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MONTANA FIRST JUDICIAL DISTRICT COURT
LEWIS AND CLARK COUNTY

<p>TIMOTHY C. FOX, ATTORNEY GENERAL OF THE STATE OF MONTANA, ex rel THE STATE OF MONTANA, Plaintiff, v. JANSSEN ORTHO LLC; and JANSSEN PHARMACEUTICALS, INC., Defendants.</p>	<p>Cause No. CDV-2008-164 SETTLEMENT AGREEMENT AND RELEASE</p>
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This Settlement Agreement and Release ("Settlement Agreement") is made by and between Janssen Ortho LLC and Janssen Pharmaceuticals, Inc. (collectively, "Janssen") and the State of Montana (the "State").

WITNESSETH:

WHEREAS, on February 20, 2008, the State filed a civil action against Janssen in the Montana First Judicial District Court, Lewis & Clark County captioned *Timothy C. Fox, Attorney General of the State of Montana, ex rel. The State of Montana v. Janssen Ortho LLC et al.*, Cause No. CDV-2008-164 (the "Action");

WHEREAS, the State's claims against Janssen in the Action arose out of Janssen's development, labeling, marketing, promotion, and sale of products sold under the brand name Risperdal[®] and/or its communications relating to such products;

WHEREAS, Janssen has asserted numerous defenses to the State's claims, denies that the claims have any merit, denies any wrongdoing, and denies that the State is entitled to any relief;

WHEREAS, the State and Janssen have reached this settlement as a result of arms-length negotiations.

NOW THEREFORE, in consideration of the mutual covenants contained herein, and intending to be legally bound hereby, the parties hereto agree as follows:

A. Dismissal and Payment After Execution of Settlement Agreement

1. Upon execution of this Settlement Agreement, the State and Janssen will take all steps necessary to cause the dismissal with prejudice of the Action, including filing with the Court a stipulation for dismissal with prejudice, substantially in the form attached hereto as Exhibit A.

2. Within fifteen (15) business days after the dismissal of the Action with prejudice and the entry of the Consent Order, or fifteen (15) business days after provision of payment information and W-9s, whichever is later, Janssen shall pay the sum of five million, nine hundred thousand dollars (\$5,900,000.00) (the "Settlement Amount").

3. Each party to the Action will be responsible for its own costs, expenses, and attorneys' fees.

4. The State will not participate in the settlement related to a National Association of Medicaid Fraud Control Units investigation concerning Risperdal[®] or risperidone and/or Invega[®] or paliperidone which was publicly announced, along with a settlement with the U. S. Department of Justice, on November 4, 2013.

B. Consent Order

5. The parties hereto consent to the entry of a Consent Order, in the form attached hereto as Exhibit B.

C. Effective Date

6. The "Effective Date" of this Settlement Agreement shall be the date of the signature of the last signatory to this Settlement Agreement.

D. Release and Discharge

7. The State, for itself and its departments, agencies, and political subdivisions, and its and their employees, agents, and representatives, and their predecessors, successors, and assigns, hereby releases and forever discharges Janssen Ortho LLC and Janssen Pharmaceuticals, Inc. and each of their past, present, and future parents, subsidiaries, divisions, affiliates, joint ventures, stockholders, officers, directors, employees, agents, representatives, and attorneys and each of their predecessors, successors, assigns, heirs, executors, administrators, and purchasers (collectively, the "Released Parties") from all manner of claims, demands, suits, causes of action, restitution, fines, damages, penalties, and liabilities of any nature whatsoever, including costs, expenses, interest, and attorneys' fees, in law or equity, that the State now has or hereafter can, shall, or may have arising out of or relating in any way to Risperdal[®] or risperidone, Invega[®] or paliperidone, or the development, manufacture, labeling, promotion, sale, or any other conduct by any Released Party regarding any Janssen product containing risperidone or paliperidone through the Effective Date (collectively, "the Released Claims"). The Released Claims include, but are not limited to, all claims that were asserted or could have been asserted in the Action and all claims regarding Risperdal[®] or risperidone, Invega[®] or paliperidone that relate in whole or in part to information or documents provided or disclosed to the State in the course of discovery in this Action.

8. The State covenants and agrees that it shall not hereafter seek to establish liability of the Released Parties based, in whole or in part, upon any of the Released Claims, including but not limited to any claim for civil penalties. The State agrees to release and refrain from instituting, recommending, directing, or maintaining any administrative claim or action seeking exclusion from the State's Medicaid program against the Released Parties based on the conduct covered by the Released Claims. The State further agrees to refrain from recommending, causing, or attempting to cause any administrative action or sanction, including debarment, by any other government agency based on the conduct covered by the Released Claims.

9. The Released Claims do not include any claims individual consumers have or may have under the Montana Unfair Trade Practices and Consumer Protection Act against any person or entity, including the Released Parties. Notwithstanding the foregoing, the State covenants and agrees that it shall not, on behalf of any such individual consumers or other persons, sue any of the Released Parties or assert claims against any of them based, in whole or in part, on the conduct covered by the Released Claims.

10. The State represents that it does not know of any claim in its favor against any of the Released Parties regarding Risperdal[®] or risperidone, Invega[®] or paliperidone that is not released by the terms of paragraphs 7-9.

