from the Settlement Fund (that have not been restricted by this Agreement solely to future Opioid Remediation) for purposes that do not qualify as Opioid Remediation. If, at any time, a Settling State or a Participating Subdivision set forth on Exhibit G uses any monies from the Settlement Fund for a purpose that does not qualify as Opioid Remediation, such Settling State or Participating Subdivision set forth on Exhibit G shall identify such amounts and report to the Settlement Fund Administrator and Mylan how such funds were used, including if used to pay attorneys' fees, investigation costs, litigation costs, or costs related to the operation and enforcement of this Agreement, respectively. It is the intent of the Parties that the reporting under this Section V.B.2 shall be available to the public. For the avoidance of doubt, (a) any amounts not identified under this Section V.B.2 as used to pay attorneys' fees, investigation costs, or litigation costs shall be included in the Compensatory Restitution Amount for purposes of Section V.F and (b) Participating Subdivisions not listed on Exhibit G may only use monies from the Settlement Fund for purposes that qualify as Opioid Remediation.

C. *Allocation of Settlement Fund.* The allocation of the Settlement Fund allows for different approaches to be taken in different states, such as through a State-Subdivision Agreement. Given the uniqueness of Settling States and their Subdivisions, Settling States and their Subdivisions are encouraged to enter into State-Subdivision Agreements in order to direct the allocation of their portion of the Settlement Fund. As set out below, the Settlement Fund Administrator will make an initial allocation to three (3) state-level sub-funds. The Settlement Fund Administrator will then, for each Settling State and its Participating Subdivisions, apply the terms of this Agreement and any relevant State-Subdivision Agreement, Statutory Trust, Allocation Statute, or voluntary redistribution of funds as set out below before disbursing the funds.

1. Base Payments. The Settlement Fund Administrator will allocate Base Payments under Section IV.G among the Settling States pursuant to Section IV.G.2. Base payments for each Settling State will then be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its

Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section V.D.

2. Incentive Payments. The Settlement Fund Administrator will treat Incentive Payments under Section IV.H on a state-specific basis. Incentive Payments for which a Settling State is eligible will be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section V.D.

3. Application of Adjustments. If an offset under Section XII applies with respect to a Settling State, the offset shall be applied proportionally to all amounts that would otherwise be apportioned and distributed to the State Fund, the Remediation Accounts Fund, and the Subdivision Fund for that Settling State.

4. Settlement Fund Administrator. Prior to the Effective Date, Mylan and the Enforcement Committee will agree to a detailed mechanism consistent with the foregoing for the Settlement Fund Administrator to follow in allocating, apportioning, and distributing payments, which shall then be appended hereto as Exhibit L.

5. Settlement Fund Administrator Costs. Any costs and fees associated with or arising out of the duties of the Settlement Fund Administrator as described in Exhibit L shall be paid from the interest accrued in the Settlement Fund Escrow and the Settlement Fund; *provided, however*, that if such accrued interest is insufficient to pay the entirety of any such costs and fees, the additional amount shall be paid out of the Settlement Fund. For the avoidance of doubt, nothing in this provision shall require Mylan to pay any costs, fees, or other amounts in excess of the Global Settlement Amount.

D. *Settlement Fund Reallocation and Distribution.* As set forth below, within a particular Settling State's account, amounts contained in the Settlement Fund sub-funds may be reallocated and distributed per a State-Subdivision Agreement or other means. If the apportionment of amounts is not addressed and controlled under Section V.D.1 and Section V.D.2, then the default provisions of Section V.D.4 apply. It is not necessary that a State-Subdivision Agreement or other means of allocating funds pursuant to Section V.D.1 and Section V.D.2 address all of the Settlement Fund sub-funds. For example, a Statutory Trust might only address disbursements from a Settling State's Remediation Accounts Fund.

1. Distribution by State-Subdivision Agreement. If a Settling State has a State-Subdivision Agreement, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section V.C shall be reallocated and distributed as provided by that agreement. Any State-Subdivision Agreement entered into after the Preliminary Agreement Date shall be applied only if it requires: (a) that all amounts be used for Opioid Remediation, except as allowed by Section V.B.2, and (b) that

at least seventy percent (70%) of amounts be used solely for future Opioid Remediation.⁷ For a State-Subdivision Agreement to be applied to the relevant portion of an Annual Payment, notice must be provided to Mylan and the Settlement Fund Administrator at least sixty (60) calendar days prior to the Payment Date.

2. Distribution by Allocation Statute. If a Settling State has an Allocation Statute and/or a Statutory Trust that addresses allocation or distribution of amounts apportioned to such Settling State's State Fund, Remediation Accounts Fund, and/or Subdivision Fund and that, to the extent any or all such sub-funds are addressed, requires (1) all amounts to be used for Opioid Remediation, except as allowed by Section V.B.2, and (2) at least seventy percent (70%) of all amounts to be used solely for future Opioid Remediation then, to the extent allocation or distribution is addressed, the amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section V.C shall be allocated and distributed as addressed and provided by the applicable Allocation Statute or Statutory Trust. For the avoidance of doubt, an Allocation Statute or Statutory Trust need not address all three (3) sub-funds that comprise the Settlement Fund, and if the applicable Allocation Statute or Statutory Trust does not address distribution of all or some of these three (3) sub-funds, the applicable Allocation Statute or Statutory Trust does not replace the default provisions described in Section V of any such unaddressed fund. For example, if an Allocation Statute or Statutory Trust that meets the requirements of this Section V.D.2 only addresses funds restricted to remediation, then the default provisions of this Agreement concerning allocation among the three (3) sub-funds comprising the Settlement Fund and the distribution of the State Fund and Subdivision Fund for that Settling State would still apply, while the distribution of the applicable State's Remediation Accounts Fund would be governed by the qualifying Allocation Statute or Statutory Trust.

3. Voluntary Redistribution. A Settling State may choose to reallocate all or a portion of its State Fund to its Remediation Accounts Fund. A Participating Subdivision included on Exhibit G may choose to reallocate all or a portion of its allocation from the Subdivision Fund to the Settling State's Remediation Accounts Fund or to another Participating Subdivision. The Settlement Fund Administrator is not required to honor a voluntary redistribution for which notice is provided to it less than sixty (60) calendar days prior to the applicable Payment Date.

4. Distribution in the Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. If Section V.D.1 and Section V.D.2 do not apply, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section V.C shall be distributed as follows:

- a. Amounts apportioned to that Settling State's State Fund shall be distributed to that Settling State.

⁷ Future Opioid Remediation includes amounts paid to satisfy any future demand by another governmental entity to make a required reimbursement in connection with the past care and treatment of a person related to the Alleged Harms.

b. Amounts apportioned to that Settling State's Remediation Accounts Fund shall be distributed consistent with Section V.E. Each Settling State shall submit to the Settlement Fund Administrator a designation of a lead state agency or other entity to serve as the single point of contact for that Settling State's funding requests from the Remediation Accounts Fund and other communications with the Settlement Fund Administrator. The designation of an individual entity is for administrative purposes only and such designation shall not limit funding to such entity or even require that such entity receive funds from this Agreement. The designated entity shall be the only entity authorized to request funds from the Settlement Fund Administrator to be disbursed from that Settling State's Remediation Accounts Fund. If a Settling State has established a Statutory Trust, then that Settling State's single point of contact may direct the Settlement Fund Administrator to release the Settling State's Remediation Accounts Fund to the Statutory Trust.

c. Amounts apportioned to that Settling State's Subdivision Fund shall be distributed to Participating Subdivisions in that Settling State included on Exhibit G per the Subdivision Allocation Percentage listed in Exhibit G. Section VII.H shall govern amounts that would otherwise be distributed to Non-Participating Subdivisions listed in Exhibit G. For the avoidance of doubt and notwithstanding any other provision in this Agreement, no Non-Participating Subdivision will directly receive any amount from the Settlement Fund, regardless of whether such Subdivision is included on Exhibit G.

d. Special Districts shall not be allocated funds from the Subdivision Fund, except through a voluntary redistribution allowed by Section V.D.3 to Special Districts that are Participating Subdivisions. A Settling State may allocate funds from its State Fund or Remediation Accounts Fund for Special Districts that are Participating Subdivisions.

5. Restrictions on Distribution. No amounts may be distributed from the Subdivision Fund contrary to Section VII, i.e., no amounts may be distributed directly to Non-Participating Subdivisions or to Later Participating Subdivisions to the extent such a distribution would violate Section VII.E through Section VII.H. Amounts allocated to the Subdivision Fund that cannot be distributed by virtue of the preceding sentence shall be distributed into the sub-account in the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement described in Section V.D.1 or by an Allocation Statute or a Statutory Trust described in Section V.D.2.

E. *Provisions Regarding the Remediation Accounts Fund.*

1. State-Subdivision Agreement, Allocation Statute, and Statutory Trust Fund Provisions. A State-Subdivision Agreement, Allocation Statute, or Statutory Trust may govern the operation and use of amounts in that Settling State's Remediation Accounts Fund so long as it complies with the requirements of Section V.D.1 or Section V.D.2, as

applicable, and all direct payments to Subdivisions comply with Section VII.E through Section VII.H.

2. Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. In the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust that addresses distribution, the Remediation Accounts Fund will be used solely for future Opioid Remediation and the following shall apply with respect to a Settling State:

a. Regional Remediation.

(i) At least fifty percent (50%) of distributions for remediation from a Settling State's Remediation Accounts Fund shall be annually allocated and tracked to the regional level. A Settling State may allow the Advisory Committee established pursuant to Section V.E.2.d to define its regions and assign regional allocations percentages. Otherwise, the Settling State shall (A) define its initial regions, which shall consist of one (1) or more General Purpose Subdivisions and which shall be designated by the state agency with primary responsibility for substance abuse disorder services employing, to the maximum extent practical, existing regions established in that Settling State for opioid abuse treatment or other public health purposes; (B) assign initial regional allocation percentages to the regions based on the Subdivision Allocation Percentages in Exhibit G and an assumption that all Subdivisions included on Exhibit G will become Participating Subdivisions.

(ii) This minimum regional expenditure percentage is calculated on the Settling State's initial Remediation Accounts Fund allocation and does not include any additional amounts a Settling State has directed to its Remediation Accounts Fund from its State Fund, or any other amounts directed to the fund. A Settling State may dedicate more than fifty percent (50%) of its Remediation Accounts Fund to the regional expenditure and may annually adjust the percentage of its Remediation Accounts Fund dedicated to regional expenditures as long as the percentage remains above the minimum amount.

(iii) The Settling State (A) has the authority to adjust the definition of the regions, and (B) may annually revise the percentages allocated to each region to reflect the number of General Purpose Subdivisions in each region that are Non-Participating Subdivisions.

b. *Subdivision Block Grants.* Certain Subdivisions shall be eligible to receive regional allocation funds in the form of a block grant for future Opioid Remediation. A Participating Subdivision eligible for block grants is a county or parish (or in the case of Settling States that do not have counties or parishes that function as political subdivisions, a city) that (1) does not contain a Litigating Subdivision or a Later Litigating Subdivision for which it has the authority to end the litigation through a release, bar or other action; (2) either (i) has a population

of 400,000 or more or (ii) in the case of California has a population of 750,000 or more; and (3) has funded or otherwise managed an established health care or treatment infrastructure (e.g., health department or similar agency). Each Subdivision eligible to receive block grants shall be assigned its own region.

c. *Small Settling States.* Notwithstanding the provisions of Section V.E.2.a, Settling States with populations under four (4) million that do not have existing regions described in Section V.E.2.a shall not be required to establish regions. However, such a Settling State that contains one (1) or more Subdivisions eligible for block grants under Section V.E.2.b shall be divided regionally so that each block-grant eligible Subdivision is a region, and the remainder of the state is a region.

d. *Advisory Committee.* The Settling State shall designate an Opioid Settlement Remediation Advisory Committee (the “*Advisory Committee*”) to provide input and recommendations regarding remediation spending from that Settling State’s Remediation Accounts Fund. A Settling State may elect to use an existing advisory committee or similar entity (created outside of a State-Subdivision Agreement or Allocation Statute); *provided, however*, the Advisory Committee or similar entity shall meet the following requirements:

(i) Written guidelines that establish the formation and composition of the Advisory Committee, terms of service for members, contingency for removal or resignation of members, a schedule of meetings, and any other administrative details;

(ii) Composition that includes at least an equal number of local representatives as state representatives;

(iii) A process for receiving input from Subdivisions and other communities regarding how the opioid crisis is affecting their communities, their remediation needs, and proposals for remediation strategies and responses; and

(iv) A process by which Advisory Committee recommendations for expenditures for Opioid Remediation will be made to and considered by the appropriate state agencies.

3. Remediation Accounts Fund Reporting. The Settlement Fund Administrator shall track and assist in the report of remediation disbursements as agreed to between Mylan and the Enforcement Committee

F. *Nature of Payment.* Mylan, the Settling States, and the Participating Subdivisions each acknowledge and agree that notwithstanding anything to the contrary in this Agreement, including, but not limited to, the scope of the Released Claims:

1. They have entered into this Agreement to avoid the delay, expense, inconvenience, and uncertainty of further litigation;

2. (a) The Settling States and Participating Subdivisions sought compensatory restitution and remediation for alleged damage or harm caused by the potential violation of a law (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i)) as damages for the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; (b) the Compensatory Restitution Amount is less than or equal to the amount, in the aggregate, of the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; and (c) the portion of the Compensatory Restitution Amount received by each Settling State or Participating Subdivision is less than or equal to the amount of the Alleged Harms allegedly suffered by such Settling State or Participating Subdivision;

3. The payment of the Compensatory Restitution Amount by Mylan constitutes, and is paid for, compensatory restitution and remediation (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i), (ii)) for alleged damage or harm (as compensation for alleged damage or harm arising out of alleged bodily injury) allegedly caused by Mylan in order to restore, in whole or in part, the Settling States, Participating Subdivisions, and persons to the same position or condition that they would be in had the Settling States, Participating Subdivisions, and persons not suffered the Alleged Harms, and constitutes compensatory restitution and remediation for alleged damage or harm allegedly caused by the potential violation of a law; and

4. For the avoidance of doubt: (a) the entire Compensatory Restitution Amount is properly characterized as described in Section V.F, (b) no portion of the Compensatory Restitution Amount represents reimbursement to any Settling State or Participating Subdivision or other person or entity for the fees or costs of any investigation or litigation, including without limitation attorneys' fees, (c) no portion of the Global Settlement Amount constitutes the disgorgement of any allegedly ill-gotten gains, and (d) no portion of the Global Settlement Amount is paid for, is in place of, or is properly characterized as the payment of any fine, penalty, punitive damages, or other punitive assessments.

VI. Enforcement

A. *Enforceability.* This Agreement is enforceable only by the Settling States and Mylan; *provided, however,* that Released Entities may enforce Section X and Participating Subdivisions listed on Exhibit G have the enforcement rights described later in this paragraph and in Section VI.D. Except to the extent allowed by the Injunctive Relief Terms, Settling States and Participating Subdivisions shall not have enforcement rights against Mylan with respect to either the terms of this Agreement that apply only to or in other Settling States or any Consent Judgment entered into by another Settling State. Participating Subdivisions shall not have enforcement rights against Mylan with respect to this Agreement or any Consent Judgment except that Participating Subdivisions listed on Exhibit G shall have enforcement rights as set forth herein as to payments that would be allocated to the Participating Subdivisions or the Remediation Accounts Fund in such Settling State; *provided, however,* that each Settling State shall allow Participating

Subdivisions in such Settling State to notify it of any perceived violations of this Agreement or the applicable Consent Judgment.

B. *Jurisdiction.* Mylan consents to the jurisdiction of the court in which each Settling State files its Consent Judgment, limited to resolution of disputes identified in Section VI.F.2 for resolution in that court.

C. *Specific Terms Dispute Resolution.*

1. Any dispute that is addressed by the provisions set forth in the Injunctive Relief Terms shall be resolved as provided therein.

2. In the event that Mylan believes that the ninety-five percent (95%) threshold established in Section V.B.1 is not being satisfied, any Party may request that Mylan and the Enforcement Committee meet and confer regarding the use of funds to implement Section V.B.1. The completion of such meet-and-confer process is a precondition to further action regarding any such dispute. Further action concerning Section V.B.1 shall: (i) be limited to Mylan seeking to reduce its Annual Remediation Payments by no more than five percent (5%) of the difference between the actual amount of Opioid Remediation and the ninety-five percent (95%) threshold established in Section V.B.1; (ii) only reduce Annual Remediation Payments to those Settling States and their Participating Subdivision(s) that are below the ninety-five percent (95%) threshold established in Section V.B.1; and (iii) not reduce Annual Remediation Payments restricted to future Opioid Remediation.

D. *State-Subdivision Enforcement.*

1. A Subdivision shall not have enforcement rights against a Settling State in which it is located with respect to this Agreement or any Consent Judgment except that a Participating Subdivision listed on Exhibit G shall have enforcement rights (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust with respect to intrastate allocation or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that (i) the Settling State's use of Remediation Accounts Fund monies were not used for uses similar to or in the nature of those uses contained in Exhibit E; or (ii) a Settling State failed to pay funds directly from the Remediation Accounts Fund to a Participating Subdivision eligible to receive a block grant pursuant to Section V.E.2.b.

2. A Settling State shall have enforcement rights against a Participating Subdivision located in its territory (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust; or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that the Participating Subdivisions' uses of Remediation Accounts Fund monies were not used for purposes similar to or in the nature of those uses contained in Exhibit E.

3. As between the Settling States and Participating Subdivisions, the above rights are contractual in nature and nothing herein is intended to limit, restrict, change or alter any other existing rights under law.

E. *Subdivision Mylan Payment Enforcement.* A Participating Subdivision listed on Exhibit G shall have the same right as a Settling State to seek resolution regarding the failure by Mylan to make its Annual Remediation Payment in a Payment Year.

F. *Other Terms Regarding Dispute Resolution.*

1. The parties to a dispute shall promptly meet and confer in good faith to resolve any dispute. If the parties cannot resolve the dispute informally, and unless otherwise agreed in writing, they shall follow the remaining provisions in this section to resolve the dispute.

2. Except to the extent provided by Section VI.C or Section VI.F.3, all disputes not resolved informally shall be resolved in either the court that entered the relevant Consent Judgment or, if no such Consent Judgment was entered, a state or territorial court with jurisdiction located wherever the seat of the relevant state government is located.

a. State court proceedings shall be governed by the rules and procedures of the relevant forum.

b. For the avoidance of doubt, disputes to be resolved in state court include, but are not limited to, the following:

(i) disputes concerning whether expenditures qualify as Opioid Remediation;

(ii) disputes between a Settling State and its Participating Subdivisions as provided by Section VI.D, except to the extent the State-Subdivision Agreement provides for other dispute resolution mechanisms. For the avoidance of doubt, disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes;

(iii) whether this Agreement and relevant Consent Judgment are binding under state law;

(iv) the extent of the Attorney General's or other participating entity's authority under state law, including the extent of the authority to release claims; and

(v) whether the definition of a Bar, a Case-Specific Resolution, Final Order, lead state agency as described in Section V.D.4.b, Later Litigating Subdivision, Litigating Subdivision, or Threshold Motion have been met; and

(vi) all other disputes not specifically identified in Section VI.C or Section VI.F.3.

c. Any Party may request that the National Arbitration Panel provide an interpretation of any provision of the settlement that is relevant to the state court determination, and the National Arbitration Panel shall make reasonable best efforts to supply such interpretation within the earlier of thirty (30) calendar days or the time period required by the state court proceedings. Any Party may submit that interpretation to the state court to the extent permitted by, and for such weight provided by, the state court's rules and procedures. If requested by a Party, the National Arbitration Panel shall request that its interpretation be accepted in the form of an *amicus curiae* brief, and any attorneys' fees and costs for preparing any such filing shall be paid for by the requesting Party.

3. National Disputes involving a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VI.A, and/or Mylan shall be resolved by the National Arbitration Panel.

a. National Disputes are disputes that are not addressed by Section VI.C, and which are exceptions to Section VI.F.2's presumption of resolution in state courts because they involve issues of interpretation of terms contained in this Agreement applicable to all Settling States without reference to a particular state's law. Disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes. National Disputes are limited to the following:

(i) the amount of offset and/or credit attributable to Non-Settling States;

(ii) issues involving the scope and definition of Product;

(iii) interpretation and application of the terms "Covered Conduct," "Released Entities," and "Released Claims;"

(iv) the failure by Mylan to pay the Annual Remediation Payment or the Additional Remediation Amount in a Payment Year, but for the avoidance of doubt, disputes between Mylan and a Settling State over the amounts owed only to that state that do not affect any other Settling State shall not be considered National Disputes;

(v) questions regarding the performance and/or removal of the Settlement Fund Administrator;

(vi) disputes involving liability of successor entities;

(vii) disputes that require a determination of the sufficiency of participation in order to qualify for Incentive Payments A, BC, or D;

(viii) disputes involving a Releasor's compliance with, and the appropriate remedy under, Section X.B.5.c;

(ix) disputes requiring the interpretation of Agreement terms that are national in scope or impact, which shall mean disputes requiring the interpretation of Agreement terms that (i) concretely affect four (4) or more Settling States; and (ii) do not turn on unique definitions and interpretations under state law; and

(x) any dispute subject to resolution under Section VI.F.2 but for which all parties to the dispute agree to arbitration before the National Arbitration Panel under the provisions of this Section VI.F.3.

b. The National Arbitration Panel shall be comprised of three (3) arbitrators. One (1) arbitrator shall be chosen by Mylan, one (1) arbitrator shall be chosen by the Enforcement Committee with due input from Participating Subdivisions listed on Exhibit G, and the third arbitrator shall be agreed upon by the first two (2) arbitrators. The membership of the National Arbitration Panel is intended to remain constant throughout the term of this Agreement, but in the event that replacements are required, the retiring arbitrator shall be replaced by the party that selected him/her.

c. The National Arbitration Panel shall make reasonable best efforts to decide all matters within one hundred eighty (180) calendar days of filing, and in no event shall it take longer than one (1) year.

d. The National Arbitration Panel shall conduct all proceedings in a reasonably streamlined process consistent with an opportunity for the parties to be heard. Issues shall be resolved without the need for live witnesses where feasible and with a presumption in favor of remote participation to minimize the burdens on the parties.

e. To the extent allowed under state law, a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VI.A, and (at any party's request) the National Arbitration Panel may certify to an appropriate state court any question of state law. The National Arbitration Panel shall be bound by a final state court determination of such a certified question. The time period for the arbitration shall be tolled during the course of the certification process.

f. The arbitrators will give due deference to any authoritative interpretation of state law, including any declaratory judgment or similar relief obtained by a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VI.A, or Mylan on a state law issue.

g. The decisions of the National Arbitration Panel shall be binding on Settling States, Participating Subdivisions, Mylan, and the Settlement Fund Administrator. In any proceeding before the National Arbitration Panel involving a dispute between a Settling State and Mylan whose resolution could prejudice the

rights of a Participating Subdivision(s) in that Settling State, such Participating Subdivision(s) shall be allowed to file a statement of view in the proceeding.

h. Nothing herein shall be construed so as to limit or otherwise restrict a Settling State from seeking injunctive or other equitable relief in state court to protect the health, safety, or welfare of its citizens.

i. Each party shall bear its own costs in any arbitration or court proceeding arising under this Section VI. The costs for the arbitrators on the National Arbitration Panel shall be divided and paid equally by the disputing sides for each individual dispute, e.g., a dispute between Mylan and Settling States/Participating Subdivisions shall be split fifty percent (50%) by Mylan and fifty percent (50%) by the Settling States/Participating Subdivisions that are parties to the dispute; a dispute between a Settling State and a Participating Subdivision shall be split fifty percent (50%) by the Settling State that is party to the dispute and fifty percent (50%) by any Participating Subdivisions that are parties to the dispute. For the avoidance of doubt, Mylan shall not be responsible for the National Arbitration Panel costs in disputes that do not concern Mylan.

4. Prior to initiating an action to enforce pursuant to this Section VI.F, the complaining party must:

a. Provide written notice to the Enforcement Committee and/or Mylan of its complaint, including the provision of the Consent Judgment and/or Agreement that the practice appears to violate, as well as the basis for its interpretation of the disputed provision. The Enforcement Committee shall establish a reasonable process and timeline for obtaining additional information from the involved parties; *provided, however*, that the date the Enforcement Committee establishes for obtaining additional information from the parties shall not be more than forty-five (45) calendar days following the notice. The Enforcement Committee may advise the involved parties of its views on the complaint and/or seek to resolve the complaint informally.

b. Wait to commence any enforcement action until thirty (30) calendar days after the date that the Enforcement Committee establishes for obtaining additional information from the involved parties.

5. If the parties to a dispute cannot agree on the proper forum for resolution of the dispute under the provisions of Section VI.F.2 or Section VI.F.3, a committee comprising the Enforcement Committee and sufficient representatives of Mylan such that the members of the Enforcement Committee have a majority of one (1) member will determine the forum where the dispute will be initiated within twenty-eight (28) calendar days of receiving notification of the dispute relating to the proper forum. The forum identified by such committee shall be the sole forum for litigating the issue of which forum will hear the substantive dispute, and the committee's identification of such forum in the first instance shall not be entitled to deference by the forum selected.

G. *Lien or Encumbrance.* To the extent allowed by applicable law, this Settlement Agreement shall not be deemed to create a lien or encumbrance against any real property owned by Mylan or its affiliates, unless in the event of a default or breach of the payment provisions by Mylan. Nothing in this Section shall be construed to limit any remedy of any Settling State or Participating Subdivision in the event of a default or breach of this Agreement by Mylan.

H. *No Effect.* Nothing in this Agreement shall be interpreted to limit the Settling States' Civil Investigative Demand ("CID") or investigative subpoena authority, to the extent such authority exists under applicable state law and the CID or investigative subpoena is issued pursuant to such authority, and Mylan reserves all of its rights in connection with a CID or investigative subpoena issued pursuant to such authority.

VII. Participation by Subdivisions

A. *Notice.* No later than fifteen (15) calendar days after the Preliminary Agreement Date, the Implementation Administrator shall send individual written notice (which may be delivered via e-mail or other electronic means and may be combined with distribution of the Subdivision Settlement Participation Form) of the opportunity to participate in this Agreement and the requirements of participation to all Subdivisions in the Settling States that are (1) Litigating Subdivisions or (2) Non-Litigating Subdivisions listed on Exhibit G. To the extent a Special District is entitled to an allocation for a direct payment through its inclusion in Exhibit G pursuant to a State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution, the Implementation Administrator, with the cooperation of the Settling States shall also send individual written notice (which may be delivered via e-mail or other electronic means) of the opportunity to participate in this Agreement and the requirements of participation to such Special Districts. Unless otherwise agreed by the Parties, the version of Exhibit G used for notice shall be the one in place as of the Preliminary Agreement Date. Notice (which may be delivered via e-mail or other electronic means) shall also be provided simultaneously to counsel of record for Litigating Subdivisions and known counsel for Non-Litigating Subdivisions and Special Districts listed on Exhibit G. The costs of the Implementation Administrator shall be paid for by the interest earned from the deposit accounts holding the Adjusted Maximum Base Payment for Payment Year 1 for Mylan and nothing in this provision shall require Mylan to pay any costs, fees or other amounts in excess of the Global Settlement Amount. The Settling States, with the cooperation of Mylan, may also provide general notice reasonably calculated to alert Non-Litigating Subdivisions in the Settling States to this Agreement, the opportunity to participate in it, and the requirements for participation. Such notice may include publication and other standard forms of notification, as well as notice to state and county organizations such as the National Association of Counties and the National League of Cities. The notice will include that the deadline for becoming an Initial Participating Subdivision is the Initial Participation Date. Nothing contained herein shall preclude a Settling State from providing further notice to or otherwise contacting any of its Subdivisions about becoming a Participating Subdivision, including beginning any of the activities described in this paragraph prior to the Preliminary Agreement Date.

B. *Requirements for Becoming a Participating Subdivision—Non-Litigating Subdivisions.* A Non-Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and

returned by electronic means established by the Implementation Administrator or Settlement Fund Administrator) specifying (1) that the Subdivision agrees to the terms of this Agreement pertaining to Subdivisions, (2) that the Subdivision releases all Released Claims against all Released Entities, (3) that the Subdivision agrees to use monies it receives, if any, from the Settlement Fund pursuant to the applicable requirements of Section V; *provided, however*, that Non-Litigating Subdivisions may only use monies originating from the Settlement Fund for purposes that qualify as Opioid Remediation, and (4) that the Subdivision submits to the jurisdiction of the court where the applicable Consent Judgment is filed for purposes limited to that court's role under this Agreement. The required Subdivision Settlement Participation Form is attached as Exhibit K.

C. *Requirements for Becoming a Participating Subdivision—Litigating Subdivisions/Later Litigating Subdivisions.* A Litigating Subdivision or Later Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Fund Administrator) and upon prompt dismissal with prejudice of its lawsuit following the Reference Date or the date on which the conditions for effectiveness in Section VIII.B have been met, whichever is later. A Settling State may require each Litigating Subdivision in that Settling State to specify on the Subdivision Settlement Participation Form whether its counsel has waived any contingency fee contract with that Participating Subdivision and whether, if eligible, it intends to seek fees pursuant to Exhibit R. The Settlement Fund Administrator shall provide reports of this information to the parties upon request. A Litigating Subdivision or Later Litigating Subdivision may not become a Participating Subdivision after the completion of opening statements in a trial of the lawsuit it brought that includes a Released Claim against a Released Entity.

D. *Initial Participating Subdivisions.* A Subdivision qualifies as an Initial Participating Subdivision if it meets the applicable requirements for becoming a Participating Subdivision set forth in Section VII.B or Section VII.C by the Initial Participation Date. All Subdivision Settlement Participation Forms shall be held in escrow by the Implementation Administrator until the Reference Date. If, for any reason, the Agreement does not become effective, all obligations created by such forms and releases in them shall be void *ab initio* and all Subdivision Participation Agreements shall be returned to Counsel for Litigating Subdivisions or to the Subdivisions not represented by counsel or destroyed to the extent that such destruction is not prohibited by then existing document preservation obligations.

E. *Later Participating Subdivisions.* A Subdivision that is not an Initial Participating Subdivision may become a Later Participating Subdivision by meeting the applicable requirements for becoming a Participating Subdivision set forth in Section VII.B or Section VII.C after the Initial Participation Date and by agreeing to be subject to the terms of a State-Subdivision Agreement (if any) or any other structure adopted or applicable pursuant to Section V.D or Section V.E. Unless waived by Mylan, the following provisions govern what a Later Participating Subdivision can receive (but do not apply to Initial Participating Subdivisions):

1. A Later Participating Subdivision shall not receive any share of any Annual Remediation Payment due before it became a Participating Subdivision.

2. A Later Participating Subdivision that becomes a Participating Subdivision after December 15, 2026, shall receive seventy-five percent (75%) of the share of future Base Payments or Incentive Payments that it would have received had it become a Later Participating Subdivision prior to that date (unless the Later Participating Subdivision is subject to Section VII.E.3 or Section VII.E.4).

3. A Later Participating Subdivision that, after the Initial Participation Date, maintains a lawsuit for a Released Claim(s) against a Released Entity and has judgment entered against it on every such Claim before it became a Participating Subdivision (other than a consensual dismissal with prejudice) shall receive fifty percent (50%) of the share of future Base Payments or Incentive Payments that it would have received had it become a Later Participating Subdivision prior to such judgment; *provided, however*, that if the Subdivision appeals the judgment and the judgment is affirmed with finality before the Subdivision becomes a Participating Subdivision, the Subdivision shall not receive any share of any Base Payment or Incentive Payments.

4. A Later Participating Subdivision that becomes a Participating Subdivision while a Bar or Case-Specific Resolution involving a different Subdivision exists in its state shall receive twenty-five percent (25%) of the share of future Base Payments or Incentive Payments that it would have received had it become a Later Participating Subdivision without such Bar or Case-Specific Resolution.

F. *No Increase in Payments.* Amounts to be received by Later Participating Subdivisions shall not increase the payments due from Mylan.

G. *Non-Participating Subdivisions.* Non-Participating Subdivisions shall not directly receive any portion of any Annual Remediation Payment, including from the State Fund and direct distributions from the Remediation Accounts Fund; however, a Settling State may choose to fund future Opioid Remediation that indirectly benefits Non-Participating Subdivisions.

H. *Unpaid Allocations to Later Participating Subdivisions and Non-Participating Subdivisions.* Any Base Payment and Incentive Payments allocated pursuant to Section V.D to a Later Participating Subdivision or Non-Participating Subdivision that cannot be paid pursuant to this Section VII, including the amounts that remain unpaid after the reductions required by Section VII.E.2 through Section VII.E.4, will be allocated to the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement or by a Statutory Trust.

I. *Ineligible Subdivisions.* Subdivisions in Non-Settling States and Prior Litigating Subdivisions are not eligible to be Participating Subdivisions.

VIII. Condition to Effectiveness of Agreement and Filing of Consent Judgment

A. *Determination to Proceed with Settlement—Settling States.* Following the Initial Subdivision Participation Date, the Enforcement Committee shall determine whether to proceed with the Agreement on behalf of the Settling States, and the Settling States shall be bound by the determination of the Enforcement Committee. No later than fifteen (15) calendar days prior to the

Reference Date, the Enforcement Committee shall provide notice to Mylan of its decision. If the Enforcement Committee elects not to proceed, this Agreement will have no further effect, and all releases (including those contained in Subdivision Settlement Participation Forms and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms) will be void. Within seven (7) calendar days of informing Mylan that there is sufficient participation to proceed, the Enforcement Committee will deliver all signatures and releases required by the Agreement to be provided by the Settling States to Mylan.

B. *Determination to Proceed with Settlement—Mylan.* If the Settling States elect to proceed, Mylan will then determine on or before the Reference Date whether there is sufficient Eligible State participation, sufficient Subdivision participation, and sufficient resolution of the Claims of the Litigating Subdivisions in the Settling States (through participation under Section VIII, Case-Specific Resolution(s) and Bar(s)) to proceed with this Agreement. The determination shall be in the sole discretion of Mylan and may be based on any criteria or factors deemed relevant by Mylan.

C. *Notice by Mylan.* On or before the Reference Date, Mylan shall inform the Settling States of its determination pursuant to Section VIII.B. If Mylan determines to proceed, the Parties will proceed to file the Consent Judgments and the obligations in the Subdivision Settlement Participation Forms will be effective and binding as of the Reference Date. If Mylan determines not to proceed, this Agreement will have no further effect, any amounts deposited for Payment Year 1, including funds referenced in Section IV.D.1 and Exhibit M, shall revert to Mylan, and all releases (including those contained in Subdivision Settlement Participation Forms) and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms will be void.

IX. Participating Subdivision Attorneys' Fees and Costs and Additional Remediation Amount

A. The Agreement on Subdivision Attorneys' Fees, Expenses and Costs is set forth in Exhibit R and incorporated herein by reference.

B. *Additional Remediation Amount.*

1. Subject to and without exceeding the maximum payment amounts set forth in the "Additional Remediation Amount" column of Exhibit M-3 and subject to the reduction specified in Section IX.B.2, Mylan shall pay an Additional Remediation Amount to the Settling States listed in Exhibit N. Such funds shall be paid, on the schedule set forth in Exhibit M-3, as allocated by the Settlement Fund Administrator pursuant to Exhibit N.

2. *Reduction of Additional Remediation Amount.* The amounts owed by Mylan pursuant to this Section IX.B shall be reduced by the allocations set forth on Exhibit N for Non-Settling States.

3. For the avoidance of doubt, (1) a Settling State that retained outside counsel in connection with the investigation of Mylan that receives an Additional Remediation

Amount may choose to have the Additional Remediation Amount designated to pay the Settling State's outside counsel, and may instruct the Settlement Fund Administrator to pay those funds directly to the Settling State's outside counsel, and (2) Additional Remediation Amount funds, including funds designated by a Settling State to pay its outside counsel under this paragraph, shall not be subject to allocation as provided in Section V.C through Section V.E.

C. All payments addressed by this Section IX will be made no later than the Payment Date for the Payment Year in which they are due, pursuant to Exhibit M-3.

X. Release

A. *Scope.* As of the Effective Date, the Released Entities are hereby released and forever discharged from all of the Releasors' Released Claims. Each Settling State (for itself and its Releasors) and Participating Subdivision hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in this Agreement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of each Settling State and its Attorney General to release claims. This Agreement shall be a complete bar to any Released Claim.

B. *Claim-Over and Non-Party Settlement.*

1. It is the intent of the Parties that:

a. Released Entities should not seek contribution or indemnification (other than pursuant to an insurance contract), from other parties for their payment obligations under this Agreement;

b. the payments made under this Agreement shall be the sole payments made by the Released Entities to the Releasors involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity);

c. Claims by Releasors against non-Parties should not result in additional payments by Released Entities, whether through contribution, indemnification or any other means; and

d. the Agreement meets the requirements of the Uniform Contribution Among Joint Tortfeasors Act and any similar state law or doctrine that reduces or discharges a released party's liability to any other parties.

2. The provisions of this Section X.B are intended to be implemented consistent with these principles. This Agreement and the releases and dismissals provided for herein are made in good faith.

3. No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner; *provided* that a Released Entity shall be relieved of this prohibition with respect to any entity that asserts a Claim-Over against it. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

4. To the extent that, on or after the Reference Date, any Releasor enters into a Non-Party Settlement, including in any bankruptcy case or through any plan of reorganization, the Releasor will include (or in the case of a Non-Party Settlement made in connection with a bankruptcy case, will cause the debtor to include), unless prohibited from doing so under applicable law, in the Non-Party Settlement a prohibition on contribution or indemnity of any kind substantially equivalent to that required from Mylan in Section X.B.3, or a release from such Non-Released Entity in favor of the Released Entities (in a form equivalent to the releases contained in this Agreement) of any Claim-Over. The obligation to obtain the prohibition and/or release required by this subsection is a material term of this Agreement.

5. In the event that any Releasor obtains a judgment with respect to Non-Party Covered Conduct against a Non-Released Entity that does not contain a prohibition like that described in Section X.B.3 or any Releasor files a Non-Party Covered Conduct Claim against a Non-Released Entity in bankruptcy or a Releasor is prevented for any reason from obtaining a prohibition/release in a Non-Party Settlement as provided in Section X.B.3, and such Non-Released Entity asserts a Claim-Over against a Released Entity, the Released Entity shall be relieved of the prohibition in Section X.B.3 with respect to that Non-Released Entity and that Releasor and Mylan shall take the following actions to ensure that the Released Entities do not pay more with respect to Covered Conduct to the Releasor or to Non-Released Entities than the amounts owed under this Settlement Agreement by Mylan:

a. Mylan shall notify that Releasor of the Claim-Over within sixty (60) calendar days of the assertion of the Claim-Over or sixty (60) calendar days of the Effective Date of this Settlement Agreement, whichever is later;

b. Mylan and that Releasor shall meet and confer concerning the means to hold Released Entities harmless and ensure that they are not required to pay more with respect to Covered Conduct than the amounts owed by Mylan to the Releasor under this Agreement;

c. That Releasor and Mylan shall take steps sufficient and permissible under the law of the state of the Releasor to hold Released Entities harmless from the Claim-Over and ensure Released Entities are not required to pay more with respect to Covered Conduct than the amounts owed by Mylan under this Agreement. Such steps may include, where permissible:

(i) Filing of motions to dismiss or such other appropriate motion by Mylan or Released Entities, and supported by Releasor, in response to any claim filed in litigation or arbitration;

(ii) Reduction of that Releasor's Claim and any judgment it has obtained or may obtain against such Non-Released Entity by whatever amount or percentage is necessary to extinguish such Claim-Over under applicable law, up to the amount the Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(iii) Placement into escrow of funds paid by the Non-Released Entities such that those funds are available to satisfy the Claim-Over;

(iv) Return of monies paid by Mylan to the Releasor under this Settlement Agreement to permit satisfaction of a judgment against or settlement with the Non-Released Entity to satisfy the Claim-Over;

(v) Payment of monies to Mylan by the Releasor to ensure it is held harmless from such Claim-Over, up to the amount that Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(vi) Credit to Mylan under this Agreement to reduce the overall amounts to be paid under the Agreement such that it is held harmless from the Claim-Over; and

(vii) Such other actions as that Releasor and Mylan may devise to hold Mylan harmless from the Claim-Over.

d. The actions of that Releasor and Mylan taken pursuant to paragraph (c) must, in combination, ensure Mylan is not required to pay more with respect to Covered Conduct than the amounts owed by Mylan to the Releasor under this Agreement.

e. In the event of any dispute over the sufficiency of the actions taken pursuant to paragraph (c), the Releasor and Mylan may seek review by the National Arbitration Panel, provided that, if the parties agree, such dispute may be heard by the state court where the relevant Consent Judgment was filed. The National Arbitration Panel shall have authority to require Releasor to implement a remedy that includes one or more of the actions specified in paragraph (c) sufficient to hold Released Entities fully harmless. In the event that the Panel's actions do not result in Released Entities being held fully harmless, Mylan shall have a claim for breach of this Agreement by Releasor, with the remedy being payment of sufficient funds to hold Mylan harmless from the Claim-Over up to the amount the Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity. For the avoidance of doubt, the prior sentence does not limit or eliminate any other remedy that Mylan may have.

6. To the extent that the Claim-Over is based on a contractual indemnity, the obligations under Section X.B.4 shall extend solely to a Non-Party Covered Conduct Claim against a clinic, hospital or other purchaser, distributor or dispenser of Products, a manufacturer that sold Products, a consultant, and/or a pharmacy benefit manager or other third-party payor. Mylan shall notify the Settling States, to the extent permitted by applicable law, in the event that any of these types of Non-Released Entity asserts a Claim-Over arising out of contractual indemnity against it.

C. *Indemnification and Contribution Prohibited.* No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory, from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

D. *General Release.* In connection with the releases provided for in this Agreement, each Settling State (for itself and its Releasers) and Participating Subdivision expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

General Release; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that if known by him or her, would have materially affected his or her settlement with the debtor or released party.

A Releaser may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Settling State (for itself and its Releasers) and Participating Subdivision hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasers do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Settling States' decision to enter into this Agreement or the Participating Subdivisions' decision to participate in this Agreement.

E. *Assigned Interest Waiver.* To the extent that any Settling State has any direct or indirect interest in any rights of a third-party that is a debtor under the Bankruptcy Code as a result of a claim arising out of Covered Conduct by way of assignment or otherwise, including as a result of being the beneficiary of a trust or other distribution entity, to assert claims against Mylan (whether derivatively or otherwise), under any legal or equitable theory, including for indemnification, contribution, or subrogation, the Settling State waives the right to assert any such claim, or to receive a distribution or any benefit on account of such claim and such claim, distribution, or benefit shall be deemed assigned to Mylan.

F. *Res Judicata.* Nothing in this Agreement shall be deemed to reduce the scope of the res judicata or claim preclusive effect that the settlement memorialized in this Agreement,

and/or any Consent Judgment or other judgment entered on this Agreement, gives rise to under applicable law.

G. *Representation and Warranty.* The signatories hereto on behalf of their respective Settling States and its Participating Subdivisions expressly represent and warrant that they will obtain on or before the Effective Date (or have obtained) the authority to settle and release, to the maximum extent of the State's power, all Released Claims of (1) their respective Settling States; (2) any of the respective Settling State's past and present executive departments, state agencies, divisions, boards, commissions and instrumentalities with the regulatory authority to enforce state and federal controlled substances acts; (3) any of their respective Settling State's past and present executive departments, agencies, divisions, boards, commissions and instrumentalities that have the authority to bring Claims related to Covered Conduct seeking money (including abatement and/or remediation) or revocation of a pharmaceutical distribution license; and (4) any Participating Subdivisions. For the purposes of clause (3) above, executive departments, agencies, divisions, boards, commission, and instrumentalities are those that are under the executive authority or direct control of the State's Governor. Also, for the purposes of clause (3), a release from a State's Governor as set forth in Exhibit X is sufficient to demonstrate that the appropriate releases have been obtained.

H. *Effectiveness.* The releases set forth in this Agreement shall not be impacted in any way by any dispute that exists, has existed, or may later exist between or among the Releasors. Nor shall such releases be impacted in any way by any current or future law, regulation, ordinance, or court or agency order limiting, seizing, or controlling the distribution or use of the Settlement Fund or any portion thereof, or by the enactment of future laws, or by any seizure of the Settlement Fund or any portion thereof.

I. *Cooperation.* Releasors (1) will not encourage any person or entity to bring or maintain any Released Claim against any Released Entity and (2) will reasonably cooperate with and not oppose any effort by a Released Entity to secure the prompt dismissal of any and all Released Claims, including suits brought by non-Releasors based on Released Claims. Releasors will meet and confer and make reasonable efforts to resolve any action that is filed by a Subdivision against Mylan on or after the date the Preliminary Agreement Date. This provision shall not require a Settling State to make any monetary payment or adjustment to allocation or incur other obligation.

J. *Non-Released Claims.* Notwithstanding the foregoing or anything in the definition of Released Claims, the Agreement does not waive, release or limit any criminal liability, Claims for any outstanding liability under any tax or securities law, Claims against parties who are not Released Entities, Claims by private individuals, Claims for Medicaid rebates, Claims asserted, or that could be asserted, by any State or Subdivision, related to the causes of action in *In re: Generic Pharmaceuticals Pricing Antitrust Litigation*, in the United States District court for the District of Pennsylvania, MDL No. 2724; *Connecticut et al v. Aurobindo Pharma USA, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:16-cv-2056-NPS; *Connecticut et al. v. Teva Pharmaceuticals USA, Inc.*, in the United States District Court for the District of Connecticut, Case No. 3:19-cv-710-NPS; *Connecticut et al v. Sandoz, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:20-cv-802-NPS; and any related action (such excluded claims include, but are not limited to, all antitrust claims and any

claims related to any non-opioid generic drugs), and any claims arising under the Agreement for enforcement of the Agreement.

XI. Later Litigating Subdivisions

A. *Released Claims against Released Entities.* If a Later Litigating Subdivision in a Settling State maintains a lawsuit for a Released Claim against a Released Entity after the Reference Date, the following shall apply subject to Section XI.B:

1. The Released Entity shall take ordinary and reasonable measures to defend the action, including filing a Threshold Motion with respect to the Released Claim. The Released Entity shall further notify the Settling State and Settlement Fund Administrator immediately upon notice of a Later Litigating Subdivision bringing a lawsuit for a Released Claim and shall not oppose a Settling State's submission in support of the Threshold Motion. Mylan shall give the relevant Settling State a reasonable opportunity to extinguish the Released Claims without any payment or any other obligations being imposed upon any Released Entities (apart from the Global Settlement Amount payable by Mylan under the Agreement or the Injunctive Relief Terms incurred by it). The relevant Settling State and Mylan shall confer and use reasonable efforts to promptly resolve the lawsuit so that it is dismissed with prejudice. Nothing in this subsection creates an obligation for a Settling State to make a monetary payment or incur any other obligation to an entity filing a lawsuit.

2. If the lawsuit asserting a Released Claim is resolved with finality on terms requiring payment by the Released Entity, Mylan shall receive a dollar-for-dollar offset against Incentive Payment D for the amount paid. The offset shall be applied against the relevant portion of the Annual Remediation Payments starting in Payment Year 9 and working backwards.

3. For the avoidance of doubt, any offset pursuant to this Section XI in a Settling State that at the time is not eligible for Incentive Payment A shall continue to apply even if the Settling State at issue subsequently becomes eligible for Incentive Payment A.

4. "*Terms requiring payment*" shall mean (i) a final monetary judgment or (ii) a settlement; provided that the Released Entity sought the applicable State Attorney General's consent to the settlement and such consent was either obtained or unreasonably withheld. Should the judgment or settlement resolve claims that are not Released Claims, the offset shall be for the Released Claims portion only, which shall be distinguishable in the judgment or settlement.

B. Exceptions

1. Section XI.A shall not apply where the Settling State at issue meets the eligibility criteria for and is entitled to Incentive Payment A for the Payment Year at issue, except as expressly provided therein.

2. Section XI.A shall not apply where the Later Litigating Subdivision seeks less than \$10 million, or so long as its total claim is reduced to less than \$10 million, in the lawsuit for a Released Claim at issue.

C. *No Effect on Other Provisions.* An offset under Section XI.A shall not affect the Injunctive Relief Terms or the Consent Judgment.

D. *No Effect on Other States.* An offset under Section XI.A applicable to one State shall not affect the allocation or payment of the Annual Remediation Payment to other Settling States.

E. *Litigating Subdivisions in Non-Eligible States.* The Settling States will not encourage, facilitate, or assist in any manner whatsoever claims for Covered Conduct against Mylan in any Settling, Non-Settling, or Non-Eligible State, regardless of whether those claims were filed against Mylan prior to, on, or after the Effective Date.

XII. Offset

A. *Revoked Bar or Case-Specific Resolution.* If Mylan made any Annual Remediation Payments that included any incentive payments earned as a result of the existence of a Bar or Case-Specific Resolution in a Settling State, and there is subsequently a Revocation Event with respect to that Bar or Case-Specific Resolution after the determination of the amount of such Annual Remediation Payment, Mylan shall receive a dollar-for-dollar offset against the portion of remaining Annual Remediation Payments that would be allocated to that Settling State and its Participating Subdivisions. This offset will be calculated as the dollar amount difference between (1) the total amount of incentive payments paid by Mylan by virtue of the Bar or Case-Specific Resolution subject to the Revocation Event and (2) the total amount of incentive payments that would have been due from Mylan during that time had the Bar or Case-Specific Resolution subject to the Revocation Event not been in effect. The amount of incentive payments that would have been due, referenced in clause (2) above, will be calculated one hundred eighty (180) calendar days after the Revocation Event; for purposes of calculating the amount of incentive payments that would have been due, any relevant Subdivision shall be included as a Participating Subdivision if: (1) its Released Claims are extinguished by any subsequent Bar or Case-Specific Resolution in effect as of the date of such calculation, or (2) it becomes a Participating Subdivision (in addition to all other Participating Subdivisions) prior to the date of such calculation.

XIII. Miscellaneous

A. *Population of General Purpose Governments.* The population figures for General Purpose Governments shall be the published U.S. Census Bureau's population estimates for July 1, 2019, released May 2020. These population figures shall remain unchanged during the term of this Agreement.

B. *Population of Special Districts.* For any purpose in this Agreement in which the population of a Special District is used other than Section IV.H.4.c: (a) School Districts' population will be measured by the number of students enrolled who are eligible under the Individuals with Disabilities Education Act ("*IDEA*") or Section 504 of the Rehabilitation Act of 1973; (b) Health Districts' and Hospital Districts' population will be measured at twenty-five percent (25%) of

discharges; and (c) all other Special Districts' (including Fire Districts' and Library Districts') population will be measured at ten percent (10%) of the population served.⁸ For the avoidance of doubt, this means that California healthcare districts will be measured at ten percent (10%) of their membership. Mylan and the Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Preliminary Agreement Date.

C. *Population Associated with Sheriffs.* For any purpose in this Agreement in which the population associated with a lawsuit by a sheriff is used, the population will be measured at twenty percent (20%) of the capacity of the jail(s) operated by the sheriff.

D. *No Admission.* Mylan does not admit liability or wrongdoing. Neither this Agreement nor the Consent Judgments shall be considered, construed or represented to be (1) an admission, concession or evidence of liability or wrongdoing or (2) a waiver or any limitation of any defense otherwise available to Mylan.

E. *Tax Cooperation and Reporting.*

1. Upon request by Mylan, the Settling States and Participating Subdivisions agree to perform such further acts and to execute and deliver such further documents as may be reasonably necessary for Mylan to establish the statements set forth in Section V.F to the satisfaction of their tax advisors, their independent financial auditors, the Internal Revenue Service, or any other governmental authority, including as contemplated by 26 C.F.R. § 1.162-21(b)(3)(ii) and any subsequently proposed or finalized relevant regulations or administrative guidance.

2. Without limiting the generality of Section XIII.E.1, each Settling State and Participating Subdivision shall cooperate in good faith with Mylan with respect to any tax claim, dispute, investigation, audit, examination, contest, litigation, or other proceeding relating to this Agreement.

3. Pursuant to 26 C.F.R. § 1.6050X-1(a) and (b), the Designated State, on behalf of all Settling States and Participating Subdivisions, shall designate one of its officers or employees to act as the "appropriate official" within the meaning of 26 C.F.R. § 1.6050X-1(f)(1)(ii)(B) (the "Appropriate Official"). The Designated State shall direct and ensure that the Appropriate Official timely (a) files (i) at the time this Agreement becomes binding on the Parties, an IRS Form 1098-F in the form attached as Exhibit U with respect to Mylan and (ii) any legally required forms, returns or amended returns with any applicable governmental authority, or any returns requested by Mylan, and (b) provides to Mylan a copy of (i) the IRS Form 1098-F filed with respect to Mylan and (ii) any legally required written statement pursuant to any applicable law and any other document referred to in

⁸ The estimates for counties and parishes were accessed at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-counties-total.html>. The estimates for cities and towns can currently be found at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-total-cities-and-towns.html>.

clause (a)(ii) above. Any such forms, returns, or statements shall be prepared and filed in a manner fully consistent with Section V.F. and as set forth in Section XIII.E.4.

4. Any form, return, amended return, or written statement filed or provided pursuant to Section XIII.E.3, and any similar document, shall be prepared and filed in a manner consistent with reporting the Global Settlement Amount as the “Total amount to be paid” pursuant to this Agreement in Box 1 of IRS Form 1098-F and the Compensatory Restitution Amount as “Restitution/remediation amount” in Box 3 of IRS Form 1098-F, as reflected in the attached Exhibit U. If the Designated State or Appropriate Official shall be required to file any form, return, amended return, or written statement contemplated by this Section XIII.E other than an IRS Form 1098-F in the form attached as Exhibit U, the Designated State shall direct and ensure that the Appropriate Official provides to Mylan a draft of such form, return, amended return, or written statement no later than sixty (60) calendar days prior to the due date thereof, and shall accept any reasonable revisions from Mylan on the return, amended return, or written statement.

5. For the avoidance of doubt, neither Mylan nor the Settling States and Participating Subdivisions make any warranty or representation to any Settling State, Participating Subdivision, or Releasor as to the tax consequences of the payment of the Compensatory Restitution Amount (or any portion thereof).

F. *No Third-Party Beneficiaries.* Except as expressly provided in this Agreement, no portion of this Agreement shall provide any rights to, or be enforceable by, any person or entity that is not the Settling State or Released Entity. Settling States may not assign or otherwise convey any right to enforce any provision of this Agreement.

G. *Calculation.* Any figure or percentage referred to in this Agreement shall be carried to seven decimal places.

H. *Construction.* None of the Parties and no Participating Subdivision shall be considered to be the drafter of this Agreement or of any of its provisions for the purpose of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this Agreement. The headings of the provisions of this Agreement are not binding and are for reference only and do not limit, expand, or otherwise affect the contents or meaning of this Agreement.

I. *Cooperation.* Each Party and each Participating Subdivision agrees to use its best efforts and to cooperate with the other Parties and Participating Subdivisions to cause this Agreement and the Consent Judgments to become effective, to obtain all necessary approvals, consents and authorizations, if any, and to execute all documents and to take such other action as may be appropriate in connection herewith. Consistent with the foregoing, each Party and each Participating Subdivision agrees that it will not directly or indirectly assist or encourage any challenge to this Agreement or any Consent Judgment by any other person and will support the integrity and enforcement of the terms of this Agreement and the Consent Judgments.

J. *Entire Agreement.* This Agreement, including its exhibits and any other attachments, embodies the entire agreement and understanding between and among the Parties and

Participating Subdivisions relating to the subject matter hereof and supersedes (1) all prior agreements and understandings relating to such subject matter, whether written or oral and (2) all purportedly contemporaneous oral agreements and understandings relating to such subject matter.

K. *Execution.* This Agreement may be executed in counterparts and by different signatories on separate counterparts, each of which shall be deemed an original, but all of which shall together be one and the same Agreement. One or more counterparts of this Agreement may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart hereof. One or more counterparts of this Agreement may be signed by electronic signature.

L. *Good Faith and Voluntary Entry.* Each Party warrants and represents that it negotiated the terms of this Agreement in good faith. Each of the Parties and Participating Subdivisions warrants and represents that it freely and voluntarily entered into this Agreement without any degree of duress or compulsion. The Parties and Participating Subdivisions state that no promise of any kind or nature whatsoever (other than the written terms of this Agreement) was made to them to induce them to enter into this Agreement.

M. *Legal Obligations.* Nothing in this Agreement shall be construed as relieving Mylan of the obligation to comply with all state and federal laws, regulations or rules, nor shall any of the provisions herein be deemed to be permission to engage in any acts or practices prohibited by such laws, regulations, or rules.

N. *No Prevailing Party.* The Parties and Participating Subdivisions each agree that they are not the prevailing party in this action, for purposes of any claim for fees, costs, or expenses as prevailing parties arising under common law or under the terms of any statute, because the Parties and Participating Subdivisions have reached a good faith settlement.

O. *Waive Challenge.* The Parties and Participating Subdivisions each further waive any right to challenge or contest the validity of this Agreement on any ground, including, without limitation, that any term is unconstitutional or is preempted by, or in conflict with, any current or future law. Nothing in the previous sentence shall modify, or be construed to conflict with, Section XIII.M.

P. *Non-Admissibility.* The settlement negotiations resulting in this Agreement have been undertaken by the Parties and by certain representatives of the Participating Subdivisions in good faith and for settlement purposes only, and no evidence of negotiations or discussions underlying this Agreement shall be offered or received in evidence in any action or proceeding for any purpose. This Agreement shall not be offered or received in evidence in any action or proceeding for any purpose other than in an action or proceeding arising under or relating to this Agreement.

Q. *Notices.* All notices or other communications under this Agreement shall be in writing (including, but not limited to, electronic communications) and shall be given to the recipients indicated below:

For the Attorney(s) General:

Jeff Jackson, Attorney General
North Carolina Department of Justice
Attn: Daniel Mosteller, Associate Deputy Attorney General
PO Box 629
Raleigh, NC 27602
Dmosteller@ncdoj.gov

Jonathan Skrmetti, Attorney General
Tennessee Attorney General's Office
Attn: Michael Leftwich, Senior Deputy Attorney General
Hamilton Millwee, Assistant Attorney General
P.O. Box 20207
Nashville, TN 37202
Michael.Leftwich@ag.tn.gov
Hamilton.Millwee@ag.tn.gov

Letitia James, Attorney General
New York State Attorney General
Attn: Jennifer Levy, First Deputy Attorney General
Monica Hanna, Special Counsel
Matthew Conrad, Assistant Attorney General
28 Liberty Street, New York, NY 10005
Jennifer.Levy@ag.ny.gov
Monica.Hanna@ag.ny.gov
Matthew.Conrad@ag.ny.gov

For the Plaintiffs' Executive Committee:

Co-leads
Jayne Conroy
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112 Madison Avenue
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JConroy@simmonsfirm.com

Joseph F. Rice
Motley Rice LLC
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Mount Pleasant, SC 29464
jrice@motleyrice.com

For Mylan:

Adam K. Levin

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555 Thirteenth Street, NW
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Douglas Miner
Viatris Inc.
General Counsel, North America
1000 Mylan Boulevard
Canonsburg, PA 15317
douglas.miner@viatris.com

Any Party or the Plaintiffs' Executive Committee may change or add the contact information of the persons designated to receive notice on its behalf by notice given (effective upon the giving of such notice) as provided in this Section XIII.Q.

R. *No Waiver.* The waiver of any rights conferred hereunder shall be effective only if made by written instrument executed by the waiving Party or Parties. The waiver by any Party of any breach of this Agreement shall not be deemed to be or construed as a waiver of any other breach, whether prior, subsequent, or contemporaneous, nor shall such waiver be deemed to be or construed as a waiver by any other Party.

S. *Preservation of Privilege.* Nothing contained in this Agreement or any Consent Judgment, and no act required to be performed pursuant to this Agreement or any Consent Judgment, is intended to constitute, cause, or effect any waiver (in whole or in part) of any attorney-client privilege, work product protection, or common interest/joint defense privilege, and each Party and Participating Subdivision agrees that it shall not make or cause to be made in any forum any assertion to the contrary.

T. *Successors.*

1. This Agreement shall be binding upon, and inure to the benefit of, Mylan and its respective successors and assigns.

2. Mylan shall not, in one (1) transaction or a series of related transactions, sell or transfer U.S. assets having a fair market value equal to twenty-five percent (25%) or more of the consolidated assets of Mylan (other than sales or transfers of inventories, or sales or transfers to an entity owned directly or indirectly by Mylan) where the sale or transfer is

announced after the Reference Date, is not for fair consideration, and would foreseeably and unreasonably jeopardize Mylan's ability to make the payments under this Agreement following the close of a sale or transfer transaction, unless Mylan obtains the acquiror's agreement that it will be either a guarantor of or successor to the percentage of Mylan's remaining payment obligations under this Agreement equal to the percentage of Mylan's consolidated assets being sold or transferred in such transaction. Percentages under this section shall be determined in accordance with United States generally accepted accounting principles and as of the date of Mylan most recent publicly filed consolidated balance sheet prior to the date of entry into the sale or transfer agreement at issue. This Section XIII.T shall be enforceable solely by the Settling States, and any objection under this Section XIII.T not raised within sixty (60) calendar days of the announcement of the relevant transaction is waived.

U. *Modification, Amendment, Alteration.* In the event the Plaintiffs' Executive Committee, the Executive Committee of the State Attorneys General, or Mylan concludes prior to the Reference Date that technical corrections are required to this Agreement, the Plaintiffs' Executive Committee, the Executive Committee of the State Attorneys General, and Mylan shall meet and confer in good faith and make such amendments as they agree are appropriate. After the Reference Date, any modification, amendment, or alteration of this Agreement by the Parties shall be binding only if evidenced in writing signed by Mylan, along with the signature of at least two-thirds of those then serving as Attorney General of the Settling States along with a representation from each Attorney General that either: (1) the advisory committee or similar entity established or recognized by that Settling State (either pursuant to Section V.E.2.d, by a State-Subdivision Agreement, or by statute) voted in favor of the modification, amendment or alteration of this Agreement including at least one member appointed by the Participating Subdivisions listed on Exhibit G; or (2) in Settling States without any advisory committee, that 50.1% (by population) of the Participating Subdivisions listed on Exhibit G expressed approval of the modification, amendment, or alteration of this Agreement in a writing.

V. *Termination.*

1. Unless otherwise agreed to by each of Mylan and the Settling States, this Agreement and all of its terms (except Section XIII.P and any other non-admissibility provisions, which shall continue in full force and effect) shall be canceled and terminated with respect to the Settling State, and the Agreement and all orders issued by the courts in the Settling State pursuant to the Agreement shall become null and void and of no effect if one or more of the following conditions applies:

a. a Consent Judgment approving this Agreement without modification of any of the Agreement's terms has not been entered as to a Settling State by a court of competent jurisdiction on or before one hundred eighty (180) calendar days after the Effective Date;

b. this Agreement or the Consent Judgment as to that Settling State has been disapproved by a court of competent jurisdiction to which it was presented for approval and/or entry (or, in the event of an appeal from or review of a decision of such a court to approve this Agreement and the Consent Judgment, by the court

hearing such appeal or conducting such review), and the time to appeal from such disapproval has expired, or, in the event of an appeal from such disapproval, the appeal has been dismissed or the disapproval has been affirmed by the court of last resort to which such appeal has been taken and such dismissal or disapproval has become no longer subject to further appeal (including, without limitation, review by the United States Supreme Court); or

2. If this Agreement is terminated with respect to a Settling State for whatever reason pursuant to Section XIII.V.1, then:

a. an applicable statute of limitation or any similar time requirement (excluding any statute of repose) shall be tolled from the date the Settling State signed this Agreement until the later of the time permitted by applicable law or for one year from the date of such termination, with the effect that Mylan and the Settling State shall be in the same position with respect to the statute of limitation as they were at the time the Settling State filed its action; and

b. Mylan and the Settling State shall jointly move the relevant court of competent jurisdiction for an order reinstating the actions and claims dismissed pursuant to the terms of this Agreement governing dismissal, with the effect that Mylan and the Settling State shall be in the same position with respect to those actions and claims as they were at the time the action or claim was stayed or dismissed.

3. Unless Mylan and the Enforcement Committee agree otherwise, this Agreement, with the exception of the Injunctive Relief Terms that have their own provisions on duration, shall terminate as of the Payment Date for Payment Year 9, *provided* that Mylan has performed its payment obligations under the Agreement as of that date. Notwithstanding any other provision in this Section XIII.V.3 or in this Agreement, all releases under this Agreement will remain effective despite any termination under this Section XIII.V.3.

W. *Governing Law.* Except as (1) otherwise provided in this Agreement or (2) as necessary, in the sole judgment of the National Arbitration Panel, to promote uniformity of interpretation for matters within the scope of the National Arbitration Panel's authority, this Agreement shall be governed by and interpreted in accordance with the respective laws of the Settling State, without regard to the conflict of law rules of such Settling State, that is seeking to enforce the Agreement against Mylan or against which Mylan is seeking enforcement. Notwithstanding any other provision in this subsection on governing law, any disputes relating to the Settlement Fund Escrow shall be governed by and interpreted in accordance with the law of the state where the escrow agent has its primary place of business.

X. *Bankruptcy.* The following provisions shall apply if Mylan enters bankruptcy and (i) the Mylan bankruptcy estate recovers, pursuant to 11 U.S.C. § 550, any payments made under this Agreement, or (ii) this Agreement is deemed executory and is rejected by Mylan pursuant to 11 U.S.C. § 365:

1. In the event that the both a number of Settling States equal to at least seventy-five percent (75%) of the total number of Settling States and Settling States having aggregate State Allocation Percentages as set forth on Exhibit F equal to at least seventy-five percent (75%) of the total aggregate State Allocation Percentages assigned to all Settling States deem (by written notice to Mylan) that the financial obligations of this Agreement have been terminated and rendered null and void (except as provided in Section XIII.X.1.a) due to a material breach by Mylan, whereupon:

a. all agreements, all concessions, all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall immediately and automatically be deemed null and void as to Mylan; the Settling States shall be deemed immediately and automatically restored to the same position they were in immediately prior to their entry into this Settlement Agreement in respect to Mylan and the Settling States shall have the right to assert any and all claims against Mylan in the bankruptcy or otherwise without regard to any limits or agreements as to the amount of the settlement otherwise provided in this Agreement; *provided, however*, that notwithstanding the foregoing sentence, (i) all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall remain in full force and effect as to all persons or entities other than Mylan itself; and (ii) in the event the Settling State asserts any Released Claim against Mylan after the rejection and/or termination of this Agreement as described in this Section XIII.X.1.a and receives a judgment, settlement or distribution arising from such Released Claim, then the amount of any payments the Settling State has previously received from Mylan under this Agreement shall be applied to reduce the amount of any such judgment, settlement or distribution (provided that no credit shall be given against any such judgment, settlement or distribution for any payment that the Settling State is required to disgorge or repay to Mylan's bankruptcy estate); and

b. the Settling States may exercise all rights provided under the federal Bankruptcy Code (or other applicable bankruptcy or non-bankruptcy law) with respect to their Claims against Mylan subject to all defenses and rights of the Mylan.

