

STATE SETTLEMENT AGREEMENT AND RELEASE

I. PARTIES

This Settlement Agreement (“Agreement”) is entered into by the State of Michigan (“the State”); Mylan Pharmaceuticals Inc. (“MPI”) and UDL Laboratories Inc. (“UDL”), through their authorized representatives (hereinafter referred to as “the Parties”)

II PREAMBLE

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

- A. WHEREAS, at all relevant times, MPI, a West Virginia corporation headquartered in Morgantown, West Virginia, sold pharmaceutical products in the United States;
- B. WHEREAS, at all relevant times, UDL, an Illinois corporation headquartered in Rockford, Illinois, sold pharmaceutical products in the United States;
- C. WHEREAS, at all material times, MPI and UDL participated in the Medicaid Rebate Program, 42 U.S.C. § 1396r-8, which is part of the federal Medicaid Program, Title XIX of the Social Security Act, 42 U.S.C. §§ 1396-1396v. As participants in the Medicaid Program, MPI and UDL entered into rebate agreements with the Health Care Financing Administration (“HCFA”), now known as the Centers for Medicare and Medicaid Services (“CMS”), and their drug products were covered by state Medicaid plans that provided medical assistance for outpatient prescription drugs 42 U.S.C. §§ 1396a (10)(A); 1396d(a)(12), and 1396r-8(a)(1);
- D. WHEREAS, the State alleges that MPI and UDL caused to be submitted claims for payment for its drugs to the State’s Medicaid Program, established pursuant to or in connection with Title XIX of the Social Security Act, 42 U.S.C. §§ 1396-1396v (the “Medicaid Program”);

E WHEREAS, the State contends that it has certain civil and administrative claims against MPI and UDL for allegedly engaging in the following conduct during the period from March 30, 2000 through and including March 31, 2005 (hereinafter the "Covered Conduct"):

(1) MPI and UDL were participants in the Medicaid Rebate Program and executed Rebate Agreements with the United States See 42 U.S.C. § 1396r-8. The State alleges that MPI and UDL incorrectly classified certain drugs that were manufactured by other companies (as set forth in Attachment A) as "non-innovator" drugs rather than "innovator" (single source or innovator multiple source) drugs. As a result, the State asserts, MPI and UDL underpaid their rebate obligations to the Medicaid Program.

F WHEREAS, to avoid the delay, expense, inconvenience, and uncertainty of protracted litigation, and without admission of fact or liability, MPI and UDL have entered into or will be entering into a separate settlement agreement (hereinafter referred to as the "Federal Settlement Agreement") with the United States of America, acting through the United States Department of Justice and the United States Attorney's Office for the District of New Hampshire on behalf of the Office of Inspector General (OIG-HHS) of the Department of Health and Human Services (HHS) (collectively hereinafter referred to as the "United States") which will be receiving settlement funds from MPI and UDL for, inter alia, the Covered Conduct described in Paragraph E(1) of Section II of this Agreement;

G. WHEREAS, this Agreement is made in compromise of disputed claims, and neither this Agreement, its execution, nor the performance of any obligations under it, nor the fact of the settlement, is intended to be, or shall be understood as, an admission of liability or

wrongdoing by MPI or UDL, an expression reflecting upon the merits of the dispute by MPI or UDL, or a concession by the State that its claims are not well founded;

H WHEREAS, to avoid the delay, expense, inconvenience, and uncertainty of protracted litigation of these claims, the Parties mutually desire to reach a full and final settlement as set forth below

III. TERMS AND CONDITIONS

1 Pursuant to the Federal Settlement Agreement, MPI and UDL agree to pay the United States, the States (defined for the purposes of this agreement as the District of Columbia and every State except Arizona), (hereinafter referred to as the "the States"), and certain entities (the "PHS Entities") that participated in the Drug Pricing Program, 42 U.S.C. § 256b, which is part of the Public Health Service (PHS) Act, 42 U.S.C. §§ 201-300ggg-92, collectively, the total sum of one hundred eighteen million dollars (\$118,000,000.00), of which \$110,720,865.00 represents payment to Medicaid, plus accrued interest (the "Settlement Amount") Pursuant to the Federal Settlement Agreement, the Settlement Amount shall be paid as follows:

A MPI and UDL collectively shall pay sixty million eight hundred ninety-six thousand, four hundred seventy-six dollars (\$60,896,476.00) plus interest accruing at a simple rate of 3.25 percent per annum after February 6, 2009, through and including the date of payment (the "Federal Settlement Amount") to the United States. The Federal Settlement Amount shall be paid pursuant to the terms of the Federal Settlement Agreement

B MPI and UDL collectively shall pay forty-nine million, eight hundred twenty-four thousand, three hundred eighty-nine dollars (\$49,824,389.00) plus interest accruing at a simple rate of 3.25 percent per annum after February 6, 2009, until and including the day before complete payment is made (the "State Settlement Amount") to the States. The State Settlement

Amount shall be paid no later than ten business days after MPI and UDL receive written payment instructions from the National Association of Medicaid Fraud Control Units' ("NAMFCU") Negotiating Team for the States and following the earliest of the dates on which either of the following occurs: (1) the Settlement Agreements for all States are fully executed by the Parties and delivered to MPI's and UDL's attorneys; or (2) as otherwise agreed in writing by MPI, UDL and the NAMFCU Negotiating Team

C. MPI and UDL collectively shall pay an additional portion of the Federal Settlement Amount to the PHS Entities in the amount of seven million, two hundred seventy-nine thousand, one hundred thirty-five dollars (\$7,279,135 00), plus interest accruing at a simple rate of 3.25 percent per annum after February 6, 2009. The PHS Settlement Amount shall be paid pursuant to the terms of the Federal Settlement Agreement.

