

# JOHNSON & JOHNSON: Base and Incentives

**Base 45%**  
**Incentives 55%**  
**Global Settlement Abatement Amount**

Incentives are earned by obtaining releases from subdivisions and limiting additional subdivisions from filing suit.

Illustrative only- Executed Agreements Control.

## Incentive A

Incentive A provides for payment of all but Incentive D payments in exchange for near full peace.

Earning Incentive A also causes substantial payments, the first three years of payments, accelerated and paid within 90 days.

### Incentive A is earned by:

- Passing a Statute or court ruling that terminates existing and bars future claims by subdivisions (including special districts);
- Receiving releases on behalf of (i) all general purpose subdivisions above 10,000 population, (ii) larger school and hospital/health districts, and (iii) all currently litigating subdivisions; or
- A combination of these approaches that results in a complete bar of existing and future claims (e.g., legislation barring future claims combined with 100% participation by litigating subdivisions).

## Incentive B

- Incentive B is not relevant if a State earns Incentive A.
- Incentive B is up to 30%.
- Incentive B is earned from obtaining releases from litigating subdivisions.

### Incentive B Sliding Scale:

Participation or Case-Specific Resolution Levels	Incentive B Award
75%	50%
76%	52%
77%	54%
78%	56%
79%	58%
80%	60%
85%	70%
90%	80%
95%	90%
100%	100%

### Timing element

Incentive B is structured in time periods and states will receive a percentage of sliding scale payments depending on when they reach 75% of litigating subdivisions signed on: (a) 0-210 days = 100% of sliding scale; (b) 211-365 = 75% of sliding scale; and (c) 366-2 years from effective date = 50% of sliding scale.

## Incentive C

- Incentive C is not relevant if a State earns Incentive A.
- Incentive C is up to 20%. It breaks Incentive C in two parts.
- Incentive C is earned by getting larger (population of 30,000) litigating and non-litigating counties and cities to join the deal. 5% is awarded for obtaining a State's ten largest general purpose subdivisions (cities and counties).

### Incentive C Sliding Scale:

Participation, Release, or Resolution Levels	Incentive C(1) Award
60%	40%
70%	45%
80%	50%
85%	55%
90%	60%
91%	65%
92%	70%
93%	80%
94%	90%
95%	100%

There is no timing element.

## Incentive D

5% share of the State's total Abatement Fund allocation (see page 20). Payable starting in year 6 through year 18.

### Qualifying Criteria

- State must have had no later Litigating Subdivisions bring suit and proceed past preliminary motions in the 5 years following the Effective Date.