

# SETTLEMENT AGREEMENT AND RELEASE

## I. PREAMBLE

As a preamble to this Agreement, the Parties agree to the following:

- A. The parties to this Settlement Agreement and Release (“Agreement”) are (i) the State of Texas (the “STATE”), (ii) Allison Zayas and Tracy Miksell-Branch (collectively, the “RELATORS”), and (iii) AstraZeneca LP and AstraZeneca Pharmaceuticals LP (collectively, “ASTRAZENECA”). In this Agreement, the STATE, RELATORS, and ASTRAZENECA are each individually referred to as a “Party” and collectively referred to as the “Parties.”
- B. The STATE and RELATORS (collectively, the “PLAINTIFFS”) filed the following action against ASTRAZENECA: The State of Texas, *ex rel.* Allison Zayas and Tracy Miksell-Branch v. AstraZeneca, L.P., and AstraZeneca Pharmaceuticals, L.P., Cause No. D-1-GN-13-003530, in the 353rd Judicial District Court of Travis County, Texas.
- C. This Agreement is the result of the Parties’ compromise on disputed issues of fact and law and is neither an admission of facts or liability by ASTRAZENECA nor a concession by the PLAINTIFFS that their allegations and claims are not well-founded.
- D. As a result of a mutual desire to settle their disputes and to avoid the delay, expense, inconvenience, and uncertainty of protracted litigation, the Parties have reached a full and final settlement of the PLAINTIFFS’ claims, as set forth in this Agreement.
- E. ASTRAZENECA has a number of defenses to PLAINTIFFS’ claims, and has denied and continues to deny the PLAINTIFFS’ allegations or any wrongdoing as may be alleged by PLAINTIFFS.

- F. The STATE has concluded that the settlement, as set forth in this Agreement, is in the public interest and is fair, adequate, and reasonable under all the circumstances.
- G. The RELATORS agree that the settlement, as set forth in this Agreement, is fair, adequate and reasonable under all the circumstances.
- H. This Agreement becomes effective on the Effective Date (defined in section II).

## **II. DEFINITIONS**

This Agreement uses the following definitions:

- A. “STATE” means collectively (1) the State of Texas, its past, present, and successor officers, agents, entities, divisions, agencies, commissions, departments, administrators, employees, attorneys, and legal representatives and (2) any insurers and reinsurers of those identified in definition II.A(1).
- B. “ASTRAZENECA” means AstraZeneca LP and AstraZeneca Pharmaceuticals LP.
- C. “RELATORS” means Allison Zayas and Tracy Miksell-Branch.
- D. “RELEASED PARTIES” collectively means ASTRAZENECA and each of ASTRAZENECA’s respective past, present, and successor holding companies, parents, subsidiaries, affiliates, entities, divisions, officers, directors, members, partners, limited partners, principals, assigns, representatives, employees, agents, servants, owners, shareholders, insurers, and attorneys.
- E. “Lawsuit” means the various petitions filed in The State of Texas, *ex rel.* Allison Zayas and Tracy Miksell-Branch v. AstraZeneca, L.P., and AstraZeneca Pharmaceuticals, L.P., Cause No. D-1-GN-13-003530, in the 353rd Judicial District Court of Travis County, Texas.

- F. “Effective Date” means the date of signature of the last signatory to this Agreement.
- G. “Covered Drugs” means the drugs ASTRAZENECA manufactured, marketed, sold, and distributed under the trade names Seroquel and Seroquel XR in the United States and Texas during the period from January 1, 2007 through the Effective Date.
- H. “Covered Conduct” means conduct by ASTRAZENECA as alleged in the Lawsuit, including Plaintiffs’ allegations that: Defendants misrepresented and concealed information about the safety, efficacy, and appropriate use of the Covered Drugs to the Texas Medicaid Program and thereby committed unlawful acts, as defined by Tex. Hum. Res. Code Ann. § 36.002; and Defendants, in connection with their marketing of the Covered Drugs, knowingly provided substantial assistance to and/or aided, abetted, assisted, induced, or encouraged one or more Texas state mental health officials to breach their fiduciary duties owed to the State of Texas in violation of state common law.
- I. “TMFPA” means the Texas Medicaid Fraud Prevention Act, Tex. Hum. Res. Code ch. 36.
- J. “VDP” means the Vendor Drug Program, the program within Texas Medicaid that administers the pharmacy benefit.