D. The total portion of the Settlement Amount paid by MPI and UDL in settlement for the Covered Conduct to the State is \$2,510,744.39, consisting of a portion paid to the State under this agreement and another portion paid to the federal government as part of the Federal Settlement Amount. The individual portion of the State Settlement Amount allocable to the State under this agreement is \$ 1,153,830.12, plus applicable interest.

2. Subject to the exceptions in Paragraph 3 below, in consideration of the obligations of MPI and UDL in this Agreement, and conditioned upon full payment by MPI and UDL of the State Settlement Amount, the State (on behalf of itself, its officers, agents, agencies, and departments) agrees to release MPI, UDL, Mylan Inc., and Mylan Laboratories Inc., as well as each of their current and former officers, directors, and employees (collectively "the Released Parties"), from any civil or administrative monetary claims that the State has or may have for any

claims submitted or caused to be submitted to the State Medicaid Program for the Covered Conduct as defined in Paragraph E(1) of Section II of this Agreement

3. Notwithstanding any term of this Agreement, specifically reserved and excluded from the scope and terms of this Agreement as to any entity or person (including MPI and UDL) are the following claims of the State:

a. Any civil, criminal, or administrative liability arising under the State's revenue codes;

b. Any criminal liability;

c. Except as explicitly stated in Paragraph 2 of Section III of this Agreement, any non-monetary administrative liability, including exclusion from the State's Medicaid Program;

d. Any civil or administrative liability to the State (or its agencies) for any conduct other than the Covered Conduct that MPI and UDL have or may have under any state statute, regulation, or rule;

e. Any liability based upon such obligations as are created by this Agreement;

f. Any liability for express or implied warranty claims or other claims for defective or deficient products and services, including quality of goods and services;

g. Any liability for failure to deliver goods or services due; and

h. Any claims related to the allegedly improper inflation of Average

Wholesale Prices and Wholesale Acquisition Costs used for Medicaid reimbursement; provided, however, that MPI and UDL do not waive any rights or defenses that they may have with respect to liability or damages in connection with such claims

4 MPI and UDL fully and finally release the State, its agencies, employees, servants,

and agents from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that MPI and UDL have asserted, could have asserted, or may assert in the future against the State, its agencies, employees, servants, and agents, for the Covered Conduct and the State's investigation and prosecution of the Covered Conduct

5. MPI and UDL waive and shall not assert any defenses MPI or UDL may have to any criminal prosecution or non-monetary administrative action for the Covered Conduct that is based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action. Nothing in this Paragraph or any other provision of this Agreement constitutes an agreement by the State concerning the characterization of the Individual State Settlement Amount for purposes of state revenue laws. Except as specifically set forth in this Paragraph, MPI and UDL reserve all defenses and rights with respect to any claims reserved and/or not released by this Agreement

6. The Settlement Amount shall not be decreased as a result of the denial of claims for payment now being withheld from payment by the State's Medicaid Program or any other state payer, for the Covered Conduct; and MPI and UDL shall not resubmit to the State's Medicaid Program or any state payer any previously denied claims for the Covered Conduct, and shall not appeal any such denials of claims

7. This Agreement is intended to be for the benefit of the Parties only. The Parties do not release any claims against any other person or entity, except as set forth in this Agreement

8. MPI and UDL agree that they waive and shall not seek payment for any of the health care billings covered by this Agreement from any health care beneficiaries, or the parents,

sponsors, legally responsible individuals, or third party payors associated with such beneficiaries based upon the claims defined as Covered Conduct.

9. MPI and UDL warrant that they have reviewed their financial situations and that they currently are 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 to the United States and the States of the Settlement Amount. Further, the Parties warrant that, in evaluating whether to execute this Agreement, they (a) have intended that the mutual promises, covenants, and obligations set forth constitute a contemporaneous exchange for new value given to MPI and UDL, within the meaning of 11 U.S.C. § 547(c)(1); and (b) conclude that these mutual promises, covenants, and obligations do, in fact, constitute such a contemporaneous exchange. Further, the Parties warrant that the mutual promises, covenants, and obligations set forth herein are intended to and do, in fact, represent a reasonably equivalent exchange of value that is not intended to hinder, delay, or defraud any entity that MPI or UDL was or became indebted to on or after the date of this transfer, within the meaning of 11 U.S.C. § 548(a)(1).

10. Except as expressly provided to the contrary in this Agreement, each Party to this Agreement shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

11. In addition to all other payments and responsibilities under this Agreement, MPI and UDL agree to pay reasonable travel costs and expenses for the NAMFCU Negotiating Team relating to work on this Agreement, up to a maximum of \$20,000.00, provided that the NAMFCU Negotiating Team (a) promptly alerts MPI and UDL if costs and expenses exceed \$5,000, \$10,000, and \$15,000, and (b) makes all receipts, invoices, or other documentation of expenses available for MPI and UDL's review upon request. MPI and UDL will pay this amount by separate check or

wire transfer made payable to the National Association of Medicaid Fraud Control Units after payment of the State Settlement Amount or as otherwise agreed to by the Parties

12 MPI and UDL represent that this Agreement is freely and voluntarily entered into without any degree of duress or compulsion whatsoever.