Y. *Waiver.* Mylan, for good and valuable consideration the receipt of which is acknowledged, hereby (a) waives, foregoes and relinquishes all rights to utilize and/or seek relief under any of the following laws of the State of Texas for the restructuring of its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement: Tex. Bus. Orgs. Code § 10.003 (Contents of Plan of Merger: More Than One Successor) or any other statute of Subchapter A of Chapter 10 of Tex. Bus. Orgs. Code to the extent such statute relates to multi-successor mergers (and/or any other similar laws or statutes in any other state or territory); Tex. Bus. Orgs. Code §§ 11.01–11.414 (Winding Up and Termination of Domestic Entity); or Tex. Bus. & Com. Code §§ 23.01–23.33 (Assignments for the Benefit of Creditors) (collectively, the “Texas Statutes”), and (b) agrees, warrants and represents that it will not file, request or petition for relief under the Texas Statutes related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity

before the Effective Date, or this Agreement, in each case until such time as all of Mylan's payment obligations incurred hereunder are satisfied in full. The foregoing waiver and relinquishment includes, without limitation, until such time as all of Mylan's payment obligations incurred hereunder are satisfied in full, Mylan's rights to execute a divisional merger or equivalent transaction or restructuring related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement that in each case has the intent or foreseeable effect of (i) separating material assets from material liabilities and (ii) assigning or allocating all or a substantial portion of those liabilities to any subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code, or pursuant to which such subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code would be assuming or retaining all or a substantial portion of those liabilities.

SUN SETTLEMENT **AGREEMENT**

SUN SETTLEMENT AGREEMENT

This Settlement Agreement, dated as of April 4, 2025 (the “*Agreement*”), sets forth the terms of settlement between and among the Settling States, the Participating Subdivisions, and Sun (as those terms are defined below). Upon satisfaction of the conditions set forth in Sections II and VIII, this Agreement will be binding on the Settling States, Sun, and the Participating Subdivisions. This Agreement will then be filed as part of a Consent Judgment in the respective courts of each of the Settling States, pursuant to the terms set forth in Section IX.

I. Definitions

Unless otherwise specified, the following definitions apply:

A. “*Additional Remediation Amount.*” The amount available to the Settling States listed in Exhibit M totaling up to \$619,842.

B. “*Adjusted Maximum Remediation Payment.*” The Maximum Remediation Payment reduced by the State Allocation Percentage specified in Exhibit F for each Non-Settling State.

C. “*Agreement.*” The Sun Settlement Agreement, as set forth above. For the avoidance of doubt, this Agreement is inclusive of all exhibits.

D. “*Alleged Harms.*” The alleged past, present, and future damages, harms, losses, and related expenditures allegedly incurred by the Settling States and Participating Subdivisions arising out of the use of Products, non-exclusive examples of which are described in the documents listed on Exhibit A, that have allegedly arisen as a result of the physical and bodily injuries sustained by individuals suffering from opioid-related addiction, death, and other related diseases and disorders, and that have allegedly been caused by Released Entities.

E. “*Allocation Statute.*” A state law that governs allocation, distribution, and/or use of some or all of the Settlement Fund amounts allocated to that Settling State and/or its Subdivisions. An Allocation Statute may, without limitation, contain a Statutory Trust, further restrict expenditures of funds, form an advisory committee, establish oversight and reporting requirements, or address other default provisions and other matters related to the funds. An Allocation Statute is not required to address all three (3) types of funds comprising the Settlement Fund or all default provisions.

F. “*Appropriate Official.*” As defined in Section XIII.E.3.

G. “*Bankruptcy Code.*” Title 11 of the United States Code, 11 U.S.C. § 101, et seq.

H. “*Bar.*” Either: (1) a law barring Subdivisions in a Settling State from maintaining or asserting Released Claims against Released Entities (either through a direct

bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by the highest court of the Settling State (or, in a Settling State with a single intermediate court of appeals, the intermediate court of appeals) when setting forth the general principle that Subdivisions in the Settling State may not maintain or assert any Released Claims against Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the Remediation Payment by Sun under this Agreement) shall not constitute a Bar.

I. “*Base Payment.*” As defined in Section V.D.

J. “*Case-Specific Resolution.*” Either: (1) a law barring the Subdivision at issue from maintaining any Released Claims against any Released Entities (either through a direct Bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by a court of competent jurisdiction over the Subdivision at issue that the Subdivision may not maintain any Released Claims at issue against any Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the payment by Sun under this Agreement) shall not constitute a Case-Specific Resolution.

K. “*Claim.*” Any past, present or future cause of action, claim for relief, cross-claim or counterclaim, theory of liability, demand, derivative claim, request, assessment, charge, covenant, damage, debt, lien, loss, fine, penalty, restitution, reimbursement, disgorgement, expenses, remediation, judgment, right, obligation, dispute, suit, contract, controversy, agreement, *parens patriae* claim, promise, performance, warranty, omission, or grievance of any nature whatsoever, whether legal, equitable, statutory, regulatory or administrative, whether arising under federal, state or local common law, statute, regulation, guidance, ordinance or principles of equity, whether filed or unfiled, whether asserted or unasserted, whether known or unknown, whether accrued or unaccrued, whether foreseen, unforeseen or unforeseeable, whether discovered or undiscovered, whether suspected or unsuspected, whether fixed or contingent, and whether existing or hereafter arising, in all such cases, including, but not limited to, any request for declaratory, injunctive, or equitable relief, compensatory, punitive, or statutory damages, absolute liability, strict liability, restitution, remediation, subrogation, contribution, indemnity, apportionment, disgorgement, reimbursement, attorney fees, expert fees, consultant fees, fines, penalties, expenses, costs or any other legal, equitable, civil, administrative, or regulatory remedy whatsoever.

L. “*Claim-Over.*” A Claim asserted by a Non-Released Entity against a Released Entity on the basis of contribution, indemnity, or other claim-over on any theory relating to a Non-Party Covered Conduct Claim asserted by a Releasor.

M. “*Compensatory Restitution Amount.*” The aggregate amount paid or incurred by Sun hereunder for Opioid Remediation, which includes the aggregate Base and Incentive Payments earned by Settling Sates and does not include amounts paid as attorneys’ fees and costs or identified pursuant to Section VI.B.2 as being used to pay

attorneys' fees, investigation costs or litigation costs, which shall be up to the amount of the Adjusted Maximum Remediation Payment.

N. *"Consent Judgment."* A consent judgment in a form to be agreed by the Settling States and Sun prior to the Effective Date that, among other things, (1) approves this Agreement and (2) provides for the release set forth in Section XI.A, including the dismissal with prejudice of any Released Claims that the Settling State has brought against Released Entities.

O. *"Covered Conduct"* means any actual or alleged act, failure to act, negligence, statement, error, omission, breach of any duty, conduct, event, transaction, agreement, service, work, sale, misstatement, misleading statement, or other activity of any kind whatsoever from the beginning of time through the Reference Date (and any past, present, or future consequence of any such act, failure to act, negligence, statement, error, omission, breach of duty, conduct, event, transaction, agreement, service, work, sale, misstatement, misleading statement, or other activity) arising from or relating in any way to (a) compounding, counseling, and documentation related to any Product or class of Products; (b) the availability, discovery, research, development, manufacture, packaging, repackaging, marketing, promotion, advertising, labeling, relabeling, recall, withdrawal, distribution, delivery, monitoring, reporting, regulatory compliance supply, sale, prescribing, dispensing, physical security, warehousing, use or abuse of, or operating procedures relating to any Product, or any system, plan, policy, procedure, or advocacy relating to any Product or class of Products, including but not limited to any unbranded or branded promotion, marketing, or advertising, information, patient support or assistance, educational programs, consultancy, research, other programs or campaigns, lobbying, grants, sponsorships, charitable donations, or other funding relating to any Product or class of Products; (c) the characteristics, properties, risks, or benefits of any Product or class of Products; (d) the monitoring or non-monitoring of orders placed of any Product; (e), reporting, disclosure, non-monitoring, non-reporting or non-disclosure to federal, state or other regulators of orders for any Product placed with any Released Entity; (f) the selective breeding, harvesting, extracting, purifying, exporting, importing, applying for quota for, procuring quota for, handling, promoting, manufacturing, processing, packaging, supplying, distributing, converting, or selling of, or otherwise engaging in any activity relating to, precursor or component Products, including but not limited to natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, or any related intermediate Products; or (g) diversion control programs, suspicious order monitoring, or regulatory compliance related to any Product.

P. *"Deposit Date."* July 25, 2025. This Date is the date by which Sun shall deposit the Adjusted Maximum Remediation Payment, Private Attorney Fees, the Additional Remediation Amount, pursuant to Section V.D. This date is after the Preliminary Agreement Date, on which Sun agrees to proceed with the agreement; this date may be changed by written agreement of Sun and the Enforcement Committee.

Q. *"Designated State."* The state of New York.

R. *“Effective Date.”* The date sixty (60) calendar days after the Reference Date.

S. *“Eligible States.”* The states, commonwealths, and territories of the United States of America. The 56 Eligible States are listed in Exhibit F.

T. *“Enforcement Committee.”* A committee consisting of representatives of the Settling States and of the Participating Subdivisions. Exhibit B contains the organizational bylaws of the Enforcement Committee. Notice pursuant to Section XIII.Q shall be provided when there are changes in membership or contact information.

U. *“Fees Payment.”* The amount payable by Sun on the Payment Date comprised of the Additional Remediation Amount payment, and the Private Attorney Fees payment. The Fees Payment does not include the Remediation Payment.

V. *“Final Order.”* An order or judgment of a court of competent jurisdiction with respect to the applicable subject matter (1) which has not been reversed or superseded by a modified or amended order, is not currently stayed, and as to which any right to appeal or seek certiorari, review, reargument, stay, or rehearing has expired, and as to which no appeal or petition for certiorari, review, reargument, stay, or rehearing is pending, or (2) as to which an appeal has been taken or petition for certiorari, review, reargument, stay, or rehearing has been filed and (a) such appeal or petition for certiorari, review, reargument, stay, or rehearing has been resolved by the highest court to which the order or judgment was appealed or from which certiorari, review, reargument, stay, or rehearing was sought, or (b) the time to appeal further or seek certiorari, review, reargument, stay, or rehearing has expired and no such further appeal or petition for certiorari, review, reargument, stay, or rehearing is pending.

W. *“Global Settlement Amount.”* The Global Settlement Amount is \$35,454,947, which is comprised of the Maximum Remediation Payment, Private Attorney Fees, and Additional Remediation Amount. Notwithstanding any other language or provisions in this or any other agreement, the Global Settlement Amount is the maximum dollar amount Sun can pay in connection with the Agreement.

X. *“Implementation Administrator.”* Rubris, Inc., which is the vendor that will be retained by Sun to provide notice pursuant to Section VIII.A and to manage the initial joinder period for Subdivisions, including the issuance and receipt of Subdivision Settlement Participation Forms.

Y. *“Incentive Payment A.”* The incentive payment described in Section V.E.4.

Z. *“Incentive Payment A Catch-Up Date.”* August 1, 2026.

AA. *“Incentive Payment BC.”* The incentive payment described in Section V.E.5.

BB. *“Incentive Payment D.”* The incentive payment described in Section V.E.6.

CC. *“Incentive Payment D Look-Back Dates.”* Sixty days before each Incentive Payment D Release Date.

DD. *“Incentive Payment D Release Dates.”* August 1, 2027, and August 1, 2029. These dates are when the Settlement Fund Administrator is to release Incentive Payment D from the Settlement Fund to Settling States in accordance with Section V.E.6.

EE. *“Initial Participating Subdivision.”* A Subdivision that meets the requirements set forth in Section VIII.D.

FF. *“Initial Participation Date.”* The date ninety (90) calendar days after the Preliminary Agreement Date, unless it is extended by written agreement of Sun and the Enforcement Committee.

GG. *“Injunctive Relief Terms.”* The terms described in Section III and set forth in Exhibit P.

HH. *“Later Litigating Subdivision.”* A Subdivision (or Subdivision official asserting the right of or for the Subdivision to recover for Alleged Harms to the Subdivision and/or the people thereof) that: (1) first files a lawsuit bringing a Released Claim against a Released Entity after the Reference Date; or (2) adds a Released Claim against a Released Entity after the Reference Date to a lawsuit brought before the Reference Date that, prior to the Reference Date, did not include any Released Claims against a Released Entity; or (3) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a legislative Bar or legislative Case-Specific Resolution as of the Reference Date, (b) such legislative Bar or legislative Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) the earlier of the date of completion of opening statements in a trial in an action brought by a Subdivision in that Settling State that includes a Released Claim against a Released Entity or one hundred eighty (180) days from the Revocation Event passes without a Bar or Case-Specific Resolution being implemented as to that Litigating Subdivision or the Litigating Subdivision's Released Claims being dismissed; or (4) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a judicial Bar or judicial Case-Specific Resolution as of the Reference Date, (b) such judicial Bar or judicial Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) such Litigating Subdivision takes any action in its lawsuit asserting a Released Claim against a Released Entity other than seeking a stay or dismissal.

II. *“Later Participating Subdivision.”* A Participating Subdivision that is not an Initial Participating Subdivision, but meets the requirements set forth in Section VIII.E.

JJ. *“Litigating Subdivision.”* A Subdivision (or Subdivision official) that brought any Released Claim against any Released Entity prior to the Reference Date; provided, however, that a Subdivision (or Subdivision official) that is a Prior Litigating Subdivision shall not be considered a Litigating Subdivision. Exhibit C is an agreed list of all Litigating Subdivisions. Exhibit C will be updated (including with any corrections) periodically, and a final version of Exhibit C will be attached hereto as of the Reference Date.

KK. *“Maximum Incentive Payment D Amount.”* The maximum amount that may be owed by Sun to Settling States and Subdivisions under Incentive Payment D, section V.E.6, adjusted for Non-Settling States, States that qualify for Incentive Payment A, and the Participation Percentage of Incentive BC Eligible Subdivision Population achieved by the Payment Calculation Date.

LL. *“Maximum Remediation Payment.”* The maximum amount owed by Sun to the Settling States and Subdivisions, exclusive of the Private Attorney Fees, and the Additional Remediation Amount. The amount of the Maximum Remediation Payment is \$30,992,087.

MM. *“National Arbitration Panel.”* The panel comprised as described in Section VII.F.3.b.

NN. *“National Disputes.”* As defined in Section VII.F.3.a.

OO. *“Non-Litigating Subdivision.”* Any Subdivision that is not a Litigating Subdivision.

PP. *“Non-Participating Subdivision.”* Any Subdivision that is not a Participating Subdivision.

QQ. *“Non-Party Covered Conduct Claim.”* A Claim against any Non-Released Entity involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity).

RR. *“Non-Party Settlement.”* A settlement by any Releasor that settles any Non-Party Covered Conduct Claim and includes a release of any Non-Released Entity.

SS. *“Non-Released Entity.”* An entity that is not a Released Entity.

TT. *“Non-Settling State.”* Any Eligible State that is not a Settling State.

UU. *“Opioid Remediation.”* Care, treatment, and other programs and expenditures (including reimbursement for past such programs or expenditures¹ except where this Agreement restricts the use of funds solely to future Opioid Remediation) designed to (1) address the use of opioid products in the Settling States, (2) treat or mitigate opioid use or related disorders in the Settling States, or (3) mitigate other alleged effects

¹ Reimbursement includes amounts paid to any governmental entities for past expenditures or programs

of, including on those injured as a result of, the opioid epidemic in the Settling States. Exhibit E provides a non-exhaustive list of expenditures that qualify as being paid for Opioid Remediation. Qualifying expenditures may include reasonable related administrative expenses in connection with the above.

VV. *“Participating Subdivision.”* Any Subdivision that meets the requirements for becoming a Participating Subdivision under Section VIII.B and Section VIII.C. Participating Subdivisions include both Initial Participating Subdivisions and Later Participating Subdivisions but not Prior Litigating Subdivisions.

WW. *“Participation Percentage of Incentive BC Eligible Subdivision Population.”* As defined in Section V.E.5.e.

XX. *“Parties.”* Sun and the Settling States (each, a *“Party”*).

YY. *“Payment Calculation Date.”* October 20, 2025, which is sixty (60) days before the Payment Date. This date may be changed by written agreement of Sun and the Enforcement Committee.

ZZ. *“Payment Date.”* December 19, 2025, which is the date by which Sun makes the Remediation Payment and the Fees Payment. This date may be changed by written agreement of Sun and the Enforcement Committee.

AAA. *“Preliminary Agreement Date.”* The date Sun informs the Settling States of its determination that the condition in Section II.B has been satisfied. The Preliminary Agreement Date shall be no more than fourteen (14) calendar days after the end of the notice period to Eligible States, unless it is extended by written agreement of Sun and the Enforcement Committee.

BBB. *“Primary Fire District.”* A fire district that covers a population of 25,000, or 0.20% of an Eligible State’s population if an Eligible State’s population is greater than 18 million. If not easily calculable from state data sources and agreed to between the Eligible State and Sun, a fire district’s population is calculated by dividing the population of the county or counties a fire district serves by the number of fire districts in the county or counties. “Primary Fire Districts” shall mean fire districts as identified in connection with the implementation of the July 21, 2021, Janssen Settlement Agreement.

CCC. *“Primary Subdivision.”* A Subdivision that is a General Purpose Government (including, but not limited to, a municipality, county, county subdivision, city, town, township, parish, village, borough, gore, or any other entities that provide municipal-type government) with population over 10,000; provided, however, that as used in connection with Incentive Payment BC, the population threshold is 30,000. Attached as Exhibit I is an agreed list of the Primary Subdivisions in each Eligible State.

DDD. *“Prior Litigating Subdivision.”* A Subdivision (or Subdivision official) that brought any Released Claim against any Released Entity prior to the Reference date and all such Released Claims were separately settled or finally adjudicated prior to the

Reference Date; *provided, however*, that if the final adjudication was pursuant to a Bar, such Subdivision shall not be considered a Prior Litigating Subdivision. Notwithstanding the prior sentence, Sun and the Settling State of the relevant Subdivision may agree in writing that the Subdivision shall not be considered a Prior Litigating Subdivision.

EEE. “*Private Attorney Fees*” are the amount to be paid by Sun for private attorneys’ litigation fees and costs on behalf of Participating Subdivisions. The maximum amount of Private Attorney Fees is \$3,843,018. For avoidance of doubt, Private Attorney Fees do not include the Additional Remediation Amount.

FFF. “*Product.*” Any chemical substance, whether used for medicinal or non-medicinal purposes, and whether natural, synthetic, or semi-synthetic, or any finished pharmaceutical product made from or with such substance, that is: (1) an opioid or opiate, as well as any product containing any such substance; (2) benzodiazepine, carisoprodol, or gabapentin; or (3) a combination or “cocktail” of chemical substances prescribed, sold, bought, or dispensed to be used together that includes opioids or opiates. “Product” shall include, but is not limited to, any substance consisting of or containing buprenorphine, codeine, fentanyl, hydrocodone, hydromorphone, meperidine, methadone, morphine, naloxone, naltrexone, oxycodone, oxymorphone, pentazocine, propoxyphene, tapentadol, tramadol, opium, heroin, carfentanil, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, midazolam, carisoprodol, gabapentin, or any variant of these substances or any similar substance. Notwithstanding the foregoing, nothing in this section prohibits a Settling State from taking administrative or regulatory action related to benzodiazepine (including, but not limited to, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, and midazolam), carisoprodol, or gabapentin that is wholly independent from the use of such drugs in combination with opioids, *provided* such action does not seek money (including abatement and/or remediation) for conduct prior to the Initial Participation Date. “Product” also includes any natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, and any intermediate products used or created in the manufacturing process for any of the substances described above.

GGG. “*Reference Date.*” The date on which Sun is to inform the Settling States of its determination whether the condition in Section IX has been satisfied. The Reference Date shall be no later than thirty (30) calendar days after the Initial Participation Date, unless it is extended by written agreement of Sun and the Enforcement Committee.

HHH. “*Released Claims.*” Any and all Claims that directly or indirectly are based on, arise out of, or in any way relate to or concern the Covered Conduct and/or Alleged Harms occurring prior to the Initial Participation Date. Without limiting the foregoing, Released Claims include any Claims that have been asserted against Released Entities by a Settling State or any of its Litigating Subdivisions in any federal, state, or local action or proceeding (whether judicial, arbitral, or administrative) based on, arising out of, or relating to, in whole or in part, the Covered Conduct and/or Alleged Harms, or any such Claims that could be or could have been asserted now or in the future in those actions or in any comparable action or proceeding brought by a Settling State, Subdivision, or Releasor

(whether or not such Settling State, Subdivision, or Releasor has brought such action or proceeding). Released Claims also include all Claims against Released Entities asserted in any proceeding to be dismissed pursuant to the Agreement, whether or not such claims related to Covered Conduct and/or Alleged Harms. The Parties intend that this term, “Released Claims,” be interpreted broadly. This Agreement does not release Claims by private individuals. It is the intent of the Parties that Claims by private individuals be treated in accordance with applicable law. Released Claims is also used herein to describe claims brought by a non-party Subdivision that would have been Released Claims if they had been brought by a Releasor against a Released Entity.

III. “*Released Entities.*” With respect to Released Claims, Sun and (1) all past and present subsidiaries, divisions, affiliates, predecessors, successors, and assigns (in each case, whether direct or indirect) of Sun; (2) all past and present subsidiaries and divisions (in each case, whether direct or indirect) of any entity described in subsection (1); (3) the respective past and present officers, directors, members, trustees, and employees of any of the foregoing (each for actions that occurred during and related to their work for, or employment with, any of Sun or the foregoing entities); (4) all past and present joint ventures (whether direct or indirect) of Sun or its subsidiaries, including in any subsidiary’s capacity as a participating member in such joint venture; (5) all direct or indirect parents and shareholders of Sun (solely in their capacity as parents or shareholders of Sun with respect to Covered Conduct); and (6) any insurer of Sun or any person or entity otherwise described in subsections (1)-(5) (solely in its role as insurer of such person or entity and subject to the last sentence of Section XI.C). A list of Sun’s joint ventures, subsidiaries and affiliates and predecessor entities is set forth in Exhibit J. Any person or entity described in subsections (3)-(6) shall be a Released Entity solely in the capacity described in such clause and shall not be a Released Entity with respect to its conduct in any other capacity. Any entity acquired, or joint venture entered into, by Sun after the Initial Participation Date is not a Released Entity. Further and notwithstanding anything else in this paragraph, no entity sued in *In re: National Prescription Opiate Litigation*, No. 1:17-md-2804 (N.D. Ohio) is included as a Released Entity other than the entities listed on Exhibit J.

JJJ. “*Releasors.*” With respect to Released Claims, (1) each Settling State; (2) each Participating Subdivision; and (3) without limitation and to the maximum extent of the power of each Settling State’s Attorney General and/or Participating Subdivision to release Claims, (a) the Settling State’s and Participating Subdivision’s departments, agencies, divisions, boards, commissions, Subdivisions, districts, instrumentalities of any kind and attorneys, including its Attorney General, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, (b) any public entities, public instrumentalities, public educational institutions, unincorporated districts, fire districts, irrigation districts, water districts, emergency services districts, school districts, healthcare districts, hospital districts, Sheriffs and law enforcement districts, library districts, coroner’s offices, and public transportation authorities, and other Special Districts in a Settling State, including those with the regulatory authority to enforce state and federal controlled substances acts or the authority to bring Claims related to Covered Conduct seeking money (including abatement (or remediation and/or restitution)) or revoke a

pharmaceutical distribution license, and (c) any person or entity acting in a *parens patriae*, sovereign, quasi-sovereign, private attorney general, *qui tam*, taxpayer, or other capacity seeking relief, including but not limited to fines, penalties, or punitive damages, on behalf of or generally applicable to the general public with respect to a Settling State or Subdivision in a Settling State, whether or not any of them participate in this Agreement. The inclusion of a specific reference to a type of entity in this definition shall not be construed as meaning that the entity is not a Subdivision. Each Settling State's Attorney General represents that he or she has or has obtained (or will obtain no later than the Initial Participation Date) the authority set forth in Section XI.G. In addition to being a Releasor as provided herein, a Participating Subdivision shall also provide the Subdivision Settlement Participation Form referenced in Section VIII providing for a release to the fullest extent of the Participating Subdivision's authority.

KKK. "*Remediation Accounts Fund.*" The component of the Settlement Fund described in Section VI.C.

LLL. "*Remediation Payment.*" The amount payable to the Settlement Fund by Sun for Settling States' Base Payments and Incentive Payments on the Payment Date, as calculated by the Settlement Fund Administrator.

MMM. "*Revocation Event.*" With respect to a Bar or Case-Specific Resolution, a legislative amendment, revocation, rescission, reversal, overruling, or interpretation that in any way limits the effect of such Bar or Case-Specific Resolution on Released Claims, or any other action or event that otherwise deprives the Bar, or Case-Specific Resolution of force or effect in any material respect.

NNN. "*Settlement Fund.*" The interest-bearing fund established at [Bank TBD] pursuant to this Agreement into which the Remediation Payment is made under Section V, which is intended to be classified as a "qualified settlement fund" within the meaning of 26 C.F.R. §§ 1.468B-1 *et seq.* and which shall be approved by any Settling State in accordance with the requirements of 26 C.F.R. § 1.468B-1.

OOO. "*Settlement Fund Administrator.*" BrownGreer PLC, which is the entity that determines the Remediation Payment (including calculating offset or reduction and Incentive Payments pursuant to Section V) and Additional Remediation Amount, administers the Settlement Fund, and distributes amounts into the Remediation Accounts Fund, State Fund, and Subdivision Fund pursuant to this Agreement. The duties of the Settlement Fund Administrator shall be governed by this Agreement. Prior to the Effective Date, Sun and the Enforcement Committee shall agree to a detailed description of the Settlement Fund Administrator's duties and responsibilities, including a detailed mechanism for paying the Settlement Fund Administrator's fees and costs, all of which shall be appended to the Agreement as Exhibit L.

PPP. "*Settlement Fund Escrow.*" The interest-bearing escrow fund established pursuant to this Agreement to hold disputed payments made under this Agreement.

QQQ. “*Settling State.*” An Eligible State that has entered into this Agreement and delivers executed releases in accordance with Section IX.A.

RRR. “*State Allocation Percentage.*” A Settling State’s percentage as set forth in Exhibit F.

SSS. “*State Fund.*” The component of the Settlement Fund described in Section VI.C.

TTT. “*State-Subdivision Agreement.*” An agreement that a Settling State reaches with the Subdivisions in that Settling State regarding the allocation, distribution, and/or use of funds allocated to that Settling State and to its Subdivisions. A State-Subdivision Agreement shall be effective if approved pursuant to the provisions of Exhibit O or if adopted by statute. Preexisting agreements addressing funds other than those allocated pursuant to this Agreement shall qualify if the approval requirements of Exhibit O are met. A Settling State and its Subdivisions may revise a State-Subdivision Agreement if approved pursuant to the provisions of Exhibit O, or if such revision is adopted by statute.

UUU. “*Statutory Trust.*” A trust fund established by state law to receive funds allocated to a Settling State’s Remediation Accounts Fund and restrict any expenditures made using funds from the Settling State’s Remediation Accounts Fund to Opioid Remediation, subject to reasonable administrative expenses. A Settling State may give a Statutory Trust authority to allocate one (1) or more of the three (3) types of funds comprising such Settling State’s Settlement Fund, but this is not required.

VVV. “*Statewide Payment Amount.*” The amount from the Remediation Payment to be paid to a Settling State, including its separate types of funds (if applicable) and its Participating Subdivisions listed in Exhibit G, on or as soon as practical after the Payment Date and Incentive Payment D Release Dates.

WWW. “*Subdivision.*” Any (1) General Purpose Government (including, but not limited to, a municipality, county, county subdivision, city, town, township, parish, village, borough, gore, or any other entities that provide municipal-type government), School District, or Special District within a Settling State, and (2) any other subdivision, subdivision official acting in an official capacity on behalf of the subdivision (including, without limitation, district attorneys, county attorneys, city attorneys, sheriffs, and any other official, employee, or representative), or sub-entity of or located within a Settling State (whether political, geographical or otherwise, whether functioning or non-functioning, regardless of population overlap, and including, but not limited to, Nonfunctioning Governmental Units and public institutions) that has filed a lawsuit that includes a Released Claim against a Released Entity in a direct, *parens patriae*, or any other capacity. “General Purpose Government,” “School District,” and “Special District” shall correspond to the “five basic types of local governments” recognized by the U.S. Census Bureau and match the 2017 list of Governmental Units.² The three (3) General

² https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP

Purpose Governments are county, municipal, and township governments; the two (2) special purpose governments are School Districts and Special Districts.³ “Fire District,” “Health District,” “Hospital District,” and “Library District” shall correspond to categories of Special Districts recognized by the U.S. Census Bureau.⁴ References to a Settling State’s Subdivisions or to a Subdivision “in,” “of,” or “within” a Settling State include Subdivisions located within the Settling State even if they are not formally or legally a sub-entity of the Settling State; *provided, however*, that a “Health District” that includes any of the following words or phrases in its name shall not be considered a Subdivision: mosquito, pest, insect, spray, vector, animal, air quality, air pollution, clean air, coastal water, tuberculosis, and sanitary.

XXX. “*Subdivision Allocation Percentage.*” The portion of a Settling State’s Subdivision Fund set forth in Exhibit G that a Subdivision will receive pursuant to Section VI if it becomes a Participating Subdivision. The aggregate Subdivision Allocation Percentage of all Subdivisions receiving a Subdivision Allocation Percentage in each Settling State shall equal one hundred percent (100%). Immediately upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3 (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3) that addresses allocation from the Subdivision Fund, whether before or after the Initial Participation Date, Exhibit G will automatically be amended to reflect the allocation from the Subdivision Fund pursuant to the State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3. The Subdivision Allocation Percentages contained in Exhibit G may not change once notice is distributed pursuant to Section VIII.A, except upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3 (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3) that addresses allocation from the Subdivision Fund. For the avoidance of doubt, no Subdivision not listed on Exhibit G shall receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

³ *E.g.*, U.S. Census Bureau, “Technical Documentation: 2017 Public Use Files for State and Local Government Organization” at 7 (noting that “the Census Bureau recognizes five basic types of local governments,” that three of those are “general purpose governments” (county governments, municipal governments, and township governments), and that the other two are “school district and special district governments”), https://www2.census.gov/programs-surveys/gus/datasets/2017/2017_gov_org_meth_tech_doc.pdf.

⁴ A list of 2017 Government Units provided by the Census Bureau identifies 38,542 Special Districts and categorizes them by “FUNCTION_NAME.” “Govt_Units_2017_Final” spreadsheet, “Special District” sheet, included in “Independent Governments - list of governments with reference information,” https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP. As used herein, “Fire District” corresponds to Special District function name “24 — Local Fire Protection,” “Health District” corresponds to Special District function name “32 — Health,” “Hospital District” corresponds to Special District function name “40 — Hospitals,” and “Library District” corresponds to Special District function name “52 — Libraries.” *See id.*

YYY. “*Subdivision Fund.*” The component of the Settlement Fund described in Section VI.A.

ZZZ. “*Subdivision Settlement Participation Form.*” The form attached as Exhibit K that Participating Subdivisions must execute and return to the Implementation Administrator or Settlement Fund Administrator, and which shall (1) make such Participating Subdivisions signatories to this Agreement, (2) include a full and complete release of any and all of such Participating Subdivisions’ claims, and (3) require the prompt dismissal with prejudice of any Released Claims that have been filed by any such Participating Subdivision.

AAAA. “*Sun.*” Sun Pharmaceutical Industries, Inc.

BBBB. “*Threshold Motion.*” A motion to dismiss or equivalent dispositive motion made at the outset of litigation under applicable procedure. A Threshold Motion must include as potential grounds for dismissal any applicable Bar or the relevant release by a Settling State or Participating Subdivision provided under this Agreement and, where appropriate under applicable law, any applicable limitations defense.

II. Participation by Eligible States and Condition to Preliminary Agreement

A. *Notice to Eligible States.* On May 26, 2025, this Agreement shall be distributed to all Eligible States. The Attorneys General of the Eligible States shall then have until June 25, 2025, to decide whether to become Settling States and notify the Enforcement Committee and Sun of that decision. Eligible States that determine to become Settling States shall so notify Sun and shall further commit to obtaining any necessary additional state releases prior to the Reference Date. This notice period may be extended by written agreement of Sun and the Enforcement Committee.

B. *Condition to Preliminary Agreement.* Following the notice period set forth in Section II.A, Sun shall have fourteen (14) calendar days to determine whether, in its sole discretion (based on any criteria or factors deemed relevant to Sun), enough Eligible States have agreed to become Settling States to proceed with notice to Subdivisions as set forth in Section VIII. This period may be extended by written agreement of Sun and the Enforcement Committee. If Sun determines that this condition has been satisfied, and that notice to the Subdivisions should proceed, it will so notify the Settling States by providing notice to the Enforcement Committee. The date of such notice shall be the Preliminary Agreement Date. If Sun determines that this condition has not been satisfied, this Agreement will have no further effect and all releases and other commitments or obligations contained herein will be void.

C. *Later Joinder by Eligible States.* After the Preliminary Agreement Date, an Eligible State may only become a Settling State with the consent of Sun and the Enforcement Committee, provided that the Enforcement Committee may not withhold consent to an Eligible State’s later joinder if the Eligible State agrees to join pursuant to the terms of this Agreement and the allocation set forth on Exhibit F. If an Eligible State

becomes a Settling State more than thirty (30) calendar days after the Preliminary Agreement Date, but on or before the Reference Date, the Subdivisions in that Eligible State that become Participating Subdivisions within ninety (90) calendar days of the Eligible State becoming a Settling State shall be considered Initial Participating Subdivisions. An Eligible State may not become a Settling State after the Reference Date.

D. *Litigation Activity.* Following the Preliminary Agreement Date, Eligible States that determine to become Settling States shall make reasonable efforts to cease litigation activity against Sun, including by jointly seeking stays or, where appropriate, severance of claim against Sun, where feasible, and otherwise to minimize such activity by means of agreed deadline extensions and agreed postponement of depositions, document productions, and motion practice if a motion to stay or sever is not feasible or is denied.

III. Injunctive Relief

A. *Injunctive Relief.* As part of the Consent Judgment, the Parties agree to the injunctive relief terms attached in Exhibit P.

IV. Procedure for Segregated Account Deposits and Payments

A. By the Deposit Date, Sun shall deposit into a segregated interest-bearing bank account it establishes the Adjusted Maximum Remediation Payment amount. Sun shall also deposit into two (2) separate segregated interest-bearing bank accounts it establishes: (a) the Private Attorney Fees amount; and (b) the Additional Remediation Amount. Sun shall separately account for the interest earned on each of the three (3) accounts.

B. Sun shall provide proof to the Enforcement Committee of the deposits required by Section IV.D.1 by the Deposit Date. Sun shall not remove any money from the segregated bank accounts, except as provided by Section IV.F and Section IV.H.

C. If an Eligible State joins the agreement pursuant to Section II.C and that joinder is after the Deposit Date, Sun shall deposit that Settling State's maximum Statewide Payment Amount, which is the Maximum Remediation Payment multiplied by the Settling State's State Allocation Percentage. Such deposit shall be within fifteen (15) days of the Settling State's joinder.

D. If the condition set forth in Section IX.B is met, Sun shall:

1. Transfer into the Settlement Fund on the Payment Date (unless the Enforcement Committee specifies a later date) the Remediation Payment amount calculated by the Settlement Fund Administrator pursuant to Section V.C.2 from the segregated account. For the avoidance of doubt, this transfer includes the Maximum Incentive Payment D Amount and includes any amounts that the Settlement Fund Administrator will place into the Settlement Fund Escrow pursuant to Section V.C.4.e.

a. The interest earned from the deposit account holding the Remediation Amount shall be used, first, to pay for the Implementation Administrator, then to pay for the Implementation Administrator in the Alvogen, Amneal, Apotex, Hikma, Indivior, Mylan, and Zydus Settlement Agreements, and finally to be transferred to the Settlement Fund to be used to pay for the Settlement Fund Administrator pursuant to Section VI.C.4.

2. Transfer into the relevant funds as directed by the Enforcement Committee, no later than the Payment Date (unless the Enforcement Committee specifies a later date) the amount in the segregated account holding the Private Attorney Fees (including all interest accrued on that account), minus any amounts not payable pursuant to the terms of Exhibit R, and the amount in the segregated account holding the Additional Remediation Amount (including all interest accrued on that account), minus the Additional Remediation Amount that would have been owed to Non-Settling States as calculated by multiplying the Additional Remediation Amount by the sum of allocations on Exhibit N for Non-Settling States.

E. The Remediation Payment transferred by Sun into the Settlement Fund pursuant to Section IV.D.1 shall be disbursed by the Settlement Fund Administrator to each Settling State and to its Participating Subdivisions listed on Exhibit G pursuant to Section V.C.5 through Section V.C.8; provided, however, that for any Settling State where the Consent Judgment has not been entered as of the Effective Date, the funds allocable to that Settling State and its Participating Subdivisions listed on Exhibit G shall not be disbursed until ten (10) calendar days after the entry of the Consent Judgment in that Settling State.

F. Any amounts in the segregated accounts not subject to transfer pursuant to Section IV.D shall immediately revert to Sun after Sun makes the transfers required by Section IV.D.

G. Except for the interest earned on the payment amounts, any unearned Incentive Payment A amount in the Settlement Fund shall immediately revert to Sun after the Incentive Payment A Catch-Up Date. This excess reflects Settling States who sought, but did not achieve, a Bar by the Incentive Payment A Catch-Up Date. Any amount in the Settlement Fund exceeding the payments described in Section V.C.3 shall immediately revert to Sun after the last Incentive Payment D Release Date. This excess is Settling States' unearned Maximum Incentive Payment D amounts.

H. In the event that, in accordance with the terms of Section IX.B, Sun determines not to proceed with the Settlement, or the Settlement does not become effective for any other reason, the funds held in the segregated bank accounts shall immediately revert to Sun.

V. Settlement Payment Calculation Process

A. *Settlement Fund.* All payments under this Section V shall be made into the Settlement Fund, except that, where specified, they shall be made into the Settlement Fund Escrow. The Settlement Fund shall be allocated and used only as specified in Section VI.

B. *Remediation Payment*

1. Sun shall make one Remediation Payment comprised of both Base Payments and Incentive Payments as provided in Section IV.D.1.

2. In no instance shall Sun's Remediation Payment obligations exceed the Adjusted Maximum Remediation Amount.

C. *Settlement Fund Payment Process*

1. To determine the Remediation Payment, the Settlement Fund Administrator shall use the data as of the Payment Calculation Date. Prior to the Effective Date, the Parties will include Exhibit L, which sets forth in detail the process for the Settlement Fund Administrator to obtain relevant data and for distributing funds to the Settling States and their Participating Subdivisions listed on Exhibit G consistent with the terms of this Agreement as quickly as practical.

2. On the Payment Calculation Date, the Settlement Fund Administrator shall determine the Remediation Payment, consistent with the provisions in Exhibit L, by determining the sum, for all Settling States, of the Base Payment amount, Incentive Payments A or BC amount to which each Settling State is entitled (or could in the future be entitled for states who notify Defendants of an intent to obtain a Bar by the Incentive Payment A Catch-Up Date), and Incentive Payment D each Settling State could in the future be entitled (e.g. the Maximum Incentive Payment D Amount) by applying the criteria under Section V.D and Section V.E;

3. On the Payment Calculation Date, Incentive Payment A Catch-Up Date, and each subsequent Incentive D Look-Back Date, the Settlement Fund Administrator shall determine the Statewide Payment Amount for each Settling State, consistent with the provisions in Exhibit L, by determining, for each Settling State, the Base Payment amount (only on the Payment Calculation Date) and Incentive Payment amount to which the Settling State is entitled on that date by applying the criteria under Section V.D and Section V.E, after subtracting the portion of any Settlement Fund Administrator costs and fees owed out of funds from the Settlement Fund pursuant to Section VI.C.4.

4. No later than fifty (50) days prior to the Payment Date and Incentive Payment D Release Dates, the Settlement Fund Administrator shall give notice to Sun, the Settling States, and the Enforcement Committee of the amount of the Remediation Payment, and/or the Statewide Payment Amount for each Settling State, following the determination described in Section V.C.2 and V.C.3, and the following timeline shall apply:

- a. Within twenty-one (21) calendar days of the notice provided by the Settlement Fund Administrator, Sun, any Settling State or the Enforcement Committee may dispute, in writing, the calculation of the Remediation Payment and/or the Statewide Payment Amount for a Settling

State. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Sun identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

b. Within twenty-one (21) calendar days of the sending of a written notice of dispute, any affected party may submit a response, in writing, to the Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Sun identifying the basis for disagreement with the notice of dispute.

c. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute. In the case of the Remediation Payment, Sun shall pay the adjusted amount, collectively totaling the Remediation Payment, on the Payment Date.

d. If a written response to the written notice of dispute is timely sent to the Settlement Fund Administrator, the Settlement Fund Administrator shall notify Sun, the Enforcement Committee, and any affected Settling State of the preliminary amount, which shall be the greater of the amount originally calculated by the Settlement Fund Administrator or the amount that would be consistent with the notice of dispute. In the case of the Remediation Payment, Sun shall pay this preliminary amount, *provided, however*, that in no circumstances shall the preliminary amount to be paid be higher than the Maximum Remediation Payment.

e. The Settlement Fund Administrator shall place any disputed amount of the preliminary amount paid by Sun into the Settlement Fund Escrow and shall disburse any undisputed amount to each Settling State and its Participating Subdivisions listed on Exhibit G pursuant to Section V.C.5.

5. If a Settling State informs the Settlement Fund Administrator that it and its Participating Subdivisions listed on Exhibit G have agreed on the amount of its Statewide Payment Amount, determined pursuant to Section V.C.3, to be distributed to the Settling State, among its separate types of funds (if applicable), and among its Participating Subdivisions listed on Exhibit G, the Settlement Fund Administrator shall disburse the Statewide Payment Amount pursuant to the consensus distribution amounts provided by the Settling State as quickly as practical. For a Settling State that does not so notify the Settlement Fund Administrator, the Settlement Fund Administrator shall allocate the Settling State's Statewide Payment Amount, pursuant to Section VI, among the separate types of funds for the Settling State (if applicable), and among its Participating Subdivisions listed on Exhibit G using the following procedures:

a. As soon as possible for each payment and following the determination described in Section V.C.3, the Settlement Fund

Administrator shall give notice to the relevant Settling States and their Participating Subdivisions listed on Exhibit G of the amount to be received by each Settling State, the amount to be received by the separate types of funds for each Settling State (if applicable), and the amount to be received by each Participating Subdivision listed on Exhibit G for each Settling State.

b. Within twenty-one (21) days of the notice provided by the Settlement Fund Administrator, any Settling State or Participating Subdivision listed on Exhibit G may dispute, in writing, the calculation of the amount to be received by the relevant Settling State and/or its Participating Subdivision listed on Exhibit G. A dispute will be deemed invalid and disregarded if it challenges the allocations adopted by a State-Subdivision Agreement approved pursuant to the provisions of Exhibit O or by statute. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, any affected Settling State, and any affected Participating Subdivision identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

c. Within twenty-one (21) days of the sending of a written notice of dispute, any affected Settling State or any affected Participating Subdivision may submit a response, in writing, to the Settlement Fund Administrator, any affected Settling State, and any affected Participating Subdivision identifying the basis for disagreement with the notice of dispute.

d. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute.

e. The Settlement Fund Administrator shall place any disputed amount into the Settlement Fund Escrow and shall disburse any undisputed amount to the Settling State and its Participating Subdivisions eligible for payment.

6. Disputes described in this subsection (other than those for which no response is filed under Sections V.C.4.c or V.C.5.d) shall be resolved in accordance with the terms of Section VII.F.

7. The Settlement Fund Administrator may combine the disbursements of the Remediation Payment with the disbursement of funds under other comparable opioid settlements. In determining when disbursements of the Remediation Payment will be made, the Settlement Fund Administrator may take into account the timeline for the availability of disbursements under other comparable opioid settlements.

8. For the avoidance of doubt, Subdivisions not listed on Exhibit G shall not receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

D. *Base Payments.*

1. Sun shall make Base Payments into the Settlement Fund in an amount equal to forty percent (40%) of the Adjusted Maximum Remediation Payment. The maximum total for Base Payments is \$12,396,835.

2. The Base Payment for any Settling State shall be the maximum total for Base Payments, \$12,396,835, times the Settling State's State Allocation Percentage specified in Exhibit F.

E. *Incentive Payments.*

1. Sun shall make potential additional Incentive Payments totaling up to a maximum of sixty percent (60%) of the Adjusted Maximum Remediation Payment, with the Incentive Payment amount depending on whether and the extent to which the criteria set forth below are met in each Settling State. The maximum total for Incentive Payments is \$18,595,252.

2. A Settling State qualifies to receive an Incentive Payment in addition to its Base Payment if it meets the incentive eligibility requirements specified below. The maximum total Incentive Payment for any Settling State shall be no more than the maximum total for Incentive Payments, \$18,595,252, times the Settling State's State Allocation Percentage specified in Exhibit F. Incentive Payments are state-specific, with the actual amount depending on whether and the extent to which the criteria set forth below are met in such Settling State.

3. The Incentive Payments shall be divided among three (3) categories, referred to as Incentive Payments A, BC, and D. Incentive Payments A and BC will be due to Settling States on the Payment Date. Incentive Payment D will be paid to Settling States in two equal installments on the Incentive Payment Release Dates. The total amount of Incentive Payments due to Settling States shall be the sum of the Incentive Payments for which the individual Settling States are eligible under the criteria set forth below. The Incentive Payments shall be made with respect to a specific Settling State based on its eligibility under the criteria set forth below. For the avoidance of doubt, eligibility for Incentive Payments A, BC, and D shall be determined on a Settling State-by-Settling State basis.

4. Incentive Payment A.

a. Incentive Payment A is mutually exclusive with Incentive Payment BC and D; if a Settling State receives Incentive Payment A in the Remediation Payment, such Settling State is not eligible for Incentive Payment BC or D.

b. Incentive Payment A shall be equal to sixty percent (60%) of the Adjusted Maximum Remediation Payment, provided all Settling States satisfy the requirements of Incentive Payment A. Incentive Payment

A will be due to a Settling State as part of the Remediation Payment, and shall equal a total potential maximum of \$18,595,252 if all Eligible States qualify for Incentive Payment A. Each Settling State's share of Incentive Payment A, *provided* that Settling State qualifies, shall equal the total maximum amount available for Incentive Payment A, \$18,595,252, times the Settling State's State Allocation Percentage.

c. Qualification for Incentive Payment A is as follows: A Settling State qualifies for Incentive Payment A if, as of the Payment Calculation Date: (i) there is a Bar in that Settling State in full force and effect, (ii) the Released Claims of all of the following entities are released through the execution of Subdivision Settlement Participation Forms, or there is a Case-Specific Resolution against such entities: all Primary Subdivisions, Litigating Subdivisions, School Districts with a K-12 student enrollment of at least 25,000 or .10% of a Settling State's population, whichever is greater, Hospital Districts that have at least one hundred twenty-five (125) hospital beds in one or more hospitals rendering services in that district, and Primary Fire Districts; or (iii) a combination of the actions in clauses (i) and (ii) has achieved the same level of resolution of Subdivision Claims (*e.g.*, a Bar against future litigation combined with full joinder by Litigating Subdivisions). For the avoidance of doubt, subsection (iii) cannot be satisfied unless all Litigating Subdivisions are Participating Subdivisions or there is a Case-Specific Resolution against any such Subdivisions that are not Participating Subdivisions. Sun and the Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Initial Participation Date.

d. If a Settling State intends to achieve Incentive A by a Bar in effect after the Payment Calculation date but before the Incentive A Catch-Up Date, the Settling State shall notify Sun no later than 30 days before the Initial Participation Date. A Settling State who so notifies Sun and does not qualify for Incentive Payment A as of the Payment Date but becomes eligible for Incentive Payment A as of the Incentive Payment A Catch-Up Date shall receive the payment that it would have received for Incentive Payment A (the "Incentive Payment A Catch-up Payment") on the Incentive Payment A Catch-Up Date. The Incentive Payment A Catch-up Payment shall be reduced by any amounts paid to the Settling State under Incentive Payment BC prior to the Settling State's eligibility for Incentive Payment A. A Settling State that does not qualify for Incentive Payment A as of the Incentive Payment A Catch-Up Date shall not be eligible for Incentive Payment A.

e. To the extent a Settling State asserts that existing legislation qualifies as a Bar, the Settling State shall provide notice to Sun no later than 30 days before the Initial Participation Date. Sun shall indicate before the Initial Participation Date whether existing legislation in a Settling State is sufficient to qualify as a Bar.

5. Incentive Payment BC.

a. Incentive Payment BC shall be available to Settling States that do not qualify for Incentive Payment A.

b. Incentive Payment BC shall be up to a maximum of fifty-seven percent (57%) of the Settling State's share of the Remediation Payment. Incentive Payment BC will be due to a Settling State as part of the Remediation Payment. Incentive Payment BC shall equal a total potential maximum of \$17,665,490 if all Eligible States qualify for Incentive Payment BC (and do not qualify for Incentive Payment A).

c. The maximum Incentive Payment BC for any Settling State shall be the maximum potential Incentive Payment BC, \$17,665,490, times the Settling State's State Allocation Percentage specified in Exhibit F, provided such Settling State becomes eligible for Incentive Payment BC by the Payment Calculation Date.

d. The amount of Incentive Payment BC for which a Settling State is eligible shall be determined based on the aggregate population of the Settling State's Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of all the Settling State's Incentive BC Subdivisions. The Settling State's Incentive BC Subdivisions are (i) all Litigating Subdivisions (including School Districts and Special Districts) and (ii) all Primary Subdivisions that have not sued Sun as of the Initial Participation Date (collectively "*Incentive BC Subdivisions*").

e. The percentage of the Settling State's maximum Incentive Payment BC provided by Section V.E.5.c to which the Settling State is entitled shall be determined according to the table of Incentive BC payment levels below:

Participation Percentage of Incentive BC Eligible Subdivision Population⁵	Incentive Payment BC Percentage
Less than 85%	0%

⁵ The "Participation Percentage of Incentive BC Eligible Subdivision Population" shall be determined by the aggregate population of the Settling State's Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of the Settling State's Incentive BC Subdivisions. None of the population figures shall include Prior Litigating Subdivisions. In calculating the Settling State's population that resides in Incentive BC Subdivisions, the population of the Settling State's Incentive BC Subdivisions shall be the sum of the population of all Incentive BC Subdivisions in the Settling State, notwithstanding that persons may be included within the population of more than one Incentive BC Subdivision. An individual Subdivision shall not be included more than once in the numerator, and shall not be included more than once in the denominator, of the calculation regardless if it (or any of its officials) is named as multiple plaintiffs in the

85% or more but less than 86%	3.57%
86% or more but less than 87%	8.93%
87% or more but less than 88%	14.29%
88% or more but less than 89%	19.64%
89% or more but less than 90%	25%
90% or more but less than 91%	30.36%
91% or more but less than 92%	35.71%
92% or more but less than 93%	41.07%
93% or more but less than 94%	46.43%
94% or more but less than 95%	51.79%
95% or more but less than 96%	60.71%
96% or more but less than 97%	68.75%
97% or more but less than 98%	76.79%
98% or more but less than 99%	84.82%
99% or more but less than 100%	92.86%
100%	100%

f. The percentage of the available Incentive Payment BC amount for which a Settling State is eligible will be based on the Participation Percentage of Incentive BC Eligible Subdivision Population as of the Payment Calculation Date. If Incentive BC Eligible Subdivisions that have become Participating Subdivisions, or achieved Case-Specific Resolution status, collectively represent less than eighty-five percent (85%) of a Settling State's Incentive BC Eligible Subdivision population by the Payment Calculation Date, the Settling State shall not receive any Incentive Payment BC.

same lawsuit; provided, however, that for the avoidance of doubt, no Subdivision will be excluded from the numerator or denominator under this sentence unless a Subdivision otherwise counted in the denominator has the authority to release the Claims (consistent with Section X) of the Subdivision to be excluded.

g. If there are no Incentive BC Eligible Subdivisions in a Settling State, and that Settling State is otherwise eligible for Incentive Payment BC, that Settling State will receive its maximum Incentive Payment BC provided by Section V.E.5.c.

6. Incentive Payment D.

a. Incentive Payment D shall be available to Settling States that do not qualify for Incentive Payment A.

b. Incentive Payment D shall be equal to up to a maximum of ten percent (10%) of the Adjusted Maximum Remediation Payment, with the actual amount depending whether and the extent to which the criteria set forth below are met in each Settling State. The maximum total for Incentive Payment D is \$3,099,209.⁶

c. Incentive Payment D shall be released in two equal installments—one installment on each Incentive Payment Release Date—and the amount of Incentive Payment D released will depend on (i) the Settling State meeting the qualifications set out in Section V.E.6.d and (ii) the Participation Percentage of Incentive BC Eligible Subdivision Population achieved by the Settling State as of the Payment Calculation Date.

d. A Settling State qualifies for Incentive Payment D if no Later Litigating Subdivision (for purposes of Incentive Payment D, Later Litigating Subdivisions are limited to (i) a Primary Subdivision; (ii) a school district with a K-12 student enrollment of at least 25,000 or 0.10% of the Settling State's population, whichever is greater; (iii) a health district or hospital district that has at least one hundred twenty-five (125) hospital beds in one or more hospitals rendering services in that district; and (iv) Primary Fire Districts) in that Settling State has a lawsuit against a Released Entity survive more than six (6) months after denial in whole or in part of a Threshold Motion.

e. A Settling State's qualification for Incentive Payment D shall be determined on each Incentive Payment D Look-Back Date. If a Later Litigating Subdivision's lawsuit in that Settling State survives more than six (6) months after denial in whole or in part a Threshold Motion after that date, that Settling State shall not be eligible for Incentive Payment D on that or any subsequent Incentive Payment D Release Date.

⁶ The Incentive Payment BC table specified in Section V.E.5.e and Incentive Payment D table specified in Section V.E.6.f operate so that the combined amount of Incentive Payment BC and Incentive Payment D cannot exceed sixty percent (60%) of the Adjusted Maximum Remediation Payment over the term of the Agreement. Sun will have no obligation to pay more than \$18,595,252 for the combined amounts of Incentive Payment BC and Incentive Payment D minus any offsets for Non-Settling States.

f. The Incentive Payment D for any Settling State qualifying for Incentive Payment D shall be equal to between three percent (3%) and ten percent (10%) of the of the Maximum Remediation Payment times the Settling State's Allocation Percentage specified in Exhibit F. The applicable percentage shall be determined based on the Participation Percentage of Incentive BC Eligible Subdivision Population achieved by the Payment Calculation Date as shown in the table below:

Participation Percentage of Incentive BC Eligible Subdivision Population as of the Payment Calculation Date	Each Eligible Settling State's Applicable Incentive Payment D Percentage
Participation of less than 95%	10% of State Allocation
Participation of 95% but less than 96%	9% of State Allocation
Participation of 96% but less than 97%	8% of State Allocation
Participation of 97% but less than 98%	7% of State Allocation
Participation of 98% but less than 99%	6% of State Allocation
Participation of 99% but less than 100%	5% of State Allocation
Participation of 100%	3% of State Allocation

g. Incentive Payment D shall be paid in two equal installments on the Incentive Payment D Release Dates. On each Incentive Payment D Look-Back Date, the Settlement Fund Administrator shall determine a Settling State's qualification for Incentive Payment D. Prior to each Incentive Payment D Look-Back Date, Sun may provide the Settlement Fund Administrator and the Enforcement Committee with notice identifying any Settling State(s) it believes do not qualify for Incentive Payment D and information supporting its belief.

h. Notwithstanding Section V.E.6.d and Section V.E.6.e, a Settling State can become re-eligible for Incentive Payment D if the lawsuit that survived a Threshold Motion is dismissed pursuant to a later motion on grounds included in the Threshold Motion, in which case the Settling State shall be eligible for Incentive Payment D less any litigation fees and costs incurred by Sun in the interim, except that if the dismissal motion occurs after the completion of opening statements in such action, the Settling State shall not be eligible for Incentive Payment D.

F. In no event shall any Settling State receive a Base Payment and Incentive Payment totaling more than one hundred percent (100%) of its respective State Allocation Percentage specified in Exhibit F times the Maximum Remediation Payment.

VI. Allocation and Use of Settlement Payments

A. *Components of Settlement Fund.* The Settlement Fund shall be funded by the Remediation Payment and comprised of a Remediation Accounts Fund, a State Fund, and a Subdivision Fund for each Settling State. The payments made under Section IV into the Settlement Fund shall be initially allocated among those three (3) sub-funds and

distributed and used as provided below. Unless otherwise specified herein, payments placed into the Settlement Fund do not revert back to Sun.

B. Use of Settlement Payments.

1. It is the intent of the Parties that the payments disbursed from the Settlement Fund to Settling States and Participating Subdivisions be for Opioid Remediation, subject to exceptions that must be documented in accordance with Section VI.B.2. In no event may less than ninety-five percent (95%) of Sun's maximum amount of payments pursuant to Section V be spent on Opioid Remediation.

2. While disfavored by the Parties, a Settling State or a Participating Subdivision set forth on Exhibit G may use monies from the Settlement Fund (that have not been restricted by this Agreement solely to future Opioid Remediation) for purposes that do not qualify as Opioid Remediation. If, at any time, a Settling State or a Participating Subdivision set forth on Exhibit G uses any monies from the Settlement Fund for a purpose that does not qualify as Opioid Remediation, such Settling State or Participating Subdivision set forth on Exhibit G shall identify such amounts and report to the Settlement Fund Administrator and Sun how such funds were used, including if used to pay attorneys' fees, investigation costs, litigation costs, or costs related to the operation and enforcement of this Agreement, respectively. It is the intent of the Parties that the reporting under this Section VI.B.2 shall be available to the public. For the avoidance of doubt, (a) any amounts not identified under this Section VI.B.2 as used to pay attorneys' fees, investigation costs, or litigation costs shall be included in the Compensatory Restitution Amount for purposes of Section VI.F and (b) Participating Subdivisions not listed on Exhibit G may only use monies from the Settlement Fund for purposes that qualify as Opioid Remediation.

C. Allocation of Settlement Fund. The allocation of the Settlement Fund allows for different approaches to be taken in different states, such as through a State-Subdivision Agreement. Given the uniqueness of Settling States and their Subdivisions, Settling States and their Subdivisions are encouraged to enter into State-Subdivision Agreements in order to direct the allocation of their portion of the Settlement Fund. As set out below, the Settlement Fund Administrator will make an initial allocation to three (3) state-level sub-funds. The Settlement Fund Administrator will then, for each Settling State and its Participating Subdivisions, apply the terms of this Agreement and any relevant State-Subdivision Agreement, Statutory Trust, Allocation Statute, or voluntary redistribution of funds as set out below before disbursing the funds.

1. Base Payments. The Settlement Fund Administrator will allocate Base Payments under Section V.D among the Settling States pursuant to Section V.D.2. Base payments for each Settling State will then be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section VI.D.

2. Incentive Payments. The Settlement Fund Administrator will treat Incentive Payments under Section V.E on a state-specific basis. Incentive Payments for which a Settling State is eligible will be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section VI.D.

3. Settlement Fund Administrator. Prior to the Effective Date, Sun and the Enforcement Committee will agree to a detailed mechanism consistent with the foregoing for the Settlement Fund Administrator to follow in allocating, apportioning, and distributing payments, which shall then be appended hereto as Exhibit L.

4. Settlement Fund Administrator Costs. Any costs and fees associated with or arising out of the duties of the Settlement Fund Administrator as described in Exhibit L shall be paid from the interest accrued in the Settlement Fund Escrow and the Settlement Fund; provided, however, that if such accrued interest is insufficient to pay the entirety of any such costs and fees, the additional amount shall be paid out of the Settlement Fund. For the avoidance of doubt, nothing in this provision shall require Sun to pay any costs, fees or other amounts in excess of the Global Settlement Amount.

D. *Settlement Fund Reallocation and Distribution.* As set forth below, within a particular Settling State's account, amounts contained in the Settlement Fund sub-funds may be reallocated and distributed per a State-Subdivision Agreement or other means. If the apportionment of amounts is not addressed and controlled under Section VI.D.1 and Section VI.D.2, then the default provisions of Section VI.D.4 apply. It is not necessary that a State-Subdivision Agreement or other means of allocating funds pursuant to Section VI.D.1 and Section VI.D.2 address all of the Settlement Fund sub-funds. For example, a Statutory Trust might only address disbursements from a Settling State's Remediation Accounts Fund.

1. Distribution by State-Subdivision Agreement. If a Settling State has a State-Subdivision Agreement, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section VI.C shall be reallocated and distributed as provided by that agreement. Any State-Subdivision Agreement entered into after the Preliminary Agreement Date shall be applied only if it requires: (a) that all amounts be used for Opioid Remediation, except as allowed by Section VI.B.2, and (b) that at least seventy percent (70%) of amounts be used solely for future Opioid Remediation.⁷ For a State-Subdivision Agreement to be applied to the relevant portion of the Remediation Payment, notice must be provided to Sun and the Settlement Fund Administrator by the Payment Calculation Date.

⁷ Future Opioid Remediation includes amounts paid to satisfy any future demand by another governmental entity to make a required reimbursement in connection with the past care and treatment of a person related to the Alleged Harms

2. Distribution by Allocation Statute. If a Settling State has an Allocation Statute and/or a Statutory Trust that addresses allocation or distribution of amounts apportioned to such Settling State's State Fund, Remediation Accounts Fund, and/or Subdivision Fund and that, to the extent any or all such sub-funds are addressed, requires (1) all amounts to be used for Opioid Remediation, except as allowed by Section VI.B.2, and (2) at least seventy percent (70%) of all amounts to be used solely for future Opioid Remediation then, to the extent allocation or distribution is addressed, the amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section VI.C shall be allocated and distributed as addressed and provided by the applicable Allocation Statute or Statutory Trust. For the avoidance of doubt, an Allocation Statute or Statutory Trust need not address all three (3) sub-funds that comprise the Settlement Fund, and if the applicable Allocation Statute or Statutory Trust does not address distribution of all or some of these three (3) sub-funds, the applicable Allocation Statute or Statutory Trust does not replace the default provisions described in Section VI of any such unaddressed fund. For example, if an Allocation Statute or Statutory Trust that meets the requirements of this Section VI.D.2 only addresses funds restricted to remediation, then the default provisions of this Agreement concerning allocation among the three (3) sub-funds comprising the Settlement Fund and the distribution of the State Fund and Subdivision Fund for that Settling State would still apply, while the distribution of the applicable State's Remediation Accounts Fund would be governed by the qualifying Allocation Statute or Statutory Trust.

3. Voluntary Redistribution. A Settling State may choose to reallocate all or a portion of its State Fund to its Remediation Accounts Fund. A Participating Subdivision included on Exhibit G may choose to reallocate all or a portion of its allocation from the Subdivision Fund to the Settling State's Remediation Accounts Fund or to another Participating Subdivision. The Settlement Fund Administrator is not required to honor a voluntary redistribution for which notice is provided to it after the Payment Calculation Date.

4. Distribution in the Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. If Section VI.D.1, Section VI.D.2, and Section VI.D.3 do not apply, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section VI.C shall be distributed as follows:

a. Amounts apportioned to that Settling State's State Fund shall be distributed to that Settling State.

b. Amounts apportioned to that Settling State's Remediation Accounts Fund shall be distributed consistent with Section VI.E. Each Settling State shall submit to the Settlement Fund Administrator a designation of a lead state agency or other entity to serve as the single point of contact for that Settling State's funding requests from the Remediation Accounts Fund and other communications with the Settlement Fund Administrator. The designation of an individual entity is for administrative

purposes only and such designation shall not limit funding to such entity or even require that such entity receive funds from this Agreement. The designated entity shall be the only entity authorized to request funds from the Settlement Fund Administrator to be disbursed from that Settling State's Remediation Accounts Fund. If a Settling State has established a Statutory Trust then that Settling State's single point of contact may direct the Settlement Fund Administrator to release the Settling State's Remediation Accounts Fund to the Statutory Trust.

c. Amounts apportioned to that Settling State's Subdivision Fund shall be distributed to Participating Subdivisions in that Settling State included on Exhibit G per the Subdivision Allocation Percentage listed in Exhibit G. Section VIII.H shall govern amounts that would otherwise be distributed to Non-Participating Subdivisions listed in Exhibit G. For the avoidance of doubt and notwithstanding any other provision in this Agreement, no Non-Participating Subdivision will directly receive any amount from the Settlement Fund, regardless of whether such Subdivision is included on Exhibit G.

d. Special Districts shall not be allocated funds from the Subdivision Fund, except through a voluntary redistribution allowed by Section VI.D.3 to Special Districts that are Participating Subdivisions. A Settling State may allocate funds from its State Fund or Remediation Accounts Fund for Special Districts that are Participating Subdivisions.

5. Restrictions on Distribution. No amounts may be distributed from the Subdivision Fund contrary to Section VIII, i.e., no amounts may be distributed directly to Non-Participating Subdivisions or to Later Participating Subdivisions to the extent such a distribution would violate Section VIII.E through Section VIII.G. Amounts allocated to the Subdivision Fund that cannot be distributed by virtue of the preceding sentence shall be distributed into the sub-account in the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement described in Section VI.D.1 or by an Allocation Statute or a Statutory Trust described in Section VI.D.2.

E. *Provisions Regarding the Remediation Accounts Fund.*

1. State-Subdivision Agreement, Allocation Statute, and Statutory Trust Fund Provisions. A State-Subdivision Agreement, Allocation Statute, or Statutory Trust may govern the operation and use of amounts in that Settling State's Remediation Accounts Fund so long as it complies with the requirements of Section VI.D.1 or Section VI.D.2, as applicable, and all direct payments to Subdivisions comply with Section VIII.E through Section VIII.G.

2. Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. In the absence of a State-Subdivision Agreement, Allocation Statute, or

Statutory Trust that addresses distribution, the Remediation Accounts Fund will be used solely for future Opioid Remediation and the following shall apply with respect to a Settling State:

a. Regional Remediation.

(i) At least fifty percent (50%) of distributions for remediation from a Settling State's Remediation Accounts Fund shall be annually allocated and tracked to the regional level. A Settling State may allow the Advisory Committee established pursuant to Section VI.E.2.d to define its regions and assign regional allocations percentages. Otherwise, the Settling State shall (A) define its initial regions, which shall consist of one (1) or more General Purpose Subdivisions and which shall be designated by the state agency with primary responsibility for substance abuse disorder services employing, to the maximum extent practical, existing regions established in that Settling State for opioid abuse treatment or other public health purposes; (B) assign initial regional allocation percentages to the regions based on the Subdivision Allocation Percentages in Exhibit G and an assumption that all Subdivisions included on Exhibit G will become Participating Subdivisions.

(ii) This minimum regional expenditure percentage is calculated on the Settling State's initial Remediation Accounts Fund allocation and does not include any additional amounts a Settling State has directed to its Remediation Accounts Fund from its State Fund, or any other amounts directed to the fund. A Settling State may dedicate more than fifty percent (50%) of its Remediation Accounts Fund to the regional expenditure and may annually adjust the percentage of its Remediation Accounts Fund dedicated to regional expenditures as long as the percentage remains above the minimum amount.