### III. AGREEMENT

NOW, THEREFORE, in reliance on the representations in this Agreement; in consideration of the mutual promises, covenants, and obligations set forth in this Agreement; and for good and valuable consideration as stated in this Agreement, the Parties agree as follows:

- A. The foregoing Definitions and Preamble are incorporated herein.
- B. ASTRAZENECA shall make payment to the STATE the total sum of Ninety Million Dollars (\$90 Million) (the “Settlement Amount”) in full settlement of the Lawsuit, which includes (1) \$70 Million in settlement of all civil remedies, forfeiture and disgorgement of revenues, restitution, compensatory relief and penalties, and (2) \$20 Million in payment of attorneys’ fees and costs for the STATE and RELATORS, arising from the Covered Conduct and any civil or administrative claim, action, suit or proceeding the STATE and/or RELATORS have asserted, could assert, or may assert in the future arising from the Covered Conduct. The Settlement Amount specifically includes all attorneys’ fees for the STATE and RELATORS.
- C. In accordance with Section 162(f) of the Internal Revenue Code, \$70 Million of the Settlement Amount is for an amount paid to come into compliance with the TMFPA. No portion of that \$70 Million amount is paid or incurred as reimbursement to the STATE or any other person or entity for the costs of any investigation or litigation.
- D. The Settlement Amount shall be paid by wire transfer not later than 5:00 p.m. (Central Standard Time) on the tenth business day following the Effective Date. ASTRAZENECA shall pay the Settlement Amount in accordance with wiring instructions provided by Raymond Winter, Chief of the Civil Medicaid Fraud

Division at the Office of the Attorney General of Texas. The parties will cooperate to exchange wiring instructions and routing instructions so that such payment can be promptly made.

1. Entering into this agreement in no way entitles RELATORS, ASTRAZENECA, or their respective attorneys to direct or influence the allocation of the money paid to settle the Lawsuit. The Parties understand and agree that no portion of the Settlement Amount shall be allocated, attributed to, or characterized as the payment of fines, penalties, or other punitive assessments. In all other respects, ASTRAZENECA expressly acknowledges and agrees that it is not entitled to direct or influence the manner in which the STATE allocates the Settlement Amount.
  2. The STATE will allocate and distribute to the United States Government a pro rata share of the Settlement Amount in accordance with state and federal law.
  3. ASTRAZENECA agrees to submit to the jurisdiction of Texas courts in any proceeding to enforce this Agreement.
- E. Within five (5) business days of the STATE's receipt of the payment of the Settlement Amount, the STATE shall file a non-suit with prejudice dismissing the Lawsuit.
- F. Subject to Paragraph H below and in exchange for the consideration described herein (including payment in full of the Settlement Amount), the STATE and RELATORS, as of the Effective Date, fully and finally, and to the greatest extent allowed by law, release, discharge, and covenant not to sue the Released Parties for any civil, regulatory, and/or administrative claim, action, suit, demand, right, cause of action,

liability, judgment, damage, or proceeding (including damages, attorneys' fees, penalties, costs, and expenses of every kind and however denominated) the STATE or RELATORS have, may have, have asserted, or could assert under any source of law, contract, in equity or other right, arising from the Covered Conduct. In addition, the Parties agree that the payment of the Settlement Amount fully discharges the Released Parties from any obligation to the STATE to pay restitution, damages, penalties, or fines to the STATE arising from the Covered Conduct. In addition, the STATE agrees that it will not initiate, prosecute, direct, recommend, or maintain any action or other proceeding, including by way of example and not limitation, civil investigative demands, against the Released Parties arising from the Covered Conduct on behalf of itself or the United States. In addition, the STATE agrees that it will not initiate, prosecute, direct, recommend, or maintain any action or proceeding against the Released Parties seeking exclusion from the Texas Medicaid Program or any other administrative action or sanction arising from the Covered Conduct. Excluding documents, data, and information identified in paragraph BB of this Agreement, this Agreement does not prevent the STATE from discussing, communicating, or sharing information with other states or federal agencies.