13 This Agreement is governed by the laws of the State

14 This Agreement constitutes the complete agreement between the Parties This Agreement may not be amended except by written consent of the Parties

15 The individuals signing this Agreement on behalf of MPI and UDL represent and warrant that they are authorized by MPI and UDL to execute this Agreement The individuals signing this Agreement on behalf of the State represent and warrant that they are signing this Agreement in their official capacities and are authorized by the State to execute this Agreement

16 This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement

17 This Agreement is binding on the successors, transferees, heirs, and assigns of MPI and UDL.

18 All Parties consent to the State's disclosure of this Agreement, and information about this Agreement, to the public

19 This Agreement is effective on the date of signature of the last signatory to the Agreement (the "Effective Date of this Agreement"). Facsimiles or e-mailed PDF copies of signatures shall constitute acceptable, binding signatures for purposes of this Agreement

THE STATE OF MICHIGAN

DAIED: 9/24/09

BY:



State of Michigan
Office of the Attorney General/Health Care Fraud Division
Medicaid Fraud Control Unit
Elizabeth Valentine
2860 Eyde Parkway
East Lansing, MI 48823

DAIED: 9/23/2009

BY:



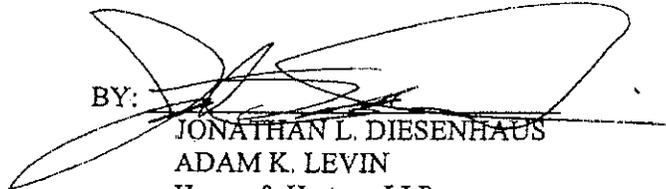
State of Michigan
Medicaid Program
James R. Brandell, Director
Bureau of Financial Management & Admin. Services
MDCH
201 Townsend St.
Lansing, MI 48913

MYLAN PHARMACEUTICALS INC.

DATED: 10/16/09

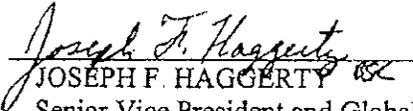
BY: 
JOSEPH F. HAGGERTY
Senior Vice President and Global
General Counsel, Mylan Inc.

DATED: 10/16/09

BY: 
JONATHAN L. DIESENHAUS
ADAM K. LEVIN
Hogan & Hartson LLP
Counsel for Mylan Pharmaceuticals Inc.

UDL LABORATORIES INC.

DATED: 10/16/09

BY: 
JOSEPH F. HAGGERTY
Senior Vice President and Global
General Counsel, Mylan Inc

DATED: 10/16/09

BY: 
JONATHAN L. DIESENHAUS
ADAM K. LEVIN
Hogan & Hartson LLP
Counsel for UDL Laboratories Inc

Exhibit A

Product/Drug Name	NDC	Amount	Quarters/Rebates Paid
<i>Nifedipine - Mylan</i>			
Nifedipine Tablets Extended Release	378-3475-01	30 mg	2nd Quarter 2000 - 4th Quarter 2004
Nifedipine Tablets Extended Release	378-3475-30	30 mg	2nd Quarter 2000 - 4th Quarter 2004
Nifedipine Tablets Extended Release	378-3482-01	60 mg	2nd Quarter 2000 - 4th Quarter 2004
Nifedipine Tablets Extended Release	378-3482-30	60 mg	2nd Quarter 2000 - 4th Quarter 2004
Nifedipine Tablets Extended Release	378-3495-01	90 mg	2nd Quarter 2000 - 4th Quarter 2004
<i>Nifedipine - UDL</i>			
Nifedipine Extended Release Tablets	51079-0940-20	30 mg	1st Quarter 2003 - 4th Quarter 2004
Nifedipine Extended Release Tablets	51079-0968-20	90 mg	4th Quarter 2002 - 4th Quarter 2004
Nifedipine Extended Release Tablets	51079-0969-20	60 mg	1st Quarter 2003 - 4th Quarter 2004
<i>Other Authorized Generics - Mylan</i>			
Flecainide Acetate	378-8505-01	50 mg	2nd Quarter 2002 - 4th Quarter 2004
Flecainide Acetate	378-8510-01	100 mg	2nd Quarter 2002 - 4th Quarter 2004
Flecainide Acetate	378-8515-01	150 mg	2nd Quarter 2002 - 4th Quarter 2004
Selegiline HCl	378-2252-91	5 mg	2nd Quarter 2003 - 4th Quarter 2004
Selegiline HCl	378-2011-91	5 mg	2nd Quarter 2003 - 4th Quarter 2004
Orphenadrine Citrate Aspirin and Caffeine Tablets	378-3354-01	385/30/25 mg	2nd Quarter 2000 - 4th Quarter 2004
Orphenadrine Citrate Aspirin and Caffeine Tablets D	378-3356-01	770/60/50 mg	2nd Quarter 2000 - 4th Quarter 2004
Orphenadrine Citrate Aspirin Extended Release	378-3358-01	100 mg	2nd Quarter 2000 - 4th Quarter 2004
Orphenadrine Citrate Aspirin Extended Release	378-3358-05	100 mg	2nd Quarter 2000 - 4th Quarter 2004
Triamterene/Hydrochlorothiazide	378-1352-01	37.5/25 mg	2nd Quarter 2000 - 4th Quarter 2004
Triamterene/Hydrochlorothiazide	378-1352-05	37.5/25 mg	2nd Quarter 2000 - 4th Quarter 2004
Triamterene/Hydrochlorothiazide	378-1355-01	75/50 mg	2nd Quarter 2000 - 4th Quarter 2004
Triamterene/Hydrochlorothiazide	378-1355-05	75/50 mg	2nd Quarter 2000 - 4th Quarter 2004
Triamterene/Hydrochlorothiazide	378-2537-01	37.5/25 mg	2nd Quarter 2000 - 4th Quarter 2004
Triamterene/Hydrochlorothiazide	378-2537-10	37.5/25 mg	2nd Quarter 2000 - 4th Quarter 2004
Propoxyphene HCL	378-0129-01		4th Quarter 2000 - 3rd Quarter 2003
Propoxyphene HCL	378-0129-05		2nd Quarter 2000 - 4th Quarter 2004
Propoxyphene HCL/Aspirin/Caffeine	378-0131-01		2nd Quarter 2000 - 4th Quarter 2004
Propoxyphene HCL/Aspirin/Caffeine	378-013105		2nd Quarter 2000 - 4th Quarter 2004
Propoxyphene Napsylate/Acetaminophen	378-1155-05		2nd Quarter 2000 - 4th Quarter 2004
Ibuprofen Tablets	378-1401-05	400 mg	2nd Quarter 2000 - 4th Quarter 2004
Ibuprofen Tablets	378-1601-05	600 mg	2nd Quarter 2000 - 4th Quarter 2004
Ibuprofen Tablets	378-1801-05	800 mg	2nd Quarter 2000 - 4th Quarter 2004
Bumetanide	378-0245-01	.5 mg	2nd Quarter 2000 - 4th Quarter 2004
Bumetanide	378-0370-01	1.0 mg	2nd Quarter 2000
Bumetanide	378-0417-01	2 mg	2nd Quarter 2000
Cephalexin	378-6025-01	250 mg	2nd Quarter 2000 - 4th Quarter 2001

