Overview - Distributors and J & J/Janssen opioid settlements

- What does the opioid settlement provide?
  - The opioid settlements provide significant monetary relief to the state and political subdivisions, and defendants' commitment to make major changes in how they do business to improve safety and oversight over the distribution of prescription opioid.
  - The settlement provides critical resources to help address the opioid crisis and requires industry changes that will help prevent anything like this from ever happening again.

- Who are the parties to the settlement?
  - There are two agreements. One is among the states, political subdivisions, and the three major pharmaceutical distributors (AmerisourceBergen, Cardinal Health, and McKesson). The other is among the states, political subdivisions, and Johnson & Johnson.

- How much money will the settlement provide?
  - A maximum of approximately $45 million in total payments will be available to the State of North Dakota and its political subdivisions, over a span of 18 years, for opioid crisis remediation, if all subdivisions participate.

- How will the money be divided within the state?
  - The funding will be distributed and administered within the state according to an allocation process set forth in the settlement agreements. See Distributor Settlement Paragraph V; J & J Settlement Paragraph VI.
    - Funds will be divided 15% for Subdivisions, 70% for an Abatement Fund, and 15% for the State.
    - J & J: Of the total available funds, 45% will be available as a base payment, 50% will be available as incentive payments, and 5% will be held back for five years to account for future litigation.
    - Distributors: Of the total available funds, 55% is available as a base payment and 45% is available based on degree of participation by subdivisions within the state.

- What money is my subdivision entitled to receive?
  - Pursuant to the default allocation in the settlements, your subdivision is entitled to receive a percentage of the 15% Subdivision share, which percentage is set forth in Exhibit G in the Distributor settlement.
What can the settlement money be used for?
  o The intent is that the payments disbursed from the Settlement funds to the state and participating subdivisions shall be used for Opioid Remediation, namely, to support a wide variety of methods to fight the opioid crisis. Exhibit E provides a non-exhaustive list of expenditures that qualify as being paid for Opioid Remediation.
  o The settlements impose requirements on the use of the funds recovered and the administration of the abatement funds, including the creation of an Advisory Committee, with an equal number of local representatives as state representatives, and reporting requirements. See Distributor Settlement Paragraph V(E)(2)(d).

Why is the Attorney General asking my subdivision to participate in the settlements?
  o It is a very beneficial and carefully negotiated settlement that will allow the state and subdivisions to start receiving resources, that are desperately needed to address the epidemic, now rather than spending more time and resources on litigation.
  o Your subdivisions participation benefits not only your own subdivision’s residents, but every resident in the state. Full participation in the settlement from political subdivisions ensures that current and future claims in the state are resolved and maximizes the total payments both to the state and to local subdivisions.
  o Up to half of the available settlement money are dependent on timely participation by the state’s political subdivisions because Defendants’ goal is to achieve peace and avoid further litigation. Therefore, if a political subdivision decides not to participate, the recovery both to the state and to political subdivisions will be reduced significantly and not necessarily proportionally.
  o A major benefit from your subdivision’s participation is the joint benefit that participation provides to the state and subdivisions by increasing the value of the settlement.

How will my subdivision individually benefit from participating?
  o Your subdivision will be entitled to a share of the 15% Subdivision Fund to be spent on opioid remediation and restitution. See Exhibit G.
Your subdivision and its residents will benefit from the abatement programs and remediation efforts that will be funded by the Abatement Fund.

Your subdivision will be able to provide valuable input on the use of the Abatement Fund as provided in the settlements. See Distributor Settlement Paragraph V(E)(2)(d).

- What other options does my subdivision have?
  - If you are a litigating subdivision and your subdivision chooses not to participate, you would continue litigating against Defendants on your own, which would require litigation resources and possibly a trial.
  - If you are a non-litigating subdivision and your subdivision does not participate, you will retain the right to commence your own litigation against Defendants, or you would simply forego any recovery from Defendants.

- What will the state do with its share of the funds?
  - The state intends to reallocate its 15% state share to the Abatement Accounts Fund established through the default allocation in the settlements. See Distributor Settlement Paragraph V(D)(3). As a participating subdivision your subdivision may also choose to reallocate all or a portion of its allocation from the Subdivision Fund to the Abatement Accounts Fund rather than managing its own abatement programs.

- When will settlement payments begin?
  - The first payment will be made as the settlement becomes legally effective. The first payments are expected to be received by participating states and subdivisions in April 2022.
    - J&J will make 10 base payments over 9 years, with two payments in the first year. The base payments total 45% of the total funds and are front-loaded in the first 3 years (4 payments). A portion of the base payments can be accelerated with early attainment of Incentive A.
    - The Distributors will make payments over 18 years, with some front loading of payments during the first two years. Starting in year 3, there is a partial moratorium / offset in case of future subdivision litigation on released claims.

- Who negotiated the settlement?
  - The states were represented in negotiations by an executive committee of 14 states, working in close coordination and
communication with the remaining states and territories. Subdivisions have been represented primarily by private lawyers representing subdivisions around the country.

- How does this settlement relate to the Multi-District Litigation (MDL) in federal court in Cleveland, Ohio?
  - These agreements resolve cases by local governments in the MDL against these four companies.

- How does this settlement relate to the Purdue Pharma bankruptcy proceedings?
  - These agreements do not involve Purdue Pharma. Resolution of the claims against Purdue and the Sackler family are at issue in the separate, pending bankruptcy proceedings.

- Does this settlement resolve the litigation against opioid makers, opioid distributors, pharmacy chains, and other defendants?
  - This settlement resolves litigation against these four companies based on opioid-related misconduct. It does not release other companies. Investigation and litigation will continue against other companies.