- G. ASTRAZENECA will fully and finally release the STATE from any claims based on events occurring prior to the Effective Date (including attorneys' fees, costs, and expenses of every kind and however denominated) which ASTRAZENECA has asserted, could assert, or may assert in the future against the STATE, arising from the Covered Conduct and the STATE's investigation and prosecution thereof. Further, ASTRAZENECA will fully and finally release RELATORS and their

agents and attorneys from any claims based on events occurring prior to the Effective Date (including attorneys' fees, costs, and expenses of every kind and however denominated) which ASTRAZENECA has asserted, could assert, or may assert in the future against RELATORS and their agents and attorneys, arising from the Covered Conduct and the investigation and prosecution thereof. This agreement is not intended to release claims or causes of action unrelated to the Covered Conduct.

H. Notwithstanding any other terms of this Agreement, including the releases in Paragraphs F and G above, any and all of the following are specifically reserved and excluded from the scope and terms of this Agreement, and from the scope and terms of the Releases, as to any entity or person, including the Parties:

1. Any claim based upon an obligation created by this Agreement;
2. Any claim based upon an express or implied product or service warranty claim or for defective or deficient products or services ASTRAZENECA provided;
3. Any claim the State may assert, including claims on behalf of individual consumers, or state program payors, against any person or entity, including any Released Entities, under any statute, regulation, or rule not expressly covered by the release in Paragraph F above, including but not limited to, claims for any and all of the following: (i) state or federal antitrust violations; or (ii) unfair or deceptive acts and practices or violations of consumer protection laws;
4. Any claim related to reporting of prices to the Texas Medicaid program;

5. The subrogation rights to claims for personal injury or property damage arising from usage of ASTRAZENECA's products by a participant in the Medicaid Program;
  6. Any claim based on a failure to deliver products or services due;
  7. Any claim arising from ASTRAZENECA's obligation to pay rebates to the STATE under any law or contract, including, but not limited to, under the provisions of the Omnibus Budget Reconciliation Act of 1990 ("OBRA 90");
  8. Any criminal liability not specifically released by this Agreement;
  9. Any civil, criminal, or administrative liability arising under Title 26, U.S. Code (Internal Revenue Code) or any state tax or revenue law;
  10. Any claim which the State may assert on behalf of any other payors or insurers, including those that the State Medicaid program pays on a capitated basis; or
  11. Any liability to the State for any conduct other than the Covered Conduct.
- I. This Agreement is intended to be solely for the benefit of the Parties and persons and entities released and, except as stated herein, the Parties do not by this instrument release any claims against any other person or entity, including any individual or entity that purchased drugs or pharmaceutical products from ASTRAZENECA. No word, term, phrase or definition in this Agreement is or may be used for the benefit of any person, entity or litigant who is not a signatory to, or released by this Agreement.



- J. PLAINTIFFS hereby agree that this Agreement, and any and all negotiations, documents, and discussions associated with this Agreement shall be without prejudice to the rights of any Party, shall not be deemed or construed to be an admission or evidence of any violation of any statute or law, of any liability or wrongdoing by the Released Parties or of the truth or the infirmity of any of the claims or allegations of the PLAINTIFFS, and evidence thereof shall not be discoverable or used directly or indirectly by PLAINTIFFS in any way (except that the provisions of this Agreement may be used by the Parties to enforce its terms), whether in Texas or in any other forum. PLAINTIFFS agree that they will not urge or seek to admit this Agreement as evidence of any fault or liability of the Released Parties in any investigation, administrative claim, action, suit or proceeding, or federal or state court or arbitration proceeding unless ordered to do so by a state court, federal court, or arbitration panel.
- K. PLAINTIFFS represent to ASTRAZENECA, subject only to the rights possessed by the United States, that no interest in any claim herein released has been assigned by them to any third party.
- L. Nothing in this Agreement is a waiver of the STATE's Sovereign Immunity, except as to a proceeding to enforce this Agreement.
- M. Any Party may enforce the terms of this Agreement in the District Courts of Travis County, Texas, which shall have exclusive jurisdiction and venue over any such action.
- N. This Agreement, including all exhibits, constitutes the complete agreement between the Parties with regard to the settlement of the Lawsuit. This Agreement may not be amended or modified except by a writing signed by all Parties.