Exhibit A

Product/Drug Name	NDC	Amount	Quarters/Rebates Paid
Cephalexin	378-6025-05	250 mg	2nd Quarter 2000 - 4th Quarter 2003
Cephalexin	378-6030-02	125mg/5 ml	2nd Quarter 2000 - 3rd Quarter 2002
Cephalexin	378-6030-04	125mg/5 ml	2nd Quarter 2000 - 1st Quarter 2001
Cephalexin	378-6035-02	250 mg/5 ml	2nd Quarter 2000 - 1st Quarter 2001
Cephalexin	378-6035-04	250 mg/5 ml	2nd Quarter 2000 - 3rd Quarter 2001
Cephalexin	378-6050-01	500 mg	2nd Quarter 2000 - 4th Quarter 2001
Cephalexin	378-6050-05	500 mg	2nd Quarter 2000 - 4th Quarter 2004
Cefactor	378-7250-01	250 mg	2nd Quarter 2000 - 4th Quarter 2004
Cefactor	378-7250-93	250 mg	2nd Quarter 2000 - 4th Quarter 2004
Cefactor	378-7500-01	500 mg	2nd Quarter 2000 - 4th Quarter 2004
Cefactor	378-7500-93	500 mg	2nd Quarter 2000 - 4th Quarter 2004
Cefactor	378-7602-06	125 mg/5 ml	2nd Quarter 2000 - 4th Quarter 2004
Cefactor	378-7602-12	125 mg/5 ml	2nd Quarter 2000 - 4th Quarter 2004
Cefactor	378-7604-02	187 mg/ 5 ml	2nd Quarter 2000 - 3rd Quarter 2004
Cefactor	378-7604-09	187 mg/ 5 ml	2nd Quarter 2000 - 4th Quarter 2004
Cefactor	378-7610-06	250 mg/5 ml	2nd Quarter 2000 - 4th Quarter 2004
Cefactor	378-7610-12	250 mg/5 ml	2nd Quarter 2000 - 4th Quarter 2004
Cefactor	378-7612-02	375 mg/5 ml	2nd Quarter 2000 - 4th Quarter 2004
Cefactor	378-7612-09	375 mg/5 ml	2nd Quarter 2000 - 4th Quarter 2004
Other Authorized Generics - UDL			
Selegiline HCl	51079-0137-20	5 mg	2nd Quarter 2004 - 4th Quarter 2004
Triamterene & HCTZ	51079-0433-20	75 mg/50 mg	2nd Quarter 2000 - 4th Quarter 2004
Propox Naps & APAP	51079-0934-19	100/650 mg	2nd Quarter 2002 - 3rd Quarter 2004
Propox Naps & APAP	51079-0934-20	100/650 mg	2nd Quarter 2000 - 4th Quarter 2004
Propox Naps & APAP	51079-0934-21	100/650 mg	2nd Quarter 2000 - 4th Quarter 2004
Propox Naps & APAP	51079-0934-24	100/650 mg	2nd Quarter 2000 - 4th Quarter 2004
Propox Naps & APAP	51079-0934-99	100/650 mg	2nd Quarter 2001 - 4th Quarter 2004
Flecainide Acetate	51079-0987-20	50 mg	4th Quarter 2002 - 4th Quarter 2004
Flecainide Acetate	51079-0988-20	100 mg	1st Quarter 2003 - 4th Quarter 2004
Trihexphenidyl	51079-0115-20	2 mg	2nd Quarter 2000 - 2nd Quarter 2004
Trihexphenidyl	51079-0124-20	5 mg	2nd Quarter 2000 - 2nd Quarter 2004
Ranitidine HCl Syrup	51079-0769-09	150 mg/10 ml.	2nd Quarter 2000 - 2nd Quarter 2004
Sucralfate Suspension	51079-0846-10	1 g/10 ml	2nd Quarter 2000 - 4th Quarter 2003
Selegiline HCl	51079-0887-03	5 mg	2nd Quarter 2000 - 4th Quarter 2004
Selegiline HCl	51079-0887-24	5 mg	2nd Quarter 2000 - 4th Quarter 2002
Bumetanide	51079-0891-20	5 mg	2nd Quarter 2000 - 4th Quarter 2000
Bumetanide	51079-0892-20	1 mg	2nd Quarter 2000
Bumetanide	51079-0893-20	2 mg	2nd Quarter 2000