(iii) The Settling State (A) has the authority to adjust the definition of the regions, and (B) may annually revise the percentages allocated to each region to reflect the number of General Purpose Subdivisions in each region that are Non-Participating Subdivisions.

b. *Subdivision Block Grants.* Certain Subdivisions shall be eligible to receive regional allocation funds in the form of a block grant for future Opioid Remediation. A Participating Subdivision eligible for block grants is a county or parish (or in the case of Settling States that do not have counties or parishes that function as political subdivisions, a city) that (1) does not contain a Litigating Subdivision or a Later Litigating Subdivision for which it has the authority to end the litigation through a release, bar or

other action; (2) either (i) has a population of 400,000 or more or (ii) in the case of California has a population of 750,000 or more; and (3) has funded or otherwise managed an established health care or treatment infrastructure (e.g., health department or similar agency). Each Subdivision eligible to receive block grants shall be assigned its own region.

c. *Small Settling States.* Notwithstanding the provisions of Section VI.E.2.a, Settling States with populations under four (4) million that do not have existing regions described in Section VI.E.2.a shall not be required to establish regions. However, such a Settling State that contains one (1) or more Subdivisions eligible for block grants under Section VI.E.2.b shall be divided regionally so that each block-grant eligible Subdivision is a region, and the remainder of the state is a region.

d. *Advisory Committee.* The Settling State shall designate an Opioid Settlement Remediation Advisory Committee (the “*Advisory Committee*”) to provide input and recommendations regarding remediation spending from that Settling State’s Remediation Accounts Fund. A Settling State may elect to use an existing advisory committee or similar entity (created outside of a State-Subdivision Agreement or Allocation Statute); *provided, however*, the Advisory Committee or similar entity shall meet the following requirements:

(i) Written guidelines that establish the formation and composition of the Advisory Committee, terms of service for members, contingency for removal or resignation of members, a schedule of meetings, and any other administrative details;

(ii) Composition that includes at least an equal number of local representatives as state representatives;

(iii) A process for receiving input from Subdivisions and other communities regarding how the opioid crisis is affecting their communities, their remediation needs, and proposals for remediation strategies and responses; and

(iv) A process by which Advisory Committee recommendations for expenditures for Opioid Remediation will be made to and considered by the appropriate state agencies.

3. Remediation Accounts Fund Reporting. The Settlement Fund Administrator shall track and assist in the report of remediation disbursements as agreed to between Sun and the Enforcement Committee

F. *Nature of Payment.* Sun, the Settling States, and the Participating Subdivisions each acknowledge and agree that notwithstanding anything to the contrary in this Agreement, including, but not limited to, the scope of the Released Claims:

1. They have entered into this Agreement to avoid the delay, expense, inconvenience, and uncertainty of further litigation;

2. (a) The Settling States and Participating Subdivisions sought compensatory restitution and remediation (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i)) as damages for the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; (b) the Compensatory Restitution Amount is less than or equal to the amount, in the aggregate, of the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; and (c) the portion of the Compensatory Restitution Amount received by each Settling State or Participating Subdivision is less than or equal to the amount of the Alleged Harms allegedly suffered by such Settling State or Participating Subdivision;

3. The payment of the Compensatory Restitution Amount by Sun constitutes, and is paid for, compensatory restitution and remediation (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i), (ii)) for alleged damage or harm (as compensation for alleged damage or harm arising out of alleged bodily injury) allegedly caused by Sun in order to restore, in whole or in part, the Settling States, Participating Subdivisions, and persons to the same position or condition that they would be in had the Settling States, Participating Subdivisions, and persons not suffered the Alleged Harms, and constitutes compensatory restitution and remediation for alleged damage or harm allegedly caused by the potential violation of a law; and

4. For the avoidance of doubt: (a) the entire Compensatory Restitution Amount is properly characterized as described in Section VI.F, (b) no portion of the Compensatory Restitution Amount represents reimbursement to any Settling State or Participating Subdivision or other person or entity for the fees or costs of any investigation or litigation, including without limitation attorneys' fees, (c) no portion of the Global Settlement Amount constitutes the disgorgement of any allegedly ill-gotten gains, and (d) no portion of the Global Settlement Amount is paid for, is in place of, or is properly characterized as the payment of any fine, penalty, punitive damages, or other punitive assessments.

VII. Enforcement

A. *Enforceability.* This Agreement is enforceable only by the Settling States and Sun; *provided, however*, that Released Entities may enforce Section XI and Participating Subdivisions listed on Exhibit G have the enforcement rights described later in this paragraph and in Section VII.D. Except to the extent allowed by the Injunctive Relief Terms, Settling States and Participating Subdivisions shall not have enforcement rights against Sun with respect to either the terms of this Agreement that apply only to or in other Settling States or any Consent Judgment entered into by another Settling State. Participating Subdivisions shall not have enforcement rights against Sun with respect to this Agreement or any Consent Judgment except that Participating Subdivisions listed on Exhibit G shall have enforcement rights as set forth herein as to payments that would be allocated to the Participating Subdivisions or the Remediation Accounts Fund in such

Settling State pursuant to Section V; *provided, however*, that each Settling State shall allow Participating Subdivisions in such Settling State to notify it of any perceived violations of this Agreement or the applicable Consent Judgment.

B. *Jurisdiction.* Sun consents to the jurisdiction of the court in which each Settling State files its Consent Judgment, limited to resolution of disputes identified in Section VII.F.2 for resolution in that court.

C. *Specific Terms Dispute Resolution.*

1. Any dispute that is addressed by the provisions set forth in the Injunctive Relief Terms shall be resolved as provided therein.

D. *State-Subdivision Enforcement.*

1. A Subdivision shall not have enforcement rights against a Settling State in which it is located with respect to this Agreement or any Consent Judgment except that a Participating Subdivision listed on Exhibit G shall have enforcement rights (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust with respect to intrastate allocation or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that (i) the Settling State's use of Remediation Accounts Fund monies were not used for uses similar to or in the nature of those uses contained in Exhibit E; or (ii) a Settling State failed to pay funds directly from the Remediation Accounts Fund to a Participating Subdivision eligible to receive a block grant pursuant to Section VI.E.2.b.

2. A Settling State shall have enforcement rights against a Participating Subdivision located in its territory (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust; or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that the Participating Subdivisions' uses of Remediation Accounts Fund monies were not used for purposes similar to or in the nature of those uses contained in Exhibit E.

3. As between the Settling States and Participating Subdivisions, the above rights are contractual in nature and nothing herein is intended to limit, restrict, change or alter any other existing rights under law.

E. *Subdivision Sun Payment Enforcement.* A Participating Subdivision listed on Exhibit G shall have the same right as a Settling State to seek resolution regarding the failure by Sun to make its Remediation Payment.

F. *Other Terms Regarding Dispute Resolution.*

1. The parties to a dispute shall promptly meet and confer in good faith to resolve any dispute. If the parties cannot resolve the dispute informally, and unless

otherwise agreed in writing, they shall follow the remaining provisions of this subsection to resolve the dispute.

2. Except to the extent provided by Section VII.C or Section VII.F.3, disputes not resolved informally shall be resolved in either the court that entered the relevant Consent Judgment or, if no such Consent Judgment was entered, a state or territorial court with jurisdiction located wherever the seat of the relevant state government is located.

a. State court proceedings shall be governed by the rules and procedures of the relevant forum.

b. For the avoidance of doubt, disputes to be resolved in state court include, but are not limited to, the following:

(i) disputes concerning whether expenditures qualify as Opioid Remediation;

(ii) disputes between a Settling State and its Participating Subdivisions as provided by Section VII.D, except to the extent the State-Subdivision Agreement provides for other dispute resolution mechanisms. For the avoidance of doubt, disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes;

(iii) whether this Agreement and relevant Consent Judgment are binding under state law;

(iv) the extent of the Attorney General's or other participating entity's authority under state law, including the extent of the authority to release claims;

(v) whether the definition of a Bar, a Case-Specific Resolution, Final Order, lead state agency as described in Section VI.D.4.b, Later Litigating Subdivision, Litigating Subdivision, or Threshold Motion have been met; and

(vi) all other disputes not specifically identified in Section VII.C or Section VII.F.3.

c. Any Party may request that the National Arbitration Panel provide an interpretation of any provision of the settlement that is relevant to the state court determination, and the National Arbitration Panel shall make reasonable best efforts to supply such interpretation within the earlier of thirty (30) calendar days or the time period required by the state court proceedings. Any Party may submit that interpretation to the state court to the extent permitted by, and for such weight provided by, the state court's

rules and procedures. If requested by a Party, the National Arbitration Panel shall request that its interpretation be accepted in the form of an *amicus curiae* brief, and any attorneys' fees and costs for preparing any such filing shall be paid for by the requesting Party.

3. National Disputes involving a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VII.A, and/or Sun shall be resolved by the National Arbitration Panel.

a. National Disputes are disputes that are not addressed by Section VII.C, and which are exceptions to Section VII.F.2's presumption of resolution in state courts because they involve issues of interpretation of terms contained in this Agreement applicable to all Settling States without reference to a particular state's law. Disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes. National Disputes are limited to the following:

(i) the amount of offset and/or credit attributable to Non-Settling States;

(ii) issues involving the scope and definition of Product;

(iii) interpretation and application of the terms "Covered Conduct," "Released Entities," and "Released Claims;"

(iv) the failure by Sun to pay the Remediation Payment or the Additional Remediation Amount, but for the avoidance of doubt, disputes between Sun and a Settling State over the amounts owed only to that state that do not affect any other Settling State shall not be considered National Disputes;

(v) questions regarding the performance and/or removal of the Settlement Fund Administrator;

(vi) disputes involving liability of successor entities;

(vii) disputes that require a determination of the sufficiency of participation in order to qualify for Incentive Payments A, BC, or D;

(viii) disputes involving a Releasor's compliance with, and the appropriate remedy under, Section XI.B.5.c;

(ix) disputes requiring the interpretation of Agreement terms that are national in scope or impact, which shall mean disputes requiring the interpretation of Agreement terms that (i) concretely affect four (4) or more Settling States; and (ii) do not turn on unique definitions and interpretations under state law; and

(x) any dispute subject to resolution under Section VII.F.2 but for which all parties to the dispute agree to arbitration before the National Arbitration Panel under the provisions of this Section VII.F.3.

b. The National Arbitration Panel shall be comprised of three (3) neutral arbitrators. One (1) arbitrator shall be chosen by Sun, one (1) arbitrator shall be chosen by the Enforcement Committee with due input from Participating Subdivisions listed on Exhibit G, and the third arbitrator shall be agreed upon by the first two (2) arbitrators. The membership of the National Arbitration Panel is intended to remain constant throughout the term of this Agreement, but in the event that replacements are required, the retiring arbitrator shall be replaced by the party that selected him/her.

c. The National Arbitration Panel shall make reasonable best efforts to decide all matters within one hundred eighty (180) calendar days of filing, and in no event shall it take longer than one (1) year.

d. The National Arbitration Panel shall conduct all proceedings in a reasonably streamlined process consistent with an opportunity for the parties to be heard. Issues shall be resolved without the need for live witnesses where feasible and with a presumption in favor of remote participation to minimize the burdens on the parties.

e. To the extent allowed under state law, a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VII.A, and (at any party's request) the National Arbitration Panel may certify to an appropriate state court any question of state law. The National Arbitration Panel shall be bound by a final state court determination of such a certified question. The time period for the arbitration shall be tolled during the course of the certification process.

f. The arbitrators will give due deference to any authoritative interpretation of state law, including any declaratory judgment or similar relief obtained by a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VII.A, or Sun on a state law issue.

g. The decisions of the National Arbitration Panel shall be binding on Settling States, Participating Subdivisions, Sun, and the Settlement Fund Administrator. In any proceeding before the National Arbitration Panel involving a dispute between a Settling State and Sun whose resolution could prejudice the rights of a Participating Subdivision(s) in that Settling State, such Participating Subdivision(s) shall be allowed to file a statement of view in the proceeding.

h. Nothing herein shall be construed so as to limit or otherwise restrict a Settling State from seeking injunctive or other equitable relief in state court to protect the health, safety, or welfare of its citizens.

i. Each party shall bear its own costs in any arbitration or court proceeding arising under this Section VII. The costs for the arbitrators on the National Arbitration Panel shall be divided and paid equally by the disputing sides for each individual dispute, e.g., a dispute between Sun and Settling States/Participating Subdivisions shall be split fifty percent (50%) by Sun and fifty percent (50%) by the Settling States/Participating Subdivisions that are parties to the dispute; a dispute between a Settling State and a Participating Subdivision shall be split fifty percent (50%) by the Settling State that is party to the dispute and fifty percent (50%) by any Participating Subdivisions that are parties to the dispute. For the avoidance of doubt, Sun shall not be responsible for the National Arbitration Panel costs in disputes that do not concern Sun.

4. Prior to initiating an action to enforce pursuant to this Section VII.F, the complaining party must:

a. Provide written notice to the Enforcement Committee and Sun of its complaint, including the provision of the Consent Judgment and/or Agreement that the practice appears to violate, as well as the basis for its interpretation of the disputed provision. The Enforcement Committee shall establish a reasonable process and timeline for obtaining additional information from the involved parties; *provided, however*, that the date the Enforcement Committee establishes for obtaining additional information from the parties shall not be more than forty-five (45) calendar days following the notice. The Enforcement Committee may advise the involved parties of its views on the complaint and/or seek to resolve the complaint informally.

b. Wait to commence any enforcement action until thirty (30) calendar days after the date that the Enforcement Committee establishes for obtaining additional information from the involved parties.

5. If the parties to a dispute cannot agree on the proper forum for resolution of the dispute under the provisions of Section VII.F.2 or Section VII.F.3, a committee comprising the Enforcement Committee and sufficient representatives of Sun such that the members of the Enforcement Committee have a majority of one (1) member will determine the forum where the dispute will be initiated within twenty-eight (28) calendar days of receiving notification of the dispute relating to the proper forum. The forum identified by such committee shall be the sole forum for litigating the issue of which forum will hear the substantive dispute, and the committee's identification of such forum in the first instance shall not be entitled to deference by the forum selected.

G. *Lien or Encumbrance.* To the extent allowed by applicable law, this Settlement Agreement shall not be deemed to create a lien or encumbrance against any real property owned by Sun or its affiliates, unless in the event of a default or breach of the payment provisions by Sun. Nothing in this Section shall be construed to limit any remedy of any Settling State or Participating Subdivision in the event of a default or breach of this Agreement by Sun.

H. *No Effect.* Nothing in this Agreement shall be interpreted to limit the Settling States' Civil Investigative Demand ("CID") or investigative subpoena authority, to the extent such authority exists under applicable state law and the CID or investigative subpoena is issued pursuant to such authority, and Sun reserves all of its rights in connection with a CID or investigative subpoena issued pursuant to such authority.

VIII. Participation by Subdivisions

A. *Notice.* No later than fifteen (15) calendar days after the Preliminary Agreement Date, the Implementation Administrator shall send individual written notice (which may be delivered via e-mail or other electronic means and may be combined with distribution of the Subdivision Settlement Participation Form) of the opportunity to participate in this Agreement and the requirements of participation to all Subdivisions in the Settling States that are (1) Litigating Subdivisions or (2) Non-Litigating Subdivisions listed on Exhibit G. To the extent a Special District is entitled to an allocation for a direct payment through its inclusion in Exhibit G pursuant to a State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution, the Implementation Administrator, with the cooperation of the Settling States shall also send individual written notice (which may be delivered via e-mail or other electronic means) of the opportunity to participate in this Agreement and the requirements of participation to such Special Districts. Unless otherwise agreed by the Parties, the version of Exhibit G used for notice shall be the one in place as of the Preliminary Agreement Date. Notice (which may be delivered via e-mail or other electronic means) shall also be provided simultaneously to counsel of record for Litigating Subdivisions and known counsel for Non-Litigating Subdivisions and Special Districts listed on Exhibit G. The costs of the Implementation Administrator shall be paid for by the interest earned from the deposit accounts holding the Adjusted Maximum Remediation Payment for Sun, and nothing in this provision shall require Sun to pay any costs, fees or other amounts in excess of the Global Settlement Amount. The Settling States, with the cooperation of Sun, may also provide general notice

reasonably calculated to alert Non-Litigating Subdivisions in the Settling States to this Agreement, the opportunity to participate in it, and the requirements for participation. Such notice may include publication and other standard forms of notification, as well as notice to state and county organizations such as the National Association of Counties and the National League of Cities. The notice will include that the deadline for becoming an Initial Participating Subdivision is the Initial Participation Date. Nothing contained herein shall preclude a Settling State from providing further notice to or otherwise contacting any of its Subdivisions about becoming a Participating Subdivision, including beginning any of the activities described in this paragraph prior to the Preliminary Agreement Date.

B. *Requirements for Becoming a Participating Subdivision—Non-Litigating Subdivisions.* A Non-Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Fund Administrator) specifying (1) that the Subdivision agrees to the terms of this Agreement pertaining to Subdivisions, (2) that the Subdivision releases all Released Claims against all Released Entities, (3) that the Subdivision agrees to use monies it receives, if any, from the Settlement Fund pursuant to the applicable requirements of Section VI; *provided, however*, that Non-Litigating Subdivisions may only use monies originating from the Settlement Fund for purposes that qualify as Opioid Remediation, and (4) that the Subdivision submits to the jurisdiction of the court where the applicable Consent Judgment is filed for purposes limited to that court's role under this Agreement. The required Subdivision Settlement Participation Form is attached as Exhibit K.

C. *Requirements for Becoming a Participating Subdivision—Litigating Subdivisions/Later Litigating Subdivisions.* A Later Litigating Subdivision and Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Fund Administrator) and upon prompt dismissal with prejudice of its lawsuit following the Reference Date or the date on which the conditions for effectiveness in Section IX.B have been met, whichever is later. A Settling State may require each Litigating Subdivision in that Settling State to specify on the Subdivision Settlement Participation Form whether its counsel has waived any contingency fee contract with that Participating Subdivision and whether, if eligible, it intends to seek fees pursuant to Exhibit R. The Settlement Fund Administrator shall provide reports of this information to the parties upon request. A Litigating Subdivision or Later Litigating Subdivision may not become a Participating Subdivision after the completion of opening statements in a trial of a lawsuit it brought that includes a Released Claim against a Released Entity.

D. *Initial Participating Subdivisions.* A Subdivision qualifies as an Initial Participating Subdivision if it meets the applicable requirements for becoming a Participating Subdivision set forth in Section VIII.B or Section VIII.C by the Initial Participation Date. All Subdivision Settlement Participation Forms shall be held in escrow by the Implementation Administrator until the Reference Date. If, for any reason, the Agreement does not become effective, all obligations created by such forms and releases in them shall be void *ab initio* and all Subdivision Settlement Participation Forms shall be returned to Counsel for Litigating Subdivisions or to the Subdivisions not represented by counsel or destroyed to the extent that such destruction is not prohibited by then existing document preservation obligations.

E. *Later Participating Subdivisions.* A Subdivision that is not an Initial Participating Subdivision may become a Later Participating Subdivision by meeting the applicable requirements for becoming a Participating Subdivision set forth in Section VIII.B or Section VIII.C after the Initial Participation Date but before the Payment Calculation Date and by agreeing to be subject to the terms of a State-Subdivision Agreement (if any) or any other structure adopted or applicable pursuant to Section VI.D or Section VI.E. Unless waived by Sun, the following provisions govern what a Later Participating Subdivision can receive (but do not apply to Initial Participating Subdivisions):

1. A Later Participating Subdivision shall receive seventy-five percent (75%) of the share of the Base Payment or Incentive Payment that it would have received had it become an Initial Participating Subdivision.

2. A Later Participating Subdivision that had maintained a lawsuit for a Released Claim against a Released Entity and had judgment entered against it on any such Claim before it became a Participating Subdivision (other than consensual dismissal with prejudice) shall receive 50% of the share of future Base Payments and Incentive Payments that it would have received had it become a Participating Subdivision prior to such judgment; provided, however that if the Subdivision appeals the judgment and the judgment is affirmed with finality, the Subdivision shall not receive any share of any Base Payments or Incentive Payments, and shall return to Sun any share of any Base Payments or Incentive Payments such Subdivision had already received.

3. A Later Participating Subdivision that becomes a Participating Subdivision while a Bar or Case-Specific Resolution involving a different Subdivision exists in its state shall receive twenty-five percent (25%) of the share of the Base Payment and Incentive Payment that it would have received if it had become an Initial Participating Subdivision.

F. *No Increase in Payments.* Amounts to be received by Later Participating Subdivisions shall not increase the payments due from Sun.

G. *Non-Participating Subdivisions.* Non-Participating Subdivisions shall not directly receive any portion of the Remediation Payment, including from the State Fund

and direct distributions from the Remediation Accounts Fund; however, a Settling State may choose to fund future Opioid Remediation that indirectly benefits Non-Participating Subdivisions.

H. *Unpaid Allocations to Later Participating Subdivisions and Non-Participating Subdivisions.* Any Base Payment and Incentive Payment allocated pursuant to Section VI.D to a Later Participating Subdivision or Non-Participating Subdivision that cannot be paid pursuant to this Section VIII, including the amounts that remain unpaid after the reductions required by Section VIII.E., will be allocated to the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement or by a Statutory Trust.

I. *Ineligible Subdivisions.* Subdivisions in Non-Settling States and Prior Litigating Subdivisions are not eligible to be Participating Subdivisions.

IX. Condition to Effectiveness of Agreement and Filing of Consent Judgment

A. *Determination to Proceed with Settlement. —Settling States.* Following the Initial Subdivision Participation Date, the Enforcement Committee shall determine whether to proceed with the Agreement on behalf of the Settling States, and the Settling States shall be bound by the determination of the Enforcement Committee. No later than fifteen (15) calendar days prior to the Reference Date, the Enforcement Committee shall provide notice to Sun of its decision. If the Enforcement Committee elects not to proceed, this Agreement will have no further effect, and all releases (including those contained in Subdivision Settlement Participation Forms and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms) will be void. Within seven (7) calendar days of informing Sun that there is sufficient participation to proceed, the Enforcement Committee will deliver all signatures and releases required by the Agreement to be provided by the Settling States to Sun.

B. *Determination to Proceed with Settlement—Sun.* If the Settling States elect to proceed, Sun will then determine on or before the Reference Date whether there is sufficient Eligible State participation, sufficient Subdivision participation, and sufficient resolution of the Claims of the Litigating Subdivisions in the Settling States (through participation under Section VIII, Case-Specific Resolution(s) and Bar(s)) to proceed with this Agreement. The determination shall be in the sole discretion of Sun and may be based on any criteria or factors deemed relevant by Sun.

C. *Notice by Sun.* On or before the Reference Date, Sun shall inform the Settling States of its determination pursuant to Section IX.B. If Sun determines to proceed, the Parties will proceed to file the Consent Judgments and the obligations in the Subdivision Settlement Participation Forms will be effective and binding as of the Reference Date. If Sun determines not to proceed, this Agreement will have no further effect, any amounts deposited, including funds referenced in Section IV.D. and Exhibit M, shall revert to Sun, and all releases (including those contained in Subdivision Settlement

Participation Forms) and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms will be void.

X. Settling State and Participating Subdivision Attorneys' Fees and Costs and Additional Remediation Amount

A. The Agreement on Subdivision Attorneys' Fees, Expenses and Costs is set forth in Exhibit R and incorporated herein by reference.

B. *Additional Remediation Amount.*

1. Subject to the reduction specified in Section X.B.2, Sun shall pay an Additional Remediation Amount to the Settling States listed in Exhibit N. Such funds shall be paid as allocated by the Settlement Fund Administrator pursuant to Exhibit N.

2. *Reduction of Additional Remediation Amount.* The amounts owed by Sun pursuant to this Section X.B shall be reduced by the allocations set forth on Exhibit N for Non-Settling States.

3. For the avoidance of doubt, (1) a Settling State that retained outside counsel in connection with the investigation of Sun that receives an Additional Remediation Amount may choose to have the Additional Remediation Amount designated to pay the Settling State's outside counsel, and may instruct the Settlement Fund Administrator to pay those funds directly to the Settling State's outside counsel, and (2) Additional Remediation Amount funds, including funds designated by a Settling State to pay its outside counsel under this paragraph, shall not be subject to allocation as provided in Section VI.C through Section VI.E.

C. All payments addressed by this Section X will be made no later than the Payment Date pursuant to Section V.

XI. Release

A. *Scope.* As of the Effective Date, the Released Entities are hereby released and forever discharged from all of the Releasers' Released Claims. Each Settling State (for itself and its Releasers) and Participating Subdivision (for itself and its Releasers) hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist in bringing, or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in this Agreement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of each Settling State and its Attorney General to release claims. This Agreement shall be a complete bar to any Released Claim.

B. *Claim-Over and Non-Party Settlement.*

1. It is the intent of the Parties that:

a. Released Entities should not seek contribution or indemnification (other than pursuant to an insurance contract), from other parties for their payment obligations under this Agreement;

b. the payments made under this Agreement shall be the sole payments made by the Released Entities to the Releasors involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity);

c. Claims by Releasors against non-Parties should not result in additional payments by Released Entities, whether through contribution, indemnification or any other means; and

d. the Agreement meets the requirements of the Uniform Contribution Among Joint Tortfeasors Act and any similar state law or doctrine that reduces or discharges a released party's liability to any other parties.

2. The provisions of Section XI.B are intended to be implemented consistent with these principles. This Agreement and the releases and dismissals provided for herein are made in good faith.

3. No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner; provided that a Released Entity shall be relieved of this prohibition with respect to any entity that asserts a Claim-Over against it. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

4. To the extent that, on or after the Reference Date, any Releasor enters into a Non-Party Settlement, including in any bankruptcy case or through any plan of reorganization, the Releasor will include (or in the case of a Non-Party Settlement made in connection with a bankruptcy case, will cause the debtor to include), unless prohibited from doing so under applicable law, in the Non-Party Settlement a prohibition on contribution or indemnity of any kind substantially equivalent to that required from Sun in Section XI.B.3, or a release from such Non-Released Entity in favor of the Released Entities (in a form equivalent to the releases contained in this Agreement) of any Claim-Over. The obligation to obtain the prohibition and/or release required by this subsection is a material term of this Agreement.

5. In the event that any Releasor obtains a judgment with respect to Non-Party Covered Conduct against a Non-Released Entity that does not contain a prohibition like that described in Section XI.B.3 or any Releasor files a Non-Party Covered Conduct Claim against a Non-Released Entity in bankruptcy or a Releasor is prevented for any reason from obtaining a prohibition/release in a Non-Party Settlement as provided in Section XI.B.3, and such Non-Released Entity asserts a Claim-Over against a Released Entity, the Released Entity shall be relieved of the prohibition in Section XI.B.3 with respect to that Non-Released Entity and that Releasor and Sun shall take the following actions to ensure that the Released Entities do not pay more with respect to Covered Conduct to the Releasor or to Non-Released Entities than the amount owed under this Settlement Agreement by Sun:

a. Sun shall notify that Releasor of the Claim-Over within sixty (60) calendar days of the assertion of the Claim-Over or sixty (60) calendar days of the Effective Date of this Settlement Agreement, whichever is later;

b. Sun and that Releasor shall meet and confer concerning the means to hold Released Entities harmless and ensure that Sun is not required to pay more with respect to Covered Conduct than the amounts owed by Sun to the Releasor under this Agreement;

c. The Releasor and Sun shall take steps sufficient and permissible under the law of the state of the Releasor to hold Released Entities harmless from the Claim-Over and ensure Released Entities are not required to pay more with respect to Covered Conduct than the amounts owed by Sun under this Agreement. Such steps may include, where permissible:

(i) Filing of motions to dismiss or such other appropriate motion by Sun or Released Entities, and supported by Releasor, in response to any claim filed in litigation or arbitration;

(ii) Reduction of the Releasor's Claim and any judgment it has obtained or may obtain against such Non-Released Entity by whatever amount or percentage is necessary to extinguish such Claim-Over under applicable law, up to the amount the Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(iii) Placement into escrow of funds paid by the Non-Released Entities such that those funds are available to satisfy the Claim-Over;

(iv) Return of monies paid by Sun to the Releasor under this Settlement Agreement to permit satisfaction of a judgment against or settlement with the Non-Released Entity to satisfy the Claim-Over;

(v) Payment of monies to Sun by the Releasor to ensure it is held harmless from such Claim-Over, up to the amount that Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(vi) Credit to Sun under this Agreement to reduce the overall amounts to be paid under the Agreement such that it is held harmless from the Claim-Over; and

(vii) Such other actions as the Releasor and Sun may devise to hold Sun harmless from the Claim-Over.

d. The actions of the Releasor and Sun taken pursuant to paragraph (c) must, in combination, ensure Sun is not required to pay more with respect to Covered Conduct than the amounts owed to the Releasor by Sun under this Agreement.

e. In the event of any dispute over the sufficiency of the actions taken pursuant to paragraph (c), the Releasor and Sun may seek review by the National Arbitration Panel, provided that, if the parties agree, such dispute may be heard by the state court where the relevant Consent Judgment was filed. The National Arbitration Panel shall have authority to require Releasor to implement a remedy that includes one or more of the actions specified in paragraph (c) sufficient to hold Released Entities fully harmless. In the event that the Panel's actions do not result in Released Entities being held fully harmless, Sun shall have a claim for breach of this Agreement by Releasor, with the remedy being payment of sufficient funds to hold Sun harmless from the Claim-Over up to the amount that Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity. For the avoidance of doubt, the prior sentence does not limit or eliminate any other remedy that Sun may have.

6. To the extent that the Claim-Over is based on a contractual indemnity, the obligations under Section XI.B.4 shall extend solely to a Non-Party Covered Conduct Claim against a pharmacy, clinic, hospital or other purchaser, distributor or dispenser of Products, a manufacturer that sold Products, a consultant, and/or a pharmacy benefit manager or other third-party payor. Sun shall notify the Settling States, to the extent permitted by applicable law, in the event that any of these types of Non-Released Entities asserts a Claim-Over arising out of contractual indemnity against it.

C. *Indemnification and Contribution Prohibited.* No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory, from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

D. *General Release.* In connection with the releases provided for in this Agreement, each Settling State (for itself and its Releasors) and Participating Subdivision expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

General Release; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that if known by him or her, would have materially affected his or her settlement with the debtor or released party.

A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Settling State (for itself and its Releasors) and Participating Subdivision (for itself and its Releasors) hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Settling States' decision to enter into this Agreement or the Participating Subdivisions' decision to participate in this Agreement.

E. *Assigned Interest Waiver.* To the extent that any Settling State has any direct or indirect interest in any rights of a third-party that is a debtor under the Bankruptcy Code as a result of a claim arising out of Covered Conduct by way of assignment or otherwise, including as a result of being the beneficiary of a trust or other distribution entity, to assert claims against Sun (whether derivatively or otherwise), under any legal or equitable theory, including for indemnification, contribution, or subrogation, the Settling State waives the right to assert any such claim, or to receive a distribution or any benefit on account of such claim and such claim, distribution, or benefit shall be deemed assigned to Sun.

F. *Res Judicata.* Nothing in this Agreement shall be deemed to reduce the scope of the res judicata or claim preclusive effect that the settlement memorialized in this Agreement, and/or any Consent Judgment or other judgment entered on this Agreement, gives rise to under applicable law.

G. *Representation and Warranty.* The signatories hereto on behalf of their respective Settling States and its Participating Subdivisions expressly represent and warrant that they will obtain on or before the Effective Date (or have obtained) the authority to settle and release, to the maximum extent of the State's power, all Released Claims of (1) their respective Settling States; (2) any of the respective Settling State's past and present executive departments, state agencies, divisions, boards, commissions and instrumentalities with the regulatory authority to enforce state and federal controlled substances acts; (3) any of their respective Settling State's past and present executive departments, agencies, divisions, boards, commissions and instrumentalities that have the authority to bring Claims related to Covered Conduct seeking money (including abatement

and/or remediation) or revocation of a pharmaceutical distribution license; and (4) any Participating Subdivisions. For the purposes of clause (3) above, executive departments, agencies, divisions, boards, commission, and instrumentalities are those that are under the executive authority or direct control of the State's Governor. Also, for the purposes of clause (3), a release from a State's Governor as set forth in Exhibit X is sufficient to demonstrate that the appropriate releases have been obtained.

H. *Effectiveness.* The releases set forth in this Agreement shall not be impacted in any way by any dispute that exists, has existed, or may later exist between or among the Releasors. Nor shall such releases be impacted in any way by any current or future law, regulation, ordinance, or court or agency order limiting, seizing, or controlling the distribution or use of the Settlement Fund or any portion thereof, or by the enactment of future laws, or by any seizure of the Settlement Fund or any portion thereof.

I. *Cooperation.* Releasors (1) will not encourage any person or entity to bring or maintain any Released Claim against any Released Entity and (2) will reasonably cooperate with and not oppose any effort by a Released Entity to secure the prompt dismissal of any and all Released Claims, including suits brought by non-Releasors based on Released Claims. Releasors will meet and confer and make reasonable efforts to resolve any action that is filed by a Subdivision against Sun on or after the date the Preliminary Agreement Date. This provision shall not require a Settling State to make any monetary payment or adjustment to allocation or incur other obligation.

J. *Non-Released Claims.* Notwithstanding the foregoing or anything in the definition of Released Claims, the Agreement does not waive, release or limit any criminal liability, Claims for any outstanding liability under any tax or securities law, Claims against parties who are not Released Entities, Claims by private individuals, Claims for Medicaid rebates, Claims asserted, or that could be asserted, by any State or Subdivision, related to the causes of action in *In re: Generic Pharmaceuticals Pricing Antitrust Litigation*, in the United States District court for the District of Pennsylvania, MDL No. 2724; *Connecticut et al v. Aurobindo Pharma USA, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:16-cv-2056-NPS; *Connecticut et al. v. Teva Pharmaceuticals USA, Inc.*, in the United States District Court for the District of Connecticut, Case No. 3:19-cv-710-NPS; *Connecticut et al v. Sandoz, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:20-cv-802-NPS; and any related action (such excluded claims include, but are not limited to, all antitrust claims and any claims related to any non-opioid generic drugs), and any claims arising under the Agreement for enforcement of the Agreement.

XII. Later Litigating Subdivisions

A. *Released Claims against Released Entities.* If a Later Litigating Subdivision in a Settling State maintains a lawsuit for a Released Claim against a Released Entity after the Reference Date, the following shall apply subject to Section XII.B:

1. The Released Entity shall take ordinary and reasonable measures to defend the action, including filing a Threshold Motion with respect to the Released Claim. The Released Entity shall further notify the Settling State and Settlement Fund Administrator immediately upon notice of a Later Litigating Subdivision bringing a lawsuit for a Released Claim and shall not oppose a Settling State's submission in support of the Threshold Motion. Sun shall give the relevant Settling State a reasonable opportunity to extinguish the Released Claims without any payment or any other obligations being imposed upon any Released Entities (apart from the Global Settlement Amount payable by Sun under the Agreement or the Injunctive Relief Terms incurred by it). The relevant Settling State and Sun shall confer and use reasonable efforts to promptly resolve the lawsuit so that it is dismissed with prejudice. Nothing in this subsection creates an obligation for a Settling State to make a monetary payment or incur any other obligation to an entity filing a lawsuit.

2. If the lawsuit asserting a Released Claim is resolved with finality on terms requiring payment by the Released Entity, Sun shall receive a dollar-for-dollar offset against Incentive Payment D for the amount paid. The offset shall be applied against the relevant portion of Incentive Payment D to be released on the last Incentive Payment D Release Date and working backwards.

3. "*Terms requiring payment*" shall mean (i) a final monetary judgment or (ii) a settlement; provided that the Released Entity sought the applicable State Attorney General's consent to the settlement and such consent was either obtained or unreasonably withheld. Should the judgment or settlement resolve claims that are not Released Claims, the offset shall be for the Released Claims portion only, which shall be distinguishable in the judgment or settlement.

B. *Exceptions*

1. Section XII.A shall not apply where the Settling State at issue meets the eligibility criteria for and is entitled to Incentive Payment A, except as expressly provided therein.

2. Section XII.A shall not apply where the Later Litigating Subdivision seeks less than \$10 million, or so long as its total claim is reduced to less than \$10 million, in the lawsuit for a Released Claim at issue.

C. *No Effect on Other Provisions.* An offset under Section XII.A shall not affect the Injunctive Relief Terms or the Consent Judgment.

D. *No Effect on Other States.* An offset under Section XII.A applicable to one State shall not affect the allocation or payment of the Remediation Payment to other Settling States.

E. *Litigating Subdivisions in Non-Eligible States.* The Settling States will not encourage, facilitate, or assist in any manner whatsoever claims for Covered Conduct against Sun in any Settling, Non-Settling, or Non-Eligible State, regardless of whether those claims were filed against Sun prior to, on, or after the Effective Date.

XIII. Miscellaneous

A. *Population of General Purpose Governments.* The population figures for General Purpose Governments shall be the published U.S. Census Bureau's population estimates for July 1, 2019, released May 2020. These population figures shall remain unchanged during the term of this Agreement.

B. *Population of Special Districts.* For any purpose in this Agreement in which the population of a Special District is used other than Section V.E.4.b: (a) School Districts' population will be measured by the number of students enrolled who are eligible under the Individuals with Disabilities Education Act ("*IDEA*") or Section 504 of the Rehabilitation Act of 1973; (b) Health Districts' and Hospital Districts' population will be measured at twenty-five percent (25%) of discharges; and (c) all other Special Districts' (including Fire Districts' and Library Districts') population will be measured at ten percent (10%) of the population served.⁸ For the avoidance of doubt, this means that California healthcare districts will be measured at ten percent (10%) of their membership. Sun and the Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Preliminary Agreement Date.

C. *Population Associated with Sheriffs.* For any purpose in this Agreement in which the population associated with a lawsuit by a sheriff is used, the population will be measured at twenty percent (20%) of the capacity of the jail(s) operated by the sheriff.

D. *No Admission.* Sun does not admit liability or wrongdoing. Neither this Agreement nor the Consent Judgments shall be considered, construed or represented to be (1) an admission, concession or evidence of liability or wrongdoing or (2) a waiver or any limitation of any defense otherwise available to Sun.

E. *Tax Cooperation and Reporting.*

1. Upon request by Sun, the Settling States and Participating Subdivisions agree to perform such further acts and to execute and deliver such further documents as may be reasonably necessary for Sun to establish the statements set forth in Section VI.F to the satisfaction of their tax advisors, their independent financial auditors, the Internal Revenue Service, or any other governmental authority, including as contemplated by 26 C.F.R. § 1.162-21(b)(3)(ii) and any subsequently proposed or finalized relevant regulations or administrative guidance.

⁸ The estimates for counties and parishes were accessed at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-counties-total.html>. The estimates for cities and towns can currently be found at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-total-cities-and-towns.html>.

2. Without limiting the generality of Section XIII.E.1, each Settling State and Participating Subdivision shall cooperate in good faith with Sun with respect to any tax claim, dispute, investigation, audit, examination, contest, litigation, or other proceeding relating to this Agreement.

3. Pursuant to 26 C.F.R. § 1.6050X-1(a) and (b), the Designated State, on behalf of all Settling States and Participating Subdivisions, shall designate one of its officers or employees to act as the “appropriate official” within the meaning of 26 C.F.R. § 1.6050X-1(f)(1)(ii)(B) (the “Appropriate Official”). The Designated State shall direct and ensure that the Appropriate Official timely (a) files (i) at the time this Agreement becomes binding on the Parties, an IRS Form 1098-F in the form attached as Exhibit U with respect to Sun and (ii) any legally required forms, returns or amended returns with any applicable governmental authority, or any returns requested by Sun, and (b) provides to Sun a copy of (i) the IRS Form 1098-F filed with respect to Sun and (ii) any legally required written statement pursuant to any applicable law and any other document referred to in clause (a)(ii) above. Any such forms, returns, or statements shall be prepared and filed in a manner fully consistent with Section VI.F. and as set forth in Section XIII.E.4.

4. Any form, return, amended return, or written statement filed or provided pursuant to Section XIII.E.3, and any similar document, shall be prepared and filed in a manner consistent with reporting the Global Settlement Amount as the “Total amount to be paid” pursuant to this Agreement in Box 1 of IRS Form 1098-F and the Compensatory Restitution Amount as “Restitution/remediation amount” in Box 3 of IRS Form 1098-F, as reflected in the attached Exhibit U. If the Designated State or Appropriate Official shall be required to file any form, return, amended return, or written statement contemplated by this Section XIII.E other than an IRS Form 1098-F in the form attached as Exhibit U, the Designated State shall direct and ensure that the Appropriate Official provides to Sun a draft of such form, return, amended return, or written statement no later than sixty (60) calendar days prior to the due date thereof, and shall accept any reasonable revisions from Sun on the return, amended return, or written statement.

5. For the avoidance of doubt, neither Sun nor the Settling States and Participating Subdivisions make any warranty or representation to any Settling State, Participating Subdivision, or Releasor as to the tax consequences of the payment of the Compensatory Restitution Amount (or any portion thereof).

F. *No Third-Party Beneficiaries.* Except as expressly provided in this Agreement, no portion of this Agreement shall provide any rights to, or be enforceable by, any person or entity that is not the Settling State or Released Entity. Settling States may not assign or otherwise convey any right to enforce any provision of this Agreement.

G. *Calculation.* Any figure or percentage referred to in this Agreement shall be carried to seven decimal places.

H. *Construction.* None of the Parties and no Participating Subdivision shall be considered to be the drafter of this Agreement or of any of its provisions for the purpose of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this Agreement. The headings of the provisions of this Agreement are not binding and are for reference only and do not limit, expand, or otherwise affect the contents or meaning of this Agreement.

I. *Cooperation.* Each Party and each Participating Subdivision agrees to use its best efforts and to cooperate with the other Parties and Participating Subdivisions to cause this Agreement and the Consent Judgments to become effective, to obtain all necessary approvals, consents and authorizations, if any, and to execute all documents and to take such other action as may be appropriate in connection herewith. Consistent with the foregoing, each Party and each Participating Subdivision agrees that it will not directly or indirectly assist or encourage any challenge to this Agreement or any Consent Judgment by any other person, and will support the integrity and enforcement of the terms of this Agreement and the Consent Judgments.

J. *Entire Agreement.* This Agreement, including its exhibits and any other attachments, embodies the entire agreement and understanding between and among the Parties and Participating Subdivisions relating to the subject matter hereof and supersedes (1) all prior agreements and understandings relating to such subject matter, whether written or oral and (2) all purportedly contemporaneous oral agreements and understandings relating to such subject matter.

K. *Execution.* This Agreement may be executed in counterparts and by different signatories on separate counterparts, each of which shall be deemed an original, but all of which shall together be one and the same Agreement. One or more counterparts of this Agreement may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart hereof. One or more counterparts of this Agreement may be signed by electronic signature.

L. *Good Faith and Voluntary Entry.* Each Party warrants and represents that it negotiated the terms of this Agreement in good faith. Each of the Parties and Participating Subdivisions warrants and represents that it freely and voluntarily entered into this Agreement without any degree of duress or compulsion. The Parties and Participating Subdivisions state that no promise of any kind or nature whatsoever (other than the written terms of this Agreement) was made to them to induce them to enter into this Agreement.

M. *Legal Obligations.* Nothing in this Agreement shall be construed as relieving Sun of the obligation to comply with all state and federal laws, regulations or rules, nor shall any of the provisions herein be deemed to be permission to engage in any acts or practices prohibited by such laws, regulations, or rules.

N. *No Prevailing Party.* The Parties and Participating Subdivisions each agree that they are not the prevailing party in this action, for purposes of any claim for fees, costs, or expenses as prevailing parties arising under common law or under the terms of any

statute, because the Parties and Participating Subdivisions have reached a good faith settlement.

O. *Waive Challenge.* The Parties and Participating Subdivisions each further waive any right to challenge or contest the validity of this Agreement on any ground, including, without limitation, that any term is unconstitutional or is preempted by, or in conflict with, any current or future law. Nothing in the previous sentence shall modify, or be construed to conflict with, Section XIII.M.

P. *Non-Admissibility.* The settlement negotiations resulting in this Agreement have been undertaken by the Parties and by certain representatives of the Participating Subdivisions in good faith and for settlement purposes only, and no evidence of negotiations or discussions underlying this Agreement shall be offered or received in evidence in any action or proceeding for any purpose. This Agreement shall not be offered or received in evidence in any action or proceeding for any purpose other than in an action or proceeding arising under or relating to this Agreement or in any litigation or arbitration concerning Sun's right to coverage under an insurance contract.

Q. *Notices.* All notices or other communications under this Agreement shall be in writing (including, but not limited to, electronic communications) and shall be given to the recipients indicated below:

For the Attorney(s) General:

Jeff Jackson, Attorney General
North Carolina Department of Justice
Attn: Daniel Mosteller, Associate Deputy Attorney General
PO Box 629
Raleigh, NC 27602
Dmosteller@ncdoj.gov

Jonathan Skrmetti, Attorney General
Tennessee Attorney General's Office
Attn: Michael Leftwich, Senior Deputy Attorney General
Hamilton Millwee, Assistant Attorney General
P.O. Box 20207
Nashville, TN 37202
Michael.Leftwich@ag.tn.gov
Hamilton.Millwee@ag.tn.gov

Letitia James, Attorney General
New York State Attorney General
Attn: Jennifer Levy, First Deputy Attorney General
Monica Hanna, Special Counsel
Matthew Conrad, Assistant Attorney General
28 Liberty Street, New York, NY 10005

Jennifer.Levy@ag.ny.gov
Monica.Hanna@ag.ny.gov
Matthew.Conrad@ag.ny.gov

For the Plaintiffs' Executive Committee:

Co-leads
Jayne Conroy
Simmons Hanly Conroy LLC
112 Madison Avenue
7th Floor
New York, NY 10016-7416
JConroy@simmonsfirm.com

Joseph F. Rice
Motley Rice LLC
28 Bridgeside Blvd.
Mount Pleasant, SC 29464
jrice@motleyrice.com

Paul T. Farrell, Jr.
Farrell & Fuller, LLC
270 Munzo Rivera Ave, Suite 201
San Juan, Puerto Rico 00918
paul@farrellfuller.com

For Sun:

Michael Connelly
Hyung Steele
Troutman Pepper Hamilton Sanders LLP
501 Grant Street, Suite 300
Pittsburgh, PA 15219
michael.connelly@troutman.com
hyung.steele@troutman.com

[OTHERS]

Any Party or the Plaintiffs' Executive Committee may change or add the contact information of the persons designated to receive notice on its behalf by notice given (effective upon the giving of such notice) as provided in this Section XIII.Q.

R. *No Waiver.* The waiver of any rights conferred hereunder shall be effective only if made by written instrument executed by the waiving Party or Parties. The waiver by any Party of any breach of this Agreement shall not be deemed to be or construed as a waiver of any other breach, whether prior, subsequent, or contemporaneous, nor shall such waiver be deemed to be or construed as a waiver by any other Party.

S. *Preservation of Privilege.* Nothing contained in this Agreement or any Consent Judgment, and no act required to be performed pursuant to this Agreement or any Consent Judgment, is intended to constitute, cause, or effect any waiver (in whole or in part) of any attorney-client privilege, work product protection, or common interest/joint defense privilege, and each Party and Participating Subdivision agrees that it shall not make or cause to be made in any forum any assertion to the contrary.

T. *Successors.*

1. This Agreement shall be binding upon, and inure to the benefit of, Sun and its respective successors and assigns.

2. Sun shall not, in one (1) transaction or a series of related transactions, sell or transfer U.S. assets having a fair market value equal to twenty-five percent (25%) or more of the consolidated assets of Sun (other than sales or transfers of inventories, or sales or transfers to an entity owned directly or indirectly by Sun) where the sale or transfer is announced after the Reference Date, is not for fair consideration, and would foreseeably and unreasonably jeopardize Sun's ability to make the payments under this Agreement following the close of a sale or transfer transaction, unless Sun obtains the acquiror's agreement that it will be either a guarantor of or successor to the percentage of Sun's remaining Payment Obligations under this Agreement equal to the percentage of Sun's consolidated assets being sold or transferred in such transaction. Percentages under this section shall be determined in accordance with United States generally accepted accounting principles and as of the date of Sun's most recent publicly filed consolidated balance sheet prior to the date of entry into the sale or transfer agreement at issue. This Section XIII.T shall be enforceable solely by the Settling States, and any objection under this Section XIII.T not raised within sixty (60) calendar days of the announcement of the relevant transaction is waived.

U. *Modification, Amendment, Alteration.* In the event the Plaintiffs' Executive Committee, the Executive Committee of the State Attorneys General, or Sun concludes prior to the Reference Date that technical corrections are required to this Agreement, the Plaintiffs' Executive Committee, the Executive Committee of the State Attorneys General, and Sun shall meet and confer and make such amendments as they agree are appropriate. After the Reference Date, any modification, amendment, or alteration of this Agreement by the Parties shall be binding only if evidenced in writing signed by Sun, along with the signature of at least two-thirds of those then serving as Attorneys General of the Settling States along with a representation from each Attorney General that either: (1) the advisory committee or similar entity established or recognized by that Settling State (either pursuant to Section VI.E.2.d, by a State-Subdivision Agreement, or by statute) voted in favor of the modification, amendment or alteration of this Agreement including at least one member appointed by the Participating Subdivisions listed on Exhibit G; or (2) in Settling States without any advisory committee, that 50.1% (by population) of the Participating Subdivisions listed on Exhibit G expressed approval of the modification, amendment, or alteration of this Agreement in a writing.

V. *Termination.*

1. Unless otherwise agreed to by each of Sun and the Settling States, this Agreement and all of its terms (except Section XIII.P and any other non-admissibility provisions, which shall continue in full force and effect) shall be canceled and terminated with respect to the Settling State, and the Agreement and all orders issued by the courts in the Settling State pursuant to the Agreement shall become null and void and of no effect if one or more of the following conditions applies:

a. a Consent Judgment approving this Agreement without modification of any of the Agreement's terms has not been entered as to a Settling State by a court of competent jurisdiction on or before one hundred eighty (180) calendar days after the Effective Date;

b. this Agreement or the Consent Judgment as to that Settling State has been disapproved by a court of competent jurisdiction to which it was presented for approval and/or entry (or, in the event of an appeal from or review of a decision of such a court to approve this Agreement and the Consent Judgment, by the court hearing such appeal or conducting such review), and the time to appeal from such disapproval has expired, or, in the event of an appeal from such disapproval, the appeal has been dismissed or the disapproval has been affirmed by the court of last resort to which such appeal has been taken and such dismissal or disapproval has become no longer subject to further appeal (including, without limitation, review by the United States Supreme Court); or

2. If this Agreement is terminated with respect to a Settling State and its Subdivisions for whatever reason pursuant to Section XIII.V.1, then:

a. an applicable statute of limitation or any similar time requirement (excluding any statute of repose) shall be tolled from the date the Settling State signed this Agreement until the later of the time permitted by applicable law or for one year from the date of such termination, with the effect that Sun and the Settling State shall be in the same position with respect to the statute of limitation as they were at the time the Settling State filed its action; and

b. Sun and the Settling State and its Participating Subdivisions shall jointly move the relevant court of competent jurisdiction for an order reinstating the actions and claims dismissed pursuant to the terms of this Agreement governing dismissal, with the effect that Sun and the Settling State and its Participating Subdivisions shall be in the same position with respect to those actions and claims as they were at the time the action or claim was stayed or dismissed.

3. Unless Sun and the Enforcement Committee agree otherwise, this Agreement, with the exception of the Injunctive Relief Terms that have their own provisions on duration, shall terminate as of May 15, 2027, provided that Sun has performed its payment obligations under the Agreement as of that date. Notwithstanding any other provision in this Section XIII.V.3 or in this Agreement, all releases under this Agreement will remain effective despite any termination under this Section XIII.V.3.

W. *Governing Law.* Except as (1) otherwise provided in this Agreement or (2) as necessary, in the sole judgment of the National Arbitration Panel, to promote uniformity of interpretation for matters within the scope of the National Arbitration Panel's authority, this Agreement shall be governed by and interpreted in accordance with the respective laws of the Settling State, without regard to the conflict of law rules of such Settling State, that is seeking to enforce the Agreement against Sun or against which Sun is seeking enforcement. Notwithstanding any other provision in this subsection on governing law, any disputes relating to the Settlement Fund Escrow shall be governed by and interpreted in accordance with the law of the state where the escrow agent has its primary place of business.

X. *Bankruptcy.* The following provisions shall apply if Sun enters bankruptcy and (i) the Sun bankruptcy estate recovers, pursuant to 11 U.S.C. § 550, any payments made under this Agreement, or (ii) this Agreement is deemed executory and is rejected by Sun pursuant to 11 U.S.C. § 365:

1. In the event that the both a number of Settling States equal to at least seventy-five percent (75%) of the total number of Settling States and Settling States having aggregate State Allocation Percentages as set forth on Exhibit F equal to at least seventy-five percent (75%) of the total aggregate State Allocation Percentages assigned to all Settling States deem (by written notice to Sun) that the financial obligations of this Agreement have been terminated and rendered null and void (except as provided in Section XIII.X.1.a) due to a material breach by Sun, whereupon:

a. all agreements, all concessions, all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall immediately and automatically be deemed null and void as to Sun; the Settling States shall be deemed immediately and automatically restored to the same position they were in immediately prior to their entry into this Settlement Agreement in respect to Sun and the Settling States shall have the right to assert any and all claims against Sun in the bankruptcy or otherwise without regard to any limits or agreements as to the amount of the settlement otherwise provided in this Agreement; *provided, however*, that notwithstanding the foregoing sentence, (i) all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall remain in full force and effect as to all persons or entities other than Sun itself; and (ii) in the event the Settling State asserts any Released Claim against Sun after the rejection and/or termination of this

Agreement as described in this Section XIII.X.1.a and receives a judgment, settlement or distribution arising from such Released Claim, then the amount of any payments the Settling State has previously received from Sun under this Agreement shall be applied to reduce the amount of any such judgment, settlement or distribution (provided that no credit shall be given against any such judgment, settlement or distribution for any payment that the Settling State is required to disgorge or repay to Sun's bankruptcy estate); and

b. the Settling States may exercise all rights provided under the federal Bankruptcy Code (or other applicable bankruptcy or non-bankruptcy law) with respect to their Claims against Sun subject to all defenses and rights of the Sun.

Y. *Waiver.* Sun, for good and valuable consideration the receipt of which is acknowledged, hereby (a) waives, foregoes and relinquishes all rights to utilize and/or seek relief under any of the following laws of the State of Texas for the restructuring of its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement: Tex. Bus. Orgs. Code § 10.003 (Contents of Plan of Merger: More Than One Successor) or any other statute of Subchapter A of Chapter 10 of Tex. Bus. Orgs. Code to the extent such statute relates to multi-successor mergers (and/or any other similar laws or statutes in any other state or territory); Tex. Bus. Orgs. Code §§ 11.01–11.414 (Winding Up and Termination of Domestic Entity); or Tex. Bus. & Com. Code §§ 23.01–23.33 (Assignments for the Benefit of Creditors) (collectively, the “Texas Statutes”), and (b) agrees, warrants and represents that it will not file, request or petition for relief under the Texas Statutes related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement, in each case until such time as all of Sun's payment obligations incurred hereunder are satisfied in full. The foregoing waiver and relinquishment includes, without limitation, until such time as all of Sun's payment obligations incurred hereunder are satisfied in full, Sun's rights to execute a divisional merger or equivalent transaction or restructuring related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement that in each case has the intent or foreseeable effect of (i) separating material assets from material liabilities and (ii) assigning or allocating all or a substantial portion of those liabilities to any subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code, or pursuant to which such subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code would be assuming or retaining all or a substantial portion of those liabilities.

ZYDUS SETTLEMENT **AGREEMENT**

ZYDUS SETTLEMENT AGREEMENT

This Settlement Agreement, dated as of April 4, 2025 (the “*Agreement*”), sets forth the terms of settlement between and among the Settling States, the Participating Subdivisions, and Zydus (as those terms are defined below). Upon satisfaction of the conditions set forth in Sections II and VIII, this Agreement will be binding on the Settling States, Zydus, and the Participating Subdivisions. This Agreement will then be filed as part of a Consent Judgment in the respective courts of each of the Settling States, pursuant to the terms set forth in Section IX.

I. Definitions

Unless otherwise specified, the following definitions apply:

A. “*Additional Remediation Amount.*” The amount available to the Settling States listed in Exhibit M totaling up to \$297,184.39.

B. “*Adjusted Maximum Remediation Payment.*” The Maximum Remediation Payment reduced by the State Allocation Percentage specified in Exhibit F for each Non-Settling State.

C. “*Agreement.*” The Zydus Settlement Agreement, as set forth above. For the avoidance of doubt, this Agreement is inclusive of all exhibits.

D. “*Alleged Harms.*” The alleged past, present, and future damages, harms, losses, and related expenditures allegedly incurred by the Settling States and Participating Subdivisions arising out of the use of Products, non-exclusive examples of which are described in the documents listed on Exhibit A, that have allegedly arisen as a result of the physical and bodily injuries sustained by individuals suffering from opioid-related addiction, death, and other related diseases and disorders, and that have allegedly been caused by Released Entities.

E. “*Allocation Statute.*” A state law that governs allocation, distribution, and/or use of some or all of the Settlement Fund amounts allocated to that Settling State and/or its Subdivisions. An Allocation Statute may, without limitation, contain a Statutory Trust, further restrict expenditures of funds, form an advisory committee, establish oversight and reporting requirements, or address other default provisions and other matters related to the funds. An Allocation Statute is not required to address all three (3) types of funds comprising the Settlement Fund or all default provisions.

F. “*Appropriate Official.*” As defined in Section XIII.E.3.

G. “*Bankruptcy Code.*” Title 11 of the United States Code, 11 U.S.C. § 101, et seq.

H. “*Bar.*” Either: (1) a law barring Subdivisions in a Settling State from maintaining or asserting Released Claims against Released Entities (either through a direct

bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by the highest court of the Settling State (or, in a Settling State with a single intermediate court of appeals, the intermediate court of appeals) when setting forth the general principle that Subdivisions in the Settling State may not maintain or assert any Released Claims against Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the Remediation Payment by Zydus under this Agreement) shall not constitute a Bar.

I. “*Base Payment.*” As defined in Section V.D.

J. “*Case-Specific Resolution.*” Either: (1) a law barring the Subdivision at issue from maintaining any Released Claims against any Released Entities (either through a direct Bar or through a grant of authority to release claims and the exercise of such authority in full); or (2) a ruling by a court of competent jurisdiction over the Subdivision at issue that the Subdivision may not maintain any Released Claims at issue against any Released Entities, whether on the ground of this Agreement (or the release in it) or otherwise. For the avoidance of doubt, a law or ruling that is conditioned or predicated upon payment by a Released Entity (apart from the payment by Zydus under this Agreement) shall not constitute a Case-Specific Resolution.

K. “*Claim.*” Any past, present or future cause of action, claim for relief, cross-claim or counterclaim, theory of liability, demand, derivative claim, request, assessment, charge, covenant, damage, debt, lien, loss, fine, penalty, restitution, reimbursement, disgorgement, expenses, remediation, judgment, right, obligation, dispute, suit, contract, controversy, agreement, *parens patriae* claim, promise, performance, warranty, omission, or grievance of any nature whatsoever, whether legal, equitable, statutory, regulatory or administrative, whether arising under federal, state or local common law, statute, regulation, guidance, ordinance or principles of equity, whether filed or unfiled, whether asserted or unasserted, whether known or unknown, whether accrued or unaccrued, whether foreseen, unforeseen or unforeseeable, whether discovered or undiscovered, whether suspected or unsuspected, whether fixed or contingent, and whether existing or hereafter arising, in all such cases, including, but not limited to, any request for declaratory, injunctive, or equitable relief, compensatory, punitive, or statutory damages, absolute liability, strict liability, restitution, remediation, subrogation, contribution, indemnity, apportionment, disgorgement, reimbursement, attorney fees, expert fees, consultant fees, fines, penalties, expenses, costs or any other legal, equitable, civil, administrative, or regulatory remedy whatsoever.

L. “*Claim-Over.*” A Claim asserted by a Non-Released Entity against a Released Entity on the basis of contribution, indemnity, or other claim-over on any theory relating to a Non-Party Covered Conduct Claim asserted by a Releasor.

M. “*Compensatory Restitution Amount.*” The aggregate amount paid or incurred by Zydus hereunder for Opioid Remediation, which includes the aggregate Base and Incentive Payments earned by Settling Sates and does not include amounts paid as attorneys’ fees and costs or identified pursuant to Section VI.B.2 as being used to pay

attorneys' fees, investigation costs or litigation costs, which shall be up to the amount of the Adjusted Maximum Remediation Payment.

N. *"Consent Judgment."* A consent judgment in a form to be agreed by the Settling States and Zydus prior to the Effective Date that, among other things, (1) approves this Agreement and (2) provides for the release set forth in Section XI.A, including the dismissal with prejudice of any Released Claims that the Settling State has brought against Released Entities.

O. *"Covered Conduct"* means any actual or alleged act, failure to act, negligence, statement, error, omission, breach of any duty, conduct, event, transaction, agreement, service, work, sale, misstatement, misleading statement, or other activity of any kind whatsoever from the beginning of time through the Reference Date (and any past, present, or future consequence of any such act, failure to act, negligence, statement, error, omission, breach of duty, conduct, event, transaction, agreement, service, work, sale, misstatement, misleading statement, or other activity) arising from or relating in any way to (a) compounding, counseling, and documentation related to any Product or class of Products; (b) the availability, discovery, research, development, manufacture, packaging, repackaging, marketing, promotion, advertising, labeling, relabeling, recall, withdrawal, distribution, delivery, monitoring, reporting, regulatory compliance supply, sale, prescribing, dispensing, physical security, warehousing, use or abuse of, or operating procedures relating to any Product, or any system, plan, policy, procedure, or advocacy relating to any Product or class of Products, including but not limited to any unbranded or branded promotion, marketing, or advertising, information, patient support or assistance, educational programs, consultancy, research, other programs or campaigns, lobbying, grants, sponsorships, charitable donations, or other funding relating to any Product or class of Products; (c) the characteristics, properties, risks, or benefits of any Product or class of Products; (d) the monitoring or non-monitoring of orders placed of any Product; (e), reporting, disclosure, non-monitoring, non-reporting or non-disclosure to federal, state or other regulators of orders for any Product placed with any Released Entity; (f) the selective breeding, harvesting, extracting, purifying, exporting, importing, applying for quota for, procuring quota for, handling, promoting, manufacturing, processing, packaging, supplying, distributing, converting, or selling of, or otherwise engaging in any activity relating to, precursor or component Products, including but not limited to natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, or any related intermediate Products; or (g) diversion control programs, suspicious order monitoring, or regulatory compliance related to any Product.

P. *"Deposit Date."* July 25, 2025. This Date is the date by which the Settlement Referee shall transfer the Adjusted Maximum Remediation Payment, Private Attorney Fees, and the Additional Remediation Amount, pursuant to Section IV.D. This date is after the Preliminary Agreement Date, on which Zydus agrees to proceed with the agreement; this date may be changed by written agreement of Zydus and the Enforcement Committee.

Q. *"Designated State."* The state of New York.

R. *“Effective Date.”* The date sixty (60) calendar days after the Reference Date.

S. *“Eligible States.”* The states, commonwealths, and territories of the United States of America. The 56 Eligible States are listed in Exhibit F.

T. *“Enforcement Committee.”* A committee consisting of representatives of the Settling States and of the Participating Subdivisions. Exhibit B contains the organizational bylaws of the Enforcement Committee. Notice pursuant to Section XIII.Q shall be provided when there are changes in membership or contact information.

U. *“Fees Payment.”* The amount payable by Zydus on the Payment Date comprised of the Additional Remediation Amount payment, and the Private Attorney Fees payment. The Fees Payment does not include the Remediation Payment.

V. *“Final Order.”* An order or judgment of a court of competent jurisdiction with respect to the applicable subject matter (1) which has not been reversed or superseded by a modified or amended order, is not currently stayed, and as to which any right to appeal or seek certiorari, review, reargument, stay, or rehearing has expired, and as to which no appeal or petition for certiorari, review, reargument, stay, or rehearing is pending, or (2) as to which an appeal has been taken or petition for certiorari, review, reargument, stay, or rehearing has been filed and (a) such appeal or petition for certiorari, review, reargument, stay, or rehearing has been resolved by the highest court to which the order or judgment was appealed or from which certiorari, review, reargument, stay, or rehearing was sought, or (b) the time to appeal further or seek certiorari, review, reargument, stay, or rehearing has expired and no such further appeal or petition for certiorari, review, reargument, stay, or rehearing is pending.

W. *“Global Settlement Amount.”* The Global Settlement Amount is \$16,998,947.12, which is comprised of the Maximum Remediation Payment, Private Attorney Fees, and Additional Remediation Amount. Notwithstanding any other language or provisions in this or any other agreement, the Global Settlement Amount is the maximum dollar amount Zydus can pay in connection with the Agreement.

X. *“Implementation Administrator.”* Rubris, Inc., which is the vendor that will be retained by Zydus to provide notice pursuant to Section VIII.A and to manage the initial joinder period for Subdivisions, including the issuance and receipt of Subdivision Settlement Participation Forms.

Y. *“Incentive Payment A.”* The incentive payment described in Section V.E.4.

Z. *“Incentive Payment A Catch-Up Date.”* August 1, 2026.

AA. *“Incentive Payment BC.”* The incentive payment described in Section V.E.5.

BB. *“Initial Participating Subdivision.”* A Subdivision that meets the requirements set forth in Section VIII.D.

CC. *“Initial Participation Date.”* The date ninety (90) calendar days after the Preliminary Agreement Date, unless it is extended by written agreement of Zydus and the Enforcement Committee.

DD. *“Injunctive Relief Terms.”* The terms described in Section III and set forth in Exhibit P.

EE. *“Later Litigating Subdivision.”* A Subdivision (or Subdivision official asserting the right of or for the Subdivision to recover for Alleged Harms to the Subdivision and/or the people thereof) that: (1) first files a lawsuit bringing a Released Claim against a Released Entity after the Reference Date; or (2) adds a Released Claim against a Released Entity after the Reference Date to a lawsuit brought before the Reference Date that, prior to the Reference Date, did not include any Released Claims against a Released Entity; or (3) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a legislative Bar or legislative Case-Specific Resolution as of the Reference Date, (b) such legislative Bar or legislative Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) the earlier of the date of completion of opening statements in a trial in an action brought by a Subdivision in that Settling State that includes a Released Claim against a Released Entity or one hundred eighty (180) days from the Revocation Event passes without a Bar or Case-Specific Resolution being implemented as to that Litigating Subdivision or the Litigating Subdivision's Released Claims being dismissed; or (4) (a) was a Litigating Subdivision whose Released Claims against Released Entities were resolved by a judicial Bar or judicial Case-Specific Resolution as of the Reference Date, (b) such judicial Bar or judicial Case-Specific Resolution is subject to a Revocation Event after the Reference Date, and (c) such Litigating Subdivision takes any action in its lawsuit asserting a Released Claim against a Released Entity other than seeking a stay or dismissal.

FF. *“Later Participating Subdivision.”* A Participating Subdivision that is not an Initial Participating Subdivision, but meets the requirements set forth in Section VIII.E.

GG. *“Litigating Subdivision.”* A Subdivision (or Subdivision official) that brought any Released Claim against any Released Entity prior to the Reference Date. Exhibit C is an agreed list of all Litigating Subdivisions. Exhibit C will be updated (including with any corrections) periodically, and a final version of Exhibit C will be attached hereto as of the Reference Date.

HH. *“Maximum Remediation Payment.”* The maximum amount owed by Zydus to the Settling States and Subdivisions, exclusive of the Private Attorney Fees, and the Additional Remediation Amount. The amount of the Maximum Remediation Payment is \$14,859,219.51.

II. *“National Arbitration Panel.”* The panel comprised as described in Section VII.F.3.b.

JJ. “*National Disputes.*” As defined in Section VII.F.3.a.

KK. “*Non-Litigating Subdivision.*” Any Subdivision that is not a Litigating Subdivision.

LL. “*Non-Participating Subdivision.*” Any Subdivision that is not a Participating Subdivision.

MM. “*Non-Party Covered Conduct Claim.*” A Claim against any Non-Released Entity involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity).