- O. Each Party will bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.
- P. This Agreement shall be governed by the laws of the State of Texas.
- Q. This Agreement shall be construed and interpreted to effectuate the Parties' intent, which is to resolve completely the PLAINTIFFS' allegations and claims in the Lawsuit.
- R. None of the Parties to this Agreement shall be considered the drafter of this Agreement or of any included provision for the purpose of any statute, case law, or rule of construction that would or might cause any provision to be construed against the drafter.
- S. ASTRAZENECA expressly warrants that it has reviewed its financial condition and that it is currently solvent within the meaning of 11 U.S.C. §§ 547(b)(3) and 548(a)(1)(B)(ii)(I) and shall remain solvent following payment of the Settlement Amount and compliance with this Agreement.
- T. Each Party represents that it freely and voluntarily enters this Agreement without any degree of duress whatsoever.
- U. Unless otherwise stated in writing subsequent to the Effective Date, all notifications and communications made pursuant to this Agreement shall be submitted to the persons or entities listed below:
1. The STATE of Texas, for all purposes:  
  
Office of the Attorney General of Texas  
Raymond C. Winter  
Chief, Civil Medicaid Fraud Division  
P.O. Box 12548  
Austin, Texas 78711-2548  
Phone: (512) 936-1709  
Fax: (512) 499-0712

[Email: raymond.winter@texasattorneygeneral.gov](mailto:raymond.winter@texasattorneygeneral.gov)

2. RELATOR ALLISON ZAYAS, for all purposes:

Frederick P. Santarelli  
Elliott Greenleaf, P.C.  
925 Harvest Drive, Ste. 300  
Blue Bell, Pennsylvania 19422-3010

James J. Pepper  
The Pepper Law Firm, LLC  
1824 Augusta Drive  
Jamison, Pennsylvania 18929

Brian P. Kenney  
Brian McCafferty  
KENNEY & MCCAFFERTY, P.C.  
1787 Sentry Parkway West  
Building 18, Suite 410  
Blue Bell, Pennsylvania 19422

3. RELATOR TRACY MIKSELL-BRANCH, for all purposes:

Alan M. Freeman  
Blank Rome, LLP  
1825 Eye Street, NW, 12th Floor  
Washington, D.C. 20037

W. Scott Simmer  
Baron & Budd, P.C.  
The Watergate, Suite 10-A  
600 New Hampshire Avenue NW  
Washington, D.C. 20037

4. ASTRAZENECA, for all purposes:

Cara Kearney  
Senior Legal Counsel, AstraZeneca L.P. and AstraZeneca  
Pharmaceuticals, L.P.

J. Gordon Cooney, Jr.  
John C. Dodds  
Morgan, Lewis & Bockius LLP  
1701 Market Street  
Philadelphia, Pennsylvania 19103-2921

Stephen E. McConnico

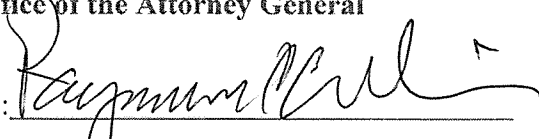
Kennon L. Wooten  
Scott Douglass & McConnico LLP  
303 Colorado Street, Suite 2400  
Austin, Texas 78701

- V. The Parties have read the Agreement and accept and agree to the provisions contained herein and have caused this Agreement to be signed as of the day and date adjacent to their respective signatures. The individual signing this Agreement on behalf of ASTRAZENECA represents and warrants that ASTRAZENECA authorizes him or her to execute this Agreement. The undersigned STATE signatories represent that they are signing this Agreement in their official capacities and that they are authorized to execute this Agreement and to compromise the claims of the STATE. The Texas Health and Human Services Commission (“HHSC”) Executive Commissioner concurs with the aspects of this Agreement that are within his authority.
- W. The Parties have read the Agreement and accept and agree to the provisions contained herein and have caused this Agreement to be signed as of the day and date adjacent to their respective signatures. The individual signing this Agreement on behalf of ASTRAZENECA represents and warrants that ASTRAZENECA authorizes him or her to execute this Agreement. The undersigned STATE signatories represent that they are signing this Agreement in their official capacities and that they are authorized to execute this Agreement and to compromise the claims of the STATE. The Texas Health and Human Services Commission (“HHSC”) Executive Commissioner concurs with the aspects of this Agreement that are within his authority.