SETTLEMENT AGREEMENT AND RELEASE

I. PARTIES

This Settlement Agreement (“Agreement”) is entered into by the State of Michigan (“the State”); and AstraZeneca Pharmaceuticals LP (“AstraZeneca”) (hereafter referred to as “the Parties”), through their authorized representatives

II. PREAMBLE

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

- A. AstraZeneca is a pharmaceutical manufacturer and distributor based in Wilmington, Delaware. It is an indirect subsidiary of AstraZeneca, PLC, which is based in the United Kingdom.
- B. AstraZeneca participated in the Medicaid Rebate Program, 42 U.S.C. § 1396r-8, which is part of the federal Medicaid Program, Title XIX of the Social Security Act, 42 U.S.C. §§ 1396-1396v. As participants in the Medicaid Program, AstraZeneca entered into rebate agreements with the Health Care Financing Administration, now known as the Centers for Medicare and Medicaid Services (“CMS”), and their drug products were covered by state Medicaid plans that provided medical assistance for outpatient prescription drugs. 42 U.S.C. §§ 1396a(10)(A); 1396d(a)(12), and 1396r-8(a)(1). Under the Medicaid Rebate Program and their rebate agreement, AstraZeneca generally agreed: (i) to report quarterly its average manufacturer price and, for single source and innovator multiple source drugs, the best price for its drug products, as defined by 42 U.S.C. §§ 1396r-8(k)(1) and 1396r-8(c)(1)(C); and (ii) to pay quarterly rebates to each state based on the product of (a) the units of each dosage form and strength paid for under the State Medicaid plan during the rebate period as reported by the state, and (b) the greater of the difference between the average manufacturer price and best price, or a

difference between the average manufacturer price and best price, or a minimum rebate percentage of the average manufacturer price, as further defined in 42 U.S.C. § 1396r-8(c)(1)

C. The State contends that AstraZeneca caused to be submitted claims for payment for its drugs to the State's Medicaid Program, established pursuant to or in connection with Title XIX of the Social Security Act, 42 U.S.C. §§ 1396-1396v (the "Medicaid Program"). The State contends that it has certain civil claims against AstraZeneca for allegedly engaging in the following conduct (hereinafter the "Covered Conduct") during the period from on or about June 30, 1994, to on or about August 30, 2002:

(1) AstraZeneca sold the drug Albuterol (NDC 00186-1490-01, 00186-1491-04, 00186-11491-17) This drug was manufactured by another company in compliance with a New Drug Application filed with the Food and Drug Administration and was an "innovator" drug. However, during the relevant time period, AstraZeneca classified Albuterol as a "noninnovator" drug. This caused AstraZeneca to underpay its rebate obligations under the Medicaid rebate statute and its Medicaid rebate agreement.

D. This Agreement is neither an admission of liability by AstraZeneca nor a concession by the State that its claims are not well founded.

E. To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, the Parties reach a full and final settlement pursuant to the Terms and Conditions below.

F. AstraZeneca has entered a separate settlement agreement (hereinafter referred to as the "Federal Settlement Agreement") with the United States Department of Justice (hereinafter

referred to as the “United States”) which received settlement funds from AstraZeneca pursuant to Paragraph I(A) of Section III for the Covered Conduct described in Paragraph C(1).

III. TERMS AND CONDITIONS

I. AstraZeneca agrees to pay to the United States and the States (defined for the purposes of this agreement as the District of Columbia and every State except Arizona), (hereinafter referred to as the “the States”), the sum of two million six hundred thousand dollars (\$2,600,000.00), plus accrued interest (the “Settlement Amount”) AstraZeneca agrees to pay the Settlement Amount as follows:

A. AstraZeneca has paid the sum of one million four hundred thirty thousand dollars (\$1,430,000.00) plus interest accruing at a simple rate of 4.9% per annum after September 1, 2007, through and including the date of payment (the “Federal Settlement Amount”) to the United States. The Federal Settlement Amount was paid pursuant to the terms of the Federal Settlement Agreement.