NN. “*Non-Party Settlement.*” A settlement by any Releasor that settles any Non-Party Covered Conduct Claim and includes a release of any Non-Released Entity.

OO. “*Non-Released Entity.*” An entity that is not a Released Entity.

PP. “*Non-Settling State.*” Any Eligible State that is not a Settling State.

QQ. “*Opioid Remediation.*” Care, treatment, and other programs and expenditures (including reimbursement for past such programs or expenditures¹ except where this Agreement restricts the use of funds solely to future Opioid Remediation) designed to (1) address the use of opioid products in the Settling States, (2) treat or mitigate opioid use or related disorders in the Settling States, or (3) mitigate other alleged effects of, including on those injured as a result of, the opioid epidemic in the Settling States. Exhibit E provides a non-exhaustive list of expenditures that qualify as being paid for Opioid Remediation. Qualifying expenditures may include reasonable related administrative expenses in connection with the above.

RR. “*Participating Subdivision.*” Any Subdivision that meets the requirements for becoming a Participating Subdivision under Section VIII.B and Section VIII.C. Participating Subdivisions include both Initial Participating Subdivisions and Later Participating Subdivisions.

SS. “*Participation Percentage of Incentive BC Eligible Subdivision Population.*” As defined in Section V.E.5.e.

TT. “*Parties.*” Zydus and the Settling States (each, a “*Party*”).

UU. “*Payment Calculation Date.*” October 20, 2025, which is sixty (60) days before the Payment Date. This date may be changed by written agreement of Zydus and the Enforcement Committee.

VV. “*Payment Date.*” December 19, 2025, which is the date by which Zydus makes the Remediation Payment and the Fees Payment. This date may be changed by written agreement of Zydus and the Enforcement Committee.

¹ Reimbursement includes amounts paid to any governmental entities for past expenditures or programs.

WW. “*Preliminary Agreement Date.*” The date Zydus informs the Settling States of its determination that the condition in Section II.B has been satisfied. The Preliminary Agreement Date shall be no more than fourteen (14) calendar days after the end of the notice period to Eligible States, unless it is extended by written agreement of Zydus and the Enforcement Committee.

XX. “*Primary Fire District.*” A fire district that covers a population of 25,000, or 0.20% of an Eligible State’s population if an Eligible State’s population is greater than 18 million. If not easily calculable from state data sources and agreed to between the Eligible State and Zydus, a fire district’s population is calculated by dividing the population of the county or counties a fire district serves by the number of fire districts in the county or counties. “Primary Fire Districts” shall mean fire districts as identified in connection with the implementation of the July 21, 2021, Janssen Settlement Agreement.

YY. “*Primary Subdivision.*” A Subdivision that is a General Purpose Government (including, but not limited to, a municipality, county, county subdivision, city, town, township, parish, village, borough, gore, or any other entities that provide municipal-type government) with population over 10,000; provided, however, that as used in connection with Incentive Payment BC, the population threshold is 30,000. Attached as Exhibit I is an agreed list of the Primary Subdivisions in each Eligible State.

ZZ. “*Private Attorney Fees*” are the amount to be paid by Zydus for private attorneys’ litigation fees and costs on behalf of Participating Subdivisions. The maximum amount of Private Attorney Fees is \$1,842,543.22. For avoidance of doubt, Private Attorney Fees do not include the Additional Remediation Amount.

AAA. “*Product.*” Any chemical substance, whether used for medicinal or non-medicinal purposes, and whether natural, synthetic, or semi-synthetic, or any finished pharmaceutical product made from or with such substance, that is: (1) an opioid or opiate, as well as any product containing any such substance; (2) benzodiazepine, carisoprodol, or gabapentin; or (3) a combination or “cocktail” of chemical substances prescribed, sold, bought, or dispensed to be used together that includes opioids or opiates. “Product” shall include, but is not limited to, any substance consisting of or containing buprenorphine, codeine, fentanyl, hydrocodone, hydromorphone, meperidine, methadone, morphine, naloxone, naltrexone, oxycodone, oxymorphone, pentazocine, propoxyphene, tapentadol, tramadol, opium, heroin, carfentanil, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, midazolam, carisoprodol, gabapentin, or any variant of these substances or any similar substance. Notwithstanding the foregoing, nothing in this section prohibits a Settling State from taking administrative or regulatory action related to benzodiazepine (including, but not limited to, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triazolam, temazepam, and midazolam), carisoprodol, or gabapentin that is wholly independent from the use of such drugs in combination with opioids, *provided* such action does not seek money (including abatement and/or remediation) for conduct prior to the Initial Participation Date. “Product” also includes any natural, synthetic, semi-synthetic or chemical raw materials, starting materials, finished active pharmaceutical ingredients, drug substances, and any

intermediate products used or created in the manufacturing process for any of the substances described above.

BBB. “*Reference Date.*” The date on which Zydus is to inform the Settling States of its determination whether the condition in Section IX has been satisfied. The Reference Date shall be no later than thirty (30) calendar days after the Initial Participation Date, unless it is extended by written agreement of Zydus and the Enforcement Committee.

CCC. “*Released Claims.*” Any and all Claims that directly or indirectly are based on, arise out of, or in any way relate to or concern the Covered Conduct and/or Alleged Harms occurring prior to the Initial Participation Date. Without limiting the foregoing, Released Claims include any Claims that have been asserted against Released Entities by a Settling State or any of its Litigating Subdivisions in any federal, state, or local action or proceeding (whether judicial, arbitral, or administrative) based on, arising out of, or relating to, in whole or in part, the Covered Conduct and/or Alleged Harms, or any such Claims that could be or could have been asserted now or in the future in those actions or in any comparable action or proceeding brought by a Settling State, Subdivision, or Releasor (whether or not such Settling State, Subdivision, or Releasor has brought such action or proceeding). Released Claims also include all Claims against Released Entities asserted in any proceeding to be dismissed pursuant to the Agreement, whether or not such claims relate to Covered Conduct and/or Alleged Harms. The Parties intend that this term, “Released Claims,” be interpreted broadly. This Agreement does not release Claims by private individuals. It is the intent of the Parties that Claims by private individuals be treated in accordance with applicable law. Released Claims is also used herein to describe claims brought by a non-party Subdivision that would have been Released Claims if they had been brought by a Releasor against a Released Entity.

DDD. “*Released Entities.*” With respect to Released Claims, Zydus and (1) all past and present subsidiaries, divisions, affiliates, predecessors, successors, and assigns (in each case, whether direct or indirect) of Zydus; (2) all past and present subsidiaries and divisions (in each case, whether direct or indirect) of any entity described in subsection (1); (3) the respective past and present officers, directors, members, trustees, and employees of any of the foregoing (each for actions that occurred during and related to their work for, or employment with, any of Zydus or the foregoing entities); (4) all past and present joint ventures (whether direct or indirect) of Zydus or its subsidiaries, including in any subsidiary’s capacity as a participating member in such joint venture; (5) all direct or indirect parents and shareholders of Zydus (solely in their capacity as parents or shareholders of Zydus with respect to Covered Conduct); and (6) any insurer of Zydus or any person or entity otherwise described in subsections (1)-(5) (solely in its role as insurer of such person or entity and subject to the last sentence of Section XI.C). A list of Zydus’s joint ventures, subsidiaries and affiliates and predecessor entities is set forth in Exhibit J. Any person or entity described in subsections (3)-(6) shall be a Released Entity solely in the capacity described in such clause and shall not be a Released Entity with respect to its conduct in any other capacity. Any entity acquired, or joint venture entered into, by Zydus after the Initial Participation Date is not a Released Entity. Further and notwithstanding anything else in this paragraph, no entity sued in *In re: National Prescription Opiate*

Litigation, No. 1:17-md-2804 (N.D. Ohio) is included as a Released Entity other than the entities listed on Exhibit J.

EEE. “*Releasors.*” With respect to Released Claims, (1) each Settling State; (2) each Participating Subdivision; and (3) without limitation and to the maximum extent of the power of each Settling State’s Attorney General and/or Participating Subdivision to release Claims, (a) the Settling State’s and Participating Subdivision’s departments, agencies, divisions, boards, commissions, Subdivisions, districts, instrumentalities of any kind and attorneys, including its Attorney General, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, (b) any public entities, public instrumentalities, public educational institutions, unincorporated districts, fire districts, irrigation districts, water districts, emergency services districts, school districts, healthcare districts, hospital districts, Sheriffs and law enforcement districts, library districts, coroner’s offices, and public transportation authorities, and other Special Districts in a Settling State, including those with the regulatory authority to enforce state and federal controlled substances acts or the authority to bring Claims related to Covered Conduct seeking money (including abatement (or remediation and/or restitution)) or revoke a pharmaceutical distribution license, and (c) any person or entity acting in a *parens patriae*, sovereign, quasi-sovereign, private attorney general, *qui tam*, taxpayer, or other capacity seeking relief, including but not limited to fines, penalties, or punitive damages, on behalf of or generally applicable to the general public with respect to a Settling State or Subdivision in a Settling State, whether or not any of them participate in this Agreement. The inclusion of a specific reference to a type of entity in this definition shall not be construed as meaning that the entity is not a Subdivision. Each Settling State’s Attorney General represents that he or she has obtained (or will obtain no later than the Initial Participation Date) the authority set forth in Section XI.G. In addition to being a Releasor as provided herein, a Participating Subdivision shall also provide the Subdivision Settlement Participation Form referenced in Section VIII providing for a release to the fullest extent of the Participating Subdivision’s authority.

FFF. “*Remediation Accounts Fund.*” The component of the Settlement Fund described in Section VI.C.

GGG. “*Remediation Payment.*” The amount payable to the Settlement Fund by Zydus for Settling States’ Base Payments and Incentive Payments on the Payment Date, as calculated by the Settlement Fund Administrator.

HHH. “*Revocation Event.*” With respect to a Bar or Case-Specific Resolution, a legislative amendment, revocation, rescission, reversal, overruling, or interpretation that in any way limits the effect of such Bar or Case-Specific Resolution on Released Claims, or any other action or event that otherwise deprives the Bar, or Case-Specific Resolution of force or effect in any material respect.

III. “*Settlement Fund.*” The interest-bearing fund established at [Bank TBD] pursuant to this Agreement into which the Remediation Payment is made under Section V, which is intended to be classified as a “qualified settlement fund” within the meaning of

26 C.F.R. §§ 1.468B-1 *et seq.* and which shall be approved by any Settling State in accordance with the requirements of 26 C.F.R. § 1.468B-1.

JJJ. “*Settlement Fund Administrator.*” BrownGreer PLC, which is the entity that determines the Remediation Payment (including calculating offset or reduction and Incentive Payments pursuant to Section V) and Additional Remediation Amount, administers the Settlement Fund, and distributes amounts into the Remediation Accounts Fund, State Fund, and Subdivision Fund pursuant to this Agreement. The duties of the Settlement Fund Administrator shall be governed by this Agreement. Prior to the Effective Date, Zydus and the Enforcement Committee shall agree to a detailed description of the Settlement Fund Administrator’s duties and responsibilities, including a detailed mechanism for paying the Settlement Fund Administrator’s fees and costs, all of which shall be appended to the Agreement as Exhibit L.

KKK. “*Settlement Referee.*” The trustee administrator appointed by the federal district court in the March 11, 2025 Order in *In re: National Prescription Opiate Litigation*, No. 1:17-md-2804 (N.D. Ohio) entitled “Order to Establish Confidential Qualified Settlement Fund and Appoint Settlement Referee for Zydus Settlement Agreement” (Docket #6010) to administer the qualified settlement fund called the Zydus Settlement Fund.

LLL. “*Settlement Fund Escrow.*” The interest-bearing escrow fund established pursuant to this Agreement to hold disputed payments made under this Agreement.

MMM. “*Settling State.*” An Eligible State that has entered into this Agreement and delivers executed releases in accordance with Section IX.A.

NNN. “*State Allocation Percentage.*” A Settling State’s percentage as set forth in Exhibit F.

OOO. “*State Fund.*” The component of the Settlement Fund described in Section VI.C.

PPP. “*State-Subdivision Agreement.*” An agreement that a Settling State reaches with the Subdivisions in that Settling State regarding the allocation, distribution, and/or use of funds allocated to that Settling State and to its Subdivisions. A State-Subdivision Agreement shall be effective if approved pursuant to the provisions of Exhibit O or if adopted by statute. Preexisting agreements addressing funds other than those allocated pursuant to this Agreement shall qualify if the approval requirements of Exhibit O are met. A Settling State and its Subdivisions may revise a State-Subdivision Agreement if approved pursuant to the provisions of Exhibit O, or if such revision is adopted by statute.

QQQ. “*Statutory Trust.*” A trust fund established by state law to receive funds allocated to a Settling State’s Remediation Accounts Fund and restrict any expenditures made using funds from the Settling State’s Remediation Accounts Fund to Opioid Remediation, subject to reasonable administrative expenses. A Settling State may give a

Statutory Trust authority to allocate one (1) or more of the three (3) types of funds comprising such Settling State's Settlement Fund, but this is not required.

RRR. "*Statewide Payment Amount.*" The amount from the Remediation Payment to be paid to a Settling State, including its separate types of funds (if applicable) and its Participating Subdivisions listed in Exhibit G, on or as soon as practical after the Payment Date.

SSS. "*Subdivision.*" Any (1) General Purpose Government (including, but not limited to, a municipality, county, county subdivision, city, town, township, parish, village, borough, gore, or any other entities that provide municipal-type government), School District, or Special District within a Settling State, and (2) any other subdivision, subdivision official acting in an official capacity on behalf of the subdivision (including, without limitation, district attorneys, county attorneys, city attorneys, sheriffs, and any other official, employee, or representative), or sub-entity of or located within a Settling State (whether political, geographical or otherwise, whether functioning or non-functioning, regardless of population overlap, and including, but not limited to, Nonfunctioning Governmental Units and public institutions) that has filed a lawsuit that includes a Released Claim against a Released Entity in a direct, *parens patriae*, or any other capacity. "General Purpose Government," "School District," and "Special District" shall correspond to the "five basic types of local governments" recognized by the U.S. Census Bureau and match the 2017 list of Governmental Units.² The three (3) General Purpose Governments are county, municipal, and township governments; the two (2) special purpose governments are School Districts and Special Districts.³ "Fire District," "Health District," "Hospital District," and "Library District" shall correspond to categories of Special Districts recognized by the U.S. Census Bureau.⁴ References to a Settling State's Subdivisions or to a Subdivision "in," "of," or "within" a Settling State include Subdivisions located within the Settling State even if they are not formally or legally a sub-entity of the Settling State; *provided, however*, that a "Health District" that includes any of the following words or phrases in its name shall not be considered a Subdivision: mosquito, pest, insect, spray, vector, animal, air quality, air pollution, clean air, coastal water, tuberculosis, and sanitary.

² https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP

³ *E.g.*, U.S. Census Bureau, "Technical Documentation: 2017 Public Use Files for State and Local Government Organization" at 7 (noting that "the Census Bureau recognizes five basic types of local governments," that three of those are "general purpose governments" (county governments, municipal governments, and township governments), and that the other two are "school district and special district governments"), https://www2.census.gov/programs-surveys/gus/datasets/2017/2017_govt_org_meth_tech_doc.pdf.

⁴ A list of 2017 Government Units provided by the Census Bureau identifies 38,542 Special Districts and categorizes them by "FUNCTION_NAME." "Govt_Units_2017_Final" spreadsheet, "Special District" sheet, included in "Independent Governments - list of governments with reference information," https://www2.census.gov/programs-surveys/gus/datasets/2017/govt_units_2017.ZIP. As used herein, "Fire District" corresponds to Special District function name "24 — Local Fire Protection," "Health District" corresponds to Special District function name "32 — Health," "Hospital District" corresponds to Special District function name "40 — Hospitals," and "Library District" corresponds to Special District function name "52 — Libraries." *See id.*

TTT. “*Subdivision Allocation Percentage.*” The portion of a Settling State's Subdivision Fund set forth in Exhibit G that a Subdivision will receive pursuant to Section VI if it becomes a Participating Subdivision. The aggregate Subdivision Allocation Percentage of all Subdivisions receiving a Subdivision Allocation Percentage in each Settling State shall equal one hundred percent (100%). Immediately upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3 (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3) that addresses allocation from the Subdivision Fund, whether before or after the Initial Participation Date, Exhibit G will automatically be amended to reflect the allocation from the Subdivision Fund pursuant to the State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3. The Subdivision Allocation Percentages contained in Exhibit G may not change once notice is distributed pursuant to Section VIII.A, except upon the effectiveness of any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3 (or upon the effectiveness of an amendment to any State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution allowed by Section VI.D.3) that addresses allocation from the Subdivision Fund. For the avoidance of doubt, no Subdivision not listed on Exhibit G shall receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

UUU. “*Subdivision Fund.*” The component of the Settlement Fund described in Section VI.A.

VVV. “*Subdivision Settlement Participation Form.*” The form attached as Exhibit K that Participating Subdivisions must execute and return to the Implementation Administrator or Settlement Fund Administrator, and which shall (1) make such Participating Subdivisions signatories to this Agreement, (2) include a full and complete release of any and all of such Participating Subdivisions' claims, and (3) require the prompt dismissal with prejudice of any Released Claims that have been filed by any such Participating Subdivision.

WWW. “*Threshold Motion.*” A motion to dismiss or equivalent dispositive motion made at the outset of litigation under applicable procedure. A Threshold Motion must include as potential grounds for dismissal any applicable Bar or the relevant release by a Settling State or Participating Subdivision provided under this Agreement and, where appropriate under applicable law, any applicable limitations defense.

XXX. “*Zydus.*” Zydus Pharmaceuticals (USA) Inc.

YYY. “*Zydus Settlement Fund.*” The qualified settlement fund established by the federal district court in *In re: National Prescription Opiate Litigation*, No. 1:17-md-2804 (N.D. Ohio) by its March 11, 2025 Order entitled “Order to Establish Confidential Qualified Settlement Fund and Appoint Settlement Referee for Zydus Settlement Agreement” (Docket #6010) called the “Zydus Settlement Fund” therein within which

Zydus deposited amounts to be used to pay the amounts set forth in this Agreement upon the fulfillment of the conditions precedent set forth in this Agreement.

II. Participation by Eligible States and Condition to Preliminary Agreement

A. *Notice to Eligible States.* On May 26, 2025, this Agreement shall be distributed to all Eligible States. The Attorneys General of the Eligible States shall then have until June 25, 2025, to decide whether to become Settling States and notify the Enforcement Committee and Zydus of that decision. Eligible States that determine to become Settling States shall so notify Zydus and shall further commit to obtaining any necessary additional state releases prior to the Reference Date. This notice period may be extended by written agreement of Zydus and the Enforcement Committee.

B. *Condition to Preliminary Agreement.* Following the notice period set forth in Section II.A, Zydus shall have fourteen (14) calendar days to determine whether, in its sole discretion (based on any criteria or factors deemed relevant to Zydus), enough Eligible States have agreed to become Settling States to proceed with notice to Subdivisions as set forth in Section VIII. This period may be extended by written agreement of Zydus and the Enforcement Committee. If Zydus determines that this condition has been satisfied, and that notice to the Subdivisions should proceed, it will so notify the Settling States by providing notice to the Enforcement Committee. The date of such notice shall be the Preliminary Agreement Date. If Zydus determines that this condition has not been satisfied, this Agreement will have no further effect and all releases and other commitments or obligations contained herein will be void.

C. *Later Joinder by Eligible States.* After the Preliminary Agreement Date, an Eligible State may only become a Settling State with the consent of Zydus and the Enforcement Committee, provided that the Enforcement Committee may not withhold consent to an Eligible State's later joinder if the Eligible State agrees to join pursuant to the terms of this Agreement and the allocation set forth on Exhibit F. If an Eligible State becomes a Settling State more than thirty (30) calendar days after the Preliminary Agreement Date, but on or before the Reference Date, the Subdivisions in that Eligible State that become Participating Subdivisions within ninety (90) calendar days of the Eligible State becoming a Settling State shall be considered Initial Participating Subdivisions. An Eligible State may not become a Settling State after the Reference Date.

D. *Litigation Activity.* Following the Preliminary Agreement Date, Eligible States that determine to become Settling States shall make reasonable efforts to cease litigation activity against Zydus, including by jointly seeking stays or, where appropriate, severance of claim against Zydus, where feasible, and otherwise to minimize such activity by means of agreed deadline extensions and agreed postponement of depositions, document productions, and motion practice if a motion to stay or sever is not feasible or is denied.

III. Injunctive Relief

A. *Injunctive Relief.* As part of the Consent Judgment, the Parties agree to the injunctive relief terms attached in Exhibit P.

IV. Procedure for Segregated Account Deposits and Payments

A. On April 3, 2025, Zydus deposited into the Zydus Settlement Fund the amount of \$16,998,947.12, which is the total amount of funds subject to this Agreement.

1. The interest earned from the deposit account holding the Remediation Amount shall be used, first, to pay for the Implementation Administrator, then to pay for the Implementation Administrator in the Alvogen, Amneal, Apotex, Hikma, Indivior, Mylan, and Sun Settlement Agreements, and finally to be transferred to the Settlement Fund to be used to pay for the Settlement Fund Administrator pursuant to Section VI.C.4.

B. By the Deposit Date, the Settlement Referee shall transfer from the Zydus Settlement Fund into two (2) separate segregated interest-bearing bank accounts it establishes: (a) the Private Attorney Fees amount; and (b) the Additional Remediation Amount. Zydus shall separately account for the interest earned on each of the three (3) accounts.

C. The Settlement Fund Referee shall provide proof to the Enforcement Committee of the deposits required by Section IV.E.1 by the Deposit Date. Zydus shall not remove any money from the segregated bank accounts, except as provided by Section IV.G and Section IV.I.

D. If an Eligible State joins the agreement pursuant to Section II.C and that joinder is after the Deposit Date, the Settlement Fund Referee shall deposit that Settling State's maximum Statewide Payment Amount, which is the Maximum Remediation Payment multiplied by the Settling State's State Allocation Percentage. Such deposit shall be within fifteen (15) days of the Settling State's joinder.

E. If the condition set forth in Section IX.B is met, the Settlement Referee shall:

1. Transfer into the Settlement Fund on the Payment Date (unless the Enforcement Committee specifies a later date) the Remediation Payment amount calculated by the Settlement Fund Administrator pursuant to Section V.C.2 from the segregated account. For the avoidance of doubt, this transfer includes any amounts that the Settlement Fund Administrator will place into the Settlement Fund Escrow pursuant to Section V.C.4.e.

a. The interest earned from the deposit account holding the Remediation Amount shall be used, first, to pay for the Implementation Administrator, then to pay for the Implementation Administrator in the

Alvogen, Amneal, Apotex, Hikma, Indivior, Mylan, and Sun Settlement Agreements, and finally to be transferred to the Settlement Fund to be used to pay for the Settlement Fund Administrator pursuant to Section VI.C.4.

2. Transfer into the relevant funds as directed by the Enforcement Committee, no later than the Payment Date (unless the Enforcement Committee specifies a later date) the amount in the segregated account holding the Private Attorney Fees (including all interest accrued on that account), minus any amounts not payable pursuant to the terms of Exhibit R, and the amount in the segregated account holding the Additional Remediation Amount (including all interest accrued on that account), minus the Additional Remediation Amount that would have been owed to Non-Settling States as calculated by multiplying the Additional Remediation Amount by the sum of allocations on Exhibit N for Non-Settling States.

F. The Remediation Payment transferred by the Settlement Referee into the Settlement Fund pursuant to Section IV.D.1 shall be disbursed by the Settlement Fund Administrator to each Settling State and to its Participating Subdivisions listed on Exhibit G pursuant to Section V.C.5 through Section V.C.8; provided, however, that for any Settling State where the Consent Judgment has not been entered as of the Effective Date, the funds allocable to that Settling State and its Participating Subdivisions listed on Exhibit G shall not be disbursed until ten (10) calendar days after the entry of the Consent Judgment in that Settling State.

G. Any amounts in the segregated accounts not subject to transfer pursuant to Section IV.D shall immediately revert to Zydus after the Settlement Referee makes the transfers required by Section IV.D.

H. Except for the interest earned on the payment amounts, any unearned Incentive Payment A amount in the Settlement Fund shall immediately revert to Zydus after the Incentive Payment A Catch-Up Date. This excess reflects Settling States who sought, but did not achieve, a Bar by the Incentive Payment A Catch-Up Date. Any amount in the Settlement Fund exceeding the payments described in Section V.C.3 shall immediately revert to Zydus after the Payment Date. This excess is Settling States' unearned Maximum Incentive Payment amounts.

I. In the event that, in accordance with the terms of Section IX.B, Zydus determines not to proceed with the Settlement, or the Settlement does not become effective for any other reason, the funds held in the segregated bank accounts shall immediately revert to Zydus.

V. Settlement Payment Calculation Process

A. *Settlement Fund.* All payments under this Section V shall be made into the Settlement Fund, except that, where specified, they shall be made into the Settlement Fund Escrow. The Settlement Fund shall be allocated and used only as specified in Section VI.

B. *Remediation Payment*

1. Zydus shall make one Remediation Payment comprised of both Base Payments and Incentive Payments as provided in Section IV.D.1.

2. In no instance shall Zydus's Remediation Payment obligations exceed the Adjusted Maximum Remediation Amount.

C. *Settlement Fund Payment Process*

1. To determine the Remediation Payment, the Settlement Fund Administrator shall use the data as of the Payment Calculation Date. Prior to the Effective Date, the Parties will include Exhibit L, which sets forth in detail the process for the Settlement Fund Administrator to obtain relevant data and for distributing funds to the Settling States and their Participating Subdivisions listed on Exhibit G consistent with the terms of this Agreement as quickly as practical.

2. On the Payment Calculation Date, the Settlement Fund Administrator shall determine the Remediation Payment, consistent with the provisions in Exhibit L, by determining the sum, for all Settling States, of the Base Payment amount, Incentive Payments A or BC amount to which each Settling State is entitled (or could in the future be entitled for states who notify Defendants of an intent to obtain a Bar by the Incentive Payment A Catch-Up Date) by applying the criteria under Section V.D and Section V.E;

3. On the Payment Calculation Date and Incentive Payment A Catch-Up Date, the Settlement Fund Administrator shall determine the Statewide Payment Amount for each Settling State, consistent with the provisions in Exhibit L, by determining, for each Settling State, the Base Payment amount (only on the Payment Calculation Date) and Incentive Payment amount to which the Settling State is entitled on that date by applying the criteria under Section V.D and Section V.E, after subtracting the portion of any Settlement Fund Administrator costs and fees owed out of funds from the Settlement Fund pursuant to Section VI.C.4.

4. No later than fifty (50) days prior to the Payment Date, the Settlement Fund Administrator shall give notice to Zydus, the Settling States, and the Enforcement Committee of the amount of the Remediation Payment, and/or the Statewide Payment Amount for each Settling State, following the determination described in Section V.C.2 and V.C.3, and the following timeline shall apply:

a. Within twenty-one (21) calendar days of the notice provided by the Settlement Fund Administrator, Zydus, any Settling State or the Enforcement Committee may dispute, in writing, the calculation of the Remediation Payment and/or the Statewide Payment Amount for a Settling State. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Zydus identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

b. Within twenty-one (21) calendar days of the sending of a written notice of dispute, any affected party may submit a response, in writing, to the Settlement Fund Administrator, the Enforcement Committee, any affected Settling State, and Zydus identifying the basis for disagreement with the notice of dispute.

c. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute. In the case of the Remediation Payment, Zydus shall pay the adjusted amount, collectively totaling the Remediation Payment, on the Payment Date.

d. If a written response to the written notice of dispute is timely sent to the Settlement Fund Administrator, the Settlement Fund Administrator shall notify Zydus, the Enforcement Committee, and any affected Settling State of the preliminary amount, which shall be the greater of the amount originally calculated by the Settlement Fund Administrator or the amount that would be consistent with the notice of dispute. In the case of the Remediation Payment, Zydus shall pay this preliminary amount, *provided, however*, that in no circumstances shall the preliminary amount to be paid be higher than the Maximum Remediation Payment.

e. The Settlement Fund Administrator shall place any disputed amount of the preliminary amount paid by Zydus into the Settlement Fund Escrow and shall disburse any undisputed amount to each Settling State and its Participating Subdivisions listed on Exhibit G pursuant to Section V.C.5.

5. If a Settling State informs the Settlement Fund Administrator that it and its Participating Subdivisions listed on Exhibit G have agreed on the amount of its Statewide Payment Amount, determined pursuant to Section V.C.3, to be distributed to the Settling State, among its separate types of funds (if applicable), and among its Participating Subdivisions listed on Exhibit G, the Settlement Fund Administrator shall disburse the Statewide Payment Amount pursuant to the consensus distribution amounts provided by the Settling State as quickly as practical. For a Settling State that does not so notify the Settlement Fund Administrator, the Settlement Fund Administrator shall allocate the Settling State's Statewide Payment Amount, pursuant to Section VI, among the separate types of funds for the Settling State (if applicable), and among its Participating Subdivisions listed on Exhibit G using the following procedures:

a. As soon as possible for each payment and following the determination described in Section V.C.3, the Settlement Fund Administrator shall give notice to the relevant Settling States and their Participating Subdivisions listed on Exhibit G of the amount to be received by each Settling State, the amount to be received by the separate types of funds for each Settling State (if applicable), and the amount to be received by each Participating Subdivision listed on Exhibit G for each Settling State.

b. Within twenty-one (21) days of the notice provided by the Settlement Fund Administrator, any Settling State or Participating Subdivision listed on Exhibit G may dispute, in writing, the calculation of the amount to be received by the relevant Settling State and/or its Participating Subdivision listed on Exhibit G. A dispute will be deemed invalid and disregarded if it challenges the allocations adopted by a State-Subdivision Agreement approved pursuant to the provisions of Exhibit O or by statute. Such disputing party must provide a written notice of dispute to the Settlement Fund Administrator, any affected Settling State, and any affected Participating Subdivision identifying the nature of the dispute, the amount of money that is disputed, and the Settling State(s) affected.

c. Within twenty-one (21) days of the sending of a written notice of dispute, any affected Settling State or any affected Participating Subdivision may submit a response, in writing, to the Settlement Fund Administrator, any affected Settling State, and any affected Participating Subdivision identifying the basis for disagreement with the notice of dispute.

d. If no response is filed, the Settlement Fund Administrator shall adjust the amount calculated consistent with the written notice of dispute.

e. The Settlement Fund Administrator shall place any disputed amount into the Settlement Fund Escrow and shall disburse any undisputed amount to the Settling State and its Participating Subdivisions eligible for payment.

6. Disputes described in this subsection (other than those for which no response is filed under Sections V.C.4.c or V.C.5.d) shall be resolved in accordance with the terms of Section VII.F.

7. The Settlement Fund Administrator may combine the disbursements of the Remediation Payment with the disbursement of funds under other comparable opioid settlements. In determining when disbursements of the Remediation Payment will be made, the Settlement Fund Administrator may take into account the timeline for the availability of disbursements under other comparable opioid settlements.

8. For the avoidance of doubt, Subdivisions not listed on Exhibit G shall not receive an allocation from the Subdivision Fund and no provision of this Agreement shall be interpreted to create such an entitlement.

D. *Base Payments.*

1. Zydus shall make Base Payments into the Settlement Fund in an amount equal to forty percent (40%) of the Adjusted Maximum Remediation Payment. The maximum total for Base Payments is \$5,943,687.80.

2. The Base Payment for any Settling State shall be the maximum total for Base Payments, \$5,943,687.80, times the Settling State's State Allocation Percentage specified in Exhibit F.

E. *Incentive Payments.*

1. Settling States may earn Incentive Payments totaling up to a maximum of sixty percent (60%) of the Adjusted Maximum Remediation Payment, with the Incentive Payment amount depending on whether and the extent to which the criteria set forth below are met in each Settling State. The maximum total for Incentive Payments is \$8,915,531.71.

2. A Settling State qualifies to receive an Incentive Payment in addition to its Base Payment if it meets the incentive eligibility requirements specified below. The maximum total Incentive Payment for any Settling State shall be no more than the maximum total for Incentive Payments, \$8,915,531.71, times the Settling State's State Allocation Percentage specified in Exhibit F. Incentive Payments are state-specific, with the actual amount depending on whether and the extent to which the criteria set forth below are met in such Settling State.

3. The Incentive Payments shall be divided among two (2) categories, referred to as Incentive Payments A and BC. Incentive Payments A and BC will be due to Settling States on the Payment Date. The total amount of Incentive Payments due to Settling States shall be the sum of the Incentive Payments for which the individual Settling States are eligible under the criteria set forth below. The Incentive Payments shall be made with respect to a specific Settling State based on its eligibility under the criteria set forth below. For the avoidance of doubt, eligibility for Incentive Payments A and BC shall be determined on a Settling State-by-Settling State basis.

4. Incentive Payment A.

a. Incentive Payment A is mutually exclusive with Incentive Payment BC; if a Settling State receives Incentive Payment A in the Remediation Payment, such Settling State is not eligible for Incentive Payment BC.

b. Incentive Payment A shall be equal to sixty percent (60%) of the Adjusted Maximum Remediation Payment, provided all Settling States satisfy the requirements of Incentive Payment A. Incentive Payment A will be due to a Settling State as part of the Remediation Payment, and shall equal a total potential maximum of \$8,915,531.71 if all Eligible States qualify for Incentive Payment A. Each Settling State's share of Incentive Payment A, *provided* that Settling State qualifies, shall equal the total maximum amount available for Incentive Payment A, \$8,915,531.71, times the Settling State's State Allocation Percentage.

c. Qualification for Incentive Payment A is as follows: A Settling State qualifies for Incentive Payment A if, as of the Payment Calculation Date: (i) there is a Bar in that Settling State in full force and effect, (ii) the Released Claims of all of the following entities are released through the execution of Subdivision Settlement Participation Forms, or there is a Case-Specific Resolution against such entities: all Primary Subdivisions, Litigating Subdivisions, School Districts with a K-12 student enrollment of at least 25,000 or .10% of a Settling State's population, whichever is greater, Hospital Districts that have at least one hundred twenty-five (125) hospital beds in one or more hospitals rendering services in that district, and Primary Fire Districts; or (iii) a combination of the actions in clauses (i) and (ii) has achieved the same level of resolution of Subdivision Claims (*e.g.*, a Bar against future litigation combined with full joinder by Litigating Subdivisions). For the avoidance of doubt, subsection (iii) cannot be satisfied unless all Litigating Subdivisions are Participating Subdivisions or there is a Case-Specific Resolution against any such Subdivisions that are not Participating Subdivisions. Zydus and the Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Initial Participation Date.

d. If a Settling State intends to achieve Incentive A by a Bar in effect after the Payment Calculation date but before the Incentive A Catch-Up Date, the Settling State shall notify Zydus no later than 30 days before the Initial Participation Date. A Settling State who so notifies Zydus and does not qualify for Incentive Payment A as of the Payment Date but becomes eligible for Incentive Payment A as of the Incentive Payment A Catch-Up Date shall receive the payment that it would have received for Incentive Payment A (the "Incentive Payment A Catch-up Payment") on the Incentive Payment A Catch-Up Date. The Incentive Payment A Catch-up Payment shall be reduced by any amounts paid to the Settling State under Incentive Payment BC prior to the Settling State's eligibility for Incentive Payment A. A Settling State that does not qualify for Incentive Payment A as of the Incentive Payment A Catch-Up Date shall not be eligible for Incentive Payment A.

e. To the extent a Settling State asserts that existing legislation qualifies as a Bar, the Settling State shall provide notice to Zydus no later than 30 days before the Initial Participation Date. Zydus shall indicate before the Initial Participation Date whether existing legislation in a Settling State is sufficient to qualify as a Bar.

5. Incentive Payment BC.

a. Incentive Payment BC shall be available to Settling States that do not qualify for Incentive Payment A.

b. Incentive Payment BC shall be up to a maximum of sixty percent (60%) of the Settling State’s share of the Remediation Payment. Incentive Payment BC will be due to a Settling State as part of the Remediation Payment. Incentive Payment BC shall equal a total potential maximum of \$8,915,531.71 if all Eligible States qualify for Incentive Payment BC (and do not qualify for Incentive Payment A).

c. The maximum Incentive Payment BC for any Settling State shall be the maximum potential Incentive Payment BC, \$8,915,531.71, times the Settling State’s State Allocation Percentage specified in Exhibit F, provided such Settling State becomes eligible for Incentive Payment BC by the Payment Calculation Date.

d. The amount of Incentive Payment BC for which a Settling State is eligible shall be determined based on the aggregate population of the Settling State’s Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of all the Settling State’s Incentive BC Subdivisions. The Settling State’s Incentive BC Subdivisions are (i) all Litigating Subdivisions (including School Districts and Special Districts) and (ii) all Primary Subdivisions that have not sued Zydus as of the Initial Participation Date (collectively “*Incentive BC Subdivisions*”).

e. The percentage of the Settling State’s maximum Incentive Payment BC provided by Section V.E.5.c to which the Settling State is entitled shall be determined according to the table of Incentive BC payment levels below:

Participation Percentage of Incentive BC Eligible Subdivision Population⁵	Incentive Payment BC Percentage
Less than 85%	0%
85% or more but less than 86%	3.57%
86% or more but less than 87%	8.93%

⁵ The “Participation Percentage of Incentive BC Eligible Subdivision Population” shall be determined by the aggregate population of the Settling State’s Incentive BC Subdivisions that are Participating Subdivisions or have had their claims resolved through a Case-Specific Resolution, divided by the aggregate population of the Settling State’s Incentive BC Subdivisions. In calculating the Settling State’s population that resides in Incentive BC Subdivisions, the population of the Settling State’s Incentive BC Subdivisions shall be the sum of the population of all Incentive BC Subdivisions in the Settling State, notwithstanding that persons may be included within the population of more than one Incentive BC Subdivision. An individual Subdivision shall not be included more than once in the numerator, and shall not be included more than once in the denominator, of the calculation regardless if it (or any of its officials) is named as multiple plaintiffs in the same lawsuit; provided, however, that for the avoidance of doubt, no Subdivision will be excluded from the numerator or denominator under this sentence unless a Subdivision otherwise counted in the denominator has the authority to release the Claims (consistent with Section X) of the Subdivision to be excluded.

87% or more but less than 88%	14.29%
88% or more but less than 89%	19.64%
89% or more but less than 90%	25%
90% or more but less than 91%	30.36%
91% or more but less than 92%	35.71%
92% or more but less than 93%	41.07%
93% or more but less than 94%	46.43%
94% or more but less than 95%	51.79%
95% or more but less than 96%	60.71%
96% or more but less than 97%	68.75%
97% or more but less than 98%	76.79%
98% or more but less than 99%	84.82%
99% or more but less than 100%	92.86%
100%	100%

f. The percentage of the available Incentive Payment BC amount for which a Settling State is eligible will be based on the Participation Percentage of Incentive BC Eligible Subdivision Population as of the Payment Calculation Date. If Incentive BC Eligible Subdivisions that have become Participating Subdivisions, or achieved Case-Specific Resolution status, collectively represent less than eighty-five percent (85%) of a Settling State's Incentive BC Eligible Subdivision population by the Payment Calculation Date, the Settling State shall not receive any Incentive Payment BC.

g. If there are no Incentive BC Eligible Subdivisions in a Settling State, and that Settling State is otherwise eligible for Incentive Payment BC, that Settling State will receive its maximum Incentive Payment BC provided by Section V.E.5.c.

In no event shall any Settling State receive a Base Payment and Incentive Payment totaling more than one hundred percent (100%) of its respective State Allocation Percentage specified in Exhibit F times the Maximum Remediation Payment.

VI. Allocation and Use of Settlement Payments

A. *Components of Settlement Fund.* The Settlement Fund shall be funded by the Remediation Payment and comprised of a Remediation Accounts Fund, a State Fund, and a Subdivision Fund for each Settling State. The payments made under Section IV into the Settlement Fund shall be initially allocated among those three (3) sub-funds and distributed and used as provided below. Unless otherwise specified herein, payments placed into the Settlement Fund do not revert back to Zydus.

B. Use of Settlement Payments.

1. It is the intent of the Parties that the payments disbursed from the Settlement Fund to Settling States and Participating Subdivisions be for Opioid Remediation, subject to exceptions that must be documented in accordance with Section VI.B.2. In no event may less than ninety-five percent (95%) of Zydus's maximum amount of payments pursuant to Section V be spent on Opioid Remediation.

2. While disfavored by the Parties, a Settling State or a Participating Subdivision set forth on Exhibit G may use monies from the Settlement Fund (that have not been restricted by this Agreement solely to future Opioid Remediation) for purposes that do not qualify as Opioid Remediation. If, at any time, a Settling State or a Participating Subdivision set forth on Exhibit G uses any monies from the Settlement Fund for a purpose that does not qualify as Opioid Remediation, such Settling State or Participating Subdivision set forth on Exhibit G shall identify such amounts and report to the Settlement Fund Administrator and Zydus how such funds were used, including if used to pay attorneys' fees, investigation costs, litigation costs, or costs related to the operation and enforcement of this Agreement, respectively. It is the intent of the Parties that the reporting under this Section VI.B.2 shall be available to the public. For the avoidance of doubt, (a) any amounts not identified under this Section VI.B.2 as used to pay attorneys' fees, investigation costs, or litigation costs shall be included in the Compensatory Restitution Amount for purposes of Section VI.F and (b) Participating Subdivisions not listed on Exhibit G may only use monies from the Settlement Fund for purposes that qualify as Opioid Remediation.

C. *Allocation of Settlement Fund.* The allocation of the Settlement Fund allows for different approaches to be taken in different states, such as through a State-Subdivision Agreement. Given the uniqueness of Settling States and their Subdivisions, Settling States and their Subdivisions are encouraged to enter into State-Subdivision Agreements in order to direct the allocation of their portion of the Settlement Fund. As set out below, the Settlement Fund Administrator will make an initial allocation to three (3) state-level sub-funds. The Settlement Fund Administrator will then, for each Settling State and its Participating Subdivisions, apply the terms of this Agreement and any relevant

State-Subdivision Agreement, Statutory Trust, Allocation Statute, or voluntary redistribution of funds as set out below before disbursing the funds.

1. Base Payments. The Settlement Fund Administrator will allocate Base Payments under Section V.D among the Settling States pursuant to Section V.D.2. Base payments for each Settling State will then be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section VI.D.

2. Incentive Payments. The Settlement Fund Administrator will treat Incentive Payments under Section V.E on a state-specific basis. Incentive Payments for which a Settling State is eligible will be allocated fifteen percent (15%) to its State Fund, seventy percent (70%) to its Remediation Accounts Fund, and fifteen percent (15%) to its Subdivision Fund. Amounts may be reallocated and will be distributed as provided in Section VI.D.

3. Settlement Fund Administrator. Prior to the Effective Date, Zydus and the Enforcement Committee will agree to a detailed mechanism consistent with the foregoing for the Settlement Fund Administrator to follow in allocating, apportioning, and distributing payments, which shall then be appended hereto as Exhibit L.

4. Settlement Fund Administrator Costs. Any costs and fees associated with or arising out of the duties of the Settlement Fund Administrator as described in Exhibit L shall be paid from the interest accrued in the Settlement Fund Escrow and the Settlement Fund; provided, however, that if such accrued interest is insufficient to pay the entirety of any such costs and fees, the additional amount shall be paid out of the Settlement Fund. For the avoidance of doubt, nothing in this provision shall require Zydus to pay any costs, fees or other amounts in excess of the Global Settlement Amount.

D. *Settlement Fund Reallocation and Distribution.* As set forth below, within a particular Settling State's account, amounts contained in the Settlement Fund sub-funds may be reallocated and distributed per a State-Subdivision Agreement or other means. If the apportionment of amounts is not addressed and controlled under Section VI.D.1 and Section VI.D.2, then the default provisions of Section VI.D.4 apply. It is not necessary that a State-Subdivision Agreement or other means of allocating funds pursuant to Section VI.D.1 and Section VI.D.2 address all of the Settlement Fund sub-funds. For example, a Statutory Trust might only address disbursements from a Settling State's Remediation Accounts Fund.

1. Distribution by State-Subdivision Agreement. If a Settling State has a State-Subdivision Agreement, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section VI.C shall be reallocated and distributed as provided by that agreement. Any State-Subdivision Agreement entered into after the Preliminary Agreement Date shall be applied only

if it requires: (a) that all amounts be used for Opioid Remediation, except as allowed by Section VI.B.2, and (b) that at least seventy percent (70%) of amounts be used solely for future Opioid Remediation.⁶ For a State-Subdivision Agreement to be applied to the relevant portion of the Remediation Payment, notice must be provided to ZyduS and the Settlement Fund Administrator by the Payment Calculation Date.

2. Distribution by Allocation Statute. If a Settling State has an Allocation Statute and/or a Statutory Trust that addresses allocation or distribution of amounts apportioned to such Settling State's State Fund, Remediation Accounts Fund, and/or Subdivision Fund and that, to the extent any or all such sub-funds are addressed, requires (1) all amounts to be used for Opioid Remediation, except as allowed by Section VI.B.2, and (2) at least seventy percent (70%) of all amounts to be used solely for future Opioid Remediation then, to the extent allocation or distribution is addressed, the amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section VI.C shall be allocated and distributed as addressed and provided by the applicable Allocation Statute or Statutory Trust. For the avoidance of doubt, an Allocation Statute or Statutory Trust need not address all three (3) sub-funds that comprise the Settlement Fund, and if the applicable Allocation Statute or Statutory Trust does not address distribution of all or some of these three (3) sub-funds, the applicable Allocation Statute or Statutory Trust does not replace the default provisions described in Section VI of any such unaddressed fund. For example, if an Allocation Statute or Statutory Trust that meets the requirements of this Section VI.D.2 only addresses funds restricted to remediation, then the default provisions of this Agreement concerning allocation among the three (3) sub-funds comprising the Settlement Fund and the distribution of the State Fund and Subdivision Fund for that Settling State would still apply, while the distribution of the applicable State's Remediation Accounts Fund would be governed by the qualifying Allocation Statute or Statutory Trust.

3. Voluntary Redistribution. A Settling State may choose to reallocate all or a portion of its State Fund to its Remediation Accounts Fund. A Participating Subdivision included on Exhibit G may choose to reallocate all or a portion of its allocation from the Subdivision Fund to the Settling State's Remediation Accounts Fund or to another Participating Subdivision. The Settlement Fund Administrator is not required to honor a voluntary redistribution for which notice is provided to it after the Payment Calculation Date.

4. Distribution in the Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. If Section VI.D.1, Section VI.D.2, and Section VI.D.3 do not apply, amounts apportioned to that Settling State's State Fund, Remediation Accounts Fund, and Subdivision Fund under Section VI.C shall be distributed as follows:

⁶ Future Opioid Remediation includes amounts paid to satisfy any future demand by another governmental entity to make a required reimbursement in connection with the past care and treatment of a person related to the Alleged Harms

a. Amounts apportioned to that Settling State's State Fund shall be distributed to that Settling State.

b. Amounts apportioned to that Settling State's Remediation Accounts Fund shall be distributed consistent with Section VI.E. Each Settling State shall submit to the Settlement Fund Administrator a designation of a lead state agency or other entity to serve as the single point of contact for that Settling State's funding requests from the Remediation Accounts Fund and other communications with the Settlement Fund Administrator. The designation of an individual entity is for administrative purposes only and such designation shall not limit funding to such entity or even require that such entity receive funds from this Agreement. The designated entity shall be the only entity authorized to request funds from the Settlement Fund Administrator to be disbursed from that Settling State's Remediation Accounts Fund. If a Settling State has established a Statutory Trust then that Settling State's single point of contact may direct the Settlement Fund Administrator to release the Settling State's Remediation Accounts Fund to the Statutory Trust.

c. Amounts apportioned to that Settling State's Subdivision Fund shall be distributed to Participating Subdivisions in that Settling State included on Exhibit G per the Subdivision Allocation Percentage listed in Exhibit G. Section VIII.H shall govern amounts that would otherwise be distributed to Non-Participating Subdivisions listed in Exhibit G. For the avoidance of doubt and notwithstanding any other provision in this Agreement, no Non-Participating Subdivision will directly receive any amount from the Settlement Fund, regardless of whether such Subdivision is included on Exhibit G.

d. Special Districts shall not be allocated funds from the Subdivision Fund, except through a voluntary redistribution allowed by Section VI.D.3 to Special Districts that are Participating Subdivisions. A Settling State may allocate funds from its State Fund or Remediation Accounts Fund for Special Districts that are Participating Subdivisions.

5. Restrictions on Distribution. No amounts may be distributed from the Subdivision Fund contrary to Section VIII, i.e., no amounts may be distributed directly to Non-Participating Subdivisions or to Later Participating Subdivisions to the extent such a distribution would violate Section VIII.E through Section VIII.G. Amounts allocated to the Subdivision Fund that cannot be distributed by virtue of the preceding sentence shall be distributed into the sub-account in the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement described in Section VI.D.1 or by an Allocation Statute or a Statutory Trust described in Section VI.D.2.

E. *Provisions Regarding the Remediation Accounts Fund.*

1. State-Subdivision Agreement, Allocation Statute, and Statutory Trust Fund Provisions. A State-Subdivision Agreement, Allocation Statute, or Statutory Trust may govern the operation and use of amounts in that Settling State's Remediation Accounts Fund so long as it complies with the requirements of Section VI.D.1 or Section VI.D.2, as applicable, and all direct payments to Subdivisions comply with Section VIII.E through Section VIII.G.

2. Absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust. In the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust that addresses distribution, the Remediation Accounts Fund will be used solely for future Opioid Remediation and the following shall apply with respect to a Settling State:

a. Regional Remediation.

(i) At least fifty percent (50%) of distributions for remediation from a Settling State's Remediation Accounts Fund shall be annually allocated and tracked to the regional level. A Settling State may allow the Advisory Committee established pursuant to Section VI.E.2.d to define its regions and assign regional allocations percentages. Otherwise, the Settling State shall (A) define its initial regions, which shall consist of one (1) or more General Purpose Subdivisions and which shall be designated by the state agency with primary responsibility for substance abuse disorder services employing, to the maximum extent practical, existing regions established in that Settling State for opioid abuse treatment or other public health purposes; (B) assign initial regional allocation percentages to the regions based on the Subdivision Allocation Percentages in Exhibit G and an assumption that all Subdivisions included on Exhibit G will become Participating Subdivisions.

(ii) This minimum regional expenditure percentage is calculated on the Settling State's initial Remediation Accounts Fund allocation and does not include any additional amounts a Settling State has directed to its Remediation Accounts Fund from its State Fund, or any other amounts directed to the fund. A Settling State may dedicate more than fifty percent (50%) of its Remediation Accounts Fund to the regional expenditure and may annually adjust the percentage of its Remediation Accounts Fund dedicated to regional expenditures as long as the percentage remains above the minimum amount.

(iii) The Settling State (A) has the authority to adjust the definition of the regions, and (B) may annually revise the percentages allocated to each region to reflect the number of General

Purpose Subdivisions in each region that are Non-Participating Subdivisions.

b. *Subdivision Block Grants.* Certain Subdivisions shall be eligible to receive regional allocation funds in the form of a block grant for future Opioid Remediation. A Participating Subdivision eligible for block grants is a county or parish (or in the case of Settling States that do not have counties or parishes that function as political subdivisions, a city) that (1) does not contain a Litigating Subdivision or a Later Litigating Subdivision for which it has the authority to end the litigation through a release, bar or other action; (2) either (i) has a population of 400,000 or more or (ii) in the case of California has a population of 750,000 or more; and (3) has funded or otherwise managed an established health care or treatment infrastructure (e.g., health department or similar agency). Each Subdivision eligible to receive block grants shall be assigned its own region.

c. *Small Settling States.* Notwithstanding the provisions of Section VI.E.2.a, Settling States with populations under four (4) million that do not have existing regions described in Section VI.E.2.a shall not be required to establish regions. However, such a Settling State that contains one (1) or more Subdivisions eligible for block grants under Section VI.E.2.b shall be divided regionally so that each block-grant eligible Subdivision is a region, and the remainder of the state is a region.

d. *Advisory Committee.* The Settling State shall designate an Opioid Settlement Remediation Advisory Committee (the “*Advisory Committee*”) to provide input and recommendations regarding remediation spending from that Settling State’s Remediation Accounts Fund. A Settling State may elect to use an existing advisory committee or similar entity (created outside of a State-Subdivision Agreement or Allocation Statute); *provided, however*, the Advisory Committee or similar entity shall meet the following requirements:

(i) Written guidelines that establish the formation and composition of the Advisory Committee, terms of service for members, contingency for removal or resignation of members, a schedule of meetings, and any other administrative details;

(ii) Composition that includes at least an equal number of local representatives as state representatives;

(iii) A process for receiving input from Subdivisions and other communities regarding how the opioid crisis is affecting their communities, their remediation needs, and proposals for remediation strategies and responses; and

(iv) A process by which Advisory Committee recommendations for expenditures for Opioid Remediation will be made to and considered by the appropriate state agencies.

3. Remediation Accounts Fund Reporting. The Settlement Fund Administrator shall track and assist in the report of remediation disbursements as agreed to between Zydus and the Enforcement Committee

F. *Nature of Payment.* Zydus, the Settling States, and the Participating Subdivisions each acknowledge and agree that notwithstanding anything to the contrary in this Agreement, including, but not limited to, the scope of the Released Claims:

1. They have entered into this Agreement to avoid the delay, expense, inconvenience, and uncertainty of further litigation;

2. (a) The Settling States and Participating Subdivisions sought compensatory restitution and remediation (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i)) as damages for the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; (b) the Compensatory Restitution Amount is less than or equal to the amount, in the aggregate, of the Alleged Harms allegedly suffered by the Settling States and Participating Subdivisions; and (c) the portion of the Compensatory Restitution Amount received by each Settling State or Participating Subdivision is less than or equal to the amount of the Alleged Harms allegedly suffered by such Settling State or Participating Subdivision;

3. The payment of the Compensatory Restitution Amount by Zydus constitutes, and is paid for, compensatory restitution and remediation (within the meaning of 26 U.S.C. § 162(f)(2)(A) and 26 C.F.R. § 1.162-21(e)(4)(i), (ii)) for alleged damage or harm (as compensation for alleged damage or harm arising out of alleged bodily injury) allegedly caused by Zydus in order to restore, in whole or in part, the Settling States, Participating Subdivisions, and persons to the same position or condition that they would be in had the Settling States, Participating Subdivisions, and persons not suffered the Alleged Harms, and constitutes compensatory restitution and remediation for alleged damage or harm allegedly caused by the potential violation of a law; and

4. For the avoidance of doubt: (a) the entire Compensatory Restitution Amount is properly characterized as described in Section VI.F, (b) no portion of the Compensatory Restitution Amount represents reimbursement to any Settling State or Participating Subdivision or other person or entity for the fees or costs of any investigation or litigation, including without limitation attorneys' fees, (c) no portion of the Global Settlement Amount constitutes the disgorgement of any allegedly ill-gotten gains, and (d) no portion of the Global Settlement Amount is paid for, is in place of, or is properly characterized as the payment of any fine, penalty, punitive damages, or other punitive assessments.

VII. Enforcement

A. *Enforceability.* This Agreement is enforceable only by the Settling States and Zydus; *provided, however,* that Released Entities may enforce Section XI and Participating Subdivisions listed on Exhibit G have the enforcement rights described later in this paragraph and in Section VII.D. Except to the extent allowed by the Injunctive Relief Terms, Settling States and Participating Subdivisions shall not have enforcement rights against Zydus with respect to either the terms of this Agreement that apply only to or in other Settling States or any Consent Judgment entered into by another Settling State. Participating Subdivisions shall not have enforcement rights against Zydus with respect to this Agreement or any Consent Judgment except that Participating Subdivisions listed on Exhibit G shall have enforcement rights as set forth herein as to payments that would be allocated to the Participating Subdivisions or the Remediation Accounts Fund in such Settling State pursuant to Section V; *provided, however,* that each Settling State shall allow Participating Subdivisions in such Settling State to notify it of any perceived violations of this Agreement or the applicable Consent Judgment.

B. *Jurisdiction.* Zydus consents to the jurisdiction of the court in which each Settling State files its Consent Judgment, limited to resolution of disputes identified in Section VII.F.2 for resolution in that court.

C. *Specific Terms Dispute Resolution.*

1. Any dispute that is addressed by the provisions set forth in the Injunctive Relief Terms shall be resolved as provided therein.

D. *State-Subdivision Enforcement.*

1. A Subdivision shall not have enforcement rights against a Settling State in which it is located with respect to this Agreement or any Consent Judgment except that a Participating Subdivision listed on Exhibit G shall have enforcement rights (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust with respect to intrastate allocation or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that (i) the Settling State's use of Remediation Accounts Fund monies were not used for uses similar to or in the nature of those uses contained in Exhibit E; or (ii) a Settling State failed to pay funds directly from the Remediation Accounts Fund to a Participating Subdivision eligible to receive a block grant pursuant to Section VI.E.2.b.

2. A Settling State shall have enforcement rights against a Participating Subdivision located in its territory (a) as provided for in a State-Subdivision Agreement, Allocation Statute, or Statutory Trust; or (b) in the absence of a State-Subdivision Agreement, Allocation Statute, or Statutory Trust, to allegations that the Participating Subdivisions' uses of Remediation Accounts Fund monies were

not used for purposes similar to or in the nature of those uses contained in Exhibit E.

3. As between the Settling States and Participating Subdivisions, the above rights are contractual in nature and nothing herein is intended to limit, restrict, change or alter any other existing rights under law.

E. *Subdivision Zydus Payment Enforcement.* A Participating Subdivision listed on Exhibit G shall have the same right as a Settling State to seek resolution regarding the failure by Zydus to make its Remediation Payment.

F. *Other Terms Regarding Dispute Resolution.*

1. The parties to a dispute shall promptly meet and confer in good faith to resolve any dispute. If the parties cannot resolve the dispute informally, and unless otherwise agreed in writing, they shall follow the remaining provisions of this subsection to resolve the dispute.

2. Except to the extent provided by Section VII.C or Section VII.F.3, disputes not resolved informally shall be resolved in either the court that entered the relevant Consent Judgment or, if no such Consent Judgment was entered, a state or territorial court with jurisdiction located wherever the seat of the relevant state government is located.

a. State court proceedings shall be governed by the rules and procedures of the relevant forum.

b. For the avoidance of doubt, disputes to be resolved in state court include, but are not limited to, the following:

(i) disputes concerning whether expenditures qualify as Opioid Remediation;

(ii) disputes between a Settling State and its Participating Subdivisions as provided by Section VII.D, except to the extent the State-Subdivision Agreement provides for other dispute resolution mechanisms. For the avoidance of doubt, disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes;

(iii) whether this Agreement and relevant Consent Judgment are binding under state law;

(iv) the extent of the Attorney General's or other participating entity's authority under state law, including the extent of the authority to release claims;

(v) whether the definition of a Bar, a Case-Specific Resolution, Final Order, lead state agency as described in Section VI.D.4.b, Later Litigating Subdivision, Litigating Subdivision, or Threshold Motion have been met; and

(vi) all other disputes not specifically identified in Section VII.C or Section VII.F.3.

c. Any Party may request that the National Arbitration Panel provide an interpretation of any provision of the settlement that is relevant to the state court determination, and the National Arbitration Panel shall make reasonable best efforts to supply such interpretation within the earlier of thirty (30) calendar days or the time period required by the state court proceedings. Any Party may submit that interpretation to the state court to the extent permitted by, and for such weight provided by, the state court's rules and procedures. If requested by a Party, the National Arbitration Panel shall request that its interpretation be accepted in the form of an *amicus curiae* brief, and any attorneys' fees and costs for preparing any such filing shall be paid for by the requesting Party.

3. National Disputes involving a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VII.A, and/or Zydus shall be resolved by the National Arbitration Panel.

a. National Disputes are disputes that are not addressed by Section VII.C, and which are exceptions to Section VII.F.2's presumption of resolution in state courts because they involve issues of interpretation of terms contained in this Agreement applicable to all Settling States without reference to a particular state's law. Disputes between a Settling State and any Participating Subdivision shall not be considered National Disputes. National Disputes are limited to the following:

(i) the amount of offset and/or credit attributable to Non-Settling States;

(ii) issues involving the scope and definition of Product;

(iii) interpretation and application of the terms "Covered Conduct," "Released Entities," and "Released Claims;"

(iv) the failure by Zydus to pay the Remediation Payment or the Additional Remediation Amount, but for the avoidance of doubt, disputes between Zydus and a Settling State over the amounts owed only to that state that do not affect any other Settling State shall not be considered National Disputes;

(v) questions regarding the performance and/or removal of the Settlement Fund Administrator;

(vi) disputes involving liability of successor entities;

(vii) disputes that require a determination of the sufficiency of participation in order to qualify for Incentive Payments A or BC;

(viii) disputes involving a Releasor's compliance with, and the appropriate remedy under, Section XI.B.5.c;

(ix) disputes requiring the interpretation of Agreement terms that are national in scope or impact, which shall mean disputes requiring the interpretation of Agreement terms that (i) concretely affect four (4) or more Settling States; and (ii) do not turn on unique definitions and interpretations under state law; and

(x) any dispute subject to resolution under Section VII.F.2 but for which all parties to the dispute agree to arbitration before the National Arbitration Panel under the provisions of this Section VII.F.3.

b. The National Arbitration Panel shall be comprised of three (3) neutral arbitrators. One (1) arbitrator shall be chosen by Zydus, one (1) arbitrator shall be chosen by the Enforcement Committee with due input from Participating Subdivisions listed on Exhibit G, and the third arbitrator shall be agreed upon by the first two (2) arbitrators. The membership of the National Arbitration Panel is intended to remain constant throughout the term of this Agreement, but in the event that replacements are required, the retiring arbitrator shall be replaced by the party that selected him/her.

c. The National Arbitration Panel shall make reasonable best efforts to decide all matters within one hundred eighty (180) calendar days of filing, and in no event shall it take longer than one (1) year.

d. The National Arbitration Panel shall conduct all proceedings in a reasonably streamlined process consistent with an opportunity for the parties to be heard. Issues shall be resolved without the need for live witnesses where feasible and with a presumption in favor of remote participation to minimize the burdens on the parties.

e. To the extent allowed under state law, a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VII.A, and (at any party's request) the National Arbitration Panel may certify to an appropriate state court any question of state law. The National Arbitration Panel shall be bound by a final state court determination of such

a certified question. The time period for the arbitration shall be tolled during the course of the certification process.

f. The arbitrators will give due deference to any authoritative interpretation of state law, including any declaratory judgment or similar relief obtained by a Settling State, a Participating Subdivision that has enforcement rights pursuant to Section VII.A, or Zydus on a state law issue.

g. The decisions of the National Arbitration Panel shall be binding on Settling States, Participating Subdivisions, Zydus, and the Settlement Fund Administrator. In any proceeding before the National Arbitration Panel involving a dispute between a Settling State and Zydus whose resolution could prejudice the rights of a Participating Subdivision(s) in that Settling State, such Participating Subdivision(s) shall be allowed to file a statement of view in the proceeding.

h. Nothing herein shall be construed so as to limit or otherwise restrict a Settling State from seeking injunctive or other equitable relief in state court to protect the health, safety, or welfare of its citizens.

i. Each party shall bear its own costs in any arbitration or court proceeding arising under this Section VII. The costs for the arbitrators on the National Arbitration Panel shall be divided and paid equally by the disputing sides for each individual dispute, e.g., a dispute between Zydus and Settling States/Participating Subdivisions shall be split fifty percent (50%) by Zydus and fifty percent (50%) by the Settling States/Participating Subdivisions that are parties to the dispute; a dispute between a Settling State and a Participating Subdivision shall be split fifty percent (50%) by the Settling State that is party to the dispute and fifty percent (50%) by any Participating Subdivisions that are parties to the dispute. For the avoidance of doubt, Zydus shall not be responsible for the National Arbitration Panel costs in disputes that do not concern Zydus.

4. Prior to initiating an action to enforce pursuant to this Section VII.F, the complaining party must:

a. Provide written notice to the Enforcement Committee and Zydus of its complaint, including the provision of the Consent Judgment and/or Agreement that the practice appears to violate, as well as the basis for its interpretation of the disputed provision. The Enforcement Committee shall establish a reasonable process and timeline for obtaining additional information from the involved parties; *provided, however*, that the date the Enforcement Committee establishes for obtaining additional information from the parties shall not be more than forty-five (45) calendar days following the notice. The Enforcement Committee may advise the involved parties of its views on the complaint and/or seek to resolve the complaint informally.

b. Wait to commence any enforcement action until thirty (30) calendar days after the date that the Enforcement Committee establishes for obtaining additional information from the involved parties.

5. If the parties to a dispute cannot agree on the proper forum for resolution of the dispute under the provisions of Section VII.F.2 or Section VII.F.3, a committee comprising the Enforcement Committee and sufficient representatives of Zydus such that the members of the Enforcement Committee have a majority of one (1) member will determine the forum where the dispute will be initiated within twenty-eight (28) calendar days of receiving notification of the dispute relating to the proper forum. The forum identified by such committee shall be the sole forum for litigating the issue of which forum will hear the substantive dispute, and the committee's identification of such forum in the first instance shall not be entitled to deference by the forum selected.

G. *Lien or Encumbrance.* To the extent allowed by applicable law, this Settlement Agreement shall not be deemed to create a lien or encumbrance against any real property owned by Zydus or its affiliates, unless in the event of a default or breach of the payment provisions by Zydus. Nothing in this Section shall be construed to limit any remedy of any Settling State or Participating Subdivision in the event of a default or breach of this Agreement by Zydus.

H. *No Effect.* Nothing in this Agreement shall be interpreted to limit the Settling States' Civil Investigative Demand ("CID") or investigative subpoena authority, to the extent such authority exists under applicable state law and the CID or investigative subpoena is issued pursuant to such authority, and Zydus reserves all of its rights in connection with a CID or investigative subpoena issued pursuant to such authority.

VIII. Participation by Subdivisions

A. *Notice.* No later than fifteen (15) calendar days after the Preliminary Agreement Date, the Implementation Administrator shall send individual written notice (which may be delivered via e-mail or other electronic means and may be combined with distribution of the Subdivision Settlement Participation Form) of the opportunity to participate in this Agreement and the requirements of participation to all Subdivisions in the Settling States that are (1) Litigating Subdivisions or (2) Non-Litigating Subdivisions listed on Exhibit G. To the extent a Special District is entitled to an allocation for a direct payment through its inclusion in Exhibit G pursuant to a State-Subdivision Agreement, Allocation Statute, Statutory Trust, or voluntary redistribution, the Implementation Administrator, with the cooperation of the Settling States shall also send individual written notice (which may be delivered via e-mail or other electronic means) of the opportunity to participate in this Agreement and the requirements of participation to such Special Districts. Unless otherwise agreed by the Parties, the version of Exhibit G used for notice shall be the one in place as of the Preliminary Agreement Date. Notice (which may be delivered via e-mail or other electronic means) shall also be provided simultaneously to counsel of record for Litigating Subdivisions and known counsel for Non-Litigating Subdivisions and Special Districts listed on Exhibit G. The costs of the Implementation

Administrator shall be paid for by the interest earned from the deposit accounts holding the Adjusted Maximum Remediation Payment for Zydus, and nothing in this provision shall require Zydus to pay any costs, fees or other amounts in excess of the Global Settlement Amount. The Settling States, with the cooperation of Zydus, may also provide general notice reasonably calculated to alert Non-Litigating Subdivisions in the Settling States to this Agreement, the opportunity to participate in it, and the requirements for participation. Such notice may include publication and other standard forms of notification, as well as notice to state and county organizations such as the National Association of Counties and the National League of Cities. The notice will include that the deadline for becoming an Initial Participating Subdivision is the Initial Participation Date. Nothing contained herein shall preclude a Settling State from providing further notice to or otherwise contacting any of its Subdivisions about becoming a Participating Subdivision, including beginning any of the activities described in this paragraph prior to the Preliminary Agreement Date.

