

Risks and Assumptions

The PEC supports and recommends participation in each of the Settlement Agreements. Each Agreement provides the opportunity for subdivisions to benefit from substantial abatement funds, as well as the benefits flowing from the agreed injunctive relief and the creation of a new data platform. Generally speaking, the Settlement Agreements incentivize participation: payments increase as the percentage of participating subdivisions rises, and payments to each subdivision are maximized if all subdivisions participate. It is also important to understand that the amount that any participating subdivision ultimately may be paid under an Agreement may be impacted and/or reduced by potential events, such as:

- Significant financial constraints on the Settling Defendants.
- State legislatures repealing (or courts invalidating) statutory “bars” in a manner that impacts calculation of incentive payments under the Agreements.
- Substantial awards against one or more Settling Defendants in litigation pursued by Later Litigating subdivisions, resulting in payment “suspensions” and “offsets” under the Agreements.

See, e.g., Distributor Settlement Agreement, IV.B. and Janssen Settlement Agreement, V & IX.

The foregoing is not meant to be a complete list of all risks and assumptions. Please review the Settlement Agreements for a complete understanding of their benefits, risks, and assumptions.