- X. The Parties represent and acknowledge that in entering into this Agreement they are not relying on any promises or representations other than those expressly set forth in this Agreement and its exhibits. The Parties understand, acknowledge, and agree that (i) they have each performed an independent investigation of the allegations of fact and law surrounding this matter; and (ii) they each may hereafter discover facts in addition to, or different from, those that they now know or believe to be true with respect to the subject matter of this Agreement. Nevertheless, it is the Parties' intention to resolve their disputes pursuant to the terms of this Agreement and thus, in furtherance of their intentions, the Agreement shall remain in full force and effect notwithstanding the discovery of any additional facts or law, or changes in law, and the Agreement shall not be subject to rescission or modification by reason of any such discovery or change.
- Y. The waiver of any rights conferred by this Agreement shall be effective only if made in writing by the waiving Party. The waiver by any Party of any breach of this Agreement shall not be deemed or construed as a waiver of any other breach, whether prior to, subsequent to, or contemporaneously with this Agreement.
- Z. This Agreement may be executed in counterparts, each of which shall constitute an original and all of which shall constitute one and the same Agreement. Faxed and portable document format ("PDF") signatures will suffice.
- AA. Each Party agrees to perform such further acts and to execute and to deliver such further documents as may reasonably be necessary to carry out this Agreement.
- BB. The Parties agree that within 90 days of payment of the Settlement Amount, they shall return to the producing Party or destroy (and certify in writing the destruction

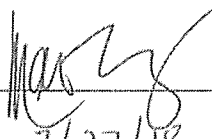
of) all documents, data, and other information produced in connection with the STATE's Civil Investigative Demands and/or the Lawsuit.

STATE of TEXAS  
Office of the Attorney General

By:   
Date: 7.27.18

Raymond C. Winter  
Chief, Civil Medicaid Fraud Division  
Assistant Attorney General  
Office of the Attorney General of Texas  
P.O. Box 12548  
Austin, Texas 78711-2548

ASTRAZENECA

By:   
Date: 7/27/18

MARIAM KOOCHARY, Deputy General Counsel,  
Cara Kearney North America + Secretary  
Senior Legal Counsel, AstraZeneca L.P.  
and AstraZeneca Pharmaceuticals, L.P.

Texas Health & Human Services  
Commission

By: \_\_\_\_\_  
Date: \_\_\_\_\_

Karen Ray  
Chief Counsel  
Texas Health & Human Services  
Commission  
Brown-Heatly Building  
4900 N. Lamar Blvd.  
Austin, Texas 78751-2316

RELATOR ALLISON ZAYAS

\_\_\_\_\_  
Date: \_\_\_\_\_

COUNSEL FOR RELATOR ALLISON  
ZAYAS

\_\_\_\_\_  
James J. Pepper  
The Pepper Law Firm, LLC  
1824 Augusta Drive  
Jamison, Pennsylvania 18929  
Date: \_\_\_\_\_

**STATE of TEXAS**  
**Office of the Attorney General**

By: \_\_\_\_\_

Date: \_\_\_\_\_

Raymond C. Winter  
Chief, Civil Medicaid Fraud Division  
Assistant Attorney General  
Office of the Attorney General of Texas  
P.O. Box 12548  
Austin, Texas 78711-2548

**ASTRAZENECA**

By: \_\_\_\_\_

Date: \_\_\_\_\_

Cara Kearney  
Senior Legal Counsel, AstraZeneca L.P.  
and AstraZeneca Pharmaceuticals, L.P.