B. *Requirements for Becoming a Participating Subdivision—Non-Litigating Subdivisions.* A Non-Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Fund Administrator) specifying (1) that the Subdivision agrees to the terms of this Agreement pertaining to Subdivisions, (2) that the Subdivision releases all Released Claims against all Released Entities, (3) that the Subdivision agrees to use monies it receives, if any, from the Settlement Fund pursuant to the applicable requirements of Section VI; *provided, however*, that Non-Litigating Subdivisions may only use monies originating from the Settlement Fund for purposes that qualify as Opioid Remediation, and (4) that the Subdivision submits to the jurisdiction of the court where the applicable Consent Judgment is filed for purposes limited to that court's role under this Agreement. The required Subdivision Settlement Participation Form is attached as Exhibit K.

C. *Requirements for Becoming a Participating Subdivision—Litigating Subdivisions.* A Litigating Subdivision in a Settling State may become a Participating Subdivision by returning an executed Subdivision Settlement Participation Form to the Implementation Administrator or Settlement Fund Administrator (which may be executed and returned by electronic means established by the Implementation Administrator or Settlement Fund Administrator) and upon prompt dismissal with prejudice of its lawsuit following the Reference Date or the date on which the conditions for effectiveness in Section IX.B have been met, whichever is later. A Settling State may require each Litigating Subdivision in that Settling State to specify on the Subdivision Settlement Participation Form whether its counsel has waived any contingency fee contract with that Participating Subdivision and whether, if eligible, it intends to seek fees pursuant to Exhibit R. The Settlement Fund Administrator shall provide reports of this information to the parties upon request. A Litigating Subdivision may not become a Participating Subdivision after the completion of opening statements in a trial of a lawsuit it brought that includes a Released Claim against a Released Entity.

D. *Initial Participating Subdivisions.* A Subdivision qualifies as an Initial Participating Subdivision if it meets the applicable requirements for becoming a Participating Subdivision set forth in Section VIII.B or Section VIII.C by the Initial Participation Date. All Subdivision Settlement Participation Forms shall be held in escrow by the Implementation Administrator until the Reference Date. If, for any reason, the Agreement does not become effective, all obligations created by such forms and releases in them shall be void *ab initio* and all Subdivision Settlement Participation Forms shall be returned to Counsel for Litigating Subdivisions or to the Subdivisions not represented by counsel or destroyed to the extent that such destruction is not prohibited by then existing document preservation obligations.

E. *Later Participating Subdivisions.* A Subdivision that is not an Initial Participating Subdivision may become a Later Participating Subdivision by meeting the applicable requirements for becoming a Participating Subdivision set forth in Section VIII.B or Section VIII.C after the Initial Participation Date but before the Payment Calculation Date and by agreeing to be subject to the terms of a State-Subdivision Agreement (if any) or any other structure adopted or applicable pursuant to Section VI.D or Section VI.E. Unless waived by Zydus, the following provisions govern what a Later Participating Subdivision can receive (but do not apply to Initial Participating Subdivisions):

1. A Later Participating Subdivision shall receive seventy-five percent (75%) of the share of the Base Payment or Incentive Payment that it would have received had it become an Initial Participating Subdivision.

2. A Later Participating Subdivision that had maintained a lawsuit for a Released Claim against a Released Entity and had judgment entered against it on any such Claim before it became a Participating Subdivision (other than consensual dismissal with prejudice) shall receive 50% of the share of future Base Payments and Incentive Payments that it would have received had it become a Participating Subdivision prior to such judgment; provided, however that if the Subdivision appeals the judgment and the judgment is affirmed with finality, the Subdivision shall not receive any share of any Base Payments or Incentive Payments, and shall return to Zydus any share of any Base Payments or Incentive Payments such Subdivision had already received.

3. A Later Participating Subdivision that becomes a Participating Subdivision while a Bar or Case-Specific Resolution involving a different Subdivision exists in its state shall receive twenty-five percent (25%) of the share of the Base Payment and Incentive Payment that it would have received if it had become an Initial Participating Subdivision.

F. *No Increase in Payments.* Amounts to be received by Later Participating Subdivisions shall not increase the payments due from Zydus.

G. *Non-Participating Subdivisions.* Non-Participating Subdivisions shall not directly receive any portion of the Remediation Payment, including from the State Fund

and direct distributions from the Remediation Accounts Fund; however, a Settling State may choose to fund future Opioid Remediation that indirectly benefits Non-Participating Subdivisions.

H. *Unpaid Allocations to Later Participating Subdivisions and Non-Participating Subdivisions.* Any Base Payment and Incentive Payment allocated pursuant to Section VI.D to a Later Participating Subdivision or Non-Participating Subdivision that cannot be paid pursuant to this Section VIII, including the amounts that remain unpaid after the reductions required by Section VIII.E., will be allocated to the Remediation Accounts Fund for the Settling State in which the Subdivision is located, unless those payments are redirected elsewhere by a State-Subdivision Agreement or by a Statutory Trust.

IX. Condition to Effectiveness of Agreement and Filing of Consent Judgment

A. *Determination to Proceed with Settlement. —Settling States.* Following the Initial Subdivision Participation Date, the Enforcement Committee shall determine whether to proceed with the Agreement on behalf of the Settling States, and the Settling States shall be bound by the determination of the Enforcement Committee. No later than fifteen (15) calendar days prior to the Reference Date, the Enforcement Committee shall provide notice to Zydus of its decision. If the Enforcement Committee elects not to proceed, this Agreement will have no further effect, and all releases (including those contained in Subdivision Settlement Participation Forms and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms) will be void. Within seven (7) calendar days of informing Zydus that there is sufficient participation to proceed, the Enforcement Committee will deliver all signatures and releases required by the Agreement to be provided by the Settling States to Zydus.

B. *Determination to Proceed with Settlement—Zydus.* If the Settling States elect to proceed, Zydus will then determine on or before the Reference Date whether there is sufficient Eligible State participation, sufficient Subdivision participation, and sufficient resolution of the Claims of the Litigating Subdivisions in the Settling States (through participation under Section VIII, Case-Specific Resolution(s) and Bar(s)) to proceed with this Agreement. The determination shall be in the sole discretion of Zydus and may be based on any criteria or factors deemed relevant by Zydus.

C. *Notice by Zydus.* On or before the Reference Date, Zydus shall inform the Settling States of its determination pursuant to Section IX.B. If Zydus determines to proceed, the Parties will proceed to file the Consent Judgments and the obligations in the Subdivision Settlement Participation Forms will be effective and binding as of the Reference Date. If Zydus determines not to proceed, this Agreement will have no further effect, any amounts deposited, including funds referenced in Section IV.D. and Exhibit M, shall revert to Zydus, and all releases (including those contained in Subdivision Settlement Participation Forms) and other commitments or obligations contained herein or in Subdivision Settlement Participation Forms will be void.

X. Settling State and Participating Subdivision Attorneys' Fees and Costs and Additional Remediation Amount

A. The Agreement on Subdivision Attorneys' Fees, Expenses and Costs is set forth in Exhibit R and incorporated herein by reference.

B. *Additional Remediation Amount.*

1. Subject to the reduction specified in Section X.B.2, Zydus shall pay an Additional Remediation Amount to the Settling States listed in Exhibit N. Such funds shall be paid as allocated by the Settlement Fund Administrator pursuant to Exhibit N.

2. *Reduction of Additional Remediation Amount.* The amounts owed by Zydus pursuant to this Section X.B shall be reduced by the allocations set forth on Exhibit N for Non-Settling States.

3. For the avoidance of doubt, (1) a Settling State that retained outside counsel in connection with the investigation of Zydus that receives an Additional Remediation Amount may choose to have the Additional Remediation Amount designated to pay the Settling State's outside counsel, and may instruct the Settlement Fund Administrator to pay those funds directly to the Settling State's outside counsel, and (2) Additional Remediation Amount funds, including funds designated by a Settling State to pay its outside counsel under this paragraph, shall not be subject to allocation as provided in Section VI.C through Section VI.E.

C. All payments addressed by this Section X will be made no later than the Payment Date pursuant to Section V.

XI. Release

A. *Scope.* As of the Effective Date, the Released Entities are hereby released and forever discharged from all of the Releasers' Released Claims. Each Settling State (for itself and its Releasers) and Participating Subdivision (for itself and its Releasers) hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist in bringing, or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in this Agreement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of each Settling State and its Attorney General to release claims. This Agreement shall be a complete bar to any Released Claim.

B. *Claim-Over and Non-Party Settlement.*

1. It is the intent of the Parties that:

a. Released Entities should not seek contribution or indemnification (other than pursuant to an insurance contract), from other parties for their payment obligations under this Agreement;

b. the payments made under this Agreement shall be the sole payments made by the Released Entities to the Releasors involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity);

c. Claims by Releasors against non-Parties should not result in additional payments by Released Entities, whether through contribution, indemnification or any other means; and

d. the Agreement meets the requirements of the Uniform Contribution Among Joint Tortfeasors Act and any similar state law or doctrine that reduces or discharges a released party's liability to any other parties.

2. The provisions of Section XI.B are intended to be implemented consistent with these principles. This Agreement and the releases and dismissals provided for herein are made in good faith.

3. No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner; provided that a Released Entity shall be relieved of this prohibition with respect to any entity that asserts a Claim-Over against it. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

4. To the extent that, on or after the Reference Date, any Releasor enters into a Non-Party Settlement, including in any bankruptcy case or through any plan of reorganization, the Releasor will include (or in the case of a Non-Party Settlement made in connection with a bankruptcy case, will cause the debtor to include), unless prohibited from doing so under applicable law, in the Non-Party Settlement a prohibition on contribution or indemnity of any kind substantially equivalent to that required from Zydus in Section XI.B.3, or a release from such Non-Released Entity in favor of the Released Entities (in a form equivalent to the releases contained in this Agreement) of any Claim-Over. The obligation to obtain the prohibition and/or release required by this subsection is a material term of this Agreement.

5. In the event that any Releasor obtains a judgment with respect to Non-Party Covered Conduct against a Non-Released Entity that does not contain a prohibition like that described in Section XI.B.3 or any Releasor files a Non-Party Covered Conduct Claim against a Non-Released Entity in bankruptcy or a Releasor is prevented for any reason from obtaining a prohibition/release in a Non-Party Settlement as provided in Section XI.B.3, and such Non-Released Entity asserts a Claim-Over against a Released Entity, the Released Entity shall be relieved of the prohibition in Section XI.B.3 with respect to that Non-Released Entity and that Releasor and Zydus shall take the following actions to ensure that the Released Entities do not pay more with respect to Covered Conduct to the Releasor or to Non-Released Entities than the amount owed under this Settlement Agreement by Zydus:

a. Zydus shall notify that Releasor of the Claim-Over within sixty (60) calendar days of the assertion of the Claim-Over or sixty (60) calendar days of the Effective Date of this Settlement Agreement, whichever is later;

b. Zydus and that Releasor shall meet and confer concerning the means to hold Released Entities harmless and ensure that Zydus is not required to pay more with respect to Covered Conduct than the amounts owed by Zydus to the Releasor under this Agreement;

c. The Releasor and Zydus shall take steps sufficient and permissible under the law of the state of the Releasor to hold Released Entities harmless from the Claim-Over and ensure Released Entities are not required to pay more with respect to Covered Conduct than the amounts owed by Zydus under this Agreement. Such steps may include, where permissible:

(i) Filing of motions to dismiss or such other appropriate motion by Zydus or Released Entities, and supported by Releasor, in response to any claim filed in litigation or arbitration;

(ii) Reduction of the Releasor's Claim and any judgment it has obtained or may obtain against such Non-Released Entity by whatever amount or percentage is necessary to extinguish such Claim-Over under applicable law, up to the amount the Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(iii) Placement into escrow of funds paid by the Non-Released Entities such that those funds are available to satisfy the Claim-Over;

(iv) Return of monies paid by Zydus to the Releasor under this Settlement Agreement to permit satisfaction of a

judgment against or settlement with the Non-Released Entity to satisfy the Claim-Over;

(v) Payment of monies to Zydus by the Releasor to ensure it is held harmless from such Claim-Over, up to the amount that Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity;

(vi) Credit to Zydus under this Agreement to reduce the overall amounts to be paid under the Agreement such that it is held harmless from the Claim-Over; and

(vii) Such other actions as the Releasor and Zydus may devise to hold Zydus harmless from the Claim-Over.

d. The actions of the Releasor and Zydus taken pursuant to paragraph (c) must, in combination, ensure Zydus is not required to pay more with respect to Covered Conduct than the amounts owed to the Releasor by Zydus under this Agreement.

e. In the event of any dispute over the sufficiency of the actions taken pursuant to paragraph (c), the Releasor and Zydus may seek review by the National Arbitration Panel, provided that, if the parties agree, such dispute may be heard by the state court where the relevant Consent Judgment was filed. The National Arbitration Panel shall have authority to require Releasor to implement a remedy that includes one or more of the actions specified in paragraph (c) sufficient to hold Released Entities fully harmless. In the event that the Panel's actions do not result in Released Entities being held fully harmless, Zydus shall have a claim for breach of this Agreement by Releasor, with the remedy being payment of sufficient funds to hold Zydus harmless from the Claim-Over up to the amount that Releasor has obtained, may obtain, or has authority to control from such Non-Released Entity. For the avoidance of doubt, the prior sentence does not limit or eliminate any other remedy that Zydus may have.

6. To the extent that the Claim-Over is based on a contractual indemnity, the obligations under Section XI.B.4 shall extend solely to a Non-Party Covered Conduct Claim against a pharmacy, clinic, hospital or other purchaser, distributor or dispenser of Products, a manufacturer that sold Products, a consultant, and/or a pharmacy benefit manager or other third-party payor. Zydus shall notify the Settling States, to the extent permitted by applicable law, in the event that any of these types of Non-Released Entities asserts a Claim-Over arising out of contractual indemnity against it.

C. *Indemnification and Contribution Prohibited.* No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory, from a manufacturer, pharmacy, hospital, pharmacy benefit manager,

health insurer, third-party vendor, trade association, distributor, or health care practitioner. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

D. *General Release.* In connection with the releases provided for in this Agreement, each Settling State (for itself and its Releasors) and Participating Subdivision expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

General Release; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that if known by him or her, would have materially affected his or her settlement with the debtor or released party.

A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Settling State (for itself and its Releasors) and Participating Subdivision (for itself and its Releasors) hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Settling States' decision to enter into this Agreement or the Participating Subdivisions' decision to participate in this Agreement.

E. *Assigned Interest Waiver.* To the extent that any Settling State has any direct or indirect interest in any rights of a third-party that is a debtor under the Bankruptcy Code as a result of a claim arising out of Covered Conduct by way of assignment or otherwise, including as a result of being the beneficiary of a trust or other distribution entity, to assert claims against Zydus (whether derivatively or otherwise), under any legal or equitable theory, including for indemnification, contribution, or subrogation, the Settling State waives the right to assert any such claim, or to receive a distribution or any benefit on account of such claim and such claim, distribution, or benefit shall be deemed assigned to Zydus.

F. *Res Judicata.* Nothing in this Agreement shall be deemed to reduce the scope of the res judicata or claim preclusive effect that the settlement memorialized in this Agreement, and/or any Consent Judgment or other judgment entered on this Agreement, gives rise to under applicable law.

G. *Representation and Warranty.* The signatories hereto on behalf of their respective Settling States and its Participating Subdivisions expressly represent and warrant that they will obtain on or before the Effective Date (or have obtained) the authority to settle and release, to the maximum extent of the State's power, all Released Claims of (1) their respective Settling States; (2) any of the respective Settling State's past and present

executive departments, state agencies, divisions, boards, commissions and instrumentalities with the regulatory authority to enforce state and federal controlled substances acts; (3) any of their respective Settling State's past and present executive departments, agencies, divisions, boards, commissions and instrumentalities that have the authority to bring Claims related to Covered Conduct seeking money (including abatement and/or remediation) or revocation of a pharmaceutical distribution license; and (4) any Participating Subdivisions. For the purposes of clause (3) above, executive departments, agencies, divisions, boards, commission, and instrumentalities are those that are under the executive authority or direct control of the State's Governor. Also, for the purposes of clause (3), a release from a State's Governor as set forth in Exhibit X is sufficient to demonstrate that the appropriate releases have been obtained.

H. *Effectiveness.* The releases set forth in this Agreement shall not be impacted in any way by any dispute that exists, has existed, or may later exist between or among the Releasors. Nor shall such releases be impacted in any way by any current or future law, regulation, ordinance, or court or agency order limiting, seizing, or controlling the distribution or use of the Settlement Fund or any portion thereof, or by the enactment of future laws, or by any seizure of the Settlement Fund or any portion thereof.

I. *Cooperation.* Releasors (1) will not encourage any person or entity to bring or maintain any Released Claim against any Released Entity and (2) will reasonably cooperate with and not oppose any effort by a Released Entity to secure the prompt dismissal of any and all Released Claims, including suits brought by non-Releasors based on Released Claims. Releasors will meet and confer and make reasonable efforts to resolve any action that is filed by a Subdivision against Zydus on or after the date the Preliminary Agreement Date. This provision shall not require a Settling State to make any monetary payment or adjustment to allocation or incur other obligation.

J. *Non-Released Claims.* Notwithstanding the foregoing or anything in the definition of Released Claims, the Agreement does not waive, release or limit any criminal liability, Claims for any outstanding liability under any tax or securities law, Claims against parties who are not Released Entities, Claims by private individuals, Claims for Medicaid rebates, Claims asserted, or that could be asserted, by any State or Subdivision, related to the causes of action in *In re: Generic Pharmaceuticals Pricing Antitrust Litigation*, in the United States District court for the District of Pennsylvania, MDL No. 2724; *Connecticut et al v. Aurobindo Pharma USA, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:16-cv-2056-NPS; *Connecticut et al. v. Teva Pharmaceuticals USA, Inc.*, in the United States District Court for the District of Connecticut, Case No. 3:19-cv-710-NPS; *Connecticut et al v. Sandoz, Inc. et al.*, in the United States District Court for the District of Connecticut, Case No. 3:20-cv-802-NPS; and any related action (such excluded claims include, but are not limited to, all antitrust claims and any claims related to any non-opioid generic drugs), State false claim violations; Medicaid fraud or abuse claims (whether common law, statutory or otherwise) and/or kickback violations; and any claims arising under the Agreement for enforcement of the Agreement.

XII. Later Litigating Subdivisions

A. *Released Claims against Released Entities.* If a Later Litigating Subdivision in a Settling State maintains a lawsuit for a Released Claim against a Released Entity after the Reference Date, the following shall apply subject to Section XII.B:

1. The Released Entity shall take ordinary and reasonable measures to defend the action, including filing a Threshold Motion with respect to the Released Claim. The Released Entity shall further notify the Settling State and Settlement Fund Administrator immediately upon notice of a Later Litigating Subdivision bringing a lawsuit for a Released Claim and shall not oppose a Settling State's submission in support of the Threshold Motion. Zydus shall give the relevant Settling State a reasonable opportunity to extinguish the Released Claims without any payment or any other obligations being imposed upon any Released Entities (apart from the Global Settlement Amount payable by Zydus under the Agreement or the Injunctive Relief Terms incurred by it). The relevant Settling State and Zydus shall confer and use reasonable efforts to promptly resolve the lawsuit so that it is dismissed with prejudice. Nothing in this subsection creates an obligation for a Settling State to make a monetary payment or incur any other obligation to an entity filing a lawsuit.

2. "*Terms requiring payment*" shall mean (i) a final monetary judgment or (ii) a settlement; provided that the Released Entity sought the applicable State Attorney General's consent to the settlement and such consent was either obtained or unreasonably withheld. Should the judgment or settlement resolve claims that are not Released Claims, the offset shall be for the Released Claims portion only, which shall be distinguishable in the judgment or settlement.

B. Exceptions

1. Section XII.A shall not apply where the Settling State at issue meets the eligibility criteria for and is entitled to Incentive Payment A, except as expressly provided therein.

2. Section XII.A shall not apply where the Later Litigating Subdivision seeks less than \$10 million, or so long as its total claim is reduced to less than \$10 million, in the lawsuit for a Released Claim at issue.

C. *No Effect on Other Provisions.* An offset under Section XII.A shall not affect the Injunctive Relief Terms or the Consent Judgment.

D. *No Effect on Other States.* An offset under Section XII.A applicable to one State shall not affect the allocation or payment of the Remediation Payment to other Settling States.

E. *Litigating Subdivisions in Non-Eligible States.* The Settling States will not encourage, facilitate, or assist in any manner whatsoever claims for Covered Conduct against Zydus in any Settling, Non-Settling, or Non-Eligible State, regardless of whether those claims were filed against Zydus prior to, on, or after the Effective Date.

XIII. Miscellaneous

A. *Population of General Purpose Governments.* The population figures for General Purpose Governments shall be the published U.S. Census Bureau's population estimates for July 1, 2019, released May 2020. These population figures shall remain unchanged during the term of this Agreement.

B. *Population of Special Districts.* For any purpose in this Agreement in which the population of a Special District is used other than Section V.E.4.b: (a) School Districts' population will be measured by the number of students enrolled who are eligible under the Individuals with Disabilities Education Act ("*IDEA*") or Section 504 of the Rehabilitation Act of 1973; (b) Health Districts' and Hospital Districts' population will be measured at twenty-five percent (25%) of discharges; and (c) all other Special Districts' (including Fire Districts' and Library Districts') population will be measured at ten percent (10%) of the population served.⁷ For the avoidance of doubt, this means that California healthcare districts will be measured at ten percent (10%) of their membership. Zydus and the Enforcement Committee shall meet and confer in order to agree on data sources for purposes of this Section prior to the Preliminary Agreement Date.

C. *Population Associated with Sheriffs.* For any purpose in this Agreement in which the population associated with a lawsuit by a sheriff is used, the population will be measured at twenty percent (20%) of the capacity of the jail(s) operated by the sheriff.

D. *No Admission.* Zydus does not admit liability or wrongdoing. Neither this Agreement nor the Consent Judgments shall be considered, construed or represented to be (1) an admission, concession or evidence of liability or wrongdoing or (2) a waiver or any limitation of any defense otherwise available to Zydus.

E. *Tax Cooperation and Reporting.*

1. Upon request by Zydus, the Settling States and Participating Subdivisions agree to perform such further acts and to execute and deliver such further documents as may be reasonably necessary for Zydus to establish the statements set forth in Section VI.F to the satisfaction of their tax advisors, their independent financial auditors, the Internal Revenue Service, or any other governmental authority, including as contemplated by 26 C.F.R. § 1.162-21(b)(3)(ii) and any subsequently proposed or finalized relevant regulations or administrative guidance.

⁷ The estimates for counties and parishes were accessed at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-counties-total.html>. The estimates for cities and towns can currently be found at <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-total-cities-and-towns.html>.

2. Without limiting the generality of Section XIII.E.1, each Settling State and Participating Subdivision shall cooperate in good faith with Zydus with respect to any tax claim, dispute, investigation, audit, examination, contest, litigation, or other proceeding relating to this Agreement.

3. Pursuant to 26 C.F.R. § 1.6050X-1(a) and (b), the Designated State, on behalf of all Settling States and Participating Subdivisions, shall designate one of its officers or employees to act as the “appropriate official” within the meaning of 26 C.F.R. § 1.6050X-1(f)(1)(ii)(B) (the “Appropriate Official”). The Designated State shall direct and ensure that the Appropriate Official timely (a) files (i) at the time this Agreement becomes binding on the Parties, an IRS Form 1098-F in the form attached as Exhibit U with respect to Zydus and (ii) any legally required forms, returns or amended returns with any applicable governmental authority, or any returns requested by Zydus, and (b) provides to Zydus a copy of (i) the IRS Form 1098-F filed with respect to Zydus and (ii) any legally required written statement pursuant to any applicable law and any other document referred to in clause (a)(ii) above. Any such forms, returns, or statements shall be prepared and filed in a manner fully consistent with Section VI.F. and as set forth in Section XIII.E.4.

4. Any form, return, amended return, or written statement filed or provided pursuant to Section XIII.E.3, and any similar document, shall be prepared and filed in a manner consistent with reporting the Global Settlement Amount as the “Total amount to be paid” pursuant to this Agreement in Box 1 of IRS Form 1098-F and the Compensatory Restitution Amount as “Restitution/remediation amount” in Box 3 of IRS Form 1098-F, as reflected in the attached Exhibit U. If the Designated State or Appropriate Official shall be required to file any form, return, amended return, or written statement contemplated by this Section XIII.E other than an IRS Form 1098-F in the form attached as Exhibit U, the Designated State shall direct and ensure that the Appropriate Official provides to Zydus a draft of such form, return, amended return, or written statement no later than sixty (60) calendar days prior to the due date thereof, and shall accept any reasonable revisions from Zydus on the return, amended return, or written statement.

5. For the avoidance of doubt, neither Zydus nor the Settling States and Participating Subdivisions make any warranty or representation to any Settling State, Participating Subdivision, or Releasor as to the tax consequences of the payment of the Compensatory Restitution Amount (or any portion thereof).

F. *No Third-Party Beneficiaries.* Except as expressly provided in this Agreement, no portion of this Agreement shall provide any rights to, or be enforceable by, any person or entity that is not the Settling State or Released Entity. Settling States may not assign or otherwise convey any right to enforce any provision of this Agreement.

G. *Calculation.* Any figure or percentage referred to in this Agreement shall be carried to seven decimal places.

H. *Construction.* None of the Parties and no Participating Subdivision shall be considered to be the drafter of this Agreement or of any of its provisions for the purpose of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this Agreement. The headings of the provisions of this Agreement are not binding and are for reference only and do not limit, expand, or otherwise affect the contents or meaning of this Agreement.

I. *Cooperation.* Each Party and each Participating Subdivision agrees to use its best efforts and to cooperate with the other Parties and Participating Subdivisions to cause this Agreement and the Consent Judgments to become effective, to obtain all necessary approvals, consents and authorizations, if any, and to execute all documents and to take such other action as may be appropriate in connection herewith. Consistent with the foregoing, each Party and each Participating Subdivision agrees that it will not directly or indirectly assist or encourage any challenge to this Agreement or any Consent Judgment by any other person, and will support the integrity and enforcement of the terms of this Agreement and the Consent Judgments.

J. *Entire Agreement.* This Agreement, including its exhibits and any other attachments, embodies the entire agreement and understanding between and among the Parties and Participating Subdivisions relating to the subject matter hereof and supersedes (1) all prior agreements and understandings relating to such subject matter, whether written or oral and (2) all purportedly contemporaneous oral agreements and understandings relating to such subject matter.

K. *Execution.* This Agreement may be executed in counterparts and by different signatories on separate counterparts, each of which shall be deemed an original, but all of which shall together be one and the same Agreement. One or more counterparts of this Agreement may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart hereof. One or more counterparts of this Agreement may be signed by electronic signature.

L. *Good Faith and Voluntary Entry.* Each Party warrants and represents that it negotiated the terms of this Agreement in good faith. Each of the Parties and Participating Subdivisions warrants and represents that it freely and voluntarily entered into this Agreement without any degree of duress or compulsion. The Parties and Participating Subdivisions state that no promise of any kind or nature whatsoever (other than the written terms of this Agreement) was made to them to induce them to enter into this Agreement.

M. *Legal Obligations.* Nothing in this Agreement shall be construed as relieving Zydus of the obligation to comply with all state and federal laws, regulations or rules, nor shall any of the provisions herein be deemed to be permission to engage in any acts or practices prohibited by such laws, regulations, or rules.

N. *No Prevailing Party.* The Parties and Participating Subdivisions each agree that they are not the prevailing party in this action, for purposes of any claim for fees, costs, or expenses as prevailing parties arising under common law or under the terms of any

statute, because the Parties and Participating Subdivisions have reached a good faith settlement.

O. *Waive Challenge.* The Parties and Participating Subdivisions each further waive any right to challenge or contest the validity of this Agreement on any ground, including, without limitation, that any term is unconstitutional or is preempted by, or in conflict with, any current or future law. Nothing in the previous sentence shall modify, or be construed to conflict with, Section XIII.M.

P. *Non-Admissibility.* The settlement negotiations resulting in this Agreement have been undertaken by the Parties and by certain representatives of the Participating Subdivisions in good faith and for settlement purposes only, and no evidence of negotiations or discussions underlying this Agreement shall be offered or received in evidence in any action or proceeding for any purpose. This Agreement shall not be offered or received in evidence in any action or proceeding for any purpose other than in an action or proceeding arising under or relating to this Agreement or in any litigation or arbitration concerning Zydus's right to coverage under an insurance contract.

Q. *Notices.* All notices or other communications under this Agreement shall be in writing (including, but not limited to, electronic communications) and shall be given to the recipients indicated below:

For the Attorney(s) General:

Jeff Jackson, Attorney General
North Carolina Department of Justice
Attn: Daniel Mosteller, Associate Deputy Attorney General
PO Box 629
Raleigh, NC 27602
Dmosteller@ncdoj.gov

Jonathan Skrmetti, Attorney General
Tennessee Attorney General's Office
Attn: Michael Leftwich, Senior Deputy Attorney General
Hamilton Millwee, Assistant Attorney General
P.O. Box 20207
Nashville, TN 37202
Michael.Leftwich@ag.tn.gov
Hamilton.Millwee@ag.tn.gov

Letitia James, Attorney General
New York State Attorney General
Attn: Jennifer Levy, First Deputy Attorney General
Monica Hanna, Special Counsel
Matthew Conrad, Assistant Attorney General
28 Liberty Street, New York, NY 10005

Jennifer.Levy@ag.ny.gov
Monica.Hanna@ag.ny.gov
Matthew.Conrad@ag.ny.gov

For the Plaintiffs' Executive Committee:

Co-leads
Jayne Conroy
Simmons Hanly Conroy LLC
112 Madison Avenue
7th Floor
New York, NY 10016-7416
JConroy@simmonsfirm.com

Joseph F. Rice
Motley Rice LLC
28 Bridgeside Blvd.
Mount Pleasant, SC 29464
jrice@motleyrice.com

Paul T. Farrell, Jr.
Farrell & Fuller, LLC
270 Munzo Rivera Ave, Suite 201
San Juan, Puerto Rico 00918
paul@farrellfuller.com

For Zydus:

Lauren Colton
Hogan Lovells US LLP
100 International Drive
Suite 2000
Baltimore, MD 21202
Lauren.colton@hoganlovells.com
(410) 659-2733

Crystal Fisher
Zydus Pharmaceuticals (USA) Inc.
General Counsel & Compliance Officer
73 Route 31 N.
Pennington, NJ 08534
cfisher@zydususa.com

Any Party or the Plaintiffs' Executive Committee may change or add the contact information of the persons designated to receive notice on its behalf by notice given (effective upon the giving of such notice) as provided in this Section XIII.Q.

R. *No Waiver.* The waiver of any rights conferred hereunder shall be effective only if made by written instrument executed by the waiving Party or Parties. The waiver by any Party of any breach of this Agreement shall not be deemed to be or construed as a waiver of any other breach, whether prior, subsequent, or contemporaneous, nor shall such waiver be deemed to be or construed as a waiver by any other Party.

S. *Preservation of Privilege.* Nothing contained in this Agreement or any Consent Judgment, and no act required to be performed pursuant to this Agreement or any Consent Judgment, is intended to constitute, cause, or effect any waiver (in whole or in part) of any attorney-client privilege, work product protection, or common interest/joint defense privilege, and each Party and Participating Subdivision agrees that it shall not make or cause to be made in any forum any assertion to the contrary.

T. *Successors.*

1. This Agreement shall be binding upon, and inure to the benefit of, Zydus and its respective successors and assigns.

2. Zydus shall not, in one (1) transaction or a series of related transactions, sell or transfer U.S. assets having a fair market value equal to twenty-five percent (25%) or more of the consolidated assets of Zydus (other than sales or transfers of inventories, or sales or transfers to an entity owned directly or indirectly by Zydus) where the sale or transfer is announced after the Reference Date, is not for fair consideration, and would foreseeably and unreasonably jeopardize Zydus's ability to make the payments under this Agreement following the close of a sale or transfer transaction, unless Zydus obtains the acquiror's agreement that it will be either a guarantor of or successor to the percentage of Zydus's remaining Payment Obligations under this Agreement equal to the percentage of Zydus's consolidated assets being sold or transferred in such transaction. Percentages under this section shall be determined in accordance with United States generally accepted accounting principles and as of the date of Zydus's most recent publicly filed consolidated balance sheet prior to the date of entry into the sale or transfer agreement at issue. This Section XIII.T shall be enforceable solely by the Settling States, and any objection under this Section XIII.T not raised within sixty (60) calendar days of the announcement of the relevant transaction is waived.

U. *Modification, Amendment, Alteration.* In the event the Plaintiffs' Executive Committee, the Executive Committee of the State Attorneys General, or Zydus concludes prior to the Reference Date that technical corrections are required to this Agreement, the Plaintiffs' Executive Committee, the Executive Committee of the State Attorneys General, and Zydus shall meet and confer and make such amendments as they agree are appropriate. After the Reference Date, any modification, amendment, or alteration of this Agreement by the Parties shall be binding only if evidenced in writing signed by Zydus, along with

the signature of at least two-thirds of those then serving as Attorneys General of the Settling States along with a representation from each Attorney General that either: (1) the advisory committee or similar entity established or recognized by that Settling State (either pursuant to Section VI.E.2.d, by a State-Subdivision Agreement, or by statute) voted in favor of the modification, amendment or alteration of this Agreement including at least one member appointed by the Participating Subdivisions listed on Exhibit G; or (2) in Settling States without any advisory committee, that 50.1% (by population) of the Participating Subdivisions listed on Exhibit G expressed approval of the modification, amendment, or alteration of this Agreement in a writing.

V. *Termination.*

1. Unless otherwise agreed to by each of Zydus and the Settling States, this Agreement and all of its terms (except Section XIII.P and any other non-admissibility provisions, which shall continue in full force and effect) shall be canceled and terminated with respect to the Settling State, and the Agreement and all orders issued by the courts in the Settling State pursuant to the Agreement shall become null and void and of no effect if one or more of the following conditions applies:

a. a Consent Judgment approving this Agreement without modification of any of the Agreement's terms has not been entered as to a Settling State by a court of competent jurisdiction on or before one hundred eighty (180) calendar days after the Effective Date;

b. this Agreement or the Consent Judgment as to that Settling State has been disapproved by a court of competent jurisdiction to which it was presented for approval and/or entry (or, in the event of an appeal from or review of a decision of such a court to approve this Agreement and the Consent Judgment, by the court hearing such appeal or conducting such review), and the time to appeal from such disapproval has expired, or, in the event of an appeal from such disapproval, the appeal has been dismissed or the disapproval has been affirmed by the court of last resort to which such appeal has been taken and such dismissal or disapproval has become no longer subject to further appeal (including, without limitation, review by the United States Supreme Court); or

2. If this Agreement is terminated with respect to a Settling State and its Subdivisions for whatever reason pursuant to Section XIII.V.1, then:

a. an applicable statute of limitation or any similar time requirement (excluding any statute of repose) shall be tolled from the date the Settling State signed this Agreement until the later of the time permitted by applicable law or for one year from the date of such termination, with the effect that Zydus and the Settling State shall be in the same position with respect to the statute of limitation as they were at the time the Settling State filed its action; and

b. Zydus and the Settling State and its Participating Subdivisions shall jointly move the relevant court of competent jurisdiction for an order reinstating the actions and claims dismissed pursuant to the terms of this Agreement governing dismissal, with the effect that Zydus and the Settling State and its Participating Subdivisions shall be in the same position with respect to those actions and claims as they were at the time the action or claim was stayed or dismissed.

3. Unless Zydus and the Enforcement Committee agree otherwise, this Agreement, with the exception of the Injunctive Relief Terms that have their own provisions on duration, shall terminate as of May 15, 2027, provided that Zydus has performed its payment obligations under the Agreement as of that date. Notwithstanding any other provision in this Section XIII.V.3 or in this Agreement, all releases under this Agreement will remain effective despite any termination under this Section XIII.V.3.

W. *Governing Law.* Except as (1) otherwise provided in this Agreement or (2) as necessary, in the sole judgment of the National Arbitration Panel, to promote uniformity of interpretation for matters within the scope of the National Arbitration Panel's authority, this Agreement shall be governed by and interpreted in accordance with the respective laws of the Settling State, without regard to the conflict of law rules of such Settling State, that is seeking to enforce the Agreement against Zydus or against which Zydus is seeking enforcement. Notwithstanding any other provision in this subsection on governing law, any disputes relating to the Settlement Fund Escrow shall be governed by and interpreted in accordance with the law of the state where the escrow agent has its primary place of business.

X. *Bankruptcy.* The following provisions shall apply if Zydus enters bankruptcy and (i) the Zydus bankruptcy estate recovers, pursuant to 11 U.S.C. § 550, any payments made under this Agreement, or (ii) this Agreement is deemed executory and is rejected by Zydus pursuant to 11 U.S.C. § 365:

1. In the event that the both a number of Settling States equal to at least seventy-five percent (75%) of the total number of Settling States and Settling States having aggregate State Allocation Percentages as set forth on Exhibit F equal to at least seventy-five percent (75%) of the total aggregate State Allocation Percentages assigned to all Settling States deem (by written notice to Zydus) that the financial obligations of this Agreement have been terminated and rendered null and void (except as provided in Section XIII.X.1.a) due to a material breach by Zydus, whereupon:

a. all agreements, all concessions, all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall immediately and automatically be deemed null and void as to Zydus; the Settling States shall be deemed immediately and automatically restored to the same position they were in immediately prior to their entry into this Settlement Agreement in respect to Zydus and the Settling States

shall have the right to assert any and all claims against Zydus in the bankruptcy or otherwise without regard to any limits or agreements as to the amount of the settlement otherwise provided in this Agreement; *provided, however*, that notwithstanding the foregoing sentence, (i) all reductions of Releasing Parties' Claims, and all releases and covenants not to sue, contained in this Agreement shall remain in full force and effect as to all persons or entities other than Zydus itself; and (ii) in the event the Settling State asserts any Released Claim against Zydus after the rejection and/or termination of this Agreement as described in this Section XIII.X.1.a and receives a judgment, settlement or distribution arising from such Released Claim, then the amount of any payments the Settling State has previously received from Zydus under this Agreement shall be applied to reduce the amount of any such judgment, settlement or distribution (provided that no credit shall be given against any such judgment, settlement or distribution for any payment that the Settling State is required to disgorge or repay to Zydus's bankruptcy estate); and

b. the Settling States may exercise all rights provided under the federal Bankruptcy Code (or other applicable bankruptcy or non-bankruptcy law) with respect to their Claims against Zydus subject to all defenses and rights of the Zydus.

Y. *Waiver.* Zydus, for good and valuable consideration the receipt of which is acknowledged, hereby (a) waives, foregoes and relinquishes all rights to utilize and/or seek relief under any of the following laws of the State of Texas for the restructuring of its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement: Tex. Bus. Orgs. Code § 10.003 (Contents of Plan of Merger: More Than One Successor) or any other statute of Subchapter A of Chapter 10 of Tex. Bus. Orgs. Code to the extent such statute relates to multi-successor mergers (and/or any other similar laws or statutes in any other state or territory); Tex. Bus. Orgs. Code §§ 11.01–11.414 (Winding Up and Termination of Domestic Entity); or Tex. Bus. & Com. Code §§ 23.01–23.33 (Assignments for the Benefit of Creditors) (collectively, the “Texas Statutes”), and (b) agrees, warrants and represents that it will not file, request or petition for relief under the Texas Statutes related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement, in each case until such time as all of Zydus’s payment obligations incurred hereunder are satisfied in full. The foregoing waiver and relinquishment includes, without limitation, until such time as all of Zydus’s payment obligations incurred hereunder are satisfied in full, Zydus’s rights to execute a divisional merger or equivalent transaction or restructuring related to its debts or liabilities related to Released Claims, Claims that would have been Released Claims if they had been brought by a Releasor against a Released Entity before the Effective Date, or this Agreement that in each case has the intent or foreseeable effect of (i) separating material assets from material liabilities and (ii) assigning or allocating all or a substantial portion of those liabilities to any subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code, or pursuant to which such subsidiary or affiliate that files for relief under chapter 11 of the Bankruptcy Code would be assuming or retaining all or a substantial portion of those liabilities.

STAFF MEMO

DATE OF MEETING: SEPTEMBER 8, 2025 / AGENDA ITEM NO. 6

To: Mayor and City Council

From:

Subject:

SUMMARY STATEMENT:

BACKGROUND INFORMATION:

BUDGETARY IMPACTS: None

STAFF RECOMMENDATIONS: None

ALTERNATIVES: None

PUBLIC OUTREACH: This item has been promoted through the regular communication channels to be considered by the Lakewood City Council.

NEXT STEPS: None

ATTACHMENTS: None

REVIEWED BY: Kathleen E. Hodgson, City Manager
Benjamin B. Goldstein, Deputy City Manager
Alison McKenney Brown, City Attorney

STAFF MEMO

DATE OF MEETING: SEPTEMBER 8, 2025 / AGENDA ITEM NO. 6A

To: Mayor and City Council
From: Travis Parker, Chief of the Sustainability & Community Development Branch
Subject: **Vivian Right-of-way Vacation**

SUMMARY STATEMENT: This is a city-initiated application, requesting City Council action to vacate two segments of existing public right-of-way that encumber portions of the former Vivian Elementary School campus at 10500 W 25th Ave. The first segment, located in the southeast quadrant of the campus, is within an area that is being acquired by the City for a future public park. The other segment is not aligned with the location of the existing street improvements at the intersection of W. 25th Ave. and Newcombe Way. The proposed vacation request will not impact or remove the portions of right-of-way that contain the existing W. 25th Avenue and Newcombe Way road improvements.

BACKGROUND INFORMATION: In 2024, the City of Lakewood and Jefferson County School District began discussing acquisition of a portion of the 12-acre Vivian Elementary site for future public park purposes. Given the District's interest in re-purposing the site to benefit its students and their families, and Lakewood City Council's priorities to support areas of need within the community, the vision of a future neighborhood park started to form. The current redevelopment proposal for the school property includes the City's plans for a future 3-acre neighborhood park on the east side of the former campus. The remainder of the site is being sold by the District to a private developer that is proposing to subdivide to create 33 (plus or minus) new single-family residential lots.

In April, City Council authorized the purchase agreement to acquire 2 acres of the school property for park purposes. The City has also applied for financial assistance associated with the land acquisition from the Jefferson County Land Conservation Grant program, which will be reviewed by the County Commissioners this fall. To satisfy the parkland dedication requirements for new residential development, the future subdivision and redevelopment of the school site will need to accommodate an additional acre of land.

This right-of-way vacation request addresses unnecessary encumbrances that exist across the school property. One segment of right-of-way crosses the proposed public park. If it remains in place, the park will be vulnerable to future utility installations and disruption of park activities. The proposed vacation will allow the City to take title to the 2-acre parcel without it being encumbered by right-of-way that was never improved, has never been used as a roadway, and is no longer needed for any municipal purpose. The vacation will also eliminate unimproved areas of right-of-way at the northwest corner of the school site.

BUDGETARY IMPACTS: None

STAFF RECOMMENDATIONS: Approve

ALTERNATIVES: If the ordinance is not approved, portions of the future park site and former school campus will remain encumbered by the unimproved city right-of-way. This leaves the park vulnerable

to future utility installations, which could cause disruption to the park and any proposed park amenities.

City staff also identified several errors and inconsistencies in the historic written legal descriptions of the unimproved right-of-way and the school property boundary, resulting in uncertainty about the true alignment of both. Vacating the excess right-of-way will partly resolve issues that impact the legal descriptions associated with the park land acquisition.

PUBLIC OUTREACH: This item has been promoted through the regular communication channels to be considered by the Lakewood City Council. Notification of the public hearing as required in the Lakewood Subdivision Ordinance included posted signs, mailed letters and a publication in the local paper of record.

The vacation application was sent to applicable utility and service districts for review and comment. Several agencies noted that they have existing facilities in proximity to the right-of-way that is being vacated. To ensure that there is no disruption to existing services, the ordinance will reserve an easement over the vacated right-of-way for any existing utility facilities that exist within the “net right-of-way” areas depicted on page 6 of the attached ordinance.

NEXT STEPS: If approved on first reading, the public hearing will be scheduled for September 22, 2025. The City and School District have agreed to close on the 2-acre park land transaction by December 31, 2025.

ATTACHMENTS: 1. Ordinance O-2025-31

REVIEWED BY: Kathleen E. Hodgson, City Manager
Benjamin B. Goldstein, Deputy City Manager
Alison McKenney Brown, City Attorney

O-2025-31

AN ORDINANCE

VACATING RIGHT OF WAY LOCATED AT
10500 WEST 25TH AVE., LAKEWOOD, COLORADO

WHEREAS, on April 28, 2025, the City Council for the City of Lakewood (the "City") authorized the purchase of approximately two (2) acres of land from the Jefferson County School District R-1 (the "School District") located at 10500 West 25th Ave., Lakewood, Colorado, commonly referred to as Vivian Elementary (the "Property");

WHEREAS, the Property is being acquired by the City to create a new public park;

WHEREAS, the School District acquired Vivian Elementary in 1953 & 1954 by deeds recorded with the Jefferson County Clerk & Recorder;

WHEREAS, following its acquisition, the School District conveyed two rights-of-way over Vivian Elementary in 1956 by deed recorded under Reception Number 1956635414 (the "Subject ROW") (Attachment A);

WHEREAS, the Subject ROW contains one segment that crosses the proposed public park and another segment that does not align with the location of the existing roadway at West 25th Ave. and Newcombe Way;

WHEREAS, if left in place, the Subject ROW segment that crosses the proposed public park would leave the park vulnerable to utility installation and disruption of the park;

WHEREAS, the Subject ROW is within the jurisdiction of the City and has never been used as a roadway or for any public purpose;

WHEREAS, the City requests vacation of the Subject ROW;

WHEREAS, the City Council finds and determines that the Subject ROW is no longer needed for any public purpose and that the vacation of the Subject ROW is in the public interest;

WHEREAS, the City Council finds that no land adjoining the Subject ROW would be left without an established connection to a public road;

WHEREAS, approval of this Ordinance on first reading is intended only to confirm that the City Council desires to comply with the City's Charter by setting a public hearing to provide City staff and the public the opportunity to present evidence and testimony regarding this proposal; and

WHEREAS, approval of this Ordinance on first reading does not constitute a representation that the City Council, or any member of the City Council, supports, approves, rejects or denies any particular proposal related to this proposal identified herein.

NOW THEREFORE, BE IT ORDAINED by the City Council of the City of Lakewood, State of Colorado:

SECTION 1. Pursuant to Title 43, Article 2, Colorado Revised Statutes, and City of Lakewood Case No. VA25-0002, and upon a finding that the Subject ROW is no longer necessary for use by the public and that no land would, by this vacation, be left without a connection to an established public road, the Subject ROW described in Attachment A, incorporated herein and made a part hereof, is vacated.

SECTION 2. The City preserves and retains right-of-way described in Attachment B, incorporated herein and made a part hereof.

SECTION 3. The net area to be vacated is shown in Attachment C, incorporated herein and made a part hereof.

SECTION 4. This Ordinance is subject to a reservation of easements for any existing utility facilities that may exist within the net right-of-way hereby being vacated.

SECTION 5. This Ordinance shall take effect thirty (30) days after final publication.

SECTION 6. After the effective date of this Ordinance, the Lakewood City Clerk shall record a certified copy of this Ordinance, including Attachments A, B, and C, with the Jefferson County Clerk and Recorder's Office.

SECTION 7. If any provision of this Ordinance is found by a court of competent jurisdiction to be invalid, such invalidity shall not affect the remaining portions or applications of this Ordinance that can be given effect without the invalid portion, provided that such remaining portions or application of this Ordinance are not determined by the court to be inoperable.

I hereby attest and certify that within and foregoing Ordinance was introduced and read on first reading at a hybrid regular meeting of the Lakewood City Council on the 8th day of September, 2025; published by title in the Denver Post and in full on the City of Lakewood's website, www.lakewood.org, on the 11th day of September, 2025; set for public hearing to be held on the 22nd day of September, 2025; read, finally passed and adopted by the City Council on the 22nd day of September, 2025; and signed by the Mayor on the ___ day of September, 2025.

Wendi Strom, Mayor

ATTEST:

Jay Robb, City Clerk

APPROVED AS TO FORM:

Alison McKenney Brown, City Attorney

ATTACHMENT A
Right-of-Way to be vacated

All that right-of-way conveyed by Quitclaim Deed recorded on February 16, 1956, at Reception Number 1956635414 [Book 979 Page 220] of the records of the Jefferson County Clerk & Recorder

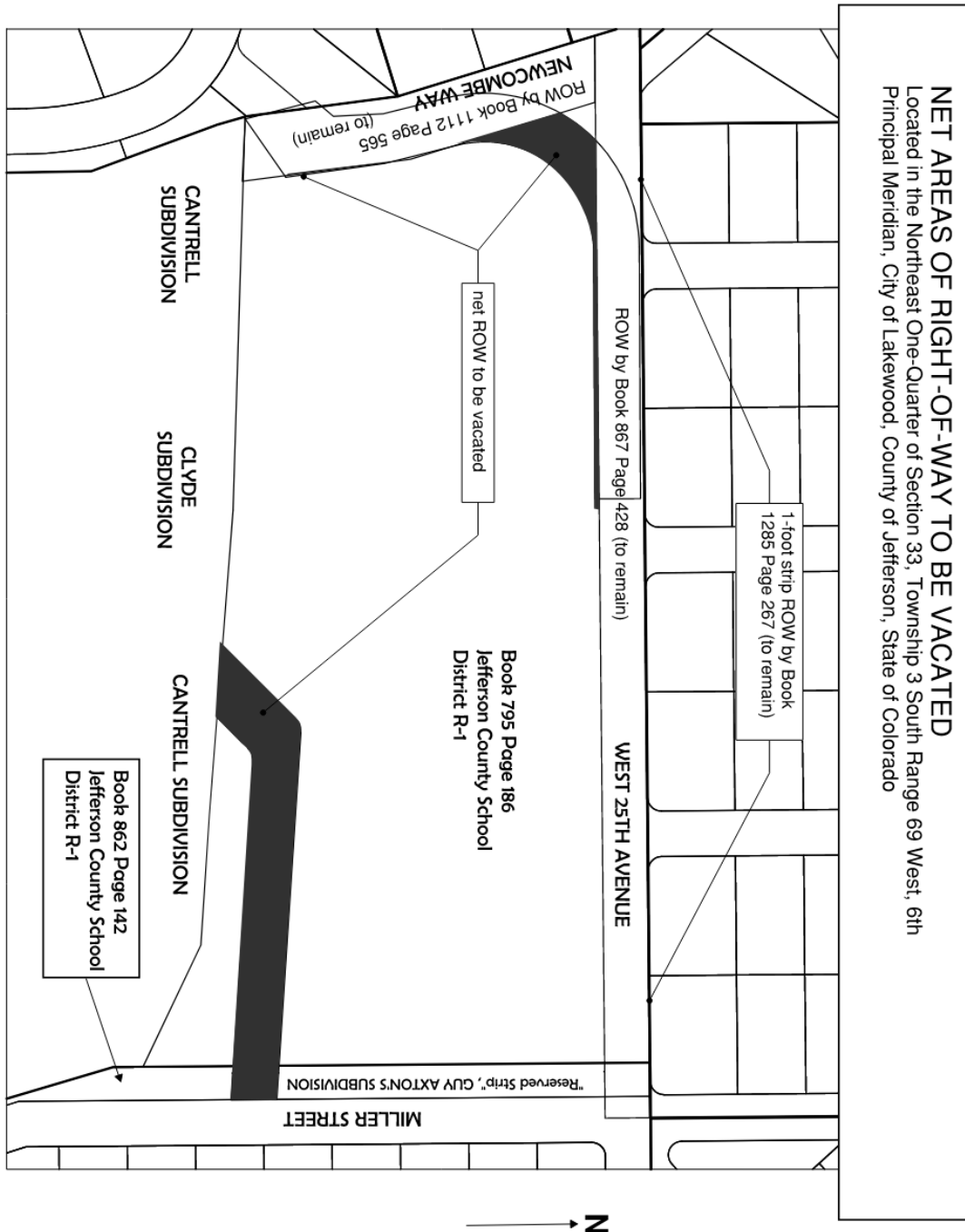
ATTACHMENT B

Right-of-Way not being vacated (to be preserved and retained)

All that right-of-way conveyed by the following three (3) instruments recorded in the records of the Jefferson County Clerk & Recorder:

1. Quitclaim Deed recorded July 27, 1954
at Reception Number 1954581214 [Book 867 Page 428],
2. Warranty Deed recorded April 3, 1958
at Reception Number 1958712408 [Book 1112 Page 565]
3. Quitclaim Deed recorded July 6, 1960
at Reception Number 1960809429 [Book 1285 Page 267]

ATTACHMENT C
Net area of Right-of-Way being vacated



STAFF MEMO

DATE OF MEETING: SEPTEMBER 8, 2025 / AGENDA ITEM NO. 6B

To: Mayor and City Council
From: Travis Parker, Chief of the Sustainability & Community Development Branch
Subject: **Amendments the Zoning Code: Article 3 of Title 17**

SUMMARY STATEMENT: Ordinance 2025-29 regarding amending Chapter 3 of the Lakewood Zoning Code is presented for review and action by the City Council.

BACKGROUND INFORMATION: Both the City Council and the Planning Commission have had multiple public meetings to review proposed updates to the revised Zoning Code. The City Council held workshops on May 2, May 16 and June 2 in addition to a March study session. The Planning Commission held hearings on April 16 and May 21 in addition to a February study session. At their May 21 hearing, the Planning Commission formally recommended approval of the Revised Zoning Code with amendments. This memo outlines the amendments from the previously released draft code. These amendments were approved by the Planning Commission and/or requested by the City Council and are reflected in the final revised Zoning Code for City Council approval.

The final revised Zoning Code has accepted redlines from previous versions and the current version only shows those redlines that are changes made to the previous version listed below.

On August 11, 2025, the City Council amended Ordinance 2025-27, for procedural purposes only, to permit the revised Zoning Code to be considered in four sections to allow for a more thorough public review and engagement process of the entire document. Ordinance 2025-27 was amended to reduce the amount of the revised Zoning Code to be considered from the entire revised Zoning Code to limited parts of such revised Zoning Code. The four sections of the fully revised Zoning Code shall be considered in three additional ordinances. The four ordinances shall be known as follows with the associated anticipated dates for second reading as shown:

1.O-2025-27 AS AMENDED

- A.TITLE: AMENDING THE LAKEWOOD ZONING CODE BY REPEALING AND REPLACING ARTICLES 6-14 OF TITLE 17 OF THE LAKEWOOD MUNICIPAL CODE
- B. DATE: August 25, 2025

2. O-2025-28

- A.TITLE: AMENDING THE LAKEWOOD ZONING CODE BY REPEALING AND REPLACING ARTICLES 1, 2, 4, AND 5 OF TITLE 17 OF THE LAKEWOOD MUNICIPAL CODE
- B.DATE: September 8, 2025

3.O-2025-29

- A.TITLE: AMENDING THE LAKEWOOD ZONING CODE BY REPEALING AND REPLACING ARTICLE 3 OF TITLE 17 OF THE LAKEWOOD MUNICIPAL CODE
- B. DATE: September 22, 2025

4. O-2025-30

A. TITLE: AMENDING THE LAKEWOOD ZONING CODE BY REPEALING THE EXISTING ZONING MAP, REPLACING IT WITH THE NEW ZONING MAP, AND REZONING PROPERTIES THEREBY

B. DATE: October 13, 2025

To accommodate this extended review process, all four portions of the revised Zoning Code will become operative on January 1, 2026, or, at the determination of the Chief of Sustainability & Community Development, up to sixty (60) days subsequent to January 1, 2026, to allow for the entire Code to become operative on the same date. If the Chief of Sustainability & Community Development modifies the operational date of the revised zoning code, such modified operational date shall be published on the City's website.

The public hearing on September 22 will focus on Article 3 of the Zoning Code. This article describes the zoning districts and contexts used in the remainder of the code.

Because of the interrelated nature of the zoning code, it may be necessary for provisions of the other three sections of the zoning code to be mentioned during public comment. The City Clerk's Office will keep a consolidated list of public comments to allow for the members of the City Council to have access to all public input during each stage of the approval process.

BUDGETARY IMPACTS: None

STAFF RECOMMENDATIONS: Staff recommends approval of Article 3

ALTERNATIVES: City Council may approve, amend, or not approve changes to Article 3.

PUBLIC OUTREACH: This item has been promoted through the regular communication channels to be considered by the Lakewood City Council. The subject matter has been discussed through a two year Comprehensive Plan process and over the course of the past year as zoning code updates..

NEXT STEPS: The proposed map for the new zoning code will have a public hearing on October 13, 2025.

ATTACHMENTS:

1. Ordinance O-2025-29
2. Zoning Code - Articles 3

REVIEWED BY:

Kathleen E. Hodgson, City Manager
Benjamin B. Goldstein, Deputy City Manager
Alison McKenney Brown, City Attorney

AN ORDINANCE

AMENDING THE LAKEWOOD ZONING CODE BY REPEALING AND REPLACING
ARTICLE 3 OF TITLE 17 OF THE LAKEWOOD MUNICIPAL CODE

WHEREAS, the City of Lakewood (the “City”) is a home rule city of the state of Colorado with full authority to legislate in matters of local concern such as zoning and land use matters;

WHEREAS, the Planning Commission of the City recently adopted, and the City Council recently approved, *Envision Lakewood 2040* the City’s Comprehensive Plan, in part to guide development and redevelopment within the City;

WHEREAS, *Envision Lakewood 2040* includes Future Land Use Elements that provide guidance on the desired future land use patterns and building forms for areas of the City;

WHEREAS, at the August 11, 2025, regular meeting of the City Council where this Ordinance was considered at first reading, the City Council amended Ordinance 2025-27 to reflect an intent that the proposed Zoning Code be considered in four sections, rather than one, to allow for a more thorough public review and engagement process of the entire Zoning Code;

WHEREAS, the other three sections of the fully revised Zoning Code shall be considered in three additional ordinances to be identified as:

1. O-2025-27: AMENDING THE LAKEWOOD ZONING CODE BY REPEALING AND REPLACING ARTICLES 6-14 OF TITLE 17 OF THE LAKEWOOD MUNICIPAL CODE
2. O-2025-28: AMENDING THE LAKEWOOD ZONING CODE BY REPEALING AND REPLACING ARTICLES 1, 2, 4 AND 5 OF TITLE 17 OF THE LAKEWOOD MUNICIPAL CODE
3. O-2025-30: AMENDING THE LAKEWOOD ZONING CODE BY REPEALING THE EXISTING ZONING MAP, REPLACING IT WITH THE NEW ZONING MAP, AND REZONING PROPERTIES THEREBY

WHEREAS, the City Council finds and determines that amending Article 3 of Title 17 of the Lakewood Municipal Code (the “Zoning Code”) is a legislative function as recognized by Colorado law and such amendments are therefore not subject to any requirement for individualized notice to specific property owners;

WHEREAS, the City created a robust engagement process to gather public input on the proposed changes to the Zoning Code which included:

- A. The creation of a digital engagement platform on Lakewood Together to track all Zoning Code updates, touchpoints, polling, discussions, questions, and more;
- B. Articles, news stories, reports, and/or write-ups in Looking@Lakewood, Friday Reports, Lakewood Together newsletters, the Jeffco Transcript, registered organizations' newsletters, Nextdoor.com, and the "YourHub" section of the Denver Post;
- C. At least twenty (20) posts on social media (Facebook, Instagram, X, LinkedIn, YouTube);
- D. Numerous neighborhood and business association meetings, and other in-person community events;
- E. A Planning Commission study session on February 19, 2025;
- F. A City Council study session on March 17, 2025;
- G. An open house on April 3, 2025; and
- H. Three City Council in-person workshops on May 5, 2025, May 19, 2025, and June 2, 2025;

WHEREAS, the electronic tracking of the City's robust engagement process netted at least 227,433 "touchpoints" through all mediums to include printed newsletters, electronic newsletters, registered neighborhood organization newsletters, social media, City websites, and other forums;

WHEREAS, the Planning Commission conducted two public hearings on April 23, 2025, and May 21, 2025, and unanimously voted to recommend the adoption of the proposed Zoning Code to City Council;

WHEREAS, as part of a holistic revision to the City's Zoning Ordinance, it is necessary to repeal and replace Article 3 of the Zoning Code to incorporate updates throughout the Article; and

WHEREAS, approval of this Ordinance on first reading does not constitute a representation that the City Council, or any member of the City Council, supports, approves, rejects or denies any particular proposal related to the items identified herein.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Lakewood, Colorado, that:

SECTION 1. The recitals set forth above are incorporated as if set forth herein.

SECTION 2. The Zoning Code is amended by repealing Article 3 of the existing Zoning Code and replacing it with Article 3 of the new Zoning Code which is attached hereto and made part hereof.

SECTION 3. The proposed legislative amendments to Article 3 promote the purposes of this Zoning Code.

SECTION 4. The proposed legislative amendments to Article 3 promote implementation of the City's new Comprehensive Plan *Envision Lakewood 2040*.

SECTION 5. Article 3 is part of a fully revised Zoning Code and Zoning Map that are being considered for adoption in four parts to allow for a more thorough public review and engagement process. To accommodate this extended process, all four portions of the revised Zoning Code and Zoning Map, including Article 3, will become operative on January 1, 2026 or, at the determination of the Chief of Sustainability & Community Development, up to sixty (60) days subsequent to January 1, 2026 to allow for the entire Zoning Code and Zoning Map to become operative on the same date. If the Chief of Sustainability & Community Development modifies the operational date of Article 3 in conformance with this paragraph, such operational date shall be published on the City's website.

SECTION 6. If any provision of this Ordinance should be found by a court of competent jurisdiction to be invalid, such invalidity shall not affect the remaining portions or applications of this Ordinance that can be given effect without the invalid portion, provided such remaining portions or application of the Ordinance are not determined by the court to be inoperable.

SECTION 7. This Ordinance shall take effect forty-five (45) days after final publication.

I hereby attest and certify that within and foregoing Ordinance was introduced and read on first reading at a hybrid regular meeting of the Lakewood City Council on the 8th day of September, 2025; published by title in the Denver Post and in full on the City of Lakewood's website, www.lakewood.org, on the 11th day of September, 2025; set for public hearing to be held on the 22nd day of September, 2025; read, finally passed and adopted by the City Council on the 22nd day of September, 2025; and signed by the Mayor on the ___ day of September, 2025.

Wendi Strom, Mayor

ATTEST:

Jay Robb, City Clerk

APPROVED AS TO FORM:

Alison McKenney Brown, City Attorney

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ARTICLE 3: ZONE DISTRICTS

17.3.1: General

17.3.1.1: Purpose and Intent

This Article describes each zone district established within the City of Lakewood (the “City”). The purpose of the various districts is to:

- A. Ensure compatibility of land uses;
- B. Support efficient and economical use and reuse of land;
- C. Provide adequate light and air in development projects;
- D. Encourage development and redevelopment projects and uses of land that are functional and exhibit good design and aesthetics; and
- E. Protect the City’s existing residences, businesses, and infrastructure in a manner that is consistent with the City’s Comprehensive Plan.

17.3.2: Districts and Maps

17.3.2.1: Applicability

- A. Any application for an initial zoning, rezoning or legislative zoning of property filed on or after the effective date of this Zoning Code shall be for a zone district created by this Zoning Code. This Zoning Code governs the application and the use of the property proposing to be zoned or rezoned.
- B. Any application for an initial zoning, rezoning or legislative zoning of property filed prior to and pending on the effective date of this Zoning Code shall be amended to propose a zone district created by this Zoning Code and shall otherwise conform to and be governed by this Zoning Code, unless a hearing on the application has been conducted by the Planning Commission. If a hearing has been conducted by the Planning Commission, the application shall be governed by, and the zoning or rezoning shall be approved or disapproved subject to the procedures and standards set forth in Ordinance O-2012-24, as amended.

17.3.2.2: Creation of Districts

To carry out the purposes of this Zoning Code, the City of Lakewood shall be divided into several zone districts as defined in this Article.

17.3.2.3: Zoning District Map

- A. The location of land placed within specified zone districts following the effective date of this Zoning Code is shown on the map entitled Official Zoning District Map of the City of Lakewood, hereby designated as the official City zoning district map. The map is part of this Zoning Code by this reference, and the districts set forth and shown therein are hereby approved. The official map shall be maintained by the Clerk to the Planning Commission.
- B. When land is zoned or rezoned pursuant to this Zoning Code, such changes shall be made on the Official Zoning District Map of the City of Lakewood pursuant to the Lakewood Municipal Code.
- C. The Planning Commission and City Council may, by resolution, authorize staff to correct drafting or other errors or omissions in the Official Zoning District Map of the City of Lakewood, but no such correction shall have the effect of amending the original Zoning Code or any subsequent amendment thereto.

17.3.2.4: Interpretation of District Boundaries

Where uncertainty exists with respect to the boundaries of the various districts as shown on the zoning district maps, the Director shall determine the boundary by applying the following rules:

- A. In subdivided areas, unless otherwise shown on the maps, the district boundary is the centerline of said street, alley or record lot line. Where a district boundary line is approximately along a street, alley or record lot line, the centerline of said street, alley or lot line shall be construed to be the boundary.
- B. In un-subdivided areas, unless otherwise shown on the maps, the district boundary is the centerline of said street, highway or land survey line. Where a district boundary line is not indicated as following a street, alley, or land survey line, the zoning boundary line shall be determined by the scale designated on the zoning map.
- C. In the case of a district boundary that divides property without relying on lot lines, the location of the boundary shall be determined by the scale designated on the zoning map.

17.3.2.5: Lot Line Changes

When lot line boundaries are, or have been, altered through the subdivision process, the Director may determine that the zoning boundaries shift to match the nearest new lot line based on the following criteria:

- A. The determination shall not result in a significant change in the overall land use permissions for the altered property;

- B. The area of change shall not be sufficient, in and of itself, to result in a new building or use that was not previously allowed; and
- C. No change shall be made without the knowledge and permission of the impacted landowner.

17.3.3: Residential Districts

17.3.3.1: Purpose and Intent

The residential zone districts are primarily intended to:

- A. Create, maintain and promote a variety of housing opportunities that meet the diverse economic and social needs of residents;
- B. Maintain and promote the desired physical character of existing and developing neighborhoods;
- C. Where appropriate, protect the scale, character and unique appeal of existing residential neighborhoods; and
- D. Allow for appropriate public and institutional services and facilities, such as schools, parks and recreational uses, religious institutions, and transportation infrastructure.

While the districts primarily accommodate residential use types, some institutional, limited commercial, and home business uses are also allowed.

17.3.3.2: Residential District Descriptions

The general objective of each residential (R) zone district within the City is identified by the descriptions below.

- A. **Low-form Residential – A (R-L-A):** This zone district is intended to support incremental development that aligns with the City’s rural character. Development primarily consists of mostly small residential dwellings on large lots.

Consistent with low-form residential areas, this zone district allows housing options that reinforce the rural landscape while allowing a variety of housing options beyond single-unit homes (See [Figure 1](#)).