B. AstraZeneca shall pay one million one hundred seventy thousand dollars (\$1,170,000.00) plus interest accruing at a simple rate of 4.0% percent per annum after September 1, 2007, through and including the day before complete payment is made (the “State Settlement Amount”) to the States. The State Settlement Amount shall be paid no later than ten business days after AstraZeneca receives written payment instructions from the National Association of Medicaid Fraud Control Units’ (“NAMFCU”) Negotiating Team for the States and following the earliest of the dates on which the following occurs: (1) the Settlement Agreements for the States are fully executed by the Parties and delivered to AstraZeneca’s attorneys; or (2) as otherwise agreed in writing by AstraZeneca and the NAMFCU Negotiating Team

C. The total portion of the Settlement Amount paid by AstraZeneca in settlement for the Covered Conduct to the State is \$81,140 00, consisting of a portion paid to the State under this agreement and another portion paid to the federal government as part of the Federal Settlement Amount. The individual portion of the State Settlement Amount allocable to the State under this agreement is \$38,677.00, plus applicable interest

2. Subject to the exceptions in Paragraph 3 below, in consideration of the obligations of AstraZeneca in this Agreement, conditioned upon AstraZeneca's full payment of the Settlement Amount, the State (on behalf of itself, its officers, agents, agencies, and departments) agrees to release AstraZeneca, together with its current and former parent corporations; each of its direct and indirect subsidiaries; divisions; current or former officers, directors, employees, and affiliates; and the successors and assigns of any of them from any civil and administrative monetary claims or penalties the State has or may have for claims submitted to the State Medicaid Program for the Covered Conduct as defined in Paragraph C(1) of Section II

3. Notwithstanding any term of this Agreement, specifically reserved and excluded from the scope and terms of this Agreement as to any entity or person (including AstraZeneca) are the following claims of the State:

- a. Any civil, criminal, or administrative liability arising under the State's revenue codes;
- b. Any criminal liability;
- c. Except as explicitly stated in this Agreement, any administrative liability, including mandatory exclusion from the State's Medicaid Program;

- d. Any civil or administrative liability to the State (or its agencies) for any conduct other than the Covered Conduct that AstraZeneca has or may have under any state statute, regulation, or rule;
- e. Any liability based upon such obligations as are created by this Agreement;
- f. Any liability for express or implied warranty claims or other claims for defective or deficient products and services, including quality of goods and services;
- g. Any liability for failure to deliver goods or services due;
- h. Any claims related to the improper inflation of Average Wholesale Prices and Wholesale Acquisition Costs used for Medicaid reimbursement; provided, however, that AstraZeneca does not waive any rights or defenses that they may have with respect to liability or damages in connection with such claims.

4 AstraZeneca waives and shall not assert any defenses AstraZeneca may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action. Nothing in this Paragraph or any other provision of this Agreement constitutes an agreement by the State concerning the characterization of the Individual State Settlement Amount for purposes of state revenue laws.

5 AstraZeneca fully and finally releases the State, its agencies, employees, servants, and agents from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that AstraZeneca has asserted, could have asserted, or may assert in the future against the State, its agencies, employees, servants, and agents, related to the Covered

Conduct and the State's investigation and prosecution thereof.

6. The Settlement Amount shall not be decreased as a result of the denial of claims for payment now being withheld from payment by the State's Medicaid Program or any other state payer, related to the Covered Conduct; and AstraZeneca shall not resubmit to the State's Medicaid Program or any state payer any previously denied claims related to the Covered Conduct, and shall not appeal any such denials of claims.

7. This Agreement is intended to be for the benefit of the Parties only. The Parties do not release any claims against any other person or entity, except as set forth in this Agreement.

8. AstraZeneca waives and shall not seek payment for any of the health care billings covered by this Agreement from any health care beneficiaries or their parents, sponsors, legally responsible individuals, or third party payers based upon the claims defined as Covered Conduct.

9. AstraZeneca warrants that it has reviewed its financial situation and that it currently is 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 to the States of the Settlement Amount. Further, the Parties warrant that, in evaluating whether to execute this Agreement, they (a) have intended that the mutual promises, covenants, and obligations set forth constitute a contemporaneous exchange for new value given to AstraZeneca, within the meaning of 11 U.S.C. § 547(c)(1); and (b) conclude that these mutual promises, covenants, and obligations do, in fact, constitute such a contemporaneous exchange. Further, the Parties warrant that the mutual promises, covenants, and obligations set forth herein are intended to and do, in fact, represent a reasonably equivalent exchange of value that is not intended to hinder, delay, or defraud any entity that AstraZeneca was or became indebted to on or after the date of this transfer, within the meaning of 11 U.S.C. § 548(a)(1).

10. Except as expressly provided to the contrary in this Agreement, each Party to this

Agreement shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

11. In addition to all other payments and responsibilities under this Agreement, AstraZeneca agrees to pay all reasonable travel costs and expenses for the NAMFCU Team. AstraZeneca will pay this amount by separate check or wire transfer made payable to the National Association of Medicaid Fraud Control Units after the States execute this Agreement or as otherwise agreed to by the Parties.

12. AstraZeneca represents that this Agreement is freely and voluntarily entered into without any degree of duress or compulsion whatsoever.

