HIKMA 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 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 expenditures[1] 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

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[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. <u>Incentive Payment A.</u>

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 Population[5]	**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

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[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 Kloxxado (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.