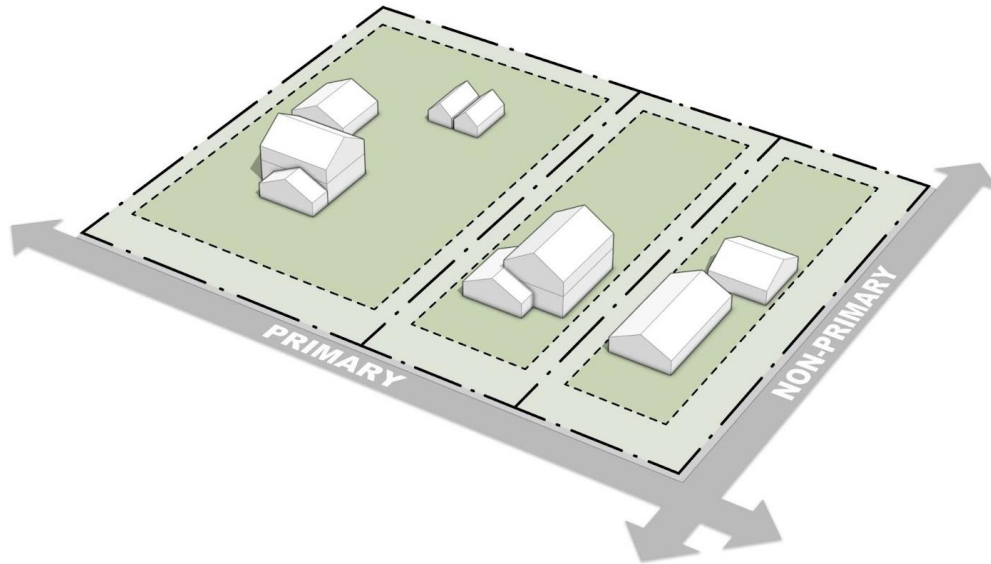


Figure 1: Example of Low-form Residential – A; 17.3.3.2:A

- B. **Low-form Residential – B (R-L-B):** This zone district is intended to maintain the residential character of traditional suburban neighborhoods, while expanding the range of housing options available. Development primarily consists of small residential dwellings on medium to large-sized lots. The shape of a typical lot varies widely and may be square, trapezoidal, rectangular, or irregular.

This zone district allows for multiple units with a single house-scale building, and on larger lots, multiple house-scale buildings on a lot (See [Figure 2](#)).

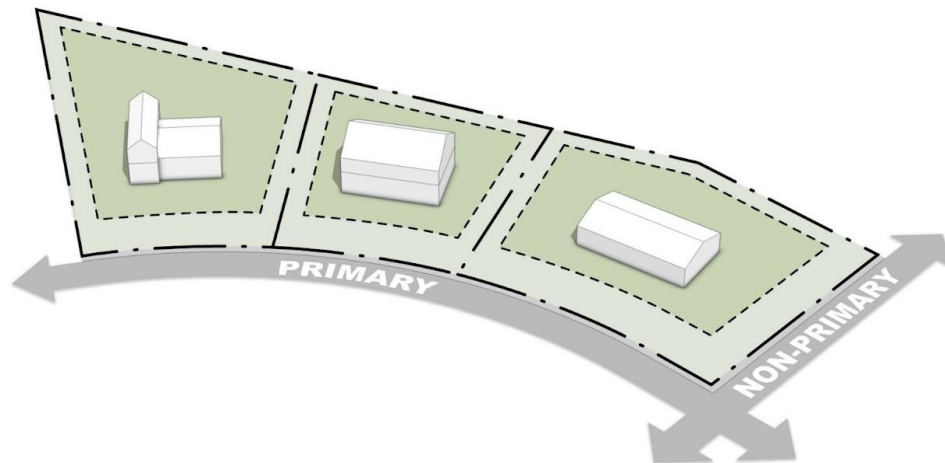


Figure 2: Example of Low-form Residential – B; 17.3.3.2:B

- C. **Low-form Residential – C (R-L-C):** This zone district is intended to support compact, walkable neighborhoods with a range of housing options. Development includes small-scale attached and detached housing, and lots are typically deeper than they are wide.

This zone district controls the building form over the number of units, allowing for gentle density increases without drastic changes to the neighborhood scale (See [Figure 3](#)).

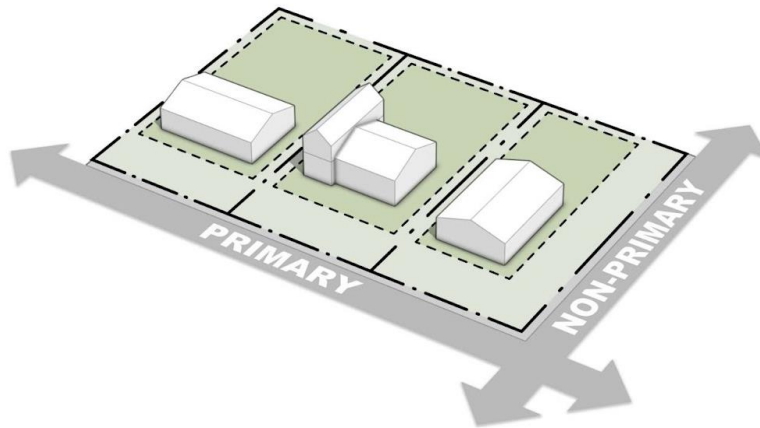


Figure 3: Example of Low-form Residential – C; 17.3.3.2:C

- D. **Low-form Residential - Manufactured Home (R-L-MH):** The R-L-MH district is intended to allow for developments where spaces are either sold or rented for the placement of a mobile home in a park-like setting, where the homes are used as seasonal or permanent residences, or other movable housing types.
- E. **Mid-form Residential (R-M):** The R-M district is intended to provide for a mixture of medium-density housing types including but not limited to attached housing, and multifamily buildings.

17.3.4: Mixed-Use Districts

17.3.4.1: Purpose and Intent

The Mixed-Use (M) zone districts are intended to:

- A. Accommodate and promote a mix of commercial (e.g., retail, service, office) and residential uses;

Lakewood Zoning Code – 2025

- B. Encourage pedestrian-friendly development consisting of business, retail, and residential uses in the same building or on the same site;
- C. Maintain the integrity and viability of the adjacent residential neighborhoods;
- D. Provide areas for public and semi-public uses, such as utilities and telecommunications infrastructure needed to support the community; and
- E. Provide development flexibility, while ensuring that new development and redevelopment interacts appropriately with adjoining land uses.

17.3.4.2: Mixed-Use District Descriptions

Mixed-Use districts are established to allow a range of district types, from the small neighborhood center to regional-level centers. The general objective of each mixed-use (M) zone district within the City is identified by the descriptions below.

- A. **M-N – Mixed-Use-Neighborhood:** The M-N district is intended to allow and accommodate a mix of lower-intensity neighborhood-scale commercial uses and a range of residential uses generally along collector streets and adjacent to light rail stations with walk-up access. Typical non-residential uses include those that provide goods and services to the residents of the surrounding neighborhoods. The district is intended to accommodate a high level of pedestrian activity and scale. Mixed-use buildings and projects are encouraged and not required.
- B. **M-G – Mixed-Use-General:** The M-G district is intended to allow for mixed-use and community commercial development generally along arterial streets. Typical non-residential uses include those necessary to support the community. The district is intended to accommodate a higher level of motor vehicle activity, although pedestrian activity will still be accommodated and encouraged.
- C. **M-C – Mixed-Use-Core:** The M-C district is intended to allow and accommodate opportunities for higher density mixed-use development in areas developed or planned with the most intense urban characteristics, such as downtown Lakewood and adjacent to light rail stations with associated parking facilities. Typical non-residential uses include those generally intended to support the entire City. The district is intended to accommodate a high level of pedestrian activity, although motor vehicle activity will still be accommodated. Mixed-use buildings and projects are key components of this district and are required in certain contexts.
- D. **M-R – Mixed-Use-Residential:** The M-R district is intended to allow for compact multifamily residential development with a variety of densities. This district will also allow for office and retail uses that are integrated into residential projects. Minimum residential densities are established as part of the district to maximize the potential number of transit riders and business users within adjacent transit and urban development areas, while limiting the impact on existing surrounding neighborhoods.

17.3.4.3: Mixed-Use District Contexts

Each mixed-use zone district within the City is assigned a context, based on the existing or planned characteristic of the area in which it is located. The zone district contexts address the following:

- A. Indicate the appropriate development pattern for a given area of the City;
- B. Provide for appropriate levels of pedestrian and auto access; and

- C. Establish maximum building heights to reflect the existing or proposed characteristics of the surrounding development.
- D. Assigned mixed-use zone districts descriptions include:
 - 1. **S – Suburban:** The Suburban context reflects a more auto-oriented environment, where the existing surrounding street pattern and access to adjacent residential neighborhoods is not conducive to the highest level of pedestrian connectivity. The context allows for a limited amount of parking to be provided between adjacent public streets and the development. Additionally, auto-oriented design elements, such as drive-through facilities, are permitted (See [Figure 4](#)).

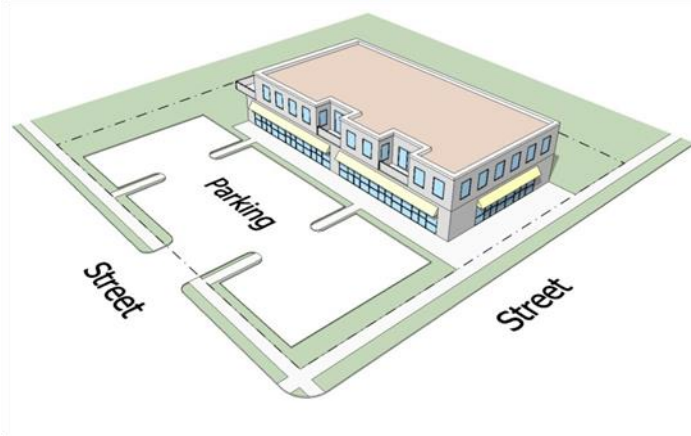


Figure 4: Example of Suburban Context; 17.3.4.3:D.1

2. **U – Urban:** The Urban context reflects a more pedestrian-oriented environment, where the existing surrounding street pattern and access to adjacent residential neighborhoods is more conducive to pedestrian and bicycle access. The context requires that buildings be located within a short distance of adjacent public streets, with parking located behind or to the side of buildings. Auto-oriented design elements, such as drive-through facilities, generally have specific design requirements (See [Figure 5](#)).



Figure 5: Example of Urban Context; 17.3.4.3:D.2

3. **T – Transit:** The Transit context reflects the most pedestrian-oriented environment, where the existing surrounding street pattern, access to adjacent neighborhoods, and access to transit is conducive to pedestrian and bicycle access. The context requires that buildings be located within a short distance of adjacent public streets, with parking located only behind buildings, or in above or below grade structures. Auto-oriented design elements are restricted and have specific design requirements (See [Figure 6](#)).

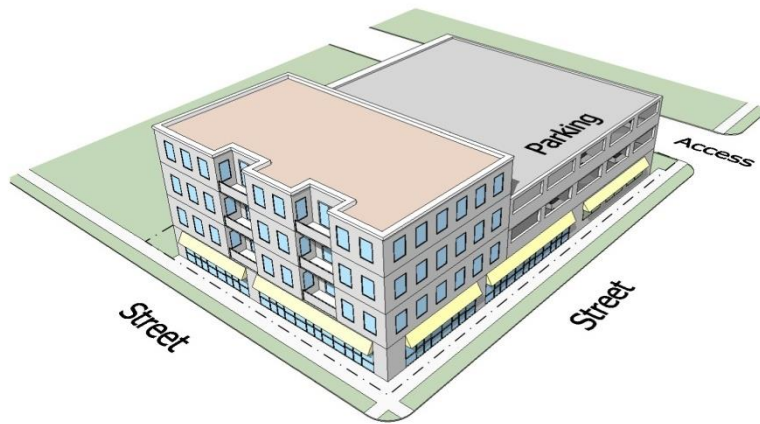


Figure 6: Example of Transit Context; 17.3.4.3:D.3

17.3.5: Commercial and Light Industrial Districts

17.3.5.1: Purpose and Intent

The commercial and light industrial districts are intended to:

- A. Promote and accommodate larger-scale auto-oriented commercial and light industrial uses;
- B. Provide opportunities for single-use commercial and light industrial development; and
- C. Strengthen and diversify the City's economic base and provide basic employment opportunities.

17.3.5.2: Commercial and Light Industrial Descriptions

The general objective of each commercial (C) and light industrial (L-I) zone districts within the City is identified by the descriptions below.

- A. **C-R – Commercial-Regional:** The C-R district is intended to provide for regional commercial development along major street corridors and near highway interchanges. Typical uses include those needed to support the community and

create a regional draw. The district is intended to accommodate the highest levels of motor vehicle activity, although pedestrian activity will still be an important element of design. The district reflects a more suburban character, with parking allowed in front of buildings, and commercial buildings separated from residential uses.

- B. **C-L – Commercial-Limited:** The C-L district is intended to provide a mix of lower-intensity commercial uses along major street corridors and is generally appropriate within commercial corridors and community activity areas. The district will accommodate a balance of motor vehicle and pedestrian related activity. It reflects a suburban character, with parking allowed in front of buildings. Auto-oriented design elements, such as drive-through facilities are also permitted; however, sidewalk connections that support pedestrian circulation patterns from adjacent residential neighborhoods and other pedestrian-oriented facilities are of equal importance.
- C. **LI – Light Industrial:** The LI district is intended to allow for existing and future light industrial uses that provide for the employment needs of the City. Typical uses include facilities producing medical, high technology, and environmentally sustainable products, as well as traditional industrial facilities including warehousing and distribution. Some heavy manufacturing is also allowed. The district allows for a suburban development pattern.

17.3.6: Planned Development District

17.3.6.1: Purpose and Intent

The Planned Development (PD) district is intended to permit the planning and development of substantial parcels of land which are suitable in location and character for the uses proposed and are suitable to be developed as a unified and integrated project in accordance with detailed development plans. The PD zone district is intended to:

- A. Provide for large-scale, unified, and unique development concepts not otherwise permitted within standard zone districts identified in this Article of the Zoning Code;
- B. Promote more efficient use of land and public services, encourage creative and innovative site design, and provide an increased level of amenities and aesthetic enhancement, while meeting the policies and goals of the City's Comprehensive Plan;
- C. Promote development that is individually designed for a specific site in order to more appropriately address the physical context and/or specific features associated with the property;

- D. Encourage innovations in residential, commercial, and industrial development and redevelopment so that the needs of the population may be met by greater variety in the type, design, and layout of buildings, and by the conservation and more efficient use of open space ancillary to buildings;
- E. Encourage a more efficient use of land and of public or private services, and to reflect changes in the technology of land development;
- F. Reduce the burden of traffic associated with a development on streets and highways located in the vicinity of the development; and
- G. Provide a procedure which can better relate the type, design, and layout of residential, commercial, and industrial development to the particular site, thereby encouraging preservation of the natural characteristics of a site.

In return for flexibility in site design and development, PD districts are expected to include exceptional design that preserves critical environmental resources; provide above-average open space and recreational amenities; incorporate creative design in the layout of buildings, open space, and circulation; assure compatibility with surrounding land uses and neighborhood character; and provide greater efficiency in the layout and provision of roads, utilities, and other infrastructure.

17.3.6.2: Applicability

The PD district shall be applied only to sites of five (5) acres or larger, provided that the site may be composed of multiple adjacent properties to be governed by a single Official Development Plan (ODP) and may thereafter be subdivided in compliance with the approved ODP. The Director may reduce the required minimum size of a PD district if it is determined that the proposed district will still meet the intent of the PD zone identified in [17.3.6.1](#).

17.3.6.3: Official Development Plan

All PD zone districts shall be governed by an ODP. The ODP shall contain written stipulations and, when appropriate, graphic representation generally addressing land use, density, signage, fencing, lighting, access and circulation, architectural and landscape design requirements, and public and private improvements.

17.3.6.4: Allowed uses

A PD district shall include multiple land uses, and define the following:

- A. **Base Zone District:** All PD districts shall allow the uses identified for at least one (1) zone district described in this Zoning Code. The base zone district or districts shall be chosen based upon compatibility with surrounding land uses and most closely relate to the uses proposed as part of the PD. The base zone district or districts shall be specifically identified as part of the PD.

- B. **Additional Uses:** A PD district may include uses not allowed in the base zone district. However, the use or uses added to the based district shall be listed in Table 2, or determined to be permitted, subject to 17.4.3. Addition of uses to the base zone district shall be based on compatibility with the surrounding land uses.

17.3.6.5: Other Standards and Modifications

The standards of the applicable base zone district or districts included in the PD, as identified in this Zoning Code, shall apply to the PD district unless specifically modified as part of the PD. Any modification to the standards shall be identified as part of an ODP.

- A. Redevelopment within a PD district may apply either the standards of the base zone district or the standards of the ODP.
- B. Where an ODP contains specific provisions regarding the ODP modification process, the provisions outlined in the ODP shall be used to modify the ODP.

STAFF MEMO

DATE OF MEETING: SEPTEMBER 8, 2025 / AGENDA ITEM NO. 7

To: Mayor and City Council

From:

Subject:

SUMMARY STATEMENT:

BACKGROUND INFORMATION:

BUDGETARY IMPACTS: None

STAFF RECOMMENDATIONS: None

ALTERNATIVES: None

PUBLIC OUTREACH: This item has been promoted through the regular communication channels to be considered by the Lakewood City Council.

NEXT STEPS: None

ATTACHMENTS: None

REVIEWED BY: Kathleen E. Hodgson, City Manager
Benjamin B. Goldstein, Deputy City Manager
Alison McKenney Brown, City Attorney

STAFF MEMO

DATE OF MEETING: SEPTEMBER 8, 2025 / AGENDA ITEM NO. 8

To: Mayor and City Council

From:

Subject:

SUMMARY STATEMENT:

BACKGROUND INFORMATION:

BUDGETARY IMPACTS: None

STAFF RECOMMENDATIONS: None

ALTERNATIVES: None

PUBLIC OUTREACH: This item has been promoted through the regular communication channels to be considered by the Lakewood City Council.

NEXT STEPS: None

ATTACHMENTS: None

REVIEWED BY: Kathleen E. Hodgson, City Manager
Benjamin B. Goldstein, Deputy City Manager
Alison McKenney Brown, City Attorney

STAFF MEMO

DATE OF MEETING: SEPTEMBER 8, 2025 / AGENDA ITEM NO. 8A

To: Mayor and City Council
From: Travis Parker, Chief of the Sustainability & Community Development Branch
Subject: **Amending the Zoning Code: Articles 1,2,4,5 of Title 17**

SUMMARY STATEMENT: Ordinance 2025-28 regarding amending the Lakewood Zoning Code by repealing and replacing Articles 1, 2, 4, and 5 of Title 17 of The Lakewood Municipal Code is presented for review and action by the City Council.

BACKGROUND INFORMATION: Both the City Council and the Planning Commission have had multiple public meetings to review proposed updates to the Zoning Code. The City Council held workshops on May 2, May 16 and June 2 in addition to a March study session. The Planning Commission held hearings on April 16 and May 21 in addition to a February study session. At their May 21st hearing the Planning Commission formally recommended approval of the draft Zoning Code with amendments. This memo outlines the amendments from the previously released draft code. These amendments were approved by the Planning Commission and/or requested by the City Council and are reflected in the final draft for City Council approval.

The final draft of the revised Zoning Code has accepted redlines from previous versions and only shows as redlines changes from the previous version listed below.

On August 11, 2025, the City Council amended Ordinance 2025-27 to permit the revised Zoning Code to be considered in four sections to allow for a more thorough public review and engagement process of the entire document. The four ordinances considering the four sections of the revised Zoning Code shall be known as follows with the associated anticipated dates for second reading as shown:

1. O-2025-27 AS AMENDED
 - A. TITLE: AMENDING THE LAKEWOOD ZONING CODE BY REPEALING AND REPLACING ARTICLES 6-14 OF TITLE 17 OF THE LAKEWOOD MUNICIPAL CODE
 - B. DATE: August 25, 2025
2. O-2025-28
 - A. TITLE: AMENDING THE LAKEWOOD ZONING CODE BY REPEALING AND REPLACING ARTICLES 1, 2, 4, AND 5 OF TITLE 17 OF THE LAKEWOOD MUNICIPAL CODE
 - B. DATE: September 8, 2025
3. O-2025-29
 - A. TITLE: AMENDING THE LAKEWOOD ZONING CODE BY REPEALING AND REPLACING ARTICLE 3 OF TITLE 17 OF THE LAKEWOOD MUNICIPAL CODE
 - B. DATE: September 22, 2025
4. O-2025-30

A. TITLE: AMENDING THE LAKEWOOD ZONING CODE BY REPEALING THE EXISTING ZONING MAP, REPLACING IT WITH THE NEW ZONING MAP, AND REZONING PROPERTIES THEREBY

B. DATE: October 13, 2025

To accommodate this extended review process, all four portions of the revised Zoning Code will become operative on January 1, 2026, or, at the determination of the Chief of Sustainability & Community Development, up to sixty (60) days subsequent to January 1, 2026, to allow for the entire Code to become operative on the same date. If the Chief of Sustainability & Community Development modifies the operational date of the revised Zoning Code, such operational date shall be published on the City's website.

The public hearing on September 8th will focus on Articles 1, 2, 4, and 5 of the revised Zoning Code. Articles set general rules for the applicability and interpretation of the code. Article 2 sets rules for procedures. Article 4 creates use permissions. Article 5 creates general site development standards.

Because of the interrelated nature of the revised zoning code, it may be necessary for provisions of the other three sections of the revised Zoning Code to be mentioned during public comment. The City Clerk's Office will keep a consolidated list of the public comments to allow members of the City Council to have access to all public input during each stage of the approval process.

The following redlines were made by the City Council and the Planning Commission for the revised Zoning Code:

1. Made the following changes to the permission for limited retail use in residential zoning:
 - a. add personal service as a limited use with retail
 - b. allow operating hours 6:30-9:00
 - c. signage must be unlit
 - d. prohibit drive thrus

These changes are reflected in §17.4.3.1.X for Personal Service and §17.4.3.1.Z for Retail

2. Retained 17.4.1.4 from existing code in draft code. This section states that parkland may only be used for park purposes.

This section is now §17.4.1.5.

3. Removed proposed 17.4.3.1.A.7. This section included parking requirements for ADUs that are now prohibited by state law.

§17.4.3.1.A.7 was removed.

4. Changed the following standards all Low Form Residential (R-L) districts:
 - a. Clarify that gross floor area (GFA) for R-L buildings does not include below grade area
 - b. Maximum building size 4000sf with 1000sf bonus for 3+ units
 - c. Change primary front setback to 20'
 - d. Retain 35' height limit

This is a combination of Planning Commission and City Council updates to standards in the Low-Form Residential districts.

The GFA calculation has been added at §17.5.2.1. The height, building size and setback changes are changed in Table 4.

5. Updated standards in the Low Form Residential C (R-L-C) district:
 - a. Reduce minimum lot size to 0 sf

b. Reduce minimum lot width to 25'

These changes were made by Planning Commission to allow for smaller lot sizes in the R-L-C zone.
The changes are reflected in Table 4.

6. Changed open space in the Medium Form Residential (R-M) district to 30%.
This change is in Table 4.

7. Increased open space in mixed use urban contexts to 30%.
This change is in Table 5.

8. Changed requirement for height incentive to 20% affordable units and remove the requirement for low income housing tax credits.
Change is in §17.5.3.7.B

9. Removed proposed electrification bonus for height. This bonus would have been duplicative with enhanced development menu standards and future mandates.
§17.5.3.7.C was deleted.

10. Removed 15' setback for livestock containment areas. This proposal to require space between livestock areas and neighboring properties was removed.
The change is reflected in §17.4.3.1.C

11. Corrected bulk plane sections to include parks. The requirement for bulk plane setback in mixed use districts now applies to properties adjacent to large parks.
The change is reflected in §17.5.3.4 and in §17.5.3.2

12. Removed 1:1 setback from the property line for works of art.
The change is to §17.5.1.2.E.16

13. Applied the new neighborhood meeting requirement for projects next to large parks to the Mid-Form residential (R-M) district.
Language added to §17.2.2.2.A.1.d

14. Clarified when rights would vest for development applicants. The new language establishes a definite beginning act or action that delineates the starting point for the vesting period and the mechanism.
Changes made to §17.2.3.5.F.

BUDGETARY IMPACTS: None

STAFF RECOMMENDATIONS: None

ALTERNATIVES: None

PUBLIC OUTREACH: This item has been promoted through the regular communication channels to be considered by the Lakewood City Council.

NEXT STEPS: The City Council will consider this ordinance at second reading on September 8th and shall consider the other sections of the revised zoning code at future meetings.

ATTACHMENTS: 1. Ordinance O-2025-28

2. Zoning Code - Articles 1,2,4,5

REVIEWED BY: Kathleen E. Hodgson, City Manager
Benjamin B. Goldstein, Deputy City Manager
Alison McKenney Brown, City Attorney

O-2025-28

AN ORDINANCE

AMENDING THE LAKEWOOD ZONING CODE BY REPEALING AND REPLACING ARTICLES 1, 2, 4 AND 5 OF TITLE 17 OF THE LAKEWOOD MUNICIPAL CODE

WHEREAS, the City of Lakewood (the "City") is a home rule city of the state of Colorado with full authority to legislate in matters of local concern including zoning and land use matters;

WHEREAS, the Planning Commission of the City recently adopted, and the City Council recently approved, *Envision Lakewood 2040* as the City's Comprehensive Plan, in part to guide development and redevelopment within the City;

WHEREAS, *Envision Lakewood 2040* includes Future Land Use Elements that provide guidance on the desired future land use patterns and building forms for areas of the City;

WHEREAS, at the August 11, 2025, regular meeting of the City Council where this ordinance was considered at first reading, the City Council amended Ordinance 2025-27 to reflect an intent that the proposed zoning code be considered in four sections, rather than one, to allow for a more thorough public review and engagement process of the entire zoning code;

WHEREAS, the other three sections of the fully revised zoning code shall be considered in three additional ordinances to be identified as:

1. O-2025-27: AMENDING THE LAKEWOOD ZONING CODE BY REPEALING AND REPLACING ARTICLES 6-14 OF TITLE 17 OF THE LAKEWOOD MUNICIPAL CODE
2. O-2025-29: AMENDING THE LAKEWOOD ZONING CODE BY REPEALING AND REPLACING ARTICLE 3 OF TITLE 17 OF THE LAKEWOOD MUNICIPAL CODE
3. O-2025-30: AMENDING THE LAKEWOOD ZONING CODE BY REPEALING THE EXISTING ZONING MAP, REPLACING IT WITH THE NEW ZONING MAP, AND REZONING PROPERTIES THEREBY

WHEREAS, the City Council finds and determines that amending Articles 1, 2, 4 and 5 of Title 17 of the Lakewood Municipal Code (the "Zoning Code") is a legislative function as recognized by Colorado law and such amendments are therefore not subject to any requirement for individualized notice to specific property owners;

WHEREAS, the City created a robust engagement process to gather public input on the proposed changes to the Zoning Code which included:

- A. The creation of a digital engagement platform on Lakewood Together to track all Zoning Code updates, touchpoints, polling, discussions, questions, and more;
- B. Articles, news stories, reports, and/or write-ups in Looking@Lakewood, Friday Reports, Lakewood Together newsletters, the Jeffco Transcript, registered organizations' newsletters, Nextdoor.com, and the "YourHub" section of the Denver Post;
- C. At least twenty (20) posts on social media (Facebook, Instagram, X, LinkedIn, YouTube);
- D. Numerous neighborhood and business association meetings, and other in-person community events;
- E. A Planning Commission study session on February 19, 2025;
- F. A City Council study session on March 17, 2025;
- G. An open house on April 3, 2025; and
- H. Three City Council in-person workshops on May 5, 2025, May 19, 2025, and June 2, 2025;

WHEREAS, the electronic tracking of the City's robust engagement process netted at least 227,433 "touchpoints" through all mediums to include printed newsletters, electronic newsletters, registered neighborhood organization newsletters, social media, City websites, and other forums;

WHEREAS, the Planning Commission conducted two public hearings on April 23, 2025, and May 21, 2025, and unanimously voted to recommend the adoption of the proposed Zoning Code to the City Council;

WHEREAS, as part of a holistic revision to the City's Zoning Ordinance it is necessary to repeal and replace Articles 1, 2, 4 and 5 of the Zoning Code to incorporate updates throughout each Article; and

WHEREAS, approval of this Ordinance on first reading does not constitute a representation that the City Council, or any member of the City Council, supports, approves, rejects or denies any particular proposal related to the items identified herein.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Lakewood, Colorado, that:

SECTION 1. The recitals set forth above are incorporated as if set forth herein.

SECTION 2. The Zoning Code is amended by repealing Articles 1, 2, 4 and 5 of the

existing Zoning Code and replacing them with Articles 1, 2, 4 and 5 of the new Zoning Code which are attached hereto and made part hereof.

SECTION 3. The proposed legislative amendments to Articles 1, 2, 4 and 5 promote the purposes of this Zoning Code.

SECTION 4. The proposed legislative amendments to Articles 1, 2, 4 and 5 promote implementation of the City's new Comprehensive Plan *Envision Lakewood 2040*.

SECTION 5. Articles 1, 2, 4 and 5 are part of a fully revised Zoning Code and Zoning Map that are being considered for adoption in four parts to allow for a more thorough public review and engagement process. To accommodate this extended process, all four portions of the revised Zoning Code and Zoning Map, including Articles 1, 2, 4 and 5, will become operative on January 1, 2026 or, at the determination of the Chief of Sustainability & Community Development, up to sixty (60) days subsequent to January 1, 2026 to allow for the entire Zoning Code and Zoning Map to become operative on the same date. If the Chief of Sustainability & Community Development modifies the operational date of Articles 1, 2, 4 and 5 in conformance with this paragraph, such operational date shall be published on the City's website.

SECTION 6. If any provision of this Ordinance should be found by a court of competent jurisdiction to be invalid, such invalidity shall not affect the remaining portions or applications of this Ordinance that can be given effect without the invalid portion, provided such remaining portions or application of the Ordinance are not determined by the court to be inoperable.

SECTION 7. The effective date of this Ordinance shall be thirty (30) days after final publication.

I hereby attest and certify that within and foregoing Ordinance was introduced and read on first reading at a hybrid regular meeting of the Lakewood City Council on the 25th day of August, 2025; published by title in the Denver Post and in full on the City of Lakewood's website, www.lakewood.org, on the ____ day of August, 2025; set for public hearing to be held on the 8th day of September, 2025; read, finally passed and adopted by the City Council on the 8th day of September, 2025; and signed by the Mayor on the ____ day of September, 2025.

Wendi Strom, Mayor

ATTEST:

Jay Robb, City Clerk

APPROVED AS TO FORM:

Alison McKenney Brown, City Attorney

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ARTICLE 1: PURPOSE AND ADMINISTRATION

17.1.1: Title

Title 17 shall be known and cited as the Zoning Code or the Zoning Code of the City of Lakewood, Colorado (the “City”).

17.1.2: Purpose and Intent

Pursuant to statutory authority, this Zoning Code is enacted for the following purposes:

- A. To promote the public health, safety, and welfare of the citizens.
- B. To implement the vision, goals, and recommendations of the City’s Comprehensive Plan.
- C. To create affordable, attainable, and inclusionary housing.
- D. To protect and enhance the natural environment including the conservation of natural features, land, and energy.
- E. To provide a wide variety of housing types and costs to meet the current and future needs of the residents.
- F. To improve the design, quality, and character of development and redevelopment of land.
- G. To ensure the effective integration of development and redevelopment with surrounding land uses.
- H. To prioritize environmental and energy sustainability in land use development and redevelopment.
- I. To respect the unique characteristics and attributes of individual neighborhoods.
- J. To promote multi-modal transportation options including safe, efficient, and attractive pedestrian and bicycle connections.
- K. To enhance the appearance of the City through quality site and building design.
- L. To ensure economic vitality.
- M. To promote mixes of commercial and residential uses within mixed-use zone districts.

17.1.3: Relationship to Comprehensive Plan

The Comprehensive Plan is a citywide document and tool that articulates the vision, values, and priorities for the future of the City. This Zoning Code is intended to work with the Comprehensive Plan to establish guidelines and standards to regulate land use within the City. The Comprehensive Plan shall be treated as an advisory document unless otherwise stated herein.

17.1.4: Effective Date

This Zoning Code shall apply to property and uses of property on and after January 1, 2026, in accordance with O-2025-27, O-2025-28 and O-2025-29.

17.1.5: Authority

This Zoning Code is enacted pursuant to Article XX of the Colorado Constitution; the powers granted to municipalities by the laws of the State of Colorado; and the City Charter. This Zoning Code may be reviewed for compliance with federal regulations and/or state statutes on an annual basis.

17.1.6: Applicability

The regulations, requirements, limitations, and provisions of this Zoning Code shall extend and apply to all land, buildings, structures, property, and uses of land within the corporate limits of the City of Lakewood, Colorado unless otherwise explicitly stated.

17.1.7: General Provisions

Except as hereinafter provided, no building, structure, property, or land shall be used or occupied and no building or structure, or part thereof, shall be erected, constructed, reconstructed, altered, repaired, moved, or structurally altered except in conformance with this Zoning Code.

17.1.7.1: Compliance with Other Applicable Laws, Standards, and Policies

Compliance with this Zoning Code does not eliminate the need to comply with all applicable federal regulations, state statutes, and all ordinances, regulations, standards, and policies of the City.

17.1.7.2: Conflicting Provisions

- A. Where any regulation, requirement, or condition imposed by any provision of this Zoning Code conflicts with any other regulation, requirement, or law, the provision which is more restrictive, or which imposes a higher standard or requirement, shall govern unless otherwise explicitly stated.

- B. Where any illustrative figure of this Zoning Code conflicts with the text of this Zoning Code, the text shall govern.
- C. Nothing herein shall be construed to render inoperative any restrictions established by covenants running with the land unless such restrictions are prohibited by, or are contrary to, the law or the provisions of this Zoning Code. Nothing in any restrictions established by covenants running with the land shall render inoperative any provisions established by this Zoning Code.

17.1.7.3: Rules of Measurement

- A. **Applicant's Responsibility.** For all calculations, the applicant shall be responsible for supplying drawings illustrating the measurements that apply to a project. These drawings shall be drawn to scale and of sufficient detail to allow easy verification upon inspection by the Director.
- B. **Fractions.** Whenever this Zoning Code requires consideration of distances, parking spaces, dwelling units, or other aspects of development or the physical environment expressed in numerical quantities, and the result of a calculation contains a fraction of a whole number, fractions of one half (1/2) or greater shall be rounded up to the nearest whole number and fractions of less than one half (1/2) shall be rounded down to the nearest whole number, unless an alternate rule for rounding is specified by the same section of this Zoning Code that describes the requirement.
- C. **Shortest Distance.** When measuring a required distance, such as the minimum distance between a structure and a lot line, the measurement is made at the closest or shortest distance between the two objects.
- D. **Horizontal Distance.** When determining distances for setbacks and structure dimensions, all distances are measured along a horizontal plane from the appropriate line, edge of building, structure, storage area, parking area, or other object. These distances are not measured by following the topography or slope of the land.
- E. **Measuring Distances Between Uses.** Unless otherwise specified, when a distance is required between uses, the distance shall be measured in a straight line from the closest point on the boundary line of one (1) property to the closest point on the boundary line of the other property.

17.1.8: Administration and Roles

17.1.8.1: City Council

- A. The duties and responsibilities of the City Council shall be as set forth in the City Charter, the Lakewood Municipal Code, and this Zoning Code.

- B. The City Council acts in a review or quasi-judicial capacity when it acts as a decision maker on initial zoning and rezoning cases. In its quasi-judicial role, the City Council will be evaluating decisions to determine whether they are consistent with the requirements of this Zoning Code and supported by the evidence in the record.
- C. The City Council acts in a legislative capacity when it adopts amendments to the Zoning Code.

17.1.8.2: Director

- A. It shall be the duty of the Director to enforce the provisions of this Zoning Code and the regulations contained herein. No oversight or error on the part of the Director or any employee of the City shall legalize, authorize, or excuse the violation of any of the provisions in this Zoning Code.
- B. The Director shall have the authority to:
 - 1. Interpret and apply the provisions set forth in this Zoning Code. When this Zoning Code does not specify the criteria to use in making a decision, the Director shall approve an application, or approve it with conditions, if the Director determines that:
 - a. The application complies with all applicable provisions of this Zoning Code, or if it does not comply with one or more provisions, that the body authorized by this Zoning Code to allow variations from those provisions has given its approval to the variations; and
 - b. The application is consistent with the City's Comprehensive Plan and all other plans adopted by the Planning Commission and City Council that are applicable to the property.
 - 2. Make district boundary interpretations when there is uncertainty as to where the district boundaries are located.
 - 3. Delegate to any employee of the Department any responsibilities assigned to the Director by this Zoning Code. The designee shall be subject to the same restrictions and standards as are applicable to the Director.
 - 4. Waive any standard in this Zoning Code, except for any uses identified in Article 4 that relate to any publicly owned park.

17.1.8.3: Planning Commission

- A. The duties and responsibilities of the Planning Commission shall be as set forth in the City Charter, the Lakewood Municipal Code, this Zoning Code, and the Planning Commission Rules and Regulations.

- B. The Planning Commission has jurisdiction to:
 - 1. Adopt, amend, and maintain the City's Comprehensive Plan and other citywide plans that may be presented to the Planning Commission.
 - 2. Make recommendations as to annexation, disconnection, initial zoning, and rezoning applications.
 - 3. Make recommendations on legislative matters that pertain to this Zoning Code.
 - 4. Make final decisions on appeals of Director's decisions, major subdivision applications, major waivers, revocation of uses, and special use permits.
- C. The Planning Commission acts in a review or quasi-judicial capacity when it acts as an appeal body of decisions from the Director. In its appellate role, the Planning Commission will be evaluating decisions to determine whether the Director's decision is and was consistent with the requirements of this Zoning Code and supported by the evidence in the record and whether the Director exceeded the Director's authority or abused the Director's discretion.

17.1.8.4: Board of Adjustment

- A. The duties and responsibilities of the Board of Adjustment shall be as set forth in the City Charter, the Lakewood Municipal Code, this Zoning Code, and the Board of Adjustment Rules and Regulations.
- B. The Board of Adjustment has jurisdiction to:
 - 1. Hear appeals from any final order, decision, requirement, or determination of the Director regarding an interpretation or application of this Zoning Code;
 - 2. Hear any appeals of the Director's determination made pursuant to the City of Lakewood Municipal Code 14.16; and
 - 3. Hear any appeals made pursuant to the City of Lakewood Municipal Code 14.25.190.
- C. The Board of Adjustment acts in a review or quasi-judicial capacity when it acts as an appeal body of decisions from the Director on minor variances or when it is a decision maker on applications for a major variance. In its appellate role, the Board of Adjustment will be evaluating decisions to determine whether they are consistent with the requirements of this Zoning Code and supported by the evidence in the record and whether the Director exceeded the Director's authority or abused the Director's discretion.

17.1.8.5: Historic Preservation Commission

- A. The duties and responsibilities of the Historic Preservation Commission shall be as set forth in this Zoning Code, the Lakewood Municipal Code, and the Historic Preservation Commission Rules and Regulations.
- B. The Historic Preservation Commission has jurisdiction to make recommendations on applications for local landmark designation, alteration certificates, relocation of designated structures and creation of historic districts.

17.1.8.6: Design Review Commission

- A. The duties and responsibilities of the Commission shall be as set forth in this Zoning Code, the Lakewood Municipal Code, and the Design Review Commission Rules and Regulations.
- B. The Design Review Commission has jurisdiction to hear applications for those areas of the City within which the City has imposed specific design criteria and to review proposed design criteria and any changes to existing design criteria.
- C. There shall be three hearing types for applications before the Design Review Commission to include: concept design, final design, and public hearing. The concept design hearing shall be an initial opportunity for an applicant to present their application to obtain feedback from the Design Review Commission. The final design hearing shall be a secondary opportunity for an applicant to present their application to obtain final feedback from the Design Review Commission. The public hearing shall be quasi-judicial in nature and result in the Design Review Commission approving the application, approving the application with modifications, or denying the application.

17.1.9: Common Facilities

Any development that includes common facilities shall be subject to the following:

- A. All common facilities must be in single ownership or unified control, such as a homeowners' association.
- B. An approved site plan in conformance with Article 2 of this Zoning Code.

The City does not have jurisdiction to review condominium applications.

17.1.10: Building Permits

- A. In addition to the requirements of the building code, no building permit shall be issued unless the plans for the proposed construction, enlargement, alteration, repair, improvement, or conversion, and the use of the building or structure conform to all requirements of this Zoning Code.

- B. For new buildings or building additions requiring a building permit, before form inspections and approval thereof, the property owner, lessee, builder, or contractor shall retain the services of a Colorado Licensed Professional Land Surveyor to locate the property boundaries and stake the corners of the proposed building foundation based upon the setbacks of the approved building permit.
- C. Except in cases of applications for building permits made in response to orders from building or fire officials to remedy conditions immediately dangerous to life, health, or property, and except in cases exempted pursuant to Article 11, upon the filing of an application for a permit for the performance of any work coming within the scope of Article 11 of this Zoning Code, the Director shall require the applicant to meet the additional submittal requirements set forth in Article 11 of this Zoning Code.

17.1.11: Fees

- A. The City Manager shall establish fees as necessary for any appeal, process, procedure, or other action relating to the Zoning Code.
- B. Upon written application to the City Manager, the City Manager may waive or reduce said fees if such action will further the economic goals of the City as set forth in the Lakewood Municipal Code.

17.1.12: Violation and Penalty

It is unlawful for any person, as defined in the Lakewood Municipal Code 1.16.010, to violate any of the provisions of this Zoning Code or any condition, stop-work order, permit, certificate, or other form of authorization granted pursuant to this Zoning Code. Violations of this Zoning Code shall be subject to prosecution in the Lakewood Municipal Court, administrative enforcement, or any other remedy available at law and punishable by the penalties outlined in the Lakewood Municipal Code 1.16.020. Each day that a violation continues after service of written notice to abate to abate such violation shall constitute a separate violation.

17.1.13: Severability

If any part, section, sentence or clause of this Zoning Code shall for any reason be questioned in any court and shall be adjudged unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Zoning Code. Any such part, section, sentence or clause shall not be taken to affect or prejudice in any way the remaining part or parts of this Zoning Code.

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ARTICLE 2: PROCEDURES AND APPEALS

17.2.1: General

This Article establishes the process and procedures for planning review in the City of Lakewood (the “City”). The Article is divided into sections that describe the common procedures for planning applications and the specific procedures and criteria for each type of planning application, followed by a description of the process that applies to permit applications.

17.2.2: Planning Applications, General

[Table 1](#) summarizes the procedures for planning applications.

Table 1: Procedures Summary Table						
	Application Processes		Review, Decision, and Appeal Authority			
Application Type	Preplanning Review	Formal Application Review	Director	Board of Adjustment Public Hearing	Planning Commission Public Hearing	City Council Public Hearing
Zoning and Rezoning	✓	✓	R		R	D
Special Use Permit	✓	✓	R		D	
Major Variance		✓	R	D		
Minor Variance		✓	D	A		
Major Waiver		✓	R		D	
Minor Waiver		✓	D		A	
Major Site Plan	✓	✓	D		A	
Comprehensive Sign Plan	✓	✓	D		A	
Zoning Lot	✓	✓	D		A	
✓ = Required Application R = Review D = Decision A = Appeal						

Table 1: Procedures Summary Table; 17.2.2

17.2.2.1: Application Process

This Section describes steps in the application processes that are common to more than one planning application. These general provisions shall apply unless superseded by more specific processes set forth within this Article or this Zoning Code.

A. Preplanning Application Review

The purpose of the preplanning application is to provide information to the applicant early in the planning application process regarding the requirements and process for land use and development in the City.

1. A preplanning application is required for planning applications as identified in [Table 1](#). The Director may waive the requirement for a preplanning application.
2. When a preplanning application is required, the applicant shall submit a preplanning application, and all supplemental materials.
3. The City shall respond in writing to preplanning applications. The written response shall include, but is not limited to, comments regarding the following:
 - a. Consistency of the proposed land development with the City's Comprehensive Plan and how well the project interacts with the context of the area;
 - b. Consistency of the proposed land development with the standards in this Zoning Code;
 - c. The need, if any, to complete a land subdivision pursuant to the Lakewood Subdivision Ordinance;
 - d. Anticipated impact and requirements of the proposed land development on the public right-of-way and public improvements; and/or
 - e. An explanation of the land development process required to pursue the applicant's proposal.

B. Formal Application Review

The purpose of the formal application is for the applicant to demonstrate that the proposed development or land use meets all the applicable standards in this Zoning Code.

1. The applicant shall be all owners of the property, or any person, firm or corporation with written consent of all property owners.

2. The applicant shall submit a complete formal application for all planning applications identified in [Table 1](#).
3. The City shall review all formal applications for compliance with all applicable standards in this Zoning Code. The City shall not proceed with an incomplete application.
4. If a formal application is not received within six (6) months after completion of the preplanning review as identified in [17.2.2.1:A](#) above, the Director may require a new preplanning review prior to a formal application submittal.
5. The applicant may withdraw an application at any time prior to a decision by the City by submitting a written request to withdraw the application to the Director. Applications that are resubmitted after being withdrawn shall be treated as a new application for purposes of review. The City shall not refund fees for a withdrawn application.

17.2.2.2: Public Input Process

This Section establishes the common procedures for neighborhood meetings and notification to owners of adjacent property when required for a planning application. It is the intent of this Section to provide a framework that promotes dialogue between residents, property owners, City staff, and developers to effectively facilitate a productive development and land use review process.

A. Neighborhood Meeting

The purpose of a neighborhood meeting is to engage neighbors in the immediate vicinity of certain proposed land development projects to solicit their input on how the project will interact with the surrounding area. At the neighborhood meeting, the applicant shall provide information to neighbors on the proposed land development, solicit feedback from neighbors, and discuss potential ways to mitigate neighbors' concerns.

1. At least one (1) neighborhood meeting is required for the following land development or redevelopment applications, which shall be held after receiving the written response to the preplanning application, but prior to filing a formal application:
 - a. Initial Zoning;
 - b. Rezoning;
 - c. Special Use Permit;

- d. Major Site Plan within a [Mid-Form Residential \(R-M\)](#), Mixed-Use (MU), Commercial (C), or Light Industrial (LI) zone district and adjacent to public park or open space that exceeds ten (10) acres in size; and/or
 - e. As determined by the Director.
2. More than one (1) neighborhood meeting may be required at the discretion of the Director. A second or subsequent neighborhood meeting may be required at a point in the process beyond the preplanning application stage. In determining whether to require an additional neighborhood meeting, the Director shall consider:
- a. If the applicant has sufficiently solicited input from neighbors on how the project interacts with the surrounding area;
 - b. If the applicant is proposing new or modified components of the formal application that were not discussed at the required neighborhood meeting; and/or
 - c. If a significant amount of time has passed since the required neighborhood meeting. The Director shall determine whether a significant amount of time has passed for purposes of this Section.
3. Notification for a required neighborhood meeting shall be provided as described below:
- a. For a major site plan subject to [17.2.2.2:A.1](#), special use permit, initial zoning, or rezoning, a written notice shall be mailed by first class mail to tenants and owners of property within five hundred (500) feet of the subject property and registered neighborhood organizations within a half (1/2) mile of the subject property.
 - b. All written notices shall be in a form prepared by the City and approved by the Director.
 - c. All written notices shall be postmarked not less than fourteen (14) days, but not more than thirty (30) days, prior to the neighborhood meeting.

B. Notification to Adjacent Tenants and Property Owners

The purpose of the notification to tenants and owners of adjacent property is to inform neighbors when the Director is reviewing an application to allow a minor variance.

- 1. A notification is required for land development or redevelopment applications for a minor variance, or as determined by the Director.
- 2. Notification shall be provided as described below:

- a. All written notices shall be mailed by first class mail to owners of property that are immediately adjacent to the subject property excluding rights-of-way. Notice shall not be required to adjacent tenants and property owners across freeways and arterial streets.
- b. All written notices shall be in a form prepared by the City and approved by the Director.
- c. All written notices shall be postmarked not less than fourteen (14) days, but not more than thirty (30) days, prior to a decision by the Director.

17.2.2.3: Public Hearings

Public hearings allow the opportunity for all interested parties to comment on a formal application reviewed by the Board of Adjustment, Planning Commission, or City Council. The form of the public hearing, whether quasi-judicial or legislative, required for each of the below decision making processes is determined by the decision to be made and shall be held in conformance with this Article and with the legal requirements of such form of hearing.

A quasi-judicial decision making process is required when a governmental decision is likely to adversely affect protected interests through the application of preexisting legal standards or policy considerations as applied to present or past facts. Public hearings in association with legislative acts, such as code updates or other actions that are not specifically in response to an individual's personal property rights, are commonly referred to legislative public hearings. Generally, the goal of a legislative public hearing is to provide an established timeframe during a meeting at which time anyone who is interested in a topic may share their perspectives on proposed legislation or specific issues.

A. Setting a Date for a Public Hearing

1. The Clerk to the Board of Adjustment shall schedule the public hearing before the Board of Adjustment. The public hearing shall be held not more than forty-five (45) days, or within a timeframe agreed upon by the applicant and Director, after all studies and plans submitted with the formal application have been deemed acceptable for the hearing by City staff. The Clerk to the Board of Adjustment shall provide notice of the date, time, and location of the public hearing to the applicant.
2. The Clerk to the Planning Commission shall schedule the public hearing before the Planning Commission. The public hearing shall be held not more than forty-five (45) days, or within a timeframe agreed upon by the applicant and Director, after all studies and plans submitted with the formal application have been deemed acceptable for the hearing by City staff. The Clerk to the

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Planning Commission shall provide notice of the date, time, and location of the public hearing to the applicant.

3. The City Clerk shall schedule public hearings before the City Council pursuant to the City Charter and the Lakewood Municipal Code.

B. Notification for a Public Hearing

This Section applies to all hearings before the Board of Adjustment, Planning Commission, and City Council, except for legislative zonings.

1. Posting of sign(s) on the property is required for public hearings as described below:
 - a. The applicant shall post at least one (1) sign every three hundred (300) feet along each street frontage, or portion thereof, on the subject property.
 - b. The sign shall be in a format approved by the Director.
 - c. The applicant shall post the sign(s) on the property at least fourteen (14) days prior to a public hearing and replace any signs lost or damaged prior to the hearing.
2. The City shall provide notice for a public hearing in the publication of record at least ten (10) days prior to the public hearing.
3. Notification to owners of property in the vicinity of the subject property shall be provided by the applicant as described below:
 - a. For a special use permit, initial zoning or rezoning, a written notice shall be mailed by First Class mail to tenants and owners of property within five hundred (500) feet of the subject property and registered neighborhood organizations within half (1/2) a mile of the subject property.
 - b. For a major variance and major waiver, a written notice shall be mailed by First Class mail to tenants and owners of property within three hundred (300) feet of the subject property and registered neighborhood organizations within a quarter (1/4) mile of the subject property.
 - c. The applicant's written notice shall be in a form prepared by the City and approved by the Director.
 - d. The notice to tenants and owners of property shall be postmarked at least fourteen (14) days, but not more than thirty (30) days, prior to the public hearing.

4. Public hearing notification (posted signs, newspaper notifications, and written notifications to tenants and property owners) shall include the following information:
 - a. Type of land development case, description of the proposal, and proposed land uses;
 - b. Date, time, and place of the public hearing;
 - c. Address of the subject property;
 - d. Name and contact information for the applicant; and
 - e. Name and contact information for assigned member of City staff.

C. Conduct for a Public Hearing

1. The Zoning Code, Comprehensive Plan, including all amendments, and Subdivision Ordinance shall be a part of the record of every public hearing. It shall not be necessary for any party or person to formally introduce these into evidence.
2. The Board of Adjustment shall conduct public hearings pursuant to the Rules and Regulations of the Board of Adjustment, as amended. Additionally, quasi-judicial public hearings shall be held in conformance with due process standards as set forth by law. The Board shall also comply with any regulations for quasi-judicial public hearings adopted by the City Council and made applicable to all boards and commissions of the City.
3. The Planning Commission shall conduct public hearings pursuant to the Rules and Regulations of the Planning Commission, as amended. Additionally, quasi-judicial public hearings shall be held in conformance with due process standards as set forth by law. The Commission shall also comply with any regulations for quasi-judicial public hearings adopted by the City Council and made applicable to all boards and commissions of the City.
4. The City Council shall conduct administrative public hearings pursuant to the City Charter and the Lakewood Municipal Code, as amended. Additionally, quasi-judicial public hearings shall be held in conformance with due process standards set forth by law.

17.2.3: Initial Zoning, Rezoning and Legislative Zoning

17.2.3.1: Applicability

This Section establishes the procedures and criteria for designating a zoning

classification for all land within the City. Initial zoning establishes the appropriate zoning district for land that is annexed to the City of Lakewood. Legislative zoning is a rezoning that is prospective in nature and reflects public policy of a permanent or general character impacting the City on a scale greater than at the individual property level and involves changing the boundaries or area of one or more zoning districts as shown on the Official Zoning Map of the City of Lakewood. Rezoning is also a process for changing the zoning classification of any previously zoned parcel of land within the City of Lakewood, as shown on the Official Zoning Map of the City of Lakewood, that is necessitated by the needs/desires of the property owner.

17.2.3.2: Types of Zoning Applications

A. Initial Zoning

1. The initial zoning process shall apply when property is annexed or is going to be annexed to the City.
2. The process for initial zoning shall be instituted at any time after a resolution of intent to annex is adopted pursuant to C.R.S. § 31-12-106, as amended, or after a petition for annexation, or a petition for annexation election has been found to be valid in accordance with C.R.S. § 31-12-107, as amended.
3. One or more of the following entities may submit an application for initial zoning:
 - a. All owners of all real property to which the initial zoning would apply; or
 - b. Any person, firm, or corporation with the written consent of all of the owners of the property.
4. If no application for initial zoning is submitted by a property owner or owners, the Director may institute initial zoning.

B. Rezoning

1. The rezoning process shall apply when a change to the boundaries or area of any zone district, or when a change to the zoning classification of any parcel of land within the City as shown on the official zoning map, is proposed for rezoning by one or more owners of such property to allow a change in use.
2. One or more of the following entities shall submit a formal application for rezoning.
 - a. All owners of all real property to which the rezoning would apply; or
 - b. Any person, firm, or corporation with the written consent of all owners of the property.

C. Legislative Zoning

1. The legislative zoning process is intended to be a rezoning that is prospective in nature, which means that all uses that were lawfully implemented prior to the adoption of the legislative rezoning remain lawful as nonconforming uses in accordance with Article 12 of this Zoning Code. Legislative zoning reflects public policy of a permanent or general character impacting the City on a scale greater than at the individual property level.
2. Applications for legislative zoning shall be initiated by the City Manager.

17.2.3.3: Review Criteria

A. Review Criteria for Initial Zoning and Rezoning

Recommendations and decisions regarding initial zoning and rezoning applications shall be based on the following review criteria. Applications for initial zoning and rezoning shall be approved if it is demonstrated that:

1. The proposed zoning or rezoning promotes the purposes of this Zoning Code as stated in 17.1.2;
2. The proposed zoning or rezoning is compatible with existing surrounding land uses, or the land uses envisioned in the Comprehensive Plan; and
3. The proposed zoning or rezoning meets at least one (1) of the following additional criteria:
 - a. The proposed zoning or rezoning promotes implementation of the policies and goals as set forth within the Comprehensive Plan;
 - b. There has been a material change in the character of the neighborhood or in the City generally, such that the proposed zoning or rezoning would be in the public interest and consistent with the change; or
 - c. The property proposed for zoning or rezoning was previously zoned in error.

B. Review Criteria for Legislative Zoning

Recommendations and decisions regarding legislative zoning applications shall be based on the following review criteria. Legislative zoning applications shall be approved if it is demonstrated that:

1. The legislative zoning affects a large number of properties, and the proposed rezoning is not applicable only to a specific individual or readily identifiable group;

2. The legislative zoning is prospective in nature and reflects public policy of a permanent or general character impacting the City on a scale greater than at the individual property level;
3. It would be inefficient, cumbersome, and unduly burdensome on the resources of the City to rezone the potentially affected properties in a quasi-judicial manner on a site-by-site basis;
4. The proposed legislative zoning promotes the purposes of this Zoning Code; and
5. The proposed legislative zoning promotes implementation of the goals and policies of the Comprehensive Plan.

17.2.3.4: Review Authority

- A. City Council designates the Planning Commission to conduct a quasi-judicial public hearing on applications for initial zoning and rezoning. An administrative public hearing shall be held to review any proposed legislative zoning. At the conclusion of the public hearing, the Planning Commission shall make a recommendation to the City Council in accordance with [17.2.3.5:D](#).
- B. Upon receipt of a recommendation from the Planning Commission for an initial zoning or a rezoning, the City Council shall conduct a quasi-judicial public hearing and render a decision in accordance with [17.2.3.5:E](#). Upon receipt of a recommendation from the Planning Commission regarding legislative zoning, the City Council shall conduct an administrative public hearing then render a decision in accordance with [17.2.3.5:E](#).
- C. An ordinance for the initial zoning of property annexed to the City shall be approved by City Council concurrent with the approval of the annexation ordinance or within ninety (90) days after the effective date of the annexation ordinance.
- D. The decision of the City Council on applications for initial zoning, rezoning and legislative zoning shall be final.
- E. All requests that are denied may not be resubmitted for a minimum period of six (6) months from the date of the decision.

17.2.3.5: Review Procedure

A request for an initial zoning, rezoning, or legislative zoning shall follow the procedure described below.

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A. Application

1. The applicant shall follow procedures for preplanning and formal applications pursuant to [17.2.2.1:A](#) and [17.2.2.1:B](#).
2. Applications for an initial zoning or a rezoning to a planned development zone district shall submit an Official Development Plan (ODP) addressing all of the elements in 17.3.6.

B. Neighborhood Meeting

At least one (1) neighborhood meeting is required for initial zoning and rezoning proposals. The applicant shall hold a neighborhood meeting pursuant to Section [17.2.2.2:A](#).

C. Director's Review Authority and Recommendation

1. The Director shall review the application and ensure the following:
 - a. The formal application is complete when submitted to the City;
 - b. The applicant followed the procedures as stated in this Zoning Code; and
 - c. The application addresses all criteria in [17.2.3.3](#); and any other applicable City standards.
2. The Director shall make a recommendation to the Planning Commission and the City Council to approve, approve with modifications where appropriate, or deny the application for initial zoning, rezoning or legislative rezoning based on the review criteria in [17.2.3.3](#); and any other applicable City standards.

D. Planning Commission Public Hearing

1. The applicant shall provide public notice of the public hearing pursuant to [17.2.2.3:B](#).
2. The Planning Commission shall hold a public hearing for an initial zoning, rezoning or legislative zoning application after receipt of the Director's recommendation pursuant to [17.2.2.3:C](#).
3. During the public hearing, the Planning Commission shall hear any relevant evidence or statement provided by the applicant or applicant's authorized representative, by the Director or any member of City staff, and by any person in attendance at the hearing. The Planning Commission may, at its sole discretion, hear and consider any other relevant statement or evidence, including both documentary and verbal.

4. Following the public hearing, the Planning Commission shall make written findings and a recommendation to the City Council to approve, approve with modifications where appropriate, or deny the application based on the review criteria in [17.2.3.3:](#).
5. The Planning Commission shall provide the written findings and a recommendation to the applicant within fourteen (14) days after the public hearing. The written findings and recommendation shall be in the form of a resolution.
6. No substantial amendment to an application may be made after a decision on the application has been made by the Planning Commission unless such amendments are recommended by the Planning Commission.
7. Any person may object to a finding or a recommendation of the Planning Commission by submitting a written statement with the Clerk to the Planning Commission prior to the public hearing before the City Council. Such objection shall become a part of the planning case file.

E. City Council Public Hearing

1. The applicant shall provide public notice of the public hearing pursuant to [17.2.2.3:B](#).
2. The City Council shall hold a public hearing for consideration of a proposed ordinance for initial zoning, rezoning or legislative zoning after receipt of the Planning Commission's recommendation pursuant to [17.2.2.3:C](#).
3. During the public hearing, the City Council may hear any relevant evidence or statement provided by the applicant or the applicant's authorized representative, by the Director, and by any person in attendance at the hearing. The City Council may, at its sole discretion, accept and consider any other relevant statement or evidence, including both documentary and verbal.
4. Following the public hearing and based on the rezoning criteria in [17.2.3.3:](#), the City Council shall take one of the following actions:
 - a. **Approve the application.** Approval of the application shall be by ordinance and shall incorporate the Planning Commission's findings as presented or as amended based upon evidence presented to the City Council.
 - b. **Approve the application with modifications.** Approval of the application shall be by ordinance and shall include a clear statement of any modifications or conditions, and shall incorporate the Planning

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Commission's findings as presented or as amended based upon evidence presented to the City Council.

- c. **Table the matter.** Continue a decision upon the proposed ordinance to a date certain. This action is appropriate when the public hearing has been completed but due to the lateness of the hour or the length of the balance of the City Council agenda there isn't sufficient time to consider and decide the merits of the application.
- d. **Deny the application.** Failure to approve an ordinance shall be recognized as a denial of the application. Unless grounds/findings of fact setting forth the reasons for such denial are adopted by the City Council by regular motion, the Planning Commission's findings as presented or as amended, based upon evidence presented to the City Council, shall be recognized as the City Council's grounds for such denial.
- e. **Remand the application to the Planning Commission.**
 - i. The City Council may remand the proposed application to the Planning Commission for further consideration if at least one (1) of the following is found to be true:
 - a) One of the written findings from the Planning Commission is based on incorrect information upon which the City Council would like additional information; and/or
 - b) New information, that was not available at the time of the Planning Commission public hearing, is presented and has the potential to change the recommendation of the Planning Commission.
 - ii. When remanding an application to the Planning Commission for further action, the City Council shall provide guidance on what is being asked of the Planning Commission, including but not limited to:
 - a) Identifying which aspects of the application should be reconsidered;
 - b) Identifying those issues which require additional public testimony; and
 - c) Notification of the date certain to which the City Council continued its consideration of the application.
- 5. Final action by the City Council on the application shall be taken within ninety (90) days after the date of the conclusion of the City Council's hearing on the application, or, if the matter is remanded, within thirty (30) days after the date

the City Council receives a supplementary report or recommendation from the Planning Commission, whichever date is later. Failure to approve an ordinance within such period shall be considered, a final decision of the City Council denying the application. If the vote on any application is tabled by the City Council pursuant to the provisions of City of Lakewood Municipal Code 1.20.030, an additional fourteen (14) days shall be added to the time limit for each such occurrence.

F. Vested Property Rights

1. **General Vesting Period**Generally. A vested property right refers to the legal rights a property owner has in order to develop or use their land according to specific regulations. A “vesting period” or “vested rights period” is the timeframe during which a property right is secured and protected from changes in land use laws and regulations. Such vesting period gives the property owner the right to undertake and complete the development and use of the property under the terms and conditions of the approval. Vesting periods are determined according to the following:

- a. A zoning action approved by the City Council is automatically vested for a period of three (3) years.
- b. All other zoning actions shall vest according to the site-specific development plan in accordance with this Section. For purposes of this Section, a site-specific development plan refers to a plan that has obtained final approval under the standards and procedures contained within this Zoning Code and that describes with reasonable certainty the type and intensity of use for a specific parcel or parcels of property and includes all terms and conditions of approval.

2. **Applicability**

- a. Vested property rights may be obtained through approval of the following site-specific development plans:
 - iii. Official Development Plans (ODPs) associated with Planned Development (PD) zoning;
 - iv. Development Agreements,
 - v. A subdivision plat with an associated Development Agreement,
 - vi. A phased Major Site Plan (MSP) with an associated Development Agreement, and
 - vii. A Comprehensive Sign Plan.

- b. No other plan, plat, draft, preliminary document, or similar document shall be considered a site-specific development plan subject to vested property rights.
- c. Notwithstanding the foregoing in Subsection b above, the City Council may approve or designate additional site-specific development plans as needed.

3. Vested Rights Request.

- a. A vested rights request shall be included with the application for the site-specific development plan.
 - b. If an applicant seeks approval of a site-specific development plan to create vested property rights, such plan shall include a statement that it is being submitted for designation as a site-specific development plan and list the requested vesting period.
4. **Approval.** A vested rights request shall be deemed approved upon the effective date of the City's final administrative determination, legal action, Planning Commission resolution, or City Council resolution, or ordinance related thereto.

G. Development Agreements

- 1. **Generally.** A Development Agreement is a legally binding contract between a property owner or developer and the City. It outlines the specific terms and conditions for development, usually going beyond what is normally required by existing zoning and land use regulations. These agreements can cover various aspects of development such as vested rights, phasing, installation of public improvements and other infrastructure, property dedications, etc.
6. **2. Development Agreement Vesting.** An applicant may seek to vest the approval of a zoning action for a period of longer than three (3) years through the approval of a Development Agreement. The City Council may enter into a Development Agreement where City Council finds a period of vesting beyond three (3) years to be warranted in light of all relevant circumstances including, but not limited to, the size and phasing of the development, economic factors, and market conditions.
7. **3. Development Agreement Compliance Review.** When a zoning action is modified by an approved Development Agreement the City may conduct periodic subsequent reviews of the development and require the owner of the property to demonstrate compliance with the terms and conditions of the

Development Agreement. Failure to establish such compliance may result in the issuance of a notice of forfeiture from the Director.

8.4. Forfeiture of Development Agreement; Request for Reconsideration.

Upon receipt of a notice of forfeiture, an owner or owner's authorized representative may file a written request to the Director, within seven (7) days of receipt, that the Director reconsider such decision. The request for reconsideration shall state the reason for reconsideration and shall specifically describe the actions which constitute compliance with the terms and conditions of approval. The Director shall respond to such request, in writing, within fourteen (14) days of said request being filed with the Director.

9.5. Appeal of Director's Decision. Denial by the Director of a timely filed request for reconsideration may be appealed to the Planning Commission.

- a. The owner or owner's authorized representative may submit a written appeal to the Clerk to the Planning Commission within thirty (30) days of the Director's decision.
- b. The Planning Commission shall review appeals of the Director's notice of decision related to non-compliance with the Development Agreement pursuant to the notification process outlined in 17.2.2.3:B of this Zoning Code. The Planning Commission shall conduct a quasi-judicial public hearing within thirty (30) days of receipt of a complete appeal application, or within a timeframe agreed upon by the applicant and Director.
- c. The Planning Commission's review shall determine whether the decision of the Director is consistent with this Zoning Code and the terms of the Development Agreement.
- d. Any decision of the Planning Commission on review of an appeal of forfeiture of a Development Agreement shall include the Commission's findings that support its decision for affirming, modifying or reversing the Director's decision.

10.6. Covenant; Recording. All provisions and conditions contained within a Development Agreement shall constitute a covenant running with the land and shall be binding upon the heirs, successors, and assigns of the parties to the agreement. The City shall record all approved Development Agreements and related documentation with the Jefferson County Assessor's Office at the expense of the property owner or developer.

17.2.4: Special Use Permits

17.2.4.1: Applicability

This Section establishes the procedures and criteria for special use permits. The requirements in this Section shall apply to all special uses as listed in Article 4 of this Zoning Code. A special use permit, once approved, shall run with the land, except as otherwise specified in this Zoning Code.