13. This Agreement is governed by the laws of the State.

14. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

15. The individuals signing this Agreement on behalf of AstraZeneca represent and warrant that they are authorized by AstraZeneca to execute this Agreement. The State signatories represent that they are signing this Agreement in their official capacities and that they are authorized to execute this Agreement

16. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

17. This Agreement is binding on AstraZeneca's successors, transferees, heirs, and assigns.

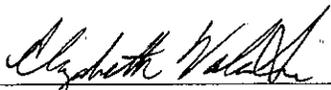
18. All Parties consent to the State's disclosure of this Agreement, and information about this Agreement, to the public.

19. This Agreement is effective on the date of signature of the last signatory to the

Agreement (“Effective Date of this Agreement”). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

STATE OF MICHIGAN

DATED: August 11, 2009

BY: 
ELIZABETH VALENTINE
Assistant Attorney General
PO Box 30218
Lansing, MI 48909
(517) 241-6552

DATED: 8/5/09

BY:  *of persons*
James R. Brandell
Director
Bureau of Financial Management
and Administrative Services
Michigan Medicaid Program
Michigan Department of Community Health
201 Townsend Street
Lansing, MI 48913

THE STATE OF MICHIGAN

DATED: _____

BY: _____
State of Michigan
Office of the Attorney General
Medicaid Fraud Control Unit

DATED: 8/5/09

BY: 
State of Michigan
Medicaid Program

ASTRAZENECA PHARMACEUTICAL LP - DEFENDANT

DATED: _____

BY: _____

AstraZeneca Pharmaceuticals LP

DATED: _____

BY: _____

JOHN C. DODDS
Counsel for AstraZeneca
Pharmaceuticals LP

SETTLEMENT AGREEMENT AND RELEASE

I. PARTIES

This Settlement Agreement (“Agreement”) is entered into by the State of Michigan (“the State”); and Ortho McNeil Pharmaceutical, Inc. (“Ortho”) (hereafter referred to as “the Parties”), through their authorized representatives.

II. PREAMBLE

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

A. Ortho is a Delaware corporation with offices in New Jersey that manufactures and distributes pharmaceuticals.

B. Ortho participated in the Medicaid Rebate Program, 42 U.S.C. § 1396r-8, which is part of the federal Medicaid Program, Title XIX of the Social Security Act, 42 U.S.C. §§ 1396-1396v. As participants in the Medicaid Program, Ortho entered into rebate agreements with the Health Care Financing Administration, now known as the Centers for Medicare and Medicaid Services (“CMS”), and their drug products were covered by state Medicaid plans that provided medical assistance for outpatient prescription drugs. 42 U.S.C. §§ 1396a(10)(A); 1396d(a)(12), and 1396r-8(a)(1). Under the Medicaid Rebate Program and their rebate agreement, Ortho generally agreed: (i) to report quarterly its average manufacturer price and, for single source and innovator multiple source drugs, the best price for its drug products, as defined by 42 U.S.C. §§ 1396r-8(k)(1) and 1396r-8(c)(1)(C); and (ii) to pay quarterly rebates to each state for such drugs based on the product of (a) the units of each dosage form and strength paid for under the State Medicaid plan during the rebate period as reported by the state, and (b) the greater of the difference between the average manufacturer price and best price, or a minimum rebate percentage of the average manufacturer price, as further defined in 42 U.S.C. § 1396r-8(c)(1), plus an “additional

rebate” to the extent that the average manufacturer price increased faster than the rate of inflation when compared to the average manufacturer price during a base period

C The State contends that Ortho caused to be submitted claims for payment for its drugs, and underpaid rebate claims submitted to it by the State, under the State’s Medicaid Program, established pursuant to or in connection with Title XIX of the Social Security Act, 42 U.S.C §§ 1396-1396v (the “Medicaid Program”) The State contends that it has certain civil claims against Ortho for allegedly engaging in the following conduct (hereinafter the “Covered Conduct”) during the period from on or about October 1, 1998, to on or about January 31, 2003:

(1) Ortho sold the drug Dermatop (NDC 00062-0351-15, 00062-0351-60, 00062-0352-15, 00062-0352-60). This drug was manufactured by another company in compliance with a New Drug Application filed with the Food and Drug Administration and was an “innovator” drug However, during the relevant time period, Ortho classified Dermatop as a “noninnovator” drug This caused Ortho to underpay its rebate obligations under the Medicaid rebate statute and its Medicaid rebate agreement

D This Agreement is neither an admission of liability by Ortho nor a concession by the State that its claims are not well founded.

E To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, the Parties reach a full and final settlement pursuant to the Terms and Conditions below.

F Ortho entered into a separate settlement agreement (hereinafter referred to as the “Federal Settlement Agreement”) with the United States Department of Justice (hereinafter referred to as the “United States”), under which Ortho agreed to pay to the United States and the

States (defined for the purposes of this agreement as the District of Columbia and every State except Arizona), (hereinafter referred to as the “the States”), the total sum of three million four hundred thousand dollars (\$3,400,000.00), plus accrued interest (the “Settlement Amount”)

G On or about September 1, 2007, Ortho paid the sum of one million eight hundred seventy thousand dollars (\$1,870,000.00) to the United States, pursuant to the Federal Settlement Agreement.