E. Allocation of Settlement Amount

11. The Settlement Amount shall be allocated by the State of Montana, in amounts as directed by the Montana Attorney General in his sole discretion and in accordance with his obligations under law, for the following specific items:

- a. payment of attorneys' fees and cost reimbursement for counsel;
- b. consumer protection education and enforcement efforts, including to defray the costs of this investigation and litigation, and may be applied to future consumer

protection enforcement, consumer education, or litigation, or for any other lawful purpose in the sole discretion of the Montana Attorney General;

- c. programs of the Montana Department of Public Health and Human Services;
- d. mental health services and programs in the State of Montana, which may be distributed to a state agency or program, a political subdivision of the State, a nonprofit corporation(s) and/or a charitable organization(s) with the express condition that the funds be used for mental health services and programs in the State of Montana, and;
- e. prescription drug abuse services and programs in the State of Montana, which may be distributed to a state agency or program, a political subdivision of the State, a nonprofit corporation(s) and/or a charitable organization(s) with the express condition that the funds be used for prescription drug abuse services and programs in the State of Montana.

It is understood and agreed that no portion of the Settlement Amount shall be allocated, attributed to, or characterized as the payment of fines, penalties, or punitive or exemplary damages.

F. Governing Law

12. It is understood and agreed by the parties hereto that this Settlement Agreement shall be governed and interpreted in accordance with the laws of the State of Montana. Any disputes concerning the meaning, interpretation, or enforcement of this Settlement Agreement shall be resolved in the First Judicial District, Lewis and Clark County, Montana.

G. Entire Agreement

13. This Settlement Agreement, including Exhibit A and Exhibit B hereto, contains the entire, complete, and integrated statement of each and every term agreed to by the parties

hereto, and may not be modified in any respect except by a writing executed by duly authorized representatives of each and all the parties hereto.

II. Additional Provisions

14. All documents designated as Confidential Discovery Material shall, within 90 business days after the dismissal of the Action, be returned to the counsel for the party that produced them or be destroyed. The terms and provisions of the Stipulation and Protective Order entered in the Action shall survive and remain in effect after the dismissal of the Action.

15. The State represents and warrants that it is not aware of any liens or pending claims related to or which could attach to the Settlement Amount. In the event there are outstanding bills, charges, liens, or claims of subrogation or reimbursement owed to or by any person or entity in relation to or which could attach to the Settlement Amount, the State agrees that it alone is responsible for such outstanding bills, charges, liens, and claims of subrogation or reimbursement, and the State shall indemnify, and hold Janssen harmless from the same.

16. The State hereby represents that it has the capacity and authority to release all of the Released Claims, as described in paragraph 7, and to enter into the agreements set forth in paragraphs 8 and 9.

17. The undersigned signatories represent that they have read and understand this Settlement Agreement, that they have consulted with legal counsel about it, and that they are authorized to execute this Settlement Agreement on behalf of the State or Janssen, as the case may be.

18. This Settlement Agreement, and all negotiations, documents, and discussions associated with it, shall not be construed as or deemed to be an admission of liability or wrongdoing on the part of Janssen or of the truth of any claims or allegations in the Action, or an admission on the part of the State that its claims lack merit, and shall not be offered or accepted

as evidence of such in any litigation, arbitration, or other proceeding; provided, however, that nothing contained herein shall preclude use of this Settlement Agreement in any proceeding to enforce this Settlement Agreement. The State, including its outside counsel, agrees not to represent, publicly or otherwise, that this settlement in any way embodies, reflects, implies, or can be used to infer any culpability by Janssen or its affiliates or by any of their directors, officers, employees, representatives, agents, successors, or assigns.

19. This Settlement Agreement shall be binding upon the parties hereto and their successors and assigns and shall inure to the benefit of the Released Parties and their successors and assigns.

20. None of the parties hereto shall be considered the drafter of this Settlement Agreement or any provision hereof 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 thereof.

21. The signatories to this Settlement Agreement may execute it in counterparts, and execution in counterparts shall have the same effect as if all counsel had signed the same instrument.

22. Notice to the State pursuant to this Settlement Agreement shall be sent by electronic mail and overnight delivery to:

Kelley L. Hubbard, Esq.
Assistant Attorney General
Office of the Attorney General
215 North Sanders
P.O. Box 201401
Helena, MT 59920
khubbard@mt.gov

23. Notice to Janssen pursuant to this Settlement Agreement shall be sent by electronic mail and overnight delivery to:

Lisbeth Warren, Esq.
Assistant General Counsel
Johnson & Johnson
Office of General Counsel
One Johnson & Johnson Plaza
New Brunswick, NJ 08933
LWarren@its.jnj.com

IN WITNESS WHEREOF, the parties hereto have entered into this Settlement Agreement and agree to be bound by its terms.

Timothy C. Fox, Attorney General of the State of Montana, *ex rel.* The State of Montana

Dated: Feb. 12, 2014

By: Kelley L. Hubbard
Kelley L. Hubbard, Esq.
Assistant Attorney General
Office of the Attorney General
215 North Sanders
P.O. Box 201401
Helena, MT 59920

Janssen Ortho LLC

Dated: 2/16/14

By: Lisbeth Warren
Lisbeth Warren, Esq.
Assistant General Counsel
Johnson & Johnson
Office of General Counsel
One Johnson & Johnson Plaza
New Brunswick, NJ 08933

Janssen Pharmaceuticals, Inc.

Dated: 2/16/14

By: Lisbeth Warren
Lisbeth Warren, Esq.
Assistant General Counsel
Johnson & Johnson
Office of General Counsel
One Johnson & Johnson Plaza
New Brunswick, NJ 08933