17.2.4.2: Review Criteria

Recommendations and decisions regarding special use permit applications shall be based on the following review criteria. An application for a special use permit shall be approved if it is demonstrated that:

- A. The proposed special use is consistent with the applicable supplemental standards set forth in Article 4 of this Zoning Code;
- B. The proposed special use is consistent with the applicable dimensional and development standards set forth in Article 5 of this Zoning Code;
- C. The proposed special use is consistent with the applicable design standards set forth in Articles 6 and 7 of this Zoning Code;
- D. The proposed special use promotes implementation of the Comprehensive Plan and other adopted City plans; and
- E. The proposed special use will not substantially impair the appropriate use or development of adjacent property.

17.2.4.3: Review Authority

- A. City Council designates the Planning Commission to conduct a quasi-judicial public hearing on applications for special use permits and render a decision. The decision of the Planning Commission shall be final.
- B. All requests that are denied may not be resubmitted for a minimum period of six (6) months from the date of the decision.

17.2.4.4: Review Procedure

A request for a special use permit shall follow the procedures described below:

A. Application

The applicant shall follow procedures for preplanning and formal applications pursuant to [17.2.2.1:A](#) and [17.2.2.1:B](#). The Director may require that the applicant provide a site

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plan with an application for a special use permit. The site plan shall illustrate any proposed changes or improvements with the application for a special use permit and shall meet the requirements of this Zoning Code.

B. Neighborhood Meeting

At least one (1) neighborhood meeting is required for a special use permit application. The applicant shall hold a neighborhood meeting pursuant to [17.2.2.2:A](#).

C. Director's Review and Recommendation:

1. The Director shall review the application and ensure the following:
 - a. The formal application is complete when submitted;
 - b. The applicant followed the procedures as stated in this Zoning Code; and
 - c. The application addresses all criteria in [17.2.4.2](#) and any other applicable City standards.
2. The Director shall make a recommendation to the Planning Commission to approve, approve with modifications where appropriate, or deny the application for a special use permit based on the review criteria in [17.2.4.2](#).

D. Planning Commission Public Hearing:

1. The applicant shall provide public notice of the public hearing pursuant to [17.2.2.3:B](#) of this Zoning Code.
2. The Planning Commission shall hold a quasi-judicial public hearing for special use permits after receipt of the Director's recommendation pursuant to [17.2.2.3:C](#).
3. During the public hearing, the Planning Commission shall hear any relevant evidence or statement provided by the applicant or the applicant's authorized representative, by the Director or any member of City staff, and by any person in attendance at the hearing. The Planning Commission may, at its sole discretion, hear and consider any other relevant statement or evidence, including both documentary and verbal.
4. Following the public hearing, the Planning Commission shall make a decision to approve, approve with modifications where appropriate, or deny the application. The decision of the Planning Commission may include conditions for the special use permit in addition to the supplemental standards set forth in Article 4 of this Zoning Code.

5. The Planning Commission shall provide the written findings and decision to the applicant within fourteen (14) days after the public hearing. The written findings and decision shall be in the form of a resolution.

17.2.4.5: Expiration of Special Use Permit:

- A. If a major site plan is required, the applicant shall obtain approval of the major site plan within a period of two (2) years from the date of the special use permit approval. If the major site plan approval is not obtained within this time period, the approval of the special use permit is no longer valid.
- B. The applicant may request an extension of the special use permit approval. A written request for an extension explaining the justification for the request shall be submitted to the Director prior to the expiration of the special use permit approval. The Director may grant an extension for good cause for up to one (1) year from the date of the original expiration of the special use permit approval.

17.2.5: Variances

17.2.5.1: Applicability

This Section establishes the procedures and criteria for requesting a variance to a dimensional standard in Article 5, 6, 7, 8, 9, and 10 of this Zoning Code or to a similar standard contained in an ODP due to an extraordinary or exceptional situation or condition. No variance may be requested from the Use and Supplemental Standards provided for in Article 4 and 13 of this Zoning Code.

17.2.5.2: Types of Variances

A. Major Variance

Except as otherwise noted below, a major variance shall apply when a variation of twenty (20) percent or more to a dimensional standard is proposed.

B. Minor Variance

A minor variance shall apply to any of the following:

1. When a variation of less than twenty (20) percent to a dimensional standard is proposed;
2. When an increase in the height of a side or rear yard fence is proposed; or
3. To any design standard.

17.2.5.3: Review Criteria

Recommendations and decisions regarding variance applications shall be based on the following review criteria. Applications for variances shall be approved if it is demonstrated that:

- A. By reason of exceptional narrowness, shallowness or shape of a specific piece of property, topographic conditions or other extraordinary and exceptional situation or condition of the piece of property, the strict application of the regulation would result in peculiar and undue practical difficulties for, or peculiar and unnecessary hardship on, the owner of the property;
- B. The extraordinary and exceptional situation or condition on the property that is stated as the reason for the proposed variance is not self-imposed;
- C. The proposed variance complies with the purpose and intent of the standard to be varied and generally observes the spirit of the Zoning Code;
- D. The proposed variance will not substantially impair the appropriate use or development of adjacent property;
- E. The proposed variance is the minimum variance that will afford relief with the least modification possible of this Zoning Code; and
- F. The proposed variance is the minimum variance that will afford relief if a design requirement cannot be met.

17.2.5.4: Review Authority

A. Major Variance

- 1. The City Council designates the Board of Adjustment to conduct a hearing on applications for major variances and render a decision.
- 2. The decision of the Board of Adjustment on a major variance application shall be final.
- 3. All requests that are denied may not be resubmitted for a minimum period of six (6) months from the date of the decision.

B. Minor Variance

- 1. The Director shall have the authority to review and render a decision on minor variance applications.
- 2. The Board of Adjustment shall have the authority to hear a referral from the Director and render a decision on a minor variance application.

3. The Board of Adjustment shall have the authority to hear an appeal of the Director's decision and render a decision on a minor variance application.
4. The decision of the Board of Adjustment on a minor variance shall be final.
5. All requests that are denied may not be resubmitted for a minimum period of six (6) months from the date of the decision.

17.2.5.5: Review Procedure

A. Major Variance

A request for a major variance shall follow the procedures described below.

1. **Application.** The applicant shall follow procedures for formal applications pursuant to [17.2.2.1:B](#).
2. **Director's Review and Recommendation.** The Director shall review the application and ensure the following:
 - a. The formal application is complete when submitted to the City;
3. The applicant followed the procedures as stated in this Zoning Code; and
4. The application addresses all criteria in [17.2.5.3](#); and any other applicable City standards.
5. The Director shall make a recommendation to the Board of Adjustment to approve, approve with modifications where appropriate, or deny the application for a major variance based on the review criteria in [17.2.5.3](#); and any other applicable City standards.
6. **Board of Adjustment Public Hearing:**
 - a. The applicant shall provide public notice of the Board of Adjustment public hearing pursuant to [17.2.2.3:B](#) of this Zoning Code.
 - b. The Board of Adjustment shall hold a quasi-judicial public hearing for a major variance after receipt of the Director's recommendation pursuant to [17.2.2.3:C](#).
 - c. During the public hearing, the Board of Adjustment shall hear any relevant evidence or statement provided by the applicant or his representative, by the Director or any member of City staff, and by any person in attendance at the hearing. The Board of Adjustment may, at its sole discretion, hear and consider any other relevant statement or evidence, including both documentary and verbal.

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- d. Following the public hearing, the Board of Adjustment shall make a decision to approve, approve with modifications where appropriate, or deny the application for a major variance.
- e. The Board of Adjustment shall provide the written findings and decision to the applicant within fourteen (14) days after the public hearing. The written findings and decision shall be in the form of a resolution.

B. Minor Variance:

A request for a minor variance shall follow the procedures described below.

1. **Application.** The applicant shall follow procedures for formal applications pursuant to [17.2.2.1:B](#).
2. **Director's Review.** The Director shall review the application and ensure the following:
 - a. The application is complete when submitted to the City;
 - b. The applicant followed the procedures as stated in this Zoning Code; and
 - c. The application addresses all criteria in [17.2.5.3](#); and any other applicable City standards.
3. **Notification to Owners of Adjacent Property.** The applicant shall mail a notification to owners of adjacent property pursuant to [17.2.2.2:B](#).
4. **Director's Decision:**
 - a. The Director may approve, approve with modifications where appropriate, or deny the application for a minor variance based on the review criteria in [17.2.5.3](#); and any other applicable City standards.
 - b. The Director may decide, at the Director's sole discretion, to refer an application for a minor variance to the Board of Adjustment for consideration and decision pursuant to [17.2.5.4](#). In the event the Director refers an application for a minor variance to the Board of Adjustment for consideration, the Board of Adjustment shall have the same authority as the Director and shall follow the criteria in 17.2.5.3.
5. **Appeal of Director's Decision:** The applicant or owners of adjacent property may appeal the Director's decision on a minor variance application.
 - a. A written appeal shall be submitted to the Clerk to the Board of Adjustment within thirty (30) days of the Director's decision.

6. The Board of Adjustment shall review appeals to the Director's decision for a minor variance. The Board of Adjustment shall conduct a quasi-judicial public hearing within thirty (30) days of receipt of a complete appeal application, or within a timeframe agreed upon by the applicant and Director.
7. The Board of Adjustment review shall determine whether the decision of the Director is consistent with this Zoning Code.
8. Any decision of the Board of Adjustment on review of an appeal to a minor variance shall include reasons for affirming, modifying or reversing the Director's decision.

17.2.6: Waivers

17.2.6.1: Applicability

This Section establishes the procedures and criteria for requesting a waiver to a dimensional, development, design, or sign standard in Articles 5, 6, 7, 8, 9, or 10 of this Zoning Code or to a similar standard contained in an ODP when a request for a superior design or development standard is proposed. No waiver may be requested from the Use and Supplemental Standards provided for in Article 4 of this Zoning Code. An application for a waiver shall be submitted in conjunction with the review of a site plan or a zoning review.

17.2.6.2: Types of Waivers

A. Major Waiver

A major waiver shall apply when a proposed alternative to a dimensional standard varies the standard by more than twenty (20) percent.

B. Minor Waiver

A minor waiver shall apply to any of the following:

1. When a proposed alternative to a dimensional standard varies the standard by twenty (20) percent or less;
2. When an increase of up to two (2) feet in the height of a side or rear yard fence is proposed; or
3. To any design standard.

17.2.6.3: Review Criteria

Recommendations and decisions regarding waiver applications shall be based on the following review criteria. Applications for waivers shall be approved if it is demonstrated that:

- A. The waiver will result in a superior development or design than if the strict application of this Zoning Code is applied;
- B. The waiver will better serve the intent of the zone district in which the property is located;
- C. The waiver will not substantially impair the appropriate use or development of adjacent property;
- D. The waiver will not alter the character of the neighborhood or area where the project is proposed;
- E. The waiver is consistent with the development patterns of the existing neighborhood;
- F. The proposed project with a waiver will promote implementation of the Comprehensive Plan; and
- G. The proposed project with a waiver will meet the intent of the applicable zone district.

17.2.6.4: Review Authority

- A. Major Waiver
 - 1. The Planning Commission has the authority to review and render a decision on major waiver applications.
 - 2. The decision of the Planning Commission on a major waiver application shall be final.
 - 3. All requests that are denied may not be resubmitted for a minimum period of six (6) months from the date of the decision.
- B. Minor Waiver
 - 1. The Director has the authority to review and render a decision on applications for a minor waiver.
 - 2. The Planning Commission has the authority to hear a referral from the Director and render a decision on a minor waiver application.

3. The Planning Commission has the authority to hear an appeal of the Director's decision and render a decision on a minor waiver application.
4. The decision of the Planning Commission on a minor waiver application shall be final.
5. All requests that are denied may not be resubmitted for a minimum period of six (6) months from the date of the decision

17.2.6.5: Review Procedure

A. Major Waiver

A request for a major waiver shall follow the procedures described below:

1. Application:

- a. The applicant shall submit a formal application for a major waiver pursuant to [17.2.2.1:B](#).
2. The applicant shall provide sufficient evidence that the request for a waiver meets the review criteria outlined in [17.2.6.3](#).

3. Director's Review and Recommendation:

- a. The Director shall review the application and ensure the following:
 - i. The formal application is complete when submitted to the City;
 - ii. The applicant followed the procedures as stated in this Zoning Code; and
 - iii. The application addresses all criteria in [17.2.6.3](#) and any other applicable City standards.
4. The Director shall make a recommendation to the Planning Commission to approve, approve with modifications where appropriate, or deny the application for a major waiver based on the review criteria in [17.2.6.3](#).

5. Planning Commission Public Hearing:

- a. The applicant shall provide public notice of the public hearing pursuant to [17.2.2.3:B](#) of this Zoning Code.
- b. The Planning Commission shall hold a quasi-judicial public hearing for a major waiver after receipt of the Director's recommendation pursuant to [17.2.2.3:C](#).

- c. During the public hearing, the Planning Commission shall hear any relevant evidence or statement provided by the applicant or the applicant's authorized representative, by the Director or any member of City staff, and by any person in attendance at the hearing. The Planning Commission may, at its sole discretion, hear and consider any other relevant statement or evidence, including both documentary and verbal.
 - d. Following the public hearing, the Planning Commission shall make a decision to approve, approve with modifications where appropriate, or deny the application for major waiver.
6. The Planning Commission shall provide the written findings and decision to the applicant within fourteen (14) days after the public hearing. The written findings and decision shall be in the form of a resolution.

E. Minor Waiver

A request for a minor waiver shall follow the procedures described below:

1. **Application.** The applicant shall submit a formal application for a minor waiver in conjunction with a zoning review or a site plan.
2. **Director's Review and Decision:**
 - a. The Director shall review the application and ensure the following:
 - i. The formal application is complete when submitted to the City;
 - ii. The applicant followed the procedures as stated in this Zoning Code; and
 - iii. The application addresses all criteria in [17.2.6.3](#) and any other applicable City standards.
3. The Director may, within thirty (30) days from the day of the complete application, either approve, approve with modifications where appropriate, or deny the application based on the review criteria in [17.2.6.3](#) and any other applicable City standards.
4. The Director, at the Director's sole discretion, may decide to refer an application for a minor waiver to the Planning Commission pursuant to [17.2.6.4](#). In the event the Director refers an application for a minor waiver to the Planning Commission for consideration, the Planning Commission shall have the same authority as that of the Director and shall follow the criteria in [17.2.6.3](#).

5. Appeal of Director's Decision:

- a. The applicant or owners of adjacent property may appeal the Director's decision on a minor waiver application.
- b. A written appeal shall be submitted to the Clerk to the Planning Commission within thirty (30) days of the Director's decision.
- c. The Planning Commission shall review appeals to the Director's decision for a minor waiver pursuant to the notification process outlined in [17.2.2.3:B](#) of this Zoning Code. The Planning Commission shall conduct a quasi-judicial public hearing within thirty (30) days of receipt of a complete appeal application, or within a timeframe agreed upon by the applicant and Director. The Planning Commission's review shall determine whether the decision of the Director is consistent with this Zoning Code.
- d. Any decision of the Planning Commission on review of an appeal to a minor waiver shall include reasons for affirming, modifying or reversing the Director's decision.

17.2.6.6: Expiration of Waiver

Waivers shall be reviewed and approved in conjunction with the review and approval of a site plan or zoning review. If the site plan or zoning review with which the waiver is associated expires, the waiver shall expire.

17.2.6.7: Waiver for Disabilities

A minor waiver shall be granted when a proposed alternative to a dimensional or development standard is necessary when there is a disability affecting the owners or tenants of the property, or any member of the family of an owner or tenant who resides on the property, which impairs the ability of the mobility restricted person(s) to utilize or access the property if a minor waiver is not granted. The reviewing authority may rely upon the determination of an applicant's medical professional that an individual is mobility restricted.

17.2.7: Major Site Plans

17.2.7.1: Applicability

This Section establishes the procedures and criteria for reviewing major site plans. Site plan standards shall only apply to the area of new development or redevelopment, not the entire site.

- A. A major site plan is required when one of the following is proposed within the R-M, M, C or LI zone districts:
1. Any change to a site that affects twenty (20) percent or more of the site area, excluding residential properties with less than three (3) dwelling units;
 2. An expansion of a building by twenty (20) percent or more of the building's existing gross floor area, excluding residential structures with less than three (3) dwelling units;
 3. Construction of a new building that increases the gross floor area by twenty (20) percent or more of existing gross floor area;
 4. A development or redevelopment including three (3) residential units or more; or
 5. At the discretion of the Director, a modification of a site, building expansion, and/or new building construction that results in a cumulative change that is equivalent to any one (1) of the above conditions.
- B. A major site plan is required when one of the following is proposed within a R-L zone district:
1. Any non-residential building is constructed or expanded to be larger than the maximum new residential structure allowed in the district;
 2. Any change that affects twenty (20) percent or more of site area on a site with a non-residential building larger than the maximum new residential structure allowed in the district; or
 3. Development or redevelopment including three (3) or more primary residential buildings.

17.2.7.2: Review Criteria

Recommendations and decisions regarding site plan applications shall be based on the following criteria:

- A. Major site plans shall comply with standards outlined in Articles 3, 4, 5, 6, 7, 8, 10, and 13 of this Zoning Code.
- B. The Director shall evaluate how well the proposed modifications contribute to the overall performance of the site and how well the proposed changes meet the standards in Articles 3, 4, 5, 6, 7, 8, 10 and 13 of this Zoning Code.

17.2.7.3: Review Authority

- A. The Director shall have the authority to review and render a decision on a major site plan application.
- B. The Planning Commission shall have the authority to hear a referral from the Director and render a decision on a major site plan application.
- C. The Planning Commission shall have the authority to hear an appeal of the Director's decision and render a decision on a major site plan application.
- D. The decision of the Planning Commission on a major site plan application shall be final.

17.2.7.4: Review Procedure

A request for a major site plan review shall follow the procedures described below.

A. Application

For major site plans, the applicant shall follow the application process for a preplanning and formal application described in [17.2.2.1:A](#) and [17.2.2.1:B](#) and any other applicable City standards.

B. Director's Review and Decision

1. The Director shall review the application and ensure the following:
 - a. The formal application is complete when submitted to the City;
 - b. The applicant followed the procedures as stated in this Zoning Code; and
 - c. The application addresses all criteria in [17.2.7.2](#); and any other applicable City standards.
2. The Director shall approve, approve with modifications where appropriate, or deny the application for a site plan based on the review criteria in [17.2.7.2](#); and any other applicable City standards.

3. The communication of an approval or denial of a site plan shall provide reasons for the approval or denial. Red line changes on a site plan shall constitute sufficient detail of the reasons for a denial.
4. No building permit for any development requiring a site plan shall be issued without obtaining the Director's approval.
5. The Director, at his or her sole discretion, may refer a major site plan to the Planning Commission pursuant to [17.2.7.3](#). In the event the Director refers an application for a major site plan to the Planning Commission for consideration, the Planning Commission shall have the same authority as the Director and shall follow the criteria in [17.2.7.2](#).

C. Appeal of Director's Decision

1. The applicant may appeal the Director's decision on a major site plan.
2. A written appeal shall be submitted to the Clerk to the Planning Commission within thirty (30) days of the Director's decision.
3. The Planning Commission shall review appeals to the Director's decision for a major site plan. The Planning Commission shall conduct a quasi-judicial public hearing within thirty (30) days of receipt of a complete appeal application.
4. The Planning Commission's review shall determine whether the decision of the Director is consistent with this Zoning Code.
5. Any decision of the Planning Commission on review of an appeal to a major site plan shall include reasons for affirming, modifying, or reversing the Director's decision.

17.2.7.5: Expiration of Major Site Plans

- A. The applicant shall obtain approval of a building permit within a period of two (2) years from the date of a major site plan approval. If the building permit is not obtained within this time period, the approval of the major site plan is no longer valid.
- B. The applicant may request an extension of the major site plan approval. A written request for an extension explaining the justification for the request shall be submitted to the Director prior to the expiration of the major site plan approval. The Director may grant an extension for good cause for up to one (1) year from the date of the original expiration of the major site plan approval.

17.2.8: Revocation of Uses

17.2.8.1: Applicability

This Section establishes the procedures and criteria for revoking permission for special, nonconforming, and temporary uses.

17.2.8.2: Revocation of a Special Use Permit

- A. The stipulations and conditions imposed by the Planning Commission shall be maintained in perpetuity with the special use. If at any time the stipulations are not met or are found to have been altered in scope, application or design, the use shall be in violation and the special use permit shall be subject to revocation.
- B. If any special use is determined to be in violation of the special use permit:
 - 1. The Director shall notify the permit holder and the property owner in writing of said violation and shall provide the permit holder with a fourteen (14) day period in which to abate the violation. The fourteen (14) days may be extended for a reasonable period of time as determined by the Director.
 - 2. The permit holder shall notify the Director and each applicable licensing agency when the violation has been abated.
 - 3. As soon as practicable following receipt of such notification, the Director shall notify the permit holder in writing of the Director's approval of any such abatement action or of the intent to forward the matter to the Planning Commission for further action.
- C. If the violation has not been abated within the fourteen (14) day period:
 - 1. The Clerk to the Planning Commission shall schedule a quasi-judicial public hearing.

2. The purpose of this hearing shall be to determine whether the use of the property is in violation of the terms of the special use permit, and if so, whether revocation proceedings or other legal action should be pursued.
 3. The Planning Commission shall use the review criteria as set forth in [17.2.4.2](#): when considering whether the property is being used in compliance with or in violation of the terms of a special use permit.
- D. Following a public hearing before the Planning Commission:
1. The Planning Commission shall issue a decision either revoking or sustaining the special use permit.
 2. The revocation of the special use permit shall require the property owner to immediately stop the use of the property that was found to be violation and forfeit the special use allowed.
 3. After revocation, the permit holder may not reapply for a special use permit for the same or similar use within six (6) months of the revocation action

17.2.8.3: Revocation of a Nonconforming Use

- A. A nonconforming use shall be allowed to continue if it meets the standards of Article 12 of this Zoning Code. If at any time the standards for a nonconforming use stated in this Zoning Code or the Lakewood Municipal Code are not met, the nonconforming use shall be in violation of this Zoning Code and subject to revocation.
- B. If any nonconforming use is determined to be in violation:
1. The Director shall notify the property owner in writing of said violation and shall provide the property owner with a fourteen (14) day period in which to abate the violation.
 2. The property owner shall notify the Director when the violation has been abated.
 3. As soon as practicable following receipt of such notification, the Director shall notify the property owner in writing of the Director's approval of any such abatement action or of the intent to proceed with an administrative hearing.
- C. If the violation has not been abated within the fourteen (14) day period:
1. The Director shall schedule an administrative hearing. The Director shall give the property owner written notice of the date and time of the hearing at least fourteen (14) days prior to such hearing.

2. The purpose of this hearing shall be to determine whether the continuation of the nonconforming use, without correction of the violation, creates an increased risk to public health or safety or creates increased adverse impacts to adjacent properties, and if so, whether revocation of the nonconforming use or other legal action should be pursued.
 3. If the nonconforming use is found by the Director to have violated the standards for maintaining a nonconforming use, the Director shall order the nonconforming use to terminate and/or may initiate legal action to terminate the nonconforming use. The revocation of the nonconforming use shall require the property owner to stop the use.
- F. If the Director has ordered the termination of the nonconforming use pursuant to [17.2.8.3:C](#), and the property owner believes the criteria in [17.2.8.3:C](#) have not been met:
1. The property owner may appeal the decision to the Planning Commission within fourteen (14) days of the Director's decision.
 2. The Planning Commission shall conduct a quasi-judicial public hearing within thirty (30) days of receipt of a complete appeal application.
 3. Any decision of the Planning Commission on review of a nonconforming use revocation appeal shall include reasons for affirming, modifying or reversing the Director's decision.

17.2.8.4: Revocation of a Temporary Use

- A. A temporary use shall be allowed to continue within the timeframe established for the use if it meets the standards of this Zoning Code. If at any time the standards for a temporary use stated in this Zoning Code or the Lakewood Municipal Code are not met, the temporary use shall be in violation of this Zoning Code and subject to revocation.
- B. If any temporary use is determined to be in violation:
1. The Director shall notify the property owner in writing of said violation and shall provide the property owner with a fourteen (14) day period in which to abate the violation.
 2. The property owner shall notify the Director when the violation has been abated.

- C. If the violation has not been abated within the fourteen (14) day period:
1. The Director shall schedule an administrative hearing and shall give the property owner at least fourteen (14) days written notice of the date and time of the hearing.
 2. The purpose of this hearing shall be to determine whether the continuation of the use, without correction of the violation, creates an increased risk to public health or safety, or creates increased adverse impacts to adjacent properties, and if so, whether revocation of the temporary use or other legal action should be pursued.
 3. If the temporary use is found by the Director to have violated the standards for maintaining the use, the Director shall order the temporary use to terminate and/or may initiate legal action to terminate the temporary use.
 4. The revocation of the temporary use shall require the property owner to stop the use.
- D. If the Director has ordered the termination of the temporary use pursuant to [17.2.8.4:C](#), and the property owner believes that the criteria in [17.2.8.4:C](#) have not been met:
1. The property owner may appeal the decision to the Planning Commission within fourteen (14) days of the Director's decision.
 2. The Planning Commission shall conduct a quasi-judicial public hearing within thirty (30) days of receipt of a complete appeal application.
 3. Any decision of the Planning Commission on review of a temporary use termination appeal shall include reasons for affirming, modifying or reversing the Director's decision.

17.2.9: Comprehensive Sign Plans

17.2.9.1: Purpose and Intent

The purpose of a Comprehensive Sign Plan is to offer flexibility in the number, size, type, and location of signs for large developments when the complexity of uses and site design warrant additional or different types of signage. The intent is to provide flexible sign standards that promote a superior design that is tailored to the site and architecture of the development.

17.2.9.2: Applicability

This Section applies to developments containing over forty thousand (40,000) square feet of building area in the PD, R-M, M, CR, or LI zone districts when the property owner(s) chooses to develop a comprehensive sign plan. The Director may reduce the development minimum size requirement of a development, if it is determined that the proposed development will still meet the intent of the Comprehensive Sign Plan identified in [17.2.9.1:](#).

17.2.9.3: Review Authority

- A. The Director shall have the authority to review applications for comprehensive sign plans and render a decision.
- B. The Planning Commission shall have the authority to hear a referral from the Director and render a decision on a comprehensive sign plan.
- C. The Planning Commission shall have the authority to hear an appeal of the Director's decision and render a decision on a comprehensive sign plan.
- D. The decision of the Planning Commission on comprehensive sign plans shall be final.

17.2.9.4: Review Criteria

Decisions regarding comprehensive sign plan applications shall be based on the following review criteria. Comprehensive sign plan applications shall not be approved unless it is demonstrated that:

- A. The comprehensive sign plan promotes the purposes of this Zoning Code;
- B. The comprehensive sign plan exhibits high quality design, innovation and sensitivity to the site context;
- C. The design, location and dimensional standards in a comprehensive sign plan shall result in signage that creates consistency with the architecture and site design through the use of common forms, materials and finishes;
- D. The proposed standards and location in the comprehensive sign plan do not adversely affect adjacent properties;
- E. Signs proposed in a comprehensive sign plan shall adhere to the lighting standards outlined in 17.9.3.2; and
- F. Signs proposed in the comprehensive sign plan do not increase the quantity, size or duration of temporary signs.

17.2.9.5: Review Procedures

A. Application

1. The property owner(s) or any person, firm or corporation with written consent of the property owner(s) may serve as the applicant for a comprehensive sign plan.
2. The applicant shall submit a complete application with all required materials as determined by the Director. The Director shall determine if an application is complete. The application shall include, but is not limited to, the following:
 - a. Design descriptions of all signs including, but not limited to, allowable shapes, sizes, typography, lighting, colors and materials;
3. Sign calculations;
4. Elevation drawings of all allowable signs; and
5. Sign Plan and elevation drawings of building façade indicating allowable sign locations.
6. Applications that do not generate activity for more than six (6) months may be closed at the Director's discretion.
7. The applicant may withdraw an application at any time prior to a decision by the City by submitting a written request to the Director. If an application is later resubmitted, it shall be treated as a new application for purposes of review. The City shall not refund fees for a withdrawn application.

G. Director's Review and Decision

1. The Director shall review the application for a comprehensive sign plan and ensure the following:
 - a. The application is complete when submitted to the City;
2. The applicant followed the procedures as stated in this Zoning Code; and
3. The application addresses all criteria in [17.2.9.4](#); and all other applicable City standards.
4. The Director shall review the application and approve, approve with modifications where appropriate, or deny the application for a comprehensive sign plan based on the review criteria in [17.2.9.4](#).
5. The Director, at the Director's sole discretion, may refer an application for a comprehensive sign plan to the Planning Commission pursuant to [17.2.9.3](#). In the event the Director refers the application to the Planning Commission for consideration, the Planning Commission shall have the same authority as that of the Director and shall follow the criteria in [17.2.9.4](#).

H. Appeal of Director's Decision

1. An applicant may appeal the Director's decision to deny a comprehensive sign plan.
2. A written appeal shall be submitted to the Clerk to the Planning Commission within thirty (30) days of the Director's decision.
3. The Planning Commission shall review appeals of the Director's decision for a comprehensive sign plan. The Planning Commission shall conduct a quasi-judicial public hearing within thirty (30) days of receipt of a complete appeal application.
4. The Planning Commission's review shall determine whether the decision of the Director is consistent with this Zoning Code.
5. Any decision of the Planning Commission on review of an appeal of a comprehensive sign plan shall include reasons for affirming, modifying or reversing the Director's decision.
6. The decision of the Planning Commission shall be final.

17.2.9.6: Modifications

This Section establishes the procedures and criteria for requesting a modification to a comprehensive sign plan.

A. Review Criteria

Recommendations and decisions regarding a comprehensive sign plan modification application shall be based on the following review criteria. Applications for a comprehensive sign plan modification shall be approved if it is demonstrated that:

1. The proposed modification is consistent with the preservation of the entire comprehensive sign plan;
2. The proposed modification will not substantially impair the appropriate use or development of adjacent property;
3. The proposed modification conforms with the policies of the comprehensive sign plan; and
4. The proposed modification is not granted solely to confer special benefit upon any individual person.

B. Review Authority

1. The Director shall have the authority to review and render a decision on applications for comprehensive sign plan modifications.
2. The Planning Commission shall have the authority to hear a referral from the Director and render a decision on a comprehensive sign plan modification.
3. The Planning Commission shall have the authority to hear an appeal of the Director's decision and render a decision on a comprehensive sign plan modification.

C. Review Procedure

1. Application:
 - a. The property owner(s) or any person, firm or corporation with written consent of the property owner(s) may serve as the applicant for a comprehensive sign plan modification. The applicant shall follow procedures for preplanning and formal applications pursuant to [17.2.2.1:A](#) and [17.2.2.1:B](#) and any other applicable City standards.

2. An application for a comprehensive sign plan modification shall include a comprehensive sign plan articulating the modifications to the governing comprehensive sign plan.

D. Director's Review Authority and Decision

1. The Director shall review the application and ensure the following:
 - a. The formal application is complete when submitted to the City;
2. The applicant followed the procedures as stated in this Zoning Code; and
3. The application addresses all criteria in [17.2.9.6](#) and any other applicable City standards.
4. The Director shall approve, approve with modifications or deny the application for a comprehensive sign plan modification based on the review criteria in [17.2.9.6](#).
5. The Director may, at the Director's sole discretion, refer an application for a comprehensive sign plan modification to the Planning Commission for consideration and decision. In the event the Director refers an application for a comprehensive sign plan modification to the Planning Commission for consideration, the Planning Commission shall have the same authority as that of the Director and shall follow the criteria in [17.2.9.6](#).

E. Appeal of Director's Decision

1. The applicant or owners of adjacent property may appeal the Director's decision on a comprehensive sign plan modification application.
2. A written appeal shall be submitted to the Clerk to the Planning Commission within thirty (30) days of the Director's decision.
3. The Planning Commission shall hear appeals of the Director's decision for a comprehensive sign plan modification. The Planning Commission shall conduct a quasi-judicial public hearing within thirty (30) days of receipt of a complete appeal application.
4. The Planning Commission's review shall determine whether the decision of the Director is consistent with this Zoning Code.
5. Any decision of the Planning Commission to a comprehensive sign plan modification appeal shall include reasons for affirming, modifying or reversing the Director's decision.

6. The decision by the Planning Commission on applications for a comprehensive sign plan modification shall be final.

17.2.10: Zoning Lot

17.2.10.1: Applicability

This Section establishes the procedures and criteria for designation of a zoning lot. Dimensional and development standards shall apply to the entire area designated as a zoning lot rather than individual lots.

17.2.10.2: Review Criteria

Recommendations and decisions regarding zoning lot applications shall be based on the following criteria:

- A. All lots proposed for inclusion as part of a zoning lot designation shall be contiguous;
- B. A zoning lot shall comply with all provisions of the dimensional and development standards of Articles 5, 6, 7, and 8;
- C. A zoning lot shall have at least one lot line abutting a public street;
- D. A zoning lot shall meet the intent of the applicable zone district; and
- E. The Director shall evaluate how the zoning lot contributes to the overall performance of the site.

17.2.10.3: Review Authority

- A. The Director shall have the authority to review and render a decision on a zoning lot application.
- B. The Planning Commission shall have the authority to hear a referral from the Director and render a decision on a zoning lot application.
- C. The Planning Commission shall have the authority to hear an appeal of the Director's decision and render a decision on a zoning lot application.

17.2.10.4: Review Procedure

A request for a zoning lot designation shall follow the procedures described below:

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A. Application:

1. The property owner(s) or any person, firm or corporation with written consent of all property owner(s) may serve as the applicant for a zoning lot application. The applicant shall submit a formal application for a zoning lot in conjunction with a major site plan application.
2. Upon written request of the applicant, a zoning lot may be created to allow multiple parcels that border one another to be treated as one large lot when applying standards of the Zoning Code.
3. Where a designated zoning lot is not owned by a single owner or entity, all property owners shall agree in writing to participate in a zoning lot designation.
4. A zoning lot cannot be created if the proposed development does not conform to all applicable dimensional and development standards of the Zoning Code.

B. Director's Review and Decision:

1. The Director shall review the application and ensure the following:
 - a. The formal application is complete when submitted to the City;
2. The applicant followed the procedures as stated in this Zoning Code; and
3. The application addresses all criteria in [17.2.10.2:](#) and any other applicable City standards.
4. The Director may, within thirty (30) days from the date of the complete application, either approve, approve with modifications where appropriate, or deny the application based on the review criteria in [17.2.10.2:](#) and any other applicable City standards.
5. The Director, at the Director's sole discretion, may decide to refer an application for a zoning lot to the Planning Commission pursuant to [17.2.10.2:](#). In the event the Director refers an application for a zoning lot to the Planning Commission for consideration, the Planning Commission shall have the same authority as that of the Director and shall be required to follow the criteria in [17.2.10.2:](#).

C. Appeal of Director's Decision

1. The applicant or owners of adjacent property may appeal the Director's decision on a zoning lot application.

2. A written appeal shall be submitted to the Clerk to the Planning Commission within thirty (30) days of the Director's decision.
3. The Planning Commission shall review appeals to the Director's decision for a zoning lot pursuant to the notification process outlined in [17.2.2.3:B](#) this Zoning Code. The Planning Commission shall conduct a quasi-judicial public hearing within thirty (30) days of receipt of a complete appeal application, or within a timeframe agreed upon by the applicant and Director.
4. The Planning Commission's review shall determine whether the decision of the Director is consistent with this Zoning Code.
5. Any decision of the Planning Commission on review of an appeal to a zoning lot application shall include reasons for affirming, modifying or reversing the Director's decision.
6. The decision of the Planning Commission's on applications for zoning lots shall be final.

17.2.10.5: Amendments

- A. Designated zoning lot boundaries may be amended provided that all new lots or zoning lots comply with the standards of the Zoning Code.
- B. Where an amendment is proposed to a designated zoning lot that is not owned by a single owner or entity, all property owners shall agree to participate in the zoning lot amendment.

17.2.11: Permit Applications, General

17.2.11.1: Application Process and Review Authority

Review of fence permits, sign permits and supplemental standards for the limited and accessory Uses identified in Article 4 is an important Planning function that requires documentation for tracking purposes but does not trigger the need for public input.

The Director shall have the authority to review and render a decision on all permit items unless otherwise set forth within this Zoning Code.

17.2.12: Review of Supplemental Standards for Limited and Accessory Uses

17.2.12.1: Applicability

A Zoning Review is required for any limited or accessory use identified in Article 4 of this Zoning Code and shall follow the process described in this Section. Review of all

supplemental standards associated with *special* uses identified in Article 4 of this Zoning Code shall be reviewed per [17.2.4](#):

17.2.12.2: Review Procedures

A request for zoning review shall follow the procedures described below.

A. Application

1. Any one (1) or more of the following entities shall submit a zoning review application:
 - a. The property owner(s) of the property where the use is proposed, or any person, firm or corporation with written consent of all property owner(s), may serve as the applicant for the zoning review application; or
2. A tenant of the property, with written consent of all property owner(s), may serve as the applicant.
3. The applicant shall submit a complete zoning review application

B. Director's Review and Decision:

1. The Director shall conduct a review of a zoning review application determined by the Director to be complete.
2. The Director shall, within fourteen (14) days from the day of determination that the application is complete, either confirm compliance with all applicable supplemental standards, or return the application to the applicant with a written description of the standards that have not been met.

17.2.13: Sign Permit

17.2.13.1: Applicability

This Section establishes the procedures for the administrative planning review of new signs and the alteration of existing signs.

17.2.13.2: Review Procedures

A request for a sign permit review shall follow the procedures described below.

A. Application

1. One (1) or more of the following entities shall submit a sign permit application:
 - a. All owners of all real property on which the sign will be located;

2. A tenant of the property with written consent of all property owners; or
3. A sign contractor registered with the City with written consent of all property owners.
4. The applicant shall submit a complete sign permit application.

I. Director's Review and Decision

1. The Director shall conduct a review of a sign permit application determined by the Director to be complete.
2. The Director shall, within fourteen (14) days from the day of receipt of the complete application, either approve or deny the application based on standards in this Zoning Code, any other applicable standards, and the following:
 - a. Signs shall be located on the same property as the permitted use; and
3. Permits for signs on property that are a part of a comprehensive sign plan shall meet the standards articulated in the comprehensive sign plan.

J. Compliance with Sign Permit

1. All signs shall be installed in accordance with a sign permit.
2. When a sign permit has been issued by the City, it shall be unlawful to change, modify, alter or otherwise deviate from the terms or conditions of said permit without prior approval of the Director.
3. If the City finds that work under any sign permit issued is not in accordance with the information supplied in the permit application and/or is in violation of this or any other pertinent ordinances, the City shall take the following actions to remediate the situation:
 - a. The applicant and the owner of the sign shall be notified of such findings and that the violation must be corrected within seven (7) days of notice.
4. If such correction is not made, the permit shall be revoked, and written notice shall be mailed to the property owner, the sign owner, or contractor.
5. Upon receipt of the notice revoking the permit, the property owner, sign owner, or contractor shall have seven (7) days to correct any violation or to file an appeal of the revocation to the Director.
6. A sign constructed or maintained in a manner not in accordance with an applicable sign permit may be designated a nuisance by the Director and

removed in accordance with the City's nuisance abatement procedures, with all costs of such action assessed against the property.

7. If an illegal sign was erected without a permit, the City shall provide written notice to the property owner, the sign owner, or contractor of such findings notifying such party that the violation must be corrected within seven (7) working days of notice. Failure to comply with such notice may result in all appropriate legal action. Additionally, an illegal sign may be designated a nuisance by the Director and removed in accordance with the City's nuisance abatement procedures, with all costs of such action assessed against the property.
8. If actual work either on or off site is not commenced under any sign permit issued within six (6) months from the date of issuance of such permit, the permit shall automatically expire. The Director may extend the sign permit for six (6) months for good cause.

17.2.14: Fence Permit

17.2.14.1: Applicability

This Section establishes the procedures for the administrative planning review for the installation or replacement of a fence.

17.2.14.2: Review Authority

The Director shall have the authority to review and render a decision on fence permits. The decision on fence permits shall be final.

17.2.14.3: Review Procedures

A request for a fence permit review shall follow the procedures described below:

A. Application

1. One (1) or more of the following entities shall submit a fence permit application.
 - a. All owners of all real property on which the fence will be located;
2. A tenant of the property with written consent of all property owner(s); or
3. A contractor registered with the City of Lakewood with written consent of all property owners.
4. The applicant shall submit a complete fence permit application.

B. Director's Review and Decision

1. The Director shall conduct a review of a fence permit application determined by the Director to be complete.
2. The Director shall, within fourteen (14) days from the day of the complete application, either approve or deny the application based on standards in this Zoning Code and any other applicable City standards.

C. Compliance with Fence Permit

1. All fences shall be installed in accordance with a fence permit.
2. When a fence permit has been issued by the City, it shall be unlawful to change, modify, alter or otherwise deviate from the terms or conditions of said permit without prior approval of the Director.
3. If the City finds that work under any fence permit issued is not in accordance with the information supplied in the permit application and/or is in violation of this Zoning Code or any other pertinent ordinances, the City shall take the following actions to remediate the situation:
 - a. At least one (1) of the owner(s) of the fence, and any applicant shown on the face of the fence permit, shall be notified of such findings and that the violation must be corrected within fourteen (14) days of notice.
4. If such correction is not made, the permit shall be revoked and written notice shall be mailed to the property owner or contractor.
5. Upon receipt of the notice revoking the permit, the property owner or contractor shall have seven (7) days to correct any violation.
6. Failure to comply with such notice may result in all appropriate legal action.
7. If an illegal fence was erected without a permit, the City shall provide written notice to the property owner or the contractor of such findings and any violation must be corrected within seven (7) working days of notice. Failure to comply with such notice may result in all appropriate legal action.
8. If actual work, either on or off site, is not commenced under any fence permit issued within six (6) months from the date of such permit, the permit shall automatically expire. The Director may extend a fence permit up to six (6) months for good cause.

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ARTICLE 4: USE AND SUPPLEMENTAL STANDARDS

17.4.1: General

17.4.1.1: Purpose and Intent

This Article is intended to identify land use categories and their relationship to zone districts to ensure the appropriate location for different types of land uses within the City of Lakewood (the “City”). This Article identifies the uses in each zone district that are permitted, limited, accessory, subject to a special use permit, or prohibited, and sets forth use-specific standards that apply to listed uses to ensure compatibility and minimize impacts on adjacent properties.

17.4.1.2: Uses

Permitted, limited, special, accessory, and prohibited uses are listed in [Table 2](#) together with references to specific regulations governing certain uses. Uses are classified into land use groups and specific use types. These are described and defined in Article 14. Uses are identified in the first column of the Use Table. Any supplemental standard associated with a use is identified in the column titled “Supplemental Standards.”

- A. **Permitted Uses:** Uses identified with a “P” in the Use Table are permitted as a use in the specific zone district subject to compliance with all other applicable standards of this Zoning Code.
- B. **Limited Uses:** Uses identified with an “L” in the Use Table are permitted as a use in the specific zone district subject to compliance with any supplemental standards identified in the final column of the table and all other applicable standards of this Zoning Code.
- C. **Special Uses:** Uses identified with an “S” in the Use Table are allowed if reviewed and approved in accordance with the special use procedures identified in Article 2. Special uses are subject to compliance with any supplemental standards identified in the final column of the table and all other applicable standards of this Zoning Code.
- D. **Accessory Uses:** Uses identified with an “A” in the Use Table are allowed in the specific zone district as accessory to a permitted use only, subject to compliance with any supplemental standard as identified in the final column of the table, and all other applicable standards of the Zoning Code.
- E. **Prohibited Uses:** Uses that contain a blank cell in a zone district are expressly prohibited in the specific zone district.

17.4.1.3: Determination of Use

Any use that is not clearly identified in the Use Table shall be assigned to an existing use category by the Director in accordance with the following:

- A. Upon receipt of an application for a use that is not clearly identified within the Use Table, the Director shall determine whether the proposed use is both similar to, and compatible with, uses specifically named within the particular zone category.
- B. In determining whether the proposed use is similar to, and compatible with a specifically named zone category, the Director shall consider, among other relevant factors, traffic generation, density of population, and hours of operation of the proposed use as compared to:
 - 1. Known uses within a zone category;
 - 2. Characteristics of zone categories that permit a similar use; and
 - 3. The goals and strategies set forth in the City's Comprehensive Plan.
- C. Any appeal by the applicant of a decision by the Director regarding an unnamed land use shall be made to the Planning Commission. In deciding the appeal, the Planning Commission shall apply the same standards used by the Director. Specifically, the Planning Commission shall evaluate whether the Director's decision is and was consistent with the requirements of this Zoning Code and supported by the evidence in the record and whether the Director exceeded the Director's authority or abused the Director's discretion.

17.4.1.4: Reuse of Existing Structures

Structures or buildings existing prior to the adoption of this Zoning Code may be converted to fully residential use regardless of building size or Use Table permissions.

17.4.1.5: City Owned Open-Space and Parks

City owned land which is used or held for open space or park purposes shall not be permitted to be used for any purpose other than open space or park purposes.

17.4.2: Use Table

[Table 2](#) identifies the uses that are permitted, accessory, special, limited, or prohibited in each zone district within the City. It shall be unlawful to engage in any use identified in Table 2 as prohibited in the applicable zone district.

Table 2: Land Use Table; 17.4.2

Table 2: Land Use Table													
	Zone District												
	Residential					Mixed-Use				Commercial / Light Industrial			
	R-L-A	R-L-B	R-L-C	R-L-MH	R-M	M-N	M-G	M-C	M-R	C-R	C-L	L-I	
Land Use													Supplemental Standards
P = Permitted A = Accessory S = Special L = Limited [blank] = Prohibited													
Residential													
Residential Dwelling	L	L	L	L	P	P	P	P	P				See Table 4
Accessory Dwelling Unit	L	L	L	L	L								See Section 17.4.3.1:A
Temporary Dwelling Unit				P	P	P	P	P	P	P	P	P	
Commercial and Light Industrial													
Adult Business							L			L			See Chapter 5.47 of the Lakewood Muni Code
Animal Care													
Indoor	P					L	L	L	L	P	L	P	See Section 17.4.3.1:B
Outdoor	P					S	L	S	S	P	L	P	See Section 17.4.3.1:B
Bar						P	P	P		P	P		
Bed and Breakfast	S	S	S		S	S							See Section 17.4.3.1:F

Table 2: Land Use Table													
	Zone District												
	Residential					Mixed-Use				Commercial / Light Industrial			
	R-L-A	R-L-B	R-L-C	R-L-MH	R-M	M-N	M-G	M-C	M-R	C-R	C-L	L-I	
Land Use													Supplemental Standards
P = Permitted A = Accessory S = Special L = Limited [blank] = Prohibited													
Cemetery	S												
Club, Lodge, or Service Organization						P	P	P	A	P	P		
Contractor Shop							L	L	L	P		P	
Crematory										S		L	
Day Care Facility, Child or Adult	A	A	A	P	P	P	P	P	L	P	P	P	
Emergency Medical Facility							P	S		P	P	P	
Entertainment Facility													
Indoor						P	P	P	S	P	P		
Outdoor							S			P		P	
Fitness or Athletic Facility, Private						P	P	P	A	P	P		
Gallery or Studio						P	P	P	A	P	P		
Golf Course	S												

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Table 2: Land Use Table													
	Zone District												
	Residential					Mixed-Use				Commercial / Light Industrial			
	R-L-A	R-L-B	R-L-C	R-L-MH	R-M	M-N	M-G	M-C	M-R	C-R	C-L	L-I	
Land Use													Supplemental Standards
P = Permitted A = Accessory S = Special L = Limited [blank] = Prohibited													
Hotel							P	P		P	P		
Junkyard or Motor Vehicle Wrecking												S	
Manufacturing													
Light							P			P		P	
Heavy												P	
Medical Marijuana Business						L	L	L		L			See Chapter 5.51 of the Lakewood Municipal Code
Mini-Warehouse or Storage							S			L		L	See Section 17.4.3.1:Q
Mortuary							P			P		P	
Motel							P			P			
Motor Vehicle Rental						L	L	L		P	L	P	See Section 17.4.3.1:R
Motor Vehicle Sales													
Indoor Display and Storage							P	P		P			

Table 2: Land Use Table													
	Zone District												
	Residential					Mixed-Use				Commercial / Light Industrial			
	R-L-A	R-L-B	R-L-C	R-L-MH	R-M	M-N	M-G	M-C	M-R	C-R	C-L	L-I	
Land Use													Supplemental Standards
P = Permitted A = Accessory S = Special L = Limited [blank] = Prohibited													
Outdoor Display and Storage							L			P			See Section 17.4.3.1:S
Motor Vehicle Service													
Car Wash										S	P	S	See Section 17.7.6.3.A
Fueling Station – Petroleum							A			S	P	S	See Sections 17.4.3.1:M & 17.7.6.3.B
Fueling Station – Non-Petroleum							S			L	L	L	See Sections 17.4.3.1:N
Major Repair							S			L		L	See Section 17.4.3.1:T
Minor Repair						A	L	A		L	L	P	See Section 17.4.3.1:U
Office	L	L	L		L	P	P	P	A	P	P	P	See Section 17.4.3.1:V
Parking, Stand-Alone													
Structured							P	P		P	P	P	
Surface						L	L	L	L	L	L	L	See Section 17.4.3.1:W

Table 2: Land Use Table													
	Zone District												
	Residential					Mixed-Use				Commercial / Light Industrial			
	R-L-A	R-L-B	R-L-C	R-L-MH	R-M	M-N	M-G	M-C	M-R	C-R	C-L	L-I	
Land Use													Supplemental Standards
P = Permitted A = Accessory S = Special L = Limited [blank] = Prohibited													
Pawnbroker							L			L			See Chapter 5.24 of the Lakewood Municipal Code
Personal Service	L	L	L		L	P	P	P	A	P	P		See Section 17.4.3.1:X
Plant Nursery	P									P	P	P	
Restaurant						P	P	P	A	P	P	P	
Rental, Service, or Repair of Large Items							L			P		P	See Section 17.4.3.1:Y
Retail	L	L	L	L	L	P	P	P	A	P	P	A	See Section 17.4.3.1:Z
Storage, Outdoor							A			S	A	P	See Section 17.4.3.1:CC
Vehicle Dispatch Facility							S			P		P	
Warehouse or Distribution												P	
Public / Civic / Institutional													
Community Building	L	L	L	P	P	P	P	P	P	P	P	P	See Section 17.4.3.1:G

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Table 2: Land Use Table													
	Zone District												
	Residential					Mixed-Use				Commercial / Light Industrial			
	R-L-A	R-L-B	R-L-C	R-L-MH	R-M	M-N	M-G	M-C	M-R	C-R	C-L	L-I	
Land Use													Supplemental Standards
P = Permitted A = Accessory S = Special L = Limited [blank] = Prohibited													
Convention or Exposition Center							P	S		P		P	
Correctional Institution										S		S	See Section 17.4.3.1:K
Community Service Facility	P	P	P	P	P	P	P	P	P	P	P	P	
Hospital							S	P		P			
Park	P	P	P	P	P	P	P	P	P	P	P	P	
Religious Institution	L	L	L	P	P	P	P	P	P	P	P	P	See Section 17.4.3.1:G
School, Public or Private	P	P	P	P	P	P	P	P	P	P	P		
School, Vocational or Trade							P	S		P	P	P	
Solar Garden						S	S	S	S	L	L	L	See Section 17.4.3.1:BB
Transportation Facility, Public	L	L	L	P	P	P	P	P	P	P	P	P	See Section 17.4.3.1:G
University or College							P	P	P	P	P	S	
Utility Facility													
Major	S	S	S	S	S	S	S	S	S	S	S	S	

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Table 2: Land Use Table													
	Zone District												
	Residential					Mixed-Use				Commercial / Light Industrial			
	R-L-A	R-L-B	R-L-C	R-L-MH	R-M	M-N	M-G	M-C	M-R	C-R	C-L	L-I	
Land Use													Supplemental Standards
P = Permitted A = Accessory S = Special L = Limited [blank] = Prohibited													
Minor	P	P	P	P	P	P	P	P	P	P	P	P	
Agriculture													
Animals, Large	A	A	A										See Section 17.4.3.1:C
Animals, Small	A	A	A	A	A	A	A	A	A				See Section 17.4.3.1:D
Apiaries	P	L	L		L	L	L	L	L	L	L	L	See Section 17.4.3.1:E
Community Garden	L	L	L	L	L	L	L	L	L	L	L	L	See Section 17.4.3.1:H
Horticulture	P	P	P	P	P	P	P	P	P	P	P	P	
Temporary													
Construction or Sales Trailer	A	A	A	A	A	A	A	A	A	A	A	A	See Section 17.4.3.1:I
Roadside Stand	L	A	A										See Section 17.4.3.1:AA
Temporary Use, Long-term	S	S	S	S	S	S	S	S	S	S	S	S	See Section 17.4.3.1:DD
Temporary Use, Short-term	L	L	L	L	L	L	L	L	L	L	L	L	See Section 17.4.3.1:EE

Table 2: Land Use Table													
	Zone District												
	Residential					Mixed-Use				Commercial / Light Industrial			
	R-L-A	R-L-B	R-L-C	R-L-MH	R-M	M-N	M-G	M-C	M-R	C-R	C-L	L-I	
Land Use													Supplemental Standards
P = Permitted A = Accessory S = Special L = Limited [blank] = Prohibited													
Other													
Amateur Radio Tower or Antenna	A	A	A						A				
Electric Vehicle Supply Equipment	A	A	A	A	A	A	A	A	A	A	A	A	See Section 17.8.5.3
Home Business													
Major	S	S	S	S	S	S	S	A	A				See Section 17.4.3.1:P
Minor	A	A	A	A	A	A	A	A	A				See Section 17.4.3.1:O
Satellite Dish Antenna	A	A	A	A	A	A	A	A	A	A	A	A	See Section 17.5.5.2
Solar Collection System	A	A	A	A	A	A	A	A	A	A	A	A	See Section 17.5.5.3
Wind-Powered Electric Generator, Freestanding													See Section 17.5.5.4
Wireless Communications Facility													
Stealth	P	P	P	P	P	P	P	P	P	P	P	P	
On Existing Structures													

Table 2: Land Use Table													
	Zone District												
	Residential					Mixed-Use				Commercial / Light Industrial			
	R-L-A	R-L-B	R-L-C	R-L-MH	R-M	M-N	M-G	M-C	M-R	C-R	C-L	L-I	
Land Use													Supplemental Standards
P = Permitted A = Accessory S = Special L = Limited [blank] = Prohibited													
Building Façade Mounted	A	A	A	A	A	A	A	A	A	A	A	A	
Roof Mounted	A	A	A	A	A	A	A	A	A	A	A	A	
Other Freestanding Support Structure	A	A	A	A	A	A	A	A	A	A	A	A	
New Freestanding Structures													
60 feet in height or less				P	P	P	P	P	P	P	P	P	
Greater than 60 feet in height				S	S	S	S	S	S	S	S	S	

17.4.3: Supplemental Standards

17.4.3.1: Purpose and Applicability

This Section sets forth additional standards for certain uses located within the various zone districts. These regulations recognize that certain use types have characteristics that require additional controls to protect public health, safety, and welfare. Unless otherwise expressly stated, compliance with such standards is required regardless of whether the use is a limited use, an accessory use, or requires special use approval.

The following standards shall apply to any parcel of property where supplemental standards are required to be met, as indicated in [Table 2](#) for the zone districts identified in this Article. No variance or waiver may be requested for use and supplemental standards.

A. Accessory Dwelling Unit:

Where identified as a limited use in any residential zone district, an Accessory Dwelling Unit (ADU) shall be subject to the following:

1. An ADU is permitted as an accessory use to a single-unit detached dwelling where the City allows single-unit detached dwellings.
2. Waiver requests are subject to the major waiver review process as defined in Article 2.
3. Only one ADU shall be permitted per lot.
4. An ADU shall not exceed one thousand four hundred (1,400) square feet of gross floor area.
5. ADUs shall be subject to the architectural design standards found in 17.6.2.1.B.
6. ADUs located above garages or located on the second floor of accessory buildings may be accessed by a separate external stairway.

~~7. Parking may be required if the following conditions apply~~

- ~~a. If there is an existing driveway, garage, tandem parking space (as defined in C.R.S. § 29-35-102(22)), or other off-street parking space available at the time of the construction or conversion of the ADU; or~~
- ~~b. If the required parking is on a parcel that:~~
 - ~~i. Does not have an existing off-street parking space, including a driveway, garage, or tandem parking space, that could be used for an ADU.~~

~~ii. Is in a zone district that, as of January 1, 2024, requires one or more parking spaces for the primary dwelling unit.~~

~~iii. Is located on a block where on-street parking is prohibited for any reason, including ensuring access for emergency services.~~

B. Animal Care:

1. Where identified as a limited use, an animal care facility shall be subject to the following:
 - a. All animals shall be confined indoors; and
 - b. When adjacent to an existing residential use, indoor areas containing cages or pens are not permitted to have operable windows, doors, or other penetrations on exterior walls adjacent to the existing residential use, unless required by the City of Lakewood Building Code (the “Building Code”).
2. Where identified as a special use, an animal care facility shall be subject to the above standards and any exterior pens, buildings or containment areas shall:
 - a. Only be used during the daytime for supervised exercise and training use;
 - b. Not be located in front of the primary structure; and
 - c. Be located a minimum of twenty (20) feet from any side or rear property line.

C. Animals, Large:

The keeping of large animals shall be subject to the following:

1. Livestock:
 - a. All livestock shall be kept in a fenced area.
 - b. Electrified fences are permitted in side and rear yards only if placed inside another security fence. Warning signs shall be posted in a conspicuous location. Electrified fences shall be supplied from the secondary side of an approved or listed electrified fence device. The electric wiring for the fence shall be installed pursuant to the manufacturer’s instructions.
 - c. Up to four (4) horse equivalents per acre shall be permitted for R-L-A or R-L-B and R-L-C zoned lots, provided that at least nine thousand (9,000) square feet of open lot area is provided for the first horse equivalent and

six thousand (6,000) square feet of open lot area is provided for each additional horse equivalent.

- d. One (1) horse equivalent equals: one (1) horse, one (1) cow, two (2) llamas, two (2) alpacas, two (2) goats, or two (2) sheep.
- e. A minimum containment area of three hundred (300) square feet shall be provided and used for each animal. ~~The building or containment area shall be located a minimum of fifteen (15) feet from any side or rear property line.~~

2. Emus and Ostriches:

- a. All emus and ostriches shall be kept in a fenced area. The fence shall be a minimum of sixty-six (66) inches in height and shall be placed in a manner as to provide for the protection of the general public on adjoining land, public property, or rights-of-way.
- b. The minimum square footage of open lot area shall be eight thousand (8,000) square feet for the first emu or ostrich and five thousand five hundred (5,500) square feet for each additional emu or ostrich.
- c. A minimum containment area of three hundred (300) square feet shall be provided and used for each emu or ostrich.

~~d. The building or containment area shall be located a minimum of fifteen (15) feet from any side or rear property line.~~

- 3. Accessory structures to include pens, buildings, corrals, and riding rings, or containment areas for large animals shall not be located in a primary front yard. Accessory structures or containment areas may be located in a non-primary front yard. A riding ring may be located in a portion of the primary front yard if there is not adequate space in the side and rear lots, subject to approval of the Director.
- 4. Any fence that serves to contain large animals shall be constructed of permanent materials, maintained in good condition, and be of sufficient strength and height to confine any animal located on the property. If any large animals are found to be encroaching on an adjacent property, as determined by the Director, and/or if a livestock animal has damaged or is damaging adjacent property, an accessory structure or containment area shall then be set back a minimum of an additional eight (8) feet from the side or rear property line.
- 5. Slaughtering of large animals on the premises shall be prohibited.

D. Animals, Small:

Where identified as an accessory use the keeping of small animals shall be subject to the following:

1. Rabbits and Chinchillas:

- a. Shall be in a fenced area or private hutches with no more than one (1) animal for every six (6) square feet of gross floor area.
- b. Hutches shall be set back a minimum of fifteen (15) feet from the side and rear property lines and behind the front edge of the primary structure.

2. Pigeons:

- a. May be kept without regard to number as long as they are in a fenced containment area or pigeon coops.
- b. Pigeon coops shall contain no more than one (1) bird for every four (4) square feet of gross floor area.
- c. All pigeon coops must be set back a minimum of fifteen (15) feet from the side and rear property lines and behind the front edge of the primary structure.
- d. Owners of pigeons shall be allowed to exercise, train, and race their pigeons outside the coop or house so long as the pigeons do not create a public nuisance pursuant to the Lakewood Municipal Code.

3. Poultry and Fowl:

- a. A maximum of six (6) female chickens, six (6) female ducks, or five (5) female ducks and one (1) male duck shall be allowed on a single property less than six thousand (6,000) square feet in size.
- b. For properties greater than six thousand (6,000) square feet, coops shall contain no more than one (1) bird for every four (4) square feet of gross floor area.
- c. Male chickens, also known as “roosters,” shall be prohibited on lots less than twelve thousand and five hundred (12,500) square feet in size.
- d. A predator-resistant enclosure shall be provided for all poultry and fowl. The enclosure shall have a minimum of four (4) square feet of living space for each animal and shall be secure, roofed, and well ventilated. The total size of an enclosure shall not exceed thirty-six (36) square feet and shall not exceed ten (10) feet in height where limited to six (6) poultry and fowl.

- e. Poultry and fowl shall be kept in the enclosure or in a fenced yard at all times. A fence with a minimum height of four (4) feet shall enclose the yard area.
- f. Any poultry and fowl enclosure or fenced area shall not be located in a front yard or closer to any property lines than the accessory structure setbacks for the applicable zone district identified in Table 4.
- g. In mixed-use districts the keeping of poultry and fowl may be allowed where a residential dwelling exists as a non-conforming use.

4. Dwarf Goats:

- a. A maximum of three (3) female dwarf goats or two (2) females and one (1) male shall be allowed on a single property. Goats shall be counted towards the total number of household pets permitted on a property. Unneutered male dwarf goats shall be prohibited.
- b. A predator-resistant enclosure must be provided for all dwarf goats. The enclosures shall have a minimum of ten (10) square feet of living space for each animal and shall be secure, roofed, and well ventilated. However, the total size of an enclosure shall not exceed ninety (90) square feet and shall not exceed ten (10) feet in height.
- c. Dwarf goats shall be kept in the enclosure or fenced yard at all times. A fence with a minimum height of four (4) feet shall enclose the yard area.
- d. Any dwarf goat enclosure or fenced area shall not be located in a front yard or closer to any property lines than the accessory structure setbacks for the applicable zone district identified in Table 4.
- e. Slaughtering of dwarf goats on the premises shall be prohibited.

E. Apiaries:

Where identified as a limited use, apiaries shall be accessory to the permitted use, and subject to the following:

- 1. One (1) beehive shall be allowed for each six thousand (6,000) square feet of lot area.
- 2. Beehives in residential zone districts shall be located in a side or rear yard only, and no closer to any property lines than the accessory structure setbacks for the applicable zone district identified in Table 4.
- 3. Beehives in mixed-use zone districts may not be located in any front yard.

4. Beehives shall be set back at least twenty-five (25) feet from the nearest edge of a public walk.
5. The front of any beehive shall face away from the property line of an adjacent residential property closest to the beehive.
6. A flyway barrier shall be placed along the side of the beehive that contains the entrance to the hive. The flyway barrier shall be located within five (5) feet of the hive and shall extend at least two (2) feet on either side of the hive (See [Figure 7](#)).

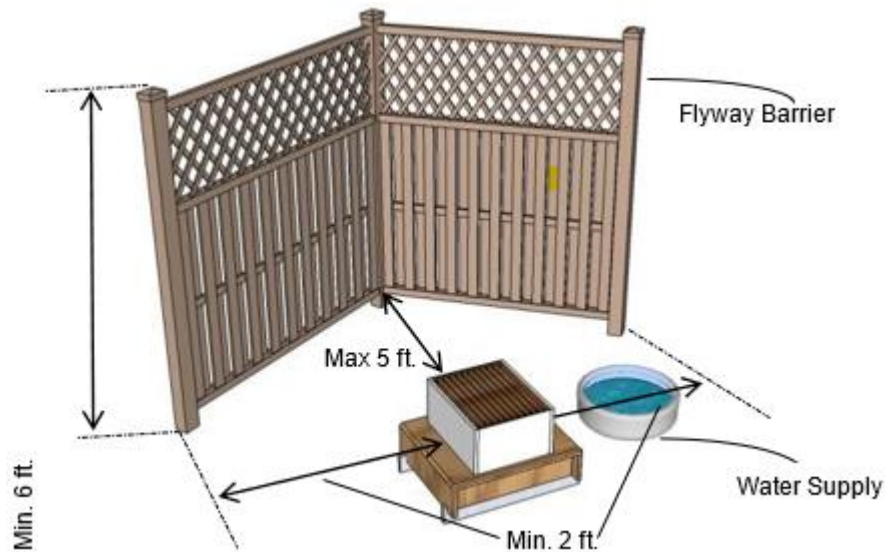


Figure 7: Example of Flyway Barrier; 17.4.3.1:E.6

7. The flyway barrier shall be six (6) feet in height and consist of a solid hedge or be constructed of materials that comply with the standards set forth in 17.6.6.1.
8. No flyway barrier constructed of any materials other than a solid hedge shall be erected without a building permit unless the structure is less than eight (8) feet long.
9. No such flyway barrier shall be required if beehives are located at least twenty-five (25) feet from all property lines and for beehives that are located on porches or balconies at least ten (10) feet above grade and more than five (5) feet from a property line.
10. A supply of fresh water shall be maintained on the lot in a location readily accessible to all beehives throughout the day to prevent bees from congregating at neighboring swimming pools or other sources of water on nearby properties.
11. Africanized bees are prohibited.

F. Bed and Breakfast:

Where identified as a special use, a bed and breakfast shall be subject to the following:

1. A bed and breakfast shall be operated by an individual who occupies the primary dwelling unit as a primary residence.
2. All bed and breakfast structures shall comply with all dimensional standards of the applicable zone district.
3. Food service shall be restricted to guests of the bed and breakfast.
4. The exterior of a dwelling unit may be modified for a bed and breakfast. However, the exterior shall be similar in appearance to that of the surrounding residential neighborhood character, including but not limited to, materials, color, roof pitch, and architectural detail.
5. Signage shall comply with the standards set forth in Article 9.
6. Except for spaces required as part of the primary residence, all off-street parking required for the bed and breakfast shall be located behind the primary structure.
7. Parking shall be provided in accordance with Article 8.
8. A bed and breakfast shall be subject to the major site plan process, as described in Article 2, and the general design and development standards in Article 7.

G. Community Buildings, Religious Institutions, and Public Transportation Facilities:

Where identified as a limited use and located on a local or minor collector street, community buildings, religious institutions, and public transportation facilities shall be limited in size as follows:

1. In the R-L-R zone district to a maximum of fifty thousand (50,000) square feet of gross floor area; and
2. In the R-L-S and R-L-U zone districts to a maximum of twenty thousand (20,000) square feet of gross floor area.

H. Community Garden:

Where identified as a limited use, a community garden shall be subject to the following:

1. A community garden shall be well maintained at all times, including necessary watering, weeding, pruning, pest control, and removal of dead or diseased plant material.

2. Structures that are incidental to a community garden, such as storage or utility buildings, gazebos, trellises, or greenhouse structures, are allowed if they are one hundred and twenty (120) square feet or less in size and ten (10) feet or less in height.
3. One (1) structure shall be allowed for each community garden containing up to six thousand (6,000) square feet of garden space. One (1) additional structure shall be allowed per each additional six thousand (6,000) square feet of community garden space.
4. Structures shall comply with the accessory structure dimensional standards, except that all structures shall be located at least twenty-five (25) feet from any adjacent public street.
5. Community gardens shall be subject to the Review of Supplemental Standards process as described in Article 2.