**Texas Health & Human Services**  
**Commission**

By:  \_\_\_\_\_

Date: 7/13/18

Karen Ray  
Chief Counsel  
Texas Health & Human Services  
Commission  
Brown-Heatly Building  
4900 N. Lamar Blvd.  
Austin, Texas 78751-2316

**RELATOR ALLISON ZAYAS**

\_\_\_\_\_

Date: \_\_\_\_\_

**COUNSEL FOR RELATOR ALLISON**  
**ZAYAS**

\_\_\_\_\_

James J. Pepper  
The Pepper Law Firm, LLC  
1824 Augusta Drive  
Jamison, Pennsylvania 18929

Date: \_\_\_\_\_



**STATE of TEXAS**  
**Office of the Attorney General**

By: \_\_\_\_\_

Date: \_\_\_\_\_

Raymond C. Winter  
Chief, Civil Medicaid Fraud Division  
Assistant Attorney General  
Office of the Attorney General of Texas  
P.O. Box 12548  
Austin, Texas 78711-2548

**Texas Health & Human Services  
Commission**

By: \_\_\_\_\_

Date: \_\_\_\_\_

Karen Ray  
Chief Counsel  
Texas Health & Human Services  
Commission  
Brown-Heatly Building  
4900 N. Lamar Blvd.  
Austin, Texas 78751-2316

**ASTRAZENECA**

By: \_\_\_\_\_

Date: \_\_\_\_\_

Cara Kearney  
Senior Legal Counsel, AstraZeneca L.P.  
and AstraZeneca Pharmaceuticals, L.P.

**RELATOR ALLISON ZAYAS**



Date: 7-19-18

**COUNSEL FOR RELATOR ALLISON  
ZAYAS**

\_\_\_\_\_  
James J. Pepper  
The Pepper Law Firm, LLC  
1824 Augusta Drive  
Jamison, Pennsylvania 18929

Date: \_\_\_\_\_

**STATE of TEXAS  
Office of the Attorney General**

By: \_\_\_\_\_

Date: \_\_\_\_\_

Raymond C. Winter  
Chief, Civil Medicaid Fraud Division  
Assistant Attorney General  
Office of the Attorney General of Texas  
P.O. Box 12548  
Austin, Texas 78711-2548

**Texas Health & Human Services  
Commission**

By: \_\_\_\_\_

Date: \_\_\_\_\_

Karen Ray  
Chief Counsel  
Texas Health & Human Services  
Commission  
Brown-Heatly Building  
4900 N. Lamar Blvd.  
Austin, Texas 78751-2316

**ASTRAZENECA**

By: \_\_\_\_\_

Date: \_\_\_\_\_

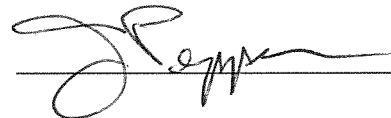
Cara Kearney  
Senior Legal Counsel, AstraZeneca L.P.  
and AstraZeneca Pharmaceuticals, L.P.

**RELATOR ALLISON ZAYAS**

\_\_\_\_\_

Date: \_\_\_\_\_

**COUNSEL FOR RELATOR ALLISON  
ZAYAS**

  
\_\_\_\_\_

James J. Pepper  
The Pepper Law Firm, LLC  
1824 Augusta Drive  
Jamison, Pennsylvania 18929

Date: 7/19/18



**RELATOR TRACY MIKSELL-BRANCH**

Date:

6/12/18

**COUNSEL FOR RELATOR TRACY  
MIKSELL-BRANCH**

Alan M. Freeman  
Blank Rome, LLP  
1825 Eye Street, NW, 12<sup>th</sup> Floor  
Washington, D.C. 20037

W. Scott Simmer  
Baron & Budd, P.C.  
The Watergate, Suite 10-A  
600 New Hampshire Avenue NW  
Washington, D.C. 20037

Date:

**RELATOR TRACY MIKSELL-BRANCH**

---

Date: \_\_\_\_\_

**COUNSEL FOR RELATOR TRACY  
MIKSELL-BRANCH**



---

Alan M. Freeman  
Blank Rome, LLP  
1825 Eye Street, NW, 12<sup>th</sup> Floor  
Washington, D.C. 20037

W. Scott Simmer  
Baron & Budd, P.C.  
The Watergate, Suite 10-A  
600 New Hampshire Avenue NW  
Washington, D.C. 20037

Date: 7-19-2018