III. TERMS AND CONDITIONS

1 Ortho shall pay one million five hundred thirty thousand dollars (\$1,530,000.00) plus interest accruing at a simple rate of 4.9% percent per annum after September 1, 2007, through and including the day before complete payment is made (the “State Settlement Amount”) to the States. The State Settlement Amount shall be paid no later than seven business days after Ortho receives written payment instructions from the National Association of Medicaid Fraud Control Units’ (“NAMFCU”) Negotiating Team for the States and following the earliest of the dates on which the following occurs: (1) the Settlement Agreements for the States are fully executed by the Parties and delivered to Ortho’s attorneys; or (2) as otherwise agreed in writing by Ortho and the NAMFCU Negotiating Team.

A. The total portion of the Settlement Amount paid by Ortho in settlement for the Covered Conduct to the State is \$52,713.46, consisting of a portion paid to the State under this agreement and another portion paid to the federal government as part of the Federal Settlement Amount. The individual portion of the State Settlement Amount allocable to the State under this agreement is \$24,860.36, plus applicable interest.

2. Subject to the exceptions in Paragraph 3 below, in consideration of the obligations of Ortho in this Agreement, conditioned upon Ortho’s full payment of the Settlement Amount, the

State (on behalf of itself, its officers, agents, agencies, and departments) agrees to release Ortho from any civil claims or penalties the State has or may have for claims submitted to the State Medicaid Program for the Covered Conduct as defined in Paragraph C(1) of Section II.

3. Notwithstanding any term of this Agreement, specifically reserved and excluded from the scope and terms of this Agreement as to any entity or person (including Ortho) are the following claims of the State:

- a. Any civil, criminal, or administrative liability arising under the State's revenue codes;
- b. Any criminal liability;
- c. Except as explicitly stated in this Agreement, any administrative liability, including mandatory exclusion from the State's Medicaid Program;
- d. Any civil or administrative liability to the State (or its agencies) for any conduct other than the Covered Conduct that Ortho has or may have under any state statute, regulation, or rule;
- e. Any liability based upon such obligations as are created by this Agreement;
- f. Any liability for express or implied warranty claims or other claims for defective or deficient products and services, including quality of goods and services;
- g. Any liability for failure to deliver goods or services due;
- h. Any liability of individuals, including officers and employees; and
- j. Any claims related to the improper inflation of Average Wholesale Prices and Wholesale Acquisition Costs used for Medicaid reimbursement; provided, however, that Ortho does not waive any rights or defenses that they may have with respect to liability or damages in connection with such claims.

4 Ortho waives and shall not assert any defenses Ortho may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action. Nothing in this Paragraph or any other provision of this Agreement constitutes an agreement by the State concerning the characterization of the Individual State Settlement Amount for purposes of state revenue laws.

5. Ortho fully and finally releases the State, its agencies, employees, servants, and agents from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that Ortho has asserted, could have asserted, or may assert in the future against the State, its agencies, employees, servants, and agents, related to the Covered Conduct and the State's investigation and prosecution thereof.

6 The Settlement Amount shall not be decreased as a result of the denial of claims for payment now being withheld from payment by the State's Medicaid Program or any other state payer, related to the Covered Conduct; and Ortho shall not resubmit to the State's Medicaid Program or any state payer any previously denied claims related to the Covered Conduct, and shall not appeal any such denials of claims. In the event that the Centers for Medicare & Medicaid Services requires Ortho to submit revised pricing data for Dermatop as a result of the Covered Conduct, the State agrees to cooperate with Ortho to assure that Ortho is not required to pay any amount to the State which is duplicative of the amounts paid under this Settlement Agreement.

7. This Agreement is intended to be for the benefit of the Parties only. The Parties do not release any claims against any other person or entity, except as set forth in this Agreement.

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THE STATE OF MICHIGAN

DATED: _____

BY: _____
State of Michigan
Office of the Attorney General
Medicaid Fraud Control Unit

DATED: 8/5/09

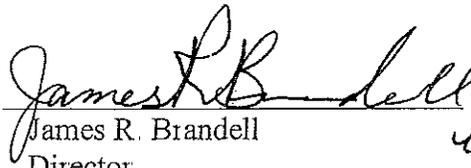
BY: James R. B. Dele
State of Michigan
Medicaid Program

STATE OF MICHIGAN

DATED: August 11, 2009

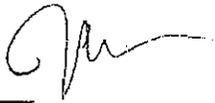
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ELIZABETH VALENTINE
Assistant Attorney General
PO Box 30218
Lansing, MI 48909
(517) 241-6552

DATED: 8/5/09

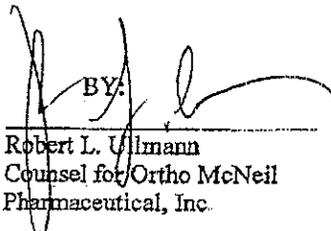
BY:  w/ permission 
James R. Brandell
Director
Bureau of Financial Management
and Administrative Services
Michigan Medicaid Program
Michigan Department of Community Health
201 Townsend Street
Lansing, MI 48913

ORTHO McNEIL PHARMACEUTICAL, INC. - DEFENDANT

DATED: 10/20/09

BY: 
JOE WILLIS
GENERAL MANAGER
ORTHO DERMATOLOGICS
Ortho McNeil Pharmaceutical, Inc.

DATED: 10/20/09

BY: 
Robert L. Ullmann
Counsel for Ortho McNeil
Pharmaceutical, Inc.

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