I. Construction or Sales Trailer:

Where identified as a temporary accessory use, a construction or sales trailer shall be subject to the following:

1. The trailer may be approved by the Director for a period of up to one (1) year, and may be renewed annually; and
2. The trailer must be removed from the site prior to issuance of the final certificate of occupancy for the project.

J. Contractor Shop:

Where identified as a limited use, the overnight parking of business-related vehicles on site shall be limited to six (6) vehicles.

K. Correctional Institution:

Where identified as a special use, a correctional institution shall be subject to the following:

1. A correctional institution shall comply with all applicable license requirements of the State of Colorado; and
2. Contrary to other provisions within this Zoning Code, the City Council shall have sole discretion and authority to hear requests for special use permits involving correctional institutions.

L. Day Care Facility:

Where identified as a limited or accessory use, a day care facility shall be subject to the following:

1. A day care facility shall comply with all applicable license requirements of the State of Colorado.
2. Day care facilities for adults in the R-L and R-MH districts shall be limited to a maximum of twelve (12) adults.
3. External alterations that would change the residential character of a residential property shall be prohibited.
4. Parking associated with day care facilities shall be confined to the street frontage of the lot containing the day care, the driveway, the garage, or carport.
5. Any play equipment associated with a home child day care shall not be located within the primary front yard of the lot.
6. Signage shall comply with the standards set forth in Article 9.

M. Fueling Station – Petroleum:

1. Where identified as a special use, a petroleum fueling station:
 - a. Shall comply with all site design requirements of 17.7.6.3.B and all other requirements of the zone district;
 - b. Shall ensure the fueling islands and fueling operations are shielded from precipitation with a canopy;
 - c. Shall be located on a lot with frontage on an arterial street;
 - d. Shall not be located within two thousand six hundred and forty (2,640) feet of another fueling station;
 - e. Shall not be located within one thousand fifty-six (1,056) feet of any residential use; and
 - f. Shall provide at least three (3) electric vehicle charging stations accessory to the primary use. One (1) or more of those stations must utilize a current technology for the most rapid charging of electric vehicles.
2. Where identified as an accessory use, a petroleum fueling station shall be an ancillary use to an individual retail store with a minimum building footprint of seventy-five thousand (75,000) square feet.

N. Fueling Station – Non-Petroleum:

Where identified as a limited or special use, a non-petroleum fueling station as a primary use:

1. Shall comply with all site design requirements in Article 7, electric vehicle supply equipment (EVSE) requirements in Article 8 and all other requirements of the zone district;
2. Shall ensure the EVSE and charging operations are shielded from precipitation with a canopy;
3. Shall provide EVSE with a minimum of Level 2 charging or equivalent technology. At least one (1) EVSE installed shall be a direct current fast charger (DCFC) or equivalent technology; and
4. May not be located within one thousand fifty-six (1,056) feet of another fueling station of the same fuel type.

O. Home Business, Minor:

Where identified as an accessory use, minor home business shall be subject to the following:

1. Minor home businesses shall be conducted entirely in the primary dwelling or accessory structure, and not on outdoor portions of the lot.
2. External alterations that would change the residential character of the property are prohibited.
3. Minor home businesses shall be conducted by no more than two (2) residents of the dwelling unit. One (1) additional employee or one (1) volunteer is permitted in the residence at any given time. Within multifamily units, additional employees or volunteers shall be prohibited.
4. Outdoor storage of inventory or supplies shall be prohibited.
5. Garage sales shall not exceed four (4) sales of three (3) consecutive days each per calendar year, or one (1) sale per calendar year lasting no more than fourteen (14) consecutive days. Placement of personal belongings or household effects associated with a garage sale shall not extend into the right-of-way. Overnight outdoor storage of personal belongings or household effects associated with a garage sale is prohibited.
6. Parking associated with minor home businesses shall be confined to the street frontage of the lot containing the minor home business or businesses or the driveway, the garage, or carport of the lot containing the minor home business or businesses.

7. A minor home business shall not create noise, dust, vibration, smell, smoke, glare, electrical interference, fire hazard, or any other nuisance or hazard that disturbs the peace and quiet of a residential area.
8. Production, dumping, or storage of combustible or toxic substances shall be limited to the nature and quantity ordinarily found in a residential neighborhood.
9. Motor vehicle repair, heavy equipment repair, contractor shops, and marijuana businesses are prohibited as home occupations.

P. Home Business, Major:

Where identified as a special use, a major home business shall be subject to the following:

1. A major home business shall be located on a lot, or lots, that are within one hundred and fifty (150) feet of the intersection, as measured from the back of curb or edge of asphalt, of one of the following:
 - a. Two arterial streets;
 - b. Two collector streets;
 - c. A collector street with an arterial street; or
 - d. A local street with an arterial street, provided the live/work unit fronts onto the adjacent arterial street.
2. The major home business shall not have more than two (2) employees or two (2) volunteers in addition to the resident(s) on the premises at any given time.
3. Either the business owner, or an employee of the business, shall occupy the residential portion of the live/work unit.
4. Outside storage of any type is prohibited.
5. Design Requirements:
 - a. The design of a unit shall reflect the primary residential character of the neighborhood in which it is located including, but not limited to, materials, color, roof pitch, and architectural detail; and
 - b. Parking shall not exceed fifty (50) percent of the front yard area. Parking shall be provided in accordance with Article 8.

Q. Mini-Warehouse Storage:

Where identified as a limited or special use, a mini-warehouse storage facility shall be subject to the following:

1. One (1) accessory dwelling unit for the facility manager or caretaker shall be permitted.
2. Outdoor storage of any kind shall be prohibited.
3. Design Requirements:
 - a. If the facility is adjacent to a residential zone district, the building architecture shall be compatible with the residential character of the abutting neighborhood including, but not limited to materials, color, roof pitch, and architectural detail; and
 - b. The facility shall be designed so that doors to individual storage units do not face any abutting public street frontage or residential zone district.
4. In multi-storied buildings, mini-warehouse storage facilities that face an arterial or collector street shall have:
 - a. Ground floor commercial space for commercial uses other than mini-warehouse storage-units across sixty (60) percent of the ground floor building façade;
 - b. The commercial space shall be built to a minimum depth of forty (40) feet; and
 - c. The ground floor shall be built to a minimum height of fourteen (14) feet.
5. Open space requirements for Mini-Warehouse Storage uses shall be increased by five (5) percent above the minimum open space required in Tables 5, Mixed-Use Dimensional Standards, and 8, Commercial and Light Industrial Dimensional Standards.
6. Ground floor commercial space for sites fronting more than two (2) streets shall be subject to [17.4.3.1:Q.4](#) at the discretion of the Director.

R. Motor Vehicle Rental:

Where identified as a limited use, a motor vehicle rental facility shall be subject to the following:

1. The maximum number of licensed and operable vehicles that may be stored on a surface parking lot on the site for rent to customers at any given time shall be limited to the requirements found in [Table 3](#).

2. When a facility is located in a multi-tenant building or structure, proof of adequate parking for customers of all businesses in the building or structure, and storage of rental vehicles shall be provided to the City.
3. On-site servicing of vehicles shall be prohibited.

Table 3: Maximum Number of Stored Vehicles Permitted						
Regulation	Zone District			M District Contexts		
	CR	CL	LI	S	U	T
X = Applicable -- = Not Applicable						
10 Vehicles	--	--	--	--	X	X ⁽¹⁾
15 Vehicles	--	--	--	X	--	--
30 Vehicles	--	X	--	--	--	--
Unlimited Vehicles	X	--	X	--	--	--
⁽¹⁾ Within the M-C-T Zone District, zero vehicles shall be permitted.						

Table 3: Maximum Number of Stored Vehicles Permitted; 17.4.3.1:R.1

S. Motor Vehicle Sales with Outdoor Display and Storage:

Where identified as a limited use, motor vehicle sales with outdoor display and storage shall be subject to the following:

1. In the Suburban Context, the number of spaces dedicated to outdoor display and storage of motor vehicles shall be unlimited.
2. In the Urban Context, the number of spaces dedicated for outdoor display and storage of motor vehicles and vehicle parking shall not exceed two hundred (200) percent of the maximum parking requirements in Article 8.
3. In the Transit Context, motor vehicles sales with outdoor display and storage shall be prohibited.
4. The area utilized for the outdoor display and storage shall meet all the standards in 17.8.10.2.

T. Motor Vehicle Service, Major:

Where identified as a limited or special use, a major motor vehicle service facility shall be subject to the following:

1. Any outdoor storage associated with a major motor vehicle service facility shall be completely screened with a wall surrounding the storage area. The wall shall be architecturally compatible with the primary structure including, but not limited to, materials, color, roof pitch, and architectural detailing and be a minimum of six (6) feet in height.

U. Motor Vehicle Service, Minor:

Where identified as a limited or special use, a minor motor vehicle service facility shall be subject to the following:

1. Overnight outdoor storage of vehicles shall be limited to the number of service bays.
2. Overnight outdoor storage of any vehicle shall not exceed a twenty-four (24) hour period.

V. Office:

Where identified as a limited use, a residential structure with less than three (3) units may be used as an office subject to the following:

1. The residential structure is located on a lot abutting an arterial or collector street, except those backing onto an arterial or collector street (See [Figure 8](#)).



Figure 8: Location restrictions for a limited office land use; 17.4.3.1:V.1

2. The existing residential structure shall be converted to allow a non-residential occupancy through the building permit and certificate of occupancy process.
3. The office use shall be subject to the major site plan process, as described in Article 2, and the general design and development standards in Articles 6 and 7.
4. Any proposed addition shall comply with the primary structure setbacks.
5. Outdoor storage of inventory or supplies shall be prohibited.

6. Signage shall comply with the standards set forth in Article 9.
7. Design Requirements:
 - a. The exterior of the building shall be similar in appearance to that of the surrounding residential character of the neighborhood in which it is located including, but not limited to, materials, color, roof pitch, and architectural detailing; and
 - b. Parking shall be provided in accordance with Article 8 and shall be screened from all adjacent residentially zoned properties.

W. Parking, Stand-Alone Surface

Where identified as a limited use, a stand-alone surface parking lot shall be subject to the following:

1. A stand-alone surface parking lot shall be permitted only in the Suburban or Urban Contexts.
2. A stand-alone surface parking lot shall not front an arterial or collector street in Urban Contexts.
3. The principal use(s) associated with the stand-alone surface parking lot shall be separated by no more than a local street or an adjacent lot line.
4. The total number of parking spaces provided on-site and on the stand-alone surface parking lot shall not exceed the maximum permitted parking spaces identified in Article 8.
5. The stand-alone surface parking lot shall meet all the requirements of 17.7.7.

X. Personal Service:

Where identified as a limited use, personal service shall be subject to the following:

1. The personal service use may occupy no more than seven hundred and fifty (750) square feet.
2. No parking is allowed in front of the structure.
3. Drive-through facilities shall be prohibited.
4. Signage shall be limited to one (1) wall sign no larger than ten (10) square feet in size and shall not be illuminated.
5. Operating hours shall not commence before 6:30 a.m. or extend beyond 9:00 p.m.

6. An existing residential structure with less than three (3) dwelling units may be utilized for personal service and may exceed seven hundred and fifty (750) square feet, subject to the following:
 - a. The existing residential structure is located on a lot abutting an arterial or collector street, except those backing onto an arterial or collector street.
 - b. The existing residential structure shall be converted to allow a non-residential occupancy through the building permit and certificate of occupancy process.
 - c. The personal service shall be subject to the major site plan process, as described in Article 2, and the general design and development standards in Articles 6 and 7.
 - d. Any proposed addition shall comply with the primary structure setbacks.
 - e. Outdoor storage of inventory or supplies shall be prohibited.
 - f. Signage shall comply with the standards set forth in Article 9.
 - g. Design Requirements:
 - i. The exterior of the building shall be similar in appearance to that of the surrounding residential character of the neighborhood in which it is located including, but not limited to, materials, color, roof pitch, and architectural detailing; and
 - ii. Parking shall be provided in accordance with Article 8 and shall be screened from all adjacent residentially zoned properties.

Y. Rental, Service or Repair of Large Items

Where identified as a limited use, the rental, service, and repair of large items shall be permitted only in the Suburban Context.

Z. Retail

Where identified as a limited use, retail shall be subject to the following:

1. The retail use may occupy no more than seven hundred and fifty (750) square feet.
2. No parking is allowed in front of the structure.
3. Drive-through facilities shall be prohibited.
4. Signage shall be limited to one (1) wall sign no larger than ten (10) square feet in size and shall not be illuminated.

5. Operating hours shall not commence before 6:30 a.m. or extend beyond 9:00 p.m. ~~6:00 a.m. or extend beyond 10:00 p.m.~~

AA. Roadside Stand

1. Where identified as a limited use, a roadside stand shall be subject to the following:
 - a. A stand shall not operate for more than six (6) months within any twelve (12) month period.
 - b. Items sold at a stand shall be limited to farm products grown or made on the premises.
 - c. A stand shall be set back at least fifteen (15) feet from any edge of asphalt or back of curb of an abutting street.
 - d. Parking shall be provided in accordance with Article 8.
 - e. Signage shall comply with the standards set forth in Article 9.
 - f. A roadside stand shall be subject to the Review of Supplemental Standards process, as described in Article 2.
2. Where identified as an accessory use, a roadside stand shall be subject to the following:
 - a. A stand shall not operate for more than six (6) months within any twelve (12) month period.
 - b. Items sold at a stand shall be limited to food products grown, raised, and/or made on the premises.
 - c. Permanent structures are not permitted.
 - d. A farm stand may not exceed fifty (50) square feet in size.
 - e. A farm stand may not encroach into public right-of-way.
 - f. Signage shall not exceed four (4) square feet in size.

BB. Solar Garden

1. Where identified as a limited or special use in any zone district, solar gardens shall be subject to the following:
 - a. Solar gardens shall be reviewed via the major site plan process, as described in Article 2.

- b. Site plans for solar gardens shall comply with the following dimensional and design standards, or as determined by the Lakewood Planning Commission:
 - i. All structures must comply with the front setback and be setback at least fifteen (15) feet from all side and rear property lines.
 - ii. Solar panels shall not exceed twenty (20) feet in height at any angle.
 - iii. Solar gardens are exempt from the open space requirement in all zone districts; however, landscaping and/or screening materials shall be provided to assist in screening the facility from public rights-of-way and neighboring residences.
 - iv. Access to the site must be an improved surface and meet all access requirements.
 - v. Solar panels shall be oriented to minimize glare on adjacent properties and roadways. This information will need to be demonstrated in the photometric plan required with the major site plan.
- c. For all mixed-use, commercial, and light industrial zone districts, the following design standards shall apply:
 - i. 17.7.3 Screening of Utility Structures, Outdoor Storage, and Service Areas, for all accessory equipment associated with the solar garden.
 - ii. 17.7.7 Landscape Design Standards, except 17.7.7.3: A, B, & C do not apply.
 - iii. 17.7.8 Fence and Wall Design Standards, and Table 14 Fence and Wall Standards.
 - iv. 17.7.9: Exterior Lighting Standards.
 - v. Solar gardens are exempt from all other design and dimensional standards not included in [17.4.3.1:EE.2](#).
- 2. The property owner shall be responsible for negotiating a solar easement with other adjacent property owners in the vicinity of a solar collector(s) to protect solar access and shall record the easement with Jefferson County. If no such easement is recorded, the owner of the solar garden shall have no right to prevent the construction of structures or the installation of landscape materials on nearby properties based upon the grounds that the construction would cast shadows on the solar collection system.

3. Any solar energy system that has not been in working condition for a period of one (1) year shall be subject to Section 116 (Unsafe Structures and Equipment) of the International Building Code, which may require the panels and associated equipment to be removed, or the unsafe condition otherwise mitigated if it is determined to be unsafe. If the Building Official determines that there is an unsafe condition, the panels and associated equipment shall be promptly removed from the property, after which the site and/or building, as applicable, must be returned to its preexisting condition.

CC. Storage, Outdoor

Where identified as an accessory use, outdoor storage shall be subject to the following:

1. Outdoor storage shall be screened from view from adjacent streets and adjoining properties.
2. Outdoor storage shall not extend above the required screening.
3. The screening shall be architecturally compatible with the primary structure including, but not limited to, materials, color, roof pitch, and architectural detail.
4. The minimum height of any screening shall be six (6) feet.

DD. Temporary Use, Long-term

Where identified as a special use, a long-term temporary use shall be subject to the following:

1. The Director may recommend approval of a long-term temporary use to operate up to two (2) years. The Director may approve one (1) extension of up to an additional six (6) months.
2. Parking for a long-term temporary use shall be determined by the Director and consistent with similar uses and context as identified in Article 8. If a long-term temporary use is located on a property with another use, adequate parking for both uses shall be provided. Shared parking may be permitted.
3. A long-term temporary use shall be subject to the special use process as described in Article 2. The Planning Commission, at its discretion, may require certain site improvements as a condition of approval in accordance with other standards of this Zoning Code.

EE. Temporary Use, Short-term

Where identified as a limited use, a short-term temporary use shall be subject to the following:

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1. The Director may, at his or her sole discretion, approve a short-term temporary use not to exceed a cumulative of four (4) months within any twelve (12) month period per property.
2. Parking for a short-term temporary use shall be determined by the Director and consistent with similar uses and context as identified in Article 8. Shared parking may be permitted.
3. The temporary use shall be subject to the Review of Supplemental Standards process as described in Article 2.

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ARTICLE 5: DIMENSIONAL AND DEVELOPMENT STANDARDS

17.5.1: General

17.5.1.1: Purpose and Intent

The following standards regulate the placement and height of buildings within the City and shall apply to all new development and redevelopment.

17.5.1.2: Setback Requirements

The following setback requirements apply to all zone districts:

- A. Unless specifically excluded by this Zoning Code, any building or structure, including any accessory building or structure, shall conform to the setback requirements for the applicable zone district as set forth in the dimensional standards identified in Article 5.
- B. Setbacks shall not apply to interior lots within a non-residential development that do not front a public or private street serving the development.
- C. No building or structure may be constructed, placed, or erected within or above public right-of-way or any easements unless otherwise approved by the City. A license or encroachment agreement may be required.
- D. Where a curvilinear sidewalk exists, the setback shall be measured in a straight line from the furthest point behind a sidewalk between curves or as determined at the discretion of the Director.
- E. Minor architectural or site elements shall be permitted to encroach into required setbacks. Exceptions to setbacks include, but may not be limited to:
 - 1. Awnings that encroach no more than five (5) feet into the front setback and are at least ten (10) feet above a sidewalk surface;
 - 2. Balconies that encroach no more than five (5) feet into the front setback and are at least ten (10) feet above a sidewalk surface;
 - 3. Cantilever windows that encroach no more than two (2) feet into the required side or rear setback, or no more than five (5) feet into the front or non-primary front setback and are at least ten (10) feet above a sidewalk surface;
 - 4. Driveways;
 - 5. Eaves, if they encroach no more than two (2) feet into the required setback;

6. Flagpoles no greater than thirty-five (35) feet in height;
 7. Freestanding works of art; ~~setback from rights-of-way and property lines a minimum distance equal to the height of the freestanding works of art.~~
 8. Mailboxes and newspaper racks;
 9. Minor utility facilities;
 10. Planters, if no greater than thirty (30) inches in height;
 11. Patios and decks, if uncovered and no greater than thirty inches (30) inches in height;
 12. Porches that encroach no more than eight (8) feet into the required front yard setback;
 13. Retaining walls;
 14. Walkways;
 15. Walls, fences, and entry features, if in compliance with Articles 6 and 7; and/or
 16. Window planter boxes that encroach no more than two (2) feet and are at least ten (10) feet above a sidewalk surface.
- F. The Director may grant other exceptions similar to those listed above.

17.5.1.3: Setback Measurements

- A. Setbacks shall be measured from the foundation of any building or structure.
- B. Setbacks in all residential zone districts except R-M shall be measured as follows (See [Figure 9](#)):

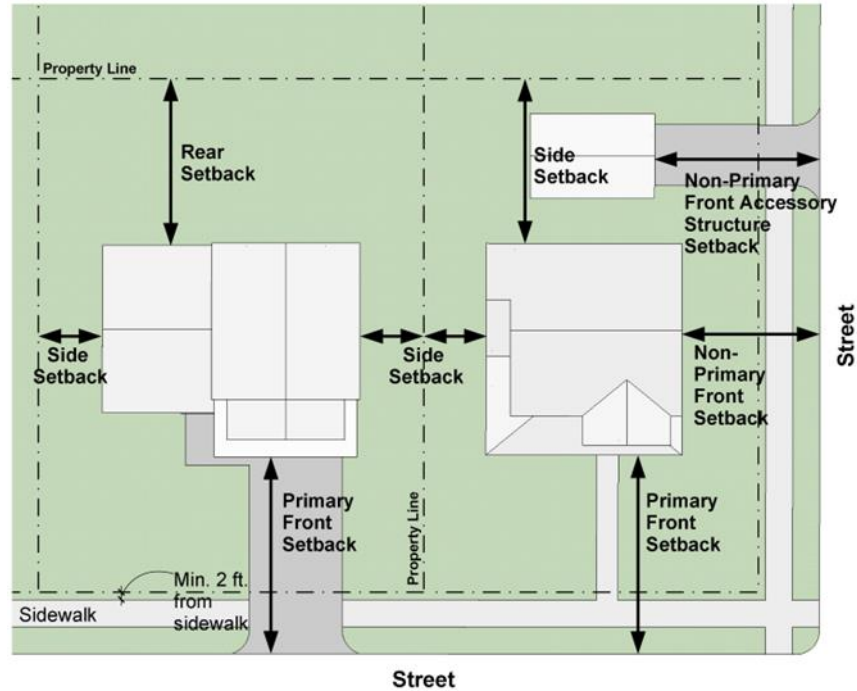


Figure 9: Residential Zone District Setback Measurements; 17.5.1.3:B

1. Front and non-primary front setbacks shall be measured from the back of curb. If a curb does not exist, an additional three (3) feet shall be added to the setback distance as measured from the edge of asphalt.
 2. Front setbacks for flag lots shall be measured from the portion of the lot, closest to the back of curb or edge of asphalt, where the lot width meets the minimum standard for the zone district.
 3. Side setbacks shall be measured from each side property line to the outermost exterior finish material of the adjacent structure.
 4. Rear setbacks shall be measured from the rear property line to the outermost exterior finish material of the adjacent structure.
- C. Setbacks in R-M, mixed-use, commercial, and light industrial zone districts shall be measured as follows (See [Figure 10](#)):

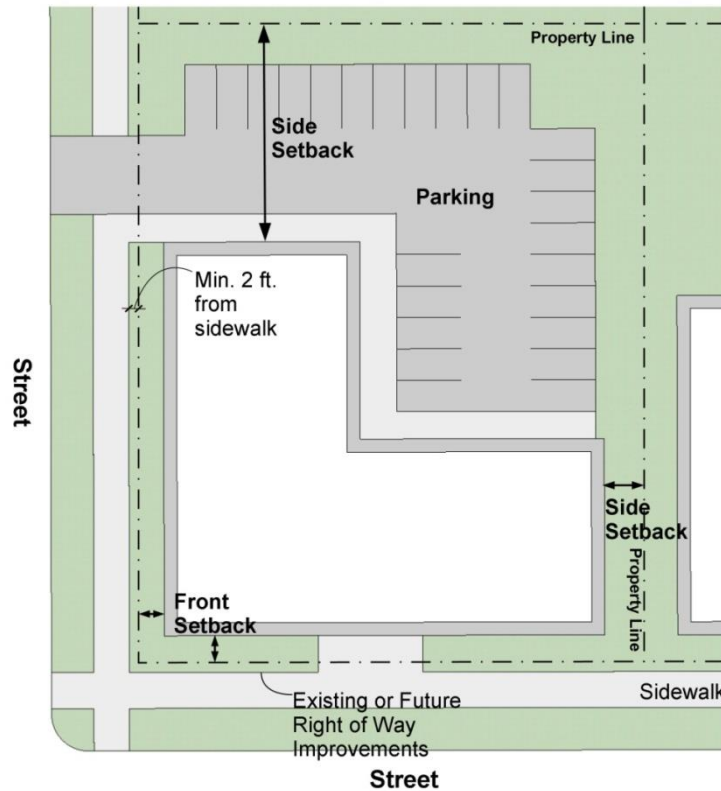


Figure 10: Mid-form Residential, Institutional, Mixed-Use, commercial and Light Industrial Zone District Setback Measurements; 17.5.1.3:C

1. Front setbacks shall be measured as follows:
 - a. Where existing right-of-way improvements meet the City's Transportation Engineering Design Standards or Functional Plans, the front setbacks shall be measured from the edge of the existing right-of-way improvements;
 - b. Where existing right-of-way improvements do not meet the City's Transportation Engineering Design Standards or Functional Plans, the front setbacks shall be measured from the edge of the future required right-of-way improvements; or
 - c. As determined by the Director, when a compelling City interest exists.
2. Side setbacks shall be measured from each side property line.
3. Rear setbacks shall be measured from the rear property line.
4. A setback greater than the minimums identified in [Table 5](#) and [Table 8](#) may be required, subject to Building Code requirements.

5. Greater front, side, and rear setbacks may be required, based on specific use standards identified in Article 4 or landscape requirements identified in Articles 6 and 7.

17.5.1.4: Height Requirements

The following height requirements apply to all zone districts:

- A. Unless otherwise stated in this Zoning Code, any building or structure, including any accessory building or structure, shall conform to the height requirements applicable to the relevant zone district as set forth in the dimensional standards identified in this Article.
- B. The following architectural elements and utilities not intended for occupancy may exceed the maximum height requirements for the applicable zone district. Any exception shall only be erected to the minimum height necessary to accomplish the purpose intended. Height exceptions include, but are not limited to:
 1. Belfries;
 2. Bulkheads;
 3. Chimneys;
 4. Cupolas;
 5. Domes;
 6. Elevator penthouses;
 7. Flagpoles;
 8. Skylights;
 9. Spires;
 10. Ventilators;
 11. Roof mounted solar collection system, if otherwise compliant with [17.5.5.3](#);
 12. Roof mounted wind-powered electric generator, if otherwise compliant with [17.5.5.4](#);
 13. Roof mounted wireless communication systems on existing buildings that are non-conforming in height, if otherwise compliant with Article 10; and/or
 14. Necessary mechanical equipment and screening located above the roof level.

- C. Exceptions listed above, excluding spires, belfries, cupolas, domes, flagpoles, and chimneys, shall be set back from the perimeter of the building a minimum of one (1) foot horizontally for each foot of vertical height greater than the maximum height allowed in the applicable zone district.
- D. Elevator penthouses not serving the roof and other enclosed or unenclosed mechanical equipment, including vertical or sloped screen walls for such equipment, shall not exceed a height of fifteen (15) feet above the permitted height of the building.
- E. The Director may grant other exceptions similar to those listed above.

17.5.1.5: Height Measurements

- A. Building and structure height shall be measured as follows:
 - 1. Building and structure height shall be measured from average grade to the coping of a flat roof, the deck line of a mansard roof, the mid-point of the highest gable of a pitched or hipped roof, or the highest point of any other type of roof (See [Figure 11](#)).

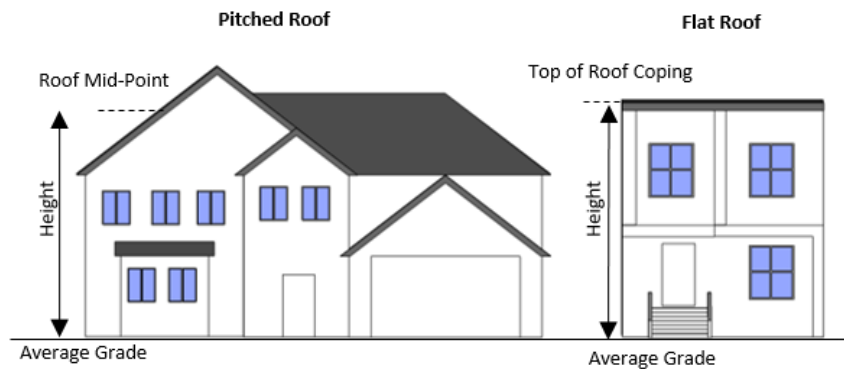


Figure 11: Height Measurement; 17.5.1.5:A.1

- 2. Average grade shall be measured as follows:
 - a. Average grade shall be determined by calculating the average of the highest and lowest elevation points adjacent to the building or structure along the pre-development grade or the improved grade, whichever is more restrictive.
 - b. Where significant grading has been approved by the City, the average grade shall be considered the improved grade following such approved grading.

B. Façade Stepback Requirement:

1. Buildings taller than forty-five (45) feet in height, as measured from grade at the right-of-way, shall be subject to an upper level stepback for any façade on a front or non-primary front lot line.
2. For these façades, the floor of the building exceeding forty-five (45) feet in height must stepback at least ten (10) feet from the outer edge of the first story.
3. An additional ten (10) feet of stepback shall be required for every additional thirty (30) feet in height of the building.
4. Allowable encroachments include balconies, terraces, and other uncovered outdoor spaces with open or transparent railings.

17.5.1.6: Build-To-Zone Measurements

The build-to-zone requirement is intended to help create vibrant and pedestrian-friendly mixed-use and commercial corridors by bringing building façade to the street.

The build-to-zone is the area between the minimum and maximum front setbacks. To determine compliance with the build-to-zone requirements, the total width of the building or building portion(s) located in the build-to-zone is divided by the width of the lot or parcel on which the building is located (See [Figure 12](#)).

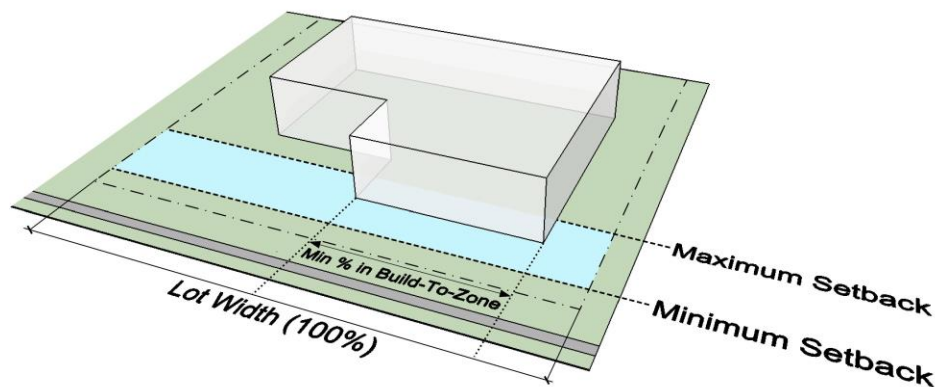


Figure 12: Build-To-Zone Requirement; 17.5.1.6

Where multiple stories are required or where a site has multiple street frontages, the total aggregate of the build-to-zone may be satisfied on one (1) or more of the required number of stories or street frontages. Plaza or patio areas satisfying the requirements of 17.7.5.2.B may be used to meet the build-to-zone requirement. The baseline 'lot width' dimension for a build-to-zone on corner lots is the dimension at the maximum setback line on both sides.

17.5.1.7: Build-To-Zone Plazas

When plaza areas are proposed to satisfy the build-to-zone requirement, plaza areas shall be constructed in compliance with 17.7.5.2.B.

17.5.1.8: Sites with More than Two Public Street Frontages

If a site is bound by more than two (2) public streets, the Director may determine that additional frontages do not need to comply with the front setback and building frontage requirements, based on the following review criteria:

- A. The pedestrian and traffic volume on each street;
- B. The street classification, as identified in the Transportation Engineering Design Standards;
- C. The impact on any adjacent residential properties;
- D. The desired land use and pedestrian characteristic of each adjacent street;
- E. The street frontages are most appropriately defined by buildings; and/or
- F. Any other applicable criteria that may affect building placement, as determined by the Director.



**Figure 13: Example for sites with more than two (2) public street frontages;
17.5.1.8**

17.5.2: Residential Standards

17.5.2.1: Dimensional Standards

All development in residential zone districts must comply with the dimensional standards of [Table 4](#), except that the minimum lot size and minimum lot width requirements apply only to the creation of new lots. Lots existing prior to the adoption of this Zoning Code and recognized as legal by the City, do not need to comply with the lot size or lot width requirements identified in [Table 4](#).

For the purposes of calculating residential gross floor area (GFA) in this section, below grade space shall not be included. Any level with an average of at least thirty (30) inches in height above grade along the street facing façade will be counted toward the overall structure GFA. Egress stairs added to an existing building are also excluded from GFA calculation in this Section.

Table 4: Residential Dimensional Standards; 17.5.2.1

Table 4: Residential Dimensional Standards						
	Low-Form Residential				Mid-Form Residential	
Standard	R-L-A	R-L-B	R-L-C	R-L-MH	R-M	Notes
Minimum Lot Size and Width						
Minimum Size for New Lots (SF)	7,000	5,000	3,000 <u>N/A</u>	See Notes	N/A	Minimum R-L-MH parcel size: five (5) acres. Single-wide (SW) dwelling: two thousand four hundred (2,400) SF. Double-wide dwelling: three thousand six hundred (3,600) SF.
Minimum Width for New Lots (Feet)	75	60	45-25	35 (SW) 40 (DW)	18	Refer to the Subdivision Ordinance for corner lot regulations.
Maximum Primary Structure Size (Square Feet)						
Primary Structure / One Per Lot						
Maximum Gross Floor Area (GFA) 1-2 Units	3,250 <u>4,000</u>	3,000 <u>4,000</u>	2,500 <u>4,000</u>	N/A	N/A	Each lot in an R-L or R-M zone may have one primary structure.
Maximum GFA 3+ Units	3,750 <u>5,000</u>	3,500 <u>5,000</u>	3,000 <u>5,000</u>	N/A	N/A	

Table 4: Residential Dimensional Standards

	Low-Form Residential				Mid-Form Residential	
Standard	R-L-A	R-L-B	R-L-C	R-L-MH	R-M	Notes
Primary Structure / Multiple on One Lot						
Maximum GFA Per Structure	1,800				None	Lots that exceed the minimum lot size may have one additional primary for each 3,000 SF of lot area above the minimum lot size required in the zone district.
Maximum Accessory Structure Size (Square Feet)						
Detached Accessory Dwelling Unit	1,400					The square footage of the detached accessory dwelling unit shall not be included in the maximum permitted square footage for primary buildings on a lot.
Accessory Structure	Varies ⁽¹⁾					⁽¹⁾ Refer to 17.5.5.1:
Minimum Primary and Large Accessory Structure Setbacks (Feet)						Refer to 17.5.1.3:A
Front	25 <u>20</u>	25 <u>20</u>	25 <u>20</u>	25 <u>20</u>	10	All accessory structures, including ADUs, shall be located behind the front edge of the primary structure along the primary street frontage.
Non-Primary Front	20	20	20	20	10	
Side	10	5	5	5	5	In the R-L-C and R-M districts, no setback is required for common wall lot lines.
Rear	15	15	15	15	15	

Table 4: Residential Dimensional Standards

	Low-Form Residential				Mid-Form Residential	
Standard	R-L-A	R-L-B	R-L-C	R-L-MH	R-M	Notes
Minimum Accessory Structure Setbacks (Feet)						Refer to Section 17.5.1.3:A
Front	Behind the front edge of the primary structure along the primary street frontage.					
Non-Primary Front	20					Refer to Section 17.5.5.1:
Side	10	5	5	5	5	Refer to Section 17.5.5.1:
Rear	5	5	5	5	5	
Maximum Height (Feet)						
Primary Structure	25 35	25 35	25 35	25	45	
Detached Accessory Dwelling	20	20	20	20	20	Maximum height is increased to thirty (30) feet if located over a detached garage.
Accessory Structure	35	20	20	20	20	
Solar Collection System						
Ground Mounted	10					
Roof Mounted						Refer to Section 17.5.5.4:
Wind Powered Generator	60					
Minimum Open Space						
Open Space (Percent)	50	50	50	25	40 30	

17.5.3: Mixed-Use Standards

17.5.3.1: Dimensional Standards

All development in mixed-use zone districts must comply with the dimensional and density standards of [Table 5](#), unless otherwise stated in this Zoning Code.

Table 5: Mixed-Use Dimensional Standards; 17.5.3.1

Table 5: Mixed-Use Dimensional Standards												
	M-N			M-G			M-C		M-R			
Standard	M-N-S	M-N-U	M-N-T	M-G-S	M-G-U	M-G-T	M-C-U	M-C-T	M-R-S	M-R-U	M-R-T	Notes
Building Height (Feet)												
Minimum	N/A	N/A	30 ⁽¹⁾	N/A	N/A	30 ⁽¹⁾	30 ⁽¹⁾	45 ⁽¹⁾	N/A	N/A	N/A ⁽¹⁾	⁽¹⁾ Refer to 17.5.3.2 .
Maximum	45	45	60	60	90	Varies ⁽²⁾	120	Varies ⁽²⁾	60	60	90	⁽²⁾ Refer to 17.5.3.3 . Refer to 17.5.3.4 when adjacent to an R-L zone district. Refer to 17.5.3.7 for incentive regulations regarding height.
Setbacks (Feet)												
Front												
Minimum	10	0	0	10	0	0	0	0	10	5	0	Refer to 17.5.1.3.C .

Table 5: Mixed-Use Dimensional Standards

	M-N			M-G			M-C		M-R			
Standard	M-N-S	M-N-U	M-N-T	M-G-S	M-G-U	M-G-T	M-C-U	M-C-T	M-R-S	M-R-U	M-R-T	Notes
Maximum	85	20	20	85	20	20	20	20	140	25	20	Refer to 17.5.3.5 : for additional setback regulations. (3) Buildings not located at the 0-foot setback, shall be located a minimum of five (5) feet from the property line.
Minimum Side	5	0/5(3)	0/5(3)	0/5(3)	0/5(3)	0/5(3)	0/5(3)	0/5(3)	5	0/5(3)	0/5(3)	
Minimum Rear	10	0/5(3)	0/5(3)	0/5(3)	0/5(3)	0/5(3)	0/5(3)	0/5(3)	10	0/5(3)	0/5(3)	
Open Space (Percent)												
Minimum Open Space (Percent)	30	25 30	10	30	25 30	10	25 30	10	35	30	15	
Build-to-Zone (Percent)												
Build-to-Zone Req.	40	50	60	45	55	65	70	75	25	50	75	Refer to 17.5.1.6 : for additional regulations.
Maximum Non-Residential Building Footprint												
Maximum Building Footprint (Square Feet)	15,000	15,000	30,000	None	100,000	40,000	60,000	40,000	None	None	None	Refer to 17.5.3.6:C
Minimum Residential Density (Dwelling Unit Per Acre)												

Table 5: Mixed-Use Dimensional Standards

	M-N			M-G			M-C		M-R			
Standard	M-N-S	M-N-U	M-N-T	M-G-S	M-G-U	M-G-T	M-C-U	M-C-T	M-R-S	M-R-U	M-R-T	Notes
Minimum Residential Density	8	10	12	5	10	25	20	35 ⁽⁴⁾	5	10	30	⁽⁴⁾ Refer to 17.5.3.6:A.
Maximum Retail Allowed (Square Feet of Gross Floor Area)												
Retail – Maximum Allowed per Business	20,000(P)	20,000(P)	20,000(P) 20,001-40,000(S)	None	100,000(P) More than 100,000(S)	40,000(P) More than 40,000(S)	60,000(P) More than 60,000(S)	40,000(P) 40,001-60,000(S)	20,000(P)	20,000(P)	20,000(P)	(P) Indicates Permitted (S) Indicates Special Use Permit approval is required.

17.5.3.2: Minimum Building Story Requirement

In addition to the minimum height identified in [Table 5](#), the following minimum number of occupiable stories shall be required as identified in [Table 6](#). When a minimum number of stories are required to be provided in the build-to-zone, the minimum story requirement shall be provided with one (1) vertical building façade plane.

Within the build-to-zone, the occupiable second story shall be at least a minimum of fifty (50) percent of the width and fifty (50) percent of the depth of the building footprint. The minimum height in stories shall not apply to the expansion of a one (1) or two (2) unit residential structure, if no new dwellings are proposed.

Table 6: Minimum Building Story Requirement	
Zone District	Minimum Height in Floors
M-N-T	2
M-G-T	2
M-C-U	2
M-C-T	3
M-R-T	3

Table 6: Minimum Building Story Requirement; 17.5.3.2

17.5.3.3: Maximum Building Height in Defined Station Areas

The maximum height allowed within the M-G-T and M-C-T districts varies by the station area location as identified in [Table 7](#):

Table 7: Maximum Building Height by Station Area		
Station Area	M-C-T	M-G-T
Sheridan Boulevard	120 feet	90 feet
Wadsworth Boulevard	120 feet	90 feet
Oak Street	90 feet	90 feet
Union Corridor	180 feet	180 feet

Table 7: Maximum Building Height By Station Area; 17.5.3.3

17.5.3.4: Height Transition to Adjacent Residential Districts

Where a non-residential building or residential building with three (3) or more units is constructed adjacent to an R-L district [or a public park greater than ten \(10\) acres in size](#):

- A. No portion of the building shall extend beyond a forty-five (45) degree bulk plane from the adjacent R-L zoned lot [or public park; and](#)
- B. Where a front or side lot line separates the zone districts [or public park](#), the first two (2) floors of the building shall be permitted to encroach into the forty-five (45) degree bulk plane. (See [Figure 14](#))

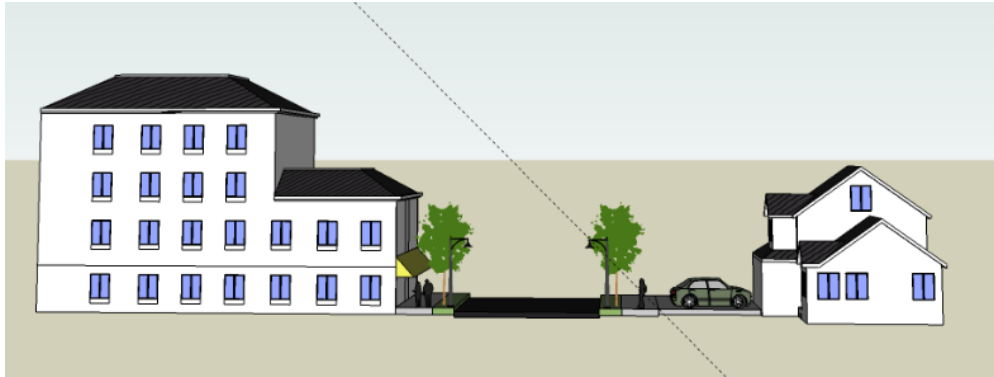


Figure 14: Bulk Plane Height Transition; 17.5.3.4:B

17.5.3.5: Additional Building Setback Regulations

Within any Suburban or Urban context, buildings located interior to a site shall not be required to meet the front setback requirements or, where applicable, the minimum height as required by [Table 5](#), provided that liner buildings meeting the requirements of [Table 5](#) are constructed. The liner buildings shall have a minimum depth of sixty (60) feet. Within the Urban context, the liner buildings shall be designed as multi-tenant structures.

17.5.3.6: Requirements for Specific Mixed-Use Zone District Contexts

The following mixed-use development requirements apply to all projects within the districts indicated:

- A. The following shall apply to all M-C-T zone districts:
 - 1. A vertical mix of residential, commercial, and/or public/civic/institutional uses as allowed in the M-C-T zone district shall be required for all buildings adjacent to arterial or collector streets.
 - 2. All buildings adjacent to arterial or collector streets shall include ground floor space designed for retail occupancy fronting on the street(s) and fulfilling the following requirements:
 - a. The ground floor space shall have a minimum depth of forty (40) feet.

- b. The minimum floor to ceiling height of the ground floor space shall be fourteen (14) feet.
 - c. The ground floor space shall meet the building code requirements for retail occupancy.
3. Amenities associated with the building may occupy up to fifty (50) percent of the space designed for retail occupancy (See [Figure 15](#)).

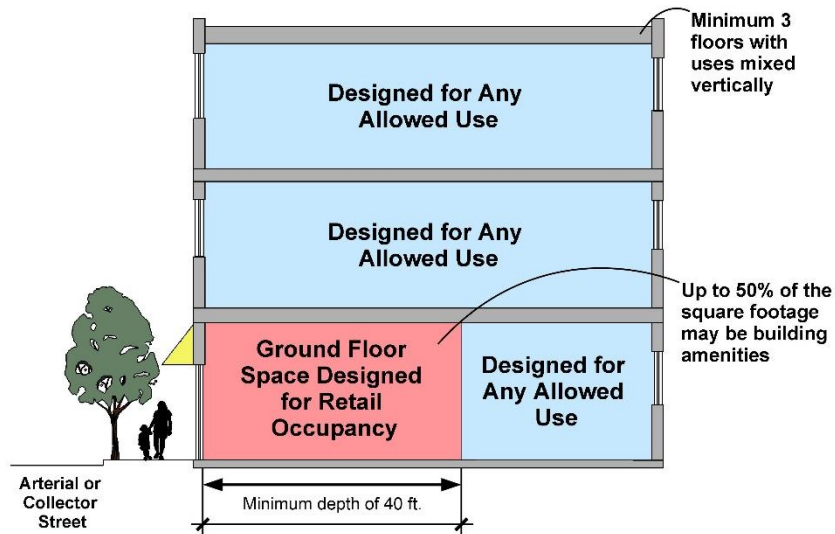


Figure 15: Institutional, Mixed-Use, Commercial, and Light Industrial Requirement and Minimum Commercial Use Depth in M-C-T; 17.5.3.6:A.3

4. Other portions of the ground floor that are not required to be designed for retail occupancy may be designed for any allowed use in the zone district.
5. Where a building is located at the intersection of an arterial or collector street with a local street, the ground floor commercial space shall extend along the local street a minimum length of forty (40) feet (See [Figure 16](#)).

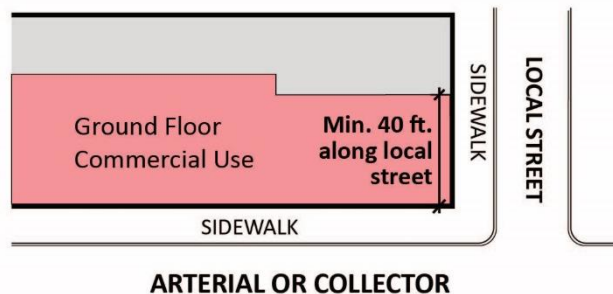


Figure 16: Minimum Commercial Depth Along a Local Street; 17.5.3.6:A.5

6. Single-use buildings are allowed within the zone district, provided that the requirements of [17.5.3.6:A.1.](#) through [17.5.3.6:A.3.](#) above are met, or if the parcel on which the building is located is only adjacent to a local street or streets.

B. The following shall apply to all M-G-T zones:

1. All buildings adjacent to arterial or collector streets shall include ground floor space designed for retail occupancy. The retail space shall be provided along the entire building frontage, excluding space used for vehicular access. Buildings shall front on the street(s) and meet the following requirements:
 - a. The ground floor space shall have a minimum depth of forty (40) feet.
 - b. The minimum floor to ceiling height of the ground floor space shall be fourteen (14) feet.
 - c. The ground floor space shall meet the building code requirements for retail occupancy.
2. Amenities associated with the building may occupy up to fifty (50) percent of the space designed for retail occupancy (See [Figure 17](#)).

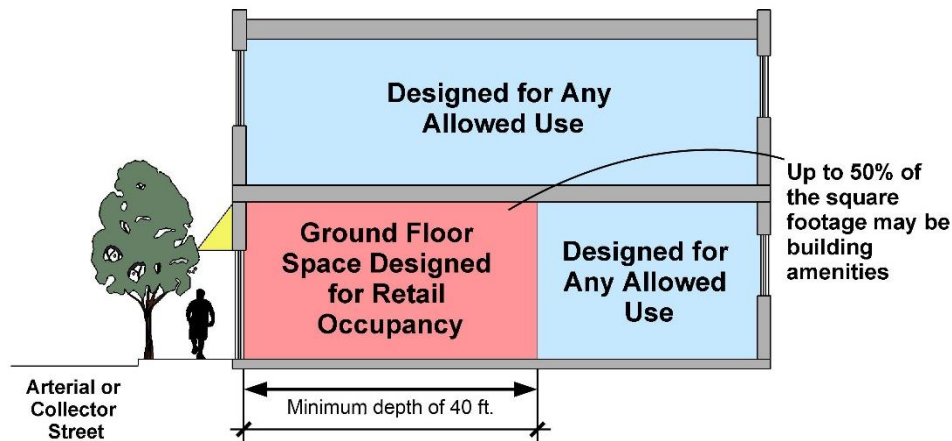


Figure 17: Institutional, Mixed-Use, Commercial and Light Industrial Use Requirement and Minimum Commercial Depth in M-G-T; 17.5.3.6:B.2

3. Other portions of the ground floor that are not required to be designed for retail occupancy may be designed for other allowed uses.
4. Single-use buildings are allowed within the zone district, provided that the requirements of [17.5.3.6:B.1.](#) above are met, or if the parcel on which the building is located is only adjacent to a local street or streets.

C. The following shall apply to all M-R zones:

1. All buildings located adjacent to an arterial street may contain leasable non-residential space on the ground floor adjacent to the arterial street. However, the amount of commercial and/or office space shall not exceed thirty (30) percent of the total building gross floor area (See [Figure 18](#)).
2. For buildings located adjacent to collector or local streets, the amount of non-residential space shall not exceed twenty (20) percent of the total building gross floor area (See [Figure 18](#)).

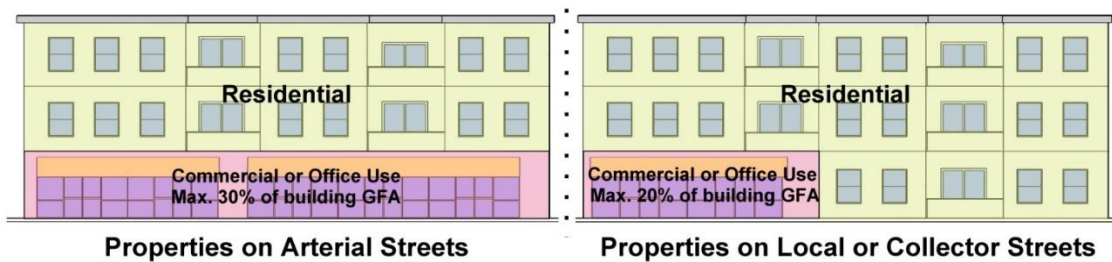


Figure 18: Commercial or Office Space Allowance in M-R Zones; 17.5.3.6:C

17.5.3.7: Incentives for Increased Height

The maximum building height within the mixed-use zone districts may be increased by one (1) story to a maximum of twelve (12) additional feet, for each of the following incentives that are achieved:

- A. The development project is registered with the Green Business Certification Inc. (GBCI) with the goal of Leadership in Energy and Environmental Design (LEED) Gold certification or greater at the time of building permit issuance. The applicant must submit a LEED scorecard and proof of LEED registration.
- B. The development project includes at least [twenty \(20\) percent affordable units that utilize federal Low-Income Housing Tax Credits \(LIHTC\), pursuant to Section 42 of the Internal Revenue Code, and includes at least twenty \(20\) percent market-rate units.](#)
- ~~C. The development project includes fifty (50) percent or more rooftop solar or complete building electrification.~~

17.5.4: Commercial and Light Industrial Standards

17.5.4.1: Dimensional Standards

All development in commercial and light industrial zone districts must comply with the dimensional and density standards of [Table 8](#), except as otherwise expressly provided.

Table 8: Commercial and Light Industrial Dimensional Standards; 17.5.4.1

Table 8: Commercial and Light Industrial Dimensional Standards					
Standard	C-R	C-L	LI	LI-RD	Notes
Height (Feet)					
Minimum	None	None	None	None	
Maximum	90	45	60	60	Refer to Section 17.5.3.4 ; when adjacent to an R-L zone district.
Setbacks (Feet)					
Front					Refer to Section 17.5.1.3:C
Minimum	15	15	15	10	
Maximum	None	None	None	None	
Minimum Side	5	5	5	5	
Minimum Rear	5	5	5	5	
Open Space (Percent)					
Minimum Open Space	25	25	25	25	

17.5.4.2: Height Transition Adjacent to Residential Zone Districts

Where a non-residential building is constructed adjacent to an R-L zone district [or a public park greater than ten \(10\) acres in size](#):

- A. No portion of the building shall extend beyond a forty-five (45) degree bulk plane from the adjacent R-L zoned lot [or public park](#); and
- B. Where a front or side lot line separates the zone districts [or public park](#), the first two (2) floors of the building shall be permitted to encroach into the forty-five (45) degree bulk plane. (See [Figure 19](#))

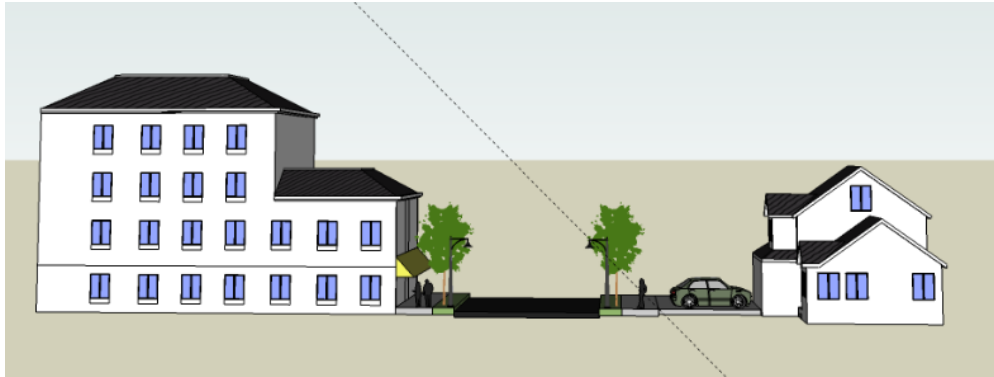


Figure 19: Bulk Plane Height Transition; 17.5.4.2:B

17.5.5: Accessory Structures and Elements

17.5.5.1: Detached Structures

- A. A detached accessory structure shall be located a minimum of three (3) feet from the primary structure as measured from the closest adjacent walls and a minimum of two (2) feet from the primary structure as measured from the closest adjacent eaves.
- B. A detached accessory structure located on a lot with one (1) or two (2) dwelling units on a single lot in a residential zone district shall be subject to the following standards:
 - 1. An accessory structure or combination of accessory structures shall not exceed more than fifty (50) percent coverage of the combination of the rear yard, side yards, and non-primary front yard area of a lot, and no more than ten (10) percent of the total lot area (See [Figure 20](#)).

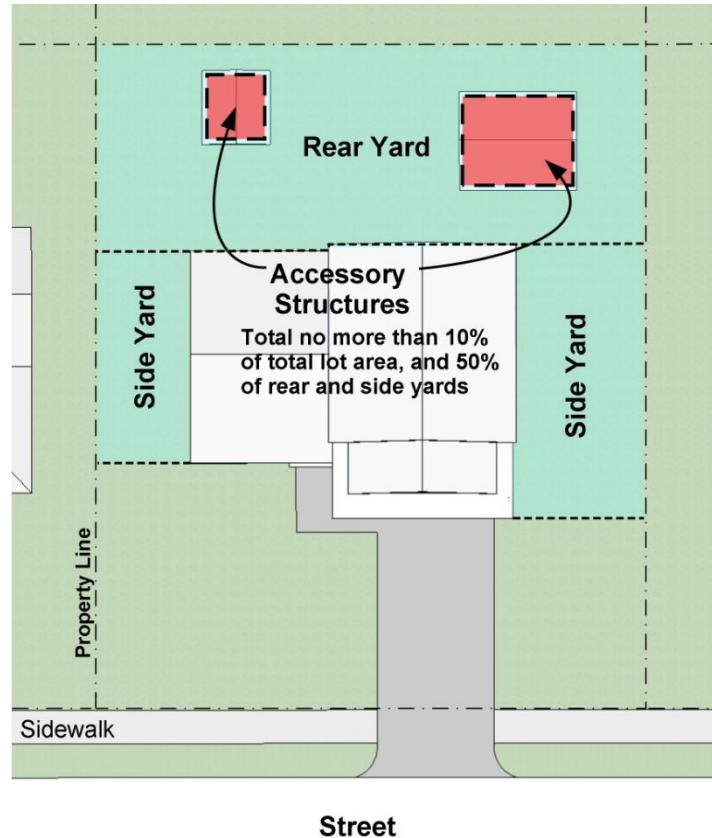


Figure 20: Determination of Accessory Structure Lot Coverage; 17.5.5.1:B.1

2. An accessory structure shall not exceed the above ground GFA of the primary structure.
3. Large accessory structures with any wall greater than thirty-two (32) feet in length or with any wall twelve (12) feet or greater in height shall comply with the minimum setbacks for a primary structure and be architecturally complementary to, and compatible with, the primary structure (See [Figure 21](#)). Large accessory structures shall also meet the standards of 17.6.2.1.B. Accessory structure wall height shall be measured using the averages of the existing grade.

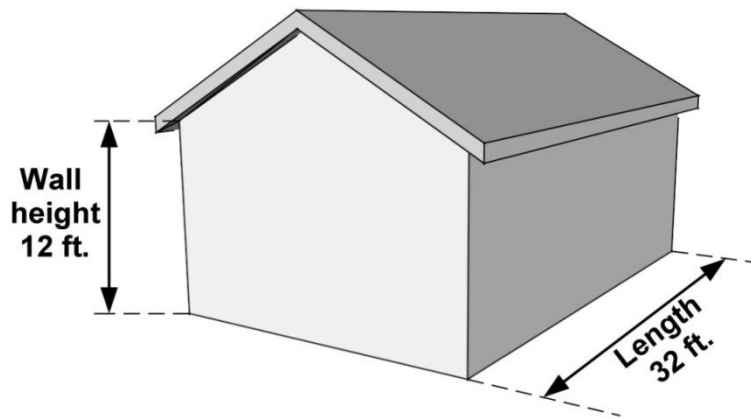


Figure 21: Measurement of Wall Height and Length; 17.5.5.1:B.3

4. An accessory structure that is less than or equal to two hundred (200) square feet in size with a vertical wall height less than ten (10) feet may encroach into the non-primary front setback if the accessory structure is located behind a solid six (6) foot high fence or wall. The structure shall not be placed in a designated easement or flood plain.
- C. A detached accessory structure located on a lot with a non-residential land use or a residential land use with three (3) or more dwelling units in the residential, mixed-use, commercial, or light industrial district shall be subject to the following standards:
1. An accessory structure shall not be located between a primary building and a public street;
 2. An accessory structure shall not be located within any required landscape area or parking spaces; and
 3. The structure shall reflect the design and color scheme of the primary structure.

17.5.5.2: Satellite Dish Antenna

- A. A satellite dish antenna located on a lot with one (1) or two (2) dwelling units in the R-L or R-M districts shall be subject to the following:
1. Satellite dish antennas with a diameter of forty (40) inches or less shall be allowed without restrictions.
 2. One (1) dish antenna greater than forty (40) inches in diameter shall be allowed per dwelling unit.

3. A satellite dish antenna with a diameter greater than forty (40) inches shall be ground-mounted, shall be no greater than ten (10) feet in height, and shall comply with the accessory structure dimensional standards identified in [Table 4](#).
- B. A satellite dish antenna located on a lot, other than those specifically listed in [17.5.5.3:A](#) shall be subject to the following:
1. Satellite dish antennas with a diameter of forty (40) inches or less shall be allowed without restrictions.
 2. A ground-mounted satellite dish antenna with a diameter greater than forty (40) inches shall comply with the dimensional standards identified in [Table 4](#) for R-M zones, [Table 5](#) for mixed-use zones, or [Table 8](#) for commercial and light industrial zones.
 3. A ground-mounted satellite dish shall not be located in an area required for parking, landscaping, buffering, or water detention.
 4. A ground-mounted satellite dish antenna shall not exceed twelve (12) feet in height.
 5. A ground-mounted satellite dish antenna shall be screened from any adjacent public street or residential use through the installation of landscaping or decorative solid fencing. Landscaping shall be capable of reaching a height of eight (8) feet within two (2) years of the installation of the dish antenna. Fencing shall be constructed to a height equal to the dish antenna, or to the maximum height allowed within the zone district, whichever is less.
 6. A roof-mounted satellite dish antenna greater than forty (40) inches in diameter shall be screened. This screening can be accomplished through the utilization of parapet walls, through the installation of mechanical equipment screens, or other means to the extent that the dish antenna is hidden from view from all adjacent public streets or residential uses.

17.5.5.3: Solar Collection System

- A. A solar collection system located on a lot with one (1) or two (2) dwelling units in the R-L or R-M districts shall be subject to the following:
1. Ground mounted solar collection system:
 - a. A solar collector system (a “collector” or “collectors”) shall not be located in the front yard between a primary structure and a public right-of-way, unless the collector is located more than twice the distance as the required setback identified in [Table 4](#) and the collector is screened and not visible from the adjacent street.

- b. Collectors shall be allowed in the non-primary front yard if they are located behind a solid six (6) foot high fence or wall.
- c. Collectors shall be a minimum of five (5) feet from all property lines.
- d. The area covered by collector arrays in any residential district shall be considered a detached accessory structure and shall comply with the coverage limitations of [17.5.5.1](#): (See [Figure 22](#)).

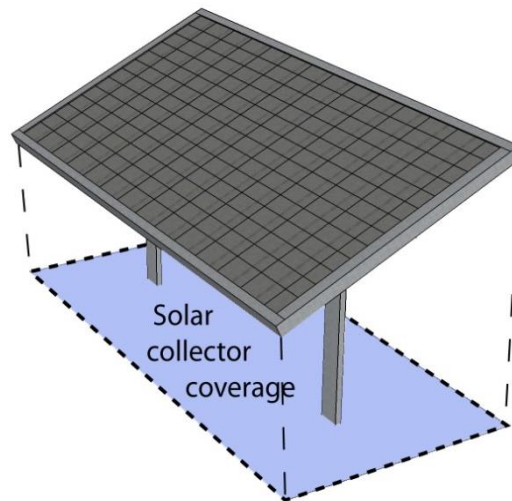


Figure 22: Measurement of Solar Collector Coverage; 17.5.5.3:A.1.d

- e. Collectors shall not exceed the maximum allowed height for an accessory structure.
 - f. A ground mounted collector shall be subject to the zoning review process.
2. Roof mounted or wall mounted collectors:
- a. Collectors shall be located a minimum of five (5) feet from all property lines and other structures, except the structure on which it is mounted.
 - b. Collectors shall not project beyond the peak of the roof (See [Figure 23](#)). If a collector is attached to a flat roof, the collector shall not extend more than five (5) feet above the roof.

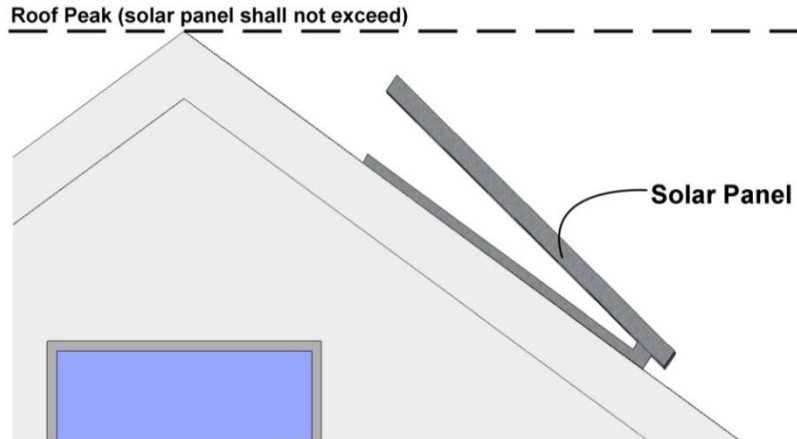


Figure 23: Solar Collector Projection Above Roof Peak; 17.5.5.3:A.2.b

3. Solar easements:

- a. A property owner shall be responsible for negotiating a solar easement with other adjacent property owners in the vicinity of a collector to protect solar access and shall record the easement with Jefferson County.
- b. If no such easement is recorded, the owner of the collector shall have no right to prevent the construction of structures or the installation of landscape materials on nearby properties based upon the grounds that the construction will cast shadows on the collector.
- c. Any recorded solar easement(s) shall not be used to circumvent any requirements of this Zoning Code to include landscaping requirements.

B. A collector located on a lot, other than those specific listed in [17.5.5.3:A](#) shall be subject to the following:

1. All collector shall comply with the primary structure dimensional requirements.
2. Solar easements:
 - a. A property owner shall be responsible for negotiating a solar easement with other adjacent property owners in the vicinity of a collector to protect solar access and shall record the easement with Jefferson County.
 - b. If no such easement is recorded, the owner of the collector shall have no right to prevent the construction of structures or the installation of landscape materials on nearby properties based upon the grounds that the construction would cast shadows on the solar collection system.

- c. Any recorded solar easement(s) shall not be used to circumvent any requirements of this Zoning Code to include landscaping requirements.
3. A collector shall be subject to the zoning review process.

17.5.5.4: Wind-Powered Electric Generator

- A. A wind-powered electric generator located on located on a lot with one (1) or two (2) dwelling units in the R-L or R-M districts shall be subject to the following:
 1. No wind-powered electric generator shall exceed sixty (60) feet in height measured from ground level to the top of the blade diameter.
 2. No wind-powered electric generator blade shall be located closer than fifteen (15) feet above the finished grade of the surrounding property.
 3. No wind-powered electric generator or portion thereof may extend or encroach into the accessory building setbacks or onto any adjacent property.
 4. Sound produced by the turbine under normal operating conditions, as measured at the nearest property line and at ground level of any adjacent property improved with a dwelling unit at the time of the issuance of a building permit, shall not exceed fifty-five (55) dBA sound level for any period of time, except during short-term events out of the owner's control, such as utility outages or strong windstorms.
 5. A turbine and tower shall be of a neutral color.
 6. All electrical wiring shall be located underground and within the tower.
 7. A wind-powered electric generator shall be subject to the zoning review process.
- B. A wind-powered electric generator located on a lot, other than those specifically listed in [17.5.5.3:A](#), shall be subject to the following:
 1. No ground-mounted wind-powered electric generator shall exceed sixty (60) feet in height measured from ground level to the top of the blade diameter.
 2. All roof-mounted wind-powered electric generators shall comply with the dimensional requirements of the district in which it is located.
 3. No wind-powered electric generator or portion thereof may extend or encroach into the building setbacks or onto any adjacent property.
 4. Sound produced by the turbine under normal operating conditions, as measured at the property line of any adjacent property improved with a

dwelling unit at the time of the issuance of a building permit, shall not exceed fifty-five (55) dBA sound levels for any period of time. The fifty-five (55) dBA sound level may be exceeded during short-term events out of the owner's control such as utility outages or strong windstorms.

5. A turbine and tower shall be of a neutral color.
6. All electrical wiring shall be underground or contained within the building to which the generator is attached.
7. A wind-powered electric generator shall be subject to the zoning review process.

STAFF MEMO

DATE OF MEETING: SEPTEMBER 8, 2025 / AGENDA ITEM NO. 9

To: Mayor and City Council

From:

Subject:

SUMMARY STATEMENT:

BACKGROUND INFORMATION:

BUDGETARY IMPACTS: None

STAFF RECOMMENDATIONS: None

ALTERNATIVES: None

PUBLIC OUTREACH: This item has been promoted through the regular communication channels to be considered by the Lakewood City Council.

NEXT STEPS: None

ATTACHMENTS: None

REVIEWED BY: Kathleen E. Hodgson, City Manager
Benjamin B. Goldstein, Deputy City Manager
Alison McKenney Brown, City Attorney